World Food Programme

A Report from the Office of Evaluation

Full Report of the Evaluation of WFP Strategic Fleet Operations in the Great Lakes Region

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This report has been prepared by the Mission Team Leader on the basis of the Team's work. Responsibility for the selection of material presented, the opinions expressed and any errors rests solely with the author. Publication of this report does not imply endorsement by WFP of the opinions expressed.

Mission Composition

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EVALUATION OF WFP STRATEGIC FLEET OPERATIONS IN THE GREAT LAKES REGION

Part I - Summary Findings, Conclusions and Recommendations

1. Preface

The present evaluation responds to demands from the WFP Executive Management: In 1996, approval by the WFP Executive Director to establish a Strategic Fleet in the Great Lakes Region (in the following: GLR) has been granted under the clear condition, that a comprehensive evaluation will be carried out after the first two years of Strategic Fleet operations.

Apart from the more general motivation of project accountability and internal audit, the overall orientation of this evaluation study is to develop inputs for WFP in-house policy formation and resource optimisation with regard to a similar strategic fleet set-up in future.

=> Strategic Fleet Size and Composition

The WFP Strategic Fleet, deployed in the Great Lakes cluster consists of altogether:

- 40 HINO trucks of 15 tons carrying capacity for medium- and long haul transports;
- 16 (4x4) 6 tons Bedford trucks for short-haul and difficult terrain operation;

All vehicles were before already used in other emergencies (Hino: Pakistan; Bedford: Bosnia).

With a view to increasing the Strategic Fleet's carrying capacity and operational flexibility, 20 two-axle trailers (15 tons capacity) were added to the HINO fleet in June 1998. They were acquired from the WFP special operations (SO) budget. The Strategic Fleet was provided from the same funds with two mobile container workshops and other essential support equipment.

Aims of the Evaluation 1)
The main aims of this ex-post evaluation are to
(1) draw lessons from two years of operation of the Kampala based Strategic relevant for current operations in the GLR, as well as for future replications of Strategic Fleet establishment;
(2) assess the achievements in terms of enhanced WFP emergency response capability and improved operations and costs efficiency, as compared to alternative logistics arrangements.

I) The detailed Terms of Reference are included in Annex I.

This evaluation is taking place at a time, when both the scale and complexity of the Rwanda regional emergency have become less dramatic. It is also taking place in a seemingly pacified, but in the end potentially volatile security situation in the GLR region. In so far, it is the right time for taking stock of events and, at the same time, the right moment to reflect about future fleet deployment needs. Moreover, sufficient time has by now elapsed to allow in particular the Fleet operations and impact on regional emergency supplies to be properly assessed.

=>Issues at Stake

The approach taken by WFP to this ex-post evaluation of Strategic Fleet set-up and operations reflects the following concerns:

- to try, through involving outside experienced consultants, to have an independent opinion concerning the question, if it was justified that WFP established its own Strategic Fleet, considering already available transport capacities and transport market development trends in the Region;

- to have an outside judgement concerning the connected issue, if the Strategic Fleet initiative helped to meet WFP's mandate namely to help build assets and promote self-reliance in the participating countries;

- to attempt, through independent outside analysis, to assess as objectively as possible the operational and technical effectiveness of the fleet management outsourcing arrangement in place, an issue about which WFP did not yet develop a settled opinion of its own.

This latter circumstance clearly surfaced during the Mission's field visit, where rather diverse opinion amongst WFP field staff was found concerning the appreciation of the management outsourcing approach.

=>Methodology and Scope of Investigations

The evaluation team, composed of Dr. Franz J. Goetz (Transport Economist, ID&Strategies, Paris) and Mr. Daniel Faux (Transport Economist & Fleet Planner), tried to sufficiently cover Strategic Fleet operations. The Mission's conclusions and recommendations are based on internal documentation collected from both WFP Headquarters and respective field offices, as well on information gained from expert interviews and personal impressions during a three week field visit to Uganda, Rwanda and Burundi from 5th-25th of April, 1999.

In view of the duality of issues to be evaluated, investigations were carried out at two different levels:

- *Critical review and assessment of the overall regional context under which the Strategic Fleet Project is taking place, as well as of circumstances in which the Strategic Fleet Project has been prepared and implemented* (see main report, Chapter 2: Review and Assessment of Strategic Fleet Set-up and Involvement, and Chapter 3: Past and Future Strategic Fleet Deployment);

- *Critical review and assessment of the effects, both direct and indirect, of outsourced Fleet management in terms of operational efficiency, costs performance, and socioeconomic impacts.* (see main report, Chapter 4: The Fleet Management Outsourcing Arrangement, and Chapter 5: Analysis and Comparative Assessment of Cost Performance of Strategic Fleet).

The Mission Team sought the opinion of Local Government officials, WFP field staff involved, implementing partners such as in particular NRC, GTZ, UNHCR, as well as of local transport operators on the issues under review.

The Evaluation Mission benefited considerably from the support of these organisations.

Standard indicators are used along with the qualitative judgement of experts interviewed in the course of investigations as performance measurements.

=>Evaluation Area Coverage

The Evaluation Team's field visit covered Strategic Fleet deployments in three GLR countries: Uganda -Burundi and Rwanda.

This represents - in volume terms (tons distributed) - over 95 % of the Fleet's past activities, so that the findings can be regarded as broadly representative.

Data collection and analysis for Tanzania and Congo operations, the other two countries to which the Fleet has been deployed during the reviewed period, was by means of desk study and expert interview.

By combining information from both, documents collected and the country visits, the evaluation team was able to identify:

- **Achievements** of the existing Strategic Fleet (see **Summary, Box No.l** below);
- **Shortcomings** with regard to Strategic Fleet deployment and performance (see **Box No.2**);
- **Issues to be addressed** with potential for improving the current Strategic Fleet deployment system (see **Box No.3**);
- **Conditions characteristics of deployment environment** that facilitate Strategic Fleet set-up and operations (see **Box No.4**);
- **Promising approaches for replication** of Strategic Fleet set-up in general (as summarized in Box No.5)

The opinion expressed in this final document is solely that of the Mission team. However, the findings presented take into consideration the comments and views expressed by WFP/OT and Evaluation Department during the debriefing period.

=>Area focused Assessment

It needs mentioning that in order to avoid misinterpretation of evaluation results, the following assessment of the merits and demerits associated with the Strategic Fleet project should not be oversimplified to derive generic answers. Regional specificity of operations and rather dynamic transport market mechanisms prevent in most cases the overgeneralisation of evaluation findings and recommendations.

The dynamics of developments show in particular from the dramatic chance of intervention needs: While the Strategic Fleet concept originally foresaw mostly long-haul operation, the actual fleet was exclusively involved in short-haul distribution, in consequence of unexpected capacity build-up in the local long-haulage business.

Owing to the satisfactory data situation at both WFP Headquarters and field office level, notably as regards information on fleet intra-cluster deployments, transport volume performance and payments, few difficulties were encountered with data collection. As a result, it has been possible, in spite of the limited time frame, to largely reproduce the Fleet's past two years activity (1997 and 1998).

2. Major Evaluation Findings, Conclusions and Recommendations

=>How it got started up.

The Strategic Fleet's day-to-day management was effected through a management outsourcing arrangement. This involved the sub-contracting of private transport companies to manage, operate and maintain segments of the fleet on behalf of WFP.

Management Contracts. An agreement for the region-wide management of the HINO fleet management was concluded between the WFP Uganda-based Regional Office and the Uganda Co-operative Transport Union Ltd. UCTU in November 1996. For the Bedford's, air-lifted from Bosnia to Entebbe/Uganda in November 1996, a second management agreement was concluded with RIO Holding International Ltd. of Uganda in December 1996.

The Management Outsourcing Decision. Apparently, at the time of fleet deployment in late 1996, WFP Uganda - mainly due to a lack of human and technical resources within the WFP field offices concerned - was not in a proper position to assume the Fleet's management responsibility.

Since a solution had to be worked out urgently, the decision to outsource management thus seems to have been a rather dictated choice. This argument holds also against the other fact, that quick recruitment apparently would have been rather difficult to achieve within the given WFP administrative structure, which requires an average of two-three months lead time for staff recruitment. How important it was to take quick decision on the issue of fleet management shows from the fact, that **60-70% of all food supplied within Rwanda** had to be transported by the newly established Strategic Fleet due to lack of appropriate other transport capacity.

The Mission concludes: It was not a pre-conceived strategic approach which led to the management outsourcing-arrangement, but the decision to do so was dictated by the local circumstances.

WFP's Role. Overall Strategic Fleet oversight responsibility remained with the WFP Regional Office in Uganda/Kampala. It includes tasking of the Fleet, monitoring of the Fleet's deployment, programming of maintenance activities and manpower training. This was done through a WFP Regional Fleet Manager and Technician, both based in Kampala.

Intra-cluster Fleet Deployment: During the reviewed period, the Strategic Fleet served the whole Great Lakes Cluster, including Uganda, Rwanda, Burundi, Eastern Congo and Tanzania (see map in annex). This is a strong indication for the validity of the Strategic Fleet concept.

=>GLR Strategic Fleet: Project Idea Justification and Implementation

After having made an effort to reconstruct local developments of that time, the following can be said:

WFP had all the reason to question existing transport arrangements in place prior to the deployment of the Strategic Fleet and to search for alternative transport solutions.

One major reason was the out-phasing of foreign fleets engaged in WFP distribution operations (Nabresco, WTOU).

The Strategic Fleet's Market Place. Although with the return of the Rwandan refugees towards the end of 1996 the volume of (long-haul) transport requirements had started gradually to decline, the Strategic Fleet proved essential with regard to WFP's short-haul distribution ex main warehouses within the various countries of the Great Lakes Region.

To refer to the probably most evident example of Rwanda: The dramatic lack of short-haul capacity there is still apparent today: Even the most recent (late 1998, early 1999) requests for offers for transport of relief food between WFP warehouses and to insecure distribution sites remained without response from short-listed commercial truckers.

WFP's long-haul delivery needs especially on cross-border operations were met through the dedicated fleet arrangement and spot hire from the commercial market, which is characterized by an increasing availability of long-haul capacity.

With hindsight, the Mission appreciates the decision of WFP/OT to decide on a smaller long-haul fleet size than initially proposed in the respective (1995) Feasibility Study. To a certain extent, the WFP/OT decision was influenced by the ongoing negotiations concerning dedicated fleet arrangements with local transporters. Apart from that, however, the decision to scale down the proposed Strategic Fleet size obviously took proper account of the capacity build-up on the trucking (long-haulage) market in the countries of the Great Lakes Region and, therefore, served the avoidance of costs of capacity under-utilization.

Local Capacity Development: As it turned out, the Strategic Fleet deployment helped WFP to cope with both of its mandates, namely to quickly respond to emergencies and, at the same time, help building assets and promote self-reliance in the receiving countries.

It showed in particular with regard to the UCTU Management Company sub-contracted for the management of the Hino Fleet Component, that the outsourcing arrangement helped to mould a more skilled entrepreneurship, clerks and drivers. WFP field staff acknowledges an improvement of UCTU's management capability over time.

As with regard to the HINO fleet management, therefore, flexibility of fleet deployment and volume performance were altogether satisfactory. Instead, the recurrent problems of lack of fuel during the Bedford/Uganda operations are indicative of lacking commitment and/ or planning capability from the side of the RIO Management Company.

Lessons learned: Experienced heavy fluctuations of regional transport demand and supply advocate an equally versatile Strategic Fleet Structure, which first of all is fit to the delivery needs of difficult short-haul distribution in insecured areas, and flexible enough to also accommodate long-haul transport needs.

In summary, the existing truck-trailer configuration deployed in the Great Lakes Region is found appropriate to serve the area emergency needs.

=>The Role of the Strategic Fleet in Great Lakes Distribution

The Strategic Fleet's Volume Performance. In 1997, the Strategic Fleet had transported a total of 90,000 tons. In 1998, the total volume carried by the Strategic Fleet dropped almost by half (48%) to 47,000 tons.

In performance terms this represented estimated 6.9 million ton-km in 1997 versus 4.1 million ton-km in 1998. It shows that measured in ton-km the reduction is less pronounced (41 %).

The decline in volume performance was mainly due to the redeployment of 10 Hino fleet units to Liberia.

By having been deployed to all GLR countries, especially in insecured areas difficult to cover with commercial transport, both Strategic Fleet components (Hino & Bedford) fulfilled their strategic task namely to bridge gaps of transport supply in emergencies. In so far, the outsourcing arrangement proved successful.

In fact, it has been the unanimous opinion of the WFP field staff and representatives of other WFP implementing partners such as NRC met by the Mission, that successful secondary distribution without Strategic Fleet support would have been rather difficult and expensive (Uganda), if not impossible (Rwanda).

Share of Strategic Fleet in total WFP Distribution. The share of the Strategic Fleet in total WFP deliveries within the Great Lakes Region for the two fast years again underlines the paramount importance of the Strategic Fleet for the secondary distribution.

In Rwanda, the Strategic Fleet was the backbone of the WFP emergency operation, carrying 66.5% of the deliveries ex main warehouse during 1997 and 31.3 % in 1988.

In **1997 and 1998, the share of the Fleet (Hino & Bedford) in total in-country distribution** effectuated by WFP amounted to **38.5% and 24.2%** respectively.

The present Strategic Fleet's truck-trailer combination in range of 15 -30 tons load capacity is ideal from an operational point of view. With the trailer facility in place, it can be employed in both, short and long-distance transports. It also fits the future regional policy of axle load limitations.

Up to now, due to the insecurity in the regions served by the Strategic Fleet and the operational conditions set by required convoy operations (fast speed) the Rwanda field office was in no position to severely engage the trailers for deliveries. So also in Burundi where conditions did not permit extensive use of trailers

=>Initial Fleet Deployment.

Although well conceived at project level by WFP, the Strategic Fleet project lacked coherence in implementation throughout the WFP system.

It clearly emerges from the historical sequence of events, that there was notable lapse of time between the acquisition of Strategic Fleet operating assets and the fielding of required WFP technical supervision and support staff.

As a consequence, there are no significant fleet maintenance records for the first year of operation.

_> Characteristics of the Area Transport Sector.

Because of the economic liberalisation policy and privatisation programmes of the Governments in the Great Lakes Region (Uganda, Rwanda), the trucking industry of the private sector is increasingly developing. Private initiatives developed mainly around the long-haul transport business and light vehicle transport.

As far as long-haul transports are concerned, sufficient capacity has developed in the private sector that future requirements of the GLR Region can be met through commercial fleet hire. This, of course, does not exclude occasional capacity constraints arising from extraordinary emergency situation.

Problems of intra-cluster fleet deployment might arise from national licencing vehicle plating regulations. In order to facilitate cross-border deployment of the Strategic Fleet in the future, the Mission recommends that WFP prepares a Memorandum of Understanding to be discussed with the Governments concerned, which clearly stipulates that the Strategic Fleet belongs to no specific country but is a regional fleet which can be deployed anywhere.

=> Achievements at a Glance

The main achievements associated with the WFP Strategic Fleet, to the outside as well as to the WFP inside are collated in Box No 1:

Box 1: ***Achievements associated with WFP Strategic Fleet Set-Up***

to the outside:

- Rather quick start-up of operations through outsourcing of fleet management, even the companies contracted may not have been the best in the market;
- Provision of highly useful supplementary transport capacity for secondary (short-haul) emergency relief operations in insecured areas;
- Food distribution targets set by WFP were met in a more or less timely manner;
- Fleet management set-up was appropriate to cope with flexibility requirements of wide-spread intra-cluster fleet deployments;
- Outsourcing led to national capacity building and management formation through continued dialogue and collaboration with contracted Fleet Management Companies;
- Reflection and sharing of experience between WFP and contracted Fleet Management Companies;
- Creation of feeling of commitment and establishment of increasingly effective strategic partnership with UCTU Management Company;

to the inside:

- Outsourcing approach helped to minimize FP staff engagements with regard to running and managing the Fleet at field level; minimal support staff was required at HQ;
- Gain of experience in mobilizing and managing intra-cluster fleet deployment mechanisms at WFP Regional Office level;
- Mobilization from the side of WFP of required financial resource required for initial as well as for intra-cluster Fleet deployment and day-to-day operations.

=>Operational Performance: Management Issues

Reviewing practical aspects of fleet operations in particular

- fleet availability,
- serviceability,
- overall fleet capacity utilisation,

the following key indicators have been worked out by the Mission:

Operational Management Efficiency - Key Indicators
(average values)

HINO FLEET DEPLOYMENTS under UCTU management			**Bedfords RIO Managed**
Rwanda	**Burundi**	**Uganda**	**Uganda**
Availability 85.1%	**Availability 88.5%**	**Availability 100%**	**Availability 100%**
Serviceability 87.9%	**Serviceability 94.45%**	**Serviceability 82.73%**	**Serviceability 92.5%**
Fleet Utilisation Rate 64%*	**Fleet Utilisation Rate 67%***	**Fleet Utilisation Rate 71%**	**Fleet Utilisation Rate 57%**

* for 7 months
* * average out of 8 normal months, excluding airlift support operations

In summary, viewing the rather low Fleet utilisation rates, the following can be concluded:

Lessons learned from Fleet Operations:
- the professionality as well as the commitment of the present Management Companies are questionable;
- the present management approach is reactive instead of forward looking and proactive.

The Mission's field visit of the Bedford Fleet operated currently (since June 1998) in Gulu, Northern Uganda, for the supply of IDP's and micro-projects confirmed the managerial weaknesses deducted above from the Strategic Fleet's overall performance. The day the Mission visited Gulu site, the Bedford fleet was idle for lack of fuel. Other problems observed were:

- delayed payment to drivers by the Management Company RIO;
- apparent lack of cash money of the Management Company, which explains the first mentioned problem;
- repeated lack of fuel with the consequence of extensive vehicle down-times and low serviceability.

Lack of WFP Commitment. *RIO* Management Company and also other commercial private operators met by the Mission commonly complained about delayed payments from WFP. It

cannot be excluded therefore, that this phenomena has contributed to the occasional liquidity problems of the Management Company and therefore may be an indirect reason for delayed driver payments.

For the case of continued Strategic Fleet employment it is recommended to float a new tender to replace the RIO Management Company. In future, definite criteria for company selection should be "financial standing" and "technical capacity". Finally, since delayed payments of operators by WFP seem to be a general problem of out-contracting, the Mission recommends that WFP addresses the invoice processing and payment issue.

=>Technical/Administrative Effectiveness of Fleet Management

Delayed regular Maintenance Measures. In-built in the Management Contract for the Fleet Operator are clearly assigned technical and administrative responsibilities. The efficiency, however, of the management of vehicle servicing and maintenance as a whole leaves much to be desired. A number of factors contribute to this situation: lack of skilled manpower, dependency on private workshops, reduced availability of maintenance equipment and spares; cash problems of the Management Company.

Both Management Companies, motivated by legitimate cost-cutting interest, provided (1) inadequate technical support services and resources at field level and, (2) neglected regular servicing, at the expense of the Fleet's operational efficiency.

The evaluation team also noted administrative problems: Although by contract the Management Companies are supposed to submit regular reports to the WFP Regional Office, reporting generally is behind schedule, irregular and uneven.

=>The Management Contract

Remuneration Formula. The Mission acknowledges that great progress has been made since the start-up of the Fleet operations with regard to the development of a realistic remuneration formula acceptable to both sides, WFP and the Fleet Management Company. While initial remuneration was mostly fixed and based on market prices, today's formula is costs-oriented and to an important extent performance based. It differentiates between *fixed costs; variable costs and retainer fees.*

Of course, in view of the risks associated with operations and the difficulties to operate according to plan, the maintaining of an appropriate fixed costs remuneration element will always remain an important "incentive" for attracting private operators to enter into partnership with WFP.

As a general approach, the selected Management companies are requested to submit proposals for justifying their fixed and variable costs remuneration.

The described development of the remuneration formula has following effects:

- It obliges the operator to keep the fleet in operation condition in order to be payed the fixed costs element;
- it, therefore, guarantees the operator fixed costs recovery independently from actual fleet operation which is largely determined by external factors (food availability; area security);
- at the same time, it contains an incentive to better performance. Since the variable cost element still includes a variety of direct fixed costs of operation (such as visa, lump sum

for spares and repairs), higher ton-km performance evidently is to the benefit of both ATP and the operator: WFP pays less per ton-km, while the operator receives higher net-earnings or each unit performed.

As it stands, the revised contracts, though adequate to serve the intended purpose, however, require further improvements of detailing the extent of maintenance related responsibilities, the role of the Management Company in stock holding issues and penalties for nonperformance.

=>Shortcomings at a Glance

The more troublesome aspects associated with Strategic Fleet operations are highlighted in the following:

Box 2: Shortcomings associated with WFP Strategic Fleet Performance

with respect to outside actors:

- locally sub-contracted companies for fleet management lacked an established practiced system of fleet management;
- Lack of up-to-date operational fleet evaluation and feed back to WFP Regional Office, with associated problems for WFP Regional Office of Fleet targeting;
- Reporting of Management Companies was irregular and uneven, particularly at the beginning of operation; lack of performance-oriented management analysis, based on standard indicators;
- Insufficient familiarization of drivers with vehicles and operations procedures;
- General trend of understaffing of Management Companies; particular problem of shortage of qualified staff in the maintenance service field
- Inadequate maintenance and consequently poor condition of essential vehicle components such as brakes and tyres;
- Diverted utilization of managerial manpower for other business (RIO Company);
- Irregular fuel supplies leading to immobilization of fleet components;
- Lack of awareness about logistical requirements from the side of Implementing Partners (NGOs) with negative impact on fleet capacity utilization;

with respect to WFP

- Management contracts are of short duration, representing a disincentive for the timely carrying out of fleet maintenance words which impact on the vehicles' life-time.
- Long payment order processing procedures, which may contribute to cash flow problems of the Management Company;
- Difficulty of controlling transparency in operation with presently insufficient WFP support staff capacity;
- Lack of initial technical control due to late fielding of required WFP support staff;
- Problematically long lead time for parts procurements

=>Comparative Costing of Strategic Fleet Operations

Case 1. Costs of Operation for Outsourced Fleet Management.

Based on a full costing approach the calculations consider altogether four different cost elements:

(1) the actual costs incurred by WFP in form of payments to the Management Company;
(2) the further costs of both initial and infra-cluster fleet deployment;
(3) the payments made from the SO-Special Operations Fund;
(4) the extra costs of required commercial truck hire due to Strategic Fleet capacity underutilization, valued at the difference of costs per ton-km between the commercial rate and UCTU costs.

The Result. The operating costs per ton-km for the case of outsourced fleet management on a two years (1997/1998) average -were as follows (before depreciation):

- **USD 0.28 per ton-km for the Hino fleet of trucks managed by UCTU,**
- **USD 0.65 per ton-km for the Bedford fleet managed by RIO.**

The main cause for the high average operations cost of the Bedford is related to the use of the trucks under extremely difficult conditions in Tanzania, where they were used on bad roads and - though designed for short distance movements -- for longer transport distances. (see also First Annual Fleet Report, September 1998).

Limited Comparability of Results. The TOR of the Mission ask for a study of the cost effectiveness of the "Strategic Fleet" as compared to lease or hire arrangements. In this context the following needs to be clarified:

Since the HINO and Bedford fleet operations were purely limited to short-haul distribution, the resulting costs per ton-km can only be compared with similar type of operation.

Therefore, they certainly cannot be compared to operations costs incurred by WFP for the WFP dedicated fleets (of about USD 0.1 1 per ton-km as agreed by contract), which consist of heavy duty trucks operated on the long haul portion of the movements.

Case 2. The Costs of Commercial Fleet Hire.

Referring to WFP payments to commercial truckers for short haul operations in the Great Lakes Region, it reveals the following average costs to WFP of: Rwanda: USD 0.30 per ton-km Uganda: USD 0.45. per ton-km Burundi: USD 0.30 per ton-km It has to be kept in mind, however, that commercial short-haul trucks generally refuse because of security to move in the difficult terrain and under the conditions the Strategic Fleet is operated. Therefore, their costs cannot be directly compared with the actual costs incurred by the Strategic Fleet. If the commercial transporters were to be engaged in same operations, the rates can be assumed to be much higher.
To give an example: Commercial operators contracted for the Western Uganda operation charged WFP up to **USD 0.65 per ton-km.**

Case 3: Costs of Operation under WFP Fleet Management.

It was tried to establish a realistic costs estimate for a Hino fleet operated directly by WFP, simulating one year of effective (June 97-May 98) Great Lakes fleet operation. (Assumptions: Improved availability (100%) and serviceability rate (90%); however, same deployment and operations pattern as recorded for Hino Fleet)

- It can be considered a rather conservative fleet performance estimate, since it reflects the turnaround limitations imposed by insecurity, loading procedures and in particular required convoy operation.

- Staffing implications: The resulting overall staff/vehicle ratio assumed for the case of WFP own fleet management is 1-99, while the driver/vehicle ratio amounts to 1.1. This is somehow comparable to other professional fleet management such as for example the former leased-fleet operator Nabresco (staff/ vehicle ratio: 1.7; driver /vehicle ratio: 1. l)

For comparison: Under the present outsourced Strategic Fleet management, the (UCTU & RIO) overall staff/vehicle ratio of 1.3 and the driver/vehicle ration of 1.05 are comparably low.

Result. It shows, that the operating costs of an own WFP Strategic Fleet management represents a more cost-effective alternative.

On the basis of 39 HINO trucks covering 6. 89 million ton-km during one year, an own WFP fleet management achieves the lowest unit costs of USD 0.24 per ton-km.

In nominal terms, compared to the unit costs of operation calculated earlier for the case of outsourced fleet management, the respective cost savings per ton-km short haul movement amount to USD 0.04, equal to some USD 175, 000 per annum.

However, considering the many assumptions contained in the cost estimate and hence the problem of data insecurity, it can be concluded that the respective costs of operation of outsourcing as compared to own WFP management are more or less the same.

Though the various costs calculations produced by the Mission are believed to be conceptually sound and realistic as regards quantity and prices estimates and forecasts, nonetheless they incorporate different approaches (UCTU costing: ex-post evaluation, based on actual ton-km performance and payments; WFP costing: ex-ante evaluation, based on best-possible estimates). This calls for caution in drawing comparisons.

=>The Depreciation Question

There was no need to consider the depreciation costs element for the purpose of the above comparison of costs of outsourced management versus costs of WFP own Strategic Fleet management, since both cases would have to bear the same depreciation charge. Since however the Mission has been asked to treat the question of "how to deal with the depreciation problem" in a more general way, the following is suggested:

From the perspective of the Donor Community, the consideration of depreciation charges could constitute an interesting financing option and should be therefore looked at from this point of view.

Depreciation viewed as a Source of Refinancing. Alternatively to single-sum payment of fleet re-investments, fleet renewal could be financed from depreciation charges accumulated over the use period. In practical terms this would mean the following:

Instead of considering depreciation only a "calculatory cost item" as in the context of comparative costs analysis, depreciation charges could be factored into the rates and, hence, into the ITSH. The depreciation charge could then be accumulated in an "appropriated depreciation fund" and fleet replacements be financed from accumulated payments.

Such a procedure would have two advantages:

- Reinvestments could be more easily effectuated on short notice in line with individual vehicle replacement needs;
- Reinvestment funding would not be a single-sum payment burden to the Donors and
- it would avoid repetitive appeals, which in any case does not represent a realistic option.

In the particular case of a Strategic Fleet set-up, which in the opinion of the Evaluation Team is meant for emergency preparedness and response in a regional context in the longer term, fleet renewal becomes an issue. Therefore, the creation of a depreciation fund through regular depreciation charges factored into the rates is advised. Of course, WFP has its established financial resourcing and it needs therefore to be assessed in-house, if such approach is compatible with usual practice.

=>Future Strategic Fleet Requirements.

With insecurity in rural areas of Burundi, Rwanda and Northern Uganda (Guru and Kitgum) seemingly continuing, there is no justification for reducing or even demobilizing the Strategic Fleet in place. This avoids the discussion concerning a possible hand-over to the Government. On the contrary, it is suggested that the Fleet be operated by WFP as long as this organisation is involved in internally displaced programmes in security *affected* areas of the GLR Region.

Provided necessary fleet overhaul and reconditioning is carried out in a timely manner, the available Strategic Fleet's vehicle parc has an estimated economical lifetime of at least another two to three years on average, until the year 2001. This assumption is based on an assessment of the present technical status of the Fleet and an estimated maximum road performance of 180,000 km/vehicle.

A first costs estimate concerning required spare parts for major overhaul of the Hino Fleet (which is due basically for all the vehicles in 1999, when they will reach 100,000 km) carried out by the WFP Regional Office Kampala amounts to USD 100,000. As regards the Bedford Fleet Component, essential spare parts and tyres purchased with DFID funding have been already supplied in late 1998 and early 1999.

The Mission recommends that funding request and purchase process be initiated for required parts for major Hino Fleet overhaul and reconditioning.

Vehicle Base Estimate. Based on the WFP Kampala food distribution figures as set in the regional PRRO for the forthcoming years 1999 to 2001, the Strategic Fleet requirements for secondary distribution operations - measured in 15 ton Hino units - are 35 units in 1999 and 33 units in 2000.

This estimate takes into account that the present UNHCR/GTZ fleet components currently leased for the Rwanda distribution may need to be replaced by WFP own strategy capacity. Moreover, in order to cater in addition to the satisfaction of foreseeable (because programmed) demand also for other emergency preparedness, the pre-positioning of one more fleet module of 10 (15 ton) units is recommended.

Total Fleet Expansion Requirements: In summary, this would add up to following total requirements of 15 ton units 45 units in 1999 and 43 units in 1999

The Mission recommends that WFP takes decision to acquire additional 15 Hino type of units with a capacity each of 15 tons, in accordance with estimated future delivery requirements as well as general emergency preparedness needs.

The Mission is in favor of keeping the Fleet base in Kampala for several reasons:

1. relative security;
2. facilitated area deployment;
3. relatively advanced administrative, communications and banking structures;
4. well established working relations with implementation partners, such as Government agencies and UCTU Fleet Management Company.

If WFP takes a decision to strengthen the Strategic Fleet as recommended, then action should be taken to improve accordingly the base in terms of both structures and equipment. This recommendation becomes essential in the light of the limited technical capability of the Fleet Management Companies and generally poor workshop situation on the regional transport market.

=>Immediate Action required

For counteracting current deficiencies, following improvement programme is proposed for immediate action:

Box 3: Issues to be addressed with Potentials for Improving Current Strategic Fleet Set-up and Operations

- Symptoms: High accident rates; low fleet serviceability and utilization rates; inadequate maintenance; shortage of qualified maintenance manpower; lack of performance-oriented information exchange; limited or inappropriate private operator response to WFP invitations to tender; comfortable fixed costs margin in remuneration formula;

Cure with respect to outside actors.

- Development of a system of up-to-date performance indicators for (1) monitoring operational and technical efficiency levels of the Fleet Management Companies and assessing the progress of managerial capability development, in order to (i) improve and (ii) stabilize the fleet capacity utilization Mate;
- Strengthening of the management information and reporting system at field (Management Company) level for assuring timely feed back of information on performance indicators to WFP Regional Office;
- Improvement of maintenance skills and technical capacity of Management Companies through organised training and use of mobile workshops;

Cure with respect to WFP:

- Strengthening of the linkages aid information flow between WFP Regional Office (Regional Fleet Manager) and Fleet Management Companies;
- Quicken payment order processing in order to reduce advance payment burden of private operators under contract and avoid negative repercussions on operations (such as delayed driver payment etc,);
- Organisation of briefing meetings prior to competitive tender; it was learned from discussions in Kigali, that the success of invitation to tender is largely dependent on the briefing work carried out by WFP logistics field staff;

Cure with respect to Management Contract.,

- Review of the possibility of sniffing from lump-sum,payments for maintenance works to direct refunding of expenses for works carried out against invoice; negotiation of realistic profit margin in order to avoid cost cutting efforts;
- Improvement of penalty system;
- Establishment of minimum staffing ratio.

=>Fleet Management Outsourcing - Beneficial or counterproductive?

Opinion Profile: The evaluation team's opinion on the merits and demerits of the outsourcing arrangement is contrasted with the opinion of the WFP Regional office logistics staff in the Graph in annex.

Apart from the collection and analysis of data, the opinion profile method attempts to evaluate the reputation of the outsourcing model from the viewpoint of WFP logistics field staff.
While the field staff is most critical about the operational and technical and administrative capacity of the Management Companies (a circumstance which can be explained by the closeness of the field staff to day-to-day problems), the Mission points more to weaknesses of the WFP support structures. Though established independently from one another, both opinion profiles basically however show the same result:

- outsourcing was successful (within the limits immanent to the system) and merits replication;
- lack of professionalism from the side of the Management Companies is believed to reduce emergency intervention speed and efficiency levels;
- no evident cost-advantages from outsourcing; consequently, there is no real reduction of ITSH for donors; however, there has been a definite industrial development impact of the outsourcing arrangement concerning the professionalisation of the implementation partners, which clearly satisfies the UN Mandate of helping receiving countries to build up assets and promote self-reliance.
- In the case of the Management Company UCTU, it certainly helped to mould a more skilled entrepreneurship, support staff and drivers.

=>Outsourcing yes, but...

The Mission therefore finally concludes: Management outsourcing merits replication under the condition of a mixed management approach, with WFP providing contracted local companies with close technical and managerial guidance and monitoring

Programmed assistance is particularly required at the beginning of co-operation for understanding and setting up operations procedures and reporting structures for the emergency intervention. Assistance from WFP is absolutely indispensable in situations like the one under evaluation, where problems of initial fleet deployment overlapped with new emergency programme development.

=>Mixed Management Approach

The Mission recommends that

- Fleet Assistant (Operations) Manager be employed by WFP in support of the Regional Logistics Manager, who will move with major fleet deployments in order to secure feed back;

- following the recommended modular approach to fleet deployment (by units of 10 trucks), each module be staffed by WFP with a Chief/Mechanic Driver and Assistant Mechanic/Driver;
- the recommended additional modular fleet group for emergencies be staffed by WFP team for rapid intervention purposes.

It is assumed that there are only minimal, if any, extra support staff requirements a HQ level.

=>Conditions for successful Fleet Deployment

The Evaluation Team found it difficult, based on a singular case study on the subject, to identify general conditions and procedures for successful functioning of the Strategic Fleet Concept. However, some criteria are collated in Box No.4:

Box 4: Conditions Characteristics of Deployment Environment that facilitate Strategic Fleet Set-up, Management and Operations

with respect to choice of fleet base:
- Host Country Government is committed to regional operation, acknowledging the area deployment character of Strategic Fleet operations;
- Host Country Government and UN/WFP maintain good relations;
- Host Country is institutionally strong, providing functioning communications, customs and banking system;

with respect to the possibility of management outsourcing:
- Professional human and financial resources are available at local transport operators level;
- The managerial capability is enhanced by training and procedural guidance during initial fleet deployment;
- Transport operators are familiar with tendering procedures and requirements.

=>Fleet Replication

The evaluation revealed some conditions and initiatives conducive to the functioning of a Strategic Fleet set-up that merit further attention:

Box 5: Promising Approaches for Replication of Strategic Fleet Set-up

to the outside:
- Outsourcing of Fleet Management Functions: Valuable participatory approach to development. It satisfies the WFP mandate, since it is the core of the WFP mission to assist indigenous capacity formation.
- Establishment of modem computerised management information system for sharing knowledge that supports fleet operations.
- Organisation of workshops sponsored by WFP Regional Office that brings together representatives of major players such as WFP contracted companies, and implementation partners involved in emergency food distribution in the field such as NGOs etc.
- Targeting of WFP Strategic Fleet management support staff in case of out-contracting on areas in which (a) Management Companies lack professional competence and (b) experience coordination problems.
- Promotion of capacity build-up with contracted Management Companies through, concrete operational initiatives rather than through words, resp. Management Contract conditions.

- Introduction of method for "objective testing" of qualifications for professional competence and repute (sufficient standard of literacy; adequate financial standing; appropriate technical capability; compliance
- with legal requirements) of interested operators, for creating an opportunity to eliminate companies from invitations to tender that do not have the required professional and technical capabilities necessary to melt operational flexibility requirements and large-scale operations needs.

to the inside

- Provision of professional counterparts as a way of know-how transfer and building indigenous capacity.

EVALUATION OF WFP STRATEGIC FLEET OPERATIONS IN THE GREAT LAKES REGION

Part II - Main Report

- A CASE STUDY -

Chapter 1: Mission Background

The WFP Strategic Fleet

1.1. *Initial Fleet Size and Composition.* The Strategic Fleet owned and deployed by WFP since late November 1996 in the Great Lakes cluster consists of altogether:

- HINO trucks of 15 tons carrying capacity donated by the Japanese Government and initially meant for medium- and long haul transports;
- (4x4) 6 ton Bedford trucks for short-haul and difficult terrain operation, donated by the UK/DFID.

Both fleet components comprised of used vehicles: While the HINO trucks (manufactured in 1990) were previously based in Pakistan/Islamabad and used in the Afghanistan operation, the Bedford trucks (manufactured in 1992) were initially deployed in Bosnia.

1.2. *Fleet Extension.* With a view to increase the Strategic Fleet's carrying capacity and operational flexibility, 20 two-axle BHACHU trailers (15 tons capacity) were added to the HINO fleet in June 1998. They were acquired from the WFP special operations (SO) budget. In addition, the Strategic Fleet was provided from the same funds with two mobile container workshops and other essential support equipment as listed in detail in Annex, *Table 2.1*.

As can be seen from there, altogether an amount of USD 0.6 million has been used as of April 1999 from the SO special fund in support of Strategic Fleet operations, equal to 40% of total allocations (some 1.6 million USD).

1.3. *Fleet Management Organisation.* After the WTOE-World Food Transport Operations in Ethiopia (from November 1985- March 1994) and WTOU-World Food Transport Operations in Uganda (September 1993- October 1997), the Strategic Fleet under evaluation is the second "in-house" relief transport project operated by WFP, however, with one major difference: While the WTOE/WTOU fleet was directly run by WFP, the Strategic Fleet's day-to-day management was and still is effected through a management outsourcing arrangement.

This involved the sub-contracting of private transport companies to manage, operate and maintain segments of the fleet on behalf of WFP.

1.4. An agreement for the region-wide management of the HINO *fleet component* was concluded between the WFP Uganda-based Regional Office and the Uganda Co-operative Transport Union Ltd. UCTU in November 1996, more or less immediately after receipt of the Japanese trucks by WFP Uganda, timely enough to engage the same fleet in deliveries to Rwandan returnees to Rwanda. In fact, some 60-70% of all food supplied within Rwanda those days were handled by the newly established Strategic Fleet.
The management contract has been amended in May 1997 in accordance with the special requirements of the Burundi operation.

1.5. Also the Bedford's, air-lifted from Bosnia to Entebbe/Uganda in November 1996, were quickly registered and plated and immediately deployed for the Rwandan distribution operation, starting mid December. A second management agreement for the management of the *Bedford fleet component* was concluded with RIO Holding International Ltd. of Uganda in December 1996.

The Management Outsourcing Decision

1.6. Apparently, at the time of fleet deployment in late 1996, WFP Uganda - mainly due to a lack of human resources within the WFP field offices concerned - was not in a proper position to assume the Fleet's management responsibility. Since a solution had to be worked out urgently, the decision to outsource management was a rather pragmatic choice. Quick recruitment apparently would have been rather difficult to achieve within the given WFP administrative structure, which requires an average of two-three months lead time for staff recruitment.

1.7. WFP's *role:* As part of the outsourcing arrangement, overall Strategic Fleet management responsibility remained with the WFP Regional Office in Uganda/Kampala. It included tasking of the Fleet, monitoring of the Fleet's deployment, programming of maintenance activities and manpower training.

1.8. Intra-cluster Fleet Deployment: By definition, the Strategic Fleet is to serve the whole Great Lakes Cluster, including Uganda, Rwanda, Burundi, Eastern Congo and Tanzania.

During its first two years of Strategic Fleet operation, the HINO fleet component in fact was deployed in all the countries of the cluster. By now, as of April 1999, 19 units are operated in Rwanda and 8 in Burundi, One unit is on stand-by in Kampala/Uganda. Two units are heavily accidented and therefore out of operation. In early 1998, the remaining part of the Strategic Fleet (10 units) has been deployed to West Africa (Liberia).

The Bedford fleet is currently entirely operated in North Uganda. It is located in Gulu and Kitgum , where it serves the internal displaced programme. One unit is accidented, awaiting spares for major repairs. Before, the Bedford's were engaged in operations in Tanzania and Rwanda.

1.9. The Strategic Fleet's intra-cluster distribution activity is shown in Table 2.3 below for the year 1997, and in Table 2.4 for the subsequent year 1998.

The Mission Mandate

1.10. In 1996, approval by the Executive Management of WFP to establish a Strategic Fleet has been granted under the condition, that a comprehensive evaluation of the operation be carried out at the end of its second year of service.

In this sense, it is the declared mandate of the present evaluation mission to review and critically assess the achievements of the Uganda/Kampala based Strategic WFP Fleet against the originally stated objectives, such as in particular:

- *enhanced WFP emergency response capability* in the Great Lakes Region for humanitarian interventions
- *improved operations and cost efficiency* as compared to (i) dedicated fleet (lease) arrangements and/or (ii) commercial vehicle hire

1.11. According to the given Terms of Reference (TOR, March 1999), the investigations of the Mission have as main objectives to:

(1) review the Strategic Fleet operations and identify areas of possible improvement;
(2) evaluate the operational and technical effectiveness of the management outsourcing arrangement;
(3) identify advantages and disadvantages of the management service contract vis-a-vis the conventional system of instituting an own operating entity;
(4) assess the financial and resource implications of the two approaches and recommend the option with a clear cost effective solution;
(5) recommend and detail a guideline and structure for the selected management approach;
(6) if it is the recommended approach, review the current format of the management service contract and advise on areas of improvement;
(7) identify and recommend the manpower, equipment and other support requirements for the smooth running of the fleet based upon the selected management approach;
(8) review the relative merits/demerits of a depreciation policy for the fleet in the context of WFP resourcing policies and guidelines and recommend best approach;
(9) advise on operational deployment modalities based upon the nature of WFP's emergency operations;
(10) if the management service contract is the recommended approach, review the current remuneration formula and advise on alternative methods, if found necessary, and propose a clear system for calculating the rate;
(11) assess the road transport market in the region where the fleet operates, with a view of identifying existing and suitable capacity, adapted to WFP needs and the related costs.

Report Structure

1.12. The report is divided into a main report and a section containing the Annexes. The Annexes support the findings and arguments in the main report.

Chapter 2: Review and Assessment of Strategic Fleet Set-up and Involvement.

2.1. History of WFP Involvement in the Great Lakes Region

The Rwanda Civil War

2.1. The beginning of WFP's major activity in the Great Lakes Region dates back to the year 1994, when the Programme was required to establish emergency operations following the outbreak of ethnic violence in Rwanda that had erupted in April of the same year. The civil war in Rwanda which unfolded after the April 6 plane crash in Rwanda and the death of the Presidents of Burundi and Rwanda, had provoked an extremely fluid and fast wave of refugees.
At that time - pressured by the urgency of events -- WFP resolved the immediate supply problems by means of leasing and hiring trucking capacity from various outside sources, mostly from outside of the Region. In doing so, *though at initially rather high costs,* WFP could respond without great delay to the food supply needs of the refugee population.

It might be useful to recall the fact (see Goetz, Joint Evaluation of Emergency Assistance to Rwanda, August 1995), that WFPs success in rapidly mobilising ground logistics had freed important air-lift capacity for urgently required non-food deliveries to Rwandan refugees.

Capacity-subcontracting

2.2. In addition to the already operational WTOE fleet of some 30 heavy duty trucks of 30 tons capacity (leased from RRC Ethiopia and deployed in Uganda back in 1993) and the hire of rather limited commercial transport capacity locally available, a "turn-key fleet" of 51 trucks was leased from Nabresco, Jordan in order to meet the peak demand of the 1994 Rwandan emergency. It included a total of 86 multi-national staff. Further 50 trucks were brought in from GDC, Zimbabwe in October 1994, also under lease contact.

2.3. After all what is known from that period prior to the Strategic Fleet deployment, the mobilisation of transport capacity by WFP from outside of the Great Lakes Region was both, necessary and useful:

- Firstly, it was at that time the only feasible means to provide sufficient and adequate longhaul trucking capacity. This is clearly evidenced by official vehicle registration figures received from the Ugandan Ministry of Works, Transport and Communications, which report for 1991 (Year of official National Vehicle Census) over 5000 smaller units generally used for the marketing of agriculture produce, while heavy tucks only counted 400 countrywide. Most of them were reportedly engaged in commercial foreign trade.

- Secondly, rates for commercial transport sky-rocketed in consequence of the sudden 1994 increase in long-distance transport demand within the region and, of course, the security problems. The "import" of outside fleets helped to contain the transport price escalation.

- Case in point: Initially, WFP was paying as high as 120-140 USD per ton for Goma commercial deliveries from Kampala, while the dedicated fleet rate established with Nabresco (the fleet of which arrived in August 1994 and way primarily engaged in crossborder haulage from Kampala to Eastern Congo and Rwanda) ,for example, could be fixed at some around 100 USD, bringing also down the rate for commercial trucks. (see Table 2.2, Annex).The WTOU fleet even operated at a cost of only 70 USD.

- Finally, and possibly most importantly, it proved an effective approach for venturing and opening up supply routes commercial transporters would otherwise not be willing to use. Striking examples reported to the Mission are the two following cases:

(a) After the 1994 closure of the traditional supply route to Goma via Rwanda, WTOE/WTOU vehicles pioneered the alternative Ishasha route from Uganda to Goma. The same route accomodated later - after certain structural improvements initiated by WFP - around 10000 tons of emergency deliveries per month.
(b) A second example is the exploration and use of the Uganda-Tanzania-Burundi route.

The Great Lakes Strategic Fleet Project Idea

2.4. The fact that the scale of Rwanda operation continued into the year 1995, gave rise to the project idea to establish a Strategic Fleet for the Great Lakes Region.

With the emergency situation showing no signs of an early end, WFP/OT commissioned a feasibility study in August/September1995, with the aim to review existing regional transport arrangements and investigate into alternative, namely more cost-effective solutions.

The Study should provide the Programme with an independent opinion on the feasibility of acquiring a WFP owned strategic emergency fleet.

Project Idea Justification

2.5. After having made an effort to reconstruct local developments of that time, the following can be concluded: WFP was right to question existing logistic arrangements in place and search for alternative solutions.

The major reasons for questioning existing logistics arrangements were the following:

- Compared to own, WTOE/WTOU fleet operations costs (at least under conventional cost considerations) proved 7-16 cents per ton-km transported lower than comparable rates charged by leased (Nabresco) or hired operators.

- Pushed by the gradual build-up of an indigenous long-haul transport capacity in Uganda (according to official information the number of trucks had increased between 1991 and 1996 by almost 30 %), the Government voiced increasing interest in replacing foreign fleets (Nabresco) with local arrangements (although there was no assurance that the private transporters would be willing to operate into the emergency stricken areas).

- The possibility of a new dependency on only the local trucking market and the concerns of WFP of being exposed to another escalation of commercial freight rates.

Swederail 1995 Feasibility Study on Strategic Africa Fleet Establishment

2.6. The Feasibility Study Report on the Establishment of a WFP owned Fleet presented to WFP in September 1995, strongly recommended a WFP strategic and mobile relief fleet, assuming substantial unit cost savings in favor of an own fleet, based however on the costing of a long-haul fleet and operation.

In January 1996, after subsequent WFP internal discussion and modification of the consultants recommendations, the final proposal to establish an East Africa based strategic fleet was submitted to the Executive Director by OT. Approved in mid 1996, it was reflected in the later DHA Appeal for the Great Lakes as a Special Operation. Donor support was subsequently received, from the Japanese and UK as already outlined under Para 1.1 above.

The Strategic Fleet: Initial Recommendation versus Final WFP Project Proposal

2.7. Originally, the Feasibility Study recommended the acquisition of 100 heavy duty truck units of 35 tons carrying capacity each, equal to some 50 % of total cross-border and long-haul WFP estimated transport requirements, as well as a fleet of 80 (4x4) smaller units to meet secondary (short-haul) requirements to final distribution points within the project region. The latter fleet was to cover total estimated monthly distributions at the distribution points (EDPs).

2.8. In modification of the Feasibility Study's original recommendation, WFP/OT advanced a scaled-down proposal which called for the provision of (a) not more than fifty truck/trailer units with a 35 ton technical carrying capacity for use in long-haul operations, and (b) eighty (4x4) 10 ton carrying capacity vehicles for deployment in short-haul operations, combined with sixty independent trailers.

2.9. With hindsight, the Mission appreciates the decision of WFP/OT to propose a smaller longhaul fleet size. To a certain extent, the WFP/OT decision was influenced by the ongoing negotiations concerning dedicated fleet arrangements. Besides, however, the decision to scale down the proposed Strategic Fleet size obviously took proper account of the developments which had taken place on the trucking (long-haulage) market in the countries of the Great Lakes Region and, therefore, helped the avoidance of costs of under-utilization.

Altogether, the existing truck-trailer fleet combination deployed in the GLR is found appropriate to serve the changing area emergency needs.

2.2. The Role of the Strategic Fleet in Great Lakes Distribution

The Strategic Fleet's Intervention Area

2.10. Although with the return of the Rwandan refugees towards the end of 1996 the overall volume of trucking requirements had started gradually to decline, the Strategic Fleet proved essential with regard to WFP's short-haul distribution ex main warehouses within the various countries of the Great Lakes Region.

2.11. To refer to the probably most evident example of Rwanda : The dramatic lack of shorthaul capacity there is still apparent today: Even the most recent (late 1998, early 1999) requests for offers for transport of relief food between WFP warehouses and to insecure sites in Gisenyi and Ruhengeri remained without response from short-listed commercial truckers.

Naturally, the commercial (private) sector operators are profit driven and therefore reluctant to commit their trucks to volatile areas.

As a consequence, the 1988 distribution requirements only could be met with the assistance of UNHCR, which agreed to "lend" (under time-contract with GTZ, the agency responsible for the management of the said UNHCR fleet in Rwanda) altogether 28 units of its Kigali based transport fleet to the WFP Rwanda operations: 8 units of 15 tons payload, 8 units of 8 ton payload, and further 12 units of 5 ton payload trucks.

2.12. WFP's long-haul delivery needs especially on cross-border operations were met through the dedicated fleet arrangement and spot hire from the commercial market, which is characterized by an increasing availability of long-haul capacity. The latter trend is reflected in the decline of commercial rates over the past three years (see Table 2.2 in the Annex).

The Strategic Fleet's past Volume Performance

2.13. First units of the *Hino fleet component* started operations in Rwanda in late November 1996. The *Bedfords* were deployed to Rwanda by mid December the same year. The breakdown of the Strategic Fleet performance in terms of volume, separated by component and country, is presented in Tables 2.3 and 2.4 for its first two full years of operation, 1997 and 1998.

2.14. According to available data, in 1997 the Strategic Fleet had transported a total of 90,000 tons, of which 90 % fell to the share of the Hino vehicle fleet.

It needs so be stressed, however, that the Bedford fleet was in 1997 altogether 6 months unemployed. There was no request during this period from country offices for a special 4x4 operation. In other words: There obviously was sufficient local transport available.

In 1998, the total volume carried by the Strategic Fleet dropped almost by half (namely 48%) to 47,000 tons.

In performance terms, this represented estimated 6.9 million ton-km in 1997 versus 4.1 million ton-km in 1998. It shows that measured in ton-km, the performance reduction is less evident
2.15. Major reasons for the Fleet's overall performance decline in 1998 were:

- The demobilisation of 10 Hino units to Liberia at the beginning of 1998.
- The rather low performance of the Bedford fleet under extremely difficult operations conditions in the Tanzania operation;
- To a minor extent, also fuel shortages caused by weak Bedford Fleet Management in the late 1988 Uganda (Gulu) operation (see Table 3.5) which kept the fleet idling for several days, a problem which continued into the 1999 operation. It needs to be stressed at this point, that - as clearly stipulated in the outsourcing contract - the Management Company is responsible for the procurement of fuel.

Share of Strategic Fleet in total WFP Distribution

2.16. The share of the Strategic Fleet in total WFP deliveries within the Great Lakes Region for the two last years is presented in Tables 2.5 a & b and 2.6. a & b. From there, again becomes very visible the paramount importance of the Strategic Fleet for the secondary distribution.

It becomes evident from there, that the Strategic Fleet was the backbone of the Rwanda operation, carrying 66.5% of the deliveries ex main warehouse during 1997 and 31.3 % in 1988.

2.17. In 1997 and 1998, the share of the Fleet (Hino & Bedford) in total in-country distribution effectuated by WFP amounted to 38.5% and 24.2% respectively.

2.3. The WFP Dedicated Fleets and spot-hire Commercial Transport

2.18. Several reasons as explained earlier (decline in transport requirements; certain local authority pressure) had led to the demobilisation of the WFP leased fleets which had operated the long-haul border-crossing transports from Kampala to Eastern Zaire, Burundi and Rwanda. The WFP contract with Nabresco ended in May 1997. The WTOU engagement phased out in October 1997.

In order to cater for the still important cross-border movements, a fleet of dedicated transport operators was contracted the same year. These were:

- Uganda Co-operative Transport Union UCTU
- Mansons LTD, and
- Kabale Ltd.

2.19. In the beginning, from January to August 1997, the dedicated fleet consisted of 45 heavy duty trucks (40/45 tons carrying capacity). It was downsized to 30 vehicles in September 1997, with a combined capacity of 1300 MTS. Due to increasing food needs, the fleet size was again extended in May 1998 to a total of 45 units. In addition to this core fleet, 5 additional trucks from each of the three companies were earmarked as reserves. This was downsized again to 15 units by April 1999, in line with changing requirements.

Share of Dedicated Fleet in total WFP border-crossing Movements

2.20. The performance of the Uganda based WFP dedicated fleet is pictured in Tables 2.8 and 2.9 in the Annex for the last two years. The data were provided by the WFP Kampala office.

The total tonnage of long-distance and border-crossing transports moved by the combined dedicated fleet amounted to over 50 000 tons in 1997 and some 46 000 tons in 1998.

2.21. The Mission concludes: The dedicated fleets proved to be a successful local substitute of former foreign (imported) fleet arrangements. By covering 30-40% of the WFPs long distance distribution, they helped to regularize WFPs delivery schedule and stabilize the free market rates.

Chapter 3: Past and Future Strategic Fleet Deployment

3.1 Initial Fleet Deployment

3.1 The implementation strategy foresaw a mechanism comprising (1) outsourcing the management of the Fleet on day to day basis; (2) appointment of a Regional Fleet Manager and Technical Fleet Manager for WFP oversight, as well as technical support staff; (3) procurement of operating assets required for fleet operation and maintenance. Such a mechanism clearly requires focused implementation procedures. Although well conceive at project level by WFP, it shows form the history of events, that the Strategic Fleet project implementation lacked coherence throughout the WFP system.

History of Events

3.2. The Strategic Fleet began operating by end of 1996. Table 3.1 below reviews the characteristics of its initial deployment and engagement of the fleets.

Table 3.1
Engagement of Strategic Fleet

TYPE OF TRUCK			
Event	**HINO**	**Bedford**	**Comments**
Date truck arrived in Kampala (Uganda)	September 1996	End of November 1996	
Number of trucks	40	16	15 metric tons each for HINO
Country of deployment	1. Rwanda 2. DRC (Eastern Zaire) 3. Uganda (Northern Uganda)	Rwanda	6 metric tons each for Bedford
Date of Deployment	23rd Nov. 1996	Mid Dec. 1997	
Name of Management Company	Uganda Co-operative Transport Union (UCTU)	RIO Holdings International (RIO)	
Date Management Contract was signed	18 November 1996	11 December 1996	
Country of Fleet Registration	Uganda	Uganda	

Fielding of WFP Support Staff

3.3. As of day one (September 1996) of Strategic Fleet deployment, the WFP Uganda-based Fleet Operations Manager for the GLR assumed the position of Strategic Fleet Manager. Other WFP staff instead has been fielded with notable delay: The Logistics Officer with mechanical experience who oversees maintenance and repair activities was fielded as late as September 1997. The WFP Strategic Fleet Inspector, a storekeeper spares and mechanic/driver were contracted even later, namely in 1998.

3.4. The delayed fielding of essential technical staff resulted in a lack of technical fleet control. In fact, no vehicle maintenance records are available for the fist year of operation (1997) and it was therefore rather difficult to evaluate issues such as, for instance, fleet availability and
serviceability for this period of time.

Procurements

3.5. The following operating assets were successively added to the strategic fleet operation:

- Twenty 2 axle trailers purchased from Kenya to be used with the HINO trucks in providing extra load carrying capacity. These trailers arrived in Kampala, Uganda starting May 1998 and are only partially deployed.
- Two mobile workshop which arrived in Kampala October 1998.
- A major share of the spare parts for HINO trucks arrived in March 1998.
- Radio communication equipment and two lap top computers arrived in April 1998.

3.6. It clearly emerges from the above that there was a notable lapse of time between initial Strategic Fleet deployment, the acquisition of supplementary operating assets and the fielding of required WFP staff.

Fleet Mobilization/Deployment Criteria (Guidelines)

3.7. In May 1998, "Guidelines for the Mobilization and Deployment of the Strategic Fleet for Africa" were developed which address essential factors that need to be looked into with respect to:

- making requests by WFP Country Offices for an assignment of part of the Strategic Fleet;
- taking decision on deployment of the Strategic Fleet by OTL, WFP/Rome and the Great Lakes Cluster, Logistics Office.

3.8. It is the impression of the Mission, that the included technical and operational issues to be addressed represent a sound operational procedure. However, it lacks a clearly set time frame for WFP/OTL to respond to the request of Country Offices.

Practice of Fleet Operation

3.9. Fleet operation is effected at three distinct levels:

- At the level of the World Food Programme (WFP): As cleanly stipulated in the management contract, WFP gives instructions to the sub-contracted Management Companies on the deployment of the trucks within the region and their day to day

operations. It provides an oversight of the operations of the fleet and technically supports the Management Companies in their effective running of the trucks through a Technical Inspection and Spare Parts Unit. The latter undertakes field inspections, programmes and controls vehicle maintenance work and provides spare parts as requested and if available in their store to the Management Companies.

- At the level of Management Company: The Management Company deploys and operates the vehicles within the region on behalf of and as instructed by WFP. The Company provides fleet management and operations staff and all necessary inputs like in particular the fuel.
- At the level of Implementing Partners (IPs): These IPs are usually NGOs who have signed a Memorandum of Understanding with ATP. Through the ATP Field Offices they plan and initiate truck movements for food distributions to camps and settlements.

The procedures and process in effecting operations activities at the various levels are sufficiently integrated, regulated and known by each stake holder to form a sound basis for an efficienct and effective emergency intervention.

3.2 Assessment of the Region's Road Transport Market

3.10. Before embarking on a discussion of the Strategic Fleet's future deployment, it is worth assessing the situation of the trucking industry environment that it operates in. As to the general situation, the following can be concluded:

Characteristics of the Transport Sector

3.11. *Industry Developments.* Because of the economic liberalisation policy and divestiture programs of the Governments in the Great Lakes Region (Uganda, Rwanda), the trucking industry of the private sector is increasingly developing. Private initiatives developed mainly around the long-haul transport business and light vehicle transport.

As far as long-haul transports are concerned, sufficient capacity has developed in the private sector that future requirements of the GLR Region can be met through commercial fleet hire.

This, of course, does not exclude occasional capacity constraints arising from extraordinary emergency situation.

3.12. *Fragile Operations Environment:* One important implication worth noting is the following:

Although it appears that there is sufficient trucking capacity, yet this capacity could be volatile due to the fact that a substantial number of the trucks are second hand and kept in service well beyond their economic life. This invariably indicates that in order to enable the region's trucking sector to maintain its current capacity or let alone expand, a huge replacement programme will be required.

Considering the economic situation these countries face, it is unlikely that appropriate financing will be available. There is therefore the real danger that the capacity will slowly diminish over
time. This aspect will be kept in view when discussing at a later stage required future Fleet capacity. (See Para 3.22)

3.13. Network Condition. The road network in the region is best described as from very good to bad for international and main roads and interior roads respectively.

3.14. Market Entry. Entry into the transport market is not regulated. However, foreign based trucks must register in the country of operation and pay the necessary taxes. In the case of Rwanda foreign based trucks involved in bringing imports into those countries are allowed to operate internally (cabotage) for not more than 30 days. Burundi has a similar existing practice even though it is only now that the Government is drawing up internal truck regulations. (This regulations are expected to be finalised in December 1999)

3.15. *Workshop Situation:* It is not likely that workshop skill levels will improve dramatically in the near future but a general trend towards employing educated mechanic trainees is apparent in the major workshops.

3.16. *Rates.* Freight rates are not regulated but negotiated. Truck users, such as WFP and other large undertakings determine their own freight rate.

3.17. *Vehicle Licencing/Plating.* This brings into questions the type of licensing arrangements best suited for a Strategic Fleet. At present all the vehicles are registered and licensed with WFP CD plates in Uganda, and have operated in Burundi, Rwanda, Uganda and the Democratic Republic of Congo (DRC) without any problem. Discussions with Government officials made clear that:

- In the case of Burundi, the present licensing arrangement of the Strategic Fleet creates no problem. Although a new regulation is being drawn up, it will take into consideration the present existing arrangement and therefore is not expected to obstruct Fleet operations.

- In the case of Rwanda, while the current licensing arrange poses no problem, in future the Government might consider these trucks as project vehicles and as such subsequently belonging to them.

- There is no problem for Uganda as the trucks are registered there.

3.3. Future Fleet Requirements

3.19. With insecurity in rural areas of Burundi, Rwanda and Northern Uganda (Gulu and Kitgum) seemingly continuing, there is no justification for reducing or even demobilizing the Strategic Fleet in place. On the contrary: It is suggested that the Fleet be operated by WFP as long as this organisation is involved in internally displaced programmes in security affected areas of the GLR Region.

3.20. Provided necessary fleet overhaul and reconditioning is carried out in a timely manner, the available Strategic Fleet's vehicle parc has an estimated economical lifetime of at least onother two to three years on average, until the year 2001. This assumption is based on an assessment of the present technical status of the Fleet and an estimated maximum road performance of 180,000 km/vehicle. The respective technical assessment of the Hino fleet is presented in the Annex (Table 3.4).

Spare Part Requirements

3.21.A first costs estimate concerning required spare parts for major overhaul of the Hino Fleet (which is due basically for all the vehicles in 1999, when they will reach 100,000 km) carried out by the WFP Regional Office Kampala amounts to USD 100,000. As regards the Bedford Fleet Component, essential spare parts and tyres purchased with DFID funding have been already supplied in late 1998 and early 1999. It is therefore advisable that funding

request and purchase process be initiated for required parts for major Hino Fleet overhaul and reconditioning.

Programmed Distribution Requirements

3.22. *Base Estimate.* Based on the WFP Kampala food distribution figures as set in the regional PRRO for the forthcoming years 1999 to 2001, the Strategic Fleet requirements for short- haul operations are calculated in Tables 3.2 and 3.3. It shows from there that, assuming a 15 ton vehicle load capacity as well as similar road performance and area involvement of the Strategic Fleet as experienced in the past two years of operation, the total number of vehicles needed based on 15 tons payload/unit - is estimated at 26 vehicles (15 tons) in the year 1999, and 24 vehicles (15 tons) in the year 2000.

Deducting the already available Bedford Fleet lifting capacity, which equals 6 units of 15 tons payload capacity, the remaining Strategic (15 ton) Fleet requirements would result as follows: 20 vehicles (15 tons), 1999 and 18 vehicles (15 tons), 2000.

3.23. *Strategic Reserves.* This estimate of future Strategic Fleet requirements does not yet consider the additional trucking resource currently operated in the Rwanda operation under lease from UNHCR/GTZ, which represents a one-time lifting capacity of altogether 224 tons (8 units of 15 tons capacity; 8 of 8 tons; 12 of 5 tons).

Since this additional resource, however, can be withdrawn by UNHCR at any time depending on its own distribution requirements within the Region (for the moment vehicle plating problems impede the vehicles' deployment in other area countries), the Mission would consider it reasonable to pre-position a substitutive hauling capacity in order to safeguard already existing WFP strategic delivery capacity. This would require additional 15 units (15 tons).

Moreover, in order to cater in addition to the satisfaction of foreseeable (because programmed) demand also for other emergency preparedness, the pre-positioning of one more fleet module of 10 (15 ton) units is recommended.

3.24. *Total Fleet Expansion Requirements:* In summary, this would add up to total Hino Fleet requirements 45 units in 1999 and 43 units in 2000.

Fleet Base Development

3.25. The Strategic Fleet is currently based in Uganda, Kampala. The base consists of the following facilities:

- Container based maintenance shade;
- Container based offices and spare parts store;
- Parking yard for some 30 trucks.

The facility is built on a rented plot of land close to the main WFP warehouse. The Mission was informed that this new site was developed from SO funds. It has been therefore considered in the Fleet's costing. There are few tools and equipment in position to consider it a serious maintenance facility.

3.26. The Mission is in favour of keeping the Fleet base in Kampala for several reasons:

- relative security;
- facilitated area deployment;
- relatively advanced administrative and banking structures;
- well established working relations with implementation partners, such as Government agencies and UCTU Fleet Management Company.

3.27. If WFP takes a decision to strengthen the Strategic Fleet as recommended, then action should be taken to improve accordingly the base in terms of both stuctures and equipment. This is essential in the light of the low technical capability of the Fleet Management Companies and general workshop situation.

Chapter 4: The Fleet Management Outsourcing Arrangement

4.1. Review and Assessment of Operational Effectiveness of Fleet Management

4.1. The following analysis is to assess the professionality of the present fleet management (UCTU & RIO) with regard to operations and and back-up activities. It reviews, separated by country-operations and management companies, practical aspects such as in particular

- fleet availability,
- serviceability,
- overall fleet capacity utilisation.

4.2. The analysis is focused on the year 1998, since not enough data were available for a similar in-depth analysis of 1997 operations. It is known, however, that operations struggled in the initial phase with many problems not necessarily connected to the Management Companies, such as unknown terrain, lack of spares and tools or non-acquaintance with the type of vehicles used. Over time, many of the operational problems were successfully addressed through either procurement measures or training programs jointly organised iii particular by UCTU Management Company and WFP.

Results

4.3. The Mission investigated systematically into the operational effectiveness, covering - as much as data were available -- all the different fleet deployments, including:

- the Hino Fleet deployment to Rwanda (period covered: June 98 - February 1999),
- the Bedford Fleet deployment to Uganda (September 98 - February 99)
- the Hino Fleet deployment to Burundi (January - December 1998)
- the Hino Fleet deployment to Uganda (January - December 1998)

Details of the analysis for each of the above mentioned infra-cluster Strategic Fleet deployments are presented in the Summary Tables 4.1 to 4.4 below, as well as in the Annex Tables and Graphs attached.

4.4. Average key indicators have been worked out by the Mission, which reveal the following picture:

Operational Management Efficiency - Key Indicators
(average values)

HINO FLEET DEPLOYMENTS under UCTU management			Bedfords RIO managed
Rwanda	Burundi	Uganda	Uganda
Availability 85.1%	Availability 88.5 %	Availability 100 %	Availability 100%
Serviceability 87.9 %	Serviceability 94.45 %	Serviceability 82.73 %	Serviceability 92.5
Fleet Utilisation Rate 64%*	Fleet Utilisation Rate 67%**	Fleet Utilisation Rate 71%	Fleet Utilisation Rate 57%

* for 7 months
** average out of 8 normal months, excluding airlift support operations

4.5. For comparison: The UNHCR (15ton Mercedes) trucks leased to the WFP operation for refugees in Rwanda/Kigali , which is professionally managed by GTZ staff and operated alongside with the Hino Fleet managed by UCTU, achieved udder comparable working conditions a serviceability rate of 99,3% as an average during June to December 1998 (based on a 100 % availability rate !)

Low Vehicle Availability

4.6. The evident problem of low fleet availability is basically caused by accidented trucks and therefore an indication for low driver and mechanics levels of proficiency. It also relates to delayed vehicle regular maintenance, taking into consideration the poor tire and brake conditions of accidented trucks. It further underlines the importance and probable lack of training of particularly drivers and crew.

Low Fleet Serviceability

4.7. The other problem of low serviceability of the available fleet is a reflection of high vehicle down-times due to delayed maintenance and long vehicle time in service. Obviously, it seems justifiable to conclude, that the dependency of the Management Companies on private vehicle workshops is a major obstacle to fast vehicle recovery.

Low Overall Fleet Capacity Utilisation

4.8. As observed by the Mission in Gulu/Uganda, the surprisingly low fleet utilization rates (actual take off compared to theoretical fleet carrying capacity)' could be related to following reasons or a combination of them:

- over-estimation of food requirements (as indeed mentioned by food monitors);
- this in turn leads to problems of fleet targeting for WFP Regional Office;
- lack of information exchange and coordination between Donor agencies at field level;

- as evidenced by the continuity of the problem: lack of feed back information on Fleet utilisation (planning) issues from the Management Company to the WFP Regional Field Office and Fleet Manager

4.9. The Mission's field visit of the Bedford Fleet operated currently (since June 1998) in Gulu, Northern Uganda, for the supply of IDP's and micro-projects confirmed the managerial weaknesses deducted above from the Strategic Fleet's overall performance, as described below.

The Case Study Gulu (Uganda)

4.10. The day the Mission visited Gulu site, the Bedford fleet was idle for lack of fuel. Investigating more into the operation's performance, it emerged that they had suffered - apart from recurrent security problems (see Table 2.7 in the Annex) --- from several managerial shortcomings:

- delayed payment of drivers by the Management Company RIO;
- apparent lack of cash money of the Management Company, which explains the first mentioned problem;
- repeated lack of fuel with the consequence of extensive vehicle down-times and low serviceability.

Lack of WFP Commitment

4.11. RIO Management Company as also other commercial private operators met commonly complained about delayed payments from WFP. For example: RIO company alone reports an outstanding balance of 21,000 USD as of end of April, though invoiced since early April. It cannot be excluded therefore, that this phenomena has contributed to the occasional liquidity problems of the Management Company and therefore is indirect a reason for delayed driver payments.

4.2. Review and Assessment of Technical/Administrative Effectiveness of Fleet Management

Delayed regular Maintenance Measures

4.12. In built in the Management Contract for the Fleet Operator are clearly assigned technical and administrative responsibilities.

General fleet inspection carried out by the Mission on the occasion of the various field visits was not fully satisfactory from the outside appearance, considering the many tires in need of replacement (both fleets), lacking outside-mirrors, unrepaired dent or damaged windshields (Bedfords).

On the one side, poor maintenance certainly has its cost-cutting reasons; on the other side, it is linked to insufficient technical service back-up in the field, a problem which has been amplified by the widespread regional Strategic Fleet deployment (scattered over Uganda, Burundi, Rwanda, Congo and Tanzania) and the absence of mobile workshops, which have been delivered only recently.

4.13. Breaking down the reasons for the low fleet serviceability rates observed earlier reveals anew weaknesses from the side of the Management Companies:

As shown in the Graph below, direct management failure contributes to around 1 percent of unserviceable vehicle time (or 14 days in 9 months investigation period; see Table 4.13 in the Annex). However, in an indirect way, management failures are also major reason for accidentor maintenance related vehicle down-times which together account for 98 percent of total nonserviceability.

Case Study Burundi

4.14. To give an example: On the occasion of it's field visit to Burundi, the Mission analyzed the different reasons behind maintenance related vehicle downtimes, for a more or less a one year period. It shows from there (see Annex), that major problems encountered were within the responsibility of the Management Company. Other again were caused by the local workshop situation which was is not at all adapted to the Fleets' vehicle types:

- Responsibility of Management Company:
- delayed purchase orders;
- lack of own labour availability and skill;
- lack of own repair set-up;
- Responsibility of outside Workshops:
- lack of skilled labour;
- Responsibility of WFP:
- lack of spares.

Altogether, the following might be concluded: Both Management Companies, motivated by legitimate cost-cutting interest, provided (1) inadequate technical support services and resources at field level and (2) neglected regular servicing, at the expense of the Fleet's operational efficiency.

4.3. Review and Assessment of the Current Format of the Management Contract

Division of Responsibilities

4.15. The main elements of the contract signed between WFP and management companies, in simplified terms, are:

- WFP is responsible to provide the Fleet with CD plates;
- WFP is responsible to give instructions on Fleet deployment and their day-to-day operations;
- WFP ensures access to its radio facilities;
- WFP pays the costs of all accountable expenses in line with the developed remuneration formula, incl. mobilization/demobilization expenses and movement for major service;
- WFP assists in spare part supplies;
- The Company recruits and administers necessary staff, including drivers, mechanics, and management;
- The Company physically deploys the fleet;
- The Company is responsible for payment of salaries, insurance, staff allowances;
- The Company is responsible for repair & maintenance;
- The Company is responsible for the cargo loaded;
- The Company is responsible for accidented vehicle and cargo recovery;
- The Company is responsible for regular reporting.

By now, responsibilities are well distributed and streamlined in relation to what transpired in the daily execution in the field.

Remuneration Formula

4.16. The Mission acknowledges that great progress has been made since the start-up of the Fleet operations with regard to the development of a realistic remuneration formula acceptable to both sides, WFP and the Fleet Management Company. While initial remuneration was mostly fixed and based on market prices, today's formula is costs-oriented, differentiating between:

- fixed *costs* calculated on a time basis (paid for every operational vehicle day), involving expenses related to staff salaries, insurance, licenses, etc.;
- *variable* costs calculated on a performance basis (related to actual ton-km transported), including typical running costs elements such as fuel, lubricants etc.;
- *retainer fees,* applicable when operational situations are forcing the lay-up of fleet capacity.

As a general approach, the selected Management companies are requested to submit proposals for justifying their fixed and variable costs remuneration.

4.17. The described development of the remuneration formula has two effects:

- It obliges the operator to keep the fleet in operation condition in order to be paid the fixed costs element;
- it, therefore, guarantees the operator fixed costs recovery independently from actual fleet operation which is largely determined by external factors (food security; area security);
- at the same time, it contains an incentive to better performance. Since the variable cost element still includes a variety of direct fixed costs of operation (such as visa, lump sum for spares and repairs), higher ton-km performance evidently is to the benefit of both WFP and the operator: WFP pays less per ton-km, while the operator receives higher net-earnings or each unit performed.

Apart from the development of the remuneration formula, responsibilities relating to managerial issues such as reporting and etc. were steadily streamlined in accordance with daily experience from operations. As it stands, the revised contract is adequate to serve its intended purpose. Operations however might benefit from following further clarification: (1) the extent of maintenance related responsibilities of the Management companies; (2) the role of the Management Company in stock holding issues; (3) penalties far non-performance.

Chapter 5: Analysis and Comparative Assessment of Cost Performance of Strategic Fleet.

Methodology and Approach

5.1. The purpose of this exercise is to establish an estimate of the costs per ton-km of an WFP managed fleet compared to present unit costs of out-contracted fleet management.

For the analysis of operations costs, the Mission adopted a "full costing approach", accounting for the total amount of input in terms of capital, manpower and materials consumed to provide the respective transport service.

5.2. The costs analysis follows the subsequent criteria:

- It differentiates between expenditures and costs by apportioning expenditures for initial investments (such as fleet, mobile workshops etc.) through annual depreciation charges in order to capture the periodic costs of operation;
- It considers all performance-related costs of operation, including both the payments made to the operators from ITSH as well as costs borne by WFP other financial sources (such as special operations funds used for the purchase of light vehicles, tools, communication equipment, trailers and certain staff expense etc.);
- It capitalizes other initial investment costs than fleet expenditures (such as fleet mobilisation costs) and to apportion them as "period costs" together with the other assets through annual depreciation charges.
- It considers "additional costs" or "cost savings" accruing from alternative management approaches.

5.1. Comparative Costing

5.3. The cost analysis distinguishes three cases:

- Case 1: Strategic Fleet costs of operation under existing management outsourcing arrangements and
- Case 2: the costs of operation of a Strategic Fleet under over WFP management.
- Case 3: the costs of commercial fleet hire for short haul operations in similar terrain

Case l: Cost of Operation for Outsourced Fleet Management

5.4. Each Country office of WFP using the transport service of the Strategic Fleet pays the actually agreed rates (fixed costs plus variable costs) directly to the contracted Management Company. Payments are made available from the LTSH. The rates cover only the operational expenses incurred for the in-country operation and therefore cannot be representative of a full cost accounting. (Most evident, no depreciation costs are factored into the agreed rates.)

5.5. The unit costs calculation for the Strategic HINO Fleet Component presently managed by UCTU Company is shown in Table 5.1.

The same calculation for the Strategic BEDFORD Fleet Component presently managed by RIO Company is presented in Table 5.2.

In line with the approach discussed above under Para 5.2, the calculations consider altogether four different cost elements:

(1) the actual costs incurred by WFP in form of payments to the Management Company (fixed costs; variable costs);

(2) the further costs of initial and infra-cluster fleet deployment; as far as the latter is concerned, only the demobilization costs of the Fleet's return to Kampala are accounted for, for which usually no back-haul cargo is available, including the costs in terms of fuel, staff, and other expense that has to be borne by the WFP.

(3) the payments made from the SO-Special Operations Fund for the benefit of the Strategic Fleet operations.

(4) the extra costs of required commercial truck hire due to Strategic Fleet capacity underutilization, valued at the difference of costs per ton-km between the commercial rate and UCTU cost-price.

The Result

5.6. The operating costs per ton-km for the case of outsourced fleet management - on a two years (1997/1998) average - were as follows (before depreciation):

- USD 0.28 per ton-km for the Hino fleet of trucks managed by UCTU,
- USD 0.65 per ton-km for the Bedford fleet managed by RIO.

5.7. An obvious difference exists between the two Fleets' cost performances. It was explained to the Mission, that - apart from the effects of lower payload capacity of the Bedford trucks - that the main cause for the high average operations cost of the Bedford is related to the use of the trucks under extremely difficult conditions in Tanzania, where they had to be used on bad roads and - though designed for short distance movements -- for longer distances. (see also First Annual Fleet Report, September 1998).

Limited Comparability of Results

5.8. The TOR of the Mission ask for a study of the cost effectiveness of the "Strategic Fleet" as compared to lease or hire arrangements. In this context the following needs to be clarified:

Since the HINO and Bedford fleet operations were purely limited to short-haul distribution, the resulting costs per ton-km can only be compared with similar type of operation.

5.9. Therefore, they certainly cannot be compared to operations costs incurred by WFP for the WFP dedicated fleets (of about USD 0.11 per ton-km as agreed by contract), which consist of heavy duty trucks and are exclusively operated on the long haul.

5.10. In any case, costs comparisons between commercial operators and a WFP owned Fleet (independent form its management form) would require equal consideration of duty payments and depreciation of assets.

Case 2: Costs of Operation under WFPs own Fleet Management.

5.11. In Tables 5.3 (Costing Format) and 5.4 (Summary of Costs) it is tried to establish a realistic costs estimate for a Hino fleet operated directly by WFP based on one year of effective (June 97-May 98) Great Lakes fleet operation.

5.12. The calculation is based on the following:

- It assumes 100% availability and 90 % serviceability rate;

- The likely fleet performance in ton-km has been calculated in Table 5.5 presented in the Annex. It is based on (i) the actual June 97 - May 1998 HINO fleet deployment pattern within the GRL Region, (ii) recorded country-specific number of round-trips per truck/month and as well as (iii) actual round-trip distances and load factor (50%).

- It can be considered a rather conservative fleet performance estimate,which reflects the turnaround limitations imposed by insecurity or loading procedures and in particular by required convoy operation.

- Costs for fleet investment, staff requirements, and fleet operation are assumed as documented in detail in Table 5.3.

- Staffing implications: The fact, that a high (90 %) serviceability rate as assumed above can only be achieved with professional and adequate staff, is reflected in the staffing estimate (see Table 3.3 Base Data). In fact, the resulting overall staff/vehicle ratio assumed for the case of WFP own fleet management is 1-99, while the driver/vehicle ratio amounts to 1. 1. This is somehow comparable to other professional fleet management such as for example the former leased-fleet operator Nabresco (staff/ vehicle ratio: 1.7; driver /vehicle ratio: 1.1)

- For comparison: Under the present outsourced Strategic Fleet management, the (UCTU & RIO) overall staff/vehicle ratio of 1.3 and the driver/vehicle ration of 1.05 are comparably low.

- Modular approach: The staffing estimate used for the costs of operation calculation is further based on a modular fleet deployment approach which suggests the following:

  - fleet intra-cluster deployment to operation areas by group of five - ten (10) vehicles, depending on volume requirements;

  - in each modular grouping fielding of one (1) driver/mechanic as technical support and group leader;

  - main maintenance planning, monitoring and execution at the Fleet base in Kampala;

  - sufficient Fleet support and office staff in line with the WFP special operations and documentation requirements

Result

5.13. It results, that the operating costs of an own WFP Strategic Fleet management represents a more cost-effective alternative.

On the basis of 39 HINO trucks covering 89 million ton-km (919152 km) during one year, an own WFP fleet management achieves the lowest unit costs of USD 0.24 per ton-km.

5.14. In nominal terms, compared to the unit costs of operation calculated earlier for the case of outsourced fleet management, the respective cost savings per ton-km short haul movement amount to USD 0.04, equal to some USD 175, 000 per annum.

5.15. However, considering the many assumptions contained in the cost estimate and related problems of data insecurity, it can be concluded that the respective costs of operation of outsourcing as compared to own WFP management are more or less the same. In fact, applying a 10 % contingency increment to the above calculations, the costs per ton-km for the case of WFP own management would rise to similar levels.

Case 3: The Costs of Commercial Fleet Hire

5.16. Referring to WFP payments to commercial truckers for short haul operations in the Great Lakes Region, it reveals the following average costs to WFP of

- Rwanda: USD 0.30 per ton-km
- Uganda: USD 0.45. per ton-km
- Burundi: USD 0.30 per ton-km

5.17. It has to be kept in mind, however, that commercial short-haul trucks generally refuse because of security to move in the difficult terrain and under the conditions the Strategic Fleet is operated. Therefore, their costs cannot be directly compared with the actual costs incurred by the Strategic Fleet. If the commercial transporters were to be engaged in same operations, the rates can be assumed to be much higher.

To give an example: Commercial operators contracted for the Western Uganda operation charged WFP up to USD 0.65 per ton-km.

Treatment of Operating Asset Depreciation

5.18. There was no need to consider the depreciation costs element for the purpose of the above comparison of costs of outsourced management versus costs of WFP own Strategic Fleet
management, since both cases would have to bear the same depreciation charge. Since however the Mission has been asked to treat the question of "how to deal with the depreciation problem" in a more general way, the following chapter proposes certain accounting principles.

Vehicle Depreciation viewed as a Cost Element

5.19. From the perspective of a WFP interested in comparative costs evaluations, -- in order to arrive at comparable resource use assumptions --- the inclusion of vehicle depreciation charges into unit costs calculations is indispensable for drawing comparisons concerning structurally different transport fleets. For example, this would be the case when comparing own fleet arrangements with alternative lease/hire arrangements.

5.20. From the perspective of the Donor Community instead, the consideration of depreciation charges could constitute an interesting financing option and should be therefore looked at from this point of view.

Depreciation viewed as a Source of Refinance

5.21. Alternatively to single-sum payment of fleet re-investments, fleet renewal could be financed from depreciation charges accumulated over the use period. In practical terms this would mean the following:

Instead of considering depreciation only a "calculatory cost item" as in the context of comparative costs analysis, depreciation charges could be factored into the rates and, hence, into the ITSH. The depreciation charge could then be accumulated in an "appropriated depreciation fund" and fleet replacements be financed from accumulated payments.

5.22. Such funding procedure would have two advantages:

- Reinvestments could be more easily effectuated on short notice in line with individual vehicle replacement needs;
- Reinvestment funding would not be a single-sum payment burden to the Donors and
- Repetitive appeals would be avoided.

EVALUATION OF WFP STRATEGIC FLEET OPERATIONS IN THE GREAT LAKES REGION

Part III - Annexes

22 March 1999

TERMS OF REFERENCE

Mission to Evaluate the WFP Strategic Fleet Operations in the Great Lakes

Background

In 1994 in response to the humanitarian crisis created by ethnic violence in Rwanda and the Great Lakes region, and the sudden increase in traffic demand over the capacity of the local trucking fleet, WFP established a dedicated leased fleet of foreign trucks to transport food in the region.

In 1996, following a feasibility study by a firm of transport management consultants, and in an effort to increase efficiency and reduce costs, a "Strategic Fleet for Africa" was created. In approving the creation of a ATP-owned Great Lakes strategic fleet, however, the Executive Director stipulated, *inter alia*, that a comprehensive evaluation of the operation should be done at the end of its second year.

Based in Kampala, the Strategic Fleet was created from 40 Japanese-donated 6x4 long haul HINO trucks shifted from the Afghanistan operation, and 16 UK-donated 4x4 AVI Bedford trucks from various other WFP fleets in the Great Lakes region. The Fleet was eventually deployed in Uganda, Rwanda, Burundi and Tanzania. Part of the Fleet (10 units) was subsequently transferred to West Africa (Liberia, Sierra Leone and Guinea) as well. The study, however, will focus upon the Great Lakes operations of the Fleet.

WFP has been contracting out the day-to-day management of the two groups of trucks. This management outsourcing approach has been instituted through a request for offer process involving reputable local transport companies with sufficient experience in the Great Lakes region. On the basis of the offers and technical evaluation of the various proposals, a successful company is selected to manage the fleet within the region. Among the major responsibilities of the management company, as stipulated in the contract documents, are the following:

- recruit and administer staff for the fleet and be responsible for all their benefits;
- deploy and operate the trucks as instructed by WFP;
- obtain road license and provide insurance covers;
- maintain and repair the trucks;
- provide fuel, spare parts, tires and other supplies;
- be responsible for cargo loaded on the trucks;
- provide periodic reports.

In addition to making the trucks and support services available for the management company, WFP has the responsibility of tasking and paying the agreed remuneration. The remuneration for the management service was originally structured to consist of two segments. The first involves payments to cover the "fixed costs" part of the operating company, ie., expenses related to staff salaries, insurance, road licenses, etc. This portion of the cost is not influenced by volume of movement or mileage. These payments are made on a per truck per day basis, as long as every single truck is available for operation. The second segment of the remuneration package is the "running costs", which are directly correlated to the performance of the fleet. In

this case the fees due for the management company are payable on per ton-km when the trucks are moving under load.

In addition to these two segments, a third component of remuneration has lately been introduced to accommodate a readiness capability of the operating company. This is referred to as a retainer fee in the contract agreement. It is applicable when operational situations are forcing the withdrawal or lay-up of the fleet for long periods. During this phase, the management will be expected to look after the fleet and keep staff on stand-by to ensure the timely re-deployment of the fleet in case of need on short notice.

In carrying out this contractually agreed fleet management arrangement, WFP has only engaged a few staff members for managerial oversight and maintenance follow up, to ensure the proper deployment, operational readiness and up-keep of the fleet.

Objectives

The Mission will undertake a study of the performance and cost effectiveness of the "Strategic Fleet for Africa" concept, as implemented in the WFP Great Lakes regional operation over the past two years, as compared to lease hire arrangements in the same areas, in the same period.

The primary objective of the evaluation will be to review the efficiency and cost effectiveness of the Great Lakes Strategic Fleet to determine whether the owned-fleet concept merits replication in future WFP complex emergency operations. Secondly, the study team will produce conclusions and recommendations which are relevant to the possible replication of WFP-owned truck fleets in future complex emergency operations, particularly as regards the matter of fleet management by WFP vs. management by outside firm under contract. Finally, the study team will respond to the specific caveats on the operation of the Great Lakes strategic fleet which were imposed by OED when approval for creation was first granted (copy of ED's memo of 20 August 1996 attached).

Key Issues to Be Examined

Inter alia, the study team will:

1. review the Strategic Fleet operation and identify areas of possible improvement;

2. evaluate the operational and technical effectiveness of the management outsourcing arrangement;

3. identify the advantages and disadvantages of the management service contract vis-a-vis the conventional system of instituting an own operating entity;

4. assess the financial and resource implications of the two approaches and recommend the option with a clear cost effective solution;

5. recommend and detail a guideline and structure for the selected management approach;

6. if it is the recommended approach, review the current format of the management service contract and advise areas of improvement;

7. identify and recommend the manpower, equipment and other support requirements for the smooth running of the fleet based upon the selected management approach;

8. review the relative merits/demerits of a depreciation policy for the fleet in the context of WFP's resourcing policies and guidelines, and recommend the best approach;

9. advise on operational deployment modalities based upon the nature of WFP's emergency operations;

10. if the management service contract is the recommended approach, review the current remuneration formula and advise on alternative methods if found necessary, and establish a clear system of calculating the rate based on performance related per ton/km;

11. assess the road transport market in the region where the fleet operates, with a view of identifying existing and suitable capacity, adapted to WFP needs and the related costs.

Scope of the Study

The study will focus upon the operations of the Kampala-based, WFP-owned Great Lakes Strategic Fleet (40 Japanese donated 6x4 HINO 15 MT trucks, and 16 UK donated 4x4 AVI Bedford trucks) during the period end 1996 to the present. During this period, the fleet has been heavily engaged for WFP's distribution operations in the Great Lakes region of Africa (Rwanda, Burundi, Uganda, Tanzania and Eastern Congo.

Roles of the Consultants

See individual terms of reference

The Tasks and Schedules of the Consultants

It is planned that two consultants will be employed to assist OEDE to undertake the study: a transport economist and a truck fleet technician. The specific roles of the two consultants would be to:

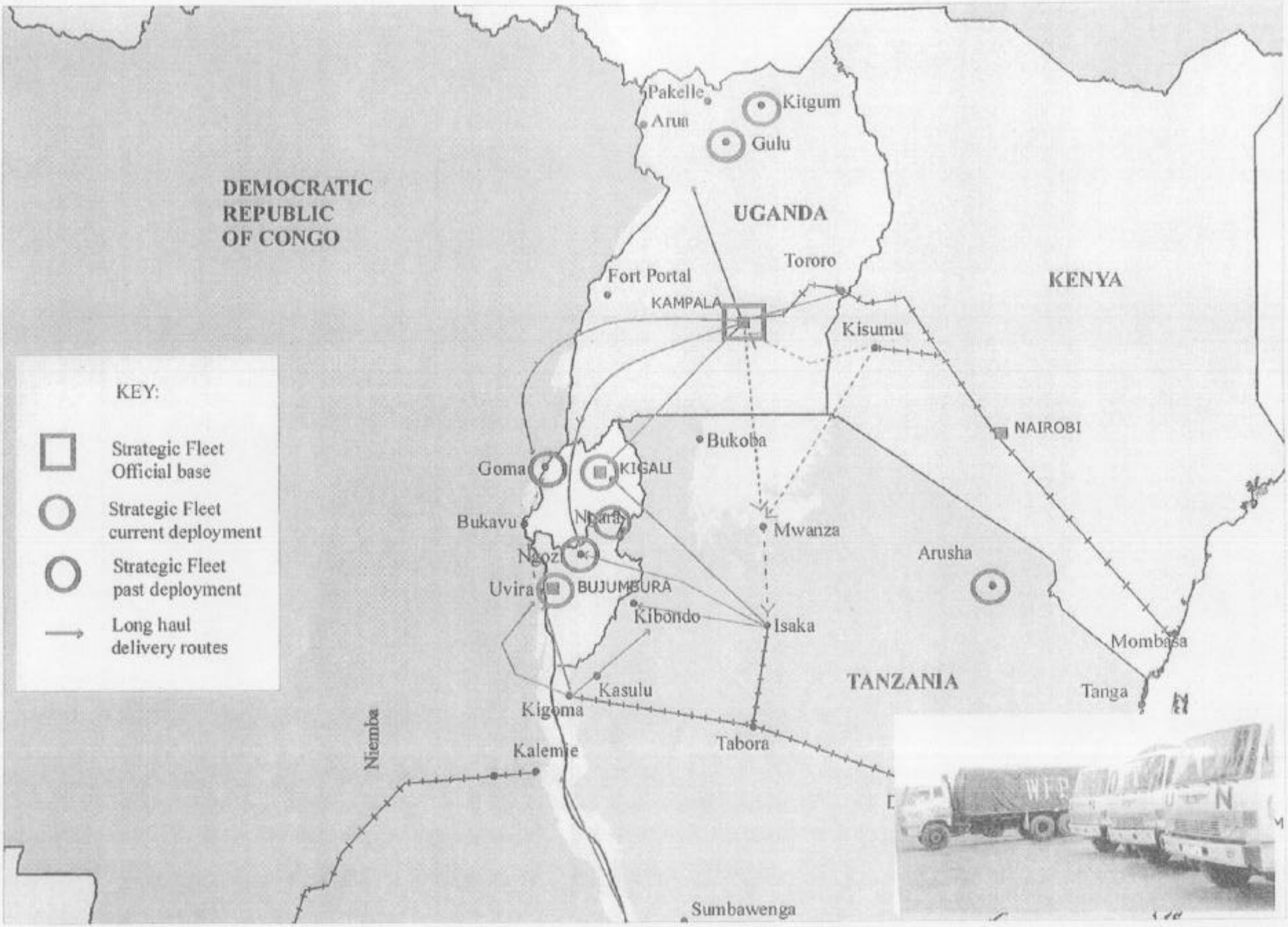
- participate in briefings in Rome at WFP HQ with OT, OEDE and other staff, and review relevant reports and other materials, for 3-4 working days in late March;

- undertake a field visit to the Great Lakes region in mid-late April, during which the study team will review documents and conduct interviews in Kampala, and in Kigali and Bujumbura, and will commence the drafting of the report;

- in the last days of April, participate in debriefings at WFP HQ;

- draft the full mission report and the EB summary by the end of the first week of May.

WFP GREAT LAKES REGION FLEET DEPLOYMENT PATTERN 1999

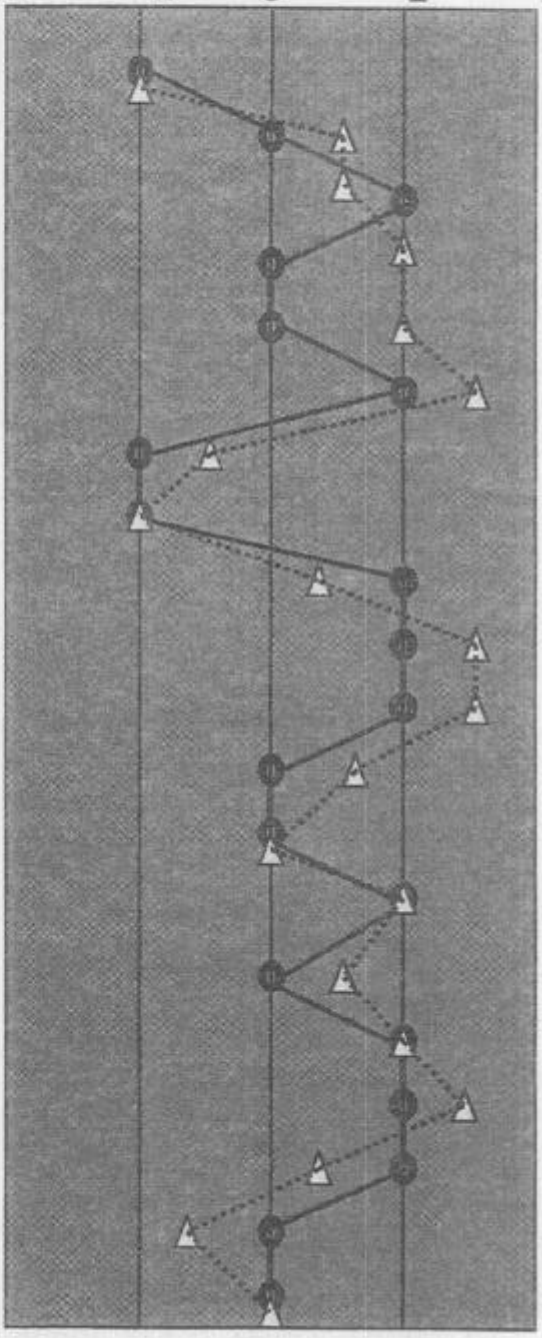


The Merits and Demerits of Management Outsourcing

OPINION PROFILE

+2 +1 0 -1 -2

* Outsourcing successfull
* Enhanced EMO preparedness
* Operational efficiency
* Fleet availability
* Fleet serviceability
* Transport Capacity Utilization
* Operational Flexibility
* Fuel Security
* Preventive Maintenance
* Heavy Maintenance
* Vehicle Safety
* Operator Professionality
* Driver Professionality
* Operator Autonomy
* Op. Financial Standing
* Adequate Staffing
* Reporting/Planning Capacity
* Cost Efficiency
* WFP Commitment
* Outsourcing merits replication



The Opinion of the Evaluation Mission at a Glance

MISSION

WFP Kampala

WFP
GUIDELINES FOR THE MOBILIZATION AND DEPLOYMENT OF STRATEGIC FLEET FOR AFRICA

BACKGROUND

The bulk of WFP's road transport service requirements, both for the long-haul and short-haul transport, is usually contracted from the private commercial operators. To supplement this commercial transport industry, WFP has recently established a fleet of medium and short-haul trucking capacity under the Strategic Fleet for Africa programme.

The lifting capacity of the existing Strategic Fleet as compared to that of the overall capacity requirement of the WFP, even at the level of the Great Lakes Cluster alone, is quite minimal. Based on the objectives set during the inception of the programme, it thus become essential to draw-up a guideline on how and when this limited transport resource has to be engaged mainly in the absence of other alternatives.

PURPOSE

This guideline addressed essential factors that need to be looked into with respect to:

- making requests by WFP Country Offices for an assignment of part of the Strategic Fleet;
- taking decision on deployment of the fleet by OTL, WFP/Rome and the Great Lakes Cluster, Logistics Office.

Factors to be considered for Mobilisation/Deployment within the Great Lakes Region

The request for deployment of the Strategic Fleet by WFP Country Offices within the GLR will have to be based on the following factors:

2.1 An objective assessment of the transport requirement within the country in question. This must be backed with concrete figures on tonages, origin/destination, and proposed period of deployment for the fleet.
2.2 Nature of the emergency situation in the country.
2.3 The availability and condition of private and NGO trucking resources within the country.
2.4 The security and other similar limiting factors in the free movement of the commercial fleet in the country.
2.5 As assessment of the transport market rates and its trend.
2.6 The road and other related infrastructure conditions and considerations.
2.7 Comparison of costs between private/NGO trucks use against that of the Strategic Fleet.
2.8 A brief overview of the planned backstopping arrangements that will be made available for supporting the fleet, i.e convoy/monitoring arrangement, invoice processing capacity etc.

MECHANISM FOR SUBMISSION OF REQUESTS

Each Country Office requesting for the deployment of part of the Strategic fleet will have to present a brief but rigorous analysis in relation to the issues listed above and justify. it's need and ensure that alternative use of the private trucking resources with the country are fully explored. On receipt of the request for deployment a joint technical assessment mission composed of the WFP/Kampala and representative of the management company will visit the operation area and determine if technical backup facilities like bases, fuel and service arrangements are available to ensure continuity of service. With all these ground work in hand, the Great Lakes Logistics Cluster will then evaluate the request and determine the need and nature of the deployment in consultation with OTL.

Factors to be considered for Mobilisation/Deployment outside the Great Lakes Cluster

Basically request of such a nature, i.e input from the Strategic Fleet resource, is expected to be channelled to OTL, WFP/Rome. An evaluation of such a request will need to address certain key factors before a final mobilization/deployment decision is initiated. These are:

3.1 The nature of the emergency situation in the country in question. This must be backed with concrete figures reflecting tonnages, origin/destination and proposed period of deployment.

3.2 The security and related considerations that may have limited the free mobility of private operators.

3.3 The availability of private and NGO trucking resources within the county in question and its neighbours.

3.4 The cost and logistics implications of the deployment plan

3.5 The condition and nature of the roads and infrastructure of the country and/or the region. This has to also be related to the type and configuration of trucks within the Strategic Fleet for confirmation of suitability.

3.6 Availability of transport contractors who could operate the fleet within the country or region in question.

3.7 Advise resourcing plan to meet any mobilisation/demobilisation costs.

The above listed technical and operational issues need to be addressed when requests are presented by any requesting Country Office. Since resources are limited, the intervention to deploy the fleet will mainly depend on the extent of the emergency and the presentation of the request in relation to the essential factors highlighted above.

It is likely that there will be a number of competing requests for this limited resources at any given time. In order to prioritise the deployment decision, a closer consultation between OTL, WFP/Rome and the GLR in this regard is essential. Moreover, OTL may have to name a focal point for processing such type of request.

Table 2.1: STRATEGIC FLEET OPERATIONS - GREAT LAKE REGION: Utilisation of Budget

		ALLOCATION		ACQUITTANCE		USED 31/MAR./9	Actual Amount	
ITEMS	CR No.	DATE	US$	DATE	US$	US$	used b S.F.	REMARKS/CALCULATION
LIGHT VEHICLES	97Y0103	11/Nov./97	101,156.00		100,157.00	18,028.00	9,014.00	Deliciation 5years, value after 5 ears 10%.(12 mon.)
HINO SPARE PARTS	97Y0101	11/Nov./97	133,129.00		133,129.00	73,547.99	* 1	
HINO SPARE PARTS/CABIN	97Y0101	Apr./98	40,025.00		13,903.57	13,903.57	13,903.57	Issued for CD107-134U
HINO SPARE PARTS/TARPAULINS	97Y0101				13,248.00	13,248.00	13,248.00	Issued to UCTU for Hino trucks.
HIND SPECIAL TOOLS	97Y0101				14,161.00	4,130.00	4,130.00	Depreciation 2 year, value after 2 years 0%. (7 mon.)
CODAN RADIOS	97Y0101	11/Nov./97	30,600.53		28,981.91	13,766.41	13,766.41	Depreciation 2 year, value after 2 years 5%. (12mon.)
COMPUTER EQUIP.	97Y0102	11/Nov./97	3,700.00		3,859.00	3,859.00	916.00	Sec-hand. Depliciation 2 year, value after 2 years 5%.
DRAWBAR TRAILERS	97Y0111	Dec./97	400,000.00		400,000.00	44,333.33	44,333.33	Depreciation 5 year, value after 5 years 10% (7 mon.)
CONTAINER WORKSHOPS.	97Y0108	04/Dec./97	86,210.53		86,210.53	6,465.79	6,465.79	Depreciation 5 year, value after 5 years 10%. (5 mon.)
FLEET BASE.	97Y0109	04/Dec./97	153,200.00		153,200.00	153,200.00	91,920.00	60 % share with WTOU & others.
FIELD KITS FOR THE FLEET	98Y0135	Mar./98	21,550.00		0.00	0.00	0.00	on process
DELIVERY OF TRAILERS	98Y0052	08/May ./98	23,014.00		21,651.00	21,651.00	21,651.00	Exp. paid from petty cash are not included.
INTERNATIONAL STAFF	96Y0093		220,000.00		220,000.00	220,000.00	110,000.00	50% of share of work.
BEDFORD TRUCKS SPARES AIRLIFTED	98Y0080	May-Jun./98	9,696.34		0.00	0.00	0.00	commitment on process
BEDFORD TRUCKS SPARES AIRLIFTED	98Y0072	May-Jun./98	68,298.00		68,298.00	7,602.10	* 1	
RELOCATION OF STRATEGIC FLEET	99Y0001		62,000.00		33,310.49	33,310.49	33,310.49	on process
SUPPORT COST KAMPALA FLEET			102,100.00		0.00	0.00	0.00	New allocation for 99
SUPPORT COST KAMPALA FLEET			100,000.00		0.00	0.00	0.00	New allocation for 99
			1,554,679.40		1,290,109.50	627,045.68	362,658.59	

* 1 . Money collected from Management company and being utilized for replenishment.

Source: Data based on WFP Kampala

TABLE 2.2: VARIATION OF CROSS - BORDER TRANSPORT RATES FOR COMMERCIAL TRANSPORTERS OVER TIME 1994 - 1999

	1994			1995			1996			1997			1998			1999		
	Beginning	Mid	End	Beginning	Mid	End	Beginning	Mid	End	Beginning	Mid	End	Beginning	Mid	End	Beginning	Mid	End
Goma	105.00	105.00	105.00	105.00	105.00	108.33	108.33	108.33	108.33	108.33	90.00	90.00	90.00	90.00	90.00	90.00	N/A	N/A
Kigali					82.00	82.00	82.00	82.00	78.00	59.84	59.84	59.84	61.20	61.20	61.20		N/A	N/A
Bukavu											108.00	108.00	108.00	108.00			N/A	N/A
Uvira											137.00	137.00		129.00	129.00		N/A	N/A
Ngozi											108.77	108.77	109.00	109.00	109.00	75.26	N/A	N/A

Note: All the above rates are in US dollars per ton for the destinations

Remarks

1) *Rates for Kigali from the beginning of 1997 were at 0.11 ($US) per ton/km. It changes in 1998 due to the change in the routing of truck, distance changes from 544 to 557 kms*
2) *For early 1999, the rates fro Kigali and Ngozi are based on the rate of $US0.096/ton/km*

Transportation to the other destination in which rates are not indicated were done by WTOE and Nabresco trucks

Table 2.3: Distribution Activity (in MTN) 1997 - Strategic Fleet

	HINO					Bedford				
			in-Country					in-Country		
Month	**Rwanda**	**Burundi**	**Zaire**	**Uganda**	**Tanzania**	**Rwanda**	**Burundi**	**Zaire**	**Uganda**	**Tanzania**
January	5439	0	0	0	0	1136	0	0	0	0
February	8038	0	0	0	0	1700	0	0	0	0
March	10606	0	0	0	0	1670	0	0	0	0
April	11016	0	0	0	0	2163	0	0	0	0
May	0	0	0	0	0	2208	0	0	0	0
June	4649	2014	196	1495	0	0	0	0	0	0
July	4339	3084	331	1377	0	0	0	0	0	0
August	3016	1906	61	1040	0	0	0	0	0	0
September	2664	2418	331	595	0	0	0	0	0	0
October	3258	2168	554	999	0	0	0	0	0	0
November	2605	1430	277	1031	0	0	0	0	0	0
December	2047	1269	0	854	0	0	0	0	0	76
Total 1997	**57675**	**14287**	**1750**	**7389**	**0**	**8877**	**0**	**0**	**0**	**76**
Grand Total	**81101**					**8953**				
Overall	**90054**									

Source: Estimates based on WFP Annual Strategic Fleet Reports & informations received from field office

Table 2.4: Distribution Activity (in MTN) 1998 - Strategic Fleet

	HINO					Bedford				
Month	**Rwanda**	**Burundi**	in-Country **Zaire**	**Uganda**	**Tanzania**	**Rwanda**	**Burundi**	**Zaire**	**Uganda**	**Tanzania**
										Jan. - June
January	813	1214	0	892	0	0	0	0	0	169
February	1081	1034	0	723	0	0	0	0	0	141
March	1216	1106	15	1201	0	0	0	0	0	131
April	1057	1218	79	1325	0	0	0	0	0	33
May	775	1928	45	786	0	0	0	0	0	90
June	1325	2521	0	522	0	0	0	0	0	66
July	936	1579	0	1313	0	0	0	0	0	0
August	1511	1109	0	1309	0	0	0	0	0	0
September	1146	1919	0	1154	0	0	0	0	402	0
October	1752	1191	0	949	0	0	0	0	378	0
November	1672	1151	0	1099	0	0	0	0	806	0
December	1949	1290	0	179	0	0	0	0	681	0
Total 1998	**15233**	**17258**	**139**	**11452**	**0**	**0**	**0**	**0**	**2267**	**630**
Grand Total	**44082**					**2897**				
Overall	**46979**									

Source: Estimates based on WFP Annual Strategic Fleet Reports & informations received from field office

Table 2.5a Share of Strategic Fleet in Total WFP Deliveries 1997 -- Hino Fleet

PRIMARY DISTRIBUTION (LONG HAUL)				IN-COUNTRY DISTRIBUTION (SHORT HAUL)			
ORIGIN	FINAL DEST.	MTN	MODE	HINO FLEET			
				TON	% of total	KM	TON KM
Kampala	Burundi	7176	T				
Isaka	Burundi	10 906	T				
	Total Burundi	**18 081**		**14287**	**79.0**	**75**	**1071525**
Kampala	Rwanda	69 380	T				
Isaka	Rwanda	30 665	T				
	Total Rwanda	**100 045**		**57675**	**57.6**	**91**	**5248425**
Kampala	Tanzania	9 638	R				
Isaka	Tanzania	45 564	T&R				
	Total Tanzania	**55 202**		**0**			
Kampala	Uganda	50 683	T				
	Total Uganda	**50 683**		**7389**	**14.6**	**68**	**502452**
Kampala	DRC	9132	T				
Isaka	DRC	911	R				
	Total DRC	**10 043**		**1750**	**17.4**	**40**	**70000**
Grand Total:		**234 054**		**81101**			**6892402**

* average loaded km/trip
Source: WFP Kampala

Table 2.5b Share of Strategic Fleet in Total WFP Deliveries 1998 -- Hino Fleet

PRIMARY DISTRIBUTION (LONG HAUL)				IN-COUNTRY DISTRIBUTION (SHORT HAUL)			
ORIGIN	FINAL DEST.	MTN	MODE	HIND FLEET			
				TON	% of total	KM	TON KM
Kampala	Burundi	16 956	T				
Isaka	Burundi	6 802	T				
	Total Burundi	**23 758**		**17258**	**72.6**	**78**	**1346124**
Kampala	Rwanda	34 594	T				
Isaka	Rwanda	14128	T				
	Total Rwanda	**48 723**		**15233**	**31.3**	**128**	**1949824**
Kampala	Tanzania	9 830	T&R				
Isaka	Tanzania	58137	T&R				
	Total Tanzania	**67 967**		**0**			
Kampala	Uganda	50 453	T				
	Total Uganda	**50 453**		**11452**	**22.7**	**68**	**778736**
Kampala	DRC	3 671	T				
	Total DRC	**3 671**		**139**		**40**	**5560**
Grand Total:		**194 571**		**44082**			**4080244**

* average loaded km/trip
Source: WFP

Table 2.6a Share of Strategic Fleet in Total WFP Deliveries 1997 -- Bedford Fleet

PRIMARY DISTRIBUTION (LONG HAUL)				IN-COUNTRY DISTRIBUTION (SHORT HAUL)			
ORIGIN	FINAL DEST.	MTN	MODE	**Bedfords**			
				TON	% of total	KM *	TON KM
Kampala	Burundi	7176	T				
Isaka	Burundi	10 906	T				
	Total Burundi	**18 081**		**0**			
Kampala	Rwanda	69 380	T				
Isaka	Rwanda	30 665	T				
	Total Rwanda	**100 045**		**8877**	**8.9**	**38**	**337326**
Kampala	Tanzania	9 638	R				
Isaka	Tanzania	45 564	T&R				
	Total Tanzania	**55 202**		**76**	**0.1**	**122**	**9272**
Kampala	Uganda	50 683	T				
	Total Uganda	**50 683**		**0**			
Kampala	DRC	9132	T				
Isaka	DRC	911	R				
	Total DRC	**10 043**		**0**			
Grand Total:		**234 054**		**8953**			**346598**

* Average loaded km/trip
Source: WFP Kampala

Table 2.6.b Share of Strategic Fleet in Total WFP Deliveries 1998 -- Bedford Fleet

PRIMARY DISTRIBUTION (LONG HAUL)				IN-COUNTRY DISTRIBUTION (SHORT HAUL)			
ORIGIN	FINAL DEST.	MTN	MODE	**Bedfords**			
				TON	% of total	KM *	TON KM
Kampala	Burundi	16 956	T				
Isaka	Burundi	6 802	T				
	Total Burundi	**23 758**		**0**			
Kampala	Rwanda	34 594	T				
Isaka	Rwanda	14 128	T				
	Total Rwanda	**48 723**		**0**	**0.9**	**165**	**103950**
Kampala	Tanzania	9 830	T&R				
Isaka	Tanzania	58 137	T&R				
	Total Tanzania	**67 967**		**630**	**4.5**	**68**	**154156**
Kampala	Uganda	50 453	T				
	Total Uganda	**50 453**		**2267**			
Kampala	DRC	3 671	T				
	Total DRC	**3 671**		**0**			
Grand Total:		**194 571**		**2897**			**258106**

* Average loaded km/trip
Source: WFP Kampala

Table 2.7: GULU Distribution: Comparative Analysis Management Companies

HINO
Under UCTU management

1998 Month	**Food Requirement** MT	**Food on Stock Gulu** MT	**actually distributed** UCTU MT	Other MT	Comment
January	3463	2021	892	15	
February	2233	2067	722	33	
March	2327	2166	1201	7	
April	2484	2310	1325	42	
May	2545	2218	786	55	security
June	2580	2362	522	18	security
etc.					
Total	**15632**	**13144**	**5448**	**170**	
Average			**908**		
Theoretical monthly capacity			**1728**		
Capacity utilisation (%)			**53**		

HINO Fleet deployed: 6 units; truck capacity: 15 MT;
Roundtrips/month:24; serviceability 80%

Bedford
under RIO Management

1998/9 Month	**Food Requirement**	**Food on Stock Gulu**	**Distribution by RIO**	Other	Comment
December	1842	1128	404	136	security
January	2348	1378	899	521	fuel problem
February	1580	957	800	494	
March	no	data			fuel problem
etc.					
Total 1998	**5770**	**3463**	**2103**	**1151**	
Average			**701**		
Theoretical monthly capacity			**1037**		
Capacity utilisation (%)			**68**		

Bedford fleet deployed: 9 units; truck capacity: 6 MT
Roundtrips/month:24; serviceability 80%

Source: Own compilation, based on Gulu Field Office WFP

Table 3.2 Estimated 1999 Food Distribution and STRAT. FLEET Requirements.

DISTRIBUTION REQUIREMENTS						Strategic Fleet Requirement				
							Assumptions			
Country 2)	Year 3)	MTN	Estimate Distrib.	MT/Month	STRAT share 4)	KM (av.loaded)	No. roundtrips	veh.capacity	ton-km	**No.veh.required**
Burundi	1999	33 657	25 243	3155	2398	77	16	15	184651	**10**
Rwanda	1999	48 945	36 709	4589	2248	91	12	15	204605	**12**
Tanzania	1999	55 456	41 592	5199	not considered				0	
Uganda	1999	51 276	38 457	4807	1009	68	18	15	68646	**4**
Total:										**26**

1) Estimate based on past two years actual Strat.Fleet involvement in EMOP deliveries see tables 2.5, 2.6
2) Congo excluded from GRL cluster
3) Eight month period only (May to Dec. 99)
4) Rwanda: UNHCR GTZ included

Table 3.3 Estimated 2000 Food Distribution and STRAT. FLEET Requirements.

DISTRIBUTION REQUIREMENTS						Strategic Fleet Requirement				
							Assumptions			
Country 2)	Year 3)	MTN	Estimate Distrib.	MT/Month	STRAT share 4)	KM (av.loaded)	No. roundtrips	veh.capacity	ton-km	**No.veh.required**
Burundi	2000	50 580	37 935	3161	2403	77	16	15	184996	**10**
Rwanda	2000	63 360	47 520	3960	1940	91	12	15	176576	**11**
Tanzania	2000	83 076	62 307	5192	not considered				0	
Uganda	2000	66 456	49 842	4154	872	68	18	15	59312	**3**
Total:										**24**

1) Estimate based on past two years actual Strat.Fleet involvement in EMOP deliveries
2) Congo excluded from GRL cluster
3) Full year
4) Rwanda: UNHCR GTZ not yet included

Table 4.1 Case Study Rwanda Operation: Strategic Hino Fleet 1998 Fleet Utilization Rate

Month	Hino Units stationed 1) (NO)	actually avail. 2) (NO)	operational (av.) (NO.)	Lift-up Capacity MT	Volume carried MT	Capacity Utilization actual(%)	Target 3) Capacity MT	Capacity Utilization against target (%)
January	**13**	**9**	**7.5**	**1345**	**813**	**60.5**	**2106**	**39**
February	**13**	**9**	**7.5**	**1345**	**1081**	**80.4**	**2106**	**51**
March	**13**	**9**	**7.5**	**1345**	**1216**	**90.4**	**2106**	**58**
April	**13**	**9**	**7.5**	**1345**	**1057**	**78.6**	**2106**	**50**
May	**13**	**9**	**7.5**	**1345**	**775**	**57.6**	**2106**	**37**
June	**13**	**9**	**7.7**	**1393**	**1325**	**95.1**	**2106**	**63**
July	**13**	**9.5**	**7**	**1265**	**936**	**74**	**2106**	**44**
August	**13**	**11.5**	**9.5**	**1718**	**1511**	**87.9**	**2106**	**72**
September	**13**	**11.5**	**9.5**	**1718**	**1146**	**66.7**	**2106**	**54**
October	**13**	**11**	**10.1**	**1822**	**1752**	**96.2**	**2106**	**83**
November	**13**	**11.5**	**10.7**	**1925**	**1672**	**86.9**	**2106**	**79**
December	**19**	**17.5**	**15.2**	**2741**	**1672**	**61**	**3078**	**54**
Total/Av.					**14956**		**26244**	**64**
Difference MT						11288		from June

1) Not including one accidented vehicle beyond repair
2) Excluding vehicles in accident repair
3) Assumed 100% availability, 90% serviceability

Source: own compilation, based on UCTU and WFP Kampala information

* average serviceability rate according to serviceability reports WFP Kampala
** average roundtrips/month 12
*** average load 15 MT

Table 4.2 Case Study Uganda Operation: Strategic Bedford Fleet 1998/99 Fleet Utilization Rate (September - February)

Month	Bedfords stationed 1) (NO)	actually avail. 2) (NO)	operational (av.) (NO.)	Lift-up Capacity MT	Volume carried MT	Capacity Utilization actual(%)	Target 3) Capacity MT	Capacity Utilization against target (%)
September	**10**	**10**	**8.3**	**896**	**402**	**44.8**	**972**	**41**
October	**12**	**12**	**10**	**1076**	**378**	**35.1**	**1166**	**32**
November	**14**	**14**	**11.6**	**1255**	**806**	**64.2**	**1361**	**59**
December	**14**	**14**	**11.6**	**1255**	**681**	**54.3**	**1361**	**50**
January	**14**	**14**	**11.6**	**1255**	**758**	**60.4**	**1361**	**56**
February	**14**	**14**	**12**	**1300**	**1281**	**98.5**	**1361**	**94**
Total/Av.					**4306**		**7582**	**57**
Difference MT						3276		

1) Not including one accidented vehicle beyond repair
2) Excluding vehicles in accident repair
3) Assumed 100% availability, 90% serviceability

Source: own compilation, based on UCTU and WFP Kampala information

* average serviceability rate according to serviceability reports WFP Kampala
** average roundtrips/month 18

Table 4.3 Case Study BURUNDI Operation: Strategic Hino Fleet 1998 Fleet Utilization Rate

Month	Hino Units stationed 1) (NO)	actually avail. 2) (NO)	operational (av.) (NO.)	Lift-up Capacity MT	Volume carried MT	Capacity Utilization actual(%)	Target 3) Capacity MT	Capacity Utilization against target (%)
January	8	7	7	1680	1214	72.2	1728	70
February	8	7	6.9	1656	1034	62.4	1728	60
March	8	7	6.9	1656	1106	66.8	1728	64
April	8	7	6.9	1656	1218	73.5	1728	70
May	8	7	5.9	1416	1928 air lift			
June	8	7	6.2	1488	2521 support			
July	8	7	6.6	1584	1579 operation			
August	8	7	6.3	1512	1109	73.3	1728	64
September	8	7	6.7	1608	1919 air lift			
October	8	7	6.4	1536	1191	77.5	1728	69
November	8	7	6.8	1632	1151	70.5	1728	67
December	8	8	7.7	1848	1290	69.8	1728	75
Total/Av.					17260			67*

1) Not including one accidented vehicle beyond repair
2) Excluding vehicles in accident repair
3) Assumed 100% availability, 90% serviceability
*excluding air lift support operations
Source: own compilation, based on UCTU and WFP Kampala information

* average serviceability rate according to serviceability reports WFP Kampala

Table 4.4 Case Study HINO UGANDA Operation
1998 Fleet Utilization Rate

Month	Hino Units stationed 1) (NO)	Actually avail. 2) (NO)	operational (av.) (NO.)	Lift-up Capacity MT	Volume carried MT	Capacity Utilization actual(%)	Target 3) Capacity MT	Capacity Utilization against target (%)
January	**6**	**6**	**4**	**1080**	**892**	**82.6**	**1458**	**61**
February	**6**	**6**	**4.7**	**1269**	**723**	**57**	**1458**	**50**
March	**6**	**6**	**5**	**1350**	**1201**	**89**	**1458**	**82**
April	**6**	**6**	**5.6**	**1512**	**1325**	**87.6**	**1458**	**91**
May	**6**	**6**	**4.9**	**1323**	**786**	**59.4**	**1458**	**54**
June	**6**	**6**	**3.9**	**1053**	**522**	**49.6**	**1458**	**36**
July	**6**	**6**	**4.8**	**1296**	**1313**	**101.3**	**1458**	**90**
August	**6**	**6**	**5**	**1350**	**1309**	**97**	**1458**	**90**
September	**6**	**6**	**5.1**	**1377**	**1154**	**83.8**	**1458**	**79**
October	**6**	**6**	**5.7**	**1539**	**949**	**61.7**	**1458**	**65**
November	**6**	**6**	**5.9**	**1593**	**1099**	**69**	**1458**	**75**
December	**0**	**0**	**0**	**0**	**179**	**0**	**0**	**0**
Total/Av.					**11452**		**16038**	**71**
Difference MT						4586		

1) Not including one accidented vehicle beyond repair
2) Excluding vehicles in accident repair
3) Assumed 100% availability, 90% serviceability

Source: own compilation, based on UCTU and WFP Kampala information

* average serviceability rate according to serviceability reports WFP Kampala
** average roundtrips/month 18
*** average load 15 MT

Table 4.5: Case Study Rwanda Operation: Strategic Hino Fleet Monthly Truck Availability (June 1998 - February 1999)

Month	Hino Units stationed 1) (NO.)	Units actually available 2) (NO.)	Availability Ratio (%)	
June	**13**	**9**	**69.2**	
July	**13**	**9.5**	**73.1**	
August	**13**	**11.5**	**88.5**	
September	**13**	**11.5**	**88.5**	
October	**13**	**11**	**84.6**	
November	**13**	**11.5**	**88.5**	
December	**19**	**17.5**	**92.1**	
January	**19**	**17**	**89.5**	
February	**19**	**17.5**	**92.1**	
		average		85.1

1) Not including one accidented vehicle beyond repair
2) Excluding vehicles in accident repair

Source: own compilation, based on UCTU and WFP Kampala information

CASE STUDY RWANDA OPERATION: Strategic Hino Fleet
Monthly Truck Availability (June 1998 - Feb. 1999)

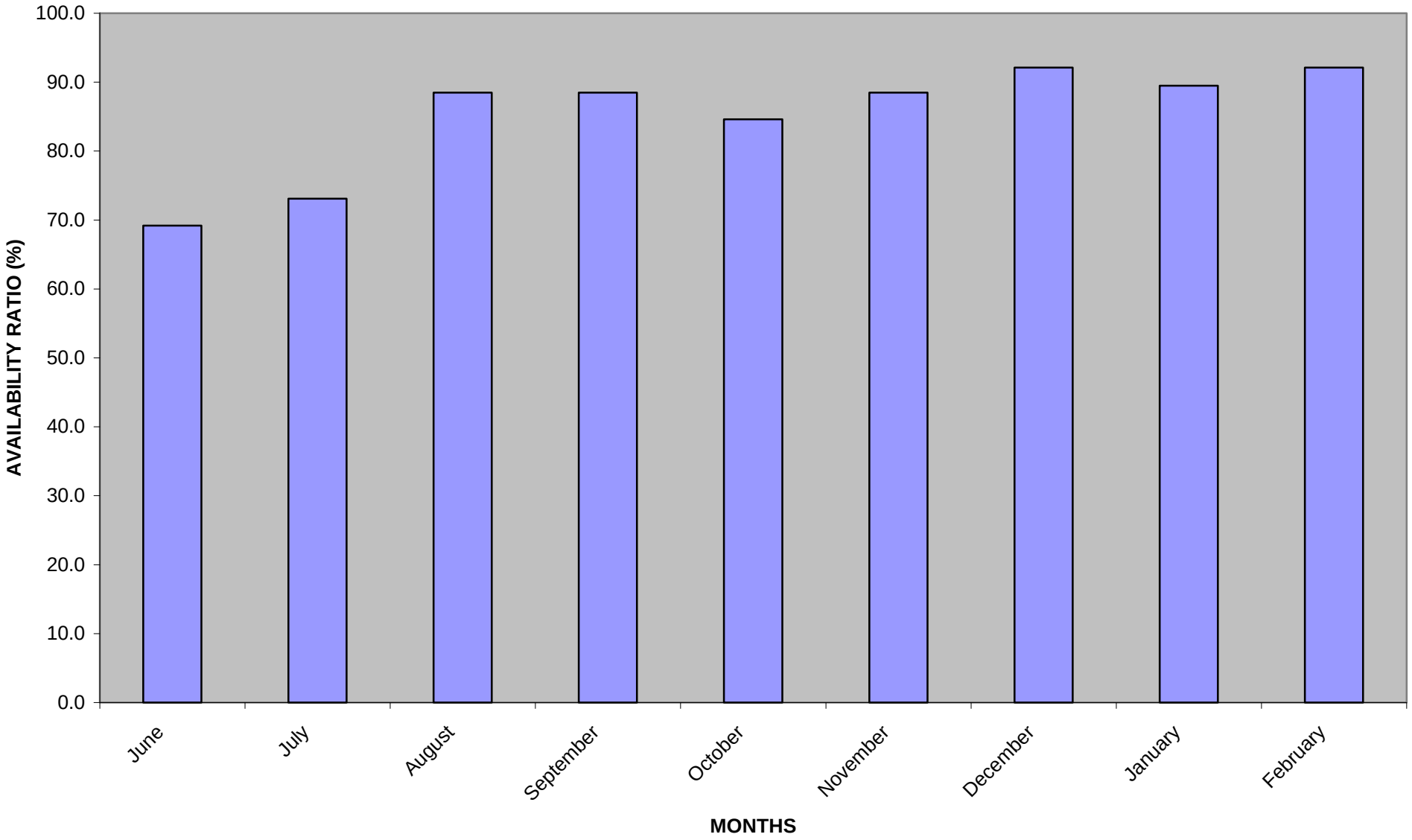


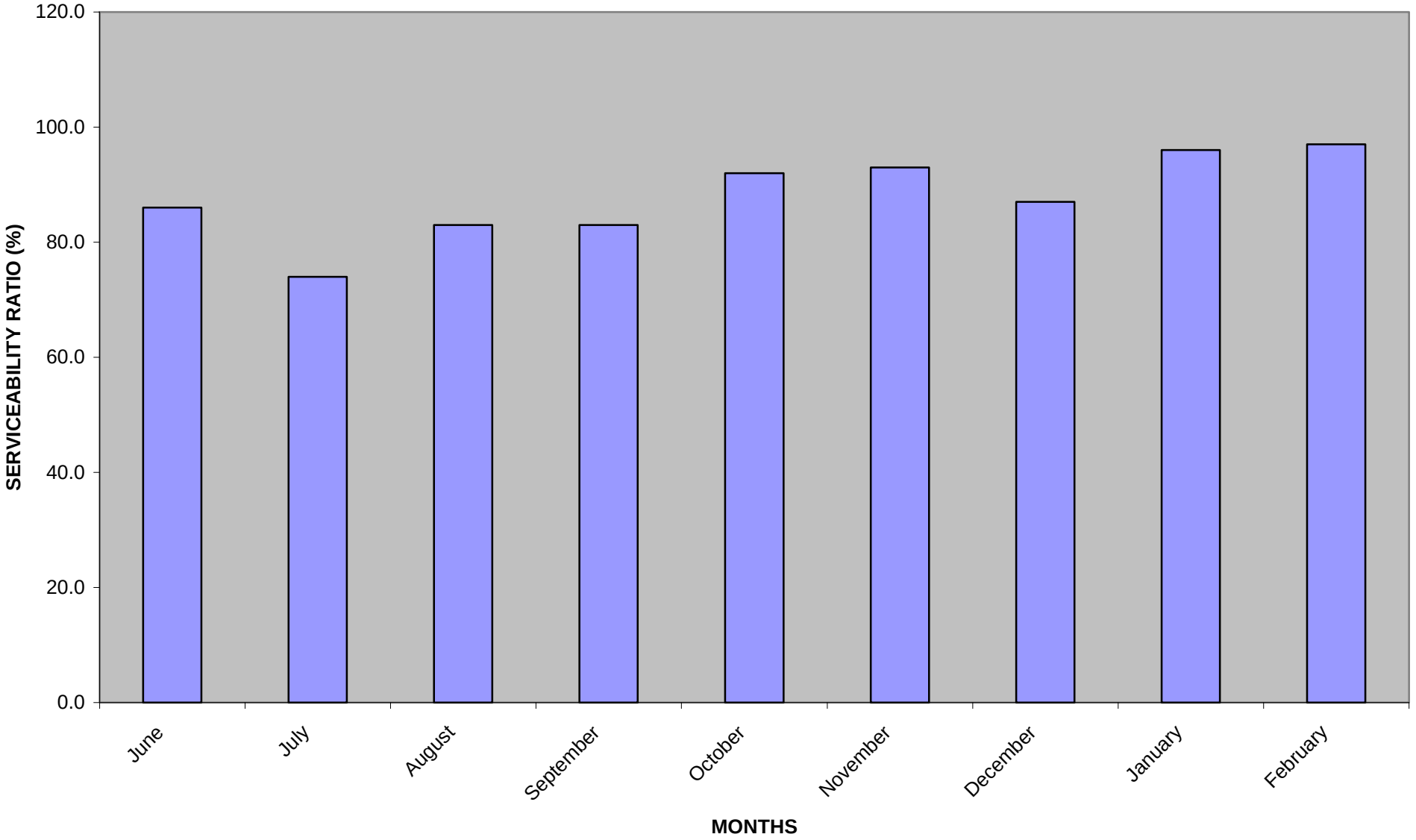
Table 4.6: Case Study Rwanda Operation: Strategic Hino Fleet
Monthly Truck Serviceability (June 1998 - February 1999)

Month	Units actually available 1) (NO.)	Serviceability Ratio (%) 2)	operational (av.) (NO.)
June	**9**	**86.0**	**7.7**
July	**9.5**	**74.0**	**7.0**
August	**11.5**	**83.0**	**9.5**
September	**11.5**	**83.0**	**9.5**
October	**11**	**92.0**	**10.1**
November	**11.5**	**93.0**	**10.7**
December	**17.5**	**87.0**	**15.2**
January	**17**	**96.0**	**16.3**
February	**17.5**	**97.0**	**17.0**
	average	87.9	

1) Excluding vehicles in accident repair
2) Technical serviceability of non-accidented trucks

Source: own compilation, based on UCTU and WFP Kampala information

CASE STUDY RWANDA OPERATION: Strategic Hino Fleet



Monthly Truck Serviceability (June 1998 - Feb. 1999)

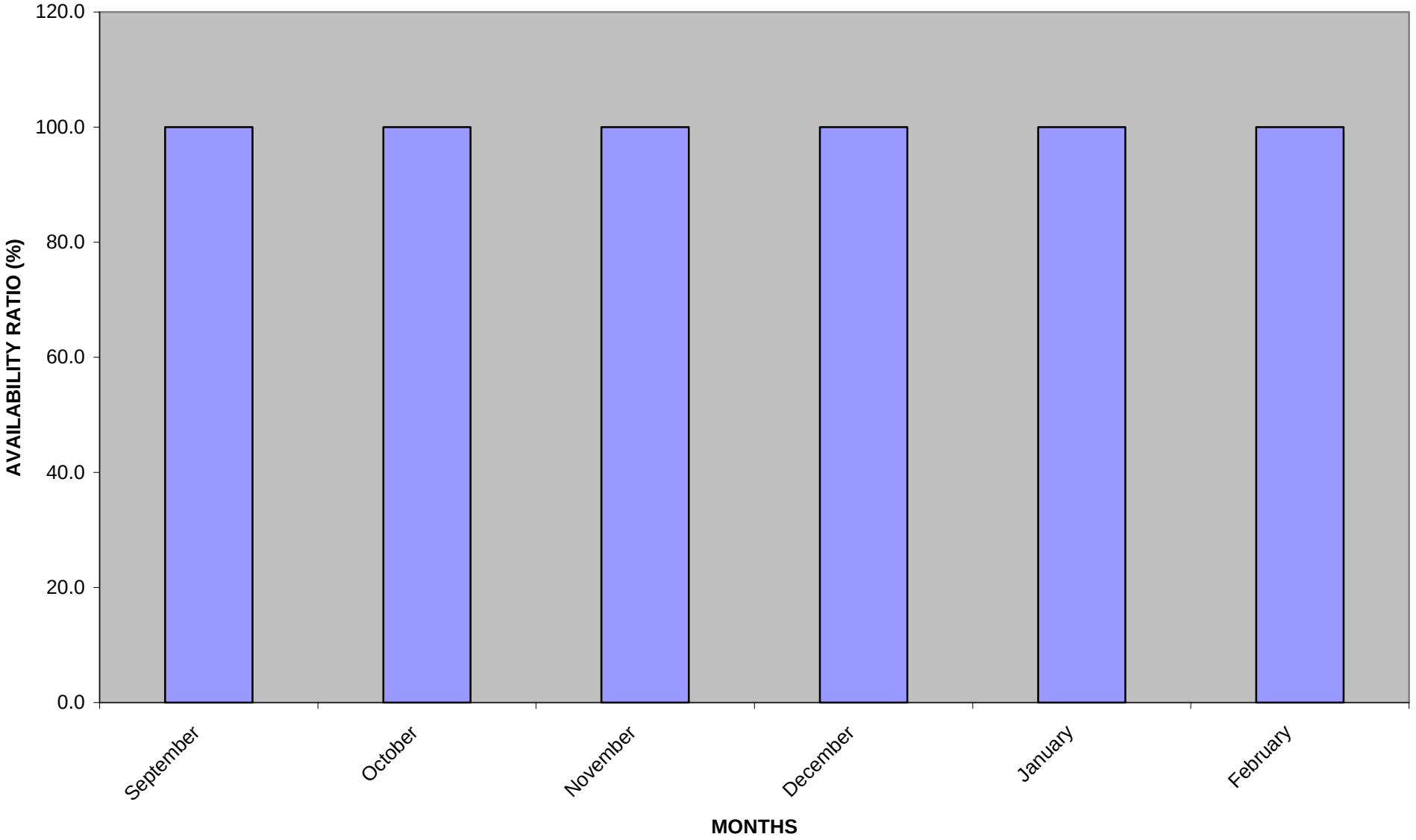
Table 4.7: Case Study Uganda Operation: Strategic Bedford Fleet Monthly Truck Availability (September 1998 - February 1999)

Month	Bedfords stationed 1) (NO.)	Units actually available 2) (NO.)	Availability Ratio (%)	
June				
July				
August				
September	**10**	**10**	**100.0**	
October	**12**	**12**	**100.0**	
November	**14**	**14**	**100.0**	
December	**14**	**14**	**100.0**	
January	**14**	**14**	**100.0**	
February	**14**	**14**	**100.0**	
		average		100.0

1) Not including one accidented vehicle beyond repair
2) Excluding vehicles in accident repair

Source: own compilation, based on UCTU and WFP Kampala information

CASE STUDY UGANDA OPERATION: Strategic Bedford Fleet



Monthly Truck Availability (Sept 1998 - Feb. 1999)

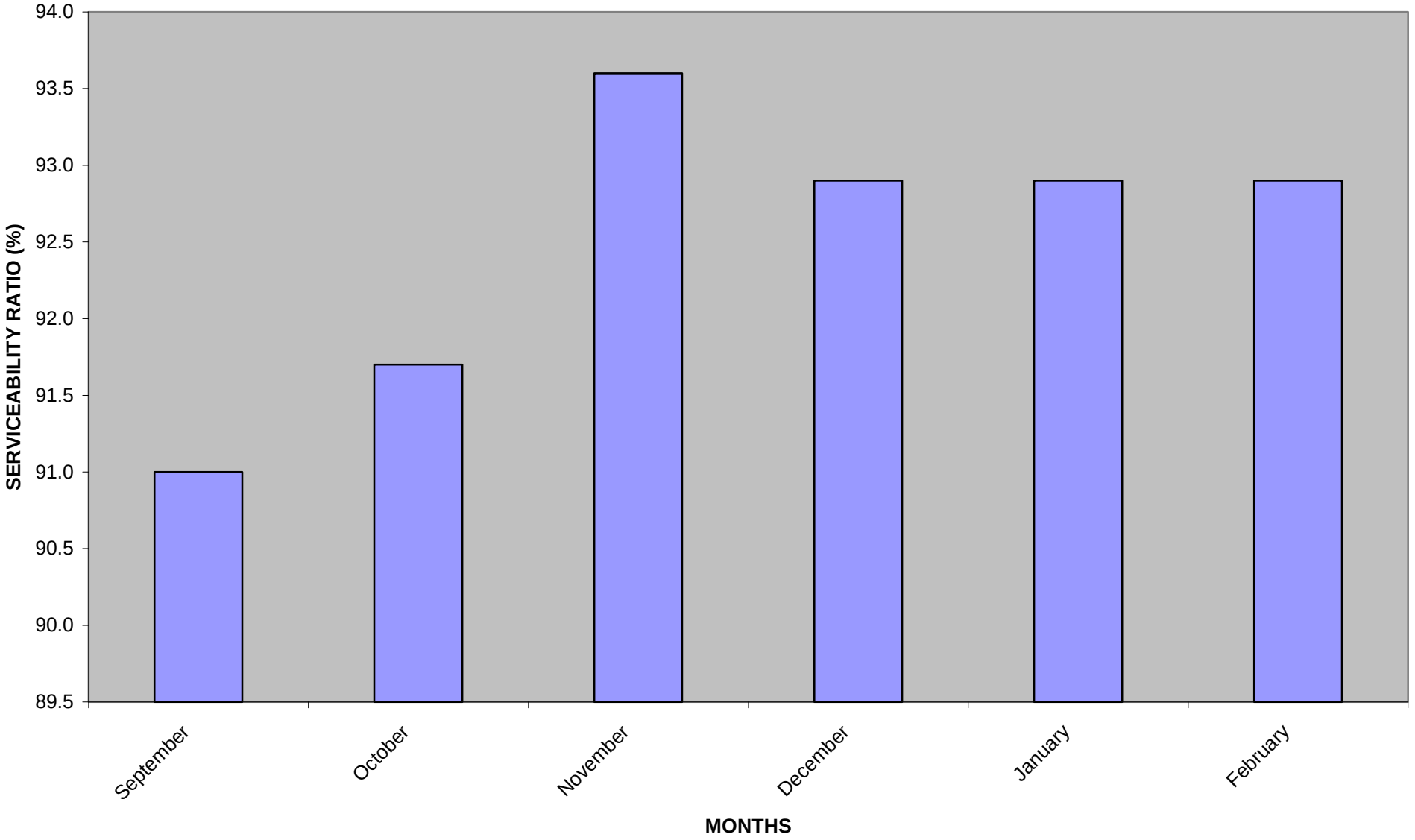
Table 4.8: Case Study Uganda Operation: Strategic Bedford Fleet
Monthly Truck Serviceability (September 1998 - February 1999)

Month	Units actually available 1) (NO.)	Serviceability Ratio (%) 2)	operational (av.) (NO.)
June			
July			
August			
September	**10**	**91.0**	**9.1**
October	**12**	**91.7**	**11.0**
November	**14**	**93.6**	**13.1**
December	**14**	**92.9**	**13.0**
January	**14**	**92.9**	**13.0**
February	**14**	**92.9**	**13.0**
	average	92.5	

1) Excluding vehicles in accident repair
2) Technical serviceability of non-accidented trucks

Source: own compilation, based on UCTU and WFP Kampala information

CASE STUDY UGANDA OPERATION: Strategic Bedford Fleet



Monthly Truck Serviceability (Sept 1998 - Feb. 1999)

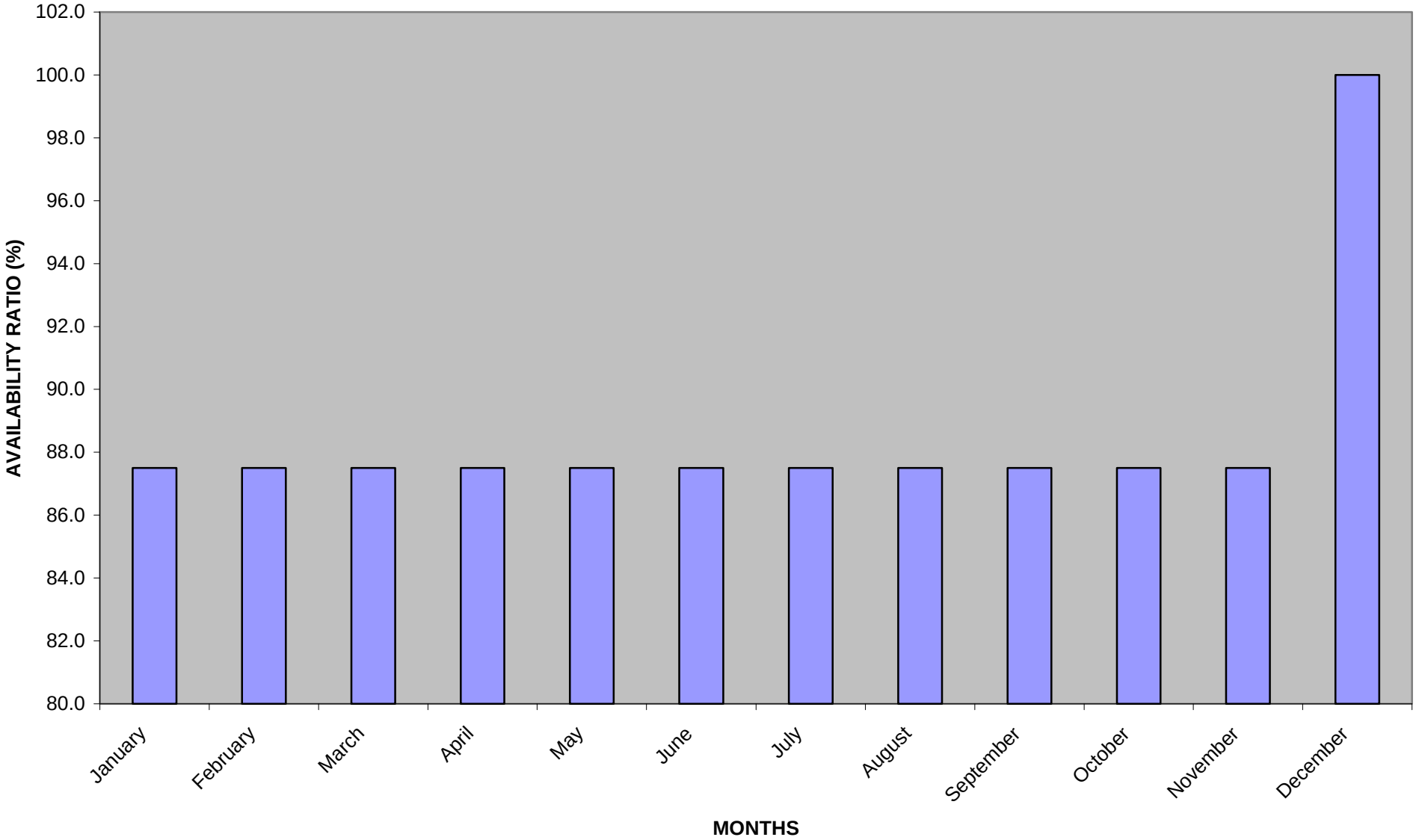
Table 4.9: Case Study BURUNDI Operation: Strategic HINO Fleet Monthly Truck Availability (1998)

Month	Hino stationed 1) (NO.)	Units actually available 2) (NO.)	Availability Ratio (%)	
January	**8**	**7**	**87.5**	
February	**8**	**7**	**87.5**	
March	**8**	**7**	**87.5**	
April	**8**	**7**	**87.5**	
May	**8**	**7**	**87.5**	
June	**8**	**7**	**87.5**	
July	**8**	**7**	**87.5**	
August	**8**	**7**	**87.5**	
September	**8**	**7**	**87.5**	
October	**8**	**7**	**87.5**	
November	**8**	**7**	**87.5**	
December	**8**	**8**	**100.0**	
		average		88.5

1) Not including one accidented vehicle beyond repair
2) Excluding vehicles in accident repair

Source: own compilation, based on UCTU and WFP Kampala information

CASE STUDY BURUNDI OPERATION: Strategic Hino Fleet



Monthly Truck Availability (1998)

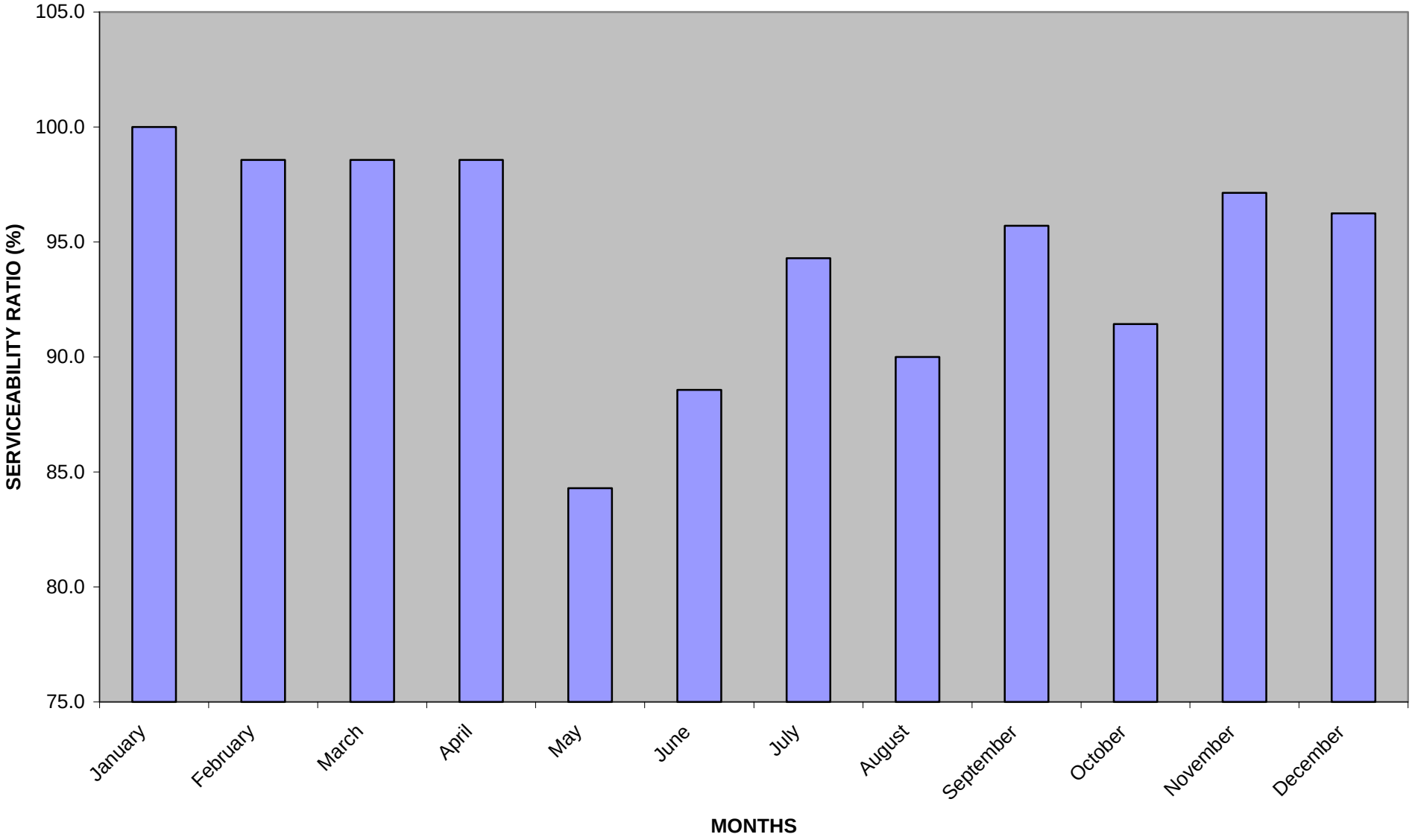
Table 4.10: Case Study BURUNDI Operation: Strategic HINO Fleet Monthly Truck Serviceability (1998)

Month	HINO available 1) (NO.)	Serviceability Ratio (%) 2)	operational (av.) (NO.)
January	**7**	**100.00**	**7.0**
February	**7**	**98.57**	**6.9**
March	**7**	**98.57**	**6.9**
April	**7**	**98.57**	**6.9**
May	**7**	**84.29**	**5.9**
June	**7**	**88.57**	**6.2**
July	**7**	**94.29**	**6.6**
August	**7**	**90.00**	**6.3**
September	**7**	**95.71**	**6.7**
October	**7**	**91.43**	**6.4**
November	**7**	**97.14**	**6.8**
December	**8**	**96.25**	**7.7**
	average	94.45	

1) Not including one accidented vehicle beyond repair
2) Excluding vehicles in accident repair

Source: own compilation, based on UCTU and WFP Kampala information

CASE STUDY BURUNDI OPERATION: Strategic Hino Fleet



Monthly Truck Serviceability (1998)

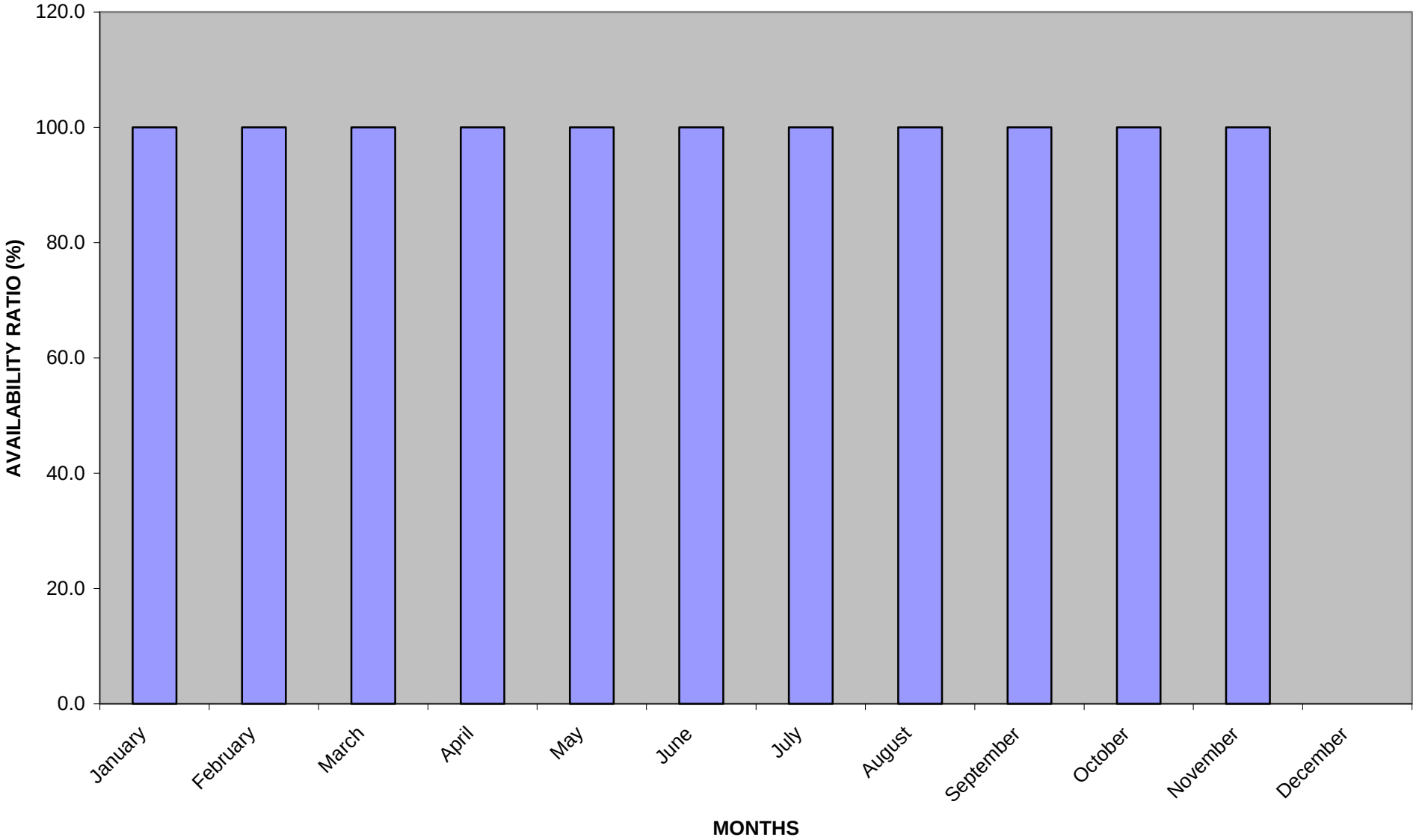
Table 4.11: Case Study HINO Uganda Operation
Monthly Truck Availability (1998)

Month	Hino stationed 1) (NO.)	Units actually available 2) (NO.)	Availability Ratio (%)
January	**6**	**6**	**100.0**
February	**6**	**6**	**100.0**
March	**6**	**6**	**100.0**
April	**6**	**6**	**100.0**
May	**6**	**6**	**100.0**
June	**6**	**6**	**100.0**
July	**6**	**6**	**100.0**
August	**6**	**6**	**100.0**
September	**6**	**6**	**100.0**
October	**6**	**6**	**100.0**
November	**6**	**6**	**100.0**
December	**0**	**0**	**0.0**
		average	100.0

1) Not including one accidented vehicle beyond repair
2) Excluding vehicles in accident repair

Source: own compilation, based on UCTU and WFP Kampala information

CASE STUDY HINO UGANDA Operation



Monthly Truck Availability (1998)

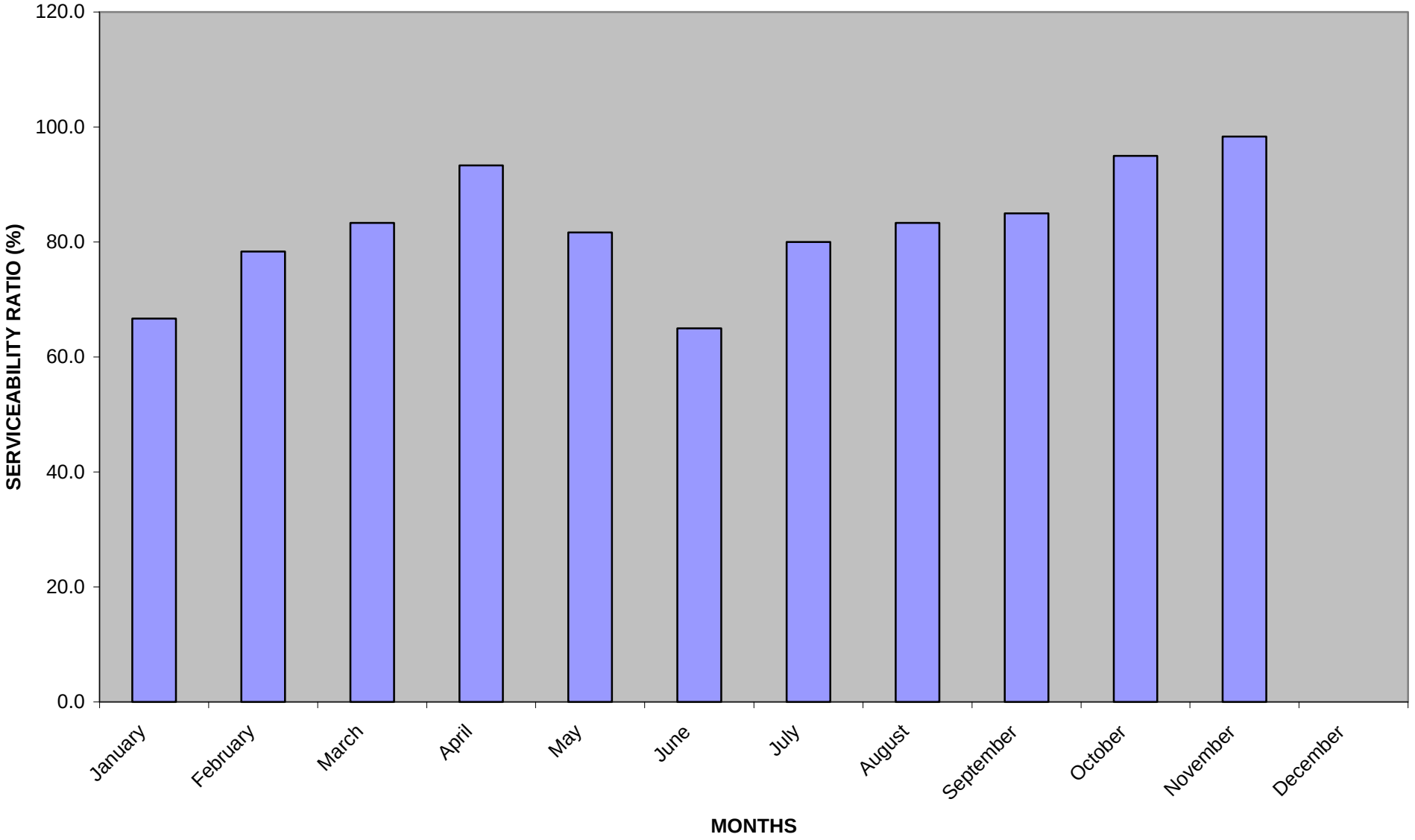
Table 4.12: Case Study HINO Uganda Operation
Monthly Truck Serviceability (1998)

Month	HINO available 1) (NO.)	Serviceability Ratio (%) 2)	operational (av.) (NO.)
January	**6**	**66.67**	**4.0**
February	**6**	**78.33**	**4.7**
March	**6**	**83.33**	**5.0**
April	**6**	**93.33**	**5.6**
May	**6**	**81.67**	**4.9**
June	**6**	**65.00**	**3.9**
July	**6**	**80.00**	**4.8**
August	**6**	**83.33**	**5.0**
September	**6**	**85.00**	**5.1**
October	**6**	**95.00**	**5.7**
November	**6**	**98.33**	**5.9**
December	**0**	**0.00**	**0.0**
	Average	82.73	

1) Not including one accidented vehicle beyond repair
2) Excluding vehicles in accident repair

Source: own compilation, based on UCTU and WFP Kampala information

CASE STUDY UGANDA OPERATION: Strategic Bedford Fleet



Monthly Truck Serviceability (Sept 1998 - Feb. 1999)

Table 5.1: Costs of Hino Operation (Outsourced Management) 1997 and 1998

1. Payments effectuated to Management Company (UCTU)

Period	*ton-km*	*Fixed (USD)*	*variable (USD)*	*total (USD)*	*weigh. factor*	**Costs (USD) per ton-km**	**Aggregated Costs (USD) per ton-km**
Jan.97 - May 97	2345468	283059	164183	447242	0.26	0.18	
June 97 - June 98	4713784	657166	412576	1069742	0.52	0.23	
July 98 - Dec. 98	1926693	281100	231203	512303	0.21	0.28	
Total	8985945	12213251	807962	20292871	average 1)	**0.23**	**0.23**

1) weighted

2. Fleet Mobilisation/Demobilisation Costs

From - to	*total (USD)*	*Annual depr.1)*	*total d.(2 year)*	*total (USD)*	*comments 3)*		
Intra-cluster 2)(29 veh.)	8772.5		8772.5		USD 302.5/veh		
INITIAL: to Karachi	27101						
Ocean freight	120000						
Total	147101	29420	58840	67613		**0.01**	**0.24**

1) capitalisation & amortisation together with vehicles; deprec.period: 5 years 2) demobilisation costs only

3) (1.5 days fixed rate: USD 105) + (Fuel: Av.500km/2km (consumption/l) x USD 0.79 =197.5.5) =302.5 USD

3. Payments from Special Operations Fund

	Investm.Costs	*annual*	*total*		*comments*		
Item	*(USD)*	*depreciation*	*depreciation*	*Used*			
Light Vehicles 1)	100157	15024	15024			0.0017	
Spares C./Tarp.				27152		0.003	
Tools	14161	2832	1416			0.0002	
Comm. Equip.1)	32841	4926	4926			0.0005	
Trailers	421651	84330	49193			0.0055	
Mob.Workshop	43105	8621	3592			0.0004	
Fleet Base 2)	91920			68940		0.0077	
Intern. Staff 3)	110000			82500		0.0092	
Total						**0.03**	**0.26**

1) deprec.period 5 years;75% allocated to Hino fleet 2) 60% allocated 3) 75% allocated

TWO YEARS AVERAGE FROM OPERATION **(1 + 2 + 3)** **0.26**

4. Extra Expenses from Fleet Underutilsation

4.1 Costs from commercial hire (USD)	*Rwanda 1998 4)*	*Burundi 1998*	*Uganda 1998*	*Total (USD)*	
	18168	13390	28066		0.013

4) commercial costs/tonkm - UCTU costs of USD 0.03 Rwanda, Burundi, 0.18 Uganda

UNIT COSTS IN TOTAL **(1+2+3+4)** 0.28

Table 5.2: Costs of Bedford Operation (Outsourced Management) 1997 and 1998

1. Payments effectuated to Management Company (RIO)

Period	*ton-km*	*fixed (USD)*	*variable (USD)*	*total (USD)*	*weigh, factor*	**Costs (USD) per ton-km**	**Aggregated Costs (USD) per ton-km**
Jan.97 - May 97	300036	102200	22503	124703	0.5	0.42	
Dec. 97- June 98	108760			80988	0.21	0.74	
Sept.98 - Dec.98	117047	61327	10534	71861	0.22	0.61	
Total	525843	163527	33037	277552	average 1)	**0.53**	**0.53**

1) weighted

2. Fleet Mobilisation/Demobilisation Costs

		annual	*total*		*comments 3)*		
Item	*total (USD)*	*depreciation 1)*	*depreciation*				
Intra-cluster 2)(29 veh.)	5011.7		5011.7		USD 217.9/veh		
INITIAL: Air-lifted							
Total	5011.7		5011.7			**0.0095**	**0.54**

1) capitalisation & amortisation together with vehicles; deprec.period: 5 years 2) demobilisation costs only

3) (1.5 days fixed rate: USD 105) + (Fuel: Av.500km/3.5km (consumption/l) x USD 0.79 =112.5) = 217.9 USD

3. Payments from Special Operations Fund

	Investm.Costs	*annual*	*total*		*comments*		
Item	*(USD)*	*depreciation 1)*	*depreciation*	*used*			
Light Vehicles	100157	5008	5008			0.0095	
Spares C./Tarp.						0	
Tools						0	
Comm. Equip.	32841					0	
Trailers						0	
Mob.Workshop	43105	8621	3592			0.0068	
Fleet Base2)	91920			22980		0.0437	
Intern. Staff3)	110000			27500		0.0523	
Total						**0.11**	**0.65**

1) deprec.period 5 years;75% allocated to Bedfords 2) 40% allocated 3) 25% allocated

TWO YEARS AVERAGE FROM OPERATION **(1 + 2 + 3)** **0.65**

4. Extra Expenses from Fleet Underutilsation

4.1 from extracommercial hire 1988 *Tanzania 1998* *4)* *Uganda 1998* *Total (USD)*

0

UNIT COSTS IN TOTAL **(1+2+3+4)** 0.65

Table 5.3 : Hino Fleet: Costs Estimate under own WFP Management

Costing Format

before fleet depreciation and taxes

Base Data**	
Tot. Investm./Unit	
Vehicle type 1(Hino)	60000
Light vehicle type 2	25040
Trailer type 3	21083
Mobil.workshop Type 4	43105
Staff (USD/year)	
GM	110000
Op. Manager (0.5)	110000
Accounting manager	110000
Technical manager	110000
Clerks (4/3)	9000
Mechanics (4/3)	10000
Ass. Mechanic/Driver 4	6000
Secretary (1)	6000
Storekeeper (1)	6000
Driver (43/32)	5000
Driver LV (2)	5000
Technicians (4/3)	5000
Radio Operator (1)	5000
Other help (4/3)	2000
Fuel consumption km/l	2
Fuel (no tax) UDS/l	0.35
Tyre consumpt.km/tyre	30000
Tyre price USD/tyre	400
Spares /truck/year	3500
Lubricants l/km	0.005
Lubric. (taxed) USD/l	2.5
PTA Ins./truck/year	44
Compr.Ins./truck/year	2080
PTA Ins./trailer/year	30
Compr.Ins./trailer/year	187
Compr.Ins./LV/year	1532
Rent/year	100000
Visa Driver/year	3600
DSA (200x40x60)/year	355200
Communication/year	6000
from SO (actual)	
Tools*	2832
Comm.equipment*	4926
Trailer*	0
Initial Deployment*	27178

*equal to 1 year deprec.
** if not otherwise mentioned in USD &cif

Performance Hino actual : **Total** **tonkm** **6893640**

Veh. type	No	Payload	Service%	Loadfact.%	km/r.trip	r.trips/truck	*Total km*
1	39	15	90	50	see Table	see Table	919152
2	3						(2-ways)
3	20						

Costs fuel (USD/year)

Truck type	Litres/year	***Total***
1	459576	**160852**
2		
3		

Spares (rep./maint.) USD/year

Truck type	Cost/unit	***Total***
1	3500	**119000**
2		
3		

PTA Insurance(USD/year)

Truck type	p.unit/year	***Total***
1	0	**0**
2	0	
3	0	

Lubricants (USD/year)

Truck type	Litres/year	***Total***
1	4595.76	**11489**
2		
3		
4		

Financial costs: Interest(USD/year)

Category	%	amount
Loans	0	0
Other	0	0
Total		**0**

Other variable costs (USD/year)

a	0	***Total***
b	0	0
c	0	

Costs tyre (USD/year)

Truck type	Tyres/unit	Total tyres	***Total***
1	10	306	**122554**
2			
3			

Depreciation (USD/year)

Truck type	Depr.Period	depr/veh/yr	***Total***
1	5	0	**34937**
2	5	0	
fromSO 3	5	0	
4	5	0	
other SO 5	5	34937	

Comprehensive Insurance (USD/year)

Truck type	p.unit/year	Total
1	2080	**75316**
2	1532	
3	0	

Costs personnel (USD/year) **696500**

Category	unit costs	No.	***Total***
Managers	110000	4	385000
Clerks	9000	4	31500
Mech.	10000	4	35000
M/D,Secr.S	6000	6	33000
Driver	5000	45	187500
Techn. RO	5000	5	17500
Other	2000	4	7000

Other direct fixed costs (USD/year)

Visa	3600	***Total***
DSA	355200	**364800**
Communic.	6000	

Other indirect fixed costs (USD/year)

Ut / Rent	100000	***Total***
b	0	**100000**
c	0	

Grand Total **1685447**

Remark: trailers are ignored since they were not in use and are neither calculated in tonkm performance

Table 5.4: WFP OWN MANAGEMENT: Operating Costs Estimate

(in USD)

		per Fleet	
A.	**Direct Fixed Costs**	**874053**	
	Salaries	280000	
	Rep.&Maint. (Spares)	119000	
	Depreciation	34937	
	PTA Insurance	0	
	Compreh. Insurance	75316	
	Other dir. fixed costs	364800	
B.	**Indirect Fixed Costs**	**516500**	
	Salaries	416500	
	Other indir. fixed costs	100000	
	Financial costs	0	
C.	**Variable Costs (distance relat.)**	**294894.6**	
	Fuel	160852	
	Tyres	122554	
	Lubricants	11489	
	Other	0	
A+B+C	**Total Costs**		**1685447**
D.	**Revenues**		**0**
E.	**Operating Profit, before tax**		**-1685447**
	Tax (%)		
	Net Profit		

TOTAL estimated COSTS OF OPERATION
USD 1685447
AVERAGE COSTS PER TONKM
USD 0.24
AVERAGE COSTS PER KM
USD 1.83
AVERAGE REVENUE PER TONKM
USD

Table 5.5: Fleet Deployment By Country and Estimated Fleet Performance (June 1997 - June 1998)

	HINO (NO.)					Performance Estimate (tonkm)				
Month	Rwanda	Burundi	Zaire	Uganda	Tanzania	Rwanda	Burundi	Zaire	Uganda	Tanzania
Jun-1997	22	10	1	6	0	392040	166320	8640	99144	0
July	22	10	1	6	0	392040	166320	8640	99144	0
August	22	10	1	6	0	356400	166320	8640	99144	0
September	22	10	1	6	0	392040	166320	8640	99144	0
October	22	10	1	6	0	392040	166320	8640	99144	0
November	22	9	1	6	0	392040	149688	8640	99144	0
December	15	7	1	6	0	267300	116424	8640	99144	0
January	15	7	1	6	0	267300	116424	8640	99144	0
February	15	7	1	6	0	267300	116424	8640	99144	0
March	15	7	1	6	0	267300	116424	8640	99144	0
April	15	7	1	6	0	267300	116424	8640	99144	0
May	15	7	1	6	0	267300	116424	8640	99144	0
Total						**3920400**	**1679832**	**103680**	**1189728**	
Grand Total									***6893640***	

	km				
Month	Rwanda	Burundi	Zaire	Uganda	Tanzania
Jun-1997	52272	22176	1152	13219	0
July	52272	22176	1152	13219	0
August	47520	22176	1152	13219	0
September	52272	22176	1152	13219	0
October	52272	22176	1152	13219	0
November	52272	19958.4	1152	13219	0
December	35640	15523.2	1152	13219	0
January	35640	15523.2	1152	13219	0
February	35640	15523.2	1152	13219	0
March	35640	15523.2	1152	13219	0
April	35640	15523.2	1152	13219	0
May	35640	15523.2	1152	13219	0
Total	**522720**	**223978**	**13824**	**158628**	**0**
Grand Total					***919150***