Dear Friends,

Our third anniversary, in November 2004, coincided with significant external recognition. Fritz Institute's Humanitarian Logistics Software, created in partnership with the International Federation of Red Cross and Red Crescent Societies, and successfully used in relief activities for a number of natural disasters, was named a Tech Museum Laureate for technology excellence. On the same day, Lynn Fritz received the International Diplomacy Council's Citizen Diplomat Award for his contributions to humanity through personal diplomacy and Fritz Institute. These awards, as well as the continued feedback we receive from our friends and partners in the humanitarian sector, reinforce the value of bringing private sector approaches and academic expertise to the complex challenges of delivering relief to vulnerable people.

This was also the year in which we added two new programs to our portfolio. We launched the Capacity Networks Initiative in Africa to assess and augment the capacity for efficiency and effectiveness of local humanitarian organizations closest to vulnerable populations. The initiative was launched with a conference in Johannesburg, South Africa that was attended by the leadership of humanitarian organizations from 15 African countries. Abbas Gullet, the former Secretary General of the Kenyan Red Cross and former Deputy Secretary General of the International Federation of Red Cross and Red Crescent Societies, joined Fritz Institute in 2004 to lead this initiative.

Our conference on Humanitarian Impact, which brought together leading humanitarians, academics, donors and foundations, has also evolved into a program to proactively position the sector as being responsive to donors' need for measurement and evaluation. Over the next few years, we will explore collaborative ways and new models and methodologies to assess humanitarian outcomes and impact.

Our logistics and technology programs continue to be aimed at improving the transparency, capacity and efficiency of the sector. The Humanitarian Logistics Conference, an annual convening held in Geneva, has evolved to become the informal professional association and community of practice in the sector. This year, we also expanded our network of logisticians by holding a regional meeting of this body in Nairobi, Kenya. Mitsuko “Mich” Mizushima, our chief logistics officer, also led a sector-wide effort to define humanitarian logistics by surveying logisticians about the range of tasks involved in this function. This effort will form the foundation for a discussion of training and certification to standardize the logistics function and create a professional career track for logisticians in the humanitarian sector.

We also continued to utilize research to investigate ways in which the sector interacts with its constituencies. This year, in partnership with Reuters AlertNet and Professor Steve Ross of Columbia University, we completed and launched the largest-ever survey of the relationship between the humanitarian community and
the media. The number of case studies on humanitarian logistics, an area defined by Fritz Institute, also continues to grow.

The number of simultaneous disasters and the people left vulnerable by natural disasters and humanitarian crises around the world continues to grow. Now more than ever, it is imperative that we find new ways to leverage the resources available so that more and more people can benefit from the services of the dedicated individuals who spend their lives in humanitarian relief.

Private sector approaches and resources can make the operations of humanitarian organizations more efficient. Academic research, standards and measurements can facilitate evidence-based interventions for greater impact. In 2005, Fritz Institute looks to expand our resources to meet these challenges.

Sincerely,

Lynn Fritz
Director General

Anisya Thomas, Ph.D.
Managing Director
The effectiveness of the international humanitarian sector is critical to communities made vulnerable by natural disasters or crises around the world. At a time when the resources of the humanitarian community are stretched to capacity, the private sector can be a strategic partner. The private sector has decades of experience at solving 'under-the-hood' problems, defining effectiveness and improving efficiency. By collaborating with the humanitarian sector in their “back rooms”, the private sector can facilitate the work of humanitarian organizations without interfering in the front line. However, the private sector and the humanitarian sector have vast cultural differences, approaches and beliefs. Therefore, successful partnerships between the private sector and the humanitarian sector have typically been few and far between.

Similarly, academic resources focusing on the humanitarian sector have been fragmented and disjointed. Academia has not engaged systematically with the humanitarian sector to record lessons learned and facilitate the dissemination and institutionalization of operational knowledge.

Fritz Institute serves as a catalyst to systemic change in the humanitarian sector by leveraging the resources of the private, academic and humanitarian sectors, recording lessons learned, facilitating the institutionalization of knowledge and demonstrating the impact of the humanitarian sector by:

- Creating collaborative networks of humanitarian organizations, corporations and academic institutions
- Adapting private sector best practices to the context of humanitarian assistance
- Creating clearly defined initiatives to improve practice and efficiency in the sector
- Creating models for measuring the effectiveness of the sector
- Creating vehicles to advocate the importance and relevance of the sector to donors and the public
- Creating communities of practice where collaboration, professionalization and common solutions can be explored
LOGISTICS AND SUPPLY CHAIN MANAGEMENT

It is estimated that over 80% of a relief effort involves the logistics function in one way or another. Yet logistics is a function that is poorly understood in humanitarian organizations, rarely considered in decision making, rarely staffed by professional logisticians, and rarely recognized. As a result, the delivery of urgently needed food, shelter, medicine and other supplies is often less effective and efficient than it otherwise could be.

The Logistics and Supply Chain program at Fritz Institute brings urgently needed recognition and resources to humanitarian logistics, a function vital to effective relief. The program supports the development of a professional community of practice for humanitarian logisticians and the mobilization of corporate and academic sector supply chain expertise for disaster relief operations. We anticipate that the impact of our logistics and supply chain program will be: a) greater cost effectiveness due to efficiencies realized by streamlining procurement, and b) speedier relief delivery as a consequence of clearly defined supply chain management processes and infrastructure.

A COMMUNITY OF PRACTICE: HUMANITARIAN LOGISTICS

Fritz Institute has set out to understand the core challenges of humanitarian logisticians and create a community of practice where these can be discussed and common solutions derived. Throughout the year, we have created ways for the community to learn and communicate with each other through conferences, advisory meetings, and webinars.

• Humanitarian Logistics Conference
  Geneva, Switzerland, January 2004
  This annual problem-solving, action-oriented convening brought together the heads of logistics from major global humanitarian organizations with leading academics and representatives from USAID and DFID to discuss practical solutions via collaboration, shared services and best practices. This year's conference focused on two core themes: professionalization of the field through certification, and continuous improvement through the incorporation of metrics. These approaches, applied in many corporations over the last two decades, have transformed logistics from a peripheral support function to a vital strategic function throughout the private sector. It is our belief that the same tools can be utilized in the humanitarian sector as well.

Fritz Institute brings cutting-edge practices, resources and the ability to convene stakeholders.

- Cris Muyunda, USAID/Zambia

• Humanitarian Logistics Conference
  Nairobi, Kenya, September 2004
  This conference brought together over 30 field logisticians from African humanitarian organizations in Kenya, which serves as a regional logistics hub for operations in several African countries including Sudan. The main goal of the conference was to identify the particular challenges in the field that were barriers to effective logistics. Surprisingly, the concerns of field logisticians were almost identical to those of their counterparts at headquarters. Inadequate access to training, lack of standards and indicators, lack of recognition of logistics, lack of collaboration across agencies and poor infrastructure were the themes that cropped up throughout the conference. Adding the voices of humanitarian logisticians from the field to the research and data we have gathered from headquarters provides us with a clearer view of the sector's range of logistics issues.
Crossroads Conference
Sebastopol, California, October 2004

Once again, this popular conference brought together senior logistics executives from the corporate and humanitarian sectors with renowned supply chain professors to discuss how the sectors could share learning and benefit from the differences in approaches used. John Rickard, head of logistics for the International Rescue Committee (IRC) gave a presentation on the Fritz Institute supply chain audit that brought Jim Molzon of Solectron and Jon Olsen of Intel to evaluate the supply chain processes at IRC. The two day engagement resulted in streamlined processes and a $300,000 savings for IRC. Professors Hau Lee of Stanford University and Jo Van Nunen of Erasmus University provoked the audience with a presentation of the lessons that the private sector can learn from the ingenuity and innovation of humanitarian logistics who face the most dynamic supply chains in the world.

Row 1 (Left to Right): Sharon Reaves, Fritz Institute; Sunny Choi, Hardware; Kristina Kohler, Software; Ludo Oelrich, TPG NV; David Morton, World Food Programme; Anisya Thomas, Fritz Institute; Jon Olsen, Solectron; John Rickard, International Rescue Committee (IRC) gave a presentation on the Fritz Institute supply chain audit that brought Jim Molzon of Solectron and Jon Olsen of Intel to evaluate the supply chain processes at IRC. The two day engagement resulted in streamlined processes and a $300,000 savings for IRC. Professors Hau Lee of Stanford University and Jo Van Nunen of Erasmus University provoked the audience with a presentation of the lessons that the private sector can learn from the ingenuity and innovation of humanitarian logistics who face the most dynamic supply chains in the world.

Row 2 (Left to Right): Martijn Blansjaar, MSF, Holland; Chris Weeks, DHL; Mark Haselkorn, University of Washington; Steve Leventhal, Fritz Institute; Mrs. Diane Rittenhouse; John Rittenhouse, KPMG; Mary-Lou Quinto, Genentech; John Rickard, International Rescue Committee; Hau Lee, Stanford Graduate School of Business; Lynn Fritz, Fritz Institute

HUMANITARIAN LOGISTICS CERTIFICATION: ASSESSING VIABILITY AND RELEVANCE

Currently, each major humanitarian organization has its own particular definition of logistics and its own specialized logistics training program. This difference in process methods and vocabulary across agencies is an impediment to a professional career track for humanitarian logisticians, as well as a barrier to successful collaboration in the field. During the course of 2004, an advisory board of senior humanitarian logisticians was created to evaluate whether a core training and certification program could be developed for the sector as a whole.

In coordination with the advisory board, Fritz Institute implemented a comprehensive survey of humanitarian logisticians to identify gaps in available training. A review of all available training outside the sector was also completed. The consensus of the advisory board was that a common training program would, in fact, provide significant benefits to the sector as a whole. The next step is to raise funds to create a formal certification and training program for the sector in collaboration with major universities.
The Humanitarian Technology program centers on Humanitarian Logistics Software (HLS), created in partnership with the International Federation of Red Cross and Red Crescent Societies (IFRC). Fritz Institute's largest investment to date, this software brings best practices from commercial supply chain management and technology to automate humanitarian supply chains, connect the parties involved in a relief effort, streamline processes and provide timely reports to donors.

Humanitarian Logistics Software at the International Federation of Red Cross and Red Crescent Societies
In 2004 IFRC used HLS in all major humanitarian operations with documented benefits in several relief efforts including Morocco's earthquake, Haiti and the Dominican Republic's floods, and Sudan's ongoing humanitarian crisis. Today usage continues to expand as the software is field-tested in Panama and Dubai. According to the latest report from IFRC, the system [software] enables the entire supply chain management of international operations from various locations, produces clear, standardized reports - thereby improving information sharing and communications - a critical success factor in emergency relief operations.

In November 2004, Fritz Institute was named a Tech Laureate for its Humanitarian Logistics Software by The Technology Museum of Innovation (San Jose, CA). This prestigious award is given annually in recognition of social entrepreneurs who successfully leverage technology to benefit mankind. Humanitarian Logistics Software was selected from 580 nominees from 60 countries as one of 25 Tech Laureates for 2004.

We are responding to emergencies. It’s extremely important in our business to respond in hours rather than days. [With Humanitarian Logistics Software] we are saving at least a few days here, and that means saving a lot of additional lives.

- Sanjiv Jain
Manager of IT projects, IFRC

We are looking for applications of technology that are important to the future of humanity and that can be replicated and scaled-up and have a major impact. And that’s why we picked the Fritz Institute, because of the work they are doing in the relief world with logistics.

- Peter Giles, The Tech Museum of Innovation
The need to systematically define and measure humanitarian impact is essential to providing operational agencies with the appropriate tools to construct theories and methods that support evidence-based humanitarian interventions. Similarly, communicating humanitarian impact is necessary for the sector to respond to increasing pressure from donors and the general public to demonstrate the results of its efforts.

To assess the existing literature on the definition and measurement of impact, in March 2004 Fritz Institute sponsored the creation of a report entitled Measuring the Impact of Humanitarian Aid through Overseas Development Institute in London. Through a comprehensive literature review, the report established that the humanitarian sector lacks a clear definition of impact, and that the measurement of impact does not include sophisticated analytic methods or a high standard of empirical evidence.

Using this report as a starting point, Fritz Institute hosted a conference on Humanitarian Impact (June 2004) moderated by Mary Anderson. The conference included participants from donor governments, humanitarian organizations, universities and foundations, and explored the concept and relevance of demonstrating (measuring and communicating) humanitarian impact. The participants of the conference emphatically agreed that demonstrating impact was crucial to the sector. They also agreed that individual efforts to understand impact needed to be linked to each other and the results better accumulated and communicated in order for the sector to benefit.

Building on the findings from this conference, Fritz Institute launched its Impact Program to develop a multi-disciplinary collaboration of academics with humanitarian practitioners, policy makers and donors with the goal to: a) establish common definitions and standards for the measurement and communication of impact; b) create a culture of measurement within humanitarian organizations; and c) create coherent communications to the public about the need for and impact of humanitarian organizations.

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Fritz Institute has created the **Capacity Networks Initiative** in recognition of its belief that mobilizing “networks” of support - utilizing the resources, technologies and expertise of all members of the relief “ecosystem” - is the key to successfully building sustainable capacity within local NGOs. This initiative aims to create and institutionalize a process model - using private sector tools and adapted methodologies - for certifying organizations as “Effective Humanitarian Organizations” which, once proven successful, can then be broadly applied to humanitarian organizations worldwide.

This year we launched this Initiative in southern Africa, where many NGOs expressed interest in support to strengthen and recognize capacity for excellence and self-sustainability among local NGOs in southern Africa that directly work with vulnerable people and communities. These organizations, on the front-lines of humanitarian assistance, are most often the implementing partners for the sector. Yet, our research indicates that they are rarely consulted in the development of local programs. Instead, they are often given resources with extremely narrow constraints by donors or partners in the north on how they should be deployed. The logic for this is that southern NGOs often lack the necessary governance and accountability capacity to effectively design and implement programs.

In August 2004, Fritz Institute convened a meeting that included the leaders of 15 national societies of the Red Cross and Red Crescent Movement including: Ethiopia, Ivory Coast, Kenya, Libya, Namibia, Nigeria, Rwanda, Sierra Leone, Somalia, South Africa, Sudan, Tanzania, Uganda, Zambia and Zimbabwe. The Secretary General of the Indian Red Cross was invited to observe and share lessons learned in Asia.

The meeting participants examined the core challenges facing the continent’s vulnerable people and defined a strategy to make the Red Cross and Red Crescent Societies in Africa the preferred partner for donors and governments in providing humanitarian assistance and services. The participants agreed that decades of capacity building efforts often failed as the organizational development strategies implemented in Africa had no participation from the African Societies and involved little recognition of local context.
Simultaneously, they recognize that in the absence of transparent and accountable organizations, viable long-term solutions are not possible. It was their consensus that the Red Cross network, the leading provider of humanitarian assistance in Africa, needed to significantly improve to meet the challenges that faced their societies. To do so, they, the leaders of the African National Societies, had to play a leading role in reviewing their own capacity and identifying priorities.

The group formed a network called “New Partnership for African Red Cross and Red Crescent Societies (NEPARC)” and described its intent to position African Red Cross and Red Crescent Societies to serve efficiently and cost effectively as key national partners to improve the lives of the most vulnerable populations. In addition, they recognized the need for specific mechanisms to address regional weaknesses and concerns. These included: a) establishing an African network center; b) diversifying the funding base; c) establishing productive relations with the private sector and non-traditional partners; d) improving intra-continental networking; and e) increasing awareness and visibility of their work through global and local media. Abbas Gullet, former deputy secretary general of International Federation of Red Cross and Red Crescent Societies, has been appointed to lead this important Africa Initiative.

CORPORATIONS FOR HUMANITY

In the view of these organizations, sustainable solutions for Africa need to incorporate the African voice and be contextualized to local conditions. Corporations for Humanity is a new initiative launched in 2004 by Fritz Institute to provide corporations with an effective and efficient way to support long-term systemic improvements in the delivery of humanitarian assistance, while minimizing costly corporate investments in time, relationship-building and project management.

Corporations for Humanity offers corporations the opportunity to fund and leverage urgently needed resources and expertise critical to the success of humanitarian assistance projects around the world, while avoiding bureaucratic obstacles and excessive paperwork.

Donations - in the form of financial capital, human capital, and/or technology - are allocated to a variety of Fritz Institute-managed humanitarian projects around the world according to strict 'investment' criteria, while Fritz Institute provides the staffing and expertise to guide projects, ensures measurable outcomes, and keeps participating corporate partners informed. Corporations get to invest in high impact/low maintenance projects and relationships, while providing maximum return on donation.

Project investments:
• Focus on strengthening the operations of humanitarian organizations
• Develop long-term sustainable solutions critical to building institutional capabilities
• Increase human and operational capacity in the field at disaster sites where people need help the most
• Are held to strict performance measurements and metrics

Participating in Corporations for Humanity enables corporations to leverage their philanthropy, making an investment for multiple returns: multiple humanitarian organizations, multiple humanitarian aid projects and significant impact.
Towards New Understandings: Journalists and Humanitarian Relief Coverage, March 2004. Conducted by Fritz Institute in collaboration with Reuters AlertNet and Columbia University School of Journalism professor Steve Ross, this is the first comprehensive study ever conducted about the relationship between journalists and humanitarian relief coverage.

Case Studies Sponsored by Fritz Institute
- Can Heroes be Efficient? Information Technology at the International Federation of the Red Cross, by Laura R. Kopczak and M. Eric Johnson
- Coordinating Disaster Logistics after El Salvador's Earthquakes Using SUMA's Humanitarian Supply Management System by Rolando M. Tomasini and Luk N. Van Wassenhove
- Genetically Modified Food Donations and the Cost of Neutrality: Logistics Response to the 2002 Food Crisis in Southern Africa by Rolando M. Tomasini and Luk N. Van Wassenhove
- Moving the World: The TPG-WFP Partnership Looking for a Partner by Rolando M. Tomasini and Luk N. Van Wassenhove
- The TPG-WFP Partnership: Learning How To Dance by Ramina Samii and Luk N. Van Wassenhove

Articles by Fritz Institute Staff and Affiliates
- International Aid and Trade, “Elevating Humanitarian Logistics” by Anisya Thomas, January 2004
- Forced Migration Review, “Logistics Training: Necessity or Luxury?” by Anisya Thomas and Mitsuko Mizushima, November 2004 #22

Fritz Institute Sponsored Events
- Georgetown University, May 2004
The 2nd annual Fritz Institute Lecture on Humanitarian Relief at Georgetown University featured United Nations Under-Secretary-General, Jan Egeland. Attended by the Georgetown community of faculty and students, the event also drew a wide range of policy makers from Washington, as well as a number of senior executives from major humanitarian organizations.

Fritz Institute has in record time been a key ally of the United Nations at getting our assistance focused and concrete to provide relief.

- Jan Egeland, Under-Secretary-General, UN
• Wilton Park Conference
Fritz Institute with OCHA and IFRC co-sponsored a conference at Wilton Park titled “The Immediate Response to Disasters: Improving National and International Frameworks.” Attended by policymakers, practitioners and representatives from the governments of a number of disaster-prone countries, the conference recommended improving national response to disasters in disaster-prone countries, strengthening the capacity of regional networks and implementing common standards for basic relief items.

Newsletter and Website
• Our bimonthly e-newsletter is sent to approximately 1,000 people
• Our Website has continued to grow in content in 2004 and is visited by about 800 people each month, a 58% growth since 2003

PARTNERS AND COLLABORATORS

Humanitarian Organizations
Aidworkers.net
AlertNet
American Red Cross
British Red Cross
CARE USA
CARE International
Catholic Relief Services
Ethiopian Red Cross Society
Habitat for Humanity International
International Committee of the Red Cross
International Federation of Red Cross and Red Crescent Societies
International Medical Corps
International Organization for Migration
International Rescue Committee
Kenya Red Cross
Libyan Red Crescent
Mercy Corps
Medecins Sans Frontieres
MSF Logistical Centre Nairobi
Namibia Red Cross
Nigerian Red Cross Society
Norwegian Church Aid
Oxfam UK
People In Aid
Red Cross Society of Côte d’Ivoire
Rwanda Red Cross
Save the Children
Somali Red Crescent Society
Tanzania Red Cross National Society
The South African Red Cross
The Sudanese Red Crescent
The Uganda Red Cross Society
United Nations High Commissioner for Refugees (UNHCR)
United Nations Children's Fund (UNICEF)
United Nations Joint Logistical Centre (UNJLC)
United Nations Office for the Coordination of Humanitarian Affairs (OCHA)
United Nations World Food Programme (WFP)
World Health Organization (WHO)
World Vision International
World Vision USA
Zambia Red Cross Society
Zimbabwe Red Cross Society

Academic Institutions
Columbia University
Dartmouth University
Erasmus University
Georgia Institute of Technology
Georgetown University
Harvard University
INSEAD University
Kenya Institute of Supplies Management
Kenyatta University
Massachusetts Institute of Technology
Social Science Research Council
Stanford University
Tufts University
UC College, London
University of Nairobi
University of Washington
University of Wisconsin
IN THE NEWS

Fritz Institute's work was covered in over 100 media placements with print, online and broadcast media, including Worth, Fortune, Reuters, Voice of America, Chronicle of Philanthropy, Philanthropy News Digest, MPR Future Tense, USAID Frontlines, and Fortune.
FINANCIAL OVERVIEW

For the year ended
November 30, 2004

Total Expenditure
$1,560,000

FRITZ INSTITUTE TEAM

Lynn C. Fritz
director general
Anisya Thomas, Ph.D.
managing director
Mitsuko “Mich” Mizushima
chief logistics officer
John Ford
chief financial officer
Steve Leventhal
director, external relations
Abbas Gullet
director, Africa Initiative
Ivy Cohen
public education advisor
Chris Craig
public education assistant

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