Dear Friends:

The devastating Asian tsunami that took place at the end of 2004 ushered in a new era for disaster relief. The images of destruction and the anguish of families beamed into living rooms around the world evoked an immediate visceral public response. Billions of dollars in supplies and aid were immediately pledged by governments, corporations and individuals, and the humanitarian community sprang into action in one of the most complex relief operations the world had ever seen. Multiple supply chains and all available resources were deployed to the eight most affected countries, and NGOs from around the world flooded in, flush with resources to begin providing relief. In the immediate chaotic aftermath, the best and worst of the international system of humanitarian response became apparent. While epidemics and hunger were largely averted, the lack of coordination among the relief actors, the duplication of resources, the lack of adequate needs assessments and the absence of the voice of the affected in the creation of solutions were some challenges that need to be addressed in the future.

Fritz Institute used the tsunami as a crucible for learning about the dynamics of relief operations. Within weeks of the tsunami, our team went into the field in India, Indonesia, Thailand and Sri Lanka, meeting with our partner agencies, local NGOs, the private sector and the media to collect data that would reveal systemic issues. Upon analyzing our findings, we decided to focus on two areas that would improve the response of the humanitarian community in disasters to come - the creation of a flexible, field-friendly, affordable supply chain technology, and the launch of a comprehensive quantitative study of aid beneficiaries. HELIOS is a state-of-the-art supply chain management software that incorporates the best features of our award-winning Humanitarian Logistics Software (HLS). Lighter, easier to use and much more cost-effective, HELIOS is targeted at small and medium-sized NGOs, providing visibility from the procurement of supplies to their warehousing in the field. The development of HELIOS was launched with a generous grant from Applied Materials, and the beta version of the product is now receiving rave reviews from field testers.

Continuing our quest to understand humanitarian impact, we also launched the largest and most comprehensive survey of tsunami aid recipients in India, Indonesia and Sri Lanka. As an objective, neutral organization, not directly involved in providing aid, we were in a unique position to talk with those who received aid about the quality of their experience with the humanitarian rescue, relief and rehabilitation services that they received. In all we talked with over 4000 families from hundreds of villages, two months and nine months after the disaster. Our reports were widely circulated, cited and quoted and are now beginning to change practice. With our research we were able, for the first time, to view the system of relief from the perspective of its customers. In December we disseminated the results of our research to over 150 NGOs in the region in a conference in Chennai, India that brought together donors, aid agencies, media and the private sector. In 2006, we will continue this line of inquiry with research projects in Pakistan and the US Gulf Coast.

Our logistics and supply chain program also grew in maturity. It is responsible for creating the first ever logistics training and certification initiative that will eventually provide logisticians around the world with training that will allow the use of common systems and vocabu-
lary. This will be critical to coordination and collaboration as well as career mobility. Additionally, our annual humanitarian logistics conference has now evolved into a professional association for the sector.

The capacity building initiative, launched in 2004, achieved significant milestones in 2005 with eleven of the seventeen members of the consortium of African Red Cross and Red Crescent Organizations undergoing the audits for compliance with world-class standards in transparency, accountability and governance. This model of demonstrating the capacity of local organizations by subjecting them to third-party audits is new in the humanitarian sector, and being closely watched.

In this year of disasters, we were confronted time and again with fresh evidence that the challenges to the sector are more formidable than ever. Fritz Institute remains firmly on its path to bring positive change to humanitarian relief by blending private sector approaches, knowledge and humanitarian experience to create solutions to common problems.

Sincerely,

Lynn Fritz
Director General

Anisya Thomas
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, new approaches that can provide better solutions or leverage resources more efficiently are critical. Fritz Institute serves as a catalyst to systemic change in the humanitarian sector by:

- Creating tools, processes and approaches based on private sector practices to enable humanitarian organizations to improve the speed and accuracy of their response to disasters
- Creating metrics for organizational efficiency that enable continuous improvement and the institutionalization of good practice
- Creating reporting that allows donors to distinguish between the effectiveness of various organizations
- Creating communities of practice that enable collaboration between organizations to improve knowledge and share resources
- Creating ways to capture beneficiary perceptions of aid effectiveness, to introduce more accountability to the humanitarian system

Fritz Institute draws on expertise and partnerships with the private sector to identify approaches for improving the back rooms of humanitarian assistance and the academic community to create evidence of effective practice. 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. Similarly, academic resources focusing on the humanitarian sector have been fragmented and disjointed. Engaging the academic community in the creation of an evidence base for humanitarian relief can substantially enhance the professionalism of the sector.
In this year of disasters, the field of humanitarian logistics moved into the public spotlight. To respond to the needs of the millions of people affected by the tsunami, multiple supply chains needed to be simultaneously deployed in distant and disparate locations. The logistics capabilities of relief organizations were stretched to capacity as available logisticians worked around the clock in a race to deliver food, shelter and medical supplies that were pouring in from around the world. Airports were choked with arriving supplies and transportation and warehousing facilities were scarce. As a European Ambassador at a post-tsunami conference said, “We don't need a donors’ conference, we need a logistics conference.” Similarly, within relief organizations there was a growing recognition of the critical role of humanitarian logisticians. The Logistics and Supply Chain program at Fritz Institute focuses on understanding and addressing the challenges faced by humanitarian logisticians in the timely delivery of the right supplies to people in need. In early 2005, under the able leadership of Chief Logistics Officer Mitsuko “Mich” Mizushima, Fritz Institute surveyed over 100 field logisticians from eighteen of the largest humanitarian organizations as they engaged in tsunami relief operations. Our survey, executed in collaboration with KPMG and MIT, highlighted the common problems faced by humanitarian logisticians in major field operations including:

a. Shortage of logistics experts in the field
b. Time-consuming, manual supply chain processes
c. Inadequate assessments and planning
d. Limited collaboration and coordination between relief organizations

Fritz Institute’s Logistics and Supply Chain projects have focused on addressing these issues through the continued development of a logistics community of practice.

A COMMUNITY OF PRACTICE: HUMANITARIAN LOGISTICS

• Humanitarian Logistics Conference
  Geneva, Switzerland, April 2005

Each year Fritz Institute hosts the Humanitarian Logistics Conference (HLC) in Geneva, Switzerland, bringing together logistics professionals from the world’s largest relief organizations. The conference serves as a community of practice for the discussion of emerging trends, common challenges, and collaborative approaches to address them. At the 2005 HLC, with over thirty-two organizations represented, participants spontaneously created and signed a declaration calling for the formation of a humanitarian logistics association with Fritz Institute as its coordinator. The signatories of the resulting Marco Polo Declaration committed to establish an association to serve as a catalyst to enhance professionalization of humanitarian logistics and the recognition of its strategic role in the effective delivery of relief during humanitarian crises.
Marco Polo Declaration

We the undersigned commit to establish an association of humanitarian logistics professionals. As the founding members, we wish to enhance the level of support provided to humanitarian programmes in order to improve the lives of beneficiaries by:

1. Collaborating and communicating effectively with each other
2. Sharing knowledge, best practice and experiences
3. Improving skills and training opportunities
4. Seeking efficiency and effectiveness in our operations
5. Improving accountability and transparency
6. Leveraging public-private partnership
7. Working with and extracting the best learning from academia
8. Soliciting donor support for effective logistics operations
9. Increasing the profile and promoting awareness of the value of humanitarian logistics
10. Supporting our fellow professionals in the field
11. Setting common standards
12. Promoting appropriate use of new technology and information systems
13. Fostering innovation in humanitarian logistics practices
14. Respecting humanitarian principles
15. Training all resources (national and international)

The founding members also wish to strongly emphasize the key role of field logistics practitioners in the successful planning and provision of humanitarian relief and programming.

Coming back to the humanitarian sector after seven years of absence, I see the approach generated by the Fritz HLC as one of the most significant moves during those years, if not the most.

- Gilles Marion, Head of Logistics and Supply
  Oxfam GB
Crossroads Conference
Sebastopol, California, November 2005

Crossroads, also held annually, brings together senior logistics executives from the corporate and humanitarian sector as well as world-renowned supply chain professors to discuss the path forward on public-private partnerships in logistics. The group engages in candid and constructive discussions of the complexities of humanitarian logistics and the impediments to partnerships between the private and humanitarian sectors. This year's Crossroads included representatives from BearingPoint, Microsoft, General Motors, Oxfam, American Red Cross, UNICEF, Dartmouth College and INSEAD University.

Seated (Left to Right):

Standing (Left to Right):

Certification in Humanitarian Logistics: From Product to Reality

Last year Fritz Institute reported that one of the key challenges facing humanitarian organizations was the lack of professional training for humanitarian logisticians. Our research indicated that most humanitarian organizations have their own definitions of logistics and their own logistics training programs impeding collaboration, mobility across organizations and professionalization. During the course of the last two years Fritz Institute partnered with an advisory committee including representatives from eight humanitarian organizations to develop a sector-wide certification program. The standard training program will provide significant benefit to the sector strengthening logistics capacity and serving as an example of successful collaboration.

In 2005, we partnered with the Chartered Institute of Logistics and Transport-UK (CILT-UK) to create a program that can be offered to logisticians around the world at an affordable cost. The first level of this 3-part certification will be piloted in early 2006.
HUMANITARIAN TECHNOLOGY

The Humanitarian Technology program was created to develop flexible, user-friendly technology incorporating private sector best practices to speed the response of humanitarian organizations and provide vital data to develop performance metrics and improved accountability to donors.

The tsunami relief operations provided a rigorous test of Humanitarian Logistics Software (HLS), created by Fritz Institute in collaboration with the International Federation of the Red Cross and Red Crescent Societies (IFRC). The IFRC used award-winning HLS as a core tool in its effort to mobilize and deliver relief supplies in seven countries. HLS was used for a diversity of purposes including the management of multiple modes of transport, from planes and helicopters to trucks and ocean vessels, the coordination of goods donated by multiple donors to multiple countries, and the tracking of supplies from procurement to delivery.

HLS is now entering into the second phase of deployment at the IFRC and is being implemented in their Regional Logistics Centers.

HELIOS

Soon after the tsunami occurred, Fritz Institute received a number of requests for HLS from a variety of humanitarian organizations struggling with tracking and distributing millions of dollars worth of supplies in the affected countries. However, HLS, designed as a headquarters-based system, did not have the flexibility or the cost-effectiveness for timely field deployment. With clear evidence that this was a substantive and significant need across the sector, Fritz Institute, initially funded by Applied Materials, undertook to develop HELIOS to address these needs.

HELIOS, developed in 2005 with extensive input from humanitarian logistics professionals, will be a software solution affordable to small- and medium-sized relief and development organizations. It provides complete visibility across the humanitarian supply chain, from mobilization of goods to the field warehouse.

We used to manage using spreadsheets, and we did not have any standards...It was kind of left to the individual to take the initiative to do things the way he likes in a particular operation. HLS has allowed us to set standards for the whole organization...and contributed to a five-fold efficiency gain.

Sanjiv Jain
Manager, IT Projects IFRC

Banda Aceh, January 2005
HUMANITARIAN IMPACT

The ability to define and measure humanitarian impact in a systematic way is essential to providing operational agencies with the tools to construct theories and methods to support evidence-based humanitarian interventions. In 2005, Fritz Institute has focused its efforts on large-scale quantitative studies of beneficiaries to understand their ground-level perceptions of impact.

TSUNAMI RELIEF BENEFICIARIES SURVEY

In the absence of benchmarks to determine the effectiveness of the tsunami relief operations, Fritz Institute pioneered the first-ever surveys of aid beneficiaries across organizations, countries and time. Over 4000 aid recipients from hundreds of villages in India, Indonesia and Sri Lanka were interviewed about their perceptions of the appropriateness and effectiveness of the aid provided. In so doing, we were able to create a unique record of the damage, loss and assistance from the perspective of those most affected by the tsunami. The results of the surveys were covered in over 150 news outlets around the world and have already begun to change practice. In the future, surveys such as these have the potential to balance the accounting to donors with accountability to beneficiaries – a constant struggle for those engaged in humanitarian relief.

• Performance & Preparedness: Lessons from the Tsunami, Chennai, India, December 2005

On December 15, 2005, nearly one year after the tsunami, Fritz Institute hosted a conference in India to reflect on lessons learned during the rescue, relief and rehabilitation phases. The conference brought together high-level government ministers, aid agencies, the private sector, the media and the beneficiary community. At the conclusion of the event, Fritz Institute recognized several humanitarian organizations that have been identified by aid recipients in the survey as providing excellent service. The event garnered extensive media coverage in English and local-language publications across India.

Your “Lessons from the Tsunami: Top Line Findings” is very impressive. Many of the findings and insights will inform the revision of our training of our Relief Emergency Response Units as we seek to improve participatory assessments, appropriate targeting and distribution with dignity. A big thank you.

-Nan Buzard, Director, International Disaster Response, American Red Cross
The **Capacity Building** initiative was created to test a new model of partnership for effective humanitarian response. The New Partnership for African Red Cross and Red Crescent Societies (NEPARC), formed in August 2004, comprises a network of Red Cross and Red Crescent Societies from fifteen countries in Africa who have pledged to work together and with Fritz Institute to develop and demonstrate world-class capacity to address the growing humanitarian needs on the African continent.

With support from Fritz Institute, NEPARC developed a mission, vision, constitution, and governing board in 2005. Over the course of 2005, NEPARC has received the endorsement of the International Federation of the Red Cross (IFRC) as well as major Red Cross donors.

**Fritz Standard of Humanitarian Excellence**

As a founding member and an enabling partner, Fritz Institute is assisting NEPARC by establishing a system of measurement captured under the **Fritz Standard of Humanitarian Excellence** which measures each Society's capacity relative to established world-class standards. Fritz Institute developed a three-part certification program including a governance, accountability and transparency audit, a program effectiveness audit and an organizational sustainability audit. In 2005, eleven NEPARC member societies have undertaken the governance audit employing the SGS NGO Benchmarking tool. Their participation has prompted new forms of dialogue amongst members, instilled common aspirations and vocabulary and provided opportunities for peer assistance. Both members who gained accreditation as well as those who were unable to gain accreditation are making progress towards addressing weaknesses identified through such activities as holding governance workshops and fostering new forms of dialogue with boards of directors.

**1st Annual NEPARC General Assembly Meeting, Nairobi, Kenya, August 2005**

The General Assembly Meeting brought together NEPARC leaders from across the African continent to discuss the organization's major achievements, challenges and future goals. The meeting received support from the President of the International Federation of the Red Cross. During the meeting, the NEPARC chairman hailed the third-party audits as the most significant achievement for NEPARC in 2005. The meeting presented an opportunity for societies that had already undertaken the audits to share their experiences with the other attendees. The General Assembly concluded that NEPARC membership would be open to all African Red Cross and Red Crescent Societies, but asserted that all new members must subject themselves to the third-party audits.

**FOUNDING MEMBERS**

- Ethiopian Red Cross
- Ivory Coast Red Cross
- Kenya Red Cross
- Libyan Red Crescent
- Namibia Red Cross
- Nigerian Red Cross
- Rwandan Red Cross
- Sierra Leone Red Cross
- Somali Red Crescent
- South African Red Cross
- Sudanese Red Crescent
- Tanzania Red Cross
- Ugandan Red Cross
- Zambia Red Cross
- Zimbabwe Red Cross

H.E. The Vice President of the Republic of Kenya Hon. Dr. A.A. Moody Awori presenting the Fritz Award of Humanitarian Excellence to Paul Birech, President of the Kenya Red Cross.
CORPORATIONS FOR HUMANITY

Corporations for Humanity was created by Fritz Institute to engage the private sector in partnerships with the humanitarian sector. An intermediated model of engagement between the private sector and relief organizations, it provides a mechanism for corporations to engage their core competences to address the back-room challenges of humanitarian agencies.

In 2005, we welcomed twelve Fortune 1000 firms as founding members of this initiative. These members participate by contributing their expertise, time and resources to Fritz Institute's Supply Chain or Technology Councils. Eighty-three percent of the members provided cash contributions, ranging from $5,000 for basic council membership to $250,000 in support of our projects.

RESEARCH REPORTS
1. From Logistics to Supply Chain Management: The Path Forward in the Humanitarian Sector
2. Recipient Perceptions of Aid Effectiveness: Rescue, Relief and Rehabilitation in Tsunami Affected Indonesia, India and Sri Lanka
3. Lessons from the Tsunami: Top Line Findings
4. Survey of Non-Governmental Organizations in India and Sri Lanka
5. Survey of Affected Families in India and Sri Lanka
6. Logistics and the Effective Delivery of Humanitarian Relief

PUBLICATIONS

EVENTS
Georgetown University
Washington, DC, May 2005
The 3rd annual Fritz Institute Lecture on Humanitarian Relief at Georgetown University featured former Secretary of State Madelyn Albright. 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.

IN THE NEWS
Fritz Institute has been featured in over 270 news clips during the course of 2005.

Fritz Institute’s special expertise is in the delivery of humanitarian assistance and it provides the leading edge in logistics for that chain of need. And this is indeed a vital role, because when disaster strikes, help that arrives too late is actually no help at all, and even a few hours can spell the difference between starvation and nourishment, destruction and survival.

- Madeline K. Albright
Former US Secretary of State
PARTNERS AND COLLABORATORS

HUMANITARIAN ORGANIZATIONS

Africare
AirServe International
American Red Cross
British Red Cross
Canadian Red Cross
CARE International
CARE USA
Danish Red Cross
Ethiopian Red Cross
Finnish Red Cross
German Red Cross
Habitat for Humanity International
International Federation of Red Cross and Red Crescent Societies
International Medical Corps
International Rescue Committee
Kenya Red Cross
Libyan Red Crescent
Mercy Corps
Merlin
Mozambique Red Cross
MSF Belgium
MSF Holland
Namibia Red Cross
Netherlands Red Cross
Nigerian Red Cross
Norwegian Church Aid
Norwegian Red Cross
Oxfam America
Oxfam UK
Red Cross Society of Cote d'Ivoire
Save the Children USA
Seychelles Red Cross
Sierra Leone Red Cross
Somali Red Crescent
South African Red Cross
Spanish Red Cross
Sudanese Red Crescent
Swedish Red Cross
Tanzania Red Cross
Uganda Red Cross
United Nations High Commissioner for Refugees (UNHCR)
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
Zimbabwe Red Cross

ACADEMIC INSTITUTIONS

Cranfield University
Dartmouth College
Erasmus University
Georgetown University
Harvard University
INSEAD University
Massachusetts Institute of Technology
Stanford University

CORPORATIONS

Applied Materials
Barclays Bank, India
BearingPoint
Blue Star
Charles Schwab
Coca Cola
Dell Inc.
DHL
General Motors Corporation
Harcourt
Harris Interactive
Heidrick & Struggles
Intel Corporation
IrisLogic
KPMG
Levi Strauss
Microsoft Corporation
Philips Semiconductor
SGS
Varitools

FOUNDATIONS

The Sandler Family Supporting Foundation
The Stanley S. Langendorf Foundation

GOVERNMENT AGENCIES

DFID
USAID
FINANCIAL OVERVIEW

FRITZ INSTITUTE
2005 Financial Overview
For the year ended November 30, 2005

Total Expenditure $2,354,000

* Excluding the value of all in-kind goods and services received, management and general expenditures were 3% of total expenditures.
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

Winnie Ngugi  
Deputy Director, Africa

Vimala Ramalingam  
Director, India

Kassia Queen  
Project Manager

Karen Anduza  
Administrative Assistant

Ivy Cohen  
Public Education Advisor

Chris Craig  
Public Education Assistant

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Director, BBC World Service & Global News, UK