HLA workshop at IDR Expo 29th November 2018

Making a difference to disaster

Managing the humanitarian supply chain

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The Supply Chain

SUPPLY

PRIMARY GOODS FLOW

DEMAND

| PURCHASE | PRODUCTION | LOGISTICS | PROGRAMME |

"BUY"   "MAKE"   "MOVE"   "DISTRIBUTE"

RAW MATERIALS

INFORMATION FLOWS

INFORMATION FLOWS

FINISHED GOODS

SUPPLIERS SUPPLIER

REVERSE GOODS FLOW

BENEFICIARY

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SUPPLY CHAIN SCOPE

Strategic → **BENEFICIARY NEEDS**

How much/many what, where and when?

Tactical → **CHANNEL DESIGN INVENTORY POLICY NETWORK DESIGN**

How will we achieve the goals?

Operational Issues →

SOURCING | **STORING & MOVING**

Making it happen

Purchase/Supply/Production | **Warehousing/Transport**

Information
Demand
Lead Time
Added Value
Trade Offs

Methods
Planning
Procedures
Productivity

Facilities
Equipment
Systems
Structures

Staff
Skills
Policies

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Phases of Humanitarian Aid
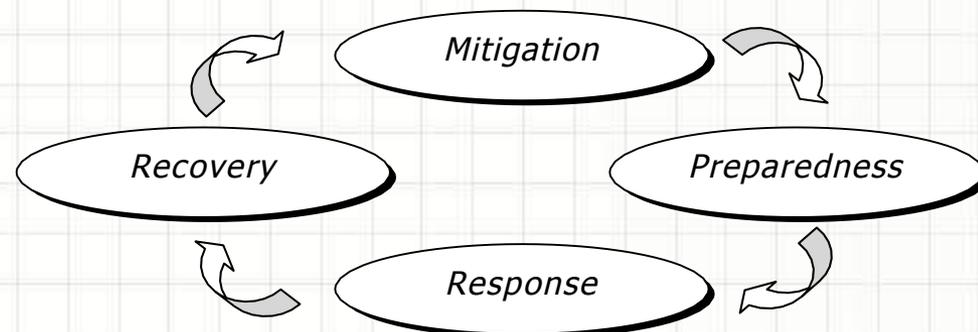
These fall into 4 headers

Rapid onset

Slow onset

Endemic

Complex emergency

Not to be confused with 4 phases of Emergency Management

The Four Phases of Emergency Management

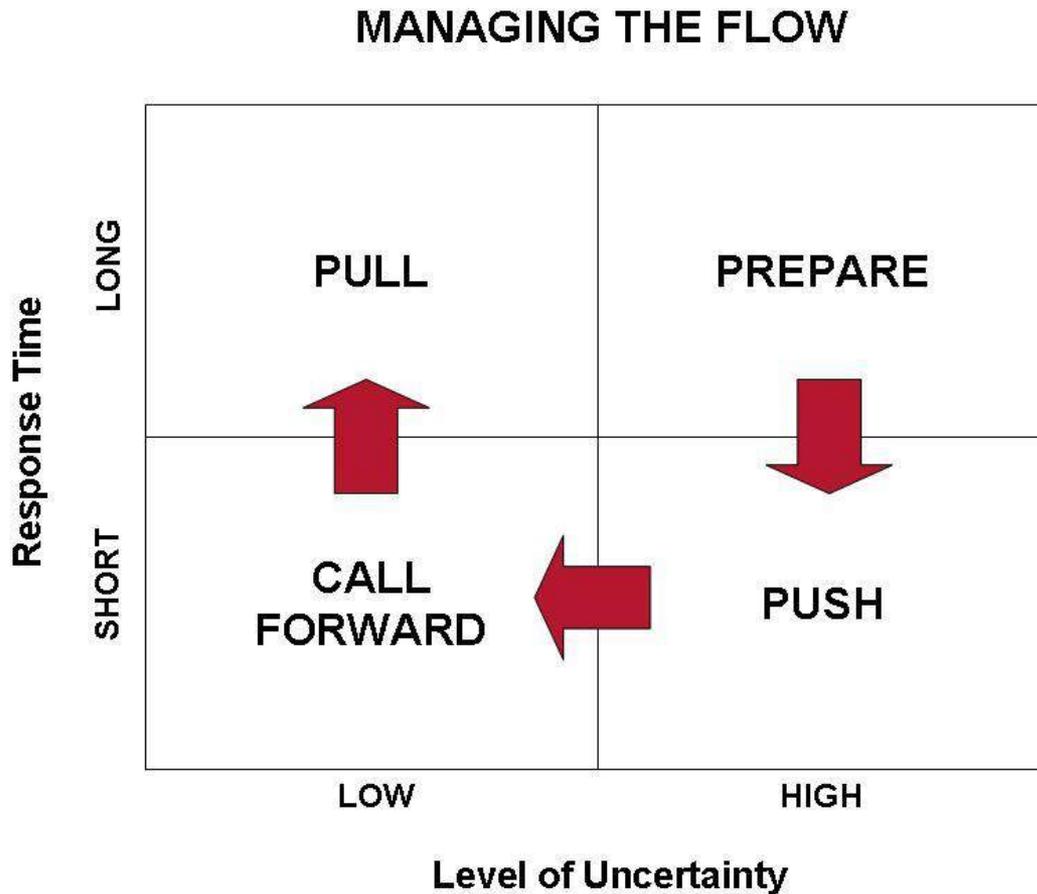Mitigation

Preparedness

Response

Recovery

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Phases of the Operation / Program Life Cycle
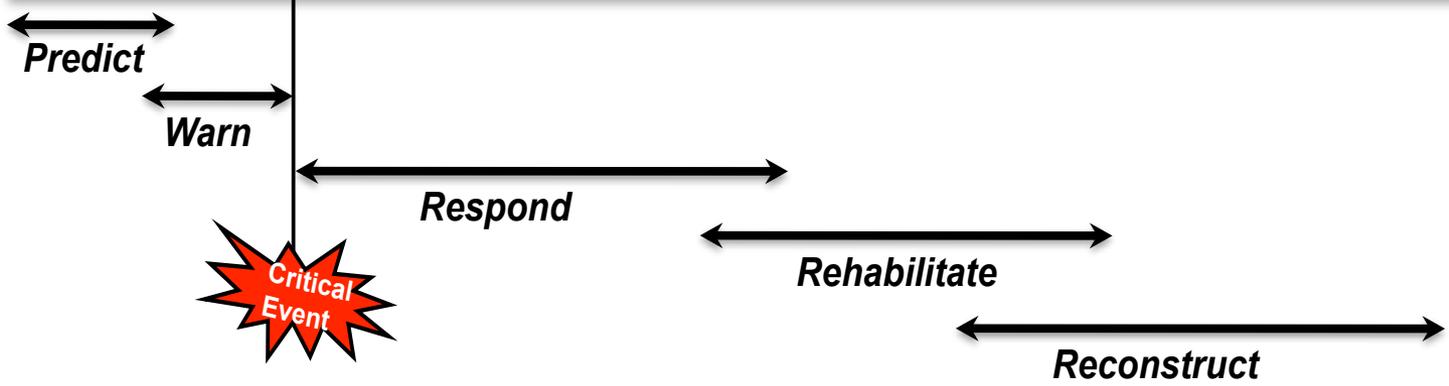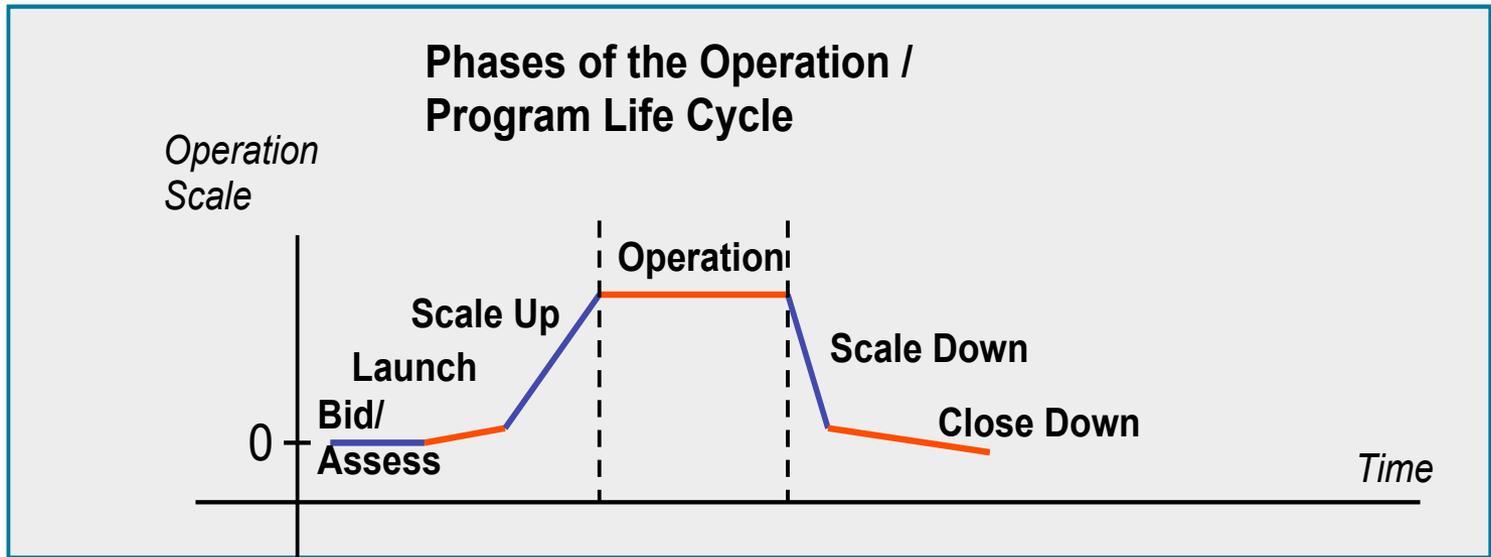
Value for who?
➢Donors
➢Our organisation
➢The beneficiaries

$$V = (Q*S)/(C*T)$$

PERFORMANCE METRICS

Supply Chain Management Metric	Supply Chain Reliability	Supply Chain Flexibility/ Responsiveness	Supply Chain Cost	Supply Chain Asset Management
BENEFICIARY FOCUS →	↓	↓		
INTERNAL FOCUS →			↓	↓
Delivery performance	X			
Order fulfilment performance	X			
Perfect order fulfilment	X			
Supply chain response time		X		
Production flexibility		X		
Total logistics cost			X	
Value added productivity			X	
Inventory days of supply				X
Asset turns				X

EFFECTS OF TIME

PROCUREMENT TO STOCK

Supplier 26+20

5+2

PORT 1-7

1-4+5

PORT 1-7

5+2

Warehouse 1-7
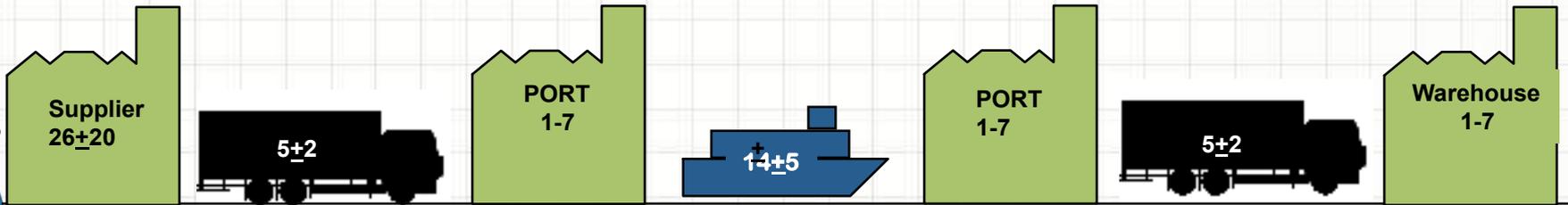
DELIVERY TO BENEFICIARY

5+1

Warehouse 1+7

2+1

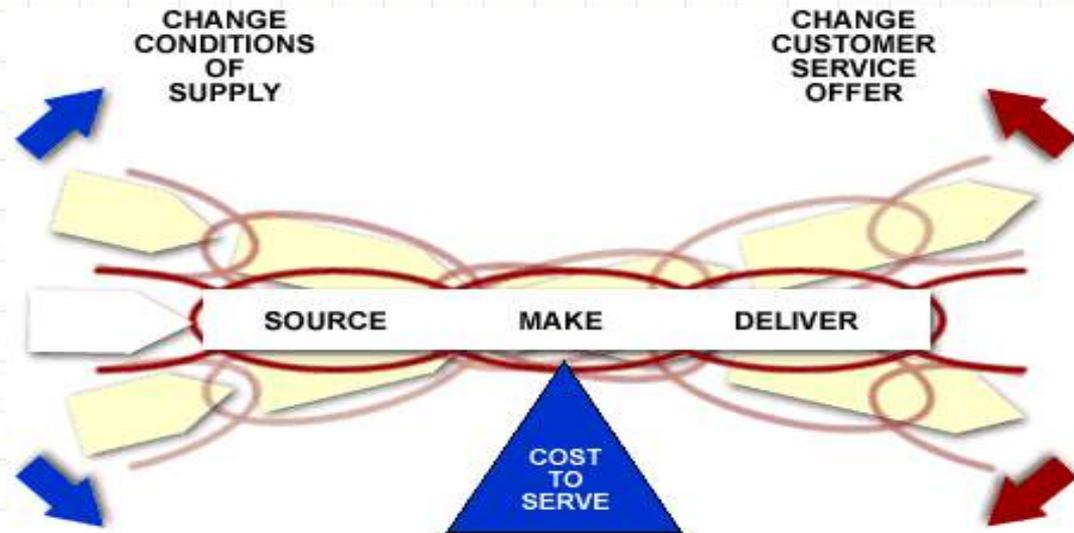Distribution Point 1+7
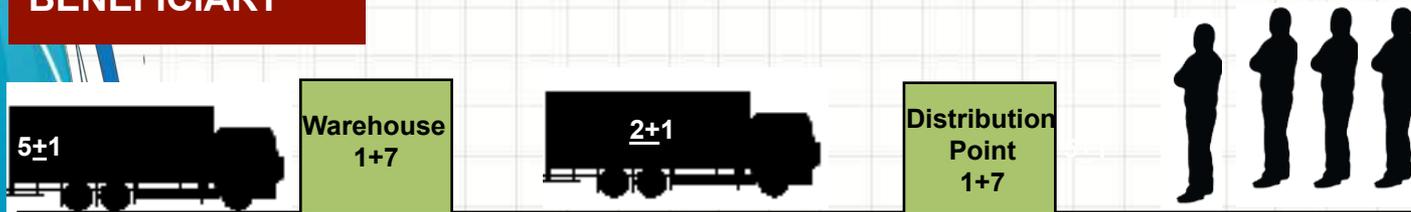
COST TO SERVE

To determine the Cost to Serve the supply chain activities must be identified. For each activity a cost driver is identified:

➢ Order processing
➢ Procurement
➢ Manufacturing
➢ Inventory
➢ Warehousing
➢ Transport
➢ Information Systems
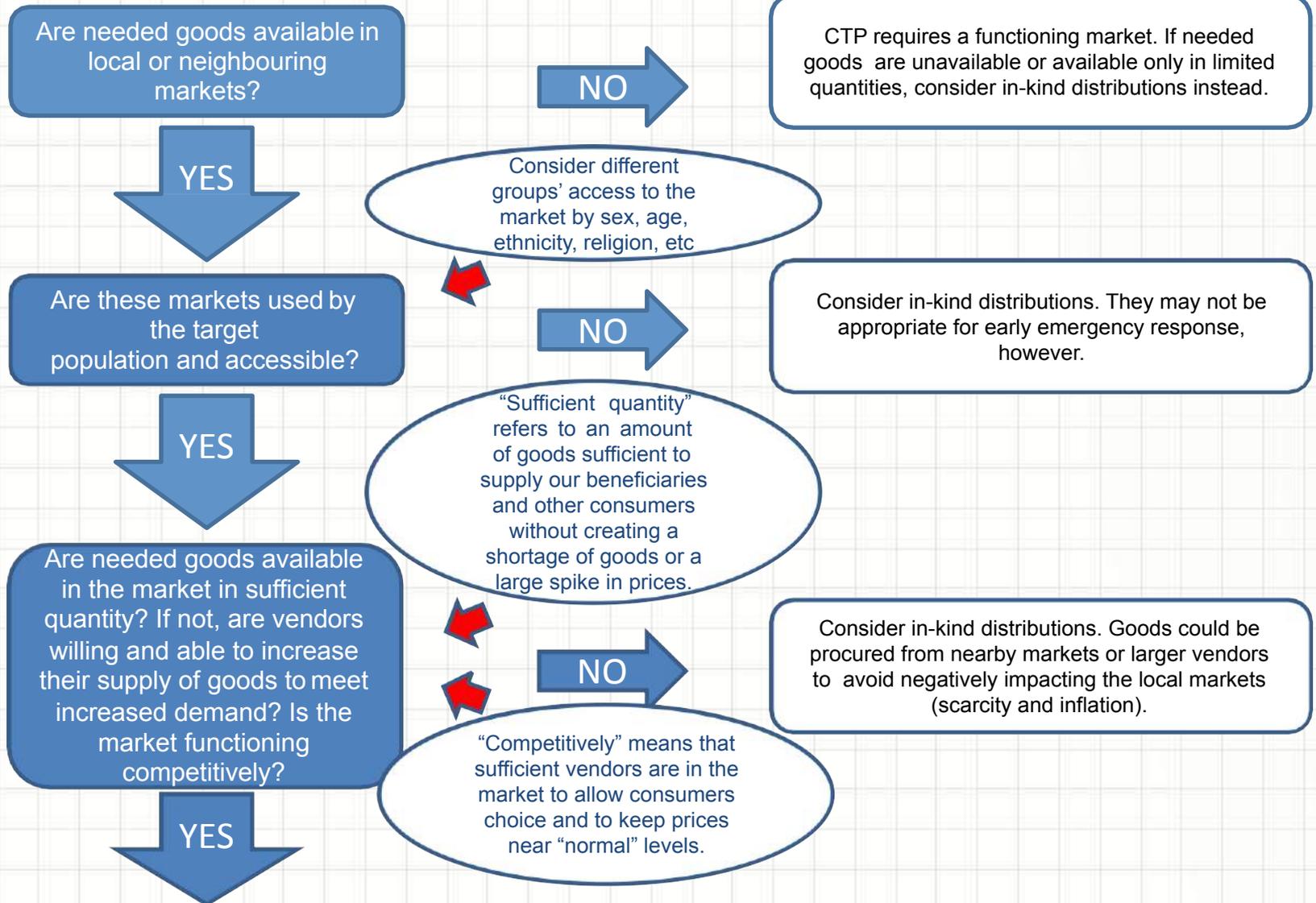
Managing the Humanitarian Supply Chain - Why Cash

➢ Align the humanitarian system better with what people need, rather than what humanitarian organizations are mandated to provide

➢ Increase transparency of humanitarian aid, including by showing how much aid actually reaches the target population

➢ Increase accountability of humanitarian aid, both to affected populations and to the tax-paying public in donor countries

➢ Reduce costs of delivering humanitarian aid, and so make limited budgets go further

➢ Support local markets, jobs, and incomes of local producers

➢ Increase support for humanitarian aid from local populations

➢ Increase the speed and flexibility of humanitarian response

➢ Increase financial inclusion by linking people with payment systems

➢ Most importantly, provide affected populations with choice and more control over their own lives
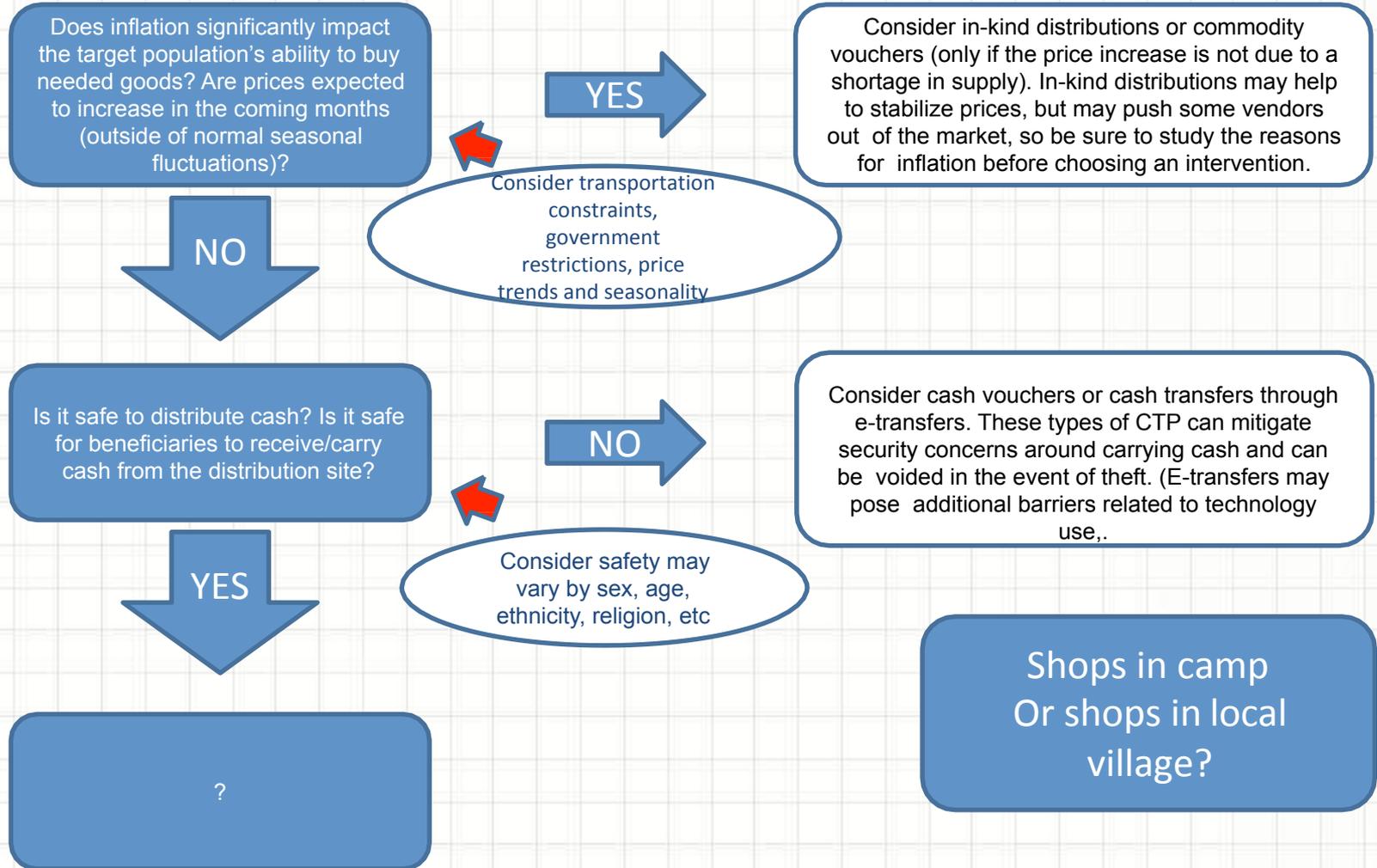
Cash Transfer Programme

Are needed goods available in local or neighbouring markets?

NO → CTP requires a functioning market. If needed goods are unavailable or available only in limited quantities, consider in-kind distributions instead.

YES ↓

Consider different groups' access to the market by sex, age, ethnicity, religion, etc

Are these markets used by the target population and accessible?

NO → Consider in-kind distributions. They may not be appropriate for early emergency response, however.

YES ↓

"Sufficient quantity" refers to an amount of goods sufficient to supply our beneficiaries and other consumers without creating a shortage of goods or a large spike in prices.

Are needed goods available in the market in sufficient quantity? If not, are vendors willing and able to increase their supply of goods to meet increased demand? Is the market functioning competitively?

NO → Consider in-kind distributions. Goods could be procured from nearby markets or larger vendors to avoid negatively impacting the local markets (scarcity and inflation).

"Competitively" means that sufficient vendors are in the market to allow consumers choice and to keep prices near "normal" levels.

YES ↓

Cash Transfer Programme

Does inflation significantly impact the target population's ability to buy needed goods? Are prices expected to increase in the coming months (outside of normal seasonal fluctuations)?

YES → Consider in-kind distributions or commodity vouchers (only if the price increase is not due to a shortage in supply). In-kind distributions may help to stabilize prices, but may push some vendors out of the market, so be sure to study the reasons for inflation before choosing an intervention.

Consider transportation constraints, government restrictions, price trends and seasonality

NO ↓

Is it safe to distribute cash? Is it safe for beneficiaries to receive/carry cash from the distribution site?

NO → Consider cash vouchers or cash transfers through e-transfers. These types of CTP can mitigate security concerns around carrying cash and can be voided in the event of theft. (E-transfers may pose additional barriers related to technology use,.

Consider safety may vary by sex, age, ethnicity, religion, etc

YES ↓

?

Shops in camp Or shops in local village?

Impact of Cash Transfer Programmes

Challenges:

Cash based transfers have several limitations:

- High fees to financial service providers
- Financial risk of insolvency
- Sharing beneficiaries data
- Reliance on vendor and lack of direct control over operations

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Traditional Information Flows
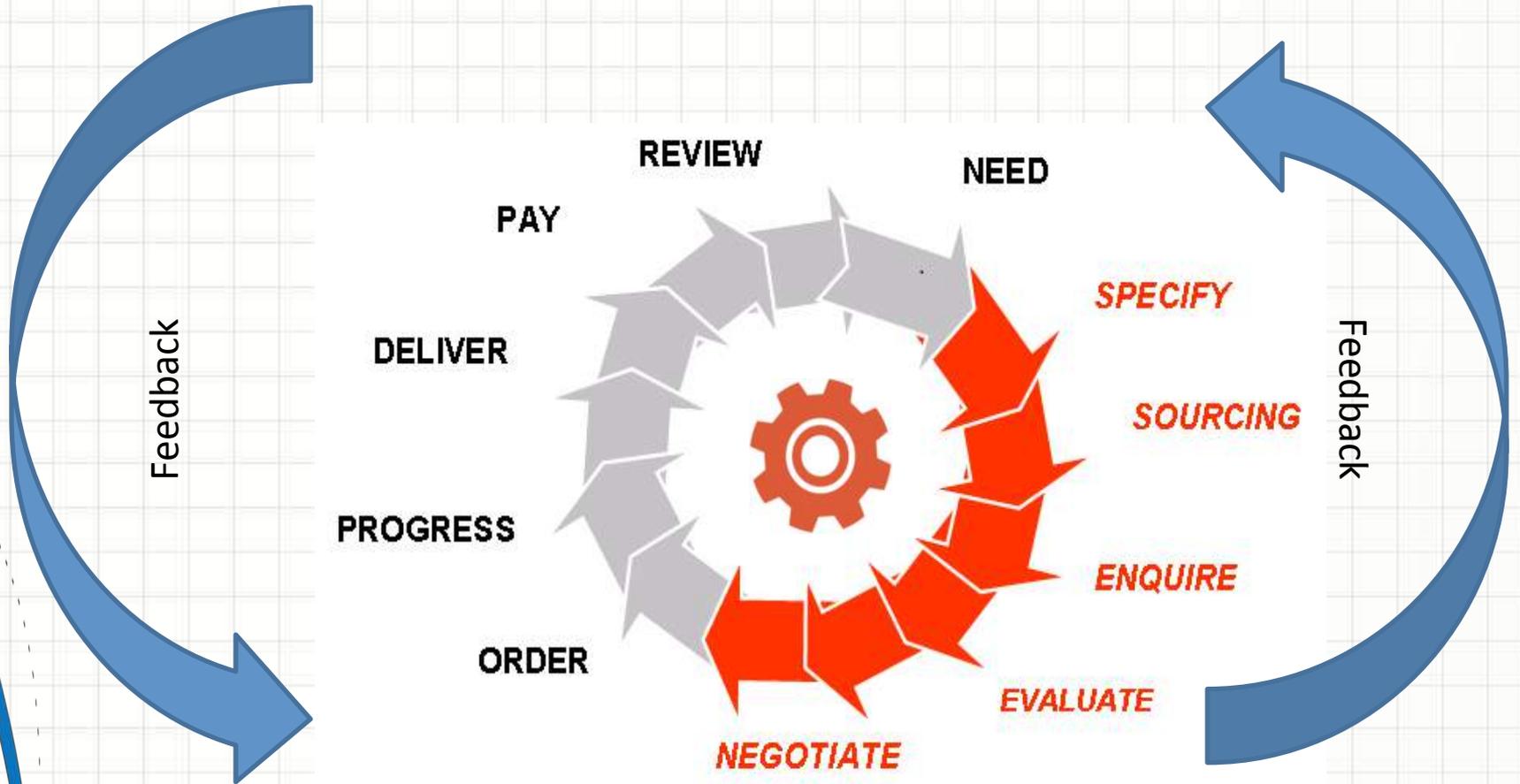
Block Chain

"The reality is that in a disaster cycle, everyone has a piece of information, everyone has a piece of that picture. The more that people are able to share information data across ecosystems, and the more information that people have to utilise, then we'll really see disaster response be able to be more "

Benefits of Blockchain:

➢ Blockchain makes cash transfers more efficient, secure and transparent

➢ Reduction of transaction costs

➢ More secure transactions

➢ No need to share beneficiaries data

➢ Boosting digital financial inclusion

➢ Inter-agency operability

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Block chain in the Humanitarian Sector

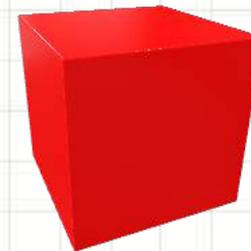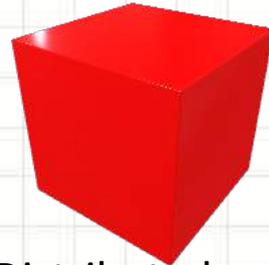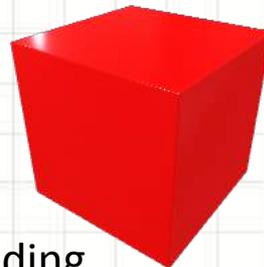Supply Chain Tracking and Transparency

Information And Data Collection
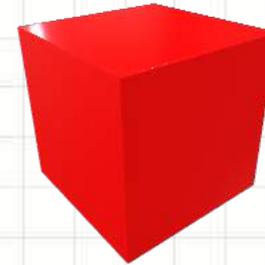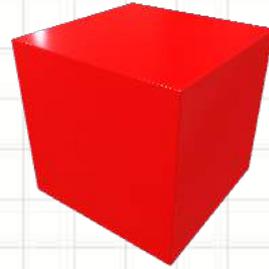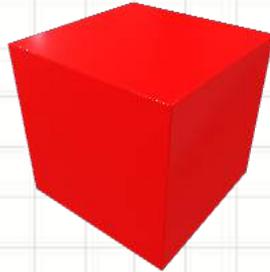
Humanitarian Financing

Identification And Documentation
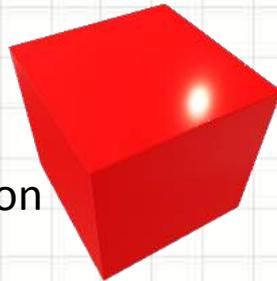
Distributed Transparent Tamper-Proof Traceable Secure

Cash Programming

Donor/ Crowd Funding

SUPPLY CHAIN MANAGEMENT

➢ Connecting demand and supply

➢ Synchronising activity with supply chain partners

➢ Optimising from source to consumption

➢ Making goods available

➢ Managing variability and uncertainty

➢ Making demand visible across the supply chain

➢ Compressing time

➢ Reducing supply chain complexity