

# E-TRANSFER PROCUREMENT LEARNING AND GOOD PRACTICES

## BACKGROUND AND INTRODUCTION

Humanitarian agencies have increased their use of cash transfers and related distribution technologies. Yet, most rely largely on procurement and contracting processes designed for goods and professional services. An ELAN survey of humanitarian operations staff and e-transfer providers indicated general dissatisfaction with e-transfer procurement processes among both groups:

- Among **e-transfer providers**, six of seven found humanitarian procurement processes<sup>1</sup> more difficult than other industries’.

Respondents highlighted that humanitarian agencies’ technical and selection criteria were often unclear. They also noted that humanitarians were overly prescriptive in product requirements (rather than approaching technology providers to creatively solve program challenges). They reported frustration with lengthy preparedness processes (such as tenders for pre-positioning) that rarely result in use of their products and services.

- Among **humanitarian operations staff**, two of five found e-transfer procurement to be more difficult than other types of procurement.

Humanitarians find it difficult to keep current with and assess rapidly developing technology. They also reported challenges in balancing quality and rigor in e-transfer procurements, while maintaining the ability to maximize the possibilities of new technology options. At the same time, humanitarian agencies reported having trouble getting comparable quotes and faced internal challenges with contracting processes.

## WORKSHOP INSIGHTS AND RECOMMENDATIONS

In response to these challenges, the ELAN held a day-long workshop in September 2016, bringing together 16 representatives from seven humanitarian agencies<sup>2</sup> and 10 representatives from seven financial service providers (FSPs). The workshop traced the procurement process, identified priority challenge areas, and developed recommendations. Key insights and recommendations from this workshop include:

### 1. Challenge: Finding business opportunities. Stage: 3 (see figure 1)

Many private sector attendees reported difficulty or delays locating information about business opportunities and requirements for humanitarian programs. Humanitarians expressed doubt that they were receiving quotes from all the companies well-suited to support their programs. Multiple private sector attendees highlighted the need for a list

<sup>1</sup> Note that this report uses the term “tender” or “procurement process” as shorthand for any type of procurement or solicitation process used to identify and select products and services. This may include Expressions of Interest (EoIs), Requests for Applications (RFAs) and/or Requests for Proposals (RFPs).

<sup>2</sup> Humanitarian participants included representatives from programs, logistics, legal and technology for development teams.

of key websites used to post humanitarian tenders. Ideally, participants would like to see these tenders available on a single, clear platform and posted in an identical format to encourage efficiencies.

**RECOMMENDATIONS:** Currently, tenders may be shared using sites like [Reliefweb](#), the [Inter-Agency Procurement Group](#), on agencies' own websites, and by email to known providers. The [ELAN Cash Catalog](#) can help NGOs identify and connect with potential partners and services.

In the **near term**, ELAN recommends that humanitarian agencies post all e-transfer tenders to Reliefweb and the Inter-Agency Procurement Group, and that service providers subscribe to these services. In the **longer term**, humanitarian organizations should post tenders to a single central location to help private sector companies identify business opportunities and increase tender response rates. ELAN will work with the Cash Learning Partnership (CaLP) and the broader community of practice to identify a predictable solution for centralizing and advertising tenders.

(See also Challenge: number 3 below, which offers complementary recommendations on harmonizing formatting).

## 2. Challenge: Improving tender clarity and process. Stages: ① & ② (see figure 1)

Closely related to the previous challenge, humanitarian participants noted that their tender processes frequently do not yield the expected volume and quality of responses to result in successful contracts.

During the workshop, teams reviewed several recently-issued tenders for e-transfer services. In several cases, FSP and humanitarian reviewers determined that the selected formats did not fully correspond with the tender objective. Participants identified that different types of information and processes for gathering it were needed to meet varied objectives during the program cycle. (e.g. a program may need to begin by casting

a wide net to learn about all possible solutions and their constraints. Later on, the same program may be more focused on securing the best product based on this better understanding of available technology and context, and with more program details established.) In the information-gathering stages, ongoing dialogue between humanitarians and providers is essential to build understanding of what products are available and suitable for a given context. Communication between suppliers and contracting organizations is, however, typically limited and regulated in competitive procurement processes.

The tension between format and objective became clear in the review of several tender documents; some were formatted more as wish lists, without clear prioritization of program requirements and aims matched to product specifications and service capacity. Others were clearly designed for in-kind procurements and included irrelevant or confusing clauses.

### RECOMMENDATIONS:

**Information-gathering:** Use the right information gathering tool for the goal, which may be a tender for a competitive procurement process or a market survey, Expression of Interest (EOI) or Request for Information (RFI) to gather more general information about possible partners. Most humanitarian agencies' procurement departments have tools (whether market survey, EOIs, or RFIs) to help with information gathering prior to, or in lieu of, a competitive procurement process.

**Engage external support to draft tenders:** Private sector participants noted that drafting e-transfer tenders is a specialized skill that often benefits from outside expertise. Humanitarian agencies may want to consider seeking support from industry specialists to ensure they craft tender specifications that are understood in the same way by private sector respondents as issuing agencies.

**Clearly specify selection factors and tender timeline:** Tender reviewers recommended clarifying essential versus desirable selection criteria to help providers evaluate their products against the requesting

organization's requirements. Providers also expressed appreciation for additional program and context details when considering how their products and services can be used.

In addition, humanitarian organizations often take months to develop solicitations, process responses, and move to contracting. In contrast, companies are usually given only a few weeks to respond to in-depth questions about their offerings. Better responses can result when humanitarians explain the process and tender timeline to potential partners. Providers also noted that they would be able to provide stronger responses if they had 4-6 weeks over which to respond, though standardized tender and response materials could speed the process (see Challenge: Tender formatting below).

### 3. Challenge: Tender formatting. Stages: 2 & 3 (see figure 1)

Each humanitarian organization has distinct internal formats for procurement processes, most of which are derived from goods procurements and include items irrelevant to cash programming. However, as one participant remarked, e-transfer services are almost 90 percent identical despite organizations' emphasis on their custom needs. Providers requested more standardization in the procurement formats from humanitarians, particularly the response formats requested of providers. A working group elaborated a first draft of a potential common template (Annex 1) that can be further revised by procurement staff of various agencies to increase the quality, comparability, and speed of responses. CaLP plans to identify common standards for tenders as part of their work on cash transfer programming standards and will incorporate the work started by this working group.

**RECOMMENDATIONS:** Based on the prototype in Annex 1, develop a new common format that agencies can adopt or adapt in order to streamline procurement processes. Before broader agreement is reached on this format, humanitarian agencies can consider this prototype against

their current formats and work with their procurement departments to integrate relevant parts or make other adjustments.

### 4. Challenge: Product categories and shared terminology.

Stages: 1 to 6 (especially 2, 3 & 5) (see figure 1)

The workshop revealed terminology differences between humanitarian and private sector partners that complicate the procurement process. As an example, for humanitarians, "compliance" refers to donor requirements; whereas, for private sector partners, "compliance" typically relates to national and international legal regulations.

**RECOMMENDATIONS:** Humanitarians and private sector partners should ensure that procurement processes and responses clarify important terms to establish common understanding. Annex 2 provides a brief glossary of e-transfer vocabulary and usage, including terms particularly useful in e-transfer contracting.

## NEXT STEPS

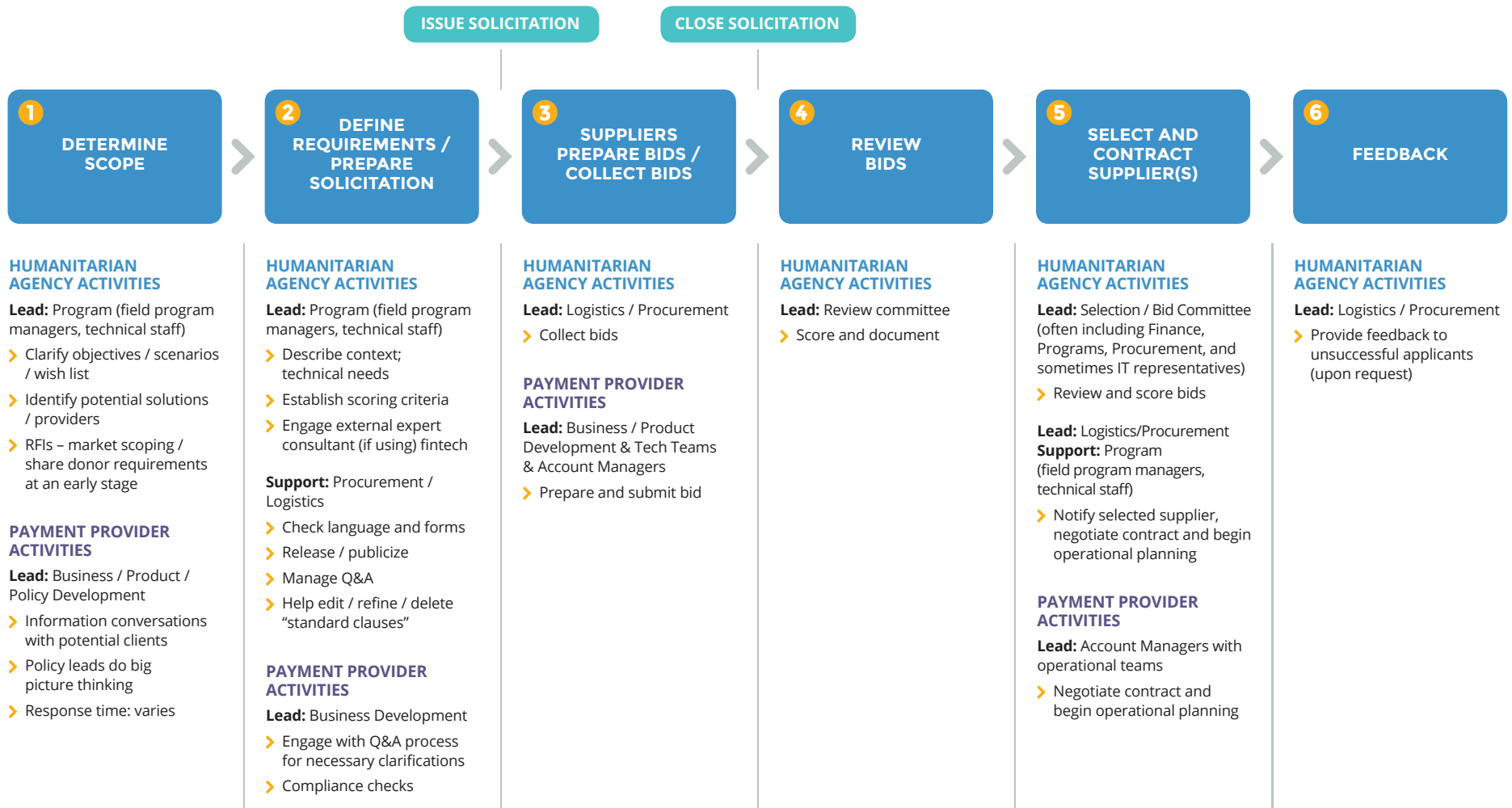
The workshop was an initial conversation spanning agencies and specialties. Additional refinement of agency and common tools and practices can help respond to the challenges highlighted here. Humanitarian agencies can prioritize defining roles and responsibilities between their program, logistics, procurement and finance teams where these are not already established (see figure 1). Additional information on operational support for cash transfer programs is under development by the Fritz Institute, in collaboration with CaLP.

## ANNEXES:

1: PROTOTYPE TENDER FORMAT

2: ELAN TERMINOLOGY LIST

## FIGURE 1: HUMANITARIAN PROCUREMENT PROCESS



Note: Stages and activities may vary depending on: value of contract; team composition; organization size / structure and other factors.