**Annex 16: General Guidelines for Operations Procedures – Voucher Programs**

**Part 1 - Selecting Vendors for Commodity Voucher Programs**

Vendors for commodity voucher programs are selected through a normal tender process according to vendor selection criteria created with Program staff. Selection will not be based on lowest prices because prices will be negotiated with all vendors in each marketplace. In contrast to selecting one or two large vendors during a normal tender process, for voucher programs we want to include more vendors to support the local market, encourage competition, and provide as much choice to beneficiaries as possible. A good guideline is a minimum of 4-6 vendors per marketplace. The total number of vendors will depend on the number of program participants, vendor capacity and number of marketplaces selected.

**Part 2 – Contracting Vendors for Commodity Voucher Programs**

Operations with support from Program will conduct a baseline market price survey to collect average prices of goods that will be included on the commodity voucher. Prices should be determined based on the average prices of goods collected during the baseline survey. These pre-determined prices should be negotiated with each vendor.

Prices may differ by marketplace. For instance, in marketplace A the average cost of rice may be $1/kg, but in marketplace B, the average price is $2/kg. If this is the case, $1/kg will be negotiated with all participating vendors in marketplace A and $2/kg will be negotiated with all participating vendors in marketplace B. The negotiated prices will be included in an Annex to the contract for each vendor.

Finance will inform Operations when all voucher distributions have been made and final payments have been made to all vendors, so Operations can close out the procurement documents, as necessary.