



WFP NEPAL
SPECIAL OPERATION (SO) 201025

Country:	Nepal
Type of project:	Special Operation
Title:	Construction of New Country Office for WFP Nepal
Total cost (US\$):	US\$ 4,884,818
Duration:	38 months (1st November 2016 - 31st December 2019)

Executive Summary

The Kathmandu valley Seismic Assessment and following a series of consultations, including the 2014 Structural Assessment (SA) of current Country Office (CO) building by an international expert, determined that WFP undertake the relocation of WFP Country Office. The 2014 SA determined that it would cost over US\$ 1 million to make the WFP building seismically safe and the landlord indicated his reservation on the building modifications and improvements.

The conclusion of extensive consultations by the WFP Nepal CO and the Strategic Resources Allocation Committee (SRAC) are that the most cost effective outcome is for WFP to purchase land and build new office facilities.

Funding required for the purchase of the land and the building of the new offices was identified and approved in June 2016 by the SRAC and is based on the proposed Concept Note (Annex A). The cost for the purchase of land and construction of facilities to UN MOSS requirements is US\$ 4,884,818. The Project will take approximately 3 years to complete.

Project Justification

1. Nepal is among the poorest countries in the world, ranking 145th of 187 countries on the Human Development Index¹ and it remains a Least Developed Country (LDC) with continuing issues around equity and food security across geographical regions, gender and caste affecting indigenous groups. Frequent national disasters as flooding, droughts and earthquakes as well as political fragility, continue to impact progress in reducing vulnerabilities and building resilience.
2. Within this context, WFP Nepal has been working closely and successfully with the Government of Nepal to address these issues and has a number of active projects. It is expected that WFP will remain in Nepal for a number of years and therefore a long-term strategy is needed to ensure the wellbeing of staff as well as business continuity

¹ United Nations Development Programme. 2014. *Human Development Report*. Kathmandu.

in emergency contexts given that WFP plays a critical role in food delivery and leadership of logistics cluster.

3. Nepal is one of the most disaster-prone countries in the world. The 2014 Annual Disaster Statistical Review² listed Nepal within the top ten most disaster-affected countries in the world, both in terms of mortality and number of events; this was the situation a year *before* the 2015 earthquakes.³
4. Seismologists have warned of significant risks of future earthquakes of equal or larger magnitude than those witnessed in 2015. The Kathmandu Valley continues to experience seismic activity and scientists indicate that many more earthquakes will come in this seismically active region.
5. The structural assessment completed in 2014 clearly identified that the CO building was not seismically safe. The existing building was originally a hotel and as such the layout is not conducive to the efficient use of space for offices and the work that WFP carries out, especially in times of disaster relief. The current building is not large enough to house the current staff, as such extra office space is provided with the use of ten prefabricated buildings. Sanitary and electrical utilities are not sufficient for the number of staff needed at the CO.
6. WFP Nepal has carried out an exhaustive yet unsuccessful search for suitable earthquake-resistant office space over the past two years. The solutions pursued by other UN agencies and mission and INGOs in Kathmandu has been to either build or retrofit existing structures – or to shoulder the risk of housing operations in unfit building. Retrofitting is extremely costly and landlords are unwilling to make or share this investment. Since WFP Nepal is expected to continue to play an important role in Nepal for many years, the construction of earthquake-resistant office premises is therefore necessary to ensure staff safety and protect the resources of the agency.

Project Objective(s)

7. The objective is to provide a safe and secure working environment for WFP Staff at all times.

Project Implementation

8. WFP Nepal will engage with the WFP Legal Unit in Head Quarters and legal representation in Nepal to ensure WFP gets full undisputable title to property.
9. WFP Nepal already has a strong and well-established Engineering Unit supporting project activities as well as large-scale constructions as the Humanitarian staging Area. A Project Manager (PM) will be appointed and will be supported by Nepal CO staff for the purpose of procurement requirements for all design and construction. Staff will also be consulted throughout the process to ensure wellbeing issues are addressed.
10. The major activities include:

² The *Annual Disaster Statistical Review* is published annually for data collected the previous year – at time of writing 2014 was the most recent published

³ Centre for Research on the Epidemiology of Disasters (CRED) *Annual Disaster Statistical Review 2014: The Numbers and Trends*, 2015, Available at: <http://www.cred.be/publications> [2015].

- a. Purchase land in a location that is secure, seismically stable, and close to the major stakeholders with whom WFP interacts.
 - b. Build a new office that will provide:
 - a. office space to 100 staff and ensure staff wellbeing is maintained
 - b. compliance with MOSS standards,
 - c. a light weight structure that is seismically safe, and
 - d. space for vehicle/motor bike parking, fuel storage/dispensing and waste storage space taking into account UN environmental standards.
11. The Project will be implemented in accordance with WFP Engineering Construction and Procurement Manuals and in coordination with WFP Head Quarters (HQ) Legal, Engineering and Procurement Units. This includes matters such as Risk Matrices, procurement of services such as legal support, and construction.
12. As initial work has already been done to identify land plots for sale, WFP will determine if the plots of land are still for sale and eventually see if new options are on the market. Negotiations for the purchase will be conducted in accordance with the WFP procurement and legal policies and procedures and with the support of a well-established Nepalese Legal firm and in tight coordination with HQ Legal and Procurement units. Input will be sought from Government stakeholders to ensure all legal requirements are satisfied.
13. Inputs will be required from a number of stakeholders including Government, Legal, Engineering, Procurement, Security, Administration and local WFP Social Welfare Group representing WFP Staff.
14. An indicative schedule for implementation of the project is in Annex B; to be noted that a number of assumptions have been made in regard to the period to secure property, the need for soil investigation (based on the location), type of structure (light weight, traditional frame building, steel, single floor, two floors) political stability which may impact on the construction environment.
15. Funds have been identified from a number of sources (see table below) for the purchase of the land and the construction of the office space. The SRAC has approved the reprogramming of the project funds together with specific allocations from the other financial vehicles.

Funding source	US\$ millions
EMOP	3.20
Country Programme	0.27
Capital Budgeting Facility	0.60
Field Security	0.25
Wellness Fund	0.25
Total	4.57

16. Financial management of funds will follow the normal procedure for the administration of project budgets. Oversight and monitoring will focus on the three main activities – purchase of land, design of the structure and construction of offices. WFP will follow standard procurement procedures for the design and construction. Payments will be based on progress and quality of work mapped against pre-determined milestones
17. Reporting will be in accordance with WFP Financial and Engineering requirements to respective stakeholders. Weekly WFP Country Office Senior meetings have commenced and weekly meetings will occur during the design and construction phases with the appointed contractors.
18. Design and construction will be completed in accordance with WFP Engineering and Procurement policies and procedures. Quality assurance and control, to ensure timelines and standards are met, will be enabled with the appointment of permanent staff during the design and construction phases.

Project Cost and Benefits

19. It is estimated that approximately US\$ 2,800,000 is required for the purchase of land to satisfy the above objectives and US\$ 1,765,250 for construction of a facility for 100 staff and above objectives. The total for a period of 3 years is US\$ 4,565,250 (excluding ISC).
20. The Project will benefit the WFP staff and improve the manner in which WFP is able to operate in Nepal. The facility will provide security in accordance with MOSS and seismic standards.

RECOMMENDATION

This Special Operation covering the period from 1 November 2016 to 31 December 2019 at a total cost to WFP of US\$ 4,884,818 is recommended for approval by the Executive Director.

APPROVED

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 Ertharin Cousin
 Executive Director

Annexes :

- A. Concept Note
- B. Project Schedule