



**WFP Timor-Leste  
SPECIAL OPERATION No 10797.0**

Country:	Timor-Leste
Type of project:	Special Operation
Title:	Logistics Augmentation and Capacity Building for the Government of Timor-Leste
Total cost (US\$):	US\$ 892,145
Duration:	01 January 2009 – 31 December 2009

### **Executive Summary**

1. This Special Operation (SO) is in support of PRRO 10388.1 "Assistance to vulnerable populations", and to the emergency assistance activities of the Ministry of Social Solidarity of the Government of Timor-Leste. It aims at providing logistics augmentation and capacity building for the Government of Timor-Leste through the establishment of a Logistics Cell within the Ministry of Social Solidarity.
2. Furthermore, through this project WFP will support the Government to conduct a country-wide assessment and rehabilitation of existing logistics infrastructure that are key to any emergency response requirements.<sup>1</sup>
3. This SO will continue and expand on the work already done under the current donor-funded warehouse rehabilitation project which will formally end in December 2008, and which consists of the assessment and rehabilitation of warehouse infrastructure in Dili, Same and Los Palos
4. This Special Operation will have a 12 months duration and a total cost of US\$ 892,145 inclusive of 7% of ISC.

### **Project Background**

#### Food insecurity in Timor-Leste

5. Timor-Leste is a low income, food deficit<sup>2</sup> and post-conflict country ranked 150 on the UNDP Human Development Index; and is among the poorest countries in Asia, with a per capita income of US\$ 358 per year<sup>3</sup>. Human security remains fragile, with chronic vulnerabilities due to conflict between communities and individuals, poverty, unsustainable livelihoods, poor health and nutrition, and recurrent natural disasters. The majority of its one million people are still vulnerable to food insecurity and malnutrition and rely on a fast-depleting natural resource base for their livelihoods. According to WFP/FAO Crop and Food Supply Assessment Mission 2007, there is widespread food insecurity (64 percent households) in Timor-Leste. The non-oil economy

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<sup>1</sup> Once the results of the assessment will be produced, this special operation will undergo a budget revision which will make provision for those rehabilitation works indicated in the assessment.

<sup>2</sup> WFP/FAO CFSAM: 2007

<sup>3</sup> Human Development Report (UNDP): 2007/2008

remains stagnant or in decline, and over 40 percent of the population live below the national poverty line of US\$ 0.55 a day<sup>4</sup>.

6. The 2007 Timor-Leste Survey of Living Standards revealed that the prevalence of underweight, stunting and wasting among children has increased from 45.8 percent, 49.4 percent and 12.4 percent in 2003 to 50.3 percent, 49.9 percent and 18.8 percent in 2007.

#### Logistics in Timor-Leste

7. Timor-Leste presents an extremely challenging logistics environment because of its topography, poor infrastructure, inadequate transport mechanisms and facilities, the lack of storage facilities in the districts, and the lack of a well established logistics planning system at Government level.
8. Due to the topography of the country, combined with inadequate infrastructure, many rural areas are inaccessible for months at length every year, especially those that are hit by floods and landslides. The resulting difficulty in reaching them with relief assistance increases the populations' food insecurity.

#### WFP's assistance

9. WFP is managing the logistics for its Protracted Relief and Recovery Operation PRRO 10388.1 "Assistance to vulnerable populations" by itself, using private transport companies to bring the food to final delivery points (FDPs).
10. Therefore, the Ministry of Solidarity of the Government of Timor-Leste requested WFP in November 2007 for assistance in increasing its logistics capacity ranging from planning and programming, trucking and proper storage facilities, to improved infrastructure and efficient and reliable food delivery processes and procedures. A beginning was made by means of rehabilitation of Ministry of Social Solidarity warehouses in several districts. The SO is now proposed to support the Government in logistics augmentation and capacity building. It is expected that through an improved system, the Ministry of Social Solidarity will be better prepared and capable for the delivery of food and other goods in any humanitarian crisis anywhere in the country.
11. Once the second phase of the SO is operational, i.e. the rehabilitation of logistics infrastructure, the SO will also support the logistics performance under the WFP-assisted PRRO. An improvement of the infrastructure will considerably benefit the delivery and storage of food to the schools and clinics assisted under the PRRO, as well as to communities hit by natural disasters.

### **Project Justification**

#### **Logistics bottlenecks**

##### Warehouses

12. Several studies were conducted on Timor-Leste's roads and warehouses, including a WFP/UNICEF assessment. In March 2007, a WFP logistics consultant conducted a national warehouse assessment including a review of the Government' capacity to store a strategic food reserve. The assessment report identified a considerable need to rehabilitate the existing government warehouses in order to build up the storage capacity within the country, especially for emergency contingency food stocks.

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<sup>4</sup> Human Development Sector Reports: East Asia and the Pacific Region, World Bank, December 2004

13. Throughout the current PRRO, the inadequacy of storage facilities and storage practices in assisted schools and MCH centers have been major problems. There is a risk for deterioration and losses of food commodities, especially vulnerable commodities such as CSB. To the extent possible, and constrained by financial and human resources, the WFP Country Office has supported government and counterparts and school and MCH personnel through training and technical assistance in warehouse management and delivery procedures, including proper documentation. WFP also requested and obtained funding from the UNMIT Quick Impact Fund for the construction of store rooms in 11 schools in Oecusse, plus nine in MCH centers in Covalima district.
14. A programme to upgrade existing warehousing together with the construction of new ones would substantially increase the Government of Timor-Leste's logistics capacity. In addition to financing school and MCH stores from UNMIT funds, WFP has in early 2008 financed some of the most urgently needed repairs on the government warehouse in Dili, for it to be safe for imminent the Ministry of Social Solidarity's rice imports. Further, WFP received a donor donation of US\$ 180,000 in 2008 to improve the Ministry of Social Solidarity's warehouse capacity, and with the help of a logistics consultant warehouses are currently being rehabilitated in Dili and some priority districts. However, there is still a great need for more and better storage capacity in the districts, both for government stocks and for the numerous schools and MCH centers that are covered under the PRRO.

#### Roads

15. WFP-assisted schools and MCH centers are spread throughout the country, and many are in areas that are difficult to access due to the topography of the country and the location and quality of the roads. Many roads are impassible during the rainy season, and some major bridges will have to be constructed. Whereas the cost to construct or upgrade such roads and bridges will not be funded under this phase of the SO, the identification of needs falls within its purview. An inventory of needs would be a good start for the Government to approach donors for funding of major infrastructure works.
16. There are many smaller access roads that could be made passable for a longer period during the year through relatively minor repairs and improvements that could be undertaken as part of the Food-for-Work/Assets Activity under the WFP-assisted PRRO. It would greatly facilitate access to remote areas that are nowadays cut off from main roads, and therefore not easily reachable in times of emergencies. The services of a Food-for-Work engineer are foreseen under this SO, bringing part of the required work within the bounds of WFP's regular programme.

#### Improved food deliveries

17. Through the proposed Logistics SO, WFP aims at increasing the Government's capacity in logistics planning and operations, in order to effectively respond to food needs in districts affected by natural disasters. This is an important aspect of the PRRO: like all partners in Timor-Leste, a major element of WFP's work consists of increasing the capacity of a young nation in all aspects of social and economic recovery. While doing so, the SO will also aim to enhance the effectiveness of the Emergency Preparedness component of the PRRO, through improved planning of food pre-positioning, delivery systems and overall reliability, speed and accountability.

#### Solution to logistics constraints

18. The proposed SO will in a comprehensive manner deal with these major challenges, by setting up a logistics planning system, while at the same time making provisions for concrete improvements of the country's physical warehouse and roads infrastructure.

### Resources

19. The financial and human resources required to set up such systems and to identify detailed needs regarding the construction and upgrading of warehouse, roads and other infrastructure would vastly exceed the human and financial capacity of WFP under the current PRRO.

### **Project Objective (s)**

#### Objectives

20. The objective of this Special Operation is twofold:
  - 20.1. To establish a functional and operational Logistics Cell within the Ministry of Social Solidarity, aimed at enhancing the Government of Timor-Leste logistics preparedness and response capacity.
  - 20.2. To conduct a country wide assessment of the logistics infrastructure in Timor-Leste and provide financial and technical support for those rehabilitation requirements which will result from the assessment.

#### Intended Outputs

21. The intended Outputs of the SO are inline with the 2 overall objectives:
  - 21.1. A functioning Logistics Cell at the Ministry of Social Solidarity
  - 21.2. An updated assessment of the logistics infrastructure in Timor-Leste.

#### Intended Outcomes

22. The intended Outcomes of the SO are:
  - 22.1. Increased government capacity in logistics planning and implementation.
  - 22.2. Improved data base of rehabilitation needs.

### **Project Implementation**

23. This Special Operation has two key components: a) the establishment of the Logistics Coordination Cell within the Ministry of Social Solidarity of the Government of Timor-Leste, and b) the implementation of a country wide assessment and rehabilitation of the logistic infrastructure key to any emergency response requirement.

#### **Component 1, with two sub-components: (i) Establishment of a Logistics Coordination Cell and (ii) updating the assessment of the logistics infrastructure needs**

24. An WFP-appointed senior Logistics Officer will be responsible for working with the Ministry of Social Solidarity in order to create a unit capable of designing a logistics capacity building programme focusing on systems/tracking/monitoring/processes/procedures and training.
25. S/he will be responsible for:

- 25.1 Establishing the Logistics Cell
  - 25.1.1. The selection, in agreement with appointed officials of the Ministry of Social Solidarity, of qualified logistics specialists to be enrolled in the cell.

- 25.1.2. The provision of training and guidance to the members of this cell and others, with the intention of creating a long term capacity within the Government capable of planning and coordination of logistics activities specifically related to the management and movement of food.
  - 25.1.3. Further build on the training already provided by WFP staff in terms of warehouse management, food commodity management, planning, and movement and delivery procedures.
  - 25.1.4. Establish a system to enable tracking and monitoring of logistics operational activities, including necessary hardware and training.
  - 25.1.5. Implementation of control systems based on WFP's corporate control measures and systems, including tracking and monitoring procedures, supporting administrative procedures and processes
- 25.2 Updating the Assessment
- 25.2.1. Conducting/updating a country-wide assessment of the logistics infrastructure and to formulate a detailed budget proposal of required rehabilitation works
  - 25.2.2. Evaluate in country trucking requirements and capacities including Government, commercial and humanitarian capabilities.
  - 25.2.3. The staff under this SO will review existing assessments, update the existing material, and complement it by elements that have not yet been assessed or implemented.
26. It is foreseen that technical inputs from engineers are required to determine the exact requirements. Also a Food-for-Work engineer is needed so part of the rehabilitation works may be brought into WFP's operational realm.
27. The cost of this component includes the salary of the logistics experts, the engineers and Food-for-Work engineer, temporary local assistance in logistics, procurement and administrative support, support equipment and training which are detailed in the annexed budget, as well as the practical field work regarding the assessment.

## **Component 2: Rehabilitation of logistics infrastructure**

28. Under overall supervision by the senior Logistics Officer, the required rehabilitation works will be undertaken in a second phase of the SO. The resourcing requirements needed to undertake the rehabilitation works as identified by the assessment will be laid down in a budget revision to this SO, once the assessment and costing of rehabilitation needs are completed.

### **Project Management**

29. The WFP Country Director will retain overall management of this Special Operation along with the funds manager responsibilities. The WFP Head of Logistics in Timor-Leste will have first-line responsibility to liaise with the SO experts on technical matters, while the Finance Officer will perform the duties of funds administrator.

### **Project Cost and Benefits**

30. The total cost of this Special Operation is US \$856,086

The key benefits of this project will result from the overall capacity building element of the project, which at its completion will have provided the Ministry of Social Solidarity of the Government of Timor-Leste with a professional logistics unit capable of addressing logistical challenges in the entire supply chain.

### **Monitoring & Evaluation**

31. At this stage funds are only requested to cover the establishment of a Logistics Cell within the Ministry of Social Solidarity and to undertake the assessment sub-component of the SO. A budget revision will be proposed once the assessment has been completed, in order to cover the resourcing requirements for the rehabilitation works indicated in the assessment. Included in the budget revision will be the evaluation of the SO to that date.
32. The main outputs of this stage of the SO will be (i) a functioning Logistics Cell at the Ministry of Social Solidarity and (ii) an updated assessment of the logistics infrastructure in Timor-Leste. Corresponding outcomes are (i) increased government capacity in logistics planning, and (ii) improved data base of rehabilitation needs.
33. Progress will be measured by means of regular discussions between the Ministry of Social Solidarity, WFP and the SO management team, assisted by the Regional Logistics Adviser as required.
34. Once the rehabilitation phase starts, outputs and outcomes will be formulated according to the actual works to be undertaken.

### **RECOMMENDATION**

35. This Special Operation covering the period from 1 January to 31 December 2009 at a total cost to WFP of US\$ 856,086 is recommended for approval by the Deputy Executive Director, COO - Operations and Management Department, under the Executive Director's delegated authority, with the budget provided.

### **APPROVAL**

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Deputy Executive Director, COO