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BUDGET REVISION OF SO FOR APPROVAL BY THE REGIONAL DIRECTOR

5) To:	Initials	In Date	Out Date	Reason for Delay
Mr. Muhannad Hadi Regional Director, Cairo				
4) Through:	Initials	In Date	Out Date	Reason for Delay
Mr. Carl Paulsson Programme Advisor, RBC				
3) Through:	Initials	In Date	Out Date	Reason for Delay
Mr. Carlos Melendez, Logistics Officer, RBC				
2) Through:	Initials	In Date	Out Date	Reason for Delay
Ms. Lindita Bare, Resource Management Analyst, RBC				
1) From:	Initials	In Date	Out Date	Reason for Delay
Mr. Giancarlo Stopponi, Country Director, Ukraine				

Ukraine SO 200821
“Logistics Cluster Support to the Humanitarian Response in Ukraine”
BR No. 2

PROJECT	Previous Budget		Revision		New Budget	
CD&A	US\$	1,469,076	US\$	640,880	US\$	2,109,956
DSC	US\$	448,614	US\$	376,510	US\$	825,124
ISC	US\$	134,238	US\$	71,217	US\$	205,456
Total WFP cost (US\$)	US\$	2,051,929	US\$	1,088,607	US\$	3,140,536

TYPE OF REVISION

Additional DSC
 Additional CD&A
 Extension in time
 Change in project orientation
 Other



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NATURE OF REVISION:

This Budget Revision caters for an extension in time of six months from 01 January to 30 June 2016 and adjusts the budget plan in accordance with the increased Logistics Operational needs identified in the 2016 Ukraine Humanitarian Response Plan and as indicated by the humanitarian community.

IMPLEMENTATION TO DATE

1. Since SO 200821 was launched in March 2015, WFP as the lead agency of the Logistics Cluster has established transport at a no cost to user, between the staging area of Dnipropetrovsk across the contact line into Donetsk City and Luhansk City. More than 1,100 MT relief items were transported on behalf of the Logistics Cluster partners, and additional 1,500 MT (approx. 75 trucks) is estimated to be transported by the end of 2015. Partners have indicated that 3,000 MT of relief items are in the pipeline for the delivery in the first months of 2016. Further needs for transportation is therefore expected in 2016 given the access restriction, pending finalisation of assessments and the 2016 Humanitarian Response Plan review process. Warehousing services have been made available to humanitarian agencies for use in Dnipropetrovsk and Donetsk.
2. The Logistics Cluster is undertaking the administrative procedure to obtain permissions for convoys on behalf of humanitarian organisations, providing a UN umbrella to facilitate access for NGO relief items, and promoting recognition of WFP / Logistics Cluster convoys at the checkpoints. This has reduced the number and type of documents required for passage permissions and increased the speed of obtaining permissions from the authorities. Furthermore the Logistics Cluster in coordination with OCHA actively participated in the process of the establishment of the dedicated checkpoints for humanitarian convoys in to the Non-Government Controlled Areas (NGCA) of the districts of Donetsk and Luhansk.
3. The Logistics Cluster has held 31 meetings in Kiev and Donetsk, averaging 25-30 participants and is currently coordinating on average 35 organisations and providing logistics information and advice on customs procedures, registration processes and other logistics issues.
4. The Logistics Cluster Information Management unit has published over 40 updates and information management products including maps of storage facilities, access points and constraints. A dedicated operations page for Ukraine is activated on the Logistics Cluster website to disseminate information products to the humanitarian community. A Skype group for logistic partners was established as an informal mode of exchange and update of information.
5. The Logistics Cluster has implemented an on-line tracking tool (Relief Item Tracking Application, RITA) for the management of storage and transport information to provide coordinated transport and tracking support for humanitarian commodities.

JUSTIFICATION FOR THE REVISION:

6. This budget revision extend the project to 30 June 2016 and adjusts the budget for additional requirements defined in SO 200821 and the subsequent budget revision to align them with the projected needs until June 2016 including expanded services and additional staffing needs as outlined below.
7. Since hostilities began in April 2014, insecurity and displacement have steadily increased across eastern Ukraine. Ongoing ceasefire violations–punctuated by heavy shelling and armed conflict–have displaced more than 1.5 million people. Humanitarian partners in Ukraine are focussing on providing displaced and conflict-affected people protection, life-saving assistance, including some



essential services, and early recovery assistance. Inadequate funding, access restrictions and the limited number of partners on the ground prevent many aid agencies from increasing their assistance¹.

8. The operating environment in the NGCA of the districts of Donetsk and Luhansk remains volatile. Shelling and small arms fighting hamper road access to deliver humanitarian assistance to people remaining in the conflict zones, in addition administrative processes are adding further complexity to aid-delivery.
9. The Government of Ukraine has restricted commercial traffic to the NGCA, and has provided a dedicated checkpoint for 'humanitarian convoys only'. NGO and UN relief items were previously transported by commercial transporters, but are now required to be part of humanitarian convoys. Frequent shelling and exchange of gun fire have led to temporary closings of checkpoints and hence increased risk of congestion at checkpoints. To avoid congestion and ensure relief items are prioritised, the Logistics Cluster is filling an essential role as coordination mechanism between the few organisations organising the humanitarian convoys (WFP, ICRC and a few private foundations).
10. Due to the restrictions imposed on commercial logistics operators, and the fact that local transporters are increasingly reluctant to cross the contact line without guarantees of UN support to exit the NGCAs, humanitarian organisations are turning to WFP as the lead agency of the Logistics Cluster to organise transport and storage and provide information and logistics coordination services. Without these services, there is also the risk that competition between humanitarian actors could significantly increase market prices. 90 percent of the humanitarian community currently relies on the transport service provided through Logistics Cluster. Additional staff and logistics capacity is therefore urgently required to overcome the severely limited access to the affected populations.

Increased operational requirements

11. WFP as the lead of the Logistic Cluster has been requested to continue to provide support for humanitarian convoys, and the number of convoys is expected to increase to three per week if organisations are allowed to continue operating inside NGCA. This increase in operations will necessitate the recruitment of one additional National Logistics Officer, one National Logistics Assistant and three drivers.
12. Staging areas and warehousing services in Dnipropetrovsk and Donetsk will continue.
13. Due to the recent changes of the situation whereby UN agencies received authorization from the *de facto* authorities in Luhansk to operate in the area, an additional transport and warehouse services are required. An inter-agency warehouse is required since commercial storage services are very limited in the Eastern Conflict Area and competition amongst different humanitarian actors on remaining assets may lead to inflation on lease prices. An additional option to access Luhansk by railway is currently being assessed, but feasibility is yet to be determined.
14. To facilitate coordination and to maintain a storage structure in Luhansk, an additional national Logistics Assistant, a national driver and a national Logistics Assistant (warehouse manager) is required.
15. As Logistics Cluster activities for securing access are increasing leading to increasing movement of staff, one additional Armoured Vehicles will be required in line with UNDSS security requirement.

¹ OCHA: https://www.humanitarianresponse.info/en/system/files/documents/files/ukraine-humanitarian_funding_update_20_october_en.pdf



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Logistics Cluster Coordination, Convoy and Information Management Staff

16. As lead agency for the Logistics Cluster, WFP has established coordination cells in Kiev and Donetsk, with dedicated international staff; a Logistics Cluster Coordinator (Kiev), Information Management Officer (Kiev), and two Logistic Officers (Donetsk and Dnipropetrovsk). These are supported by national staff – Logistics Officer (Donetsk), Logistics officer (Kiev), Administration Assistant (Kiev) and three drivers (Donetsk and Dnipropetrovsk). One additional coordination and logistics hub is needed in Luhansk. Additional staffing to be recruited as indicated above.

Logistics Cluster Exit Strategy

17. If commercial cargo restrictions are removed, some cluster activities and assets may be transitioned to partner agencies that have a continuing presence serving the humanitarian community in Ukraine. This is only feasible if de-facto authorities in NGCA will issue permissions to additional organisations. Further, once procedures and access related issues on the NGCA have been clarified, the transportation at a no cost to user will be phased out.

RECOMMENDATION

18. In light of the above, this budget revision for a six months extension in time until 30 June 2016 with a budget increase of US\$ 1,088,607 is recommended for approval by Regional Director, with the attached budget.