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Global Logistics Service (GLS) Annual Report

 International Federation
of Red Cross and Red Crescent Societies

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**This report covers the
period 1/01/2013 to
31/12/2013**

*Communities affected by the disastrous
Typhoon Haiyan in the Philippines
receiving relief supplies, 2013. By Patrick
Muller/IFRC.*



Overview

Operating within a five year strategic plan – Logistics 2015 – the IFRC Global Logistics Service (GLS) is working toward reinforcing and further developing its global logistics capacity to ensure that the IFRC – as a global network of National Societies – has access and control of a competent, efficient and effective logistics service to carry out its humanitarian assistance activities and achieve the goals outlined in *Strategy 2020*. Logistics 2015 focuses on three strategic objectives, namely:

1. support the enhancement of National Society logistics capacity;
2. increase the IFRC's logistics capacity to deliver logistics services for preparedness and operational activities;
3. provide agreed logistics services to pre-selected humanitarian agencies.

During the reporting year, GLS continued implementation of development projects that support the delivery of Logistics 2015 and its strategic aims, combining it with ongoing work and regular logistics support to operations. Key accomplishments of 2013 included:

- GLS continued to provide logistics services to the Red Cross Red Crescent network directly supporting the delivery of Logistics 2015 strategic objective 2. On average, 21 operations per month received logistics support, with a major focus on Syria and neighbouring countries and the Philippines typhoon Haiyan operations. For Syria, GLS delivered 6,750 tons of life-saving aid in support of the tireless humanitarian work of Syrian Arab Red Crescent staff and volunteers. For the Philippines, during the first 4 weeks of the operation 25 logistics staff were deployed and goods worth of CHF 40 million were mobilized, delivered and reported.
- Development of the Disaster Management Delivery System (DMDS) which started in 2013, targeted mapping of nearly 60 business processes and two testing releases of the system. A new IT system to support cash transfer programming was successfully piloted in Senegal in December 2013.

- GLS continued to apply the National Society Logistics Capacity Enhancement (NSLCE) tool and process in NS logistics capacity development activities. By the end of 2013, 19 NS were engaged in the process globally.
- GLS implemented initiatives to upgrade the Emergency Items Catalogue, to revise the IFRC Procurement Manual and to initiate 3rd edition of the IFRC Fleet Manual. The draft of the Procurement Manual was finalized in 2013, and will be circulated for stakeholder validation in 2014.
- GLS developed Procurement and Supply Management Plans for 2 Global Fund Projects (CAR and Niger).
- A market and logistics assessment mission was conducted to MENA region, which produced a supply chain strategy for Syria and neighboring country operations. The newly established regional food procurement chain drastically reduced the delivery time of food supplies to Syria.
- Direct technical support and services were extended to over 20 NS, health and logistics ERUs.
- Compared to the previous year, the global procurement value handled by GLS increased by 51%. The number of managed contracts went up by 11%. Procurement worth of 23 million CHF was reviewed to ascertain accountability and quality assurance.
- The value of services extended to external partners grew from CHF 253,541 (2012) to CHF 8.8 million (2013). The external service documentary package was updated.
- A 5-year lease agreement was negotiated with the International Humanitarian City of Dubai, offering free of charge facilities and utilities to the GLS Dubai office, at a total annual contribution cost of CHF 505,921.
- A technical agreement was signed with the Spanish Red Cross regarding Las Palmas sub-regional stock and new operating procedures were established.

Working in partnership

The Global Logistics Service works with a number of partners on a range of activities as outlined below.

ICRC

GLS has a continuous strategic cooperation with the ICRC's logistics service. Where appropriate, both organizations coordinate operational activities and implement joint projects in areas of common interest. Activities include enhancing the emergency items catalogue, working on the quality assurance framework and maintaining suppliers' social responsibility track records, among others. Also, the parties use each other's services such as ICRC pre-positioning stock at IFRC warehouses, or IFRC getting access to ICRC stock in Nairobi. Regular meetings are held between IFRC and ICRC management and technical groups.

Logistics cluster

GLS attends the global logistics cluster meetings and contributes to operational coordination mechanisms during emergency operations.

International Humanitarian City of Dubai

GLS logistics facilities in Dubai are hosted at the platform of the [International Humanitarian City](#) (IHC) of Dubai, which has grown to become the world's largest hub for humanitarian aid. The strategic location of IHC coupled with the capacity to pre-position disaster response supplies, enables the GLS to deliver support for humanitarian operations quickly and cost-efficiently, ultimately making aid available for more people in need. Through this cooperation, IHC also facilitates customs clearance and other formal activities, adding to the efficiency of operations. IFRC has been member of IHC since January 2011.

Cooperation with academic community

GLS maintains links with a number of academic institutions that offer logistics within their curriculum and/or are actively involved in researching new practices and innovative approaches in the field of humanitarian logistics. A close relationship is maintained with researchers affiliated with the BI

Norwegian Business School and Lund University, Georgia Institute of Technology, Massachusetts Institute of Technology (MIT), University of Istanbul and INSEAD Business School, on the development of case studies, among others.

Partnership with Airbus Corporate Foundation

Since June 2012, the IFRC has a partnership agreement with the Airbus Corporate Foundation which fosters cooperation between the partners, focusing on air transportation and knowledge-sharing. Such mutually beneficial cooperation allows to combine industry offered space with real humanitarian practice, enabling the parties to leverage maximum impact for humanitarian aid operations. In 2013, GLS coordinated an Airbus donated flight to deploy Finnish ERU Hospital to Jordan. Through the partnership, GLS got offered support from Eurocopter Foundation (Airbus group company) for Typhoon Haiyan operation by allotting flying hours for transportation of personnel and equipment inside the Philippines. A technical meeting was organised between GLS and Airbus technical department in Toulouse, which reviewed the ongoing cooperation under the partnership to finalize the standard operating procedures for aircraft deployment.

Interagency cooperation

The IFRC, ICRC, MSF, UNICEF and UNHCR cooperate within an interagency Quality Assurance and Product Development Group (QA&PD). This is an initiative to promote interagency collaboration in sharing information and best practices with the aim to develop synergies related to quality assurance and product development of major relief items. This initiative consolidates best knowledge and expertise across humanitarian logistics and leads to development of technical solutions that ultimately benefit the wider humanitarian sector. In 2013, GLS attended the QA&PD group meeting in Denmark and hosted the next meeting at the IFRC Secretariat in Geneva. Harmonisation of inspection and product testing and creation of a common platform for information sharing were among key outcomes of the meetings. A share-point web platform for the QA&PD group has been developed by IFRC and it is now available for use by members.

Progress towards outcomes

During the reporting year, the work of GLS focused on achieving the three strategic objectives of Logistics 2015. They are:

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 the IFRC's logistics. *(linked to Business Line 1: Raise humanitarian standards; Business line 2: Grow Red Cross Red Crescent services for vulnerable people and Business Line 5: Deepen our tradition of togetherness through joint working and accountability);*

Objective 2: to increase the 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. *(linked to Business line 2: Grow Red Cross Red Crescent services for vulnerable people and Business Line 5: Deepen our tradition of togetherness through joint working and accountability);*

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. *(linked to Business line 2: Grow Red Cross Red Crescent services for vulnerable people and Business Line 4: Heighten Red Cross Red Crescent influence and support for our work).*

The development projects underpinning the delivery of Logistics 2015 as well as all ongoing activities carried out in 2013 contributed to the achievement of logistics strategic objectives. The information below outlines implementation of development projects and progress made during the reporting year.

Project 1: National Society Logistics Capacity Enhancement

Background: In 2012, GLS initiated a project to develop a systematic approach to logistics capacity enhancement of National Societies. The National Society Logistics Capacity Enhancement (NSLCE) is a procedure and tool that supports staff involved in developing the logistics capacity of National Societies. The NSLCE approach is based on three fundamental elements: (i) The National Society recognizes the importance of logistics and has the ambition and resources to develop capacity; (ii) The logistics capacity requirement of the National Society can be calculated by analysing its national and international role and responsibility; (iii) The capacity calculation, planning and implementation has to be carried out by professional logisticians. The responsibility for identifying priority NS (along with the Zone OD) and making an annual programme is managed by zonal logistics units (ZLU). NSLCE is a longer term development project and some of the activities span beyond the year of initiation.

Progress in 2013

Throughout 2013, GLS continued to apply the NSLCE tool and process in NS logistics capacity development activities. By the end of 2013, 19 NS were engaged in the process globally.

In the Americas, 15 NS had their logistics capacity strengthened through the NSLCE Project, namely Honduras, Guatemala, Chile, Peru, Columbia, Nicaraguan, Dominican, Haiti, Bahamas, Barbados, Belize, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Trinidad and Tobago. The capacity enhancement activities were implemented within the framework of the First Response Initiative Project supported by the Canadian Red Cross and the Japanese Red Cross for the Caribbean countries.

In Asia Pacific zone, the NSLCE process was launched in Vietnam with a focus on warehouse component. The ongoing logistics capacity development activities in Indonesia were incorporated into the NSLCE framework, targeting all key logistics disciplines. An assessment in Nepal was also conducted in the later part of the year, in country logistics delegate is in place and the way forward has been agreed.

In Africa zone, agreement is nearly finalised with Zimbabwe Red Cross for implementing NS logistics capacity building, using the NSLCE tool.

Project 2: Disaster Management Delivery System

Background: Since January 2013, the IFRC Global Logistics Service and the Disaster and Crisis Management Department, in close cooperation with Information Systems, Legal and Finance Departments have embarked on the implementation of a new integrated institutional system: the Disaster Management Delivery System (DMDS). The project started following a thorough review, scoping and design of a new system architecture, which was conducted in 2012 jointly with National Society and industry experts. The need for a new system was reinforced by findings of an external audit review which highlighted some key risks in the current humanitarian logistics software (HLS) and recommended replacement. When implemented, DMDS will be an integrated organizational system to be used by all IFRC disaster management programmes and support functions. It will modernize the current systems with technological advances and will fill in the existing gaps in the current system, such as beneficiary registration, distribution planning, reporting, beneficiary communication and cash-based programming. It will provide enhanced KPI reporting and accountability framework, meeting donor requirements. After the system has been deployed and proven stable in supporting the Secretariat operations, it will be explored how to extend its modules to National Societies - depending on specific working environments and functional needs.

Progress in 2013

- Nearly 60 business process flows related to disaster management and supply chain were mapped, creating a solid foundation to adapt the standard off-the-shelf functionalities existing in the commercial software selected for the use. Internal work was complemented with:
 - ✓ 2-day workshop held in Geneva in March 2013 with subject matter experts from the zone logistics units.
 - ✓ Engagement with the existing Relief ERU (Emergency Response Unit) business process Task Force.
- An initial proof-of-concept of the future system was followed by a first release comprising the foundation for order management, procurement and warehouse management modules, tested internally by GLS staff and externally by staff seconded from the British Red Cross.
- In early May 2013, as part of the Logistics – Relief ERU meetings in Las Palmas a project update and a software demonstration was conducted for the participating National Society representatives.
- The beneficiary registration and distribution management module and the Point of Sale (POS) functionality was developed and pilot tested in Senegal in December 2013 to electronically manage an off-line distribution of e-vouchers to 100 flood affected households. The module stills needs further work to be completed but the results were very positive and all stakeholders agreed that the system improved the programmes speed, efficiency and accountability compared to a paper based option. A 5-minute video was produced to visually summarise the experience and is available for viewing at : www.youtube.com/watch?v=BLBw6_mXRzs
- The experience from Senegal was presented in Rome at an interagency meeting about “Cash & Vouchers Supply Chain” organised by the World Food Programme (WFP). It was very well received as an innovative technology proposed for the humanitarian context.
- Two project newsletters were produced during 2013 and shared with the project stakeholders including IFRC Geneva and Zone offices, National Societies and the ICRC.
- Project update sessions were delivered at the Logistics ERU workshops of the following National Societies: Swiss Red Cross, Danish Red Cross and British Red Cross.
- A constant dialogue with IFRC Americas Zone Office and American Red Cross was held along the year to keep alignment of their Relief IT systems initiatives with DMDS.
- A bilateral exchange of information and best practices was established with other humanitarian organizations that are currently undertaking similar initiatives, such as ICRC, MSF and ACF. Because of similarities in the use of IT open source software, options to re-use or share costs on developing specific humanitarian functionality are being explored.

Project 3: Emergency Items Catalogue

Background: The Emergency Items Catalogue (EIC) of the Red Cross and the Red Crescent Movement is a guiding reference promoting harmonisation and standardisation of relief and medical items and facilitating acquisition of goods for humanitarian operations. EIC provides generic specifications based on international standards. The catalogue project was first launched after a decision of the Logistics Relief Meeting in May 2000. The first edition was issued in June 2002 with updated publications in 2004 and 2009, and a regularly upgraded web version since 2010. The project is implemented jointly by IFRC and ICRC.

Progress in 2013

The IFRC and ICRC continued to implement the Emergency Items Catalogue project in 2013 with a primary focus to enlarge the scope of commodity items captured by it. Specific developments included:

- a more functional search engine was put in place;
- a more comprehensive description of kit content lists were developed;
- additional functionalities were introduced to facilitate downloading of data;
- new items were added, such as winterization kits for family tents, insulating mats, and solar lamps.

- The updates and developments were communicated to all stakeholders through a dedicated newsletter on the project.

The online catalogue can be accessed at: <http://procurement.ifrc.org/catalogue/>

IFRC and ICRC have agreed that after 13 years of existence the Emergency Items Catalogue project needs a review to take stock of what has been achieved, to reassess priorities and relevance of this tool within the current humanitarian environment. A tender has been conducted by GLS. The next step is to agree on the format of the review and commission the work.

Ongoing activities

Combined with development projects, Global Logistics Service supported the delivery of Logistics 2015 strategic objectives through ongoing work and regular logistics support to operations.

- GLS continued to provide traditional capacity-building support to National Societies through basic and tailor-made logistics workshops and individual staff mentoring. Development of regional logistics capacity was enhanced with a total of 15 workshops (292 participants), targeting the National Societies of Dominican Republic, Honduras, Cuba, Pakistan, China, Regional Disaster Response team of Asia and Pacific, Israel, Cameroon, Nigeria, Kenya, Switzerland and Denmark.
- GLS continued to provide logistics services to the Red Cross Red Crescent network directly supporting the delivery of Logistics 2015 strategic objective 2. On average, 21 operations per month received logistics support. Logistics support was provided to Syria, Lebanon, Jordan, Ethiopia, Cameroon, Nigeria, Mozambique, DRC, South Sudan, Philippines, Bangladesh, Myanmar, India, DPRK, Afghanistan, Cuba and Haiti operations, among others. For Syria alone, GLS delivered 6,750 tons of life-saving aid in support of the tireless humanitarian work of Syrian Arab Red Crescent staff and volunteers. For the Philippines, during the first 4 weeks of the operation 25 logistics staff were deployed and goods worth of CHF 40 million were mobilized, coordinated, delivered and reported.
- In order to better support Middle East operations (focus on Syria, Lebanon and Jordan), a market and logistics assessment mission was conducted to MENA region, which produced a supply chain strategy for Syria and neighboring country operations. The newly established regional food procurement chain reduced the cost and delivery time to Syria.
- Compared to the previous year, the global procurement value handled by GLS increased by 51%; The number of managed contracts went up by 11%. Procurement worth of 23 million CHF conducted at global and field level was reviewed to ascertain accountability and quality assurance. Eight global framework agreements with suppliers were renewed.
- Under services to external humanitarian partners, 2013 marked a growth in the number of humanitarian and government agencies requesting services from GLS. The value of services extended to external partners grew from CHF 253,541 (2012) to CHF 8.8 million. Thirteen service users confirmed orders throughout 2013.
- Globally in 2013, GLS dispatched nearly 12,000 cubic meters of relief items from our pre-positioned stock to operations. GLS Dubai office implemented a new warehouse model where cargo handling (for restricted volumes) will be performed internally. It helps to cut handling costs by 20% compared to the outsourced service. In Americas zone, National Societies response standing capacity improved by 50-100% by implementing the pre-positioning project of Federation Owned Stock at the country level. The prepositioning strategy began with Guatemala Red Cross with prepositioned stocks for 500 families, expanding to Nicaragua Red Cross and Honduras Red Cross and expected to continue during 2014 to 8 additional National Societies

within the Americas. Country level stock prepositioning strategy contributes to the reduction of carbon footprint by 90 % compared to air shipment during emergencies.

- In 2013, IFRC was selected as the primary recipient (PR) for two Global Fund projects - Round 8 Phase 2 Malaria LLIN (long lasting impregnated nets) distribution and treatment program in Central African Republic, and R10 TB detection and treatment programme in Niger. For both projects, GLS was tasked with planning, implementing, managing and reporting of a supply chain plan and budget in support of the programme activities. Several missions were conducted to work on logistics set-up and supply chain plan. For CAR, the procurement of full quantity of bed nets (2,242,388 units) was conducted and 72 containers delivered to an intermediary destination of Cameroon. For Niger, all core documents including PSM plan are finalized, HR support is in place and procurement of assets and equipment needed to deliver the program is on-going.
- GLS implemented a project to revise the IFRC Procurement Manual, engaging key stakeholders in the consultation process. The revision process included three phases, namely: (i) a desk exercise that included the review of the manual content in view of existing best practices, comparable procedures and donor requirements (ii) soliciting internal stakeholders' feedback on proposed revisions and alignments to better address current business requirements (iii) final validation of the manual and sign off. The draft of the Procurement Manual was finalized in 2013, and will be circulated for stakeholder validation in 2014.

Stakeholder participation and feedback

- GLS cooperates with stakeholders and where relevant actively involves them in the implementation of Logistics 2015 strategy. This is realized through many initiatives: (i) engaging with commercial stakeholders for development of mutually beneficial partnerships, cooperation and exchange of best practice and know-how, such as the existing partnership with Airbus; (ii) working together with researchers affiliated with reputable academic institutions for development of logistics case studies; (iii) involving National Society experts in logistics development projects and connecting National Society assets and resources to extend the global network.
- GLS actively engages with logistics forums and stakeholder meetings that bring together experts and practitioners from different sectors (aid and development, commercial, academia) to stimulate a sharing of best practices, cooperation and innovation in humanitarian logistics. In 2013, GLS organized a stand at the Aid and International Development Forum (AIDF) in Bangkok (January) and at DIHAD in Dubai (March). Both events were good opportunities to interface with stakeholders and create meaningful synergies in effectively addressing needs of vulnerable communities and the related logistics support. Such trade events also provide exposure to promote GLS capacity and services and enlarge its service user network.
- The DMDS project managed by the head of GLS, applies a cross-departmental collaboration approach between Disasters and Crisis Management, Information Systems, Legal and Finance departments formalised through the project steering group and the technical group. In addition, active engagement is maintained with the Relief ERU Business Process Task Force, involving representatives from 8 National Societies.
- GLS is committed to constantly elevating its performance standards. It uses various tools and methods to measure the impact of its services and seeks ways how to achieve improvement. This is achieved by systematic evaluation and analysis of logistics operations, development of case studies and lesson-learning exercises. Since December 2013, GLS has engaged with BI Norwegian Business School to develop a case study on logistics response to the Philippines operation, which will measure the impact of logistics developments on the efficiency of delivery.
- In 2013, GLS initiated the ground work for developing a service user satisfaction survey, which will become a tool to regularly solicit customer feedback, analyse and drive improvements if needed.

Key Risks or Positive Factors

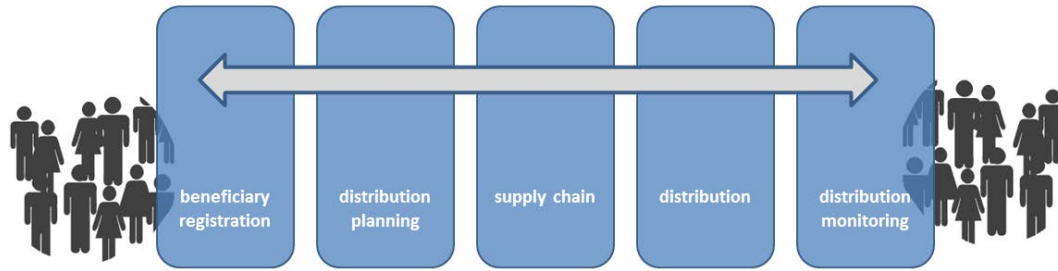
Key Risks or Positive Factors	Priority High Medium Low	Recommended Action
GLS cost recovery scheme has not been revised since its introduction in 2007, when GLS was partially subsidized by IFRC unrestricted funding. Since January 2012, GLS has moved to full cost recovery without adjusting the cost recovery scheme, meaning GLS continued providing services without recovering all costs. This fact adversely affected GLS sustainability and pushed the function into deficit in 2013.	H	The cost recovery scheme needs to be revised in 2014, to be able to recover costs on all services offered by GLS. The implementation of the new scheme will require strong support and advocacy by senior management to ensure support and compliance. Alternatively, unrestricted funding for GLS should be reconsidered.
GLS was understaffed in 2013.	H	The first immediate step is to introduce and apply a revised cost recovery scheme, enabling to reinforce GLS human resources.

Lessons learned and looking ahead

Logistics 2015 is a relatively new way of managing a global logistics function, supporting the core work of the RCRC membership and extending logistics services to external humanitarian partners, whilst operating fully on a cost recovery basis. It resonates well to the imperatives of the current humanitarian environment, which is facing a growing competition for gradually shrinking resources. This is coupled with a stricter scrutiny by donors for efficient use of funds and an obvious shift from traditional reactive humanitarian logistics response towards more proactive, customer-focused, measurable and sustainable delivery mechanisms. *Logistics 2015* strategy remains very relevant to address these trends, and its success depends on a number of enabling factors.

Firstly, typical of any change process, this transition requires time, consistent effort and active global advocacy to promote a common understanding among all level stakeholders (RCRC, donors, service users) about the longer term strategic benefits of a sustainable logistics function. To ensure business viability, GLS should recover costs of all performed activities, meaning the costs of its services cannot remain the same as when partially subsidized by the organization. Looking ahead, IFRC should put more emphasis on promoting how GLS cost recovery scheme works - to promote better understanding and set stakeholders' expectations at a realistic level.

Another critical factor for the success of *Logistics 2015* is the roll out of the integrated information system, the Disaster Management Delivery System. Once implemented, DMDS will benefit the organisation not only from a more efficient, transparent and accountable supply chain management perspective but from an overall enhanced response to beneficiaries since the moment they are registered to provision of humanitarian aid.



To be able to scale up with cash-based programming, it is imperative that systems are developed for electronic beneficiary registration, robust and secure data management and distribution tracking. For that reason the Disasters and Crisis Management department will continue to work with GLS to finalize the beneficiary registration and distribution management module through a number of field tests in 2014. In addition, expanding the coordination with the American Red Cross on the beneficiary registration and distribution ('RAPID') concept, the IFRC will partner with this National Society in 2014 to transfer knowledge and resources to the DMDS respective module, to ensure one system is developed for our humanitarian operations. Consultation, engagement and information sharing with key stakeholders will continue. During 2014 the project stakeholder group is envisioned to be enlarged with representatives from other technical functions to start analysing the possible functional gaps linked to beneficiary registration and distribution management requirements from health, water and sanitation, shelter and recovery.

Financial situation

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

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 Disaster 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

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