

# Chapter 6:

## BRC's Globally Pre-Positioned Stocks

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This chapter gives an overview of the management of the BRC's pre-positioned stocks. For more detailed explanations, the OLPSM standard operating procedures can be requested from the logistics team in UKO.

## 6.1 What is covered in this chapter?

**IFRC global warehouse hubs**

**BRC globally pre-positioned stock strategy**

**BRC globally pre-positioned stocks: sourcing, tracking, dispatching, replenishing**

**BRC stock sales and pledges**

## 6.2 BRC's global stock pre-positioning

### 6.2.1 The IFRC's OLPSM offer and system

The IFRC manages warehouses globally to pre-position emergency response stocks in all regions of the world (see Section 2.2.7). The IFRC's stock pre-positioning strategy takes several variables into consideration, including turnover (see Section 6.2.2 for more details on this) and usage.

The stocks pre-positioned in the IFRC's global warehouses are held through various mechanisms:

- Federation-owned stocks (FOS): items belonging to IFRC, stored in IFRC-managed warehouses
- Vendor-consignment inventory (VCI): items owned by suppliers but stored in IFRC-managed warehouse
- Supplier-reserved stocks (SRS): items stored at suppliers' facilities, reserved for IFRC purchases
- Partner National Societies' stocks (PNS): items owned by PNS, stored in IFRC-managed warehouses.

Through the **global logistics service** (GLS) agreement, IFRC offer to hold stock for other National Societies in those warehouses. Each warehouse is managed by the OLPSM and operates following their own standard operating procedure. Copies of each OLPSM's standard operating procedure are available to stock-holding PNSs upon request.

This stock is owned by the PNS but managed by the IFRC staff in the region. The GLS defines the terms and conditions of this relationship; there are costs associated with the storage, handling and shipping of PNS-owned stocks. In return, the IFRC offer stock management services, such as stock rotation, quality control at reception, consignment preparation and freight services. The OLPSMs share monthly stock reports and annual stocktake reports with stock-holding PNSs and participate in their stock strategy upon request.

## 6.2.2 BRC stocks in IFRC's OLPSCMs

The BRC hold stock in four of the IFRC's regional warehouses, corresponding to the areas of focus defined in the BRC international strategy and to the countries where the BRC maintains ongoing partnerships:

Warehouse location	Region
Harare, Zimbabwe	East and Southern Africa
Panama City, Panama	Americas and OSBs
Kuala Lumpur, Malaysia	Asia
Dubai, UAE	MENA-MED

The variety of items BRC pre-positions in each warehouse varies, but they are mostly non-food items (NFIs) and follow the IFRC standard product catalogue specifications. The mix of items in stock in each location varies based on regional context, overall stock targets and BRC budgetary constraints, on the IFRC's access to stocks in the region and on stock-holding PNSs and the resources available to manage stocks.

The type and quantity of items that the BRC pre-positions in each location is agreed with the emergencies team and the regional teams on an annual basis through the stock strategy review process (6.2.3). The list of items in stock at the time of writing is as below (pending review) – note that it may change as strategic and operational priorities evolve:

Item Description	IFRC item code (see online catalogue for details on varieties)	Kuala Lumpur	Dubai	Harare	Panama City
Blanket (cotton)	HSHEBLANCLT1	X			
Blanket (high thermal)	HSHEBLANPHT1				
Blanket (low thermal)	HSHEBLANPLT1				X
Blanket (medium thermal)	HSHEBLANPMT1	X	X	X	
Body bag	WSANBODBUSH				
Plastic bucket	HCONBUCKP14		X		X
Chlorine tablets	WASDCHLA0002T				
Cleaning kit	KRELCLEA01				
Hygiene kit	KADMLIFE08F	X	X		X
Jerry can (10L)	XLABBOTL10PT	X	X		X
Jerry can (20L)	HCONJCANP20			X	
Kitchen Set A	KRELCOOSETA	X	X		X
Mosquito net (large)	HSHEMNETRL	X	X	X	X
Plastic sleeping mat	HSHEMATTPLA1		X		
Shelter toolkit	KRELSHEK01	X			
Solar lamp	EELELAPOFAM1				
Tarpaulins	HSHETARPW406	X	X	X	X
Tent (family)	HSHETENTF16C	X			

Tent (multipurpose)	HSHETENTM45				
Tent (warehouse, Rubb Hall)	HSHETENTW2RS	X	X		X
WatSan Kit 5	KWATNEACK05				

Note: Items that BRC does not have in stock anywhere have been included in the list as they may be available from pre-positioned stocks owned by other PNSs or by the IFRC.

The quantities held in stock in each location are agreed on an annual basis, with suggestions made by the logistics officer for global emergencies, based on several variables:

Variable	Rationale
Annual stock turnover	Rate at which stock is issued and replaced. This should be more than one, or the set stock target is too high and stock will sit in warehouses for too long before it is used, running the risk of becoming damaged or obsolete.
The IFRC's stock strategy and access to other forms of ownership (VCI, SRS, FOS) and other PNS's stock strategies where possible	The BRC will try to bridge gaps between the IFRC's global stock strategy and other partners' ability to pre-position stocks.
Replenishment lead times	The quantities held in stock will depend on lead times to source more of the same: if the lead time is longer than the time it takes for stocks to be depleted, then stock levels will be higher. If the market is able to supply replenishment items quickly, then small quantities can be held in stock.
Historical demand for stock	Items in higher demand will be stocked in larger quantities

### 6.2.3 BRC stock ownership, strategy and review

The stock that BRC pre-positions in IFRC's OLPSCM Units belongs to the BRC's emergencies team and is managed by the international logistics team. The logistics officer (Emergencies) has direct relationships with the warehouse team in each OLPSCM and regular meetings are held between BRC and IFRC staff to report on stock status and stock movements. Based on information reviewed between both parties, BRC's logistics team regularly reports directly to the International directorate on performance against stock targets, through the weekly logistics status report and the international directorate's quarterly reports (international dashboard report).

Every year, the logistics team suggests reviews to the BRC's stock offer in view of the data (6.2.2). The emergencies team is free to accept or refuse the proposed changes, based on their understanding of BRC's future responses and on regional priorities.

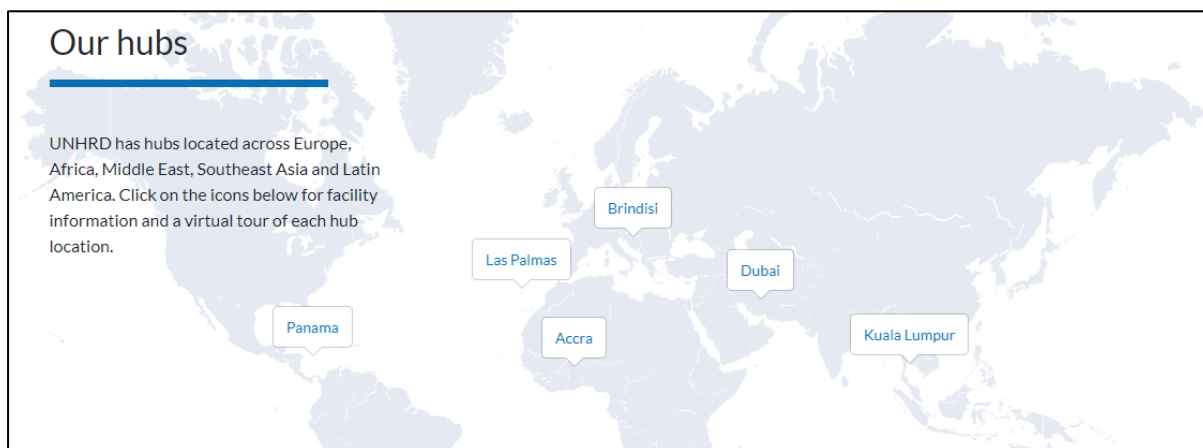
It is important to understand the segregation between ownership and management of stock: logistics must seek approval from emergencies every time a stock movement is considered. For more details on budgeting for pre-positioned stock, see Section 6.3.2.

In 2020, the BRC's current stock strategy and targets were as below:

Item Description	KL	Dubai	Panama	Zim
Blanket Cotton	10,000			
Blanket Light Thermal			1,500	
Blanket Medium Thermal	20,000	15,000		3,500
Plastic Bucket		3,000	2,500	
Family Tent	500			
Hygiene Kit	2,000	1,000	750	
Jerry Can 10L	8,000	4,000	1,500	
Jerry Can 20L				3,500
Kitchen Set A	6,000	3,000	750	
Kitchen Set B	-			
Mosquito Net- Large	11,000	5,000	1,500	3,000
Plastic Mat (sleeping mat)		13,000		
Shelter toolkit	4,000			
Tarps	25,000	6,000	1,500	3,500
WH tent	2	1	1	
Watsan Kit 5		-		
Rapid Latrines		-		
BBowl & ptrap				
Squat plates		-		

Note: The logistics team share the updated stock levels with the entire international directorate on a weekly basis in the [logistics status report](#). Current stock levels and latest stock movements are listed on the first pages of the report.

Note: Where the OLPSCM's storage capacity becomes insufficient, there is an option to store items in one of the UN Humanitarian Response Depot (UNHRD) warehouses. [UNHRD](#) maintains a network of strategically located hubs for pre-positioning relief items and humanitarian support equipment. It can provide storage free of charge in Ghana, Italy, UAE, Malaysia, Spain and Panama. It is also possible to source certain items from the UNHRD network. For more details, liaise with the UK-based logistics team.



## 6.3 Stock management principles

### 6.3.1 Stock management with the IFRC

Each OLPSCM charges a monthly fee to the BRC for holding and managing pre-positioned stocks. Additionally, stock movements initiated by the BRC are charged through pre-agreed **logistics services requests** (LSR), which provide an indication of the cost of moving the stock, allow the logistics lead (LOGE or LogCo) to raise a PO against the estimated costs and eventually pay the IFRC's invoice. It should be noted that real costs can be far from the quoted costs, not least because VAT is not included in Agresso POs. A variance of more than 10 per cent between a PO and an invoice will require additional approvals in Agresso.

Annual storage costs are budgeted in the BRC's logistics team budget, and logistics issue an annual PO for those services to each OLPSCM, against which monthly invoices sent to SSC are reconciled. This process is managed through the logistics team and SSC, with support from the international Finance team. All costs related to the storage of pre-positioned stocks are charged to the logistics budget.

Note: Invoices for storage fees and services agreed through LSRs are sent from Geneva, usually with a delay of a month or two. For more details on this, see Section 6.3.2.

In exchange for the costs charged to the BRC, IFRC provide storage space and manage the storing, rotating, shipping, receiving and quality assurance of BRC stocks. They also send monthly and year-end stock reports. In addition, BRC logistics visit two OLPSCMs each year and conduct a stock and warehouse audit. Reports are available from the logistics team. In 2019, Panama and Harare were audited. In 2020, visits to Kuala Lumpur and Dubai were cancelled and postponed sine die. The audit consists of a spot check on stocks and a standard warehouse audit, focusing on the storage conditions and systems in place in the OLPSCM. It includes a review of the procurement processes followed by the OLPSCM team for replenishments they have handled on behalf of the BRC in the previous year. A template exists for the OLPSM warehouses audit, adapted from guidance that can be found in Sections 2.6.2, 2.6.12 and 2.9.3.

Note: Some of the OLPSCM warehouses (including Kuala Lumpur and Dubai) offer quality assurance services and have facilities to perform quality tests on specific items delivered to their warehouse. This needs to be arranged and comes at a cost – for more details, contact the logistics officer (global emergencies) in the UKO logistics team.

### 6.3.2 BRC management of stocks

BRC manage the pre-positioned stocks with the operational support of the IFRC. Within the logistics team, the LOGE is tasked with managing the stocks that are pre-positioned at the OLPSCMs.

The management of pre-positioned stocks by logistics is described in the **RLU standard operating procedure**, while the financial management is done in collaboration with logistics' finance business partner. The financial aspects of managing those stocks are captured in the **balance sheet guidance document**.

In case of any questions, contact the LOGE in the international logistics team.

### 6.3.3 Requesting for stocks from the OLPSCMs

There are various ways of accessing the BRC's pre-positioned stocks. Agreements and standard operating procedures are in place to cover both issuing mechanisms.

#### 6.3.3.1 Pledging stocks

When a disaster occurs, the IFRC usually issues a mobilisation table (a 'mob table'). The mob table is designed to list all in-kind requirements to fulfil the IFRC's emergency plan of action (EPoA) and emergency appeal (EA) and is issued to Partner National Societies who can choose to pledge items against the listed needs.

In this case, the pledge must be agreed with Emergencies and with the regional team (usually the disaster management coordinator) during an emergency task force (ETF) meeting. Ultimately, the decision to pledge stocks against a mob table lies with the operational lead (this would be the head of region or the global response manager, depending on the context of the emergency). The logistics officer must be informed ahead of the ETF so they can provide the relevant logistics coordinator with sufficient stock information to share in the ETF. This information will include, but may not be limited to:

- List of items in stock and quantities
- Indicative cost of items and shipping costs to deliver them to the operation
- Indicative delivery lead time to country of response for all items
- Indicative replenishment lead time for all items

It is an ETF-made decision to pledge any of the available items to the IFRC-led response. When stocks are pledged, they are essentially donated to the IFRC. All costs associated with the stock and its movement will be charged to the budget codes, as advised by the operational lead nominated in the ETF. It is worth noting that pledges can be made against BRC pre-positioned stocks in the OLPSCMs but other items can also be pledged, in which case the UK-based logistics team will source the pledged items through a procurement process. The decision to pledge items beyond those in stock is made based on cost, lead time and the specific needs of the operation (where they are not fulfilled by standard items).

Following the decision to pledge, the logistics officer and/or the logistics coordinator manage the release of the pledged stocks from the relevant OLPSCM into the operation, initially through an RFA (see the [RFA guidance note](#)). It is important that this is done with the input of the logistics officer for the following reasons:

- The logistics officer holds the relationship with the OLPSCM.
- The logistics officer maintains records of pre-positioned stocks together with logistics' business partner and is best placed to know the cost of stocks and how to allocate them in the stock balance sheet.
- The logistics officer will be tasked with the replenishment of the stock in the OLPSCM. To avoid any loss of information or time, it is preferable that they are the lead on any stock movements in or out of the OLPSCM.

### 6.3.3.2 Selling stocks

Any Movement partner can request stocks from the OLPSCMs. External organisations can also access Red Cross stocks through the IFRC, who will contact the most appropriate stock owner to arrange the terms of the donation/sale.

In this case, they would reach out to the OLPSCM teams, who would determine which stock is most appropriate (for information about different stock sources in the OLPSCMs, see Section 6.2.1). They may then contact the best-placed stock owner to ask to buy some of their stocks.

When the request comes to the BRC, it will be sent to the logistics officer, who will seek approval from the emergencies team (usually the global response manager, as owner of the pre-positioned stocks). If approval is granted, the logistics officer will get back to the OLPSCM with the details of the cost of the items, and the OLPSCM will issue a purchase order for the items.

After confirmation that the stocks have left the OLPSCM is received (a signed waybill), the logistics officer commences the replenishment process, using a **REP form** (see Section 6.3.4).

Note: For more information on the stock balance sheet, see the **balance sheet guidance note**.

Note: It is also possible for the BRC to access other PNS's stocks (through pledges or purchases), or indeed Federation stocks through the mechanism that applies to all other NS: a request must be placed to the IFRC via the logistics officer (global emergencies), detailing items, quantities and country of delivery. In this case, stocks will be sold to the BRC.

### 6.3.4 Replenishing stocks in the OLPSCMs

After stock items are released from an OLPSCM warehouse, they need to be replaced by new stock – this is called replenishment. If the agreed stock target is lower than what was previously in stock, the items that were released will not be replaced.

Ideally the stock should be replaced like-for-like (in terms of quality and quantity, with specifications matching the standard product catalogue), but there may be a decision to postpone or adjust the replenishment for one or more of the below reasons:

- Minimum order quantity: some suppliers only accept orders above an agreed quantity.
- Procurement optimisation: where other stock movements are planned or being arranged, the logistics officer will compile all quantities before placing the replenishment order.
- Specification reviews: specialised items may require a review of specifications before the BRC decides to replenish them into the stocks.

To replenish stocks, the logistics officer will raise a REP form and have it signed off by logistics, emergencies and finance. For more details about the REP process, refer to the OLPSCM standard operating procedure (contact the BRC international logistics team).

The process to follow is slightly different when a new item needs to be added to the pre-positioned stocks. This must be done through a request for action (RFA) which must be



approved by logistics (the head of logistics or senior logistics manager, depending on the amount), budget holder and finance business partner.

The logistics officer will manage the order and arrange freight to the relevant OLPSCM, using the shipping instructions shared by the OLPSCM. The logistics officer will communicate order details with the OLPSCM, so they are informed ahead of the delivery.

The logistics officer provides updates on ongoing replenishments in the logistics status report on a weekly basis.

For more detailed step-by-step guidance, refer to the OLPSCM standard operating procedures.