Peter Jones, Logistics Learning Alliance

The theory of Cash Transfer programming

Global humanitarian logistics budget is $28 billion pa, 10% of which ($2.8bn) is spent on cash transfer programming, an increase of 40% of late. Becoming increasingly popular, one of its challenges is that it’s not just about supply and logistics; it involves many stakeholders, including IT, finance, HR etc.

Peter examined the strategic approach to pursuing CTP, enabling NGOs to design an optimum solution. This involved looking at micro and macro issues, the constraints, and identifying the risks and rewards (cost to serve and benefit to benefactors).

He concluded that some of the key risks are:

- Insufficient reputable local merchants
- Disruptions to local supply chains/robustness
- Capacity among NGOs – only 40% of NGOs are through to have the resources and skills in-house to implement an effective CTP.

Neil Rodrigues, International Medical Corps

Hum-log evolution and future trends

Regulatory/KPI pressures

Great need to leverage partnerships and collaboration - more than ever. Partly due to an increasingly difficult donor environment and partly stewardship and regulatory pressures. Increasingly, NGOs will need to focus on professional and commercial standards.

Key areas will be funds management, budget management and performance management.

Outsourcing

Increasingly NGOs won’t have either the capacity or skills they need in-house. They will need to outsource and there is already a growth in the provision of goods and services in kind – expertise in kind may follow. NGOs are most likely to outsource operational duties. The problems currently are that third party suppliers often seek mid volume, multiple contracts, whereas an NGO is likely to offer individual major contracts. Another problem is the belief among many NGOs that third party suppliers don’t offer credible, tailored solutions.

IT/analytics

Increasing use of Enterprise resource planning (ERP) and logistics management information systems. An ERP management information system integrates areas such as planning, purchasing, inventory, sales, marketing, finance and human resources. But it doesn't make sense for individual NGOs to build their own ERP system, yet there is no off-the-shelf solution tailored to humanitarian logistics available.

This is a challenge for system and software suppliers – can they liaise with NGOs and build a sector-wide solution?
There is no good quality data available in the hum-log sector. Again, systems providers should collaborate with NGOs to help them produce data analytics, to help spot fraud, monitor donations and use of funds etc.

**Rob Ellis, Notceen Ltd**  
**Sentinyl App for CTP**

Rob introduced his company’s software, Sentinyl, - a mobile app designed to get money direct from donors into the hands of beneficiaries. His company’s research shows that in the majority of areas where disasters/emergencies occur, there is a prevalence of smartphones.

**The process**  
Sentinyl can accept donations via its mobile website, which it converts into a digital voucher in the local currency. Photos are taken of beneficiaries and fingerprint or facial recognition software used to create a digital identity, with a unique code for each beneficiary. The donor or NGO can decide what goods or services should be provided, or the beneficiary can decide for him/herself. Local merchants use the app to scan the beneficiaries’ digital code. If this is approved, the merchant can provide goods to the value stipulated by the App.

**Data/metrics**  
The App stores data about what goods were bought, where, by who and when. It produces useful analytic data daily showing what is needed on the ground – to precise location by the hour – whether that is medicines, food, water, clothing etc. This in turn, enables NGOs to better plan their resources, prioritizing what goods are needed where and in what quantities.

Using models from past emergencies can help NGOs forward plan.

**Behaviour metrics**  
The company uses social media to tell donors what their donations have bought, where. Research shows that 82% of people say they would donate more if there was greater transparency and they knew where their money was going. 40-60% is the extra amount donated via Sentinyl, which annually, would equate to an extra $4.5 bn of UK donations.

**Panel discussion on block chain/ cash transfer**

**How do you see CTP concept merging with technology?**  
*Peter Jones:* Thinks risk assessment is key. CTP is a multi-disciplinary issue. Analysis will also help provide data on CTP models vs actual impacts.

*Neil Rodrigues:* Thinks there needs to be a suite of solutions – not just one. Can’t assume that smart phones and data coverage will always be sufficient or available. Thinks there will need to be a combination of solutions leading to a phased transition to mobile apps.

*Rob Ellis:* the beauty about App based systems is that they can capture data in real time and analysis can be done immediately, on the ground.

**What about the risk of fraud between merchants and beneficiaries?**  

*Rob Ellis:* Nothing is perfect but he is confident that the digital recognition software means that the merchant can match a beneficiary code with a photo, to avoid most fraud. Currently there is no means of ensuring that goods handed over get to the people who need it most.
Person to person donations can lead to disintegration of the NGO role as they are bypassed. What's the future for NGOs?

Rob Ellis: this could happen. In Somalia 66% of aid was given in the form of digital cash but he thinks instead of being bankers, the technology will free up NGOs to focus on crucial issues such as ensuring there are quality merchants locally, offering quality goods. NGOs should also focus on planning aid deliveries and the data they'll get from the system means they are better able to plan this.

George Fenton: in his experience NGOs will have a role in the project and programme management aspects. Ensuring that goods are available locally, merchants are vetted etc and feeding back valuable data for future planning.

Claire Barnhoorn, Aid Innov
A call for responsible humanitarian innovation

Funding shortage
Environmental conditions create more disasters than war/conflict. Most emergencies never receive the funding they are estimated to need. In Syria alone, it is estimated they need $3.5 bn, yet only 23% of that has been funded, to date. And this is one of the best promoted and among the higher funded emergencies. Most never receive that percentage of funding, for example, CAR has only 5% of its estimated needs met.

Working smarter but how?
What this all means is that aid provision needs to work smarter, faster and cheaper!

As those in the sector know all too well, the realities of working in the field make this hard because of:

- Time pressures – emergencies mostly just happen, especially the environmental ones
- It’s hard to find the right tool, data-driven innovation or solution
- NGOs tend to work in silos and there are too many instances of well-meaning efforts cutting across one another
- Very high staff turnovers in the field mitigate against cooperation and knowledge sharing

Innovation is haphazard
Innovation is a haphazard process in the sector. It often comes about because someone meets someone who knows someone who has a solution. No one person or organization has the big picture about what solutions are out there and much more importantly what is required. Third party suppliers are working in their own silos, producing products and solutions, which are often much the same as others already in the market.

Opportunities wasted
This leads to opportunities (and money) wasted, for example, there are over 14 hand washing station solutions and only 6 with a plug. An App was developed for a common disease at a cost of over $300,000 and then it was found there was no bandwidth locally to run it. There is a disconnect between practitioners on the ground, researchers and innovators/entrepreneurs.

The answer
We need to:
• Identify where the real problems are and create priorities
• Collaborate and stop pitching and start asking the right questions of the right people
• Create open networks that are connected and inclusive
• Re-use and improve, rather than reinvent

AidInnov
Trying to create a movement first, then a platform to focus this discussion. LinkedIn group so far. Aims to connect practitioners with the solutions available so they can evaluate and choose. Also aims to start collaborations between practitioners and suppliers.

Soloely funded to date. Needs seed funding to take it further with a website etc. https://www.linkedin.com/company/aidmetrics/?originalSubdomain=uy

Chris Weeks, DeutschePost DHL
DP and DHL’s role in disaster relief

Logistics companies became involved following the Gujarat earthquake in 2001. DHL has 550 fully trained employees ready to volunteer at airports and respond to disasters on a 48-hour notice, up to 5 deployments each pa, free of charge.

Typically of 3-4 week duration, in the start-up phase. They have acted on 37 operations since 2001. They only attend natural disasters, not emergencies created by conflicts.

They focus on airport cargo handling, warehousing and loading, enabling NGO staff to focus on other key areas of response.

Key issues
The airports often have very little surge capacity. In a disaster they are typically faced with 3 times the people traffic and 10 times the cargo traffic.

There is usually little/no prioritization of air cargo, with planes unloading onto precious airspace, and often unloading cargo that is of less use in the very early stages of a disaster.

The local handling equipment is often outdated and unable to cope with the capacities.

Airports are multi-agency organizations, and overall control is difficult to negotiate and establish between the different vested interests. A well functioning airport reduces the cost for NGOs and aid agencies.

Preparedness training
Seeing the ongoing problem, DHL developed its GARD (Getting Airports Ready for Disaster) workshop training programme, partnering with UNDP since 2005. To date, they have assessed 40 airports and trained over 800 local staff.

Worldwide team of DHL Aviation experts trains local airport employees and representatives of disaster management authorities. Each airport can have 3-4 GARD workshops per year, free of charge.

Currently, the airports volunteer to be trained but Chris is seeking commitment form the national and international regulatory authorities involved to make it compulsory for all airports in worst affected regions to be trained.
Stuart Smith, Volga Dnepr  
Air cargo innovations

Stuart has witnessed air cargo issues in action, having participated in various humanitarian responses since 2005. Volga Dnepr Group has 41 aircraft and 30 years’ experience of delivering to humanitarian crises.

The group (like all other air cargo operators) has a history of reacting to crises but would like to work proactively with the sector, to build preparedness. It wishes to start dialogues and create partnerships in “peacetimes”, which means that in crises it can respond smarter, faster and cheaper.

Innovation 1 – mobile handling capacity
Natural disasters do not always strike in proximity to major airports.
The Air Freight industry works on economy of scale (generally) - the larger the aircraft, the greater the amount of cargo that can be carried and the cheaper the price per Kilogram.
Larger, more-cost efficient delivery modes are often restricted by airport restrictions (lack of/nil equipment, airfield restrictions, damaged equipment and infrastructure etc).

Volga have a mobile main deck loader solution in development, which will help some of these issues by loading/unloading cargo quicker from larger planes, which means that more load can be brought in on fewer flights.

Innovation 2 – Dedicated mobile App solutions
Logisticians/PMs are mobile – information is also fluid & evolves
Evolution of tech & tech mobility: Mobile solutions required
Could give live “SITREP” reports, airport info, solutions, show flights and cargo capacity and rates, not just from Volga but all the operators in the sector. These can be developed but the air cargo industry needs to know what the aid sector needs.

Innovation 3 – sharing capacity of charter flights
Freight Bid / E-digital co-load bid systems are commonplace in commercial sector.
How do we get over this in this sector and whose responsibility is it to effectively share air charter assets/aviation assets post-disasters?
Does the private sector take the lead? Is it a role for the Logistics Cluster?

Other issues
This ties in with ethical procurement – for ethical cargo. Stuart had experience of an entire cargo that couldn’t be unloaded as it contained one item that the local authority deemed unethical. A piece of work needs to be done on pre-qualifying standards, to ensure that cargos meet ethical requirements and can be monitored.

Also an issue of track and trace is required, to ensure that goods get to the final correct destination. There are technological solutions in other sectors (e.g. forestry) that can achieve this currently.

Serge Alezier, Pharma Logistics Club  
Making pharma logistics work smarter

The association was founded with the aim of spreading the knowledge of GDP in a practical way with all present and future players in the Supply Chain, for health care products of all kinds and all types.

PLC is looking to identify best practice in six key areas:
• Isotherms solutions
• Transport R&D clinical trials
• Traceability metrology
• Air freight
• Ocean
• Road

As an example, the Transport plan is looking to:

• Diagnose internal processes of validation
• Compare control processes and audits per areas
• Exchange on integrity of data
• Discuss GDP migration led by EMA and FDA
• Cooperate on internal communication among laboratories and healthcare authorities and transportation issues

PLCs annual assembly of healthcare companies, logistics suppliers, laboratories etc will take place in Lyon on 20-21 November 2018

**Panel discussion on delivery innovation**

**How is DHL linking with other logistics clusters and can it share training data?**

*Chris Weeks:* DHL is involved in the Logistics Cluster. At the moment, data collated at each workshop is confidential but Chris is hoping that as part of making the training compulsory for airports in affected zones, he is hoping to make it mandatory that data/experiences recorded can be shared.

**Does DHL’s GARD operate in central and sub-Saharan Africa, where they could especially benefit from the training?**

*Chris Weeks:* they have looked at this but many of those countries don’t experience capacity surges, the demand is more gradual and some, like CAR, are classed as conflict zones, so DHL couldn’t operate. But DHL are creating a ‘division two’ of airports and this region will be considered.

**What can be done to avoid a situation like in Kathmandu, to marry a cargo packing list with what’s required, so they receive priority aid?**

*Chris Weeks:* DHL is working with The International Civil Aviation Organization to try to get aviation laws agreed between countries and is meeting soon to discuss a NOTAM prioritisation system, to get the right cargo (that identified as being most useful to the beneficiaries at that time) on board. He estimates this should happen in the next 12 months.

*Stuart Smith:* We also need to be able to prohibit loads via a PPR (prior permission required) system. The aid sector could learn from the military sector in this respect.

*Chris Weeks:* A good point made by Stuart. Airports are multi-agency and notoriously difficult to control, which is why in these negotiations, we need to have all parties round the table – customs, air traffic control, freight, airport management – all represented to find a workable solution.

**Can a last mile delivery such as provided by AirDrop Box help?**

*Chris Weeks:* it his experience it’s not that economical and can be dangerous. Pallets are often not recovered and cost £300.
AirDrop rep said that their boxes were single use, biodegradable and much cheaper than pallets in the first place.

*Sue Hodgson (Save the Children)*: more useful for UN and WFP and large scale food provision programmes. Otherwise, aid is often targeted at beneficiaries that doesn't help them. Other agencies supplying emergency needs and water and sanitation can be of more help and this can't be covered by AirDrop in her view.

**How do we keep the convergence going on technological solutions and close the gaps?**

*David Quinn (Crown Agents)*: Involve DFID. Identify all the common platforms via the Logistics Cluster and get buy-in from all stakeholders.

*Sue Hodgson*: the commercial sector should also get together as one entity, e.g. for CTP solutions and for air transport solutions and provide one tailored solution for each specific need, so the aid sector isn’t bombarded by 20+ commercial suppliers. IAPG could be a focal point for dissemination of potential strategic partners.

*David Quinn*: People have mentioned proactivity. It’s important these things happen before the next major disaster strikes, and keep on going. Thought the commercial sector is happy to offer solutions, it needs to NGO sector to cooperate and combine forces too.

*Sue Hodgson*: The aid sector recognises that it needs to work smarter and adopt solutions that are commercially viable. Their plea is that commercial organisations take the time to understand how the NGOs work, what pressures they are under, where and how decisions are made and why. The larger agencies need to come together to formulate a plan, with the right commercial stakeholders round the table.

**With thanks to our speakers and our panel members, as follows:**

Serge Alezier – General Manager, Pharma Logistics Club  
Claire Barnhoorn – Director, Humanitarian Innovation, AidInnov  
Robert Ellis – Director, Notceen Ltd  
George Fenton, CEO, HLA  
Sue Hodgson, Head of Emergency Supply Chain, Save the Children International  
Peter Jones – Managing Director, Logistics Learning Alliance Ltd  
Neil Rodrigues – Director of Supply Chain, International Medical Corps  
Stuart Smith – Development Director, Volga Dnepr Group  
David Quinn - Crown Agents  
Chris Weeks – VP Humanitarian Affairs, DeutschePost DHL

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