



# Africa: *Update on National Compensation*

NFTC International Compensation and Benefits  
Committee – Houston

November 19, 2010

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# What We Will Cover

- Quick Overview of the African Market
- A Glimpse into Compensation and Benefits Practices
- Specific Examples in 8 countries



### Africa today

**\$1.6 trillion**

Africa's collective GDP in 2008,  
roughly equal to Brazil's or Russia's

**\$860 billion**

Africa's combined consumer  
spending in 2008

**316 million**

the number of new mobile phone  
subscribers signed up in Africa since 2000

**60%** Africa's share of the  
world's total amount of  
uncultivated, arable land

**52** the number of African cities with  
more than 1 million people each

**20** the number of African companies  
with revenues of at least \$3 billion



### Africa tomorrow

**\$2.6 trillion**

Africa's collective GDP in 2020

**\$1.4 trillion**

Africa's consumer spending in 2020

**1.1 billion**

the number of Africans  
of working age in 2040

**128 million**

the number of African households  
with discretionary income in 2020

**50%** the portion of  
Africans living  
in cities by 2030



# Africa Snapshot

## *McKinsey reports:*

*“Africa’s 50-plus economies* are growing at a remarkable pace:

- across the region, real *GDP increased by an average of 4.9 percent a year between 2000 and 2008*, compared with just 2.4 percent a year during the 1990s.
- the annual flow of foreign direct investment (FDI) into Africa in 2008 increased to \$62 billion, from \$9 billion in 2000.
- Relative to GDP, that is almost as large as the flow into China.”

Source: McKinsey Quarterly



# Africa Vital Signs

- McKinsey also compiled information about:
  - Population
  - GDP
  - Literacy
  - Urbanization
  - Mineral Resources
  - Ease of Doing Business

[Africa Vital Signs](#)



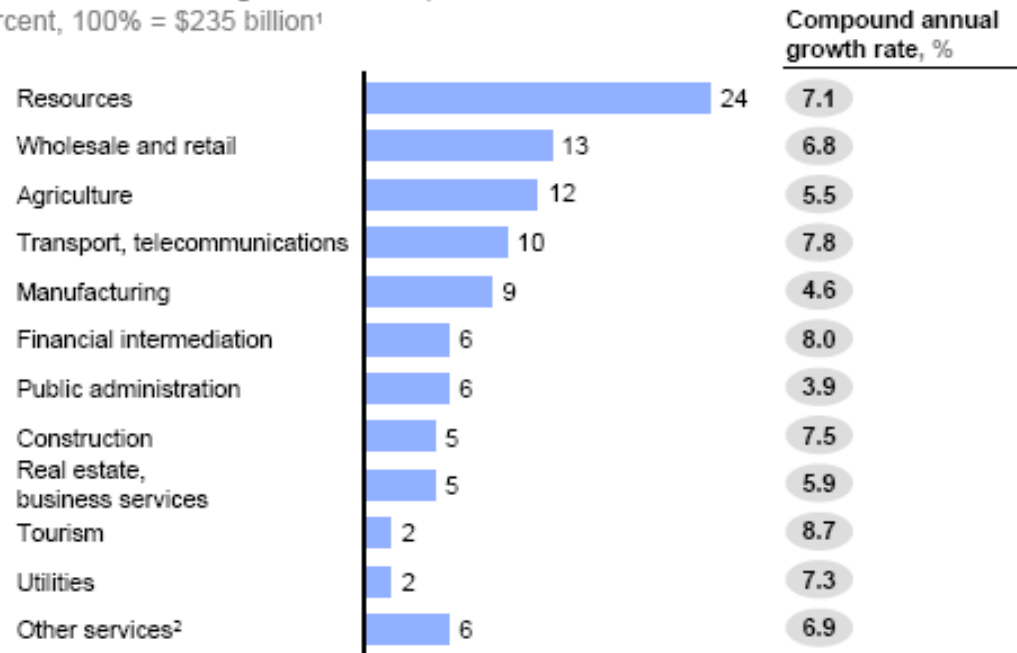
# Growth is Across all Sectors

## Exhibit A

### Africa's growth was widespread across sectors

Sector share of change in real GDP, 2002–07

Percent, 100% = \$235 billion<sup>1</sup>



<sup>1</sup> In 2005 dollars. The total is the sum of 15 countries for which data were available, and that together account for 80 percent of Africa's GDP: Algeria, Angola, Cameroon, Egypt, Ethiopia, Kenya, Libya, Morocco, Nigeria, Senegal, South Africa, Sudan, Tanzania, Tunisia, Zimbabwe.

<sup>2</sup> Education, Health, Social Services, Household Services.

SOURCE: Global Insight; Arab Monetary Fund; African Development Bank; McKinsey Global Institute



# Inflation is under control

- 8% in 2009 vs 13% in 2008
- By the end of 2010, only 6 countries (mostly fragile states) are projected to have double-digit inflation compared with 27 countries at end-2008.



# Africa's Labor Force

- By 2040, Africa will:
  - Have a labor force of 1.1 billion, exceeding China and India
  - Be home to 20% of all young people in the world
  - Have the world's largest working-age population





# The Future is Bright, but Africa Faces Many Challenges

- Life expectancy around 50 years
- Poor education
- Inadequate infrastructure
- Governance issues and civil unrest
- HIV and other epidemics



# Africa is a Continent of Opportunity

- In the relentless search for growth, companies are expanding operations into Africa as the last frontier
- There will be continued pressure on the employment market
  - Skills shortages abound
- Market intelligence is key

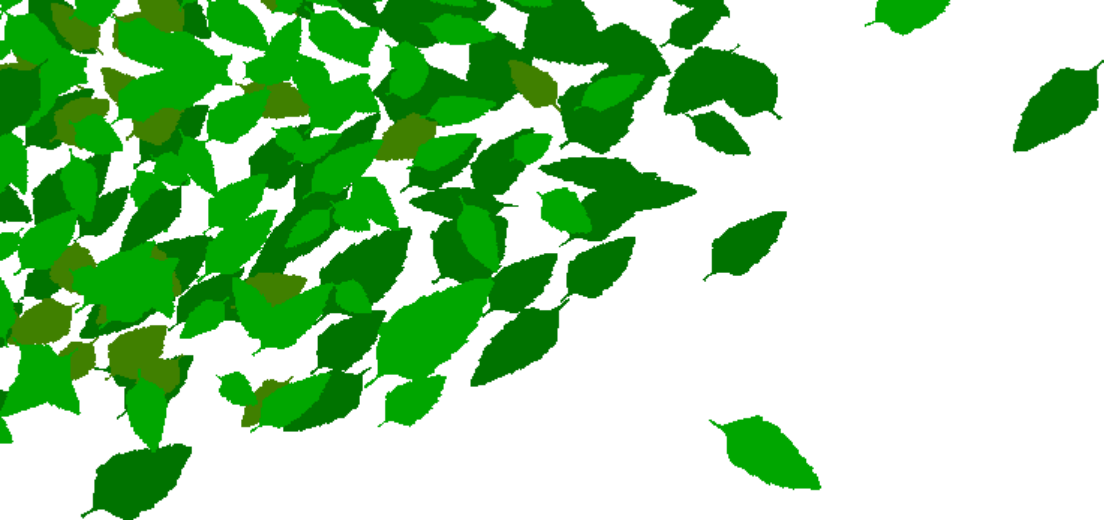


# Sources and More Information

- [McKinsey Global Institute](#)
- [Statistical Data from the International Monetary Fund](#)

Recent Business Week articles:

- [Booming Africa](#)
- [Africa's Biggest Score: A Thriving Economy](#)
- [Africa: Coke's Last Frontier](#)



# A Glimpse of Compensation and Benefits in Africa



# Understanding the African Labor Market

- African markets are different from North American and Western European markets
- There are fewer “good” employers
- There are widespread talent shortages
- Markets are volatile, and vary widely between countries
- External forces often interfere (civil unrest, instability of government, etc.)



# Competition for Talent is Tough

- Multi-national companies seek the best talent
- International organizations are seeking the same talent
- You are competing with the UN, World Bank, Embassies and even NGOs



# Talent is Fluid

- Employees move between employers frequently
- Movement between sectors is common
  - *Between international public sector and private sector, too*
- Occupations start to blur
- Example: Sr. Working Level Professional



# Senior Working Level Professional

## Job Thumbnail:

*Supervise project teams and ensure effective integration of project activities with overall programme objectives; secure cooperation and support from external partners and clients; advise senior management on programme objectives; recommend new programme concepts.*

## *Examples of Jobs Covered*

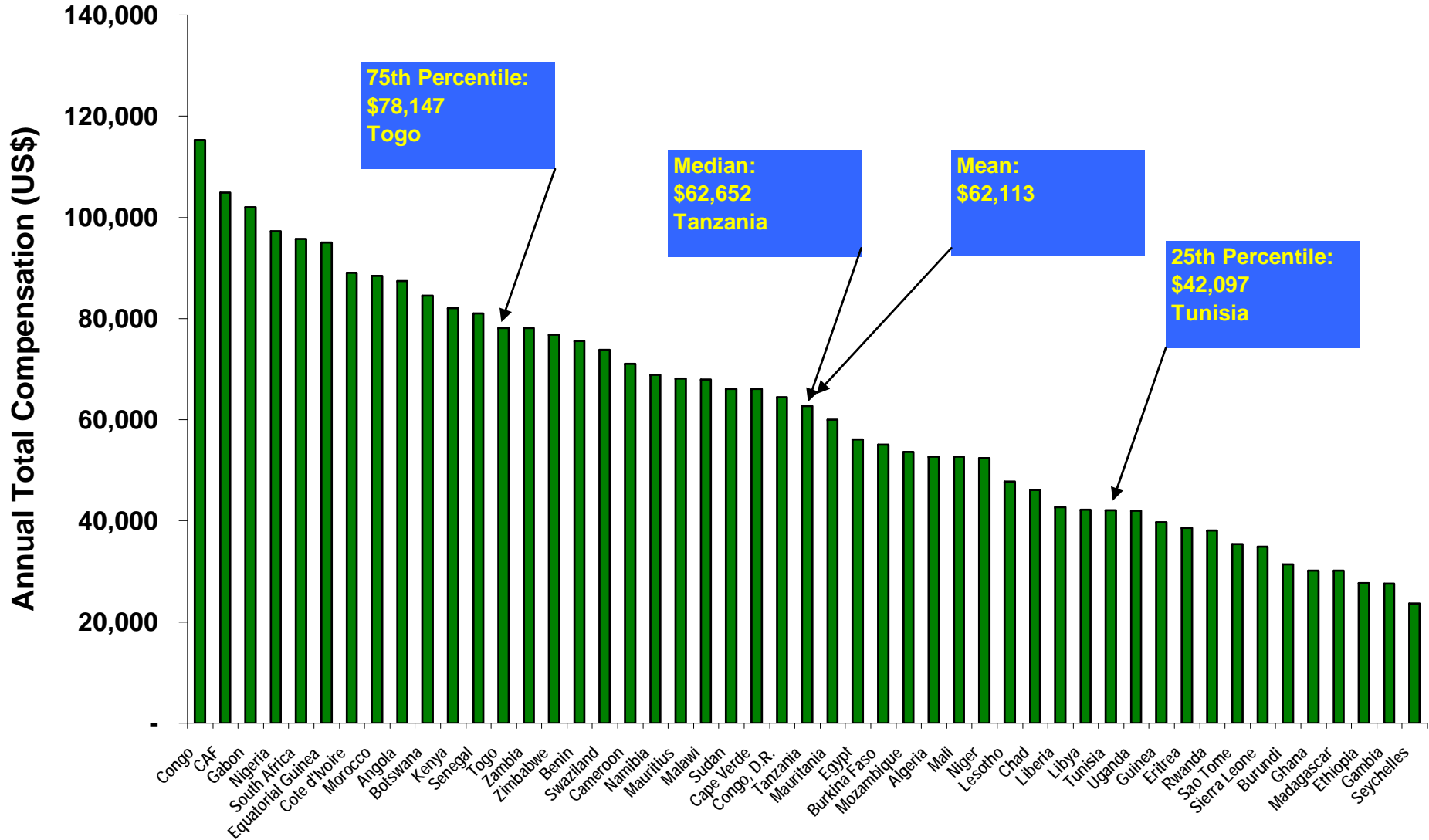
- Sr. Accountant
- HR Specialist
- Brand Manager
- IT Operations Specialist
- Administrative Services Specialist
- Engineer
- AVP (Banking)
- Programme Officer





# Which are the High and Low countries?

## Comparative Data Sr. Working Level Professional





# The Trap

- Most surveys capture average actual incumbent data
- But with fewer incumbents, there is a lot of volatility
- We suggest min and max “bookends” to really understand developing country markets
- This allows examination of the spans along various percentiles, as well the variance at each percentile between low and high



# The Market Footprint

- We refer to the range of the market, from minimum to maximum, from 25th to 75th percentile, as the market “footprint”



# Sample “Footprint” Chart

*Illustrates Minimum, MRP and Maximum at 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> percentile*

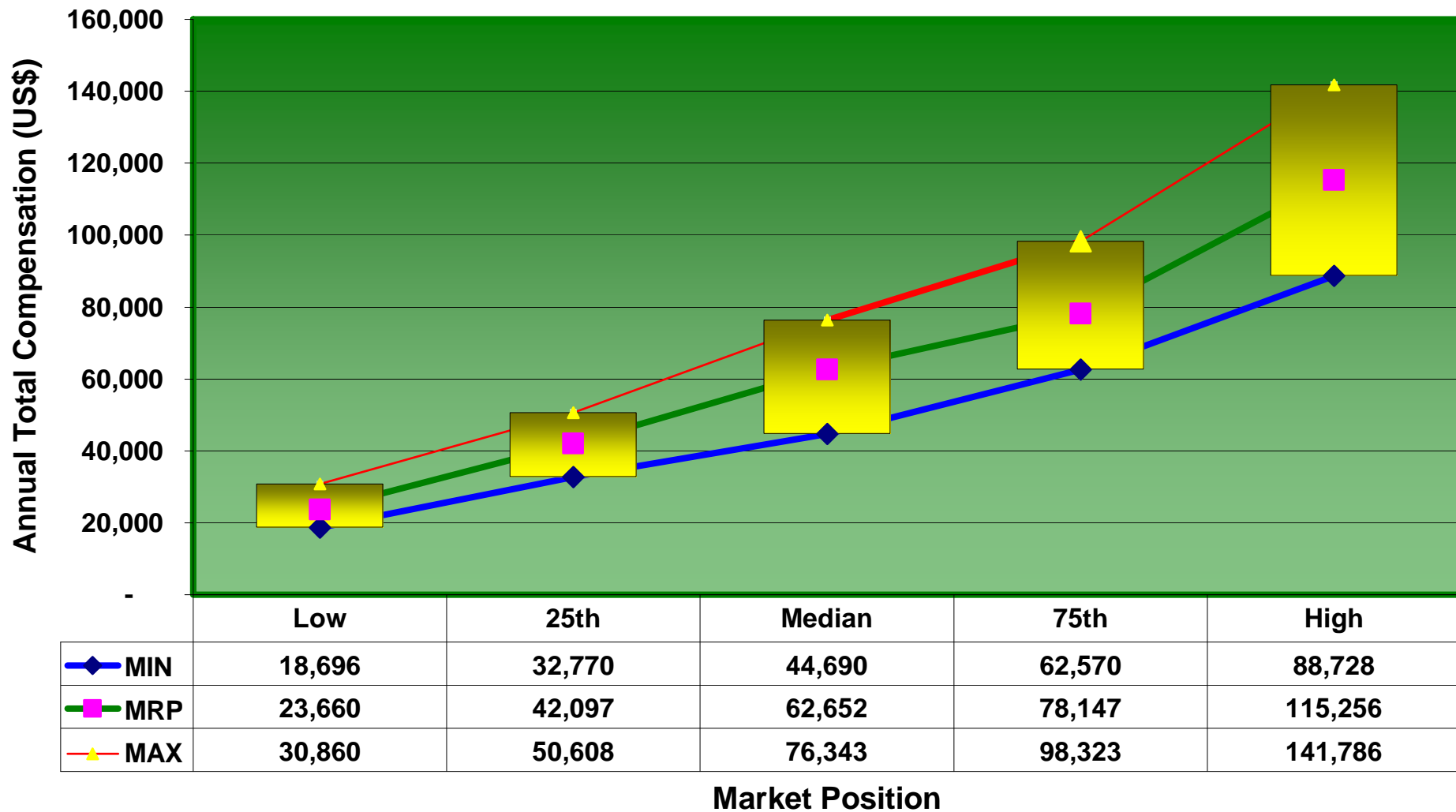
*Provides “bookends” to broad market range*

*Easy to determine if you are “in” the market*



# Market Footprint

## Senior Working Level Professional

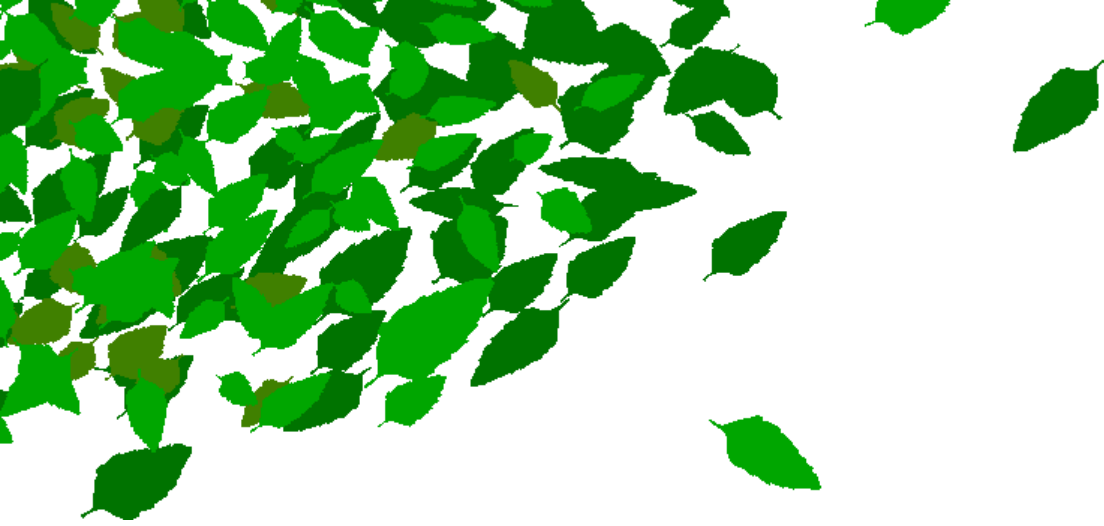




# Base Salary is just the beginning...

*In addition to base salary, companies may provide:*

- Fixed allowances
- Housing
- Transportation
- Meals
- Commuting
- Company products
- Subsidized loans
- Cars
- Mobile phones
- Variable pay
- Pension
- Profit sharing
- Insurance benefits
- Equity compensation



## A Closer Look...





# Selected Markets

We will examine the compensation and benefits levels in more detail for the following countries:

- Angola
- Egypt
- Ghana
- Libya
- Mozambique
- Nigeria
- South Africa
- Uganda

For each market, we'll look at the same position



# Senior Working Level Professional

## Job Thumbnail:

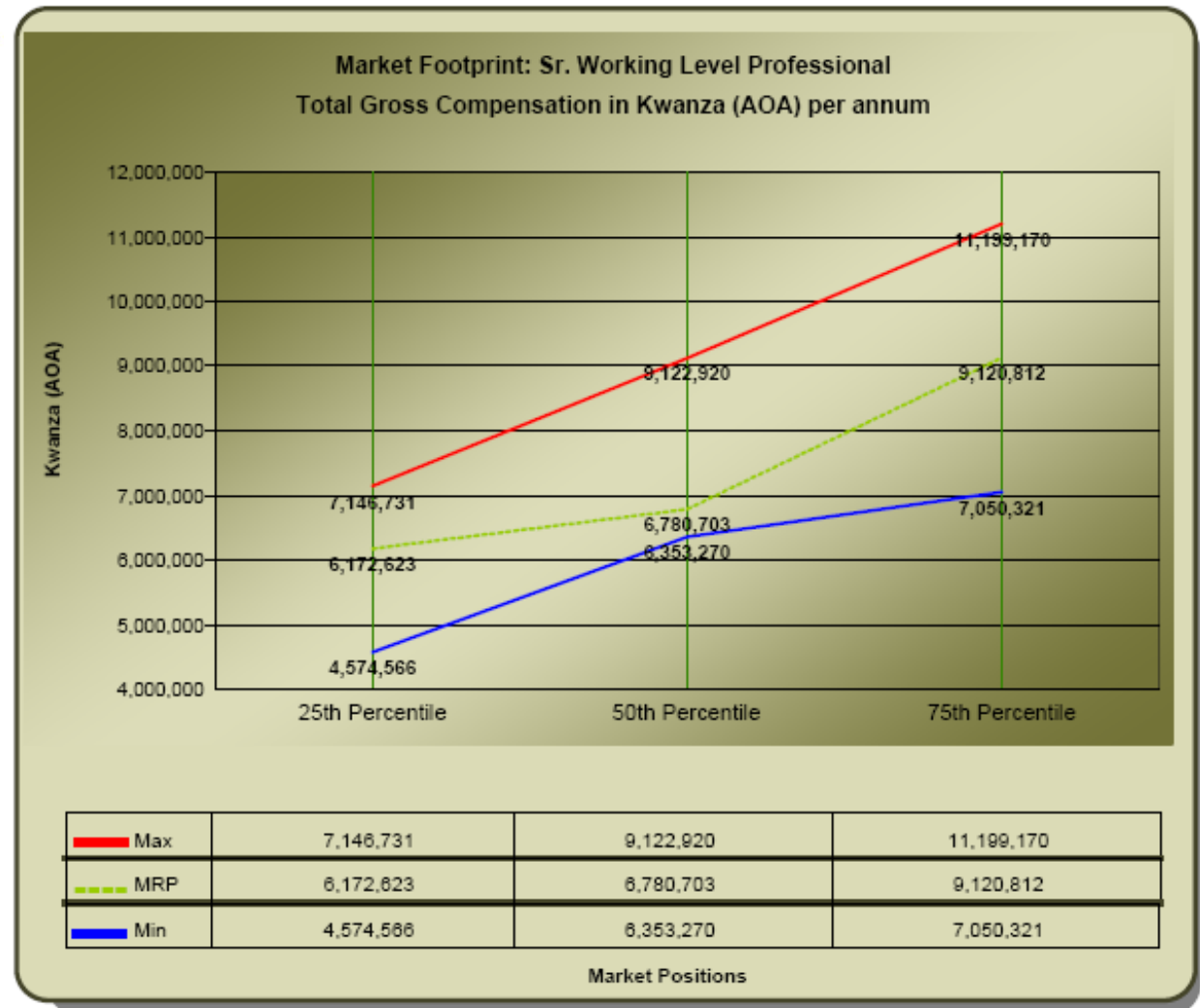
*Supervise project teams and ensure effective integration of project activities with overall programme objectives; secure cooperation and support from external partners and clients; advise senior management on programme objectives; recommend new programme concepts.*

## *Examples of Jobs Covered*

- Sr. Accountant
- HR Specialist
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- IT Operations Specialist
- Administrative Services Specialist
- Engineer
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- Programme Officer

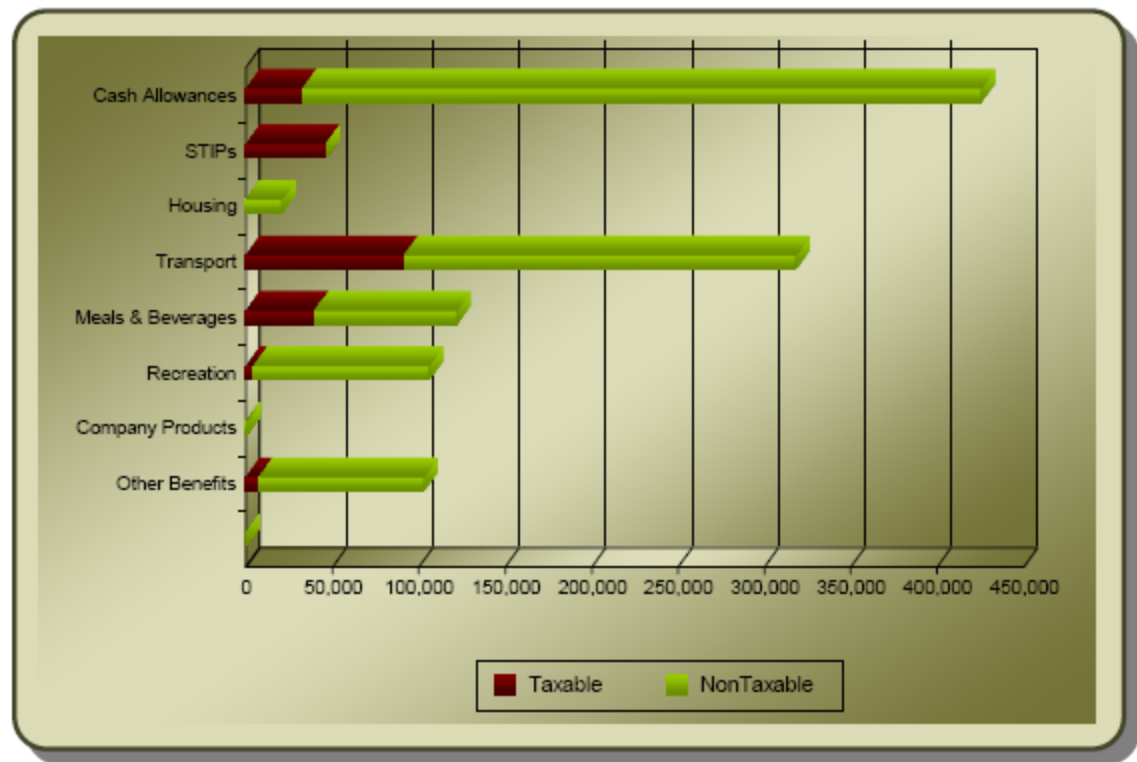


# Angola – Market Footprint









# Angola – Beyond Base



	Amount in Kwanza (AOA)	% Taxable	% Non-Taxable
Cash Allowances	425,085	8%	92%
Short Term Incentive Plans (STIPs)	46,224	100%	0%
Housing	20,814	0%	100%
Transport	318,066	29%	71%
Meals & Beverages	121,748	33%	67%
Recreation	105,776	4%	96%
Company Products	189	0%	100%
Other Benefits*	102,682	7%	93%
Other Benefits Include : Tobacco Allowance, Fringe Benefits			

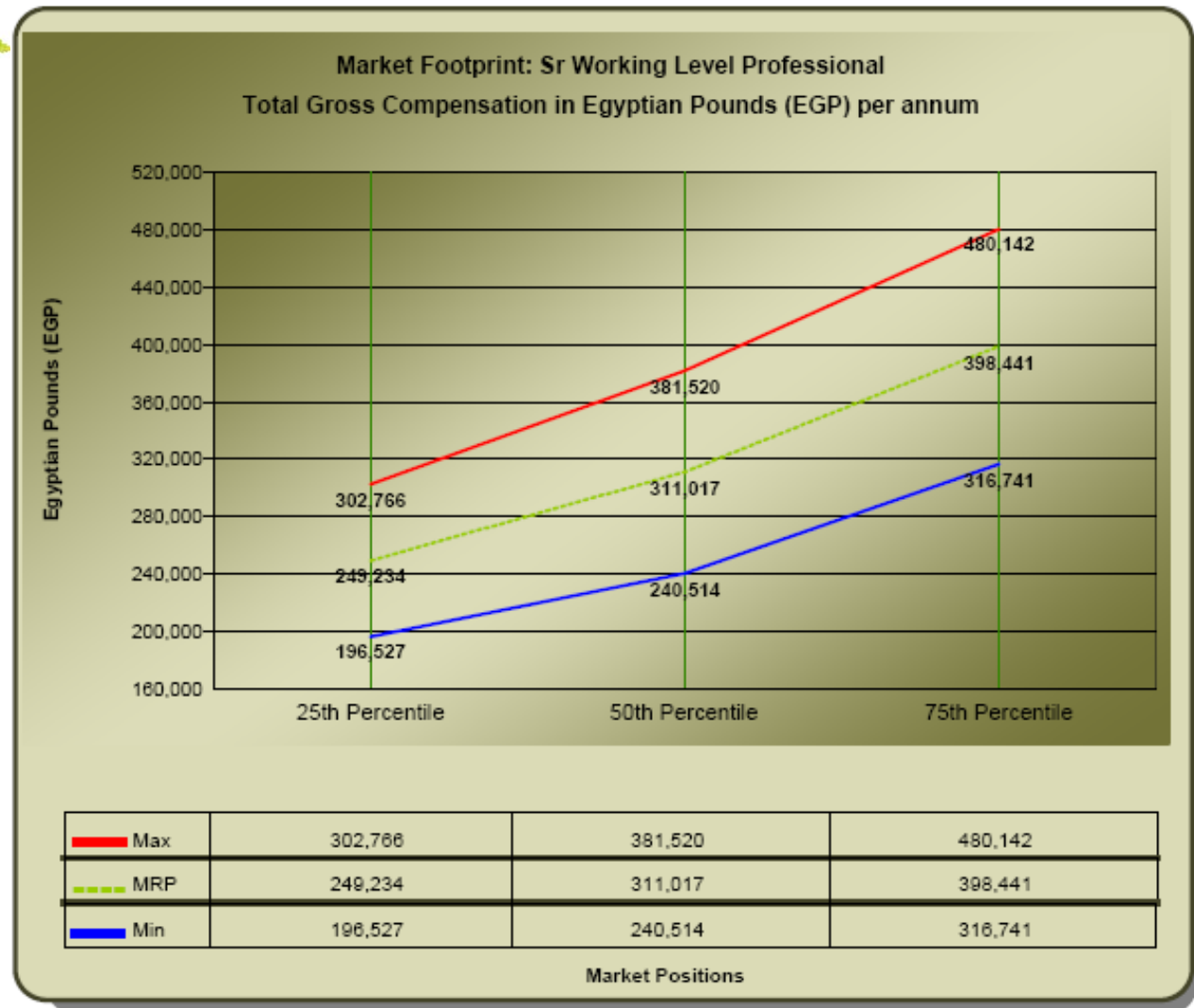


# Angola – Comp Mix

	MRP at 50th Percentile	% of Total Gross Compensation
 4. In-Kind Benefits	323,062	4.8%
 3. Short-Term Incentive Plans (STIPs)	46,918	0.7%
 2. Fixed Cash Allowances	770,384	11.4%
 1. Annual Base Salary	5,640,339	83.2%
<b>Total Gross Compensation:</b>	<b>6,780,703</b>	<b>100.0%</b>
<b>Total Cash (1+2+3)</b>	<b>6,457,641</b>	<b>95.2%</b>

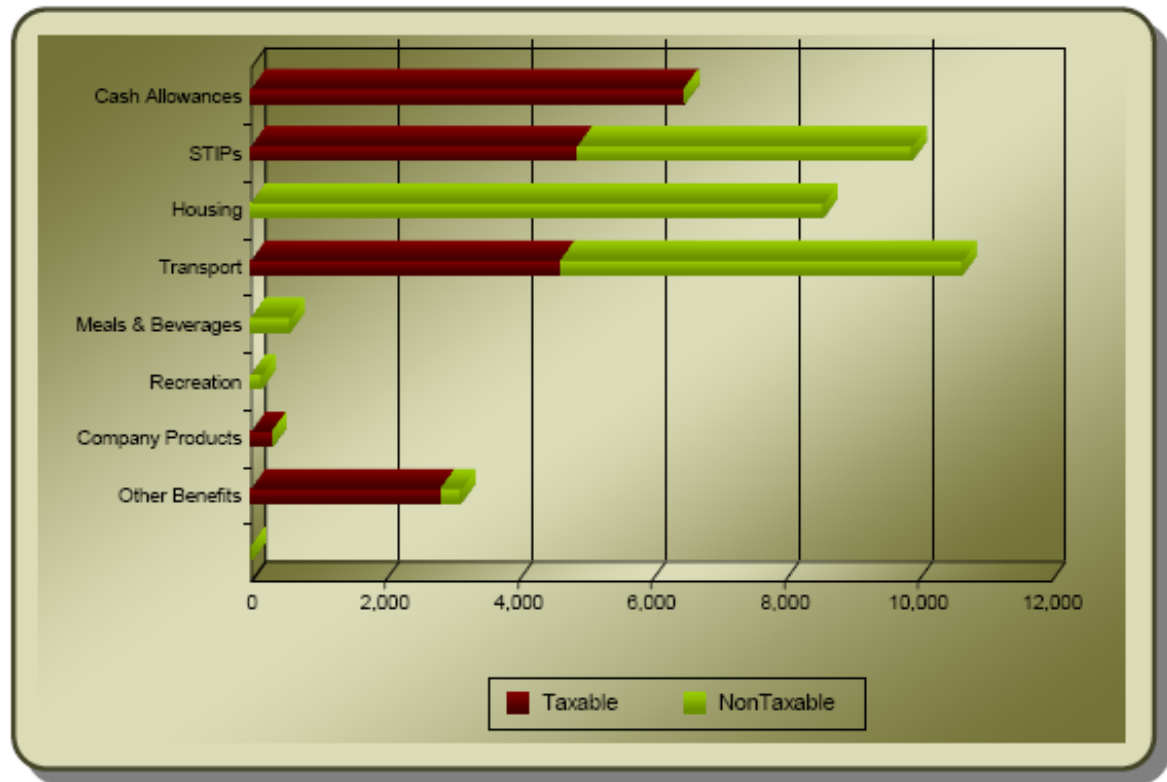


# Egypt – Market Footprint





# Egypt – Beyond Base



	Amount in Egyptian Pounds (EGP)	% Taxable	% Non-Taxable
Cash Allowances	6,493	100%	0%
Short Term Incentive Plans (STIPs)	9,908	50%	50%
Housing	8,577	0%	100%
Transport	10,865	44%	56%
Meals & Beverages	573	0%	100%
Recreation	143	0%	100%
Company Products	310	100%	0%
Other Benefits*	3,139	90%	10%
Other Benefits Include : Cash Allowance			



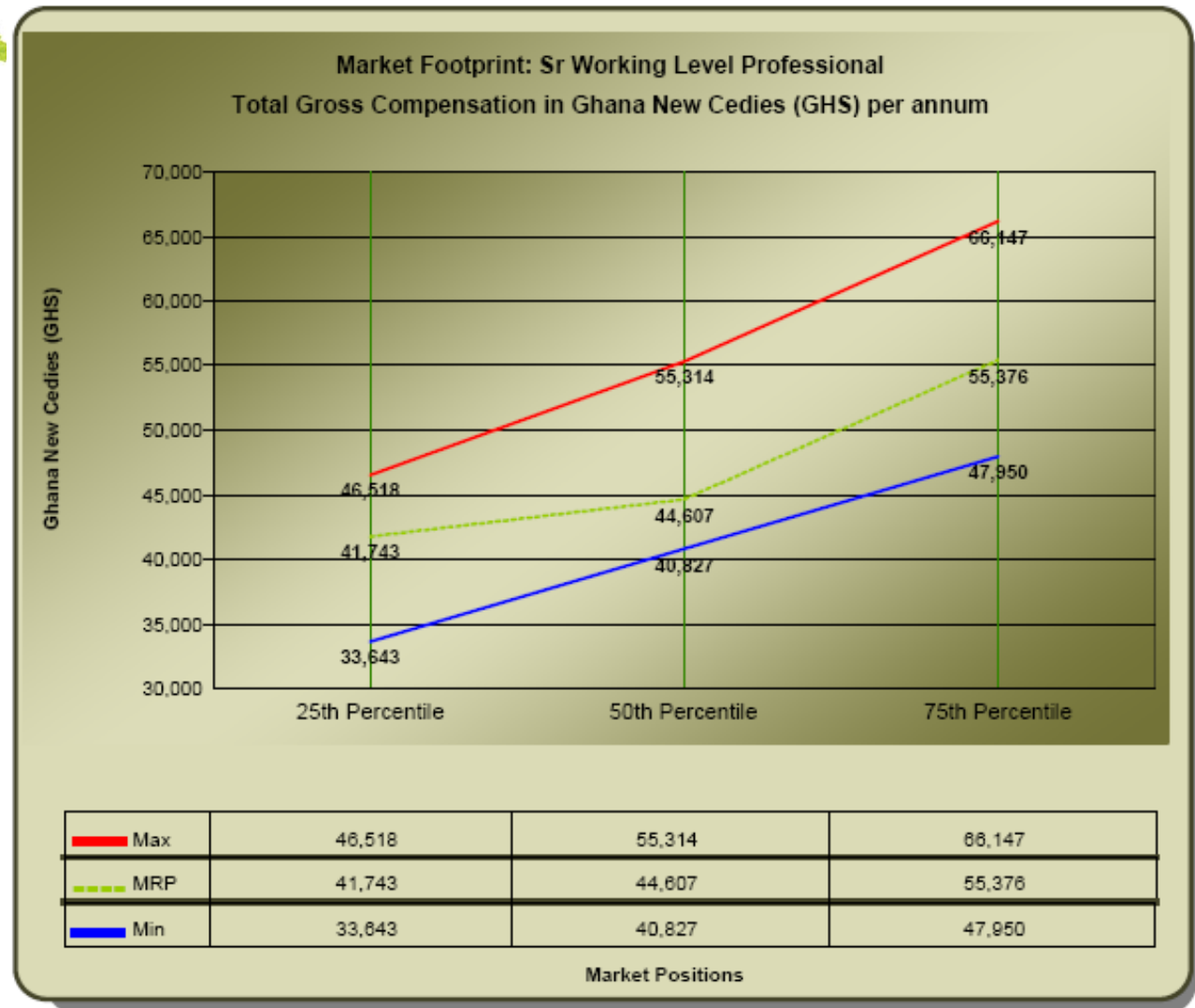
# Egypt – Comp Mix

	MRP at 50th Percentile	% of Total Gross Compensation
■ 4. In-Kind Benefits	7,346	2.4%
■ 3. Short-Term Incentive Plans (STIPs)	9,908	3.2%
■ 2. Fixed Cash Allowances	22,552	7.3%
■ 1. Annual Base Salary	271,210	87.2%
<b>Total Gross Compensation:</b>	<b>311,017</b>	<b>100.0%</b>
<b>Total Cash (1+2+3)</b>	<b>303,671</b>	<b>97.6%</b>



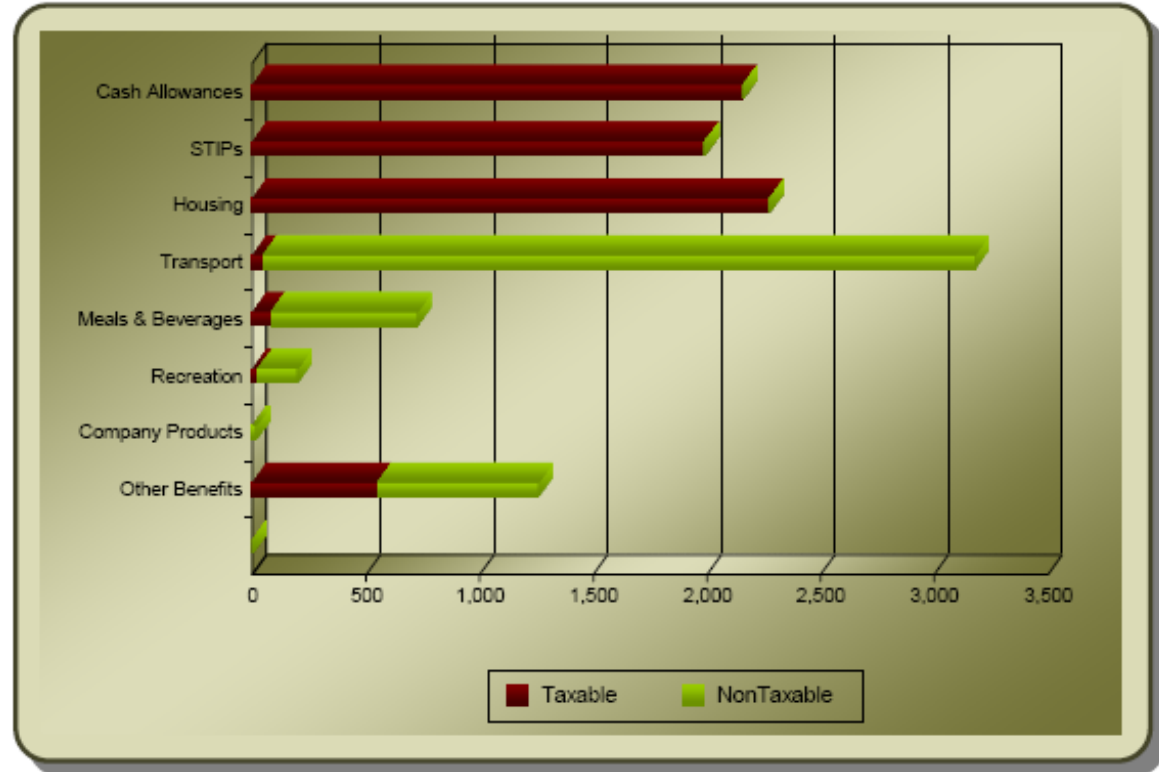


# Ghana – Market Footprint









# Ghana – Beyond Base



	Amount in Ghana New Cedis (GHS)	% Taxable	% Non-Taxable
Cash Allowances	2,158	100%	0%
Short Term Incentive Plans (STIPs)	1,989	100%	0%
Housing	2,275	100%	0%
Transport	3,176	1%	99%
Meals & Beverages	724	11%	89%
Recreation	197	12%	88%
Company Products	15	0%	100%
Other Benefits*	1,257	44%	56%
Other Benefits Include : Miscellaneous Benefits All., Utilities+Domestic+Residence Maintenance, Other Package			

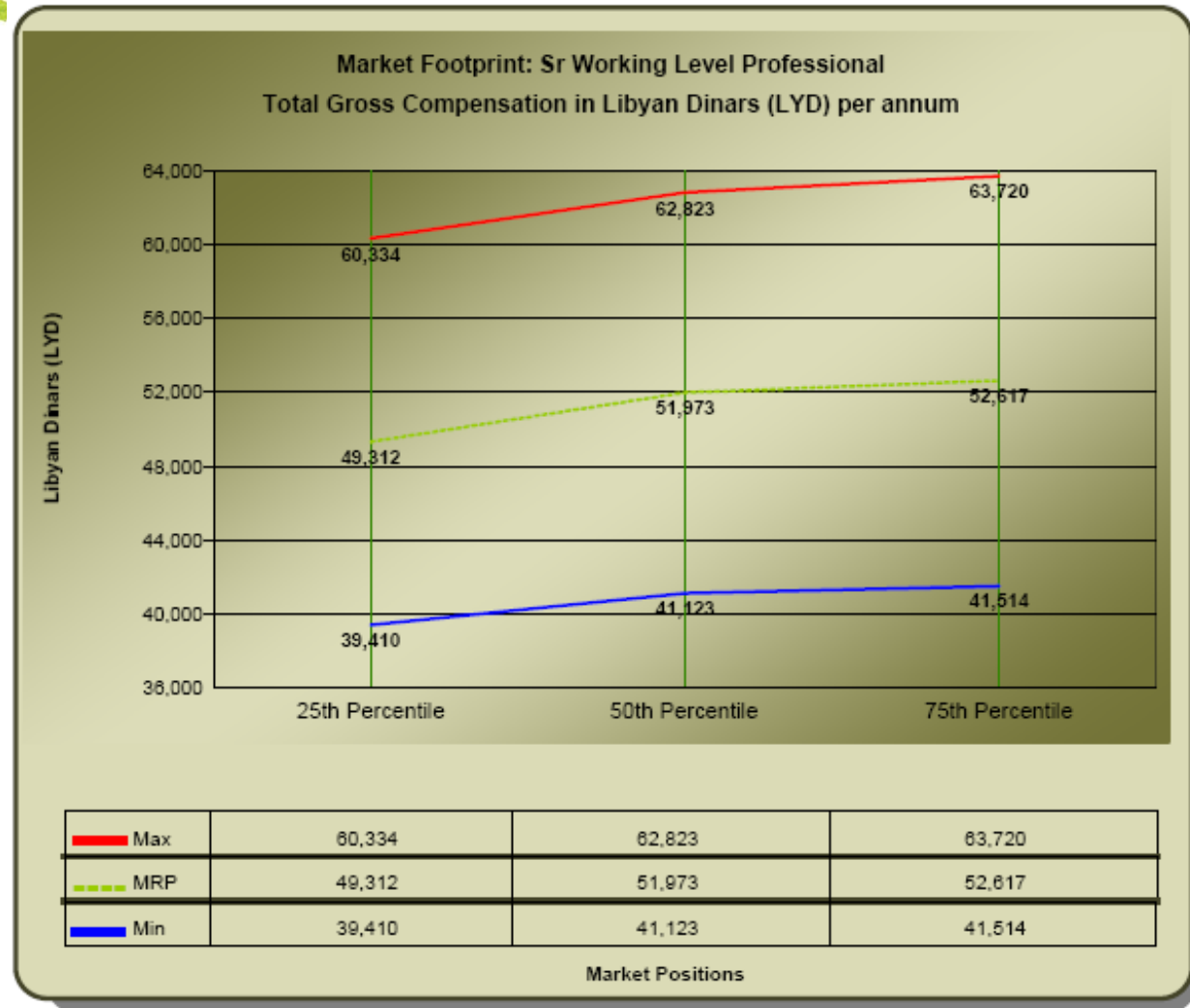


# Ghana – Comp Mix

	MRP at 50th Percentile	% of Total Gross Compensation
 4. In-Kind Benefits	4,607	10.3%
 3. Short-Term Incentive Plans (STIPs)	2,006	4.5%
 2. Fixed Cash Allowances	5,178	11.6%
 1. Annual Base Salary	32,816	73.6%
<b>Total Gross Compensation:</b>	<b>44,607</b>	<b>100.0%</b>
<b>Total Cash (1+2+3)</b>	<b>40,000</b>	<b>89.7%</b>

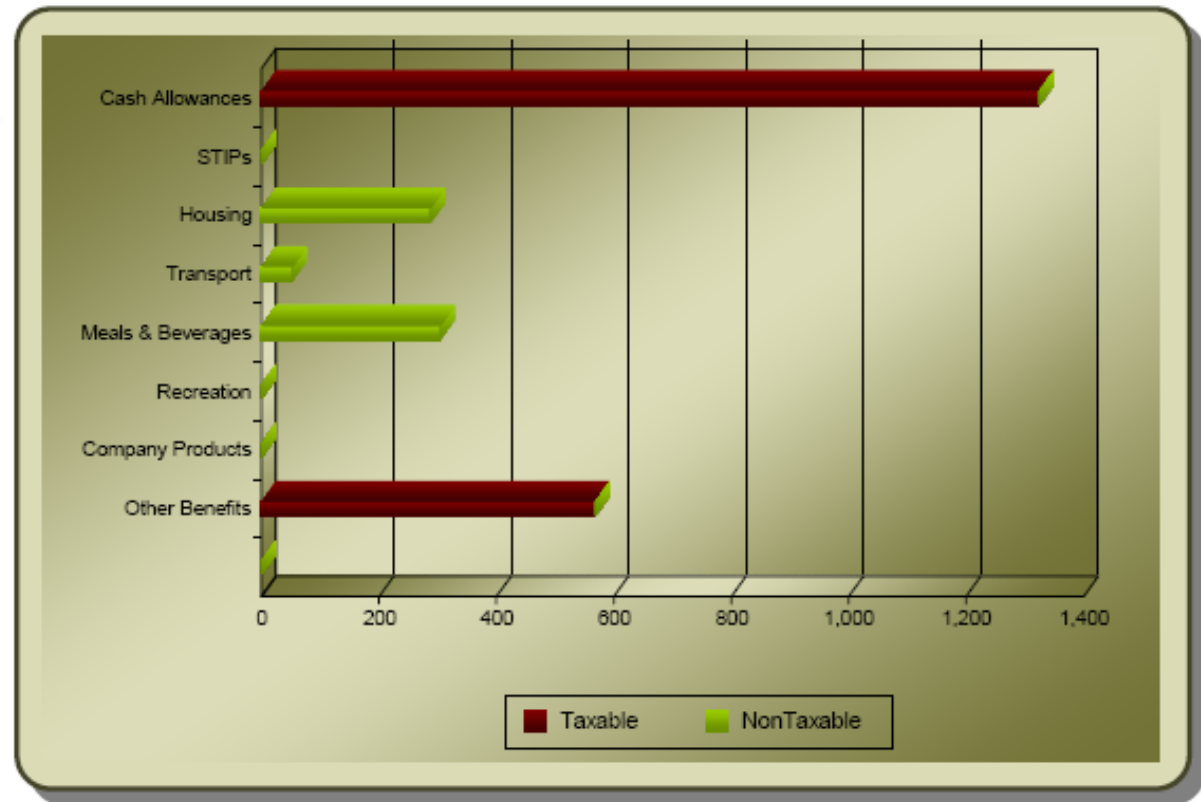


# Libya – Market Footprint









# Libya – Beyond Base



	Amount in Libyan Dinars (LYD)	% Taxable	% Non-Taxable
Cash Allowances	1,324	100%	0%
Short Term Incentive Plans (STIPs)	0	0%	0%
Housing	287	0%	100%
Transport	51	0%	100%
Meals & Beverages	304	0%	100%
Recreation	0	0%	0%
Company Products	0	0%	0%
Other Benefits*	568	100%	0%
Other Benefits Include : Miscellaneous Benefit Allowance			

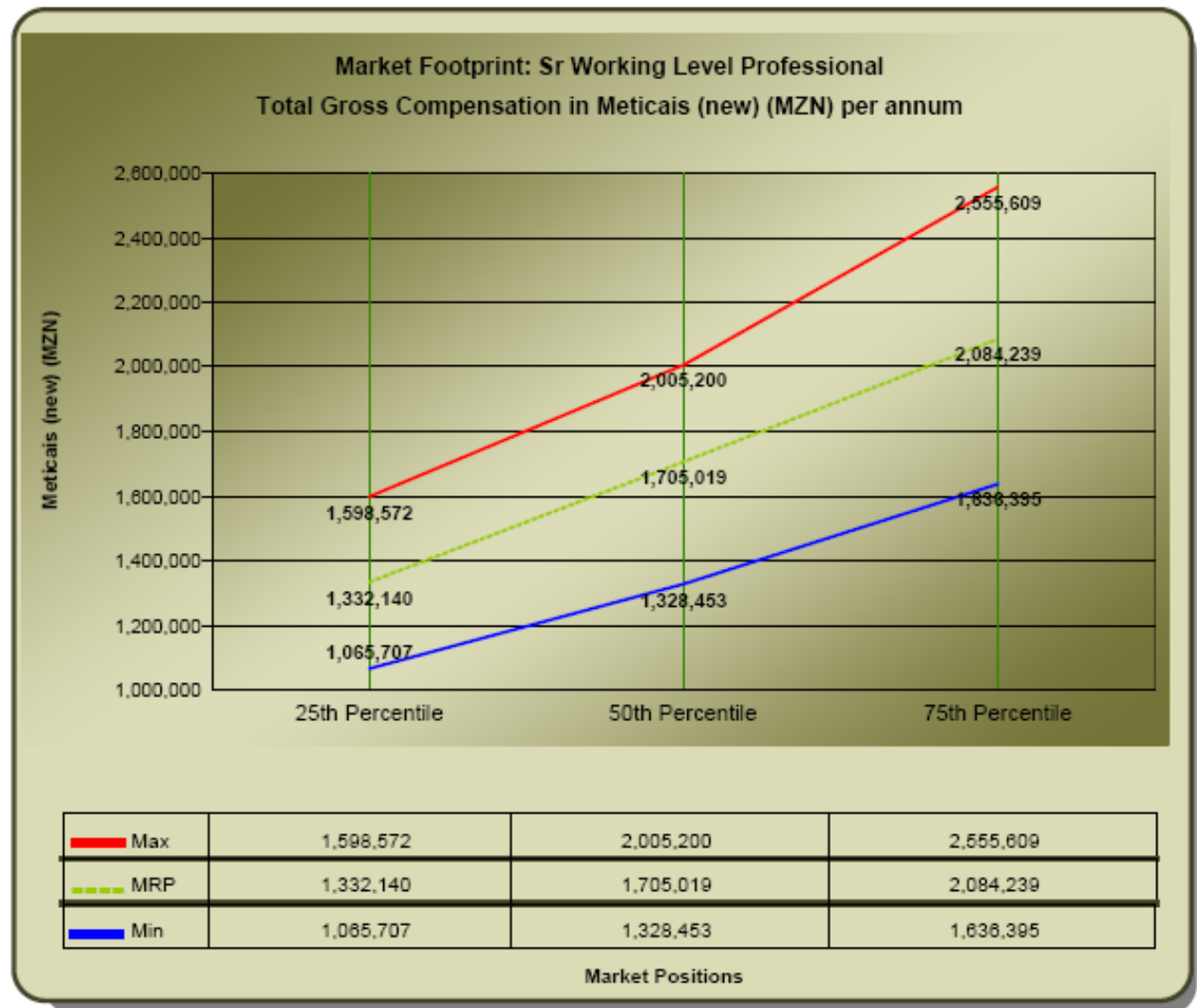


# Libya – Comp Mix

	MRP at 50th Percentile	% of Total Gross Compensation
 4. In-Kind Benefits	304	0.6%
 3. Short-Term Incentive Plans (STIPs)	0	0.0%
 2. Fixed Cash Allowances	2,231	4.3%
 1. Annual Base Salary	49,438	95.1%
<b>Total Gross Compensation:</b>	<b>51,973</b>	<b>100.0%</b>
<b>Total Cash (1+2+3)</b>	<b>51,669</b>	<b>99.4%</b>

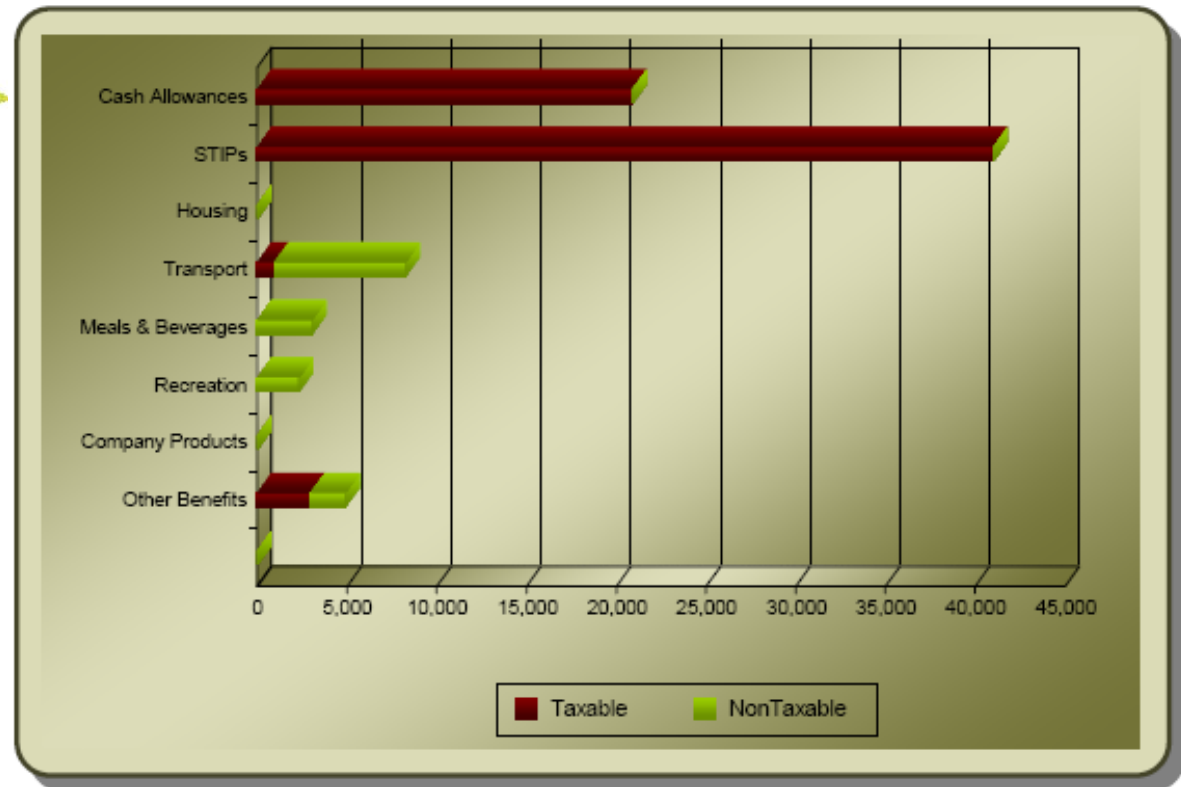


# Mozambique – Market Footprint





# Mozambique – Beyond Base



	Amount in Meticalis (new) (MZN)	% Taxable	% Non-Taxable
Cash Allowances	20,895	100%	0%
Short Term Incentive Plans (STIPs)	41,013	100%	0%
Housing	0	0%	0%
Transport	8,243	12%	88%
Meals & Beverages	3,038	0%	100%
Recreation	2,309	0%	100%
Company Products	0	0%	0%
Other Benefits*	4,893	61%	39%
Other Benefits Include : Family allowance, Miscellaneous allowance			



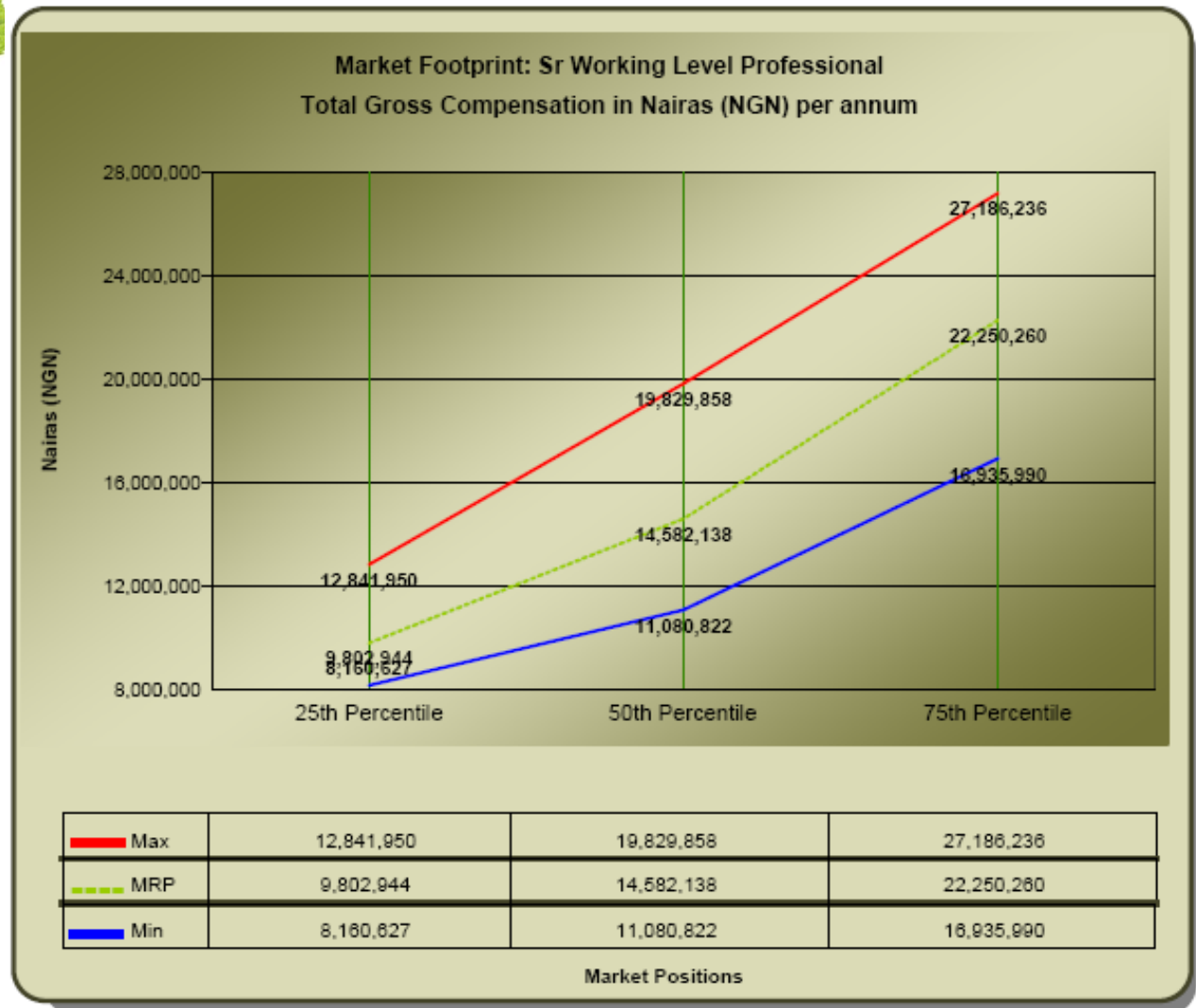


# Mozambique – Comp Mix

	MRP at 50th Percentile	% of Total Gross Compensation
■ 4. In-Kind Benefits	5,347	0.3%
■ 3. Short-Term Incentive Plans (STIPs)	41,013	2.4%
■ 2. Fixed Cash Allowances	34,031	2.0%
■ 1. Annual Base Salary	1,624,628	95.3%
<b>Total Gross Compensation:</b>	<b>1,705,019</b>	<b>100.0%</b>
<b>Total Cash (1+2+3)</b>	<b>1,699,672</b>	<b>99.7%</b>

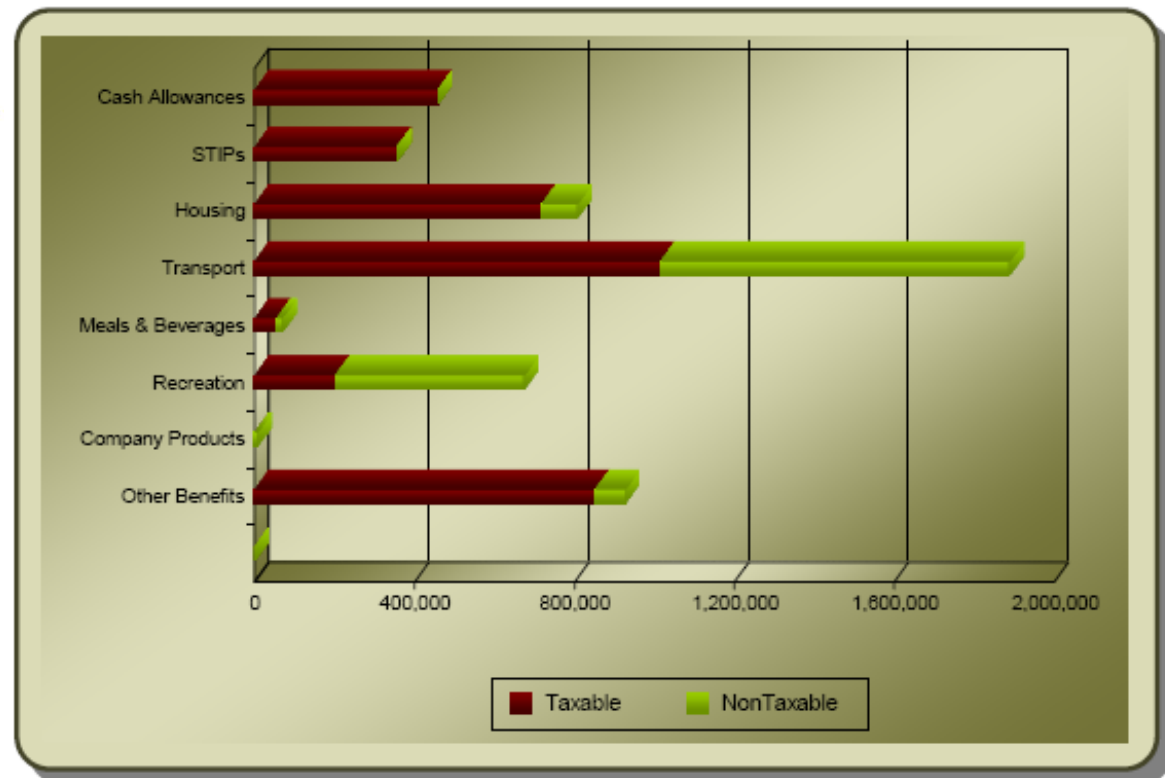


# Nigeria – Market Footprint





# Nigeria – Beyond Base



	Amount in Nairas (NGN)	% Taxable	% Non-Taxable
Cash Allowances	458,275	100%	0%
Short Term Incentive Plans (STIPs)	355,760	100%	0%
Housing	806,990	89%	11%
Transport	1,887,954	54%	46%
Meals & Beverages	88,142	80%	20%
Recreation	673,439	30%	70%
Company Products	5,996	0%	100%
Other Benefits*	925,634	92%	8%
Other Benefits Include : Education, Entertainment Allowance, Product Pack, Other allowance, Pensionable allowance, Non-Pensionable Allowance, Medical allowance, Telephone, Non-Tax Portion, Passage Allowance, Education Allowance, Misc. Allowance, Other Allowances			

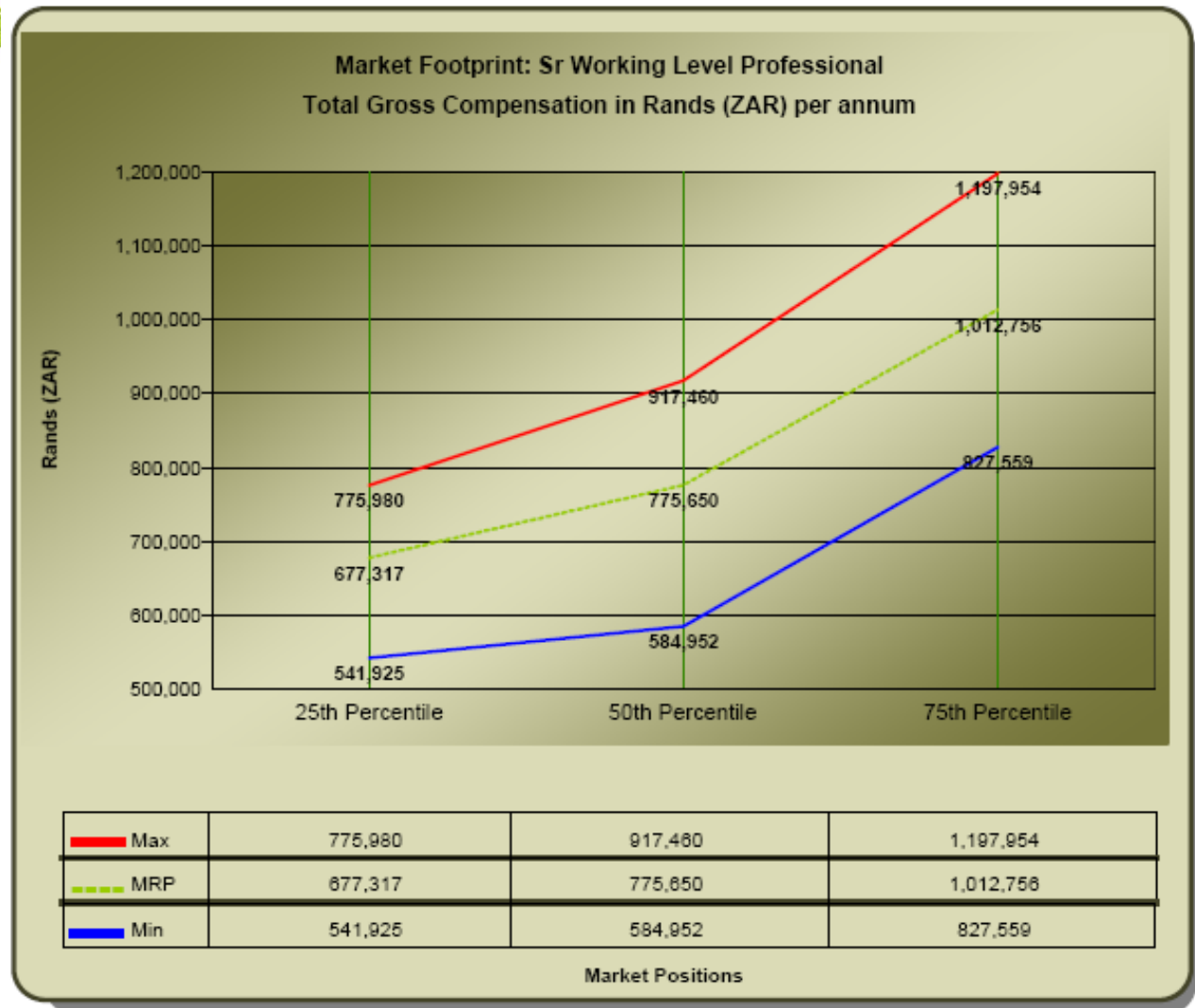


# Nigeria – Comp Mix

	MRP at 50th Percentile	% of Total Gross Compensation
■ 4. In-Kind Benefits	783,152	5.4%
■ 3. Short-Term Incentive Plans (STIPs)	355,921	2.4%
■ 2. Fixed Cash Allowances	4,043,116	27.7%
■ 1. Annual Base Salary	9,399,948	64.5%
<b>Total Gross Compensation:</b>	<b>14,582,138</b>	<b>100.0%</b>
<b>Total Cash (1+2+3)</b>	<b>13,798,985</b>	<b>94.6%</b>

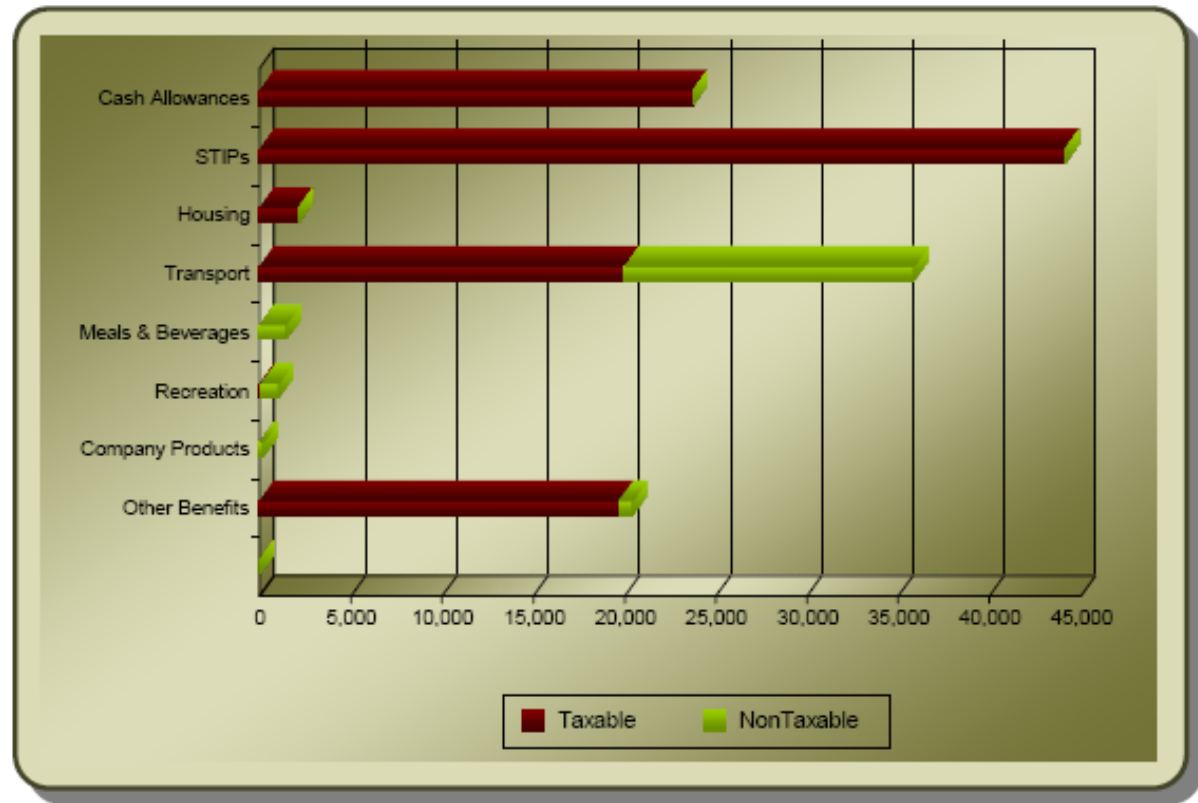


# South Africa – Market Footprint









# South Africa – Beyond Base



	Amount in Rands (ZAR)	% Taxable	% Non-Taxable
Cash Allowances	23,724	100%	0%
Short Term Incentive Plans (STIPs)	44,122	100%	0%
Housing	2,126	100%	0%
Transport	35,844	56%	44%
Meals & Beverages	1,436	0%	100%
Recreation	1,000	9%	91%
Company Products	189	0%	100%
Other Benefits*	20,420	97%	3%
Other Benefits Include : Benefit Allow, Misc Benefit, ESPP - Stock Purchase Plan, Cellular Phone Allowance, LTI			

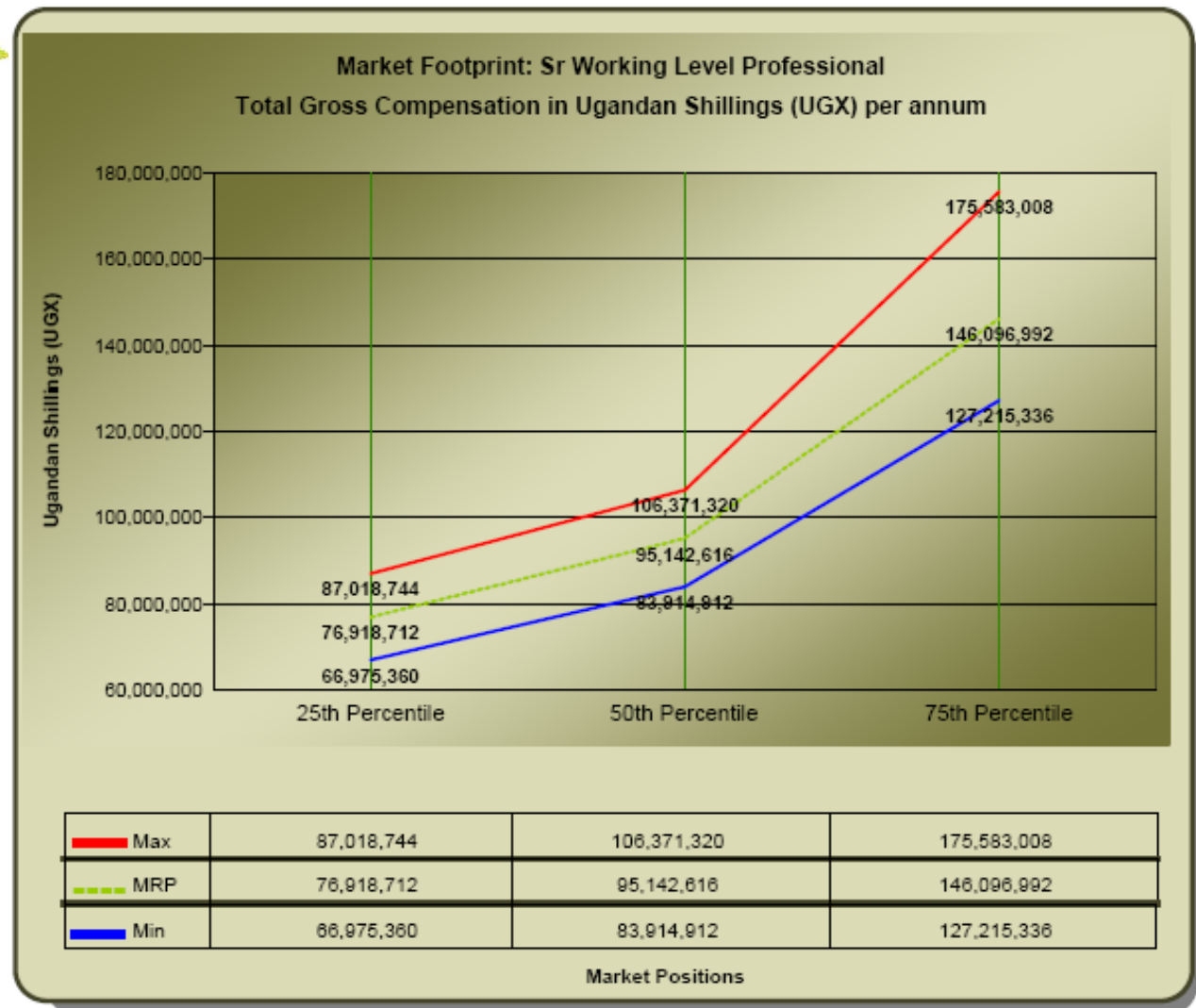


# South Africa – Comp Mix

	MRP at 50th Percentile	% of Total Gross Compensation
 4. In-Kind Benefits	11,650	1.5%
 3. Short-Term Incentive Plans (STIPs)	44,122	5.7%
 2. Fixed Cash Allowances	73,089	9.4%
 1. Annual Base Salary	646,788	83.4%
<b>Total Gross Compensation:</b>	<b>775,650</b>	<b>100.0%</b>
<b>Total Cash (1+2+3)</b>	<b>764,000</b>	<b>98.5%</b>



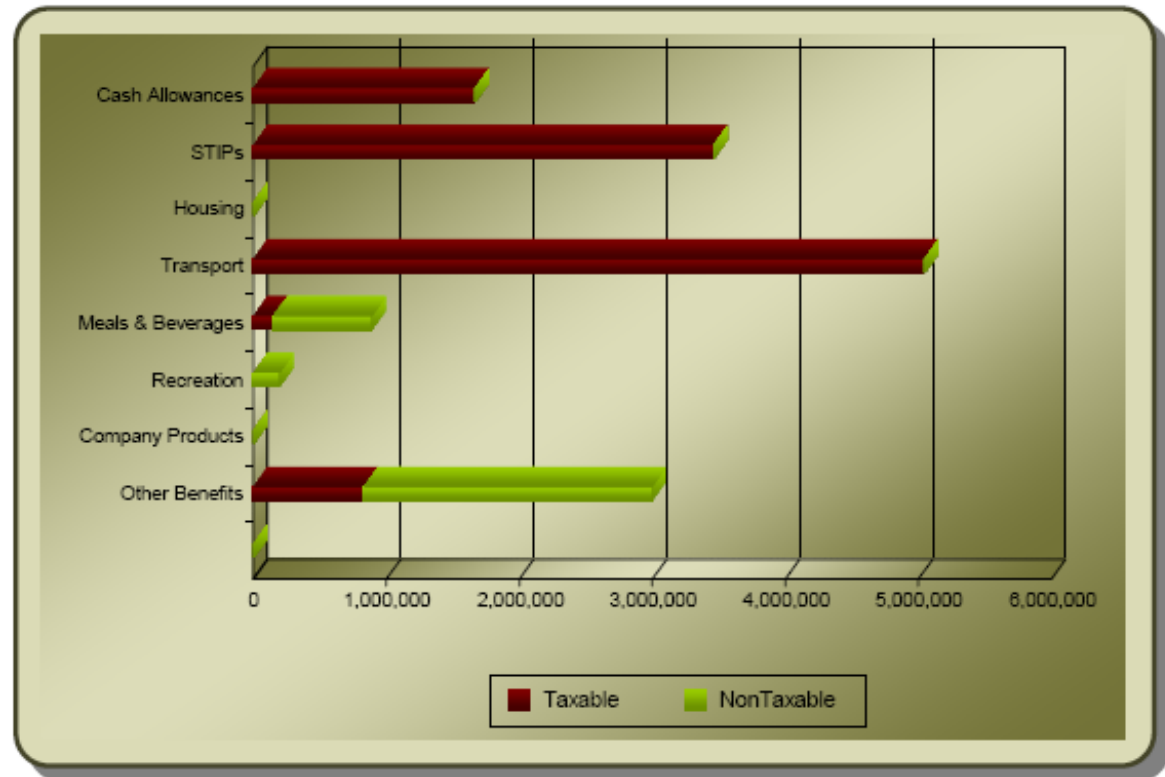
# Uganda – Market Footprint







# Uganda – Beyond Base







	Amount in Ugandan Shillings (UGX)	% Taxable	% Non-Taxable
Cash Allowances	1,864,349	100%	0%
Short Term Incentive Plans (STIPs)	3,458,152	100%	0%
Housing	0	0%	0%
Transport	5,043,496	100%	0%
Meals & Beverages	886,992	17%	83%
Recreation	192,675	0%	100%
Company Products	0	0%	0%
Other Benefits*	2,994,514	28%	72%

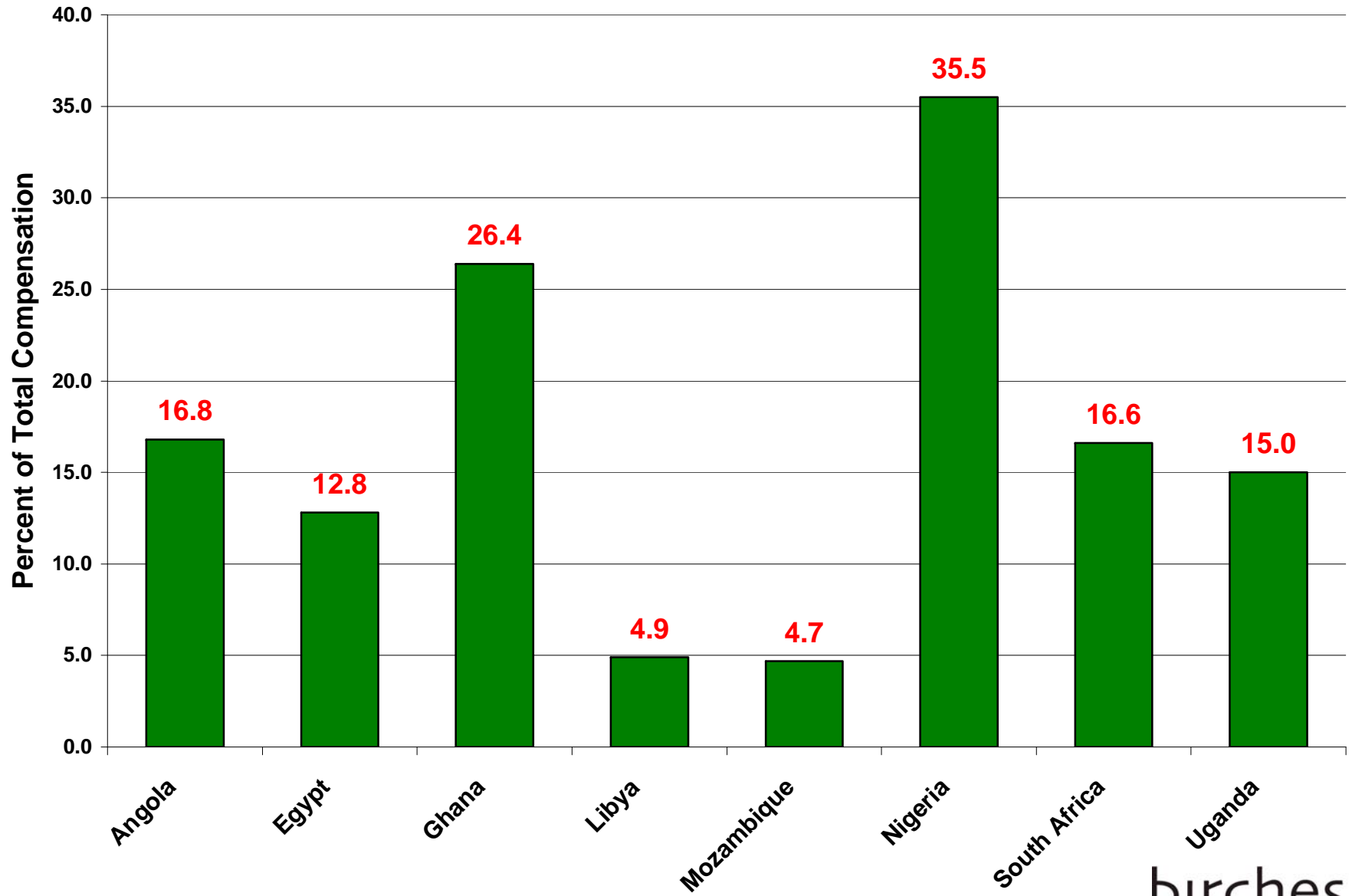
Other Benefits Include : Lifestyle Benefit, Miscellaneous Benefits



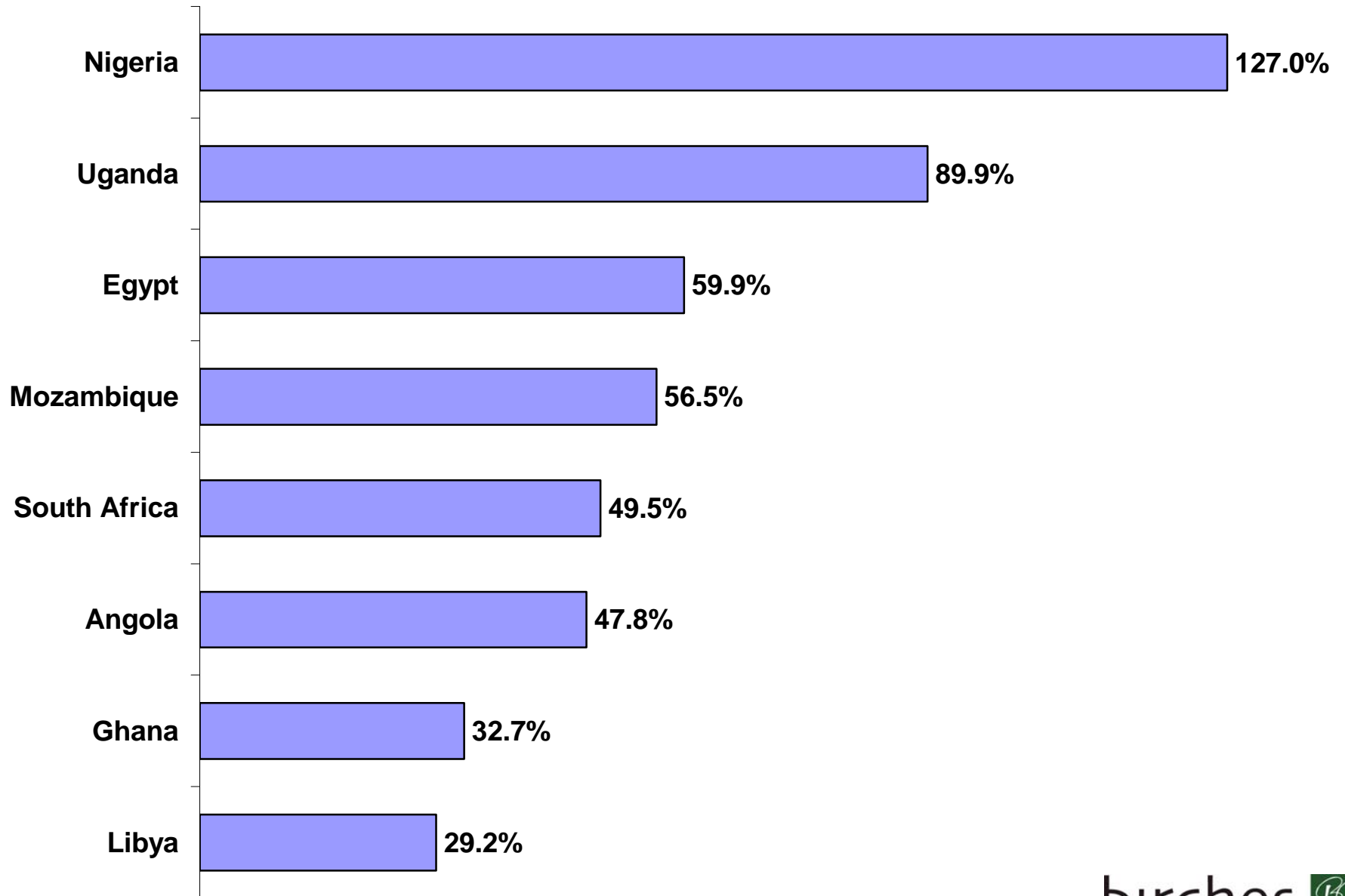
# Uganda – Comp Mix

	MRP at 50th Percentile	% of Total Gross Compensation
 4. In-Kind Benefits	3,096,026	3.3%
 3. Short-Term Incentive Plans (STIPs)	3,458,152	3.6%
 2. Fixed Cash Allowances	7,686,001	8.1%
 1. Annual Base Salary	80,902,435	85.0%
<b>Total Gross Compensation:</b>	<b>95,142,615</b>	<b>100.0%</b>
<b>Total Cash (1+2+3)</b>	<b>92,046,588</b>	<b>96.7%</b>

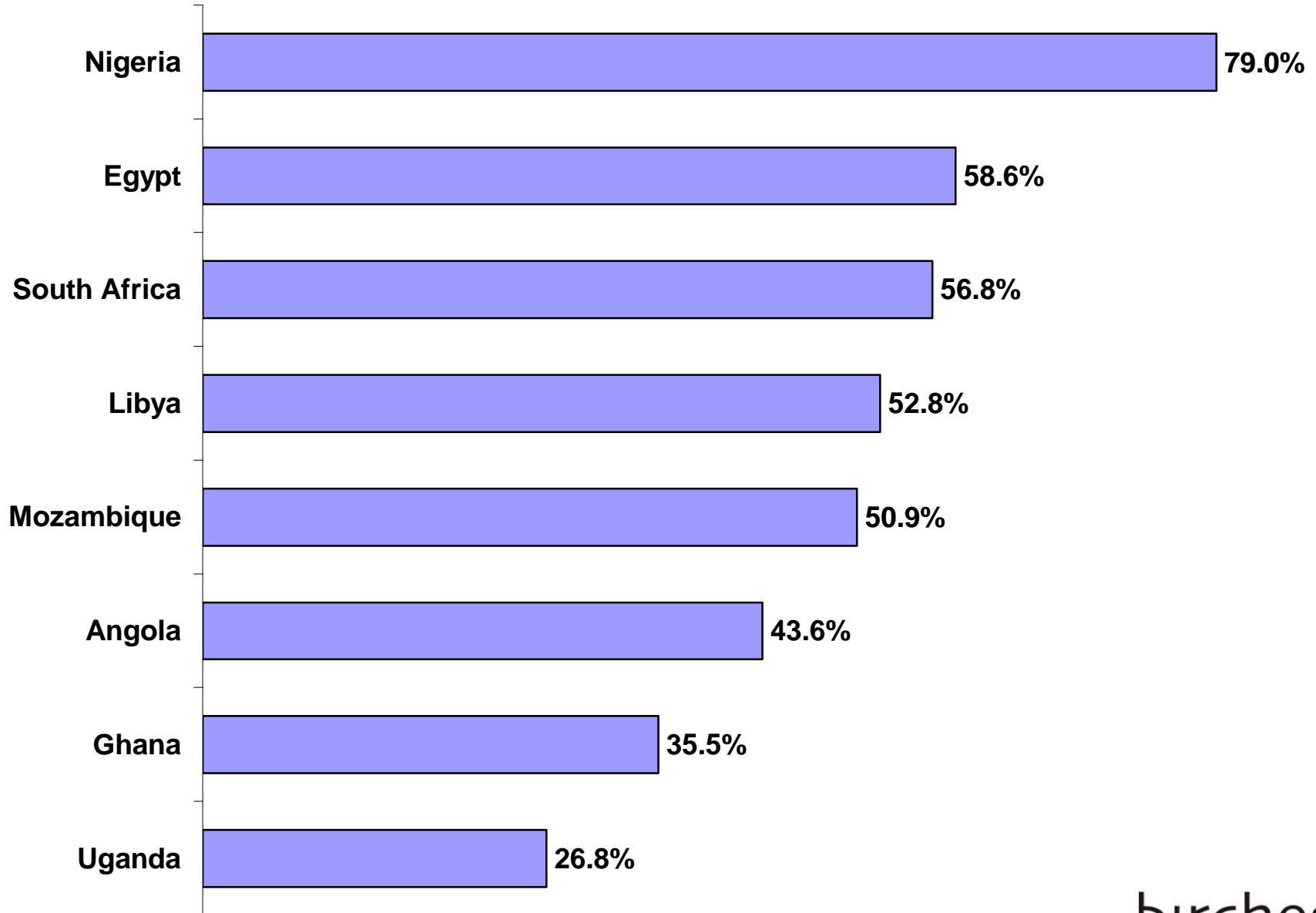
# Over-base Comp Varies A Lot!



# Span from 25<sup>th</sup> to 75<sup>th</sup> Percentile



# Span of 50<sup>th</sup> Percentile (Min to Max)





# In Summary

- Markets in Africa vary widely
- The package composition differs from country to country
- If you focus on base salary only, you will miss the mark!
- Spans and inter-grade differentials are not standard
- Good market intelligence is the key to attracting and retaining the right talent



# About Birches Group

- Specialized HR consultancy founded in 2005, with HQ in New York, Data Centre in Manila, and two offices in Europe
- Total compensation surveys in 147 developing markets via Indigo™ survey portal
- Compensation policy and scale design
- OD consulting (job evaluation, competency models, performance management)
- Expatriate policy consulting



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