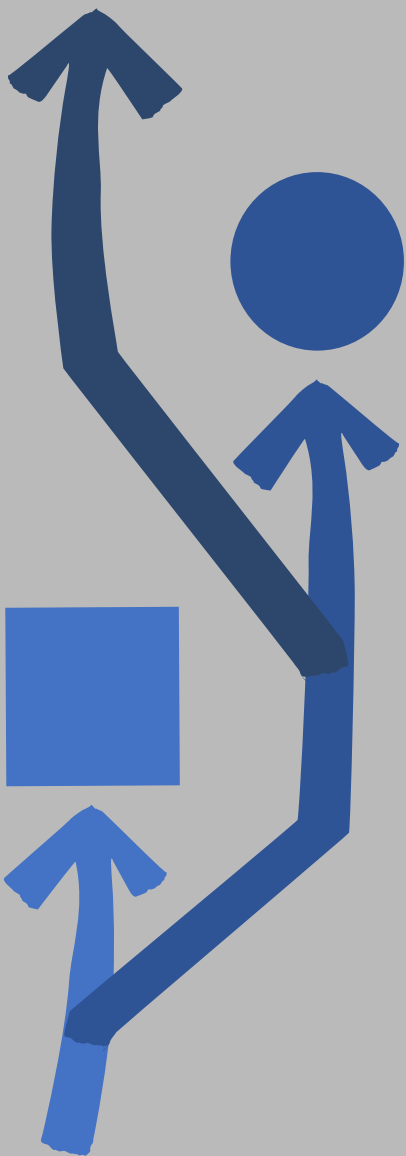


Rewards **R**evue

**An evidence-based
case for change**



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Glossary, acronyms and abbreviations available [here](#)

Explanatory note

This report provides the Case for Change for the Rewards Review. It is a supporting report for the Rewards Review Status Report for the Full ExCom (Executive Committee), 27 April 2023. Three other supporting reports have been made available: the Risk analysis on the proposed Model for New Staff Groups including risk matrix, Outcomes of staff engagement activities, and the Progress Update report on the Minimum Standards.

All the reports can be found [here](#).

Rewards Review: An Evidence-based Case for Change

27 April 2023

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1 Background

MSF has been engaged in a Rewards Review to analyse and decide how best to address widely acknowledged longstanding problems with the organisation's current system of rewards. These problems have led MSF leaders, staff, and association members to call for fundamental changes in how MSF rewards its staff, including a motion passed in the 2016 International General Assembly requesting a review of the principles underpinning the international staff's remuneration system (IRP2).¹

The calls for change have become louder and more regular in recent years. They arise from differences in pay and treatment that each staff group experiences, and perceptions that these differences are unfair and encapsulate the privilege that a small minority of staff, namely international mobile staff (IMS) and HQ staff, enjoy. These differences have been increasingly seen as evidence of institutional racism and discrimination in the organisation, which MSF's leadership pledged to address in 2021.²

Calls for change in MSF's rewards policies are also driven by concerns that MSF is not making best use of the talent and capacity of all its staff to deliver its social mission, that rewards policies have not evolved to match changes in the organisation's set-up, and that they do not enable the development of the workforce needed to meet the humanitarian challenges of the future.

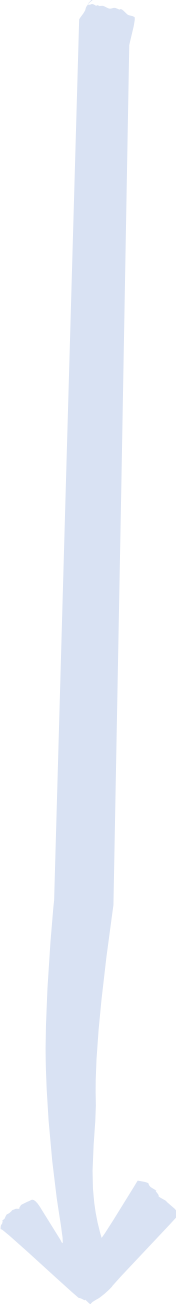
MSF's leadership, the Full ExCom, set up the Rewards Review to respond to these challenges in 2018. It has been a complex and time-consuming process for many reasons, including: there are a large number of stakeholders who needed to be involved; there are differences in how stakeholders understand and prioritise problems; the potential operational and financial impacts (and therefore risks) of proposals are significant; and existing rewards practices are deeply embedded in the culture and identity of the organisation.

¹ See International General Assembly motion 2016 "Towards a revision of IPR2" tabled by MSF Brazil, available [here](#).

² See "Tackling Institutional Discrimination and Racism" Core ExCom Action Plan available [here](#).

2 How the Rewards Review identified problems

There are different ideas about what exactly the problems are with MSF's rewards practices today, what causes these problems, and the relative gravity of them. Some of these ideas are based on incorrect assumptions or beliefs, rather than existing practices. Therefore, the Rewards Review needed to dedicate time to understanding and articulating what needs to change and why, using evidence from quantitative and qualitative research. The research, data and analysis the Rewards Review used included those detailed below.

- 
- An analysis of data on existing pay and benefits packages for staff in different roles, entities, and locations and how these compare
 - An analysis of salary benchmarking data to see how the salaries MSF offers compare to other employers in similar contexts
 - A review of how MSF's pay for different staff groups compares to pay policies and approaches in other sectors (private, INGO, and NGO)
 - Analysis of quantitative data on workforce trends, including the size of the workforce, where staff come from, how long they work for MSF, and how these trends are changing
 - A cohort study of all Internationally Mobile Staff (IMS) data over 5 years to explore the number of assignments taken on and staff retention
 - An analysis of the number of HR staff that work to support MSF's workforce in different contexts
 - A review of how decisions on pay and benefits are made and how long this takes
 - Discussions with those involved in making decisions on pay and benefits to understand how effectively existing pay policies are implemented and what the challenges are
 - A review of how positions are graded in different entities
 - Focus group discussions with staff to hear about their experiences and collect their feedback and perceptions
 - Workshops with HR and operational colleagues and programme staff on operational needs and HR priorities for meeting these needs
 - Discussions with different entities that make up the organisation about their concerns and priorities
 - Review of recent internal reports to explore rewards related problems that staff and stakeholders have described over several years
 - Expert technical advice on challenges identified, how other organisation approach rewards, and how MSF can address its challenges

All this has confirmed that there is indeed a strong case for change in how MSF rewards its staff.

3 Summary case for change

The analysis undertaken by the Rewards Review shows that MSF has a global workforce with staff from many different nationalities based in its offices and projects in multiple countries around the world. Yet its rewards policies, practices, and governance are designed around separate staff groups and entities, which generates differences in pay and benefits that are no longer acceptable. These differences fuel widely held perceptions that a minority enjoys privileges based on the country which they come from.

These existing rewards policies and practices also lead to difficulties in attracting staff, high rates of staff turnover, and poor rates of retention, which negatively impact MSF's medical humanitarian work.

Furthermore, these existing rewards policies and practices do not effectively support new organisational and operational models, created to respond to MSF's ambitions and strategic objectives, from realising their potential. Considered a key part of MSF's future, these models need to perform and flourish.

Meanwhile changes outside the control of MSF, including growing global demand for qualified and skilled professionals, new pay practices and staffing approaches in other INGOs, and increasing legal, fiscal, and immigration obstacles for international working, are compounding these problems. These external factors will increasingly undermine the capacity of MSF's existing staffing and rewards approach to meet the humanitarian challenges of the future unless MSF can adapt to them.

The evidence presented here shows that these problems are likely to continue to grow unless MSF collectively adopts a new approach to rewards. There is also evidence that, without a new approach, entities will seek their own individual solutions, further driving differences and exacerbating the problems they cause, adding to the urgency to start implementing the changes proposed by the Rewards Review project.

4 Problem Statements and supporting evidence base

4.1 Rewards practices have not evolved in line with workforce trends

MSF's workforce has grown significantly over the last 15 years, as the expansion from 24,080 Full Time Equivalents (FTEs) in 2007 to 45,703 in 2021 shows in figure 1.

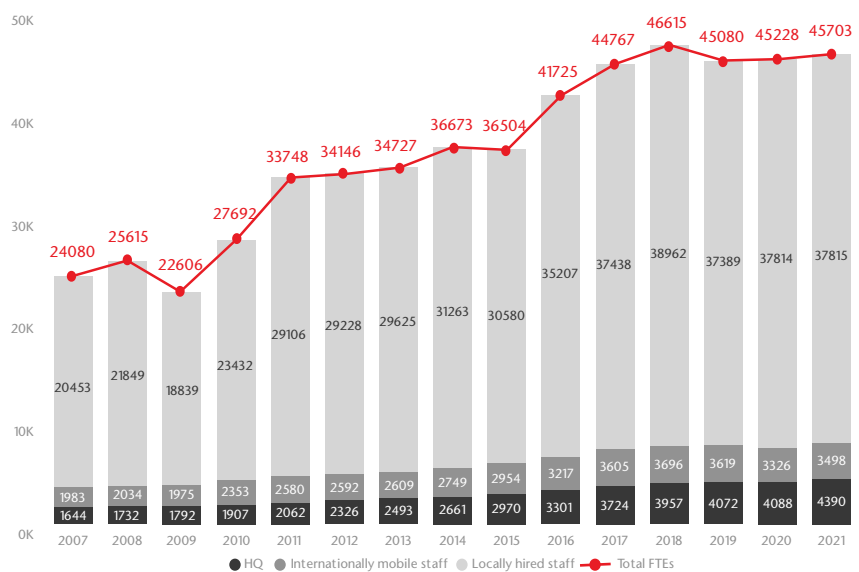


Figure 1
Evolution of FTEs by staff group 2007-2021
(source: MSF Staff Date and Trends Report 2021 p.17 available [here](#))

The make-up of the IMS group has evolved in the last 10 years with many more IMS coming from countries in Africa and Asia, as shown in figure 2. This trend responds to calls from association members and leaders over many years that our workforce must become more diverse at senior levels.

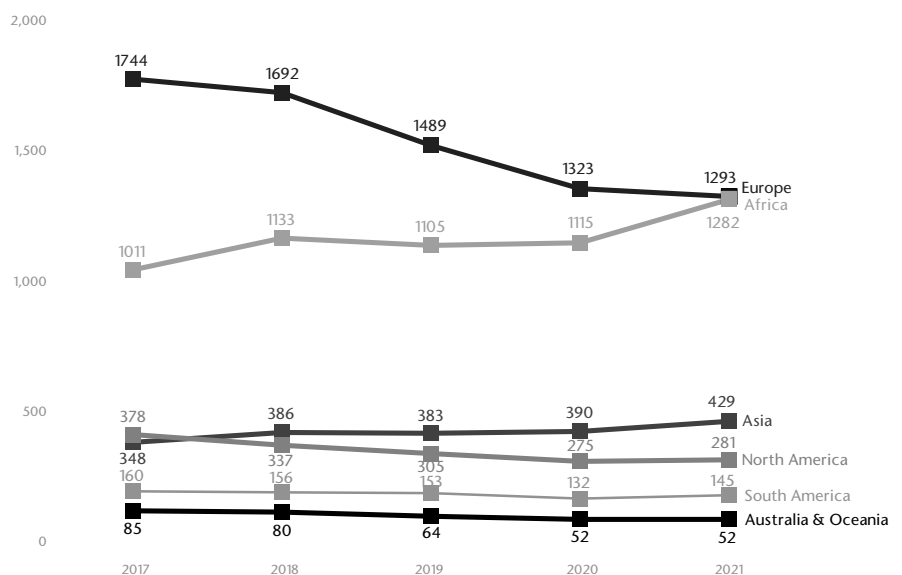


Figure 2
IMS (FTEs) grouped by continent 2017- 2021
(source: IMS Five Years Assignments Analysis undertaken by the Rewards Review)

MSF's existing rewards systems for IMS (International Remuneration Policy, "IRP") is based on contracting in countries of domicile which enables staff to contribute to social insurance. It also uses contracts based on assignment length, with the assumption that between assignments IMS go back to other jobs or benefit from social coverage. However, for staff who do not have other jobs or other safety nets, this system generates financial insecurity, which prevents some potential candidates from applying to become IMS. As the makeup of IMS evolves, it also highlights the differences and inequities in benefits between those staff who come from countries with well-developed social insurance systems and those who do not.

In addition, more Locally Hired Staff (LHS) now occupy senior coordination and activity manager level positions that used to be occupied by IMS (from 2017 to 2021, percentage of LHS in coordination positions increased from 11% to 17%).

This trend is in line with the HR Principles of Team Diversity and Mobility (available [here](#)) agreed by the ExCom in 2018. However, it means more IMS and LHS colleagues are working alongside each other in similar positions and getting very different salaries and benefits. This generates perceptions of unfairness and discrimination and highlights the differences in how MSF rewards staff groups who are doing similar jobs.

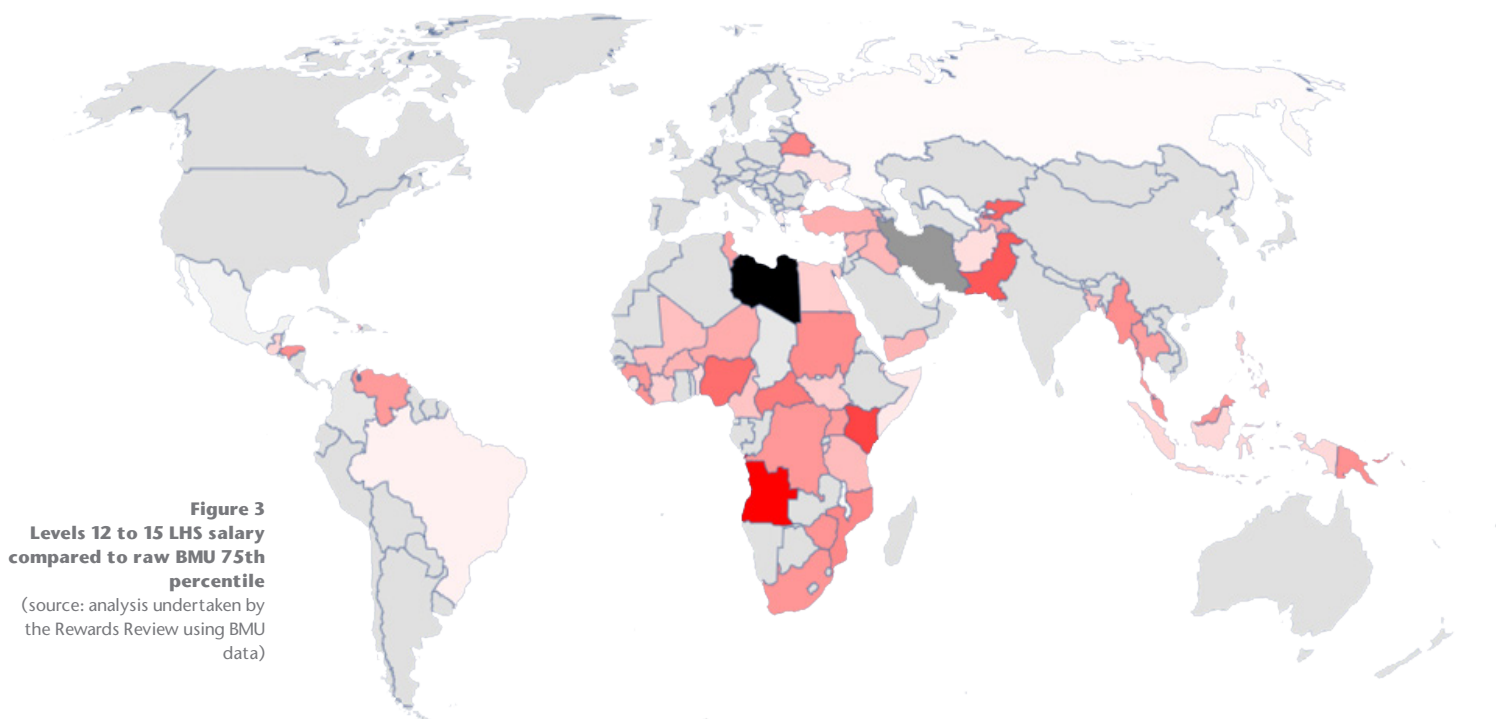
“Even among the international staff, IRP2 allows MSF to pay significantly higher compensation to staff from Europe and North America versus staff from Asia and Africa.”

(source: Personal reflection 53 on the Open letter to MSF on structural racism, June 2020 available [here](#))

4.2 Existing rewards policies and practices do not adequately meet operational needs

Programmes regularly report that operations are hampered by difficulties in recruiting experienced skilled staff because MSF does not offer a sufficiently competitive package. Even in contexts where skilled local capacity is available, MSF often cannot attract it. This has led to staffing gaps in critical operational contexts and a reliance on bringing in more IMS, with additional costs, high turnover, and lack of local knowledge.

Figure 3 shows how coordinator pay in different MSF contexts compares to the 75th percentile of the local labour market as defined by MSF's Benchmarking Unit. In black and grey: the countries where coordination salaries are above the 75th percentile, while in red and pink: the ones that are below (the darker the colour, the bigger the difference).



"We struggle to be attractive enough to recruit for senior positions in this office... it is offensive that we don't pay enough to attract the LHS we want, but then we are ready to fill the positions with IMS who cost far more. But because they're international, that apparently is OK!"

(source: Organisational Impact Analysis undertaken by the Rewards Review, February/March 2022)

Moreover, analysis of data indicates that retention of IMS is low. Figure 4 shows that the majority of IMS (58%) only completed one or two assignments during an extended 5 year period. Some staff may also have completed assignments outside this period (for which data is not available). However, the data is highly suggestive that the majority of IMS do not work for MSF over an extended period.

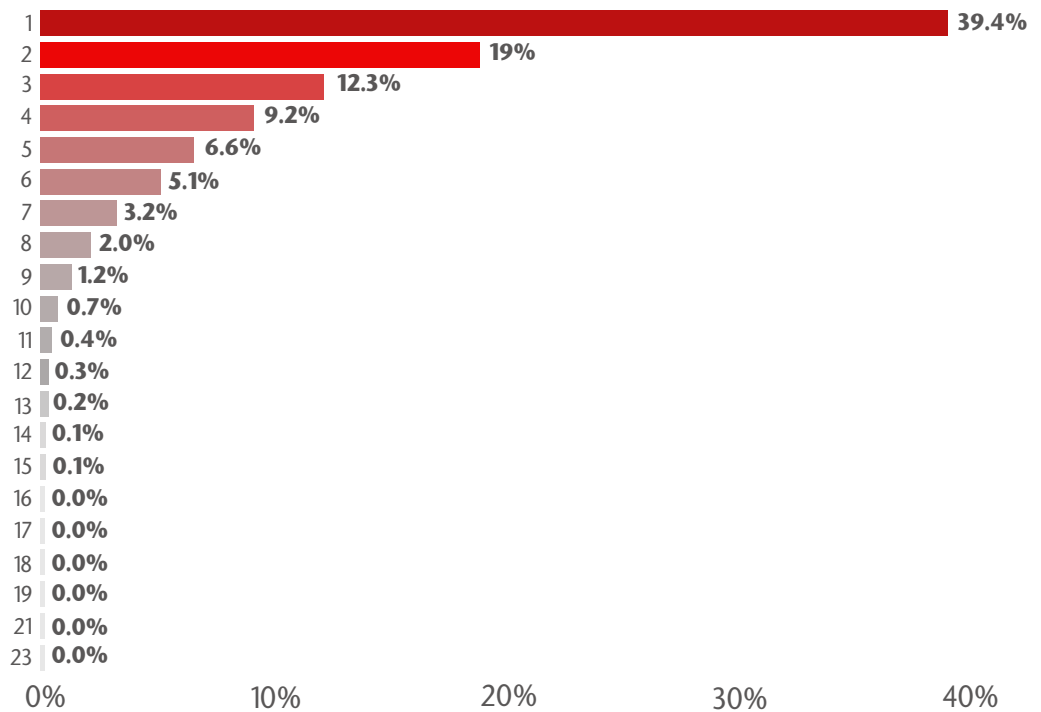


Figure 4
Number of assignments of IMS (headcount) between 2017 and 2021
 (source: IMS Five Years Assignments Analysis by the Rewards Review)

“Staff turnover, institutional memory loss, and lack of MSF staff understanding and support for MSF’s Safe Abortion Care policy continue to be major challenges.”

(source: Mutual Accountability Report 2019-2020 p.12 available [here](#))

In addition, as figure 5 shows, the majority of IMS staff (70% in 2021) do short assignments of fewer than 6 months. While it is important to note that MSF should expect a proportion of assignments to be short, given many medical projects are concerned with emergency response, the high IMS turnover that short assignments cause also disrupts operations, affecting longer-term healthcare programmes and emergency response alike.

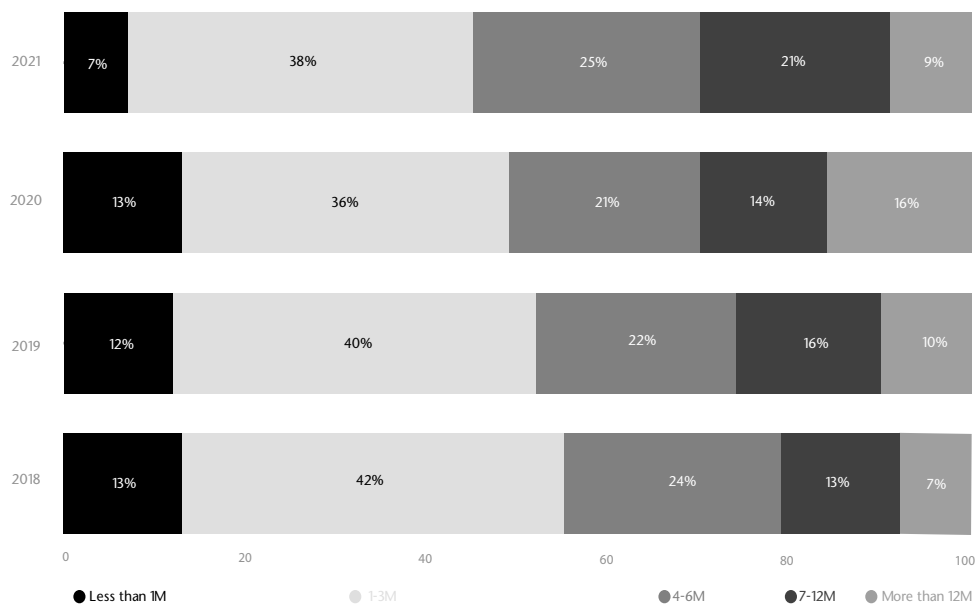


Figure 5
IMS length of assignment 2018 to 2021
 (source: MSF staff data and trends report 2021 p.32 available [here](#))

Apart from the organisational cost of the attrition that IMS doing few assignments and brief assignments represents, this situation also contributes to MSF’s issue with staffing “gaps” as demonstrated in a recent report documenting a staffing gap of 6.6% (59 FTEs) in 2022 for one OC.³ These gaps have disrupted MSF’s operations for years.⁴

“They [IMS] arrive for 2-3 months and change what is in place and request everything is done differently, then they leave and there is a gap of several months and another expat arrives.”

(source: LHS participant in focus group discussion 2023)

³ See OCB IMS staff monthly indicators, available [here](#).

⁴ For a recent example, see “MSF OCB Staffing Process Review – in-depth analysis (Phase 1) - The art of negotiating exceptions...”, Dan Sermand & Laure Wiedemann, January 2023, available [here](#).

“Higher turnover in the coordination team made the field team exhausted and confused in terms of time, workload, communication, and repeating same discussion, which was a challenge to focus on the field work.”

(source: OCG Closure Report, Mosul East, Muharabeen Hospital, AMP June 2017, p.12 available [here](#))

“The HR constraints – a combination of gaps, lack of experience and high turnover – are identified by the overwhelming majority of HoMs (35) met during the assessments as a key negative factor of MSF’s exposure to security risks and the ability of the organization to mitigate and manage them.”

(source: International Security Agreement report 2018, HIC Senior Analysis/ISA Implementation Manager, available [here](#))

Meanwhile, the future supply of MSF-experienced staff, as measured by looking at the number of IMS who are contracted for a first assignment, looks extremely uncertain. While there is no formal target, OCs have previously considered that 25% of all departures should be first assignments. This is because MSF assumes it needs a high number of staff to join the organisation given the high attrition rate of IMS leaving MSF after their first assignment. Since 2017, first departures have consistently fallen, and they have not reached 25% since 2012.⁵ This trend is likely to lead to increased shortages of experienced staff in the future, which could make it increasingly more difficult to meet the staffing needs for emergency response and medical programmes in challenging contexts.

⁵ See Staff Data and Trends Report 2021, figure 8 p.26, available [here](#).

4.3 Existing pay and benefits packages generate differences that are no longer acceptable

MSF’s workforce evolution, as described above, means more LHS and IMS working alongside each other in roles of similar responsibility. However, in the majority of contexts they receive very different salaries because IMS are paid using IRP2’s Global Grid and LHS are paid salaries on a local grid. These differences mean IMS are paid much more than LHS in many countries, as shown for some examples in figures 6 to 8 below. Each figure shows the current salary for Level 13 (Project Coordinator and most capital coordinators) in different locations including per diem paid to IMS and cash allowances received by LHS. It is important to note that for IMS the figure shows the Global Grid salary, which applies to 60% of IMS while the remaining 40% receive a higher salary because they also get a “top-up” based on their country of domicile.

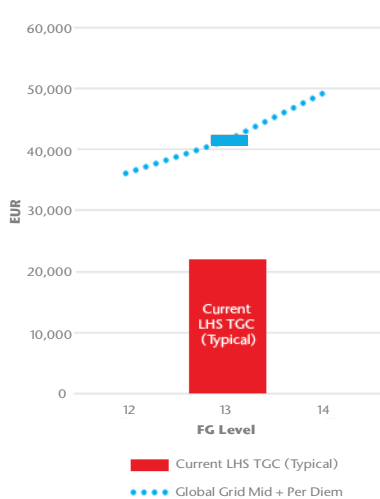


Figure 6
Comparison of IMS and LHS salary for Level 13 in Central African Republic
 (source: Minimum Standards Analysis, Rewards Review)

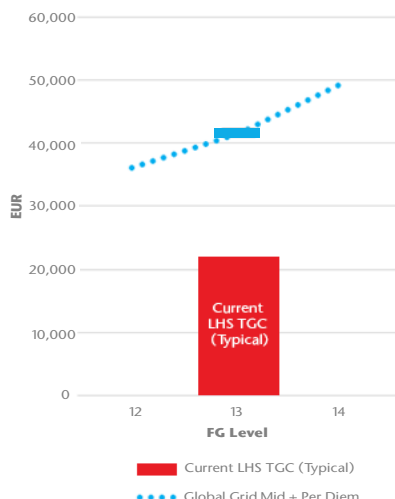


Figure 7
Comparison of IMS and LHS salary for Level 13 in Ethiopia
 (source: Minimum Standards Analysis, Rewards Review)

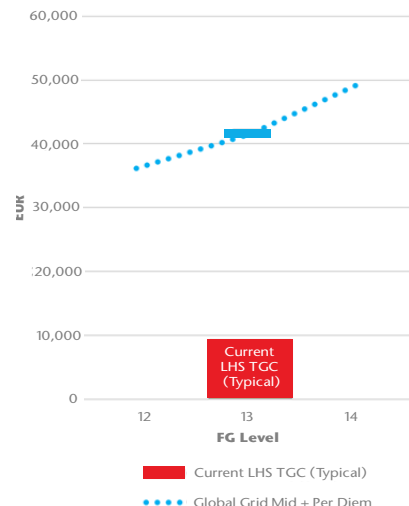


Figure 8
Comparison of IMS and LHS salary for Level 13 in Pakistan
 (source: Minimum Standards Analysis, Rewards Review)

There are a small number of countries where LHS receive a higher salary than IMS because cost of living and labour markets are higher in those countries, but these are a minority as figure 9 shows.

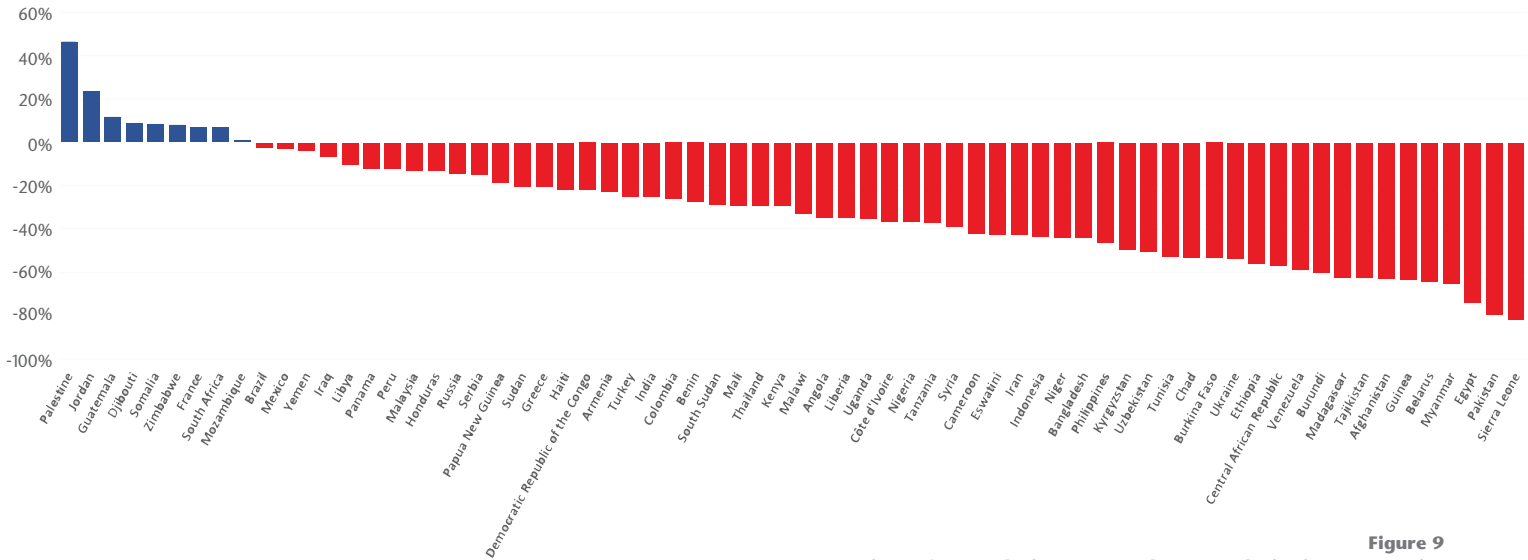


Figure 9
Comparison of LHS salaries compared to IMS salaries in 68 countries
(source: Minimum Standards Analysis, Rewards Review)

A comparison between IRP2 (global grid) and LHS packages for activity managers and coordination levels in some of the biggest countries of operations also illustrates these differences, as shown in figure 10. The difference between the IMS and LHS salary extends from 191% in Ethiopia to over 400% in Pakistan.

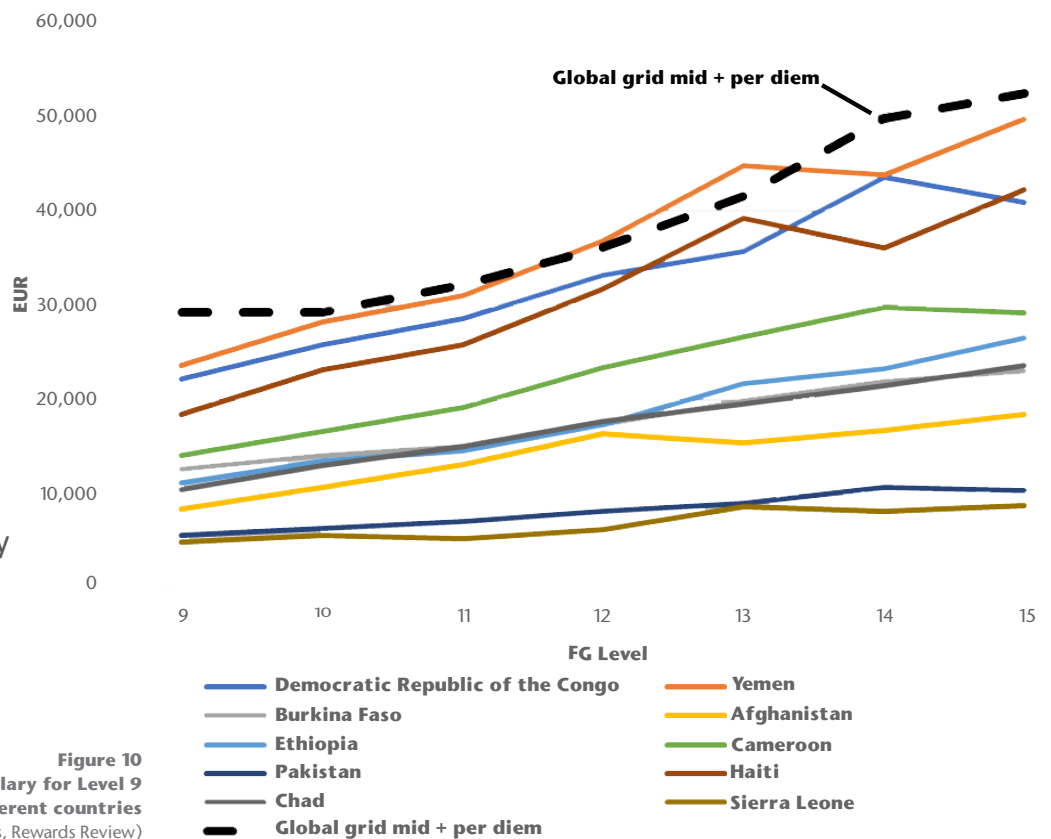


Figure 10
Comparison of IMS and LHS salary for Level 9 to 15 in different countries
(source: Minimum Standards Analysis, Rewards Review)

The rationale for the different approach to salaries for IMS and LHS, and for IRP2, is that staff retain strong financial links with their original country of domicile because they do short assignments. This means they need to be paid in a way that reflects salaries and cost of living in that country because they return regularly. However, a significant number of IMS FTEs (in 2021 around 25%) are provided by IMS on assignments longer than 12 months. When IMS are away from their original country of domicile for longer than 12 months, the rationale that they should be paid according to salaries and cost of living in that country is no longer solid.

In addition to being paid on a Global Grid (with a top up for 18 higher income countries) and receiving per diem, IMS get housing (and housing-related costs) provided. They also receive a more generous package of healthcare and sick/disability pay. Furthermore, MSF provides a family package for IMS accompanied by the family with an estimated value for a family of four (one partner and two children) of between 32,000 EUR and 41,000 EUR (not including the salary). Figure 11 summarises the different packages.

LHS	IMS
Salary based on local market	Salary based on IRP2 Global Grid plus top-up for 18 higher countries
Social insurance benefits in-country	Per diem
Retirement as per country	Housing (and housing related costs)
Healthcare (generally services in-country)	Social insurance benefits in home country (except for 50%+ of NCRs)
Healthcare for dependents	Retirement based on home country (for NCRs: savings fund or cash)
Sick/short-term disability pay degressive for 12 months	Healthcare (with international evacuation if necessary)
Work-related long-term disability lumpsum up to 48M salary	Sick/short term disability at full pay for up to 24 months
Non-work related death lumpsum=6M salary	Long-term disability pension till retirement
Work-related death lumpsum=48M salary	+ lumpsum in some cases of disability
Other benefits in some contexts (transport, meal allowance) depending on local norms	Death all causes lumpsum =48M salary
	Home Child Allowance
	OR:
	Per diem, Housing, Per diem & healthcare for dependents, Flights home

Figure 11
Summary comparison of packages between LHS and IMS
 (source: Minimum Standards Analysis, Rewards Review)

Meanwhile, the rationale for the per diem that IMS receive is also unclear. It generates perceptions of unfairness and is seen as a badge of privilege. Moreover, in the vast majority of countries, it is above the lowest salary levels for locally hired colleagues, as made explicit by figure 12.

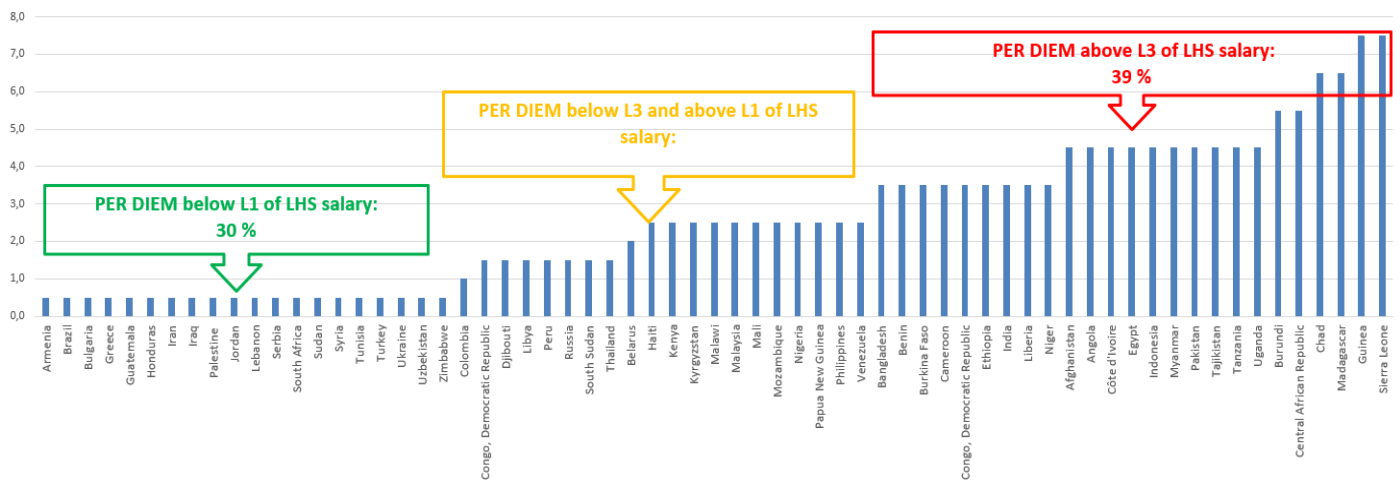


Figure 12
Positioning of IMS per diems vs. Local Staff salary levels
(source: Minimum Standards Analysis, Rewards Review)

The differences in packages between LHS and IMS is generating frustration and perceptions of unfairness and discrimination.

“Why are they paid per diem and yet they don’t pay for electricity, water, rent?”

(source: Focus Group Discussion with LHS in 2023)

“The very fact that staff in the field are split among international and national, with national staff not granted the same salary and privileges, reeks of neo-colonialism.”

(source: Personal reflection 53 on the Open letter to MSF on structural racism, June 2020 available [here](#))

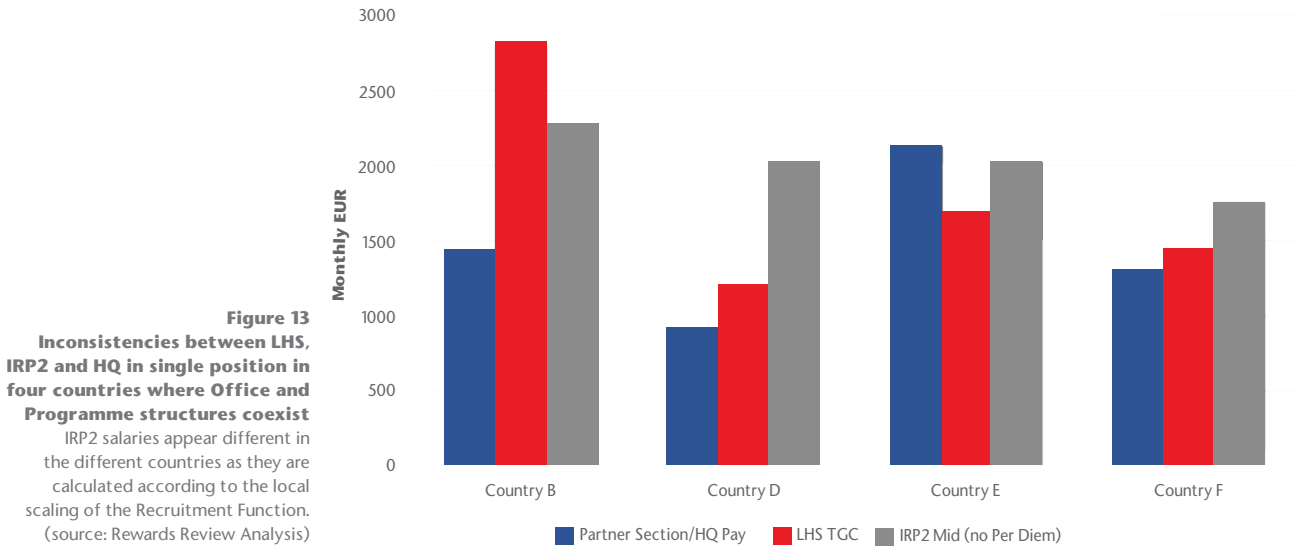
There are also differences between salaries in entity offices and how these compare to salaries of IMS and LHS, even though these different staff groups can be working side by side. This contributes to perceptions of unfairness and dissatisfaction among staff, as well as generating internal competition for staff that drives up costs.

By way of an example:

In March 2023, the MSF Eastern Africa entity, based in Nairobi, Kenya, has its own staff working for MSF EA, as well as staff it hosts who work for other entities. There are also IMS working for programmes working alongside them in Nairobi. All these groups of staff include Kenyan and non-Kenyan residents. There are different contracting arrangements for the IMS and EA staff and hosted staff and for Kenyan and non-Kenyans, with non-Kenyans required to be on overseas contracts to comply with agreements reached with the Kenyan government. These different contracting arrangements generate differences in pay, benefits, and approaches to tax among colleagues working together that are often difficult to manage and explain. Yet set-ups such as MSF EA arguably represent how the Movement is set to evolve.⁶

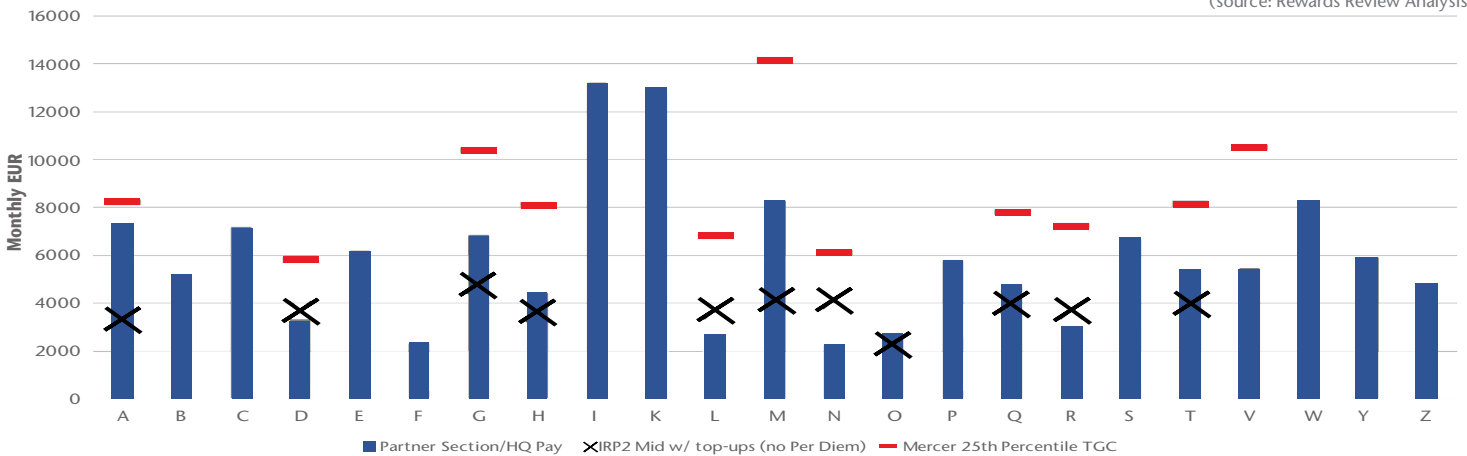
⁶ See “Ideas for a Strategic Approach on How to Organize Ourselves in the Regions” available [here](#) and different reflections/discussions emerging via the “structures” work, available [here](#).

Figures 13 and 14 show the inconsistencies between LHS, IRP2, and HQ in single position in four countries where Office and Programme structures coexist.



Inconsistencies exist also among offices in countries where no programmes exist both in comparison to IRP2 salaries and taking into account the market positioning (here shown through the 25th percentile of Mercer as the most widely available benchmarking reference) as it is described by figure 14.

Figure 14
Comparison of HR Director position across office grids.
 Reminder: IRP2 and Mercer matches are done using IRFFG match, if office does not have IRFFG matching, these will be blank.
 (source: Rewards Review Analysis)



It is important to add that MSF’s leadership has prioritised increasing and improving Diversity, Equity and Inclusivity (DEI) in all areas of MSF’s work, recognising that the organisation needs to tackle institutional discrimination and racism urgently. To do so, the leadership have prioritised the Rewards Review as a means to address differences in how different groups of staff are treated in MSF current rewards policies.⁷

⁷ Core ExCom Action Plan: Tackling Institutional Discrimination and Racism, available [here](#).

4.4 There is no consistent approach to grading jobs

The lack of a consistent approach to grading positions between different entities exacerbates the problem of differences in pay between staff groups and entities. MSF has a common grading tool in place for all field functions (IRFFG) but for all other functions in HQ, Sections and Regional Offices this is not the case. Very similar jobs are graded differently, with limited or no rationale to justify the difference. This is partly because entities have evolved organically, each developing its own approach to grading jobs based on local needs. MSF's recent evolution has blurred the "old" organisational model which separated "HQ" (non-operational support and programme support) from "programmes" (including projects and country coordination offices). This includes changing support models such as regional entities and hubs, reflecting MedOp's (an executive platform formed by the Medical Directors and Operational Directors' platform) ambitions, a drive to change the institutional footprint, DEI objectives, new ways of working stemming from COVID 19 pandemic, calls for improved inter-operability, and optimising talent acquisition. It means that a growing number of HQ positions are decentralised and based in other entities, in programmes or in one of the new regional hubs. There is much more fluidity in the location of functions across the organisation yet the local systems to evaluate these jobs are inconsistent and not equipped to integrate jobs that are not part of their local core business.

Consequently, common functions such as Recruiters, Communication Advisors or Medical Referents are graded with 3 or even 4 levels of difference without transparent criteria, depending if they are based in the "programmes" or in "HQ" and by the scoring logic of the responsible section. Yet the lack of grading alignment also creates increased perceptions of unfairness and inequity among MSF staff when they see colleagues in the same location working for a different OC and paid at very different levels.

"Scoring of the JD - this takes long to be done. (...) there is not a common language on it."

(source: 2023 Hosting & Distributed work model Survey)

This situation also creates challenges for hosting positions. This is becoming increasingly commonplace as evidenced in a recent survey⁸ showing that 26 of 27 responding entities confirmed they are hosting positions for another entity. The number of hosted staff is increasing year-on-year with a 21% increase over the last year and an increase of 25% in the number of staff located in another country than their managing entity.

“Difficulty to rate them [jobs] since most functions are not part of our function grid”

(source: 2023 Hosting & Distributed work model Survey)

Virtually all entities responding to the “Organisational Impact Analysis” underscored the difficulty and workload of grading hosted positions due to the lack of supporting tools to facilitate this, such as a framework to grade jobs consistently across MSF.

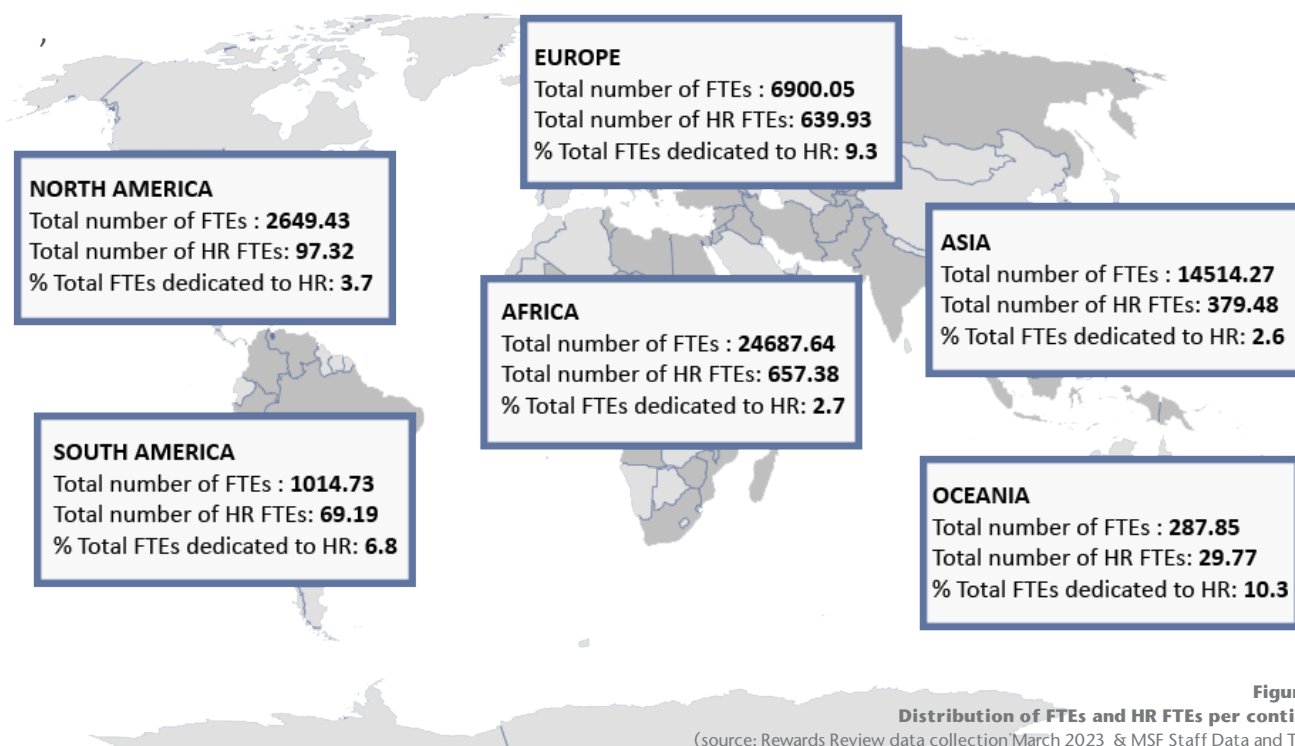
This trend of hosted positions is set to continue, with increasingly competitive labour markets and a need to expand talent acquisition beyond traditional recruitment areas. As further evidence, 23 out of 27 entities indicate they are proactively pursuing strategies for networked set-ups. This increasing mobility between entities and locations will only exacerbate the complexity to grade positions fairly and consistently.

In addition, individual entities’ efforts to develop and improve their own grading approach also represents duplication of effort and resources. There are a limited number of recognised job grading methodologies which are provided by large HR consultancy companies. MSF entities are effectively paying these for similar outputs that other entities have already commissioned. With entities working together, MSF could achieve economies of scale as well as consistencies. Put differently, instead of paying 10 times for 10 similar but incompatible grading systems, MSF could commission one, organisation-wide.

⁸ Conducted by the IHR team, results shared with HR29 in March 2023.

4.5 MSF's existing HR infrastructure supports some staff much more than others

The Rewards Review has collected data from entities on how many HR staff they have and what they do in an attempt to build a picture of how HR investments are distributed for support of the MSF workforce. This exercise has been difficult because there are no shared definitions of HR roles across entities, some entities perform different HR functions than others, and data from some entities is missing. However, despite the limitations of the data, it does indicate a striking imbalance of MSF's current HR staff distribution across continents, as shown in figure 15.⁹



Investment in HR has focused on facilitating IMS staffing, which is resource-intensive due to the short-term nature of the assignments, the high turnover of IMS, the requirement of supporting IMS deployment to complex contexts, and increasing challenges to attract talent. This has resulted in increasing numbers of HR FTEs. However, comparatively little has been invested in terms of HR FTEs to support and further the careers of LHS. This distribution of HR resourcing provokes perceptions that the value placed in an individual still depends on how they entered MSF as opposed to what they have to offer.

⁹ Data on general FTEs programmes and HQ is from 2021 report, data on HR FTEs in HQ is through survey in 2023. IMS contracting skews the ratio as some entities are not contracting staff. Data combines HQ and Programme staff.

4.6 Collective governance and accountability for HR in MSF is inadequate

The Rewards Review has identified problems generated by inadequate collective governance and accountability on HR decisions and policies. There has been confirmation during the Rewards Review from MSF's leadership and other stakeholders that MSF needs a global workforce. Indeed MSF already has a global workforce, with staff from many different nationalities based in its offices and projects in multiple countries around the world. But it does not have sufficient collective governance and accountability to support it.

MSF entities can currently take unilateral decisions on pay and benefits with no collective governance and accountability for these decisions. Sometimes they are taken with no reference to existing policies or established practices, despite the significant impacts that such decisions can have on all staff, all MSF entities, and local communities, recognising the important impacts that MSF can have as an employer on local economic, public service, and social systems. The decision to dollarise local staff salaries is an example of this. Widely recognised as potentially damaging, MSF has a policy setting out criteria for when dollarisation should take place.¹⁰ MSF entities do not always apply it, however, and as the organisational footprint grows larger and more complex, such local decisions may not take into account either the longer term consequences for the local economy and community or the organisational consequences. This latter can include other MSF entities and programmes who then do the same in the country, in the region and beyond, for example, with the initial dollarisation setting the precedent/having a domino effect.

“Right now we don’t have the systems, the mindset, nothing. Each OC has a different validation process, our people have to go through all five [...] These situations make it difficult to staff missions.¹¹ We need a new HR culture, a complete shift, developed in cooperation with ops, with different ways of working, with the right agenda, and HR in the right place in the decision-making process.”

¹⁰ See Dollarisation Framework [here](#).

¹¹ See for example the “MSF OCB Staffing Process Review – in-depth analysis (Phase 1) - The art of negotiating exceptions...”, Dan Sermand & Laure Wiedemann, January 2023, available [here](#).

In addition, keeping rewards adequately “benchmarked” to ensure they are in step with MSF’s policies for rewards is an important part of valuing staff and attracting and retaining them. Yet as figure 16 shows, the process for MSF’s salary reviews for LHS is complex and involves many actors during different phases. The whole process (including implementation) can take up to 8 months or more.

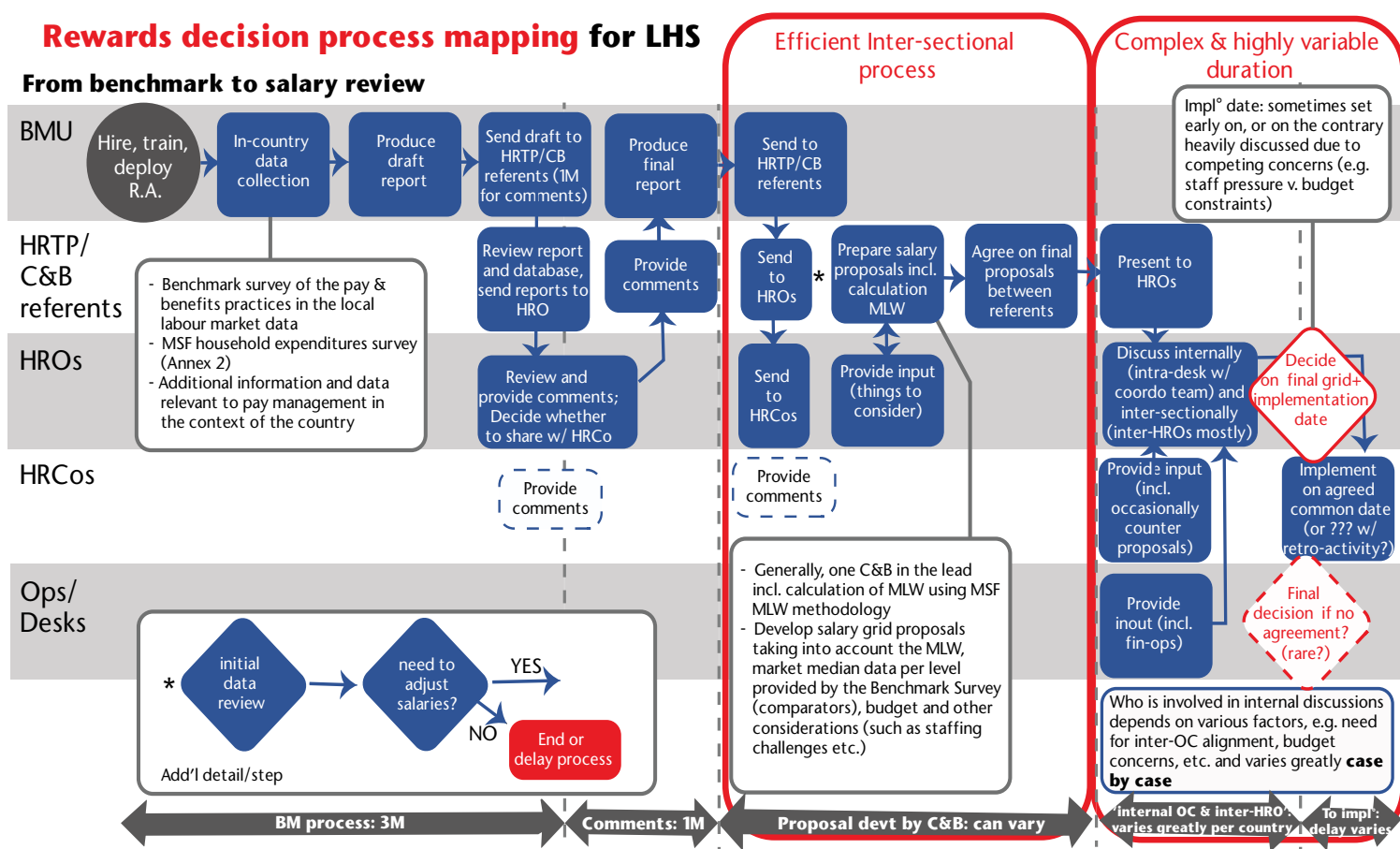


Figure 16
Salary review (rewards decision) process mapping for LHS
(source: Rewards Review analysis, presented to IDRH workshop February 14th/15th 2023)

Salary revisions are often reactive, done on a country-by-country basis when requested, rather than systematically and regularly planned. This means some contexts have much more regular reviews than others, influenced by factors including the perspectives of key staff in the OCs present in the country, their budget, and the perceived needs or pressure from staff. Furthermore, while the benchmarking process itself is fairly standard, and the inter-sectional process to develop salary grid proposals for consideration by Operations is efficient, the final decision-making process is complex and highly variable in terms of stakeholders involved and duration. Where there is no agreement between OCs present, decisions can be held up for months with no escalation mechanism. There is no strong correlation between number of OCs present in a country. However, when OCs are not already aligned, i.e. they do not have the same salary grid in the country, it does take longer.

Inadequate collective governance for HR also impacts MSF's ability to "join the dots" between operational ambitions and existing HR set-ups, impacting its ability to meet these ambitions effectively. For example the MedOP platform recently described its future operational staffing needs, stating:

"The intensification of challenges to hire staff with the right skills, for the right place at the right time, suggests we may benefit from a collective staffing strategy and planning with a globally coordinated approach to make the best use of staff scarcity, and more strategically attract and retain staff to carry out operations... In 2021, all OCs heavily emphasized the challenges to MSF's usual way of working, due to various factors: administrative and political barriers (criminalization of aid, counter-terrorism legislation, denial of humanitarian access, security risks and challenges to implement a full continuum of care in areas heavily impacted by violence, HR challenges to find the right staff (right profile, in the right place, at the right time), and the impacts of climate, such as floods, preventing movement or activities. As a result, there was an acknowledgement of the need to reconsider how we work when deploying traditional approaches are not possible."¹²

It then specified that for MedOps, these approaches could include the following categories of operational structures:

- New Cells outside of Europe
- Programmes (de)/(re)centralisation
- Regionalisation
- Non-OC MSF entities collaborating on operations
- Emergency Unit set-up

MSF's existing rewards policies and practices do not support the effective functioning of these structures, however, because co-located staff receive different packages according to their different staff groups, there are inconsistencies and financial disincentives to progress careers - including for IMS to return to their country of origin.

Furthermore, the inadequate collective governance means individual entity decisions generate internal competition that drives up wage bills.

¹² The Mutual Accountability Report 2021 (MedOp) p.16, available [here](#).

4.7 External changes are exacerbating the problems current rewards practices generate

Developments outside the control of MSF are compounding and exacerbating the problems outlined so far. In many countries all around MSF, INGOs are finding **dual systems of international and national staff less and less acceptable**.

A recent survey¹³ among INGOs shows that 51% of respondents (out of 40 responders overall) have a consistent approach to managing pay across all locations and 48 % have this documented in a global compensation policy, with an additional 40 % saying they are considering developing one. In addition, 26% state they have a common grading policy across all locations, showing that the sector generally is moving this way - although there will still be differences in rewards between different staff groups.

As explained to MSF in September 2022,¹⁴ these changes are guided by strategic considerations such as:

1. Redefining the expatriate workforce: why do we use international staff? Does that role need to be filled by an international staff member? What is the rationale?
2. Redefining reward beyond monetary compensation: recognising that it is not only about the financial benefits that people receive.
3. Connecting rewards to jobs and not to people: delinking the contract from the nationality of the person doing it.

“It is about paying the job, not the person or the level they have in the organisation”.

Project Fair during “The MSF We Want to Be” process (source: fourth conversation, “Our future workforce”, outcomes available [here](#) and recording available [here](#))

¹³ Project Fair Global Pay Policy survey, April 2023. See RIOD outcomes April 2023, p. 5 [here](#).

¹⁴ As set out by Project Fair during the “The MSF We Want to Be” process, Fourth Conversation, “Our future workforce”, outcomes available [here](#) and recording available [here](#).

Immigration rules are also tightening, resulting in IMS and INGO work limitations, as reflected in a recent RIOD overview of HR restrictions as shown in figure 17.¹⁵

Restrictions on nationalities, passport visas

- 10 countries where differences b/n OCs:
 - By Context/project:
 - Cameroon, Kenya, Somalia. (Mozambique)
 - Risk assessments:
 - CAR, Chad, Jordan, South Sudan.
 - Not enough info:
 - Myanmar and Ukraine.
- 18 Restricted by all OC present:
 - Afghanistan, Bangladesh, Burkina, Colombia, DRC, Ethiopia, India, Iraq, Lebanon, Libya, Mali, Mexico, Niger, Nigeria, Pakistan, Palestine, Sudan, Syria, Venezuela, Yemen
- No restrictions by all OC present:
 - Madagascar, malawi, Mozambique, Sierra Leone

Figure 17
HR Restrictions Compilation by OC

(source: presentation given to RIOD, Feb 2022, available [here](#))

In parallel, issues related to staff income tax and double taxation are becoming more challenging. The Intersectional Legal Department (ILD) has provided information on risks of tax liabilities generated by MSF's existing rewards approach for IMS. An assessment of the risk for 60 countries of intervention showed:

- 20% of countries have a Host Country Agreement which removes the tax liabilities for IMS
- 15% of countries have an MOU including provision for tax exemption for IMS
- 12% of countries have arrangements that partially cover for tax liabilities
- 53% of countries have no arrangements to cover potential tax liabilities

Income tax payment is an additional financial burden for MSF – and on top of the taxes, penalties and interest may be applied. Based on recent experience, the ILD estimated that in a country with 20 IMS, and with an adjustment for 5 years, the cost could be at least 1.000.000 USD (minimum). Countries in which tax problems arise include India, where MSF has paid 7,500 USD per IMS for payment of tax duties for the last 10 years, and DRC, where it paid over 10.000.000 USD for all OCs in 2022.

¹⁵ See RIOD outcomes April 2023.

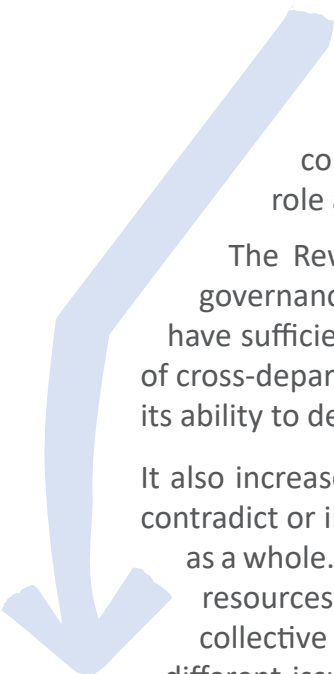
Moreover, as markets have stabilised post COVID-19 and production levels have slowly rebounded to pre-pandemic levels, companies from around the world are facing an ongoing labour shortage. In fact, studies show that there will be an estimated shortage of 85 million workers around the globe by 2030.¹⁶ Healthcare is among the sectors most affected.¹⁷

Lastly, the rising generation of employees are increasingly looking for “**relatable organisations**”, meaning that organisations are “expected to have a heart, to come off mute on what they stand for, and to make measurable progress against goals relevant to all stakeholders”. As the Mercer Global Talent Trends Report 2023 (available [here](#)) describes, these goals range from environmental, social and governance (ESG), DEI, and helping to “shape the new work compact between employer and employee”. This includes, for example, new arrangements that accommodate Working From Home.

¹⁶ See for example “Why is there a global labor shortage”? Ranstad, May 2022 available [here](#).

¹⁷ See for example “Surveyed nurses consider leaving direct patient care at elevated rates”, Feb 2022, McKinsey & Company, available [here](#).

5 Improved collective governance: a critical assumption



The different problems identified by the Rewards Review go beyond rewards. They also impact ways of recruitment, “matching”, hosting, contracting, career development, duty of care, and other aspects of MSF’s role as an employer.

The Rewards Review has also raised a broader need for stronger collective governance and accountability on HR. MSF has a global workforce but does not have sufficient collective HR tools and governance to support it. This deprives MSF of cross-departmental, cross-entity, cross-regional strategic planning for HR and limits its ability to develop a holistic vision to overcome these challenges.

It also increases the likelihood that choices are made without clarity on where they contradict or impact others, and without clarity on the trade-offs for the organisation as a whole. Furthermore, it leads to duplication of efforts and uneven investment of resources on HR, so some staff get much more support than others. Strengthening collective governance and accountability around HR is essential to identify how different issues interact in complex ways, and how this interaction can exacerbate overall negative impacts or add value to positive impacts. It will be a requirement for the successful implementation of the Rewards Review, as well as ensuring MSF’s HR policies continue to evolve to nurture the workforce the organisation needs to meet the humanitarian challenges of the future.

6 How this case for change has been used

This report articulates and provides evidence of the problems that the Rewards Review was set up to address. The Rewards Review engaged with a wide variety of stakeholders, internal and external, to do so. It used different types of quantitative and qualitative data.

The Rewards Review has used this Case for Change to:

- Develop a shared organisational understanding of the problems
- Develop and refine proposals for how MSF can address these problems
- Explain to MSF staff and other stakeholders why the Rewards Review has been set up and what it is addressing
- Ensure decision-makers have the information they need to take informed decisions
- Equip leaders and HR managers with information they can use to communicate about the Rewards Review

Moving forward the case for change will need to be used to develop monitoring and evaluation (performance measurements) to ensure the proposed solutions address the problems. It will also be key to facilitate change and to sustain support for the change when it feels difficult. It is crucial to be able to communicate why the change is so important.

More details about the deliverables the Rewards Review has developed to address the problems identified in this case for change can be found in the the Rewards Review Status Report for the Full ExCom, 27 April 2023 ([here](#)).

