Document title	**Policy on the Sale of UNFPA-procured Reproductive Health Commodities**
Document identifier	PPM/SALE-RH-COMMODITIES/2024
Previous title	N/A
Policy objective	This policy outlines the process governing the sale of UNFPA-procured reproductive health commodities transferred to implementing partners. It identifies the control activities designed to mitigate the most significant risks inherent to this business process.
Target audience	This policy applies to all UNFPA personnel involved in the management of workplans that involve the sale of UNFPA-procured reproductive health commodities in the six to ten countries, selected in consultation with regional offices and communicated to those offices.
Risk control matrix	See section VI.
Checklist	
Effective date	1 April 2024
Revision history	
Mandatory revision date	31 March 2026
Policy owner unit	Family Planning Branch, Technical Division
Approval	Link to signed approval template

I. Purpose

1. This policy establishes the parameters and processes for the effective management of reproductive health commodities that UNFPA transfers to implementing partners for sale by the implementing partner. UNFPA provides this option to regulate such sales and safeguard equitable access to quality-assured reproductive health commodities while strengthening the resilience of the commodity supply.
2. This policy complements existing policies[1] and: (a) identifies the types of UNFPA-procured reproductive health commodities that can be sold; (b) clarifies conditions where the sale of such commodities is permitted; (c) establishes how the sale prices are set; and (d) and outlines the permitted use of proceeds from the sale of such commodities.
3. For the purpose of this policy, reproductive health commodities (supplies, medicines, ancillary supplies and medical devices) for contraception, maternal health, management of abortion, menstrual health and treatment of sexually transmitted infections that are in the UNFPA product catalogue and are procured for implementing partners are hereinafter referred to as UNFPA-procured reproductive health commodities.

II. Policy

4. This policy[2] outlines the UNFPA processes by which UNFPA-procured reproductive health commodities may be sold through implementing partners, identifies control actions to mitigate potential risks related to the process and establishes the following:

    a. ***Scope***:
        i. Only UNFPA-procured reproductive health commodities are eligible for sale following the processes outlined in this policy.
        ii. Any type of rebranding, renaming, repacking, applying additional marks or otherwise changing the appearance of UNFPA-procured reproductive health commodities is strictly prohibited.
        iii. This policy cannot be applied where it directly contravenes language in an existing donor agreement used to fund the availability of reproductive health commodities or where a supplier agreement prohibits the sale of a specific commodity procured through an existing long term agreement. In such cases, the workplan manager or procurement focal point, as applicable, is requested to share the existing agreement with the policy owner for visibility in tracking applicable donor agreements and for review of lessons learned.

[1] Policy and Procedures on Management of Programme Supplies, and the Policy and Procedures for Preparation and Management of Workplans.

[2] Please note that this policy only applies to implementing partner workplans. As such, it does not apply in the context of initial direct purchasing of commodities through UNFPA's Third Party Procurement (TPP) services. See paragraph 16.b for information on cases where excess sales proceeds can be reinvested using UNFPA's TPP modality.

b. ***What proportion of commodities may be sold***:
   i. No more than 50 per cent of each method type that UNFPA transfers to the implementing partner may be sold in a single calendar year.
   ii. In exceptional circumstances, where a national policy or legislation mandates the sale of reproductive health commodities, up to 100 per cent of UNFPA-procured reproductive health commodities transferred to a partner may be sold. In countries where such a national policy or legislation exists, the UNFPA country office can apply to the Chief, Family Planning Branch, on behalf of the relevant national authorities, for an exception from the terms set out in this paragraph to comply with existing national legislation. In so doing, a copy of the relevant national policy should be included in the exception request.
   iii. It is the responsibility of the workplan manager to agree, in writing, with the implementing partner on the proportion (below 50 per cent) of UNFPA-procured reproductive health commodities that will be made available for sale.
   iv. The remaining UNFPA-procured reproductive health commodities must be provided at no cost through lower-level primary health-care and/or community-based distribution programmes.

c. ***At what prices***:
   i. The workplan manager is responsible for coming to an agreement, in writing, with the implementing partner on pricing for commodities. Where applicable, the agreed pricing may be agreed in line with national pharmaceutical policies.
   ii. Pricing may be set at up to 100 per cent of the UNFPA purchase price, as per the relevant purchase order, except in the following cases:
      1. For the non-hormonal intrauterine device, up to 200 per cent of the purchase price can be charged to end-users;
      2. For the oral contraceptives, up to 50 per cent of the purchase price can be charged to end-users;
      3. For male and female condoms, up to 20 per cent of the purchase price can be charged to end-users.

d. ***How***:
   i. Reproductive health commodities and other programme supplies can only be transferred to partners who have a valid implementing partner agreement (IPA) with UNFPA at the time the goods are ordered, and who have adequate capacity to manage and sell the goods to be supplied, as determined during the selection process.
   ii. The relevant country office must complete a workplan for all transfers of reproductive health commodities, even when there is no expectation of a transfer of cash.

iii. The workplan manager is responsible for ensuring adherence to the requirements outlined in the Policy and Procedures for Preparation, Management and Monitoring of Workplans and the Policy and Procedures on Management of Programme Supplies related to the non-cash transfer of programme supplies.
iv. The workplan cover page must outline the agreed sale prices for commodities sold through private health facilities or commercial outlet channels in the applicable workplan.
v. All arrangements applicable to the management and reporting on the sale of any reproductive health commodities procured by UNFPA must be outlined in an annex to the applicable workplan.
vi. The workplan, or other relevant programme document, must specify the agreed use of the proceeds and the means to be implemented to ensure the proceeds are collected and used accordingly.
vii. Workplan managers are responsible for maintaining adequate monitoring and oversight of implementing partner activities to ensure the reproductive health commodities and sale proceeds are managed in compliance with this policy and other relevant policies, as outlined in section III below.
viii. The direct programme costs associated with the management and sale of the supplies (including but not limited to salaries or operational costs incurred) must be included in the workplan as a direct contribution of the implementing partner.
ix. The implementing partner can use up to 30 per cent of the proceeds to recover the direct programme costs associated with the workplan..
x. UNFPA cannot advance any direct eligible programme costs associated with the transfer of UNFPA-procured reproductive health commodities for sale.
xi. The cash value of commodities provided to an implementing partner is not to be included in the calculation of support costs.
xii. The head of unit and the relevant implementing partner must sign the Sale of UNFPA-procured Reproductive Health Commodities Amendment to the IPA prior to the commencement of any sales related activities.
xiii. UNFPA workplan managers are responsible for ensuring their implementing partners, including any subcontractors, adhere to the terms of the IPA amendment.
xiv. All income generated through the sales of UNFPA-procured reproductive health commodities must be documented by the implementing partner, reported using the standard narrative reporting templates and including additional detail as required in section III below.
xv. Additional separate financial reports are required demonstrating the amount of the proceeds collected and their use in accordance with the agreements reflected in the workplan in section III below.
xvi. Any income generated over the amount of direct programme costs associated with the management of the reproductive health commodities for sale recovered by the implementing partner must be reinvested on activities

consistent with the purpose of the signed workplan as agreed upon between UNFPA and the implementing partner and included in the workplan cover page, as outlined in section III below.

xvii. The implementing partner must be able to provide an audit trail on any income generated through the sale of the UNFPA-procured commodities. Implementing partners must provide quarterly stock information on commodities allocated for sales (quantities dispensed, average monthly consumption, stock balances, batch numbers and expiry dates) as part of LMA quarterly stock reviews.

III. Procedures

A. Select implementing partner and sign IPA amendment

5. The workplan manager selects the implementing partner in accordance with relevant policy directives in the Policy and Procedures for Selection, Registration and Assessment of Implementing Partners and must ensure any implementing partner involved in the sale of any reproductive health commodities must have the capacity to meet the reporting, monitoring and assurance requirements as set out in relevant policies.
6. Before UNFPA transfers any reproductive health commodities to an implementing partner for the purpose of sale, the UNFPA workplan manager will ensure that implementing partners fulfil the requirements for records and reporting, monitoring and assurance, and document review findings, as outlined in relevant policies.
7. As part of the signing of the Sale of UNFPA-procured Reproductive Health Commodities Amendment to the IPA, implementing partners are required to self-certify their capacity by using a UNFPA-provided checklist, to be reviewed and validated by the head of unit.
8. After the implementing partner self-certifies their capacity, the workplan manager is responsible for ensuring the implementing partner and UNFPA signs the IPA amendment.

B. Develop and sign a workplan for UNFPA-procured reproductive health commodities

9. UNFPA country offices work with implementing partners to develop and sign a workplan that reflects all arrangements applicable to the management and sale of the reproductive health commodities procured by UNFPA and meets the minimum standards set out in the Principles for Equitable Distribution of UNFPA-procured Reproductive Health Commodities.
10. Before signing a workplan, the UNFPA workplan manager will ascertain the maximum sales price at which UNFPA-procured reproductive health commodities can be sold from relevant purchase orders and communicate this to the implementing partner, in line with paragraph 3c above.
11. Implementing partners may adapt the sale price levied on the end-user in consultation with the UNFPA workplan manager, within the maximum sale price thresholds, to the target population's ability to pay, informed by the Principles for Equitable Distribution of UNFPA-procured Reproductive Health Commodities. The end-user sale prices must be established by the UNFPA workplan manager and implementing partner taking into account specific in-country social and

economic indicators. Pricing should take into consideration existing agreements of the key in-country reproductive health partners and relevant national authorities and must be clearly outlined in the workplan[3].

12. The workplan must include:
    a. Description, quantities and value of the reproductive health commodities procured by UNFPA;
    b. Details of financials, plans for the reinvestment of excess sales proceeds and reporting:
        i. authorized end-user sales prices and estimated sales proceeds per product and in total;
        ii. projected total sales proceeds per product;
        iii. amount of sales proceeds allocated to cover direct programme costs;
        iv. activities to be implemented through the reinvestment of excess sales proceeds and the related budgets (programme activity investments);
        v. programme supplies and financial reporting requirements (frequency, submission deadlines) to allow better traceability.
    c. Details of the approach to targeting population segments: information disaggregated per product, per population segment, with details of the different prices at which products are to be sold (this must include details of any price differentiation, including where distribution is channeled through subcontractors).
    d. Information about the supply chain arrangements, including storage facilities and distribution channels (including government mechanisms, private health facilities and commercial outlets) through which the UNFPA-procured reproductive health commodities will pass to reach the target population(s) and end users.
    e. Written authorization for the use of any subcontractors, in line with the Policy and Procedures for Preparation and Management of Workplans. All subcontractors and associated key activities must be detailed in the workplan.
13. UNFPA workplan managers must send a copy of the signed workplan and any implementing partner reporting to the Chief of the Family Planning Branch to ensure coordination and central management of adherence to this policy.

C. Manage the UNFPA-procured reproductive health commodities

14. Once a workplan is signed, UNFPA works with implementing partners to ensure the implementation of adequate processes and controls for the proper management and safeguarding of UNFPA-procured reproductive health commodities, in accordance with the requirements outlined in the Policy and Procedures on Management of Programme Supplies and in this policy.
15. To address any technical support needs, the UNFPA workplan manager can raise a case in the UNFPA Global Service Desk to ensure systematized attention and to facilitate a coordinated response from the relevant regional office and global business units.

[3] In countries that have a general policy of free distribution of contraceptives, often characterized as involving ‘no user fees’, the national authorities may decide against the use of this policy.

D. Reprogramme the sales proceeds

16. Any sales proceeds in excess of the authorized amount of up to 30 per cent for recovery of direct programme costs, as outlined in the workplan ("excess sales proceeds"), will be reinvested by the implementing partner in the implementation of the programme activities agreed with UNFPA in the narrative of the workplan, as follows:
    a. Excess sales proceeds must be reflected in annual narrative reporting and comply with the terms of this policy in a workplan for the subsequent calendar year.
    b. In cases where excess sales proceeds amount to the equivalent of USD $200,000 or more in a calendar year, as long as this would not result in oversupply, at least 50 per cent of the excess sales proceeds must be allocated to procure reproductive health commodities through UNFPA third party procurement (TPP). Use of TPP leverages UNFPA's quality assurance, economies of scale and competitive pricing in the procurement of reproductive health commodities.
    c. When the excess sales proceeds amount to less than the equivalent of USD $50,000 per country in a calendar year, the funds can be reprogrammed for non-income generating activities with the agreement of the UNFPA workplan manager. When the excess sales proceeds amount to more than the equivalent of USD $50,000 per country in a calendar year, the UNFPA workplan manager can apply, on behalf of the implementing partner, to the Chief, Family Planning Branch (FPB) for release from the contractual arrangements as set out in this policy. FPB, in consultation with the Finance Branch, will make a decision and authorize the final use of the excess sale proceeds above the equivalent of USD $50,000 per country in a calendar year.
    d. The amount of excess sales proceeds allocated by a government implementing partner to procure reproductive health commodities, including contraceptives, will be considered by UNFPA as an allocation of domestic resources for family planning (as this is at the discretion of the relevant national authorities).
    e. Following the generation of excess sales proceeds, implementing partners must reprogramme said proceeds according to the guidance herein. Should additional excess sales proceeds be generated after the implementation of the reprogrammed excess sales proceeds, the UNFPA workplan manager may apply, on behalf of the implementing partner, to the Chief, Family Planning Branch for the final use of any outstanding sales proceeds, stating the intended purpose of the remaining funds. The Chief of the FPB, in consultation with the Finance Branch, will take a decision to authorize the use of excess sales proceeds generated.

E. Keep accurate records and reporting

17. This policy will follow the reporting requirements of the Policy and Procedures on Management of Programme Supplies. As such, workplan managers must ensure that implementing partners that sell reproductive health commodities procured by UNFPA provide periodic reports demonstrating the amount of the proceeds collected and their use in accordance with the agreements reflected in the workplan. Each financial report shall be certified by an authorized officer of the implementing partner (as defined in the IPA). Unless otherwise agreed between the

parties in writing, each financial report shall be submitted on a calendar year basis, being due no later than 15 January of the year following the year to which the report relates.

18. Inventory control and accounting records must be kept for a period of seven years after the completion of each workplan or the termination of the IPA, whichever occurs later.
19. Implementing partners must report against the approved narrative workplan, in line with the requirements of the Policy and Procedures for Preparation and Management of Workplans and the UNFPA Financial Rules and Regulations, clearly demonstrating sales proceeds and their use.

F. Monitor implementation and conduct necessary assurance activities

20. UNFPA workplan managers must ensure that implementing partner reports include information regarding monitoring and assurances that prices charged to end users do not exceed the agreed sales prices, including through sales in private health facilities, commercial outlets or by other subcontractors. In this context, an interdivisional team with representation from TD, SCMU and DMS will conduct an annual quality assurance review in no less than two countries where the policy is implemented. In addition, UNFPA has a zero-tolerance principle for wrongdoing (including proscribed practices). Any allegations of wrongdoing must be immediately reported to the Director, Office of Audit and Investigation Services. UNFPA personnel and implementing partners have a duty to cooperate fully and in good faith with any authorized audit or investigation being undertaken by, or on behalf of OAIS in connection with the IPA, including the Sale of UNFPA-procured Reproductive Health Commodities Amendment.
21. Activities under this policy and procedures are subject to the requirements of the implementation and assurance activities outlined in the Policy and Procedures on Management of Programme Supplies.

IV. Other

A. Roles and responsibilities

22. Responsibilities of key UNFPA roles involved in the management of UNFPA-procured reproductive health commodities are outlined below:
    a. **UNFPA workplan manager**: Is the designated official responsible for ensuring that: (i) reproductive health commodities are only provided to implementing partners after signing the IPA and its amendment, along with the relevant workplan; (ii) the UNFPA-procured reproductive health commodities are managed, safeguarded and used for the authorized purposes, as outlined in this policy and procedures; and (iii) the related sales proceeds are reported and used for the intended purposes (as confirmed by the implementing partner in relevant reports).
    b. **Family Planning Branch (FPB)**: is the policy owner, responsible for providing technical assistance, policy support and oversight and approving exceptions to the policy guidelines as regards final use of excess sales proceeds.
    c. **Finance Branch**: is consulted by FPB with regard to the authorization of the use of the excess sale proceeds generated.

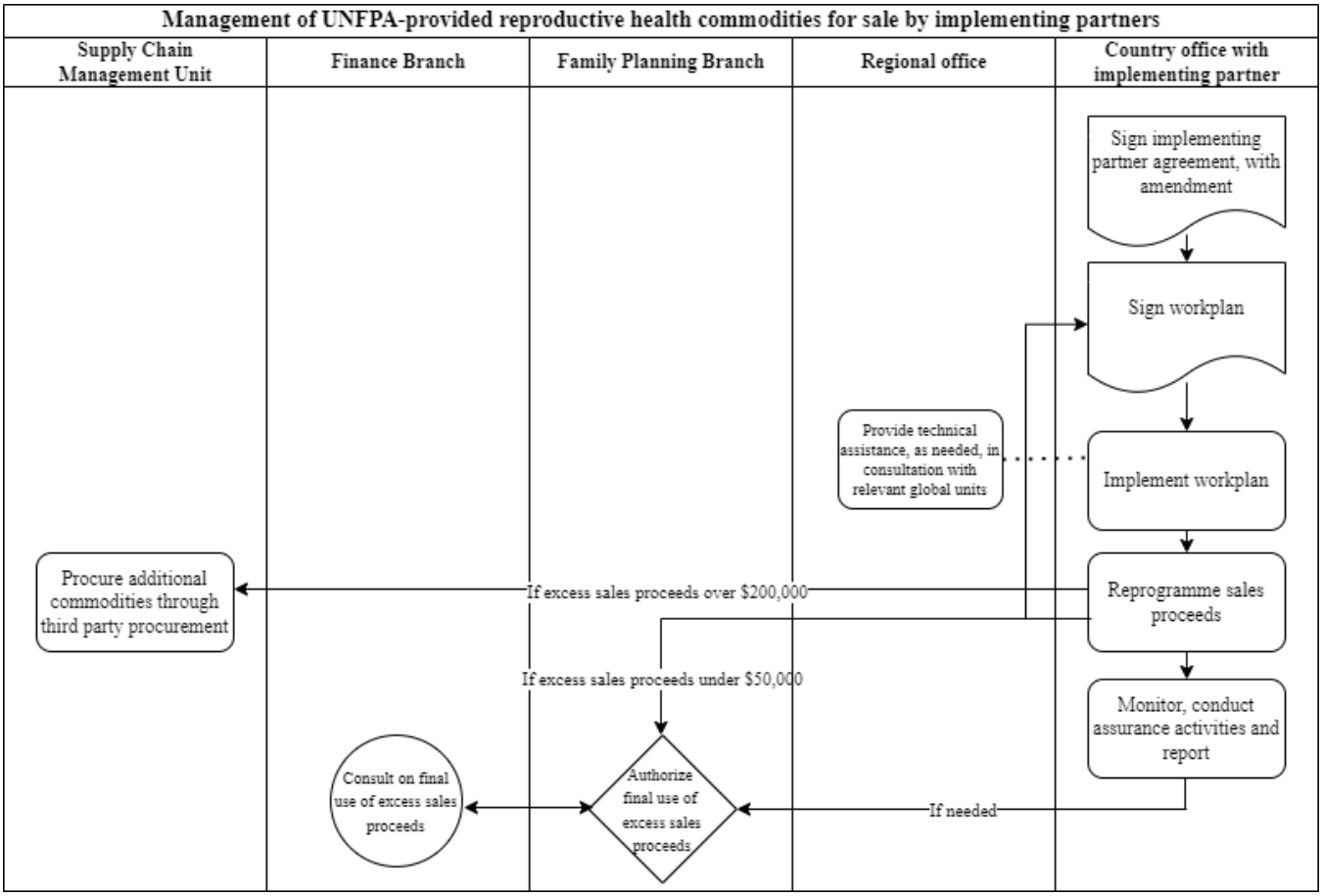
d. **Supply Chain Management Unit**: responsible for the procurement of the reproductive health commodities provided to implementing partners, including through TPP and for providing technical assistance, support and oversight pertaining to the LMA process.
e. **Regional Office**: responsible for providing technical assistance and coordinated support to country offices as needed.

B. Definitions

23. The following terms are used throughout this policy with the meanings specified below:
a. **Direct programme costs**: costs directly linked to the management and sale of the UNFPA-procured reproductive health commodities and the financial management of all the proceeds of sale, as set out in the Policy and Procedures for Preparation, Management and Monitoring of Workplans; for additional guidance see the Guidance Note on Implementing Partner Eligible Direct Programme Costs.
b. **Distribution channel**: any physical location (whether public or private clinics, pharmacies, community family planning centres, etc.) through which end users can access the reproductive health commodities.
c. **UNFPA-procured reproductive health commodities**: in the context of this policy, these are supplies, medicines and devices for contraception, maternal health, management of quality abortion, menstrual health and the treatment of sexually transmitted infections that are procured by UNFPA for implementing partners that are eligible to be sold by implementing partners.
d. **End users**: All individuals who use UNFPA-procured reproductive health commodities, whether they pay for them or get them for free.
e. **Excess sales proceeds**: the excess of proceeds from the sale of UNFPA-procured reproductive health commodities after subtraction of the direct programme costs.
f. **Maximum sale prices**: is a percentage of the purchase order price that can be levied on the end user using a UNFPA-procured reproductive health commodity.
g. **Programme activity investments**: investments made by implementing partners using the excess sales proceeds for the implementation of one or more of the activities listed hereafter that contribute to the UNFPA mandate as agreed in the reproductive health commodities workplan:
    i. Enhance demand for reproductive health commodities (e.g., outreach activities, awareness campaigns and marketing initiatives).
    ii. Enhance reproductive health product availability and accessibility (e.g., enhancement of implementing partner logistics capabilities and ability to deliver the methods offered, capacity strengthening of medical providers on family planning methods).
    iii. Procurement of quality-assured reproductive health commodities (as permitted for sale under the terms of this policy).
h. **Subcontractor**: for purposes of this policy, any party (including public or private health facilities and commercial outlets) engaged by implementing partners to manage and sell the UNFPA-procured reproductive health commodities and for making them available to end users.

i. **Total sales proceeds**: the total proceeds from the sale of UNFPA-procured reproductive health commodities, including both direct programme costs and excess sales proceeds.

V. Process overview flow chart



VI. Risk control matrix

	First line of controls			Second line of controls		
Risk description	**Control activity description**	**Reference**	**Who performs**	**Control activity description**	**Reference**	**Who performs**
1. Weak oversight and monitoring of the activities involving sale of UNFPA-procured reproductive health commodities: a) Limited financial oversight; (b) Insufficient details in relevant implementing partner workplans; (c) Absence of or incorrect implementing partner agreement template. (d) Lack of active monitoring and oversight of activities involving sale of UNFPA-procured reproductive health	The following documents must be in place before implementing partners are provided with UNFPA-procured commodities: 1) Implementing partner agreement; 2) Implementing partner agreement amendment governing the sale of UNFPA-procured reproductive health commodities; 3) the relevant workplan. Workplan managers are responsible for obtaining periodic reports from implementing partners twice a year for programme supplies received from UNFPA, following the guidelines provided in the Guidance Note on Programme Supplies Reports, which establishes different reporting thresholds for partners operating in standard operating settings. Inability on the part of the implementing partner to provide the reports required should be construed as a significant indicator of a lack of supply-chain management	II. Policy, 4 III. Procedures, 5-13 II. Policy, 4 III. Procedures, 19-20	Programme officer and Head of Unit, with ROs and FPB	Quality Assurance Review: HQ led sample based review, involving independent technical experts as deemed appropriate, to assess how the policy is being implemented in selected countries.	III. Procedures, 9, 20	TD, SCMU, DMS

commodities	capacity and taken into consideration in decision-making for future partnership.					
2. Implementing partners do not have the required local legal and regulatory permission and the capacity to manage and safeguard the reproductive health commodities and proceeds from their sale.	UNFPA-procured commodities must only be provided to implementing partners who have the capacity to manage reproductive health commodities and their proceeds. It should be checked that implementing partners fulfill the requirements for records and reporting and monitoring and assurance, in line with the guidance outlined in the Policy and procedures on management of programme supplies. Implementing partners will self-certify their capacity as a part of the IPA amendment using a UNFPA-provided checklist that is reviewed and validated by the head of unit.	III. Procedures, 8	Programme officer and Head of Unit	Annual quality assurance review by interdivisional team comprised of TD, SCMU and DMS	III. Procedures, 9, 20-21	TD, SCMU and DMS
3. Management of supplies provided to implementing partner is impacted by fraud, theft, spoilage, expiry or other irregularities resulting in financial losses	Fraud prevention and detection controls measures for the management of programme supplies, in line with the guidance outlined in the Policy and procedures on management of programme supplies, including: - Regular management oversight over the process activities - Appropriate segregation of duties -Adequate receiving and inspection verification -Adequate physical safeguards	Policy and Procedures on Management of Programme Supplies	Head of Unit, with SCMU	Red flags potentially indicative of fraud or other financial irregularities are reported to heads of unit who may refer them for investigation	Policy and Procedures on Management of Programme Supplies	Head of Unit, OAIS

	-Restricted access to systems and records -Regular reconciliation of transactions to supporting documents -Review of adjustments or other exceptional transactions recorded - Regular performance of stock counts - Periodic monitoring and spot checks of goods management by implementing partners including procedures designed to identify fraud red flags -Regular audits of management of goods including procedures designed to identify fraud red flags					
4. Proceeds from the sale of the programme commodities not accrued or used as intended.	The workplan should clearly define the conditions governing the sale and proceeds from the sale. The implementing partner reporting should clearly describe how the proceeds have been used.	II. Policy, 4; III. Procedures, 9-12, 16-20	Programme Officer and Head of Unit, with RO and FPB	Annual quality assurance review by inter-divisional team comprised of TD, SCMU and DMS	III. Procedures, 16-21	TD, SCMU and DMS