Country[1] & Project No.: HQ SO 10522.0
B/R No.: 3   @..............

BUDGET REVISION OF SO FOR THE APPROVAL OF Chief Operating Officer, DED

	Initials	In Date	Out Date	Reason For Delay
ORIGINATOR				
Country Office or Regional Bureau on behalf of Country Office or HQ Division		28.02	28.02	....
CLEARANCE				
Programme Officer, OMXP		13/03/58	13/3/08	....
Chief, OMXP		3|3|2008	3|3|2008	....
Director, FLB		....	....	....
Director, OML	....NA....	.....NA.....	......NA......	....NA.....
APPROVAL				
☑ Chief Operating Officer DED		20/03/08	....	....

PROJECT	Previous Budget	Revision	New Budget
Total WFP cost (US$)	US$ 18,350,543	US$ 12,218,454	**US$ 30,568,997**

TYPE OF REVISION

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

NATURE OF REVISION:

This budget revision is requesting for additional ODOC and DSC as well as an extension in time from 1 March 2008 till 28 February 2009.

This revision is a result of strategic considerations on the role of the HRD Network in WFP Logistics' emergency response preparedness efforts, in particular with a view to WFP's responsibilities as a logistics provider to the larger humanitarian community.

The HRD Network is a key pillar in WFP's own emergency response strategy. At the same time WFP, following its recognition as the lead agency for humanitarian logistics, is responsible for providing logistics services to the wider humanitarian community. In that respect, the demand for services from the HRD Network is on the increase and is expected to continue to be so also in the time to come. The increased demand for services has required WFP Logistics

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[1] If a regional project, please specify the countries concerned

Format for Budget Revisions of Special Operations

to revisit its current systems and procedures in order to make sure that support systems and working processes are adequate.

Therefore, to provide for the upgrading of support systems and services as well as for the completion of the set-up of the HRD Network, this budget revision is undertaken.

JUSTIFICATION FOR THE REVISION:

Background:

The UNHRD Network project is building on the HRD Brindisi's success in responding to sudden onset emergencies over the past six years. The project enables WFP to establish four additional Humanitarian Response Depots (HRDs) in key strategic locations around the world: Panama City (Panama), Accra (Ghana), Dubai (United Arab Emirates), and Subang (Malaysia). The Network is designed to be flexible and structurally capable of supporting humanitarian organisations efforts to respond to emergencies.

Since the launch of this project, 10 additional partners have joined the UNHRD Network and have stored their emergency response equipment in one or more of the HRDs thus underlining how the UNHRD Network has become a key tool in the hands of major humanitarian actors' emergency response strategies.

In view of the present number of partners and the indication from many other organizations that they are willing to join, the present budget revision looks to introducing a series of strategic enhancements to the systems presently utilized by the UNHRD Network. This will entail first, the development of a business system and integration platform which will adequately support the new business process - this will include the creation of a dedicated customer service module Secondly, this budget revision will ensure the fully fledged integration of all HRDs with SAP, a component which fell through during the re-scoping of WFP's corporate WINGS upgrade.

Components of the revision:

This budget revision has four main components.

1. Business system development and integration - The UNHRD has always suffered from core systems' challenges related to managing logistics information for the purpose of preparedness, information sharing and operational tracking, as well as for customer type analysis. These challenges are only expected to increase as the number of UNHRD partners increases.

To face these challenge the HRD Network is in need of standardised and streamlined business processes for all services provided. To design adequate solutions, all business processes presently undertaken within the UNHRD framework have been meticulously mapped. Adequate support systems integrating the entire supply chain system of the UNHRD Network are to be developed based on the results of the mapping exercise. The intention is to create a web portal through which users can access the UNHRD system. This portal will integrate the various systems and serve as an interface between the HRD Network support office and its partners. This solution is expected to result in better information sharing, smoother communication between the HRD Network and its clients, enhanced reporting, and improved financial and quality control. Furthermore, it will provide improved data for evaluating the effectiveness of all practices. This portal and quality control system will integrate all WFP Logistics' existing systems, such as for example procurement systems and the customer service systems of the Humanitarian Air Services, into one system, presenting one consistent interface to all users of ODT services, be it internal WFP or external parties.

It should be noted that all system development, rollout and support will be done by ADT (The Information and Communication Technology Division), under overall project supervision by WFP Logistics.

Approximate cost of this component: 3.3 million USD

2. WINGS II and UNICEF compliant bar-coding - The UNHRD needs to be a flexible and customer oriented set-up and all five depots need to be fully integrated in terms of warehouse and procurement management systems. WINGS II, which is the financial management system under development for WFP corporately, intended to provide this system integration. However, budget constraints restricted WINGS II to cater only, and only partially, for HRD Brindisi. This budget revision therefore provides for the upgrading to WINGS II of the remaining four depots and for implementation of IPSAS (International Public Sector Accounting Standard – currently implemented by WFP corporately) implementation in all five depots.

Furthermore, bar-coding technology will be deployed to ensure consistency and improve business automation across all depots. The software components that will be implemented correspond to those used by UNICEF. ODTL has worked closely with UNICEF in the process of defining the requirements and potential systematic solutions, and has benefited from UNICEF's experience with the selected solutions. In addition, deploying the same bar-coding technology would allow for a closer integration with UNICEF's systems.

Approximate cost of this component: 1.9 million USD

3. HRD Network running costs - Although four of five of the hubs are currently operational, the set-up of the HRD Network is not yet fully completed. WFP is still using the premises of our private sector partners in some locations. In order to finalise the set-up of the depots and to ensure their self-sustainability financially as well as operationally, it is necessary to prolong the lifespan of the SO. This component includes staffing requirements and running costs of the HRD Network until March 2009.

Approximate cost of this component: 4.3 million USD

4. Construction of the Panama HRD - Additional resources are needed to finalize the construction of the Panama warehouse. The engineering firm contracted for the preparation of the tender document has market research to provide WFP with cost estimates. The research has shown that WFP's initial forecast (March 2006) is 40 to 50 percent below the current market figure. This is explained through the sharp price increase of construction materials in Panama.

Approximate cost of this component: 3 million USD

Project Type:	SO
Recipient Country:	HQ
Project Number:	10522.0
Duration (months):	11.9
Start Date:	01-Mar-2008
End Date:	28-Feb-2009

Total US$

DIRECT OPERATIONAL COSTS (DOC)	$	8 170 732

DIRECT SUPPORT COSTS (DSC)	$	3 248 384

TOTAL WFP DIRECT COSTS	$	**11 419 116**

INDIRECT SUPPORT COSTS (ISC) 7%	$	799 338

TOTAL WFP COSTS	$	**12 218 454**

1/ This format should also be used for Project Budget Plan Revisions.

2/ Please adapt your planning according to the Project Document (duration of the project).

3/ This worksheet includes total amounts for all years.

4/ The ISC is indicated here to provide a picture of the overall WFP costs even though the not Project Costs per se.

The ISC rate may be amended by the Executive Board during the Project's life.