Logistics

Executive summary

Introduction: The International Federation is finalizing its zonal structure and has set a priority to enhance support to National Society activities. In addition, the International Federation’s Strategy 2020 is being created and as previously planned, it is time to align the logistics structure and activities so they support the delivery of the International Federation’s overall objectives for Strategy 2020. This will centre on re-enforcing the logistics capacity and capabilities of National Societies (NS) with membership and value adding services. These will be delivered using a coordinated network of resources that includes standing NS capacities.

Programme Aim: This programme will be part of Strategic Aim 1 of the International Federation’s 2020 plan, that is ‘Save lives, protect livelihoods, and prepare for and recover from disasters and crises’ and more specifically supporting enabling action 1: ‘Build strong National Red Cross Red Crescent Societies’ and enabling action 3: ‘Function effectively as the International Federation’

Programme Priorities: Logistics has three main priorities for 2010 / 2011 and onwards. These are:

- Ensure the delivery of membership services to NS through the Zone network.
- Provide value added services to NS on a cost recovery basis.
- Provide value added services to external agencies on a cost recovery basis.

Programme Deliverables: The priorities will form the basis of the programme which will produce three key deliverables. These are:

- Alignment of the logistics structure with Zones to deliver membership services
- Availability of value adding logistics services to all NS
- Provision of value adding logistics services to external agencies, utilising the volume to generate funds to subsidise the membership and NS supplied services

Programme Cost: The total 2010-2011 budget is CHF 7.2m (USD 7.0m or EUR 4.7m) (Click here to go directly to the summary budget of the plan).

Context

The increasing frequency of disasters, coupled with a number of emerging threats and trends, are leaving more people vulnerable to the effects of disasters and inflicting greater damage, loss, and dislocation on vulnerable people worldwide. According to the Centre for Research on the Epidemiology of Disasters (CRED), in 2008, more than 235,000 people were killed by disasters, 2.14 million affected, while the cost of disasters was over 190 billion US$.

While the number of disasters recorded in 2008 was lower than 2007, over recent years there has been an increase in the number of small and medium scale disasters, especially storms, floods and epidemics, which National Red Cross and Red Crescent Societies respond to under their mandate as auxiliaries to the public authorities. The first half of 2009 saw a continuation of this trend, with the Red Cross Red Crescent responding to a high number of smaller-scale, local level disasters.
The situation of vulnerable people is now aggravated by evolving, complex threats such as climate change, new patterns of marginalisation, demographic growth and a rising proportion of older people, unplanned urbanisation, high levels of violence, involuntary migration, emerging infectious disease and the growing burden of non-communicable disease, environmental degradation, and insecurity of access to food, water, and natural resources.

The humanitarian sector is further challenged by of the recent financial crisis and the increasing involvement of military and political actors in humanitarian response. The complexity of the humanitarian environment has led to demands for improved coordination. At the same time, improved forecasting and technology for early warning call for improvements in our capacity for early action and for information management in disasters. There are also calls for greater innovation and more inclusive ways of delivering assistance, with a strong focus on accountability, good partnership and good donorship. All of the above reinforces the need for a strong International Federation, flexible enough to adapt to a fast changing world.

In this context, the International Federation needs to have the capacity to mitigate, prepare for and respond to disasters worldwide and across all levels – household, community, national, regional and international. The International Federation is committed to achieving its Global Agenda Goal 1: “to reduce the numbers of deaths, injuries and impact from disasters” and to the three strategic aims of Strategy 2020:

1: Save lives, protect livelihoods, and prepare for and recover from disasters and crises
2: Enable healthy and safer living
3: Promote social inclusion and a culture of non-violence

The International Federation, and the National Societies as auxiliary to the public authorities, are among the leading providers of assistance globally and are responsible to provide relief to people affected by disaster. Depending on their capacity to respond and the scale of the disaster, National Societies can call upon international assistance through the International Federation’s secretariat. The International Federation secretariat is committed to ensuring the institutional capacity in preparedness for response, response and recovery to provide that support in a timely manner. The secretariat has a constitutional obligation “to organise, coordinate, and direct international relief action” as a core service to its members and calls upon its membership to provide additional human resources, technical, material and financial assistance to sister societies in affected countries.

With the increase in the number of small and medium scale disasters, the work of National Societies to assist communities to mitigate, prepare for or respond to disasters at a local level is an important added value of our Red Cross Red Crescent network. The effects of food insecurity can also be mitigated at local level through long-term community projects supported by National Societies. The Geneva secretariat will provide support to Nationals Societies in building more resilient communities, mitigation and risk reduction, and food security and livelihoods. Geneva headquarters will maintain a strong strategic oversight in all areas of disaster management.

As stated in the Logistics 2009 / 2011 global strategy, logistics is central to the International Federation successfully fulfilling its mandate. In 2007, Logistics activities accounted for more than 60% of the International Federation’s 404 million CHF spend. The efficiency and effectiveness of the Logistics to provide logistics support has a direct impact for National Societies effective response to assist those affected by disasters.

The International Federation is finalizing its zonal structure and has set a priority to enhance support to National Society activities. In addition, the International Federation’s Strategy 2020 is being created and as previously planned, it is time to align the logistics structure and activities so they support the delivery of the International Federation’s overall objectives for Strategy 2020. **This will centre on re-enforcing the logistics capacity and capabilities of National Societies (NS with membership services delivered or value adding services delivered through the Zone structure).**
Having reviewed a number of operations and reports\(^1\) where Logistics has provided support, there are 3 key areas where improvements would have a significant impact for NS

- Establishing equitable access to membership services for NS, delivered through the Zone structure.

- Increasing NS access to value adding services that can be provided quickly to operations in the immediate aftermath of a disaster without having the burden of investing in and maintaining a large national logistics structure.

- Offering services to external actors at a fair price, so Logistics will be able to maximise the use of its network, and utilise the increased volumes to keep NS services at lowest cost and invest in continuous improvement.

Priorities and current work with partners

Logistics has three main priorities for 2010 / 2011 and onwards. The results will help to meet the challenges outlined in the context. These are noted below:

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<thead>
<tr>
<th>Logistics Work Priority 1 - Ensure the delivery of membership services to NS through the Zone network.</th>
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</thead>
<tbody>
<tr>
<td>Membership services pertaining to logistics, as specified in Strategy 2020 are (i) to facilitate international response coordination (coordination of the delivery of goods using a mobilisation table) and (ii) promote standards and norms through logistics standards tools and accountability mechanisms. These will be delivered as close to point of use as possible, the NS site(s)</td>
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<tr>
<th>Logistics Work Priority 2 – Provide value added services to NS on a cost recovery basis.</th>
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<tbody>
<tr>
<td>Value added services are (i) procurement (ii) warehousing (iii) receipt and despatch of goods (iv) international transport (v) distribution transport (vi) fleet provision (vii) specialist operational support. Direction and leadership for these services will be provided centrally, planned and managed from each Zone and delivered locally through an enhanced global logistics network. NS can access these services through pre-agreement or on an as needed basis.</td>
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<tr>
<th>Logistics Work Priority 3 – Provide value added services to external agencies on a cost recovery basis.</th>
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Work is ongoing to make sure Logistics is in a position to address these priorities from January 2010. The 5 phase process is described below, and the work plan is shown in Figure 1.

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• Confirming the mandatory and value added services to be provided

• Assessing the volume and type of services to be provided

• Identifying options with potential partners to plan optimal supply solutions (NS, Donors, other Agencies, Commercial Partners)

• Finalising a solution showing what services should be supplied from where, including IT, infrastructure, staff and process requirements.

• Identifying tasks / funding needed to change from current to required state.

This work is co-funded by an ECHO capacity building programme, which started in January 2009 and finalises in June 2010.

Secretariat programmes in 2010-2011

Logistics

a) The purpose and components of the programme

Given that the bulk of the current work plan is complete by January 2010, logistics will then commence delivery of the 3 work priorities described earlier. The programme components described in this section will facilitate the necessary enhancement and changes required in the Logistics structure. The ongoing provision of logistics services will be funded with core and cost recovery funding, as in 2009.

Programme purpose

This programme is an enabler for Strategic Aim 1 of the International Federation’s 2020 strategy that is ‘Save lives, protect livelihoods, and prepare for and recover from disasters and crises’ and more specifically supporting enabling action 1: ‘Build strong National Red Cross Red Crescent Societies’ and enabling action 3: ‘Function effectively as the International Federation’

The programme budget is CHF 7.2m (USD 7.0m or EUR 4.7m).

Component 1: Aligning the Delivery of Mandatory Services to NS through the Updated Zonal Structure

Outcome: The realignment of the Logistics structure and resources to deliver mandatory services to NS through the Zones enhanced logistics structure.

Activity 1: Define Logistics provided membership logistics services and ensure all users are aware

Activity 2: Ensure each Zone has logistics resources to deliver the membership services to the NS

Activity 3: Maintain norms and standards to promote and support high quality NS logistics services

Component 2: Global Provision of Cost Effective Value Adding Services to NS on a Cost Recovery Basis

Outcome: NS have increase their capacity through access, as needed, to commercially competitive cost effective and measurable logistics services, without the burden of capital investment and ongoing cost of building and maintaining a full time structure and resources.
Activity 1: Define likely NS demand for value adding logistics services
Activity 2: Augment Logistics network using increased infrastructure and existing NS capacities
Activity 3: Through a feasibility study consolidate and map available NS capacities and optimize its use and access to it.
Activity 4: Increase NS logistics capacity by providing access to services at less than commercial cost
Activity 5: Reduce Investment requirement for NS to deliver logistics services
Activity 6: Develop a global network of stocks, resources and personnel to meet demand

**Component 3: Provision of Cost Effective Value Adding Services to External Agencies on a Cost Recovery Basis**

**Outcome:** Logistics will meet the donor requirements of increased efficiency in logistics services through cooperation and coordination by offering measurable logistics service delivery to external agencies. This will in turn become income generating (non-profitable) and so support the sustainability of Logistics service provision as a whole.

Activity 1: Define logistics services for external actors and likely demand
Activity 2: Provide logistics services to external actors through HPC at less than commercial cost
Activity 3: Ensure cost effective services provided to other humanitarian responders
Activity 4: Increased logistics service volumes ensures Logistics is self sustaining
Activity 5: Ensure Logistics department is identified as significant logistics service provider in humanitarian arena

**b) Potential risks and challenges**

There are a number of risks and advantages associated with this programme. The advantages are:

(i) The approach has a net increase for NS capacity to deliver assistance in line with Strategy 2020 objectives, without having to find unrealistic amounts of capital to invest in national structure.
(ii) In an environment where donors are increasingly funding consolidated supply chains, and encouraging agencies to use service providers, the International Federation will retain control of its own supply chain, maintaining performance and avoiding neutrality issues.
(iii) The International Federation will maintain its ‘surge capacity’ if NS logistics capacity is overwhelmed.

There are, of course associated risks. These are largely a threat to the objectives described in Strategy 2020. These are

(i) Perceived potential to affect the NS capacity building by maintaining a strong Logistics department.
(ii) Delivery to external agencies could affect the International Federation’s neutrality.
(iii) Perceived increase in the International Federation’s financial exposure through increased volumes.

The following actions should be taken to mitigate the risks:

(i) the network and scale of value added services will be increased, including linking NS logistics resources, for improved global access, increasing NS capacity
(ii) the services provided to external agencies will be carefully regulated and managed,
(iii) the cost recovery from the increased volumes will in fact reduce the financial risk, making the service self sustaining. This course of action reduces the risks associated with simply increasing NS capacity to a negligible level.

**Role of the secretariat**

**a) Technical programme support**
The programme will be led and planned centrally by the Logistics team in Geneva, in conjunction with the RLU’s. The existing Regional Logistics Units will be engaged along with Zones to plan and implement actions that result in relevant structures, processes and resources to support each zone and the agreed levels of activities and services.

b) Partnership development and coordination
As outlined in the priorities and current work with partners section, there is ongoing work with NS, Donors, and other agencies to help identify the type and scale of services that will be delivered. This will incorporate the ongoing initiatives such as service agreements with NS, work with donors and ECHO, discussions and cooperation with the Logistics Cluster and studies with academic research institutions. Logistics will seek to utilise assets and resources owned by these partners which will be considered in defining and implementing the optimal supply network.

c) Representation and advocacy
The Logistics main avenue for advocacy will continue to be through its work on minimum standards for relief items, largely via the standard items catalogue, and the provision of appropriate items in emergency relief through a proactive approach on communicating and managing resource mobilisation needs. In addition, the secretariat’s funding relations will be strengthened to support National Societies through improved funding relations with donors who support this integrated supply chain approach. The secretariat will also profile the International Federation’s concerns on improving the amount of untied aid with donor governments.

Promoting gender equity and diversity
The rationale for integrating a gender perspective in the activities of the International Federation lies in the Red Cross and Red Crescent mandate - to prevent and alleviate human suffering without discrimination. The International Federation's focus is on gender, rather than women. Gender equality ensures that there is no sex-based discrimination in the allocation of resources or benefits or in access to services. The goal of the International Federation is to ensure that all Red Cross and Red Crescent programmes are non-discriminatory and benefit men and women equally, according to their needs and with the equal participation of men and women at all levels within the National Societies and the International Federation's secretariat.

Recognizing that often in disasters it is women, children and minority groups that are most severely affected, all programme guidance will ensure that gender is incorporated as part of the analysis of the disaster impact, the assessment and the subsequent programming. The individual plans of each sector elaborate on the specific gender-related actions in their respective areas. The International Federation will continue to ensure compliance with agreed standards and guidelines on gender and will prioritise consideration of gender and diversity as key components in any new guidelines and best practice frameworks.

Quality, accountability and learning
The secretariat is committed to compliance with the Federation-wide performance and accountability framework and to deliver on its accountability principles, which include explicit standard setting, open monitoring and reporting, transparent information sharing, meaningful beneficiary participation, effective and efficient use of resources, and systems for learning and responding to concerns and complaints. These will all be used to improve programme quality, performance and learning. The International Federation will use various tools such as systematic evaluation, peer review and objective lesson learning exercises to ensure the quality of secretariat services according to globally accepted DM standards and to assess the impact of those activities on the lives of disaster affected populations.

The Federation-wide reporting system is another element which will aim to reliably monitor and report on key data from National Societies to show the performance and improve the accountability of the International Federation. Specific activities will also be subject to their own review and structured feedback mechanisms, or to independent reviews or evaluations when required. National Societies are
highlighting the lessons learned from their work in reports and incorporating learning into their planning, training and capacity building.

Our actions are guided at all times by our Fundamental Principles of humanity, impartiality, neutrality, independence, voluntary service, unity and universality. The International Federation also works according to our “Code of Conduct”, agreed with eight major disaster response agencies in 1994 and used to monitor behavior and standards in relief delivery. The International Federation also adheres to the disaster relief “Sphere Standards”, which also identifies minimum standards in disaster assistance in the five key sectors of water supply and sanitation, nutrition, food aid, shelter and health services. The International Federation is supporting the revision of the “Sphere Standards” to develop improved mechanisms to ensure good practice and accountability in the delivery of assistance. The “Code of Conduct” and the “Sphere Standards” hosted programme will be managed by the Disaster Services Department. The secretariat also promotes the use of the Disaster Relief Emergency Fund (DREF) to cover the costs of monitoring and evaluating DREF funded relief operations and to measure beneficiary satisfaction.

### How we work

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<tr>
<th>The International Federation's activities are aligned with its Global Agenda, which sets out four broad goals to meet the International Federation's mission to &quot;improve the lives of vulnerable people by mobilizing the power of humanity&quot;.</th>
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<tbody>
<tr>
<td><strong>Global Agenda Goals:</strong></td>
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<td>• Reduce the numbers of deaths, injuries and impact from disasters.</td>
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<tr>
<td>• Reduce the number of deaths, illnesses and impact from diseases and public health emergencies.</td>
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<tr>
<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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<tr>
<td>• Reduce intolerance, discrimination and social exclusion and promote respect for diversity and human dignity.</td>
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### Contact information

For further information specifically related to this plan, please contact:

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