



Philanthropy IN ACTION

FOREWORD

Dear Sir, Madam,

It is rare that Médecins Sans Frontières talks about economy.

However, since 2022, the price increases have had a direct impact on MSF's operations and the cost of implementing them. To limit these effects, we had to act. In order to ensure that our emergency responses are not hampered by supply, transport or resource difficulties, our movement is organized upstream. **Because being an emergency actor does not mean acting in haste.** On the contrary, it obliges us to be ready for any situation that may arise, and this also concerns the expenses that we incur and value as much as possible.

That is why our MSF Strategic Procurement Program (MSPP) department has researched and developed tools that allow us to continue to purchase medicines and supplies at the most reasonable price possible, while respecting MSF specifications.

To better counter the price barrier, we have therefore set up a virtuous circle to spend less/better in our supply chain while maintaining our high standards for our patients. Through the MSPP, we ensure that every euro entrusted by the generosity of our donors is put to the best possible use, avoiding the full impact of inflation. In the next few pages, you will be able to read how we proceed and what results are already visible. In addition, beyond the cost savings, this initiative offers us the opportunity to rethink our supply chains and to better control our environmental footprint.

Here, in a few lines, is what we will discover in this new edition of this brochure. I wish you a pleasant and interesting reading.

Yours faithfully,



Thomas Kauffmann
General Director

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As a medical organization, MSF regularly dispenses and uses medical products, such as medicines, medical devices and specialized medical food to patients in its programs that runs all over the world. MSF attaches the most importance to the quality of these medical products dispensed to patients.

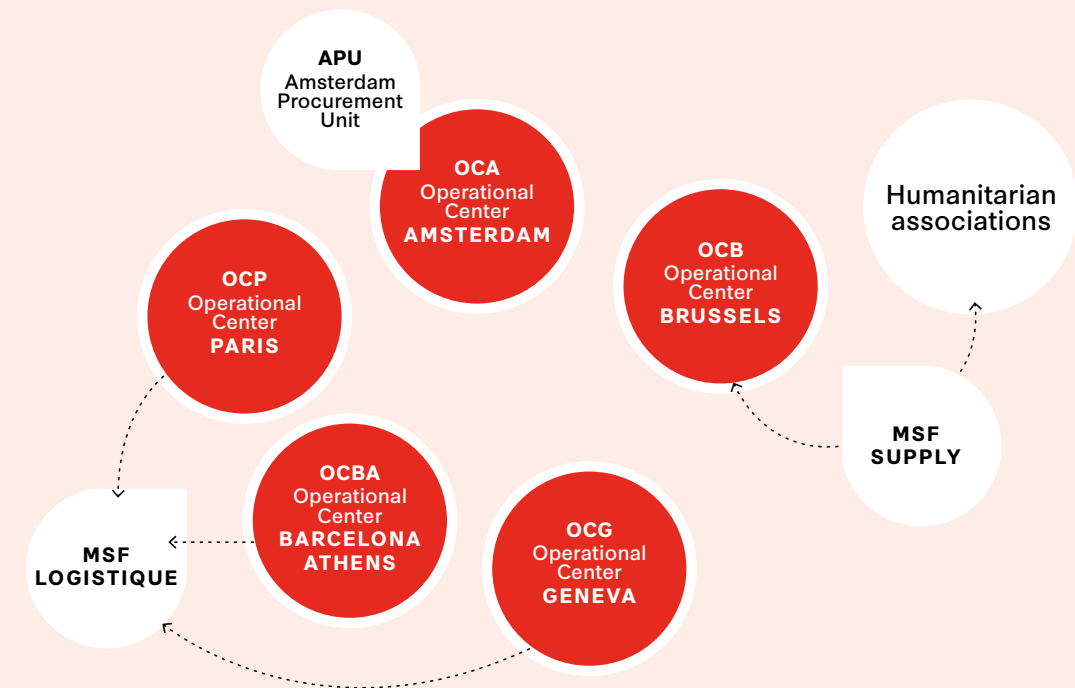
☞ A woman affected by flood and rainwater carries NFIs (Non Food Items) as she walks through the field to go back to her home at a village near Sanghar, Sindh province of Pakistan on 16th November 2022.

MSF strongly considers that any patient wherever s/he lives has the right to be treated with effective and safe medical products, and that it is the legal and moral responsibility of the organization to guarantee the quality of the medical products used and distributed in its programs.

Like many other humanitarian actors, even if care is free of charge, MSF is aware that the quality of medical products is not always properly guaranteed on the global market.

To this end, MSF is very vigilant and has set up its own centers for global supply, which are in charge of the purchase, storage and shipment of products for MSF to carry out its missions: MSF Logistique in France, MSF Supply in Belgium, and Amsterdam Procurement Unit in The Netherlands.

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Their objective is twofold:

- > **Operational:** to procure and supply medical and non-medical products to MSF projects in a timely manner.
- > **Qualitative:** to ensure the compliance of the products with MSF's technical requirements following international standards and to monitor their quality.

1 Price increases : facts

Each one of us can probably feel the impact of prices rising: when going to the supermarket, filling-up your car at the gas station...
 In MSF, we are also experiencing the **impact of disrupted markets**, accentuated by the Covid-19 pandemic, the war in Ukraine and its **direct consequences** (embargo, limited access to some commodities, etc.).

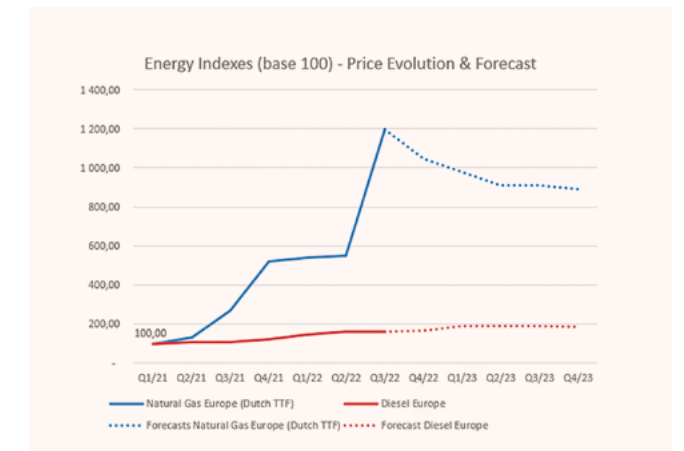


June 2020. A health worker wears the personal protective equipment before entering the control area of the MSF care center for mild and moderate cases of COVID-19 in São Gabriel da Cachoeira, Brazil.

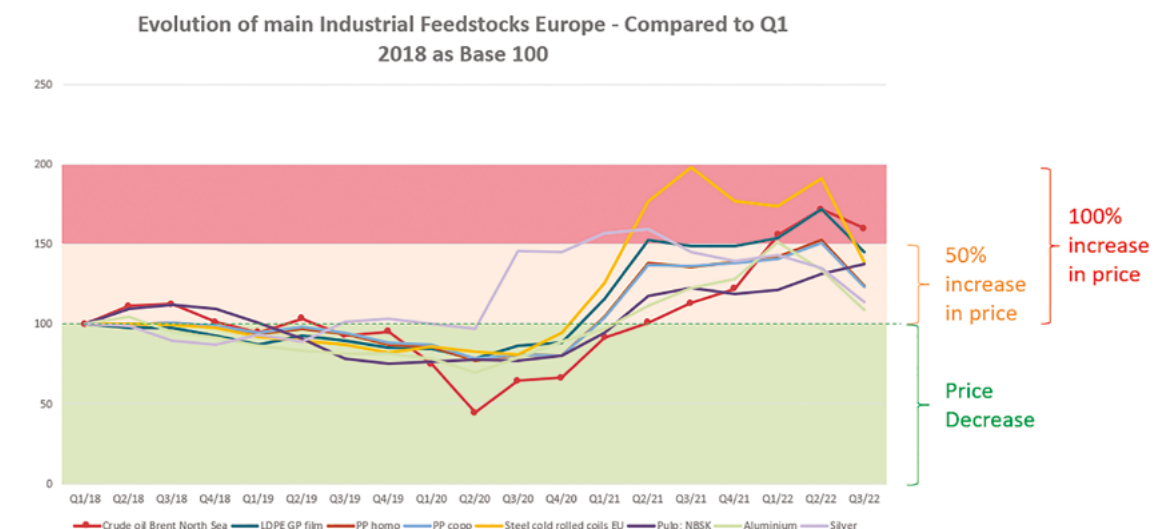
The main cost drivers are all going up: the logistics market has suffered heavy disruptions during the Covid-19 pandemic, and is further suffering from increasing oil prices. All main commodities used for the **manufacture** of our products or their **packaging** (plastics, metal, paper, various food commodities...) have been facing significant increases from their levels of 2021.

The hike in **energy costs**, **labor costs** driven by inflation, and **financial costs** are further impacting the production costs of our suppliers.

Under this heightened stress on our suppliers' results, we are facing numerous **price increase requests** from them, which comes at a much higher frequency than what we were used to in the past. In many cases, those requests reach **double-digit % increase** vs. the current price in use, and in some cases, product prices double or even triple.



- Here are some root causes to the current economic situation:**
- > Covid-19 impact on Global Supply Chains, which has made the availability of some products more scarce
 - > Consumer demand supported by government stimuli in bigger economies
 - > Bottlenecks on the Transport market, resulting as well in significant increases
 - > War in Ukraine and related sanctions having significant impact on energy and agricultural Markets
 - > Other conflicts impacting the demand for certain types of items
 - > High employment rates, contributing to further driving up salary levels
 - > Currency Effects - devaluation of Euro vs. USD



2 What impact on MSF's organization? How do we face it?

Despite all the efforts deployed upfront (inter-European Supply Centers strategies, annual Request for quote, diversification of our supply base, review of the most optimal supply flows...), constant negotiation and challenging of our suppliers on their requests for price increases, we are still forced to update on a regular basis the prices for our products, even in cases where price agreements had been defined a few months earlier with the suppliers.

Procurement activities of the European Supply Centers (ESC) have allowed to consistently optimize price levels over the past years.

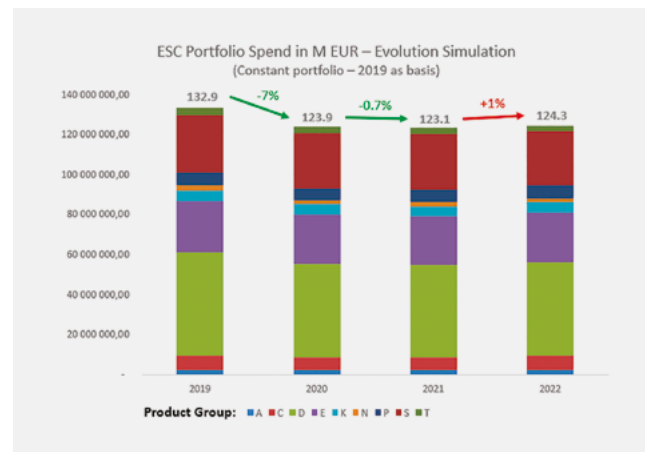


February 2023. Following the earthquakes on the Turkish-Syrian border, MSF sent 14 truckloads of tents and winter kits for survivors through the Hamam crossing, in partnership with Al-Ameen, a Syrian NGO.

Simulated price level increase 2022 vs 2021 (+1%) appears low in comparison to cost drivers evolution on the Market.

A group of ESC buyers have developed the “price increase tool-box”, offering hints and tailor-made approaches adapted to specific price increase situations, as a way to support the Buyers community with new tools in this specific market context. This current context has a severe impact as well on the availability of raw materials for our suppliers.

Delays are observed all along the supply chain, impacting the availability of goods and resulting in unusual delays for the Missions.



What role does MSPP play in the organization of MSF?

In recent years, there has been a significant development in MSF's medical and operational activities that has been sustained by an upsurge in MSF's operational budget and complexity. Every year, approximately half of MSF's budget is spent in procurement (services and goods).

Created 5 years ago in Amsterdam, the MSF Strategic Procurement Program (MSPP) is in charge of coordination between 3 Supply Chain Units:

- > to intensify collaboration between the different MSF entities and streamline the existing MSF procurement set up,
- > to achieve optimal operational efficiency by avoiding duplication, waste and operational complexity.

The ultimate goal of the program is to develop and implement a global, common approach to strategic procurement across all MSF entities at international, regional and local level.

80% of MSF purchases are made in the EU (for historical reasons) and the list of products used by MSF teams is composed by 14 000 references. Procurement base counts 1.000 suppliers, and every year, 10 to 20 new suppliers are onboarded, knowing that MSF is looking for developing relationships rather than acquiring new ones.

MSF is progressively developing relationships with suppliers based in China and India. Purchasing supplies locally, where MSF projects are conducted, is also an option; however, this does not include medical and pharmaceutical goods, which must comply with International Medicine Policy.

3 Controlling costs and environmental impact



MSF has settled a solar panel system at the General Hospital of Kigulube in Sud Kivu (Democratic Republic of Congo) to give autonomy to the health structure for the next 20 years.

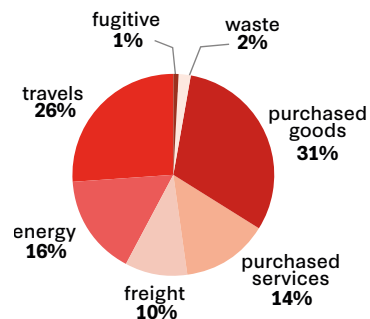
MSF has a social responsibility to its patients, staff, and as a global citizen to understand, assess and minimize its environmental footprint. MSF is on its way to develop an environmentally and socially responsible supply chain.

Climate Smart MSF is a joint incubator project of Operational Centre Geneva and MSF Canada with co-sponsors Operational Center Barcelona and Amsterdam, supported by the **Transformational Investment Capacity (TIC)**. Climate Smart MSF is in charge of scaling climate solutions across MSF to future-proof and transform our organization, so the organization is responsible and resilient. Aligned with MSF's December 2021 pledge to reduce our carbon emissions by 50% by 2030, Climate Smart MSF will catalyze mitigation measures to address climate change impacts from our medical humanitarian operations.

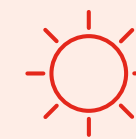
Proposed solution by MSF was organized in 2 phases:
 1- Adapt and conduct a proof of concept for an **environmental toolkit** for pilot MSF offices and field sites
 2- Upgrade and scale the toolkit, conduct an assessment on MSF's supply chain and develop a roadmap to carbon neutrality by adopting best environmental practices appropriate to MSF. Phase 2 will continue to promote the Top 10 areas identified in Phase 1 to mitigate MSF's environmental footprint.
 The MSF **Climate Smart** project is today in its third phase with the following activities:
 > Expanding the use of the original toolkit
 > Mapping MSF's supply chain sustainability challenges
 > Sharing and scaling best practical environmental options in MSF
 > Developing a 'Roadmap to Carbon Neutrality'

First, it is about mapping the impact of flows, and manage carbon footprint. 31% of the carbon footprint is generated mostly by goods procurement, travels and energy needs.

Average carbon footprint of 3 MSF Operational Centers: OCP, OCB et OCG



A newly arrived congolese refugee feeds Plumpy'Nut to her child who has been diagnosed with malnutrition after being examined at the refugee reception center in Kyangwali (Uganda).



Example of impact:

Ready-to-Use Therapeutic Food project (Plumpy nut)
 In 2021, 80% of the supply was still done with 2 suppliers (Scandinavia, France). From now on, all Ready-to-Use Therapeutic Food's partner manufacturers are located in the countries where MSF operates. This process evolution has allowed to:
 > reduce transport emissions by 75%.
 > economically involve local communities.

In Kenema, Sierra Leone, we are powering a 182-bed hospital with solar panels, providing energy to an inpatient unit, laboratory, imaging suite, blood bank, emergency room, and a maternity ward. Not only is this reducing our carbon emissions, but we are also saving approximately €40,000 on diesel per year. We also support three solar-powered hospitals in remote areas of Democratic Republic of Congo.

Back from the field: Tristan Bierry, Warehouse Manager



Tristan Bierry is a resident of Luxembourg. In January 2022, he was leaving for his third MSF mission in the Democratic Republic of Congo (DRC) as Warehouse Manager for a 13-month assignment. We interviewed him on his return.

There is also a hub in Nairobi, the Kenya Supply Unit (KSU), which covers the whole West African region, in order to relieve MSF Supply when needed and to reduce transport time and costs. Then there is the South African Supply Unit (SASU) in South Africa which is more specialized in HIV treatment drugs. In the Middle East, MSF Logistics Dubai is used as a hub for the storage of emergency stocks for the five MSF sections. It also allows for closer supply to the missions in South Asia and East Africa. It was from here that the first consignments of equipment left for the earthquake that struck Syria and Turkey last February.

*Operational Centre Brussels
**Operational Centre Paris / Operational Center Barcelona / Operational Centre Geneva



Pharmaceutical preparation at the MSF hospital in Kinshasa. The availability of medicines is a heavy responsibility, in which the Warehouse Manager is fully involved.

What does the job of Warehouse Manager involve, what are your responsibilities?

I have to ensure good harmony, a good atmosphere and good working conditions. I also have to make sure that the safety rules in the warehouse are respected: wearing gloves, shoes, etc. I am also responsible for ensuring that the cold chain is respected: both for the storage itself and for the transport. This position also has human resources responsibilities, in particular to enable the teams to develop their skills, for example by offering training.

Why is this role so important for MSF operations?

Our doctors need surgical, logistical and pharmaceutical tools to treat those who need them. My role is to ensure that all these materials are available in MSF projects so that we can provide care.

We receive the stock from MSF Supply, and then there is the storage and labelling of the goods.

There are quarterly inventories, to check the expiry date of medicines and stock discrepancies. All these tasks alert the pharmacists to help them anticipate their orders as good as possible.

Where do the supplies come from

The supplies come exclusively from MSF Supply in Belgium, which supplies all MSF OCB* projects.

The operations of MSF OCP/OCBA/OCG** are supplied by MSF Logistique in Bordeaux, France. Those of MSF OCA (Operational Centre Amsterdam) is supplied by the APU (APU).

Some of 2022 actions

JANUARY - MALAWI.
Tropical storm Ana is causing severe flooding and impacting access to health care for 16,000 people. In response, MSF is facilitating the reopening of the health center on the Makhanga peninsula.

FEBRUARY - UKRAINE.
War breaks out in Ukraine. Teams on the ground support hospitals, medical staff and civil society with training and medical and non-medical supplies. MSF medical trains are set up.

MARCH - MADAGASCAR.
Two consecutive cyclones have destroyed many health centers. MSF teams are deploying to remote areas where communities have very limited access to basic health care and services.

APRIL - CAMEROON.
Following the detention of four medical staff members, MSF made the difficult decision to suspend its activities in the Southwest region.

MAY - GAZA.
One year later, the after-effects of the Israeli army's bombing are still visible. Some of the injured must now live with the handicap of losing a limb. MSF provides physiotherapy to these patients.

JUNE - NIGERIA.
Malnutrition is on the rise in the northwest. In partnership with Nigerian health authorities, MSF is treating more than 50,000 acutely malnourished children, 7,000 of whom have been hospitalized.

JULY - SOUTH SUDAN.
MSF and Ministry of Health teams in South Sudan are participating in the world's first vaccination campaign against a hepatitis E epidemic.

AUGUST - PAKISTAN.
33 million people are affected by historic floods. MSF is attempting to access isolated areas to assess needs and provide first aid, clean water and essential food supplies.

SEPTEMBER - LITHUANIA.
Backflow at the border endangers the physical and mental health of migrants. MSF warns of the medical and humanitarian impact of hostile migration policies towards asylum seekers, who are denied access to essential health care.

OCTOBER - MEDITERRANEAN SEA.
MSF continues its search and rescue activities on board the Geo Barents. During rotation n°19, 572 people were rescued.

NOVEMBER - CHAD.
Major floods are hitting the center and south of the country, destroying vital infrastructure and crops. MSF is launching an emergency response to provide basic health care and limit the risk of infectious disease outbreaks.

DECEMBER - LEBANON.
Lebanon is battling its first cholera outbreak in three decades. MSF is providing hygiene kits and rehydration points in areas where the number of confirmed cases is highest.



Do you want to know more
about our missions?
Support a particular project?
Let's talk about it!



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