THE UNITED REPUBLIC OF TANZANIA

PRESIDENT'S OFFICE – REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

PRIME VENDOR SYSTEM IMPLEMENTATION MANUAL

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First Edition

FOREWORD

Through the Decentralization by Devolution Policy (D by D) and the Sector-Wide Approach (SWAp), the Government of Tanzania is implementing various programs and initiatives all geared towards ensuring excellent quality services and well-being of all Tanzanians. Reliable and affordable health commodities are critical for the successful delivery of quality health services. Hence, an intelligent health commodity management system must be in place to ensure the availability of health commodities at all levels of the health care delivery system.

In ensuring the continuous availability of health commodities, the Government established the Medical Stores Department (MSD), a semi-autonomous agent established under Medical Stores Department Act No 13 of 1993 (Cap. 70). All public health facilities procure health commodities from MSD as their first point of call. Missed or undersupplied health commodities from MSD are sourced from private vendors as provided for by Regulation 140(6) of the Public Procurement Regulations 2013.

The Prime Vendor System (PVS) has been established in all regions of Tanzania Mainland. The PVS serves as a transitory mechanism towards complementing MSD performance of sufficing public health facility needs. The PVS helps fill the supply gap uncovered by MSD (the sole supplier for public health facilities). The system aims to improve the availability of health commodities at health facilities, improve transparency and accountability for public funds, and reduce procurement processing time.

This manual has been developed to lead the implementation of the PVS in the Country. The system is implemented through existing Government structures and financed with funds at the health facility level. This manual elaborate the roles and responsibilities of key stakeholders in PVS implementations, clarify steps to be followed during the PVS procurement process, address contract management issues, and provide guidance on monitoring the PVS.

The implementation of PVS shall abide by the Public Procurement Act, Cap 410, its Regulations of 2013 (GN446), and subsequent amendments. Further to that, to ensure smooth implementation of the PVS at regional administration and local government levels, the Permanent Secretary to the Ministry responsible for Regional Administration and Local Government Authorities; by virtue of the powers conferred to him by The Local Government Authority (District Authorities) Act No 7 of 1982 issued a secular with reference No AH.227/359/01/13 dated 28 March 2018 on the establishment of the Prime Vendor System.

Therefore, it is mandatory for all responsible health facility staff, technical experts, and leaders at different levels of the Primary Health Care system to use this manual for the administration, management, and implementation of the PVS in Tanzania mainland.

Prof. Riziki S. Shemdoe
PERMANENT SECRETARY

ACKNOWLEDGEMENTS

The successful development of this Prime Vendor System Operational Manual, hereinafter referred to as PVS Operational manual, has been accomplished with the involvement of experts from the Ministry of Health (MOH), President's Office-Regional Administration and Local Governments (PO-RALG), President's Office Public Service Management (POPSM), Public Procurement Regulatory Authority (PPRA), Prevention and Combating of Corruption Bureau (PCCB), Attorney General Office(AG), and several other stakeholders who participated and contributed to the development process.

In this regard, I wish to extend my sincere gratitude to all experts for their efforts to make this a reality. Special thanks go to the Health Promotion and System Strengthening (HPSS) project- Tuimarishe Afya, funded by the Swiss Government and implemented by the Swiss Tropical and Public Health Institute (Swiss TPH) for providing technical and financial assistance.

I understand the fact that the list of those who contributed to the accomplishment of this manual is too long to be registered here; better yet, a complete list of the participants is appended hereto and I crave leave for it to be construed as part of this manual.

Dr Ntuli A. Kapologwe
Director – Health

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LIST OF ACRONYMS

AG	Attorney General
CCHP	Comprehensive Council Health Plan
CDH	Council Designated Hospital
CHF	Community Health Fund
CHMT	Council Health Management Team.
CHOP	Comprehensive Hospital Operation Plan
CHSB	Council Health Service Board
DDH	District Designated Hospital
DPharm	District/Council Pharmacist
GN	Government Notice
GPP	Good Procurement Practice
HFGC	Health Facility Governing Committee
HPSS	Health Promotion and Systems Strengthening
LPO	Local Purchasing Order
M&E	Monitoring and Evaluation
MOH	Ministry of Health,
MSD	Medical Stores Department
MTC	Medicine and Therapeutics Committee
NHIF	National Health Insurance Fund
PCCB	Prevention and Combating of Corruption Bureau
PMU	Procurement Management Unit
PO PSM	President's Office Public Service Management
PO RALG	President's Office Regional Administration and Local Governments
PPPD	Public Procurement Policy Division
PPRA	Public Procurement Regulatory Authority
PQ	Prequalification
PV	Prime Vendor
PVCO	Prime Vendor Coordinator
PVS	Prime Vendor System
RAS	Regional Administrative Secretary
RHMT	Regional Health Management Team
RPharm	Regional Pharmacist
SOPs	Standard Operating Procedures

TANePS	Tanzania National Electronic Procurement System
TB	Tender Board
TMDA	Tanzania Medicines and Medical Devices Authority
TRA	Tanzania Revenue Authority
UHC	Universal Health Coverage

CHAPTER 1: INTRODUCTION

1.1 Background

The Government aims at having a system that provides equitable quality health services that are effective and affordable to all people. Health commodities are a critical building block of the health system as health care delivery depends mainly on the availability of health commodities (Medicines, Diagnostics & other supplies) of good quality and sufficient quantity to be continuously available and used rationally. The availability of quality health commodities in the provision of health care service is an integral part of Universal Health Coverage (UHC).

In general, communities equate health care quality with the availability of medicines and other essential supplies. Understandably, they perceive health services as weak when medicines and necessary supplies are not available. They have to buy them from private medical outlets (Pharmacies and Accredited Drug Dispensing Outlets), often at high prices. On the other hand, among other inputs, health providers depend on the reliable availability of essential health commodities to provide adequate health care.

To ensure constant availability of health commodities to the public health facilities, the Government established the Medical Stores Department (MSD) under Cap 70, a semi-autonomous public procurement agency responsible for procuring, storing, and distributing health commodities to all public health facilities. Additionally, under Regulation 140(3) through (6) of the Public Procurement Regulations 2013, MSD is responsible for arranging for procurement of catalogue items (health commodities) which are required continuously or repeatedly over a set period while procurement entities (health facilities) are responsible for placing the order for the same.

Further to that, once the requested catalogue health commodities are not available at MSD, within one working day from receipt of the request, MSD is required to issue a non-availability notice to the health facility. Upon receipt of non-availability notice, the health facility may opt for another appropriate procurement method.

However, individual public health facilities procurement procedures outside MSD (private suppliers) were lengthy, bureaucratic, non-transparent and uneconomic leading to prolonged stock out. As a result, in 2014, Dodoma Region, in collaboration with the Swiss Government funded Health Promotion and System Strengthening (HPSS) project, piloted a Prime Vendor System (PVS), that sourcing health commodity which was stocked out at MSD from one competitively appointed regional vendor allowing councils to procure individually from the selected vendor.

The implementation of the PVS in Dodoma region remarkably increased the availability of health commodities by 40% and was much appreciated by health workers, increasing client satisfaction. Based on the Dodoma results, the PVS was scaled up by the project in Morogoro and Shinyanga regions in 2016.

Consequently, being motivated by a substantial increase in the availability of essential medicines; shortened, transparent and less bureaucratic procurement procedures; reduced procurement costs and supplier lead times; including uniform prices across councils in a region; improved availability of procurement data and realization of value for money in the three regions, PORALG in collaboration with MOH recommended and oversaw the rollout of the system to the rest of the mainland regions.

1.2 Implementation of the prime vendor system

To ensure smooth implementation of the PVS at regional administration and local government levels, the Permanent Secretary to the Ministry responsible for Regional Administration and Local Government Authorities; by virtue of the powers conferred to him by The Local Government (District Authority) Act, No 7 of 1982 issued a secular with reference No. AH.227/359/01/13 dated 28 March 2018 on the establishment of the Prime Vendor System.

1.3 The rationale, goal and objectives of this manual

1.3.1 Rationale

The Government of Tanzania has been implementing several interventions to improve Health Commodities availability in public health facilities; however, continuous availability and accessibility is still a challenge. The leading causes of health commodities shortages at these facilities, among other reasons, have been their unavailability at the Medical Stores Department (MSD), an insufficient budget for health commodities and the inefficient management of the end-to-end supply chain.

Once Health facilities miss Health Commodities from MSD, they procure from Private Vendors through the process, which resulted in high transactional costs, including travelling cost, tendering process cost, fuel, and per-diem, with an ultimate increase in the prices of health commodities. This makes the whole task cost-inefficient, uneconomic, bureaucratic, non-transparent, lengthy and recurrent audit queries while supplies purchased were of questionable quality or sources.

Although MSD will remain the backbone for the health commodities supply chain, alternative strategies are needed to address the MSD supply gap. One of the tested alternative strategies is PVS, which is now operational in all regions. Even though the PVS has SOPs, its implementation has been a challenge in several areas. In this regard, The

PORALG in collaboration with MOH, has developed this manual to guide health facilities on the proper execution of PVS.

1.3.2 Goal and Objectives

Goal

To guide the implementation of the prime vendor system in the Primary Health facilities of Tanzania Mainland.

Objectives

a) To elaborate on administrative structures for the PV system;
b) To outline the set of rules of procedures for the administration and procurement through the PVS; and
c) To develop mechanisms for Monitoring and Evaluating the PVS performance.

1.4 Targeted users of this Manual

This manual intends to serve users from Primary Health Facilities (Council Hospitals, Health Centres and Dispensaries), Regional Administration and Local Government Authorities, Regional Health Management Teams (RHMT), Council Health Management Teams (CHMT), Hospital Administrators, Hospital Management Teams (HMT), Medical Stores Department (MSD), Ministries (PORALG and MOH), and their respective administrative staff entrusted with the responsibilities of either providing oversight and guidance of PVS operations or health facility staff directly involved in the procurement of health commodities from the appointed prime vendor. Other stakeholders include Ministries and Government agencies responsible for Public Finance and Procurement.

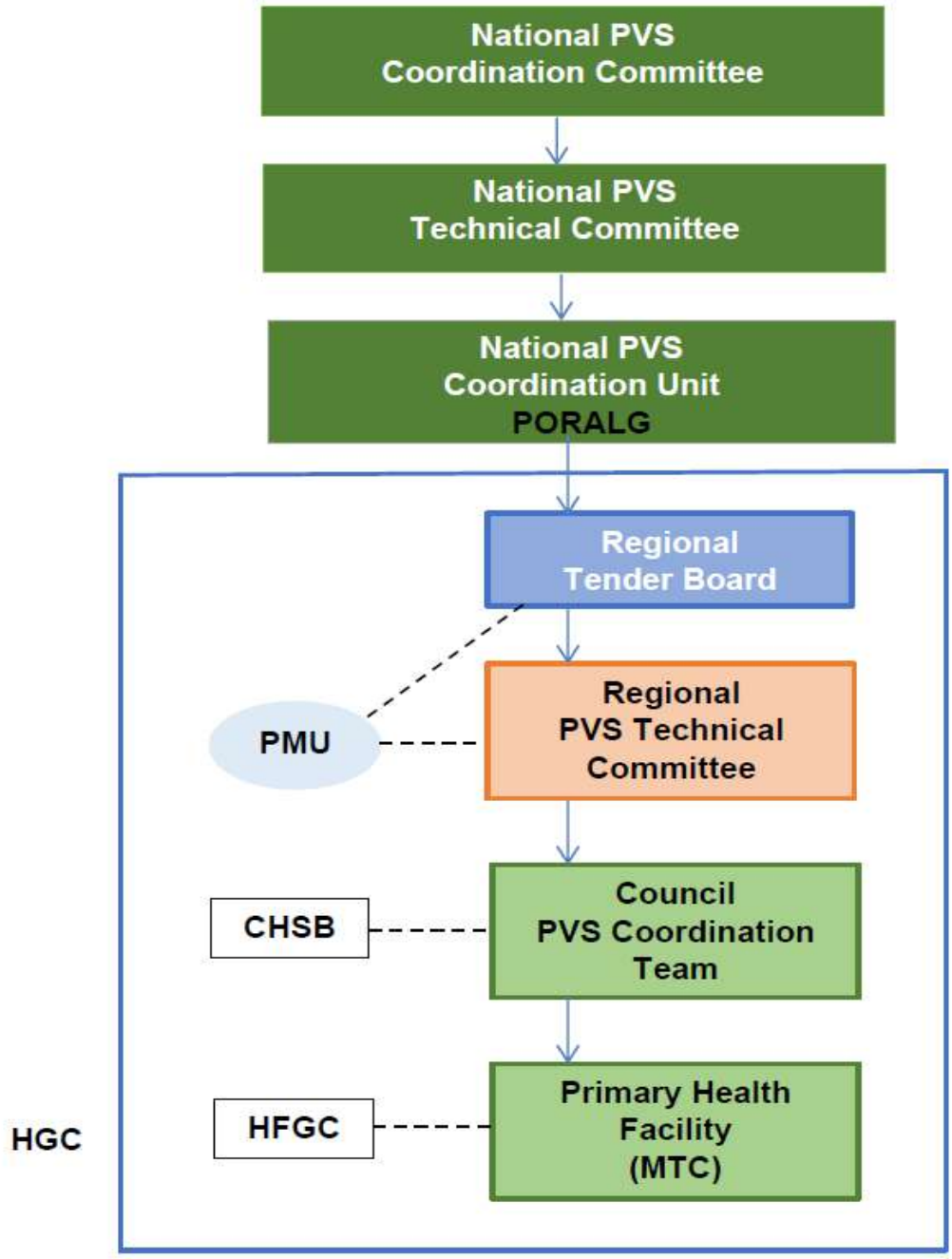
All targeted users shall be required to read and be conversant with this manual to enable smooth procurement of health commodities that are not available or short supplied by MSD.

CHAPTER 2: PRIME VENDOR SYSTEM OPERATIONAL STRUCTURE

2.1 Operational Structures

The PVS shall be implemented through existing Government Administrative Structures and be financed with funds at the respective organizations. For the system to achieve its intended purpose, there shall be established operational structures to support and oversee the day-to-day operations. *(Figure 1)*

Figure 1: PRIME VENDOR SYSTEM OPERATIONAL STRUCTURE



_____ Line of command

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2.2 National PVS Coordination Committee

The establishment of the national PVS Coordination Committee and the delegation of the respective technical authority are undertakings authorized by PORALG. The national PVS Coordination Committee shall consist of multidisciplinary members from different organizations/institutions in which some shall be by virtual of their positions while others shall be appointed.

2.2.1. Membership for National PVS Coordination Committee

i.	Deputy Permanent Secretary – Health	- Chair
ii.	Deputy Permanent Secretary - Administration	- Co-Chair
iii.	Director of Health Services (DHS)	- Secretary
iv.	Assistant Director for Health Services	- Member
v.	Director of Regional Administration	- Member
vi.	Director of Local Government	- Member
vii.	Director of Procurement Management	- Member
viii.	Director of Inspection and Financial Tracking	- Member
ix.	Chief Internal auditor (CIA)	- Member
x.	Director of Legal Services	- Member
xi.	Director of Information, Communication and Technology	- Member
xii.	Representative from PPRA	- Member
xiii.	Representative from TMDA	- Member
xiv.	Representative from MOH (PSU)	- Member

C: Co-Opted Members

Any other co-opted members may be invited if deemed necessary.

The appointed members shall be by their names but representing official positions. Therefore, the eligibility of such members to be in the committee shall only be valid during their term of service. National PVS Coordination Committee shall meet bi-annually, excluding extraordinary meetings.

2.2.2. Roles and responsibilities of National PVS Co-ordination Committee

The roles and responsibilities of the National PVS coordination committee include:

a) To discuss and endorse reports and all other related documents from the National PVS technical committee regarding the implementation of PVS activities;
b) To approve innovations and changes regarding operations of PVS;
c) To guide and oversee the smooth implementation of PVS;
d) To mobilize resources for monitoring PVS activities; and
e) To undertake any other additional functions for enhancing efficient services of the PVS.

2.3 National PVS Technical Committee

The establishment of the National PVS Technical Committee and the delegation of the respective technical authority to it are undertakings authorized by PORALG. The National PVS Technical Committee shall consist of multidisciplinary members from different organizations/institutions in which some shall be by virtue of their positions. In contrast, others shall be appointed by the responsible, competent authorities.

2.3.1. Membership for National PVS Technical Committee

i.	Head of Health Commodities and Diagnostic Services	- Chair
ii.	Coordinator of Diagnostic services	- Member
iii.	PVS Coordinator	- Secretary
iv.	Dental Services Coordinator	- Member
v.	A representative from DPMU	- Member
vi.	Principal Legal officer	- Member
vii.	Internal Auditor	- Member
viii.	A representative from Directorate of Financial tracking (DIFT)	- Member
ix.	RHMT Coordinator	- Member
x.	A representative from DLS	- Member
xi.	A representative from MOH (PSU)	- Member

The members shall be by their names but representing official positions. Therefore, the eligibility of such members to be in the committee shall only be valid during their tenure of service. The National PVS Technical Committee shall meet bi-annually, excluding extraordinary meetings.

2.3.2. Roles and responsibilities of National PVS Technical Committee

i. To provide technical support to Regions and Councils.
ii. To plan and support all PVS activities;
iii. To backstop, monitor and evaluate the performance of the PVS at all levels;
iv. To review, discuss and develop interventions based on issues observed from the collected reports
v. To collect all experiences/issues, discuss and propose standardized approaches that will be submitted to high-level authorities for approval;
vi. To identify possible risks and institute mitigation measures;
vii. To review and propose updates of this manual;
viii. To ensure the quality of knowledge transfer and management;
ix. To undertake any other additional functions for enhancing efficient operations of the PVS.

2.4 National PVS Coordination Unit

There shall be a national PVS Coordination Unit comprising multidisciplinary members amongst the national PVS technical committee members. It will be responsible for the coordination and follow up of operations in the Country and shall serve as a secretariat to the national PVS Coordination Committee and Technical Committee.

2.4.1. Membership for National PVS Coordination Unit

i. PVS coordinator -PO RALG
ii. Coordinator of Laboratory services -PO RALG
iii. Procurement officer -PO RALG
iv. Coordinator of radiology and imaging- PORALG,
v. Coordinator of Dental services – PORALG
vi. Other members will be co – opted as needs arise.

2.4.2. Roles and responsibilities of National PVS Coordination Unit

i. Serve as a secretariat team for national PVS Coordination and Technical Committees meetings composed mainly of experts in pharmacy, procurement, Laboratory, dental, Radiology and imaging vested with the responsibility of monitoring day to day PVS operations;
ii. To receive, analyse, and aggregate quarterly regional health care facilities PVS implementation reports for submission before the National Technical Committee for consideration and preliminary approval;
iii. To supervise, monitor and evaluate the performances of the prime vendor (as a supplier), health facility and the entire system in terms of organization and management
iv. To review and update PVS documents.
v. To undertake any other additional functions for enhancing efficient operations of the PVS.

2.5 PVS Coordinator at PORALG

To monitor the implementation of PVS, national coordinators shall have the following roles:

i. To coordinate all PVS activities at the PORALG central level;
ii. To serve as liaison officer between the PORALG, RPVTC and other stakeholders.
iii. To provide support and guidance to regional prime vendor Technical committees on all matters related to PV operations;
iv. To present all issues and matters arising from prime vendor Technical committees (RPVTCs and CPVTCs) to the National PVS Technical Committee;

v. To make follow up on all issues related to the implementation of the PVS;
vi. To serve as a secretariat to the national PVS coordination and Technical committees;
vii. To collaborate with relevant stakeholders on the management of PVS issues;
viii. To disseminate resolutions from the national PVS coordination committee; and
ix. To undertake any other additional functions for enhancing efficient operations of the PVS.

2.6 Rules and procedures for the National Structure

The day-to-day operations of PVS shall be guided by the following set of rules of procedures:

2.6.1 Reporting

i. The National PVS Technical committee shall report to the National PVS Coordination Committee; and
ii. The National PVS Secretariat shall report to the national PVS Technical committee.

2.7. Roles and responsibilities of Regional Administrative Secretary

I. To oversee the overall implementation of PVS in the region,
II. To appoint members of the Regional Prime Vendor Technical Committee and Coordination Unit,
III. To sign contracts (as overall supervisor) with the selected Prime Vendors,
IV. To appoint Regional Prime Vendor Technical Committee.

2.8 Regional Prime Vendor Technical Committee

2.8.1 Membership for Regional Prime Vendor Technical Committee

The accounting officer of the respective entity shall appoint members to the PVTC whereas for RPVTC members shall be drawn from each Council (one member per Council).The appointed members shall be by their names but representing official positions. The committee membership is defined by reference to an office held; that office-bearer is a member ex-officio and has all of the same rights and responsibilities (including voting) as other Committee members while holding the office specified.

RPVTC membership will consist of the following officials (generic):

i. Regional Medical Officer - Chairperson
ii. Regional Pharmacist (**PV Regional Coordinator**) - Secretary
iii. Regional laboratory Technologist - Member

iv. Regional dental Officer - Member
v. DMO (from one of the Councils) - Member
vi. Procurement Officer (from one of the Councils) - Member
vii. Internal Auditors - Member
viii. Dental Officer - Member
ix. PVS Coordinator (**DPharm**) (from one of the Councils) - Member
x. Laboratory scientist (from one of the Councils) - Member
xi. Biomedical Engineer - Member
xii. Regional Nursing Officer - Member
xiii. Legal Officer (from one of the Councils) - Member
xiv. Any other member as shall be recommended and approved by the accounting officer

2.8.2 Roles and responsibilities for Regional Prime Vendor Technical Committee

The primary function of this committee, among other responsibilities to be assigned to it by Accounting Officer, is to advise the Tender Board (TB) on all technical matters related to the transparent selection of prime vendor and performance of the system.
Specifically, the committee shall:

a. Serve as a Technical committee vested with the responsibility of undertaking development or review of the tender specification, prequalification criteria, a tool to monitor procurement processes, tender responses and contract management before submitting the outcome to the Procurement Management Unit (PMU) for review and consideration and Review all bidding documents and contract specifications before their submission to respective PMU and Tender Board for consideration and approval;
b. Prepare schedule of requirements, specifications and prequalification criteria for submission before the PMU for consideration
c. To receive, analyse and aggregate quarterly health facilities PVS reports for submission before the Regional Tender Board for consideration and approval
d. Ensure adherence to the SOPs for the daily execution of PVS
e. Oversee the training of all the relevant staff in the implementation of SOPs governing PVS; and
f. Get involved in conducting monitoring and evaluation to ensure smooth operations of the PVS and Conduct regular monitoring on the implementation of the SOPs regarding PVS.

However, the committee has no mandate to award any tender, approval of tender related documents or over the procurement processes and procedures.

2.8.3. PVS Coordinator (Regional Pharmacist) at Regional Level

To monitor the implementation of PVS regional coordinator shall has the following roles:

a. Vested with the responsibilities to monitor day to day PVS operations
b. To coordinate all PVS activities at regional level
c. To serve as a Liaison Officer between the PORALG, RPVTC and other stakeholders
d. To follow up on all issues related to implementation to PVS within the region
e. To serve as secretariat to the regional PVS Technical committee
f. To collaborate with relative stakeholders on the management of PVS issues
g. To disseminate resolutions from national PVS coordination committee; and
h. To undertake any other additional function for enhancing efficient operation of the PVS
i. To receive, aggregate and analyse quarterly health care facilities PVS implementation report for submission before the regional Tender Board for Approval.
j. To provide support and guidance to council PV technical committee on all matters relating to PVS operations.

2.9 Council Director

Roles and responsibilities of Council Director shall be;

I. To oversee the overall implementation of PVS within the Council
II. To sign the Contract as counterpart Implementer hence ensure its smooth implementation within the Council
III. To ensure adherence to terms and conditions of the PV contract
IV. To appoint and supervise Council PVS Coordination Team
V. To facilitate Council PVS coordination meetings and;
VI. Prepare PVS quarterly implementation report and submit to RAS

2.10 Council PVS Coordination Team

2.10.1 Membership

The Council Director shall appoint members for the Council PVS Coordination Team by virtual of their position. Council Pharmacist shall be a Council Prime Vendor Coordinator. Members for Council Coordination team shall include;

i. Council Pharmacist (DPharm)
ii. Council head of PMU
iii. Council Laboratory Technologist
iv. Council Nursing Officer
v. Council Dental Officer
vi. Council Health Secretary
vii. Biomedical Technician/Engineer

2.10.2 Roles and Responsibilities of Council PVS Coordination team.

In close collaboration with relevant council officials, the Council Coordination Team shall:

i. Coordinate prime vendor activities within the council setup;
ii. Facilitate the proper maintenance of records and minutes of all meetings related to PV matters;
iii. Coordinate all aspects of the PV system, including communication with the PV, on all of the issues associated with Councils/Health facilities orders and payment to the vendor;
iv. Continuously liaise with the selected prime vendor to ensure timely delivery and availability of ordered health commodities;
v. Provide oversight and guidance to health facilities on the implementation of their day-to-day PV activities;
vi. Oversee the proper record and utilization of procured health commodities at the health facility level;
vii. Manage, track and report to relevant Committees, the contractual performance of the system and selected prime vendor;
viii. Oversee the training, implementation and consistent use of this guideline by the appropriate council health facilities staff;
ix. Conduct monthly PVS coordination meetings to discuss the implementation of PVS in the Council; and
x. To prepare PVS implementation reports being submitted to CHMT, CMT and CHSB

2.10.3 PVS Coordinator (DPharm) at Council level

To monitor the implementation of PVS, Council Coordinator shall has the following roles:

a. To coordinate all PVS activities at council level
b. To serve as Liaison Officer between regional PV coordinator, Council PV technical committee and other stakeholders between the council
c. To provide support and guidance to health facility at council on all matters relating to PVS
d. To aggregate, analyse quarterly primary health care facilities implementation reports and present all issues regarding PVS to Coordination Unit, CHMT and Regional PVS Coordinator (RPharm). To make follow up with all issues related to implementation of PVS within the council
e. To collaborate with relative stakeholders on management of PVS issues
f. To disseminate resolution from regional PVS coordination committee and;
g. To undertake any other addition function for enhancing efficiency, operations of the PVS

2.10.4 Reporting

Council PV Coordination Team reports to District/Council Medical Officer on all matters related to PV system activities. Council Medical Officer shall submit report to Council Director for decision making.

2.11 The Regional Tender Board (RTB)

2.11.1 Membership for the Regional Tender Board

The Regional Tender Board (RTB), in addition to its responsibility as stated by the public procurement act of 2011 and its amendment of 2016, shall also **take over the individual Councils'** similar Tender Boards responsibilities for overseeing the technical analysis, review and approval of tenders for the procurement of health commodities through the PVS as stated in the PVS Secular No.1 of March 2018. With the existence of the Regional Tender Board (RTB), the individual Councils' Tender Boards shall cease to be responsible for the procurement of health commodities through the PVS.

In the case of RTB, where the following members do not become appointed to the RTB, they shall be co-opted to the Board when deliberating procurement of health commodities.

i. Regional Medical Officer
ii. Regional Pharmacist (Regional PVS Coordinator)
iii. Regional Laboratory Technologist
iv. Regional Dental Officer
v. Radiology and Imaging Coordinator
vi. Orthorpaedic Coordinator
vii. Any other person invited by the Board

2.11.2 Roles and Responsibilities of the Regional Tender Board

The functions of the RTB, among other responsibilities to be assigned to it by accounting officer, are primarily to oversee the transparent selection of a prime vendor and the overall control and management of the PVS, including all other matters related to the performance of the system and that of the approved prime vendor. Accurately, as brought to the TB by the PMU, the Board shall review and/or approve:

i. The Prime Vendor procurement procedure, which shall include the approval of prequalification and bid documents for the selection of a suitable and capable vendor to serve health facilities at the region.
ii. The awards of a contract to the approved Prime Vendor
iii. Consider matters relating to the efficiency and effectiveness of the procurement or contract management and provide a recommendation to the Accounting officer;

iv. Scrutinize and Review implementation of the Prime Vendor procurement processes and procedures by councils and health facilities;
v. Supervise the procurement activities and adherence to prime vendor procurement contract terms by each participating entity;

2.11.3 Reporting

i. The Tender Board shall review all reports and matters presented to the Board by the PMU. Where relevant, the Board shall report and/or advise the accounting officer in writing on actions to be taken to address any matter related to the performance of the system and the prime vendor.
ii. The Secretary to the TB shall every quarter submits to the accounting officer the PV performance reports as approved by the Board.

NOTE. When exercising its roles and responsibilities, PMU shall collaborate with respective Regional prime vendor technical committees and Prime vendor coordination committee without interfering with roles and responsibilities of each organ.

2.12 Roles and Responsibilities of the Prime Vendor

a. To timely fulfil health facilities orders and deliver quality health commodities to the contracted delivery designated place.
b. To timely issue acknowledgement receipt for the effected payment made by health facilities
c. To actively communicate and provide data for effective monitoring of PVS implementation
d. To adhere to the terms specified in the contracts
e. To issue to the facility an out of stock notification for missed items.

NOTE. In an **unlikely event** that the Prime Vendor fails to supply health commodities ordered by the health facilities, a written notice shall be issued by the vendor specifying the list of missing items. The vendor shall furnish the facility with out-of-stock notification during delivery of the consignment. The responsible health facility shall use such notice to source the missed items outside the prime vendor using acceptable public procurement procedures.

The number of missing items notification from the vendor shall be used to determine the performance of the Prime vendor. An increased number of out-of-stock notifications from the vendor with reasons outside those due to acts of God shall render the vendor incapable of meeting his contractual obligations, which call for an intention to terminate the contracts by the other party to the Contract.

2.13 Communication Modalities

For the effective implementation of this manual, communication modalities outlined herein should be followed and adhered to when parties communicate, specifically when contacting the Prime Vendor on all matters related to vendors' performance, order, and supply of health commodities to various levels of health facilities. All communication to the Prime Vendor shall become documented through a formal letter or E-mail.
PVS communication modalities shall involve different levels as follows:

2.13.1 National level

National PVS Coordinator shall liaise with all RPVTCs on matters related to the system and vendor performance.

2.13.2 Regional Level

The Regional PVS coordinator (RPharm) shall liaise with the Prime Vendor, Council Coordinator and stakeholders on all the issues related to prime vendor performance, ordering, delivery schedules and quality of health commodities supplied to health facilities within the region.

2.13.3 Council level

The Council PVS coordinator (DPharm) shall communicate all matters related to HFs orders, consignments deliveries, payments, and any other enquiries regarding prime vendor system operations and performance within the Council.
Communication between Council and Prime vendor shall be through Council PVS coordinator and the Prime Vendor representative/focal person/officer.

NOTE: All correspondences to and from the Prime vendor by council level shall be copied to the RPVCO.

2.13.4 Primary health facilities

Primary health facilities in-charges or delegated officers introduced and known to the Council Medical Officer shall communicate all issues regarding prime vendor system operations at the facility level to the Council Coordinator (DPharm).
Prime Vendor representative/focal person/officer shall not communicate directly to HFs and vice versa regarding orders and/or other inquiries.

2.13.9 Code of conduct

All members of the national PVS coordination, Technical and Secretariat shall swear an oath of confidentiality and declaration of conflict of interest and sign a formal statement of being free of conflict of interests at the time of being appointed either as a member to the coordination committee or Technical committee or the Secretariat.

2.13.10 Impartiality

All members of the national PVS coordination, Technical committees, and Secretariat shall, to the best of their ability, exercise impartiality/fairness to all matters brought to their attention for decision and shall always act to the best interest of the United Republic of Tanzania.

2.13.11 Absenteeism and/or non-participation in meetings

Absence to any meeting of the Technical Committee by any committee member shall be notified to the Secretariat before a meeting if such members cannot attend such a session (s). However, absenteeism of a member with or without notice shall be reported to Permanent secretary.

Members of the Technical Committee have been appointed based on their area of expertise, Contract and experience. Therefore, it is expected that all members attending a Technical committee meeting must actively contribute to all matters under review/discussion. A quorum of any meeting of the National Technical committee shall consist of above half of the members.

The Technical Committee shall recommend to the National PVS coordination committee invitation of any other expert to attend meetings based on needed Technical expertise or opinion to matters under review by the Technical Committee. Members and any other invited persons authorized by the Chairperson shall be provided with a notice, agenda and business papers for a meeting at least seven (7) days before the planned meeting date; or shorter period notice, as is practicable where the matter is considered urgent.

The technical committee shall be provided with notice of the meeting, agenda and business papers by the Technical committee Secretary for scheduled meetings.

All members and any other person invited to attend the Technical committee's meeting shall treat all business papers as confidential. The Chairperson to the Technical committee shall subside all the Technical committee meetings

The Secretary to the Technical Committee shall maintain minutes of all Technical committee meetings. Draft minutes of Technical committee meetings shall be circulated to all Technical committee members for comments/inputs within five working days after a session.

For its business operations, including meetings, the Technical Committee and its members may use technology including telephone, video-conferencing, teleconference, e-mails and Internet as arranged and approved by the Chairperson.
All recommendations of the national PVS Technical committee shall be submitted before the national PVS coordination committee for consideration and approval before being officially communicated or implemented.

2.13.12 Tenure of Office

The Prime Vendor Technical Committee shall be in office for three (3) years. Members may be re-appointed for subsequent terms in succession to maintain the technical expertise gained through the years of experience in the committee.

2.13.13 Committee Meetings

RMO, shall chair PVTC in the Region. In the absence of the Chairperson, the committee shall elect a temporary Chair, among its members present at the meeting to preside the meeting, provided that the quorum to the meeting is in order.
A quorum of any meeting of the PVTC shall consist of a simple majority of the members of the committee present at the time the meeting is being held;
The Chairperson shall authorize invitation of any other expert to the committee meetings based on needed technical expertise or opinion to matters under review by the committee;
The committee shall meet quarterly or otherwise as necessary to perform its obligations;
The Committee members and any invited members authorized by the Chairperson shall be provided at least seven (7) days' notice for a meeting before the planned meeting date or such shorter notice period as is practicable where the matter to be considered is urgent;
The committee shall be provided with business papers for each agenda item of the committee meeting at least seven (7) days before the scheduled session or as is practicable if the matter under consideration is urgent;
Committees Business papers shall be distributed by the Prime Vendor Coordinator (PVCO) to all committee members unless the Chairperson directs otherwise;
All members of the committee and/or any other person invited to attend the committee's meeting shall treat all business papers as confidential. The Chairperson shall authorize the disclosure of business papers to invited non-members to the committee;
The Secretary to the committee shall maintain minutes of all committee meetings;
Draft minutes shall be circulated to all committee members for comments as soon as possible (not more than ten working days) after a committee meeting;
Unless there is urgency, the minutes will be included in the business papers for the next scheduled Committee meeting;

Committee minutes shall be considered adopted when approved by the majority of Committee members present at the earliest next meeting of the committee.
For its business operations, including meetings, the committee and its members may use technology including telephone, video-conferencing, telepresence, e-mails and Internet as arranged and approved by the Chair.

2.14 Funding for PVS operational costs

To ensure smooth operation of PVS activities, including funds to cater to PVS coordination, supervision and technical committee meeting, all costs emanating from these meetings shall be borne by Regions through the RHMT plan and Councils through CCHP. However, a schedule of meetings is expected to be well planned to minimize the cost of operation.

CHAPTER 3: PROCUREMENT PROCEDURES UNDER PVS

3.1 Procurement Principles

The procurement process under the PVS shall abide with Public Procurement principles stipulated under the Public Procurement Act, Cap 410 and its Regulations as amended, to make the best possible use of public funds through demonstrated transparency, integrity and achieve value for money.

3.2 Procurement of the Prime Vendor

Regional Secretariat, hereinafter referred to as Procuring entity, shall initiate the procurement process for obtaining Prime vendors responsible for supplying health commodities missed from MSD. Bidders that will be invited to submit bids shall be obtained through a prequalification process as per Reg. 119 of 2013.

There shall be one tender for in the respective Region with the following categories:

a) Medicines,
b) Diagnostics: these shall include Laboratory reagents, test kits, laboratory equipment, other laboratory supplies, radiology and imaging equipment, and supplies,
c) Orthopaedic supplies, and
d) Other medical supplies: these refer to other hospital equipment and supplies apart from those stipulated in categories (a), (b) and (c) above.

3.3 Procurement of Health Commodities through PVS

The procuring entity shall, for the efficiency of the procurement process and reduction of procurement transaction costs, engage in a closed framework agreement to allow prime vendors to supply health Commodities. Upon receipt of the Out of Stock (OS) notice of health commodities from the Medical Store Department (MSD), the health facilities shall procure from the respective approved prime vendors.

3.4 Procurement Procedures under the Prime Vendor System

Procurement procedures under the PV system shall be effected through Electronic procurement as provided for by the TANePS, whereby all prospective bidders are required to register with the TANePS to access Government procurement proceedings. Short of that, no manual submission or transmittal shall be accepted during the Prequalification and tendering process. Procurement of a prime vendor shall adhere to the following procedures.

3.4.1 Vendor Forum (Pre-tender meeting)

There shall be a vendor forum (Pretender meeting) to provide information and explanations on the operations of the PVS and offer a presentation about the upcoming tendering process. The participating vendors will be informed of pretender meetings through TANePS and or local mass Medias. During the vendor forum session, vendors will learn about expected business volumes and funding sources for supplies.

The Vendor Forum shall have the following objectives:

a) Address the issue of transparency;
b) To build trust between the public and private sector so that both can work together in the supply chain to improve public health services;
c) To inform vendors about the PVS and the genuine intention of the Government to involve the private sector in the provision of health commodities to the public;
d) To assure vendors of the availability of supplementary funds for the purchase of complementary products and that payments to vendors will be made as promptly as possible; and
e) To listen to vendor concerns and opinions, if any, and to accordingly clear any doubts they may have and encourage them to participate in the upcoming prequalification tender.

3.4.2 Prequalification process

There shall be a prequalification process aiming at establishing a list of vendors with the capacity to enter into a Contract and meet Contractual obligations. The prequalification process shall be conducted per Regulation 119 of GN 446. The entire prequalification process shall be conducted through TANePS. The prequalification documents shall be given for free to all vendors.

3.4.3 Tendering process

The PVS ensures that high transparency and fairness are maintained during PQ and tender process by strictly adhering to laid down tendering processes. The PVS fully adheres to Good Procurement Practice (GPP) and transparent tendering procedures aligned with the Public Procurement Act Cap 410. These procedures form the basis for the selection of a competent and reliable vendor.

Firms that participate in this tendering stage are only pre-qualified vendors. Only shortlisted vendors who scored 75% and above of the total for all evaluated prequalification tender attributes shall be invited. The tender documents at this stage shall be given for free to the shortlisted vendors. In addition to other requirements, shortlisted

vendors shall provide price quotations for a schedule of requirements of health commodities to be used by the procuring entity.
Evaluation of shortlisted vendors at this stage is mainly in the price of health commodities offered and other relevant criteria. The tender document adopted from PPRA binds all participating bidders to this tender to General and Specific Conditions of the bid. A tender evaluation tool/scheme is used to assess adherence to instructions and prices quoted.

After the Evaluation, a post-qualification (due diligence) should be undertaken to the successful bidder to verify information submitted during PQ. The successful tenderer who meets post qualification criteria shall be recommended to be awarded a Contract as the Prime Vendor to the respective procuring entity. The name of the recommended vendor shall be submitted to the respective Tender Board for adjudication.
Notices shall be sent to all unsuccessful vendors, followed by written notice to the approved prime vendor. This takes place after the expiration of a Cool –off – period as stipulated in the Public Procurement Act Cap 410 and its regulations. On the other hand, the procuring entity shall observe the following aspects of the procedure to tender for a prime vendor:

a) The time window for responding to vendors questions
b) Adherence to closing date & date for the opening of bids
c) Evaluation of bids by Adhoc Evaluation Committee appointed by accounting officer a few days before the opening/evaluation of bids
d) Review of results by Technical Committee
e) A shortlist of qualified potential vendors perceived to have the capacity (contract terms, pricing competitiveness)
f) Evaluation based on fairness, transparency and reviewable evaluation scheme
g) Submission to the Tender Board for approval
h) Post-qualification (due diligence) visit to the potential vendor
i) Call for contract negotiation to recommended vendor
j) Issue a letter of intent to award to the unsuccessful bidders to inform the respective tender Board's decision.
k) Contract signing

3.4.4 Evaluation

Evaluation is a critical stage during both the prequalification and tendering stages. The evaluation process shall be undertaken using the evaluation criteria described in the Prequalification and tender document. PMU shall propose the names of evaluation committee members and submit the name to Accounting Officer for an appointment. The proposed names should have mixed professional technical staff with required competency

based on criteria established in the respective prequalification or tender document. Depending on the value and complexity of tender, the Accounting Officer shall appoint three to five technical staff to form the evaluation committee who will work under the supervision of the Procurement Management Unit. However, the Accounting Officer deserves the right to appoint more than five members to form the evaluation committee if deemed necessary as provided for under Regulation 202(2) of the Public Procurement Regulation 2013. PE shall ensure that members of the evaluation committee are capacitated before commencing the evaluation exercise. Shall the PE fail to have capable evaluators, the PE shall borrow evaluators from any other PE.

The evaluation committee shall use the evaluation tool prepared based on the prequalification or tender document issued to the bidders. The evaluation score mark is indicated in the evaluation tool for both Prequalification and tendering stages, whereby scores are allocated depending on the weight of the criteria set and applicability of the prime vendor system. Moreover, during the tendering phase, specifically on comparing prices of participating vendors, the highest marks given to the vendor with the lowest rate quoted and the least score to the vendor with the highest price quote for the item.

The standard score for the mark is set based on the number of vendors competing for pricing; for instance, if there are four vendors in the pricing comparing stage, then four marks will be the highest score, and the least count is 1 for quoted items. In case a vendor did not give a quote, the score is zero. Then, the score is summed up for all vendors to get the vendor with the highest score (least price quoted) to be recommended for the tender award.

The Evaluation Committee Chairperson shall submit an evaluation report to PMU for analyzing the information and submit it to the Prime vendor Technical Committee before submitting it to a tender board for final approval.

Further to that, to provide a detailed procedure for Evaluation, a separate document, namely the prime vendor evaluation guide, is developed. To that end, users of this prime vendor guideline are reminded to ensure that this guideline is read together with the prime vendor evaluation guide as a reference source document.

3.4.5 Contract Negotiation

Before contract signing and on the recommendation of the Technical Committee and/or Tender Board, careful negotiations should be undertaken, with the selected vendor, on specific areas of the Contract, such as price negotiation (fairness, competitiveness and reasonableness to the market), transportation, distributions, delivery lead times, payment

issues and other related matters. However, during price negotiation, the primary focus of the negotiation team shall be on ensuring price reduction to the interest of a Procuring Entity.

The Accounting Officer shall appoint individuals with the technical capacity to form the negotiation team that shall negotiate with the selected vendor; the Tender Board shall approve its report.

To make negotiation effective, the appointed negotiation team should hold a pre-negotiation meeting to analyze and identify critical areas to be observed during the negotiation process. Negotiations should be transparent, fair and well documented for submission to the TB. Areas of concern or disagreement should also be identified for TB to make an informed decision. Generally, contract negotiation shall become conducted carefully so as not to affect the product specifications and quality.

3.4.6 Contract award

After contract negotiation, the Tender Board shall be responsible for approval of contract negotiation recommendation followed by contract award to the successful bidder. However, the Tender Board reserves the right to instruct the negotiation team to conduct the renegotiation in case the previous negotiation did not provide the expected outcome.

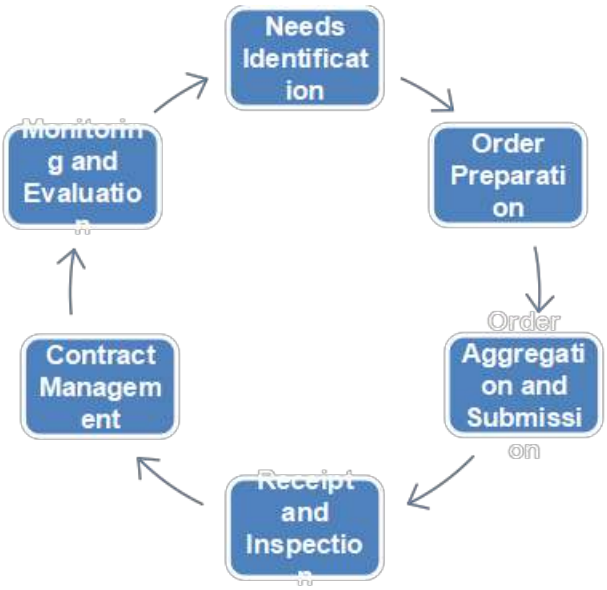
3.4.7 Contract Signing

The Contract shall be prepared and ratified by Legal Officer to the procuring entity after approval by the Tender Board. The Regional Prime Vendor serving primary health care facilities (dispensary, Health centers and Council Hospital), the Contract shall be signed by Regional Administrative Secretary as the overall supervisor of the contract ("*employer*") the respective council directors as *c*ounterpart contract implementers and the approved prime vendor.

CHAPTER 4: IMPLEMENTATION OF PRIME VENDOR SYSTEM

4.1 Prime Vendor System process

The following cycle outlines basic requirements for smooth execution of prime vendor activities; health commodities need identification, order preparation, aggregation and submission together with receipts of health commodities and a well-defined contract management System and Monitoring and Evaluation of the process.



4.2 Prerequisites (Basic Requirements)

For smooth execution of contracted prime vendor activities, the following essential requirements have to be adhered to:

a) Availability of approved list of missed health commodities from MSD/ list of non-supplied based on submitted order with its respective invoice/or approved non-MSD catalogue.
b) Availability of funds to cater for the intended expenditure (PPRA procurement procedural form No. 2).
c) Existence of a functional Health Facility Governing Committee/ Medicine and Therapeutic Committees for approving Prime vendor transactions.
d) Availability of appropriate ordering documents, e.g. Call-off order or Local purchasing order (LPO).
e) Availability of a prime vendor contract.
f) Compliance with contractual requirements.
g) Timely meeting contractual obligations, including settling outstanding debts.
h) Availability of acknowledgement receipts to support effected payments.

4.3 Health Commodities Identification and Order Preparation

Health facility staff (Pharmacist/ Health Commodity Custodian) in collaboration with Health facility Governing Committee/Medicine and Therapeutic Committees shall prepare order through the following steps:

Step	Procedure	Responsible
1	Prepare an order of health commodities from the list of missed health commodities from MSD against a particular order within three working days after receiving out of stock notification from MSD.	Health commodity stores in charge
2	Establish and confirm availability and adequacy of funds to cover the cost of items to be ordered by sources. If funds are not adequate, reduce the ordered items based on VEN (Vital, Essential, Nice to have) classification to reconcile with available funds. **Note:** Orders to Prime Vendor shall be requested when funds are available. Some of the sources of funds for the purchase of additional supplies include: • NHIF • CHF • User fees • Basket/donor funds; and • Any other sources of funds, if available	The health facility in charge Council Pharmacist, Hospital Pharmacist
3	To issue **Call off Order/ LPO** signed by the Council Pharmacist and Council Medical officer(For Council Hospital, Health Centres and Dispensaries)	Council Pharmacist/ DMO
4	Approve funds for the procurement of health commodities from the Prime Vendor.	MTC/HFGC
5	Ensure that you have a copy of the minutes/resolution of the Health Facility Governing Committee/ Medicine and Therapeutics Committee that authorized the use of such funds to purchase the needed health commodities.	The health facility in charge Medical Officer In-charge

Step	Procedure	Responsible
6	Forward the order to: • Council Medical Officer for dispensary and health centres for aggregation and submission of orders to Prime Vendor Medical Officer-in-charge	HF In-charge Council Pharmacist Hospital Pharmacist
7	Maintain a register to record the following order particulars: • Date forwarded. • Value of the order, at Prime Vendor prices. • The actual date the order was delivered. • Inspection results of goods received (see separate procedures for the inspection of delivered health commodities). • The actual date the order was distributed to dispensary and health centers.	Council Pharmacist Hospital Pharmacist

Note: For Council or District Designated Hospitals (DDH), the generated LPO/Call-off order shall be forwarded directly to the Prime Vendor after approval by the respective authority, copying DPharm and RPharm.

4.4 Health Commodities Order Compilation and Submission

Council Pharmacist/Council Hospital Pharmacist shall aggregate health commodities orders from health facilities and Hospital Departments.

The following are the general steps to aggregate orders:

Step	Procedure
1	Council Pharmacist shall compile orders from health facilities within five days
	For the case of council hospital, all orders shall be aggregated by the head of the pharmacy in close collaboration with MTC members
2	MTC shall review correctness, accuracy, the rationale of orders and availability of funds. Verify: Product names, quantities and unit of sale, the correctness of prices compared to contract prices and grand totals.
3	Consolidate the orders as per annex 1 (Prime Vendor council order compilation form) copied to: 1. Original – to Prime Vendor 2. Copy – prime Vendor council file

	3. Copy – regional Prime Vendor Coordinator 4. Copy- Hospital Prime vendor transaction file
4	Council must submit consolidated facility orders to the prime vendor within three days of receiving primary health facility orders **Note: *Since prices are contractually fixed, there shall be no need to request for a proforma invoice from the Prime Vendor.***
5	Regularly check with the prime vendor for the timely delivery of ordered commodities as per Contract.
6	As soon as the Prime Vendor communicates dates of delivery, alert the relevant health facility, the expected dates of delivery of their orders.
7	To facilitate ease of communication and for tracking the performance of the system and the Prime Vendor, maintain a register with the following columns: 1. Date, orders forwarded to PV; 2. Date, orders delivered by PV to the Council/ hospitals; 3. Value of the order at Prime Vendor contractual prices; 4. Number of items ordered & items delivered per facility; 5. Prime Vendor Order fulfilment rate per facility; 6. Date, orders delivered to the health facility by the DMO for dispensary and health centres; and 7. Date payment made against a particular order by the facility.

4.5 Receiving and Inspecting Health Commodities

The following are steps to receive and inspect health commodities at the Council and Council hospital:

Step	Procedure
Invitation of the inspection and receiving committee (HFGC/MTC) to inspect and receive consignment delivered by the Prime vendor	
1	As soon as the notification of consignment delivery is received at the Council and Council hospital, make a written invitation to members of Inspection and Receiving Committee to participate in the inspection and receiving the delivered consignment. The inspection shall be done in the presence of the Prime Vendor representative.
Preliminary inspection at Council level	
2	Group the packages by individual health facility
3	Inspect the packages and boxes to ensure they have not been opened or tampered with or damaged. If there is any evidence of being opened or tempered with, note such observations in the verification and claim form

Step	Procedure
4	Verify the actual/physical number of packages received against the Prime Vendor official Packing List/Delivery Note. If there are any discrepancies in the number of packages, note such observations in the verification and claim form In case of damages to outer packages and boxes, e.g. with liquid oozing out of containers, extensively damaged outer packages and boxes, such packages and boxes should be opened to verify the extent of damages.
Detailed inspection at the facility level	
1	Open each outer package and/or box.
2	Confirm and verify individual product specifications and "preferred pack size" as ordered. If pack sizes and other specifications do not conform to what was ordered, note these anomalies in the verification and claim form
3	Confirm and verify the "quantities" of the individual product ordered against what has been supplied as per delivery note/invoice. If there are any quantity differences, note them in the verification and claim form
4	Inspect individual product primary containers for damages If significant damages are noted to any of the primary product containers, making the product unsafe for use or unusable, note this anomaly in the verification and claim form
5	For each product batch received, examine labels, labelling, the language of labels and primary containers seals. If there are any discrepancies, note such observations in the verification and claim form
6	Verify that labels and package inserts are in acceptable language; that the writing on labels and labelling is as per Contract, i.e. in English and or Kiswahili; If the language of the labels and package insert is not in English or Kiswahili, include the observation in the verification and claim form
7	Verify that the storage conditions of the product are indicated on the labels and package inserts. If there are any discrepancies, note such observations in the verification and claim form
8	Verify expiry dates of each product batch received. **Note:** Items should have a minimum of 80% of the remaining shelf life at the time of receiving (except for Laboratory reagents which needs special consideration) If there are any expired products, such products should be rejected

Step	Procedure
	and noted on the verification and claim form.
9	In case a product is suspected of being fake or substandard, such product should be Noted and reported to TMDA

4.6 Prime Vendor Payment Process

Prime vendor shall be paid after the Inspection committee (HFGC/MTC) has confirmed receipt of ordered health commodities. Payment to Prime Vendor shall be made based on the following steps:

Step	Procedure
1	Supporting documents: a) Invoice of MSD with a list of missed items/MSD out of stock notification; b) HFGC/MTC approval (minutes/resolution); c) Original copy of call-off order/LPO; d) Original copy of Prime Vendor invoice; e) Original copy of Prime Vendor Delivery Note; and f) Inspection and Receiving Report by the HFGC/MTC. g) Schedule of requirements with contract prices.
2	After ensuring that the above documentation is in order, prepare two types of payments: Payment #1: Payable to Prime Vendor –equivalent to the total amount for the goods received minus 2% withholding tax Payment #: 2: Payable to TRA (as the deducted withholding tax).
3	Obtain bank deposit slip/remittance and make an extra copy to be submitted to Council Medical Officer/ Hospital Medical In-charge/ Hospital Director– as proof of payment of the consignment received. Make sure you receive an acknowledgement receipt for the payment made. The vendor must provide an EFD receipt and make a copy immediately upon receiving it to avoid being illegible with time.

Step	Procedure
4	The following records should be maintained in respect of all payment transactions made to Prime Vendor: a) Original copy of bank deposit/remittance; b) Original copy of acknowledgement receipt (EFD receipt) from the Prime Vendor for the payment made. Make a copy of the EFD receipt before it becomes illegible and is attached; c) Copy of receipt of payment made to TRA; and d) Share with a prime vendor copy of acknowledgement receipt against withholding tax paid to TRA.

CHAPTER 5: CONTRACT MANAGEMENT

5.1 Performance of the Prime Vendor (supplier performance)

The performance of the Prime Vendor shall be measured every month based on the following indicators;

5.1.1 Quality of the Product

The indicator measures the physical quality of products in terms of physical appearance (packaging, labels and labelling, the language of labels, damages, colour changes, etc.) observed at the inspection and receiving of the consignment and during regular use of products.

5.1.2 Order fulfilment rate

The Prime Vendor order fulfilment rate shall be measured based on the number of items delivered against the total amount of items ordered and shall be calculated as a percentage as follows:

$$\textbf{Order Fulfillment rate} = \frac{\text{Number of items received} \times 100}{\text{Total number of items Ordered}}$$

5.1.3 Shelf life at the time of delivery

This indicator gives a measure of the remaining useful shelf life of a product. Health commodities supplied by a prime vendor should have a minimum of 80% remaining shelf life.

5.1.4 Delivery Lead-time

This indicator measures the efficiency and compliance of the Prime Vendor in meeting contractual delivery lead times. A vendor must comply with agreed delivery lead times of 14 days for all orders to ensure that the needed products arrive timely for patient use. For items requiring special arrangements for its delivery with the delivery lead time extending beyond 14 days, for example, some diagnostic equipment, a separate delivery lead time shall be agreed upon between the two parties. The agreed lead time shall be stipulated in the corresponding Call off Order. If items are not supplied within the specified 14 days, there shall be official communication between the Prime vendor and Health facility.

5.1.5 Delivery Point

Ordered health commodities should be delivered to contractual/agreed destination; doing otherwise may jeopardize the timely use of such health commodities. This indicator ascertains vendor compliance with providing ordered products to the agreed destination point.

5.1.6 General Quality of Communication

This indicator measures the quality of communication between the Procuring Entity and the vendor. Quality of communication in this respect refers to:

a) Promptness in responding to query and/or request for information from Council/ Hospital/ Entity representatives and vice versa.
b) Accuracy and usefulness of the information provided
c) The general feeling of satisfaction during and after communication with the PV representative

5.1.7 Meeting Contractual Obligation

a) Procuring Entity

All Procuring entities shall be obliged to procure all supplementary health commodities from the approved Prime Vendor and shall produce evidence of such items when these are out of stock or insufficiently supplied or not included in Medical Stores Department (MSD) price catalogue.

Procuring entities, after receiving supplies, shall be required to effect the payment within 21 days upon full delivery of an order. The performance of procuring entities shall be measured every month based on the following indicator;

I. Payment of outstanding debts,
II. Timely submission of orders,
III. The number of emergency orders submitted.

b) Prime vendor

The Prime vendor, on the other hand, is obliged to timely deliver a full supply of health commodities as requested by the Procuring entity as specified in terms and conditions of the Contract. The products to be supplied shall strictly be of acceptable quality and specification.

c) Coordination committee

The committee shall be responsible for preparing monthly contract management performance report and submit before the technical committee for review and PMU for consideration no later than day 5 of the coming month. The contract management performance report prepared by the council coordination committee shall be submitted before the regional technical committee and PMU for review and consideration, respectively, not later than day 5 of the coming month.

5.1.8 Contract review

Objective: To enable both parties to propose, discuss and make agreement on contract changes including price increase or decrease of some specified items in order to maintain best value for money of health commodities in the event of any change which may be caused by any of the factors mentioned below.

If any of the parties raised concern, the agreement should be subject to appraisal with the consent of the two parties if deemed necessary. During the contract review, the following areas should be considered:

a) Contract price;
b) Schedule of requirements of health commodities;
c) Any change in policy or legal obligation in the provision of health services;
d) General and specific conditions specified in the contract document; and
e) Any other matters noted during the implementation of the Contract.

In the event of a price revision, the interested party shall give the other party at least 14 days' notice of any price increase or decrease. Criteria for price review shall be based on any of the following:

a) Registered increase or decrease in the market price for health commodities;
b) A substantial increase in inflation rate with evidence of impact on the price of health commodities;
c) Change on the base statutory charges due to the introduction of new taxes, duties or levy both totals affecting the cost of ownership of health commodities;
d) Change in a pack size of health commodities due to regulatory requirements; and
e) Change in the schedule of requirements of health commodities.

The revised prices shall not become effective until it is agreed in writing between the parties to the Contract.

The Following procedures gives a summary of the contract review process:

PMU should obtain price change requests in writing from the affected party (Public Procurement Regulation section 61); PMU in collaboration with user department should review the request of price changes; PMU should submit the recommendations to accounting officer for request of meeting between two parties; PMU organize and conduct the meeting between two parties to reach agreement; PMU should submit the reached agreement to Accounting Officer for approval; PMU submit the addendum to legal department for vetting; PMU submit vetted addendum to Prime Vendor for consent; PMU submit vetted addendum to Accounting officer for signing

5.1.9 Contract Closure

Contract closure includes activities and interactions needed to settle and close any contract agreements.

The Prime Vendor must have completed all components of his deliverables. The health commodities that PV was responsible for delivering must have been completed adequately in regards to the quality of the product and also must have been delivered on time (or as per an extension that was agreed upon by all parties).

The procuring entity must have accepted the deliverables and agreed that they were delivered as promised within the Contract. Also, the procuring entity must have completed all financial obligations to the Contract. All payments, including any final post-deliverable payment, must have been received by the prime vendor before an agreement can officially be considered closed.

5.1.10 Contract Termination

The Client or vendor may terminate the Contract by serving a written notice of not less than 30 days of its intention to terminate the Contract in the event of failure of either party to the agreement to meet its contractual obligations as per conditions of the Contract.

5.1.11 Record management

The Procuring Entity shall ensure that files are available to provide documentary evidence of conformity to the requirements of an effective quality management system. All the procedures must be documented, and a records control system should be in place for identification, storage, protection, retention, and disposition of records. The records should remain legible, readily available and retrievable when needed.

Procurement records include all documents relevant to the pre-tendering, tendering and contract administration phases. It should be possible to reconstruct the entire procurement and contract administration processes from these records. Every event in the procurement process must be recorded, and all documents appropriately filed. This is important to maintain an audit trail of the requirement from the initial receipt of the procurement requisition to the closing out of the Contract.

The Health facility shall maintain the procurement and contract records of each requirement. The Health facility develops the filing system and maintains a complete file on the entire procurement and contract administration processes for each provision. Although the procuring entity maintains all records, the health facility responsible for contract administration should also keep working copies of relevant documents while sending pertinent documents to the procuring entity and other entities (such as finance) as determined in the contract administration plan.

CHAPTER 6: MONITORING AND EVALUATION OF THE PVS

For the smooth operation of the Prime Vendor System, there is a need for monitoring and Evaluation that helps strengthen the performance of the Prime Vendor (as a supplier) and the overall organization of the PV system management using relevant records and indicators.

The Procuring Entity and PORALG shall have a system to monitor and evaluate the performance of the PVS. The main areas involved shall include monitoring the performances of the prime vendor (as a supplier), health facility and the entire system in terms of organization and management:

6.1 Monitoring the performance of the Prime Vendor (supplier performance)

The performance of the Prime Vendor, on a scale of 0–100%, will be monitored by Councils every month using the dashboard below showing the six (6) indicators and their relative weights:

#	Performance Indicator		Standard Score (Weight)	Score measured
1	**Overall Physical Product Quality (incl. quality of packing, labels and labelling)**		**25% Proportional**	
	Excellent-25%; Good-15%; Satisfactory-10%; Poor -0% for any quality problems			
2	**Service level (order fulfillment rate) (by number of items delivered vs items ordered)**	Full delivery	**40% Proportional**	
		Partial Delivery		
3	**Shelf life remaining at the time of delivery (acceptable 80%)**	Conform	**10%**	
		Fail		
4	**Delivery lead time**	Conform	**15%**	
		Fail		
5	**Delivery point**	Conform	**5%**	
		Fail		
6	**The general quality of communication**		**5% Proportional**	
	Excellent-5%; Good-3%; Satisfactory-2%; Poor-0%			
Total (standard) Score:			**100%**	
Excellent (95%-100%); Good (80%-94%); Satisfactory (65%-79%); Poor (<65%)				

6.2 Monitoring the performance of the system (organization and management)

System performance will be monitored on a monthly basis using the following five (5) indicators:

#	Performance measure	Indicator
1	**Medicines availability**	Medicines availability based on the selected list of items
2	**Medicines sufficiency**	The months of stock (MOS) available for the selected list of items
3	**Satisfaction with PV**	Proportion (%) of HFs satisfied with the services of the PV
4	**Satisfaction by PV**	Prime Vendor satisfaction with the organization and management of the PVS operations
		Optional
5	**ABC cost analysis**	ABC cost analysis (by the entity: HFs, Council, region, Referral hospital, etc.) → for the determination of rational purchases, e.g. to identify which: (a) Products consumed the largest share of funds used for purchases from the PV= the top 10-20 items that consumed 80% of purchases from PV and or MSD (b) Therapeutic categories consume the largest share of funds used for purchases from the PV

6.3 Monitoring the performance of the procuring entity

Procuring entity performance will be monitored every month using the following five (5) indicators:

#	Performance measure	Indicator
1	**Delivery time**	The average number of days taken to deliver HFs consignment from council headquarters to respective HFs
2	**Payment time**	The average number of days it took to pay the Prime Vendor.
3	**Communication with PV**	Compliance with communications
		Documentation of communications
		Confirmation of communications
4	**Performance of Prime Vendor Management structures**	Availability of PV committees
		The functionality of PV committees
		Documentation of PV transactions
5	**PV utilization rate**	Number of orders and value placed (by HFs at the council)

To execute Monitoring and Evaluation, all parties involved need to keep up to date records for all transactions conducted by both parties daily. Verification of M& E data and backstopping shall be done bi-annually by RPVTC, MTC and PORALG. Reports of the M&E exercise conducted shall be submitted to the National PVS coordinator for subsequent sharing to NPVTC. Health Facilities shall monitor the daily implementation of the PVS. Reports shall be submitted to RPVTC and MTC Meetings monthly. Monitoring and Evaluation and backstopping reports conducted by RPVTC shall be submitted before the RHMT for consideration. .

Coordination teams at all levels through regular meetings shall oversee and evaluate the reports submitted from the M&E exercise and provide required assistant and support.

Note:

To have uniform/National methods for the computation of the mentioned M&E indicators, a handbook for monitoring and Evaluation of the implementation of the Prime Vendor system is available.

ANNEXES

Annex 1: Call-off Order

Call-Off Order

Under the Framework Agreement

Tender Number: [insert tender number]

Contract Number: [insert contract number]

Call-Off Order Reference No: [insert reference number created by PE for internal use]

Purchaser: [insert name of PE]

Supplier: [insert name of Vendor]

Date of Call-Off Order: [insert date]

1. The Purchaser indicated above issues this call-off order for the procurement of health commodities under contract number…….. above entered between you and the (Insert the name of PE)
2. This call-off order is subject to the terms and conditions of the Contract. In the event of a conflict, between this call-off order and the Contract, the Contract shall prevail.
3. The following documents shall be deemed to form and be read and construed as part of this call-off order:
    a) The Contract signed between (Insert the name of PE) and the vendor
    b) The Technical Specifications; /Statement of Requirements
    c) The General Conditions of the Call-off Order;
    d) The Special Conditions of the Call-off Order
    e) Other essential documents
4. In consideration of the payments to be made by the Purchaser to the vendor as hereinafter mentioned, the vendor hereby covenants with the Purchaser to provide the attached list of Health commodities and to remedy defects therein in conformity in all respects with provisions of the Call-off Order.
5. The Purchaser hereby covenants to pay the Suppliers in consideration of the provision of the attached list of Health Commodities and the remedying of defects therein, the Contract Price or such sum as may become payable under the provisions of the Call-off Order at the terms and in the manner prescribed by the Call-off Order.
6. The Purchaser has issued this Call-off Order to the vendor as listed hereunder in the sum of [insert amount in figures and words] per the terms and conditions agreed in the Contract and Call-off Order.

List of Supplies required and Prices:

#	Description of Supplies	Unit of Measure/ pack size	Quantity	Unit Price Amount	Amount (Tshs)
GRAND TOTAL					

Modified Terms and Conditions of Call-off Order:

i) [insert specific terms and conditions]

ii) Your invoice should be submitted together with the original Call-off Order.

iii) Delivery shall be completed on [insert delivery period], after which the order shall be cancelled.

iv) Goods or Services shall be delivered to [insert specific delivery point]

7. Please sign and return this call-off order to the Purchaser indicated above within three working days after the receipt. After that, proceed with delivering the supplies or provision of services mentioned in paragraph 6 above, following the delivery period specified in this call-off order.

FOR PURCHASER:

Signed by:

Name:

Position: [official stamp]

FOR SUPPLIER:

Signed:

Name:

Position: [official stamp]

Annex 2: Verification and Claim Form

VERIFICATION AND CLAIMS FORM

UNITED REPUBLIC OF TANZANIA

MINISTRY OF HEALTH COMMUNITY DEVELOPMENT GENDER ELDERLY AND CHILDREN

Name of Health Facility ……..……. Cycle ……..…….... Group ……

Invoice No. …….. Vehicle Number ……..…….

Driver's Name ……
Signature……..……Date……

Physical count and verification of Received Items

1. Item Ordered but not received accordingly			
Order Form	Item Description	Quantity Ordered	Quantity Received
2. Items close to expiring (3 months to expire)			
Item Code	Item Description	Quantity	Expiry Date

3. Discrepancy

3.1 Breakages					
Invoice No.	Item Code	Item Description	Unit	Quantity	Remarks

3.2 Invoiced but not received							
Invoice No.	Item Code	Item Description	Unit	Invoiced Quantity	Received quantity	Shortage Quantity	Remarks

3.3 Over Issued							
Invoice No.	Item Code	Item Description	Unit	Invoiced Quantity	Received Quantity	Quantity in Excess	Remarks

Name of HF in-charge
…….……Signature…….,…….……..…..Date
……..…...

Name of Witness 1
…….Signature…….……..Date
……..…...

Name of Witness 2
…….Signature…….……..Date
……..…...

Name of Witness 3
…….Signature…….……..Date
……..…...

Approved by:

Seen and forwarded to the vendor

Name……

Signature……..Date ……..……..

Annex 3: Order Compilation Form

ORDER COMPILATION

District /Region _____

Group: (A, B, or C) _____ Beginning Month: _____ Ending Month: _____ Year: _____

S/NO.	Dispensary or Health Center Code	Dispensary or Health Center Name	Approved Cost of Order	Supplemental Funds Used
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
		Total:		

Cheque enclosed with order to cover supplemental funds used:

Cheque number: _____

Cheque dated: _____

Cheque in the amount of: _____

Submitted to MSD on (date): _____

DMO Signature: _____

THE UNITED REPUBLIC OF TANZANIA

PRESIDENT'S OFFICE

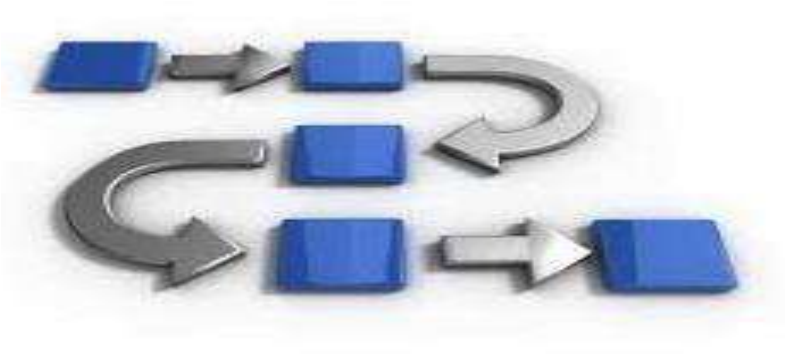
REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

PRIME VENDOR SYSTEM

STANDARD OPERATING PROCEDURES

FOR

COUNCILS & PUBLIC HEALTH FACILITIES



MARCH 2022

Contents

PREFACE

In general, communities equate the quality of health care with the availability of medicines and other essential supplies. Understandably, they perceive health services to be poor when essential supplies are not available and they have to buy them from private medical outlets. On the other hand, clinicians primarily depend, among other inputs, on the availability of essential medicines and supplies to provide adequate health care.

As Medical Stores Department (MSD) is the mandated sole supplier for public health facilities in the country, its performance directly impacts service delivery at all levels of the public health delivery system. Regional and Local Government Authorities (RLGAs) may purchase from private suppliers in case of stock-out at MSD using their complementary funds (e.g. User fees, CHF, NHIF, etc.). However, this procedure is lacking transparency, is bureaucratic and uneconomic, and it prolongs lead-time for delivery of supplies.

Consequently, alternative strategies are needed to fill the supply gap and to complement the public sector supply system. While MSD will remain the backbone for medicines supply, the President's Office, Regional Administration and Local Government (PO-RALG) has established Prime Vendor System (PVS) whose primary objective is bridge the gap of what cannot be obtained from MSD to improve availability of health commodities in public health facilities.

In this regard, Prime Vendors for each lot in the regions are selected based on Good Procurement Practice to constitute the PVS.

The PVS is financed with complementary funds at health facility level such as cost sharing/user fees, health insurance schemes (e.g. CHF, NHIF, among others), health basket funds, Results Based Financing (RBF), etc.

Prices from the appointed and contracted suppliers are fixed and comparable to MSD.

The supplementary health commodities supplies are of assured efficacy, safety and quality in accordance with MoH and TMDA standards.

Each region operates a PVS office represented by a PVS coordinator and other dedicated staff. The office, using an M&E framework closely monitors the performance of the system and the supplier.

This handbook consists of six (6) Standard Operating Procedures (SOPs) that guide the operations of the system. The six SOPs are:

1. Quantification of needs at health facility
2. Health facilities order consolidation – at council and hospital level
3. Receiving & Inspection of consignments from the Prime Vendor – at council and health facility level
4. Payment to Prime Vendor – by health facilities
5. Communication modalities
6. Contract negotiation
7. Contract review

USE OF THIS HANDBOOK

The handbook should be used as a reference guide to PVS Standard Operating Procedures (SOPs). Staff should therefore make reference to the relevant procedure(s) in accordance to their responsibilities in the health care system.

SOPs number 1 – 6 in this handbook direct and guide operations within council health facilities (dispensaries, health centers and hospitals).

A separate M&E framework handbook is available guiding M&E activities of the Regional Prime Vendor Coordination Office and council Pharmacists.

SUMMARY OF SOPs AND DIRECTLY ACCOUNTABLE OFFICIALS

SOP Title	Accountable Official/Unit	Level
1. Quantification of needs – at health facility	• Health facility staff (at dispensaries, health centers and hospitals) responsible for placing health commodities orders	➢ Health facility
2. Health facilities order compilation – at council and hospital level	• Council Pharmacist or the relevant delegated pharmaceutical staff responsible for placing health commodities orders	➢ Council
3. Receiving & Inspection of consignments from Prime Vendor at council and health facility levels.	• District Pharmacist • Inspection & Receiving Committee	➢ District
4. Payment to Prime Vendor – by health facilities	• Primary Health Facility or Medical Officer I/C • Council Pharmacist	➢ Health facility
5. Communication modalities	• The Prime Vendor • PV Coordination Office • Cross-cutting at all level (districts/councils, health facilities and PV Coordination Office)	➢ All
6.Contract negotiation	• PVTC • RPMU • The Prime vendors	➢ Region
7.Contract review	• PVTC • RPMU • The Prime vendors	➢ Region

SOP #1: QUANTIFICATION OF NEEDS – AT PRIMARY HEALTH FACILITY

SOP No. 1	**MARCH 2022**
Version 2:	**MARCH 2022**
Next review date:	**JUNE 2023**
Prepared by:	**PVS National Coordination Committee**
Approved by	**PO-RALG**

Objective

The objective of this Standard Operating Procedure (SOP) is to outline steps and procedures that must be adhered to and records that must be kept by Health Facility Staff (HFS) responsible for determining order quantities for purchases to be made from the Prime Vendor.

Accountable official

- Health facility staff (at dispensaries, health centers and hospitals) responsible for placing health commodity orders

Step/Procedure

Step	Procedure
1.	Prepare an order of health commodities from the list of missed health commodities from MSD against a particular order within three working days after receiving out of stock notification from MSD.
2.	Establish and confirm availability and adequacy of funds to cover the cost of items to be ordered by sources. If funds are not adequate, reduce the ordered items based on VEN (Vital, Essential, Nice to have) classification to reconcile with available funds. Note: Orders to Prime Vendor shall be requested when funds are available. Some of the sources of funds for the purchase of additional supplies include: • NHIF • CHF • User fees • Basket/donor funds; and • Any other sources of funds, if available

3.	Ensure funds for the procurement of health commodities from the Prime Vendor have been approved. Note: Attach a copy of the minutes/resolution of the Health Facility Governing Committee/ Medicine and Therapeutics Committee that authorized the use of such funds to purchase the needed health commodities.
4.	Issue Call off Order of health commodities verified by HFGC/MTC
5.	Forward the Call – Off order to; a. Council Medical Officer for dispensary and health centres for approval and submission to Prime Vendor b. Medical Officer-in-charge for Council Hospital for approval and submission to Prime Vendor **Note:** For Council or District Designated Hospitals (DDH), the approved Call – off order shall be forwarded directly to the Prime Vendor **copying Council Pharmacist and Regional PVS Coordinator**
6.	Maintain a register to record the following order particulars: • Date forwarded. • Call – Off Order reference number • Sales Invoice number • Value of the order, at Prime Vendor prices. • The actual date the order was delivered. • Date and Inspection results of goods received (see separate procedures for the inspection of delivered health commodities). • The actual date the order was distributed to dispensary and health centers.

Annex 1 - : Call - off order

Call-Off Order

Under the Framework Agreement

Tender Number:	[insert tender number]
Contract Number:	[insert contract number]
Call-Off Order Reference No:	[insert reference number created by PE for internal use]
Purchaser:	[insert name of PE]
Supplier:	[insert name of Vendor]
Date of Call-Off Order:	[insert date]

1. The Purchaser indicated above issues this call-off order for the procurement of health commodities under contract number…….. above entered between you and the (Insert the name of PE)

2. This call-off order is subject to the terms and conditions of the Contract. In the event of a conflict, between this call-off order and the Contract, the Contract shall prevail.

3. The following documents shall be deemed to form and be read and construed as part of this call-off order, viz:

    a) The Contract signed between (Insert the name of PE) and the vendor

    b) The Technical Specifications; /Statement of Requirements

    c) The Conditions of the Call-off Order;

    d) The Special Conditions of the Call-off Order

    e) Other essential documents

4. In consideration of the payments to be made by the Purchaser to the vendor as hereinafter mentioned, the vendor hereby covenants with the Purchaser to provide the attached list of Health commodities and to remedy defects therein in conformity in all respects with provisions of the Call-off Order.

5. The Purchaser hereby covenants to pay the Suppliers in consideration of the provision of the attached list of Health Commodities and the remedying of defects therein, the Contract Price or such sum as may become payable under the provisions of the Call-off Order at the terms and in the manner prescribed by the Call-off Order.

6. The Purchaser has issued this Call-off Order to the vendor as listed hereunder in the sum of [insert amount in figures and words] per the terms and conditions agreed in the Contract and Call-off Order. General

List of Supplies required and Prices:

#	Description of Supplies	Unit of Measure /pack size	Quantity	Unit Price Amount	Amount (Tshs)
GRAND TOTAL					

Modified Terms and Conditions of Call-off Order:

v) [insert specific terms and conditions]

vi) Your invoice should be submitted together with the original Call-off Order.

vii) Delivery shall be completed on [insert delivery period], after which the order shall be cancelled.

viii) Goods or Services shall be delivered to [insert specific delivery point]

7. Please sign and return this call-off order to the Purchaser indicated above within three working days after the receipt. After that, proceed with delivering the supplies or provision of services mentioned in paragraph 6 above, following the delivery period specified in this call-off order.

FOR PURCHASER: **FOR SUPPLIER:**

Signed by: Signed by:

Name: Name:

Position: [official stamp] Position: [official stamp]

Copies distribution:
- 1 – original – Health Facility File
- 1 – Council Pharmacis

2: HEALTH FACILITIES ORDER COMPILATION – AT COUNCIL AND HOSPITAL LEVEL

SOP No. 2	**MARCH 2022**
Version 2:	**MARCH 2022**
Next review date:	**JUNE 2023**
Prepared by:	**PVS National Coordination Committee**
Approved by:	**PO-RALG**

Objective

The objective of this SOP is to outline steps that must be adhered to, records that must be kept and copies of which should be forwarded to the Regional Coordination office by Council Pharmacists responsible for the consolidation of health facility orders and their subsequent forwarding to Prime Vendor.

Accountable official

- Council Pharmacists or the relevant delegated pharmaceutical staff responsible for placing health commodity orders.

Step/Procedure

Step	Procedure
1.	Council Pharmacist shall compile orders from health facilities within three days For council hospital, the Hospital Pharmacist in close collaboration with MTC members shall aggregate all orders. MTC shall review correctness, accuracy, the rationale of orders and availability of funds.
2.	Verify; Product names, quantities and unit of sale, the correctness of prices compared to contract prices and grand totals.

3	Submit to Prime Vendor the approved Call – Off Order
	
	Note:
	• Ensure all Call – Off Order are submitted together within three days of receiving HF orders
	• There will be no waiting for any additional orders from HFs after three days
	• Since prices are contractually fixed, there shall be no need to request for a proforma invoice from the Prime Vendor.
	• Copy distribution:
	  ○ Original – HFs Vendor Transaction file
	  ○ Copy – prime Vendor council file
	  ○ Copy – regional Prime Vendor Coordinator

	○ Copy – Prime vendor

4.	Regularly check with the PV for the timely delivery of ordered commodities as per contract.
5.	As soon as the Prime Vendor communicates dates of delivery, alert the relevant health facility the expected dates of delivery of their orders at the district headquarters.
6.	To facilitate ease of communication and for tracking the performance of the system and the Prime Vendor, maintain a register with the following columns: • Date, orders forwarded to PV; • Date, orders delivered by PV to the Council/ hospitals; • Call – Off order reference number • Sales Invoice number • Value of the order at Prime Vendor contractual prices; • Number of items ordered per facility; • Number of items delivered per facility; • Prime Vendor Order fulfilment rate per facility; • Date, orders delivered to the health facility by the DMO for dispensary and health centres; and • Date, payment made against a particular order by the facility.

3: RECEIVING AND INSPECTION OF CONSIGNMENT FROM PRIME VENDOR AT COUNCIL AND HEALTH FACILITY LEVEL

SOP No. 3	**MARCH 2022**
Version 2:	**MARCH 2022**
Next review date:	**JUNE 2023**
Prepared by:	**PVS National Coordination Committee**
Approved by:	**PO-RALG**

Objective

The objective of this SOP is to outline steps and procedures that must be adhered to and records that must be kept by Council Pharmacist/Hospital Pharmacist and the Inspection and Receiving Committee for all the consignments inspected and received from the Prime Vendor.

Scope

This procedure will be used during receiving and inspection of received consignments purposely for:

I. Offering opportunity to verify PV compliance to specifications, terms and conditions of the Contract;
II. Offering opportunity to discover any damages or losses that may have occurred during transportation; and
III. Contract enforcement procedures and often helps to resolve disputes with suppliers.

Responsible person

Council Pharmacist/Hospital Pharmacist and Inspection & Receiving Committee are responsible for ensuring this procedure is effectively implemented and maintained.

The following are steps to receive and inspect health commodities at the Council and Council hospital:

Step	Procedure
Invitation of the inspection and receiving committee (HFGC/MTC) to inspect and receive consignment delivered by the Prime vendor	
1	As soon as the notification of consignment delivery is received at the Council and Council hospital, make a written invitation to members of Inspection and Receiving Committee to participate in the inspection and receiving the delivered consignment. The inspection shall be done in the presence of the Prime Vendor representative.
Preliminary inspection at Council level	
2	Group the packages by individual health facility

Step	Procedure
3	Inspect the packages and boxes to ensure they have not been opened or tempered with or damaged. If there is any evidence of being opened or tempered with, note such observations in the verification and claim form(Annex 1a - SOP3 Verification and claim form)
4	Verify the actual/physical number of packages received against the Prime Vendor official Packing List/Delivery Note. If there are any discrepancies in the number of packages, note such observations in the verification and claim form In case of damages to outer packages and boxes, e.g. with liquid oozing out of containers, extensively damaged outer packages and boxes, such packages and boxes should be opened to verify the extent of damages.
Detailed inspection at the Council level	
1	Open each outer package and/or box.
2	Confirm and verify individual product specifications and "preferred pack size" as ordered. If pack sizes and other specifications do not conform to what was ordered, note these anomalies in the verification and claim form
3	Confirm and verify the "quantities" of the individual product ordered against what has been supplied as per delivery note/invoice. If there are any quantity differences, note them in the verification and claim form
4	Inspect individual product primary containers for damages If significant damages are noted to any of the primary product containers, making the product unsafe for use or unusable, note this anomaly in the verification and claim form
5	For each product batch received, examine labels, labelling, the language of labels and primary containers seals. If there are any discrepancies, note such observations in the verification and claim form
6	Verify that labels and package inserts are in acceptable language; that the writing on labels and labelling is as per Contract, i.e. in English and or Kiswahili; If the language of the labels and package insert is not in English or

Step	Procedure
	Kiswahili, include the observation in the verification and claim form
7	Verify that the storage conditions of the product are indicated on the labels and package inserts. If there are any discrepancies, note such observations in the verification and claim form
8	Verify expiry dates of each product batch received. **Note:** Items should have a minimum of 80% of the remaining shelf life at the time of receiving (except for Laboratory reagents which needs special consideration) If there are any expired products, such products should be rejected and noted on the verification and claim form.
9	In case a product is suspected of being fake or substandard, such product should be Noted and reported to TMDA
10	Retain a copy of the inspection & receiving report at PVS council file
Detailed inspection at the facility level	
1	Open each outer package and/or box.
2	Confirm and verify individual product specifications and "preferred pack size" as ordered. If pack sizes and other specifications do not conform to what was ordered, note these anomalies in the verification and claim form
3	Confirm and verify the "quantities" of the individual product ordered against what has been supplied as per delivery note/invoice. If there are any quantity differences, note them in the verification and claim form
4	Inspect individual product primary containers for damages If significant damages are noted to any of the primary product containers, making the product unsafe for use or unusable, note this anomaly in the verification and claim form
5	For each product batch received, examine labels, labelling, the language of labels and primary containers seals. If there are any discrepancies, note such observations in the verification and claim form

Step	Procedure
6	Verify that labels and package inserts are in acceptable language; that the writing on labels and labelling is as per Contract, i.e. in English and or Kiswahili; If the language of the labels and package insert is not in English or Kiswahili, include the observation in the verification and claim form
7	Verify that the storage conditions of the product are indicated on the labels and package inserts. If there are any discrepancies, note such observations in the verification and claim form
8	Verify expiry dates of each product batch received. **Note:** Items should have a minimum of 80% of the remaining shelf life at the time of receiving (except for Laboratory reagents which needs special consideration) If there are any expired products, such products should be rejected and noted on the verification and claim form.
9	In case a product is suspected of being fake or substandard, such product should be Noted and reported to TMDA
10	Retain a copy of the inspection & receiving report at PVS HF file

Annex **1a - SOP3 Verification and claim form**

Council Name:……Region Name……..

Full name of Health Facility: ……Date……

S#	Inspection area	Inspection Observations (Y/N)	Provide explanations
1	Evidence of tempering with outer boxes (Y/N)		
2	Extent of damages to outer boxes/packing material (Y/N)		
3	Product specification and preferred pack size received against ordered if different (Y/N)		
4	Quantities of individual product ordered are correct Y/N *If No, provide details in Annex 1b - SOP3 below.*		
5	Significant damages to primary product container (s) making it/them unfit for use (Y/N)		
6	Products without TFDA registration numbers (Y/N)		
7	Labels bear the name and address of the manufacturer (Y/N)		
8	Evidence of tempering with labels, cartons and primary containers (Y/N)		
9	Compliance to language of labels (Y/N)		
10	Storage conditions of the product indicated on labels (Y/N)		
11	Product complies to remaining shelf-life at time of receiving (Y/N)		
12	General quality of product is acceptable (Y/N)		

Annex 1b - SOP3: Quantity discrepancies

Quantity discrepancies

No #	Product Name	Pack Size	Shortage	Unit price (TZS)	Value (TZS)
1					
2					
3					
4					
5					

Certification:

This to certify that information provided in this report is true and correct.

No #	Name	Designation	Signature	Date
1.				
2.				
3.				
4.				
5.				

Annex 2 – SOP3: Format for receiving and collection register (at council level)

Name of Health Facility	Dates Goods received	Inspection Date	Date collected by Health Facility	Number of Packages collected	Name & Position of the official	Signature	Comments,if any

ANNEX 1 – SOP 3: INSPECTION & RECEIVING FORM – AT HEALTH FACILITY LEVEL

Name of Council: _____

Name of Health Facility: _____

#	Inspection areas	Inspection Results (Y/N)	Explanation
1	**Quantities** of individual products ordered per the specified preferred pack size received **against** what has been supplied - comply? Y/N. If NO - explain		
2	Significant damages to primary/individual product containers making it/them unfit for use noted (Y/N). If YES - explain		

Quantity discrepancies

No #	Product Name	Pack Size	Shortage	Unit price (TZS)	Value (TZS)
1					
2					
3					
4					
5					

Certification:

This to certify that information provided in this report is true and correct.

No #	Name	Designation	Signature	Date
1.				
2.				
3.				
4.				

SOP #4: PAYMENT TO PRIME VENDOR BY HEALTH FACILITIES

SOP No. 4	**MARCH 2022**
Version 2:	**MARCH 2022**
Next review date:	**JUNE 2023**
Prepared by:	**PVS National Coordination Committee**
Approved by:	**PO-RALG**

Objective

The objective of this SOP is to outline steps and procedures that must be adhered to and records thatmust be kept by Health Facility officers responsible for preparing and making payment to the Prime Vendor for supply of health commodities purchased from the Prime Vendor.

Accountable official

- Council Director
- Health Facility in-charge
- Council Pharmacists

Step/Procedure

Step	Procedure
1.	Payment to Prime Vendor shall be made from the following sources of funds: • NHIF • CHF • User fees • Basket/donor funds; and • Any other sources of funds, if available
2.	Payment to the Prime Vendor shall be made only after goods have been received and verified by the HFGC/MTC
3.	Payment to Prime Vendor shall be made on the basis of the following supporting documents: • Invoice of MSD with a list of missed items/MSD out of stock notification; • HFGC/MTC approval (minutes/resolution) • Original copy of call-off order/LPO; • Original copy of Prime Vendor invoice • Original copy of Prime Vendor Delivery Note • Inspection and Receiving Report by the HFGC/MTC

4.	After ensuring that the above documentation is in order, prepare two cheques: • Cheque #1: Payable to Prime Vendor – equivalent to total amount for the goods received minus 2% withholding tax e.g. The cheque amount will be equal to: total amounts of goods received = TZS 4,000,000 –(4,000,000 x 2/100) = 4,000,000 – 80,000 = **3,920,000 TZS.** **This will be the amount to be paid to Prime Vendor**
	• Cheque #: 2: Payable to TRA (as the deducted withholding tax). As per example above – the 2% is equal to 80,000. **This will be the amount to be paid to TRA**
5.	With payment voucher in hand deposit the PV payment/cheque amounting, for example the TZS 3,920,000 to PV bank account. Obtain deposit slip and make an extra copy to be submitted to Council Pharmacist – as a proof of payment of the consignment received. Make sure you receive an acknowledgement receipt for the payment made. The vendor must provide an EFD receipt and make a copy immediately upon receiving it to avoid being illegible with time.
6.	Request control number from TRA and then deposit the 2% Withholding Tax TRA cheque to bank account. As per the example above, the cheque will be equivalent to TZS 80,000. Submit bank payment slip to TRA and collect withholding tax certificate. Make copies of withholding tax certificates from TRA and bank payment slip in respect to the 2% Withdraw Taxes and submit to Council pharmacist
7.	The following records should be maintained in respect of all payment transaction made to Prime Vendor: At HF level • Original copy of bank deposit/payment to PV • Original copy of acknowledgement receipt (EFD receipt) from the Prime Vendor for the payment made. Make a copy of the EFD receipt before it becomes unreadable and is attached together. • Original copy of withholding tax certificate and bank payment slip in respect to payment made to TRA). At Council level • Copy of HF bank deposit/payment to PV • Copy of acknowledgement receipt (EFD receipt) from the Prime Vendor for the payment made by the health facility. • Copy of receipt of payment made to TRA (obtained from TRA).

SOP #5: COMMUNICATION MODALITIES

SOP No. 5	**MARCH 2022**
Version 2:	**MARCH 2022**
Next review date:	**JUNE 2023**
Prepared by:	**PVS National Coordination Committee**
Approved by:	**PO-RALG**

Objective

The objective of this SOP is to outline communication modalities that should be followed and adhered to when parties communicate, either through formal channels, verbal face-face conversations, telephone/mobile consultations, emails exchanges, and/or other forms of correspondences, in particular when contacting the PV on all matters related to orders and the supply of health commodities to public health facilities in the region. However all communication to the Prime vendor shall become documented through a formal letter or E-mail.

Accountable officials

- The Prime Vendor
- PV Coordination Officers
- Regional officials
- Council officials
- Primary health facilities

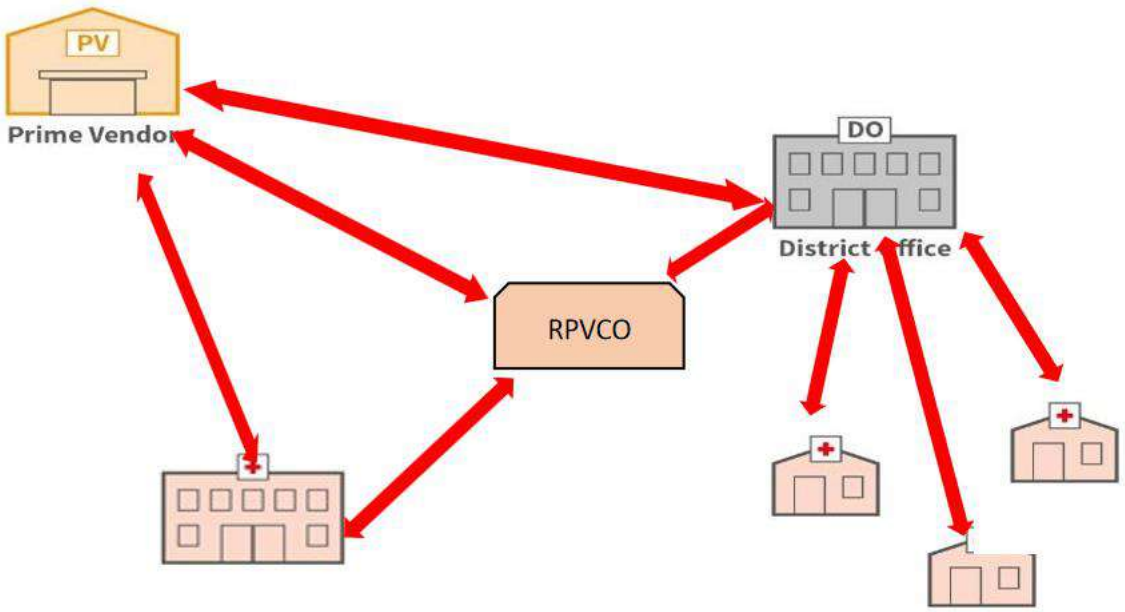
Step/Modality

Steps	Modality
1	Only HFs (dispensaries and health centers) in-charges or delegated officers, formerly introduced and known to the DMO, shall communicate with the DMO or Council PVS coordinator on all matters related to HFs orders placed with the PV.
2.	Council PVS coordinator shall communicate directly with the Prime Vendor appointed focalpoint/office, to be formerly introduced to, in all matters related to HFs orders.
3.	HFs i/c(Dispensary and HC) shall NOT communicate directly with the Prime Vendor focal point(s)/officer(s) and vice-versa.
4.	Only authorized Prime Vendor representative, formerly introduced to the Council shall communicate with the Council PVS coordinator on all matters related to HFs orders and other inquiries.

5.	Prime Vendor representative, shall not communicate directly with HFs on all matters related to HFs orders and/or any other inquiries.
6.	Only hospital MO i/c or delegated officer(s), formerly introduced to the PV, shall communicate directly with the PV on all matters related to hospital orders placed with the PV.

7.	Conversely, only authorized Prime Vendor representative, formerly introduced to the hospital, shall communicate with the MO I/Cs or delegated official of the hospital on all matters related to hospital orders and/or other inquiries.
8.	Other primary health facility and hospital staff are not permitted to communicate directly with the Prime Vendor or representative without written authorization from the MO in-charge of the hospital and DMO.
9.	Prime Vendor or representative shall not communicate directly with any other primary health facility or hospital staff without written authorization from the MO in-charge of the hospital and DMO.
10.	RPVCO can communicate directly with the Prime Vendor or representative, Council officials and health facilities officials on all matters related to PVS.
11.	All written correspondences with the Prime Vendor or representative by either Council officials or MO in-charge, on all matters related to orders, delivery time, quality issues, payments, etc. shall be copied to the RPVCO.
12.	All correspondences from the Prime Vendor or representative to either Council officials or Hospital MO in-charge, on all matters related to orders, delivery time, quality issues, payments, etc. shall be copied to the RPVCO.

Communication channels



SOP #6: CONTRACT NEGOTIATION

SOP No. 6	**MARCH 2022**
Version 2:	**MARCH 2022**
Next review date:	**JUNE 2023**
Prepared by:	**PVS National Coordination Committee**
Approved by:	**PO-RALG**

Objective

To guide the Negotiation team on procedures to be followed for reaching consensus against major contract specification variations or differences to avoid any future disagreement or dissatisfaction of levels of service and price variations leading to poor performance of the PVS:

Step	Procedure
1.	Obtain Tender Board approve for negotiation
2	Appointment of members for Negotiation team by accounting officer based on Public Procurement Regulation Section No. 226.
3	Identify variation specifications between procuring entity and proposed prime Bidder
4	Identify contradicting estimated costs established by procuring entity and quoted by proposed Bidder.
5	Negotiating team prepares negotiation plan (refer form No. 13) and obtain approval from Tender Board based on public procurement Regulation of 2013 and 2016 section No. 227.
6	PMU Organize and conduct negotiation meeting
7	Negotiation Team Prepares negotiation minutes (Public procurement Regulation of 2013 and 2016 section Regulation No. 228)
8	Negotiation team submits negotiation minutes to PMU
9	PMU submit negotiation minutes to regional prime vendor Technical Committee for verification
10	PMU should submit the verified minutes and recommendations of Negotiation Team to Regional Tender Board for award.

SOP #7: CONTRACT REVIEW

SOP No. 6	**MARCH 2022**
Version 2:	**MARCH 2022**
Next review date:	**JUNE 2023**
Prepared by:	**PVS National Coordination Committee**
Approved by:	**PO-RALG**

Objective

To enable both parties to propose, discuss and make agreement on contract price increase or decrease of some specified items in order to maintain best value for money of health commodities in the event of any change which may be caused by any of the following: substantial market price changes of health commodities, increase in inflation rate, changes in pack sizes of health commodities, and changes on statutory charges affecting the cost of health commodities;

Accountable officials

- Procuring Entity (Accounting officer)
- Prime Vendor

S/N	Description procedures
1	PMU should obtain price change requests in writing from the affected party (Public Procurement Regulation section 61)
2	PMU in collaboration with user department should review the request of price changes
3	PMU should submit the recommendations to accounting officer for request of meeting between two parties.
4	PMU organize and conduct the meeting between two parties to reach agreement.
5	PMU should submit the reached agreement to regional tender Board for approval
6	PMU prepare addendum for changes approved by Regional Tender Board.
7	PMU submit the addendum to legal department for vetting
8	PMU submit vetted addendum to Prime Vendor for consent
9	PMU submit vetted addendum to Accounting officer for signing