

Step 5

Selecting a Provider


KEY QUESTIONS

What to look for when selecting a service provider? How to ensure the selected service provider is a committed partner?

WHAT YOU WILL LEARN

In this step, you are introduced to the key factors to keep in mind throughout the service provider procurement process. The tool for this step includes a sample request for proposal template and detailed questions to ask service providers during the selection process.

- Tool 1: [Service Provider Capacity Assessment](#)

 Watch a tutorial on [Tool 1](#)



Step Read Time: 5 minutes
Tool Read Time: 7 minutes



Budget Category: Labor
Phase: Start Up



Who:
Finance Staff, Legal, Procurement or Contracts Staff,
Senior Leadership

When selecting a service provider, both pricing and functionality should be evaluated, as well as the provider's compliance with the relevant regulatory requirements and new U.S. Government restrictions on certain technologies (see the call out box at the end of this step for more information). There should also be alignment between the IP and

service provider on timelines, approach and outcomes. At this stage IPs should consider the potential for a joint procurement/demand aggregation with other IPs that could produce better terms for themselves and payees (USAID IPs successfully did this in Rwanda; check out the case study on [page 19](#)). Though selecting a provider does require a certain

amount of diligence, fear not! The tools accompanying this step will guide you through this process and ensure you have the level of confidence needed to select the best service provider for your program.

In recognition that humanitarian and development cash transfers are often a

deviation from digital payment service providers' normal business model, it is often necessary for IPs to help service providers understand the opportunity (take a look at [the International Rescue Committee's report on the business case for expanding humanitarian digital payments](#)). By including information in your RFP around the number of payees, the average value of payments, frequency of payments, project duration and geographies of focus, service providers will be in a better position to respond to your RFP.

While efficiency, pricing and terms are important considerations during your selection process, it is equally as important to ensure your service provider selection is in line with USAID's broader goal of achieving safe, inclusive and reliable digital ecosystems in the spirit of self-reliance. The Service Provider Capacity Assessment Tool will shed light on technological infrastructure such as the type, agility and rigor of the payment platform. The assessment should also be used to understand the service providers' footprint in your geographies of focus. To the right are key specifications to consider when selecting a service provider:

It will also be important to evaluate aspects such as the level of thoroughness, accuracy and timeliness the service provider

KEY SPECIFICATIONS	DESCRIPTION
Transaction Tracking Capabilities	Details on how transactions are pre-verified before payment and the information provided to the payer once payments are made. Ask for a sample transaction statement.
Registration and Know Your Customer (KYC) Requirements (Corporate Account)	List of requirements for [organization] to activate an account with the service. For more information on KYC requirements, check out some reports here and here .
Account balance and transaction volume limitations (Corporate Account)	Details on transaction limits, including limits on the value of payments an organization can send to a single recipient in one day and limits on the volume of transactions an organization can send in one day.
User Authorization	Ability to assign different user authorities within the system (i.e. maker, checker, processor).
Interoperability	Platform interoperability with other payment platforms to ensure compatibility with other DFS payment options the payees may be using. For more information on interoperability, check out some reports here and here .
Pricing	Detailed pricing matrix for transactions.
Data Storage	Ability to store recipient data on the payment platform to avoid uploading names every time a payment is made.
CICO Liquidity Controls	Details on liquidity management at the cash in/cash out access points (agents). For more information on CICO networks, see resources here and here .
Data Security	Process and policies for ensuring the privacy and security of data involving the transactional history (see Step 10).
Data Privacy & Security	Processes and policies for ensuring security and privacy of payee data (see Step 10).
Data Integration	Details on how the service provider's digital payment data records can integrate with your organization's management and information system.

demonstrate when faced with time-bound requests. This will give you an idea of how responsive the provider will be if selected and how it will manage troubleshooting and response times. This could include having a dedicated point person for your account and the availability of key staff, especially in the field. Also assess the level of commitment of the service provider in building out the DFS acceptance ecosystem (i.e. financial access and merchant points). This could include

discussions about how pricing, service delivery etc. will change as payment values, volumes and geographic coverage increase. While a service provider may indicate adequate agent penetration and reliable liquidity in the communities of focus in response to your RFP, you should consider revisiting the tools in **Step 2** (Guide to Digital Payments Market Assessment and Digital Payment Enabling Factors) to verify that the local digital payment ecosystem does indeed have the capacity to

handle the anticipated volumes and values. IPs working in areas vulnerable to shocks (e.g. natural disasters, monetary issues, insecurity, etc.) should also consider and assess service providers' capacity to adapt in these circumstances. Take a look at the [Cash Transfer Resilience Tool](#), which helps assess this risk. Make sure you also keep in mind the [Mobile Money Assessment and Contracting Guide](#), supported by USAID, and the new Section 889 restrictions on certain technologies.

USAID FUNDED



CASE STUDY

JOINT PROCUREMENT

In 2016, USAID partnered with NetHope and Strategic Impact Advisors to train over 30 USAID

IPs in Rwanda on transitioning to digital payments, where only 6% of IPs were using digital payments in their programs. Ten IPs issued a joint request for proposals, helping to aggregate demand for similar digital payment services. This resulted in a strong response with some providers reducing pricing by up to 80%. The ten IPs who were part of the joint procurement then successfully signed contracts with providers, some selecting the provider that offered better pricing terms as a result of the joint procurement. The IPs transacted over \$1 million in value through mobile money in the 18 months after the training was conducted. The Rwandan example highlights how IPs can leverage their shared demand to negotiate better terms and rates from service providers.



EVOLVING POLICY CONSIDERATIONS

USAID IPs implementing digital payments should ensure that technologies employed provide a secure and resilient IT infrastructure, with a focus on identifying and avoiding insecure technologies that may allow surveillance that would pose a threat to the right to privacy or be vulnerable to external, state-based and misaligned actors.

USAID IPs should be aware that USAID awards have requirements regarding the procurement of IT. For instance, under 52.204-25 Prohibition on Contracting for Certain Telecommunications and Video Surveillance Services or Equipment, the Government cannot fund telecommunications equipment, system, or service from certain prohibited sources, including Huawei Technologies Company, ZTE Corporation, Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities). This list may change.

USAID IPs that are currently using, or wish to procure, services from a digital payment service provider whose mobile money or digital payment platform is powered by one of the designated covered companies should discuss relevant ongoing or future actions with your USAID Agreement or Contracting Officer Representative to ensure compliance. Your program may be eligible for a waiver from this requirement. To learn more [check out USAID's Section 889 Partner Information website](#).

Congratulations! You've completed half of the Toolkit! Just 5 more steps to go.