Logistics

MAA00028

14 April 2010

This report covers the period 1 January to 31 December 2009.

Panama regional logistics unit (RLU) organizing the delivery of urgently needed goods from its preparedness stock to support flood-affected population in Salvador. IFRC

In brief

Programme purpose: To reduce the number of deaths, injuries and impact from disaster and health emergencies through the efficient use of global disaster response tools and response surge capacity.

Programme summary: The logistics department’s (LD) 2009 programme sought to increase the International Federation of Red Cross and Red Crescent Societies (IFRC) global logistics capacity and accessibility to provide logistics services to Red Cross Red Crescent programmes and operations. This was carried out by activities directed to aligning logistics infrastructure to the decentralized Federation structure and to the requirements of the new working modalities. It also set out an objective to build sufficient capacity for extending logistics services to external humanitarian actors through operating a DG ECHO-accredited humanitarian procurement centre (HPC). Activities implemented during the reported period allowed LD to achieve shorter-term objectives, and to establish the required platform that will lead to the accomplishment of longer-term objectives. In 2009, LD started the development of the logistics service delivery plan 2010-2015 that lays out the strategic framework for Federation logistics activities in the upcoming five years. Within the reported period, LD developed logistics standards, tools and systems that measure service delivery; enhance accountability; promote standardization; and facilitate the management of logistics response operations. The programme also supported the implementation of global logistics capacity-building initiatives which led to a stronger logistics response worldwide, and allowed for a more efficient and cost-effective logistics services.

Financial situation: The total 2009 budget is CHF 6,716,534 (USD 6,195,320 or EUR 4,588,990), of which CHF 2,741,752 (41 per cent) covered during the reporting period (including opening balance). Overall expenditure during the reporting period was CHF 1,415,670 (21 per
There has been a decrease in the 2009 budget from CHF 8,141,069 to CHF 6,716,534. This decrease was due to the reduction of four positions that might be reintroduced in 2010 with the implementation of the five-year service delivery plan. Another reason for the budget revision was a decrease in the initial plan for logistics stock pre-positioning, pending the output of a subregional stock study that is scheduled for early 2010. The percentage of expenditure was low due to the fact that some project activities have been put on hold while the disaster response and early recovery division (of which LD is a part), was being reorganized and divisional direction and priorities being determined. The development projects commenced during the second half of the year and will be completed in early 2010.

Click here to go directly to the attached financial report.

No. of people we have reached: An estimated 44.6 million people were reached by National Societies through secretariat-supported operations in 2009.

Our partners: LD currently works with a number of partners on various projects:

Humanitarian Procurement Centre

LD’s capacity to provide effective procurement services has been recognized through its accreditation by the Directorate-General for Humanitarian Aid (DG ECHO) as an HPC. Beyond the traditional support provided to National Societies, this accreditation provides opportunities to extend the LD services to other humanitarian parties.

ICRC

LD has established strategic cooperation with the ICRC logistics function. Where appropriate, both organizations implement joint projects in areas of common interest, such as the revision of the emergency items catalogue, joint establishment of supplier framework agreements, supplier social responsibility track record, and other. Regular meetings are held to share information, and to agree on common approaches for current and future activities, as well as on operational programmes.

Logistics cluster

LD attends the global logistics cluster meetings, and participates in operational meetings during emergency operations.

Fleet Forum

The Fleet Forum is made up of a large number of humanitarian organizations (Red Cross Red Crescent Movement, UN agencies, NGOs, etc). The aim of the group is to increase the effective use of vehicle fleets through better fleet management, improve road safety, and to reduce the impact of vehicle fleets on the environment. LD has been regularly attending the Fleet Forum’s annual conference since its establishment in 2003.

Cooperation with logistics academic circles

LD maintains links with a number of academic institutions that offer logistics curriculum in their studies and/or are actively involved in exploring new practices and innovative approaches in the field of humanitarian logistics. The past experience has included close contacts with the INSEAD Business School, Humanitarian Logistics and Supply Chain Research Institute (HumLog Institute), Massachusetts Institute of Technology (MIT), the Norwegian School of Management and some others.
Context

The frequency of natural disasters occurring each year has increased, characterized by a marked tendency in localized small to medium-size disasters, predominantly triggered by climatic hazard events.

The current logistics infrastructure provides good response capability for larger-scale disasters, but needs to be extended to become more accessible and flexible for small to medium disasters. In addition, the logistics geographical coverage is not fully aligned with the zonal structures, and needs to be adjusted to offer easier access to required logistics expertise.

LD has substantially developed its global network, tools and systems since 2006, when there was a transition from a central to a regionalized model of service delivery. Analysis of the regionalization approach to logistics service provision has confirmed quantifiable improvement in the disaster response supply chain in all aspects: from reducing delivery times and costs, to increasing effectiveness and efficiency.

LD has an established platform for operating a HPC that offers selected services to internal and external humanitarian actors. The HPC portfolio needs a final boost in terms of consolidating and clearly articulating capacities and service levels to potential users. Offering selected logistics services to external organizations will help to reach more beneficiaries, contribute to logistics sustainability, and maintain membership services at a lowest cost.

Progress towards outcomes

Programme Component 1 - Technical assistance

Outcome: Increased National Society access to logistics specialists and sustainable increased delivery, speed and capacity; while reducing the cost and impact on the environment by attaching RLUs to zones, placing additional personnel in the other zones, and extending stock capacity by creating semi-permanent stock locations on a cost-recovery basis.

Achievements

- In 2009, LD started to develop the logistics service delivery plan 2010-2015 that will support the delivery of the IFRC’s Strategy 2020, and will provide the overall strategic framework for logistics activities within the coming five years. The development of the logistics future services plan is a multi-component project including research work, targeted studies and analysis such as logistics infrastructure, subregional stock, logistics sustainability and global fleet management. One of the key objectives is to look into mapping the existing capacities of National Societies in order to optimize the use of available resources within the Movement. The future service delivery plan is being designed on the existing platform established in 2006, and steadily developed since then. It is aimed at addressing concrete improvements in terms of speed, cost and the environmental impact of logistics services. The project commenced slightly behind the original schedule due to reasons explained under the "Constraints or Challenges” section. Some of the project activities were delivered in 2009 and are reported below, others have commenced to be finalized in early 2010.

- Within the framework of the above project, LD commissioned a research on the “Future of Humanitarian Logistics” involving internal and external stakeholders. The output of the research was delivered in December 2009. Another sub study was conducted and delivered on “Analyzing existing gaps in the supply of shelter items and logistics support to shelter cluster activities in the future.” During the reported period, LD commenced the review of logistics cost-recovery mechanism; and initiated the overall study on logistics future services,
the results of which are due in 2010. The consolidated output of all work fulfilled within this project will be ready for Federation senior management consideration by mid-2010.

- Logistics global infrastructure was enlarged by establishing a subregional logistics base in Grand Canary Island, Las Palmas to expand the logistics reach to the West and Central Africa zone. This has been achieved in partnership with the Spanish Red Cross and the Spanish government. The official inauguration of the base took place in September 2009. Since then the centre has been fully operational in delivering life-saving goods to the disaster-affected population in Senegal, Benin and Burkina Faso during the African flooding season. The initial stock level of the base has been sufficient to cover the immediate needs of 4,000 families (20,000 people). The longer-term target is to increase the level of emergency stockpiles to be able to respond to 20,000 families (100,000 people) in the immediate aftermath of any disaster. In addition, a subregional stock was built in El Salvador at the end of 2009 to increase the response for Central American countries. The initial stock level is built to cover immediate needs of 2,000 families (10,000 people).

- During the reported period, an average of 42 logistics experts on a monthly basis supported the Federation and National Society operations, delivering the required services, providing adequate technical expertise and contributing to National Society capacity-building activities.

- Staff rotation across the logistics units has been largely practiced throughout 2009. This experience allows LD to maintain a flexible global network that can direct resources from the global pool to where the urgent need and highest workload is (when responding to large-scale emergencies, covering human resource (HR) gaps, etc). This enables LD to maintain the minimum required HR structure in each unit, reducing the overall cost of sustaining the global logistics infrastructure. Within this practice, the Kuala Lumpur (KL) RLU regional logistics delegate was deployed to the Dubai RLU in November 2009. The Geneva procurement unit deployed senior procurement officers to the Dubai RLU in October 2009 and to the Panama RLU from August to November 2009, to reinforce the RLU procurement capacity; and to expedite the delivery of services within the respective regions. The Geneva field logistics unit deployed a manager to Panama from September to November 2009 to act as interim head of the RLU.

- In July 2009, a senior procurement officer was deployed to Eritrea to support the host National Society in implementing the EU-funded water and sanitation project in Eritrea (co-funded by the IFRC, The Netherlands, Austrian and Danish Red Cross). The mission objective was to map logistics capacities and produce a logistics plan of action that would facilitate uninterrupted project implementation. Following a thorough assessment and extended consultation with NGOs, government entities and all involved stakeholders, the plan was put in place and follow up conducted regularly.

- LD is constantly assessing the overall impact of its supply chain activities in terms of delivery cost, speed and quality assurance. Issues related to the environmental impact have increasingly become a major focus of attention. In 2009, LD conducted a review to capture the impact of logistics services with regards to environmental considerations, such as the type of operated fleet, international delivery modes and ethical procurement. The review summarized positive achievements made in this field. Prepositioning goods close to potential disaster areas allowed using “cleaner” and cheaper shipping options, rather than expensive and carbon heavy aircraft to fly stock to big international emergency sites. The present fleet management methods allow maximizing operational output, while achieving reduction in costs and environmental impact. Federation logistics in close cooperation with the ICRC have lately introduced a new sourcing strategy that would promote clean business practices to minimize environmental impact, and enable an increase of the social and environmental traceability of products and services.

**Programme Component 2 - Surge Capacity**

**Outcome:** Provide consistently improving logistics services for operations and programmes through global and RLU capacities to provide better quality, faster delivery and more cost-effective solutions.
During the reported period, the global logistics department supported an average of 27 major operations per month.

The procurement portal launched in late 2008 has been used as a platform for posting international tenders both for Federation and National Society activities, and also to access the newly revised Emergency Items Catalogue. On average, the portal has had 4,000 visitors per month.

Guidelines on local procurement were developed by the procurement department of LD, and disseminated to all stakeholders to address commonly raised enquiries, and to promote a closer cooperation between all disaster management (DM) stakeholders.

The HLS “evolution” project was completed, upgrading the HLS to an updated technical platform ensuring future viability.

HLS training was delivered to the logistics staff at the secretariat in Geneva and the three RLUs to increase user proficiency in the use of the system.

Stock management business processes were documented in order to optimize and identify changes required to supporting information technology (IT) systems. This will result in a more efficient and automated processing when implemented.

A five-day regional logistics coordinators workshop was held in Geneva in February 2009, bringing together participants from the three RLUs and the Geneva secretariat field logistics unit. The agenda of the meeting included issues on logistics business processes, development of human resource and training strategy, and improved support to operations. A plan of action was developed as an output of the meeting, with concrete deliverables and timeframes to the end of 2009.

An updated version of logistics standards online was implemented allowing the IFRC to easily share and update best practices, procedures, templates and training material in four languages with logistics across the Movement.

The Panama RLU printed and disseminated to regional National Societies 500 copies of the warehouse manual in Spanish.

Programme Component 3 - Coordination

**Outcome:** Stabilize the IFRC’s network logistics services so they can be both coordinated with other organizations’ capacities. Create tools and processes to ensure that LD procurement and delivery services are open to external organisations by the end of 2009, and then operated on a cost-recovery basis for external actors in 2010.

- Many National Societies have signed formal LD service agreements to utilize the logistics services provided by the global LD network (six signed in 2009). A number of these National Societies have significantly increased the volume of stocks that they hold in RLUs, as a result of their increased ability to quickly respond to disasters by using the LD services.
- In 2009, the ICRC pre-positioned stock for 10,000 families with the Panama RLU, and confirmed commitment to preposition an equal amount of stockpiles in the Kuala Lumpur RLU. The working mechanism entails that stock is managed by the respective RLU, and dispatched in response to operational needs based on the ICRC request. This cooperation has already proven its efficiency in the Americas, and there have already been several rotations of stock. ICRC stock is due to arrive in Kuala Lumpur in January 2010.
- The Federation logistics team in cooperation with the ICRC developed and launched the 2009 version of the Emergency items catalogue. This was a collaborative effort integrating expertise and support from the Movement and from external organizations. The catalogue offers a solid framework for harmonization of relief goods across organizations and across humanitarian “clusters”. It is a guarantee of quality assurance for humanitarian emergency supplies. The catalogue is available in a printed and an online version (http://www.ifrc.org/emergency-items). The online version receives an average of 2,500 visits per month. The printed set including three volumes and a CD-ROM will be shipped to all National Societies in January 2010.
• The warehouse agreement with UNICEF was extended for one year in Panama.
• The LD representative from Geneva participated in the logistics response team training organized by WFP and the logistics cluster. This was a good opportunity to exchange relevant knowledge and experience on logistics service delivery, and to learn about activities of other humanitarian logistics actors to avoid duplication and to promote cooperation where feasible.
• The LD representative attended a meeting in Germany dedicated to strengthening HPC recognition and the dissemination of HPC concept among DG ECHO partners. The IFRC presented achievements in developing the HPC package and extending services to externals, including the newly launched procurement portal.
• Work on administering the procurement portal has been fulfilled. A plan of action has been designed to implement further enhancements, and to develop additional modules of the portal which is subject to the availability of funds.
• LD units are engaged in developing a comprehensive supplier data base. Establishment of the public procurement portal has been a major step in facilitating the supplier registration process.
• The HPC operating business processes, procedures and supporting documentary package have been finalized. Final streamlining of systems, and the wider promotion of HPC services are envisaged in 2010.
• Following a thorough review and audit of LD procurement services, DG ECHO extended the accreditation of LD as an HPC to the end of 2013.
• LD continues to develop long-term framework agreements with suppliers. During the reported period, three long-term framework agreements (FA) were established (vehicles, Inter-agency health kits (IEHK), out patient department (OPD) kits). A joint international tender was launched with ICRC for two FAs for medium and high thermal blankets. FAs for tarpaulins, kitchen sets, jerry cans, cholera kits and mosquito nets were extended to mid-2010. Established FAs guarantee the availability of stock at agreed terms, and provide access to actual physical stock held at IFRC and at the suppliers’ premises. FAs are accessible to the entire Movement. Complete information on FAs is available on FedNet.
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• In close cooperation with ICRC, the procurement unit developed and applied in practice corporate social responsibility requirements. A special provision has been incorporated into international open tenders for FA to request social audit certificates from suppliers.

Programme Component 4 – Capacity building

**Outcome:** Develop competency-based training, selection and staff development systems for Federation and National Society staff incorporating rotation, mentoring and performance management in cooperation with HR in the secretariat. Develop a pool of personnel to address gap in surge capacity for the international operations management.

• LD maintains a roster for logistics and procurement coordinators/delegates. In 2009, staff members from this roster were deployed to the Horn of Africa, Zimbabwe, Pakistan, Myanmar, Haiti, Salvador, Vietnam and Indonesia.
• The lack of qualified medical logisticians has been identified by international organizations as a serious challenge requiring immediate attention. A Steering Committee was established to develop a recognized certification course on medical logistics and LD was invited to be a member in it (other members being WFP, UNICEF, WHO, ICRC and MSF). The Steering Committee supervised and coordinated the various stages of the curriculum development. The LD representative was also a member of the review team working on the revision of the training material, and providing technical advice for the development of learning material and a case study. The course was launched in September as a certification in humanitarian logistics practice.
• During the reported period, LD developed the concept and curriculum for the logistics trainee programmes. This six-month programme provides an opportunity for Red Cross Red Crescent logisticians to learn about the Federation logistics systems and processes, and to
enhance their humanitarian logistics skills. It also increases the number of trained logisticians supporting Federation operations.

- In line with the developed concept, two trainee logistics delegates (from the Danish and Finnish Red Cross) successfully completed their six-month training programme in the KL RLU with subsequent deployment to emergency operations (Philippines and Afghanistan). One of the trainees continued the programme in the procurement unit of Geneva for another six months to specifically focus on the procurement discipline of the module.

- The Dubai RLU facilitated the logistics component in the training project of the Expanded Field School in Kenya which targeted Field Assessment Coordination Team (FACT) assessment and Emergency Response Unit (ERU) implementation based around the concept of “learning by doing”. This was a unique training designed on participant involvement in real-time Kenya Red Cross Society operations.

- The KL RLU continued to work closely with a number of National Societies in the region on long-term logistics capacity building. During the 2nd half of 2009 this included assessment missions to Indonesia and East Timor, follow-up strategic planning workshops with the Palang Merah Indonesia (PMI) and The Thai Red Cross Society, logistics workshops conducted in KL for National Societies across the region, and specific workshops for the Afghanistan Red Crescent and the Red Cross of Vietnam.

- Audience-tailored presentation materials were developed and training sessions were facilitated by LD throughout the year in Finland, the United Kingdom, Brussels, Switzerland, and Spain.

- LD provided support by facilitating technical sessions at four National Society ERU logistics training courses in 2009 (organized by the British, Finnish, Spanish, and Swiss Red Cross).

Constraints or Challenges

- Change of the Federation senior management cabinet at the secretariat and ongoing changes in the zonal structure and locations have slightly delayed the implementation of some of the planned activities. In view of the reorganization in the disaster response and early recovery division (of which LD is a part), recruitment of new staff and consultants has been temporarily put on hold. As a result, many logistics project activities commenced later than planned, and will be extended to early 2010. The development of the future logistics service delivery plan including infrastructure and subregional stock was one of such key activities, which is linked to a number of other deliverables, such as the recruitment of subregional logistics staff, and the development of additional framework agreements.

- The recruitment of professional technical specialists with required competencies (such as procurement/logistics coordinators) remains a challenge. Seeking the required skill-sets and competencies to match the job requirements at times takes longer than expected, leaving a gap in operational needs.

- The current logistics infrastructure is not fully aligned to zonal structures, which imposes certain limitations in terms of access to logistics services and expertise. This has had a particular impact on the provision of logistics services in Europe, Africa, and the Middle East and North Africa (MENA) zone, where the Dubai RLU has a stand-alone status, and the challenging task to cover a large disaster-prone geographical area. This issue will be addressed in the implementation of future logistics infrastructure.

- Planned enhancements to the HLS have not been started due to a shortage of human resources.

- Planned enhancements to the procurement portal have not been started as funds have not been allocated to this project.
Working in partnership

- Many National Societies have signed the logistics service agreement to utilize logistics services provided by the global logistics network. Among these National Societies are the Australian, American, British, Canadian, Danish, German, Kenyan, Hong Kong, Iranian, Japanese, Luxemburg, Netherlands, New Zealand, Norwegian, South Korean and Swiss Red Cross Societies. A number of these National Societies have significantly increased the volume of stocks that they hold in RLUs, as a result of their increased ability to respond to disasters more cost-efficiently by using LD services, in operations such as the response to the China earthquake, the Myanmar cyclone and others.
- LD calls for a logistics meeting with National Society partners on an annual basis. This is the forum where logistics discuss future strategies, consolidate National Society views and expectations from logistics services, and identify areas for closer cooperation with members. In 2009, the meeting was held in Kuala Lumpur from 28 to 30 September. This was the first meeting in a wider consultation process with key stakeholder groups that started in 2009 towards developing the logistics service delivery plan for the next five years. The objective of the meeting was to update National Societies on global logistics developments, and to discuss and consolidate their ideas on the design of the future service delivery.

Contributing to longer-term impact

- A logistics global executive report comprising inputs from all logistics units is compiled and disseminated to all stakeholders on a monthly basis. It consolidates key logistics information and analysis from a global perspective. New set of indicators for fleet, logistics and procurement are being developed and will be included in the report to be able to better monitor and measure impact of logistics services.
- The logistics baseline review for 2008 was completed in all LD structures in 2009. The results have been shared with all key stakeholders (zones/LD units). This is a review process allowing LD to measure performance progress against the set targets in four key dimensions: management, financial control, customer service, innovation and learning. A new round of consultations started in 2009 to adjust the key performance indicators and translate them into the baseline review tool.
- The global logistics network is producing logistics tools and systems and is constantly developing its standards and performance indicators, which allows the IFRC to further professionalize its logistics capacity and skills and remain a leader in humanitarian logistics, promoting best practices with other actors.
- LD cooperates with academic institutions in logistics research and development of case studies. This cooperation allows the drawing of mutual benefits in terms of exploring best practices in humanitarian logistics, consolidating lessons learned from previous experiences and applying innovative approaches into practice. LD worked with the Norwegian School of Management to finalize a study on the impact of organizational change on the delivery of logistics services. Together with INSAED LD worked on producing a written document measuring the impact of logistics response delivered from a regionalized structure. A new case study was developed in 2009 to assess the logistics response to Myanmar earthquake (2008).
- IFRC logistics is represented in international logistics forums and conferences.

Looking ahead

LD’s future strategic approach will focus on sustainably increasing and stabilizing the coverage and accessibility of all logistics services for National Society programmes and operations through the zonal structures. Emphasis will be put on mapping available logistics capacities within the Movement to achieve optimal use of resources. Support from the current RLUs will
continue, and transition to an increased infrastructure will be achieved whilst maintaining business continuity. The overall stock-holding level will be increased with the creation of new subregional stock locations. These will be operated on a cost-recovery basis, and managed and replenished from the main logistics offices. Technical capacity will be increased and remain consistent at all levels with the introduction of an integrated training system. Information software and tools will be streamlined to meet business requirements, and new tools will be developed to ensure better accountability and impact measurements. The HPC portfolio will be widely promoted in terms of clearly articulating capacities and service levels to potential service users, as well as consolidating and streamlining the operational capacity.

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<th>How we work</th>
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<td>The IFRC’s activities are aligned with its Global Agenda, which sets out four broad goals to meet the IFRC’s mission to “improve the lives of vulnerable people by mobilizing the power of humanity”.</td>
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<tr>
<td>Global Agenda Goals:</td>
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<td>• Reduce the numbers of deaths, injuries and impact from disasters.</td>
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<td>• Reduce the number of deaths, illnesses and impact from diseases and public health emergencies.</td>
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<td>• Increase local community, civil society and Red Cross Red Crescent capacity to address the most urgent situations of vulnerability.</td>
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<td>• Reduce intolerance, discrimination and social exclusion and promote respect for diversity and human dignity.</td>
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<td>For further information specifically related to this report, please contact:</td>
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