



Humanitarian sourcing &

a locally focused alternative -- Social Sourcing

faith. action. results.

In humanitarian sourcing there are two main ways:

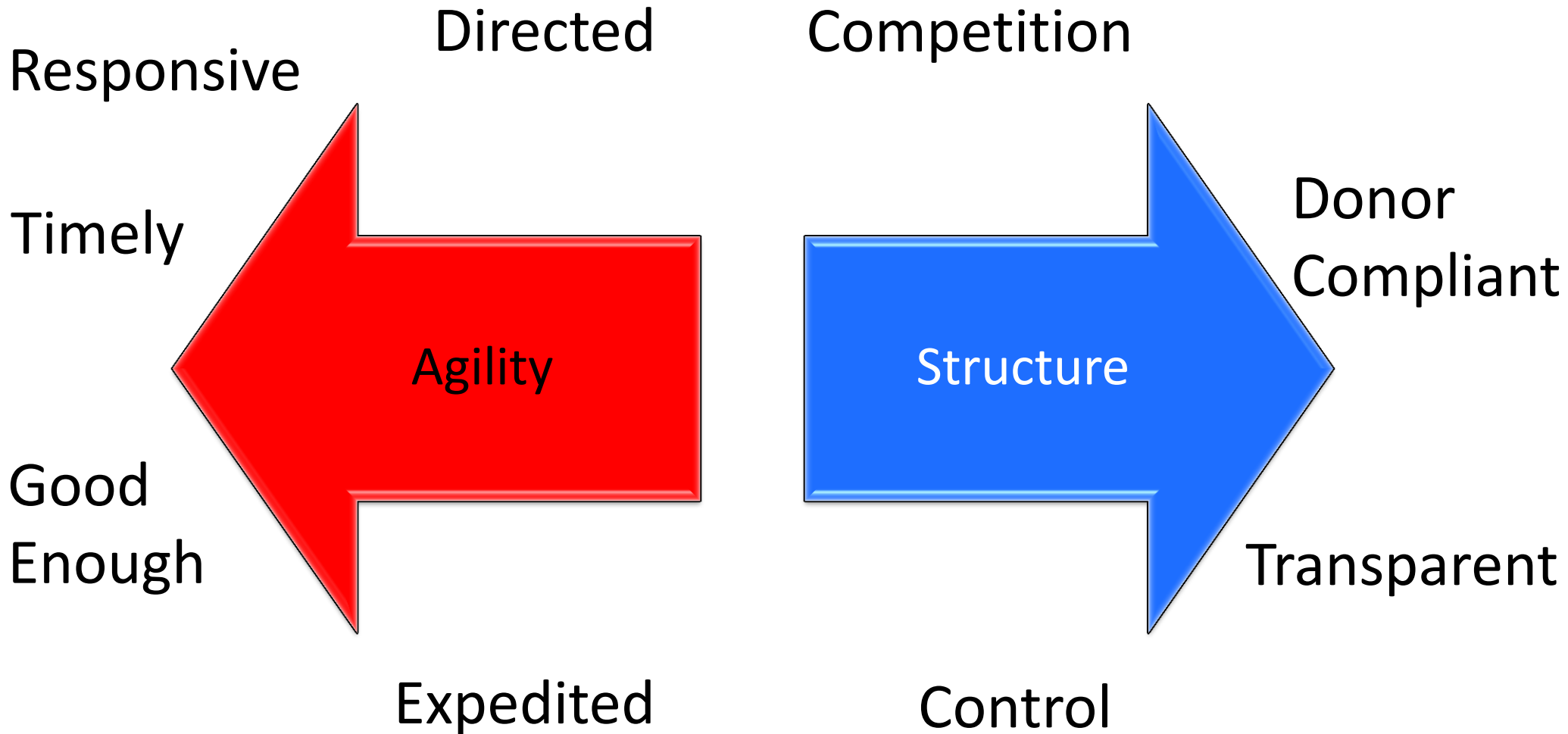
Tactical

- Reactive only when needed
- Wait to see offers given
- Incomplete market analysis
- Weak negotiation footing

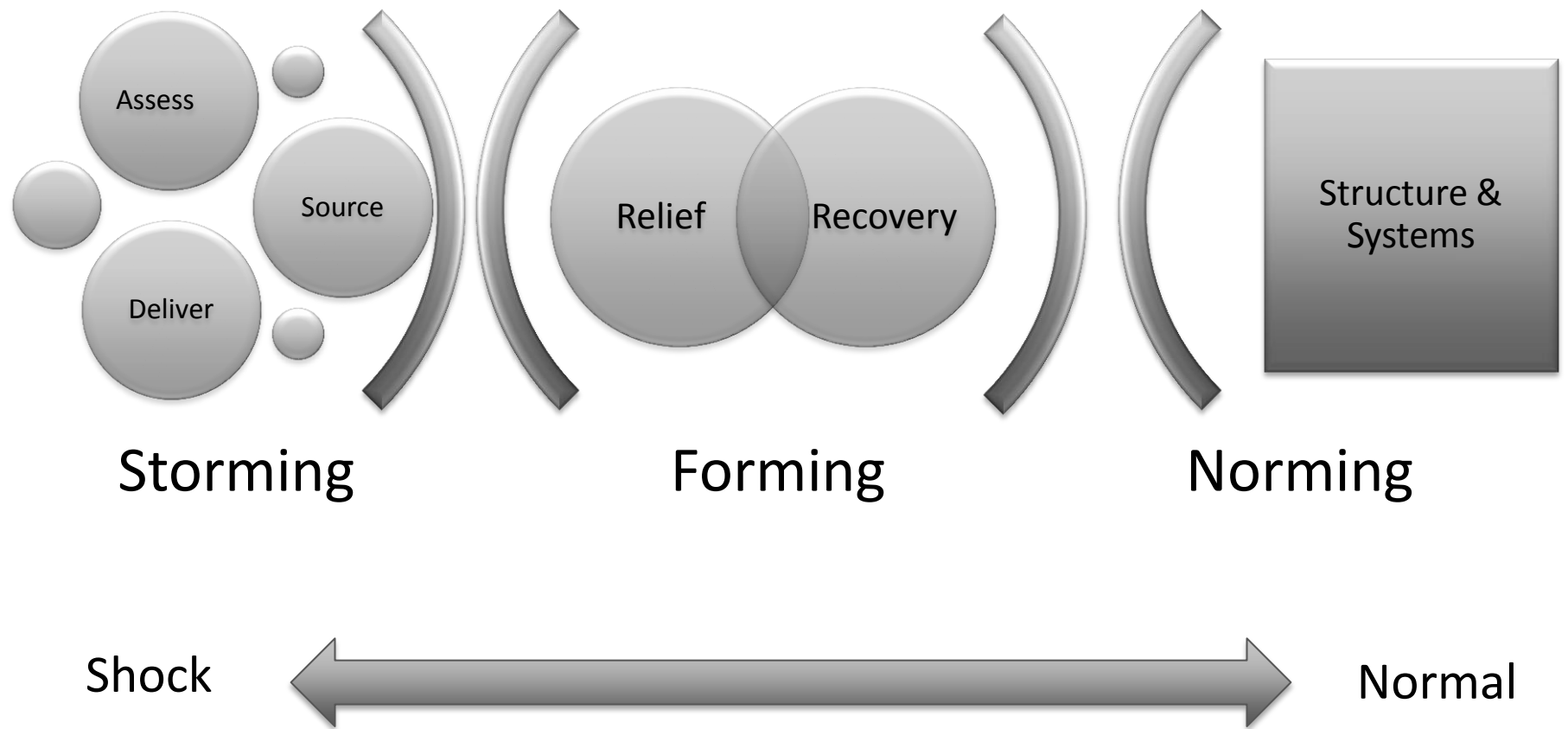
Strategic

- Proactive before you need it
- Seeks out 1st and 2nd hands
- Good market analysis
- Strong negotiation leverage

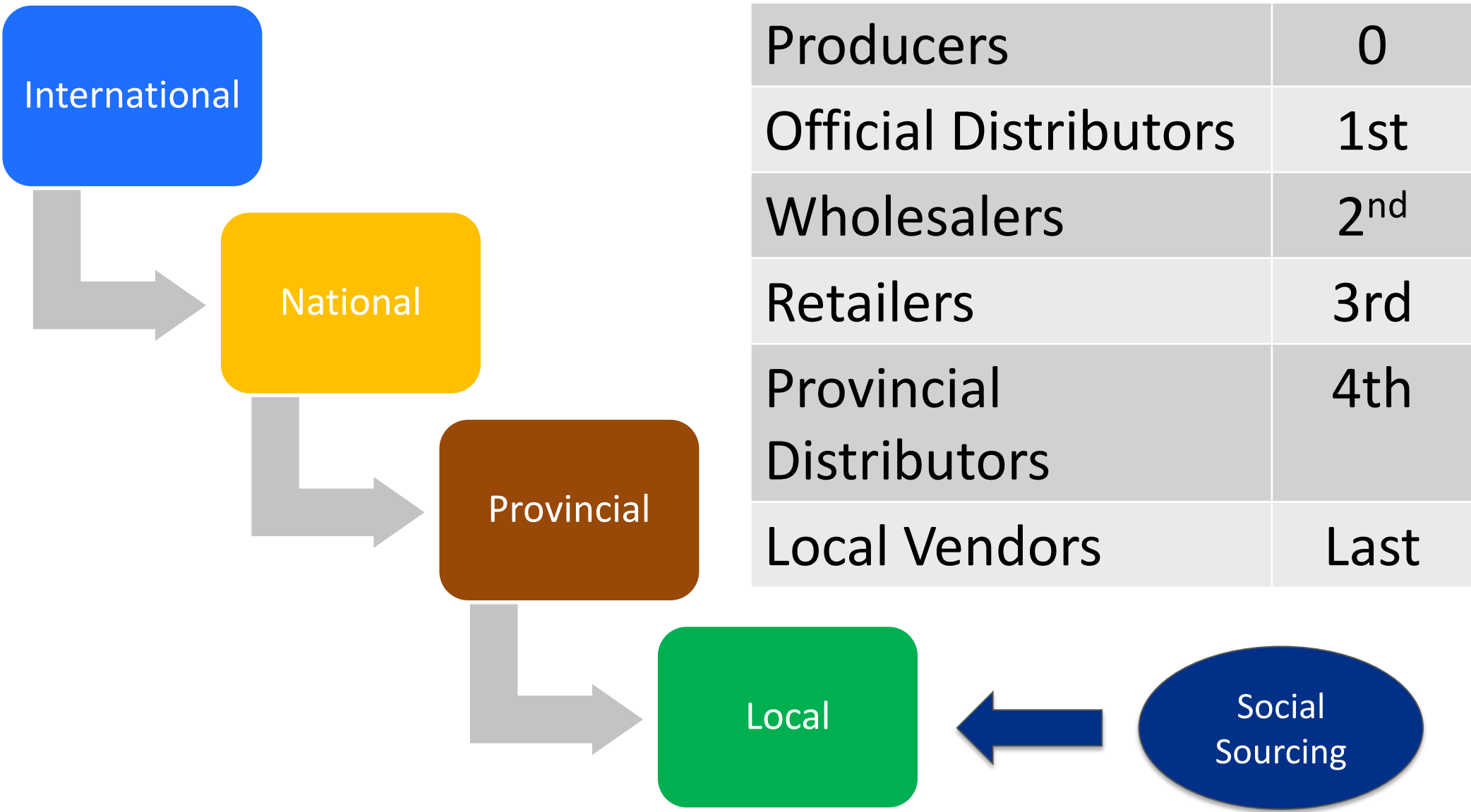
Often there are competing orientations and priorities:



Emergency Continuum



Market Supply Chain



An emerging third way – social sourcing

Social

- Buy from local vendors.
- Foster their recovery and development.
- Create pull effect on market supply chain.

What are the benefits of social sourcing?

- Enables for faster delivery.
- Outsource supply chain work.
- Allow team to focus more on programming.
- Increase community acceptance.
- Stimulate the local economy through increased demand.
- Versatile delivery mechanism:
 - direct buy and distribution; or
 - indirect transfer via cash/vouchers/e-money.

Which are some conditions for use?

- Donors must be ok with accepting slightly higher prices.
- Need to monitor that supply quality is consistent with specifications
- Need to monitor prices closely to not cause price increases in the local market.
- Need to be able to guarantee some level of demand to get increased supply flow started
- Need to be able to shift back to other sourcing methods when markets not stable.

Carry out quick market assessment to:

- Determine local fair market prices;
- Determine # and size of vendors
- Calculate on-hand market supply per type of vendor;
- Determine their restocking options and time;
- Decide if social sourcing is an option and if vendors are interested; and if both are so then
- Determine how much social sourcing to start with and with which vendors.

Test the local market

- Carry out social sourcing test run with large and medium size local vendors.
- Source a small initial supply (between 20-30% of on hand supply) to control for adverse effect on prices, and to allow non beneficiaries to continue to have access.
- Explore the option of using market based interventions such as cash transfers, vouchers, e money, though don't push if need more time.
- Monitor prices and quality closely and supply restocking.

Bringing to scale

- If social sourcing is working through test phase then look to expand total amount sourced (>30%) and the number of vendors participating.
- Look at providing credit/supply support to smaller local vendor so they too can join social sourcing process.
- Make sure vendor restocking is sufficient to meet program demand with timely forecasting.
- Explore more efficient market based approaches to empower target beneficiaries in their engagement with local vendors.

Thank you!

