



Salary Survey 2012

Of Development Finance Professionals in
Afghanistan

This publication was produced for review by the United States Agency for International Development. It was prepared by Fahim Naimi, Afghanistan Microfinance Association and Rashmi Ekka, AZMJ through USAID Financial Access for Investment in the Development of Afghanistan (FAIDA).

Salary Survey 2012

Of Development Finance Professionals in Afghanistan

About Afghanistan Microfinance Association

Afghanistan Microfinance Association (AMA) is the national network of Afghanistan's development finance institutions. AMA aims at promoting a sustainable development finance sector in Afghanistan through capacity building of development finance institutions, advocacy, lobbying and heightened awareness to establish itself as an effective voice for the sector. AMA is supported by USAID's Financial Access for Investment in the Development of Afghanistan (FAIDA) project, and Microfinance Investment Support Facility for Afghanistan (MISFA).

For more information, visit: www.ama.org.af

DISCLAIMER

This survey was made possible with the generous support of the American people through the United States Agency for International Development (USAID). The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.



Contents

Executive Summary 3

Survey Methodology 4

Survey Sample 1

Salary Information..... 4

Salary by Org Size 10

Salary by Position 13

Benefits 15

Foreword

How does your organization's pay compare against your peer's compensation? This research study aims to answer that question by presenting the results of our first annual survey of the development finance industry in Afghanistan. Organized by the Afghanistan Microfinance Association (AMA), it has been completed by the Human Resources executives of 12 Microfinance Institutions (MFIs) and Community-based Saving Promoting Institutions (CSPIs).

The report contains some illuminating findings regarding salaries, bonuses, short and long-term benefits, and other measures taken by organizations to compensate their staff. One of the key findings was that MFI Senior Managers were better compensated than CSPI Senior Managers, however for middle management, junior management and support staff, CSPIs were better compensators.

AMA would like to thank all of the organizations that participated in the salary survey. Your collaboration and belief in sharing information on key issues creates a win-win for the sector.

AMA acknowledges USAID's Financial Access for Investing in the Development of Afghanistan (FAIDA), especially Mr. LB Prakash and Ms. Rashmi Ekka for their continued support, in all phases of this survey.

AMA would like to thank the salary survey team for their dedication: Mr. Fahim Naimi, Mr. Mohammad Islam Yari, and Mr. Rassa Massomy were pivotal to the success of the survey.

Thank you!



Najibullah Samim
Executive Director
AMA

Executive Summary

Better coordination among development finance practitioners and stakeholders at all levels through organizing and collaboration is one of AMA's top priorities. Staff poaching is a major challenge that the sector faces. To mitigate this problem, development finance CEOs suggested that AMA conduct a salary survey, which will help them bring their organization's salaries on par with the sector.

This report is also especially important, as salaries make up the bulk of development finance institution's expenses. Hence competitive salary scales are key to an institution's sustainability.

Result highlights

a) The majority of employees surveyed (63%) earn between AFN 10,000 – 25,000 per month. These employees are usually in junior management positions. Most loan officers fall within this salary range.

b) CSPI junior management were better compensated than MFI junior management, with 83% of participants earning more than AFN 20,000 per month, whereas only 12% of MFI junior managers fell within this range.

c) Out of 35 positions, CSPI staff earn higher than MFI staff on 21 positions.

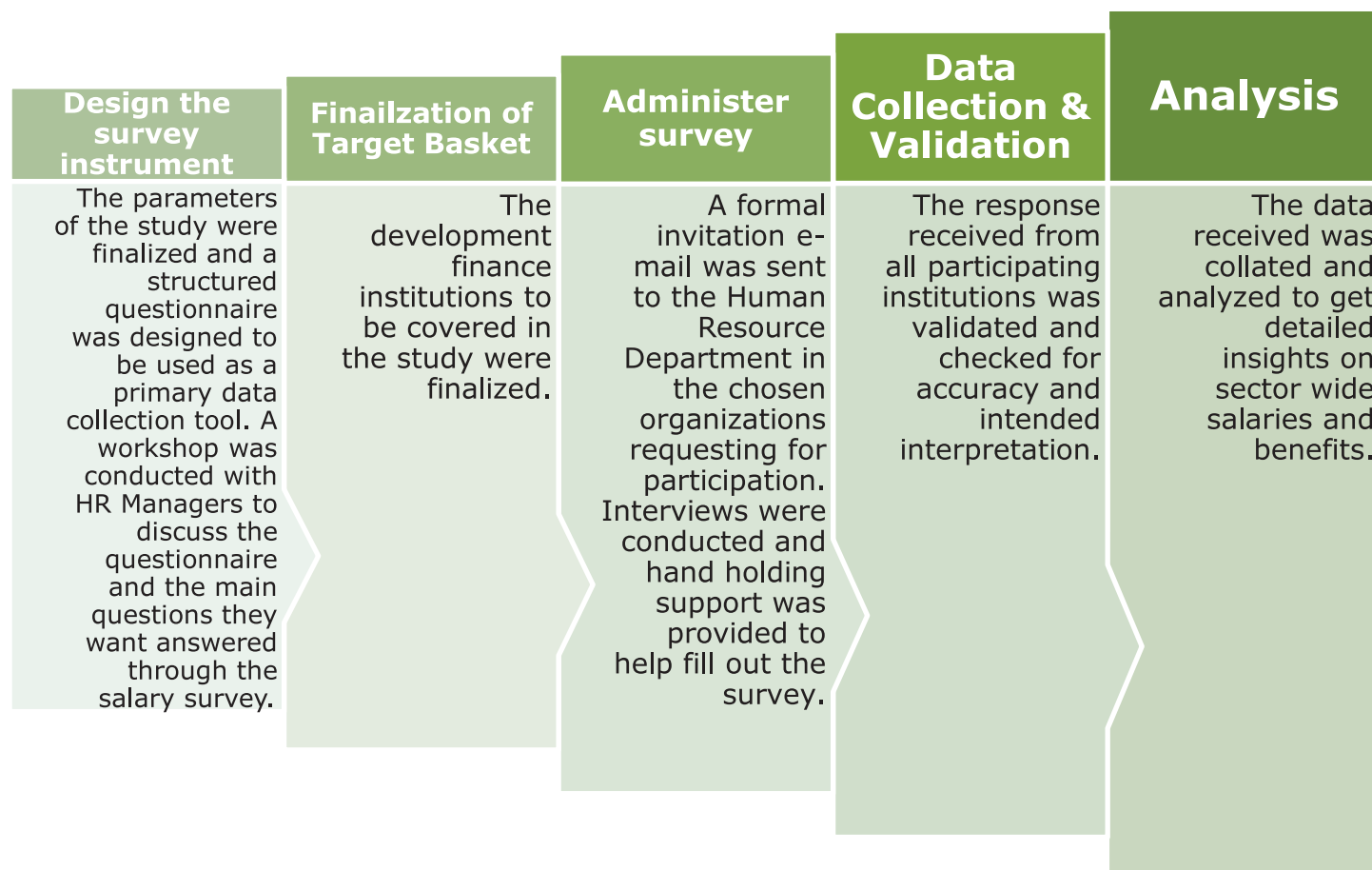
d) Medium sized institutions were the best compensators, followed by big institutions and lastly by small institutions. Size of institutions was measured based on portfolio size.

e) Eid bonus is the most popular long-term benefit provided by development finance institutions, with 75% of our sample providing Eid Bonus.

f) Levels of insurance (medical, life, workmen's compensation) are low across the sector.

g) The sector received healthy salary increments with averages between 9%-12% for all staff levels.

Survey Methodology



Survey Sample

A total of 12 institutions, 7 MFIs and 5 CSPIs, completed the salary survey. These 12 institutions represent the biggest development finance institutions in the country, including BRAC Afghanistan, First MicroFinance Bank Afghanistan and IIFC Group, covering over 419,635 clients. The salary survey results reflect data collected on 2,355 development finance employees.

7 MFIs & 5 CSPIs

participated in the survey

The surveys were filled out by Human Resources executives for senior management, middle management, junior management and support staff for Afghan employees (no expat positions were covered in the survey). It included the range of salaries and mean salary for each staff position. The survey defines salary as the basic pay, that employees receive on a monthly basis.

2,355

staff represented in the survey

The salary survey also asked questions on short-term benefits, long-term benefits, unused leave encashment policy, insurance policy, salary increment policy, and per diem in Afghanistan.

The survey defines Microfinance Institutions and Community-based Saving Promoting Institutions as the following:

Microfinance Institutions (MFIs): MFIs provide financial services mostly focused on credit, to micro-entrepreneurs and small businesses, who lack access to commercial banking.

Community-based Saving Promoting Institutions (CSPIs): CSPIs are those institutions that provide community based microfinance services focused on savings, in addition to other development initiatives. CSPIs include NGOs, community banks and cooperatives. In addition many CSPIs are part of donor projects and not independent institutions.

Institutions Surveyed

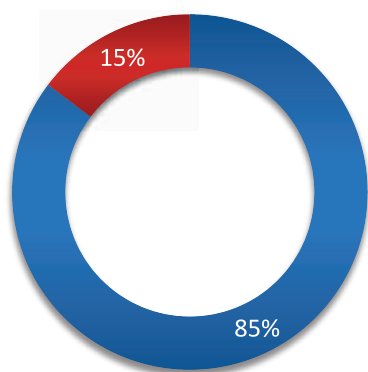
MFIs

1. BRAC Afghanistan
2. FINCA Afghanistan
3. Hope for Life Microfinance Company
4. Mutahid Development Finance Institution
5. OXUS Afghanistan
6. Paiwand Microfinance
7. The First MicroFinance Bank, Afghanistan

CSPIs

1. Afghan Aid
2. CARE International, Afghanistan
3. Hand in Hand
4. Islamic Investment and Finance Cooperatives (IIFC) Group; data from Charikar, Bamyan, Kabul and Khost IIFCs was collected.
5. Organization of Human Welfare

Participant's profile

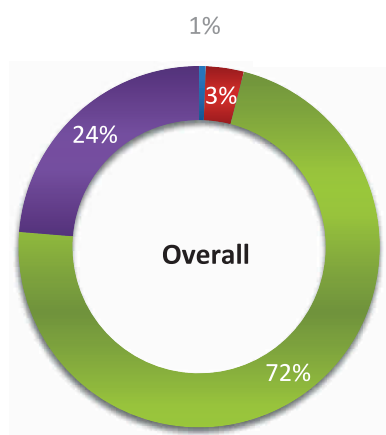


■ MFI: 85%; 2009 ■ CSPI: 15%; 346

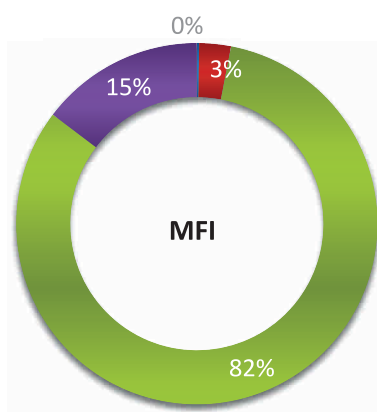
85%

staff represented in the survey are from MFIs

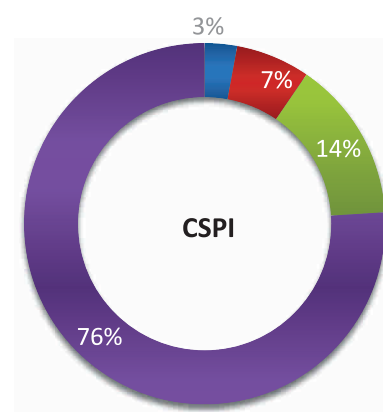
Participant's Profile by Institution Type



■ Senior Management: 1%; 14
 ■ Middle Management: 3%; 80
 ■ Junior Management: 72%; 1703
 ■ Support Staff: 24%; 558



■ Senior Management: 0%; 4
 ■ Middle Management: 3%; 57
 ■ Junior Management: 82%; 1653
 ■ Support Staff: 15%; 295



■ Senior Management: 3%; 10
 ■ Middle Management: 7%; 23
 ■ Junior Management: 14%; 50
 ■ Support Staff: 76%; 263

The survey's sample size for Senior Management is small at 14, with only 4 participants from microfinance institutions. This is because a majority of senior management positions are filled by expats, and the survey only covers salary information for Afghan staff.

Salary Information

Salary trends are a critical indicator of where the sector is headed. Well-designed compensation packages play an important role in keeping staff satisfied, especially in a competitive sector like Afghanistan's microfinance industry.

All salary information reported in the survey is on a monthly basis. The report covers 35 key positions including senior management, middle management, junior management and support staff.

The report provides data disaggregated by key positions for MFIs and CSPIs. In addition we have also disaggregated data by the size of the institution based on portfolio size. We also analyzed the data disaggregating by institutions vs. donor support projects as well as tried to explore the differences between institutions which operated in Kabul and the provinces, and those that operated only in the provinces; both of them lead to inconclusive results.

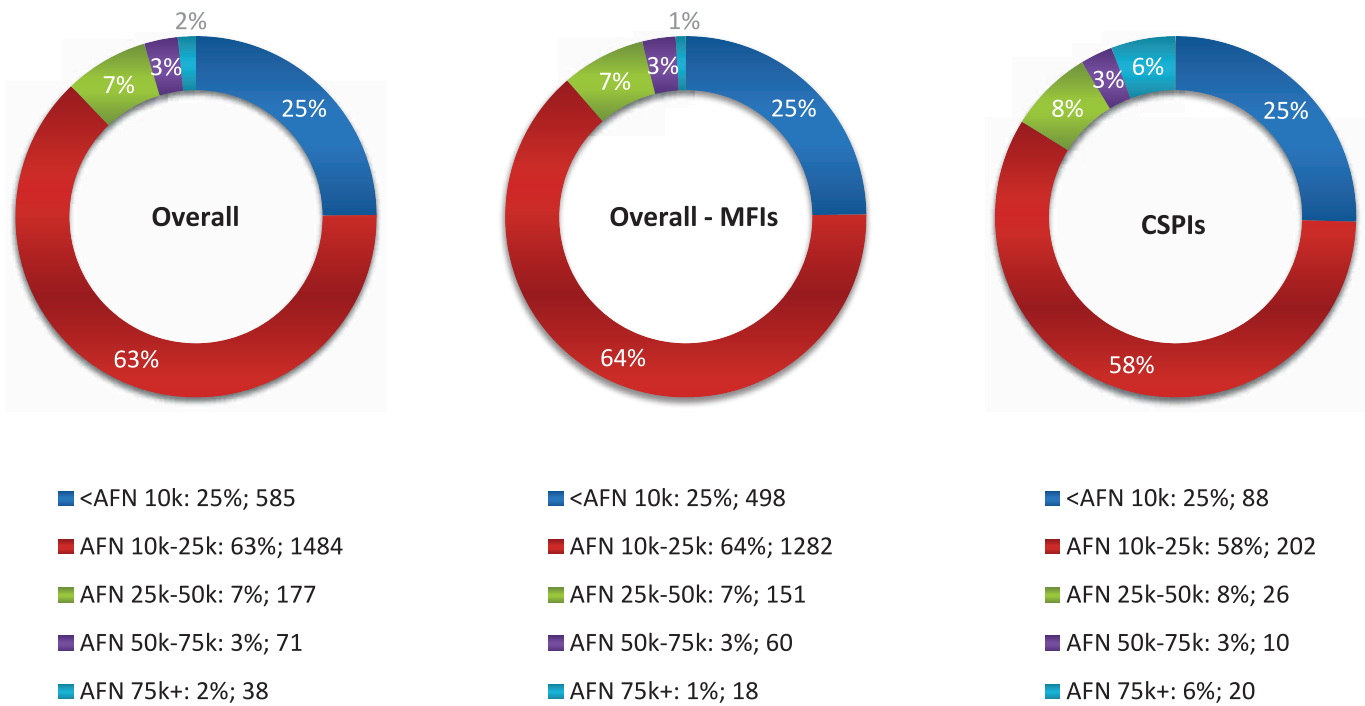
To add clarity, we have converted all USD salaries into AFN, using the prevailing exchange rates as listed by www.oanda.com on August 31, 2012.

This report will help you answer:

- ✓ How much is currently paid for each position?
- ✓ What is the compensation range for a particular set of skills?

USD	AFN
1.00	51.33

Overall monthly salary distribution



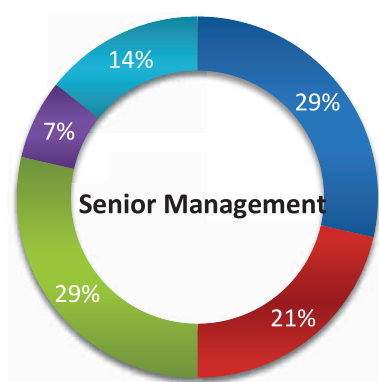
For the overall sector, the majority of employees (63%) earn between AFN 10,000 – 25,000 per month. This includes front line staff such as loan officers. 25% of the employees earned less than AFN 10,000 per month, consisting mostly of support staff. Only 12% of all employees whose salaries are reflected in the survey earned more than AFN 25,000 per month.

63%
of employees surveyed
earned between AFN 10,000
– 25,000 per month

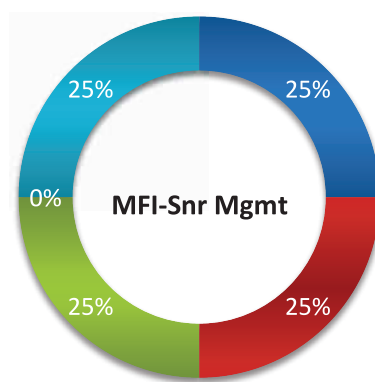
Comparing MFI staff to CSPI staff, interestingly CSPI staff is more highly compensated. However, the data for MFI staff is more robust as it draws from the salary information for 2,017 employees vs. CSPIs which have only 346 employees reflected in the survey.

Salary distribution by Staff Level

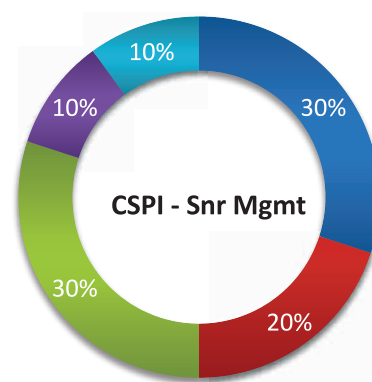
Senior Management



- AFN 50k-75k: 29%; 4
- AFN 75k-100k: 21%; 3
- AFN 100k-150k: 29%; 4
- AFN 150k-250k: 7%; 1
- AFN 250k+: 14%; 2



- AFN 50k-75k: 25%; 1
- AFN 75k-100k: 25%; 1
- AFN 100k-150k: 25%; 1
- AFN 150k-250k: 0%; 0
- AFN 250k+: 25%; 1



- AFN 50k-75k: 30%; 3
- AFN 75k-100k: 20%; 2
- AFN 100k-150k: 30%; 3
- AFN 150k-250k: 10%; 1
- AFN 250k+: 10%; 1

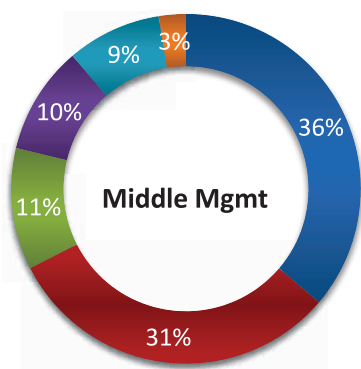
Senior Management positions include the Chief Executive Officer (or Executive Director, Managing Director and President), Chief Operating Officer (or Head of Microfinance and Operations Manager) and Chief Finance Officer (or Head of Finance). In total the survey was able to collect information on 14 Senior Managers. This is because some organizations don't have all three senior management positions and expat salary information is not included in the survey.

Half the Senior Management Positions earned more than AFN 100,000 per month in 2012.

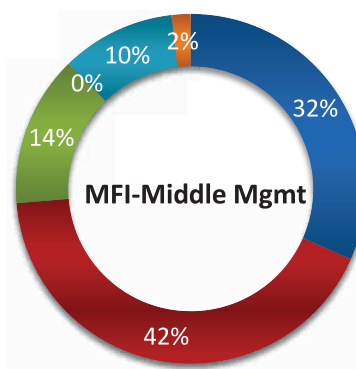
50%

of Senior Managers surveyed earned more than AFN 100,000 per month

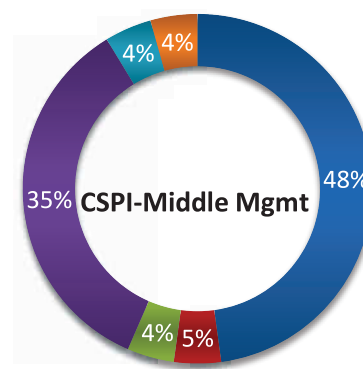
Middle Management



- AFN 20k-50k: 36%; 29
- AFN 50k-75k: 31%; 25
- AFN 75k-100k: 11%; 9
- AFN 100k-125k: 10%; 8
- AFN 125k-150k: 9%; 7
- AFN 150k+: 3%; 2



- AFN 20k-50k: 32%; 18
- AFN 50k-75k: 42%; 24
- AFN 75k-100k: 14%; 8
- AFN 100k-125k: 0%; 0
- AFN 125k-150k: 10%; 6
- AFN 150k+: 2%; 1



- AFN 20k-50k: 48%; 11
- AFN 50k-75k: 5%; 1
- AFN 75k-100k: 4%; 1
- AFN 100k-125k: 35%; 8
- AFN 125k-150k: 4%; 1
- AFN 150k+: 4%; 1

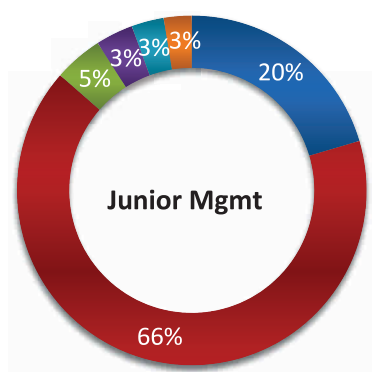
Middle Management positions include Admin/Logistic Manager, Audit & Control Manager, Compliance Manager, Finance Manager, Human Resources Manager, IT Manager, MIS Manager, Regional Manager and Risk Manager. In total the survey recorded 80 middle managers. For all institutions in the survey, 22% of middle management staff earned more than AFN 100,000 per month. Human Resources Managers and Risk Managers made up the top layer of middle management salaries.

CSPI middle management positions were more highly compensated with 43% of them earning more than AFN 100,000 per month, whereas only 12% of MFI middle management positions earned the same. Interestingly, however a larger fraction of MFI middle management (56%) earned between AFN 50,000 – 100,000 per month versus only 9% of CSPI managers who earned the same. This indicates that the CSPI middle management salaries are both bottom and top loaded whereas MFI middle management salaries had a more equitable distribution.

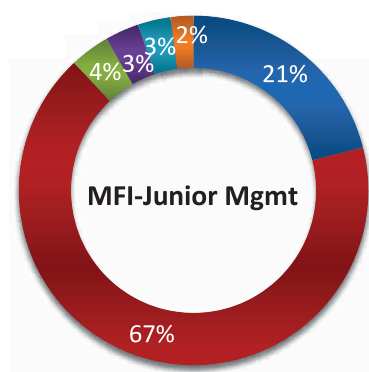
22%

of Middle Managers surveyed earned more than AFN 100,000 per month

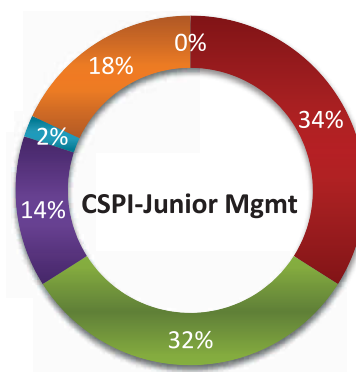
Junior Management



- <AFN 10k: 20%; 348
- AFN 10k-20k: 66%; 1124
- AFN 20k-30k: 5%; 77
- AFN 30k-40k: 3%; 59
- AFN 40k-50k: 3%; 51
- AFN 50k+: 3%; 44



- <AFN 10k: 21%; 349
- AFN 10k-20k: 67%; 1107
- AFN 20k-30k: 4%; 61
- AFN 30k-40k: 3%; 52
- AFN 40k-50k: 3%; 50
- AFN 50k+: 2%; 35



- <AFN 10k: 0%; 0
- AFN 10k-20k: 34%; 17
- AFN 20k-30k: 32%; 16
- AFN 30k-40k: 14%; 7
- AFN 40k-50k: 2%; 1
- AFN 50k+: 18%; 9

Junior Management positions made a bulk of the survey, with 18 positions. They included Admin/Logistic Officer, Area Manager, Assistant Officer, Audit & Control Officer, Branch Manager, Cashier/Teller, Compliance Officer, Coordinator, Credit Supervisor, Data Entry Officer, Finance Officer, HR Officer, IT Officer, Loan Officer, MIS Officer, Monitoring Officer, Risk Officer and Security Officer. Junior managers made up 1,703 participants in the survey.

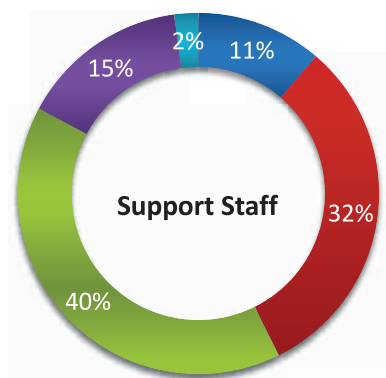
The majority of junior management staff (66%) earned between AFN 10,000 – 20,000 per month. Most loan officers fall within this salary range.

CSPI junior management were better compensated than MFI junior management, with 83% of participants earning more than AFN 20,000 per month, whereas only 12% of MFI junior managers fell in this category.

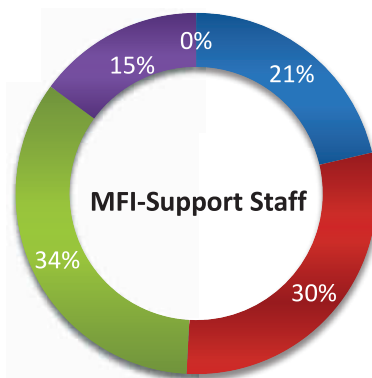
83%

of CSPI Junior Managers surveyed earned more than AFN 20,000 per month.

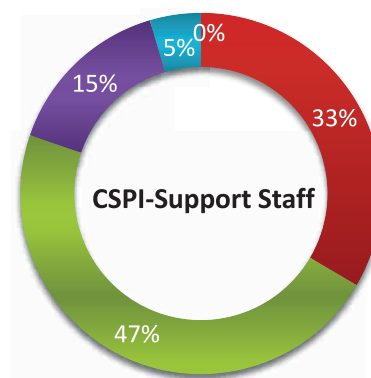
Support Staff



- <AFN 5k: 11%; 63
- AFN 5k-10k: 32%; 175
- AFN 10k-15k: 40%; 224
- AFN 15k-20k: 15%; 84
- AFN 20k+: 2%; 12



- <AFN 5k: 21%; 63
- AFN 5k-10k: 30%; 87
- AFN 10k-15k: 34%; 101
- AFN 15k-20k: 15%; 44
- AFN 20k+: 0%; 0



- <AFN 5k: 0%; 0
- AFN 5k-10k: 33%; 88
- AFN 10k-15k: 47%; 123
- AFN 15k-20k: 15%; 40
- AFN 20k+: 5%; 12

Support staff positions included cleaner, clerk, cook, driver and security guard. There are 558 support staff whose salary information was included in the survey.

The majority of support staff (83%) earned under AFN 15,000 per month. None of the CSPI support staff earned less than AFN 5,000 per month, whereas 21% of MFI support staff earned less than AFN 5,000 per month.

21%

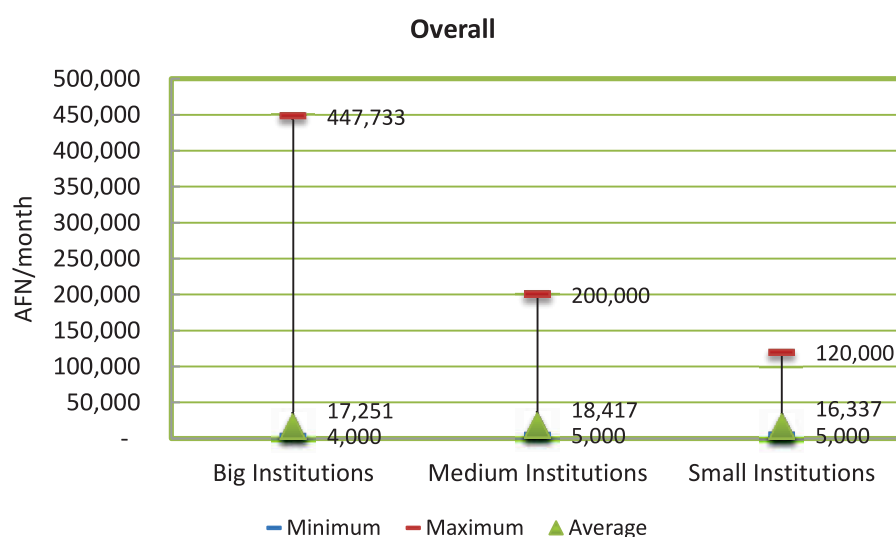
of MFI support staff earned less than AFN 5,000 per month

Salary by Org Size

The report disaggregated the data by size of the organization, based on loan portfolio. We have categorized the institutions, into three sizes: Big, Medium and Small.

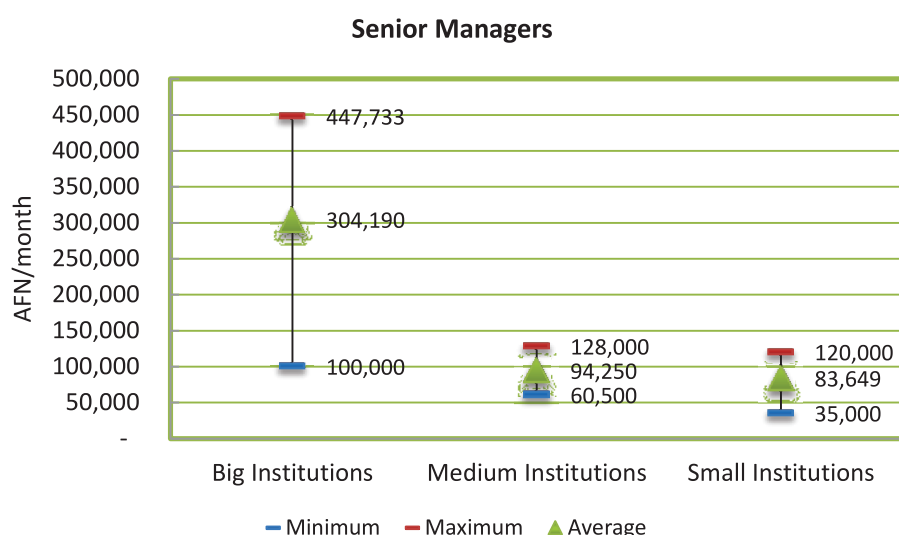
Size of Institution	Institutions	Portfolio size in USD
Big Institutions	BRAC Afghanistan First Microfinance Bank IIFC Group	>10 million
Medium Institutions	FINCA Afghanistan Hope for Life Microfinance Mutahid Development Finance Institution OXUS Afghanistan	1-10 million
Small Institutions	AfghanAid CARE International, Afghanistan Hand in Hand Organization of Human Welfare Paiwand Microfinance	<1 million

Overall



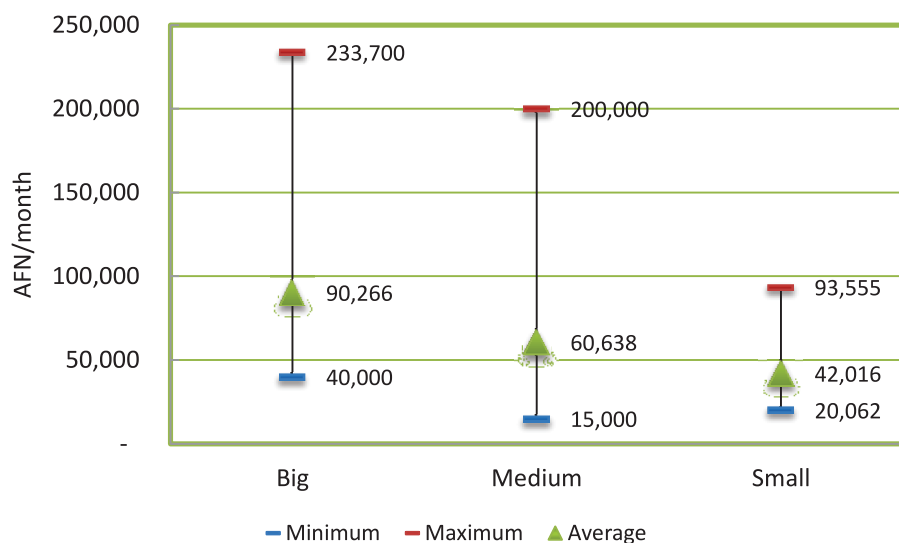
Big sized institutions have the widest salary range, whereas the medium sized institutions have the highest average salary of AFN 18,417/month. Hence the size of the institution does not necessarily indicate the highest salaries.

Senior Managers



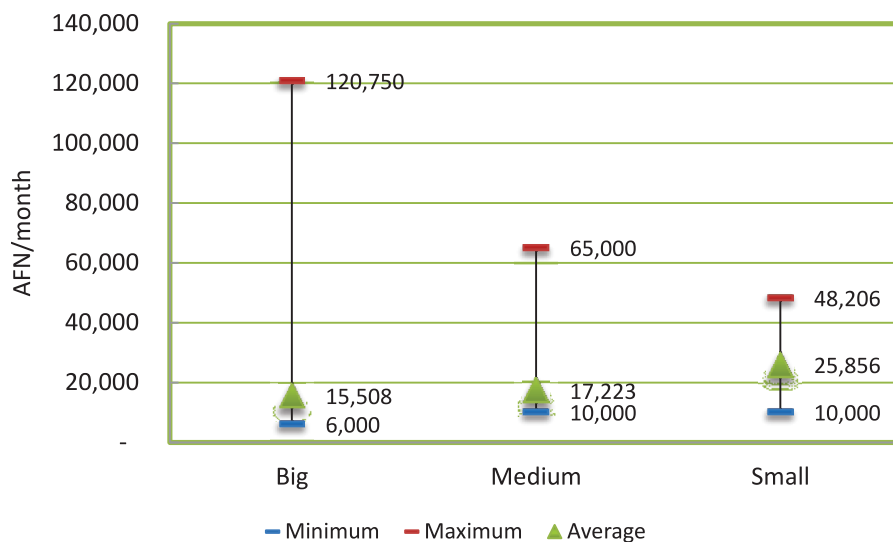
For Senior Managers, big sized institutions had the highest mean salary of AFN 304,190/month as well as the widest salary range. Small Institutions had the lowest average salary of AFN 83,649/month.

Middle Managers



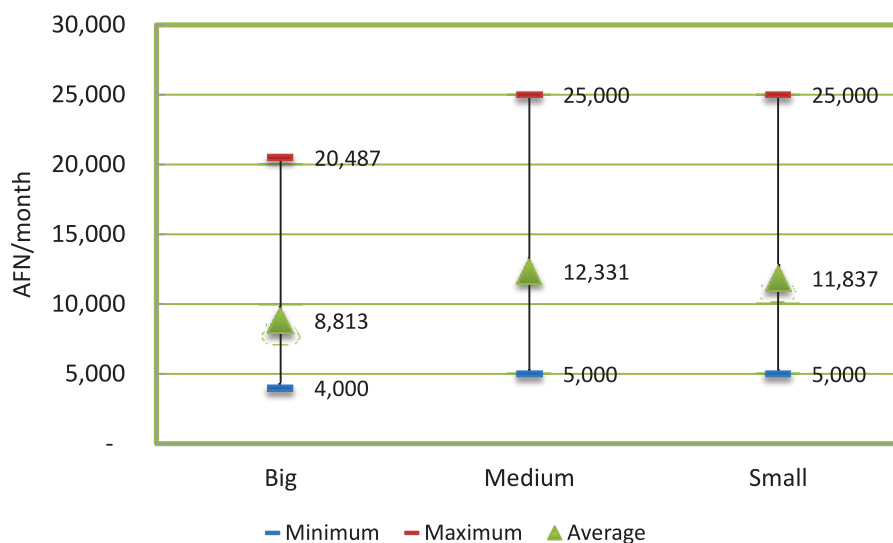
For Middle Managers, we see the trend of salaries increasing with the size of the institutions. Middle Managers of Big institutions have the highest mean salary of AFN 90,266/month.

Junior Managers



For Junior Managers, interestingly we see that the small institutions are the best compensators with the mean salary at AFN 25,856. As the small institutions are mostly CSPIs, this resounds with our previous finding of CSPIs being better compensators at the junior management level.

Support Staff



For support staff, medium sized institutions were the best compensators with the mean being AFN 12,331/month.

Salary by Position

Senior Management

Position	No. Persons	Minimum (AFN/month)	Maximum (AFN/month)	Average-overall (AFN/month)	Average MFI (AFN/month)	Average CSPI (AFN/month)
a. CEO, ED, MD, President	5	77,750	447,733	172,796	77,750	196,558
b. COO, Head of MF, OM	6	50,000	298,000	125,382	179,250	98,447
c. CFO, Head of Finance	3	35,000	128,000	79,215	128,000	54,823

Middle Management

Position	No. Persons	Minimum (AFN/month)	Maximum (AFN/month)	Average-overall (AFN/month)	Average MFI (AFN/month)	Average CSPI (AFN/month)
a. HR Manager	12	20,000	233,700	102,301	100,170	112,958
b. Risk Manager	3	35,000	156,647	102,216	75,000	157,647
c. IT Manager	4	41,000	200,000	95,551	95,500	95,601
d. Compliance Manager	4	35,000	200,000	89,759	78,973	122,116
e. Finance Manager	5	24,494	200,000	68,827	78,875	28,635
f. Regional Manager	29	28,900	150,846	67,372	60,395	82,876
g. Audit & Control Manager	5	20,069	200,000	56,699	64,750	24,494
h. Admin/Logistic Manager	12	20,000	145,714	49,873	56,964	35,691
i. MIS Manager	5	15,000	58,500	32,399	31,875	34,494

Junior Management

Position	No. Persons	Minimum (AFN/month)	Maximum (AFN/month)	Average-overall (AFN/month)	Average MFI (AFN/month)	Average CSPI (AFN/month)
a. Security Officer	2	30,000	48,206	46,603	45,000	48,206
b. Area Manager	40	20,000	63,000	42,298	42,742	25,000
c.IT Officer	10	15,000	100,000	34,145	35,218	24,494
d. Finance Officer	16	15,000	50,000	31,687	34,861	27,606
e. Audit & Control Officer	34	12,000	86,102	30,971	24,328	52,562
f. HR Officer	12	15,000	50,173	30,333	31,721	27,558
g. Admin/Logistic Officer	7	15,000	65,000	29,153	30,679	20,000
h. Risk Officer	5	13,361	29,000	26,084	26,084	-
i. MIS Officer	24	15,000	120,750	25,664	19,675	91,542
j. Branch Manager	164	10,000	84,035	25,542	25,493	27,500
k. Compliance Officer	6	10,000	36,898	23,150	23,150	-
l. Credit Supervisor	36	15,000	60,269	20,483	20,483	-
m. Coordinator	56	10,000	35,240	17,275	17,080	28,000
n. Cashier/Teller	78	10,000	35,000	16,164	16,092	17,500
o. Monitoring Officer	29	7,800	27,524	16,100	15,782	25,000
p. Assistant Officer	40	10,000	35,000	15,417	15,244	16,971
q. Data Entry Officer	2	12,000	18,000	15,000	15,000	-
r. Loan Officer	1,140	6,000	30,150	12,267	12,190	20,189

Support Staff

Position	No. Persons	Minimum (AFN/month)	Maximum (AFN/month)	Average-overall (AFN/month)	Average MFI (AFN/month)	Average CSPI (AFN/month)
a. Driver	81	5,000	21,867	14,989	13,306	16,336
b. Clerk	28	12,000	25,000	14,513	13,958	17,838
c. Cook	60	4,000	25,000	11,856	8,484	15,010
d. Security Guard	265	4,000	20,013	10,366	10,238	10,463
e. Cleaner	124	4,000	15,443	9,085	8,584	10,527

Benefits

Short-term Monthly Benefits

Mobile phone top-up cards, food, transport and health allowances were the main short-term monthly benefits offered by institutions.

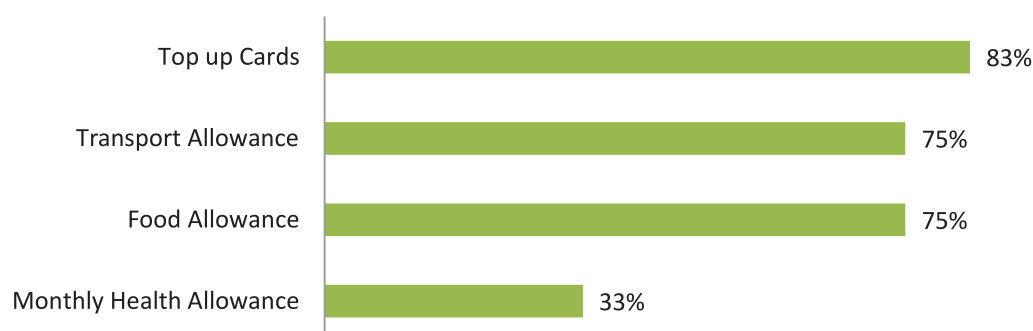
Mobile phone top up cards are given as per seniority and need of staff.

The average food allowance is **AFN 1,457 per month**(one month has ~20 working days).

The average transport allowance is **AFN 2,193 per month**. Some institutions also mentioned that they provide direct pick-up and drop-off services to their female staff members.

The average monthly health allowance is **AFN 938 per month**.

% of Institutions Providing the Following Benefits:



Long term Benefits

Eid bonus, severance pay and provident fund are the main long-term benefits that institutions provide. The survey defines long-term benefits as those that are provided on an annual or semi-annual basis.

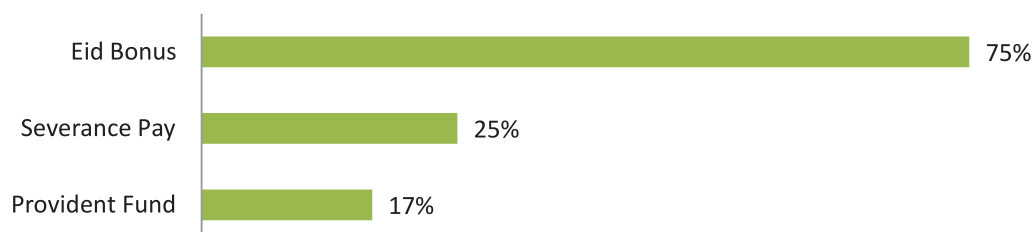
Institutions reported calculating the Eid Bonus in different ways - some institutions provided one month's salary as Eid bonus, while other's provided half month's salaries or fixed it according to budget and employee's position.

Severance pay was reported to be one month's salary.

Provident fund was reported as a monthly contribution of 5% of basic salary, both by the company and the employee.

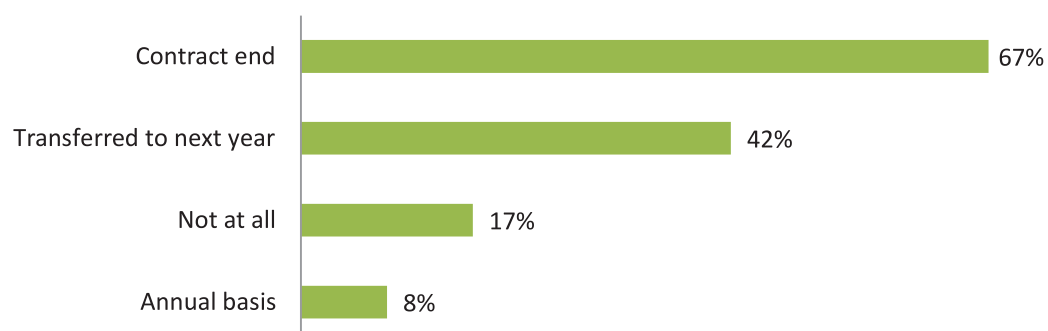
A few institutions also reported giving child bonus, education allowance, and thirteenth month salary and marriage bonus.

% of Institutions Providing the Following Benefits:



Unused Leave Encashment Policy

% of Institutions:



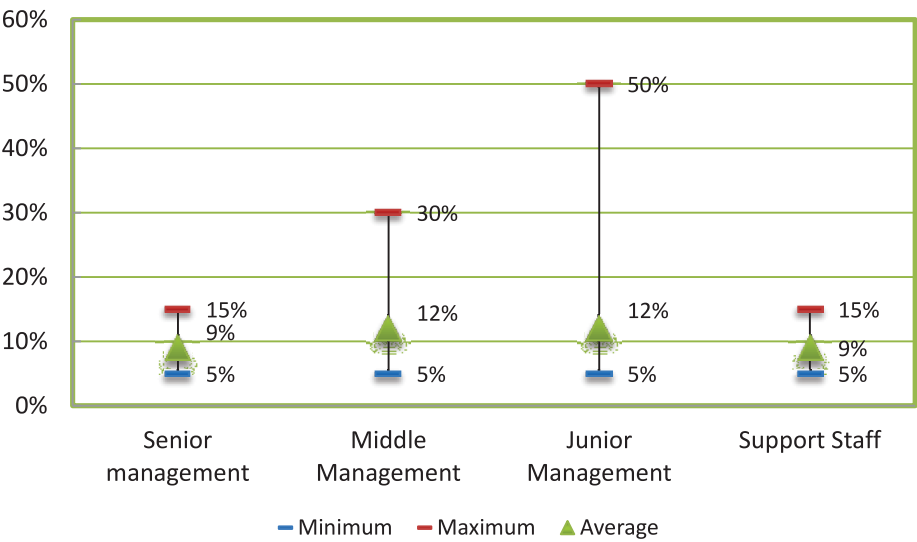
Insurance

% of Institutions providing the following types of Insurance:



Salary increment policy

All institutions surveyed, had a salary increment policy. Increments were given based on inflation as well as performance evaluation on an annual or semi-annual basis.



Per Diem

The range for per diem for domestic travel within Afghanistan ranged from AFN 150 – 750 per day. The average per diem for 2012, was AFN 450.

Key Contacts

Najibullah Samim

Executive Director, AMA

najib.samim@ama.org.af

Fahim Naimi

Public Information and Communications Officer, AMA

fahim.naimi@ama.org.af

Afghanistan Microfinance Association

Street 3, Taimani Project, Near to Taban Hospital, District 4, Kabul, Afghanistan
Mobile: +93 (0) 799 30 88 76 E-mail: info@ama.org.af Website: www.ama.org.af