



Deepening the relationship:

A stage-by-stage guide to strengthening partnerships between donors and implementers in MSD programmes

MSD Procurement Series #2

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Conception

This paper 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 that use the Market Systems Development (MSD) approach.

With the support from the BEAM Exchange, the group met on a bi-weekly basis to examine a particular aspect of MSD procurement based on common interests and collective experience. The group defined the problem from different perspectives and gathered case studies from their organisations to reflect on possible solutions and new ways of thinking. This paper captures the most important ideas and conclusions and has been reviewed extensively by both MSD practitioners and donors.

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All the participants involved in the co-creation of this resource were motivated by the potential to boost the quality of MSD programming. By promoting, supporting and encouraging good practice we hope this document contributes to widespread and lasting improvements in access to income, jobs, products and services for people living in poverty.

The BEAM Exchange – in partnership with the DCED - is a platform for knowledge exchange and learning about the role of markets in poverty reduction.



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MSD Procurement series #2

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

Executive summary

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 the space to focus on learning.

When it comes to procuring an MSD programme, decision makers face a challenge in evaluating different organisations' competence to deliver this complex task. The two most common proxies are implementers' projections for the scale of impact they will achieve and their history of previous MSD experience. Both are problematic.

This paper aims to help donors and implementers reconcile the legitimate needs of administrative bureaucracy with the complexities of market system facilitation. It breaks the procurement process into four stages: (1) preparation and scoping; (2) tendering/bidding; (3) evaluation; (4) inception & implementation.

The tables below summarise the different challenges donors and implementers face at each of these stages, alongside guiding principles for each:

	Challenges	Guiding Principles
Preparation and scoping stage		
Donors	Decisions on focus, beneficiaries, expectations, procurement format and budget. Figuring out how to gather information from prospective bidders.	Make priorities explicit External consultant vs internal capacity for scoping Choose procurement format: co-creation vs open competition (or hybrid).
Implementers	Strategising who to partner with, how much to invest in research for positioning and how much to share ideas with donor and other implementers.	Focus on team skills, diversity and leadership Target research towards incentives and capacities of market players; map out other initiatives.

Tendering and bidding stage		
Donors	Defining programme success Establishing criteria for evaluating bids	Be open about uncertainty and expected adaptation. <u>Evaluation criteria:</u> (a) managing sustainable change; (b) team skill & diversity; (c) results measurement; and (d) consortium roles.
Implementers	Balancing local vs expat; technical v. commercial; existing capacity vs. recruitment; intangibles (e.g. team culture)	Use scenarios to quantify potential impact Explain budget envelopes; explain portfolio approach. Show track record of adaptive management and explain coherence of consortium.
Bid Evaluation stage		
Donors	Partnering with non-technical evaluation teams to assess deliverability of an MSD programme: adaptive management, vague budgets and previous experiences.	Include MSD experts in evaluation team; use interviews & scenarios where possible to ground-truth written proposal with human interactions.
Implementers	With limited incentive to be innovative, under pressure to respond directly to ToRs.	Be willing to admit “we don’t yet know” and explain how to fill information gaps. Emphasise organisational structure and ability to recruit key personnel over time, including incentives for staff retention.
Inception Phase stage		
Donors	Incentivising communication of poor performance Holding implementers accountable to high-level goals while supporting adaptive learning and adjustment.	Communicate pressures & incentives openly. Agree on early markers of progress. Attend meetings & trainings to get to know team. Don’t push for outputs.
Implementers	Learning to communicate with donor: expectations, frequency, openness around risks at different levels. Adjusting recruitment to local realities.	Ensure continuity between diagnostic/market assessment by in-house teams. Share regular updates and bring donor into decision-making processes, (e.g. updating theory of change or results chains).

A note about terminology

Different agencies use different language when describing their different roles, activities and contracting formats. In order to make this paper more readable across agencies we have adopted generic terms to focus the conversation on conceptual, rather than definitional differences.

The table below defines this generic terminology with corresponding examples and descriptions.

Generic Label	Synonym / Example	Description
Organisations		
Donor	Funder	The agency providing funding for a programme or activity.
(Lead) Implementer	Prime; Lead contractor; Supplier	The institution, company or NGO that has the principal contract with the Donor to deliver the activity.
Sub-contractor	Implementing partner	An agency, company, NGO or local organisation that is sub-contracted by the Lead Implementer to deliver a component of the activity.
Business Partner	Recipient; Client	A business that is directly involved in programme interventions as a partner or recipient of grant, investment or technical support.
Activities		
MSD Programme	Project; Program; Activity	A temporary organisational structure for implementation - may include staff from one or multiple implanting organisations.
MSD Intervention Area	Initiative; Activity	A coherent set of actions planned within a specific market system to effect system change
Roles		
Donor Representative	Contracting Officer (USAID); Program Officer (DFAT); Program Manager (SIDA); Senior Responsible Owner (DFID/FCDO)	The donor manager responsible for overseeing and liaising with an MSD programme; usually based in a country office.
Head Office (HQ) Manager		A manager based in an implementer's HQ with responsibility for supporting an MSD programme
Business Development Staff	Fundraising staff	HQ staff responsible for writing proposals and soliciting donors.
Programme Manager	Team Leader; Chief of Party	The most senior manager of an MSD programme team, with overall decision-making responsibility

Operations Manager	Chief Operations Officer; Finance and Grants Manager	A senior manager with oversight of multiple operations functions: finance, logistics, procurement, grants etc.
Operations Staff	Procurement officer; Grants officer; Finance/Accountant	The programme staff responsible for particular areas of operational administration and compliance.
Technical Staff	Intervention Manager; Sector Lead; Market Facilitator, Partnership Manager.	The programme staff focused on designing, developing strategy, delivering, monitoring and learning from interventions with business partners and other actors within changing market systems.
Contracting Formats & Related Documents		
Tender	Request for Proposal (RFP)	The offer from a donor to pay for something.
Procurement (of programme):	Contract; Grant Agreement; Collective Agreement;	The process used by a donor to solicit proposals and select an organisation (or consortium) to fund to implement an MSD programme.
Procurement (of goods/services):	Service contract; Purchase order	The use of financial funds, by an MSD programme, to purchase goods and services for use in implementation.
Subaward	Grant; subgrant	The use of financial funds to engage another organisation to implement part of the programme on behalf of the implementer / consortium.
Partnership agreement	Adaptive Market Actor Agreement, Market Actor Umbrella, MoU	A written agreement between an MSD programme and a market actor that may define strategy, roles or planned activities, but does not include any funding commitments.
Concept note		A short and non-binding document that outlines ideas for a new product, service or business model.

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

About the MSD procurement series

Development programmes typically involve a collaboration between funders (who pay) and implementers (who do). These parties' interests overlap but are not identical. Procurement and contracting are used to reconcile those interests in a formal and transparent manner, but it can become an adversarial process. This militates against the building of a constructive relationship of trust, necessary for the flexible, adaptive approach which is so vital if the Market Systems Development (MSD) approach is to be effective in reducing poverty.

This Paper is the second in a series that documents the insights from informal conversations between funders and implementers on how to resolve this essential dilemma.

The other papers in this MSD Procurement Series are:

- Paper 1:** [Decisive Structures](#): procurement formats options for MSD programmes and their different implications
- Paper 3:** [Getting off the Ground](#): practical lessons for the launch phase of MSD programmes
- Paper 4:** [Fit for Business](#): modifying internal procurement processes to suit adaptive MSD programmes

The series is published under the auspices of the MSD Working Group of the DCED to stimulate further exchange and reflection; it does not necessarily represent the official views of either the DCED or its members.

This **Paper 2** offers a stage-by-stage view of the procurement process for an MSD programme, examining the challenges at each stage of the procurement process. That is: scoping, tendering, proposal writing, evaluation, award and inception. Drawing on the spectrum of procurement formats described in **Paper 1 (Decisive structures)**, this paper contrasts implications for programme design and implementation of the two most common formats- collaborative co-creation and open competitive procurement. It explores how patterns of past bidding and evaluation influence decision-making under different procurement arrangements.

The paper is equally relevant for donors and implementers, and it is written to help each gain insight into the other's thinking and challenges throughout the procurement process. Accordingly, the paper is structured to analyse core challenges experienced by both donors and implementers throughout multiple stages of the procurement process.

Deepening the Relationship: the issues in a nutshell

What should donors look for when selecting organisations to implement programmes using a market systems approach? Donors need to be assured that the organisations they fund are accountable and create tangible results. Typically, public sector procurement is also designed around fair and open competition, which assumes the cost and quality of bids from different organisations can be objectively compared so as to select the best ‘value for money’.

How do implementers interpret and respond to tenders based on their perceptions of what donors want? MSD programme implementers have to work with the dynamism and uncertainty of market systems. Organisations following best practice should have clear strategies and consistent processes. However, they cannot completely pre-plan their activities or guarantee their results a stage-by-stage guide to strengthening partnerships between donors and implementers in MSD programmes since the behaviour of markets and the nature of system change is inherently unpredictable.

How then do procurement decision-makers evaluate different organisations’ competence to deliver this complex task? 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 these proxies are problematic. In the first case, bidders have perverse incentives to inflate their results projections since it is accepted 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 hard to verify. This can limit the pool of potential bidders, excluding new actors or those with unique skills.

In fact, evidence from MSD programme results suggests that successful implementation reflects strong underlying processes: building the right team and effective management and emphasising internal learning through a culture that encourages experimentation and adaptability to achieve sustained behaviour changes. However, these skill-sets and organisational capacities are difficult to assess.

Efforts to reconcile these issues have led to complicated contracts built on tools such as results chains. These create additional demands on donors’ scarce and valuable management oversight capacity.

Insights and guidance

This paper offers guiding principles and gives a general orientation to help donors and implementers reconcile the legitimate needs of administrative bureaucracy with the complexities of market system facilitation.

We start by breaking down the procurement of an MSD programme into four discrete stages. Then we suggest tailored guidance and describe short examples of practice at each stage for donors and implementers respectively.

1. Scoping process or preparation phase: where donors decide internally on the broad parameters of the programme they are willing to fund.

2. **Tendering & bidding:** in which a document is developed to communicate the opportunity to implementers. They, in turn, prepare written proposals to communicate their proposed approach, including their costs.
3. **Bid evaluation:** in which donors evaluate and compare the proposals and decide who to award the programme contract to.
4. **Early implementation:** typically an inception phase during which details of initial activities are planned, results measurement framework agreed and oversight relationships are established.

The table below goes into more detail about the underlying challenges and questions faced by donors and implementers at each stage.

Table 1: Different challenges at each stage of the procurement process

Stage	Donor	Implementer
Stage 1: Scoping process & preparation phase (including early market engagement)	<ul style="list-style-type: none"> ● Strategic decisions on the overall focus, intervention instruments, beneficiaries, targets and expectations from a project that fit within donor’s mandate (agency-wide and at a country level). ● Operational decisions about type of procurement, size of budget and organisational model. ● Early market engagement – how to gather information on what might be possible and signal the opportunity 	<ul style="list-style-type: none"> ● Considerations of partner organisations and consortium model: who to align with? Complementary skills sets? ● How much to invest in ‘positioning’ through presence and researching context, players & dynamics ● During early market engagement – tension between sharing ideas with donor and holding onto competitive advantage
Stage 2: Tendering & bidding	<ul style="list-style-type: none"> ● Definition of programme success & key criteria for evaluating bids ● Availability for and transparency of responses to bidder questions / clarifications 	Writing a proposal that balances: <ul style="list-style-type: none"> ● technical and commercial criteria ● international best practice with local expertise, knowledge and networks ● strong existing capacity (including soft skill sets) reflected in CVs with plans to recruit & build capacity locally ● proven project management systems with intangible elements of team culture and adaptive capabilities ● Budget feasibility with donor outcomes expectations
Stage 3: Evaluating bids	Communicating MSD challenges and flexibility needs to non-technical evaluation teams: <ul style="list-style-type: none"> ● How to assess ‘deliverability’ in terms of cost vs ambition and team capacity ● How to evaluate adaptive management skills 	Incentives to respond directly / rigidly to TORs - no incentive to offer ‘alternative’ bids or configurations (i.e. innovate) for fear of non-compliance

	<ul style="list-style-type: none"> • How to interpret vague budget lines and potentially higher core team costs • How to interpret and probe previous implementer experience 	
Stage 4: Inception / early implementation	<ul style="list-style-type: none"> • How to distinguish between acceptable failure and poor performance, and incentivise implementers to share both • How to encourage programmes to maintain high-level goals (objectives, measurement) while allowing flexibility to adapt strategies and interventions • Dealing with turnover of donor personnel and priority shifts from procurement to implementation 	<ul style="list-style-type: none"> • How to communicate with donor - manage expectations, share challenges, avoid surprises, adequately report • How to openly discuss and share risks with donor at sector, intervention and partnership level • Adjusting recruitment and team-building to reflect actual availability of people

Guiding principles for donors

Stage 1: Scoping/preparing an MSD tender:

1. Articulate programme goals and priorities. Consider potential trade-offs between the goals (e.g. gender or environmental objectives that are in tension with inherent features of different sectors) to be able to proactively communicate these tensions to bidders and signal priorities.
2. Assess, time, budget and capacity available for scoping, to inform decisions on the level of detail to be included in the published tender documents.

Decision 1: to hire external consultants vs build internal capacity (note: not all donors are able to hire external consultants)

Decision 2: to specify scope/sectors, type of change desired (e.g. economic transformation vs poverty alleviation) and estimate a realistic outreach ambition - i.e.. number of expected beneficiaries/outcomes including systemic change

- Benefit - avoiding organisations competing on this basis
- Challenge - time/effort/input

3. Consider some of the typical trade-offs¹ between commercial competitive procurement and co-creation procurement, and other high-level design decisions.

¹ The trade-offs here are meant to describe typical situations and will not reflect all donors and all procurement situations. They are not recommendations.

Table 2: Comparing competitive procurement and collaborative co-creation:

	Competitive Procurement	Collaborative Co-creation
Budget/ programme size	Donor dependent, but more commonly applied as size of programme increases	Donor dependent, but more commonly applied in smaller scale programmes
Timelines & delays	Timing depends on relationships with the procurement department and their workload. Procurement rules require certain timelines between writing, publishing and time for organisations to respond.	Front-loading some joint scoping and inception phase activities can extend time to implementation. Can facilitate agreement on some rapid, pilot activities and provide some time for programme ramp-up. Saves time on formal contracting.
Human resources required	Input from front line donor staff often diverted to meeting procedural requirements. More input required from supporting functions (procurement, legal, etc.)	Significant technical input from front line donor programme staff (and/or direct hire advisors) to organise and facilitate co-creation process.
Types of organisations attracted	High cost of commercial bidding limits the number of implementing organisations that can complete. More likely to attract large for-profit contractors and NGOs with expertise and global experience - likely stronger institutional MSD capacity (but not necessarily capacity within the team mobilised). May attract consortium of organisations with different roles - MSD expertise; programme management; country knowledge.	Smaller, local (and some international) NGOs with in-country presence - potential for lower MSD capacity (but not necessarily). May include sub-contracted NGO co-facilitators who need significant capacity building. For-profit contractors may be excluded by procurement rules ² .
Type of risks	Larger budgets create higher expectations for more and better sustainable results. The growing cost of bids are recouped from the financial offers alongside those bids. In order to spend very large budgets, programmes often resort to grant or challenge funds that are by design less facilitative, assuming a lack of finance is a systemic constraint before analysis is completed. International organisations may have limited contextual knowledge, networks and/or local credibility.	Capacity for / exposure to MSD approach can be more limited. Local NGOs may give existing staff priority over recruitment - rather than prioritising skills sets. If the selection is not standardised and transparent this can lead to perceived favouritism and loss of trust in that donor. If selected implementing partners are not evaluated rigorously and held accountable when underperforming, then better implementers might not get a chance for many years.

² Particularly EU procurement rules. This is not a challenge for USAID.

		<p>Implementers may set lower targets and design with a particular solution in mind.</p> <p>Donor is likely perceived as the 'dominant' partner. Potential for micro-management if the donor pushes its own agenda, not taking sufficiently into account the implementing partner's perspective or the context.</p>
Influence of technical considerations & people on selection process	<p>Where transparency requirements are increased, there can be a greater influence of financial and value for money considerations, which can decrease the relative influence of technical factors, especially when those are 'softer' (e.g. leadership, team coherence, adaptive management culture). This challenge is exacerbated when there is limited technical MSD capacity in the evaluation team.</p>	<p>Lower stakes and more collaborative process likely to give greater weight to technical factors when deciding what organisation/programme to fund. Iterative process allows more engagement on technical issues between donor and prospective implementers. Still highly dependent on internal technical MSD capacity.</p>

Example: Commercial Procurement in the PRISMA 2 tender

PRISMA 2 was a second phase of a large-scale and complex MSD programme. The programme scale required a transparent, commercial procurement process that was equally critical in incentivising bidders to challenge the incumbent implementing contractor. Commercial procurement ensured a 'level playing field' for bidders and enabled the donor to guide and prioritise specific technical and managerial challenges facing phase 2.

Example: Co-creation in 2nd phase of the Inclusive Markets project of Swisscontact Bolivia

The first phase of this project was tendered out by SDC and won by Swisscontact. For the second phase, SIDA decided to step in and finance the bigger share without tendering it out, starting a co-creation process with Swisscontact Bolivia. This is an example of a highly collaborative co-creation process where a donor works with a single potential implementing partner for a specific funding opportunity; if the co-creation process is successful (as it was in this case), the partner is hired for implementation.

The following were observed benefits of this single partner co-creation process:

1. More open and honest discussion on feasible targets, even after awarding.
2. Quicker trust-building between donor and implementing partner.
3. Both parties get a better understanding of what they wanted and how to achieve it.
4. As co-creation happens in real-time, the risk of preparing a proposal on the basis of an out-of-date ToR is reduced.

5. Milestones of the project proposal elaboration process are negotiated between donor and implementing partner. This allows for taking into consideration, for instance, individual time constraints, internal quality control processes etc. allowing for resource allocation optimisation of both parties.
6. Overall costs of project design are reduced by (a) reducing cost of external consultants and (b) shifting analysis and diagnosis to the inception phase. By having only one organisation involved, significant effort and resources are saved across other potential competing implementers.

Stage 2: Tendering an MSD programme

1. Be explicit about uncertainty and expected adaptation

- Acknowledge what is not known and/or inherently dynamic in advance - and write this into the tendering document as an expected outcome of the inception phase
- Prioritise process development, explicit technical risk management identification and mitigation methods, and offeror capacity (through past performance) in managing for uncertainty and expected adaptation

Example: Anticipating adaptation in a tender document: DFID Tanzania - Urban Jobs

The Dar es Salaam Urban Jobs programme underwent an extensive inception process before its transition to implementation. Whilst the donor provided a 'long-list' of potential sectors in the scoping document and estimates of the numbers of unemployed/underemployed it wished to benefit with the allocated budget, the form and nature of those benefits was left for definition and finalisation during inception. As a consequence, specific targets and Logframe milestones were subject to refinement until the end of Inception where they were agreed between donor and implementer.

2. Defining criteria that can meaningfully differentiate

- Past experience and performance managing sustainable change (hard evidence and/or references)
 - Systems and processes for programme management & learning and demonstration of how these will be cost-effectively deployed
 - Sustainability indicators (from ex-post evaluations or embedded M&E systems)
- Team, skill, competence and diversity- including identification of 'soft skills' required and plan for recruiting and evaluating these
 - Recognise that not every position needs to be filled at the proposal stage. It is realistic for some positions to be placeholders, with meaningful recruitment to happen once programmes are awarded
- Approach to team management and capacity building including culture and inclusivity approach

- Approach to Monitoring and Results Measurement (MRM) - maintaining tight feedback loops to inform timely decision-making
- Consortium roles and relevance - distinctive strengths and complementary skill sets (avoid multiple organisations with similar profiles)
 - Is the rationale for including a consortium partner duly reflected in their designated role, responsibilities and level of authority?
 - Do these organisations have prior experience working together, or plans for building inter-organisational relationships?

Example: Using Guiding Principles in USAID

Often in the development of MSD programme procurements, USAID includes a series of guiding principles to be incorporated in the proposal. These principles identify the donor’s priorities in what they value in a proposal without necessarily being the goal/outcome/objective of the proposal.

USAID/Honduras’s Transforming Market Systems Activity solicitation identified five guiding principles for offerors to consider during proposal development:

1. Focus on systemic changes
2. Facilitating change through local systems
3. Focus on results
4. Apply Collaborative Learning and Adaptive management approaches
5. Active social inclusion

Proposal technical evaluation criteria included the extent to which the proposed technical approach integrated guiding principles.

Stage 3: Evaluating MSD bids / proposals

1. Team composition for evaluation
 - Include independent MSD experts to support evaluators to ‘know what to be looking for’ (where allowable)
 - Leave key personnel at a minimum to see if offeror understands enough of what donor is looking for to identify appropriate key personnel
2. Include interactive components (interviews, presentation, and scenarios) where possible
 - Assess competence and team relationships
 - Field visits with implementing teams (where possible)
 - See BEAM Exchange resources and guidance on using the [MSD competency framework](#) for the hiring and recruitment of MSD staff. These can be adapted by evaluation teams to assess key personnel (i.e. team leader, M&E specialist etc.)

Stage 4: Early implementation of an MSD programme

1. Relationship building:
 - Propose frank discussions of types of risk and acceptable thresholds
 - Communicate openly about the donor pressures, incentives and context - so programme leadership understands where donor is coming from
 - Come to mutual agreement on early markers of progress
2. What to ask for and evaluate in first year:
 - Opportunity to attend in-person training sessions on MSD
 - Updates to programme's evolving understanding of system & context
 - Updates on programme team formation and relationships building
 - Examples of failed partnerships, interventions or updated assumptions. Look for opportunities to observe internal quarterly review meetings to understand internal decisions and debates.
 - Meetings with all programme partners (not just lead organisations)
3. What to avoid in the first year:
 - Do not press for outputs or outcomes too early
 - Do not demand rigid adherence to budget categories – instead look to incorporate flexibility in categories used based on a given criterion
 - Do not be drawn into micro-level decision making (e.g. workshop expenditures). Instead look for opportunities to participate in strategic decision-making such as when to add or drop partners or sectors.

Guiding principles for implementers

Stage 1: Preparing to respond to a tender

1. Focus on the team. Consider the individual and team skills needed for a quality MSD programme (many, if not most, are not sector-specific). What are those skills and where can they be found and secured for your bid and, as needed, what might be the inception training needs to complete those skills sets? Emphasise diversity of team composition along multiple dimensions: gender, race, academic background; and strategies for developing an inclusive team culture focused on learning.
2. Focus on team leadership. This is potentially the biggest bottleneck for MSD implementers. Long, technical CVs do not equate to good MSD leaders; what are the skills sets you are looking for? How can you assess these yourselves before they are put forward to the donor? Consider the role of team leaders in setting and building a culture for learning, systems thinking and creating inclusive environments for diverse teams to learn to work together.

3. Focus pre-bid research on understanding and gauging the incentives and capacities of market players. Conventionally implementers mine market player consultations to demonstrate how well they understand the context and the prevailing constraints in the market. Very often subsequent diagnostics will pinpoint player capacity/incentives - a more credible tender therefore explores this and implications for intervention considerations.
4. Map out other initiatives in the system - not simply to list them, but rather to assess their alignment with systems thinking and sustainability to flag those aligned and those posing a risk to the project under tender.

Stage 2: Writing proposals

1. Strength of consortium members – argue for the coherence of consortium partnerships in terms of specific roles, responsibilities and authority; strengths; value addition; as well as history of relationships between organisations (and key individuals).
2. Project management ability - include proof or track record of adaptive management. Emphasise what ‘adaptive management’ means in practice and how information, management and decision-making procedures proposed will deliver that ‘adaptiveness’.
3. Projecting numbers and targets - focus on quantifying the numbers of potential beneficiaries within a system and providing best and worst-case scenarios for impact depending on ‘success’ in changing the system compared to ‘failure’ in terms of temporary/single partner changes. Consider what’s been written about the adoption curve of first movers, early adopters and early majority - the latter being the real test of scale and system-wide change. What proportion of market players would need to adopt to reach these levels of response...and what are the risks for reaching those levels?
4. Rationale for budget envelopes - consider describing the process by which budgets will be managed and proposals for triggering decision-making for pivoting between interventions in the portfolio and thus reallocating budgets.
5. Explain the portfolio approach - how the programme will manage risks by operating in multiple sectors, with multiple partners in each sector, and multiple interventions per partner. This allows for failure at multiple levels without risking the entire programme’s ability to meet its objectives.
6. Theories of change need to be underpinned by the current evidence base and how it will (and won’t) change. This is more credible when supported by description of a clear and structured process for ToC review and development.
7. Understanding of context/system (e.g. system mapping)
8. Understanding of key systems players and their capacities and incentives to change

Stage 3: During in-person evaluations

1. Saying 'we don't yet know' is less damaging than implementers think when backed up by 'but this is how we'll go about filling that info gap during inception'. This sets the stage and emphasises adaptive management of the programme. It opens up opportunities for dialogue and hence a more open and objective assessment of your capacities and better relationship building.
2. Consider strongly highlighting your organisational structure and its ability to recruit and retain personnel, external support and partnerships. This can include incentives (financial and non-financial) for staff retention and promotion.

Stage 4: Early implementation

Use adaptive management to drive learning that informs decision-making - demonstrate the link.

1. Communication - create donor 'ownership' in the way you would with market partners by communicating regularly and effectively in a targeted way to manage expectations
2. Relationship building & trust - often something that starts during the diagnostic process - hence importance of the in-house team being actively engaged and leading that diagnostic process rather than outsourcing it to temporary service providers
3. Plan for updating Theory of Change and results chains at appropriate levels
4. Clarification on goals and objectives and the process for achieving them

Conclusions, and relevance of the other papers in this series

The recommendations for donors and implementers in this, the second paper in the **MSD Procurement Series**, are intended to help both types of organisations work together to develop strong MSD programmes based on a foundation of trust. It builds on the first paper, [Decisive structures](#), which looks at the choice of procurement mechanisms and their implications.

In practice, many of the people who are active in the procurement process may not be involved in the actual implementation. This leads to the topic of the third paper, [Getting off the ground](#). This paper deals, from an implementer perspective, with the immediate challenges of building a team, responding to pressure for quick wins, and starting to engage market actors prior to all administrative and financial systems being fully operational.

The fourth and final paper is [Fit for business](#). It addresses the relationship between technical MSD programme staff and their operations, finance and procurement counterparts. Similar to the need articulated in this paper for donors and implementers to understand each other's challenges and constraints, the fourth paper helps build understanding between different roles within a programme team, and between that team and an implementer's head office.