

Ethiopia – SO 10721.1
B/R No.: 2

26 March 2009

➤ 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>				
Country Office				
<u>CLEARANCE</u>				
Regional Director,
Chief, OMXP
Chief, OMLT
Director, FLB
Director, OMX
Director, OML
<u>APPROVAL</u>				
Deputy Executive Director and COO, OM

PROJECT

	Previous Budget	Revision	New Budget
Total WFP cost (US\$)	US\$ 5,785,519	US\$ 6,384,547	US\$ 12,170,066

TYPE OF REVISION

Additional DSC **Additional ODOC** **Extension in time** **Other**

NATURE OF REVISION:

This SO was initiated in September 2008 with the current end date of June 2009. The following budget revision for both the expansion and extension of activities for a period of 6 months up to the end of 2009 is essential to support WFP's operation in the Somali region and strengthen the corridors into Ethiopia. As the revision includes expansion of activities which are to be implemented immediately there is a need to revise the budget from April 2009 onwards (9 months).

It focuses on 4 main areas;

- a) The establishment of the Berbera corridor,
- b) The setting up of three additional hubs (to be located in Jijiga, Fik and Warder),
- c) The continued usage of the established hubs in the Somali region (located in Gode, Degehabur and Kebridehar) and,
- d) Support to the government in capacity building (securing the Fafen river crossing)

All of the above activities are designed to ensure the timely and effective dispatch of life saving commodities to the affected populations in the Somali Region.

The staffing costs initially budgeted for the set up of the hubs in Gode, Degehabour and Kebridehar will be transferred to the PRRO 10665.0 by 1 July 2009 (as initially planned) while the equipment and start-up costs for the establishment of the new corridor, hubs and overall coordination of the logistics operation are budgeted for in this Budget Revision.

The proposed budget revision includes a budget increase and an extension in time until 31 December 2009 to ensure the continued operation and cover for the expansion of, WFP's hubs and storage facilities. The budget increase amounts to US\$ 6,384,547, with the following breakdown:

ODOC increase by US\$ 4,471,550; DSC increase by US\$ 1,495,316; ISC increase by US\$ 417,681

JUSTIFICATION FOR THE REVISION:

Due to the ongoing congestion at Djibouti port and the limited overland transport capacity from Djibouti Port to Ethiopia, it has become imperative that WFP Ethiopia open an additional humanitarian corridor to Ethiopia through Berbera port in Somalia. This corridor will ease the pressure on Djibouti port/corridor; serve as a more cost effective route into the Somali region while also providing WFP with a vital additional entry point to the Somali region and Ethiopia as a whole. The Berbera corridor will initially primarily serve the Somali Region via the new logistics hub in Jijiga and later directly to the already established hubs in Gode, Degehabur, Kebridehar and Dire Dawa. The establishment of the Berbera Port operation will include the setting up of storage capacity (30,000mt), recruitment of additional staff and procurement of equipment/vehicles as per MOSS (Minimum Operating Security Standards) requirements. When established, Berbera port can serve not only Ethiopia, but the whole region and help augment shipping and transport operations for WFP in the Horn of Africa.

WFP will continue to utilize Djibouti Port for main throughput to Ethiopia and will continuously augment the facilities there to streamline operations and ensure the Djibouti corridor remains fully operational as a main artery to Ethiopia for humanitarian aid. The logistics hub in Jijiga will serve as the primary storage point for commodities arriving from Berbera port. Currently there is a limited logistics set up in the Jijiga hub which needs to be strengthened in order to handle the increased tonnage.

During the course of current operations it became apparent that activities would need to be extended to allow more time for the streamlining of procedures, optimization of the network and eventual capacity building for government counterparts. In addition deteriorating security conditions, increased need for security escorts and consequently reduced transport capacity did not allow a timely implementation of project activities.

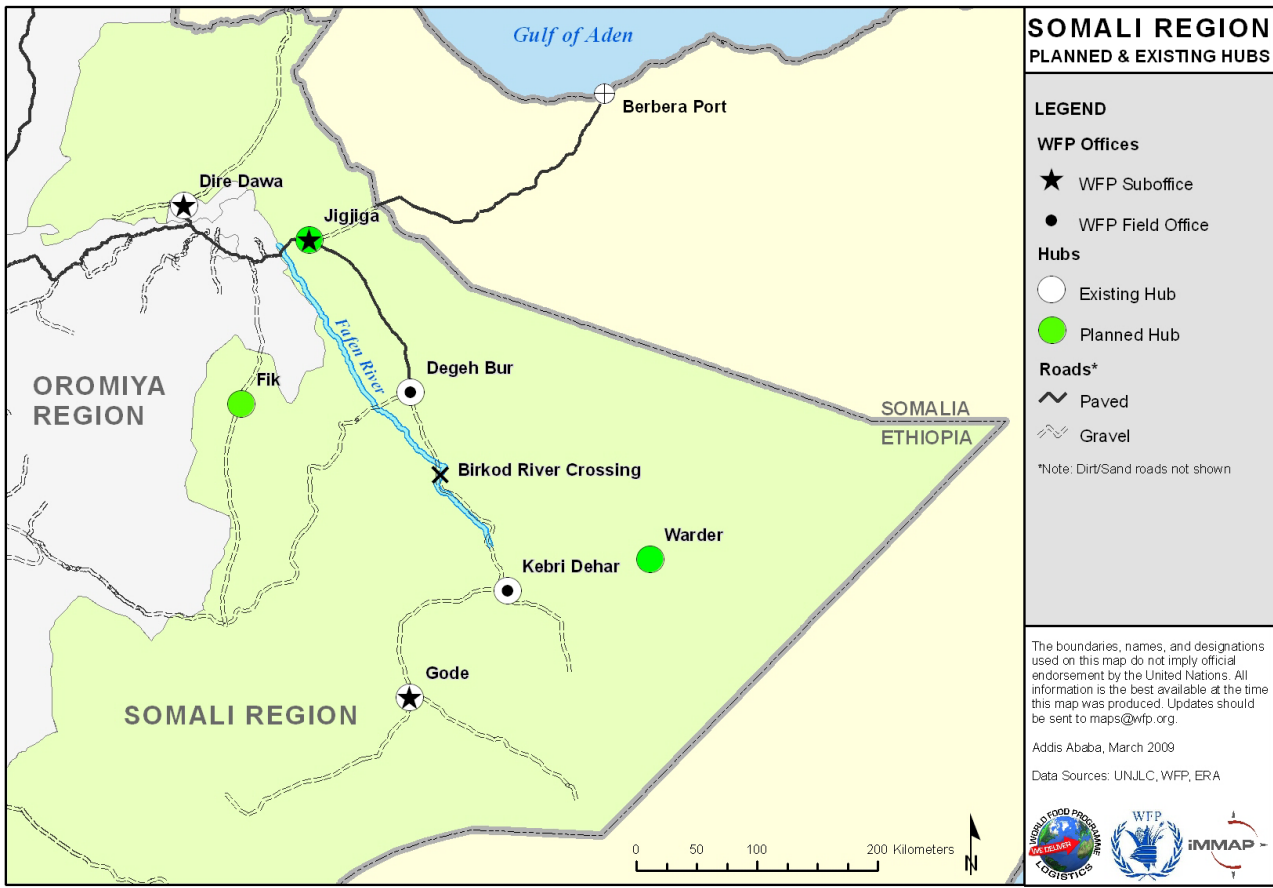
Due to the changing situation the government (Federal & Regional) has requested WFP assistance in setting up additional hubs in **Fik and Warder**, where dispatch and distribution of food aid historically faced serious challenges. This will ensure hub coverage in all zone capitals of the five zones in the Somali region, ultimately increasing the flexibility to move quickly to Final Delivery Points (FDP's) pursuant to the prevailing security situation. In essence these hubs allow WFP to take advantage of the limited window of opportunity availed in the region. .

The Federal and Regional Government in Ethiopia has also requested WFP's assistance in securing the Fafen River crossing north of Birkod town during the rainy season. A joint WFP/Government of Ethiopia project is being launched to build a safe crossing of the Fafen River to ensure the impeded flow of humanitarian aid throughout the year. This will involve small support in terms of construction material to secure the river bed thus ensuring vehicles can cross.

Due to the unpredictable security situation in the Somali Region, WFP faces both, regular shifts in unimpeded road access as well as ad-hoc changes to regulations dealing with the passage of humanitarian aid, equipment, staff etc. WFP's current activities in the Somali region require continued dedicated efforts to strengthen the logistics augmentation and coordination with Government agencies and local security authorities in order to overcome logistics bottlenecks. So far the hubs and spokes committees have been working well but more time will be needed for this system to stabilize. In addition WFP will make efforts to involve our counterparts in the management of the H&S but is dependent on the availability of counterpart staff

The overall objectives of the SO continue to focus on providing adequate transport and storage of humanitarian aid consigned to the Somali region in coordination with the Government and in support of the WFP PRRO 10665.0 relief and safety net programmes. In addition, the hubs in the Somali region will also be used for the TSF (Targeted Supplementary Feeding) and FFE (Food for Education) programmes in the region thereby reducing secondary transport costs. Through the PRRO, capacity building and dedicated involvement of Government counterparts will be ensured, thus setting the stage for indigenous entities to take over the operation.

This Budget Revision for the expansion of activities and extension of the project in time until 31.12.09 at a total cost increase of US\$ 6,389,843 is recommended for approval by the Deputy Executive Director and COO, OM.



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