



WFP Sri Lanka SPECIAL OPERATION SO 10539.0

Country:	Sri Lanka
Type of project:	Special Operation
Title:	Augmentation of logistics preparedness capacity (supporting the current and planned emergency response linked to the expansion of PRRO 10067.1)
Total cost (US\$):	USD 2,639,729
Duration:	5 months (1 September 2006 to 31 January 2007)

Abstract

1. The deterioration of the political and security situation in Sri Lanka since late 2005 has significantly hampered WFP's capacity to implement its programmes and monitor the food security situation in critical areas of the country, particularly districts in the North-East. Many of these districts were also affected by the 2004 tsunami disaster and have not fully recovered from its effects. Given the current situation, WFP Sri Lanka has updated its contingency plan to respond better to the slow-onset deterioration of the "development/operational space" and other potential emergency scenarios including a sudden escalation of hostilities. Fear of the escalating violence and uncertainty of what is to come has already resulted in a significant number of displaced people. Given the frequent outbreaks of hostility, the number of internally displaced people is expected to increase.
2. A key element in contingency planning is building the necessary emergency preparedness capabilities to enable WFP to continue its regular activities and increase its capacity to operate within constraints and meet new operational needs. The current proposal, which complements the contingency plans, seeks funding to allow WFP to increase its emergency preparedness in Sri Lanka and to improve its response capacity to potential new and/or evolving humanitarian crises, and the needs of over 600,000 affected people. This SO covers increased storage and transport capacity, the pre-positioning of food and non-food items, improved security standards in line with the UN MOSS standards, and the expansion of existing/formation of new implementing partnerships.
3. Currently, WFP operations consist of PRRO 10067.1 and CP 10075. In the existing food aid agreement in Sri Lanka the Government handles the transportation and distribution of food aid. WFP has no LTSH component in its existing PRRO budget and therefore WFP does not have a flexible logistics network in place. This SO addresses the logistics aspects of an integrated approach where security, programme and administrative emergency preparedness will be funded through a budget revision to PRRO 10067.1.
4. As part of WFP's mandate to lead the logistics cluster, WFP is chairing inter agency coordination meetings to identify key logistics gaps. This SO captures many of the requirements of humanitarian agencies for augmented transport and warehousing capacity by strengthening the existing logistics network capacity.

Project Background

5. The civil war between the Government of Sri Lanka and the Tamil separatist movement lasted more than twenty years. During this time, the political and security situation in the country deteriorated, and only began to improve in February 2002 when the Government, (led by the United National Party who won the December 2001 elections by promising to negotiate with the LTTE) signed the cease-fire agreement with the LTTE with the aid of Norwegian facilitators.
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6. With intermittent cease-fire violations from both sides and very little progress in peace talks, the cease-fire agreement was never fully effective, leaving Sri Lanka in a no war - no peace situation. The tensions between both sides intensified when the LTTE cadre Karuna broke away from the Tigers (in April 2004) and was accused of cooperating with the Government.
7. From the second half of 2005, violence has continued to increase. The country is now witnessing naval battles, aerial attacks, ambushes and attacks on civilian populations with alarming frequency. This has instilled fear in the local communities and increased the number of internally displaced people. Against this background, efforts to revive the peace talks in Geneva and Oslo have been unsuccessful. Once again, Sri Lanka stands on the brink of war.
8. The increased security measures along the borders of LTTE-controlled areas are adversely affecting WFP's ability to carry out its activities. Blockades have slowed down the delivery of food assistance to these areas by an estimated 35%. With the current general lack of commitment by both sides to move towards some form of political dialogue, and with blockades expected to continue (increasingly hampering movements of humanitarian goods, food commodities and staff), the food insecurity situation in the North and East is likely to deteriorate¹.
9. WFP implements FFE, FFW, FFT, and MCN² programmes in 20 districts of Sri Lanka. All activities are coordinated and implemented by the Government, including the logistics. In the tsunami response, WFP had to complement the Government capacity due to the dramatic increase in requirements. Cognisant that the hostilities between the Government and LTTE are likely to increase in the near future, WFP needs to extend its partnerships with independent, non-governmental organizations, who can assist with the implementation of activities in LTTE- controlled areas.
10. This SO addresses the logistics aspects of an integrated approach where security, programme and administrative emergency preparedness will be funded through a budget revision to PRRO 10067.1.

Project Justification

11. The deterioration of the political and security situation since 2005 has significantly hampered the implementation of WFP-assisted programmes and the monitoring of the food security status in critical areas of the country. This deterioration of the development and operational space has been characterised by:
 - Restricted movements of UN and other humanitarian agencies, due to security regulations, checkpoints, etc
 - Prohibition on the dispatch of certain commodities into LTTE-controlled areas
 - Rising costs of basic commodities, particularly in the conflict-affected areas
 - Increased tension and nervousness of staff, counterparts and beneficiary populations.
12. Given the de facto breakdown of the 2002 cease-fire, the resumption of conflict has led to increased ethnic and community tension. This scenario has serious implications in terms of increased humanitarian needs and challenges for WFP to respond to, given the possibilities/probabilities of:

Operational implications

- Increased difficulties for staff to travel to and within programme areas (particularly LTTE-controlled), resulting in reduced ability to assess needs and monitor and supervise implementation.

¹ Malnutrition rates in Sri Lanka are already alarming, with a national average of 29% underweight, 14% Stunting and 14% wasting according to MoH figures and figures up to 8% higher in some Northern districts (WFP Nutritional Rapid Assessment, Mullaithivu, September 2004).

² FFE: Food For Education/School Feeding; FFW: Food For Work; FFT: Food For Training; MCN: Mother and Child Nutrition/Supplementary Feeding.

- Transport companies hired by the Government whose staff are increasingly reluctant to travel within these conflict-affected areas, adversely affecting the delivery of food.
- Temporary/indefinite breaks in the delivery/supply chain as food commodities are often delivered late, impacting the implementation of the programmes and negatively affecting beneficiaries. In some areas, WFP's FFW, MCN and FFE activities have already been temporarily suspended.
- The number of IDPs in both Government- and LTTE-controlled areas will probably increase beyond the 40,000 people who WFP and other organisations are currently assisting.

Food security implications

- Food insecurity in the districts due to transport blockades.
 - Beneficiary access to food will decrease due to increasing prices and scarcity of commodities.
 - Increased population movements (IDPs) result in people being detached from their regular coping mechanisms.
 - Population mobility inter/intra district curtailed, impacting trade and earnings.
 - Failure of local coping mechanisms.
 - Increased migration to India.
13. As described above, a number of the features in this scenario have already occurred or are currently occurring. The situation has therefore already moved beyond the contingency planning stage and into the reality of this scenario itself. It is now at the stage where preparedness measures need to be carefully considered and priority measures implemented.
14. Within this context, WFP in Sri Lanka has updated its plans in order to respond better to the current situation (i.e. a slow-onset deterioration of the political and security situation) and other potential emergency scenarios including a sudden escalation of hostilities. A key element in the planning is building the necessary emergency preparedness capacity in-country to enable WFP to continue its regular activities and also increase its capacity to meet new operational needs caused by the deteriorating situation.
15. This proposal seeks funding to allow WFP to start acquiring and consolidating priority logistics emergency preparedness capabilities and improve its response capacity to potential new and/or evolving emergencies. This would be done through the pre-positioning of food and non-food items, increasing storage and transport capacity, improved security standards in line with the UN MOSS requirements and the expansion of existing/ formation of new implementing partnerships.
16. In addition, this would also serve as a platform for WFP to support the UN interagency logistic cluster which the Sri Lanka IASC³ has asked WFP to lead if the situation warrants. This would include provision of logistic support where gaps exist, coordination and advocacy.

Project Objectives

17. WFP's contingency plan for Sri Lanka lists a number of immediate and medium-term actions to be undertaken in order to secure adequate preparedness capacity in the current and unfolding environment. The objectives are as follows:

Overall objectives:

- a. Increase the overall emergency preparedness of WFP to respond better to the current deterioration of operational space and improve its emergency response capacity.

³ Inter-Agency Standing Committee made up of UN agencies, Red Cross Movement and selected INGOs.

- b. Activate the contingency plan's priority preparedness actions, arrangements and procedures to ensure a rapid, effective and appropriate response.
- c. Form collaboration with independent organizations with implementing capacity to compensate for the Government's possible incapacity to manage logistics and implementation of WFP's activities.
- d. Improve and increase logistic capacity near the border between Government and LTTE-controlled areas to transport food items to / through LTTE-controlled areas if the borders were to be closed, but then opened for short periods only.

Specific objectives:

18. Ensure that specific preparedness actions are planned, organized and implemented as follows:
- Increased storage and transport (surface & sea) facilities with greater capacity and flexibility. This will be achieved by leasing increased storage space wherever possible, procurement and erection of mobile storage units, assembly of a fleet of twenty trucks (12MT capacity) to be operated through a partner and time charter of barges / boats / landing crafts if required for deliveries to the Jaffna district.
 - Ability to transport both food and non food items rapidly to conflict-affected people when lines open temporarily by renting storage facilities or erecting mobile storage units close to the border between Government and LTTE-controlled areas. (At the moment security checkpoints and temporary closure of the border has hindered WFP and other organisations' activities).
 - Expand storage capacity in LTTE-controlled areas by renting warehouses or erecting mobile storage units to pre-position food and non food stocks to meet the needs of IDPs and ensure additional storage capacity for when access to these areas is cut.
 - Provide facilities for basic administrative support, complete with communication and transport capacity to facilitate emergency response.
 - Permit usage of the network by UN and other humanitarian organisations.
 - Sufficient fuel stored at both central and regional levels for WFP / partner trucks and cars to avoid disruption in operations in the event of fuel shortages.
 - Implementing partners with sufficient capacity contracted for activities in LTTE-controlled areas to ensure continued logistic capacity, since all logistic activities are currently undertaken by the Government.
 - Review existing customs clearance procedures to identify bottlenecks and discuss with relevant government ministries ways to address these bottlenecks.
 - Build capacity for WFP's Government counterparts to implement and monitor assistance to IDPs.
 - Packaging for vitamin and mineral-fortified biscuits in stock so that if biscuits are required as an emergency nutritional intervention, production can be started immediately.
 - Strengthened operational support such as:
 - All WFP locations and vehicles compliant with UN MOSS security recommendations
 - Strengthened communication means and capacities in order to handle emergency traffic
 - Improved staff use of communications equipment
 - Strengthened interagency communication
 - All locations and vehicles compliant with UN MOSS security recommendations
19. Many of the above preparedness actions have already been started under the regular programme budget but to complete these and start new activities with major cost implications, additional funding is needed. The current SO is therefore appealing for funds for activities falling outside regular budget sources. As mentioned earlier, the current PRRO has no LTSH component, leaving the CO with no flexibility for logistics capacity building & augmentation.

Project Implementation

Specific activities & expected outputs

20. Logistics network

- Rent additional property in Vavuniya district (border lines between Government- and LTTE-controlled areas) either with appropriate buildings for storage and/or for erection of mobile storage units (6) to pre-position food / non-food commodities. This will be the main logistics hub for the north, and will serve as a supervised loading point, convoy starting point, key administration and liaison point with the military. This hub will be staffed with one international Logistics officer who will be key in liaising with the military and Government Agents for food release, checkpoint clearances, convoy management etc. This will be an inter-agency hub available for use by other humanitarian organisations.
- Rent additional property at Habarana either with appropriate buildings for storage and/or for erection of mobile storage units (4) to pre-position food / non-food commodities to cover the east in a similar model as the above but on a smaller scale.
- Rent/erect storage units (7) in the north and eastern part of the country to increase storage capacity at forward logistics bases for WFP & Inter-agency use within/close to LTTE-controlled areas. These warehouses will augment the existing capacity and be located close to expected population movements, e.g. Madhu. Wherever possible, storage location will be rented, however suitable storage locations at strategic points may be hard to find.

21. Fleet Management

- Procurement of twenty trucks (12t capacity) for use by WFP and partners for primary/secondary transportation of food commodities particularly in high security zones/conflict areas. This fleet will be procured locally but the management will be outsourced. The vehicles will be painted white with the UN logo. This dedicated fleet will allow for controlled unrestricted access in conflict areas, quick clearance for convoys, flexibility of deployment etc. On completion of deployment these vehicles will be maintained in country to support capacity building for ongoing CO programmes. The option of leasing was looked into but this practice is not very common in the country. Further, the majority truck owners work on a small scale, i.e. 3 – 5 trucks, and the prospect of increased demand and inflated prices during conflict situations prevents the owners from committing to the leasing option. However the leasing option is still being pursued as a strong alternative to procuring trucks.

22. Fuel Management

- Fuel is expected to be an issue during the insecurity periods, particularly within the uncontrolled areas. To ensure minimum disruptions to operations, fuel needs to be pre-positioned at strategic points in the network. Six fuel bladders systems with minimum 15,000 litres fuel storage capacity need to be procured and installed at WFP main logistics hubs and key forward logistic bases, to ensure fuel availability for WFP trucks and cars (WFP will provide light vehicles from their existing fleet). Government clearances and protocols to obtain fuel will be pre-agreed.

23. Procurement of tarpaulins and dispatch wooden pallets to facilitate good warehouse management practices as well as to support open storage when required

24. Dispatch of four water purification tanks; two in Kilinochchi and two in Mullaitivu. These assets are being redeployed following the Tsunami usage.

25. Inputs to the Standby MoUs with independent implementing partners to provide transport of WFP commodities using a mixture of WFP-provided and rental trucks to ensure independent access to conflict-affected areas. These MoUs will aim to augment the capacity of the existing Implementing Partner MPCS.

26. Capacity building

- Logistic assessment and preparation mission to assess the current and likely storage and transport capacity, identify suitable locations for the logistic hubs, agree coordination arrangements with the other cluster agencies and clarify customs / MoD clearance procedures.
 - Customs expert to be deployed to work with relevant authorities to ensure streamlined customs clearance procedures.
 - Preparedness work on the shipping option (in case the road option to Jaffna is closed) to transport food by sea to Point Pedro in Jaffna district. This would include short listing of small coastal/feeder vessels, rehabilitation work on barges/boats/landing craft, site preparedness work at the Point Pedro harbour.
 - Fuel expert mission to provide awareness training on safety, security and operational issues related to fuel management.
 - Strengthened capacity of implementing partners to carry out WFP's logistic and distribution work in the critical area through training and mentoring.
 - Train / instruct newly recruited staff in logistics management.
27. Operational support (ICT & Security)
- Provision of complete workstations, email connectivity, power, etc.
 - Implement MOSS security recommendations and equipment installations in all locations and vehicles.
28. Consultant to manage the additional requirements for COMPAS to ensure efficient tracking of food and non food items.
29. Appropriate packaging for vitamin and mineral-fortified biscuits to be supplied by UNICEF which will then be stored with a local manufacturer.

Risk & Exit strategy

30. The main risk of engaging in preparedness activities lie in the possibility of the contingency and anticipated scenario not materializing. The proposed activities, actions, and capital/equipment investment under this SO have sufficient flexibility to allow re-deployment and de-mobilising at minimum cost should it be necessary. This will allow assets to be relocated if required due to the potential volatility of the security situation in the north-east part of the country. Any investment in fixed assets (procurement of trucks and rehabilitation of warehouses) will help capacity building of relevant WFP partner ministries.
31. The SO will be implemented for the duration of five months. If after these five months the “no war, no peace” situation is continuing, the SO will be reviewed and either continued or dismantled depending on the evolution of the situation at the time. If the project will be disbanded, all the equipment procured will either be transferred to other programmes within Sri Lanka to support capacity building or move to other WFP operations around the world.
32. In addition, heightened hostility may lead to an increase in prices of commodities, particularly when combined with the increasing cost of fuel on the world market. The effects of such an increase will be mitigated by procuring all items as soon as possible to minimize any potential increase in cost.

Project Costs and Outcomes

Project Cost

33. The budget is shown in more detail in the annex to this document, but totals \$2,639,729, including operational costs and 7% indirect support cost.

Expected Outcomes

34. The activation and pre-positioning of activities / items proposed above are currently foreseen as being critical given the risks of prolonged country-wide operational difficulties. Such emergency preparedness measures will enable WFP to be better equipped to meet the needs of the regular WFP programmes in an increasingly complex environment (no declared war yet regular offensives and increased displacement) and allow WFP to respond better to new needs arising from the emergency situation, particularly with regard to assisting IDPs in a timely manner.
35. The Expected Outcomes of this operation include:
- Continued implementation of WFP-assisted PRRO and CP activities
 - Immediate response capacity to the deteriorating situation and / or humanitarian crises (EMOP)
 - Timely provision of a basic food aid ration to affected / displaced persons should such need occur
 - Increased, more flexible and “augmentable” logistic response capacity; by planning ahead this response capacity should be more cost-effective than an emergency response approach implemented during the climax of the violence
 - Improved staff safety given the MOSS compliance, active security management and monitoring of the security situation
 - Improved logistic support and leadership for the other agencies as part of lead agency role of the logistics cluster.

Project Management, Monitoring & Evaluation

Project Management

36. The SO will be managed by the Logistics Officer with support from existing staff as well as newly hired staff as detailed in the budget.
37. The funds will be controlled by the CD who will act as the “Allotment Manager” while the day to day management of the fund will be carried out by an “Allotment Administrator” (or Funds' administrator) under the direct supervision of the Project Manager and overall supervision of the CD.
38. Expected outputs and outcomes will be measured by WFP during the implementation of the SO. The following key performance indicators will be recorded in order to monitor / evaluate the situation and the context within Sri Lanka.

⇒ Overall situation

- Security incidents
- Market prices of food commodities
- Obstacles encountered in project implementation

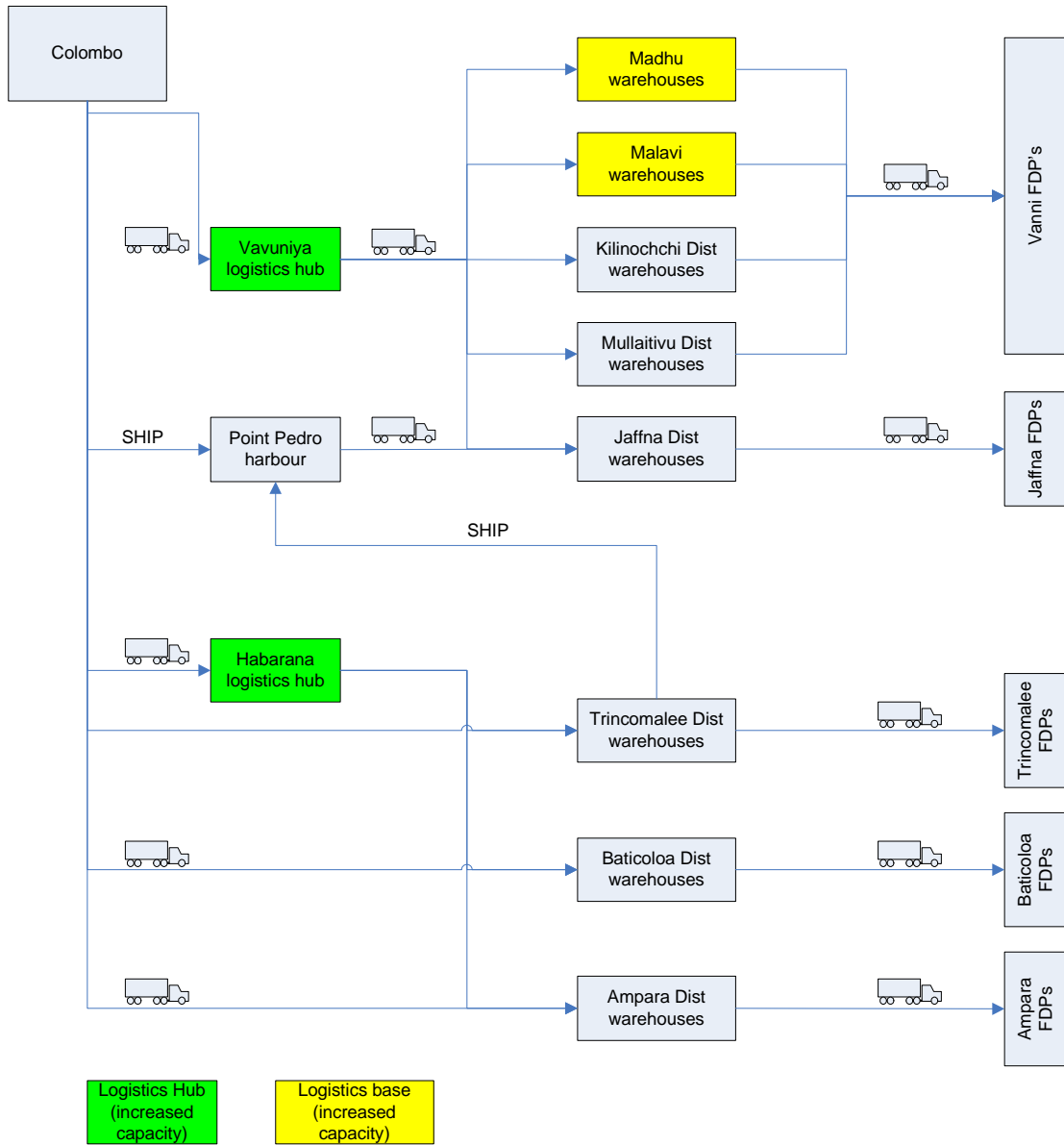
⇒ **Implementation of SO**

- Project time framework compliance with project plan
- Storage capacity made available for inter/intra-agency utilization
- Number of agencies utilizing WFP's logistics network
- Warehouse capacity availability versus utilization
- Amount of food movement against planned
- Amount of NFI movement
- Truck journeys made
- Partner contracts signed
- Cost- benefit analysis of emergency infrastructure
- Situation of border between Government- and LTTE-controlled areas
- Time taken for food movement when borders open
- MOSS-compliant inter-agency security communications
- Implementation reporting arrangements

⇒ **Food programme**

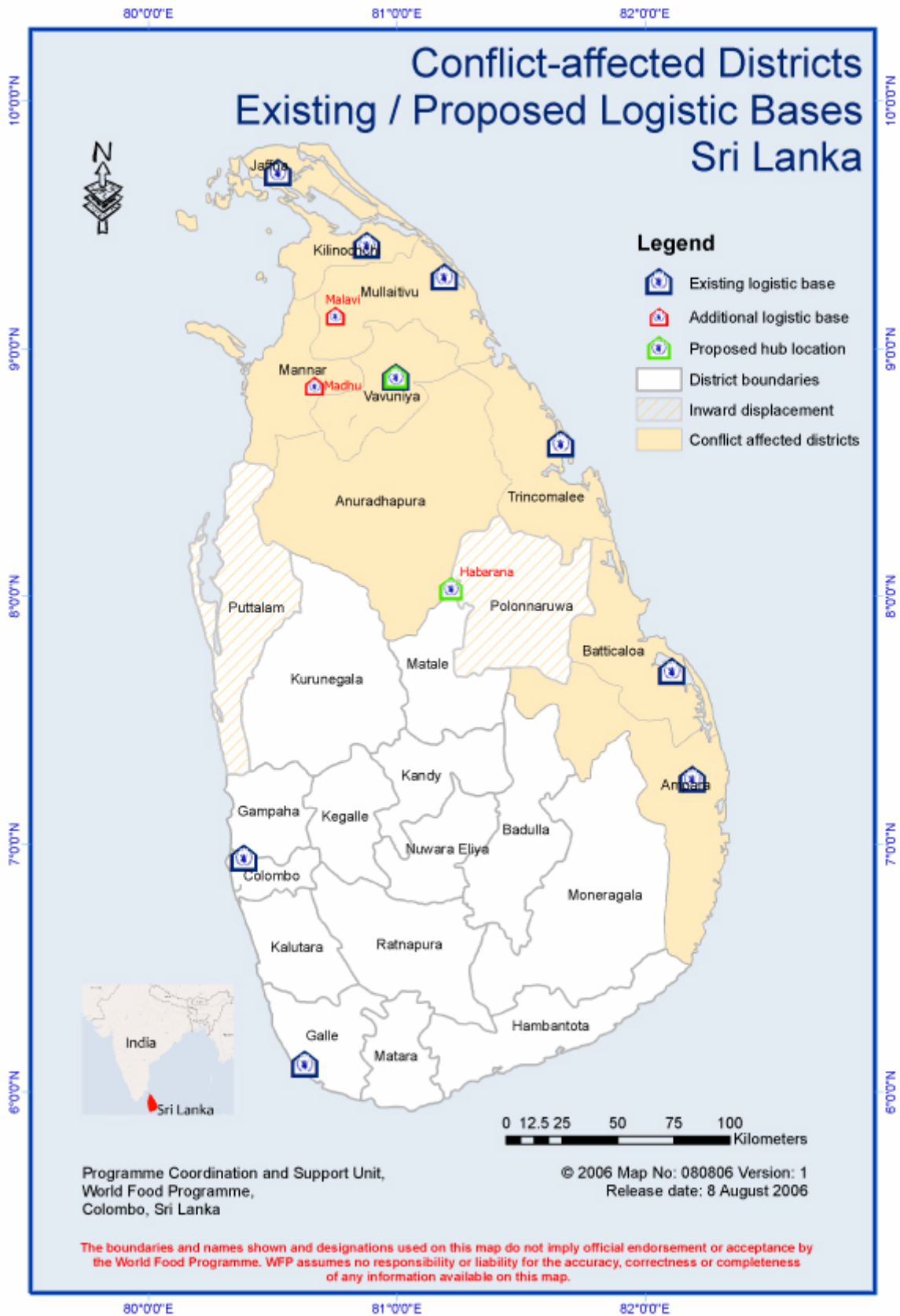
- Inter-agency nutritional surveillance
- Timing of food delivery
- Food distribution to beneficiaries at schools, clinics or IDP camps
- In LTTE-controlled areas, implementing food distribution
- Inter-agency surveillance in LTTE-controlled areas by implementing partners
- Beneficiary access to food
- Beneficiary utilization of food
- Beneficiary satisfaction with the food commodities received and the distribution process
- Amount of food distributed and number of beneficiaries reached versus planned in SO
- Inter-agency services provided (including research / surveys)
- Beneficiary type (male / female and age group)

Annex 1 – Potential Logistics network



Annex 2 – Existing network capacity

No.	Name of warehouse	Number of stores	Capacity in MT (source MRRR)	Number of Mobile storage units	WFP Wiik Halls, capacity in MT	Total capacity in MT	SO Augmentation Nr. Storage units	Additional capacity in MT
1	Killinochchi	1	300	1	300	600		
2	Mullaitiwu	1	500	1	300	800		
3	Jaffna	1	600	1	300	900	2	600
4	Vavuniya	3	1000	0	0	1000	5	1500
5	Mannar	2	600	0	0	600		
6	Puttalam	1	800	0	0	800		
7	Trincomalee	1	1000	2	600	1600		
8	Batticaloa	1	4000	0	0	4000		
9	Polonnaruwa	1	200	0	0	200		
10	Ampara	1	1500	1	300	1800		
11	Galle	1	750	1	250	1000		
12	Matara	1	3000	0	0	3000		
13	Hambantota	1	5000	0	0	5000		
14	Orugodawatta	3	8500	0	0	8500		
15	Welisara	3	10500	0	0	10500		
16	Wattala	1	2000	0	0	2000		
17	Rathmalana	1	2000	0	0	2000		
18	Mallwai	0	0	2	600	600	3	900
19	Hambarana	0	0	0	0	0	3	900
20	Madhur	0	0	0	0	0	2	600
	TOTAL	24	42250	9	2650	44900	15	4500
21	Colombo wiikhalls in stock as contingency						2	1200



Project Type:	SO
Recipient Country:	Sri Lanka
Project Number:	SO-LAK-10539.0
Duration (months):	5.0
Start Date:	01-Sep-2006
End Date:	31-Jan-2007

Total US\$

DIRECT OPERATIONAL COSTS (DOC)	\$	1,848,330
DIRECT SUPPORT COSTS (DSC)	\$	618,706
TOTAL WFP DIRECT COSTS	\$	2,467,036
INDIRECT SUPPORT COSTS (ISC) 7%	\$	172,693
TOTAL WFP COSTS	\$	2,639,729

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 they are not Project Costs per se.

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

I. Plan Overview

Preparation in response to the deteriorating security situation in Sri Lanka with the breakdown of the ceasefire and apparent return to conflict

II. Direct Operational Costs

552000	Non-WFP Staff Training	\$20,000 Training with stand by / co-operating partners
554040	Communications and IT Services	\$58,800 Satellite phone bills, RBGAN bills, Mobile phone bills
554070	Vehicle Maintenance and Running Costs	\$95,000 (2 log Hub + 2 log bases) x \$1000 per location for 5 months fuel cost + Management cost of 20 nos trucks for 5 months
554080	Contracted Services	\$ 323,800 (\$ 13,800 Air Transport & Customs clearance + \$270,000 Implementation partner logistic capacity augmentation + \$40,000 Review of shipping options at Point Pedro harbour/rehab/renting barges
554090	Other Office Expenses	\$15,000 Admin cost for 2 log Hub + 2 log bases
555050	Building Material	\$216,750 Provision of Storage units (WFP & Inter-agency+ \$49,000 Deployment of storage units + \$60,000 Hub/logistics base site preparation cost
555060	Vehicles	Purchase of 20 nos 12mt trucks + \$ 60,000 3 vehicles for counterpart capacity building
555070	TC/IT Equipment	\$210,180 ICT Readiness / Compass Requirements for 2 log Hub + 2 forward bases with 5 staff + \$ 12,000 counterpart capacity building: 4 personal computers, 2 photo copiers, 4 telephones, 2 fax machines
555080	Other Tools, Material and Equipment	\$179,800 (\$19,000 2 log Hub + 2 log bases - NFI Cost + \$20,000 Packaging cost for fortified biscuits for children + \$20,000 Purchase additional storage pallets + \$10,800 Purchase of waterproof tarpaulins + \$90,000 Fuel storage systems (15000 litres) + \$20,000 Other logistic preparedness requirements) + \$3,000 Office equipment for counterpart capacity building +\$45,000 MOSS compliancy for hub office locations

III. Direct Support Costs

611111 to 225	International Professional Staff	Emergency preparedness officer x 1 month Site manager x 2 staff x 5 month International Logistics officer x 5 month Consultant security officer x 5 months Funds Manager x 5 month
612200	National GS Staff	\$8,000 Logistic clerk to assist transport operations between crossing points for 5 months + \$64,000 4 Hub office logistic staff for 5 months
613100	Temporary Assistance	\$26,000 4 Hub office casual labourers for 5 months
621000	International Consultants	\$10,000 Review of shipping options at Point Pedro harbour/rehab/renting barges + \$19,250 Logistic co-ordination / assessment mission + \$12,250 Customs review mission
631000	Staff Duty Travel	(International staff DSA + Hazard pay + Air ticket) + National staff hazard pay cost

IV. Overall Budget Justification

Please refer explanation notes attached