



USAID LOCAL PARTNER TRANSITION REALITIES: SALARY MARKET SURVEY COMPARED WITH INDUSTRY STANDARDS

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BACKGROUND

The USAID-funded Accelerating Support to Advanced Local Partners (ASAP) project supports USAID Missions to prepare local partners and national government entities to serve as prime partners for USAID/PEPFAR programming.

One of the challenges identified by ASAP is the inability of local implementing partners to competitively attract and retain key staff members in a labor market where they must compete with international nongovernmental organizations (INGOs). INGOs can pay better salaries and provide attractive fringe benefits that local partners are typically not able to afford.

To better understand local partner staff salaries and benefits in comparison to INGOs, ASAP carried out a salary survey across all ASAP-supported local partners. The objectives of the survey were to:

- Document salary scales for USAID local implementing partners
- Compare and summarize salary scales with market value for each local partner
- Provide the current salary and benefits market data for similar organizations in each of the survey countries.

METHODS

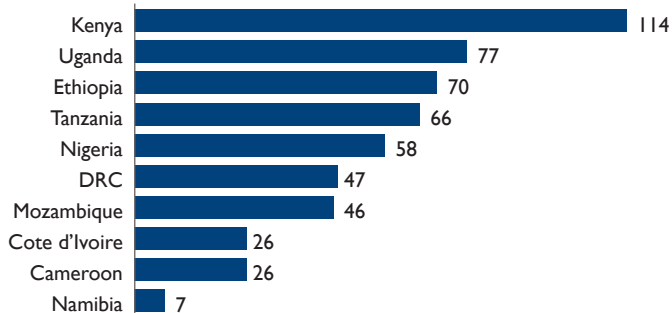
ASAP salary survey: In April 2021, ASAP administered an online salary survey to gather profile information about each local partner, including their number of current staff, staff salaries, salary scales if available, benefits information, and reasons for attrition. Salary data and salary scales from local partners were reviewed, analyzed, and compared to the latest national NGO salary survey data, collected by Birches Group in April 2021.

Birches market survey: Birches Group is a human resources firm that conducts an expansive salary market survey¹ for NGOs in low- and middle-income

¹ Birches Group. <https://birchesgroup.com/surveydata>

countries. Birches Group surveys local organizations and INGOs (comparators) three times a year in April, July, and October. Figure 1 details the number of comparators by country included in the April 2021 survey. Organizations can join the survey at any time; however, there is low participation from local organizations in the Birches Group survey because they may be unaware of the service, cannot afford it, or may not find value in participating.

Figure 1. Number of comparators in ASAP survey countries from the April 2021 Birches Group survey



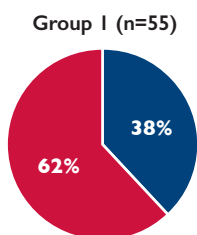
The ASAP salary analysis assumed that any salary differential greater or lower than 15% from market-rate suggests a significant misalignment with the market. The unit of analysis was organization, not individuals.

RESULTS

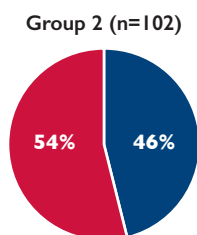
Twenty-four local partners supported by ASAP from 10 countries in Africa participated in the salary survey and 16 provided salary scales. A majority of local partners surveyed have an annual operating budget of less than USD 2 million (Figure 2) and have less than 150 employees.

Figure 3. Local partner staff salaries compared to 25th percentile market rate

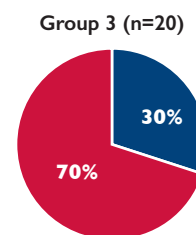
Are positions by grade level group below market at 25th percentile? **No** **Yes**



- Grades 1-4**
- Cleaner
 - Driver
 - Maintenance
 - Storekeeper
 - Administrative Assistant
 - Data Clerk

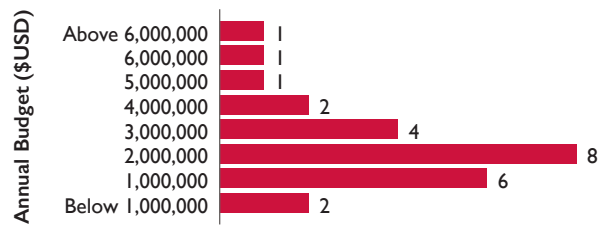


- Grades 5-8**
- Accountant
 - Finance Officer
 - Procurement Officer
 - Grants Officer
 - Project Officer
 - Field Manager
 - Health Care Worker
 - Lab Technician



- Grades 9-11**
- Director of Programs
 - Technical Director
 - Director of Finance
 - Director of HR
 - Director of M&E
 - Chief of Party
 - Deputy Executive Director
 - Executive Director

Figure 2. Five-year average annual local partner operating budget



BASE SALARY COMPARISONS

As shown in Figure 3, most positions paid by local partners are paid below the 25th percentile market rate according to the Birches Group survey.

Tables 1-3 show comparisons of monthly salaries by specific job titles in three countries. The last two columns to the right show the percent difference in salary between local partners and the market salary. A negative number (indicated in red) shows that the local partner salary is below market average at the 25th or 50th percentile, and positive numbers (indicated in black) show the salary is within or above the market average.

In the case of Mozambique (Table 1), the average monthly executive director salary for a local partner was USD 4,000, which falls significantly below the average salary paid by INGOs in Mozambique at the 50th percentile (\$7,873) and even at the 25th (\$10,412). These trends were the same for examples from Cote d'Ivoire and Tanzania (Tables 2 and 3).

Table 1. Comparison between local implementing partner (LIP) and market average monthly salaries, example from Mozambique

Current position	LIP salary	Market salary 25 th	Market salary 50 th	% difference between LIP vs. market 25 th	% difference between LIP vs. market 50 th
	USD	USD	USD		
Executive Director	4,000	7,873	10,412	-49%	-62%
Technical Director	4,300	6,847	7,267	-37%	-41%
Admin & Finance Director	3,000	3,452	4,292	-13%	-30%
Program Manager	3,000	3,282	4,249	-9%	-29%
M&E Manager	3,000	3,282	4,249	-9%	-29%
Gender Officer	1,500	1,303	2,106	15%	-29%
Field Officer	1,000	1,303	2,106	-23%	-53%
Technical Officer	2,000	3,364	3,981	-41%	-50%
M&E Officer	1,600	1,303	2,106	23%	-24%
Health & Liaison Officer	1,600	1,303	2,106	23%	-24%
HR Officer & Accountant	1,056	1,653	2,023	-36%	-48%
Subaward Officer	1,100	1,433	1,995	-23%	-45%
Logistic Officer	700	1,029	1,108	-32%	-37%
Office Assistant	185	472	720	-61%	-74%
Cleaner	185	231	316	-20%	-41%

Table 2. Comparison between local implementing partner (LIP) and market average monthly salaries, example from Cote d'Ivoire

Current position	LIP salary	Market salary 25 th	Market salary 50 th	% difference between LIP vs. market 25 th	% difference between LIP vs. market 50 th
	USD	USD	USD		
Chief of Party	3,287	3,367	5,619	-2%	-42%
Executive Director	2,176	4,384	5,509	-50%	-61%
Technical Program Director	2,053	3,367	5,619	-39%	-63%
M&E Advisor	1,863	2,422	4,399	-23%	-58%
Finance Manager	1,320	2,508	3,433	-47%	-62%
Financial Assistant	981	953	1,122	3%	-13%
M&E Assistant	981	1,146	1,797	-14%	-45%
Technical Advisor Care Support	535	1,146	1,797	-53%	-70%
Senior Technical Advisor Community	535	1,146	1,797	-53%	-70%
Technical Officer, Testing & Linkages	535	1,146	1,797	-53%	-70%
Data Collector	506	679	1,212	-26%	-58%
Accountant	506	953	1,122	-47%	-55%
Administrative Assistant	463	721	898	-36%	-48%
Driver	431	423	527	2%	-18%
Security Guard	265	270	305	-2%	-13%
Cleaner	125	263	342	-52%	-64%

Table 3. Comparison between LIP and market average monthly salaries, example from Tanzania

Current position	LIP salary	Market salary 25 th	Market salary 50 th	% difference between LIP vs. market 25 th	% difference between LIP vs. market 50 th
	USD	USD	USD		
Chief of Party	3,660	4,801	6,034	-24%	-39%
Technical Director	3,456	4,382	5,582	-21%	-38%
Director of Finance	3,071	2,937	3,728	5%	-18%
Internal Auditor	2,592	1,719	2,239	51%	16%
Deputy Director, Demand Creation	2,376	2,672	3,459	-11%	-31%
Deputy Director, Clinical Services	2,376	2,672	3,459	-11%	-31%
Project Accountant	2,184	2,352	2,851	-7%	-23%
Procurement Manager	1,620	1,495	1,985	8%	-18%
Administrator	1,512	1,495	1,985	1%	-24%
Regional Director	1,512	2,672	3,459	-43%	-56%
Deputy Director, Measurement & Learning	1,512	2,672	3,459	-43%	-56%
Regional Accountant	1,382	1,011	1,247	37%	11%
Regional Data Manager	1,296	1,642	2,331	-21%	-44%
Regional Demand Creation Manager	1,296	1,642	2,331	-21%	-44%
Quality Officer	1,080	1,045	1,291	3%	-16%
Storekeeper	1,080	596	723	81%	49%
ICT Officer	1,037	1,118	1,281	-7%	-19%
Data Entrants	648	562	745	15%	-13%
Drivers	281	360	438	-22%	-36%
Staff Cleaner	173	227	283	-24%	-39%

The majority of INGOs contribute to setting higher pay percentile scales and pay salaries at 50% more than local partners. Surveyed local partners reported “budget limitations” as the main reason for paying low salaries for their staff. Further, local partners do not routinely update salary scales, so they do not catch up with market rates, even though industry best practices recommend updates should be conducted every two years. For good corporate governance, local partners are required to obtain approval from their Board of Directors when making changes to salary scales. However, in 2020, only five of the local partners surveyed had a Board-approved new salary scale (Figure 4), an indication that few have made any revisions on salary since 2020.

Figure 4. Local partners reporting the last time a new salary scale was approved by their Board



BENEFIT PACKAGES

INGOs tend to offer competitive benefits that create an attractive total rewards package to prospective hires. Many of the INGOs provide employer investment contributions (direct and/or matching contribution); life insurance; parental leave at birth or adoption of a child; employee assistance/wellness programs; staff development and training; and employee referral rewards. Responses from the local partners survey reflect employer practices for a wide variety of benefits and allowances in both cash and in-kind, demonstrating nuances commonly found in these markets (Table 4). Over half of local partners reported using between 10-15% of fringe calculation, considerably less than most INGOs (Figure 5).

Figure 5. Fringe calculation in percent by number of local partners (n=23)

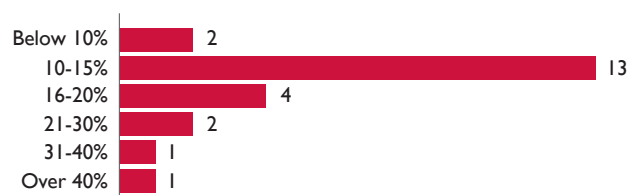


Table 4. Benefits provided by surveyed local implementing partners (n=24)

Type of Benefit	No. LIPs
Medical coverage for staff	20
Communication allowance	16
Medical coverage for family members	14
Pension	13
Travel allowance	13
13th-month check	12
Leave allowance	12
House allowance	7
Meal allowance	5
Gratuity (percent of salary paid at end of contract)	4
Cost of living adjustment	2

CONCLUSIONS

The findings from the market survey comparisons of local partners provide evidence that local organizations do not pay comparable salaries to those paid by INGOs. Due to low salaries compared to INGOs operating in the same market, local partner staff has a strong financial incentive to seek employment at INGOs whenever the opportunity arises. Competitive compensation practices are essential to employee recruitment and retention efforts, therefore it is recommended that USAID closely monitor local partner staffing, as their performance may be stalled while recruiting to backfill positions due to staff attrition. USAID investments through local partners could be at risk if they are continually destabilized due to staff attrition, especially of key personnel positions, and they cannot attract new staff. This could limit local partners from achieving organizational development goals, thus limiting their capacity to deliver on their mandates.

ASAP's salary market analysis of local partners provides data to create profiles for each partner and the budgeting process for USAID-supported projects. ASAP will continue to share salary and market data information with local organizations receiving project support and collaborate with them to better align their current remuneration packages to market rates. ASAP will continue to document the transition process and share with USAID the human resources challenges that local organizations could experience as they become USAID prime partners.

RECOMMENDATIONS

1. Remove cost and other barriers to local organizations participating in salary surveys, including survey fees and general information of need to carry out a survey.
2. Promote review of salary scales routinely; at a minimum, once every two years.
3. Monitor salaries paid by local partners against the respective market.
4. Accommodate local partner staffing budget reviews so they can catch up with market rates in two-to-three years.

CONTACT

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