

HUMANITARIAN IMPLEMENTATION PLAN (HIP)

STRATEGIC HUMANITARIAN SUPPLY CHAIN AND LOGISTICS

AMOUNT: EUR 6 950 400

The present Humanitarian Implementation Plan (HIP) was prepared on the basis of financing decision ECHO/WWD/BUD/2024/01000 (Worldwide Decision) and the related General Guidelines for Operational Priorities on Humanitarian Aid (Operational Priorities). The purpose of the HIP and its annexes¹ is to serve as a communication tool from DG ECHO² to its partners and assist them 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 19 August 2024

Following a transfer agreement signed between France and DG ECHO to support the Strategic Humanitarian Supply Chain and Logistics HIP, a contribution of EUR 950 400 from France is added as externally assigned revenues, modifying the total amount of the HIP.

1. CONTEXT

Why focus on the humanitarian supply chain?

Humanitarian needs are increasing at a faster rate than humanitarian funding allocations. Therefore, the need to reach people in crisis and deliver aid in a timely fashion whilst reducing costs has never been more pressing.

The humanitarian supply chain accounts for 60 – 80%³ of humanitarian aid funding, yet it is often seen as a back office function and considered later on in the programmatic cycle. A growing body of academic research, practice, and transference of knowledge from the private sector highlight that there are significant opportunities to make the humanitarian supply chain more effective and efficient by taking a more strategic approach.

EU Member States also affirmed the potential of the humanitarian supply chain to address the funding gap via the Council Conclusions of 22 May 2023⁴, stressing the potential role of humanitarian logistics towards more efficient and effective humanitarian aid, and encouraging the humanitarian sector, including donors, to continue to develop and support a strategic approach to logistics.

¹ Technical annex and thematic policies annex

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

³ When the whole supply chain is considered from procurement to the last point of delivery in the field.

⁴ https://www.consilium.europa.eu/en/press/press-releases/2023/05/22/council-conclusions-on-addressing-the-humanitarian-funding-gap/?utm_source=dsms-auto&utm_medium=email&utm_campaign=Council+conclusions+on+addressing+the+humanitarian+funding+gap

Moreover, the humanitarian supply chain and logistics have a significant impact on many of the most pressing topics in humanitarian aid: funding gap, access, environmental footprint, disaster preparedness⁵, localisation, etc. When a crisis occurs, humanitarian stakeholders often do not sufficiently coordinate their humanitarian supply chains, potentially causing duplications of efforts, and/or creating difficulties in procuring items, and/or transporting and warehousing them, etc. This often puts responders in competition with each other, as well as causing prices to increase dramatically, especially if the supply is limited.

This can mean that the limited resources available in terms of the supply chain may not be used to assist in the best possible manner the areas of highest need, or that delays can occur in delivering assistance. Often there are also issues related to customs or administrative procedures.

In summary:

- Significant opportunities exist to make this area more effective and efficient by taking a more strategic approach and planning logistics earlier in the project cycle, allowing more people to be helped in a way that better meets their needs.
- The humanitarian supply chain is cross-sectoral and runs from procurement to delivery in the field; it is the backbone of every humanitarian operation.
- Strategic supply chain and logistics is lifesaving as improvements in logistics mean aid reaching more people more quickly, in more remote areas, more safely.
- Strategic supply chain is also a key element in other areas such as preparedness, greening, and localisation.

What has DG ECHO done?

DG ECHO adopted a strategic approach to logistics since launching its Humanitarian Logistics Policy⁶ (referred to as the ‘Logistics Policy’ henceforth) in 2022. In line with the European Consensus on Humanitarian Aid⁷, the principal objective of the Logistics Policy is to save and preserve life by improving the efficiency and effectiveness of humanitarian operations via a more strategic approach to the supply chain and logistics.

In 2023 DG ECHO allocated EUR 7 million to support proposals contributing to a **paradigm shift** in humanitarian logistics and encouraging the more strategic approach needed to unlock opportunities for efficiency and effectiveness gains.

DG ECHO has also provided training on strategic supply chain and logistics to the humanitarian community and its own staff. DG ECHO has also consistently been raising awareness at high level fora and meetings.

What kind of strategic approach is envisaged?

⁵ DP Guidance note Annex 3. Targeted Preparedness Actions - Global Priorities 2021-2024 “Additionally, cross-cutting issues should be integrated into the global priorities whenever relevant and feasible as follows: Protection; Logistics; and Enhanced partnerships”

⁶https://ec.europa.eu/echo/files/policies/sectoral/humanitarian_logistics_thematic_policy_document_en.pdf

⁷ 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).

- Consideration of the supply chain throughout the entire project cycle, including at the project's inception, as well as opportunities and impact on areas where there are significant linkages such as greening and localisation;
- Allocating sufficient, qualified staff to logistics functions;
- Cooperating with other humanitarian stakeholders by sharing information and pooling resources;
- Testing and using new technologies, including digital technologies, to support the delivery of aid and sharing of information about supply chains;
- In particular, strengthening **joint approaches** such as **common services**, **shared services** or **joint procurement**, as they 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).

DG ECHO's commitment

To encourage and support this paradigm shift across the humanitarian community, DG ECHO recognises that a long-term commitment is needed. In 2023, DG ECHO dedicated part of its budget to support strategic initiatives in this area. In 2024, under this HIP, it will do so again. These initiatives can be global, regional, or at country level⁸ but must contribute towards the vision set out by the Humanitarian Logistics Policy of a system-wide change.

DG ECHO's support in 2024

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

This support, which will focus notably on **joint approaches**, will be divided between:

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

Proposals can blend these two areas.

⁸ 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. HUMANITARIAN NEEDS

2.1. People in need of humanitarian assistance

The ultimate beneficiaries of strategic supply chain and logistics initiatives are the affected and vulnerable populations, though strategic supply chain and logistics initiatives are targeted at a systemic level. 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.

2.2. Description of the most acute 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, traditionally, humanitarian logistics has often been 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 in the 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. As such, logistics has the potential to exert a positive change. 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 Preparedness⁹.

Greater efficiency in logistics can also contribute to reducing the environmental impact of humanitarian operations. Humanitarian organisations' supply chains, in particular their procurement choices, make up anywhere from 40% to 70% of their organisations' carbon footprints¹⁰. The cascading environmental benefits of "greened logistics" can therefore include a reduction of carbon emissions, reduced waste, opportunities to promote recycling and improvements to the quality and standard of items provided to the affected population such as biodegradable or more durable items.

⁹https://civil-protection-humanitarian-aid.ec.europa.eu/document/download/13015e8b-acaf-4d8a-b665-d2aab142c97b_en?filename=dg_echo_guidance_note_-_disaster_preparedness_en.pdf

¹⁰ <https://climateactionaccelerator.org/solution-areas/procurement/>

2.3. Key areas for a more strategic approach

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 Policy¹¹, of which the one considered as the highest priority is¹²:

1. **Joint approaches:** The need for joint approaches is the main focus for support under this HIP in 2024. 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, 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. **Environmental footprint:** 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.
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.

¹¹ DG ECHO has also published Operational Guidelines on humanitarian logistics on the [DG ECHO website](#) which builds on Annex 1 and should also be used as a reference.

¹² 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.

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.

2.4. Further element on logistics

Preparedness is crucial for all humanitarian action and addressing logistics capacity is one of its main elements. Strengthening logistics preparedness can significantly improve first responders' capacity at national and local level, ultimately reducing the need for international mobilisation and generating a positive return on investment. Additionally, achieving better logistics capacity and efficiency through preparedness can contribute to the localisation agenda by upskilling local partners, suppliers, and local authorities, and sourcing products locally. It may also bring secondary benefits, such as a reducing the environmental footprint of humanitarian operations, as mentioned above.

All logistics capacity-development actions should be based on a strategic assessment of risk and of existing logistics capacities and challenges at country/regional level, from government to populations at risk. For example, it is key to understand the supply chains and logistics that underpin local market performance or the infrastructure related challenges (such as quality of the road network, airports/ports, electricity and telecommunications capacity) that could hamper operations.

National, local and community contingency planning can contribute to the effective and efficient management of response operations. A well-developed contingency plan helps ensure that all relevant decisions and provisions related to required resources (human, technical, financial, and material), roles and responsibilities, coordination mechanisms, information/communication management and logistics in all relevant sectors are taken in advance, agreed and well understood by all relevant actors.

A key consideration to improve efficiency in logistics is that of stockpiles of relief goods, ideally prepositioned and available in sufficient quantity so that time and expenses are minimised in responding to an emergency. Additionally, impact and efficiency may be improved through, for example, joint ventures in procurement, transport, storage and delivery of goods, including the provision of common services (for instance, by standardising them or by signing standard pre-agreements with potential service providers), and/or the pooling of assets. Where contexts allow, cash transfers should be used as an effective modality for the delivery of assistance and to help reduce logistics challenges for humanitarian actors.

DG ECHO supports the Emergency Response Preparedness (ERP) approach of the Inter-Agency Standing Committee (IASC). This approach is designed so that the humanitarian community can proactively prepare for crises that require a coordinated international response. The aim is to increase the speed and volume of life-saving assistance delivered in the first four to six weeks of an emergency.

The ERP approach provides tools for UN Country Teams and/or Humanitarian Country Teams to:

- Understand risks and establish a system to monitor them.
- Establish a minimum level of preparedness; and

- Take additional action, including developing contingency plans, to ensure readiness to respond to identified risks.

Environmental Footprint considerations should include preference being 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 (the recapture of value, repurposing and / or proper disposal of items after use, usually through taking back unused items and/or the waste they generate) principles, and reducing air shipments as much as possible.

Digitisation of the supply chain is another area that is essential to achieving a paradigm shift. For example, proper use of logistics data is essential to allow humanitarian organisations to take better decisions and collaborate more on solutions and approaches. Although a large amount of supply chain data already exists, its availability and accessibility, i.e., that it is in the right format to be read and compared, is an issue. The more data that can be aggregated, compared, and analysed, the more information will become available to humanitarian actors on availability of supply, performance and cost of suppliers, possibility of procurement at local level, gaps and challenges in the supply chain, lead times, environmental impact, etc. Overall, better collection, interoperability and use of data can lead to faster, more efficient and effective responses.

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.

3. HUMANITARIAN RESPONSE AND COORDINATION

3.1. National / local response and involvement

A strategic approach to supply chain and logistics must consider the local response and involvement, building local capacities to respond. Though economies of scale and increased purchasing power are key to greater efficiency and effectiveness of the supply chain, this should not be to the detriment of the localisation agenda. An effective complementarity of these strategies is needed to ensure a coherent and complete response, especially in emergencies.

3.2. International Humanitarian Response

Although the critical mass to trigger a paradigm shift in humanitarian supply chain and logistics has not yet been reached, there are many highly experienced and competent humanitarian actors that have been considering these issues in detail for some time and have been developing solutions.

The Global Logistics Cluster (GLC), hosted by the World Food Programme, is key, and 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 can also act as a provider of transport and warehousing common services. The Logistics Cluster Concept of Operations (ConOps) document provides a full overview in a given context of active operations and current activities. 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. 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.

3.3. Operational constraints

A strategic approach to supply chain and logistics in operations can be challenging as this must start at the earliest stage of organisational planning to be most effective. Attempting to implement these approaches ad hoc or at a late stage can be sub-optimal as buy-in is needed at a number of levels across an organisation, and for joint approaches, between humanitarian actors, meaning relevant channels of coordination need to be in place.

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

In 2024, funding to support a strategic approach to humanitarian supply chain and logistics 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.

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. **This will be considered absolutely necessary to any proposal being accepted for funding, and these elements should be well developed, with clear results and indicators set out.** Partnerships with academia to enhance and ensure robust analysis are encouraged.

4.1. Envisaged DG ECHO response

Support to global strategic initiatives

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 supply chain and logistics throughout the entire project cycle (e.g., planning, implementation and monitoring); those that improve the allocation of sufficient, qualified staffing to logistics functions will also be considered. The approaches that encourage the procurement, operations including warehousing and transport, customs, and other administrative requirements, reducing environmental footprint, 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.

DG ECHO will also support innovative approaches to the supply chain, particularly (but not limited to) technical and digital solutions. Proposals will need to offer tools to humanitarian organisations to, for instance, accelerate digitisation of their supply chains in a concrete way, while demonstrating a meaningful impact at the programmatic and operational level and having scope for broad adoption. DG ECHO can also support initiatives facilitating reverse logistics, in particular if mutualisation and joint initiatives can be set up. These should complement the

work being undertaken on reverse logistics by the WREC project¹³, led by the Global Logistics Cluster.

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. As mentioned above, 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 funded initiatives will demonstrate the added value of such approaches, increase adoption/systematisation in future, and create a multiplying effect. The initial ad hoc funding will lead, as the initiatives progress, to self-sufficiency or to the incorporation of such activities into more traditional funding streams if still needed.

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. As above for global strategic initiatives, DG ECHO can also support initiatives facilitating reverse logistics, in particular if mutualisation and joint initiatives can be set up. These should complement the work being undertaken on reverse logistics by the referred WREC project, led by the Global Logistics Cluster.

Projects should consider 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, as well as strengthening the logistics capacities of regional and national disaster management authorities.

4.2. 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. There may be scope for the use of one or the other HIPs, or both combined (and potentially blended with other HIPs), to support the establishment of logistics analysis and operations in emergency contexts, in order to encourage a coordinated approach across the humanitarian community, especially from the inception of a crisis (which often play a significant part in how the supply chain is organised if the emergency becomes protracted).

¹³ <https://logcluster.org/blog/wrec-project>.