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# Global Logistics Service (GLS) Annual Report

 International Federation  
of Red Cross and Red Crescent Societies

**MAA00028**

**22/04/2014**

**This report covers the  
period 1/01/2014 to  
31/12/2014**

*Loading of truck with food parcels and hygiene kits destined for Homs, Syria. By Ibrahim Malla/IFRC.*



## Overview

Guided by its five year strategic plan – Logistics 2015 – the IFRC Global Logistics Service (GLS) has been working toward reinforcing and further developing its global logistics capacity to ensure that the IFRC – as a global network of National Societies – has access to 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.

GLS operates through a global structure including a Headquarters-based GLS management department in Geneva, zonal logistics units (ZLU) in Panama, Kuala Lumpur and Nairobi, a GLS office in Dubai, a logistics hub in Las Palmas and a pool of logisticians deployed at country operational level around the world.

In brief overview, during 2014 GLS continued implementation of development projects that underpin the delivery of Logistics 2015 and its strategic aims, combining it with ongoing work and regular logistics support to operations. Key accomplishments of 2014 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, 50 operations per month received logistics support, with a major focus on Ebola affected countries (Sierra Leone, Guinea and Liberia), Syria and neighbouring countries, Iraq (Kurdistan) and the Philippines recovery operations. For Syria alone, GLS delivered nearly 760,000 food parcels, 200,000 hygiene parcels and 473,000 blankets in support of the humanitarian effort of the Syrian Arab

Red Crescent. For the Ebola response, despite operational complexity and limited availability of supplies with manufacturers, GLS managed to establish an uninterrupted supply chain for delivery of protective emergency supplies and close to 300 vehicles, at total worth of CHF 17 million.

- Services worth of CHF 5 million were delivered to 18 external humanitarian partners (NGOs, UN organisations and governments), providing access for wider humanitarian community to the GLS delivery platform, maximizing humanitarian impact and reach.
- Compared to the previous 3 years' average, the global procurement value handled by GLS in 2014 increased by 66 %, amounting to CHF 74.5 million. In addition, procurement worth of CHF 28.4 million was reviewed by GLS to ascertain quality assurance and compliance with accountability norms.
- GLS dispatched relief items from its ZLU pre-positioned stock to operations globally. Expansion of stock building at country level continued to be implemented in Americas with IFRC stocks prepositioned in 4 National Societies by the end of 2014 and initiation of a plan to further expand to another 6-7 NS by the end of 2016. To better address needs in Southern Africa, stock was pre-positioned in Zimbabwe in close cooperation with the Zimbabwe RC. Canadian Government through partnership with the Canadian RC, pre-positioned relief stock for 2000 families in Dubai.
- Development of the Disaster Management Delivery System (DMDS) continued throughout 2014, directing the effort to DMDS Lots 1 and 3 (that will replace the currently used Humanitarian Logistics Software), covering procurement, mobilization, order, transport and warehouse management modules.
- GLS continued to apply the National Society Logistics Capacity Enhancement (NSLCE) tool and process in NS logistics capacity development activities. By the end of 2014, 28 NS were engaged in the process globally.
- GLS revised the cost recovery mechanism and service delivery package aligning it to the current business model. A communique detailing logistics and procurement services and fees was designed and disseminated to service users in April 2014.

## Working in partnership

The Global Logistics Service works with a number of partners 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 development 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. ICRC has pre-positioned stock in GLS warehouses. Also, the parties use each other's services and explore opportunities for more synergies in the future. 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. Throughout 2014, a lot of activities were coordinated among the cluster members in response to the Ebola outbreak. IFRC benefitted of cargo space on the free flights organised by the cluster - a total of 44 tons of supplies were dispatched to Sierra Leone, Guinea and Liberia. In addition, IFRC used the free ocean freight for 10 HC containers of Personal Protection Equipment dispatched to the Ebola affected countries.

### International Humanitarian City of Dubai

Since 2011, 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 efficiently.

### 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), The autonomous University of Colombia, Florida State University, The Simon Bolivar University in Colombia and INSEAD Business School in France.

### 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 capacity with real humanitarian practice, enabling the parties to leverage maximum impact for humanitarian aid to operations. Through the partnership, in 2014 GLS got offered support from Airbus helicopter foundation for transportation of personnel and equipment inside Bosnia to respond to floods.

### Partnership with Zurich Insurance Group

Under the existing partnership between the IFRC and [Zurich Insurance Group](#), GLS engaged an expert seconded from the Zurich Group to conduct a review of GLS procurement and sourcing practice and explore in close consultation with stakeholders how optimization can be achieved. The output of the review will be delivered in 2015.

### 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. A common approach was agreed for sharing information on cases of discovered corruption and fraud.

## 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 2014 contributed to the achievement of logistics strategic objectives. The information below outlines implementation of development projects and progress made in each during the reporting year.

### **Project 1: National Society Logistics Capacity Enhancement**

**Background:** *Since 2012, GLS has been applying 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. NSLCE is a longer term development project and some of the activities span beyond the year of initiation.*

#### **Progress in 2014**

Throughout 2014, GLS continued to apply the NSLCE tool and process in NS logistics capacity development activities. By the end of 2014, 28 NS were engaged in the process globally from the start of the programme.

In the **Americas**, 13 NS have been assessed with the NSLCE tool and provided with a logistics baseline and a logistics development operational plan, namely Haiti, Guatemala, Nicaragua, Dominican Republic, Jamaica, Honduras, Antigua and Barbuda, Dominica, Granada, Guyana, Saint Lucia, and Suriname. The methodology used for the assessments has been similar across the countries - specialists have been working in the NS for a period of five days to hold discussions with the NS leadership, executive board, programme and service focal points and stakeholders, and logistics personnel. NS logistics infrastructure & assets were visited, based on which a report including the logistics baseline was produced. The logistics baseline is an overview of the current logistics capacity of the NS, which defines the different volumes managed, size of operation being supported, type of organization, structure, etc. The logistics development operational plan defines the different steps to follow to enable covering the gap between the established baseline and the future needs for logistics. These plans are composed of various activities regrouped per project. All projects and activities are submitted with corresponding budget, timelines, log frame - agreed and discussed with each NS to define priorities and implementation agenda.

Since the start of the project logistics has been integrated in most of the NS strategic and country development plans, it has been recognized as a priority for the NS and an essential component to support its operation, reinforce its auxiliary role towards government and a main pillar of its financial sustainability. In addition, the approach and methodology applied in the development project are also gaining support from donors. The project that was initially supported by the Canadian Red Cross, Danish Red Cross and Japanese Red Cross, is now also funded by the Norwegian Red Cross, Zurich Insurance Group in Mexico, Spanish Agency for International Development Cooperation (AECID), UK Department for International Development (DFID) and discussion is ongoing with the Finnish Red Cross.

In **Asia Pacific zone**, the NSLCE process targeted the following 5 countries:

- Vietnam: the warehouse component of the NSLCE program for the Vietnam RC (VNRC) was completed with the development of standard operating procedures for goods reception, dispatch and disposal and the development of VNRC Warehouse Manual. Two workshops were conducted at VNRC locations in Hanoi and Ho Chi Minh City with

a total of 55 participants from HQ and local provinces. The HQ warehouse was refurbished and reorganized to optimize the use of space. The procurement part of the program was largely completed, with the development of a VNRC procurement manual in line with both the Vietnam Government and the IFRC regulations.

- Nepal: Following an initial assessment, two warehouse trainings were undertaken in Pokhara and in Banepa. The trainings were also utilised to review the prepositioning strategy of the Nepal RC (NRC) and to inform them on the challenges ahead. The next steps on the warehouse part needs to be defined for 2015.
- China: An assessment mission comprised of NSLCE delegate as well as logistics consultant was undertaken in China in May. Recommendations were made that a Logistics strategy was required to define the support to be provided. China is now developing its DM strategy so that the underpinning Logistics strategy can be developed.
- Bangladesh: as part of a visit to Bangladesh to study warehousing capacity, an assessment of both the Chittagong and Dhaka HQ warehouses were undertaken. Together with the newly created Bangladesh RC logistics department, and Bangladesh IFRC office logistics, the ZLU defined and implemented a warehouse renovation project comprising the triage of the items (around 65% were disposed), cleaning, defining a new layout to maximise space and separate items per donor and per kind, renovating the different sections, implementing safety measures as well as stock management procedures. The whole process was completed within the year.
- Pakistan: the initial assessment visit was undertaken to the Pakistan RC senior management. Following on the report that was produced, decisions on the way forward will be taken in mid-April 2015.

In **Africa** zone, Zimbabwe Red Cross has been successfully inducted into the NSCLE project, the warehouse in Harare has been upgraded, within which disaster preparedness stock is being pre-positioned, and a review of all logistics manuals is ongoing (procurement / fleet / warehousing). Plans were initiated to conduct a similar project with Namibia Red Cross Society in 2015.

## **Project 2: Disaster Management Delivery System**

**Background:** *The project has been in progress since 2013, following a thorough review, scoping and design of the new system architecture, which was conducted jointly with National Society and industry experts. DMDS is structured in six separate functional lots and an incremental implementation approach is being followed. This means the core modules are being built, tested and rolled out in the zones - to be enhanced with further functionality sequentially. When implemented, DMDS will be the 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, such as beneficiary registration, distribution planning, reporting, beneficiary communication and cash-based programming. 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 2014**

- Release of a first beta version of the DMDS Lots 1 and 3 (that will replace the currently used Humanitarian Logistics Software) was completed, covering procurement, mobilization, order, transport and warehouse management modules.
- The user manual was updated with additional content as new functionality was being added to the system. At the end of 2014, 12 sections were already completed.
- Integration with other organizational IT systems was accomplished such as with finance systems and corporate reporting, including preparations for the future IFRC private cloud environment.

- The beneficiary registration and distribution management module was tested for the second time. In this occasion, the Argentine Red Cross piloted the solution in June 2014 in Buenos Aires and lessons learnt were documented in order to be used by the development team.
- The requirements for the beneficiary registration and distribution module (DMDS Lot 4) were defined and refined on the basis of multiple field pilots. The project for this Lot had reached a point when it was to move from a pilot phase to a final development phase (version 1) with a plan for a global controlled roll out in 2015. Since this would involve a substantial investment both in terms of financial and human resources, the Disaster and Crisis Management department embarked on a light review of the Lot 4 module to look at the plans, assumptions and budget requirements. The review is intended to better inform the steering committee on the next steps and way forward.
- After some discussions held with the Disaster and Crisis Management, Legal and Information Services Department regarding the privacy of beneficiary data, a draft Code of Conduct on Beneficiary Data Protection was designed and circulated in December 2014 for a first internal review. It would be the foundation block towards a guideline for the RCRC Movement on this sensitive matter.
- In 2014, the DMDS project has been sustaining a close link with a new initiative started by GS1 together with the IFRC and six other humanitarian agencies. It explores the possibility of using barcodes in supply chain management and achieving harmonisation across humanitarian organizations and commercial partners. In January 2014, GLS hosted GS1 Round table discussion at IFRC Secretariat, bringing together experts from IFRC, ICRC, UNHCR, WFP, UNICEF, MSF and World Vision. More about this initiative is available at <http://gs1.ch/en/home>

The top priority for 2015 is to work towards getting the Humanitarian Logistics Software replaced by DMDS. On that regards, it is planned for GLS teams in the zones, Dubai and Geneva to pilot the new system for order management, warehouse, procurement, mobilisation and shipment tracking in mid-2015. The software migration, training and roll-out are planned for the second half of 2015.

### 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 2014

The IFRC and ICRC continued to implement the Emergency Items Catalogue (EIC) project in 2014 with a primary focus to enlarge the scope of commodity items and improve specifications captured by it. Specific developments included:

- Implementation of new functionalities in the database management software, namely a “Phased Out Specification” (POS) has been developed for widely used relief items. POS is a new -pdf document attached to the item specification in the on-line version of EIC, which assists users to refer to specifications of previously procured/stored items for quality follow up.
- Introduction of updated and completed specifications for kitchen sets, stoves, tarpaulins, buckets and family tents with a focus on item quality, durability and usage. For the tent stove, dimensions have been finalized making it safer and more reliable. The opacity of tarpaulins has been further developed with the objective to ensure “guaranteed opacity to sun rays”. The double-size windows introduced in the family tent, combined with additional long vents at the ridge, will help reducing the temperature inside the tent. A shade-net has also been made “optional” for the same purpose. Technical specifications of buckets have been changed to improve the strength parameter and a new testing procedure for quality control has been established.

- Introduction of EIC on a USB key which replaces the EIC CD. Additionally, a new USB key feature has been introduced which enables to download an updated version at any time from the web with all its functionalities to a portable hardware. The USB keys can be produced locally through a web download.

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

## 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 logistics services to the Red Cross Red Crescent network directly supporting the delivery of Logistics 2015 strategic objective 2. On average, 50 operations per month received logistics support, with a focus on Ebola affected countries, (Sierra Leone, Guinea, Liberia), Syria and neighbouring countries, Iraq (Kurdistan), Turkey, Benin, Central African Republic, Cameroon, Nigeria, Mozambique, Democratic Republic of Congo, South Sudan, Philippines, Bangladesh, Myanmar, India, DPRK, Afghanistan, Cuba and Haiti operations, among others. For Syria alone, GLS delivered nearly 760,000 food parcels, 200,000 hygiene parcels and 473,000 blankets in support of the humanitarian effort of the Syrian Arab Red Crescent. To support the Ebola Virus Disease (EVD) operations, a robust supply chain was put in place to ensure uninterrupted supply of protective emergency supplies and equipment and over 300 vehicles, at total worth of CHF 17 million. Close to 85,000 body bags, 2500 Safe and Dignified Burial kits and 110,000 protective equipment “kits” were sourced and delivered. Several Logistics Emergency Response Units (Swiss ERU in Guinea, Swiss/British ERU in Sierra Leone, Danish/Finnish ERU in Kono) and more than 25 IFRC logistics delegates were deployed to support the Ebola operations.
- GLS remained actively involved in service delivery for two Global Fund projects - Round 8 Phase 2 Malaria LLIN (bed nets) distribution and treatment program in Central African Republic and R10 TB detection and treatment programme in Niger. 72 containers with a total of 2.2 million bed nets (worth of CHF 7 million) and antimalarial drugs were delivered to Bangui. Anti-TB medicines and laboratory equipment were delivered to the programme in Niger. GLS conducted a mission to Niger to train staff and monitor implementation of logistics activities, as well as an assessment mission to CAR to assess local warehouse facilities and logistics systems in place.
- Under services to external humanitarian partners, 2014 marked a growth in the number of humanitarian and government agencies requesting services from GLS. Services worth of CHF 5 million were delivered to 18 different humanitarian partners (NGOs, UN organisations and governments). GLS conducted several visits to meet with its service users.
- In 2014, GLS dispatched relief items from pre-positioned stock to operations globally. In order to better address needs in Southern Africa, stock was pre-positioned in Zimbabwe in close cooperation with the Zimbabwe RC. In 2014, Canadian Government through partnership with the Canadian RC pre-positioned relief stock for 2,000 families in Dubai, and later in the year a full cargo flight dispatched from this stock much needed emergency supplies to Iraq, on behalf of the Canadian Government and Canadian RC.
- In the Americas, several National Societies almost doubled their logistics response capacity by implementing the pre-positioning project of the Federation Owned Stock at the country level managed by the ZLU. The pre-positioning strategy began in Guatemala RC with building stock for 500 families, further expanding to Nicaragua RC, Honduras RC and Ecuador RC in 2014 and planning to continue throughout 2015-2016 to include 6-7 additional National Societies within the region. Besides enhancing response capacity, country level stock pre-positioning contributes to reduction of carbon footprint by 90%, compared to air shipments during emergencies.
- In 2014, GLS through its Global Fleet Unit delivered 878 vehicles to 64 countries – to be operated under the IFRC Vehicle Rental Programme (VRP) or for sale. The key operational focus of the year was on the Ebola outbreak which grew to unprecedented proportions, resulting

in the need to deploy close to 300 vehicles to 3 countries (Sierra Leone, Guinea and Liberia). The GFU teams conducted missions to the Philippines, Liberia, Guinea, Senegal and Sierra Leone, South Sudan, Iran, Uganda, Dominican Republic and Haiti, to support fleet operations on the ground. By the end of 2014, the Vehicle Rental Programme had 827 contracts - a 31% increase over 2013. In 2014, 242 motorized assets were disposed which included implementation of the Haiti fleet disposal plan after six months' delay. The make-up of the fleet remained essentially unchanged, however newer and upgraded models were introduced in the form of the Toyota Hiace and Toyota Prado. At the end of 2014, there were 171 ambulances in IFRC VRP.

- 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 407 persons trained and briefed in logistics disciplines (including from Vietnam RC, China RC, Myanmar RC, Honduras RC, Panama RC and Swiss RC).
- Throughout the year, GLS contributed to the work of the working group established around the IFRC enhanced accountability framework. Progress reports were delivered on logistics activities accomplished under the Accountability and Transparency Plan of Action.
- In November 2014, GLS hosted a DFID review of IFRC commercial expertise. The draft report is expected in the first quarter of 2015.

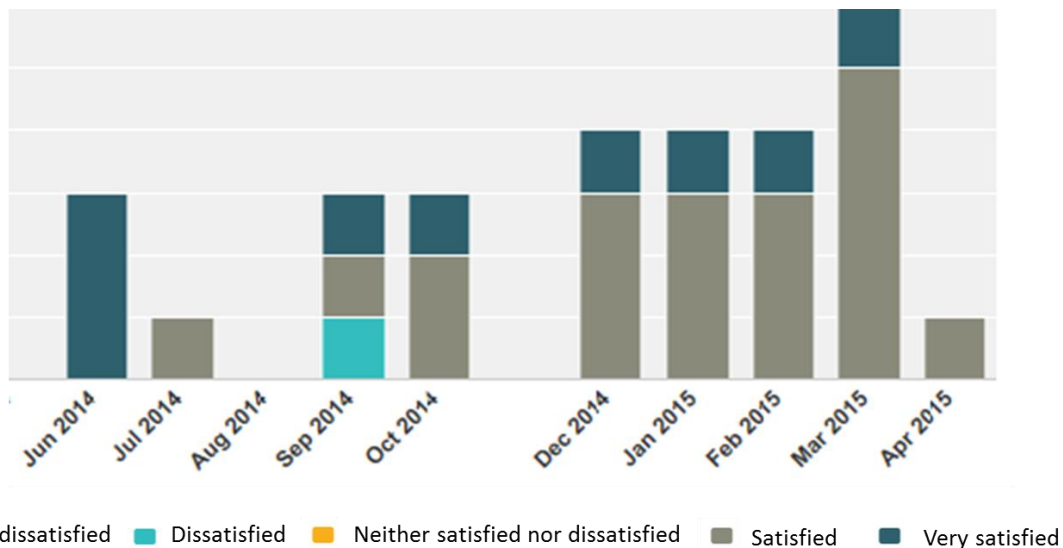
## Stakeholder participation and feedback

- GLS cooperates with stakeholders and where relevant actively involves them in the implementation of Logistics strategy. This is realized through many initiatives: (i) involving National Society experts in logistics development projects and connecting to National Society assets and resources to extend the global network; (ii) engaging with commercial stakeholders for development of mutually beneficial partnerships, cooperation and exchange of best practice and know-how, such as the existing partnerships with Airbus Corporate Foundation and the Zurich Insurance Group; (iii) working together with researchers affiliated with reputable academic institutions for development of logistics case studies.
- GLS actively engages with logistics forums and stakeholder meetings that bring together experts and practitioners from different sectors (aid and development, government, commercial, academia) to stimulate a sharing of best practices and innovation in humanitarian logistics. In March 2014, GLS organized a stand at Dubai International Humanitarian Aid and Development Conference & Exhibition (DIHAD) in Dubai. It was a good opportunity 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. During DIHAD days, individual visits were hosted at GLS logistics facilities in Dubai, including NS senior members from Syrian, Bahrain, Iranian, Iraqi, Qatar, Canadian, Chinese and Saudi RC, and a group of 25 Norwegian suppliers led by NORREP (Norwegian Government). The visits allowed to demonstrate how GLS logistics resources are organized and ready for quick deployment to support humanitarian operations, and laid a foundation for enhanced future cooperation.
- 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. The ZLU in America has taken a lead in developing an approach for Greening the IFRC supply chain. Increased green supply chain understanding will be of help to IFRC, its suppliers, the affected population and other value chain partners.
- Since May 2014, GLS has been administering a service user satisfaction survey through which user feedback is collected and analysed to drive service improvements. The survey invites the users to rate GLS services in procurement, warehousing and fleet, focusing on aspects such as cost, speed of delivery, quality, respect of contractual terms, problem solving, customer

communication, etc. The feedback solicited to date presents users' views according to the following split:

Service user group	Percentage of respondents
IFRC Secretariat structure	36.17
National Society	34.04
UN	6.38
NGO	17.02
Government agency	2.13
Other	4.26

The trend summarizing responses to the general question "Overall, are you satisfied with GLS service quality?" is shown below:



### Key Risks or Positive Factors

Key Risks or Positive Factors	Priority High Medium Low	Recommended Action
There are challenges around implementation of the GLS cost recovery model, both in terms of institutional acceptance and buy-in, as well as due to lack of supporting systems.	H	IFRC Senior Management to review the situation. Re-introduction of partial unrestricted funding for logistics should be considered.
GLS was understaffed in 2014.	H	GLS resources should be reinforced in certain functions to enable effective performance and assurance of accountability and compliance.

DMDS project is suffering implementation delays due to resource and subject matter support constraints and different organizational priorities.	H	The system should be seen as a priority at institutional level, and resources and key stakeholder support should be secured at adequate level to enable meeting the originally set targets.
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## Lessons learned and looking ahead

Since January 2012 the Global Logistics Service has been operating on full cost recovery principles. Lessons learned from the past three years suggest there are challenges with the implementation of this funding model primarily due to two factors. The first challenge is linked to the institutional acceptance and support for the cost recovery concept in general. Within IFRC organizational culture where most other activities/functions continue to be funded by 'traditional' streams (statutory contributions or donor funding), securing buy-in for logistics service fees through cost recovery mechanism is not a well-accepted process. Secondly and more on a technical level, a system to effectively capture all cost recovery charges is still not fully developed, and some logistics activities continue to be delivered without having a mechanism in place to recover the costs. This situation has been straining logistics human resources and with a 20% reduction in GLS staff over the past few years, some key areas of logistics activity are not adequately resourced, prohibiting GLS to scale up as a strategic function. Looking ahead, re-introduction of a combined funding model for logistics can provide some flexibility to differentiate mandatory (unrestricted-funded) vs. value adding logistics services. This will enable removing fees for some services and keeping them at minimum for others, making GLS services more accessible by members and ultimately leading to economy of scale, ensuring more optimal sourcing and value for money within the Movement.

Another critical factor for the success of disaster management operations is the roll out of the Disaster Management Delivery System. Once implemented, DMDS will benefit the organisation not only from a more efficient and accountable supply chain management perspective but it will ensure a better response to beneficiaries from the point of registration to final provision of humanitarian aid. To make this happen, the system should be seen as a priority at institutional level, and resources and subject-matter support should be secured at required level to enable meeting the set targets. To date, the project implementation has suffered from resource constraints and the completion milestones had to be adjusted accordingly.

## Financial situation

Click on the below links to go directly to the financial reports:

1. [Global Logistics Service](#)
2. [Global Logistics – Vehicle Fleet](#)

## 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](http://www.ifrc.org)

## Contact information

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