

# Programme Update

 International Federation  
of Red Cross and Red Crescent Societies

## Logistics

Appeal No. MAA00028

27 August 2009

This report covers the period 1 January to 30 June 2009



Panama regional logistics unit dispatching cooking stoves, kitchen sets and hygiene kits to Turks and Caicos islands in support of people affected by the seasonal hurricane.  
**International Federation**

## In brief

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

The programme seeks to sustainably increase the International Federation's global logistics capacity and accessibility for provision of logistics services to Red Cross Red Crescent programmes and operations, aligning the logistics infrastructure to decentralized zonal set-up and requirements of new working modalities. It also aims at building sufficient capacity and resource for extending logistics services to external humanitarian actors through operating a DG ECHO-accredited Humanitarian Procurement Centre (HPC). The overall objective is to optimize the logistics reach and capacity worldwide and to make the delivery of logistics services utmost efficient and cost-effective.

### **Programme summary:**

The present infrastructure of the logistics and resource mobilization department (LRMD) includes global strategic management department in Geneva, regional logistics units (RLUs) in Kuala Lumpur, Dubai and Panama and a global fleet base in Dubai. LRMD is delivering services in sourcing, procurement and transport, fleet, contingency stock building and warehousing, development of logistics human resources and project management.

Building on the platform of the global logistics strategy 2006-2008, which was fully and successfully implemented, LRMD developed a new logistics strategy which sets the direction and strategic approach for logistics activities in 2009-2010. It underpins the implementation of the disaster management operational strategy 2009-2011 and supports the strategic goals of

the International Federation's Strategy 2020.

To achieve the programme objectives, LRMD has initiated a process of reviewing the size and location of its units, ready stocks and sub-regional stock locations. A major step toward streamlining the global logistics structure has been establishment of a sub-regional warehouse base in Grand Canary island to expand logistics reach to West and Central Africa.

LRMD continues to develop a range of systems and tools in the form of supplier framework agreements, online logistics standards, Humanitarian Logistics Software (a procurement, tracking and reporting system), Logic (a warehouse system), emergency items catalogue, a full portfolio of Humanitarian Procurement Centre, logistics portals, key performance indicators and benchmarks. These tools allow the measurement of the impact of logistics services, increase accountability and facilitate the management of logistics response activities.

Through its regional logistics units, LRMD continues provision of capacity building support to National Societies through tailor-made logistics workshops and individual staff mentoring.

LRMD continues to manage a cost recovery mechanism which has been introduced to ensure logistics self-sustainability. Funds secured through cost recovery allow LRMD maintaining the non-core funded logistics infrastructure to be able to deliver fast, cost-effective and efficient services to RCRC members and external partners.

**Financial situation:** There has been a decrease in the 2009 budget from CHF 8,141,069 (USD 7,500,732 or EUR 5,339,386) to CHF 6,716,534 (USD 6,188,244 or EUR 4,405,093). This decrease was due to the reduction of four positions that might be reintroduced in 2010 with the implementation of the logistics' new strategy. Another reason for the budget revision was a decrease in the initial plan for logistics stock pre-positioning, pending the output of a sub-regional stock study that is scheduled for late 2009. The actual need for stock levels will be set and implemented in 2010.

Of this revised budget, CHF 2,318,165 (35 per cent) covered during the reporting period (including opening balance). Overall expenditure during the reporting period was CHF 598,141 (9 per cent of the budget and 26 per cent of the income). 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 logistics is a part) was being established and divisional direction and priorities were being determined. The development projects will start up during the second half of the year to be able to better support the divisional objectives and priorities in a coherent and integrated approach.

[Click here to go directly to the attached financial report.](#)

**No. of people we have reached:** Over 14 million beneficiaries have been reached through disaster response operations from January to end-June 2009.

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

#### **Humanitarian Procurement Centre**

LRMD's capacity to provide effective procurement services has been recognised through its accreditation by DG ECHO as a Humanitarian Procurement Centre (HPC) in 2005. Beyond the traditional support to National Societies, this accreditation provides opportunities to extend the service offer to third parties. The LRMD is working towards the sustainable development of its services, through the promotion of a cost recovery mechanism, which aims at finding the right balance between its non-profit mandate and the provision of professional logistics services.

#### **LRMD Service Agreements**

An increased number of National Societies have signed formal LRMD Service Agreements to

utilise the logistics services provided by the global LRMD network. 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 by using LRMD services, proven in operations such as the response to the Myanmar cyclone.

#### **National Society Logistics Working Group**

LRMD works closely with National Societies to providing support through capacity building and logistics services. This is coordinated through the existing RLU network with close cooperation with zones. To further facilitate the provision of services and capacity building activities, a National Society Logistics Working Group has been set up. This is led by five National Societies that currently use the services of LRMD and their role is to represent all National Societies that use LRMD service now, or may wish to do so in the future. The working group attends LRMD strategic planning meetings and ensures optimized communication between LRMD and National Societies. It provides feedback on existing services provided and is able to influence future LRMD strategy. This dialogue will support LRMD in continuing to provide the right services to National Societies.

#### **International Committee of the Red Cross (ICRC)**

LRMD has regular meetings with ICRC to share information on current and future activities. Where appropriate, both organisations coordinate activities and participate in projects. LRMD and ICRC currently participate in a project to update the Emergency Items Catalogue and cooperate in establishing joint framework agreements. This facilitates increased standardisation of relief items and increases the opportunity for further collaboration in the future.

#### **Logistics cluster**

LRMD attends regular logistics cluster meetings and participates in operational meetings during emergency operations.

#### **Cooperation with logistics academic circles**

LRMD 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 Fritz institute, INSEAD, the University of Lugano, 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. According to recent studies this trend is expected to continue.

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 localized 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.

LRMD has developed a complete package for operating a HPC that can offer selected services to internal and external actors. This is being run on a cost recovery basis which LRMD introduced in mid-2007 and has been successfully implementing to date. The HPC portfolio needs a final boost in terms of consolidating and clearly promoting LRMD capacities and service levels to internal and external actors. Expanding the level of LRMD services will better position the Federation logistics among other actors in the field of humanitarian logistics and will help fund logistics permanent structures and keep NS services at lowest cost.

Analysis of the regionalization approach to the logistics support has confirmed quantifiable improvements in the disaster response supply chain in all aspect: from reducing delivery times and costs to increasing effectiveness and efficiency.

The first half of 2009 has been relatively free from large scale disasters which enabled the LRMD to focus on consolidating its existing capacities and resources, assessing the gaps in service delivery and identifying priority development projects to build the required logistics capacity to the end of 2009.

## Progress towards outcomes

LRMD has identified four key components of the programme and all activities are being fulfilled toward achievement of these objectives:

### **Programme Component 1 - Technical assistance**

**Outcome:** Increased NS 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:**

- LRMD infrastructure has been enlarged by establishing a warehouse base in Grand Canary Island to expand the logistics reach to West and Central Africa zone. This has been achieved in close cooperation with the Spanish Red Cross Society. To start up with, the new sub regional base will comprise emergency stockpiles to cover the needs of 2000 families.
- Work is in progress in terms of developing sub-regional warehouse capacity. The sub-regional stock study is planned to be conducted in the second half of 2009. Some preliminary discussions have started already on this strategy with potential host NS and donors. Likely locations for sub-regional stock have already been identified in some regions but this needs to be further explored with all involved stakeholders including national societies, ICRC, WFP and other external actors.
- During the reported period, an average of 40 logistics experts on a monthly span supported logistics operations in the field and greatly contributed to National Society capacity building activities.
- To ensure adequate logistics set-up and integration with zonal systems, a logistics coordinator was extensively briefed in Dubai RLU and deployed to South Africa to support the ongoing logistics operations.
- A new logistics manager with solid technical experience was recruited in Nairobi to reinforce the East Africa Zonal logistics set-up.
- The procurement coordinator from the Indonesia delegation successfully completed a four-week advanced procurement training in the procurement unit of Geneva. The purpose was to enhance professional knowledge and facilitate improved service provision to the National Society in Indonesia.

### **Programme Component 2 - Surge Capacity**

**Outcome:** Provide consistently improving logistics services for operations and programmes through global and RLU capacities continuing ongoing improvements for better quality, faster delivery and more cost effective solutions.

#### **Achievements:**

- During the reported period, the three RLUs supported an average of 23 major operations per month.

- A five-day regional logistics coordinators workshop was held in Geneva in February 2009, bringing together participants from three RLUs and the Geneva 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.
- The Humanitarian Logistics Software (HLS) “evolution” project was completed delivering and implementing the HLS on an updated technical platform to ensure future viability.
- HLS training was delivered to logistics staff at the secretariat in Geneva and the three RLUs.
- An updated version of logistics standards online was implemented allowing the International Federation to easily share and update best practices, procedures and training material with logisticians 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:** Stabilise the International Federation network logistics services so they can be both coordinated with other organisations capacities and create tools and processes to ensure that LRMD procurement and delivery services are open to external organisations by the end of 2009, then operated on a cost recovery basis for external actors in 2010.

#### **Achievements**

- An increased number of National Societies have signed formal LRMD Service Agreements to utilise the logistics services provided by the global LRMD network. 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 by using LRMD services.
- ICRC has confirmed their interest to pre-positioned stock for 5,000 to 10,000 families with Panama and Kuala Lumpur RLUs. The first visit by ICRC to Panama was conducted in June 2009.
- Emergency Items Catalogue 2009 project implemented jointly with ICRC is close to completion. The new online version is an easy to use online catalogue with good search functionality. This will also provide an easier yearly update and facilitate access to NS and external partners.
- The warehouse agreement with UNICEF has been extended for one year in Panama.
- LRMD representative from Geneva participated in logistics response team training organised by WFP and the logistics cluster. This was a good opportunity to exchange relevant knowledge and experience on logistics service delivery and learn about activities of other humanitarian logistics actors to avoid duplication and promote cooperation where feasible.
- LRMD has finalized the business case and complete documentary package for operating a HPC. The second half of 2009 will focus on consolidating and widely promoting the LRMD capacities and service levels to internal and external actors through active customer relations activities.
- In March 2009, a LRMD representative attended a meeting in Germany dedicated to strengthening HPC recognition and dissemination of HPC concept among DG ECHO partners. The International Federation presented LRMD achievements in developing HPC package and extending services to externals, including the newly launched procurement portal.
- LRMD continued the project of maintaining global supplier framework agreements. Pending upon finalization of the stock study, which will have an impact on future framework agreements and stock retention levels, since the start of 2009 LRMD has established/extended framework agreements for the following items: Interagency emergency health kits, kitchen sets, tarpaulins, blankets, jerry cans and Toyota vehicles.

- LRMD initiated a process of developing regional framework agreements for hygiene parcels and international transport. LRMD is analysing the needs and possible structure for regional transport agreement to be established toward the end of 2009.
- Work on administering the procurement portal has been fulfilled. A plan of action has been designed to implement further enhancements and develop additional modules of the portal. Implementation is planned for the start of September 2009.
- LRMD units are engaged in developing a comprehensive supplier data base. Establishment of the public procurement portal has been a major step in facilitating this process.

## **Programme Component 4 – Capacity building**

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

### **Achievements**

- LRMD maintains a roster for logistics and procurement coordinators/delegates. In 2009 staff members from this roster were deployed to Horn of Africa, Zimbabwe, Pakistan and Myanmar.
- Regional development has been enhanced with a total of five workshops with 96 participants. The workshops ranged from specialist warehouse, logistics regional disaster response team (RDRT), regional logistics training to tailor-made workshops designed for National Societies' specific needs.
- LRMD provided support by facilitating technical sessions at three National Society ERU training courses in 2009 (organized by the British, Spanish and Swiss Red Cross Societies).
- The trainee delegate programme initiated in 2008 continues to be implemented. An additional one-month field mission has been added to the standard module of six months training. During the reporting period, the RLU in Kuala Lumpur recruited two new trainee delegates. They are receiving in-depth practical knowledge on the International Federation's logistics procedures. One of the trainees has already conducted a mission to Zimbabwe to implement a warehouse system.
- LRMD and ERU-holding National Societies sent facilitators and participants to the bi-yearly Logistics Response Team training organised by the global logistics cluster cell.
- LRMD senior procurement officer is an active member of the steering committee and the review committee (including also representatives from WHO, UNICEF, WFP, ICRC, MSF) to develop training material for a recognized certificate course on medical logistics.
- A trainee procurement delegate from the Finnish Red Cross started a six-month advanced training on procurement processes and procedures at the Geneva procurement unit.
- The RLU in Kuala Lumpur conducted a warehouse and transport workshop for the Thailand Red Cross and facilitated opening of a new warehouse in Chiang Mai. In addition, a number of initiatives have been started with other Asia and Pacific National Societies in terms of longer-term logistics strategies and capacity building. These initiatives are expected to be further developed and implemented in the second half of 2009 with two or three National Societies.

### **Constraints or Challenges**

- Change of the International Federation's senior management cabinet at the secretariat and ongoing changes in the zonal structure and locations have slightly delayed the implementation of some of the logistics planned activities. In view of the upcoming structural changes in the Disaster Response and Early Recovery division (of which LRMD is part), recruitment of new staff and consultants has been temporarily put on hold. In the second half of 2009, LRMD will be clear of the divisional structure and priorities and will be in a better position to catch up with key activities toward achievement of the programme goals. The study of logistics infrastructure and sub-regional stock is one of such key activities, which is

linked to a number of other deliverables such as recruitment of sub-regional logistics staff and development of additional framework agreements.

- Lack of adequate funding has put on hold the development of logistics training strategy.
- Recruitment of professional technical specialists with required competencies (such as procurement/logistics coordinators) remains a challenge. Seeking the required skill-set and competencies to match the job requirements at times takes longer than desired time, 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 a particular impact on provision of logistics services in Europe and MENA zone, where Dubai RLU has a stand-alone status and has a challenging task to cover for a large disaster-prone geographical area. This issue will be addressed in the study of the future logistics infrastructure.
- Planned enhancements to the HLS have not been started due to a shortage of resources to act as subject matter experts.
- Planned enhancements to the Procurement Portal have not been started as funds have not been allocated to this project.
- Work on global stock, business processes, cost recovery automation, and automation of inventory valuation will have to be reprioritized and likely only partially delivered, if at all. This is due to the resignation of an international staff and an organizational hiring freeze that has prevented rehire and knowledge transfer to a new international staff.

## Working in partnership

- LRMD is an active member of the logistics cluster and participates in quarterly meetings. The International Federation has been fully engaged in charting the development and objectives. Facilitators from the International Federation and participants from ERU logistics rosters are actively engaged in the logistics response team trainings organized by the global logistics cluster cell. LRMD is also part of the reference group to develop logistics tool for the humanitarian logistics community.
- National Societies have signed a 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, Iranian, Japanese, Luxemburg, New Zealand, Norwegian, South Korean and Swiss Red Cross Societies. The Austrian, Belgium, French, Finnish, Hong Kong, Netherlands, Spanish and Qatar NS have expressed interest to use services on an ad-hoc basis.
- LRMD participated in the 2009 Humanitarian Logistics Association conference in Geneva. LRMD is supporting the work of this association in the development and delivery of a training programme to certify humanitarian logisticians and build communities of practice.
- The Annual Logistics Meeting for National Societies was scheduled to be held in June 2009 in Panama. Due to the risk of H1N1 pandemic the meeting was cancelled and will be rescheduled after the summer.

## 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 has been completed in all LRMD structures. The results have been shared with all key stakeholders (zones/LRMD units) and will be presented to National Societies at the next annual meeting. This is a review process allowing LRMD 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 has

started in February 2009 to adjust the key performance indicators and translate them into the baseline review tool. The baseline review for 2009 is planned in September 2009.

- The global logistics network is producing logistics tools and systems and is constantly developing its standards and performance indicators, which allows the International Federation to further professionalize its logistics capacity and skills and remain a leader in humanitarian logistics, promoting best practices with other actors.

## Looking ahead

The second half of 2009 will be the period to prioritize the objectives and actively advance implementation of planned activities and underpinning projects toward achievement of the programme goals. This will be fulfilled in accordance with the secured funding level. There will be clarity achieved in Disaster Response and Early Recovery divisional structure and objectives, which will facilitate the process of informed decision making and hiring of additional resources if required. The work fulfilled during the first six months of the year and the upcoming consultation process will provide a solid framework for moving ahead with the logistics study on infrastructure and stock locations. The output of the study will be critical in streamlining the global logistics structure, aligning the capacity to better serve the Movement needs and finalizing the platform for offering selected services to external actors. This will allow making an important step toward achieving the objectives of the programme – provide faster and better response to small and medium scale disasters, optimize the logistics reach and capacity worldwide and make the delivery of logistics services utmost efficient and cost-effective.

### How we work

The International Federation's activities are aligned with its Global Agenda, which sets out four broad goals to meet the Federation's mission to "improve the lives of vulnerable people by mobilizing the power of humanity".

#### Global Agenda Goals:

- Reduce the numbers of deaths, injuries and impact from disasters.
- Reduce the number of deaths, illnesses and impact from diseases and public health emergencies.
- Increase local community, civil society and Red Cross Red Crescent capacity to address the most urgent situations of vulnerability.
- Reduce intolerance, discrimination and social exclusion and promote respect for diversity and human dignity.

### Contact information

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