

Into the renewal of SNV reward policy



Reference Group meeting

September 3-5, 2008

netherlands

development

organization

SNV

Connecting People's Capacities

Background of the renewal

- We embrace (through our 2007-2015 strategy) attractive aspirations in order to reinforce the impact of SNV as an advisory organization
- We need to be able to retain and attract qualified advisors for that
- We need a policy and package that is more flexible, market-oriented, transparent and simpler
- Our current policy and package do not sufficiently meet the above-mentioned needs, therefore we embarked on this trajectory

Major bottlenecks

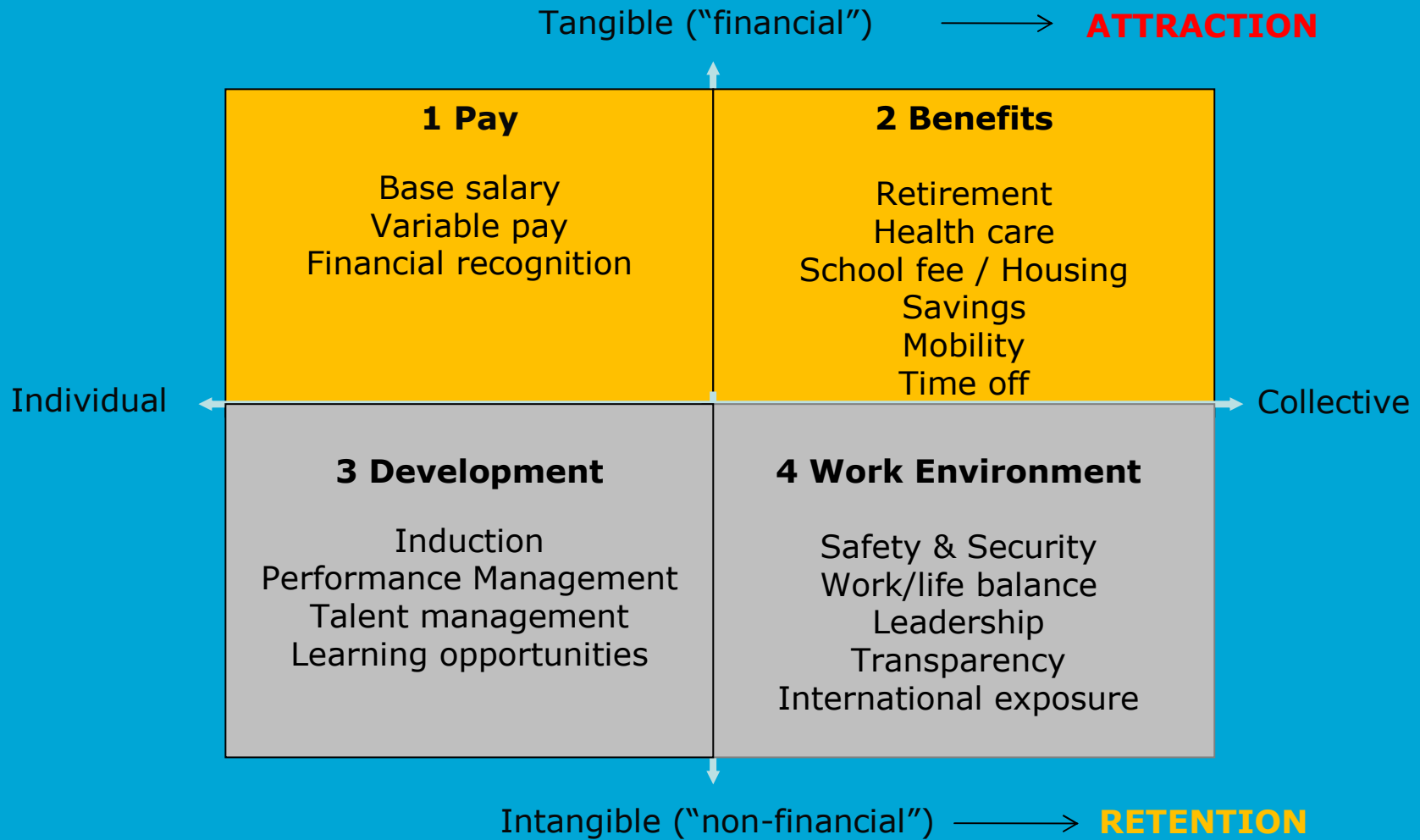
- Host country package difficult to understand (HCA, HCD, hypo tax etc.)
- Inflexibility of pension for non Dutch expats
- Base pay for senior levels under market
- Inequity concerning expat allowance and social security for non Dutch expats
- Proliferation of benefits and salaries in host countries
- Significant difference in reward package between national staff and regional expats

Reward principles

- Equity (internal/external)
- Quality
- People Centred (trust, respect, diversity)
- Fulfilment
- Transparency
- Cost-effectiveness

The above-mentioned principles are guiding the renewal of the reward policy and packages for three groups of SNV staff: host country nationals, expatriates and HO personnel

Total Rewards as overall vision



Research & Design 2006 - 2008

- Benchmark for expats and HO with Hay
- Benchmarks for host countries with BuZa
- Description of advisory roles with Hay
- Creation of new job house with Hay
- Insurances with Aon
- Pension with Aon
- Negotiation partner: trade union
- Expatriate approach: head office based
- Expatriate package with Airinc and PWC
- Decision trajectory: BoD, EB, WC and SB
- CLA's and country agreements (pending)

Desired market position

Market for expats and HO: for-profit advisory firms and not for-profit development organisations

Pay Median	Benefits Median
Development +	Work Environment +

Some gaps have to be bridged

Benchmark participants

For-profit advisory firms:

- Arcadis
- Stichting ETC
- Euroconsult Mott
Mac Donald
- FMO
- Hay group
- Pentascope

Not for-profit development organisations:

- DFID
- ICCO
- Oxfam Novib Netherlands
- Plan Netherlands
- Swisscontact
- SNV

Benchmark results

<p style="text-align: center;">Pay</p> <ul style="list-style-type: none">• As of scale 10 (advisor range) peer group is somewhat under median Dutch market• As of scale 10 (advisor range) SNV is substantially under median of peer group	<p style="text-align: center;">Benefits</p> <ul style="list-style-type: none">• SNV benefits in general on or above median peer group• Expat base salary below median expatriate peer group• Expat package is somewhat above median peer group
<p style="text-align: center;">Development</p> <ul style="list-style-type: none">• Training facilities SNV above market• Other intangible rewarding aspects expected to be on market level; further analysis to do (2009)	<p style="text-align: center;">Work Environment</p>

Expatriate compensation approaches

Choice for Approach A

A. Head Office Based

- Compensation for all expats based on world-wide defined standard (e.g. UK, US, NL)
- Equity: relative to other expats
- Used by 10% of multinationals

B. Home Country Based

- Compensation based on home country compensation structure
- Equity: relative to home country employees
- Used by 65% of multinationals

C. Proxy Based

- Compensation based on proxy as theoretical “home” of countries in region
- Equity: relative to regional expats and host country employees
- Not very common

D. Local Market Based

- Compensation based on host country of the expat
- Equity: relative to host country employees
- More common in case of permanent transfers

Job House - field

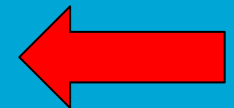
Job Grade	Region	Country
21 880-1055	Regional Director I	
20 735-879	Regional Director II	
19 614-734		Advisor I Country Director I
18 519-613	Controller (Region) I Regional Strategy Advisor I Regional HR Manager I	Advisor II Country Director II Portfolio Coordinator I
17 439-518	Regional Strategy Advisor II Controller (Region) II Regional HR Manager II Knowledge Manager Resource Mobilization Officer	Advisor III Portfolio Coordinator II
16 371-438	Business Analyst PR officer	Advisor IV
15 314-370	HR Advisor	Advisor V
14 269-313	Head of administrative center	Finance Officer HR Officer Advisor Trainee
13 228-268		
12 192-227	Knowledge management Officer Management Assistant (regional) Finance/ HR Administrator	General Support Officer - Portfolio Logistics Officer country specific
11 161-191		
10 135-160		
9 114-134		

Salary structure: current vs new

Features	Current structure	New structure
Job house based on	FuWaSys	Hay system
Number of scales	13	13
Norm salary scale	Governmental market	NGO's + advisory firms market
Salary growth rationale	Periodical fixed amounts 10 steps	Periodical fixed amounts 10 steps

Proposed salary table (2007)

Hay level	Step 0 >>	>> Step 10	BBRA maximum
9	1.563	2.195	2.192
10	1.636	2.338	2.303
11	1.750	2.501	2.416
12	1.873	2.677	2.639
13	2.004	2.864	2.837
14	2.145	3.064	3.050
15	2.338	3.340	3.335
16	2.688	3.841	3.703
17	3.092	4.417	4.211
18	3.555	5.080	4.772
19	4.089	5.842	5.338
20	4.702	6.718	5.901
21	5.455	7.793	6.465



Compensation package: build-up

Current build-up

Gross salary

- hypothetical tax
- social security (for Dutch)
- pension premium

Net salary

- host country deduction

Fixed host spendable income

- + HCA (xCOL)
- + partner/child allowance (xCOL)
- + expat incentive (for Dutch)

Net host income

New build-up

Gross salary

- hypothetical tax
- social security (for All)
- pension premium

Net salary

- host housing contribution

Variable host spendable income

- + differential COL x income
- + interregional mobility incentive
- + premium non accom. duty station

Net host income

Compensation package: items

- Gross to net salary
 - No changes except for non Dutch expats concerning one specific social security item: equivalent Dutch state pension. Consequence is a higher hypotax
- Host country deduction vs host housing contribution
 - From € 522 (717) to 10% of net salary
- Host country allowance vs indexed spendable income
 - From € 545 (218 + 109) to a partly for COL indexed spendable income:
 - Medior families: 71%, medior singles: 59%
 - Senior families: 68%, senior singles: 55%

Compensation package: items (cont.)

- Change of COL index; from low to mid level
- Expat incentive vs international mobility incentive
 - From 15% of monthly salary for only Dutch expats to 20% mobility incentive for inter-regional expats. Note: intra-regional expats are not eligible for this incentive
- New: premium for non accompanied duty station
 - A compensation – not necessarily as cash amount - during (or afterwards as rest and relaxation provision) the period an employee is stationed at a remote place

Hypotax & Social Security / PWC

Offshore Pension Plan / Aon

Schooling / BISIS

Expatriate package / Airinc