



Standard Project Report 2015

World Food Programme in Ethiopia, Federal Democratic Republic of (ET)

Construction and Management of the WFP Humanitarian Logistics Hub

Reporting period: 1 January - 31 December 2015

Project Information	
Project Number	200358
Project Category	Single Country Special Operation
Overall Planned Beneficiaries	N/A
Planned Beneficiaries in 2015	N/A
Total Beneficiaries in 2015	N/A

Key Project Dates	
Project Approval Date	January 27, 2012
Planned Start Date	January 01, 2012
Actual Start Date	January 01, 2012
Project End Date	June 30, 2016
Financial Closure Date	N/A

Approved budget in USD	
Food and Related Costs	N/A
Capacity Dev.t and Augmentation	26,349,371
Direct Support Costs	1,111,660
Cash-Based Transfers and Related Costs	N/A
Indirect Support Costs	1,922,272
Total	29,383,303

Commodities	Metric Tonnes
Planned Commodities in 2015	0
Actual Commodities 2015	0
Total Approved Commodities	N/A

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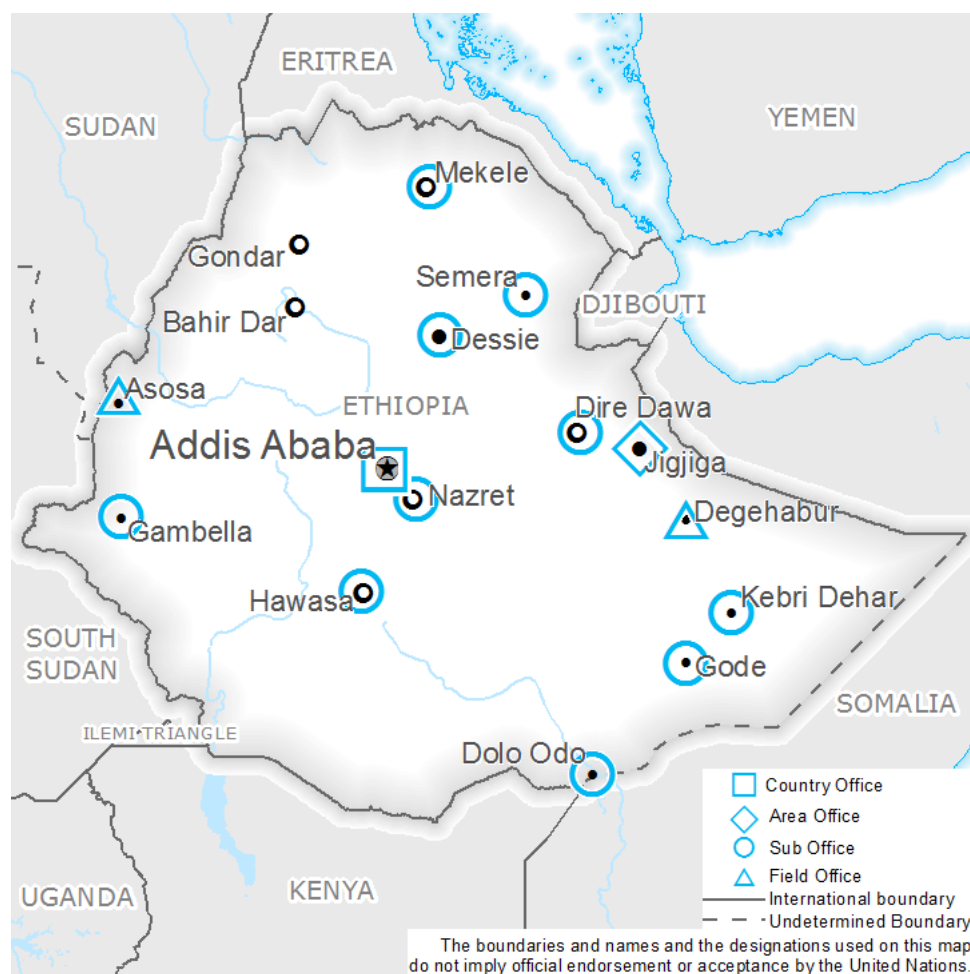
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COUNTRY OVERVIEW



Country Background

With a population of almost 97 million people, Ethiopia is the second most populous country in Africa. The country has made impressive strides over the last 20 years in reducing poverty and expanding investments in basic social services - paving the way for the country to meet many of its Millennium Development Goal (MDG) targets.

From 2004 - 2013, the World Bank estimates that Ethiopia's economy has had strong growth, with annual gross domestic product (GDP) per capita growth rates of 8.3 percent. According to the Ethiopia MDG Report for 2014, the number of people in absolute poverty fell from 48 percent in 1990 to an estimated 25 percent in 2013/2014. At the same time, the proportion of undernourished people fell from almost 75 percent in 1990/92 to a projected 32 percent in 2014/15 - thereby enabling Ethiopia to reach its MDG Hunger target.

The prevalence of stunting declined from 58 percent in 2000 to 40 percent in 2014, while wasting rates remained at 10 percent during the same period. Net primary school enrollment rates have risen from 21 percent in 1996 to 92.6 percent in 2014, and the gender parity index currently stands at 0.93, indicating a significant improvement in girls' access to education.

The government's longer-term vision is to attain middle-income country status by 2025. To achieve this goal, the government has organized its policy and investment framework under the umbrella of two 5- year Growth and Transformation Plans - GTP I and GTP II. Both GTPs place an emphasis on agriculture as the main driver for growth, coupled with a strong focus on social protection instruments such as the Productive Safety Net Programme (PSNP) to ensure sustained attention on food security and poverty reduction. For example, the latest iteration of the PSNP (PSNP IV) aims to provide conditional food and cash transfers to almost 8 million people per year from 2015

to 2020.

Despite strong economic gains and a comprehensive policy framework for development, the distribution of developmental gains remains uneven. According to the UNDP 2015 Human Development Report, Ethiopia is ranked 174 out of 188 countries in terms of human development. While national figures on nutrition are fairly promising, regional variation is quite pronounced. For example, in Afar and Somali regions, global acute malnutrition (GAM) rates can be as high as 30 percent, and stunting rates in Amhara and Afar are close to 60 percent.

Poverty, food insecurity and malnutrition are all inextricably linked. Over 80 percent of the population living in rural areas is dependent on rain-fed agriculture and livestock rearing as their main source of food and income. In turn, climate shocks are the primary driver behind chronic poverty, food insecurity and malnutrition at household level. The International Food Policy Research Institute's Global Hunger Index scores Ethiopia at 33.9 - or at a "serious" level - even after the impressive gains the country has made from a MDG perspective.

Rainfall data for the period from 1967 to 2000 indicate that Ethiopia's annual variability in rainfall across different zones is among the highest in the world, ranging from a low of 15 percent to a high of 81 percent. The larger the variation in rainfall a household is exposed to, the lower its income and consumption levels. Repeated climate shocks have severely eroded rural livelihoods, leaving households with little capacity to cope and meet their most basic consumption needs. Climate shocks are a major cause of humanitarian crises in Ethiopia. Since 2003, the country has faced five serious droughts affecting millions of people, the most recent of which unfolded over the course of 2015 and was compounded by the global El Niño event.

In 2015, the already fragile situation among food insecure and vulnerable people was exacerbated by the failure of the *belg* rains (February-May) and well below normal rainfall for the main *kiremt* rains (June-September), affecting the main *meher* cropping season that contributes around 85 percent of Ethiopia's total annual food production. With the onset of the El Niño phenomenon, in July 2015, production assessments reported that up to 25 percent of the harvest was lost at the national level, and in some regions this figure rose to 70 percent.

The lack of water has had devastating effects for both human and animal well-being. An outbreak of scabies occurred in large swaths of Amhara, along with communicable diseases in Afar, Oromia and Somali regions. Coupled with a lack of food at the household level, GAM rates reached 20 percent and higher in Oromia, Afar, and Somali regions. Conservative estimates indicate that over 30,000 head of cattle died as a result of no water, pasture or browse. Not only are livestock essential household assets that generate income, but they also represent a key source of meat and milk for pastoral communities. This, too, contributed to the increase in malnutrition across the country.

In the face of the worst drought in over 50 years, the scale of humanitarian needs over the course of 2015 rose dramatically. In February 2015, the Government issued its official Humanitarian Requirements Document (HRD), estimating that 2.9 million people required emergency food assistance. By December 2015, this number had risen to 10.2 million - almost a 250 percent increase. With regard to the prevalence of moderate acute malnutrition (MAM), in February 2015, some 200,000 children under 5 and pregnant and lactating women (PLW) were projected as needing MAM treatment. By the end of 2015, this number peaked at 2.2 million young children and PLW, or a 1,000 percent increase.

The adult HIV prevalence in the country is 1.1 percent, with 700,000 HIV positive people and 800,000 orphans and vulnerable children. Significant variation exists between genders, among population groups and across geographic areas. The HIV prevalence rate for men and women is 0.8 percent and 1.4 percent respectively; for rural residents it is 0.5 percent while for urban residents it reaches 3.8 percent. HIV prevalence is disproportionately higher among urban females (4 percent) compared to urban men (2.4 percent).

Ethiopia is also host to the largest refugee population on the African Continent. Over 730,000 officially registered refugees from South Sudan, Somalia, Sudan, Eritrea and Kenya now reside in 26 camps located in five regional states including Afar, Benishangul-Gumuz, Gambella, Somali and Tigray. Of the total, approximately one-third are South Sudanese who arrived into the Gambella region in early 2014 following the eruption of hostilities in South Sudan in 2013.

Summary Of WFP Assistance

WFP's role in Ethiopia is to support government policies, programmes and systems that address the multiple dimensions of hunger and undernutrition among the most vulnerable segments of the population and refugees hosted in different parts of the country.

Protracted relief and recovery operation (PRRO) 200290 and its successor PRRO 200712 were designed to support and complement the government's social protection, disaster risk management and nutrition programmes by

providing emergency food assistance, engaging in productive safety net activities, addressing malnutrition, and offering technical assistance. In 2015, these PRROs responded to the dramatic rise in acute food and nutrition needs arising from the failure of both the spring and summer rains and the onset of the El Niño-related drought. Simultaneously, WFP also provided food assistance to chronically food insecure households under the Productive Safety Net Programme (PSNP).

PRRO 200365 and its successor, PRRO 200700, aimed to support Ethiopia's significant refugee population, focusing on live-saving food and nutrition assistance for over 560,000 refugees in 26 camps across the country.

WFP's country programme (CP) 200253 comprised five components: 1) support to the Government of Ethiopia in the development of a national disaster risk management system; 2) building resilience in food insecure communities through natural resource management activities (Managing Environmental Resources to Enable Transition to More Sustainable Livelihoods); 3) school feeding under the Children in Local Development Initiative; 4) support to people living with HIV and AIDS; and 5) support to smallholder farmers through Purchase for Progress (P4P).

WFP further assisted the government through capacity strengthening efforts. Through its P4P programme, WFP worked with local cooperative farms to source cereals that are then distributed under WFP and government programmes. WFP has also invested in a Food Management Improvement Project that established a commodity management system within the National Disaster Risk Management Commission (NDRMC), which oversees all food commodity movements in the country. Finally, WFP deployed its expertise in food security analysis to support the NDRMC in the preparation of disaster risk profiles at *woreda* (district) level.

WFP has three special operations (SO) in Ethiopia. SO 200711 operated the United Nations Humanitarian Air Services, which enabled the humanitarian community to reach remote areas where refugee camps are located. SO 200358 focused on the construction of a Humanitarian Hub in Djibouti, where WFP and other humanitarian agencies can store cargo intended for operations across East Africa and organise specialized logistics training sessions. Lastly, SO 200752 was launched in 2014 for the construction of a bridge in the Somali Region (Geeldoh) to facilitate access to isolated districts and villages that are cut off from basic services and humanitarian assistance during rainy seasons.

Beneficiaries	Male	Female	Total
Children (under 5 years)	458,578	464,775	923,353
Children (5-18 years)	1,171,232	1,146,444	2,317,676
Adults (18 years plus)	1,493,476	1,462,491	2,955,967
Total number of beneficiaries in 2015	3,123,286	3,073,710	6,196,996

Distribution (mt)						
Project Type	Cereals	Oil	Pulses	Mix	Other	Total
Country Programme	1,875	829	171	4,147	85	7,108
Single Country PRRO	352,181	10,879	45,105	25,396	3,389	436,950
Total Food Distributed in 2015	354,056	11,708	45,276	29,543	3,475	444,058

OPERATIONAL SPR

Operational Objectives and Relevance

Djibouti Port is the principal transit point for cargo in and out of Ethiopia and a key link in commercial transport routes to and from the greater Horn of Africa. The port is critical for the efficient flow of humanitarian goods within Djibouti and other countries in the region such as Ethiopia, South Sudan, Somalia and Yemen. Hundreds of thousands of tonnes of relief cargo pass through the Port of Djibouti every year. The rapidly expanding Ethiopian market, coupled with high volumes of humanitarian and relief cargo, has placed a great strain on the Port of Djibouti and the Ethiopian transport sector, resulting in congestion at the port and increased logistics costs.

WFP's special operation 200358 aimed at developing a humanitarian logistics base in the Port of Djibouti in order to improve efficiencies in both humanitarian and commercial logistics. The special operation is in line with Strategic Objective 1 of WFP's Strategic Plan (2014-2017). Specifically, it aimed at:

1. improving efficiencies of logistics supply chains in the Horn of Africa;
2. augmenting regional humanitarian response capabilities;
3. aligning with Ethiopia's expanding strategic commodity reserves; and
4. strengthening logistics systems and capacities in the Port of Djibouti.

This special operation also fits Ethiopia's plan to expand the Strategic Food Reserve Agency (SFRA). A cornerstone of the country's Growth and Transformation Plan, the SFRA will support a gradual shift from the current supply chain, which is either bagged and/or containerized cargo, to bulk grain transport and storage. This will entail the construction of bulk storage facilities in Nazareth to support the expansion plan. The humanitarian logistics hub in the Port of Djibouti will play an essential role in supporting this shift.

In April 2015, WFP revised the time frame for the special operation, extending it until June 2016. This was to allow enough time to finalize the construction of the silos and hub.

Results

Outputs

Late confirmation of contributions and revised completion dates by the winning contractor meant that the implementation of the project was delayed. Therefore, the project was extended to June 2016.

The logistics hub consisted of four components: a food warehouse with a capacity of 24,000 mt; a non-food-item warehouse of 2,800 square meters (to be managed by UNHRD); an office block; and a food silo with a capacity of 40,000 mt.

By the end of 2015, the construction of the two warehouses for food and non-food-items, and the office facilities were completed. Ground works (excavation, compaction and foundation works) for the silo site was ongoing. Once the silo is completed in 2016, the hub will be fully operational.

Of the total 186 government counterpart trainees, 45 were trained in warehouse management (one week of classroom instruction and 21 days of on-the-job training), 30 were trained in small crane and forklift driving, and 101 were trained in heavy vehicle driving (one week of classroom and 15 days practical driving lessons). In addition, ten experienced truck and forklift drivers were sponsored for further training. Women accounted for 44 percent of those trained. This is a significant achievement in the Djibouti context where it is hard to find female participants for such demanding jobs under harsh conditions.

The planning figures for the number of people trained cover the whole life of the project. Although feedback has been very positive, achievement is somewhat lower than planned because of resourcing shortfalls, however, training for the remaining government counterparts has been rescheduled and is now planned for 2016.

Output	Unit	Planned	Actual	% Actual vs. Planned
SO1: Special Operation (Logistics)				
Number of government counterparts trained	individual	400	186	46.5
Number of hubs established	hub	1	1	100.0
Total storage space made available (m2)	unit	2,800	2,800	100.0
Total storage space made available (mt)	Mt	24,000	24,000	100.0

Outcomes

The success of the capacity development component of the project resulted in a request from the Government of Djibouti for WFP to organize further trainings. WFP prepared a proposal to train additional government staff on heavy vehicle and forklift driving. Given the logistics development envisaged for Djibouti in the next five years, these types of trainings will be very useful.

Upon completion of the humanitarian logistics hub, the facility will run on full cost recovery through a business model that foresees a very competitive charging system against cargo routed through the facility. In addition, the facility will provide cost savings for users throughout the various stages of the supply chain. Current assumptions suggest that the hub would generate as much as USD 16.6 of savings against each metric tonne of cargo transiting through Djibouti.

Sustainability, Capacity Development and Handover

In line with a Memorandum of Understanding between the Government of Djibouti and WFP, and a request from the government for WFP to assist in developing Djibouti's logistics transport sector, WFP played an active role in supporting vocational and professional trainings targeting government staff in the areas of warehousing, truck driving and supply chain management. These trainings were essential in the transfer of necessary skills and in ensuring the longer-term sustainability of the hub.

In 2014, discussions between WFP and the Government of Djibouti led to the formulation of phases II and III of WFP's capacity development interventions targeting government staff. Based on this, the second phase of the training was conducted in 2015, where WFP trained counterpart staff in truck driving and port heavy equipment use.

Management

Partnerships

The capacity development component of the project formed the basis for partnership between WFP and the Government of Djibouti, and both partners are committed to making the partnership grow and become more sustainable.

Once completed, the humanitarian logistics hub will provide a partnership platform for humanitarian organizations operating in the region. Through the facility, various organizations will be able to tap into each other's prepositioned stocks through a loan and borrowing system that will be facilitated by WFP, following the United Nations Humanitarian Depot model. UNHCR has already confirmed its interest to use the non-food-item warehouse for storing household kits, and WHO has shown interest in the temperature controlled storage units. Usage of the hub by the various humanitarian organizations will start in 2016.

Lessons Learned

Given the nature and size of the project, lessons learned relate to the initial planning assumptions on overall costs, the timeline for completion of key activities, internal WFP business processes, and predictable funding streams.

The overall costs for the hub and the timeline for construction activities were underestimated and resulted in a budget increase of USD 3 million - primarily for additional construction costs such as utility connections, need for basalt rock and some additional construction for the silos.

The silo component of the project incurred delays, both due to lack of funding and due to the complex technical, procurement and contractual aspects of this construction phase. With funding available, the estimate at the end of 2015 was that the silos would take another ten months to install.

The April 2015 budget revision incorporated these factors and extended the timeline for the special operation by one year, taking the overall timeframe for the project to 36 months at a cost of USD 29 million. The experience has highlighted the importance of revisiting initial planning assumptions for construction projects in the same way that other operations in WFP are reviewed on a periodic basis. There is no reason to assume that establishing facilities would not face the uncertainties as other WFP projects do, especially with respect to unpredictable donor funding and potential under-estimation of the initial input costs.