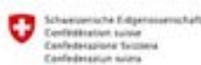




# Standard Operating Procedures (SOP) for Procurement with 3MDG grants

Version 2 May 2017

3MDG IS SUPPORTED BY



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## 2. INTRODUCTION

The 3MDG Fund is supported through a pooled donor fund. Donor commitments are in the range of US\$ 300 million over 5 years. The Fund will be implemented in line with aid effectiveness principles, ensuring harmonisation with the initiatives of other donors such as the Global Fund and GAVI (Global Alliance for Vaccines and Immunization) and taking steps to further strengthen adherence to the principles of country ownership, alignment and mutual accountability.

The overarching goal of the 3MDG Fund is to contribute to national progress towards the health MDGs through a rights-based approach. This will reflect the principles of non-discrimination, equality, participation, transparency and accountability and will give high priority to strengthening voice and accountability including through building the capacity of civil society and community structures. The goal is: Improved maternal, newborn and child health and a reduction in communicable disease burden in areas supported by the 3MDG Fund. The purpose is: Increased access and availability of (i) essential maternal and child health services for the poorest and most vulnerable in townships supported by the 3MDG Fund and (ii) HIV, TB, and malaria interventions for populations and areas not readily covered by the Global Fund.

The detailed programme description is outlined in 3MDG fund Description of Action. UNOPS has been selected as the Fund Manager by the 3MDG Fund Board. All grant recipients, the Fund's Partners, are responsible for ensuring that procurement with funding from the 3MDG Fund is undertaken according to the Fund's policies and principles.

The Fund Manager (FM), the United Nations Office for Project Services (UNOPS), is expected to comply with all regulations, rules, and public procurement principles.

The principles of UNOPS procurement policies and procedures form the basis of the current 3MDG Fund Standard Operating Procedures (SOP) for the supply of pharmaceutical and health-related commodities for and by 3MDG Fund grant recipients in Myanmar.

The SOP shall guarantee the application of the *best value for money* principle in the procurement process. This does not necessarily mean selecting the lowest initial price option, but requires an integrated assessment of technical, organizational, and pricing factors in light of their relative importance. The SOP should, however, aim at reducing the overall procurement costs, and at ensuring the efficiency and reliability of the supply chain.

The SOP aims to guide 3MDG Fund Partners in accessing the offered procurement services. It is envisaged that these SOP will be updated regularly to ensure that they remain relevant to UNOPS business and 3MDG Fund donor requirements and in line with best practices in public procurement. This manual will be updated accordingly as the need arises.

For some activities the FM pre-positions stocks in-country, this SOP will not deal with the specific procedures for requesting pre-positioned stocks, Partners are referred to another

document: ***SOP on requesting supplies from in-country stocks***. This SOP can be obtained from below provided link.

The SOP consists of nine sections including the Introduction and the Annexes. After a short introduction, Section 3 starts by outlining the strategic objectives for good quality pharmaceutical procurement; this is expanded in the Annexes with the operational principles. Section 4 deals with special considerations such as budget adjustment, small orders, *ad hoc* considerations and exceptions. Section 5 provides a detailed description of the steps to be followed in a procurement process. To ensure the Fund Manager and Partners know what is expected from them, Section 6 outlines the responsibilities in a matrix. The remaining three sections provide background information.

This manual contains links to other documents, such as forms and resource documents. To ensure these links continue to work the document should be copied with the relevant folders, named: “Forms” and “Resources”.

Links in this document are underlined in blue and preceded by the following icons:



Links to a related sample, form or template



Links to a resource document



Links to a website with relevant information

### 3. STRATEGIC OBJECTIVES

The following four strategic objectives are relevant to any drugs supply system:

#### STRATEGIC OBJECTIVES

1. PROCURE THE MOST COST-EFFECTIVE DRUGS IN THE RIGHT QUANTITIES
2. SELECT RELIABLE SUPPLIERS OF HIGH-QUALITY PRODUCTS
3. ENSURE TIMELY DELIVERY AT THE RIGHT PLACE
4. ACHIEVE THE LOWEST POSSIBLE TOTAL COST

#### 3.1 PROCURE THE MOST COST-EFFECTIVE DRUGS IN THE RIGHT QUANTITIES

All agencies active in procurement shall maintain a list of essential drugs to ensure that only the most cost-effective drugs are purchased. Procedures that accurately estimate procurement quantities must be in place, in order to ensure continued availability of the selected products without accumulating excess stock.

#### 3.2 SELECT RELIABLE SUPPLIERS OF HIGH-QUALITY DRUGS

Reliable suppliers of high-quality drugs must be pre-selected and active quality assurance programmes involving surveillance and testing shall be implemented by the supplier.

#### 3.3 ENSURE TIMELY DELIVERY

Procurement and distribution systems must ensure timely delivery of appropriate quantities to central or district stores and adequate distribution to health facilities/service delivery points where the products are needed.

#### 3.4 ACHIEVE THE LOWEST POSSIBLE COSTS

The lowest possible costs must be achieved considering four main criteria:

1. The actual purchase price of the drugs
2. Hidden costs due to poor product quality, poor supplier distribution or short shelf-life
3. Inventory holding costs at various levels of the supply system
4. Operating costs and capital loss by management and administration of the procurement and distribution system

## 4. GENERAL PROCUREMENT REGULATIONS AND GUIDELINES

### 4.1 PARTNERS CONDUCTING THEIR OWN PROCUREMENT

In the majority of cases it will be the FM who carries out the procurement and this will be done according to the UNOPS procurement regulations, for more information regarding UNOPS procurement procedures the see below the link to the Procurement Manual.

In some cases Partners prefer to conduct their own procurement, this is possible under grants from the 3MDG Fund and will have to be decided upon prior to establishing the grant. For Partners to be able to conduct their own procurement they will have to show that they have sufficient capacity, experience and the required technical knowhow with regards to the procurement of health commodities and specifically pharmaceuticals. To verify this, the Partner in question has to complete a questionnaire called a **Supply Assessment** which will subsequently be used by the FM to determine whether or not the Partner themselves is capable to conduct the procurement.

 [FORM - Questionnaire Supply Assessment](#)

It will be the Partners' responsibility to request the FM for such an assessment because the normal procedure is for the FM to carry out all procurement activities related to health commodities.

Where Partners conduct their own procurement, their procurement budget will not remain with the FM as is the case for those Partners where the FM conducts the procurement. The 3MDG will still be able to extend services related to importing commodities in to Myanmar, see Chapter 4.12 for details.

When Partners are allowed to conduct their own procurement for health related commodities, auditors will monitor the quality of the procurement process; this includes competitive bidding, quality assurance, distribution and storage. This should be done according to the rules and regulations as established within the Partners' organisation. The Supply Chain quality will be monitored by the FM through field visits in combination with Commodity Tracking Systems reviews (See Chapter 0 for details.)

 [UNOPS Procurement Manual](#)

Partners will have to adhere to the quality standards for the purchase of pharmaceuticals as indicated in this SOP (See Chapter 4.3 for details). If and when the FM finds the Partner is not adhering to the FM's quality regulations, the FM can revoke the permission for the Partner to carry out procurement of health commodities themselves. In that case the FM will take back the procurement responsibilities. This subsequently will require a contract amendment and the Partners will have to sign the **International Procurement Assistance Agreement (IPAA)**, which is

an addendum to the original grant MoA detailing under which conditions the FM will provides the procurement service and describing issues such as liability and the responsibilities for both parties. For more information on the IPAA see Chapter 4.2, a link to a sample contract is provided below.

 [SAMPLE - International Procurement Assistance Agreement \(IPAA\)](#)

## 4.2 GRANT ESTABLISHMENT

When a grant is signed the partner in question will be requested to sign a so called *International Procurement Assistance Agreement (IPAA)*. This IPAA contract is an addendum to the original MoA and clarifies under which conditions the FM will provides the procurement service and describes issues such as liability and the responsibilities for both parties.

 [SAMPLE - International Procurement Assistance Agreement \(IPAA\)](#)

There are three modalities in which goods can be obtained:

- **Health related commodities for international procurement.**

These are all pharmaceuticals and sterile consumables as these are not allowed to be purchased locally, see chapter 4.4 for details. These commodities will always be purchased by the FM, unless the Partner has received approval to conduct their own procurement, see chapter 4.1 for details.

- **Health related commodities which can be purchased locally.**

Under the MNCH component all health related stocks will be provided by the FM from centralised stocks it will therefore be unlikely that there is a need for in-country procurement by the Partners. If health related equipment is required then the FM will carry out the procurement, whether this is done locally or international.

Under the ATM component some health related commodities can be purchased in-country such as equipment and non-sterile consumables. If in-country procurement is required under the ATM component for consumables then this is to be carried out by the Partners themselves, if equipment is to be purchased than this will be carried out by the FM. This will have consequences for the budgets and should be identified prior to establishing the MoA, see chapter 4.3 for details.

- **Non-health related commodities purchased either international or locally.**

Any procurement of non-health commodities is to be carried out by the Partners, whether international or national, whether to be used by the Partners or by the Townships Health Department.

See Table 1: Modalities for procurement for details on who is to carry out which type of procurement. For details on which health commodities can be procured local and which should be procured internationally see chapter: 4.4.

Table 1: Modalities for procurement

Component	Permission to conduct own procurement *)	Type of commodity	Local or int'l	Procurement to be conducted by
<b>EITHER</b>	Yes	Health or Non-health	Local or Int'l	<b>Partner</b>
<b>ATM</b>	No	Non-health	Local or Int'l	<b>Partner</b>
	No	Health (Incl. equipment)	Local or Int'l	<b>3MDG</b>
	No	Health consumables	Local	<b>Partners</b>
<b>MNCH</b>	No	Health	Local or Int'l	<b>3MDG</b>
	No	Non- health	Local or Int'l	<b>Partner</b>

\*) Permission to conduct procurement is related to pharmaceutical procurement and permission is only given after a thorough assessment of the partner in question, see chapter 4.1

Each MoA will be accompanied by a budget which will include a procurement plan. There will be separate budgets lines according the nature of the goods and the organisation responsible for the procurement. Any funds in the budget line(s) to be used for the FM to carry out procurement services will **not be disbursed** to the Partner. Despite the fact that these funds are not disbursed, they still remain a part of the Partners budget and need to be reported on. The FM will always request permission prior to obligating any of these funds, see 5.Phase 4:, Step 2 : for details. After each reporting period has ended the FM will report on the status of the procurement budgets to the Partners. Partners are subsequently expected to report these amounts in their financial reports to the FM. More information can be found in chapter 4.13.

The FM has developed a so called **Requisition Form** (SDL) which is to be used when requesting health commodities from the FM. This tool has a list of the most used pharmaceuticals and consumables including **estimated** prices, it is updated on a regular basis. Partners can use the list to determine the required budget for a range of health commodities. See below the link to the SDL.

 [FORM – Requisition Form](#)

 [FORM – Requisition Form \(for older Excel versions\)](#)

Finally partners should include all required **in-country transport** costs in their budget, as commodities purchased by the FM will be made available in Yangon to the Partners. In special cases the FM can deliver at locations other than Yangon, but this should be discussed and be reflected in the budget. At any time Partners can request assistance in the selection and contracting of transport companies.

### 4.3 QUALITY ASSURANCE

Globally there is an increase in substandard and counterfeit drugs on the market. To ensure only internationally qualified products are purchased with 3MDG funds a number of rules have established. These rules apply to the FM as well as those partners who have obtained approval to undertake their own pharmaceutical procurement.

- The pharmaceuticals should be produced in a **WHO pre-qualified manufacturing site**, or;
- The pharmaceuticals should be products registered in countries with **Stringent Regulatory Authorities** (see Annex 1 for details) as defined by the Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM), or;
- The pharmaceuticals should be produced by companies that meet the requirements laid down by WHO in the **Good Manufacturing Practices (GMP)**; this should either be verified or certificated by an independent international inspection agency (e.g. Veritas, TÜV, SGS).

### 4.4 LOCAL VERSUS INTERNATIONAL PROCUREMENT

When requirements cannot be issued from stock, procurement needs to be undertaken. In these cases a decision needs to be made on whether the required items can be sourced locally or only internationally. Guidelines from the FM clearly define which items can be purchased locally and which items will require international procurement. Depending on the nature of the commodities, local procurement may be possible or even preferred for instance due to availability of local support to maintain equipment.

Pharmaceuticals should always be procured internationally to ensure that qualified drugs are purchased. Please see below definition of pharmaceuticals for this purpose:

**DEFINITION OF PHARMACEUTICALS:**  
**ALL SUBSTANCES THAT IN ONE WAY OR ANOTHER (ORAL, THROUGH THE SKIN, INJECTABLE, ETC.) ENTERS THE BODY AND ARE INTENDED TO INFLUENCE AND/OR STIMULATE THE NORMAL FUNCTION OF THE BODY BEYOND NORMAL NUTRITION AND HYGIENE.**

The table below shows items that should always be procured internationally and those that can be procured locally.

**Table 2: Local versus International Procurement**

ALWAYS INTERNATIONAL PROCUREMENT	LOCAL PROCUREMENT PERMITTED
Pharmaceuticals (all medicines)	Non-medical commodities (IT equipment, office supplies, motorcycles etc.)

ALWAYS INTERNATIONAL PROCUREMENT	LOCAL PROCUREMENT PERMITTED
Medical test kits (malaria test kits, HIV test kits, etc.)	Non-sterile medical consumables (bandages, cotton wool, thermometers, etc.)
Sterile medical materials (syringes and needles, infusion sets, etc.)*	Medical equipment (sphygmomanometers, examination tables etc.)
Laboratory reagents*	Laboratory equipment (microscope, spectrophotometers, etc.)

\*) For these items there are some exceptions, see below text for details.

For some specific medical commodities, for example methanol, local procurement is approved without the need to contact the Fund Manager. The Requisition Form has a column named LP (local Procurement) which identifies those items which are approved for local procurement.

Then there are some very specific exceptions, for example 3ml sterile syringes packed with needles. This item is difficult to find from our regular international suppliers therefore the FM has pre-qualified a number of syringe manufacturers which are available through local resellers. This pre-qualification ensures that these commodities adhere to international quality standards. If partners are interested to purchase these syringes, they should contact the Procurement Unit of the FM through email: [procurement3mdg@unops.org](mailto:procurement3mdg@unops.org).

For the reasons above, it is mandatory that partners contact the Fund Manager if they wish to do local purchase of items that are not indicated in the SDL as already approved for local purchase.

Local purchases are to be carried out by partners themselves, using proper procurement procedures and competitive purchasing. For local purchase, the method of solicitation can be decided depending upon the value of the purchase. It is important that partners realise which items are to be procured locally prior to finalising their budget. The funds required for local procurement will be disbursed to the partner and the funds required for international procurement will remain with the FM although still being an integral part of the partners' budget. A SOP on local procurement has not been finalised yet, but as soon as it is it will be available from the Resources webpage from the 3MDG website.

## 4.5 URGENT REQUIREMENTS

The Fund Manager should be contacted in cases of urgent need (for example drugs needed within four months and which cannot be supplied through an international procurement action). The Fund Manager is often able to facilitate communication between partners to assist in sharing stocks.

## 4.6 BUDGET ADJUSTMENT

In most cases, international procurement is a cheaper option than local procurement, since national taxes as well as profit margins of local resellers can be avoided. Only locally-manufactured items may be cheaper than imported, but locally-manufactured pharmaceuticals are not approved for procurement with 3MDG Fund grants. In cases where a budget has been calculated based on local prices or where the initial budget appears to be insufficient to comply with the Fund's procurement policies, a new estimate can be submitted with adjusted prices for those items for which international procurement increases the costs of the items. The Fund Manager will then take this into consideration, although it cannot make any commitment for the allocation of additional funds.

## 4.7 VERY SMALL QUANTITIES

International procurement of very small quantities is not possible, since international suppliers need a minimum order value to make the supply financially interesting. The Fund Manager will try to provide necessary support for partners who want to process small orders that they would otherwise not be able to obtain from the international market. This requires that partners synchronize orders in time and frequency. The Fund Manager will request these partners to submit their requirements and will provide them with a timeline for delivery.

As a short-term solution, partners with very small orders should try and obtain stock from other 3MDG Fund partners. When this is not possible, they may contact the Fund Manager for assistance.

## 4.8 BRAND SPECIFIC ITEMS

The FM is required to carry out competitive tenders for all requirements. This means Partners cannot specify brand names in their requirements as this would inhibit a fair, non-biased procurement process; all description should be *generic*. In certain circumstances there are exceptions possible to this rule; for example when an organisation has standardised certain products in their organisation for reasons of:

- Maintenance of equipment;
- Knowledge required to operate a specific diagnostic tool or piece of equipment;
- To be able to achieve economies of scale for consumables which are required for a specific piece of equipment.

If a requisition contains a brand name for a specific item, the requisition has to be accompanied by a justification explaining the reason(s) why a brand name was included and signed by an authorised person of the organisation.

## 4.9 AD HOC REQUIREMENTS

Partners are required to use their sound judgment when it comes to *ad hoc* requirements; it is not possible to provide written guidelines that cover all possible eventualities.

## 4.10 PARTNERS OWN PROCUREMENT GUIDELINES VERSUS 3MDG FUND SOP

The SOP describes standard procedures to be followed by the Fund Manager when procuring on behalf of partners. For those partners undertaking their own procurement, they should follow their organization's internal guidelines where available. These guidelines should have been issued by the headquarters from the organisation; furthermore they should be documented and well established within the organization. In case there are no documented guidelines issued by the headquarters regarding procurement procedures, 3MDG Fund guidelines shall prevail. These are available in the Procurement Manual from UNOPS.



[UNOPS Procurement Manual](#)

## 4.11 PROCUREMENT IN THE FINAL YEAR OF A MEMORANDUM OF AGREEMENT.

Procurement requisitions need to be submitted at least 12 months prior to the end of the partner's Memorandum of Agreement with the 3MDG Fund. Since procurement actions require approximately four to six months from start to full delivery, it is too late to initiate a procurement action within six months of the contract end since supplies would be delivered too close to the end of contract. The guiding principle here is that any stocks whether provided to partners should be consumed during the contract period. In exceptional circumstances, exemptions may be made with approval from the Fund Manager. This would be the case when for example an organisation has borrowed stocks from another organisation is required to return these.

If the requisition is related to items which can be issued from in-country stocks then shorter periods are allowed as the delay in providing the commodities is minimal. Here the guiding principal for the quantity to be provided would be the consumption rate in relation to the amount of time left until the contract expires.

## 4.12 IMPORT ASSISTANCE AND TAX EXEMPTION

Commodities procured for Partners receiving procurement services from the FM will be made available at either the airport or seaport. The FM manager will function as a consignee subsequently this will relieve the Partner of the task to obtain an import license and TAX exemption. As mentioned earlier, those Partners conducting their own procurement can still receive support from the FM for importation of the procured commodities with 3MDG grants. For each and every consignment to be cleared by the FM, a separate contract will have to be established a so-called ***Import Assistance Agreement***. This contract clarifies under which

conditions the FM will accept to function as a consignee. For details reception of commodities partners are referred to ***SOP Clearance and Reception of International Consignments***.



[SAMPLE - Import Assistance Agreement](#)



[SOP - Clearance and Reception of International Consignments](#)

#### 4.13 REPORTING OF CONSUMPTION OF COMMODITIES

For the MNCH component the Fund Manager is pre-positioning stocks for Voluntary Health Workers. To maintain uninterrupted supply to the Partners the Fund Manager needs to know the consumption rates of Partners to be able to replenish stocks in time.

For this purpose Partners are required to report quarterly their stock levels and consumption rates for the commodities purchased to be utilised by Axillary Midwives (AMWs) and Community Health Workers (CHWs). A reporting form has been developed and is available through the below link. Partners are expected to complete the form, indicating the stocks at all levels throughout their supply chain. Hence those stocks already issued to voluntary health workers can be excluded but any field level stocks should be included in the reporting.

The MNCH stock reporting form has a double function, it allows the Fund Manager to anticipate required stocks in the future but it also allows Partners to analyse their current stock situation. After entry of the data in the form Partners can see whether:

- They commodities which will expiry before they can be utilised;
- How long the current stock levels will last;
- Or it can be used to determine what quantities need to be ordered.

Instructions on how to use the tool are included in the Excel file. Partners will be informed when the reports are due.



[FORM – Stock Reporting Form](#)

#### 4.14 FINANCIAL UTILISATION REPORTING

The FM reports spend and obligated funds to the partner through the ***Financial Utilisation Report (FUR)***. This is normally done directly after the reporting period ends of the Partners in question. Some partners have the obligation to report to 3MDG quarterly while others report on a biannually basis.

The Partner remains responsible for ensuring that the FUR correctly reflects past procurement undertaken by the FM on behalf of the Partner. Partners are expected to cross-check the entries in the Financial Utilisation Report with the invoices and consignments they have received.

In case Partners are not sure about the amount remaining in their procurement budget, they can contact the Procurement Unit ([procurement3mdg@unops.org](mailto:procurement3mdg@unops.org)) at any time to ask a recently updated Financial Utilisation Report.

Below a link can be found to guidelines on the Financial Utilisation Report, it clarifies the different sections with in the Financial Utilisation Report and where the amounts can be found which have to be reported.



[Guidelines Financial Utilisation Report](#)

#### 4.15 DONATIONS OF 3MDG FUNDED SUPPLIES

Despite good Supply Chain Management there remains the possibility that excess stocks have been accumulated which cannot be utilised prior to their expiry date. The FM therefore has developed a **donation policy** for commodities purchased with 3MDG grants. Partners are required to request permission prior to donating any 3MDG funded commodities and this should be documented. To allow for good donation practises there are a number of guidelines, for example:

- Partners should **evaluate** their **stock levels monthly** and compare stock levels, with consumption rates and expiry dates. The earlier excess stocks are identified the more likely they can be utilised by other organisations, which of course is preferable than having to destroy the commodities.
- **Excess stocks** should be **identified** as much as **6 months in advance**, to allow other organisations to transport these to the transport these to their final distribution locations and allow for time to consume these.
- **Donations** should **not exceed** the **absorption capacity** of the **organisation** accepting the donation. Hence the donating organisation is expected to verify with the receiving organisation how much their monthly consumption for the specific commodities is and limit their donation to the quantities they know can be absorbed.

The FM is in the process of establishing a webpage were Partners will be able to “advertise” any excess stocks or shortages they experience. Subscribers to this service would automatically be informed about any new postings of excess or shortages other organisations might have. When this webpage is up and running partners will be informed.

A SOP has been developed describing the donation procedures and the necessary forms to request permission to the FM. Furthermore the SOP contains information and references on proper disposal of unwanted pharmaceuticals.



[SOP for donations for 3MDG funded commodities](#)

## 4.16 GUIDELINES ON THE SELECTION OF MALARIA RAPID DIAGNOSTIC TESTS

There are many different Rapid Diagnostic Tests (RDTs) available in the market. To assist partners in the selection of the most appropriate and qualified RDT, the Fund Manager has developed a guideline based on publications from WHO of test results on the performance of the different RDTs. Partners are referred to *guideline on the selection of Malaria RDTs*.

 [Guideline on the selection of Malaria RDTs](#)

## 4.17 HOW TO AVOID EXPIRY OF HEALTH COMMODITIES

In a country where there are insufficient treatments for all those who require them, it is everybody's responsibility to avoid any health commodities expiring, because each and every commodity could have served to a beneficiary.

Excess can occur due to several reasons, not limited to the below listed ones:

- ***Incorrect forecasting of requirements***, resulting in too high stock levels which cannot be consumed prior to its expiry;
- ***Incorrect planning***; for example stock arrives after the season and consumption rates have dropped significantly;
- ***Unexpected seasonal effects/outbreaks of diseases*** can increase consumption beyond expected levels;
- ***Changing of treatment protocols***; due to the introduction of a new drug protocols are changed and new drugs are ordered not taking in account the existing stock in the warehouse.

Most of these situations can be avoided with proper planning, forecasting, and managing but still too often situations arise which lead to excess stocks. Especially for commodities with relatively short shelf lives this requires continuous monitoring and managing of the supply chain. For example, some malaria artemisinin combinations and diagnostic tests with only 2 years of total shelf live are often prone to expiry prior to its use.

There are several ways to reduce the risk of commodities expiring:

- ***When changing treatment protocols***: ensure first the old stocks are consumed prior to introduction of the new treatment;
- ***At the forecasting phase***: When calculating for new establishments, take in account that consumption will start at a lower rate and increase over time, this should be taken into account when determining consumption rates;

- **Staggered deliveries:** Consider orders to be delivered in stages this would result in the second delivery coming from more recent produced stocks with longer shelf lives. This has a second advantage; when consumption would be substantial lower as expected adjustments can be made in the planned delivery. Suppliers could be requested to delay the supply with a certain period. Often organisations have urgent requirements so suppliers often do not mind delaying the delivery of a confirmed purchase order as they can use these commodities for other clients.
- **Warehouse management:** Correct procedures in the warehouse can avoid situations where commodities expiry unnecessarily. Below are some methods to ensure no unnecessarily expiry occurs:
  - ❖ Use First-Expiry-First-Out (FEFO), those items expiring soonest should be utilised soonest;
  - ❖ Ensure shelving is done in such a way that the earliest expiring commodity is stacked in front of the commodities with longer shelf lives;
  - ❖ Clearly mark boxes etc. with their expiry dates by using a marker pen and writing the expiry date with large characters. This way they can't be missed when staff is picking commodities for distributions;
  - ❖ Every month, list the commodities which are to expire in the coming 6 months and report these to a more senior level in the organisation for actions;
  - ❖ Look at possibilities to substitute certain drugs which have longer shelf lives with alternatives that are close to expiry;
  - ❖ Set a minimum shelf life upon which commodities have to be distributed. For example, commodities with 6 months shelf life left should be re-distributed. First ensure you are left with sufficient for 6 months; for any excess stock alternative solutions should be found;
  - ❖ Look at possibilities to exchange with other organisations so that at a later date fresh stocks would be returned;
  - ❖ Last, but not least, consider donation if there is no other way to ensure the commodities are used;

#### 4.18 COMMODITY TRACKING SYSTEMS REVIEW

The FM will undertake regular reviews of the supply chains under the Partners responsibility. This so called Commodity Tracking Systems Review (CTSR) will be conducted annually if resources and time permits. The strategic objective underlying the proposed activities is to ensure:

- All commodities procured with 3MDG grants are utilised according to the agreements between the 3MDG and the Partner;
- All partners have functioning and transparent supply chain management and commodity tracking systems in place;
- No leakage of 3MDG funded commodities occurs.

An independent external organisation will conduct the review according to a standard questionnaire developed by the FM. See below a link to the standard CTSR questionnaire including a guideline on the Commodity Tracking Systems Review. Subsequently Partners will be scored different aspects of the Supply Chain according to below table.

**Table 3: Scoring under CTSR**

SCORING	DESCRIPTION
<i>Exceeds expectations</i>	Consistently exceeds minimum standards for supply chains.
<i>Satisfactory</i>	The overall situation is found to be according to the minimum standards for supply chains related health commodities or above. A couple of minor issues might have been found but no major issues have been detected.
<i>Needs development</i>	Several minor or one or two major issues have been found which should be corrected immediately.
<i>unsatisfactory</i>	Several major issues have been found which are not acceptable and these are required to be corrected immediately.
<i>No Score</i>	To be used were the criteria cannot be scored due to absence of the issue to be evaluated.

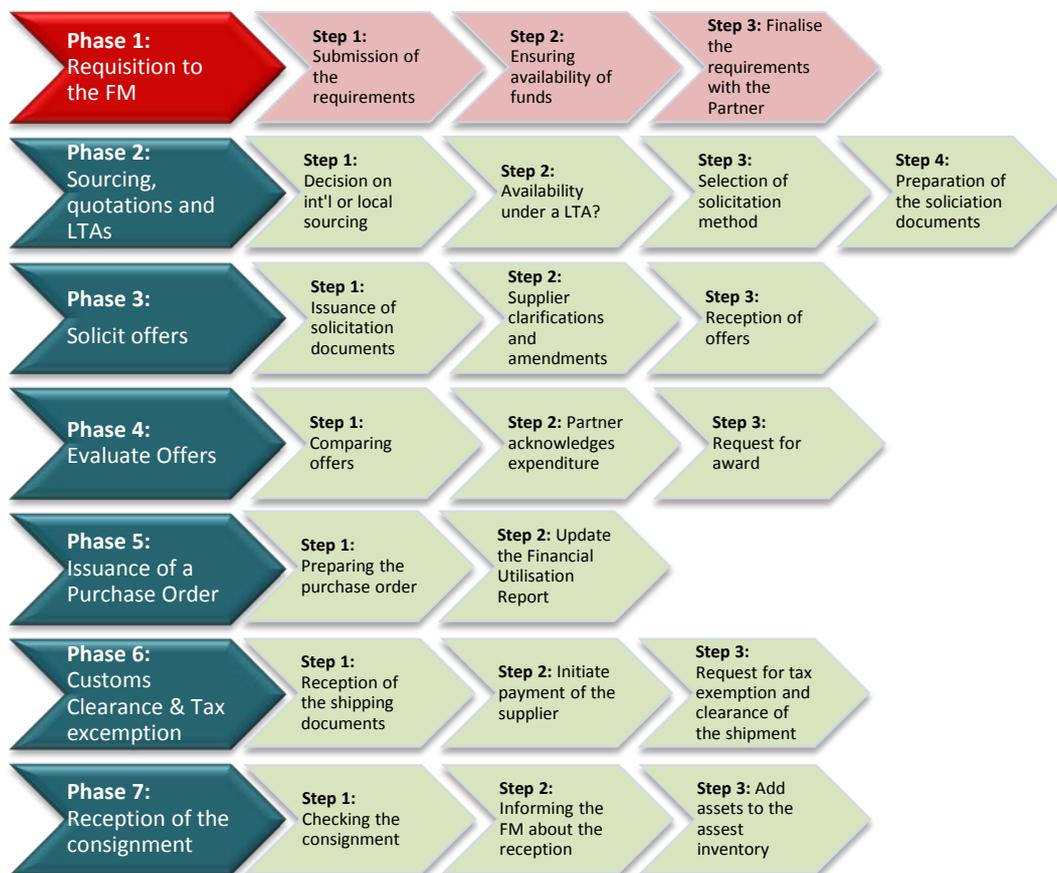
Upon completion of the review a draft report will be send to the Partners and final individual feedback meetings will be arranged. Here Partners are given the opportunity to respond on the draft report. After the feedback meeting and taking in account the information provided by the Partners the report will be finalised and copies will be provided.

A final overall score will be given to the Partner which will determine the actions to be taken after the review. If the result was satisfactory no further actions will be undertaken. If the overall score is below satisfactory the Partner is expected to address the issues found during the CTSR and subsequently the Partner will be included in the next CTSR or field visits will be undertaken by the FM to assess whether corrective actions have addresses the issues.

 [CTSR Check List](#)

## 5. PROCUREMENT PROCESS THROUGH THE 3MDG

### Phase 1: REQUISITION TO THE FM



Most Memorandums of Agreement (MoA) include a procurement plans for the contract duration. This plan will ***not automatically be activated***; the partner will have to submit a requisition to the FM to purchase the items included the procurement plan.

Partners may submit requisitions at any time, but to prevent inefficient operations some limitations are necessary:

- Only ***one requisition*** can be submitted ***every nine months***, to avoid multiple small orders which could otherwise be combined into one larger purchase order;
- Requisitions should include all requirements for a period of ***1 year***;
- Requisitions requiring purchase activities (hence concerning commodities which are not pre-positioned) have to be submitted at ***least 12 months*** prior to the end of a Memorandum of Agreement, to prevent stock arriving towards the end of contracts.

Requested commodities are handed over to Partners through several modalities:

- Commodities purchased “on demand” by the FM will have to be cleared through customs by the Partners themselves. There are some exceptions for example if the arriving consignment contains supplies for more than one Partner, in that case the FM will clear the consignment.
- Pre-positioned stocks, for Malaria and MNCH will be issued from the 3MDG warehouses. Hence Partners are expected to pick up their ordered commodities from the two warehouses operated by the 3MDG.
- Any commodities purchased to be used in government health facilities will be distributed to the township level by the 3MDG.

This phase has three steps:

**Step 1 :** Submission of the requirements;

**Step 2 :** Ensuring the availability of funds;

**Step 3 :** Finalising the requirements with the partner.

#### **Step 1 : SUBMISSION OF THE REQUIREMENTS**

To achieve economies of scale, the FM will try to synchronise orders for multiple Partners. This might require adjustments in time and frequency of orders from Partners, especially for those requiring small quantities.

The FM will request all Partners to submit their requirements at least six months prior to delivery unless the goods are to be issued from the pre-positioned stocks. This period of time is necessary to review the requirements, request quotations, or if the quantities require, float a tender and to allow for the supplier’s delivery lead-time. As a minimum, a requisition should include the following information:

- A detailed description of the goods sought (*brand names should not be used!*);
- Confirmation of availability of funds;
- Quantity to be procured;
- Required delivery date;
- Estimated price;
- Any additional information (for example the indication of specific brands because of standardisation (see Chapter 4.8, preferred method of shipment, etc.).

**IMPORTANT: REQUIREMENTS SHOULD INCLUDE ONLY GENERIC NAMES AND NO SPECIFIC BRAND NAMES OR OTHER UNNECESSARY RESTRICTIONS SHOULD BE REQUESTED, UNLESS THIS CANNOT BE AVOIDED.**

**THE FMO CANNOT TAKE RESPONSIBILITY FOR ANY PURCHASED EQUIPMENT IN ACCORDING WITH THE SPECIFICATIONS PROVIDED BUT IS NOT WHAT THE PARTNER WANTED OR EXPECTED.**

The Fund Manager has developed a *Requisition Form (SDL)*, to assist the process of budgeting and issuing requisitions to the FM. This list is not 100% complete and is regularly updated, but it should contain approximately 90% of the items which Partners will request. The SDL contains *estimated* prices, weight and volume to assist Partners in preparing their requisition. The estimated prices in the SDL *exclude freight charges* as these cannot be determined in advance as it depends on the distance to transport and whether the transport is by air or sea. The SDL does allow including an estimation of the freight charges in the final amount through entering a percentage of the total value of the requisition. To be able to use the SDL list, the Partners are requested to allow Macros to run in their Microsoft Excel settings. Instructions how to achieve this are included when the SDL is download from the [Library](#) webpage of [3MDG website](#).

 [FORM - Requisition Form](#)

 [FORM - Requisition Form \(old Excel versions\)](#)

The SDL allows Partners to filter so that only those items related to specific activities agreed upon in the MoA between the Partner and 3MDG Fund are visible. Selection of items is restricted to those directly related to the partner's activities as agreed in the MoA with the 3MDG Fund. E.g. a TB program will under normal circumstances not be allowed to order malaria commodities as these are outside the scope of the agreed activities.

The SDL has two sheets which the Partner is required to complete and a third optional one:

- Contact Information;
- Order List;
- The Non-Standard Items is optional and can be used to indicate items not listed.

The contact information sheet should provide the FM with the different contact persons for areas as logistics, financial, etc. Also the available budget should be indicated as well as the expected delivery date and the delivery location. The sheet named Order List is where the actual commodities are indicated which are requested. Quantities indicated should always be related to the indicted unit in the "Unit" column directly after the requested quantities. Partners should take care to order quantities which are in-line with the pack size as indicated in the column "Packing" (SUD). For example to order 1,500 tablets of an item which is delivered in a pack size of 1,000 tablets will not be possible and the SDL will not accept such entries.

Where commodities are requested which are not listed in the SDL, the Partners is requested to add these commodities in the sheet named “Non-Standard Items”. When ordering equipment especially care should be given to correct specifications. FM cannot take responsibility for purchased equipment according to the provided specifications but is not what the Partner wanted. Further guidance on developing specifications for goods is provided through the ***UNOPS Guideline Specifications for Goods***, see below.

 [UNOPS - Guideline - Specifications for Goods](#)

After completion of the SDL, the original Excel file should be submitted to the FM as an electronic copy. ***Incomplete requisitions*** will be returned to the Partner with the request to complete all entries the requisition.

Setting the requirements should be done with the ***utmost care***, as errors in this part of the process may delay the delivery, or result in discrepancies between the original requirements and the delivery. It is important to include an estimation of the total costs, since this will determine the method of solicitation.

### **Step 2 : ENSURING THE AVAILABILITY OF FUNDS**

The FM can only purchase on behalf of Partners if sufficient funds remain in the procurement budget of the Partner. Despite the fact that the procurement budget is not disbursed to the Partner and physically remains with the FM, it remains the Partners’ responsibility. The FM will not utilise funds from this budget without explicit authorisation from the Partner. The FM will report on any obligations and/or expenses made by the FM on the budget of the Partner.

Prior to commencing any the procurement action, Partners will be asked to confirm that available resources are sufficient for the procurement. The amount shall be indicated by the Partner in the SDL form on the “Contact Information” sheet. The Fund Manager will verify that the funds are still available under the established Memorandum of Agreement.

### **Step 3 : FINALIZING THE REQUIREMENTS WITH THE PARTNER**

With the knowledge that there is sufficient funding available, the requisition will now be processed by the Programme Team in consultation with the Procurement Team.

The 3MDG Programme Team will ensure subsequently ensure that the Requisition contains reasonable quantities and that the types of commodities are in-line with the activities for which the Partner was contracted. The Procurement Unit will look at technical issues related to the Requisition. See below a list of issues Requisitions will be checked against, this is list is not exhaustive:

- Correctly specified needs, without over-specification or under-specification;
- Have realistic delivery dates been indicated;

- Descriptions of commodities are sufficiently detailed;
- Whether the commodities are in-line with the funded activities;
- In case of pharmaceuticals, adherence to the national (treatment) guidelines;
- The presence of brand names;
- The presence of restricted pharmaceuticals such as narcotic or psychotropic drugs, as these require import licences and can delay deliveries;

Finally the focal point of the Programme Team will provide one consolidated feedback to the Partner with regards to their Requisition. Either the Partner will be requested to revise quantities of types of commodities and resubmit their Requisition, or a formal statement is provided that the Requisition has been accepted and will be processed.

## Phase 2: SOURCING, QUOTATIONS, VALID LONG TERM AGREEMENTS (LTAs)



During this phase the requirements as submitted by the Partner will be transformed to solicitation documents for competitive procurement of the requirements. The following steps will be followed:

- Step 1 :** Decision on international or local sourcing;
- Step 2 :** Availability under a LTA?
- Step 3 :** Selection of solicitation method;
- Step 4 :** Preparation of the solicitation documents.

### Step 1 : DECISION ON INTERNATIONAL OR LOCAL SOURCING

Depending on the nature of the commodities, local procurement may be possible or even preferred in the case of non-medical commodities and non-life-saving equipment.<sup>1</sup> On the other hand pharmaceuticals should always be procured internationally to ensure that qualified drugs are purchased. For details on quality assurance and local versus international procurement see Chapters 4.3 and 4.4.

<sup>1</sup> Local procurement of equipment can sometimes be preferable to international procurement especially in those cases where support services are available locally.

For some specific medical commodities, for example methanol (a dangerous good as it is very flammable), local procurement is approved without the need to contact the Fund Manager. These items are identified in the Requisition Form by a tick mark in the **local procurement** (LP) column. For some exceptional cases, for example for “3ml syringes packed with needles”, local suppliers have been pre-qualified to ensure their products meet international quality standards. If these suppliers are to be used, Partners are to contact the FM for verification whether the suppliers are still pre-qualified.

For the reasons above, it is essential that Partners contact the Fund Manager if they wish to do local purchase of items that are not indicated as already approved for local purchase.

**IMPORTANT: IN CASE OF DOUBT CHECK WITH THE FM WHETHER LOCAL PROCUREMENT OF A SPECIFIC ITEM IS ALLOWED.**

### Step 2 : AVAILABILITY UNDER A LTA?

This step especially applies when the Fund Manager is undertaking the procurement process on behalf of a partner. A **Long Term Agreement** (LTA) is a framework agreement entered into with one or more suppliers to provide goods or services at a given price over a predefined period of time. LTAs have a number of advantages:

1. They shorten the time for the procurement process because they avoid the formal procedures for procurement which require substantially more time;
2. They allow economies of scale even though the requirements cannot be consolidated;
3. They ensure qualified products are being purchased.

The drawback of LTAs is that as the price is agreed for a longer period, buyers are no necessarily getting the lowest possible price.

If the goods are available from the UN Webbuy catalogue, the method of procurement shall be through the UN Webbuy only, unless there is a justification not to use it. The justification shall be recorded in a NTF. If the items are found in one or more LTAs the procedure to follow would be to issue a Request for Quotation (RFQ). In case there are more than one LTA available, then the LTA holders will be brought in competition which each other to achieve the best possible price for the 3MDG. To see find additional information on suppliers registered with the United Nations, see the below link to the United Nations Global Marketplace (UNGM) website (registration required).



[Guidelines on using LTAs - Chapter 6.4.5 UNOPS Procurement Manual](#)



[UN Global Marketplace \(UNGM\) website](#)



[UNOPS - List of UNOPS LTAs](#) (only accessible by UNOPS Staff)

**Step 3 : SELECTION OF SOLICITATION METHOD**

The solicitation method will be decided based on the value of the goods to be purchased. See the table below for the different methods of solicitation related to the value.

**Table 4: Different solicitation methods and their thresholds**

Value of the goods	Method of solicitation	Responds time given to suppliers
US\$ 0 – US\$ 2,499	Competitive Shopping	N/A
US\$ 2,500 – US\$ 49,999	Request for Quotation	10 calendar days
US\$ 50,000 or above	Invitation to Bid	20 calendar days
Long Term Agreement (independent from value)	Request for Quotation	10 calendar days

All solicitation documents, related to any method of procurement and irrespective of their value must be approved by a PA before being issued.

**COMPETITIVE SHOPPING** (Requirements below US\$ 2,500)

Shopping is a non-formal method of solicitation. It is a method based on the comparison of prices obtained from potential suppliers, received orally or in writing. Prices received orally must be written down carefully, dated, signed and kept in the file. A written note justifying the selection of suppliers as well as the price should be included in the file. It is an appropriate method for the procurement of readily available off-the-shelf goods or standard specification commodities valued at less than US\$ 2,500, or simple works or services valued at less than US\$ 2,500. Contracts are awarded to the supplier offering the best value for money, based on service, quality and pricing considerations.

**REQUEST FOR QUOTATION** (Requirements below US\$ 50,000)

A Request for Quotation (RFQ) is also not a formal method of solicitation. It is a solicitation process used for low value procurement where the requirement is clear and specific.

Additional suppliers can be added at any stage in the solicitation process. At least three firms must be invited to quote (unless valid reasons exist for inviting a lesser number of firms) and a deadline for receiving quotations must be specified. However, the Procurement Authority<sup>2</sup> may at his/her discretion accept quotations received after the deadline. Reasons for discretion must be recorded. In the event that fewer than three companies are invited, valid reasons must be provided in writing and kept in the procurement file. Offers must be received in writing (email,

<sup>2</sup> Person authorized by the organization to make commitments on behalf of the organization

fax, etc.). There is no need for a formal bid opening or for suppliers to send their offer to a dedicated fax/email or in a sealed envelope. Procurement personnel may receive the offers directly; however, a separation of duties is highly desirable if resources permit.

Contracts are awarded according to the 'lowest priced, most technically acceptable offer' evaluation methodology.

#### **INVITATION TO BID** (Requirements equal or above US\$ 50,000)

An Invitation to Bid (ITB) is a formal method of solicitation. It is used for procurement of goods, services or works with standard and firm specifications that can be expressed qualitatively and quantitatively. An ITB is only required for procurement above US\$ 50,000 but can also be used for low value procurement (below US\$ 50,000) if requirements are complex.

All ITBs require an absolute receipt deadline and offers can only be received by personnel not involved in the procurement process via secure submission channels.



[UNOPS - Procurement Manual - Chapter 6.3 Solicitation methods](#)



[UNOPS - Guideline vendor sourcing](#)

#### **Step 4 : PREPARATION OF THE SOLICITATION DOCUMENTS**

The solicitation documents are prepared by the FM using the finalised requirements from the Partner. After the Request for Quotation has been prepared it is submitted to the appropriate Procurement Authority for review, approval and signature.



[FORM - Request for Quotation template](#)



[UNOPS - Procurement Manual chapter 6 Solicitation](#)

## Phase 3: SOLICIT OFFERS



This phase in the procurement process applies to all procurement actions regardless of the chosen method of solicitation. It serves the purpose of communicating to potential suppliers the requirements for the goods. This phase in the procurement process consists of the following steps:

- Step 1 :** Issuance of solicitation documents
- Step 2 :** Supplier clarifications and amendments
- Step 3 :** Reception of offers

### Step 1 : ISSUANCE OF SOLICITATION DOCUMENTS

In Phase 2;, Step 3 : the solicitation method is determined. Either the process will be **Shopping**, or issuance of a **Request for Quotation** (RFQ) or the issuance of an **Invitation to Bid** (ITB)

### SHOPPING

When soliciting offers through competitive “shopping”, Partners may contact the suppliers in writing or orally to request price and quality information. However, in most cases the price and quality information of the product is available by consulting product catalogues and/or price lists. When the information is received verbally from a supplier, the buyer should make a note and archive it in the procurement file. Shopping is a non-formal process of comparing prices

from potential suppliers. Shopping shall only be used for purchases valued less than US\$ 2,500 and for the following type of products:

- Readily available off-the-shelf goods
- Commodities with standard specifications
- Simple works or services

Examples of above-mentioned products could be travel tickets, office equipment and supplies, computers, small consultancy services (where you contract a company), small office works (for example installation of furniture/storage shelves, and repair works (water/electricity)). In order to ensure competitiveness of prices, a minimum of three national suppliers should be identified.



[UNOPS - Procurement Manual chapter 6.3.1.1 Shopping](#)



[UNOPS - shopping guideline](#)

#### **REQUEST FOR QUOTATION OR INVITATION TO BID**

This step is performed by the buyer when offers are solicited through the solicitation documents. At least three written offers (RFQ) are needed from potential suppliers when the total value of below US\$ 50,000. If the total value of the requirements exceed US\$ 50,000 (ITB) a minimum of 5 offers are required, unless the solicitation is under a LTA. The 3MDG Fund's requirements/specifications with regards to pharmaceuticals shall be clearly stipulated in the solicitation documents to ensure that qualified pharmaceuticals are being sourced. By incorporating the specifications as stipulated in chapter 4.3, Quality Assurance, suppliers are limited to quote only those pharmaceuticals which comply with the 3MDG Fund's regulations.

3MDG also uses the procurement services of other UN agencies such as UNFPA and UNICEF. In these cases there is no need for a competitive process as the other UN agency has already conducted this. As a result there is no need for three quotations and usually the process as determined by the UN agency for obtaining quotations is used.

In the case of UNICEF prior to the organisation being able to order through UNICEF a Memorandum of Understanding shall be established between the two organisations. Be advised that advance payment is mandatory for orders placed with UNICEF and UNFPA. See below links for additional information on the procurement services from other UN agencies.



[UNICEF - Supply services](#)



[UNFPA - Supply services](#)



[UNGM Database - Corporate roster of suppliers](#)

## Step 2 : SUPPLIER CLARIFICATIONS AND AMENDMENTS

During the tender period, after having requested quotations and prior to the deadline for submission of quotations, suppliers may request clarifications on the quotation documents. When suppliers request clarifications, the buyer must respond to the queries by following the instructions in the UNOPS Procurement Manual chapter 5.3 on how queries from suppliers should be handled. Suppliers requiring clarifications to the tender documents must submit their queries in writing to UNOPS. UNOPS will prepare and dispatch written replies to such queries, and make all replies known, together with the text of the queries, to all suppliers at the same time, without referencing the source of the queries. For open competition processes the answers to queries are published on the UNOPS website on the [business opportunities](#) webpage.

At any time before the deadline for submission of offers, UNOPS may, for any reason, whether on its own initiative or following a request for clarification by a supplier, modify the solicitation documents. In order to ensure that all suppliers deal with the same fact base, amendments of solicitation documents containing changes or providing clarifications or additional information, must:

- a) In the case of a limited competition, be sent simultaneously in writing to all invited suppliers; and
- b) In the case of an open competition, be uploaded to the UNOPS web page and communicated by email to all suppliers having purchased the tender documents where a fee was charged.



[UNOPS - Procurement Manual chapter 6.2 Type of Competition](#)



[UNOPS Business opportunities](#)

## Step 3 : RECEPTION OF OFFERS

If the value of the offers is below US\$ 50,000 (non-formal) no special action will have to be undertaken beside to normal segregation of duties between the procurement staff.

If the value of the offer exceeds US\$ 50,000 (through formal methods of solicitation) the offer will have to be received through a secure channel. This secure channel can either be an email address only accessible by one designated person, or a dedicated fax number for the receipt of the offer. The fax machine should be located where only the designated person has access to it. The person responsible to the receipt of the offers will generate a Bid Receipt Report with information on the bids received; the name of the firm and the date and time of the arrival and any specific issues. When formal methods of solicitation are used, offers must be rejected if:

- Received by any fax or email other than the secure fax/email specified in the solicitation documents, and/or;

- Received at any other location or by any person other than specified in the solicitation documents, and/or;
- Received after the deadline for submission of bids stated in the solicitation documents, and/or;
- Sent via the correct route after having been sent incorrectly.

The offer receipt is followed by the offer opening carried out by a designated team, the bid opening panel, with of minimum 2 people. The bid opening panel completes the Bid Opening Report recording the following:

1. Offeror's name and country;
2. Bid currency, total bid price, incoterms (if relevant). Where tenders have several lots, total prices for individual lots must be recorded;
3. Any offered discounts;
4. Comments on incomplete bids or other matters observed by the bid opening panel;
5. The date and time of the opening;
6. The names of the UNOPS individuals present;
7. The names and signatures of suppliers present or represented;
8. The names of any representatives of the client, government or funding source present.

Any information in the Bid Opening Report can be provided to bidders, but any information not included in the Bid Opening Report cannot be shared with bidders.

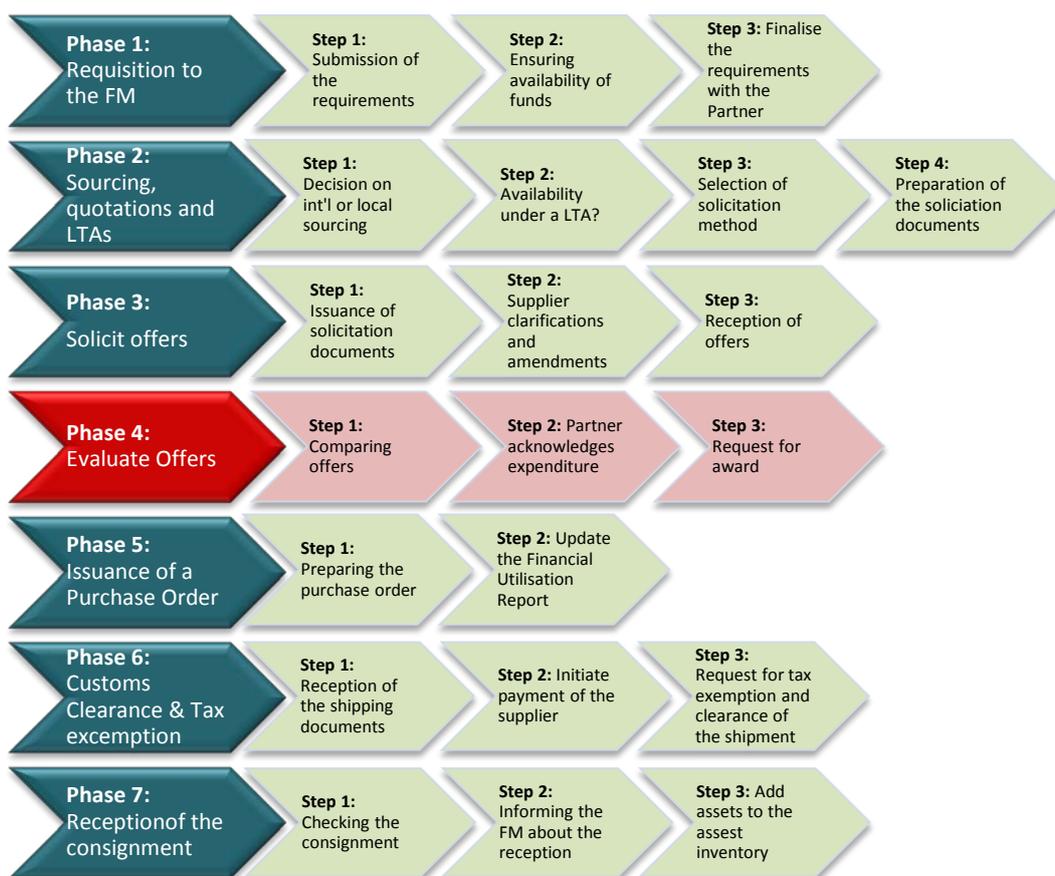
 [FORM – Bid Reception Report](#)

 [FORM – Bid Opening Report](#)

 [UNOPS - General Conditions for Contracts for Goods](#)

 [UNOPS - Guideline on INCOTERMS](#)

## Phase 4: EVALUATE OFFERS



This phase in the procurement process applies to all procurement actions regardless of the chosen method of solicitation. It serves the purpose of comparing all offers in accordance with the evaluation criteria and evaluation methodology specified in the solicitation documents. However, the process is more formal when it comes to the evaluation of offers solicited through an Invitation to Bid (ITB) than for offers solicited through shopping, a Request for Quotation (RFQ) or a call-off order request against LTAs. This phase in the procurement process is composed of the following steps:

- Step 1 :** Comparing offers;
- Step 2 :** Partner acknowledges expenditure;
- Step 3 :** Request for award.

### Step 1 : COMPARING OFFERS

No evaluation methodology is required when shopping. The buyer should select the lowest priced supplier that satisfies the minimum required level of quality of the goods or services you wish to buy. It is good practice to justify the choice of a specific supplier by making a note and archiving it in the procurement file for future reference.

When evaluating offers solicited through an RFQ or a call-off order request against multiple LTAs (non-formal methods), the following actions must be undertaken:

- Compare the quotations;
- Choose the lowest priced, most technically compliant offer as the winning offer;
- Make a Request for Award to the procurement file containing the following information:
  - ❖ The name and country of origin of every supplier from whom you requested a quotation;
  - ❖ For each supplier register if a quotation was received;
  - ❖ A justification for choosing the winning offer.

Present the Request for Award to the appropriate Procurement Authority at the time of signature of the Purchase Order. In case the PO will be established under a LTA, a note-to-file will be sufficient

In the case of a call-off order request against a single LTA, the buyer should check that the offer is in line with the requirements and that the quotation is in line with the (ceiling) prices specified in the signed LTA.

When the evaluation concerns offers submitted under an ITB (formal methods of solicitation used for US\$ 50,000 and higher) then an evaluation team has to be assigned by a Procurement Authority and all members are required to sign a declaration of confidentiality and non-conflict of interest. The team subsequently carries out the evaluation and generates a Bid Evaluation Report with the conclusion of the evaluation and a recommendation for a preferred supplier. The recommendation is subsequently used to generate a Request for Award which should be signed by the appropriate authority within UNOPS.

 [FORM - Price comparison template](#)

 [FORM – Bid Evaluation Report](#)

 [UNOPS - Procurement Manual Chapter 8 Evaluation](#)

### **Step 2 : PARTNER ACKNOWLEDGES EXPENDITURE**

Before the 3MDG can issue a purchase order on behalf of the Partner, the Partner needs to authorise the expenditure from their procurement budget. To achieve this the Fund Manager sends the partner an Acknowledgement Form. The Acknowledgement Form lists all or part of the items from the original requisition. The Partner is expected to thoroughly check the list. Any inconsistencies in relation to the original Requisition should be mentioned to the Fund Manager.

If not all supplies were available from one supplier, two or more purchase orders shall be placed and Acknowledgement Forms are generated for each purchase order individually and provided to the partner. By signing and returning the original Acknowledgement Form the partner agrees to use their procurement budget for the purchase of the items with the prices as listed on the Acknowledgement Form. Therefore the Acknowledgement Form should be signed by a person from the Partners organisation who is authorised to commit funds on behalf of the organisation. After receipt of the original signed Acknowledgement Form, the Fund Manager will process the Acknowledgement Form and generate a request for award to be able to place the order with the supplier.

**IMPORTANT: PARTNERS SHOULD KEEP TRACK OF THE ACKNOWLEDGEMENT FORMS THEY SIGN AND RETURN FOR THE FOLLOWING REASONS:**

- **AUDITORS MIGHT WANT TO SEE THESE DOCUMENTS IN THE FUTURE;**
- **PARTNERS SHOULD USE THE ACKNOWLEDGEMENT FORMS TO TRACK WHETHER ALL ACKNOWLEDGED ITEMS HAVE BEEN DELIVERED BY THE FUND MANAGER;**
- **THE ACKNOWLEDGEMENT FORMS ALLOW PARTNERS TO CHECK IF THE COSTS THE FUND MANAGER CHARGES AFTER DELIVERY ARE IN-LINE WITH THE COSTS AS INDICATED IN THE ACKNOWLEDGEMENT FORMS.**

**Step 3 : REQUEST FOR AWARD**

There are two different types of requests for award for non-formal procurement below US\$ 2,500 (Shopping) a so-called note-for-file is created containing the request for award to be approved by a by a Procurement Authority.

In case the case value is between US\$ 2,500 and US\$ 50,000, still a non-formal method of solicitation conducted through a RFQ, a request for award up to US\$ 50,000 is created and submitted to the Procurement Authority for approval.

In the case the total value exceeds US\$ 50,000; obtained through formal methods of solicitation, the request for award should be completed using the “Request for award between US\$ 50,000 and US\$ 250,000”.

Where the total order value for an order or series of orders to the same supplier exceeds US\$ 50,000, official approval from UNOPS Local Contracts & Property Committee (LCPC) needs to be obtained prior to placing an order. If the value would exceed US\$ 500,00, it should be submitted to the Headquarters Contracts and Property Commission (HQPC) will review the case to check whether UNOPS procedures have been adhered to. This process will require an additional two weeks, assuming no objections are raised by LCPC on the submission.



[FORM – Note-to-file \(award below US\\$ 2k5\)](#)



[FORM - Request for award up to US\\$ 50K](#)



[FORM - Request for award between US\\$ 50K and 250K](#)

## Phase 5: ISSUANCE OF A PURCHASE ORDER



If and when signed Acknowledgement Forms and awards are available the purchase order can now be generated.

**Step 1 :** A Purchase Order is generated

**Step 2 :** Updating of the Financial Utilization Report

### Step 1 : PREPARING THE PURCHASE ORDER

After receipt of the original signed Acknowledgement Form and the Request for Award, the Fund Manager will place the order with the supplier. Most our suppliers keep their own stocks they therefore they cannot provide a definite delivery lead time at the time of the solicitation because their stock situation might have changed by the time the firm purchase order arrives. As a result the quotations always provide unconfirmed lead times. After the purchase order has been received, suppliers will refer with the final delivery lead times. As a result the Acknowledgement Forms cannot indicate the precise delivery lead times as these are not known before issuing the purchase order.

If the purchase order is placed with UNICEF or UNFPA advance payment is required and only after receipt of the transferred funds will UNICEF/UNFPA acknowledge the purchase order.

## Step 2 : UPDATE THE FINANCIAL UTILIZATION REPORT

To ensure budgets are not exceeded the Fund Manager tracks any financial commitments made in the Financial Utilisation Report. Any purchase order placed to suppliers is recorded in the Financial Utilisation Report as obligated funds. When goods have been delivered the entry is changed from obligated funds to spend funds.

An exception here is expenditure made through UNICEF. UNICEF always adds some additional costs to the freight charges. This way they can provide Cost Estimates faster, as they don't have to wait for quotes from their freight forwarders. They estimate the freight and add a buffer to ensure they have sufficient funds to process the purchase order. After the goods have been delivered UNICEF will send a Statement of Accounts, which is the final invoice. In most situations Partners will then get a refund on the freight charges. This will be reflected in the Financial Utilisation Report as a "Statement of Account" entry.

Partners are expected to report the expenditures made by the Fund Manager in their Financial Report. The Fund Manager reports the status of Partner's budgets just after reporting periods have passed, thus allowing Partners to have the most updated information at the time they have to produce their financial reports to the Fund Manager. Partners are furthermore expected to check their Financial Utilisation Report against the Acknowledgement Forms they have signed to ensure the amount committed is identical to the amount spend by the Fund Manager.

A separate guideline is available for the Financial Utilisation Report, explaining the different tables and how to read the report. See below link for the guideline.



[GUIDELINE - Financial Utilization Report](#)

## Phase 6: CUSTOMS CLEARANCE AND TAX EXEMPTION



All consignments ordered by the Fund Manager will be cleared through customs by the Fund Manager who as UN agency is not required to produce import licenses when clearing consignments. Also for Partners conducting their own procurement the Fund Manager is willing to clear consignments purchased with 3MDG funds. There are a number of prerequisites for the 3MDG Fund to provide this assistance:

- All of the health commodities to be imported should have been procured with 3MDG Fund grants. The partner is expected to confirm in writing that all commodities have been procured with 3MDG Fund grants;
- The partner has to submit a list of the items to be imported;
- No narcotics or psychotropic pharmaceuticals can be included in the shipment, unless the partner can provide an import licence for these specific items;
- The shipment should be consigned to the 3MDG Fund Procurement Unit.

**IMPORTANT: TO ENSURE THAT THE FUND MANAGER CAN PROVIDE THE NECESSARY ASSISTANCE, IT IS ESSENTIAL THAT THE FUND MANAGER BE ASSIGNED AS CONSIGNEE IN THOSE CASES WHERE THE PARTNER IS UNDERTAKING THE PROCUREMENT. IF THIS IS NOT DONE, THE FUND MANAGER WILL NOT BE ABLE TO ASSIST IN CLEARING THE SHIPMENT WITHOUT IMPORT LICENCE, OR TO ASSIST THE PARTNER IN OBTAINING TAX EXEMPTION.**

**THE CORRECT CONSIGNEE ADDRESS IS:**

**UNOPS – THREE MILLENNIUM DEVELOPMENT GOAL FUND  
No. 12 (o), PYI THU LANE, 7 MILE PYAY ROAD  
MAYANGONE TOWNSHIP,  
YANGON, MYANMAR  
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It should be clear that the above pre-requisites are mandatory and no exceptions will be made.

A number of steps in the following procedures only apply when the shipment is related to a purchase order placed by the Fund Manager, for example the requirement to provide a Reception Inspection Report (RIR). Where this is the case, it has been indicated in the text. The Fund Manager will keep the partner informed about delivery schedules and any changes will be reported as soon as possible.

This phase has the following steps:

- Step 1 :** Reception of the shipping documents
- Step 2 :** Initiate payment of the supplier (only for Fund Manager purchase orders)
- Step 3 :** Request for tax exemption and clearance of the shipment

**Step 1 : RECEPTION OF THE SHIPPING DOCUMENTS.**

Especially with sea freight, the shipping documents normally should arrive well in advance of the consignment and the tax exemption request and payment can be carried out without delay. In case of air freight, normally the documents and freight arrive about the same time. In this case, first the tax exemption is requested and a decision needs to be made on whether or not a Special Order (SO) is issued.

A Special Order allows clearance of the consignment pending tax exemption approval. With the Special Order the consignment can be cleared immediately. If no Special Order is used the

consignment can only be cleared after the tax exemption approval has been received. The process for tax exemption normally requires around three to four weeks and during that time the consignment will remain with the customs department. The Government of Myanmar allows a maximum of ten Special Orders to be open simultaneously. The first priority where Special Orders are to be used is for cold chain shipment, since the cold chain facilities in the airport are very limited. Immediate clearance of cold chain shipments is therefore imperative to avoid heat exposure to the commodities. Hence the Fund Manager cannot guarantee the availability of Special Orders for each and every consignment as cold chain shipments take precedence in utilising SOs.

Suppliers are required to provide pre-notification of consignments that are to arrive in Yangon sea/airport. The first thing to be checked is whether the consignment contains any cold chain items (see below).

### **COLD CHAIN SHIPMENTS**

3MDG Fund will check for the presence of any cold chain items in the consignment. If so, the partner will be informed of the presence of cold chain items in the consignment and it is essential that either one of the following options is carried out:

1. If sufficient time is available, complete the Special Order procedure and clear the goods immediately upon arrival (a minimum of five working days are needed to process a Special Order and be able to clear on arrival).
2. Arrange for storage in the so-called cold chain facilities at the airport immediately after arrival of the goods pending their clearance. The customs department requires a minimum of two days advance notice to ensure that commodities are stored in the cold room. This option should be avoided if possible, since the cold room in Yangon airport is actually a container provided with two air conditioners and cannot be classified as cold chain. If the items to be stored are “sensitive cool items” and require storage between 2° – 8° Celsius, the cold room is not an option; the items will have to be cleared upon arrival and moved to proper cold chain facilities.

If option two is selected, a clearing agent should ensure that customs staff have indeed moved the goods to the “cold room”. Arrival of consignments containing cool items should be avoided during national holidays and weekends since clearing and/or moving to the cold storage is difficult because of absence of customs staff. Whenever possible, immediately contact the supplier to postpone the arrival until the first working day.

### **ON RECEIVING THE SHIPPING DOCUMENTS FROM THE SUPPLIER**

Which of both organisations will select and contract the clearing agent to undertake the actual clearance process depends on two things:

- Whether the consignment is a combined consignment for more than 1 Partner;

- Whether the consignment contains MNCH and/or MARC (Malaria) related supplies.

In above two cases the Fund Manager will take responsibility for clearing the consignment. The Fund Manager will select a clearing agent through a competitive process and cross-charge the expenses for the clearance to the Partners via the Financial Utilisation Report. The consignment will subsequently be sent to the warehouses operated by the Fund Manager. The Fund Manager operates two warehouses, one for temperature/light-sensitive commodities such as pharmaceuticals and diagnostic test kits. A second warehouse is used for the storage of bulk items which do not require environmental conditioning. After repacking of the commodities Partners will be informed whether they can pick up their consignment from one or both warehouses. Issue vouchers will be provided by the Fund Manager which allows Partners to pick up their commodities.

Addresses of 3MDG warehouses:

**THE BULK WAREHOUSE:**

**No.99, WH (H),  
MATKHAYAR MIN THAR GYI MG PYO STREET,  
INDUSTRIAL ZONE - II,  
HLAING THA YAR TOWNSHIP,  
YANGON, MYANMAR**

[SHOW ON GOOGLE MAPS >](#)

**THE AIR-CONDITIONED WAREHOUSE:**

**No.C/87, KAYTUMADI STREET,  
WARD No. 5,  
KAYUKYAYDWIN,  
MAYANGONE TOWNSHIP,  
YANGON, MYANMAR**

[SHOW ON GOOGLE MAPS >](#)

Where the Partner undertakes the customs clearance the 3MDG will provide the necessary documents and authorisations and the Partner will be responsible to select a clearing agent through a competitive procedure. Subsequently the Partner manages the payment to the clearing agent and reception of the commodities. The Fund Manager will request tax exemption, for which the Fund Manager will generate the necessary documents and submit to the Ministry of Health.

**Step 2 : INITIATE PAYMENT OF THE SUPPLIER**

(Only for Fund Manager purchase orders).

The payment terms of UNOPS stipulate that payments are to be done within 30 days after reception of the original shipping documents. The Fund Manager's office will check the waybill, packing list(s) and invoice(s) for completeness and correctness. If the documents have been found correct, payment to the supplier will be initiated by the Fund Manager. As soon as confirmation has been received that the funds were transferred, the Financial Utilization Report is updated and sent to the partner for their records.

The following documents are to be provided to the Finance Unit to carry out a payment request:

- Original invoice from the supplier;
- Original packing list from the supplier;
- Copy of the signed Purchase Order;
- Copy of the airway bill or bill of lading;
- Completed and signed Payment Request.

If all commodities have been delivered, the final payment request should clearly indicate that the purchase order can be closed after completion of this final payment.

### **Step 3 : REQUESTING TAX EXEMPTION AND CLEARANCE OF THE SHIPMENT.**

After the partner has indicated (in writing or by email) which clearing agent they have selected for the clearance, the Fund Management Office generates the necessary documents for the clearance and tax exemption:

- **AUTHORIZATION LETTER FOR CLEARANCE.** Since UNOPS is the consignee, anyone charged with clearing the goods requires a letter whereby UNOPS authorizes this party to clear on behalf of UNOPS. This document is handed over to the clearing agent and the clearing agent is required to sign for receipt of this authorization letter.
- **SPECIAL ORDER REQUEST.** This document is generated by the Fund Manager and handed over to the clearing agent. With this letter the clearing agent will be able to clear goods pending tax exemption approval. This will not be required for all consignments only those which will be cleared immediately upon arrival.
- **TAX EXEMPTION REQUEST LETTER.** All commodities procured with 3MDG Fund grants are exempted from tax and where the Fund Manager is the consignee, the Fund Manager will request the tax exemption.
- **RECEPTION INSPECTION REPORT FORM (RIR).** (Only for Fund Manager purchase orders). This form is to be used by the partner to indicate to the Fund Manager if all goods as indicated in the freight documents have indeed arrived. The form includes instructions on how to complete it correctly. Copies of all packing lists should be attached to the RIR and signed by the partner. This form should be sent back to the Fund Management Office within **two weeks** after arrival of the goods, to allow for payment to the supplier.

With the authorization letter (and the Special Order in some cases) the clearing agent will clear the goods from the (air)port and deliver these to the destination(s) as indicated by the Fund Manager or Partner. The approval for tax exemption will be received by the Fund Management Office and forwarded to the clearing agent responsible for clearing the consignment. The clearing agent is required to finalize the clearing process by closing the open case in the Customs Department. The clearing agent will sign for receipt of the tax exemption approval which was obtained by the Fund Manager. The import declaration is proof that specific

consignment is exempted from taxes. The original import declaration should then be returned to the Fund Management Office, thus providing proof that the case has been finalized.

When using a Special Order, the Partner agrees to the following fines if the tax exemption cannot be completed within the mentioned time limits:

1. 0.06% of the various duties and taxes if not finalized within 31 to 90 days, for those goods which are free of duties and taxes,
2. 0.08% for those exceeding 91 to 180 days, and
3. 0.10% for those exceeding 181 to 360 days.

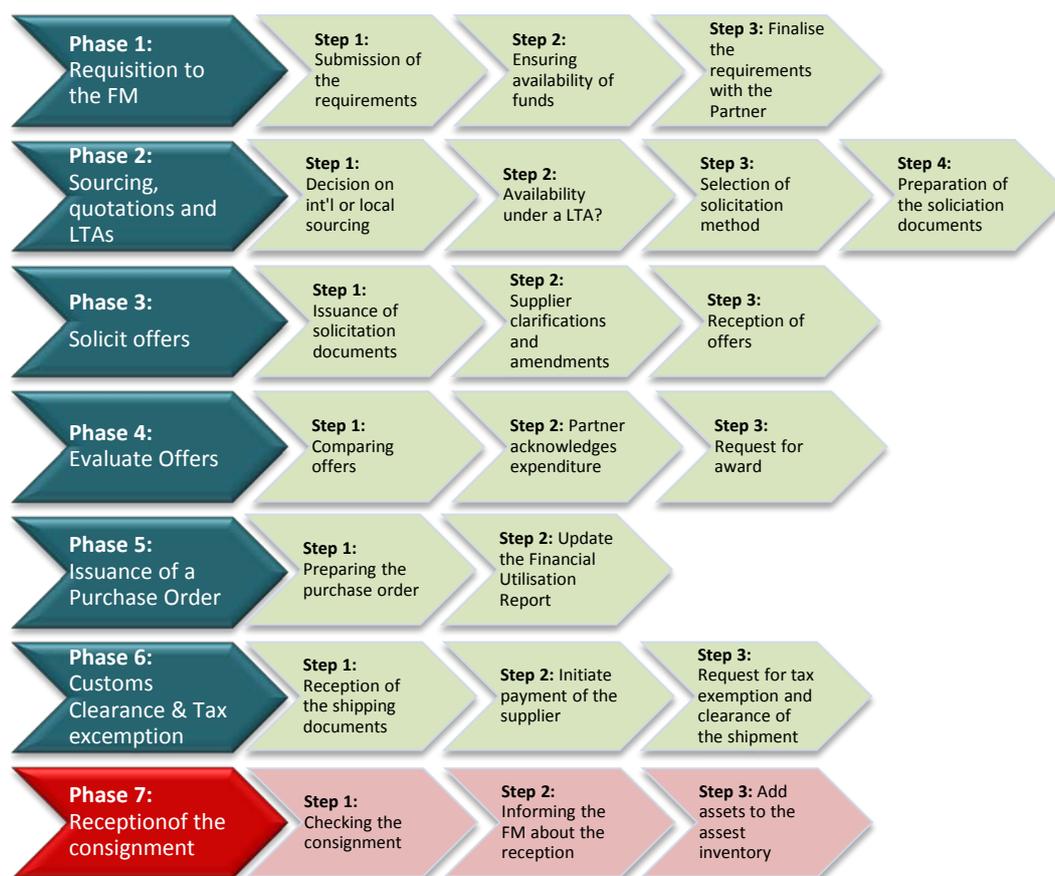
**IMPORTANT:**

1. EVEN THOUGH THE FUND MANAGER SUBMITS THE REQUEST FOR TAX EXEMPTION, IN CASE OF FINES RESULTING FROM DELAYS IN THE APPROVAL OF THE TAX EXEMPTION AND SUBSEQUENTLY DELAYS IN THE FINALIZING OF THE CLEARANCE PROCESS, PARTNERS WILL BE RESPONSIBLE FOR THE PAYMENT OF THE FINES.
2. IT IS ESSENTIAL TO FINALIZE THE CLEARING PROCESS AFTER RECEPTION OF THE TAX EXEMPTION DOCUMENTS. IF THIS IS NOT DONE IT MAY JEOPARDIZE FUTURE CLEARANCES BY UNOPS OF ANY CARGO WITH THE CUSTOMS DEPARTMENT.



[FORMS – Standard letters for customs clearing](#)

## Phase 7: RECEPTION OF THE CONSIGNMENT



The final phase consists of three steps, depending on the nature of the consignment:

- Step 1 :** Checking the consignment;
- Step 2 :** Informing the Fund Manager about the reception;
- Step 3 :** Add assets to the asset inventory.

### Step 1 : CHECKING THE CONSIGNMENT

The partner and/or clearing agent are responsible for checking the consignment for damages that might have occurred during transportation. Those orders placed through the Fund Manager have been insured by either UNOPS or the supplier against damages during transportation.

There are two phases in the acceptance of the goods. The first phase is when the clearing agent arrives with the consignment. If there is any damage on the outer packing of the consignment, Partners should do following:

1. Do not sign for reception without an acceptable and complete report from the clearing agent concerning the condition in which the consignment arrived;
2. Take photo's of the condition of the consignment for future evidence is advisable;
3. Inform the Fund Manager as soon as possible.

The second phase is the unpacking and checking of the consignment. In the event that damaged goods or short deliveries are found after opening the packing, these should be reported in the Reception and Inspection Report (RIR), see Phase 7:, Step 2 : for details. Photos again can be a good way to document any damages found, and can subsequently be used to support a claim against the damaged goods from either the supplier or the UNOPS marine cargo insurance. If this procedure is not adhered to, possibly the insurance company will not honour any claims made.

**IMPORTANT:** In case of damages or missing crates/boxes/collies, firstly the partner should refuse to accept the consignment from the clearing agent and secondly should inform the Fund Manager immediately. The Fund Manager will then decide how to proceed; whether to accept the shipment or contact a surveyor to assess the damage.

### Step 2 : INFORMING THE FUND MANAGER ABOUT THE RECEPTION

(Only for Fund Manager purchase orders).

The Reception Inspection Report (RIR) should be completed and if there are items mentioned on the packing list but not present in the consignment this should be reflected in the RIR. Also any damages to the goods should be indicated on the RIR. Immediately inform the Fund Manager should action can be taken.

If the consignment was complete and without damage, it suffices to indicate on the RIR: ***“Goods received as on attached packing list”***. All packing lists should be attached to the RIR and signed. In cases where a partner has sub-recipients, the RIR should always be endorsed by the Partner who has the Memorandum of Agreement with the 3MDG Fund.

The original should then be send to the Fund Management Office within ***two weeks*** of the arrival of the consignment.

**Table 5: Matrix of responsibilities for the clearance of consignments**

ACTION	RESPONSIBLE	REMARKS
Receiving pre-notification of arriving consignments.	Fund Manager	Sometimes waybills are included but not always.
Informing partner of pending consignment.	Fund Manager	Provide any documents available at that time.
Check if consignment includes cold chain commodities.	Fund Manager	Informs partner if this is the case.
Taking action in case of cold chain items.	Partner/Fund Manager	Clear immediately or arrange cold storage at the airport.

ACTION	RESPONSIBLE	REMARKS
Receiving shipping documents from supplier.	Fund Manager	Official original documents arrive.
Initiate payment to the supplier.	Fund Manager	
Selecting clearing agent.	Partner	Competitive procedure or valid LTA.
Informing Operational Assistant about selected clearing agent.	Partner	By mail or email.
Generating clearance documents and tax exemption request.	Fund Manager	Tax exemption, clearance authorization, Special Order, Reception Inspection Report Form.
Clearing consignment.	Partner or clearing agent	Immediately with SO or after tax exemption has been granted.
Requesting tax exemption.	Fund Manager	Fund Manager submits request to MoH.
Finalizing clearance procedure in case of SO.	Partner with clearing agent	Clearing agent should “close” the incomplete clearance procedure and receive the “Import Declaration”. This document should be handed over to the 3MDG Fund office.
Generating and signing RIR and sent original to 3MDG Fund Office.	Partner	Sometimes waybills are included but not always.



[FORM - Receiving and Inspection Report template](#)



[UNOPS - Global Marine Cargo insurance guideline](#)

### Step 3 : ADD ASSETS TO THE ASSET INVENTORY

All Partners shall keep an inventory of the assets procured with grants from the 3MDG Fund. The definition of an asset for the purposes of the inventory is an item of economic value owned by the organization. Every such asset however may be further categorized as:

- Capital assets, or;
- Non-capital assets.

Capital assets are defined as tangible property with a minimum life expectancy of at least three years and an original value of US\$ 500 or more. Examples are vehicles, equipment and furniture.

Non-capital assets on the other hand, are defined as tangible property with a value of less than US\$ 500, such as cameras, mobile phones, PDAs, projectors or any other items issued to an individual, which are both highly moveable and desirable and therefore at risk of theft.

For practical and maintenance purposes, standardised assets, such as personal computers, may be recorded at one level, such as PC, rather than by its components, such as CPU, monitor, keyboard and mouse. In such cases, the main or major component will be tracked. The final submitted inventory should be signed by a representative of the partner, certifying the inventory of assets. Please also submit an unsigned softcopy to the Fund Manager. Templates for reporting assets can be obtained from the Project Support Unit from the Fund Manager.

## 6. MATRIX OF RESPONSIBILITIES FOR PROCUREMENT WITH 3MDG FUNDS

Table 6: Matrix of responsibility for procurement by the FMO

PHASE - STEP	ACTION	RESPONSIBLE	REMARKS
1 - 1	Submission of the requirements.		Use the <a href="#">Requisition Form</a> to submit a Requisition.
1 - 2	Ensuring availability of funds.	Fund Manager	Check the Financial Utilisation Report.
1 - 3	Finalise the requirements with the Partner.	Fund Manager & Partner	No brand names and sufficient budget.
2 - 1	Decision on international or local sourcing.	Fund Manager	See Table 2.
2 - 2	Availability under a LTA?	Fund Manager	
2 - 3	Selection of solicitation method.	Fund Manager	
2 - 4	Preparation of the solicitation documents.	Fund Manager	
3 - 1	Issue solicitation documents.	Fund Manager	
3 - 2	Supplier clarifications and amendments.	Fund Manager	
3 - 3	Reception of offers.	Fund Manager	
4 - 1	Comparing offers.	Fund Manager	
4 - 2	Partner acknowledges expenditure.	Partner	By returning an original signed Acknowledgement Form.
4 - 3	Request for award.	Fund Manager	
5 - 1	Preparing the purchase order.	Fund Manager	
5 - 2	Update the Financial Utilisation Report.	Fund Manager	Enter obligated funds in the FUR.
6 - 1	Reception of shipping documents.	Fund Manager	
6 - 2	Initiate payment of the supplier.	Fund Manager	Move from obligated funds to spend fund in the FUR.

PHASE - STEP	ACTION	RESPONSIBLE	REMARKS
6 - 3	Requesting tax exemption and clearance of the shipment.	Fund Manager & Clearing agent	
7 - 1	Checking the consignment.	Clearing agent & Partner	
7 - 2	Informing the fund manager about the reception.	Partner	Use the <a href="#">RIR form</a> to notify FM of received goods.
7 - 3	Add assets to the asset inventory.	Partner	Contact 3MDG - PSU for templates.

## 7. LIST OF DEFINITIONS AND ABBREVIATIONS

**Table 7: Definitions and abbreviations**

DEFINITIONS AND ABBREVIATIONS	EXPLANATION
<b>award</b>	Acceptance of an offer with the intention of contracting.
<b>3MDG Fund</b>	Three Millennium Development Goal Fund.
<b>FM</b>	Fund Manager.
<b>FMO</b>	Fund Managers' Office
<b>IAA</b>	Import Assistance Agreement
<b>IPAA</b>	International Procurement Assistance Agreement
<b>PIC/S</b>	Pharmaceutical Inspection Cooperation Scheme.
<b>INN</b>	International Non-proprietary Name.
<b>UNOPS</b>	United Nations Office for Project Services.
<b>ICH</b>	The International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use.
<b>BER</b>	Bid Evaluation Report
<b>best value</b>	Lowest price is not necessarily the most important criterion in the procurement of goods and services; the concept of best value takes a range of criteria into account to select the optimal solution to a specific need.
<b>bid</b>	Formal response from a bidder, usually as a response to an ITB.
<b>bid protest</b>	A complaint against the methods employed or decisions made by a contracting authority in the administration of a process leading to the award of a contract.
<b>bidder</b>	Potential supplier submitting a bid as a response to an ITB.
<b>Bill of Lading</b>	The document under which cargo is carried on board vessels; may be defined as a receipt for goods, signed by a duly authorized person on behalf of the ship-owner; it constitutes a document of title to the goods specified therein.
<b>BoQ</b>	Bill of Quantities, list of priced items, usually accompanies a SOW or RFP as one of the solicitation documents when contracting works.

DEFINITIONS AND ABBREVIATIONS	EXPLANATION
<b>brand names</b>	A name or trademark by which one producer distinguishes its product from similar products of other producers in the same industry. A brand name identifies both the product and the producer.
<b>call-off-orders</b>	Orders against an established LTA.
<b>closing date</b>	The deadline for all bid/proposal submissions.
<b>contract amendment</b>	An agreed addition to, deletion from, correction or modification of a contract.
<b>end user</b>	Ultimate beneficiary/user of the goods and services being procured under a procurement activity.
<b>COI</b>	Conflict of Interest
<b>EOI</b>	Expressions of Interest. Suppliers express interest in supplying to UNOPS through an expression of interest. UNOPS places notices (Calls for Expressions of Interests) to request suppliers to submit EOIs.
<b>FUR</b>	Financial Utilisation Report. This report is generated by the FM to report spend procurement funds on behalf of the Partners.
<b>HQ</b>	Headquarters.
<b>IAPWG</b>	Inter-Agency Procurement Working Group, working group with the Heads of Procurement of more than 40 UN organizations as members.
<b>INCOTERMS</b>	INCOTERMS are international, commercial trade terms defining the obligations of the buyer and the seller relating to the shipment of goods published by ICC's (International Chamber of Commerce).
<b>ITB</b>	Invitation to Bid, a method of solicitation of offers.
<b>LTA</b>	Long Term Agreement, agreement between any organization and a supplier valid for an indefinite quantity of products or services over a defined period of time. Orders are placed by issuing call-off orders against the LTA.
<b>MNCH</b>	Maternal, Newborn and Child Healthcare
<b>offer</b>	Reply (bid or proposal) received as a response to an invitation to offer presented in the solicitation documents issued to the suppliers. Constitutes a firm offer from the potential supplier to furnish deliverables fulfilling the requirements set forth in the solicitation documents. The offer can be in the form of a quotation, bid, or proposal, depending on the type of solicitation document issued (RFQ,

DEFINITIONS AND ABBREVIATIONS	EXPLANATION
	ITB or RFP).
<b>offeror</b>	Potential supplier submitting an offer (see above).
<b>quotation</b>	The offer submitted in response to an RFQ.
<b>requisition</b>	Formal request to initiate the procurement of goods, works and services. Ref. Chapter 2.5.1.
<b>Requisitioner</b>	Anyone initiating a request for goods, works and services.
<b>RFQ</b>	Request for Quotation, method of solicitation.
<b>segregation of duties</b>	Internal control mechanism to ensure that one individual does not participate in all operational steps in the procurement process.
<b>SO</b>	Special Order, a process to facilitate clearance of consignments prior to obtaining TAX exemption. This process was developed to clear perishable goods (especially cold chain items) immediately upon arrival in the airport.
<b>solicitation</b>	Process of inviting suppliers to submit offers.
<b>solicitation documents</b>	Package of documents used when soliciting offers from suppliers. ITB, RFP, and RFQ are types of solicitation documents.
<b>solicitation method</b>	The method used to solicit offers from suppliers. ITB, RFP, RFQ, and shopping are methods of solicitation.
<b>sourcing</b>	The process of identification of suitable suppliers
<b>specifications</b>	Requirement definition to a product. Usually referring to the defined requirements for goods, but can also relate to the requirements for services (Terms of Reference), or works (Statement of Works).
<b>submission</b>	Reply received as a response to an invitation to offer presented in the solicitation documents issued to the suppliers. Constitutes a firm offer from the potential supplier to furnish deliverables fulfilling the requirements set forth in the solicitation documents. The submission can be in the form of a quotation, bid, or proposal, depending on the type of solicitation document issued (RFQ, ITB or RFP).

DEFINITIONS AND ABBREVIATIONS	EXPLANATION
<b>supplier</b>	Any potential legal entity, commercial firm or non-commercial (NGO, CBO) provider of goods/services/works to UNOPS.
<b>TOR</b>	Terms of Reference. Requirement definition for services or complex goods.
<b>UNCCS</b>	United Nations Common Coding System, coding system classifying products (goods, works and services).
<b>UNCITRAL</b>	United Nations Commission on International Trade Law.
<b>UNGM</b>	United Nations Global Marketplace. Internet portal used by 16 UN agencies, including UNOPS. Includes, among other types of information, an inter-agency vendor roster. See <a href="http://www.ungm.org">www.ungm.org</a> for more information.
<b>UNOPS</b>	United Nations Office for Project Services
<b>vendor</b>	Any potential supplier of goods/services/works to UNOPS.
<b>waiver (of competitive bidding)</b>	In a procurement context, a waiver refers to the process of selecting a supplier without conducting a competitive bidding exercise. Often a waiver of competitive bidding will lead to negotiations directly with one selected supplier (sole sourcing).

## 8. BIBLIOGRAPHY AND FURTHER READING

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## 9. ANNEXES

### Annex 1. PARTICIPATING REGULATORY AUTHORITIES

**Table 8: Countries participating in PIC/S**

#### PHARMACEUTICAL INSPECTION COOPERATION SCHEME (PIC/S) PARTICIPATING REGULATORY AUTHORITIES

[www.picscheme.org](http://www.picscheme.org)

Argentina	Hungary	Poland
Australia	Iceland	Portugal
Austria	Indonesia	Romania
Belgium	Ireland	Singapore
Canada	Israel	Slovak Republic
Chinese Taipei	Italy	Slovenia
Cyprus	Latvia	South Africa
Czech Republic	Liechtenstein	Spain
Denmark	Lithuania	Sweden
Estonia	Malaysia	Switzerland
Finland	Malta	Ukraine
France	Netherlands	United Kingdom
Germany	New Zealand	USA
Greece	Norway	

**Table 9: Participating regulatory authorities in ICH**

#### PARTICIPATING REGULATORY AUTHORITIES TO THE INTERNATIONAL CONFERENCE ON HARMONIZATION OF TECHNICAL REQUIREMENTS FOR REGISTRATION OF PHARMACEUTICALS FOR HUMAN USE (ICH)

[WWW.ICH.ORG](http://WWW.ICH.ORG)

European Union member states

Japan

United States



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