


**BUDGET REVISION OF SO FOR APPROVAL BY THE REGIONAL DIRECTOR**

5) To:	Initials	In Date	Out Date	Reason for Delay
Mr. Muhanad 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. Matthew Dee 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. Dorte Ellehammer Country Director, Ukraine				

**Ukraine SO 200821**
**“Logistics Cluster Support to the Humanitarian Response in Ukraine”**
**BR No. 4**

PROJECT	Previous Budget	Revision	New Budget
CD&A	US\$ 2,856,767	US\$ 1,275,743	US\$ 4,132,510
DSC	US\$ 860,124	US\$ 97,518	US\$ 957,642
ISC	US\$ 260,182	US\$ 96,128	US\$ 356,311
<b>Total WFP cost (US\$)</b>	<b>US\$ 3,977,074</b>	<b>US\$ 1,469,389</b>	<b>US\$ 5,446,463</b>

**TYPE OF REVISION**
 Additional DSC  
 Additional CD&A  
 Extension in time  
 Change in project orientation  
 Other

**NATURE OF REVISION:**

In accordance with the increased logistics operational needs identified in the framework of 2017 Ukraine Humanitarian Needs Overview (HNO), this Budget Revision (BR) requests an extension in time of the Special Operation (SO) 200821 for a period of twelve month starting from **1 January to 31 December 2017** and adjusts the budget plan in accordance with the revised operational needs.

The components budgeted in 2017 under CD&A will be: Transportation service cost for moving humanitarian cargo from Dnipro (GCA<sup>1</sup>) to Donetsk and Luhansk (NGCA<sup>2</sup>) (39% of total CD&A); Storage facilities renting cost in Dnipro with possible installation of new storage facilities in Donetsk and Luhansk (9 % of total CD&A); staff related cost 44% of total CD&A) and Equipment/Vehicle related cost (8% of total CD&A)

<sup>1</sup> Government Controlled Areas (GCA)

<sup>2</sup> Non-Government Controlled Areas (NGCA)



## IMPLEMENTATION TO DATE

1. Since SO 200821 was launched in March 2015, WFP as the lead agency of the Logistics Cluster has coordinated transport on a free-to-user basis<sup>3</sup>, between the staging area of Dnipro (former Dnipropetrovsk) across the contact line into Donetsk and Luhansk situated in the Non-Government Controlled area:
  - a. So far, more than **7088 MT/11922 m<sup>3</sup>** of relief items have been transported on behalf of the Logistics Cluster partners with **373 trucks** in total via **32 convoys**.
  - b. WFP warehousing services have been made available for cargo consolidation to humanitarian agencies in Dnipro (Dnipropetrovsk) – close to the contact line in Government Controlled Areas (GCAs) – before transporting cargo to the NGCAs Luhansk and Donetsk.
2. On behalf of humanitarian organisations, the Logistics Cluster is undertaking administrative procedures to obtain permissions for convoys, providing a UN umbrella to facilitate access for NGO relief items and promoting recognition of WFP/Logistics Cluster convoys at checkpoints. During the period, the Logistics Cluster reinforced its relation with fiscal services and the Ministry of Social Policy (MoSP) creating a real climate of trust.
3. To date, the Logistics Cluster has held **32 meetings** in Kiev, representing the UN, INGOs, NGOs and the wider humanitarian community operating in the country. In addition, the Logistics Cluster is currently coordinating with an average of **40 organisations** and providing advice on customs procedures, registration processes and other logistics information.
4. The Logistics Cluster has a dedicated web page <http://www.logcluster.org/ops/ukr15a> for disseminating of operational information on Ukraine to the humanitarian community. So far, the Logistics Cluster Ukraine has published over **85 operational updates and information products**, including access constraint maps. In addition, a Skype group was established to encourage dynamic information sharing and to facilitate operations. The Log Cluster Tweeter page (<https://twitter.com/logcluster>) and WFP Ukraine Tweeter page ([https://twitter.com/WFP\\_Ukraine](https://twitter.com/WFP_Ukraine)) are posting up to date info on the convoys facilitated on the weekly basis.

## JUSTIFICATION FOR THE REVISION:

5. Adjustments in the budget aligns projected needs until **31 December 2016** with additional requirements defined in SO 200821, including expanded services and possible additional staffing needs as outlined below.
6. The operating environment in the NGCA of Donetsk and Luhansk districts remains volatile. Despite the renewed ceasefire announced at the beginning of September 2016, the disengagement process and the follow up attempt to withdraw military units along the contact line which aims to de-escalate the conflict, the incidents of breaches continue to be reported in the Eastern part of Ukraine. Shelling and small arms fighting, presence of mines and UXO hampers road access in delivering humanitarian assistance to people in the conflict zones. In addition, lengthy administrative processes are adding further complexity to aid-delivery.
7. The Government of Ukraine has restricted commercial traffic to the NGCA, and has provided 3 dedicated checkpoints for ‘humanitarian convoys’. To avoid congestion and ensure relief items are

<sup>3</sup> The services funded by this Special Operation are provided on free to user basis



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prioritised, the Logistics Cluster is filling an essential role as a coordination mechanism between the organisations organising humanitarian convoys (WFP, ICRC and a few private foundations).

8. 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 coordinate transport and storage and provide information and logistics coordination services. Without these services, there is also the risk of negatively affecting the local market. Potential competition between humanitarian actors could significantly increase market prices.

### *Increased operational requirements*

9. As the situation remains erratic in the NGCAs and access remains a huge concern, the Logistic Cluster has been requested (based on the result of the survey conducted) to continue providing support for humanitarian convoys. Due to the forecast concerning the increase of IDPs returning to NGCA along with deteriorating economic factors such as decrease of people's buyer's capacity and the depletion of personal savings spent on the temporary dislocation there will be most probably an augmentation in the demand of humanitarian cargo to be delivered in 2017, increasing the number of convoys accordingly.
10. Staging areas and warehousing services in Dnipro will therefore continue. Warehousing services in Donetsk and Luhansk are currently on hold pending further needs claimed by the partners.
11. The authorization that some agencies received from Luhansk *de facto* authorities to operate could result into additional requirements for transport and warehouse services. An additional warehouses in Donetsk and Luhansk could be 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.
12. If necessary, in order to facilitate coordination and maintain a storage structure in Donetsk and Luhansk, three additional national Logistics Assistants could be locally recruited.

### *Logistics Cluster Coordination, Convoy and Information Management Staff*

13. During 2016, the Logistics Cluster was fully set up and local personnel were trained with the requisite skills therefore replacing most international staff with national staff. The remaining international staff are the Logistics Cluster Coordinator in Kiev and the Logistics Officer in Donetsk. They are supported by the following national staff: Logistics Officer (Donetsk), Logistics Officer (Kiev), IM Assistant (Kiev) in charge of administrative support and information management. A storekeeper (Dnipropetrovsk) and two drivers (Donetsk). To meet projected needs for additional storage facilities in Donetsk and Luhansk, extra staff will be required and could be locally recruited in Donetsk (1 warehouse assistant) and Luhansk (2 warehouse assistants) will be essential for running the warehouse in the mentioned locations. An additional Logistics assistant in Kiev may be needed in case of increase of workload.

### *Logistics Cluster Exit Strategy*

14. Since the Logistics Cluster is intended to be operating as a temporary coordination mechanism, the forecast for this project is to phase out till the end of 2017 as probably the emergency phase will end by that time. WFP will facilitate the scaling-down and exit strategy of the Logistics Cluster to the point where services are no longer required.



15. Towards October 2017, some cluster activities and assets will be transitioned to partner agencies that have a continuing presence serving the humanitarian community in Ukraine. Additionally, the Logistics Cluster will share a list of logistics service providers with the Ukrainian humanitarian actors providing assistance, arranging trainings to allow them to be able to organise the delivery of humanitarian aid on their own. It is expected that starting from October 2017 humanitarian actors begin transporting cargo from the GCAs to the NGCAs independently of the Logistics Cluster, but support will continue to be provided with the convoy arrangements until December 2017 after which they are expected to have sufficient knowledge of the process and capacity to deliver services totally independently of the Cluster.
16. Meetings with the representatives of Ministry of Social Policy and/or Fiscal Service representatives will be arranged by the Logistics Cluster in case of need (where possible) to put humanitarian actors in direct link with the authorities.
17. WFP will continue to respond to ad-hoc enquiries relating the transportation of humanitarian cargo to NGCA after the deactivation of the Logistics Cluster.

#### **RECOMMENDATION**

18. In light of the above, this budget revision for a twelve months extension until 31 December 2017 with a budget increase of **US 1,469,389 \$** is recommended for approval by Regional Director, with the attached budget.