

**DRUM COMMODITIES LIMITED (DCL)****RESEARCH REPORT: INTERNATIONAL AID AGENCIES****EXECUTIVE SUMMARY**

1. This report provides an overview of international humanitarian and development aid, and was written by a member of the DCL staff. With appeals for humanitarian crises such as the Syrian Civil War continuing to struggle for funding, it is important that international aid organizations maintain supply chains which minimise wastage. This report has been written with this in mind, and Section 9 will specifically refer to the role of logistics professionals in the humanitarian supply chain.
2. The distribution of humanitarian and development aid has changed greatly since the 1950s. Initially, aid was directed to developing countries through the funding of large infrastructure projects, in the hope that economic development would 'trickle down' to those in poverty. This attitude changed in the 1970s, when those in poverty were directly targeted for funding, however this ended in the 1980s with the emergence of Structural Adjustment Programmes (SAPs) and International Monetary Fund (IMF) attempts to enact structural change within developing economies. The end of the Cold War and the continued failure of development in regions such as Africa led to an impasse in development theory in the 1990s, with Overseas Development Aid (ODA) levels falling. However, a new determination to target the causes of poverty and economic deprivation emerged around the turn of the millennium, with strategies since then largely focused on giving developing countries and their citizens' ownership of their own economic development.
3. Major donors range from multilateral institutions such as UN agencies and the EU, through to bilateral donors such as the UK and the US, and Non-governmental organizations (NGOs) such as Oxfam and World Vision.
4. The structure of an aid giving organisation will largely depend on whether it is governmental, multilateral or non-governmental. This structure can also be dictated by its founding charter and raison d'être. This can also affect the means by which an organization sources its funding, with independent-minded organizations such as Médecins Sans Frontières mainly seeking funding from private sources.
5. Development aid in particular has been criticised for being used by bilateral donors as a foreign policy tool. Much of this criticism has revolved around the use of 'tied aid', which attaches conditions to how aid should be spend e.g. on products from US companies. Whilst most donors are now in the process of 'untying' their aid, donor self-interest is still prominent in aid allocation, with geopolitical and commercial interests remaining considerations for donors.
6. The response of aid donors to humanitarian crises has also been a subject of criticism. During the 2014 Ebola epidemic, a number of aid agencies were criticised for pulling out prematurely from the affected areas. In addition to this, attempts to provide humanitarian assistance to civilian populations in Syria, Somalia and the Central African Republic have been affected by stolen aid supplies.
7. Problems with the delivery of humanitarian aid in particular may present opportunities for logistics professionals. Smaller organizations may be especially willing to seek external help for the management of their supply chains, whilst it is possible that larger organizations may need assistance with auditing and staff training.

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## 1. INTRODUCTION

- 1.1 This report provides an introduction to international aid, and the organizations and institutions dedicated to its dispersal. It will assess both development aid, which addresses the longer term causes of poverty and economic deprivation, as well as humanitarian aid, which mainly centres on the immediate response to man-made or natural disasters. It provides an overview of the history of international aidgiving, as well as an insight into current problems with its deliverance. Most importantly, it highlights the importance of an agile and cost efficient supply chain in humanitarian aid, and the role that logistics professionals such as DCL can play in assisting aid organisations achieve this.

## 2. BRIEF HISTORY OF AID IN AFRICA AND THE MIDDLE EAST

- 2.1 Development aid to Africa and the Middle East began in earnest in the 1950s + 1960s.
- 2.1.1 Funding for largescale infrastructure projects was prioritised e.g. The Kariba hydroelectric dam between Zambia and Zimbabwe.<sup>1</sup>
- 2.1.2 The prevailing wisdom was that this would provide momentum for wider economic growth, and ultimately poverty eradication.
- 2.1.3 Direct budgetary support was also provided directly to the governments of developing countries struggling with their balance of payments.
- 2.1.4 In 1970 the 0.7% Gross National Income (GNI) target for ODA was agreed upon by Development Assistance Committee (DAC) members.
- 2.2 In the 1970s the belief that economic growth alone would be enough to lift people out of poverty was questioned. The focus instead switched to bottom-up development.
- 2.2.1 This was prompted by the 1973 Arab embargo on oil, which led to increased oil and food prices, and recession across Africa.<sup>2</sup>
- 2.2.2 African countries were forced to deal with increased oil prices, as well as a big decline in the demand for their exports in developed countries.
- 2.2.3 The focus therefore moved to targeting the satisfying of 'basic human needs'. The reasoning was that economic growth could not guarantee that citizens would receive proper nutrition or an education. Instead, if these needs were focused on, it was felt that this could positively impact on economic growth.
- 2.2.4 There was an increased use of NGOs by major donors. This was based on the realisation that NGOs had three major advantages over states or multilateral institutions.
- 2.2.4.1 Development NGOs were less tied to geopolitical interests than states.
- 2.2.4.2 NGOs offered citizens in the West the opportunity to become involved in the development process by volunteering or campaigning on issues such as poverty and social justice.
- 2.2.4.3 NGOs were more likely to engage with citizens in the developing world than donor governments. Ethnic minorities and women, who may have previously felt excluded from institutional structures, would be more likely to trust the advocacy efforts of smaller organizations rather than countries.<sup>3</sup>

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<sup>1</sup> [realsociology.edublogs.org/2012/02/07/a-brief-history-of-development-aid/](http://realsociology.edublogs.org/2012/02/07/a-brief-history-of-development-aid/)

<sup>2</sup> (Brian, 2012)

<sup>3</sup> (Lewis & Kanji, 2009)

- 2.2.5 Development was no longer measured by GNP per capita. Life expectancy, illiteracy, education and political participation statistics started to be used as development metrics.
  - 2.2.6 Levels of ODA also decreased during the 1970s, partly due to economic difficulties being faced by developed countries.
  - 2.2.7 Developing countries were encouraged to seek loans from commercial banks. The belief was that the recession was short-term, and that the demand for developing country exports would return post-recovery.
- 2.3 1980s and Structural Adjustment.
- 2.3.1 The debt crisis of 1982 had a massive impact on development theory. The crisis was caused by:
    - 2.3.1.1 Interest rates rising to unprecedented levels in 1979.
    - 2.3.1.2 The collapse of primary commodity prices, including oil, from 1980.
    - 2.3.1.3 A rapid increase in the cost of imported manufactured goods. This, coupled with loss of income from primary commodities, led to a deterioration in the terms of trade of developing countries<sup>4</sup>.
  - 2.3.2 Multilateral institutions, and particularly Bretton Woods institutions such as the IMF and the World Bank, started to become the most important actors in international development.
  - 2.3.3 Structural adjustment loans (SALs) were given to governments on condition that certain reforms would be implemented. There was an emphasis on market led growth rather than government intervention, with this seen to be the best method of poverty eradication. These reforms largely focused on:
    - 2.3.3.1 Devaluation of currency.
    - 2.3.3.2 Import liberalisation.
    - 2.3.3.3 Removal of subsidies.
    - 2.3.3.4 Reduction of fiscal deficit.
    - 2.3.3.5 Privatisation of public enterprises<sup>5</sup>.
  - 2.3.4 This led to the collateral shrinkage of state spending in important areas such as health, education, and infrastructure.
  - 2.3.5 ODA remained relatively constant throughout the 1980s, remaining at between 0.3-0.35% of GNI as a DAC average. It also increasingly started to flow through multilateral institutions, with conditionality more prevalent.

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<sup>4</sup> (Cuddington, 1989)

<sup>5</sup> (Cosio-Pascal, 2010)

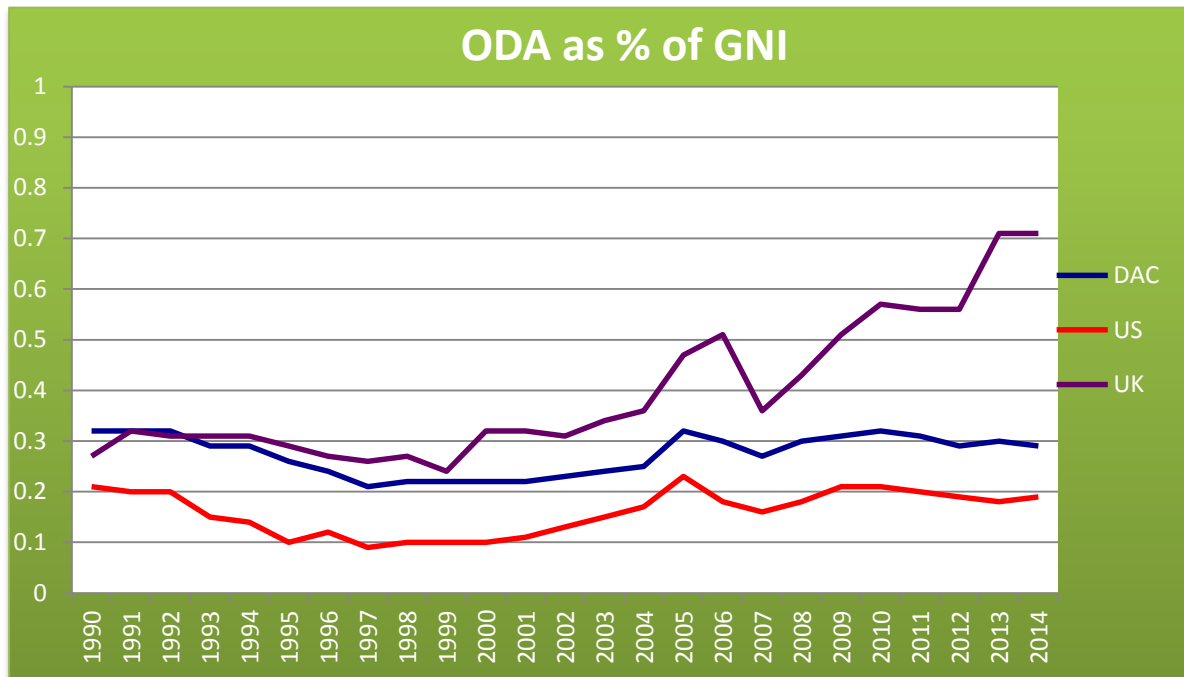


Figure One - Development Assistance Committee (DAC) average ODA, as well as UK and US ODA levels (1990-2014). As % of Gross National Income (GNI).

- 2.4 In the 1990s, aid levels decreased. The DAC average fell from 0.32% of GNI in 1990, to 0.22% in 2000.<sup>6</sup>
- 2.4.1 Donor fatigue set in. This was fed by a desire to end aid dependency in developing countries.
  - 2.4.2 The end of the Cold War meant that 'political foreign aid' became less widespread.
  - 2.4.3 The end of the Cold War also meant that there was less need for politically dubious regimes to be supported by Western governments. 'Good governance' provisions were increasingly attached to aid.
  - 2.4.4 'Trade, not aid', became an increasingly popular slogan.
  - 2.4.5 The success of the 'Asian Tigers' of Singapore, South Korea, Hong Kong and Taiwan suggested that there was an alternative development pathway that had been ignored in Africa.
- 2.5 The 2000s led to a renewed desire to tackle the inefficiencies of aid. ODA increased from 0.22% of GNI in 2000 to 0.32% in 2010 amongst DAC members.
- 2.5.1 The Millennium Development Goals (MDGs) were established following the adoption of the United Nations Millennium Declaration, which was signed by all 189 UN member states and 23 international organizations. The 8 MDGs were:
    - 2.5.1.1 MDG 1 - To eradicate extreme poverty and hunger.
    - 2.5.1.2 MDG 2 - To achieve universal primary education.
    - 2.5.1.3 MDG 3 - To promote gender equality.

<sup>6</sup> <http://www.compareyourcountry.org/oda?cr=20001&cr1=oeed&lg=en&page=1>

- 2.5.1.4 MDG 4 - To reduce child mortality.
- 2.5.1.5 MDG 5 - To improve maternal health.
- 2.5.1.6 MDG 6 - To combat HIV/AIDS, malaria, and other diseases.
- 2.5.1.7 MDG 7 - To ensure environmental sustainability.
- 2.5.1.8 MGD 8 - To develop a global partnership for development.<sup>7</sup>
- 2.5.2 The Paris Declaration on Aid Effectiveness was signed in February 2005. The declaration was endorsed by more than 100 signatories. These signatories were donor and developing country governments, multilateral donor agencies, regional development banks and international agencies. The declaration was a reaction to the increased scrutiny placed upon development aid in the run up to the G8 summit in Gleneagles, Scotland, and was centred on 5 key principles:
  - 2.5.2.1 Ownership – The need for developing countries to lead and manage their own development strategies.
  - 2.5.2.2 Alignment – Aid should be aligned with the development strategies of developing countries. Where possible, local institutions and structures should be used in order to reduce aid dependency.
  - 2.5.2.3 Harmonisation – The need for donors to coordinate development strategies more effectively. This included a commitment for two-thirds of aid to be disbursed through ‘programme based approaches’ by 2010.
  - 2.5.2.4 Managing for results – The need to focus on the development of tools and systems which can be used to measure poverty reduction. It is very hard to understand if development strategies are working if these systems are not in place.
  - 2.5.2.5 Mutual accountability – Donors and developing countries to account more transparently to each other over their use of funds. Citizens and parliaments of developing countries also have a right to have increased oversight over development funds.<sup>8</sup>
- 2.5.3 The role of private aid, and particularly foundations, has become more prominent:
  - 2.5.3.1 The Bill and Melinda Gates foundation was founded in 2000. In 2009, the foundation spent US\$1.8 Billion on health projects alone, with much of this being spent in Sub-Saharan Africa.
  - 2.5.3.2 The Rockefeller and Ford Foundations are also increasingly involved in Sub-Saharan Africa. The Children’s Investment Fund Foundation is the largest British based foundation with an African focus. In 2010 its grants totalled US\$214.38 million, with much of this total contributing to projects in Angola, Benin, Botswana, Burkina Faso, Burundi, Côte d’Ivoire and Cameroon.<sup>9</sup>
  - 2.5.3.3 There has been a growth in private aid from African donors. The number of high net worth individuals in Africa grew by over 150% between 2000 and 2013, and this has impacted upon philanthropy on the continent.<sup>10</sup>

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<sup>7</sup> (The UN, 2015)

<sup>8</sup> (OECD, 2015)

<sup>9</sup> <https://www.devex.com/news/top-10-philanthropic-foundations-a-primer-75508>

<sup>10</sup> <http://www.portland-communications.com/publications/communicating-global-giving/a-new-era-for-african-philanthropy/>

- 2.5.3.4 There has been an increase in the number of NGOs. For example, the number operating in Kenya grew 15-fold between 1991 and 2008<sup>11</sup>.
- 2.5.4 There has been an increased focus on direct budgetary support in aidgiving. This is due to a desire to fulfil the aspects of the Paris Declaration dedicated to country ownership and aid alignment. This has had implications for donor oversight, and budgetary support has sometimes been suspended due to concerns related to corruption<sup>12</sup>.
- 2.6 Since 2010, there has been an increased focus on bringing profit into international development thinking.
  - 2.6.1 Social enterprises are increasingly important in developing countries. Many are emerging purely from the hard work of citizens in these countries, however there has also been a concerted effort from major donors to support their growth. Social enterprises can be more flexible in their approach, and as they are usually staffed by those from the project area, they are better positioned to understand local problems.
  - 2.6.2 The growth in social enterprises has also been driven by shortages in aid funding since the global financial crisis of 2008-9.
  - 2.6.3 With developing countries such as Bangladesh moving towards middle-income status and likely reductions in aid income, it is possible that existing charities may have to become social enterprises in order to continue their work in the future<sup>13</sup>.
  - 2.6.4 Much of the work of donors is now centred on reaching the targets set by the Sustainable Development Goals (SDGs) of 2015, which have followed on from the MDG target cycle, which ran from 2000-2015. There are 17 SDGs, and whilst the MDGs were largely aimed at poorer nations, the SDGs contain universal targets, such as target 10, which aims to 'reduce inequality within and among countries'<sup>14</sup>.

### 3. STRUCTURES OF INTERNATIONAL AID GIVING ORGANIZATIONS

- 3.1 The structure of aid giving organizations is dictated by their size, purpose, and founding principles.
  - 3.1.1 An NGO with a *charitable orientation* will often be top-down in structure, and feature very little participation from the beneficiaries of the aid. These NGOs focus on meeting the needs of the poor, whether that be through the distribution of food, medicine or clothing. These NGOs are particularly well placed to offer speedy assistance at the time of a natural or man-made disaster.
  - 3.1.2 An NGO with a *service orientation* would provide services that are governmental in their nature. These services could be in the realms of health, education or transport, and in order to ensure these services are of a good standard, NGOs will often seek the involvement of beneficiaries during programme design.
  - 3.1.3 NGOs with a *participatory orientation* will feature as much involvement from beneficiaries as is possible. In this, they can contribute money, resources, land and labour, with cooperatives being an example of this kind of development. These projects are generally micro-level in their design, with the emphasis being on local ownership of economic development.
  - 3.1.4 NGOs with an *empowering orientation* are centred on advocacy, and can arise from local dissatisfaction over an injustice, or from the intervention from an outside NGO advising locals on an economic, political or social problem which may be affecting them. These NGOs are generally micro-level in their design, and do not necessarily have a

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<sup>11</sup> (Brass, 2010)

<sup>12</sup> (Anderson, 2014)

<sup>13</sup> (Purvis, 2015)

<sup>14</sup> (Ford, 2015)

formalised structure as they often develop spontaneously, and may only remain in existence throughout a specific advocacy campaign<sup>15</sup>.

3.2 Non-Governmental Organizations (NGOs) must fulfil a number of criteria in order to qualify as NGOs.

3.2.1 To qualify as ‘non-governmental’, NGOs cannot be empowered with governmental powers. They are established on the initiative of private persons.

3.2.2 NGOs can depend on government funding, but must be free from governmental influence.

3.2.3 Although profits can sometimes occur due to funding cycles, these should not necessarily be sought out, and profits should not be distributed amongst members/employees.

3.3 There are three primary forms of organisational structure for aid giving organizations.

3.3.1 Hierarchical structures

3.3.1.1 Relatively few managers control the organisation, with only a small number of staff under each manager. There is a directive management style, with a clear chain of command visible all the way up to the CEO.

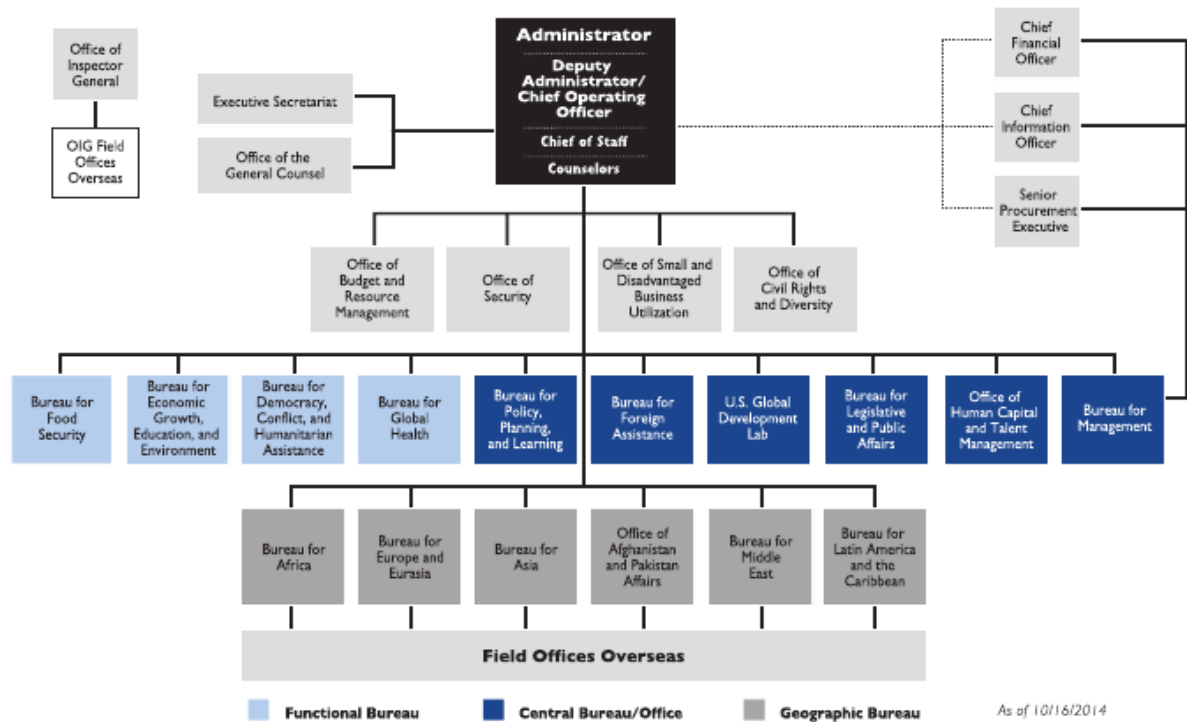


Table one – Example of the hierarchal organisational structure of a governmental development agency - [USAID](#)

3.3.2 Team structure

3.3.2.1 Managers serve more as facilitators and group leaders than final decision-makers. Work styles are more participatory and interactive.

3.3.2.2 These organizations make use of temporary teams or task forces to deal with particular issues or cross-cutting initiatives. There is a focus on inter-

<sup>15</sup> (GDRC, 1991)



sectional thinking in these organizations, with branches and sections discouraged from sticking to, or closely guarding, their own remits.

3.3.3 Network structures

3.3.3.1 In some instances, independent or semi-independent organizations form loose affiliations in which they share resources, information, data, and responsibility for joint projects.

3.3.3.2 The International Federation of Red Cross and Red Crescent Societies (IFRC) is an example of a network structure, with a group of international affiliates supporting a common set of principles and approach to work.

3.3.3.3 Network structures are becoming increasingly prevalent in international development due to a desire to reduce the administration costs in aidgiving. Therefore, western NGOs often subcontract out development work to NGOs in developing countries who share a similar set of principles and values. A 'local fund' can then be created, which is managed by a consortium of local NGOs on behalf of donors.

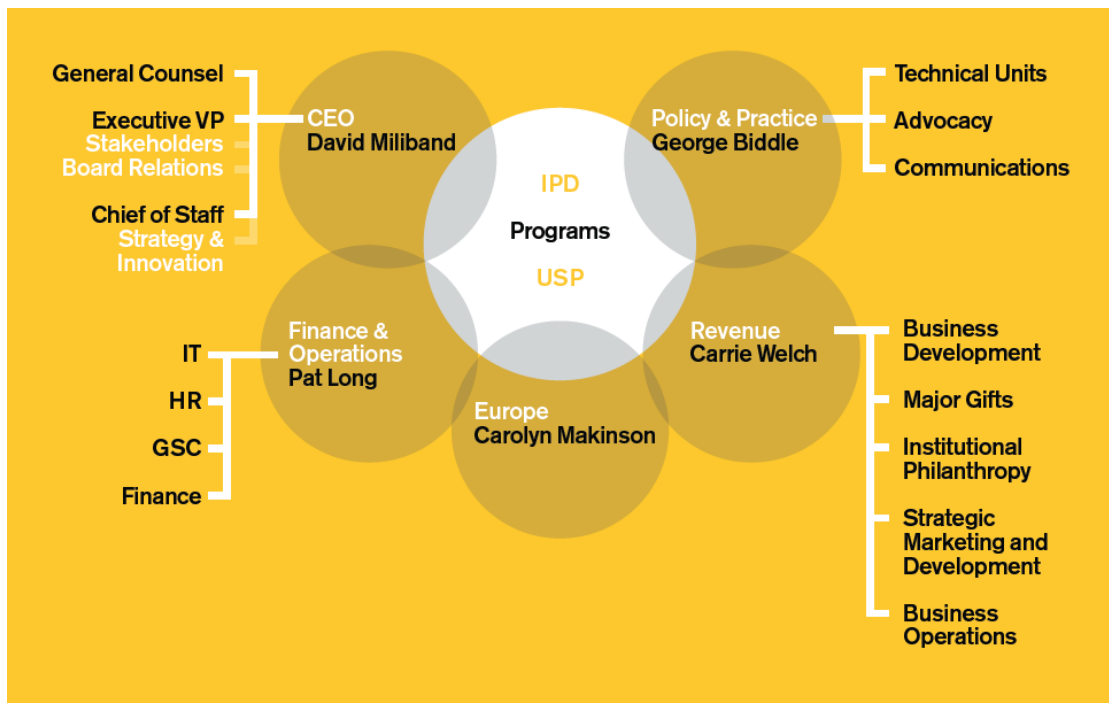


Table 2 - Example of a team structure in a non-governmental aid agency – International Rescue Committee ([IRC](#))

3.4 A recent trend has been the increased use of consultancy services by private and public donors. The UK’s Department for International Development (DFID) has been subject to particular criticism, with the department increasingly reliant on assistance from consulting firms as it seeks to allocate its budget, which has increased significantly in recent years. In 2011, the department gave £37 million to a single consultancy firm, Adam Smith International. This was criticised as a number of former DFID staff are on the firm’s management team<sup>16</sup>.

4. FUNDING OF INTERNATIONAL AID AGENCIES

4.1 International aid agencies receive funding from a broad range of sources, both in the public and the private sectors.

4.2 The funding mechanisms of an organisation can be dictated by its founding charter.

<sup>16</sup> (Provost, 2012)

- 4.2.1 Of Médecins Sans Frontières' (MSF) US\$1.2 billion budget in 2010, US\$1.1 billion came from private sources. This is particularly well suited to the organisation as it places a great deal of emphasis on its status as a neutral actor<sup>17</sup>. MSF has criticised the use of international aid organizations by the Allied Forces in Afghanistan post-2001, saying that their involvement in 'nation building' politicised the provision of humanitarian aid<sup>18</sup>.
- 4.2.2 The International Red Cross and Red Crescent Movement (ICRC) had a US\$3.1 billion budget in 2010, with US\$1 billion (31%) coming from private organizations.
- 4.3 Funding comes in a variety of ways, and is either restricted or unrestricted.
  - 4.3.1 'Restricted' funding will often have conditions attached to it, and will generally come from official sources, for example from a donor government.
  - 4.3.2 'Unrestricted' funding will often come in the form of gifts, generally from private persons or organizations. This is often referred to as 'free money'. This is becoming increasingly prevalent in development funding, with NGOs becoming gradually more reliant on the support of large foundations<sup>19</sup>.

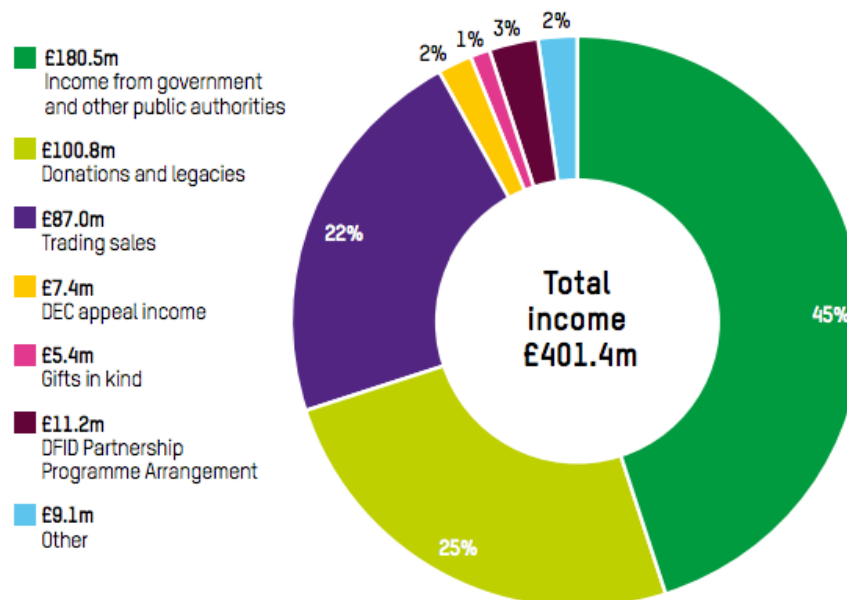


Figure 2 - Sources of funding for Oxfam 2014/15 - [Oxfam](#)

- 4.4 The levels of funding from public or private sources may differ depending on the country from which the NGO operates.
  - 4.4.1 In Sweden it is law that an NGO should finance at least 10% of a development project, even if it is a project run by the Swedish International Development Cooperation Agency, the government department dedicated to aidgiving.
  - 4.4.2 This differs from countries such as Britain and Ireland, where historically the majority of funding for international development has come from private sources. However, even in these countries funding from official sources is becoming more prevalent. In the case of OxfamGB, from a total annual income during 2006/7 of £290.7 million, 24.2% was from official sources and the rest came from fundraising and trading. This contrasts with

<sup>17</sup> (Development Initiatives, 2011)

<sup>18</sup> (Laurance, 2014)

<sup>19</sup> (Mango, 2010)

the information in *Figure 2*, which shows that in 2013/14 approximately 48% of OxfamGB's funding came from governmental and public sources.

#### 4.5 The 'grant model'

4.5.1 NGOs propose projects or programmes to multilateral institutions or donor governments, and then receive funding in order to carry them out.

#### 4.6 The 'contract model'

4.6.1 NGOs are directly engaged by bilateral donors in order to undertake specific tasks on their behalf.<sup>20</sup> All costs are then covered by the donor.

#### 4.7 The UN and NGOs

4.7.1 The UN has led the way in promoting pooled funding as a viable method for funding development projects.

4.7.2 The UN controls these funds centrally, with local NGOs then coming to the UN in order to ask for funds. This means that UN agencies can coordinate NGOs on the ground, and ensure that money and resources are not being unevenly distributed.

4.7.3 An example of this would be the Central Emergency Response Fund (CERF). This was launched by the United Nations in 2006, and is a funding mechanism designed to provide a speedy response to humanitarian emergencies. CERF provides seed funds to jump-start critical operations and fund life-saving programmes not yet covered by other donors. CERF's grant component consists of two components: one for rapid responses and one for underfunded emergencies.

4.7.4 The biggest contributors to the CERF in 2013 were the UK, Sweden, Norway, and the Netherlands, all of who contributed over US\$50 million<sup>21</sup>.

4.8 Generally, it is the larger scale NGOs which find their funding coming from official sources. In the UK, only around 400 International NGOs receive significant support from official sources.<sup>22</sup>

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<sup>20</sup> (Lewis & Kanji, 2009)

<sup>21</sup> (Osborne, 2014)

<sup>22</sup> (Hailey, 2014)

5. REGIONAL DISTRIBUTION OF INTERNATIONAL AID

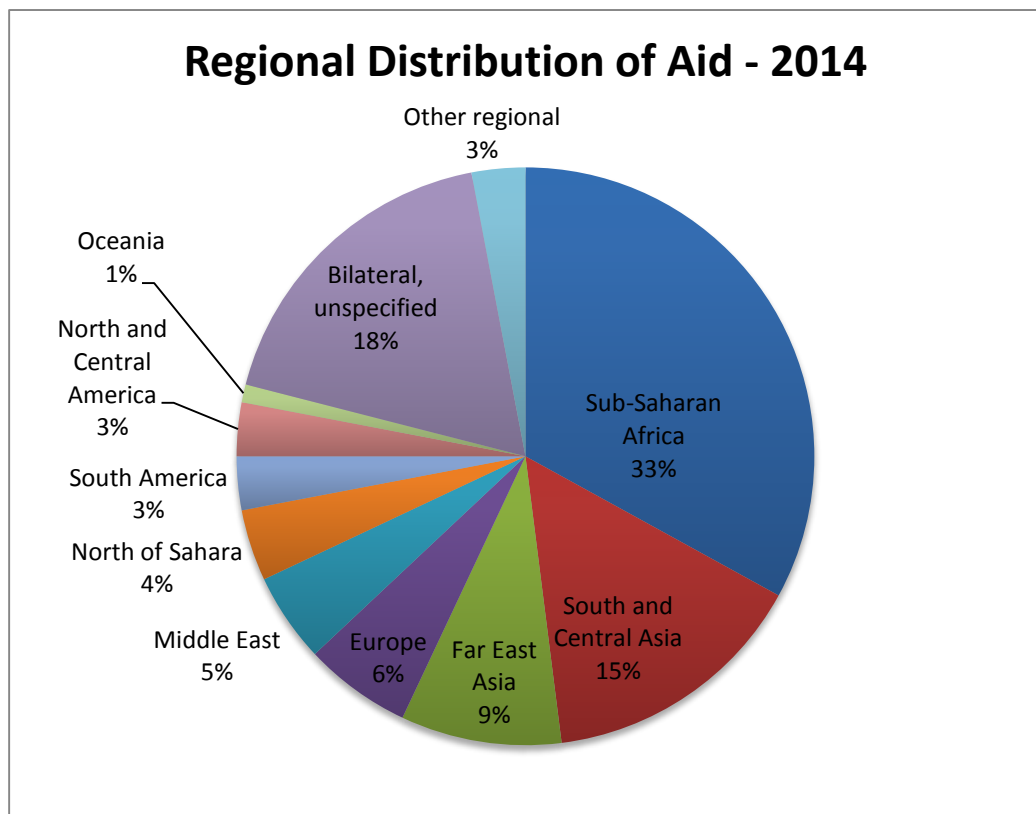


Figure 3 – Regional distribution of international aid 2014 - [United Nations](#)

5.1 Sub-Saharan Africa

5.1.1 Assistance to national health services continues to be a priority for aid agencies in SSA.

5.1.1.1 Sub-Saharan Africa accounts for 11% of the world’s population, but 24% of the world’s disease burden.

5.1.1.2 In 2002 the Global Fund to fight AIDS, Malaria and TB was created in order to harness resources in the fight against these diseases. For the first 5 years of its existence, commitments to Africa made up approximately half of the fund’s US\$7 billion budget.<sup>23</sup>

5.1.1.3 NGOs largely focus their efforts on primary healthcare, which is defined by the World Health Organisation (WHO) as including: health education, promotion of proper nutrition, safe water and basic sanitation, maternal and child health care (including family planning), immunisation against major infectious diseases, appropriate treatment of common diseases and injuries, and provision of essential drugs<sup>24</sup>.

5.1.1.4 Aid agencies have been criticised for being too ‘vertical’ in their reaction to health problems in Sub-Saharan Africa. NGOs have been very effective in tackling specific diseases or epidemics, but have not contributed sufficiently to general improvements across African healthcare systems. For example, pulmonary infections kill nearly as many Africans as AIDs, but the educational and clinical work necessary to reduce their impact has largely been left to national governments.

<sup>23</sup> (Corporation, 2008)

<sup>24</sup> (KPMG, 2012)

5.1.2 Education

5.1.2.1 Between 2004 and 2010, 9 countries in Sub-Saharan Africa saw 25% or more of their education budget being covered by development aid. These countries were: Mozambique, Zambia, Eritrea, Rwanda, Guinea, Burkina Faso, Mali, Burundi and Malawi<sup>25</sup>.

5.1.2.2 In Somaliland, the Ministry of Education has estimated that donor and international agency spending on education in the country is ten times that of the government<sup>26</sup>.

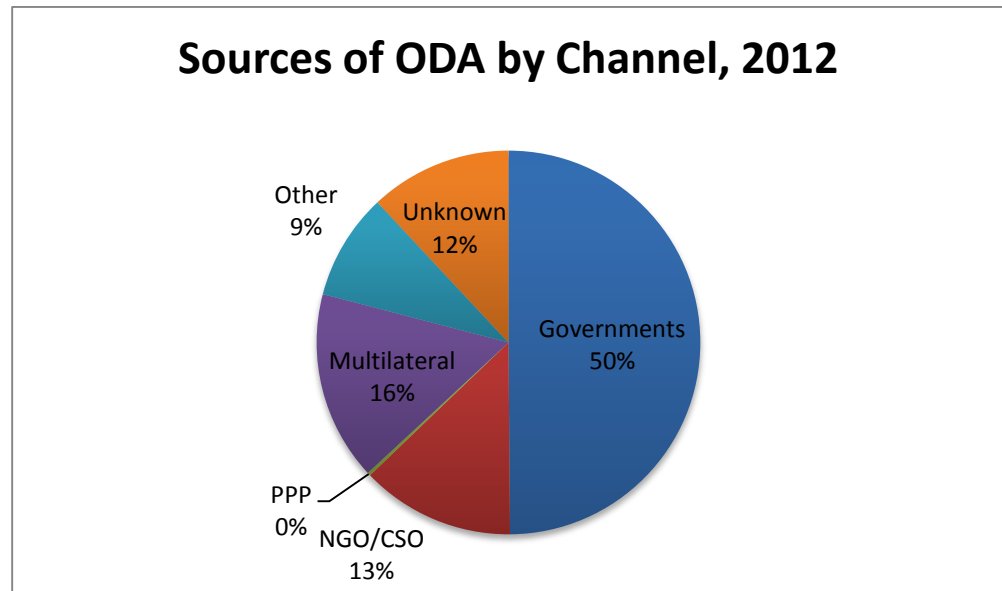


Figure 4 - Data - [United Nations](#)

5.1.2.3 On average, between 1999 and 2010, 42% of Mozambique’s education budget came from external sources.

5.1.2.4 The focus by donors since 2000 has been on primary education. This is largely due to the focus placed upon primary education in the Millennium Development Goals, with MDG 2 calling for universal primary enrolment.

5.1.2.5 The EU allocated 28% of its allocation for education development aid to primary education from 2001-15. This contrasts with the 18% allocated to secondary education, and the 7% to further education.

5.1.2.6 In 2010, UNESCO found that 38% of bilateral education aid was directed at basic education. 56% of multilateral education aid was aimed at basic education, with the UN Development Programme allocation 87% of its education funding, and UNICEF 97%.<sup>27</sup>

<sup>25</sup> (EFA, 2012)

<sup>26</sup> (Brophy, 2014)

<sup>27</sup> (EFA, 2012)

5.2 Middle-East

5.2.1 As is illustrated in *Figure 3*, the Middle East has not been a priority region for ODA in recent years, especially when compared to Sub Saharan Africa. However, due to the conflict in Syria and the subsequent refugee crisis, donors have started to see the region as a priority area.

5.2.1.1 Department for International Development (DFID) projects responding to the crisis has so far cost £39.5 million, however this will increase over the next year, with the project budget for 2015/16 set at £197,884,251. This will account for 2.13% of the Department for International Development’s total budget.<sup>28</sup>

5.2.1.2 DFID has also allocated funding through multilateral institutions and INGOs. The money allocated between November 2012 and October 2015 has amounted to £1.12 billion, with £652.2million of this being spent<sup>29</sup>.

5.2.1.3 The total funding committed by the EU and its member states to the crisis

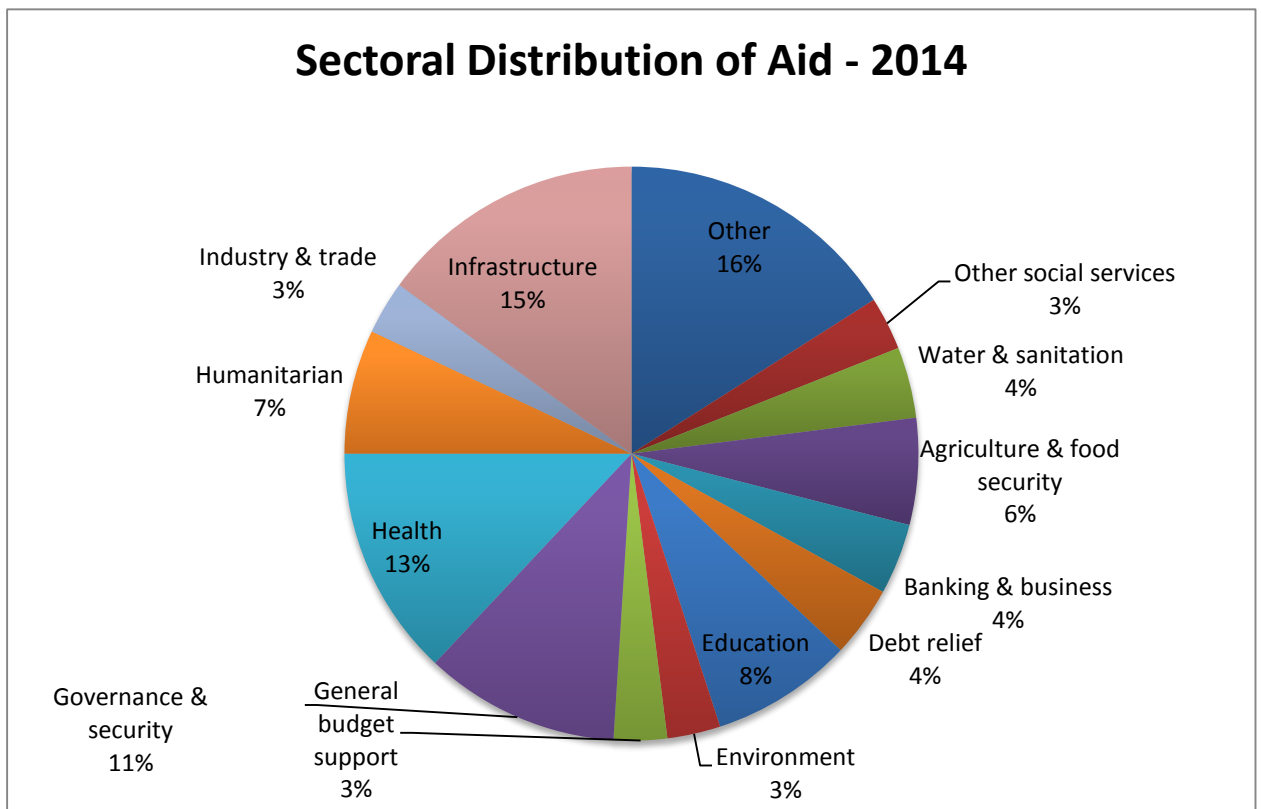


Figure 5 – Allocation of ODA by sector 2014 - [United Nations](#)

is €4.4 billion<sup>30</sup>.

5.2.1.4 The UN appeal for Syria raised US\$6.5 billion in 2014. The major contributors to this were the US with US\$845 million, the European Commission with US\$473 million, and the UK with US\$307 million<sup>31</sup>. This

<sup>28</sup> <http://devtracker.dfid.gov.uk/countries/SY/>

<sup>29</sup> (DFID, 2015)

<sup>30</sup> (ECHO, 2015)

<sup>31</sup> (Osborne, 2014)

UN is currently attempting to coordinate the response to the Syrian Crisis around two action plans:

- 5.2.1.5 The Syrian Humanitarian Assistance Response Plan (SHARP). US\$2.3 billion of the income from the Syria appeal was allocated to this in 2014. SHARP addresses the needs of those affected by the conflict inside Syria. Its priorities include the provision of relief supplies such as food, clothing and shelter, as well as the rebuilding of critical infrastructure, including hospitals.
- 5.2.1.6 US\$4.2 billion was allocated to the Regional Response Plan 6 (RRP6). The RRP focuses on assisting those Syrian refugees currently in other countries in the region. Jordan, Turkey and Lebanon are the main focal points for funding from the RRP. The priorities of the RRP include protection, access to basic services, durable solutions such as resettlement, and support to host communities<sup>32</sup>.

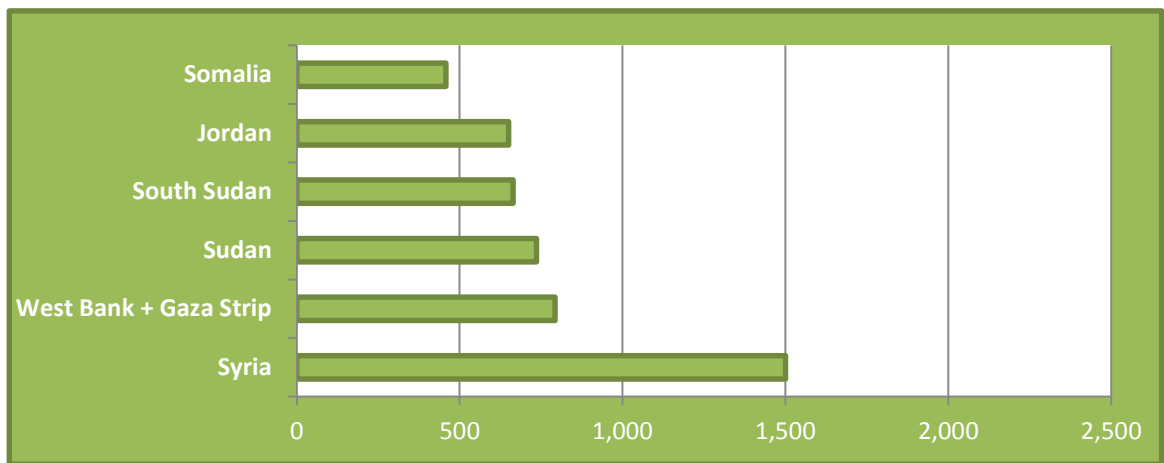


Figure 6 - Top 6 recipients of humanitarian aid in 2013 (million US\$) – [Global Humanitarian Assistance](#)

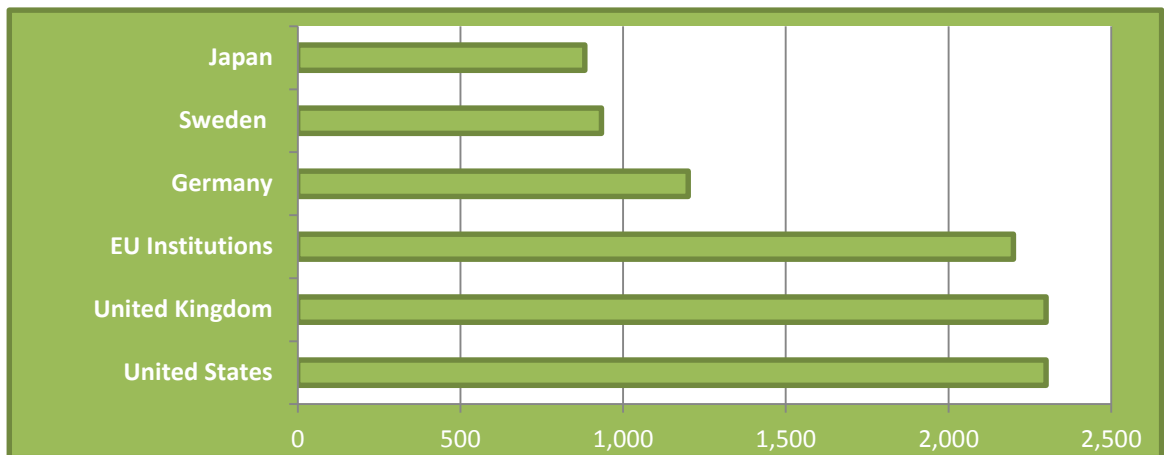


Figure 7 - Top 6 donors for humanitarian aid in 2013 (million US\$) – [Global Humanitarian Assistance](#)

- 5.2.1.7 The International Committee of the Red Cross (ICRC) had a budget of US\$116 million for its response to the Syrian crisis in 2014.

<sup>32</sup> (Margesson & Chesser, 2014)

5.2.1.8 Central Emergency Response Fund (CERF)

5.2.1.8.1 CERF funding has mostly come through the rapid response funding mechanism. In 2013 Syria was the second largest recipient of CERF funding, receiving US\$40 million. When funding to Lebanon, Jordan and Iraq is added to this, the total CERF contribution becomes US\$80 million out of a total institutional budget of US\$482 million (16% of all allocations)<sup>33</sup>.

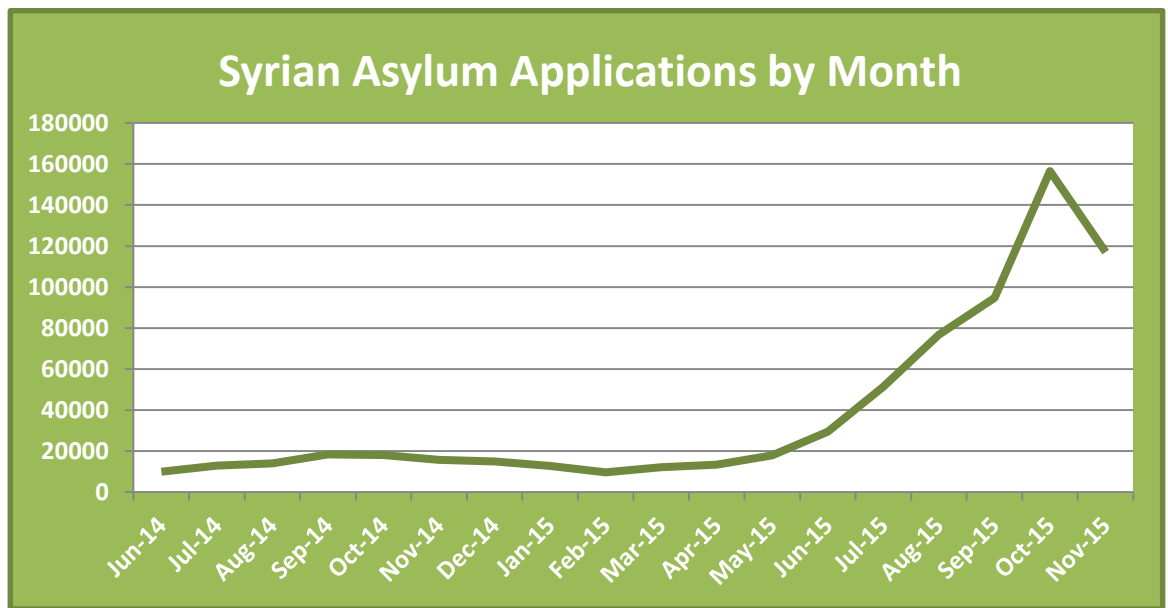


Figure 8 – Graph detailing the number of asylum applications made by Syrians in Europe from June 2014 - [UNHCR](#)

5.2.1.9 Donor conferences have been held in order to raise money for the response for the crisis:

5.2.1.9.1 US\$1.5 billion was pledged at the International Humanitarian Pledging Conference for Syria, hosted in Kuwait in January 2013. Much of this funding was promised to the SHARP and RRP funds.

5.2.1.9.2 US\$2 billion was pledged at the second donors’ conference for Syria, again hosted in Kuwait, and hosted by Ban Ki-moon in January 2014.

5.2.1.9.3 US\$3.8 billion was pledged at the third donors’ conference in March 2015<sup>34</sup>.

5.2.1.9.4 A 4<sup>th</sup> conference for Syria is planned, and will be held in London in February 2016. Norway, the UK, Germany, Kuwait and the UN will be joint hosts of the event<sup>35</sup>.

<sup>33</sup> (Osborne, 2014)

<sup>34</sup> (Margesson & Chesser, 2014)

<sup>35</sup> (UK, 2015)



6. MAJOR PLAYERS

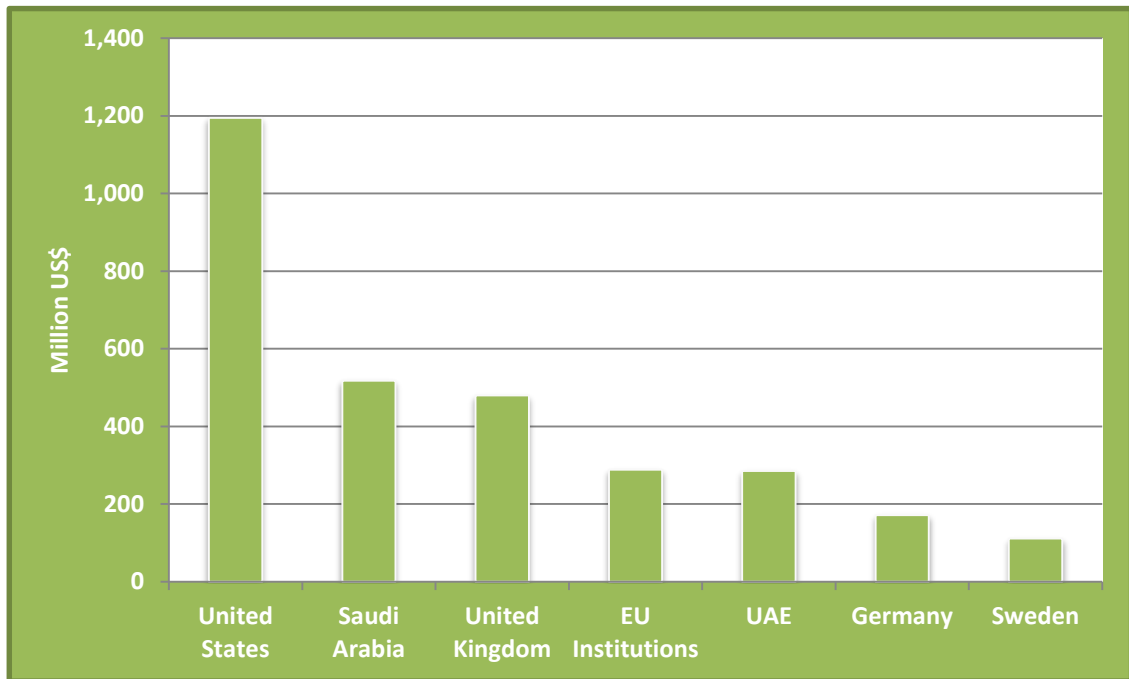


Figure 9 – Biggest donor increases in humanitarian aid spending between 2013-14.  
Data – [Global Humanitarian Assistance](#)

6.1 Governmental

6.1.1 The world’s biggest provider of overseas development assistance is the United States, with the country’s net ODA reaching US\$30.879 billion in 2013<sup>36</sup>.

6.1.1.1 The government agency responsible for the disbursement of much of this funding is the United States Agency for International Development (USAID).

6.1.2 The other governmental development agencies with a budget of over US\$10 billion are:

6.1.2.1 The UK’s DFID. DFID’s budget for 2015-16 is set at US\$16.65 billion. It is also forecast to grow by 20% over the next 5 years<sup>37</sup>.

6.1.2.2 The Japan International Cooperation Agency (JICA) has an annual budget of approximately US\$14 billion. 82.6% of JICA’s funding goes to Asia, with 6.5% being allocated to the Middle East, and 2.5% to Africa<sup>38</sup>.

6.2 Multilateral

6.2.1 The EU

6.2.1.1 EU member states give, on average, one-fifth of their own development funds to the EU in order to contribute to the EU’s aid programme.

6.2.1.2 EU development assistance is handed out through two principal agencies, The European Development Fund (EDF) and the Development Cooperation Instrument (DCI). The 2014-2020 funding cycle for these institutions was finalised in October 2013.

<sup>36</sup> <http://www.compareyourcountry.org/aid-statistics?cr=oced&lg=en#>

<sup>37</sup> (British Government, 2015)

<sup>38</sup> (JICA, 2014)

- 6.2.1.3 The European Development Fund has a budget of €30.506 billion for the period 2014-2020. The EDF provides aid for African, Caribbean and Pacific (ACP) countries. The EDF budget is agreed upon separately to the main EU budget. This funding is implemented by Commission and External Action Service (EEAS) country offices.
- 6.2.1.4 The Development Cooperation Instrument has a budget of €20.6 billion, and directly funds the work of both state and non-state actors in developing countries<sup>39</sup>. It focuses its work on Latin America, Asia, the Gulf region, and South Africa.
- 6.2.2 UN Specialized Agencies
  - 6.2.2.1 The Bretton Woods Institutions continue to be important actors in facilitating development in the Global South. However, their influence is less than it was in the 1980s, at the peak of Structural Adjustment.
  - 6.2.2.2 In 1990, World Bank grants and loans to developing countries amounted to US\$17.7 billion, whilst private investment flows to these countries amounted to US\$21.1 billion. In 2011, private investment flows were US\$612 billion, with World Bank financing being US\$32 billion<sup>40</sup>. Private investment flows to developing countries therefore now outstrip World Bank financing by a factor of 19 to 1.
  - 6.2.2.3 The World Bank is still a prominent donor in supporting infrastructure development. It is supportive of the WTO's Aid for Trade (AfT) agenda, and continues to finance projects in developing countries. Particularly prominent in Africa have been the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA), which are both World Bank Group affiliates
- 6.2.3 UN Programmes and Funds
  - 6.2.3.1 The United Nations Development Programme (UNDP) has an estimated budget of US\$24.3 billion for the period of 2014-17<sup>41</sup>. The UNDP coordinates all UN development activities at a country level and aims to 'base its activities on the fundamental values of the United Nations while learning from its past and leveraging its core competencies and unique capabilities'<sup>42</sup>.
  - 6.2.3.2 The United Nations Children's Fund (UNICEF) has an estimated budget of US\$2.094.5 billion for 2014-2017<sup>43</sup>. UNICEF centres its activities on assisting children, and overcoming the obstacles that poverty, violence, disease and discrimination place in a child's path.
  - 6.2.3.3 The United Nations High Commissioner for Refugees (UNHCR) had a budget of US\$7 billion in 2015<sup>44</sup>. The organisation emerged in the wake of World War 2 in order to assist Europeans displaced by the conflict. It is currently particularly prominent in leading the response to the Syrian crisis, operating refugee camps in Jordan, Turkey and Iraq.

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<sup>39</sup> (Euractiv, 2013)

<sup>40</sup> (Herbst & Mills, 2013)

<sup>41</sup><http://www.undp.org/content/dam/undp/library/corporate/Executive%20Board/2013/Second-regular-session/English/dp2013-41e.pdf>

<sup>42</sup> [http://rconline.undg.org/wp-content/uploads/2011/11/RC-Briefing-Package-UNDP-profile\\_2111.pdf](http://rconline.undg.org/wp-content/uploads/2011/11/RC-Briefing-Package-UNDP-profile_2111.pdf)

<sup>43</sup> (UNICEF, 2013)

<sup>44</sup> (UNHCR, 2015)

6.2.3.4 The World Food Programme’s (WFP) budget from 2012-14 was set at US\$5.484 billion<sup>45</sup>. The WFP’s operations are based around its Mission Statement, which was adopted in December 1994. The statement says that the ‘policies governing the use of World Food Programme food aid must be oriented towards the objective of eradicating hunger and poverty. The ultimate objective of food aid should be the elimination of the need for food aid’<sup>46</sup>. Each year WFP distributes approximately 4 million metric tonnes of food, reaching 80 million beneficiaries. WFP operates an average of 60 aircraft, 40 ships, and 5,000 trucks on any given day<sup>47</sup>.

6.3 Non-governmental

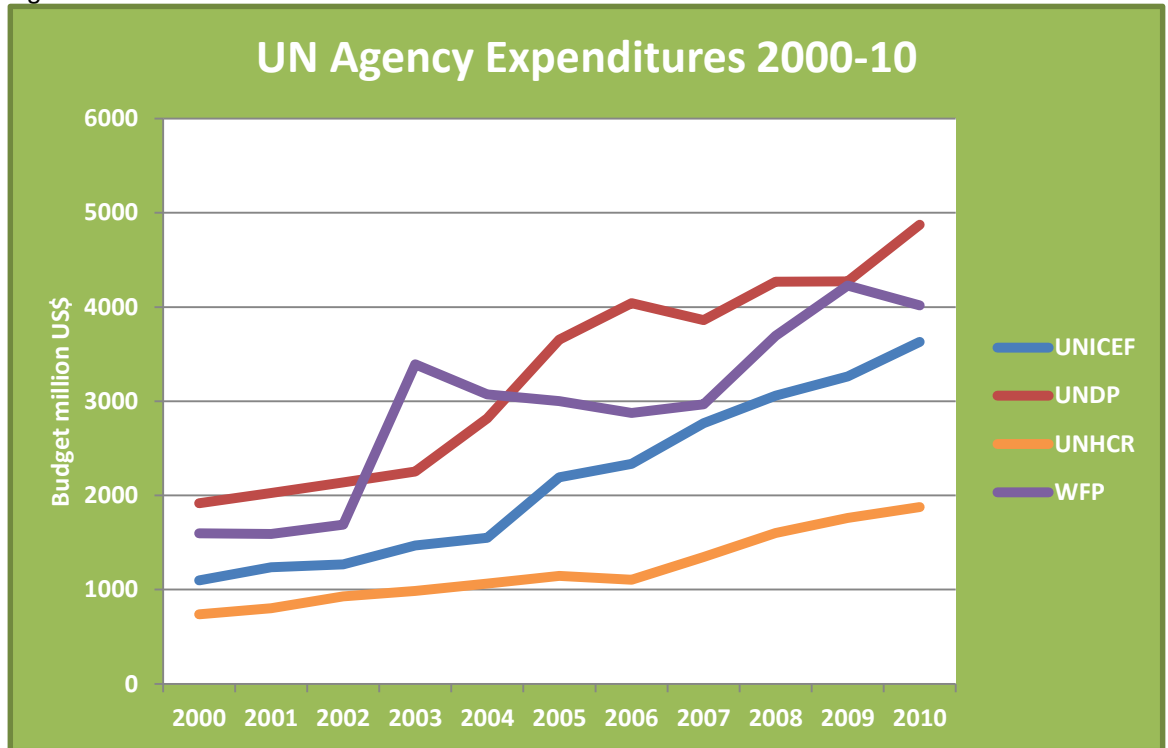


Figure 10 – UN Agency expenditures – Data – [Global Policy](#)

6.3.1 Foundations

6.3.1.1 The Bill and Melinda Gates Foundation’s endowment currently stands at US\$41.3 billion. Total grant payments since inception have amounted to US\$34.5 billion. The foundation supplies grants to a broad variety of development agencies, whether they be charitable or multilateral in their design. Current priorities include: Family planning, nutrition, vaccine delivery, agricultural development, and the aim to eradicate polio by 2018.

6.3.1.2 The Ford Foundation has a total current endowment of US\$12 billion. Focus areas are: civic engagement and government, creativity and free expression, equitable development, inclusive economics, internet freedom, youth opportunity and learning, and gender, racial and ethnic justice.

6.3.2 Charities

<sup>45</sup> (WFP, 2012)

<sup>46</sup> (WFP, 1994)

<sup>47</sup> (WFP, 2015)

- 6.3.2.1 World Vision International (WVI) had a total income of US\$2.80 billion in 2014, with its expenditure being US\$2.359 billion<sup>48</sup>. WVI is a humanitarian aid charity which has its roots in evangelical Christianity. It aims to assist families, children and communities in overcoming poverty and injustice, and spent 47.9% of its total budget on African based projects in 2014.
- 6.3.2.2 CARE International had a total revenue of €582,598,000 in 2014. Total expenditure amounted to €556,739,000<sup>49</sup>. CARE International aims to target poverty and its causes by empowering women and girls, and was able to reach 72 million people with the humanitarian and development projects it supported in 2014.
- 6.3.2.3 The International Rescue Committee (IRC) was founded by Albert Einstein in 1933 as a reaction to Nazi Germany's oppressive policies. From its inception, the IRC has aimed to offer support to refugees fleeing from oppression and persecution. Total operating revenue in 2014 was US\$563,536,000 with expenditure standing at US\$509,402,000<sup>50</sup>.
- 6.3.2.4 The expenditure of the International Committee of the Red Cross (ICRC) was approximately US\$1.35 billion in 2014. South Sudan and Syria were the most prominent areas of operation, with US\$120.32 million and US\$110.11 million being spent in these countries respectively<sup>51</sup>.
- 6.3.2.5 Médecins Sans Frontières total expenditure amounted to €669.1 million in 2014. It spent over 10 million euros in 20 countries, with the most being spent in South Sudan, followed by the DRC and the CAR<sup>52</sup>.

## 7. HUMANITARIAN AID AND DEVELOPMENT AID – AID AS DIPLOMACY

- 7.1 Humanitarian aid generally refers to assistance provided in the immediate aftermath of an environmental or man-made disaster. In 2013 the total spent on humanitarian relief by donors was estimated to be US\$22 billion<sup>53</sup>.
- 7.2 60% of this was spent in the Middle East, with the Syrian Civil War being the major humanitarian crisis of the past decade.
- 7.3 Development aid generally refers to funding that targets the longer term causes of poverty. In 2013, the OECD estimated that total overseas development aid stood at around US\$134.8 billion<sup>54</sup>.
- 7.4 Donors rarely use financial self-interest as a reason for disbursing development aid. Whilst it is accepted that there may be long-term benefits associated with ODA, it is rarely described by donor governments as being a trade-off.
- 7.5 Tied aid is development aid which links aid to purchases from companies in donor countries. It has become increasingly unpopular as a method of aidgiving, as it narrows the options of Least Development Countries (LDCs), and can increase costs by up to 30%.
- 7.6 The United States has been criticised particularly for its use of tied aid in the past. Only in 2012 did USAid's procurement policy change, with the new rules meaning that the development agency could buy most of its goods in-country. This followed a long period of time where the agency was

<sup>48</sup> (World Vision International , 2014)

<sup>49</sup> (CARE International, 2014)

<sup>50</sup> (IRC, 2014)

<sup>51</sup> (ICRC, 2014)

<sup>52</sup> (Médecins Sans Frontières, 2014)

<sup>53</sup> (Anderson & Galatsidas, 2014)

<sup>54</sup> (Provost, 2014)

expected to 'buy American', meaning that large amounts of money was spent shipping goods and equipment to developing countries from the US.

- 7.7 From 1999-2001 to 2008, the proportion of untied bilateral aid rose progressively from 46% to 82%<sup>55</sup>.
- 7.8 The OECD's DAC members have committed to untying all bilateral aid to LDCs and Heavily Indebted Poor Countries (HIPC)s. The following areas no longer see tied aid from DAC members:
  - 7.8.1 Balance of payments and structural adjustment support.
  - 7.8.2 Debt forgiveness.
  - 7.8.3 Sector and multi-sector programmes assistance.
  - 7.8.4 Investment project aid.
  - 7.8.5 Import and commodity support.
  - 7.8.6 Commercial services contracts and ODA to NGOs for procurement related activities<sup>56</sup>.
  - 7.8.7 The UK untied all development assistance in 2001, justifying that it 'reduces value for money'.
- 7.9 The British government has been open about the reasoning for its commitment to the UN's 0.7% GNI target for development spending. Whilst it maintains that this is a decision largely based in morality and a commitment to 'British values', it is also recognised that the UK is boosted diplomatically by its commitment to high ODA levels.
- 7.10 The increase in UK aid commitments has been accompanied by a change in UK development policy, and it is likely that over the coming years DFID will no longer be so dominant in deciding and implementing UK development strategy. This change in development strategy has been made clear by a number of recent events.
  - 7.10.1 David Cameron caused controversy in 2015 when he announced that £25 million in aid would go towards building a prison in Jamaica, which would house criminals returning from the UK<sup>57</sup>.
  - 7.10.2 The 2015 UK aid strategy makes it clear that the priority will be on targeting the 'great global challenges' of today. Mass migration and disease, and the threat of terrorism and global climate change, are seen to be particularly important due to the fact they 'directly threaten British interests'<sup>58</sup>.
  - 7.10.3 A proportion of the UK's aid budget will now be allocated to funding the BBC World Service. Funding to the service will increase by £34 million in 2016/17, and £85 million in the years to follow. A large proportion of this funding will count towards the UK's ODA<sup>59</sup>.

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<sup>55</sup> <http://www.oecd.org/dac/untied-aid/>

<sup>56</sup> (OECD, 2015)

<sup>57</sup> (Mason, 2015)

<sup>58</sup> (DFID, 2015)

<sup>59</sup> (Scrivener, 2015)

8. EFFECTIVENESS OF AID AGENCIES IN AFRICA AND THE MIDDLE EAST



*Image one - Dambisa Moyo – Zambian author and economist, and prominent critic of development aid. Author of Dead Aid (2009) - [chinaafricaproject](http://chinaafricaproject)*

8.1 Humanitarian aid

8.1.1 Middle East

- 8.1.1.1 The international humanitarian response to the Syrian Civil War and subsequent refugee crisis has been subject to a broad range of criticism.
- 8.1.1.2 The UN high commissioner for refugees, António Guterres, claimed in 2015 that UN agencies operating in the Middle East were ‘financially broke’. This was due to the fact that they had seen a 10% decrease in funding from 2014, but no reduction in the demand for their services<sup>60</sup>.
- 8.1.1.3 In March 2015 21 humanitarian and human rights organizations claimed that the UN was ‘failing’ ordinary citizens in Syria. This accusation was found in a jointly published report, which criticised in particular the UN’s failure to give support to the three UN Security Council (UNSC) resolutions which were aimed at protecting civilians<sup>61</sup>.

8.1.2 Africa

- 8.1.2.1 The response of aid agencies to the Ebola epidemic was criticised. In particular, a number of medical aid organizations were seen to have left the affected countries too early.
- 8.1.2.2 Medecins Sans Frontieres (MSF) was particularly critical of other aid agencies, publishing a report entitled ‘Pushed to the Limit and Beyond’ in March 2015. The report was particularly critical of the World Health Organisation’s failure to act as an effective liaison between the various stakeholders in the international response to the crisis<sup>62</sup>.

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<sup>60</sup> (Grant, 2015)

<sup>61</sup> (NRC, 2015)

<sup>62</sup> (Medecins Sans Frontieres, 2015)

- 8.1.2.3 A report in the Lancet medical journal was similarly critical of the role of the WHO during the crisis. In particular, the report criticised the relay from the WHO in declaring the outbreak as an international emergency<sup>63</sup>.

## 8.2 Development aid

- 8.2.1 Development aid has been criticised by a broad range of scholars in recent years. These range from academics such as Dambisa Moyo, who advocates the complete dissolution of the development aid industry, through to William Easterly, who merely recommends that it is reformed<sup>64 65</sup>. In addition to this, academics such as Jeffrey Sachs continue to maintain that development aid in its present form can help to pull countries out of poverty, but a renewed commitment from richer countries is necessary<sup>66</sup>.
- 8.2.2 A frequent criticism of development assistance is that it leads to aid fragmentation. This occurs when donors do not adequately align their development strategies, meaning that there is an over commitment in funding to some areas of development, and a lack of commitment to other areas. The Paris Declaration on Aid Effectiveness was largely a reaction to these criticisms, however many donors are yet to fully commit to it in practice.
- 8.2.3 Development aid has also been criticised on a more structural level, with the role of aid organizations being seen as taking the appropriate role of governments. Theorists such as David Williams have questioned the role of International Financial Institutions (IFIs) such as the IMF, highlighting the impact they can have on the sovereignty of developing countries<sup>67</sup>. Paul Collier has been particularly critical of poorly designed NGO programmes, claiming that they can undermine a government's responsibility to provide basic services for its citizens<sup>68</sup>.

## 9. HUMANITARIAN SUPPLY CHAIN LOGISTICS

- 9.1 Supply chains in humanitarian crises will generally follow a 'pull' strategy. The emphasis will always be on minimising wastage, and ensuring that everything being sent to a disaster zone is actually required on the ground.
- 9.2 The Syria crisis has prompted aid agencies to look again at their supply chains. Commonwealth Handling Equipment Pool (CHEP) is currently conducting an in depth review into the UNHCR's supply chain, with Vicente Escribano, Head of the UNHCR's Supply Management Logistic Service, saying "The efficiency of our supply chain is often literally a matter of life and death to the refugees and families we serve, so any improvements we can make could have a massive impact"<sup>69</sup>.
- 9.3 There have been a number of instances of humanitarian aid being lost along the supply chain, as well as a body of academic work which criticises aid organizations for their lax approach to supply chain management.
- 9.3.1 A 2012 study by Taino Bendz and Karl-Fredrik Granlund of Lund University analysed the UNHCR supply chain, and found a number of notable failings. In particular, it pointed to the fact that warehouse staff did not adequately understand supply chain management principles or inventory management. It also found that warehouses were often not well located in relation to disaster areas, and that there was not adequate communication between locations<sup>70</sup>.

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<sup>63</sup> (Boseley, 2015)

<sup>64</sup> (Easterly, 2007)

<sup>65</sup> (Moyo, 2009)

<sup>66</sup> (Sachs, 2005)

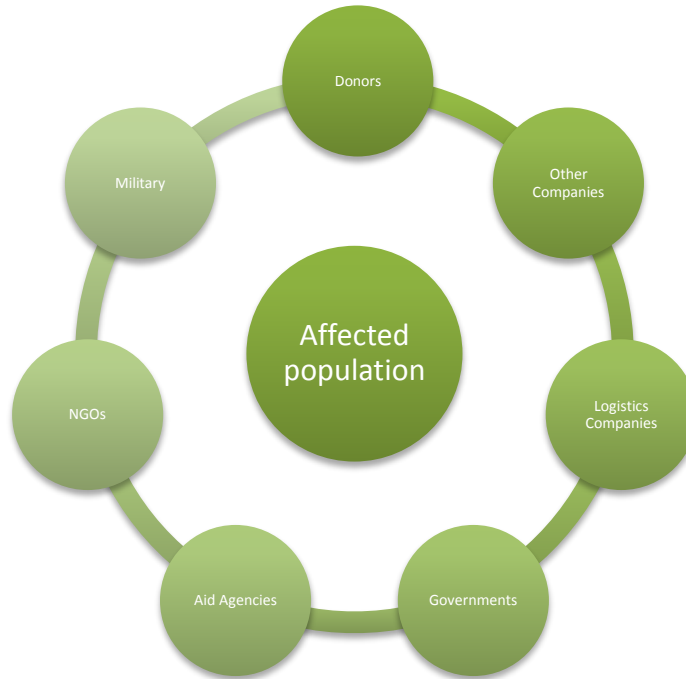
<sup>67</sup> (Williams, 2000)

<sup>68</sup> (Ibrahim & Hulme, 2011)

<sup>69</sup> (UNHCR, 2015)

<sup>70</sup> (Bendz & Granlund, 2012)

- 9.3.2 Reports surfaced in March 2015 that ISIS was relabelling and distributing WFP and ICRC food aid in Syria. The WFP could not explain how the group had gained control of the aid<sup>71</sup>.
- 9.3.3 The WFP saw hundreds of tonnes of its food aid stolen from its warehouses in the Central African Republic (CAR) in 2013. This was due to the civil war that was happening in the country at the time, with the UN unable to provide warehouses with adequate protection<sup>72</sup>.



*Table 3 – Actors involved in emergency response*

- 9.3.4 Food aid being stolen in Somalia has been a problem for a number of years. Due to the dangerous nature of the country, large organizations generally task local groups with overseeing the distribution of aid in the country. Theft was a significant issue during the famine of 1991 and 1992, with reports of this happening surfacing again in 2011's humanitarian crisis in the country<sup>73</sup>.
- 9.4 A 2008 report published by Transparency International highlighted the possible risk of corruption in the post-disaster humanitarian supply chain. Risks were found to be harder to mitigate in warehouses, particularly when they were operated by secondary firms<sup>74</sup>.
- 9.5 UNHCR currently maintains stockpiles at 7 distribution centres. These are located in Accra (Ghana), Amman (Jordan), Dubai (UAE), Copenhagen (Denmark), Nairobi (Kenya), Isaka (Tanzania) and Douala (Cameroon). Core relief items (CRIs) can be shipped from these locations, and the UNHCR has the capability to reach 600,000 people within 72 hours.
- 9.6 UNICEF distributes the vast majority of its items from its Copenhagen Warehouse, which covers 20,000 square metres, and has a storage capacity of 36,000 pallets. UNICEF also has three supply hubs supporting the Supply Division Warehouse in Copenhagen, these are located in Dubai, Shanghai and Panama.<sup>75</sup>

<sup>71</sup> (Pandey, 2015)

<sup>72</sup> <http://reliefweb.int/report/central-african-republic/food-aid-pillaged-central-africa-un>

<sup>73</sup> (Gettleman, 2011)

<sup>74</sup> (Maxwell, et al., 2008)

<sup>75</sup> (UNICEF, 2014)

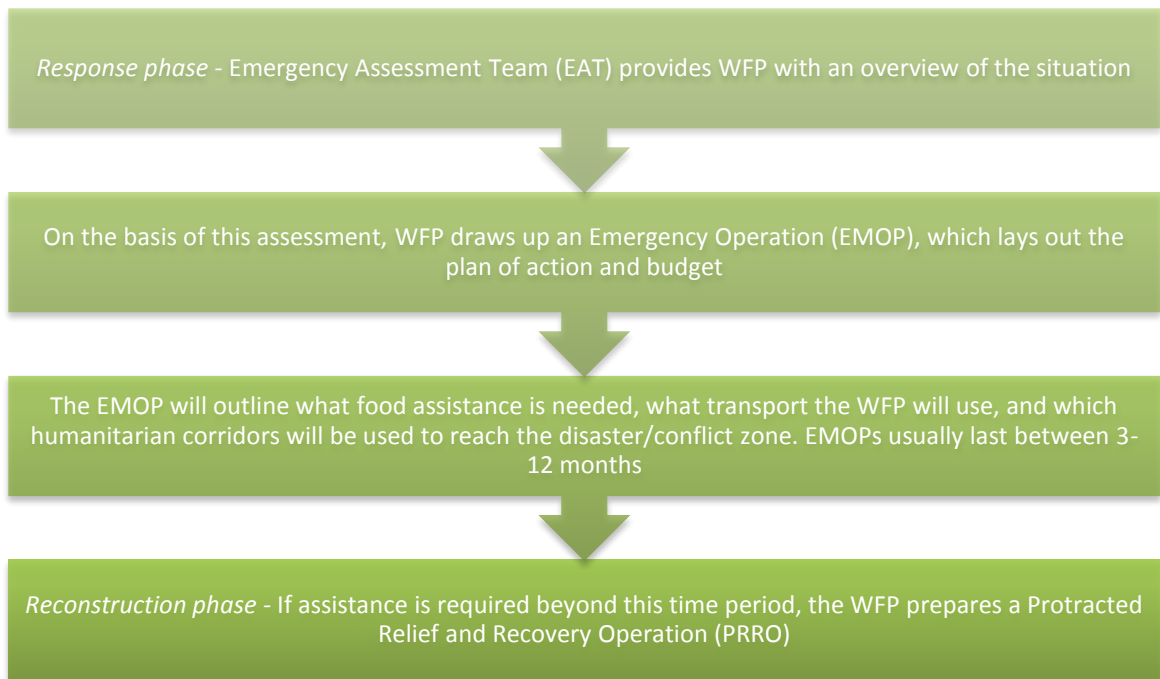


- 9.7 Humanitarian aid logistics demands lean and agile supply chains. It is expected that these supply chains are able to respond to any crisis, whatever its location, with costs kept at a minimum so that the maximum amount of resources can be allocated to helping those in need.
- 9.8 Much of the world's humanitarian aid is distributed from the International Humanitarian City (IHC), located in Dubai. The IHC is the world's largest and busiest logistics hub for humanitarian aid, and currently hosts 9 UN agencies, and nearly 50 NGOs<sup>76</sup>.
- 9.9 It is generally agreed that there are four phases in disaster management:
- 9.9.1 The *mitigation phase* refers to the laws and mechanisms in place in a country which can reduce the vulnerability of citizens. This phase normally relates to governmental responsibilities, and therefore does not demand the involvement of logistics professionals.
- 9.9.2 The *preparation phase* refers to operations that take place during the period before a disaster occurs. In this phase, the strategies for disaster response are developed, with the focus being on physical network design, information technology systems, and possible bases for collaboration. This phase aims to reduce the potential impact of a disaster.
- 9.9.3 The *response phase* refers to the operations that are implemented in the immediate aftermath of a disaster. In this phase, the first objective is the activation of the 'silent network' which has been developed in preparation for a possible disaster. The second objective is the restoration of basic services to the population, and the delivery of goods to as many people as possible.
- 9.9.4 The *reconstruction phase* refers to operations in the aftermath of the disaster. This phase aims to address the longer term impact of crises, such as the reconstruction of roads and railways<sup>77</sup>.
- 9.9.5 As can be seen in *Table 4*, aid agencies are most involved in the response and reconstruction phases, and this is also where logistics operators can be of most assistance.

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<sup>76</sup> (Jacotine, 2015)

<sup>77</sup> (Cozzolino, 2012)

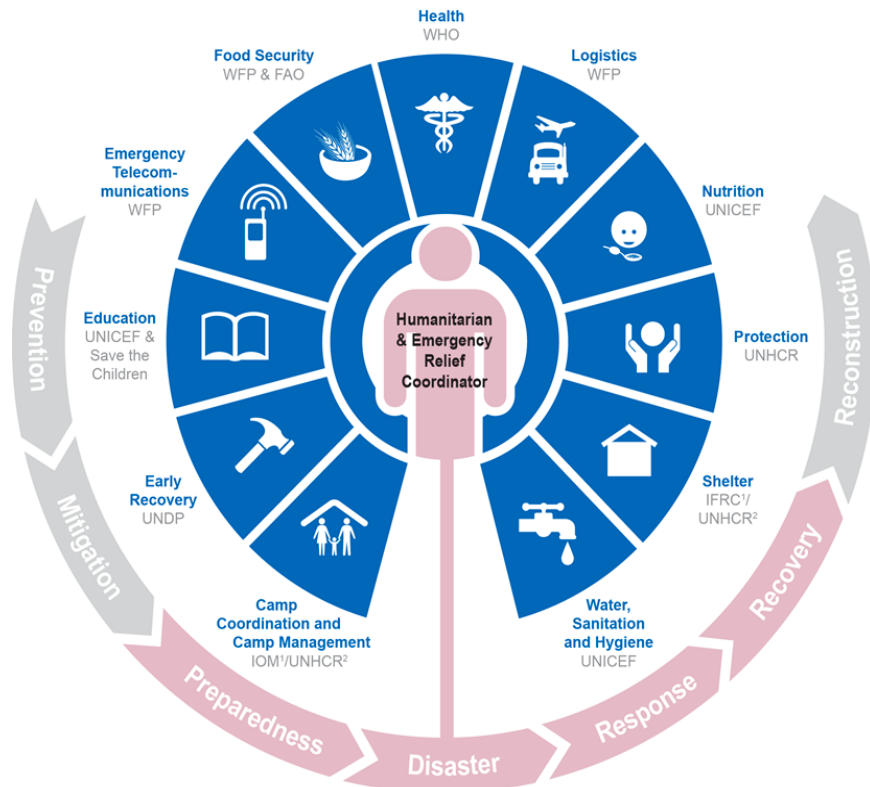


*Table 4 - World Food Programme (WFP) disaster response process*

- 9.10 UPS, Maersk and Agility have all combined in order to support the World Food Programme in the creation of Logistics Emergency Teams. These are made up of company employees offering pro bono assistance during humanitarian disasters. UPS provides approximately US\$10 million a year in direct technical assistance and in-kind support during humanitarian emergencies, and since 2007 has deployed 20 staff to 18 different humanitarian operations, free of charge<sup>78</sup>.
- 9.11 The Global Logistics Cluster, located at WFP headquarters in Rome, provides leadership during humanitarian crises. It is a focal point for logistics professionals within the aid sector, serving as a liaison between humanitarian actors.
- 9.11.1 This kind of 'Cluster Approach' has been seen across UN agencies in recent years. A UN agency will now take responsibility for a specific 'Cluster', e.g. WHO for health, or UNICEF for nutrition.
- 9.11.2 The relationship between the clusters is managed by the Office for the Coordination of Humanitarian Affairs (OCHA).
- 9.11.3 It must be noted that the Logistics Cluster does not provide any services itself, but rather coordinates the services provided by the organizations and private companies involved in the response.
- 9.11.4 The Cluster is also temporary in nature. Therefore, its existence does not mean that organizations do not also focus on developing a supply chain from the onset of an emergency<sup>79</sup>.

<sup>78</sup> (Yamanouchi, 2015)

<sup>79</sup> (Logistics Cluster, 2012)



*Table 5 - The 'Cluster' approach. Details clusters, and UN agencies responsible for them – [Humanitarian response](#)*

- 9.12 The Red Cross centres its emergency response on its Emergency Response Units (ERUs). These are trained teams, accompanied by equipment, that can be deployed anywhere around the world 24/7, 365 days a year. The British Red Cross's Logistics ERU is made up for 4 people, and enough equipment so that they would be able to maintain a logistics a logistics hub for up to 4 months following a disaster<sup>80</sup>.
- 9.12.1 Since 2006, the International Federation of Red Cross and Red Crescent Societies (IFRC) has decentralized its supply chains. Prepositioned stocks and supplies are now stored around the world, which has reduced the need to transport large batches of items on transcontinental flights<sup>81</sup>. This 'better, faster and cheaper' strategy has been a success, with the IFRC supply chain now more agile, and able to adapt better to fast changing humanitarian crises.
- 9.12.2 In 2006, the IFRC won the European Supply Chain Excellence Award. This award has historically been won by for-profit companies, with previous winners including Coca-Cola, Johnson and Johnson, and Marks and Spencer.
- 9.12.3 A 2009 study by Stapleton et al analysed the Last Mile Vehicle Supply Chain of the IFRC. It found that the new 'better, faster and cheaper' strategy had been a success, with aid now delivered more effectively. They found that although the strategy has increased costs for the IFRC in its supply chain management, it has also increased cost effectiveness in operations. In spite of this, the study found that the IFRC could still make an additional US\$2.4 million in savings by optimizing fleet routing and scheduling<sup>82</sup>.
- 9.13 The increased use of international development consultants is seen in the humanitarian logistics sector.

<sup>80</sup> (Durham, 2013)

<sup>81</sup> (Nagurney, 2012)

<sup>82</sup> (Stapleton, Pedraza Martinez, & Van Wassenhove, 2009)

### 9.13.1 Training

9.13.1.1 An example of this would be Pamela Steele Associates (PSA), a research and training company which provides consultancy services within the health and humanitarian supply chains in developing countries<sup>83</sup>.

9.13.1.2 PSA has designed and taught logistics training courses for workers at national agencies like Sudan's Ministry of Health, NGOs such as Action Contra la Faim, and membership organizations, for example the Humanitarian Logistics Association. The organization has also trained UN agency staff, leading a week-long supply chain management course in Juba for representatives of the UN mission in South Sudan.

9.13.1.3 Crown Agents also has a history of providing supply chain training for international development organisations, as well as developing country governments. Their expertise covers the whole breadth of the supply chain, and with regard to warehousing they are particularly experienced in the inspection of pharmaceuticals, bed nets, contraceptives, and medical and laboratory equipment<sup>84</sup>.

### 9.13.2 Auditing

9.13.2.1 PSA has also carried out audit work on humanitarian supply chains. It has reviewed the logistics and freight operations of the United Nations Population Fund (UNFPA) Procurement Services Branch in Copenhagen, Denmark, and advised the organisation on areas for improvement. It has also been employed by USAID in order to advise the organisation on strengthening commodity logistics systems<sup>85</sup>.

9.13.2.2 The Fritz Institute is another organisation which provides consultancy services for the humanitarian logistics sector. In 2008, it carried out an evaluation of the UNHCR's supply chain. This report recommended that UNHCR form stronger relationships with private sector logistics partners, and particularly Kuehne + Nagel, due to the fact that they can help to provide end to end stock monitoring<sup>86</sup>.

### 9.13.3 Warehouse management

9.13.3.1 In a study by Sabine Schulz which analysed logistics cooperation between humanitarian organizations during disaster relief, it was found from interviews with IFRC staff that IOs will always be reluctant to cede supply chain control to third parties. This is due to the fact that in times of crisis, IOs cannot afford to depend on the reliability of others. In spite of this, Schulz found that IFRC staff showed a willingness to outsource some transport and warehousing, if providers proved to be better and more cost efficient than previous systems.

9.13.3.2 Schulz found that larger IOs such as the IFRC or Médecins Sans Frontières are the most reluctant to seek external help with their supply chain, as they see their independent logistics operations as being a point of pride, and a factor that differentiates them from other organizations. Smaller and medium-sized organizations are increasingly willing to look beyond this old fashioned way of thinking, as they do not always have the necessary capacity to maintain a fully functioning supply chain<sup>87</sup>.

<sup>83</sup> <http://www.pamsteele.co.uk/>

<sup>84</sup> <http://www.crownagents.com/what-we-do/supply-chain/logistics/inspection>

<sup>85</sup> <http://www.pamsteele.co.uk/our-clients/>

<sup>86</sup> (Mizushima, Coyne, de Leeuw, Kopczak, & McCoy, 2008)

<sup>87</sup> (Schulz, 2009)

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