

MANAGING IN-KIND GOODS CONTRIBUTIONS OR CONSIGNMENTS

Version 1
Aug 2023

Contents

1. Audience and scope.....	1
2. What are in-kind goods contributions?	1
3. What are in-kind goods consignments?.....	2
4. Considerations before accepting in-kind goods	2
5. Agreements for in-kind goods contributions	2
6. Distribution modalities for in-kind goods	3
7. What capacities are needed at the mission and/or with partners?.....	5
8. Financial accounting and reporting considerations	6
9. Support that can be provided by HQ	7

1. Audience and scope

This document is for IOM country mission staff who will be receiving in-kind goods contributions or consignments which will be distributed to beneficiaries by IOM on behalf of the donor. This document is meant to provide guidance specifically for large contributions, or with key donors, where certain procedures must be put in place to effectively manage the goods. For simple donations (small quantities, no international importing required, or no special storage requirements needed) this guidance may not be needed. For more complex donations though (larger quantities or multiple shipments, international importing required, airport or seaport coordination required, or special storage requirements such as cold storage), then this guidance can be helpful.

The document provides an overview of some considerations and capacities required to receive and distribute these items. This guidance, developed by the Department of Operations and Emergencies (DOE), includes recommendations/best practices and may not be applicable in all contexts.

2. What are in-kind goods contributions?

In the context of this guidance, an in-kind contribution is considered a voluntary non-financial **donation** of goods made to IOM, usually for IOM to distribute to beneficiaries, or to beneficiaries via local partners, on behalf of the donor. This may include donations of shelter and non-food item (NFIs) such as blankets and tarpaulin sheets; Water, Sanitation, and Hygiene (WASH) items such as buckets or jerrycans, or other categories of items such as medical items.

Typically, large in-kind donations happen shortly after sudden-onset emergencies whereby donors would like to have their items distributed quickly and at a large scale and require an organization on the ground with logistics and distribution capacities to complete the work. IOM has been a key recipient of in-kind contributions for government donors (FCDO, BHA, Canada, others), private sector partners (Amazon, Better Shelter, others), and European Union member states via the European Union Civil Protection Mechanism (UCPM).

Note: Free items provided from IOM suppliers do not qualify as in-kind contributions (for instance free items provided from a supplier more than the amount on a purchase order).

3. What are in-kind goods consignments?

In the context of this guidance, a consignment is considered a voluntary non-financial **transfer** of goods made to IOM, usually for IOM to transport for handoff to local partners for distribution to the beneficiaries, on behalf of the donor. This differs from an in-kind donation in that the donor retains **full ownership** of the goods until final distribution. Therefore, this situation can be considered as IOM only providing a service to the donor of transport/distribution. Although operationally, there is no significant difference in how IOM will handle these two types of in-kind goods, there are considerations in terms of reporting and financial accounting.

4. Considerations before accepting in-kind goods

In-kind goods can be an effective way of providing relief items quickly after a sudden-onset event, before larger-scale procurements can arrive. These factors should be considered though before accepting in-kind goods:

- Are the goods in line with the priorities for life-saving supplies set forth by IOM, the Clusters, and the Government, and are they necessary and appropriate for the intended beneficiaries?
- Are the goods compatible with local cultures, customs, and preferences and are associated technical instructions provided in the language required?
- For any food or medical items, are there adequate temperature and humidity-controlled warehouses and transportation (ie. refrigerated trucking) throughout the entire supply chain?
- For any items that will require sorting or re-kitting, is there capacity to do so at the receiving location?
- Is all electronic equipment compatible with local power supplies?
- Will the donor provide required assurances/materials from their side including assuring items are of good quality, that the delivery timing can be met, and that appropriate shipping/customs documents will be provided so that the supply chain is not disrupted (see section 5: Agreements)?
- Does the mission have the logistical capacities required to receive these goods (see section 7: Capacities).

5. Agreements for in-kind goods contributions

All in-kind goods contributions should have an agreement between IOM and the donor, while in-kind goods consignments vary on a case-by-case basis. A standard agreement template for in-kind contributions has been developed for private sector donors and can be found [here](#). A simplified agreement template has also been developed specifically for Government Donors and can be found [here](#). For donors who wish to have their own agreement followed, this should first be cleared with LEG.

Key elements of this standard agreement template include ensuring that it is clear who is covering support costs (transportation, distribution, etc.), that the delivery address is provided, that it is clear who is responsible for customs clearance, that items will be of good quality and to the specifications as agreed, and that IOM has the right to reject the shipment within 90 days of receiving it if there are quality issues.

When receiving shipments, it is recommended that IOM’s [SOPs for Post-Shipment Inspection](#) are followed to ensure that the quality of items received can be measured against the specifications set in the agreement. **Note:** If receiving in-kind Better Shelter Relief Housing Units (RHUs), please be aware that there have been fire safety issues and these should be discussed with the [HQ Shelter and Settlements team](#) prior to signing agreements.

For government donors, previous agreements have been established which may serve as a model for future agreements, but these must still be confirmed through LEG:

- [USAID example agreement](#)
- [Canada example agreement](#)

6. Distribution modalities for in-kind goods

Depending on the size of the shipment and the situation on the ground, there may be various ways to distribute the goods to beneficiaries. A few modalities are outlined below, which are applicable for any distributions, not only in-kind. For more information on distribution of NFIs, please see the [Shelter and Settlements Community of Practice](#).

Modality	General description	When it is used	Agreement required
IOM direct distribution	IOM conducts all distributions itself using its own staff and resources including receiving the items at the port of entry (for international shipments), transporting the items to temporary storage as required, and conducting last mile transport and distribution to the final beneficiaries.	When IOM has sufficient logistics and staff capacities to manage this including the following as required: trucks, warehousing, staff for distributions, access to key distribution locations, etc.	No partners are used so agreements are not required.
Implementing Partner (IP) ¹	IOM hires IPs (an exchange of funds will be made) to conduct the distributions. In this case, IOM will likely receive the items at the port of entry, transport the items to temporary storage if required, then	When IOM does not have sufficient logistics or staff capacities or access to the affected locations to be able to distribute all goods in a timely manner. IOM must have funds available to hire partners. These may be existing IPs from previous responses.	Agreements with the IPs must be secured before any goods are transferred. In this case, the standard LEG IP agreement template (B3 NFI Distribution Agreement) can be used and if no changes are made to the template,

¹ Implementing Partnerships Management Handbook: <https://intranetportal/Pages/ControlNo.aspx?controlNo=IN/00288>

	<p>handover the items to the IPs for the last mile transport and distribution. IOM should closely monitor the IPs actions to ensure that distribution follows agreed standards. IPs' distribution reports should be reviewed by IOM with regard to the supplies distributed and the remaining stocks.</p>		<p>additional LEG approval is not required. Note: specific conditions from the in-kind donation agreement with the donor (such as for handling or distributing the goods) must still be included as required by modifying the LEG template. If this is done, LEG must approve the new modified form.</p>
Common Pipeline	<p>IOM establishes agreements with partner agencies to conduct distributions, but no exchange of funds is made. Pipeline partners are provided the goods at no cost and use their own funds to conduct distributions. IOM conducts receipt of items at the port of entry and transport of items to temporary storage for the partners to pick up the goods from.</p> <p>Please See more details in: Common Pipeline setup Guidance Note Common Pipeline COP page</p>	<p>Similar to IPs, it is used when IOM does not have sufficient capacity to conduct distributions itself. The common pipeline modality may be used instead of IPs when IOM has not fundraised for distribution costs and those can be assumed by the IPs. Pipeline agreements can also be less complicated than IP ones, thus leading to faster onboarding of partners and faster processes for each distribution, since funds do not need to be exchanged.</p>	<p>Agreements with the pipeline partners must be secured before any goods are transferred. In this case, since there is no exchange of funds, the standard LEG template cannot be used but the mission can follow these Common Pipeline Agreement examples which have been used by other missions. Note: here also, the in-kind donation agreement must be checked for specific conditions that must be included from the donor.</p>
Handover to government authorities or community groups	<p>IOM handovers NFIs to Government/local Government departments or community structures for their onward distribution (no exchange of funds between IOM and the Distributing institution)</p>	<p>When it is clear that delivering NFIs through that particular group is the most efficient and time saving, or there is limited access by IOM to the affected area. As an example, when there are needs of items for collective centers,</p>	<p>The following document must be secured before any goods are transferred. Handover form (Adjusted from IOM Turkey 2023): Based on the donor requirement, articles can</p>

	Based on the donor requirement, IOM conducts monitoring and collects distribution records such as beneficiary lists from the Government/local partners.	these can be handed over to those entities managing those centres. Hand over letter can be signed with representatives instead of receiving individual signatures from end beneficiaries. This modality must only be used when there is a thorough understanding of the relationship between the end beneficiaries and the group that have been designated to distribute the goods to them. If there is any doubt about the intentions of the receiving group, or any potential conflicts, then this is not an appropriate approach for distribution.	be modified. Requires LEG approval.
--	---	---	-------------------------------------

7. What capacities are needed at the mission and/or with partners?

To manage these large in-kind donations, there are several capacities that the mission must have, depending on the complexity and scale of the goods that will be received. These capacities include:

- **Logistics and Procurement capacity.** If the goods will be received via international shipping (air or seaport), staff will need to coordinate the customs clearance of the incoming goods, including tax exemption approvals from local authorities if required, and be at those ports of entry to receive the goods.

Note: tax exemption documentation should be completed as far in advance as possible to avoid fees if this causes a delay once the items arrive.

If cold storage of items is required (such as for medical items), IOM must coordinate this at the receiving port. Once received, the goods must be visually inspected and counted and receiving reports generated and sent to the donor. IOM must then coordinate the transport of the items from the port to warehouses or other temporary storage facilities. If goods are not cleared from the port quickly, demurrage, detention, or storage charges may need to be paid. A sample logistics guide for in-kind donations from is included [here](#) which is a simple example that can be used to communicate to in-kind donors about requirements and coordination of transportation of donations.

- **Warehousing capacity.** Warehouses must be in place so that goods can be moved quickly from the ports of entry and temporarily stored somewhere before they move for final distributions. Depending on the items coming in, certain warehousing facilities may be required such as temperature/humidity-controlled warehousing (for food or medicines). At these warehouses,

there must be staff available to unload and load the goods and to manage overall warehousing operations, including coordinating with partners who may be coming to pick up goods.

- **Distribution coordination.** When IPs or common pipeline modalities are used, IOM must have sufficient coordination and governance structures in place to establish agreements with partners, liaise with partners daily about operations, and coordinate with relevant clusters. Clusters must be coordinated with to ensure that IOM is dispatching goods appropriately in line with the needs in the various regions. For the common pipeline modality, goods allocations are usually directly approved at the cluster level using a transparent evaluation process. Coordination with the Logistics Cluster may also be required if they will support in the transportation of the goods.

8. Financial accounting and reporting considerations

In-kind goods contributions must be properly accounted for in PRISM while in-kind goods consignments are not to be recorded in PRISM². For in-kind goods consignments, IOM never takes ownership of the items and only provides a service to the donor for the transport/distribution of the items; thus, since there is no ownership of the items, IOM must not record these in IOM accounts.

To properly account for in-kind goods contributions, in the past, country missions have sent the contribution details (type of goods/value/qty) to revenue colleagues who would then include in PRISM. The new method is for country missions to upload details directly to the [FinCoorP platform](#). Here, the same details must be provided (type of goods/value/qty) in addition to donor information (country mission can add new donors as required), and documents such as the donor agreement form, in-kind receipt confirmation, deed of donation (if applicable), and fair market value³. Both in-kind goods and services must be accounted for through this platform. In country missions would like assistance in recording these contributions, they may reach out to the [Private Sector Partnership \(PSP\) unit](#).

Once this process is complete, the contributions will subsequently be recorded in PRISM, meaning that these contributions will eventually be included in the Donor Relation Division's (DRD) [Annual Financial Reports](#), which extracts this data from PRISM. In-kind goods consignments will not be recorded in PRISM and, thus, will not be recorded in the DRD annual reports.

Note: In-kind services, where IOM received services such as transportation of goods at no cost, must also be accounted for the same way as described above through the [FinCoorP platform](#).

For more information, please see the DRD page on [Processing In-Kind Donations at the Country/Mission Level](#).

² ACO Alert 1, 16 Dec 2015

³ Fair market value is the value of the goods at the time they were donated. This information should be provided by the donor. If it is not provided by the donor, the mission can contact [MSCU](#) for consultation or to the [Private Sector Partnership \(PSP\) unit](#).

Case study: Türkiye and Syria 2023 earthquake response

Following the earthquake that struck Türkiye and Syria on 06 Feb 2023, IOM's warehouse in Gaziantep became a major hub for rapid response. Along with initiating various procurements of IOM's Global Stocks and local/international goods, IOM also accepted in-kind donations and consignments of relief items of approx. **USD 22 million**. These were donated by **22 donors** globally including governments, EU member states, and private sector partners, and channeled through IOM Türkiye's supply chain mechanisms for response in both Türkiye and Syria.



Loading of IOM's Global Stocks from Nairobi for airlift to Türkiye, Feb 2023 © Kennedy Njagi

In total, **58 air lifts** with in-kind goods were received and **313 trucks** of goods were distributed to beneficiaries by IOM and through partners.

To manage this scale of incoming donations, IOM Türkiye established **6 logistics cells** at key ports of entry including airports and seaports with IOM supply chain personnel to receive, clear, and dispatch the goods to onward destinations including temporary warehouses or to partners/beneficiaries directly. Logistical costs for transporting the goods were covered through IOM projects and through in-kind logistics services from IOM's partner, Flexport (155 trucks), and from other partners Turkish Airlines (14 flights) and NATO (4 flights).

For more information and lessons learned about this movement, please see [here](#).

9. Support that can be provided by HQ

The Department of Operations and Emergencies (DOE) and Supply Chain Division (SCD) can provide some support to missions in preparing for receiving in-kind contributions including:

- **Supply chain guidance before receiving items.** DOE and SCD can provide advice and lessons learned based on past large in-kind contribution operations. Recently, large operations have occurred in Ukraine (2022) and Türkiye (2023) and best practices from these can be shared.
- **Access to global partnerships.** IOM has developed partnerships at the global level for access to various supply chain services at no cost, such as IOM's partnership with Flexport. HQ can connect country missions with these resources for potential support to in-kind operations.
- **Guidance and templates.** In addition to the [LEG IP agreement template](#) and [Common Pipeline Agreement examples](#), templates can be provided for in-kind contribution [agreements and donor reports](#). If the mission wishes to set up a new Common Pipeline, [common pipeline guidance and templates](#) are available to initiate those operations.
- **Staffing Support.** DOE and SCD can potentially support through short term surge deployments from HQ or through identifying qualified and available staff for either short or long-term positions.

Additionally, the [DRD PSP unit](#) can support missions in the accounting requirements as described above. They can also support country missions in identifying and communicating with private partners to initiate new in-kind contributions based on existing framework agreements or partnerships with private sector partners. Current framework agreements include with Amazon. Additional information about private sector partnerships can be found on the [PSP Sharepoint](#).

For more information about this document or to discuss in-kind contributions, please contact: sheltersupport@iom.int

DRAFT