



World Food Programme

BUDGET REVISION OF SO FOR APPROVAL BY THE REGIONAL DIRECTOR

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Ethiopia SO 200977

“Logistics Cluster and WFP Logistics augmentation in support of the Government of Ethiopia for the drought response”

BR No. 1

PROJECT	Previous Budget	Revision	New Budget
CD&A	US\$ \$13,440,398	US\$ (2,574,770)	US\$ 10,865,628
DSC	US\$ 990,317	US\$ 0	US\$ 990,317
ISC	US\$ 1,010,150	US\$ (180,234)	US\$ 829,916
Total WFP cost (US\$)	US\$ 15,440,865	US\$ (2,755,004)	US\$ 12,685,861

TYPE OF REVISION

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



NATURE OF REVISION

This budget revision is proposed to extend the project in time for four and a half months (4.5) to maintain the logistics augmentation support needed by the Government of Ethiopia for the drought response. The additional time will allow WFP to complete ongoing Logistics Cluster activities, meet new operational demands associated with logistics support, and continue to support the building of national response and preparedness capacity. To enable the completion of the activities in a cost efficient manner, a downward review of the original budget plan is recommended (as detailed under Justification for the Revision).

IMPLEMENTATION TO DATE

1. Since the launch of SO 200977 in May 2016, WFP, as the lead agency of the Logistics Cluster, has supported the Government led response to the El Niño drought in Ethiopia. In partnership with the Logistics Cluster, the Government, led by the National Disaster Risk Management Commission (NDRMC), has identified logistics gaps and bottlenecks in delivering life-saving assistance to drought-affected populations. In turn, the Logistics Cluster has proposed a set of mitigating measures, augmented the logistics coordination and information management capacity of the NDRMC, and, through WFP, augmented the logistics capacity of GoE humanitarian responders and other humanitarian actors.
2. As identified in the Logistics Gaps Analysis (April 2016), the large amount of incoming humanitarian cargo strained existing storage capacity, prompting Government to request for additional warehouses and temporary storage facilities. So far, more than 77 mobile storage units (MSUs) have been erected and are operational, and four warehouses rented to the NDRMC in Nazareth, the main logistics hub in Ethiopia. These are providing over 31,500 m² / 46,800 MT in additional storage capacity for the National Disaster Risk Management Commission (NDRMC) and members of the humanitarian community. An additional 31 additional MSUs are almost complete, pending delivery of gravel. Further assessments of existing storage capacity in the Somali region are underway with the aim to shift from temporary storage implementation to longer term options.
3. The Logistics Cluster, through WFP, has supported the NDRMC with the following tasks:
 - 3.1 Rehabilitation of the two main logistics hubs in Adama (Nazareth) and Dire Dawa, including refurbishing of 710m² of office space, rewiring, upgrading electrical infrastructure and installation of telecommunications networks. In addition, WFP has supported NDRMC to re-bag and stack 17,500 bags of food commodities and has provided essential warehouse equipment and office items to support the operations.
 - 3.2 WFP, working under the direction of the Logistics Cluster has also transported more than 600 MT of relief items on behalf of the NDRMC, including blankets, health and WASH kits (donated to the GoE to support the flood response), to zonal destinations for final distribution.
 - 3.3 To overcome the severe human resource gaps affecting the capacity of the GoE to manage the logistics operation and to collect and utilize information needed to improve emergency response, the Logistics Cluster has also assisted NDRMC to secure qualified staff. 982 additional, temporary staff including storekeepers and data entry clerks have been recruited out of 1014 positions identified.



3.4 The Logistics Cluster has also seconded eight advisors to provide support and advice on different aspects of the supply chain including port operations, railways, warehouse and supply chain management and pipeline reporting.

3.5 To enhance logistics supply chain coordination between GoE and key humanitarian partners, the Logistics Cluster, under NDRMC lead has held 25 logistics coordination meetings in Addis Ababa, with representatives from 23 different humanitarian partners attending.

3.6 The Logistics Cluster has been supporting the GoE and humanitarian community through information management activities and making available Information Management products to support operational decision making to improve the logistics response. So far, the Information Management Unit has shared over 90 information products, including maps of access points and constraints, Port of Djibouti Snapshots and infographics, etc.

3.7 The Logistics Cluster has coordinated a reporting system on behalf of the NDRMC, JEOP (CRS) and WFP to consolidate and share data on relief deliveries and distributions. This reporting has enabled food operators to track the overall progress against the Logistics Cluster objective of reducing the cycle of the relief deliveries and distributions cycle to four weeks.

3.8 The Logistics Cluster has been augmenting the activities of FMIP with staff and resources to meet the increased demands.

3.9 In order to build the skill capacity of local staff through knowledge sharing and skill transfer, newly recruited NDRMC staff have been trained in basic warehouse management and supply chain operations, relief and technical induction, land transport and port operation as well as in MSUs erection.

JUSTIFICATION FOR THE REVISION

4. The budget revision seeks to extend the current project for four and a half months up to 31 March 2017 with additional requirements, including ongoing logistics coordination, information management and technical support services. It will cater for completion of existing Logistics Cluster activities, meet the needs of new operational demands related to the ongoing impact of drought and the need to support and build national response and preparedness capacity as outlined below. In addition, this BR includes a reduction of the 2016-planned budget to align with the cost of the activities implemented. Therefore, despite the extension in time and additional requirements, there is an overall net project budget decrease due to the reduction of 2016 budget.
5. In 2017 , humanitarian needs are expected to remain high with an estimated 9.7m people requiring emergency food assistance, 2.3 million children 6 to 59 months and pregnant or lactating women needing specialised nutritious products to treatment of moderate acute malnutrition, and 420,000 children under 5 years with severe acute malnutrition.
6. The Government of Ethiopia (GoE) continues to lead the response to the drought and the NDRMC has overall responsibility for coordinating the delivery of humanitarian assistance. In March 2016, the Inter-Agency Standing Committee (IASC) activated the Logistics Cluster for Ethiopia to support the coordination of delivery of humanitarian assistance in response to the current drought. Under NDRMC lead, WFP, as the global lead agency for the Logistics Cluster, has



been working together with the GoE and humanitarian community to identify logistics bottlenecks, propose mitigating activities for overcoming these gaps and support the GoE and humanitarian partners to ensure an efficient and effective logistics response.

7. A number of logistics constraints continue to make it very challenging for the GoE and humanitarian actors to deliver an effective and efficient response. These include : congestion at the port of entry (e.g., Djibouti); limited Logistics coordination between the GoE and members of the humanitarian community; a lack of operational planning and tracking at all levels of the supply chain; and continued delays in deliveries and distributions at Final Delivery Points (FDPs).
8. The ongoing congestion at the Port of Djibouti, a critical entry point into Ethiopia continues to cause significant delays and disruption to cargo incoming into Ethiopia. In order to address the delays, there is a need to enhance coordination for incoming vessels and identify alternative entry ports, reducing congestions and easing the flow of commodities entering Ethiopia.
9. The Logistics Cluster has been instrumental in reinforcing logistics coordination, augmenting local logistics capacities, addressing the key logistics challenges—and its support remains critical up to the end of March 2017 in order to facilitate a smooth transition from the relief to recovery stage. The project will therefore be instrumental in supporting the GoE and the humanitarian community in providing the key logistics support for the delivery of humanitarian cargo.

Ongoing Logistics Cluster Activities

1. The Logistics Cluster will continue to work together with the GoE and humanitarian community to support the coordination of humanitarian logistics and advocate for resolution of gaps and bottlenecks. A coordination cell in Addis Ababa will be overseen by dedicated international staff, a Logistics Cluster Coordinator, Information Management Officers, Logistics Experts and Logistics Operations Officers who will be roving to support the operations in the field. Coordination meetings will be organized in Addis Ababa bringing together key members of the NDRMC and humanitarian community. The need for coordination meetings at a regional level have not been identified or requested, however regional coordination activities can be facilitated if the need arises.
2. The Logistics Cluster will maintain the support to the GoE and humanitarian community through information management activities including developing information management products that support operational decision making to improve the efficiency of the logistics response. This will enhance internal information flow from federal to local level and information flow back from FDPs to federal level in order to enhance planning and reporting. External information sharing will ensure uninterrupted and timely sharing of relevant logistics information to avoid duplication of efforts; multiple uncoordinated logistics assessments; and support an efficient and effective emergency response.
3. In line with the logistics needs identified in the Logistics Gaps Analysis (April 2016), the logistics cluster will complete its plan to provide more than 60,000 MT of storage capacity by November 2016. In addition, it will rehabilitate existing NDRMC storage capacity in a number of areas in the Somali region, providing a longer-term solution to temporary storage. Additional rehabilitation of NDRMC storage will be facilitated if and when needed.



4. The existing reporting system including field assessments will continue to monitor the utilization of augmented storage capacities. Based on these assessments and on NDRMC food distribution relief programme and planning, storage capacities will be reinforced, based on identified needs, and when appropriate.
5. Considering the ongoing physical access constraints due to the rainy season and pressure on existing transport resources from port and from primary hubs to Food Distribution Points (FDPs) due to the scale up in needs, WFP will allocate five dedicated fleet trucks for Logistics Cluster needs and additional support if needed to augment the emergency response through facilitation of services.

Operational Demands

6. **Provision of technical Assistance:** Under NDRMC lead, the Logistics Cluster will deploy a number of logistics advisors to support the NDRMC, Ethiopia Maritime Affairs Authority (EMAA) and other relevant governmental authorities in addressing logistics bottlenecks and constraints at the entry points and ports of entry in a short and longer-term capacity-building plan.
 - a. **Port of Djibouti:** The Logistics Cluster will continue to deploy a shipping advisor to support the EMAA to facilitate the implementation of the national logistics strategy and support port planning operations. He will assist in enhancing coordination between the EMAA and Port of Djibouti Authorities, enhancing the flow of commodities from ports and entry points into Ethiopia. In addition,
 - b. **Alternative Entry Points:** To help ease congestion at the Port of Djibouti and enhancement of alternative entry points, the Logistics Cluster will facilitate initial assessments on the viability of use and possible rehabilitation of the Matema Transshipment Point serving as the gateway for fertiliser to be transported from Port Sudan, a key entry point into Ethiopia. If required, the Logistics Cluster will also support implementation of logistics assets on behalf of the NDRMC at the transshipment hub.
 - c. **Railway Support:** A railways expert will be deployed to support the Ethiopian Railways Corporation (ERC) to assess, identify and prioritize actions to enhance and maximise the utilization and development of the new Ethiopian railway, as well as facilitating access to the railway on behalf of the humanitarian community.
 - d. **NDRMC Fleet Compound Rehabilitation in Dire Dawa:** In support of the NDRMC to ensure the appropriate fleet transport capacity to maintain the planned schedule of food deliveries, WFP will redeploy a part of its truck fleet in Dire Dawa. In this regard, the existing NDRMC fleet compound will be rehabilitated by the Logistics Cluster, including the workshop and office facilities.
 - e. **Pipeline Visibility and Reporting:** To continue to enhance planning and ensure effective and efficient commodity movement, the Logistics Cluster will continue to provide vital support with dedicated staff deployed at key hubs, assisting the NDRMC with warehouse management and enhancing visibility of the pipelines to support operational planning. Newly hired NDRMC staff will be trained and receive a comprehensive handover, building the capacity of the NDRMC to continue hub management.

Capacity Building

7. The Logistics Cluster will provide ongoing support to the NDRMC to further enhance the implementation of the WFP-supported Food Management Improvement Project (FMIP) and



associated reporting tools e.g. Commodity Allocation & Tracking System (CATs) and the Commodity Management Procedure Manual (CMPM). This will be facilitated through dedicated resources and staff to support the implementation of activities.

8. The Logistics Cluster will work with the GoE relevant ministries to build sustainable, long term national and local logistics capacity to assume a coordination role in humanitarian preparedness and response as well as recovery and development. Activities will focus on building skill capacity of local staff through knowledge sharing and skill transfer. A series of trainings will be developed and implemented including trainings in port operations, warehouse and supply chain management and other trainings as and when requirements are identified. Participants of the training will include staff from the NDRMC and other relevant governmental authorities, as well as staff from humanitarian organizations.
9. As part of the ongoing support to logistics capacity augmentation in Ethiopia, the Logistics Cluster will support WFP and members of the humanitarian community in updating the Ethiopia Logistics Capacity Assessment (LCA), an important source of information related to the logistics infrastructure and services of Ethiopia, made publically available through the following link: <http://dlca.logcluster.org/display/public/DLCA/Ethiopia>

Logistics Cluster Exit Strategy

10. The budget revision will also cater for the scaling down of the operation from mid-November 2016. This will involve a reduction in staffing. The exit strategy for the SO consists in the absorption of the SO activities in the WFP PRRO and WFP Logistics / FMIP capacity strengthening of the National Counterparts.
11. Since the Logistics Cluster is intended to be a temporary coordination mechanism, the ultimate aim of this project is to phase out Logistics Cluster activities as the emergency phase ends. WFP will facilitate the scaling-down and exit strategy of the Logistics Cluster as soon as the operational situation normalizes to the point where extraordinary Inter-Agency structures and services are no longer required. If required, WFP could provide logistics services on either a partial or full cost-recovery basis.
12. In accordance with goal set in the Logistics Cluster Strategy (2016-2018) to strengthen the immediate response capacity of national actors in disaster-prone countries, and IASC Cluster Reference Module (2015), the Logistics Cluster, through its activities will support and build national response and preparedness capacity. In line with these goals, the transfer of logistics and technical support from WFP to the NDRMC hubs in Nazreth/Adama, Dire Dawa and Kombolcha will be facilitated during the period of this SO extension.

LOGISTICS CLUSTER OBJECTIVES

This budget revision will follow the same objectives and KPIs as identified in the original Special Operation 200977. The key objectives and performance indicators will continue to be used to measure the efficiency of the Logistics component:

Outcomes:

- Food deliveries completed in four weeks (starting from the official start date of the round)
- Food distribution completed in four weeks (starting from the official start date of the round)

Outputs and indicators:



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- Percentage of transport requests which have been approved by the Logistics Cluster and fulfilled (100%)
- Time spent between the confirmation of the requests for transport and the deliveries in days (based on average transportation times in the country)

RECOMMENDATION

13. In light of the above, this budget revision to extend Ethiopia SO 200977 until 31 March 2017 with an overall reduction of \$2,755,004 is recommended for approval by the Regional Director.