1. Who are we?

The role of the secretariat’s global logistics service (GLS) is to ensure that the International Federation of Red Cross and Red Crescent Societies (IFRC) has competent, efficient and effective logistics capacity\(^1\) to carry out its humanitarian assistance activities and achieve its goals.

GLS currently consists of a permanent network of logistics hubs located in Dubai, Kuala Lumpur, Panama, Beirut, Las Palmas and Nairobi supported by the IFRC’s secretariat in Geneva. These hubs are staffed by logistics specialists who manage the assets and resources that form the platform for supporting the IFRC to prepare for and respond to disasters.

2. Who are our stakeholders?

GLS has two distinct groups of stakeholders.

2.1 Group 1: Internal stakeholders

These stakeholders are the direct users of GLS services and consist of National Societies and technical departments in zones and at the secretariat in Geneva. Strategy 2020, which has a set of strategic objectives designed to ensure the organization remains relevant and effective in the future, guides the activities of these stakeholders. Its main emphasis is “to do more, do better and reach further” through three strategic goals:

- Save lives, protect livelihoods, and strengthen recovery from disasters and crises.
- Enable healthy and safe living.

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\(^1\) Logistics capacity is defined here as the ability to plan and manage the provision of sourcing, procurement, shipping and the warehousing of relief items, equipment, fleet and services both nationally and internationally in support of humanitarian response activities.
Promote social inclusion and a culture of non-violence and peace.

During 2010–2011, a series of meetings, workshops and surveys were carried out with the internal stakeholder group in order to further define and identify the role of GLS in achieving the above-mentioned goals. These meetings, workshops and surveys yielded the following expectations that GLS provide:

- Logistics services to a larger number of Operating National Societies over a greater geographical area. While also providing logistics services for small- and medium-sized disasters – as well as the mega-disasters.
- Provide real-time information management – tracking the location of shipments, cost evaluations, etc.
- Provide measurable, cost-effective logistics service delivery that utilizes, where possible, shared National Society assets as well as the IFRC’s pre-positioned assets.

National Societies generally understand and appreciate the need to have GLS, particularly in that GLS supports the development of the National Society’s own capacity.

Whilst the capacity to respond to mega-disasters is in place, there is an expectation that the service will be made available to more National Societies and for smaller disasters. Conversely, this increased availability of logistics services should be provided with a reduced reliance on the IFRC’s secretariat core budget.

2.2 External stakeholders
These stakeholders are indirect users or organizations that GLS is required to work with or alongside when performing its role. These consist of donors, commercial entities, other humanitarian agencies and military groups. Information has been collected and analysed from numerous meetings, surveys and through a number of research papers to establish likely future trends which may have an impact on the IFRC in delivering logistics services. The results of research suggest there will be three main external forces which will have an impact on humanitarian logistics activities in the near future. These are as follows:

- Donors will consolidate their funding of logistics to create efficiencies and inculcate coordination – there will only be two or three main supply chains that all actors will have access to by default in the future (possibly operated by the donors themselves).
- Governments will use military and civil defence logistical assets for both operational reasons and as means of securing funding in order to keep and train such capabilities.
- Commercial companies will continue to enter the market attracted by public relations benefits, lucrative profit margins for customized services and commercial leverage of their own businesses.

All of these factors have the potential to significantly change the future operational landscape. Donors are likely to continue the current trend of providing resources for disaster preparedness and emergency response that are tied to a specific supply chain delivery mechanism.

For example, this could mean that risk reduction activities are funded with a proviso that any intervention planning includes supplies held and transported by a pre-determined third party.
Additionally, more relief items and services for preparedness and response will be donated at the point of use. In some cases, this could mean the delivery of relief items to a distribution point by a third party and not by the agency carrying out the distribution.

Concurrently, the increased drive for consolidation will mean that items from different agencies will travel on the same transport. This will increase efficiency, but could potentially mean that a military carrier moves humanitarian goods along with other military items.

Finally, humanitarian agencies will increasingly outsource their logistics activities to commercial companies. As a result, humanitarian agencies will lose skills and capacity, which will be difficult and expensive to build back should commercial agencies become too expensive or simply cease to operate.

The trends noted above have the potential to bring huge improvements in the effectiveness and efficiency of humanitarian logistics. It will be important in the future for the IFRC to be able to take advantage of these improvements and cooperate with other actors where operationally expedient.

Our global logistics strategic plan positions the IFRC in such a way so that it can seize such opportunities without ever compromising the Fundamental Principles of the International Red Cross and Red Crescent Movement, in particular with regard to neutrality.

3. Where have we come from and what have we done so far?

For the past five years, the work of GLS has centred on the three aims of the IFRC’s Strategy 2010:

- helping National Societies to become more responsive and focused
- to have well-functioning National Societies
- and for all elements of the organization to work together effectively

Today, about 80 per cent of logistics costs are recovered from service users, making this network sustainable. On average, each year, GLS carries out ten training workshops for IFRC logisticians globally, and maintains approximately 15 technical manuals and catalogues for general use. It also manages the sourcing and transport of some 56,000 tonnes of relief items and equipment in support of some 850,000 disaster-affected families, spending approximately 150 million Swiss francs and utilizing 190,000 cubic metres of warehousing. Furthermore, GLS supports National Societies in carrying out almost double this in their own operations.

The proximity of the logistics offices and relief items to areas affected by disasters, together with the stability of the network, means that the quality of the assistance delivered is better (helping National Societies to function well), faster with more relevant assistance (more response and focused) and cheaper (consolidating National Society resources for more effective response). Studies show that, on average, a National Society can now expect relief items and services from GLS in five days, reduced from 18 days in the past. Relief items for up to 80 per cent of families who need assistance can be available in the first eight weeks and the cost of delivering items has been reduced by 75 per cent compared with costs in 2001.
In 2010, GLS commissioned a number of research initiatives to establish what it should do in the future. In summary the findings (see section 2) recommended that the IFRC must maintain operational control and technical competence in its supply chain. Logistics 2015 is the strategic plan that describes what GLS will do over the next five years.

Overall, the main focus of Logistics 2015 will be to support the strengthening of National Societies, to position the IFRC so it can maximize its voice in humanitarian diplomacy to prevent and reduce vulnerability, and to help the IFRC to function effectively as an organization. These three enabling actions, as set out in Strategy 2020, will support the delivery of the organization’s strategic objectives.

4. What is our mission?

The mission of GLS is to achieve the following:

The IFRC will be a global leader in managing logistics services that contribute to supplying relevant assistance to people affected by disasters. These services will enable the delivery of a sophisticated mix of traditional relief items, and new methods of assistance such as cash distribution. National Society logistics departments will have developed the appropriate sustainable logistics capacity they need to carry out activities in support of their national role. National Society departments will be run by trained logisticians whose competence and development is planned, measured and tracked. Red Cross Red Crescent logisticians will have access to technical manuals, training and appropriate information systems that enable them to manage and carry out their work. They will also have the knowledge and ability to augment their capacity by accessing a permanent and extensive global network of logistics experts and resources operated by GLS when there is an operational need to do so. All activities and services will be funded by cost recovery. A measurement system will be in place so that National Societies can record and report on their activities and their impact. These reports will be consolidated to give a global picture of the IFRC’s logistics capacity and performance in meeting the aims of enabling actions set in Strategy 2020.

GLS will achieve this mission, and therefore deliver the enabling actions of Strategy 2020, by focusing on three strategic objectives as highlighted in the box below.

Objective 1: to support the enhancement of National Society logistics capacity, to help strengthen National Societies and to articulate the global capacity and effectiveness of IFRC’s logistics.

Objective 2: to increase IFRC’s logistics capacity to deliver logistics services for preparedness and operational activities, connecting National Society assets where possible, and making this self-sustaining by promoting the effective functioning of the IFRC.

Objective 3: to provide agreed logistics services to pre-selected agencies to help ensure the sustainability and relevance of the supply chain, and therefore help protect the IFRC’s ability to maintain its neutrality and voice in humanitarian diplomacy.

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2 International assistance to National Societies should be covered under the national role, i.e., “part of the role assigned to X society is to support the international response for Y countries.”
5. Where are we going and how are we going to get there?

Where we are going and how we are going to get there is described in three sub-sections below.

- Firstly, having analysed extensive in-house research\(^3\) carried out over the past two years, the services that GLS will have to deliver in the future to meet its objectives have been identified.

- Secondly, using a demand-forecasting tool built on information from historical research, the likely types and volumes of logistics services GLS will deliver in an average year has been defined. This information has then been used to plan the volumes for the next four years.

- Finally, the associated activities, resources and assets required to deliver the services has then been calculated on the same basis. This data forms the basis for describing where we are going and how we are going to get there, as well providing the starting point for costing.

5.1 Where we are going

5.1.1 GLS services that will be delivered

Three service sets that correspond directly to the three GLS strategic objectives will be delivered.

The first set of services are designed to support the building of appropriate logistics capacity within National Societies, as well as monitoring capacity development and measuring operational performance. Table 1 outlines the five services that will be provided.

**Table 1: Service set 1 – Enhancement of National Society logistics capacity**

<table>
<thead>
<tr>
<th>Service</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical review</td>
<td>GLS will assist National Societies to assess the logistics capacity they should develop based on level of activity and ability to sustain standing capacity.</td>
</tr>
<tr>
<td>Development tracking</td>
<td>GLS will assist National Societies to plan and track activities in the development of their logistics capacity to the identified levels.</td>
</tr>
<tr>
<td>Technical manuals</td>
<td>GLS will continue to provide National Societies with technical logistics manuals in support of their development and operational work.</td>
</tr>
<tr>
<td>Support systems</td>
<td>GLS will provide National Societies with systems to support their logistics processes, where required and appropriate.</td>
</tr>
<tr>
<td>Measurement and reporting</td>
<td>GLS will provide advice and assistance for National Societies to develop a framework that measures the effectiveness of their activities, and can be reported.</td>
</tr>
</tbody>
</table>

These services will be provided free of charge, funded by annual appeals and cost recovery from external service provision, with the exception of (i) development projects in National Societies which will have to have their own individual dedicated funding streams; (ii) any training required for National Societies to go with technical support manuals which will require a separate organizational development funding stream; and (iii) support system deployment and ongoing support and maintenance in National Societies, which again will have their own dedicated funding stream.

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The second set of services is designed to augment the existing logistics capacity within National Societies. It is effectively the second tier of National Society capacity and can be activated as and when the needs are greater than the National Society resources in-country. Table 2 outlines the five services that will be provided.

Users can buy the services listed from a supplier. GLS will compete to be the supplier of choice to and provide these services on a full cost recovery basis. This will ensure (i) delivery of Red Cross Red Crescent assistance remains under Red Cross Red Crescent management; (ii) utilization of consolidated volumes ensures best value for money in delivery of the services; and (iii) that the global network can be sustained and accessed by all National Societies.

**Table 2: Service set 2 – Enhancement of Red Cross Red Crescent operations services**

<table>
<thead>
<tr>
<th>Ser</th>
<th>Service</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Standard items supply</td>
<td>GLS will source and manage delivery of standard relief items and equipment at point of use, against orders from National Societies, multi- or bi-lateral Red Cross Red Crescent programmes and operations.</td>
</tr>
<tr>
<td>2</td>
<td>Specialist items supply</td>
<td>GLS will source and manage delivery of non-standard items and equipment at point of use, against orders from National Societies, multi- or bi-lateral Red Cross Red Crescent programmes and operations.</td>
</tr>
<tr>
<td>3</td>
<td>Fleet services</td>
<td>GLS will source and manage the provision of vehicles (and associated support services) required for emergency and ongoing operations – on a rental or sales basis – against orders from National Societies, multi- or bi-lateral Red Cross Red Crescent programmes and operations.</td>
</tr>
<tr>
<td>4</td>
<td>Technical support</td>
<td>GLS will provide technical experts to National Societies, multi- or bi-lateral Red Cross Red Crescent programmes and operations to assess, set up and coordinate the delivery of relief items and equipment.</td>
</tr>
<tr>
<td>5</td>
<td>Performance and reporting</td>
<td>GLS will collect and publish information on service delivery performance, as well as feeding the information into the regular operational, regional and global reports.</td>
</tr>
</tbody>
</table>

The third set of services is extension of Red Cross Red Crescent services to pre-selected external agencies. It serves to meet the Red Cross Red Crescent coordination obligations, and allows more people to be assisted with cost effective services. Table 3 outlines the three services that will be provided.

**Table 3: Service set 3 – Provision of services to Externals**

<table>
<thead>
<tr>
<th>Ser</th>
<th>Service</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Standard items supply</td>
<td>GLS will source and manage delivery of standard relief items and equipment to an agreed handover point, against orders from pre-selected agencies for humanitarian response programmes and operations.</td>
</tr>
<tr>
<td>2</td>
<td>Specialist items supply</td>
<td>GLS will source and manage delivery of non-standard relief items and equipment to an agreed handover point, on a case by case basis, against orders from pre-selected agencies for humanitarian response programmes and operations.</td>
</tr>
<tr>
<td>3</td>
<td>Performance and reporting</td>
<td>GLS will collect and publish information on service delivery performance.</td>
</tr>
</tbody>
</table>
These services will be provided on a full cost recovery basis and include a service fee.

5.1.2 GLS activity volumes for the next four years

GLS has calculated the volumes of its activities taking into account the concurrent development projects that will increase its ability to deliver. It is expected that the capacity to achieve the targeted full running rate will be achieved in year 2014 – although actual volume of activities will be dependent on the number of disasters.

5.2 How we will get there

This section explains how GLS will operate its services over the next four years. It then specifies what will be required and finally it explains the supporting projects that are currently being enacted to support GLS capacity development.

5.2.1 Supply chain operation

In order to deliver the identified services effectively and efficiently, GLS has defined and is implementing the strategic approach articulated in Logistics 2015. The underlying principle is to construct a permanent network of expert resources, items and equipment.

This platform will be used to support the construction of temporary supply networks that serve emergency operations, as well as supporting ongoing programmes. The global delivery network will mirror the current zone structure and will expand to the country-level. The optimum locations of these installations have been pre-calculated, but will be finalized on a zone-by-zone basis, using local information to adjust as required, as Logistics 2015 is rolled out.

5.2.2 Development projects supporting the delivery of Logistics 2015

The development of current logistics capacity and services to deliver the strategic goals are being managed through a set of six discrete projects, which are outlined with their objectives below.

![Figure 2: Logistics 2015 development projects](image)

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4 See section 5.2.2 in this document.
A. Management and communications

To ensure a management and communications platform that is capable of supporting and measuring the delivery of activities, therefore ensuring business continuity. This will be in place by January 2011 and sustainable until end 2012.

B. Logistics human resources development

To generate a logistics human resource strategy, with options on how GLS should profile, identify, develop and train logisticians in the future – and support National Societies to do the same by end 2012.

C. Sustainable funding

To develop the most optimal and automated financial management system for managing budgets, income and expenses, invoices and reports relating to GLS operations and its provision to internal and external service requesters by 2012.

D. Legal status

The legal department, supported by relevant logistics personnel, will establish the legal framework for IFRC logistics global service delivery, complying with the IFRC’s principles and values. It will also develop a plan to establish how logistics will operate in 40 prioritized countries by 2012.

E. Operational information systems

To ensure information systems are in place to manage the delivery of logistics services, and to measure their impact in support of Logistics 2015. Assess current capacities and then design, plan and implement logistics systems that fill the identified gaps by end 2012.

F. Infrastructure, assets and resources

To define and set up the required infrastructure – including locations, organization and assets in five zones – to provide adequate logistics services to internal and external partners by end 2012.

Projects will be led by GLS or National Society experts, where applicable, and will be implemented by teams comprised of GLS resources, National Society members and external expertise where required.

The projects started in January 2011 and are expected to be completed in their current iteration by end 2012.

5.3 How we will manage performance

The collection, analysis and reporting of information is critical to see how well the IFRC logistics system, and GLS in particular, are performing in respect of meeting their targets and the impact of activities. Two types of reporting will be carried out and these are described below.

The zone logistic units will be issued with the part of this forecast that relates to their region, and once adjusted, they will be expected to plan and deliver the services against the forecast. Initially reporting information will be collected at logistics unit level. As the capacity enhancement rolls out
information at National Society level will be added. Reports will be compiled for each zone and passed to the GLS, where they will be consolidated and combined with the GLS report.

The output will be a global report that shows the capacity, competency and capability of IFRC logistics as a whole, or by zone or National Society. The global report will take some time to establish in full as National Societies will be added as they go through the capacity enhancement process.

Reporting will take place each month, with a review at each six-month point to adjust the level of resources in line with the volume of work. A pilot project will be initiated in the second half of 2011 for testing, and in full from the start of 2012. Once in place and running the key performance measures and benchmarking will be introduced.

6. What are some of the key risks/assumptions?

The key operational assumptions have been identified and are shown in an analysis framework in Figure 3 (assumptions related to finance are included in section 7).

Figure 3: Assumptions analysis

| Critical to LTPF | Secretariat programmes will use GLS services. | GLS services will be more attractive than ‘goods in-kind’ from National Societies. |
|                 | GLS has legal basis to deliver services to National Societies. | The secretariat will support GLS development in first five years. |
|                 | GLS will be able to deliver competitive logistics services. | National Societies will not use external logistics services in the future. |
| Important to LTPF | GLS will continue to access donor funding for development work. | Initial stock build-up will be funded by donors. |
|                 | GLS has legal basis to deliver services to external agencies. | The services provided in the past are consistent with those that will be provided in the future. |
|                 | Some National Society assets will be integrated into the supply network. | GLS will collaborate with other humanitarian logistics agencies. |

| High confidence in the assumption | Low confidence in the assumption |

The assumptions that fall in the box ‘low confidence’ and ‘critical’ form the greatest risks. A plan to manage and mitigate has been devised and these are provided in Figure 4.

5 Template available upon request.
Figure 4: Risk management plan

<table>
<thead>
<tr>
<th>Risk</th>
<th>Risk x impact</th>
<th>Mitigation</th>
<th>Risk x impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>GLS service will not be more attractive than ‘goods in-kind’ from National Societies.</td>
<td>3 x 3 = 9</td>
<td>Work with finance and create a business case to support delivery of services and relief items to point of use by GLS.</td>
<td>2 x 3 = 6</td>
</tr>
<tr>
<td>The secretariat will not support GLS development in first five years.</td>
<td>3 x 3 = 9</td>
<td>Create a Memorandum of Understanding that defines what support SMT (and finance in particular) will and will not provide to GLS over the next five years.</td>
<td>2 x 3 = 6</td>
</tr>
<tr>
<td>National Societies will not support and use GLS services over externals in the future.</td>
<td>3 x 3 = 9</td>
<td>Create a number of case studies to benchmark and demonstrate efficiency.</td>
<td>2 x 3 = 6</td>
</tr>
</tbody>
</table>

NB.: calculation is based on the likelihood of the risk occurring multiplied by the impact of the risk on the sub-project, on a scale of one to three, where one is least and three the most severe.

7. How much will it cost?
A number of four-year financial plans have been prepared against the cost of delivering services in line with the forecast demand and resource requirements. The cost of the permanent network and development projects are shown in Table 7. These are estimates and will be updated on an annual basis.

Table 7: Permanent Network Cost Forecast (chf)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>1. Permanent Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>7,559,750</td>
<td>-</td>
<td>10,082,250</td>
<td>-</td>
<td>10,682,250</td>
<td>-</td>
<td>11,393,000</td>
<td>-</td>
</tr>
<tr>
<td>Assets and Resources</td>
<td>1,394,800</td>
<td>-</td>
<td>1,910,500</td>
<td>-</td>
<td>2,109,500</td>
<td>-</td>
<td>2,275,200</td>
<td>-</td>
</tr>
<tr>
<td>Projects</td>
<td>6,000,000</td>
<td>-</td>
<td>2,000,000</td>
<td>-</td>
<td>2,000,000</td>
<td>-</td>
<td>2,000,000</td>
<td>-</td>
</tr>
<tr>
<td>PSSR</td>
<td>712,046</td>
<td>-</td>
<td>909,529</td>
<td>-</td>
<td>961,464</td>
<td>-</td>
<td>1,018,433</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15,666,596</td>
<td>-</td>
<td>14,902,279</td>
<td>-</td>
<td>15,753,214</td>
<td>-</td>
<td>16,686,633</td>
<td>-</td>
</tr>
</tbody>
</table>
How we work

All IFRC assistance seeks to adhere to the Code of Conduct for the International Red Cross and Red Crescent Movement and Non-Governmental Organizations (NGO’s) in Disaster Relief and the Humanitarian Charter and Minimum Standards in Humanitarian Response (Sphere) in delivering assistance to the most vulnerable.

The IFRC’s vision is to inspire, encourage, facilitate and promote at all times all forms of humanitarian activities by National Societies, with a view to preventing and alleviating human suffering, and thereby contributing to the maintenance and promotion of human dignity and peace in the world.

The IFRC’s work is guided by Strategy 2020 which puts forward three strategic aims:
1. Save lives, protect livelihoods, and strengthen recovery from disaster and crises.
2. Enable healthy and safe living.
3. Promote social inclusion and a culture of nonviolence and peace.

Find out more on www.ifrc.org

Contact information

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

- In the logistics department, Programme Services Division
  - Birgitte Olsen, Head; email: birgitte.olsen@ifrc.org; telephone: +41 22 730 42 22; fax: +41 22 733 03 95

1 A full breakdown of these details by zone and year are available on request