




Procurement Manual

This manual provides guidelines for official procurement at Ifakara Health Institute (IHI) for staff, collaborators, vendors, and other partners. The Manual contains guidelines for day-to-day planning, execution and assessment for the IHI Supply Chain Management Unit

PROCUREMENT MANUAL

APPROVALS

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FOREWORD

The IHI is an organization committed to becoming a center of excellence and innovation in health research and development, aiming at maximizing population health gain. The organization conducts a wide range of health-related research, including biomedical and environmental studies, vaccines and diagnostics, trial of drugs, health systems research, monitoring and evaluation.

As fast-growing organization, it is increasingly becoming necessary for Ifakara Health Institute (IHI) to develop an effective, efficient, user-friendly and up-to-date Procurement Manual. The aim is to improve efficiency and effectiveness in operations, contributing toward appropriate internal controls, transparency and accountability to program beneficiaries, donors and stakeholders. Thus, IHI manual serves as an important administrative tool to be used to respond to the need and providing standard guideline in matters of the Institute and keeping abreast of the changing organizational needs and in country laws that meet the requirements and expectations of the current and future donors.

Achieving IHI's mission of improving the health and well-being of the people calls for a sustainable organization that works collaboratively with donor community and other stakeholders to bring about the envisaged impact on public health and Research through adherence to procurement standards and guidelines.

This document has been approved by the Management Committee and the guidelines and procedures herein apply to all activities implemented by the Institute.

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DIRECTOR'S STATEMENT

Our determination and desire as Ifakara Health Institute (IHI) is to top-rise every procurement related challenge and responding to the procurement need while upholding honesty, truthfulness, and sincerity in effective management of risks and promotion of goodwill in dealing with our business partners so as to ensure that results of improving the health and well-being of the people are achieved.

We will therefore always endeavor, through documentation and any other legal means to inculcate the culture of fairness, ethical professionalism and strict adherence to standard procurement policies and procedures into the hearts of IHI staff members so as to finally make our vision materialize”.

The Procurement Manual and its procedures will be reviewed every two years as part of our commitment to keep it current with any changes to the laws, rules, and regulations governing the acquisition of goods and services.

Dr. Honorati Masanja

Chief Executive Director

March 2023

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ACRONYMS

ADS:	Automated Directives System
AO:	Agreement Officer
BOT:	Board of Trustees
CAS:	Cost Accounting Standards
CED:	Chief Executive Director
CFR:	Code of Federal Regulations
COA:	Certificate of Analysis
COO:	Chief Operation Officer
COP:	Chief of Party
DOA:	Delegation of Authority
EPLS:	Excluded Parties List System
FAR:	Federal Acquisition Regulation
FCPA:	Foreign Corrupt Practice
FDA:	U.S Food and Drug Administration
GRN:	Goods Received Note
HPC:	Humanitarian Procurement Centre
IFB:	Invitation for Bids
IHI:	Ifakara Health Institute
IHRDC:	Ifakara Health Research and Development Centre
IT:	Information Technology
IQC:	Indefinite Quantity Contract
ISO:	International Organization for Standardization
OFAC:	U.S. Department of Treasury Office of Foreign Assets Controls
MSP:	Mandatory Standard Provision
NIMR:	National Institute for Medical Research
PEPFAR:	U.S. President's Emergency Plan for AIDS Relief

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PPRA:	Public Procurement Regulatory Authority
PR:	Procurement Requisition
PO:	Purchase Order
RAA:	Required As Applicable Provision
RFP:	Request for Proposal
RFQ:	Request for Quotations
SAM:	System for Award Management
SCM:	Supply Chain Manager
SCMU:	Supply Chain Management Unit
SRA:	Stringent Regulatory Authority
STIFL:	Swiss Tropical Institute Field Laboratory
TC:	Tender Committee
TEC:	Tender Evaluation Committee
TRA:	Tanzania Revenue Authority
UN:	United Nations
USAID:	United States Agency for International Development
USG:	U.S. Government
VAT:	Value-Added Tax
VM:	Value for Money
WHO:	World Health Organization

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BACKGROUND

Ifakara Health Institute (IHI) was established in 1956 as a Swiss Tropical Institute Field Laboratory (STIFL). From its humble beginnings, IHI has grown into an internationally renowned institution. It oversees projects in diverse parts of Tanzania and is slowly initiating regional activities.

In 1991, the centre became an affiliate of the National Institute for Medical Research (NIMR) and in 1996 was established as an independent Tanzanian Trust. The organization was simplified to Ifakara Health Institute (IHI). Currently, the organization is jointly owned by the Governments of Tanzania and Switzerland.

Ifakara Health Institute [formerly known as Ifakara Health Research and Development Centre, (IHRDC)] is a non-profit, district-based health research and resource institute. Since its origin over fifty years ago as a Swiss field laboratory, the organization has developed into an independent, Tanzanian-led organization of international repute.

For many decades, IHI has been involved in conducting research on interventions for malaria and other diseases of public health relevance. This work will continue, complemented by new strands of research on maternal and newborn health, emerging public health threats, non-communicable diseases and health care delivery systems.

The organization envisages expanding activities on evaluating the outcome and impact of national and global health initiatives and increase research dissemination, aiming at the practical application of research findings in a “real world” context.

Vision and Mission

(a) Vision Statement

IHI aspires to “becoming a center of excellence and innovation in health research and development, aiming at maximizing population health gain”.

(b) Mission Statement

The institute commits “To develop and sustain a district-based health research institute capable of generating new knowledge and information for public health policy and action’.

Core Values

IHI’s desired behaviors and culture are characterized by five core values:

- **Transparency:** We share information and results widely; we keep our teams and stakeholders informed on issues that may affect them directly or indirectly.
- **Responsibility:** We take ownership of our objectives; we accept responsibility and accountability; we don’t make excuses; we help others to ensure that results are achieved.
- **Integrity:** We proudly uphold the values of honesty, truthfulness and sincerity, while remaining fair and ethical in all our doings and situations.

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- **Respect:** We treat each other with courtesy, kindness and empathy; we respect diversity and dignity.

Initiative: We value flexibility; we use initiative to solve problems; we encourage creativity and innovation.



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1. THE PURPOSE OF THIS PROCUREMENT MANUAL

This manual is designed purposely to provide a general outline of the procurement process for all IHI staff in the context of donor funded programs. IHI places a necessity upon its staff to undertake the procurement of goods and /or services through a structured framework that complies with the guidelines outlined in this manual. In addition, concepts of Conflict of Interest and Code of Ethics shall govern the entire procurement process.

Goods and services procurement process is a crucial undertaking in making any project viable. However, considering that compliance with the complex donor procurement regulations may be challenging, and if standard guide is not given and care is not taken, the procurement process can slow down the implementation of the project leading to issues such as unallowable expenses, delays in contract deliverables, or even the loss of contract. This Manual serves as a useful guiding tool for local Supply Chain Management offices to help them adhere to standard procurement policies and procedures.

From the perspective of most international agencies the term "Procurement" includes both the purchase of commodities and related services through the issuance of Purchase Orders (POs).

This document has been written with a special attention to local laws and compliance with the requirements of donor agencies.

It is worth noting that the content presented in this document is for knowledge and use of IHI employees and is considered proprietary information. All IHI staff are obliged to store this manual in a secure place and not to share the information with anyone outside IHI.

2. INTRODUCTION

This manual represents IHI standard procurement policies and procedures that comply with Tanzania laws and regulations including those of donors. The document outlines and gives explanation of relevant procurement policies and procedures as applicable to IHI in planning the procurement and disposal activities of the institute. Although this guide focuses on donor sponsored procurement, much detail is considered best practice that can be applied to other contexts. In case of a new funding source/sponsor, the budget holder is obliged to inform the manager of the likely restrictive procurement rules and regulations consistent with new donor.

This Procurement and Procedures Manual constitutes policies and procedures with an objective of condensing the key procedures into a capsule summary that shall apply to all IHI procurement operations and activities. The main focus of the policy will be on the procurement of goods, services, consultancy and disposals.

All employees and Supply Chain personnel should be conversant with the information provided herein that is related to ethical business standards, kickbacks, gifts, conflicts of interest, and confidentiality. All procurement transactions shall adhere to IHI policies and procedures and Code of Ethics. The importance of these policies and procedures lies in the necessity to ensure that IHI complies with donor/sponsor requirements and shows clearly that it meets responsibilities as the steward of donor funds in support of IHI initiatives.

It is entirely the responsibility of IHI management to ensure that a procurement management system is developed so as to guarantee an appropriate, proper, accountable and efficient utilization of organizational assets. The manual is revised from time to time purposely in order to ensure the document continually

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remains relevant to the changing needs and economic circumstances of the institute. IHI management has the responsibility to make sure that the policies, provisions and procedures of the procurement management system are executed and observed.

This Manual is not intended to replace or supersede any other IHI policies, donor policies and conditions, executive order or individual award terms and conditions. This manual does supersede all previous Procurement and Procedure manuals created by IHI.

3. ABOUT THE PROCUREMENT ORGANIZATION

3.1 Description

The IHI procurement organization in the current context is led by the Supply Chain Manager (SCM) who reports directly to the Chief Operations Officer (COO) along with other line managers. The IHI procurement unit works collaboratively with other units, sponsors and stakeholders to undertake the administrative procurement functions such as procurement for the purchase of goods and services in support of IHI programs, handling of contractual issues, disposal of assets, procurement planning and resolving disputes with vendors.

The Delegation of Authority (DOA) within the procurement management shall be in accordance with the IHI organizational structure and policy.

3.2 Responsibilities

The IHI Supply Chain Office through its manager/Chief Operation Officer takes charge of the procurement function and handling of all issues of administration and contracts pertaining to buying of goods and services to support *IHI* initiatives. The goods and services procured include but not limited to drugs (medical supplies, pharmaceuticals), vehicles, office stationery/supplies IT equipment and Consultancy. The Supply Chain office also undertakes other responsibilities including approval of all tendering and contract documents used in support of *IHI* awards, administration of the procurement cycle, dispute resolution, disposal of assets and procurement planning.

3.3 Procurement Principles

This section introduces the basic procurement principles to be applied in order to achieve sound procurement practice. It is important to appreciate these basic procurement principles and to apply them in those areas of procurement procedure that demand discretion and judgement if the objectives of sound procurement practice are to be achieved.

It shall be the policy of IHI to keep separate an employee's program and private interests, and to safeguard IHI and its employees from charges of favoritism in the procurement of goods and services.

Goods or services must not be purchased from an employee or near relative of the employee. IHI SCMU must be used for the purchase of goods and services that relate directly to IHI business and must not be used to purchase material for individual or non-related activities.

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IHI procurement policy requires compliance with comprehensive principles to achieve specific outcomes as highlighted below:

Fair Competition

IHI shall ensure that all relevant suppliers are offered equal opportunity within the policy rules to compete for orders:

- a) Price and product and/or process technical information obtained from the provider or supplier during the exercise of the procurement function must be treated with confidentiality.
- b) All suppliers must be provided with the same information.
- c) The selection of supplier must happen primarily on the basis of objective criteria and not on the ground of personal preferences.
- d) The procurement has to be done in a competitive manner and to the benefit of IHI.

Procurement Ethics

This policy applies to all employees, directors, and other agents of IHI who benefit from and participate in the procurement process. Hereafter, such individuals will be referred to as Members. All Members shall be required to observe professional ethics in all aspects of procurement and ensuring procurement practice is devoid of actual or perceived unethical practices. Examples of applicable ethics include:

- a) Avoiding collusion and/or appearance of it;
- b) Nondiscrimination on the basis of race, gender, religion or ethnicity in the invitation, evaluation and award of procurement contracts;
- c) Protecting the confidentiality of all information pertaining to the content of tenders, evaluations, proposals, or quotations;
- d) Avoiding all corrupt and fraudulent practices;
- e) The buying process must be transparent and objective and be implemented with integrity;
- f) Avoiding undue delays and obstruction in procurement processing;
- g) Non-exertion of inappropriate influence on any procurement procedure;
- h) Avoiding the opening of sealed bids and/or divulging their contents prior to their openings; and
- i) Avoiding any real or apparent conflict of interest.

No Member will participate in the selection, award, and/or administration of any contract for equipment, materials and supplies, consulting or other professional services, if a real or apparent conflict of interest exists. Such a conflict may arise when the vendor is (and not limited to):

- i. An employee, officer, or agent of IHI;
- ii. An individual of the Member's immediate family; or
- iii. An organization in which the Member is a director, holds shares or is associated with or connected to in a manner that may constitute a conflict-of-interest situation.

The Supply Chain Manager shall require all Members to disclose any such relationships at the vendor pre-qualification stage and at any other time such relationships arise.

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IHI prohibits an employee from making or participating in the making of a decision if there is a financial conflict of interest. Requirements governing such decision making are set forth in IHI's Conflict of Interest Code and must be observed at all times.

Avoid accepting gifts from vendors

It is the policy of the IHI that members shall comply with all the provisions governing the acceptance of gifts and gratuities. In addition to compliance with the requirements of law, members must avoid the appearance of favoritism in all of their dealings on behalf of the organization. All members are expected to act with integrity and good judgment and to recognize that the acceptance of personal gifts from those doing business or seeking to do business with IHI, even when lawful, may give rise to legitimate concerns about favoritism depending on the circumstances. If a Member has any question regarding the propriety of a gift, disclosure of the gift or proposed gift should be made to the appropriate IHI official for a determination of the proper course of action.

IHI Members shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors and potential contractors:

- a) Of any value during an active procurement process, or
- b) Not Greater than (\$25) during a calendar year outside of active procurement processes.

Any violations of these principles and ethics, especially the solicitation or acceptance of offerings which constitutes conflict of interest, may disqualify the involved parties from further participation in any selection or award of engagements with IHI.

Quality, Quantity, Cost Effectiveness and Efficiency

Quotations and tenders shall be evaluated not only on competitiveness in pricing, but also against factors such as quality of products/services, and track record of the bidders. Procurement of goods and services that are technical and complicated in nature shall, by default, follow the open tender procurement process irrespective of the threshold. This will enable the Supply Chain team to perform technical evaluation of the bidders with the assistance of the respective technical teams.

Goods and services supplied must be of the requisite quantity and quality, available within the time required, and at the lowest acceptable cost. The procurement cycle should be carried out in a timely manner from initiation of the process to payment to the vendor.

Transparency

To ensure transparency, tender documents must provide all the necessary information to facilitate submission of appropriate and competitive tenders. All sourcing and delivery operations should be kept simple and transparent, consistent with equitable practices.

Accountability

IHI shall be accountable to itself, its donors, and various stakeholders in the utilization and disposal of assets and services procured.

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Value for Money (VM)

IHI shall always strive to achieve value for money from the financial resources and budgets that are available to spend. Effectiveness and efficiency typically includes quality, lead times, service levels and risk management. Economy relates to the total cost or price of the goods and services.

This means sourcing “the lowest total cost product or service that meets the core business requirements and essential criteria”. A practical implication of the above statement is that when IHI does not purchase the lowest total cost option, it has to be clearly and objectively justified in the procurement file/documentation.

Value for money will consistently be a significant driver behind procurement decisions. IHI is committed to driving down costs and to achieving the highest value for money for the benefit of its targeted beneficiaries, communities, sponsors and donors. IHI will not, by default, accept only the lowest bid in a procurement process but will award the supplier or suppliers who offer the best overall value for money for the goods/services specified.

4. PROCUREMENT GUIDELINES

IHI staff involved in the procurement process will abide by the guidelines listed below:

1. IHI will procure items required to perform the program/project objectives. All supply chain personnel will fall within approved program or project budget limits, be approved by the appropriate signatory and tracked in the accounting systems and financial reporting.
2. IHI staff will not participate in the selection, award or administration of a procurement contract if a conflict of interest (real, apparent or perceived) exists.
3. IHI employees, board members, or affiliated persons will neither solicit nor accept (directly or indirectly) gratuities, favors, gifts, entertainment, kick-backs, loans or anything of monetary value from vendors, contractors, potential contractors, or parties to sub agreements. They must avoid any action or circumstances that might conflict with the proper performance of their duties or compromise the organization’s acquisition process.
4. IHI staff administering procurement functions will adhere to the following standards:
 - a) Ensure all purchases are made in the best interest of the IHI;
 - b) Make sure quality supplies and services needed for delivery are obtained at the right time and place required;
 - c) Purchases should be made from pre-qualified vendors;
 - d) Obtain maximum value for all expenditures;
 - e) Act fairly and impartially in dealing with all vendors;
 - f) Segregate procurement duties/responsibilities;
 - g) Avoid any conflict of interest real or apparent; and
 - h) Ensure conduct that maintains the integrity of the procurement process.
5. IHI staff will complete procurement documentation to support a transparent, clear and understandable “audit trail”. The Supply Chain Manager shall ensure that detailed bid analysis documentation is maintained. Such documentation should clearly show how and why the winning vendor was selected. The records should include but not limited the following: rationale to the method

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of procurement, selection of contract type, reasons for vendor selection or rejection and the basis for the price selection.

6. IHI is committed to donors and its beneficiaries to provide the maximum value for procurement made with donor funds. Disciplinary actions shall be taken against staff who fails to adhere to the above principles and guidelines in the procurement process.

5. IMPORTANCE OF COMPETITION

Competition is crucially important when procuring and contracting on IHI's behalf. All procurement activities must be conducted in an open and fair environment that promotes competition among prospective vendors and/or suppliers. The products or services to be acquired will influence what will be considered effective competition. The needs and value identified during the procurement planning phase will determine whether the procurement will be informal or formal and whether the procurement's distribution will be a written solicitation distributed by fax, email, or postal mail.

IHI employees conducting competitive procurements shall be required to provide qualified suppliers with a fair opportunity to participate in the competitive solicitation process, stimulating competition in a manner conducive to best practices, emphasizing the elimination of favoritism, fraud, and corruption when awarding contracts.

In the course of developing a competitive solicitation, procurement related information ranging from technical requirements to the development of solicitation must be kept confidential. All bids received and/or proposals will be treated confidential until their public opening.

6. PROCUREMENT GOALS

IHI's goal during the procurement process is to:

- Ensure that goods and services obtained are of the quality needed for delivery at the time and place required.
- Make purchases from responsible vendors, obtain maximum value, and foster good relationships with dependable vendors and suppliers
- Make sure that all procurement transactions are undertaken in a manner that is transparent and ethically sound while avoiding conflict of interest in all IHI-vendor relationships
- Avoid acquisition of unnecessary or duplicative items. Where appropriate analysis will be made of lease versus purchase alternatives to determine most economical approach.
- The use of value engineering approach for construction contracts. Value engineering is a systematic and creative analysis of each contract item or task to ensure that it is essentially provided at the overall lower cost.
- Award contracts only to responsible vendors possessing the capacity to perform successfully under the terms and conditions of a proposed procurement.
- Standardize the process across field offices while following guidelines and thresholds

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7. SUPPLY CHAIN MANAGEMENT UNIT (SCMU)

The IHI Supply Chain Management Unit shall be the responsible authority within the Institute that will take control of the procurement function and the settlement of all contractual and administrative issues related to procurements for the purchase of goods, services and consultancy. The unit is headed by Supply Chain Manager. SCMU shall:

1. Manage all procurement, inventory movement, and disposal activities of the institute
2. Support the functioning of the TC;
3. Put the decision of TC into action
4. Communicate directly with the relevant statutory authority on matters within its powers;
5. Serve as the secretary of the TC
6. Receive, check and prepare statements of requirements;
7. Plan the procurement and disposal activities of the institute;
8. Recommends procurement, inventory movement, and disposal procedures;
9. Prepare tendering documents;
10. Prepare advertisements of tender opportunities;
11. Prepare contract documents;
12. Issues approved contract documents and maintains archive records of the procurement, inventory movement, and disposal process;
13. Maintain a list or register of all contracts awarded;
14. prepare periodic reports for the TC;
15. Co-ordinate the procurement and disposal activities of all the departments or units of the institute; and
16. Prepare other reports as may be required from time to time.
17. Ensures accuracy of transactions for inventory at all times

8. IHI INTERNAL APPROVALS AND PROCEDURES

All requests for goods and services must be made in writing using a Purchase Requisition form, and internal approval should be obtained before procuring the goods, services and consultancy. The approvals required should be based on the Delegation of Authority (DOA) Policy.

The procurement process is guided by essential functions to stimulate competition, mitigate risk, and segregate duties. The essential functional roles needed to execute procurement processes and activities are: "Requester", "Budget/Task Code Manager", "Purchaser", "Reviewer" and "Receiver", described below. Each project/department is responsible for assigning these procurement functional roles to designated staff to ensure appropriate segregation of duties.

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Table 1: Procurement Roles and Responsibilities

Role	Responsibility
Requester	The person who initiates the Purchase Request. Fill the purchase requisition form electronic or manual.
Budget Code Accountant	Approves the Purchase Request, authorizing the Purchaser to proceed with the solicitation process following the finance confirmation of budget availability. Approves the final recommended vendor/contractor and total contract cost.
Supply Chain Management Unit (SCMU)	Coordinates the procurement, including the solicitation process when required, by; carrying out competitive and open procurement, documenting competition or justification for lack of competition, maximizing the value for money, securing review and approval, draft contracts to ensure funder flow downs are included and monitoring vendor performance in accordance with the terms and conditions of the contract.
Reviewer	Reviews and approves bids, documentation of competition or noncompetitive justifications, as required in in the DOA.
Approver	Approves bids, documentation of competition or noncompetitive justifications, as required in the DOA.
Receiver	Receives the goods, works, or services, preferably in the presence of the Requester or his/her delegate.

NOTE: For reasons that are beyond the normal operational procedures like; purchasing from the non-qualified vendors, single source and others that are to clearly clarified, it has to approved by CED

9. PROCUREMENT RULES

9.1 General Procurement Standards

The documented use of procurement procedures that are in line with respective donor rules and regulations and standards shall be applied by the IHI in acquiring goods or services. The SCMU shall observe application of rules stated in other IHI manuals or guidelines related to procurement of goods and service, such manual includes but not limited the Finance, Code of Ethics, etc. IHI will also abide by the Tanzania Public Procurement Acts and PPRA guidance.

The general procurement standards cover a variety of topics including:

Oversight Responsibilities: Our organization is required to maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

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Use of Good Judgment: Our organization is required to use good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements.

9.2 Standards of Conduct

- **Code of Ethics**

The IHI takes every reasonable measure to ensure that our business practices are ethically sound. The IHI shall have a detailed Code of Ethics for its employees. The Code of Ethics is also available to our customers, suppliers, subcontractors and sponsors.

IHI avails numerous avenues through which employees can seek counsel or disclose ethical issues of which the supervisor is the source of information and guidance.

The IHI Code of Conduct outlines responsibilities and procedures that promote the highest standards of integrity. Interacting with outside entities engaged in the selling of goods and services is an activity that is potentially vulnerable to fraud. It is necessary to protect IHI and all staff members by formulating and adhering to:

- The guidelines outlined in this manual
- Clear definition and understanding of procedures for authorizing requests, expenditure, and invoices and of obtaining quotations and tenders
- A code of conduct that explains and promotes the adoption of ethical behavior during all purchasing activity.

All IHI employees should understand and observe the Code of Conduct detailed below.

1. Give first consideration to IHI best interests, objectives and policies.
2. Ensure that staff conduct does not foster suspicion of any conflict between professional duty and personal interest.
3. Decline personal gifts or gratuities from current or potential suppliers.
4. Grant all competitive suppliers equal consideration as IHI and donor specifications permit.
5. Conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation.
6. Make every reasonable effort to negotiate an equitable and mutually agreeable settlement of any controversy with a supplier and/or be willing to submit any major controversies to arbitration or other third-party review, insofar as the established policies of IHI permit.
7. Promote fair, ethical, and legal trade practices.

Treat all information received from suppliers in the strictest confidence.

- **Fraud Awareness**

Fraud is an act of deception intended for personal gain or to cause loss to another party, even if no gain or loss is in fact caused. Given its nature and size, Supply Chain Management Unit is one area which can be particularly vulnerable to fraud.

IHI practices a policy of zero tolerance of fraud and corruption and its entire staff shall be required to act honestly and with integrity, and to safeguard the assets for which they are responsible at all times. All staff must abstain from fraud and corruption for the sake of protecting IHI's assets and reputation

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IHI strictly prohibits any actual or attempted act of fraud or corruption by IHI staff members, implementing partners, contractors or their and agents acting on its behalf. Disciplinary measures amounting to and including dismissal shall be taken against any employees involved in actual or attempted fraud or corruption act of any kind.

IHI will endeavor to recover, by any and all legal means; any funds lost through fraud from those responsible and shall support its staff to take a firm stand against fraud and corruption. IHI shall ensure that none of its staff shall suffer any consequences as a result of negative performance assessment, adverse employment or retaliation, reporting suspicions of fraud and/or corruption or refusing to pay bribes.

High professional integrity and personal ethics, ethical behavior that abhors misuse of organization resources, ensuring value for money, not receiving gifts, incentives or favors shall be IHI's springboard in conducting its purchases. This will include declaring of any and all conflicts interest in IHI related business.

All IHI staff must report with immediate effect any suspicious act of fraud or dishonesty to the Chief Executive Director. If the staff member does not feel able to report the issue to the Chief Executive Director, they must immediately report their suspicion via their line manager or as per the IHI policy.

The most common types of Procurement fraud are as follows but not limited to:

- **Collusion between suppliers;** e.g. bid rotation / pooling in which suppliers join together to rig their bids to rotate IHI's business, for instance, bid rotation/pooling
- **Bid splitting;** In which the demand is split into several bids and run through a lower sourcing threshold leading to reduced oversight.
- **Bid tailoring;** whereby the supply chain Lead purposely designs the bid documentation to match the specific or unique qualities of a supplier.
- **Price manipulation;** this is an act of fraud in which a supplier charges IHI a higher price than what was originally agreed in the Contract.
- **Product substitution;** whereby IHI sources and pays for a certain specification, but the supplier provides a lower / different specification.

The key indicators to be aware of may include, but are not limited to:

Supplier Related

Failure to disclose conflict of interest
Exaggerated invoices or purchase orders

Winning contractors subcontract to losing bidders

Winning of the contract by the last party to bid.

Staff Related

Contracts awarded by sole source or non-competitive process.

Tampering with evaluation criteria after bid opening to award contract to a supplier

Writing off huge quantities of goods as obsolesces or scrap

Need that can only be fulfilled by a specific manufacturer or supplier.

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Similarity of the bids on paper in every aspect including font, color, spelling mistakes, printing etc. (collusive bidding).

The winning bid exceeds the market rate

Ghost suppliers or general order suppliers that do not actually exist.

Recurring and consistent pattern of winning bids.

Partial delivery of goods or services

Goods substitution where the quality of items delivered is different from samples provided/proposed at the bidding stage.

Qualified contractors do not submit bids.

Multiple purchase requests initiated in close proximity of item to avoid threshold limits

No specialization in execution of duties, for instance, identification & selection suppliers is done by one staff member

Bids designed to meet specifications of a specific manufacturer

Unreasonably narrow or broad specification.

Staff member deliberately forgoing vacations or refusing to delegate his responsibilities.

Lack of information about when and how the bid was submitted

Lack of necessary documentation (no PR, PO, and GRN).

Overly friendly relationship between a supplier and a Supply Chain person(s).

- **Gifts**

No gifts or money should be accepted except for the gifts that are of an inexpensive (less than US\$25.00) or seasonal nature such as business diaries, calendars, or pens. The offer of small gifts is an accepted part of commercial life and care must be taken not to offend or damage relationships with suppliers when explaining that acceptance is contrary to IHI normal practice. Any attempt by suppliers to undermine the honesty of staff by the offer of gifts or other inducements should be immediately reported to the Chief Executive Director.

- **Conflict of Interest**

IHI as an Organization must refrain from any kind of act that causes conflicts of interest to arise in the procurement of goods and services supported by donors. Conflicts of interest are part of the Standards of Conduct required in support of assistance agreements. For instance, a conflict of interest arises when the employee, officer, or agent, any member of their immediate family, their partner, or an organization which employs or is about to employ any of these parties, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

When a real or apparent conflict of interest occurs, no employee, officer or agent shall participate in the selection, award, or administration of a contract. These requirements govern the actions of all employees engaged in the procurement planning, selection, award, and administration of donor supported contracts/agreements.

- **Organizational Conflict of Interest**

In case of any conflict-of-interest IHI must disclose to sponsors in writing based on the applicable procurement policy and regulations provided and therefore must be aware of and be ready to report organizational conflict of interest given that relationships with a parent company, affiliate or subsidiary organization may lead to impartiality in the course of undertaking a procurement action that involves a related organization.

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- **Confidentiality**

Under no circumstances should IHI staff divulge any contractual or pricing information to external sources or use as a “benchmark” for independent negotiations. In some cases, such disclosure may constitute a breach of contract, specifically, a breach of confidentiality or such provisions. The prices, terms, and conditions under which many vendors/consultants work with IHI should be based on negotiations and mutual trust-building.

- **Prohibition on Soliciting or Accepting Items of Monetary Value**

The officers, employees, and agents of the IHI may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. Our organization defines an *unsolicited* item of nominal value of a gift to be an item of less than \$25 USD.

If the item of monetary value meets our definition of an *unsolicited* item of nominal value of a gift or a non-substantial financial interest, we do not consider this a conflict of interest.

For avoidance of doubt or suspicion, all real or apparent conflicts of interest must be disclosed to IHI supervisors.

- **Disciplinary Action**

It is of paramount importance for all employees in a donor-funded organization to abide by the standards of conduct. Failure to comply with these standards can lead to disciplinary action, as provided in IHI Human Resource Manual.

- **Cost Principles**

It is the IHI responsibility to ensure that costs incurred are in accordance with the applicable cost principles, meaning the costs are (1) reasonable: costs which are generally recognized as ordinary and necessary and would be incurred by a prudent person in the conduct of normal business; (2) allocable: incurred specifically for this award; and (3) allowable: conform to any limitations in this award. The IHI shall obtain any prior written approvals from the donor that is required by the applicable cost principles. IHI may obtain the sponsor’s written determination on whether specific costs not clearly addressed in the applicable cost principles are allowable or allocable. IHI shall follow the provisions, Cost Principles and Standard Provisions as required by the donor.

All procurement actions supported by donor funds must also follow the cost principles and should be:

- Necessary and reasonable for the performance of donor award.
- Conform to any limitations or exclusions outlined in the cost principles or the terms and conditions of the respective sponsor.
- Adequately documented.

10. ALLOWABLE COSTS

10.1 General Criteria

Unless stipulated otherwise by statute, costs must meet the following general criteria to be allowable:

- a) Act in in line with policies and procedures that apply uniformly to both Federally- financed and other activities of IHI.

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- b) Be necessary and reasonable for the performance of the Federal award and be allocable under these principles.
- c) Conform to any limitations or exclusions outlined in these principles or the Federal award as to types or amount of cost items.
- d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- e) Be determined based on generally accepted accounting principles.
- f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior period.
- g) Be adequately documented and consistent with statutory and national policy requirements.

10.2 Reasonable

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining the reasonableness of a given cost, consideration must be given to:

- (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the organization or the proper and efficient performance of the Federal award;
- (b) The restraints or requirements imposed by such factors as sound business practices; arms-length bargaining; Federal, state and other laws and regulations; and terms and conditions of the Federal award;
- (c) Market prices for comparable goods or services for the geographic area;
- (d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the IHI, its employees, where applicable its membership, the public at large, the donors and the Federal government; and
- (e) Whether IHI significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.

10.3 Allocable

- (a) A cost is allocable to a particular Federal award or another cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:
 - 1) Benefits both the Federal award and other work of IHI and can be distributed in proportions that may be approximated using reasonable methods; and
 - 2) Is incurred specifically for the Federal award;
 - 3) Is necessary to the overall operation of IHI and is assignable in part to the Federal award in accordance with the principles in this subpart.
- (b) All activities which benefit from the IHI indirect (F&A) cost, including unallowable activities and donated services by the IHI or third parties, will receive an appropriate allocation of indirect costs.

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- (c) Any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. However, this prohibition would not preclude IHI from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.
- (d) Direct cost allocation principles. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost should be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding paragraph (b) of this section, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. Where the purchase of equipment or other capital asset is specifically authorized under a Federal award, the costs are assignable to the Federal award regardless of the use that may be made of the equipment or other capital asset involved when no longer needed for the purpose for which it was originally required. See also CFR 200.310, Insurance coverage through CFR 200.316 Property trust relationship and CFR 200.439 Equipment and other capital expenditures.
- (e) If the contract is subject to Cost Accounting Standards (CAS), costs must be allocated to the contract under the Cost Accounting Standards. To the extent that CAS is applicable, the allocation of costs in accordance with CAS takes precedence over the allocation provisions in this part.

10.4 Net of applicable credits

- (a) Applicable credits refer to those receipts or reduction-of-expenditure-type transactions that offset or reduce expense items allocable to the Federal award as direct or indirect (F&A) costs.

Examples of such transactions are purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by IHI relate to allowable costs, they must be credited to the Federal award either as a cost reduction or cash refund, as appropriate.
- (b) In some instances, the amounts received from the Federal government to finance activities or service operations of IHI should be treated as applicable credits. Specifically, the concept of netting such credit items (including any amounts used to meet cost sharing or matching requirements) should be recognized in determining the rates or amounts to be charged to the Federal award. (See CFR 200.436 Depreciation and 200.468 Specialized service facilities, for areas of potential application in the matter of Federal financing of activities.)

11. DEBARMENT AND SUSPENSION

As per M12, Debarment and Suspension (June 2012) IHI shall not transact or conduct business with any individual or entity that has an active exclusion on the System for Award Management (SAM) (www.sam.gov) unless prior approval is received from the Agreement Officer. The list contains those individuals and entities

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that the U.S. Government has suspended or debarred based on misconduct or a determination by the U.S. Government that the person or entity cannot be trusted to safeguard U.S. Government funds. Suspended or debarred entities or individuals are excluded from receiving any new work or any additional U.S. Government funding for the duration of the exclusion period.

In compliance with M14. Preventing Transactions with, or the Provision of Resources or Support to, sanctioned groups and individuals (May 2020).

IHI in carrying out procurement activities under USAID/USG award, except as authorized by a license issued by the Office of Foreign Assets Control (OFAC) of the U.S. Department of Treasury, the IHI shall not engage in transactions with, or provide resources or support to, any individual or entity that is subject to sanctions administered by OFAC or the United Nations (UN), including any individual or entity that is included on the Specially Designated Nationals and Blocked Persons List maintained by OFAC (<https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx/>) or on the UN Security Council consolidated list (<https://www.un.org/securitycouncil/content/un-sc-consolidated-list>).

IHI shall comply with Subpart C of 2 CFR Section 180, as supplemented by 2 CFR 780. USAID may disallow costs, annul or terminate the transaction, debar or suspend the recipient, or take other remedies as appropriate, if the recipient violates the provision.

Before initiating a contract with a new vendor, sub recipient or third party IHI shall verify that the entity is not debarred from taking part in in the transaction as provided on 2 CFR part 180 at

https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr180_main_02.tpl or <https://www.acquisition.gov/content/subpart-94-debarment-suspension-and-ineligibility>

To ensure Federal funds do not flow to excluded parties, HI shall check for suspended or debarred parties before opening bids or awarding work for all covered transactions.

IHI shall meet the requirement of screening out suspended or excluded parties before opening bids or awarding work for all transactions covered in order to ensure that Federal funds do not flow to excluded parties. The checking is done by searching the System for Award Management (SAM) for exclusion records, active or excluded at <https://www.sam.gov/SAM/> or any other checking tool identified by IHI.

Common types of covered transactions include:

- All non-procurement contracts such as Sub award
- All procurement contracts requiring the consent of an official of a Federal agency
- Other procurement contracts for goods or services regardless of funding
- A principal person in a covered transaction, such as a principal investigator

Adequate documentation of who was checked, when they were checked, and the results of the search must be maintained in the procurement file and attached to with the procurement documents.

12. RISK MANAGEMENT

In the procurement process risk may inherently occur at any stage in between the identification stage of the need, procurement, delivery or the use of goods or service. Therefore, this makes risk management a necessity and a crucial part of the entire procurement procedure as it purposely facilitates checks and balances to protect IHI assets and use of funds. Staff undertaking the procurement functions shall follow the

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prescribed procurement workflow and activities to ensure that there is consistency in the application of standards.

The responsible staff shall be accountable to ensure cost reasonableness for award performance at every stage of the procurement process. Coordination must be considered to mitigate risk where delivery schedule, cost, user acceptability, integrity and competence may be impacted. The following are checks and balances that will apply:

1. Segregation of procurement duties among staff;
2. Different levels of signatories;
3. Documentation to track procurement steps and approvals;
4. Two-way communication between Procurement department and Vendor;
5. Conducting Terrorist Financing and EPLS review processes as may be required by the source of funding
6. Conducting IT risk assessment if product or service may impact IT systems negatively;
7. Proper reception of goods, services or work by Receiver;
8. Training of staff responsible for supply chain.

Sponsor Requirements

Award Agreement

IHI is obligated to follow the procurement standards required by the award agreement, as well as IHI and others donor specific requirements on procurement.

Sponsor Pre approvals

There are instances where the sponsor asks for quotes and bid analysis before granting prior approval. If that is the case, then the same procurement process in this manual will be followed. The documents to send to the sponsor to pursue prior approval are:

1. Prior approval letter
2. Supplier Registration Form
3. Bid analysis
4. Quotes
5. Leasing vs. buying analysis (some sponsors, such as USAID, prohibit leasing for more than 180 days or six months without an analysis showing that leasing is more cost-effective than buying over the full period of performance)
6. Terrorist financing check
7. Any other requirements of the sponsor

13. SOURCE/ORIGIN, GEOGRAPHIC CODES, LOCAL PR, AND WAIVERS

This part highlights on the key concepts and the governing structure related to Geographic Codes and source and nationality requirements of USAID programs. These concepts govern where and with whom procurement transaction can be undertaken.

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13.1 Definitions

Source and nationality are defined in [22 CFR 228.01](#) as follows:

Source refers to “the country from which a commodity is shipped to the cooperating country or the cooperating country itself if the commodity is located therein at the time of purchase.”

Nationality shall mean “the place of legal organization, ownership, citizenship, or lawful permanent residence (or equivalent immigration status to live and work on a continuing basis) of suppliers of USAID-funded commodities and services.” 22 CFR 228.12 further explains requirements regarding the nationality of suppliers of commodities and services:

- a. If the supplier is an individual, the individual shall be a citizen or lawful permanent resident (or equivalent immigration status to live and work on a continuing basis) of a country listed in Geographic Code 937 (or other geographic as designated in the implementing instrument).
- b. If the supplier is an organization, the organization must:
 - i. Be incorporated or legally organized under the laws of a country listed in Geographic Code 937 (or other Geographic Code as designated in the implementing instrument);
 - ii. Be operating as a going concern in a country listed in Geographic Code 937 (or other Geographic Code as designated in the implementing instrument);
 - iii. Fulfill one of the following, either:
 1. Be managed by a governing body, the majority of whom are citizens or lawful permanent residents (or equivalent immigration status to live and work on a continuing basis) of countries listed in Geographic Code 937 (or other Geographic Code as designated in the implementing instrument), OR
 2. Employ citizens or lawful permanent residents (or equivalent immigration status to live and work on a continuing basis) of a country listed in Geographic Code 937 (or other Geographic Code as designated in the implementing instrument), in more than half its permanent full-time positions and more than half of its principal management positions.
- c. If the supplier is a **government-controlled organization**, there are additional considerations:
 - i. Firms operated as commercial companies or other organizations or enterprises (including nonprofit organizations) in which foreign governments or their agents or agencies have a controlling interest are not eligible as suppliers of commodities and services, except if their eligibility has been established by a waiver by the sponsor.
 - ii. However, foreign government ministries or agencies of the cooperating country, including those at the regional and local levels, and government educational institutions, health care providers, and other technical entities of the cooperating country not formed primarily for commercial or business purposes, **are eligible** as suppliers of commodities and services.

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13.2 Geographic Codes

The source and nationality requirements of procurements funded by USAID must meet the Geographic requirements of the USAID contract. USAID may expand the authorized Geographic Code by processing a waiver. All waivers must be issued by USAID in writing, prior to the purchase taking place.

USAID grantees are assigned a "geographic code" in their Cooperative Agreement that designates specific countries from which they are authorized to purchase goods and services. There are three main geographic codes typically used: 937 and 935, 110.

Code 110

Geographic code 110 authorizes grantees to purchase goods and services from the United States, the independent states of the former Soviet Union, or developing countries, excluding prohibited source countries.

Code 935

Geographic code 935 authorizes grantees to purchase goods and services from any area or country including the cooperating country, excluding any country that is a prohibited source. This implies that products cannot be made in, and shipped from any country in USG list of prohibited source countries. Products may not contain any part or ingredient manufactured in the aforementioned excepted countries.

Code 937

Geographic code 937, as the predominant source origin code, authorizes grantees to purchase goods and services from the United States, the recipient country, or other developing countries but **excludes** advanced developing countries and prohibited source countries. Code 937 is typically assigned if the procurement element in the award is more than \$250,000.

Additionally, **cooperating country** or **recipient country** refers to the country receiving USAID grants including all countries receiving assistance under a regional program and this implies that Geographic code 937 covers regional projects with head office in one country and various satellite offices in other countries.

13.3 Prohibited Sources

Currently, there are no specific countries listed in ADS 310 as prohibited sources. Instead, USAID notes that other U.S. legal restrictions on procurement such as the sanctions and embargoes programs administered by the U.S. Department of Treasury Office of Foreign Assets Controls (OFAC) on specific countries, entities, or individuals may apply to certain procurements.

Because OFAC regulations are complex and constantly evolving, IHI's practice is to maintain a list of countries as our internal list of "prohibited sources" for all procurements. The countries in internal list of "prohibited sources" are ineligible countries for source, nationality, or manufacture under any USAID Geographic Code without prior written approval from IHI's CED and potentially USAID. In some cases, certain transactions involving these countries may be eligible, depending on the circumstances and applicable OFAC regulations and authorizations.

Due to the complexity and constant changes of OFAC regulations, IHI's practice shall endeavor to maintain a list of countries in its internal list of "prohibited sources" for all procurements. The countries in IHI internal

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list of “prohibited sources” are considered ineligible countries for source, nationality, or manufacture under any USAID Geographic Code without prior written approval from IHI’s CED and potentially USAID. However, the eligibility will be based on the circumstances and applicability of OFAC regulations and authorizations.

13.4 Source and Nationality Waivers

The source and nationality requirements of procurements funded by USAID must meet the Geographic requirements of the USAID contract. USAID may expand the authorized Geographic Code by processing a waiver. All waivers must be issued by USAID in writing, prior to the purchase taking place.

Currently, there are no specific countries listed in ADS 310 as prohibited sources. Instead, USAID notes that other U.S. legal restrictions on procurement such as the sanctions and embargoes programs administered by the U.S. Department of Treasury Office of Foreign Assets Controls (OFAC) on specific countries, entities, or individuals may apply to certain procurements.

13.5 Restricted Commodities

IHI shall comply with the provisions of M6. USAID Eligibility Rules for Procurement of Commodities and Services (May 2020).

- a. This provision is not applicable to commodities or services that IHI provides with private funds as part of a cost-sharing requirement, or with program income generated under the award.
- b. Ineligible and Restricted Commodities and Services:
 - (1) Ineligible Commodities and Services. IHI shall not, under any circumstances, procure any of the following:
 - (i) Military equipment,
 - (ii) Surveillance equipment,
 - (iii) Commodities and services for support of police or other law enforcement activities,
 - (iv) Abortion equipment and services,
 - (v) Luxury goods and gambling equipment, or
 - (vi) Weather modification equipment.
 - (2) Ineligible Suppliers. Any firms or individuals that do not comply with the requirements in Standard Provision “Debarment and Suspension” and Standard Provision “Preventing Transactions with, or the Provision of Resources or Support to, Sanctioned Groups and Individuals” must not be used by IHI to provide any commodities or services funded under the USAID/USG award. (3) Restricted Commodities. IHI shall obtain prior written approval of the Agreement Officer (AO) or comply with required procedures. applicable waiver, as provided by the AO when procuring any of the following commodities:
 - (i) Agricultural commodities,
 - (ii) Motor vehicles,
 - (iii) Pharmaceuticals,
 - (iv) Pesticides,
 - (v) Used equipment,
 - (vi) U.S. Government-owned excess property, or
 - (vii) Fertilizer.

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- c. **Source and Nationality:**
 Except as may be specifically approved in advance by the AO, all commodities and services that will be reimbursed by USAID under the award must be from the authorized geographic code specified in the award and must meet the source and nationality requirements set forth in 22 CFR 228. If the geographic code is not specified, the authorized geographic code is 937. When the total value of procurement for commodities and services during the life of this award is valued at \$250,000 or less, the authorized geographic code for procurement of all goods and services to be reimbursed under the award is code 935. For a current list of countries within each geographic code, see **ADS 310, Source and Nationality Requirements for Procurement of Commodities and Services Financed by USAID.**
- d. Guidance on the eligibility of specific commodities and services may be obtained from the AO. If USAID determines that the IHI has procured any commodities or services under the award contrary to the requirements of this provision, and has received payment for such purposes, the AO may require the IHI to refund the entire amount of the purchase.

14. CONSEQUENCES OF MISUSE OF DONOR FUNDS

The USG reserves the right to require IHI to refund any amount that is not spent in accordance with the terms and conditions of the award (that is, costs not allowable under the regulations).

15. TENDER COMMITTEE

15.1 Establishment of Tender Committee (TC)

The establishment of a tender committee shall be embedded on the principles that nurture accountability, integrity and transparency in IHI procurement functions. The TC shall be appointed by the chief Executive Director for a period of three years and shall be eligible for re-appointment for a further one year.

15.2 Composition and Appointment

The committee shall be composed of:

- a) Chairman (from Headquarter in DSM), who shall be one of the heads of departments, units, project leader, research scientist, or a person of similar standing and who shall be appointed by the Institute's Chief Executive Director.
- b) Six members: who are heads of department or a person of similar standing and shall be appointed by the Institute's Chief Executive Director.
- c) The Secretary (non-voting) shall be the head of SCMU of the institute.

15.3 Tenure of Appointment

- a) The chairperson and members of the committee shall be appointed for a period of one year whose eligibility for re-appointment shall be extended for one year.
- b) Under exceptional circumstances, the Chief Executive Director may extend the tenure of the Committee member or members for a period not exceeding six months from the date of expiry of

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- the initial maximum period of appointment.
- c) The Chief Executive Director may terminate the appointment of the Chairman and members of the Committee at any time for:
- i) Abuse of office.
 - ii) Corruption.
 - iii) Incompetence.
 - iv) Any physical or mental incapacity that renders a person incapable of performing the duties of that office.
 - v) Failure to attend three consecutive meetings of the TC meetings without reasonable grounds.
 - vi) Conviction of an offence involving moral turpitude or.
 - vii) Being pronounced bankrupt by a court of law
 - viii) Any member of the Committee may resign upon giving one month's notice in writing to the Chief Executive Director.

15.4 Functions of TC

1. Adjudication of recommendation from the SCMU and recommending award of contracts to the director;
2. Review of all applications for variations, addendums or amendments to ongoing contracts;
3. Approving all tendering and contract documents;
4. Reviewing and approving of all new un-prequalified vendors
5. Approving procurement and disposal procedures;
6. Ensure that best practices in relation to procurement and Disposal by tender activities are strictly adhered by the Institute.
7. Ensure compliance with the Procurement and Disposal Policies

All contracts signed by the institute and service providers must first be approved by the TC before authorization by the CED.

15.5 Attendance by Non-members

The committee may extend invitation to officers who are non-members from within the institute or other public authority or any organization to attend its meetings purposely to assist the TC for the specialty not available within the organization except that such a person shall have no right to vote.

Meetings

The Secretary of the tender committee shall have the mandate to call meetings by a notice specifying the date, time and venue of such meeting which shall be sent to each member at his or her usual place of office or residence not less than two full working days before the date of such meeting and the Committee shall meet at such times and places.

Given the challenging nature of physical meetings, the tender will have an option of conducting meetings online and through circular resolution for the sake of saving time of the members and attaining transparency and fairness in procurement activities.

Quorum

One half of the members of the Committee shall form a quorum for a meeting of the Committee:

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- a) In the absence of the Chairman, the members present at a meeting of the Committee shall elect one of the members to act as Chairman for that meeting and the member who is so elected to act as Chairman shall be responsible for reporting findings of such meeting to the Chairman.
- b) A decision of the majority of the members present and voting shall be put on record as the decision of the committee except if a member who dissents from that decision shall be entitled to have his dissenting decision and the reasons for it to be recorded in the minutes of that meeting.

Minutes

There shall be recording of the minutes of each meeting by the secretary in an appropriate way and the minutes shall be confirmed by the committee and signed by the chairperson and the secretary at the next sitting of the committee.

Notification of award /Decisions

Notification of decisions/awards and all other communications sent shall be signed by the Chief Executive Director or Deputy Director.

Selecting the Evaluation Team

There shall be formed for each bid an evaluation committee which shall conduct the evaluation and aided by a secretary from Supply Chain Management Unit responsible for preparing evaluation report and guiding the team on procurement process and requirements. The membership of the evaluation committee shall be recommended by the Supply Chain Management Unit, reviewed by COO and approved by the Chief Executive Director.

A Tender Evaluation Committee will be composed of a minimum of three members as follows: (1) the Supply Chain Manager (who will serve as committee's secretary) and the committee shall agree on the chair at each session; (2) one Finance personnel, and (3) one technical personnel. The committee can have a maximum of five (5) members to include the three prescribed members and additional two (2) the CED can co-opt a member to the committee and can propose additional members not to exceed maximum of five members (5) in total. The Supply Chain Manager (Secretary) will ensure that each member of the TEC has signed a statement of conflict of interest (form attached)

The formation of a TEC is highly recommended under the following circumstances:

- 1) If the offer under evaluation is technically complicated or has complex specifications.
- 2) If the offer is for complex "non-commodity", for example: ERP development and installation, or renovation
- 3) If the items purchased are other than routine commodity purchases

The TEC will be charged with evaluating all offers in an impartial manner, and solely on the evaluation criteria communicated in the solicitation.

Evaluators are expected to:

1. Be fair and evaluate all bids impartially

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2. Be IHI staff.
3. Withdraw from participating in an evaluation if the evaluator has a disqualifying interest. Example: Evaluator's spouse, parents, or children are employees of the bidder or hold a financial interest in the bidder.
4. Assemble a team, including staff from technical programs, finance, and management.

16. PREQUALIFICATION OF VENDORS

When soliciting for an upcoming requirement, it is necessary to include qualified suppliers to satisfy the needs of the specific project. Supplier identification is the first important step in the procurement process. Identification of qualified suppliers is a continuous work in progress. IHI office shall prequalify several suppliers for the types of goods it most often procures. These vendors will then be contacted each time there is a request for goods or services.

16.1 Purpose

Establish a list of selected, prequalified vendors that would be invited to quote for certain categories of goods and services. Prequalifying suppliers for upcoming bidding opportunities is a great way to determine which suppliers are in the local marketplace. Obtaining their information and maintaining a mailing list is an efficient way to file the vendors' information. This process should be done on a frequent basis to include new suppliers for project bidding opportunities. Vendors on the list will become preferred vendors only after proper solicitation is obtained and appropriate approvals established.

Note: For the purpose of ensuring maximum open and free competition, IHI shall ensure that all prequalified lists of persons, firms or products which are used in acquiring goods and services are current and include enough qualified sources. Likewise, potential bidders shall not be barred from qualifying in the solicitation period. Tender committee approval and finally approval from the CED must be obtained before including potential bidder who is not prequalified in the vendors/supplier.

16.2 Mailing Lists

The solicitation mailing list contains the names, addresses, and points of contact for vendors that will receive solicitations. Each office should establish mailing lists using a variety of means to locate potential suppliers. Resources available to identify and/or establish mailing lists are:

1. Phone books
2. Newspapers
3. Internet searches
4. Local trade unions
5. Chambers of commerce
6. Industry listings
7. Recommendations from funding sources vendors from prior procurements
8. RFI letters

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16.3 Criteria

Evaluation and Pre-qualification of vendors will be based on the following criteria:

- i) Registration, incorporation certificates, office physical address and trading licenses;
- ii) Proof of necessary capability, experience, resources, equipment, and facilities to provide what is required;
- iii) The vendor/person has the legal capacity to enter into a contract for procurement;
- iv) The vendor is not insolvent, in receivership, bankrupt, or in the process of being wound up and is not the subject of a legal proceeding related to performance dispute;
- v) Proof of required qualified personnel to support requests;
- vi) Must be currently supplying at least three reputable organizations with similar or more funding;
- vii) Demonstrable record and ability to deliver full-on-time and quality products;
- viii) Proof of financial capability to perform the assignments under review;
- ix) Vendors under the category of sensitive supplies like drugs, laboratory reagents, and chemicals will provide certification, accreditation, or endorsement by a recognized authority. VAT registered companies will need VAT certificates from tax authorities;
- x) Meet the minimum general, professional and worker's compensation requirements of IHI Programs for the respective commodity vendor;
- xi) Registration with the relevant authorities, agencies, professional bodies, ISO certification and accreditations; and
- xii) Successful execution of prior contracts with IHI

16.4 Procedure

1. A tender notice is published in a newspaper or an expression of interest letter is sent out to vendors.
2. The prequalification team (which should include procurement and program staff as well as other staff) at IHI evaluates the information submitted by interested firms against the previously established experience and responsibility criteria. The prequalification team should contact a sufficient number of the businesses referenced by each firm to assess the experience claimed. The performance record of the firms should be checked at this point.
3. The qualified firms/vendors should be checked against the Lists of Parties Excluded from international procurement, Multinational procurement agencies and donor community.
4. Establish a shortlist of prequalified bidders. Record the explanation of the basis for the selection of the bidders on the shortlist. Depending on the nature of the procurement, donor might require a copy of the Evaluation report.
5. Conduct a due diligence visit to the shortlisted vendors as part of the prequalification process.
6. The TC shall deliberate on the shortlisted vendors and endorse for final approval by CED.
7. Any firm that is not deemed qualified for the procurement should not appear on the shortlist and is not considered further. IHI should advise firms promptly whether or not they are deemed qualified.
8. The IFB is to be distributed among the firms on the shortlist. The IFB will be issued shortly after prequalification evaluation is completed. The IHI team may advise firms that they have been prequalified.
9. The office should create a database in Excel or Word with vendors classified by industry and assign an employee from the supply chain Unit or logistic department to manage it, updating it frequently.

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The final register of prequalified vendors shall be approved by Chief Executive Director. Any revision to the register shall follow similar approvals. The Supply Chain Manager shall notify the successful bidders of their inclusion in the IHI vendors register for the said year. Unsuccessful bidders shall also be notified.

17. SOLICITATION

17.1 Solicitation and Thresholds

Solicitations are documents in the purchasing process used to request quotes, bids, or proposals from suppliers and characterized as either informal or formal. Informal solicitations are generally straightforward or uncomplicated, usually of lower value, and may be conducted using Request for Quotations (RFQ) or Request for Proposals (RFP) or Invitation for Bids (IFB), depending on the degree of specific language needed. For the remote located vendors (without formal e-mail communication) alternative approach (whatsapp and other means that can keep record) can be applied.

Formal solicitations are more complicated, higher in risk, usually of higher Tanzania shillings value, and conducted using an IFB, depending on the degree of specific language needed. Table 2 below sets out the Standard Sourcing Thresholds which define the Sourcing procedure to be followed by for each threshold. These Thresholds will be used to determine the correct Sourcing Procedures for IHI procurement.

Table 2: Procurement methods and thresholds

SN	Procurement Methods	Goods	Works	Non-Consultant Services	Disposal	Consultant Services
1.	Tendering:					
	1.1 International Competitive	No Limit	No Limit	No Limit	No Limit	No Limit
	1.2 National Competitive (Max)	800,000,000	3,000,000,000	500,000,000	3,000,000,000	1,000,000,000
	1.3 Restricted (Max)	400,000,000	1,500,000,000	200,000,000	100,000,000	500,000,000
2.	Competitive Quotation	No limit	No limit	No limit	N/A	N/A
3.	Single Source (Max)	500,000,000	800,000,000	100,000,000	N/A	300,000,000
4.	Minor Value (Max)	800,000	1,000,000	800,000	N/A	7,500,000
5.	Individual Consultant Selection (Max)	N/A	N/A	N/A	N/A	150,000,000

N/A = Not Applicable: Max = Maximum limit

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Note: If there is no prequalified vendor and the total estimated amount to be procured is more than TZS 50,000,000 the procurement should be advertised

A solicitation shall contain a complete description of the requirement and all information and data necessary for a supplier to respond with an accurate and complete proposal. The same information shall be sent to every bidder at the same time. All bids should be returned and deposited in the tender box or as identified in the solicitation. Items that should be included in the proposal instructions will include, at a minimum:

1. Solicitation number.
2. The date the RFP was issued;
3. Due date and time when and where the quotes are to be received;
4. Point of contact with email and/phone number
5. A brief section describing how offers are to be prepared, where they are to be submitted, and whether electronic offers are acceptable;
6. Number of original and copy offers required depending on the size of the evaluation panel. (This is to avoid the IHI having to make copies of the bid for evaluation purposes);
7. A statement that late offers shall not be accepted, under any circumstances;
8. Action to be taken by a Vendor wishing to withdraw or amend their offer;
9. A deadline for the receipt of quotations typically no later than 7 working days prior to the deadline for offer submission. All received questions and all responses are provided to all bidders to ensure they all have the same information;
10. Procedures for the amendment of the RFP including extensions to the deadline for submission of offers;
11. Address to which offers must be delivered;
12. A statement that offers will not be opened publicly;
13. A brief background section describing IHI and identifying the name of the donor;
14. Name, phone number, and e-mail address of the contact person, who will be responsible for answering questions;
15. Description of goods and services, scope of work, etc., including minimum and maximum quantity required and unit of measure, etc.;
16. Packing and marking requirements;
17. The authorized USAID Geographic Code (Source, Origin and Nationality Requirements). USAID has authorized Geographic Code 935 for PEPFAR procurements which means that we cannot buy products made in, and shipped from any country in the USG list of debarred countries.
18. Description of any inspection required by the purchaser, or a 3rd party inspection agency;
19. A statement that all goods offered must be suitable for use in the named destination. Note, when the country of use is known we should not remove from the Vendor responsibility for ensuring the goods offered/supplied are suitable for the destination country.
20. Type of contract contemplated, e.g. firm fixed-price, or with installation and training added or if for an IQC with a duration of more than 12 months, a price variation clause;
21. Usually, delivery will be Ex-works. (INCOTERMS 2020);
22. Documentation requirements for delivery, e.g. Certificate of Analysis;
23. Date delivery is required, or the completion date of the services;
24. If time is of the essence, a Liquidated Damages provision;
25. Evaluation criteria that will be used to evaluate offers, and their relative importance;

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26. IHI Terms and Conditions, including payment terms, and the legal jurisdiction that shall apply to the final contract, etc.;
27. Statement that local, overseas, taxes and duties of any kind may not be included in prices (if applicable);
28. Statement that the IHI is not obligated to make any award by virtue of having issued the solicitation; and
29. A statement that declares that IHI may award all or none of these requests.
30. A statement that says IHI may award multiple awards based upon this solicitation.
31. Statement that although negotiated procurement procedures will apply, the Supply chain personnel reserves the right to make award without discussions and without requesting best and final offers.

All solicitation documents that allow for electronic submission must be in pdf format to ensure that the terms and requirements of the document cannot be amended or tampered with.

17.2 Amending or Canceling of Solicitation

When a RFP or RFQ is used, the Supply Chain Officer will promptly answer all questions posed by prospective vendors and disseminated equally to all potential vendors. If the questions result in amendments or significant clarifications to the solicitation, consideration must be given to extending the deadline for receipt of offers so as to enable prospective vendors to receive the amendment and submit a responsive offer. The Supply Chain Officer shall determine the period of time to extend the deadline,

An amendment may be necessary as a result of change in quantity, statement of work, delivery schedule, a change of date when the proposal is due or the cancelation of the requirement. Amendments shall be in writing and include, the solicitation number, an explanation of why there is a change and any revised documentation as required. The amendment shall be sent to all bidders.

17.3 Documentation of Solicitation Cycle

1. The solicitation has to be sent to all bidders at the same time with the same information.
2. All questions received are compiled, answered and sent to all bidders.

IHI shall ensure that competitive bidding is conducted to the maximum extent practicable obtain the best possible pricing while remain compliant with its Procurement Policy and the requirements.

Supply Chain Management Unit shall determine all the specific requirements including how the bids are to be posted, submitted and reviewed in accordance with applicable policy. A firm fixed price contract is awarded principally based on price to a responsible bidder under these conditions.

(a) Competitive procurement

Competition should be used to the maximum practicable extent. This section covers some of the requirements to maximize the opportunities for open competition as required. For IHI, all orders over the value of TZS 800,000 should be competed.

Competition is defined as receiving three (3) valid quotations. If only one valid quote is received for an order of TZS 800,000+, it then becomes a sole source and a sole source justification form is required. If a requester submits a sole source form for the solicitation, the Supply Chain Officer can override the form and compete the requirement.

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IHI must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, potential bidders must not be precluded from qualifying during the solicitation period.

The competitive procurement method is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- a) Requests for proposals must be publicized and all evaluation factors and their relative importance identified. Any response to publicized requests for proposals must be considered to the maximum extent practicable;
- b) Proposals must be solicited from an adequate number of qualified sources;
- c) IHI must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;
- d) Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and
- e) IHI may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated, and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services even when A/E firms are a potential source to perform the proposed effort.

Contracts must be awarded to the responsible firm whose proposal is most advantageous to IHI by scoring the identified evaluation factors in order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements.

i. Restricting competition

IHI shall avoid situations considered to be restrictive of competition which include but not limited to:

- Placing unreasonable requirements on firms for them to qualify to do business;
- Requiring unnecessary experience and excessive bonding;
- Noncompetitive pricing practices between firms or between affiliated companies;
- Noncompetitive contracts to consultants that are on retainer contracts;
- Organizational conflicts of interest;
- Specifying only a "brand name" product instead of allowing "an equal" product to be offered and describing the performance or other relevant requirements of the supply chain; and
- Any arbitrary action in the procurement process.

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ii. Competitive procurement exceptions

Notwithstanding the above, certain categories of purchases are of a nature which may not lend themselves to the competitive procurement process and therefore may be exempted from the procurement requirements:

1. Utility billings, such as water, electricity, telephone;
2. Postage, shipping charges, permits, fees, tolls;
3. Travel and travel related expenses purchased in accordance with federal guidelines;
4. Registration/tuition for standardized training classes or seminars;
5. Memberships;
6. Temporary non-employee personnel, direct hire placement and related charges;
7. Services directed by the Legal department; and
8. Certain insurance requirements.

iii. Sole source

In cases where competition cannot be achieved, a decision may be made identifying one source as the only vendor who can meet the requirements. All requisitions over TZS 800,000 shall require additional approvals as indicated on SSJ Form (Attached) if a sole source is requested. Also additional steps are required to ensure that the procurement will be allowable to charge in accordance to donor agreement award. It shall be used only when one or more of the following circumstances apply:

- The goods/services are only available from a single source
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- Federal Awarding Agency Authorization
- Inadequate competition after solicitations of a number of sources.

A signed SSI Form and documentation confirming noncompetitive procurement justification is required for any sole source procurement. It is required to substantiate the reason for a sole/single source purchase by providing a written explanation on the Price Justification & Reasonableness Determination Form.

18. EMERGENCY OR URGENT ORDERS

Emergency and compelling urgency shall be written in the PR by the requester and indicate clearly the reason for being an emergency and use of "other than competition" in the procurement and requisition

Emergency requirements for supplies or services are defined as:

Emergency: It is unanticipated situation which is so compelling such that, if no immediate remedy is sought to correct it, it would jeopardize life, property or adversely affect essential IHI operations.

The urgency is a situation with a much greater effect that can impede requisitioning through normal supply channels. The organization may respond to the situation by use of normal contracting methods and obtaining

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advanced approval. Examples of urgent situation are but not limited to flood or earthquake, explosion, and fire.

An emergency statement must accompany the PR for cases where IHI has to use "Other than competition" procedures resulting from an urgent need for supplies and services estimated to cost TZS 800,000 and above.

IHI shall classify/treat an unplanned or unexpected order as an emergency if IHI procurement cannot satisfy that the requirement within the required time under usual procurement process. Incidentally these are the justifiable reasons for applying for a waiver for Emergency and/or adhoc request procurement (only one is possible per Waiver):

1. New or abrupt changing requirements from the program/support function
2. The product is not in stock in country, and/or the requested delivery date is earlier/short than the standard lead time for obtaining the product from manufacturers or international supplier thus necessitating procurement to take urgent actions outside the agreed standard processes
3. Absence of the product will cause interruption or the cessation of other vital elements of a program.
4. Any situation that could cause serious and long-term damage to IHI' business-client/partner relationships
5. A situation defined by IHI Procurement that the program is not currently aware of (i.e. a supplier is going to shut down his manufacturing facility for a lengthy period of time that may affect its future ability to supply product in the near to midterm time frame).
6. Political exigencies or demands may also elevate a requirement to an emergency status if demanded by the client or the sponsor.

Requestor or anyone in the program that identifies a potential emergency completes a basic "details of the case" in the Purchase Requisition Form indicating the need for special emergency service signed by the initiator.

Procurement Requisition will be approved along with Emergency form following the normal process of approving PR and since it is emergency the final approver will be the CED.

Note: - Waivers should not be approved to accelerate a process due to lack of planning or delay in initiation of a purchase request.

19. EVALUATION CRITERIA

The determination on how the agreement will be awarded shall be made prior the release of the solicitation. If the award is competitive and is not based upon price and delivery alone, then an evaluation plan and team shall be created for a best value procurement. This must be identified in the Request for Quote/Proposal and the basis for their evaluation and selection of the successful tenderer/quotes/proposal shall be clearly specified in the solicitation document. The criteria list of items to be evaluated shall be identified so as to realize the importance of each item.

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Evaluation criteria can be either technical or programmatic or both. Examples include, understanding the scope of work, the technical approach, past experience, location, management plan, sourcing of requirements and availability of resources.

Members of this team are to be impartial to the process and have no conflict of interest with any of the bidders. They are reminded that they may not contact any of the bidder to discuss the specific requirement as it relates to the solicitation or discuss with others the requirements or evaluation process.

The evaluation team shall review the technical portion of the quotes while the Supply Chain Officer will prepare the price analysis. Once the technical team has completed their reviews, they shall submit their individual reviews to the Procurement, who will consolidate technical and cost into a formal documentation to present to Tender Committee with the recommendation for award.

19.1 Placing order

Purchase Orders, Contracts, Consulting Agreements and Sub awards shall be issued using the approved IHI templates. Exceptions, for example when a supplier request to use their own documents must be reviewed and approved by CED for contracts, purchase orders, consulting Agreements and Sub awards shall be based on IHI templates except for instance when a supplier has to request to use their own documents.

19.2 Documentation of placing order cycle

1. Purchase Order
2. Fully executed contract or consulting agreement, or Sub award

20. TAX EXEMPTIONS

IHI will adhere to all tax laws including withholding of taxes and value Add Tax based on laws and regulations of in country. IHI has the duty to seek and obtain VAT exemptions and/or reimbursements and strongly encourages working with competent local counsel to make sure that the IHI is following the most up to date TRA guidance and pursuing VAT relief as effectively as possible and adhere to all tax reporting requirements found in their awards. IHI shall comply with RAA 11 reporting host government taxes (June 2012) the total amount of value-added taxes and customs duties (but not sales taxes) assessed by the host government (or any entity thereof) on purchases in excess of \$500 per transaction of supplies, materials, goods or equipment, during the 12 months ending on the preceding September 30, using USAID/USG funds.

All vendors shall be paid upon submission of an invoice that shall be accompanied by an electronic fiscal device (EFD) receipt which bears IHI TIN number. Any person within the organization receiving invoice for payment process must scrutinize that information. Any invoice not attached with a valid EFD receipt will not be accepted for payment.

21. EVALUATION OF BIDS

This is the most crucial step in the vendor selection process. Lack of preparation and insufficient attention to detail can lead the vendor selection team to recommend the wrong vendor. For the purpose of ensuring impartiality and comprehensive evaluation of responses as warranted by the complexity of the transaction,

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IHI shall award contracts only to responsible vendors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as vendor integrity, compliance with public policy, a record of past performance, and financial and technical resources. Criteria for review whether it be technical, past performance, price and/or compliance to requirement must be identified prior to the release of the Request for Quote or Proposal and included in those documents. Evaluation criteria is NOT to be changed after the release of the solicitation documents. The evaluation shall be based on the factors set forth in the solicitation document.

This document will also provide a chronology of the events that occurred during the solicitation process, such as:

1. Date of advertisement
2. Names of bidders responding
3. Date solicitation released
4. Analysis of all deviations discovered during bid evaluation
5. Scoring matrix and reasons for the scores given

Evaluation criteria cannot be changed once bids have been submitted. Factors to consider when evaluating the quotes can be as follows:

1. Price/cost (the best price is not necessarily the best supplier)
2. Capacity (including technical, where relevant) to fulfill the terms and conditions of the procurement (e.g., quality and brand name requirements)
3. Vendors' past performance (contact vendors' other customers)
4. Financial, technical, and other resources and capabilities
5. Manufacturer's warranty
6. Expiration dates on items, especially on male circumcision materials
7. Availability of spare parts, repairs, and follow-up service

21.1 Responsible Bidders

The bids submitted must be "responsive" and deemed reasonable in price. In addition, the eligibility and "**responsibility**" of the bidder must be determined. The bidder must be a "**responsible**" firm.

1. A "responsible" bidder has the technical expertise, management capability, workload capacity, and financial resources to perform the work.
2. A "responsive" bid complies with all the terms and conditions of the IFB without material modification.
3. A material modification affects the price, quantity, quality, delivery, or installation date of the equipment or materials, or limits in any way any responsibilities, duties, or liabilities of the bidders or any rights of IHI or the client as any of the foregoing have been specified or defined in the IFB.
4. The IHI team may waive any minor variation in a bid that does not constitute a material modification.

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21.2 Clarifications

Minor Differences

Clarifications are limited exchanges, between the Supply Chain Management Unit responsible for the RFP and Vendors, which occur when award without discussions is contemplated, e.g. to resolve minor or clerical errors. For example, if the product literature submitted with an offer shows that the equipment can be supplied in either a 110 or 220-volt model, the RFP says that 220 volt equipment is desired, and the written offer fails to mention which one is being offered, it is permissible to inquire which was intended to offer.

No contact relative to the RFP or RFQ shall be made with individual Vendors before or during evaluation with the procurement except as specified above in the Clarifications. It should be noted that after proposals have been received, and prior to award, no information regarding the number or identity of the Vendors participating in the negotiation shall be made available to the public or to anyone whose official duties do not require such knowledge.

The Supply Chain personnel or TEC may wish to hold discussions with some or all of the Vendors for purposes of clarifying proposed project performance. When such discussions are held, questions will relate only to the content of the written offer as submitted. During discussions, modifications to the offer will not be requested or suggested. Changes to the offer by the Vendor may not be considered unless these changes are submitted in writing, as a formal modification to the offer.

Understanding of Offers

Clarifications are used to enhance understanding of offers; allow reasonable interpretation of an offer, or to facilitate the evaluation process. Such communications shall not be used to cure offer deficiencies or material omissions, materially alter the technical or the cost elements of the offer, and/or otherwise revise the offer. Such communications may be considered in rating or scoring offers for establishing a competitive range.

Selecting the Winner

The total performance score on the scoring matrix is not meant to be an absolute value of determination of a vendor's proposal; it is to be used as a guide to highlight differences between vendors and spark meaningful discussion between team members. Proposals that fall orders of magnitude below the front-runners can be eliminated if the team agrees.

Responsible Decisions

Purchases shall be made from the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to IHI, price, quality, and other factors considered. A properly conducted competitive procurement would include a selection of the firm that offers IHI the best value in terms of price, satisfying delivery requirements, and past performance.

Rejection

The IHI evaluation team shall prepare a detailed written statement explaining the rejection of any low bid(s) determined to be nonresponsive or the reasons for finding a firm to be not responsible.

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22. EVALUATION REPORT

Upon completion of the Evaluation the committee will prepare an Evaluation Report containing the TEC's composite score (if applicable) and narrative findings for each Vendor. This report should also indicate those offers containing deficiencies and the nature thereof, which make the offers technically unacceptable. Copies of the TEC members' scoring sheets (if applicable) are to accompany the report. (The report will be sent to the SCMU who shall review and send it to the Tender Committee. If additional information is required to substantiate the scoring, the Supply Chain Manager will notify the TEC immediately for providing the clarification.

For the case of bids which have technical scores, every TEC member must separately score each proposal. Each member's scoring sheets should be supplemented by a narrative which describes the strengths and deficiencies of each offer. Then, the TEC will meet to discuss their scoring, and discuss anything that needs clarification. As a result of these discussions within the TEC, members may revise their Score Sheets.

No member of the Tender Evaluation Committee (TEC) shall hold discussions with any Vendor before or during the committee's proceedings, nor shall any information about the proposals be provided to anyone not on the committee without first obtaining the Supply Chain Manager's or designated person consent. To avoid bias, in the first step of the evaluation the TEC will only be provided the technical offers to evaluate. Then, after the TEC has completed evaluation of the technical offer, the same TEC shall be involved in the second evaluation step -- evaluating the business offers.

22.1 Site Visits

Based upon the solicitation requirements, value, and/or identification by senior management, a site visit may be required prior to the award of an agreement. IHI shall provide a summary of the agenda prior to the meeting to allow for the offerors time to make the necessary arrangements to support the meeting. Copies of the agenda, attendees from both IHI and the offeror and a summary of what was discussed should be filed.

22.2 Bonding for Construction or Facility Improvement

When evaluating proposals for construction or facility improvement contracts or subcontracts, the contractor must submit a bond. For efforts that exceed the Simplified Acquisition Threshold, the Federal awarding agency or pass-through entity may accept the bonding policy and requirements of IHI provided that the Federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected. If such a determination has not been made, the minimum requirements must be as follows:

A bid guarantees from each bidder equivalent to five percent of the bid price. The "bid guarantee" must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.

22.3 Cost and Price Analysis

As part of the evaluation, IHI must perform a cost or price analysis in connection with every procurement action more than TZS 800,000 including contract modifications. Included in this analysis shall be the total cost of ownership/cost which may include installation, warranties, maintenance and renewals. The method

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and degree of analysis are dependent on the facts surrounding that procurement situation, but as a starting point, IHI must make independent estimates before receiving bids or proposals if thought to be over the estimated amount.

IHI must negotiate profit as a separate element of the price and budget for each contract in which there is no price competition and, in all cases, where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred, or cost estimates included in negotiated prices would be allowable for the non-Federal entity under 2 CFR Part 200 Subpart E—Cost Principles.

IHI shall maintain records sufficient to detail the history of the procurement. These records will include but are not necessarily limited to the following:

- Rationale for the method of procurement.
- Selection of contract type.
- Contractor selection or rejection.
- The basis for the contract price.

The above is documented through IHI's form entitled Basis of Award, Price Justification and Reasonableness Determination and is filed.

22.4 Negotiations

If negotiations occur as a result of evaluation of the bids/proposals, IHI requires that a summary of the discussions and the results is documented and should be attached to the Basis of Award documentation. Any changes to the bidder's proposal or price is required to have the bidder resubmit the appropriate document. This is an additional document to the original submission and not a replacement.

The negotiation team is led by the Supply Chain Officer. Supporting personnel consists of the subject matter expert, technical expert, finance, technical and others who can assist in providing knowledge of the solicitation based upon its complexities.

Prior to negotiations, the Supply Chain Officer shall document the issues to be discussed such as pricing, schedule or terms and conditions. Depending on the complexity of the issues, the Supply Chain Officer should notify the bidder of the issues prior to the meeting to ensure that the correct personnel attend to represent them.

23. PROCUREMENT OF PHARMACEUTICALS

When buying pharmaceuticals, IHI shall invariably ensure that pharmaceuticals can only be sourced from suppliers (manufacturers, distributors, wholesalers) whose standards conform to USAID's quality assurance standards. Product quality must take primacy in all procurement decisions in the course of buying pharmaceutical goods. Only prequalified suppliers are to be invited for the submission of an offer and the

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prequalified suppliers must meet the World Health Organization (WHO) standards in terms of production, storage and distribution.

The pharmaceuticals to be procured must be produced at a manufacturing site that has the approval of U.S Food and Drug Administration FDA or other SRA's, Stringent Regulatory Authorities, national drug regulatory authorities of other countries with the same standards and operations as FDA shall be based on a prequalification scheme implemented either by WHO, a stringent regulatory authority, a UN organization, a non-governmental organization, a Humanitarian Procurement Centre (HPC) or a specialized commercial operator which meets WHO recommended norms and standards for carrying out prequalification. *In a bid to assist the implementing partners to use the existing country systems to access quality complimentary pharmaceuticals with USG funds, US government and Tanzania revisited the strategy. A new process for accessing complimentary pharmaceuticals of demonstrated quality is detailed in the attached letter and guidance.*

24. PREFERRED VENDORS

It is highly recommended that IHI should establish a preferred vendor status for vendors who go above and beyond in meeting IHI and sponsor expectations in order to continue successful partnership that promote extensive customer service and cost savings for IHI, the sponsors and their projects. Having preferred vendors in place, IHI can get rid of the need to solicit bids on individual purchases.

24.1 When Are They Recommended?

IHI has recurring expenses that are incurred regularly. When combining the overall expenses over the course of a year, the amount could be significant; this is when a preferred vendor selection is required.

24.2 Requisition

The requisition that incorporates the solicitation for preferred vendors shall be obtained by estimating how many and what items ought to be bought in a calendar year in a specific category. This implies that the team has to come up with estimations on how many items or what services will be needed in the next calendar year. An easy way is to do monthly estimation of needs times 12 and including those quantities in solicitation. For instance, a monthly list of office consumables times 12 to get the yearly estimation of the office materials to be consumed.

24.3 Solicitation

To establish a preferred vendor status, IHI is required to:

- Solicit bids in writing from at least three vendors
- Submit sealed bids
- Follow guidance under Solicitation with advertising section

24.4 Analysis

In the course of going through the bid and procurement analysis, qualifications for preferred vendor status should include but not be limited to:

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- Exceptional service in meeting IHI demands
- Provision of appropriate follow-up and adherence to IHI policies
- Consistent and fair pricing
- Delivery of product
- Offering of discounts
- Excellent feedback from other customers
- A documented visit to the vendor or suppliers place of business

24.5 Approval

A Bid Analysis will be created, including all documentation, establishing that the vendor has been selected as a preferred vendor. Once the necessary approvals (based on thresholds) are obtained, the purchasing office will notify staff that the **vendor is approved** for this special status. The mailing list will be updated showing that the selected vendor has preferred status.

24.6 To Place an Order

The steps for using a preferred vendor are as follows:

1. Requestor fill out the requisition and obtain necessary approvals. SCMU shall guide the requestor to type "preferred vendor" on the bottom of the description field.
2. SCMU shall fill a PO, obtain necessary approvals, and request the preferred vendor to sign it, approving the terms previously agreed. The PO should include:
 - Delivery schedule (10 days for local orders and 45 days for international days).
 - Address of the delivery location
 - Specifications, quantities, and unit price of the items
 - Total amount (including value-added tax and shipping costs, if applicable)

24.7 Follow-Up

For every preferred vendor, **it is required** to monitor delivery of the first three orders to guarantee that the conditions pre-established with the vendor are met. In the cases that are not met, write a report explaining why conditions were not met and how it affected program implementation. The vendor will immediately be disqualified as a preferred vendor, and the whole field office will have to be notified. Also, the vendor's name will be removed from the mailing list.

24.8 Validation and Expiration

Preferred vendor status is valid for up to three years from date of approval. Vendors must remain active with IHI to retain preferred vendor status. Vendors will be removed from the preferred vendor list for lack of business transacted during any given period.

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24.9 Preferred Vendor Status Review (Renewal Process)

To preserve the integrity of IHI procurement practices, the status of all preferred vendors will be reviewed **every three (3) years**. Therefore, vendors that have maintained preferred status for more than the allotted time must now be reevaluated. To renew a preferred vendor status, field offices are required to:

- Solicit bids in writing from at least three vendors, including the preferred one, when the total estimated amount to be purchased from the vendor is under TZS 800,000.
- Solicit bids by advertising and sealed bids when the total estimated amount to be purchased from the vendor is more than TZS50,000,000.

Notify the preferred vendor that it will have to re-bid to maintain the preferred status.

NB:

- Procurement from authorized super dealers and Manufacturers is highly encouraged so as to ensure better quality and price for items purchased.
- Purchase of laptops and other electronic equipment: on a case-by-case, it is allowed for overseas purchase of laptops and other electronic gadgets via online platforms, such as Amazon, etc., as well as IHI individuals travelling abroad.
- Establishment of pay and pick (Imprest), or on delivery mechanism for urgent items, and/or those with enormous price difference between cash and credit purchase.

25. RECEIVING PROCEDURES

25.1 Inspecting a Shipment

Upon acknowledging receipt of an order, an inspection shall be conducted by persons responsible for receiving shipments in order to verify the below given minimum conditions:

- The products meet the PO requirements and other relevant documents (e.g., correct model number, description, size, type, color, ratings).
- The quantity ordered corresponds to the quantity shipped or delivered.
- There is no damage or breakage.
- The unit of measurement count is correct (e.g., if the unit of measurement on the PO is one dozen, there should be 12 in the package).
- Delivery documentation (packing list, certifications, etc.) is acceptable.
- Perishable items (specifically for male circumcision supplies) are in good condition, and expiration dates have not passed and not to be too short to expiry.
- Products are operable or functional.

25.2 Testing

Testing may be performed by the office to ensure that the products substantially conform to the specifications documented in the PO, contract, or supplier's proposal. Acceptance testing is highly recommended for complex, expensive capital equipment prior to approving final payments to the supplier.

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An acceptance testing period may occur as a single instance or over a period of time but should be performed within the shortest time possible following the receipt of the product. For major capital equipment purchases, specific acceptance testing criteria should be developed and incorporated into the contract. Offices must perform the testing according to the criteria established in the agreement for the results to be considered valid and legally enforceable in the event that the product is rejected and payments are to be refunded.

25.3 Receiving

Procurement goods and services normally 'signed for' or received upon delivery shall be received in proper manner to ensure that it is what was ordered in the correct quantity and condition. The document bearing this signature is referred to as the Goods Receiving Note (GRN) is a standard IHI document to confirm receipt of goods. It is the basic document for financial transactions, such as the payment of the supplier/forwarder and recording.

The GRN signature and the official acceptance, shall be considered confirmation that the goods is considered acceptable by the buying entity and represents a formal change of custody (Vendor to IHI) that releases Vendor and its operating units from further responsibility for the custody.

The Vendor bears the responsibility to verify that:

- (1) the goods are intact and undamaged
- (2) the quantity and products delivered match the packing list/bill of lading/air bill, invoice and COA and/or certificate of conformity etc.
- (3) the goods comply with all contractual requirements.

There shall be a receiver, a person who is the custodian of goods, a technical expert who should verify receipt of goods in that capacity and supply Chain personnel; all must be competent / qualified to inspect the items they are receiving.

For the receipt of services, the staff receiving must follow a similar process and verify that the services have been received according to what was expected, matching with the Purchase Order, Contract and any supplementary information (for instance consultancy delivery schedule, invoice, Purchase Order, final report, workshop delivery confirmation).

Upon receipt of goods/services in a location from a supplier, a receiving report must be completed and issued immediately using the Goods / Services receiving Receipt and the materials checked.

Note: To maintain a "check and balance" system, the employee who places orders should not be the same employee that verifies receipt of orders.

25.4 Acceptance

In the event of rejecting products that are over shipment or defective or for any other nonconformance, offices shall be required to fill **Damage/Discrepancy report (Attached)** and communicate with supplier in a timely manner. Failure to notify the supplier well in advance will mean the shipment will be considered "accepted"

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25.5 Refusing Delivery

IHI staff should refuse to accept shipments unless they are able to confirm that the order was placed by IHI or the packaging does not appear to be sufficiently damaged to warrant concern. Offices shall be responsible for storing rejected products in a secured area until the products are either shipped back to the supplier or the supplier takes possession of the products and removes them from IHI property.

26. RECORD KEEPING

It is the Supply Chain Management Unit's responsibility to maintain records sufficient to detail the history of procurement prior to award. These records will include, but are not necessarily limited to, the following: any requisitions, negotiation, competition, sole-source justification, price analysis, rationale for the method of procurement, vendor selection or rejection, and the basis for the contract price as documented in the Basis of Award and post-award requirements.

The Supply Chain Management Unit is responsible for assisting in the record keeping in accordance with IHI Policy.

27. CONTRACT ADMINISTRATION

Protests, disputes, and claims

For the case where a contract is not awarded to a bidder, s/he may file a dispute, protest or claim. IHI solely must be responsible based on good administrative practice and sound judgment, for the handling of all administrative and contractual issues arising out of procurements. The issues include, but not limited to protests, source evaluation, disputes and claims. The donor does not relieve IHI of any contractual responsibilities under its contracts. The donor awarding agency will not substitute its judgment for that of IHI unless the matter is primarily a donor concern.

28. PROCUREMENT PROCESS

28.1 Annual Procurement Planning

This section of the document discusses procurement planning in detail to assist procurement team and the end-user department to fulfil their requirements and needs in terms of procurement to achieve their service delivery objectives.

Procurement planning is the first step within the procurement process which helps ensure that various factors such as: what needs to be procured, when, how, by whom, and selected methods to be used are determined.

Planning is important especially when complex procurements such as medical equipment, pharmaceuticals, and vehicles are involved. Planning is the key to a successful procurement since:

- It ensures that procurements are made in an effective, economical, and timely manner.

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- It promotes competition to the maximum extent practicable, in compliance with donor regulations; in country laws and
- It enables project teams to gain a better understanding of their portfolios, set realistic expectations, and plan their workloads more efficiently throughout the project, thereby minimizing stress and potential delays in implementation.
- Some donor contracts require a Procurement Plan as a contract deliverable

The Supply Chain and program/project teams must work closely together in the planning, preparation, and implementation of each procurement activity so as to meet the timelines.

Planning must include the goods, services and work description, the category of goods or services, the quantity, the budget tracking code, the budgeted value, the estimated total, the period of planned procurement, the source selection process, the key action dates, the actual total, and the award type. This process is coordinated by the Supply Chain Manager with program staff.

IHI will develop an annual procurement plan across all programs that is reviewed and approved on a quarterly basis by the Management team. This plan will include items to be purchased, quantities, and budget available.

- The Supply Chain Manager shall independently validate various components of the annual procurement plan for accuracy before submitting the plan for approval. As a minimum, the **Procurement Plan** Project Activities, their Locations, and the Dates for the Activity Delivery
- Goods, Services needed to deliver each Project Activity
- Schedule for the supply of these goods and services in order to meet the Project Activity Dates, which includes our internal and external supply activities and processes must contain:

A good Procurement Plan should be a collaborative effort, which brings together Project and key practical Operational information into a realistic and achievable plan, identifies any possible constraints or delays early, and adjusts both project and operational planning accordingly.

Once agreed the Procurement Plan must be regularly monitored and reviewed. Throughout a project, things change, and Plans need to be adjusted accordingly. A good Procurement Plan will have several iterations throughout a Project and will result in better Project delivery. Procurement Plans are intended to be useful to both Project and Operational teams in planning their work and managing risks.

28.2 Procurement above 500 million

During the period of developing the organization budget it is also the time to identify the items and cost of the items expected to be procured for that specific financial year, IHI will be developing the program procurement plan, for all procurement above 500 Million Tanzania Shillings it budgets and procurement plan will be presented to the board for approval. Any procurement above Tanzania Shillings 500 Million which was not approved by the Board will not be undertaken until the Board approval is secured. The Board approval of the budget and procurement plan of the procurement cost estimated to be above 500 million shillings will be taken as approval to proceed with its procurement once requisition is raised. It will be the responsibility of SCM to check if The Board approval exists and attach it to procurement documentation.

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28.3 Purchase Requisition

As pertains to what IHI need to buy and specifications, Purchase Requisition is an internal tool used to initiate the procurement process required for all procurement (new and modifications) and are created through current purchasing system. The PR first is received by the stores unit who checks for the availability before approving it for further procurement procedures. The requisition is submitted through a web based interfacing with SAGE 300 (Norming) for the required approvals ending with supply chain department. The requester should attach a statement of work/quote/description of goods that is required and attach a statement of work (or quote) for service and consultant. Statements of work shall contain at a minimum, scope, technical requirements, delivery and/or report schedule and acceptance criteria.

Requisition is a request to order, not an order itself. Completion of the requisition alone does not constitute placing the order. Every purchase must have a requisition with specific details of the needs and must be approved to be considered for procurement.

Realistic advance planning for procurement of equipment and materials is essential for the success of an activity. A list of needed commodities and anticipated costs will normally have been prepared when the yearly work plan is developed. That list and budget will require refinement into greater detail as the implementation proceeds. Preparation of a detailed schedule of procurement actions will help assure that activity commodities are received when needed. The schedule should allow ample time for selecting and contracting with a procurement supplier.

The request has to be submitted within a reasonable time in advance of when the item is needed so the Supply Chain team can comply with the request and engage in a competitive process. The procurement team will be preparing specifications and solicitation documents, advertising, evaluating responses and preparing bid analyses of offers by suppliers, conducting negotiations, obtaining necessary approvals, issuing contracts or orders, and handling all other requirements.

28.4 Approving a Procurement Requisition

All purchase requisitions should be reviewed for approval by the budget holder of the project or designated official before submittal to the supply chain unit to ensure the requisition is necessary and reasonable given the circumstances in place at the time the decision is made, and all prior approvals are in place. The approver should also confirm funds are available in the appropriate budget category for the transaction(s) and that the items or services to be purchased are allowable, allocable, and reasonable in regard to the work plan.

28.5 Reviewing a Purchase Requisition

Once the purchase requisition is approved by the Project Lead following confirmation of availability of fund by project finance staff, it shall be forwarded to Supply Chain Management Unit. The supply chain team shall review the terms and conditions of the funding agreement to ensure that there are not additional procurement conditions in the award that would affect the allowability of the procurement. The Supply Chain team will review the requisition for completeness by ensuring the information is correct, a statement of work is provided if a service, all required forms and supporting documents are attached as applicable, and delivery locations are identified for the purchase of a good. Supply Chain Officer must have defined requirements regarding quantity, delivery dates, technical or performance specifications, specific award requirements, and/or scope of work identified in the requisition.

Purchases should not be split into multiple small purchases just to avoid the approval and documentation process.

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If a requisition is incorrect, incomplete, or otherwise cannot be processed as submitted, the Supply Chain Management team will coordinate with the requester for appropriate corrections. The Supply Chain team will then either return the requisition for updating or document in the file what changes were approved.

28.6 Selecting Sources

IHI must consider the number and type of sources for the solicitation as well as the contact type. The supply chain personnel is not limited to the source identified on the requisition. In selecting a source, the supply chain personnel should consider the following:

- The source is not debarred, suspended or proposed for debarment
- Supplier is able to support the requirement need by date
- Supplier is eligible based upon previous quality performance
- Supplier is on a vendor list or if a new source, has provided the required supplier Documentation
- Supplier is registered to do business in the country they operate
- Supplier is an authorized distributor
- Supplier has a valid Tax ID/Certificate

28.7 Establishing the Closing Date

The closing date must allow bidders sufficient time to receive the request (RFP, RFQ, or IFB), prepare responsive bids, and submit their bids to the specified place by the specified time. The time allowed is normally at least Seven (7) working days, with more time allowed when more complex equipment, materials, or services are being procured. The closing date may be extended by the contractor by means of an addendum to the request, which is sent to all firms that receive the requests.

28.8 Pre-bid Conference

Pertaining to major equipment purchases, it may be considered appropriate to hold a pre-bid conference. The venue and timing of such conferences should consider the mutual convenience of IHI and the bidders. Pre-bid conference is purposely to exchange information with potential bidders concerning complex technical requirements for equipment and materials, any questions about the bid documents, contract terms and conditions that may be controversial, and other matters pertinent to the contract. Addenda to the requests are prepared to communicate to all bidders any changes or clarifications of the requests that are considered necessary in light of the pre-bid conference.

28.9 Economical Purchases

IHI shall consider consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

28.10 Excess and Surplus Property

IHI encourages the use of Federal excess and surplus property instead of purchasing new equipment and property whenever such use is feasible and reduces project costs.

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28.11 Value Engineering

IHI encourages the use of value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

29. RECEIPT OF BIDS

A tender box should be placed or a responsible employee should be assigned to receive the sealed quotes and keep them secured until the day of opening. This person shall not be the Supply Chain officer or anyone involved in the solicitation process.

The person assigned to receive the quotes must document quotes received by using the recommended Bid Quote Worksheet or using a document containing similar information **without opening the bids**. The bid/quote worksheet or similar document must be retained in the procurement file closed and sealed.

Note: The bids should be opened only when the selection committee is present.

Upon receipt of all proposals under a competitive solicitation and after the due date, the supply chain has to provide copies to the members of the evaluation committee with directions on how to review and return their comments back to the supply chain. If possible, the Supply Chain team should withhold the pricing so that the evaluation committee can review the proposals without influence of the price.

Proposal received after the deadline specified in the solicitation should be returned, unopened, to the Vendor, preferably without even accepting, however, late proposals may be considered if only it is in the best interest of IHI. The file should document that the proposal was late.

The following information must be recorded when the offers are opened for all offers received regardless of the procurement method employed:

- i) Procurement reference and title;
- ii) Name and address of the vendor/Vendor;
- iii) Description of goods or services;
- iv) Currency and amount of the offer;
- v) Presence of samples or special documents, if required;
- vi) Name and signature of the supply chain personnel that opened the offer and the date and time of the opening;
- vii) Name and signature of the witness of the opening;
- viii) How the offer was received – by courier, mail, hand or electronically (fax or electronically); and
- ix) Validity of offer.

The above information should also be recorded in the evaluation report.

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What to Do If There Are No Bidders

When a solicitation with advertisements results in no responsive bids, there are two options:

1. The solicitation may be cancelled and re-bid, modifying any possible restrictive requirements. Consider methods to broaden the number of potential suppliers.
2. If, in the opinion of the Chief Executive Director or Chief of Party or COO as per DOA, a second solicitation would not result in a different outcome, possible suppliers from the mailing list should be contacted directly to see if they are interested in submitting their proposals.

30. DISPOSAL OF PROPERTY

Disposal Guidelines

The disposal of IHI institute unserviceable assets guidelines is based on the need to achieve the best available net return when disposing the institute unserviceable assets, whilst conducting all disposals with honest and fairness.

All institute officers and members of tender committee who are undertaking disposal of institute unserviceable assets shall be guided by the following basic considerations of the guidelines on disposal of institute unserviceable assets:

- a) The need for best net outcome and efficiency in the use of institute funds and in the implementation of projects including disposal process.
- b) The best interests of the institute authority, in giving all eligible buyers equal opportunities to compete in buying the unserviceable assets.
- c) The needs to ensure national, social, economic and environmental interests are protected in disposal process.

In line with M7. Title to and Use of Property (December 2014):

- a. Title to all Property financed under by USAID/USG award vests in IHI upon acquisition unless otherwise specified in the award.
- b. Property means equipment, supplies, real property, and intangible property, each defined individually below, financed under the award or furnished by USAID.
 - (1) Equipment means tangible nonexpendable personal property (including information technology systems) having a useful life of more than one year, and an acquisition cost of \$5,000 or more per unit.
 - (2) Supplies means tangible personal property excluding equipment. A computing device is a supply if the acquisition cost is less than \$5,000 per unit.
 - (3) Real Property means land, including land improvements, structures and appurtenances, including permanent fixtures.

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- (4) Intangible Property includes, but is not limited to, intellectual property, such as trademarks, copyrights, patents and patent applications, and debt instruments, such as bonds, mortgages, leases or other agreements between a lender and a borrower.
- c. The IHI shall use and maintain all Property in accordance with the following procedures:
- (1) for the program for which it was acquired during the period of the award, and must not provide any third party a legal or financial interest in the property (e.g., through a mortgage, lien, or lease) without approval of funding source.
 - (2) When the Property is no longer needed for the program for which it was acquired during the period of the award, the IHI shall use the Property in connection with its other activities, in the following order of priority:
 - (i) Donor funded Activities, then
 - (ii) Activities funded by other agencies other than the donor, then
 - (iii) As directed by the Agreement Officer (AO).
- d. IHI shall maintain the Property in good condition, have management procedures to protect the Property, and maintain an accurate inventory of all Property. Maintenance procedures must include the following:
- (1) Accurate description of the Property, including serial number, model number, or other identifying number, acquisition date and cost, location and condition, and data on the disposition of any Property (date of disposition, sales price, method used to determine current fair market value, etc.), as applicable.
 - (2) A physical inventory of Property that must be taken, and the results reconciled with the equipment records, at least once every two years during the period of this award.
 - (3) A control system must be in effect to maintain the Property and ensure adequate safeguards to prevent loss, damage, or theft of the Property. IHI shall maintain appropriate insurance equivalent to insurance IHI maintains for its own property. Any loss, damage, or theft must be investigated and fully documented, and IHI shall promptly notify the AO. IHI may be liable where insurance is not sufficient to cover losses or damage.
- e. Upon completion of this award, IHI shall submit to the AO a property disposition report of the following types of Property, along with a proposed disposition of such Property.
- (1) All equipment that has a per unit current fair market value at the end of this award of \$5,000 or more.
 - (2) New/unused supplies with an aggregate current fair market value at the end of this award of \$5,000 or more.
 - (3) Real or intangible property, of any value.
- f. IHI shall dispose of Property at the end of the award in accordance with IHI property disposition report, unless the AO directs IHI in writing within 60 days of the AO's receipt of IHI property disposition report to dispose of the Property in a different manner. Disposition may include the following:
- (1) IHI may retain title with no further obligation to the funding source.
 - (2) IHI may retain title, but must compensate donor share, based on the current fair market value of the Property.

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- (3) IHI may be directed to transfer title to sponsor or a third party, including another implementing partner or the host country government. In such case, IHI shall be compensated for its proportional share of the Property that IHI financed with its own funds, if any, based on the current fair market value of the Property.
- g. The AO may direct, at any time during this award, that title to the Property vests in the funding source or a third party, such as the cooperating country. In such cases, IHI must maintain custody and control of the Property, until directed otherwise, and must allow reasonable access to the Property to the title holder. While in its custody and control, IHI must follow the provisions above for protection and maintenance of the Property, and provide the AO with an annual inventory of such Property and follow any additional instructions on protection and maintenance as may be provided by the AO.



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31. ATTACHMENTS

Delegation of Authority Matrix

Organization: IHI

Review Date:

Effective Date:

IHI Delegation of Authority Matrix:

1. Enables IHI to formalize internal processes that lead up to the delegation of authority assigned from Chairman of the Board of Trustee.
2. Can be used as a tool to ensure that IHI have adequate segregation of duties and internal controls.
3. It is the responsibility of the Chief Executive Director who will ensure that it is updated, disseminated and enforced.
4. Must be maintained by the COO/Finance Manager (as well as previous versions and short term letters of delegation during temporary absences of key authority holders).
5. Limits are subject to the value for the approved IHI work plan budget within the portfolio.
6. Must be approved by Chairman of Board of trustee

Notes on Delegation of Authority:

1. A staff member should by no means commit to any obligation given verbally unless and until proper written authorization exists.
2. Separation of expenditures, payment vouchers, checks and purchase orders for the purpose of lowering authority is strictly prohibited.
3. Using blank, pre-signed documents, signature stamps or other approval documents which cannot be reasonable safeguarded is prohibited.
4. Short-term delegation of authority (defined as two weeks or less) is automatically given to the next higher level of authority.
5. Longer-term delegation of authority (defined as greater than two weeks) must be done in writing (e-mail) and must include effective date and expiration date.
6. Temporary delegation of authority cannot be further delegated to another employee.

This document of Delegation of Authority is for approval of Purchase Requisition, Purchase Order and Disposal.

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Table 3: Procurement DOA

	Preparers	Reviewers	Approvers	Maximum Limit
Procurement of Goods and Services				
Purchase Requisitions for Goods/Services	Administrative Officer	Accountant	project leader	N/A
Goods and Services (Purchase Requisitions, Purchase Order and / contract)	Supply Chain Staff	Total Amount Over TZS500M COP or Project Director (if applicable) Finance and Administration Director (FAAD) COO Finance Manager/ Project Finance Manager Sr. Accountant Supply Chain Manager	CED (Subject to BOT Approval of costs exceeding TZS 500m)	Unlimited
		Total Amount up to TZS500M COP or Project Director (if applicable) Finance and Administration Director (FAAD) COO Finance Manager/Project Finance Manager Sr. Accountant Supply Chain Manager	CED	Up to TZS 500M

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	Preparers	Reviewers	Approvers	Maximum Limit
		Total Amount up to TZS10M Finance Manager/Project Finance Manager Sr. Accountant Supply Chain Manager	Finance and Administration Director (FAAD) COP or Project Director (if applicable) or COO	TZS 10M
		Total Amount up to TZS3M value per item Branch Accountant Supply Chain Officer	Branch Manager	TZS 3M
		Total Amount up to TZS2M Sr. Accountant Supply Chain Manager	Finance Manager	TZS 2M
		Total Amount up to TZS1M Finance and Administration Officer or Project Finance Officer Supply Chain Manager	Sr. Accountant	TZS 1M
Procurement of Works				
Works (Purchase Requisitions, Purchase Order and / contract))	Supply Chain Staff	Total Amount Over TZS 1Billion COP or Project Director (if applicable) Finance and Administration Director (FAAD) COO Finance Manager/Project Finance Manager Sr. Accountant	CED (Subject to BOT Approval of Works expenditure exceeding TZS 1 billion)	Unlimited

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	Preparers	Reviewers	Approvers	Maximum Limit
		Supply Chain Manager		
		Total Amount up to TZS 1Billion COP or Project Director (if applicable) Finance and Administration Director (FAAD) COO Finance Manager/Project Finance Manger Sr. Accountant Supply Chain Manager	CED	Up to TZS 1Billion
		Total Amount up to TZS10M Finance Manager/Project Finance Manager Sr. Accountant Supply Chain Manager	COP or Project Director (if applicable) or COO	TZS 10M
		Total Amount up to TZS2M Sr. Accountant Supply Chain Manager	Finance Manager	TZS 2M
		Total Amount up to TZS1M Finance and Administration Officer or Project Finance Officer Supply Chain Manager	Sr. Accountant	TZS 1M

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	Preparers	Reviewers	Approvers	Maximum Limit
Disposal				
Disposal (Purchase Requisitions, Purchase Order and / contract)	Supply Chain Management Staff	Total Amount Over TZS 300M COP or Project Director (if applicable) COO Finance Manager/Project Finance Manager	CED (Subject to BOT Approval of Disposal exceeding TZS 300m)	Unlimited
		Total Amount up to TZS300M COP or Project Director (if applicable) COO Finance Manager/Project Finance Manager	CED	Up to TZS 300M
		Total Amount up to TZS150M Finance Manager/Project Finance Manager	COP or Project Director (if applicable) COO	TZS 150M

The project leader and Project Accountant will approve the purchase requisitions as evidence that the item was budgeted for and that money is available for such expenditure. This budget checking and purchase requisition approval by project leader and accountant is inherent part of preparation of purchase order. Approving Authority Levels for Procurement Agreement by Purchase Requisition, Purchase Order and Contract (in TZS).

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Notes on Procurement Committee

The procurement committee shall conduct evaluation for any transaction whose value exceeds TZS 50,000,000. The committee will consist of the following members within range of thresholds are;

Transactions of value between TZS 58,000,000 and 100,000,000

- Technical person from the project which is procuring
- Finance Manager/Project Finance Manager;
- Supply Chain Officer

Transactions of value over TZS 100,000,000 not exceeding 500,000,000;

- Project Director/COP
- Project Finance Manager/Finance Manager;
- Technical Personnel from the project which is procuring (at the Managerial level) and
- Supply Chain Manager

Members Selected from SMT shall be the procurement committee for transactions above TZS 500,000,000;

- COP/Project Director
 - COO/Finance and Administration Director (FAAD)
 - Technical Personnel from the project which is procuring (level of Director/Manager)
 - Supply Chain Manager.
- Supply Chain person shall be the Committee's Secretary and the committee shall agree on the chair at each session;
 - The Committee may co-opt any other member from user departments if it deems such co-option necessary
 - Any Procurement committee should comprise not less than three (3) members from different departments

SINGLE SOURCE JUSTIFICATION

JUSTIFICATION FOR NON COMPETITIVE PROCUREMENT

This form is to be completed and submitted to provide justification for a single/sole source and/or waiver of competitive bidding for purchase of equipment, supplies, and/or services. This form along with other required documentation serves to meet IHI standard operating procedures and donor requirements and expectations in relation to competition and documentation to support noncompetitive procurements. This form is required for all noncompetitive procurements over TZS 800,000. Please complete all parts as applicable.

Single Source Item:

Or

Sponsor Reference Award:

Vendor Name:

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A. Description of Services or Supplies.

B. Identify the supporting reasons for the above selection: *(For each block checked below, demonstrate through supporting statements that the proposed Source has exclusive qualifications, or that the nature of the acquisition requires the rational citation. Attach supporting documents as required. Check all applicable boxes.)*

- Follow-on Effort for the continued development of a major research program, proven source, or highly specialized equipment. Other examples include Renewals of existing services such as software and maintenance licenses. *(Estimate the cost to the Sponsor that would be duplicated and how the estimate was derived). If the item was previously procured, show the date, supplier, and purchase order number.*

Describe:

- Unusual or Compelling Urgency and the Government would be seriously injured unless this Source is selected. Or, rapid delivery required. *(Describe the urgency of the requirement; why schedules are critical; and why only this Source can meet them.):*

Describe:

- Schedule Constraints Preclude Solicitation of Competitive Quotes from Alternative Sources. Also, an emergency justification may exist if the goods or services are required to: correct or prevent an emergency health, environmental, or safety hazard; provide for the completion of special or time sensitive events; or enable the emergency repair or emergency replacement of existing equipment essential for daily operations. *(Describe how award to another source would result in unacceptable delays).*

Describe:

- Sponsor / Government Directed: The Sponsor/ Government identified a source by name, in writing, as the source for goods and services, or source was named and approved in IHI proposal and award. *(Provide circumstances and provide verifiable evidence from the Sponsor/Government Contracting Officer):*

Describe:

- Proprietary Item: This one Source possesses proprietary rights (patent or copyright) essential to performance, and such rights are the principal basis for the noncompetitive award. Or, existence of limited rights in technical or proprietary data, patents, copyrights, or secret processes, trade secrets, or other intellectual property available from only this Source.

Describe:

- Economically justified. Source, IHI, or the Customer has a substantial investment. An economic justification relieves IHI of additional expenses that would result from NOT making the purchase; use of another supplier would result in incompatibility with existing conditions; and/or require considerable training, time and money; the goods or services are being used

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in ongoing long-term projects; the total cost of ownership is less than purchasing the item from the low bidder(s) *(Describe how cost to qualify new source outweighs savings):*

Describe:

- Source is unquestionably the Predominant Expert in this field; has special facilities or highly specialized experience. *(Explain why the proposed supplier is the only capable source.):*

Describe:

- Other Factors not listed above: *[i.e. An explanation of why the requirements, specifications, engineering descriptions, statements of work, or purchase descriptions suitable for full and open competition have not been developed, or are /not available. Brand name specific is an example for this selection.]*

Describe:

C. Recommendation and justification approval

Based on my knowledge, analysis and search, I recommend the above Source to perform this work. "I certify that the facts stated above are true and correct to the best of my knowledge."

Head of the Unit (Signature)	Date
Typed Name	Email/Telephone
Chief Operations Officer (Signature)	Date
Chief Executive Director Approval (Signature)	Date

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Declaration of Impartiality and Confidentiality

[To be filled by each individual participating in the evaluation process]

I, the undersigned, hereby declare that I agree to participate in the evaluation of the above-mentioned quote/proposal/bid procedure. By making this declaration, I confirm that I have familiarized myself with the information available to date concerning this quote/proposal/bid procedure. I further declare that I shall execute my responsibilities honestly and fairly.

I am independent of all parties which stand to gain from the outcome of the evaluation process. To the best of my knowledge and belief, there are no facts or circumstances, past or present, or that could arise in the foreseeable future, which might call into question my independence in the eyes of any party; and, should it become apparent during the course of the evaluation process that such a relationship exists or has been established, I will immediately cease to participate in the evaluation process.

I agree to hold in trust and confidence any information or documents ("confidential information") disclosed to me or discovered by me or prepared by me in the course of or as a result of the evaluation and agree that it shall be used only for the purposes of this evaluation and shall not be disclosed to any third party. I also agree not to retain copies of any written information or prototypes supplied.

Name	
Position	
Signed	
Date	

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Evaluation Report Guideline

BID ANALYSIS

This procurement summary is presented as an analysis of the stages of the procurement cycle by **Supply Chain Person Name /evaluation team**

1. Overview:

Vendor Name:	
Request for Price / Request for Quote #:	
Purchase Order Number (s):	
Total Purchase Order Value in US Dollars:	
Total PO in Alternate Currency:	Value per PO on this Evaluation Report
Prime Contract Number:	If Applicable
Vendor Debarred Listing:	Not debarred
Prepared By	Name of Supply Chain Personnel
Date Prepared	

2. Description of Procurement:

Describe the purpose of the procurement, what commodities you are awarding and to what Program/Project.

If this is an emergency procurement emphasize here that it is an emergency and why this procurement requires special consideration. Explain why this is an emergency if applicable.

3. Summary of Sources Solicited and Selection Criteria:

At a summary level explain to whom the RFQ was sent. How did IHI send this tender (email, notice board, etc.) and what were the criteria for selecting the invited vendors?

If this is sole / single source procurement, provide a thorough justification why this is sole / single source. Reference sole/single source document which should be included in the file, as well as, an authorized distributor letter if commodities are not coming directly from manufacturer.

4. Proposal Status:

Describe the process that the supply chain personnel followed for this RFQ:

- When was the RFQ sent?
- To Whom?

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- When was the deadline?
- Were there any revisions to the RFQ? When was the revision (date)? When were the invited vendors alerted of the revision (date)? What was the new deadline (if applicable)?
- Who responded on time?
- Who responded late or did not respond?
- Based on the last two points, which vendor bids will be evaluated?
- Who will be evaluating the bids and / or part of the technical evaluation committee? If a TEC is utilized, why were the participants chosen to evaluate this procurement?

5. Proposal Analysis:

List the evaluation criteria as listed on the RFP/RFQ and discuss how the criteria was chosen for this particular procurement of the criteria

Prepare comparative table (s) to present the information. Include unit and total prices, lead times and registration status (if applicable) as well as the evaluation criteria on which you evaluated the bids. Detail how the winning bid met each criterion. Detail how the other vendors did not meet each criterion and were therefore not awarded the commodities listed in Section 2. All the tables should be included in the Evaluation Report and not attached as attachments.

If negotiations took place, explain process of negotiation and show original prices with negotiated prices.

If you used a TEC to evaluate bids and / or samples, list the date (s) you met to evaluate the bids and / or samples as well as summary of the meeting (s) held. How did the TEC come to the final decision?

If Sole/Single Source:

- Be sure to attach a SSJ Form.
- Provide historical pricing for the commodities to demonstrate best pricing / best value was achieved. Historical pricing information should include:
 - When commodity was previously procured by IHI.
 - Purchase Order #
 - Price at which commodity was procured
- Add the following statement to all Terms and Conditions if not already included and to the Evaluation Report.

6. Debarment Status:

A search on GSA's Excluded Parties System was negative. Include copy of page in file.

7. Terrorism Status:

A search of the US State Department Special Designated Nationals site was negative. Include copy of page in file.

8. Savings:

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If negotiations took place, what is the savings in TZS Amount and/or percentage for each item and in total?
(Difference between first offer – actual price)

If this is a competitive procurement, then there is no savings.

9. Conclusions and Recommendations:

We recommend that the IHI approves the purchase with _____ for _____.

Typed or Printed Name

Signature

Title



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Filing Checklist

Branch _____ PR No. _____ Procurement _____ Managed by _____ IHI Program _____	PO. _____ Date Issued _____ Bid: <input type="checkbox"/> Competitive <input type="checkbox"/> Single/Sole Source <input type="checkbox"/> TEC utilized
--	--

Files should as outline below

DOCUMENTS		YES	N/A
1	Copy of PR		
2	Copy of RFQ or RFP		
3	Amendment(s) to solicitation		
4	Copy of signed warranty and/or maintenance agreement (if applicable)		
5	All relevant TEC documentation, if applicable (signed Certification and Agreement for the Use and Disclosure of Offers, TEC members completed scoring sheet, and final evaluation report)		
6	Copy of all submitted vendor proposal/quote		
7	Relevant correspondence		
8	Price analysis comparison table. (if applicable)		
9	Approved and valid Single/Sole Source Justification (if applicable)		
10	Letter of Authorized Distribution and/or Services (if applicable)		
11	Signed Evaluation Report s		
11	Signed Addendum to Evaluation Report (for Modifications)		
13	Copy of results from sam.gov (Debarment website)		
13	Copy of letter of decline (if applicable)		
15	Copy of Contract Modifications		
16	Copy of PO – signed by IHI		
17	Copy of POD		
18	Copy of GRN/GRD (held in Supply Chain Unit or Accounting files)		
REMARKS			

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Vendor Information Form

General Information:

Business Name:			
Postal Address, City & Code			
Physical Address:			
Contact Information:	Landline:	Mobile No:	Fax No:
Company Email / Website			
Contact Person:		Alternative Contact Person:	
Contact Person Phone: (If different from business)		Alternative Contact Person Phone No:	
Contact Person e-mail (If different from business)		Alternative Contact Person e-mail	

Business Profile:

Business registration No:	TIN No.	Fax No:
Town where main office is based:	Branches if any:	
Years in Business:		
Publicly or privately owned company:	Names of Main directors if privately owned:	
Primary services / products offered:		
Name of Bank:	Bank branch:	
Bank Account No.	Bank Account No. Currency	Bank Branch code No:

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Vendors Conflict of Interest Statement

I/We, hereby certify that:

Name of Vendor

- a) I/We will not offer, promise or provide to any IHI employee or family member a bribe, favor, cash, gratuity, entertainment or anything of value to obtain favorable treatment, business or contract from IHI. I/We also understand that IHI employees are similarly prohibited from soliciting such favors from vendors.
- b) I/We will not enter into a financial or any other relationship with a IHI employee that creates any actual or potential conflict of interest for IHI. I understand that a conflict of interest arises when the material personal interests of the IHI employee are inconsistent with the responsibilities of his/her position with IHI. All such conflicts must be disclosed and corrected.
- c) I/We will declare the name of any relative or friend holding a management position such as director, officer or employee working with IHI.

Name: _____ Sign:

Title: _____ Date: _____

Kindly attach copies of the Registration documents, TIN certificate, VAT certificate, Business card if any.

For finance and administrative use only

Has a sentinel check for the vendor been done: Yes No

If No give reason _____

Vendor addition requested by:

Vendor addition approved by:

Sign: _____

Date: _____

Sign: _____

Date: _____

