

# Challenges during the procurement cycle that procurement officers face in humanitarian organisations

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**Abstract.** Procurement is a significant part of humanitarian logistics as it is how to buy all the items and services needed in the humanitarian field. Procurement includes several stages that permit the humanitarian organisation to obtain the contractually required items in the correct quantity and quality at the right place. However, procurement officers in humanitarian organisations face challenges in each stage of the procurement cycle. Such challenges include the diversity of the technical specifications, the time-consuming nature of the bidding processes and the unstable demand for the goods needed. The authors conducted online interviews with experienced procurement officers to understand their challenges and tried to find ways to overcome them. The research results highlighted that some ways to overcome challenges when procuring goods for the humanitarian field are to define technical specifications and selection criteria and use experienced personnel to evaluate the bidding documents. When long-term agreements are signed with suppliers, humanitarian organisations should never forget that some suppliers might not be able to deliver the contractual items on time, meaning that they have to find alternative solutions apart from imposing penalties on them.

**Keywords:** Bidding, Challenges, Humanitarian Operations, Procurement, Suppliers

## 1 Introduction

Procurement is much more challenging in humanitarian operations as organisations face several challenges. More precisely, they must cope with funding constraints, cultural sensitivity, limited knowledge of actual demand, and time constraints. The research paper aims to answer the following two research questions:

- What challenges do procurement officers face in each of the main stages of the procurement process?
- What can be done to overcome the challenges that procurement officers have to cope with?

The research paper is structured as follows. Section 2 presents recent literature on procurement in the humanitarian field. Section 3 explains the conceptual model conceived by the authors to answer the research questions. Section 4 describes the methodology applied and how the primary data were collected. Section 5 demonstrates the research results. In Section 6, the authors discuss the findings and critically review them; Section 7 presents the limitations of the research project, and the authors conclude in Section eight.

## 2 Literature review

According to Ertem et al. (2010), procurement is critical in humanitarian relief operations as pre-positioned inventory and donations do not meet the demand caused by the disaster. Moreover, procurement activities are also important as they account for 65% of humanitarian organisations' expenditures (Falasca & Zobel, 2011). The lack of inventory to meet the demand, longer lead times, competition for equivalent relief items between the buyers, and the low quality of the items purchased are among the problems that humanitarian organisations have to cope with in the procurement activities (Duran et al., 2013; Bagchi et al., 2011). The distinct nature of procurement

coordination mechanisms, the sources of supplies, and the relief items that need to be purchased during the response and preparedness phase make the procurement cycle more challenging in humanitarian operations (Ertem & Buyurgan, 2013). Funding is another challenge, as large donors have curtailed their humanitarian spending (GHA, 2019). The procurement cycle stages are presented in brief as follows.

### **2.1 Items specification (1<sup>st</sup> stage)**

In this stage, humanitarian organisations define all the items needed to cover the needs in the field. More precisely, they have to define the technical specifications of the items required and estimate the quantity needed and the price of each item needed.

### **2.2 Sourcing the suppliers (2<sup>nd</sup> stage)**

They also have to define the criteria that must be met by the potential suppliers that want to participate in the bidding process. Another critical issue is determining how the offers will be evaluated (i.e., the lowest financial offer or the most advantageous offer).

### **2.3 International tender (3<sup>rd</sup> stage)**

Conducting an international tender is the best way to get the right products at the best price. However, it is a complex and time-consuming process as the evaluation committee has to check thoroughly all the bidding documents submitted by the suppliers. In several cases, they have to provide a sample of the items they offer to be evaluated if they meet the technical specifications defined in the initial stage.

### **2.4 Long-term agreements signed (4<sup>th</sup> stage)**

After the international tenders, the humanitarian organisations sign long-term agreements with the suppliers and mutually agree to follow the terms and conditions defined. The supplier has to provide the items in the proper quantity and quality at the right place and the predefined fixed price. On the other side, the humanitarian organisation has to pay the supplier according to the contract's terms.

### **2.5 Placing purchase orders (5<sup>th</sup> stage)**

When humanitarian organisations need contractual items, they place a purchase order to the suppliers. The purchase order defines the quantity of the products, the place of the delivery according to the International Commercial terms and the value of the purchase order.

### **2.6 Quality control (6<sup>th</sup> stage)**

During this stage, humanitarian organisations check the contractual items delivered to verify if they meet the technical specifications defined in the first phase and sign the quantitative and qualitative acceptance protocols.

## **3 Conceptual Framework**

The authors formulated a conceptual framework, illustrated in Figure 1, to visualise the main ideas under research and guide their investigation. As shown in the Figure above, factors affect procurement officers in humanitarian organisations during the procurement cycle.

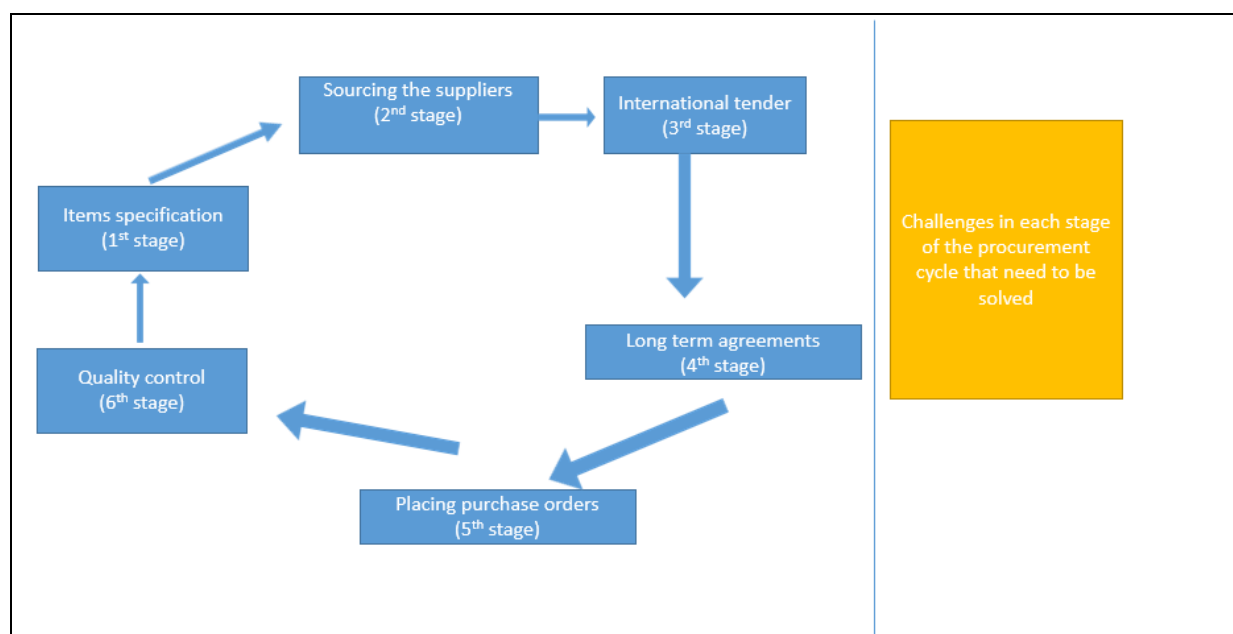


Figure 1. Conceptual framework conceived by the authors.

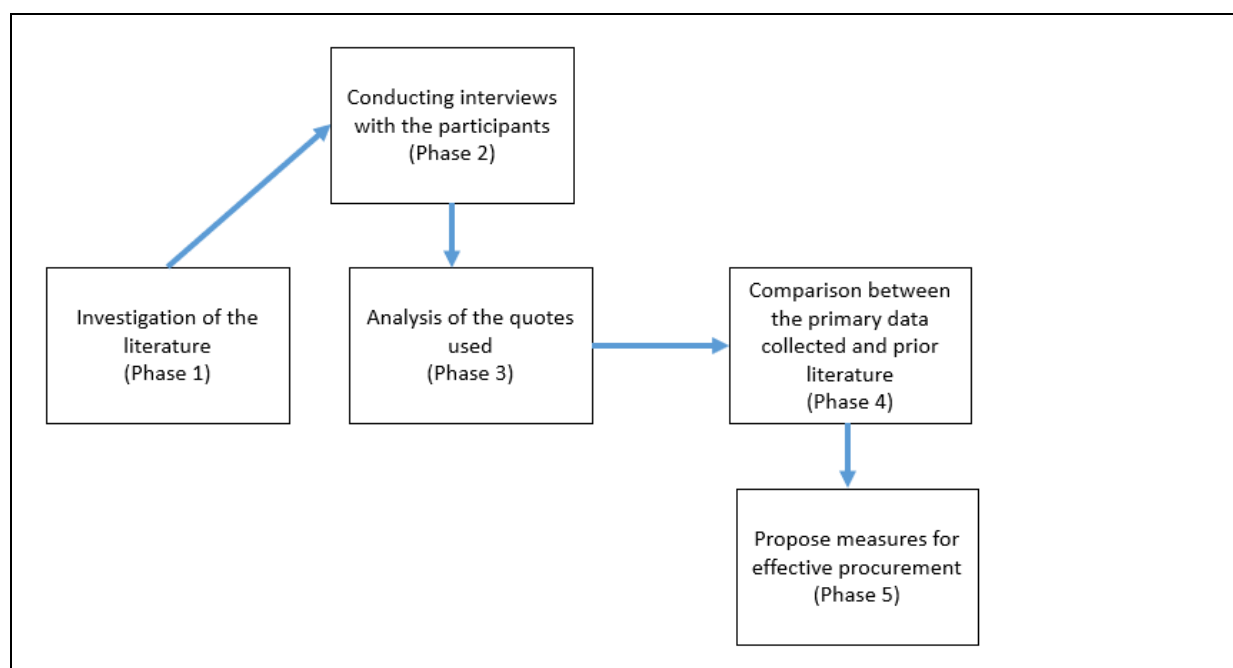
#### 4 Data/Methodology

The authors conducted semi-structured interviews with procurement experts to gather primary data. All the interviews were conducted online, which provided flexibility, low cost, voice recording and wide geographical coverage to the authors and the participants. Anonymity was provided to the interviewees, and the participants were informed that they could withdraw from the interview or avoid answering questions that made them feel uncomfortable. The research is descriptive, as the authors tried to demonstrate the challenges that public procurement officers have to cope with during each stage of the procurement process. Peer-reviewed academic papers published in electronic journals were used to collect secondary data. The authors' educational and working background in logistics, procurement processes and supply chain management was beneficial to understand the field and communicate effectively with the participants. Before commencing the interviews, the authors formulated the questions in Table 1. These questions helped the authors prepare the research and inform the participants how they would support the author in the research project.

Table 1. Questions formulated as part of the authors' research strategy

Question No	Description
No1	How many years of working experience do you have?
No2	What is your role in the procurement process?
No3	For each stage of the procurement process, please define the main challenges.
No4	What measures can be implemented to overcome the potential challenges in each stage?

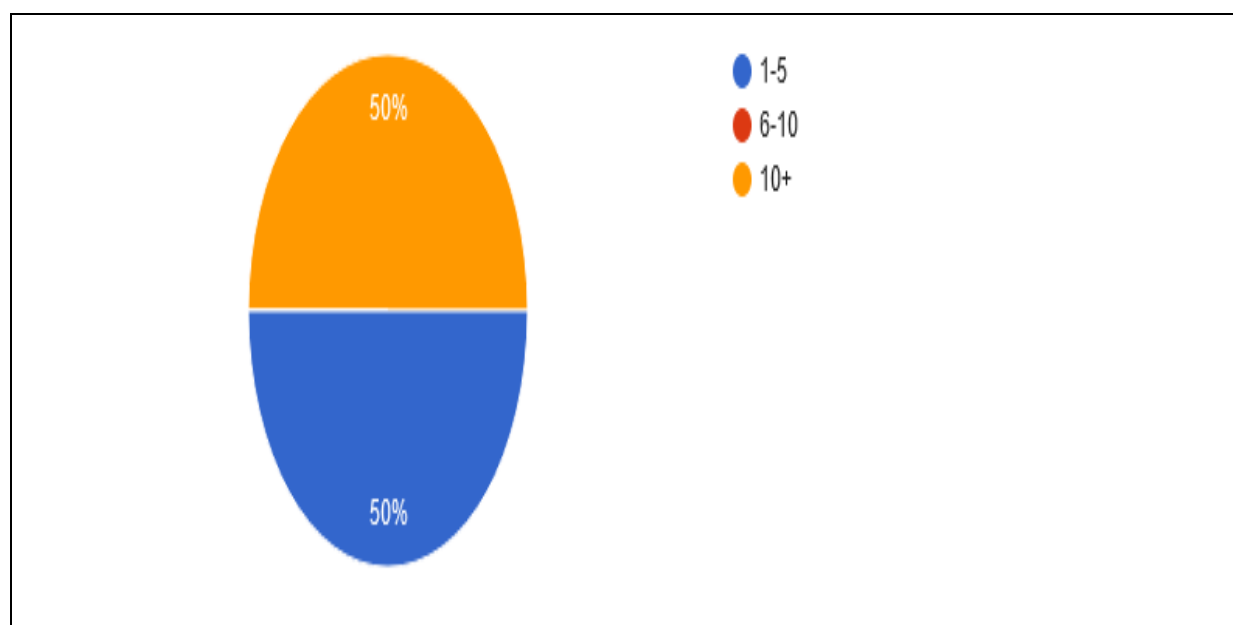
The authors intended and asked the participants to discuss in a group; however, none agreed with that suggestion.



**Figure 2.** Data collection process

## 5 Results/Findings

As illustrated in Figure 3, half of them have more than ten years of experience in procurement processes. The rest have less than 5 years of experience in the same sectors.



**Figure 3.** Years of working experience

The primary quotations of the participants related to the research questions are presented in Table 1.

**Table 1.** Quotations retrieved from the participants in the research

Main Challenges	Participant	Significant quotes from the participants
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1 <sup>st</sup> stage	X1	<i>“It is difficult to define the quantity of the products needed because you do not know when the disaster will strike and the consequences.”</i>
	X2	<i>“Technical specifications are always an issue as we need the best quality products that can be supplied from many contractors.”</i>
	X3	<i>“Technical specifications need to be updated because needs are changing, and we need sustainable solutions.”</i>
2 <sup>nd</sup> stage	X4	<i>“All the criteria need to be defined precisely to be understood by all the suppliers that want to participate in the bidding process.”</i>
	X1	<i>“It takes much time.”</i>
	X2	<i>“All the documents submitted need to be checked thoroughly”.</i>
3 <sup>rd</sup> stage	X3	<i>“If the evaluation committee fails to check them thoroughly, the bidding process might take longer than usual.”</i>
	X2	<i>“There is always the possibility that the chosen supplier will not sign the long-term agreement for several reasons.”</i>
4 <sup>th</sup> stage	X3	<i>“Signing the contract seems to be easy as before starting the bidding process, the suppliers know the general terms and conditions of the long-term agreement”.</i>
	X4	<i>“It is the final stage of the contract award. Then the stage of the contract execution begins. It is a defined process”.</i>
5 <sup>th</sup> stage	X1	<i>“As long as you have the funds, you place the purchase orders.”</i>
	X2	<i>“It is a common issue that the supplier responds to the purchase order with a confirmation. The problems start when you receive an e-mail stating that the contractual items cannot be delivered on time.”</i>
6 <sup>th</sup> stage	X1	<i>“Sometimes the contractual items delivered do not meet the predefined technical specifications”.</i>
	X2	<i>“Items are not delivered on time. Then we have to impose penalties for late delivery”.</i>
	X3	<i>“Suppliers demand the contractual items be rechecked to see if they meet the technical specifications. This takes more time.”</i>
	X4	<i>“It is a nightmare if the contractual items delivered do not fit us. This means that we have to buy them from somewhere else.”</i>

Regarding what can be done to solve the problems in each procurement process, the participants voiced the views presented in Table 2.

**Table 2.** What can be done to solve the problems

Solutions	Participant	Significant quotes from the participants
1 <sup>st</sup> stage	X1	<i>“Define clearly the technical specifications.”</i>
	X2	<i>“Try to facilitate the participation of the highest amount of suppliers in the bidding process.”</i>
	X3	<i>“Always provide the clarifications asked from the potential suppliers.”</i>
2 <sup>nd</sup> stage	X4	<i>“Define clearly the documents that need to be submitted by the suppliers”</i>
	X1	<i>“The evaluation committee should be experienced.”</i>
	X2	<i>“If clarifications are needed from the suppliers, the evaluation committee should ask them to give them”.</i>
3 <sup>rd</sup> stage	X3	<i>“All the procedures should be conducted according to the contract notice.”</i>

4 <sup>th</sup> stage	X2	<i>“In case the chosen supplier does not wish to sign the long-term agreement, then the organisation has to find an alternative solution to procure the products needed.”</i>
5 <sup>th</sup> stage	X1	<i>“Funding is always a problem. That is why you must place purchase orders only on items needed.”</i>
	X2	<i>“If the supplier declares that the contractual items are not delivered on time, then you must find an alternative supplier to cover your urgent needs.”</i>
6 <sup>th</sup> stage	X1	<i>“You have to ask the supplier to replace them on time.”</i>
	X2	<i>“When penalties are imposed, the supplier is always reluctant to participate again in a future contract award”.</i>
	X3	<i>“Some contractual items, because of their nature, should be sent to the proper laboratory to check if they meet the technical specifications.”</i>
	X4	<i>“It is a common issue that is why you must define the proper selection criteria in the second stage of the procurement process.”</i>

## 6 Discussion

Concerning the 1<sup>st</sup> research question, the procurement experts highlighted that defining the quantity of the products needed is a significant issue that complies with the findings of previous research (Duran et al., 2013; Bagchi et al., 2011). To the author’s knowledge, no prior research has highlighted the challenge that technical specifications need to be updated regularly. The interviewees probably expressed this view based on their experience that needs to evolve and innovative products are produced to cover the beneficiaries’ needs. Another major challenge is that procurement activities are time-consuming. The procurement authorities spend much time evaluating the documents submitted by the suppliers to choose the best financial offer that complies with the selection criteria. It was also highlighted that problems start when the products and services delivered by the suppliers do not meet the needs. The interviewees probably wanted to express their stress as they have spent much time without getting the desired products and services. Funding was mentioned as another challenge in humanitarian procurement activities, aligning with prior research findings (GHA, 2019).

Concerning the second research question, the interviewees mentioned that the procurement authorities must define the technical specifications of the products and services needed and define the selection criteria to facilitate the participation of numerous suppliers. That way, the competition increases, and the authorities buy the required products at the best price. It was also highlighted that the evaluation committee members during the bidding process must be qualified and experienced to evaluate according to the contract notice. In this way, the time-consuming nature of the procurement activities minimises. According to the author’s experience, two problems arise when the contractual items are not delivered according to the contract. The first is finding an alternative way to procure the products needed on time that will cover the needs in the humanitarian field. The second is that the procurement authority has to impose penalties on the suppliers as the contract has not been performed according to the agreed-upon terms and conditions. Concerning the funding constraints, the interviewees proposed to place purchase orders only when items are needed.

## 7 Limitations

The authors did not gather quantitative data; However, the research paper aimed to highlight the problems in the procurement cycle and propose ways to overcome them. Thus, the authors decided to use only qualitative data. Another limitation related to the secondary data was that only scientific papers published in English were used to present the literature review on the topic under research.

## 8 Conclusions

The authors conducted online interviews with experienced procurement officers working in humanitarian organisations to highlight the challenges they face in each stage of the procurement cycle. The participants expressed that each step has challenges, such as the diversity of the items’ technical specifications, the selection

criteria and the time-consuming nature of the bidding process. To overcome such challenges, the selection criteria and all the technical requirements should be defined explicitly to facilitate the participation of many suppliers. During the execution of the contract and after placing a purchase order, humanitarian organisations should thoroughly check the contractual items needed to fulfil the terms and conditions agreed between the parties.

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