Standard Operating Procedures (SOP) for Warehouse Distributions with 3MDG grants

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1. CONTENTS

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2. INTRODUCTION

The Three Diseases Fund has ended mid-2013 and its donors committed to continued support for health needs in Myanmar through a second phase (2012- 2016) of funding, the ***Three Millennium Development Goal Fund*** (3MDG fund). The fund expands its scope beyond the three diseases to cover maternal, newborn and child care and long term sustainability. The three main components of the 3MDG fund are:

- **COMPONENT 1**: Maternal, newborn and child care (MNCH). Increased availability and accessibility of essential services.
- **COMPONENT 2**: HIV, TB and Malaria (ATM). Support for specific interventions for populations and areas not supported by the Global Fund
- **COMPONENT 3**: Health systems strengthening (HSS)

THIS SOP IS SPECIFICALLY RELATED TO ACTIVITIES UNDER 3MDG COMPONENT 1: MATERNAL, NEWBORN AND CHILD HEALTHCARE (MNCH) AND COMPONENT 2:

The detailed programme description is outlined in 3MDG fund Description of Action. UNOPS has been selected as the Fund Manager (FM) for 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 3MDG has different modalities for supplying its Partners. One modality is through the pre-positioning of stocks in-country for immediate release of supplies when requested, this allows of uninterruptable supply of commodities. This modality is only used for two specific areas:

- Under MNCH component the supply of commodities to voluntary health workers; Axillary Midwifes (AMW) and Community Health Workers (CHW).
- Under the ATM component for the Malaria Artemisinin Resistance Containment (MARC) project the malaria commodities.

This prepositioning of supplies is only feasible when the range of commodities to be pre-positioned is limited which is the case for the above to indicated areas. If the range is too wide or the quantities of required supplies are too low; pre-positioning brings a high risks with perishable commodities and should be avoided.

Therefore for the remainder of the activities, tuberculosis and HIV, another modality is used which is basically procurement on demand. In this case no stocks are pre-positioned but procurement actions are initiated when requisitions are submitted to the Fund Manager. Of course this process will require substantially more time before the supplies will be available in

country. To speed up this process as much as possible the FM used Long Term Agreements (LTA) as these speed up the transactional part of the procurement process.

An overarching SOP has been developed ***SOP for Procurement with 3MDG Grants*** describing how procurement and supply under 3MDG grants is arranged. This overarching SOP is supplemented with other SOP in specific areas which require more detailed explanations then are available in the above mentioned overarching SOP. See below a list of the currently available SOPs and guidelines from the 3MDG:

- SOP for Procurement with 3MDG Grants;
- SOP for Donations of 3MDG supplies;
- SOP for the Arrival of International Consignments;
- Guideline on the Financial Utilisation Report;
- Guide for the Selection of Malaria Rapid Diagnostic Test Kits.

The overarching SOP on procurement contains the general regulations and procedures for Partners on obtaining supplies from the FMO. It provides links to all required forms and tools and it describes the following in detail:

- How Partners are expected to request their supplies from the 3MDG;
- The regulations and procedures regarding the procurement process;
- How the FMO cross-charges Partners;
- What reporting is required from the Partners;
- How the FM monitors the supply chains from Partners.

Therefore Partners are expected to have read this ***SOP for Procurement with 3MDG Grants*** prior to using this SOP on warehouse distributions. This SOP on warehouse distributions is in addition to the abovementioned SOP and can only be fully understood if the abovementioned SOP has been read. The SOP describes only the procedures related to distributions from the warehouses operated by the 3MDG.

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. WAREHOUSE DISTRIBUTIONS

The procedure for requesting supplies from the warehouse is no different as requesting commodities which have to be purchased. Partners are to use the ***Standard Drugs List*** to provide their requisition to the Fund Manager.

The Fund Manager has pre-positioned supplies for AMW and CHW, besides a specific range of malaria related commodities. Forecasting requirements for new projects is complicated and usually turn out to be inaccurate. The Fund Manager has pre-positioned supplies based on an estimated consumption of 6 months based on population figures under the currently contracted Partners. When new Partners will be contracted the stock levels will be increased. The Fund Manager decided to only pre-position 6 months' worth of estimated consumption to reduce the changes of stocks expiring before they can be utilised. In the future when there will be more reliable data available with regards to actual consumption rates, the stocks levels will be adjusted to more realistic levels.

For a graphical overview of the process for issuing commodities from 3MDG warehouses, please see 4.

Phase 1: REQUISITION TO THE FM

The Memorandum of Agreement (MoA) includes a procurement plan 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. If the requisition differs substantially from the procurement plan, Partners are expected to obtain approval from the Program Team in the 3MDG prior to issuing the requisition. A substantial difference is for example changing commodities for other commodities; a small change would constitute revised quantities of any item compared to 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.

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 **Error! Reference source not found.**, preferred method of shipment, etc.).

The Fund Manager has developed a ***Standard Drugs List (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 of 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 - Standard Drugs Order List

FORM - Standard Drugs Order List (for older 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:

- Contact Information
- Order List
- Non-Standard Items

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.

Although it should not be possible as supplies are requested from in-country stock, but in the event commodities are requested which are not listed in the SDL, the Partners is requested to add these commodities in the Excel sheet 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:

IMPORTANT: THE FM CANNOT TAKE RESPONSIBILITY FOR PURCHASED EQUIPMENT ACCORDING TO THE SPECIFICATIONS PROVIDED BUT IS NOT WHAT THE PARTNERS WANTED.

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.

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

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 still remains under the responsibility of the Partner in question. 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. When submitting a requisition, the Partner is expected to enter the availability of funds on the requisition.

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 be evaluated by the Fund Manager and checked against the following:

- Correctly specified needs, without over-specification or under-specification;
- Have realistic delivery dates been indicated. (For warehouse distributions usually 1 -2 weeks and for commodities to be purchased 6 months);
- 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 when entering commodities which non-standard;
- The presence of restricted pharmaceuticals such as narcotic or psychotropic drugs, as these require import licences and can delay deliveries;

The (revised) Standard Drugs Order List will be returned to the partner for final confirmation of the requirements.

Phase 2: PREPARING ISSUE VOUCHERS

The Fund Manager will register all requisitions from the Partners in the Requisitions System which tracks Requisitions versus Distributions. This way the Fund Manager can track whether all Requisitions have been fulfilled or not. This will also allow for proper and accurate quantification of requirements in the future.

This phase contains 3 steps:

Step 1 : Checking stocks levels versus Requisition;
Step 2 : Partner acknowledges expenditure;
Step 3 : Creation of Issue Voucher and Waybill;
Step 4 : Updating the Financial Utilisation Report.

Step 1 : CHECKING STOCKS LEVELS VERSUS REQUISITION;

When Partners request commodities from the Fund Manager they should base the requisitions on ***one year consumption***. This does not however mean that Partners will receive immediately 1 year worth of consumption as there is only 6 months 'worth of consumption in-country available. During the initial phase, the Fund Manager will provide only 3 to 4 months' worth of commodities and monitor the consumption rates of the Partners and when the needed stocks will be replenished in the warehouse. When and if found that supplies are consumed faster or lower as expected the prepositioned stocks levels will be adjusted accordingly. With the requisition having been made for a period of one year the Fund Manager can see outstanding requirements and therefore will be better able to ensure uninterruptable supply to all Partners.

The Fund Manager will track all requirements and ensure all requirements as listed in the Requisition will in due time be distributed to the Partner. If Partners are running low on stock level of certain items, they should contact the Fund Manager immediately.

Alternatively, if Partners after some months find that the stock quantities which have been requested will clearly exceed the required quantities; they should immediately contact the FM to readjust the quantities in the Requisition.

Step 2 : PARTNER ACKNOWLEDGES EXPENDITURE

Before the 3MDG can handover any goods, the Partner needs to authorise the expenditure from their procurement budget. To achieve this, the Fund Manager sends the Partner a so-called 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 are available from stock, the Acknowledgement Form will only contain the items available in stock as the prices for those items are known. The price for items which still needs to be purchased is not yet known and therefore cannot be indicated. As soon as the outstanding items of a Requisition have arrived, the Partner will be notified, provided with an Acknowledgement Form with the outstanding items.

By signing and returning the original Acknowledgement Form the partner agrees to use their procurement budget to cover the expenditure for the commodities 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 the necessary documents for the Partner to retrieve the commodities from the 3MDG warehouses.

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 : ISSUANCE OF THE ISSUE VOUCHER AND WAYBILL

In some rare cases the FM might transport the commodities to the Partners' field site, but in by far the most cases the Partner is expected to pick the consignment up at the warehouses from the FM. To be able to get the consignment released from the warehouse(s) Partners will require two documents:

- ***Issue Voucher*** This document allows the warehouse to release the goods assuming it was signed by the right persons. See Annex 2 for a sample.
- ***Waybill*** a shipping document which identifies the consignor, consignee, origin, destination, and provides a description of the goods. See Annex 3 for a sample.

Partners will be informed when the Issue Vouchers and Waybills are available for pick up at the 3MDG office. Partners are required to pick up these documents and submit these to the warehouses operated by the 3MDG to get the goods released. Partners will be provided with two sets of 4 documents at the 3MDG office. These are to be handed-over to the warehouse manager to release the requested supplies. These documents will have the following final destinations:

- ***Issue Voucher*** : 1 Original and 3 copies (yellow, green and pink);
  - White page (Original) ➔ returns to the FM
  - Yellow page (1st copy) ➔ for the Receiver (in this case the Partner)
  - Green page (2nd copy) ➔ Central Health Authorities for distributions to the national programs, else extra copy;
  - Pink page (3rd copy) ➔ remains with the Warehouse Manager.

- ***Waybill***: 1 Original and 3 copies (yellow, green and pink).
  - White page (Original) ➔ returns to the FM
  - Yellow page (1st copy) ➔ for the Receiver (in this case the Partner)
  - Green page (2nd copy) ➔ for the Transporter
  - Pink page (3rd copy) ➔ remains with the Warehouse Manager.

A couple of important issues to remember:

Issue Voucher:

- The receiver is to sign at "***Receiver***";
- The Warehouse Manager is to sign at "***Issuing Warehouse Manager or Storekeeper***";
- ***All dates should be entered correctly!***
- The white copy is to be returned to the Procurement Unit in 3MDG after completion of the distribution.

Waybill:

- The receiver is to sign at "***Receiver***";
- The Warehouse Manager is to sign at "***Warehouse Manager***";
- In case a transport company is used, they are required to sign the waybill only!

- ***All dates should be entered correctly!***
- The white copy is to be returned to the Procurement Unit in 3MDG after completion of the distribution.

Step 4 : UPDATING OF THE FINANCIAL UTILISATION REPORT

As soon as the Issue Voucher and Waybill documents have been picked up by the Partner, the Procurement Unit will obligate the related costs of the commodities in the Financial Utilisation Report. This obligating of funds is important as else the available procurement budget cannot be determined and there would be a possibility to overshoot the procurement budget. For additional details on the Financial Utilisation Report see the SOP on Procurement and the Guidelines on the Financial Utilisation Report provided below.

📖 SOP for Procurement with 3MDG Grants;

📖 Guidelines Financial Utilisation Report

Phase 3: RECEPTION OF THE COMMODITIES

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. Unless the FM transports the consignment to the field site of the Partner, the consignment will be made available at one or both warehouses for the Partner. After repacking of the commodities Partners will be informed whether they can pick up their consignment from one or both warehouses. Issue vouchers and Waybills 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
PHONE: 09-7315 3881

SHOW ON GOOGLE MAPS >

THE AIR-CONDITIONED WAREHOUSE:

NO.C/87, KAYTUMADI STREET,
WARD NO. 5,
KAYUKYAYDWIN,
MAYANGONE TOWNSHIP,
YANGON, MYANMAR
PHONE: 09-420 206 971 / 09-420 247 506

SHOW ON GOOGLE MAPS >

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 : Updating the Financial Utilisation Report;

Step 1 : CHECKING THE CONSIGNMENT

Either Partners will pick-up their commodities at the warehouse or, in some cases, commodities might be delivered. At the time Partners take possession of the commodities they are required to check whether all is complete. If commodities are picked up at one of the warehouses, Partners are required to check the completeness and absence of damage on the consignment. Same when the goods are delivered by a transport company to Partner, the Partner is expected to thoroughly check if all is in order.

All commodities from the FM are insured until handed-over to the Partners. To be able for the FM to claim damages it is essential to respond as fast as possible to the insurance company. In case items have been damaged or shortages Partners are to:

1. Refuse the consignment/warehouse distribution if not already accepted;
2. Take photos of the condition of the consignment for future evidence;
3. Inform the Fund Manager as soon as possible.

Upon completion of the verification, Partners should sign the Issue Voucher and Waybill confirming reception of the goods.

Step 2 : INFORMING THE FUND MANAGER ABOUT THE RECEPTION

The FM will need to be informed that the distribution has been completed satisfactory. Or in case the consignment was not accepted by the Partner, the reason for not accepting the consignment should be provided. The FM is informed about a closed transaction upon receiving the signed white originals with signatures from the Partner, Warehouse Manager and, if applicable, the transport company.

If the goods were picked up at the warehouse, the Partner will be responsible to return the white original documents to the FM to close the transaction. In case the commodities were delivered by a transport company selected and paid for by the FM, the transport company will return the white originals to the FM.

Step 3 : UPDATING THE FINANCIAL UTILISATION REPORT

The final step for the FM is to update the Financial Utilisation Report to reflect that the Partners has taken possession of the commodities. This is done by moving the obligated expenditure from the Obligated Funds table to the Executed Payments table in the Financial Utilisation Report. For additional details see the links below.

- SOP for Procurement with 3MDG Grants;
- Guidelines Financial Utilisation Report

4. ANNEXES

Annex 1. GRAPHICAL REPRESENTATION WAREHOUSE SOP

Figure 1 : SOP 3MDG warehouse distributions

Annex 2. SAMPLE - ISSUE VOUCHER

Figure 2: Sample of an Issue Voucher

This form is to be used when commodities are to be issued.

Issue Voucher

3MDG

Date:

Issue Voucher No.: 000153

To be completed by UNOPS, distribution would be the standard selection.

win Road, Kamayut,	**Destination**
Tel: 01-534498 Ext 3 ax: 01-534498 Ext 103	Issued to:
Email: info@3dfund.org	Location:
	Warehouse or Store:

To be completed by UNOPS destination will be a Partner.

Type of Transaction: ☐ Distribution ☐ Temporary Transfer ☐ Loan ☐ Other

Comments:

Serial	Nomenclature	Source of Supply	Batch No	Unit	Issued Quantity	Expiry Date	Remarks

To be completed by UNOPS, according to the Requisition.

To be completed by the Contractor based on current stock and First Expiry Fist

To be completed by UNOPS. The authorizing officer normally will be the UNOPS Logistical

To be completed by the Warehouse Manager.

Authorizing Officer:	**Issuing Warehouse Manager or Store Keeper:**
Name:	Name:
Title:	Location:
Date:	Date:
Si	**gn**

To be completed by the Consignee either IPs or NMCP. Date of receipt should be entered.

To be completed by the Consignee (the Partner) in case of damaged or missing items.

Receiver:	**Discrepancies on Delivery (if any):**
Organization:	Missing:
Name:	Damaged:
Date of Receipt:	Remarks:
Signature and Official Stamp:	

White: UNOPS 3DF - Yellow: For the Receiver - Green: For State / Central Health Authorities –Pink: Keep in the book for Control

Original: Returns signed to the Issuing Office

Annex 3. SAMPLE - WAYBILL

Figure 3: Sample of a Waybill

Fund Management Office - UNOPS
No. 12(O), Pyithu Lane, 7 Mile
Mayangone Township, Yangon, Myanmar
+95 1 657 278, 657 280-7, 657 703-4
www.3mdg.org

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