



SPECIAL OPERATION SUDAN SO 200267
“Logistics Augmentation in Support of the Strategic Grain Reserve in Southern Sudan”

Country:	Sudan
Type of project:	Special Operation 200267
Title:	“Logistics Augmentation in Support of the Strategic Grain Reserve in Southern Sudan”
Total cost (US\$):	US\$ US\$ 96,541,062
Duration:	3 years (10 July 2011 – 10 July 2014)

Executive Summary:

1. Southern Sudan will soon become a new country with little investment or development in basic services, infrastructure or food emergency response capabilities. The legacy of years of conflict, changes in the political and economic landscape, and the fluid security situation make the food security approach more demanding and challenging. The Government of Southern Sudan (GoSS) and the World Food Programme recognize and accept that food assistance will continue to be an important factor for protecting people who face some of the worst poverty and development indicators in the world. One tool identified to augment the agricultural logistics sector is a strategic grain reserve.
2. At the initiative of the GoSS, WFP Sudan invited IFPRI in October 2010 to jointly conduct an assessment mission and to produce a concept note about a potential strategic reserve for Southern Sudan. The mission was the opportunity to consult all potential stakeholders at government level and to meet all interested donors agencies represented in Sudan.
3. This special operation aims to construct five warehouses that would serve as strategic grain reserves to be managed by the Government of Southern Sudan in the future. The project implementation will involve building both hard infrastructure (warehousing facilities) and soft infrastructure (the institutional and human capacity to run the program). A feasibility study has recommended linking these warehouses with strategically placed satellite/primary storage depots. These will serve as the primary hard infrastructure for a Strategic Grain Reserve (SGR) program, which will have the SGR will be run with bilaterally-donated food from donor governments to the Government of Southern Sudan.¹
4. Two of the five central warehouses will be situated in areas of food surplus; the rest will be in areas of food deficit with a high concentration of food insecure populations. The remaining three warehouses will be located in areas where there are consistent pockets of food-insecure people. The compound premises in five strategic locations, Juba, Yambio, Wau, Rumbek and Malakal will also be supplied with appropriate processing

¹ The SGR will be populated with what will be considered as bilateral donations from major donors like USAID in kind or other donors like EC in cash. WFP will support the GoSS for the transport from the port of entry or to facilitate the food procurement locally, regionally or internationally.

plants, such as equipment for drying, cleaning and milling commodities, as well as administrative offices.

5. The handover strategy leading to full ownership by the Government of Southern Sudan at the end of the 3 years will involve a two-pronged approach. First, as the warehouses are being built, government officials will be trained to enable them to professionally manage the warehouses and the other food security programs linked to the SGR. The other part of the handover strategy will involve developing institutions and operational procedures that will guide the strategic reserves and related programs.
6. The project will have duration of 3 years and a total estimated cost of **US\$ 96,541,062.**

Project Background:

7. Southern Sudan remains a volatile and challenging environment in which to carry out emergency and food security operations. Despite all the operational difficulties, WFP continues to provide a timely and appropriate response to the evolving needs of the region's most food-insecure people. In the event of an emergency or an unforeseen shock, WFP also has the capacity to scale up operations significantly, as was demonstrated during the 2010 food crisis in Southern Sudan. WFP managed to avert a major humanitarian crisis in the first quarter of 2010 by increasing the number fed from 234,000 people in January to over 2 million people in March, after.
8. Southern Sudan is comprised of 10 states spread across a vast area. The region has suffered disproportionately in the years of civil war with the North. As a result, the region remains the poorest and least-developed part of the Sudan and lags behind many developing countries in terms of human well-being. Moreover, political uncertainties associated with the post-2011 referendum period—such as continued low-level inter-tribal and intra-tribal conflicts and new displacements—greatly limit the ability of its population to cope with droughts and other shocks.
9. Despite improved current conditions, compared to the 2009–2010 agricultural season, the food security situation in Southern Sudan is likely to remain poor or even worsen in 2011. Returning IDPs and refugees, as well as resident communities, continue to face serious challenges. Low availability of agricultural inputs and services, poor quality healthcare and education, fragmented markets, and inadequate infrastructure will constrain the Southern Sudanese in their efforts toward a restoration of livelihoods. In addition, the limited (or non-existent) supplies in the northern states of Southern Sudan and the increased food prices, caused by traders pulling out of markets in the post-referendum period, will most likely exacerbate food insecurity and vulnerability in the region.
10. One of the key objectives of the WFP's ongoing and future emergency operations is to provide emergency relief for internally displaced persons, returnees, refugees, and resident populations affected by both conflict and natural disasters. In addition, it envisages providing support to communities experiencing acute seasonal hunger.
11. In order to achieve the above objectives, timely pre-positioning of food commodities is a key activity that WFP needs to undertake during the dry season each year in order to enable food distribution during the lean rainy seasons. This requires not only

availability but also accessibility of food stocks for deliveries. Establishment of a strategic grain reserve will contribute toward that end, as WFP and others involved in food security programs will be able to borrow from the reserves at times when the supply chain is interrupted.

Project Justification:

12. There are several reasons why a well-designed strategic grain reserve will be a justified program to support WFP operations in the region. Southern Sudan is a landlocked, infrastructure-poor region, which receives substantial amount of food aid from WFP that arrives through several corridors. Port Sudan, situated on the Red Sea coast, is Sudan's main entry point. Food is moved by road and rail to WFP's main logistic hubs in Kosti and El Obeid for intermediate storage before being dispatched to field locations across Southern Sudan. Remaining commodities reach the region through Kenya and Uganda.
13. Permanent warehousing structures, as envisaged in the strategic grain reserves, will enhance food availability, will eliminate the long lead times needed for the pre-positioning of food and/or mobilizing of imported food aid from donor countries, and would improve the capacity of all actors to respond to emergencies in Southern Sudan in a timely and more cost-effective manner.
14. The Government of Southern Sudan recognizes the importance of having food commodities available to help respond effectively to food security crises. This is reflected by the fact that the Government of Southern Sudan has officially requested WFP to assist the government in establishing the grain reserve infrastructure and management systems.

Project Objective(s):

15. This project aims to contribute towards a coherent and systematic approach used by the World Food Programme and stakeholders within the GoSS to better apply the links among infrastructure development, logistics and agriculture as long-term food security solutions which support also economic recovery and sustained development in a post-conflict region.
16. Through this special operation, WFP aims to build five central warehouses, with a total capacity of 100,000 metric tonnes, which will be linked with 20 satellite storage facilities with an estimated total capacity of 6,000 –10 000 metric tonnes.
17. Each of the five central warehouses will have a storage capacity of up to 20,000 metric tons, for a total of 100,000 metric tonnes. The main warehouse premises will be supplied with appropriate equipment for drying, cleaning, and milling commodities, as well as administrative offices. The satellite warehouses will have minimum infrastructure needed for quality and safety testing.
18. Having food reserves readily available in such quantities would provide enough food assistance to support approximately 1.5 million people for a period of 4 months, if so required.

19. The warehousing infrastructure will also facilitate the procurement of grain from communities that are not currently accessible, which in turn is likely to improve the livelihoods of the smallholders. In surplus areas, strong links with the existing Southern Sudan P4P pilot project will be established. In the deficit areas, the locations of the satellite depots will be dictated by the forthcoming network of feeder roads.
20. Through this operation, government officials will also be trained to enable them to professionally manage the warehouses and the other food security programs linked to the future strategic grain reserve.

Project Implementation:

21. Depending on the evolving situation on the ground, the proposed implementation plan may be revised as necessary. The project implementation will involve building the warehouses, purchasing the equipment to operate and manage the premises, and, as an exit strategy, training government personnel regarding administration and warehouse management practices, including equipment handling.
22. Building of warehouses: Warehouses will be constructed in five strategic locations, which have been identified on the basis of the following two considerations: vulnerability of the population and production potential within each state. The proposed locations are Juba, Yambio, Wau, Rumbek and Malakal
 - a. Two of these warehouses (tentatively Juba and Yambio) will be situated in food-producing areas that would allow WFP, other food aid organizations, and the government to access food reserves and be able to respond to crises in low-yield producing zones (Lakes and Eastern Equatoria). In the short to medium term, or until such a time that the deficit regions begin to produce enough food to support safety nets and food security operations, these warehouses will also supply the food needed to carry out operations in the deficit areas. Strong links with the ongoing Southern Sudan P4P pilot project will be established.
 - b. The remaining three warehouses (tentatively Wau, Rumbek, and Malakal) will be located in areas where there are consistent populations of food-insecure people. These three warehouses and up to 20 linked satellite/primary storage depots will have a strong link to the current WFP operation and will promote agricultural production through targeted local purchases from small-holding farmers and commercial farms and will contribute to an improved food security through an increase in purchasing power and better linkages with existing markets.
 - c. The building of the five warehouses premises will require a specialized team to oversee the project. The Project Management Units for the Feeder Roads project and the SGR will be merged into one in order to save costs. The tendering process for the design and construction companies will commence after approval of the operation.
 - d. The final locations of the five central warehouses and of the 20 satellite depots will be finalized after a large consultation with the Government of Southern Sudan ministries at federal and state levels.

23. Purchase of equipment: In order to have these warehouses fully equipped and to maximize their use, WFP will purchase cleaning, bagging, and processing/milling plants for each facility.
24. Training of government personnel: As a handover strategy, WFP intends to train government personnel to manage and sustain this grain reserve system. The training programme will involve a two-pronged approach:
 - a. The first phase of the training will focus particularly on managing warehouses, maintaining food safety and quality, managing financial and operational databases, and carrying out analyses to enact timely and appropriate policy decisions.
 - b. The other part of the handover strategy will involve developing institutions and operational procedures that will guide the strategic reserves and related programs. The first step toward this will be developing an organizational structure that clearly delineates the roles, responsibilities, and accountability within the organization. The next step will be agreeing on the principles of governance.
25. Once the government staff (tentatively 110) are in place and trained, WFP will take a more advisory role, allowing the government to take the lead in the provision of food assistance in times of crises. The training program will begin while warehouses are built and bilaterally-donated food is stored in the warehouses

Project Cost and Benefits:

26. This project has a total cost of **US\$ 96,541,062**. Having food easily available across Southern Sudan will enhance the capacity of WFP, other food assistance organizations, and the Government of Southern Sudan to be better prepared for and to respond to emergencies and ongoing food security programs.
27. Furthermore, benefits of the project are not limited to cost savings due to local procurement. In the longer term, by serving as a platform of market access, the program will contribute toward market development and improvement in the livelihoods and well-being of the poor. The magnitudes of such indirect benefits will be documented by WFP in partnership with respected international research organizations, such as the International Food Policy Research Institute (IFPRI).

Project Management:

28. The project management units for the Feeder Roads project and the Strategic Grain Reserve will be merged into one in order to maximize the use of staff and to save costs.
29. Feeder Roads and the Strategic Grain Reserve are two of the main pillars of the WFP Food Security strategy for Southern Sudan, the third one being the Safety Net Programme. Both special operations have in common a major construction and engineering component allowing them to merge their engineering teams into one. The same reasoning is also valid for the M&E component.

30. The support services will be common for both special operations.

Risk Management:

31. WFP has identified 9 main risk factors which could impact upon the successful implementation of the project, all of which have been taken into account in the project design and mitigating measures included for both the planning and implementation stages of the Special Operation. A risk matrix (see Annex A) has been prepared and will be monitored throughout the lifespan of the project allowing for timely adjustments and further mitigation measures to be undertaken.

Monitoring & Evaluation:

32. Monitoring and evaluation will be an integral part of the project implementation. This special operation will be continuously monitored and the implementation plan revised as the situation evolves according to the needs on the ground. The country office will ensure that the exit strategy is carried out in a timely manner to phase out the project as necessary.

33. The key performance indicators for this special operation will be:

- Number of warehouses built
- Number of satellite depots built
- Total storage space made available (mt)
- Number of Government staff trained
- Number of training sessions / workshops organized
- organizational structure of the SGR;
- defined operational procedures of the SGR;
- defined hand-over strategy designed and agreed upon with the Government

RECOMMENDATION:

This special operation 200267 covering the period from 1 June 2011 to 1 June 2014 at a total cost to WFP of US\$ **96,541,062** is recommended for approval by the Executive Director with the budget provided.

APPROVAL

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Josette Sheeran
Executive Director

ANNEX A: Risk Matrix

Strategic Grain Reserver Road Risk Assessment			
Issue	Initial Risk Category	Approach	Final Risk Category
Lack of Administrative Ability to manage and maintain the SGRs	High	Detailed and regular training of the government staff. Constant monitoring of all activities.	Medium
Lack of institutional legislation and regulation for the sector.	High	IFPRI working with GoSS and WFP to provide policy and institutional framework.	Medium
Not enough local production to warrant local procurement of the food require to stock the SGRs	High	Initial donations of the SGR, to be phased out with local purchase as available.	Low
Lack of Proper Materials for Construction	High	Detailed documents sent to tender for contractors to know the exact amount of materials required.	Low
Local Insecurity / Robberies	High	Contractors and WFP to work together with the National and State Governments. Contractors to have security at the camp, either a private security firm or SSPS / SPLA	Low
Logistical Supply Routes Cut Off	High	Contractor to ensure adequate materials are on site and anticipate delivery delays.	Medium
Local Interference	High	WFP to be constantly engaged with the State and GoSS authorities during the length of the contract.	Medium
Mobilization Delays by the Contractor	Medium	Quality contractors with previous experience of such works to be selected. Quality consultant company to be selected with a history of such works. WFP to constantly monitor contractor mobilization.	Low
Lack of Local Support	Medium	Relevant state ministries and local community groups to be constantly engaged throughout the lifespan of the project.	Low
Overall Risk	Medium / High		
	Risk Categories	Low	There is no identified impact from this risk.
		Medium	The risk is seen as manageable and only requires monitoring.
		High	The risk will have a large impact on the operation and personnel safety
		Very High / Catastrophic	Activities with such a risk level are to be avoided or require a high level of approval before moving forward.