The Organisational Change of Logistics

in

International Federation of the Red Cross Red Crescent Societies (IFRC)

- A Case Study with student task

Part of the HUMLOG-NET – Project funded by SAMRISK, The Norwegian Research Council

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Table of contents

Executive Summary......................................................................................................... 3
Foreword .......................................................................................................................... 4
1. The Regional Logistics Concept.............................................................................. 6
  1.1. Mapping the Disaster Response Supply Chain of IFRC................................. 7
  1.2. Sourcing and procurement ............................................................................. 9
  1.3. Pre-positioning and warehouse management.................................................. 11
  1.4. Information systems and IT-support............................................................... 13
  1.5. Recruitment and training of human resources .............................................. 15
  1.6. Standards ........................................................................................................ 17
  1.7. Funding and finance ....................................................................................... 18
2. Some implications for other parts of IFRC ............................................................ 21
  2.1. Disaster Management .................................................................................. 21
  2.2. Global response tools .................................................................................. 22
    2.2.1. DREF ..................................................................................................... 22
    2.2.2. ERU ..................................................................................................... 23
    2.2.3. FACT ................................................................................................... 24
3. Summarising ......................................................................................................... 26
4. Some main challenges ......................................................................................... 28
Appendix 1: Terms of Reference .............................................................................. 30
Appendix 2: Research design and methodology ...................................................... 31
Appendix 3: Abbreviations ....................................................................................... 32
Appendix 4: Background on IFRC ........................................................................... 33
Appendix 5: Sources of information ......................................................................... 34
**Executive Summary**

The logistics research community has started to focus on humanitarian aid and the logistics involved. In order to support the agencies in developing effective intra- and inter-organisational supply chains, in-depth case studies of changes of concepts and strategies may provide increased understanding. The purpose of this document is to describe supply chain changes in IFRC as an exemplary case in order to generate added understanding and provide a platform for further studies of implications and effects for other parts of the humanitarian community. The study is part of a research project on humanitarian logistics, while at the same time providing empirical material for teaching in logistics and other programmes in business schools and universities.

During the period of June 2007 to February 2008 more than 30 interviews with IFRC–staff in Geneva and elsewhere were undertaken. All interviewees were given the opportunity to comment upon and correct possible misunderstandings emerging from the interviews. Additionally, reports, websites and other secondary materials were used. During the interviews a considerable amount of material that could not be included in the study, was collected. Further in depth studies will be undertaken using this material.

Focus has been on describing the content of the change, rather than focusing on the change process itself. The intention has not been to evaluate the change or discuss in depth its implications and effects. This is for future work. However, from what can be seen the logistical changes are well in line with prevailing trends in humanitarian aid and also in accordance with some of the main issues in IFRC’s own strategy document ‘Federation of the Future’.

This report is structured as follows: After a brief overview of the supply chain changes, the background is presented, followed by an overview of the content of the regional concept regarding sourcing and procurement, warehousing strategy and structure. Implications for the main support functions including information systems, human resources, standardisation and funding are then described. This is followed by brief comments on other facets of IFRC including disaster management and global response tools. A summary is provided followed by some of the main challenges as seen by those interviewed. Finally, some issues for further studies are suggested.
Foreword

10th September, 2007….. I am in Geneva for the 2nd round of data collection and interviews. Scheduling has not been easy because people are so busy. However, with assistance from the administration eight interviews have been set up. These are hectic times with high season for floods, hurricanes and earthquakes. Even more so, people are busy because of the major changes going on in IFRC - involving principles and positions. The organisation chart of the Secretariat is continuously being changed - some major decisions were taken yesterday and there are more to come. But most of all, decisions have to be communicated, disseminated and implemented.

How did it all start? Hard to say – difficult to choose how far to go back in the history of the organization, but perhaps the end of the last century is as good a beginning as any:

October 1999 Strategy 2010 adopted by the Federation’s General Assembly
March 2003 A Change Strategy for the Secretariat
December 2004 The Asian Pacific Tsunami
May 2005 Disaster Management Review
May 2006 The Federation of the Future
May 2006 Logistics Global Capacity Response Strategy
July 2006 RLU-concept established
August 2006 Evaluation of the regional concept – the Yogyacarta case
November 2006 European Supply Chain Award to IFRC Global Logistics Team

December 2006 Founding meeting of HUMLOG
May 2007 HUMLOG-NET funding from the Norwegian Research Council
June 2007 1st round of data collection and interviews in Geneva

After the Tsunami in 2004, IFRC Logistics decided to intensify their work on improving their operations for the purpose of reducing lead times and costs in order to better serve the beneficiaries. They needed to strengthen their capacity and competence regarding strategic aspects while at the same time improving the operational capability. ‘It was very difficult in the past. We always had disasters and therefore we could never concentrate on doing strategies and planning and funding, because every time we started, we were disturbed by something else… by a new disaster which took all priority of every single person.’ (Head of IFRC Logistics Birgitte Stalder Olsen, 27th June 2007). The question was whether to staff up in Geneva or find other solutions. For example, one possibility could be to regionalise operational capability while centralising strategy development and strengthening the management of the global logistics system. It was decided to implement a concept with three regional units (RLUs).

Even if this case presents a study of a change in logistics, what has happened in logistics is part of an institutional change in the whole of IFRC towards a more regionalised approach in line with the wish of the National Societies and the overall disaster
management. It is also in line with what the humanitarian community calls capacity building. This means that the international community, such as IFRC, shall support regions that are often struck by disasters by developing the regions’ own preparedness capacity. This includes improving their operational capability when disaster strikes and helping them return to normal by developing quicker and smoother transitions into recovery. Hence, similar changes are taking place for the whole organisation. Logistics is now followed by Disaster Management, and IFRC is changing their five geographic departments located in Geneva into seven regional zone offices.

The story of the development and the results of the organisational change of logistics in IFRC caught my interest at the first HUMLOG-meeting in Helsinki in December 2006. Being an international research group consisting of approximately twenty logistics researchers from different universities, HUMLOG is developing project proposals and teaching programmes for the purpose of helping this most important logistics. The case study presented here is one of three cases within the Norwegian HUMLOG-project called HUMLOG-NET – Humanitarian Logistics Networks. HUMLOG-NET is a two year project funded by the Norwegian Research Council, focusing its research on logistical challenges related to coordination and strategy development of humanitarian logistics actors.

The logistics research community, as well as researchers in general, have started to focus on humanitarian logistics. In order to support the work of the agencies in developing effective intra- and inter-organisational supply chains, in-depth case studies of changes of concepts and strategies can provide increased understanding. This document describes supply chain changes in IFRC as an exemplary case. The purpose is to generate more understanding and provide a platform for further studies. Implications and effects for other parts of the humanitarian community including funding, as well as studies of cost efficiency of the support and the impact for those affected, will follow using this case. Terms of Reference for the study are found in appendix 1.

My sincere thanks to IFRC-staff and other logisticians in the humanitarian community for giving of their time and research colleagues who have contributed with comments and insights to earlier drafts of this study –

Oslo, May 2008
Marianne Jahre,
1. The Regional Logistics Concept

‘…is not about decentralisation!’ (Ian Heigh, IFRC Logistics, 15th December 2006)

Traditionally, the IFRC supply structure was made up of a number of loosely coordinated stocks of relief items of the different National Societies (NS) and framework contracts with suppliers coordinated through the IFRC headquarters in Geneva. The supply chain change resulted in a restructuring in order to increase logistics regional support and services. The new structure has a headquarter-based office in Geneva (LRMD) and three initial Regional Logistics Units (RLUs) located in Dubai, Kuala Lumpur\(^1\) and Panama. The locations of the three RLUs are historically based. PADRU was originally the Panama Emergency Response Unit and has been a logistics unit for some time functioning as a regional hub. The service centre in Kuala Lumpur and the centre in Dubai, the latter having responsibility for global fleet management, were also made RLUs. Logistics may also develop some sub-regional hubs, for example in Australia and China, to better supply and serve nearby regions.

![Geographical coverage of the RLUs](image)

Figure 1: Geographical coverage of the RLUs\(^2\)

Each RLU covers approximately 25-35 countries, providing a set of logistics services within its geographical area. It has the capacity to deliver a range of relief items for 20000 households in the immediate aftermath of any emergency and is able to deploy disaster relief items for 5000 families in 48 hours. In addition to LRMD and the RLUs there are logistics delegates for special operations in 9 different countries including Chad, Sudan, Kenya, Mozambique, Sri Lanka, Indonesia, Philippines, Lebanon and Pakistan. The NS also have some logistically trained staff. The idea of the concept is to build on and further develop existing logistics competence at all levels. In particular, local knowledge of a region and shorter distances to affected areas are considered vital for improvements

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\(^1\) The three RLUs operate in different ways. I have chosen to focus on Kuala Lumpur.

\(^2\) Dubai: All of Europe, Africa, the Middle East, Central Asia and portions of Asia. Kuala Lumpur: East Asia, South East Asia, Pacific and South Asia. Panama: the Caribbean, Central America, North America and South America,
in operational capabilities. This is why operational responsibility has been regionalised, while LRMD delivers logistics services and tools and manages the global function. The RLUUs are to function as service centres for the NS-participating and operating or host societies - as well as internal programmes: 'Do not consider us as an extra bureaucratic layer. Tell us what you need, what you want. It does not necessarily mean we have all the resources available here, but we can help to establish contacts between e.g. national societies and they can help each other.' (Igor Dmitryuk, Head of KL-RLU, 13th December 2007). In the same way GVA HQ serves as a service centre for the RLUs: 'That's a great support we actually get in Geneva now because they have time to work more on strategies etc.' (Alka Kapoor, Regional Procurement Coordinator, 13th December 2007). The regional concept constitutes:

- Local sourcing through regional supplier networks by the regional unit.
- Pre-positioned stocks close to possible recipients in the form of permanent stocks at the regional warehouse in case of disaster.
- Local competence of trained personnel in the regional unit and resources available via regional network.
- Transfer of operations management responsibility to the regional unit.

Before LRMD could know how and what to regionalise, and before the change could be implemented, a better overview of logistics processes and responsibilities was required.

### 1.1. Mapping the Disaster Response Supply Chain of IFRC

‘...mapping the logistics processes gave cross-functional understanding and was necessary in order to be able to regionalise.....’ (Martin Bush, Logistics Systems and Processes, 28th June 2007)

The main elements present in disaster response operations are emergency relief (including construction), water/sanitation and health. These are supported by finance, IT and telecommunications, administration (e.g. human resource management) and logistics services. The water/sanitation, health and logistics are technical areas, whereas the logistics operation constitutes the following activities:

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Consolidate</th>
<th>Source, Procure, in-kind</th>
<th>Transport and Track</th>
<th>Receive, Warehouse and Manage</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Needs and Publish</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Reporting results to HQ Geneva, donors, etc.

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3 Different time zones pose serious challenges in communication. For example, there is a 7-hours difference between Indonesia/Malaysia and Geneva, which means that there is need for great flexibility and the use of different means and ways of communication.

4 The mapping was detailed and provided overviews of all main (logistics) processes involved in disaster response and preparedness. Section 1.1 is just a very brief overview of some of the main activities involved, seen from a logistics point of view.
Disaster Management has the total responsibility. Emergency Relief is in charge of needs assessment undertaken in the field by Regional Disaster Response Teams (RDRT) with the help of Field Assessment Coordination Teams (FACT), possibly also with the support of specialized Emergency Response Units (ERU). Logistics assessment is done by local logistics staff, with the help of logistics ERU if needed, and concerns the state of infrastructure, organisations involved, transport access and availability of warehouses. The assessments are consolidated and published by logistics personnel in a mobilisation table which provides the basis for the budget and the appeals for donations. It also provides the input needed for the LRMD, RLUs and local logistics staff to mobilise resources and set up the pipeline consisting of in-kind donations, pre-positioned goods and purchased items for the particular operation. The mobilisation table is continuously updated as the needs change, donations come in and items are procured. Logistics in the RLUs are responsible for transport and warehouse management, whereas procurement is responsible for selection and contracting with service providers and suppliers of items. Transport management includes scheduling, transport, customs and insurance of relief items mainly using third party providers, whereas the fleet, i.e. the vehicles owned by the Federation and used by IFRC’s own staff, is the responsibility of the fleet coordinator, also located in each of the RLUs. Warehouse management is concerned with managing temporary and permanent warehouses as well as receipt of goods, storage, stock control, dispatching of goods, warehouse security, staffing, insurance and stock reporting. Finally, Emergency Relief has the responsibility for the distribution of items to those in need. Together with logistics and the other support functions and programmes, they are responsible for reporting back to Geneva.

The RLUs are involved in preparedness and response and participate in all the steps in the process helping with assessment and distribution if necessary, but focusing also on the activities in between: consolidating needs, sourcing and procurement, transport and warehousing and dispatching goods for distribution. The process is iterative in that needs assessments are continuously updated as goods are distributed and sources and suppliers are identified. Often there is negotiation taking place with the RLU as an intermediary between delegates and donors/suppliers. It is the mobilisation officer, i.e. one logistician in each RLU, who plays that role. They provide coordination between the Participating National Societies (PNSs), the donors and the operation (i.e. delegates, ERUs, FACT). Not only for items, but also concerning transport means, decisions are made by the operation, but depend on availability, cost and donations. Transport to the regional warehouse is sometimes organised by the donating NS, whereas transport from the

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5 E.g. assessment concluding with needs of collapsible jerry cans, these being impossible to get hold of can require the procurement officer in the RLU to go back asking if rigid cans are ok instead, followed by a change in the mobilisation table.
warehouse is always organised by the RLU. It is the field delegation that is responsible for setting up field warehouses, i.e. points for distribution to the beneficiaries. The RLU also provides necessary operational support in the field in the beginning of an operation to support the local NS in cooperation with FACT/ERUs and delegations. With regards to preparedness, they develop the regional pre-positioned stock strategy based on needs and means (i.e. what is available of GIK and cash for kind). All GIK are managed by the RLU in order for IFRC to keep control and avoid unsolicited and unwanted donations. Final point is that the RLUs have appointed their own fleet coordinators who have responsibility for the vehicle fleet used by IFRC-staff in operations. Approximately 1000 vehicles owned by GVA HQ are let out to operations through the Vehicle Rental programme. Before the regional concept it was the global fleet coordinator located in Dubai who had responsibility for all of these. ‘Procedures are the same as earlier…..users are happy because RLUs are closer…but still there is need to work on the information to the users about what the RLU can do for them…..’ (Erik Arlind, Regional Fleet Coordinator, 13th December 2007).

1.2. Sourcing and procurement

‘…increase the professional level…before we were working more ad hoc…..’ (Armen Petrosyan, Procurement, 26th June 2007)

The purchasing function of the Federation is responsible for sourcing, procurement and delivery of goods required for disaster response operations. Four essential elements constitute the new purchasing approach: frame agreements, more decentralised purchasing based on new limits for sign-offs, standardisation of procurement processes and standard specifications of items. Prior to the regionalisation, all purchases above CHF 50'000 had to be authorized and technically approved by the GVA LRMD. At present, with the fully functional RLUs, the sign-off authorizations at set levels have been delegated to the RLUs. To ensure compliance with the Federation procurement procedures the RLUs are now responsible for provision of technical approval of all regional purchases between CHF 50 000 and 200 000. As in the past, delegations are responsible to ensure compliance with the Federation procurement procedures for purchases below CHF 50 000. The GVA LRMD authorizes and provides technical approval for all purchases of CHF 200 000 - 400 000\(^6\). Above this value all expenditures have to be approved by GVA Committee on Contracts which includes members from legal, finance and operations departments. Hence, the responsibility of Federation procurement has been divided into three levels; the delegations, the RLUs and LRMD and under exceptional circumstances the NS:

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\(^6\) For construction items all purchases above 50' must be forwarded to LRMD. Vehicles, IT equipment and medical supplies cannot be purchased by regional or local offices.
- **Global** – procurement, tracking and delivery of standard and highly sensitive items: drugs, medical equipment, vehicles, IT equipment and tents. LRMD takes care of these through frame agreements and direct international tendering. The Dubai Fleet base is responsible for vehicles, whereas the Information Systems Department still takes care of IT and telecom. LRMD is responsible for establishment of global framework agreements for items that are standard and used worldwide. Tents are by far the most expensive, voluminous and heavy item among the basic relief items and can constitute 80% of a family kit and/or relief budget. At present this procurement is centralized at Geneva level because specifications are being worked on for establishment on new framework agreements for tents.

- **Regional** - procurement, tracking and delivery of all required items for the regional operations through frame agreements and international, regional or local tendering by the RLUs. The RLUs are responsible for establishment of regional frame agreements for the items that are widely used in their respective regions.

- **Local** - procurement, tracking and delivery of country specific items through the professional procurement structures of the Federation delegations or RLU covering the area, or implemented by the NSs. With the RLUs support and coordination several delegations have established local frame agreements for important items that are country specific and frequently used at the country level.

Regional procurement requires that competencies and capacities are developed accordingly. Knowledge about local and regional markets is required, and the RLUs are in the process of developing databases of local suppliers. This is a process that takes time, i.e. building a network of suppliers in the Asia-Pacific region similar to the big network developed around Geneva over the years and to get suppliers to understand this type of business: *The companies were just shocked when we said we do not give any advanced payment….challenge to build up…also with the forwarding agents, just to kind of let [them] understand how we work and the extreme importance of delivery service, security, etc….’* (Alka Kapoor, Regional Procurement Coordinator, 13th December 2007).

In addition to developing their own regional framework agreements based on experiences from prior procurements, existing and developing supplier relationships, one of the main tasks of the RLU is to secure that the framework agreements are being used. They provide support to delegations in terms of sourcing and procurement, even if it is the delegation that decides what to buy. Before the regional concept, the support was given by Geneva. Because of the time difference, however, …*[the delegation] ended up doing the thing themselves and then sending the final product off to Geneva because it was an emergency…It has taken us one and a half years…there is now a distinguished identity that we have, that people know that now it is not Geneva directly, it is the RLU first …we are the first contact point with the field}
delegation…Added features which would benefit the field because with the cost recovery we need to provide good service and that the field does not view us as an extra layer…’ (Alka Kapoor, Regional Procurement Coordinator, 13th December 2007). Hence, in the first period it has been important to disseminate the idea of FAs to the delegations, discuss with them and develop an understanding of what the field is concerned about:

It is very important at the time of defining the best sourcing strategy to take into due consideration the damaged infrastructure of the country affected by disaster, otherwise local sourcing during international interventions may impact the market. This must be taken into account when developing frame agreements with suppliers. Multiple sourcing based on tendering processes with focus on prices, delivery times and delivery guarantees in case of disasters, and suppliers paying for pre-positioning of stocks are important aspects. The concept of frame agreements (FA) has been further developed for the regionalisation. The RLUs have assumed an important role in this process as they are located closer to regional needs and have wider access to the regional and local network of suppliers. Efforts were made to enlarge the list of existing frame agreements (FA) to ensure goods availability and their immediate access after disaster. Now LRMD has FAs for high and medium thermal blankets, plastic sheeting and rolls, inter-emergency health kits, cholera kits, kitchen sets, mosquito nets, jerry cans and Toyota and Nissan vehicles. The list of FAs (local, regional, global) is posted on the intranet (https://fednet.ifrc.org).

1.3. Pre-positioning and warehouse management

‘…most people do not want a tent⁷, most people don’t want plastic sheeting, most people want their house back….in cooperation with logistics we are therefore developing shelter kits for prepositioning…..’

(Graham Saunders, Shelter Department, 27th June 2007)

An important element of disaster response is to increase preparedness in terms of the pre-positioning of goods. Not only does it secure deliveries in the immediate response phase, but may also reduce costs of transport because other transport means than the most expensive (air during a disaster when capacity is limited) can be used. The regional concept has led to a more systematic thinking around pre-positioning in terms of what items are to be stocked and where. With the three RLUs, items are pre-positioned closer to disaster prone areas, thus reducing the transport distance. In order to keep as much flexibility as possible, IFRC now also tries to postpone labelling the stock (with programme and/or donor name) until it is used. With three locations, the total amount of pre-positioned items is larger and the RLUs can borrow from each other (stock-swap) in case of major disasters when specific items are hard to obtain.

⁷ Still, tents are needed for immediate relief. Sheltering is under development in IFRC, particularly since they have taken a role of lead agency in the shelter cluster. The sheltering issue will be covered in more detail in other studies. Hence, we leave it at the moment in this report.
Pre-positioned items are called response capacity stock and include basic relief items (e.g. shelter, kitchen sets and mosquito nets), support items (e.g. vehicles and generators) and kits (e.g. for administration and emergency team survival). The regional concept encompasses four different types of stock items:

- **Federation owned stocks** are owned by IFRC, located at RLU and managed as permanent stock, continually replenished and maintained.

- **Participating National Societies Stocks** in Federation Warehouses are owned by Participating National Societies, located in the RLU and managed through standard service agreements between RLU and NS.

- **Vendor Consigned Items** located at the RLU and owned by suppliers.

- **Supplier Reserved Stocks** in Supplier Premises are owned by suppliers and located at their premises, but reserved for IFRC.

In addition stocks are held by NS in their home countries, and goods or services are provided by corporate sponsors. KL and Dubai rent warehousing capacity from 3rd party providers, whereas PADRU has its own warehouse. As much of the pre-positioned stock is owned by the suppliers, IFRC calculates warehousing running costs but not the additional cost of the stored items. Suppliers also often pay for the transport to move items to the warehouses. As well as getting the suppliers to pay for pre-positioning, IFRC also obtains guarantees for additional immediate disaster response deliveries. By having contracts with more suppliers they ensure better delivery capacity. Hence, IFRC prefers multiple sourcing. An important part of the regional concept is also to get a better overview of total stocks of items: ‘…it would be fantastic if we could have an overview of not only the sub-regional and regional, but also local stocks.’ (Jeremy Francis, Regional Logistics Delegate/Coordinator, 13th December 2007).

When needs are defined and compiled in the mobilisation table, a requisition is created and availability of stock including pre-positioned and in-kind donations, FAs and possibility for local purchase, is checked. For items from regional and international FAs, the request is forwarded to the respective RLU. A goods received note is issued by field logistics once delivery has taken place, and items are stored in temporary or permanent warehouses until dispatched to emergency relief for distribution to the beneficiaries. This operational field logistics has not changed much with the regional concept, except that they now receive most of the support from the RLU’s instead of from LRMD.

The localisation of the regional warehouses continues to be an important question. There are many factors to consider such as distances to suppliers and disaster prone areas, surrounding infrastructure, cost of warehouse and staff, etc. The location of the warehouse in Kuala Lumpur was chosen due to its proximity to the seaport. It is owned
and operated by a third party. KL-RLU pays for a 1500m² dedicated area that can hold a minimum of 5000 family kits. In addition the TPL has donated 75 pallet places free of charge. On top of that KL-RLU can rent extra space if needed and pay per m² used.

IFRC is continually discussing and evaluating a number of important cost and logistical aspects of disaster response optimization:

- Which items are best sourced globally or locally?
- Which services are best purchased locally during the response and which should be pre-positioned, taking into account the transport phase during the response?
- To what extent can non-food items distributed in the immediate response phase be part of more permanent solutions in development aid as demonstrated by the ongoing development of IFRC’s work on sheltering?

1.4. Information systems and IT-support

‘Logistics have got a very, very good understanding of the IT-environment, the IT-implications in terms of training and network and everything, and they are building their organisation around some of the IT-constraints, and that for me, is very, very sensible…..I hold up logistics… they have done a fantastic job with HLS’. (Hugh Peterken, Information Systems Department 10th September 2007)

The regionalisation of logistics in IFRC could not have been undertaken without appropriate information systems and support. The development of HLS – the Humanitarian Logistics Software - for emergency response logistics – started about five years ago and required a real culture change within logistics in IFRC. It was not until after the Tsunami operation, that the importance of such an IT-system was realised. IT recalls a meeting on the 6th of December in 2004 where there were complaints that HLS was not meeting the needs. Then came the Tsunami and with a mobilisation table of 32 pages…‘By 6th January 2005, everyone realised they simply could not have been running the Tsunami operation without HLS. Suddenly the logistics department bought into it.’ (Hugh Peterken, 10th September 2007). An online-system such as HLS was useful for providing immediate visibility, for publishing the pipeline and for linking into other systems such as finance. After this operation followed the RLUs which also required IT-support. Logistics realised that resources and time were needed for further development including the process mapping which was very important in order to get a common understanding of the processes when they were being rolled-out to the regional units. HLS implemented in the RLUs has good access to the servers in Geneva, with training and development of IT-competencies among the staff in the regional units.
HLS is one of three systems used in logistics, the others being FLEETWAVE for fleet management and the recently implemented warehouse management system LOGIC. The plan is to create an interface between LOGIC and HLS to have an overview of incoming/pipeline stock in LOGIC. Hence, IFRC has systems for all main logistics activities except purchasing. Procurement related to particular operations is supported by HLS for the frame agreements and other regional purchasing, but there is no general module such as that provided in SAP.

Up till now IT-systems have been developed for each function, such as logistics, human resource management and financial management. However, an Integrated Project Management System IPMS is now being developed and implemented. The project is an IT based system for the purpose of integrating all the functions and hence the total process from appeal and planning to monitoring and reporting. This will all be put together into a single IT-environment, and will change the separate functional IT-solutions to a project manager’s point-of-view. This linking of the systems also makes it technically easier to replace one module without having to change the total system. IPMS will make coordination among the different parts of an operation as well as on-going development work, easier, including that of logistics.

Logistics is one of several IT-support recipients, human resources and finance being the other two main groups. IT provides a service catalogue listing and explains the types of services they provide and to whom. The same service cannot be provided to everyone in the organisation. A roll-out of HLS to delegations, for example, is complicated, costly and not considered well suited for the more long-term operations. The delegations do not use HLS simply because it is difficult for them to connect into the system. They spend as little as they can on IT and use standard systems and the internet. It is also difficult for the IT-department to service them. One will always need ad-hoc solutions adapted to the circumstances. Hence, instead of adapting the permanent IT-solutions to these situations, it is regarded as more beneficial to design less costly services for these in line with their specific needs. Approximately 80-85 locations around the world, mainly finance system tracking transactions in the projects, receive full connectivity. In addition IT runs information sharing systems such as FedNet and e-mail systems. IT-Geneva has a staff of 19 permanent and up to 30 contractors in addition to offshore development staff of about 30. The consolidation process means that the zones will now also get their own IT-staff.

IFRC is involved with other organisations such as UN and the IT-cluster. However, the IT department advises against too much integration of standardised systems as they are

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8 In KL-RLU the TPL operating the warehouse has its own warehouse management system. Some adjustments were done to the Federation standards.
not well adapted to IFRC-specific needs. Furthermore, problems of intellectual property rights and tie-ins to particular contractors make it difficult and expensive to participate in common development projects. Finally, goods-in-kind donations when it comes to IT are problematic in that the investments (i.e. the GIK-donation) constitute such a small portion of the total costs of implementing and running IT-systems, that such donations may become very expensive to run in the long term.

1.5. Recruitment and training of human resources

‘With the logistics we are maybe further than with many other ... We have worked a lot together. They have systematically invited me for instance, when they have their logistics ERU-training. And it is very useful….. they are also aware that we are building up logistics rosters….And they know also their people… ‘That really allows us to move quickly… I think that is the model to follow for other technical areas.’ (Mirva Lindquist, HR-Coordinator, Major Emergencies, 11th September 2007)

Recruitment and training of human resources are extremely important because experience and good skills are vital for the operations. The Tsunami-operation increased the number of staff with experience as IFRC used many who had been trained but not used before, and who, therefore, got their first experience in this major operation. However, after the Tsunami many NS have developed bilateral agreements with Asia and use their own staff, resulting in a need for recruiting more people to IFRC in general.

IFRC experiences some major challenges in the HR-area. A large percentage of the staff is only employed and mobilised when disaster strikes, making it difficult to train such staff. There used to be a large department in Geneva that ran internal training courses. Now it is the NS that runs a lot of the courses. They run specialist courses in addition to those held by the technical areas such as logistics, water/sanitation (watsan) and telecom. The challenge for Geneva is to keep an overview of human resources in the whole organisation. With the regional concept IFRC tries to meet some of their main HR-challenges regarding recruitment and the need for a more continuous training, planning and coordination of the staff.

Traditionally, the big western (donor) societies supplied the delegates, mainly because they funded salaries as well as equipment and items needed. However, the discussion about diversity of IFRC staff has intensified. They now focus on getting and developing more delegates from disaster prone areas in Africa and Asia. This is part of the capacity building and just as much due to these people having the experience of actually ‘living in the field’ as it is related to a principle of diversity. This in turn requires other types of funding, as well as more open recruitment processes. Hence, they are developing rosters for logistics and other technical staff. Logistics has come furthest in this process and includes four different profiles: logistics coordinators, logistics delegates, procurement delegates and fleet delegates. With these rosters they prepare for disasters in terms of
‘pre-positioning’ staff. They also try to identify how people differ regarding skills in terms of emergency situations versus longer-term missions. Electronic tools – the internal FedNet and the external E-recruitment system – have been taken into use for posting available positions as well as attracting general applicants. The goal is a more systematic identification and choice of candidates. This process is used for the zone offices, Geneva as well as regional/international delegates, but neither for the local NS, nor ERU or FACT-staff. There have been discussions with some of the NS who would like to hire more people themselves, but it is important for IFRC to keep control and a global overview of available staff. In total they have had 12000 applicants during the one and a half years this program has been in place.

The zones will also have a HR-function, but at present it is not clear whether it is Geneva or the zones who will be ‘in charge’ of the emergency rosters. As of now, HR-Geneva has appointed one person who is responsible for new and/or major operations and has as such separated this from the daily operations and HR-services. This person is also responsible for developing and maintaining the links on HR questions with ERU and FACT and for supporting the processes within technical areas such as logistics. Logistics has their own focal point for the HR-function with a good overview of the logistics people within IFRC and who can, therefore, suggest possible delegates for specific operations. The same person is in charge of the training and development of new staff at the RLUs and is supporting them in the training and development of delegates and NS-staff. From focusing mainly on disaster response, the HR-function within IFRC now includes the whole process from preparedness to response to early recovery, with special emphasis on the role of the local communities.

Hence, with the consolidation process and the regional concept of logistics, recruitment and the following up of staff has become more complex because more staff is taken in on a more permanent basis, such as in the zones and the RLUs strategies. ‘You have to have more or less the same people in key positions that would be able to keep the same policy – to keep stability and consistency’ (Igor Dmitryuk, Head of KL-RLU, 13th December 2007). ‘…we build in such a huge infrastructure – people, capacities – and somehow with the close of the operation, the close of the funding, everything comes down …anything else coming up there, we need to start from scratch… We need to build in some institutional memory, we should have some national staff trained to be able to take over some responsibilities and retain the experiences…. (Alka Kapoor, Regional Procurement Coordinator, 13th December 2007). Further, there are more contact points and more people to coordinate and inform. It requires more funding from the core budget. It also requires a more systematic approach, not only in recruitment, but in the follow-up regarding training, career-planning and evaluation of individuals. This in turn will give more stability in terms of the staff. With the three RLUs in logistics for example, more permanent staff means that logistics will have a pool of human resources on which they can build and adequately train. Another point is that the managers of RLUs and the
zones will have more knowledge of their staff, and the staff will have more local knowledge. Management training and capability development are thus becoming easier and more worthwhile since more staff remains between projects. Furthermore, it is possible to develop pools of trained people in the NS in disaster struck areas because they will participate in many operations.

With the regionalisation, the operational support has been completely decentralised, i.e. regionalised. Now the task of LRMD is to help the regional logistics coordinators with training, tools and standards and to support them in the training of their local/regional staff and building the logistics capacity within the local teams. This was the idea behind the regionalisation: to develop additional local competence regarding disaster preparedness and response. However, even though it is difficult to find good technicians such as logisticians, it is even more difficult to get hold of people with good management skills and strategic capabilities. Because most have been temporary staff and are project oriented, it is challenging to train them formally to become good managers on a more continuous and permanent basis. Furthermore, capacity building also means that volunteers in the NS in the disaster-prone areas need to be trained in specialist functions and tasks such as logistics. *Human resources pre-positioning or stock pre-positioning - they are both extremely important but human resources [i.e. the people and their capabilities and competencies] are more difficult. Established systems, standard routines and procedures help in this development because they provide self-sufficient structures.*’ (Igor Dmitryuk, Head of KL-RLU, 14th December 2007).

In the RLUs the technical specialities such as relief, disaster management, etc. need to be further developed through specialised training.

1.6. Standards

‘…it is important to keep control from here and to make sure that the standards we are developing are implemented in the regional logistics...’ (Isabelle Sechaud, Field Logistics Officer, 28th June 2007)

IFRC has used standards to specify processes and items for quite some time. Because people move from one area to another and between different programmes, standards are important tools. The regional concept expands use of standards and in a more systematic way related to mainly two issues: Firstly, standards are more urgently needed because there are more units, i.e. RLUs, which have to comply with the standards and teach these to others. Hence, the concepts used must be clear and consistent. Secondly, because more operational responsibility, including the support to operational field logisticians, is given to the RLUs, there is more time for Geneva LRMD to develop and update such tools. The standards consist of The Logistics Standard Catalogue which describes the processes and the Emergency Items Catalogue, which gives specifications of items to be sourced and used.
The standard processes for purchasing, warehousing and transportation, such as air operations and fleet management, are listed in manuals. Presently they are on a CD (LRMD Sept02 version), but are due to be posted on the website by 2008 and will from then on be continuously updated. The material was in place before the organisational change and as such greatly supported the implementation of the regional concept. It includes framework agreements, job descriptions, manuals and logistics forms and quality control with forms for emergencies, procurement, and fleet, warehousing and transport management. Tools for budgeting, including inco-terms and pricelists, are included. Furthermore, it contains presentations and manuals for instructors and participants including introduction to logistics, preparedness, response, procurement quality control and transport and warehousing management. Included are also other types of material such as scenario-training, handouts on Logistics ERU kits, assessment check lists and operation procedures for ERUs and pipeline tracking.

The emergency items catalogue (http://www.icrc.org/emergency-items) gives the standard specifications of items and is now on the website and being continuously updated. It is a key reference document for emergency items procured by the IFRC and the wider humanitarian community and contains about 2000 items. The document is the responsibility of each of the technical departments, so that health items are taken care of by health, watsan is in charge of watsan specialists, etc. The catalogue is important for planning transport and handling of items because volumes and weights are known. Furthermore, sourcing and purchasing is easier. In particular standards are valuable when it comes to GIK, from NS as well as from outside IFRC. However, to some extent there is also a need to be pragmatic because of the different needs and offers from the various NS: ‘Maybe dialects would be different, but the language is the same’. (Igor Dmitryuk, Head of KL-RLU, 13th December 2007).

1.7. Funding and finance

‘...the investments really paid off...the money that we saved on transport and stuff, they used it to build many more shelters for families and to me this is the obvious impacts of all the investments...they [the donor ECHO] are extremely happy with all the logistics components....’ (PMI representative (Indonesia RC/Yogyakarta branch))

In October 2005 ECHO\textsuperscript{10} signed an agreement with the IFRC-Geneva for allocation of 3.5 million Euros over 15 months to strengthen the humanitarian response to disasters. It is important to realize that even though the money goes to Geneva for them to use, it

\textsuperscript{9} Said during a joint IFRC-ECHO monitoring mission of thematic funding in January 2007 - clearly referring to the sheltering component of the Yogy earthquake response operation and how it benefited from the savings in logistics costs (From interview with Tiziana Bonzon, ECHO Thematic Funding, 10th September 2007).

\textsuperscript{10} ECHO is the department for humanitarian aid of the European Commission.
is a requirement from ECHO that the impact of the funding also has to be visible at the local level. Being the first phase of ECHO's new long-term funding mechanism – Thematic Funding\(^{11}\) - IFRC got money for (Bonzon, 2007):

- Strengthening logistics capacity and preparedness for the development of its operational effectiveness
- Increasing IT and telecommunications capacity for disaster response
- Development and implementation of contingency planning amongst NS; and
- Reinforcement of existing global and regional disaster response tools and systems.

This funding was critical for the development and implementation of the regional concept and supported investments in infrastructure, development of the RLUs, staff, for pre-positioning of items, expansions of warehouses and training. In the continued operation of the RLUs there is also a need for other types of funding. Within the present funding model, where most funding is ear-marked and short-term, appeals must be made for replenishment as soon as the pre-positioned items are used, in order for IFRC to be ready for the next disaster. IFRC is trying to increase donor understanding of the difficulties of the present funding models, but still needs to adhere to the various options within the framework, in addition to appeals: NS can place their preparedness stock in the RLUs instead of in their own countries. They can donate stocks, i.e. the ownership, to the RLUs and replace them once used. Pre-positioning of items in the RLUs can also be paid by suppliers in terms of Vendor Consigned Items (VCI). Quite often cost of transport to the RLUs are paid by the donors of the items. At other times the RLUs, programmes and/or operations need to pay this transport. Finally, there are donations in form of ear-marked cash for kind, which means the RLU goes out and procure itself on behalf of the operation and/or replace used stock for pre-positioning. The RLUs also borrow items from each other.

Because most funding is assigned to particular programmes or projects, the cost is ultimately assigned to these. Hence, what to source and use in each specific situation is for the (project/programme) delegation to decide with support from the RLUs. The RLUs, on the other hand, need to make sure that IFRC standards (e.g. frame agreements, procurement processes and item specifications) are followed and also need approval from GVA for certain decisions which again must be confirmed by the delegation. This process of interacting between delegation, the NS and GVA is time consuming and may sometimes slow down the whole process of procurement and logistics.

\(^{11}\) The traditional funding mechanisms from ECHO are DIPECHO: disaster preparedness funding at the community level and ECHO: programme specific disaster response funding. Introduced in 2003 this third mechanism of ‘Thematic Funding’ is to support longer-term special investments for the purpose of increasing international organisations’ preparedness to respond.
The cost of running the RLUs is based on cost recovery, a mechanism for charging the actual cost of supplying goods or services, with a service fee added to cover the overheads related to the management of the services, such as procurement, transport management, fleet leasing and NS pre-positioned emergency stocks. ‘They are already paying for this, one way or another. They just do not see it. It drives the behaviour of service culture. Allows us to retain and develop staff to pay for the infrastructure.’ (Robert Mc Ewan, Senior Logistics Officer, 4th February 2008). The mechanism helps to ensure that the services offered are effective, competitive and that the overhead generated in providing these services is minimal. They are divided into three main categories; i) warehouse management, ii) procurement and iii) logistics support. The current fleet services can then be added to complete the range. These services may be provided through any of the RLUs, the Fleetbase or LRMD GVA, as appropriate. Each service is charged at actual cost with a service fee added. The service fee is a set of standard rates that are dependent on the service type, volume and client. The rates, terms and conditions of the services are agreed upon in a formal Service Agreement.

The following characteristics and challenges of funding have been pointed out:

- **Funding mechanisms** constitute many different types most of which are short-term and programme specific (90-95%), with only a few being more long-term and non-earmarked.

- **Donor structure:** 80-90% of the funding comes through the National Societies of 15-20 countries (Western Europe, Northern America, Japan, Australia, New Zealand plus emerging areas such as China, Hong-Kong, Singapore).

- **Funding process:** Needs are assessed based on NS-strategic plans (annual appeal) or needs in disaster struck areas (emergency appeal). Then an estimate is made of what is already in place (internally/bilaterally) and what is still needed. The appeals do not show the total picture, i.e. what total needs are less what is available. Therefore, there is lack of overview in the total planning budget. ‘Ideally we would like to reflect the whole picture…’ (Simon Missiri, Acting Head of Resource Mobilization and Relations Management Department, 4th February 2008).

- **Fund-raising** is the responsibility of many different parts of IFRC, both vertically and at various levels: GVA, zone, field and NS, and horizontally at different points at all levels: persons in diverse departments/divisions in GVA, region, field and NS. Further coordination is needed across regions and across programmes/operations in order to avoid approaching the same donors. ‘Does not make sense to have these big portfolios diffused all over.’ (Simon Missiri, Acting Head of Resource Mobilization and Relations Management Department, 4th February 2008). However, established relationships between IFRC and donors must be maintained and nursed. IFRC must
match the structure of the donor society which is centralised (e.g. Norad in Oslo has relation with Norcross) and decentralised (Embassy in country and Norad representative in the area have relations with field and country representative in IFRC). What role can GVA play in this?

- In the **consolidation process** it is still unclear where the regional contacts for fundraising are to be located and what offices will be in charge: e.g. service centre or zone office in KL. Another question is what formal and/or informal (i.e. supporting) role GVA department can play in relation to these contacts?

The regional logistics concept has accentuated needs for changes in funding and IFRC’s financial systems and processes: ‘….need to move towards a commercial way of working…’ (Angela Eaton, Senior Officer Financial Analysis, 5th February 2008). The change shifts costs from response into more preparedness and pre-positioning which means higher fixed costs. Until there is an emergency, i.e. there is use for items and other resources, the costs for these items and resources are not recovered. *In business, people accept this – for some period of time they need to invest money. Why should it be different for humanitarian?* (Igor Dmitryuk, Head of KL-RLU, 13th December 2007). The ECHO funding was important for logistics in IFRC. The good results with the regional concept (Cuckow 2006, Heigh 2006b) also came to be important for ECHO in that they could use this example towards their own system – EU – to argue for their share of the new EU budgets. Hence, a 2nd phase of thematic funding was awarded and new project proposals negotiated with IFRC and others, with particular focus on sheltering and on inter-organisational coordination, i.e. cooperation, between humanitarian organisations. Furthermore, the success of the regional concept makes it easier for IFRC to get new funding from the Thematic Programme and for developing an even stronger partnership with ECHO.

### 2. Some implications for other parts of IFRC

#### 2.1. Disaster Management

‘…one of the key functions in emergency response is to have a performing logistics chain, a supply chain…..’ (Thomas Gartner, Director Coordination and Programmes Division, 10th September 2007)

Disaster Management (DM) concerns preparedness, response and early recovery and has the overall responsibility for coordinating and managing the international response assets such as ERU and FACT, and for supporting NS in times of disasters within their regions.

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12 Much more could and should be said about DM in relation to the regional concept of logistics and the general consolidation project of IFRC. However, the plan is to cover such issues in a second case study of the ongoing change project of disaster management to be undertaken from May 2008.
In times of preparedness they do contingency planning and help NS to prepare while also doing recovery work such as following up long-term development projects. DM views logistics as a subcontractor that provides transport, storage and procurement services. Logistics is physically out in the field like other technical functions such as watsan, health and telecommunications. However, compared to watsan and health, logistics (and telecom) are not programmes, but support services in line with finance and human resource management. A key factor for DM is to have a fast and accurate supply chain because it enables the other services to be performed. An overall goal is to ‘...lengthen the preparedness and recovery period but shorten the response….’ (Amy Graver, Disaster Response Delegate, 14th December 2007). Logistics also contributes to satisfying the need for having proper systems in place in NS including capacity building and contingency planning and thus contributes more to development since ‘... preparedness is development.......’ (Latifur Rahman, Disaster Response Delegate, 14th December 2007).

In disaster response two important parts of DM which logistics does not control, but still needs very close relations to, are needs assessment and distribution. Close interaction with those involved including relief teams, FACT and ERU, is necessary in order to find good solutions. Sourcing and procurement depend on the needs assessment. On the other hand, the efficiency of deliveries depends on what is available and logistically efficient to transport. Hence, deciding on what to buy from where is the result of an iterative process between DM and logistics. In a similar vein, close interaction between distribution and logistics can streamline the process of distributing exact needs at any specific point in time which may be fulfilled by differentiated sourcing, warehousing and transport from logistics.

### 2.2. Global response tools

Three main global response tools have been in place in IFRC for a long time. These are considered an important part also of the regional concept which to a varying degree has had and will have impact on the functioning of the tools.

#### 2.2.1. DREF

The Disaster Relief Emergency Fund (DREF) is a fund of un-earmarked money created by the International Federation in 1985 to ensure that immediate financial support is available for Red Cross Red Crescent response to emergencies. Allocations may be made as start-up funds in the case of large-scale disasters and also to cover the costs of response to small-scale emergency operations, which are referred to as DREF Emergencies, and preparedness activities in the case of imminent disaster. The DREF is a vital part of the IFRC’s disaster response system and increases the ability of NS to respond to disasters. Funds for the DREF are sought through an annual appeal and allow
the Federation to maintain the necessary balance of funds to meet the requests for support. At the beginning of 2007, the IFRC raised the target capacity of the DREF from 10 million to 25 million Swiss francs per annum in order to support the scale up of response by its members. On January 1, 2007, the balance of the fund stood at 7.4 million Swiss francs. Requests for DREF allocations are reviewed on a case-by-case basis and can be authorized and released within 24 hours. This start-up funding is regarded as a loan which is reimbursed from contributions received once an international Emergency Appeal is launched. DREF grants are made to NS to finance smaller scale response operations, which are referred to as DREF emergencies. There is no automatic recovery of DREF in these cases, but donors may donate to replenish the fund.

2.2.2. ERU

In terms of logistics, the regional logistics setup is not really having a major impact on the ERUs. It does of course make a difference once the logistics ERUs are on the ground...of course easier for the logistics ERU being deployed to deal with [a RLU] on a one to one basis than having to go all the way to Geneva. (Peter de Rijke, ERU Senior Officer 11th September 2007)

The ERUs constitute a rapid response-tool for IFRC (and ICRC) in DM and consist of pre-trained teams of specialist volunteers together with pre-packed sets of standardised equipment ready for immediate use. Two aspects have been and still are fundamental. One is that they developed from a need to standardise certain equipment needed in immediate disaster response, such as for watsan and IT/Telecom, so that items coming from different donors and countries fit together: 'It developed out of the necessity to standardize a response. I mean, until that time, most donor national societies would have a very diversified response, blankets that came from Norway would not be the same as those that came from Spain. The water units from Spain would be very different from the water units from Norway with all sorts of difficulties along the road....The idea again being that if I want some ERU deployed from Spain, and I want some ERU deployed from France, they would be able to plug to each other’s equipment when in the field and not sitting with a French plug and a Spanish one ...’ (Peter de Rijke, 11th September 2007). This also implies standardised training which allows the use of mixed teams, i.e. staff from different countries. The other is that ERUs exist because the NS offering them also fund them, i.e. the equipment, the staff and the tasks necessary to mobilise when needed. This means that to deploy an ERU, IFRC does not have to wait for other donors to provide money. The first formal deployment of an ERU took place in 1996 when two basic healthcare units were sent by the Norwegian and the German Red Cross to Nigeria to help Nigerian Red Cross fight an epidemic of meningitis. The ERUs soon demonstrated their value. In the 2001 Gujarat earthquake in India, for example, six ERUs, directly involving eight NS, were deployed within 48 hours.

As the regionalisation means encouraging the regions to become less dependent on resources outside their own, there is a wish among many NS to develop their own ERUs supporting their own regions. Such units might fill a gap between the established system
of ERUs and the local response because they are much smaller and have less focus on equipment than traditional ERUs. Partnerships are now developing between those NS that already provide ERUs and sister NS that traditionally have not had ERUs, but can provide personnel.

The six different types of ERUs are each sponsored by a National Society: relief (e.g. American and Danish RC) and Logistics (e.g. Danish RC) in addition to specialists on IT/telecom (e.g. Spanish RC), water sanitation (e.g. Swedish RC), hospital (e.g. Norwegian and Finnish RC) and healthcare (e.g. Finnish, Norwegian and French RC). Logistics ERUs are usually the first in the field setting up and preparing for the other ERUs to arrive. They mainly constitute staff and not much equipment compared to e.g. health, IT and watsan. A relief ERU is to support the host NS to undertake relief assessments, targeted beneficiary selection and assist in the set-up for distribution. They also compile relief distribution statistics and can assist in setting up camps. The relief ERU works closely with the logistics ERU in that once Relief has made the needs assessment, Logistics assess supply and takes care of ordering, receiving, storing, clearing and dispatching the goods to Relief which is responsible for distribution to beneficiaries. This cooperation requires that logisticians take part in Relief ERU training courses and visa versa in order to make sure that they understand each others’ roles. There are more ERUs on logistics than relief, and they have longer traditions and more specialists. The American Red Cross, however, has been working extensively on the development of the relief ERUs, e.g. in terms of standard equipment.

If the deployment of one or more ERU units is recommended in a FACT assessment, specific requests are made for the type required. NS sponsoring the ERUs then considers making them available. Once the sponsoring NS receives a deployment order, all material and equipment should be ready for dispatch within 48 hours. The ERU is operational in the field within a week and self-sufficient for 1 month. During this time the ERU gradually integrates into existing local systems and structures and transfers full responsibility to the host NS, IFRC delegation and/or local authority within four months, the maximum life of an ERU. After this time, ERU team members either return home or are absorbed into the local delegation.

2.2.3. FACT

‘It has made the FACT work more efficient because of the regional focal point…with its resources and assets….’ (Dorothy Francis, FACT 10th September 2007)

Experienced disaster managers from within IFRC and from the NS with different expertise in relief, logistics, health, nutrition, public health and epidemiology, water and sanitation, finance, administration, psychological support, as well as language capabilities, work together in major disaster response in a Field Assessment and Coordination Team – FACT. They are ready for deployment on a 12-24 hours notice for 2-4 weeks anywhere
in the world. They are all volunteers, normally employed by the NS in their country. They come from all over the world but predominantly from the west[^13]. The team usually consists of 20-30 people with a team leader who is the political decision maker and a deputy leader who is the operational manager. Even if FACT members have their technical specialities, they have gone through the same training, particularly the methodology. They therefore understand each other even if they have never worked together before as a team. In particular they are trained in negotiation and leadership skills, decision making and conflict resolution, i.e. how to deal with people on a personal level in stressful situations. ‘…people coming in from all levels of education, backgrounds, cultures, you have men coming from cultures where they’re not used to women being in leadership. You have women coming in from cultures where they’re not used to men being so forthright, so it takes a particular type of personality, to actually be able to make it work…… We train people to look at the big picture and decide among them what are the priorities concerning watsan, health, etc. The team leaders are supposed to be generalists and thus having a good knowledge of all the specialties. (Dorothy Francis, 10th September 2007).

A FACT-team is put together by the Operations Support Department in Geneva in consultation with the zone office and is deployed immediately to the disaster area. The FACT works with staff from the local NS, with members of RDRTs, members of IFRC regional and/or country permanent structure and the ICRC. When the FACT arrives, the RDRT becomes part of FACT. In co-ordination with local authorities, UN organisations and NGOs it carries out a review of the preliminary assessments that have been made, and identifies the most urgent needs, leaving details to the experts in relief, watsan, logistics, health and communication. Based on data compiled, the team decides on a plan of action, recommending the most appropriate IFRC/ICRC intervention. The team also drafts an appeal field document which is then launched by the IFRC GVA to the member NS and other donors. Based on technical assessments, they may request ERU’s and then coordinate their deployment. They also advise on and request other human and material resources and coordinate the assistance provided by the IFRC/ICRC in response to the disaster. Hence, FACT facilitates and coordinates the start-up of relief activities among all the other Red Cross Red Crescent partners, as well as others such as the UN, but also all the smaller organisations, who want to get involved in the response. The coordination takes place through networking and meetings and by establishing processes. In the field, a number of NS will often already be present and want to take part in the operation, utilizing their existing infrastructure, staff and relationships with the community. It is the task of FACT to get to know who are already involved and who would like to be involved, and coordinate these people through

[^13]: IFRC wants a development towards more diversity also in FACT. In total they have about 300 FACT-staff in the roster. When the alert is sent out as ‘sms’, maybe 20% will respond at any given time. Hence, there is capacity for two teams, perhaps three if stretching it, at the same time.
meetings and negotiations. ‘So what we try to do is that we call; herd the cats, so we try to get them all to sit together and come together with one plan which can be presented to the host national society…’ (Dorothy Francis, 10th September 2007). Up to 15 groups participate in addition to NS (with approximately 45-50 people), and FACT with up to 30. After assisting in the implementation of a plan of action, FACT hands the operation over to the host NS, the delegation and the delegates who have been recruited to support them. Normally a FACT mission does not last longer than four weeks. Hence, one of the roles of FACT is to ensure that there is an exit strategy and transition process. In a large disaster the host NS is not going to be able to handle the response itself. It is usually beyond their capacity, and FACT has to ensure that there is a new strategy in place to assist when they leave. Some NS are reluctant to ask for help from FACT because they want to manage themselves. However, with the regionalization there is a hope that more people will become aware of the value of FACT and thus avail themselves of their expertise.

With the regional change, there are more resources to pull from who have more specific knowledge about particular areas – resources in terms of people, but also logistics support that is needed for the team. The resources can be deployed much more quickly because they do not have far to go and do not have to come through Geneva. However, although the regional concept may improve the efficiency of FACT there are still some challenges. In particular there are more people and functions to coordinate – people who are not so involved in the IFRC centrally and might have other views as to what is important. With capacity building and regionalization also occurring in other organizations such as the UN, the environment is becoming more complex with the extra layer of the regional offices and the clusters. The involvement of RDRT is also a challenge, but it is not clear as to what effect the regional concept might have on this particular question. However, there is a development towards more specialized training of RDRT-members such as in logistics, sanitation and health. In America this is already in place. With this development it is possible to see the establishment of more permanent FACT in specific regions, as we see pre-positioning of other resources, but this must be weighed against the cost of ‘having 10 people waiting…’ (Dorothy Francis, 10th September 2007).

3. **Summarising**

‘…logistics has strong leadership to keep the control and make sure we do not end up as six smaller IFRCs…..’ (Flemming Nielsen, Field Logistics Officer, 28th June 2007)

Preparedness and response are closely linked, and the main point of the regional concept is to develop logistics preparedness in order to be able to respond in a more effective and efficient way. In order to accomplish this, a number of tools are necessary, most of which were already in place before the change. However, a more systematic overview and development of the tools in line with changing needs and available technology have taken
and are taking place. These are based on a global network constituting physical resources including stocks of basic relief items, warehouses and other equipment. It also includes professional human resources within all technical and support functions, and finally standards and systems to support the development, the implementation and the running of the new concept. The concept implicates more permanent structures of physical and human resources which also require more permanent financial resources. The change involves a large and increasing number of people around the world and puts great demands on the recruitment, training and follow-up of staff. The means for undertaking this are becoming more standardised. Simultaneously, the change demands further customisation since it involves a greater diversity of cultures, climates, types of disasters, etc. On the one hand, the change implicates more decentralised operational responsibility. On the other hand, this in turn requires tighter centralised strategy development and management of the global logistics system. Finding the right balance is and will continue to be a challenge. This does not only concern logistics, but the whole IFRC-organisation.

A major effort has been undertaken by the global logistics team as well as other parts of IFRC that have been involved, including IT, human resources and operations support. The thorough preparations in terms of mapping and other analyses before the development and implementation of the regional concept combined with what seems to have been a consistent, persistent and systematic approach, have been important for the results so far. For IFRC as a whole, logistics has turned out to be a good place to start with the regionalisation process. Many of the logistics resources involved are physical and thus visible. Hence, changes in them and in their use, i.e. logistics activities and structures involved, are visible and identifiable. Compared to regionalisation of other functions such as IT, finance and human resource management as well as the movement of regional departments into zone offices, it is easier to see the regionalisation in terms of physical warehouses, regional staff working with physical items and equipment and thus to understand what competencies are needed at the regional and local level. Logistics provides a good demonstration of the content and the implications of the regional concept. This does not mean that it is easier to develop and implement the change in logistics than in other areas. However, the results in logistics might support the change in other parts of the organisations because there is a good case at hand….The change in logistics could be used as a model for changes in other parts of the IFRC-organisation.

What has been accomplished is well in line with what is described as ‘The Federation of the future.’ (2006):

- The change seems well aligned with the Humanitarian Reform, the Code of Conduct and the increasing focus on capacity building and development of National Societies by reinforcing regional networks and structures. Simultaneously, the focus on
keeping and developing the global overview is in line with the goal of cohesion and unity, thus ‘providing a whole that is greater than the sum of its parts’.

- For the purpose of becoming more responsive and focused, i.e. The Federation’s Global Agenda, the regionalisation seems to be part of what needs to be done. The regional concept seems to be an important element in developing a flexible and responsive operating model.

- The regional concept has accentuated the need for changes in funding processes and structures by illustrating the need for more long-term un-earmarked funding for the purpose of providing more efficient and effective support.

- By allowing someone like me access for the purpose of developing research and teaching material, IFRC provides the transparency and openness towards society for the purpose of influencing other actors as put forward in their Vision.

4. Some main challenges

Making a change like this will of course create tensions in the process and is also likely to meet some resistance. The more than thirty people in IFRC-GVA and Kuala Lumpur who have been interviewed, have on the whole been very positive regarding the organisational change of logistics. Challenges that have been pointed out can be categorized under three main headings:

- **More complex coordination** because of additional levels and more people involved including variations concerning culture, competence and capacity requiring major efforts in continuous and consistent updating and training. In particular this demands more staff with management skills and strategic capabilities.

- The decentralising of operational responsibility has created a *fear of losing the global overview and control* and can be summarised as follows. Firstly, costs may increase because economies of scale are harder to obtain across regions and operations and because there are more layers involved between suppliers and beneficiaries. Secondly, it is challenging to provide consistent support and service levels from Geneva to the RLUs, from the RLUs to communities and from communities to beneficiaries.

- It was pointed out that *even if RLUs are geographically closer to the regions often struck by disasters, they are still too far away* from the local communities with regards to culture, knowledge and geographical distance. Hence, some have pointed out that the RLUs become ‘stuck in the middle’ – far away from Geneva as well as the
local communities. Establishing sub-regional warehouses even closer to the disaster prone areas is being discussed.

Finally, it has been pointed out by many of the interviewees that more cases and more proof is needed concerning the effects on service and cost from the change. One case to be studied might be the operation after Cyclone Sidr in Bangladesh.

**STUDENT TASK:**

With basis in the logistics strategy and structure of IFRC as described in Jahre 2008 (1st strategic change) you are to discuss alternatives for their 2nd strategic change using the information from Module 2 and the LOG2015-document. This should include an analysis of

- Factors that are dictating or will influence future development (Majewski et al. 2008 and lecture in Module 1)
- Options that are available to the IFRC (e.g. outsourcing of logistics, centralisation of sourcing, warehousing, postponement, etc.)
- Risk and benefits of these alternatives compared to the choice they have made and;
- What is your recommendation

You are requested to use the compulsory literature and lectures in modules 1-9 to solve the case, but you can also use additional articles/reports.
Appendix 1: Terms of Reference

This is a case study of the work and the effect of an organisational change in the logistics department at IFRC and constitutes two parts:

1. The new logistics strategy compared (before vs. after situation) and its (potential) impact on efficiency and effectiveness. The impact on logistics service delivery and organizational activities as a whole.

2. The organisational change itself, i.e. the implementation – how it was achieved, what implementation techniques were used.

This will be an in-depth case study with use of secondary (minutes from meetings, reports and other documentation) and primary (interviews within and outside IFRC Logistics). Theory will be used in order to describe as well as discuss the change.

Why do it from IFRC-standpoint?

The documented case study will be used for the purpose of making the rest of IFRC as well as other actors in the humanitarian community understand how important an achievement the change was and to what new opportunities it provided access to and that the implementation techniques that were successfully used, can be replicated.

Why do it from the HUMLOG-NET standpoint?

Access to one of the best NGOs on humanitarian logistics provides an opportunity to make an exemplary case concerning important logistical issues such as sourcing, regionalisation and pre-positioning of stock and the implications thereof for coordination, needs assessments, funding and measurements and its (potential) effects on effectiveness and efficiency.

Outputs

- Case for IFRC use in external presentations and for academic (and IFRC) use in teaching programmes/lectures on humanitarian logistics.
- Demonstration of the four concepts, ie funding, needs assessment, coordination and measurements: how they are linked to logistics and how in practice they relate to theory. To be disseminated in popularised and scientific articles.
- Provide further development of the knowledge platform in the HUMLOG-project.
- Constitute the 1st part of one of three case-studies in the HUMLOG-NET project on coordination in humanitarian supply networks.
- Basis for developing smaller ‘hands-on’ projects for IFRC as needs are recognised: e.g. decision support through simulation models.
Appendix 2: Research design and methodology

With a starting point in the Yogyakarta case study (Cuckow 2006), the idea of developing this case came out of discussions with Ian Heigh, at the time from IFRC, now Logistics Consultant and Partner in Global Emergency Group. As such it is based on what is termed ‘Engaged scholarship’ (Van de Ven 2007) which means close cooperation between researchers and practitioners, not only to find solutions and in data collection, but even more so in the definition and conceptualisation of the problem(s). The case is one of three in the HUMLOG-NET research project, the other two being United Nations Joint Logistics Centre (UNJLC) as a coordination mechanism for slow-onset disasters and coordination challenges of military logistics in UN mandated peacekeeping operations. Providing a starting point both for research problems and a common knowledge base for all participants in the HUMLOG-NET project, the cases have been chosen in a systematic way in order to cover variability of the dimensions of interest:

- **Intra- and inter-organisational coordination** deal with problems inherent in any system combined with the plethora of actors in larger relief efforts.
- **Permanent and temporary networks** deal with deployment of resources available in the permanent network for the purpose of setting up the temporary network when crises occur.
- **Centralized and de-centralized structures and processes**, in particular combinations of postponement/speculation strategies, which become particularly pertinent in a field such as humanitarian, with global reach and high degree of uncertainty in terms of future events.

With regards to data collection, each case study is based on a multitude of sources, including technical artefacts (i.e. physical structures, product catalogues and ICT systems), systematic interviews, documents and archival material, possibly cross sectional data and time series data. In order to ensure reliability, a case study protocol including semi-structured interview guides will be developed. A case study database for inclusion of notes from each interview, detailed write-up of each case and other documentation, is being developed. Multiple data sources are used to ensure construct validity, as well as a pre-structured case outline for data analysis (Ellram 1996, Yin 2003).

The case presented here is based on more than 30 semi-structured interviews with a number of staff within IFRC undertaken during the period between June 2007 and February 2008. Interview guides were developed and refined during the process depending on who were to be interviewed, and included questions concerning:

- The view on the change – advantages and disadvantages, main challenges and implications for funding, assessments, coordination and measurements.
- Consequences of the change for own department/function on service provision, competence requirement and processes (logistics and others).
- Main explanations for the success of the Yogyakarta operation.

Interviews were taped and transcribed into word documents. The resulting descriptions in the case presented in this document have been sent to the respective interviewees for the purpose of checking for possible misinterpretations, whereas the whole case study has been checked by the head of LRMD as well as the person in charge of the process.
### Appendix 3: Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>CD</td>
<td>Country Delegation</td>
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<tr>
<td>CHF</td>
<td>Swiss Francs</td>
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<tr>
<td>Delegates</td>
<td>Those employed temporarily or permanent by IFRC/ICRC</td>
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<tr>
<td>DMD</td>
<td>Disaster Management Department</td>
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<tr>
<td>DMIS</td>
<td>Disaster Management Information System</td>
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<td>DMU</td>
<td>Disaster Management Unit</td>
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<tr>
<td>DP Stock</td>
<td>Disaster Preparedness</td>
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<tr>
<td>ERU</td>
<td>Emergency Response Team</td>
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<tr>
<td>FA</td>
<td>Frame Agreements</td>
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<tr>
<td>FACT</td>
<td>Field Assessment and Coordination Team</td>
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<tr>
<td>FDM</td>
<td>Field Disaster Management</td>
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<tr>
<td>FL</td>
<td>Field Logistics</td>
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<td>FOS</td>
<td>Federation owned stocks</td>
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<tr>
<td>GVA CoC</td>
<td>Geneva Committee on Contract</td>
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<tr>
<td>HLS</td>
<td>Humanitarian Logistics System</td>
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<tr>
<td>ICRC</td>
<td>International Committee of the Red Cross</td>
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<tr>
<td>IFRC</td>
<td>International Federation of Red Cross and Red Crescent</td>
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<tr>
<td>IKD/GIK</td>
<td>In-kind donations(Goods-in-kind)</td>
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<tr>
<td>LR</td>
<td>Logistics Requisition</td>
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<tr>
<td>LRMD</td>
<td>Logistics Resource and Mobilisation Department (Geneva)</td>
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<tr>
<td>MOBTAB</td>
<td>Mobilisation Table</td>
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<tr>
<td>Movement</td>
<td>IFRC/ICRC</td>
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<tr>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
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<td>NS</td>
<td>National (Red Cross and Red Crescent) Societies</td>
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<tr>
<td>OSD</td>
<td>Operational Support Department</td>
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<tr>
<td>PNS</td>
<td>Participating National Societies</td>
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<td>PO</td>
<td>Purchasing Order</td>
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<td>PPG</td>
<td>Pre-positioned goods</td>
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<tr>
<td>RD</td>
<td>Regional Delegation</td>
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<tr>
<td>RDMU</td>
<td>Regional Disaster Management Unit</td>
</tr>
<tr>
<td>RDRT</td>
<td>Regional Disaster Response Team</td>
</tr>
<tr>
<td>RLU</td>
<td>Regional Logistics Unit</td>
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<tr>
<td>SRS</td>
<td>Supplier Reserved Stocks</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<tr>
<td>VCI</td>
<td>Vendor Consigned Items</td>
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<tr>
<td>Watsan</td>
<td>Water and sanitation</td>
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Appendix 4: Background on IFRC

The International Red Cross Red Crescent Movement incorporates the Geneva-based International Committee of the Red Cross (ICRC) and the International Federation of Red Cross and Red Crescent Societies (the International Federation), as well as National Societies in 186 countries. The ICRC, the Federation (IFRC) and the National Societies (NS) are independent bodies within the Movement. Each has its own individual status and exercises no authority over the others. The ICRC’s mandate covers assistance to conflict areas whereas IFRC’s mandate covers natural disasters. Each of the 186 National Societies may work with the support to the IFRC, ICRC or directly in their own operations. The IFRC is the world’s largest humanitarian organization, providing assistance without discrimination as to nationality, race, religious beliefs, class or political opinions. In 2005, the IFRC programs reached over 30 million vulnerable people and assisted NS in the response to 329 major emergencies.

The IFRC mission is to improve the lives of vulnerable people by mobilizing the power of humanity. Vulnerable people are those who are at greatest risk from situations that threaten their survival, or their capacity to live with an acceptable level of social and economic security and human dignity. Often, these are victims of natural disasters, poverty brought about by socio-economic crises, refugees, and victims of health emergencies. The IFRC programs are grouped into four main core areas: promoting humanitarian principles and values; disaster response; disaster preparedness; and health and care in the community. A core component of the IFRC activity is to build the capacity of its member NS in these areas. Disaster response continues to represent the largest portion of the IFRC work. Where local structures are overwhelmed by a disaster, a request for international assistance is made. In the first instance Regional Disaster Response Teams (RDRT) are launched to support the National Society, and if there is a further need for assistance the global disaster response tools, Field Assessment Coordination teams (FACT) and Emergency Response Units (ERU) are sent. ERUs are held in permanent readiness and include Logistics, IT/Telecom, Relief, Field Hospitals, Basic Health Care, and a range of specialist Water and Sanitation units. Once on the ground these units are coordinated by the Field Assessment and Coordination Team - FACT. It is only when the capability of the NS is overwhelmed that regional and international assets may be mobilised to assist.

The role of the IFRC logistics department is “To support any responding National Society to prepare for and (when required) assist in the coordination of sourcing, procurement, warehousing and transport of relief goods and equipment to meet the specified and required needs (disaster response plan) at least cost”. This role can be broken down into delivery of a number of key services including defining standard logistics training for NS logisticians and processes and provision of tools and information systems, specialist logistics personnel to provide operations support and ERUs as required as well as vehicles, procurement, transport and storage of goods to the scene of an emergency and coordination of resources mobilised for regional or national response by other national societies or donors and with other responding agencies and actors to minimize duplication.

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14 Taken from Heigh (2006b) and www.ifrc.org.
Appendix 5: Sources of information

Primary: Interviews and field visits
Logistics and Resource Mobilisation Department, IFRC

- Alka Kapoor, Regional Procurement Coordinator, Kuala Lumpur, 13th December 2007
- Armen Petrosyan, Acting Head of Department; 5th February 2008
- Armen Petrosyan, Senior Procurement Officer; 26th June 2007
- Birgitte Stalder Olsen, Head of Department; 25th, 26th June 2007
- Erik Arlind, Regional Fleet Coordinator, Kuala Lumpur, 13th December 2007
- Ian Heigh, Logistics Adviser; December 2006-February 2008.
- Igor Dmitryuk, Head of KL RLU, 13th December 2007
- Ilir Caushaj, Regional Logistics Coordinator, Kuala Lumpur, 13th December 2007
- Isabelle Sechaud, Field Logistics, Senior Field Logistics Officer; 26th June 2007
- Jeremy Francis, Regional Logistics Coordinator, Kuala Lumpur, 13th December 2007
- Martin Bush, Logistics Systems and Processes, Senior Officer, 25th/26th June 2007
- Robert McEvan, Senior Logistics Officer, Reports and Tools, 4th February 2008

Other departments/divisions

- Alice Armanni, Disaster Policy and Preparedness Department; 25th June 2007
- Amy Gaver, Disaster Response Delegate, South East Asia, East Asia and Pacific, Disaster management Unit (DMU), Kuala Lumpur, 14th December 2007
- Angela Eaton, Senior Officer, Financial Analysis; 5th February 2008
- Birgitte Stalder Olsen, Acting director Disaster Management, 5th February 2008
- Dorothy Francis, Training/Equipment Officer for FACT/ERU, Operations Support Department; 10th September 2007
- Encho Gospodinov, Director, Policy and Communication Division, 5th February 2008
- Flemming Nielsen, Operations Coordinator, Disaster Management; 11th September 2007
- Graham Saunders, Head, Shelter Department; 25th June 2007
- Hishan Khogali, Disaster Policy and Preparedness Department; 25th June 2007
- Hugh Peterken, Head, Information Systems Department; 10th September 2007
- Latifur Rahman, Disaster Response Delegate, South Asia, Disaster management Unit (DMU), Kuala Lumpur, 14th December 2007
- Mirva Lindqvist, HR Coordinator, Major Emergencies; HR-Department, 11th September 2007
- Pieter De Rijke, Senior Officer, ERU, Operations Support Department; 11th September 2007
- Simon Missiri, Acting Head of Resource Mobilization and Relations Management Department, 4th February 2008
- Stephen Ingles, Director, Support Services Division; 4th February 2008
- Thomas Gurtner, Acting Head, Coordination and Programmes Division; 10th September 2007
- Tiziana Bonzon, Programme Coordinator, ECHO Thematic Funding Programme; Operations Support Department, 10th September 2007
Secondary: Reports, websites, articles and miscellaneous


Cuckow, J. (2006) Case study report: The effect of the IFRC regional logistics concept on the efficiency of relief item delivery for the population affected by the Yogyakarta earthquake, International Federation of the Red Cross and Red Crescent Societies Logistics Department (IFRC Logistics), Geneva, Switzerland


Heigh, I. (2006b) *Written Submission for European Supply Chain Award 2006*, International Federation of the Red Cross and Red Crescent Societies Logistics Department (IFRC Logistics) - IFRC Global Logistics Team, Geneva, Switzerland

http://fednet.ifrc.org

http://www.icrc.org/emergency-items


Secondary: Background material not used directly in the report

Briefing Package (2007) Briefing Package to logistics delegates after the regionalisation, June 2007


Heigh, I. (2006a) *Case Study Terms of Reference*, International Federation of the Red Cross and Red Crescent Societies Logistics Department (IFRC Logistics) Supply Chain Award 2006, International Federation of the Red Cross and Red Crescent Societies Logistics Department (IFRC Logistics) - IFRC Global Logistics Team, Geneva, Switzerland


