

04 Sep 2003

TOOLS AND TRAINING

## RED CROSS IN MILLION DOLLAR BID TO SHAKE UP LOGISTICS

By Mark H. Jones

**LONDON (AlertNet)** - The International Federation of Red Cross Societies (IFRC) launched a web-based logistics system on Thursday it hopes will mark a watershed in humanitarian logistics and be taken up by other emergency relief non-governmental organisations.

Software developers from the Fritz Institute -- a private foundation financed by former commercial logistics executive Lynn Fritz -- have spent over a million dollars assessing the IFRC's needs and adapting corporate logistics systems to match the complexities of aid operations.

They say the Humanitarian Logistics System (HLS) will tackle the IFRC's worst headaches -- ending the need to put the same information into multiple forms, allowing live budgetary control of an operation and checking the progress of shipments.

More controversially, the new system will also allow donors to track the use of their funds.

Michael Kroon, project manager for the HLS at the IFRC, told AlertNet that pressure on the group's funding and the need to make every dollar count prompted the IFRC to jump at the opportunity to work with Fritz.

"Off-the-shelf packages were either too costly or too complicated to tailor to the different kinds of projects we run which cover (long-term)

development and (short-term) emergencies," he said.

The launch of the HLS comes at a time when there is growing interest in the efficiency of humanitarian logistics as aid agencies face funding constraints and a growing burden of accountability.

New thinking in the industry is chronicled in the latest edition of Forced Migration Review also sponsored by the Fritz Institute.

A series of case studies in the review, a publication of the Oxford-based Refugee Studies Centre, show that relief agencies are, like the IFRC, drawing on private sector expertise for lessons on how to manage supplies.

### LOCAL SUPPLIERS

Among them is the U.N. World Food Programme (WFP), which has worked closely with private sector partners including the Dutch logistics group TPG, formerly known as TNT Post Group.

TPG has designed a "four-corner concept" for the WFP which involves developing strategic response depots to cover the four quarters of the world.

The focus is not on building stockpiles but on "virtual stocking" through long-term agreements with suppliers in the area.



**Earthquake-injured Naresh and grandfather queue for relief supplies in Gujarat in February 2001.**

File photo by KAMAL KISHORE

The concept draws on manufacturers' use of sophisticated "just-in-time" delivery agreements with key suppliers to avoid storage costs and allow rapid changes to specifications.

In general, the role of logisticians and the systems to support them are years behind the private sector, according to several contributors to the Review.

The implication is that if relief organisations place logistics centre-stage they might achieve the kind of savings that prompted the supply-chain

management revolution that has swept through corporate boardrooms over the past two decades

Donald Chalkin, head of logistics at Oxfam GB, identifies the status of his profession as a root problem to be addressed before this can happen.

"Agencies need logisticians with management experience. One of the problems is that individuals -- such as logisticians -- get pigeonholed and it is hard for them to break out into management," he writes.

## WASTED GOODS

George Fenton, logistics manager for WorldVision's Global Rapid Response Team, believes "many relief agencies appear to be at a similar stage in their approach to supply chain management as the commercial sector was in the 1970s and 1980s, when personnel engaged in logistics were underpaid and poorly trained".

Fenton cites WorldVision's work in the Great Lakes area of central Africa as evidence of a new, smarter approach.

Here logistics is the focus of one of four technical groups set up under the auspices of the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) to tackle constraints in distributing aid.

Logistics managers from WorldVision and the IFRC jointly chair bi-monthly meetings of a 17-strong group of agencies.

They are working on ideas including joint supply agreements, clubbing together on charter flights, sharing contingency stocks and jointly refining logistics management packages.

A measure of the potential gains at stake comes from an IFRC paper comparing the Federation's response to the Gujarat earthquake of 2001 and an earthquake in Bangladesh 10 years earlier.

In Bangladesh a staggering 95 per cent of goods received had to be disposed of. In Gujarat this was down to just five per cent.

A simulation of the Gujarat earthquake response showed a 20 to 30 per cent faster response using the new software.

The gains came from less time spent on communications due to the availability of information on the Web and faster ordering using a database of standard goods, back-history of prices and a set of framework supplier agreements.

One feature that humanitarian logistics systems require which is relatively unimportant for the private sector is the ability to support cooperation between agencies.

## GREATER COORDINATION

Oxfam's Donald Chalkin calls for greater coordination within the industry to develop local databases of suppliers within countries and standard specifications.

The point is echoed by WorldVision's Fenton.

"Unless action is taken to rectify current logistical inefficiencies, to improve coordination and to ensure good operating standards, aid organisations will continue to waste millions of dollars," he says.

The relief industry lacks a simple set of logistics standards and is develop-

ing a variety of approaches, systems and software packages.

The WFP's Peter Scott-Bowden sees coordination as a key challenge.

The Fritz Institute/Red Cross HLS aims to tackle the issue of standardisation by creating a common database of suppliers, a standard description of relief goods -- there are 6,000 so far -- and spreading the use of the underlying system through the industry.

The Fritz Institute is offering the software to relief organisations free of charge, which should guarantee a lot of interest.

However, for the system to be effective, humanitarian groups need to make logistics central to their operations.

The IFRC is expecting it to take between two and three years to convince managers of the Federation's national societies of the value of the approach and to then train staff.

For many groups it is this kind of cultural change rather than software that will be the greater challenge.

- 
- A demonstration of the Humanitarian Logistics Software is available on the Fritz Institute website <http://www.fritzinstitute.org>
  - NGOs interested in customising HLS to their needs should contact Wally Lee
  - The September issue of Forced Migration Review is available online at <http://www.fmreview.org/mags1.html>