

Country & Project No.: SO-AFG-10514.0
B/R No.: 903

➤ BUDGET REVISION FOR SOs FOR THE APPROVAL OF THE DEPUTY EXECUTIVE DIRECTOR

	<u>Initials</u>	<u>In Date</u>	<u>Out Date</u>	<u>Reason For Delay</u>
<u>ORIGINATOR</u>				
Country Office or Regional Bureau on behalf of Country Office
<u>CLEARANCE</u>				
Regional Director,
Programme Officer, OMXP
Chief, OMXP
Chief, OMLL
Director, FLB
Director, OML
Director, OMX
Deputy COO
<u>APPROVAL</u>				
Deputy Executive Director , COO - OM

PROJECT: SO-AFG-10514.0 "United Nations Humanitarian Air Service (UNHAS)"			
	Previous Budget	Revision	New Budget
Total WFP cost (incl. ISC 7%)	US\$ 33,209,521	US\$ 18,687,666	US\$ 51,897,187

<u>TYPE OF REVISION</u>			
<input checked="" type="checkbox"/> Additional DSC	<input checked="" type="checkbox"/> Additional ODOC	<input checked="" type="checkbox"/> Extension in time	<input type="checkbox"/> Other

NATURE OF REVISION:
 One year extension in time to 31st March 2009 with increase in ODOC and DSC.

JUSTIFICATION FOR THE REVISION:
 Special Operation 10514.0 was established in March 2006 in order to provide a safe and reliable air service to the humanitarian community operating in Afghanistan. UNHAS currently provide air transport to over 300 NGOs, UN Agencies and numerous diplomatic and media missions. The need for such a service is still there. Travel by road continues to be generally unsafe due to the condition of the roads and the constant threat of terrorist attacks. In addition, air travel is also preferred because it generally takes a fraction of the time of road travel. Furthermore, demand is expected to increase in the coming months to support the planned population census and the coming elections. To provide guidance on requirements, as well as give feedback on requirements and quality of service to UNHAS management and to its Board of Directors, a User's Group has been established.

<u>DISTRIBUTION:</u>		
DED, COO - OM	Deputy to the COO for Operations	Director, OML
Chief, OMLL	Director, OMX	FLB
Chief, OMXP	Regional Director	REG
Country Director	Programme Officer, OMXP	RB Programme Advisor
OM Registry	Programming Assistant, OMXP	RB Programme Assistant
Liaison Officer, OMB		

UNHAS has been mandated by the HLCM in New York to provide humanitarian air services in Afghanistan. At the moment, there are no domestic operators that provide a service which is ICAO compliant and no recommended practices (SARPs) that regulate the safety of international civil aviation in the country. Therefore, in order ensure the continued existence of a safe, ICAO compliant air transport alternative for humanitarian organizations working in Afghanistan, UNHAS is extending Special Operation 10514.

There are three different components to this operation:

- 1) Operating a safe and efficient route between Dubai and Kabul
- 2) Ensuring access to locations within Afghanistan by offering internal air transport as required by the Board of Directors/User's Group
- 3) Providing timely and safe evacuation (MEDEVAC and other Search and Rescue operations) when called upon – in assistance of the national authorities and in conjunction with other international authorities.

To these ends, UNHAS will continue to operate three aircrafts and maintain the staffing level sufficient to support the operation.

The UNHAS service is based on a cost recovery scheme, and the service is designed to be a cost effective alternative. Until recently, profits made on the international service were used to subsidize the internal services. However, the recent drastic increase of operational costs is preventing the continuation of this funding mechanism and internal operations require another source of subsidy. Costs have substantially increased due to:

- the rising price of jet fuel - which typically accounts for one third of operating costs,
- the unfavorable exchange rate between the US Dollar and Euro based currencies and,
- the volatile security situation - which requires that additional measures are taken to ensure that security standards are met in all locations.

In order to maintain the ticket costs at a reasonable level, thereby ensuring that this service remains available to all humanitarian actors operating in Afghanistan, contributions from the donor community are required.

It is recommended to extend the project to 31.03.09 and to increase the budget with an additional US\$ 18,687,666 to cover the aircraft operating cost for the period. Out of this total amount WFP is requesting donors to contribute 36% or US\$ 7 million to subsidize the cost recovery system.

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