



Institute of Human Virology Nigeria (IHVN)

## PROCUREMENT MANUAL

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## List of Acronyms

• 3PL	Third Party Logistics
• ARV	Antiretroviral
• BEME	Bill of Engineering Measurement and Evaluation
• BOQ	Bill of Quantities
• CEO	Chief Executive Officer
• COO	Chief Operating Officer
• COP	Chief of Party
• CT	Global Fund Country Team
• EM	Executive Management
• GDF	Global Drug Facility
• GFCT	Global Fund Country Team
• IHVN	Institute of Human Virology Nigeria
• IU	Infrastructural Upgrade
• KPI	Key Performance Indicator
• LPO	Local Purchase Order
• NAFDAC Administration & Control	National Agency for Food and Drug
• NCS	Non- Consulting Services
• PM	Project Monitoring
• PO	Purchase Order
• PP	Procurement planning
• PRF	Procurement Requisition Form
• RFB	Request for Bid
• RFI	Request for Information
• RFC/P	Request for Cost/Price
• RFP	Request for Proposal
• RFQ	Request for Quotation
• RFT	Request for Tender
• SCM	Supply Chain Management
• SOP	Standard Operating Procedure
• SOW	Statement of Work
• SPM	Supplier performance management
• SRV	Supplies Requisition Voucher
• TOR	Terms of Reference
• VFM	Value for Money

## Introduction

This Procurement Manual is designed to record the systematic approach of the procurement process in IHV-Nigeria (IHVN). The purpose of the Procurement Manual is to provide guidance for IHVN staff on applying the concepts and principles that govern the IHVN Procurement Policy. The manual also provides guidance on application of procurement processes and policy for suppliers and vendors' registration, prequalification, selection, etc. The document is applicable for all procurement processes executed at the Head Office, Regional and state offices except procurements for the campus development undertaking by the IHVN Board or its representatives.

The department of the institute that is tasked with the responsibility of centralized procurement activities is Procurement unit under Supply Chain Management Department and it is headed by the Head of Procurement with the support of Procurement Officers under the overall supervision of the CEO/COO.

## Part I: General Provisions

### Chapter I: Definitions. Principles and Scope of Application

#### Article 1: Definitions

- ✓ **Award:** The presentation of a purchase order and/or contract to a vendor.
- ✓ **Bid:** A competitive pricing offer made by a bidder in response to an Invitation to Bid (ITB).
- ✓ **Bidder:** A party submitting a bid in response to an RFB.
- ✓ **Bidding Documents:** Means the documents provided by the procuring entity to bidders as a basis for preparation and submission of their bids.
- ✓ **Bid Opening:** The formal process through which bids are opened and the contents revealed for the first time to IHVN, other vendors, and to the public.
- ✓ **Bid Validity:** Means the period within which the bidder is bound by its offer and such offer cannot be withdrawn without forfeiting its bid security.
- ✓ **Competition:** The process by which two or more vendors vie to secure the business of a purchaser by submitting the most favorable bid or offer for the requested supplies or services.
- ✓ **Complaint:** means a protest regarding an award or the procurement process.
- ✓ **Contract Performance Security:** A financial guarantee that is available to the institute should a contractor fail to faithfully perform a contract or pay workers, subcontractors or material suppliers who have worked on the contract.
- ✓ **Emergency situations:** mean unpredictable or unforeseeable circumstances in which there is the need for immediate intervention and under which due procurement deadline cannot be followed.
- ✓ **End-User:** Person(s)/department who require & accordingly request for a particular material to be procured.
- ✓ **Health Commodities:** are items that are intended for the use in the care and treatment of patients. They include drugs, laboratory equipment, laboratory reagents and consumables, medical equipment and medical supplies etc.
- ✓ **Invitation for Bid:** All documents, whether attached or incorporated by reference, utilized for soliciting formal, sealed bids.
- ✓ **Late Bid/Proposal:** A bid or proposal that is received by IHVN after the deadline established by the IFB or RFP.



- ✓ **Market Survey:** is the survey research and analysis of the market for a particular product/service which includes the investigation into customer inclinations. A study of various customer capabilities such as investment attributes and buying potential.
- ✓ **Non-Health Commodities** are items that are that are not directly used in patient care and treatment but used to support operations. This includes office supply and equipment (stationeries, furniture, fueling, IT items, automobiles, electrical supplies etc.), printing and guesthouse items, etc.
- ✓ **Offer:** A response to an RFP.
- ✓ **Post-Qualification:** Means a formal procedure whereby bidders are evaluated, prior to award, on resources and capabilities bid on the basis of minimum criteria on experience, resources and financial standing to confirm their ability to perform the contract.
- ✓ **Procurement:** Procurement is the acquisition of appropriate goods and/or services at the best possible total cost of ownership to meet the needs of the purchaser in terms of quality and quantity, time and location.
- ✓ **Procurement Plan:** is a document that is used to manage the process of finding and selecting a vendor or supplier. The plan justifies the need for an external vendor or supplier and explains how the process of finding a vendor or supplier will be performed, from identifying the purchasing requirements to closing the contract.
- ✓ **Procurement Unit:** The Procurement Unit is responsible for acquisition, coordination and overseeing the sourcing strategy, selection and contract execution for supplies, services or works.
- ✓ **Purchase Order (PO):** A document issued by IHVN to formalize a purchase transaction with a vendor. A purchase order confirms the quantity, description, and price of the supplies or services to be provided and applicable terms and conditions that govern the transaction.
- ✓ **Quotation:** An offer by prospective suppliers of goods or services which is not submitted in the form of a tender document but is subject to a specification, conditions of purchase and any schedules and/or annexes such as drawings or plans.
- ✓ **Request for Information:** An informal document requesting information from vendors regarding a product, service, or solution to a problem.
- ✓ **Request for Proposal (RFP):** A formal document requesting that vendors submit a proposal to provide a solution to a problem or a need that an agency has identified. An RFP is a procurement process where the IHVN could evaluate an offer's response in accordance with established or stated criteria.
- ✓ **Requisition:** A form used to request the purchase of supplies or services.

- ✓ **Sole Source:** The only known source with the ability to supply the necessary supplies or services due to the unique nature of the requirement, the vendor, or market conditions.
- ✓ **Specification:** A physical or functional description of the desired supplies or services.
- ✓ **Supplier:** A firm that owns operates or maintains stores, warehouses or other establishments in which materials or supplies are bought, kept in stock and regularly sold to the public in the usual course of business; and engages as its principal business, and in its own name, in the purchase and sale of goods.
- ✓ **Tabulation of Bids:** A document used to record bid prices and bid related data for the purpose of comparison, analysis, and record keeping.
- ✓ **Terms of Reference:** is a document that describes the purpose, scope and structure of an assignment/project that is intended to be achieved.
- ✓ **Total Contract Value:** The entire potential monetary worth of the project from beginning to completion, including the initial contract period and any options to renew.
- ✓ **Unit Price:** The price of a selected unit of good or service (e.g., price per each, test kit, or injection screen, etc.).
- ✓ **Value for Money:** Value for money is based not only on the minimum purchase price (economy) but also on the maximum efficiency and effectiveness of the purchase.
- ✓ **Vendor:** A party who offers or may offer supplies or services to a public agency.
- ✓ **Wambo.org:** Is the Global Fund's online procurement platform. It offers quality health and non-health commodities used by programs to fight HIV, tuberculosis, malaria and COVID-19.

## **Article 2: Principles**

The followings principles below shall govern the award, execution and control of contracts by IHVN.

### **A. Value for Money**

1. Procurement shall be conducted with the aim of obtaining value for money (VFM). VfM means the effective, efficient, and economic use of resources, which requires the evaluation of relevant costs and benefits, along with an assessment of risks and of non-price attributes and/or life-cycle costs, as appropriate. Price alone may not necessarily represent VfM.
2. In determining what represents VFM, due consideration shall be given to factors such as:
  - The direct and indirect costs of the goods/services over the whole procurement cycle.
  - The quality and fitness for purpose of the goods/services to be procured.
  - The proposed supply time frame for the goods/services.
  - The performance history of each prospective supplier and the strategic importance and/or risks of engaging particular suppliers.
  - The appropriateness of contracting options (for example, contract extension options).
  - The potential risks associated with the procurement of the goods/services.

### **B. Competition**

1. Procurement shall be carried out on a competitive basis to the maximum practical extent. The extent of competition required in the procurement of goods and/or services shall be based on thresholds specified in the Procurement threshold flowchart. Such thresholds shall be established by reference to the estimated value of goods and/or services to be procured. In addition, specific competitive processes may be established in the Procurement manual for categories of goods and/or services based on risk management considerations.
2. Exceptions to competition thresholds and processes shall be allowed in exceptional situations only as stated in article 44 below. Such exceptions can only be approved by the Executive Management. The Procurement Policy shall specify allowable exceptions to such thresholds and processes and shall also specify who has the authority to approve such exceptions.

### **C. Efficient and Effective Procurement**

1. Procurement shall be conducted in a manner that maximizes the efficient use of the Donors and IHVN's resources and ensures that the goods and/or services procured effectively meet the requirements of the users within the Institute by always adhering to the IHVN'S procurement policy and standard practice. The principle of efficiency requires that procurement processes be proportional to the value and risks of the underlying activities.

### **D. Impartiality, Transparency & Accountability**

1. Procurement shall be conducted in an impartial, transparent, and accountable manner.
2. In ensuring impartiality, potential suppliers of goods and/or services shall be afforded equitable treatment, and their offers shall be evaluated based on their legal, technical and financial abilities.
3. To promote transparency, information relating to the procurement process shall be documented in a manner that facilitates appropriate scrutiny of procurement activities and made publicly available to all interested parties consistently and in a timely manner through readily accessible and widely available sources, as may be described in the Procurement manual.
4. To encourage accountability, covered Individuals shall be accountable for their acts with respect to procurement based on the lines of accountability established in the procurement manual. The length of time for which procurement documents will be archived is seven years.

### **E. Ethics**

1. The Institute shall strive to conduct all business with integrity, honesty, and fairness.
2. The principle of integrity refers to the use of funds, resources and assets according to the intended purposes and in a manner that is well-informed and aligned with the governance principles of IHVN. IHVN requires that all parties involved in the procurement process observe the highest standard of ethics and refrain from fraud and corruption.
3. The principle of fairness infers that bidders, vendors, and suppliers are given equal opportunity and treatment and that a credible mechanism for addressing procurement-related complaints is provided.

## **Article 3: Gender Equality**

Terms of reference and technical specifications for procurement shall be designed to ensure equal opportunities for all bidders and proposers.

#### **Article 4: Protection against Sexual Exploitation, Abuse and Harassment**

IHVN may disqualify a supplier/vendor from being awarded a contract for a period of six months - two years if the supplier/vendors have been determined to be non-compliant or breach IHVN's policy on sexual exploitation, abuse and harassment. The determination of breach or non-compliance shall be made in accordance with the content of IHVN's policy on sexual exploitation, abuse and harassment.

## **Chapter II: Governance**

This procurement manual is intended for use by all employees at all facilities/locations within the Institute of Human Virology Nigeria. The purpose of this manual is to provide IHVN employees with step-by-step instructions and general assistance when obtaining supplies and/or services to continually achieve value for money. Employees responsible for purchasing supplies and obtaining services are encouraged to refer to this manual as guidance.

### **Article 5: Scope**

1. These general principles and processes are applicable to all types of procurement. It also establishes the criteria for requesting, approving, ordering and receiving assets, as well as tracking orders throughout the entire procurement process cycle. This manual cover:
  - Identification and planning of a procurement requirement.
  - Procurement proceedings
  - Bidding and evaluation process
  - Procurement methods
  - Receipt and payments of goods and services.
  - Payment of goods and services.
  - Procurement arrangements involving Global Fund Pooled Procurement mechanism, etc.

### **Article 6: Conflict of Interest**

1. IHVN staff is prohibited from establishing and maintaining relationships of self-interest with any suppliers or potential suppliers.
2. IHVN staff is deemed to be considered to have a conflict of interest if:
  - The staff has a close business or family relationship with a supplier/vendor, and the staff is directly or indirectly involved in the preparation of the procurement documents or contract specifications, and/or the evaluation process of such contract.
3. Current and former IHVN staff, regardless of appointment type are ineligible to be Institute's vendors or subcontractors to IHVN vendors, whether as sole proprietors or independent contractors, during their appointment and for a period of twelve months ("Cooling Period") from the cessation date of their IHVN appointment.
4. This Cooling Off Period also applies to companies in which a current or former IHVN staff member is an owner, principal, director, or officer, or holds a financial interest. The Cooling Off Period also applies to companies with which close relatives (spouses, parents, full and half-siblings, children, aunts, nieces, nephews, and domestic partners) of current or former IHVN staff are owners, principals, directors or officers, or hold a financial interest.

5. By signing the conflict-of-interest document, an IHVN staff confirms that there is no conflict of interest with a person, firm, corporation of other business that is competing for the contract/(s) with IHVN. And that such staff have not participated, directly or indirectly, by committee or as an advisor, consultant, employee, agent, trustee, or otherwise, in the development of a proposal for any individual or business entity that is competing for the contract(s).
6. All IHVN staff that are involved in the procurement process (The requisition staff, procurement staff, technical team that review evaluation documents, bid committee members, procurement advisors, etc.) shall sign the conflict of interest and non-disclosure of agreement form before the commencement of any bid evaluation.

## **Article 7: Confidential Information**

1. Without prejudice to the principle of transparency, IHVN procurement staff and members of bid committee shall not disclose information provided by Bidders/Suppliers/Consultants in their Bids/Proposals, which they have marked as confidential. This may include proprietary information, trade secrets and commercial or financially sensitive information.
2. All IHVN procurement staff and members of bid committee shall acknowledge that they will acquire certain knowledge, written or oral information, which is non-public, confidential, or proprietary to the proponents responding to a Request for Proposal, Quote or Tender. Agree that they will keep all information confidential, unless required by law or in the course of the procurement process to be disclosed. They will not use the information directly or indirectly for any purpose other than to gather requirements, develop RFP content, evaluate proposals or advise IHVN regarding the selection of the successful proponent in the procurement process.
3. They will not make public or disclose any confidential information related to the bid submission document, proponent evaluations, or interviews without the prior written approval of IHVN.
4. All IHVN members involved in procurement are bound by the IHVN Code of Ethics in Procurement. Any breach should be reported to: [speakout@ihvnigeria.org](mailto:speakout@ihvnigeria.org)

## **Article 8: Fraud and Corruption**

1. IHVN requires all its staff, bidders, consultants and suppliers and their personnel to observe the highest standard of ethics during the procurement process, selection and contract execution and refrain from Fraud and Corruption.
2. IHVN strictly enforces a policy of zero tolerance on proscribed practices, including fraud, corruption, collusion, unethical or unprofessional practices,

and obstruction of IHVN vendors and requires all bidders/vendors to observe the highest standard of ethics during the procurement process and contract implementation.

3. To this end, IHVN defines, for the purposes of this provision, the terms set forth below as follows:
  - i. “Corrupt practice” is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.
  - ii. “Fraudulent practice” is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation.
  - iii. “Collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.
  - iv. “Coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.
  - v. “Obstructive practice” is:
    - (a) deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators to materially impede an investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/or threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or
    - (b) acts intended to materially impede the exercise of the audit inspection
4. Bidders/vendors shall not offer gifts or hospitality of any kind to IHVN staff members including recreational trips to sporting or cultural events, theme parks or offers of holidays, transportation, or invitations to extravagant lunches or dinners.
5. IHVN shall suppliers reject a bid/proposal for award if it determines that the firm or individual recommended for award, any of its personnel, agents, sub-consultants, sub-contractors, service providers, suppliers, and/ or its employees, has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question.
6. IHVN shall declare a vendor ineligible, either indefinitely or for a stated period, to be awarded a contract if at any time it determines that the supplier/vendor/consultants have engaged in any corrupt or fraudulent practices in competing for or in executing an IHVN contract.



7. IHVN's Anti-Fraud email: [speakout@ihvnigeria.org](mailto:speakout@ihvnigeria.org) can be reached at all times to report any foul play at any level.

## **Article 9: Suspension and Blacklisting**

1. Blacklisting is defined as an administrative penalty that disqualifies a supplier, contractor, or consultant from participating in procurement commissioned by IHVN for a stated period.
2. A vendor, contractor, or consultant (including consultancy firm) that is blacklisted shall not be allowed to participate in bidding for any procurement during the period of the vendor or contractor or consultant's disqualification.
3. A joint venture that has been blacklisted or has blacklisted member/s and/or partner/s, as well as a person/entity who is a member of a blacklisted joint venture as a director, will also not be allowed to bid for any procurement during the period of its disqualification.
4. Vendors, contractors or suppliers found to be indulging in malpractices, acting against IHVN's interests, or involved in illegal/criminal offenses shall be blacklisted.

## **Grounds for Suspension and Blacklisting**

Specific grounds for blacklisting a supplier, contractor or consultant include but are not limited to the following

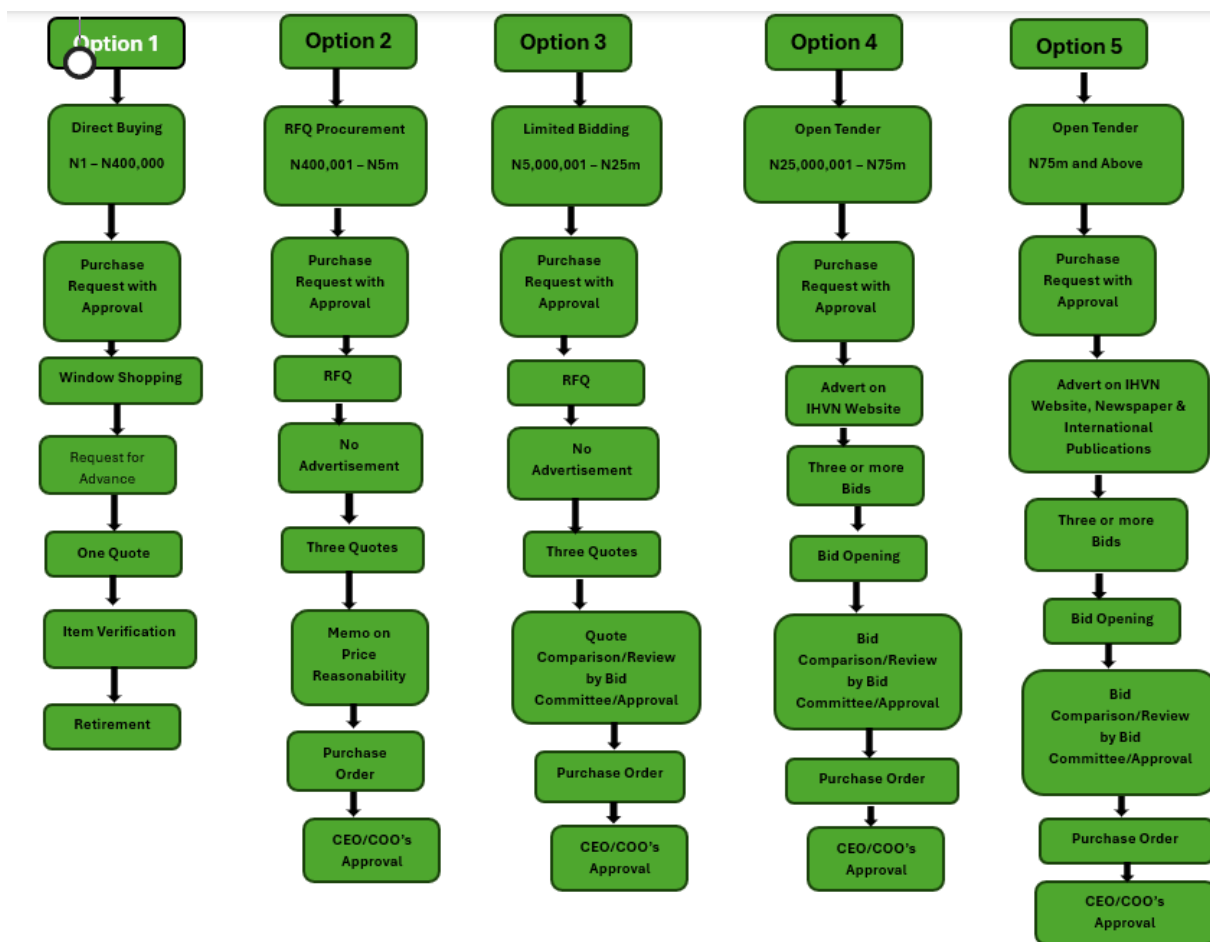
1. Submission of eligibility requirements that contains false information or documents.
2. Submission of bids that contains false information or falsified documents or withholding relevant information with a view to influencing the outcome of the procurement process.
3. Withdrawal of a bid, or refusal to accept an award, or enter a contract without justifiable cause, after the supplier, contractor, or consultant's bid has emerged as the most responsive bid.
4. Failure of a supplier, contractor, or consultant to comply with contractual obligations without justifiable cause.
5. Assigning or subcontracting all or any part of the contract to another party or vendor without the prior and written approval of the buyer.
6. For goods, there is unsatisfactory progress in the delivery of items caused by the supplier or contractor's fault or negligence and/or unsatisfactory or inferior quality of goods.
7. For consultancy services, poor performance by the consultancy firm or consultant of services
8. For the procurement of works, poor performance by the contractor or unsatisfactory quality and/or progress of work.

## **Article 10: Anti-Terrorism, Anti-Money Laundering and Debarments**

1. The definition of act of Terrorism and Money Laundering is guided by the laws of Federal republic of Nigeria viz: Terrorism (Prevention)(amendment) Act 2013 and Money Laundering (Prevention and Prohibition) Act, 2022.
2. IHVN is strictly against dealing with any individual, group, or organization that is linked either directly or indirectly with any forms of terrorism and money laundering activities by the Government of Nigeria.
3. Procurement unit shall carry out debarment check during its procurement process on all prospective suppliers, contractors, bidders, vendors etc. to ensure that they are not linked to any form of terrorism and money laundering activities.
4. Please refer to IHVN's policy on terrorism/debarment for further guidance.

## **Article 11: Procuring Threshold**

1. The Procuring threshold flowchart below is without prejudice to the approving authority of the Director of Administration/Project COP/Project Director for procurements not exceeding N3,600,000.00 only at Regional/State Offices level.
2. The state/regional offices are allowed to make purchases up to N3,600,000.00 to reduce the frequency of requests sent to the head office and save time from sourcing for needs within this threshold limit.
3. The requesting officers at the state/regional office initiate the requisition, which is to be recommended for approval by the regional managers after due diligence of at least three quotations from the registered/prequalified vendors at the regional office.
4. Any transaction above N3,600,000.00 at regional/state offices must be channeled through the central procurement system.
5. Any procurement budget that is above N500million shall be mandatory for international competitive procurement bidding.



### Procurement Threshold Flowchart

#### Option 1 - Direct Buying

#### **Procurements ranging from ₦1 to ₦400,000**

1. For this option, there must be a purchase request with authorized approval.
2. This option may be used when more competitive methods are not justified based on cost or efficiency, such as:
  - a. To procure small amounts (between ₦1 to ₦400,000) off-the-shelf goods or standard specification commodities
  - b. To engage contractors for simple civil works of small value between ₦1 to ₦400,000; and
  - c. To procure contracts with a combination of off-the-shelf goods and very urgent minor civil works between ₦1 to ₦400,000, such as in emergency projects or for urgent relief-type operations, including re-establishment of vital services like utilities, communications, shelter, and vital supplies that stem from disasters or conflict.
3. Under this option, the admin staff would be required to adhere to the following processes:
  - a. Carry out window shopping to determine the price and submit proforma invoices as reported from market survey.

- b. Obtain approval from the procurement unit for validity and reasonableness of price obtained.
  - c. Request for advance to facilitate direct buying while attaching email approval for procurement.
  - d. Upon retirement, receipts of purchased items, including supporting documentation must be verified by the Compliance department.
4. However, for “out of office/station” emergency procurement under this option, an email approval from procurement unit would be submitted upon retirement to the compliance department including job completion form signed by the user in that location.
  5. Because of the risk of abuse in procurement under direct buying, the departmental director's approval with justification will be required. This is to avoid using direct buying to bypass more competitive methods or divide large procurements into smaller contracts solely to allow the use of direct buying.

## **Option 2 – Request for quotation (RFQ)**

### **Procurements ranging from ₦400,001 to ₦5,000,000**

- i. Under this option, there must be a purchase request with authorized approval. The procurement officer requests for quotation from only registered vendors who at the time of the RFQ being sent should maintain active registration with as spelt out in Chapter X Article 53 & 54 below. A memo would be raised to request for approval on price reasonableness after the receipt of at ***least three*** quotes and documentation of proof of market survey to ensure value for money and purchase order follows, to obtain the final approval of either the CEO or COO.
- ii. The bidding period for this method is minimum of 5 working days.

## **Option 3 – Limited Bidding**

### **Procurements ranging between ₦5,000,001 and ₦25,000,000**

1. Limited tendering is a procurement method that limits the request for tenders to a selected number of suppliers, contractors or service providers. This method of procurement is also called: “Restricted Bidding and Selective Tendering”.
2. Under limited tendering, a pre-selected list of possible suppliers is prepared from IHVN vendor database that are known by IHVN track record to be suitable for a contract of the size, nature and complexity required based on their record of:
  - i. Timely delivery
  - ii. Capacity
  - iii. Experience
  - iv. Price consistency etc.

3. Confirmation of interest should be sought from these pre-selected firms, and based on the responses received, invitation to tender should be send ***(generally not less than three(3) and not more than six (6))*** and selected serially per category. From the tenders received, the most responsive tenderer with the lowest price is selected. Delivery time, capacity and product quality should be considered for this option when selecting the most responsive tender.
4. Any decision to use the restricted or limited tendering procurement method must conform to the policies and a procedure governing the IHVN procurement system.
5. The bidding period for this method is minimum of 5 working days.
6. The bid committee shall carry out the evaluation process (review of quotes and proof of market survey) for the procurement under this option.
7. The bid committee shall recommend the most responsive/ advantageous evaluated bid/proposal to the executive management for approval.

#### **Option 4 – Open tender – Lower Band**

##### **Procurements ranging between ₦ 25,000,001 and ₦75,000,000**

1. Open tendering (open competitive bidding) is the preferred competitive public procurement method used for acquiring goods, services and infrastructure works. It is executed in accordance with established procedures set out in the tendering process flowchart above.
2. The fundamental requirements of open tendering are:
  - i. It is open to all qualified and interested bidders.
  - ii. Bid is advertised locally (and internationally, when required)
  - iii. It has objective qualifications criteria.
  - iv. It has neutral and clear technical specifications.
  - v. It has clear and objective evaluation criteria, and
  - vi. It is awarded to the most responsive evaluated bidder that meet the bidding document specified requirements.
3. There must be a purchase request with authorized approval. The procurement officer shall request for bid from public by advertising such bid:
  - i. in the case of International Competitive Bidding, the invitation for bids shall be advertised in at least two national newspapers (with wider spread) and/or IHVN Official Website and one relevant internationally recognized publication.
  - ii. in the case of National Competitive Bidding, the invitation for bids shall be advertised on the website of IHVN and/or at least two national newspapers.

4. The bid committee shall carry out the evaluation process (review of quotes and proof of market survey) for the procurement under this option.
5. The bidding period for this method is 10 working days for Local Bidding and 45 days for International Bidding

#### **Option 5 – Open tender – Higher Band**

##### **Procurement ranging from ₦75, 000,001 and above**

6. There must be a purchase request with authorized approval. The procurement officer shall request for bid from public by advertising such bid:
  - iii. in the case of International Competitive Bidding, the invitation for bids shall be advertised in at least two national newspapers (with wider spread) and/or IHVN Official Website and one relevant internationally recognized publication.
  - iv. in the case of National Competitive Bidding, the invitation for bids shall be advertised on the website of IHVN and/or at least two national newspapers.
7. The bidding period for this method is 15 working days for Local Bidding and 45 days for International Bidding
8. The bid committee shall carry out the evaluation process (review of quotes and proof of market survey) for the procurement under this option.
9. The bid committee shall recommend the most responsive/ advantageous evaluated bid/proposal to the executive management for approval.

## **Chapter III: Responsibilities for Procurement Proceedings**

### **Article 10: Procuring User Department**

1. Responsibilities of a Procuring User Department in the procurement process are as follows:
  - a. Preparing the demand plan, ensuring that proposed expenditures are in accordance with the mandate of the relevant grant, and ensuring that sufficient time is available to undertake a procurement exercise.
  - b. Drafting the requirements in the form of specifications, statement of work (SOWs), or Terms of Reference (TORs), as well as associated technical evaluation criteria.
  - c. Ensuring that sufficient funds are available for the requirement. The user department is responsible for securing specific funding allocated only to the applicable procurement, both at the time of contract award and during the entire life of the contract.
  - d. Participate in the bid committee exercise.
  - e. Accepting goods and/or services delivered by vendors and creating receiving and Inspection reports within 24 hours after delivery notification. etc.
  - f. Work with the procurement unit on contract management of procured goods/services offered.

### **Article 11: Health Product Management Team (HPM)**

- a. Responsible for placing orders for pooled procurement of health products such as on wambo.org etc.
- b. Recommends the appropriate price quotation for pooled procurement of health products to IHVN executive management for approval.
- c. Responsible for approving purchase order change request on pooled procurement platform when the need arises.
- d. Coordinate the receipt of all health products with the central warehouse team and ensure prompt and timely delivery to health facilities.
- e. Work with the procurement unit to ensure that all regulatory approvals and licenses are in place for the Procurement Service Agents (PSAs) to facilitate seamlessly and timely shipments of health products into the country.

### **Article 12 : Supply Chain Management/Procurement Dept.**

1. Procurement activities can only be undertaken by Supply Chain Management/Procurement Department.
2. The Supply Chain Management/Procurement Department in conjunction with the procuring user department is also responsible for ensuring that the category management process is carried out in a manner that achieves economies of scale, innovative approaches to meeting institute's needs from a supply market

perspective, consolidation of requirements where possible, and in line with IHVN procurement policies.

3. The responsibilities of Supply Chain Management/Procurement Department in a procurement process are the following:
  - a. Defining solicitation strategies, upon review of the acquisition plan and in alignment with the respective category management strategy.
  - b. Development of the requirements and evaluation criteria and ensuring that they are appropriate from a procurement perspective.
  - c. Leading the sourcing process and conducting supply market analysis, including issuing Requests for Expression of Interest (REOI).
  - d. Conduct Market survey of procuring items and services.
  - e. Developing pricing structures and commercial evaluation models that allow for transparency in costs and effective competition.
  - f. Preparing bidding documents, as well as facilitating and managing the bidding process.
  - f. Work with the bid committee in reviewing the technical evaluation to ensure that it was conducted in accordance with the pre-established technical evaluation criteria and that the narrative of the report corresponds with the matrix and the scoring/rating.
  - g. Work with the bid committee in carrying out the financial evaluation of quotes as per pre-defined evaluation criteria.
  - h. Preparing the recommendation for an award by bid committee and submitting the case to the executive management for approval.
  - i. Preparing and issuing Award of contracts and purchase orders.
  - j. Requesting and ensuring the safeguarding and return of any performance securities, as applicable.
  - k. Performing contract management duties in coordination with the procuring user department and staff responsible for contract management, as applicable, in support of the procuring user department
  - l. Performing contract closeout activities.

### **Article 13: Bid Committee**

- The Bid committee comprises of the following:
  1. Representative from the Grant Management/Budget
  2. Representative from Admin Department.
  3. Representative of Clinical Department.
  4. Representative of Laboratory Department
  5. Representative of Strategic Information Department.
  6. The secretary to the Bid committee shall be the Head of Procurement and a non-voting member of the committee.
  7. The Senior Procurement Advisor to the EM shall be an observer and a non-voting committee member.



- The chairman of the bid committee shall be appointed by the executive management, and the bid committee members shall serve for a period of 24 months.

### **Roles and Responsibilities of Bid Committee**

The followings are the key roles and responsibilities of Bid committee:

- Evaluate all bids received (Open and Limited competition market approach) and submit a selection report and recommendations regarding the final award of the bids to the executive management.
- Harvesting of bids from the bid box.
- Ensuring that all submissions are made in line with advertisement instructions and making recommendations on evaluation outcomes.
- Bid Committee shall ensure that the evaluation criteria as stipulated in the bidding document is understood and scoring should be jointly discussed and understood and agreed by all members.
- Ensure that disqualifications are justified, and that valid and accountable reasons were furnished for passing over of bids.
- Ensure that all bidders are evaluated in line with the evaluation criteria set in the bidding document and evaluation scoring has been fair, consistent with the criteria stated in bidding document and correctly calculated and applied
- The bid committee reserves the right to advise the Procurement unit to further negotiate various terms with vendors or suppliers where necessary and in line with the procurement method used.
- Recommend conditions, if necessary, that the recommended bidder must meet before contract award or during the contract period.
- Recommend or demand verification of critical information submitted by the bidders (Post Qualification process).

### **Article 14: Internal Audit & Compliance Department**

The responsibilities of Internal Audit & Compliance department in the procurement process are as follows:

- Participate in the bid opening exercise
- Ensure that the number of bids harvested tallies with the bid register and signoff on the register
- Signoff on every document submitted by the bidders during bid opening.
- In custodian of the dedicated email for the electronic bid submission.
- Coordinate the opening of the electronic bid submission.
- Conduct a post procurement audit of the procurement process.
- Custodian of the whistleblowing and anti-fraud dedicated emails.

## **Article 15: Appointment of Bid Members**

1. All Bid Committee Members are appointed either the CEO or the COO.
2. All members appointed to the bid committee shall have voting powers except the secretary of the bid committee and the senior procurement advisor to the EM.

## **Article 16: Quorum**

1. The Bid Committee cannot undertake business without a quorum.
2. A quorum shall consist of half plus one of its total memberships with voting power (rounded to the nearest whole number). For example, if there are six members with voting powers, the quorum required is four.

## **Article 17: Procurement Approving Authority**

- i. IHVN Officials who have been formally issued a delegation of authority for procurement will be referred to as a Procurement Approving Authority up to the threshold of delegated procurement authority applicable to their grade, level, or position.
- ii. Procurement Approving Authorities must exercise their duties and responsibilities under their designated delegation of authority with the utmost care, efficiency, impartiality, and integrity.

Roles and responsibilities of the Procurement Approving Authority include:

- i. Approving procurement activities within their designated level.
- ii. Ensuring, before any commitment being made, that the procurement activity strictly complies with the IHVN procurement policies and procedures
- iii. Providing reports in accordance with their delegation of authority and as stipulated in this Procurement Manual.

## **Part II: Procurement Proceedings**

### **Chapter IV: General Provision**

#### **Article 18: Language**

All Procurement Documents shall be in English. Bidders' documents and printed literature that are part of the procurement processes may be in another language provided they are accompanied by an accurate translation of the relevant documents into English.

#### **Article 19: Technical and Financial Qualifications**

1. To participate in contracting proceedings, each bidder or supplier shall demonstrate the capacity to enter a contract with IHVN. All bidders or suppliers, in addition to requirements contained in any bidding document, shall:
  - a. Possess the necessary:
    - i. Professional and technical qualifications to carry out procurements.
    - ii. Sound corporate and financial standing.
    - iii. Equipment and other relevant infrastructure.
    - iv. Personnel to perform the obligations of the procurement contracts.
    - v. It is not in receivership, the subject of any insolvency or bankruptcy proceedings, or the subject of any form of winding up petition or proceedings.
    - vi. It has fulfilled all its obligations to pay taxes and make social security contributions.
    - vii. Does not have a director or any senior management officer who has been convicted in any country for any criminal offence relating to fraud and corruption and other financial impropriety or criminal misrepresentation or falsification of facts relating to any matter.
    - viii. Every bid must accompany an affidavit disclosing whether or not any officer or staff of IHVN is a former or present director, shareholder, or has any pecuniary interest in the bidder and confirm that all information presented in its bid is true and correct in all respects.
2. The bid committee will verify evidence of such qualifications by requesting the submission of supporting documents with the bid.
3. Misrepresentation regarding the information required under this article may lead to the disqualification of a bidder or the immediate cancellation of the contract at the risk and expense of the declarant without prejudice to the imposition of sanctions applicable in such cases under this manual.

## **Article 20: Brand Names**

1. Specifications shall be based on relevant characteristics and/or performance requirements. References to brand names, catalog numbers, or similar classifications shall be avoided. If it is necessary to quote a brand name or catalog number of a particular manufacturer to clarify an incomplete specification, the words “or equivalent” shall be added after such reference.
2. The specification shall permit the acceptance of offers for goods with similar characteristics and which provide performance equivalent to those specified.
3. Only specified brands that are consistent with IHVN existing infrastructure and in compliance with prohibitions by US-Funded projects shall be allowed subject to the executive management approval

## **Article 21: Procurement- Related Complaint**

The purpose of the Procurement-related Complaint Mechanism is to conduct inquiries, investigate complaints and allegations of violations of the IHVN procurement manual with a view to settling the issues raised during the procurement process before the award of contract.

### **Complaints Procedure**

1. IHVN will response to all procurement-related complaints, regardless of who they are addressed to.
2. An unsuccessful bidder that wishes to protest an award must inform the Head of Procurement in writing to explain the basis of the complaints within five (5) days of the issuance of the bidding document, addendum, notice of award or other action related to the bidding process.
3. Complaints notifications that are submitted after the 5-day Notice Period or without a basis for the complaints will not be entertained.
4. Upon receipt of a written complaint from an unsuccessful bidder, the Head of Procurement shall:
  - i. Provides the unsuccessful bidder with a written acknowledgement.
  - ii. Initiates a review of the unsuccessful bidder’s allegations.
  - iii. Following the conclusion of the review, provides the unsuccessful bidder with formal written notification of the decision and the basis upon which it was made.
5. The decision will be final and conclusive unless, within ten (10) days from the date of receipt of the decision, the unsuccessful bidder files a written appeal with the executive management of IHVN. The determination by the executive management of IHVN shall be final and conclusive.

## Chapter V - Procurement Planning and Execution

### Article 22: Procurement Process

While each procurement is unique, they broadly follow a similar process. This can be split into seven key stages. Figure I show a simplified representation of IHVN procurement process. It shows the common stages and their usual sequencing.



### Develop Strategy

At this stage the strategy for the procurement is determined by assessing the market and its operating environment to determine the appropriate procurement approach to use (please see Annex I for guidance on Market Survey Analysis). The market approach is determined along with the selection methods that will be used for the procurement activity. This will also include the evaluation criteria and the contract management plan.

### Plan the Procurement

1. The procurement unit is also required to prepare a Procurement Plan (PP). The PP is informed by the strategy developed in (1) above. The PP is a detailed action plan which describes the procurement activities and sets out the schedule of dates.
2. The PP includes:
  - a. a brief description of what is to be procured.
  - b. the cost estimate for the procurement.
  - c. the selection method to be applied.
  - d. the time schedules for the key steps of the procurement process from initiation of the procurement to completion of contract implementation.

2. The PP is then reviewed and approved by the Executive Management and Grant funders (where applicable).
3. The PP is a “living document”. That means that it is designed to be updated regularly. Changes to the PP are subject to the executive management approval and Grant funders (where applicable).

### **Invite Offers**

- i. The procurement unit should inform the market of the procurement opportunity and invite Bids/Proposals through an invitation (e.g. an invitation for bids/proposals).
- ii. For procurements subject to open international competition, the invitation is published:
  - a. in two local newspapers of wide circulation and IHVN website; and
  - b. any applicable international advertorial platforms.
- iii. Interested bidders/proposers should be provided with a bidding document that includes:
  - a. the instructions to bidders/proposers on how to prepare and submit their offers including explaining how the best offer will be determined
  - b. a description of the IHVN’s requirements; and
  - c. standard forms to be completed by the bidder/proposer in preparing their offers.
  - d. a copy of the draft contract.

### **Receive and Open Offers**

- i. The procurement unit should allow the market sufficient time to review the requirements and prepare and submit their offers.
- ii. For procurements involving international competition, this is usually at least 45 days from the date of publication of the opportunity, while for local/national competition, a minimum of 5 working days for procurement that are not open tenders and a minimum of 10 working days for open tenders, from the date of publication of the opportunity is required.
- iii. During this period, Bidders/Proposers may raise queries and request clarifications on the bidding documents or the IHVN’s requirements. The procurement unit should address such queries in a timely manner and share the responses with all potential Bidders/Proposers.
- iv. Where procurement unit amends the procurement documents, the amendments should be sent to all potential Bidders/Proposers.
- v. The bidding document specifies the address where offers are to be submitted and the time and place when they will be opened. Opening is usually in public.

## **Evaluate Offers**

- i. The bid committee shall be responsible for all evaluation and selection processes except for Option 1(Direct Buying) and Option 2(Request for Quote) of the procuring threshold.
- ii. Evaluation and qualification criteria are used to compare offers and determine the best Bid/Proposal.
- iii. The best Bid/Proposal is called the Most Advantageous Bid/Proposal. Evaluation criteria, and the methodology as to how they will be applied, must be established during the early stages of the procurement. They must be published in the bidding documents issued to the Bidders/Proposers. This supports transparency and integrity in the procurement process.
- iv. It is essential that potential Bidders/Proposers understand the criteria by which their Bid/Proposal will be judged, and what criteria are the least to most important to IHVN. In this way they will be better able to tailor their Bid/Proposal to meet the IHVN's requirements.
- v. Evaluation criteria should be proportionate and appropriate to the type, nature, market conditions, complexity, risk, value and objective of what is being procured.
- vi. For further details on evaluation criteria, please see Annex III.

## **Contract Award**

Once the bid committee has identified the Most Advantageous Bid/Proposal it moves into the contract award phase. IHVN cannot simply sign the contract with the successful bidder/proposer as there are several steps which must be completed to ensure transparency and accountability.

- i. Notification of Intention to Award  
Following the decision to award the contract to the Bidder/Proposer with the Most Advantageous Bid/Proposal, the procurement unit must promptly send written notification of its intention to award the contract to all other Bidders/Proposers. This is called the Notification of Intention to Award. The notice must be sent to all Bidders/Proposers at the same time, and by the quickest means available (e.g. by email). Sending the Notification of Intention to Award initiates the Standstill Period.
- ii. Standstill Period  
The Standstill Period is a period of 5 Days following transmission of the Notification of Intention to Award. During this period there is a pause in process, as IHVN cannot enter a contract with the successful Bidder/Proposer. The purpose of the Standstill Period standstill period is to allow unsuccessful Bidders/Proposers an opportunity to understand why they were not successful, (they may request a debriefing) and provide them

with an opportunity to submit a complaint about the decision to award the contract, if relevant.

The Standstill Period should be automatically extended where a bidder/proposer has requested a debriefing on time, but IHVN has been unable to provide the debriefing on time.

Upon expiry of the Standstill Period, after complaints have been addressed if appropriate, IHVN may proceed to award and sign the contract with the successful Bidder/Proposer. IHVN does this by transmitting the notification of award to the successful Bidder/Proposer.

## **Contract Management**

- i. Successful delivery of contracts requires systematic planning and monitoring to ensure that both parties to the contract are aware of their responsibilities and perform these responsibilities in a timely manner.
- ii. To support these activities the procurement unit shall prepare a Contract Management Plan. The plan should be finalized before contract implementation starts.
- iii. The key objectives of contract management are to ensure that the contract is:
  - delivered on time, at the right place and in the right quantity.
  - to the required specifications, standards and/or quality; and
  - within the agreed price.

Please refer to Annex V for further guidance on contract management.

## **Article 23: Procurement Tracking Reporting**

### **A. Monitoring and Evaluation**

1. The procurement unit shall establish a system to continuously monitor all procurement and financial information related to procurement implementation. The monitoring should provide information on procurement implementation at all levels.
2. The procurement unit shall maintain both file and electronic records of all procurement proceedings made within each fiscal year and the documented information shall include and not limited to:
  - Information identifying contractors, vendors, suppliers etc.
  - Procurement Method used
  - The date of the contract award
  - The value of the contract; and
  - Detailed records of the procurement proceedings.



## **B. Record Keeping**

1. The availability and completeness of procurement records are critical. The procurement unit shall maintain for all contracts, a record for a minimum period of 7 years its procurement documents such as:
  - Notices of tendering
  - Tendering documents and addenda
  - Tender clarifications (if any)
  - Bid opening information
  - Bid evaluation reports
  - Complaint/appeals by bidders and outcomes
  - Signed contract documents/PO and addenda and amendments
  - Records of claims and dispute resolutions
  - Record of time taken to complete key steps in the process
  - Record of Payments etc.

## **C. Procurement Time Requirement**

1. Each procurement method involves different steps and/or different time requirements. The following table gives typical ranges of time needed for the most common methods, from the time the procurement process is started until when a response bidder is selected and a contract signed.

<b>Procurement Method</b>	<b>Approximate / Indicative Range for each method</b>
Open Tendering - International Competitive Bidding (ICB)	5 - 7 months
Open Tendering - National Competitive Bidding (NCB)	2 - 6 months
Limited/Selective Tendering	1 - 2 months
Direct Contracting	1 - 3 months
Request for Quotations	1 - 2 months
Direct Buying	Less than 1 month

2. In some exceptional cases, it may be possible to modify certain procurement methods and shorten the time needed until delivery to meet desired schedules, *provided* that the modified approach is still consistent with the procedures required and the types of approaches permitted under this manual.

## **Chapter VI – Bidding Documents and Evaluation Process**

### **Article 24: Preparation of Bidding Document/Invitation to Tender/Bid**

- B. The Bidding document must contain information that will assist the for bidders/proposer in preparing an adequate response to bid/proposal. It usually contains, but not limited to:
- Invitation to Bidders (ITB).
  - General Information to Bidders.
  - Specific Information to Bidders
  - Bidding Data Sheet.
  - Terms of Reference/or Specifications.
  - Forms for Bills of Quantities (where applicable).
  - Bidding forms.
  - Eligibility, Fraud and Corruption.
  - Terms and Conditions of the Contract
  - Contract forms, etc.
- C. The document should also contain and not limited to the following:
- Project – Short description/Packages.
  - Scope of work (Where applicable)
  - Detailed specifications of goods/services
  - Location – Where the job/delivery is to be done.
  - Bid Security (usually not more than 2.5% of total Quote)
  - Evaluation Criteria(s)
  - Payments terms, etc.

### **Article 25: Bid Security**

2. The procurement unit may include in the bidding documents a condition that bids must be accompanied by a bid security issued by a reputable bank or a non-bank financial institution.
3. This guarantee is:
  - a. Mandatory for procurement above N25million
  - b. Not required for the contracting of consulting services.
  - c. Must be submitted in 'Original Copy' along with its technical/specification proposal.
4. Bidding documents shall specify the amount of the bid security.
  - a. The amount of such security shall be calculated on the basis of a percentage between two (2) and two and half (2.5) per cent of the contract cost estimate and expressed in absolute figures.
  - b. The period of validity for a bid shall be the period specified in the tender documents.
  - c. The bid security shall remain valid for 30 days following the expiry of the bid validity.

5. Bid security may be forfeited if a bidder withdraws his/her bid within the validity period or, in the case of a successful bidder, if the bidder rejects the correction of errors in his/her bid, fails to sign the contract or to furnish performance security, if so required.
6. IHVN shall have no claim on the bid security, and shall promptly return, or effect the return of the bid security document, after whichever of the following events that occurs earliest:
  - a. The expiry of the bid security.
  - b. The entry into force of a public contract and the provision of a performance security/bond, if such security is required by the bidding document.
  - c. The cancellation of the bidding proceedings.
  - d. The withdrawal of the bid prior to the deadline for the submission of bids.

## **Article 26: Receipt of Tenders**

1. All open tenders must be deposited in the Bid Box before the closing time. It must be sealed and properly addressed as indicated in the bidding document. IHVN shall not be liable for any tender/bid that is not labelled properly or not submitted in the designated located as advised in the bidding document.
2. Three authorised officers with keys to three (3) different locks. i.e. representatives of the bid committee, compliance department and procurement unit shall be custodian of the bid box.
3. The bidding document shall contain information showing the place, date and time the bids are to be submitted. Upon receipt, the envelopes shall be recorded by order of arrival in a special register.
4. Any bid received after the time and date set for the submission of bids shall not be opened and must be returned to the bidder.
5. No communication other than as provided for in this manual, or bidding document shall take place between procuring department and any bidder after the publication of a bid document.

## **Article 27: Extension of the Deadline for Bid Submission**

1. If several bid clarifications are requested from more than one bidder, or clarifications that substantially change the bidding document, the procurement unit may decide to extend the bid submission period by no longer than fifteen (15) calendar days.
2. The decision for extension of bid submission deadline shall be communicated using the same medium used for the initial publication. The decision shall be published not less than fifteen (15) calendar days ahead of the bid closing date and through the same medium as the publication of the initial advert.

3. In the case of RFQ, Sole Source and Limited Competition bidding (depending on the bid instructions), quotes may be submitted to IHVN dedicated email address [RFQ@ihvnigeria.org](mailto:RFQ@ihvnigeria.org) or the bid box. The Compliance Unit shall be responsible for the dedicated email address.
4. No other person shall have access to this dedicated email except the compliance unit.
5. The compliance unit shall open the received electronic bids on submission deadline date in the presence of representative of the bid evaluation committee, procurement unit, representative of bidder (if they so wish) etc.

### **Article 28: Opening of Bid Box**

1. On the expiration of the bid advert, the secretary to the bid committee shall open the bid box publicly in the presence of at least two of the members of the bid committee and a member of the compliance department, within twenty-four hours after the expiration of the bid advert.
2. Bidders or other interested persons may be present at bid openings. The bid committee's secretary records the receipt of bids in front of anyone wishing to be in attendance and all attendees will sign off the attendance sheet and bid return sheet.
3. Only the bidders that have submitted their bids within the specified date and time are recorded at the opening, defining the list of eligible bids.
4. The bid register must be ticked against the bids harvested from the bid box. A red line must also be ruled at the end of the harvest to close the register.
5. There must be a signed document to record the inventory of the harvested bids (Bid Return Sheet).

### **Article 29: Report on the Opening of Tenders**

- D. A bid return sheet should be filled showing matrix indicating mandatory document submitted.
- E. The report will show if bid is properly endorsed, whether bid security (if applicable) is submitted, and any discounts offered.

### **Article 30: Evaluation of Tenders**

1. All tenders received within the stipulated time are evaluated to determine the most efficient and effective responsive bid.
2. While there must be value for money, it must be emphasised that the lowest price offered is not the only criteria for the selection of the successful bidder.
3. All bids must be evaluated in line with the evaluation criteria set in the bidding document.

4. In an event when a submitted bid is not clear enough, the bid committee reserves the right to request the secretariat seek more clarification(s) from the bidder in order to aid their procurement decision making.
5. The evaluation of received bids and recommendation to management by the bid committee should be carried out within 10 business days from the bid opening date.
6. The following shall constitute the form of reports that shall be submitted to management upon committee's review meeting:
  - The minutes of review deliberations
  - Bid opening report
  - Charts of cost analysis carried out (Captured in a technical report)
  - Recommendations for management's approval

### **Article 31: Bid Evaluation Procedure**

1. The bid committee evaluates the bids and recommends to management for further consideration and final approval. The bid committee shall have no approving power.
2. In the event where the number of bids submitted/harvested from the bid box or the dedicated email does not meet the minimum number recommended for the threshold value (e.g. 3 quotes for any procurement value from N5,000,000.01 and above), the bid committee shall document this process and take any of the further options.

**Option 1:** Re-advertise the bid for another ten working days for higher band and five working days for lower band.

**Option 2:** Prepare an RFQ to vendors from vendor's database for another ten working days for higher band and five working days for lower band.

The quotes from the RFQ must be received via the mode of submission indicated on the RFQ.

3. A preliminary examination of the bids is done at the beginning of the evaluation process to determine the responsiveness of the offers to the bidding documents. After that, a detailed technical examination is done only on the bids that comply with (or responsive to) the preliminary examination of the bidding documents.
4. In the case of bidding for goods and works procurement, after confirming compliance with the technical requirements, a comparison of the proposed price is made, and the offer that is technically compliant, and with the lowest evaluated bid price, is the one that is recommended for contract award.
5. When evaluating individual consultant selection, once the technical qualifications are determined, the consultant obtaining the highest technical score above the minimum technical qualifying mark is requested to submit a financial offer and to negotiate a contract. The technical qualification for evaluation shall be advised in the expression of interest or bidding document as the case maybe.

6. In the case of consulting firms, its evaluation is subject to the procurement method/selection used and advised in the bidding document. Please refer to Annex I for guidance on evaluation criteria.
7. The result of the bid or proposal evaluation process is presented by the bid committee to the executive management for necessary approval.
8. The executive management takes decision on the proposed recommendation of award of contract by the bid committee.
9. The Head of Procurement issues Purchase Order/Notification of Award after obtaining the Executive Management approval on the bid committee's recommendations.

### **Article 32: Abnormally Low Bids/Proposals**

1. If, for a given contract, bids/proposals appear to be abnormally low, the bid committee shall, before rejecting such bids/proposals on that ground alone, request in writing details of the constituent elements of the bids/proposals which it considers relevant and shall verify those constituent elements, considering the written explanations received.
2. The bid committee may take into consideration explanations relating to:
  - a. The economics of the manufacturing process, of the provision of services or of the construction method.
  - b. The technical solutions chosen or the exceptionally favourable conditions available to the bidder/consultant.
  - c. The originality of the bid/proposal and the solutions proposed.
  - d. The current market price of the items being procured verified from reliable sources such as manufacturer's suggested retail price (MSRP) etc.

### **Article 33 : Post Qualifications**

1. Post-qualification is the process of verifying, validating and ascertaining all the statements made and documents submitted by the bidder with the lowest evaluated bid or all prequalified bidders. It includes ascertaining the said bidder's compliance with the legal, financial and technical requirements of the bid.
2. In the course of determining the lowest evaluated responsive bid from the bidders that have responded to the bidding document, the bid committee may be required to reconfirm the capability or resources of the lowest evaluated responsive bidder to successfully execute the contract.

3. Post-qualification shall include evaluation that cut across financial capability, historical performance, legal status, compliance with SEAH, online checks, physical site visitation etc.
4. If the bidders were pre-qualified, verification of information provided in the submission for the prequalification shall be confirmed at the time of award of Contract and the award may be denied to a bidder who no longer has the capability or resources to successfully perform the contract.
5. If the lowest evaluated responsive bidder fails post-qualification, his bid should be rejected, and the next ranked bidder should then be subject to post-qualification examination. If successful, this bidder should receive the award. If not, the process continues for the other bidders.

#### **Article 34: Unsuccessful/ Cancellation of Contracting Process**

1. In all cases, the bid committee may reject all bids/proposals not in conformity with the stipulated requirements, declare the contracting process unsuccessful and/or cancel the contracting process.
2. An invitation for tender in an open competition bidding shall be declared unsuccessful in the following cases:
  - i. Where no bid/proposal is received by the closing deadline.
  - ii. Where bid received are less than the required threshold.
  - iii. Where no bid/proposal is deemed acceptable after examination and evaluation.
  - iv. Where all the bids/proposals are for an amount substantially higher than the budget for the contract and the bidding document has no provision for reducing the contract quantities to meet budget constraints. The scope for consultancy services assignments can be reviewed but without substantial change to the Terms of Reference.

However, before declaring a bidding process unsuccessful in (iv) above, the bid committee can either:

- a. Seek the approval of the Executive Management to negotiate a reduced scope of the contract with the most responsive bidder/consultant.
  - b. Or seek executive management approval for additional funds.
3. If all bids are rejected, the procurement unit shall review the causes justifying the rejection of all bids and make appropriate revisions to the bidding documents before re-inviting bids.

4. The revision of qualification criteria may be justified only when they were set too stringently.
5. If for justified reasons, re-advertising is not practical or the rejection is due to all of the bids being non-responsive, new bids may be invited, with approval from Executive Management from the initially pre-qualified firms, or, in the absence of pre-qualification, from all firms that responded to the initial bidding documents.
6. All bids shall not be rejected, and new bids invited on the same bidding documents solely for the purpose of obtaining lower prices
7. For goods, work and services, the bidders shall be informed accordingly, and their bid security returned to them within seven (7) calendar days of cancellation.
8. Within fifteen (15) calendar days, a new invitation to bid/request for proposals may be published based on a revised requirement

### **Article 35: Submission of Recommendations to Executive Management**

The bid committee report submitted to the executive management must comprise of the following:

1. Minutes of Bid Committee meeting providing information such as:
  - Background of Tender.
  - Bid Submission Closing Date.
  - Names of Evaluators.
  - Pre-set Criteria and Points used for evaluation
  - Recommendation for Award of Contract /Rejection.
2. The Minutes of meeting shall be accompanied with a technical and financial evaluation report, that comprises:
  - Procurement method used.
  - Details of the technical and financial evaluation
  - Description of Strengths and Weaknesses of each firm with respect to the specifications.
  - Score Sheets with points achieved.
  - Due Diligence report.
  - Goods Preference Checklist Report etc

### **Article 36: Management Approval**

Recommendations from the bid committee can only be approved by IHVN Executive Management.



### **Article 37: Issuance of Award Letter/Purchase Order**

The Letter of Award of a contract to a firm is an indication of acceptance of what was offered. The procurement unit of the IHVN is responsible for the issue of contracts to vendors/suppliers after all necessary approvals are obtained from IHVN Executive Management.

### **Article 38: Finalization and Execution of Contract**

1. The content of the contract must be advised along with the bidding document. Minor changes to the draft contracting document may be made at negotiations.
2. Any changes after contract signing shall reflect in a duly endorsed addendum to contract as agreed by both contracting parties.

### **Article 39: Contract Administration – Receipt of Goods, Works and Services**

1. There must be authorised personnel to ensure that the receipts of items procured and delivered in line with terms of contract.
2. Physical checks must be done on quality and quantity of deliverables against the invoices and delivery notes.
3. There must be certification on the work programmes or Gantt Chart for internal checks and balances. Monitoring and Evaluation must be done & recorded by the internal control department.
4. Proper Contract Management Plan (CMP) shall be put in place by the procurement working with the user department to ensure value for money, accountability and efficient contract implementation.

### **Article 40: Payments**

1. Payments must be made according to the terms of contract agreement.
2. The procurement unit shall ensure successful contract completion confirmation before final payment is made.
3. The release of the Performance Bond (where applicable) should only be done after the Contract Completion Report is duly signed by the authorized personnel.
4. Finance department of the Institute is responsible for all vendors' payment.

## **Chapter VII: Procurement Methods for Goods, Works, and Non-Consulting Services**

### **Article 41: Prequalification (PQ)**

1. Prequalification is the process used to shortlist bidders/suppliers/consultants in procuring Goods, Works, and Non-Consulting services. This process ensures that only those with appropriate and adequate capacity, capability, and resources are invited to submit Bids/Proposals. Prequalification is appropriate for large or complex contracts or contracts of high risk and value.
2. The qualification of bidders/suppliers/consultants is exclusively determined based on their capacity to perform the contract according to the following criteria:
  - a. Bidders' experience and past performance in similar contracts.
  - b. Manpower, installations, logistics capabilities, and equipment will be used to perform the contract.
  - c. Financial capability; and
  - d. Bidders who are not subject to legal prosecution or declared insolvent due to bankruptcy.
3. At the end of the Prequalification process, all invited firms shall be notified of the results. The invitation to submit a bid to a prequalified bidder shall include the names of all prequalified bidders/suppliers/consultants.

### **Article 42: Evaluation of Prequalification**

1. The bid committee shall review all the applications and retain all those satisfying prequalification conditions on pass/fail criteria, and there shall be no ranking.
2. The bid committee shall apply only the criteria outlined in the pre-qualification documents to arrive at a decision.
3. IHVN will notify each supplier, bidder, or service provider applying to prequalify within twenty-eight (28) calendar days after the closing date of the submission of whether (s)he has been prequalified and shall make available to any of them, upon request, the names of all suppliers or contractors that have been prequalified.
4. Only suppliers, bidders, or service providers that have been pre-qualified are entitled to participate further in the contract proceedings.
5. IHVN shall communicate to suppliers, bidders and service providers that have not been prequalified, the grounds for their rejection within seven (7) calendar days after finalizing the results of prequalification exercise.
6. IHVN may require a supplier, bidder, or service provider that has been prequalified and selected for award of contract to demonstrate again its qualifications in accordance with the same criteria used to prequalify it before concluding a contract.

### **Article 43: Open Tendering/Competitive Bidding (OCB)**

1. Open competitive bidding shall be the preferred method for the procurement of goods, works and non-consulting services. The market approach could be either National Competitive bidding or International Competitive bidding depending on the procurement risk and value and whether VfM will be achieved. This approach shall be executed using RFB and RFP.

### **Article 44: Limited Competitive/Restricted Bidding (LCB)**

1. Limited Competitive/Restricted Bidding refers to the procurement method that allows only a set of potential bidders to bid. Not all firms, even if qualified, are called on to participate (note that this differs from PQ).
2. LCB may be used depending on the circumstances, value, and complexity of the procurement. For example, LCB may be prescribed when the type of contracts and their estimated amount are assessed, as part of the market analysis, as not likely to attract foreign competitors and there is adequate capacity and competition in the country and sector.
3. The method is open only to bidders who have been directly invited by IHVN to submit a bid.
4. A list of registered potential suppliers (minimum of three and maximum of six) are invited to ensure competition

### **Article 45 : Request for Quotation (RFQ)**

1. A RFQ is a competitive method based on comparing price quotations from firms. This method may be more efficient than the more complex methods for procuring limited quantities of readily available off-the-shelf Goods or Non-Consulting Services, standard specification commodities, or simple civil works of small value. The method and criteria used for selection shall conform to the relevant provisions in this manual.
2. The request shall clearly state the procuring entity's requirements regarding quality, quantity, terms and time of delivery, terms and schedule of payments, validity provisions of quotations, and other special requirements and elements that must be included in the quoted price.
3. The contract is awarded to the bidder who meets the requirements/technical specifications stipulated in the bidding document and who quotes the lowest price unless that price exceeds, by a significant margin, the price of similar items available on the market. In this case, provisions of Article 28 (1) & (2) shall apply.
4. The procurement unit shall not divide its procurement into separate contracts for the purpose of invoking paragraph (1) of this Article.
5. Multiple price quotations on a single bid shall not be allowed, and bidders shall not be allowed to change quotations after the submission deadline.

## **Article 46: Direct Selection**

1. Proportional, fit-for-purpose, and VfM considerations may require a direct selection approach: that is, approaching and negotiating with only one firm.
2. This selection method may be appropriate when there is only one suitable firm or there is justification to use a preferred firm.
3. Direct selection may be appropriate under the following circumstances:
  - a. An existing contract for Goods, Works, or Non-consulting Services, awarded in accordance with IHVN procurement manual, may be extended for additional Goods, Works, or Non-consulting Services of a similar nature, if:
    - i. it is properly justified.
    - ii. no advantage could be obtained through competition; and
    - iii. the prices on the extended contract are reasonable.
  - b. There is a justifiable requirement to re-engage a firm that has previously completed a contract, within the last 12 months, with IHVN to perform a similar type of contract.  
The justification shall show that:
    - i. The firm performed satisfactorily in the previous contract.
    - ii. no advantage may be obtained by competition; and
    - iii. The prices for the direct contracting are reasonable.
  - c. The procurement is of both very low value and low risk, as agreed in the Procurement Plan.
  - d. The case is exceptional, for example, in response to Emergency Situations (see definition of emergency situations in Article 1).
  - e. Standardization of Goods that need to be compatible with existing Goods may justify additional purchases from the original firm, if the advantages and disadvantages of another brand or source of equipment have been considered on grounds acceptable to IHVN.
  - f. The required equipment is proprietary and obtainable from only one source.
4. In all instances of direct selection, IHVN shall ensure that:
  - a. The prices are reasonable and consistent with the market rates for items of a similar nature.
  - b. The required Goods, Works, or Non-consulting Services are not split into smaller-sized procurement to avoid competitive processes.
  - c. The bidding period or solicitation of quotes from Suppliers shall be minimum of five (5) working days

## **Article 47: Authorized Contracting**

This method of selection is used solely for direct purchases of moveable Assets (such as equipment and automobiles) from authorized and front-line dealers/vendors valued at \$5,000 and above.

Executive Management approval and Donor approval (where applicable) must be sought before procuring through this method.

A minimum of three (3) authorized and front-line dealers/vendors are then invited to submit their quotes

The evaluation process for this method should be in line with criteria for Goods as stipulated in this manual.

## **Article 48: Inter-Grant Sales**

1. In situations where a particular grant has more commodities in stock, such grant commodities can be sold to other grants that are in critical need of the item. Such sales are called internal procurement/transaction and do not require purchase order but invoice.
2. The process includes:
  - a. Identification and Verification of items at the warehouse by end user/user department before further processing. If item is critically needed, the user department will verify with another grant for availability of same item in their stock for internal sales. If item is available with another grant, then transaction takes place.
  - b. A Purchase Request form is initiated and prepared by the user department and forwarded to the Head of Procurement for processing and must be approved by either Chief Executive Officer or Chief Operating Officer/Managing Director.
  - c. An internal invoice is raised by Head of Procurement and must be signed by Chief Executive Officer or Chief Operating Officer/Managing Director.
  - d. The Head of Procurement forwards the approved invoice to compliance unit for control purposes and then to finance department for inter-grant transaction payment.
  - e. The Head of Procurement will communicate to the warehouse team for the release of commodities from the selling grant to the buying grant and also communicate with the user department appropriately.
  - f. For the purpose of control, the quantity to be moved from the selling grant to the buying grant shall be communicated to the 3PL through Inter Grant Requisition Form or Order (IGRF or IGRO) duly signed by Head of Procurement and Grant Buying Finance Officer for record purposes in order to avoid over/under utilization/release of the quantity paid for.

3. Inter grant sales are not allowed under Global Fund grant.

## **Chapter VIII: - Procurement Methods for Consultancy Services**

### **Article 49: General Requirement**

1. The process starts with the Request for Expression of Interest (REOI) or advertisement of the procurement opportunity after which consultants can express interest in carrying out the services.
2. After evaluation, the procurement unit will send a Request for Proposal to the shortlisted consulting firms.
3. Upon submission of the Proposals, the bid committee will open the Technical Proposals and then undertake the technical evaluation first.
4. After completion, the procurement unit will invite the consulting firms who have passed the minimum technical score to participate in a public opening of the Financial Proposals.
5. Once the full evaluation is completed, the best evaluated consulting firm is invited for contract negotiations. Successful negotiations are followed by a standstill period of ten (10) business days, after which an executed contract is prepared after obtaining executive management's approval.

### **Article 50: Shortlist of Firms**

1. The preparation of a Shortlist of firms to provide Consulting Services is required for all selection methods except Direct Selection.
2. The bid Committee shall shortlist firms to provide consultancy Services for all selection methods except Direct Selection.
3. The Shortlist shall include not fewer than six (6) and not more than eight (8) eligible firms. The bid committee may agree to Shortlists comprising a smaller number of firms when not enough qualified firms have expressed interest in the assignment, not enough qualified firms could be identified, or the size of the contract or the nature of the assignment does not justify wider competition.
4. The period allowed for expression of interest shall not exceed twenty-one (21) calendar days.

### **Article 51: Selection Process and Negotiation**

1. The opening of the technical proposals shall not be public and shall take place immediately after the deadline for proposals' submission.
2. The opening of the financial proposals will be public and only qualified firms whose proposals passed the technical evaluation are invited to be present if they chose to do so.
3. Depending on the selection method used (refer to Article 50), the most responsive consultant is selected and invited for negotiation.

4. Negotiations shall include discussions of the TOR, the methodology, IHVN's inputs, and special conditions of the contract.
5. These discussions shall not substantially alter the original scope of services under the TOR or the terms of the contract, lest the quality of the assignment, its price, and the relevance of the initial evaluation be affected.
6. The final TOR and the agreed methodology shall be incorporated and shall form part of the contract.
7. The selected firm should not be allowed to substitute key experts, unless both parties agree that undue delays in the selection process make such substitution unavoidable or that such changes are critical to meet the objectives of the assignment.
8. If this is not the case and if it is established that key experts were included in the proposal without confirming their availability, the firm may be disqualified, and the process continued with the next-ranked firm. The key experts proposed for substitution shall have qualifications equal to or better than the key experts initially proposed.
9. Financial negotiations shall include clarification of the consultants' tax liability.
10. Payments under lump-sum contracts are based on the delivery of outputs, hence the offered price shall include all costs (experts' time, overhead, travel, hotel, reimbursables etc.). Consequently, if the selection method for a lump-sum contract included cost as a factor in evaluation, the offered price shall not be negotiated.
11. In the case of time-based contracts, payment is based on input (experts' time and reimbursables) and the offered price shall include experts' rates and an estimation of the amount of reimbursables.
12. When the selection method includes cost as a factor in evaluation, negotiations of experts' rates shall not take place, except in special circumstances, like for example, experts' rates offered are much higher than typically charged rates by consultants for similar contracts.
13. Consequently, the prohibition of negotiation does not preclude the right of the IHVN to ask for clarifications, and, if the fees are very high, to ask for their change.
14. Reimbursables are to be paid on actual expenses incurred at cost upon presentation of receipts and therefore are not subject to negotiations.
15. However, IHVN shall define ceilings for unit prices of certain reimbursables (like travel or hotel rates). The maximum levels of those rates shall be included in the RFP.
16. If the negotiations with the highest ranked consultant fail, IHVN shall inform the consultant concerned in writing of all pending issues and disagreements and provide them a final opportunity to respond in writing.



17. Contract negotiations shall not be terminated only for budget considerations. If there is still disagreement, IHVN shall inform the consultant in writing of its intention to terminate negotiations.
18. Negotiations may then be terminated, and the next-ranked consultant invited for negotiations.
19. Once negotiations have commenced with the next ranked firm, bid committee shall not reopen the earlier negotiations.
20. After negotiations are successfully completed, IHVN shall promptly notify other firms on the short list that they were unsuccessful.

## **Article 52: Selection Methods**

### **I: Quality and Cost-based Selection (QCBS)**

1. This selection method is a competitive process among shortlisted consulting firms under which the selection of the successful firm takes into account the quality of the proposal and the cost of the services.
2. The request for proposals document shall specify the minimum score for the technical proposals. The relative weight to be given to the quality and cost depends on the nature of the assignment. Among the responsive proposals, the proposal with the highest combined (quality and cost) score is considered the most advantageous proposal.
3. The selection process shall include the following steps:
  - (a) Preparation of the Terms of Reference (TOR).
  - (b) Preparation of cost estimate and the budget, and short-listing criteria.
  - (c) Bid/Proposal advertising.
  - (d) Preparation of the short list of consultants.
  - (e) Preparation and issuance of the RFP (which should include Invitation to Bid (ITB), Instructions to Consultants (ITC), the TOR, and the proposed draft contract.
  - (f) Receipt of proposals.
  - (g) Evaluation of technical proposals: consideration of quality.
  - (h) Public opening of financial proposals
  - (i) Evaluation of financial proposal.
  - (j) Final evaluation of quality and cost; and
  - (k) negotiations and award of the contract to the selected firm.

## **II: Fixed Budget-based Selection (FBS)**

1. Like QCBS, FBS is a competitive process among shortlisted consulting firms under which the selection of the successful firm considers the quality of the proposal and the cost of the service.
2. In the request for proposals document, the cost of services is specified as a fixed budget that shall not be exceeded.
3. The request for proposals specifies the budget and the minimum score for the technical proposals.
4. The proposal with the highest technical score that meets the fixed budget requirements is considered the most advantageous proposal.

## **III: Least Cost-based Selection (LCS)**

1. Similar to QCBS, LCS is a competitive process among Shortlisted consulting firms under which the selection of the successful firm considers the quality of the Proposal and the cost of the services.
2. LCS is generally appropriate for assignments of a standard or routine nature (such as engineering designs of non-complex Works), for which well-established practices and standards exist.
3. The request for proposals document specifies the minimum score for the technical proposals. Among the proposals that score higher than the minimum technical score, the lowest evaluated cost is considered the most advantageous proposal.

## **IV: Quality-based Selection (QBS)**

1. Under QBS, the Proposal quality is evaluated without using cost as an evaluation criterion. There are two scenarios:
  - If the request for proposals requests both technical and financial Proposals, the financial proposal of only the highest technically qualified firm is opened and evaluated to determine the most advantageous proposal.
  - If the request for proposals document requests only technical Proposals, the firm with the highest-ranked technical Proposal is invited to submit its financial proposal for negotiation.
2. QBS is appropriate for the following types of assignments:
  - (i) Complex or highly specialized assignments for which it is difficult to define precise Terms of reference and/or the input required from the firm and for which the IHVN expects the firm to demonstrate innovation in its proposals.
  - (ii) Assignments that can be carried out in substantially different ways, so that proposals will not be comparable

## **V: Consultant's Qualification-Based Selection (CQS)**

1. Consultant's Qualification-based Selection (CQS) is appropriate for small assignments or Emergency Situations in which preparing and evaluating competitive proposals is not justified.
2. The procurement unit shall request expressions of interest (REOI), by attaching the TOR to the REOI. At least three qualified firms shall be requested to provide information about their relevant experience and qualifications.
3. From the firms that have submitted an EoI, the procurement unit shall select the firm with the best qualifications and relevant experience and invites it to submit its technical and financial proposals for negotiations.

## **VI: Selection of Individual Consultants**

1. Individual Consultants may be contracted where:
  - (i) A team of experts is not required.
  - (ii) No additional external support is required.
  - (iii) The experience and professional qualifications of the individual are the main requirement.
2. The User department shall prepare Terms of Reference for the required services prior to advertisement and/or request for proposals and share and review with the procurement unit for their necessary procurement engagement.
3. The process involves:
  - (i) Shortlisting of at least three consultants shall be based on qualification.
  - (ii) The final selection may be supported by interviews.
  - (iii) The bid committee may call upon external assessors to participate in the selection.

## **VII. Direct Selection**

1. The procurement unit may only use direct procurement in the following cases:
  - (i) As part of an intervention following a disaster or for consultancy services immediately after an emergency or for special security reasons.
  - (ii) When a company is the only one with the requisite qualifications or experience needed for the assignment or sole source.
  - (iii) for tasks that represent a natural continuation of previous work carried out by a consultant within the last 12 months, where continuity in the technical approach, experience acquired, and continued professional liability of the same consultant may make continuation with the initial consultant preferable to a new competition, if performance has been satisfactory in the previous assignment(s) and the initial contract allows such extension.

2. Direct contracting may only be used when service providers agree to be subjected to price verification during the execution of the contract.
3. The bidding period or solicitation of quotes from Suppliers shall be minimum of five (5) working days

## **Chapter IX: Other Procurement Arrangements**

### **Article 53: Pooled Procurement Mechanism (PPM) Procurement Process**

1. IHVN may also choose to utilize Pooled Procurement Mechanism using e-procurement platforms such as [wambo.org](http://wambo.org) etc., in attaining cost-effective and efficient procurement of health products.
2. In such cases, IHVN may use:
  - i. the Pooled Procurement Mechanism or
  - ii. other established procurement and/or supply management agents or services acceptable to the fund donors.
3. The procurement process involves:
  - The HPM unit will recommend the appropriate price quotation to IHVN executive management for approval.
  - Once approval is obtained, the HPM unit of IHVN will proceed to place requisition for procurement of health products on the applicable e-procurement platform such as [wambo.org](http://wambo.org) etc.
  - The SCM/Procurement department will provide support to the HPM unit to obtain the necessary regulatory approvals (IDEC, NAFDAC e-License) in order to facilitate health products shipments into the country with DAP incoterm to National Warehouse.
  - The HPM unit will coordinate the verification of received products with the central warehouse team and subsequently issue health products to the health facilities.
  - In addition to this, the HPM unit is responsible for approving Purchase Order change request when the need arises

### **Article 54: Infrastructural Upgrade**

1. This procurement activity involves the process of constructing, improving, rehabilitating, demolishing, repairing, restoring, and/or maintaining of IHVN infrastructures (building, etc.).
2. The procurement methods applicable to this type are Open competitive bidding, Prequalification, Limited competitive bidding, or RFQ, depending on the procurement threshold in this manual or as specified by the board or EM.
3. The due processes to follow are:
  - Identification of needs by user department: Users are expected to identify their respective needs for infrastructural upgrade [upgrade or renovation] and inform the executive management of such needs.
  - Upon receipt of the request from the user department, executive management approval will be given for a 'Need Assessment Visitation'.

- The Need Assessment Visitation must be carried out by the representative of the user department, the Head of building Department service, and the building consultants.
- After the assessment visit is carried out, the head of the building service department shall forward a report of the assessment to the executive management for approval.
- If satisfied with the report, the executive management approves and request the project consultants for costing to ascertain the cost implication for the project.
- The project consultant shall work with the building service unit to arrive at the required cost estimate.
- After submission of the cost estimate, the executive management shall give approval subject to the approved budget.
- The IHVN building services unit will in collaboration with building services consultants prepare the in-house bill of quantity (BOQ) with supported proof of market survey to enable the start of the procurement bidding process.
- The Procurement unit prepares the bidding document for advertisement in line with the procurement process stipulated in this manual.
- The building consultants shall provide the necessary support to the procurement unit in preparing the works bidding documents, BOQs, and BEME, as the case may be.
- The bids received are reviewed, evaluated, and recommended by the bid committee to executive management for final approval.
- After the bid committee's recommendation is approved, the procurement unit will issue a purchase order to the preferred bidder as an agreement between the two parties.
- The contractor shall execute the project to the standards and specifications outlined by IHVN in the contract agreement and letter of award.
- The project will be supervised by the IHVN building service unit and building consultants. While the IHVN building service officer will act as the project supervisor, the institute will also retain the services of the building consultant, who will monitor the project from execution to completion. However, in a situation where the project is handled in-house, the building services department will be responsible for project management.
- Upon completion of the project, the building consultant and IHVN building service unit will evaluate it. After the evaluation, the project supervisor shall forward a report to executive management. The building consultant shall forward a 'certificate of completion' to IHVN stating that they have evaluated the project and that it has been completed according to specifications and standards.

- Upon receipt of the certificate of completion, IHVN executive management will review and approve the transfer of the completed project to the Institute. The project shall be handed over to the project supervisor and the building consultant on behalf of IHVN.
- The contractor's payment document is prepared and sent to finance for payment based on the certificate of completion. There is also a 5% retention deduction on the total contract sum for 6 months, which will be paid back to the contractor if the job is done within the 6 months is found satisfactorily.

## **Chapter X: Registration of Suppliers/Vendors and Management**

### **Article 55: General Requirements**

1. Great care should be taken in the selection of suppliers/vendors. New suppliers/vendors should only be added to IHVN database if they have technical capabilities and provide better services. They must also meet IHVN's standards related to product/service quality, delivery systems, price, and service objectives.
2. Some of the attributes to consider in selection are performance history, facilities and technical strength, financial status, organization and management, reputation, systems, procedural compliance, communications, labour relations, environmental performance, diversity achievements and location.
3. Registration of vendors and maintenance of the vendor database are the sole responsibility of IHVN's Legal Unit of Corporate Operations. This is to ensure proper internal control and avoid any conflict of interest.
4. To maintain and keep vendors/suppliers' database updated, IHVN shall ensure that successful vendors after bid evaluation that are not registered with the institute must register before any order/award is issued to them.
5. The Legal unit of the institute shall communicate directly to the vendors of their registration status and amendment on documentation when necessary.
6. The following documentations are required from prospective vendor/supplier:
  - (a) A reference letter from a commercial bank
  - (b) A photocopy of the current Tax Clearance Certificate (original to be sighted)
  - (c) A photocopy of Certificate of Incorporation/Registration, CAC Form 2, CAC Form 7, Memorandum and Articles of Association (original to be sighted),
  - (d) Curriculum Vitae of key personnel
  - (e) Evidence of Contracts done in the last five years, compatibility, technical expertise, general experience, quality of performance, location, availability, rates, prices.
  - (f) Evidence of financial stability.
  - (g) Catalogs. Etc.

### **Article 56 : Vendor/Supplier Application Review Guidelines**

Vendor/Supplier applications are reviewed using the following guidelines:

1. The business enterprise must currently be incorporated, or registered as a company (corporation, limited, partnership, etc.) and be able to demonstrate



that it has been and is offering goods/works/services under the business name for a period not less than one year.

2. The Vendor/Supplier must provide Annual Reports and/or audited financial statements or certified tax filings for that period which will be subject to financial review.
3. Financial ratios (e.g., Current Ratio, Quick Asset ratio, return on Investment, return on Equity) must be within the acceptable range for the relevant industry sector.
4. The Vendor/Supplier must have the financial capacity to provide the goods, work and/or services. Financial capacity will be assessed by comparing the vendor's revenues to the value of the proposed contract(s).
5. The Vendor/Supplier must provide client references for work which has been performed within the last twelve-months period.
6. The Vendor/Supplier currently must not be debarred from contracting with IHVN, Donors, funders, or projects funded by the community or other international agencies.
7. Vendor/Supplier must legally be able to conduct business in Nigeria.

#### **Article 57: Authorized vendors**

1. Authorized Vendors are classified list of vendors not registered with IHVN but patronized for direct purchase situation such as automobiles etc. These vendors should be renowned and frontline dealers which would be verified by the procurement unit upon receipt of quotations for various direct purchases.
2. In addition, the procurement unit would be required to prepare a comprehensive list of indicative authorized vendors to be approved by the COO and included in the vendor/supplier database, to be updated at regular intervals.

#### **Article 58: Un-Prequalified Vendors**

Invitation to submit RFQ and Limited Competitive Bidding approach can be extended to un-prequalified vendors only if they are the sole manufacturer or sole distributor of the product in Nigeria and on the agreement that outstanding documentation would be updated with the Legal unit before the presentation of purchase order/award letter.

#### **Article 59: Supplier Performance Management**

1. Supplier Performance Management (SPM) is a business practice that is used to measure, analyze, and manage the performance of a supplier's accomplishment to cut costs, alleviate risks, and drive continuous improvement. It is a function often associated with Third Party Management and its An effective method of evaluating supplier capabilities and helps with future procurement decisions. SPM

will assist in building a solid foundation of continuous improvement to identify any future cost savings, improve quality, increase flexibility, or improve delivery.

2. The procurement unit is required to populate an SPM for every supplier/vendor/ consultant of IHVN, and this SPM table is updated from the start of every engagement with the suppliers'/vendors/ consultants to the end of contract engagement and will form basis for the assessment of supplier/vendors/ consultants' performance record.
3. Please see annex VI for guidance on SPM

## **Chapter XI: Contracting and Contract Management**

### **Article 60: Requirements**

The contract conditions shall provide an appropriate allocation of responsibilities, risks and liabilities informed by an analysis of which party is best placed to manage the risks, taking into account the costs and incentives of risk allocation.

### **Article 61: Performance Security**

1. Contracts for Works shall require security in an amount sufficient to protect the IHVN in case of breach of contract by the contractor. This security shall be provided in an appropriate amount, as specified by IHVN in the Request for Bids/Request for Proposals document.
2. The amount of security may vary, depending on the type of security furnished and the nature and magnitude of the Works. Normally, the amount for bank or insurance guarantees should not exceed ten percent (10%) of the contract price unless the commercial practice for the industry recommends a different percentage.
3. A portion of this security shall extend sufficiently beyond the completion date of the Works to cover the defects liability or maintenance period up to final acceptance by IHVN.
4. In contracts for the supply of Goods, the need for performance security depends on the market conditions and commercial practice for the kind of Goods. To protect against non-performance of the contract, firms may be required to provide security in an appropriate and reasonable amount, specified by IHVN in the invitation to Bids/Request for Proposals document.
5. Performance securities shall be in an appropriate form, acceptable to IHVN, as specified in the bidding document. Bidders/Proposers shall be allowed to submit a performance security directly issued by the reputable financial and non-financial institution of their choice, located in any eligible country.
6. However, if the performance security is issued by a financial institution located outside the country and is not enforceable, the financial institution shall have a correspondent financial institution located in the country to make it enforceable.

### **Article 62: Defaults**

The contract shall include provisions such as suspension and termination, addressing contractual defaults by either party.

### **Article 63: Force Majeure**

The conditions of the contract stipulate that failure on the part of the parties to perform their obligations under the contract shall not be considered a default if such failure is the result of an event of force majeure as defined in the conditions of the contract.

## **Article 64: Liquidated Damages and Bonus Clauses**

The time for contract completion/ delivery period shall be specified. Provisions for liquidated damages or similar provisions in an appropriate amount shall be included in the conditions of the contract when delays in the delivery of Goods, completion of Works, or failure of the Goods, Works, and non-consulting Services to meet performance requirements would result in extra cost or loss of revenue or other benefits to IHVN.

## **Article 65: Contract Change Management**

The contract shall clearly indicate the procedures to address change orders or contract variations.

## **Article 66: Payments**

1. Payment contract provisions shall be in accordance with the terms stipulated in the conditions of contract. Contracts for Goods provide for full payment on the delivery and inspection (if required), of the contracted Goods, except for contracts involving installation and commissioning. For such contracts, a portion of the payment may be made after the contractor has complied with all its obligations under the contract.
2. Any advance payment for mobilization and similar expenses made upon signing a contract for Goods, Works, and Non-Consulting Services shall be related to the estimated amount of these expenses and specified in the invitation to Bid/Request for Proposals document. The invitation to Bid /Request for Proposals document shall specify the arrangements for any security required for advance payments.

## **Article 67: Taxes, Duties and Levies**

Contracts shall have provisions on the treatment of taxes, duties, and levies, including the responsibilities of the contracting parties.

## **Article 68: Price Adjustments**

1. The contract shall state that:
  - a. contract prices shall be fixed; or
  - b. the contract price adjustments will be made to reflect any changes in major cost components of the contract, such as labour and materials.
2. Price adjustment provisions are usually not necessary in simple contracts involving delivery of Goods, or completion of Works and Non-Consulting Services within nine (9) months but are included in contracts that extend beyond nine (9) months.
3. Contracts of shorter duration (less than 9-12 months) may also include similar provisions for price adjustments when local or foreign inflation is expected to be high. Prices are adjusted by using applicable official price indices and other conditions stated in the conditions of such contracts. The contract shall also

have appropriate provisions for treatment of the impact on a contract change in laws and regulations in the country, if after 28 days prior to the date of Bid/Proposal submission, that subsequently affects the contract completion period/delivery date and/or the contract price.

### **Article 69: Incoterms**

The current version of Incoterms shall be used in the contract for Goods.

### **Article 70: Insurance**

1. Contracts shall include types and terms of insurance to be provided by contractors. Normally, an 'all risk' type of insurance policy shall be specified.
2. For Goods and for single responsibility contracts, the indemnity payable under transportation insurance shall be at least 110% (one hundred ten percent) of the CIP price of the Goods to be imported in the currency of the payment or in a freely convertible currency to enable prompt replacement of lost or damaged Goods

### **Article 71: Copyright and Patent Indemnity**

The conditions of contract shall include appropriate provisions on copy rights and patent indemnity.

### **Article 72: Logistic and Clearing of Shipment Procedure**

1. IHVN shall maintain an active service level agreement with a clearing agent.
2. At the expiration of each existing contract, IHVN will advertise to engage the services of a fresh clearing agent who will carry out the services for another five years.
3. The clearing service is billed per weight of the consignment. This procedure is designed to ensure the effective operation and control of the clearing process and to serve as a documented reference tool for daily use, training, and continuous improvement.
4. The process involves:
  - The Procurement unit is responsible for ensuring that the documentation for shipment is received at least one week in advance before shipment is booked. The document includes the following:
    - i. Commercial invoice.
    - ii. Packing list
    - iii. Certificate of analysis
    - iv. Original bill of lading/air waybill
  - The Procurement unit will review the shipping documents to confirm that all information provided is captured.

- The procurement unit will give the manufacturers/Exporters the go-ahead for shipping.
- The clearing Agent is contacted to be ready to clear the shipment.
- An Authority Letter is written to the Nigerian Custom Service to allow the clearing Agent to clear the shipment on behalf of the Institute.
- The procurement Officer tracks the shipment online (<http://www.track-trace.com/aircargo>) and informs the clearing agent when it arrives.

### **Article 73: Receipt and Verification of Product**

- Shipments are cleared and delivered to the 3PL warehouse.
- Shipments are checked against the accompanying Invoice, Packing List, and Purchase Order.
- All discrepancies are documented on the Receipt Note.
- The Procurement unit will initiate and follow through on any material claims/returns or discrepancies with the supplier and participate in any corrective actions needed.
- A warehouse receipt note is filled out by the warehouse personnel for all items arriving, and the completed warehouse receipt note is forwarded to the following:
  - a. User Department—responsible for the final verification within 24 hours of delivery notification and confirming that items meet their specifications.
  - b. Procurement unit – warehouse receivers must complete the payment cycle with the finance department.

### **Article 74: Presentation of Goods, Invoices and Delivery Notes**

1. Purchased goods are delivered to the 3PL warehouse or any other IHVN facility or implementing site as directed on the Purchase Order. Where point of delivery is compromised as instructed in the Purchase Order, such transaction shall not be honoured for payment.
2. The 3PL Officer receives Purchase Order-goods. The 3PL Officer checks and accepts goods in accordance with the warehouse regulations.
3. After delivery, the Head of Procurement receives the invoice and delivery note after delivery, reviews these documents in line with specifications on the approved purchase order and forward it to Finance Department for payment.
4. The Procurement Officer keeps a record of the items delivered to the warehouse and also record of items delivered to the warehouse and of items not delivered.

### **Article 75: Terms of Payment**

All Purchase Orders raised shall be subject to the following terms and conditions:

- **Category A**
  - Purchase Orders between ₦1 – ₦3,600,000

- No down payment
  - Full payment shall be made upon completion of job/service and provided all necessary supporting documents are certified okay for payment by the appropriate authorities
- **Category B**
    - Where a local vendor/contractor expressly requests for a down payment, it shall be honoured to the tune of 50%. Such down payment shall require an Advance Payment Guarantee from reputable Commercial Bank or insurance company to secure the payment for purchase orders from NGN3,600,001.00 and above. This is done to ensure the quality of supply is not compromised and that IHVN's exposure is minimized.
    - Exceptional cases above 50% will be subject to the Executive Management's approval with an advance payment bank guarantee from a reputable Commercial Bank ONLY
    - In requesting for such exceptional cases, the procurement unit shall provide a detailed justification for such request and the risk mitigation process that will be put in place if approval is given by the Executive Management.
    - Balance payment shall be upon certification/confirmation as deemed fit by the authorized department and/or consultants
  - **Category C**
    - Where Purchase Order is placed directly with foreign manufacturers or foreign distributors and full down payment is required irrespective of the amount; such transactions shall be **paid 100%** for such transactions to be consummated.

## **Chapter XII – Procedures for E- Procurement Orders on Accounting Software Package**

### **Article 76: Procedures on how procurement orders are entered and administered in Accounting Software Package**

Below is a table showing the flow on the SAGE 300 ERP System:

<b>Steps</b>	<b>Responsible Unit</b>
Setting up of new vendor on SAGE 300	Procurement sends the request to Finance Dept. while Finance communicates back to Procurement the automated Vendor number
Generation of E-Requisition	Procurement Unit generates the requisition after the CEO/COO approval on handwritten submitted requisition forms.
Purchase Order Generation	Procurement Unit is responsible for pulling of PO after a successful generation of E-requisition. The PO comes with a generic numbering system.
Order Receipt	The warehouse unit receives delivered items on the system and post the e-delivery note.
Invoicing	The procurement Unit invoiced the e-delivery note after the warehouse receipt for Finance Dept. to make the due payment to the vendor.



# **Annex**

## **Annex I**

### **Market Survey Analysis**

1. A procurement market survey should review the structure of the market(s), i.e. global, regional, national and relevant sector and sub/sector. The analysis should focus on the sector, considering the characteristics and structure of the national market, both in terms of how markets currently operate but also how they may evolve in the future because of developments and changes such as technology, new market entrants etc.
2. The analysis, among other things, should:
  - i. Review the markets or markets' price structure(s), trends and possible discrepancies/deviations.
  - ii. Evaluate technological trends in the marketplace, capability, and restrictions on access to technology and innovations.
  - iii. Assess the ability and capacity (technical, operational/managerial, and financial) of the potential bidders. It also should evaluate the broad interest and availability of contractors, suppliers, non-consulting services providers and consultants. It may also solicit ideas and opinions on the feasibility of requirements and the capability and capacity of the market to deliver; and
  - iv. Identify external and internal factors that affect the market(s).
3. The market analysis must pay particular attention to the following elements for each category of procurement (works, goods, non-consulting services, and consulting services):
  - i. Size of the market (total value and number of procurement processes and contracts per year), and the nature of the supply and demand.
  - ii. The market structure of the industry under review, including:
    - Its current size and historic growth rate, and other characteristics.
    - The distribution by size (large, medium, or small) and turnover of firms; and
    - Market trends (percentage increase/decrease) in the past 5 years and tentative forecast for the next 5 years, as well as other trends.
  - iii. Identification of the main players:
    - Main firms/bidders in the market; and
    - Top companies by market share percentage to provide an insight into the positioning of the main players within the market, such as industry attractiveness, level

of competition and the extent of the market concentration or fragmentation.

4. The analysis should pay particular attention to competition (bidding and award patterns) to:
  - Determine the necessary degree of competition for items to be procured and the extent to which the participation of foreign bidders is important.
  - Provide an indication of specific risk factors in the sector, and relevant indicators related to procurement risks and contract management. To that effect, the analysis will rely on the risk assessment conducted as part of its procurement plan; and
  - Define market/competition indicators (e.g. bidding and award patterns) that assess the extent of competition in the sector for each category of procurement, the easiness to access markets for new entrants and the existence of barriers that may hinder entering the market (e.g., changing technology, high investment cost, lack of qualified staff), the participation of foreign bidders, and issues faced by contractors and suppliers. The use of PESTLE analysis and Porter's five forces is applicable.
5. In regard to the paragraph 4 above, the analysis shall include:
  - (i) Evaluating whether the number of potential bidders allows competition and would not result in monopoly or oligopoly situations.
  - (ii) Reviewing whether there are provisions allowing privileged access for categories of bidders and/or business owners, or rules mandating a minimum local content, sub-contracting or JV with national firms for foreign bidders, and in case there are, the significance of their impact.
  - (iii) Evaluating qualification criteria typically used to ensure that they are not unduly restrictive.
  - (iv) Analyzing prices to ensure that they are reasonable in comparison to values in comparable markets.
  - (v) Assessing price escalation practices, mostly for civil works contracts, to determine whether there is a recurring issue of artificially restricted competition or outright collusion; and
  - (vi) Identifying limits and constraints to bidding (e.g. qualification requirements, guarantees and securities).
6. One focus of the market analysis is to facilitate overall procurement planning and eventually budgeting. Therefore:
  - i. Informs the procurement strategy, provides input to the procurement planning approach and the Procurement Plan in

particular, and defines packaging options. In this latter regard, the VfM approach and best Fit for Purpose principles require to strike the proper balance between various options and design procurement processes and contracts to fit a balanced set of “large”, “mid-sized’ and “small” packages with appropriate lots. This is to avoid slicing and packaging that favour selected firms.

- ii. Is critical to selecting the best fit-for-purpose procurement methods for the procurement of work, goods, non-consulting services and consulting services (and eventually during implementation to justify contract amendments).
7. For Health Products Procurement, the market survey analysis should review the country’s public and private pharmaceutical/medical supply chain. It should examine the national pharmaceutical market, the structure, capacity and functionality of public and private drug supply systems and the political context of procurement. The analysis should identify whether some elements of the supply chain management such as transportation may be contracted out separately.  
It should also review IHVN’s structure to manage, warehouse and distribute the health products goods.
8. For price comparison, the procurement unit shall compute the market review rating of prices obtained by collecting all the individual prices received from the market survey analysis for a particular product, sum these prices and divide by the total number of ratings of prices obtained to arrive at the average market price rating.
9. In addition, the current market price of the items being procured should be verified from reliable sources such as manufacturer's suggested retail price (MSRP) etc.

## **Annex II**

### **Contract Types**

1. Contracts can be classified into different categories according to the provisions governing the modalities for their execution as contained in this Procurement Manual.
2. The list below includes, but is not limited to, the common contract types based on payment conditions.

### **Lump-Sum Contracts**

1. Under a lump-sum contract, the contractor/consultant agrees to perform the scope of services for a fixed contract amount. Payment percentages or amounts may be linked to the completion of contractual milestones or determined as a percentage of the value of the work to be done.
2. Lump-sum contracts may be appropriate when:
  - a. the scope of the procurement activity can be clearly and accurately specified and can be linked to milestone payments at the time of selection (e.g., simple civil works, consulting services with clearly identifiable deliverables); and
  - b. the contractor is responsible for delivering the completed Works, or pre-built information technology solutions, as in turnkey contracts, and can be paid on a lump-sum basis per contractual milestones.

### **Performance-based Contracts**

1. In a performance-based contract, the payments are not made for inputs but for measured outputs that satisfy functional needs in terms of quality, quantity, and reliability.
2. Performance-based contracts may be appropriate for:
  - a. rehabilitation of roads and operation and maintenance of the roads by a contractor for specified periods.
  - b. the provision of Non-consulting Services to be paid based on outputs; and
  - c. operation of a facility to be paid based on functional performance.

### **Contract based on Unit Prices**

1. This type of contract is based on estimated quantities of items and contractual unit prices for each item. It is paid on the actual quantities and contractual unit prices.

2. This type of contract is appropriate for work when the nature of the work is well defined, but the quantities cannot be determined with reasonable accuracy in advance of construction, as in roads or dams.
3. For Goods and Non-consulting Services, this type of contract is appropriate when the required quantities are known, and unit prices are sought from bidders.

### **Time-based Contracts**

1. Under time-based contracts, the payment is made based on the basis of agreed rates and time spent, plus reasonably incurred reimbursable expenses.
2. These types of contractual arrangements may be used for:
  - a. Emergency situations, repairs and maintenance work; or
  - b. Consulting Services, when it is difficult to define or fix the scope and duration of the services (e.g., complex studies, supervision of construction, advisory services).
3. This type of contract is not appropriate for Goods or Plant.

### **Reimbursable-cost Contracts**

1. Under reimbursable-cost contracts, payments cover all actual costs plus an agreed fee to cover overhead and profit.
2. These types of contracts may be appropriate for circumstances such as emergency repairs and maintenance work.
3. To minimize risk to IHVN:
  - a. the contractor makes all records and accounts available for inspection by IHVN or by some agreed neutral third party; and
  - b. the contract includes appropriate incentives to limit costs.

## **Annex III**

### **Evaluation Criteria**

The following requirements govern the Bid/Proposal Evaluation Criteria:

1. The Evaluation Criteria shall be proportionate and appropriate to the type, nature, market conditions, complexity, risk, value and objective of what is being procured.
2. The Request for Bids/Request for Proposals document shall detail the complete Evaluation Criteria, including Rated Criteria (any sub-criteria) as applicable, and the specific way they shall be applied, including their prioritization and weighting.
3. Only the Evaluation Criteria and all the Evaluation Criteria indicated in the Request for Bids/Request for Proposals document shall be applied.
4. Once the Request for Bids/Request for Proposals document have been issued, any change to the Evaluation Criteria shall be made only through addenda.
5. The Evaluation Criteria shall be applied consistently to all Bids/Proposals submitted.

### **Goods, Works, and Non-Consulting Services**

#### **ii) Qualification Criteria**

Qualification criteria are the minimum requirements in the Request for Bids/Request for Proposals document, which may be evaluated on a pass/fail basis.

#### **iii) Rated Criteria**

The Rated Criteria and sub-criteria, as applicable, are prioritized, scored, and weighted according to their relative importance.

### **Consulting Services**

#### **Technical Evaluation**

1. Technical Proposals of Consulting Services are evaluated through a scoring system that uses the following criteria:
  - a. Adequacy of methodology and work plan.
  - b. Relevant experience and qualifications of key staff; and
  - c. Relevant experience of the firm.
2. In addition, the transfer of knowledge and participation of nationals among key staff may be included as criteria, depending on the nature and needs of the assignment.
3. The criteria are assigned scores within the indicative range of scores set out in the Table below. The criteria can be divided into sub-criteria, and each criterion is then assigned a score based on the total points assigned to its sub-criteria.

Rated Criteria	Merit Point range
Methodology	20 – 50%
Relevant experience and qualification of key staff	30 – 60%
Relevant experience of firm	0 – 10%
Transfer of knowledge	0 – 10%
Nationals among key staff	0 – 10%

4. The request for proposals document shall specify the overall minimum technical score. The minimum technical score shall normally be in the range of 70-85% depending on the nature and complexity of the assignment.
5. The request for proposals document shall also specify the technical and financial weights to be used for scoring (either 80:20, 75:25 etc.) depending on the risk and value of the assignment.

### Financial Evaluation

1. The total price offered includes all the Consultant's remuneration and other reimbursable and miscellaneous expenses.
2. For financial evaluation, the offered prices exclude local identifiable indirect taxes (such as sales, value-added, and excise taxes and similar taxes and levies) on the contract.
3. For a time-based contract, any arithmetical errors are corrected, and prices are adjusted if they fail to reflect all inputs that are included in the technical Proposals.
4. For a lump-sum contract, the Consultant is deemed to have included all prices in its financial proposal, so neither arithmetical corrections nor price adjustments shall be made; the total price, net of taxes included in the financial Proposal, is considered the offered price.
5. For QCBS, the proposal with the lowest offered total price is given a financial score of 100% (one hundred percent), and other proposals are given financial scores that are inversely proportional to their prices, as shown below.

$$Sf = 100 \times Fm/F$$

Where,

Sf = Financial Score

Fm = Minimum Financial Cost of the evaluated bids

F = Financial Cost of Consultant.

6. The methodology shall be specified in the request for proposals document.



## Annex IV

### Contract Documentation

The following terms and conditions shall apply to all contracts:

#### **1. Definitions**

- a. **Contract:** Includes the agreement and associated documents.
- b. **Purchaser:** The entity buying the Goods and Related Services.
- c. **Supplier:** Provides the Goods and Related Services.
- d. **Subcontractor:** Works under the Supplier.
- e. **Goods:** Products the Supplier delivers.
- f. **Related Services:** Services associated with the supply of Goods.
- g. **GCC:** General Conditions of Contract.
- h. **SCC:** Special Conditions of Contract.
- i. **The Site:** Location where services are performed.

#### **2. Contract Documents**

Documents forming the contract are complementary and should be interpreted together. The order of precedence is outlined in the Contract Agreement to resolve any inconsistencies.

#### **3. Fraud and Corruption**

Compliance with the Institute's Anti-Corruption Guidelines is mandatory. The Supplier must disclose any commissions or fees paid in relation to obtaining or executing the contract.

#### **4. Interpretation**

Singular includes plural and vice versa. Trade terms are governed by INCOTERMS unless inconsistent with the contract. The contract is the entire agreement, and any changes must be in writing. No waiver is valid unless in writing. If any part of the contract is invalid, the rest remains enforceable.

#### **5. Language**

All documents must be in the specified language. Translations must be accurate, and the Supplier bears the cost.

#### **6. Joint Venture, Consortium, or Association**

Joint ventures must designate a leader and are jointly liable. Changes in composition require Purchaser consent.

#### **7. Eligibility**

Suppliers and subcontractors must comply with nationality requirements of the Purchaser's country.

#### **8. Notices**

Notices must be written and are effective as specified in the SCC.

## **9. Governing Law**

The contract is governed by the law specified in the SCC.

## **10. Settlement of Disputes**

Disputes are resolved amicably or through arbitration as specified in the SCC.

## **11. Scope of Supply**

The Supplier must provide all goods and services as outlined in the contract, ensuring they meet the required specifications and standards.

## **12. Delivery and Documents**

Goods must be delivered, and documents provided as per the schedule in the SCC. The Supplier must ensure timely delivery and proper documentation.

## **13. Supplier's Responsibilities**

The Supplier is responsible for delivering all goods and services as per contract terms, ensuring compliance with specifications, standards, and delivery schedules.

## **14. Contract Price**

The contract price is fixed unless otherwise specified in the SCC. Prices charged must not vary from those quoted in the bid, except for authorized adjustments.

## **15. Terms of Payment**

Payment terms and schedules are detailed in the SCC. Payments must be made promptly, within ten (10) working days of invoice submission, and in the currency of the bid price. Late payments incur interest as specified in the SCC.

## **16. Taxes and Duties**

The Supplier is responsible for all taxes, duties, and levies unless otherwise specified in the contract.

## **17. Performance Security**

The Supplier must provide performance security as detailed in the SCC. The security is payable to the Purchaser for any loss due to Supplier's non-performance.

## **18. Inspections and Tests**

The Purchaser has the right to inspect and test goods. The Supplier must comply with inspection requests and ensure goods meet quality standards.

## **19. Liquidated Damages**

The Supplier pays damages for delays as specified in the SCC. This compensation is for any losses incurred by the Purchaser due to late delivery.

## **20. Warranty**

The Supplier warrants the goods against defects for a period specified in the SCC. Any defective goods must be repaired or replaced at no cost to the Purchaser.

**21. Patent Indemnity**

The Supplier indemnifies the Purchaser against third-party claims of patent infringement related to the goods supplied.

**22. Limitation of Liability**

The Supplier's liability is limited as specified in the SCC. This includes limitations on the amount and types of damages payable to the Purchaser.

**23. Change in Laws and Regulations**

Any changes in laws affecting the contract after the bid submission date will be adjusted accordingly. This includes changes in taxes, duties, and regulations that impact contract performance.

**24. Force Majeure**

The Supplier is not liable for delays due to unforeseen events beyond their control (e.g., natural disasters, war). The Supplier must promptly notify the Purchaser of such events.

**25. Change Orders and Contract Amendments**

The Purchaser can request changes within the contract scope. Any changes affecting cost or delivery must be adjusted in the contract. Both parties must agree on these adjustments.

**26. Extensions of Time**

The Supplier must notify the Purchaser of any delays. Extensions of time are granted at the Purchaser's discretion based on the circumstances causing the delay.

**27. Termination**

The Purchaser can terminate the contract for default, insolvency, or convenience with notice. Termination terms and procedures are specified in the SCC.

**28. Assignment**

The Supplier cannot assign the contract or any part without the Purchaser's prior written consent. Unauthorized assignments are invalid.

**29. Confidential Information**

Both parties must keep confidential information received from each other secure and not disclose it without consent. This obligation continues even after the contract ends.

**30. Subcontracting**

The Supplier must notify the Purchaser of all subcontracts. Subcontracting does not relieve the Supplier of any obligations under the contract.

**31. Specifications and Standards**

Goods must conform to specified technical standards. Any changes to specifications must be approved by the Purchaser in writing.

**32. Packing and Documents**

Goods must be packed and marked as per SCC requirements to prevent damage during transit. Packing documents must be accurate and complete.

**33. Insurance**

The Supplier must insure goods as specified in the SCC. Insurance coverage must protect against loss or damage during transit.

**34. Transportation**

The Supplier is responsible for transportation as specified in the SCC. This includes arranging shipping and ensuring goods are delivered to the specified destination.

**35. Inspections and Tests**

The Purchaser has the right to inspect goods and conduct tests to ensure compliance with contract terms. The Supplier must facilitate these inspections.

**36. Spare Parts**

The Supplier must provide spare parts as specified. This ensures the Purchaser can maintain the goods after delivery.

**37. Warranty**

The Supplier warrants goods against defects for the period specified. Any defects must be repaired or goods replaced at no cost to the Purchaser.

**38. Indemnity**

The Supplier indemnifies the Purchaser against certain liabilities as specified in the SCC. This includes claims related to the Supplier's performance under the contract.

**39. Limitation of Liability**

The Supplier's liability is limited as specified in the SCC. This includes limitations on the amount and types of damages payable to the Purchaser.

**40. Compliance with Laws**

The Supplier must comply with all applicable laws and regulations related to the contract. This includes labor laws, environmental regulations, and other relevant legal requirements.

#### **41. Governing Language**

The governing language of the contract is specified in the SCC. All communications and documents must be in this language.

#### **42. Notices**

Notices must be in writing and sent to specified addresses. The effectiveness of notices is determined as per the SCC.

#### **43. Governing Law and Jurisdiction**

The contract is governed by the law specified in the SCC. Disputes are settled in the jurisdiction specified in the SCC.

#### **44. Confidentiality**

1. **Definition of Confidential Information:** Confidential Information includes any information disclosed by one party to the other, either directly or indirectly, in writing, orally, or by inspection of tangible objects, including, but not limited to, business plans, customer data, financial data, product ideas, methodologies, concepts, strategies, and all other non-public information, whether marked as confidential or not.
2. **Obligations:**
  - Each party agrees to use the Confidential Information solely for the purpose of performing obligations under this contract.
  - Each party agrees to disclose Confidential Information only to those employees, agents, or subcontractors who need to know such information and who are bound by confidentiality obligations no less stringent than those contained in this contract.
  - Each party agrees to protect the confidentiality of the Confidential Information in the same manner as it protects the confidentiality of its own proprietary and confidential information of like kind, but in no event using less than reasonable care.
3. **Exceptions:** Confidential Information does not include information that:
  - Is or becomes publicly known through no breach of this agreement.
  - Is known to the receiving party at the time of disclosure without breach of any confidentiality obligation.
  - Is received from a third party without breach of any confidentiality obligation.
  - Is independently developed by the receiving party without use of or reference to the disclosing party's Confidential Information.
4. **Duration:** The confidentiality obligations shall survive the termination of this contract for a period of five (5) years.
5. **Return or Destruction of Information:** Upon termination of this contract or upon request, each party shall promptly return or destroy all documents and other tangible materials representing the disclosing party's Confidential Information and any copies thereof.

#### **45. Customer Data Protection Clause**

1. **Definition of Customer Data:** Customer Data includes any personal, sensitive, or confidential information related to the Purchaser's customers, including but not limited to names, addresses, contact information, financial information, and any other data that is collected, processed, or stored in connection with the services provided under this contract.
2. **Obligations:**
  - The Supplier shall comply with all applicable data protection laws and regulations, including but not limited to the General Data Protection Regulation (GDPR) and any other relevant legislation.
  - The Supplier shall implement and maintain appropriate technical and organizational measures to protect Customer Data against unauthorized or unlawful processing and against accidental loss, destruction, damage, alteration, or disclosure.
  - The Supplier shall ensure that access to Customer Data is restricted to authorized personnel only and that such personnel are bound by confidentiality obligations.
  - The Supplier shall notify the Purchaser immediately in the event of any data breach or security incident involving Customer Data and shall take all necessary steps to mitigate any potential harm.
3. **Data Subject Rights:** The Supplier shall assist the Purchaser in responding to any requests from data subjects to exercise their rights under applicable data protection laws, including rights of access, correction, deletion, and objection.
4. **Data Retention and Deletion:** The Supplier shall retain Customer Data only for as long as necessary to fulfill the purposes of this contract and shall securely delete or return all Customer Data upon termination of this contract or upon request by the Purchaser.

#### **46. Protection from Sexual Exploitation, Abuse, and Harassment Clause**

1. **Zero Tolerance Policy:** The Supplier shall adopt and enforce a zero-tolerance policy towards sexual exploitation, abuse, and harassment (SEAH).
2. **Prohibited Conduct:**
  - Sexual exploitation and abuse, including any actual or attempted abuse of a position of vulnerability, differential power, or trust for sexual purposes.
  - Sexual harassment, including unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature that creates a hostile or intimidating work environment.
3. **Reporting and Response:**
  - The Supplier shall establish and maintain effective reporting mechanisms for SEAH, ensuring confidentiality and protection for whistleblowers.
  - The Supplier shall promptly investigate any allegations of SEAH and take appropriate action, including disciplinary measures, termination of employment, and referral to law enforcement authorities if warranted.
4. **Training and Awareness:** The Supplier shall provide regular training to all employees, agents, and subcontractors on SEAH policies, reporting mechanisms, and the consequences of SEAH violations.
5. **Support for Victims:** The Supplier shall provide appropriate support to victims of SEAH, including medical, psychological, and legal assistance.

6. **Monitoring and Evaluation:** The Supplier shall regularly monitor and evaluate the effectiveness of SEAH policies and practices and make improvements as necessary.
7. **Contract Termination:** The Purchaser reserves the right to terminate this contract immediately if the Supplier fails to comply with the obligations under this clause.

**47. Miscellaneous**

- Any other terms and conditions are specified in the SCC. This includes additional provisions agreed upon by both parties.

## **Annex V**

### **Contract Management**

#### **General Provisions**

1. Effective contract management requires systematic and efficient planning, execution, monitoring, and evaluation to optimize performance while managing risks to ensure that both parties fulfill their contractual obligations with the goal of achieving VfM and results on the ground.
2. The procurement unit begins developing a contract as early as possible in the Procurement Process. As required by the procurement manual, the contract conditions are included in the Request for Bids/Request for Proposals document.
3. The level of detail required in a contract depends on its risk and complexity. The terms and conditions shall be fit-for-purpose, with appropriate allocation of the parties' risks, liabilities, roles, and responsibilities.
4. A Contract Management Plan is developed during contract creation and completed at the time the contract is signed. The procurement unit shall proactively manage contracts against the Contract Management Plan throughout their duration.
5. Where required, Key Performance Indicators (KPIs) are set to ensure contractor performance is satisfactory, contract requirements are met, and relevant stakeholders are well informed and satisfied with the Goods, Works, Non-consulting Services, and Consulting Services provided under the contract.
6. At contract completion, an evaluation of the contract execution shall be carried out to assess the performance and, if applicable, identify any lessons learned for future contracts.

#### **Contract Management Plan and Contract Execution**

The Contract Management Plans shall typically contain a summary of details as follows:

1. Identified potential risks and their mitigation.
2. Key contacts and roles and responsibilities of the parties:
  - a. the names and contact details of the key contacts for each party.
  - b. ensuring that each party has established the necessary authorizations and delegations for its personnel at the beginning of the contract is an



important prerequisite to ensuring that all contracting decisions are valid and enforceable.

3. Communication and reporting procedures.
4. Key contractual terms and conditions.
5. Contractual milestones and payment procedures consistent with contractual provisions.
6. Key contract deliverables are identified, properly described, and updated to account for change orders during contract execution.
7. KPIs and a description of the measurement process (if required).
8. Contract variation/change control mechanisms.
9. Record-keeping requirements.

### **Contract Monitoring**

1. During contract execution, the procurement unit shall use the contract and the Contract Management Plan to ensure that both contracting parties comply with the contractual provisions.
2. To determine whether VfM is achieved, the procurement unit shall monitor the contract to ensure at least the following:
  - a. risks are managed or mitigated before they materialize.
  - b. the contract is completed on time and within budget.
  - c. contract variations are properly justified.
  - d. the outcome of the contract meets the objectives set at the start.
  - e. IHVN's technical and commercial requirements are met or exceeded within budget
  - f. the final contract price compares favourably with comparable benchmarks.

## Annex VI

### Supplier Performance Management Scorecard

Supplier	
Contact Address	

Total Point Earned	Overall Score

Category I: Price Performance								
Item	Description	Weight %	A	B	C	D	F	Score
Pricing	Supplier time relative to competitors	15%						
Discounts	Does suppliers offers discounts for early payment?	10%						
Bidding document Turnaround	How quickly does supplier returns bidding document?	5%						
Clarity of Bid	Are suppliers bid clear and easy to understand?	5%						
Bid Validity Time	How long is bid validity time?	5%						
<b>Total % Available in this Category</b>		<b>40%</b>	<b>Total % Supplier Earned in this Category</b>					

Category II: Quality								
Item	Description	Weight %	A	B	C	D	F	Score
DPPM	Supplier's DPPM percentage	10%						
Documentation	Documentation is clean and legible	5%						
Packaging	Packaging integrity prevents damage on receipt	5%						
Expiration	Compliance with quality codes	7%						
QMS Registration		8%						
<b>Total % Available in this Category</b>		<b>35%</b>	<b>Total % Supplier Earned in this Category</b>					

Category III : Inventory & Logistic Support								
Item	Description	Weight %	A	B	C	D	F	Score
LTA	Supplier has signed LTA in place	10%						
OTD	Supplier's OTD percentage, last 6 months	5%						
% in Stock Order	Percentage of orders that ship immediately from stock and do not roll to a backorder	8%						
Logistics Packaging	Packaging integrity prevents damage on receipt	2%						
<b>Total % Available in this Category</b>		<b>25%</b>	<b>Total % Supplier Earned in this Category</b>					

Reviewed By	
Approved By	

Score	Weighting
A	100%
B	80%

C	50%
D	30%
F	0%

Overall Grade	Weighting
59%	F
60%	D
70%	C
80%	B
90%	A

## Annex VII

### Procurement File Checklist

The following are the details of checklist of every document that should be in every procurement file before it can be considered complete documentation:

<b>PROCESS REQUIREMENTS FILED</b>	<b><u>Y</u></b>	<b><u>N</u></b>	<b><u>N/A</u></b>
<b>PROCUREMENT PLAN</b>			
Are the Goods or Services in the approved Procurement plan?			
<b>PURCHASE REQUISITION</b>			
Is there evidence of purchase request raised by user unit?			
Was purchase request approval by the Procurement and Finance team documented?			
Has a Market Survey/price reasonableness verification been documented?			
<b>BID SOLICITATION DOCUMENT</b>			
Have the vendors been prequalified?			
Is there evidence of Request for Quotation/Proposal issued to prequalified vendors?			
Is there evidence of Invitation to Bid/Expression of Interest advertised adequately?			
Was the bid solicitation method in line with applicable threshold?			
Were receipt of proper approvals documented for RFQ/RFP Issuance?			
<b>BID OPENING AND EVALUATION</b>			
Has a transparent process for the opening of received bids/proposals from the vendors been documented?			
Have the bids been evaluated using applicable selection method?			
Is there evidence of evaluation committee sign off on the bids and evaluation report?			
Were CoI declaration forms signed by evaluation committee members?			
<b>NEGOTIATION &amp; CONTRACT</b>			
Are contract negotiations (for services only) documented?			
Is the contract value within budget available?			
Are the terms and conditions adequately documented in the Contract/Purchase Order?			
Has Due Diligence on winning bidder been documented?			
<b>APPROVAL BEFORE CONTRACT SIGN-OFF</b>			
Has applicable internal approval been documented?			
Has Fiduciary Agent (FA) reviewed and approved the procurement process (including draft contract) ?			
Has funding agency's approval been documented, where applicable?			
Have contract database and price database tools been updated?			
<b>GENERAL/SUMMARY NOTE ABOUT THE PROCUREMENT PROCESS &amp; explanations/approval for any item marked as "N" above:</b>			

## **Annex VIII**

### **Procurement Process Timeline**

The timelines in the table below are to serve as guides during procurement process.

<b>Process Flow</b>	<b>Timeline</b>	<b>Responsible Unit</b>
Procurement request raised	o	User Department
Bid Opportunity Advertised	Within 7 days after receipt of Procurement Request	Procurement Unit
Bidding Period	Minimum of 5 working days for Local Procurement /45 days for International Procurement	Prospective Bidders
Bid Evaluation	Within 14 days after bid submission deadline	Bid Evaluation Committee/ Procurement Unit
Contract Signing/PO Issuance	Within 14 days after conclusion of Bid Evaluation	Procurement Unit