

1.8 Procurement of special items and services

1.8.1 Medical procurement

MEDICAL PROCUREMENT		
Needs definition Clear specifications including shelf life requirements Use medicinal names rather than brand names Special requirements Include sample quantities in total order where necessary.	Shelf life calculations paracetamol has a 30-month shelf life. Requestor asks for 90% remaining shelf life (27 months) at delivery. Import lead time = 4 months. → international procurement will not comply with requestor's requirements. → Options: lower the minimum remaining shelf life required or procure locally.	Supply chain requirements Restricted items = stricter import rules and controls Check transport and storage conditions needs (ex: cold chain) Check who can be a consignee of imported medical supplies Check requirement for testing or sampling at arrival in country.
National regulations Check national essential medicines list for any limitations or requirements in importations. Some countries require that importers of specific medical suppliers be registered as such.	Procurement agent services Procurement can be delegated to a procurement agent (at a cost). Tendering is required for procurement agent contracting.	Supplier selection Request for support from ICRC/IFRC procurement experts. All procurement of medical items done under IFRC rules must be approved at GVA level.

The procurement of medical items, whether equipment (tools, machinery, diagnostics or laboratory equipment) or drugs, requires special care and consideration. Priority should be given to a PNS with medical experience or to IFRC or ICRC who hold contractual relationships with medical suppliers.

There needs to be careful selection and thorough investigation of suppliers – procurement will be restricted to a selected number of validated suppliers who have the required Good Distribution Practices (GDP) and Good Manufacturing Practices (GMP) certifications, follow World Health Organization (WHO) procedures in procurement and guarantee the quality of their products.

When planning to procure medical items, contact your allocated Logistics Coordinator as soon as the requisition is raised. Unless stated otherwise in the GAD between the BRC and a PNS, no medical procurement should be initiated in country without prior notification to the Logistics Coordinator or the procurement department of the IFRC.

The procurement and distribution of medical supplies requires strict quality control procedures to ensure the quality of products provided to beneficiaries. This applies particularly to the procurement and distribution of pharmaceuticals, which can be life-threatening when the quality is substandard. There are numerous ethical and legal responsibilities related to the quality of medical products offered by humanitarian agencies. The [WHO Model List of Essential Medicines](#) serves as a guide for the development of national and institutional essential medicine lists and is updated every two years by the WHO Expert Committee on Selection and Use of Medicines.

All medical supplies must have a batch number allocated by the manufacturer. Each batch must have a manufacturing date and an expiry date, both including month and year, at least.

Each batch that is manufactured must have a batch certificate or a certificate of analysis that confirms that drugs from this batch have passed the necessary tests.

When procuring medical items, consider the below carefully:

Definition

- Make sure the specifications of the request are clear: what form/dosage of each drug is required. List the typical forms, with images.
- Ensure that the request states the medicine needed rather than the name of a manufactured drug. For example, if paracetamol is required the requisition should say “paracetamol” and not “Panadol”.
- Ensure that any special requirement is listed on the requisition: is this molecule classified as a narcotic, restricted or dangerous goods?
- Ensure that the requisition specifies the expected shelf life for the item ordered and the minimum required shelf life at delivery. Make sure the supply chain lead time is factored into the required shelf life. The decision on this must be made in conjunction with the requestor and based on recommendations from IFRC or your allocated logistics coordinator.
- Confirm that the total estimated cost of the request captures the cost of the supplies themselves, as well as associated costs – for example, packaging, shipping, sampling, testing, taxes, in-country registration fees.
- Where samples will be taken out of the consignment for analysis, make sure the total quantity ordered takes this into consideration.

National essential medicines list and legal framework

Each country holds a list of the drugs they allow in the country

- Some drugs may be prohibited in the country you are working in.
- Refer to the Food and Drug Administration of your country to confirm whether the drug requested is allowed for use in your country – most of the time these lists are in line with WHO recommendations, but they may differ.
- Each country is free to classify specific drugs as restricted medical items, and this will be specified on the national essential medicines list.
- Restricted medical items often require further documentation to be imported and must be stored with increased controls (see Chapter 3). Note that some countries will limit the quantity of narcotic drugs imported by a single consignee over a set period. The national FDA is the preferred source of information for these details.

Supply chain requirements

- See above for restricted medical items.
- Transport and storage conditions for drugs and medical supplies are generally stricter than those for other commodities. Always ensure that you or the final recipient have the capacity to store an order in the correct conditions (see Chapter 3).
- Some drugs or diagnostic supplies must be kept in temperature-controlled conditions during transport and storage (see guidance here). When receiving a request for drugs with cold chain requirements, ensure the supplier has the capacity to confirm that the supplies have been transported in the required conditions (e.g.: reefer containers with temperature loggers) and that you will be able to store them in a temperature-controlled environment at the point of delivery.

- The importation of medical supplies is often more restricted than the importation of other types of commodities. To import drugs, you will typically have to:
 - Be registered as an authorised importer of drugs in the importing country.
 - Submit an import application to obtain pre-approval ahead of the shipment arriving in country. This application will typically contain a letter explaining the need for importation, the registration certificate and all draft commercial documents provided by the supplier (commercial invoice, packing list, certificate of origin and certificate of analysis). Based on the application, customs and the national FDA will deliver an authorisation to ship the medical supplies.
 - Humanitarian organisations can obtain tax exemptions for the importation of medical supplies. Usually this is requested from the ministry of health or finance and customs, which must each approve the request separately. To file for a tax exemption, you will typically have to submit a donation certificate certifying that the consignment has no commercial value (will not be sold once in country) and a proforma invoice for all the drugs to be imported. Tax exemption documents must be stored carefully and included in the documents submitted upon the departure or arrival of the consignment.
 - Some countries require that the consignment should be inspected by a third-party service provider (often named by the ministry of health or FDA) upon arrival in country. This will usually have to be arranged by the shipper or consignee and will require sampling at port of arrival, placing the supplies in quarantine until clean results are obtained and releasing them after reception of the results. Inspection costs should be added to the estimated cost of procurement.

Selecting suppliers of medical products for procurement

See the section of the **IFRC procurement manual** for information about the pre-selection of suppliers for medical supplies. Note that all procurement of medical items (incl. pharmaceutical products and medical equipment) done under IFRC procurement rules MUST be approved by the Procurement authority in Geneva before issuing a contract.

Recognising that the capacity of the BRC and other PNS does not allow for the necessary thorough controls, it is recommended to use the capacity of IFRC/ICRC to assess and monitor suppliers – where they are in place and with prior notice, use existing contracts that IFRC/ICRC hold with medical suppliers.

Using a procurement agent to conduct medical procurement

In some cases, the organisation requiring the medical supplies will not have the capacity to conduct medical procurement beyond the definition of needs. Such processes can be delegated to a procurement agent against a service fee (usually a percentage of the total value of the procurement delegated by the organisation). These procurement agents often hold a list of pre-qualified suppliers who have been quality-approved. This can be a useful solution in the rare case where a programme requires a drug or piece of equipment that cannot be supplied via a known supplier. Always refer to your logistics coordinator to assess sourcing options.

An example of shelf-life calculation: paracetamol usually has a 30-month shelf life. Your requestor asks for 90 per cent remaining shelf life (27 months) at delivery, and you know that importing drugs into your country will take around four months. Based on this, you can deduct

that international procurement will not comply with your requestor's requirements, so the choice is to lower the minimum remaining shelf life or procure the paracetamol locally.

1.8.2 Consultancy services procurement

In the BRC, this is currently not managed by logisticians, although this is under discussion as it technically is a procurement process – contact international HR for details on the process to recruit consultants.

A process flowchart is available from International HR for more details on consultancy services procurement.

1.8.3 Facilities rental services procurement

The needs definition phase should focus on:

- area of choice
- safety and security
- building/compound size
- number of bedrooms/offices required
- amenities
- space needed for parking vehicles and storage
- preference for serviced or unserviced property

Recommendations should be sought from peer organisations or rental agencies, with options compared in a CBA format. The CBA and the recommendation should then be approved by a budget holder, procurement manager and Finance manager, with the security focal point included for information.

Negotiations with selected supplier or service provider should ensue. Negotiation points confirm:

- rent amount
- regularity of payment
- period of notice to close contract
- shared maintenance responsibilities
- responsibility for building and contents insurance
- responsibility for payment of utilities

Due diligence must be carried out before the contract is issued to the supplier or service provider. Rental invoices should be sent directly to the finance team for payment with a copy of the rental contract.

1.8.3.1 Facilities management in the UK

In the UK, the Facilities team at SSC will support the selection and contracting process. The Facilities team should receive invoices for all property rentals and process property-related payments directly. SSC hold a framework agreement covering maintenance and services to property rented by the BRC. Service requests must be placed through SSC's support desk, who liaise with the facilities management company and allocate a level of urgency to every request. Requestors of building services will be informed of the timeline for service delivery directly. More information on the Facilities team and their support can be found on Redroom.



There is a requirement for the British Red Cross to have specific documents available on BRC-run sites at all times. Some of the documents within the statutory documents folder must be stored on site, while others are part of the BRC's duty of care and are held voluntarily.

The standardisation and introduction of the statutory documents folder across BRC properties will support ongoing compliance. More information about the statutory documents folder can be found on Redroom.

1.8.3.2 Selection criteria for rental premises

1.8.3.2.1 In general

- Compounds located close to military compounds, market areas or other areas of security risk should be avoided.
- Any examination of a new site should include the use of the NS security audit checklist, ideally done by a security adviser.

 <ul style="list-style-type: none">• Secure location• Enough space and ways in and out for expected traffic• At least two exit routes• Access to a main road• Adequate secure parking space• Adequate and safe fuel storage capacity• Sound, well-maintained building structure• Access to a generator	 <ul style="list-style-type: none">• Nearby a military compound, market area or other risk-prone area• Communications restrictions (phone, internet coverage)• Flooding liability• Ill-designed or run-down building structure• Possible negative impact on local community structures
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Given the status of PNS in country (working for the IFRC and not having legal authority in country), whenever considering property rentals, make sure the legal authority in country is involved in the process and kept informed at all stages. The lease agreement must eventually be signed by the legal authority in country.

1.8.3.2.2 Warehouse selection

See Sections 2.3 and 2.4 in Chapter 2.

1.8.3.2.3 Accommodation

As a rule, prioritise secure facilities such as an apartment, house or other fully self-contained area, or containers or prefabricated buildings in a compound. Considerations listed above apply.

1.8.3.2.4 Office space

Where the BRC works in partnerships, it is usually possible to be hosted by either the NS, the IFRC or the ICRC, following the terms of an Integration or service-Agreement (IA). The use of

office equipment is usually provided on either a free or cost-sharing basis, or as part of the service/integration agreement.

1.8.3.2.5 Sharing premises within the Movement

As a PNS, it is usually not possible to acquire land or property in country; however, where relevant, a business case should be put together to provide a costs-benefit analysis to compare acquisition and rental options. A PNS willing to rent premises outside their own country would have to go through the HNS or IFRC to rent spaces for them, as the PNS will rarely have legal status in the country.

If renting space from the IFRC, service charges must be defined as part of the IA or a separate agreement.

See the [Policy and Procedure for Provision of Integration and Administrative Services for National Societies](#) from the IFRC for more details on Integration and Service agreements.

If renting space from the HNS, service charges can either be defined in the GAD or agreed locally.

Due diligence on property leasers

knowing the ownership details of the premises being rented out is crucial, as there is a high risk of the Red Cross name becoming associated with that of the owner of the premises.

Request to see ownership documents and check the name of the owner and of the agency marketing the property to ensure that neither can be linked to terrorist acts.

If office space must be sourced outside of existing agreements, bear in mind the security of staff and materials and where possible, locate space close to other international agencies or the diplomatic community.

Any examination of a new site should use the NS security audit checklist and ideally be

carried out by a security adviser from the Federation.

1.8.4 Clearing and forwarding services procurement

To facilitate the import and export of goods, humanitarian organisations often contract the services of agents to act as intermediaries to ensure the correct application of import/export procedures and the use of proper documentation.

The main agents working in import/export are:

- In many countries, only official licensed clearing agents are authorised to effect customs clearance and are able to obtain the release of imported or exported goods. Their tasks include the classification of the goods, the presentation of the required customs documentation and guaranteeing that taxes or duties are collected or that the relevant exemption is granted. In some countries, customs regulate the clearing of goods through a governmental clearing service.
- Freight forwarding agents.

For more details on the procurement of clearing and forwarding services, see Chapter 2.

1.8.5 Procurement to support cash programme delivery

For more details and useful resources about cash programming, refer to the BRC [Cash Hub](#).

The [Cash Hub platform](#), hosted by the British Red Cross as a shared leadership initiative with IFRC and ICRC, has been launched as a global resource for the Movement to help increase the Movement’s capacity to deliver cash assistance. All templates referred to in this section are available on the Cash hub (use the searchbox), mostly from the *Resources > Cash and logistics* section.

Cash and Vouchers Assistance (or Cash Transfer Programmes)

Cash is a form of humanitarian response based on the transfer of cash (or vouchers) to individuals, households and communities, so they can access goods and services to meet their needs.

Cash is a specific aid delivery mechanism and requires specific services to be in place.

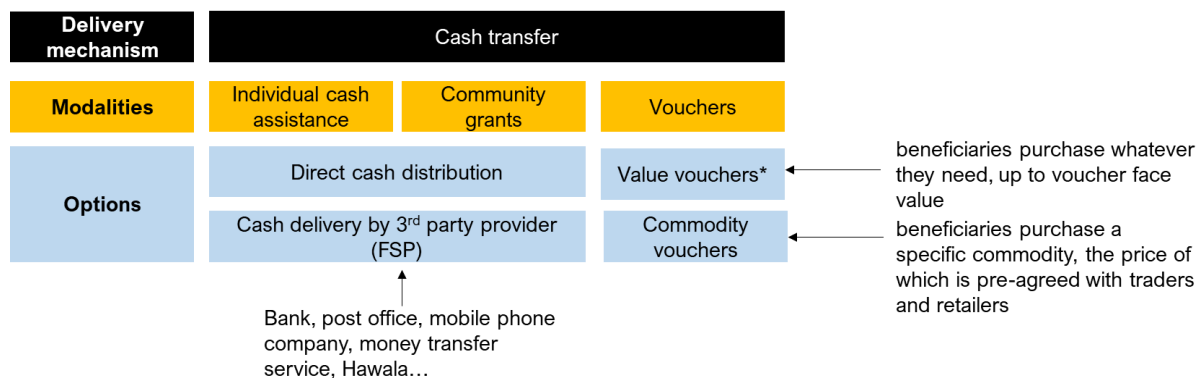
Visit www.cash-hub.org and join the online cash community of the Movement: the platform offers support to expand our knowledge, skills and networks in different ways, such as searching through a range of [resources](#), [training opportunities](#), [programme guidance and tools](#), or accessing interactive [cash maps](#) with key data on cash programmes.

The vast majority of Cash programmes will require tendering for financial services and/or voucher services. The requirements for cash services must be defined by the programme team, using the Scope of Work template and the response sheet as a reference. Note that there are separate response sheet templates to use for FSP procurement and voucher vendors procurement. Using these resources will ensure that you collect the minimum information necessary to ensure the tender is successful.

The modalities of cash distributions must be defined in a supply chain strategy and associated services must be captured in a procurement plan, so they can be sourced, contracted and monitored by procurement experts with consultation of Finance and programme experts.

Cash services providers must be evaluated jointly by programme, Finance and Logistics, through a tender process or a simple CBA.

The most common services that cash programmes require are:



To define the procurement process to follow, make sure the distinction is made between the value of the vouchers or amount of cash distributed and the cost of delivery.

CASH PROCUREMENT RULES

Value voucher cash programmes

Only service fees to be charged by the third party or transfer service provider define the authorisation level and procurement process to follow (e.g., services to print vouchers or to encash vouchers), not the face value of the vouchers distributed.

Commodities voucher cash programmes

The combined value of the commodities and service fee determine the authorisation level and procurement process to be followed.

Cash assistance Through Financial Service Provider

< 1,000 CHF: single quote procurement is sufficient but regional/central quality check required. Use of the SoW and response document is not mandatory but recommended

> 1,000 CHF: Run tender (preferably restricted) with support from regional/central Logistics team (UKO, IFRC or ICRC)

See the Cash Hub for guidance on tendering for financial services provider, under the [assessment](#) section.

Where the procurement experts reviewing the process identify a risk, they may escalate its validation to the funding PNS for further review.

The selection of a financial services provider should always be validated by a central procurement team (PNS at minimum, funding PNS where value of procurement is greater than £25,000).

The ICRC have published a step-by-step guide to Cash Transfer Programmes tendering on the Cash hub which helps planning for the entire procurement process.



Take the “**Cash Assistance through Financial Services Provider**” training, a 90-minute online modular training outlining critical steps and tools to successfully contract an FSP. The training is accessible from the Cash hub under *Resources > Cash and Logistics > Procurement tools and templates*.

1.8.5.1 Sourcing a financial services provider

Look up existing resources on the Cash Hub, under the [assessment](#) section, to find guidance on how to assess service providers and lay out a risk register for a cash response.

The roadmap at the start of the assessment section gives useful general information, and the “financial service providers baseline checklist” and the “mapping service provider template” are also available. There is also an “assessing FS topics and sources template”. All templates are available from the Cash hub (www.cash-hub.org).

Other information sources that can support the selection of an FSP:

- Logistics, procurement and programmes collect information on the service providers in the market. Finance should be included in the assessment, too – if possible, they should lead, together with programme, as they have the necessary technical knowledge of FSPs.
- Finance should also be involved in setting the requirements for FSPs, as they will need to be able to transfer the money to them, pay them on time and have the requirements met for reconciliation of funds. They may also hold a list of potential FSPs.
- Identify and narrow down potential service providers that fulfil your requirements. Sourcing can also be supported by consulting other humanitarian organisations that already implement cash-based responses and have established contracts with service providers.

There are strong regulatory controls around financial transfer services including (but not limited to) anti-money laundering (AML); counter-terrorism financing (CTF) and know your customer (KYC) procedures. Due diligence is therefore a key mitigating action against the risk of using an FSP for the delivery of a cash programme and will ensure both compliance and the technical quality of the services delivered.

A pre-qualification step should occur before the tender is published, with a Request For Information (very similar to the EOI) sent to potential suppliers (the [supplier registration form](#) can be used as an RFI when accompanied by background information on the future tender). The FSPs who respond should be evaluated against a pre-defined set of criteria. Pre-qualified suppliers should then be invited to tender (see section 1.6.3 for more details). This is the preferred option, but if there is insufficient time to undertake two steps, an open tender can be the preferred route to select an FSP. Technical and financial proposals must be requested and received from suppliers or FSPs and after the technical evaluation only those eligible will be considered for the financial evaluation.

1.8.5.2 Standard selection criteria for FSPs

Check the Cash Hub's [set up and implementation](#) section for guidance on the selection of service providers.

Standard criteria include:

- can the FSP pre-finance the cash grants value?
- does the FSP charge account fees to users and recipients?

Unless otherwise agreed with the FSP, the payment terms of the procuring PNS will apply (the standard terms for the BRC are 30 days after satisfactory delivery of services) and the FSP should be paid the agreed fee upon receipt of the required documentation and following thorough information triangulation to confirm transfer and receipt of all cash grants.

Where an advance payment is required, see section 1.7.6 on payment terms for details on the process to follow. Where the selected FSP charges account fees to the users (in this case the recipients of cash grants), the programme team should make sure the cost of account fees is included in the cash grant amount distributed to beneficiaries, so the impact on the recipient is minimised.

See the [preparedness](#) section of the Cash Hub to find a [standard contract for FSP](#) and tools and templates to use in cash programmes.

For a voucher programme, retailers need to be contracted as service providers and all usual contracting requirements should be followed. A tip sheet for voucher programmes is available from the Cash hub.

The Cash-logs SMCC working group

Cash requires specialist skills and brings a variety of stakeholders together.

Developing SOPs and agreeing roles, technical support and responsibilities is crucial.

Procurement, Finance and programme leads should be clear on who is responsible for what when it comes to cash programming.

Check the shared Movement resources created under the Cash-logs SMCC project: cash RACI matrix, competency framework, training library...

Regular monitoring of the retailers and voucher providers is important from the procurement side, to ensure they hold the right items (in quantity and quality), offer fair and transparent prices, etc. The information collected from the retailers must then be triangulated with the beneficiary monitoring data to initiate payment of the retailers and of the voucher provider.

1.8.4 Construction materials

If you have decided not to subcontract your construction project, you will have to procure construction materials yourself.

A supply chain strategy is important for any programme requiring supplies but is crucial for construction projects. An analysis of the supply options needs to be included in the programme design.

CONSTRUCTION MATERIALS/SERVICES PROCUREMENT

Direct delivery to construction sites

Prefer direct delivery by supplier
If supplier enters organisation's premises, ensure safe access and prevent any image issues due to association (thorough supplier due diligence, precise communication to staff and other visitors)

Quality control

Consider hiring external resource to help with QC
Quality of supplies AND quality of service must be controlled
Assess supplier supply chain (ethical due diligence)

Storage of construction materials

Own warehouse vs. temporary storage vs. drip-feed deliveries
Ensure safe storage
Consider storage support options from local community

Construction timeline

Often > 1 year
Build staggered deliveries into agreement with supplier

Price fluctuation

As much as possible, agree fixed prices for the duration of the works

Location of construction site(s)

Access to local markets
Include transport costs in project budget

Some points to consider when procuring construction items:

Note that all procurement of construction items or services done under IFRC procurement rules MUST be approved by the Procurement authority in Geneva before issuing a contract.

1.8.5 Food and seeds

The BRC rarely supports the procurement of food and seeds. National Societies would typically seek advice from the IFRC or ICRC purchasing teams for such procurements, to manage the risks associated with procurement of food and seeds (mostly phytosanitary). For further information, see Section 3.4 of the IFRC's procurement manual, which is dedicated to the procurement of food and seeds.

In many ways, the standards for procuring food and seeds are similar to those that apply to procurement of medical items: strong controls are in place to ensure goods are fit for

consumption, and to protect national production – some countries will not allow food and seeds to be imported for example.

Always refer to your regional logistics coordinator for advice on procuring food or seeds.

1.8.6 Vehicles

See Chapter 5 for details on the procurement of fleet.