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Logistics and Procurement Services

International Federation of Red Cross and Red Crescent Societies

LOGISTICS AND PROCUREMENT SERVICES

2014 supplementary services and fees



The International Federation of Red Cross and Red Crescent Societies (IFRC) is the world's largest volunteer-based humanitarian network, reaching 150 million people each year through our 189 member National Societies. Together, we act before, during and after disasters and health emergencies to meet the needs and improve the lives of vulnerable people. We do so with impartiality as to nationality, race, gender, religious beliefs, class and political opinions.

Guided by *Strategy 2020* – our collective plan of action to tackle the major humanitarian and development challenges of this decade – we are committed to 'saving lives and changing minds'.

Our strength lies in our volunteer network, our community-based expertise and our independence and neutrality. We work to improve humanitarian standards, as partners in development and in response to disasters. We persuade decision-makers to act at all times in the interests of vulnerable people. The result: we enable healthy and safe communities, reduce vulnerabilities, strengthen resilience and foster a culture of peace around the world.

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SUPPLEMENTARY SERVICES

National Red Cross and Red Crescent Societies, as well as other humanitarian agencies, may require services from the International Federation of Red Cross and Red Crescent Societies (IFRC) when implementing humanitarian and development programmes and contracted services. Not all member National Societies require these services from the IFRC; as such, they are delivered upon request and referred to as supplementary services. Supplementary services¹ provided by the IFRC include Logistics and Procurement Services, Fleet Services², Country-Level Services and Contracted Services.

The IFRC renders supplementary services when there is:

- demand from member National Societies or other humanitarian and development actors
- capacity to deliver sustainably
- no compromise to relations with or between member National Societies
- no compromise to the Fundamental Principles of the International Red Cross and Red Crescent Movement.

The IFRC does not profit from the provision of supplementary services. They are rendered on a fee-for-service basis in which the IFRC fully recovers its cost of providing the service to client. National Societies, donor-funded programmes of the IFRC and other humanitarian agencies together form the client-base of the IFRC's supplementary services.

¹ Please refer to "The Way We Finance" brochure for further reading on the International Federation of Red Cross and Red Crescent Society's financial architecture.

² Please refer to "Fleet Services" brochure for further reading on the International Federation of Red Cross and Red Crescent Society's fleet services.

LOGISTICS AND PROCUREMENT SERVICES

A significant requirement of the implementation of humanitarian and development programmes is the procurement, transportation, warehousing and handling of relief supplies. The IFRC responds to this need by providing supplementary services in logistics and procurement through its Global Logistics Service (GLS).

In providing these services, the IFRC contributes to ensuring accountability to donors and beneficiaries by providing an efficient and effective means to maintain internal controls, ensure value for money and prevent fraud and corruption. The IFRC is accredited by the Directorate General for Humanitarian Aid and Civil Protection of the European Commission as a humanitarian procurement centre.

IFRC logistics services include:

- a) procurement and transportation, including insurance, inspection and quality assurance
- b) mobilization
- c) procurement process quality assurance
- d) warehousing and handling
- e) professional services, training
- f) contracted services.

What follows is a description of various logistical services offered by IFRC and associated service fees for:

- National Societies and other humanitarian agencies
- IFRC humanitarian and development programmes.

LOGISTICS AND PROCUREMENT SERVICES TO NATIONAL SOCIETIES AND OTHER HUMANITARIAN AGENCIES

Logistics and procurement services to National Societies and other humanitarian agencies include:

- a) procurement and transportation, including insurance, inspection and quality assurance
- b) warehousing and handling
- c) procurement process quality assurance when National Societies benefit from IFRC's country status agreement to place orders (not applicable to other humanitarian agencies)
- d) professional services and training
- e) contracted services.

Procurement and transportation

For clients requiring assistance with procurement and transportation of supplies for humanitarian and development programmes, IFRC procurement and transportation services include:

- sourcing
- tendering
- supplier selection
- transportation to final port of entry
- insurance
- inspection.

IFRC can undertake procurement for National Societies and other humanitarian agencies on an ad hoc basis, or through the use of framework agreements with suppliers. Framework agreements are used as an effective means of securing goods and services at a competitive price, while guaranteeing quality, quantity and delivery terms for goods that are procured frequently.

In order to ensure timely response and minimize cost, IFRC has pre-positioned stock in Dubai, Kuala Lumpur, Panama, Nairobi and the Canary Islands. Depending on the nature of the procurement request and inventory levels, procurement can be fulfilled from pre-positioned inventory or via ad hoc purchase of custom order inventory. In both cases, procurement fees apply as detailed below:

Procurement fee (expressed as % of the total value of the procurement or a fixed rate)	
Above CHF 1,000,000	3%
CHF 200,000 to 999,999	5%
CHF 50,000 to 199,999	6%
CHF 5,000 to 49,999	CHF 2,500 per order
Below CHF 4,999	CHF 500 per order

The fees above assume a standard procurement process. Fees may vary for non-standard programme client requirements.

IFRC requires advance payment for procurements in excess of CHF 100,000. If a client is unable to make an advance payment prior to issuance of the procurement order, a pre-financing fee will be levied.

Pre-financing fee	1% of the total value of the procurement
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Warehousing and handling

For clients requiring the warehousing of supplies in Dubai, Kuala Lumpur, Panama, Nairobi and the Canary Islands, warehousing and handling services include:

- receipt
- warehousing
- dispatch.

IFRC provides these services to National Societies and other humanitarian agencies. Warehousing and handling fees are as follows:

Handling (receipt or dispatch)	CHF 14 per cbm/consignment
Warehousing	CHF 5 per cbm/month

Professional services

IFRC offers professional services for clients requiring specialized logistics support in the areas of logistics training (general and/or tailor-made training), logistics assessments, project management and in-country supply chain set up. Upon request, a cost estimate can be provided which will include a service fee based on the daily cost³ of the person(s) carrying out the services. Expenses linked to the delivery of technical expertise, for example travel costs, are not included in the fee and will be detailed separately in the cost estimate.

The fees below are dependent on the staff assigned.

Professional services fee	CHF 300 to 950 per day
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Contracted services

IFRC may enter into contract with other humanitarian agencies to provide supplementary services, for example grant management. These services are referred to as contracted services and may include standard and non-standard logistics services. In such cases, logistics services rendered will form part of the contract between the IFRC and the service recipient, with costs being fully-recovered through service fees.

Contracted services	Subject to contract
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³ Consistent with the principle of full cost-recovery, the daily cost is calculated to recover the payroll, and other direct and indirect costs of the personnel providing the service.

LOGISTICS AND PROCUREMENT SERVICES TO IFRC HUMANITARIAN AND DEVELOPMENT PROGRAMMES FUNDED BY DONORS

Logistics services available to IFRC humanitarian and development programmes that are funded by donors, and implemented in support to National Societies, include:

- a) procurement and transportation, including insurance, inspection and quality assurance
- b) procurement process quality assurance
- c) mobilization
- d) warehousing and handling
- e) professional services.

Procurement and transportation

Procurement and transportation services available to IFRC humanitarian and development programmes that are funded by donors, and implemented in support to National Societies, include:

- sourcing
- tendering
- supplier selection
- transportation to final port of entry
- insurance
- inspection.

IFRC can undertake such procurement and transportation services on an ad hoc basis, or through the use of framework agreements with suppliers. Framework agreements are used as an effective means of securing goods and services at a competitive price, while guaranteeing quality, quantity and delivery terms for goods that are procured frequently.

In order to ensure timely response and minimize cost, IFRC has pre-positioned stock in Dubai, Kuala Lumpur, Panama, Nairobi and the Canary Islands. Depending on the nature of the procurement request and inventory levels, procurement can be fulfilled from pre-positioned inventory or via ad hoc purchase of custom order inventory. In both cases, procurement fees apply as detailed below:

Procurement for IFRC humanitarian and development programmes funded by donors is undertaken by GLS and is mandatory in the following circumstances:

- all procurements of drugs and medical supplies
- all international procurements
- when the National Society is unable to undertake procurement in compliance with donor requirements.

IFRC humanitarian and development programmes which utilize GLS procurement and transportation services are subject to fees as described below.

Procurement fee (expressed as % of the total value of the procurement or a fixed rate)	
Above CHF 1,000,000	3%
CHF 200,000 to 999,999	5%
CHF 50,000 to 199,999	6%
CHF 5,000 to 49,999	CHF 2,500 per order
Below CHF 4,999	CHF 500 per order

Procurement process quality assurance

Procurement process quality assurance provides accountability to donors and beneficiaries, ensures value for money and contributes to the prevention of fraud and corruption.

Procurement process quality assurance is undertaken by GLS to support domestic procurement for an IFRC humanitarian and development programme where there is either:

- a competent procurement specialist within the IFRC country office or
- a competent National Society able to undertake procurement in compliance with donor requirements.

In cases where the value of a procurement order exceeds CHF 50,000 or the procurement involves material that is unusual from a legal or reputational perspective, or it incurs financial risk to the IFRC, the file goes through a procurement process quality assurance review prior to the signing of the purchase order or contract. For example:

- Standard procurements with a total value between CHF 50,000 and CHF 399,999 are subject to quality assurance by GLS with the relevant IFRC zone logistics unit.
- Construction contracting irrespective of value is subject to quality assurance by the GLS Geneva office.
- Procurements exceeding CHF 399,999 and non-standard procurements involving material that is unusual from a legal or reputational perspective, or if it incurs financial risk to the IFRC, are subject to quality assurance by GLS with the Geneva committee of contract.

As GLS operates on a full cost recovery basis, the fee to recover the cost of procurement process quality assurance is as follows:

Procurement process quality assurance	CHF 2,500 per file
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Mobilization

This service refers to the coordination, sourcing and transport of relief items from point of supply to first port of entry for IFRC humanitarian and development programmes in support to National Societies.

Mobilization services ensure efficient and cost-effective sourcing decisions are made with a view to the needs of an operation as well as availability of relief supplies.

As part of this service, a mobilization table is prepared and maintained to consolidate and communicate relief supply needs. It provides operations managers and donors with real-time information on what relief items are required, what relief items have been pledged and what relief items are still outstanding.

When the sourcing for an operation's needs are fulfilled with pre-positioned stock or via procurement, standard procurement fees apply. When an operation's needs are fulfilled with in-kind donations, a comparable mobilization fee is recovered from the programme as detailed below:

Mobilization fee	5%
(expressed as % of the total value of the mobilization)	

Warehousing and handling

Warehousing and handling services to IFRC humanitarian and development programmes funded by donors, and implemented in support to National Societies, include:

- receipt
- warehousing
- dispatch.

IFRC humanitarian and development programmes which, for operational reasons, wish to stock humanitarian and development supplies in warehouses in Dubai, Kuala Lumpur, Panama, Nairobi and the Canary Islands are subject to handling and warehousing fees as described below:

Handling (receipt or dispatch)	CHF 14 per cbm/consignment
Warehousing	CHF 5 per cbm/month

Professional services

Professional services are offered to IFRC humanitarian and development programmes funded by donors, and which require specialized logistics support in the areas of logistics training (general and/or tailor-made training), logistics assessments, project management and in-country supply chain set up.

Upon request, a cost estimate can be provided which will include a service fee based on the daily cost⁴ of the person(s) carrying out the services.

Expenses linked to the delivery of technical expertise, for example travel costs, are not included in the fee and will be detailed separately in the cost estimate.

The fees below are dependent on the staff assigned.

Professional services fee

CHF 300 to 950 per day

⁴ Consistent with the principle of full cost-recovery, the daily cost is calculated to recover the payroll, and other direct and indirect costs of the personnel providing the service.

The Fundamental Principles of the International Red Cross and Red Crescent Movement

Humanity The International Red Cross and Red Crescent Movement, born of a desire to bring assistance without discrimination to the wounded on the battlefield, endeavours, in its international and national capacity, to prevent and alleviate human suffering wherever it may be found. Its purpose is to protect life and health and to ensure respect for the human being. It promotes mutual understanding, friendship, cooperation and lasting peace amongst all peoples.

Impartiality It makes no discrimination as to nationality, race, religious beliefs, class or political opinions. It endeavours to relieve the suffering of individuals, being guided solely by their needs, and to give priority to the most urgent cases of distress.

Neutrality In order to enjoy the confidence of all, the Movement may not take sides in hostilities or engage at any time in controversies of a political, racial, religious or ideological nature.

Independence The Movement is independent. The National Societies, while auxiliaries in the humanitarian services of their governments and subject to the laws of their respective countries, must always maintain their autonomy so that they may be able at all times to act in accordance with the principles of the Movement.

Voluntary service It is a voluntary relief movement not prompted in any manner by desire for gain.

Unity There can be only one Red Cross or Red Crescent Society in any one country. It must be open to all. It must carry on its humanitarian work throughout its territory.

Universality The International Red Cross and Red Crescent Movement, in which all societies have equal status and share equal responsibilities and duties in helping each other, is worldwide.

For more information about the IFRC's global logistics services and related costs, please contact:

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