

3. VENDOR AND SERVICE PROVIDER SELECTION

The processes described in this section (3.1, 3.2., 3.3) places the process of vendor identification for cash and voucher programming in the framework of regular procurement policies. At the same time it allows the country program flexibility in appointing specific Operations and Program staff to perform specific tasks in the process. For example, a CP might appoint a purchasing committee that consists of trained Program or Logistics/ Supply Chain staff to collect vendor information. The overall aim is to ensure that checks and balances are put in place in accordance to CRS guidelines. This means for example that a request for goods/services should be raised at the start of the project, and it needs the appropriate approval before a team goes out to collect vendor information.

The guidance outlined below will assist country programs to develop a transparent vendor selection process for this unique type of procurement relevant to their specific country context.

3.1. Process for Vendor Selection: Vouchers in Shops

The process below outlines the steps involved in vendor identification for a voucher program wherein beneficiaries access products and services directly from vendors. In this type of project the products or services to be procured are determined by the project. Vouchers may be **restricted** to certain products; for example a WASH project might enable people to buy hygiene items such as soap, chlorine, or feminine hygiene products. Vouchers may also be **unrestricted**, enabling people to buy any product from pre-selected vendors. In both cases, program beneficiaries will purchase products and services from the pre-identified vendors using the commodity provided.

1. Project staff to determine BOQ for relief items per beneficiary and the number of beneficiaries. Beware of restricted items under USAID funding such as fertilizer, pesticides, pharmaceuticals etc. (see [CRS Procurement Manual](#) for more details).
2. Project staff, along with local Chamber of Commerce or other community groups, to determine criteria for vendor selection including location, minimum number of vendors per location, types of products sold, restocking time, acceptance of payment method and willingness to participate in voucher project.
3. Project staff to raise a Request for Goods/Services (RFG/RFS) using a [Purchase Requisition Form \(PRF\)](#) for the whole project stating the types of items and include essential vendor criteria related to the voucher methodology.
4. Authorizing Official¹ (see [Map of Authority](#)) reviews purchase request and budget/DSPN impact then approves.

In emergency situations, the Country Program can request “[Local Purchase Approval Waiver](#)” allowing the CP to procure over 5,000 USD locally without Global Procurement Approval.

¹ Authorizing official depends on value of PRF: <\$5K level 1, \$5-\$25k 2 approvals of which 1 is level 2, > \$25k CR see for example [Map of Authority](#). See [CRS Procurement Manual](#) for more details.

5. The Project Manager to lead requisition of quotations in coordination with the Procurement Official.
6. Procurement Official and Project Manager gathers vendor information² through the use of the [Sample Market Assessment & Price Survey Form](#). The Procurement Official raises bids through the [Bid Request Form](#) and uses [Vendor Comparison](#) form to collate information and compare vendors.
7. The CR or delegate can form purchase committee using program and/or procurement staff. This is often very useful for voucher programming since markets are often remote. The composition of purchase committee to be approved by CR or designee.
8. Project Staff or Purchase Committee to collect vendor information and prices.
9. “Bid” committee meeting to compare vendor information and vendors and conduct vendor selection. Selection is done based on vendor criteria outlined in the PRF focusing on types of materials, price, willingness to participate in voucher program, stocks available and ability to restock etc.
10. CR (or designee) to review and approve proposed vendors.
11. Administration Staff with input from Project Staff to draft a [contract template](#) for vendors with agreed specifications and selling prices per item and the conditions related to the implementation of the voucher methodology such as the number of beneficiaries, the free or restricted vendor choice by beneficiaries, reporting requirements and invoicing process etc. N.B. CRS does not issue a *purchase order* when beneficiaries can select from multiple vendors since the quantity to be bought from 1 vendor is not fixed. In cases where a single vendor is selected a PO could be considered but a contract would allow more flexibility.
12. CR (or designee/Head of Operations) to review and approve contract template in line with regional contract review process (in some cases, a review by CRS Lawyer may be necessary).
13. Country Representative to sign 2 copies of contact with selected vendors (CR or delegate signs).
14. Project staff explain the content of the contract in detail with each vendor before getting it signed by the selected vendor (this can be done following a vendor’s training session).

See also [Flowchart 1, Vendor Selection](#)

3.2. Process for Vendor Selection: Vouchers in a Fair

The process below outlines the steps involved in vendor identification for a voucher fair project. With voucher fairs, the selected beneficiaries are able to buy selected items from participating vendors in an organized fair. The types of goods that the beneficiary can choose from depend on the objective of the project and could be focused on livelihoods recovery, food and nutrition, shelter, WASH, or others. In this process the project team identifies a range of allowable items from which the beneficiary can make a choice using the cash voucher as currency to pay the vendor. An example of this is Seed Vouchers and Fairs where beneficiaries can use CRS vouchers to select their choice of seeds and other agricultural inputs ahead of the planting season.

² Vendor information is especially critical if vendors are not on approved vendor list, see the [CRS Procurement Manual](#)

Considerations for fairs include the following:

- ✓ The vendor selection committee should give priority to **local vendors** selling desired items. It's usually recommended to include as many vendors as possible, to spread the benefit to the local economy.
- ✓ In order to keep prices at acceptable levels, **a minimum of 1 vendor for 50 beneficiaries** should be considered. Vendors should be selected taking into consideration their locations in relation with beneficiary distributions.
- ✓ For the benefit of the project beneficiaries, the project staff should **allow beneficiaries to negotiate with vendors on prices**. Normally, prices are determined based on fair market prices but, if necessary, CRS can choose to fix ceiling prices. CRS should actively monitor process and prices to ensure that prices remain fair.
- ✓ To maintain prices at acceptable levels (at the levels or below prices in normal markets), the vendors selection committee should make sure the total volume of each commodity that all vendors are willing to bring into one fair should be **at least three times** of the total value of vouchers distributed during the fair.

1. Project staff to determine the range of allowed and disallowed items and the number of beneficiaries. Beware of restricted items under USAID funding such as fertilizer, pesticides, pharmaceuticals etc. (see [CRS Procurement Manual](#) for more details).
2. Project staff to determine criteria for vendor selection including location, minimum of vendors per item, trading volume capacity, acceptance of payment method and willingness to participate in voucher based project.
3. Project staff to raise a Request for Goods/Services (RFG/RFS) using a [Purchase Requisition Form \(PRF\)](#). The PRF formulation focuses on the need to identify a minimum number of service providers (vendors) who can deliver a specific volume and range of items. It does not specify the exact quantity of items to be procured since that decision lies with the beneficiaries. It should however be clear from the RFG/RFS (PRF) what the value of the cash voucher intervention would be.
4. [Authorizing Official\(s\)](#)³ reviews purchase request and budget/DSPN impact then approves.

In emergency situations, the Country Program can request "[Local Purchase Approval Waiver](#)" allowing the CP to procure over 5,000 USD locally without Global Procurement Approval.

5. Procurement Official to lead requisition of quotations.

In general the procurement official is the procurement officer, but the CR (or designee) can appoint an alternative procurement leader from among program staff if deemed necessary based on the special nature of the procurement or the special circumstances during an emergency response.

³ Authorizing official depends on value of PRF: <\$5K level 1, \$5-\$25k 2 approvals of which 1 is level 2, > \$25k CR see [Map of Authority](#). See the [CRS Procurement Manual](#) for more details.

6. Procurement Official and Project Manager gathers vendor information⁴ through the use of the [Sample Market Assessment & Price Survey Form](#). The Procurement Official raises bids through the [Bid Request Form](#) and uses the [Vendor Comparison](#) form to collate information and compare vendors.
7. The CR can form vendor selection committee using program and/or procurement staff. This is often very useful for voucher programming since markets are often remote. The composition of the purchase committee should be approved by CR or designee.
8. Vendor selection committee to collect vendor information and prices. Prices serve as a baseline, to be able to monitor and prevent price inflation.
9. Vendor Selection committee meeting to chooses vendors based on vendor criteria outlined in the PRF focusing on types of materials, price, willingness to participate in voucher program, stocks available and ability to restock etc. To ensure the proper functioning of the market it is advisable to have a large number of vendors.
10. CR (or designee) to review and approve proposed list of vendors.
11. Project Staff to initiate draft contracts to be reviewed by Administration staff for vendors outlining the conditions of the fair voucher program including the range of allowed and disallowed items, price arrangements, , conditions for participating in the fairs, payment conditions, etc.
12. CR (or designee/Head of Operations) to review and approve the finalized contract in line with Regional contract review process (in some cases, a review by CRS Lawyer may be necessary).
13. Country Representative to sign 2 copies of contract with selected vendors (CR or delegate signs).
14. Project staff explain the content of the contract in detail with each vendor before getting it signed by the selected vendor (this can be done following a vendor's training session).

See also [Flowchart 1, Vendor Selection](#)

3.3. Process for Service Provider Selection: Direct Cash Transfers

N.B. This process, along with the service provider selection for electronic vouchers, is being revised at the global level. For now, please follow the below guidance, which will be updated accordingly once completed.

The process below outlines the steps involved in vendor identification for a direct cash transfer project. In this type of project a selected agent transfers specified funds from CRS to selected beneficiaries. The agent is a service provider and can be a bank, a mobile phone operator, remittance agent, post office etc. Selecting a vendor corresponds with a regular request for services providers.

1. Project staff to determine value and number of transfers and number of beneficiaries.
2. Project staff to determine criteria for service provider selection including location, accessibility, ease of process, service fees etc.

⁴ Vendor information is especially critical if vendors are not on approved vendor list, see the [CRS Procurement Manual](#)

3. Project staff to raise a Request for Goods/Services (RFG/RFS) using a [Purchase Requisition Form \(PRF\)](#). The PRF formulation focuses on the need to identify a service provider who can deliver specific installments to specific beneficiaries on agreed location(s).
4. [Authorizing Official](#)⁵ reviews purchase request and budget/DSPN impact then approves.

In emergency situations, the Country Program can request “[Local Purchase Approval Waiver](#)” allowing the CP to procure over 5,000 USD locally without Global Procurement Approval.

5. Procurement Official to lead requisition of quotations.

In general the procurement official is the procurement officer, but the CR (or designee) can appoint an alternative procurement leader from among program staff if deemed necessary based on the special nature of the procurement or the special circumstances during an emergency response.

6. Procurement Official and Project Manager gathers vendor information⁶ through the use of the [Sample Market Assessment & Price Survey Form](#). The Procurement Official raises bids through the [Bid Request Form](#) and uses [Vendor Comparison](#) form to collate data and compare vendors.
7. Procurement Official can form purchase committee using program and/or procurement staff. This can be useful if procurement staff is overstretched and program staff has better access to information. The composition of purchase committee should be approved by CR or designee.

Finding the best way to deliver cash to beneficiaries can be quite complex; thus, it is advised that the committee researching the various vendors consists of a mix of senior Programs and Operations staff who can investigate and negotiate with cash transfer agencies for the best possible solution. Conducting background checks and due diligence should be part of this process.

8. Procurement official and/or Purchase Committee to collect vendor information & quotations/bids.
9. “Bid” committee meeting to compare quotations/bids and conduct vendor selection. Selection is done based on vendor criteria outlined in the PRF.
10. Procurement official to capture information in vendor/bid comparison sheet.
11. Head of Operations (or designee) to review and approve proposed vendors (due diligence, [Bridger Software](#)).
12. Administration staff, with input from Project Staff, to draft [contract template](#) for service providers specifying the terms and conditions of the cash transfer methodology. In case the service provider only accepts its own contract template (often the case) CRS can sign the service provider contract after legal review. It is recommended to add an annex to the contract which captures essential clauses for CRS or back-donor.

⁵ The authorizing official depends on value of PRF: <\$5K level 1, \$5-\$25k 2 approvals of which 1 is level 2, > \$25k CR see [Map of Authority](#). See the [CRS Procurement Manual](#) for more details.

⁶ Vendor information is especially critical if vendors are not on approved vendor list, see the [CRS Procurement Manual](#)

13. Head of Operations (HoOPs) to review and approve the contract in line with Regional contract review process.
14. Country Representative to review and sign 2 copies of contract with selected vendors (CR or delegate signs).
15. Operations/Programs staff explain the content of the contract in detail with each vendor before getting it signed by the selected vendor.

3.4. Process for Service Provider Selection: Electronic Vouchers

N.B. This process, along with the service provider selection for direct cash transfers, is being revised at the global level. For now, please follow the guidance for direct cash transfers, and contact HRD (donal.reilly@crs.org and william.martin@crs.org).

See also [Flowchart 1, Vendor Selection](#)