

Case study



Logistics Development Managing In-Kind Donations with the Private Sector: Approaches Taken by the Spanish Red Cross

Context and Scope

In-kind donation operations can be an asset for National Societies, given they are planned outside of the chaos of emergencies. This context allows enough time to consider the cost and quality involved in the processes of identification, management, and distribution.

Donations can reduce poverty and inequities, but in-kind donations generate costs in the recipient organization. In-kind donations from large companies can be part of response plans by Red Cross and Red Crescent National Societies in their short and mid-term strategies. However, in-kind donations require strong supply chain and logistical management to be effective in disasters. Additionally, under the umbrella of climate change and the Sustainable Development Goals (SDGs), increasing product reuse can reduce the carbon footprint of in-kind donation operations.

Due to global economic crises, many companies around the world hold excess stock not suitable for sale due to variety of reasons. Items may not pass quality control, have been incorrectly fulfilled, are out of season, or have been replaced by new products. Additionally, excess stock can be created when companies are liquidated. Regardless of the reason, companies occasionally “burn” their stock excess (using incineration as a waste management process), increasing pollution and overall carbon footprint.

Some authorities, such as the European Union, are proposing regulations to ban the destruction of excess stock still suitable for consumer use, specifically foodstuffs and clothing.

Therefore, within a context of overproduction, and given producers willing to properly manage excess inventory, in-kind donations are an option that reduces handling and warehousing costs for participants.

In 2016, the Spanish Red Cross (Spanish RC) embarked on a project titled: “Centralized System of In-Kind Donations”. This project attempted to assist more than 200,000 people per year over 1,000 Spanish RC branches and offices across the country. The Spanish RC aimed to link large companies holding substantial excess inventories of unsellable brand-new items with the existing decentralized in-kind donation system managed directly with Spanish RC branches. With this initiative, the Spanish RC increased its capacity to effectively manage donations at both ends of the supply chain: a) from the demand side to better capture the needs of the population and increase fulfilment; and b) from the supply side to increase the ability to respond to offers from companies, increasing the partner base and accomplishing more with the same budget.

Project Timeline



2016
Project Design

2017
Project Implementation Begins
Agreement with company INDITEX

2018
IT system developed
'Online shop' Accessible by Branches

2019
Agreement with company Amazon

Logistics Development Case Study

Managing In-Kind Donations with the Private Sector: Approaches Taken by the Spanish Red Cross

In 2019, the Spanish RC became the first humanitarian organization in Spain to join Amazon’s Services Provider Network, a new mechanism identifying sellers with excess inventory on Amazon’s platform willing to donate their excess inventory to humanitarian organizations.

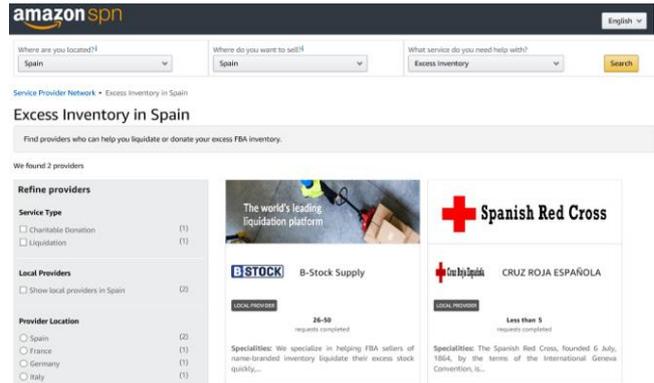


Figure 1. Screenshot from Amazon’s platform.

Which impact/changes did the programme make?

The project produced the following benefits to Spanish RC activities:

- Reduced costs and increased Spanish RC capacity to reach more people in-need.
- Improved management of planned in-kind donations by the organisation, including tracking and distribution of goods.
- Reduction in carbon footprint, helping the Spanish RC contribute to the Circular Economy and the reduction of carbon emissions across the country.
- Broke down organizational barriers by enabling coordination between Marketing, Fund Raising, Logistics, Relief, Youth and Social Welfare departments. Improved communication to link involved elements within the organization in an end-to-end process to manage in-kind donations going beyond the donations themselves.
- Project directly contributed to the following SDGs:



Project indicators in 2018

 <p>Over 2,700 Shipments Equivalent to 24 Containers 20'</p>	 <p>Over 6 million € in Market Value</p>	 <p>Over 1,100 Tons of CO₂ Emissions Saved</p>
 <p>174 Spanish Red Cross Branches Involved</p>	 <p>23 Donations from 13 Companies</p>	 <p>Saved Equivalent of 58 Million Trees' Daily CO₂ Absorption</p>

The reduction of carbon emissions was a side effect not initially considered in the project design. Even though managing donations involves carbon emissions (primarily in transport, warehousing, and distribution), these emissions are significantly lower than the emissions produced by manufacturing excess inventory (use of raw materials, staff, energy, water, etc.) to be eventually destroyed. More than 1,100 metric tons of carbon emissions were saved by the project in 2018 through the reuse of donated products.

What were the main factors for project success?

Some key areas that contributed to the success of the project include:

- Clear identification of project needs and program design.
- Establishing long-term relationships with donor companies.
- Logistical capacity of the Spanish RC (warehousing, transport, distribution, tracking, etc).
- Embracing a philosophy of “Just in Time” for the distribution process. Avoided receiving items and distributing to branches too early.
- Institutional IT strategy that allowed the Spanish RC to develop and improve solutions, creating a “Humanitarian Marketplace”.
- Corporate Standard Operating Procedures (SOPs) developed specifically for the project.
- Project was aligned with and supported the Spanish RC institutional mandate, backed by the organisation’s senior leadership.
- Full utilization of expertise, coverage, and depth of the Spanish RC network by working across departments and branches.
- Ability and wherewithal to decline offers that would have overwhelmed the logistical and distribution capacity of the Spanish RC, offering proper explanations as to not alienate participating companies.

In addition, new IT solutions were a key enabler to manage donations more efficiently and effectively once they have been accepted. The Spanish RC developed new functionalities in its systems such as:

- Tailor-made warehouse management systems.
- Donor company database.
- Online Red Cross store module, allowing access to RC branches for placing orders (transport cost covered by branches).

All these modules were integrated and interconnected to the Spanish RC corporate management system (ERP-type), allowing communication within the supply chain, from requisition to final distributions.

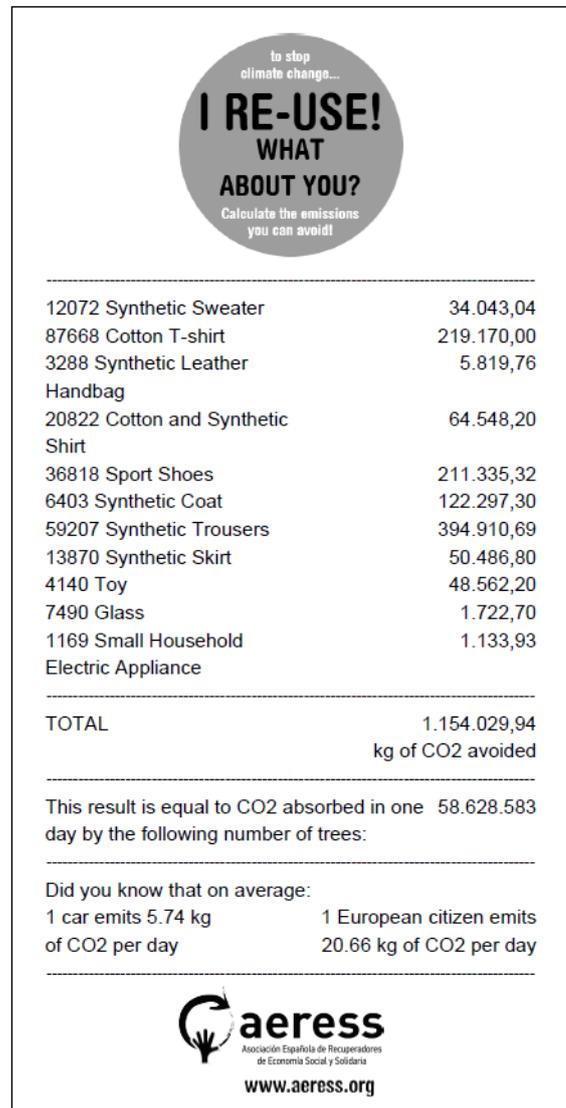


Figure 2. Estimation of 2018 carbon footprint for the Spanish RC initiative, using the [AERESS calculator](#)

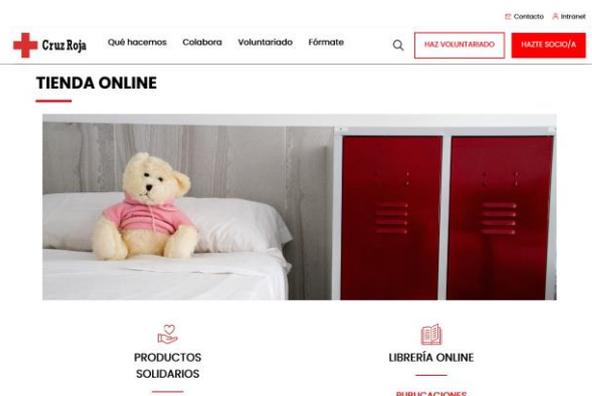


Figure 3. Screenshot for Spanish RC's online store.

Logistics Development Case Study

Managing In-Kind Donations with the Private Sector: Approaches Taken by the Spanish Red Cross

Areas currently in development include the following:

- Investment to further improve IT systems.
- Dissemination and training Spanish RC branches to ensure organizational awareness of the in-kind donation system, including assessment training to cover needs identified in ongoing programs.
- Continuing to expand the network of companies to provide for the demand requested from branch offices.
- Streamline internal processes to avoid purchasing items that can be obtained via in-kind donations.
- Current phase of the project (pilot provinces: Madrid, Barcelona and Logrono) is focused on optimizing the distribution network by defining regional clusters with the aim of reducing transport and storage costs, delivery times, and carbon emissions.
- System integration into [iMAP, methodology](#) (person-centric project cycle approach) through an IT platform developed by the Spanish RC, integrating different modules involved in each element of the distribution operation. It is envisioned that in the mid-term, users meeting the vulnerability criteria of Spanish RC programs could directly request products from the existing online catalogue, possibly including some degree of product customization. Qualifying users could then opt to collect items at a Spanish RC branch or receive them at home.
- Strengthening the existing partnership between Amazon and the Spanish RC, accessing Amazon's specialized resources to increase logistical and distribution capacity.

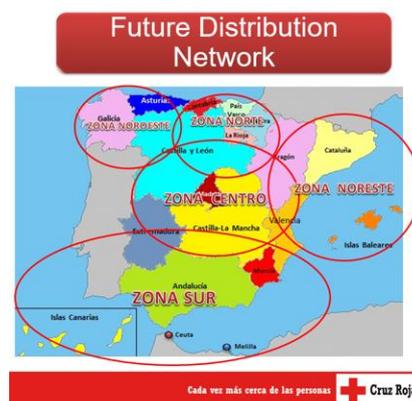


Figure 4. Envisioned optimal distribution network for the Spanish RC

Reflecting on our learning

Some key lessons learned by the Spanish RC from this initiative are:

- In-kind donations that are properly planned and managed can increase the capacity of a National Society to reduce the vulnerability of the population it serves.
- IT and logistical capacities are key to managing and tracking in-kind donations efficiently and effectively.
- Volunteer involvement is critical to successful project completion.
- Detailed data on donors and donations is required to arrive at well-informed decisions. Well intentioned offers lacking such data should be politely declined.
- Based on Spanish RC experience, and the liability enshrined in the national regulatory framework of Spain, craft clear in-kind donation policies to prohibit donations of medication are needed. Medication handling requires trained pharmacists and homologated facilities. Only National Societies specializing in these areas should attempt to manage in-kind donations of medication.
- National Societies and companies will need to consider expiration dates, product quality, and warehousing requirements when assessing whether to participate in an in-kind donation program.
- Follow existing materials and guidelines available via the IFRC, or other humanitarian organizations (see last page for a list of resources), to understand the positives and negatives of managing in-kind donations.

Before embarking in this type of initiative, it is considered the worth that a National Society reflects on the following factors:

- Analyse and identify yearly needs of donations for advanced planning.
- Ensure reporting requirements are agreed with donors about distributions and outcomes of their contributions.
- Negotiate and sign agreements with donors clearly defining roles and responsibilities, including required reporting.
- All donations incur cost from the moment an offer is made (there are no “free” donations). Costs and logistical implications must be analysed before an informed decision can be reached to accept a donation.
- Legal advice must be provided to ensure that the National Society abides by all regulations regarding in-kind donations before distributions, including verification of tax liabilities.

Logistics Development Case Study**Managing In-Kind Donations with the Private Sector: Approaches Taken by the Spanish Red Cross**

- If possible, accept only new products. Otherwise, mechanisms are required to ensure that items are in good conditions before accepting a donation.
- Following the principle of “Do No Harm”, never accept products with upcoming expiration dates. These products can be hazardous or can fall below the minimum quality expected by those receiving them.
- Always follow IFRC policies for in-kind donations, especially in emergency situations.



Figure 5. Spanish RC staff checking In-Kind Donations during the reception process.

Further information can be obtained from:

Organisation name: Spanish Red Cross – Headquarter office

Person name: Jaime Bará Viñas

Position: Deputy director. General Services Department. Logistics, Processes and Apps

Telephone: +34 91 3354482

E-mail | website: bara@cruzroja.es / www.cruzroja.es

List of Resources About Managing In-Kind Donations

- 'Unsolicited Donations After Disaster: Generosity Gone Awry' - IFRC 2016:
<https://www.ifrc.org/fr/introduction/droit-relatif-aux-catastrophes/nouvelles/asia-pacific/unsolicited-donations-after-disaster--generosity-gone-awry-72079/>
- 'Introduction to the Guidelines for the Domestic Facilitation and Regulation of International Disaster Relief and Initial Recovery Assistance' - IFRC, 2011:
[https://www.ifrc.org/PageFiles/41203/1205600-IDRL%20Guidelines-EN-LR%20\(2\).pdf](https://www.ifrc.org/PageFiles/41203/1205600-IDRL%20Guidelines-EN-LR%20(2).pdf)
- 'Guidelines for National Society costing policy' - IFRC, 2016:
https://media.ifrc.org/ifrc/wp-content/uploads/sites/5/2017/12/Guidelines-for-National-Society-Costing-Policy_EN.pdf
- 'Unsolicited In-Kind Donations & Other Inappropriate Humanitarian Goods, Strategic Plan' - UN OCHA, 2013:
https://emergency-log.weebly.com/uploads/2/5/2/4/25246358/ubd_report_eng_-_final_for_printing_2.pdf
- 'Be a Better Donor: Practical Recommendations for Humanitarian Aid, Interagency Campaign in the Americas' - [Saber Donar](#), 2009:
<https://reliefweb.int/report/world/be-better-donor-practical-recommendations-humanitarian-aid>
- 'The challenges of Unsolicited Bilateral Donations in Pacific Humanitarian Responses - Australian Red Cross and Australian Council for International Development, 2017:
<https://reliefweb.int/report/world/challenges-unsolicited-bilateral-donations-pacific-humanitarian-responses>
- 'National Guidelines for Managing Donated Goods' - Australian Government, 2011:
https://dhs.sa.gov.au/_data/assets/pdf_file/0004/1894/national-guidelines-for-managing-donated-goods.pdf
- 'The Central Role of Supply Chain Management at IFRC, Forced Migration Review' Volume 18 - University of Oxford, 2003:
<https://www.fmreview.org/sites/fmr/files/FMRdownloads/en/logistics/chomilier-samii-vanwassen-hove.pdf>
- 'ICRC Guidelines for Screening Private Donors and Partners' (Public Version) – ICRC, 2017:
<https://www.icrc.org/en/download/file/68119/ethical-principles-icrc-partnerships-private-sector.pdf>
- 'Sphere Sets the Standards for Humanitarian Action and Works With a Global Community to Promote Quality and Accountability' – Sphere, 2018:
<https://www.spherestandards.org/>