BUDGET REVISION OF SO FOR THE APPROVAL OF REGIONAL DIRECTOR

	Initials	In Date	Out Date	Reason For Delay
ORIGINATOR Country Office or Regional Bureau on behalf of Country Office	N₄	22/2/07	22/01/0₂	

CLEARANCE

Programme Officer, ODMP		22/2/07	22/02/07	
Chief, ODMP		22/02/07	22/02/07	N/A
Director, ODT		FEB 22 2007		
Director, CFOB	SO3	23/2/07	23/2/07	

APPROVAL

☐ Regional Director

PROJECT	Previous Budget	Revision	New Budget
Total WFP cost (US$)	US$ 8,092,830	US$ 9,321,449	US$ 17,414,279

TYPE OF REVISION

☒ Additional DSC   ☒ Additional ODOC   ☒ Extension in time   ☐ Change in project orientation
☐ Other

1. NATURE OF REVISION:

This budget revision, with a value of US$ 9,321,449 will provide the resources to continue the establishment of the UNHRD Network by expanding the investments through the SO and will extend the duration of the project by one year until February 2008.

This budget revision broadens the scope of the original project to include all HRD Depots and subsequently the name of this SO will be amended to: "The Establishment of the Humanitarian Response Depot (HRD) Network."

2. JUSTIFICATION FOR THE REVISION:

2.1 Background:
In June 2000, in recognition of the World Food Programme's (WFP) logistical capability, the overall management of the "OCHA Pisa Warehouse" was transferred to the WFP and the warehouse relocated to Brindisi, Italy. The facility was renamed the "United Nations Humanitarian Response Depot" (UNHRD). The rationale for the UNHRD was to host and maintain buffer stocks of relief materials on behalf of WFP and other Agencies so that at the onset of an emergency these relief items could be deployed to the theatre of operations in the fastest means possible.

Building on the UNHRD Brindisi's success in responding to sudden-onset emergencies during the past six years, this Special Operation enables WFP to establish four additional Humanitarian Response Depots (HRDs) in key strategic locations around the world: Panama City (Panama), Accra (Ghana), Dubai City (Dubai), and Subang (Malaysia), designed to be flexible, financially sustainable and structurally capable of responding to large scale humanitarian disasters within their respective geographical area as well as supporting operations globally.

The UNHRD Network initiative will support emergency response by UN, International, Governmental and Non-Governmental Organisations. It will also enable WFP to be able to meet its corporate goal of being able to respond to four simultaneous emergencies.

2.2 Benefits of the HRD Network:

The UNHRD network will bring a series of benefits to the wider efforts of the humanitarian community through improved:

> Coordination - Co-locating UN, NGO and donor agency emergency relief items facilitates the coordination and prioritization of outgoing emergency shipment.
> Timeliness - Strategically positioned depots provide regional areas of coverage and guarantee that emergency relief items can reach their theatre of operations in less time.
> Cost Effectiveness - Strategically positioned depots, located in the vicinity of both international air and sea ports, enable clients to profit from shared transportation and utilization of sea and air deliveries, dependent upon their time restrictions.
> Procurement - Pooling of procurement activities enables participating organizations to leverage competitive prices.
> Interoperability – Pooling and standardization of relief stocks facilitates equipment sharing and loans.
> A support office created as a "one-stop-shop" for all users to access all services offered by the HRDs will inevitably reduce bureaucracy and increase the timeliness of the response.

2.3 Overview of the Budget Revision:

Originally, Special Operation (SO) 10522.0 with end date of 28 February 2007 covered the partial construction and stocking of the HRD Network, with overhead and staffing costs for all of the depots paid out of the UNHRD Network Special Account (SA). To date over $ 6.9 million have been pledged by donors. Under this budget revision WFP will solicit contributions to cover the running and staffing costs for Panama, Dubai and Subang up to the end of February 2008. The running and staffing costs for the Brindisi and Accra HRDs will continue to be covered by the special account as they have been prefinanced through generous donations from the Italian and Irish governments.

Activities also included in this revision:

> stocking Subang HRD to optimum level and staffing/running a dedicated office,
> stocking Dubai HRD to optimum level and staffing/running a dedicated office,
> construction of the warehouse complex for the Panama HRD,
> implementation of the warehouse management system across all five depots taking into account the corporate management system (WINGS II) and
> a HRD Network Support Office and coordination cell

2.3.1 Subang HRD - Additional Stocks:

Under SO 10522.0, all the rapid response equipment held at the existing Asia Emergency Response Facility in Cambodia was planned to be transferred to Subang in 2006. Late in 2006, there was a corporate decision to establish a satellite WFP regional emergency preparedness and response facility in Utapao, Thailand (the latter not part of a system-wide Humanitarian Response Depot Network and mainly focused on contingency planning, disaster mitigation and training). In order to equip the regional response teams which will be based from the facility in Utapao, the stocks currently held in Cambodia will be distributed between HRD Subang and the facility planned for Utapao. The budget revision covers the purchase of the equipment needed to bring Subang stocks up to optimum level, to cover both WFP and logistics cluster requirements.

Approximate cost: USD 2,881,000

2.3.2 Augmentation of Dubai HRD requirements:

WFP Field & Emergency Response Office (FESO) has successfully managed the Dubai HRD through an internal Service Level Agreement (SLA) for a fixed annual fee. However, as WFP will be required to play a lead role given its mandate as the global humanitarian logistics cluster lead the Dubai HRD structure will require considerable expansion of the services that FESO supplies and the augmentation of the HRD staffing structure with dedicated HRD staff.

This budget revision covers equipment, staff and running costs for a fully fledged HRD management set-up in Dubai.

Approximate cost: USD 1,964,000

2.3.3 Construction of Panama HRD:

Since the launch of SO 10522.0, the UNHRD Network has taken over the running and administrational costs of the Panama HRD. The LACERN SO will continue to maintain the operational requirements the three warehouses in El-Salvador, Ecuad and the Bahamas.

The present budget revision will enable WFP to construct a dedicated HRD warehouse. Initially the Government of Panama planned to offer WFP warehouse facilities within the Howard Base perimeter, the refurbishment of which was budgeted under Special Operation 10522.0. New circumstances arose where the GoP, has offered WFP a plot of land of 10,000 sq/m within the perimeter of the Tokumen International Airport.
Approximate cost: USD 2,210,000

2.3.4 Enhancement of the Warehouse Management System (WMS):

WMS is a stock tracking, administrative and finance support application which is presently installed in Brindisi HRD. WMS needs to be upgraded with a barcode application. The system also needs to be adapted to make it compatible with the new WINGS II and a web interface for the publishing of stock reports. Once fully operational WMS will be installed in all of the HRDs.

This requires the recruitment of SAP Consultants and the procurement of equipment such as barcode readers, zebra printers and servers. Training will also be required.

Approximate cost: USD 453,000

2.3.5 Support Office:
A support office with sufficient staff capacity created as a "one-stop-shop" for all users to access all services offered by the HRDs. This support office will provide administration, finance, procurement and coordination services for the entire network.

Approximate cost: USD 1,203,000