

## INVESTMENT DESIGN

# DFAT'S HUMANITARIAN LOGISTICS CAPABILITY

### A: Humanitarian Logistics Capability

**Start date:** 1 July 2018      **End Date:** 30 June 2028      **Total proposed funding allocation:** \$22 million

**Quality Assurance (QA) Completed:** 07 February 2028

**Delegate approving design:** Paul Kelly, Assistant Secretary, Humanitarian Response, Risk & Recovery Branch

### B: Executive Summary

This document describes the design of Australia's Humanitarian Logistics Capability, which is proposed to run for ten years, from 1 July 2018 until 30 June 2028. Through this investment, Australia seeks to facilitate timely, effective and flexible delivery of Australian humanitarian assistance through the provision of appropriate and high-quality humanitarian supply chain logistics support.

The expected end-of-investment outcomes are:

1. The Australian Government has suitable logistics capability to respond in a timely, effective and appropriate manner to humanitarian emergencies in the Indo-Pacific region.
2. The Australian Government has suitable logistics capability to respond in a timely, effective and appropriate manner to consular crises globally.
3. Vulnerable groups including women, girls, the elderly and people with disabilities have safer and more secure access to appropriate and relevant humanitarian relief supplies.

This investment builds on an existing Australian investment in humanitarian logistics capability, scheduled to conclude on 30 June 2018. The current configuration of Australia's humanitarian logistics capability has been found to be progressing well in almost all aspects of the investment.<sup>1</sup> As such, this design builds on the existing strengths of the investment, updating it to reflect recent developments in global humanitarian response praxis, lessons learned and new commitments made over the past six years implementing the 2011 Humanitarian Logistics Framework.<sup>2</sup>

The most significant changes are an increased emphasis on the role of a Humanitarian Logistics Contract and commercial contractor; greater prioritisation of whole-of-government (WoG) collaboration, especially between the Department of Foreign Affairs and Trade (DFAT) and Australian Defence Force (ADF); and coordination and harmonisation of DFAT's humanitarian logistics and consular crisis management capabilities.

Retaining the five components of the 2011 Framework, this investment design inserts one additional component, Consular Crisis Management Capability, resulting in six components:

<sup>1</sup> Independent Review of Australia's Humanitarian Logistics Capability, 2017; consultations with key interlocutors as part of this design process. See Annex 2.

<sup>2</sup> Given that the design does not substantially change the shape or form of Australia's humanitarian logistics capability, this section draws on and adapts the text from the 2011 Framework.

1. Procurement of Humanitarian Emergency Relief Supplies (HERS) and Equipment
2. Storage and Handling of Pre-Positioned Supplies and Equipment
3. Humanitarian Freight and Transport Logistics
4. Deployment Support
5. Specialist Logistics Personnel and Expertise
6. Consular Crisis Management Support Capability

The six components are inter-connected and designed to contribute to the achievement of the expected end-of-investment outcomes.

All components except Deployment Support and Consular Crisis Management Capability (which are only available through the Humanitarian Logistics Contract) have a range of possible delivery mechanisms available through the various partnerships. DFAT may determine to activate any of the delivery mechanisms/partnerships described in this document based on the following factors:

- Value for money considerations;
- The nature of the response required and the comparative advantage of the partner;
- Availability of and access to the items and services required at a given time;
- Geographic advantage, depending on the location of the emergency; and
- Track record of partner performance.

Australian humanitarian assistance involves many vital partnerships. It is advantageous for DFAT to have access to a variety of partners through the investment to maximise its humanitarian logistics capability. Subject to value for money and other considerations, there may be advantage in utilising the commercial contractor in some circumstances to source and arrange procurement on DFAT's behalf or to access services through UN partners, such as the UNHRD Network. This choice of providers broadens DFAT's options, increases the range of off-the-shelf and specialised items and services available, increases the range of potential suppliers, and facilitates value for money comparisons.

The Humanitarian Logistics Contract will have three pillars:

- Pillar 1: Core Logistics Management Resources (procurement advice on humanitarian emergency relief supplies and equipment, advice on transport logistics and warehousing solutions for storage, and monitoring and evaluation of the investment);
- Pillar 2: Warehouse Management Services (management of the warehouse network for storage of relief supplies located in Sydney and Brisbane, and elsewhere as required);
- Pillar 3: Logistics Operations Services (flexible mechanism for ad hoc services as required)
  - 3a) ODA-eligible services for humanitarian response; and
  - 3b) Non-ODA-eligible services for consular response support.

The UN Humanitarian Relief Depot (UNHRD) network remains one part of DFAT's humanitarian logistics capability, through a technical agreement between DFAT and the World Food Programme (WFP) who manages UNHRD. The nature of any extended or new agreement with UNHRD will be determined based on a review of the UNHRD network that DFAT intends to conduct this financial year.

The design methodology for this investment involved an independent review of the 2011 Humanitarian Logistics Framework and the drafting of a revised Humanitarian Logistics Framework 2018-2028. Thereafter, document review and a wide range of consultations were undertaken to shape this design.

## C: Analysis and Strategic Context

### Rationale for Australian Engagement

The Australian Government's *2017 Foreign Policy White Paper* makes clear that responding to humanitarian crises is a priority for Australia internationally.<sup>3</sup> DFAT's development policy, *Australian aid*, explains that external shocks, including natural disasters, conflict, and economic shocks (such as food and fuel price spikes) severely undermine growth, reverse hard-won development gains and increase poverty and insecurity.<sup>4</sup> Women, children and people with disabilities are often the most exposed to these risks, losing income and opportunities and facing increased risk of sexual and gender based violence during crises.

Australia's region is highly vulnerable to these shocks, and their impact is becoming more extreme as climate-related disasters become more severe and frequent. In the past decade, 2.2 billion people were affected by natural disasters with around two-thirds located in the Asia-Pacific region.<sup>5</sup> Since 2005, disasters have killed more than 700,000 people globally and left nearly 23 million homeless.<sup>6</sup> The associated global economic cost is estimated at US\$1.5 trillion, with around US\$750 billion incurred in the Asia-Pacific.<sup>7</sup>

This means that Australia needs an effective humanitarian system to ensure timely and coordinated international responses to disasters.

### Australia's Humanitarian Objectives

The goal of Australia's humanitarian action is to save lives, alleviate suffering and enhance human dignity during and in the aftermath of conflict, disasters and other humanitarian crises, as well as to reduce risks from and strengthen preparedness for the occurrence of such situations. To achieve this, Australia's humanitarian investments focus on four strategic objectives:

1. Strengthen international humanitarian action by supporting reform and innovation to ensure a system that is fit for purpose;
2. Investing in disaster risk reduction with a particular focus on our region;
3. Supporting regional preparedness and response capabilities; and
4. Enabling early recovery efforts.<sup>8</sup>

Australia seeks to play a leading role in the Indo-Pacific region, and around the world, in providing best-practice humanitarian response and supporting innovation and change in the regional and global humanitarian response system. DFAT's humanitarian logistics capability is a critical tool in playing that leadership role.

<sup>3</sup> Australian Government 2017 Foreign Policy White Paper, November 2017.

<sup>4</sup> DFAT, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*, June 2014, p.23.

<sup>5</sup> Estimate for the period 2000-2009: J.Kellett and D. Sparks, *Global Humanitarian Assistance, Disaster Risk Reduction: Spending where it should count*, March 2012, p.1.

<sup>6</sup> United Nations Office for Disaster Risk Reduction Historic framework adopted 24 March, 2015 <https://www.unisdr.org/archive/43382>

<sup>7</sup> Estimate for the period 2003-2012: International Federation of Red Cross and Red Crescent Societies, *World Disasters Report 2013*, Geneva, 2013, p. 233.

<sup>8</sup> DFAT Humanitarian Strategy 2016, May 2016.

## Humanitarian Preparedness and Response

The Australian Government can rapidly deploy humanitarian assistance to countries affected by crisis. While Australia supports efforts globally, the focus is firmly on the Indo-Pacific region. While Australia has a range of specialist capabilities to respond to humanitarian crises, these can be grouped into three categories:

- Australian personnel deployed to provide humanitarian expertise;
- Lifesaving humanitarian emergency relief supplies; and
- Partnerships with local and international humanitarian organisations that have capacity to deliver support in line with Australia's humanitarian priorities.

Australian humanitarian assistance takes a variety of forms and involves many vital partnerships:

- **The Australian Medical Assistance Team** is a specialised disaster response capability of qualified professionals from Australian state and territory health services who are drawn from a national register to provide emergency medical care in the aftermath of a disaster.
- **The Disaster Assistance Response Teams / Urban Search and Rescue Teams** provide urban search and rescue expertise that can be deployed overseas following earthquakes, cyclones and other disasters. They are drawn from Queensland Fire and Emergency Services and Fire and Rescue NSW.
- **Relief Supplies and Logistics:** Australia maintains stockpiles of relief items in Australia and overseas. This includes essential life-saving items, such as water purification tablets, shelter supplies, hygiene kits, mosquito nets and blankets. Australia has capacity to provide supplies within 48 hours of a request for assistance by a partner government (further detail is available throughout this document as it is the focus of this Investment Design).
- **Australian Red Cross** delivers humanitarian services to vulnerable people in need; supports strengthened disaster preparedness and emergency response capacity of partner governments and national societies in disaster-affected countries to enable timely, effective and appropriate responses to disasters; builds resilience of targeted national societies and communities in the Indo-Pacific to cope with and recover from crises and disasters; promotes public awareness of international humanitarian law and values.
- **Australian Humanitarian Partnership (AHP)** between DFAT and 6 pre-qualified Australian NGOs to support the delivery of effective, innovative and collaborative humanitarian assistance by allowing the Australian Government to use the networks and access of Australian NGOs to respond to natural disasters and protracted crises in our region and beyond. The Partnership includes efforts to strengthen the ability of local communities and organisations in the Pacific to prepare for and respond to crises.
- **Australia Assists** is an integrated deployable civilian capability that builds on the strengths of the Australian Civilian Corps<sup>9</sup> and the humanitarian response roster of RedR Australia.<sup>10</sup> Australia Assists is intended to deliver more efficient deployment streams, reduce the number of service providers, deepen the pool of humanitarian experts, avoid duplication, produce greater management and administrative efficiencies, and achieve one globally recognised brand.

<sup>9</sup> The Australian Civilian Corps was a pool of experts managed by DFAT to provide humanitarian and conflict expertise in crisis-affected settings and to help our neighbours recover from disasters. The initiative ended in December 2017 and rebranded as 'Australia Assists'.

<sup>10</sup> Registered Engineers for Disaster Relief (RedR) Australia is a humanitarian organisation whose mission is to relieve suffering in humanitarian crises by selecting, training and providing competent and committed personnel to humanitarian relief agencies worldwide.

- **Staff Deployments:** DFAT maintains a pool of highly trained staff through its Crisis Response Team. In response to a crisis, DFAT officers can be deployed overseas at short notice to support Australian diplomatic posts and/or partners in the field to deliver consular and humanitarian assistance.
- **Multilateral Partners:** DFAT also responds to disasters through multilateral partners such as, UNOCHA, UNDAC, UNHCR, IFRC, ICRC, the World Food Programme (WFP) and United Nations Population Fund (UNFPA).

## Australia's Previous Humanitarian Logistics Capability

A Humanitarian Logistics Framework was developed in 2011 to underpin DFAT's (then AusAID's) commitment to respond within 48 hours of a request for assistance by a partner government and to be able to respond to simultaneous emergencies in the Indo-Pacific. The purpose of the Framework was:

*To facilitate timely, effective and flexible delivery of Australian humanitarian assistance through the provision of appropriate high-quality humanitarian supply chain logistics support.*

The Framework consisted of five components:

1. Procurement of Emergency Relief Supplies and Equipment
2. Storage and Handling of Pre-Positioned Supplies and Equipment
3. Humanitarian Freight and Transport Logistics
4. Deployment Support
5. Specialist Logistics Personnel and Expertise

Two core arrangements were established to underpin the Framework: a contractual arrangement with a commercial logistics contractor and a technical agreement with the World Food Program (WFP) – Humanitarian Relief Depot (UNHRD) network. Both arrangements will conclude in June 2018.

### Commercial logistics provider

The contractual arrangement with the commercial provider of logistics solutions, the Humanitarian Logistics Contract, is for the provision of high-quality, fast and flexible humanitarian supply chain logistics solutions and expertise to DFAT. The Humanitarian Logistics Contract is comprised of three pillars as follows:

- Pillar 1: Core Logistics Management Resources (procurement advice on emergency relief supplies and equipment issues, advice on transport logistics and warehousing solutions for storage).
- Pillar 2: Warehouse Management Services (management of the warehouse network for storage of relief supplies located in Sydney, Brisbane, Port Moresby, Lae and previously Indonesia).
- Pillar 3: Logistics Operations Services (flexible mechanism for ad hoc services as required).

### Technical agreement

The technical agreement with the WFP-managed UNHRD network is for ad hoc services and is intended to enhance the global reach and access, flexibility, responsiveness and harmonisation with other donors of DFAT's humanitarian supply chain capability. The UNHRD network comprises five regional depots located within international airports and near port facilities at Brindisi, Panama City, Accra, Dubai, and



Subang. UNHRD offers strategic stockpiling of emergency relief supplies and equipment, regional staging areas and other logistics support services to its network users including UN agencies, governmental, non-governmental, and international organisations.

With the impending conclusion of these two arrangements, the alignment of Australia's consular and humanitarian response responsibilities and outcomes of the 2016 World Humanitarian Summit, in 2017 DFAT decided it was timely for the Framework to be independently reviewed. The findings of the independent review (Annex 2) informed the development of a new DFAT Humanitarian Logistics Framework 2018-2028 (Annex 1). Both documents have given shape to this design document.

## **An Effective Humanitarian Logistics Capability is Essential**

Prompt and effective procurement, storage, transport and deployment of humanitarian supplies is of central importance to DFAT's humanitarian response capability. This is especially the case in the Pacific region, where Australia plays a leading role in humanitarian responses.

## **Change and Innovation in Humanitarian Logistics**

The global approach to disaster risk reduction, humanitarian preparedness and response continues to evolve. The 2016 World Humanitarian Summit saw greater prominence given to localisation of humanitarian assistance, with international support intended to reinforce rather than replace local systems, and to cash transfers as a primary mechanism for humanitarian response. Likewise, improved coherence between humanitarian response, early recovery and recovery activities is the subject of ongoing global dialogue.

Partner countries' appetite for foreign humanitarian assistance following an emergency varies. At the same time, global logistical arrangements continue to develop with changes in global supply chains and advancement in various technologies.

## **Lessons Learned about Humanitarian Logistics Capability**

Australia and the international community's prior experiences with humanitarian logistics offer lessons for future support. These lessons have been incorporated into this design and offer opportunities for innovation:

- Ready and timely access to humanitarian and emergency supplies is crucial in any response but so too is the on-going management of those supplies between deployments. Without that capacity to stockpile, manage, track, assess and refresh supplies there is the real prospect that their efficacy and relevance will degrade over time.
- Without careful management, the provision of humanitarian emergency relief supplies can overwhelm and even undermine the logistics capability of the country being assisted. There is a need to balance speed of response with the imperatives of localisation. Associated with this is a real danger that the unmanaged provision of emergency supplies can have the unintended consequence of undermining local private sector logistics suppliers and broader local and regional markets.
- Logistics capability will often involve a mix of military and commercial delivery assets and methods. Civilian-military engagement needs to be carefully managed and requires an explicit, open and productive engagement between partners involved in a response. There is a need for

a strong operational level understanding of the boundaries and coordination of commercial and military assets.

- Vulnerable and marginal groups, particularly the elderly, women and people with disabilities, can be impacted by the type of supplies provided and by the method of packing and delivery. Clear, visual labelling of goods with their intended use (and users), for example, can help avoid capture of supplies by other players or failure of them to be used in the right way.

### *Effective logistics underpin partnerships*

The operation of DFAT's humanitarian logistics capability supports DFAT's relationships with a wide range of partners. The level of coordination and ease-of-interaction between that humanitarian logistics capability and DFAT's partners has the potential to strengthen or undermine those partnerships, and our broader humanitarian response.

Those relationships are within DFAT (e.g. country programs, consular section); within the Australian Government (particularly the Australian Defence Force, but also other government agencies); with partner governments (e.g. national disaster management organisations, Defence, Customs); with DFAT's implementing partners (e.g. Red Cross, NGOs, UN agencies); and among the broader international responders (e.g. other donors).

Effective pre-planning and smooth coordination with other response components are essential.

### *DFAT has tended to utilise the commercial logistics contractor in preference to other options*

The 2011 Framework established two mechanisms for procuring relief supplies and equipment: the Humanitarian Logistics Period Offer and membership of the UNHRD network. It is evident that membership of the UNHRD provides increased options in terms of accessing relief supplies and the breadth of supplies available. However, the tempo of UNHRD use (it has only been used in five responses) suggests that it has been less useful in facilitating value for money comparisons with the commercial provider. Also, the commercial provider's extensive network in the Pacific has been advantageous.

There are benefits to UNHRD network membership; specifically it can help broaden Australia's geographic reach in terms of humanitarian supply chain capability, its capability to respond to simultaneous emergencies, and harmonisation with other donors. UNHRD network membership also increases the range of items and services available and the range of potential suppliers. There are also opportunities for Australia to benefit from research and innovation efforts undertaken by UNHRD.

### *The usefulness of an extensive warehouse network has changed over time*

The 2011 Framework set out three mechanisms for this component: warehousing and storage-related services through the Humanitarian Logistics Contract, membership of UNHRD providing access to its regional storage depots, and provision of mobile storage units to Pacific Disaster Management organisations.

At its height, DFAT maintained a network of five warehouses: in Brisbane (main warehouse), Sydney (overflow capacity for Brisbane), Jakarta, Lae and Port Moresby. The Brisbane and Lae warehouses offer space for all members of the Humanitarian Partnership Agreement and the Red Cross societies (Australia

and PNG); and in Brisbane for UN partners UNFPA and WFP. Through UNHRD DFAT has had access to another five depots.

It was intended that the storage and warehouse related services provided through the 2011 Framework would enhance Australia's capability and reach, including through access to the UNHRD's extensive supply chain.

The usefulness of this extensive network has changed over time. In practice, the UNHRD depots in Dubai and Subang have been used infrequently and the other UNHRD sites not at all. DFAT's need for in-country warehouses has also changed over time. For example, growing Indonesian Government disaster management capability led to an assessment that DFAT's warehouse in Indonesia no longer represented value for money, and a decision was made to close the warehouse. The warehouse in Brisbane continues to play a pivotal role in Australian responses in the Pacific.

### ***Specialist logistics personnel and expertise enhance effectiveness and coordination***

Logistic capability is about more than moving goods from point A to point B. DFAT's experience with humanitarian logistics (and AusAID's before it) demonstrates a need for an increasingly sophisticated understanding of humanitarian logistics. The first period offer used by AusAID, prior to 2012, was effectively a freight forwarding contract. The current period offer, by comparison, provides DFAT with a far more sophisticated logistics capability which includes not only transport of emergency supplies but also warehousing services and expertise, logistic support for needs assessment, supply chain management and deployment support for responders. The next iteration of DFAT's humanitarian logistics capability represents an opportunity for DFAT to both build on the strengths of the existing capability and to bring in current good practice approaches and innovative thinking.

## **Opportunities for Innovation**

### ***Connecting DFAT's consular crisis management and humanitarian logistics capability***

Since the Bali bombings in 2002, Australia has focused on developing professionalised and whole-of-government systems to respond to crises involving Australian citizens and Australian interests overseas. DFAT has delivered consular assistance and services through its network of Australian embassies, high commissions and consulates, honorary consuls, staff in DFAT Canberra and, in some circumstances, through close consular partner countries.

Following the integration of the Australian aid program into DFAT, the Department has implemented a Single Crisis Response Protocol, combining consular, humanitarian and other elements from across the Department, to maximise its crisis response capabilities. The effectiveness of the Protocol was demonstrated in response to Tropical Cyclone Pam in Vanuatu and the earthquakes in Nepal. In each case, DFAT deployed specialist consular, humanitarian and policy officers to support the posts in the affected countries.

With the re-design of DFAT's humanitarian logistics capability, there is an opportunity to extend logistics support to consular crises in line with the Single Crisis Response Protocol. The logistics capability would not undertake or supplant any consular response but rather provide logistical support for the consular response. This would include supporting the department's delivery of services as prescribed in DFAT's Consular Services Charter. Support could include assisting with the deployment of expert teams to support affected Australians, establishing temporary crisis management operational centres, procurement of goods and services to support WoG crisis response operations, sourcing of goods and



services to support affected Australians, or support in assisting Australians trying to leave a crisis area. This logistical support is currently undertaken by DFAT and the proposed change would likely produce significant efficiency benefits to the DFAT.

### ***Integrated whole-of-government response capability in humanitarian and emergency response***

Making the humanitarian logistics capability available to the whole of the Australian Government agencies involved in a humanitarian response provides an opportunity for increased efficiency. Critically, this will require DFAT ensuring that its WoG partners understand the functions of the service provider under the contract and the scope of its services. This will further enhance recent improvements in WoG coordination through mechanisms such as regular ADF secondments to DFAT and the establishment of the WoG Humanitarian Logistics Working Group.

### ***Ongoing engagement with the latest technology***

A reasonably lengthy timeframe for contracts under this design is necessitated by the usual length of warehousing contracts. Consequently, this design covers a period of ten years, and a commercial contract will be tendered with a time period of five years, with an option for up to an additional five years as required. Given these lengthy commitments, it is critical that DFAT and its partners have opportunities to periodically test the market in order to engage with and utilise the latest technological and other developments. The 2017 Humanitarian Supplies Challenge provides one useful precedent for how this can be done periodically.

### ***User-friendly interface for DFAT staff***

An online interface that provides data in real time to DFAT staff on available humanitarian supplies, both warehoused supplies and supplies available through procurement agreements with local suppliers, has the potential to improve the speed and quality of decision-making in the early stages of a response.

## **D: Investment Description**

## **Investment Scope and Overview**

This Humanitarian Logistics Capability investment spans ten years, from 1 July 2018 to 30 June 2028. While Australia supports humanitarian action globally, the focus is firmly on the Indo-Pacific region.

DFAT is responsible for leading the Australian Government's response to international humanitarian crises. The Humanitarian Logistics Capability investment centres around the following key partnerships:

- Close partnership through a Humanitarian Logistics Contract with a commercial provider of high-quality, multi-faceted, flexible and responsive humanitarian logistics solutions;
- Collaboration, coordination and communications between DFAT and ADF, along with other Australian Government agencies;

- Coordination and collaboration with the United Nations (UN), non-governmental organisations (NGOs) and other donors; and
- Partnerships with select National Disaster Management Organisations.

These four categories of partnership are systematically addressed in this section.

The current configuration of Australia's humanitarian logistics capability has been found to be progressing well in almost all aspects of the investment.<sup>11</sup> As such, this design builds on the existing strengths of the investment, updating it to reflect recent developments in global humanitarian response praxis, lessons learned and new international commitments made over the past six years implementing the 2011 Framework.<sup>12</sup> The most significant changes are an increased emphasis on the role of the Humanitarian Logistics Contract and commercial contractor; greater prioritisation of WoG collaboration, especially between DFAT and ADF; and coordination and harmonisation of DFAT's humanitarian logistics and consular crisis management capabilities.

This investment design retains the five components of the 2011 Framework and inserts one component for Consular Crisis Management Capability, as follows:

1. Procurement of Humanitarian Emergency Relief Supplies (HERS) and Equipment
2. Storage and Handling of Pre-Positioned Supplies and Equipment
3. Humanitarian Freight and Transport Logistics
4. Deployment Support
5. Specialist Logistics Personnel and Expertise
6. Consular Crisis Management Support Capability

The six components are inter-connected and are designed to contribute to the achievement of the expected end-of-investment outcomes listed in this section, below. All components except Deployment Support and Consular Crisis Management Capability (which are only available through the Humanitarian Logistics Contract) have a range of possible delivery mechanisms available through the various partnerships. However, in each, the Humanitarian Logistics Contract with a commercial provider, will provide a base level of capacity. DFAT may determine to activate any of the delivery mechanisms/partnerships described in this document based on the following factors:

- Value for money considerations;
- The nature of the response required and the comparative advantage of the partner;
- Availability of and access to the items and services required at a given time;
- Geographic advantage, depending on the location of the emergency; and
- Track record of partner performance.

It is advantageous for DFAT to have access to a variety of partners through the investment to maximise its humanitarian logistics capability. Subject to value for money and other considerations, there may be advantage in utilising the commercial contractor in some circumstances to source and arrange procurement on DFAT's behalf or to access services through UN partners, such as the UNHRD network. This choice of providers broadens DFAT's options, increases the range of off-the-shelf and specialised items and services available, increases the range of potential suppliers, and facilitates value for money comparisons.

<sup>11</sup> Independent Review of Australia's Humanitarian Logistics Capability, 2017; consultations with key interlocutors as part of this design process. See Annex 2.

<sup>12</sup> Given that the design does not substantially change the shape or form of Australia's humanitarian logistics capability, this section draws on and adapts the text from the 2011 Framework.

Implementation and management arrangements for the investment and its six components are detailed below in section E.

## **Humanitarian Logistics Contract with a Commercial Contractor**

The Humanitarian Logistics Contract is the main vehicle through which the investment will be implemented. Importantly, the Humanitarian Logistics Contract will retain a large degree of flexibility for DFAT to direct the contractor to provide a range of services in response to operational requirements. This flexibility has been a strength of previous arrangements and is important given the reasonably long timeframe of this design and associated contract.

Under the Humanitarian Logistics Contract, both DFAT and the commercial contractor will play a vital role in maintaining productive, long term working relationships with key humanitarian partners, including those listed in this document. This will require:

- Effective communication, collaboration and coordination between DFAT, ADF and the commercial provider; and
- Close supply chain coordination with key UN humanitarian agencies, other international organisations, NGOs and key bilateral partners to extend Australia's global humanitarian reach, operational flexibility and speed of response.

The services to be provided through the Humanitarian Logistics Contract will be:

### ***1. Procurement of Humanitarian Emergency Relief Supplies and Equipment***

Involves procuring relief supplies and equipment on DFAT's behalf through the Humanitarian Logistics Contract. Procurement services through the Humanitarian Logistics Contract service provider will include:

- Sourcing and arranging procurement of supplies and equipment for pre-positioning in DFAT's warehouse facilities or elsewhere;
- Establishment of 'virtual stocks' with Australian and International suppliers that can be drawn on with tight timeframes, for example, items that are not standard supplies and response specific like generators, inflatable water craft and / or metal sheeting;
- Periodic and ad hoc sourcing of supplies and equipment for deployment in an emergency response, including (for example) through innovation challenges, establishment of panels and other diverse procurement methods as appropriate;
- Post-response replenishment of supplies and equipment drawn down from stocks;
- Local procurement in disaster-affected countries;
- Complex procurement tasks such as developing specifications, sourcing and assembling relief supplies and equipment items as 'kits', for example family hygiene kits or field deployment kits for DFAT officers; and
- Specialist procurement advice on relief supplies and equipment.

DFAT generally will not stipulate the precise items to be procured. Rather, DFAT will specify the requirements that the supplies must meet, and the commercial provider can then source appropriate, value for money supplies, subject to DFAT approval.

Procurement will be guided by Good Humanitarian Donorship principles and humanitarian supply chain good practices that will be applied as follows:

- Only appropriate immediate relief items in identified priority sectors will be stocked and the range of items in each sector will be limited to a small, standard range of critical items;
- Quantities stocked will align with DFAT's defined capability target for provision of relief items in priority sectors, and there will be a clear connection between quantities of complementary items, e.g. water containers and purification tablets;
- All relief items stocked will meet international humanitarian benchmarks and guidelines, and be harmonised with those of other agencies to facilitate potential access to loans and borrowings between donors of common stocks of relief supplies and equipment; and
- A standard stores profile will apply to stockholdings at DFAT's warehouses where practical and appropriate, with any exceptions such as specialised equipment or niche items tailored for local conditions or cultural requirements to be determined on a case-by-case basis.

A priority among the supplies should be a standard set of supplies which will be useful in most crisis responses and that can be delivered extremely rapidly by ADF assets. These will be complemented by subsequent deployment of (more numerous) targeted supplies based on needs assessment.

Where it makes sense to do so, the contractor will prioritise local and regional procurement of supplies; that is, procuring supplies in the country receiving humanitarian assistance. Among other advantages, this approach has the potential to increase value for money, avoids undermining the functioning of local markets and helps ensure supplies are locally and culturally appropriate. This procurement may take the form of pre-arranged procurement agreements with local suppliers and/or local procurement on a case-by-case basis. While buying overseas or buying for humanitarian response purposes is exempt from Division 2 of the Commonwealth Procurement Rules (CPRs), partners are expected to follow the intent of the CPRs in all local procurement.

## ***2. Storage and Handling of Pre-Positioned Supplies and Equipment***

Warehousing and storage-related services required through the Humanitarian Logistics Contract include:

- Management of DFAT's emergency warehouses and other storage facilities;
- Inbound operations (receipt, unloading, racking of stores) and outbound operations (loading and dispatch of stores);
- Inventory control and reporting;
- Insurance of stockholdings of relief supplies;
- Security;
- Regular stockholdings maintenance;
- Packing and palletising in accordance with DFAT directions and transport requirements;
- Replacement of component parts that have reached their use-by or best-before date;
- Warehousing services for DFAT's warehouse partners (e.g. AHP, Red Cross societies, UNFPA, WFP) at the Brisbane warehouse, and at other locations as required;
- Facilitate loans of relief supplies and equipment to other donors as requested by DFAT in support of donor coordination and harmonisation;
- Activation and mobilisation of common pipeline staging area arrangements in Brisbane if required; and



- In-country warehousing / storage if required.

As the primary commercial air hub for the Pacific, Brisbane is ideally located to establish a standby common pipeline staging area for channelling large quantities of multilateral and bilateral aid by strategic airlift into disaster zones in the Pacific. Brisbane is also a primary location for the Australian military; the close proximity helps facilitate the distribution of supplies. If requested by DFAT, the service provider will establish standby arrangements in coordination with DFAT and DFAT's operational partners that will enable it to:

- Secure at short notice, and on a short-term rental basis, suitable vacant, un-racked commercial warehouse space within ready reach of Brisbane airport, Royal Australian Air Force Base Amberley, and port facilities;
- Mobilise resources necessary to operate a common pipeline staging area including warehouse equipment, vehicles, storemen, work crews and other personnel; and
- Coordinate and manage the receipt, storage and dispatch of supplies and equipment at the direction of DFAT and DFAT's operational partners.

### ***3. Humanitarian Freight and Transport Logistics***

Freight and transport logistics services available through the Humanitarian Logistics Contract will include:

- Transportation of relief supplies and equipment within Australia as required, e.g. between DFAT's warehouses and ADF bases or commercial transport hubs;
- Transportation of relief supplies and equipment from Australia or other locations by commercial services to port of entry in the affected country, by various options including freight forwarding by air, sea, and road, and chartered aircraft or vessels;
- Preparation of clearance documentation required by Australian and partner government authorities;
- In-country receipt of cargo, identification and provision of temporary secure storage if required, and transportation to extended and/or final delivery and distribution points; and
- Specialist advice to DFAT on transport logistics including identification of appropriate options, operational risks and constraints.

### ***4. Deployment Support***

The Humanitarian Logistics Contractor will provide support for DFAT and other Australian Government personnel deployed in emergency responses as follows:

- Provision of advice to inform DFAT deployment planning;
- Provide specialist in-country support to Australian Medical Assistance Teams (AUSMAT) and Disaster Assistance Response Teams (DART) personnel, e.g. additional supplies to be sourced in-country, accommodation, transport (including arranging for vehicles for personnel), food, water, communications, medical and security;
- Provision of specialist security advice and risk assessments (through a third party) if requested;
- Facilitate travel arrangements of other personnel to the affected country, and in-country support, e.g. accommodation, transport, food, communications, medical and security;

- Facilitate deployment and return of equipment belonging to state-based emergency services and other personnel deployed in an emergency response, including cleaning of equipment where necessary and obtaining customs and quarantine clearances; and
- For longer-term deployments, provision of specialist infrastructure personnel to establish shelter and work infrastructure for the duration of the deployment.

The service provider will be expected to have the ability to surge up substantially to respond to concurrent crises. The service provider should maintain a surge list of appropriate personnel that can be called on to provide additional capacity in support of the responses.

In providing deployment support, the service provider will be expected to work in a coordinated way with Emergency Management Australia (EMA), as relevant.

### ***5. Specialist Logistics Personnel and Expertise***

Specialist logistics personnel and expertise will be available through the Humanitarian Logistics Contractor for:

- Specialist advice to DFAT;
- Deployment to provide operational logistics support to DFAT emergency responses (probably under the Australia Assists brand); and
- Deployment to provide operational logistics support to partner government agencies and DFAT's humanitarian partners (possibly under the Australia Assists brand).

### ***6. Consular Response Support Capability***

The Humanitarian Logistics Contract service provider will be available to provide logistics support for DFAT's consular crisis responses as follows:

- Provide in-country support to DFAT, through Consular CRT Officers operating at Post, (and, where directed by DFAT, any other WoG partner personnel), e.g. accommodation, transport (including arranging for vehicles for personnel), food, water, communications, medical and security;
- Specialist advice to DFAT on transport logistics including identification of appropriate options, operational risks and constraints, including procuring transportation for assisted departures;
- Facilitate setting up of appropriate in-country office work spaces for DFAT personnel, including arranging for communications, adequate desk space, security and help with all other reasonable requests;
- Provide logistics support for assisted departures as reasonably requested.

All support provided will be in line with the Australian Consular Operations Handbook.<sup>13</sup> Support provided to DFAT's consular response will not be eligible as Official Development Assistance (ODA) and will be accounted by the contractor separately from the ODA-eligible humanitarian response.

<sup>13</sup> Australian Consular Operations Handbook, January 2016 < <http://dfat.gov.au/about-us/publications/corporate/australian-consular-operations-handbook/Pages/australian-consular-operations-handbook.aspx>>.

DFAT will determine threshold criteria for the situations that will trigger use of the Humanitarian Logistics Contract for logistics support in consular crisis responses. This will depend on the size of the post; scale of the emergency, including number of Australians impacted; and nature of the response required. Where the consular crisis does not meet the predetermined threshold, DFAT will manage consular crisis logistics in-house.

## DFAT-ADF Collaboration, Coordination and Communications

This is an operational relationship between DFAT and ADF under which ADF, as DFAT's key WoG partner, provides logistics support for emergency responses where and when it has capacity and if determined by the Government.

ADF can provide significant, flexible and targeted logistics support in a WoG emergency response, on a case-by-case basis. ADF capabilities include strategic airlift and access to other air and sea assets for transportation of supplies, equipment and personnel to the affected country, as well as forward movement to extended and/or final delivery and handover points.

There are a range of existing mechanisms that will continue to support effective DFAT-ADF collaboration, including ongoing liaison officer positions and the operation of the WoG Humanitarian Logistics Working Group that brings together a number of government agencies, Defence Force elements, commercial providers and humanitarian organisations with an interest in humanitarian logistics.

Activation of ADF capability in a WoG emergency response is decided at Ministerial level. Decisions on the deployment of ADF capabilities will depend on strategic considerations as well as ADF operational requirements. The geographical reach will depend on asset capacity and availability.

## UNHRD Network Membership

UNHRD network membership supports the investment components in the following ways:

- **Procurement of Emergency Relief Supplies and Equipment:** Provides access to the UN supply chain system, increasing the range of off-the-shelf and specialised items and services available, and offering potential value for money benefits.
- **Storage and Handling of Pre-Positioned Supplies and Equipment:** Provides capacity to strategically pre-position DFAT supplies at Subang, Malaysia and other depots, potential access to common stocks for loans/borrowings and access to staging area facilities.
- **Humanitarian Freight and Transport Logistics:** Transportation of DFAT supplies and equipment from the network's depots to designated destinations on a fee-for-service basis.
- **Specialist Logistics Personnel and Expertise:** A source of specialist logistics expertise.

The UNHRD network membership functions to complement the Humanitarian Logistics Contract. While the Humanitarian Logistics Contract is the main vehicle through which the investment will be implemented, UNHRD network membership can help broaden Australia's geographic reach in terms of humanitarian supply chain capability, its capacity to respond to simultaneous emergencies, and harmonisation with other donors. UNHRD network membership also increases the range of items and services available as well as the range of potential suppliers and facilitates value for money comparisons.

Australia's UNHRD network membership will be reviewed by DFAT by June 2018 to test its suitability in the new operating environment.<sup>14</sup>

## **Partnerships with NGOs and Other Donors**

Partnerships with other international organisations, NGOs and other donors also support Australia's humanitarian logistics capability.

### ***Partnerships with Australian Humanitarian NGOs***

Australian humanitarian NGOs with in-house logistics expertise are another source of logistics expertise. Australian NGOs may also be well placed to facilitate transportation of relief items and equipment to extended and/or final delivery and handover points and identification of the appropriate people/groups to receive the supplies. This is due to their strong in-country networks, including with local civil society organisations. All members of the AHP and national Red Cross societies have access to warehouse storage space for relief items and equipment.

### ***Other Donors***

DFAT will seek to coordinate its humanitarian response efforts, including humanitarian logistics, with other donors. DFAT, including through the Humanitarian Logistics Contract commercial provider, will loan other donors and partners stocks of relief supplies and equipment as requested and wherever feasible.

### ***Australia Assists***

Australia Assists, which integrates the Australian Civilian Corps and RedR Australia, is another source of logistics expertise. Australia Assists features a register of specialist logistics personnel with humanitarian logistics expertise and experience available for deployment, if required, at short notice in emergency responses. DFAT is able to access registered logistics personnel for deployments to provide surge support, training and/or capacity building.

## **Partnerships with National Disasters Management Organisations**

The Minister for Foreign Affairs and Trade agreed at the 2015 Pacific Island Forum (PIF) to improve pre-positioning of humanitarian relief supplies in the Pacific. DFAT has worked with WFP Suva office to identify five priority countries for the establishment of warehousing by NDMOs: Fiji, Samoa, Solomon Islands, Tonga and Vanuatu. Australia will continue to work with these countries, and others in the Pacific, to provide technical support with their relief supplies prepositioning and warehousing.

Broader capacity development of Pacific countries' disaster management arrangements is carried out through other mechanisms such as the new Australia Assists program. Subject to DFAT's direction there may be value in this investment being used to provide technical support to NDMOs. Note however that capacity development of NDMOs and other partners would not be part of a standard deployment of emergency supplies. Rather, this would be managed through a separate and specific work order and would be its own discrete body of work.

<sup>14</sup> Per the Management Response to the independent review of the 2011 Humanitarian Logistics Framework.



## Priorities for DFAT's Humanitarian Logistics Capability

DFAT is committed to the following priorities for its humanitarian logistics capability (see the 2018-2028 Humanitarian Logistics Framework – Annex 1):

- **Timely response:** Saving lives, alleviating suffering and enhancing human dignity by ensuring that appropriate supplies arrive where they are needed as soon as possible after a humanitarian emergency and within 48 hours of a 'request for assistance'. This is likely to require a combination of warehoused relief supplies, pre-positioning, cash transfers and other approaches.
- **Coordination:** participation in the OCHA/national logistics cluster, as part of a harmonised international response to humanitarian emergency. In particular, close coordination and collaboration will be prioritised with:
  - Partner governments and their established national disaster management offices
  - The WoG response mechanism, especially Australian Defence Force who will remain a critical partner in many humanitarian responses
  - DFAT's other humanitarian partners, such as UN agencies, Red Cross and Red Crescent Movement partners, Australian Humanitarian Partnership NGO partners and DFAT's civilian deployment capabilities (AUSMAT and DART)
  - Other parts of DFAT, particularly country programs and Consular Crisis Management and Contingency Planning Section.
- **Public diplomacy:** Ensuring appropriate public awareness in Australia and in the partner country will remain an enduring priority in Australia's humanitarian responses. DFAT's humanitarian logistics capability frequently presents excellent opportunities to communicate the message of Australia's role in the response.
- **Value for money:** Ensuring the best use of Australian taxpayers' money is at all times a critical consideration in the utilisation of DFAT's humanitarian logistics capability.
- **Performance:** The role played by logistics in humanitarian and emergency response requires robust monitoring systems to demonstrate efficiency and effectiveness. Given the urgency of humanitarian response, its life and death nature and the disrupted operating environment in which it occurs, such systems need to be proportional and fit for purpose. Periodic evaluations can reinforce learning opportunities from ongoing monitoring efforts.
- **Risk Management:** While this investment has been identified as relatively low risk it is not risk-free, and risk will be managed proactively over the life of the investment.
- **Innovation:** Continually improving practices and embracing new opportunities is an important mechanism for enhancing effectiveness and maintaining value for money.
- **Localisation:** Reinforcing rather than replacing local systems and markets will enhance effectiveness and long-term impact.
- **Disability inclusion, gender and protection:** These are thematic priorities that are central to the efficacy of Australia's humanitarian programming, on which Australia will continue to play a leading role.
- **Strong focus on our immediate region:** Especially the Pacific region but maintaining the capability for Australia to reach outside of the region and to act globally where needed.

## Investment Goal, Purpose and Expected Outcomes

The overarching **Goal** of Australia's humanitarian strategy is:

*To save lives, alleviate suffering and enhance human dignity during and in the aftermath of conflict, natural disasters and other humanitarian crises, as well as to strengthen preparedness for the occurrence of such situations.*

The **Purpose** of Australia's humanitarian logistics capability is:

*To facilitate timely, effective and appropriate delivery of Australian humanitarian assistance through the provision of relevant and flexible humanitarian supply chain logistics support.*

The expected end-of-investment **Outcomes** are:

1. The Australian Government has suitable logistics capability to respond in a timely, effective and appropriate manner to humanitarian emergencies in the Indo-Pacific region.
2. The Australian Government has appropriate suitable logistics capability to respond in a timely, effective and appropriate manner to consular crises globally.
3. Vulnerable groups including women, girls, the elderly and people with disabilities have safer and more secure access to appropriate and relevant humanitarian relief supplies.

## Delivery Approach

The design process considered several alternative delivery options. Options include:

- **Continuation of the status quo:** a continuation of the Humanitarian Logistics Contract, including appropriate warehouses, and participation in the UN Humanitarian Response Depot (UNHRD) network, along with partnership agreements with the Australian Defence Force, NGOs and Red Cross for collaboration on storage of relief supplies.

This option has the advantage of continuity. It would allow arrangements to continue to be refined over time, for example by discontinuing operation of warehouses when no longer necessary or efficient.

However, this would be a missed opportunity to update the humanitarian logistics capability in response to changes within DFAT, its humanitarian response posture, and the evolution of global humanitarian response arrangements. It would also continue a degree of complexity that creates a challenging workload for the current allocation of one full-time equivalent staff member to manage. This complexity is not justified by the limited uptake of the UNHRD component in recent years.

- **Expanded Humanitarian Logistics Contract including in-house personnel:** an expansion of the Humanitarian Logistics Contract to include deployment of contractor personnel into DFAT's crisis response operations and Australia's broader response.

Advantages of this approach include potential enhanced coordination and efficiency across the entirety of the response, by having contractor personnel embedded throughout the process.

This option has the risk of DFAT becoming over-reliant on one contracted provider. DFAT has already developed other mechanisms for deploying personnel across the response, namely DFAT's internal Crisis Response Team and Australia Assists.

- **A streamlined, improved version of the status quo (recommended):** a continuation of the best aspects of DFAT's previous humanitarian logistics arrangements, with improvements to reflect lessons learned, new circumstances and priorities as articulated in this design. As above, the most significant changes are an increased emphasis on the role of a Humanitarian Logistics Contract and commercial contractor; greater prioritisation of WoG collaboration, especially between DFAT and ADF; and coordination and harmonisation of DFAT's humanitarian logistics and consular crisis management capabilities.

This option has the advantage of a high degree of continuity, while also seizing the opportunity to modify and improve DFAT's capability.

While DFAT will be the central hub in relationships among its humanitarian partners, the contractor under the Humanitarian Logistics Contract will also need to develop and maintain strong working relationships and linkages with a range of stakeholders, including:

1. DFAT – especially the humanitarian operational and response sections and the crisis management and contingency planning section;
2. Australia Assists – with possible linkages including deploying contractor personnel under the Australia Assists brand, participating in RedR training and aligning with the RedR code of conduct;
3. ADF – with a particular emphasis on coordination;
4. WoG partners – including to make them aware, on an ongoing basis, the capability that is available to WoG partners through the Humanitarian Logistics Contract; and
5. AHP and other NGO partners – particularly with regard to warehousing and transport arrangements, as well as maintaining dialogue on the efficacy and usefulness of deployed supplies.

## Resources

The funding allocation of \$22 million over ten years will be fully allocated to the Humanitarian Logistics Contract. Separate funding arrangements with UNHRD are already in place, stemming from the existing technical agreement. Other funding arrangements are also in place for DFAT's partnerships with NGOs and NDMOs.

DFAT should allocate 1.5 full-time equivalent staff within the humanitarian operations team to the management of the humanitarian logistics capability. This should be comprised of two DFAT personnel, each dedicating 75% of their time to this investment. Splitting the role equally between two DFAT personnel supports continuity during and after operational response events and minimises interruption when DFAT personnel are on leave or otherwise unavailable, or when there is movement within DFAT placements.

The contractor's allocation to staffing will be determined and articulated in each bidders' response to the tender process. The number of specified personnel under the previous period offer arrangement grew from 1.25 FTE initially to 2.5 FTE in recent times.

This approach provides assurance of value for money through a competitive open tender process for the Humanitarian Logistics Contract, through retaining multiple options for response (such as UNHRD) which

allows for a degree of comparison, and through provision for periodically testing the market for new and improved humanitarian supplies.

## **E: Implementation Arrangements**

### **Management and Governance Arrangements and Structure**

The humanitarian logistics capability will be managed by two humanitarian logistics managers within DFAT's humanitarian response section, each dedicating 75% of their time to the investment. The humanitarian logistics managers will convene and participate in periodic coordination meetings and periodic tests of joint protocols, procedures and response mechanisms involving DFAT, ADF, DFAT's contracted service provider and other parties where appropriate.

Annual strategic meetings will be held, attended by appropriate senior level management of the relevant areas of DFAT, ADF and the contractor. These meetings will critically review coordination and preparedness, along with the effectiveness and efficiency of recent responses. These meetings will also produce agreed priorities for the next twelve months. These meetings will be informed by annual in-house mini-reviews at the operational level (for more detail see the M&E section below).

### **Procurement Arrangements**

The Humanitarian Logistics Contract will be procured through a competitive open tender. The contract length will be for five years, with an option for up to an additional five years as required. This relatively long and inflexible contracting period is necessary due to the constraints on leasing warehouses for short periods of time.

In keeping with the arrangements under the previous period offer, the new Humanitarian Logistics Contract will have three pillars (which will include an additional consular response sub-pillar);

- Pillar 1: Core Logistics Management Resources (procurement advice on emergency relief supplies and equipment issues, advice on transport logistics and warehousing solutions for storage);
- Pillar 2: Warehouse Management Services (management of the warehouse network for storage of relief supplies located in Sydney and Brisbane, and elsewhere as required);
- Pillar 3: Logistics Operations Services (flexible mechanism for ad hoc services as required)
  - 3a) ODA-eligible services for humanitarian response, and
  - 3b) Non-ODA-eligible services for consular response support.

The contractor will be required to account separately for ODA-eligible and non-ODA-eligible services provided and ensure the appropriate amount of surge support is provided to enable seamless support and not to cut costs. This will require clear tasking from DFAT personnel, specifying the nature and purpose of the services requested. Service Orders under the Humanitarian Logistics Contract will be streamlined to minimise administrative workload; one for Humanitarian Response requirements and



another for Consular Response requirements, unless agreed within DFAT to combine based on the extend of the response.

The contractor will periodically run diverse procurement exercises to ensure the latest technology and supplies are being incorporated. In some cases (as with the 2017 humanitarian supplies challenge) these procurement processes may be a useful tool to engage with Australian public and private sector. Due consideration should be given to the role of other humanitarian partners (such as NGOs) in those procurement exercises (e.g. through sitting on selection panels and/or field testing of products).

The mobilisation phase of the new Humanitarian Logistics Contract will include consideration of a comprehensive handover briefing from the previous contractor.

A new (or extended) technical agreement with the WFP for the UNHRD Network will be required beyond June 2018. The nature and extent of any future technical agreement will be determined by DFAT based on a review of UNHRD that will be carried out by June 2018.

## Monitoring and Evaluation (M&E)

DFAT is committed to learn from our humanitarian assistance to improve the quality of our work through comprehensive monitoring and evaluation of our activities and those of our partners.<sup>15</sup>

DFAT will be responsible for coordinating the implementation of M&E arrangements through mechanisms at both the investment level for the Humanitarian Logistics Capability and through contractual arrangements entered into under this investment.

### M&E Mechanisms at the Overall Capability Level

The following range of performance management and M&E mechanisms are proposed for the investment, with final requirements to be determined through contract negotiations:

- Ongoing collection of data and tracking of performance against performance indicators and towards intermediate and end-of-program outcomes (see Indicative Performance Framework for indicators at Annex 3);
- Periodic coordination meetings (preferably in-person, otherwise by video/teleconferences) at the operational level of DFAT, ADF, commercial contractor, and where appropriate, other partner agencies such as the Australian Humanitarian Partnership Support Unit (APHSU), to monitor preparedness, coordination and debrief on recent crisis responses;
- Periodic tests of joint protocols, procedures and response mechanisms involving DFAT, ADF, contractor and other parties where appropriate as well as periodic assessment of the appropriateness of prepositioned relief supplies;
- After Action Reviews after specific responses;
- Annual in-house mini-reviews (critical issues sessions) at the operational level of DFAT, ADF, contractor, and where appropriate, other partner agencies, to reflect on lessons learned and adjust investment arrangements in an iterative way. These sessions will cover the investment arrangements in general, but would also have a different theme each year, e.g. gender equality

<sup>15</sup> DFAT, *Humanitarian Strategy*, May 2016.

and women's empowerment; disability inclusiveness, led or joined by a disabled person's organisation (DPO);

- Annual strategic meetings (preferably in-person, otherwise by video/teleconferences) between DFAT, ADF and contractor senior management to review coordination and preparedness and agree priorities for the next twelve months. Meetings will reflect on the findings of the annual in-house mini-reviews described directly above;
- Delivery partners and contractors will monitor and report in accordance with the terms of their agreement or tasking relating to the provision of humanitarian assistance;
- National partners will monitor, review and report in accordance with their own requirements, in some cases supported by DFAT (e.g. Australia Assists specialist);
- Surveys that will address access to and the usefulness of relief supplies distributed as well as the contribution of Australian assistance towards needs of those affected. Under the Humanitarian Logistics Contract, the contractor will be required to conduct or commission the survey;
- Annual Aid Quality Checks (AQC) by DFAT to understand progress, achievements and trends across the portfolio. DFAT will draw on the above-mentioned survey findings and other monitoring and evaluation data when undertaking the annual AQC process. Note that consular crisis support will not be contemplated through AQC as does not constitute aid. Rather, consular crisis support will be reviewed through the rapid mid-term review and independent evaluation detailed below;
- Individual Contractor Performance Assessments (CPAs) and annual Partner Performance Assessments (PPAs) of the commercial provider, as well as regular assessments of UNHRD;
- Rapid review to assess the extent of progress towards the expected end-of-investment outcomes and to determine if the investment continues to meet DFAT's strategic and operational needs and if any changes to the investment are required. Rapid reviews will be required every two years over the life of the investment. This investment design document and/or the Humanitarian Logistics Capability Framework should be updated every two years to reflect the findings of the rapid reviews and incorporate recommended changes;
- Independent evaluation in Year 4 of the investment (circa 2022) to assess the overall performance of the investment including the extent and adequacy of progress towards the expected end-of-investment outcomes and to make recommendations to strengthen the investment. An evaluation may also be undertaken through the extension period if required; and
- Systematically integrate lessons learned into future humanitarian responses.

## **Humanitarian Logistics Contract M&E Mechanisms**

The following range of performance management and M&E mechanisms are proposed for the Humanitarian Logistics Contract, with final requirements to be determined through contract negotiations:

- Development and implementation of appropriate mechanisms to support data collection, analysis and information management in relation to humanitarian supplies distributed during a response. DFAT will support the successful tenderer to develop a suitable information

management capacity to track the delivery of DFAT humanitarian supplies against assessed needs and provide information for monitoring, analysis and communication products;

- Ongoing reporting by service provider in accordance with specifications in the Scope of Services, including stock reports and procurement status reports;
- Analytical task specific reporting by service provider in accordance with specifications in the Scope of Services, including outline of services delivered, progress against achievement of performance indicators, constraints and issues, and lessons learned;
- Independent (rapid) evaluations of contractor logistics operations. These will be commissioned at DFAT's direction at the conclusion of selected, significant responses only and will not be routine. Evaluations will link to any broader DFAT evaluations of the response, involve consultations with relevant stakeholders, examine services delivered against DFAT tasking and performance indicators, and identify strengths, weaknesses and lessons learned;

The Indicative Performance Framework (Annex 3) covers the key overarching evaluation questions that stakeholders wish to know by the end of the investment, performance indicators proposed to monitor outcomes and outputs, the data sources for these indicators, and the arrangements for gathering and reporting on the data. Sex, age and disability disaggregated data collection is required where possible, in accordance with good practice and to aid understanding of the assistance provided.

## Sustainability

Humanitarian logistics is a capability that DFAT is likely to require into the foreseeable future. As such, a streamlined, commercially delivered solution is judged to be the most efficient option.

Over time, as Australia continues to invest in localisation, in terms of both local ownership and procurement through local markets, the extent of services required from the contractor should reduce. This is evidenced by the fact that, for example, Southeast Asian nations have increasingly elected not to seek the support of Australia's humanitarian logistics capability for responses to crises.

Enhancing the sustainability of the investment will occur through DFAT providing adequate support and resourcing. The investment will be reviewed every two years to determine what constitutes adequate support and resourcing, based on use.

## Protection

This investment design aligns with the following DFAT policies relevant to protection in humanitarian action:

- *Humanitarian Strategy, May 2016*
- *Protection in Humanitarian Action Framework, July 2013*

Protection aims to assure the safety of people from serious harm. This includes protection from violence, such as killing, wounding, torture, cruel and inhumane treatment, protection from exploitation and coercion, and protection from deliberate deprivation, such as denial to medical care, food, shelter or

water. Protecting the rights and dignity of people affected by a crisis is an essential component of Australia's humanitarian action and advocacy.

This investment will advance protection in the following ways:

- Recognise the need for vulnerable and marginal groups to have equal access to the benefits of humanitarian assistance, including relief supplies.
- Support the active participation of vulnerable and marginal groups in all stages of crisis responses, including the opportunity to participate in and lead decision-making.
- Consider the different needs of vulnerable and marginal groups in the types of relief supplies provided.
- Protection will be the theme of one of the annual strategic in-house mini-reviews and meetings.

Under the investment, the Humanitarian Logistics Contractor will be required to ensure that relevant personnel are aware of, and where necessary are trained in the implementation of, DFAT policies related to protection, gender and disability inclusion.

## Gender Equality

This investment design aligns with the following DFAT policies relevant to gender equality in humanitarian action:

- *Humanitarian Strategy, May 2016*
- *Gender Equality and Women's Empowerment Strategy, February 2016*

Women, girls, boys and men experience crises differently: they have different needs, responsibilities and capabilities. When humanitarian action does not take into account the differences between these groups, it results in unequal access to humanitarian relief, inappropriate goods and services being provided, and increased rates of sexual and gender-based violence. This undermines the ability of women, men, girls and boys to exercise their rights and be active partners in humanitarian action.<sup>16</sup>

Gender equality and the empowerment of women and girls is a priority in the Australian Government's aid policy.<sup>17</sup> Australia is committed to integrating gender equality in all aspects of our humanitarian action and applying "Do No Harm" approaches to ensure our humanitarian assistance does not lead to unintended negative consequences, such as gender-based inequalities.<sup>18</sup>

The investment will advance gender equality and promote the empowerment of women and girls in the following ways:

- Recognise the need for women and girls to have equal access to the benefits of humanitarian assistance, including equal access to relief supplies. This may involve distributing relief supplies at certain locations and times that facilitate equitable access;

<sup>16</sup> DFAT Humanitarian Strategy 2016, May 2016, p.22.

<sup>17</sup> DFAT, Australian aid: promoting prosperity, reducing poverty, enhancing stability, June 2014.

<sup>18</sup> DFAT, *Humanitarian Strategy*, May 2016.



- Support the active participation of women in all stages of crisis responses. This should include engaging women in decision making on priorities and resource allocations in humanitarian crisis responses and listen to the voices of women to ensure they are heard and, in so far as is possible, their needs are met;
- Consider the different needs of women, girls, men and boys in the types of relief supplies provided. Prioritise the provision of appropriate and safe relief items to avoid doing harm. Procurement procedures will ensure that relief supplies and equipment are appropriate and meet the needs of priority beneficiaries;<sup>19</sup>
- Provide funds to trusted implementing partners who have local capacity, access, specialist expertise and demonstrate effective gender programming. Work with all implementing partners to ensure alignment of assistance with Australia's gender equality and women's empowerment commitments;
- Seek to draw on the knowledge, resources and expertise of local civil society organisations, particularly local women's organisations. This strategy can help to ensure the appropriateness of the relief items provided and effective distribution strategies to ensure women and girl's safe access to supplies;
- Increase the collection of data disaggregated by sex and age, so DFAT can better plan for and understand the impacts of humanitarian assistance.
- Gender will be the theme of one of the annual strategic in-house mini-reviews and meetings.

The establishment of ad hoc distribution points without appropriate infrastructure and organisation can pose protection problems such as inequitable distribution of supplies, or potential for sexual or other exploitation of women, girls and vulnerable groups such as people with disabilities. Under the investment, provision of mobile storage units (together with appropriate training and security) for use as distribution centres by selected disaster management organisations in the Pacific will help to address this protection issue.

## Disability Inclusiveness

This investment design aligns with the following DFAT policies relevant to disability inclusiveness in humanitarian action:

- *Humanitarian Strategy, May 2016*
- *Development for All 2015-2020, May 2015*<sup>20</sup>

Of the estimated one billion people living throughout the world with a disability, 80 per cent live in developing countries where they are disproportionately represented among the most disadvantaged.<sup>21</sup> Due to stigma, discrimination and inaccessibility, people (particularly women and girls) with disabilities are less likely to access humanitarian assistance. During humanitarian responses, people with disabilities are often invisible in registration processes and excluded from accessing emergency support and essential services such as food distribution, shelter or water, sanitation and hygiene (WASH) facilities.<sup>22</sup>

<sup>19</sup> For example, shelter kits that are too small for families or provided in insufficient numbers can result in overcrowding and increased potential for instances of violence. Water containers that are too big and heavy for women, children and people with disabilities to carry mean they cannot use them.

<sup>20</sup> DFAT, *Development for All 2015-2020: Strategy for strengthening disability-inclusive development in Australia's aid program*, May 2015.

<sup>21</sup> World Health Organisation World Health Report 2011 available at [www.who.int/disabilities/world\\_report/2011/chapter2.pdf](http://www.who.int/disabilities/world_report/2011/chapter2.pdf).

<sup>22</sup> DFAT, *Development for All 2015-2020: Strategy for strengthening disability-inclusive development in Australia's aid program*, May 2015; DFAT, *Humanitarian Strategy*, May 2016.

The investment seeks to empower people with disabilities to access humanitarian assistance on an equal basis with others. It will promote inclusive humanitarian assistance in the following ways:

- Work with partner governments ahead of, and during, a crisis to identify how assistance can be targeted to those most in need;
- Ensure all assistance under the investment is designed and implemented in accordance with Article 11 of the Convention on the Rights of Persons with Disabilities,<sup>23</sup> Development for All 2015-2020: Strategy for strengthening disability-inclusive development in Australia's aid program, and DFAT's Accessibility Design Guide: Universal Design Principles for Australia's Aid Program;
- Promote inclusion in decision-making for people with disabilities;
- Consider the needs of people with disabilities in the types of relief supplies provided and how the relief supplies are distributed. For example, distribution locations should be wheel chair accessible and relief supplies should not exceed stipulated size and weight limits. Braille labelling of supplies, including expiry dates, may also be considered;
- Seek to draw on the knowledge, resources and expertise of local civil society organisations, particularly disabled people's organisations. This strategy can help to ensure the appropriateness of the relief items provided, effective distribution strategies so that people with disabilities in need of humanitarian assistance are identified and assisted, and safe and inclusive access to supplies;
- Include people with disabilities in processes such as periodic procurement exercises as both a beneficiary group and as selection panel members;
- Include people with disabilities and/or disabled persons organisations in monitoring and evaluation and increase the disaggregation of data according to disability, so DFAT can better plan for and understand the impacts of humanitarian assistance; and
- Disability inclusion will be the theme of one of the annual strategic in-house mini-reviews and meetings.

Under the investment, the Humanitarian Logistics Contractor will be required to ensure that relevant personnel are aware of, and where necessary are trained in the implementation of, DFAT policies related to disability-inclusive development.

## Private Sector

Depending on the bids received for the tender of the Humanitarian Logistics Contract, DFAT's humanitarian logistics capability is expected to be primarily delivered by a private sector contractor. This role will include running periodic procurement exercises targeting private sector suppliers, as well as working with other commercial freight and charter companies.

<sup>23</sup> Article 11: Situations of Risk and Humanitarian Emergencies: States Parties shall take, in accordance with their obligations under international law, including international humanitarian law and international human rights law, all necessary measures to ensure the protection and safety of persons with disabilities in situations of risk, including situations of armed conflict, humanitarian emergencies and the occurrence of natural disasters.

Renewed emphasis will be given to local procurement arrangements (and to provision of humanitarian support through cash transfers where feasible), in order to support rather than undermine local markets in crisis-affected countries.

## Risk Management Plan

Overall, this is a low risk investment program. Nonetheless, there are some risks that need to be considered at the outset, and risk needs to be consistently managed throughout the investment. These include:

- That a change of contractor presents lengthy administrative teething issues that impact negatively on the level of service provision, especially in the early months of the Humanitarian Logistics Contract. This will be addressed through a handover to be provided by the previous contractor, and by requiring bidders to demonstrate a strong track record of relevant experience in international logistics management. Also, the potential need for global consular response capacity may be taken into account in the selection of the commercial provider in terms of the provider's proven ability to operate globally.<sup>24</sup>
- That transporting externally-procured humanitarian supplies undermines local markets. This will be addressed through a renewed emphasis on local procurement (see lessons learned section above).
- Contractor cutting costs by using deployed personnel to manage both Humanitarian response requirements and consular requirements. This will be addressed through monitoring and ongoing reporting by service provider in accordance with specifications in the Scope of Services.
- Administrative complexity leading to confusion about which services are ODA-eligible and which are not, as both types of services are provided through one Humanitarian Logistics Contract. That will be addressed through the establishment of clear protocols by the managing contractor (in close consultation with DFAT) to ensure that the different funding types are accounted and reported separately.
- ADF unable to provide transport assets due to other operational requirements. This will be addressed by DFAT maintaining alternative, commercial capacity for the sourcing, storage and transport of emergency response supplies.

Risk management will be a standing agenda item at the annual strategic meetings between senior management of DFAT, ADF and the contractor. Accordingly, the risk management plan will be updated at least annually, and more often if required. For more detail on risk management see the Risk Register at Annex 4.

<sup>24</sup> In selecting the commercial provider, this ability to respond globally should be balanced with the ability also to respond locally, within the Indo-Pacific region, with strong Pacific networks in particular.

# Safeguards

## Child Protection

DFAT has a zero-tolerance approach to child exploitation or abuse. DFAT recognises that it is the shared responsibility of all adults to prevent child exploitation and abuse. All DFAT partners that receive DFAT funding, including contractors and civil society organisations, are expected to act in accordance with DFAT's Child Protection Policy.<sup>25</sup> They must also abide by their own relevant policies, international declarations, conventions, agreements and domestic legal frameworks, which seek to protect children. Any contracted staff who will have direct engagement with children through the course of their work will be required to receive appropriate training, including in relevant child protection reporting mechanisms.

## Environmental Protection

To ensure that the potential environmental impact of relief items procured under the investment is minimised, the procurement methodology will ensure that relevant international standards on materials, design and packaging are factored into procurement decisions.

The contractor engaged through the Humanitarian Logistics Contract and DFAT's operational partners in a response, such as UN and international agencies and NGOs, must comply with DFAT's Environment Protection Policy for the Aid Program.<sup>26</sup> The Environment Protection Policy requires all responders to, inter alia, do no harm to the environment, assess and manage environmental risk and impact, and promote improved environmental outcomes.

## Fraud Control

Fraud and corruption can emerge during an emergency response as people take advantage of the need for rapid delivery at the expense of close monitoring and accountability. DFAT has a policy of zero tolerance towards fraudulent and corrupt activity or behaviour. This applies to DFAT staff and external parties that receive Australian Government funds, including all aid program funds.

Development assistance must be delivered in a way that effectively protects Australian Government funds and assets. While buying overseas or buying for humanitarian response purposes is exempt from Division 2 of the Commonwealth Procurement Rules (CPRs), the contractor will be expected to follow the intent of the CPRs in all procurement. All DFAT partners under this investment, including the commercial contractor, will be expected to follow the Fraud and Anti-Corruption Guidance for DFAT Partners.<sup>27</sup> This guidance note articulates DFAT's requirements and expectations it has of its partners who manage and deliver aid programs on behalf of DFAT.

Lastly, DFAT's international operational partners in a response all have their own fraud prevention and anti-corruption compliance requirements with which they will be expected to comply.

<sup>25</sup> DFAT, *Child Protection Policy*, January 2017.

<sup>26</sup> Environment Protection Policy for the Aid Program, November 2014. The Policy applies to all DFAT-administered aid activities in order to protect the environment during the delivery of Australia's aid program. It applies to activities implemented by: Australian Government and public sector agencies; partner governments; multilateral organisations and bilateral donor partners; private sector and civil society organisations, including contracts and subcontractors of DFAT's aid program, non-government and civil society partnerships, other private sector partnerships including Public Private Partnership. The policy does not apply to aid that is directly appropriated to other Australian Government agencies. The Environment Protection Policy for the Aid Program is available online at: < <http://dfat.gov.au/about-us/publications/Documents/environment-protection-policy-aid-program.pdf>>.

<sup>27</sup> Fraud and Anti-Corruption Guidance for DFAT Partners < <http://dfat.gov.au/about-us/publications/Pages/fraud-anti-corruption-guidance-dfat-partners.aspx>>.





## Annexes

1. *Humanitarian Logistics Framework 2018-2028*
2. *Review of the 2011 Humanitarian Logistics Framework 2011-2017*
3. *Indicative Performance Framework*
4. *Risk Register*
5. *Stakeholder Consultations*