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TOWARDS A MORE EFFICIENT HUMANITARIAN AID: POOLING LOGISTICS RESOURCES

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SUMMARY

EXECUTIVE SUMMARY

Humanitarian needs are increasing at an alarming rate and international funding is not keeping up. In 2018, 40% of humanitarian needs were not met because of a funding gap of almost 10 billion dollars in humanitarian response plans.[1] **It is more urgent than ever to improve the operational cost effectiveness ratio in order to reach more vulnerable people.**

In 2016, the international community came together at the World Humanitarian Summit (WHS) to look for solutions to this funding gap. Three key and interdependent elements to address the deficit were identified: reducing needs, deepening and broadening funding sources, and improving the efficiency of humanitarian aid.[2] Humanitarian actors pledged to become more effective and efficient in order to react more quickly to crises and better meet the needs of vulnerable populations. **Logistics[3] is the backbone of humanitarian aid, representing 60 to 80% of expenditure and a major starting point for improving operations cost effectiveness.**

Many studies have been carried out since the early 2000s on the need to reform humanitarian logistics. From the reference document published by Luk Van Wassenhove in 2006[4] to more recent studies by NGOs like Action Against Hunger and Humanity & Inclusion in 2017,[5] the same conclusions have been drawn on the importance of investing in the supply chain to increase efficiency. **Aware of the need to complement existing studies, the Réseau Logistique Humanitaire (Humanitarian Logistics Network - RLH) - which brings together around a dozen international humanitarian organisations, represented by their respective directors and logistics managers - proposes specific areas of work orientated towards collaborative practices.**

In 2018, 40% of humanitarian needs were not met because of a funding gap of nearly 10 billion USD.

These areas of work are based on interviews carried out with member organisations of the RLH and other actors such as Atlas Logistique and Bioport to assess logistics operations and current practices. This report is based on an analysis of logistics practices in the humanitarian sector and also considers progress in the private sector, which has put efficiency at the heart of its logistics strategies for a long time. Logistics in the private sector has indeed, for the most part, moved towards the outsourcing and pooling of logistics services, even between competing companies, with the double objective of reducing operational costs and increasing end customer satisfaction levels.

Neither the outsourcing of logistics services nor inter-NGO pooling are sufficiently developed practices in the humanitarian sector. Furthermore, **the limited logistics capacity of the countries where humanitarian interventions are carried out requires more collaboration between organisations to optimise existing resources.** However, some logistics providers are already offering their services in hard-to-reach areas and this has produced clear results. There are also examples of inter-NGO logistics resources pooling, with promising results. By reforming their practices, NGOs can become more efficient and reduce their logistics costs; they can also demonstrate their innovation and development capacities while honouring the commitments of the Grand Bargain.[6]

1 OCHA(2019), *Global Humanitarian Overview 2019*. URL: https://hum-insight.info/
2 High-Level Panel on Humanitarian Financing (2016). *Too important to fail – addressing the humanitarian financing gap.*
3 Humanitarian logistics includes the supply chain with its procurement, supply, transport and warehousing functions; support logistics, with building, fleet, energy and telecommunications management; and operational logistics, whether for reconstruction activities, camp management or water, sanitation and hygiene.
4 Luk N. Van Wassenhove (2006), 'Blackett memorial lecture.Humanitarian Aid Logistics: supply chain management in high gear'. *Journal of the Operational Research Society*,Vol. 57, No 5, p. 475-489.
5 HELP Logistics, KLU, Action Against Hunger (2017). *Supply chain expenditure and preparedness investment opportunities.*
6 Australian Aid at al, *The Grand Bargain– A Shared Commitment to Better Serve People in Need*, Istanbul, Turkey, 23 May 2016

Pooling logistics resources must go beyond the supply chain and should consider in particular the sharing of infrastructure, fleet (vehicles / generators), technical resources and skills. These aspects should not be overlooked especially as the standardisation of management policies, required for an effective pooling, would greatly benefit the humanitarian community.

Extending the use of pooling practices would allow last mile logistics to be optimised and avoid the duplication of costs. Therefore, in coming years, we could see the creation of joint procurement and supply platforms, systematic pooling of transport and storage, as well as shared human resources.

The adoption of best management practices in the logistics chain can lead to savings of over 7% of annual operating costs.[7] Pooling resources could be instrumental here because consolidating needs between organisations enables optimising capacity utilisation, stronger negotiating position and the specialisation of certain tasks. **Considering the total budget of international humanitarian aid reached USD 27.3 billion in 2017,[8] by calculating 7% of the 60 - 80% represented by logistics expenditure, the optimisation of humanitarian logistics would enable savings of between 1.1 and 1.5 billion dollars.** This amount is equivalent to the expected outcome of the implementation of the Grand Bargain.

This optimisation must be reflected throughout the logistics chain, from support logistics to operational logistics, starting with emergency preparedness. **Each dollar invested in preparedness, as a part of disaster risk management, could save seven dollars in emergency response.[9]**

Investing sooner and smarter could also reduce needs and help the community of humanitarian actors as a whole to accomplish more while using fewer resources.

This report recommends **a change in operational strategy, moving from a model of fundraising and using funds to a model of fundraising and optimising these funds.** One key element of this paradigm shift is the focus placed on planning in all areas of humanitarian logistics. In this respect, the question of donor funding is key. If funds are allocated based on anticipation instead of reaction to humanitarian needs, it would allow for a significant reduction in operating costs, and a more flexible and appropriate response to changing conditions in the field. This would also allow for a more strategic approach to emergency response thanks to greater emphasis on planning.

A collaborative approach leads to a sustainable logistics model in the medium term and must involve strong commitment from all partners involved. **Logistics must become strategic** in order to become part of the decision-making process starting from the assessment and programming stages.[10] **It must also become a tool for political reflection**, because the broader the range and geographical coverage of pooled logistics services, the more governance will be a deciding factor in the success of joint initiatives. The governance model will depend on the partner organisations' level of ambition. It may take the form of bilateral or multi-party agreements to make logistics services available or may lead to the creation of a new collective legal structure.

7 Mahyar Eftekhar, Andreas Robotis & Luk N. Van Wassenhove (2010), « Optimal Fleet Trajectory for the Humanitarian Relief Operations », *Operations in Emerging Economies Conference*, Vancouver, 7-10 May. Cité par Alfonso Pedraza-Martinez & Luk N. Van Wassenhove (2012), « Using OR to adapt supply chain management best practices to humanitarian logistics », *International Transactions in Operational Research*, Vol. 19, Issue 1-2, p. 319.

8 Which is broken down into USD 20.7 billion from governments and European institutions and 6.5 billion from the private sector. Out of this amount, almost 14 billion were allocated to humanitarian response plans. See Development Initiatives (2018), *Global Humanitarian Report Assistance 2018*

9 See HELP Logistics, KLU, Action Against Hunger (2017). *Supply chain expenditure and preparedness investment opportunities*; HELP Logistics, KLU, IFRC (2018), *Supply chain expenditure and preparedness investment opportunities*; HELP Logistics, KLU, Save the Children (2018), *Investing in supply chain preparedness.*

10 Rebecca Lewin, Maria Besiou, Jean-Baptiste Lamarche, Stephen Cahill & Sara Guerrero-Garcia (2018),'Delivering in a moving world…looking to our supply chains to meet the increasing scale, cost and complexity of humanitarian needs', *Journal of Humanitarian Logistics and Supply Chain Management*, vol.8, Issue 4, p. 518-532.

INTRODUCTION

There was a gap of over 10 billion dollars (USD) in funding in 2018,[11] with humanitarian response plan funding needs estimated at 24.9 billion. While funds allocated to humanitarian aid doubled between 2009 and 2018, this increase is far from being sufficient to cover humanitarian needs, which has almost tripled in the same period of time. From 27% in 2009, **the funding gap in coverage for response plans today has reached close to 40%.**[12]

In order to increase the efficiency of humanitarian aid and thereby free up human and financial resources to benefit affected populations, thirty donors and humanitarian aid organisation representatives launched the Grand Bargain during the World Humanitarian Summit (WHS) in 2016. In this context, the organisations address the challenge of finding more efficient and cheaper working methods. For years, the objective was to look for more funding and to make humanitarian operations more effective by focusing on improving the quality and speed of aid delivered. What was measured, and is still measured today, was the extent to which an aid activity attained its objectives, i.e. its effectiveness.[13] It is only recently that more attention has been given in logistics to optimise the resources employed to achieve the desired and expected results. **Today, humanitarian logistics is increasingly recognised within the sector as playing a major and vital role in aid**, both in emergency situations and the implementation of medium- and long-term projects.

With its financial weight - estimated between 60 and 80% of all expenditures - and the essential role it plays in reaching the beneficiaries, logistics is the "backbone"[14] of humanitarian aid delivery.

While historically, the humanitarian sector has opted for operational effectiveness, the search for efficiency has been at the heart of logistics strategies in the private sector for several decades.

Companies consider the supply chain a strategic lever used to reduce costs, increase flexibility and, ultimately, improve end customer satisfaction levels. There is a trend towards collaborative practices and logistics in the private sector that has, for the most part, moved towards the outsourcing and pooling of logistics services, even among competing companies. While the sectors are different, humanitarian logistics can use specific concepts and tools that have been developed and tested by the private sector, with the essential condition that they be transposed and adapted to the constraints of the humanitarian sector. For example, it is essential that **factors involved in humanitarian intervention contexts** are taken into account, particularly the environment in which logistics operates: insecurity, transport infrastructure that is often insufficient or unsuitable because of its poor condition, unstable markets, a lack of qualified personnel, unequal access to drinking water and electricity, etc. Notwithstanding these challenges, humanitarian logistics lags far behind the private sector in terms of strategic recognition, innovation and analysis. There is an increasingly pressing need to reform humanitarian logistics practices, with organisations taking them into account from the very moment they formulate strategies.

Logistics is therefore a significant starting point for responding to the challenge of humanitarian funding. **Its optimisation is a crucial step and is essential to successfully reducing humanitarian operation costs, increasing the impact of available resources and improving accountability.** This need for efficiency in logistics, and in particular the supply chain, should still be linked to the effectiveness necessary to quickly meet the needs of affected populations and thus maintain a balance between these different dimensions of humanitarian operations. Consequently, **how can resource utilisation be optimised while maximising the impact of future responses?**

11 OCHA (2019), *Global Humanitarian Overview 2019*.
12 *Ibid.* In 2009, there was already a funding gap of 27%, but this equalled 2.6 billion dollars, which is 4 times less than in 2018.
13 Definition given by the Core Humanitarian Standard (2015), *Norme humanitaire fondamentale de qualité et de redevabilité*, p. 19.
14 Luk N. Van Wassenhove (2006), "Blackett memorial lecture. Humanitarian aid logistics: Supply Chain management in high gear", art. cit., p. 475-489.

THE RLH

The Réseau Logistique Humanitaire (Humanitarian Log istics Network- RLH) is a **consortium** created in 2014. Its main objective is to **optimise humanitarian logistics and improve operational efficiency** by developing a common strategy of resource sharing, advocacy and information sharing.

The RLH currently consists of eleven international humanitarian organisations, represented by their respective directors and logistics managers. It is also a forum for sharing knowledge and best practices concerning humanitarian logistics.

This report by the Réseau Logistique Humanitaire (RLH) is made against this background, building on theoretical and practical advancements that have already been made within the sector. In recent years, many studies have been carried out to explore the issues and challenges facing humanitarian logistics today. In preparation for the 2016 WHS, the Logistics Cluster, in partnership with Kühne Logistics University (KLU), the foundation HELP Logistics and various NGOs published the report *Delivering in a Moving World*,[15] which highlights the importance of logistics, and particularly proper supply chain management, to guarantee effective and efficient humanitarian operations. Several NGOs, including Action Against Hunger, Humanity & Inclusion, Première Urgence Internationale (PUI) and Solidarités International, subsequently carried out studies on their own supply chains in order to implement these recommendations and thereby change their logistics strategies. A number of researchers finally broached the question of efficiency and analysed humanitarian practices to model the potential gains.[16] At an operational level, there are already collaborative practice initiatives in the humanitarian sector, which will provide the foundation for this report.

This report does not claim to be an exhaustive account of the topic: it is **primarily based on the experience, skills and practices of each of the RLH member organisations.** The study is focussed not only on the objective of effectiveness, but also on improving aid's cost effectiveness. It is submitted to the international community as a discussion document, made up of concrete ideas designed to make current logistics practices evolve towards collaboration and pooling, viewed by RLH members as efficiency's main levers. Collaboration encompasses all relationships that are mutually beneficial between two or more actors to achieve common goals;[17] this approach is based on reciprocity among partners, the idea being that both risks and benefits are shared.[18]

Pooling resources is a specific type of collaboration which has been developed over the last ten years.[19] It consists of sharing and coordinating each actor's logistics resources and information. For the purposes of this report, the term 'pooling' refers to a collaborative logistics strategy that is developed between actors at the same level. **The RLH defines it as the implementation of a collaboration between same-level actors that may include the sharing of data, technical or material resources (warehouses, transport means, infrastructure, etc.), human resources and tools (for organisation and decision-making).** It allows the risks to be shared and optimises the costs, in order to improve supply chain efficiency and increase operations' impact for beneficiaries (reactivity, quality, coverage). Pooling resources may or may not be outsourced to a third party. However, no matter what form is adopted, it requires a paradigm shift.

By discussing current challenges and practices, this report suggests concrete ways to meet these challenges and promote good practices. While it is clear that the humanitarian sector must initiate a logistics reform (part I) and move towards pooling (part II), this collaborative approach requires specific implementation methods to work in an optimal manner (part III).

15 Rebecca Lewin, Maria Besiou, Jean-Baptiste Lamarche, Stephen Cahill, and Sara Guerrero-Garcia (2018),"Delivering in a moving world", art. cit.
16 See voir Alfonso Pedraza-Martinez & Luk N. Van Wassenhove (2012), "Using OR to adapt supply chain management best practices to humanitarian logistics", art.cit., p. 307-322 or Liyi Gu, Ilya O. Ryzhov, Mahyar Eftekhar (2018), *The facts on the ground : evaluating humanitarian fleet management policies using simulation*.
17 Paul W. Mattessich & Barbara R. Monsey (1992), "Collaboration: what makes it work. A review of research literature on factors influencing successful collaboration", Amherst H. Wilder Foundation.
18 Ron Ireland & Robert Bruce (2000), "CPFR: only the beginning of collaboration", *Supply Chain Management Review*, Vol. 4, Issue 4, p. 80–88.
19 Pooled supply management is one of the collaborative approaches behind the concept of logistics pooling. It is defined as a supply management model in which several manufacturers commit to making joint deliveries, using the same logistics site and one or several distributors to optimise storage and transport costs. See Mourad Makaci, Paul J. Reaidy, Karine Evrard Samuel, Valérie Botta-Genoulaz, « La mutualisation des entrepôts dans la chaîne logistique : proposition d'un cadre d'analyse », conference paper, May 2014, p. 3.

I- LOGISTICS OPTIMISATION: A RESPONSE TO THE HUMANITARIAN FUNDING GAP

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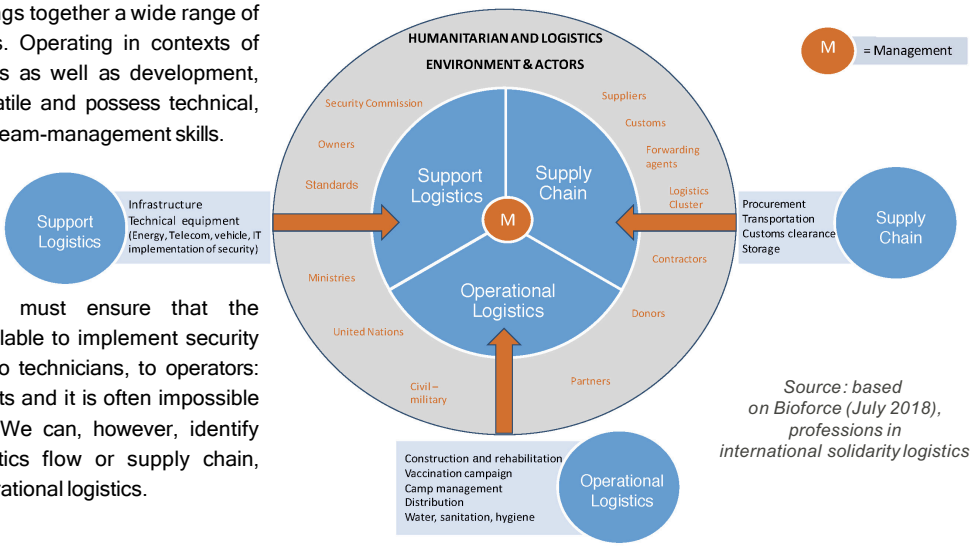
1. THE FINANCIAL WEIGHT OF HUMANITARIAN LOGISTICS: A STRATEGIC ISSUE

It is widely agreed that, **as a whole, humanitarian logistics represents between 60 and 80% of humanitarian expenditure.**[20] This figure has been empirically verified by a number of NGOs in efforts to back it up with irrefutable evidence. Working alongside KLU and HELP Logistics, in 2017, Action Against Hunger launched an applied research project, analysing its six biggest relief operations of the previous 15 years.[21] In the six operations, it was clearly shown that expenditure on logistics ranged between 62% and 79%.[22] Other organisations such as Tearfund and Humanity & Inclusion have carried out similar studies. Following the analysis, it was found that during Tearfund's emergency relief operation in Iraq (2014-15), logistics accounted for 83% of total expenditure; for Humanity & Inclusion's response to the earthquake in Nepal, this figure was 65%.

Humanitarian logistics brings together a wide range of professions and functions. Operating in contexts of emergency and post-crisis as well as development, logisticians must be versatile and possess technical, project-management and team-management skills.



Source: based on Bioforce (July 2018), professions in international solidarity logistics

Furthermore, logisticians must ensure that the necessary means are available to implement security rules.[23] From managers, to technicians, to operators: logisticians wear many hats and it is often impossible to separate these tasks. We can, however, identify three main areas: logistics flow or supply chain, support logistics and operational logistics.

The supply chain brings together four main functions: procurement, supply, transport management and stock management. The supply chain spans everything from the moment a need is formulated in an operation up to the delivery of goods and services to the end recipient. As with a classic project cycle, a continuous 'monitoring/evaluation' process enables the supply chain to be adjusted depending on operational constraints (time, quality, cost), opportunities (resource availability at a national/ international level, local capabilities identified) and challenges faced (importing, transport delays, quality of warehouses and means of transport). When looking at the optimisation of humanitarian logistics, particular attention is often paid to the supply chain because it is here that collaborative practices can lead to the greatest savings.

It is, however, also important to study **the potential savings from optimising the two other areas of logistics, which have been largely overlooked to date: support logistics and operational logistics**.

Support logistics encompasses a number of functions such as the management of motorised fleet, energy, buildings, telecommunication and IT. If we take the example of the motorised fleet,[24] preliminary studies carried out in two of the partner organisations of this study, PUI[25] and Solidarités International[26], found that on average close to 10% of the total budget was spent on this one aspect. Doctors Without Borders (MSF) has placed considerable emphasis on the optimisation of vehicle fleet management and provides a critical view of vehicle fleet renewal, the acquisition of spare parts and purchase versus hiring strategies.[27] By using the cost per kilometre (cost/km) as an indicator of good management, an analysis of the organisation based on 2011 costs showed that MSF managed to reduce its vehicle costs by close to 300,000 euros in 2013. This reduction

20 Luk N. Van Wossenhove (2006), « Blackett memorial lecture », art. cit.
21 Namely the tsunami in Indonesia (2005); conflict in the Central African Republic (2009-2015); earthquake in Haiti (2010); cholera epidemic in Haiti (2010); Ebola crisis in Liberia and Sierra Leone (2013); and earthquakes in Nepal (2015).
22 Action contre la Faim, Help Logistics, KLU (2017), *Supply Chain Expenditure & Preparedness Investment Opportunities in the Humanitarian Context.*
23 Frédéric Chilcott (September 2018), *Field logistician training*, Bioforce.
24 The motorised fleet consists of the fleet of bought or hired vehicles, as well as the generators used to power offices and projects.
25 Log Initiative (2015), *Analyse de la capacité logistique de Première Urgence – Aide Médicale Internationale.*
26 Log Initiative (2014), *Analyse de la capacité logistique de Solidarités International.*
27 MSF OCB (2014), *Politique de gestion du parc de véhicules sur le terrain.*

was possible thanks to the definition of a clear policy and to long-term tracking of the maintenance, use and renewal carried out with dedicated resources.[28]

Operational logistics brings together all those activities linked to operations, such as camp management, construction and rehabilitation works, distribution, etc. According to a 2015 report, humanitarian organisations could save millions of dollars (and reduce carbon emissions, deforestation and violence against women and girls) if solar energy and other clean sources of energy were installed in refugee camps.[29]

2. THE ESSENTIAL ROLE OF LOGISTICS IN THE IMPLEMENTATION OF THE GRAND BARGAIN

The Grand Bargain includes 10 work streams, three of which can be addressed in part by logistics:

- **WORK STREAM 4**
  'Reduce duplication and management costs with periodic functional reviews'
- **WORK STREAM 7**
  'Increase collaborative humanitarian multi-year planning and funding'
- **WORK STREAM 8**
  'Reduce the earmarking of donor contributions'

There is no doubt that logistics has most impact on work stream 4. Indeed, almost all expenditure items linked to structural costs are invested in organisations' logistics teams. The recommendations given[30] suggest focusing on the following topics:

- Transport of goods
- Vehicles and overall fleet management
- Insurance
- IT equipment and services
- Shipment tracking
- Supply of goods
- Consultancy
- Shared services

One-off, ad-hoc initiatives have been launched in a number of countries with the provision of common transport and storage services, covered by partner organisations like Humanity & Inclusion, PUI or Solidarités International.[31]

Work stream 7 puts particular emphasis on the importance of organisations working on flexible, collaborative and multi-year humanitarian response planning. Organisation consortiums proposing integrated projects should develop these further over the coming years. This would limit the number of interlocutors but would also make the operating procedures of organisations implementing projects more complex. **If the logistics sector could see to the collaborative work and standardisation of procedures, practices and tools linked to the supply chain, this would facilitate consortium project deployment while dramatically reducing supply chain duplication costs.**

Lastly, work stream 8 focuses on reducing earmarked funding, which would mean a shift away from a perspective of project-by-project operations, while at the same time increasing the percentage of funding allocated to emergency responses, preparation for emergencies and forgotten crises. On this point, **close collaboration between the logistics and operational departments is essential in order to decide on the correct location and size of stockpiles used to respond to emergencies in an effective and coordinated manner.**

The signatories of the Grand Bargain represent almost 90% of international humanitarian donors and over 70% of the humanitarian aid organisations' budget. It is hoped that the implementation of the Grand Bargain will lead to savings of at least one billion dollars by 2021. Yet it must be recalled that the expenditure in humanitarian logistics represents between 60 and 80% of the cost of humanitarian operations. Considering the fact that, according to some researchers, adapting best practices in supply chain management, such as predicting demand, pooling motorised fleets and the standardisation of the supply chain may lead to savings of over 7% of annual operating costs,[32] logistics appears to be a key entry point for addressing the funding gap and renewing aid practices. Indeed, **considering the total budget of international humanitarian aid reached 27.3 billion dollars in 2017, by calculating 7% of the 60 to 80% that represents logistics expenditure, the optimisation of humanitarian logistics would enable savings of between 1.1 and 1.5 billion dollars. This amount is equal to the what is hoped from the implementation of the Grand Bargain.**

28 MSF (July 2018), *Indicateurs du parc motorisé MSF*.
29 Glada Lahn & Owen Grafham (2015), *Heat, Light and Power for Refugees: Saving Lives, Reducing Costs*, Chatham House Report for Moving Energy Initiative 2015.
30 ICVA (2017), "The Grand Bargain: Everything you need to know".
31 See part II of this report for a detailed analysis of these initiatives.
32 Broken down into USD 20.7 billion from governments and European institutions and 6.5 billion from the private sector. Out of this amount, almost 14 billion were allocated as part of humanitarian response plans. See Development Initiatives (2018), *Global Humanitarian Report Assistance 2018*.

3. THE IMPORTANT ROLE OF LOGISTICS IN EMERGENCY RESPONSE EFFICIENCY

Today, all actors in the sector are aware of the importance of logistics for an optimal deployment of humanitarian operations, whether this be in the strengthening of surge capacity[33] or emergency preparedness. Emergency preparedness refers to the capacity of actors, whether they are international, national or local, government, non-governmental or private, to anticipate and react effectively to the impact of probable, imminent or current dangers, events or conditions. Preparedness improves the speed and quality of the aid provided and can also increase the cost effectiveness of emergency action and ensure that limited resources are focused where they will have the greatest impact.[34] While most humanitarian funds are traditionally provided after a disaster, the report Delivering in a moving world underlines the fact that investment in emergency preparedness is a powerful lever for improvement.

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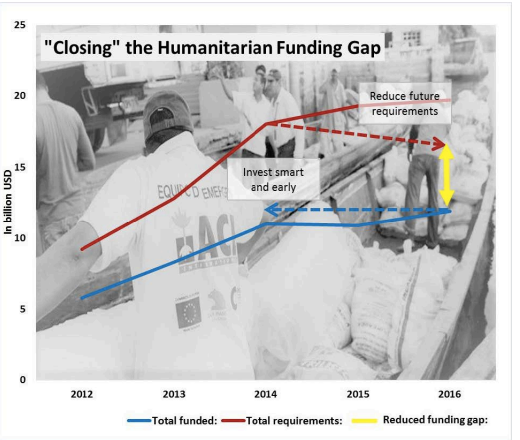
A UNDP 2012 STUDY[35] ANALYSING THE RESILIENCE OF COUNTRIES EXPOSED TO DISASTERS STATES THAT EVERY DOLLAR SPENT REDUCING PEOPLE'S VULNERABILITY TO DISASTERS BEFORE THEY STRIKE SAVES SEVEN DOLLARS IN THE EMERGENCY RESPONSE

A study carried out by KLU and HELP logistics focused on the above ratio and developed an analysis tool that could be used to compare, in a pre-defined emergency preparedness framework, scenarios with and without investments in the following areas: personnel, IT processes, pre-positioning of contingency stocks, supplier management and local actors. In the case of the Haiti earthquake, the model showed that if Action Against Hunger hadinvested €115,000 approximately one year and two months before the disaster,it would have been possible to save €938,000 in total, which equals 42% of total expenditure.[36] Similarly, in the case of the Nepal earthquake, 39% of total expenditure could have been saved by an investment of €39,000 two months before the disaster.

By examining the considerable potential that these results suggest, **the humanitarian community should take into account the fact that seeking more money is not the only way to bridge the funding gap. Investing sooner and smarter reduces needs and helps the community of humanitarian actors as a whole to accomplish more while using fewer resources.**

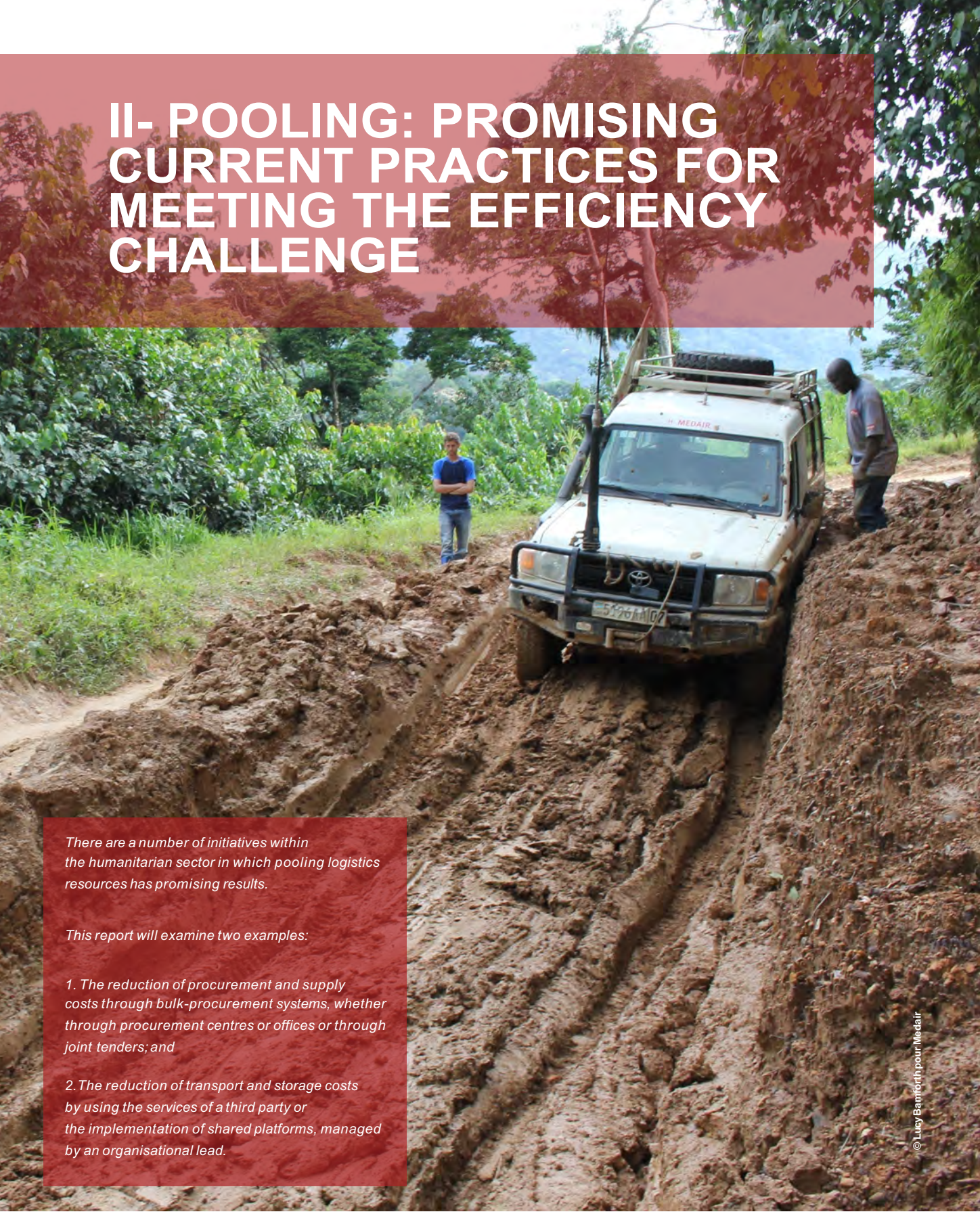


Source: Action contre la Faim, Help Logistics, KLU (2017). Supply Chain Expenditure & Preparedness Investment Opportunities in the Humanitarian Context

Investing in emergency preparedness means prioritising investment in the pre-positioning of contingency stocks and relying on local actors. It is therefore an **opportunity to operate within the New Way of Working (NWoW) and Nexus frameworks.** At the WHS, the humanitarian community pledged to better meet populations' immediate humanitarian needs, by reinforcing collaborative work, over a multi-year period (3-5 years).[37] By changing their way of working, humanitarian and development actors would thereby participate in the creation of the nexus, by allowing the emergency and development supply chain to be linked. In this way, responses to prolonged or chronic crises, which are often triggered in fragile states or those facing development issues, would be improved. For example, organisations would also profit by simultaneously pooling resources, which would contribute to a greater effectiveness and reactivity in operations. Organisations would be able to rely on each other's expertise according to the comparative advantages of each of them (if one actor is better placed to act, has the capacity and greater expertise to meet the needs and contribute to the reduction of risks and vulnerability), avoid duplications and therefore expand aid programme coverage.

33 See CHS Alliance–Start Network (2017), The future of humanitarian surge – Learning from the transforming surge capacity project 2015-2018. Surge capacity is defined as the ability of organisations, communities and individuals in crisis to rapidly and effectively respond to the needs of affected populations through improved local preparedness, collaborative effort and the scaling up and down of responses.
34 Humanitarian Response, "What is preparedness ?".
35 UNDP (2012), *Putting Resilience at the Heart of Development : Investing in Prevention and Resilient Recovery.*
36 Action contre la Faim, Help Logistics, KLU (2017), *Supply Chain Expenditure & Preparedness Investment Opportunities in the Humanitarian Context, op.cit.*, p. iii.
37 World Humanitarian Summit (June 2016), *Transcending humanitarian-development divides. Changing People's Lives: From Delivering Aid to Ending Need*, Commitment to action.

II- POOLING: PROMISING CURRENT PRACTICES FOR MEETING THE EFFICIENCY CHALLENGE



There are a number of initiatives within the humanitarian sector in which pooling logistics resources has promising results.

This report will examine two examples:

1. The reduction of procurement and supply costs through bulk-procurement systems, whether through procurement centres or offices or through joint tenders; and

2. The reduction of transport and storage costs by using the services of a third party or the implementation of shared platforms, managed by an organisational lead.

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1. REDUCING PROCUREMENT AND SUPPLY COSTS THROUGH BULK-PROCUREMENT SYSTEMS

The main factors that encourage businesses to collaborate are the search to optimise costs and the service provided to the customer. By joining together, businesses can consolidate their needs and thereby obtain better negotiating power for service prices. A group of SMEs can thereby benefit from the same logistics resources as big market players, benefiting from competitive advantages and developing new markets. The main difficulty faced by businesses is finding partners that share the same objectives, the same project vision and that are able to coordinate their actions and decisions within the time frame required.

While the motivating factors are similar in the humanitarian sector, there are fewerrisks, theoretically, as the humanitarian sector shares the same objective to act in the public interest and is intrinsically non-profit. Developing grouped procurement and supply centres would make several things possible. Negotiating power would be increased by consolidating the needs of a number of organisations; supply costs and delays would be reduced; and it would save time for headquarters thanks to order pooling.

There are some examples of collaborative practices today, with the opening of certain organisations' procurement centres to other humanitarian actors. For instance, this has been the case with procurement centres being recognised by the European Commission-ECHO as "Humanitarian Procurement Centres" (HPC).[38] This recognition allows humanitarian actors to obtain supplies from these centres without having to use competitive procedures, as this is done by the centre (and monitored by ECHO).

Unfortunately, while organisations find these services useful, only ECHO recognises the "HPC" nature of these centres. Also, *"there is only a small number of humanitarian procurement centres (HPC) or humanitarian donation centres (HDC) currently capable of providing humanitarian organisations with custom solutions and offering cross-cutting support throughout supply chains (international, regional, national and local supply)."*[39] In order for procurement centres to be able to meet the needs of different actors in the humanitarian sector, it is necessary that they be prequalified by all large aid donors and that they develop their capacities in order to serve more actors.

In the longer term, an optimal solution would be the creation of groups of NGOs pooling their procurement without each one having to go through an external service. This vision would require certain prerequisites such as the development of a catalogue of common products and the standardisation of procedures[40] to be able to then issue joint tenders and negotiate on larger volumes, benefiting from economies of scale. If we look at RLH members, for example, 5 out of the 10 members taking part in the study have an annual procurement volume of 1.5 - 2 million euros of medicines/medical products, and the same main suppliers. **An inter-organisational centralisation of the procurement of certain types of more complex technical items, such as medicines, would create economies of scale and lighten the overall workload.** If we assume that 10% can be saved in logistics by pooling procurement and delivery among five organisations, the savings would be close to 650,000 euros. There would be a 12-day reduction in delivery time, which currently stands at 4 months, and a human resources saving equivalent to one full-time position, equalling almost 40,000 euros. While separate contracts would be set up during a first stage, the following step could be the establishment of a single contract and the development of a joint procurement and supply centre. This pooling would limit the dependence of NGOs on their suppliers, whether HPCs or not. The HPCs often offer a guarantee of quality, but at a high price.

38 European Commission, *Humanitarian Procurement Centres*,

39 Original quote: *"A ce jour, il n'existe que très peu decentrales humanitaires d'achat (HPC) ou de donation (HDC)30 capables d'apporter aux organisations humanitaires des solutions sur mesure et de proposer un support transversal sur l'ensemble de leurs chaînes d'approvisionnement (approvisionnement international, régional, national et local)"* in Pierre Boulet-Desbareau (mai 2014), « Logistique d'urgence humanitaire : revue critique des dix dernières années », p. 12.

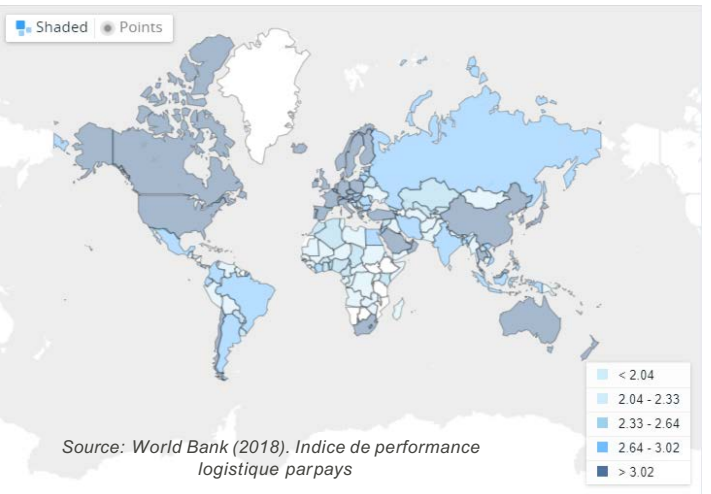
40 This is the objective of Action Against Hunger's tool LINK, for example. See part 3 of this report.

UN agencies are also studying this point with a view to implementing the recommendations of the Grand Bargain. The High-Level Committee on Management (HLCM) Procurement Network launched a project titled "Collaborative Procurement of High-Value Commodities" to analyse the footprint of UN agencies in terms of procurement and develop recommendations on opportunities for collaborative procurement projects. Eighteen UN organisations joined the project, representing over 95% of the total UN system expenditure. Two product categories emerged as having a high savings potential: IT equipment and generators. **If the recommendations were put in place by all the agencies involved, estimated savings would come to USD 3.71 million and USD 2.6 million respectively, equalling a total of 6.31 million dollars for these two categories alone.**[41]

2. REDUCING TRANSPORT AND STORAGE COSTS

a. USING THIRD PARTY STRUCTURES

The countries in which humanitarian organisations intervene (in emergencies) often have limited logistics capacity, import constraints and delays, high levels of corruption and fraud, and low levels of training for national staff. The map opposite[42] shows logistics performance levels by country on a scale of 1 to 5 (1=low,5=high).



Source: World Bank (2018). Indice de performance logistique par pays

These levels are calculated using 6 key indicators:[43]

- Infrastructure (roads, ports, railways)
- Customs procedures and times
- Delivery punctuality
- Costs of shipping goods
- Tracking and tracing goods
- Logistic services quality

It is very clear that the Sahel, the Horn of Africa and Central Africa, which are the areas where humanitarian organisations are widely deployed, show particularly low levels of logistics performance.

The private sector is very advanced in the development of logistics providers and the first ones were created in the 1990s[44] to meet the growing and increasingly complex needs of goods distribution. There are many different logistics providers(Geodis, Bolloré Logistics, DHL, Kuehne Nagel, etc.) that offer services including transport, transit or warehousing management. After analysing the private sector, the benefits and risks of using an external logistics provider would appear to be:

- ✓ Reduction of costs
- ✓ Increase in service rate
- ✓ Focus on core business
- ✗ Lack of flexibility of the provider
- ✗ Risk of increased costs if the stakes of the service are poorly defined

There is a **clear need for more collaboration between organisations to optimise existing resources in countries where humanitarian interventions are carried out and where there is limited logistics capacity.** And yet, the outsourcing of logistics services is still not common practice in the humanitarian sector. Faced with this situation, some specialist humanitarian logistics providers have been created that offer services such as transport, transit and warehousing management. Shown below are some of the best-known:

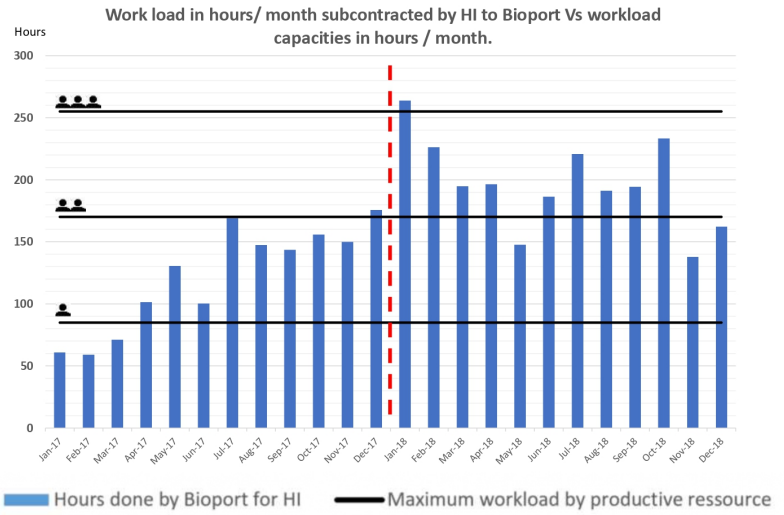
WFP UNHRD Humanitarian Response Depot — atlas logistique — BIOPORT votre logistique solidaire — WFP UNHAS Humanitarian Air Service — croix-rouge insertion FONDÉ PAR LA CROIX ROUGE FRANÇAISE

41 Alexander Blecken & Stephen Ingles (February 2018), *Collaborative Procurement of High-Value Commodities – Phase II*, summary report – final, HLCM Procurement Network.
42 World Bank (2018), *Indice de performance logistique par pays.*
43 World Bank (2017), *Connecting to compete – Trade Logistics in the Global Economy.*
44 Tatsuya Kimura (1998), *The Emergence of Third Party Logistics*, NLI Research Institute, Tokyo, Japan.

The example of Atlas Logistique in the Central African Republic (CAR)

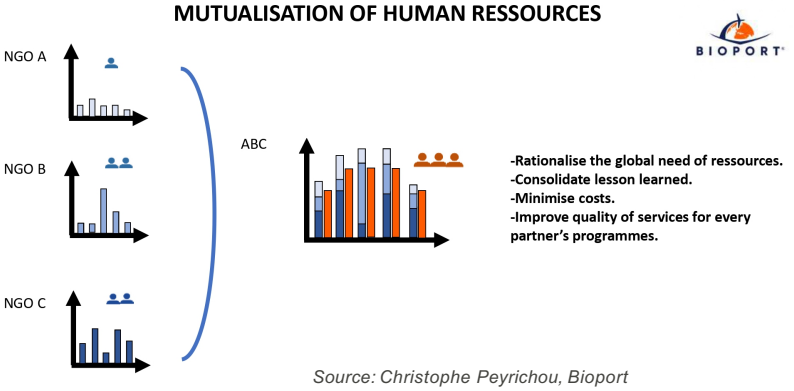
This logistics provider was created by Humanity & Inclusion (formerly named Handicap International) in 1991. One of the countries in which it intervenes is the Central African Republic (CAR) where roads are poor, a factor that slows the delivery of humanitarian aid to vulnerable populations. Atlas Logistique suggested pooling road vehicles to optimise organisations' costs and means by outsourcing their needs. An initial analysis carried out by the provider made it possible to evaluate the savings by NGO partners with the destination of Bambari. Using data provided by 4 NGOs on the route from Bangui to Bambari, savings linked to negotiation and pooling were estimated by Atlas Logistique at 37%, which means that 37% of donors' funding was saved on the transport budget for this destination.[45] After a three-month analysis, pooling also resulted in a stabilisation and standardisation of price per kilometre in the region as a result of having a single price negotiator. Outsourcing also allowed human resources to be optimised, by assigning a dedicated expert to a task; in this particular case, transport management and negotiation.

The pooling of human resources is also beneficial for the organisational headquarters, as shown by this capitalisation study done by the association Bioport on its collaboration with Humanity & Inclusion:



Update: 19/02/2019
By: C Peyrichou (Bioport)

Source: Christophe Peyrichou, Bioport



Source: Christophe Peyrichou, Bioport

The Bioport association provides NGOs with a team specialising in international logistics operations (sourcing, operations, handling and storage). Partners are invoiced for the actual time worked to cover the cost, which allows resources to be streamlined. Capitalising information also means better service quality can be ensured for all partners.

45 Atlas Logistique, *Gain monétaire projet CERF.*

With regard to existing benefits and risks in the private sector, the loss of control over the overall process remains a risk to be considered by NGOs. However, the risk of efficiency loss or potential extra costs is lessened, as logistics providers are specialists that have been founded by NGOs and possess in-depth knowledge of the intervention contexts. In this last example, the risks were further mitigated because the Bioport association is a shared structure and members can join its board of directors.

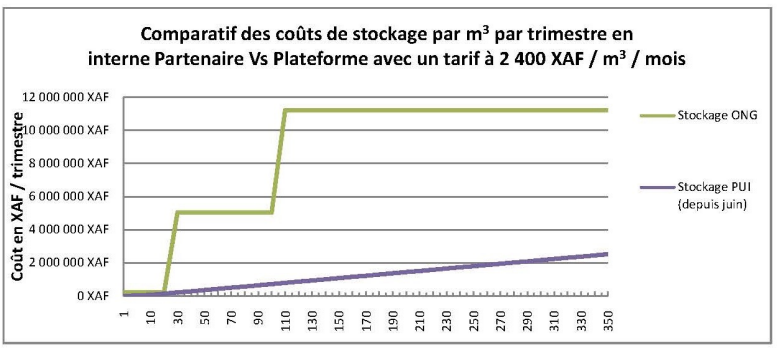
b. USING POOLED PLATFORMS

Transport and warehousing are the two most-developed forms of logistics resources pooling at an academic and professional level. In recent years, a number of logistics chain actors have implemented pooled warehouses to reduce their logistics costs and improve transport efficiency. Several studies examine pooled warehousing in the private sector on a strategic and tactical level,[46] but few of them analyse it on an operational level. In the private sector, the results of these projects are expressed in terms of reducing costs, improving the service rate, increasing delivery frequencies and cutting CO2 emissions. In terms of management, in most of these projects researchers and professionals consider that the presence of a third-party logistics (3PL) provider is one of the success factors for the pooled logistics approach.[47] Overall, pooling offers the following benefits and risks:

- Optimisation of available resources
- Sharing of know-how and skills
- Expansion of scope of influence
- Better cost control
- Lack of trust between organisations
- Unequal involvement by organisations
- Unequal treatment of organisations
- More focus on own interests

In the humanitarian sector**, a number of pooling platforms are effective in the field.** One example is those developed by PUI in the Central African Republic (CAR) and in Nigeria. Since May 2013, PUI has been providing support to 21 NGOs in CAR through the management of a logistics platform that was initially financed by ECHO but has been developing towards a cost-recovery system since 2016 in order to secure a lasting structure.

This platform was created to mitigate the lack of accessible and secure storage areas in Bangui. It offers a number of services including warehousing, handling, monitoring/evaluation, training and diagnosis. A 2016 study on the cost-recovery strategy compared storage costs per m3 per quarter for internal management by partners versus the use of the platform, with the rate established at XAF 2,400 per m3 per month.[48]



Source: Matthieu Lacourt (2016), Audit de fonctionnement et revue de la stratégie de recouvrement des coûts

46 See René Leitner, Felix Meizer, Margarethe Prochazka & W. Sihn (2011), "Structural concepts for horizontal cooperation to increase efficiency in logistics", *CIRP Journal of Manufacturing Science and Technology*, Vol. 4, Issue 3, p. 332–337. A study of the key factors of pooling among logistics network actors and the anticipated benefits.

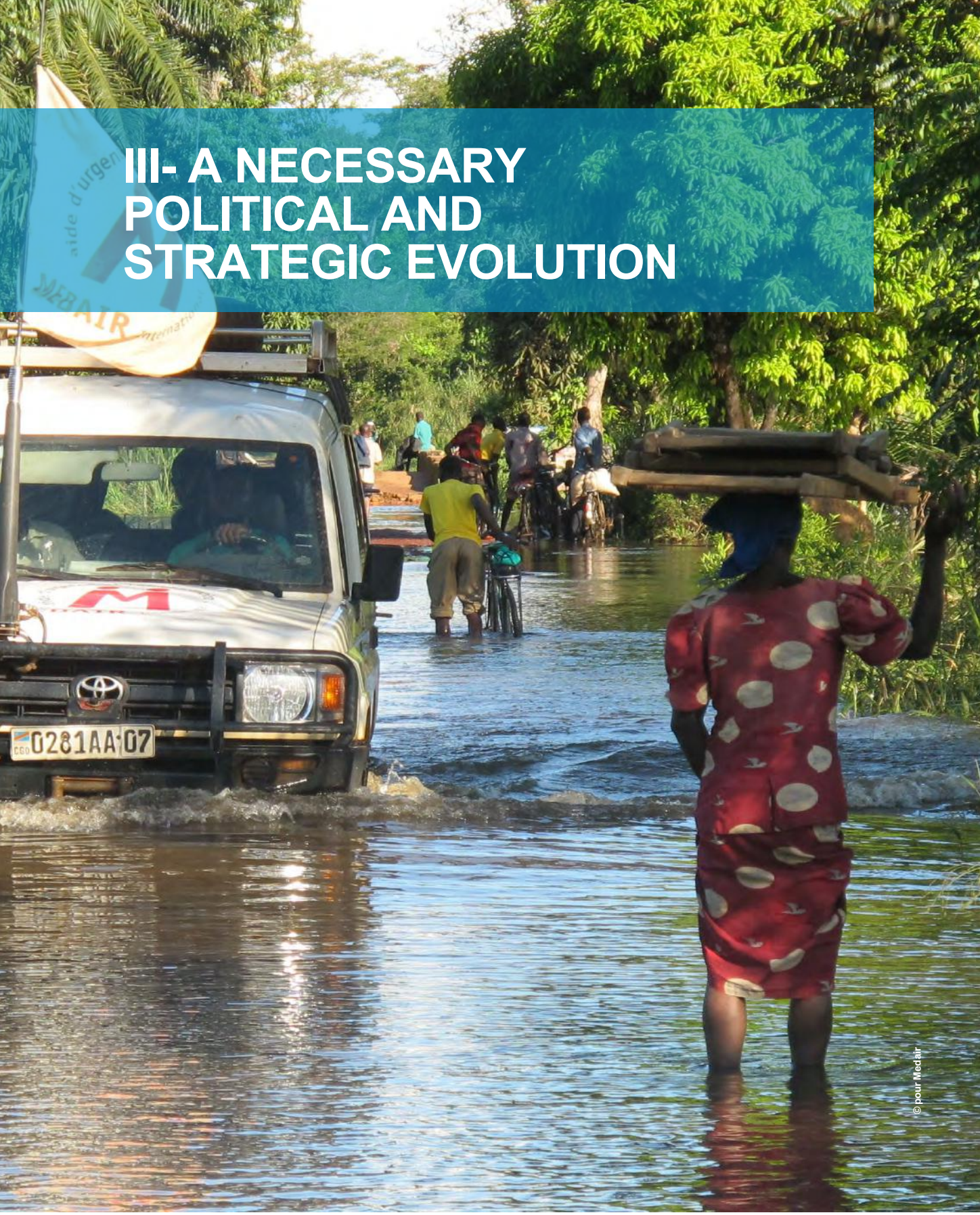
47 See Mark Barratt (2004), "Understanding the meaning of collaboration in the supply chain", *Supply Chain Management: An International Journal*, Vol. 9, Issue 1, p. 30–42 ; Virginie Hiesse (2009), "L'intermédiation du PSL dans les canaux de distribution : quels schémas logistiques émergents ?", *Logistique & Management*, Vol. 17, Issue 2, p. 29–4048

48 Matthieu Lacourt (2016), *Audit de fonctionnement et revue de la stratégie de recouvrement des coûts*, on behalf of PUI, Logistics Cluster, ECHO.

The development of pooled platforms managed by the organisations rather than a third party has great potential, financially, but also in terms of the quality and speed of aid provided, through last mile optimisation. While logistics providers are mainly deployed in areas where there is a high concentration of actors associated with high logistic vulnerability, the NGOs can come together in any intervention area and particularly in remote areas and forgotten crises where clusters and logistics providers are not present. **These groupings would ideally create a network of operational areas making last mile optimisation possible by overcoming areas' logistical vulnerability while avoiding a duplication of costs.** By developing approaches by crisis, rather than by country and mission, like the Great Lakes, the Sahel, etc., it is also possible to consider more regional pooled platform approaches.

These different collaborative practices are a step in the right direction, and it is essential to encourage and promote their development. In light of the examples already developed, **the optimal solution to maintain control over the overall process appears to be using non-outsourced pooling**; in other words, for it to be managed by a group of NGOs. This could be done with or without the framework of a shared dedicated structure like an Economic Interest Group (Groupement d'Intérêt Économique - GIE) or association, that would share the governance and decision-making. It would also be beneficial to consider the vertical connection potential of these horizontal collaboration practices starting now; that is, between different levels of the logistics chain. This would mean that in the CAR, a pooling of resources between services coordinated by PUI for storage and Atlas Logistique for transport, would make it possible to offer a more 'complete' service to the humanitarian community and to optimise structural costs for the two organisations involved.

III- A NECESSARY POLITICAL AND STRATEGIC EVOLUTION



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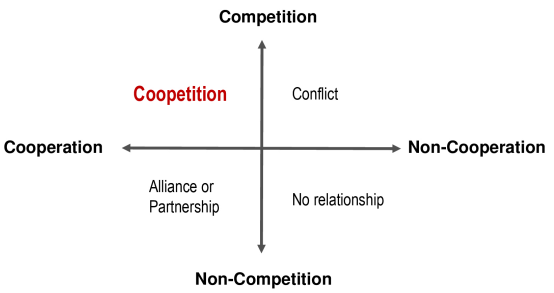
1. ADOPTING A STRATEGIC VISION WITHIN EACH ORGANISATION AND AMONG ORGANISATIONS

Using pooling to optimise logistics is something that has mainly been driven by the private sector and its results have been clear: not only does it improve costeffectiveness, but it also boosts effectiveness itself and service speed. The humanitarian sector has a huge margin for improvement, lagging significantly behind in terms of analysis and collaborative practices in comparison to the private sector. **As early as 2005, the Fritz Institute revealed that humanitarian logistics was lagging some twenty years behind the private sector**.[49] The main challenges identified at the time were: a lack of recognition of the importance of logistics; a lack of professional staff and institutional learning; underuse of technology; and limited collaboration. While humanitarian organisations have made progress, the reform is ongoing and different actors are at different levels. The lines of development recommended in 2005 remain the same today in 2019:

- Use data collection and analysis mechanisms for supply chain data
- Strengthen and systematise network working
- Identify and test supply chain consolidation initiatives
- Improve collaboration among actors to limit task duplication
- Work together to optimise the use of logistics resources and limit costs
- Draw on logistics' cross-cutting nature to promote coordination among humanitarian actors

Both internally, within each NGO, and externally, between multiple NGOs, an understanding of pooling and all collaborative practices as the expression of a strategy and a vision is key. **Collaborative approaches lead to a sustainable logistics model in the medium term and must have a strong commitment from all partners involved.** It is therefore essential to understand pooling as the expression of a strategy that must be reflected at all decision-making levels within each organisation. Indeed, operational decisions in particular, whether they be made during emergencies or during the planning of a more long-term project, remain the trigger of humanitarian logistics. **Logistics must therefore become strategic, in order to become part of operational decisions starting with need and programming evaluation phases, in order to size supply chains and emergency preparedness in an appropriate and efficient way.** In particular, this would allow for better support-cost control, while reducing the environmental footprint.[50]

This is also **a key opportunity for organisations to move away from silos and to create dialogue between them.** The humanitarian aid sector is a competitive sector. Organisations compete with each other for limited funding while needs continue to rise. However, they also compete for human resources because of the limited number of logistics experts available in the sector.



Source: Julien Granata & Pierre Marquès (2014), coopétition : s'allier à ses concurrents pour gagner

While some levels of competition are important in order to preserve the diversity of actors and approaches and maintain a dynamic of continuous improvement within the sector, it is also imperative that collaborative practices be developed simultaneously in order to make logistics more efficient. This dual behaviour of "**co-opetition**",[51] with organisations recognising the competition that exists between them, but nonetheless pooling resources and knowledge, seems to be the best lever for serving general interests. On this point, logistics networks are crucial, because they can formulate, promote, and even implement this inter-NGO, strategic vision of co- opetition.

49 Anisya S.Thomas & Laura Rock Kopczak (2005), *From Logistics to Supply Chain Management – The path forward in the humanitarian sector*, Fritz Institute.
50 *Ibid.*, p.11
51 Neologism popularised by Nalebuff et Brandenburger. See Barry Nalebuff & Adam Brandenburger (1996), *La co-opétition, une révolution dans la manière de jouer concurrence et coopération*, Paris, Village Mondial ; Barry Nalebuff & Adam Brandenburger (1997), « Co-opetition: Competitive and cooperative business strategies for the digital economy », *Strategy & Leadership*, Vol. 25, No 6, pp. 28-35.

2. DEVELOPING AND STANDARDISING CLEAR MANAGEMENT POLICIES

Using the example of support logistics, out of the study's partner organisations only a few have dedicated 'headquarters' human resources for support logistics and have developed management policies in this area, which does, however, represent a significant percentage of the operations budget. Motorised fleet management, for example, has been the focus of a number of academic studies. Concerns mainly focus on the fact that fleets are oversized and dilapidated, that they are not standardised, and their availability is uncertain. For example, researchers proposed standardising fleets in 2010. According to them, programmes in the field would particularly benefit from a standardised management of vehicle life cycle, in terms of the speed of intervention and reduction of operational costs.[52]

The ICRC, for example, adopted a renewal policy of 5 years or 150,000 km which favours optimised vehicle fleet management, particularly thanks to the resale of vehicles: the resale is done locally or in the region and the average price of a Land Cruiser is 20,000 euros.[53] The adoption of clear renewal policies should be promoted in all organisations, because there is minimal benefit to keeping dilapidated vehicles which are expensive due to their high maintenance costs and petrol consumption and low resale value. For many organisations, this management is very complicated, and many do not know the precise number of vehicles they own. Currently, very few organisations have the reliable data and indicators necessary to carry out a detailed analysis of this nature.

This is also the case for other support logistics components, such as energy or IT management. The impacts of poor energy management can be extremely damaging, such as in the case of an electrical fire in a warehouse. In 2011, 50 tons of medicine went up in smoke following a short circuit in Kinshasa (DRC).[54] Aside from the devastating impact on the country, some USD 525,000 in losses were recorded. In 2017, the central pharmacy in Guinea was destroyed by a fire.[55] Unfortunately, these are not isolated cases; fires of a similar nature occurred in previous years in the offices and warehouses of humanitarian organisations in Chad and the Central African Republic. Even more serious, some organisations' personnel have died because of faulty or unprotected electrical circuits.

A significant problem in the humanitarian sector is the lack of a definition of clear management policies, notably because of the lack of data and analyses. Data are generally only used for auditing and accountability purposes, but their analysis should be used to guide and inform organisations' policy and strategic decisions. To mitigate the risks mentioned above and optimise costs, NGOs would benefit from pooling their resources to work on defining common management policies.

3. STANDARDISING DATA AND TOOLS

In the humanitarian sector today, technical standards and norms have been developed, such as those defined by the project Sphere or internally by organisations. These enable the definition of internal performance indicators, which can then be used to guarantee service quality.[56] The objective of the Sphere standards is to facilitate disaster response. They include a common agreement between humanitarian agencies on the specifications of elements that are frequently used in disaster management (tents, blankets, water buckets, plastic tarpaulins, etc.) **By facilitating traceability, these standards promote accountability and transparency both towards beneficiaries and donors.**

52 Alfonso Pedraza-Martinez & Luk N. Van Wassenhove (2012), "Using OR to adapt supply chain management best practices to humanitarian logistics", art.cit., p. 311-314.
53 MSF-OCP (juillet 2018), *Gestion de parc motorisé, bilan 2017*.
54 *Jeune Afrique* (2011), « RDC : 50 tonnes de médicaments partent en fumée à Kinshasa ».
55 *Guinée 360* (2017), « Guinée : D'importants produits pharmaceutiques détruits par un incendie à la Pharmacie centrale de Guinée ».
56 A. Obrecht & S. Bourne (2018), *Making humanitarian response more flexible. Challenges and questions*, ALNAP Background Paper, London : ALNAP/ODI.

In the private sector, standards have become a strategic management tool for businesses to increase their competitive advantage.[57] In the humanitarian sector, however, they can facilitate a collaborative approach. Establishing standards is a necessary step to make sure that all products and services provided are compatible with each other and that they function with those provided by other organisations. This step ensures compatibility between organisations. This interoperability objective is crucial to be able to generalise pooling practices and create cross-sector, inter-organisational and international compatibility.[58] Some initiatives are working on the minimum logistics standards such as the PARCELProject,[59] an inter-agency initiative aiming to enhance local partners'capacity in humanitarian logistics. This consortium project developed a set of minimum standards in supply and logistics, reflecting best practices within the sector, and training materials to disseminate them.

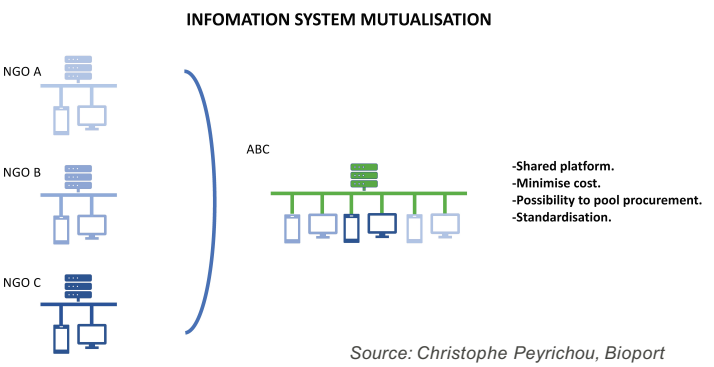
Standardisation activities should therefore be focused on standards that promote cooperation and collaboration; in particular, emphasis should be placed on the definition of common procedures and practices that help organisations collect and share information. It is important to find a minimum common ground that will enable cross-sector/cross-border cooperation in periods of crisis. Progress has been made in the standardisation of certain specific products. However, there has still not been a rigorous review of humanitarian organisations' logistic chain tasks to define a set of benchmark procedures.[60] During WHS preparations, the High-Level Panel highlighted the current impossibility of tracing financing or money from beginning to end, from the donors to those in need. According to a 2015 Oxfam study, *"beyond WFP and UNHCR … the other agencies do not systematically collect data on the volume or share of their expenditure that partner organisations implement, and UN and DAC humanitarian funding tracking systems do not include reporting beyond the first-level recipient."*[61] Yet this systematic collection of data is essential to the optimal operation of a logistics chain.

Data management and sharing, supply chain digitalisation

Action Against Hunger's tool, **LINK**:

Action Against Hunger has created and implemented LINK, **a new logistics information system for use in the field, aimed at improving the visibility of the logistics chain, rationalising processes and reducing costs.** This tool was designed for end users in the field, as 90% of purchases are carried out at a local level and 80% of the information flow is generated at site level. Consisting of just one catalogue shared by all missions, this system has already led to time and money savings. Indeed, thanks to the immediate access to the product catalogue and lists of suppliers and prices that it provides, the decision-making and validation processes are significantly accelerated. All data are included in the system, which allows real-time monitoring from order to delivery. It also reduces the amount of fraud and waste throughout the logistics chain.

Today, this tool is shared with Humanity & Inclusion and Medair, with the medium-term objective of establishing it as an inter-NGO platform with SaaS (software as a service) architecture, managed by the platform and supported by all members. The objectives are to arrive at cost sharing for user support and tool maintenance, data sharing to optimise logistics practices, and the development of shared services.



Source: Christophe Peyrichou, Bioport

57 ResiStand, *A critical evaluation of standardisation as a tool for improving preparedness, crisis management and disaster resilience with recommendations for future development and actions*, June 2017,p. 17.
58 *Ibid.*
59 The Partner Capacity Enhancement in Logistics (PARCEL) Project. Available at: https://parcelproject.org
60 Alexander Blecken, *Humanitarian logistics : modelling supply chain processes of humanitarian organisations*, thèse, Berne : Haupt Publisher, 2010.
61 Tara R. Gingerich & Marc Cohen (2015), *Turning the Humanitarian System on Its Head: Saving lives and livelihoods by strengthening local capacity and shifting leadership to local actors*, Oxfam America, p.78.

This standardisation of data and tools is also of interest when it comes to **training human resources in logistics**.[62] Training institutions like Bioforce encourage the use of pooling in human resources training in order to develop, together with the NGOs, training that is more effective and adapted to the needs of all organisations concerned. Training based on standardised practices and tools would improve the operational status of logisticians who would be able to move from one organisation to another with ease. By creating regional pools of logisticians, organisations would be able to reduce gaps in programmes and optimise the recruitment process. In Bangui for example, 46 international NGOs employ at least 2 to 3 logisticians per year. It would thus be possible to train groups of about 100 logisticians with the required profiles and skills who would then be at the disposal of the entire humanitarian community.

4. IMPROVING PLANNING

Ultimately, collecting, sharing and analysing organisations' data allows for informed decisions and paves the way for better planning of operations and needs. In other words, it facilitates a development towards the adoption of more effective and efficient strategies. **What is suggested in this report is a change in operational frameworks, moving from a model of fundraising and using funds to a model of fundraising and optimising these funds**. One key element in this paradigm shift is the focus on planning in all areas of humanitarian logistics: procurement and supply; transport; motorised fleet, energy and building management; etc. Thus, instead of operating when the need and emergency are already present, planning (within which emergency preparedness is an important aspect) would enable both better reactivity and a dramatic reduction of costs. Currently, NGOs have a very limited vision of the future. The objective would be to increase this outlook to 12 months, to forecast the main bulk of preparations, which could be pooled, and then adjust orders according to emergencies.

In this respect, the question of donor funding is key. Indeed, despite the recommendations of the Grand Bargain, *"recent years have seen a rise in the use of earmarked grants, where an ever-increasing percentage channelled through direct grants to individual agencies has dwarfed other modalities such as pooled funds and core funding."*[63] This has a clear impact in the field, with organisations often finding themselves unable to adjust their programmes and operations to the realities in the field without encountering approval processes that may take months, and then having to follow programmes whose effectiveness, let alone efficiency, is suboptimal. Even the most flexible arrangements generally only allow small amounts of cost transfer between budget items and do not allow transfers between sectors.[64]

The WFP has consequently estimated that an increase in multi-year funding would allow its costs to be cut by a third, by almost 99 million dollars, thanks to improvement in procurement practices.[65] Multi-year funds would also cut inefficiencies in aspects linked to responses, such as procurement, transport, warehousing and recruitment.[66] If funds were allocated in anticipation of rather than in reaction to needs, it would allow for a significant reduction in operating costs, a quicker, more flexible and more appropriate response to changing conditions in the field, and a more strategic approach to emergencies thanks to planning. The foreseeability of funding would allow more strategic partnerships to be developed and costs to be reduced thanks to long-term investments, while also facilitating the shared or dedicated pre-positioning of stocks and the pooling of orders. On this matter, some recent studies are very promising as donors such as ECHO are not only promoting and investing in emergency preparedness, but are explicitly expecting their partners to work together on joint logistics efforts, to improve impact and efficiency.[67] It is even proposed that ECHO invests in further research on *"the potential for extending common pipelines for emergency relief supplies, joint procurement, joint prepositioning, and joint capacity development of local organisations."*[68]

62 From another angle, standardising data could also help researchers identifying standards and best practices across organisations; they could therefore more easily develop individual recommendations to help them improve their practices.
63 Abby Stoddard, Lydia Poole, Glyn Taylor and Barnaby Willitts-King, with Shoaib Jillani & Alan Potter (December 2017), *Efficiency and inefficiency in humanitarian financing*, USAID, p.5.
64 A. Obrecht & S.Bourne (2018), *Making humanitarian response more flexible. Challenges and questions*, art. cit., p. 35.
65 Courtenay Cabot-Venton (2013), *Value for Money of Multi-year Approaches to Humanitarian Funding*, p.3.
66 Barnaby Willitts-King, Roshni Assomull, John Bryant, Clare McCartney, Tej Dhami and Dominic Llewellyn with Sarah Adamczyk (January 2019), *New financing partnerships for humanitarian impact,* HPG commissioned report, p. 18.
67 Simon Lawry-White et al., (December 2018), *Evaluation of Humanitarian Logistics in the European Commission's Civil Protection and Humanitarian Aid Operations, 2013–2017*, commissioned by DG ECHO, p. 3.
68 *Ibid.*, p.6.

CONCLUSION

Inter-organisational pooling of logistics resources appears to be the most appropriate model for the humanitarian sector and has clear advantages: by reforming their practices, NGOs can become more efficient and reduce their logistics costs; they demonstrate their ability to innovate and evolve, while respecting the commitments of the Grand Bargain. Optimising humanitarian logistics is a way of meeting today's challenges (particularly the funding gap), renewing donorstrust and anticipating developments in the humanitarian system.

Pooling is also **an opportunity for organisations to work with a proactive approach to social responsibility**.[69] By pooling transport and warehouses in particular, organisations can reduce their environmental impact and the economic footprint of their activities. The development of common management policies like the optimisation of data collection and sharing would also allow the humanitarian community to increase its positive impact and limit any negative impacts, while meeting donors' growing demands in this regard.

"The Réseau Logistique Humanitaire promotes logistics resources pooling as the best lever for serving the public interest, in a framework of co-opetition"

While member organisations recognise the competition existing between their structures, they are simultaneously committed to working together to prioritise efficiency and optimisation in order to carry out high-quality operations.

Informal pooling can consist of exchanging information or practices. In the other hand, the broader the range of logistics services and their geographical coverage, the more governance systems will be critical to the success of mutualisation. The governance model will therefore depend on the partner organisations' level of ambition. It could take the form of bilateral agreements for service provision (like the current case of pooled platforms) or it could lead to the creation of a new collective legal structure (similar to an Economic Interest Group), association or a worker cooperative.

"The logistics of the future is one that is shared among organisations"

Whatever form it takes, logistics of the future is a logistics that is not specific to, but rather shared among, organisations; a logistics that takes the comparative advantages of each actor into account to avoid duplications and expand the coverage of aid programmes. It is a logistics that has the means to anticipate crises and to respond to them better thanks to emergency preparedness. It will also be more efficient thanks to the pooling of procurement, transport and warehousing, but also technical expertise in terms of both IT systems and management policies.

69 Definition from standard ISO 26000: *"responsibility of an organisation for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour"*.

RECOMMENDATION

The Réseau Logistique Humanitaire calls on the international community to promote pooling and proposes the following recommendations:

To RLH member organisations

- The highest level of governance of each organisation must commit to implementing collaboration practices. In order to achieve this, it is essential that these organisations pledge to implement the following points by 2021:
    - o Share their inventories of pre-positioned, un-earmarked stock to make it available to other members and recover costs.
    - o Pool at least 35% of product sheets with 4 organisations.
    - o Carry out joint tendering with at least 5 organisations to consolidate purchase volumes and attain a more attractive price.
    - o Share the same logistics information system with at least 3 organisations.
    - o Share technical expertise with at least 3 organisations to develop common management policies.
    - o Share the same light vehicle fleet at several intervention sites with at least 3 organisations.
    - o Share warehouses and other buildings at several intervention sites.
    - o Submit at least one pooled logistics project to a donor as a consortium (for example, the funding of a shared warehouse or a shared logistics information system).

To NGOs and civil society organisations

- Promote and participate in the development of logistics networks on several levels:
    - o At an international level, to create discussion forums and share best pooling practices.
    - o At a local level to bring together relevant actors before the emergence of a crisis and improve emergency preparedness coordination.
- Systematically integrate logistics and take this point into account when making strategic decisions for the development of the organisation in question.
- Integrate logistics (supply chain, support and operational) into the process from the moment a need is formulated, particularly the possibility of developing collaborative practices.
- Support the development of and adopt common tools for collecting and sharing data.
- Analyse logistics practices in order to make informed strategic organisational decisions and improve medium and long-term planning.
- Develop clear management policies for support logistics: motorised fleet, energy, IT, etc.
- Standardise the material used in support logistics to create favourable conditions for interoperability.

To logistics networks

- Promote collaboration and resources pooling as good practices to implement. In order to do this, it is essential for logistics networks to:
    - Develop pooled procurement and supply strategies.
    - Develop common material standards to create favourable conditions for interoperability.
    - Develop common tools and indicators to foster data collection and processing, and thus facilitate decision making and accountability.
- Make every effort to break down organisational silos between logistics and operations departments, with the specific objective of developing and implementing preparedness work.
- Map logistics actors in common intervention countries to improve reactivity in emergencies and identify the comparative advantages of each actor.
- Start comparative studies to inform partner organisations' decision-making and policies.
- Encourage potential private partners to provide pro bono services, meeting the logistics needs of humanitarian actors present onsite.

To donors, in line with the commitments made in the framework of the Grand Bargain

- Increase the percentage of multi-year, un-earmarked investments, particularly for pre-positioned emergency stocks and for disaster risk preparedness activities.
- Invest in logistics pooling projects.
- Invest in the development of common logistics management tools and indicators to encourage collaborative practices and the simplification of logistics chain management.
- Give greater recognition to the humanitarian procurement centre (HPC) status of procurement centres to accelerate procurement procedures and enable organisations to better react to emergencies.

To governments

- Guarantee the population unconditional access to basic services, and humanitarian actors access to the populations.
- Guarantee the neutrality of humanitarian logistics chains.
- Maintain conditions of delivering aid to victims that are in accordance with humanitarian principles, including the importing of basic needs that are not available in the country.
- Respect and promote respect for international humanitarian law.

To the Logistics Cluster

- Promote and support existing pooling projects in humanitarian operations so that they can benefit the greatest number of actors.
- Promote pooling projects within the humanitarian system, in particular with other clusters and with donors.
- Increase collaboration with all humanitarian logistics actors to create strategies linked to the resilience of basic needs markets.

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