

How To! Do MSD procurement #2: strengthening partnerships between donors and implementers



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Donors and implementers both want to procure MSD programmes with a high chance of achieving significant results. However, they operate under different incentives: donors need accountability and value-for-money, while implementers need flexibility and scope to learn and adapt.

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 contrast implications for programme design and implementation of the two most common procurement formats: collaborative co-creation and open competitive

procurement and explore how patterns of past bidding and evaluation influence decision-making under different procurement arrangements.

During procurement, it is a challenge for decision-makers to evaluate different organisations' competence at delivering results out of the complexity of MSD programming.

What do donors typically look for?

When donors select organisations to implement MSD programmes they need to be assured that the organisations they fund are accountable and create tangible results.

Typically, public sector procurement is designed around fair and open competition. This assumes the cost and quality of bids from different organisations can be objectively compared for the best 'value for money'.

How do implementers typically interpret what donors want?

MSD programme implementers interpret and respond to tenders based on their perceptions of what donors want. But they also have to work with the dynamism and uncertainty of market systems.

Organisations following best MSD practice should have clear strategies and consistent processes. However, they cannot completely pre-plan their activities or guarantee their results since the behaviour of markets and the nature of system change is inherently unpredictable.

How do procurement decision-makers evaluate competence?

In evaluating different organisations' competence to deliver results through complex MSD programmes, the two most common proxies are bidders' projections for the scale of impact they will achieve, and bidders' track record of previous MSD experience. Both are problematic.

In the first case, bidders have perverse incentives to inflate their projected results since it is acknowledged that the nature of system change and the scale of impact (especially indirect benefits) it creates are inherently uncertain.

In the second case, cursory investigation of bidders' track record may simply reward any past experience with MSD rather than high-quality implementation, which is

much harder to verify. This can limit the pool of potential bidders, excluding new actors or those with unique skills.

What does best practice look like?

Evidence from MSD programme results suggests that success in implementation reflects strong underlying processes within programmes. High performing MSD programmes build the right team, manage uncertainty effectively and emphasise internal learning through a culture that encourages experimentation and adaptability to achieve sustained behaviour changes.

However, these skill-sets and organisational capacities are not easy to assess during a procurement process. Efforts to reconcile these issues have led to complicated contracts built on tools such as results chains. Although these processes create additional demands on donors' scarce and valuable management oversight capacity, past experience has generated plenty of practical advice.

Read the full paper

BEAM Exchange's full paper offers guiding principles and general orientation to help donors and implementers reconcile the legitimate needs of administrative bureaucracy with the complexities of market system facilitation.

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

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