

HUMANITARIAN IMPLEMENTATION PLAN (HIP) LOGISTICS POLICY

AMOUNT: EUR 7 960 000

The present Humanitarian Implementation Plan (HIP) was prepared on the basis of financing decision ECHO/WWD/BUD/2023/01000 (Worldwide Decision) and the related General Guidelines for Operational Priorities on Humanitarian Aid. The purpose of the HIP and its annexes¹ is to serve as a communication tool for DG ECHO²'s partners and to assist in the preparation of their proposals. The provisions of the Worldwide Decision and the General Conditions of the Agreement with the European Commission shall take precedence over the provisions in this document.

0. Major changes since previous version of the HIP

First Modification as of 13 July 2023

Following a transfer agreement signed between France and DG ECHO to support the Logistics Policy HIP, a contribution of EUR 960 000 from France is added as externally assigned revenues, modifying the total amount of the HIP.

1. CONTEXT

Humanitarian needs are increasing at a faster rate than humanitarian funding allocations, resulting in a growing number of needs left unmet across the globe. Therefore, the need to reach people in crisis and deliver aid in a timely fashion whilst reducing costs has never been more pressing. One area that is key to this is the humanitarian supply chain as it accounts for 60-80%³ of humanitarian aid spending⁴. Significant opportunities exist to make this area more effective and efficient, allowing more people to be helped in a way that better meets their needs. Humanitarian logistics is life-saving, getting help to those who need it. Improvements mean aid reaching more people more quickly, in more remote areas, more safely.

Recognising this, in 2022, DG ECHO launched its Humanitarian Logistics Policy⁵ (referred to as the Logistics Policy henceforth). In line with the European Consensus on

¹ Technical annex and thematic policies annex.

² Directorate-General for European Civil Protection and Humanitarian Aid Operations (ECHO).

³ Various studies, including: Van Wassenhove, L. N. (2006). Blackett Memorial Lecture, Humanitarian Aid Logistics: Supply Chain Management in a High Gear, *The Journal of the Operational Research Society*, 57(5), 475–489; and Action Contre la Faim – ACF France, *Supply Chain Expenditure & Preparedness Investment Opportunities in the Humanitarian Context*, 2017; Stumpf, J., Besiou, M., Wakolbinger, T, *Assessing the value of supply chain management in the humanitarian context – An evidence-based research approach* (accepted for publication in the *Journal of Humanitarian Logistics and Supply Chain Management*).

⁴ When the whole supply chain is considered from procurement to the last point of delivery in the field.

⁵ https://ec.europa.eu/echo/files/policies/sectoral/humanitarian_logistics_thematic_policy_document_en.pdf

Humanitarian Aid⁶, the principal objective of the Logistics Policy is to save and preserve life by improving the efficiency and effectiveness of humanitarian operations. The Logistics Policy recognises that logistics is cross-sectoral and the backbone of every humanitarian operation due to its core role in humanitarian aid response actions. As well as lifesaving considerations like access, humanitarian logistics is also a key element in other areas such as reducing environmental impact and supporting localisation.

Overall, the Logistics Policy promotes a paradigm shift in humanitarian logistics towards the more strategic approach that is needed to unlock these significant opportunities for efficiency and effectiveness gains. In practical terms, this more strategic approach means:

- Considering logistics throughout the entire project cycle, including at project inception.
- Allocating sufficient, qualified staff to logistics functions.
- Cooperating with other humanitarian actors by sharing information and pooling resources.
- Testing and using new technologies, including digital technologies, to support delivery of aid and share information about supply chains.

In particular, **joint approaches** such as **common services**, **shared services** or **joint procurement** are key to achieving efficiency and effectiveness gains. This requires humanitarian actors to collaborate instead of having parallel supply chains with individual warehousing, transport, or procurement solutions (despite having the same or similar requirements).

To support this paradigm shift, DG ECHO is dedicating part of its budget to support strategic initiatives in the area of humanitarian logistics. These initiatives can be global, regional, or at country level⁷ but must contribute towards the vision set out by the Humanitarian Logistics Policy of system wide change.

The focus is on initiatives to encourage this shift which, competing with so many other immediate needs, would otherwise struggle to receive funding or would not have the same systemic impact without a dedicated budget, and which are complementary to DG ECHO's geographic funding envelopes. DG ECHO's ambition is that the initiatives funded will demonstrate the added value of these approaches, increase adoption and systematic inclusion in future, and create a multiplying effect.

The intention is for this support, which will focus on **joint approaches** in particular, to be divided between:

- 1) **Global strategic initiatives** i.e., tools and approaches that can be used and deployed anywhere around the world that are intended to make humanitarian logistics more effective and efficient, and;

⁶ Joint Statement by the Council and the Representatives of the Governments of the Member States meeting within the Council, the European Parliament and the European Commission (OJ C 25, 30.1.2008, p. 1).

⁷ DG ECHO will also support innovative approaches to the supply chain, particularly (but not limited to) technical and digital, via the 2023 Enhanced Response Capacity HIP.

2) Regional and/or country specific projects that are more tailored to specific contexts, especially more operational projects which result in a joint approach between actors in a given region, country, or at sub-country level.

2. HUMANITARIAN NEEDS

Given the strain on humanitarian financing, it is imperative to ensure funding is used in the most effective and efficient way possible. The significant opportunities for greater efficiency and effectiveness in humanitarian logistics through a more strategic way of working and joint approaches have the potential to support this in a way that has a positive impact across all areas. However, humanitarian logistics is often seen as a back-office function, or not as life-saving as other areas. This means that when there is competition among key areas for resources that are already stretched, it can be seen as a low-priority area, or even an area where cuts can be made.

Moreover, in a response situation, insufficient consideration of the humanitarian supply chain can lead to delays to assistance, as multiple actors try to use the same procurement, transport and warehousing solutions. This can lead to high prices and services not being directed to the areas of highest need. Lack of consideration of customs and administrative procedures beforehand can also cause delays and other issues. As well as response, logistics can be a key element of preparedness efforts. Logistics should be considered throughout the project cycle including as part of the risk-informed approach set out in the DG ECHO Guidance Note on Disaster Preparedness⁸.

A more strategic approach is needed because logistics is not yet consistently taken into consideration throughout the whole humanitarian project cycle, which could address some of these shortcomings. There is a need to revise procedures and practices to ensure that the logistics dimension is systematically and coherently integrated in all steps of humanitarian programming, from needs and risk assessments to strategies and evaluations.

Eight areas that are key to moving to a more strategic way of working are set out in Annex 1 (Framework for Operations) of the Logistics Policy⁹, the first of which is¹⁰:

1. **Joint approaches:** The need for joint approaches is the main focus for support under this HIP in 2023. Joint approaches mainly take the form of: (i) common services (where one specialised provider offers a consolidated logistics service such as transport or warehousing to other humanitarian actors); (ii) shared services (where humanitarian actors responding to a crisis will share capacity,

⁸ https://civil-protection-humanitarian-aid.ec.europa.eu/document/download/13015e8b-acaf-4d8a-b665-d2aab142c97b_en?filename=dg_echo_guidance_note_-_disaster_preparedness_en.pdf

⁹ DG ECHO will also publish Operational Guidelines on humanitarian logistics which will be available on the DG ECHO website, which builds on Annex 1. Once published, these should also be used as a reference.

¹⁰ The order in which these appear in Annex 1 of the Logistics Policy has been modified to present joint approaches as the first point. All eight key areas are arguably interrelated, and all can constitute part of and contribute to a more strategic overall approach. However, DG ECHO considers that joint approaches as a priority in 2023, noting that the other seven points are important to optimising the efficiency and effectiveness of joint approaches, though there may be initiatives in these other seven areas that can increase efficiency and effectiveness outside of joint approaches.

e.g., if one has spare warehouse capacity); or (iii) joint procurement. They are overarching and seen as key to allow funding to go further to assist more beneficiaries in ways that better meet their needs.

The further seven key areas, which can be addressed separately, but should ideally be taken into account when **joint approaches** are being implemented, are:

2. **Staffing:** Ensuring appropriate staffing on logistics, with expertise in this area consulted at all stages of project conceptualisation and implementation.
3. **Planning and monitoring:** Conducting assessments and mapping of resource and logistical needs.
4. **Procurement:** Considering sources for items, taking into account existing stocks, looking at prepositioning of items, joint procurement possibilities, and sustainable and local solutions.
5. **Warehousing and transport:** Looking at requirements, including shared solutions, and having appropriate management of all aspects.
6. **Customs and other administrative requirements:** Making sure these are anticipated and properly navigated.
7. **Greening:** The harmful effects on the environment resulting from the supply, production and transportation of humanitarian products and services should be addressed and minimised through coordinated efforts with suppliers and transportation partners. Preference should be given to purchases, distribution, and use of environmentally sustainable items, reducing and optimising secondary and tertiary packaging, avoiding procuring single-use items, and favouring products with greater durability and high recycled content. Right-sized procurement should be ensured, also by employing reverse logistics principles, and reducing air shipments as much as possible.
8. **Humanitarian-development-peace nexus approach:** Possible opportunities for humanitarian-development-peace nexus approaches related to logistics should be considered, for example in areas such as localisation, transport infrastructure, or disaster preparedness.

It should also be noted that sufficient quality assurance is essential when it comes to procurement, distribution and warehousing of goods, especially when it comes to medical supplies.

Though the above approaches are already being used, they are being done in an ad-hoc, non-systematic way. In part this is due to traditional funding structures not incentivising more strategic solutions, especially early planning of logistics and cross organisational approaches as funding is often for individual, stand-alone projects. In order for a paradigm shift to occur, an environment needs to be created in which the opportunities and mechanisms for better humanitarian logistics are encouraged and supported.

Therefore, in 2023, funding to support the Logistics Policy will focus on support to **joint approaches** and the above mentioned additional seven key strategic areas, to strengthen initiatives that are in line with this approach and send a clear signal of DG ECHO's support for this shift. 'Joint approaches' are seen as a key focus, as they are crucial to efficiency and effectiveness savings – however, the other seven areas should be taken into account for any project on joint approaches.

The main beneficiaries will be humanitarian organisations with (or working on the improvement of) supply chains/logistics/transport into third countries affected by humanitarian crises.

Through these effectiveness gains and efficiency savings, and the intended paradigm shift the initiatives funded under this HIP are intended to encourage and support, at least several million people in need of assistance will benefit indirectly.

Support to global strategic initiatives

There are many areas of opportunity for the improvement of humanitarian logistics, as set out in the Humanitarian Logistics Policy. There is an increasing recognition in the humanitarian aid community of the benefits of working in a more collaborative way with joint approaches regarding the humanitarian supply chain. Although there are some initiatives taking place in this area, there is not yet the reflex to do so in a systematic way, which needs to start from senior level within an organisation to be most effective and incorporated into organisational strategy and at the earliest stages of planning, with appropriate logistics staffing.

Regional and/or country specific projects

In many contexts, several humanitarian actors on the ground often have parallel supply chains or parts thereof. Organisations often have individual warehousing, transport (for cargo and for humanitarian workers), last mile delivery, and local procurement, where joint approaches could reap significant benefits. Although joint approaches to logistics resources are more effective and efficient, humanitarian actors setting up their own individual supply chains are the rule rather than the exception within the humanitarian community. There is a need for humanitarian actors to work together on finding joint solutions, for example analysing where their supply chains overlap and to what degree they can work together on procurement, transport, warehousing, etc. This can lead to solutions that would otherwise not be explored or possible, e.g., use of water transport, or sharing of vehicle fleets. The Humanitarian Logistics Policy encourages that this is done as early as possible.

3. HUMANITARIAN RESPONSE AND COORDINATION

Although the critical mass to trigger a paradigm shift in humanitarian logistics has not yet been reached, there are many highly experienced and competent humanitarian actors that have been considering these issues in detail for a long time and have been developing solutions. However, as mentioned, when a crisis occurs, humanitarian actors still frequently do not coordinate on their humanitarian supply chains, meaning that there can be a duplication of efforts, or difficulty in procuring items, transport or warehousing etc. as there is competition for these. Prices can increase dramatically if supply is limited. This can mean that the limited resources available in terms of the supply chain may not be used to assist to the areas of highest need, or that delays can occur in delivering assistance. Often there are issues related to customs or administrative procedures.

The Global Logistics Cluster (GLC), hosted by the World Food Programme, is the most recognised body working on addressing issues in this area. It coordinates and liaises between humanitarian actors to support and inform operational decision-making

processes, with the overarching aim of advancing the predictability, timeliness and efficiency of the humanitarian emergency response.

The Logistics Cluster can be activated at country level to facilitate coordination between its members to address some of the above issues. It organises and chairs coordination meetings to streamline activities, avoid duplication of efforts and ensure the optimal use of resources. The Logistics Cluster ConOps provides a full overview in a given context of active operations and current activities. However, the Logistics Cluster is not activated in all humanitarian response contexts. In this case, coordination between humanitarian actors often takes place via informal channels. The Logistics Cluster can also act as a provider of transport and warehousing common services.

Support to global strategic initiatives

Many humanitarian organisations are working towards greater efficiency and effectiveness of the humanitarian supply chain, and significant research has been done to establish firm arguments for greater collaboration and joint approaches. Harmonisation, collection and pooling of data is also an area that is moving forward under a number of initiatives, with the end goal of being able to make better decisions through better forecasting. However, the wider adoption and operationalisation of these ways of working has not yet taken place. Training courses such as those offered by the Global Logistics Cluster are working towards the further professionalisation of humanitarian logistics. Significant academic research has also been done to prove the benefits of a more strategic and structured approach to humanitarian logistics.

Regional and/or country specific projects

Although in many contexts, humanitarian actors on the ground often have parallel supply chains or parts thereof, there is an increasing recognition that joint approaches to activities such as procurement, warehousing, and transport are key to achieving efficiency and effectiveness gains. There are a number of ad-hoc regional and country level projects that have shown these benefits in a concrete way. For example, these kinds of projects can share transport and storage solutions between humanitarian organisations in order to optimise the transport of humanitarian material to affected areas. This can reduce costs, increase the speed of intervention, and help the humanitarian community reach hard to access areas. Moreover, training and support to, e.g., transporters and drivers can contribute to building local capacities, increasing acceptance and access management, and supporting long-term development.

4. HUMANITARIAN – DEVELOPMENT – PEACE NEXUS

Humanitarian logistics and its use to respond to an emergency within a country is intrinsically linked to the logistics capacity and infrastructure of that country. Any initiatives or response should take this into account.

The Humanitarian Logistics Policy highlights the importance of supporting local markets and local capacity building. There should be sufficient communication between humanitarian and development actors to share important information and ensure consistency in response in areas such as localisation, transport infrastructure, or disaster preparedness.

5. ENVISAGED DG ECHO RESPONSE AND EXPECTED RESULTS OF HUMANITARIAN AID INTERVENTIONS

5.1 Envisaged DG ECHO response

In response to the need for more strategic and joint approaches to humanitarian logistics, set out in the Logistics Policy, DG ECHO will make specific funding available in 2023 to support progress in these areas, as set out below.

In particular, joint approaches such as common services, (where one specialised provider offers a consolidated logistics service such as transport or warehousing to other humanitarian actors), shared services (where humanitarian actors responding to a crisis will share capacity, e.g., if one has spare warehouse capacity) or joint procurement are considered key to achieving efficiency and effectiveness gains, and are the main area ECHO intends to support.

As any projects supported are intended to improve practice, proposals should include an emphasis on evaluation and lessons learnt, as well as their dissemination to the wider-humanitarian community, including via training.

Support to global strategic initiatives

In 2023 this support to global strategic initiatives, i.e., tools and approaches that can be used and deployed anywhere around the world, will focus on achieving growth in the use of joint initiatives (especially common services, shared services, and joint procurement). In particular, initiatives that provide a structure within which humanitarian actors can meet, share information and resources, discuss and agree on joint solutions, and also operationalise these are especially encouraged.

Proposals should ideally already have a strong working basis and proof of concept. They should support and increase the consideration of logistics throughout the entire project cycle (e.g., planning and monitoring); those that improve the allocation of sufficient, qualified staffing to logistics functions will also be considered. The approaches that encourage the procurement, warehousing and transport, customs, and other administrative requirements, greening and the Humanitarian-Development-Peace Nexus approach set out in the Logistics Policy and Operational Guidelines should be incorporated as much as possible. Proposals that address these aspects outside of an overarching joint approach objective will also be considered.

Overall, any proposals contributing to a paradigm shift towards more efficient and effective logistics are welcome. Proposals will ideally demonstrate the potential for this in a concrete and operational way. However, if a strong argument can be made for the need for research or training in particular areas to support this paradigm shift, these can also be considered.

Regional and/or country specific projects

DG ECHO intends to support regional and country level strategic and joint initiatives where it can be demonstrated that there is added value in doing so. The focus is on initiatives to encourage this shift which, competing with so many other immediate needs, would struggle to receive funding or would not have the same systemic impact without dedicated budget, and which are complementary to DG ECHO geographic funding

envelopes. DG ECHO's ambition is that the initiatives and ways of working funded will demonstrate the added value of these approaches, increase adoption/systematisation in future, and create a multiplying effect. Therefore, the case for the added-value of a proposal, and proposed way(s) of monitoring this should be well developed. Solutions related to both emergency response and protracted crises can be supported. Regional and or country specific joint and strategic preparedness and anticipatory activities may be considered when related to ensuring the ability of the supply chain to respond to crises.

The intention is that these approaches will be financed by specific funding initially, but with a view to, at a later stage, self-sufficiency or incorporating the activity into more traditional funding streams if still needed.

Projects should take into account maximising the integration with and use of already existing coordination mechanisms – for example, where the Logistics Cluster is or will be activated, contributing to the gaps and needs analysis and ConOps development, ideally during their inception and throughout any subsequent iterations.

5.2 Other DG ECHO interventions

The European Humanitarian Response Capacity (EHRC) is a tool through which DG ECHO can provide more direct support in the context of an emergency. The support available includes logistical assistance, such as offering partners international transport, and last mile delivery in a common services format. These services fit within the strategic initiatives encouraged within this HIP and may be transitioned from EHRC funding to funding for regional projects or support to key strategic areas.