

## UNFPA

Policies and Procedures Manual

Policy and Procedures on Management of Programme Supplies

Technical Policies

Document title	Policy and Procedures on Management of Programme Supplies
Previous title	Inventory management (2012)
Policy objective	This policy and procedures outline the process for the management of programme supplies and identifies the control activities designed to mitigate the most significant risks inherent to this business process
Target audience	This policy and procedures apply to all UNFPA personnel involved in programme supplies management activities across all phases defined for this process, as well as to all implementing partners that receive programmes supplies procured with both streams of UNFPA funding.
Risk control matrix	Control activities that are part of the process are detailed in the <a href="#">Risk Control Matrix</a>
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**Table of contents**

I. Purpose	1
II. Policy	1
Key policy requirements	1
Definitions	3
Types of programme supplies	3
General definitions	4
Systems overview	8
OTS Terms	9
Roles and Responsibilities	10
III. Procedures	14
A. Supply quantification	15
Step 1 – Needs assessment and forecasting	15
Reproductive health commodities	15
Medical equipment	16
Humanitarian supplies	17
National coordination mechanisms	18
Forecasts and needs assessments review	19
Step 2 – Supply prioritization	19
Step 3 - Procurement planning	20
Procurement plan preparation	20
Procurement plan review and approval	20
Procurement plan implementation monitoring	21
B. Sourcing	22
Step 4 - Requisitions	22
Requisition creation	22
Procurement of Non-LTA items	23
Requisition approval	23
Requisition review	25
Requisition status monitoring	25
Step 5 – Sourcing	26

## UNFPA

### Policies and Procedures Manual

#### Policy and Procedures on Management of Programme Supplies

#### Technical Policies

---

5.1 – Sourcing from fresh production	26
Purchase order creation	26
Purchase order review and approval	27
Purchase order dispatch	27
Freight sourcing	28
Incoterms	28
5.2 – Sourcing from PSB stock	29
Inventory order creation	29
Pick plan creation	30
Freight sourcing	30
Step 6 - Pre-shipment activities	30
Pre-shipment quality assurance - international procurement	31
Pre-shipment quality assurance – PSB stock	32
Pre-shipment quality assurance – local procurement	32
Shipping documents	33
Pre-shipment checks and coordination	34
C. Fulfillment	35
Step 7 - Shipping	35
Consignee	35
Shipment commencement	36
Financial receipt	37
IMM inventory order depletion	37
Shipment Tracker update	37
Insurance arrangements	37
Step 8 - Tracking of shipments	38
Step 9 - Goods arrival and customs clearance	39
Monitoring of customs clearance activities	40
Customs inspections	40
Use of third party service providers	40
Insurance arrangements	41
Process for goods procured by field offices	41

## UNFPA

### Policies and Procedures Manual

#### Policy and Procedures on Management of Programme Supplies

#### Technical Policies

---

Customs clearance costs	41
D. Delivery	41
Step 10 – Receiving and inspection	42
Scope of inspection	42
Receiving and inspection forms	45
Discrepancies	46
Shipment Tracker update	46
Post-shipment testing	47
Step 11 - Storage	47
Authorization to hold inventory	47
PSB-managed stocks	47
Selection of field office warehouses	48
Warehouse location and design	48
Storage conditions	50
Insurance arrangements	51
Disposal of goods	52
Step 12 - Handover	52
Approval and coordination	52
Handover of goods upon arrival	52
Handover of goods from UNFPA warehouses	53
Delivery slips	53
Shipment Tracker update	53
Handover - expired and expiring goods	54
Handover of goods consigned to IPs	54
Distribution of goods by IPs	55
E. Accounting and control	55
Step 13 – Inventory accounting	56
Control and recognition	56
Recognition of field office inventory transactions	57
Recognition of contributions in-kind	57
Recognition of field office inventory balances	58

## UNFPA

Policies and Procedures Manual

Policy and Procedures on Management of Programme Supplies

Technical Policies

---

Recognition of PSB-controlled inventory transactions and balances	58
Valuation of inventory	58
Step 14 - Inventory Controls	59
Inventory transactions reconciliations	59
Inventory balances certifications	59
Stock counts	60
Inventory adjustments	60
Inventory write-offs	61
Segregation of duties requirements	61
Fraud risk mitigation	61
Step 15 – Monitoring	62
Exception reports	62
IP reporting	63
On-site monitoring	63
Inventory spot-checks and audits	64
F. Process governance	65
Annual management plans	65
Roles and responsibilities	65
Implementing partners agreements	65
Implementing partner capacity assessments	66
Workplans	67

**I. Purpose**

1. This policy and procedures document establishes the processes, procedures and internal controls, as well as the related roles and responsibilities and support systems, for the effective management of UNFPA programme supplies, which are defined in paragraphs 4 to 7 below.
2. The main objectives of this policy and procedures document are:
  - 1) Promote a disciplined application of good practices across the different phases of the supply-chain, to ensure the effectiveness and efficiency of UNFPA's supply chain management activities, and contribute to the achievement of strategic objectives in the related programme areas.
  - 2) Allow UNFPA to discharge its fiduciary obligations to donors and suppliers by obtaining reasonable assurance about the use of programme supplies for the intended purposes.
  - 3) Ensure that UNFPA programme supplies are properly safeguarded, stored and managed, to avoid spoilage, waste and theft.
  - 4) Ensure inventory transactions are accurately and timely recorded.
  - 5) Ensure programme supplies inventories are accurately valued and reported in accordance with the applicable accounting standards.

**II. Policy****Key policy requirements**

3. This policy outlines UNFPA's management of programme supplies, identifies key control actions to mitigate potential risks related to the process and establishes the key requirements outlined below:
  - 1) Goods to be provided by UNFPA to address relevant country needs and contribute to the achievement of programme results must be identified based on rigorous needs assessments and quantifications. In the acute phase of a humanitarian emergency, the Minimum Initial Service Package (MISP) calculation and any available data should be the basis of the needs assessment.
  - 2) Multi-year forecasts must be developed with an appropriate periodicity, at least annually, in coordination with the relevant national and development/humanitarian partners and stakeholders, in all countries where UNFPA provides reproductive health commodities on a regular basis or in response to a humanitarian crisis.
  - 3) The identification and prioritization of reproductive health commodities to be provided by UNFPA must be made based on comprehensive, national level, supply plans.
  - 4) All programme supply requirements must be consolidated into comprehensive procurement plans, updated and tracked for implementation at least on a quarterly basis.
  - 5) Procurement plans and requisitions must be reviewed and approved by regional offices, as specified in different sections of this policy and procedures document.
  - 6) The sourcing of programme supplies orders must follow the UNFPA procurement procedures;
  - 7) Procurement of contraceptives can only be made by the Procurement Services Branch (PSB).

- 8) Local procurement of pharmaceutical products and medical devices must be undertaken on an exceptional basis, pre-approved by PSB, and subject to quality assurance in accordance with the applicable corporate policies and procedures.
- 9) The Order Tracking System (OTS) must be updated on a continuous basis by all parties involved in the process (e.g., suppliers, freight services providers, procurement and logistics focal points) to ensure that all relevant information, notifications and documentation are available to receiving Field offices, including alerts to any changes in delivery dates.
- 10) Field offices must review shipping documents and coordinate all necessary local activities prior to shipment, and notify procurement focal points of any situations that could prevent or delay the customs clearance, receipt or delivery of goods at least two weeks prior to the estimated time of departure date.
- 11) Programme supplies must normally be consigned to UNFPA unless exceptional circumstances prevent such arrangement or the use of a consignee other than UNFPA results in lower costs or reduced lead times.
- 12) Field offices must continuously track the status of shipments and communicate any delays in the arrival of goods to the procurement focal points.
- 13) Customs clearance activities must be timely completed, based on country-specific standard operating procedures, with the involvement of field office personnel, even when the process is outsourced to professional customs clearing agents or customs brokers.
- 14) Field offices must conduct detailed inspections of shipments immediately after the arrival and customs clearance of the goods, and document their outcome in detailed receiving and inspection forms.
- 15) Field offices must promptly document and bring to the attention of PSB any discrepancies, shortages and/or damages identified during the customs inspections or the receiving inspection.
- 16) Field offices must seek prior regional office authorization to hold inventory at UNFPA warehouses (including those managed by third-party services providers, other United Nations organizations or programme partners).
- 17) Facilities to be used for holding programme supplies by UNFPA or its implementing partners must be assessed to determine that they meet the requirements for adequate storage and safeguarding of the inventory, are properly insured, and approved by regional offices.
- 18) Product conditions must be monitored regularly, and defects or damages identified reported promptly so that remedial actions can be taken.
- 19) Inventory maintained at field offices warehouses, including those managed by third-party services providers, other United Nations organizations or programme partners, must be insured at all times.
- 20) Disposal of programme supplies must be approved by PSB and carried out in accordance with the applicable environmental, health and safety standards.

- 21) Handover of UNFPA programme supplies to implementing partners (IPs) must be pre-approved and documented through Delivery Slips to be signed by IP personnel at the time the goods are delivered at IP warehouses.
- 22) Inventory receipts and deliveries to IPs must be timely recorded in the Shipment Tracker immediately after the transactions have been completed.
- 23) Shipment Tracker inventory transactions and balances must be reconciled by field offices against shipping documents, Receiving and Inspection Forms, Delivery Slips, stock count reports and other appropriate supporting documents.
- 24) Field offices must complete inventory stock-counts and certifications in order to confirm the accuracy and completeness of their inventory balances with the frequency required in the inventory certification process guidelines.
- 25) UNFPA programme supplies can only be provided to partners who have valid IP agreements with UNFPA and signed workplans, or other appropriate programme documents, specifying the products to be provided by UNFPA and their intended use. Implementing partners must also have adequate capacity to manage the goods, evidenced by documented assessments of the implementing partner's supply-chain management capacity.
- 26) IPs must provide certified quarterly reports demonstrating the receipt, distribution and inventory levels of all products supplied by UNFPA.
- 27) Assurance about the proper management and used for intended purposes of inventory provided to IPs must be obtained through periodic inventory spot-checks, audits, and on-site monitoring.
- 28) Field offices must monitor the effectiveness of their supply chain management activities through the inclusion of appropriate outputs and indicators in their annual management plans and in the performance plans of personnel responsible for those activities.
- 29) The operating effectiveness of the processes must be regularly monitored through 'second line of defense' controls, such as the periodic generation and analysis of exception reports of Order Tracking and Shipment Tracker systems, and other relevant and Atlas information, and regular stock counts.

### **Definitions**

4. For purposes of this policy and procedures document, 'programme supplies', also referred to as 'inventory' or 'goods' (all three terms are used interchangeably throughout this document), are defined as reproductive health commodities and other goods acquired by UNFPA for use in its programmes, as defined in paragraphs 5 to 7 below. Programme supplies are primarily provided for IP's use or distribution by UNFPA.

### Types of programme supplies

5. In accordance with the above definition, programme supplies include:
  - 1) Contraceptives, such as hormonal contraceptives, male and female condoms, and intrauterine devices (IUDs).
  - 2) Medical devices and supplies, such as hospital equipment, surgical instruments, and diagnostic equipment and supplies.



- 3) Pharmaceutical products, including life-saving medicines.
  - 4) Emergency reproductive health (ERH), fistula repair, and reproductive & maternal health kits.
  - 5) Dignity and hygiene kits.
  - 6) Census supplies.
  - 7) Other goods purchased for delivery to and use or distribution by IPs.
6. The following types of goods are excluded from the definition of programme supplies and thus fall outside of the scope of this document:
- 1) Items similar to fixed assets, as defined in the UNFPA [Policy and Procedures for Fixed Asset Management](#), such as vehicles and information and communications technology (ICT) equipment, procured for (i) use by UNFPA; or (ii) delivery to IPs for purposes other than censuses and humanitarian response activities.
  - 2) Materials and supplies purchased for use by UNFPA personnel.
  - 3) Printed materials and publications, such as manuals, reports, forms and questionnaires, unless purchased for censuses or large-scale programme activities.
  - 4) Supplies specifically procured for use in capacity building or public awareness events, such as promotional and visibility items.
  - 5) Goods procured by PSB on behalf of third-party procurement services clients through purchase orders (i.e., third-party procurement orders sourced from fresh production).
7. All programme supplies that are held under control of PSB, used to fulfill orders from UNFPA field offices and to fulfill third party procurement orders, are considered inventory and fall under the scope of this policy.

#### General definitions

8. The following terms are used throughout this policy with the meanings specified below:
- 1) **Atlas** – UNFPA’s PeopleSoft-based Enterprise Resource Planning (ERP) system.
  - 2) **Census equipment and supplies** – the equipment and supplies required for census activities during the preparatory, cartography, enumeration, processing and dissemination phases, including (but not limited to) data capture devices (e.g., smart phones and tablets), scanning equipment, computers and servers, census forms, enumerators supplies (e.g., stationery, satchels, backpacks), clothes (e.g., caps, shirts), office furniture and equipment, and vehicles.
  - 3) **Consignee** – the party named in the shipping documents as the recipient of goods shipped at the final destination. The consignee is considered the owner of the goods for customs clearance purposes.
  - 4) **Commitment Control (KK)** – the Atlas module that allows UNFPA to actively control expenditures against predefined, authorized budgets, cash available and authorized spending limits. All Atlas transactions are budget-checked against resources available in KK.
  - 5) **Due date** – the projected date of transfer of control over goods from suppliers to UNFPA based on the associated Incoterms, as indicated in the purchase orders based on the applicable contracts and agreements with suppliers on delivery lead times. It may be

amended at any time throughout the order fulfilment process, at UNFPA's request or in response to force majeure situations.

- 6) **Emergency procurement procedures** – the streamlined procurement procedures applied by field offices, when authorized, following the process established in the [UNFPA Fast Track Policies and Procedures](#).
- 7) **Fast track procedures (FTP)** – a set of procedures providing UNFPA field offices with greater delegation of authority and flexibility in specific programme and operational areas for a time-bound period, typically to facilitate humanitarian response activities. They represent a modification to the standard policies and procedures, as described in the [UNFPA Fast Track Policies and Procedures](#) document, and are designed to facilitate a rapid response to country needs.
- 8) **Field office** – any UNFPA regional, subregional or country office.
- 9) **Final destination or place of delivery** – the location designated as the final destination of cargo (e.g. Maputo, Mozambique) where the supplier or freight forwarder is contracted to deliver the goods to and where these goods are expected to be collected by the consignee. It normally appears in the 'Airport of Destination' field on the air waybill or 'Final Place of Delivery' field on the bill of lading or waybill.
- 10) **Financial receipt** – a transaction created in Atlas upon satisfactory delivery of goods or services by suppliers. For goods, delivery happens when the risks and rewards are transferred from the supplier to the buyer and therefore varies depending on the incoterm used. The financial receipt transaction has significant financial and accounting implications, as it results in the recognition of assets or expenses and liabilities.
- 11) **Fresh production (sourcing from)** – the process of procuring goods from suppliers through purchase orders.
- 12) **General ledger (GL)** – the master set of accounts used to record financial transactions, used as a basis for statutory, donor and managerial financial reporting.
- 13) **Handover<sup>1</sup>** – the transfer of control and risks over goods from UNFPA to a third party, typically an IP.
- 14) **Humanitarian supplies** – any programme supplies intended for distribution as part of UNFPA humanitarian response interventions, to ensure the health, hygiene, dignity and well-being of affected populations. While humanitarian supplies include a wide range of goods, in the context of UNFPA mandate they primarily consist of ERH kits, dignity kits, diagnostic kits, medical devices, medical equipment, and items similar to fixed assets, such as mobile clinics, pre-fabs, armored vehicles, generators, and solar panels, if acquired as part of humanitarian response activities.
- 15) **Implementing Partner (IP)** – an entity to which UNFPA has entrusted the implementation of programme activities specified in a signed document, along with the assumption of full responsibility and accountability for the effective use of UNFPA resources and the delivery of outputs as set forth in such programme documentation.
- 16) **Incoterms** – standard terms, established by the International Chamber of Commerce defining the obligations of both buyers and sellers relating to the shipment of goods. The

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<sup>1</sup> 'Handover' represents the same process that is referred to as 'distribution' in the [Shipment Tracker](#).

scope of incoterms is limited to matters relating to the rights and obligations of the parties to the contract of sale with respect to the tasks, costs and risks related to the delivery of goods. Incoterms typically used by UNFPA include:

- a) *Carriage Paid To (CPT)* – the normal incoterm rule of reference for UNFPA international procurement. Typically, CPT means that the seller pays the freight for the carriage of the goods to the place of delivery. However, the risk of loss or damage to the goods is passed from the seller to the buyer when the goods have been transferred into the custody of the first carrier.<sup>2</sup> The CPT incoterm rule requires the seller to clear the goods for export;
  - b) *Free Carrier (FCA)* – the incoterm rule typically used when goods and freight are contracted by UNFPA from different parties; and
  - c) *Delivered At Place (DAP)* – the typical incoterm rule of reference for local procurement. This means that the seller is responsible for all costs and risks of transportation, including, delivery of the goods to the final destination.
- 17) **In-kind donations of inventories** – goods received at minimal or no cost to UNFPA.
  - 18) **Internal control framework (ICF)** – the policies, procedures, standards, processes and structures put in place to ensure an orderly, ethical, economical, efficient and effective use of resources.
  - 19) **International procurement** – procurement carried out by PSB. Purchase orders for internationally procured goods must be raised under business unit (BU) ‘UNFPA’.
  - 20) **Inventory in stock** (also referred to as **static inventory**) – inventory controlled by UNFPA and held in warehouses. Inventory in stock typically falls into either one of the following scenarios:
    - a) PSB-controlled stock of reproductive health commodities and humanitarian supplies, typically stored at suppliers’ facilities; and
    - b) Inventory held in warehouses by field offices.
  - 21) **Inventory in transit** – inventory controlled by UNFPA that has not yet reached its final destination - for example, goods on board of a ship, in route to the port of entry. Inventory in transit typically falls into either one of the following scenarios:
    - a) Internationally procured goods that have not yet been physically received, including those temporarily stationed at the port of entry pending completion of customs clearance activities; or
    - b) Physically received goods that are being transported within the country of final destination and have not yet been delivered to a UNFPA warehouse, or handed over to an IP.
  - 22) **Inventory order** – an order fulfilled from PSB-controlled stock of reproductive health commodities and humanitarian supplies.
  - 23) **Local procurement** – procurement carried out by UNFPA field offices. It includes solicitation from both local and international suppliers. Purchase orders for locally

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<sup>2</sup> Carrier means any person who, in contract of carriage, undertakes to perform or to procure the performance of carriage, by rail, road, sea, air, inland waterway or by a combination of such modes.

procured goods must be raised under the field office business unit code in Atlas, which normally combines a three letter country code and the number '40'.

- 24) **Long term agreement (LTA)** – a contract concluded with a supplier on a non-exclusive basis for the repeated purchase of certain goods or services based on a pre-established set of terms and conditions (e.g., price per unit, quality levels, ordering method and lead times) for a definite period of time but with no legal obligation to order any minimum or maximum quantities.
- 25) **Pick plan** – a transaction created in the Atlas Inventory Management module (IMM), which shows details of goods to be released from PSB stock to fulfil an inventory order.
- 26) **Physical receipt** – the receipt of the goods in the country of destination, after completion of customs clearance and receiving and inspection procedures.
- 27) **Port of entry** – the place where imported goods are admitted into the legal frontiers of the importing country. In the context of the policy, this term is used to represent the port of entry in the country of final destination.
- 28) **Purchase order** – a contract created in the Atlas Purchasing module that represents a binding commitment between UNFPA and a supplier for the provision of goods or services.
- 29) **Reproductive health commodities** - contraceptives, pharmaceutical products and medical devices used to support reproductive health interventions reproductive health commodities primarily comprise:
  - a) Goods included in the [Interagency List of Essential Medicines for Reproductive Health](#) such as contraceptives; medicines for prevention and treatment of sexually transmitted infections and HIV/AIDS; and maternal and neonatal health medicines; and
  - b) Goods included in the [Interagency List of medical devices for essential interventions for reproductive, maternal, newborn and child health](#), such as medical consumables; medical equipment; and medical kits that are essential to maternal and newborn health interventions.
- 30) **Requisition** – a transaction created in Atlas by users to authorize and initiate the procurement of certain goods and / or services.
- 31) **Supplier or vendor** – an entity that provides goods or services to UNFPA. A supplier or vendor may take various forms, including a company, a partnership, a government agency or a non-governmental organization.
- 32) **UNFPA Supplies** – the UNFPA thematic programme dedicated to expanding access to family planning commodities. UNFPA Supplies supports countries with the greatest needs, helping them to strengthen their supply chains so that women and adolescent girls can access a choice of contraceptives no matter where they live. The programme has a particular focus on 46 countries, in addition to providing support for reproductive health services in humanitarian crises.
- 33) **Warehouse** – any facility used to store programme supplies by UNFPA or IPs. In the case of UNFPA, these include:
  - a) UNFPA-managed warehouses (i.e., warehouses managed by UNFPA personnel), which can operate in facilities owned or leased by UNFPA, or otherwise provided

to UNFPA (e.g. under free-to-use arrangements with IPs or another United Nations organizations);

- b) warehouses of other United Nations organizations, such as the World Food Programme, or of third-party services providers to which UNFPA outsources warehouse management activities; and
- c) Supplier warehouses, typically used to store PSB managed inventory stocks.

### Systems overview

#### Main systems used in the process

9. The following systems are used by UNFPA to support the programme supplies management process; facilitate critical tasks such as procurement planning, customs clearance, shipment tracking; and for inventory accountability, accounting and control:
  - 1) [Country Profile Database](#) – a web-based tool used to capture and communicate country specific requirements for importing goods, such as required shipping documentation, contact information, pre- and post-shipment requirements, and information on freight forwarders.
  - 2) Atlas [Inventory Management module \(IMM\)](#) – an Atlas module used to record, track, manage and value goods held in PSB-controlled stock of reproductive health commodities and humanitarian supplies. [IMM](#) captures certain characteristics of the goods (e.g. expiration dates, units of measure, lot ID-s, and location), as well as movement information such as stock replenishment, conversion, reservation and depletion.
  - 3) [Lead Time Calculator](#) – a web-based tool that helps estimate how long it will take for an order to be delivered to the country of final destination. The tool provides an average, product-specific estimate that includes the time (in weeks) required for order processing, product manufacturing, pre-shipment sampling, testing and inspection (if required), and transportation to the country of final destination.
  - 4) [Logistics Management Information System \(LMIS\)](#) - an integrated information system that captures the supply-chain management activities (e.g. receipts and distributions) of UNFPA’s IPs and provides users with the ability to generate reports (e.g. stock on hand, losses and adjustments, shipments, and remaining shelf life) about supply-chain management activities and inventories. As much as possible, UNFPA uses data from national LMIS to inform its demand planning, distribution and monitoring activities related to programme supplies.
  - 5) [Order Tracking System \(OTS\)](#) – a sub-module within PSB’s Order Management System (OMS)<sup>3</sup> that enables users to track the status of internationally procured goods sourced either from fresh production or PSB-controlled stock. [OTS](#) measures and reports, through different milestones, the time elapsed from purchase order dispatch to customs clearance. Both UNFPA personnel and suppliers have access to and

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<sup>3</sup> OMS is a web-based application internally developed by UNFPA to bring efficiencies to the order management cycle through greater automation of key processes in procurement. OMS comprise three modules: (1) Request for quotation (RFQ) for third party procurement orders, (2) Order Tracking System (OTS), and (3) Pro Forma Storage and Management (PFSM).

responsibility for periodic updates to [OTS data](#). This system is also used as online depository for shipping documents.

- 6) [Procurement Planning Tool](#) – a web-based tool used by field offices to develop procurement plans by inputting all foreseen procurement activities, including such details as names of goods, quantities, units of measure, unit prices, required arrival times, probability of the procurement activity happening and funding sources.
- 7) [UNFPA Product Catalog](#) – a catalog of products maintained by PSB of quality-assured reproductive health commodities and humanitarian supplies. All products in the catalog are covered under LTAs signed by UNFPA with reputable suppliers that produce at international quality levels.
- 8) [Shipment Tracker](#) – a UNFPA customization of the Atlas Purchasing module used for tracking, recording and reporting field office inventory. The Shipment Tracker is intended to capture the flow of program supplies from the point UNFPA gains control over the goods (i.e., financial receipt) until this control is passed to third parties, primarily through handover to IPs. The Shipment Tracker is also used as the main depository for supporting documents on receipt and inspection, handover and disposal.

#### OTS Terms

10. The following programme supplies process milestones must be tracked using the OTS:
  - 1) **Sampling & testing** – the date when inspection, sampling and testing of the goods are scheduled to be finalized. It should only be completed for goods that are subject to both pre-shipment inspection and testing.
  - 2) **Inspection finalized** – the date when inspection of goods subject to pre-shipment inspection is scheduled to be finalized.
  - 3) **“Sampling & testing” and “Inspection finalized” not applicable** – the field to be marked in case goods are not subject to either pre-shipment inspection or testing.
  - 4) **Due date** - as defined under ‘General Definitions’ above, automatically uploaded to the [OTS](#) from the relevant purchase orders.
  - 5) **Estimated time of departure (ETD)** – the estimated date of shipment of the goods informed by the suppliers. It should normally be equal to the ‘due date’ entered by procurement focal points in the purchase orders.
  - 6) **Estimated time of arrival (ETA)** – the projected date when the goods are expected to arrive at the final destination.
  - 7) **Actual time of departure (ATD)** – the date when the goods are shipped by the main carrier as documented in the air waybill (for air shipments) or bill of lading (for shipments by sea).
  - 8) **Shipment documents sent** – the date when the original shipping documents are sent to the consignee. For air shipments, the original shipping documents must be included in the shipment, therefore, this date will be the same as the ATD date.
  - 9) **Courier tracking number** – the courier tracking number for original shipping documents sent by supplier to a consignee.
  - 10) **Shipment documents received** – the date when a field office receives a full set of original documents needed for customs clearance.

- 11) **Actual time of arrival (ATA)** – the actual date when the goods arrive at the final destination.
- 12) **Status of customs clearance comments** – the field used to provide updates on the status of customs clearance activities for goods not cleared after a three week period.
- 13) **Customs cleared** – the date when the goods are cleared through customs at the country of final destination.

### Roles and Responsibilities

11. Key roles involved in the programme supplies management processes are outlined below.
  - 1) **Budget holder** – normally a programme officer accountable for the achievement of planned programme results in a programme area for which programme supplies are required, has:
    - a) Direct responsibility for needs identification, forecasting, supply planning (i.e., formulation and prioritization of requirements), product specifications, requisitioning of the goods; as well as
    - b) Overall responsibility for monitoring the timely ordering, clearance, receipt, safeguarding, handover, distribution and use for intended purposes of the goods, including the review and approval of IP inventory reports, and for ensuring adequate remedial actions are taken by the appropriate roles in response to issues affecting the process.
  - 2) **Commodity Security Branch** – responsible for providing technical assistance and support in the area of reproductive health commodity security, as well as for the management of the UNFPA Supplies programme.
  - 3) **Field office logistics focal point** – responsible for all downstream supply chain activities, including:
    - a) Reviewing and updating on a quarterly basis the information in the [Country Profile Database](#) for accuracy and completeness;
    - b) Completing all field office pre-shipment coordination activities (e.g., warehouse readiness checks, notifying IPs, obtaining customs clearance documentation, authorizing shipments);
    - c) Timely maintaining [OTS](#) data requiring field office input (e.g. shipment documents received date, goods arrived date);
    - d) Ensuring timely completion of customs clearance procedures;
    - e) Coordinating and executing all steps necessary to successfully receive and inspect incoming shipments;
    - f) Initiating and documenting any communications as regards discrepancies, damages or other issues identified during the receiving and inspection process;
    - g) Preparing delivery slips and coordinating the preparation of the shipments with the warehouse focal points or managers, as appropriate;
    - h) Delivering the goods to either UNFPA or IP warehouses;
    - i) Ensuring the appropriate delivery documents are promptly completed, signed and properly filed;

- j) Performing in-country inventory stock counts and reconciliations;
  - k) Coordinating safe disposal of expired and damaged goods;
  - l) Reconciling IP inventory reports; and
  - m) Serving as the office point of contact for all cases involving inventory write-offs. The logistics focal point role is normally assigned to a full-time logistician (in offices supplying larger volumes of programme supplies) or, on a part-time basis, to a programme or operations team member (e.g., a programme associate or an administrative associate).
- 4) **Field office shipment tracker focal point** – responsible for:
- a) The timely and accurate recording of all inventory transactions (e.g., physical receipt, put in warehouse, handover and disposals / adjustments) in the [Shipment Tracker](#);
  - b) Uploading the appropriate supporting documents (e.g. receiving and inspection forms, and delivery slips) in the [Shipment Tracker](#);
  - c) The timely and accurate recording of locally procured goods transactions into the [Shipment Tracker](#);
  - d) Ensuring the [Shipment Tracker](#) accurately reflects all inventory goods under UNFPA control at all times; and
  - e) Assisting the logistics focal point in reconciling IP inventory reports.
- The shipment tracker focal point role is normally assigned to a member of the field office operations team (e.g., an administrative associate).
- 5) **Field office warehouse focal point**<sup>4</sup> – responsible for the safeguarding of inventory in UNFPA-managed warehouses, including:
- a) Receiving and inspecting incoming shipments to be stored at UNFPA-managed warehouses;
  - b) Preparing the goods for handover to IPs (e.g. arranging appropriate packaging), based on the related delivery slips provided by the logistics focal point; and
  - c) Ensuring adequate inventory storage and safeguarding conditions are maintained at all times.
- 6) **Field office operations manager** (or most senior staff member in operations, if a field office does not have an operations manager) – responsible for monitoring and reporting the operational performance of the programme supplies management process to the heads of office and budget holders. This includes, as a minimum:
- a) Ensuring that a comprehensive procurement plan, reflecting all programme supplies requirements, is timely developed and regularly updated;
  - b) Monitoring the timely execution of the procurement plan;
  - c) Reviewing [OTS](#) and [Shipment Tracker](#) data to identify red flags indicative of problems in the processes (e.g., delays in shipments or customs clearance; shipping documents not sent or received; aged in-transit or static inventory; items

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<sup>4</sup> This function exists in field offices where UNFPA maintains static inventory and does not outsource warehouse management function to a third party provider.



approaching their expiration dates; missing handover documents) and ensuring adequate remedial actions are timely taken; and

- d) Enforcing compliance with inventory management requirements such as timely submission of inventory certifications and completion of periodic stock counts.

The warehouse, shipment tracker and logistics focal point roles cannot be combined with each other without prior authorization of the Chief, Finance Branch.

- 7) **Finance Branch inventory team** – responsible for inventory accounting and control activities, and for generation of management reports on effectiveness of supply-chain management activities.
- 8) **Head of office** – typically a representative, deputy representative or assistant representative, has the ultimate responsibility for ensuring the effective management of all programme supplies required to achieve programme results, from the “first mile” (i.e., quantification) to distribution down to the “last mile” (i.e., to service delivery points). In practice, heads of office delegate relevant tasks and authorities to the roles described below, while retaining overall responsibility for the effectiveness of the process.
- 9) **Procurement focal points** – refers to both the field office buyers and the PSB country/HQ focal points, who are responsible for:
  - a) Sourcing and executing programme supplies procurement orders;
  - b) Timely processing transactions in Atlas (e.g. purchase orders and financial receipts), in compliance with deadlines set in this and other policy documents;
  - c) Continuously monitoring the status of requisitions, orders and shipments destined to the countries coming under their profile to ensure the timely delivery of programme supplies; and
  - d) In case of PSB focal points, ensuring that suppliers and freight forwarders timely provide all required shipping documents and accurately update [OTS](#) data.
- 10) **PSB inventory associate** – responsible for:
  - a) Creating and processing Atlas IMM transactions for any orders sourced from PSB stock;
  - b) Monitoring PSB stock levels and ordering their replenishment when required;
  - c) Arranging stock counts and reconciliations of PSB controlled inventory;
  - d) Maintaining oversight over the accuracy and completeness of IMM records;
  - e) Performing periodic reconciliations between Atlas IMM and General Ledger transactions and balances;
  - f) Liaising with UNFPA field offices, managing and ensuring dispatch of field office orders of goods sourced from PSB-managed inventories; and
  - g) Working with suppliers holding inventories on behalf of UNFPA to ensure the timely shipment of the goods.
- 11) **PSB Quality Assurance (QA) team** – responsible for:
  - a) Developing, reviewing and approving technical specifications for reproductive health commodities;
  - b) Approving reproductive health commodities for UNFPA procurement;

- c) Performing technical evaluations of reproductive health bid submissions;
  - d) Reviewing and approving pre- and post-shipment inspection and test reports;
  - e) In consultation with manufacturers/suppliers, approving the disposal of reproductive health commodities that do not meet the approved specifications;
  - f) Liaising with field offices and manufacturers/suppliers during product recalls;
  - g) Approving the procurement of non-LTA reproductive health commodities, in consultation with the Technical Division when necessary; and
  - h) Providing guidance on storage and handling reproductive health commodities based on the relevant World Health Organization (WHO) standards.
- 12) **PSB regional team lead** – responsible for:
- a) Overseeing all international procurement activities (i.e., those executed under the UNFPA business unit) carried out for field offices in his or her region;
  - b) Continuously monitoring the status of requisitions, orders and shipments, using [OTS](#) and [Atlas](#) data, to ensure the timely delivery of programme supplies and adequate remedial actions when required;
  - c) Approving freight mode exceptions; and
  - d) Enforcing compliance with the mandatory updates of the OTS, as required by this policy.
- 13) **Regional humanitarian coordinator** – responsible for:<sup>5</sup>
- a) Reviewing humanitarian programme supplies needs assessments, quantifications and procurement plans, for relevance, accuracy and completeness;
  - b) Reviewing and approving field office humanitarian supplies requisitions (including ERH kits) with amounts of USD 100,000 or more, for accuracy, appropriateness of specifications and alignment to the procurement plans;
  - c) Reviewing and approving field office requests to maintain static inventory of humanitarian supplies, including for prepositioning purposes;<sup>6</sup>
  - d) Reviewing and approving warehouses to be used for storage of humanitarian supplies by both UNFPA and IPs, if different from those used for the storage of reproductive health commodities, to ensure they offer adequate inventory storage and safeguarding conditions; and
  - e) Monitoring the timely delivery and distribution of the humanitarian supplies and their use for the intended purposes.
- 14) **Regional reproductive health commodity security (RHCS) advisor** – responsible for:<sup>7</sup>
- a) Assuring the quality of reproductive health commodities quantifications, including for medical equipment, for relevance and reasonableness;

<sup>5</sup> Unless otherwise noted, responsibilities apply to all funding sources and for all field in the specific region covered by the advisor.

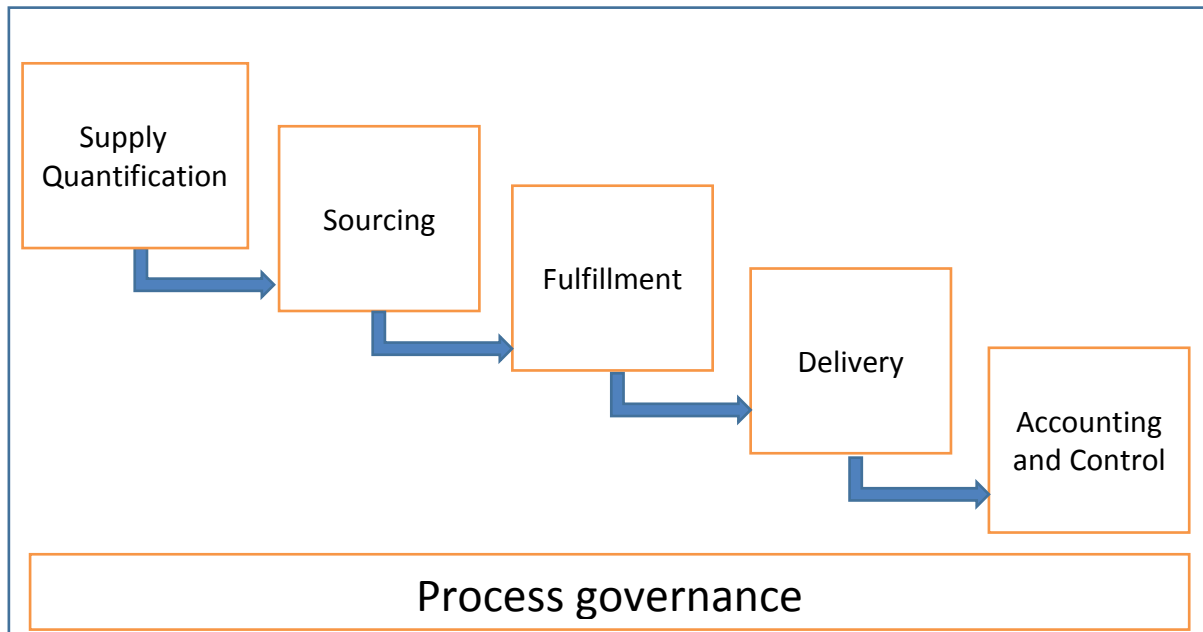
<sup>6</sup> Requests related to humanitarian supplies that are reproductive health commodities are reviewed and approved by the regional RHCS advisor. Separate approval from the regional humanitarian coordinator is not required.

<sup>7</sup> Unless otherwise noted, responsibilities apply to all funding sources and for all field offices in the region covered by the RHCS advisor.

- b) Reviewing field office programme supplies annual procurement plans for completeness, accuracy and alignment to reproductive health commodities forecasts and supply plans, and field office and IP capacity to effectively manage and distribute the goods to be supplied;
- c) Reviewing and approving field office reproductive health commodities requisitions with amounts of USD 100,000 or more, for accuracy, appropriateness of specifications (for non-catalog items) and alignment to the procurement and programme plans;
- d) Reviewing and approving field office requests to maintain static inventory of reproductive health commodities;
- e) Reviewing and approving warehouses to be used for storage of reproductive health commodities by both UNFPA and IPs, including for prepositioning purposes, to ensure they offer adequate inventory handling, storage, and safeguarding conditions; and
- f) Monitoring the timely delivery and distribution of reproductive health commodities based on reports provided by field offices and IPs.

### III. Procedures

12. **Figure 1** presents an overview of the programme supplies management process:

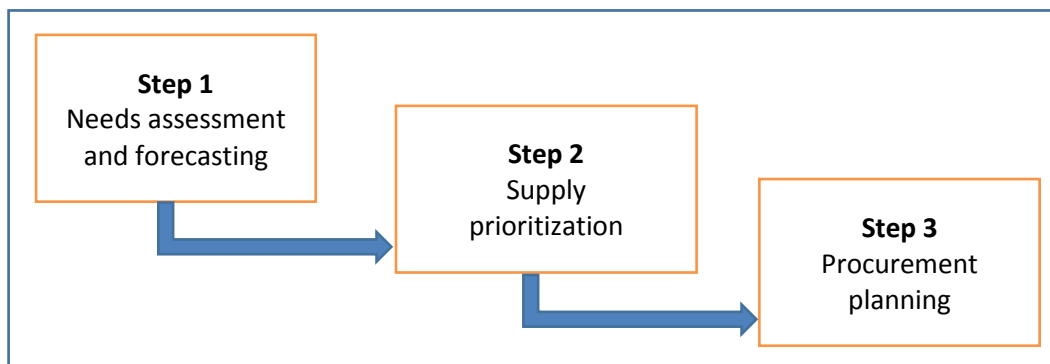


13. The **supply quantification** phase covers those activities required to identify and quantify needs, and develop the corresponding procurement plans.
14. The **sourcing** phase covers all the activities related to the placement of programme supplies orders, starting with the creation of requisitions and finishing with the submission by suppliers of shipping documents for review and approval.

15. The **fulfillment** phase covers all the activities related to the shipment and customs clearance of goods.
16. The **delivery** phase covers all the activities related to the receiving, inspection, storage and handover of the goods.
17. The **accounting and control** phase covers all the activities related to the recording and control of inventory transactions, as well as the monitoring of the effectiveness of the process, to ensure programmatic and mandate-based commitments are met, and fiduciary responsibilities are properly discharged. In practice, many activities covered in this phase are cross-cutting and may take place during one of the four other phases.
18. The **governance** phase covers all the activities and requirements relative to the overall management and coordination of the process.

### A. Supply quantification

19. **Figure 2** presents an overview of the **supply quantification** process. It should be read in conjunction with the more detailed guidance provided in paragraphs 20 to 64 below.



**Figure 2** – Overview of the **supply quantification** process

#### Step 1 – Needs assessment and forecasting

20. The determination of the programme supplies to be provided by UNFPA to address relevant country needs and contribute to the achievement of programme results must be informed by rigorous needs assessments and forecasts.
21. This is a key responsibility of budget holders, working in collaboration with the appropriate in-country partners and programme stakeholders.

#### Reproductive health commodities

22. Reproductive health commodities needs must be identified based on multi-year forecasts, developed and reviewed with an appropriate periodicity, at least annually, to identify the health demands of the beneficiary population, in all countries where UNFPA provides reproductive health commodities on a regular basis, including UNFPA Supplies priority countries.

23. Ideally, forecasts should be determined based on accurate and up-to-date information on historical demand and consumption of the commodities to be supplied, extracted from the country's LMIS. When not possible, due to data quality problems or lack of a functioning LMIS, other data sources can be used, for example, health services, morbidity and/or demographic data, and central warehouse deliveries. Forecasts should also take into account the results of the Facilities Based Surveys periodically conducted for the UNFPA Supplies priority countries.
24. Demand, consumption and other data used for forecasting must be validated and adjusted, as required, for relevance, accuracy and completeness, and to account for changes taking place between the period to which the data refers and the period for which the forecast is created, as well as to reflect relevant factors not reflected in the data used.
25. The accuracy of previous forecasts should also be taken into account, measured based on forecast error<sup>8</sup> reviews, conducted on at least an annual basis. The analysis of forecast error will assist in developing more accurate future forecasts. A negative forecast error indicates potential underestimation of requirements that could have contributed to stock-outs. A positive forecast error may indicate an overestimation of requirements that may have resulted in excessive inventory levels and potential waste. The results of this analysis should be considered in developing future forecasts, to ensure that the right goods and quantities are being ordered.
26. A number of detailed documents exist providing comprehensive guidance on forecasting of reproductive health commodities. A comprehensive summary of the more relevant guidance is provided in [Chapter 5 of The Supply Chain Managers Handbook](#).<sup>9</sup>

### Medical equipment

27. Determination of the medical equipment to be provided to support programme goals must be based on a rigorous assessment, performed in collaboration with relevant programme counterparts, such as the Ministry of Health, of the type and quantities of equipment required, as well as their technical and operational specifications and use requirements.
28. Examples of key considerations to be taken into account include:
  - a) Size and demographic characteristics of the target population;
  - b) Operating requirements (e.g., voltage requirements, access to stable power sources, language considerations);
  - c) Installation and maintenance requirements and costs, and the IPs ability to fund them;
  - d) Operating capabilities of the facilities to be supplied;
  - e) Environmental factors affecting useful life and maintenance of the equipment; and

<sup>8</sup> Forecasted number of units - number of units demanded. The number of units demanded is the sum of un-fulfilled demand and the number of units distributed from the central warehouse.

<sup>9</sup> The Supply Chain Manager's Handbook – A practical guide to the management of health Supplies – John Snow Inc. (JSI), 2017. Other JSI publications that can be consulted include: [Quantification of Health Commodities: Contraceptive Companion Guide - Forecasting Consumption of Contraceptive Supplies](#). Arlington, Va.: USAID | DELIVER PROJECT, Task Order 4.

- f) Technical capacity of IP personnel (medical and technical staff) to operate the equipment.
29. Medical devices intended for provision of reproductive health services, such as diagnosis, prevention, treatment and monitoring, should normally be selected from the UNFPA or UNICEF catalogs.
- Should there be the exceptional need to supply non-catalog items, the [Interagency list of medical devices for essential interventions for reproductive, maternal, newborn and child health](#) should be used as a guide to identify them.

### Humanitarian supplies

30. Determination of the types, quantities and technical specifications of the supplies to be provided to support humanitarian response activities must be based on an initial estimation, followed by a more rigorous assessment as soon as conditions allow it, of the size of the population affected and their immediate needs, taking into account factors such as demographic characteristics, geographical conditions, cultural considerations and the existing functional facilities, as well as the ability to ensure a timely delivery of the supplies to address the target population needs.
31. The identification and quantification of the humanitarian supplies must be closely coordinated with other relevant partners to minimize the risk of gaps and overlaps, and for creation of synergies across humanitarian response activities.
32. The [Multisector Initial Rapid Assessment \(MIRA\)](#) is a joint multi-sector assessment that guides subsequent in-depth sectoral assessments and provides the emergency response teams with timely, adequate, sufficiently accurate and reliable information to collectively identify strategic humanitarian priorities. Additional information about MIRA, needs assessments for humanitarian response activities, and related guidelines, frameworks, and templates be found on the [United Nation's Office for the Coordination of Humanitarian Affairs website for Humanitarian Response](#).
33. In addition to sector-wide assessments, emergency response teams should use the [Minimum Initial Service Package \(MISP\)](#) to coordinate a more targeted response. The primary objective of the MISP is to identify a lead agency that should carry out the emergency response in order to prevent maternal and newborn death and illness, prevent and manage the consequences of sexual violence, reduce HIV transmission and allow for comprehensive sexual and reproductive health care to be integrated into primary health care systems if possible. This exercise is complemented by the [MISP Calculator](#), which provides the reproductive health statistics needed to properly implement the package.
34. The most common humanitarian supplies provided by UNFPA are ERH and dignity kits. ERH kits are designed for use at the onset of the response to emergencies. Due care must be exercised to ensure the appropriate ERH kits fit to respond to a particular humanitarian context are considered. Due to their higher cost and potential waste levels, ERH kits must be replaced by individual medicines, disposables and equipment as soon as the provision of reproductive health services is stabilized.

35. To minimize the risk of delays in deliveries, the PSB regional team leads should be promptly contacted as the needs are confirmed to confirm the required ERH kits are available. Similarly, due care must be exercised to ensure pharmaceutical products included in the kits are registered locally (or a registration waiver can be obtained).
36. Dignity kits are kits comprising of items to ensure the personal hygiene, health, protection, dignity and well-being of the disaster-affected population (e.g. sanitary pads, cloths, underwear, soap, torches, whistles). The content of the kits must be determined following consultation with local communities and other non-food item providers and include culturally appropriate items. Dignity kits can be either individual or family kits.
37. Forecasting for ERH kits must follow the guidance provided in the [Reproductive Health Kits Management Guidelines for Field Offices](#). Forecasting for dignity kits must follow the guidance provided in the [Dignity Kit Programming Guidelines](#). The forecasts should include, at a minimum, the confirmation of the population size of the affected area, an initial assessment of the available reproductive health and humanitarian goods and services, and coordination with other relevant partners and programme stakeholders (governments, non-governmental organization –NGOs-, other United Nations organizations, etc.).

#### National coordination mechanisms

38. Reproductive health commodities forecasts are typically developed under the guidance and supervision of Commodity Coordinating Committees, or similar in-country coordination mechanisms created to improve the availability of commodities in national health supply-chains.
39. National coordination mechanisms normally involve all relevant national (e.g., Ministry of Health, family planning NGOs) and development sector (e.g. USAID, DFID) partners and stakeholder, ensuring that actions of all parties are synchronized and complementary of each other. Typically, these mechanisms include:
  - a) Coordination of forecasting and supply-planning activities;
  - b) Coordination of procurement activities among stakeholders;
  - c) Monitoring of in-country stock levels; and
  - d) Monitoring of key logistical activities (e.g., order pipeline, incoming shipments, stock levels, distributions) to ensure they are synchronized and aligned with country needs (e.g., changes in demand, emergencies, stock-outs).
40. During a humanitarian crisis, the Reproductive Health sub-cluster or the Reproductive Health working-group should play this role and ensure all mechanisms mentioned above are implemented.
41. In countries where tools like the [Procurement Planning and Monitoring Report \(PPMR\)](#)<sup>10</sup> are available, they should be used to monitor in-country stock levels of reproductive health commodities. The PPMR provides country level information useful for quantification and

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<sup>10</sup> The Procurement Planning and Monitoring Report (PPMR) is a tool developed by US Aid that provides, on a monthly basis, information on national contraceptive stocks for selected countries, for use by the global coordinated supply mechanisms, national authorities and development partners.

monitoring purposes, including quantities of goods to be procured, commitments of the different development partners, stage of shipments in each individual partner's pipeline, average monthly consumptions, if available, and months of stock left.

42. The Ministry of Health should be normally responsible for supply quantification activities in order to enhance national accountability for a reliable supply of reproductive health supplies and minimize the risk of duplication of efforts by partners or gaps in the supply. If this is not the case, budget holders must ensure that, in coordination with the appropriate programme partners and stakeholders, appropriate technical assistance and support is provided with the goal of enabling the Ministry of Health to take ownership of the supply quantification process and develop reliable forecasts and supply plans.

#### Forecasts and needs assessments review

43. Forecasts and needs assessments used as a basis to determine reproductive health commodities supply plans must be quality assured, for relevance, accuracy and completeness, and approved by both the budget holders and by the regional RHCS advisors. The quality assurance review must include, at a minimum, the comparison and reconciliation of current to previous forecast volumes, and take into account the reliability of the data sources used, the appropriateness of adjustments made, and other relevant forecasting considerations.
44. Needs assessments used as a basis to determine the types and quantities of humanitarian supplies and medical devices to be supplied must be reviewed, for relevance and accuracy, and approved by both budget holders and the regional RHCS or humanitarian coordinators, as appropriate. The review should take into account the reliability of the data sources used, the appropriateness of assumptions made including the contingency plans and the humanitarian response plans, and all other relevant quantification considerations mentioned above.

#### **Step 2 – Supply prioritization**

45. Budget holders must determine the programme supplies to be provided by UNFPA based on the outcome of the needs assessments and forecasts, prioritizing those that will provide the greatest benefit within the existing funding constraints.
46. Determination of reproductive health commodities to be provided in UNFPA Supplies priority countries and other countries where UNFPA provides reproductive health commodities on a regular basis, must be made on the basis of comprehensive, national level supply plans, to ensure complementarity of efforts, and to minimize overlaps in supplies provided by the different programme stakeholders.
47. The comprehensive supply plans determine the commodities to be provided by UNFPA starting from the needs identified through the forecasting process, taking into consideration (i) current and desired stock levels at different levels of the supply chain; (ii) the pipeline and status of outstanding orders and incoming shipments, and lead times; (iii) commodities to be provided by all relevant national and development partners and stakeholders; and (iv) UNFPA funding constraints, as determined by the resources allocated by UNFPA Supplies and mobilized by field offices.



48. Supply plans and needs assessment must be submitted for review and approval by the head of office. Once approved, they must be shared with the Operations Managers to allow the development of the annual procurement plans per the schedule established by PSB.
49. Budget holders are responsible for initiating resource mobilization activities to reduce any significant supply gaps that could prevent UNFPA from effectively responding to relevant national needs and achieving planned programme results.

### Step 3 - Procurement planning

#### Procurement plan preparation

50. Operations managers are responsible for ensuring that programme supplies requirements, as evidenced in the approved supply plans, needs assessments and workplans, are consolidated into an accurate and comprehensive procurement plan using the online UNFPA [Procurement Planning Tool](#).
51. Procurement plans must reflect all programme supplies expected to be provided by field offices regardless of the type of products, the procurement process (i.e., international or local), sourcing methodology or immediate availability of funding sources. The plans must specify expected funding sources, names, quantities, units of measure, unit prices and required arrival times of the goods. If procurement is conditional on occurrence of certain events (typically, the signing of a co-financing agreement), the [Procurement Planning Tool](#) requires that the probability of the procurement taking place be estimated.
52. For goods to be procured outside the [UNFPA Product Catalog or UNICEF Supply Catalogue](#), the procurement plans should specify as many details as possible in the plan in order to allow a better planning of the procurement process activities throughout the year. At a minimum, key specifications of the required goods must be provided.
53. Procurement plans must be developed in accordance with the schedule issued by PSB, and periodically updated throughout the year to include any new requirements or changes thereto. The updates should cover (but are not limited to) procurement needs emerging during the year in response to humanitarian crises, including those involving the application of emergency procurement procedures.
54. Separate procurement plans must be developed for programme interventions or which the use of fast-track procedures has been approved in accordance with section 5.2 of the [UNFPA Fast Track Policies and Procedures](#). The needs assessments and procurement plans must clearly outline the required supplies, the mode of procurement, storage and distribution arrangements to be used (including cold chain, when required), as well as any related distribution and logistical costs.

#### Procurement plan review and approval

55. Heads of office are responsible for the final validation and approval of procurement plans and their updates.
56. Reproductive health commodities requirements reflected in the procurement plans of UNFPA Supplies priority countries must be reviewed and approved by the Commodities Security Branch (CSB) for reasonableness in relation to the national supply plans and the underlying

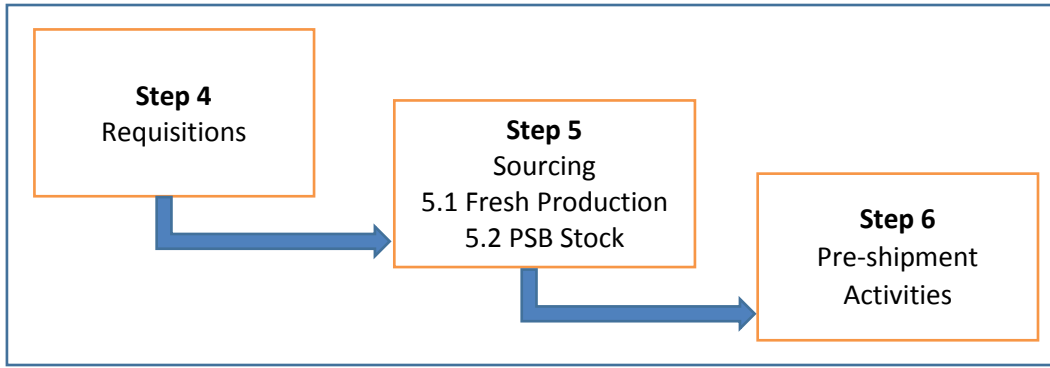
- forecasts; available data on consumption, deliveries, in-country commodity levels and order pipeline; and field office and IP capacity to manage the supplies.
57. Reproductive health commodities and humanitarian supplies requirements reflected in the procurement plans of non-UNFPA Supplies priority countries, must be reviewed and approved by the regional RHCS and humanitarian coordinators, respectively, for reasonableness in relation to available supply plans and the underlying forecasts and needs assessments; past and current year workplans; national registration requirements; and field office and IP capacity to manage the supplies, to ensure they contribute to programme continuity and an effective resource utilization.
  58. The review and approval of procurement plans by heads of office and RHCS advisors must take into account the registration status of hormonal contraceptives, reproductive health medicines and medical devices included in the procurement plan. For products that are not registered in country field offices must indicate if waivers can be obtained from the appropriate national regulatory authorities.
  59. Budget holders and logistics focal points are responsible for ensuring any waivers required are obtained in a timely manner.
  60. PSB can provide information on the registration status for hormonal contraceptives regularly provided by UNFPA. For other relevant programme supplies (i.e. reproductive health medicines and medical devices) field offices must confirm the registration status of the goods with the appropriate national regulatory authorities.
  61. PSB regional team leads must review the procurement plans of the countries under their purview. The purpose of this review is to provide early information to field offices as regards potential implementation constraints, such as long lead-times and other relevant logistical considerations, minimum order requirements, and special approval requirements (in case of non-LTA items).
  62. For programs approved for emergency procurement, procurement plans must be reviewed for relevance, accuracy, and completeness by the regional humanitarian coordinators and approved by heads of office. Additional information can be found in section 5.2 of the [UNFPA Fast Track Policies and Procedures](#).

#### Procurement plan implementation monitoring

63. Operations managers must regularly monitor the implementation of procurement plans, including those developed for fast-track procurement, at least on a quarterly basis, to ensure that they remain accurate and current and are implemented as required to allow delivery of the supplies by the required deadlines. Results of this review including any identified issues must be reported to the concerned procurement focal points, PSB regional team leads, budget holders and heads of office.
64. Budget holders and heads of office have the ultimate responsibility for ensuring that appropriate remedial actions are taken by the appropriate roles to address any issues preventing a timely and effective implementation of the procurement plan.

**B. Sourcing**

65. **Figure 3** presents an overview of the **sourcing** process. It should be read in conjunction with the more detailed guidance provided in paragraphs 66 to 147 below.



**Figure 3** – Overview of the **sourcing** process

**Step 4 - Requisitions**Requisition creation

66. Information on the steps required for creation of requisitions is available in section 4.4.2 of the [Policy and Procedures for Regular Procurement](#).
67. Requisitions for goods funded by UNFPA Supplies are raised by CSB; requisitions may be prioritized based on the impact on a country's programming activities, work plan implementation, possibilities of national stock outs, and the presence of other partner agencies operating within the country. All other requisitions are normally raised by field offices, or by PSB, for replenishment of the stock maintained under its control. Requisitions should be raised with enough anticipation to allow the receipt of the goods by the required delivery dates, taking into consideration funding availability and estimated lead times.
68. Field offices must use the [Lead Time Calculator](#) to estimate lead times for goods commonly procured by PSB. This tool estimates the average time required for order processing, product manufacturing, pre-shipment sampling, testing and inspection (if required), and transportation to the selected country.
69. The [Lead Time Calculator](#) does not provide estimates of the time required for: (a) customized artwork and printing, which should be determined in consultation with PSB; and (b) customs clearance, and in-country receiving and inspection and handover, which must be separately estimated by field offices and added to the lead time estimates provided by [Lead Time Calculator](#) in order to determine the total time required before the goods become available for delivery to IPs.
70. The [Lead Time Calculator](#) is limited to items included in the [UNFPA Product Catalog](#). For all other items, field offices must rely on alternative methods for estimating lead times, such as previous experience, industry standards and inquiries of potential suppliers. In general, lead times for items not covered by the [UNFPA Product Catalog](#) are longer, many times

considerably, than for items included therein. Therefore, sourcing of orders for such goods must commence as soon as possible.

71. Requisitions for locally procured programme supplies must be raised under the field offices business unit code (e.g., 'XXX40'). Requisitions for internationally procured goods must be raised under the 'UNFPA' business unit. Requisitions must also specify accurate 'Ship to' locations, which should be set equal to the ISO three letter country code of the destination country and number '40'.
72. Requisitioners must refer to the [Cognos Accounts Dictionary](#) when raising requisitions for programme supplies so that information entered in the chart of accounts is reflected correctly.
73. For requisitions of programme supplies outside of the [UNFPA Product Catalog](#) or the [UNICEF Supply Catalogue](#), please refer to paragraph 81 .
74. Field offices are not afforded the ability to select the supplier from which the goods will be procured. For purposes of ensuring that sufficient funds are available for the procurement, the UNFPA Product Catalog will always reflect the highest price for the items to be procured.
75. The correct unit of measure must be reflected in all requisitions. When sourcing goods from the UNFPA Product Catalog the unit of measure is automatically populated. However, requisitioners must exercise caution when sourcing goods from the UNICEF Product Catalog, as the units of measure reflected therein may not be consistent.

#### Procurement of Non-LTA items

76. In order to ensure an optimal use of resources, procurement of programme supplies must be restricted to products listed in the UNFPA, UNICEF or WHO product catalogues.
77. In truly exceptional situations where field offices identify the critical need to procure non-catalog products which fall within UNFPA's mandate, justified by relevant programme needs, they must submit the [Justification Commodity Within Mandate Form](#) to request approval by the PSB QA team. In the event that approval is granted, the offices are required to:
  - a) Arrange for and fund the hiring of technical expert(s) to write technical specifications (in line with the [UNFPA Guide to Creating Specifications](#)) and perform technical bid evaluations;
  - b) Take into account the extended lead times resulting from the procurement of non-catalogue products, to ensure they can meet quality standards.

#### Requisition approval

78. Programme supplies requisitions must be approved in accordance with the [Policy for Atlas User Profiles and Directory Application \(ICF\)](#), and section 4.4.3 of the [Policy and Procedures for Regular Procurement](#). Approving officers<sup>11</sup> must ensure that the requisitions raised for the procurement of programme supplies accurately reflect all key information required for sourcing. In particular, they must ensure that the requisitions:
  - a) Reflect goods included in the approved field office procurement plan and workplans;

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<sup>11</sup> UNFPA staff member assigned Atlas requisition/voucher manager approval rights, thus granted authority to commit funds up to the limits defined in the [Policy for Atlas User Profiles and Directory Application \(ICF\)](#).

- b) Reflect accurate and complete descriptions of the goods to be procured, including detailed specifications for items not covered by either the [UNFPA Product Catalog](#) or the [UNICEF Supply Catalogue](#);
  - c) Use accurate Item IDs (applies to goods sourced from the UNFPA Product Catalog), and Item Categories (applies to all other goods);
  - d) Include goods that meet all in-country registration requirements<sup>12</sup> or for which such requirements have been waived;
  - e) Show accurate quantities and units of measure (particular care is required when sourcing from the UNICEF Product Catalogue);
  - f) Reflect accurate chart of accounts information (e.g., fund, department, project, activity, account and implementing agency). The implementing agency code for programme supplies procured by UNFPA must always be 'PU0074';
  - g) Detail special requirements, including those related to printing and artwork, language, shipping marks, labeling requirements, installation, training service, support, etc.;
  - h) Have been previously approved, when required (as explained in paragraphs 81 and 82 below) by the regional RHCS advisors (for reproductive health commodities), or regional humanitarian coordinators (for humanitarian supplies); and
  - i) Include provision for costs for ancillary services, such as inspection and transport.
79. Approving officers<sup>13</sup> must also ensure that:
- a) Adequate storage conditions will be available at the time of arrival of the goods. When goods are to be handed over to IPs immediately upon receipt, this includes ensuring that IPs have adequate storage conditions and inventory controls;
  - b) All required clearances and approvals specified in the [Policy and Procedures for Regular Procurement](#) and other applicable policies (e.g. [UNFPA Fast Track Policies and Procedures](#)) have been met. For example, permission from the Chief, PSB for local procurement of pharmaceuticals or medical equipment items not covered by the Emergency Procurement Procedures.
80. Regional RHCS Advisors must approve all requisitions for the procurement of programme supplies funded by UNFPA Supplies, as well as field office requisitions for the procurement of reproductive health commodities funded from other sources for amounts of USD 100,000 or more.
81. Regional RHCS advisors must ensure that reproductive health supplies requisitions are in line with the previously approved procurement plans. For pharmaceutical products and medical, equipment requested outside of the [UNFPA Product Catalog](#) or [UNICEF Supply Catalogue](#), they must ensure that the rationale for procuring these goods has been properly documented in the [Justification Commodity Within Mandate Form](#). In addition, regional RHCS Advisors should review the requests to ensure they are aligned to relevant programme needs, and confirm that there are mechanisms in place and funding available for quality assurance of the goods in conformity with the [Quality Assurance Tools Package](#) (for cases when standard

<sup>12</sup> This applies primarily to medicines that are often required to be registered / licensed in country before their importation and / or distribution is authorized by national authorities.

<sup>13</sup> UNFPA staff members assigned requisition manager approval rights in Atlas, as defined in the [Policy for Atlas User Profiles and Directory Application \(ICF\)](#) and [Policy and Procedures for Regular Procurement](#).

procurement procedures apply) or [UNFPA Fast Track Policies and Procedures](#) (for cases when emergency procurement procedures apply).

82. Regional humanitarian coordinators must approve requisitions for humanitarian supplies (including ERH kit) with amounts of USD 100,000 or more. They must ensure that humanitarian supplies requisitions are in line with the previously approved procurement plans. They must also ensure that ERH kits are requisitioned only to respond to humanitarian emergencies, providing the most effective and practical means to meet the needs of the target population, and that such needs cannot be fulfilled by supplying alternative and more cost-effective reproductive health supplies.

#### Requisition review

83. Upon notification of approval, the designated procurement focal points must perform a detailed review of the requisitions to ensure that they contain all required details (e.g., are raised under the correct business unit; use correct Item IDs and Categories; include separate lines for freight, inspection, testing and sampling -if and where applicable-; are charged against funding sources that will not expire prior to the ETA date), and are approved and budget checked valid. Budget holders may be required to revise the requisitions should any substantive issues be identified.

#### Requisition status monitoring

84. Open programme supplies requisitions must be monitored on a regular basis to ensure they are timely sourced to purchase or inventory orders that can be fulfilled by the required dates, and that appropriate remedial actions are promptly taken if required.
85. PSB regional team leads must perform regular reviews of approved and budget checked requisitions raised under the UNFPA business unit for field offices in their regions. Normally, such requisitions are expected to be sourced into purchase orders or IMM orders within two weeks after having been budget checked valid, unless there is a documented and valid reason beyond PSB's control (e.g. non-LTA procurement, shipments to hard to reach destinations, special registration requirements).
86. Operations managers must perform regular reviews of all pending requisitions older than two weeks (based on creation date), and unsourced requisitions<sup>14</sup> older than four weeks (based on approval date), for both international and local procurement orders. Any issues resulting from this review that could prevent the delivery of the supplies by the required dates must be reported to the concerned procurement focal points and budget holders.
87. Budget holders have the ultimate responsibility for ensuring that appropriate remedial actions are taken, by the appropriate roles, to address any issues preventing the timely delivery of the goods requisitioned, or that requisitions for programme supplies that are no longer needed are promptly closed or cancelled, as appropriate, in order to release the funds and make them available for other programme activities.

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<sup>14</sup> Pending requisitions are defined as open requisitions that are not approved and / or budget checked valid. Unsourced requisitions are defined as approved and budget checked valid requisitions that have not been sourced to either a purchase order or IMM order.

**Step 5 – Sourcing**

88. Goods can be sourced either by placing orders with external suppliers through issuance of purchase orders (i.e., ‘fresh production’ orders), or from the stock of reproductive health commodities and humanitarian supplies maintained by PSB (i.e., inventory orders).

**5.1 – Sourcing from fresh production**

89. Assigned procurement focal points, based on consultations with budget holders and other relevant field office personnel, determine the most appropriate sourcing process for the goods requested, considering such factors as the type of goods, order quantities, urgency of the request, lead times, and PSB stock levels. Since the selection and volumes of items maintained in stock by PSB are limited, most field office orders are fulfilled from fresh production.
90. Normally, reproductive health commodities are sourced from either the [UNFPA Product Catalog](#) or the [UNICEF Supply Catalogue](#). If budget holders seek to procure reproductive health commodities outside of these two sources, they must solicit prior approval from the PSB QA team by submitting a completed [Justification Commodity Within Mandate Form](#).

Purchase order creation

91. Procurement focal points must source the programme supplies requisitions into purchase orders once the vendors selected to supply the goods requested have been identified, following the process outlined in section 11.3 of the [Policy and Procedures for Regular Procurement](#).
92. Separate purchase orders are issued for freight when the freight services provider is different from the vendor supplying the goods, as well as for inspection and testing services, when the goods procured are subject to pre-shipping inspection and testing procedures.
93. Procurement focal points must ensure that purchase orders accurately reflect all information required for effective tracking and recording of the goods. In particular, procurement focal points must validate that:
- The description of the goods ordered is correct, clear and free of words that do not carry any substantive information, such as ‘procurement of’ or ‘supply of’.<sup>15</sup> This validation is particularly important for goods sourced outside of the [UNFPA Product Catalog](#), since descriptions are not pre-populated by Atlas based on the item IDs;
  - Quantities, units of measure, prices per unit and currency are accurate, as approved by the budget holder and agreed with the vendors;
  - All shipping related information, such as ‘ship-to business unit’, ‘purchase order due date’, shipping method (‘Ship Via’ field), ‘destination name’ and incoterms (‘freight terms code’ field) is entered correctly and does not contradict the shipping instructions that are normally attached to purchase orders for internationally procured goods;
  - The goods meet all registration requirements from national authorities in the country of final destination or, if this is not the case, registration waivers can be timely obtained to prevent delays in the customs clearance and arrival process; and

<sup>15</sup> The [Shipment Tracker](#) captures only the first 18 characters from the purchase order description field. So descriptions that are not succinct may limit the ability to duly identify and track the goods once loaded to the Shipment Tracker.

- e) The 'Header comments' field references UNFPA General Conditions of Contract; as well as LTA numbers and special conditions (e.g. requirement to submit performance security), if any. For international procurement purchase orders, the "header comments' field should also spell out the vendors' responsibilities for updating [OTS](#).
94. Procurement focal points must also upload copies of specification document and shipping instructions (if applicable) and then route the purchase orders for review and approval.

#### Purchase order review and approval

95. Programme supplies purchase orders must be approved in accordance with the [Policy for Atlas User Profiles and Directory Application \(ICF\)](#) and the [Policy and Procedures for Regular Procurement](#). Approving Officers<sup>16</sup> must ensure that all information and considerations relevant for programme supplies procurement purposes are properly reflected:
- Goods descriptions, quantities, units of measure, unit prices, currency and amounts are correctly reflected in the purchase order;
  - For goods requiring international shipment, all shipping related information is recorded correctly and does not contradict the shipping instructions to be sent to the vendors (if applicable);
  - Use of a consignee other than UNFPA has been properly justified by the field office;
  - The 'Header comments' field is properly populated (see paragraph 93.e) above;
  - Specification documents and shipping instructions have been uploaded to the purchase order in Atlas (if applicable); and
  - Due dates are set in line with the LTA terms.

#### Purchase order dispatch

96. Purchase orders must be dispatched by procurement focal points within two business days after having been approved and budget checked valid, and then immediately forwarded to suppliers, along with other relevant documentation, such as shipping instructions for goods requiring international shipment.
97. Dispatched international procurement purchase orders are automatically uploaded to the [OTS](#). Both UNFPA personnel and suppliers have access to, and responsibility for, making periodic data updates in the [OTS](#). This system is also used as an online depository for shipping documents.
98. Suppliers and freight services providers, as appropriate, based on the shipping arrangements in place, must update the [OTS](#) with the estimated times of departure (ETD) and arrival (ETA) dates within 3 business days of receiving the purchase order.
99. Procurement focal points are responsible for monitoring the status of the orders to ensure that suppliers ship the goods as per the agreed due dates, and timely updated OTS, and for informing logistics focal points about any changes in delivery dates.

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<sup>16</sup> UNFPA staff members assigned purchase order Manager (for field offices) or Procurement Manager (for PSB) approval rights in Atlas, thus granted authority to enter into legal contracts on behalf of UNFPA up to a limit defined in the [Policy for Atlas User Profiles and Directory Application \(ICF\)](#) and [Policy and Procedures for Regular Procurement](#).



Freight sourcing

100. Freight sourcing must be carried out in compliance with section 6.3.3.1 of the [Policy and Procedures for Regular Procurement](#).
101. In most instances, the suppliers of the goods ordered are also contracted to arrange freight services. Solicitation of offers from other providers is required when the cost of freight is expected to exceed the thresholds specified in the regular and emergency procurement procedures.
102. Selection of the freight mode must be made in compliance with section 12.3.1 of the [Policy and Procedures for Regular Procurement](#), based on considerations of economy and efficiency, and taking into account such factors as cost, required delivery date, order size, number of transfers (with a view to minimize them), geographic route, use of a dedicated freight forwarder or of freight forwarders with representation in the country of final destination, duration of demurrage-free period at port of entry, etc.
103. Surface freight (by sea or truck) is usually cheaper than air freight. Therefore, use of air freight should normally be restricted to humanitarian emergencies, orders weighing less than 200 kg, and situations when the cost of air freight is below 25 per cent of the cost of the goods or where cold chain is required; or if justified by security concerns (e.g. when an airport allows a more secure point of entry to the destination country than a seaport does). All other cases of use of air freight must be justified by field offices in notes to file, and be approved by the PSB regional team leads when freight cost is expected to exceed USD 100,000.
104. The selected freight mode must be indicated in the 'ship via' field of the goods purchase order, regardless of whether freight services are part of the purchase order or not, as this field can be used by UNFPA for tracking and control purposes.

Incoterms

105. Incoterm rules determine the obligations of both UNFPA and suppliers and freight forwarders (if freight is contracted separately from the provision of the goods) with respect to delivery of the goods and related costs and risks. The choice of incoterm rules determines the timing of recognition of assets, liabilities and expenses in UNFPA's accounts.
106. The standard incoterm rule used by UNFPA for international procurement is 'Carriage Paid To' (CPT). Based on this rule, suppliers or freight forwarders arrange carriage until the final destination point. However, risk of loss or damage is assumed by UNFPA from the time goods are passed into the custody of the first carrier.<sup>17</sup> UNFPA mitigates this risk by having all goods insured under its all-risk insurance plan with worldwide coverage Global Cargo and Warehouse Insurance Contract.
107. In cases where CPT is not deemed to be the most efficient option, PSB procurement focal points must select an alternative incoterm rule, based on considerations of minimizing risks to UNFPA and costs. Since the Global Cargo and Warehouse Insurance Contract offers favorable insurance rates to UNFPA, which may not be available to other parties, PSB procurement focal

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<sup>17</sup> Carrier means any person who, under a contract of carriage, undertakes to perform or to procure the performance of carriage, by rail, road, sea, air, inland waterway or by a combination of such modes.

points should normally select an incoterm rule that places insurance responsibility on the buyer (i.e., UNFPA), as this is likely to result in lower shipping costs.

108. For locally procured goods, field office procurement focal point must normally select ‘*Delivered At Place*’ (DAP). Under this rule, suppliers or freight forwarders are responsible for all costs and risks of transportation, including delivery of the goods to the final destination. An alternative incoterms rule should be selected only if it results in substantial cost savings to UNFPA as compared to DAP.

## 5.2 – Sourcing from PSB stock

109. PSB maintains stocks of certain reproductive health commodities and humanitarian supplies, including ERH kits, fistula kits, male and female condoms and certain medicines, such as oxytocin. These goods are held at manufacturers’ premises but are owned by UNFPA. They are available for fulfilling both UNFPA field office and third party procurement orders.
110. Orders are normally sourced from PSB stock when:
- a) Quantities ordered are below the minimum order quantities specified in the LTAs with the manufacturers;
  - b) The supplies are required ahead of the lead times offered by manufacturers; and/or
  - c) The supplies are required for humanitarian response activities.<sup>18</sup>
111. Maintaining stock originates incremental costs, such as warehousing, insurance, compliance, etc. These costs are recovered by PSB by charging a fee, set as a percentage of the cost of the goods sourced from stock. In addition, goods sourced from PSB stock generally have shorter shelf lives than goods sourced from fresh production.

### Inventory order creation

112. The PSB inventory associate must convert programme supplies requisitions to be sourced from PSB stock into IMM inventory orders. IMM inventory orders are assigned the same number as the related requisitions.
113. Once inventory orders are created, the PSB inventory associate must select the product batches to be used to fulfill them. Normally, batches with the nearest expiration date, expected to have at least 75 per cent residual shelf life at the time of shipment, must be selected, unless the budget holder has explicitly agreed to accept the goods with a shorter residual shelf life.
114. Budget holders must only agree to accept goods with less than 75 per cent residual shelf life when:
- a) The goods are required for humanitarian emergencies and the remaining shelf life is more than six months;
  - b) The goods are expected to be immediately handed over following arrival to the final destination point (i.e., these goods cannot be held in stock);
  - c) IPs have been made aware of the expected residual shelf life of the goods at the time of their estimated arrival date, and have confirmed their ability to ensure consumption of these goods prior to their expiration.

<sup>18</sup> Historically, more than 90 per cent of all ERH kits are sourced from PSB stock.

Pick plan creation

115. After assigning batches to IMM inventory orders, the PSB inventory associate must generate an IMM pick plan, showing the item IDs, quantities and units of measure of the goods to be released from stock, as well as their batch numbers, warehouse locations and shipping address.
116. IMM pick plans are subsequently submitted to the PSB procurement focal points, who are responsible for verifying that the information included therein is accurate.
117. Pick plans get uploaded to the [OTS](#), in the same manner as dispatched purchase orders, and are subject to the same data entry and oversight requirements.

Freight sourcing

118. Freight sourcing procedures for orders fulfilled from PSB stock are the same as for orders sourced from fresh production, as described in paragraphs 100 to 104 above. Freight services purchase orders must reference the IMM pick batch ID and inventory order numbers (the later equal to the requisition number) in order to allow a more effective tracking of the goods in the [OTS](#) and the [Shipment Tracker](#).

**Step 6 - Pre-shipment activities**

119. Assigned procurement focal points must instruct suppliers and freight forwarders to ship the goods, either sourced from fresh production or from PSB stock, after completing the activities discussed in paragraphs 120 to 142 below, once any issues reported by logistics focal points in the receiving field offices have been addressed.
120. For orders sourced by PSB, procurement focal points generate shipping instructions from the Country Profile Database and share them with suppliers and field offices prior to each shipment. Logistics focal points are responsible for ensuring the information in the shipping instructions is accurate, including:
  - a) Name of the consignee – i.e., the individual or party to receive the goods (consignees must receive copies of the shipping documents, and their address, country, name, phone/fax, email and contact person should be included in the PO and package labels);
  - b) Name of the notify party – i.e., the party engaged by PSB or the field office to arrange customs clearance of goods (shipping documents must be forwarded to the notify party, and field offices listed as the notify party when shipments are consigned to a different party);
  - c) Delivery Address/Final Destination – i.e., the address of the receiving party where the goods are to be physically delivered;
  - d) Labelling/Shipping Marks – including the UNFPA logo, project number, package contents, country of destination, batch information and storage conditions (a visual representation of typical shipping marks can be found in Chapter 12.2.3 of the Policy and Procedures on Regular Procurement);
  - e) Modes of Transportation – i.e., sea, rail, road or air (used in combination when necessary).
  - f) Name of forwarding agents – i.e., the party engaged to carry out the formalities and operations of consignments on behalf UNFPA;

- g) Documentation required documentation for shipment, such as packing lists, invoices, certificates of analysis, etc. (including indication the number of copies of each document to be distributed to the parties listed above).
121. Logistics focal points must promptly communicate to PSB procurement focal points any corrections to the information contained in these shipping instructions in order to prevent any delays in clearing the shipment. PSB procurement focal points must update the Country Profile Database information for future use, as appropriate.

Pre-shipment quality assurance - international procurement

122. Certain reproductive health commodities are required to undergo pre-shipment inspection.
123. Pre-shipment inspection is normally carried out by external inspection and sampling agencies contracted by UNFPA. Depending on the type of goods, pre-shipment inspection may include verification of certificates of analysis, shelf life, packaging, labeling, markings, and inserts. Inspectors also review and compare the descriptions of goods with their physical appearance (e.g. shape, size, color); verify quantities; look for signs of damage, physical contamination and/or obsolescence; and make certain that the different levels of packaging (e.g. blister foils, jars, containers, etc.) are clean, properly sealed and are adequate to ensure safe dispatch and arrival of goods to their final destination.
124. Pre-shipment inspection is required for all condoms (both male and female); lubricants; medical devices; reproductive health medicines and diagnostic and medical kits which are not WHO pre-qualified or approved by a Stringent Regulatory Authority (SRA).<sup>19,20</sup>
125. Emergency reproductive health kits are not subject to pre-shipment inspection. Inspection of medical devices and kits is not required when the cost of the product is less than the cost of the inspection; instead, the PSB QA team carries out a visual inspections of such goods. When pre-shipment inspection is substituted with visual inspection clearance, suppliers must submit photographic evidence of product labeling and packaging.<sup>21</sup> The PSB QA team reviews the photographs as per the inspection checklist and grants clearance if no issues such as incorrect or defective pouch inserts, inner boxes or shipping cartons are found.
126. For IUDs, pre-shipment inspection is substituted by visual inspection clearance based on product photographs and review of the certificate of analysis for each lot. The supplier is required to share all technical documentation for review by the PSB QA team, who notifies procurement focal points whether or not they agree to the release of the goods.
127. In addition to pre-shipment inspection, samples from all batches of condoms (both male and female), and reproductive health medicines procured from manufacturers pre-qualified through

<sup>19</sup> Reproductive health medicines prequalified by WHO or approved by Stringent Regulatory Authorities are excluded from pre-shipment inspection and testing requirements.

<sup>20</sup> Goods sourced from the [UNICEF Supply Catalogue](#) are subject to UNICEF quality assurance mechanisms. Therefore, UNFPA standard inspection and testing procedures do not apply.

<sup>21</sup> For IUD-s, suppliers are also required to submit internal certificates of analysis.

the Expert Review Panel mechanism<sup>22,23</sup> are subjected to pre-shipment testing.<sup>24</sup> The tests required vary based on product type. Testing is carried out by quality control laboratories engaged by UNFPA.

128. Testing of male condoms is performed in accordance with the requirements of the WHO/UNFPA [Male Latex Condom: Specification, Prequalification and Guidelines for Procurement, 2010 \(revised April 2013\)](#), and ISO 4074. Testing of female condoms is performed in accordance with ISO 25841 and the WHO/UNFPA [Female Condom Generic Specification, Prequalification and Guidelines for Procurement, 2012](#), or manufacturers' specifications. Questions about the requirements and applicability of the above-referenced ISO standards should be brought to the attention of the PSB QA team.
129. Testing of reproductive health medicines is performed to confirm compliance with the appropriate monograph, e.g. International, British, European or US pharmacopoeia or manufacturers specification as approved by the Expert Review Panel.
130. Inspection and testing discrepancies identified are communicated to the PSB QA team. Depending on the severity of the discrepancies, the PSB QA team may either require the replacement of the goods, or work with the suppliers to find acceptable solutions to the problems identified. Goods cannot be shipped until the PSB QA team is satisfied with the results of any agreed remedial actions by the suppliers.
131. The timing of pre-shipment inspection and testing is coordinated between suppliers and the inspection and sampling agencies, or quality control laboratories. Suppliers must enter the scheduled 'sampling & testing' date for goods subject to both pre-shipment inspection and testing, or the 'Inspection finalized' date for goods subject to pre-shipment inspection only, into the [OTS](#) as soon as these are known. If suppliers fail to do so, procurement focal points must update the applicable OTS milestones accordingly.

#### Pre-shipment quality assurance – PSB stock

132. Goods held in PSB stock are inspected and tested, if applicable, at the time when originally supplied by vendors for stock replenishment.

#### Pre-shipment quality assurance – local procurement

133. All locally procured reproductive health supplies requiring pre-shipment inspection in accordance with the above guidelines, as well as other programme supplies (e.g., dignity kits) valued at USD 100,000 or more shipped directly by suppliers to IPs must undergo pre-shipment inspection to verify their compliance with the agreed product specifications.
134. Provided local procurement of pharmaceuticals, or medical devices has been approved, heads of office are responsible for ensuring that the products meet the applicable UNFPA quality

<sup>22</sup> Reproductive health medicines prequalified by WHO or approved by Stringent Regulatory Authorities are excluded from pre-shipment inspection and testing requirements.

<sup>23</sup> Goods sourced from the [UNICEF Supply Catalogue](#) are subject to UNICEF quality assurance mechanisms. Therefore, UNFPA standard inspection and testing procedures do not apply.

<sup>24</sup> More details on UNFPA quality assurance standards and practices, including pre-shipment inspection and testing standards, are provided in the [UNFPA Quality Assurance Framework for the Procurement of Reproductive Health Commodities](#).

assurance policy standards. In order to do this, field offices must facilitate and fund the hiring of technical expert(s) to aid in the process; LTAs held by the PSB QA team may be leveraged in order to ensure the technical evaluation is completed in an effective and efficient manner.

### Shipping documents

135. Procurement focal points must use the [Country Profile Database](#) to generate the lists of documents required for shipment and importation of the goods to the destination countries. This database is also used as a basis to generate shipping instructions to suppliers and freight forwarders (if freight is contracted separately from goods). Documents typically required for shipment and importation include bills of lading or air waybills, packing lists, commercial invoices, certificates of analysis, certificates of origin, and final inspection and test reports.
136. Logistics focal points must inform procurement focal points of any special shipping requirements (e.g., pallet size e, containerization) to ensure the equipment, warehouse facilities, operators and laborers involved in the shipment of the goods have the capacity to handle the goods in the chosen packaging. If appropriate, these requirements should be recorded in the Country Profile Database for future reference.
137. Shipping documents are normally drafted in English. Logistics focal points must alert procurement focal points of the requirement to translate Certificates of Analysis and Certificates of Origin to other languages to prevent custom clearance delays. Procurement focal points must also record this requirement in the [Country Profile Database](#) for reference for future shipments.
138. PSB procurement focal points must update the [Country Profile Database](#) information at least on an annual basis, with support from field office logistics focal points, as required.
139. Suppliers and freight forwarders must promptly e-mail copies of all required documents to procurement focal points as soon as they become available,<sup>25</sup> typically approximately 2 weeks prior to the departure of the shipment. For the purpose of initiating pre-clearance activities, procurement focal points must ensure the necessary documentation, such as certificates of analysis and certificates of origin, are shared with the logistics focal point as soon as it is provided by the suppliers.
140. Original copies of air waybills and bills of lading are normally required for clearing the goods. For sea shipments, they will must be couriered to the consignee at least 10 days prior to the departure of the vessel. For air shipments, the documents are normally attached to the physical goods; whenever this is not possible or practical, for technical or other reasons (such as emergency situations) documents must be sent by courier service to the consignee.
141. Procurement focal points must review all documents upon their receipt for accuracy, compliance with shipping instructions and completeness, and ensure, at a minimum, that:
  - a) The right products are being shipped;
  - b) The quantities and units of measure are correct;

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<sup>25</sup> Since transport documents such as air waybills or bills of lading are not available until shipping commences, supplier or freight forwarder should prepare and share drafts.

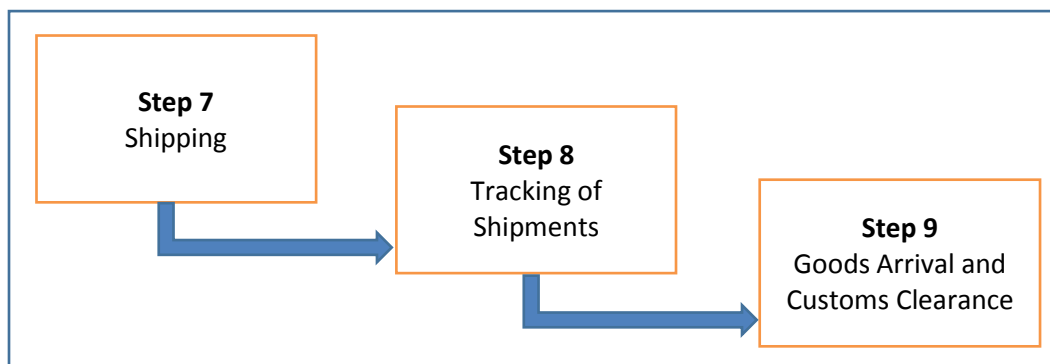
- c) Products will have at least 75 per cent remaining shelf life (as determined by the expiration dates listed on the packing lists) by the ETD date. In cases where this is not possible, the products must have, in line with WHO guidelines, at least 12 months of shelf-life remaining by the ETD date. In the exceptional cases in which, due to valid programme needs, goods with a shorter shelf life must be provided, procurement focal points must seek approval from the PSB QA team and obtain the formal concurrence of the concerned field offices. Distribution plans for these goods must be put in place by UNFPA field offices and IPs well in advance of their arrival;
  - d) Batches reflected in the shipping documents are the same as those that were inspected or tested;
  - e) Transport documents (e.g. air waybills or bills of lading) clearly indicate special handling and storage requirements, including maximum temperature, while the goods remain in transit (including while undergoing customs clearance); and
  - f) Other essential information such names and addresses of consignees and notified parties; final destination; and incoterms, is referenced accurately and consistently throughout all documents.
142. Upon completion of their review, procurement focal points must ensure that any issues found in the documents are promptly remediated by the suppliers or freight forwarders, and the corrected documents are submitted to the logistics focal points. This requirement applies to all shipments, regardless of whether or not UNFPA is listed as the consignee.

#### Pre-shipment checks and coordination

143. Logistics focal points must review the shipping documents provided by procurement focal points, and communicate any discrepancies or gaps within two business days following receipt. Logistics focal points must verify that all data in the packing list, invoice, and purchase order match before the documents are cleared for shipment. Procurement focal points must promptly refer the issues identified to the suppliers or freight forwarders for remedial action. Logistics focal points must provide final approval of the revised documents to the procurement focal points, once they are all received in good standing.
144. As soon as the documents are received, logistics focal points must initiate coordination of customs clearance, receipt, inspection, and delivery activities, including required import permits and certificates, coordination with customs agents and local transport services providers, and confirmation of IP readiness to receive the goods.
145. When goods are not intended for immediate handover to IPs, logistics focal points must also ensure that appropriate storage space and conditions are available at a UNFPA warehouse.
146. Logistics focal points must communicate to procurement focal points any major issues that could prevent or delay the clearance, receipt, and delivery of the goods, at least two weeks prior to the ETD date, so that a decision can be made as to whether shipments should take place as planned or rescheduled.
147. Logistics focal points must begin all pre-shipment checks immediately after receiving the shipment documents, to avoid delays in clearance and other downstream activities.

**C. Fulfillment**

148. **Figure 4** presents an overview of the **fulfillment** process. It should be read in conjunction with the more detailed guidance provided in paragraphs 149 to 188 below.



**Figure 4** – Overview of the **fulfillment** process

**Step 7 - Shipping**Consignee

149. UNFPA field offices in the countries of final destination must typically serve as consignee for goods procured by UNFPA, regardless of the procurement type (international or local), funding source, or the unit that initiated procurement, unless one or more of the following exceptions applies:
- UNFPA does not have physical presence in the final destination country;
  - There are legally imposed restrictions that do not allow UNFPA to serve as a consignee;
  - For goods procured by UNFPA for activities to be implemented by other United Nations organizations, when it is considered to be more practical for those organizations to serve as consignees; or
  - For goods procured by UNFPA from other United Nations organizations, when it is considered to be more practical for these organizations to serve as consignees.
150. Nominating a party other than UNFPA as consignee carries legal, reputational and financial risks for UNFPA, some of which include:
- The United Nations is exempt from customs duties, prohibitions and restrictions on imports of goods for its official use. National authorities may not recognize that such exception applies to goods not consigned to UNFPA. Moreover, consignment to a party other than UNFPA may be subject to lengthier administrative and clearance procedures, even if exemption from customs duties is granted;
  - Consignees may not timely clear the goods at the port of entry, increasing the risk of additional demurrage costs, spoilage and theft;
  - Consignees may not follow adequate receiving and inspection procedures, and instances of missing, damaged, obsolete or spoiled goods may remain undetected; and
  - Insurance for goods covered under UNFPA's Global Cargo and Warehouse Insurance Contract is in UNFPA's name. Having another party as consignee may negatively impact



UNFPA's ability to file insurance claims (e.g., if information needed for the claims is not reported on time).

151. Nomination of consignees other than UNFPA should only be considered in exceptional circumstances, primarily in the context of humanitarian emergencies, or when this contributes to reduce lead times or lower costs. Whenever other parties are named as consignees, field offices must receive written confirmation from said parties confirming that:
  - a) They agree to custom clear the goods; and
  - b) Have obtained assurance from the government that no customs duties will be levied on the goods, or if any such duties are levied, they will be responsible for paying them.
152. Whenever field offices are not named as consignees of shipments, they should be listed as the "Notify Party" on the shipping instructions so that they can receive copies of the shipping documents, in order to aid the consignee in clearing the goods if need be.
153. In situations where third-parties serve as consignees, field offices responsibilities amid management of programme supplies and related downstream activities set forth in this policy remain unchanged. Logistics focal point must still be present at customs clearance and receiving inspections to ensure they are handled properly and any discrepancies are reported to PSB in a timely manner. Shipment Tracker focal point must promptly record the issuance in Shipment Tracker and upload appropriate documentation (bill of lading/air waybill confirming UNFPA did not serve as consignee). All further requirements as to downstream monitoring of IP activities apply as normal.

#### Shipment commencement

154. Shipment commences at the time goods are picked up from the suppliers premises by a first carrier. Suppliers or freight forwarders (if freight is contracted separately) are required to provide the following information, notifications and documentation:
  - a) Within two business days following shipment commencement - notify PSB procurement focal points, logistics focal points and consignees (in the exceptional circumstances when a field office is not the consignee), by e-mail, that goods have been picked up by the first carrier, populate the ATD date, and update the ETA date, if needed, into the [OTS](#);
  - b) Within two business days after all shipping documents become available - upload copies of the documents, including final copies of bills of lading / air waybills, into the [OTS](#);
  - c) At least three weeks prior to the ETA date (to ensure that documents will reach field offices at least two weeks prior to the ETA date) - courier original shipping documents for non-air shipments. For shipments by air, original shipping documents must be sent together with the goods;
  - d) Within two business days after the original shipping documents have been sent - update 'shipment document sent' and 'courier tracking number' fields in the [OTS](#); and
  - e) Within two business days following arrival of the goods to the final destination - notify PSB procurement focal points, logistics focal points and consignees, by e-mail, that goods have arrived at the final destination, and update the ATA date in the [OTS](#).
155. PSB procurement focal points are responsible for providing and uploading all required shipping documents and notifications, and accurately updating [OTS](#) data should suppliers or

freight forwarders omit to do so as required in the previous paragraph. This requirement applies to goods procured and supplied from the UNICEF Product Catalog as well.

156. Requirements of paragraph 154 apply equally to goods procured internationally and local ly (if involving shipment), except for the requirement to update the [OTS](#), which applies to internationally procured goods only.

#### Financial receipt

157. A financial receipt is the Atlas transactions used to record the transfer of control over goods from the suppliers to UNFPA.
158. Creation of financial receipts also triggers recording of field office programme supplies purchases in the [Shipment Tracker](#), which captures the flow and status of the supplies until control over them is relinquished by UNFPA, normally through their handover to IPs. For inventory procured to replenish PSB-controlled inventories, the financial receipt originates the update of IMM records.
159. For internationally procured goods, transfer of control from suppliers to UNFPA is determined based on the incoterm rules used. PSB procurement focal points must create Atlas financial receipts within three business days following receipt of the documents evidencing transfer of control.
160. For goods procured locally, the Atlas financial receipt must be created within three business days following physical delivery of the goods to the agreed destination point (e.g., field office warehouse) and completion of receiving and inspection procedures, as described in paragraphs 190 to 215 below.

#### IMM inventory order depletion

161. Goods sourced from PSB stock are already in UNFPA control, and therefore do not require creation of a financial receipt. The PSB inventory associate must deplete IMM inventory within three business days following receipt of notification that goods were picked up from stock by the first carrier, signifying transfer of control over the goods from PSB to the receiving field office.

#### Shipment Tracker update

162. Financially received purchase order lines, and IMM inventory orders, are automatically uploaded to the [Shipment Tracker](#) through a daily batch process, and from that point forward reflected as inventory in transit in this system.

#### Insurance arrangements

163. In accordance with the its Financial Regulations and Rules (Rule 114.21) and section 12.4 of the [Policy and Procedures for Regular Procurement](#), UNFPA insures all goods it legally owns against losses or damage during shipping and transportation.
164. The party responsible for insuring goods in transit is determined by the incoterms rules selected for the shipments. When the selected rule (e.g., CPT) places insurance responsibility on UNFPA, the PSB procurement focal points (for internationally procured goods) must ensure that the shipments are covered under UNFPA's Global Cargo and Warehouse Insurance

Contract. This insurance contract provides coverage from the moment risk is transferred from the suppliers to UNFPA, until the goods arrive at the final destination.

165. When the DAP incoterm (rule of reference for local procurement) is used, insurance of goods is the responsibility of the suppliers. If another incoterms rules are considered, preference must be given to those that place responsibility for insurance on suppliers. If this is not possible, or economically feasible, procurement focal points must obtain insurance coverage in accordance with section 12.4 of the [Policy and Procedures for Regular Procurement](#). As a first option, procurement focal points may request PSB to have the goods insured under UNFPA's Global Cargo and Warehouse Insurance Contract.

### Step 8 - Tracking of shipments

166. Effective tracking of programme supplies shipments is critical to ensure the timely completion of all subsequent activities in the supply-chain.
167. Procurement focal points are responsible for ensuring that all documents and information required for tracking and clearing international shipments are promptly and accurately made available to logistics focal points by suppliers and freight forwarders, via email, or through the [OTS](#). Procurement focal points are responsible for providing and uploading the documents and notifications, and accurately updating [OTS](#), should suppliers and freight forwarders omit to do so as required.
168. Logistics focal points must timely monitor [OTS](#) data, and take proactive steps to obtain any documents and information not provided as per the requirements and timelines outlined in this document. Logistics focal points are also responsible for informing those involved in subsequent supply-chain activities (e.g. customs clearing agents, warehouse focal points, IPs) about the status of the shipments and any issues eventually affecting them.
169. Medicines within certain ERH kits that require cold storage are sometime shipped separately via air, with the remaining kit components shipped by sea. Logistics focal points must monitor and track the status of the 'cold chain' components, and timely initiate custom clearance activities should arrival of the goods differ from the rest of the consignment.
170. Logistics focal points are responsible for updating the 'shipment documents received' date in the [OTS](#) as soon as the full set of required original documents is received (as previously indicated in paragraph 140, these documents must be couriered to the logistics focal points at least three weeks prior to the ETA date).
171. For locally procured goods, field office procurement focal point must ensure that logistics focal points receive all information from vendors required to track the status of orders at any point in time, and to undertake their duties under this policy (e.g. customs clearance, receiving and inspection procedures).
172. Shipments of goods sourced from PSB stock must be tracked through the Shipment Tracker, using the IMM order number as a reference, as only freight and inspection costs purchase orders are uploaded into the OTS. IMM order numbers are indicated in the freight purchase orders' Header details, under the "PO reference" field.

**Step 9 - Goods arrival and customs clearance**

173. Logistics focal points are responsible for monitoring the arrival of shipments, and ensuring the prompt and effective completion of customs clearance activities, even when these are outsourced to third-party service providers.

Standard operating procedures

174. Customs clearance activities must be completed based on country-specific customs clearance standard operating procedures (SOPs) to be developed by the logistic focal points, and approved by the operations manager at each field office. At minimum, the SOPs must:
- a) Clearly document all activities required for the duty-free import of programme supplies, such as obtaining import permits, filing for tax exemptions, applying for rebate letters, paying administrative fees, and completing customs inspections;
  - b) Reference all documents required to complete each activity;
  - c) Establish the timeline of the activities and the associated responsibilities;
  - d) Facilitate a prompt release of goods by scheduling as many activities as possible to run concurrently and/or prior to arrival of the goods in the destination country;
  - e) Identify any differential or supplementary requirements that may apply to different ports of entry (e.g., seaports or airports);
  - f) Include customs clearance checklists that can be used to guide and track all customs clearance activities; and
  - g) Clearly document any additional or alternative processes to be followed for customs clearance of goods procured in the context of humanitarian emergencies.
175. Logistics focal points are responsible for ensuring that the customs clearance SOPs remain current, and that they are periodically updated to reflect changes and best practices learned over time.

Logistics focal point responsibilities

176. Logistics focal points must update the 'customs cleared' date in the [OTS](#) within two business days following completion of the customs clearance for internationally procured goods.
177. Logistics focal point must communicate issues arising from failure of suppliers or freight forwarders to uphold their responsibilities as set forth in this policy (i.e. forwarding shipping documents on time, updating OTS in a timely manner, lack of response to queries or concerns on the part of UNFPA) to the PSB procurement focal points. Any such occurrences must be documented and reflected in the vendors' annual assessments. If these issues prove to be systematic, field offices can request procurement focal points to contract with other suppliers (if feasible) or freight forwarders. Any costs that may arise due to suppliers' non-compliance will be at their expense.
178. In addition, logistics focal points must regularly inform budget holders, operations managers, warehouse focal points and IPs, about the status of customs clearance activities, and alert them about situations where the release of the goods has not been completed after two weeks from the time of arrival of the shipment, and update the 'status of customs clearance comments' field in the [OTS](#). Should the release of goods be expected to exceed a 90 day period, logistic

focal points must alert the PSB insurance focal point, in order to arrange for additional insurance coverage, beyond the standard terms.

179. Budget holders have the ultimate responsibility for ensuring that appropriate remedial actions are taken by the appropriate roles to address any issues preventing the timely customs clearance of the shipments.

#### Monitoring of customs clearance activities

180. Operations managers must monitor the arrival and custom clearance of programme supplies by performing regular reviews of [OTS](#) and [Shipment Tracker](#) data, and follow-up on the implementation of remedial actions to resolve delays identified.

#### Customs inspections

181. Logistics focal points must be personally present at the time and place where customs inspections are scheduled to take place, in order to observe the inspection process and visually inspect the cargo. This requirement applies even when customs clearance activities have been outsourced to third party services providers. Exceptions are only allowed when attendance is not possible due to security reasons, not permitted by national regulations, or, for shipments with a value lower than USD 50,000, when inspection takes place at a site that is distant from the field office premises.
182. Any issues identified during the customs inspection process, such as damage, pilferage, tampering, inadequate storage conditions, or inconsistencies in products or batch numbers, must be reported to the designated procurement focal points within two business days, for the purpose of filing insurance claims or determining whether the future use of the goods is safe. Shipments for which issues were identified at the time of customs inspection should be subjected to more extensive receiving and inspection procedures, following the process outlined under ‘Step 10 – Receiving and inspection’ of this document.

#### Use of third party service providers

183. Activities in the customs clearance process can be outsourced to professional customs clearing agents or customs brokers.
184. When this option is chosen by field offices, logistic focal points must ensure that:
- a) The service providers engaged have the necessary permits and competencies to perform the activities outsourced;
  - b) The service providers engaged have a valid contract (e.g., LTA or memorandum of agreement) for the provision of customs clearing services, either with UNFPA or other United Nations organizations. Providers cannot be engaged based on a contractual relationship with IPs even when the goods are intended for the IPs<sup>26</sup>;
  - c) Updates about the status of the shipments, including ETD and ETA dates, and documents required for customs clearance, are shared with the service providers as soon as available to the logistics focal points; and

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<sup>26</sup> Does not apply to exceptional cases when UNFPA is not a designated shipment consignee.

- d) Close oversight is maintained to ensure that customs clearance activities are timely, effectively and efficiently completed.

#### Insurance arrangements

185. Insurance of goods under UNFPA's Global Cargo and Warehouse Insurance Contract expires 90 days after arrival of the goods at the port of destination. Moreover, terms and conditions of the contract are extremely nuanced, so the actual coverage period can be shorter if any of the many policy exclusions applies.
186. Logistics focal points must alert PSB procurement focal points when the customs clearance process is expected to take more than 90 days. PSB procurement focal points are responsible to work with the PSB Global Cargo and Warehouse Insurance Contract focal point to extend the insurance coverage period past the standard time.

#### Process for goods procured by field offices

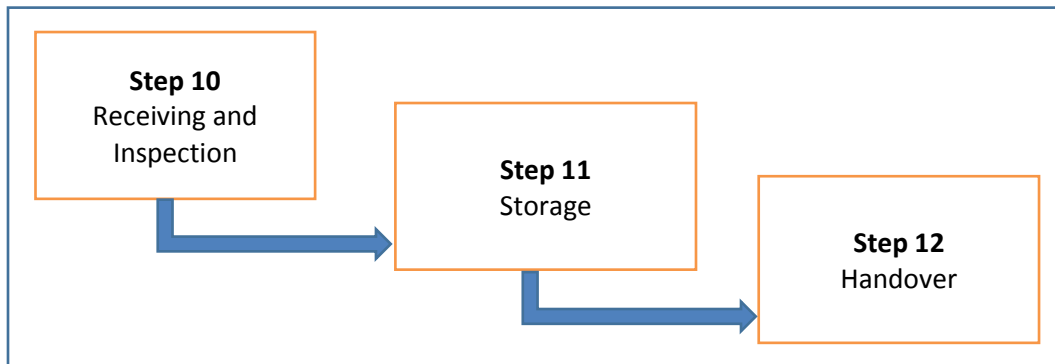
187. Procedures described in this step apply to all internationally procured goods as well as to locally procured goods that require international shipping, and UNFPA bears responsibility for the customs clearance. The requirement to update the [OTS](#) dates applies to internationally procured goods only.

#### Customs clearance costs

188. Payments of customs clearance and other local logistical expenses, including clearing agents fees; port services; demurrage charges; container rental; local freight, etc., must be thoroughly reviewed by operations managers, to ensure they reflect valid costs for services effectively provided to UNFPA and priced at adequate and reasonable rates. Detailed records of customs clearance and logistical costs, by shipment and expense component, must be maintained for management analysis of costs incurred and identification of operational bottlenecks and efficiency opportunities.

### **D. Delivery**

189. **Figure 5** presents an overview of the **delivery** process. It should be read in conjunction with the more detailed guidance provided in paragraphs 189 to 300 below.



**Figure 5** – Overview of the **delivery** process

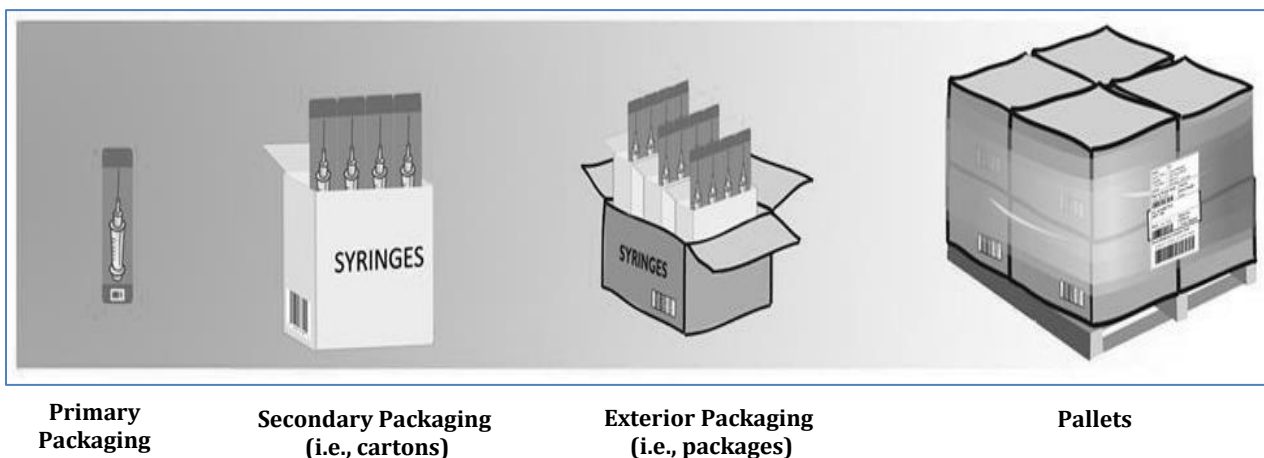
**Step 10 – Receiving and inspection**

190. Logistics focal points must conduct detailed inspections of all shipments, as soon as possible upon arrival of the goods, at one of the following locations:
- a) At the port of entry, if allowed by operating conditions; or
  - b) At a UNFPA warehouse; or
  - c) At an IP handover facility.
191. Only duly inspected goods, confirmed as having arrived in good order, are considered to be physically received.

**Scope of inspection**

192. The scope of receiving inspections must be sufficient to provide reasonable assurance that the shipments contain the right goods, in the right quantities and in the right conditions. It should take into consideration factors such as the type and value of the goods; the amount of time the containers were stored in ports of arrival and customs areas and the level of security therein; the process and time to move the containers to the point of inspection; indications of tampering with or other issues affecting the containers in which the goods were shipped; and problems identified in previous receipt inspections.
193. The following terminology is used to distinguish the different types of packaging referenced in the receiving and inspection process requirements outlined in this section:
- a) Pallets are used as a base for assembling, storing, handling, and transporting packages in a unit load;
  - b) Exterior packages, such as boxes or cases (referred to as packages in this document), are normally loaded onto pallets, and their content completely enclosed;
  - c) Secondary packages (referred to as cartons in this document) are placed inside of the exterior packages, to provide an additional layer of protection for the goods. Secondary packages normally contain multiple primary containers, which are referred as primary packaging; and
  - d) Primary packaging are shippable containers of individually packed units, as indicated in the supplier's unit of measure.

**Figure 6** below exemplifies the above definitions.



**Figure 6 – types of packaging**

194. Receiving inspection must entail, at a minimum, the following procedures:
- a) Visual inspection of pallets and packages for signs of damage, pilferage or tampering (e.g. packaging tears, open boxes, missing labels, broken seals);
  - b) Inspection of temperature logs (if available) for goods requiring cold chain delivery;
  - c) Reconciliation of the quantities received to the quantities in packing lists and Atlas financial receipts or IMM orders; and
  - d) Comparison of the products, batch numbers and expiration dates on the packages (as indicated on the shipping marks) to packing lists, air waybills or bills of lading, certificates of origin (if applicable), and certificates of analysis (if applicable).
195. After the visual inspection of pallets and packages is completed, the logistics focal must perform a detailed inspection of the content (e.g., cartons) of a sample of packages not showing signs of damage, pilferage or tampering. The sample of packages to be inspected must be using the following criteria:
- a) Sample size: the number of packages to be inspected should be determined based on the value of the shipment, as outlined below:
    - i. Shipments with values below USD 50,000<sup>27</sup> - 5 per cent of the number of packages,<sup>28</sup> up to a maximum of five packages;
    - ii. Shipments with values of USD 50,000 or more - 10 per cent of total packages, up to a maximum of 20 packages;
    - iii. Shipments including multiple items - the inspection must include at least one package of each type of item received with a total shipment value of USD 5,000 or more, even if it exceeds the maximum amount of packages mandated above (sections i and ii); and
    - iv. For ERH kits – at least one kit of each type.

<sup>27</sup> The threshold is based on cost of goods only, excluding associated costs such as freight, testing, artwork, etc.

<sup>28</sup> Rounded up to the nearest whole number.



- b) Sample selection: packages to be sampled must be selected on a random basis, drawn from different pallets and container areas, covering different batches, to the extent possible.
196. The inspection of the packages selected as indicated above must include the following activities:
- a) Visual inspection of the cartons (or other types of secondary packages) inside the exterior packages, for signs of damage, tampering or pilferage; and
  - b) Physical count of the cartons contained in the packages, and reconciliation of the resulting quantities to the information on the shipping marks and the packing lists.
197. The inspection must also cover at least 10 per cent of the cartons contained in the packages selected, and include the following activities:
- a) Physical count of the individual units (primary packaging) contained in the cartons; and
  - b) Visual inspection of a sample of individual units contained in the cartons for: correspondence to the products ordered (e.g. name, shape, and color); correct units of measure and quantities; and signs of damage, tampering or pilferage (e.g. broken seals, discoloration, abnormal odor, animal contamination, insects, etc.).
198. Inspections of goods that were not subject to pre-shipment inspection must also include:
- a) Verification that all packaging, marking and labeling requirements (if any) have been complied with; and
  - b) Verification that batch numbers and expiration dates on inner packages match information printed on outer packages or picking lists.
199. All packages showing signs of damage, pilferage or tampering must be subject to a full inspection (i.e., 100 per cent – not on a sample basis) to determine whether the goods can be accepted and received. If the initial inspection reveals extensive (i.e., affecting a large number of packages) damage, missing goods, or evidence of tampering, the entire shipment must be subject to a full inspection to determine whether the goods can be accepted and received. Field offices should not reject the goods if, after a detailed inspection, it is determined that the quality of the goods has not been compromised.
200. Goods with a residual shelf life at the time of shipment of less than 75 per cent of their total shelf life should not be accepted or less than 12 months of shelf life at the ETD, unless shipment of goods with a lower residual shelf life had been previously approved on account of exceptional circumstances.
201. Medical devices, ICT equipment and vehicles must be subjected to a full (i.e., 100 per cent) inspection.
202. Inspection of medical devices and ICT equipment must include the verification of (i) correspondence to the products' technical specifications, country of manufacture and manufacturer name, as per the appropriate procurement and shipping documents; (ii) visual appearance; (iii) inclusion of all parts, as per the applicable part lists, instruction and operations manuals, spare parts and installation supplies, when applicable; (iv) presence of CE mark when applicable; (v) shelf-life when applicable; and (vi) evidence of damage or tampering.

203. Inspection of dignity kits must also include the verification, on a sample basis, of the inclusion of all individual components, and their correspondence to detailed written specifications included in the vendors' offers or, preferably, samples requested from vendors at the time of the procurement process.
204. When the inspection of medical devices, pharmaceuticals, and other goods requires additional technical expertise, logistics focal points must request the assistance of qualified staff from the field office, implementing partner, other Nations organizations, or third parties, to ensure the goods are received in the proper condition.
205. When performing detailed inspection, logistics focal points must be mindful of the following:
  - a) Containers, boxes and cartons opened for inspection must be appropriately re-sealed; and
  - b) Primary packaging for reproductive health medicines, other pharmaceuticals and sterile products, must not be opened unless there is evidence of damage, tampering or pilferage.
206. As much as practical, inspections must be completed within a single working day. When not possible logistics focal points must ensure that non-inspected containers and packages are properly sealed and safeguarded pending completion of inspection on the following day.

#### Receiving and inspection forms

207. The results of the receiving and inspection process must be documented in detailed [receiving and inspection forms](#).
208. [Receiving and inspection forms](#) must be prepared upon completion of the shipments' inspection, and signed by the logistics focal points and:
  - a) Authorized IP representatives, when goods are transported directly to IP facilities and inspected and handed over therein;
  - b) UNFPA warehouse focal points, or authorized third-party warehouse representatives, as appropriate, when goods are transported to UNFPA warehouses and the inspection is completed therein; or
  - c) Freight forwarder or customs clearing broker representatives, when goods are inspected at the point of entry.
209. Occasionally, when the receiving inspection is expected to be carried out at IP premises, the IPs may not be ready to receive the goods immediately upon their arrival. These situations must be avoided by giving regular updates to the IPs of the status of shipments (e.g. picked up by first carrier, arrived to the port of entry, customs cleared), and providing ample time for the IPs to prepare for the receipt of the goods.
210. When unavoidable, uninspected goods may be left at IP facilities only when all of the following conditions are met:
  - a) No evidence of damage, loss, tampering or pilferage exists;
  - b) The containers remain sealed and the integrity of the seal is verified both by the logistics focal point and authorized IP personnel. When the goods are not delivered in containers, the number of packages and their integrity must be verified;
  - c) The goods are kept in a secure location, under adequate storage conditions (e.g., proper temperature) until the inspection can be completed; and

- d) The IPs acknowledge in writing the receipt of the containers or packages and their content, pending completion of the detailed inspection process.

### Discrepancies

211. Logistics focal points must clearly document any discrepancies, shortages and/or damages identified by the receiving inspection in the '[Damaged or missing goods report](#)', and provide digital pictures demonstrating the nature and extent of the problems identified.
212. The [Damaged or missing goods report](#) and photographic evidence must be submitted to the assigned procurement focal points within 2 business days of completion of the inspection process. Procurement focal points must further liaise with the suppliers / freights forwarder or carriers, as appropriate, to ensure a prompt resolution of any problems identified (e.g. the product is replaced, an insurance claim is filed).
213. Goods that are defective or not in the proper condition must be rejected. If the goods are rejected, the supplier is required to take the following actions:
  - a) Provide a full or partial refund, as applicable upon return of the goods by UNFPA; or,
  - b) Repair the goods in a manner that would enable the goods to conform to the specifications or other requirements of the relevant contractual agreement; or,
  - c) Replace the goods with goods of equal or better quality; and,
  - d) Pay all costs relating to the repair or return of the defective goods, as well as the costs relating to their storage and for the delivery of any replacement items to UNFPA.
214. UNFPA has the right to refuse receipt of additional quantities of goods that are in excess of the quantities indicated in the shipping documents (packing list and invoice) and financial receipt records. In no instance should they be handed over to or left in the possession of IPs, but instead be kept under UNFPA control until further instructions are received from the suppliers and PSB.
215. Defective, damaged, perished or otherwise unacceptable products must be separated and marked with unique identifiers to clearly distinguish them from serviceable goods. In no instance should they be handed over to or left in the possession of IPs, but instead they must be kept under UNFPA control until further instructions are received from suppliers and/or PSB as regards their disposition.

### Shipment Tracker update

216. Logistics focal points must provide copies of the duly completed and signed [receiving and inspection forms](#) to the Shipment Tracker focal points within one week following completion of the receiving and inspection procedures.
217. Shipment Tracker focal points must review the forms for accuracy and consistency with the related Atlas financial receipts and/or IMM orders, and mark the goods as physically received in the [Shipment Tracker](#), changing the status of the inventory from in-transit to static, within the following two business days.

Post-shipment testing

218. Logistics focal points must promptly notify the PSB QA team of any issues arising from post-shipment testing of reproductive health commodities undertaken by national authorities that may result in the rejection of the goods supplied.

**Step 11 - Storage**

219. Programme supplies must normally be delivered to the designated IPs immediately after arrival.
220. Exceptionally, field offices may be required to temporarily maintain static inventory at warehouses under their control, for valid reasons, such as the need to respond to humanitarian emergencies, pre-position supplies, or to mitigate risks associated with IP logistical and financial capacity gaps.

Authorization to hold inventory

221. Maintaining inventory at UNFPA warehouses must be authorized in advance by regional RHCS advisors, for reproductive health commodities, regional humanitarian coordinators, for humanitarian supplies, or regional operations managers, for other types of programme supplies.
222. Field offices must apply for authorization by submitting [Authorization to Hold Inventory Request](#) forms, documenting the relevant justifications of the need to hold the inventory.
223. [Authorization to Hold Inventory Request](#) forms must be accompanied by budget and funding plans, detailing all estimated future direct costs (e.g. warehouse rental or third-party service provider costs; salaries of personnel involved in warehouse management activities, either on a full or part-time basis; insurance; utilities; equipment; periodicity and estimated costs of warehouse assessments), and indirect costs (e.g., allocations of management time and occupancy expenses), and how they are expected to be funded.
224. Authorization to hold inventory must be granted only when field offices unequivocally demonstrate a legitimate business need, which cannot be fulfilled otherwise, and the operational and financial capacity to manage the warehouses. Regional RHCS or humanitarian coordinators, as appropriate, must reassess, in consultation with field offices and regional operations managers, the need to hold static inventory at least once every three years.

PSB-managed stocks

225. PSB is authorized to maintain under its control stocks of reproductive health commodities and humanitarian supplies, in order to allow it to source field office orders and respond to humanitarian emergencies in a more timely and effective manner.
226. Decisions on the type of goods to be held under PSB control are made by the Chief, PSB. Decisions on the level of stocks to be maintained for the goods authorized to be held in stock are made by the PSB Procurement Coordinator, based on considerations such as the level and consistency of historic demand, production and delivery lead-times, shelf-lives, and humanitarian response trends.

227. The PSB-controlled inventory is managed in accordance with the [Guidance note on PSB managed inventory of RH commodities](#).

#### Selection of field office warehouses

228. Field offices authorized to hold inventory under their control, must identify warehouses appropriate to store and safeguard the inventory, managed by either UNFPA personnel or third-party service providers.
229. Logistics focal points must complete assessments of the proposed warehouses using the [warehouse assessment checklist](#), to determine which warehouses better meet the requirements, including cost-effectiveness, for the adequate storage and safeguarding of the types of inventory and stock levels to be held under UNFPA control. The selection procedure must take into account any warehousing requirements imposed by national authorities.
230. Heads of office must approve the selection of the warehouse(s) to be utilized to hold the inventory. Approval must also be obtained from regional RHCS or humanitarian coordinators, as appropriate, as well as international operations managers, when the warehouses are expected to store supplies with a value of USD 250,000 or more at any single point in time.<sup>29</sup> Regional Advisors may decide to conduct an in-person warehouse assessment should the warehouse be expected to hold high values of supplies, be located in a high-risk environment, or be exposed to other challenging operating conditions.
231. Logistics focal points must reassess the warehouses used to store inventory on an annual basis as long as UNFPA inventory continues to be stored therein. The assessments must be completed using the previously mentioned [Warehouse Checklist](#). Copies of the annual reassessments must be shared with the regional RHCS and humanitarian coordinators, as appropriate, and with the international operations managers.
232. A comprehensive summary of the most relevant requirements for storage of reproductive health commodities can be found in the [WHO Guidelines for the Storage of Essential Medicines and Other Health Commodities](#).<sup>30</sup>

#### Warehouse location and design

233. Selection of the most appropriate warehouse facilities must take into account the types and volumes of programme supplies to be held in stock. Critical warehouse location, design and equipment requirements are summarized in paragraphs 234 to 249 below.
234. Adequate storage capacity must be available at the warehouse(s) selected. The volume of space needed generally follows the rule of 1:4, meaning that for every cubic units of goods expected to be stored, four cubic units of space are required.

<sup>29</sup> Threshold of USD 250,000 applies to combined value of all programme supplies to be stored in the warehouse, including non-reproductive health commodities.

<sup>30</sup> John Snow, Inc. /DELIVER in collaboration with the World Health Organization. [Guidelines for the Storage of Essential Medicines and Other Health Commodities](#). 2003. Arlington, Va.: John Snow, Inc. /DELIVER, for the U.S. Agency for International Development.

235. Adequate measures, such as perimeter fencing, video surveillance, alarm systems, and guards, should be in place against unauthorized entry, theft and other potential exposure to physical losses.
236. The warehouses must be located within a reasonable distance from the field offices, to facilitate regular access by the relevant field office personnel, and in areas assessed as secure and with good road access.
237. Access roads and receiving and shipping areas must allow access of large vehicles if the warehouses are expected to handle large volume shipments and/or deliveries. Appropriate equipment such as forklifts and pallet lifters should be available as well.
238. Receiving, shipping and storage areas must allow for free and easy handling of supplies and movement of equipment.
239. The warehouses must not be located in areas prone to flooding, and should be built and equipped in a manner that allows proper drainage of rainwater and prevents water accumulation on the warehouse floor or in adjacent areas.
240. Windows should be high enough to not be blocked by shelves, have wire mesh to keep out insects, and be protected against theft.
241. Warehouse design should allow adequate air circulation to avoid concentrations of fumes or gasses and to prevent condensation of moisture on products or walls.
242. The facilities must have adequate natural light during the day, to minimize the use of fluorescent lighting, which emits ultraviolet rays that have a negative effect on certain products, or incandescent bulbs, which emit heat. Appropriate areas must be available to store products that are photosensitive and will be damaged if exposed to light.
243. Air conditioners and/or fans must be in place in order to maintain temperatures below 30° Celsius at all times. Temperature monitoring devices should be available and monitored regularly.
244. Appropriate cold storage facilities must be available if goods that require refrigeration/freezing, such as oxytocin, will be stored at the warehouses. Cold rooms (–20° C for frozen products and 2°–8° C for cold temperature storage) are more efficient in comparison to refrigerators and freezers because they emit less heat. However, cold rooms may not always be available at smaller warehouses.
245. Secure areas, such as cages and locked cabinets, must be available for the storage of high-value, pilferable or sensitive goods.
246. The facilities must have closed office areas to maintain the ICT equipment required for warehouse management and inventory control, and for safekeeping of records and documents;
247. Adequate fire prevention, detection and extinction mechanisms, such as fire and smoke detectors, extinguishers and sprinklers, must be in place.
248. An alternative power supply must be available at warehouses located in areas prone to electricity outages.

249. First aid kits and guidelines on first aid measures for exposure to medical products stored in the warehouse must be available.

#### Storage conditions

250. Upon receiving the goods, warehouse focal points must review the manufacturer's storage requirements and ensure that the goods are stored accordingly.
251. All goods must be assigned a location indicator to ensure they can be located quickly. A high-level diagram of the warehouse that includes the locations of goods must be maintained at larger facilities.
252. Similar product must be stored in adjacent areas, in order to facilitate access, movement and distribution, and prevent errors in their handling.
253. Shelves and bins must be used to store smaller packages and individual items, and pallets must be used to store bulk items and larger packages. As a general rule, shelves and pallets should be arranged as follows:
- In line with a passageway;
  - At least 10 cm off the floor;
  - At least 30 cm away from walls and other stacks; and
  - In stacks not more than 2.5 m high.
254. High-value, pilferable or sensitive goods must be stored in the warehouses' secure areas (e.g., cages and locked cabinets).
255. Products must not be stored in direct sunlight, and must be kept at the required temperature at all times, as specified in the product labels and manufacturer's storage requirements. As a general guidance, temperature requirements for different types of products are summarized below:
- Store at room temperature: goods must be stored in dry, clean and well ventilated areas at temperatures between 15°–25°C;
  - Keep cool: goods must be stored at temperatures between 8°–15°C;
  - Keep cold: goods must be stored at temperatures between 2°–8°C; some heat-sensitive products are usually kept in the first and second part of refrigerators (never the freezer);
  - Store frozen: some products, such as certain life-saving medicines, must be transported within a cold chain and stored at –20°C.
256. Product with storage requirements, such as 'protect from moisture', must be stored in a space with no more than 60% relative humidity.
257. Temperature and humidity levels must be monitored at least on a daily basis. Temperature and humidity logs must be kept, with notations of the temperature and humidity levels measured and actions taken to address any deviations from the required storage requirements.
258. All goods must be stored in an organized and systematic manner to allow their delivery following the first-to-expire, first-out approach (FEFO). Batches with different expiration dates must not be mixed, and goods with the shortest remaining shelf lives must be stored in the most visible and accessible positions, to ensure that they can be distributed first.

259. Bin cards must be placed at all pallets, shelves, bins and other storage devices used, clearly identifying the product names, batch numbers and expiration dates. For ERH kits, bin cards must indicate the earliest expiration date for the set of components packed within the kits.
260. Stocks must be regularly monitored to identify ERH kits with less than six months remaining shelf lives, as well as other reproductive health commodities with expiration dates 12 months or less from their expiration dates or best before date. In the case of ERH kits, warehouse focal points must monitor the expiration dates of the individual components within the kits.
261. Any such items must be promptly reported to logistics focal points and budget holders so that appropriate actions can be taken to ensure the goods can be utilized before they expire or, when this is no longer possible, properly disposed.
262. Product conditions must be monitored regularly, and defects or damages reported promptly, to allow timely and appropriate remedial actions for the issues identified.
263. Conditions that could be an indication of product damage include:
  - a) Solutions: discoloration, cloudiness;
  - b) Light sensitive products: torn packaging;
  - c) Latex products: dryness, brittleness, cracks;
  - d) Latex products: sticky or stained packaging, discoloration, leakage of lubricant;
  - e) Tablets/caplets: discoloration, crumbling, missing content, stickiness and unusual odor;
  - f) Suspensions: liquid does not return to suspension after shaking;
  - g) Sterile products: torn or stained packaging, missing parts;
  - h) Capsules: discoloration, stickiness, crushed content;
  - i) Tubes: leaking content, stickiness, perforation;
  - j) Foil packs: perforation in packaging; and
  - k) Chemical reagents: discoloration.
264. Storage premises must be maintained clean and aisles maintained clear at all times, and waste and garbage promptly and timely disposed of.
265. Access to the warehouse must be restricted to authorized personnel only, and access must be logged.
266. The operating conditions of fire prevention, detection and extinction measures and devices must be monitored regularly.

#### Insurance arrangements

267. Logistics focal points must ensure that inventory maintained at field office warehouses is adequately insured at all times.
268. Inventory held at UNFPA managed warehouses must be insured under UNFPA's Global Cargo and Warehouse Insurance Contract managed by PSB. Logistics focal points must report to PSB the value of the goods held on a monthly basis so that adequate insurance coverage can be maintained. The cost of the insurance coverage is borne by the field offices holding the inventory.



269. Inventory held at third party-managed warehouses, including those of other United Nations organizations or programme partners, must also be insured at all times. Logistics focal points must assess the adequacy of the insurance arrangements in place and ensure that the warehousing agreement clearly outlines the coverage provided for UNFPA goods.

#### Disposal of goods

270. Damaged, expired or otherwise unusable programme supplies under the control of UNFPA must be disposed of at the earliest opportunity. Prior to initiating the disposal of goods, logistics focal points must obtain a written authorization from heads of office.
271. Physical disposal of contraceptives must be done in accordance with sections 2 to 5 of the [Safe Disposal and Management of Unused Unwanted Contraceptives](#) guidelines.
272. Disposal of reproductive health commodities other than contraceptives must be authorized by the PSB QA team prior to the disposal, to ensure that correct methods are used to prevent environmental damage, incorrect usage, or goods from being sold or otherwise used instead of being physically disposed.
273. Physical disposal should normally be carried out by a qualified third-party services provider, authorized by local authorities. Logistics focal points and at least an additional staff member must be present during disposals, which should be documented through disposal reports, including photographic evidence.

### **Step 12 - Handover**

#### Approval and coordination

274. Handover of goods must be approved by budget holders for goods valued less than USD 50,000, and by heads of office for goods valued at USD 50,000 and more. Approval is evidenced by signing of the corresponding [delivery slips](#) (refer to paragraph 281 of this policy).
275. Goods can only be handed over to IPs with whom UNFPA has a valid, signed IP agreement. Should humanitarian response activities require the delivery of goods to partners without a signed IP agreements, the budget holders and logistics focal point must communicate in writing to the partners their obligations for safeguarding the goods, distributing them to the intended, authorized beneficiaries, and providing any related information UNFPA may reasonable request.
276. Logistics focal points must coordinate with sufficient anticipation all necessary logistical arrangements (e.g., date and time of pick-up and delivery, transportation services, security arrangements) with IPs and warehouse focal points / warehouse managers and services providers.

#### Handover of goods upon arrival

277. Normally, goods are handed over to IPs immediately after completion of customs clearance. In such instances, handover takes place upon completion of detailed receiving and inspection reports, which are completed following the process described in Step 10 of this policy, and

must be documented through [delivery slips](#), as indicated in paragraphs 281 to 283 of this policy.

#### Handover of goods from UNFPA warehouses

278. Warehouse focal points or managers must select the goods for issuance following the FEFO principle. Due consideration should, however, be given to situations where the usage period for which the goods are supplied, the frequency of restocking, the time required to deliver the goods to beneficiary facilities, or other relevant considerations may require the delivery of products expiring at later dates.
279. Goods picked for handover must be jointly reviewed by the logistics and warehouse focal points or/ managers, to ensure they correspond to the products and quantities authorized, and that they are in good order (e.g., not expired or, damaged, include all components or parts, etc.). Goods can be handed over to IPs at UNFPA warehouses or IP delivery locations. Logistics focal points must normally be present at the time of handover, unless this is not possible due to valid reasons, such as security concerns or when multiple issuances from stock are made on single day to different locations, etc. In such cases, handover should be attended by other qualified staff members, such as the warehouse focal points.
280. IPs must be allowed to properly inspect the goods at the handover location. IPs may either follow their own receiving and inspection procedures, or apply UNFPA procedures, as described in Step 10 of this policy.

#### Delivery slips

281. Handover of goods, either immediately upon completion of customs clearance, or from UNFPA warehouses, must be documented through [delivery slips](#), which must be signed by the logistics focal points, or other authorized personnel attending the handover, and the authorized IP representatives (as outlined in the IP agreement) receiving the goods, to document the transfer of custodianship of the goods.
282. [Delivery slips](#) must be prepared by logistics focal points ahead of the handover of the goods. They must clearly specify the handover location and date, and the product IDs, names, units of measure of the goods to be delivered, in line with the information included in the corresponding Atlas financial receipts, for goods to be handed-over directly after customs clearance, or in the [Shipment Tracker](#), for goods to be delivered from static inventory.
283. [Delivery slips](#) must be reviewed for completeness and accuracy by operations managers, and signed-off by budget holders or heads of office, as appropriate based on the value of the goods (refer to paragraph 274 of this policy) to evidence approval of the delivery.

#### Shipment Tracker update

284. Logistics focal points must provide the duly authorized and signed [delivery slips](#) to the Shipment Tracker focal points within two business days following handover. The signed [delivery slips](#) must be uploaded in the Shipment Tracker.
285. Shipment Tracker focal points must record the delivery of the goods in the [Shipment Tracker](#), based on the [delivery slips](#) provided, reflecting the transfer of controls over the goods to the concerned IPs. As from this time, the goods will no longer be considered UNFPA inventory.

Handover - expired and expiring goods

286. Logistics focal points must ensure that goods that have expired or reached their best before date are not handed-over to IPs. Any such goods must be set aside and kept in a separate area of the warehouse, to avoid potential confusion with useable inventory. These goods should be destroyed as soon as the circumstances allow, following applicable UNFPA and national standards.
287. Certain components of ERH and dignity kits may expire or reach their best before date before others do. Logistics focal points must ensure that any such components are removed from the kits on the expiration or 'best before' date (or shortly thereafter), make a note that the kits are incomplete, and ensure the Shipment Tracker records are timely updated.
288. Logistics focal points must seek guidance from the Humanitarian and Fragile Context Branch before removing components from ERH kits, as this may affect the usability of the remaining components (e.g. if certain goods must be jointly administered to a patient).
289. When IPs consent to accept the delivery of incomplete kits, this should be clearly documented in the [delivery slips](#), at the time the handover takes place.
290. Handover of goods within 6 months of their expiration or 'best before' date, must be approved in advance by heads of office, and consented to in writing by the IPs in the corresponding [delivery slips](#). IPs must also confirm the ability to ensure the goods can be consumed prior to the expiration or best before date.

Handover of goods consigned to IPs

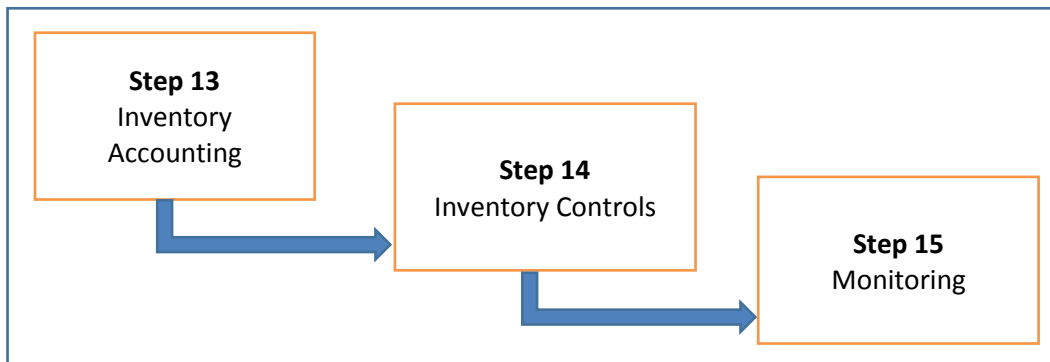
291. Handover of goods consigned to IPs is considered to take place at the time the goods are shipped, as UNFPA never gains controls over such goods. Financial receipts for these goods are uploaded to the [Shipment Tracker](#) following the same process used for financial receipts of goods consigned to UNFPA. The goods must be marked as delivered in the [Shipment Tracker](#) on the dates of the financial receipts.
292. Copies of bills of lading or air waybills clearly indicating the name of the IPs to whom the shipments were consigned must be uploaded to the Shipment Tracker, in lieu of [delivery slips](#), to evidence that delivery has taken place.
293. UNFPA maintains fiduciary responsibility for ensuring that all goods supplied, including those consigned to other parties, have been received, handled and safeguarded with due care, and used for the intended purpose (e.g., reached the designated beneficiaries).
294. To discharge this responsibility, logistics focal points must regularly monitor the status of the shipments with the consignees, based on the [OTS](#) ETD and ETA dates, attend the goods customs clearance and receiving and inspection activities, and obtain copies of the IPs *receiving and inspection reports* to confirm the satisfactory receipt of the goods. Issues noted, such as delays in completion of customs clearance procedures or receiving inspection discrepancies, must be promptly escalated to budget holders and heads of office, as appropriate, for follow-up on the required remedial actions.

Distribution of goods by IPs

295. Distribution of the programme supplies delivered by UNFPA is normally the responsibility of the IPs to which they are provided.
296. When distribution follows an allocation (push) model, IPs must develop processes to identify the needs for reproductive health commodities of service delivery points, preferably based on actual consumption data, and develop plans and schedules designed to ensure that these will be adequately and timely addressed, minimizing stock-outs throughout the year.
297. When distribution follows a requisition (pull) model, beneficiary facilities must implement processes to identify their reproductive health commodities requirements and place orders, with the IPs, who must develop distribution plans adequate to ensure these orders are timely sourced.
298. To ensure an effective distribution process and inventory controls, and compliance with the UNFPA requirements, IPs must maintain adequate stock records. Adequate stock records must also be maintained by service delivery points, which should also record consumption data, for the purpose of reporting back to the IPs. This information should be complemented by transactional data reflecting programme supplies requisitions, deliveries, receipts and transfers by both the IPs and the service delivery points.
299. Regardless of the distribution model used in-country, IPs have the responsibility to implement adequate monitoring processes to ensure that distributions takes place as required to address the needs identified, and that any stock-outs that cannot be avoided are promptly identified and remediated.
300. Budget holders are responsible for validating the adequacy of the IPs distribution plans or schedules, monitoring that goods are timely distributed and used for the intended purposes, and ensuring that appropriate remedial actions are taken to address significant stock-out situations.

**E. Accounting and control**

301. Figure 7 presents an overview of the **accounting and control** process. It should be read in conjunction with the more detailed guidance provided in paragraphs 302 to 372 below.



**Figure 6** – Overview of the **accounting and control** process

**Step 13 – Inventory accounting**Control and recognition

302. UNFPA accounts for programme supplies inventory in compliance with International Public Sector Accounting Standards (IPSAS), including IPSAS 1 (Presentation of Financial Statements), IPSAS 12 (Inventories), and other applicable standards.
303. Inventory is recognized in the UNFPA accounts when control over the goods passes to UNFPA. Control is considered as passed when UNFPA gains the risks and rewards associated with ownership, including the authority to decide what to do with the inventory. Some of the key determinants of control are:
- a) UNFPA has legal ownership of/legal title to the goods;
  - b) UNFPA controls physical access to the goods;
  - c) UNFPA determines or has the right to determine how and when the goods will be distributed;
  - d) UNFPA is responsible for replacement or disposal of the goods in case of their theft, loss, spoilage or damage; or
  - e) UNFPA is indicated as a consignee for the goods and thus is responsible for their timely customs clearance at the port of entry (applies to inventories in transit).
304. Not all criteria above have to be met to establish that UNFPA has control over goods. Similarly, existence of only one condition from the list above may not, in itself, be sufficient to establish that UNFPA has control over the goods. Therefore, analysis of each individual transaction may be required considering all associated circumstances, and guided by the principle of substance over form.<sup>31</sup>
305. Based on the most common arrangements utilized by UNFPA, control passes from a third party (typically, a supplier) to UNFPA at the following points in time:
- a) For internationally procured goods (i.e., orders sourced from fresh production)– when the risks and rewards of ownership are transferred to UNFPA as determined by the incoterm rules applicable to each order;
  - b) For locally procured goods – typically upon physical receipt of the goods by field offices;
  - c) For goods purchased to replenish PSB stock, which are stored at vendor premises – when goods are made available to UNFPA at the vendor warehouse and there is adequate supporting documentation to make this determination.
306. Inventory under the control of UNFPA is reported as an asset in its financial and other financial reports, including certified donor reports, issued at quarter-end periods. Inventory is subsequently expensed when UNFPA transfers control over the goods to third parties, typically IPs.
307. UNFPA never acquires control over inventory in those exceptional situations where IPs are selected as consignees. Control over the goods passes directly from the suppliers to the IPs, therefore this inventory is expensed at the time of shipment.

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<sup>31</sup> Transactions must be accounted for and presented in accordance with their substance and economic reality, and not merely their legal form.

Recognition of field office inventory transactions

308. Resource pre-encumbrances are created in the Atlas KK module at the time programme supplies requisitions are approved and budget checked, reducing the resources available for programming.
309. Atlas pre-encumbrances are liquidated and encumbrances created at the time requisitions are sourced into purchase orders and these have been approved and budget-checked. In the case of orders sourced from PSB inventory, pre-encumbrances are liquidated at the time inventory is depleted in the Atlas IMM.
310. Pre-encumbrances and encumbrances are included in the budget utilization amounts and project budget utilization rates reflected in the corporate performance monitoring reports (Cognos 'spending limits, budgets and expenditures' report and Strategic Information System dashboard), but excluded from the disbursement amounts and project budget implementation rates reported therein.
311. Atlas programme supplies KK encumbrances are liquidated when the related purchase are received and sourced into accounts payable vouchers and these are budget checked valid. At that time, the cost of the goods is included in the disbursements amounts and budget implementation rates reflected in the corporate performance monitoring reports.
312. The cost of the supplies is recognized as an expense in the appropriate general ledger accounts at the time the accounts payable vouchers are posted. Field offices must ensure correct use of account codes when recording expenses pertaining to these transactions, including any related logistical and operational costs. For detailed guidance on the use of account codes, field offices should refer to the [Cognos Account Dictionary](#).
313. Receipt accruals are automatically recorded at the end of each quarter for any received purchase that remain unvouchered at the end of each quarter, to ensure expenses are recognized for the totality of programme supplies received at that time (see paragraphs 317 and 318 below for more details). The accruals are recorded at the end of the quarter by charging the appropriate inventory general ledger accounts and crediting account 21035 'Receipt Accrual Liability', and reversed on the first day of the following period.
314. The amount of receipt accruals is not reflected in the disbursements amounts and budget implementation rates reflected in the corporate performance monitoring reports. Therefore, these measures only reflect the full cost of goods received during the year at the year-end.

Recognition of contributions in-kind

315. Donated programme supplies must be recognized in full compliance with the [UNFPA's In-kind Goods and Services Contributions Policy](#). This policy sets forth criteria for evaluating and accepting contribution's in-kind (for additional information refer to the [RMB Toolkit](#)). The most important considerations include:
- a) The goods or services provided must be used to implement a country programme or respond to an emergency;
  - b) The goods or services provided must meet UNFPA standards;
  - c) The contribution can only be accepted pursuant to a formal agreement with the donor;

- d) A pre-screening form must be submitted to RMB prior to any negotiation to ensure the donor's current and past record of activities can be carefully examined; and
  - e) Any offers of reproductive health commodities must be cleared by Commodities Securities Branch prior to negotiation.
316. Donated goods must be recorded in the Shipment Tracker as soon as control over these goods has been passed to UNFPA. Normally, control is considered as passed upon shipment of the goods by the donor to the field office designated as a consignee, or upon physical receipt of the goods by the field, whichever happens earlier. Logistics focal point must provide the information and supporting documents (including copies of the in-kind contribution agreements, shipping documents, and receiving and inspection reports) for any donated goods to the Finance Branch Inventory Team, who will be responsible for recording the goods in the Shipment Tracker.

#### Recognition of field office inventory balances

317. Inventories of programme supplies maintained under the control of UNFPA field offices are recognized as assets based on the Shipment Tracker accounting process, which is run by the Finance Branch at the end of each quarter.
318. The Shipment Tracker accounting process determines and aggregates the cost of any goods not marked as delivered or disposed in the Shipment Tracker at the end of period, after these are adjusted, as appropriate, based on the results of the inventory certification process (see paragraphs 329 to 333). Inventory under the control of UNFPA is recognized by charging accounts 14601 (for static inventory) or 14605 (for in-transit inventory), reversing the related expenses previously recorded by charging the appropriate inventory ledger accounts at the same time the inventory transactions took place.

#### Recognition of PSB-controlled inventory transactions and balances

319. Atlas IMM automatically creates general ledger journal entries to recognize inventor receipts (i.e., replenishment of PSB-controlled inventory) and depletions (i.e., use of PSB-controlled inventory to source field orders) at the time the IMM records are updated for those transactions.

#### Valuation of inventory

320. UNFPA measures inventory at the lower of cost and current replacement cost. The cost of goods comprises the purchase, conversion and any other costs incurred in bringing the inventory to its location and condition. Current replacement cost is the cost that UNFPA would have paid in order to acquire the goods measured on the reporting date.
321. The cost of goods is established as follows:
- a) For goods sourced from fresh production, cost is measured as the price established in the corresponding purchase orders;
  - b) For goods held in or sourced from PSB stock, cost is measured as the weighted average cost of the goods, automatically updated in the Atlas IMM every time PSB stock is replenished. This approach enables UNFPA to offer consistent pricing to field offices and

- third-party procurement services clients, minimizing differences between the prices paid and charged by UNFPA; and
- c) For goods donated to UNFPA, cost is measured at their fair market value of the goods at the time control passes to UNFPA.
322. Conversion and other costs incurred in bringing field office inventory to its location and condition are estimated and added at period end, based on the kitting, freight, in-transit period insurance, inspection, testing and related costs incurred by UNFPA over the period equal to the average age of field office inventory. Conversion and other costs for inventory held in PSB-controlled stock are included in their carrying amounts and do not require separate estimations.
323. The current replacement cost of all goods purchased during the six months immediately preceding the reporting date is considered equal to their cost, as determined in paragraph 320. The current replacement cost of goods older than six months is determined by reference to an active market for the same or equivalent types of goods as of the valuation date. Any inventory items with current replacement cost below their carrying amounts are written down to match the current replacement cost.

#### **Step 14 - Inventory Controls**

324. A detailed risk-control matrix has been developed summarizing key controls applicable to the different processes within the scope of this policy. The risk-control matrix can be accessed using this [link](#).
325. Details on key controls not discussed in previous sections of this policy and procedures document are included in paragraphs 326 to 348 below.

#### Inventory transactions reconciliations

326. Logistics focal points must regularly reconcile Shipment Tracker inventory transactions and balances against the related Atlas financial receipts, shipping documents, receiving and inspection forms, delivery slips, stock count reports, and other appropriate supporting documents.
327. Discrepancies identified must be jointly analyzed and resolved with the shipment tracker and warehouse focal points and/or warehouse managers, as appropriate.
328. Operations managers are responsible for ensuring the reconciliations are timely and accurately completed, and that any resulting discrepancies timely and properly resolved.

#### Inventory balances certifications

329. Field offices must submit inventory certifications in order to confirm the accuracy and completeness of their in-transit and static inventory balances.
330. Inventory certifications are completed in accordance with the [Inventory Certification Process guidelines](#), which are issued on an annual basis. For field offices holding static inventory, the certifications must be completed based on stock counts at the end of each period for which a certification is required.



331. The frequency of certifications is established by the Finance Branch on an annual basis, using a risk-based model that takes into account the volumes and values of goods supplied and the inventory management performance of the field offices.
332. Logistics focal points are responsible for all operational activities (e.g. physical verification of goods held in stock, monitoring of expiration dates for goods that remain undistributed, reporting on inventory adjustments and disposals) required to complete the certifications.
333. Shipment Tracker focal points are responsible for maintaining accurate records in the [Shipment Tracker](#) (e.g. providing reports, recording transactions, uploading supporting documents, ensuring data completeness of records available in the system, reconciling results of physical stock counts with inventory balances in the [Shipment Tracker](#), reporting of locally procured goods where applicable.).

#### Stock counts

334. All static inventory held by field offices must be subjected to stock counts with the periodicity required by the [Inventory Certification process guidelines](#) (see paragraph 5.5 of these guidelines). Stock counts may be performed on a more frequent basis when considered necessary by logistics focal points, budget holders and heads of office, based on operational considerations and past operating performance of inventory management activities.
335. The stock counts must be completed in accordance with the guidelines provided in [Physical Stock Count Instructions document](#) supplementing this policy, and should be performed and supervised by personnel not involved in warehouse management activities or in the processing of Shipment Tracker transactions.

#### Inventory adjustments

336. Inventory balances must be adjusted to reflect issues such as (i) discrepancies and/or shortages in the quantities of goods; (ii) damage, obsolescence, expiration or other problems affecting their condition and value; and/or (iii) errors made when recording quantities received, delivered or on-hand, and/or the cost of the goods.
337. Inventory adjustments are normally identified at the time of receiving and inspection activities; inventory stock counts; reconciliations and certifications; or based on regular monitoring and review of the inventory maintained in warehouses and the Shipment Tracker records.
338. Shipment Tracker focal points are responsible for the timely and accurate recording of adjustments required to correct inventory accounting errors based on adequate supporting evidence. The adjustments must be reviewed and approved by the operations managers prior to being recorded in the [Shipment Tracker](#).
339. Adjustments for inventory losses due to theft, waste, expiration or spoilage, or any other cause that would prevent recovery of the loss from insurance providers, freight forwarders or suppliers, must be processed through a write-off process, following the guidelines outlined in paragraphs 340 to 343.

Inventory write-offs

340. Inventory write-offs, must be initiated through [Request for Write-Off or Adjustment](#) (RIWA) forms. RIWA forms must be completed by logistics focal points, and reviewed and certified by heads of office as regards the causes and validity of the write-offs and the accuracy of their amounts.
341. Approval of inventory write-off requests for a cumulative amount of up to USD 500 per year per field office is delegated to heads of office. Write-offs for amounts in excess of this threshold must be submitted to the Statutory Reporting Unit for further review and approval prior to further processing.
342. Approval of inventory write-off requests for a cumulative amount between USD 501 and USD 1,000 is delegated to the Chief, Finance Branch. Inventory write-offs with a cumulative value between USD 1,001 and USD 2,500 must be approved by the Director, Division of Management Services. Inventory write-offs in excess of USD 2,500 must be approved by the Executive Director, UNFPA.
343. Shipment Tracker focal points must record the adjustments in the Shipment Tracker within two days of receiving authorization from heads of office or the Statutory Reporting Unit, as appropriate, and upload the RIWA forms and other relevant supporting documents to maintain adequate evidence of the cause, determination and approval of the adjustments.

Segregation of duties requirements

344. Logistics, shipment tracker and warehouse focal point roles must normally be performed by different individuals. Should there be a legitimate need to combine any of these roles on account of operational or programmatic needs, including in humanitarian settings, field offices must obtain prior authorization from the Finance Branch. Authorization should be requested through Integrated Service Desk cases addressed to a member of the Finance Branch Inventory Team.

Fraud risk mitigation

345. All personnel involved in the management of programme supplies must maintain awareness, when performing their duties, of the different fraud scenarios that may affect the management of the goods by UNFPA or its IPs, and prevent their delivery to the intended programme beneficiaries or use for other intended purposes.
346. The key fraud scenarios to be considered include: (i) non-delivery or partial delivery of goods contracted by UNFPA; (ii) product substitution (i.e., the knowing and willful substitution, without UNFPA's knowledge or consent, of sub-standard, used, or counterfeit products for those specified in purchase orders); (iii) theft of products while under UNFPA or IP control; (iv) product diversion (the shipment of goods to destinations other than the authorized IPs or service delivery points); and (v) inflated or fraudulent expenses for customs clearance and local logistics activities .
347. Different internal controls defined in this policy and procedures, when executed with the required level of operational effectiveness and diligence, could contribute to the prevention of

fraud in the process or allow a more timely identification of potential red flags of the occurrence of fraud. The key anti-fraud controls that should be in place include, among others:

- a) Regular management oversight over programme supplies management process activities;
- b) Maintenance of appropriate segregation of duties in the process;
- c) Adequate receiving and inspection verifications;
- d) Adequate physical safeguarding of goods;
- e) Restricted access to the inventory management systems and records;
- f) Regular reconciliation of transactions recorded to the appropriate supporting documents;
- g) Review of adjustments or other potentially exceptional transactions recorded;
- h) Regular performance and reconciliation of stock-counts;
- i) Periodic spot-checks and monitoring of the management of goods by IPs, including procedures specifically designed to identify fraud red flags; and
- j) Regular audits of the management of goods, including procedures specifically designed to identify fraud red flags.

348. Red flags potentially indicative of fraud or other financial irregularities identified by the above controls should be immediately brought to the attention of heads of office to determine appropriate next steps, including their referral to the Office of Audit and Investigation Services.

### **Step 15 – Monitoring**

349. Monitoring of the operating effectiveness of the programme supplies management process must be undertaken through the controls outlined in paragraphs 350 to 372 in this policy and procedures document.

#### Exception reports

350. The Finance Branch must produce quarterly reports of conditions indicative of potential operating effectiveness problems in the order sourcing, fulfillment and delivery processes, including :
- a) Programme supplies requisitions not sourced within three months of their approval;
  - b) Programme supplies purchase orders not dispatched within two weeks of their approval;
  - c) Exceptions and gaps in OTS milestone data relevant for inventory tracking purposes that could indicate delays in shipping, customs clearance and receiving and inspection activities;
  - d) Aged, slow-moving and/or expired or about to expire static inventory;
  - e) Aged in-transit inventory;
  - f) Unreconciled inventory differences;
  - g) Physical and other inventory adjustments;
  - h) Inventory write-offs;
  - i) Supporting documents not uploaded in the [Shipment Tracker](#).
351. Conditions reported must be followed up by the operations managers at the concerned field office to identify whether they reflect underlying operational issues requiring attention, and determine the remedial actions required. Budget holders have the ultimate responsibility for ensuring that appropriate remedial actions are taken to address the issues identified.

352. Regional office international operations managers must monitor the exceptions reported and communicate to heads of office any instances where appropriate remedial actions have not been timely taken.

#### IP reporting

353. Budget holders are responsible for obtaining quarterly inventory reports from IPs for programme supplies delivered by UNFPA demonstrating, for each product supplied by UNFPA: (i) beginning balances; (ii) deliveries from UNFPA; (iii) planned distributions; (iv) actual distributions; (v) ending inventory balances (broken down by batch expiration date); (vi) inventory differences, adjustments and write-offs, and causes thereof; and (vii) known stock-out situations, at a minimum at the central and regional warehouse level, and actions taken to address them.
354. The reports must provide separate information for each central and secondary warehouse holding goods supplied by UNFPA, and reflect both quarterly and year-to-date information.
355. The reports must be certified, to confirm their accuracy and validity, by the authorized officers specified in the corresponding IP agreements.
356. Logistics focal points, in coordination with Shipment Tracker focal points, must reconcile the volume and value of deliveries reported by the IPs to the Shipment Tracker records, and notify budget holders of any discrepancies noted.
357. Once reconciled, budget holders must review the reports to identify potential issues in the management of programme supplies by the IPs that could impact the achievement of programme supplies, such as: (i) differences between planned and actual distributions; (ii) goods with low turnover or stock levels; (iii) goods approaching or past their expiration dates; (iv) inventory differences, adjustments and write-offs; and (v) stock-outs.
358. In addition, IPs which commercialize programme supplies provided by UNFPA (e.g., under social marketing schemes), or charge cost-recovery or any other fees to the users of the products provided, must provide an annual report demonstrating the amount of the proceeds collected and their use in accordance with the agreements reflected in the workplans or other relevant programme documents.
359. Inability on the part of IPs to provide the reports required should be construed as a significant indicator of lack of supply-chain management capacity, and taken in consideration to determine whether future deliveries should take place.

#### On-site monitoring

360. The level of reproductive health commodities availability and stock-out levels at central and regional/district warehouses, as well as at health facilities at the primary, secondary and tertiary levels, must be periodically monitored through the review of information provided by the national coordination mechanisms; information from national LMISs; surveys; periodic on-site monitoring visits to the facilities; and other appropriate monitoring activities.
361. Monitoring activities can be performed by logistics focal points and/or monitoring personnel, or by other qualified programme personnel with knowledge of the subject matter. Monitoring checklists must be developed to ensure the monitoring activities are effective and to facilitate

documentation of their completion. Budget holders must ensure that the findings of the onsite monitoring visits are properly documented and reported, and tracked through resolution.

#### Inventory spot-checks and audits

362. Assurance about the proper management and use for intended purposes of the inventory delivered to IPs must be obtained through IP inventory spot-checks and audits, performed in line with the guidelines established for this purpose.
363. The extent and frequency of the inventory assurance activities to be undertaken must be determined based on the outcome of the IP supply-chain management capacity assessments and the annual value of programme goods delivered to them.
364. Lower-risk IPs receiving inventory valued between USD 100,000 and USD 499,999, and higher-risk IPs receiving inventory valued between USD 50,000 and USD 99,999, must be subject to at least an annual inventory spot check.
365. Lower-risk IPs receiving inventory valued USD 500,000 or more, and higher-risk IPs receiving goods valued between USD 100,000 and USD 499,999, must be subject to at least two inventory spot-checks per year. Quarterly spot-checks must be performed for all higher-risk partners receiving inventory valued USD 500,000 or more.
366. For purposes of applying the above guidelines, any IPs for which supply-chain management capacity assessments are not available (see paragraph 383) will be assessed as higher risk.
367. Spot checks may be performed by logistics focal points and/or HACT<sup>32</sup> focal points or the appropriate programme staff, as appropriate in the circumstances and decided by budget holders.
368. Inventory audits, performed by independent audit firms, must be conducted for all IPs receiving inventory valued at USD 1,000,000 or more.
369. Spot-checks and inventory audits, when required, must include (i) the reconciliation of the volume and value of goods supplied by UNFPA to the IPs records; (ii) the review of the IP inventory records to identify adjustments, write-offs, or other potentially exceptional transactions; (iii) the review of samples of distributions recorded by the IPs against appropriate signed distribution reports or other appropriate supporting documents; (iv) the physical tracking of samples of distributions reported by the IPs through the supply-chain down to the beneficiary facilities; (v) the performance and reconciliation of stock-counts for high-value goods; and (vi) walkthroughs of the warehouses to confirm that the goods supplied by UNFPA are adequately stored, safeguarded and control, and have not expired.
370. IPs assessed as presenting critical risk levels, based on the available supply-chain management capacity assessments and operational performance experience, must be subject to continuous monitoring and spot-checking to ensure that the goods provided by UNFPA are properly managed and used for the intended purposes.

#### Responsibility for implementation of remedial actions

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<sup>32</sup> Harmonized Approach to Cash Transfers

371. Budget holders and heads of office are responsible for ensuring appropriate remedial actions are taken, in collaboration with IPs and other appropriate programme stakeholders and partners, to minimize the impact of issues identified through any of the monitoring controls outlined in this section that could affect the achievement of planned programme objectives.

#### Regional Office monitoring

372. International Operations Managers (IOMs) and Regional RHCS and Regional humanitarian coordinators are responsible for monitoring field office activities in order to ensure compliance with policy requirements are met and appropriate supply chain management and operational procedures are followed. The following tools should be leveraged when monitoring field office performance: quarterly exception reports and inventory performance reports as provided by Finance Branch, spot checks and audits as provided by field offices, and financial management reports available in Cognos.

### **F. Process governance**

373. Key governance arrangements related to the programme supplies management process are outlined in paragraphs 374 to 393 below.

#### Annual management plans

374. Business units delivering programme supplies for annual amounts of USD 500,000 or more must include relevant outputs in their annual management plans developed using the Strategic Information System myResults module, reflecting indicators, targets and milestones appropriate to measure and monitor the operating effectiveness of their supply planning and order sourcing, fulfillment and delivery activities, and the level of achievement of results planned in this areas.
375. The outputs, indicators and milestones reflected in the annual management plans must allow heads of office to track, at a minimum, (i) the level of implementation of their offices procurement plans; (ii) the timeliness and effectiveness of order fulfillment, customs clearance and inventory delivery activities; (iii) the timeliness and accuracy of inventory accounting activities; (iv) the adequacy of inventory safeguarding while under control of UNFPA; (v) the effectiveness of inventory management activities of the IPs to whom the commodities are entrusted; and (vi) the timelines and effectiveness of the IPs commodity distribution.

#### Roles and responsibilities

376. Performance plans of all personnel responsible for key activities within the programme supplies management process must reflect workplan outputs, activities, and performance indicators and the related baselines and targets, aligned to those reflected in their offices annual management plans, adequate to measure the effectiveness of their individual performance and contribution to their offices planned results.

#### Implementing partners agreements

377. Budget holders are responsible for ensuring that programme supplies are only provided to partners who:

- a) Have valid IP agreements with UNFPA (either the general purpose IP agreement or an inventory-specific agreement);
  - b) Have adequate capacity to manage the goods to be supplied.
378. Responsibilities of IPs as regards the management of programme are outlined in the [UNFPA General Terms and Conditions for IP Agreements](#). Budget holders must ensure that IPs meet the requirements established therein.
379. In the exceptional situations, typically in humanitarian settings, where UNFPA provides programme supplies to a partner with whom it does not have a signed IP agreement, the partner responsibilities for the management of the supplies will be specified in document to be attached to the delivery slip.
380. When the implementing partner will sell any programme supplies provided by UNFPA as part of social marketing programme, an amendment to the standard IP agreement must be signed between UNFPA and the implementing partner specifying all applicable additional terms and conditions.

#### Contractees

381. IPs must obtain UNFPA written approval prior to engaging contractees for the management of reproductive health supplies provided by UNFPA.
382. IPs are required to enter into valid contractual agreement with the contractees they engage, clearly defining their responsibilities for the management of programme supplies provided by UNFPA, which should meet the minimum requirements outlined in the UNFPA General Terms and Conditions for IP Agreements and this document.
383. It is the responsibility of the IP to ensure that all requirements set forth in their agreement with UNFPA are met regardless of their contractual arrangements with other parties.

#### Implementing partner capacity assessments

384. The ability of IPs and any contractees they may engage to manage the goods effectively must be determined based on assessments of their supply-chain management capacity completed by UNFPA following the guidelines of its IP capacity assessment process, or by other relevant United Nations organizations or development partners supplying medical products to the same IPs / contractees, taking into consideration the requirements of this policy.
385. The capacity assessments must evaluate the adequacy of the IPs / contractees processes, systems and internal controls, and their physical, financial and human resources in the areas of (i) demand planning; (ii) receiving and inspection; (iii) warehousing and storage; (iv) inventory accounting and control; (v) management of orders from service delivery points; (vi) distribution planning; (vii) transportation and logistics; (viii) monitoring; and (ix) fraud prevention and detection.
386. For a period of 12 months from the effectiveness date of this policy, and pending completion of detailed assessments, the supply-chain management capacity of IPs / contractees could be temporarily established based on their historical performance and demonstrated capacity to manage inventory, the results of facility-based surveys performed for UNFPA Supplies priority

- countries, and other appropriate sources of evidence available. IPs / contractees not assessed after that period will be assessed as presenting higher risk.
387. IPs / contractees assessed as presenting higher risk because of significant capacity gaps revealed by the assessments must be subject to enhanced monitoring requirements.
  388. Budget holders are responsible for ensuring that capacity assessments are performed at least once per programme cycle, whenever relevant assessments of the IPs/contractees performed by other relevant United Nations organizations or development partners are not available. Should there be a need to perform separate assessments, these may be completed by qualified field office personnel with knowledge of the subject matter, or by or by third-parties with expertise in the area.
  389. Budget holders are also responsible for: (i) completing an impact analysis for any capacity gaps identified that could limit the IPs ability to effectively manage and safeguard the programme supplies provided by UNFPA, or otherwise impact the achievement of programmatic objectives; and (ii) ensuring appropriate remedial actions are taken, in collaboration with the IPs and other appropriate programme stakeholders and partners, to minimize the impact of significant capacity gaps.
  390. The capacity assessments and remedial actions plans must be forwarded for review and approval by the Finance Branch inventory team.

#### Workplans

391. Budget holders are responsible for ensuring that programme supplies are not provided to IPs prior to signing workplans, supplemented by other appropriate programme documents (e.g., distribution plans), specifying: (i) the types and estimated volumes of the programme supplies to be provided by UNFPA; (ii) their estimated value; (iii) any responsibilities of, and costs to be assumed by, the IPs for the custom clearance and transport of the programme supplies from their point of destination to the implementing partner facilities; (iv) a description of the intended use of the supplies provided, including, when appropriate and as feasible, the service delivery points and target populations to which they should be provided; (v) any foreseen collaboration with other development or humanitarian partners, if any, in distributing the programme supplies; and (vi) the activities to be undertaken by the IP to ensure the programme supplies are used for the intended purposes.
392. When the implementing partner will sell the programme supplies, or charge cost-recovery or any other fees to the users of the programme supplies provided, the workplan or other relevant programme documents must also specify: (i) the estimated product unit prices or cost-recovery charges or other fees; (ii) the agreed use of the proceeds; (iii) the means to be implemented to ensure the proceeds are collected and used accordingly.
393. Customs clearance and other downstream logistical activities and costs for which field offices will be responsible must be reflected in the appropriate UNFPA execution workplans and budgets.



**Transitional provisions**

Certain programme supplies management requirements reflected in this document will be implemented in a phased manner, as outlined below:

<b>Requirement</b>	<b>Implementation deadline</b>
Approval of forecasts and needs assessments by regional advisors	1 January 2019
Preparation of comprehensive supply plans	
Review of procurement plans by regional RHCS and humanitarian coordinators	
Approval of programme supplies requisitions by regional advisors	
Approval of warehouse selection by regional advisors	
Development of country – specific custom clearance SOPs	1 October 2018
Use of the new receiving and inspection forms and delivery slips	
Issuance of quarterly supply-chain management exception reports	15 November 2018
Submission of quarterly inventory reports by IPs	As from fourth quarter of 2018
Inventory spot-checks	1 January 2019
Inventory audits	31 October 2018
Assessment of warehouses used by UNFPA field offices	30 June 2019
Completion of IP supply-chain management capacity assessments (when required)	
Inclusion of relevant supply-chain management outputs in SIS management plans	1 January 2019
Revised agreements signed with IPs receiving UNFPA programme supplies	
Programme supplies workplans with IPs	