

# Annual report

 International Federation  
of Red Cross and Red Crescent Societies

## Global Logistics Service

MAA00028

28 April 2011

This report covers the period from 1 January to 31 December 2010.



The regional logistics unit in Panama delivering vehicles and essential relief goods from its emergency stocks to Haiti, within hours after the disastrous earthquake of January 2010.

### In brief

**Programme outcome:** The logistics programme is designed to support the Strategic Aim 1 of the International Federation of Red Cross and Red Crescent Societies (IFRC) *Strategy 2020*, that is: “Save lives, protect livelihoods, and prepare for and recover from disasters and crises” and more specifically, it supports the enabling action 1: “Build strong National Red Cross Red Crescent Societies”, and enabling action 3: “Function effectively as the International Federation”.

**Programme summary:** The Global Logistics Service (GLS) 2010-2011 programme seeks to increase IFRC’s global logistics capacity, and develop effective and efficient service delivery mechanisms. Activities delivered during 2010 supported the achievement of the programme priorities, namely ensured the delivery of membership and value-added services to National Societies through the zone network; and developed the platform to provide value-added services to external humanitarian agencies.

Within the reporting period, GLS developed the *Logistics 2015*, a five-year strategic plan designed to support the delivery of *Strategy 2020* and set the framework for continuing improvement and development of the GLS. The main objective of *Logistics 2015* is to ensure that National Societies individually, and the IFRC as a network have competent, efficient and effective logistics capacity in preparing for disasters and crisis, and in managing relief and recovery assistance to vulnerable and affected communities.

This programme also supported the development of logistics standards, tools and systems that enhance accountability; promote standardization; and facilitate the management of logistics response to operations. This was coupled with logistics capacity-building initiatives, and the development of partnerships with academia to introduce best practices and innovative logistics solutions.

**Financial situation:** The total 2010 budget was CHF 4,707,294 (USD 5,377,306 or EUR 3,742,542), of which CHF 1,898,628 (40 per cent) was covered during the reporting period (including opening balance). Overall expenditure during the reporting period was CHF 1,506,442 (32 per cent) of the budget. This has been achieved despite the fact that due to Haiti emergency and large scale operational demands the GLS had to direct human resources to support the operation (staff from the global set-up were deployed to Panama RLU or Haiti for a total of 65 weeks).

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

**No. of people we have reached:** Nearly twenty-three million beneficiaries have been reached through disaster response operations in 2010.

**Our partners:** GLS currently works with a number of partners/entities on various projects:

### **Humanitarian Procurement Centre**

GLS capacity to provide effective procurement services has been recognized through its accreditation by the European Commission's Humanitarian Aid Department (ECHO) as a Humanitarian Procurement Centre (HPC). Beyond the traditional support provided to National Societies, this accreditation puts an obligation on GLS to extend its logistics services to pre-agreed humanitarian parties.

### **ICRC**

GLS has continuous strategic cooperation with ICRC's logistics function. Where appropriate, both organizations cooperate on operational programmes and 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.

### **Logistics cluster**

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

### **Fleet Forum**

The Fleet Forum brings together a large number of humanitarian organizations (Red Cross Red Crescent Movement, UN agencies, NGOs, etc). The aim of this forum is to provide a platform for humanitarian actors, donors and commercial companies to meet on an annual basis to review and discuss best practices in fleet management and associated environmental impact. The IFRC GLS is a member of the Fleet Forum Board and has been regularly attending its annual conference since its establishment in 2003.

### **Cooperation with logistics academia**

GLS 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. Close contacts are maintained with the INSEAD Business School on the development of case studies, the Fritz Institute, the BI Norwegian Business School and Lund University and some others.

## **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 communities 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 dollars.

Over recent years, there has been an increase in the number of small- and medium- scale disasters, especially storms, floods and epidemics, to which National Societies respond under their mandate as auxiliaries to the public authorities.

The humanitarian sector is further challenged by 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 better 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 IFRC secretariat is committed to ensuring the institutional capacity in preparedness for response, response and recovery to provide support in a timely and efficient manner.

Logistics is central to the IFRC successfully fulfilling its mandate. The efficiency and effectiveness of the logistics support has a direct impact for National Societies' effective response to assist those affected by disasters.

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

Building on an existing platform, GLS started offering selected services to other humanitarian actors through the HPC. Extending pre-agreed logistics services to external organizations enables the IFRC and wider humanitarian community to reach more people through efficient and cost effective services.

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. The Logistics strategic plan 2011-2015, which has been developed supported by this programme, addresses the existing gaps towards achieving a more efficient and cost-effective logistics support for the Movement and for the wider humanitarian community.

## Progress towards outcomes

GLS had identified three key components of the programme, and activities implemented throughout 2010 were directed toward the achievement of these objectives.

### **Programme Component 1 – Aligning the delivery of mandatory services to National Societies through the updated zonal structure.**

#### **Outcome 1**

The realignment of the logistics structure and resources to deliver mandatory services to National Societies through the zones enhanced logistics structure.

## Achievements

- The GLS has started a process of reviewing the size and location of its logistics units, ready stocks and sub-regional stock locations aiming at extending the coverage of its pre-existing infrastructure and making it more accessible and flexible for small and medium localised disasters. Supported through this programme, Logistics 2015 was designed. Logistics 2015 is a strategic plan that describes what the GLS will do over the next five years to ensure that the IFRC continues to have access to competent, efficient and effective logistics capacity to meet its future goals. It looks at better aligning the logistics infrastructure with the zonal set-up and consolidating the available logistics capacities within the Movement to achieve optimal use of resources. Logistics 2015 is addressing a wide range of logistics priorities and objectives, including all three main components of this programme. It has been endorsed by the IFRC Senior Management for implementation.
- A major step toward streamlining the global logistics structure was the establishment of a sub-regional warehouse base in Grand Canary Island in late 2009. By operating this base the GLS has achieved to expand logistics reach to West and Central Africa. The base holds emergency stockpiles to deliver immediate aid to 5,000 families (20,000 people).
- Sub-regional stock was built in El Salvador 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).
- Panama RLU implemented a project for the Caribbean to pre-position Tropical Mobile Storage Units (TMSU) with emergency family relief items covering from 500 to 3000 families per country. The result is that all 13 National Societies in the Caribbean presently have pre-positioned stock. The project also included provision of logistics training to National Societies to reinforce their capacity of managing and storing these relief items.
- Dubai RLU provided support in systems training and warehouse management for DP stock in Harare, Nairobi and Dakar. Logic (warehouse management software) was implemented and staff trained. This has enabled issuing regular monthly reports and increasing access to the existing stock.
- GLS continued provision of capacity building support to National Societies through basic and tailor-made logistics workshops and individual staff mentoring. A delegate roster was maintained and in 2010 staff from this roster was deployed to Panama and Kuala Lumpur to support RLU teams, to Hungary, Haiti, Dominican Republic, Ethiopia, Pakistan, Uzbekistan and Chile to support emergency operations. Regional development has been enhanced with a total of 15 workshops targeting 367 participants, including specialist warehouse, RDRT, ERU logistics basic workshop, logistics and coordinator workshops, and tailor-made workshops designed for NS specific needs.
- In line with newly developed staff development programme, a trainee delegate from the Finnish Red Cross passed a training program in the procurement unit of Geneva to specifically focus on the procurement discipline of the module. She was then deployed to Haiti to support procurement activities in the field. In addition, staff from Danish RC, American RC, Australian RC and Finnish RC finalised their development programs in the 3 RLUs. Australian RC trainees were deployed to support the Pakistan operation. In accordance with this training programme requirement, trainees are deployed to practice their gained knowledge in the actual field environment under the supervision of experienced logistics staff.
- GLS provided the roll-out, training and support for Humanitarian Logistics System Evolution to logistics users in 3 RLU and Geneva. Thirty-two staff have been trained. The

system is used on an on-going basis to support all procurement and coordination of mobilization activities undertaken by the GLS. Additionally, a small project was implemented to analyse the HLS system in order to identify ways to improve stability and performance over poor connectivity from remote locations.

- The emergency items catalogue project 2010 implemented information updates and achieved improvements in on-line features of this important tool. The catalogue was updated with 138 new items bringing the total number of registered items to 2512. Quality control documents were developed and posted on-line for 4 major items: blankets, plastic sheeting, kitchen sets and family tents. The objective is to ensure availability of products and reinforce quality assurance system with appropriate quality control procedures.
- The warehouse management software Logic was implemented in Geneva consolidating stock data from 3 RLUs. This allows having a global consolidated picture of stock levels and facilitates the automation of stock movements.
- 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 logisticians across the Movement. The site is accessible at: <https://fednet.ifrc.org/sw75174.asp>. The warehouse manual which was already available in IFRC four official languages is now also available in Thai and in Burmese.
- GLS produced 1,200 desk top calendars. The theme is Haiti crisis: logistics at the forefront. The calendar presents IFRC logistics in action responding to the Haiti disaster and outlines the impact of logistics intervention as it has evolved. The calendar has been disseminated to internal and external contacts.

## **Programme Component 2 – Global provision of cost-effective value-adding services to National Societies on a cost-recovery basis.**

### **Outcome 2**

National Societies have increased their capacity through access, as needed, to commercially competitive, cost effective and measurable logistics services, without the burden of capital investment and the ongoing cost of building and maintaining a full-time structure and resources.

- An increasing number of National Societies have signed formal GLS service agreement to utilize the logistics services provided by the global GLS network. Several National Societies have significantly increased the volume of stocks that they hold in RLUs as a result of their increased ability to respond quickly to disasters by using the GLS services.
- In 2010 logistics support was delivered to 35 operations globally. The GLS global set-up sourced and delivered CHF 313 million worth of goods and services to support RCRC operations worldwide.
- Kuala Lumpur RLU increased the level of shelter kit stocks, water and sanitation kits stored with the RLU. Agreement was reached with ICRC to pre-position stock for 10,000 families with KL RLU, following a similar successful cooperation initiative with Panama 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. ICRC stock can also be used for IFRC needs on terms of subsequent replenishment, which provides wider access to ready stock for operations.
- Staff rotation across the logistics units was largely practiced throughout 2010. This experience allows GLS to maintain a flexible global network that can direct resources from the global pool to areas of urgent need and high workload (when responding to large-scale emergencies, covering human resource gaps and the like). By doing so, GLS can maintain the minimum required HR structure in each unit, reducing the overall cost of sustaining the global logistics infrastructure. Within the reporting period, the major

operational focus of logistics support has been on Haiti earthquake and Pakistan floods, and the global logistics resources have been mobilized to deliver quick and efficient support. In 2010, 23 staff from the permanent global set-up were deployed to Panama or Haiti to support the earthquake operation, and 10 staff were deployed to support the Pakistan Floods response.

- The logistics regionalized set-up and global capacity have once again proven their efficiency in rendering fast and cost effective response in the immediate aftermath of big emergencies such as Haiti earthquake and Pakistan floods in 2010. The global stock capacity with standard composition ready for immediate dispatch and deployment of experienced logistics staff from the global logistics pool has been an important enabler for the RCRC network to deliver efficient humanitarian response to the disaster affected population in 2010. GLS has successfully achieved the set sustainability target - it operates 80 percent on cost recovery and 20 percent on core allocation.

### **Programme Component 3 – Provision of cost effective value-adding services to external agencies**

#### **Outcome 3**

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.

- Addressing the need of service delivery to other humanitarian organisations, the IFRC has developed a package for operating a Humanitarian Procurement Centre that can offer selected services to internal and external actors. This is being run on a cost recovery basis introduced in mid-2007 and successfully implementing to date. In 2010, HPC services were provided to eleven external humanitarian actors. Compared to 2009, the number of external procurement requests has grown by 20% per cent, and the total value of external procurement has gone up by 400% per cent.
- GLS continues to maintain global supplier framework agreements for the following items: Interagency Emergency Health (IEHK) and Cholera kits; mosquito nets (LLIN); kitchen sets; plastic sheeting; blankets; jerry cans, Nissan and Toyota vehicles, Out Patient Department (OPD) kits. New provisions were developed regarding corporate social responsibility of suppliers. Regional framework agreements have been established for hygiene parcels, warehousing, PDI services, ambulance conversion and tyres.
- A dedicated procurement portal is up and running. It has been updated to make usability enhancements in support of HPC activities. The portal has also greatly facilitated the supplier registration process enabling IFRC to enlarge its supplier database and increase the network of potential vendors.
- To further disseminate the concept of HPC among DG ECHO partners, the organisation attended a meeting in Germany, whereby achievements in further developing HPC package and extending services to externals, including the newly launched procurement portal were presented.
- Following a thorough review and audit of IFRC procurement services, DG ECHO extended the accreditation of IFRC Logistics as an HPC to the end of 2013.

#### **Constraints or Challenges**

- The recruitment of professional technical specialists with required competencies remains a challenge, particularly in terms of the time it takes to find the sought skill-sets and competencies to match the job requirements.
- The current logistics infrastructure is not fully aligned to zonal structures, which imposes certain limitations in terms of access to logistics services and expertise, particularly in Europe, Africa and the Middle East. This and the above factor have been widely considered when designing the Logistics 2015, and will be well addressed by individual projects that will underpin the delivery of the 5 year strategic plan.
- The large scale of the Haiti operation drew a lot of logistics resources to focus on operational support, as a result of which, GLS has been understaffed and some planned activities had to be put on hold. This fact also impacted the finalization of the Logistics 2015.

## Working in partnership

- GLS is an active observer of the logistics cluster and participates in quarterly meetings. Facilitators from the IFRC, and participants from the ERU logistics rosters are actively engaged in the logistics response team trainings organized by the global logistics cluster cell. GLS was also part of the reference group that developed a logistics tool for the humanitarian logistics community which is now available online at: <http://log.logcluster.org/index.html>.
- A number of National Societies have concluded a service agreement with IFRC to utilize logistics services provided by the global logistics network.
- GLS engaged with the Fritz Institute as a member of the steering committee for a Medical Logistics certificate course which will benefit the entire humanitarian community. The objective of the engagement was to analyse enrolment data and identify strategies to better disseminate the course among health and logistics experts.
- GLS hosted the Fleet Forum Board meeting in June 2010 in Geneva. The meeting brought together the board members from World Vision, WFP, TNT, UNVICITY and IFRC to discuss effective fleet management practices, to set priorities for Fleet Forum activities and subsequently steer the implementation.
- Participation in the UNHRD network meeting in April 2010 led to an agreement to apply jointly with UNHRD Dubai to the Government for heavy transport route exemptions during emergency operations.
- The GLS has made several contacts with Airbus through the IFRC resource mobilization department. The ongoing discussion will lead to a potential partnership with Airbus to utilize free of charge opportunities offered by Airbus within their test flight schedules for transporting IFRC's goods.
- Logistics Emergency Response Unit working group met in Paris in May 2010. The objective of the two-day meeting was to review the latest logistics ERU deployments, and to discuss and agree on areas where improvement can be achieved for this global tool.

## Contributing to longer-term impact

- 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.

- GLS cooperates with academic institutions in logistics research and the development of case studies. Most recently three case studies have been developed in partnership with INSEAD business school, the first one focusing on IFRC's logistics response to the Yogyakarta earthquake in 2006, and the other two analysing IFRC's fleet management practices. The Yogyakarta case study has been announced as winner of the European Foundation for Management Development's (EDMD) annual awards in the supply chain management category.
- The GLS engaged in two important research initiatives with academics, donors, commercial and military actors. The two initiatives focused on looking at the best way to operate logistics for preparedness and response activities for the whole of humanitarian response. The outputs will guide the IFRC's logistics to make sure its work is applicable and optimized when delivering these objectives, thereby improving the effectiveness of response and impact on the people being assisted.
- GLS is represented in international logistics forums and conferences.

## Looking ahead

As from 2011 the Global Logistics Service will embark on the implementation of its five-year strategic plan, Logistics 2015, which will ensure that the IFRC has competent, efficient and effective logistics capacity to carry out its humanitarian assistance activities and achieve its goals outlined in *Strategy 2020*. By maintaining and developing its global logistics capacity, the organization will be in position to ensure National Societies have access to professional and cost-effective logistics services to support their activities when needs exceed their own standing capacities. The cost of logistics services will be fully covered by cost recovery from its users. In addition, Federation-wide logistics reporting will show targeted logistics capacity, actual capacity, the volume of operations, as well as the effectiveness and impact of activities.

Having a strong global logistics platform will allow controlled interaction with external agencies. It will be possible to offer services to external agencies to ensure more beneficiaries benefit from an efficient supply chain. The IFRC will be able to maintain its neutrality and fundamental principles, maintaining its ability to deliver without reliance on others.

Finally, the GLS will help ensure that the IFRC can meet the overall objective of its *Strategy 2020* – to **do more, do better and reach further**.

How we work	
<p><b>All Federation assistance seeks to adhere to the <a href="#">Code of Conduct for the International Red Cross and Red Crescent Movement and Non-Governmental Organizations (NGO's) in Disaster Relief</a> and is committed to the <a href="#">Humanitarian Charter and Minimum Standards in Disaster Response (Sphere)</a> in delivering assistance to the most vulnerable.</b></p>	
<p>The IFRC's vision is to:</p> <p>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.</p>	<p>The IFRC's work is guided by Strategy 2020 which puts forward three strategic aims:</p> <ol style="list-style-type: none"> <li>1. Save lives, protect livelihoods, and strengthen recovery from disaster and crises.</li> <li>2. Enable healthy and safe living.</li> <li>3. Promote social inclusion and a culture of non-violence and peace.</li> </ol>

## Contact information

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