

**Ethiopia SO 107211 “Logistics Augmentation for Somali region operations”**

**B/R No.: 04**

**BUDGET REVISION OF SO FOR THE APPROVAL OF REGIONAL DIRECTOR**

	<u>Initials</u>	<u>In Date</u>	<u>Out Date</u>	<u>Reason For Delay</u>
<b><u>ORIGINATOR</u></b>				
Country Office	.....	.....	.....	.....
<b><u>CLEARANCE</u></b>				
Programme Officer, RMBP	.....	.....	.....	.....
Chief, RMBP	.....	.....	.....	.....
Chief, ODLT	.....	.....	.....	.....
Director, ODL	.....	.....	.....	.....
Director & Deputy CFO, RM	.....	.....	.....	.....
<b><u>APPROVAL</u></b>				
<input checked="" type="checkbox"/> Regional Director	.....	.....	.....	.....

**PROJECT: ETHIOPIA SO 107211**

	<b>Previous Budget</b>	<b>Revision</b>	<b>New Budget</b>
<b>Total WFP cost (US\$)</b>	US\$ 12,170,066	US\$ 1,035,107	US\$ 13,205,173

**TYPE OF REVISION**

- Additional DSC     
  Additional ODOC     
  Extension in time     
  Change in project orientation  
 Other

**NATURE OF REVISION:**

Six months extension in time from 1 January 2010 to 30 June 2010

	<u>Previous Budget</u>	<u>2009 Revision</u>	<u>2010 Revision</u>	<u>New Budget</u>
ODOC	US\$ 8,213,290	US\$ (2,155,640)	US\$ 2,832,240	US\$ 8,889,890
DSC	US\$ 3,160,603	US\$	US\$ 290,790	US\$ 3,451,393
ISC	US\$ 796,173	US\$ (150,895)	US\$ 218,612	US\$ 863,889
<b>Total</b>	<b>US\$ 12,170,066</b>	<b>US\$ (2,306,535)</b>	<b>US\$ 3,341,642</b>	<b>US\$ 13,205,173</b>

Overall revision 2009 and 2010      US\$ 1,035,107

**BACKGROUND:**

This Special Operation was launched in September 2008 with a duration of six months. In April 2009, a second budget revision was approved to both expand and extend activities until the end of 2009, in support of WFP’s operations in the Somali region as well as to strengthen the transport corridors into Ethiopia. The expansion of activities focused on four main areas:

- a) The establishment of the Berbera corridor.
- b) The setting up of additional hubs as required in the Somali Region (Jijiga, Warder, Fik and others planned).
- 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).

Due to the continued congestion at Djibouti port and the limited overland transport capacity from Djibouti port to Ethiopia, WFP opened an additional humanitarian corridor through Berbera port in Somalia. This corridor has eased the pressure on Djibouti port/corridor, and is serving 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 augmentation of the Berbera port operation has been completed with the improvement of the storage yard.

The newly established logistics hub in Jijiga, serves as the primary storage point for commodities arriving from Berbera port. Jijiga Logistics hub currently has a capacity of 12,000 mt. Further augmentation is expected in 2010, since the government has allocated land where a warehouse and truck transit centre will be established. The government of Ethiopia has also requested us to include the two remaining zones in the Somali region, Afder and Liben, in the WFP operation and establish logistic hubs there.

Due to operational constraints, mainly related to the volatile security situation as well as the delay by the Regional Government to allocate land for the logistics hub in Jijiga, the timely implementation of the SO was seriously hindered.

#### **JUSTIFICATION FOR THE EXTENSION:**

This budget revision is required to continue with the planned activities that could not be implemented in 2009 due to operational constraints, and to cater for the request of the Government of Ethiopia to include the zones Afder and Liben in WFP's hubs and spokes operation.

#### **The following activities were not implemented in 2009 and will not be carried forward to 2010:**

- Warder and Fik hubs:

The planned hubs in Warder and Fik could not be set up following the intensified fighting and overall deterioration of the security situation in these areas. Furthermore, assessment missions also found low local transport capacity and poor or no storage facilities in the area, making it preferable to serve these areas from other hubs in the Somali region;

- Fafen river crossing:

The Ethiopian Road Authorities initiated the works to secure the Fafen river crossing and informed WFP that no further assistance was required by WFP.

- Increase storage capacity at Berbera port:

After erecting smaller mobile storage tents, the storage requirements proved to be sufficient for the current volume of cargo coming in to Berbera Port, hence the planned two large storage units were not procured nor installed as planned.

#### **The following activities will be carried forward in 2010:**

- Jijiga hub augmentation:

Jijiga has become a major hub in the Somali region after the opening of the Berbera corridor and needs further augmentation. Given the current and planned requirements, Jijiga Logistics hub capacity of 12,000mt urgently needs to be increased in order to handle the current and planned tonnage received from the Berbera corridor. WFP was planning to enhance the storage facilities in a new location which has been allocated to WFP by the Regional Government towards the end of 2009, hence construction will only commence in 2010.

- Rehabilitation of Gode, Degahabur and Kebridehar hubs:

The rehabilitation of existing hubs has been slower than projected, this, combined with a deterioration of the security situation, led WFP to ensure additional security works to enhance the safety of WFP staff in the area. The construction and rehabilitation of the already existing hubs in Gode, Degahabur and Kebridehar will therefore continue in 2010. The engineer supervising the rehabilitation of the hubs is already available.

- Djibouti corridor augmentation:

Although the Berbera corridor has improved the flow of food aid to the Somali region, there is still a critical need for transport via the Djibouti corridor. An enhancement of the infrastructure in Djibouti is overdue, and because of limited transport capacity for direct transport from vessels, a large transit storage capacity needs to be established. This will, on the long term, also reduce the costs for transport to the Somali region and the rest of the country. Due to the volatile security situation in the Somali Region, direct deliveries from Djibouti to the hubs in the Somali Region is at times delayed for weeks, further necessitating the need for a large transit store in Djibouti. The Djiboutian Government is currently finalizing the deal, whereby WFP will be given a plot of land to erect the transit storage. As this plot was not available to WFP in 2009, the activity needs to be carried forward in 2010.

**The following additional activity will be implemented in 2010:**

- The Government has requested WFP to include Afder and Liben zone in the hubs and spokes operation in the Somali region. Authorities gave their final approval in December 2009 to enable WFP to start one or two hub(s) in Afder and Liben to increase the flexibility and reach the Final Delivery Points in these areas in a timely manner. It is expected that the cost of this expansion will be equivalent to the reduction in 2009 due to the cancellation of hubs in Fik and Warder.

**WFP's continued engagement in the Somali region and exit strategy:**

- There is a continued need for WFP to be present in the Somali region, due to continuous need for interaction and coordination with government agencies to overcome major logistics bottlenecks;
- WFP, through associated projects, is continuously building the capacity of the government counterparts to ensure a smooth transition and hand over the responsibility of the secondary transport in the Somali region, together with the management of the hubs established by WFP; and
- While the running costs of the hubs have been mainstreamed into the PRRO 10665.0, it is expected that when the remaining enhancement of the storage facilities and start-up costs of new hubs are covered by this extension in time, the activities will be fully covered by the PRRO.

**Constraints that could hinder the timely implementation in 2010:**

- Insufficient transport capacity:

With the opening of the Berbera corridor, transport companies have mobilized assets in the region to fulfil WFP's demand. However, as Somaliland is not an established commercial route, it has taken a substantial amount of time for the transporters to respond during the setting up of this operation. WFP is continuing to work closely with transport companies both in Ethiopia and Somalia to solve these issues;

- Deteriorated road conditions due to bad weather;
- Increased instability and volatile security situation in the region:

WFP is continuously liaising with local authorities and the Ethiopian Defence Forces to assess the situation and ensure the safety of the staff and operation; and

- Limited resources available:

Despite enhanced fundraising efforts as well as numerous donor missions to the Somali region, no funds have recently been made available to the project.

The extension in time of this project is essential to maintain the already established hubs in the Somali region located in Gode, Degehabur, Kebridehar and Jijiga, and establish a hub to cover the Afder and Liben zone of the Somali region. Continued use of the Berbera corridor and strengthening of the Djibouti corridor through setting up a transit storage will further support the WFP operation in the region.

The budget revision will realign the budget of 2009 to reflect the delays in implementation and include a new budget provision for 2010.

**In light of the above, this budget revision for an extension in time of the project until 30<sup>th</sup> June 2010, with an increased budget of US\$ 1,035,107 is recommended for approval by the Regional Director.**

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