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1 Introduction

UNHCR, in common with other UN Agencies, has faced many large-scale humanitarian assistance operations in support of its mandate. These operations have necessitated use of complex supply arrangements involving large-scale procurement, delivery and distributions. Additionally, in a world requiring increasingly detailed reporting, the organisation has been confronted with the need to improve its internal accounting systems and supply management structure to meet the requirements of internal management and of its donors. In response to these challenges UNHCR adopted the concept of the Supply Chain to improve planning and delivery of goods and services through its supply arrangements. The concept has developed and is in use by the business world and elsewhere within the UN system. The adoption of the concept by Senior Management recognised that the Procurement of goods and services, their Delivery to destinations in the field and the subsequent tracking, management and maintenance of the assets and consumable stores are all part of a chain of events inextricably linked by information flow and management decision making. Supply Chain business processes would henceforth be seen as an integrated series of processes to be supported by modern database software.

This Chapter to the UNHCR Manual describes the policies of UNHCR with regard to Supply Chain processes, and the standard procedures to be implemented throughout the organisation in support of the processes. It consists of an Introduction, one section on each of the four main Supply Chain processes of Sourcing, Delivery, Asset Management and Support Implementation and a series of Annexes containing standard forms and other relevant reference materiel.

What is the UNHCR Supply Chain?

The UNHCR Supply Chain provides a streamlined and integrated approach to managing the following activities:

- Planning of sourcing, delivery and asset management;
- Sourcing of goods and services;
- Delivery of goods and people;
- Warehousing and stock management of goods; and
- Management and maintenance of assets and fleets of vehicles.

Creating a Supply Chain involves using process analysis techniques and modern information technology to integrate the above activities, which were previously fragmented, into a single function. The staff of the HQ-based Supply Management Service (SMS) manages the Supply Chain.

What does the Supply Chain do differently?

- Develops a customer-service orientation;
- Source goods and services in several ways (not only by purchasing);
- Purchase the most commonly requested goods and services through Frame Agreements;
- Provide a single point of contact for each order or a staff member responsible for the customer’s satisfaction;
- Track the location and condition of assets, from the time they are acquired until their disposal;
- Placing more emphasis on identifying local vendors in developing countries;
Supporting UNHCR’s implementation of the Code of Conduct [7] by developing ethical working relationships with vendors.

Link Supply Chain and Financial systems in an integrated software package to save time and money, improve reports to donors, internal communications.

- rapid establishment and replenishment of stocks;
- quick response;
- good communication with the customer;
- single point of contact for all order inquiries (including order entry);
- real time visibility into backlog, order status, shipments, scheduled material receipts and current inventory positions;
- consolidation of inbound and outbound requirements;
- loading trucks in the correct sequence of offloading;
- consolidation of carriers;
- shipment tracking and tracing;
- selecting carriers by least cost per shipment; and
- electronic generation and download of shipping documents.

Each of the four sections of the Chapter: Sourcing, Delivery, Managing Assets and Support Implementation, begins with a brief Overview and continues with the Processes involved. A comprehensive Glossary, the bibliography and the list of forms are provided at the end of the Chapter.

**What benefits will the Supply Chain provide?**

UNHCR expects the Supply Chain to offer stakeholders the following important benefits:

- accurate and relevant information for planning;
- enhanced delivery times;
- speedier processes;
- savings from economies of scale in procurement (eg. Frame Agreements. Global Freight Forwarding Agreement) and obtaining maximum value from the use of assets;
- better utilisation of funds;
- accurate asset tracking; and
- better visibility of processes, goods in the pipeline and final distribution and use of equipment.

- More emphasis has been placed on the appropriate documentation than in the past, with the relevant forms revised and consolidated, as well as making terminology more consistent.

### 1.1 Supply Chain Functions

These are: Planning (creating the conditions for a successful operation), Sourcing (where goods originate), Delivery (getting the goods to the customer on time), Asset Management (tracking assets from purchase or donation to disposal) and Support Implementation (maintaining, repairing and keeping records on assets).
1.1.1 Planning
The Supply organisation in UNHCR has three main planning objectives:
1) to participate with other UNHCR units in defining the needs and contingencies of
operations related to supply issues, both in emergencies and care and maintenance situations;
2) to provide advice and information to operational managers on supply issues during
planning; and
3) to plan physical logistics (ranging from recommending the best place to locate a warehouse
to identifying transportation corridors).

1.1.2 Sourcing
The process of “Sourcing” has gone beyond what was originally called procurement and now
includes the processes by which all types of goods and services are obtained. It encompasses a
wider range of supply activities than is implied by words such as “purchasing” or
“contracting”. Frame and Global Agreements have been set up that help to reduce the prices
of items purchased. It has become possible to access goods through the asset market of
UNHCR while in the past, when less information was readily available, transfer from one
operation to another was more difficult.

1.1.3 Delivery
“Delivery” involves moving goods and people to their intended destination and accounting for
the same throughout. It covers different means of transport, handling of shipping documents,
port and customs clearance, warehousing and stock management. Efficient handling of this
process is key to the success of UNHCR’s operations, as most of them depend on timely
receipt of goods or proper management of transport operations.

1.1.4 Asset Management
Asset Management consists of two main processes: "tracking" and "managing". The former
involves monitoring the location, custodianship and maintenance/performance history of
assets. Managing consists of monitoring the data provided from tracking, so sound decisions
can be taken by managers about current and future needs for assets.

1.1.5 Support Implementation
Support implementation is the UNHCR term for activities involving fleet operations, as well
as maintenance and repair of assets. Proper planning and management can reduce long-term
vehicle operating costs through fleet consolidation and standardisation. In addition, the
monitoring of performance and maintenance data on vehicles and other items, such as air
conditioners and generators, provides updated information for planning.

1.2 Supply Chain Organisation
The Supply Chain organisation consists of the HQ-based SMS and of Supply Units in the
field that expand, contract or multiply according to operational needs. A unit may cover more
than one operation, or multiple units may cover a single large operation. In small offices, some or all of the Supply Chain functions may be executed by staff from other organisational units. In essence, the Supply staff stresses the importance of working in a structured and consistent manner. To do this, staff performing the functions train for and take on corresponding roles. Whether the staff performing these roles is part of a formal Supply Chain section or not depends on the size of the operation and its involvement in Supply Chain activities.

UNHCR has strengthened its role in the Inter-Agency Standing Committee (IASC) and other inter-agency fora, such as the United Nations Joint Logistics Centre (UNJLC), to ensure that refugee issues are included in discussions and the decision-making process of UN agencies. The Senior Managers support these inter-agency fora and their supportive attitude cascades down to the working levels of various services and bureaux. UNHCR staff participating in the fora is pro-active and cooperative, but also works to protect the interests of refugees. Appropriate consultations with the relevant units, throughout the house, facilitate participation in inter-agency meetings.

1.2.1 Supply Management Service

SMS is organised into three Sections:

- Procurement Section.
- Inventory and Field Support Section
- General Services Section

The major functions and activities of the SMS are:

- Developing, evaluating and improving the UNHCR Supply Chain by working on:
  - policies, standards, business rules;
  - global Supply Chain plans and structure;
  - assisting Emergency and Security Service (ESS) and the Bureaux in emergency response and preparation;
  - standard contract terms and conditions for goods and services;
  - specifications for all items, to ensure that what is listed in the Item Master will truly meet customer needs;
  - global statistics and reports;
  - Supply Chain training programmes.

- Supporting Supply staff in the field by providing:
  - A “Help Desk” for Supply staff;
  - technical consultation and support for goods and services;
  - international tendering for requested goods and services;
  - managing and updating the Item Master;
  - benchmarking UNHCR Supply Chain practices against those of similar operations in the commercial and non-profit sectors;
  - a Supply Chain IT system;
  - maintenance of the functional part of the IT system;
  - co-ordination with UN organisations and IPs to continually improve the supply function; and
  - Supply Chain training.

1.2.2 SMS and Supply Units

Many activities are carried out by both SMS and Supply Units such as:
1.2.3 Supply Units

Supply Units, or staff performing Supply Chain roles in offices that do not have a Supply Unit, carry out the on-going Supply Chain operations of sourcing goods and services, delivering them to customers, keeping track of UNHCR assets, and supporting maintenance and servicing of assets.

Supply Units (Supply staff) are an integral part of operations, particularly large-scale emergency operations. They advise the representative or the Director of Operations on needs assessment and planning requirements in their area of expertise. During planning, they make recommendations on appropriate fleet size and structure, warehouse networks, possibilities of local purchase, workshops, fueling arrangements, etc. Supply Units study the local market and vendors to respond to the needs of an operation through local purchases and/or leases and rentals. They also “shape the environment” and prepare and build relationships that enhance efficient functioning of the Supply Chain locally. This ranges from identifying a core group of local vendors for particular items to establishing efficient transportation routes within the country or region.

Supply Units propose sources for Requisition components (such as re-deployment of assets, accessing in-kind contributions, or obtaining an item through international, regional or local Frame Agreements) including local purchases and contracting. Supply Units maintain regional catalogues of vendors and locally produced items. When IPs procure goods or contract services, Supply Units arrange training on UNHCR procurement policy and procedures and monitor their progress subsequently.

Supply Units organise and manage all activities related to warehousing, transport, fleet management, asset monitoring and maintenance.

1.2.4 Supply Chain Best Practice

The Supply Chain Council is the industry trade organisation that has identified “best practice” for Supply Chain functions. These are processes industry leaders have defined as “the best way to do things” based on careful analysis of the companies and organisations judged to be most efficient in these areas. Such practice provides UNHCR Supply staff with an external guide for greater efficiency, and targets to work toward. The practice includes: processes; information systems; relationships with vendors; assistance to planners; as well as forecasting and customer service.

1.2.4.1 Processes

The processes should be integrated from control data gathering to transactions. The Supply Chain should be designed so supply plans can be adapted rapidly to unpredictable changes in demand. Resources throughout the Supply Chain should be identified, assessed, and compiled. Capacity and supply constraints should be balanced against forecasted demand during the planning cycle.

1.2.4.2 Information Systems

UNHCR has implemented an integrated on-line software product, called PeopleSoft, to support its Supply Chain functions. A number of legacy systems will also be maintained in
offices that do not have PeopleSoft. These include AssetTrak (AT), the Commodity Tracking System (CTS) and a Stand-Alone Purchasing System (SAPS).

1.2.4.3 Relations with Vendors
Frame Agreements with vendors should define resources available within stated lead times and with agreed conditions, such as price and quality. Regular contact with major vendors should ensure that disruptions and opportunities in product availability are quickly and accurately communicated and acted upon.

1.2.4.4 Assistance to Planners
Providing planning assistance to Operations is another important function of SMS and Supply staff. This could range from historical Supply Chain data on similar operations, to providing information on particular products (such as cost information or delivery times). Given the identified needs, SMS and Supply staff can present options and an estimated budget.

1.2.4.5 Forecasting
Although UNHCR has traditionally done planning, in particular procurement planning, on a yearly basis, situations may change frequently. Refugee numbers increase or decrease; the political situation ‘heats up’ or programme objectives are revised. By knowing forecast needs, SMS and Supply staff make adjustments as necessary. A warehouse network can be established, for example, transport contracts put in place and Frame Agreements prepared. Ultimately, forecasting offers Supply Chain customers savings, by taking advantage of economies of scale through consolidated ordering. Forecasting also ensures a higher probability that deadlines will be met.

1.2.4.6 Customer Service
The aim of customer service is to meet or exceed customer expectations. Supply Chain customers are those who immediately benefit from the work of the SMS and Supply staff. If a colleague requests their help in wording a contract, he becomes a Supply Chain customer.

1.2.5 Supply Units in the field
Supply Units in the field are organised differently. In large operations, many people may be engaged in performing any one of the supply chain functions. In small operations, one person may perform all supply chain functions, either full-time or, in the smallest operations, part-time.
1.2.5.1 Large Supply Unit

In large offices (like the one in the table above) or large care and maintenance operations, UNHCR should have a fully staffed Supply Unit. In such offices, the Supply Unit is organisationally at the level of Programme, Administration, etc and reports directly to the Director of Operations or to the Representative. The Supply Unit resolves all the issues related to material needs of Programme, Administration, Protection, Field Safety, etc.

In such cases, the Supply Unit might have separate sub-units for Sourcing, Delivery, Asset Management and Support Implementation, each staffed by one, or more, professional and/or general service staff. The exact composition of a Supply Unit should be decided on a case-by-case basis, in accordance with the specific needs of the operation.

1.2.5.2 Small Supply Unit

In smaller-scale operations with significant needs for assets, the Supply Unit reports to the Representative or the Director of Operations, at the level of Programme, Administration, etc. The Unit may, however, combine certain sections, so that one person might be responsible for one or more of the supply functions. This type of Unit might also have only one staff member, either professional or general service. It is important, however, that the Unit explicitly appears as part of the organisational chart of the Office. An example of this type of Unit is given below.
1.2.5.3 Supply Functions Performed by Other Staff

In small-scale operations, a Supply Unit might not exist explicitly and supply functions might be performed by a staff member organisationally under another office unit, (such as the Programme or Administrative Units). In such cases, it is important for these staff members to know exactly what their functions are and where their responsibilities, as Supply staff, begin and end. To be able to do this, they are trained in how to perform the corresponding Supply Chain role. For example, if an administrative assistant performs the role of Asset Management Operator, he/she is trained in registering asset data in the Asset Management database, on how to issue assets to both UNHCR staff and IPs, on physical asset verification exercises, etc.

1.2.6 Supply Chain Roles

In view of the above, it is evident that there are differing needs for Supply Chain staff in different operations. They may but do not have to be explicitly defined in the organisational structure of an office. To systematically assign Supply Chain functions to UNHCR and/or IP staff, different roles in the Supply Chain have been defined. If, for example, the office makes local purchases, at least one person takes on the role of Buyer. This person may have other duties as well, such as Programme or Administrative Officer, but when he/she purchases goods, he/she performs the role of Buyer and must proceed according to the rules and procedures set out in this manual and any related official UNHCR or UN documentation.

A list of some Supply functional roles is attached in Annex 1. It includes operators of databases and processes and officers responsible for managing the supply functions of sourcing, delivery, etc. In principle, these are the roles of staff who prepare documentation and execute the decisions (Operators) and staff who approve and manage the particular functions (Officers).

It is important to understand that one person can perform one or more roles. One staff member can, for example, be an Inventory Operator and an Asset Management operator.
The term “Supply staff”, as used in this Manual, are staff members in HQ and the field who perform, either full-time or part-time, one or more of these roles and tasks related to Sourcing, Delivery, Asset Management or Support Implementation. These tasks may be reflected in their job titles or they may be Programme and Administration staff responsible for Supply Chain follow-up.

The term “Supply Units”, as used in this Manual, is a generic term which refers to functional entities, charged with the performance of the supply functions described in this Manual. They may, but do not have to, be explicitly defined in the organisational structure of an office.

1.3 Supply Management in Emergencies

The rules and procedures of Supply Management are in principle the same in an emergency: details can be found in the UNHCR Handbook on Emergencies [5]. As refugee emergencies often happen in locations far from the main sources of supply and communications, exceptional efforts (without which an operation may fail) are needed to ensure prompt provision of goods and services.

As early as possible (ideally at the time of the first assessment mission), research on locally available relief items should be carried out and a Local Committee on Contracts should be established. This will help to quickly build or adjust Sourcing infrastructure, to respond immediately to emergency needs. While a pool of local vendors may have been identified before an emergency, items may only have been purchased in much smaller quantities. Other established organisations and important private companies in the country/area may be able to provide valuable guidance on locating items and vendors. Planning should be done for the worst-case scenario, bearing in mind flexibility and adaptability. Coordination with other parties in an emergency is essential, both inside and outside UNHCR as duplication of efforts must be avoided. It is important to ensure that appropriate arrangements for importing emergency items and clearing them through customs are made well in advance.

1.3.1 Availability of Item(s) in the Stockpile(s)

Items are usually taken from stockpiles in emergencies or non-emergency situations, when time is the paramount factor. Telecommunications/IT equipment and relief items should be rotated to avoid a backlog of obsolete or damaged stocks.

SMS, in collaboration with ESS, maintains a Central Emergency Stockpile (CES) with a response capacity of non-food items for 250,000 beneficiaries to support new operations or strengthen on-going ones. The CES is currently located in Copenhagen, Denmark. As the Requestor pays for both the freight into the CES and to the requested destination, items from the CES are generally more expensive than direct shipments from suppliers. ESS (and/or ITTS) in collaboration with the Requesting Unit decides if the items should be supplied from the CES and project funds channelled to the SMS special account. In such a case, a Requisition should only cover freight but not goods. If the Requesting Unit agrees, it will authorize a book transfer of the value of the goods to the CES project. Subsequently SMS completes an MSR (D017) which initiates the shipment of goods from CES.

1.3.2 Responding to emergency needs

A major part of an effective emergency response is the prompt delivery of appropriate supplies. These requirements include tents, blankets, cooking sets, medical supplies and foodstuffs. Emergency needs and the availability of appropriate local supplies should be assessed in consultation with local experts, suppliers, government representatives and other international agencies. All options to meet immediate needs should be considered:

- local stocks and potential local purchases;
- local in kind donations;
borrowed stocks from government or other aid organisations (which should subsequently be replaced);

- in kind donations resulting from a DRRM special appeal and (if possible) airlifted as close as possible to the emergency site;

- goods from the CES or any available regional stockpiles;

- international purchases shipped by air; or

- rerouting less urgent international shipments being delivered to other projects or destinations.

If locally available items are appropriate, initial purchases, at least, should be made locally. At the same time, however, the cost-effectiveness of continuing local purchases beyond the initial phase of an emergency or the airlifting of relief items should be assessed in comparison with purchasing internationally. It is, therefore, important to immediately build up a supply pipeline by using other less expensive sources of supply or means of transport than airlifts. For an emergency tender, the response time allowed for offers/proposals is based on the complexity of the goods or services required, but may be as little as 24 hours.

Purchases should always be made from competitive sources in accordance with UNHCR regulations, although initial purchases may be made with speed as the foremost concern. Subsequent supplies should be planned in good time to allow for more competitive prices. When the capacity of the local market is limited, care should be taken to avoid price increases caused by organisations bidding against each other for the same goods or services. Such increases can lead to discontent amongst the local population.

Local prices should be compared with international prices using the "Most Frequently Purchased Items Catalogue". UNHCR considers local purchasing as competitive if a local item does not cost more than 15% of the landed cost of a comparable imported item (goods, transport, customs, etc.).

The "Most Frequently Purchased Items Catalogue" gives summary specifications, reference number, price in US dollars, country of origin and, where relevant, production capacity, production lead times and estimated shipping times. It also includes a list of current FAs and is accessible on the UNHCR intranet and internet.

Purchasing different qualities of the same item should be avoided due to likely problems during storage and distribution.

FAs ensure the availability of goods of a standard quality at competitive prices and reduced lead time. International FAs exist inter alia, for:

- blankets,
- plastic sheeting and rolls,
- kitchen sets (type B),
- semi-collapsible jerry cans,
- light weight emergency tents,
- vehicles, vehicle tyres and tubes,
- generators, anti-mine blankets,
- computer and telecommunications equipment,
- transport by air, sea and land,
- essential drugs and medical supplies and equipment and
- office equipment and supplies.

The list of FAs is published on the UNHCR intranet. In emergency situations, the Committee on Contracts at HQ can decide on purchase submissions in a day by circulating the request for approval to at least three members (quorum) of the Committee.
All items purchased internationally for a UNHCR emergency operation should have the same consignee. The consignee would normally be the Representative (for attention of Supply Unit or BSU/Telecomms in the case of assets procured for HQs units), (with an indication in brackets of any special instructions, for example “For (name of project/NGO)”]. A P.O. Box number should not be given as an address. Where UNHCR was not previously present, however, it may be better to consign c/o a UN organisation (such as UNDP) already well-known in the country, provided no delays will result. Whether purchases are made locally or internationally, proper packing, labelling and markings are essential.

All requirements and responses should be coordinated with the Desk at HQ. Staff at HQ can accelerate purchasing and shipping processes to give an emergency situation first priority. Complete, accurate communications are imperative to expedite emergency relief. Regardless of the urgency of the need, all authorisations and approvals should be obtained before proceeding. Procedures should be followed and records kept. Response time is critically important in emergencies and advance planning is essential to optimise resources and avoid wasting time correcting avoidable mistakes. Planning should take lead times into account.

1.3.3 Emergency Material Resources

The UNHCR CES is often used, especially at the beginning of an emergency. Transporting goods from the CES, however, often requires costly airfreight and as stocks are limited, it is essential to quickly organise less costly means of transport.

The CES stocks the following items:

- prefabricated warehouses
- Blankets 30% wool, 150 x 200 cm;
- Jerry cans 10 lit, semi-collapsible, heavy duty plastic;
- Kitchen sets;
- Lightweight emergency tents;
- Plastic sheets 4 x 5m;
- Plastic rolls 4 x 50m;
- Vehicles and trucks.

UNICEF, WHO, WFP, the IFRC and NGOs also maintain emergency stockpiles with goods that can be made available to UNHCR.

1.3.4 Responding to Emergency Needs

Anticipating all the circumstances or options which may be encountered in a refugee emergency is not easy. The following illustrates how international purchases and shipping processes can be accelerated in emergency situations:

**UNHCR Field Office:**
Fax the Desk at HQ, giving full specifications of emergency supplies, quantities, packing and labelling details and preferred routing of the shipment, with any supplementary information such as local conditions which may impede delivery.

**Geographic Desk:**
Obtain proper authorisation and budget allocation (cost estimates provided by SMS staff). Prepare and forward Requisition to SMS.

**SMS Staff:**
Issue a tender by fax to known suppliers, especially those who may have stocks on hand, with an abbreviated reply time (perhaps even the same day).
Procurement Section consults the Inventory and Field Logistics Support Section in SMS and the Desk, to determine shipping modalities.

Quotations received from suppliers should be promptly tabulated and compared. If a proposed purchase equals or exceeds US$ 100,000, prepare a memorandum recommending the selected supplier to the Committee on Contracts at HQ. The Secretary to the Committee or the Buyer or Supply Officer hand-carries the recommendation to the individual Committee members (a minimum of three) who note their decision on the memorandum. Suppliers can usually be selected in one day.

With proper approval and authority, issue POs by fax for all emergency supplies and expedite deliveries, while keeping all concerned staff closely informed of status. Follow up on inspection and documentation status.

**Geographic Desk**

Keep field staff informed throughout the purchasing and shipping process, providing details of orders placed, planned deliveries and scheduled arrivals in the field.

**UNHCR Field Office:**

Make all local arrangements to meet and clear the shipment and to transport it to the operational site for storage and distribution to refugees.
2 Sourcing of Goods and Services

2.1 Overview

The objective of the Sourcing function is to achieve “perfect” order fulfillment by identifying and obtaining the right goods or services to be delivered to the right place at the right time in the most cost-effective way.

In achieving this objective, the following basic principles and conditions apply:

Goods and services supplied should be of the requisite quantity and quality, available within the time required and at the lowest possible cost.

All Sourcing and Delivery operations should be kept simple and transparent, consistent with equitable practices, which can withstand the test of public scrutiny.

All UNHCR personnel concerned with goods and services should support and promote competitive bidding. Sources of supplies should have a wide geographical distribution, with emphasis on increasing acquisitions from developing countries, the area of operations and major under utilised donor countries.

While Implementing Partners (IPs) can undertake procurement with UNHCR funds, in general responsibility for procurement should remain with UNHCR. Procurement by IPs should only be considered when comparison of the costs and benefits (delivery times, standardisation of equipment, etc.) with direct procurement by UNHCR indicates that such delegation will be more cost-effective and achieve better results. IPs should be pre-qualified by UNHCR or adhere to UNHCR Procurement Guidelines for Implementing Partners, before they can undertake procurement for UNHCR.

Procurement should only be undertaken after ensuring that suitable and cost-effective alternatives for redeployment of existing or under-utilised equipment and material from other programmes or locations have been considered.

UNHCR policy involves giving priority to procuring goods and services from the area of operation, supporting economies of refugee-hosting countries (provided such goods and services are competitive (in comparison with international market prices listed in the “Most Frequently Purchased Items Catalogue”).

To capitalise on global competition and benefit from economies of scale, international procurement should normally be undertaken by SMS. This applies in particular to goods and services covered by UNHCR Frame Agreements (FAs).

While Sourcing encompasses locating and contracting for requested goods and services, Delivery means getting these goods or services to the customer. The Sourcing and Delivery processes end only when goods and services are satisfactorily received by customers.

2.2 Sourcing Infrastructure

Just as infrastructure of a town consists of the streets, electricity grid, water pipelines and so on that allow the town to function, so too the Sourcing infrastructure consists of systems that should be established for Sourcing staff to operate. Just as citizens in a town should not spend time worrying about whether or not there will be electricity or water, so too Supply customers should be able to place their orders (Requisitions) with confidence, assuming that the Sourcing infrastructure is in place to support their needs.

Shaping this optimal environment involves thorough and sound preparation to create the infrastructure, but it is not a one-time effort. Creating and maintaining the infrastructure is an important responsibility of SMS and Supply staff in the field.

Sourcing infrastructure includes managing the following activities:

- items (Item Master and Customer Catalogues);
- vendors and
2.2.1 Managing Items

The Item Master and specialised Customer Catalogues, which should contain updated and detailed specifications for all items, help to source goods and services when they are kept up-to-date.

When there is a need to find a new item or replace an existing one, Supply staff and/or technical specialists scan the markets (international, regional or local) for new products/technologies. This process may be triggered by the arrival of new technology or new items or potential sources, by the need to match a requirement with a suitable product or when operational needs change, as a result of evaluations or product information from vendors. It may also be triggered by item specifications that a technical expert has established and that do not appear in the Item Master. It is important to conduct regular, on-going research on goods and services UNHCR needs. The search continues for improved quality, lower cost, extended lifespan, easier use, environmentally “friendly” products, better suitability to refugees’ culture, etc. to help improve UNHCR operations.

Supply staff should be especially aware of rapid changes in certain product areas such as IT and telecommunications equipment. Staff undertakes a number of activities such as comparison of technical performance data, technical, practical tests, inspection and laboratory analyses, evaluations by UNHCR field staff and, sometimes, refugees. UNHCR sometimes works directly with a manufacturer to develop a product with particular specifications that better meet operational needs. Items determined to be beneficial for UNHCR are added to the UNHCR global Item Master and to particular Customer Catalogues.

2.2.1.1 Item Master

There is one item database at HQ which should be referred to for all procurement activity, in HQ or in the field. Managing the UNHCR global Item Master entails adding new items, as well as changing specific information on existing items. While the status of an item can be changed, e.g. from "active" to "inactive", it cannot be deleted from the database so as not to lose its “history”. When there is a need to update the Item Master, Supply staff carries out one or several of the following steps:

- identifying the item and its specifications (with assistance from technical specialists if necessary);
- identifying potential vendors for the item;
- making a request to include the new item in the database; or
- entering the item in the database.

Special Items

For certain categories of items, technical experts should provide and approve specifications, such as:

- Security Officers determine characteristics of security items;
- Telecommunications Officers determine the technical specifications of radio and other communications equipment, including telephones and faxes;
- IT staff identifies technical specifications of computers, printers, UPSs, photocopiers, air conditioners, etc;
- Technical Coordinators (usually water/sanitation engineers and/or site planners) determine the characteristics of technical items such as drilling equipment, pipes, reservoirs, firewood, fuel tanks and fuel tanker trucks; they also determine the characteristics for any other technical items (except food) for a particular situation (e.g. type of stove, type of shelter);
Medical Coordinators determine needs for medical supplies and equipment;
Food Coordinators determine specific needs in supplementary and therapeutic feeding programmes;
Community Services Officers determine needs of vulnerable groups such as clothing, education equipment, etc.; and
Supply Officers determine needs for transport and warehousing equipment.

While for some items there are few variations, others (primarily assets including equipment) have a wide variety of options. These options are listed in the Customer Catalogues, but Supply staff may be called upon to assist a customer in determining which options are most appropriate given the need and proposed use for the item. This is especially true in the case of high value property. (The choice of a photocopier model and options, for example, might be determined by its projected extent of use, availability of local servicing and availability of spare parts.) Proposing options is also important in the area of service contracting, where Supply staff should be able to offer alternatives.

Sources of standard UNHCR specifications are

- previous POs and supplier offers/proposals;
- UNHCR Item Master;
- "Most Frequently Purchased Items Catalogue" issued periodically by SMS and available on the Internet, this catalogue includes a list of items frequently purchased by SMS, with brief specifications, current FOB prices and approximate lead times;
- "UNHCR Handbook for Emergencies" provides standard specifications for a number of items that may be required on short notice;
- UNIPAC Catalogue published periodically by UNICEF and available from SMS, this catalogue contains specifications on a wide range of items, including medical equipment, teaching aids and various tools; when referring to item specifications in this catalogue for international purchasing, the item number and the year of the catalogue should be accurately quoted;
- IAPSO Field Motor Vehicle Standards Catalogue published periodically by IAPSO, available from SMS and on the Internet; this catalogue lists most vehicles recommended for project and official use;
- MSF Catalogues;
- ICRC Catalogues; and
- catalogues of suppliers.

2.2.1.2 Customer Catalogue

Customer Catalogue is a tailored pre-configured cut of UNHCR’s global Item Master for specific needs. An example of this is the "Most Frequently Purchased Items Catalogue", which contains items regularly needed in most UNHCR operations (e.g. blankets, tents, kitchen sets, vehicles, generators).

The following information is available per item:

- category;
- sub-category;
- item number;
- item name;
- unit of measure;
- price (in US dollars);
- capacity (production);
- lead time; and
Regional and local Supply Units may maintain their own Customer Catalogues tailored to the needs in the region or country.

2.2.2 Managing Vendors

Establishing and maintaining a database of potential vendors is a critical part of Sourcing. Having several potential suppliers for an item is important to promote competition and ensure a steady supply. Under UNHCR tendering rules, a minimum of 3 offers are required for purchases above a certain value.

As Sourcing is not restricted only to commercial vendors, but can also be done from other organisations and agencies, it is important, to establish and maintain cordial and effective working relationships with UN agencies or NGOs operating in the area. Managing vendors requires that a Vendor Master list be established and maintained efficiently and that sound business relationships be maintained with all vendors.

2.2.2.1 Maintaining the Vendor Master List

2.2.2.1.1 Source Identification

The search, or source identification process, begins with the development of a list of potential vendors. This list is generated through basic market research like checking:

- vendor representatives;
- information databases, including the Internet;
- trade journals or local directories;
- catalogues;
- exhibitions;
- Chambers of Commerce;
- industrial associations or national trade bodies;
- local shops and factories;
- commercial banks;
- industrial/commercial services (e.g. Dun & Bradstreet);
- telephone “Yellow Pages”;
- government ministries responsible for commercial affairs;
- radio broadcasts; and
- referrals from other organisations.

When work on vendor data is required e.g. after establishing a new source or following the receipt of information from an existing vendor, Supply staff carry out one or several of the following steps:

- adding, updating, identifying information;
- adding, updating address(es);
- adding, updating contact(s); bank account, remarks, etc.; and
- if change of status requires approval, this is done by responsible Supply staff.

New vendors should successfully complete a Common Supplier Registration form (S001) before they can be added to the UNHCR Vendor Master list. Vendor registration helps UNHCR staff treat all vendors equally and allows processing of payments.
2.2.2.2 Vendor Registration

Once a potential vendor has submitted his/her registration form, he/she should be evaluated, based on pre-defined criteria, to establish whether his/her business is financially sound, well-managed, sufficiently experienced, etc.

The following is a checklist of the minimum criteria for a company which should:

<table>
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<tr>
<td>- offer items of interest to UNHCR;</td>
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<tr>
<td>- have existed for at least three years;</td>
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<tr>
<td>- have the legal capacity to enter into a commercial contract;</td>
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<tr>
<td>- be well-established in their field of business;</td>
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<tr>
<td>- agree to payment terms and the General Terms and Conditions of UNHCR / General Conditions for Provision of Services;</td>
</tr>
<tr>
<td>- have had export or international experience if the company wishes to be considered for international, as opposed to local, purchases;</td>
</tr>
<tr>
<td>- have completed and returned the required registration documentation (a sample form is included in [3]).</td>
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</table>

If the local situation warrants them, additional requirements can be added, but all requirements should be objectively justifiable.

Vendors are registered for an initial period of three years. (Registration by UNHCR means that the vendor has been added to the list of potential suppliers; there is no other commitment by UNHCR.) A supplier who is awarded a PO/Service Contract during this period will automatically be renewed for a further three years. Those with no purchase history over three years have their status changed to “inactive”.

2.2.2.2 Maintaining Relations with Vendors

Relationships with vendors cover the areas of business opportunities, standards of conduct, conflict of interests and business ethics.

2.2.2.2.1 Business Opportunities

To ensure that business opportunities are offered to all potential suppliers equally, it is essential to observe the following:

<table>
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<tr>
<td>- processing registration requests from all potential vendors in a timely manner and advising them promptly of their registration status;</td>
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<tr>
<td>- following procedures for establishing a bidders’ list strictly, to give equal opportunities to registered vendors to bid;</td>
</tr>
<tr>
<td>- encouraging all vendors to test and develop improved products and services; and</td>
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<tr>
<td>- providing the same information to all vendors on current and anticipated requirements.</td>
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2.2.2.2 Standards of Conduct

All staff who have designated procurement authority or who have contact with potential suppliers should understand and observe the following standards of conduct as provided in particular in the memorandum on UN Staff Rules and Regulations and the UNHCR Code of Conduct for Supply staff in Annex 2:

<table>
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<th>Standard</th>
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<tr>
<td>- business should be conducted in a manner consistent with the highest professional, ethical, moral and legal standards and with total impartiality and equal treatment for all;</td>
</tr>
<tr>
<td>- integrity, transparency and confidentiality of the procurement process should be maintained at all times and at all levels; and</td>
</tr>
</tbody>
</table>

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staff should not solicit or accept, directly or indirectly, any gift, favour, entertainment, loan or anything of monetary value from vendors or potential vendors. (The only exceptions to this rule are public relations gifts, valued at less than US$ 20, such as business diaries, calendars or pens.)

2.2.2.2.3 Conflicts of Interest

In dealing with procurement matters, UNHCR staff might find that they have to choose between what is best for UNHCR and their personal interest. To avoid such a conflict, these issues should be remembered:

- staff conduct should not foster any suspicion of conflict between professional duty and personal interest;
- staff is prohibited from using the power of their office or internal business knowledge for personal gain;
- staff should decline any outside interests or business relationships that may be reasonably deemed to colour their impartiality in conducting their daily work;
- staff should declare any business relationships that they or any members of their family may have with suppliers with whom UNHCR engages or may engage in business;
- bids should not be solicited from, nor contracts awarded to, any company that is owned, controlled or actively influenced by UNHCR staff responsible for procurement or an immediate relative of such an employee; and
- modest hospitality is an accepted courtesy of a business relationship. Staff members should, however avoid compromising situations in which they are (or are perceived by others, to have been) influenced in making a business decision as the result of accepting such hospitality.

2.2.2.2.4 Business Ethics

Serious and knowledgeable staff members will command the respect of business partners. This directly reflects upon the way they and others see UNHCR. It is, therefore, necessary to uphold correct business ethics. UNHCR staff should:

- promote fair, ethical and legal trade practices;
- receive all suppliers promptly and courteously in an atmosphere of good faith and equal treatment;
- provide the same information to all bidders; no single supplier should be treated in a way that might prevent an effective, competitive purchasing system;
- if a vendor participates in developing or drafting specifications, these should be kept as generic as possible to avoid unfair advantage over other vendors;
- treat all information received from vendors in the strictest confidence;
- decline to take advantage of vendor’s errors and show cooperation;
- avoid causing needless expense or inconvenience when requesting offers/proposals;
- declare “for information purposes only” if the request will not result in the award of a contract;
- avoid obligations to any vendor;
- make every effort to negotiate an equitable and mutually agreeable settlement of any controversy with a vendor; and
- if, exceptionally, negotiations are conducted with more than one prospective vendor, no price auction or technical levelling (i.e. bringing proposals up to the level of the best offer/proposal) should take place.
2.2.3 Sourcing Business Rules and Managing Data

SMS is responsible for defining policies and procedures managing sourcing activities. SMS also manages the information used to support Sourcing operations and data collected via business transactions. This process focuses on maintaining data quality and usefulness.

2.2.3.1 Sourcing Business Rules

UN Financial rules do change and amendments/up-dates need to be disseminated. Workflow rules may need changing, re-routing, etc. Source selection or contracting business rules may need to be modified. It is the responsibility of both SMS and Supply Units in the field not just to maintain, but also to improve Sourcing infrastructure by regularly reviewing the rules and by making (or recommending) modifications as appropriate.

2.2.3.2 Managing data

Control Data

Data that helps maintain the infrastructure itself is called control data. The Item Master and Vendor Master contain information that changes constantly and should be updated systematically. Customer Catalogues need frequent revision to reflect changing circumstances. Information on FAs, stockpiles and the UNHCR asset database should all be kept up-to-date.

Transaction Data

Data on the operations themselves or daily transactions should be up-to-date: vendor performance, payment records, etc. While the quality of transaction data is largely controlled by business processes and associated rules, it is necessary to maintain summary transaction data in a “data warehouse” so that performance can be analyzed.

2.3 Identification of Needs

2.3.1 Assessment

The first step in the supply process is for UNHCR Programme staff in the field to identify, quantify and specify the needs of refugees and operational support. Errors or omissions in the needs identification phase can have major repercussions during implementation. The following will affect the cost and impact of UNHCR operations if:

- goods arrive too soon or too late;
- goods provided are of higher quality than those available to the local population; quantities supplied are too small or too large;
- item specifications are incomplete so goods supplied are not suitable;
- delivery schedules are unrealistic;
- inaccurate costs lead to wasting time to amend budgets; or
- materials or their packaging/labelling are inappropriate for local conditions or their intended beneficiaries.

UNHCR Programme staff should anticipate programme requirements, assessing material assistance requirements at the earliest opportunity when formulating project plans. Then they should issue Requisitions for their specific needs with sufficient advance notice to permit timely acquisition, receipt and use.

Requests for material assistance should be fully documented and justified. It is not enough for the originator to understand the message; the true test is whether the recipient also understands and has sufficient information on which to act.

UNHCR Programme staff in the field and IPs should jointly assess required sectoral activities, with assistance from technical experts when appropriate. DOS and its various services at HQ...
can provide expert advice on technical aspects of project planning and implementation. DOS staff organises and participates in technical field missions, to undertake feasibility studies, surveys, training or project reviews. Where in-house expertise is not available, DOS staff can also assist in identifying external consulting specialists; local sectoral experts may also be consulted.

IPs sometimes identify and quantify material assistance needs for refugees. UNHCR Programme staff in the field should review, check and, if necessary, negotiate their requests to ensure that the:

- nature of goods and quantities requested are justified;
- item specifications clearly describe the required goods;
- unit costs reflect current prices, with provision in the overall cost for freight, insurance, inspection and handling, as necessary; and
- allocated budget, timing of delivery and proposed source of supply are acceptable.

When more than one organisation is providing assistance to a particular refugee group, coordination in planning and implementation is essential to avoid duplication of effort and to maximise the use of funds. National, regional and local meetings should be held regularly to share information, to report progress and to remedy any difficulties encountered. UNHCR field office personnel and officials from involved government ministries and administrations, IPs of UNHCR and other concerned international aid organisations should attend these meetings.

**Needs Identification Checklist**

What material assistance do refugees need?

- define needs (in consultation with partners and technical experts)
- specify description of goods (to avoid misunderstandings for Supply staff or suppliers)
- include intended use of supplies for clarification
- In what quantities, when and where?
- request sufficient quantities (too little could cause suffering and too much will need to be stored or disposed of)
- plan for realistic lead time (to allow for Sourcing, manufacture, Delivery, (especially if large quantities are required or the destination is remote)
- determine place of delivery (depending on source, shipping mode, local arrangements for storage, release and distribution)
- specify the final destination (where UNHCR field staff originating the request will take delivery)
- identify inspection requirements (at source and on delivery, when quality assurance is imperative)

What constraints may apply?

- estimate base lead time on the nature of the goods requested (location of the selected source of supply, modalities of delivery, for international, local or inland transportation
- specify packaging (appropriate for local handling and distribution)
- prescribe labelling (to clearly identify contents, intended destination and special handling requirements (e.g., refrigeration)
- determine requirements for installation, training, servicing and maintenance (particularly when requesting equipment or construction materials)

What are the associated costs?
· calculate cost of the goods (using current unit prices or standard costs)
· budget related costs (freight, insurance, inspection handling)
· confirm funds are available (within time frame to meet supply/delivery costs)

What sources of supply are available?

· study supply options (to meet requirements of type/quantity/quality/timing of delivery and cost of local/international donations, local or regional purchasing by UNHCR or IPs, or SMS
· check LOI authority granted (or project agreement or other implementing instrument)

2.3.2 Purchasing plan (S002)

Based on planned projects, priorities and the allocation of funds, Purchasing Plans are plans to be created by Field Offices and HQ Units in advance of the project year with estimates of all goods and services (e.g. transportation, printing, rental, training contracts) with a value equal to or in excess of USD 5,000. All budgets should be taken into account and all procurement estimated to be required in the project year 2004, both for direct delivery to beneficiaries and for operational support. The intent of the Purchasing Plans is not to initiate the procurement process formally, but to provide SMS with the information needed to understand global requirements and to ensure quality support to operations, establish strategic arrangements that reduce costs, provide adequate time for long-lead items and, in general, improve delivery of goods to project sites and offices. Purchasing Plans are also meant to be a tool for the Desks, Budget Section, and Supply Officers or designated officers to fulfill this function in the field.

The policy of UNHCR is to encourage the procurement of goods and services from the area of operation to support the economies of refugee-hosting countries, provided that such goods and services are competitive in comparison with the international market. To capitalise on global competition and benefit from economies of scale, international procurement should in principle be undertaken by SMS. This applies in particular to goods and services that UNHCR covers under “Frame Agreements.” All items that are supported by Frame Agreements should be purchased under the Frame Agreement. Contact SMS (HQSF00@unhcr.ch), with justifications, if exceptions to this policy are anticipated.

Detailed instructions for the completion of the purchasing plans are issued annually in the IOM/FOM asking detailed project submissions for the following year.

As established in Chapter 4, Implementing Partners that have been “pre-qualified” by UNHCR can be delegated the responsibility to undertake procurement above US$ 20,000 for each agreement. Agencies may sign a specific clause in the agreement, by which they commit themselves to apply and comply with UNHCR’s IP procurement guidelines. For delegated procurement of US$ 100,000 or more, the agreement must be approved by the applicable UNHCR Committee on Contracts prior to signature.

SMS will regularly provide an updated list of pre-qualified IPs available on the intranet.

The information solicited by the Purchasing Plans is used by SMS to establish Frame Agreements and obtain beneficial prices.

Failure to prepare and submit a Purchasing Plan may have detrimental consequences on the processing of Requisitions.

2.4 Requisition

In order to raise a Requisition, the following steps should be taken:

· Verify the needs
· Estimate costs
· Verify availability of funds
A Requisition is an internal document and does not create an obligation; it can thus not be carried over to a new financial period.

A completed Requisition Form (S003) is required for all purchases of goods and services equal to or above US$ 2,500. To be valid, the Requisition should be signed and approved by a Certifying Officer, usually a Director, Representative, Head of Desk, Senior Programme and/or Administration staff or a Senior Resource Manager [8].

Authority for procurement is contained in an implementing instrument (usually a Letter of Instruction (LOI) or a Memorandum of Understanding (MOU)) or an Administrative Budget (ABOD).

A Requisition for establishing an FA does not include a financial commitment. However, there is an expected monetary value based on the standard unit price for that item multiplied by the expected quantities within the time frame for which an FA has been established. This type of Requisition may be approved by SMS for international FAs and regional/local Supply staff for regional and local agreements.

To change an existing Requisition a requisition change order is required. This is the same form, but with a revision number referring to the original Requisition. The latter should also be approved and checked against a budget.

Payments against a prior financial period can only be made on the basis of a Purchase Order (PO). End of year procurement planning should take this into account to ensure that purchases are charged to the budget of the current year.

2.4.1 Issuing a Requisition (S003)

In UNHCR, Programme and Administrative staff in the field normally initiates Requisitions to meet planned project objectives within established budgets. Lead times for receipt of requested supplies should be anticipated when submitting requests and proposing realistic delivery deadlines.

For each item requested, complete, detailed specifications and shipping instructions should be provided. Also, any specific requirements should be indicated. Funds for the requested items, based on the standard unit price and quantity required should be allocated including related costs for freight, insurance and inspection.

Requisitions should be routed to the Desk for approval and action through SMS for international procurement or Supply Units for regional or local procurement. Requisitions from field staff should be coordinated and controlled by Supply staff at the field office level, to keep track of what has been ordered, by whom, from where and for what purpose. Each approved Requisition should be logged and control records should be maintained until the supplies have been received, distributed and reports have been finalised.

The following guidelines will help staff submit Requisitions:

<table>
<thead>
<tr>
<th>Heading</th>
<th>Information Required/Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Business Unit</td>
<td>Business Unit requested to undertake the procurement</td>
</tr>
<tr>
<td>2 Origin Code</td>
<td>Office requesting and authorizing the procurement</td>
</tr>
<tr>
<td>3 Requester</td>
<td>The person that has entered the Request.</td>
</tr>
<tr>
<td>4 Chartfields</td>
<td>The chartfield combination that will be charged for the procurement.</td>
</tr>
<tr>
<td>5 Item ID</td>
<td>Lookup the Item from the Item Master or from one of the Catalogues, such as: &quot;Most Frequently Purchased Items Catalogue&quot; or Local or Global catalogues on the procurement software.</td>
</tr>
<tr>
<td>6 Quantity / Unit of Measure</td>
<td>Provide the quantity required and a precise unit of measure, e.g. metric tons (MT), kilograms (kg), litres, pieces.</td>
</tr>
<tr>
<td>7 Item Specifications</td>
<td>A detailed description of the item required. The item specification can be found in the purchasing software, on a</td>
</tr>
<tr>
<td>Heading</td>
<td>Information Required/Comments</td>
</tr>
<tr>
<td>------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>previous purchase order or from a vendor’s catalogue. SMS prepares checklists of questions on each item to ensure that no detail has been overlooked. For a request for the procurement of a vehicle, for example the following should be specified: Type of vehicle (4x4 or 4x2, Station Wagon, pickup, double cab, single cab); type of vehicle already used in the programme or in-country (make and model); type of roads the vehicle will be driven on (type of tyres and engine size); if spare parts or consumables are required; diesel or petrol engine; number of passenger seats or benches required; steering wheel on the right or the left, required options, e.g. extra spare wheels, bull-bar, winch, mine protection, sub-fuel tank; or if UHF/VHF communications equipment will be mounted on vehicle.</td>
<td></td>
</tr>
<tr>
<td><strong>8</strong> Unit Price</td>
<td>This should be in US dollars and should correspond to the FCA or FOB cost, i.e. excluding transport</td>
</tr>
<tr>
<td><strong>9</strong> Item Total</td>
<td>Total FCA/FOB budget for the quantity requested, i.e. the cost of the goods loaded into the means of transport.</td>
</tr>
<tr>
<td><strong>10</strong> Total Base Amount</td>
<td>This is the total amount available for the purchase in USD.</td>
</tr>
<tr>
<td><strong>11</strong> Ship To</td>
<td>The location that will receive the shipment. Different locations can be specified for various parts of the shipment. If the final destination is different from the consignee address, it must be specified in the Ship to Comments. This is the point to which Supply staff will contract transport. Provide the street address and contact numbers of the receiving warehouse. A one time address can be specified if one specific shipment is not to go to the normal place of delivery.</td>
</tr>
<tr>
<td>Heading</td>
<td>Information Required/Comments</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>12 Header</td>
<td>Enter text that describes specific requirements is often related to the following:</td>
</tr>
<tr>
<td>Comments</td>
<td>Shipping Instructions:</td>
</tr>
<tr>
<td></td>
<td>Consignee: This is normally looked up from the Ship To location and is normally a UNHCR Branch Office. If this is not the case, the full street and mailing addresses, as well as the name and contact details of the consignee should be provided.</td>
</tr>
<tr>
<td></td>
<td>Port of Discharge: normally the port or airport in the country of destination. In the case of transhipment to a landlocked country, the preferred routing should be stated here.</td>
</tr>
<tr>
<td></td>
<td>Packing Labelling &amp; Shipping Marks: Do any special packing requirements, such as maximum weight or volume, apply to any of the means of shipment? Should labels be in English or French, or another language? Normal shipping marks include PO number, project symbol, country of destination and package number. These apply unless other instructions are provided. Note that some donors insist on special markings for purchases they funded. If applicable, this is stated on the CAF.</td>
</tr>
<tr>
<td></td>
<td>Warehousing: What type of warehouses will the goods be stored in? Cement, metal structures or tents? How long will the goods be stored? Interior or exterior? (This will help determine the product details, packing and shipping details).</td>
</tr>
<tr>
<td></td>
<td>Type of handling: Will goods be handled mechanically (forklift, pallet or trolley) or will goods be handled manually, in which case packing of 50 kg or less should be specified.</td>
</tr>
<tr>
<td></td>
<td>Donor Requirements and Restrictions: Provide relevant CAF numbers and state any restrictions placed by the donor on country/countries of origin and any special visibility, i.e. marking, requirements.</td>
</tr>
<tr>
<td>Number/location of beneficiaries</td>
<td>If required for documentary purposes, provide number and location of beneficiaries for this particular purchase. Do not provide the total caseload, unless applicable as in the case of a purchase for contingency stock.</td>
</tr>
<tr>
<td>13 Transport line item</td>
<td>The transport cost should correspond to the best estimate available. If unknown, add 15% to the FCA/FOB costs of the goods if by sea or road or 25% if by air.</td>
</tr>
<tr>
<td>14 Inspection line item % for insurance</td>
<td>If arranged by SMS, the cost will normally increase by 2.5%.</td>
</tr>
<tr>
<td>15 Due Date</td>
<td>This is the date the goods/services are required at the final destination. It should take into account the lead time, as defined in the supply manual, as well as any delays in</td>
</tr>
</tbody>
</table>
20 Attachments  
Attach documents that are required for the procurement process, i.e. spare parts list for purchase of vehicle spare parts. The attached document will follow the procurement process and eventually be sent to the vendor, if required.

21 Ship Via  
The means of transport requested. For certain consignments, where airfreight is less expensive or for high value equipment (for offices, IT or telecommunications) air transport will normally be used. In other instances, a full justification should be attached to the Requisition if shipment is required by air.

### 2.4.1.1 Verification of the Requisition

Once the Requisition has been completed by the customer, but before approval and budget check, it is necessary to establish that it is correct and complete. The staff who participates in this process can be:

- technical/specialist staff; or
- Supply staff.

**Technical verification**

For items that are technical in nature, the corresponding technical expert should check that the items are acceptable to UNHCR and that they satisfy the required specifications. UNHCR has several technical entities for different categories of items, including:

- Engineering and Environmental Services Section (EESS)
- Health and Community Development Section (HCDS)
- Information Technology and Telecommunication Services (ITTS)
- Supply Management Service (SMS)
- Emergency and Security Service (ESS)
- Their counterparts in the field

Each of these entities is responsible for defining the items and their specifications for categories under their jurisdiction. In cases when there is no local expertise, the requestors should ask for advice from the regional offices or HQ.

The experts propose changes to either specifications or a change of item to be in line with UNHCR strategy concerning use of technical items. They might, for example, change the model of an item to reflect the decision of ITTS to move to a newer or cheaper model or update the specifications of an existing model. When using the Procurement management software, these changes are made to the Item Master directly. Also, it might be beneficial for UNHCR to source these items from the corresponding stockpile, in which case the technical expert will propose to:

- cancel the line item from the requisition
- issue an Material Stock Request –MSR (D017) for the items from the stockpile
- transfer the corresponding funds from the requestors budget to the stockpile budget, indicating the MSR reference number
- change the transport line item to reflect that the goods are shipped from the stockpile (Geneva or Copenhagen) to the requestor’s location
- send the goods from the stockpile.
Verification by Supply staff
The Supply staff verifies that

- all the information on prices, lead times, transportation and inspection requirements is correct;
- information on the consignee, packing, shipping, labeling, etc. is correct;
- items can be sourced from inventory or from other operations which have a surplus; or
- procurement should be local, international or regional.

After verification, both the technical and supply staff submits their proposals to the requestor. When all the changes are accepted and agreed, the Requisition is submitted for formal approval to the Certifying Officer and, then, the budget is checked. If sufficient funds are available and the Certifying Officer approves the need for procurement of the items specified in the Requisition, it is passed to Supply staff for processing.

2.4.2 Lead time Considerations
When requisitioning, due allowance should be made for the required lead time. Lead time encompasses:

- establishing an approved Requisition;
- SMS or Supply Units issuing a tender, obtaining the necessary approvals and issuing the commercial contract;
- manufacturing certain items or mobilizing other resources;
- transporting items from the manufacturer to the country of operation;
- clearing commodities through customs at the Port of Entry (POE); and
- moving goods from the POE to the final destination.

Requisitions should be submitted early enough to provide sufficient lead time to meet delivery and distribution schedules. Originating field offices should know what steps are involved in fulfilling their Requisitions and how long it takes to complete the overall supply process.

The time required to complete each step in the supply process varies with the size and complexity of a request and the Sourcing option selected. For international purchases, non-FA orders, SMS has instituted a maximum 30 day guideline, from the receipt of a fully documented and approved Requisition to placement of an order with a supplier, with emergency requirements being met in a shorter time frame. Suitable, potential suppliers should be given enough time to bid. The usual time is 10 to 14 days, but this may be extended for special or more technical needs or shortened for emergencies.

Sufficient time for suppliers to produce and deliver goods should be estimated. This step of the supply process is the most time consuming and the most difficult to control. Goods may be available ex-stock, but normally three months should be allowed for a supplier to schedule manufacture and assemble an order. Sample testing and quality inspections take additional time.

Loading, transportation and discharge should also be considered. For international shipments by sea, the average time required is three to five weeks, depending on the itinerary of the vessel and the distance to the port of discharge. For air shipments, the time should be reduced to less than one week, depending on carriers, schedules and the priority assigned to the cargo. Timing for delivery of local or regional purchases is influenced by the means of transport selected and the distance from source to destination.

A UNHCR consignee field office should establish procedures to minimise the time required for receiving, clearing and transporting consignments to their final destination. Port congestion or delays in routing of documents, handling and clearance of consignments or scheduling of inland transport can adversely affect operations. Some potential delays can be
avoided by specifying needs clearly, selecting reliable suppliers and following established procedures. Other delays are unpredictable, such as transportation breakdowns. Lead time for initiating supply requests should be estimated by taking each step of the process into consideration. At least 20% extra time should be allowed for unforeseen events or delays. The "UNHCR Most Frequently Purchased Items Catalogue" provides estimated lead times for suppliers to make available the goods for pickup at the factory gates. As described above, this is only one of the many components of the total lead time.

2.4.2.1 Transportation requirements
For all international, regional and local purchases, goods have to be transported to the final destination.

One way this can be achieved is to have the supplier transport the goods to the final destination (see Incoterms). In this case, the cost of transport is included in the purchase order for goods and there is no need to make special arrangements for transport.

Alternatively, if the transport cannot be charged to the supplier, it is necessary for UNHCR to make special arrangements for the collection of goods and their transportation to the final destination. This is the case for most international purchases that are to be shipped to the field. Here, it is necessary for the Requisition to have, apart from the line item for the purchase of goods, a separate line item for the transportation of those goods. The transport can be charged to the same or different budget lines. During verification of the Requisition, SMS at HQ and Supply staff in the field must make sure that the corresponding transportation line item is included in the requisition and that the estimated price is correct.

2.4.2.2 Inspection Requirements
Inspection of consignments at various stages in the supply process ensures agreed quality and quantity control of goods provided. UNHCR cannot rely totally on suppliers, carriers and agents to deliver goods of adequate quality and quantity, with a minimum of loss, damage or spoilage. Although all UNHCR shipments are insured and claims can be made to offset losses or damage, this alternative is of little help when goods received fail to meet stated quality or quantity requirements. To minimise problems encountered on delivery, if there is any doubt concerning the quality of goods, the Requisition should include a line item for inspection services, for international, local or regional purchases. Supply staff should estimate the cost of the inspection(s). Later, at the time of PO creation, Supply staff should stipulate inspection requirements in the PO for the corresponding goods placed with a supplier and repeat them in a contract with an inspection company.

Many countries require imports to be inspected to protect a consignee from exploitation in invoicing and other forms of purchasing fraud. This requirement does not normally apply to material assistance for refugees financed by UNHCR using external funding. If local authorities require an Inspection Certificate, however, this should be indicated in the Requisition. The services of an inspector may range from a general pre-shipment inspection to inspection during all stages of production and laboratory analysis.

Especially for large POs or for certain types of goods, UNHCR uses a qualified inspection company, at its own cost, to ensure goods conform to the terms of the PO. This can take place at the point of production, loading for transport, offloading or final destination, or several of these points. Equipment of a technical nature should be inspected and, if possible, tested before shipping. Food consignments are subject to inspection of their quality and packing, usually including a laboratory analysis to certify the food is fit for human consumption.

In the event of non-conformity with UNHCR specifications, a vendor should correct the discrepancies and present the goods for re-inspection. Any such additional inspection is at the expense of the vendor. Inspection Certificates should only be issued with a "clean" report of findings. No reservations are permitted, unless UNHCR has given prior approval in writing for contractual deviations. It is important to note that an Inspection Certificate is only a report
of the findings of an inspector, not proof of the performance of a vendor or compliance with contract requirements nor does it constitute final acceptance of the goods.

Inspections should be conducted by specialised personnel, offering full guarantees of competence, ethics and security. Techniques and equipment used should be adequate for the operation and match or exceed prevailing professional standards. All inspections are done in accordance with recognised international standards. Inspection reports should refer to the international standards applied. SMS has established contracts with inspection agents covering every country or region.

Information related to inspection services is confidential and should not be given to third parties without written authorisation from UNHCR.

Since 1988, costs for both insurance and inspection of supplies purchased by SMS, a Regional Supply Unit or Supply Units under assistance projects financed from the Annual Budget have been paid from a separately administered project. No financial provision is needed for inspection of these purchases. Estimated costs for inspection services are approximately 2.5 per cent of the total CPT value of the consignment.

2.4.3 Technical Specifications
When establishing a Requisition, it is essential to include detailed specifications, as exact as possible, to allow Supply staff and the supplier to understand the request clearly. Unclear specifications result in delays. If the requirement is not clear, the wrong item may be purchased, time and money wasted and project objectives jeopardised.

Most items in the UNHCR Item Master have defined standard specifications. If the customer desires an item with modified specifications, he/she should enter these modifications directly in the Requisition.

2.4.3.1 IT and Telecommunications Equipment
To ensure compatibility with UNHCR standards, all requests for procurement of telecommunications and EDP equipment (including telephone systems) should be reviewed and approved by the Regional Telecommunications Officer or, if there is none, the HQ Telecommunications Section. Telecommunications Officers are responsible for identifying suitable radio and additional equipment on the basis of approved criteria, as well as for installation of equipment.

Before requesting HQ to purchase radio equipment, field staff should ensure that the host government will authorise the operation of radio station(s) and check that there are no restrictions on the use of UN/UNHCR frequencies. Useful information on the planning and development of radio communications is included in [5].

Requests for computer hardware or software are routed to corresponding IT staff in the field or HQ. The IT staff reviews its intended use, to determine compatibility with existing UNHCR equipment and current or planned UNHCR computer systems requirements. All hardware and software purchases are usually delivered first to ITTS, for inspection and testing, as well as software loading, prior to shipment to the field for installation.

If local procurement is envisaged, the request should be accompanied by three offers from local suppliers (if they exist). Approval is generally granted if the specifications and the price are competitive compared with the equipment available through an FA. HQ, however, keeps a buffer stock from where the requested equipment can frequently be released immediately. A Requisition is then used to replace the equipment taken from stock.

2.4.3.2 Other Equipment
Many types of equipment are necessary for field operations. Examples are pumps, generators, agricultural machinery, or construction and road-building equipment. Sectoral specialists in the field should prepare detailed technical specifications to ensure equipment supplied is appropriate. UNHCR experts can be consulted to assist with determining requirements for
projects involving health care, nutrition, engineering, town planning, shelter, water development, sanitation and agriculture, or outside consultants may be contracted for this purpose.

All equipment of a technical nature should be inspected and, if possible, tested before shipping. Suppliers can also provide assistance to commission, install and maintain equipment in the field or to train operators and maintenance personnel. It is important to check that equipment requested can be supported locally by skilled operators, reliable power and/or fuel supplies, spare parts and service, to ensure on-going effective use.

When servicing or spare parts for equipment are not available locally, HQ can assist. The manufacturer, make, model, serial number and year of manufacture of the equipment should be specified and the problem or spare parts required identified making reference to an equipment manual (which is available from SMS for reference). Equipment may have to be returned to the manufacturer or sent to the nearest service depot. When repairs can be made locally, HQ can pouch spare parts, dispatch them by courier service, or send them by airfreight.

2.4.3.3 Vehicles, Spare Parts, Fuel and Lubricants

SMS aims to purchase vehicles directly from the manufacturer. The earliest possible identification of need and advance planning are essential to select and schedule the delivery of vehicles for field operations. The lead time, from submission of a Requisition to SMS until delivery at destination, is normally three to four months for a vehicle.

Field requirements for spare parts, which are not available locally, present special problems. When identified, they are usually needed immediately to repair a vehicle, which is out of service. Usually, 10% of the list price of a new vehicle (20% in remote areas) is allocated for the manufacturer to supply fast moving spare parts for vehicle maintenance purposes. Spare parts are requested by attaching a Spare Parts Requisition Form (S013) to the Requisition line item. Catalogues and workshop service manuals for spare parts from manufacturers are available from SMS.

Supplies of vehicle fuel and lubricants may also have to be imported. Requirements should be calculated periodically (quarterly or annually) for budgeting and ordering purposes. Section 5 Support Implementation has information on preparing these estimates.

Selecting Vehicles

Frequently, programme operations require a wide variety of types of vehicles. Proper selection is imperative to ensure that each vehicle performs its function and meets overall transportation demands of the operation. Vehicles common in the country of operations are usually preferable to unfamiliar ones because local workshop personnel already have experience repairing them. Customers and Supply staff are urged to standardise their vehicle fleets by selecting a single make and model, if possible. The benefits of standardisation include:

- smaller spare parts inventory;
- specified right hand or left hand drive minimises the risk of accidents;
- uniform maintenance procedures;
- simplified workshop repair requirements;
- interchangeability of components for “cannibalisation” of unserviceable vehicles; and
- life is simpler for drivers.

Vehicle Selection criteria

When consulting the Item Master or catalogues to determine which types of vehicles are most appropriate for particular operations, purchasers should take into account:

- number of people to be carried;
UNHCR-supplied vehicles are usually white or light blue; kinds, weight and volume of goods to be transported; distance they are to be moved; frequency and distance of trips required; road conditions (vehicles with a longer wheel base are more stable on poor roads and off-road); loading/offloading requirements; availability and quality of maintenance and repair facilities; cost of fuel; type and quantity of fuel available in the zones of operation; fuel capacity of vehicles and consumption rates; need for left hand or right hand steering; suitability of petrol or diesel engines (diesel engines are preferred for reliability, safety and economy; petrol engines are preferable when diesel fuel is unavailable or expensive or in very cold climates); and justification for special purpose vehicles.

Categories of vehicles

There are five main categories of vehicles selected for a typical country programme:

Official Vehicles:
These are driven mainly in urban areas and on fair to good roads. They also may be used on occasional field trips on poorly maintained roads. They include passenger sedans and 2WD/4WD station wagons. Specialised maintenance and spare parts are required for 4WD vehicles.

Light vehicles:
These are project vehicles used to transport passengers and goods over short distances over poor roads or in off-road conditions. They include: 4WD station wagons, 4WD sports utility vehicles, 2WD/4WD pickups and buses. In choosing a vehicle it should be remembered that 4WD vehicles consume almost double the fuel as the same 2WD vehicles.

Heavy vehicles:
This type is used to transport supplies and food in large quantities over relatively long distances on good to poor roads. They include: trucks with trailers, 4x2/4x4 with a load capacity of 5-9 metric tons and 4X4/6X4 with a load capacity of 10-22 metric tons. International truck purchases usually require three to six months for delivery from the date of the order. Although moving supplies using a small number of large trucks instead of a large number of small trucks is more easily scheduled and controlled and more economical, large trucks require better drivers, good roads, more skilled mechanics, sophisticated spare parts and larger, better-equipped servicing facilities. Standard truck and cargo trailer combinations are more versatile than large semi-trailers. The latter is more accident-prone because of its high centre of gravity. Both types of trailers are dangerous on bad, pot-holed roads or when on ferries, especially when empty.

Special purpose vehicles:
Purchasing these types of vehicles is justified in some circumstances. Qualified sector specialists should conduct technical assessments to determine their necessity and specifications. They include: ambulances, water or fuel tankers, dump trucks, tractors, mobile workshops, road graders, flat bed trucks with cranes and motorcycles.
**Motorcycles:**
Operations conducted in rugged terrain and on very poor roads may require the purchase of off-road motorcycles.

**Selecting vehicle options, accessories and kits**
Options and accessories that require extra maintenance or significantly increase the cost or delay delivery of vehicles are discouraged. For these reasons, the following options should not be ordered unless there is a strong job-related justification: automatic transmissions, powered windows, electronic door and window locks or hydromatic suspension.

Depending on local climate, driving conditions and operational demands, the following accessories increase the usefulness of vehicles: two-way radios, heaters and air conditioners, security systems, power steering, heavy-duty suspension, winches, towing-hooks or trailer hitches. On-road service kits for drivers should be ordered with the vehicles to be used in remote areas. These kits generally contain:

- spark plugs;
- fuses;
- headlights and light bulbs;
- spare oil and brake fluid;
- flashlight;
- battery jumper cables;
- towing cable;
- tyre repair kit and inflation device;
- emergency reflector triangle;
- fire extinguisher;
- fuel container;
- tyre wrench;
- set of basic mechanic’s tools; and
- two spare tyres.

These kits should be in a lockable metal container that can be securely attached to the body of the vehicle. In addition, each vehicle should have an owner’s manual and an emergency repair guide for the driver’s reference (translated into the local language, if possible).

**2.4.3.4 Aircraft Charters**
All requisitions for aircraft charter should be sent to SMS. In recent years, aircraft charters have consistently figured among the services for which UNHCR records the highest expenditure. Given the large number of aircraft on charter, the SMS is in a position to ensure that optimum use is made. If an office requires an ad hoc flight to repatriate returnees, for example, SMS may already have an aircraft in the region for another purpose. The existing contract could be amended to include the extra flight and realise savings by reducing (or eliminating) positioning costs and benefiting from international rather than local prices.

**2.4.3.5 Essential Drugs and Medical Supplies**
Local procurement of essential drugs and medical supplies should only be considered after careful comparison with the delivered cost of international purchases. In addition to problems of quality control and availability common in many regions, the cost of local procurement is frequently 30% to 40% higher. (For a quick comparison field staff can select ten drugs or medical supplies with the highest turnover and compare international and local prices.) It is important to consult technical specialists in the region or, if none exist, with HQ specialists.
"The UNHCR Essential Drug Policy" [1], issued by DOS, governs requests for drugs and medical supplies. This policy prescribes the optimum standards of health care for refugees, bearing in mind their varied circumstances, the training and experience of health care workers and the differing requirements imposed by host governments and other organisations. Local requirements and the appropriateness of certain medicines should be determined in consultation with sectoral specialists in the field, doctors and pharmacists associated with IPs, the health ministry and other specialised UN agencies.

A Requisition of drugs and medical supplies should be approved by the Regional Medical Coordinator. In his/her absence, the Health and Community Services Section at HQ is responsible. Requests for clearance should be supported by demographic data concerning the beneficiary population, such as numbers and an age and gender breakdown. Copies of health information system reports (morbidity, mortality, EPI, etc.) should also accompany a drug request.

A Requisition should be submitted along with the Essential Drugs List on which the detailed requirements for the different categories of essential drugs and medical supplies are specified. Standard kits should be used where appropriate and supplementary supplies of needed items not included in the kit (or where the quantity of a particular item is not sufficient) should be requested. For medicines generic names, instead of the names of products or manufacturers should be used. Planned inventories for on-going needs should include a working stock to meet drug needs between deliveries and a safety or reserve stock to protect against total stock depletion (which may result from delayed deliveries or unexpectedly high demand). An effective drug management system should be in place to prevent stock surpluses or shortages and to avoid costly losses caused by spoilage, expiration or theft.

Cold chain facilities must be available, before ordering vaccines or antibiotics, to handle and transport such consignments, which are normally shipped by air. A reliable power source is essential to maintain cold room temperatures and to operate refrigerators and freezers. Cold boxes, vaccine carriers, thermometers, monitoring forms and trained personnel are also needed. Additional information and technical specifications are available from DOS.

All requests for medicines and medical supplies are routed via the Desk and verified by the Technical Section of DOS, except for local purchases, which may be required to comply with the host government's medical policy and guidelines. Details of each order, including local purchases and potential donations, are confirmed with DOS before proceeding.

Medical suppliers are selected from those licensed by the government, preferably located in countries participating in the WHO Certification Scheme (countries participating in the Scheme can be found at: http://www.who.int/medicines/organisation/qsm/activities/drugregul/certification/certifsch-alpha.html). The Scheme is a comprehensive system of quality assurance by independent inspection that all manufacturing operations are carried out in conformity with accepted norms, referred to as “good manufacturing practices” (GMP). The authorities of countries participating in the Scheme (called the certifying authority) are responsible for assuring the authenticity of the certified data and attesting compliance with GMP. Certificates issued by certifying authorities should not bear the WHO emblem, but a statement should always be attached to confirm the document is issued in the format recommended by WHO. GMP in pharmaceutical production is a system for ensuring that products are consistently produced and controlled according to quality standards. It is designed to minimise the risks involved in any pharmaceutical production that cannot be eliminated through testing the final product. All drug supplies should be consistent with the specifications in the current American, British or European pharmacopoeia. A Certificate of Analysis must accompany each item supplied and shipped, to certify that it conforms to the specifications regarding drug formulation, dosage, unit size and quantity and, where appropriate, has a minimum two year shelf life from time of delivery.

Separate inspections are conducted prior to shipment and prior to distribution to check conformity with specifications, labelling, package size, dosage, quantities, time validity, batch
numbers and each Certificate of Analysis. All medicines must meet quality requirements for safety, effectiveness and acceptability.

Except in emergencies [5], large international medical consignments are packed in containers and shipped by sea. Smaller consignments are crated and shipped either by sea or by air. Transportation and storage of consignments in the field should be monitored to ensure that proper conditions prevail.

2.4.3.5.1 Pesticides and Chemicals
Requirements for pesticides, fertilizers and other chemicals should be identified, in consultation with sectoral specialists. Requests for chemicals are subject to DOS approval, to confirm their acceptability, both locally and internationally, with minimal environmental risk or potentially harmful side effects.

Special tools, equipment or training may be needed to administer a chemical treatment or protect those handling the substances. Local practices, protocols or restrictions for transporting and receiving consignments of hazardous chemicals should be checked before initiating a purchase. All relevant information should be noted in a request. Proper precautions must be taken to store, use and dispose of these chemicals.

2.4.3.5.2 Administrative Supplies
UNHCR offices in the field are allocated a budget to make local expenditures for administrative supplies. Requirements that cannot be met locally, should be forwarded to the Regional Supply Unit or to SMS. Orders for office supplies should be submitted twice a year.

Most printing, stationery with letterheads, UN forms, business cards, consumable office supplies (e.g. pencils, paper clips) and small equipment (e.g. calculators, staples) can be obtained from SMS. An FA with reputable suppliers is managed for these items.

2.4.4 Packing Requirements
The suitability of each PU and the ease of opening and dispensing the contents may also enhance their acceptability for distribution to refugees. These considerations, however, are often weighed against packing costs and available supplier standards, to determine a suitable compromise.

From experience with supplies and past shipments, SMS has gathered and developed international standards for export packaging. Packing requirements for shipments of refugee goods should be determined using these international standards, for particular types of cargo outlined below (see Incoterms).

For most refugee programmes, shipments of commodities such as fuel or cereals are transported in drums or sacks for ease of handling. Extra sacks or drums should accompany a shipment, to reclaim the contents of damaged units, which have been punctured, torn in transit, or show evidence that they are leaking.

Some empty packaging has monetary value or alternate uses. Jute sacks, for example, can be used as a floor covering or for temporary shelters. Drums can be used as water containers or communal cooking pots. Potential resale value or secondary uses should be considered when specifying packaging requirements.

Bulk shipments refer to commodities shipped in bulk (without packaging) in tankers or bulk carriers. A mobile bagging plant can be leased through SMS to offload bulk cargo. It is the size of two containers, can be assembled easily and has a capacity of 400 to 500 metric tons per day. The lease includes on-site technical personnel to oversee and maintain the efficiency of discharge.

Containers are sometimes used to ship goods, which are particularly valuable or vulnerable and, therefore, warrant extra protection against pilferage or damage. Containers are large, steel, standardised receptacles, which are especially designed for repeated use. Their standard
sizes fit securely into container vessels, flatbed trailer trucks or rail wagons. Local offloading and transport facilities and needs should be checked, before requesting container service for international purchases.

Pallets are small, portable, wooden platforms on which small or lightweight packages are stacked for shipping. Pallets are constructed in sizes suitable for mechanical handling with forklifts or cranes. To prevent shifting and provide added protection, palletised goods such as cartons, bags or small (100 liter) oil drums, are often shrink wrapped with plastic sheeting and strapped with metal or polyester bands. UNHCR field offices may request that pallets be included in consignments, to be used to improve storage or provide wood for other uses.

For international purchases, SMS uses established standards for export packaging. Packing instructions should be included in a Requisition only if local conditions require special arrangements, national standards in the host country differ from international standards, or a cost effective alternate use of the packaging is planned. For local or regional purchases, detailed instructions should be included in contracts with suppliers for durable packaging.

Under the six Incoterms that UNHCR uses most frequently, a vendor is responsible for checking, packing and marking “suitable for the means of transport” that is stated in the PO. Vendors are however, often unaware of the frequently rough transport conditions that UNHCR goods must survive before reaching the final destination. It is important to be explicit when advising a vendor about packing requirements. If one leg of the transport is by light aircraft, for example, packages should be small enough to load through aircraft doors. If the goods are moved by hand at transhipment points or during offloading, bags or boxes should not be too heavy to lift (ideally 25 kg, up to a maximum of 50 kg).

### Packaging Considerations

- nature of the goods and standard packing of suppliers available;
- durability and size/weight of packages in anticipation of planned means of transport, equipment, operators and labourers: reliability, capacity, handling methods;
- port facilities and capacity to handle containers;
- warehousing facilities and handling equipment at various transits and storage locations in the host country;
- packaging that withstands heat or cold, rain, humidity, condensation, mould, dust and salt water spray in transit or in storage at destination;
- dimensions and weight of each unit suitable for release to IPs or distribution to refugees immediately on receipt; and
- assumption that shipments will be handled roughly and loaded and offloaded numerous times before reaching the final destination.

### 2.4.5 Labelling and Shipping Marks

Each packaged unit in a consignment, especially those intended for direct distribution to refugees, should be labeled to identify the contents and provide instructions for use to ensure correct delivery and use. Written instructions printed on each package or accompanying the consignment should be in a language understood by the intended beneficiaries. Items such as medicines, or foodstuffs requiring preparation or cooking, may need pictorial labels for illiterate beneficiaries. Labels should also be affixed to inner or outer packing to comply with donor requirements or to provide warnings concerning hazardous goods.

SMS aims to establish agreements with suppliers to affix bar code labels to both assets and packing prior to shipment. Larger cartons, bags or packages should be labeled individually with shipping marks. Shipping marks identify the consignee, the destination of the shipment, PO number and the project symbol; identify the goods to carriers and to all those engaged in handling a shipment in transit to the final destination; and ensure correct delivery and identification by recipients.
Shipping marks are stenciled in bold, dark letters, proportional to the size of the package. Packages shipped on pallets should be marked individually, so they can still be identified if pallet straps break. Similarly, each package shipped in a container should be marked, to ensure its continued identification from the point where the container is emptied.

Consignments of medicines should state on the outside of each package the content and the expiration date of the medicines and necessary temperature controls. English or French should be used on all labels and markings, though another language can be added. It is essential that the final destination (or POE) appears at the bottom of the label in large letters. The way spare parts are packed can affect the efficiency of storage facilities and workshop operations. The contents of each case should be easily identified to save time in opening, sorting and securely storing consignments on arrival.

All international or regionally procured goods will normally be marked with the UNHCR project symbol, PO numbers, commodity, packing specifications, POE and the consignee. Relief supplies should always be packed by commodity type as mixed consignments create problems in warehousing and in ultimate distribution.

**UNHCR SHIPPING MARKS: (EXAMPLE)***

Identification of the consignee: UNHCR  
Cc Supply Officer  
Address: Zagreb, Croatia  
25 Republike Austrije  
10000 Zagreb  
Port of discharge: Rijeka  
Final destination: Osijek  
Project symbol: 2003/24040/270  
Purchase Order number: PO0000000275  
Package number: x/xx

Additional information and signs should be added, where required by law, for dangerous cargo and to ensure that fragile goods are handled with greater care. When considered essential or to identify UNHCR donors, markings such as "SALE PROHIBITED", "GIFT OF ...." etc., may be marked on another side of the package.

The B/L or air, rail or truck Waybill should show the same markings as those on the packages.

### 2.4.6 Deferred Expenditure

Approval of a Requisition established under the budget of the coming year can be obtained through a deferred expenditure procedure. This exceptional procedure is used if delivery is required at the beginning of the next year, so the process can be started at the end of the current year and expenditure covered under the budget of the following year. If an appropriate budgetary provision for procurement has been included in the new budget (approved by the Executive Committee in October) and the project is entered in the financial accounting system, a Requisition can be approved.

### 2.5 Sourcing

Once Supply staff receives an approved Requisition, they can start the Sourcing process, which includes the following activities: evaluating Sourcing options, tendering (tender procedures and methods), contracting for goods and services and administering contracts.
2.5.1 Evaluating Sourcing Options

In the past, processing a Requisition nearly always meant “purchasing” the requested item. Now, Supply staff first checks the availability of the item(s) in the distribution network (stockpiles, warehouses, other operations), donations in-kind and the asset market. Items should only be purchased after all other options have been explored and deemed to be unfeasible or unacceptable.

2.5.1.1 Availability of Item(s) in the Distribution Network

The distribution network is a set of warehouses from where items can be redeployed or borrowed (assuming that transportation and, if required, customs clearance within the distribution network is logistically feasible and economically reasonable), or items which are already in the pipeline for another country or operation.

Redeployment or borrowing requires close consultation amongst Supply staff, a Requestor/Customer and the “owner” of the goods. The “owner” should agree to release the goods i.e. if he/she does not need them for immediate programme implementation. The Requestor would have to decide whether possible discrepancies (e.g. second-hand instead of new, slightly different quality) are acceptable for his/her programme.

If all parties agree, the Requestor amends the Requisition to cancel the amount for purchasing the goods and cover the transport costs instead and, if required, customs clearance charges. The “owner” issues an MSR (D017). At times, the fastest way to obtain urgently needed goods is through another UN agency or an IP.

2.5.1.2 Contributions in kind

Another source of goods and equipment is through ‘Contributions in-Kind’. Whilst UNHCR encourages donors to contribute financially rather than with material goods, contributions in kind are acceptable sources for items if the donation meets certain criteria such as acceptable specifications and model/manufacturer [9].

Contributions of goods in-kind are accounted for essentially as for commercially procured goods. The monetary value of an in-kind donation is recorded in the account of the donor and goods are recorded either as assets, or as inventory lots.

Technical suitability

Where appropriate, the technical suitability of the potential contribution in kind should be verified by SMS and their endorsement obtained. If a suitable Supply Officer is in the field, then this may be a simple endorsement of the letter from the Representative/COM to Headquarters. Otherwise, DRRM will seek the endorsement at HQ.

This endorsement is especially important for medical supplies, therapeutic or supplementary food, water supply equipment and in cases where considerable maintenance or running costs will accrue to UNHCR from acceptance of the contribution. To speed up this process, it is important that technical specifications are obtained from the potential donor with, in the case of perishable items such as medicines, expiry dates.

The technical suitability of logistics services and all related equipment and vehicles will be verified by SMS and their endorsement obtained.

Some elements of suitability to be considered are:

- Donations of used vehicles are likely to result in high subsequent expenditure for repair and maintenance.
- Local handling and storage capacity.
- A donor is usually required to cover transport costs of contributions in kind to the final destination.

For services
Contributions of services generally are much more complicated than those of commodities, involving detailed discussions on status of staff, deployment and recovery of resources and organisational lines of responsibility. Following the notification of DRRM by the representative/COM of the need for the service, the Bureau co-ordinates with DRRM, DHRM and other departments in HQ to facilitate the final drafting of the exchange of letters with the donor.

**Valuation**

Budgetary contributions in kind will be valued at the value budgeted for the purchase of the goods they replace. This may result in UNHCR placing a lower value on the contribution than the donor. In the case of dispute, and in keeping with the UN Accounting Standards, the value of recent purchases of the goods will be used, or if no such purchase has been made the fair market value will be used.

Food commodities may be valued using prices obtained from the most recent WFP price list. Extra-budgetary contributions in kind will be usually be valued at the value specified by the donor. However, UNHCR may use a fair market value where this is considered more appropriate.

**Assets**

Wherever a contribution in kind, either budgetary or extra-budgetary appears to contain items that in the UNHCR definition comprise an ‘asset’, this will be noted in the CAF (or DAF) under "remarks". A copy of the CAF (or DAF), together with any other relevant documentation received by DRRM will be sent to the HQ Asset Management Unit in order for action to be taken to record such items in the appropriate way.

The receiving office will be responsible for providing any additional information required by the Asset Management Unit.

**2.5.1.3 Availability of Item(s) in the Asset Market**

The asset market contains assets that the “owners” (programmes under which they were acquired) would like to redeploy, because they are no longer needed in their operation but are still in good condition.

When an operation is shrinking or closing, the internal asset market offers an easy way to dispose of assets, while guaranteeing that they will continue to serve refugee needs. Goods with a limited shelf life can, furthermore, be moved before their expiration date through “sale” to an operation with an immediate need for them. The redeployment of under-utilised assets can realise substantial savings for the organisation. For some operations, quick turnaround time is the prime incentive for “buying used items”.

Prior to purchasing new assets, the asset market should be checked to determine if surplus assets are available from other country programmes.

Should a surplus asset be identified as available and at an acceptable shipping cost to the requisitioning office, the Requisition should be amended to cover the cost of shipping from the dispatching office to the receiving office.

**2.5.1.4 Sourcing From Commercial Sources**

Supply staff checks if any item in a Requisition can be obtained under an existing FA, or, if individual purchase is the preferred option and whether it should be done locally, regionally or internationally. The least preferable choice is usually a one-time purchase of goods or services on the open market. Purchasing through FAs is preferable to one-time purchases, to ensure quicker delivery time, acceptable quality, standard specifications and established prices.
### 2.5.1.4.1 Local, Regional and International Procurement

Promoting local purchasing is the policy of UNHCR, as long as it is competitive with what is available on the international market. To be considered “competitive” a local purchase price should not exceed (by a maximum of 15%) the total delivered cost (goods, transport, customs, etc.) of the comparable product purchased internationally.

The following are some arguments in favour and against local, regional and international purchasing, which should be remembered when comparing local versus international purchases:

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>International</strong></td>
<td></td>
</tr>
<tr>
<td>lower prices through consolidated purchasing</td>
<td>longer order-to-delivery time and greater transport costs</td>
</tr>
<tr>
<td>lower freight costs through consolidated orders</td>
<td>maintenance and service may not be available locally</td>
</tr>
<tr>
<td>responsiveness to donor requests for purchasing from their countries</td>
<td>goods may not be as familiar to beneficiaries as a local equivalent</td>
</tr>
<tr>
<td>global standardisation of quality and specifications</td>
<td>economic support given to developed, rather than developing, countries</td>
</tr>
<tr>
<td><strong>Local, Regional</strong></td>
<td></td>
</tr>
<tr>
<td>benefits and incentives to the local economy</td>
<td>high demand on available stock may cause scarcity and price increases for local citizens and other international organisations</td>
</tr>
<tr>
<td>speed and flexibility of delivery if goods are in stock or manufactured locally</td>
<td>prices are potentially not competitive with those on international market</td>
</tr>
<tr>
<td>avoidance of shipping, customs and import expense or delays such as for hazardous goods or heavy items like cement</td>
<td>potential competition between international organisations to purchase the same goods</td>
</tr>
<tr>
<td>acceptability and suitability of familiar, local items to the beneficiary population</td>
<td>unfamiliarity of local vendors with purchasing standards such as competitive tendering and confidentiality</td>
</tr>
<tr>
<td></td>
<td>possible poorer quality of locally supplied goods</td>
</tr>
<tr>
<td></td>
<td>lower cash flow making UNHCR payment terms unacceptable</td>
</tr>
<tr>
<td></td>
<td>possible payment of local taxes hidden in purchase price</td>
</tr>
</tbody>
</table>

### 2.5.2 UNHCR Authorisation to purchase

In UNHCR, purchasing authority means the authority to enter into a legally binding agreement (a PO or a Service Contract) with a supplier for the provision of goods or services to UNHCR.

Only UNHCR officers with authority delegated by the High Commissioner have purchasing authority. SMS staff and designated UNHCR officials in the field have been assigned purchasing responsibilities, to enable them to act speedily to obtain what is needed, while respecting the principles of getting the best value for money spent, in a timely, fair and open
manner. These purchasing responsibilities are subject to the following restrictions and limitations.

Within established US dollar limitations, all purchasing procedures are followed, including competitive pricing or bidding, selection of the most suitable supplier and approval by the Committee on Contracts, where necessary.

For International purchases the Desk issues a Requisition to SMS for programme or administrative supplies.

For Local or regional purchases the Desk issues an LOI, which includes authorisation and the necessary budget for field staff to make a local or regional purchase.

Purchasing authority signifies that the necessary funds have been allocated to pay for the requested supplies. Supply staff subsequently charges the related costs of the purchase to the specified project, budget, sector and line item.

### 2.5.3 Tendering Procedures

Competitive bidding for the procurement of goods or services is applicable to all UNHCR offices, at HQ and in the field. The applicable procedure varies, however, according to the US dollar value of the procurement and the status of the office. The complexity of this procedure usually depends on the expected value of the purchase. For the lowest value purchases, it is sufficient to simply compare prices from at least three catalogues or informal offers and then select the best offer. For the highest value purchases, there is an elaborate procedure that helps ensure transparency and value for funds spent. Very large purchases may have all of the following steps:

<table>
<thead>
<tr>
<th>Steps</th>
<th>Request for Information</th>
<th>Pre-qualification of Vendors</th>
<th>Preparation of Bidder List</th>
<th>Invitation to Bid OR Request for Quotation OR Request for Proposal</th>
<th>Bid Tabulation and Recommendation</th>
<th>Submission to Committee on Contracts</th>
</tr>
</thead>
</table>
2.5.3.1 Steps in the tendering process

2.5.3.1.1 Request for Information (RFI)
When UNHCR has an identified need, but no clear idea of what technical specifications should be included in describing the desired product or service, SMS sometimes contacts a number of vendors, asking them to send brochures or other materials describing the product(s) in question. Issuing an RFI can be an especially useful first step towards obtaining goods or services in rapidly changing fields such as communication technology.

2.5.3.1.2 Prequalification of vendors and preparation of bidders list
Once possible vendors are identified, it may be advisable to ensure that those invited to bid meet at least minimum criteria. This is also a courtesy to the vendors since bidding can be an expensive process. Pre-qualification entails sending a short questionnaire to potential bidders, explaining that a formal tender document will only be provided to those firms meeting minimal criteria.

This should include basic UN requirements and only the most critical product or project specific criteria. Pre-qualification can also be useful to solicit interest from vendors to participate in tenders for FAs, for example by publishing the requirements in the press.

The procedures to establish a bidders’ list require that it includes:

- vendor who won the last similar tender;
- next most competitive vendor of the last tender;
- new vendors;
- vendors from developing countries;
- vendors from donor countries; and
- vendors from the area of operation.

There is, however, no point in adding names to a bidding list to make up the numbers or if several of the bidders pull out of the bidding because they are unable to supply the goods; nor is it helpful to invite, on a regular basis, prospective vendors who are unlikely to win.

The potential number of suppliers to be invited under ITB, RFQ and RFP should be as follows:

<table>
<thead>
<tr>
<th>Tendering Threshold</th>
<th>Recommended Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; US $ 20,000</td>
<td>An informal competition is required and three offers should be obtained</td>
</tr>
<tr>
<td>US$20,000- US$100,000</td>
<td>A minimum of 8 suppliers should be approached where practicable.</td>
</tr>
<tr>
<td>US$100,001- US$500,000</td>
<td>A minimum of 15 suppliers should be approached where practicable</td>
</tr>
<tr>
<td>US$500,001- US$1,000,000</td>
<td>A minimum of 20 suppliers should be approached where practicable</td>
</tr>
<tr>
<td>&gt; US$ 1,000,000</td>
<td>A minimum of 25 suppliers should be approached where practicable</td>
</tr>
</tbody>
</table>

Depending on the nature of the commodity or service and the professional expertise of the Supply staff, judgement should be used in determining the optimum number of suppliers for each of the above financial thresholds. Any constraints in obtaining the required number of suppliers should be recorded in the Bid Tabulation Form (S005) or in the submission to the Committee on Contracts as applicable.
2.5.3.1.3 Request for Quotation (RFQ) (S009)
An RFQ (S009) is a tender document that describes requirements quantitatively and qualitatively and requests prices and commercial terms from vendors, for goods and services that meet neutral specifications and are usually readily available on the market.

2.5.3.1.4 Invitation to Bid (ITB) (S010)
An ITB (S010) is a tender document for goods, in which the requirements for competitive bidding are specified thoroughly, which permits all prospective vendors to submit bids on the same basis for evaluation (in accordance with terms stated in the ITB).

2.5.3.1.5 Request for Proposal (RFP) (S011)
An RFP (S011) is a tender document for services to satisfy a requirement that cannot be described in a complete or definitive manner. It describes (in narrative form) the situation or problem to be addressed and requests that bidders describe in their proposal how they would approach and solve the problem. An RFP leads to the selection of the proposal that offers best value in accordance with pre-defined evaluation criteria (usually a combination of the technical 'solution' proposed by the vendor and the price at which it is offered).

If insufficient technical information is available for preparing a tender, Supply staff may first prepare an RFI. If it is necessary to conduct a pre-selection of vendors to participate in a tender, a pre-qualification of vendors is done.

2.5.3.1.6 Despatch of tender documents
Tender documents can be dispatched by mail, fax or email, depending on the available communications facilities or the form in which possible annexes are available. All tender documents must be dispatched simultaneously to all potential bidders to ensure equal treatment.

2.5.3.2 Competitive Bidding
As stated above, although there should be competitive bidding in all procurement by UNHCR, both at HQ and in the field, it is the estimated value of the purchase, as reflected in the Requisition that determines the applicable tendering procedure.

<table>
<thead>
<tr>
<th>Value</th>
<th>Application</th>
<th>Tendering Procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; US$ 5,000:</td>
<td>All UNHCR Offices</td>
<td>Formal tender is not required. Three offers should be obtained, either from catalogues, advertisements or solicited from potential vendors by telephone (to be confirmed subsequently in writing), fax or email. A statement of the vendors contacted, offers received and reason for selection, etc. should be placed in the file.</td>
</tr>
<tr>
<td>(= &gt; \text{US$ 5,000 and} ) (&lt; \text{US$ 20,000:} )</td>
<td>SMS and Field Offices with a Senior Supply Officer, a Supply Officer or an Associate Supply Officer</td>
<td>A TENDER should be issued to an adequate number of vendors to reasonably ensure the receipt of at least three competitive offers/proposals. Offers are to be submitted to the designated Supply staff. All other tendering requirements apply.</td>
</tr>
<tr>
<td>All other offices</td>
<td>A TENDER should be issued to an adequate number of vendors to reasonably ensure the receipt of at least three competitive offers/proposals. Offers should be submitted to an officially designated party other than Supply staff.</td>
<td></td>
</tr>
</tbody>
</table>

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### 2.5.3.3 Waivers of Competitive Bidding

Although competitive bidding is the rule, exceptions may apply in the following cases (Financial Regulations and Rules of the United Nations):

- prices or rates are fixed pursuant to national legislation or by regulatory bodies (this may be the case for fuel);
- standardisation of supplies, equipment or spare parts make competition impracticable (e.g. toner cartridges for a particular photocopy machine);
- exigencies of service do not permit delays to issue an RFQ, ITB or RFP (e.g. goods that are required immediately to prevent harm to life, health or well-being of refugees);
- when there is an emergency (an emergency is defined as an unexpected situation so compelling that, if not corrected immediately, would endanger life, property or adversely affect essential operations);
- the emergency is so great that it precludes requisitioning through normal supply channels, use of normal contracting methods and obtaining advanced approvals normally required to respond to the situation - examples include a sudden influx of refugees or fire or flooding in a refugee camp); an urgent need owing to delay by those responsible or failure to plan adequately does not qualify for a waiver;
- proposed contract relates to procurement from a sole source of supply or services (e.g. sole authorised vendor);
- RFQ, ITB, RFP would not give satisfactory results or would not be deemed in the interest of the organisation, e.g. a contract should be extended and changing the partner would not provide continuity in the work; and
- When the proposed procurement contract contract is the result of cooperation with other organizations of the United Nations system.

It is important to strictly adhere to these procedures and keep exceptions to an absolute minimum. If a genuine exception exists, however, depending on the value of the purchase, a request to waive competitive bidding should be prepared.

The authority limits are detailed below:

<table>
<thead>
<tr>
<th>Values</th>
<th>Authority to Waive Competitive Bidding</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Headquarters</td>
</tr>
<tr>
<td>&lt; US$ 20,000</td>
<td>Head of Procurement Section</td>
</tr>
<tr>
<td>≥ US$ 20,000</td>
<td>Head, SMS</td>
</tr>
<tr>
<td>&lt; US$ 50,000</td>
<td>Controller</td>
</tr>
</tbody>
</table>
2.5.3.4 Tendering Methods (Open or Limited)

Two tendering methods are commonly used in UNHCR: open and limited.

Open tender:
A tender preceded by a “tender notice” published in the United Nations' Development Business and/or the IAPSO Procurement Update is an open tender. All registered suppliers for the goods or services being tendered are also notified, as well as the Permanent Missions to the United Nations in Geneva, to enable them to target their national suppliers. SMS generally uses this method to solicit interest from international vendors for pre-qualification to participate in tenders for items to be purchased under an FA. At the field level, a tender notice can be advertised in the local press and in publication(s) most commonly read by the business community for a period of three days.

Limited tender:
The preferred tendering method of UNHCR is, however, to shortlist suppliers from a pool of qualified and registered vendors, which is called a limited tender. In practice, this method should give better control over the quality of the suppliers responding.

The number of vendors to be invited depends on the scope of the procurement, the number of vendors listed as potential sources in the vendor database and those complying with geographical limitations for local or regional procurement or decisions by the UN General Assembly or Security Council (e.g. sanctions). The number should be such that the tender can reasonably be expected to receive at least three offers or proposals. See Preparation of Bidders List above.

Vendors requesting an opportunity to submit an offer/proposal should be given an opportunity to do so, unless there is supportable evidence that the firm cannot realistically be expected to provide the required goods/services. If a pre-qualification exercise has been carried out, the vendor list consists of potential vendors that have been evaluated as being in a position to respond to tender requirements.

The procedures to establish a bidders’ list are detailed in Preparation of Bidders List above.

2.5.3.5 Elements of a Tender

To maintain the credibility of an open, accountable, competitive purchasing process, it is important to adhere to the following principles:

- furnish all information necessary for a prospective vendor to prepare an offer/proposal and explain the main criteria for evaluation;
- have the bids or proposals sent to an independent third party who can check that all potential vendors have complied with bidding procedures and that offers/proposals were received before the closing date and time;
- avoid providing supplementary information to one potential vendor after a tender has been issued unless the same information is provided to all potential bidders;
- avoid identifying individual bidders to one another, to avoid possible collusion which would adversely affect the competitive process;
- avoid informal contact with bidders; all conversations should be documented;
- issue amendments to a written agreement with a vendor in writing with full details to avoid confusion about what was agreed or who said what to whom and when;
- avoid entering into an agreement that will obligate UNHCR to award future purchases to the same vendor;
A tender should include the following elements:

- tender reference and title;
- tender issue date;
- closing date and time (specify GMT or local time);
- buyer details (name, title, contact details);
- detailed specifications or terms of reference;
- place and manner of submission;
- delivery terms;
- packing and labelling requirements;
- shipping instructions;
- other requirements (samples, inspection, etc.);
- validity of the offer;
- General Terms and Conditions of UNHCR/ General Conditions for Provision of Services; and
- special conditions.

In case of an amendment, a sequential amendment reference, as well as the amendment date, should be added to the existing tender references.

The following points should be highlighted.

### 2.5.3.5.1 Specifications or Terms of Reference (TORs)

Offers and proposals will only be as good as the specifications or the TORs that define them. Depending, of course, on whether it is a tender for a multi-million dollar contract or an off the shelf item, the TORs or specifications can be anywhere from a line to many pages. The key is to provide a clear, detailed and quantitative description of what is being sought which should comply with the following principles (relevant to goods and/or services):

- complete, accurate information, for all potential vendors/service providers;
- generic specifications/industry standards of the requirement, including minimum quality standards, quantity, required samples (i.e. graphics, publications, etc.), as applicable;
- specifications should not restrict competition; however, valid constraints should be included to ensure that potential vendors understand UNHCR requirements;
- all deliverables to be produced should be mentioned e.g. report, software, publication, periodic assignments; and
- time frame of project/expected contract duration, from issuance of contract to final outcome.

It is critical to detail specifications carefully using quantifiable terms rather than using general wording. Words like "appropriate", "suitable", "sufficient" should be substituted by exact measurements. Proprietary, brand names should also be avoided unless they are an essential specification (e.g. for justifiable standardisation purposes). In many cases, another brand would give equally good results, perhaps at a lesser cost.

For tender for services, it is recommended to request suppliers to submit their proposals in two separate components: the technical component and the price component, which should include, but not necessarily be limited to, the following information:

**Technical component:**

a) Description of a firm and its qualifications -

A brief description of the firm/institution; an outline of recent experience or projects of a similar nature; references and any information that would facilitate evaluation of a
firm/institution’s substantive reliability and financial and managerial capacity to provide the services should be provided.

b) Understanding requirements for services, including assumptions -
Assumptions, as well as comments on the data as indicated in the TORs, or as may otherwise be necessary should be included.

c) Proposed approach, methodology, timing and outputs -
Any comments or suggestions on the TORs, as well as a detailed description of the manner in which a firm or an institution would respond to the TORs. Implementation schedules should be included.

d) Proposed personnel to carry out the assignment -
Composition of the proposed team to be provided with qualifications, experience, and curriculum vitae of the staff.

Price Component:
This should contain an overall quotation in a single currency, either in US dollars or in the currency of the supplier’s home country. For evaluation purposes, however, all proposals will be converted into US dollars using the United Nations rate of exchange in effect on the date submissions are due.

In addition, the price component should cover all the services to be provided and list the following, if applicable:

- an all-inclusive rate per person-day (including honorarium and living expenses);
- an all-inclusive amount for travel and related expenses, if any;
- other costs, if any (indicating nature and breakdown); and
- a proposed schedule of payments, all of which should be expressed and will be effected, in the currency of the proposal.

2.5.3.5.2 Closing Date and Validity of Offers
Vendors should normally be given 10 to 14 days to prepare and submit an offer. For complex requirements, this time may be increased to 4 to 8 weeks. In an emergency, however, this may be reduced to as little as 24 hours. Short response times, as a general rule, tend to limit the number of offers and result in more expensive offers.

The validity of offers/proposals for acceptance by UNHCR should be sufficient to complete a comparison and evaluation, to clarify particular aspects of the proposed contract, to obtain all necessary approvals, to award the PO or Service Contract and to receive formal acceptance from the vendor. The requested validity should be tailored to the complexity of the purchase. The purchase of manufactured goods may require only 30 days to complete the process, but evaluation of a complicated service contract can take much longer. A requirement for 90 days validity is quite current.

2.5.3.5.3 Sealed Offers/Proposals
Where sealed offers are required, vendors should address and send their offers/proposals in sealed envelopes to the designated addressee, who should not be part of SMS or a Supply Unit and will keep them in a safe place until the closing date/time. Sealed envelopes should be marked “not to be opened before (closing date/time)” and should bear the tender reference and title on the outer envelope for identification purposes.

If the Representative can ascertain complete confidentiality for the receipt of offers by fax (e.g. on a fax machine to which only authorised non-Supply staff has physical access), the receipt of offers/proposals by fax is accepted. After the closing date, all offers should be recorded and initialled by the designated official, before being handed over to Supply staff for evaluation.
2.5.3.5.4 Special Conditions

UNHCR may indicate the currency in which offers are to be made or the number of copies of the offers. Local purchases should normally be payable in local currency.

Bidders should be requested to quote on the basis of identical delivery terms (Incoterms). The cost of the following services, if required, should be quoted separately from the cost of the goods:

- freight and other expenditure related to inland transportation and delivery by a vendor in a country of destination;
- installation and commissioning;
- training;
- maintenance and repair; and
- detailed operations and maintenance manuals, etc.

If a performance bond is required for the contract, it should be mentioned at this stage. Such security should be considered for high value or critical purchases. A vendor should provide a performance bond on or before the effective date of the contract. A statement should be included concerning the right of UNHCR to accept or reject any offer prior to the award and to annul the bidding process and reject all offers at any time.

2.5.3.5.5 UNHCR General Conditions

It is important to attach (or at least incorporate by reference) the UNHCR General Conditions to all RFQ, ITB, RFP and PO. The UNHCR General Conditions preserve UNHCR basic privileges in the event of a dispute.

The General Conditions for the purchase of goods contain clauses relating to procurement of goods such as the right of UNHCR to inspect the goods, the vendor’s agreement not to use the UN name or logo for advertising purposes and UNHCR exemption from duties, levies and direct taxes.

The General Conditions for provision of Services describe the general clauses relating to the purchase of services. They may be found in the booklet [4], as well as on Knowledge Information Management System. Frame Agreements have specifically adapted clauses for this type of agreement.

Legal Affairs Section (LAS) can assist with the drafting and review of POs for services to ensure that they protect UNHCR interests and those contracts are legally binding. This is particularly important with large dollar value contracts. SMS also has copies of model contracts currently available, to be adapted to specific local needs.

2.5.3.5.6 Environmental Considerations

Since 1996, UNHCR has made a concerted effort to ensure that funds are spent in an environmentally friendly manner as possible. The following principle serves as a basic guideline:

The environmentally friendly policy of UNHCR involves purchasing products and services that have less negative impact on the environment. Environmental considerations form part of the evaluation and selection criteria, which could cover, depending on goods and services to be purchased, their manufacture, transport, packaging, use and disposal.

Guidelines and specifications have been established for potentially hazardous chemicals, ozone depleting substances, office paper and computers. Suppliers should be requested to provide pertinent information on the environmental impact of their products along with their offers. Environmental considerations will not necessarily be the overriding factor in making final choices. In an emergency, for example, delivery time may take precedence over all other factors.

UNHCR also recognises that markets in different regions do not always provide access to more environmentally friendly alternatives at acceptable prices or delivery times. Care
should, therefore, be exercised to ensure that the application of this policy does not systematically discriminate against markets that operate under less stringent environmental regulations. All offers are considered, but where two are substantially the same, environmental factors may be decisive in awarding a contract. [2]

2.5.3.5.7 Bidder’s inquiries
After vendors have received and studied the requirements of UNHCR, they may need clarification (i.e. a more detailed explanation) of certain aspects to prepare an offer/proposal. Any potential bidder requiring additional information should request it in writing by letter, email or fax. The contact person for the tender responds to such questions and keeps a record. The reply should be in writing and a copy of the reply and question should be sent simultaneously to all other potential bidders.

Should a meeting with potential bidders prove necessary to provide additional information, a record of the meeting should be prepared immediately and shared simultaneously with all potential bidders. Prompt action should be taken so as not to compromise the deadline for submission of offers/proposals. Certain issues may also require a formal amendment of a tender document, e.g. an extension of the closing date/time. An extension of the closing date/time could be granted, if justified by exceptional circumstances and requested in writing by more than one bidder.

2.5.3.6 Receipt of offers
By the specified closing date/time, all offers received in the manner specified in the tender document are opened. No offers should be opened, reviewed or examined in any way prior to the official opening. If bids were to be addressed to the Secretary of the Committee on Contracts, it is the Committee on Contracts Secretary, who opens and initialles them.

When offers are to be addressed to an officially appointed person in an office, these should be opened and initialled by that person and a witness. All offers which are not addressed as requested in the tender document are considered invalid.

A record should be kept showing:

- person(s) who open the offers;
- date and hour offers are opened/viewed;
- number of offers received;
- names of the bidders;
- whether offers meet requirements for valid receipt specified in the tender document; and
- if they are properly signed.

Any offers that do not meet the requirements for valid receipt (late, sent unsealed (when sealed was requested), etc.) are placed in the file. They are nonetheless recorded in the Bid Tabulation Form (S005), with a note explaining why they are invalid.

2.5.3.7 Tabulation of Bids
Supply staff creates a matrix or table and records the following information regarding each response from a vendor, as appropriate:

- Vendor name
- Country
- Date of offer
- Offer reference
- Currency of offer
- Financial data
### Offer Validity
- Management data
- Historical and business data
- Corporate brochures
- Receipt of samples
- References

**For goods:**

- price;
- quantity offered;
- compliance with technical specifications, relevant international standards and technical norms;
- compatibility with existing equipment and standardisation plans;
- delivery time(s);
- payment terms;
- guarantees, availability of spare parts, after sales service and training;
- maintenance and operating costs; and
- capability, capacity, financial standing, past experience and performance of the vendor and his/her local representative.

**For services:**

- content of the proposal;
- consultants/company profile; references;
- work plan and process; and
- budget (cost).

All offers should be carefully reviewed, to detect any problem at an early stage. Special factors such as those cited above, as well as any vendor comments that qualify his/her offer should be taken into consideration and recorded on the evaluation form (S006). Any vendor comments that need to be taken into consideration for evaluation and award purposes should also be recorded. Payment terms or delivery timing might disqualify a bid and might be renegotiated for it to qualify.

The Bid Tabulation Forms (S005) or Proposal Evaluation Forms (S006) (plan, score sheet and record) should be used for all purchases. A written record of the suppliers contacted, the price and product proposed and the justification for the selection should be recorded on the order file.

#### 2.5.3.7.1 Confidentiality of Information

All information pertaining to offers should be treated as commercial-in-confidence and should not, under any circumstances, be disclosed to other bidders or to officials not directly concerned with the evaluation process. No bidder should be requested or permitted to alter an offer after the closing. Any bidder can, however, be requested to clarify an aspect of an offer, but no change in the substance or price of the offer should be sought, offered or permitted. In the event of a calculation error in an offer, the unit price will prevail. If it is clear, beyond doubt, that a mistake has been made, a bidder may be permitted to withdraw but not alter an offer.

Before a contract is concluded, no information should be revealed concerning offers such as relative standing, names of bidders, etc. Under no circumstances should any bidder’s confidential information be disclosed to another vendor.
2.5.3.8 Evaluation of Offers

Evaluation and comparison of offers determines the vendor with the lowest price meeting the specifications. The principle is to select the lowest offer that meets the requirements or, if there is none, the one that comes closest. In determining whether an offer is acceptable, many non-price factors should be taken into account.

Offers for Service Contracts should be evaluated, in the first instance, against the substance of the proposal or the specified requirements; the financial offer is evaluated subsequently. If sufficient staff is available, the technical proposal should be evaluated by a preselected technical team and the commercial evaluation by supply staff. The scores are then combined to reach a total score. For this reason, companies offering services are requested to submit their proposals in two separate envelopes, the first for the general and technical proposal and the second for the financial offer.

To maintain the level of transparency required by the UNHCR Financial Rules, offers should be rated in accordance with evaluation criteria explicitly stated in the tender document. These criteria should be established prior to the opening of the offers to help preserve the impartiality of the evaluation.

The following criteria should be used according to prevailing circumstances:

Company Profile
The UNHCR Common Supplier Registration Form (S001) contained in the brochure (available on internet and intranet) ‘How to Do Business with UNHCR’ includes guidelines for determining a ‘Company Profile’. Information to be considered includes size, turnover, annual sales, number of affiliates (if any), area of expertise and length of time in the business.

Acceptability to the Host Government
If an individual, partnership, corporation or other organisation is not registered to trade in the country in which the project is to be implemented, care should be taken to ensure that the company will be able to operate in that country.

Past Performance
In addition to examining the company profile, a review should be made of the performance of the company in previously providing comparable services. References should be investigated and all sources of information should be pursued to obtain as complete a picture as possible of the past performance of a company. If a company has previously been contracted by UNHCR, a HQ opinion of its performance should be sought.

Viability and Financial Status
An important consideration is the viability of the company and its financial standing. The magnitude of UNHCR contracts and hence attractive financial benefits, may encourage a company to overstate its potential and overextend its financial base. If a company's stock is publicly traded, its public accounts should be examined to determine its capitalisation, turnover, profitability and creditworthiness. These accounts, however, should be treated with caution since they may not reflect financial reality.

Pre Financing
Since a company may have to seek pre financing from banks if a contract involves high mobilisation, material or equipment purchase costs, the creditworthiness of the company may affect its ability to meet early deadlines and the schedule of UNHCR contractual payments. A company's dependency on pre financing by UNHCR may be indicative of an unsound financial base or a problem in raising credit.

Resource Base
Due to time constraints imposed by the programming cycle of UNHCR, the time allowed for a vendor to mobilise resources prior to the start of contractual services is often minimal. An examination of a company's current order book may show either that the company is having difficulties marketing its services or that taking on the UNHCR contract may overextend the company's resources. A vendor's inability to start his/her services on time may adversely affect the entire delivery schedule and have financial and humanitarian implications. Some factors to be examined are the:

- the inventory of property and equipment of a vendor, especially plant (i.e. specialised equipment such as that used on construction sites), vehicles, workshop and warehouse facilities;
- distances/road conditions of the delivery to or servicing of the project site from the current operational base of the vendor;
- reliance on the delivery or production schedule of suppliers or manufacturers whose delays may jeopardise the ability of a vendor to meet deadlines;
- dependency which the vendor has, or would have, on sub contractors to perform various components of the overall contract. If the principal vendor relies exclusively on sub contractors, the costs of his/her intermediary services, his/her vulnerability in meeting schedules, the meeting of liabilities and recourse procedures in the event of default may be questioned; and
- manpower resources upon which the contractor may call to meet contract needs could be limited by his/her standing as an employer. A record of poor employer/employee relations, or if the employer is known to pay sub market rates or ignore employer/trade union agreements, could mean that the vendor may not be able to fully staff the project.

For complex evaluation, a point system can be used to evaluate proposals, both technically and commercially. The number of points assigned to each component should be determined in advance of opening bids.

The relative point weighting given to the technical and commercial evaluations reflects the complexity of the service to be performed. Relatively simple services should be evaluated on an equal split between price and technical concerns, or on a basis which weighs cost more heavily than technical factors. Complex, creative or technically demanding services where accuracy is essential, where timetables are crucial and where the work to be done is itself critical, may be allocated more points for the technical component. Requestors should consult with the Procurement Section of SMS for advice on evaluation weights.

2.5.3.8.1 Evaluation Team

For large dollar value purchases of services, it is recommended to use an evaluation team, including the Requestor, for the evaluation process. Proposals are evaluated in accordance with technical criteria established by a technical evaluation committee and commercial/cost criteria are evaluated by Supply staff. Members of the evaluation committee should have expert knowledge of the contents, but need not be directly involved with the contract. Supply staff is responsible for organising evaluation. He/she also establishes the respective weights for technical and cost criteria, considering inputs from the Requestor and the technical team members. It is recommended to elaborate specific evaluation procedures from the outset and that all team members follow them throughout the process.

After the offers have been received, a meeting should be held to brief all team members on the background of the project, to confirm the criteria for evaluating the proposals, the evaluation procedures to be followed, to distribute technical proposals and to agree on the deadline for submitting results. Written records of the meeting and all subsequent meetings are required.

Each team member should individually evaluate the proposals and score each potential vendor in accordance with pre-defined criteria. The individual scores should then be combined and to
get a sub-total per service provider. The evaluation team should then meet again to review and discuss the scores. Any offer not meeting the technical requirements of the project can be eliminated at this stage. A written record is required justifying any elimination. The commercial scores are revealed by the Supply staff team member, incorporated into the score sheet to get an overall score for each of the short-listed service providers.

Additional information or clarification needed from the shortlisted service providers should be ascertained at this stage and requested in writing, or conveyed in meeting(s), to the relevant service provider(s). The focal point for official contact with suppliers should remain Supply staff.

The evaluation team should sign a detailed Evaluation Score Sheet (S007) and Evaluation Record (S008). The team should include all supporting documents and a written statement of all relevant factors leading to the scores and final recommendation for the award, in a memorandum or note for the file. If the lowest priced offer is not recommended, it is essential to record in detail the reasons for recommending a higher offer.

For audit purposes, all documents must be kept for a period of five years.

2.5.3.9 Negotiation

Supply staff, in close cooperation with other concerned technical staff or the Requestor, can negotiate on behalf of UNHCR if the lowest offer is deemed interesting but does not fully match the requirements of the tender; or if it is expected that substantial gains can be realised through negotiating the winning offer. For purchases requiring approval of the Committee on Contracts, negotiation should only be undertaken after the relevant Committee has approved the overall recommendation. In this case it should be mentioned in the submission that Supply staff intends to negotiate the recommended offer. If, exceptionally, negotiations are conducted with more than one prospective vendor, such negotiations must refrain from any price auction or technical levelling (bringing proposals up to the level of the best offer). Both the negotiation objectives (price, delivery, quality, etc.) and the results should be documented in writing and added to the file.

2.5.3.10 Extension of Validity

Evaluation and award of a contract should be completed promptly within the period of validity of offers as stipulated in tender documents. If justified by exceptional circumstances, an extension of validity should be requested in writing from all bidders before the expiration date. When an extension of the validity period is requested, bidders should not be asked or permitted to change the price or other conditions of their offer. Bidders have the right to refuse to grant such an extension. Any bidder not granting an extension automatically declines his/her further participation in the bidding process.

2.5.3.11 Rejection of Offers/Proposals

In the interest of UNHCR, all offers may be rejected and new ones solicited based on the same or revised specifications. Such action should not be taken for the sole purpose of obtaining lower prices. Rejection of all offers is justified when an insufficient number of offers are received or when there is a lack of effective competition.

2.5.4 Contract Award

Unless all offers are found to be inadequate, the outcome of the evaluation of offers will be a recommendation for award of business. In formulating this recommendation, Supply staff should take into account the following factors:

In all cases, Supply staff should ensure that the total amount of the contract does not exceed the funds available against the approved Requisition. Additional funds should be sought through the Requestor who processes an increase of the amount of the Requisition for this procurement.
Supply staff can sign the contract only after having strictly followed the required approval process explained below.

The Head of SMS and Senior Supply Officers, including Senior Supply Officers based in the field to whom he/she has delegated this authority, may enter into commercial contracts valued at less than US$ 100,000, based on the results of the evaluation of offers.

Representatives/Chiefs of Mission and Supply staff or other staff to whom they have delegated this authority, may sign commercial contracts valued at less than US$20,000 based on the results of the evaluation of offers.

All proposals to enter into commercial contracts valued at US$ 100,000 or more for HQ and US$ 20,000 or more in the field, require the approval of the appropriate Committee on Contracts.

For amounts under US$ 100,000 at HQ, the Head of SMS has also delegated the authority to other Supply staff as per the table below (effective 9 October 2002). This may be reviewed at any time by the Head of SMS.

<table>
<thead>
<tr>
<th>Authority level</th>
<th>Grade</th>
<th>US Dollar Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>N/A</td>
<td>4,000</td>
</tr>
<tr>
<td>Level 2</td>
<td>G.4</td>
<td>10,000</td>
</tr>
<tr>
<td>Level 3</td>
<td>G.5</td>
<td>20,000</td>
</tr>
<tr>
<td>Level 4</td>
<td>G.6</td>
<td>30,000</td>
</tr>
<tr>
<td>Level 5</td>
<td>G.7</td>
<td>40,000</td>
</tr>
<tr>
<td>Level 6</td>
<td>P-2</td>
<td>50,000</td>
</tr>
<tr>
<td>Level 7</td>
<td>P-3</td>
<td>60,000</td>
</tr>
<tr>
<td>Level 8</td>
<td>Senior P-3/P-4*</td>
<td>70,000</td>
</tr>
<tr>
<td>Level 9</td>
<td>Head of Service/Head of Section</td>
<td>100,000</td>
</tr>
</tbody>
</table>

*Senior P-3/P-4 refers to experience in sourcing (not seniority in grade).

For amounts under US$ 20,000 in the field, Representatives/Chiefs of Mission may also delegate the purchasing authority to Supply staff in their offices, based on the number and level of Supply staff available. This should be officially done in a memorandum signed by the Representative/Chief of Mission.

### 2.5.4.1 Committee on Contracts

The Rules and Procedures governing the UNHCR Committees on Contracts are issued in accordance with Article 10.10 of the UNHCR Financial Rules for Voluntary Funds Administered and are to be found in Chapter 2 of the UNHCR Manual.

The limits of authority of the committees are as follows:

<table>
<thead>
<tr>
<th></th>
<th>HQ</th>
<th>Local</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Vendor</td>
<td>≥$100,000</td>
<td>$20,000-$100,000</td>
<td>$100,000-$500,000</td>
</tr>
<tr>
<td>Related Orders* (within 12 months)</td>
<td>≥$200,000</td>
<td>$20,000-$100,000</td>
<td>$100,000-$500,000</td>
</tr>
<tr>
<td>Income**</td>
<td>≥$100,000</td>
<td>$20,000-$100,000</td>
<td>$100,000-$500,000</td>
</tr>
<tr>
<td>Amendments</td>
<td>&gt;15% of approved contract value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IP procurement</td>
<td>≥$100,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waiver of competitive Bidding</td>
<td>≥$100,000</td>
<td>$20,000-$100,000</td>
<td>$50,000-$100,000</td>
</tr>
<tr>
<td>Review</td>
<td>HCR’s contracting policy</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2.5.5 Contract documents

A commercial contract is a legally binding agreement made up of an offer by one party and the acceptance of the offer by another party. To create a commercial contract, there should be an offer (to provide something), an acceptance (such as a signed PO), plus “consideration” (which is normally the payment). Two other essential elements of a contract are that the object of the contract must be legal and the contracting parties must have the legal capacity to enter into a legally binding document. POs and Service Contracts (as used in UNHCR) are commercial contracts. An FA is also a legal document, but it does not commit UNHCR financially.

It should be borne in mind that a PO or Service Contract only proves the existence of a legally binding agreement. A verbal agreement can be equally binding as a written contract. Extreme care should therefore be exercised not to commit the organisation before signature of an agreement.

All purchases in excess of US$ 2,500 shall be made by PO or Service Contract. A PO should be used for the purchase of goods and the Service Contract for the purchase of services. When both goods and services are purchased at once, such as a photocopier maintenance contract that includes the supply of consumables, one or the other instrument can be used. The primary subject of the contract should guide the choice.

Service Contracts can be entered into with either corporate entities (corporate contract), or individuals (individual contracts). The applicable procedures are, however, different. Those outlined in this Manual are applicable only to corporate contracts. For contracts with individuals, Human Resources or Administration staff can give advice.

PO for goods or services should be issued according to a numerical sequence of reference numbers. A record of these documents should be maintained. This record should contain, as a minimum:

- PO, Service Contract, or FA number, in sequence and date;
- vendor’s name;
- short item description;
- total order value (estimated for FA);
- Requisition reference; and
- buyer reference.

2.5.5.1 Elements of a Purchase Order (PO)

For the purchase of goods, UNHCR uses the standard PO Form (e.g. S012), which has the General Terms and Conditions of UNHCR on the back.

For the purchase of services, a Service Contract is used. A Service Contract, except for some simple ones, often requires a more elaborate structure to describe the requested services and the terms of the contract.
For the sake of clarity, the elements of the contract are presented first for a PO, then for a Service Contract. An FA has been added as a third form of agreement UNHCR uses with outside suppliers.

The following elements are common to all of them:

- full address of UNHCR as buyer (the contract should generally use UNHCR official letterhead), with contact details;
- full name and address of the supplier/seller, with contact details;
- place and date; and
- contract number and title/reference.

The following elements are part of a PO:

- item description, quantity, detailed specifications;
- costing (currency, unit price, total, discounts if applicable, packing and marking costs, handling and transport cost if applicable, grand total);
- consignee (name, address, contact details);
- notify party, with contact details;
- delivery terms (Incoterms) and shipping instructions;
- warranties;
- inspection;
- packing instructions;
- labelling and marking Instructions;
- documentation required;
- payment terms;
- special instructions, if any; and
- UNHCR General Terms and Conditions.

### 2.5.5.1.1 Incoterms

Sending goods from one place to another as part of a commercial transaction can be risky. To determine the point at which the risk and responsibility pass from the vendor to UNHCR, it is important to use legally accepted terminology. For that purpose, the International Chamber of Commerce has defined internationally accepted standard terminology called Incoterms (International Commercial Terms of Delivery).

In every PO there is a delivery requirement. Whether at the vendor’s factory gate or in some far away place, there is a point at which responsibility for the goods passes from the vendor to the buyer or his/her agent. It is essential for the buyer and vendor to agree where that point is, because it determines who assumes risk for the goods before and after that point.

Incoterms are uniform trade terms defining the rights and obligations of buyers and vendors in purchasing transactions, helping them to determine how the risks and costs of a sales transaction should be distributed. It is important to use these terms correctly to avoid misunderstandings that could result in costly charges. Incoterms apply, however, only if they are expressly stated.

Incoterms define the buyer’s and vendor’s obligations in the following three areas:

- named place of delivery of the goods;
- division of costs; and
- point at which the risk passes from the vendor to the buyer (and therefore who incurs losses before and after that point).

Each Incoterm implies a different division of costs, risks and responsibilities between the buyer and vendor: ranging from a situation in which everything is the responsibility of the buyer to the other extreme: where everything is the responsibility of the vendor.
An Incoterm clarifies the obligations of both parties, by defining:

- at what point the vendor has fulfilled his/her obligations so that the goods can be said to have legally been delivered to the buyer;
- which party is responsible for export procedures and documentation, such as export licenses, export customs clearance and obtaining documentation required by the importing country such as Certificates of Origin and Phytosanitary Certificates; (Under Incoterms that make UNHCR, as the buyer, responsible for these items, the Global Freight Forwarder is used to take care of these matters.);
- which party is responsible to contract for carriage (a carrier carries out transport) and insurance;
- the obligation to notify the other party of all arrangements made;
- the nature and type of documentation; and
- the obligation to pay for checking, packing and inspection of goods.

Incoterms are part of the contract for sale of goods and should not be confused with the contract for transport of goods with a carrier.

Although there are thirteen terms, UNHCR uses only six terms regularly, as described below:

<table>
<thead>
<tr>
<th>Incoterm</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXW</td>
<td>Ex Works (named place)</td>
</tr>
<tr>
<td><strong>Time &amp; Place</strong></td>
<td>At the works (where the goods are manufactured or available), store, warehouse etc. of the vendor on the date/period stipulated.</td>
</tr>
<tr>
<td><strong>Costs</strong></td>
<td>Vendor follows “normal practice” in packing for the means of transport specified by the buyer unless the buyer provides explicit packing instructions.</td>
</tr>
<tr>
<td><strong>Risk</strong></td>
<td>Passes when the goods are made available.</td>
</tr>
<tr>
<td>FCA</td>
<td>Free Carrier (named place)</td>
</tr>
<tr>
<td><strong>Costs</strong></td>
<td>The vendor pays all costs up to the point of the delivery of the goods to the carrier and pays for the export formalities.</td>
</tr>
<tr>
<td><strong>Risk</strong></td>
<td>Passes when the vendor delivers the goods to the carrier at the named place.</td>
</tr>
<tr>
<td>FOB</td>
<td>Free On Board (named shipment port)</td>
</tr>
<tr>
<td><strong>Time &amp; place</strong></td>
<td>On board the named ship at the named port of shipment, on the date/period specified.</td>
</tr>
<tr>
<td><strong>Costs</strong></td>
<td>The vendor pays all costs of delivery, export formalities and loading of the goods over the ship’s rail.</td>
</tr>
<tr>
<td><strong>Risk</strong></td>
<td>Passes when the goods have passed the ship’s rail at the named port of loading.</td>
</tr>
<tr>
<td>CFR</td>
<td>Cost and Freight (named destination port)</td>
</tr>
</tbody>
</table>
**Time & Place**
On board the ship at the point of shipment on the date/time specified.

**Costs**
The vendor pays for all costs and freight to the named destination port and all export formalities.

**Risk**
Passes when the goods have passed the ship’s rail at the port of loading.

**CPT**
Carriage Paid To (named destination place)

**Time & place**
Where the goods are handed over to the first carrier or forwarder on the date/period specified.

**Costs**
The vendor pays for all costs and freight to the named destination place and export formalities.

**Risk**
Passes when the goods have been handed into the charge of the first carrier or forwarder.

**DDU**
Delivered Duty Unpaid (named destination place)

**Time & place**
At the named destination on the date/period specified.

**Costs**
The vendor pays all the costs to the named destination place but not duties, taxes or import charges.

**Risk**
Passes when the goods are delivered to the named destination on the date/period specified.

Incoterms do not always cover everything that is needed to specify responsibilities clearly. In such cases, it is important not to simply add additional language to the Incoterm. For example, “CPT Liner Out” should be avoided as confusing. “Liner Out” is a B/L term sometimes added with the intent of avoiding handling costs. To better address this concern, detailed explanatory language should be used such as “all loading/offloading costs to be borne by vendor.”

**2.5.5.1.2 Documentation required**
The requirements for documentation against a PO vary from case-to-case, but usually consist of the following:

**Basic Shipping Documents:**

<table>
<thead>
<tr>
<th>Document</th>
<th>Shipping</th>
<th>Payment</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Bill of Lading (sea)</td>
<td>X</td>
<td>x</td>
<td>Principal shipping document: how goods are being shipped and when they will arrive. Bill of Lading represents title to goods, others do not.</td>
</tr>
<tr>
<td>Air, Rail or Truck Waybill*</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Original Dec 2003
Commercial Invoice*  Or  Pro Forma Invoice  
X  x  
x  

Packing list*  
x  x  
Number of packing units, markings, weight and volume, description of contents.

Certificate of Origin  
x  x  
Indicates the origin of the goods. Usually from local Chamber of Commerce.

For goods from warehouse or in-kind donation:  
Gift Certificate  
x  Replaces Commercial Invoice, Certificate of Origin and Packing List.

*Essential documents for all international shipments.

**Documents Sometimes Required:**

Documents Certifying Quality

<table>
<thead>
<tr>
<th>Document</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inspection Certificate</td>
<td>Indicates that goods meet PO specifications or revised specifications. Required depending upon commodity and destination country.</td>
</tr>
<tr>
<td>Certificate of Analysis (if applicable)</td>
<td>Chemical composition, lot number, manufacture and expiry date of goods.</td>
</tr>
<tr>
<td>Phytosanitary Certificate</td>
<td>Certifies foods as fit for human consumption. Issued by national laboratory in country of origin. Required by most destination countries.</td>
</tr>
<tr>
<td>Radiation Certificate</td>
<td>Certifies radioactivity level in foods is within acceptable range. Required in most European and ex-CIS countries, Sudan, Bangladesh, others.</td>
</tr>
<tr>
<td>Fumigation Certificate</td>
<td>Certifies clothing or goods have been fumigated against pests. Required by certain countries. Certifies animals have been examined and approved by a veterinarian.</td>
</tr>
<tr>
<td>Veterinary Certificate</td>
<td></td>
</tr>
</tbody>
</table>

For Goods Sent Using a Freight Forwarder

<table>
<thead>
<tr>
<th>Document</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forwarder’s Certificate of Receipt</td>
<td>Proof that the supplier has handed over goods to the freight forwarder.</td>
</tr>
<tr>
<td>Freight Invoice</td>
<td>From carrier, indicating shipping details and charges.</td>
</tr>
</tbody>
</table>

For Goods Sent by Supplier

<table>
<thead>
<tr>
<th>Document</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipping Advice Form</td>
<td>Carrier, B/L or Waybill #, estimates times of departure and arrival; from the vendor to buyer.</td>
</tr>
</tbody>
</table>

For Hazardous Goods

<table>
<thead>
<tr>
<th>Document</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hazardous Certificate Goods</td>
<td>Identifies the class of goods. Provides the UNCSS code for those goods. Certifies that goods are packed as per the convention governing that means of transport.</td>
</tr>
</tbody>
</table>

**2.5.5.2 Elements of a Purchase Order for Services**

The variable nature and subject matter of commercial contracts often means that the text of the clauses has to be tailored to the particular circumstances. Standard texts, in this manual, list mandatory clauses intended to protect the interests of UNHCR. Other clauses govern specific technical standards or professional conduct (e.g. construction clauses) and the
inclusion of such clauses depends on the subject matter of the contract. The Procurement Section of SMS should be consulted if local practice differs significantly from the procedures described in the various optional clauses.

Many companies have their own contractual conditions which govern the terms and application of any contract they may conclude. UNHCR may not be in a position to adhere to some or all of the conditions of a company if they contradict the intent of contractual provisions of UNHCR or run counter to the interests of UNHCR. UNHCR may have to negotiate the express acceptance of the UNHCR General Conditions for Provision of Services or explicitly specify that in the case of conflicting provisions, the conditions of UNHCR would be overriding. A potential supplier, unwilling to accept such conditions, may be excluded from being awarded a contract. Negotiations to agree on a commonly acceptable text must never prejudice the interests of UNHCR.

All contracts that differ from the UNHCR standard Agreement / General Conditions for Provision of Services should be submitted to the Legal Affairs section in HQ and the Committee on Contracts, if applicable, for clearance.

It is recommended that the contract be structured in seven parts as follows:

1. Preamble, Terms of Reference and Object of the Contract (including three mandatory clauses);
2. Responsibilities, Non Liability and Immunity of the High Commissioner (including four mandatory clauses);
3. Responsibilities, Warranty and Liability of the Vendor (including eight mandatory clauses);
4. Insurance Provisions and Claims (including four mandatory clauses);
5. Terms and Modalities of Payment;
6. Breaches of Contract and Settlement of Disputes (including eight mandatory clauses);
7. Assets and Construction (including one mandatory and sixteen optional clauses).

The contract should also include "signature boxes" which provide space for the names and titles of the authorised signatories and the date and place of signature. Where necessary, additional signature boxes will be included for witnesses who may be required to certify the authenticity of the authorised signatories.

Two originals of commercial contracts should be established, signed and initialled on every page. Each original should be sealed with the official stamp of UNHCR and of the vendor. In accordance with local practice, further certification may be required through the affixing of a Government stamp or a signature endorsing the registration of the contract with the appropriate authorities. The vendor should retain one original as should the Office in the field responsible for administering the contract. A signed copy should be sent to HQ to be retained by the Finance Control Section.

Within the UNHCR general conditions of the project description, budget and workplan of the relevant LOI governing the project, contracts shall be drawn up using the mandatory and, where applicable, other clauses as explained below.

2.5.5.2.1 Part (I) of a contract Preamble, Terms of Reference and Object of the Contract

The underlying purpose, objectives and time frame for the contractual services and any pre conditions and circumstances prevailing at the time the contract is drawn up should be specified. This information will usually be the same as that stated in the tender.

Upholding the Principles of UNHCR

The following mandatory clause must be included:
"GIVEN that the participation of the High Commissioner in the establishment and funding of this project is in accordance with the principles of the humanitarian and non political mandate of the High Commissioner and the relevant provisions of applicable international refugee instruments concerning refugees and given that the Parties to this Contract shall uphold and abide by the principles and provisions embodied therein;"

**Superceding Effect**

Refer to clause 24, Prior negotiations superceded by contract, of the General Conditions for Provision of Services.

**Authorised Signatories**

The following mandatory clause must be included:

"GIVEN that the signatories to this Contract have been authorised to sign on behalf of the respective Parties;"

**Period of Validity**

The contract should specify the start and termination dates of the period during which the contract is valid. The start date may be stipulated as the date of signature of the contract, but since the signature may be delayed for various reasons, a definite start date should be stated. The use of the term "deemed to have started on (date)" should be avoided since this infers some retroactivity which may make certain provisions of the contract invalid or difficult to enforce.

The contract should specify the notice period that either party is required to give to the other to cancel the contract prior to its termination date. If a contract is clearly not subject to renewal, it should be so stated to ensure that the contract lapses on the termination date and no automatic renewal is inferred or assumed.

If a contract may be subject to renewal or extension, then the terms governing such an eventuality should be stated, especially if a revision of terms may be necessary. The contract should state any post termination period for the liquidation of commitments, or the provision of reports and other documentation as well as stating statutory time limitations for the lodging or settling of claims and other liabilities and for entering into litigation.

**Glossary of Terms or Standard Terminology**

The established, mutually agreed or accepted meaning of technical or professional terms used in the contract should be defined.

**Annexes and Attachments**

The following mandatory clause must be included:

"GIVEN that the annexes to this Contract as well as any other attachments or UNHCR forms mentioned herein form an integral part of this Contract;"

**2.5.5.2.2 Part (2) of a contract Responsibilities, Non Liability and Immunity of the High Commissioner**

Any resources or services to be provided by UNHCR to enable the vendor to carry out the contractual services should be specified in this part. Refer to clauses 14, Insurance and liabilities to third parties; 15, Indemnification; and 22, Privileges and immunities, of the General Conditions for Provision of Services.

The following mandatory clause must also be included:

"The Office of the High Commissioner, his/her property and assets wherever located and by whomsoever held, shall enjoy immunity from every form of legal process" (extract from Article II, Section 2 of the 1946 Convention on the Privileges and Immunities of the United Nations);
2.5.5.2.3 Part (3) of a contract Responsibilities, Warranty and Liability of the Contractor

The responsibilities, and the required quality, of resources and/or services to be provided by the contractor should be defined in a thorough and comprehensive manner to avoid any misunderstanding or misinterpretation. The specialist services available at HQ or in the country in which the contract is operative should be referred to whenever necessary. Clauses on evaluation, inspection and audit must also be included.

Standards and procedures

The standards and procedures to which the performance of the contractor must conform vary according to the subject matter of the contract. Reference material stating standards against which the performance of the contractor may be measured will also vary and may include:

- nationally legislated standards or laws covering issues such as safety and technical specifications of freight haulage vehicles, labour laws, obligatory health and disability insurance;
- national professional standards or procedures as specified by specialised government departments or a national Chamber of Commerce;
- internationally specified or accepted professional standards; and
- various manuals, handbooks or guidelines which state operating standards and procedures.

This part of the contract should refer to the appropriate source in which the applicable standards or procedures are stated and stipulate that the contractor agrees to the source and the standards contained therein. It should also ensure that the contractor has access to or possesses a copy of the reference material.

Warranty and Cost elements

The value of a contract is set at a fixed price, following acceptance of the bid of the contractor during the tendering and competitive bidding process. The breakdown of a bid of a contractor may not have been provided. The component costs of the contractor, including profit margins, indirect, overhead or related costs, etc. may, therefore, not be available as a means to control costs and avoid cost overruns. The standards of contractual services and cost of materials are predetermined by the contractor by his/her including in the bid the expected costs for a certain level or quality of service or material. A contractor may, therefore, try to increase his/her profit margin by lowering the standards of services or materials provided.

The absence of such cost factors and budget elements requires that UNHCR include in the contract a comprehensive description of the quality and standard of services and materials expected and the penalties and grounds for termination of the contract if the services prove inadequate. Some basis of costs or tariffs should be established (e.g. in a transportation contract a rate per km/ton, in a construction contract an average cost/square meter, in a procurement contract the list per price/unit, etc.). UNHCR staff can accordingly measure and control the delivery of services against payments made or due a contractor. Certain cost elements may be related to indexed prices offered by the seller (e.g. for oil and petroleum products, cement, timber, etc.), fixed by the government or industry. Such indices should be stated in the contract since increases or decreases in indexed prices may give grounds for the re-negotiation of the value of a contract. The agreed specifications must be in their final form and the contract must contain a warranty clause, whereby the contractor agrees to abide by the specified qualitative and quantitative requirements.

The following two mandatory clauses must also be included:

"The Contractor shall be liable for any costs incurred in excess of the agreed contract price;"

"The Contractor shall be liable for the settlement of any commitments or contractual obligations entered into by the Contractor prior to the contract's termination date and which become payable after such date;"
In the cases of contracts including procurement or transportation services, the terms under which a consignment arrives in a recipient country determine which party is responsible for inspection, offloading, handling, inland transportation and insurance costs. The contract should identify costs which are included in the contract price and specify those costs which are the responsibility of the supplier or shipper. Incoterms 2000 should be referenced.

**Currency Fluctuations and Inflation**

Vague statements linking revised costs to "currency fluctuation", "inflation", "unanticipated/unforeseen circumstances" should be avoided. Vagueness may give the contractor invalid grounds to demand an increase in the contractual price, or for cost overruns or sub standard services. The criteria and justification for the renegotiation of the contract's value must be explicit and make reference to base or indexed costs (as paid by the buyer) to provide a basis to measure price increases (or decreases). The following mandatory clause must be included:

"In the event of currency fluctuations affecting costs of imported items or other inflationary factors resulting in an escalation of domestic prices, the Contractor may provide the Office of the High Commissioner with verifiable evidence of such price increases with a view to renegotiating terms and conditions covering the rates. Renegotiation will be conducted only when all other measures to contain costs have been achieved and will come into effect only following their approval by the Office of the High Commissioner;"

**Evaluation, Inspection and Audit**

To safeguard the Office of the High Commissioner's right to evaluate the contractor's performance at any time, the following two mandatory clauses must be included:

"The Office of the High Commissioner reserves the right to undertake an evaluation of the Contractor's services at any time and to insist on improved services should such an evaluation prove them to be deficient;"

"The Office of the High Commissioner may assign at any time an independent inspection agent or agents or U.N. Auditors to assess the performance of the Contractor in the execution of his/her contractual services;"

**Penalties for Default or Non Performance**

Refer to clause 16, Liquidated damages, of the General Conditions for Provision of Services. In commercial contracts, time and execution are of the essence. If a contract is partially completed or well beyond the time limit set for its execution, it may well defeat the very object of its existence. To avoid suffering for refugees, a specific provision should be inserted, estimating the costs of damage or default in delivery of services. This clause could be invoked in case of breach of contract. A contractor will probably want to set upper limits to the penalties to which he/she may be liable in case of default. In negotiating such limits, the overall value of the contract, or the value of UNHCR property assigned to the project and the worst case scenario should be determining factors. To be binding and valid, however, the amount must be reasonable, in light of the:

- cause of the anticipated or actual harm;
- difficulty of proof of the damages; and
- inconvenience or non-feasibility of obtaining an adequate remedy.

An unreasonable provision may be void as a penalty. The following are examples of possible terminology:

"The Contractor shall be liable to the Office of the High Commissioner for the sum of ........ for each day that delivery under this Contract is delayed after .... The sum recoverable under this clause shall not exceed .... The Office of the High Commissioner reserves the right to deduct any sums due under this clause from outstanding payments due to the Contractor;"
"The Contractor shall be liable to the Office of the High Commissioner for a sum equivalent to the contract amount for each day that delivery under this Contract is delayed after. The sum recoverable under this clause shall not exceed … % of the total contract amount. The Office of the High Commissioner reserves the right to deduct any sums due under this clause from outstanding payments due to the Contractor;"

"Inasmuch as the failure of the Contractor to deliver the quantity of the commodity or commodities specified in the Contract in accordance with the terms of this Contract and because of the urgent need for the commodity by the Office of the High Commissioner arising out of present condition and because it will be difficult, if not impossible, to prove the amount of damages, the sum is agreed on as liquidated damages and not a penalty and shall be in an amount of…..for each … (unit) of … undelivered in accordance with the terms of this Contract;"

The setting of a penalty limit should not preclude any settlement for damages awarded as a result of arbitration in favour of the Office of the High Commissioner.

**Status of Contractor's Employees**

Parts (2) and (4) of the contract will explicitly state the liabilities of the contractor vis à vis his/her employees. Under no circumstances should it be inferred that, by association with UNHCR, a contractor's employees have any privileges or immunities usually afforded by governments to UN staff. Refer to clauses 1, Legal status; 4, Contractor’s responsibility for its employees, and 14, Insurance and liabilities to third parties, of the General Conditions for Provision of Services

**2.5.5.2.4 Part (4) of a contract Insurance Provisions and Claims**

The minimum insurance coverage that the contractor must take out for his/her employees and with respect to any goods and property/equipment being the subject matter of the contract and the contractor's responsibility to lodge and pursue the settlement of insurance claims should be specified in this part.

**Insurance**

The liabilities of the contractor include the death, disability and personal injury of any persons hired by the contractor and towards any third party. The contractor should already have such insurance in force as part of normal business practice. The contractor should confirm this and, if not the case, be obliged to take out such insurance.

Refer to clause 14, Insurance and liabilities to third parties of the General Conditions for Provision of Services.

Any UNHCR property, including vehicles, which is made available for use by a contractor in the performance of his/her contractual services, should already be insured by UNHCR (if possible under a separate project or arrangement). It should be carefully assessed if the insurance in force should be revised due to a change of user or use of the property. Third party insurance on a vehicle, for example, may need to be upgraded to fully comprehensive. If the registered owner/user of property is UNHCR and insurance has been issued on that basis, then the use of the property by a contractor may require some form of notification to the insurance company for the insurance to remain valid.

When the contractor's services include the shipping and transportation of goods, or transportation of people, the contract should state the delivery terms to the agreed point of delivery/destination. The Incoterms 2000 should be referenced. The contractor is responsible for arrangements with shipping agents for international and inland shipping of all goods as well as the arrangements for transportation of people. The onus is on the contractor to ensure that there is adequate insurance covering all the various stages of transportation and that inspection and surveillance agencies are engaged at intermediate handling points, where damage may occur or where any damage to goods may be assessed.
No standard text has been developed for insurance provisions, due to the many variable circumstances, other than for construction projects (see under Part (7) of the contract "Assets and Construction"). Texts of insurance clauses should, therefore, be drafted on a case by case basis. The principal consideration is that the contractor has the means, either from his/her own resources or from insurance settlements, to make good any damage or deficiencies which are his/her responsibility under the warranty and liability clauses.

**Claims**

The lodging of claims arising from the enforcement of the warranty and liability clauses is the responsibility of the contractor. The following three mandatory clauses to this effect should be included:

"The Contractor shall lodge warranty and insurance claims on behalf of the Office of the High Commissioner and pursue their settlement with the same diligence as he/she would in his/her own affairs;"

"The Contractor shall lodge warranty and insurance claims within 3 months of the occurrence of the damaging incident or within one month of receiving notification from the Office of the High Commissioner of such damage. Failure of the Contractor to lodge claims within the warranty or insurance validity period shall render the Contractor fully liable for the settlement of such claims as would be due from the warrantor or insurance company;"

"The Contractor shall remit to the Office of the High Commissioner any funds received as a result of the settlement of warranty, insurance or other claims and which are due as compensation to the Office of the High Commissioner. If the form of restitution in settlement of a warranty or insurance claim results in the reduction of prices or fees charged to the Contractor by a supplier, manufacturer, agent or sub contractor, then the contract value will be re-negotiated to reflect such reductions;"

For contracts involving procurement or transportation, one or both of the following clauses should be included:

"The Contractor shall lodge claims concerning defects ascertained as being the result of improper manufacture on the understanding that repair or restitution in kind is made directly to the Office of the High Commissioner;"

"The Contractor shall lodge claims for damages against the responsible transport company if prevailing insurance provisions do not adequately protect and compensate the Office of the High Commissioner for any damage considered to be the responsibility of the transport company;".

**2.5.5.2.5 Part (5) of a contract Terms and Modalities of Payment**

The terms, schedule and modalities for payments to be made by the Office of the High Commissioner, to be made under the contract should be included in this part.

**Terms Governing Payments to the Contractor**

The principle governing remittances to a contractor is that payments should be commensurate with the progress achieved by the contractor. If exceptional circumstances fully justify a request by a contractor to receive a substantial part of the contract price in one instalment, such circumstances should be explained in the submission to the Committee on Contracts HQ/Regional/Local prior to signature of the contract. This may be necessary in some cases when a contractor undertakes procurement services, which require the payment of the major part of the purchase price upon the placement of an order. In such cases, the contractor is expected to show his/her good faith and good standing by agreeing to UNHCR retaining funds (e.g. 20%) as a guarantee against faulty or damaged goods.

UNHCR should not advance funds unless the payment is the first instalment, deposit or down payment stipulated in the contract and unless the practice is in accordance with local or commercial standards or the interests of the UNHCR so require. Such payments should be paid only upon signature of the contract by all parties. The proportion of the contract value
payable as the first installment should be limited to 20-30% unless the contractor can justify initial high capital costs, e.g. for property or equipment mobilisation, site preparation, or pre purchasing of bulk materials at advantageous rates. In these circumstances initial payment should not exceed 50% of the contract value.

Subsequent instalments should become payable at pre-determined intermediate stages according to the nature of the contract. Payment of instalments should not be scheduled according to dates as this presupposes that the delivery of contractual services is on schedule on the specified dates. Specific and agreed measures of performance or progress should be stipulated as conditions on which instalments become payable.

In most contractual arrangements, it is common practice for the contractee to retain funds (normally up to 10%) at the end of the contract or upon completion of the contractual services as a precaution against faults, damage, claims or sub-standard performance, which may become apparent later. Such retention funds are payable at the end of any guarantee or warranty period or at an agreed time after completion of the contract. In some situations retention funds (or down payments made at the start of a contract) are placed on deposit in a bank account and are automatically released to the contractor on a prescribed date if the contractee lays no claim against the funds by that date. The contract should clearly state at what point or place the contractor takes up and relinquishes his/her responsibilities so that a clear division is made between direct costs, which are the liability of the contractor and indirect or related costs, which may be the responsibility of UNHCR or another party.

2.5.5.2.6 Part (6) of a contract Breaches of Contract and Settlement of Disputes

Given the nature of commercial contracts, a framework for the settlement of any disputes arising out of differing interpretations of the terms of the contract should be defined.

Arbitration and Jurisdiction

Refer to clause 28, Disputes – Arbitration, of the General conditions for provision of services.

‘Force Majeure’ and Suspension of a Contract

‘Force Majeure’ is often misused by contractors as a reason for default. Refer to clause 27, Force majeure, of the General conditions for provision of services.

Breach of Contract

It is usual business practice to give a period of grace to remedy the causes of any breach of contract since the outright termination of a contract, whilst it is in force, is often detrimental to both parties.

Refer to clause 29, Termination of contract, of the General conditions for provision of services.

The registered addresses of the parties should be stated to facilitate the serving of notices. The following mandatory clause must be included:

"Any declaration or notice to be made in connection with the implementation of this Contract shall be deemed to be duly given or made when it shall have been delivered by hand, mail or telegraphic means to the party to which it is required to be given or made at such party's address specified below or at such other address as either party shall have specified in writing to the other;" (Contractor's and UNHCR Field Office's addresses to be stated in full, including fax, email and telephone numbers).

Insolvency and Bankruptcy

Refer to clause 30, Insolvency and bankruptcy, of the General conditions for provision of services

Changed Circumstances
A contract should include a clause allowing UNHCR to renegotiate or to terminate the contract. The following mandatory clause must be included:

"As a result of changed circumstances, should the need for assistance as planned by the Office of the High Commissioner and foreseen under this Contract significantly diminish, or increase, then the Office of the High Commissioner may take appropriate steps to negotiate the terms and conditions of this Contract or serve notice of its termination;"

**Litigation**

UNHCR offices in the field are not authorised to file any claim before a national court against a contractor for alleged breaches of contract, default, fraud or any other acts, which have jeopardised or curtailed the contractual services entered into by the contractor or caused material or other damage to UNHCR, its property or staff. Such matters should be brought to the attention of the HQ Legal Affairs Section (LAS), Executive Office and to SMS copying the relevant Desk. LAS and SMS will advise the field on how to proceed.

UNHCR requires the Secretary-General's authorisation before filing any claim in a national court, since this would imply a waiver of the Organisation's immunity from legal process. Litigation, furthermore, may involve lengthy and costly proceedings so other means of settling grievances of UNHCR against a contractor should be sought.

Should UNHCR itself be the subject of legal proceedings, LAS and SMS should also be informed immediately. Court summons and relevant background documentation should be forwarded. LAS will provide field staff with a note verbale invoking the immunity of UNHCR under the applicable international legal instruments. LAS will then also advise on how the substance of the claim should be dealt with.

**2.5.5.2.7 Part (7) of a contract Assets and Construction**

The following provisions apply to commercial contracts which provide for the importation of goods and equipment and/or for the construction of buildings or infrastructure.

**Tax and Duty Free Exemption**

Under the 1946 Convention on the Privileges and Immunities of the United Nations, UNHCR is exempt from all direct taxes, customs duties, prohibitions and restrictions on imports and exports in respect of articles imported or exported by UNHCR for its official use. It is understood, however, that the UNHCR will not claim exemption from taxes which are in fact no more than charges for public utility services. This convention extends to goods imported for use under a UNHCR-sponsored project.

Refer to clause 23, Tax exemption, of the General conditions for provision of services.

**Ownership and Use of Assets**

There are basically two categories of assets, which a contractor may use in his/her execution of contractual services: property purchased by the contractor or purchased by UNHCR. Assets which the contractor purchases, hires or redeployes in his/her own name and the costs (purchase price, rental, mobilisation costs, etc.) he/she has included in the contract price will (in most circumstances) remain under the ownership or custodianship of the contractor during the contract. He will have the sole right of disposition thereafter. If UNHCR foresees a future use of assets, for which the purchase price is included in the contract price, negotiations should be held with the contractor prior to the signing of the contract to agree in writing (preferably as part of the contract) that ownership will be transferred to UNHCR at the end of the contract. Alternatively, UNHCR may purchase the property in its own name and deploy the property for use by the contractor during the contract, whilst retaining ownership throughout the contract and thereafter.

In the event that property is purchased in the name of UNHCR, as above, or that property which UNHCR already owns is deployed for use by the contractor, the following eight mandatory clauses must be included in the contract:
"The Office of the High Commissioner shall retain ownership of any assets acquired or deployed by the Office of the High Commissioner for the use of the Contractor. Assets is defined as any item of property or equipment which has a purchase price or replacement value of US$ 500 or more, or the equivalent in local currency at the UN official rate of exchange and with an anticipated serviceable life of at least three years;"

"The Contractor shall maintain a current inventory of all assets made available to him/her by the Office of the High Commissioner for use under this contract and submit a copy to the Office of the High Commissioner at the end of each calendar quarter. The inventory shall state:

- a description of the item;
- the origin of the item;
- the date the item was put into use by the contractor;
- the purchase price, replacement or pro forma value of the item;
- the type of insurance coverage;
- the location or zone of use by the contractor;
- the mechanical and physical condition of the item;
- descriptions of any damage, defects, inoperable or unserviceable conditions, which have occurred since the preparation of the previous inventory and any remedial action taken or to be taken;"

"The Contractor shall ensure that such property is properly maintained and kept in good condition;"

"The Contractor shall use all assets made available by the Office of the High Commissioner exclusively for the purposes intended and in the performance of his/her contractual services as specified in this contract. The unauthorised use of assets for any other purposes shall render the user liable for any damage, loss, theft, or third party liability;"

"The Contractor shall report to the Office of the High Commissioner in writing in cases where assets is damaged or lost including the steps taken to repair or replace the property. Such reports shall be submitted to the Office of the High Commissioner within the 30 days following the incident. Failure to report such damage or loss shall render the Contractor liable for all repair or replacement costs;"

"The Contractor shall cover the cost of the repair or replacement of all assets including payment of indemnities to third parties either from amounts received in settlement of insurance claims or at his/her own expense;"

"In accordance with local practice and the availability of appropriate insurance, the Contractor shall fully insure all assets with an insurance company of repute against risks including damage, theft and loss and, where appropriate, passenger and third party liability. Full advantage should be taken of any established standard insurance provisions pertaining to the Contractor. Premiums should be on a group and/or discounted rate to the extent possible. In the event that any insurance settlement does not fully cover the repair or replacement of property, then the additional cost of such repair or replacement shall be the responsibility of the Contractor;"

"The future use of any assets, which is no longer required by the contractor in the performance of his/her contractual services, shall be exclusively decided by the Office of the High Commissioner. Under no circumstances shall such property be disposed of or redeployed without the permission of the Office of the High Commissioner;"

**Construction**

When UNHCR contracts for the construction of buildings or infrastructure, the clauses listed below are mandatory for inclusion in the contract. The construction industry has standard practices for the costing of construction (e.g. using a quantity surveyor to draw up bills of
quantities) and for the sub contracting of specialist sectors (such as plumbing, electrical work, foundations, etc.).

The contract should include provision to ensure that these practices are correctly followed. The clauses listed below may need to be revised if the contractor is engaged to erect a prefabricated unit which has been procured and supplied by UNHCR. The most comprehensive and therefore most costly type of construction contract is termed a "turn key contract" where the contractor undertakes to fully construct and finish the premises for occupancy by the contractee immediately thereafter. Such contracts are often delayed by the shortage or late delivery of local or imported materials. It may be to the advantage of UNHCR to undertake the local procurement or importation of materials to avoid such delays.

The following eight mandatory clauses must be included for construction contracts and/or where sub contracting of construction is foreseen:

"In accordance with local practice and the availability of appropriate insurance cover, the Contractor shall ensure that all buildings are at all times during the course of construction kept adequately insured, in the full value thereof, with a company of repute. Insurance cover shall be against loss or damage by fire, lightning, flood, storm or such other hazards as may be considered advisable, until such time as the building has been formally handed over by the Contractor;"

"The Contractor shall submit to the Office of the High Commissioner one copy of all signed sub contracts, relevant plans and blueprints, specifications, bills of quantities and costings;"

"The contractor shall complete the work so as to be fit for occupation on a date agreed in writing with the Office of the High Commissioner. Failure to meet this deadline will lead to a financial penalty payable by the contractor calculated on a daily/weekly delay rate basis;"

"Except for any reasonable initial down payment, which may be required according to local practice, payments to the contractor against the construction cost as shown in the tender document are made only on work performed. A schedule of payments and the conditions upon which payments become due shall be agreed between the Office of the High Commissioner and the Contractor. A balance, normally up to 10%, will be withheld as a retention fee payable upon the satisfactory completion of all work;"

"If, during the course of construction, it becomes apparent that the contractor is for any reason unable to fulfil his/her obligations under the contract or if he/she delays or neglects to complete the building within the time prescribed and fails to proceed with such work, then the Office of the High Commissioner may employ a second contractor to complete the building and authorise him/her to use any plant, materials and property of the first contractor upon the ground;"

"Any defects which appear within a specified guarantee period after completion shall be made good within a reasonable time by the contractor at his/her own cost. The duration of the guarantee period will be in accordance with that established under normal local practices, but should in no instance be less than six months;"

"A delivery document will be signed by the parties to the contract indicating the date on which the handover has taken place, stating that the building has been constructed in conformity with the provisions of the building contract and the approved plans and specifications. Normally the handover will take place only once all the work has been satisfactorily completed; however, if in exceptional circumstances delivery takes place before that time, the delivery document will refer in detail to all outstanding work still to be performed and will describe all apparent shortcomings and defects. The delivery document will provide the date from which the guarantee provisions come into operation. This date will normally be the date of handover or when all work is finally completed, whichever is later;"

"When ownership of the building is to be transferred to a named third party, a transfer document will be prepared by the Office of the High Commissioner specifying the third party concerned and the conditions upon which transfer is to be made."
2.5.5.3 **Individual consultant contracts**

Individual service contracts are issued through a PO and are described in detail under Chapter ?? of the UNHCR Manual.

2.5.5.4 **Elements of a Frame Agreement (FA)**

FAs are established for goods and services for which, based on planning data such as purchasing plans and analysis of history data, SMS staff expects frequent Requisitions over a defined period of time. While actual quantities and the timing are not definitely known in advance, commitment from the vendor is still needed. UNHCR makes extensive use of FAs to reduce lead time and staff resources as compared to spot purchasing.

An FA is:

- a fixed-term agreement with a vendor;
- usually established after open international tender;
- an arrangement that provides for a stable quality of an item at a fixed price; and
- an agreement that may include the vendor guaranteeing fixed delivery terms or to hold a stated minimum amount of stock continuously ready.

Such agreements, sometimes with slight variations, are also referred to in the commercial sector as “long-term agreements”, “blanket orders”, “open POs” or “indefinite quantity contracts”.

Besides the obvious advantages to UNHCR of having regularly purchased items of stable quality always available at a guaranteed price, FAs also offer the ability to electronically consolidate forecasted needs to increase the buying power of UNHCR in the marketplace and to negotiate favourable freight rates. An FA can also reduce storage costs if the vendor, rather than UNHCR, holds and manages the inventory for immediate shipment on receipt of a UNHCR PO.

UNHCR enters into a legal commitment vis-à-vis the vendor when an individual PO is actually placed against an FA.

An FA does not guarantee that UNHCR will actually buy any minimum or maximum amount during the validity of the agreement, although historical information on purchases from prior years is shared in the tender documents. The agreement is non-exclusive, which means if the vendor is unable to deliver within the required period, UNHCR will source its requirements from the market.

FAs are usually valid for one or two years and renewable. For certain types of equipment, however, with rapid changes in technology, an agreement may be valid for less than a year.

International FAs are set up by SMS. Regional and local FAs can be established as a time- and cost-effective way to purchase on the local market.

FAs can be used for contracted services as well as for goods. UNHCR uses FAs for freight forwarding and inspection services.

The process flow including authority limits for establishing FAs is essentially the same as for other purchases except for the financial commitment. A request for an FA (and the actual agreement) does not include a financial commitment. It has, however, an estimated monetary value based on the standard unit price for that item in the Item Master, multiplied by the expected quantities within the time frame of the FA.

If the tender is open, i.e. the requirements are published in the media, some participating companies may not be registered in the UNHCR vendor database. This is acceptable, however, if such a potential vendor is eventually awarded an FA, he/she should be registered in the usual way before the agreement is drafted and signed.

For some items, particularly those of high value or turnover, FAs with two or more firms can be awarded on a ratio basis (e.g. 2/3 and 1/3 of purchases). This practice stimulates
competition, develops long-term relations with more than one firm, ensures multiple sources of supply and creates a “surge capacity” to address unforeseen needs.

When an FA has been established, it becomes automatically the primary source for the item in question.

The standard text of a UNHCR FA for goods is in Annex 3.

### 2.5.5.5 Payment Terms

This section specifies the terms, schedule and how payments will be made by UNHCR to the vendor. In principle, UNHCR does not make advance payments or payment by Letter of Credit, unless justified by commercial practice or where this would be in the interest of UNHCR. In the latter case, the justification should be recorded on the file and, for purchases that need approval from the Committee on Contracts, included in the submission [6].

Normal UNHCR payment terms are made by bank transfer within 30 days after receipt of documents in good order.

The contract should specify the currency and type of remittance (bank transfer or cheque) and the bank account number and bank address to which UNHCR should remit the funds. As mentioned, specific dates by which payments should be made should not be stated, but periods may be specified during which a payment becomes due (e.g. 15 days after signature of the PO, 10 days after the vendor confirms delivery, 10 days after delivery to the port of exit, etc.).

Payments should be remitted directly to the vendor.

In certain circumstances, UNHCR may have to assume responsibility for certain functions or assist the contractor in his/her functions due to difficulties the contractor may face. The contract should, therefore, state that UNHCR can deduct from payments due to the contractor to compensate UNHCR for costs incurred in providing a service or input, which was the contractual responsibility of the contractor.

Suspension or cancellation of a contract due to unsatisfactory performance may involve a specified suspension or notice period, or provide the contractor with a defined period in which to improve or regularise his/her services. The contract should state that payments to the contractor will be deferred or suspended during such periods.

If a penalty or payment for damages clause comes into effect during a contract, any amounts due to UNHCR can be recovered by deducting the amount from a payment due to a contractor.

Progressive payment is designed for POs for services lasting longer than two to three months and for services with discrete or regular progress intervals, for example:

- monthly or quarterly payments for an annual maintenance or another Service Contract; the payment schedule should be reflected in the contract;
- study or report lasting several months to a year; payment can be based on steps (milestones) accomplished to achieve the final report or study; milestones should be realistic and reasonable; and
- final payment, normally 30% of the total contract value, is retained until completion of the contracted service (final deliverable).

Progressive payments should not be tied to dates, but to agreed deliverables such as delivery of goods or specific measures of performance or progress. It is important that the deliverables that trigger payment be concrete.

### 2.5.5.6 Shipping Insurance

When commercial transport is used to move supplies, carriers are usually required by law to provide only a minimum coverage. In some countries, there may not be a minimum.
SMS insures all international purchases under the Worldwide Open Cover Marine Cargo insurance policy of UNHCR. Since 1988, a separately administered project has been established to which SMS charges Annual Budget insurance costs. Donations in-kind can also be insured under UNHCR policy. The Desk provides a Requisition for related premiums, which may later be recovered from a donor. Donors sometimes provide their own insurance coverage, but this is usually not as comprehensive or as economical as UNHCR coverage. It is also less efficient when UNHCR is obliged to deal with several companies and agents, in the event of a claim.

UNHCR policy provides the most comprehensive coverage for shipments by ship, truck, rail or air against all risks. Coverage extends from the point where liability for the goods passes to UNHCR (usually at the port of loading) until the goods reach a final warehouse in a port of discharge or another destination named in the insurance certificate. This includes arbitrary storage for up to 60 days in transit ports and port warehouses, awaiting on-transportation or port clearance, provided such delays are beyond the control of UNHCR. If necessary, this coverage can be extended for an additional period, as long as SMS is notified. The insurers should also be informed, through SMS, of any deviation from the normal course of transit, which may occur if the goods are discharged in a port other than the one specified in the insurance certificate.

Checklist of information necessary for UNHCR insurance coverage:

- project symbol, PO/CAF number, or other reference;
- names and addresses of consignor and consignee;
- description of goods;
- number and description of packages and shipping marks;
- gross weight;
- value of goods and cost of freight;
- means of transport/name of carrier;
- point of departure;
- date of departure;
- destination; and
- shipping marks.

UNHCR insurance covers all types of goods and expenses related to their transport, including assessments for compensation to the shipowner, using principles of general average in the event of loss or damage to a vessel or its cargo during a voyage. Arbitrary storage or damages caused by negligence on the part of UNHCR staff, however, are not insured.

All international transport of cargo, where UNHCR is at risk, should be insured through SMS. UNHCR has an open cover policy, which means that insurance declarations can be made at any time during the term of a policy. It is unnecessary for coverage to be in place before a shipment begins its voyage, provided coverage is requested as soon as the necessary information is available. A Requisition issued by the Desk, covers the insurance premium. Supply staff should forward information on insurance requirements to SMS, in writing, through the Desk, as soon as details of the contents, value, point of loading and destination of the consignment are known. For an additional premium, goods requiring inland transport from a POE to a warehouse at another final destination can also be covered, provided the originally insured consignment is not divided up for distribution to several destinations. Details of these requirements should be forwarded to SMS staff who arranges extended coverage.

Whenever possible, local purchases should be contracted DDU, which means UNHCR only pays for goods and quantities actually delivered at a named destination. Shipping liability rests with the supplier, as UNHCR takes title to the goods only at the time of delivery.

For each shipment insured under the UNHCR policy, SMS staff sends confirmation of coverage by fax and forwards a Shipping/Insurance Advice Form (S014) to the consignee. For
shipments not covered by UNHCR, a copy of the Insurance Certificate, stating coverage arranged by the donor or the supplier, should accompany shipping documents received from a supplier. If an original Insurance Certificate is received, a copy should be retained and the original forwarded to SMS immediately (as it will be needed at HQ in the event of a claim). Insurance coverage ceases when the consignee, receiving agent or IP takes delivery of goods at a destination named in the Insurance Certificate. Goods are usually turned over to an IP in the host country, for storage and transport to inland warehouses and distribution sites. IPs should arrange suitable insurance coverage so that any loss or damage to UNHCR supplied goods during this phase of their transport can be claimed and goods repaired or replaced, or compensation received. Provision should be made to cover the cost of such insurance in a project agreement and budget.

Various other arrangements can be made to move and protect goods between the premises of a supplier and the final beneficiaries. If ownership remains with the supplier until delivery, he/she also retains risk and liability to replace any lost or damaged goods. When ownership is passed to UNHCR or another consignee risk is as well. The liability of contracted carriers is limited and should not be relied on for restitution in the event of loss or damage. Goods are insured and transported at the risk of UNHCR under the UNHCR Worldwide Open Cover Marine Cargo insurance policy, arranged through SMS.

### 2.5.5.7 Damage Loss Reports (D012)

Sometimes damage is not immediately visible and is only discovered after a container or shipping units have been opened. A container may have remained sealed, for example, but on opening, the tents inside are found to be damaged by water and mouldy. It is important that the damage or loss be reported to UNHCR and a Protest Letter (D009) be sent immediately. If there is a delay it may not be possible to claim damages. The number of days following acceptance of a shipment, during which a consignee can file a claim varies according to means of transport between 3 and 14 days. Rules governing filing of claims against a carrier for loss or damage suffered by goods in transit are governed by specific conventions according to the means of transport, as detailed in the table below.

Visible damage refers to missing packing units (PUs) seen on inspection to be damaged on the outside, such as those dented, broken or smashed. Non-visible damage is found only when PUs are opened and the contents are found to be broken, damp, or otherwise damaged.

<table>
<thead>
<tr>
<th>Means of Transport</th>
<th>Visible Damage</th>
<th>Non-visible Damage</th>
<th>Period of time after which claims cannot be filed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sea freight</td>
<td>Notification in writing after delivery</td>
<td>Notification not later than 3 days following delivery</td>
<td>One year</td>
</tr>
<tr>
<td>Brussels Convention</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Airfreight</td>
<td>Notification at the time of delivery</td>
<td>Notification not later than 14 days following delivery</td>
<td>Two years</td>
</tr>
<tr>
<td>Warsaw Convention</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Road Transport</td>
<td>Notification at the time of delivery</td>
<td>Notification not later than 7 days following delivery</td>
<td>One year</td>
</tr>
<tr>
<td>CMR Convention</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rail Transport</td>
<td>Railways make report equivalent to damage report</td>
<td>Notification not later than 7 days following delivery</td>
<td>One year</td>
</tr>
<tr>
<td>CIM Convention</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Documentation to support insurance claims:


- copy of the Protest Letter (D009) to the carrier, holding him/her liable for the loss and/or damage;
- carrier's reply to the Protest Letter (original);
- Short landing Certificate or Certificate of Definite Loss issued by the carrier (original);
- receipt sent to the carrier with endorsement on the condition of goods received (original or signed copy);
- delivery/consignment notes (originals or signed copies);
- Survey Report (original) by an approved surveyor;
- invoice for survey fees and any other charges related to damaged goods;
- details of costs for repacking/handling to minimise loss/damage;
- offloading records (tally sheets) and any other documentary evidence of the physical receipt of goods at the place of transhipment and the final destination;
- port authorities Release Order (original or signed copy);
- photographs of damaged goods (negatives should also be sent);
- Condemnation Certificates for damaged goods destroyed by order of health authorities or other official bodies (original or signed copy);
- accounts of sale of damaged goods;
- invoice or estimated costs for local repairs to damaged goods;
- extract from the Master's logbook if a carrying vessel sustained a casualty and/or heavy weather; or
- a copy of the Master's extended Sea Protest either at the Embassy or Consulate representing the country of the ships flag or at a notary public. (This is done in case of heavy weather or other unforeseen situations. The Captain stops at the nearest port and takes the Master’s Logbook to the Embassy of the vessel flag or to a notary public to make a written report of the episode.)

### 2.5.5.7.1 Insurance for Vehicles

Vehicle insurance should be arranged before a vehicle becomes operational. For UNHCR-operated vehicles, Branch Offices must arrange sufficient coverage. Minimum insurance requirements for vehicles transferred to IPs are specified in the relevant project agreement.

In assessing insurance requirements, the possible eventualities and the cost/benefits of coverage should be considered. In the event of an accident, three types of damages may result in:

- Injury or property damage to a “third party” (not the vehicle or its occupants), is covered by third party liability insurance. This insurance is compulsory in most countries, but the amount of coverage stipulated is often less than eventual claims. The registered owner of the vehicle is liable for any difference between the amount of coverage and the amount of the claim settlement. The UN Global Insurance Scheme (to which UNHCR does not currently subscribe), recommends coverage of up to US$ 500,000 per accident (combined bodily injury, death and property damage).

- Damages to the vehicle requiring repair, or replacement of the vehicle in the case of excessive damage or total destruction, is covered by comprehensive insurance. This type of insurance is presently not compulsory in UNHCR. In any case, the risk is limited to the value of the vehicle at the time of the accident. On a global basis, the premiums for comprehensive coverage are high and cannot be justified in terms of potential reimbursements.

- Injury or losses suffered by the driver or passengers should be covered by passenger insurance. Special attention must be paid to the need for passenger insurance, because the risks involved are difficult to anticipate and the amount of any claims can be considerable. Staff members travelling on official business may be adequately protected by UNHCR...
employee insurance, but government officials, contracted experts, members of implementing agencies, media personnel and refugees may also be passengers, whose own insurance may be insufficient or non-existent.

For vehicles operated by IPs, mandatory clauses in project agreements require insurance for assets (comprehensive insurance for vehicles) and third party liability.

UNHCR also declines responsibility for the activities and staff members of its IPs in the relevant project agreements. In reality, however, IPs (especially government departments), are often self-insured or their coverage is limited to the amounts compulsory in the respective country. Certain risks persist if vehicles operated by an IP remain registered to UNHCR, because settlements above basic legal obligations and insurance coverage may revert to the registered owner.

2.5.6 Contract Administration

After a contract has been drafted, approved and signed, Supply staff dispatches it to the vendor by fax and/or mail (email is not acceptable). Depending on whether it is a PO, a Service Contract or an FA, the documents to be sent comprise the following elements:

- PO with all relevant details in two signed and stamped originals, for the vendor to sign, stamp and return one original, conditions for purchasing and any annexes;
- Service Contract with all relevant details in two signed and stamped originals, for the vendor to sign, stamp and return one original, Conditions of Services – Contractor and any annexes.
- Two signed and stamped originals of the FA with supporting annexes/documents, for the vendor to sign, stamp and return one original.

It is essential that the vendor return one signed and stamped original to establish legal, contractual obligations between UNHCR and the vendor.

A contract can only be issued to contractors who have completed the UNHCR Common Supplier Registration Form (S001) and provided all required documentation and are registered in the UNHCR vendor roster maintained by SMS or by Supply Units in the field. No contractor should commence work on an assignment until a contract, duly signed and dated by the authorised official in UNHCR and countersigned and dated by the contractor, has been established.

In the case of services, those who initiate the procurement cycle by issuing a Requisition are responsible for managing the contract and for ensuring that the contracted work is conducted as per the agreed work schedule. Supply staff should be advised immediately if any difficulties relating to the contract are encountered, to take appropriate corrective action.

2.5.6.1 Amendments of POs for Goods and Services

Any change to the Purchase order that results in a modification of the contract value, of more than US$ 2,500 or 10% of the contract value, is subject to pre-authorisation from the relevant authority and a Requisition Change Order issued by the Requesting Unit. For contracts initially approved by SMS or Supply staff in the field the following are needed: a covering memorandum detailing the relevant modification and justification thereof should be addressed to the Head of SMS or Supply Unit; SMS or Supply staff should consider the change in contract terms and advise the staff of any further procedure that may be necessary. For any financial amendment to a PO originally approved by the Committee on Contracts HQ/Regional/Local, refer to Contract Award/Committee on Contracts.

Once the amendment has been approved by the competent authority, Supply staff will issue a contract amendment to the contractor upon receipt of the approved Requisition Change Order. If the contract value is exceeded by more than US$ 1,000 due to exchange rate fluctuations but the terms of the contract have not changed, a contract amendment is not required. The Requesting Unit should check with Budget/Finance.
Any change in the contract terms that does not result in a modification of the contract value should be sent to SMS or the corresponding Supply Unit by email. Depending on the circumstances, the Requisition may not need to be amended. The Supply Unit may, however, need to amend the contract and send it to the contractor for signature.

A change in the operational or administrative budgets funding the contract does not require a contract amendment. A Requisition Change Order should, however, be issued by the Requesting Unit to amend the funding details.

2.5.6.2 Managing Invoices and payment

It is important to establish trust regarding payment, since prompt payment (according to agreed terms) is perhaps the most critical aspect of buyer/vendor relationships.

Invoices from vendors are examined, checked and certified. This examination should include supplementary documentation covering:

- unit and total prices;
- quantities specified in the contract;
- previous payments;
- deductions;
- any relevant credit or debit notes;
- signed Receiving or Handover Report; and
- other obligations specified in the contract (installation, training, etc.).

Invoices should be examined and checked expeditiously to ensure timely payment within the period agreed. Deficiencies or discrepancies require prompt clarification. If progress payment was agreed upon in the contract, progress has to be certified by the Requestor of the goods or services.

If the invoice amount exceeds the total of the contract, the reason should be determined. If the over-expenditure is justified, a Requisition and/or the PO for Service Change Order is required before authorising the invoice for payment.

Contractors should be informed where all invoices should be sent. Invoices for services should be certified by the Requestor who confirms that the services invoiced have been rendered in accordance with the terms of contract. Only after the invoice has been certified by the Requestor can Supply staff authorise payment.

Invoices for goods should be authorised for payment by Supply staff on the basis of shipping documents or signed receipts in good order, before they can be processed by Finance Section.

2.5.6.3 Regret Letters

Once a contract has been accepted by the chosen vendor, all unsuccessful vendors should receive regret notices. This is a sign of courtesy and is important to maintain goodwill. UNHCR should thank bidders for their offer and inform them of the main reason (e.g. price, delivery time) why they were not successful on this occasion. Vendors whose offers were found invalid should also obtain a regret notice informing them why their offer could not be considered and requesting a correct submission in future. Supply staff can send the notice in the form of a letter, fax or email.

2.5.6.4 Preparing Linked Transport/Inspection Requirements

Linked contracts are frequently issued when, for example, transportation is purchased separately from the goods or when third party inspection of a particular contract has to be carried out. These services are typically covered by an FA. Supply staff who issued the main contract prepares the respective contract or a call-off order against established FAs, if one exists. It is important that the respective contract can be identified as linked; the simplest way to do this is through a related reference.
### 2.5.7 Documentation of Sourcing

All activities should be fully and accurately documented to ensure transparency and an audit trail. All purchases should be supported with a fully cross-referenced 'stand alone’ file, which would contain the following, in this order, separated by dividers for easy reference:

**CONTENTS OF A PURCHASE ORDER FILE**

1. Basic Documents
   - Requisition, relevant LOI or other project authority to proceed
   - Supporting documentation or any amendments

2. Tender Documents
   - Copy of the tender document sent to suppliers
   - Bidders’ list
   - Suppliers' bids (unsuccessful)
   - Regret letters

3. Successful Bidder/Committee on Contracts
   - Offer or proposal of successful supplier
   - Tabulation of Bids (S005) or Evaluation form (S006)
   - Submission to the Committee on Contracts or other relevant authority for approval (if applicable)

4. Purchase Order*
   - Original, signed by the supplier and UNHCR
   - PO amendments (if any)
   - Correspondence related to order fulfilment

5. Inspection, if applicable
   - Inspection PO
   - Inspection Certificate

6. Shipping and Insurance, if applicable
   - All information regarding shipping and insurance
   - One complete set of shipping documents
   - Insurance Certificate
   - Copies of all claims documentation, including Protest Letter, Survey Report, etc.

7. Payments
   - Suppliers/inspection invoices
   - Payment requests and supporting documentation

8. Receiving/Distribution Reports, if applicable
   - Receiving report (D013) from consignee
   - Distribution report (donations)
   - Related correspondence and documentation

9. General
   - Other documents related to the particular purchase which cannot be placed in the file under one of the specified headings above.

* If more than one, they should be subdivided.
Supply staff should document any anomalies or deviations from policy or procedures in a purchase with a signed explanatory “note to the file”. Full supporting documentation will help to answer any question that an auditor or external examiner may raise.

### 2.6 Sourcing by Implementing Partners (IPs)

UNHCR’s policy is to limit purchasing by an agency implementing its sub-projects to only those occasions when the agency has a clearly proven advantage, such as awareness of local conditions or specific technical expertise and under the condition that the agency can be expected to carry out such procurement in accordance with certain basic procurement principles [10]. Before reverting to delegation of procurement to IPs the following questions should be asked:

Will procurement by IPs deliver a level of service that is:

- Better
- Faster
- More cost effective

Please also bear in mind that some IPs add administrative charges not just to their overall budget but to procurement in addition.

- Are proper procurement procedures being followed and does UNHCR have access at all times to the records on IP procurement?
- Is procurement of goods or services foreseen for which UNHCR has concluded Frame Agreements, comprising quantity discounts and an obligation to maintain stocks and/or respect agreed delivery times? The delegation of procurement is in principle limited to items not available under UNHCR frame agreements.

International procurement should normally be undertaken by UNHCR unless for some exceptional reason where it must be undertaken by an IP. Is there any special reason why such procurement should be left to an IP? If there are any doubts about IP procurement advice can be sought from the Procurement Unit in SMS Headquarters.

In 2002 (IOM/FOM 75/71) new UNHCR Agreements for Sub-Projects were issued to set new conditions for the delegation of procurement to IPs. For each Sub-Project Agreement involving the delegated procurement of goods and services, there are three distinct levels of procedure:

<table>
<thead>
<tr>
<th>Up to 20,000</th>
<th>for Sub-Projects involving procurement of goods and services budgeted at US$ 20,000 or less, no special provisions apply:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over US$ 20,000 but less than US$ 100,000</td>
<td>UNHCR has approved the Agency’s own internal procurement procedures, on the basis of a “pre-qualification” exercise, to undertake procurement; these will have been judged to be in conformity with the basic principles of UNHCR Implementing Partner (IP) Procurement Guidelines or by signing the Sub-Project Agreement, the Agency undertakes to apply and comply with UNHCR IP Procurement Guidelines.</td>
</tr>
<tr>
<td>US$ 100,000 or more</td>
<td>the Sub-Project must be approved by the applicable UNHCR Committee on Contracts prior to signature</td>
</tr>
</tbody>
</table>

The process to pre-qualify IPs for procurement is as follows:

If the budget for a Sub-Project contains procurement, Programme staff checks whether the IPs procurement policy and procedures have already been pre-qualified by SMS. If this is not the case and the procurement foreseen in the Sub-Project is greater than US$ 20,000, he/she
should obtain a copy of the IPs procurement policy and procedures and share them with Supply staff who forwards them to SMS for evaluation.

As an alternative to seek pre-qualification based on their own procedures, an IP can also be pre-qualified by accepting (in writing) to use the “IP Procurement Guidelines for IPs of UNHCR funded Programmes”. This option is provided for in the Sub-Project and is valid only for that Sub-Project.

Evaluation of the IP procurement policy and procedures is based on the principle that the procurement policies and procedures of a partner, who is entrusted with funds donated to UNHCR to implement procurement activities, should be comparable to the principles of UNHCR for procurement.

The evaluation criteria are:

**MUSTS**

- Policy on Local/International procurement
- Policy statement on competitive bidding
- Procurement responsibilities defined
- Contract types and value limits defined for high value contracts
- Audit trail (documentation of procurement actions)

**DESIREABLES**

- Policy statement on quality and delivery time
- Policy statements on standard of conduct and ethics
- Systematic Check & Balance (controls)
- Definition of "needs"
- Definition of "emergency"

**ADVANTAGOUS**

- Generic specifications applied
- Policy on business opportunity and vendor roster

**PROCEDURES DOCUMENTED**

- Equipment request procedures
- Process of establishing a bidders list

**RFP/RFQ PROCEDURES**

- Check for completeness
- Brand name convention
- Packing instructions
- Purchase order conditions included
- Penalty clause
- Payment terms

**PRE-ORDER PROCEDURES**

- Bid reception procedures
- Bid evaluation procedures
- Award procedures
- Signing of contracts
Procurement by IPs of non-expendable property and special items with UNHCR funds will be to the order of UNHCR. The purpose of this is to facilitate importation and inventory control at the closure of a project. When IPs are used to procure goods or to contract services, the Supply staff should provide (if necessary) training for them in UNHCR procurement policy and procedures and follow up with regular monitoring.
3 Delivery

3.1 Overview

“Delivery” entails ensuring that the right goods or services reach the right place at the right time. In UNHCR, the “Delivery function” is made up of several processes:

- goods procured or otherwise obtained from the “sourcing” staff are transported and received at the destination; this involves monitoring progress of shipments and documentation, port and customs clearance, handling of insurance and inspection, forward transport and depositing at a warehouse for storage;
- choices of means of transport, loading schemes, daily truck disposition, both to transport goods and people; and
- goods are stored in warehouses until required for distribution or handover to the final beneficiary.

3.2 General Considerations

There are several considerations under the Delivery Supply function which encompass all its sub-functions. These include best practice issues and import/export regulations.

3.2.1 Delivery Best Practice

The following benchmarks reflect best practices used throughout the world in successful Supply Chains

3.2.1.1 “Perfect” Order Fulfilment

A “perfect order” is defined as an order that meets all of the following standards:

- delivered complete: all items on order are delivered in the quantities requested;
- delivered on time as per the date requested by the customer, or the delivery time expected by the customer;
- documentation supporting the order (including packing list, B/Ls, invoices, etc.) is complete and accurate; and
- perfect condition: faultlessly installed (as applicable), correct configuration, customer-ready and no damage.

3.2.1.2 Timely Delivery

There are three ways to measure timely delivery:

3.2.1.2.1 Delivery Performance to Customer Request Date

The percentage of orders that are fulfilled on or before the date requested by the customer helps to measure timely delivery. SMS and Supply Units should choose a target up to a maximum of 95%, taking the performance of the past year into account.

3.2.1.2.2 Lead Time for Filling Orders

Another way to measure timely delivery is to calculate the average actual lead times consistently achieved from:

- customer signature/authorisation to order receipt (when a clear instruction about the order content is received);
- complete order receipt to order entry (when data has been entered into the system);
- order entry completion to when an order is ready for shipment;
- order is ready for shipment to customer receipt of order; and
Variance and lead time should be calculated in terms of days (365 day calendar) not working days.

### 3.2.1.2.3 Published Delivery Lead Time

The third measurement is the standard lead time (after receipt of an order) determined by a supplier. Supply Units should examine lead times required to deliver goods or services. This should be done by categorising the lead times by types of service or commodities. In the first review, a maximum of 30 most commonly sourced goods or services should be analysed.

### 3.2.1.3 Other Analyses

#### Loss / Damage Analysis

Loss and damages are analysed to see where the majority of losses happen, i.e. in transport, transhipment, storage, etc. to determine where problem(s) occur. This analysis is based on the Loss Damage Reports (D012).

#### Comparative Prices Analysis

There are two quantitative ways to measure prices in the Supply Chain.

#### Transportation Costs

Include all company paid freight and duties from point of manufacture to the final customer. Supply Units and SMS should examine transport costs (both for international and local purchases), incurred to deliver goods to customers.

#### Distribution Costs

Include costs for warehouse space and management, receiving and stocking goods, processing shipments, selecting and consolidating, selecting carrier and staging systems. Supply Units and SMS should examine distribution costs incurred to provide goods to customers. The costs should be broken down by fixed and variable costs.

#### Detailed Analysis by Supply Units and Corrective Measures

The goal of Delivery staff is to remain within and, if possible, improve the target time frame for shipments from a supplier to a final distribution point or warehouse.

When analysing delivery measures, Supply staff should thoroughly review performance evaluations to determine which delivery risks have incurred delays, losses, etc. and take appropriate corrective action.

<table>
<thead>
<tr>
<th>Risks</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ship arrives early or is delayed.</td>
<td>Know the routes served by the main shipping lines represented in the country and schedules of ships with their various ports of call. Draw up a list of shipping lines serving the port or ports of the country.</td>
</tr>
<tr>
<td>Port storage facilities insufficient or not available, or inadequate.</td>
<td>Prepare schedule of expected deliveries (on at least a quarterly basis), noting the physical, chemical characteristics of the items arriving. Lease well-maintained storage facilities on a long-term or temporary basis.</td>
</tr>
<tr>
<td>Temporary cargo handlers not available due to competing activities.</td>
<td>Draw up a monthly workload estimate and (if possible) book handlers weekly and pay them a good wage.</td>
</tr>
<tr>
<td>Handling and transport equipment insufficient or</td>
<td>Ensure systematic preventive maintenance of equipment. Buy equipment adapted to needs. Train or recruit specialised</td>
</tr>
<tr>
<td>Unserviceable.</td>
<td>drivers and mechanics. Select reliable handling transport companies.</td>
</tr>
<tr>
<td>Checking amounts received.</td>
<td>Spot check counting, weighing and measuring to prepare an incoming shipment report.</td>
</tr>
<tr>
<td>Quality and conformity check.</td>
<td>Check transport conditions on arrival of ship (temperature, humidity, protective packing, packaging, disaffection, etc.). Take systematic samples for analysis by a qualified laboratory.</td>
</tr>
<tr>
<td>Documentation missing or incomplete.</td>
<td>Warehouse staff should systematically check documentation.</td>
</tr>
<tr>
<td>Losses, breakage, damage and theft not recorded or improperly reported.</td>
<td>If there are discrepancies, report them and inform supplier and persons concerned (buyer, carrier, insurer, forwarder, etc.).</td>
</tr>
<tr>
<td>Customs clearance procedures not fully understood, poorly prepared or not followed up. Supporting documents not furnished (Certificate of Origin, B/L or an invoice.) Rejection of incomplete or incorrect declarations may result in demurrage charges.</td>
<td>Determine exemption and customs clearance procedures and try to streamline the process. If possible, train and employ qualified staff to follow and clear goods through customs. Alternatively, make use of competent specialists (customs or freight forwarders).</td>
</tr>
<tr>
<td>Insufficient space available on railway or shortage of wagons. Roads inadequate or in bad condition.</td>
<td>Draw up an annual and monthly schedule of anticipated freight requirements Negotiate with carriers on the basis of these forecasts.</td>
</tr>
<tr>
<td>Available road transport insufficient or unsuitable. Inland waterways not usable. Capacity of airports limited.</td>
<td>Maintain good relations with transporters by timely sharing of movement requirements or changes to schedule. Take into account seasonal weather conditions in planning.</td>
</tr>
<tr>
<td>Theft, losses, breakage, damages.</td>
<td>Issue Waybills authorising movement. Check condition of packages when loaded on truck, ship or aircraft. Arrange for couriers to escort shipments (if necessary police). Request for motor vehicles delivered in containers with moveable parts to be removed and stored inside crates. Place containers on flatbed trucks door-to-door and connect them with iron cables. Arrange sufficient insurance coverage.</td>
</tr>
</tbody>
</table>

### 3.2.2 Import/Export Regulations

It is important for Supply staff to check import requirements for the receiving country before issuing a PO. Import of some commodities may not be permitted in a country or may require special documentation, especially when importing pesticides or other chemicals, agricultural products and processed foods. Goods should be justifiable under the terms of a government exemption for UNHCR.

Changes to import/export regulations happen regularly. UNHCR is not regularly kept informed of such changes (unless an agreement has been made directly with the Ministry of Finance for customs officials to inform UNHCR of changes, or unless an agreement is made with a Freight Forwarder to inform UNHCR when they are informed by customs).

Changes to import/export regulations and how they affect future deliveries, shipments of goods and documentation (both in-country and regionally) should be properly documented by Supply staff.
Once Supply staff has updated a document set or changed individual documents, the information and associated documents should be shared with SMS and affected Supply Units and staff. Instructions should be issued through the Representative or through an inter-office memorandum (if necessary) and this Manual (and other related documentation) updated.

When SMS or Supply Units receive new procedures and documents, Supply staff should be advised and trained on using them.

### 3.3 Monitoring shipping status and documents pipeline

#### 3.3.1 Monitoring Pipeline

One of the most important aspects of supply management at UNHCR is: knowing what is in the pipeline. Supply staff should follow up on all goods:

- ordered by the customer, but not yet sourced;
- ordered by Supply Units or SMS, but that have not yet left the premises of the supplier;
- on their way to the POE;
- at the POE;
- between the POE and the final destination;
- in temporary storage; and
- the status of all shipping documents.

A pipeline update is essential to avert depletion of stocks or for rapid diversion of items to meet more urgent needs. Another reason for being constantly aware of what is in the pipeline is to avoid congestion and therefore unnecessary costs. Examining just one consignment, there may not be problems, but examining the entire pipeline (including that of other organisations) may show several large consignments are due to arrive in port at the same time. With this information, shipment arrival dates could be changed or arrangements made for additional offloading equipment and personnel. Good supply management also entails Supply staff meeting regularly with sister agencies and NGOs active in the operation, to know what goods they have on hand or in the pipeline. “Borrowing” and “loaning” goods among agencies to meet unforeseen needs can benefit all concerned.

#### 3.3.2 Shipping Documents

At every stage of the shipping process, the proper documents are necessary. Supply staff is responsible for ensuring proper documentation for each customer order. Shipping documents are typically handled in sets. The exact contents of a set of shipping documents depend on:

- the type of goods being shipped;
- means of transport;
- whether shipped by a supplier, a freight forwarder, or from UNHCR stock; or
- any special requirements of the receiving country.

Shipping documents are important to:

- identify the shipment and its contents;
- obtain a customs Exemption Certificate;
- plan requirements for handling, transport, storage and delivery of the consignment to the final destination;
- receive the goods from the carrier or its agent;
- confirm goods received against goods shipped and goods ordered;
- report receipt to SMS;
· make insurance claims should loss or damage occur; and
· exchange for a Letter of Guarantee from the supplier, if this was issued before the shipping documents were received.

While the particular documents required vary for different shipments, every shipment should have documented evidence of:

· contents of the shipment;
· weight and volume of contents;
· origin of the goods;
· price of the goods; and
· evidence of transport of the goods.

The following are the basic shipping documents:

<table>
<thead>
<tr>
<th>Document</th>
<th>For Shipping</th>
<th>For Payment</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bill of Lading (sea)</td>
<td>x</td>
<td>x</td>
<td>Principal shipping document: how goods are being shipped and when they will arrive. Bill of Lading represents title to goods, while others do not.</td>
</tr>
<tr>
<td>Air waybill</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rail Waybill</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Truck Waybill (CMR)</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Invoice</td>
<td>x</td>
<td>x</td>
<td>Describes the goods and indicates their value.</td>
</tr>
<tr>
<td>Pro Forma Invoice</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Packing list</td>
<td>x</td>
<td>x</td>
<td>Number of packing units, markings, weight and volume, description of contents.</td>
</tr>
<tr>
<td>Certificate of Origin</td>
<td>x</td>
<td>x</td>
<td>Indicates the origin of the goods for statistical purposes and is always issued by a local Chamber of Commerce.</td>
</tr>
<tr>
<td>For goods from warehouse or in-kind donation:</td>
<td></td>
<td></td>
<td>Replaces Commercial Invoice, Certificate of Origin.</td>
</tr>
<tr>
<td>Gift Certificate</td>
<td>x</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Shipping documentation sometimes required:
Documents certifying quality:

| Inspection Certificate | Indicates that goods meet PO specifications or revised specifications. Required depending upon commodity and destination country. |
| Certificate of Analysis | Chemical composition, lot number, manufacture and expiry date of goods. |
| Phytosanitary Certificate | Certifies foods as fit for human consumption. Issued by national laboratory in country of origin. Required by most destination countries. |
| Radiation Certificate | Certifies radioactivity level in foods is within acceptable range. |
### Fumigation Certificate
- Required in most European and ex-CIS countries, Sudan, Bangladesh, others
- Certifies clothing or goods have been fumigated against pests
- Required by certain countries

### For goods sent using a Freight Forwarder:
- **Forwarder’s Certificate of Receipt**: Proof the supplier has handed over goods to the freight forwarder
- **Freight Invoice**: From carrier, indicating shipping details and charges

### For goods sent by a supplier:
- **Shipping Advice Form**: Carrier, B/L, Waybill number, estimates times of departure and arrival; from the supplier to buyer

### For hazardous goods:
- **Hazardous Goods Certificate**: Identifies the class of goods, Provides the UNCSS code for goods, Certifies that goods are packed as per the convention governing that means of transport

When using a freight forwarder two additional documents are necessary:
- A Forwarder’s Certificate of Receipt issued by a freight forwarder, stating that he/she has taken possession of the goods from the supplier. This receipt serves as proof of delivery for the supplier and is necessary for UNHCR to authorise payment to the supplier.
- The carrier’s Freight Invoice is required for UNHCR to authorise payment to the forwarder for a particular consignment.
- A document indicating transport such as a Waybill should be established when goods or people are loaded.
- A commercial invoice, pro forma invoice or gift certificate (D010) proves the price (or value) of the goods.
- The packing list should contain the total number of PUs, their markings and the contents, weight and volume of each.
- A Certificate of Origin states the country of origin or manufacture of the goods and is usually required for importation.
- Documents certifying quality of the goods are sometimes required such as: Inspection Certificate, Certificate of Analysis, Phytosanitary Certificate, Radiation Certificate or a Fumigation Certificate.

The following documents are provided by UNHCR:
- Waybill (D015);
- Packing list (D005);
- Gift certificate (D010);

The following documents are prepared by others (not UNHCR):
- B/L, AWB, Truck/Rail Waybill (transporters);
- commercial invoice;
- Pro forma invoice;
Suppliers packing list;
Certificate of Origin (Chamber of Commerce);
Exemption Certificate (Ministry of Foreign Affairs);
Inspection Certificate (inspection company);
Certificate of Analysis (inspection company, state approved laboratory);
Phytosanitary Certificate (health authorities);
Radiation Certificate (health authorities);
Veterinary Certificate (health authorities); or
Fumigation Certificate (health authorities).

The documents described pertain primarily to international shipments, in which one or more country borders are crossed. Many of the documents are, however, also used for local shipments within a single country. International suppliers should notify SMS of shipping details in advance of a shipment and confirm them within three days of the actual date of departure.

SMS relays shipping information promptly by email or fax to the UNHCR consignee field office and any Notify Party. On receipt, Supply Units should check with the carrier’s agent or the receiving agent to confirm the time of arrival and initiate local arrangements to receive and deliver a consignment to its final destination. For shipments handled by a UNHCR freight forwarder under a GFA [11], the Shipping Advice Form is sent by the freight forwarder.

A Shipping Advice Form should include the following information:

- project and PO reference numbers;
- B/L, truck, rail or air waybill number;
- exact quantity and description of goods;
- name of the vessel/carrier, trucking company, airline/flight number or train company;
- actual time of departure (ATD);
- expected time of arrival (ETA) at the named port of discharge and at final destination if contracted; and
- insurance details (from supplier if CIP, or SMS if CPT).

More detailed information on each of the shipping documents follows:

### 3.3.2.1 The Bill of Lading (B/L)

A B/L is the principal document in shipping goods by sea, river, lake or canal. A B/L is conclusive evidence that goods were shipped as stated when a consignee or assigned representative holds it. If the named consignee cannot present himself, a B/L can be endorsed to an assigned agent. It serves three functions:

a) documents one’s title to the goods; possession of an original B/L shows legal ownership of goods;

b) a B/L is transferred by endorsement to the next party in line; proves receipt of goods for shipment; when goods are shipped by sea, the carrier signs the bill; usually the shipper fills in the details and the Master or Ship’s Mate signs on behalf of the carrier; a B/L provides terms of the contract under which goods are received and carried by a ship;

c) and provides conclusive evidence shipment took place as stated when a consignee or assigned representative is the bearer.

A B/L should contain the following:

- name of shipper;
- name of vessel;
- full description of cargo contents;
number of shipping units, their markings, measurements and weight;
ports of shipment and discharge;
name of consignee or freight forwarder;
details of freight charges (paid or to be paid);
terms of contract of carriage;
name and address of person to be notified of arrival;
date goods were received for shipment and/or loaded on vessel;
signature of Master or Ship’s Mate and date and
number of signed B/Ls in the set.

Only signed, original B/Ls are negotiable although additional unsigned copies are sometimes used for record keeping. B/Ls are usually made out in ‘sets’ of three (or four if one is needed for a Notify Party) originals. It is usually prepared and issued by the shipping agent of the vessel on which the consignment is transported. The supplier sends one set to the consignee by courier and the other two sets to Supply Units or SMS where the order originated. When a GFA is used, the supplier sends one set to the GFA holder, one to the Supply staff and one to the consignee.

A signed original B/L should be presented to port authorities to claim goods at the port of discharge. A “clean” B/L means that, on loading, the goods were “in apparent good order”. If the shipping line finds shipping units damaged or missing, the details are specified on the B/L and it is referred to as “claused” or “dirty” and Supply staff should immediately initiate a claim.

A B/L should also be prepared for shipment with a local shipping company, carrying the same legal ramifications as a B/L for an international shipment. In other instances, local practices prevail, but in every case an itemised listing of each shipment should be provided, for the captain to acknowledge delivery of cargo on board and for the consignee to confirm receipt of the total consignment at the final destination.

3.3.2.2 The Air Waybill (AWB)

The AWB is to air transport what the B/L is to water transport, namely, evidence of contract of carriage and the airline’s receipt for the goods. The contents of the two types of document are essentially the same. There is, however, an important difference: an AWB is not a negotiable document; it cannot be endorsed and is not a title of property. The consignee does not need an “original” AWB to claim goods. The consignment is given to the consignee on presentation of proof of identity, a signed receipt and payment of charges if any. Normally three copies of an AWB are required for the carrier, the consignor and the consignee. Another difference from a B/L is that an AWB is not proof that shipment has taken place. It only proves that a carrier has received goods for shipment.

House and Master AWBs

When supplies are transported by air, the carrier or agent prepares an AWB, which specifies the contract of carriage for handling, dispatch and delivery of a shipment to the consignee. Normally the shipper prepays shipping charges and no payments are necessary when a consignment is picked up at the airport of destination. The carrier or agent notifies the consignee on arrival and turns over a copy of the AWB, the packing list and any other shipping documents attached to Package Number One of the consignment.

A Master AWB is issued by the airline and has a number sequence which helps an airline trace the status of a shipment. UNHCR often uses the services of an Airfreight Consolidator, who brings together a number of shipments from different consignors to gain a favourable freight airfreight rate. In such cases, the consignor (UNHCR) receives a House AWB issued by the Airfreight Consolidator. (The first three numbers of a tracking number on a House AWB indicate the airline on which the shipment is travelling.) An air carrier cannot trace
shipments through a House AWB. It is important, therefore, to ask a freight forwarder to write the Master AWB number for a shipment on the House AWB, in case there is a problem and the shipment needs to be tracked.

3.3.2.3 Truck Waybills (CMR)
The waybills for truck shipments (three copies are needed) contain similar information to that in a B/L, but differ in that they, like the AWB, are not negotiable and do not prove that transport has already taken place. The copies are for the consignee to keep, the consignee to sign and return to the consignor and the last, signed by the driver, stays with the shipper to be matched against the returned second copy to confirm delivery. Local enquiries help to check which other documents may be needed for local or regional truck transport.

3.3.2.4 Rail Waybills
A rail Waybill, prepared by a railway agent, describes the contract of carriage and provides instructions about handling, dispatch and delivery of a consignment. One copy is given to the shipper as proof of dispatch. Two copies accompany the consignment and are handed over to the receiver at the destination. Other than a packing list, no supplementary documentation is necessary, unless the goods are transported across an international boundary. In the latter case, local enquiries determine the nature of the documents required.

The receiver signs the Waybill to acknowledge delivery of a consignment. A copy is not returned to the shipper, who should be notified separately that the consignment has arrived. If there is evidence of any loss or damage, the receiver should request a statement of damages from the railway company. Transit losses can be minimised when full rail wagons are sealed, prior to departure, in the presence of the shipper’s agent and opened at the destination in the presence of the receiver or agent of the consignee.

3.3.2.5 Commercial Invoice, Pro forma Invoice, or Gift Certificate
All consignments require a document stating the value of the goods. In most cases, a Commercial Invoice serves this purpose. It provides complete information on the supplier, the consignee, a description of the goods and the value of the goods. For donations in kind and goods from the stockpile, a Gift Certificate (D010) or Pro Forma Invoice (document showing value (obtained from the supplier) of the goods) replaces the Commercial Invoice.

3.3.2.6 Packing List (D005)
A packing list is required for every shipment. The packing list should contain the total number of PUs in the shipment, their markings, as well as the contents, weight and volume of each PU.

3.3.2.7 Certificate of Origin
Each shipment should have a document that clearly states the country of manufacture or origin of the goods. This allows the Ministry of Trade in the importing country to track where goods are coming from for tax and statistical purposes. Some countries, furthermore, do not allow imports from certain countries for political reasons.

3.3.2.8 Other Certificates
Inspection Certificate
Supply staff is responsible for reviewing whether or not inspection should be undertaken. Inspections are generally carried out by an international inspection company holding an FA with UNHCR. The result of each inspection is recorded in an Inspection Certificate, which forms part of documentation for a consignment.

Usually UNHCR orders a formal inspection when the:
supplier is new to UNHCR;
supplier has not performed to full satisfaction in the past;
goods should have specific markings required by the donor;
goods should comply with an internationally recognised set of standards, such as for tools or construction timber; or
goods are: foodstuffs, chemical products or spare parts.

UNHCR occasionally requests formal inspections of consignments from companies selected for FAs through a competitive bidding process or regular suppliers who perform satisfactorily. Vehicles purchased directly from the manufacturer are not inspected. Computers and telecommunications equipment are inspected by UNHCR on receipt at HQ.

Certificate of Analysis
A Certificate of Analysis is required for every order of medicine or vaccines that UNHCR ships and also for some foods such as high-protein biscuits and milk products. This document confirms that the goods were manufactured to recognised industrial standards and describes their chemical composition, lot number and dates of manufacture and expiry. The manufacturer provides this document to the supplier, who forwards it to UNHCR.

Phytosanitary Certificate
The Phytosanitary Certificate is usually required for foodstuffs to be allowed into a country. It is issued by a national laboratory in the country of origin and certifies food is fit for human consumption.

Radiation Certificate
Certain countries require a Radiation Certificate for in-coming shipments of foodstuffs, stating that the product has been tested for radioactivity and falls within the acceptable range. Since UNHCR does not ship many foodstuffs, there is seldom need for such certificates other than for milk products. A Radiation Certificate is issued by an approved laboratory on behalf of the manufacturer and UNHCR obtains it from the supplier.

Fumigation Certificate
Some countries require a certificate proving that imported foodstuffs or clothing has been fumigated to kill pests.

Hazardous Goods Certificate
Some goods that UNHCR transports are inherently dangerous, such as fuels, some lubricants, pesticides, compressed gases and toxic or corrosive substances. International transport conventions for each means of transport specify under what conditions and with what types of packing such goods can be transported. The packing of dangerous goods can only be done by qualified, certified personnel who have undergone special training.

A Hazardous Goods Certificate identifies the class of goods, provides its UNCSS code and states that the goods meet all requirements for the particular means of transport. In addition to the Hazardous Goods Certificate, a packing list and shipping instructions are required. SMS guidance is available for shipping hazardous goods.

3.3.2.9 Checking Documents
Once all documents are received from suppliers, transporters or an inspection company, they should be checked to ensure that quantities, volumes and weights are the same in all documents. If there are any variations in the documents, the error(s) should be identified and appropriate documentation prepared. Missing or incorrect documents can lead to costly demurrage charges or losses (of goods) incurred as goods wait in transit while documentation is corrected.
3.3.2.10 Distribution of Documents

Ensuring that proper documents exist does not suffice. It is equally important to ensure that they get to the right place at the right time so that a shipment is not delayed. When sending documents by courier, it is important to follow up to ensure documents have been received. Information about transport of goods or people should be disseminated to all those concerned at all locations. Those needing information are listed below. To ensure that all persons concerned are properly informed, a distribution list should be drafted and all plans, schedules and appropriate documents should be sent to those concerned listed below. Supply staff and SMS should ensure that all ‘estimated’ dates and data are changed and that the ‘actual’ dates and data are included in the appropriate databases.

Distribution List

Dispatching, transit and receiving locations should be informed of transport movement: dispatching, transit and receiving. Those who should be informed of transport progress at each location include:

- Suppliers:
- Supply staff;
- Medical staff;
- Port authorities (port, airport or rail);
- Government authorities, customs and immigration officers;
- Warehouse manager;
- Transport manager; and the
- Customer.

For shipments handled by SMS, two sets of shipping documents are received from suppliers and are checked by the responsible buyer. SMS staff also arranges shipping insurance and forwards a Shipping/Insurance Advice Form and Shipment Receiving Report (D013), with a complete set of shipping documents attached, to the UNHCR consignee field office. Instructions for distribution and reporting for donations are included, if appropriate. In certain instances, some or all of the shipping documents travel with a consignment because of timing considerations or standard industrial practice. UNHCR consignees should track these shipments themselves, based on the information provided in the shipping notification fax:

- air shipments, where a complete set of shipping documents is attached to Package Number One of the consignment, including AWBs;
- land shipments by road (truck) or rail, where a carrier presents a waybill on delivery of a consignment; other shipping documents for customs clearance are forwarded to a consignee directly from the supplier, or given to the driver; or
- shipments by sea (of short duration, where the shipping documents accompany the cargo in the captain’s bag).

SMS staff makes every effort to supply shipping documents without delay to the UNHCR consignee field office and any Notify Party. As these documents are important, they require the same care as other valuable documents, such as chequebooks or refugee registration forms. They identify the shipment, its contents and, in the case of a B/L, represent title to the goods. When shipping documents are received, they should not be filed, unless they are copies and action has been taken on an original set.

The consignee should check with SMS or the dispatching Supply Unit to ascertain the number of sets of documents needed for each type of shipment to a particular place, since these requirements can change. The consignee should have a set of shipping documents. At any transhipment points, the person facilitating transhipment of a consignment should also have a set of shipping documents.
3.3.2.11  Document Pipeline

Supply staff should know what goods will be arriving, whether purchased or donated. Well before the arrival of the goods, the importing Supply Unit should:

- negotiate (if possible) a blanket exemption or a partial exemption protocol for appropriate authorities to sign;
- tender for a reliable, reputable, local freight forwarder with customs clearance authorisation, if a GFA forwarder is not available;
- arrange for all the necessary documents, prior to arrival of a shipment, to avoid storage charges;
- forward the exemption protocol, if there is one, with the shipping documents and appropriate receiving instructions to the designated UNHCR freight forwarder, who will deal with port authorities, customs officials, shipping agents and others to release the consignment from the POE; and
- (if all documents are in order prior to arrival of the consignment), it is possible (in some countries) to begin the clearance process, before the arrival of shipments.

Required documents vary from country to country and requirements may change. It is, therefore, essential for Supply staff to liaise continuously, either directly with customs officials or with a freight forwarder, to know what documents are currently required. Documents for clearance normally include those showing value, contents, origin and proof of how and when the goods will arrive in the country. Documentation is required by customs for two purposes: a) to clear goods and b) to allow the consignee to take possession of the goods once they have been cleared.

Missing or Incorrect Documents

At times shipments may be transhipped at several locations and the vessel named on the B/L may not be the same as the vessel which actually discharges the goods onto the quay. Customs officials can refuse to clear goods if transport documents are incorrect. One such example is when ‘feeder vessels’ tranship goods from one port to another. To avoid this problem the B/L should state the name of the primary vessel and “or any feeder vessel”. Missing or incorrect documents can be costly in terms of demurrage charges or losses incurred at the port as goods have to wait in transit, while corrections are made or missing documentation expedited to clear the goods.

Temporary Documents

To avoid delays in discharging and receiving a shipment, when a consignee has not received an original B/L in time to take delivery of cargo from a vessel, a Letter of Guarantee signed by the UNHCR consignee may be acceptable. Most ports or ships’ agents have a standard form of Letter of Guarantee. A bank guarantee, obtained from the local bank where UNHCR operates its account, may also be needed to certify the consignee’s creditworthiness. UNHCR does not normally require this additional certification because shipowners are familiar with the Office and its credibility.

3.3.2.11.1  A Letter of Guarantee certifies that the:

- B/L is not yet in the consignee’s possession;
- consignee relieves the shipowner of any liability, will pay any costs or damages sought by another party in relation to the delivery of the goods without a B/L and will make available the goods themselves on demand, if possible; and
- B/L will be surrendered, duly signed and endorsed, upon receipt.

For short sea voyages, where an original B/L does not reach the consignee before the vessel itself arrives, an original B/L may be carried in the captain’s bag on board the ship. In this instance, the UNHCR consignee field office should provide an official letter of authorisation.
to the designated receiving agent, who presents this to obtain the original B/L sent with the consignment and to take delivery of the cargo.

### 3.4 Receipt of shipments

Receiving goods involves ensuring that what was delivered was actually ordered. If there are any differences between an order and what was received, the customer should be notified and claims procedures initiated. A customer should also be consulted about replacing or repairing any damaged or missing goods. If there is an urgent need, Supply staff can arrange a temporary replacement from another operation or through a diversion of goods in the pipeline.

SMS and Supply Units monitor compliance with contract terms and conditions for Service Contracts which deal directly with supply (e.g. workshops, transport contracts, etc). All other Service Contracts are given to the customer who requested the service for monitoring and authorising of payment(s).

Supply staff oversees receipt of goods and services by:

- planning receiving infrastructure;
- monitoring shipping status and documents;
- clearing goods through ports and customs;
- receiving and checking goods;
- transporting goods to a customer;
- storing goods;
- recording incoming shipments and preparing receiving reports;
- handing over to a customer;
- authorising payment(s) to a supplier; and
- overseeing compliance with all Service Contract specifications when the contract is on behalf of SMS.

#### 3.4.1 Setting up Infrastructure

To receive goods efficiently, Supply staff should set the conditions for smooth passage of goods from the moment they arrive in the country until they are stored in the warehouse and/or handed over to the customer.

### 3.4.1.1 Port of Entry (POE)

Common problems in ports of developing countries that should be identified and prepared for when possible are:

- port congestion, which can be aggravated by the simultaneous arrival of more than one large shipment;
- a shortage of labour, transport facilities or adequate storage in the port;
- unsuitable or lack of sufficient handling facilities or equipment;
- unsuitable packaging of the shipment for available handling facilities;
- lack of extra sacks, drums, or cartons to repack spilled or damaged goods;
- lengthy and bureaucratic customs clearance procedures; and
- corruption, inefficiency, or strong labour unions.

#### Port Facilities

It is important to determine if facilities at seaports, airports or land border crossings are adequate to receive, discharge and temporarily store UNHCR shipments during the customs clearance process. The primary consideration at seaports is whether they have the capacity to receive and handle 20 and 40 foot containers.
Supply staff should assess the flow rate of the port, infrastructure and handling capabilities initially and then check them frequently to anticipate problems before they arise. Information is available from:

- the Port Authority;
- airport and government authorities;
- Chamber of Commerce;
- other international aid organizations; and
- commercial enterprises such as: a) freight forwarders, b) shipping companies and c) import/export companies.

Port congestion, common in many countries, may delay delivery of goods. During such delays, losses can occur due to theft, spoilage, or poor handling. If congestion seems likely, Supply staff should determine if there is another less congested port in the region with coastal freighter services for transhipment, offering the required level of service or opt for smaller vessels as smaller berths may be less congested. When evaluating alternative ports, he/she should examine time, cost and likelihood-of-loss factors. Supply staff should do the same assessment for airports, rail terminals and seaports. It is important for staff to keep the information current. Areas that should be assessed are listed below. (This can also be adapted to airports or rail terminals.)

Port Capability Assessment Checklist:

- number, type, size of vessels which can be handled;
- number of berths, their maximum length and depth;
- average vessel waiting time and discharge time;
- port equipment: unit handling capacity and reliability;
- automatic bagging equipment and supplies;
- bulk cargo and container handling equipment and capacity;
- facilities for RO/RO ships (roll on/roll off of vehicles);
- transit storage facilities;
- availability of manual labour, size of the labour force, working hours, shifts and reliability;
- ordinary rates of discharge per gang or per shift, both manual and automated;
- port documentation requirements and procedures for clearing shipments;
- operational constraints: port congestion, weather conditions inland transport facilities: rail lines on or near the quay, access roads, barges for inland waterways, loading equipment;
- state of repair of all facilities and potential to increase capacity; and
- safety and security conditions when operating in the port area.

Access to POE
The Port Authority often tightly controls the area around a port. Access is normally strictly limited and steep fees charged for each person, truck, or piece of equipment allowed inside. Supply staff should evaluate whether it is less expensive to use the port’s personnel and equipment or to pay the required fees for bringing in workers and equipment.

Demurrage Charges
The carrier charges demurrage, as a penalty for income lost, when a vehicle or container is inactive. A truck waiting to be offloaded is not earning money for its owner. Depending on the means of transport, one to seven days are allowed for offloading, or customs inspection, after which demurrage is charged at an escalating rate. There may be two days, for example, to offload a truck without extra charges. The cost the third day might be US$ 300, the fourth
$400 and on the fifth day and onward $500. Rates vary according to the possible income loss of the inactive vehicle or container.

Demurrage is also charged on containers that are not offloaded and returned to their owner within thirty days. UNHCR is, however, sometimes able to negotiate a longer time period. Since the containers must be stored somewhere, there will also be port fees or other charges for the space where the containers stand.

It is important to include demurrage terms in tender documents and the contract, rather than waiting until an invoice is received from a carrier at their standard rates. If it is known that there may be delays in loading or offloading, the carrier will appreciate the advance notice of this possibility and may be willing to negotiate a longer penalty-free period or lower daily rates. Demurrage terms are included as a clause in GFAs.

If demurrage rates were not negotiated and excessive charges are threatened, it is often possible to negotiate (after the fact), especially if there are extenuating circumstances for the delay (even when using a GFA).

Good Supply staff should:

- get to know authorities/officials involved in day-to-day activities of importation/exportation of goods from the country;
- negotiate priority offloading and clearance for UNHCR goods; and
- seek advantages by selecting freight forwarders with high turnover or close relations with port authorities and Ministry of Finance officials.

### 3.4.2 Duty Exemption

Local requirements for customs exemption vary from country to country and may depend upon the nature or intended use of the goods in a consignment. In some countries, general agreements have been established for UN organisations, simplifying the formalities of free entry. In others, each consignment is certified separately, sometimes by a government Ministry. Getting the necessary documents approved can take considerable time. Requirements for sea, air or land shipments and who has authority to grant duty free entry should be known. Standard document lists and routing procedures to obtain customs exemption expeditiously should be arranged.

To minimise risk of stock loss from the point of entry to a warehouse, from which goods will be issued to a customer, Supply staff should:

- have a duty exemption protocol in place;
- know customs formalities for a country;
- establish good relations with a freight forwarder and government authorities;
- plan appropriate transport to move goods quickly to their final destination; and
- ensure all required documents are in place and arrive on time.

Possible risks include:

- missing or incomplete documents for customs clearance;
- quantity or quality of goods not corresponding to the order; or
- delay or early arrival of carrier.

UNHCR is also liable for demurrage on containers if documents are not in order, which causes a delay in offloading, regardless of the means of transport.

UNHCR-supplied programme materials for refugees and goods used by staff to carry out their jobs are normally exempt from duties under UN conventions. UNHCR can sometimes facilitate tax and duty-free clearance of UNHCR-funded relief goods on behalf of IPs, but should exercise caution by agreeing to clear only goods purchased with UNHCR funds for UNHCR programmes and where the consignee is UNHCR. Goods imported by IPs, such as
office equipment, vehicles or personal effects, should not be handled by UNHCR for duty free clearance.

Such exemptions are negotiated on the basis of the Convention on the Privileges and Immunities of the United Nations, Article II, Section 7(b), which reads:

“The United Nations, its assets, income and other property shall be:

… Exempt from customs duties and prohibitions and restrictions on imports and exports in respect of articles imported or exported by the United Nations for its official use. It is understood, however, that articles imported under such exemption will not be sold in the country into which they were imported except under conditions agreed with the Government of that country …”

Supply staff should be familiar with all required procedures and documentation for duty exemption applications. If shipping documents are delayed, a Letter of Guarantee providing a detailed description of the goods, their value, name of the vessel, number of the cargo manifest and other information may be acceptable.

Supply staff should obtain an Exemption Certificate for each consignment as soon as possible, in advance of the arrival of the shipment. He/she should forward the certificate, with the shipping documents and appropriate receiving instructions, to the designated UNHCR agent, who will deal with the port authorities, customs officials, shipping agents and others to release the consignment from the port.

A covering memorandum should be prepared when transmitting shipping documents to government authorities. It should include information, which should be provided to the receiving agent. Especially when the port is some distance from the place where the Exemption Certificate is issued, documents should be delivered to the UNHCR agent using the fastest, most reliable means available.

In principle, payment of duties is not accepted by UNHCR, as this creates a precedent in a country. At times, however, it is both cheaper and faster to pay duties to import goods than to obtain an exemption. One such example is the payment of duties for a shipment of UNHCR visibility T-shirts expedited by air (instead of leaving the shipment at the airport bonded warehouse for two weeks (to get the duties exemption) and then clearing the goods.

If duties have to be paid, the customer should be informed and a written proposal presented to the Representative for his/her approval. Sometimes, for high value purchases, such as fuel, approval should be sought from the Committee on Contracts and the Controller. If the Representative (or the Controller) decides not to authorise payment of the duties, the shipment should be handled in another way or, if the goods have already arrived, they should be immediately re-exported from the country.

There are three ways in which UNHCR obtains exemption from duties, all of which require the intervention of the UNHCR Country Representative or the United Nations Development Programme (UNDP) Representative.

**Blanket duties exemption**

A protocol for blanket exemption from duties is sometimes issued by a Minister of Finance, on an exceptional basis. It generally allows the duty-free importation of any type and quantity of goods for a relief operation. It is recommended that Supply staff, in conjunction with the Representative, negotiate blanket duty exemptions for all goods that UNHCR will need to import. If this is not possible, efforts should be made to use project or procurement plans to gain a pre-approved exemption for routine or scheduled items. Goods may be confiscated by customs following a set time, if the documentation is not complete.

**Partial Duties Exemption**

UNHCR often seeks a “partial exemption protocol” from a government for an office to import tax and duty-free goods (in a specific list, in specified quantities). The exemption is normally negotiated with the host government’s Ministry of Foreign Affairs and then approved by the
Ministry of Finance. Since Ministers themselves usually sign exemption documents, the process can be time-consuming. It saves time, however, in the long run since individual shipments can then be cleared rapidly. The list specifies the exact goods to be imported, their quantities and sometimes even the projected means of transport.

**Case-by-case Duties Exemption**

When neither a blanket exemption nor a partial exemption protocol is in place, each incoming shipment is cleared through customs individually. While this is the least favourable option, it tends to be the most common for UNHCR. The office should obtain an exemption protocol directly, but normally uses a freight forwarder to handle actual release of a consignment from the POE. An alternative for individual shipments is sometimes available under a “humanitarian relief goods clause” in the customs regulations of the country. This is usually negotiated with a Ministry of Interior, but need not be signed by the Minister.

### 3.4.3 Inspection of Shipments

#### 3.4.3.1 Pre-shipment Inspection

Certain goods should be inspected prior to shipment. Sourcing staff provides all order requirements and informs an inspection company when goods are expected to be ready, when goods are ready and when inspection should take place. An inspection company provides all documentation on inspection, namely: reports and Certificates of Analysis to Supply staff. If the reports and certificates indicate that the goods are satisfactory, Supply staff authorises handover of goods from the supplier to the transporter. It is at this point that the goods become the property of UNHCR. The Supply staff sends a copy of the inspection documentation to the Supply Units receiving the shipment.

Inspection of consignments at various stages in the supply process ensures quality and quantity control of the goods provided. UNHCR cannot rely totally on suppliers, carriers and agents to deliver an adequate quality and quantity of goods, with a minimum of loss, damage or spoilage. Although all UNHCR shipments are insured and claims can be made to offset losses or damage, this alternative is of little comfort when goods received fail to meet stated quality or quantity requirements. To minimise problems encountered on delivery, all international, local or regional purchases should be inspected.

Some governments in developing countries require all imports to be inspected to protect the consignee from exploitation in invoicing and other forms of purchasing fraud. This requirement does not normally apply to material assistance for refugees financed by UNHCR using external funding. If local authorities require an Inspection Certificate, however, it should be indicated in the Requisition.

Supply staff stipulates inspection requirements in a PO placed with a supplier and repeat them in the contract with the inspection company, which also includes an estimate of the time necessary to carry out inspection(s) and related fees.

Inspections should be conducted by specialised personnel, with full guarantees of competence, ethics and security. Techniques and equipment used should be adequate for the operation and match or exceed prevailing professional standards. All inspections are done in accordance with recognised international standards. Inspection reports should refer to the standards, which have been applied. Inspection Certificates can only be issued with a clean report of findings. No reservations are permitted unless UNHCR has given prior approval in writing for contractual deviations. All information related to inspection services is confidential and cannot be given to third parties without written authorisation from UNHCR. In the event of non conformity with UNHCR specifications, a supplier should correct the deviation and present the goods for re inspection. Inspectors’ invoices for re inspection, submitted to UNHCR, are deducted from amounts owed to the supplier.

Various types of inspection services are available during manufacture, on loading, on discharge or on delivery. For international purchases, SMS examines inspection requirements...
for each order placed. All consignments of foodstuffs are inspected, normally both on loading and on discharge. Technical equipment and other goods manufactured according to UNHCR specifications are inspected prior to shipment to check specifications and suitability. For local or regional purchases, staff should ensure that reliable inspection services are available and inspection requirements are stipulated.

SMS has established contracts with inspection agents covering every country or region. Since 1988, costs for both insurance and inspection of supplies purchased by SMS, Regional Supply Units or Supply Units under assistance projects, have been paid from a separately administered project so no financial provision is necessary for inspection. Estimated costs for inspection services are approximately one percent of the total CPT value of a consignment.

### 3.4.3.2 Inspecting Consignment(s)

Certain consignments may require inspection prior to release by customs authorities. Inspection ranges from a validation to sampling the entire consignment. A validation is a simple check that goods in the consignment are the same as those declared on shipping documents. Validation is done with customs, port authorities and UNHCR or its representative (a freight forwarder). Customs officials break the seal of the container or open the packages and reseal them after validation.

Certain countries have regulations to the effect that customs, or other government officials (from the Ministry of Health, or of Agriculture) must take random samples of some types of goods being imported into the country. In such instances, inspection will be done by customs, port authorities, the concerned government authority or a designated inspection laboratory and a UNHCR representative or freight forwarder. Sourcing staff should be aware of sampling or analysis inspection requirements. The quantities taken by customs should be noted, as customs and other national inspection authorities do not normally ‘sign’ for quantities that have been selected for inspection. Anyone taking delivery of goods at any point, whether the POE or a transhipment point, should check the quantity of goods received. This usually consists of a physical check without opening individual packaging units.

All obvious damage, loss or missing items should be clearly noted on shipping documents. If the goods in the consignment appear to be completely destroyed or have no further use, they should not be transported to their ‘consignee destination’. The consignment should be rejected and appropriate claims procedures should be initiated. Goods should be checked at each transhipment point so that if a discrepancy is noted the exact time of the loss or damage is recorded. The following should be checked:

- **Is the packaging damaged:** opened, crushed, broken or dented? (This is normally caused during transport or by rough handling. Goods should be inspected at each point of transit, discharge, onward dispatch and delivery at a warehouse and observations noted. This helps to identify who is responsible, when successive Receiving Reports (D013) or transport Waybills are examined.)
- **Are the contents damaged?** (Damages result from rough handling, when packages are dropped, on rough roads or at sea, or from exposure to adverse conditions such as rain, humidity, extreme temperatures or infestation.)
- **Is the number of PUs in the shipment the same as those stated on the B/L or Waybill?** (This can be confirmed by counting the units. Missing packages should be explained by the shipping company, the vehicle driver, or any other person responsible for transporting a shipment.)
- **When the contents of the shipment are checked against the packing list, is part of the consignment missing?** (If a substantial part of a shipment is missing but there is no evidence of tampering, it is possible the supplier did not ship the entire order, or the consignment has been split while in transit. If only a small part of the shipment is missing, packaging units or their contents may have fallen into the sea during discharge, dropped off of a truck during transit or been stolen.)
Is the packaging opened or damaged in any way? (Rough handling, theft, exposure to rain, humidity and extreme temperatures or infestation may cause this.)

To identify loss or damage and where it occurred, compare the:

- B/L and packing list with the Discharge report for loss or damage during transport and discharge;
- Discharge report with the port Release Order and customs certification, for loss or damage in the port;
- port Release Order with the dispatch report and the transport Waybill or port gate ticket, for loss or damage on loading; and
- transport Waybill with the signed copy of the Waybill from the inland destination, for any loss or damage during inland transport.

When checking in-coming goods, look for:

- sacks with holes or split bags;
- broken or partially open crates;
- dented, buckled or leaking drums or cans;
- signs of dampness or stains on the surface of bags or cartons;
- signs of insects or rodents;
- signs of tampering with the customs seal(s); and
- bags of bulk commodities that do not match unit weights.

If PU quantities received agree with shipping documents and packaging is in good order, but no internal inspection of the contents has been conducted, the receipt should be signed with the words: “Goods received without visible damage – contents of shipping units not examined.”

### 3.4.3.3 Pre-delivery Inspection of Vehicles

The workshop operator (or often a driver) takes a vehicle or a boat to an authorised dealer where it is checked and prepared for use, as part of the pre-delivery inspection. This step is important in vehicle or boat maintenance, as without it a warranty is null and void. It is only after this first and obligatory step that other steps can be taken. When inspection is completed, a workshop operator or driver returns a vehicle to a warehouse or a compound.

A minimum of two sets of keys are supplied with each vehicle. One set is given to a driver, to be surrendered to a fleet manager when the vehicle is not being driven. The other set remains with the fleet manager. If a set of keys is lost a new lock should be installed.

### 3.4.3.4 Pre-delivery Inspection of Generators and Pumps

Generators and pumps, as well as other valuable equipment, should be inspected and tested to check the equipment is in good working order. If necessary, equipment can be assembled at this time (filters installed, pipes connected, fittings mounted, etc.). Equipment can then remain in a warehouse until needed and will not cause undesired, subsequent interruptions in an operation due to faults and missing pieces. A vehicle workshop often serves as a generator and pump workshop, where one of the mechanics is trained specially to work on such equipment.

### 3.4.4 Port and Customs Clearance

Once shipping documents have arrived and the exemption protocol is ready, customs clearance should start. Having correct documentation allows clearance of goods as quickly as possible and at minimum expense. Customs officials classify in-coming goods for import, temporary admission, or in transit and each category is treated differently. Supply staff should identify the responsible IP or freight forwarder. Responsibility for customs clearance may
vary according to the type of shipment, e.g., shipments arriving by sea or air, foodstuffs and non food shipments.

Supply staff should ensure that the description of the goods in the Exemption Certificate accurately describes the actual goods in the consignment and that necessary customs documentation (additional to the Exemption Certificate) is provided. Other customs requirements should be dealt with, as necessary. Supply staff outlines standard procedures, explaining what documents are sent to whom to obtain a customs exemption and the subsequent routing, requirements and responsibilities to clear shipments. In most countries documents go first to the Ministry of Foreign Affairs, where documents are prepared for tax exemption, Customs Officials at the Ministry of Finance handle the relevant documents and finally they are all channeled to the Port Authority. Supply staff clarifies follow-up action to deal with potential anomalies in standard procedures, or defines separate procedures for different types of shipments/situations.

Upon arrival of a vessel or carrier, a shipment should be discharged and cleared promptly. Ideally, the UNHCR consignee field office, the responsible IP, or a designated receiving agent should have made the necessary arrangements prior to arrival, to supervise offloading directly onto vehicles or wagons and dispatch goods immediately from the port to their final destination.

Port transit time should be minimised. Shipments are usually discharged and held in port warehouses, transit sheds, exposed storage areas or on the quay. Storage space in the port is assigned by the Port Authority or, in some instances, by the local agent of the carrier, pending completion of inspection and clearance procedures. UNHCR or its designated agents cannot control in port storage. It is during this time that goods are exposed to possible pilferage and damage from the elements or poor handling and storage practices. Cargo containers protect shipments.

Port clearance procedures are complex and time consuming. The use of reliable freight forwarders is recommended, particularly for shipments arriving by sea at ports, which may be some distance from the UNHCR consignee field office. These responsibilities may also be delegated to an IP who may handle the arrangements when staff has relevant expertise, or may retain their own freight forwarders.

Most port authorities stipulate that shipping documents should be received a number of working days before a vessel berths. Shipowners may also levy demurrage or detention charges for delays caused by slow rates of discharge, or when rented cargo containers are held in the port beyond a prescribed period. Port authorities also charge a fee for goods stored or remaining in the port beyond a prescribed grace period (usually a week to ten days). Relevant information should be sought from a freight forwarder and shipping documents presented as soon as possible instead of waiting until a ship arrives.

Some ports impose discharging and port storage restrictions to control pests and to maintain cleanliness. Known as “Direct Delivery”, vessels may be permitted to discharge certain goods (such as cereals or cement), only by direct transfer to trucks or rail wagons, which must leave the port immediately. If such is the case, port and customs clearance, handling equipment, sufficient labourers and transport units to receive and handle cargo should be arranged before a vessel is due; otherwise, port authorities may detain the vessel at anchor.

Programme staff in the UNHCR consignee field office should determine the initial distribution (or dispatch destination on release) for each shipment arriving in a port. Specific instructions should be provided to Supply staff, who works with the designated clearing agent to ensure transportation arrangements are made, request confirmation on completion of port clearance and dispatch goods to inland locations. If an IP or commercial freight forwarder is handling the shipment, they follow up as listed below:

Clear all shipments from the seaport to a nearby warehouse or by truck directly to refugee sites, as instructed.
• Handle customs exemption arrangements and deal with customs agents in the port to clear consignments.
• For all food and non food shipments, liaise with UNHCR, the Port Authority and shipping agents.
• Hire and pay port porters (who carry goods) and stevedores (who load and offload) for cargo handling and commercial vehicles when needed to move consignments from the port to warehouses.
• Report amounts dispatched daily from the port and the destinations. Provide supporting documents (truck waybills, etc.) to Supply staff.
• Indicate details of shipments remaining in the port, ready to transport or awaiting clearance.

3.4.5 Receiving, Inspecting and Storing Shipments at the POE

Confirmation that UNHCR has received goods helps to check that the freight forwarder and supplier have fulfilled their obligations. In the event of loss or damage to goods, confirmation of receipt is necessary to initiate action for an insurance claim. Before completing confirmation in the shipment tracking system, the responsible buyer or staff responsible for the procurement) should check that: the shipment has been received, the date recorded, quantities received, whether goods are in accordance (or not) with shipping documents and any damage or loss is noted and local action to initiate an insurance claim begun. Each stage in the transport of goods is documented in the shipment tracking system. Confirmation of receipt of goods should take place both when the goods are received at their final destination and at each transhipment point, when the goods are received and then dispatched for the next leg of their journey.

3.4.5.1 Claiming Ownership of Consignment(s)

Prior to checking a consignment, UNHCR should claim ownership. The claim is made through customs and port authorities when initiating transit or customs clearances. Once documentation has been checked and validated by customs and port authorities, customs will ‘honour’ the claim made and allow a consignment to be released to port authorities or require an inspection of a consignment.

Whatever the means of transport, UNHCR or the freight forwarder should formally take delivery of a consignment, as soon as possible after it arrives at the POE or transhipment point. Acceptance of the goods takes place only after the quantity of goods has been checked. A transport contract ends when a carrier delivers goods he/she has transported to the consignee or his/her representative and the latter signs a receipt.

3.4.5.2 Port Handling, Storage and Dispatch

Responsibility for payment of handling charges divided between a shipping company and a consignee should be confirmed in advance to avoid paying for the same service twice. If the B/L stipulates “landed” or “ex quay”, the shipping company should place the goods on the quay alongside the vessel, while the consignee is responsible for any handling costs to move the goods from the quay. Inspection services during discharge may be stipulated by SMS, the Supply Unit or in a donor agreement, in which case SMS, the Supply Unit or the donor appoints and pays for an inspector. UNHCR receiving agents should submit a report, with supporting documentation, for each consignment cleared. This report should be on either their own form (if it meets UNHCR requirements) or that of UNHCR.

Terms for each shipment should be checked carefully and the designated agent should be consulted to establish requirements and to stipulate who pays for what. SMS should be consulted (by fax or by telephone) before agreeing to pay demurrage, detention or other exceptional charges. Handling, transporting and storing each shipment are labour intensive operations. A record of port handling, clearance, dispatch and receipt details, including
descriptions and quantities of the supplies and related handling costs should be maintained for each shipment. Cost data is useful to analyse expenditure in comparison with local market rates quoted competitively and to recommend changes to improve efficiency. The information may also be needed by SMS to recover LTSH subsidies from WFP and other donors. Unless provided in the contract of carriage on the B/L, the receiving agent should arrange stevedoring contracts for equipment and labour to discharge, handle and move cargo to the assigned in port storage area or to dispatch cargo from the port. The Port Authority or companies licensed to operate within the port may offer these services. A handling contractor should be held responsible for any loss or damage caused by negligence or failure to meet contractual obligations.

When a large number of consignments are expected or have arrived within a short period of time, priorities for clearing them from the port should be established. Some port authorities prefer to deal with current shipments first, allowing earlier shipments to remain in storage. Regardless of when they arrived, the correct sequence for clearance of consignments is as follows, staff should clear:

1. damaged, but recoverable, goods held in open areas;
2. perishable goods or goods with limited shelf life as soon as possible;
3. other goods stored in the open;
4. containerised shipments before expiry of the container free time period (usually 10 to 14 days after discharge); and
5. consignments held in transit sheds or port warehouses.

Locating a supply warehouse adjacent to the port can have several advantages, particularly if the warehouse has a secure section, which the government has authorised for holding “bonded” shipments. Consignments may be moved to this bonded warehouse immediately on arrival and held “under bond” pending customs clearance. This eliminates port storage fees, reduces damages or losses, which may occur in the port and alleviates port congestion. Such a warehouse also provides a staging area for dividing shipments intended for several inland destinations and for dispatching goods in a timely manner to meet supply demands.

During discharge, the receiving agent of UNHCR, or another appointed official, should be present continuously, to minimise discrepancies regarding quantities received and to supervise careful handling. He/she should also:

- tally cargo as it is discharged from the ship;
- discourage the use of hooks;
- separate damaged goods from undamaged immediately;
- provide extra bags or packing materials to repair or repack spilled or damaged goods promptly;
- keep cargo containers locked and sealed until ready to de-stuff them and remove the contents from the port; and
- record the seal number and indicate if the seal was broken on receipt or prior to de-stuffing.

Tally clerks (who are sometimes receiving agents or sometimes their employees) keep track of the number of individual items or amounts being discharged from a vessel or carrier, to confirm delivery quantities. Individual tally clerks may be appointed for the shipping company, the consignee or the shipping insurance company. If the tallies show less it is recorded as “shortlanded” if they show more it is an “excess”. Insurance company representatives, UNHCR designated receiving agents or inspectors may also oversee discharge of cargo and port handling, to note any shortlanding or excess quantities, or damages and their apparent cause. A qualified surveyor should inspect all food shipments and other UNHCR consignments, where damages or losses exceed US$ 1,000.
UNHCR (or a designated agent) takes delivery of a shipment from the local shipping company agent against an endorsed B/L, Letter of Guarantee, or another shipping Waybill and supporting documentation which may include a packing list, tally sheets, statement of facts, or inspection report. Any evidence of shortage or damage should be specified at this time. UNHCR (or a designated agent) arranges customs inspection and clearance, providing a customs Exemption Certificate for the shipment and any other documentation (for example, a commercial invoice, Certificate of Origin, Phytosanitary Certificate or Radiation Certificate) required by government customs officials. UNHCR (or a designated agent) obtains a Release Order from the Port Authority on presentation of a release from a shipping agent and a customs clearance certificate. Port fees may be payable for handling operations or storage before a port Release Order is issued.

3.4.5.3 Initiating Claims Procedures

The first step, once loss or damage has been established, is to notify the insurance unit of SMS as soon as possible. This should be done prior to sending any required reports. To identify loss or damage and where it occurred, the following should be compared:

1. B/L and packing list with the discharge report for loss or damage during transport and discharge;
2. discharge report with the port Release Order and customs certification, for loss or damage in the port:
3. port Release Order with the dispatch report and the transport waybill or port gate ticket, for loss or damage during loading: and
4. transport waybill with the signed copy from the inland destination, for any loss or damage during inland transport.

As soon as Supply staff is aware of damage, loss or shortlanding of goods arriving by ship, truck, rail wagon or aeroplane, the following steps should be taken:

- estimated loss or damage under US$ 1,000 requires an immediate report to SMS (within 24 hours) clearly indicating the value of the damage or loss;
- estimated loss or damage between US$ 1,000 and $5,000 also requires a Protest Letter (D009) to the carrier (which should be sent by registered mail) clearly indicating the value of the damage or loss and an estimate of the repair cost, if repairable; and
- estimated loss or damage over US$ 5,000 also requires a Survey Report (SMS can give advice about arranging for such a survey) carried out by a surveyor agreed to by the insurance company (the original report should be sent to SMS and the invoice for the survey to the carrier).

A Protest Letter (D009) should be addressed to the:

- representative of the carrier for goods shipped by sea;
- barge contractor or Port Authority if the item was offloaded, but cannot be found in the port area;
- airline or airport authorities, for airfreight;
- station master, for goods transported by rail; or
- last carrier or his/her representative in the case of road transport.

3.4.5.4 Salvaging Goods

Damaged goods can be salvaged by repairing or, in certain circumstances, repacking. If goods need to be repaired, Supply staff should determine if a warranty or other insurance covers the item and whether to repair it locally or return it to the manufacturer or his/her local representative. Goods to be salvaged through repacking should be placed where they can be unpacked, repacked (and labelled) into new cartons, bags or other type of containers. It is essential that new packing maintain the original content. Certain goods can be salvaged, but
cannot be repacked according to the original specifications of the order. In such a case, appropriate labels should be produced for the goods. (An example would be repackaging of kitchen sets into boxes with pots, boxes with plates, boxes with eating utensils, etc.)

3.4.6 Clearing Shipments in Transit

Once shipping documents have arrived for a shipment in transit, customs clearance should be started. A simple formality involves a declaration that the goods are in transit for a neighbouring country and customs officers should check the documents and seals. In some countries, formalities are more complex (especially when there is a requirement for customs officials to escort a shipment to the border).

For inland destinations and landlocked countries, UNHCR shipments may transit a seaport or travel overland “under bond” through another country. UNHCR Supply staff, or a designated UNHCR freight forwarder in the seaport (or the country where the goods are in transit), may be asked to act on behalf of the consignee, to expedite shipment of the goods.

“Bonded” shipments are subject to a guarantee, or bond (given to the government of the country where the goods are in transit), that the goods are intended for another country and are not being imported into the transit country. On presentation of proof that the bonded goods have left the transit country, the bond is released. If the goods remain in the country of transit beyond a stated period of time, the bond is forfeited. Bonded shipments are usually arranged and transported by freight forwarders who charge special fees for these services.

When transit assistance is required, a UNHCR office or agent at the transhipment location should be designated as the “Notify Party” when the Requisition is issued or when HQ is informed about shipments. In East Africa, for example, the Regional Supply Unit in Nairobi was the Notify Party for all international shipments passing through Mombasa and Supply Unit in Djibouti is the Notify Party for all goods shipped via Djibouti and destined for Sudan, Ethiopia or Somalia. SMS arranges for suppliers to provide a complete set of shipping documents to the Notify Party. As requested or required, Supply staff can facilitate transit of international shipments by:

(a) locating and securing a shipment on arrival at a transit port;
(b) arranging any government documentation necessary to move a shipment to its final destination;
(c) providing inspection, superintendence or port handling and clearance services; and
(d) confirming transhipment arrangements, onward dispatch and final delivery of a consignment.

To release goods in transit for transhipment, UNHCR (or its designated agent) may have to post bond to guarantee the goods will not stay in the transit country. Shipping insurance information is necessary to confirm or extend coverage to the final inland destination. UNHCR consignee field offices should arrange for payment of related shipping and handling services in the transit port or country with the Notify Party before expenses are incurred. On receipt at the final inland destination, the UNHCR consignee field office is responsible for acknowledging delivery to both the Notify Party and SMS.

3.4.7 Receipt of Local or Regional Consignments

Receiving local or regional consignments demands the same care and attention as receiving international shipments, although shipping documentation and procedures are usually less complex.

On receipt, the storekeeper or designated official should confirm that the nature of the goods and the quantities correspond to the information shown on the Waybill and that their condition is satisfactory. Any apparent shortage or damage should be noted on the Waybill before signing for receipt of the shipment. One copy of the signed Waybill is returned to the person who delivered the goods. A signed copy should be retained as a receipt voucher, for
recording and reporting purposes. For a consignment purchased locally or regionally, the person making delivery should present the following documents to the consignee:

- original Waybill;
- copy of the PO;
- copy of the invoice;
- packing list, showing the contents of each package in the consignment; and
- Inspection Certificate (if any).

On receipt of a shipment from a local or regional supplier, the UNHCR receiving agent should acknowledge receipt to the Supply staff responsible for the order. Payments to suppliers can only be made when the terms of the purchasing agreement are fulfilled, including specified delivery arrangements. After careful inspection, a Receiving Report (D013) should be submitted to the responsible buyer. Any loss or damage and its apparent cause should be reported promptly, to permit recovery or replacement of the goods or their value from the supplier or the insurance company. Goods received are entered in the warehouse stock records for control purposes, carefully stored and protected pending their release to the intended users or distribution to refugees.

### 3.4.8 Contributions in kind

In the field, UNHCR frequently receives contributions in kind, especially during emergencies. The contributions in kind can be either budgetary or extra-budgetary. If UNHCR accepts the donation, in both of the above cases it is the obligation of the UNHCR office in the field to take charge of the goods. The supply staff must inform HQ DRRMS of the donation and obtain the corresponding reference number for the donation in order to be able to track the goods as they are distributed to the beneficiaries. UNHCR issues special instructions on quality, content, packaging and transport of these goods [9].

Following is the part of the instructions that relate to packaging, documentation and transport:

#### Packing details:

- All packages should be of a size and weight that one person can easily handle. Ideally, this is 25 kg with a maximum limit of 50 kg.
- All packages must be strong, solidly packed and sealed with tape or bands – with flap at each corner for easier handling.
- Packages should be well sealed and made of waterproof material.
- All packages should be numbered and marked on all packages:
  “DONATED BY [Name of Donor] TO UNHCR”

#### Transport arrangements:

**Documentation**

In order to ensure safe, timely transport and to avoid unnecessary charges, it is important that correct transport and documentation practices are followed. The total donation should include transport costs up to delivery to UNHCR, including customs clearance and agreed warehouse charges.

Irrespective of the mode of transport the shipping documentation should be issued in original and non-negotiable sets and include the following:

- way bills (either ocean, air, truck, rail) – N.B. for ocean freight, the bill of lading should mention: “freight prepaid including unloading charges”.
- gift certificate (or pro-forma invoice) indicating:
  - commodity description
  - quantity (pieces/crate/pallet)
  - weight
value
origin of goods
moreover, for customs purposes only: “No commercial value. These goods are humanitarian aid for UNHCR from [Name of Donor]. We confirm that the products are new and never been used.”
detailed packing and weight list
insurance certificate
despatch by courier service the air waybill to the consignee

Please check with the consignee before shipping in case of additional requirements for documentation.

Distribution
The above documents should be distributed as follows, within three working days of the Bill of Lading (for sea transport) or immediately after the shipment (for other modes of transport) by courier service:

- one original set to be sent to the consignee
- one original set and one copy to be sent to Supply Management Section (SMS), UNHCR, Att: Field Logistics Unit, 94 Rue Montbrillant, 1202 Geneva, Switzerland.

Notify Parties
By fax or e-mail, to both the consignee and UNHCR. The notification should include the following:

- name of vessel and Bill of Lading number or
- airline name and flight number or
- truck number or
- railway wagon numbers
- actual time of departure
- port
- place of departure
- estimated time of arrival
- port
- place of arrival”

3.4.9 Receiving and “putaway” at final destination
When goods arrive at the final destination they should be offloaded and checked against shipping documents, checked for visible damage, assigned to storage locations (or “putaway” as the process is called) and stock records should be updated. Clearly defined operating standards are essential for effective commodity management. Established procedures for receiving goods in a warehouse should be followed carefully. The use of handheld terminals makes this job much easier, but whether it is done electronically or on paper, the procedure is the same.

- Goods are received at a special area prior, to being moved to the main storage part of a warehouse.
- Goods are counted as they are offloaded and quantities are checked against the shipping document for the consignment.
- If a handheld terminal is used, it will automatically send a confirmation of receipt when it is connected to the main tracking system; otherwise, confirmation should be completed and sent to Supply staff.
If goods have not been bar coded by the supplier, AM staff should be informed to bar code them before the goods are putaway to their normal storage locations.

- Goods should be inspected before they are officially received in a warehouse.
- If damage, shortage, excess or incorrect items are noted, a Protest Letter (D009) should be sent to the last carrier and copied to SMS so that insurance claims can be filed. Goods awaiting resolution of a claim should be stored separately.
- Counted and inspected goods should be moved into their corresponding storage locations in the warehouse, according to the warehouse plan, to minimise damage.

### 3.4.9.1 Inspecting Shipment(s)

When a shipment arrives at a UNHCR warehouse, another inspection should take place. Goods are then turned over to a warehouse manager, who becomes responsible for both quantity and quality of goods received. He/she should make sure that the goods received conform exactly to the documentation signed during handover and inspect goods for visible damage, as they are offloaded. Shipments should then be spot checked, depending on the type of goods, supplier, etc. for conformity to the order. At this point, goods should be removed from their packaging and physically inspected to see if they conform to specifications. In summary:

- goods should be physically inspected as per deadline for establishing claims for the different means of transport;
- if any doubt exists, goods should be unpacked;
- exact unit quantities should be established (count, weight, etc.);
- reports should be submitted; and
- if goods are damaged, shortlanded, or not of the expected quality, inspection by third parties may be necessary.

Goods, shipped to a warehouse under DDU terms, should always be inspected as they are received. If there is any visible damage, the consignment should be rejected. If there is no visible damage, there should be spot checks of the items to ensure that the goods conform to the documentation. If goods are received under DDU terms and not inspected and defects are identified after receipt they should be sent back to the supplier under warranty clauses.

### 3.4.9.2 Delivery Rejection Procedures

If goods are found to be unacceptable during verification done prior to or as goods are in the process of being offloaded, Supply staff should be informed and offloading should be stopped immediately. This would happen when there is visible damage to an entire shipment, i.e. leaking or crushed boxes, date of expiry passed on packaging labels, goods are obviously not what was indicated on the shipment document; or the consignee for the goods is not UNHCR. It is important to ensure that UNHCR is not held responsible for demurrage charges by immediate notification to transporters and/or suppliers that goods do not meet the specifications of the order.

Supply staff should request a Return Material Authorisation (RMA) (see 3.6.7.2.1) number from the supplier, which serves as a reference for the rejected goods during the replenishment or claims procedures. Staff should also negotiate whether goods will be replenished or the corresponding monetary amount be credited to UNHCR. If necessary, Supply staff in the field should consult with SMS. The process of Return to Vendor is explained in detail in 3.6.7.2.

After having informed Supply staff and stopped offloading, a warehouse manager should:

- initiate claims procedures;
- reload the goods offloaded and advise the transporters that they should consult with the supplier about what to do with the goods;
- set aside goods pending resolution of the problems; and
3.4.9.3 Proposing Modifications

If part of a shipment is acceptable to a customer, a warehouse manager should consult Supply staff about accepting a partial shipment. Supply staff should then:

- negotiate a new delivery date with the customer and determine whether the customer will accept a partial shipment;
- agree on another solution with the customer:
- propose an intermediate solution until original order quantities are received; or
- advise when an entire shipment/order needs to be replaced.

3.4.9.4 Assigning Storage Locations

Where items are placed in a warehouse determines to a large extent how well the warehouse functions. If high-demand goods are hidden in the back time and effort will be wasted retrieving them. FIFO (first in first out) should be the guiding principle. Items with a limited shelf life (such as most foodstuffs and nearly all medicines) should be distributed and used before their expiry date. All goods, however, should be rotated regularly to prevent deterioration. Agricultural tools can rust, spare parts can become obsolete and the packaging of any item can deteriorate. Consignments of the same stock should be separated by date of entry and issued in the order they were received (following FIFO). Accurate records of what is where should be maintained to facilitate this process.

Storage units of Measure

The nature of goods stored determines their packaging and also sometimes affects where they should be located in a warehouse. Goods should, for example, be stored in units of issue that most closely meet distribution needs. Sometimes different customers need different sizes of PUs. This should be considered during procurement to avoid the need for repackaging. If goods are normally issued in bulk, they should be repackaged and stored in appropriate containers and units after inspection. If items are normally issued individually, it may be better to store them as individual packages or separate items. It also may be necessary to store a product both ways to meet the needs of different users. If a small quantity from a PU is needed, only one unit should be opened at a time, accounting for the contents of one package before the next is opened.

Supply staff might, exceptionally, request a warehouse manager to use storage units that differ from the ordering units stated in the receiving documentation. In such cases, the manager and Supply staff should agree on the procedure for the conversion of units of measure. This relates particularly to the responsibility of the warehouse manager for the new storage units of measure (e.g. if the documentation specifies nails in 50 kilo sacks, but Supply staff wants the manager to be responsible for individual kilograms of nails then the manager will want to weigh each sack received). As a general rule, it is best for a warehouse to use the smallest possible unit of measure to simplify distribution.

Stacking:

Goods should never be stored directly against walls, pipes, or supports, because stacks place unacceptable stress on them, are difficult to access and could be exposed to dampness.

Separation:

Foodstuffs should be separated from other supplies to avoid contamination. Fuels, lubricants and other hazardous substances should be stored in a separate building or a protected area outside the main warehouse.
3.4.9.4.1 Types of Storage Locations
Each warehouse should have a written plan, with a diagram showing where different commodities and items are stored. This should be updated regularly so that available space can be seen at a glance, as well as what was received when and where it is being stored.

There can be any number of levels of division. The usual hierarchy is:

- Areas (level 1)
- Aisles (level 2)
- Rows (level 3)
- Bins (level 4)

In most cases, UNHCR does not have warehouses which require a sophisticated division of storage locations. In this Manual, only the most frequently used storage areas are described. Any warehouse needing a more detailed division of space should use the above system. If that system is used, the warehouse should be split in a grid pattern, with numbered rows and aisles. Whatever location system is used, each area and unit of storage should be immediately identifiable by a logical code (such as an alphanumeric one) that is easily understood by warehouse staff (e.g. jerrycans are in aisle H, row 7 or H-7).

3.4.9.4.2 Updating physical layout plan.
The location of stock should be accurately recorded on the appropriate shelf card and stock cards (D016). It consists of the:

- identifying code of the warehouse or outside storage area;
- identifying code of the aisle, row or bin used;
- commodity code or description of the product;
- lot ID of the stock, i.e. PO, which identifies the funding source and earmarking; and
- other financial or donor information.

Storage locations should be updated in all systems and documentation used, such as:

- coding system (grid);
- warehouse layout plan;
- bin cards;
- stock cards (D016); and
- inventory management systems, if goods storage location data is recorded.

Normal Storage Area
Goods with no special handling or storage requirements should be stored according to FIFO. In certain cases ‘normal’ goods may also have certain distribution restrictions, but this should not influence their physical placement in a warehouse, unless special space is available for goods with restricted distribution.

Cold Storage Area
Medicines may need particularly careful storage and tracking arrangements, for example, cold chains for those that can be damaged by heat or changing temperatures. Narcotics and some medicines require special tracking and storage in a locked facility.

Hazardous Storage Area
Paint, fertilisers, pesticides, disinfectants and water treatment chemicals are examples of materials which are potentially hazardous. Precautions such as the following should be taken:

- keep hazardous goods away from other products, especially foodstuffs;
- be aware of which hazardous goods must not be stored near other dangerous goods;
post warning signs and mark the materials;

- instruct staff about precautions to take when handling hazardous stock; and

- provide protective clothing such as goggles and gloves when necessary.

### Damaged goods Storage Area

All goods that are damaged and/or for which there is a claims procedure initiated by UNHCR should be kept in this storage location pending a decision by the authorised officer on what to do with the goods. The goods stored in this area are not ready for issue and should not appear as available stock.

### Workshop Storage Area

In some offices and, notably, at HQ, some assets and items of equipment that are received need to be prepared for use. To avoid unnecessary issuing and re-receiving of assets into the warehouse, the workshop where the assets are made ready for use can be considered as a separate storage area. The assets stored in this area are not ready for issue and should not appear as available stock.

### Storing bulk fuel

Supply staff should seek professional advice about storing bulk liquid products. Underground fuel storage tanks must be corrosion-proofed. Above ground storage tanks are less expensive to install, but delivery is more expensive since tankers must pump the liquid in. Storing flammable or dangerous liquids such as fuels requires stringent safety measures.

- Tanks must be segregated from general warehouses, in a walled or fenced area.
- Fireproof barriers such as ditches or earth mounds around the tanks help protect against leakage or spillage.
- Routine checks must be made and leaks and spillage must be cleared up immediately.
- The area should be kept free of trash and weeds.
- Access to the tank area should be restricted.
- Hazard signs must be posted.
- Fire-fighting equipment must be available.
- Staff must be prepared for emergency procedures.

### Storing tyres

Tyres should be stored vertically in metal racks, which could be manufactured from salvaged materials. An identification number is stamped on each tyre during manufacture, which indicates the series and the technical characteristics of the tyre. This number should not be confused with dimensions and other symbols. The number should be recorded in stock control documents and in vehicle logbooks.

Note: Drivers should acknowledge receipt of tyres (with their identification numbers) when a vehicle or machine is handed over to them or when a tyre is changed. A new tyre should only be supplied in exchange for a worn or damaged tyre and the identification number of the latter should be checked. Strict observance of this procedure is justified by the high cost of tyres. The same applies to checking tool kits.

Once goods have been assigned a storage location, warehouse staff should be informed and goods should be moved to that location.

### Other Special Storage Areas

Special storage arrangements are essential for some goods that UNHCR receives and stores on a regular basis. Whether to store an item inside a building or in a stockyard depends on four things: the nature of the stock, the climate, security conditions and the amount of space
available. Warehouse staff should know which materials cannot be stored outside due to climatic conditions.

### 3.4.9.5 Registration of Incoming Goods

Once a warehouse manager has accepted to receive all or part of a consignment, he/she should register the goods received.

- He/she signs documentation that arrived with the goods and keeps a copy for the files.
- If there were no formal B/Ls or Waybills with the shipment, (for example, for locally purchased goods), a warehouse manager should issue a Goods Receiving Note – GRN (D001), which has a unique serial number and should be signed by him/herself and the person delivering the goods.
- For every new PO received, he/she should open a file for all the documents received with each shipment for that PO, by date of receipt.
- For every new PO, he/she should establish a bin card to be placed visibly, where the PO is filed.
- For every new PO, he/she should have a stock card (D016) in his/her office, for easy reference.
- If a shipment concerns a new arrival of an already existing PO, a warehouse manager should store the goods in the same place as the previous shipments, update the bin and stock cards accordingly and file the new documentation in the file for that particular PO.
- He/she should follow up losses and damage.
- At the end of each day, he/she should fill a Stock Sheet (D002) and a Warehouse Daily Receipt Log Sheet (D003), indicating the B/L (or GRN) number, the PO, quantity and units, loss, truck number and driver name, etc.
- If he/she is using handheld terminals (HHT) to register incoming shipments, he/she should send the HHT files to the Supply Officer to upload into the inventory and/or asset management software.

These activities should be performed daily during emergencies or when there are frequent movement of stocks. In situations where stock movements are less frequent, reporting should be weekly or monthly according to exigencies of work. Daily reports and other possible reports should be sent to UNHCR Supply staff the same or the next day.

### 3.4.9.6 Recording Stock Movement(s) Inside a Warehouse

Stock might need to be moved inside a warehouse for a variety of reasons:

- moving goods from workshop areas to normal storage areas and vice versa;
- moving goods from normal areas to damaged areas due to deterioration;
- re-organisation of the warehouse due to large influx of goods; or
- re-organisation following stock analysis.

When commodities are moved from one location to another in a warehouse, relevant bin cards, stack cards, the warehouse layout plan and inventory management software should be updated.

### 3.4.10 Delivery of Service Contracts

SMS responsibilities for a contract for services differ according to whether the contract is internal to SMS or is one that Supply staff helped develop for a customer. For Service Contracts internal to SMS, the three following steps are the responsibility of Supply staff:

- development of a carefully structured work plan, including clearly stated milestones and deliverables, which are then clearly stated in the contract;
When developing Service Contracts requested by a customer, responsibility is limited to helping develop the terms of reference, legal framework and work plan. Monitoring compliance with a contract and authorising payment are the responsibility of the customer.

Staff responsible for Delivery should ensure that the customer gets a copy of the contract and understands it. Terms relating to the service provider should be clearly described so that there is no confusion in the customers’ mind as to what the services are. The customer should be advised that if he/she wants to change any of the deliverables of the contract, it should be modified prior to requesting the service provider to provide deliverables not previously mentioned in the contract. The terms of payment should also be explained, so that the customer understands what he/she should receive from the service provider prior to processing any invoices and providing the certification of work completed to staff responsible for Delivery.

In some contracts UNHCR undertakes to follow up so that the service provider can fulfil his/her contractual responsibilities. Examples would be provision of a UN call sign or flight clearances for an aircraft charter. Once Supply staff hands over a Service Contract to a custodian, the staff should still ensure that the administrative components of the contract are completed. This includes reminding the custodian to provide invoices and performance evaluation in order to process payments, or ensuring that the custodian informs staff responsible for Sourcing of modifications to an ongoing contract so its term can be amended.

### 3.5 Managing Transport

#### 3.5.1 Transport planning

Supply staff should investigate options for the most reliable and economical means of moving anticipated quantities of supplies or numbers of people. Once a decision is made, periodic re-evaluation of transport options should be made to ensure that alternatives selected earlier are still the most viable. Key transport issues to be resolved during the planning phase are the need for a fleet, arrangements with local transport companies, identification of transport routes, as well as port and customs arrangements. To follow this up Supply staff should:

- create a plan for transporting goods or people from point A to point B;
- examine the variables of cost, budgetary limitations, reliability, capability and accessibility when deciding which means or combination of means of transport to use;
- evaluate the transport infrastructure, including the adequacy of POE facilities and handling capacity of each transhipment and delivery point;
- determine urgency, size (weight and volume) of the shipment;
- determine the origin of the goods (supplier’s location);
- analyse customer transport requirements to arrange for optimum timing of shipments;
- negotiate demurrage rates in advance if possible or after receipt of an invoice if necessary; and
- regularly monitor transport effectiveness and make changes when indicated.

There are four keys to effective transport planning:

1. **Plan ahead:** do not just react to immediate needs. Help customers identify their total delivery needs during operational planning, so there are fewer “urgent” deliveries, which are always more costly.
2. **Plan for problems:** if something can go wrong, it probably will. Plan for repairs or replacement of vehicles, locomotives, boats, barges, aircraft, ferries, bridges, rail lines, roads,
etc. The government or owners should undertake these tasks themselves, but may lack sufficient resources. Look ahead and identify possible bottlenecks in the pipeline and other potential problems that might arise and plan alternative solutions, routes, carriers and means of transport. Bottlenecks could relate to materials, equipment, expertise, cost and time frame. Beware of security risks to personnel, refugee supplies and transport units moving along each route.

3. Be aware of the cost/speed ratio: the faster the means of delivery, the more it will cost.

4. Keep it simple: less complex delivery networks leave less room for problems to occur. If goods are handled less there are fewer opportunities for losses.

### 3.5.1.1 Planning considerations

In selecting a means of transport for UNHCR goods, from the supplier as well as between their point of entry and final destination, the following should be considered:

#### 3.5.1.1.1 Cost

Besides fees, the total cost of transport includes any additional expenses due to a particular means of transport. Transporting goods by barge on an inland waterway, for example, is inexpensive on either a volume or weight basis. Charges for loading, offloading and storage at the dock before goods can be loaded on trucks for transport to their final destination and the strong possibility of losses, may, however, make the total cost for inland water transport less attractive.

#### 3.5.1.1.2 Speed

Speed may be the most important variable for UNHCR in determining the best means of transport, particularly in emergencies. Since cost is almost always directly proportional to speed (faster is more expensive), it is important to check with customers how urgent their requirements are. Supply staff should examine capacity at the receiving location to ensure that the incoming flow can be handled and that distribution can take place without goods backing up.

#### 3.5.1.1.3 Accessibility

Transport accessibility means a carrier’s ability to provide service over a specified geographic transportation route. A carrier who could pick up goods at a POE and carry them all the way to the final destination would be deemed to have provided total accessibility. While accessibility is determined by the means of transport, it can also vary by carrier. A trucking company may, for example, lack permission to cross a certain border. Accessibility may also vary from country to country and programme to programme.

#### 3.5.1.1.4 Reliability

The consistency with which a means of transport delivers undamaged shipments is known as reliability. What percentages of shipments always arrive at the requested time? What percentage of shipments is damaged or lost? The reliability of each means of transport is not fixed, as in one emergency trucking may be the most reliable while in another not at all.

#### 3.5.1.1.5 Capability

The ability to deliver required amounts of certain goods by a particular means of transport or carrier is known as capability. Some hazardous materials, for example, cannot be carried by air and others have special packing requirements for air travel. A particular trucking firm may not have sufficient vehicles to deliver 100 metric tons a week of goods to a camp. The capability of a given means of transport is not fixed and varies considerably according to each situation.
3.5.1.1.6 Security
Given the high local value of many commodities in the supply chain and tensions that can result from geographical and psychological isolation in refugee situations, the security of refugee supplies, as well as personnel managing and handling them is particularly important. There is often an implied risk of harm to those who are assigned custody of supplies, sometimes within the organisation itself, between employees and supervisory staff. The degree of stress can be affected my minor incidents such as quarrels, jostling or crowding, stone-throwing children or adults who must be restrained, delays, or go-slow in commodity handling, or poor or misinterpreted communications. Disciplinary action such as dismissal might result in serious violence.

Such situations can be diffused before they begin, through the support of concerned authorities at the national level, frequent contacts amongst interested parties at all levels and the strengthening of administrative controls and support systems for staff involved. Storesmen, watchmen, porters and guards should be paid regularly and on time and have defined and monitored responsibilities to prevent pilferage and to provide incentives to stay at their posts and fulfill their duties. Security problems are minimised if regional, district or site administrative areas are centralised in an enclosed compound with controlled access and exit.

3.5.1.1.7 Freight Forwarders
Transport planning is easier and simpler if the services of a trustworthy freight forwarder (sometimes called clearing or forwarding agents or superintendence companies) are available. Freight forwarders used under a GFA have been thoroughly evaluated and provide good advice. A reliable freight forwarder knows the port, its strengths and weaknesses, changes in customs requirements and can sometimes help in negotiating demurrage. They often have information on the reputations of various carriers. When hiring a freight forwarder, it is usually better to identify a single company to provide all the services needed to avoid situations where the services of several different freight forwarders need to be coordinated. Using a single freight forwarder also simplifies the settlement process if a claim is necessary. Because of the complexities involved in receipt, customs clearance and inland distribution of international consignments, particularly those arriving by sea, Supply staff may choose to contract with a freight forwarder to handle these matters. The first choice should be an agent associated with the holder of a UNHCR GFA. The checklist below could help to assess potential freight forwarders prior to the tendering process. Potential forwarders should be visited to check their offices, fleet and warehouses.

A small forwarding company offers the advantage of flexibility, but probably has less influence in the market, with port authorities, carriers, etc. and may not have an established reputation. A small company may also not be able to meet their contractual liabilities should damages be incurred, while a large company could. A large forwarder may offer preferential treatment due to the prestige of having the UN as a client, more specialised staff and may be able to negotiate discounts with carriers or handling agents. A large company may have contacts, correspondents and affiliated agents abroad and often have their own warehouse. Larger companies, however, often have bureaucratic structures that make them less flexible and Supply staff may have to deal with various departments, each handling a specific task. It is essential to have a single designated point of contact within the company.

The standard procedure for Service Contracting is used when establishing an agreement with a freight forwarder. Staff responsible for Sourcing assesses and details the required services in writing, conducts the tender and evaluates the bids of local firms. Sourcing staff should consult with others using the services of bidders to assess their reliability and efficiency before making a selection.

The following points are useful in selecting a freight forwarder:

- licensed by government to conduct customs clearance formalities;
- up-to-date on changes in customs requirements;
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- offers a wide variety of services, so UNHCR does not need to contract with several companies for different services (e.g. sea and airfreight, repackaging of damaged materials, etc.);
- owns (or has access to) a bonded warehouse to protect and control shipments in transit;
- has a trucking fleet for inland transport and access to specialised vehicles such as container trucks, low-bed trailers, tankers, etc.;
- has trained, competent, experienced and trustworthy staff;
- has a proven record of reliability, accuracy and timeliness, confirmed by references from other groups who have used their services;
- can be available at short notice, for example, outside of office hours and on public holidays;
- has an established reputation;
- has been in business for a number of years;
- has influence in the transport market, with port authorities, etc.;
- can successfully handle duty exemption arrangements for humanitarian organisations;
- has an office in the port area or nearby;
- is experienced in checking goods arriving in the port: discharging, storing and loading operations, checking weights and inspecting shipping packages for visible damage;
- can hire porters and stevedores for cargo handling;
- has at least a countrywide (preferably a multi-country regional) network; and
- uses technology effectively, including a good telecommunications system and, preferably, a computerised tracking system that allows tracking where a shipment is at a given time.

3.5.1.1.8 Global Freight Agreements (GFA) [11]

FAs for key commodities are critical to the Sourcing function and FAs for freight forwarding are essential to the Delivery function and an important SMS responsibility. The advantages to UNHCR of using a GFA are:

- fixed and competitive freight rates obtained through competitive international tendering;
- transparency and visibility of operations;
- a single focal point for complex services;
- increased efficiency; and
- improved delivery to the field through timely and accurate shipment information.

A freight forwarder with a GFA moves UNHCR consignments from points A to B, within an agreed time frame for an agreed price. Freight forwarders also monitor a consignment as it passes through a pipeline and input data regarding its progress into their web-based IT system (if they have one) so a consignment can be tracked online by all interested parties. UNHCR staff also monitors the pipeline through their own tracking programme. Depending on the delivery contract, a GFA holder could be responsible for delivery to the final destination, including customs clearance, thus reducing the UNHCR Supply Unit effort involved in an order. In any delivery undertaken by the holder of a GFA, there may be several sub-contracts and areas of responsibility. The company might, for example, sub-contract the loading and offloading of the goods at the original and destination ports. In most instances, a GFA holder acts as an agent on behalf of UNHCR for such contracts. A GFA holder is not responsible for damages or loss unless it is proven that the damages were the result of their gross negligence.
3.5.1.1.9 Carriers
When evaluating possible carriers, preference should be given to those with good tracking and reporting systems. To monitor the efficiency of different carriers, the following can be measured:

- cost, either calculated per metric ton/per kilometre or per round trip for a specified type of truck on a particular route;
- actual versus projected transit times;
- security and safety (the percentage of loss or damage);
- reliability (documentation accuracy);
- flexibility (ability to respond to changing needs); and
- adequacy of control and monitoring procedures.

3.5.1.1.10 Support Facilities
Availability and location of support facilities for a transport fleet, regardless of type, is an important element in assessing potential types of transport. Fuel, spare parts and maintenance are necessary, whether for trucks, locomotives and rail wagons, boats, barges or aircraft. Facilities and personnel should be situated conveniently in the area of operations and have the capacity and reliability to maintain the selected transport units effectively.

3.5.2 Mode of Transport (or “Ship Via”)
Transport may be arranged by: sea, inland waterways, land or by rail. For each means of transport, Supply staff should take into account the following.

3.5.2.1 Transport by road
When moving goods or people inland, trucks provide greater flexibility than rail wagons, barges, boats or aircraft, provided that a road or track can reach the destinations. Truck capacity is generally more adaptable, routes are more numerous and schedules are usually more flexible. Trucking companies have an advantage of speed and reliability over most other means of transport, particularly when goods are containerised. The major disadvantages of trucking are dependence on reliable infrastructure (such as roads and bridges) and fuel availability. Trucking could, furthermore, be up to six times more expensive than rail (on a volume basis) and twenty-four times more expensive than sending goods by ship. For the needs of UNHCR, however, which frequently involve transporting goods to remote areas, transport by truck (for at least part of the journey) is almost always required. On occasion, “road transport” for UNHCR may even entail hauling goods by mule or camel on a dirt track.

3.5.2.1.1 Feasibility of Road Transport
Considerations in choosing road transport include:

- available routes and their conditions;
- possible transhipment points;
- constraints on routes such as weight limits on bridges, ferry capacity;
- normal route volume and changes in volume resulting from UNHCR delivery needs, possible deterioration due to increased use;
- potential safety and security risks to personnel and goods;
- viability of routes during different seasons and weather conditions;
- telecommunications facilities between key points along each route;
- type, capacity and cost per unit of the vehicles for each route from the POE to the final destination;
availability, location and cost of fuel, maintenance facilities and personnel to keep a truck fleet moving;
• return trip time on each route including loading and offloading; and
• possible bottlenecks on each route and potential solutions in terms of cost and time to resolve them.

Once the road has been chosen an appropriate vehicle should be selected. The following options should be considered.

• Trucks should be borrowed from government or other international agencies, especially to meet interim or short term needs.
• Trucks that are out of service (but not derelict vehicles) should be repaired to increase existing capacity.
• Local commercial carriers should be contracted or vehicles rented, to meet longer-term needs or to increase capacity during peak transport periods.
• A first-hand inspection of the proposed trucking fleet should be conducted to check the number and mechanical condition of the vehicles.
• If other options are not suitable, a dedicated fleet of trucks with sufficient capacity to carry out the task should be purchased. Different types of manufacturers, makes and models should be standardised or limited. Organisational resources and vehicle servicing facilities should be ensured to manage and maintain a dedicated fleet.

In some operations, UNHCR operates its own fleet of heavy vehicles, including maintenance. In other operations, all fleet management is out-sourced, although UNHCR maintains tight control over vehicle use. In many UNHCR operations, a combined approach is used (in which some fleet management functions are maintained while others are outsourced to an IP or commercial entity). In many cases, it is more cost-efficient for UNHCR to contract transport services locally than to purchase and maintain heavy vehicles or to outsource management of a fleet to an IP.

3.5.2.1.2 Fleet Costs
The question of whether to establish and manage a UNHCR fleet internally, or to outsource this function to an IP or a local commercial enterprise, is a critical one and should be re-evaluated periodically, taking into account road transport costs which vary according to:

• infrastructure;
• road conditions;
• availability and cost of fuel;
• demand versus capacity;
• overall supply and demand for truck transport;
• possibility of cargo for the return trip;
• number and frequency of trips;
• type of vehicles used;
• availability of other transport options;
• security risks en route;
• type of cargo hauled; and
• distance involved.

Coordination with other agencies and with NGOs is critical. Commercial transport rates sometimes increase dramatically when agencies compete with each other to obtain scarce local transport, with each agency feeling that its needs are more important than those of the others.
3.5.2.2 Transport by Rail

A country’s rail company is usually able to move large amounts of almost any type of freight over long distances, at a lower cost per unit than most other means of transportation. The major disadvantage of rail transport is limited accessibility; railway tracks are not always located conveniently for transport of relief goods. Another disadvantage of rail transport is the long transit time frequently caused by lack of locomotives and/or wagons. Goods may be delayed for weeks at transhipment points. A cross-country journey may also require several changes of a rail wagon with UNHCR goods to another train, with each change increasing total shipping time. Since there are few flatbed rail wagons capable of carrying containers in developing countries, goods are often taken out of containers and packed in closed rail wagons, which may lead to loss or damage.

If an adequate rail network exists between a port and an area of operations, rail is usually the cheapest alternative, especially for transporting large, bulky consignments such as food. Time and money are saved if supplies are transported by rail on routes of 500 km or more. Whereas trucking rates vary with changing market conditions, rail rates are usually fixed for a given period. It may be possible to get free transport or reduced preferential rates for moving refugee supplies, whether the railroad is privately or publicly owned.

3.5.2.2.1 Assessing Transport by Rail

The following aspects of transport by rail should be considered:

- extent of the rail network, its compatibility with neighbouring networks and condition of the track in the area of operations;
- state of repair and availability (including any seasonal variations) of locomotives and rail wagons;
- location/nature of rail facilities, storage and handling capacity at a port and at destination(s);
- reliability and time frame to meet delivery requirements;
- current transit times from port to destination(s);
- capacity of the railroad, current traffic and capability to increase traffic to meet refugee supply needs;
- security of rail consignments at departure and arrival points, as well as en route;
- nature of the supplies to be carried and type/number/capacity of rail wagons which can be used (tankers for fuel, closed wood or steel floored wagons for goods, flatcars for cargo containers);
- scheduling, documentation, reporting requirements and coordination for rail shipments;
- railway management effectiveness and efficiency;
- “bottlenecks” in the railway network where trains carrying refugee supplies may be delayed, such as transit points where trains are divided for different destinations or to overcome geographic obstacles(such as mountain passes or rivers); and
- rate structure compared to other means of transport.

3.5.2.2 Rail Costs

Rail is among the least expensive alternatives for transporting large, bulky consignments if an adequate rail network exists between the port and the area of operations. When the railroad is publicly owned, preferential rates may be available for moving humanitarian goods. Rail trips for short distances may, however, be expensive due to the cost of loading and offloading. (Rail terminals are rarely located exactly where they are needed.) Facilities should be assessed to determine if loading rail wagons at the port and then transporting them from the rail terminal to the warehouse at the destination is justified. Storage and appropriate handling facilities and personnel at the terminal should be available; as well as trucks to move
consignments promptly from the terminal to the destination. This may substantially increase the total cost.

### 3.5.2.3 Transport by Waterways

The advantages of water transport, either via an inland waterway or along the coast, are the large volume that a barge or ship can move at one time, as well as the relatively low costs. A major disadvantage is the danger of loss when non-containerised goods are moved by ship. Other disadvantages include limited flexibility of shipping points, infrequent or inconvenient sailing times and slow speed. Navigable inland or coastal waterways sometimes reach where there are no roads or rail lines and the only remaining options are airlifting supplies or moving refugees to a more accessible location. Inland waterways such as rivers or canals, coastal waterways, or inter-island waterways may be used to transport goods part or all of the way to refugee camps.

#### 3.5.2.3.1 Assessing Transport by Waterways.

When considering use of water transport, Supply staff should examine:

- current use of the waterway and existing practices;
- availability of cargo-carrying boats or barges and tugboats, their number, capacity and state of repair;
- ferry capacity;
- docking facilities at the point of departure and destination;
- personnel and facilities for handling and storing cargo;
- documentation requirements such as necessary permits;
- seasonal and other constraints;
- restricted water depth;
- potential to increase capacity in terms of cost, availability and time frame; and
- safety and security along the route.

#### 3.5.2.3.2 Waterway Transport Costs

Contracts for transporting goods by waterways can be established per shipment, with a rate per ton of cargo for a given destination. Ships can also be chartered to carry humanitarian goods or people exclusively for the term of the charter agreement. In any shipping contract, terms should clearly state the responsibilities of the contractor (the shipowner and/or captain), the shipper and the consignee, including provision for insurance and the assignment of liability for the ship and cargo in the event of accident, loss or damage. The party responsible for paying port fees should be clearly stipulated and shipowners should be responsible for fuel, maintenance and repair of a contracted vessel.

Large, established companies will use a B/L for each shipment, just as with international shipments. With smaller companies, there may be local practices, but in every case an itemised listing of each shipment should be provided for the captain to acknowledge delivery of the cargo on board and for the consignee to confirm receipt of the total consignment at the destination. Transport by sea is used for large international shipments when delivery is not urgent. It is less expensive than any other means of carriage, but a precise arrival date at the port of discharge is often difficult to determine, even for scheduled liner services.

Most UNHCR shipments by sea are carried under contract with a shipping company, which provides a regularly scheduled service to the port of destination. The vessel is responsible for delivering the cargo on the quay at the destination, but the consignee should receive the cargo as fast as it is delivered. This type of sea transport is called “liner out terms” and minimises the risk of additional charges for detention of the vessel, because the shipping company makes its own arrangements with the Port Authority to discharge its cargo, to permit the
vessel to keep closely to its pre-planned schedule. Port handling and storage fees, however, accrue to the account of the consignee.

Alternatives for shipping an international consignment to a final landlocked destination should be studied. If the named CPT destination is inland, a supplier should arrange transhipment at POE. If UNHCR receives the goods at the POE and arranges to transship a consignment locally there can be considerable savings of time and money. Insurance coverage to the final destination should be confirmed, however and a designated UNHCR agent should be present in the port to deal with port clearance and transhipment. Large shipments may be transported under a contract called a ‘charter party’. Usually an entire vessel is chartered for a trip to carry a particular consignment from a named port of loading to a named port of destination. These arrangements are complex, the contractual conditions can vary considerably and agreements should be negotiated only through a broker. Charter parties are rarely used in UNHCR, but may be encountered in the field if donors make such arrangements, or when UNHCR field offices are involved in the receipt of large WFP food consignments. A copy of the charter party must be available. Expert advice should be sought to interpret the terms of the contract.

3.5.2.4 Transport by Air

Aircraft are the fastest, most reliable means of transport, but airlifting refugee supplies is expensive and should only be considered as a last resort, when supplies are urgently needed in a location where no other solution is feasible. Transport by air may be used to supplement land or water transportation in country programmes where the area of operations is geographically vast and land or water routes are long, to move people and high value, low volume supplies. In emergencies, airlifting may be an initial response to the situation, but funds are better spent to move much larger quantities of supplies using other means of transport.

Advantages of air transport:

- speed;
- security, due to the short transit time;
- quicker clearance at airports than at rail or seaports; and
- goods are less susceptible to loss or damage en route.

Disadvantages of air movement:

- expense (minimum cost is usually about 25% of the ex-works price, but may be as high as 100% for heavy or bulky consignments);
- high storage charges at airports;
- limits of aircraft capacity and door size constrain consignment size and weight; and
- some dangerous goods cannot be carried.

Other considerations for movement by air:

- availability of regularly scheduled carriers in the region;
- load capacity is reduced for longer flights, as more fuel must be carried;
- minimum length of the runway required and the maximum load capacity are related to the altitude and temperature at the airports concerned;
- an airstrip near the area of the operation, so that the goods will not have to be trucked major distances after being offloaded from the aircraft;
- need to charter a light aircraft; and
- availability of military aircraft (as a last resort) from a donor nation.
Together with the Desk and SMS, Operations and Supply staff in the Field should assess potential use of aircraft in an overall logistics plan. Aircraft require extensive, carefully organised ground support at both departure and arrival points. Supply staff should obtain information from civil aviation authorities, airport managers and airlines operating from local airports, air cargo companies and brokers, pilots and other international aid organisations, which have arranged airlifts in the area. To improve air cargo handling facilities, runways can be extended to take larger aircraft (usually a necessity in rural or remote areas). Lack of equipment may require the use of aircraft carrying self unloading devices or military style aircraft with ramps, such as the Hercules C 130. For major emergency airlift operations involving large quantities of supplies, high-lift forklifts may be needed.

The following types of airfreight services can be selected:

Consolidated shipments Small customer consignments to a given destination are grouped together to benefit from lower rates for larger shipments, but this may result in delays awaiting sufficient cargo prior to departure, or on arrival when the shipment is sorted into individual consignments.

Split charters - Consignments are consolidated, as above, but usually using a non IATA airline, which operates only cargo aircraft. Costs are lower, but only larger consignments (normally 500 kg or more) are accepted and services are provided only to places with substantial cargo traffic.

Charter of an Aircraft - When the need to charter an aircraft is established, requirements should be discussed with local charter companies, government officials and other aid organisations to determine the availability of appropriate aircraft. SMS can identify international charter services, which can position aircraft locally. Charter services should be arranged by written agreement or contract, whether an aircraft is loaned from a government or another organisation, or leased from a commercial enterprise. Prior to signature, all charter contracts should be submitted to HQ for review and approval. Charter services may be needed to transport refugees, emergency supplies, UNHCR accredited field staff, local government representatives or journalists visiting UNHCR programme locations. Every flight should be planned through a flight coordinator and clear written instructions provided to the crew. Vehicles should be available to transport passengers, luggage and cargo upon arrival at the destination. Whenever possible, Supply staff should accompany a flight. There are two types of aircraft charters:

a) Trip charter An aircraft is chartered for a round trip to one (or more) specified destination(s), normally for a basic rental charge, plus the cost of fuel actually used. All other expenses are borne by the contractor. Cargo can be loaded up to the allowable capacity of the aircraft, within the limits for airports concerned and prevailing conditions in the area of operations.

b) Time charter An aircraft is chartered for a specified number of days, weeks or months. Costs are usually based on an agreed rate per hour of actual flying time, subject to a guaranteed minimum number of hours in a stated time period, called block hours, including hire of the aircraft and crew, maintenance and insurance. Costs for these services vary considerably according to the type of aircraft and current conditions in the area of operations. Charter services should be arranged by written agreement or contract, whether an aircraft is loaned from a government or another organisation, or leased from a commercial enterprise. Prior to signature, all charter contracts should be submitted to SMS for review and approval. Charters may be needed to transport refugees, emergency supplies, UNHCR-accredited field staff, local government representatives or journalists visiting UNHCR programmes. Every flight should be planned through a flight coordinator and clear instructions provided to the crew. Whenever possible, Supply staff should accompany a flight.

Helicopters - Chartered helicopters permit UNHCR staff and other refugee programme officials to visit remote sites quickly, to inspect the refugees’ situation and to resolve problems. Helicopter flights should be scheduled through a flight coordinator, as far in advance as possible. Flights require numerous clearances and submission of a flight plan,
usually at least 24 hours before take off. All persons flying in a helicopter also require proper security clearances. Supply staff at the planned destination may be asked to: prepare a landing site; arrange security when a helicopter lands and while it is on the ground; and send a vehicle to meet passengers.

Some indications on requirements of frequently used airplane and helicopter landing requirements are given in Annex 4.

3.5.2.5 Options in air transport

3.5.2.5.1 Airfreight on scheduled carriers:
Sending cargo as airfreight on scheduled carriers is generally the most economical option for shipments using less than the full capacity of an aircraft. IATA establishes cargo rates, but airlines frequently offer discounts for multiple shipments, especially when regular shipments are projected. Freight consolidators offer attractive rates from airlines since they are able to combine shipments and use a variety of carriers. Unfortunately, regularly scheduled air service to UNHCR operational areas is often lacking, due to poor security.

3.5.2.5.2 Charter of Cargo Aircraft:
One of the largest areas of yearly expenditure for UNHCR is for chartered flights. Contracting an air cargo charter requires technical expertise and should not be undertaken by Supply staff without advice from an SMS or field air operations expert. For ad hoc flights, as opposed to contracts for multiple flights to a location, no contract should be signed before all flight details have been determined. Penalties for cancellation less than 48 hours prior to departure are usually the full contract value and modifications of the route and schedule can also be costly. UNHCR is responsible for providing the correct Air Cargo Manifest (SI009)

3.5.2.5.3 Light Aircraft Charter
When UNHCR needs an aircraft for two months or more, lease of an aircraft may be negotiated. In such cases UNHCR is partially or totally in charge of all arrangements, from selecting the type of aircraft to ensuring a fuel supply and accommodation for the crew. For all information Supply staff should contact SMS.

3.5.2.5.4 Military Aircraft
In emergencies donors sometimes make available military aircraft for delivery of urgently needed supplies. If such flights are charged against a UNHCR budget, the cost is often prohibitively high. The approval process is usually so time-consuming that military aircraft should only be used as a last resort.

3.5.2.6 Role of Supply Staff in Air Operations
Supply staff is responsible for implementing air operations in a country, although technical assistance should be requested. Staff should monitor air operations performance, particularly to ensure safety and maintain cost-efficiency. A large air operation, involving several airports and carriers, requires the assignment of a qualified Airlift Coordinator (under the direct responsibility of either the Representative or the Senior Supply staff). Before any commitment is made with a supplier, the planned air operation must be fully approved in writing by interested government(s). Supply staff should be present at both departure and destination of all flights and to travel with flights if there is no UNHCR office in the country of destination. He/she should check the validity of all documentation prior to departure, notably the Aircraft Passenger Manifest (SI008) and the Air Cargo Manifest (SI009). For all air operations, UNHCR has issued Standard Operating Procedures in October 2000, given in Annex 14.
Identification of Transport Routes

Identifying the optimum transportation routes is important. Supply staff should develop alternate routes and be ready to use them if problems arise on the primary route. (The primary route may have insufficient capacity during peak periods or may change according to the different types of items to be transported.) He/she should also evaluate whether the primary route is vulnerable for natural, political or military reasons.

Alternatives to consider in developing contingency plans include the possibility of improving an existing road or even building a road if necessary. For water obstacles, it may be necessary to bring in portable bridges or to arrange a ferry service. Factors affecting transport include:

**Air**

Location and capacity of airports/airstrips in the region; airport facilities: fuel, loading/offloading equipment, IFR/VFR (Instrument Flight Rules/Visual Flight Rules), runway length and capacity, parking availability, engine starters, day/night operations, landing fees, control towers, storage facilities, customs and immigration authorities, fire fighting equipment, etc.;

**Rail**

Location of railway stations; frequency of trains: number of locomotives, availability of the types of wagons required, etc.;

**Road**

Locations and types of roads, bridges, tunnels, checkpoints, traffic jamming points, fuel and maintenance, etc.; and

**Water**

Navigability of the river, types and frequency of barges used.

Other factors to take into consideration when assessing possible transportation routes include the:

- terrain between departure and destination points;
- expected weather en route;
- type of goods transported;
- weight/volume ratio of the goods (light but bulky, heavy and small);
- quantity of goods or number of people transported;
- packaging of the goods;
- speed at which goods should travel to meet deadlines;
- frequency of deliveries needed;
- options available: air, road, railway, waterway;
- existence of possible transhipment points: road, rail, sea, inland waterways, air;
- constraints of each route: weight limits on bridges, ferry capacity, restricted water depth, adverse weather conditions;
- safety and security aspects along the route;
- type, size and capacity of vehicles the route can carry: rail wagons, boats, barges, or aircraft and the availability and cost per unit; and
- special transport needs of vulnerable groups: ambulances and buses may require different routes from large cargo trucks.

Each option should be evaluated according to the five variables described earlier: cost, speed, accessibility, reliability (including an evaluation of security) and capability. Once supply routes and means of transport have been established, it is important to continuously monitor actual transport requirements against current delivery capacity and developments in the area.
of operations. Local staff and drivers should report deteriorating conditions of roads or bridges, security incidents or new checkpoints that might adversely affect deliveries. Plans can then be adapted and action taken to respond to any changes, expected or unexpected.

### 3.5.3 Transport Requests (D011)

Requests for the transport of goods may be from:

- Suppliers premises to POE;
- suppliers premises to a UNHCR warehouse;
- POE or transhipment point to a UNHCR warehouse;
- warehouse or EDP to a final distribution point; or
- a UNHCR warehouse back to the supplier or his/her representative.

#### 3.5.3.1 Reviewing Transport Requests (D011)

Upon receipt of a Transport Request (D011), staff responsible for Delivery evaluates the possibilities, checks with vendors and proposes options with cost estimates to a customer. A key to analysing transport requirements lies in helping customers plan ahead. If a customer asks for 100,000 blankets, for example, it is important to determine how many can be distributed in one week. (Four partial orders of 25,000 blankets each, scheduled to arrive at the rate of two shipments per month, might be more beneficial to the customer and less costly and more efficient to deliver.) The purpose of a request should be determined, for instance if the goods will meet true distribution needs or are needed as a replacement (which may be less urgent). If the latter is true, it will be more cost-efficient and easier to space the deliveries, so as not to overburden the infrastructure. Some transport options are predetermined, as they have been studied in the past and optimum solutions determined with the existing resources; for these, no further analysis is necessary. It is sufficient to authorise the Transport Request (D011). In other situations, an analysis of how to proceed with transport is needed on a case-by-case basis.

Checklist for Reviewing Transport Requests:

- Who should be contacted at the point of departure and final destination?
- Is the request certified or authorised by appropriate staff?
- What quantities of foodstuffs and programme supplies will be transported? (The quantities to be transported can be calculated in terms of total tonnage, once the programme needs of the refugees are known.)
- Where are supplies required? (Goods in national, regional or district warehouses should be transported in sufficient quantities to meet the needs of refugees served from the next staging or transhipment point in the logistics chain.)
- When are supplies needed? How soon supplies are needed affects the means of transport selected and the size of the transport fleet. (One 10 MT truck, for example, can carry 300 MT in 30 days if the distance from source to destination requires only one day for turnaround.)
- How often are supplies needed? (Transport requirements to supply refugee needs on a one time basis, or to move excess quantities of supplies needed on a random basis, can be met by borrowed or contracted carriers. Transporting established quantities, on a regular basis such as the movement of monthly food rations, requires a reliable transport fleet over an extended period of time.)
- Are sufficient funds in the budget estimated to cover the costs of transport?

When a request is reviewed, two solutions are possible: regular and special requests.
3.5.3.2 Regular requests
If requests are “regular” it means that their execution has already been studied and defined in the past and additional analysis is not needed. Regular requests cover agreed transport of refugees/IDPs, normal missions by staff and transport from a port to a warehouse. For such requests, it is only necessary to authorise a Transport Order (D014) if one has been submitted or issue one if the request was not made on the form itself.

3.5.3.3 “Special” requests
For “special” requests, a transport solution is not immediately evident. It is necessary to analyse the situation and resources to identify one or more proposed solutions. This includes studying volumetrics, immigration rules, import export restrictions, fleet availability, sources, etc. Such requests include: new influxes of refugees, new suppliers, new areas of operations and unforeseen movements of goods and people.

Immigration Rules
Prior to any movement of people, especially cross-border movements, immigration and movement regulations or restrictions should be checked, to preclude delays or cancellations on the day of the movement. This includes checks with health authorities on immunisation requirements or restrictions on travellers with infectious diseases.

Import/Export Restrictions
Prior to moving goods across a border, restrictions and prohibitions should be checked to avoid delays or cancellations during, or in the middle of, transport.

Customs Clearance Requirements for all Ports of Entry
Freight forwarders or customs authorities know if there are any special analysis or inspection requirements. If there are special requirements for goods, appropriate documents or samples should be included with each consignment.

Special Transport Requirements and Constraints
It is critical to consider the handling capacity of all transhipment points. This entails the maximum number of trucks/planes/ships etc. that can be received and offloaded per day at each location and ascertaining if loading and offloading at the same time is possible. Availability of the following should be checked:

- warehouse space to temporarily store goods until they can be cleared by customs officials or loaded for onward transport;
- space, such as a parking area for trucks and room on docks for handling goods;
- staff to load and offload;
- staff to carry out any customs formalities or other requirements;
- availability of handling equipment such as forklifts and cranes in good condition; and
- if the goods requiring transport are of a dangerous nature, have certain import/export restrictions (i.e. goods in a quota category, medical drugs, etc.) or require a cold chain, all special requirements should be documented and shared with the supplier, receiving Supply staff and the person responsible for procurement in SMS.

Packaging of Goods
Proper packing of goods provides units which can be conveniently handled and protects the contents until they reach the beneficiaries. Adequate packaging helps to maintain product quality and reduces loss or damage to the contents, while in transit or in storage. Suitable packaging, easy to open, will make distribution to refugees easier. These considerations, however, are often weighed against packing costs and available supplier standards, to determine a suitable compromise.
For most refugee programmes, shipments of commodities such as fuel, wheat, maize and other cereals are transported in drums or sacks for ease of handling. Extra sacks or drums should accompany a shipment to reclaim the contents of damaged units (which have been punctured, torn in transit, or show evidence that they are leaking). Some packaging has monetary value or alternate uses once it is empty. Jute sacks, for example, may be used as a floor covering or for constructing temporary shelters. Fuel drums may be used as water containers or communal cooking pots. Potential resale value or secondary uses should be considered when specifying packaging requirements.

SMS uses established standards for export packaging. If local conditions require special arrangements, national standards in the host country differ from international standards, or a cost effective alternate use of the packaging is planned, packing instructions should be included in the Requisition. Local or regional purchases, should include detailed instructions in contracts with suppliers for durable packaging. Packing should be suitable to preserve the quality and integrity of the contents until the goods are distributed, for the conditions, which will prevail during that time and to facilitate distribution and final use.

**Bulk Shipments**

Bulk shipments usually refer to commodities, which are shipped in bulk (no packaging) in tankers or bulk carriers. Fuel and edible oil should be shipped in drums unless suitable bulk handling and storage equipment is readily available. Bulk foodstuffs can be bagged during discharge at their destination, either manually or using automated bagging equipment. Manual bagging operations may delay discharge of cargo and are time consuming, inefficient, result in cargo losses and provide bags of only approximate weight. Sacks may have to be purchased or supplied locally. Automated bagging equipment should be available in the port.

**Cargo Containers**

Cargo containers are sometimes used to ship goods, which are particularly valuable or vulnerable and, therefore, warrant extra protection against pilferage or damage. Containers are large, standardised receptacles, made of light, strong aluminium alloys and specially designed for repeated use. Their standard sizes fit securely into cells created on a container vessel, flatbed trailer truck or rail wagon. Local offloading, transport facilities and needs should be assessed before requesting container service for international purchases.

Use of ‘ISO’ Containers for shipments by sea:

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>extra protection against pilferage and damage</td>
<td>added expense for container lease/ purchase and handling charges for stuffing, de-stuffing difficulties in inspecting contents without de-stuffing necessity for fast de-stuffing to avoid container detention charges after expiration of rental “free time” (usually 10 to 14 days) high freight rates for containers shipped to ports with little or no return unwillingness of many shipping lines to permit their containers to leave the port exposing goods during the most vulnerable part of their journey from a port to an inland destination high cost of inland transport if containers are returned to a port empty lack of container handling equipment outside</td>
</tr>
<tr>
<td>reduced cargo insurance premiums</td>
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<tr>
<td>reduction in packing time, cost of packing materials and gross weight for goods which can be packed in cardboard cartons and containerised for shipping savings on cargo handling charges for “door-to-door” shipments use of purchased second-hand containers, which can be placed where needed when empty, as lockable, secure storage, offices or for a multitude of other purposes</td>
<td></td>
</tr>
</tbody>
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Pallets
Pallets are small, portable, wooden platforms on which all types of small or lightweight packages are stacked for shipping. Pallets are constructed in dimensions suitable for mechanical handling using forklifts or cranes. To prevent shifting and provide added protection, palletised goods such as cartons, bags or small (100 liter) oil drums, are often shrink wrapped with plastic sheeting and strapped with metal or polyester bands. UNHCR field offices may request that pallets accompany consignments to their destination, where they may be used to improve storage or be broken up to provide wood for other uses.

Calculating Volume
Taking into account the volume of goods and their packing, Supply staff should calculate the volume of space needed for shipment.

Price and Time Estimates
Once volume has been measured, the transport market should be studied to find the best cost/volume and cost/delivery time ratios. Transport efficiency and effectiveness can be assessed in terms of:
(a) cost, usually calculated per MT per km;
(b) transit times;
(c) security and safety, measured as minimal loss or damage;
(d) flexibility and reliability; and
(e) adequate control and monitoring procedures.

Requesting Additional Information
If a Transport Request (D011) is not complete, Supply staff should immediately revert to the requestor for clarification or missing information. If the requestor cannot specify all parameters, he/she should discuss requirements with the customer and propose concrete dates/locations so that a plan can be agreed and prices and time estimates determined.

Ranking Transport Preferences
UNHCR transport preferences include:

- the cheapest transport means that meets delivery requirements;
- scheduling through the fewest transhipment points;
- shipping via preferred transhipment points and customs;
- GFAs wherever applicable;
- applying 1:4 ratio rule for air shipment (ship by air if less than 25% cost of goods);
- shipping by air, if weight is less than 200 kg;
- shipping by air when a cold chain is required; and
- shipping by land or sea if dangerous goods are involved

Prioritising proposed solutions
Once all of the above issues have been studied, Supply staff should:

- choose possible means of transport: air, water, rail, road or a combination of these.
- determine what sources of transport to use: UNHCR fleet, other agencies/IPs, long- or short-term rentals, or commercial means (such as DHL or the post).
- As part of the above, Supply staff should decide on the number of units of the means of transport, i.e. number and type of trucks or busses, planes, barges, etc. His/her
main criteria in this are: continuity of need, uniformity of goods to be transported, possibility of advance planning, grouping and turnaround times.

- choose transporters depending on the:
- role which they will play;
- speed of delivery;
- reliability and capacity to respect obligations;
- shipping tracking systems;
- insurance costs;
- representation in area of operations; and
- reputation and references.

Supply staff do the above using the guidelines set out in the section on Transport Planning. Finally, Supply staff should make a prioritised list of all technically feasible solutions.

1. If a priority solution falls within the pre-defined budgetary and programme framework, he/she should generate the necessary documentation, a transport plan (with dates) and assign responsibilities. This becomes a new regular request and a Transport Order (D014) is issued.

2. If the best solutions fall outside the framework or if no solution is feasible, he/she should prepare and present the options to the LOI holder, in order of priority and ask for a decision.

3.5.4 Issuing Transport Orders (D014)

Once a transport option that meets a customer’s requirements has been determined, the Supply Unit issues the actual Transport Order (D014). This consists of developing insurance requirements, writing and sending the Transport Order and distributing information in the order as required. Issuing a Transport Order entails instructing a fleet manager, a transport company or a GFA holder to transport goods or people.

3.5.5 Organising Transport

Steps in managing transport movement include:

- initiating insurance and generation of necessary internal documents;
- confirming goods or people are ready to be transported and shipping documents are ready;
- collecting goods or persons and shipping documents or a passenger list from the custodian;
- consolidating and forwarding shipping documents;
- monitoring movement of goods or people;
- receiving goods or confirmation of arrival of passengers; and
- customs clearance, if necessary.

3.5.5.1 Documentation

Correct documentation of all orders is required both for shipping and for authorising payment of supplier and carrier invoices. Every shipment should have documented evidence of its contents, weight, volume, origin, price paid and transport.

3.5.5.2 Scheduling Pickups of Orders

Transport is generally scheduled in advance as many parties are involved. Transporters may have schedules that span only 48 hours, an entire month or even more. Confirmation is required from a warehouse manager preparing goods or staff preparing people to be
transported. It is also necessary to alert the transporters and the next in the chain who will receive the goods or people. Good telecommunications between key locations in the area of operations amongst Supply staff, ports, airports, major warehouses, distribution centres, transport fleet operations base(s) and mobile units, permit rapid exchange of information concerning movement of programme supplies and factors affecting movement. Unless telephone, email and fax connections are extensive and reliable, it may be necessary to establish a radio network.

Movement and delivery of refugee supplies should be scheduled to ensure that goods arrive in a timely manner at the location where they are needed. To do this effectively, officials in charge of scheduling should know what supplies (type, quantity and quality) are on hand at each storage location in the supply system at any given time. They should also know what needs must be met, where and when, with sufficient advance notice to permit them to position these supplies at the destination. Supply staff should establish a schedule with the transporters to meet delivery requirements. If transport can take place within a two to three day period, a two-week schedule is the minimum time frame to plan for road transports. This gives enough time to ensure all parties are informed and ready to fulfil their responsibilities for timely transport and without incident(s). Transport schedules can span up to a three-month period for round trips that may last up to three weeks. When a schedule is changed, all parties involved in the preparation, handling, transport, dispatch or receipt of goods or people should be informed as soon as possible.

Forty-eight hours before the scheduled transport, Supply staff should meet with a warehouse manager, protection staff, or the responsible administration staff to see that the goods/people are ready (or will be ready) and transport can be arranged according to plan, or if it should be rescheduled or cancelled. The receiving or transhipment locations should be advised of upcoming shipments/movements. This can be done through a pipeline, or dispatch notice. Special handling or other requirements at the receiving location should be transmitted to the people handling the shipment(s). If there is no problem with the planned transport, a reminder should be sent to the transporters to ensure that the appropriate number of trucks and/or containers will arrive at an agreed time at the pickup location.

### 3.5.5.3 Pickup Issues

When checking to see if goods or people are ready for transport, a problem may arise and transport may need to be rescheduled or cancelled. Issues may, however, only arise when Supply staff reminds the transport suppliers, next in the chain that transport is due within 48 hours. If there is a pickup issue alternative transport should be sought, timing for loading/offloading should be changed, quantities to be transported should be reduced, or other means of providing special handling requirements for goods or people needing transport should be found.

Causes for rescheduling a transport include:

- goods or people needing transport are not yet ready to move;
- an increase in the quantity of goods or people that cannot be met with the available vehicle of the transporter;
- unavailability of vehicles from the transporters due to maintenance or other problems such as overbooking, delays at borders, etc.;
- closing down of a border route due to a natural or man-made event;
- unavailability of escorts for convoys requiring them; or
- the next type of transport in a chain of different means of transport (air, ship, truck or railway) is unavailable due to delays with previous transport or mechanical problems.

### 3.5.5.4 Collecting Goods or People and Documents

Once it is established that goods or people are ready to move, transporters make arrangements for pickups and check that what is indicated on the documents has been picked up.
Transporters generally only sign for having picked up a number of boxes ‘which are said to contain’ certain commodities. If the transporters are carrying passengers they request that the passenger’s names be noted on a manifest and check the number of persons, as well as the weight of their personal effects. A custodian of goods is responsible for establishing documents to indicate the contents of the boxes picked up by the transporters. For cross-border movements of people, documentation requirements of both countries should be strictly adhered to and for internal transport of people minimum identification of passengers and their belongings should be recorded.

Suppliers and transporters should agree on pickup time for goods. Enough time should be planned for trucks to load goods the day they arrive at the dispatching warehouse. Each affected warehouse manager and transport manager should be notified of any changes. If goods should be inspected during loading of goods from the dispatching warehouse, an inspection company should also be notified of the pickup schedule. If there are any special requirements for equipment such as a crane or additional handlers, or medical staff, those concerned should be forewarned to be in situ at the right time.

### 3.5.5.5 Moving People

Staff responsible for Delivery also may need to plan, prepare and evacuate or relocate people. Transporting people requires thorough planning, careful control and orderly execution. Good liaison between supervisory staff at the point of origin and at the destination is essential to coordinate a convoy schedule and arrival of the refugees. Since moving people is complex and refugee or staff lives may be at risk, it is important that inexperienced Supply staff obtain expert advice. Additional advice should be sought from individuals with relevant experience in the area, such as managers of local passenger transportation companies, personnel in international organisations who have conducted similar operations and refugees. The number of scheduled stops along the route will depend upon the distance to be covered and the prevailing temperature. More frequent stops are necessary in cold temperatures than in warm temperatures.

Requests for transport of people may include:

- refugee or IDP movement from border areas to transit camps;
- refugee or IDP transfers from one camp to another;
- staff missions within an area of operation;
- staff deployments and reassignments; or
- staff evacuations.

While conditions and requirements for repatriation, relocation and medical evacuations need to be assessed for each operation, the following are always required:

- clear specification of eligibility for travel;
- procedures for orderly boarding and disembarking;
- quantity of luggage and type clearly defined; and
- compliance with immigration, customs or other governmental formalities.

A Passenger Manifest (SI010) for each transport vessel (truck, bus, boat) or an Aircraft Passenger Manifest (SI008) (for airplanes) is critical, even in emergencies. Besides information on the flight itself, the passenger manifest must contain the name, nationality or other affiliation, identification number and destination of each passenger.

### Moving People by Land

By far the most common means of transport for refugee repatriation and relocation is by land. Sometimes this is on foot; at others it is by buses and/or trucks which may or may not be organised in convoys (see Support Implementation). Supply staff responsible for such operations should seek expert organisational help.
First of all, it is imperative to organise the people who will board a truck (bus) into groups that will fit comfortably into the means of transport used. For each group there should be a passenger manifest (SI010), as stated above. All necessary documentation for border crossings and other official checkpoints must be obtained prior to travel. Care must be taken not to separate families.

Personal effects should be moved with the families and sufficient space should be made available in the vehicle. Sometimes, special vehicles for transport of personal effects and/or animals are used. In that case, care should be taken to mark the personal effects clearly, to avoid complications at disembarkment.

For trucks, ladders or ramps must be available to facilitate boarding.

If convoys are used, groups per vehicle should be organised simultaneously, so that the boarding occurs at the same time and the convoy can depart immediately after boarding. Supply staff must ensure that there is enough space for all the convoy vehicles to approach the corresponding groups of passengers at the same time and that they have enough space to turn around and line up for departure. All vehicles should carry numbers, to facilitate their placement by Supply staff. Each vehicle must have enough water and meals ready or high energy biscuits to cater to the needs of the passengers during the trip.

Medical staff must be present to treat motion sickness and possible heat stroke victims.

**Moving People by Ship and Rail**

Moving people by ship or rail is in essence the same as moving people by land. The same considerations hold, although extra precautions must be taken for motion sickness.

**Moving Refugees by Air**

The process is essentially the same as for land transport. One additional consideration is the number of people who can board the plane for insurance to stay valid. Sometimes, seats are removed from planes so that more people can be accommodated on the floor. Due to the special nature of airports, the organisation of the boarding and disembarking must be highly efficient. Special expertise is often required, especially for the technical support of these operations.

**Moving Staff by Air**

Another type of air transport entails moving UNHCR and IP staff to or from operations areas in inaccessible areas, where the only feasible option is the use of light aircraft to reach or leave the sites.

In some operations, this function is shared among UN agencies and one agency is chosen as the lead. In other operations, UNHCR manages one or several small aircraft by itself. Since rules differ from one operation to another, it is important to always know the applicable eligibility requirements for air travel, boarding priorities and quantity of luggage allowed. For details of what to do in these situations see Annex 14.

**3.5.5.6 Discrepancies**

If there are any discrepancies, such as broken or damaged goods or boxes, they should be noted onto the Waybill. If there is a shortlanding of goods loaded onto the truck versus the goods picked up and moved into the loading bay/platform, it should be noted for the warehouse and the Waybill should only reflect the quantities of goods loaded onto the vehicle.

If discrepancies noted are such that transporters or their representatives refuse to continue with the transport, Supply staff should be immediately notified. Transport should be stopped until the problem(s) is resolved (by replacing goods or rescheduling delivery or payment of demurrage if any are incurred). Supply staff should review all discrepancies in fulfilment of an order with a view to changing planned transport schedules, or requesting a customer to review a problem that was not noted when goods arrived in the warehouse.
3.5.5.7 Asset Information

If assets or items of equipment are transported from one location to another, the AM software should be updated. All information associated with the asset(s) should be provided to the next custodian and the asset database should be updated with changes of location and custodian.

3.5.5.8 Transporting Contributions in kind

For contributions in kind, on receipt of a CAF and a donor agreement, SMS establishes contact with colleagues in DRRM who contact the donor to coordinate and monitor delivery of goods. Depending on delivery terms of a donor agreement, SMS may have to arrange for inspection services, insurance coverage or onward transportation at the port of discharge, in consultation with the UNHCR consignee field office. Instructions are provided to the donor, supplier or his/her agent, specifying the necessary shipping documents and their required distribution to the consignee field office and UNHCR HQ. Copies of all communications are relayed to the consignee field office for information. On receipt of shipping documents for a contribution in kind, SMS prepares a memorandum to the consignee, referencing the applicable CAF, detailing the Receiving Reports (D013) and Distribution Reports required by HQ and attaching a copy of all shipping documents. These documents are sent to the consignee by the fastest means (usually by courier). The UNHCR consignee field office is responsible for receiving and clearing the shipment and reporting promptly on its condition to SMS at HQ.

Transport costs

For all contributions in kind, the cost of transport should be borne by the donor. This should be made clear in initial discussions.

In the case of budgetary contributions in kind, the donor will be asked to fund the transport and insurance costs (which have already been included in the budget). In the case of extra-budgetary contributions in kind, it is essential the donor should agree to pay transport and insurance costs. As far as possible, a budgetary contribution in kind should approximate to a CIF (or FOB) purchase whereas an extra budgetary contribution in kind should approximate to a CIF purchase.

It is important that the location to which delivery is required is included in the letter from the Representative/COM to DRRM.

Transport arrangement and documentation

While transport and insurance remain the responsibility of the donor, SMS should, upon receipt of the exchange of letters between DRRM and the donor, ensure that appropriate destination, means of transport and packing are used and that the donor is made aware of documentation and other information that may be required at the destination. SMS will, wherever appropriate, request the donor to obtain all required export/import documentation and forward the same to the BO and/or other consignee.

Commodities will enter the most appropriate system used by SMS for such purpose, at this point. Where ever possible, the donor will take responsibility for clearing and forwarding of the contribution in kind to its final destination. In their contact with the donor, SMS will ensure that this matter is clarified. SMS will ensure that a receiving report is obtained for DRRM use in UNHCR financial and donor reporting procedures.

3.5.5.9 Local Transport and Shipment Handling (LTSH) for WFP food shipments

WFP and UNHCR have signed a Memorandum of Understanding covering cooperation on the provision of food aid and related non-food items to refugees (including asylum-seekers), returnees and, in specific situations (as defined in article 1.3 of the MOU) to IDPs. The MOU applies when the number of people in need of food assistance in a given country is at least 5,000, unless otherwise determined and agreed upon by WFP and UNHCR on a case-by-case
basis. Food aid for fewer than 5,000 beneficiaries falls under the responsibility of UNHCR, unless WFP agrees to provide assistance, on an exceptional basis.

WFP food shipments are handed over to the consignee government or to a local or international NGO at the port of discharge. Unless stated otherwise in the WFP/government Letter of Understanding, the government is responsible for discharging WFP food aid promptly from the carrier, customs clearance, adequate storage, inland transportation and distribution, as well as related expenses, taxes and duties. Deliveries are also subject to inspection by WFP or its appointed agents. In joint UNHCR/WFP operations, normally WFP is responsible for all transport, storage and handling costs from the port (or wherever the foodstuffs come from) up to the Extended Delivery Point (EDP). The latter should, ideally, be as close as possible to refugee sites. WFP receives cash to cover the LTSH costs of all food donations. UNHCR is responsible for subsequent transport of food from the EDP to the Final Delivery Points (FDP). If WFP lacks funds to transport food to the EDP, UNHCR can step in. WFP will only be in a position to reimburse UNHCR for LTSH if the food transported originated from WFP (not from a government or other donation). Problems sometimes result from delays of transfers of funds to the country. If the LTSH costs have been underestimated, WFP requests a review which may lead to further delays.

3.6 Managing Warehouses

Warehouse management covers items after they arrive and are placed under UNHCR control; it includes planning, recording, storing and monitoring stock and its movement. It continues until goods are delivered from a warehouse to a consignee specified by the “owner” of the goods, i.e. Programme and/or Administration staff. The consignee can be UNHCR staff, an IP or the beneficiary. Such management is internal, as all the tools needed for management are available within UNHCR. The objectives of warehouse management are to:

- ensure satisfactory receipt of goods, whether imported or from domestic sources;
- maintain inventory in usable (goods and spare parts) or serviceable condition (equipment);
- be able to rapidly provide users the materials or goods they have requested;
- keep account of amounts and value of stocks consumed and maintain a record of the stock situation (physical stock, earmarked, reserved, buffer, stock on hand, stock for distribution, contingency, temporary, transit);
- determine safety stock levels needed and review periodically; and
- ensure goods are delivered within the published lead time.

The complexity of the task is increased by the fact that UNHCR stocks include many different commodities: equipment of various kinds, raw materials and consumable goods. Effective stock management is essential for items once they are in UNHCR custody. It includes planning, recording and controlling movement as well as monitoring stock, while it is in transit and in storage. Two principles prevail: goods should be handled as little as possible and kept moving as rapidly and with as few stops as possible. UNHCR goods are classified as either consumables or assets. The latter are mainly items of equipment (with a value of over $100), while consumables (mostly non-food items) are intended either for internal consumption or for delivery to beneficiaries. Ineffective stock management can result in:

- mistakes concerning quantity and value of stock released and remaining, leading to incorrect data in the system and management taking mistaken decisions;
- incorrect estimates of operating costs leading to misguided decision-taking;
- maintenance of excessive stock levels, tying up funds that could be better used elsewhere; or
- a major increase in the risk of theft, damage, waste and losses.
3.6.1 Warehouse Planning

Warehouse planning is needed when Supply staff designs and establishes warehousing infrastructure for a country or an operation: what warehouses will be needed, where they should be located, how large and how elaborate they need to be in terms of space, equipment and facilities. This analysis should be made periodically, in conjunction with project and budget formulation or revision exercises.

3.6.1.1 Warehouse Network Planning

Before taking a decision on establishing a warehouse network, a detailed feasibility study of warehousing options should take place. Topics to cover include:

- consideration of the social and political situation, including trends in the refugee population and the type of services UNHCR will provide (emergency, care and maintenance, or repatriation);
- strategic location of warehouses, whether facilities should be near: refugees, a POE, transportation links, or population centres;
- existing and planned infrastructure, such as adequacy of nearby transportation routes, electrical power grid and telecommunication links;
- alternatives to warehousing (such as direct throughput to distribution sites, where possible);
- size and number of warehouses needed;
- selection of the best site or sites for a network;
- whether some or all warehouses should be rented or temporary warehouses should be established; and
- a cost assessment of the various options identified.

Proper selection, supervision and control of warehouses and storage facilities are responsibilities, which cannot be left to a warehouse manager alone. All Supply staff should ensure that refugee supplies are adequately protected until they can be used or distributed to beneficiaries. Storage facilities are required at key points in an area of operations. Supplies arriving in a country can be held in designated open storage or covered transit sheds pending port clearance. Warehouses are needed at each transhipment point or staging area. At the national level, goods are stored prior to allocation and transport to areas of need within a country. At the regional or district level, stocked items should be sufficient to meet planned needs for all refugees in the area, including buffer stocks of foodstuffs and emergency items, in case of unexpected demand or a temporary disruption in the logistics system. Supplies for direct distribution to the refugees are allocated to camp warehouses or to stores in settlements, from which the goods are released to distribution centres on prescribed distribution days.

In the past, significant losses have resulted from poor planning or neglect, causing ineffective utilisation of resources provided by donors. Improving planning of facilities and warehousing practice can reduce and even eliminate damages attributable to:

(a) spoilage caused by inadequate protection during inclement weather;
(b) lack of proper security and supervision; or
(c) prolonged warehousing of supplies and foodstuffs.

At the national or regional level, UNHCR offices should maintain a central inventory of storage facilities currently used to hold UNHCR goods. Supply staff should review storage requirements annually (if not more often), to assess anticipated needs and available facilities and to make budgetary provisions for repairs, equipment and personnel. A record for each storage unit should indicate:

- its location and capacity;
- a description including the type and condition of the building;
The guidelines set out in this chapter establish standards for planning, controlling and monitoring all storage facilities, which hold UNHCR supplied material assistance. Supply staff should encourage IPs and those with direct storage responsibilities to comply with these requirements:

- ensure that the IP and warehouse manager are aware of their responsibilities for safeguarding supplies entrusted to them;
- help the IP to identify and provide adequate warehouse personnel;
- advise the warehouse manager about good storage practices and meaningful record keeping;
- support requests from the storekeeper for necessary alterations, repairs and equipment;
- help to locate and supply all necessary assistance, equipment and chemicals for pest control operations; and
- assist in identifying and explaining any losses or required disposals, including the removal of stocks which are no longer of use.

A good distribution network plan should answer the following questions:

- How many UNHCR warehouses/camp warehouses are required?
- Where should camp warehouses be located?
- How much of what goods should be stocked at each camp warehouse?
- How will the inventory be transported or supplied to camp warehouses?
- What customers should be serviced from UNHCR warehouses?
- How should customers order from UNHCR warehouses?
- What would be the optimal customer order fulfilment rates?
- What transportation means will be used for inbound receipts and outbound shipments?
- What information and management systems should be used?
- Should UNHCR manage the warehouse directly or outsource?

Storage needs will be determined by the:

- types of items and materials to be stored;
- average time goods will be kept;
- speed and pattern in which goods will move in and out of storage;
- unpredictability of supply and distribution;
- existing transport infrastructure; and
- type and expected length of an operation.

### 3.6.1.2 Changes to Delivery Requirements

Some events that affect a distribution system are listed below.

Refugee movements such as an influxes or outflows affect both warehouse and transportation networks. Refugee movement may lead to changes not only in storage and transport requirements, but also the pipeline and sourcing of items may need to be diverted. Natural disasters may destroy inventory and delivery infrastructure.
Man-made disasters may cause damage or loss to current storage facilities and inventory, as well as transportation means.

After bankruptcy or strikes in a firm or NGO contracted by UNHCR to provide storage services, a decision should be taken to maintain the contract with the current supplier or opt for another.

Delivery staff should establish what distribution locations are affected by changes to delivery routes, storage requirements and area of operation. Supply staff will then select the local/regional warehouses that should be adapted to the change(s). SMS should review any changes required of the global network and provide support for regional or local review, if required.

### 3.6.1.3 Collecting Data on the Warehouse Network

Supply staff should collect and document information on existing warehouses with a view to recommending to close, move, or expand current facilities. These assessments will provide new insights on an operation, as well as useful information for developing alternatives. The following information should be collected on each warehouse site.

#### Space Utilisation

Utilisation of the warehouse should be determined to know the amount of physical inventory space that will be required if the warehouse is to be closed or if there is room to store more commodities. Also, availability of separate space for foodstuffs, medicines and hazardous goods should be considered.

#### Layout and Equipment

Equipment and layout for each facility should be listed, which will make it easier to determine the cost of a new or expanded facility.

#### Warehouse Operating Procedures

Procedures for picking up and shipping goods should be clarified as there are differences between facilities. This may explain why a given warehouse achieves higher throughput efficiency per person.

#### Staffing levels

A review of staffing and labourer rates and documenting positions by level could lead to a consolidation of jobs or a recommendation to hire more staff.

#### Receiving and shipment volumes

Information on incoming and outgoing trucks and the number of docks might help increase throughput.

#### Building Characteristics

Information on the building should be collected such as: lighting, unobstructed height, column spacing, sound construction, temperature/humidity and good ventilation (especially under the eaves which should be covered with metal mesh), watertight roof and windows, airtight and secure doors, whitewashed walls (if necessary) should be clean and smooth, etc. This information will facilitate assessment of need for additional investment or to expand capacity. The building should be thoroughly cleaned before use and at regular intervals. Repairs should be completed before use, or undertaken as soon as identified. At least 20% over the required floor area should be allowed for access and ventilation. For warehouses admissible floor loading is 1,000 to 3,000 kilos per square metre depending on the building specifications for floor strength. If there is a basement or other open space beneath the floor, floor loading should not exceed 500 to 800 kilos per square metre.

#### Access to Location
Access to main roads, ports and inland waterways, airports and railheads should be reviewed as it affects freight costs. Upgrading access may be necessary to permit supply movement during or immediately following periods of poor weather conditions, or additional capacity may be needed to store buffer stocks. A flat solid floor makes access for loading and offloading easier. Smooth, crack-free concrete floors are preferable, with rodent entry points cemented over (to 100 mm thickness). If the floor is wooden there should not be spaces between floor boards and the space below the floor should be treated with a suitable insecticide.

**Annual Operating Costs**
Information should be available on running costs such as: lease, insurance, maintenance and utilities.

**Inventory**
Information on inventory turnover and levels, replenishment rates and safety stock levels should be collected to permit a better analysis of possible cost savings through consolidation of warehouses. Such a review would help to identify which types of stock and how much of the stock is slow-moving or seasonal to help determine whether storage of these items should be centralised. Future plans for inventory should be discussed with Programme staff.

**Performance measures and benchmarks**
Performance measures for each warehouse, in terms of service requirements, order completeness, shipping accuracy, etc., should be collected and checked.

**Insurance**
The owner of the warehouse building should carry building insurance coverage for: third party liability, fire, water damage, window breakage, etc.

### 3.6.1.4 Utilising Selected Warehouses

Warehouse or storage changes required at the country, regional or global level are examined, taking into account the nature of the stocks (such as distribution, buffer, contingency stocks, etc.). Changes should be calculated, in square meters based on the type of goods to be delivered and the way they are packed. Each warehouse should be analysed in terms of warehouse category, capacity, turnover, optimisation, current storage requirements and any changes to current requirements. Proposals on how to cope with the changed situation should be documented. Categories of warehouses used by UNHCR are:

- CES Central Emergency Stockpile
- REW Regional Warehouse
- COW Country Warehouse
- DSW District Warehouse
- CAW Camp Warehouse
- WHS Country Warehouse

Calculation of space used may indicate that there is a consistent under-utilisation of warehouse capacity and that a decrease in warehouse space will reduce costs without decreasing delivery capacity or that there is a possibility of maintaining current warehouse capacity and increasing throughput. Warehouse management should be reviewed accordingly, taking into account warehouse category requirements (POE/POL/etc), nature of the stock and transhipment requirements to see where warehouse space can be reduced and propose a new in-country warehouse network. When calculating the capacity of a warehouse the following should be considered:
The nature of goods: food, domestic items, medical, construction materials, toxic and dangerous goods, etc.;

variety of goods and variety of PUs and packing;

nature of stock (such as contingency, temporary (or in transit) and distribution stocks should be kept separately);

foreseen ‘average’ quantity and value of stock, size configuration and building structure;

throughput (number of movements in or out by truck to or from the warehouse); and

handling equipment available (depending on the PUs and the size of goods that are expected to be handled).

If there is a problem with under-utilisation of space, it may be due to a floor layout that does not work efficiently; new goods added to the inventory without changing space allocation; or because packing is not appropriate for bin shelf or floor space. Sufficient floor space to simplify handling stock and access to all stacks for inspection, stocktaking, as well as insect and pest control, is important. A problem of inappropriate staffing may be due to: unclear stock movement procedures; changes in distribution or transit stock have not having been reflected in the warehouse staffing; pipeline information is lacking; or there has been incorrect forecasting.

### 3.6.1.5 Warehouse Site Options

Once the data has been collected, Supply staff should develop alternative site locations and operating methods. To develop alternatives they should take into account the data on current warehouses, future distribution requirements, warehouse utilisation assessment, past experience and customer service surveys. Things to consider include: delivery time, transportation issues, what items and which quantities to store at each warehouse location and labour issues.

Evaluating the feasibility of a warehouse has three components: evaluation of the site, the size and layout, as well as the facilities.

#### 3.6.1.5.1 Site Selection

Selection of a particular warehouse site, whether the space is to be rented or a temporary warehouse erected, requires careful consideration of several factors:

- distance from main POE of import (ports, airports, road transport depots, inland waterways and railway stations);
- location relative to the rest of the delivery network, such as distance to the camps, UNHCR offices, etc.;
- means of transport available and most suitable (road, river, railway, air);
- transport constraints such as road capacity, aircraft handling facilities, type of railway wagons available, etc.;
- type and quality of access routes such as steep hills, dangerous corners, inappropriate adjoining land use, etc.;
- nature of stock to manage (such as contingency, distribution, transit);
- nature and type of stocks to be stored (foodstuffs, medicines, hazardous goods with risks of fire, explosion or pollution);
- quantitative evaluation of the amount of stock to be handled (weight, volume, surface area) and likely time in storage;
- estimate of initial capital and operating costs of the proposed facility on the selected site; and
security (there should be lighting in the building and the surrounding area, adequate electricity for 24-hour lighting is preferred, a security fence and one (or more) watchmen, there should also be a fenced area outside the main warehouse for storage of fuel, lubricants and hazardous substances).

3.6.1.5.2 Size and Layout
The size of a warehouse is critical. If it is too small additional facilities will be needed, too big and wasted space will be costly. In planning warehouse layout, availability of the following should be considered:

- a small lockable room for “sensitive”, small, or particularly valuable items;
- an area for storage of construction materials in the open, but protected from theft;
- special storage facilities for items needing protection from heat, humidity or dust (such as medicines requiring a cold chain, freezers, storage of harmful substances);
- options for safely storing dangerous or toxic goods (such as fuel, fertiliser, insecticide, etc.);
- sufficient docks and doors of appropriate size for simultaneous loading and offloading;
- office(s) for warehouse supervisor, staff and warehouse records and facilities for personnel (toilets and wash-up facilities, space for guards, regular garbage disposal, etc.);
- bins, shelves, racks and platforms for organising goods for easy access;
- dependable utilities: water, electricity, telephone, etc.; and
- structural soundness (lighting, ventilation, insulation, watertight, even surfaces, drainage etc.).

3.6.1.6 Warehouse Management Options
A decision should be taken as to whether Supply staff should manage a warehouse directly or outsource it to a commercial firm or an IP. The decision should be based on where expertise and experience are available, careful analysis of current and predicted storage needs and a cost analysis of the different options available.

3.6.1.6.1 UNHCR Office as a Warehouse
Operations that do not have warehouses still purchase and receive assets and other goods. For the office to be able to “receive” these goods, it is necessary to have a ‘virtual’ warehouse. All items arriving in the office should be officially received and the incoming documentation (PO, B/L or commercial invoice, etc) appropriately filed and the transaction recorded in the purchasing/inventory management software. Subsequently, the goods should be officially issued to staff or asset stockholders, using a Waybill (D015) or Asset Issue/Return Form (AM002) and the transaction recorded. This ensures complete transparency and accountability of UNHCR procurement, even if the warehouse does not physically exist.

3.6.1.6.2 Supply Staff-operated Storage
Some Supply staff rent warehouse facilities and run them with qualified UNHCR local staff. The advantages of this over outsourcing are increased control and, sometimes, lower costs. The major disadvantage is the staff time involved. Temporary storage facilities, established and operated by Supply staff, may suffice to handle immediate needs, or while thorough evaluation is made of other options. Facilities for Supply staff-managed storage can be rented or repairs made to existing structures. It is, however, often more cost-effective and less expensive to outsource storage, especially in cities.
3.6.1.6.3 Commercial Solutions
Management services for receiving and dispatching goods and maintenance of the facilities can also be contracted from a commercial firm. Supply staff should ensure that the relevant agreement is sufficiently detailed to cover all contingencies. When warehouses are rented there are three ways to calculate the rates:

1) per square metre per month (this is preferred when the user is in control of a warehouse and maximises its utilisation by properly stacking goods);
2) in volumetric (ton/volume) per day (this rate is advantageous when the user is not present and controls a warehouse from a distance); or
3) for an entire warehouse per month (the need determines the size of the warehouse).

3.6.1.6.4 Implementing Partner (IP)
Outsourcing storage of stock to an IP is usually the best option. In such cases, it is important that the Sub-Agreement includes clauses ensuring that they: provide qualified personnel and adequate means to manage the warehouse; guarantee access of UNHCR Supply staff to the facility to observe procedures and audit records; and follow established UNHCR reception and issue procedures and time frames.

3.6.1.6.5 Sharing Warehouse Space with Another Agency
An alternative arrangement is to share warehouse space with another UN agency or humanitarian organisation. Management can be handled independently by each organisation or some functions can be shared.

3.6.1.7 Security considerations
Supply staff should select a location protected from natural disasters. Stronger facilities should be chosen in earthquake-prone areas. The local population should provide information on: climatic conditions; risk of floods and fires; presence of animals, rodents and insects; risk of theft and/or riots. Installing a large warehouse close to a distribution point or in a poor area should be avoided to avoid pressure from local populations. Supply staff should also:

- evaluate the political context and avoid areas with a population known to side strongly with one side of the conflict causing the refugee influx;
- avoid putting a warehouse near military areas that might be targeted for attack; or
- plan evacuation routes from the warehouse for personnel (with their personal belongings) in case of natural or man-made disasters.

3.6.1.8 Operating costs
Warehouse costs for each alternative should be calculated for the total period required and on an annual basis.

Fixed Costs are incurred for rent, depreciation of assets, salaries, insurance on property, services (telephone, security fixtures), office expenses and training.

Variable Costs increase or decrease depending on the amount of throughput and include: maintenance on handling materials, wages for day labourers, power and utilities, packing materials, insurance costs, special care for commodities, damaged and obsolete stocks.

Reducing costs for Temporary Storage Requirements - temporary alternative structures include solutions such as containers (however, these (as well as railway wagons and barges) are subject to severe heat if not shaded), tents (which should only be erected on raised surfaces and be surrounded by ditches for water drainage), railway wagons, houses, offices, or even a combination of dunnage and tarpaulins. Simple warehouses can also be constructed or repairs made using local materials, such as corrugated iron sheets, wood, bamboo or thatch. Rubbhallers are immediately available from the CES or can be ordered; most come with a metal
structure and fabric sides. They normally require professional direction to erect and technical advice is available through SMS.

### 3.6.1.9 Evaluating Warehouse Network Options

Evaluation entails comparing a recommended warehouse network plan with implementation costs. To evaluate each alternative thoroughly, Supply staff should determine all investments and savings. Costs for new handling equipment, construction, a temporary structure or building modification should be included. The following information should also be collected: details on relocating personnel, stocks and equipment, severance pay and disposal of assets not moved to the new warehouse. Once a conclusion is reached, a phased implementation schedule should be drawn up for transferring assets from the current to the future warehouse network.

### 3.6.1.10 Planning Warehouse Network changes

The final step in the analysis is to present the results to Supply Chain customers. The plan, as well as the impact of the new warehouse strategy on the UNHCR operation, should be clear to management and Programme/Administration staff. This should include funding for distribution and storage costs, as well as an improvement in delivery and customer service. The document should include the following information:

- objectives: the introduction;
- recommendations: a phased implementation plan including total savings or investment required, including a map showing geographic locations of the warehouse and distribution network;
- procedure: methodology used, assumptions and data in the evaluation;
- current warehouse network: a description of the current network, the way it works, problems and constraints on delivery;
- alternatives considered: selection criteria used (location or operating method) for alternatives and explanations of the viable alternatives (as well as why some were eliminated);
- costs: a description of the best two or three alternatives and their costs; a summary of investments and qualitative consideration for each alternative; an explanation of why management should support a particular warehouse network; and
- supporting data: appendices of the report should include back-up data and calculations.

### 3.6.2 Warehouse Management Process and Procedures

The process of receiving goods at the consigned UNHCR office has already been described. What follows is how goods are released from a warehouse and how they are maintained while in the warehouse.

#### 3.6.2.1 Release Requests (D018)

Efficient warehouse management requires that stock be kept only as long as necessary. All dispatches are made in response to Release Requests (D018) and the corresponding Material Stock Requests –MSRs(D017), which release goods for the following purposes: transfer to a new location; distribution to beneficiaries; internal consumption by UNHCR; or disposal (following an AMB decision). Customers (usually Programme and/or Administration staff) are the “owners” of goods stored in UNHCR warehouses. Only they can authorise release of goods from a warehouse. Supply staff arranges release of goods in the most efficient and cost-effective way. Customers authorise release through a duly signed and stamped Release Request which should have a unique numbering system. Release Requests should specify the following:
Supply staff checks Release Requests (D018) received from customers to ensure that stocks available or in the pipeline meet the request. If the quantity asked for in the request is greater than the quantity available, the issue should be resolved with the customer and the request amended accordingly. Supply staff should review the Release Request and establish if there are any inconsistencies. He/she checks with staff responsible for Sourcing if the customer has requested goods which are not currently in the pipeline or in stock. If additional items are expected to arrive later than the Release Request distribution dates, he/she should consult with the customer and agree on new distribution schedules. If not all items are in stock and the pipeline does not have sufficient amounts to meet the Release Request quantity, Supply staff should discuss with the customer (prior to creating an MSR that will not be filled) and modify or cancel the Release Request in question.

3.6.2.2 Material Stock Requests (MSR) (D017)

Supply staff issues an MSR (D017) based on a Release Request (D018). The latter are always issued and/or modified by the customer, while related MSRs are issued and/or modified by Supply staff (based on Release Requests). MSRs should also have a unique numbering system. Copies of MSRs should be attached to related Release Requests and kept with Supply staff and in a warehouse. MSRs should specify the following:

- description of the goods;
- PO number;
- quantity of goods and the PU;
- consignee;
- location/beneficiary; and
- delivery date.

A single MSR (D017) can be issued for a large quantity of goods, requiring several shipments over a period of time. In certain operations, it is possible to combine Release Requests (D017) and MSRs into one form, such as when integrated software solutions are used. In such instances, one section of the form serves as a Release Request and is signed by the customer while another section of the form, signed by Supply staff, serves as an MSR. This is possible if the information on the Release Request is the same as that on the MSR. If this is not the case, it is better to separate the two documents and maintain clear divisions between the two functions.

3.6.2.3 Reviewing MSRs (D017)

When a warehouse manager receives an MSR, several options are possible:

- all items required are in stock and are not reserved;
- all items are in stock, however some are already reserved for another MSR;
- not all items are in stock, but the incoming pipeline has sufficient supplies arriving to meet the demand in the MSR;
- reservations are made for the quantity possible; and
- the customer is informed of these issues.
On receiving an MSR (D017), a warehouse manager should first “reserve” the stock specified in the MSR, so that it will not be allocated to another MSR before the total quantity is shipped. Warehouse managers and/or Supply staff should keep a “stock reservation” spreadsheet (D007) to avoid approving release of more goods than are in stock. Information on this spreadsheet also reflects what has been sent and what remains to be dispatched. When reviewing dispatches and outstanding MSRs, a warehouse manager monitors the following problems:

- a PO has a zero balance in the warehouse, but the same item exists under another PO;
- errors were made in the previous dispatches requiring an upward or downward revision of outstanding quantities on an MSR “reservation”; or
- errors were made on the quantities already dispatched on the MSR “reservation” and the outstanding quantity for dispatch should be revised up or down.

If a customer sends Supply staff a modification to a Release Request (D017) for which an MSR (D017) has already been created, the corresponding MSR(s) should be modified to meet the new request. If additional goods are needed, the corresponding changes in quantity should be “reserved”, whereas if the quantities of goods are reduced the corresponding goods should be “un-reserved” and become available for new releases. If an MSR is no longer needed due to a modification or a change to the Release Request, the corresponding MSR should be cancelled. The goods that have been “reserved” under that MSR should be “un-reserved” and made ‘available’.

### 3.6.2.4 Picking and Shipping Items from the MSR

After a warehouse manager has checked an MSR and found it correct, he/she fulfills the MSR by picking and shipping the items requested, i.e.:

- determining physically which stock to select;
- ensuring the PO is correct;
- selecting stock in cooperation with the IP (or contractor) running the warehouse;
- positioning stock for dispatch;
- packing items and establishing a packing list;
- preparing Waybills (D015) for stocks that have been selected/packed; or
- filing a copy of the signed Waybills (D015) with the corresponding MSR in the file for that particular PO.

#### 3.6.2.4.1 Picking Stock and Picking Feedback

The first thing to do, when executing an MSR, is to determine physically which stock to select for dispatching. This process is called picking. In warehouse management theory, there are several possible systems for picking stock. Supply staff instructs a warehouse manager on the preferred way of moving stock. The most frequent method used in UNHCR is FIFO. Selected stock should be moved to a loading area and prepared for loading.

When stock is picked, items can be changed due to damage or other reasons. This process of changing the picked items is called picking feedback. It is most frequently used when shipping assets, which have individual serial numbers and bar codes. Picking feedback confirms exactly what items (which serial numbers and bar codes and which PO) are to be shipped.

#### 3.6.2.4.2 Loading and Shipping

From the loading area, stock can be: released directly to the consignee, loaded into trucks and transported to the final destination or repacked and then loaded and transported. In large operations, when goods are transported in convoys, Truck Loading forms (D006) specifying individual truckloads are useful. These forms are usually completed by Supply staff and
handed over to a warehouse manager together with an MSR (D017). The MSR is the official UNHCR document (signed and stamped), while Truck Loading forms (D006) help a manager distribute the MSR quantities amongst different trucks and prepare Waybills (D015).

The quantities picked and shipped by truck should correspond to the Truck Loading forms (D006), if they are supplied. If not, the warehouse manager should pick and ship items by the truckload, making sure to use the truck to its maximum loading capacity for given road conditions. For each shipment, he must issue a waybill (D015).

3.6.2.4.3 Direct Release

If goods are to be taken out of a warehouse directly by a consignee and UNHCR is not responsible for onward transport to the beneficiaries, the representative of the consignee signs a Waybill (D015) at a warehouse and takes possession of the goods. The responsibility of UNHCR ends when a Waybill (D015) is signed and goods are removed from a warehouse.

3.6.2.4.4 UNHCR Transport to the Final Destination

UNHCR frequently transports goods, by a UNHCR-managed fleet or by commercial truckers, to the final destination and hands them over to an IP who distributes them to beneficiaries. In both cases, a truck is loaded and a Waybill (D015) (signed by the driver and the warehouse manager) is issued for goods loaded on the truck. Goods can be loaded onto a truck either directly or after being repacked. If goods are packed, a packing list of the contents of each package should be issued in addition to the Waybill. Staff responsible for the Supply function remains responsible for the goods until they arrive at the destination and are handed over to a consignee (usually an IP who distributes to the beneficiaries). When a truck driver hands over goods to a consignee and the latter signs a Waybill for goods received, the driver must return a copy of the signed Waybill to the warehouse manager to file with the corresponding MSR. At this point, the responsibility of the Supply function ends. Field staff is responsible for monitoring distribution of goods by IPs to beneficiaries.

3.6.2.4.5 Stock Reservation Update

At the end of each day, the warehouse manager must issue the Warehouse Daily Issue Log Sheet (D004) and send it to the Supply staff who enters the information into the inventory management system. He should also:

- update the “reservations” sheet (D007) for all goods shipped;
- update bin and stock cards and/or his/her warehouse management system;
- file all Waybills (D015) and other documents in the corresponding PO files.

3.6.2.4.6 Supply Monitoring function

If errors have been noted on dispatches, corresponding “reservations” should be checked to ensure that entries are correct.

Supply staff should compare the Warehouse Daily Receipt (D003) and Issue (D004) Logs to data stored in the inventory management system. If any discrepancies are found, he/she should resolve the issues with the warehouse manager, so that the data in the warehouse registration system matches the inventory software data in the UNHCR office.

3.6.3 Maintaining Warehouses

Warehouses should be maintained to ensure stocks are in serviceable condition, safe and protected against risks of loss, theft, breakage or damage through careful storage and handling. Management involves installation, providing necessary items for facilities and rational use of storage, handling and transport equipment. To organise a storage facility, it is important to:

- determine the nature and amount of stock stored;
· calculate the physical storage capacity needed (area, height, cubic capacity);
· provide for easy movement of staff, documents and stock;
· select appropriate handling equipment (lifting capacity easy to use and maintain);
· ensure protection against risks of fire, flood, rain damage and theft; and
· estimate cost and request the funds needed.

The policy of UNHCR is to maintain the minimum amount of stock necessary to meet distribution needs. Stock should be guarded from: deterioration due to ageing, heat, humidity, exposure to toxic elements; damage caused by breakage, water, insects, rodents; and loss from theft. Sound stock management leads to savings and provides a means of:

· obtaining exact figures for the quantities and value of stocks used as well as stocks on hand;
· accounting for withdrawals for distribution and taking timely corrective action, as necessary, to speed up or slow down procurement, or distribution;
· obtaining accurate figures for operating costs by recording and monitoring quantity and value of withdrawals for distribution;
· maintaining stocks of various items at the optimum safety level;
· maintaining a running inventory of stock on hand;
· ensuring that stocks of all items, particularly spare parts are serviceable; and
· guarding against the risks of fire, loss, breakage, theft or damage.

Poor stock management results in:
· mistakes about quantity and value of withdrawals for consumption and of stock in hand, leading to publication of incorrect accounts and balances;
· incorrect estimates of operating costs which lead to mistaken management decisions;
· maintenance of excessive stocks involving a substantial financial investment;
· disruption of distribution due to shortages of supplies; and
· increased risk of theft, waste and losses.

Effective stock management entails tried and tested methods of administration and control. A clear, logical routine should be followed to keep stock safe and in good condition. (Paint tins need to be turned upside down, for example, oil drums rolled 180 degrees and grounds kept clean and secure.)

### 3.6.3.1 Humidity Control and Restacking

To preserve the quality of most stored goods, air moisture content should be controlled. Various meters are available for measuring humidity. If air moisture is too high, remedial action involves:

· building stacks, which are hollow inside, so that air can circulate;
· turning goods over periodically;
· using dehumidifying materials;
· using fans; and
· using solar dryers or other drying equipment.

Dunnage or pallets serve to raise supplies off the floor. Dunnage is mandatory in stores lacking proper floors or where moisture penetrates and to permit air circulation where there are bagged foodstuffs. If wood is available locally, stored supplies should be placed on loose planks or pallets should be built; otherwise, thick woven mats or plastic sheeting can be used under the stacks. Pallets should be clean, level and free of projecting nails or splinters. If wooden pallets are not available, Supply staff can arrange with suppliers to state on B/Ls that pallets used on vessels should be delivered with the shipment to the consignee.

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Spilled grains or other waste should not be left under dunnage on a floor, where rodents can
feed and insects can breed. Supplies and foodstuffs should be neatly stacked on pallets placed
on a clean floor. Pallets should never project beyond the bottom of the stack. Different items,
packages and consignments arriving at different times should be kept in different stacks.
Items should be stacked carefully to ensure stability, maximise available space and facilitate
stocktaking. With rectangular bags or boxes, the simplest method to “bond” the stack is to
orient layers in different directions to prevent a stack from falling over.

Goods should be issued in the order in which they were received. Stacks placed earlier at the
rear of a warehouse should be easily accessible when it is time to issue them. Stacks should be
placed with sufficient light and ventilation; good natural or electrical lighting makes
inspection easier. Ventilation and good air circulation are best for quality preservation in hot,
dry climates. Ventilators should not be obstructed. Stack heights should be limited to prevent
excessive floor loading and pressure damage to packaging or the contents. Packages can be
crushed or split by compacting caused by too much weight. Individual stack dimensions on
the floor should not exceed 6 by 6 metres, to facilitate inspection and cleaning.

Packages, especially those containing cans or bottles, should be stacked upright. Damaged
goods should be stacked separately, repaired or repacked (if possible) and issued first if they
are usable. Different types of damaged goods should not be stacked together. For stacks of
tents or improvised shelters, the fabric of the tent or the walls or roof of the shelter should not
touch the walls of the warehouse. In open areas, stacks should be kept far from the perimeter
fence.

3.6.3.1.1 Stacking Bags
Many of the goods UNHCR distributes, from foodstuffs to cement, come in bags. Bags can be
of hemp, plastic or heavy paper, but all should be handled carefully as they fall over if stacked
incorrectly. The basic rules for stacking bags are:

- make sure the floor is level and strong;
- protect the bags from water on the floor;
- use dunnage (such as pallets, wooden planks, etc.) to allow air circulation and stop
  moisture;
- check stability regularly when stacking and particularly after reaching a height of five
  layers;
- ensure lower layers can sustain weight placed on them;
- plan about a metre of aisle space between stacks and between stacks and walls;
- use either criss-cross stacking (in which bags are placed length-wise in one layer and
  width-wise in the next) or the block method (in which each layer is made up of bags
  placed length-wise and width-wise with the pattern reversed in alternate layers); and
- do not exceed the maximum safe height for stacking different commodities.

3.6.3.1.2 Stacking tins
Edible oils often come in tins made of light-gauge metal, which tend to leak. Plastic sheeting
and shallow metal trays to collect leaking oil should be placed on the floor. Tins can be
stacked in the trays in a pyramid fashion no higher than five layers. Leaked oil should be
mopped up promptly.

3.6.3.1.3 Stacking drums
Goods such as motor oil, jet and diesel fuel often come in steel or plastic drums. The strength
of a drum lies in its circular cross section, consequently, if they are to be stacked more than
three layers high, they should be placed horizontally, with their openings toward the top. To
prevent drums from rolling, they should be wedged. Drums stacked vertically should go up in
reducing layers, pyramid style, each drum resting across more than one of the drums in the layer below. They should be checked frequently for leaks and handled carefully.

### 3.6.3.2 Safety and Security Control

Stocks should be protected from the risks of fire, loss, breakage, damage and theft. Special precautions must be taken against fire, taking into account the characteristics of the goods stored. The temperature of some items, which may catch fire spontaneously as a result of natural heating, should be checked daily. Special precautions should also be taken with hazardous, inflammable or explosive materials, which should be stored away from inhabited areas and surrounded by metal or masonry barriers.

Stock is controlled and checked at three levels:

1) by carefully recording goods going in and out;
2) through frequent internal stock checks; and
3) by regular, complete, physical stocktaking.

Goods should be moved so as to minimise damage. The following guidelines apply:

- loading or offloading in the rain should be avoided;
- forklifts should be used for large or heavy stock and trolleys for lighter ones, whenever possible;
- goods should not be dragged, dropped or thrown, or hooks to be used;
- handlers should have clear instructions and be supervised; and
- premises should be well-maintained (roof, windows, drainage, floor, fences, etc.).

Fire extinguishers should be provided and regularly maintained. Instructions for prevention and extinction of fires should be circulated to all warehouse staff and fire fighting drills should be organised periodically. Sand buckets with shovels should be placed near the main exits and every warehouse should have at least two exits. Precautions should be taken to prevent water damage. Roofs should be repaired and replaced in the dry season. A security service should be in place and make continuous inspection rounds. Taking out insurance should be considered to provide cover against civil liability, theft, water damage and fire. The amount of coverage depends on the value of stock to be insured and risks the office decides to take.

Normally, the owner of the building is responsible for building insurance coverage such as: third party liability, fire, water damage and broken windows. The IP assigned overall responsibility for the goods stored in the warehouse must arrange for insurance to cover goods against risks, including: fire, theft with breaking and entry, damage due to natural causes and burst pipes. No insurance company covers losses resulting from pilferage or contamination by pests. These can only be reduced through improved warehouse management and control.

Security and Safety Measures are listed below.

- Keys should be strictly controlled.
- Access to the storage area should be restricted to authorised personnel only.
- Vehicles leaving the warehouse compound should be checked.
- Smoking should be prohibited in the warehouse.
- Fire-fighting equipment should be conveniently located.
- Responsibilities and action in case of fire should be prescribed.

### 3.6.3.3 Physical Control

The objective of physical control is to maintain goods in useable condition and to ensure their safety from loss, theft, or damage. Both regularly scheduled and random physical stock checking help to ensure that all stock listed in the inventory is actually present. Physical stock checks should be done at least twice yearly.
Physical Inventory check

Bookkeeping checks of stocks are made on the basis of documentation recording purchase, consumption, transfer, sale and periodical stock status reports. For each type of stock in the inventory of UNHCR it is necessary: to periodically check the physical presence of an item in a warehouse and its condition (for stock already received); to check the exact status in the delivery cycle (for stock in transit); and to determine the value of all stock at the appropriate purchase cost.

These checks are carried out using inventory records. Reasons for discrepancies between stock physically inventoried and stock according to bookkeeping records should be identified and explained. Bookkeeping corrections are made on the basis of physical inventory and explanations. Teams of at least two people (from different units) should prepare physical inventories, each doing their own inventory count. Special attention should be paid to damaged or broken materials in stock, to accurately evaluate loss and decide what is to be done with the stock (partial salvage, sale at a reduced price, or destruction if approved).

If properly prepared, a physical inventory should be completed in a day. Closing a warehouse for one or two weeks ‘for stocktaking’ results in disruption of distribution schedules. An alternative schedule for stocktaking is to conduct continuous checks on a percentage of the stock held, each month or quarter. This leads to less disruption than a single complete stocktaking.

3.6.3.3.1 Building and Area Inspection Checklist

Items to check for include:

- roof leakage or signs of flooding;
- broken windows or ventilators;
- badly fitted or damaged doors;
- cracked walls or floors;
- dirty or dusty interior;
- signs of rodents;
- damaged fences;
- broken or burnt out lights;
- inoperative or missing equipment; and
- trash and discarded items.

3.6.3.3.2 Stock Inspection

An inspection should include:

- spilled commodities;
- signs of insects or rodents (webs, cocoons, nests, droppings, etc.) or damage (between bags or packages in a stack, along seams, around a stack base, under pallets; flying insects are usually a sign of heavy infestation);
- water damage, mould, discolouration, stained bags or leaks;
- damaged items mixed in with regular stock;
- damaged goods should be stacked separately in the warehouse;
- expiry dates on items with a limited shelf life;
- germination or infestation in a stack of grain (to check the top bag should be lifted and felt underneath for heat);
- swelling or rusting cans;
- foodstuffs should be sampled;
- medical items may need to be sampled by the appropriate health authorities;
• signs of theft; and
• dark places should be checked with a flashlight.

3.6.3.3 Regular Scheduled and Random Checks

Regular checks by warehouse staff or spot checks by non-warehouse staff should include the following steps.

• Choose a committee (Supply staff, warehouse manager, IP).
• Suspend warehouse operations during the check.
• Check to ensure all stocks listed are physically present.
• Record any differences.
• Perform a complete physical stock check at least twice a year.

3.6.3.4 Perishable Goods Control

Special attention should be paid to consumables.

• Introduce a system to signal expiry dates.
• Inform customers well in advance (at least 60 days) of any goods that will reach expiry dates.
• Propose solutions for distribution or disposal.
• If goods have expired, they should be tested to see if they are fit for human or animal consumption.

3.6.3.4 Pest Control

Insects and rodents attack foodstuffs and paper products, as well as textiles. It is estimated that insects and rodents damage as much as 10% of stored cereals on average worldwide, with as much as 30% damaged in sub-tropical regions, especially when foodstuffs are stored over long periods. To reduce potential losses, susceptible foodstuffs should never be stored for longer than four months. When goods are inspected on arrival, infested lots should be moved and treated. All potentially affected stocks should be inspected every two weeks and remedial action taken when necessary such as spraying, dusting or fumigating with pesticides.

Expert advice should be sought on danger to either stock or workers. Rats, mice, squirrels, monkeys and birds can damage warehouse stock, particularly foodstuffs and electric wiring. Rats and mice carry diseases and through their parasites can spread plague. Goods should be placed on platforms with metal guard sheaths around supporting posts. Doors, ventilators and windows should have screens and fit tightly. Both preventive and curative measures should be employed to kill insects at all stages of their development. Processes applied, however, should not damage commodities, nor endanger those responsible for pest control or beneficiaries.

Chemical methods of pest control are currently the most widespread. Their purpose is twofold: to prevent insect damage by eliminating any possibility of infestation in foodstuffs or warehouses; and fight infestation by reaching and killing as much of the insect population as possible. Pending treatment, chemicals for pest control must be kept in a separate locked store. For prevention, commodities are often sprayed during bagging or loading operations. Suppliers should indicate when this has been done, specifying the type of product used, the date of the last treatment and the duration of the protection to help warehouse personnel plan future treatment.

Warehouses can be sprayed to prevent infestation. Treatment should only be applied to clean surfaces, as dust absorbs the products used. As a curative measure, warehouses may also be treated to kill insects, but this has no lasting effect because the insecticide must touch the insects to kill them. Treatment should be arranged when the insects are most active, usually just before nightfall. Foodstuffs exposed to insecticide sprays should not be consumed for several weeks. Fumigation of bulk foodstuffs is frequently undertaken to eliminate insects at
all stages of their development. Insecticide can penetrate and destroy insects inside stacks. Fumigation must take place in a closed and preferably airtight space. Penetration cannot be fully guaranteed, however and infested bags in the middle of a large stack may remain untouched. Following treatment, the gas is usually eliminated spontaneously after a few days of good ventilation. Treatment should be in line with the recommendations of manufacturers. Other measures should be employed subsequently to prevent re-infestation. Where treatment is deemed necessary, supplies and food aid should be fumigated (at a main or district warehouse), before being dispersed to numerous other locations (in smaller consignments). Scheduling pest control treatments in many sites is more difficult than treating supplies in one main location.

3.6.3.5 Warehouse Utilisation

Each storage facility should have a storage plan, to allocate sufficient space for goods before a consignment arrives. The floor of a warehouse should be laid out in a painted grid pattern and marked in chalk each time to designate an area for each stack. An example of a warehouse storage plan can be found below. A chart of the storage plan should be maintained, to identify available space at a glance and to locate stored supplies with their date of receipt easily.

Goods should never be stored directly against walls, pipes, pillars, roof trusses or partitions because stacks place extra stress on them, become inaccessible and are subject to dampness. Stacks should be separated using straight aisles, at least one metre wide, to provide access for inspection, cleaning and loading. Foodstuffs should be well separated from other supplies to avoid contamination. Fuels, lubricants and other hazardous substances should be stored in a separate building or a designated, protected area outside the main warehouse.

Storage Planning Guidelines:

- Plan a grid layout. Allocate space for each consignment and chalk the floor for stacking.
- Store food and non food items separately.
- Allow at least a one-metre space around stacks and between stacks, walls, pillars, beams or other obstructions.
- Provide enough space to permit easy access to each stack for loading and offloading.
- Store separate consignments of the same goods in separate stacks.
- Use the FIFO principle when issuing supplies.
- Check regularly that space is used to the maximum efficiency.
- Re-allocate and/or group stocks.
- Propose disposal of dead stock.
- Propose handling/storage equipment.
- Inform warehouse network staff of any changes to warehouse capacity.
3.6.3.6 Documentation Control

Regular bookkeeping checks should be made to check documentation, in addition to counting actual items in a warehouse. These warehouse maintenance and management checks should be undertaken according to timing or following movement of stocks. If there are differences
in the records, inconsistencies should be followed up and the following should be checked regularly or daily:

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3.6.3.6.1 Special Reports

If it is determined that goods have been lost, stolen or damaged, a Loss/Damage Report (D012) should be made by the warehouse manager to adjust stock balances. AMBs have authority to approve adjusting or ‘disposal’ of lost stocks, depending on the value of the goods and/or the reason why they were lost. If all is found to be in order during normal maintenance activities, standard reports should be prepared and distributed.

Every effort should be made to recover some, or all, of a loss through sale or exchange. To establish a value for the goods, a survey of the local market should be conducted. When approved for sale or exchange, items can be advertised in local newspapers or an auction can be held. A contract for disposition should include the nature, quality and condition of the goods, quantity, price or value and conditions of delivery, contract fulfilment or terms of payment. Goods are usually sold “as is, where is”, meaning that the buyer accepts the condition of the goods at the time of purchase and is responsible for removing them from their pre sale storage location.

3.6.3.6.2 AMB Documentation

A GS45 and associated documents should be prepared using the Loss/Damage Report (D012) if stocks are lost, stolen or damaged. All discrepancies are documented and reported and forwarded to the AMB. When authority is received from the AMB, stock balances can be adjusted in warehouse documentation and stock systems.

3.6.3.6.3 Passed Expiry Date

If goods have passed their expiry dates a sanitary inspection by an appropriate authority should be requested, to determine if expiry dates can be extended. If expiry dates are not extended by authorities disposal measures should be foreseen.

3.6.4 Establishing New Warehouses

3.6.4.1 Choosing the Facility

Sometimes, due to the increased scope of an operation, it becomes necessary to rent a new warehouse facility. In choosing the facility, the guidelines in the warehouse planning section should be followed. Once premises are chosen and a proper contract or agreement has been signed, premises should be upgraded to satisfy basic UNHCR requirements and standards. Staff should be trained in warehouse management according to UNHCR rules and procedures.

3.6.4.2 Cleaning

A cleaning plan should be prepared for a warehouse, comprising tasks, timing and assigned staff duties. Specific cleaning duties should be included in the job description for each warehouse staff member. This should be monitored to ensure work is done thoroughly and as scheduled. Floors, walls, ceilings, partitions, support beams, windows, doors and frames
should be thoroughly cleaned and treated with insecticide (if needed) before using a warehouse. Weeds should be cleared to eliminate breeding areas for insects and rubbish collected to remove potential food sources for rodents. Dirt, rubbish and small quantities of dirty spillage unfit for use should be removed daily and destroyed by burning (well away from the warehouse) or through a garbage disposal system. The floor should be swept daily. Periodic cleaning involves: sweeping walls, stacks, floor, wall/floor joints and corners; cleaning roof beams, tops of walls, doors, frames and door channels. Warehouses should be cleaned in sequence: from top to bottom and from the farthest point inside towards the door.

3.6.4.3 Supplies and Equipment Checklist

When establishing a new warehouse the manager should have:

(a) UNHCR documents for warehouse management (including stock cards, bin cards, etc.) and additional supplies should be printed;
(b) sufficient copies of numbered Waybills (D015);
(c) a system to ensure Waybills (D015) are stamped with the UNHCR seal and that a copy of a Waybill signed by the consignee is returned to the dispatching warehouse;
(d) sufficient copies of numbered GRNs;
(e) a system to ensure GRNs are stamped with the UNHCR seal; and
(f) a filing system for documents that should be kept at the warehouse and instructions on how to fill out all documents.

A well-equipped warehouse should have the following supplies:

- sufficient quantities of forms, ledgers and other stationery to keep proper storage records;
- small tools for opening cases, such as hammers, pliers, crowbars, steel cutters;
- spare sacks, needles, twine and small containers or cartons to repack supplies when packaging has been damaged;
- scales for weighing commodities, sieves of suitable sizes and two wheeled hand trolleys for moving supplies;
- brooms, dust pans, brushes, refuse bins; and
- first aid kit, flashlight, fire extinguisher and other fire fighting equipment, both inside and outside the storage building.

The need for power generators and equipment such as forklifts and conveyors to handle large quantities of supplies or heavy items should be determined. Expert advice should be sought to help identify needs and develop specifications. Capacities required should be overestimated by at least 30%. Particularly in large warehouses, where whole pallets are shifted, a forklift may be essential. Maximum height required and the type of power (petrol, diesel, electric) should be decided. Care should be taken to avoid exhaust fumes.

3.6.4.4 Training Staff

A warehouse organisational structure should clearly establish the hierarchical and functional relationships between supervisory and subordinate staff. Improved management involves the following:

- defining tasks performed;
- preparing job descriptions for posts created;
- determining authority attached to each post; and
- elaborating necessary procedures and providing means of applying them (forms to be used, routing documents, etc.).

The best available personnel should be selected, appointed and given clear job descriptions, responsibilities and instructions. Training on all major aspects of storage should be provided.
Storekeepers should recognise their responsibility to take care of goods entrusted to them, from the time of arrival to the time of issue. They should be managers, supervisors and inspectors, as well as record-keepers. Security guards should be hired to ensure 24 hour protection of a warehouse and its contents. To fulfil their duties effectively, warehouse personnel require planned working hours and shifts, prescribed standards for good job performance and good office support, tools and equipment. Regular staff meetings are recommended, to give instructions and exchange information on protection and quality assurance matters.

3.6.4.5 Inventory management software

Once documentation and reporting for stock and warehouse management has been implemented, reporting through inventory management software can be set up. If a UNHCR office already has an automated tracking system, the new warehouse location should be added to the system. Where no warehouses existed previously, a staff member should be chosen or hired as the software operator, trained and briefed about the established document flow, reporting routines and ad hoc reports.

3.6.4.6 Stock Management Techniques and Tools

Sound stock management and control depend on the quantitative measurement of stock changes and interpretation of data, as a basis for a manager’s decision. This may involve ordering further supplies: instructing a supplier to speed up or delay a delivery; reducing or increasing stock safety levels; expanding or reducing storage facilities; acquiring new handling equipment, etc. Some techniques for stock control include:

3.6.4.6.1 ABC stock analysis

ABC analysis is a means of identifying dominant stocks, which account for the heaviest investment of funds. A small percentage of the number of commodities normally stocked account for a large percentage of the total stock value. This is expressed in the 20/80 principle, which states that 20% of the items stocked account (on average) for 80% of total stock value. Expensive stock is referred to as category A, while the remaining stock is divided between categories B and C. A stock manager should give priority to category A products, while not neglecting categories B and C. (A category C product with a small stock value may, for example, be a key item.) It should also be borne in mind that products may change category, in the course of a refugee programme, for this reason this analysis should be made at least once a year. This analysis will permit a manager to take timely, appropriate action.

3.6.4.6.2 Stock turnover rate

This is an indicator that enables a manager to assess the speed at which stocks are exhausted. Turnover rate is the ratio of aggregate withdrawals for consumption in a stated period (yearly, half-yearly, quarterly) to the average value of stock during that period. The rate may be calculated on the basis of quantities or value.

3.6.4.6.3 Stock coverage rate

This is an indicator enabling managers to measure physical availability of stocks. The rate of coverage expressed in months is obtained by dividing stock at the end of a month by average monthly consumption.

3.6.4.6.4 Stockout rate

This indicator permits measurement of the number of stockouts (when stocks have been depleted) in a given period. The stockout rate expresses the number of unfulfilled requests as a percentage of the total number of withdrawals during a period.
3.6.5 Managing Dead Stock

When stock stays in a warehouse for long periods of time after programmes for which it was bought are finished, it is called “dead stock”. Dead stock should be handled through: transfer to other operations in agreement with the “owner” of the stock, local donations or disposal by processing through the AMB. Dead stock could be something purchased at the outset of an emergency that was not fully needed (such as tents or plastic sheets). Expired goods, however, should be destroyed rather than donated. Dead stock should be managed quickly because it:

- may become an issue with donors;
- takes up valuable storage space;
- has to be cleaned, cared and accounted for;
- adds to the number of items in inventory, which is carried over year after year;
- slows down stock selection; and
- takes up files or a database.

3.6.6 Adjusting Stock Levels

When disposal authority is received (to make administrative and financial adjustments to stock levels following losses or damages), stock quantities can be adjusted in all relevant documents and databases. The justification/authorising document should be filed and noted. On completion of disposal, a warehouse manager should delete goods and amounts from warehouse records. Supply staff responsible for warehouse operations should also maintain a complete file on each disposal, including copies of all relevant reports, correspondence, approvals, certificates and contracts of sale or exchange.

3.6.7 Managing Returns

In UNHCR there are two types of returns: a) the return of materials to a supplier and b) return of materials to the dispatching warehouse.

3.6.7.1 Returning Materials to Dispatching Warehouses

If goods dispatched are returned to a warehouse because they could not be distributed and if the same items can or will be re-dispatched to the same or a different location, they should remain overnight on the truck (if it can be secured). Relevant documentation need not be adjusted if the goods will be re-dispatched to the same location. If the goods are to be dispatched to a different location, appropriate documents should be adjusted in the warehouse. Sometimes, after dispatch, some or all the goods in a shipment are returned to a warehouse and added to existing stock. This can be done using a GRN, which registers the shipment as an “incoming” shipment under the same PO under which it was shipped out. The “justifying” document is the Waybill (D015) with remarks explaining why the goods were returned. If goods returned are in “good order”, they should be returned to their original storage location in the warehouse. If goods are damaged they should be placed in the damaged goods section of the warehouse and action should be taken to repair or dispose of them.

3.6.7.2 Return to Vendor

There are a variety of reasons for initiating a vendor return. You may receive defective or damaged goods, too many items, items shipped in error, or items that have not been delivered in time and that you therefore no longer require.

Certain multinational or high technology companies guarantee a quality product and will issue a replacement product or credit a customer account if an item does not meet product specifications. For returns of standard items for non-quality reasons, returns of undamaged, unused products in the original sealed containers are usually accepted within 30 days of purchase. Returns in unsealed bottles or packages are generally not accepted. Returns of
special (made to order) products are generally not accepted, unless there is a quality issue and the product does not meet specifications.

After the goods that will be returned have been received by UNHCR, they should be placed in a separate storage area in the warehouse and the “return to vendor” procedures initiated.

### 3.6.7.2.1 Return Material Authorisation (RMA)

The vendor in question must be contacted by the buyer and an authorisation to return the goods must be obtained, in addition to the return address for the goods. If any charges apply they must be agreed with the vendor in writing at this time. Charges could include the cost for returning the goods, restocking fees, etc., and they could be levied on UNHCR or the Vendor, dependent on the reason for return.

If the vendor will cover the cost, the method of reimbursement must be agreed. For a vendor UNHCR has on-going business with or a vendor where the payment has not yet been made, this would likely be in the form of a credit note in accounts payable, (a deduction from the current or future payments to the vendor). For a “one-off vendor” where the payment has already been made, it could be in the form of a cheque, cash or bank transfer from the vendor. In this case a record of the expected payment must be made in Accounts Receivable. The buyer must contact the relevant finance unit for appropriate action to be taken.

An RMA number and / or an RMA form should be received from the supplier and this number must be referenced on all paperwork pertaining to the return shipment and it should also be included on all financial transactions. A copy of the RMA form must be included in the return shipment, if received.

There could be instances where the vendor does not wish UNHCR to return the goods, particularly if the value of the damaged goods is low and the cost of return is high, in this case it is important that UNHCR obtains the written authorisation to destroy the goods, and that any charges included in the destruction process are agreed and documented before destruction commences. The buyer would still initiate a return to vendor procedure, although no goods are physically returned.

An RMA is an authorisation number given by a supplier to a buyer, so the latter can initiate a return to vendor procedure.

The following information should be collected/agreed with the vendor (when applicable):

- The Return Materials Authorisation Number (RMA Number).
- Purchase Order Number and/or Shipment Receipt of the returned goods.
- Part numbers (for spare parts) and serial numbers for serialised items with corresponding quantities to be returned;
- Return shipping address, contact person and telephone number;
- Billing address, contact person and telephone number.
- Purchase Order for repair, if items are to be repaired, and the confirmation of where the repair is to be charged (to UNHCR or the Vendor).
- Reason for return (i.e., ordered the wrong part, over-ordered, product no longer needed, defective unit, etc.)
- Charges connected with the return, who should pay and by which method, i.e. credit voucher in accounts payable, billing of/by vendor/UNHCR, etc.
- Method of destruction and any connected charges if the goods are to be destroyed.
- When required, customers site technician/representative with contact details.

### 3.6.7.2.2 Return Letter

A Return Letter should be sent with goods returned to suppliers without RMA forms. A supplier might refuse to accept return of goods and be reluctant to issue an RMA. In this case the buyer must negotiate with the vendor and receive his acceptance, in writing, before
shipping the goods. Return Letters should be concise, but include all relevant information needed so even a person who knows nothing about the situation can resolve it.

### 3.6.7.2.3 Return reasons:

Various reasons can be given for returning materials such as:

- Duplicate entailing an unwanted duplicate of material already received;
- Items with visible defect(s) are called defective material.
- Materials damaged in transit to a UNHCR warehouse (these materials are most likely to be discovered by Supply staff who open the packages; if a box or package is unopened, but damaged, warehouse staff should be contacted by the buyer with instructions for returning it);
- Wrong material supplied. These items are normally returned to the vendor, however, if UNHCR decides to keep the material, the incorrect goods should be changed in the PO under which the correct goods were purchased, associated product information should be corrected on the sourcing and order requests, a customer can place a new order for goods originally wanted but not supplied.
- Materials supplied on a cancelled order are materials shipped by a supplier even though UNHCR cancelled the order. (All material, supplied on an order cancelled by UNHCR, should be returned if the packing list or invoice date exceeds established grace periods from the date of the order cancellation.)
- Expired items (for perishable goods).
- Items no longer needed, e.g. goods received too late, goods agreed returned because the situation changed and the goods are not operationally needed anymore.

### 3.6.7.2.4 Steps Involved in the RTV Procedure

- Determine the source purchase order and/or warehouse receipt to associate with the RTV and all other relevant information (see above).
- Record the RTV in the RTV system in use.
- Ship the return back to the vendor/destroy the goods. Adjust inventory and asset management balances (if item is an asset).
- Notify the finance unit of the amount to be recovered/paid to the vendor. Raise new purchase orders/issue credit notes for exchanged and credited items, -if required.

### 3.6.7.2.5 Rejecting Items Versus Returning Items

From a system point-of-view, rejecting an item is different than returning an item using a RTV transaction.

When you reject an item during receiving, the item is never recognised as a part of the received quantity. For example, suppose one of the items (attempted) delivered to your warehouse has been crushed beyond recognition; you reject the item, and have the transporter take it back. This item quantity is not received on the shipping papers and is not included in the accepted quantity count; however, you still need to contact the vendor to agree on how the item is to be replaced.

When you return an item using an RTV transaction, the item has already been entered into your system as a part of the accepted quantity. As an example, let's use an item that has been received, accepted, and moved to the warehouse for inspection. If this item fails inspection, you return it to the vendor by creating an RTV transaction.

### 3.6.7.2.6 Return Actions

If the item has a substantial cost and you expect that the vendor, transporter or insurance company will replace the item, then there are three actions possible: credit, exchange or
replacement. When an item is rejected / returned with a reject action of replace or exchange, the item remains in the pipeline in anticipation of receiving the replacement items for the rejected / returned quantity.

### 3.6.7.2.7 Return for Credit
A return for credit involves returning the items to the vendor without requesting replacements. When you designate a vendor return as a return for credit, you must create a debit memo in accounts payable, or for a “one-off vendor” agree a different form of reimbursement and notify the finance unit of the expected receipt.

### 3.6.7.2.8 Return for Exchange
This type of return indicates that a different item is being substituted in exchange for the original item ordered. This enables you to exchange item A for item B from the same vendor or exchange item A for the same item from a different vendor. When you return an item for exchange, you must create a debit memo in accounts payable, or if other reimbursement is agreed, notify the finance unit of the expected receipt, and finally place a new order for the replacement items.

### 3.6.7.2.9 Return for Replacement
This type of return indicates that the vendor is shipping the same items to replace the original returned goods. You receive these replacements against the original PO.

### 3.6.7.2.10 Marking
The return address and contact person should be enclosed with each item returned. Several items being returned to the same vendor at the same time may be separated before being dispatched, even if packaged together.

### 3.6.7.2.11 Packaging Returned Products:
The following steps should be taken:

- Standard packaging procedures should be used to ensure safe arrival of goods back to an agreed place (such as a supplier’s factory); including a contact name and telephone number.
- Copies of all associated packing slips / invoices should be enclosed.
- A copy of the RMA or a Return Letter should be attached.

### 3.6.7.2.12 Shipping Preparations:
The following should be borne in mind:
All returned goods should be marked with the addresses of UNHCR and the supplier as well as the RMA number, if no RMA number has been issued, then the PO number should be referenced.

Freight should not be shipped collect, unless agreed in advance with the vendor (Shipments marked “freight collect” may be refused and returned to UNHCR. Payment should be made prior to dispatch).

A Transport Request (D011) should be issued for stocks ready for dispatch.

### 3.6.7.2.13 Follow-up by Supply Staff
Supply staff need to place new orders for exchanged goods and credited goods, if the items are still required by the requisitioning unit.

Credits received from the supplier for such items must be notified to Accounts Payable or Accounts Receivable dependent on the form of reimbursement we are expecting. If we are to credit the Supplier Balance, then a Credit Voucher will be entered in Accounts Payable, if we
are to receive a refund payment from the supplier, then a Debit Voucher must be recorded in Accounts Receivable.

If the returned item is an asset, the asset management system must be updated to reflect that the item has been sent back.

If Supply staff expects further action to be taken by a supplier (replacing defective / damaged material or supplying the correct material ordered, etc.), then the Purchase Order must be kept open until the items have been received.

If a claim will be made against an insurance company or the vendor, supply staff should initiate the claim and be copied on all relevant correspondence.

### 3.6.7.2.14 Notification by Suppliers on Receipt of Returned Material

A supplier should notify UNHCR of repair costs / warranty credits upon evaluation and processing of returned assets. Major non-warranty repairs should not be performed without prior UNHCR approval. After a supplier notifies UNHCR of all pending repair charges, UNHCR should respond within 30 days.

### 3.6.8 Managing Replenishment

In less developed countries, stocks are of particular importance because many purchases are imported. As a precaution, stocks covering up to six months distribution are maintained. In developed counties, the goal is to reduce stock to a minimum and transfer the burden to a third party such as the supplier, or the supplier of the supplier. Overall procurement lead time in less developed countries is much longer than in developed countries. Risks and uncertainties inherent in delivery are greater and more difficult to control, because of the distances involved, inadequate road, rail or inland waterway infrastructure, etc. In many instances, goods trains run at an average speed of little more than 25 km/hour, lines are single track, there are too few locomotives or wagons and frequent derailments. In such circumstances, the importance of stock management cannot be over-emphasised. In addition to geographical difficulties, the following may compound the problem: lack of trained stock management staff, financial constraints - which prevent maintenance of stocks at an optimum safety level - and inadequate logistical resources (such as trucks or handling equipment).

#### 3.6.8.1 Stock safety level

The stock safety level is a means of maintaining a regular flow of supplies to users in the event of a sudden distribution requirement, delays in delivery due to negligence on the part of suppliers or transporters, or unforeseen events (such as ‘force majeure’, strikes, etc.). The safety level is determined on the basis of the following:

- statistics on distribution or consumption during the last one to three years;
- distribution targets for the next year;
- estimation of the turnover, coverage and stockout rate; and
- a quantitative assessment of risks, uncertainties and unforeseeable contingencies.

#### 3.6.8.2 Reorder point

Supplies are reordered when stocks fall to a critical threshold as a result of fluctuations in consumption or distribution.

If

\[
S = q \times (d + m).
\]

then an order should be placed when:

\[
S = q \times (d + m).
\]
4 Managing Assets

4.1 Overview
All assets are acquired for the use of UNHCR staff and IPs to support protection and assistance programmes. The term ‘Asset Management’ (AM) describes the process by which UNHCR accounts for assets from the time of acquisition through purchase or in-kind donation, until disposal. The primary objective of AM is to achieve the best possible efficiency from the investment in assets procured by UNHCR or donated in-kind. AM also provides data and statistics to assist management in the budgetary and procurement planning processes and monitoring the efficiency of the system as required by the Financial Regulations and Rules of the United Nations and of UNHCR and the United Nations System Accounting Standards. Careful practice of the principles and procedures of AM is, therefore, of direct benefit to UNHCR and its beneficiaries.

4.1.2 Assets
Assets are grouped into two categories: liquid (such as cash and receivables) and capital (such as items of equipment over a value of $100 and certain special items).

Liquid Assets:
Liquid assets consist of cash: advances or receivables that will be consumed or converted into cash within the year. Cash is defined as cash, coins, notes and all forms of negotiable documents and cheques. Advances and receivables are all amounts due to UNHCR from third parties.

Capital Assets:
Capital assets are equipment and other items, owned by UNHCR, with an original acquisition value of US $1,500 or more and with a lifespan of five years and more, regardless of funding source or user, including contributions in kind. The term ‘capital asset’ also describes physical structures such as temporary buildings, warehouses, clinics and hospitals and ‘Special Items’ listed below. Use of the term ‘assets’ throughout this Manual refers to capital assets, unless otherwise specified.

Special Items:
These include (but are not limited to) the following item classifications with a minimum purchase value of US $100, on which property records should be maintained:
- Vehicles: all forms of motorised transport including heavy-duty equipment, motorcycles and electrically driven vehicles (excluding bicycles);
- Computer Equipment: desktops, servers, LANs, printers, voltage regulators, inventory control equipment (e.g. bar code readers);
- Plant: road building and agricultural equipment;
- Boats: all types of boats, outboard motors and safety equipment;
- Telecommunications Equipment: Transeivers, PBX and accessories, repeater stations, portable communication equipment (i.e. walkie-talkies, portable SATCOM systems, cellular telephones), power supplies for transeivers, solar panels, tuners for antennae and amplifiers;
- Security Equipment: armoured vehicles, flak jackets, helmets, ballistic kits and mine clearance equipment;
- Generators.

This list is not exhaustive. Boards may deem that other items merit tracking in Asset management software, based on value and/or attractiveness. A complete list of Special Items can be found in the ‘List of AssetTrak Categories and Descriptions’ in the supporting documentation issued with Asset management software.
Consumables:
Consumable stocks such as non-food items are included under the title of managing assets since the Boards are also responsible for authorising their disposal over a certain value (as described in the table of authorities for AMBs in Chapter 2 of the UNHCR Manual, Section 10, Annexes AMBs, pages 112-113). This category of items and equipment includes all goods normally written-off at the time of distribution, including goods purchased for use by UNHCR staff such as office supplies, as well as items intended for beneficiaries e.g. plastic sheeting, blankets, jerrycans and tents. Designation of these items as ‘consumables’ does not imply that they form a category of low value items since the procurement of such items represents a considerable investment for UNHCR. Inclusion of this category of goods under the authority of the Boards applies only to the disposal process when consumables cannot be distributed to the intended beneficiaries. Such circumstances may arise when consumables exceed the requirements of an operation due to phasing down, or when they have been damaged in some way, rendering them unfit for distribution.

Bulk Goods
Asset management software may also be used to record other assets and items of equipment, which by themselves are not valued at US $1,500 but which, recorded as ‘bulk’ are valued at over this sum e.g. furniture, air conditioning units. In recording ‘bulk’ items, the intention is not to track each item individually, but rather that recording such items should reflect an accurate picture of the overall inventory. An alternative is to track these items directly through the inventory tracking systems.

4.1.3 Managing Assets
Managing Assets can be defined as two main processes: firstly ‘Providing Information’ and secondly ‘Tracking’. The following activities support these processes as explained in detail below:

Providing Information
- planning;
- reporting; and
- calculating depreciation;

Tracking:
- registering new assets;
- tracking and maintaining assets;
- physically checking assets; and
- redeploying and disposing of assets.

4.1.4 Responsibilities of Staff
4.1.4.1 AM Focal Point or Asset Management Unit (AMU)
The AM focal point or Asset Management Unit (AMU) in large offices is responsible for carrying out many of the procedures described in this section. Asset Owners, Stockholders and Custodians, however, also have an important role to play in ensuring the proper control and tracking of assets. The tasks of the focal point or AMU regarding assets are described in detail in this section, or in other sections of Chapter 8 as indicated and include:
- monitoring their arrival (information provided by Supply staff receiving the items see Section 3: Delivery);
- registering assets on arrival;
• recording information on new assets and the movement of assets into Asset management software;
• assisting other staff and units to create AM forms;
• providing certain AM forms e.g. Right of Use Agreement (RoUA) or Transfer of Ownership Agreement (ToOA)
• providing reports and support to the AMB as required;
• taking action to ensure that AMB decisions are carried out e.g. sale or scrap of assets;
or
• providing consolidated reports to management e.g. numbers and value asset inventory.

4.1.4.2 Asset Owners
The Assets Owner determines the size of the inventory of particular assets since he/she controls the budgets from which assets are procured or donated, or if re-deployed the budgets that fund shipping costs. Asset Owners are responsible for determining the following factors leading to decisions:
size of the current asset inventory, from reports provided by the AM focal point;
future requirements;
allocation of assets to staff or IPs.

4.1.4.3 Asset Stockholders
Asset Stockholders are responsible for the following tasks:
• holding a stock of particular assets as determined by the Asset Owner;
• maintaining the stock in secure conditions;
• issuing assets to Custodians (or IPs) as determined by the Asset Owner;
• obtaining a signature on an Asset Issue/Return Form (AM002) for all issues and returns; and
• initiating submissions to AMBs for redeployment, write-off or repair, as agreed with the Asset Owner.

4.1.4.4 Custodians
Custodians are responsible for the following:
• providing a signature on the Asset Issue/Return Form (AM002) for assets received;
• ensuring that assets in their custody are properly maintained and kept as securely as possible;
• returning assets to the Stockholder, or other staff member as shown below; and
• reporting loss or damage on the Asset Loss/Damage Report (AM003) to the Stockholder immediately.

4.2 Planning
Planning for and managing asset inventories entails the analysis of reports provided from Asset management software to managers. Reports should be generated for discussion with Programme, Administration and Supply staff during key decision-making periods of the budgeting cycle. Understanding the size of the inventory of assets, their age and condition, is key to providing informed advice to managers planning for disposal and replacement needs. A wide range of reports can be generated from the database to provide detailed information on any of the data held. This information is particularly important during budget planning and resource allocation, when careful analysis should be made of the assets held and balanced
against perceived needs. It is impossible to determine real needs if the office has no picture of actual holdings. The holdings of assets reported in Asset management software are analysed at HQ during the ORB process and prior to authorisation of new procurement.

4.3 Tracking Assets

4.3.1 Bar Coding
Bar code labels are an essential part of the asset tracking system in UNHCR. These labels provide a unique number for each asset, allowing easier tracking and identification. UNHCR has agreements with some suppliers of equipment to tag assets prior to dispatch. Assets dispatched to the field from HQ should all be bar coded and recorded in Asset management software prior to dispatch and should be accompanied by a data file when dispatched.

4.3.2 New Assets

4.3.2.1 Assets Acquired by UNHCR
UNHCR acquires assets by purchasing or receiving contributions in kind. Irrespective of how an asset becomes the property of UNHCR, it should be registered in Asset management software.

4.3.2.2 Receipt of Assets
All goods arriving in an office following procurement, donation or redeployment should go through a receipt and inspection procedure and a receiving report should be sent to the dispatching office. Supply staff completes customs and tax exemption formalities before recording the arrivals as an incoming shipment. Once received, an asset should be registered, following the procedure below.

- Check Asset management software to verify that the information on the asset is visible/has been received and the bar code number and serial number match the asset. All assets arriving from HQ or redeployed from other offices should have been registered.
- If the asset has not been previously registered in Asset management software, then complete an Asset Data Entry Form (AM001). The form should be completed in hardcopy, for all assets which have not been bar coded; e.g. if received directly from the supplier. The form should be completed with all relevant information from the PO and other documentation (e.g. gift certificate (D010)) that arrives with the asset. Serial numbers, chassis and engine numbers should be verified by physically checking the asset rather than copying the information from the documentation. For vehicles, registration plate numbers should also be entered.
- Enter the data from the Asset Data Entry Form into Asset management software, either manually or using bar code readers
- Start a file for each asset to include Asset Data Entry Forms sorted by bar code number and accompanying documentation, especially the PO, customs and tax exemption documents, registration and insurance documents (for vehicles) for each asset. Such files are important to trace documentation in case of eventual disposal through sale or redeployment when customs and registration documents and invoices are often required.
- Contact SMS or the sending office/supplier to provide accurate details should any of the above data not be available.

Following registration, some assets will need to be programmed by UNHCR specialists (e.g. telecommunications/IT equipment). Post-delivery inspection will be required for vehicles and some other equipment (generators), which is normally carried out by a local agent of the manufacturer. If there is no local agent, SMS should be contacted for clarification of the
procedure. (For details, please refer to Section 5: Support Implementation). It is essential that such checks be completed correctly, as a warranty will only become valid after an inspection. Following inspection, the report should be forwarded to the AM focal point and a note made in Asset management software.

4.3.2.3 Storage of Assets

High value assets such as IT equipment should not be stored in warehouses, unless special security arrangements are made, such as a lockable cage or container in the building. As the UNHCR office often is the most secure location, such assets may need to be stored there when stocks can be kept in lockable, secure rooms or containers. It is incumbent on the Stockholders or Custodians to ensure that assets issued to them are kept secure. Specific arrangements vary from office to office, but the advice of Supply staff should be sought if adequate, secure storage for assets is difficult to find.

4.3.2.4 Private Use of Assets by UNHCR Staff

Private use of assets may be authorised in advance and in writing by the Head of Office in case of need, e.g. using a laptop computer from home. In such cases, the care and security of an asset is entirely the responsibility of the custodian who is accountable for any loss or damage. A copy of the authorisation should be forwarded to the AM focal point to be noted in Asset management software.

4.3.2.5 Assets Procured by IPs

Supply and Programme staff should discuss and agree on any procurement of assets by IPs before a Sub-Project is signed, both to make the best use of funds and assets and to ensure that the makes and models of assets owned by UNHCR are standardised, to the extent possible. Standardisation decreases maintenance costs and facilitates redeployment. Assets procured by IPs with UNHCR funds should be consigned to UNHCR on the invoice and shipping documents thus facilitating customs clearance. The IP should provide Supply staff with the original documents such as invoices and packing lists, for importation of assets procured internationally and an invoice and other pertinent documentation for locally purchased items. When staff is informed of the arrival of a new asset, the procedures outlined above should be followed.

4.4 Issuing and Returning Assets

Tracking assets requires meticulous attention to these simple procedures. By the very nature of the organisation, UNHCR staff and assets are mobile; assets are, therefore, issued and returned frequently and require careful monitoring if inventory is to be maintained up-to-date. All Custodians and Asset Stockholders should know the basic requirements for issuing and returning assets. Assets issued to staff and IPs should be returned to the Asset Stockholder when no longer needed. In circumstances where this is impractical, a Custodian should contact the Asset Stockholder to seek advice on what to do with the asset. Custodians should return all assets before leaving an office at the end of a mission or posting, unless an AMB approves redeployment of the asset to the new duty station of the staff member. Failure to do so will result in AMB follow-up with the staff member concerned.

Administration staff should operate a ‘checking in/checking out’ procedure for all staff. This procedure should include: a short briefing, on arrival, by Supply staff on AM procedures in the office; and on departure certification by Supply staff that all assets have been returned or accounted for.

4.4.1 Issuing Assets

An asset may be issued after an Asset Owner authorises the issue to a staff member and/or IP. The following cases apply:
4.4.1.1 Issue to Custodians and Stockholders

When issuing an asset, the Asset Stockholder should obtain the signature of the Custodian on the Asset Issue/Return Form (AM002). This form is the official document for changing the Custodian of the asset in Asset management software. The steps to be taken by an AM focal point when issuing an asset are as follows:

- prepare an Asset Issue/Return Form (AM002); this may be completed directly from Asset management software or by hand;
- obtain signatures of Programme/Administration staff authorising the issue on the form (unless this authority has been delegated elsewhere);
- arrange handover of the asset to the Asset Stockholder or Custodian against signature on the Asset Issue/Return Form (AM002); this task may be completed in conjunction with warehouse staff if the assets are in storage;
- update Asset management software with the name of the new Custodian or Asset Stockholder; and
- file the form in the asset file.

4.4.1.2 Issue to IPs

Assets issued to IPs may have been procured by UNHCR or an IP; in either case the asset should be registered in Asset management software. When Programme staff authorises issuing an asset to an IP, the following procedure should be carried out by the AM focal point:

- prepare a Right of Use Agreement (RoUA) in two originals; this may be completed directly from Asset management software or by hand;
- prepare an Asset Issue/Return Form (AM002);
- obtain the signature of the Programme Officer and the asset focal point of the IP on the Right of Use Agreement and that of the issuing officer/recipient on the Asset Issue/Return Form;
- arrange handover of the assets to the IP; this can be done in conjunction with warehouse staff, if the asset was stored there, or in cooperation with the Asset Stockholder, if he/she is holding the asset in stock; and
- file the Asset Issue/Return Form in the asset file; forward one copy of the Right of Use Agreement to Programme staff and the second copy to the IP.

4.4.2 Returning Assets

When an asset is no longer needed, it should be returned to the Asset Stockholder (or Supply staff) who issued it. A Custodian or IP should arrange return, but in some cases, Supply staff may need to assist with collection and return. This procedure applies both to assets returned from IPs and to UNHCR staff Custodians. The Asset Stockholder to whom an asset is returned should follow the procedure below:

- sign and date the return portion of the Asset Issue/Return Form (AM002); and
- return a copy of the form to the AM focal point.
- The AM focal point is to:
  - update Asset management software with the new Custodian name (receiving officer) and, if necessary, the new location; and
  - file the form in the asset file.

4.4.3 Transferring Assets Between Offices (not Redeployment)

Transfer of an asset from one office to another, in the same country, is treated as an ‘issue’ as described in 0. If an asset is transferred to another office operating Asset management software, the relevant data file should also be forwarded.

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4.5 Changes in AM Rules

Changes in AM rules are promulgated periodically, normally by inter-office memoranda, if AM policy or procedures of the Boards are affected. Changes to policy are authorised by the High Commissioner, while changes to AMB procedures are authorised by the Controller. Minor changes in procedures may be issued by SMS. Such changes may affect the lifespan of an asset category, depreciation rules and definitions. After promulgation of changes in rules, the effect on the procedures and inventory of an office should be considered and adjustments made accordingly. The following actions should be taken by the AM focal point:

- generate a comparison table, listing the new rules with the corresponding old rules;
- determine changes in procedures/additional actions needed;
- implement changes and update Asset management software; and
- generate reports on the new/modified list of assets and other required actions.

4.5.1 Managing Assets in Emergencies

Emergencies impose considerable strain on effective tracking of assets. Large quantities of equipment can be brought into an operation, often at short notice and before offices are properly established. It is essential that a focal point within the Supply staff be identified, as a matter of priority, so that Asset management software can be installed and all assets properly tracked. Depending on the organisation of support for an operation, UNHCR may stockpile equipment regionally, or distribute directly to country operations. These arrangements may require ad hoc use of Asset management software codes and fields. Instructions will be issued by SMS, for each emergency, to clarify special action required procedurally or in the database.

4.5.2 Reviewing Asset Use

To assist in the analysis of asset use, the AM focal point should generate reports of assets in the custody of staff members or IPs and forward them to Programme or Administration staff for review. Provided Asset management software is maintained up-to-date, this is a simple and straightforward exercise. Allocation of assets should be reviewed by Asset Owners as frequently as possible, to ensure they are used in the most effective way. The need for assets should also be reviewed periodically (based on the needs of staff and IPs) to determine shortages and/or surpluses. When conducting this review, Supply staff should review the total available assets and their condition and propose follow-up to Programme or Administration staff (e.g. to write-off an asset following theft or loss).

There are several possible outcomes of such a review:

- surplus assets with Custodian/IP: Asset Owners may request the AM focal point to retrieve these items;
- surplus: if assets are deemed to be surplus due to phasing down of a programme or operation, action should be taken to place surplus assets on the internal asset market as approved by the LAMB;
- allocation of additional assets: Asset Owners may request Supply staff to provide additional assets if available; supply staff should take action as described above;
- disposal: if the asset is beyond use, due to wear and tear, Supply staff should arrange for the condition of the asset to be checked by the relevant specialist or workshop staff to determine if it should be disposed of; if disposal is recommended, a written report should be provided to the Custodian or Asset Stockholder/Owner before he/she initiates a GS45; and
- repair: Supply staff should arrange necessary repair.
4.5.3 Asset Maintenance Information

Maintaining accurate historical data on maintenance is required for two reasons:

a) assisting future decision-making: it may be found that maintenance costs of two different makes of vehicle over their total lifespan show that one is more expensive to maintain than the other; a comparison might also show that a particular local company consistently charged less for maintenance and repair than another; and

b) disclosure at the time of redeployment, transfer of ownership or sale: a vehicle that has been in a major accident may not be worth the cost of shipping to another operation.

Repair and Maintenance

Details of maintenance procedures are dealt with in section 5 Support Implementation. This paragraph addresses maintenance as it relates to AM. All equipment needs regular maintenance to maximise its lifespan and, therefore, the return on investment. UNHCR maintains assets in the custody of staff by preventive, scheduled maintenance and repairs damaged assets as authorised by the Boards. Assets in the custody of IPs may be maintained by UNHCR or through commercial contracts or by IPs operating a workshop. The following procedures should be followed:

The Requestor:
Completes the Service/Repair Request Form (SI001) and obtains the signature of the authorising officer (Programme or Administration staff if there are funding implications) or Supply staff for a UNHCR- or IP-operated workshop. The form is returned to the Requestor for delivery to the workshop with the equipment to be maintained.

Workshop staff:
- certifies in the Service/Repair Request Form (SI001) that the work has been carried out and indicates the date of the next maintenance;
- places a sticker on the equipment showing the date of next maintenance.

Supply staff:
- notes the information in Asset management software; and
- notes the date of next maintenance in the Asset management software;
- files the completed Service/Repair Request Form.

4.5.4 Physical Stocktaking of Assets

To check the accuracy of records in Asset management software, a physical stocktaking of the status and location of assets should be undertaken every six months or, upon request, more frequently. As with warehouse stock, frequent stocktaking ensures more accurate records of inventory. This process comprises the following actions:

- determining the scope of stocktaking;
- physically locating assets;
- assessing the condition of assets;
- matching and reconciling reports with Asset management software; and
- corrective measures.1.

4.5.4.1 Determining the Scope of the Stocktaking

The process is initiated either by UNHCR policy, which stipulates an annual check, or by a particular request of an Asset Owner, audit or inspection body or Supply staff. For the annual stocktaking, all assets should be checked. In other cases, the person requesting stocktaking may limit which assets should be checked, e.g. only those in the custody of a particular IP.
Having determined the scope, the following actions are to be carried out by the AM Focal Point:

- generate reports from Asset management software listing all assets held by the Custodian;
- draft a memorandum (see sample in Annex 5) for signature by the Head of Office to promulgate the stocktaking and request Custodians to check each of the assets in their custody; and
- circulate the memorandum and relevant list to each custodian and IP.

### 4.5.4.2 Locating Assets

On receipt of the list of assets recorded as being in his/her custody, the custodian or IP should verify by physically checking the assets against the list to identify any discrepancies, before signing the list and returning it to Supply staff. If this is not completed within the deadline for the check, or if there are other concerns about the management of the inventory of assets, then the AM focal point may visit one or several locations of assets to verify individual items.

*Note:* Where there are numerous assets in the custody of a Stockholder (e.g. Telecommunications, IT) bar code readers may be used to facilitate the check.

### 4.5.4.3 Reconciling Differences and Updating Records

After return of the lists, the AM focal point should reconcile them with data in Asset management software. Discrepancies should be followed up with Custodians/IPs and any further action required be determined. Confirmed discrepancies should be investigated.

### 4.5.4.4 Actions to be taken to resolve discrepancies

**By Supply staff:**

- register assets if not previously registered and update Asset management software with the newly verified information;
- generate a report on the stocktaking to the Head of Office, Programme or Administration staff and Stockholders for discussion at the next meeting of the LAMB; the report should contain the following information: number and value of assets listed in Asset management software prior to the stocktaking compared with the number and value of assets found; a list of discrepancies and action taken; and any other follow-up required.

**By Custodians:**

- generate a Asset Loss/Damage Form (AM003) to Supply staff if an asset cannot be found.

### 4.6 Disposing of Assets and Consumable Goods

#### 4.6.1 Identification of Assets/Consumable Stocks for Disposal

Assets are eventually disposed of, either due to normal wear and tear at the end of their serviceable lives or when lost, stolen, looted, or transferred to other organisations. AMBs are also responsible for authorising the disposal of assets and repairs or re-deployment. Disposal of consumable stocks, including food and non-food items is also authorised by AMBs.

**Reports of Loss and Damage**

Once it has been determined that goods or assets have been lost, stolen or damaged a Asset Loss/Damage Report (AM003) should be generated. The report should be used as supporting documentation for a GS45 submission to the LAMB as shown below.
4.6.2 Procedures and Considerations for Case Submissions

The procedures described below relate to preparation of cases for submission only to AMBs.

Submission of Cases to AMBs

A GS45 Asset Disposal Form is the official document to initiate review by an AMB and to authorise disposal of all assets, including liquid assets and consumable stocks. A decision to submit a case is normally taken by an ‘Initiating Officer’ who is often an Asset Stockholder. (This is not always the case, however, for example a Programme Officer may not personally hold stock for IPs, but he/she may have to raise a GS45 to write-off IP equipment.) The completed GS45, supported by other documents listed in Annex 6, should be forwarded by the Initiating Officer to the Secretary of the Board within one month after an asset is recommended for disposal. To automate the process as far as possible, the GS45 should be completed using Asset management software. The Secretary should register the GS45 and allocate a consecutive reference number to each case, as explained in Annex 7 (Guidelines for the Secretary) and add the case to the agenda of the next Board meeting. In cases in which the Board determines that supporting documentation is incomplete, the case should be presented to the following session of the Board under the same reference number until a final decision or recommendation can be made.

Disposal: Whether to dispose of an asset and when to do so is determined by the continued needs of an office and the physical condition of the asset. The expected serviceable lifespan of an asset is not intended to indicate a definitive time scale for disposal. If an asset remains in working order and cost-effective to maintain and is required to support the activities of the office, it should be retained.

Each case should be submitted to a Board in the context of overall policy on disposal, which requires a balance to be struck between:

- retention for the use of a smaller office after UNHCR phases down an operation;
- redeployment to other UNHCR operations;
- sale in order to recoup funds for further distribution in UNHCR (if sale is not possible due to lack of potential buyers, approval to write-off is implicit in the authorisation to sell);
- transfer of ownership to government departments and NGOs for capacity-building (this is normally the case when UNHCR hands over responsibilities and activities when phasing out operations; the continuation of programmes in support of the mandate of UNHCR is the main criterion for deciding whether transfer of ownership is appropriate); and
- write-off after loss through theft, looting, hijacking or misplacement involves administrative actions only (when it is no longer cost-effective to maintain an item, due to damage or age, the term ‘write-off’ is also used and means ‘scrapping’ when dumping or destruction of an asset is required followed by administrative action in the database).

4.6.2.1 Guidance for Initiating Officers:

Before recommending disposal of assets and consumables, an Initiating Officer should consider the following factors:

Capital Assets:

- the effect of disposal or redeployment of an asset(s) in relation to current or future requirements of an operation;
- the expected serviceable life of the asset (if the asset is not fully depreciated, the reason for its premature disposal should be stated on the GS45);
- whether surplus assets and consumable stocks could be redeployed; and
transfer of ownership of assets to a single IP should remain within the limit of the aggregated total acquisition value of US $100,000 per partner, per calendar year; if this total is exceeded the case should be submitted to a HAMB for approval.

**Liquid Assets:**

In cases of loss to the organisation, the office should report immediately to HQ Finance Section, as per UNHCR Manual Chapter 6 Section 4.9 (July 2001). At the same time, the office should prepare a case report, fully documented for submission to the LAMB. The recommendation of the LAMB should be submitted to HQAMU for submission to the HAMB. Should reimbursement of funds be required then details should also be provided in Paragraph 13 of the GS45. If every possible step has been taken to recover an asset, to no avail, the efforts should be documented and a write-off may be recommended.

**Consumable Stocks:**

If consumable stocks become surplus to requirements, the question of whether they can be used for continued assistance elsewhere should be raised. Assistance from the Desk may be sought to determine other needs in the country operation and to arrange re-deployment if possible. In cases of damage or expiry (particularly of foodstuff or medicines), consumables should be written-off and destroyed under controlled conditions, in an environmentally friendly manner.

**Nature of the Case:**

All cases are grouped according to one of the following categories on the GS45.

- Wear and tear applies to an asset having reached the end of its expected serviceable life (as determined in the AT user guide), which is no longer needed by UNHCR. The fact that an asset has reached the end of its lifespan is not in itself grounds for disposal, particularly if the asset is still in working order and required by the operation.
- Surplus assets (or consumable stocks) are deemed to be surplus when: they are no longer required by field offices due to phasing down or completion of operations; they are within their lifespan and in good working order, or the cost of shipping and related costs of redeployment are justified by savings in the procurement of new items.
- A distinction should be made between ‘surplus’, meaning available for re-deployment and ‘asset no longer in use whilst awaiting disposal’.
- Loss revealed after a physical stocktaking or other report (this includes inventory discrepancy or misplacement).
- Damage other than to a vehicle, as a result of an accident. This category also applies to disposal of damaged consumables.
- Theft refers to dishonest appropriation of property with intent to permanently deprive.
- Looting involves theft, requisitioning or destruction of assets, including liquid, during a breakdown in law and order.
- Vehicle accident details of the vehicle insurance should be indicated in paragraph 12 of the GS45, as well as an indication of whether the cost of any damage can be reclaimed.
- Other may also be used for certain cases of loss of liquid assets (if not as a result of theft or looting) and write-off of consumable stocks.
4.6.2.2 Disposal of consumable stocks

Additional reasons for disposing of consumable stocks in a warehouse may include:

- size or status of the local refugee population has changed, making provision of requested assistance redundant or excessive;
- supplies or food aid are not accepted by the refugee population;
- in kind contributions were requested for sale locally, to generate local currency for other refugee assistance; and
- the programme or project for which assistance was intended has ended.

A warehouse manager should initiate a written report regarding stored goods that are no longer required or damaged beyond repair or use. The report should include items, quantity, their condition and recommended action. In the case of foodstuffs, local health authorities should be consulted to determine suitable disposal action. Upon receipt of a report, Supply staff should submit a GS45 to the AMB.

4.6.3 Methods of Disposal

Following definition of the ‘Nature of the Case’, an Initiating Officer should consider the recommended method of disposal. ‘Redeployment’ and ‘repair’ are both grouped within the ‘method of disposal’ section on the GS45, despite the fact that they are not related to actual disposal. Disposal of an asset by sale, cannibalisation or scrap should be considered only when assets have reached the end of their serviceable lives and/or are no longer cost-effective to maintain or repair. Disposal may also be considered for assets that have not yet reached the end of their serviceable lives, but are surplus to the requirements of the office due to phasing down or completion of a project and are not required for redeployment to other country programmes.

4.6.3.1 Decommissioning of Equipment Prior to Disposal

Prior to final disposal all insignia and bar codes linking equipment to UNHCR should be removed from assets. All software (other than the operating system) should be removed from computers and frequencies of telecommunications equipment erased.

4.6.3.2 Sale

Before write-off, sale of items should be considered; the principle being to recoup the residual or market value for reimbursement to UNHCR. Prior to sale, the local customs office should be consulted regarding possible payment of tax on the sale value. The buyer should present evidence of payment of customs duties (with the payment itself), prior to handover of an asset. The office should advertise sale to the agreed market (to UNHCR and/or other UN staff or the general public as decided by the Board) by placing a short advertisement in the local or national media (depending on the size and estimated value of the sale), inviting potential bidders to collect a full list of the assets to be sold and the conditions of sale. A sale should take place within three months after a decision of the Board. When bids (these may be open or sealed as directed by the LAMB) are received, Supply and Administration staff should arrange a bid opening committee (normally the LAMB) to review bids (if sealed bids are required) and choose the best offer. If the best bidder defaults for any reason, he/she should supply a written note to this effect. The sale may then be offered to the next best bidder. On the rare occasion that two or more bidders offer exactly the same for an asset, the LAMB should consider if there is any reason why one bidder or the other should be awarded the sale (e.g. if one bidder supports the mandate of UNHCR in some way by comparison with a commercial or private bidder). If there is no solution after this discussion, then a coin should be flipped to decide the winning bidder. Approval to sell an asset implies that if no buyers can be found and in the opinion of the Board the items were adequately advertised, the assets
should be written-off. Staff responsible for selling an asset should, however, report failure to sell it to the LAMB prior to writing it off. Following sale and confirmation that funds have been received by Finance Section, Supply staff should follow up by:

- removing all insignia and ensuring frequencies/software has been removed;
- producing a bill of sale (in conjunction with Administration staff);
- providing for a signature of a Programme or Administration Officer;
- arranging collection of the asset by the buyer;
- ensuring the buyer signs the bill of sale at the time of collection;
- updating Asset management software data including the proceeds of sale;
- completing paragraph 16, ‘Certificate of Action Taken’; and
- providing a report of actions taken for the next meeting of the Board (this may be kept on a simple spreadsheet).

4.6.3.3 Write-off

Write-off is generally appropriate in the following circumstances:

- Liquid assets: submissions should provide an explanation of the reasons for loss in Paragraph 12 of the GS45 and the recommendations of the LAMB in Paragraph 13; (an explanation should be provided of all actions taken to date to recover funds; if, in the considered opinion of the LAMB all possible measures have been taken to recover funds, but to no avail, this opinion should be reported in the recommendation to the HAMB to write-off the asset);
- Capital assets: lost through theft, destruction, looting or hijacking and which cannot be recovered; (an explanation of the measures taken should be provided in paragraph 13 of the GS45); and
- Other: when it is considered impractical to sell an asset on the open market, or advertisements failed to produce a potential buyer in the first round, consideration should be given to sale to a scrap dealer. If this is not possible or cost-effective, the asset should be destroyed. In such cases a careful investigation of any local laws regarding the use of scrapyards or refuse sites and environmentally friendly means of destruction should be conducted prior to scrapping.

Following Board approval to write-off an asset, Supply staff should take the following actions:

- a committee should be chosen (usually of three professional staff members), to be present at the refuse site and confirm that assets or consumables were, in fact, destroyed, burnt or dumped as decided by the Board;
- when the committee is assembled, the assets or consumables should be taken to the refuse site and destroyed; and
- after the scrapping of assets/consumables, the committee should complete paragraph 16 of the GS45 (Certificate of Action Taken) and sent to Supply staff.

The following actions are to be taken:

- update Asset management software data;
- compile a list of actions taken compiled for the next meeting of the Board;
- file the completed GS45.

4.6.3.4 Cannibalisation (for Spare Parts)

Cannibalisation is normally considered prior to write-off to maximise the value of any useful spare parts remaining. Approval to cannibalise implies an asset can be taken off a database and the remaining frame disposed of as scrap at a later date, when all useful spare parts have been removed. All spare parts recuperated during cannibalisation should be registered in a
spare parts warehouse/store as newly arrived items and stored appropriately, but annotated as being “used” to differentiate from “new” items (Para. 5.2.1.6.1 Registering Incoming Spare Parts refers). Following Board approval to cannibalise for spare parts, Supply staff should take the following actions:

- remove all insignia and ensure frequencies/software has been removed;
- arrange collection by the unit/partner;
- update Asset management software data;
- complete Paragraph 16 ‘Certificate of Action Taken’; and
- list the actions taken for the next meeting of the Board.

### 4.6.4 Disposal of Consumable Stocks

To dispose of consumable stocks Supply staff should:

- identify costs, parts or expertise necessary to repair damaged goods or to fumigate foodstuffs;
- sell stocks, which are unusable for refugees, in the local market or donate them to welfare or community institutions;
- test food to ascertain whether it is suitable for animals, even if it is not fit for human consumption; and
- before disposing of donated items, confirm the proposed action with the donor, through the Desk and DRRM for UNHCR donations.

Where food is completely unusable it should be burned or buried, taking care to obtain authorisation of local authorities on the method and to obtain a certificate of destruction to confirm and record the action. Special caution is needed if food is buried, because local people may attempt to recover it, ignoring the potential health hazard. Bearing in mind the environmental hazard created, food should not be destroyed by covering it with waste oil or other liquid.

### 4.6.5 Repair

Repair should be considered based on the needs of the office for the asset and potential financial savings for UNHCR as repairs will preclude the need to procure replacement assets. After decision of the Board, Supply staff should liaise with staff responsible for SI to initiate repair. There are two additional ways to dispose of UNHCR assets which, due to their specific nature, will be treated separately, namely: redeployment to the asset market and transfer of ownership.

### 4.6.6 Asset Market

Redeployment is the preferred method of removing a surplus asset from a country inventory, provided it is still in good condition. When an asset has become surplus to requirements, (generally determined by Programme or Administration staff (Asset Stockholder) in conjunction with Supply staff), the following steps should be taken to advertise it in the internal asset market:

- a qualified technician should inspect the asset to check that it is fit for re-deploying (the technician should submit a written report to Supply staff);
- the Asset Stockholder should check for any impediment to redeployment e.g. earmarked funds or local restrictions for exporting;
- a GS45 and technical report should be submitted to the Board (after approval by the Board, Supply staff should alter the ‘status’ of the asset in Asset management software to ‘surplus’; the change of status will be shown in the consolidated database in HQ when the field office database is next downloaded.
based on the available information, offices wishing to receive surplus assets should contact the advertising office directly (after agreement regarding shipping and related costs the case should be resubmitted to the LAMB; if, after a minimum of two and a maximum of four months, no offices have shown interest in redeployment of the assets, the LAMB should recommend other means of disposal as shown above (mindful of the fact that such disposal will probably require the authority of the HAMB); and

- after the Board approves redeployment, an asset should be readied for shipping (this may involve retrieving the asset from a Custodian or IP and carrying out any repairs/reconditioning recommended by the Board; normally, an asset should be stored in a secure location during this process. Refer to Section 3: Delivery for details of shipping.

4.6.7 Redeployment

After approval of the Board to redeploy an asset, the following actions should be taken:

Sending Office

- arrange shipping in conjunction with staff responsible for Delivery;
- dispatch Asset management software data; and
- update Asset management software.

Receiving Office

- Receive and inspect the received assets;
- amend the data in Asset management software; and
- send Asset Receiving report (AM004) to sending office.

Sending Office

- on receipt of the Receiving report, change status of redeployed assets in Asset management software.

4.6.8 Transfer of Ownership:

Transfer of ownership should be considered to support capacity-building only for national NGOs and government authorities after phasing down of UNHCR assistance programmes. The presence of international NGOs is often determined by the presence of the wider international community in a country. There may be exceptions, however, which should be considered on a case-by-case basis, particularly if transfer of ownership to an international NGO would ensure continuation of a project after UNHCR has phased down. Transfer of ownership to other international agencies is not normally appropriate, but assets may be sold to such organisations. Careful consideration should be given to the condition of equipment prior to transfer. Vehicles and other equipment, which are unsafe or in a dangerous state of disrepair, should only be transferred providing the receiving agency is aware of the problem. Following Board approval to transfer ownership, Supply staff should take the following action:

- remove all insignia and ensure that frequencies/software have been removed;
- produce a Transfer of Ownership Agreement (ToOA) from Asset management software;
- obtain the signature of a Programme/Administration Officer;
- arrange collection of the asset with the recipient;
4.6.9 Submission of Recommendations from the LAMB to the HAMB

Following signature of the LAMB minutes and recommendations on the GS45s by the Chairperson and members, the Secretary of the LAMB should send electronic copies of all GS45s (including those that are not intended for approval by the HAMB) to the Secretary of the HAMB (email ID HQAM00). The electronic copies will be used for statistical purposes at HQ. A copy of the original signed documents requiring submission to the HAMB should be forwarded to HQAMU, supported by the documentation specified in Annex 6.

HQAMU staff record receipt of the signed original minutes, GS45s and supporting documents and circulate them to the Desk or for liquid assets, to Finance Section for investigation and recommendation prior to tabling the submissions for consideration by the HAMB. After signature of the recommendations by Board members and approval by the Controller, HAMB decisions are added to Paragraph 15 of the GS45 and emailed back to the submitting office. Signed paper copies of the HAMB minutes and GS45s will be forwarded by mail or pouch thereafter. This procedure is intended to hasten receipt of HAMB decisions in the field.

Functions of the Desk/Bureau: after receipt of submissions from HQAMU, the Desk should carry out the following checks before commenting on a case.

- Check that all minutes, relevant GS45s and supporting documents have been received. Follow up with field staff if necessary.
- Review accuracy and conformity of the submission with current policies e.g. earmarking or donor reporting requirements regarding equipment.
- Endorse that recommendations for disposal are in the interest of UNHCR.
- Following review, comment and make a recommendation in Paragraph 14 of the GS45 (Recommendation of the Administrative Office in Geneva), before returning to the Secretary to the HAMB (6 copies for members) for the agenda of the next HAMB.
- Depending on the complexity of the case, the Desk may be requested by HQAMU to present it to the HAMB, particularly when transfers of ownership are concerned.
- Endorse cases involving redeployment as recommended by the LAMB. This procedure may be done by email correspondence and does not involve submission to the HAMB.

4.6.10 Submissions to the HAMB from HQ Units

Records of assets in HQ are held in Asset management software and maintained by the HQ General Service Section (GSS). Assets themselves are held in the custody of individual staff or Asset Stockholders. Asset Stockholders are generally responsible for loans of assets to staff in HQ or preparing them for eventual dispatch to the field. HQ Asset Stockholders should prepare submissions for disposal of HQ held assets by producing a GS45 from Asset management software. After completion and signature of Paragraph 12, GS45s should be forwarded to the Chief of Section for endorsement in Paragraph 13, prior to being forwarded to the Secretary of the HAMB for inclusion in the agenda.
4.6.10.1 Action Taken and Follow-up

The Head of Office in the field or the Head of Unit for assets held in HQ is responsible for ensuring that appropriate action is taken on all cases authorised by the Board. Following the decision of the Board and signature of minutes and GS45s by the Chairperson and Board members, the Secretary forwards a copy of the relevant GS45 and minutes to the Initiating Officer (signatory of Paragraph 12) and Supply staff. In cases involving reimbursement by staff or IPs, a copy of the GS45 should also be forwarded to the relevant Administration/Finance staff with a request to inform the staff/IPs of the Board decision as appropriate.

Certificate of Action Taken: The GS45 contains a ‘Certificate of Action Taken’ in paragraph 16. Supply staff (or an Asset Stockholder in the case of HQ) should confirm action taken as a result of decisions of the Board before signing Paragraph 16 to confirm action taken. No action should be taken to redeploy, dispose of or repair UNHCR assets without authorisation from the Board. The Secretary should then monitor completion of the Certificate of Action Taken based on a list of actions provided by Supply staff or the AM focal point. Following action to dispose of an asset and/or after reimbursement has been made, Supply staff should make corresponding adjustments to the status of the asset in Asset management software and complete all the necessary fields (e.g. LAMB/HAMB decision number).

4.6.11 Reimbursement

Cases involving damage or loss of assets may result in a decision by the Board to reimburse costs. In such cases, funds to be reimbursed are termed ‘receivables’. The amount to be reimbursed should be shown clearly in Paragraphs 13 and 15 of the GS45, as appropriate and the following instruction included:

“The Administration/Finance Unit/Section is requested to take the following actions:

Debit VF321 (Miscellaneous Receivables) Sub-Account [Debtor’s Name] with an amount of US $ [receivable amount] and Credit VF739 (Miscellaneous Income) Sub-account [LAMB/HAMB Case Number …]. Upon receipt of payment, Finance Section should raise a Receipt (RRR) Voucher, crediting VF321 sub-account Debtor’s Name to liquidate the receivable and should inform Supply staff of the action taken”.

(These entries are related to decisions made by a HAMB or LAMB, for cases where a staff member or an IP is found responsible for loss of or damage to UNHCR assets and should pay for a portion of or all the related costs. The entries are recorded in two steps after receipt of the Board decision regarding reimbursement:

- Record the amount due from a staff member or IP (a receivable) by raising an Adjustment Voucher. In doing so, a miscellaneous income is recognised by the organisation. Money does not change hands at this point. The entry to record a receivable is a debit to VF 321, with a sub-account required. The sub-account to be used for this type of transaction is the Debtor’s name.

- Record the reimbursement is received record as miscellaneous income to credit VF 739, noting the sub-account as the LAMB or HAMB number assigned to the case. Using a Receipt Voucher, record the receipt of funds (and deposited in a UNHCR bank account) and that the debt to UNHCR has been cleared. The entry to record the clearance of the debt is a credit to VF 321, sub-account Debtor’s name. The Office is required to inform HQAMU (for HAMB cases) or local AM staff (for LAMB cases) once the receivable has been cleared, so that the related case can be closed).

4.6.12 Priority Procedures for AMB Submissions

In cases requiring a priority decision within two days, the Chairperson of the HAMB or LAMB may authorise the Secretary to circulate the case ‘ex-committee’ for consideration and signature by at least three other members or alternates before being submitted to the Chairperson for authorisation. A copy of the authorisation or recommendation should be
distributed to all members and alternates and placed on the agenda and minutes of the next ordinary meeting.

4.7 Asset Depreciation

This activity is mainly the responsibility of HQ. It consists of:

- establishing the lifespan of each asset;
- specifying process parameters;
- calculating depreciation;
- updating values; and
- generating reports.

4.7.1 Specifying Process Parameters

This activity is undertaken in HQ by SMS in conjunction with ITTS when changes to the calculations made within Asset management software are made as a result of changing requirements. Field staff is encouraged to comment on the performance of the system to the HQAMU (email ID: HQAM00).

4.7.3 Establishing the Expected Serviceable Lifespan of Assets

This process is undertaken in HQ by the HAMB on the advice of the HQAMU and in conjunction with technical units in HQ. HQAMU and the relevant technical unit review the published (by the supplier) lifespan for each asset category to determine changes required. These time frames are based on observed longevity compiled from data collected from the field and improvements expected to equipment through improved manufacturing and maintenance techniques. Changes to the lifespan of asset categories will be issued in inter-office memoranda and, subsequently, incorporated into Chapter 8.

4.7.3.1 Calculating Depreciation

Depreciation is calculated automatically by Asset management software, either periodically or on demand. If the results of maintenance show that the value of an asset is decreased beyond its calculated depreciated value, a report should be made to the Board for authority to include the information in Asset management software. The percentage depreciation applied to an asset is determined by the lifespan and reflects the loss of value as it ages. It is not intended to reflect market value, which varies around the world depending on local economic conditions. The percentage depreciation of assets is set in Asset management software by SMS and cannot be altered in the field.

4.7.3.2 Updating Values

Depreciated or net book value

Depreciated or net book value is the value of an asset that remains after depreciation has been deducted from the acquisition value. Asset management software calculates depreciation using the ‘straight-line’ method i.e. cost of a depreciable asset over the lifespan of the asset in equal amounts for each time period until reaching the salvage / residual value. It assumes uniform levels of operating efficiency, repair and maintenance for each period of the asset’s estimated serviceable life. By retaining a salvage / residual value it is clear that assets continue to maintain a value for the organisation despite having surpassed the expected serviceable life.

Salvage / Residual Value
The salvage / residual value is the remaining value calculated after an asset has reached the end of its expected serviceable life. In Asset management software, the value of assets is depreciated automatically to a residual value of 10% of their acquisition value.
5 Support Implementation (SI)

5.1 Overview

The purpose of the Support Implementation (SI) function of the Supply Chain is threefold:

- movement control;
- to manage, systematize and facilitate maintenance, repair and record-keeping for vehicles and all high value field serviceable assets (such as generators, pumps, boat motors, air-conditioners and office and telecommunications equipment); and
- to collect and disseminate performance information for planning purposes.

SI activities are, therefore, linked to AM and reinforce Sourcing and Delivery by providing advice to staff responsible for Sourcing and Delivery on the type of assets and services needed to support programmes. Supply staff should assist Programme and Administration staff to identify workshop and vehicle fleet requirements during the planning or re-assessment phases of an operation.

SI is linked to and supports AM using information from AT and entailing action required to maintain or actually dispose of assets. AM information is provided in the following ways.

- The service history of assets given to workshops whenever a new workshop or commercial contractor/IP is engaged to undertake maintenance is available from AT (see AT user guides). Workshop management is responsible for keeping records on all assets maintained to develop a history of asset maintenance over time.
- Staff responsible for SI takes action on AMB decisions to dispose of assets, when disposal is foreseen, through sale or by salvaging spare parts or when repairs are required.
- Maintaining maintenance schedules to inform workshops of the dates scheduled for preventive maintenance.

SI Staff support AM in the following ways:

- proposing assets to be disposed of, on the basis of their technical expertise and providing the technical reports needed to present cases to the AMBs for decision;
- maintaining information on work done on assets, to be registered in the asset tracking software.
- Analyze AM activities and reports suggested follow-up measures.

5.2 Processes

SI has four major process groups:

- infrastructure planning;
- movement control
- maintenance and repair; and
- analysis of performance information.

All four groups are support functions that help to ensure optimum use of assets (fleet operations, maintenance and repair) or analysis and proposals for improvements in the three main Supply Chain functional groups: Sourcing, Delivery and AM.

5.2.1 Infrastructure Planning

5.2.1.1 Processes

Vehicles and other capital assets can be utilized effectively only if they are supported by an adequate human, organisational and physical infrastructure. This infrastructure consists of:
• preparing the ground for the best utilisation and day-to-day use of assets; this involves: overseeing modification to assets, such as installing a radio in a field vehicle or training drivers on defensive driving and proper procedures, arranging refuelling systems and tracking fuel delivery/issues; maintaining an overview of maintenance workshop needs etc.; drivers should also be trained to check their loads carefully to ensure that the quantities and condition of the cargo coincide with the information included on the truck Waybill, as they may be held responsible for shortages or damage;

• recommending the size and scope of maintenance facilities and service contracts needed to support the programme, taking into account operational requirements, asset inventories and procurement plans; this is carried out in collaboration with UNHCR technical experts;

• preparing new assets for use;

• establishing maintenance and repair services and fuel facilities;

• training personnel (including drivers);

• establishing suitable operational and management systems; and

• ensuring sufficient material and financial resources

5.2.1.1.1 Issuing Service/Repair Requests

After the initial delivery and registration of an asset (see Sections 3 and 4) the following action is to be taken by supply staff:

• If the asset is a vehicle, the fleet manager should send it with the corresponding Asset Service & Repair Form (SI001) to the authorised workshop for pre-delivery inspection. A file is opened for each vehicle, keeping copies of all pertinent documents (shipping, registration, insurance, etc).

• For an IT item, the IT focal point for the office should issue an Asset Service & Repair Form (SI001) to a UNHCR or commercial workshop for hardware configuration, assembly of equipment and installation of software, according to requirements of customers (Programme/IPs/Administration staff).

• For a telecommunications item, the focal point should issue an Asset Service & Repair Form (SI001) to the UNHCR telecommunications workshop (this equipment is generally prepared in UNHCR, although there are exceptions in the field) for the configuration and pre-programming needed to best respond to operational requirements.

• For a generator or pump, the technical manager should issue an Asset Service & Repair Form (SI001) for the technical workshop (frequently part of the vehicle workshop) to assemble and prepare the asset for immediate use.

In all the above cases, an asset may be left “unprepared” until such time as a manager or focal point decides it should be prepared.

5.2.1.1.2 Registration

All vehicles, motorcycles, boats used by UNHCR must be registered in the country of use. Each country has its own rules and procedures, which must be respected and followed. The competent authorities issue a vehicle registration card confirming the owner is UNHCR and the vehicle has been cleared by customs. The authorities will normally also issue the licence plates. Depending on the MOU between the UN (or UNHCR) and the government, the licence plates may be temporary import (IT) or diplomatic (CD). In some operations, the government (or where there is no government) and UNHCR may agree to permit special UNHCR plates rather than those issued by the government, but in every case, the vehicles must be registered by the authorities. UNHCR can use vehicles registered in other countries for its local
operations, but may need leave the country periodically to revalidate the UNHCR plates, or a special arrangement should be made with the authorities.

If an accident occurs, a driver may be held liable for criminal charges, but the registered owner will normally be liable for civil damages claimed. For official or project vehicles used by UNHCR staff members, where UNHCR is simultaneously the owner (or operator) and the user (person utilizing the vehicle) of the vehicle, the situation is straightforward. Liability and control are vested entirely in the office. In the case of project vehicles, where vehicles purchased by UNHCR are handed over to an IP and the vehicle is owned by UNHCR, UNHCR will be liable in case of civil claims resulting from operation of a vehicle by an IP.

5.2.1.1.3 UNHCR Vehicle Registration Plates:
UNHCR registration plates can be obtained from SMS on request. These plates can represent a serious security concern since if they fall into the wrong hands they can easily be used to embarrass UNHCR and cause security problems. A very careful account should therefore be maintained and any stock kept in a safe place. When the plates are no longer needed, advice should be sought from SMS regarding their disposal or return to HQ.

5.2.1.1.4 Assembly and Markings
UNHCR vehicles are often equipped with additional items such as HF and VHF transceivers, anti-mine blankets, UNHCR logos and any other accessories that are not included at the time of purchase. A telecommunications workshop operator usually installs radios (transceivers), while workshop mechanics install anti-mine blankets, logos, etc. Installation should be operation-driven and fulfil the requirements of a customer. In most operations, UNHCR vehicles are marked for identification purposes, as follows:

- UNHCR registered vehicles: a logo with “UNHCR” (or its French, Spanish or other language equivalent, in accordance with local practice) should be affixed to both right and left front doors of the vehicle in an appropriate size, which is easily visible. Decals for this purpose are available at HQ, or the identifier may be painted using a template (in climates where decals do not last long). For security, to make it easy to spot from the air, it may also be useful to add “UN” or “UNHCR” on the hood or roof of the vehicle.
- UNHCR-supplied project vehicles: “UNHCR – Project Vehicle” or equivalent markings should be painted on both front doors of the vehicle.
- Donated vehicles: donors may specify markings for vehicles to identify their contribution. Special attention should be paid to ensure that their requirements are fulfilled.

5.2.1.1.5 Hardware Configuration and Assembly
For computers and other IT equipment, it may be necessary to configure additional (i.e. LAN cards, modems, etc.) hardware. Staff responsible for Sourcing encourages suppliers to configure hardware at the factory. Hardware components should be put together before installing the necessary software. Assembly also includes the grouping of components, i.e. joining the screen, keyboard, headphones, etc. to the central processing unit of a computer. This work is done on the basis of an Asset Service & Repair Form (SI001) issued by a manager. Telecommunications equipment is frequently assembled by specialists, before being sent to the field. This work is done by specialised telecommunications workshops, usually a part of UNHCR operations in HQ and the field.

5.2.1.1.6 Software Installation
Computer equipment should be prepared for use, before being given to staff and IPs. A standard set of software tools for UNHCR is installed in all computers. Upon authorised request, technical services can also install special software for special purposes. Some field offices, which do not have an IT technician, may be obliged to install software themselves.
Telecommunications Officers or staff members with knowledge of computers can install software, following instructions from the HQ or regional IT unit, when computers are procured locally and do not have software pre-installed in HQ or at the regional level.)

5.2.1.7 Programming and Configuration

Some telecommunications equipment needs configuration and pre-programming; examples are the frequency programming in VHF and HF transceivers, authorisation levels in communication equipment, etc. These tasks are performed upon receipt of an Asset Service & Repair Form (SI001) from a manager.

The above described hardware, software and configuration activities are best done if the workshop is considered to be a special “storage area” of the warehouse, so that assets are moved from one warehouse storage area to another and do not leave the UNHCR warehouse itself. Once the above preparatory activities have been performed, the asset is ready to be shipped to the customer upon receipt of an MSR.

5.2.1.2 Managing Drivers

Reliability, care and skill of drivers affect the efficiency and cost of fleet operations. Effective management of drivers includes the following guidelines on interviewing, hiring and training drivers.

5.2.1.2.1 Interviewing and Hiring Drivers

- Hiring drivers is usually done in co-operation with Administration staff who takes care of the administrative and legal details of employment. The function of Supply staff is to ensure that future drivers become expert UNHCR drivers. One approach is to:
  - develop a written/oral test that checks their knowledge of traffic regulations and mechanics, first aid, etc;
  - have a technician (such as a senior mechanic from the workshop run by an IP or the senior driver) test their practical know-how;
  - check with authorities that their driving records (including criminal record) are satisfactory; and
  - check that they have valid licenses for operating the types of vehicles they will be assigned.

Supply staff should make a proposal with an accompanying report. The final decision to hire drivers rests with Administration staff. Regulations and duties of drivers should be included in their employment contracts.

5.2.1.2.2 Training on Rules and Procedures

Drivers should know the rules and procedures governing their work. Success of operations often depends on their professional and responsible manner. Rules and procedures encompass the following:

- fleet operation;
- local traffic regulations;
- safe vehicle operation;
- regular vehicle checks;
- logbooks, checklists, accident reports; and
- fuel requests and any other local forms required.

Fleet operation rules and procedures:

(from the special CD labelled FOST (Field Office Support Team), sent to all field offices.)
Fleet operation is organised in different ways by different offices. The type of rules and procedures that govern management of drivers depends on the number of missions, their frequency, distances to camps, size of the programme, etc. Supply staff in field offices should co-ordinate with other colleagues and IPs to ensure optimum use of the light and heavy vehicle fleet. Rules and procedures should include:

- assigning drivers to vehicles on a permanent or periodical basis;
- determining which vehicles are assigned to particular missions, (type of vehicle, road conditions);
- preparing mission clearance forms and determining who authorises missions, with deadlines;
- rotating drivers and vehicles; and
- appointing duty drivers.

Local traffic regulations

Sufficient copies of local traffic regulations should be made available and drivers instructed to learn them and adhere to them. The most important rules should be reviewed during regular training sessions.

Safe vehicle operation:

It is important that drivers are aware that all staff and other passengers, in their vehicles, must adhere to safety rules. It should be made clear that drivers are personally responsible for any liability that may arise from ignoring safety procedures. This is particularly important in high-risk operations. Some common safety rules are:

- safety belts should be worn at all times by the driver and passengers in the front seat (use of rear safety belts is obligatory in some countries and recommended worldwide);
- passengers other than staff members or persons authorised by the fleet manager are not allowed in a vehicle except in an emergency, at which time they should sign a waiver (D008); and
- loads on the roof rack of a light field vehicle should not exceed 50 kg and must be properly secured.

Selected local rules that may apply:

- drivers should ensure vehicles are parked in safe places at all times;
- vehicle occupants may require special clearance or permits to travel in vehicles;
- project or official vehicles should never be used for commercial purposes;
- carrying non-refugee goods or passengers should be prohibited;
- local reporting procedures may include other requirements besides maintaining a vehicle logbook, such as: signing take over documents for assigned vehicles, completing vehicle checklists, or submitting vehicle defect reports;
- special security instructions may be necessary in high-risk areas;
- importation restrictions on importation of fuel; and
- administrative procedures apply to the acquisition of fuel and the authorisation of maintenance and repairs.

Regular vehicle checks:

Each office should make a checklist for drivers and hold them responsible for performing checks at the indicated intervals. Daily checklists and Weekly checklists can be found in Annex 8. Offices should have checklists printed in sufficient copies for each driver and/or vehicle. The Senior Driver and Supply staff should monitor and make sure that checks are performed.
made as indicated. If accidents occur or missions are aborted due to drivers not having made these checks, they and their supervisors should be held responsible.

Vehicle Logbooks:
Each vehicle (light or heavy) should be issued with a Vehicle Logbook (SI004) to be completed by the driver at the beginning and end of each journey. Drivers should enter all necessary information in the logbook in a timely manner. The second section of the Logbook is used by the driver to register fuel issued to the vehicle. This amount must be equal to the amount entered into the Fuel Logbook (SI003). The third part is filled out by the service workshop and registers information on service and repairs made. This information should be in accordance with the workshop Job card (SI005)

Accident Report (GS46)
Accident reports (GS46) should be available in each vehicle and drivers should be taught how to complete them correctly. These forms often need supporting documents such as witness statements or police reports.

Fuel requests:
Fuel should only be issued on the basis of a Fuel Issue Request (SI002) signed by an authorised person and used by a driver to refuel the vehicle at a designated fuel station which may be operated commercially, by UNHCR or an IP. At the pump, the designated and authorised pump manager issues fuel to a driver with a Fuel Issue Request (SI002). Both the driver and the Pump Manager sign the Fuel issue request, specifying the exact amount of fuel issued, which may be equal or less than the amount specified in the upper part of the form. The Pump Manager also keeps a Fuel logbook (SI003), which is countersigned by the driver and signed by the pump manager at the end of the day. If the fuel pump has a counter, then the Pump Manager is obliged to record the counter reading daily on the Pump Meter Reading Form (SI007). Depending on the operation, offices may have other documents/forms (such as mission requests, mission clearances (security), etc.), which drivers should have in their vehicles at all times or in certain special cases.

Mission Request / Clearance:
In certain operations, where UNHCR staff undertake frequent missions, each vehicle should have a Mission Request / Clearance form (SI006). This form is signed by the UNHCR officer authorising the mission and specifies dates and times of the mission, destination(s), name(s) of passenger(s), the driver and the vehicle registration number. In some insecure regions, this form should be countersigned by the UNHCR field safety advisor or even, in some cases, by the UN Resident Coordinator on the morning of the mission.

5.2.1.2.3 Assigning Tasks to Drivers
A list should be compiled of duties of drivers, including missions, overtime arrangements, responsibilities of a duty driver, rotation policy, vehicle checklists, etc. Once all the duties have been defined through rules and procedures, a system should be set up by which each driver receives his/her daily instructions. These instructions must be timely (usually at least one day in advance), so that he/she can prepare him/herself (baggage, PT8, Mission Request/Clearance form (SI006)) and the vehicle.

5.2.1.2.4 Monitoring Performance
Fleet managers and programme staff should spot check vehicles periodically. The condition of the vehicle, driver (health, state of mind, etc.) and goods on board should be checked. Documents for the vehicle and driver (registration, driver’s licence, etc.) and transport (HCR Waybill, etc) should be checked. Any necessary corrective action should be followed up with the fleet manager or official in charge of vehicle operations. Staff responsible should directly supervise the senior driver of the UNHCR-operated light vehicle fleet and the fleet manager
of the truck fleet. Those responsible should also periodically consult with drivers themselves on any outstanding problems.

Supply staff and fleet managers, should devise a system of bonuses and penalties to motivate drivers. Certain measures already exist such as financial bonuses for drivers who have no accident in a calendar year, being assigned to newer and better vehicles, financially attractive missions, etc. Some performance indicators are:

- feedback from passengers (given on mission orders);
- fuel consumption of a vehicle driven by the same driver;
- reports from maintenance workshops on the general state of a vehicle;
- number and type of traffic violations; and
- number of accidents.

5.2.1.2.5 Disciplinary Measures

Discipline amongst drivers is essential to prevent misuse of vehicles, time, fuel and money. Drivers should account for any delays or irregularities in scheduled vehicle movements and be aware of their duties and responsibilities. For a first offence, a driver should be warned that improvement or change is expected; for a second, a written warning should be issued; a third may result in dismissal.

The grounds for immediate dismissal, listed below, must be clearly explained from the outset. A driver threatened with dismissal should be given the opportunity to explain, as his/her summary dismissal and replacement may affect the morale of the team and may not necessarily solve the problem. Drivers who continuously misuse or abuse their vehicles, or do not respond to disciplinary measures, however, must be dismissed. There are two “levels” of rules for drivers of UNHCR vehicles: those for which infractions may result in immediate dismissal and those for which infractions should result in disciplinary action.

Immediate dismissal should follow:

- drinking alcoholic beverages on the job, being in a drunken state, showing characteristics of substance abuse, or otherwise exhibiting behaviour incompatible with safe driving;
- theft of fuel, equipment or an item carried in or on a vehicle;
- gross negligence or reckless driving resulting in an accident causing injury or vehicle damage; and
- using a UNHCR vehicle for personal benefit, such as for commercial purposes.

Disciplinary action should result from failure to:

- perform daily and weekly vehicle checks and confirm compliance in the vehicle logbook;
- report deficiencies, as soon as possible, to the fleet manager;
- keep the inside and outside of a vehicle clean and in good working order;
- comply with all local traffic regulations; (no passenger or superior may authorise or order violations; in case of an emergency, only a driver may decide to disregard any rules and be responsible for the consequences);
- unless other lower limits are valid locally, maximum vehicle speed is limited to:
  - in urban areas: 60 km/hour;
  - on country roads: 80 km/h;
  - on highways: 120 km/h;
  - off-road: 40 km/h;
stay with the vehicle at all times, unless it is parked or locked in a place considered to be safe (under the given local circumstances);

- It is also important to note the following:
- drivers are not responsible for personal belongings or baggage of passengers left in a parked vehicle, unless specifically requested to guard them;
- vehicles should be refuelled in time to avoid stalling; (sufficient fuel reserves should be carried on field trips);
- a base fleet manager (manager at the head office) should be informed by the fastest means possible in case of breakdown, accident or other operating irregularities, to arrange repairs and to establish the necessary reports and documentation;
- on long missions, staff managing drivers should provide adequate time for drivers to rest before driving for long hours;
- regulation working hours should be respected (unless more restrictive regulations apply locally, actual driving time per day should not exceed ten hours, followed by a minimum rest period of six hours); and
- a periodic maintenance schedule should be observed for a vehicle. (A fleet manager should be informed in advance when maintenance is due.)

5.2.1.3 SI procedures
Precise procedures should be defined for all components of the SI function. Procedures are needed for drivers, for the use of vehicles themselves, for use of other assets and items of equipment, for workshop operation, for spare parts management and for fuel management.

5.2.1.3.1 Documentation of Vehicles
Effective control of the use of all official and project vehicles is essential to ensure that they are used efficiently and in compliance with UNHCR policies. A comprehensive inventory of all vehicles, both UNHCR-operated and those run by IPs, should be maintained. This is the task of AM staff who follow up continually who is the custodian of each vehicle. A separate file should be kept for each vehicle, with all documents relating to importation and registration, as well as copies of Right of Use Agreements or handover notes officially indicating who has (or has had) custody over an asset

5.2.1.3.2 Use of Vehicles
Each office should devise a clear set of procedures for use of vehicles by UNHCR staff on official business and/or for private use and of vehicles used by IPs. Rights and obligations of IPs should be specified in agreements. For major programmes where several different IPs are involved, one organisation should coordinate overall programme logistics requirements, to avoid duplication of effort and ensure optimum use of transport capacity. These procedures should include, but not be limited to:

- who can drive vehicles and when;
- who can travel as a passenger;
- at what time in the morning a vehicle should be ready for a mission;
- how vehicles should be parked or left unattended;
- for what purposes a vehicle may be used; and
- what can be transported on/in a vehicle.

5.2.1.3.3 Authorising Assignment and Checking Out Vehicles Guidelines
- each office should appoint one person who will officially authorise missions;
a senior driver or fleet manager should have the authority to assign specific vehicles to drivers;
for heavy vehicles, one person should be authorised to assign truck (driver) loads (i.e. divide up the quantity to be transported amongst individual trucks); this can be done by IP staff who should adhere to UNHCR rules;
a guard at the gate should keep a logbook to be signed by drivers when vehicles leave the compound; and
any other authorisation which will ensure optimum use of vehicles, without delaying the operation.

5.2.1.3.4 Controlling and Recording Return of Vehicles Guidelines

return of vehicles should be registered in a logbook at the gate;
drivers should return keys to the senior driver or staff managing the fleet;
when drivers report, the senior driver should inspect the vehicle for any damage that might have occurred during the mission; and
any other system of control appropriate for specific local conditions.

5.2.1.3.5 Using Logbooks
Each vehicle must have a Vehicle Logbook (SI004), which is regularly updated and controlled by the senior driver or another supervisor. Logbooks should include: accurate records of drivers, destinations, purposes and dates of trips; records of fuel allocations and mileage; and the condition, maintenance and repair history of vehicles.

5.2.1.3.6 Preparing and Consolidating Monthly Summaries
A system should be instituted whereby the senior driver or fleet manager prepares monthly reports for Supply staff, who consolidate the data from different fleets to analyze performance and utilisation of a fleet in a given period.

5.2.1.3.7 Vehicle Accidents
Given the remote, poorly maintained roads on which UNHCR vehicles frequently travel, a fleet manager should be prepared to deal with accidents. Proper procedures are essential for protecting drivers, passengers and others; for avoiding unjustified, legal liabilities and expense, as well as for preparing insurance claims and making damage settlements. In the event of an accident, drivers and other staff are responsible for the following:

rendering first aid to injured persons;
reporting an accident immediately to the police or local authorities;
notifying the UNHCR office, field staff security advisor and the fleet manager;
describing all pertinent details of the accident including location, weather conditions, date and time, positions and directions of the vehicles, injury to people or animals and damage to property;
recording names, addresses and telephone numbers of passengers, witnesses and injured persons;
collecting information from drivers including their names, addresses, telephone numbers and driver’s license numbers;
recording the year, make, model and description of the vehicles involved;
noting their license plate, engine and chassis numbers and vehicle registration data;
obtaining insurance coverage information for vehicles involved;
obtaining a copy of the police report;
rejecting an on-the-spot settlement offered by another party;
• arranging for repair or retrieval of damaged UNHCR vehicles; and
• never admitting to being the faulty party.

The above information will be used to complete a Vehicle Accident Report (GS46) and an Asset Disposal Form (GS45) for submission to AMBs. The details for presentation of a case to the AMB are explained in detail in section 4.

5.2.1.3.8 Vehicle Kits For Field Operations
When travelling in a UNHCR vehicle, it is important to be prepared for mechanical, weather or security-related emergencies. A list of useful items that should be in the vehicle appears in Annex 9, but the list should be adapted to the specific region, bearing in mind the distance from the nearest town or city.

5.2.1.3.9 Procedures for Using Other Assets (Non-vehicle)
Non-vehicle assets and items of equipment can be categorised as “specialised” and “commonly used by staff”.

Specialised assets can be subdivided into:

- workshop equipment;
- mobile structures (portable buildings made of metal or wood);
- special telecommunications equipment;
- agricultural equipment; and
- large power supply equipment.

Procedures for the use of these assets are set out in the instructions from manufacturers with the corresponding specialists.

Assets commonly used by staff can be subdivided into:

- general telecommunications equipment: VHF radios given to staff or installed in vehicles, HF radios in vehicles or stationary in offices/houses, mobile telephones, ordinary telephones and faxes, etc.;
- computer equipment: desktops, laptops, printers, scanners, etc.;
- office equipment: photocopiers, air conditioners, etc.;
- generators; and
- security equipment: helmets, alarms, etc.

The relevant specialist in the office, or in the region (i.e. telecommunications officer, IT officer, Administration Officer, technical officer, FS adviser) should draw up procedures for use of these assets and rules for their safe keeping.

5.2.1.4 Managing Fuel Supply
Field operations require fuel for vehicles, generators, construction equipment and, in some cases, for aircraft. Fuel supplies are often scarce or unavailable in areas where refugee emergencies occur. An essential element in establishing the SI infrastructure is developing a supply network to effectively obtain, store, distribute and dispense fuel. This function generally includes the following tasks:

- calculating overall fuel requirements of an operation;
- determining the type of fuels and lubricants needed;
- forecasting possible future needs;
- assisting in locating potential suppliers of fuel;
- exploring with staff responsible for Sourcing the feasibility of importing fuel;
- helping analyse fuel transport routes and destinations;
5.2.1.4.1 Determining Requirements and Approach

Effectively managing fuel supply is a critically important aspect of fleet operations. It can be especially challenging due to the remote locations in which UNHCR operates. Fuel consumption is difficult to estimate because the rate for each type of vehicle differs depending on the size of the engine, its age and state of repair and local driving conditions. When travelling on poor roads consumption can increase by as much as 35%. This function generally requires the following:

- determining current and future fuel and lubricant requirements for motor vehicles, power generators, water pumps, motors boats and aircraft;
- preventing their theft;
- assuring that fuel is handled and stored safely;
- monitoring and recording fuel and lubricant consumption as it is dispensed;
- preventing spilled fuel from contaminating soil and water;
- establishing administrative systems for managing a fuel supply; and
- issuing fuel authorisation forms to drivers.

In isolated locations, or where fuel supplies are inadequate, it may be necessary to perform or contract the following activities:

- determining fuel storage requirements for decentralised depots;
- importing fuel;
- purchasing or otherwise arranging for fuel tankers;
- transporting fuel;
- establishing central storage facilities and distribution depots;
- purchasing tanks, drums, pumps, hoses, measuring and filtering devices and other fuel handling equipment;
- purchasing and distributing fire fighting equipment;
- hiring, training and supervising drivers, fuel handlers and depot managers;
- constructing storage buildings, security fences, gates and installing lighting; and
- hiring and supervising security personnel.

For all of the above, SI staff should work closely with staff responsible for Sourcing and Delivery to find the best possible solution. It may be necessary for Supply staff to establish or contract for the establishment of fuel depots where none exist. The following should be kept in mind by those responsible for planning storage of fuel in the field.

5.2.1.4.2 Securing Safe Storage

In planning a fuel depot, safe storage is the top priority:

- petrol tanks must be underground and need special dispensing pumps;
- fuel depots must be located at a distance from people and buildings;
- in the event of a fuel fire, water should NOT be used to try to put out a fire; (water turns to steam and spreads the blaze; instead, flames should be smothered with earth or sand; flames on a person can be extinguished by rolling the person in a blanket);
- drums must not be stored where accidental spillage could contaminate the water supply or human/animal habitation;
a roof of a storage facility must be fire resistant (such as galvanized sheeting);

- good through ventilation of the storage depot facility must be ensured;

- a trench should be dug around a storage facility to contain any spillage;

- a hard, level floor in a storage depot - preferably of concrete - is advisable;

- the contents of all drums and other containers should be marked clearly;

- all personnel must be trained on how to act in case of fire; and

- all staff must follow the safety rules below when near fuel and lubricants.

Diesel should be used instead of petrol as it is cheaper and presents less of a fire hazard. While petrol should be stored underground, diesel can be safely stored above ground. Any fuel, oil or lubricant, however, carries a risk of fire. The necessary precautions involve not smoking, as well as avoiding naked flames and sparks. Diesel does not deteriorate as fast as petrol in hot climates. Even in temperatures consistently higher than 30°C, diesel will not deteriorate for more than six months, so less frequent deliveries are needed.

5.2.1.4.3 Designing a Depot

A depot should be conveniently located. Fuel should be stored so users can take the vehicle to it, not it to the vehicle. Moving drums disturbs sediment, which could be transferred into a vehicle’s tank. Carrying fuel in jerrycans is time-consuming. If possible, storage tanks should be built instead of using drums. Diesel can be stored in tanks above ground in a walled containment area at least 10% bigger than the tank itself. Petrol must be stored in underground tanks to avoid a major fire risk. A simple rectangular building with a galvanized roof can serve adequately to store drums of fuel, oils and greases. It should have a:

- minimum size of 3 meters high, 3 meters wide and 4 meters long;

- parking area outside the building and a designated place for pumping fuel into vehicles;

- door with a minimum width of 1.5 meters, for drum delivery and pumping;

- hard, level floor and a trench around the outside for spillage;

- sealed cupboard for dirt-free storage of pumping gear, funnels and other equipment;

- either four old tyres for offloading drums onto, or a sturdy plank to roll drums down from a truck to the storage area.

5.2.1.4.4 Equipment for Using Drums

All staff should be thoroughly briefed on the danger of handling fuel. The following items are needed:

- gloves for protection from fuel;

- non-ferrous spanner/wrench to open/close drums;

- brass taps to screw into a drum to draw the fuel;

- tube for sampling fuel;

- drum pumps with fitted discharge hoses (one per type of fuel, oil or lubricant);

- large filter funnels (one for each type);

- metre discharge hoses for drum to vehicle pumping (one for each type);

- drum calibrated dipstick, measuring jugs;

- fuel and oil resistant marking paint for drums;

- wooden frames to hold drums and prevent them from rolling;

- large, good quality padlocks for securing a depot;

- locked cabinet for storing all equipment; and
5.2.1.4.5 Rules for Using Drums for Storing Fuel

All staff responsible for fuel should be briefed on these rules:

- Handling Drums: gloves must be worn. Full drums are heavy, so they should be rolled off trucks (down a sturdy plank) or using old tyres to cushion their fall from a vehicle so they are not dented or split.
- Water Contamination: Water sometimes gets into fuel drums, so the contents of each drum should be checked before accepting delivery;
- Dip Measurement: A no-spark-risk dipstick can be improvised from a broom handle or any hardwood stick, calibrated with marks (18 mm equals 1 gallon in a standard drum). The level of a full drum should reach about 30 mm from the top. A dented drum holds less than a perfect one.
- Fuel Settling: To ensure clean fuel, allow at least three hours for the disturbed contents of a moved drum to settle. (Rough guide: allow one hour per foot of fuel depth.)
- Old Drums: If fuel is delivered in old drums, they should be checked for marks or codes that would indicate previous contents that might contaminate the fuel. Old glue residue can, for example, damage fuel systems.
- Clean Fuel: Keeping the fuel clean by filtering is essential. Even an old, clean cotton shirt can trap dirt particles that could bring vehicles to a halt. A funnel with mesh size 210 is the best. The sulphur level in diesel fuel must not be higher than 1%. (A person should be appointed as the official fuel dispenser and should be responsible for ensuring that the sulphur level in diesel is at the regulation level.) Excessive sulphur rapidly deteriorates engine oil, which can lead to engine damage.
- Health and Safety: Skin must be protected from contact with diesel or petrol. Long-term exposure can pose a serious health risk. Unprotected skin should be washed with soap and water immediately. If diesel is accidentally swallowed, inhaled or touches the eyes, a doctor should be contacted urgently.
- Security: Fuel and lubricants are expensive. Fuel should be protected by dip-measuring supplies regularly. Tanks and the depot building should be locked. The person appointed as the official fuel dispenser should also be accountable for security.

5.2.1.5 Acquiring Maintenance Facilities

Selecting appropriate workshops or repair facilities is essential to planning infrastructure. Making the best use of funds allocated for maintenance and repair entails negotiating with workshops for preferred customer discounts, obtaining firm cost quotations prior to authorising work to be done, preventing unnecessary charges and, in the case of major overhauls, seeking competitive bids from different workshops, if possible. This involves taking into account the considerations below.

5.2.1.5.1 Reviewing Operational Needs

General considerations:

- expected duration of a programme
- number, locations, types, age and condition of UNHCR assets and items of equipment to be maintained and repaired;
- local availability, quality and cost of maintenance services;
- UNHCR policy is to use a single centralised workshop instead of several decentralised ones;
Specific considerations:

- the reputation of workshop staff for delivering quality service;
- capacity of a workshop to expand rapidly, if required, while continuing to deliver quality service;
- the willingness of workshop staff to offer discounts and preferred customer priority in exchange for a high volume of business;
- integrity and competence of managers and supervisors;
- number, technical skill, reliability and honesty of repair staff;
- staff familiarity with the specific items to be maintained;
- adequacy of workshop tools and equipment;
- dependability of power supply and public utilities;
- size of the workshop replacement parts stock;
- amount and security of storage space; and
- efficiency of billing, accounting, record keeping and inventory control.

5.2.1.5.2 Type of Workshop

Vehicle maintenance in most UNHCR operations remains the responsibility of the using section and/or organisation. In one country, therefore, UNHCR vehicles assigned to administration may be repaired in one maintenance facility, programme vehicles in another and vehicles assigned to an IP in a third. Workshops can be either centralised or decentralised; in most cases, the practice of decentralising vehicle maintenance leads to a number of immediate operational drawbacks and increases overall project costs.

A comparison of decentralised versus centralised maintenance follows:

- in operations where there is more than one maintenance facility offering the same service to the same type of vehicle, UNHCR is, in effect, paying for two or more inventories of the same type of part; with centralised maintenance these redundant inventories are consolidated and/or eliminated, leading to considerable savings;
- decentralised workshops result in procurement problems, as UNHCR does not consolidate parts orders and receive bulk discounts;
- ensuring quality control, sound maintenance procedures, good parts management, etc. is more difficult with separate facilities; the lack of quality maintenance increases “down time” of vehicles and adds to overall costs; it can also pose a threat to staff safety;
- centralised repair and servicing of vehicles helps keep updates on their location, custodian and condition; updates can be used to support AM and improve accountability for UNHCR property;
- decentralised maintenance makes collection of performance data, such as true operating costs and fuel consumption, more difficult; this information is vital for future planning and procurement activities; and
- consolidated inter-agency workshops offer additional opportunities for cost savings, as well as meeting donor demands for greater inter-agency co-operation and sharing of resources.

When a workshop is centralised, all UNHCR-owned vehicles within an operation, regardless of the custodian, should be serviced through one provider. (“One provider” does not necessarily mean physical consolidation into one workshop. Local requirements and resources determine the number and placement of workshops for providers.) The provider can be a
private sector company, an NGO, a government yard, another UN agency or UNHCR directly. A service provider should operate under a long-term FA, or project agreement, awarded on the basis of cost, quality and capability criteria, giving UNHCR full access to all performance and cost information. UNHCR should procure all spare parts, thereby helping to eliminate redundancies and reduce inventory costs.

5.2.1.5.3 Characteristics of an Effective Vehicle Workshop

Whether a workshop is run by an IP or a locally contracted company, it is important that it be carefully monitored by Supply staff. When choosing between an existing workshop and a workshop provider, the following criteria should be considered.

A workshop should be:

- located near a main road, with convenient access;
- close to other operations buildings, to allow for easy communications;
- on a level area with a hard surface, not liable to flooding or dust; and
- secure, with provision for fencing, lighting at night, a guardhouse and a lockable storage room for tools, parts, tyres, etc..

And a workshop should have:

- sufficient turning space for vehicles entering and leaving, turning and parking, preferably without having to back up;
- several covered service bays, at least one inspection pit or ramp located at a sufficient distance from the storage area to minimise the risk of fire;
- office space for supervisory staff and reception, staff washing-up and toilet facilities, a telephone or radio communications link and provision of stand-by generators if the electric supply is not constant; and
- correct tools and spare parts for the type(s) of vehicle that UNHCR uses.

Workshop staff should have experience working on vehicles of other agencies and repairing and maintaining the specific makes and models of vehicle(s) that UNHCR uses.

5.2.1.5.4 Creating a Field Workshop

Where no adequate field workshops exist, Supply staff should create one or hire an organisation to do so. The workshop should fit the needs of the fleet. If it is too small, the work overload will lead to delays in getting vehicles back on the road, but if it is too big, it will be under-used. If possible, the workshop size should be flexible. Choice of where to locate the workshop and what structure to use may be limited, but there are eight basic points listed below, to be considered:

Land

The ground should be firm. On sand, good foundations will be needed for a building and careful reinforcement needed for a pit. Local permission may be needed and should be obtained before work begins. For a simple, small workshop, packed earth can provide a cheap, effective working surface. Concrete will, however, be easier to keep clean.

Drainage

A point of high ground should be selected for effective drainage. Any drainage ditches should self-drain or run to a ‘soak-away’ avoiding pollution of water sources.

Location

A workshop leads to noise and fumes, so upsetting local inhabitants and livestock should be avoided. An overly remote workshop will, however, be a security risk.

Access

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The workshop should offer easy access for staff and vehicles.

**Structure**
The simplest building is a roof to protect vehicles from sun and rain and allow natural ventilation. Roll-down canvas sides are useful against windblown dust. In wet areas, a larger, more substantial shelter should be made of blocks or timber, with a galvanized roof.

**Pit**
A covered ramp or pit area provides access under the vehicle(s). It should be carefully constructed for the safety of the mechanic(s). Bricks can be used to build a ramp, which will provide easier drainage than a pit. (A ramp is entirely above ground so a mechanic can stand at ground level and look at the underside of the vehicle.)

**Stocks Area**
A simple cabinet/cupboard with a padlock may suffice to store spare parts and tools in the most basic field workshop. A small lockable room with shelves is better for a larger workshop.

**Security**
Workshop facilities should be in a secure location with proper fencing and restricted access, especially where tools and other equipment are stored.

**Possible Additions**
Depending on the size of the workshop and the type of maintenance and repairs done there, it may need:

- machine shop for welding, etc.;
- generator room to provide some insulation from the noise of the power source if electricity is not available directly to the site;
- fenced compound with access gates;
- vehicle washing area with water source; and
- office for administration.

**Workshop Equipment**
The amount and type of equipment needed for a field workshop depends on the type of maintenance and repairs to be done and the number of vehicles it is expected to service. A first-time workshop in a remote area will need to have everything supplied, including easily overlooked essentials like electric plugs and sockets, power cables, compressed air unions, etc. Guidelines for lists of equipment needed for basic services depending on the size of the workshop are in Annex 10.

**5.2.1.6 Managing Spare Parts**
Spare parts management follows the same rules as other warehouse management. It is specific only because a large number of components are stored according to part number and vehicle type. Spare parts should be located in the workshop so as to be immediately available to mechanics repairing vehicles. The process starts when there is a request for a spare part or a new spare part arrives.

**5.2.1.6.1 Registering Incoming Spare Parts**
Spare parts are delivered to a workshop/warehouse because they were purchased, or because a vehicle was dismantled and usable spare parts are kept by the workshop for later use, or because the part was returned due to problems during repair. When new spares arrive, the procedure is the same as when non-food items (NFI) are stored in a UNHCR warehouse.
(This is explained in detail in Section 2: Delivery). When spares are cannibalised from existing vehicles, or when they are returned by mechanics, because the spare part cannot be installed in the vehicle they are working on, the storekeeper should issue a GRN to be signed by the storekeeper and the mechanic. A GRN is proof of action taken in the write-off procedure for a cannibalised vehicle. If a storekeeper is unsure of the usability of the returned spare part, he/she should consult with the head mechanic before accepting it in the warehouse. The movement of spare parts (receiving – issuing) is registered on bin cards and, if available, on spare parts management software. If the workshop agreement is with a large commercial firm or a large IP specialising in this type of work, this software can be supplied by the workshop. UNHCR, at the time of writing, had no organisation-wide software system to register spare parts in workshops.

5.2.1.6.2 Managing Outgoing Spare Parts
Spare parts are issued on the basis of a workshop Job Card (SI005) signed by the head mechanic. A job card serves as a Requisition in warehouse management. A storekeeper issues a Waybill specifying the parts that were issued (which may or may not coincide with the items on the job card; some items might be missing or equivalent parts might be issued). Both the mechanic and the storekeeper should sign the Waybill. The storekeeper should immediately update the bin cards and the system for tracking spare parts.

5.2.1.6.3 Organising Warehouses and Monitoring Levels
A warehouse should be organised so that a storekeeper can easily find any spare part required. Aisles, rows and bins should be organised by vehicle type and subdivided into fast- and slow-moving parts. Further subdivision can be by part description or by part number. A warehouse should be clean and each aisle, row or bin should be easily accessible. There should be a window for communicating with mechanics and others who request material. While the warehouse is open, there should be no other way of accessing the inventory except through this one window, to avoid people entering from the back while the storekeeper is occupied at the front.

A storekeeper should keep a bin card where he/she keeps the items and a second stock card (D016) system at his/her reception desk. He/she should also have a spare parts tracking system at the desk, in which all changes to the stock are registered. Until an electronic system is established, storekeepers are urged to use their own spare parts management system or an Excel sheet where all spare parts are registered and stock balances can be updated. Storekeepers should be informed of the minimum levels of each type of spare part and should check daily if minimum levels have been reached. Once this happens, they should immediately inform the workshop manager, so he/she can re-order the item.

5.2.1.6.4 Re-supplying Spare Parts
New spare parts should be ordered when minimum levels are reached. Even if these levels are not reached, however, a review of spare parts consumption should be made regularly. In emergencies consumable stock (such as air/oil filters) should be checked on a quarterly basis. For more slow-moving parts, a physical inventory check every six months suffices. As a rule, purchase should be done through international UNHCR procurement. This ensures timely supply of spare parts at minimum prices permitting uninterrupted maintenance of vehicles. Exceptionally, due to time constraints, UNHCR can initiate local procurement either directly or through implementing (or commercial) partners. This should be kept to a minimum as, in most cases, local spare part prices are significantly above prices on the international market.

Two main types of spare parts exist: those for vehicle maintenance at regular, predictable intervals and parts for vehicle repairs resulting from breakdowns or accidents. Transport operations and capacity are seriously hindered when vehicles are forced to wait for parts to arrive. Priority should be given to planning periodic spare parts requirements and making accurate requests for purchase in a timely manner. Supply staff should work with
workshop service providers to identify fast-moving spare parts, ensuring that replenishment of inventory meets fleet maintenance requirements.

When ordering spare parts and repair components, care should be taken to identify the technical information needed to ensure that the correct parts are supplied. Even for a particular make and model, exact parts vary from year to year. The following would assist a supplier to provide the correct items: full vehicle particulars, including serial and engine numbers, an explanation of the problem and a description of the parts. A list of spare parts should be compiled by the head mechanic, using catalogues or spare parts databases and provided to the Programme/Administration staff, in charge of the budget, to issue a Requisition.

5.2.2 Managing Fleet Operations

A fleet manager should have a local budget, with authority to make local purchases when necessary. He/she should be familiar with the fleet operations area, be sensitive to local political and social factors, be ready to bargain continually for local parts and services and have sufficient authority to select, manage, dismiss (and sometimes endure threats from) local employees. To encourage local cooperation, he/she may assist in the repair of community facilities, where such assistance does not interfere with the primary role of the workshop.

Managing fleet operations is a permanent task of SI. It is an ongoing process that helps staff determine the optimum size of a fleet of a particular operation or group of operations. Continuous information on operational requirements for transport of goods and/or people is needed. Information on changes in environment or infrastructure, which affect the need for vehicles is also required.

Examples of this are:

- closure of roads due to rain or natural disasters;
- new roads open to traffic;
- commercial airlines starting (or stopping), reducing or (increasing) the need for chartered planes;
- new petrol stations opened in areas where there were none before; and
- new suppliers of vehicles.

5.2.2.1 Organising a Convoy

In some operations, especially when moving large numbers of refugees, UNHCR organises convoys for both transport of goods and transport of people. A convoy is an organised queue of vehicles that travels as a unit.

When transporting goods, each truck in the convoy should have HCR Waybills (D015), as described in Section 3 on Delivery. If the convoy is for transporting people, each vehicle (truck or bus) should have a Passenger Manifest (SI010) and, if necessary, Registration Forms. When transporting people in convoys, several things must be kept in mind:

- The safest and shortest route from the place of origin to the destination should be selected.
- Maximum speed should be 50 km/h on hard-surfaced roads and 20 km/h on dirt roads or tracks.
- Trucks with a low centre of gravity, or buses, which are inspected and proven to have good lights, brakes, tyres and steering mechanisms should be used. People should never be moved in trailers.
- Provision should be made for personal effects to be transported with the owners. This should be considered when planning the number of people in each vehicle. Personal affects can be moved in trailers attached to trucks carrying the owners. Livestock should be transported in a separate truck in the same convoy.
If water points along the route are inadequate, a water tanker or trailer should be included in the convoy.

Vehicle repair facilities should be available along the route. If they are inadequate, a breakdown/recovery vehicle should be included in the convoy. If a vehicle in the convoy breaks down, the convoy should stop and wait until repairs are effected or the convoy leader makes other arrangements.

Vehicles should not be overcrowded as, in the event of a breakdown, passengers may have to double up.

Pre departure health checks should be conducted. Sick or severely malnourished people should only be moved with appropriate transport (ambulances or specially equipped buses, with medical personnel).

One or more medical staff, with a fairly sophisticated medical kit, should accompany a convoy.

The number of people boarding vehicles and getting off at the other end should be recorded using hand held counters or checking passengers against established lists. Medical and registration records should accompany them.

Arrangements for the safe transfer of required documentation such as passenger lists and registration forms should be made.

Appropriate security should be ensured.

A convoy escort, one person with authority, riding at the end of the convoy, in communication with the lead vehicle should be arranged.

Drivers should be cared for: to drive safely, they need adequate meals, rest breaks and time for vehicle maintenance.

Each vehicle should keep pace with the vehicles behind, by maintaining visual contact in the rearview mirror.

Relief drivers may be needed.

Food and accommodation may be needed during the journey.

Actual movement by or on behalf of UNHCR should be monitored and the voluntary nature of repatriation should be ensured.

Checklist for organising a convoy:

- escort vehicles (UNHCR in a secure area or armed(military or police or security) in an insecure environment, in front of convoy and at the end), if needed;
- convoy leader, with first aid kit, repair kit;
- cargo trucks, with oversized luggage, shelter materials, etc.;
- passenger trucks or buses for refugees and their belongings;
- re-supply trucks, with blankets, tarpaulins, water, fuel, food;
- empty spare trucks (one per ten cargo trucks or five passenger trucks);
- mechanics with repair equipment and materials.

All units should be in radio contact with one another and base stations. This is critical for mechanics, the convoy leader, escorts and ambulance staff. Speed should be reduced to:

- minimise shocks and possible injuries caused by jolting of vehicles;
- control motion sickness and vomiting (especially for people who are malnourished or dehydrated);
- control dust which causes vomiting;
- control hypothermia in cold areas (stopping frequently, providing blankets and tea also help).
Further precautions to take are listed below:

- Personal belongings and bedding should be placed on the floor of a vehicle to cushion shock. Sand could be used to stabilise a vehicle by adding weight and lowering the centre of gravity.
- Food should be available at departure and way stations. People should not be moved (except in a crisis) less than four to six hours after eating.
- Dehydration can be avoided with water, tea or oral rehydration solution. In hot areas, covered vehicles should be used for shade and people should be moved during periods with moderate temperatures, stopping frequently.

Caution: Enclosed trucks may cause exhaust fumes to back up into the passenger area, especially at slow speeds or if winds blow from the wrong direction.

5.2.2.2 Monitoring Fleet Operations

Supply staff should make sure that a UNHCR fleet is used to best advantage. Expenses are to be kept to a minimum, without compromising the quality of service. Any fleet shortfall or surplus should be noted and action taken. Fleet performance should be analysed and appropriate solutions implemented or, if funds are insufficient, alternatives proposed.

5.2.2.1.1 Reviewing Fleet Performance

Reviewing Budget Allocations

Supply staff should ensure that running and other costs of SI functions do not surpass the budget foreseen. He/she should be in constant contact with workshop and fleet managers to check there are no extra expenses that were not taken into account at the time the budget was submitted. When operations increase, budgets have to be revised. If operations stay within the framework defined at the time of preparation of the budget, however, efforts should be made not to exceed the limit. The latter could happen if, due to bad planning or bad luck, there is a lot of local procurement of spare parts. There might also be more accidents then expected, in which case Supply staff should check management of drivers (5.2.3.2 of this Section).

Assessing Workshop Performance

This is an ongoing task of workshop managers and Supply staff, who should review the division of labour among mechanics, how spare parts are issued and used, how often the same vehicles need repairs, the percentage of scheduled versus non-scheduled repairs, the turnaround of spare parts, etc. This information is used in planning and budgeting for the following year.

Assessing Fleet Performance

The fleet manager should monitor daily use of trucks and/or light vehicles. He/she has to check fuel consumption, loading of vehicles, actual travel time compared to planned duration, etc.

Resources versus Requirements

Supply staff should provide operations with ongoing operational planning assistance. On the basis of the above monitoring and analysis, Supply staff, workshop and fleet managers should, therefore, determine if an operation can be well run with available resources. Further analysis should include, inter alia:

- truck usage;
- possibility of combining missions and/or trips;
- use of mechanics' time;
- percent of fleet availability;
A further task is the calculation of transport fleet capacity and requirements. Some of the questions Supply staff should ask are listed below.

- What tonnage of supplies will be moved?
- In what given period?
- What is the turnaround time to move one load from its original location to its destination and then for the transport unit to return? Speed should not be overestimated. Loading time, at source and offloading time at destination should be included.
- What is the carrying capacity of one transport unit?

If analysis of the availability of vehicles results in a shortfall of vehicles and/or other motorised equipment, an evaluation should be conducted to determine if this shortfall is chronic or can be overcome by short-term solutions. If it is concluded that current resources suffice, it may be necessary to establish if the assets or items of equipment are fully utilised. If assets are well used and the fleet is well-managed no further action is necessary. If there is an excess capacity, however, Supply staff should assess if it is a short-term problem due to a momentary lull in operations or if operations have diminished in scope for the foreseeable future. In the latter case, Supply staff should identify surplus assets and resources to be advertised on the asset market.

### 5.2.2.1.2 Short-Term Solutions

A short-term shortfall can be resolved in one of the following ways:

**Improvements or repairs**

Two or more vehicles set aside for disposal may be repaired using each others’ parts to cover a short-term need. It may prove economical to repair such vehicles using new spare parts, instead of buying a new vehicle that will be needed only for a short time.

**Renting, borrowing**

A second way to overcome a short-term need is to borrow vehicles from other UN agencies or IPs. A common example of a short-term solution is the exchange of trucks between UNHCR and WFP, usually the two largest logistical actors in humanitarian operations, especially in emergencies. If it is not possible to borrow, it might be economically feasible to rent on the local market until there is no longer a gap or an alternate solution is found. This is facilitated if there is an organised group of humanitarian organisations in an operation. Frequently, there is a NFI committee, which brings together NGOs and agencies working on logistics and transport.

When repairing or renting, additional resources will be needed. In such cases, Supply staff should inform the customer (i.e. operations managers) of the need for new resources or the reallocation of existing funds explaining how the shortfall will be overcome and for how long. The submitted plan should foresee how long the interim measures will last, if they will completely cover the need or if additional solutions have to be found in future. It is up to a customer, to authorise a short-term solution and set aside the needed funds.

### 5.2.2.1.3 Surplus Resources

If the analysis shows that there is a permanent (long-term) surplus of vehicles, Supply staff, fleet and workshop managers, should identify specifically which assets or items of equipment
can be offered on the “asset market” for use by other operations. The working of this mechanism is explained in detail in Section 4 on AM (para 4.6.6).

Supply staff should:

- review the transport capacity available to the operation;
- check that the surplus identified is not going to be necessary for on-going operations;
- review long-term outlook and programming plans;
- agree with Programme/Administration staff on the longer-term plans for the operation and establish with them whether or not the identified vehicles will be needed in the foreseeable future; this usually happens when operations are winding down and there is no new influx of refugees expected;
- flag surplus assets: when a joint conclusion has been reached with Programme and/or Administration staff, Supply staff should flag the specific assets and inform AM staff so they can place the vehicles on the “asset market” for use by other operations.

5.2.2.1.4 Long-term solutions

If existing resources do not meet requirements and no short-term solution can be found, purchasing of vehicles should be considered. Motor vehicles are a vital component of UNHCR field operations. Effective and timely procurement of appropriate types and numbers of vehicles has a major impact on the achievement of programme objectives. The need to purchase vehicles is determined by transport demands of a particular operation and resources available locally to meet them.

SI staff should consider the:

- urgency of the refugee crisis;
- expected duration of the project;
- overall logistical requirements;
- transport distances required;
- road conditions;
- option of having vehicles transferred from other UNHCR operations;
- cost-benefit tradeoffs of using commercial transport services or leasing vehicles rather than purchasing them; and
- feasibility of using other means of transport, such as rail, water barges and animal pack trains.

On the basis of this analysis, Supply staff should propose solutions, with the corresponding budgetary implications, to customers for their review and approval.

5.2.3 Maintenance and Repair

To effectively provide implementation support, Supply staff should know how vehicles and other assets or items of equipment are used and managed in the field. Assets monitored are those that are in the custody of UNHCR staff and with organisations or IPs, but purchased with UNHCR funds. This process requires continuously and systematically tracking the location and condition of vehicles and other assets. SI includes responsibility for assuring that assets are cared for properly. In many cases, Supply staff contract with commercial workshops and other organisations for maintenance and repair work. They also advise the custodians of the items and the maintenance service providers about the manufacturer and maintenance and repair guidelines of UNHCR, schedules and procedures. The goal is to help custodians ensure satisfactory maintenance and repair. Many maintenance problems are encountered in field operations, a few of the more common ones are:

- using old vehicles with high mileage that are in poor condition;
- unavailability of adequate maintenance facilities resulting in use of unsuitable ones;
poor preventive maintenance practice, such as not changing oil and other filters when required;
failure to inspect and service vehicles regularly;
scarcity and high cost of locally purchased equipment, tools and spare parts;
improvisation or welding of broken parts by workshops;
removal or switching of parts from vehicles temporarily out of service;
having too many types, makes and models of assets in use;
cannibalisation of excessively worn parts and components from unserviceable vehicles;
using badly worn or damaged tyres; and
abuse and damage of vehicles caused by unsafe driving.

There are two general types of work performed on UNHCR assets:

Preventive maintenance
This type of maintenance is performed at regular intervals recommended in the manual of the manufacturer and/or specifications of UNHCR for operating in rugged conditions. It maximises the serviceable life of an asset by preventing avoidable, premature wear and failure. It entails inspecting and servicing vehicles and other assets before they need to be repaired. For vehicles, it includes changing engine fluids, filters and belts, tuning the engine and servicing the drive train and steering. For office equipment, it usually involves cleaning, testing and adjusting the item and replacing worn components. In the long run, preventive maintenance is more cost-effective.

Repair
Repair, sometimes called corrective maintenance, is undertaken after the vehicle or item has failed or has been damaged and restores the asset to serviceable condition. It generally involves inspecting, testing and replacing defective parts or components. Harsh operating environments, normal deterioration over time, improper use and abuse and poor standards of preventive maintenance lead to frequent repair work.

5.2.3.1 Evaluating Maintenance Requirements
Maintenance or repair can be undertaken by an operator or in a UNHCR workshop or an external workshop.

5.2.3.1.1 Operator Level
Operators may be able to correct small faults by themselves. In case of drivers, the most common problems are: replacement of light bulbs, spark plugs, changing a tyre and adjusting a carburettor. In cases of computers and telecommunications equipment, many errors deal with incorrect use of software or procedures, which can be fixed either by the operator or by the technical specialist directly at the desk. These repairs are considered to be corrective action, as the asset does not leave the operator and is not officially sent to a workshop.

5.2.3.1.2 Workshop(s)
In cases of scheduled maintenance and small to medium-size repairs, an arrangement usually exists with an IP or commercial workshop. The usefulness of mobile workshops should be carefully assessed and will depend on the machinery, equipment and spare parts they carry, as well as their operational range and limitations related to dispersal of the vehicle fleet, local roads, geography and climate. The availability of trained personnel to operate the servicing equipment will also be a consideration. Standard practice entails recovery of faulty vehicles to established workshops. The vehicle workshop is the most typical example, but arrangements (usually commercial) for the maintenance and repair of photocopiers, air conditioners,
generators, IT equipment, etc. are common in UNHCR offices. IT equipment, due to its sensitive nature, is usually repaired in UNHCR workshops at the local, regional or HQ level. There are some cases, however, where telecommunication repairs are outsourced.

To send an item of equipment to a workshop, Supply staff prepares and signs a Service / Repair Request (SI001). If the UNHCR maintenance facility is used by other IPs (which is the preferred option) Service / Repair Requests (SI001) should be submitted by the IPs to UNHCR and countersigned by Supply staff. The latter should be the only ones authorising repair of assets in workshops with contracts with UNHCR. The best option is for all UNHCR items of equipment in an operation to be maintained by the same workshop according to Supply Chain principles. This includes equipment given to IPs for right of use. In such cases, the project (sub)-agreement should not include a budget line for equipment maintenance, spare parts, etc.

5.2.3.2 Maintenance, Repair or Disposal

UNHCR, using a Service/Repair Request (SI001) notifies custodians of vehicles, generators and other motorised items that preventive maintenance or repair is required. Work on a vehicle or an item of equipment should be scheduled upon receipt of a Service / Repair Request (SI001). Maintenance/repair will also be needed following an accident. In such cases, workshop staff should only inspect the item, do a cost estimate and prepare a report. AMB decisions determine whether or not repairs should be undertaken. Once an AMB has decided on disposal and action is required by a workshop, equipment is delivered to a workshop.

5.2.3.2.1 Inspecting and Evaluating Requirements

If equipment needs regular maintenance or have been in an accident an inspection is needed. To confirm all required maintenance and repair work is done properly and that no unnecessary work is performed, vehicles and other items of equipment should be thoroughly inspected by workshop staff before and after workshop(s) have serviced them. This serves both to ensure quality and preclude workshops overcharging. A Job Card (SI005) is opened for each item and all necessary information entered.

5.2.3.2.2 External Pro Formas

If a repair cannot be undertaken, a manager should find someone else to do the job, through three competitive pro forma bids. If this is not possible, a note for the file should be submitted explaining the circumstances.

5.2.3.2.3 Analysing Cost Versus Budget and Technical Capacity

A workshop manager prepares a report on the repairs needed and, if applicable, attaches the bids obtained. The cost-effectiveness of repairing an item of equipment compared to disposal and replacement should be assessed. To balance these tradeoffs, the workshop manager and Supply staff, should identify the point at which paying more to keep an item in service is no longer justified by its remaining useful lifespan. Because of varied operating environments and patterns of usage, individual vehicles and other items will reach this point after different lengths of time in service. If there is no AMB involvement (not an accident or question of disposal) and no unforeseen additional funds are needed, the item (and the relevant job card) can be given to mechanics for repair. If there are funding considerations, e.g. accidents or external work to be done, Supply staff completes the documentation (e.g. in the case of accident reports from police, drivers, etc.) and submits the request for repair to the customer or to the AMB, as appropriate. The report should contain the estimated cost of repairs.

5.2.3.2.4 Repair/Disposal

Workshop operators receive an item to repair with a job card specifying estimated repairs and necessary spare parts. After completing the maintenance/repair, an operator should record the hours of work spent and pass the job card to the next operator in line, if more than one
operator is needed to complete a repair (e.g. mechanic, body work, painter, etc). After repairs are completed, the manager makes a post-repair inspection and checks that all the data is entered on the Job Card (SI006) and/or Service/Repair Request (SI001).

All data relating to maintenance/repair and costs incurred should be kept in separate workshop files for each item. This should also be recorded in the maintenance component of the asset tracking software. This information is critical to tracing the condition of the vehicle, assessing its performance, estimating its remaining useful lifespan and determining when it should be disposed of. Such records are also indispensable for comparing the performance of different makes and models of vehicles.

5.2.3.2.5 Operating Restrictions

In some cases, it is not possible to completely repair an item, but it is necessary to use it as there is no other alternative. A workshop manager should accordingly specify (in writing) the operating restrictions governing that particular item and the date or conditions when the item should be returned to a workshop.

5.2.4 Analysing Performance Information

SI involves collection, review and dissemination of information on performance of vehicles and other assets and on services used to maintain them (resulting in a variety of reports). Supply staff share this information with custodians of assets and also use information internally for SMS planning and for making future purchasing decisions. The goal is to make the information transparent and readily accessible to all parties involved with procurement, management and using high value UNHCR property.

5.2.4.1 Reviewing Transport Performance

Supply staff collects, stores, reviews and analyses information on the performance of fleet operations for planning. The performance reviewed may relate to a specific vehicle or asset; or, it may relate to Supply staff service. To review transport in a programme operation, Supply staff should consider overall operational requirements; examine immediate transport needs; and identify any changes in the environment and infrastructure of the programme.

5.2.5 Performance Factors

Fleet performance review includes the following factors:

- overall operational requirements;
- number, types and condition of vehicles and other motor items;
- performance standards set for them;
- their utilisation rates;
- environments and road conditions in which they function;
- how they have been used;
- amount, cost and quality of preventive and corrective maintenance and repairs; and
- need for revised standards.

5.2.5.1 Custodians’ Responsibilities

For Supply staff to review fleet performance effectively, custodians of the assets should:

- understand and comply with UNHCR AM policies and procedures;
- establish systems to effectively manage and supervise asset utilisation and maintenance;
- keep adequate inventory and utilisation record
- use the UNHCR software systems effectively; and
enter the required records and reports into the IT system promptly and accurately.

### 5.2.5.2 Supply Staff Responsibilities

- Supply staff’s role in reviewing fleet performance includes:
  - gathering performance standards and maintenance guidelines for vehicles and other motor items of UNHCR and manufacturers;
  - retrieving copies of IP agreements and Service Contracts that specify the use, management and maintenance of assets;
  - compiling applicable UNHCR rules and policies;
  - collecting, storing and updating utilisation and maintenance records;
  - comparing performance data with standards and guidelines;
  - notifying custodians and fleet managers of any deficiencies in the maintenance of vehicles or other motor items;
  - recommending corrective action, as needed;
  - following up with custodians to ensure that corrective action is taken;
  - revising standards, guidelines and policies, if necessary; and
  - preparing reports and studies for future SMS planning and decision-making.
### 6 Annexes

#### 6.1 List of Roles for Supply Chain functions

<table>
<thead>
<tr>
<th>Operator Class</th>
<th>Definition</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBUY</td>
<td>Buyer</td>
<td>A Buyer generally manages the RFQ, ITB, RFP, sourcing to Requisitions and PO processes and service contracts</td>
</tr>
<tr>
<td>SOPER</td>
<td>Source operator</td>
<td>Operator that works on Source functions, will do much of the day-to-day work in source operations, including data preparation and entry and reporting</td>
</tr>
<tr>
<td>SMGR</td>
<td>Source manager</td>
<td>The Source Manager will have responsibilities across all processes of Source operations, and will largely be responsible for higher-level source processes</td>
</tr>
<tr>
<td>DOPER</td>
<td>Delivery operator</td>
<td>Operator that works on deliver functions will do much of the day-to-day work in deliver operations, including data preparation and entry and reporting. The Delivery Operator also performs most of the tasks inside a warehouse, such as receiving, putaway, picking, packing, loading and performing stock counts</td>
</tr>
<tr>
<td>DMGR</td>
<td>Delivery manager</td>
<td>The Delivery Manager will have responsibilities across all processes of Deliver operations and will largely be responsible for tracking and monitoring order fulfillment and other higher-level deliver processes. The Delivery Manager has overall responsibility for a warehouse location, and will have verification and approval authorities over receiving, dispatch/disposal and stock count reconciliation.</td>
</tr>
<tr>
<td>PLMGR</td>
<td>Planning Manager</td>
<td>The Planning manager will have responsibilities across all processes of Supply planning operations, and will be responsible for planning in the area of source, deliver and support implementation.</td>
</tr>
<tr>
<td>COPER</td>
<td>Customer operator</td>
<td>The Customer Operator will be typically either a programme or admin assistant, and will do much of the daily work of the customer side of supply transactions</td>
</tr>
<tr>
<td>COFF</td>
<td>Customer Officer</td>
<td>The Customer Officer will be typically either a programme or admin officer, and will be the person determining and specifying their supply requirements</td>
</tr>
<tr>
<td>CAPP</td>
<td>Customer Approver</td>
<td>This operator class has budget control authority, and will typically be the approver of any supply transaction that involves the commitment of budget or the expenditure of funds</td>
</tr>
<tr>
<td>WSOPER</td>
<td>Workshop Operator</td>
<td>The Workshop Operator performs most of the tasks in a workshop (vehicle, photocopier, telecom, EDP, etc)</td>
</tr>
<tr>
<td>Operator Class</td>
<td>Definition</td>
<td>Description</td>
</tr>
<tr>
<td>----------------</td>
<td>------------</td>
<td>-------------</td>
</tr>
<tr>
<td>WSMGR</td>
<td>Workshop Manager</td>
<td>The Workshop Manager has overall responsibility for a workshop, and will decide on repairs and propose disposals of assets sent to his/her workshop</td>
</tr>
<tr>
<td>AMOPER</td>
<td>Asset Management Operator</td>
<td>The AM operator will largely be responsible for recording transactions against assets (location changes, custodian changes, maintenance events) and performing stock counts</td>
</tr>
<tr>
<td>AMMGR</td>
<td>Asset Management Manager</td>
<td>The AM manager will be responsible for initiating transfer/disposal requests, authorising Right to Use agreements (custody)</td>
</tr>
<tr>
<td>AMBOPER</td>
<td>Asset Management Board (AMB) Operator</td>
<td>The AMB is responsible for authorising the disposal of assets, and its operators will largely do any required data entry in preparation for the approval or denial of a disposal requests</td>
</tr>
<tr>
<td>AMBAPP</td>
<td>Asset Management Board Approver</td>
<td>An AMB approver either approves or denies a request to dispose of an asset</td>
</tr>
<tr>
<td>RFQAPP1</td>
<td>Low-value RFQ, ITB, RFP approver</td>
<td>Approves RFQs (ITBs, RFPs) for a total estimated value of less than US$50,000</td>
</tr>
<tr>
<td>RFQAPP2</td>
<td>High-value RFQ, ITB, RFP approver</td>
<td>Approves RFQs (ITBs, RFPs) for a total estimated value of equal to or greater than US$50,000</td>
</tr>
<tr>
<td>CONSAPP</td>
<td>Approver of Requisition type “Consultant”</td>
<td>Approves all Consultant-type Requisitions before a PO of type Consultant (Consulting Agreement) is issued.</td>
</tr>
<tr>
<td>POAPP1</td>
<td>PO, Service Contract Approval &lt;US$4,000</td>
<td>PO, Service Contract Approval &lt;US$4,000</td>
</tr>
<tr>
<td>POAPP2</td>
<td>PO, Service Contract Approval &lt;US$10,000</td>
<td>PO, Service Contract Approval &lt;US$10,000</td>
</tr>
<tr>
<td>POAPP3</td>
<td>PO, Service Contract Approval &lt;US$20,000</td>
<td>PO, Service Contract Approval &lt;US$20,000</td>
</tr>
<tr>
<td>POAPP4</td>
<td>PO, Service Contract Approval &lt;US$30,000</td>
<td>PO, Service Contract Approval &lt;US$30,000</td>
</tr>
<tr>
<td>POAPP5</td>
<td>PO, Service Contract Approval &lt;US$40,000</td>
<td>PO, Service Contract Approval &lt;US$40,000</td>
</tr>
<tr>
<td>POAPP6</td>
<td>PO, Service Contract Approval &lt;US$50,000</td>
<td>PO, Service Contract Approval &lt;US$50,000</td>
</tr>
<tr>
<td>POAPP7</td>
<td>PO, Service Contract Approval &lt;US$60,000</td>
<td>PO, Service Contract Approval &lt;US$60,000</td>
</tr>
<tr>
<td>POAPP8</td>
<td>PO, Service Contract Approval &lt;US$70,000</td>
<td>PO, Service Contract Approval &lt;US$70,000</td>
</tr>
<tr>
<td>POAPP9</td>
<td>PO, Service Contract Approval &lt;US$100,000</td>
<td>PO, Service Contract Approval &lt;US$100,000</td>
</tr>
<tr>
<td>CCOPER</td>
<td>Contracts Committee Operator</td>
<td>The Contracts Committee meets to approve all non-frame agreement POs or service contracts as well as the establishment of frame agreements for US$100,000 or greater (at HQ and Regional) and US$20,000 (Local). Its operator will do any required data entry in preparation for the approval or denial of a request.</td>
</tr>
<tr>
<td>CCAPP</td>
<td>Contracts Committee Approver</td>
<td>An Contracts Committee approver either approves or denies a request to issue a PO or service contract requiring its approval</td>
</tr>
<tr>
<td>Operator Class</td>
<td>Definition</td>
<td>Description</td>
</tr>
<tr>
<td>----------------</td>
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</tr>
<tr>
<td>STKMGR</td>
<td>Stockpile Manager</td>
<td>The Stockpile at UNHCR is a special buffer warehouse, from which requestors may buy items (regular inventory release transactions do not have any associated financial transactions), and for which the Stockpile Manager authorises release orders.</td>
</tr>
<tr>
<td>INKIND</td>
<td>In-kind contribution recorder</td>
<td>This operator role covers the recording and transfers of items that are received as in-kind contributions.</td>
</tr>
<tr>
<td>ITMOPER</td>
<td>Item Operator</td>
<td>This group has the authority to add and edit items.</td>
</tr>
<tr>
<td>ITMAPP</td>
<td>Item Approver</td>
<td>The item master approver has the authority to approve new items or change the status of an item.</td>
</tr>
<tr>
<td>VENOPER</td>
<td>Vendor Operator</td>
<td>This group has the authority to add and edit vendors.</td>
</tr>
<tr>
<td>VENAPP</td>
<td>Vendor Approver</td>
<td>This group has the authority to approve new vendors or change the status of a vendor.</td>
</tr>
</tbody>
</table>
6.2 Policy and Standard on Conduct of Staff

UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES
DIVISION OF PROGRAMMES AND OPERATIONAL SUPPORT

Supply and Transport Section
Policy and Standard on Conduct of Staff

1. Supply and Transport Section Policy
   1.1. Service Objective
   The role of STS is to purchase and supply, in a timely and cost-effective manner, goods and services meeting the needs of refugees and persons of concern to UNHCR in its worldwide operations. Within UNHCR, it serves as a focal point for providing commercial information and supply conditions relating to the required goods and services for costing and supply assessment purposes.

   1.2. Openness
   Our procedures should withstand the test of public scrutiny. The Section’s reputation rests not only on its ability to meet refugee needs, but also on the transparency of our methods and the fairness of our dealings with suppliers.

   1.3. Harmony
   The Section must function on the internal basis of mutual respect and co-operation. Disputes, which will inevitably arise, should be based on logical differences of opinion rather than on emotion. We will function as a team.

   1.4. Co-operation
   Our clients are refugees. To serve them we will work in close co-operation with Desks, the Field, the Programme and Technical Support Section, the Emergency Preparedness and Response Section, the Programme Co-ordination and Budget Service, other Headquarters entities and other UN agencies.

   1.5. Desirable Character Traits
   STS staff are assumed to possess professionalism, creativity, team spirit and a high sense of urgency.

2. Standard of Conduct of Staff
   2.1. Ethics
   It is UNHCR policy that all purchasing activity be carried out in a manner consistent with the highest professional, ethical, moral and legal standards. Since all purchasing staff function in a fishbowl environment, it is imperative that we conduct, and are perceived to conduct, all activities with integrity and fairness.

   2.2. Business Conduct
   2.2.1. Staff are prohibited from using the power of their office or internal business knowledge for personal gain. Staff are required to ensure that they do not behave in a manner which could be constructed as being damaging to the image of the Section, or which could bring a real or perceived advantage to a single supplier. While conducting business on behalf of the Organisation, staff members shall proceed with caution and good judgement, and maintain an unimpeachable standard of integrity.

   2.2.2. Staff members are to decline any outside interests of business relationships that may be reasonably deemed to colour the member’s impartiality in conducting his or her daily work.

   2.2.3. Staff members are to declare any business relationships that members of their family may have with suppliers with whom STS engages, or may engage in business.
2.2.4. Inside knowledge obtained during the course of duty should be held in the highest confidence and should never be used for personal gain. Information given out during the course of duty shall be objective, factual, and not intended to mislead or give any single supplier an unfair advantage.

2.2.5. All suppliers shall be dealt with fairly and equally. No single supplier is to be treated in a way that may prevent the effective operation of an open competitive purchasing system.

2.2.6. All bidders should be aware of the rules. Bidding information disclosed to prospective bidders must be accurate and intended to have the same impact on all of them. Specifications must be drawn in such a way as to attract the maximum participation from all interested parties.

2.2.7. Information received through competitive bidding should be treated as confidential and can only be disclosed to a certain extent with extreme caution to ensure that the basis of the competitive bidding system is not undermined.

2.3. Business Gifts

2.3.1. Staff of the Supply and Transport Section are forbidden from accepting gifts or favours of any kind, other than publicity items of a purely nominal value offered by, or on behalf of, suppliers or other organisations with which the Section engages or may engage in business. All suppliers should be made aware of this principle. Any infringement by suppliers must be immediately reported to the Chief of Section for appropriate action.

2.3.2. Any gifts other than publicity items of a purely nominal cost or minimal intrinsic value, offered by or on behalf of business establishments, must be declined. Examples of such items which may be accepted include company’s calendars, plastic pens, key chains, diaries.

2.3.3. In the event that declining gifts in advance is impossible, the following rules will apply:

2.3.3.1. Gifts received through the mail, or by any other means over which the employee has no control, are to be returned to the donor with a polite letter reciting the STS policy. A copy of the letter should be sent to Registry (File no. 580)

2.3.3.2. If a staff member should receive perishable goods, these goods should be given to a charitable organisation and the donor informed accordingly as per (2.3.3.1) above. If the donation is impractical then the Chief of STS should be notified so that a decision can be made as to the distribution of the goods.

2.3.3.3. If otherwise it is certain that declining the gift would be culturally offensive, the gift should be given to a charitable organisation as per (2.3.3.2) above, or if that is not feasible, the gift should be passed to General Service Section to be recorded as UNHCR property. A copy of the letter to the Chief of GSS should be sent to Registry (STS File no. 580).

2.3.3.4. In declining the acceptance of a gift, the staff member will do so tactfully, in order to avoid giving offence.

2.4. Hospitality

Modest hospitality is an accepted courtesy of a business relationship. Nevertheless, no staff member is to allow him/herself to be led into a compromising position, a situation in which one is actually, or is perceived by others to have been influenced in making a business decision as the result of accepting such hospitality. The frequency and degree of hospitality accepted, be it in Headquarters or while on mission, should not be significantly higher than the recipient’s employer would provide in return. When in doubt, one should decline or solicit advice of the Chief of STS.
2.4.1. Although business lunches and dinners are permissible, staff members should otherwise avoid meetings with suppliers outside strict business environments. For lunches and dinners, a minimum of two staff members should be present, and a summary of what was discussed placed in a Note for the File. 

2.4.2. The same standard of conduct is expected of a staff member who is on mission. In addition, any offers from parties which we are involved with, or may be involved with in business in the future, for free overnight stays, lavish dinners, payments of air tickets and other similar propositions should be politely but flatly declined.
6.3 Sample of Frame agreement

FRAME AGREEMENT
BETWEEN
THE OFFICE OF THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES
AND
(Supplier)

This Frame Agreement is made by and between (i) the Office of the United Nations High Commissioner for Refugees (hereinafter referred to as “UNHCR”), with its headquarters at 94 Rue Montbrillant, Geneva, Switzerland and (ii) (Supplier’s name) UNHCR and the Supplier are sometimes referred to as the “Parties”.

WHEREAS, UNHCR desires to enter into a non-exclusive Framework Agreement with the Supplier);

WHEREAS, the Supplier agrees to furnish to UNHCR and UNHCR agrees to accept, on the terms and conditions set forth in this Agreement, the prices and goods;

NOWTHEREFORE, THE PARTIES AGREE ON THE FOLLOWING:

ARTICLE 1

The Supplier shall maintain for the period beginning upon the effective date of this Agreement until…………………(date), firm prices, as stipulated herein, as per the attached offer and correspondence (Annex C), for all goods specified in Annex B, hereby incorporated by reference of this Agreement (hereinafter referred to as goods)

ARTICLE 2

Without prejudice to Article 3, UNHCR shall purchase from the Supplier its requirements for:

(Description and specification of goods)

The Supplier will act as a supplier to UNHCR and receive orders for part or all of UNHCR’s requirements under this frame agreement. Requirements shall mean any actual purchase that results in expenditure for UNHCR and does not include programming or planning figures for such requirements.

ARTICLE 3

This Frame Agreement does not constitute a contract for any of the goods as specified hereunder. Only an order in the form of a purchase order as provided for in Article 4 shall obligate UNHCR to purchase goods as identified therein.
ARTICLE 4

UNHCR may purchase goods under this Frame Agreement by issuing a purchase order (hereinafter referred to as “PO”) identifying with specificity the goods required, delivery terms, packaging and marking requirements and any other special terms and conditions.

ARTICLE 5

All purchases under this Agreement must be made through UNHCR Geneva, except for purchases made by UNHCR Branch Offices authorized, in writing by The Supply and Management Service (SMS), UNHCR Geneva to purchase under this Frame Agreement. Any such authorization shall state the value limit of purchase after which the Supplier shall obtain approval from SMS, Geneva before execution.

ARTICLE 6

The Supplier shall maintain a stock of ..........(quantity) for immediate delivery and be able to deliver.....(quantity) within a one week period increasing as specified in Annex C in accordance with INCOTERMS FCA/FOB. In case of urgency, UNHCR and the Supplier should discuss and agree on the earliest possible delivery time.

ARTICLE 7

UNHCR or its representatives may inspect PO Goods at the Supplier’s premises giving 24 hours notice to the Supplier. The Supplier shall provide reasonable access and facilitate inspection thereof. The Supplier shall immediately remedy any faults identified by inspection without prejudice to the delivery as established by Article 6.

ARTICLE 8

Notwithstanding Article 9, if the Supplier breaches any term or condition of this Agreement, once a PO has been signed in accordance with Art. 4 including but not limited to price and delivery requirements, UNHCR shall be entitled to immediately purchase substitute Goods from any source and Supplier shall reimburse UNHCR any reasonable increase in the purchase price.

ARTICLE 9

In cases of force majeure where unforeseeable circumstances beyond the control of either party render impossible performance under this Agreement such performance shall be excused without prejudice.

ARTICLE 10

This Agreement and any POs issued hereunder shall be subject to the UNHCR Purchase Order General Terms and Conditions, hereby incorporated by reference (Annex A).

ARTICLE 11
This Agreement supersedes all prior oral or written agreements, if any, between the parties and constitutes the entire agreement between the parties with respect to the work performed hereunder.

ARTICLE 12

UNHCR reserves the right to extend this Agreement at the same conditions for the year .......... Such extension will be notified to the Supplier one month before the expiration of the present Agreement.

ARTICLE 13

Amicable Settlement The Parties shall use their best efforts to settle amicably any dispute, controversy or claim arising out of this Purchase Order or the breach, termination or invalidity thereof. Where the parties wish to seek such an amicable settlement through conciliation, the conciliation shall take place in accordance with the UNCITRAL Conciliation Rules then obtaining, or according to such other procedure as may be agreed between the parties.

Arbitration Any dispute, controversy or claim between the Parties arising out of this Purchase Order or the breach, termination or invalidity thereof, unless settled amicably under the preceding paragraph of this Article within sixty (60) days after receipt by one Party of the other Party's request for such amicable settlement, shall be referred by either Party to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining. The place of arbitration shall be Geneva. The arbitral tribunal shall have no authority to award punitive damages. In addition, unless otherwise expressly provided in this Purchase Order, the arbitral tribunal shall have no authority to award interest. The parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy, claim or dispute.

In witness whereof the duly authorized representative of the parties have signed this agreement in duplicate.

For and on behalf of:

__________________________  _________________________________
UNHCR       Supplier

Date:        Date:
6.4 General Conditions for Provision of Services (Dec 2003 version)

1. LEGAL STATUS
The Contractor shall be considered as having the legal status of an independent contractor vis-à-vis UNHCR. The Contractor, its personnel and sub-contractors shall not be considered in any respect as being employees of UNHCR. The Contractor shall be fully responsible for all work and services performed by its employees, and for all acts and omissions of such employees.

2. OBSERVANCE OF THE LAW
The Contractor shall comply with all laws, ordinances, rules, and regulations bearing upon the performance of its obligations under the terms of this Contract.

3. SOURCE OF INSTRUCTIONS
The Contractor shall neither seek nor accept instructions from any authority external to UNHCR in connection with the performance of its services under this Contract. The Contractor shall refrain from any action which may adversely affect UNHCR and shall fulfill its commitments with the fullest regard to the interests of UNHCR.

4. CONTRACTOR’S RESPONSIBILITY FOR ITS EMPLOYEES
The Contractor shall be responsible for the professional and technical competence of its personnel and will select, for work under this Contract, reliable persons who will perform effectively in the implementation of this Contract, respect the local customs, and conform to a high standard of moral and ethical conduct.

5. EXPLOITATION AND ABUSE OF REFUGEES AND OTHER PERSONS OF CONCERN TO UNHCR
The Contractor warrants that it has instructed its personnel to refrain from any conduct that would adversely reflect on UNHCR and the United Nations and from any activity which is incompatible with the aims and objectives of the United Nations and/or the mandate of UNHCR to ensure the protection of refugees and other persons of concern to UNHCR. The Contractor hereby undertakes all possible measures to prevent its personnel from exploiting and abusing refugees and other persons of concern to UNHCR. The failure of the Contractor to investigate allegations of exploitation and abuse against its personnel or related to its activities or to take corrective action when exploitation or abuse has occurred, shall entitle UNHCR to terminate this Contract immediately upon notice to the Contractor, at no cost to UNHCR.

6. ANTI-PERSONNEL MINES
The Contractor guarantees that it is not engaged in the sale or manufacture, either directly or indirectly, of anti-personnel mines or any components produced primarily for the operation thereof. Any breach of this representation and warranty shall entitle UNHCR to terminate this Contract immediately upon notice to the Contractor, at no cost to UNHCR.

7. CHILD LABOUR
The Contractor represents and warrants that neither it, nor any of its suppliers is engaged in any practice inconsistent with the rights set forth in the Convention on the Rights of the Child, including Article 32 thereof, which, inter alia, requires that a child shall be protected from performing any work that is likely to be hazardous or to interfere with the child’s education, or to be harmful to the child’s health and physical, mental, spiritual, moral or social
development. Any breach of this representation and warranty shall entitle UNHCR to terminate this Contract immediately upon notice to the Contractor, at no cost to UNHCR.

8. SUB-CONTRACTING
In the event that the Contractor requires the services of one or more sub-contractors, the Contractor shall obtain the prior written approval of UNHCR for all sub-contractors. The Contractor shall be fully responsible for all work and services performed by its sub-contractors and suppliers, and for all acts and/or omissions of such sub-contractors and suppliers and their personnel. The approval of UNHCR of a sub-contractor shall not relieve the Contractor of any of its obligations under this Contract. The terms of any sub-contract shall be subject to and conform with the provisions of this contract.

9. ASSIGNMENTS
The Contractor shall not assign, transfer, pledge or make other disposition of this Contract or any part thereof or of any of the Contractor’s rights, claims or obligations under this Contract except with the prior written consent of UNHCR.

10. OFFICIALS NOT TO BENEFIT
The Contractor represents and warrants that no official of UNHCR has been, or shall be, offered by the Contractor any direct or indirect benefit arising from this Contract or the award thereof. The Contractor agrees that breach of this provision is breach of an essential term of this Contract.

11. ENCUMBRANCES/LIENS
The Contractor shall not cause or permit any lien, attachment or other encumbrance by any person or entity to be placed or to remain in any public office or with UNHCR against any monies due or to become due for any work done or materials furnished under this Contract, or by reason of any other claim or demand against the Contractor.

12. EXPORT LICENCE
If the services to be furnished under this Contract require the obtaining of any export licence or other governmental authorisation, it shall be the responsibility of the Contractor to obtain such licence or authorisation. Should the Contractor encounter difficulties in obtaining the required export licence or governmental authorisation, it shall immediately bring this to the attention of UNHCR. UNHCR will, at its discretion, use its best endeavours to assist.

13. WARRANTY
The Contractor warrants that the services furnished under this Contract comply with the applicable professional standards.
If works have to be carried out through the services furnished under this Contract, the Contractor warrants that the works conform to the specifications and are free from damage and defects in workmanship or materials. This warranty is without prejudice to any further guarantees that the Contractor provides under this Contract.

14. INSURANCE AND LIABILITIES TO THIRD PARTIES
The Contractor shall provide and thereafter maintain insurance against all risks in respect of its property and any equipment used for the execution of this Contract.
The Contractor shall provide and thereafter maintain all appropriate workmen's compensation insurance, or its equivalent, with respect to its employees to cover claims for personal injury or death in connection with this Contract.
The Contractor shall also provide and thereafter maintain liability insurance in an adequate amount to cover third party claims for death or bodily injury, or loss of or damage to property, arising from or in connection with the provision of services under this Contract or the operation of any vehicles, boats, airplanes or other equipment owned or leased by the Contractor or its agents, servants, employees or sub-contractors performing work or services in connection with this Contract.

Except for the worker’s compensation insurance, the insurance policies under this Article shall:

(a) Name UNHCR as additional insured;
(b) Include a waiver of subrogation of the Contractor’s rights to the insurance carrier against UNHCR;
(c) Provide that UNHCR shall receive thirty (30) days’ written notice from the insurers prior to any cancellation or change of coverage.

The Contractor shall, upon request, provide UNHCR with satisfactory evidence of the insurance required under this provision.

15. INDEMNIFICATION

The Contractor shall indemnify, hold and save harmless, and defend, at its own expense, UNHCR, its officials, agents and other persons performing services on its behalf, from and against all suits, claims, demands, and liability of any nature or kind, including their costs and expenses, arising out of acts or omissions of the Contractor, or the Contractor’s employees, officers, agents or sub-contractors, in the performance of this Contract. This provision shall extend, inter alia, to claims and liability in the nature of workmen's compensation, products liability and liability arising out of the use of patented inventions or devices, copyrighted material or other intellectual property by the Contractor, its employees, officers, agents, servants or sub-contractors. The obligations under this provision do not lapse upon termination of this Contract.

UNHCR will promptly notify the Contractor of any such suit, claim, proceeding, demand or liability within a reasonable period of time after having received written notice thereof, and will reasonably co-operate with the Contractor, at the Contractor’s expense, in the investigation, defence or settlement thereof, subject to the privileges and immunities of UNHCR.

16. LIQUIDATED DAMAGES

Late delivery, or dispatch outside the agreed schedule, shall be subject, without notice, to an assessment of liquidated damages equivalent to 0.1 percent of the Contract value per day or part thereof. The assessment will not exceed 10 percent of the Contract value. UNHCR has the right to deduct this amount from the Contractor’s outstanding invoices, if any. This remedy is without prejudice to any others that may be available to UNHCR, including cancellation, for the Contractor’s non-performance, breach or violation of any term and/or condition of the Contract. Acceptance of services or works delivered late, shall not be deemed a waiver of UNHCR’s rights to hold the Contractor liable for any loss and/or damage resulting therefrom, nor shall it act as a modification of the Contractor’s obligation to make future deliveries in accordance with the delivery schedule.

17. REJECTION

In the case of services performed on scope of works, UNHCR shall have the right to reject the services or any part thereof if they do not conform to the scope of works.

18. COPYRIGHT, PATENTS AND OTHER PROPRIETARY RIGHTS

UNHCR shall be entitled to all intellectual property and other proprietary rights including but not limited to patents, copyrights, and trademarks, with regard to products, or documents and
other materials which bear a direct relation to or are produced or prepared or collected in consequence of or in the course of the execution of this Contract. At UNHCR’s request, the Contractor shall take all necessary steps, execute all necessary documents and generally assist in securing such proprietary rights and transferring them to UNHCR in compliance with the requirements of the applicable law.

19. INTELLECTUAL PROPERTY INFRINGEMENT
The Contractor warrants that the use or supply by UNHCR of the services furnished under this Contract does not infringe on any patent, design, trade-name or trade-mark. In addition, the Contractor shall, pursuant to this warranty, indemnify, defend and/or hold UNHCR and the United Nations harmless from any actions or claims brought against UNHCR or the United Nations pertaining to the alleged infringement of a patent, design, trade-name or trade-mark arising in connection with the services furnished under this Contract.

20. TITLE TO EQUIPMENT
Title to any equipment and supplies that may be furnished by UNHCR under this Contract to the Contractor shall rest with UNHCR and any such equipment shall be returned to the United Nations at the conclusion of this Contract or when no longer needed by the Contractor. Such equipment, when returned to UNHCR, shall be in the same condition as when delivered to the Contractor, subject to normal wear and tear. The Contractor shall be liable to compensate UNHCR for equipment determined to be damaged or degraded beyond normal wear and tear.

21. CONFIDENTIAL NATURE OF DOCUMENTS AND INFORMATION
All maps, drawings, photographs, mosaics, plans, reports, recommendations, estimates, documents and all other data compiled by or received by the Contractor under this Contract shall be the property of UNHCR, shall be treated as confidential and shall be delivered only to the authorized officials of UNHCR on completion of work under this Contract.
The Contractor may not communicate at any time to any other person, Government or authority external to UNHCR, any information known to it by reason of its association with UNHCR which has not been made public except with the authorization of UNHCR; nor shall the Contractor at any time use such information to private advantage. These obligations do not lapse upon termination of this Contract.

22. USE OF NAME, EMBLEM OR OFFICIAL SEAL OF UNHCR OR THE UNITED NATIONS
Unless authorised in writing by UNHCR, the Contractor shall not advertise or otherwise make public the fact that it has provided services to UNHCR and/or the United Nations, or use in any manner whatsoever the name, emblem and/or official seal of UNHCR and/or the United Nations or any abbreviation of the name of UNHCR and/or the United Nations in connection with its business or otherwise.

23. PRIVILEGES AND IMMUNITIES
Nothing contained in this Contract shall be deemed a waiver, express or implied, of any privilege or immunity which UNHCR may enjoy, whether pursuant to the Convention on the Privileges and Immunities of the United Nations, or any other convention or agreement.

24. TAX EXEMPTION
Section 7 of the Convention on the Privileges and Immunities of the United Nations provides, inter alia, that the United Nations, of which UNHCR is an integral part, is exempt from all direct taxes, except charges for public utility services, and is exempt from customs duties and charges of a similar nature in respect of articles imported or exported for its official use. In the event that any governmental authority refuses to recognize UNHCR exemption from such taxes, duties or charges, the Contractor shall immediately consult with UNHCR to determine a mutually acceptable procedure.
Accordingly, the Contractor authorises UNHCR to deduct from the Contractor's invoice any amount representing such taxes, duties or charges, unless the Contractor has consulted with UNHCR before the payment thereof and UNHCR has, in each instance, specifically authorised the Contractor to pay such taxes, duties or charges under protest. In that event, the Contractor shall provide UNHCR with written evidence that payment of such taxes, duties or charges has been made and appropriately authorised.

25. PRIOR NEGOTIATIONS SUPERSEDED BY CONTRACT
This Contract supersedes all communications, representations, arrangements, negotiations, requests for proposals and proposals related to the subject matter of this Contract.

26. OVERRIDING CLAUSE
In the event of any conflict or inconsistencies between these General Conditions for Provision of Services or any other document which forms part of this Contract, these Conditions shall prevail except where they have been amended (by specific reference to the relevant clause and paragraph of these Conditions) as provided for herein.

27. AUTHORITY TO MODIFY
Pursuant to the Financial Regulations and Rules of the United Nations, only the Head of the Supply Management Service possesses the authority to agree on behalf of UNHCR to any modification of or change in this Contract, to a waiver of any of its provisions or to any additional contractual relationship of any kind with the Contractor. Accordingly, no modification or change in this Contract shall be valid and enforceable against UNHCR unless provided by an amendment to this Contract signed by the Contractor and the Head of the Supply Management Service.

28. FORCE MAJEURE
In the event of and as soon as possible after the occurrence of any cause constituting force majeure, the Contractor shall give notice and full particulars in writing to UNHCR, of such occurrence or change if the Contractor is thereby rendered unable, wholly or in part, to perform its obligations and meet its responsibilities under this Contract. The Contractor shall also notify UNHCR of any other changes in conditions or the occurrence of any event which interferes or threatens to interfere with its performance of this Contract. On receipt of the notice required under this Article, UNHCR shall take such action as, at its sole discretion, it considers to be appropriate or necessary in the circumstances, including the granting to the Contractor of a reasonable extension of time in which to perform its obligations under this Contract.

If the Contractor is rendered permanently unable, wholly or in part, by reason of force majeure to perform its obligations and meet its responsibilities under this Contract, UNHCR shall have the right to suspend or terminate this Contract on the same terms and conditions as are provided for in Article 30 “Termination of Contract”, except that the period of notice shall be seven (7) days instead of thirty (30) days.

Force majeure as used in this provision means acts of God, war (whether declared or not), invasion, revolution, insurrection, or other acts of a similar nature or force.

Notwithstanding anything to the contrary in this Contract, the Contractor recognises that the works and services will be performed under harsh or hostile conditions caused by civil unrest. Consequently, delays or failure to perform caused by events arising out of, or in connection with, such civil unrest shall not, in and of itself, constitute force majeure under this Contract.

29. DISPUTES – ARBITRATION
Amicable Settlement The Parties shall use their best efforts to settle amicably any dispute, controversy or claim arising out of this Contract or the breach, termination or invalidity
thereof. Where the parties wish to seek such an amicable settlement through conciliation, the conciliation shall take place in accordance with the UNCITRAL Conciliation Rules then obtaining, or according to such other procedure as may be agreed between the parties.

**Arbitration** Any dispute, controversy or claim between the Parties arising out of this Contract or the breach, termination or invalidity thereof, unless settled amicably under the preceding paragraph of this Article within sixty (60) days after receipt by one Party of the other Party’s request for such amicable settlement, shall be referred by either Party to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining. *The place of arbitration shall be Geneva.* The arbitral tribunal shall have no authority to award punitive damages. In addition, unless otherwise expressly provided in this Contract, the arbitral tribunal shall have no authority to award interest. The parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy, claim or dispute.

30. **TERMINATION OF CONTRACT**

Either party may terminate this Contract for cause, in whole or in part, upon thirty (30) days’ notice, in writing, to the other party. The initiation of arbitral proceedings in accordance with Article 29 “Disputes - Arbitration” below shall not be deemed a termination of this Contract.

UNHCR may terminate forthwith this Contract at any time should the mandate or the funding of the Mission/Agency be curtailed or terminated, in which case the Contractor shall be reimbursed by UNHCR for all reasonable costs incurred by the Contractor prior to receipt of the notice of termination.

In the event of any termination by UNHCR under this Article, no payment shall be due from UNHCR to the Contractor except for work and services satisfactorily performed in conformity with the express terms of this Contract.

31. **INSOLVENCY AND BANKRUPTCY**

Should the Contractor become insolvent or should control of the Contractor change by virtue of insolvency, UNHCR may, without prejudice to any other rights and remedies, terminate this Contract by giving the Contractor written notice of termination.

Should the Contractor be adjudged bankrupt, or should the Contractor make a general assignment for the benefit of its creditors, or should a receiver be appointed on account of the Contractor’s insolvency,

UNHCR may under the terms of this Contract, terminate this Contract forthwith by giving the Contractor written notice of termination.

32. **NOTICE**

Service of any notice shall be deemed to be good if sent by registered mail or fax to the addresses of both parties, set out in the heading of this Contract.

33. **PAYMENT INSTRUCTIONS**

UNHCR’s normal terms are payment by bank transfer within thirty days of receipt of invoice in order.

Invoices are to be sent to the address indicated in the purchase order.
6.5 General Conditions for the Purchase of Goods (December 2003 version)

1. ACCEPTANCE OF THE PURCHASE ORDER
This Purchase Order may only be accepted by the Supplier signing and returning an acknowledgment copy of it or by timely delivery of the goods in accordance with the terms of this Purchase Order as herein specified. Acceptance of this Purchase Order shall effect a contract between the Parties under which the rights and Obligations of the Parties shall be governed solely by the terms and conditions of this Purchase Order including these General Conditions. No additional or inconsistent provision proposed by the Supplier shall bind UNHCR unless agreed to in writing by a duly authorised UNHCR official.

2. LEGAL STATUS
The Supplier shall be considered as having the legal status of an independent contractor vis-à-vis UNHCR. The Supplier, its personnel and sub-contractors shall not be considered in any respect as being the employees of UNHCR. The Supplier shall be fully responsible for all work and services performed by its employees, and for all acts and omissions of such employees.

3. SOURCE OF INSTRUCTIONS
The Supplier shall neither seek nor accept instructions from any authority external to UNHCR in connection with the performance under this Contract. The Supplier shall refrain from any action which may adversely affect UNHCR and shall fulfil its commitments with the fullest regard to the interests of UNHCR.

4. EXPLOITATION AND ABUSE OF REFUGEES AND OTHER PERSONS OF CONCERN TO UNHCR
The Supplier warrants that it has instructed its personnel to refrain from any conduct that would adversely reflect on UNHCR and/or the United Nations and from any activity which is incompatible with the aims and objectives of the United Nations or the mandate of UNHCR to ensure the protection of refugees and other persons of concern to UNHCR. The Supplier hereby undertakes all possible measures to prevent its personnel from exploiting and abusing refugees and other persons of concern to UNHCR. The failure of the Supplier to investigate allegations of exploitation and abuse against its personnel or related to its activities or to take corrective action when exploitation or abuse has occurred, shall entitle UNHCR to terminate this Purchase Order immediately upon notice to the Supplier, at no cost to UNHCR.

5. ANTI-PERSONNEL MINES
The Supplier guarantees that it is not engaged in the sale or manufacture, either directly or indirectly, of anti-personnel mines or any components produced primarily for the operation thereof. Any breach of this representation and warranty shall entitle UNHCR to terminate this Purchase Order immediately upon notice to the Supplier, at no cost to UNHCR.

6. CHILD LABOUR
The Supplier represents and warrants that neither it, nor any of its suppliers, is engaged in any practice inconsistent with the rights set forth in the Convention on the Rights of the Child, including Article 32 thereof, which, inter alia, required that a child shall be protected from performing any work that is likely to be hazardous or to interfere with the child’s education, or to be harmful to the child’s health and physical, mental, spiritual, moral or social
development. Any breach of this representation and warranty shall entitle UNHCR to terminate this Purchase Order immediately upon notice to the Supplier, at no cost to UNHCR.

7. SUB-CONTRACTING
In the event the Supplier requires the services of a sub-contractor, the Supplier shall obtain the prior written approval of UNHCR for all sub-contractors. The Supplier shall be fully responsible for all work and services performed by its sub-contractors and suppliers, and for all acts and/or omissions of such sub-contractors and suppliers and their personnel. The approval of UNHCR of a sub-contractor shall not relieve the Supplier of any of its obligations under this Purchase Order. The terms of any sub-contract shall be subject to and conform with the provisions of this Purchase Order.

8. ASSIGNMENTS
The Supplier shall not assign, transfer, pledge or make other disposition of this Purchase Order or any part thereof or of any of the Supplier’s rights, claims or obligations under this Purchase Order except with the prior written consent of UNHCR.

9. OFFICIALS NOT TO BENEFIT
The Supplier represents and warrants that no official of UNHCR has been, or shall be, offered by the Supplier any direct or indirect benefit arising from this Purchase Order or the award thereof. The Supplier agrees that breach of this provision is breach of an essential term of this Purchase Order.

10. ENCUMBRANCES/LIENS
The Supplier shall not cause or permit any lien, attachment or other encumbrance by any person or entity to be placed or to remain in any public office or with UNHCR against any monies due or to become due for any work done or materials furnished under this Contract, or by reason of any other claim or demand against the Supplier.

11. EXPORT LICENCE
The Purchase Order is subject to the obtaining of any export licence or other governmental authorisation that may be required. It shall be the responsibility of the Supplier to obtain such licence or authorisation. Should the Supplier encounter difficulties in obtaining the required export licence or governmental authorisation, it shall immediately bring this to the attention of UNHCR. UNHCR will, at its discretion, use its best endeavours to assist.

12. WARRANTY
The Supplier warrants the goods, including the packaging, furnished under this Purchase Order conforms to the specifications of the Purchase Order and is free from damage and defects in workmanship or materials. This warranty is without prejudice to any further guarantees that the Supplier provides to purchasers. Such guarantees shall apply to the goods subject to this Purchase Order.

13. LIQUIDATED DAMAGES
Late delivery, or dispatch outside the agreed schedule, shall be subject, without notice, to an assessment of liquidated damages equivalent to 0.1 percent of the Purchase Order value per day or part thereof. The assessment will not exceed 10 percent of the Purchase Order value. UNHCR has the right to deduct this amount from the Supplier’s outstanding invoices, if any. This remedy is without prejudice to any others that may be available to UNHCR, including cancellation, for the Supplier’s non-performance, breach and/or violation of any term or condition of the Purchase Order. Acceptance of goods delivered late shall not be deemed a waiver of UNHCR’s rights to hold the Supplier liable for any loss and/or damage resulted
14. REJECTION
Under the Purchase Order, UNHCR shall have the right to reject the goods or any part thereof if they do not conform to specifications.

15. INSPECTION
UNHCR or its duly accredited representatives shall have the right to inspect the goods ordered for under this Purchase Order at Supplier’s stores, during manufacture, in the ports or places of shipment, and the Supplier shall provide all facilities for such inspection. UNHCR may issue a written waiver of inspection at its discretion. Any inspection carried out by representatives of UNHCR or any waiver thereof shall not prejudice the implementation of the other relevant provisions of this Purchase Order concerning obligations subscribed by the Supplier, such as warranty or specifications.

Inspection prior to shipment does not relieve the Supplier from any of its contractual obligations.

16. INTELLECTUAL PROPERTY INFRINGEMENT
The Supplier warrants that the use or supply by UNHCR of the goods sold under this Purchase order does not infringe on any patent, design, trade-name or trade-mark. In addition, the Supplier shall, pursuant to this warranty, indemnify, defend and hold UNHCR and the United Nations harmless from any actions or claims brought against UNHCR and/or the United Nations pertaining to the alleged infringement of a patent, design, trade-name or trade-mark arising in connection with the goods sold under this Purchase Order.

17. TITLE TO EQUIPMENT
Title to any equipment and supplies that may be furnished by UNHCR shall rest with UNHCR and any such equipment shall be returned to the UNHCR at the conclusion of this Contract or when no longer needed by the Supplier. Such equipment, when returned to UNHCR, shall be in the same condition as when delivered to the Supplier, subject to normal wear and tear. The Supplier shall be liable to compensate UNHCR for equipment determined to be damaged or degraded beyond normal wear and tear.

18. USE OF NAME, EMBLEM OR OFFICIAL SEAL OF UNHCR OR THE UNITED NATIONS
Unless authorised in writing by UNHCR, the Supplier shall not advertise or otherwise make public the fact that it is a Supplier to UNHCR and/or the United Nations, or use in any manner whatsoever the name, emblem or official seal of UNHCR and/or the United Nations or any abbreviation of the name of UNHCR and/or United Nations for in connection with its business or otherwise.

19. PRIVILEGES AND IMMUNITIES
Nothing contained in this Purchase Order shall be deemed a waiver, express or implied, of any privilege or immunity which UNHCR may enjoy, whether pursuant to the Convention on the Privileges and Immunities of the United Nations, or any other convention or agreement.

20. TAX EXEMPTION
Section 7 of the Convention on the Privileges and Immunities of the United Nations provides, inter-alia, that the United Nations, of which UNHCR is an integral part, is exempt from all direct taxes, except charges for public utility services, and is exempt from customs duties and charges of a similar nature in respect of articles imported or exported for its official use. In the event any governmental authority refuses to recognize UNHCR exemption from such taxes,
duties or charges, the Supplier shall immediately consult with UNHCR to determine a mutually acceptable procedure.

Accordingly, the Supplier authorises UNHCR to deduct from the Supplier's invoice any amount representing such taxes, duties or charges, unless the Supplier has consulted with UNHCR before the payment thereof and UNHCR has, in each instance, specifically authorised the Supplier to pay such taxes, duties or charges under protest. In that event, the Supplier shall provide UNHCR with written evidence that payment of such taxes, duties or charges has been made and appropriately authorised.

21. PRIOR NEGOTIATIONS SUPERSEDED BY PURCHASE ORDER
This Purchase Order supersedes all communications, representations, arrangements, negotiations, requests for proposals and proposals related to the subject matter of this Purchase Order.

22. OVERRIDING CLAUSE
In the event of any conflict or inconsistencies between these –General Terms and Conditions for Goods or any other document which forms part of the Purchase Order these Conditions shall prevail except where they have been amended (by specific reference to the relevant clause and paragraph of these Conditions) as provided for herein.

23. AUTHORITY TO MODIFY
Pursuant to the Financial Regulations and Rules of the United Nations, only the Head of Supply Management Service possesses the authority to agree on behalf of UNHCR to any modification of or change in this Purchase Order, to a waiver of any of its provisions or to any additional contractual relationship of any kind with the Supplier. Accordingly, no modification or change in this Purchase Order shall be valid and enforceable against UNHCR unless provided by an amendment to this Purchase Order signed by the Supplier and the Head of the Supply Management Service.

24. FORCE MAJEURE; OTHER CHANGES IN CONDITIONS
In the event of and as soon as possible after the occurrence of any cause constituting force majeure, the Supplier shall give notice and full particulars in writing to UNHCR, of such occurrence or change if the Supplier is thereby rendered unable, wholly or in part, to perform its obligations and meet its responsibilities under this Purchase Order. The Supplier shall also notify UNHCR of any other changes in conditions or the occurrence of any event which interferes or threatens to interfere with its performance of this Purchase Order. On receipt of the notice required under this Article, UNHCR shall take such action as, in its sole discretion, it considers to be appropriate or necessary in the circumstances, including the granting to the Supplier of a reasonable extension of time in which to perform its obligations under this Purchase Order.

If the Supplier is rendered permanently unable, wholly, or in part, by reason of force majeure to perform its obligations and meet its responsibilities under this Purchase Order, UNHCR shall have the right to suspend or terminate this Purchase Order on the same terms and conditions as are provided for in Article 26, “Termination”, except that the period of notice shall be seven (7) days instead of thirty (30) days.

Force majeure as used in this provision means acts of God, war (whether declared or not), invasion, revolution, insurrection, or other acts of a similar nature or force.

Notwithstanding anything to the contrary in this Purchase Order, the Supplier recognises that the work and services will be performed under harsh or hostile conditions caused by civil unrest. Consequently, delays or failure to perform caused by events arising out of, or in connection with, such civil unrest shall not, in and of itself, constitute force majeure under this Purchase Order.
25. DISPUTES – ARBITRATION

Amicable Settlement
The Parties shall use their best efforts to settle amicably any dispute, controversy or claim arising out of this Purchase Order or the breach, termination or invalidity thereof. Where the parties wish to seek such an amicable settlement through conciliation, the conciliation shall take place in accordance with the UNCITRAL Conciliation Rules then obtaining, or according to such other procedure as may be agreed between the parties.

Arbitration
Any dispute, controversy or claim between the Parties arising out of this Purchase Order or the breach, termination or invalidity thereof, unless settled amicably under the preceding paragraph of this Article within sixty (60) days after receipt by one Party of the other Party's request for such amicable settlement, shall be referred by either Party to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining. The place of arbitration shall be Geneva. The arbitral tribunal shall have no authority to award punitive damages. In addition, unless otherwise expressly provided in this Purchase Order, the arbitral tribunal shall have no authority to award interest. The parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy, claim or dispute.

26. TERMINATION OF PURCHASE ORDER

In the case of failure by the Supplier to fulfil its obligations under the terms and conditions of this Purchase Order including but not limited to failure to obtain necessary export licences, or failure or refusal to make delivery of all or part of the goods by the agreed delivery date or dates, UNHCR may, after giving the Supplier reasonable notice to perform without prejudice to any other rights or remedies, exercise one or more of the following rights:

- Procure all or part of the goods from other sources, in which event UNHCR may hold the Supplier responsible for any excess cost occasioned thereby,
- Refuse to accept delivery of all or part of the goods,
- Cancel this Purchase Order without any liability for termination charges or any other liability of any kind to UNHCR.

UNHCR may terminate forthwith this Purchase Order at any time should the mandate or the funding of UNHCR be curtailed or terminated, in which case the Supplier shall be reimbursed for all reasonable costs incurred by the Supplier prior to receipt of the notice of termination.

27. INSOLVENCY AND BANKRUPTCY

Should the Supplier become insolvent or should control of the Supplier change by virtue of insolvency, UNHCR may, without prejudice to any other rights and remedies, terminate this Purchase Order by giving the Supplier written notice of termination.

Should the Supplier be adjudged bankrupt, or should the Supplier make a general assignment for the benefit of its creditors, or should a receiver be appointed on account of the Supplier’s insolvency, UNHCR may under the terms of this Purchase Order, terminate this Purchase Order forthwith by giving the Supplier written notice of termination.

28. PAYMENT INSTRUCTIONS

UNHCR shall, on the fulfilment of the Delivery Terms, unless otherwise provided in this Purchase Order, make payment by bank transfer within thirty days of receipt of the Suppliers invoice for the goods and copies of any other documentation specified in the Purchase Order.

Payment against the invoice referred to above will reflect any discount shown under the payment terms of this Purchase Order, provided payment is made within the period required by such payment terms.
The prices shown in this Purchase Order may not be increased except by express written agreement of UNHCR. Documents are to be sent to the address indicated in the Purchase Order.
Runway and helipad landing data

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<th>Aircraft make or type</th>
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<th>Weight* capacity in kg</th>
<th>Required* runway in m</th>
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<td>1,800</td>
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<td>Small door</td>
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</table>

*Note that the minimum length of runway required and the maximum load capacity both depend on the altitude of the airport and the temperature. Capacity is reduced for long distances as more fuel must be carried. Carrying capacity will also vary with the actual configuration of the aircraft.

6.7 Sample memorandum for physical verification of assets

MEMORANDUM

To: Name of staff member/Implementing Partner
From: Head of Office
File Code: 
Other code:

Date: 

Subject: Physical Verification of Assets

BO [name] is conducting a physical verification of the asset inventory. Please find attached a list of assets against which your name is recorded in the database as custodian. Please check that you still have these assets in your custody taking care to note their condition before signing the form to certify that you have done so.

Any discrepancies should be notified to the Supply Officer immediately.

Kindly complete and return this form to the Supply Unit by [date]
6.8 GS45 supporting documents for submissions to AMBs/Example of Conditions for Sale of Assets

- Submissions to the Boards are to be made through the AMU and may contain the following supporting documentation, depending on the case:
  - Asset Disposal Form (GS45): This form should be produced from the Data Management Tool (DMT) and contain the following information:
    - Standard description
    - Acquisition date
    - Acquisition value (if not known exactly consult SMS List of Most Commonly Purchased Items)
    - Depreciated or residual value (whichever is higher)
    - The Recommendation in Para. 12 should provide a narrative justification of the case referring to any supporting documents (or reasons for lack of such documents) and indicating financial responsibility, if any, and is to be completed and signed by the Initiating Officer. It should be supported by a technical report in cases of write-off due to wear and tear or redeployment of surplus assets.
  - Technical Report: should indicate the following comments about the asset:
    - General state
    - Estimated costs involved in continuing to maintain the asset and any relevant analysis of past costs e.g. maintenance costs over the past 12 months.
    - Expected useful life (particularly important in cases of possible redeployment).
    - Accidents, loss, theft and damage:
      - The following documents (as appropriate), together with the GS45, should be presented to the Board as appropriate:
        - Loss/Damage Report from the custodian
        - Accident Report (GS46)
        - Report from passenger(s), and witness(es) to accidents
        - Police Report (or if not available, then an explanation on the GS45 as to the reason why a report cannot be obtained)
        - Technical Report summarising the nature of damage and possible causes if this can be determined. Also the estimated repair or replacement cost should be shown.
        - Insurance Details
        - Report of Field Staff Safety Advisor (if applicable) i.e. security situation report.
Example of Conditions for the Sale of Assets

UNHCR BO [Name and Address] announces its intention to dispose of the following equipment by sale, to UNHCR/UN staff members/the public* in [Town or country]. Bids for the equipment should be forwarded to:

The Secretary
Local Asset Management Board,
UNHCR BO [Address]

Bids from interested parties must be received, in a sealed envelope by [Date/Time] and deposited in the ‘Tenders Box’ at the UNHCR office. The date and time of receipt must also be recorded by reception at the Office.

<table>
<thead>
<tr>
<th>Item</th>
<th>Age</th>
<th>Condition</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

Bids received by the deadline will be opened by the Local Asset Management Board on [Date/Time]… and bidders informed in writing/verbally* of the results.

The equipment will be sold on the basis of ‘as is where is’ to the highest bidder. UNHCR reserves the right to decide winning bids without further explanation. Following disclosure of the winning bid, the successful bidder is required to provide the following:

- cash or cheque in settlement for the purchase. In the case of cheques the asset will be released to the successful bidder after clearance by the bank
- a certificate from the customs authority certifying payment of customs duty on the equipment has been paid if required.

After the payment has been cleared, the equipment may be collected as arranged with the Asset Management Unit, UNHCR BO ………………

*Delete as appropriate
6.9 Guidelines for the Secretary of the AMB and Recording of Minutes/Decisions

1. Under the guidance of the Chairperson of the Asset Management Board, the Secretary is responsible for carrying out the following tasks:
   a) Advising Members of the Board and Alternates of the date, time and venue of the Meeting,
   b) Receiving and recording submissions.

2. Number cases sequentially in the following format: DDDYY/NNN where DDD is the Duty station e.g. SLF; YY is the year e.g. 02; and NNN the sequential number, e.g. HAM02/001, TAN02/001. Note that case numbers should contain a maximum of 9 characters.

3. Order the cases – by category of asset first then by type of disposal i.e. One GS45 may contain recommendations to dispose of multiple assets in the same category and same type of disposal or to the same recipient;
   a) Preparing the Agenda supported by copies of GS45s, together with any other supporting documents,
   b) Distributing the agenda with supporting documentation and draft recommendations to the Members at least 48 hours in advance of the scheduled meeting;
   c) Taking notes of the Meeting and prepare the minutes with the recommendations for the signature of the Chairperson and one other participating Member or Alternate;
   d) Submitting the Minutes, with the recommendations and any corrections to the Chairperson and two members for counter-signature within 48 hours of the meeting;
   e) After the annual review by the LAMB, submitting a record of all accidents involving UNHCR drivers to the Admin/Human Resources Officer for appropriate action concerning the award (or not) of the Annual Accident Free Bonus;
   f) Maintaining original AMB case files with relevant correspondence, in chronological order.
   g) Producing statistical reports as required.

Minutes of Asset Management Board Meetings

4. The principal document used to authorise the disposal, repair or redeployment of assets is the GS45 Asset Disposal Form. The Decision or Recommendation of the Chairperson or alternate is to be recorded in Para. 13 and those of the HAMB in Para. 15 as appropriate.

5. The minutes of Board Meetings are to record the sequential number of the GS45 cases submitted, and any discussions on cases not recorded in Para. 13 or 15 of the GS45.
There is no requirement for the Minutes to repeat the recommendation or argumentation and/or decision in Para. 13/15 of the GS45.

6. An example of the Minutes of a LAMB is shown below with examples of completed Para. 13 of the GS45s.

7. Copies of the Minutes are to be distributed by the Secretary as follows:

   a) Chairperson and Members of the Board and observers for information,
   b) AMU to action decisions taken,
   c) HQAMU for submissions to the HAMB with signed GS45s and supporting documentation (email scanned copies if possible). Only electronic copies of GS45s are required to support the minutes of LAMB meetings for cases decided within LAMB authority. These can be saved and emailed from the DMT, as described in the AT User Guide.
EXAMPLE OF MINUTES OF THE THIRD MEETING IN 2002
OF THE LOCAL ASSET MANAGEMENT BOARD
02RUR 3rd Meeting

OCM RURITANIA

The Third Local Asset Management Board meeting, OCM Ruritania, was held on Wednesday 13th March 2002, at 11.00 hours and attended by:

- Ms. June Little, Representative, Chairperson
- Ms. Annie Oakley, Programme Officer, Member
- Mr. Gregory de Zorba, Supply Officer, Member
- Mr. Marco Polo, Administrative Officer, Member
- Mr. Chip Motherboard, EDP Officer, Member
- Ms. Jasmin Fleur, Administrative Clerk, Secretary

New Cases

1. Recommendations were submitted on eight cases, numbers RUR02/068-RUR02/073, concerning 63 items with a current value of US$ 61,000, of which two cases (RUR02/069 and RUR02/073) require approval of the HAMB and are attached herewith [or forwarded electronically]. Recommendations and decisions are attached and are included in Para. 13 of the relevant GS45s.

Re-submissions

2. Two re-submissions were also discussed and merit the attention of the HAMB.

Review of action taken on previous decisions of the LAMB and of the HAMB

3. The LAMB reviewed the report provided by the BO AMU showing actions taken on previous decisions and noted that the following cases remain outstanding:

   a) RUR01/102: Vehicle Accident – awaiting receipt of reimbursement.
   b) RUR01/104 Redeployment to Kalub – awaiting shipping.
   c) RUR02/002 Sale - Awaiting completion of bidding.
   d) HAM01/125: Reimbursement of costs of damage to vehicle. This case is currently the subject of a resubmission.

Quarterly

   c) Reconciliation of asset data from AT with newly procured/arrived assets prior to submission of the AT to HQs/BOs. The LAMB reviewed the report provided by the AMU and noted that 10 vehicles procured by IP have yet to be registered on the AT database.
f) **Disposal statistics** The LAMB reviewed and accepted the report provided by the BO AMU on disposals during the last quarter. A copy of the report is attached for information.

g) **Usage Reports:** The LAMB reviewed reports of assets allocated to one field office and two implementing partners [named] and agreed that the current allocation meets requirements of the programme.

Any Other Business

4. The LAMB was informed of the completion of the physical inspection of UNHCR assets in Ruritania, the results of which will be communicated to the Board at its next meeting.

1. No further cases were discussed and the meeting closed at 12.10 p.m.

*The next meeting of the LAMB will take place on 5th April 2002, following the completion of the reconciliation of records collected during the physical inspection*

**EXAMPLES OF DECISIONS AND RECOMMENDATIONS OF LAMB**
(Also shown in Para. 13 Of GS45 ASSET DISPOSAL FORM)

**RUR02/068 Repair Dep value US$ 2,500**

The LAMB authorises the repair to vehicle UNHCR 5023 (BC.267103), which was damaged on 31 August 2001 when a third party vehicle bumped into the rear. Based on the Police Report the LAMB did not find the UNHCR driver responsible for the accident and has therefore decided to retain his Annual Accident Free Bonus. The Board notes that the third party insurance will cover the costs of the repairs to the vehicle. The Finance Unit is requested to take the following actions: Debit VF321 (Miscellaneous Receivables) Sub-Account [Debtor’s Name] with the amount of US$2,500 and Credit VF739 (Miscellaneous Income) Sub Account RUR02/068. The outstanding sum is to be credited to VF321 on receipt and the AMU informed.

**RUR02/069 Write-off Dep value US$15,000**

The Lamb recommends the write-off of the Volvo 001-B-630 (BC.901762), which was irreparably damaged in an accident on 17 December 2001. The UNHCR driver, Mr. David Havrot, on official duty, collided with a third party. There were no injuries. The police report has initiated proceedings against the driver on the grounds of reckless driving. The LAMB defers a recommendation regarding liability and possible reimbursement of costs until completion of the court case. His Annual Accident Free bonus is to be withheld and the case resubmitted to the LAMB as soon as the court decision is received. The case is to then be submitted to the HAMB for a final recommendation and decision.

**RUR02/070 Redeployment Dep value US$ 20,000**

The LAMB was informed of the completion of the physical inspection of UNHCR assets in Ruritania, the results of which will be communicated to the Board at its next meeting.
The LAMB authorises redeployment to Lukabana, of Toyota Landcruiser, UNHCR 6336 (BC.300861), purchased in 1999 and now surplus to the requirements of the Branch Office. The vehicle is in good technical condition, as evidenced by the technical report attached to this GS45 and the receiving office agrees to cover the costs of the redeployment. Clearance from the Desk has been received as attached.

**RUR02/071 Sale Res value US$ 2,000**

The LAMB authorises the sale of the Toyota Hilux, UNHCR 1021 (BC.612071), which was purchased in 1994, has logged more than 250,000 kms and is now uneconomical to maintain. Technical report attached. The Finance Unit is requested to take the following actions: Debit VF 321 (Miscellaneous Receivables) Sub-Account [Debtor’s Name] with the amount of US$2,500 and Credit VF739 (Miscellaneous Income) Sub Account RUR02/71. The outstanding sum is to be credited to VF321 on receipt and the AMU informed.

**RUR02/072 Repair Dep value US$ 1,500**

The LAMB recommends the repair of the Toyota Pick-Up, UNHCR 027 (BC.980032), which was broken into on the night of 5th August 1999. The vehicle was officially parked under security conditions of “Lokosfranik”. The Board recommends seeking compensation from the company, crediting the proceeds to VF739. The Finance Unit is requested to take the following actions: Debit VF321 (Miscellaneous Receivables) Sub-Account [Debtor’s Name] with the amount of US$2,500 and Credit VF739 (Miscellaneous Income) Sub Account RUR02/72. The outstanding sum is to be credited to VF321 on receipt and the AMU informed.

**RUR02/073 Transfer of Ownership Dep value US$ 20,000**

The Board recommends the Transfer of Ownership to the local NGO IPX of the listed 10 computers and 5 printers procured one year ago, which have been on loan to the IP under a Right of Use Agreement. The assets will enable the IP to continue providing services to the refugees in the area of Health and Education. The case is submitted to the HAMB for recommendation and decision.

**REPORTS TO THE 2nd MEETING OF THE LAMB 2002 OF 15 MAY 02**

The two reports below are to be maintained by the BO AMU for presentation to the AMB on each occasion of a meeting. They are to be forwarded to the HAMB Secretariat with the minutes of LAMB Meetings.

**Reconciliation of Asset Procurement/Registration in AssetTrak**

<table>
<thead>
<tr>
<th>Asset</th>
<th>Procurement By Organisation</th>
<th>Acquisition Value US $</th>
<th>Date Registered in AT</th>
</tr>
</thead>
</table>

Original Dec 2003
5 Toyota Landcruisers  UNHCR   125,000   13 Apr 02
10 Tractor ploughs  NGO1    10,000    Awaiting clearance from customs
10 Mercedes Trucks  UNHCR   400,000   In course of shipment
5 brick-making machines  NGO2    5,000    20 Apr 02

Decisions Outstanding and Action Taken Report

LAMB/HAMB

<table>
<thead>
<tr>
<th>Meeting Date</th>
<th>Case No.</th>
<th>Decision</th>
<th>Action Taken</th>
<th>Date</th>
<th>Receivable AmountUS$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 Dec 01</td>
<td>RUR01/001</td>
<td>Sale</td>
<td>1 Apr 02</td>
<td></td>
<td>500</td>
</tr>
<tr>
<td>2 Dec 01</td>
<td>RUR01/102</td>
<td>Vehicle Accident Outstanding</td>
<td></td>
<td>980</td>
<td></td>
</tr>
<tr>
<td>15 Dec 01</td>
<td>RUR01/104</td>
<td>Redeployment</td>
<td>Outstanding</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 Feb 02</td>
<td>RUR02/002</td>
<td>Cannibalisation</td>
<td>4 Apr 02</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 Feb 02</td>
<td>RUR02/003</td>
<td>Sale Outstanding</td>
<td>5,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 Feb 02</td>
<td>RUR02/004</td>
<td>Write-off</td>
<td>30 Apr 02</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 Feb 02</td>
<td>RUR02/005</td>
<td>Transfer of ownership</td>
<td>30 Apr 02</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HAMB 28 Feb 02</td>
<td>HAM02/125</td>
<td>Vehicle Accident Outstanding</td>
<td>10,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 6.10 Daily checklist and weekly checklists for drivers

#### Regular vehicle checks

**Vehicle Daily Checklist:**

- tyres (visual check for pressure and damage)
- auxiliary equipment:
  - first aid kit
  - tool kit
  - spare tyres
  - fuel/water jerry-cans
  - flashlight;
- vehicle documents
- steering
- battery (if starter operation is slow)
- fuel level
- handbrake
- clutch
- oil pressure meter or light
- brakes (within first 100 metres of driving)
- wing and rear view mirrors
- dirt, paper, cigarette ashes from ashtrays, floor, etc.
- windshield, side and rear windows, mirrors, lights and reflectors
- enter “daily checks performed” in the vehicle logbook
- report any losses, damage or needed repairs promptly to the fleet manager

**Weekly Checklist:**

- lights: front regular, high beam, parking, turn-signal, rear running, brake, reverse, interior and instrument panel
- brakes and brake fluid
- radiator fluid level
- engine oil level
- washer fluid level
- hydraulic fluid level
- tyres: profile, rim, and pressure
- spare tyre and its pressure
- engine and chassis (for oil leaks or other irregularities)
- all door locks, windows, windshield wipers
- auxiliary equipment:
  - contents of first aid kit, tool kit
  - air conditioning
  - locks and keys for fuel tank, spare wheels, water and fuel holders
  - radio: conduct two-way radio check
· other equipment such as a winch
· wash and clean the vehicle exterior.
· vacuum or sweep the interior, clean floor mats, seats, luggage and glove compartments
· clean the interior of all windows
· enter “weekly checks performed” in the vehicle logbook, and any findings
· report any losses, damage or needed repairs promptly to the fleet manager.
6.11 Useful items that should be in the vehicle

Vehicle Kits for Field Operations

Items related to mechanical concerns:

- owner’s manual for the vehicle;
- towing cable, rope or winch;
- battery jumper cables;
- tools: screwdriver, hammer, flat and sharp-nose pliers, spanners, monkey wrench;
- jack with handle and wheel wrench, suitable for use on soft or uneven ground;
- puncture repair kits;
- tyre inflating equipment;
- wire, string, assorted nuts and bolts, PVC tape;
- vehicle spare parts: headlight and tail light bulbs, fuses, spark plugs, air and fuel filters, fan and water pump belts, hoses, clamps, extra tyre tube;
- fuel funnel;
- extra engine and gearbox oil;
- brake fluid in small sealed tins;
- tyre chains (for snow conditions);
- jerrycan(s) for spare fuel: 20-litre, metal;
- fire extinguisher; and
- second spare wheel (rim, tire and tube)

Other Items:

- jerrycan(s) for water: 20-litre, plastic;
- flashlight with batteries and a cable to connect to the vehicle battery;
- signal triangle;
- shovel;
- axe;
- sleeping bag or blankets;
- small set of cooking and eating utensils;
- camp stove or firewood;
- emergency rations;
- first aid kit; and
- extra warm clothing and/or sun protection depending on the climate.
6.12 Basic equipment depending on the size of the workshop

For 1 or 2 vehicles:

- work bench and vice;
- axle stands;
- assorted tools and box for them;
- spare parts box;
- fuel/oil funnels and drain tins;
- fuel drum pump; and
- fire extinguisher

For 3 to 6 Vehicles, all of the above, plus:

- trolley jack;
- additional work bench;
- increased storage for spare parts; and
- board on which to hang tools, with each one drawn on, so it is clear when one is missing.

For 7 to 15 Vehicles, all of the above, plus:

- minimum two benches with vices;
- tyre changing machine;
- racking for tools and parts storage area;
- generator and air compressor;
- hydraulic press;
- distribution board and fusebox;
- portable welding gear;
- hoist;
- bench driller and grinder;
- hand held cutter/grinder;
- fuel storage and distribution means;
- racking for tyres;
- office equipment; and
- vehicle status board on which information such as date, driver, destination, next service due, etc. can be posted.
6.13 Sample Documents

APPENDIX 10

MODEL FORMAT FOR THE AGREEMENT FOR

THE RECEIPT AND THE RIGHT OF USE OF UNHCR ASSETS

This Appendix provides the Standard format the Agreement for the Receipt and the Right of Use of UNHCR Assets which is to be signed by all partners upon receipt of assets from UNHCR including when having purchased assets with UNHCR funds. This Agreement may be printed from AssetTrak (Data Management Tool) and is to be read and used in conjunction with the relevant Articles on assets in the Sub-Project Agreement (see Appendix 8). It is to be signed in three originals, one for each of the signatories and one for UNHCR Headquarters (Desk).
AGREEMENT FOR THE RECEIPT 
AND 
THE RIGHT OF USE OF UNHCR ASSETS 

BETWEEN: __________________________________________________  
(hereinafter referred to as "the Recipient")  

AND: THE OFFICE OF THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES  
(hereinafter referred to as "UNHCR")  
(both hereinafter referred to as “the Parties)  

IN RESPECT OF ASSETS ACQUIRED UNDER PROJECT(S)/ OTHER ACCOUNT(S) 

SUB-PROJECT SYMBOL: **/*/***/*/***/**  
END DATE: ______________  

1. The Recipient acknowledges receipt from UNHCR of the asset(s) listed in the document 
attached to this Agreement in accordance with the provision of the related Sub-Project 
Agreement and its Appendix 1.  

2. The Recipient acknowledges that, by means of this Agreement it acquires the right of 
use, not ownership, of the asset(s) listed in the attached document.
Standard Format for the Agreement for the Receipt and the Right of Use of UNHCR Assets

4. The Recipient agrees that the asset(s) listed in the attached document will be deployed to the duly authorized and responsible staff of: _________________________________________

   at the following location(s): ____________________________________________________

5. The Recipient agrees to obtain the prior written agreement of UNHCR before deploying these asset(s) for any other purpose or to any location other than listed above.

6. The Recipient agrees that the asset(s) listed in the attached document shall be used exclusively for the implementation of UNHCR programmes, and agrees to obtain the prior written agreement of UNHCR before using the asset(s) for any other purpose.

7. The Recipient acknowledges that UNHCR reserves the right to recall and redeploy the above mentioned asset(s) for any other refugee/returnee programme, or if any of the relevant Articles of the Sub-Project Agreement are not respected.

8. The Recipient agrees to report to UNHCR annually with each Final Sub-Project Monitoring Report, based on the inventory attached, the current location and condition of all asset.

SIGNED IN __ ORIGINALS BY THE DULY AUTHORIZED SIGNATORIES ON BEHALF OF THE FOLLOWING PARTIES:

<table>
<thead>
<tr>
<th>UNHCR</th>
<th>THE RECIPIENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signature:</td>
<td></td>
</tr>
<tr>
<td>Name:</td>
<td></td>
</tr>
<tr>
<td>Title:</td>
<td></td>
</tr>
<tr>
<td>Date:</td>
<td></td>
</tr>
<tr>
<td>Place:</td>
<td></td>
</tr>
</tbody>
</table>
MODEL FORMAT FOR THE AGREEMENT ON THE
TRANSFER OF OWNERSHIP OF UNHCR ASSETS

1. This Appendix provides the Standard format for the Agreement to transfer ownership of assets (including physical structures) acquired under UNHCR assistance projects. Transfer of ownership of any asset requires the authority of the Local or Headquarters Asset Management Board, depending on the age of the asset.

2. A Transfer of Ownership Agreement has separate validity from a Sub-Project Agreement in which it is stipulated that a separate agreement is required to transfer ownership (see Appendix 8). Such an agreement specifies, with an inventory, which UNHCR assets are being handed over and to which organisation, e.g. implementing partner or other beneficiary. Normally, ownership of assets is retained within a Sub-Project Agreement under a Right of Use Agreement until such time as UNHCR participation in the sub-project is terminated.

3. In some instances, prior to signature of a Transfer of Ownership Agreement by both parties, it may be necessary to have it ratified by, or notify a particular government department (different from the signatory to the Agreement in the case of transfer to a government implementing partner). This procedure may be necessary to ensure that there is a legal basis for the Agreement's validity and enforcement, and/or to cover any tax liability on the part of the recipient.

4. Transfer of Ownership Agreements are to be signed in three originals, one for each of the signatories and one for UNHCR Headquarters (Desk).
AGREEMENT ON THE TRANSFER OF OWNERSHIP
OF UNHCR ASSETS

BETWEEN:

(hereinafter referred to as "the Recipient")

AND: THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES

(hereinafter referred to as "UNHCR")

(both hereinafter referred to as “the Parties”)

IN RESPECT OF ASSETS ACQUIRED UNDER PROJECT(S)/OTHER ACCOUNT(S)

SUB-PROJECT SYMBOL: **/**/***/**/***(**

DATE EFFECTIVE:

PREAMBLE

THIS AGREEMENT defines the procedures for the transfer of ownership at the end of a project, or whenever applicable, and for the use thereafter, of assets, defined as any item of property or equipment purchased under project(s)/other account(s) financed by UNHCR, as per the attached list of assets;

GIVEN that the Recipient has a humanitarian, non-profit purpose consistent with the objectives and mandate of UNHCR and the Recipient's pursuit thereof would be enhanced by the transfer of the stipulated assets;
Article I. TRANSFER OF PROPERTY

1. Subject to Section 2 of this Article, UNHCR shall transfer to the Recipient its entire right and interest in and to all assets specified in the list attached to this Agreement.

2. The Recipient shall use the assets for humanitarian purposes only and any subsequent disposal of assets, whether by sale or donation, shall be for the exclusive benefit of comparable humanitarian interests in the country.

Article II. CESSATION OF RIGHTS AND RESPONSIBILITIES

1. Upon the effective date of this Agreement, all UNHCR's rights in, and responsibility for, the assets shall cease.

2. UNHCR shall revoke any license or registration record in which UNHCR is the registered owner or operator.

3. UNHCR shall cancel any insurance still in force at the time of the transfer to the Recipient, unless, under terms agreed with the Recipient and the insurer, such insurance shall remain in force until its expiry.

Article III. SERVICEABILITY

UNHCR shall transfer the ownership of the assets on an "as is, where is" basis and makes no representations or warranties for the fitness or title thereof. If repair or servicing of the assets is required before they can be put fully into use, the Recipient will bear the costs of such repair or servicing.

Article IV. ANCILLARY ITEMS

UNHCR shall transfer the ownership to the Recipient, prior to, or at the same time as the physical hand-over of the assets themselves, stocks of spare parts accessories, ancillary equipment or special fuel, if any, for the operation or use of the assets, as specified in the attached list.

Article V. RECURRENT COSTS

The Recipient undertakes to meet all future recurrent staff, operating and servicing costs, as well as any immediate costs of recommissioning or relocation of the asset(s) and future recurrent staff, operating and servicing costs.
Article VI. UNHCR IDENTIFICATION MARKS

The Recipient agrees to retain only UNHCR identification logos, i.e. “Donated by UNHCR” after the transfer of ownership. All other identification logos shall be removed.

Article VII. GENERAL PROVISIONS

1. UNHCR shall not be liable for any costs, direct or indirect, or for any levies, duties or taxes that may arise from, or in connection with, the transfer of property.

2. UNHCR shall not be liable to indemnify any third party in respect of any claim, debt, damage or demand arising out of the implementation of this Agreement.

3. Nothing in this agreement shall be deemed a waiver, expressly or implied, or any privileges or immunities enjoyed by UNHCR.

4. Any dispute, controversy or claim arising out of or in relation to, this Agreement, or any breach, termination or invalidity thereof, shall be, unless settled amicably through negotiation, submitted to arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law. Any award rendered pursuant to this Article shall be accepted as a final adjudication by the Parties to which they hereby agree to be bound.

Article VIII. VALIDITY

This Agreement shall become effective from the date indicated on the first page.

SIGNED IN ORIGINALS BY THE DULY AUTHORIZED SIGNATORIES ON BEHALF OF THE FOLLOWING PARTIES:

UNHCR

The Recipient

Signature: ___________________  ___________________

Name: ___________________  ___________________

Title: ___________________  ___________________

Date: ___________________  ___________________

Place: ___________________  ___________________
6.14 Bibliography

[1] "The UNHCR Essential Drug Policy"
[2] ‘Environmentally Friendlier Procurement Guidelines’, also available on KIMS.
[3] How to do Business with UNHCR
[8] UNHCR Delegation of Financial Signing Authority
[9] In kind donations reference document
[10] IP Procurement guidelines
[12] AssetTrak user guide
[13] PeopleBooks 8.4: Asset management module
6.15 Forms

AM001  Asset Data Entry Form
AM002  Asset Issue & Return Form
AM003  Asset Loss / Damage Form
AM004  Asset Receiving Form
D001   Goods Receiving Note
D002   Daily Stock Sheet
D003   Daily Receipt Log Sheet
D004   Daily Issue Log Sheet
D005   Packing List
D006   Truck Loading Form
D007   Stock Reservation Sheet
D008   Passenger Waiver
D009   Protest Letter
D010   Gift Certificate
D011   Transport Request
D012   Loss Damage Form
D013   Shipment Receiving Report
D014   Transport Order Form
D015   Waybill
D016   Stock Card
D017   Material Stock Request (MSR)
D018   Release Request
S001   Common Supplier Registration Form
S002   Purchasing Plan
S003   Requisition Form
S005   Bid Tabulation
S006   Proposal Evaluation Form
S007  Evaluation Scoresheet Form
S008  Evaluation Record
S009  RFQ
S010  ITB
S011  RFP
S012  Local PO
S013  Spare Parts Requisition Form
S014  Shipping Insurance Advice Form
SI001  Service & Repair Request
SI002  Fuel Issue Request
SI003  Fuel Log Book
SI004  Vehicle Log Book
SI005  Job Card
SI006  Mission Request
SI007  Pump Meter Reading Form
SI008  Aircraft Passenger Manifest
SI009  Air Cargo Manifest
SI010  Passenger Manifest
6.16 UNHCR AIR OPERATIONS STANDARD OPERATING PROCEDURES

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STANDARD OPERATING PROCEDURES FOR UNHCR
AIRCRAFT OPERATIONS

1. GENERAL

1.1 Aircraft are the fastest, most reliable means of transport; however, airlifting supplies and people is expensive and should only be used as a last resort. Aircraft should be used when supplies and/or staff are urgently needed in a location where no other solution is feasible due to:

- Limited timeframe for intervention
- Lack of infrastructure for surface transport
- High insecurity
- Any other reason preventing access by means of surface/sea transportation.

The standard operating procedures contained in this document should be read in conjunction with Chapter 5.8 of the Supplies and Food Aid Handbook. In addition, procedures must be established and implemented at the field level. This must be undertaken in conjunction with the aircraft operator and receiving offices, taking into consideration the various factors for each individual air charter operation.

2. AIRLIFT NEEDS ASSESSMENT AND REQUIRED INFORMATION

2.1 Airlift needs are defined in terms of:

- Area of intervention:
  Planned airport of operations
  Detailed list of destinations with co-ordinates, if available
  Runway specifications, if not available through standard publications

- Nature of operation:
  Indication of cargo type/number of passengers and frequency of movement
  Dimensions and tonnage of cargo to be transported
  Timeframe for delivery

Other pertinent information:

- Type(s) and number of aircraft requested (indicative only as operators may suggest more efficient alternatives)
- Specific equipment requirements (seats, litters, car loading ramps, pallets, etc.)
- For long term contracts, estimated minimum activity (in block hours) which UNHCR will guarantee per month
- Specific responsibilities of UNHCR and the Operator
- Scheduled date for the start of the air operation
- Estimated length of the air operation
All of this information, once confirmed, must be made available to the Supply Centre and will be used as the basis for field requirements in the tender document.

2.2. Air Information Requirements

2.2.1 Aircraft require extensive and carefully organised ground support at their points of arrival and departure. The following information should be obtained from the Ministry of Transport, Civil Aviation authorities, airport managers, airlines operating from local airports, air cargo companies, brokers and other international aid organisations who use/have used aircraft in the area. The following information will also be useful when assessing operational requirements:

- Geographical co-ordinates and elevation
- Runway(s) orientation, length, width, strength, turning circle, lighting
- Parking area(s)
- Airport opening and closing hours
- Channels for obtaining flight clearances
- Customs and immigration requirements
- Airport charges, royalties, fees and the possibility of partial/total exemption of these charges
- Presence of air operators, scheduled international carriers, domestic carriers, passenger or cargo charter operators, helicopter operators
- Possibility of ad-hoc, standby, or medical evacuation agreements with local companies and/or governments
- Presence of handling agents and/or airport approved manpower
- Availability and status of handling equipment
- Handling charges (applicable or negotiated rates)
- Airport storage capacity
- Prevailing weather conditions, wind direction, fog, snow, heavy rains etc
- Availability and cost of fuel, possibility of partial/total exemption of tax charges, existing storage capacity, number and status of fuel trucks/Bowsers, payment methods
- Possibility and cost of crew accommodation and transport, if required
- Possibility of using air transport and/or sharing air transport costs with other aid agencies in the region

3. TYPES OF AIR CHARTERS

3.1 Long-term aircraft charter

Long-term aircraft charter is used when airlift capacity is required on a long-term basis (more than three months). This type of charter is normally required in an operational sector not served by existing operators, through commercial or other aid agencies. It is usually implemented for light aircraft operations for the movement of UNHCR staff and cargo. It is usually based on a period of time for a specific number of guaranteed block hours per period (see attached Annex A).
3.2 Ad hoc air charter flights (Passengers or Cargo)

Ad hoc air charter is used when airlift capacity is required on a short-term basis (3 months or less). It may require the use of one-off and/or a limited number of flights to a designated operational sector where there is no scheduled carrier operating, or when capacity of scheduled carriers is not sufficient to cover the requirements. This type of charter is normally used for the transport of urgently required goods or the transport of refugees. It is usually based on either a flight by flight basis or a specified number of passengers or amount of goods (see attached Annex B).

4. RESPONSIBILITIES

4.1 Supply Centre

4.1.1 The Supply Centre administers and manages all contracts, long term and/or ad-hoc for air transport or aircraft charter. The Supply Centre may delegate the administration and management of ad-hoc air charters to the Supply Unit on a case by case basis. The Supply Centre ensures that all terms and conditions of the contract are adhered to, including insurance, liability, etc. The Supply Centre provides assistance in obtaining UN call signs and/or flight clearances when necessary.

4.1.2 The Supply Centre assists the field in assessing and evaluating the potential use of aircraft to meet field requirements. The Supply Centre also assists the field in determining air-transport requirements. This assistance is based on information from the field on the existing infrastructure and air capacity available to the operational sector.

4.1.3 The Supply Centre attends to the following responsibilities:

- Assist the Supply Unit in the assessment of needs and development of the appropriate specifications
- Produce and distribute the tender based on the above information and in accordance with UNHCR Financial Rules
- Select and recommend a suitable supplier which meets the following criteria:
  - Meets all specifications as defined by the tender
  - Provides documents for each aircraft which are up-to-date and in order, i.e. copies of valid certificates of airworthiness, mandatory insurance Registration, Operating Permit/Operators License/Crew Licences
  - Is the overall lowest compatible offer
- Ensure all terms and conditions of the contract are in accordance with standard UN/UNHCR rules, regulations and procedures
- Obtain approval from the Committee on Contracts in conjunction with the Desk
- Ensure invoices/supporting documentation are in order prior to submitting invoices for payment
- Extend existing Purchase Orders at the request of the field/Desk
- Re-tender or re-negotiate existing Purchase Orders as needed if field requirements have changed
• Assist the field with any operational or administrative problems that may arise;
• Consolidate statistics received from the field for the information of Contracts Committee prior to contract approval, Desk, auditors etc;
• Update the Air Charter Guidelines when necessary.
• Obtain UN call signs as required

4.2 Supply Unit

4.2.1 The Supply Unit establishes priorities and procedures and attends to the following:

• Scheduling of services, passengers and cargo
• Preparation of flight schedules
• Acceptance of bookings and preparation of passenger and cargo manifests
• Handling of passengers and cargo at the various airports
• Provision of detailed and updated flight information (i.e. arrivals, departures, loads, etc) to the radio operator responsible for monitoring air operations and other parties as required
• Co-ordination with the various destinations as required (including flight details, available ground support, etc,
• Co-ordination of en route flight diversions
• Collation/confirmation of flight statistics, i.e. block hours used, number of flights, number of passengers/amount of cargo etc
• Reporting of accidents and incidents to the Supply Centre
• Administration and payment of expenses not included in the air charter contract
• Confirmation of data and updating the Monthly Air Charter Assessment Reports regarding assessment of current supplier, changes in requirements i.e. block hours, designated airports, aircraft type, required contract extensions, justification for air charter and /or further contract extensions and related costs and cost recovery handled by the field
• Reception and acceptance of aircraft /aircrew

4.2.2 Management structure

Although various air operations undertaken by UNHCR may differ in size, basic management tasks will be conducted with two objectives in mind:

• The highest level of flight safety
• The most cost efficient ratio in meeting air transport requirements

The Supply Unit should set up the management structure according to the size of the planned air operation. A large airlift operation requires the assignment of a qualified Airlift Co-ordinator under the direct responsibility of either the Representative/Chief of Mission or the Senior Supply Officer. In all cases, it is important that the responsibility of managing the air operation remain with a clearly identified senior staff member who has experience in air operations. The Supply Centre will provide all required assistance to the designated Officer in Charge of Air Operations.
4.2.3 Approval by the Authorities

Depending on the situation in the areas of operation, it may be necessary to have the air operation fully approved in writing by the governing authorities concerned. It may be necessary to check with local operators should there be the possibility of objections to the air operation when using an international air company.

4.2.4 Over-flight/Landing Permits

The operator is responsible for obtaining the required over-flight and landing permits for the flights to be operated under his own call signs. Whenever possible, UNHCR may assist in obtaining such clearance.

4.2.5 UN Call Sign

Occasionally, flights may be possible only with a UN call sign. In such cases, the Supply Centre will obtain a UN call sign through UN New York. The Supply Unit will ensure that the UN call sign is used on all manifests and flight logs.

4.2.6 Liaison with airport authorities

After all clearances have been obtained, an agreement must be reached with the airport authorities on all conditions concerning the planned operation. These should include:

• Allocated aircraft and vehicle parking space/area
• Operating hours
• Landing/take off times allocated to UNHCR
• Local procedures
• Security procedures
• Fire and rescue equipment and procedures
• Airport passes for crew and UNHCR staff
• Customs, immigration and security procedures for cargo and passengers
• Negotiation of airport fees and possibility of obtaining a waiver for such fees.
• Provision of fuel
• Allocated VHF frequency for air operations
• Office accommodation
• Storage space

4.2.7 UNHCR Presence

UNHCR must appoint a Supply Officer or agent to be present at both departure and arrival airports. This person may have to travel with the aircraft if the destination is not a country where UNHCR has an active office.

4.2.8 Office/Communications
Depending upon the distance from the Supply Unit, there may be a need for office accommodation at the airport. Office accommodation should be located as close as possible to the allocated aircraft parking space and must be equipped with the necessary office and communication equipment, but as a minimum the following:

- Telephone
- Fax
- PC with e-mail link
- HF and VHF (with air-band radio if required for operational reasons)

The Airlift Co-ordinator or the Officer-in-Charge of air operations, ramp supervisors and operator representatives are to be equipped with VHF handsets, when and where they are required.

4.2.9 Fuel Supply

Chartered aircraft will require JET A1 fuel. Unless otherwise specified, the Supply Unit is responsible for the payment of the aircraft fuel, fuel positioning and fuel storage costs. Application for tax and duty exemption on fuel must be made to the appropriate authority. After verification, fuel vouchers are to be certified and sent for payment, with one copy for the aircrew and one for UNHCR Supply Unit.

4.2.10 Crew Accommodation and Transport

Crew accommodation and transport at the base of operations is normally included in the air charter costs administered by Supply Centre, unless otherwise specified. If not specified, UNHCR DSA rates will apply. UNHCR will not reimburse costs for any alcoholic beverages.

4.2.11 Storage

Storage of cargo at the airport may be required for supporting the planned airlift. If storage capacity exists, assess conditions (status, security, lighting etc.) and negotiate rental terms. If no storage capacity exists, investigate the possibility with the airport authorities of erecting temporary storage in a convenient and safe location.

Storage for aircraft spare parts, tools etc, is the responsibility of the aircraft operator. These costs are included in the air charter contract.

4.2.12 The Supply Centre delegates management and administration of certain air charter contracts to Supply Units, taking into consideration the nature and location of the air operations. In such cases, the Supply Units will also attend to the responsibilities normally handled by Supply Centre in regard to those contracts. Supply Units should seek assistance and advice from Supply Centre as required.

5. PASSENGERS AND CARGO
5.1. Flight Bookings

A focal point for reception of flight bookings must be designated in all locations of origin of an air operation after the schedule is established. The details of this focal point must be communicated to all interested parties. Conditions of access to flights and booking procedures may differ from one operation to another. It is recommended that procedures be established locally, with the following common conditions and with UNHCR reserving the right to deny boarding to any passenger or to refuse cargo that does not meet them.

- A list of staff/others entitled to travel on UNHCR aircraft must be established and updated as required
- Priority for boarding must be defined in writing;
- Baggage allocation must be specified in writing
- Passengers are responsible for their own visa requirements, customs formalities, immigration, travel permit, pass and any other requirements
- Cargo shipments must be booked, with a clear indication of the number of pieces, description of contents, and the weight and dimensions of each piece
- Restrictions on the transportation of dangerous goods must be strictly adhered to. The aircrew will provide clarification on which goods are considered as dangerous goods.

5.2. Aircraft Passenger Manifest

5.2.1. The airport of origin must issue an Aircraft Passenger Manifest prior to each departure. A standard UNHCR Passenger Authorisation Pass must be issued to each passenger (see attached Annex C - Passenger Authorisation Pass). The aircrew must be instructed to only accept boarding of passengers holding a valid UNHCR Pass, and whose names are on the Aircraft Passenger Manifest. The Supply Unit must establish procedures to ensure that last minute passengers are manifested, and that passes are issued prior to boarding the aircraft.

5.2.2. In case of an emergency evacuation of UNHCR staff, a manifest should be established and given to the crew by the designated official prior to departure. The list of passengers, and the confirmation of issuance of each Passenger Authorisation Pass, should be relayed by radio to the radio operator responsible, where a written record must be kept.

5.3. Aircraft Cargo Manifest

An Aircraft Cargo Manifest must be issued for each flight carrying cargo and/or unaccompanied luggage (if permitted). The Aircraft Cargo Manifest and the Aircraft Passenger Manifest may be combined in a single document. This is subject to the approval by the authorities, at the airports of origin and destination. The aircrew must be instructed to accept only the cargo listed on the aircraft cargo manifest. The Supply Unit must establish procedures to ensure that last minute cargo is correctly manifested before departure.

5.4. Distribution of the Aircraft Manifest

- One copy for UNHCR airport of departure
- One copy for customs (when applicable)
- One copy for immigration (when applicable)
- One copy for the crew
• One original and required number of copies (as applicable for customs, immigration, etc) for airport of arrival

One complete set of all manifests made during the invoice period must be received at Supply Centre along with the corresponding invoice prior to payment of invoice. It is the responsibility of the Supply Unit to ensure that the manifests have been made available to Supply Centre either directly or through the aircrew.

5.5 Passenger Authorisation Pass

A standard UNHCR Passenger Authorisation Pass must be issued to each passenger boarding a UNHCR aircraft. Each passenger, including UNHCR staff, must sign the portion on which the legal conditions of travel are written. The portion bearing the passenger’s signature must be retained at the airport of departure.

5.6 Medical Evacuations

5.6.1 Medical evacuations by air are subject to the rules as outlined in Medical Evacuation Staff Rules and IOM/FOM 104/94. Evacuation by air is preferred to an evacuation by road when the life of a staff member is at risk, or “when a staff member fears for his/her life”, if not evacuated rapidly. Supply Units must be fully informed of the medical evacuation procedures, the designated focal points, the nearest medical authority and the 24-hour contact numbers.

5.6.2 Every effort should be made to accommodate emergency air medical evacuations of UNHCR, and Implementing Partner’s staff, UNHCR caseload and other parties at the discretion of the officer in charge. Ideally, the patient should have a medical certificate stating they need to be medically evacuated and a health professional must confirm that travel by air would not represent any additional risk to the patient’s health. They should have a medical escort or a medical certificate stating that they can travel without one.

5.6.3 In the case of a medevac requiring a special flight, or involving a major diversion of an existing flight, the permission of the Representative is required. The medical certificates as defined above, are required in all cases.

5.6.4 Patients who are, or who could possibly be, suffering from contagious diseases are carried only at the discretion of the aircrew. They must also be cleared for travel by the health authorities at both - the airports of departure and arrival. All passengers who have, or may have, a contagious disease are required to inform UNHCR and the aircrew prior to boarding the aircraft.

5.6.5 Whenever possible, a medical evacuation (by air or by road) should be recorded by an initial medical or administrative report stating the following:

• The identity of the patient
• The circumstances at the onset of the illness or the accident (date, place, and symptoms)
• The nature of the first aid given (medical gestures, medication)
• The place of departure and place of transfer

All parties concerned must respect the confidential nature of the medical records.

5.6.6 Reception of the patient, including any requirement for ambulances, hospitals, and physicians, must be organised prior to departure of the aircraft. This will avoid additional risk to the patient's health due to lack of equipment, supplies, or care at the receiving airport. The evacuation must not proceed, until the responsible party at the receiving airport has confirmed they are ready to receive the patient.

5.6.7 The duty presence of the crew is 7 days a week. Therefore, the aircrew may be requested to undertake an emergency medevac at any time as required and within the usual air operation parameters, including during rest days.

5.6.8 In the event a qualified health professional is unavailable, or if additional assistance is required, contact UNHCR Medical Services in Geneva, +41 22 79 217 3122 Doctor Michel Baduraux or +41 22 79 217 3121 Sinead O'Donovan-Rogerson, available 24 hours a day, 7 days a week.

6. OPERATIONAL ISSUES

6.1 Aircraft tasking

6.1.1 In co-ordination with the operator’s representative, a flight schedule must be established to fulfil transport requirements and optimise the use of the air assets. Scheduling of aircraft must be planned based on the needs of UNHCR operations, and should consider the following factors:

• Airport(s) operating hours
• Crew duty times
• Operational constraints (temperature, wind speed and direction, presence of thunderstorms, refuelling capability, accessibility to diversion airports, etc.)
• Security conditions
• Possibility of routing flights through several destinations where level of traffic is insufficient to justify a flight to each location
• Possibility of co-ordinating the aircraft schedule with the flight schedule of partner agencies
• The schedule is to be communicated to and approved/acknowledged by all the involved parties at each of the locations to be served including:

Civil aviation authorities
Government/de facto authorities
Airport authorities
Operator
UNHCR or partner agency/NGO
6.1.2 Operational limits as communicated by the operator must be strictly adhered to. The aircraft captain has the full and final decision on the execution of the planned flight. Supply Units should liaise with the Supply Centre in cases where restrictions appear to differ from the contractual terms. Do not at any time put pressure on operators to have such limits exceeded.

6.2 Air Crew briefing

6.2.1 A daily crew briefing must be organised by the Supply Unit to plan the next day’s flight schedule(s). At this briefing, all the relevant items such as security and operational general conditions must be discussed. These briefings are essential to ensure proper co-ordination and safe conduct of the air operations.

6.2.2 In case of emergency evacuation by air, the crew must receive a specific and detailed briefing from the same person, (the officer in charge of air operations, the security officer, or medical co-ordinator) responsible for monitoring the emergency evacuation. This person should remain in radio contact with the crew, when possible, throughout the duration of the flight. All information or instructions to the crew should be channelled solely through this person.

6.3 Reception of aircraft

6.3.1 An inspection of the aircraft, including a check of the accompanying documentation, is to be conducted upon positioning of the aircraft. This is in order to verify the following:

- Aircraft registration markings conform to documentation provided
- Configuration is as per the lease agreement (seating arrangement, aircraft type, etc.)
- Radio/navigation equipment conforms to requirements (GPS, HF radio, IFR, etc)
- Presence and conformity of UNHCR markings
- General status (leakage, cleanliness, tyre condition)
- Presence of seat belts, working exit doors, etc
- Presence and status of safety equipment, life jackets/life rafts (if aircraft over flies water), etc

6.3.2 The following mandatory documents are to be checked, with due attention to their period of validity:

- Certificate of Airworthiness
- Certificate of Registration
- Air Operator’s Certificate
- Certificate of Insurance
- Crew licences

6.3.3 A check of the flight documentation should also be conducted. The presence of current navigation maps, airport information for the entire area of operations and a flight manual on board each aircraft, should be verified.
7. ASSISTANCE TO UNHCR FLIGHTS

7.1 Airport of Departure

7.1.1 The presence of a UNHCR officer or agent at the airport of departure is mandatory. It is recommended that this person be present one hour before each flight movement, (departure and arrival) to provide assistance to the crew and passengers, and to ensure that laid down procedures are adhered to. A non-exhaustive checklist of tasks is to be performed as follows:

- Check status of aircraft and provide latest load estimates to the load master or captain
- Ensure passengers have gone through required formalities
- Arrange refuelling, obtain a copy of the fuel voucher and check quantity delivered
- Check indications on the fuel voucher, notably unit of volume and quantity received
- Ensure passengers boarding and cargos loading are in accordance with required manifests. (Presence of a weight scales at the airport is highly recommended for last minute verifications)
- Take appropriate decisions for loading alternative passenger/cargo in case of no show of scheduled passenger/cargo and ensure manifests are corrected
- When required, transmit a copy of the flight clearance to the crew
- Ensure proper documentation is on the aircraft and keep a copy of each manifest airwaybill and the signed passenger passes for filing;
- Ensure required equipment, as per initial reception check or as subsequently agreed, is aboard aircraft
- Ensure the security of the aircraft, by keeping the parking space clear of by-standers, vehicles, unidentified parcels and any other object that could either be pulled in by the engine or projected by the engine blast
- Record block hours and take off/landing times
- Record any incidents, accidents, cancellations and/or non-performance providing reasons for the same

7.1.2 After each flying day, obtain from the crew a copy of the standard daily flight log for completing the periodic activity reports.

7.1.3 For regularity and security of operations, it is of the utmost importance to adhere to the published schedule. In the case of unexpected delay exceeding one hour, it is imperative to alert all points of destination and all parties that have given clearance for the concerned flight for extension of validity of the clearance, particularly when operating in security sensitive areas.

7.2 Airport of Transit or Destination

- Ensure that radio operators monitor the designated frequency as required. When contact is established with the crew, communicate all relevant information concerning flight arrangements. In case of operations into an uncontrolled airstrip, communicate updated information about weather conditions and airstrip status
- Ensure that all required handling and transport equipment is ready at the parking space
• Arrange refuelling as required. In case refuelling is made from drums, ensure available drums are properly sealed and jet fuel is usable
• For smaller airstrips, check status of airstrip, ensure it is cleared and kept free of all obstacles, animals, etc
• When necessary, check clearance of the flight with the local authorities, obtain latest security update and relay information to the crew
• Ensure that passengers and cargo to be loaded, are present at the airport when the plane arrives
• When the aircraft is on the ground, ensure that only authorised persons and vehicles are allowed on the parking space, after the aircraft has come to a complete stop
• Collect passenger and cargo documentation; check that all passengers and cargo are received; and inform point of departure in the case of missing cargo.
• Verify acceptable payload with the crew, and load accordingly
• Prepare manifests and passenger authorisation passes.
• Control boarding of passengers
• Release the aircraft
• Record any incidents, accidents, cancellations and/or non-performance providing reasons for the same.
• Report to the Supply Unit responsible for controlling the aircraft.

8. MONITORING AIRCRAFT ACTIVITY

8.1 The Supply Unit must track each aircraft under its responsibility by establishing appropriate radio coverage and, in the case of considerable levels of air activity, by obtaining/allocating a specific radio frequency for monitoring air operations. Depending upon local conditions in terms of security, weather, etc, appropriate reporting procedures should be set up with the operating crew. Minimum reporting requirements must be established in the agreement and should include:

• Report take off from point of origin and from each subsequent destination.
Communicate the numbers of persons, quantity of fuel required (if refuelling required at next airport) and ETA to next destination
• Report upon landing at each destination
• Report modification of routing or of any unexpected event.

8.2 Basic communication is to be recorded by the radio operator responsible and should include:

• Call sign;
• Departure airport;
• Destination airport;
• Number of passengers;
• ETD's and ETA's

8.3 The radio operator in charge of monitoring the aircraft activity should be listening in to the designated air operations frequency from at least one hour before the first scheduled departure of the aircraft until 30 minutes after the last flight has arrived at the planned
destination. It is the responsibility of the radio operator to ensure that all destinations are informed in a timely manner of the aircraft’s ETA.

8.4 Unless otherwise specified, in the case of flights into uncontrolled airports, radio contact between the crew and the designated authority at the planned destination (or with the assistance of the radio operator from the main base) must be established directly prior to landing.

8.5 All relevant information regarding air operations must be communicated to the radio room and updated after each modification in order to facilitate quick decisions. Main information to be copied includes:

- Airport/airstrip co-ordinates
- Location and status of emergency fuel stocks
- Clearances
- List of emergency contacts such as flight co-ordinator, security officer, air traffic control, etc.

9. REPORTING ON AIRCRAFT ACTIVITY

9.1 Flight records

9.1.1 Unless otherwise specified, invoices for UNHCR air operations are tabulated on the basis of block hours. This represents the time elapsed from when the aircraft starts to move by its own means from the parking space at the airport of departure, to the time it has come to a complete stop at the airport of destination.

9.1.2 It is of the utmost importance that the UNHCR Officer-in-Charge of an air operation carefully monitors the hours reported by the crew. This is done by checking flight logs on a daily basis and making random checks of figures reported by the crews against figures recorded either by the radio operator or during actual flights. Attention must be paid to the units being used for accounting of block hours, as operators may use two different units:

- Hours and minutes
- Hours and hundredths of an hour.

9.1.4 Daily flight logs to be filled in by the crew must include:

- Date of flight
- Aircraft registration
- Call sign
- Block time on departure
- Take off time
- Landing time
- Block time on arrival
- Time in the air
• Total Block time
• Fuel on departure
• Fuel on arrival
• Fuel burn
• Fuel uplift (if any) - quantity and location
• Number of fuel voucher
• Number of passengers (break down of UNHCR, IP and 3rd Party passengers must be marked on each manifest)
• Cargo weight
• Total block time for the day
• Total air flight time for the day

9.1.5 The figures/documentation below are to be reported on the monthly flight report to the Supply Centre in Geneva. The report period should correspond to the monthly period invoiced:

• Indication of routes flown;
• Total block hours flown for the month;
• Cargo in kilos carried per month
• Total number of UNHCR, IP, and 3rd party passengers carried per month
• Total flights for the month
• Monthly expenses incurred in the field, fuel, permits, etc.
• Remarks, incidents, causes of delay
• Copies of actual UNHCR passenger/cargo manifests for each flight
• Total amount of costs recovered for the month with break down for IP and 3rd Party

9.1.6 A summary of flight logs, prepared by the operator at the end of each month or at the end of a lease period is to be checked by the Supply Unit. This is to be certified by the UNHCR Officer in charge of air operations prior to transmission for payment.

9.2. Incident Reports

9.2.1 For all safety or security related incidents, a report must be prepared immediately by the aircraft captain and/or the officer in charge of air operations and copied to the Representative and the Supply Centre in Geneva.

9.2.2. Any period, during which the operator is unable to provide the required air services, either for technical reasons or because of incapacity of the crew, should be reported immediately to the Supply Centre in Geneva and specifically mentioned in the monthly flight report.

10. ADMINISTRATION OF AIR OPERATIONS, SETTLEMENT OF RELATED COSTS AND ADDITIONAL GUIDELINES

The designated Officer in Charge of Air Operations is responsible for checking and approving payment of all aircraft related costs incurred locally. The Supply Centre in Geneva is responsible for the settlement of all aircraft lease costs. Depending on the size of the
operation, some or all of the following expenses must be checked and corresponding payments settled with funds earmarked specifically for such air operations.

10.1 Airport Navigation Fees

- Landing fee charges are based on a tariff published by the airport. These fees correspond to the aircraft Maxi Take Off Weight (MTOW)
- Parking fees are charged on the basis of aircraft MTOW per ton per hour
- Lighting fees for night landing are charged when runway lights are switched on
- Navigation fees for air traffic control services are based on MTOW per ton per mile and OVERFLY clearance (normally not applicable to flights operated under a UN call sign).

A request must be submitted to the appropriate government authorities to apply for total or partial exemption of the above charges as per UN privileges.

10.2 Airport Handling Fees

10.2.1 The generic term of “handling” covers two distinct kinds of operations that may be charged to the operator or UNHCR. Distinction should be made between handling of the aircraft itself (GPU, ASU, Pushback, etc.) and handling of the aircraft contents (passenger stairs, cargo highloaders, forklift, conveyor belts, tractor, dollies, etc.)

10.2.2 UNHCR needs to provide a detailed breakdown of these charges as per the contractual arrangement. Each invoice must include the breakdown of these charges from the handling agent.

10.3 Filing

Daily flight logs with copies of all documents related to the flights are to be filed and archived for each aircraft in chronological order. Copies of fuel vouchers must be filed with copies of supplier’s invoices. Schedules, manifests, waybills, and progress reports filled in by radio operators are also to be kept in the file.

10.4 Validity of Established Schedules

UNHCR gives no assurance that the aircraft will fly on any particular day, to any particular destination or at any particular time. It takes no responsibility for any loss or damage caused by the failure of the aircraft to operate as previously announced, or for the failure of passengers or freight to be carried/delivered as planned or requested.

10.5 Use of Aircraft
The aircraft can be used by passengers in accordance with the written/published list of passenger priorities authorised by the UNHCR Representative. Transport for all non-UNHCR staff/cargo must be reimbursed to UNHCR. (See Para 11 - Cost Recovery.) Freight should be carried in accordance with the same order of priority and subject to constraints on the carriage of dangerous goods as described below.

10.6 Guidelines/Priorities and Eligibility for carriage on UNHCR flights

10.6.1 Although more precise guidelines must be established at the field level, the basic guidelines for passenger/cargo eligibility are listed below in order of priority. It is also important to note that due to the high costs involved, an air charter operation is approved on the basis that it is imperative for UNHCR operations. The transport of non-UNHCR staff/cargo is NOT an objective nor is it a justifiable reason for air operations except for extraordinary cases and/or the specific movement of refugees. The priority of passengers or cargo may be changed in relation to the urgency or need.

1. Medical evacuations and/or lifesaving staff/cargo
2. UNHCR staff/cargo
3. UN agency staff/cargo implementing a programme in support of UNHCR operations in the area.
4. Implementing partners and NGO staff/cargo implementing a programme in support of UNHCR operations in the area.
5. Any other organisation’s, personnel/cargo, special request, and/or extraordinary flight as authorised by the UNHCR Representative

10.6.2 All non-UNHCR staff, as authorised by the Representative, may fly on a space available basis only. Aircraft should not be tasked on a specific route unless at least 50% of the space is occupied by UNHCR staff/cargo except for extraordinary flights and with the written approval of the Representative.

10.6.3 Journalists may or may not be carried depending on the circumstances of the operation. If journalists, in general, are allowed to travel, a Public Information Officer must approve the list of journalists prior to authorisation.

10.6.4 Armed or uniformed personnel must NOT be allowed to travel aboard UNHCR chartered or UNHCR dedicated aircraft unless the situation is life threatening, the travel has been forced, or the dedicated aircraft is a military aircraft from a donor. If the military forces of a donor country operate the aircraft, strict guidelines must be agreed to and followed in advance regarding passengers, uniforms and weapons aboard the aircraft.

10.6.5 As UNHCR must remain strictly impartial and unbiased, it is imperative that any security personnel who have been authorised to travel must not wear their official uniforms aboard the aircraft. This is also imperative in view of the fact that the maintenance of neutrality is essential for the safety of the aircraft, crew, and passengers aboard.

10.6.6 All passengers must provide proof of identity and proof of the organisation they are working with. Passengers are responsible for obtaining any visas, security clearances, authorisations etc. as required for travel.
10.9 Dangerous Goods

Corrosive, explosive, inflammable or noxious goods should not, under any circumstances, be carried on UNHCR aircraft. These include arms, ammunition, explosive devices, petroleum products, automotive batteries, acid, insecticides and gas cylinders. Spray cans of personal hygiene products are permitted in reasonable quantities.

10.10 Baggage/Freight limitations

The rules for baggage and freight should include the following:

- Limit of accompanied baggage per passenger must not exceed 15/20 kgs depending on aircraft capacity unless previously reserved and manifested
- Lightweight but voluminous items should be treated the same way as overweight baggage
- Soft bags are preferred to hard sided luggage to ensure maximum load
- All unaccompanied baggage must be clearly marked with name and destination
- All cargo and unaccompanied luggage must be manifested
- Passengers should remove cabin luggage immediately after landing
- Passengers should retrieve their own checked baggage at the appropriate baggage area
- UNHCR and the air crew take no responsibility for luggage left behind on the aircraft or at the airport
- Live animals can be carried only with the approval of the aircrew and Health authorities at both airports (Sanitary Certificates may be required), and subject to any conditions they make with regard to containment, etc.
- All passengers, baggage and cargo are subject to searches as described in the Purchase Order under “Carriage of Passengers, Baggage and Cargo”.

10.11 Air Charter Assessment/Requirement Reports

These reports are sent to the field and to the desk on a monthly basis. They are complied in the Supply Centre in Geneva. They are based on the actual manifests, information received from the field, and invoices from the operator. Supply Units are required to update pages 1 and 3 of these reports and return them to the Supply Centre on a monthly basis. Once updated, the reports are copied to the desk at HQ and to the Committee on Contracts when an extension or approval of the PO is requested.

11. COST RECOVERY - REFUND OF EXPENDITURES

11.1 General

The issue of refund of expenditures must be addressed in each air charter operation where UNHCR allows non-UNHCR passengers to use the aircraft. When scheduling an aircraft, it is imperative to keep in mind that air charter operations are approved to meet the needs of UNHCR staff/cargo for operational purposes. Air charter operations are normally required for reasons of security and the remoteness of areas of operation. Therefore, although transport for other UN agencies and Implementing Partners may be allowed, it should only be allowed on the basis of availability of space. It is also important to keep in mind that the more non-
UNHCR passengers we assist with travel, and the longer UNHCR continues air charter operations, the less likely it will be that other aid agencies and/or, more importantly commercial operators, will begin operations of their own. This, in turn, tends to lead towards UNHCR expanding its air charter operations and increasing costs in order to provide a service that is not considered an objective of UNHCR.

Due to the various constraints in each individual operation, procedures for refund of expenditures must be clearly defined and specified in writing by the Supply Unit responsible for air operations.

11.2 Who should be charged?

The decision to charge non-UNHCR passengers has been taken by the Controller at UNHCR Headquarters in Geneva. This decision is the result of the high cost of light aircraft charter and the need to significantly reduce associated costs. The definition of a UNHCR passenger is a UNHCR staff member or persons seconded to UNHCR. All passengers, with the exception of UNHCR staff on official duty, must be charged cost recovery. Any exceptions to this must be authorised in writing by the Representative. The approval for the continuation of an air charter will be granted on condition that the cost recovery system is implemented.

11.3 How much should be charged?

The calculation of costs is based on the total monthly expenses both at HQ and locally (including fuel, permits, fees, etc.) to operate the aircraft for a given number of block hours. This total is then divided by the number of block hours for the month to obtain the total costs per hour of flight. This figure is then divided by the number of seats available aboard the aircraft, which gives the total cost per seat per one hour of flight time. This figure is then used to calculate amounts to charge per route, based on the time it takes to fly the route.

Example:

Total Monthly Expenses: HQ 21,000 USD + Field 7,000 USD = 28,000 USD
For 40 block hours of flight: 28,000 divided by 40 hours = 700 USD per hour.
Divided by 12 passengers = 58.33 USD per seat per one block hour of flight.

Proof of how calculations were made must be made available in order to ensure the amount is ‘refund of expenditure’ only and that no profit was realised.

11.4 How should refund of expenditure be handled?

11.4.1 It is recommended that the Unit responsible for passenger bookings should also be responsible for preparing all invoices based on confirmed passenger manifests. Invoices may be submitted for payment on a monthly basis for those organisations using the services on a long term basis or as often as required for ad-hoc requests. Invoices must be submitted in a timely manner to ensure the ‘refund of expenditure’ is within the required financial period. All invoices and receipts must be clearly marked “for the purpose of air charter transport at cost only”.

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The Finance Officer should then be responsible for recovering the amounts invoiced and for any follow-up on outstanding amounts. The Finance Officer should alert the Unit responsible for passenger bookings of any organisation or person with outstanding invoices to ensure authorisation for carriage is denied pending full payment of outstanding invoices.

Proceeds from the settlement of invoices, received during the current financial period, should be credited to the sub-project originally charged for air charter costs. In so doing, the cost recovered will be considered as a “refund of expenditures”, in accordance with UN Financial Rule 107.2.a.

Any amounts received after the financial period would be credited to VF 744 (addition/reduction to prior-year projects) sub-account YCCCTANNN, where Y=year, CCC=country, TA=type of assistance, NNN0project number (please refer to the UNHCR Yellow Pages).

11.4.2 Regarding Implementing Partners, a provision for the expected cost of air transportation should be made in the sub-project budget rather than providing partners with free transportation. Budgeting for the cost of air transportation will assist in making the full cost of the sub-project visible and allow a more accurate cost apportion between different projects.

11.4.3 The issuance of “Passenger Tickets” is NOT allowed as it implies certain liabilities of which UNHCR is not in the position to undertake.

11.4.4 Information on refund of expenditures, how much is charged, total received, from whom, number of passenger per category, etc. should be copied monthly to the Desk and the Supply Centre in Geneva. A copy should be kept in the appropriate air charter file. Statistics must be broken down into three categories:

- UNHCR Staff
- Other project staff (IP's)
- Third parties

Based on the breakdown of 3 categories of passengers, it will be possible to determine what is true cost recovery from third parties and what are UNHCR funds.

12. Attachments

ANNEX A (Sample PO for Air Charter Services)

PURCHASE ORDER XXXXXXXXXXXX

AIR CHARTER SERVICES FOR XXXXXXXXXXX

THIS ORDER SUPERSEDES ALL PRIOR ORAL OR WRITTEN AGREEMENTS, IF ANY, BETWEEN THE PARTIES AND CONSTITUTES THE ENTIRE AGREEMENT IN RESPECT OF THIS PURCHASE.
REFERENCE QRxxxx AND YOUR OFFER DATED xxxxx

WE HEREBY PLACE THE FOLLOWING ORDER SUBJECT TO THE TERMS BELOW AND UNHCR PURCHASE ORDER GENERAL CONDITIONS (JUNE 1997) THAT ARE INCORPORATED BY REFERENCE.

SELLER:

XXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXX

TEL NO.
FAX NO.
EMAIL NO.:  

BUYER:

THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES
P.O. BOX 2500
CH-1211 GENEVA 2 DEPOT
SWITZERLAND
ATTENTION: HQSF00

RESPONSIBLE BUYER: XXXXXXXXXXXXXX
TELEPHONE NO. : XXXXXXXXXXXXXX
FAX. NO.                        : XXXXXXXXXXXXXX

CONSIGNEE:

UNHCR XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

TELEPHONE: XXXXXXXXXXXXXXXX
FAX               : XXXXXXXXXXXXXX
SERVICE:

AIR CHARTER SERVICE
DETAILS AS FOLLOWS:

AIRCRAFT: BEECHCRAFT KING AIR 200
REGISTRATION: XXXXX
AIRCRAFT MUST BE FULLY EQUIPPED AS STATED IN YOUR OFFER WITH THE ADDITION OF ONE STRETCHER BEING MADE AVAILABLE AT ALL TIMES.
SUBSTITUTE AIRCRAFT: MUST BE EQUIVALENT SPECS TO KING AIR 200
GUARANTEED MINIMUM MONTHLY BLOCK HOURS: 80 HOURS

AREAS OF OPERATION: xxxxxxxxxx, xxxxxxxxxx, xxxxxxxx
AND OTHER AREAS/COUNTRIES WITHIN xxxxxxxx AS REQUIRED BY UNHCR.

OPERATION BASE: XXXXXXXXXXXXX,
STARTING DATE OF OPERATION: XXXXXX

CONTRACT PERIOD: 3 CONSECUTIVE MONTHS WITH THE POSSIBILITY TO EXTEND

POSITIONING OF AIRCRAFT
----------------------------------------
THE AIRCRAFT SHOULD BE POSITIONED AND FULLY OPERATIONAL AS OF XXXXXXXX, TO AVOID ANY INTERRUPTION OF SERVICES WITH PREVIOUS CONTRACT.

VALUE THIS ORDER:

THE TOTAL VALUE THIS ORDER FOR A PERIOD OF 3 MONTHS INCLUSIVE OF ALL CHARGES AS DETAILED IN THIS PURCHASE ORDER AS FOLLOWS:
XXXXXXXXXXXXXXXXXXXXXXXXXX ONLY

CURRENCY IS : US DOLLARS

UNHCR ITEM NO: 82011

80 BLK HRS PER MONTH AT XXXXXXXXXX X 3 MONTHS
XXXXXXXXXXXXXXXXXXX
POSITIONING/DEPOSITIONING/PAINTING (ONE TIME ONLY CHARGE) NIL
TOTAL VALUE ITEMS
XXXXXXXXXXX
(FOR PERIOD XXXXXXXX TO XXXXXXXX)  
---------------

THE MONTHLY CHARGE (ACMI) OF USD XXXXXXXXX IS FULLY INCLUSIVE OF ALL SERVICES : AIRCRAFT, CREW MAINTENANCE, AND ALL MANDATORY INSURANCE COVERAGE – I.E. FOR AIRCRAFT, CREW, PASSENGERS, AND CARGO. ALSO INCLUDED IN ABOVE COST IS CREW ROTATION, ACCOMMODATION , LAUNDRY, GROUND TRANSPORT COST AND MINIMUM GUARANTEED 80 BLOCK HOURS.

ANY DULY AUTHORISED ADDITIONAL FLYING TIME WILL BE CHARGED AT:

USD XXX PER BLK HR OVER AND ABOVE 80 HRS

AREA AND BASE OF OPERATION

THE AREA OF OPERATION AND BASE OF OPERATION MAY BE CHANGED AS REQUIRED BY UNHCR. ADDITIONAL COSTS, IF ANY, DUE TO CHANGE IN OPERATION BASE SHALL BE BORNE BY UNHCR.

UNHCR RESERVES THE RIGHT TO CHANGE THE SCOPE OF THE OPERATION AS IT DEEMS APPROPRIATE. NO SUCH CHANGE SHALL IN ANY WAY VITIATE OR INVALIDATE THIS AGREEMENT.

EXCLUSIVITY:

FOR THE DURATION OF THE CONTRACT, THE RESERVED PLANE IS TO BE USED EXCLUSIVELY FOR SERVICES OF UNHCR. ONLY UNHCR AUTHORISED PASSENGERS ARE ALLOWED TO BOARD.

MAINTENANCE BREAK:

THE SELLER MUST CLOSELY LIASE WITH UNHCR REGARDING MAINTENANCE SCHEDULES IN ORDER TO ENSURE CONTINUITY OF OPERATIONS. A BREAK OF NO MORE THAN 24 HOURS WILL BE ALLOWED FOR REGULAR MAINTENANCE AFTER WHICH A SUBSTITUTE AIRCRAFT MUST BE MADE AVAILABLE.

CARRIAGE OF PASSENGERS, BAGGAGE AND CARGO

ALL PASSENGERS, THEIR BAGGAGE, AND CARGO WILL BE SUBJECT TO SEARCHES FOR THE PURPOSE OF DETERMINING WHETHER THEY ARE IN
POSSESSION OF, OR THEIR BAGGAGE CONTAINS, ANY ITEMS WHICH ARE LIKELY TO ENDANGER THE AIRCRAFT. ITEMS PROHIBITED UNDER APPLICABLE LAWS, REGULATIONS OR ORDERS, EXPLOSIVES, FIREARMS, AMMUNITION OR ANY TYPE OF MILITARY OR PARAMILITARY MATERIAL OR COMPONENTS THEREOF. SUCH SEARCHES WILL BE CONDUCTED AT THE AIRPORT OF DEPARTURE BY LOCAL CIVIL AUTHORITIES, UN AUTHORITIES AND/OR AIRCRAFT OPERATORS/CREW.

IF THE PASSENGER, OR BAGGAGE/CARGO OWNER IS UNWILLING TO COMPLY WITH SUCH A SEARCH, THE CARRIER MAY REFUSE TO CARRY THE PASSENGER AND/OR HIS/HER BAGGAGE/CARGO.

MANDATORY INSURANCE:

AS DETAILED BELOW ALL MANDATORY INSURANCE APPLICABLE BOTH AT PRESENT OR DURING THE DURATION OF THIS PURCHASE ORDER ARE THE SOLE RESPONSIBILITY OF THE SELLER.

UNHCR AS BUYER REQUIRES TOGETHER WITH YOUR ACKNOWLEDGEMENT OF THIS ORDER:
- COPY OF THE CERTIFICATE OF AIRWORTHINESS
- COPIES OF INSURANCE CERTIFICATES COVERING BOTH THE AIRCRAFT, PASSENGERS INCLUDING WAR RISK COVER, THE LATTER TO BE INVOKED IF AND WHEN NECESSARY, WAR RISK INSURANCE WILL BE PREPAID AT COST BY THE SELLER AND SUBSEQUENTLY REIMBURSED BY THE BUYER.
- UNHCR, AS BUYER RESERVES THE RIGHT TO REQUIRE THE SELLER TO INCREASE THE INSURANCE COVER FOR UNHCR STAFF MEMBERS AND INVITEES. THE RESULTANT INCREASE IN PREMIUM WILL BE BORNE BY UNHCR.

AIRCRAFT, PASSENGER, AND CARGO INSURANCE

COMPREHENSIVE THIRD PARTY LIABILITY INSURANCE, PROTECTING UNHCR AND THE CARRIER AGAINST CLAIMS FOR BODILY INJURY OR DEATH AND PROPERTY DAMAGE UP TO A COMBINES MINIMUM OF USD 20 MILLION PER OCCURRENCE AND COVER A MINIMUM PASSENGER LIABILITY FOR DEATH OR BODILY INJURY UP TO USD 75,000 PER PASSENGER.

BASIC WAR RISK INSURANCE INCLUDING HIJACKING AND CONFISCATION.

FULL HULL INSURANCE, INCLUDING ALL RISKS, BOTH IN FLIGHT AND NOT IN FLIGHT.

WORKMEN’S COMPENSATION INSURANCE.

IN THE EVENT ADDITIONAL WAR RISK INSURANCE IS INVOKED, UNHCR MUST BE NOTIFIED IN WRITING PRIOR TO SUCH COVERAGE WITH BREAKDOWN OF ADDITIONAL COSTS AND AMENDMENT TO THE PURCHASE ORDER COMPLETED INCLUDING THE ADDITIONAL COSTS.
ANY REBATES, DISCOUNTS OR LOWER PRICE ADJUSTMENTS SHALL BE EXTENDED TO UNHCR AND DEDUCTED FROM THE MONTHLY INVOICE.

ALL INSURANCE PROVIDED MUST BE IN ACCORDANCE WITH THE WARSAW CONVENTION AS AMENDED BY THE HAGUE PROTOCOL ON INSURANCE.

REPORTING AND ACCIDENTS

THE SELLER SHALL REPORT ANY ACCIDENTS OR INCIDENTS INVOLVING THE AIRCRAFT IMMEDIATELY TO UNHCR AND ALL APPROPRIATE GOVERNMENTAL AUTHORITIES AND SHALL PROTECT AND PRESERVE ALL EVIDENCE IN CONNECTION WITH THE ACCIDENTS OR INCIDENTS. THE SELLER SHALL CO-OPERATE WITH ALL INVESTIGATIONS INTO THE ACCIDENTS OR INCIDENTS WHICH MAY BE INSTITUTED BY UNHCR AND/OR GOVERNMENTAL AUTHORITIES, INCLUDING THE PREPARATION OF REPORTS.

AIRCRAFT MARKINGS

AIRCRAFT TO BE MARKED WITH UNHCR IN UN BLUE ON BOTH UPPER AND LOWER WINGS AND BOTH SIDES OF THE FUSELAGE AND TAIL. DIMENSIONS TO BE AS LARGE AS POSSIBLE TO MAKE THE MARKINGS EASILY RECOGNISABLE.

IT IS IMPERATIVE THAT ALL UNHCR MARKINGS BE REMOVED UPON COMPLETION OF THIS CONTRACTOR ANY SUBSEQUENT EXTENSION THEREOF. PHOTOGRAPHS SHOWING THE ‘BEFORE AND AFTER’ TO BE SUBMITTED WITH THE FINAL INVOICE.

CLARIFICATION OF ITEMS/SERVICES THAT ARE INCLUDED:

A. AIRCRAFT FULLY EQUIPPED AND READY FOR OPERATION ACCORDING TO YOUR OFFER.
B. AIRCRAFT CREW WITH PERMANENT PRESENCE (FULLY LICENSED WITH UP-TO-DATE RATING FOR PARTICULAR AIRCRAFT) – 1 CAPTAIN IN COMMAND, 1 CO PILOT, 1 GROUND ENGINEER
C. ALL MANDATORY INSURANCE FOR AIRCRAFT AND CREW MUST BE IN ACCORDANCE WITH THE RESPECTIVE AVIATION AUTHORITIES’ STIPULATED REQUIREMENTS AND INCLUDE COMBINED WAR RISK COVERAGE. PASSENGER, BAGGAGE AND CARGO INSURANCE IS TO BE IN ACCORDANCE WITH THE WARSAW CONVENTION AS AMENDED BY THE HAGUE PROTOCOL.
D. AIRCRAFT MAINTENANCE TO INCLUDE SPARE PARTS, USABLES, TOOLS, GROUND SUPPORT EQUIPMENT, ON SITE AND BACK-UP SERVICES FROM HOME BASE, AND ANY ADDITIONAL PLACE OF MAINTENANCE INCLUSIVE OF FUEL, STORAGE COSTS AND ALL OTHER OPERATIONAL EXPENSES. MAINTENANCE SCHEDULES MUST BE CARRIED OUT IN SUCH A WAY AS NOT TO DISRUPT SCHEDULED SERVICES AND MUST BE NOTIFIED TO UNHCR IN ADVANCE.
E. DUTY PRESENCE OF CREW: 6 DAYS A WEEK, 7 DAYS A WEEK FOR EMERGENCY SITUATIONS. MINIMUM ROTATION SCHEDULE: 3 MONTHS “ON” ONE MONTH “OFF”. CREW TRAVEL TO AND FROM OPERATIONAL BASE TO ENSURE PERMANENT FIELD PRESENCE OF CREW PERSONNEL.
UNHCR Manual Chapter 8

F. ACCOMMODATION, LAUNDRY AND GROUND TRANSPORT FOR CREW, AT THE OPERATION BASE
G. MARKINGS ON AIRCRAFT AS DETAILED ABOVE.

GUARANTEE/WARRANTY:
=====================================
THE SELLER WARRANTS THAT AIRCRAFT SHALL BE MAINTAINED AS PER MANUFACTURERS INSTRUCTIONS AND MANUALS AND IN ACCORDANCE WITH CIVIL AVIATION REGULATIONS IN COUNTRY WHERE AIRCRAFT IS REGISTERED AS WELL AS WITH THE CIVIL AVIATION REGULATIONS OF COUNTRY OF OPERATION.

SPECIAL INSTRUCTIONS:
=======================
- UNHCR OFFICE AT BASE WILL BE RESPONSIBLE FOR:
  THE INTERNAL FUEL USAGE AND FUEL POSITIONING COSTS TO DESIGNATED FUEL STORAGE SITES;
  ASSISTING THE SELLER AND PAYING FOR CHARGES ASSESSED IN APPLICATION FOR OPERATING PERMIT, VISA, AND WORK PERMITS FOR AIRCRAFT AND CREW;
  ANY LANDING AND/OR NAVIGATION FEES;
  CUSTOMS DUTIES FOR AIRCRAFT AND CREW IF ASSESSED;
  OVERNIGHT STAYS AWAY FROM OPERATIONAL BASE TO BE REIMBURSED AT COST ACCORDING TO UNHCR DSA/PER DIEM RATES PROVIDED THE SERVICES ARE NOT OFFERED BY UNHCR;

- UNHCR OFFICE GENEVA WILL BE RESPONSIBLE FOR:
  - MONTHLY ACMI CHARGES; ADDITIONAL HOURS; ADDITIONAL WAR RISK INSURANCE, POS/DEPOS/PAINT IF ANY AND ITEMS LISTED UNDER “VALUE THIS PURCHASE ORDER”.

NO OTHER CHARGES FOR WHATEVER REASON WILL BE ACCEPTED BY UNHCR.

SUBSTITUTION OF AIRCRAFT (S):
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IF THE NEED SHOULD ARISE FOR ANY TECHNICAL/OPERATIONAL REASON, THE SELLER IS REQUIRED TO SUBSTITUTE/REPLACE THE AIRCRAFT (S) AT THEIR COST IF THE ABOVE-MENTIONED AIRCRAFT IS UNABLE TO FLY FOR A MAX PERIOD OF 72 HOURS. ANY SUCH SUBSTITUTION MUST BE NOTIFIED TO UNHCR AT LEAST 12 HOURS IN ADVANCE. ALSO THE AIRCRAFT (S) MUST BE OF EQUIVALENT SPECIFICATION.

- IN THE EVENT OF AN EMERGENCY AND THE AIRCRAFT IS GROUNDED FOR WHATEVER REASON, THE SELLER SHOULD BE IN A POSITION TO MAKE THE AIRCRAFT OPERATIONAL WITHIN A PERIOD OF 24 HOURS FROM THE FIRST REQUEST TO DO SO. FAILING TO DO SO, THE SELLER WILL BE REQUIRED
TO MAKE AVAILABLE AT THEIR EXPENSE AT THE OPERATIONAL BASE, A REPLACEMENT AIRCRAFT TO BE POSITIONED AND OPERATIONAL WITHIN THE SAID TIME FRAME.

- IN THE EVENT THE SELLER DOES NOT MAKE A SUBSTITUTE AIRCRAFT AVAILABLE AS DESCRIBED ABOVE, UNHCR RESERVES THE RIGHT TO CHARTER A REPLACEMENT AIRCRAFT AT THE SELLER’S EXPENSE AND/OR TO DEDUCT FROM THE MONTHLY INVOICE THE GUARANTEED BLOCK HOURS THAT THE AIRCRAFT DID NOT FLY DUE TO UNAVAILABILITY OF THE AIRCRAFT AND/OR ANY ADDITIONAL COSTS DERIVED THEREOF TO BE INVOICED TO UNHCR GENEVA:

- MONTHLY CHARGE INVOICE ALONG WITH REPORTS AND DOCUMENTATION AS DESCRIBED UNDER THE HEADINGS ‘REPORTING’ AND ‘DOCUMENTATION REQUIRED’
- ADDITIONAL HOURS =

THE INVOICE FOR ADDITIONAL BLOCK HOURS MUST BE SEPARATE FROM THE INVOICE FOR MONTHLY BLOCK HOURS.

ADDITIONAL BLOCK HOURS MUST BE DULY AUTHORISED IN WRITING BY THE UNHCR CHIEF OF MISSION AND THE AUTHORISATION MUST BE SUBMITTED ALONG WITH THE RESPECTIVE INVOICE. THIS AUTHORISATION MUST BE SUBMITTED IN ORIGINAL AND MUST CLEARLY SHOW THE FOLLOWING:

1) THE TOTAL NUMBER OF ADDITIONAL HOURS FOR THE PERIOD OVER AND ABOVE THE MINIMUM GUARANTEED MONTHLY BLOCK HOURS ACCOMPANIED BY PHOTOCOPIES OF THE APPROPRIATE PAGES FROM THE AIRCRAFT LOGBOOK.
2) DATES, TIME AND PLACE OF OPERATION, THE SIGNATURE, UNHCR STAMP AND NAME IN BLOCK CAPITALS, OF THE REPRESENTATIVE SIGNING ON BEHALF OF UNHCR.

THE ONLY PERSONS AUTHORISED UNDER THIS PURCHASE ORDER TO AUTHORISE ADDITIONAL BLOCK HOURS ARE:

THE UNHCR CHIEF OF MISSION

ANY ADDITION TO THIS AUTHORITY WILL BE NOTIFIED TO THE SELLER IN WRITING.

- WAR RISK INSURANCE INVOICES =
INVOICES FOR WAR RISK INSURANCE MUST BE INVOICED SEPARATELY AND BE SUBMITTED ALONG WITH THE FOLLOWING:
1. INSURANCE CERTIFICATE SHOWING WAR RISK COVERAGE PERIOD
2. STATEMENT FROM THE INSURANCE COMPANY SHOWING THE BREAKDOWN OF DETAILS, IE THAT THE AMOUNT WAS PREPAID BY THE SUPPLIER AT COST, THAT THE AMOUNT IS FOR ADDITIONAL WAR RISK INSURANCE ONLY.

ALL OTHER AUTHORISED REIMBURSABLE EXPENSES TO BE INVOICED AT COST DIRECTLY TO OPERATION BASE AS DEFINED ABOVE UNDER “CONSIGNEE”

REPORTING:

-------------
IN ADDITION TO THE AIRCRAFT LOGBOOK, THE SELLER IS REQUIRED TO PROVIDE THE BUYER A REPORT WHICH SUMMARISES THE FOLLOWING:
1. DATE AIRCRAFT REGISTRATION NUMBER, ROUTE FLOWN, NUMBER OF PASSENGERS AND CARGO IN KGs CARRIED, NUMBER OF BLOCK HOURS.
2. MONTHLY TOTAL OF FLIGHTS PER DESTINATION, TOTAL NUMBER OF PASSENGERS AND CARGO (UNHCR/NON-UNHCR), TOTAL OF HOURS
THE REPORT PERIOD SHOULD CORRESPOND TO THE INVOICED PERIOD AND SHOULD BE SUBMITTED TOGETHER WITH THE INVOICE.

DOCUMENTATION REQUIRED WHEN INVOICING: (2 SETS, ONE SET ORIGINALS AND ONE SET COPIES)

---------------
MONTHLY INVOICE – STATING THE TOTAL BLOCK HOURS FLOWN AND THE EXACT CONTRACT PERIOD COVERED.
AUTHORISATION OF ADDITIONAL BLOCK HOURS AS DETAILED ABOVE, INCLUDING FLIGHT LOG COPIES AS REQUIRED.
REPORT ON USAGE (AS DETAILED UNDER REPORTING)

DISTRIBUTION OF DOCUMENTS

-------------------------------
ONE FULL SET TO UNHCR GENEVA/STS ATTN:XXXXXXXXXXX
FOR PAYMENT PURPOSES
REMAINING SET TO THE OPERATIONAL BASE FOR INFO ONLY

AIRCRAFT DOCUMENTATION:

-------------------------------
A. CERTIFICATE OF AIRWORTHINESS
B. COPY OF INSURANCE CONTRACT WITH COVERAGE DETAILS FOR THE PERIOD AIRCRAFT IS UNDER CONTRACT.
THE ABOVE DOCUMENTATION SHOULD BE SENT TO UNHCR GENEVA IMMEDIATELY AND NEW COPIES SHOULD BE SENT AS CONTRACTS/CERTIFICATES ARE UPDATED TO ENSURE ENTIRE CONTRACT PERIOD IS COVERED.

TERMS OF PAYMENT:

UNHCR SHALL EFFECT PAYMENTS TO THE SELLER AS FOLLOWS:

UNHCR IS TO BE INVOICES MONTHLY IN ARREARS, (I.E. SELLER IS TO INVOICE UNHCR IMMEDIATELY UPON COMPLETION OF THE MONTHS SERVICE). UNHCR WILL PAY BY BANK TRANSFER WITHIN 30 DAYS AFTER RECEIPT OF THE INVOICE AND SUPPORTING DOCUMENTS IF IN GOOD ORDER.

THE INVOICE WILL BE PAID ON:

XXXXXXX BANK
XXXXXXXXXXX
XXXXXXXXXXXXX
XXXXXXXXXXXX
ACCOUNT:

PLEASE CHECK CAREFULLY AND INFORM US IN WRITING OF ANY CHANGES TO THE ABOVE INFORMATION.

PLEASE INDICATE CLEARLY BANK ACCOUNT NUMBER, NAME AND ADDRESS, ON ALL YOUR INVOICES.

LOCAL LAW AND CUSTOMS:

THE CARRIER SHALL ENSURE THAT THE EMPLOYEES, OR ANY OTHER PERSON ASSIGNED BY THE CARRIER TO WORK IN OR TRAVEL TO ANY AREA WITHIN THE WORKING PARAMETERS OF THIS CONTRACT OBSERVE THE LAWS AND RESPECT THE CUSTOMS PREVAILING THEREIN.

NON-LIABILITY OF UNHCR

UNHCR SHALL NOT BE LIABLE TO INDEMNIFY ANY THIRD PARTY IN RESPECT OF ANY CLAIM, DEBT, DAMAGE AND/OR DEMAND ARISING OUT OF IMPLEMENTATION OF THIS PURCHASE ORDER AND WHICH MAY BE MADE AGAINST THE OTHER PARTIES TO THIS PURCHASE ORDER.
UNHCR SHALL NOT ACCEPT LIABILITY FOR COMPENSATION FOR THE DEATH, DISABILITY OR OTHER HAZARDS WHICH MAY BE SUFFERED BY EMPLOYEES OR OTHER PARTIES TO THIS PURCHASE ORDER AS A RESULT OF THEIR EMPLOYMENT ON WORK WHICH IS SUBJECT TO THIS PURCHASE ORDER.

LIABILITY OF THE CARRIER:

IN ALL MATTERS RELATING TO THE PERFORMANCE OF THIS ORDER THE SELLER SHALL BE ACTING AS AN INDEPENDENT CONTRACTOR. NEITHER THE SELLER NOR THEIR EMPLOYEES ARE EMPLOYEES OF UNHCR AND NEITHER SHALL HAVE AN AUTHORITY TO ACT AS AN AGENT, OR EMPLOYEE OR IN ANY OTHER CAPACITY FOR UNHCR.

THE SELLER SHALL BE LIABLE FOR ANY COSTS INCURRED IN EXCESS OF THE AGREED PRICE, OTHER THAN ALLOWED FOR ELSEWHERE IN THIS PURCHASE ORDER.

THE SELLER SHALL BE LIABLE FOR THE SETTLEMENT OF ANY COMMITMENT OR CONTRACTUAL OBLIGATION ENTERED INTO BY THEM IN CONNECTION WITH THIS PURCHASE ORDER.

THE SELLER SHALL BE LIABLE FOR THE DAMAGES OR THE SETTLEMENT OF CLAIMS FOR DAMAGES INCURRED BY ANY THIRD PARTY AS A RESULT OF NEGLIGENCE, MISDEMEANOUR OR MISCONDUCT OF THE SELLER’S EMPLOYEES EMPLOYED ON WORK WHICH IS THE SUBJECT MATTER OF THIS PURCHASE ORDER.

THE SELLER SHALL BE LIABLE FOR THE ACTS AND ANY DAMAGES CAUSED BY SUCH ACTS, CONSIDERED CRIMINAL OR AS A RESULT OF CRIMINAL NEGLIGENCE BY THE SELLER AND THEIR EMPLOYEES.

THE SELLER SHALL BE LIABLE FOR THE DEATH, DISABILITY OR PERSONAL INJURY TO ANY PERSONS HIRED BY THE SELLER (ON A REGULAR OR CASUAL BASIS) ON WORK RELATED TO THE PERFORMANCE OF THEIR CONTRACTUAL SERVICES UNDER THIS PO. SUCH LIABILITIES INCLUDES COST OF EVACUATION, MEDICAL TREATMENT, HOSPITALISATION, INDEMNITIES FOR LOSS OF EARNINGS, FUNERAL COSTS, SETTLEMENT OF FAMILY LIABILITIES AND COMMITMENTS.

THE SELLER SHALL BE LIABLE FOR THE DEATH, DISABILITY OR PERSONAL INJURY OF ANY THIRD PARTY AS A RESULT OF ACTIONS OF THE SELLER OR ANY PERSONS THEY HIRE IN THE PERFORMANCE OF THEIR CONTRACTUAL SERVICE. IN THIS RESPECT, THE SELLER MUST TAKE OUT AS A MINIMUM INSURANCE AGAINST THIRD PARTY LIABILITIES FOR HIS PROPERTY AND HIS EMPLOYEES.

EVALUATION:

UNHCR RESERVES THE RIGHT TO UNDERTAKE AN EVALUATION OF THE SELLER’S CAPABILITY TO FULFIL THEIR OBLIGATIONS UNDER THIS PURCHASE ORDER.
ORDER AT ANY TIME. BASED UPON UNHCR’s JUDGEMENT, SHOULD AN EVALUATION PROVE THAT THE SELLER IS NOT IN A POSITION TO ACCOMPLISH ITS OBLIGATIONS, UNHCR RESERVE THE RIGHT TO RE-NEGOTIATE AND/OR TERMINATE THIS PURCHASE ORDER. THE DECISION OF UNHCR SHALL BE FINAL.

AUTHORISATIONS:

IT IS THE RESPONSIBILITY OF THE SELLER TO GAIN ALL THE NECESSARY LANDING PERMISSIONS AND OVERFLY RIGHTS IN ORDER TO CARRY OUT THIS OPERATION.

TERMINATION

IF IT IS DEEMED NECESSARY TO PREMATURELY TERMINATE THIS CONTRACT BY EITHER PARTY THEN NOTICE, IN WRITING, IS REQUIRED GIVING 15 DAYS ADVANCE NOTICE. IN SUCH AN EVENT, COSTS WILL BE APPORTIONED ACCORDINGLY TO THE TERMS OF THIS PURCHASE ORDER FOR COMPLETED SERVICES.

LIQUIDATED DAMAGES:

IN THE EVENT OF A BREACH OF AGREEMENT BETWEEN BUYER AND SELLER, UNHCR HEREBY RESERVES THE RIGHT TO COLLECT FROM THE SELLER OR DEDUCT FROM MONIES DUE TO THE SELLER, ALL-INCIDENTAL AND CONSEQUENTIAL DAMAGES FOR NON-PERFORMANCE.

ACCEPTANCE:

PLEASE CONFIRM YOUR ACCEPTANCE OF THIS ORDER ON TELEFAX NO. XXXXXXXXXXXXXX, ATT. XXXXXXXXXXXXXXXXXXX, AND ENSURE THAT ALL CORRESPONDENCE CITES OUR PURCHASE ORDER NUMBER AND TITLE. YOUR FAX CONFIRMATION IS EXPECTED NOT LATER THAN XXXXXXXXXXXXXXXX AT XXXXXXXX HOURS GENEVA TIME. UPON RECEIPT OF OUR FORMAL CONFIRMING PURCHASE ORDER YOU ARE REQUIRED TO SIGN AND RETURN THE ACKNOWLEDGEMENT COPY WITHIN SEVEN DAYS.

RECEIPT BY UNHCR OF THE SIGNED PURCHASE ORDER ACKNOWLEDGEMENT XXXXXXXX, SELLER’S WRITTEN CONFIRMATION OF ORDER, OR INITIATION OF PERFORMANCE UNDER THIS ORDER BY THE SELLER SHALL CONSTITUTE ACCEPTANCE OF THE ORDER BY THE SELLER, INCLUDING ALL TERMS AND CONDITIONS HEREIN CONTAINED OR OTHERWISE INCORPORATED BY REFERENCE.

ACCEPTANCE IS LIMITED TO THE TERMS HEREIN STATED OR INCORPORATED BY REFERENCE AND ANY ADDITIONAL OR DIFFERENT TERMS OR CONDITIONS
PROPOSED BY THE SELLER ARE REJECTED UNLESS EXPRESSLY APPROVED IN WRITING BY AN AUTHORISED REPRESENTATIVE OF UNHCR.

UNHCR GENEVA, XXXXXXXXXXXXXXX

ANNEX B (Sample PO for Airlift of Emergency Items)

PURCHASE ORDER PO/XXXXX

AIRLIFT OF EMERGENCY RELIEF ITEMS FROM
XXXXXX TO XXXXXXXX FOR XXXXXXXXX EMERGENCY

THIS ORDER SUPERSEDES ALL PRIOR ORAL OR WRITTEN AGREEMENTS, IF ANY, BETWEEN THE PARTIES AND CONSTITUTES THE ENTIRE AGREEMENT IN RESPECT OF THIS PURCHASE.

REFERENCE YOUR FAX DATED XXXXXXXXXX

WE HEREBY PLACE THE FOLLOWING ORDER SUBJECT TO THE TERMS BELOW AND UNHCR PURCHASE ORDER GENERAL CONDITIONS (JUNE 1997) THAT ARE INCORPORATED BY REFERENCE.

SELLER

XXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXX

TELEPHONE: XXXXXXXXXXXXXX

FAX NO. : XXXXXXXXXXXXXX

BUYER

THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES
P.O. BOX 2500
CH-1211 GENEVA 2 DEPOT
SWITZERLAND
ATTENTION: HQSF00

RESPONSIBLE BUYER: XXXXXXX
TELEPHONE : XXXXXXX
FAX NO. : XXXXXXX

CONSIGNEE
===========

UNHCR

TELEPHONE : XXXXXXX
FAX NO. : XXXXXXX
MOBILE : XXXXXXX
CONTACT PERSON : XXXXXXX

SERVICE
-------

AIRCHARTER SERVICES

FROM: XXXXXXXXXXX
TO : XXXXXXXXXXX

CARGO DETAILS: ALL WEIGHTS AND VOLUMES APPROXIMATE

AS PER THE PROVISIONAL CARGO MANIFEST NO. XXXXXXXXXXX ALREADY SENT BY E-MAIL.

TOTAL QUANTITY TO BE AIRLIFTED TO XXXXXXXXXXXXXX

WEIGHT AND VOLUMES APPROXIMATE
XXXXX KGs / XXX CBM

IT IS THE SOLE RESPONSIBILITY OF THE SELLER TO ENSURE THAT THE AIRCRAFT IS LOADED TO THE MAXIMUM POSSIBLE BUT WITH A MINIMUM OF XXXXXXX KGs.

ORIGIN OF SERVICE
-------------------

XXXXXX XXXXXX

PACKING DETAILS
------------------

GOODS SHOULD ADEQUATELY BE STOWED AND SECURED IN ORDER TO MEET THE REQUIREMENTS OF THE TRANSPORT MODE STIPULATED AND COMPLY WITH ALL THE APPROPRIATE AVIATION REGULATIONS.

DELIVERY/SHIPPING
-------------------
• ENTIRE CONSIGNMENT TO BE AIRLIFTED AND DELIVERED TO CONSIGNEE IN 1 FLIGHT.
• THE GOODS WILL BE DELIVERED TO XXXXXX AT XXXXXX AIRPORT WITH SUPPORTING T1 DOCUMENTS.
• CARGO – FCA XXXXX TO CPT XXXXX (REFERENCE INCOTERMS 1990)
• ENTIRE CONSIGNMENT TO BE AIRLIFTED BY XXXXX LATEST.
• IT IS THE SOLE RESPONSIBILITY OF THE SELLER TO ENSURE THAT THE WHOLE CONSIGNMENT IS UPLIFTED.
• FAILURE TO UPLIFT THE WHOLE CONSIGNMENT FOR WHATSOEVER REASON, NOTIFICATION SHOULD BE GIVEN TO THE BUYER PRIOR TO THE DEPARTURE OF THE AIRCRAFT FOR AUTHORISATION IN ACCORDANCE WITH THE ABOVE PROVISION.

MODE OF TRANSPORT WILL BE AIR.
SPLIT SHIPMENTS ARE NOT AUTHORISED.
LATEST DATE OF SHIPMENT: XXXXX
TRANS-SHIPMENT OF GOODS IS NOT PERMITTED.

DETAILS OF FLIGHT
=================
ROUTING : XXXXXXXXXXXX
CARRIER : XXXXXXXXXXXX
REG. NO : XXXXXXXXXXXX
AIRCRAFT : XXXXXXXXXXXX
SCHEDULE: ETD XXXXXXXX GMT
           ETA XXXXXXXX GMT

ACTUAL FLIGHT SCHEDULE TO BE CONFIRMED.

LATEST ARRIVAL DATE: XXXXXXXXXX

VALUE THIS ORDER
=================
(US DOLLARS XXXXXXXXXXXXXXXXXXXXXXXXXXXX)

THE TOTAL VALUE OF THIS ORDER IS USD XXXXXXX
SELLER’S INCOTERMS: CPT XXXXXX

CURRENCY IS: US DOLLARS

UNHCR ITEM NO.:
=================
82011 : XXXX FLIGHT(S) AT XXXXXX XXXXXXXXXXXX

TOTAL VALUE ITEMS XXXXXXXXXXXX
TOTAL VALUE THIS ORDER  XXXXXXXXXXX

PRICE IS ALL INCLUSIVE OF LANDING/HANDLING, OVERFLY/NAVIGATION, ON AND OFFLOADING AT ORIGIN AND DESTINATION AIRPORTS AND ALL OTHER RELATED CHARGES. UNHCR WILL NOT PAY ANY FURTHER CHARGES ON ANY GROUNDS.

IMPORTANT

• IT IS THE RESPONSIBILITY OF THE CHARTER COMPANY TO OBTAIN ALL NECESSARY LANDING PERMISSIONS AND OVERFLY RIGHTS FOR THIS OPERATION.
• IN THE EVENT OF ROYALTIES BEING LEVIED THE BUYER WILL PROVIDE ALL THE NECESSARY ASSISTANCE FOR THE WAIVE OF SAME.

INSURANCE

INSURANCE OF THE CARGO ONLY WILL BE EFFECTED BY UNHCR. ALL OTHER MANDATORY INSURANCE FOR THE AIRCRAFT AND CREW INCLUDING WAR RISK WILL BE THE SOLE RESPONSIBILITY OF THE SELLER.

COPY OF INSURANCE CERTIFICATE TO BE FAXED ALONG WITH THE ACCEPTANCE OF THIS PURCHASE ORDER, GUARANTEEING MINIMUM REQUIRED THIRD PARTY LIABILITY COVERAGE.

SELLER GUARANTEES THAT IT IS NOT ENGAGED IN THE SALE OR MANUFACTURE, EITHER DIRECTLY OR INDIRECTLY, OF ANTI-PERSONNEL MINES OR ANY COMPONENTS PRODUCED PRIMARILY FOR THE OPERATION THEREOF.

THE BUYER

A. SHALL NOT BE LIABLE TO INDEMNIFY AND THIRD PARTY IN RESPECT OF ANY CLAIM, DEBT, DAMAGE OR DEMAND ARISING OR OF THE IMPLEMENTATION OF THIS PURCHASE ORDER AND WHICH MAY BE MADE AGAINST THE SELLER.

B. WILL NOT ACCEPT LIABILITY FOR COMPENSATION FOR THE DEATH, DISABILITY OR OTHER HAZARDS WHICH MAY BE SUFFERED BY EMPLOYEES OF THE SELLER AS A RESULT OF THEIR EMPLOYMENT ON WORK WHICH IS THE SUBJECT MATTER OF THIS PURCHASE ORDER.

C. DOES NOT GUARANTEE THAT POSITIONED AIRCRAFT WILL AUTOMATICALLY BE AUTHORISED TO LAND IN XXXXXXXXXXX. ANY
SUSPENSION OF FLIGHTS BY THE RELEVANT AUTHORITIES SHALL BE TREATED AS BEING OUTSIDE THE CONTROL OF UNHCR, AND NO CHARGES WILL BE ACCEPTED FOR GROUNDING / DELAY OF AIRCRAFT AND/OR CREW.

D. WILL NOT ACCEPT ANY CHARTER PARTY LIABILITIES AND THE SELLER, IF NOT THE OWNER, MUST BE IN A POSITION TO SIGN CHARTER PARTY ON OWN RESPONSIBILITY.

NOTIFY PARTY

UNHCR GENEVA, ATTN.
TELEX 412404 HCR CH   TELEFAX (022) 739 7306
UNHCR XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
AS PER CONSIGNEE DETAILS ABOVE

WARRANTY

WE REQUIRE THE USUAL
Xxxxxxxxxxxxxxxxxxxxxxxxxx GUARANTEE THAT THE SERVICES PROVIDED ADHERE TO THE AGREED TERMS AND CONDITIONS AND ARE IN LINE WITH THE PREVAILING RULES AND PRACTICES OF THE TRADE.

SPECIAL INSTRUCTION

ONLY UNHCR CARGO WILL BE PERMITTED TO BE CARRIED UNLESS PRIOR AUTHORISATION GIVEN BY THE BUYER.

PROJECT MANAGER MUST BE SUPPLIED. CONSOLIDATION AND HANDLING/MONITORING OF CARGO IS OF PARAMOUNT IMPORTANCE TO UNHCR.

IT IS THE SOLE RESPONSIBILITY OF THE SELLER TO CO-ORDINATE WITH THE SUPPLIERS TO CONFIRM ACTUAL GOODS RECEIVED AND LOADED AT DEPARTURE POINT. CONFIRMATION OF CARGO LOADED MUST BE SENT TO UNHCR STS ATTN: XXXXXXXXXX PRIOR TO DEPARTURE. ANY GOODS CONFIRMED AS RECEIVED/LOADED BY SELLER WHICH ARE NOT RECEIVED AT ARRIVAL POINT, CPT XXXXXXXX, MUST BE SENT ON THE NEXT AVAILABLE FLIGHT AT SELLER’S EXPENSE.

IT IS THE SOLE RESPONSIBILITY OF THE SELLER TO ENSURE THAT THE CARGO IS CO-ORDINATED IN TIME FOR THE FLIGHT. IF THE FLIGHT SHOULD BE DELAYED ALL NOTIFY PARTIES MUST BE INFORMED ACCORDINGLY. ANY DELAYS INCURRED WILL BE AT NO EXTRA COST TO THE BUYER.

FLIGHT DETAILS MUST BE FAXED TO NOTIFY PARTIES WELL IN ADVANCE AND DEFINITELY PRIOR TO DEPARTURE. COPY OF AWB AND FLIGHT
SCHEDULE TO BE FAXED ASAP TO XXXXX AND TO UNHCR GENEVA ATTN: XXXXXXXX.

THE PRICE QUOTED FOR THIS ORDER IS FULLY INCLUSIVE OF ALL CHARGES. UNHCR WILL NOT PAY ANY FURTHER CHARGES FOR WHATSOEVER REASON.

AIRCRAFT OFFERED MUST BE CERTIFIED BY APPROPRIATE AUTHORITIES TO OPERATE COMMERCIAL CHARTERS.

• THE SELLER AGREES TO INFORM THE UNHCR REPRESENTATIVE AT DESTINATION OF THE FLIGHT STATUS (ATD, ATA, FLIGHT DETAILS) IN A TIMELY MANNER FOR THEM TO MEET THE AIRCRAFT AND TAKE DELIVERY OF THE CONSIGNMENT.

DOCUMENTATION REQUIRED

XXXXXXXXXXXXX COMMERCIAL INVOICE IN 2 ORIGINALS + 1 COPY

• AIR WAYBILL MARKED ‘FREIGHT PREPAID’ IN 2 ORIGINALS + 1 COPY

CARGO MANIFEST IN 2 COPIES

• HOUSE AIR WAY BILL PER SHIPPER IN 1 ORIGINAL + 2 COPIES

IN ADDITION TO THE ABOVE, CERTIFICATES FOR THE CARGO LOADED MUST BE RETAINED BY THE SELLER AND PRODUCED IF REQUESTED.

DISTRIBUTION OF DOCUMENTS

DOCUMENTS ARE TO BE ORGANISED IN SETS AS FOLLOWS:

A FULL SET OF ORIGINALS ATTACHED TO THE AWB.
ONE SET OF ORIGINALS AND ONE SET OF COPIES SENT TO UNHCR GENEVA, STS, FOR PAYMENT, ATTENTION: XXXXXXXXX

PAYMENT TERMS

BY BANK TRANSFER WITHIN 30 DAYS OF RECEIPT OF ALL ABOVE DOCUMENTS IN GENEVA IN GOOD ORDER.

INVOICES ARE TO BE SUBMITTED ON A PER PURCHASE ORDER BASIS.

THE INVOICE WILL BE PAID ON:

XXXXXXXXXXXXX

XXXXXXXXXXXXX
ACCOUNT: XXXXXXXXXXXXX

PLEASE CHECK CAREFULLY AND INFORM US IN WRITING OF ANY CHANGES TO THE ABOVE INFORMATION.

ACCEPTANCE
============

PLEASE CONFIRM YOUR ACCEPTANCE OF THIS ORDER ON TELEFAX NO. +41 22 739 7306, ATTN. XXXXXXXXXXXX, AND ENSURE THAT ALL CORRESPONDENCE CITES OUR PURCHASE ORDER NUMBER AND TITLE.

UPON RECEIPT OF OUR FORMAL CONFIRMING PURCHASE ORDER, YOU ARE REQUIRED TO SIGN AND RETURN THE ACKNOWLEDGEMENT COPY WITHIN SEVEN DAYS.

RECEIPT BY UNHCR OF THE SIGNED PURCHASE ORDER ACKNOWLEDGEMENT COPY, SELLER’S WRITTEN CONFIRMATION OF ORDER, OR INITIATION OF PERFORMANCE UNDER THIS ORDER BY THE SELLER SHALL CONSTITUTE ACCEPTANCE OF THE ORDER BY THE SELLER, INCLUDING ALL TERMS AND CONDITIONS HEREIN CONTAINED OR OTHERWISE INCORPORATED BY REFERENCE.

ACCEPTANCE IS LIMITED TO THE TERMS HEREIN STATED OR INCORPORATED BY REFERENCE AND ANY ADDITIONAL OR DIFFERENT TERMS OR CONDITIONS PROPOSED BY THE SELLER ARE REJECTED UNLESS EXPRESSLY APPROVED IN WRITING BY AN AUTHORISED REPRESENTATIVE OF UNHCR.

UNHCR GENEVA, (DATE)