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Salary Survey 2014

Development Finance Sector Afghanistan in

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Glossary

MFI: Microfinance Institution; MFI provides financial services mostly focused on credit, to micro-entrepreneurs and small businesses, who lack access to commercial banking.

CSPI: Community-based Savings Promoting Institution; CSPI provides 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.

SM: Senior Management; Include the Chief Executive Officer (CEO), Chief Operating Officer (COO), and Chief Finance Officer (CFO) positions.

MM: Middle Management; Include the Security Manager, Finance Manager, HR Manager, MIS Manager, Compliance Manager, Area Manager, Admin/Logistic Manager, Audit & Control Manager, IT Manager, Regional Manager, Risk Manager, Program Manager, Microfinance Manager, Operation Manager, Sales Manager, Reporting Manager, Training Manager, Product Development Manager, Recovery Manager, and Saving Manager positions.

JM: Junior Management; Include the Communication Officer, Legal Officer, Social Organizer, Data Entry Officer, Technical Officer, Client Relationship Officer, Finance Officer, Assistant Officer, Admin/Logistic Officer, Audit & Control Officer, Coordinator, Branch Manager, Operation Officer, Risk Officer, Trainer, Cashier, Loan Officer, Clerk, Compliance Officer, Supervisor, and Deputy Manager positions.

SS: Support Staff; Include the Cleaner, Cook, Driver, and Security Guard positions.

Big Institutions: Institutions that their gross loan portfolio is more than USD 10 million. Those institutions are; The First Microfinance Bank (FMFB), Islamic Investment and Finance Cooperatives (IIFC) Group, Afghan Rural Finance Company (ARFC), and FINCA Afghanistan.

Medium Institutions: Institutions that their gross loan portfolio is between USD 1 million to USD 10 million. Those institutions are; OXUS Afghanistan, Mutahid Development Finance Institution, Hope For Life (HFL), and Aga Khan Foundation (AKF).

Small Institutions: Institutions that their gross loan portfolio is less than USD 1 million. Those institutions are; Afghanistan Women Council (AWC), Hand in Hand Afghanistan, Shelter For Life (SFL), and Organization of Human Welfare (OHW).

Foreword

The first salary survey of Afghanistan Development Finance Sector conducted by AMA in 2012 was appreciated by AMA members and stakeholders. The survey helped the AMA members in better understanding of the development finance sector salaries and benefits, and, in reviewing/revising their salary and benefits packages accordingly. The salary survey resulted in Microfinance Institutions (MFIs) becoming conscious of ensuring similar packages and thereby reduce the poaching of staff. Of course it is easier said than done, and does take time in revising packages. Looking further, to review their salary and benefit packages to be in line with market rates and the MFIs viability, AMA members requested for updated information. Responding to its members' requests, AMA conducted the second salary survey in 2014.

Well-designed salary and benefit structures increase the chances of attracting and retaining qualified personnel in a dynamic economy. Organizations with competitive salary structures, good working environment and staff career development opportunities are the attractive organizations for experienced and entry level employees.

Microfinance sector with its financial and social objectives are considered as the sector with double bottom line objectives. To achieve its dual objectives, the microfinance providers in addition to focusing on their financial viability, have to focus on their human resources and efficiency also, as they have a direct impact on the profitability.

A fair pay is good for any organization. If staff is underpaid, the employees, especially the good ones, will start looking for a better offer. If staff is overpaid, the payroll budget will increase, staff will never want to leave and become costly as salaries keep increasing annually even if in same position, and eventually profitability will suffer. That is why organizations and businesses want to benchmark jobs against compensation, so that they can determine the prevailing rate for a job. This is where the salary survey will be useful.

Survey Scope and Objective

Scope:

Only full-time salaried Afghan employees working in AMA member organizations were surveyed. Expatriates, part-time and temporary employees were excluded.

The survey defines salary as the basic pay that employees receive on a monthly basis. The survey also covers short and long term benefits, unused leave encashment policy, incentive policy, insurance policy, salary increment policy, and per diem rates. Some institutions reported their salaries in USD currency which was exchanged to AFN currency using the exchange rate of: USD 1 = AFN 56.65.

Sample:

1. 12 out of 14 member microfinance organizations participated
 - a) seven MFIs
 - b) five Community-based Savings Promoting Institutions (CSPIs)
2. 2,333 employees salary data across levels

Salary data of 2,350 was received. After reviewing the data and removing duplicates and outliers, a total of 2,333 valid responses are included in this salary survey data.

Analysis and Reporting

- 1. In calculating the average salary, all reported salaries within a functional area and corresponding job title are added together and divided by the number of individuals providing data.
- 2. All salary data is reported in aggregate to ensure confidentiality of the respondents. Statistics are shown for each job title even if it is from one respondent. The number of respondents for each job title is shown in the salary table.
- 3. The analysis and reporting is divided into four sections based on the organization hierarchy – senior, middle and junior management and support staff.
- 4. Each section is further analyzed based on gross loan portfolio as big, medium and small institutions. Among the surveyed organizations, one-third are categorized as big (gross loan portfolio more than \$10 million), another one-third are categorized as medium (gross loan portfolio between \$1 million and \$10 million), and the remaining one-third are categorized as small (gross loan portfolio under \$1 million) institutions.

Objectives:

- 1. Provide updated information on compensation for each category / position.
- 2. Support institutions to know about the “market rate” and position their salary structures accordingly for each category/position.
- 3. Provide a basis for designing a competitive and fair compensation system.
- 4. Help institutions to attract new and retain their qualified personnel-thus reduce staff turnover and poaching.
- 5. Compare the main findings with the salary survey of 2012.

Survey Methodology

Design the survey instrument

The parameters of the survey were finalized and a structured questionnaire was designed to be used as a primary data collection tool. A workshop was conducted with the HR Managers to review the questionnaire and get feedback.

Administer Survey

A formal e-mail with the questionnaire was sent to the HR departments of the identified institutions requesting them to fill the questionnaire. Necessary hand holding support was provided to help them fill out the survey.

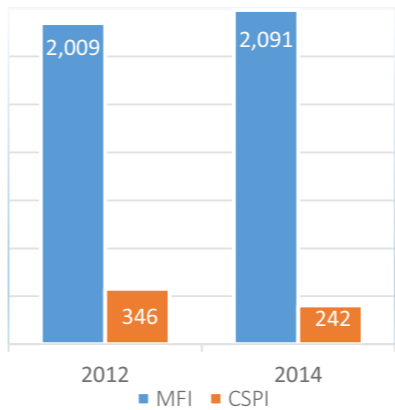
Data collection & validation

The responses received from all participating institutions were validated and checked for accuracy and intended interpretation.

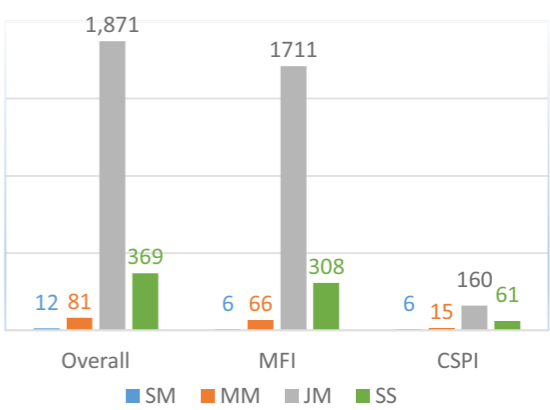
Analysis

The data received was collated and analyzed to get detailed insights on sector wide salaries and benefits.

No. of Participants



Participant's Profile by Institution Type



CSPIs have smaller microfinance outreach and portfolio as compared to MFIs and therefore also have less number of employees. CSPIs are 42% of the sample institutions but have only 10% of the total development finance sector employees.

Employees in Junior Management represent the highest number of employees with 80% of the total employee of the sector followed by Support Staff with around 15%. Loan Officers and other branch-level staff such as Branch Manager and Cashier form two-thirds of the Junior Management.

Since majority of the senior management positions are filled by expats, the survey covers only 12 with 6 from MFIs and 6 from CSPIs.

Survey Summary

- ✎ In general, big institutions pay more than the medium institutions which pay more than the small institutions. Similarly MFIs pay better than the CSPIs except in case of Junior Management. Exceptions are: Assistant Officer, Cashier, Coordinator, Data Entry Officer, Loan Officer, Operation Officer and Trainer.
- ✎ Drivers were found the highest paid position among support staff. 59% of the total support staff are Security Guards.
- ✎ The average increment in 2014 for all level of staff was between 6% - 7%, while in 2012 it was between 9% - 12%.
- ✎ 11 institutions provide salary increments for their staff once in a year while one institution provides salary increment twice a year. Salary increments are based on performance as well as inflation.

- ✎ Allowances such as food, transportation, top up card, health, and Eid bonus are the most popular short term benefits provided by the development finance institutions.
- ✎ Levels of long term benefits (severance pay and provident fund) are low across the sector.
- ✎ Only 17% of our sample is providing life insurance which is internally operated by the concerned institutions.
- ✎ Variances were found in salaries and increments compared to the salary survey of 2012. This is partially because those four institutions (BRAC, Paiwand MFI, Afghan Aid and CARE) who had participated in salary survey of 2012 are not part of the survey of 2014. However, four new institutions (ARFC, AKF, AWC and SFL) with different salary structures participated in the survey of 2014.

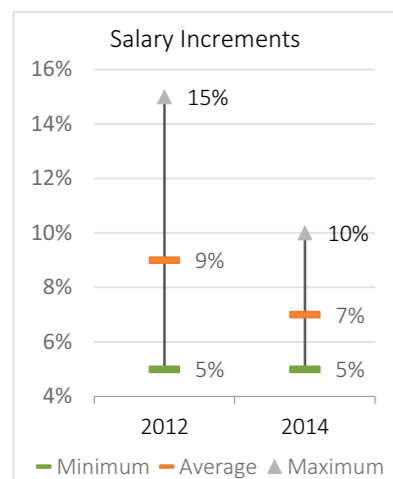
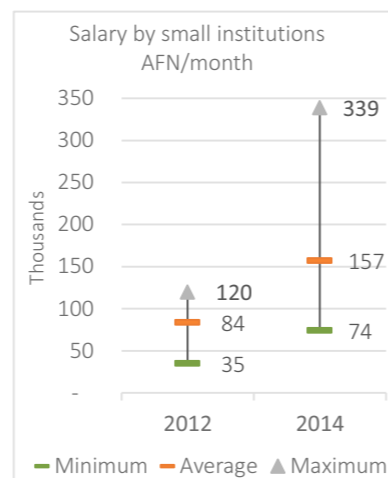
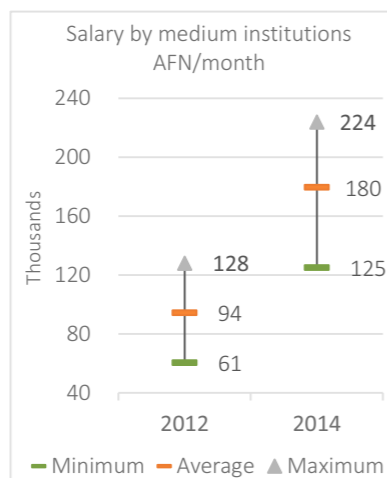
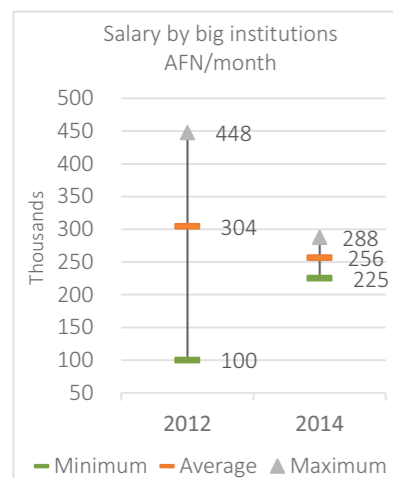
Senior Management

Salary by position:

SN	Position	No. of Persons	Minimum (AFN/month)	Maximum (AFN/month)	Average - overall (AFN/month)	Average - MFI (AFN/month)	Average - CSPI (AFN/month)
1	CEO	3	113,300	339,000	246,633	287,600	226,150
2	COO	6	74,000	225,000	160,106	198,000	122,213
3	CFO	3	124,300	224,000	157,767	174,500	124,300

The salaries in senior management vary from AFN 74,000 to AFN 339,000. The highest variance was found in CEO and COO positions compared to the CFO position. The variance was even more in 2012 ranging from AFN 35,000 to AFN 447,733.

The MFIs pay more than the CSPIs in senior management positions. In CSPIs, microfinance is one of the components/projects and for purposes of this survey the Program Managers, and not the CEOs, of CSPIs are considered as senior management. 84 % of the senior managers earn more than AFN 100,000 per month while, 59% of the senior managers were earning more than AFN 100,000 in 2012.



The salary variance among senior management positions are found to be less in big institutions while it shows a big variance in small institutions. This is due to the fact that majority of the senior management positions in big institutions are filled by expats whose salaries are not included in this survey.

The maximum increment for senior management in 2014 is 10% which is less than 15% of the year 2012.

Short Term Benefits:

Allowances	No. of institutions	Minimum (AFN)	Maximum (AFN)	Average (AFN)
Child Bonus	1	5,000	5,000	5,000
Eid Bonus	4	1,000	5,000	2,513
Food Allowance	4	1,000	2,592	1,613
Health Allowance	2	1,000	6,230	3,615
Marriage Bonus	1	10,000	10,000	10,000
Top Up Card	5	1,000	3,500	2,160
Transportation Allowance	5	1,000	4,450	2,162

Middle Management

Salary by position:

SN	Position	No. of Persons	Minimum (AFN/month)	Maximum (AFN/month)	Average - overall (AFN/month)	Average - MFI (AFN/month)	Average - CSPI (AFN/month)
Head Office Staff							
1	Admin/Logistic Manager	6	40,000	122,600	74,137	74,137	
2	Audit & Control Manager	5	75,000	165,000	111,198	111,198	
3	Compliance/ Supervision Manager	3	53,000	124,726	98,442	98,442	
4	Finance Manager	7	56,932	111,000	82,979	87,309	57,000
5	HR Manager	6	55,000	150,000*	100,815	100,815	
6	IT Manager	5	65,000	125,000	92,162	92,162	
7	Microfinance Manager	2	57,000	147,500	102,250	147,500	57,000
8	MIS Manager	2	108,000	124,726	116,363	116,363	
9	Operations Manager	2	79,000	120,000	99,500	99,500	
10	Product Development Manager	3	108,800	117,600	113,967	113,967	
11	Program Manager	5	58,000	124,300	74,418		74,418
12	Recovery Manager	1	53,000	53,000	53,000	53,000	
13	Reporting Manager	1	51,000	51,000	51,000	51,000	
14	Risk Manager	2	63,500	98,000	80,750	80,750	
15	Sales Manager	1	78,050	78,050	78,050	78,050	
16	Saving Manager	1	64,900	64,900	64,900	64,900	
17	Security Manager	1	100,000	100,000	100,000	100,000	
18	Training Manager	3	51,450	65,000	57,350	57,350	
Field Staff							
1	Area Manager	8	45,000	134,067	83,962	118,674	49,250
2	Regional Manager/Coordinator	16	28,300	136,000	73,152	79,419	54,350

* One position is an outlier (AFN 271,000) and therefore not considered.

The variances among middle management salaries were generally found very high. It ranges from AFN 28,300 to AFN 271,000. In 2012, the variance range was from AFN 15,000 to AFN 165,000. The high variance is mainly due to seniority and responsibility of the employee as well as size of the organization.

Middle Management



Short Term Benefits:

Allowances	No. of Institutions	Minimum (AFN)	Maximum (AFN)	Average (AFN)
Child Bonus	1	5,000	5,000	5,000
Eid Bonus	5	1,000	5,000	2,570
Food Allowance	5	1,000	2,592	1,550
Health Allowance	3	1,000	6,230	2,777
Marriage Bonus	1	10,000	10,000	10,000
Top Up Card	7	500	4,250	1,621
Transportation Allowance	5	800	3,539	1,900
Education Allowance*	1	7,360	7,360	7,360

* Education allowance is the short term benefit that is provided by one institution for its middle management only.

Junior Management

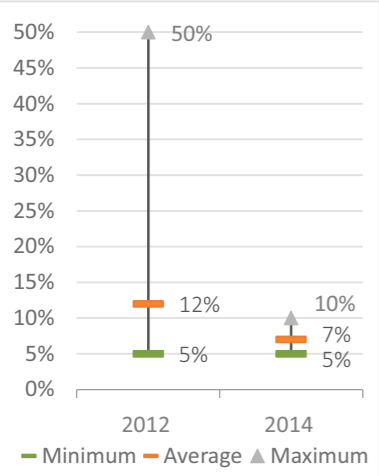
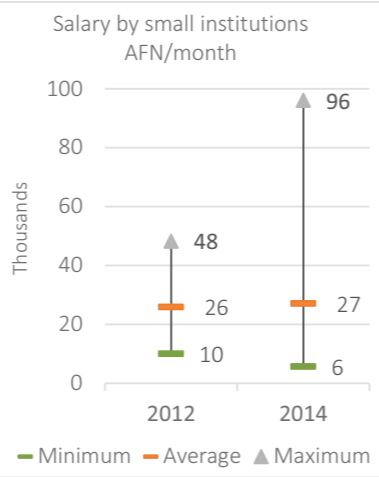
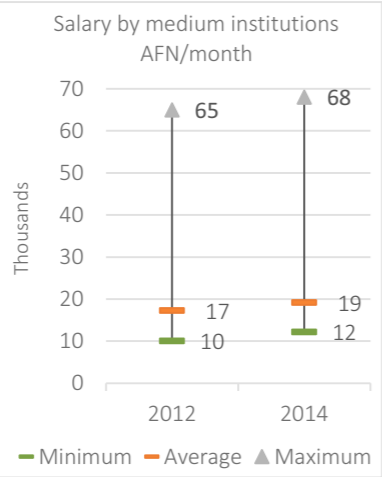
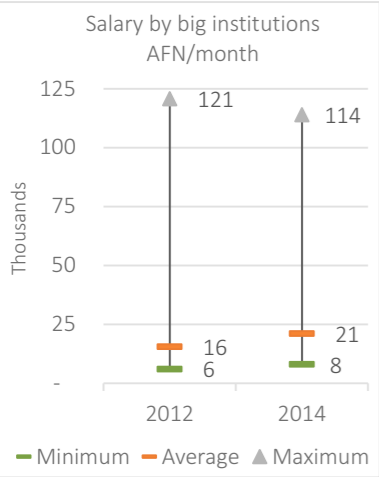
Salary by position:

SN	Position	No. of Persons	Minimum (AFN/month)	Maximum (AFN/month)	Average - overall (AFN/month)	Average - MFI (AFN/month)	Average - CSPI (AFN/month)
Head Office Staff							
1	Admin/Logistic Officer	14	17,000	53,760	29,786	30,251	27,000
2	Assistant Officer	106	13,586	48,900	17,872	17,817	19,775
3	Audit & Control Officer	30	15,000	67,980	28,193	28,193	
4	Clerk	26	9,600	22,400	16,000	16,000	
5	Client Relationship Officer	27	13,586	32,380	18,450	18,450	
6	Communication Officer	5	19,670	39,340	34,844		34,844
7	Compliance/ Examination &Supervision Officer	10	23,000	97,500	44,126	44,126	
8	Coordinator	11	19,000	96,050	45,504	37,389	82,025
9	Data Entry Officer	14	8,000	37,000	13,414	11,600	37,000
10	Finance Officer	37	13,000	79,310	28,690	28,859	27,300
11	Legal Officer	2	41,000	51,000	46,000	46,000	
12	Operation Officer	18	19,950	56,500	32,592	26,004	49,720
13	Risk Officer	37	18,990	52,750	31,911	31,911	
14	Technical Officer	11	24,500	70,900	31,200	31,200	
15	Trainer	11	21,940	36,530	28,010	26,354	30,910
Field Staff							
1	Branch Manager	81	21,000	98,800	43,216	47,747	21,532
2	Cashier	101	10,000	33,900	17,487	17,022	28,775
3	Deputy Manager	50	23,500	61,000	42,719	42,719	
4	Loan Officer	1,048	5,650	37,000	15,753	15,625	17,020
5	Social Organizer	8	22,660	25,500	24,000		24,000
6	Supervisor	88	15,000	50,150	23,588	23,588	

Junior management represents 80% of the total employees and comprises of multiple positions and varied responsibilities. Similar to the middle management, the variances among junior management salaries were generally found very high ranging from AFN 5,650 to AFN 98,800. The highest variance was found in Branch Managers Position followed by Coordinators.

The high variance is mainly due to seniority and responsibility of the employee as well as size of the organization.

Junior Management



The salary variance among junior management positions in big and small institutions were found very high ranging from AFN 8,000 to AFN 114,000 and AFN 6,000 to 96,000 respectively. This was also almost the case in the salary survey of 2012 with big and medium institutions. The salary variance in small institutions has increased tremendously in 2014 compared to 2012.

The maximum increment for junior management in 2014 is 10% which is less than 50% of the year 2012 however the minimum increment remained the same at 5%.

Short Term Benefits:

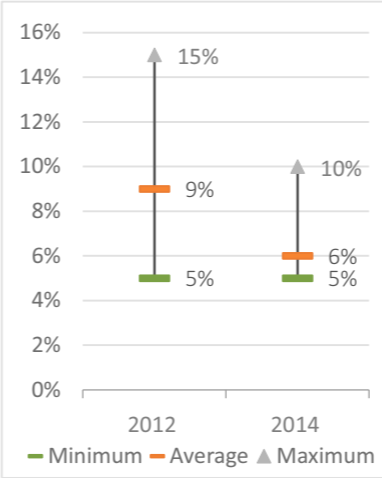
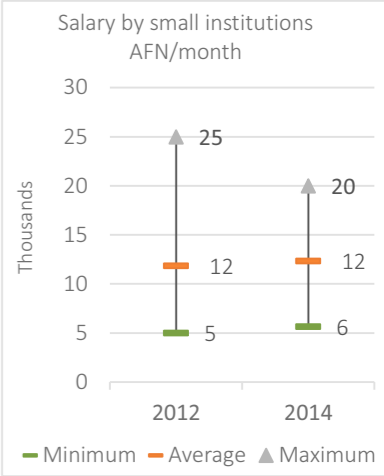
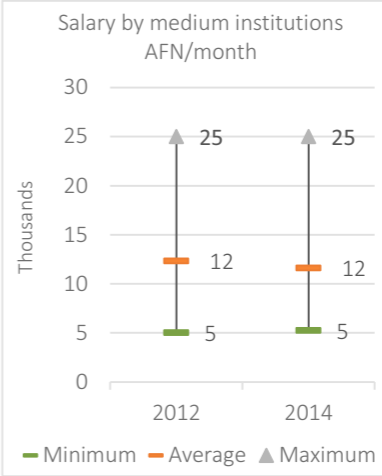
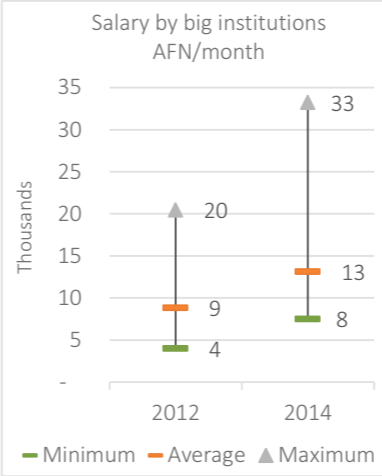
Allowances	No. of Institution	Minimum (AFN)	Maximum (AFN)	Average (AFN)
Child Bonus	1	5,000	5,000	5,000
Eid Bonus	5	1,000	5,000	2,570
Food Allowance	5	1,000	2,592	1,532
Health Allowance	3	1,000	6,230	2,777
Marriage Bonus	1	10,000	10,000	10,000
Top Up Card	6	500	2,300	992
Transportation Allowance	5	800	2,292	1,650

Support Staff

Salary by position:

SN	Position	No. Persons	Minimum (AFN/month)	Maximum (AFN/month)	Average - overall (AFN/month)	Average - MFI (AFN/month)	Average - CSPI (AFN/month)
1	Cleaner	85	6,744	22,660	10,835	10,837	10,822
2	Cook	22	5,880	20,000	10,591	10,244	11,770
3	Driver	44	11,300	33,242	16,390	16,536	15,951
4	Security Guard	218	5,250	25,000	12,378	12,522	11,675

Drivers were found the highest paid position among support staff. 59% of the total support staff are Security Guards with the highest salary variance.



The salary variance among support staff in big institutions were found relatively high compare to medium and small institutions. The differences were found almost the same of the year 2012.

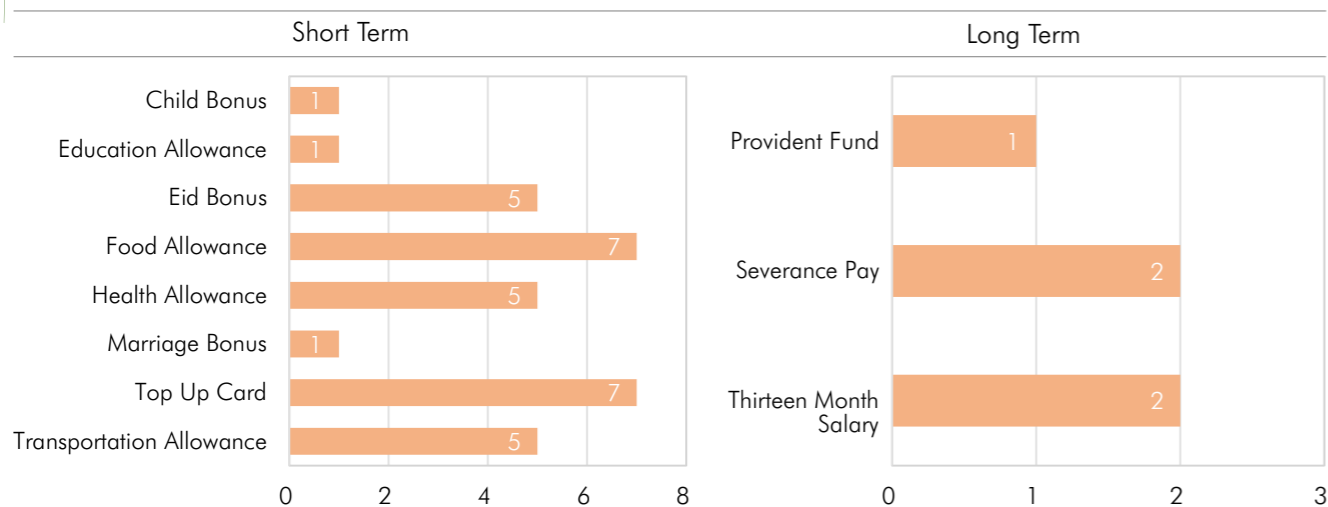
The maximum increment for support staff in 2014 is 10% which is less than 15% of the year 2012 however the minimum increment remained the same at 5%.

Short Term Benefits:

Allowances	No. of Institutions	Minimum (AFN)	Maximum (AFN)	Average (AFN)
Child Bonus	1	5,000	5,000	5,000
Eid Bonus	4	1,000	5,000	2,513
Food Allowance	4	1,000	2,592	1,520
Health Allowance	2	1,000	6,230	3,615
Marriage Bonus	1	10,000	10,000	10,000
Top Up Card	5	50	500	260
Transportation Allowance	5	400	2,222	1,556

Benefits

Number of institutions providing the following benefits:



Average short term benefits provided by institutions across levels:

Benefits	Senior Management	Middle Management	Junior Management	Support Staff
Child Bonus	5,000	5,000	5,000	5,000
Education Allowance	-	7,360	-	-
Eid Bonus	2,513	2,570	2,570	2,513
Food Allowance	1,613	1,550	1,532	1,520
Health Allowance	3,615	2,777	2,777	3,615
Marriage Bonus	10,000	10,000	10,000	10,000
Top Up Card	2,160	1,621	992	260
Transportation Allowance	2,162	1,900	1,650	1,556

✎ Six out of twelve institutions pay for the unused annual leaves at the time of separation of employee from the institutions and six other institutions do not pay for the unused annual leaves.

✎ Four out of twelve institutions have incentive policies.

✎ All the institutions have salary increment policies. 11 institutions increase the salaries on annual basis and one institution increase the salaries of their staff twice a year. Salary increments are based on performance as well as inflation.

Per diem

Within Country:

	Minimum	Maximum	Average
Afghanistan	450	850	620

International:

Continent	Minimum	Maximum	Average
Africa	1,700	6,000	2,792
America	2,000	8,660	4,452
Australia	2,000	6,000	4,000
Europe	2,000	8,660	4,452
Other Asian Countries	1,700	6,000	2,900
South Asian Countries	1,400	6,000	2,620

"AMA's salary survey, in 2012, was the best solution to our complicated problem. The information published was creditable which convinced our employees to have their salaries adjusted as per survey guidelines in the most fair and legal manner, helping Mutahid to cut its labor cost by up to 25%!"

Yousef Ahmad Hayat
CEO - Mutahid DFI

The following institutions participated in the survey:

MFIs

- ✎ Afghan Rural Finance Company (ARFC)
- ✎ FINCA Afghanistan
- ✎ Hope For Life (HFL)
- ✎ Islamic Investment & Finance Cooperatives (IIFC) Group
- ✎ Mutahid Development Finance Institution
- ✎ OXUS Afghanistan
- ✎ The First Microfinance Bank (FMFB)

CSPIs

- ✎ Aga Khan Foundation (AKF)
- ✎ Afghanistan Women Council (AWC)
- ✎ Hand in Hand Afghanistan (HiH)
- ✎ Organization of Human Welfare (OHW)
- ✎ Shelter For Life (SFL)

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