

Country & Project No.: Somalia SO 105780
“Emergency rehabilitation works for logistics infrastructure in Somalia”

B/R No: 04

➤ BUDGET REVISION FOR SOs FOR THE APPROVAL OF THE DED & COO

	<u>Initials</u>	<u>In Date</u>	<u>Out Date</u>	<u>Reason For Delay</u>
<u>ORIGINATOR</u>				
Peter Goossens
Country Director, WFP Somalia				
<u>CLEARANCE</u>				
Regional Director,
Programme Officer, RMBP
Chief, RMBP
Chief, ODLT
Director, ODL
Director and Deputy CFO, RMB
<u>APPROVAL</u>				
Deputy Executive Director and COO, OD

PROJECT: SOM SO 105780			
	Previous Budget	Revision	New Budget
ODOC (US\$)	10,993,849	14,681,000	25,674,849
DSC (US\$)	1,038,480	3,753,698	4,792,178
ISC (US\$)	842,263	1,290,429	2,132,692
Total WFP Costs (US\$)	12,874,592	19,725,127	32,599,719

<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

<u>NATURE OF THE REVISION:</u>
<ol style="list-style-type: none"> 1. A budget revision to the special operation 10578.0 is proposed to extend the operation in time by approximately 22 months from 15 February 2010 to 31st December 2011, with a corresponding budget increase of US\$ 19,725,127 million. The special operation was originally focusing on the rehabilitation of Mogadishu Port, Kismayo Port and emergency road repairs in southern Somalia. While remaining within the original scope of the operation, this extension-in time will allow WFP to carry out additional logistics infrastructure rehabilitation work across Somalia, including Puntland and Somaliland. 2. To reflect this ‘scaling up’ of activities within the initial scope of the special operation, the title of the operation will be revised from “Emergency rehabilitation works for Mogadishu and Kismayo ports and targeted emergency road rehabilitation” to “Emergency rehabilitation works for logistics infrastructure in Somalia”.

BACKGROUND:

3. Special Operation (SO) 105780 was launched on 15 February 2007 with the purpose of carrying out targeted rehabilitation and capacity improvement works at Mogadishu and Kismayo ports and at key bottlenecks in the road and bridge networks in Lower Juba, Middle Juba, Bay and Bakool regions in order to ensure year round passage of emergency humanitarian food and non-food supplies within Somalia. By improving both infrastructure and procedures at the ports, this SO aimed to reduce both the time and cost of humanitarian shipments arriving by sea. Furthermore, the targeted road rehabilitation (bridges, drifts, small stretches of road) intended to mitigate the disruption caused by the bi-annual rainy seasons, and help to ensure year round access for ongoing WFP and other humanitarian organisations' interventions across Somalia. After being extended in time twice through previous budget revisions due to delays caused by the volatile security situation, this operation currently ends on 14 February 2010.

Summary of existing project activities:

4. Thanks to sustained donor support (as of early February 2010, the special operation was 83 percent funded), WFP was able to complete the following works:
 - Construction of a 64,000 litres elevated fresh water tank
 - Dredging of the port to 10m at chart datum (low tide), and removal of debris from port basin floor
 - Hydrographic / bathymetric survey of the port
 - Salvage of sunken vessels (2 completed, 2 partially removed)
 - Purchase and installation of 2 x generators (one 275 kilovolt amp, one 350 kilovolt amp)
 - Installation of 114 fenders over 850m of quay
 - Reconstruction of 8.8km of road between Garashka Junction & Midow
 - Reconstruction of 22km of road between Garashka Junction and Gofgodud
 - Installation of a beach port at El Maan, as an alternative to Mogadishu port
 - Construction of a section of road from El Maan to bypass Mogadishu town
 - Survey of Kismayo port.
5. Resources currently available have been prioritized to complete the remaining works at Mogadishu port. Ongoing activities include:
 - Construction of a warehouse for WFP in Mogadishu port (expected to be completed in July 2010)
 - Construction of port marine tower in Mogadishu port (tenders received)
 - Installation of AtoN (aids to navigation) (tenders received)
 - Rehabilitation of pavement at Mogadishu port (tender to be released imminently)
6. The dredging of the Mogadishu port has allowed larger vessels with humanitarian supplies to call on the port; continuous power allows day and night operations and adds to the security of the port; the ongoing construction of a WFP warehouse at the port will eliminate the need for (up to 13) warehouses currently located in dangerous parts of the Mogadishu town. Construction of alternative roads and beach port (El Maan) to by-pass the Mogadishu town has improved security for food convoys; repair of critical road sections has allowed passage of humanitarian supplies into previously inaccessible areas; capacity building and support in self sufficiency will increase the long term success of the port. More specifically, the works completed in Mogadishu port so far have translated into the following immediate benefits for WFP and the humanitarian community:
 - 6 berths are now operational in Mogadishu port – a 100 percent increase in capacity;
 - Maximum vessel size has increased from 15,000 to 20,000 mt – up by 33 percent;
 - Prior to the installation of 24/7 power supplies the average daily discharge was 700-1000 mt of cargo per day; it is now 1000 – 1500 mt per day;
 - Reduction of US\$1.1 per mt in WFP discharge costs, and US\$4 per mt in ocean freight costs; and
 - Reduced demurrages, due to faster discharge and priority berthing.

JUSTIFICATION FOR THE REVISION:

Constraints and recommendation of the reassessment

7. Significant challenges experienced during the implementation of this operation have caused some delays in the overall implementation of the project. As a result, some activities outlined in the initial budget are not yet complete. Those constraints included the shortage of funding at the onset of the operation combined with the negotiations with Somali authorities in the initial stages which took significantly longer than anticipated. Restricted travel for United Nations staff due to security constraints in many of the locations has also limited

the opportunities for WFP staff to carry out detailed assessments. To overcome this problem, WFP has contracted Somali engineering firms to carry out detailed plans and evaluations, overseen by qualified WFP engineering staff. This system has proven successful though with some limitations, delayed reporting being the most common.

8. Several projects could not be completed in 2009 as the security situation evolved and project sites became inaccessible (i.e. Kismayo port rehabilitation). Consequently, WFP prioritised activities in other locations where access was granted and a pertinent need existed. This re-prioritisation of activities was done within the original scope of the special operation and the approved budget. Staffing requirements were drastically reduced from 22 staff initially budgeted in 2007 to a core of 9 staff.
9. Given the current humanitarian situation in Somalia, the need for infrastructure rehabilitation works is critical to ensure year round passage of emergency humanitarian food and non-food supplies within Somalia. According to the latest food security update issued by the Food Security and Nutrition Analysis Unit for Somalia (FSNAU) dated January 2010, a widespread Humanitarian Crisis still persists in Somalia, with 42 percent of the population or an estimated 3.2 million people in need of emergency humanitarian assistance and/or livelihood support until June 2010. At this stage WFP plans to import 30,000mt of food commodities into Somalia each month, as well as additional non food items; the majority of which will need to be brought in via the northern ports.
10. As a result of the deteriorating security situation in southern Somalia in late 2009, and the subsequent 'operational pause' implemented by WFP, WFP and partners have become increasingly reliant upon the northern ports of Berbera and Puntland which need rehabilitation work to be undertaken in order to increase their capacity to the level required by WFP operations.

Purpose of extension and budget increase:

11. The main objective of this project remains the uninterrupted and timely supply of relief items to the internally displaced persons (IDPs) and other populations in need of assistance in Somalia. The project also seeks to reduce or contain the delivery costs, enhance local capabilities as well as support the local economy. The SO will also result in improved security in the ports (safety of vessels, trucks and their staff) and along the access roads being repaired. Road rehabilitation works between the offices /compounds of humanitarian agencies and airstrips will result in improved access in the event of medical or security evacuations.
12. By expanding the geographical scope of the operation to Bossaso and Berbera ports, it is expected that a similar increase in capacity and cost efficiency will be achieved. The development of a beach port at Hobyo / Harardhere will further improve access to the Central regions and reduce transport cost and time. Funding has already been secured for some of the proposed works at Bossaso port.
13. The budget revision proposes to include additional rehabilitation works in Puntland and Somaliland, similar to those undertaken in Mogadishu and to the road / bridge network in the south. This will increase the capacity in the ports through provision of pilot / tug equipment, increasing draft to allow larger ships to call, improved cargo handling capacity and training of port staff to improve their capability. This in turn will allow WFP operations to be more efficient and cost effective. The inclusion of the proposed beach port in Hobyo would offer a fast mechanism of reducing bottlenecks in Bossaso and Berbera whilst the initial works are undertaken there, as well as a delivery point for Central beneficiaries which is close to Mombasa so has short transport times and reduced shipping and overland transport costs. The following additional activities are planned:

Bossaso:

- Dredging of inner and outer harbour
- Salvage of sunken vessels and associated debris from the port basin
- Replacement / installation of fenders along quayside
- Provision of equipment including pilot boat, fire fighting kit, cargo handling gear, and associated training for port staff
- Repair of bottlenecks in the road network linking the port to key transport routes
- Construction of additional warehousing for storage of WFP food
- Capacity building - provide training in port management 'best practice' to port management team.
- Guide and assist port management team in relation to achievement of ISPS (International Ship and Port Facility Security code) accreditation

Berbera

- Provision of equipment including pilot and tug boats, fire fighting kit, cargo handling gear, and associated training for port staff

- Repairs to a stretch of 18 km of damaged road between the port and the Ethiopian border
- Capacity building - provide training in port management 'best practice' to port management team.

Hobyo

- Provision of office and warehouse equipment
 - Construction of Wiikhall foundations, security lighting and fencing to create secure WFP storage compound
 - Repairs to key stretches of road linking the coast with the main transport routes
14. It is anticipated that the completion of the activities outlined above will significantly increase the capacity and cost efficiency of Berbera and Bossaso ports, assisting WFP in delivering urgently needed food aid and improving the operations of both other humanitarian actors and commercial operators in the region. WFP Somalia provides logistical support to 9 United Nations agencies and 7 Non Governmental Organisations at present. All have benefited from the works in the south, reducing shipping costs and improving access to previously remote areas. The activities proposed in the budget revision will allow the cost benefits to be extended to those organizations operating in the north (i.e. Somaliland and Puntland); as well as, in the case of Hobyo beach port, increasing access to a currently difficult area where few humanitarian organizations are active; and offering alternative sources of employment to the local community. This will improve food security, general humanitarian activity, and ultimately providing economic benefits to the government and region.
 15. The activities will be implemented through the model developed through experience of working in southern Somalia; namely the contracting of third party organisations to deliver projects against specifications, designs and tenders created by qualified engineering staff employed directly by WFP. Third party companies will be employed to undertake supervision and superintendence of the works; however it is envisaged that as a result of the less acute security issues in the north, WFP staff will be able to undertake more direct supervision of the work carried out.
 16. WFP has identified are the priority activities, which would take precedence, should the SO be partially funded; these would include dredging of the inner and outer harbour of Bossaso port, salvage of sunken vessels there and construction of additional storage capacity in Bossaso.
 17. This budget revision realigns the previous budget plans to reflect the delays in implementation and include a new budget provision for 2010 and 2011, including the additional logistics infrastructure rehabilitation works, which were not previously included under this SO.

RECOMMENDATION:

This budget revision for an extension in time of the project until 31st December 2011, with an increased budget of US\$ 19,725,127 and revised project title "Emergency rehabilitation works for logistics infrastructure in Somalia" is recommended for approval by the Deputy Executive Director and Chief Operating Officer, Operations Department.

DISTRIBUTION:

Deputy COO
Director, ODX
Regional Director
Programme Officer, RMBP
Programming Assistant, RMBP

Director, ODL
Director and Dep. CFO, RMB
Director, ERD
RB Programme Advisor
RB Programme Assistant

Chief, ODLT - ALITE
Chief, RMBP, ODXD, ODXR
Country Director
OD Registry
Liaison Officer, ODJ