

How To! Do MSD procurement #1: format options for MSD programming



Mike Klassen



Ailsa Buckley



Elin Carlsson



Sivasuthan Ramanathan



Ilmari Soininen



Ben Taylor

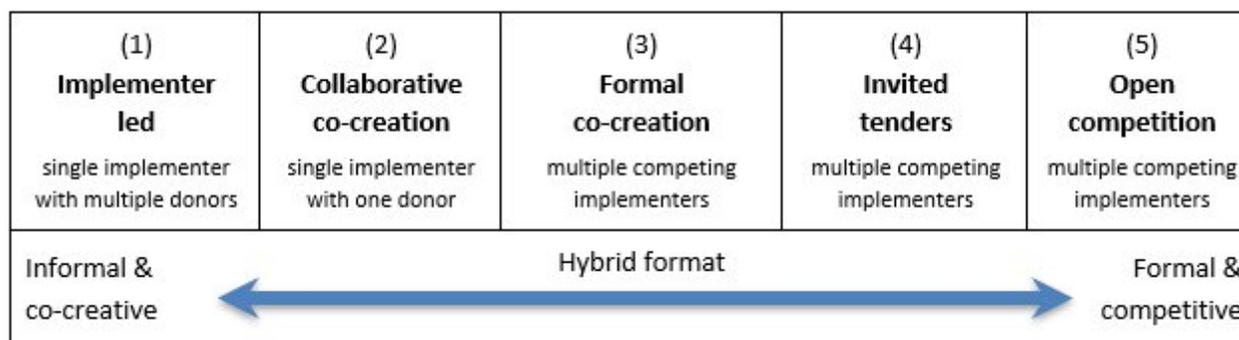
As the size and ambition of flagship MSD programmes has grown, expectations of transparency and fair competition in their procurement processes have too. Increasingly, such programmes involve not just one, but an entire consortium of implementing organisations. This raises the complexity when it comes to designing programmes effectively and procuring them fairly.

MSD programme procurement has challenges at each stage: scoping, tendering, proposal writing, evaluation, award and inception. BEAM Exchange synthesised the accumulated knowledge and experience of a range of accomplished MSD practitioners and donors to produce this guideline (one of a set of four [MSD Procurement papers](#)).

Here we address the relationship between the choice of procurement format for a given MSD programme and the resulting consortium design. The information provided is particularly relevant for organisations that work together in consortia to implement MSD programmes. One conclusion is that donors might want to consider using a wide variety of formats (such as hybrid models) to enable them to get the best of both worlds when procuring MSD or other complex adaptive programmes.

What are the procurement formats?

There is a range of procurement formats used by donors to award MSD programmes.



Implementer-led

An implementing organisation develops a portfolio of potential MSD interventions it can present to different donors to attract funding for a pre-designed activity. This leads to standalone projects, each funded by a specific donor, tailored to that donor's interests.

Collaborative co-creation

A donor works with an implementing organisation (or group of collaborating implementers) to design a programme together. This requires sustained interaction over a longer period of time, and a high degree of flexibility from both sides. It takes time, effort and patience to build the right partnership.

Structured co-creation

An explicitly defined process for a donor to work collaboratively with shortlisted implementers who are competing to be awarded a single programme. This usually involves facilitated workshops where the competing players undertake tasks in real-time in the same physical space with donor representatives evaluating them.

Invited tender

Donors invite a targeted subset of implementing organisations to develop proposals. Invited organisations focus their proposals on technical strategies, and more iteration is possible than in an open competition.

Open-competition

Donors publish fully open competitive procurement. Organisations get together in consortiums, conduct some preliminary research and submit large, complex proposals.

What are the main procurement challenges for MSD programmes?

Different arrangements offer a range of trade-offs and are often implicitly designed to suit some types of organisations better than others.

There are three challenges at the heart of decisions about procurement formats for MSD programmes which have significant implications for the consortia bidding to implement them.

1. **Contested power relations:** donors need to hold implementers accountable, but also rely on their expertise. Consortia have internal power relations between the lead implementer and smaller partners who may struggle to have a voice in key strategic discussions.
2. **Diverse financial models:** there are difficulties in comparing or integrating the budgets, fee rates and margins used by different types of organisations (e.g. NGO vs for-profit contractor).
3. **Contrasting procurement formats:** polarisation between 'competitive' and 'co-creative' formats that may exclude some organisations from fully participating in procurements. This is elaborated below.

In 'competitive' formats (invited tender or open competition), donors treat procurement as an open market; expect profit-motivated competition and look for explicit statements about the profit margins of different bidders. A separate arms-length procurement unit evaluates proposals to eliminate unfair advantage.

In 'co-creative' formats (implementer led, collaborative or structured co-creation), donors develop relationships with bidders to learn about their capability, strengths and approach; focus typically on NGOs with strong local presence and experience.

Consider facilitating sector-wide dialogue on transparency in how proposal costs are calculated, presented and benchmarked. This can lead to fairer comparisons across implementer options. Such a dialogue should analyse differences in financial models between NGOs and for-profit companies.

Explore forums for MSD donors, implementing partners, researchers and other actors to share learning on trade-offs of different procurement formats. This can contribute to building a wider experience base and increase inter-agency sharing. For best results, the forum should include examples from across the full spectrum of procurement arrangements presented here, and from different types of donors.

[Read the full paper](#)

BEAM Exchange's full paper focuses on the main actors involved in MSD consortia: **donors, large international NGOs, large for-profit contractors, technical consultancies,** and **small local NGOs.** It goes into detail on how these actors experience the procurement challenges and provides lessons and suggestions for each type of actor.

It (and its three companion papers) is the collaborative product of a group of accomplished MSD practitioners and donors who worked together voluntarily over four months in early 2020 to synthesise their accumulated knowledge and experience of procurement arrangements for programmes.

Paper 1. Decisive structures: procurement format options for MSD programmes and their different implications

Paper 2. Deepening the relationship: a stage-by-stage guide to strengthening partnerships between donors and implementers in MSD programmes

Paper 3. Getting off the ground: practical lessons for the launch phase of MSD programmes

Paper 4. Fit for business: modifying internal procurement processes for adaptive MSD programmes

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This 'How to!' note, is one of a series in which practitioners share technical information about how to tackle a commonly met challenge in market systems development. If you would like to share your own 'How to!' note, please contact editor@beamexchange.org.