Country: Somalia
Type of project: Special Operation
Title: Emergency Rehabilitation Work and Capacity strengthening at the Port of Kismayo
Total Cost: US$1,579,112
Duration: 12 months (01 June 2017 – 31 May 2018)

Executive Summary

1. The objective of this Special Operation is the rehabilitation of the Kismayo Port that will allow more efficient humanitarian operations and at same time augment the port capacity as the gateway for local trade and consequently contribute to economic growth in Somalia.

2. The rehabilitation works will allow improvement in scale and speed of port services and consequently bring efficiencies to WFP in-kind deliveries through this Port. As the influx of refugee returns to Somalia has significantly increased, mainly departing Dadaab to enter southern Somalia, reliable humanitarian access to Kismayo through its port has become a priority for all agencies. The world’s largest refugee camp of Dadaab has been hosting over 300,000 refugees.

3. The capacity and efficiency of a port is directly linked to development and trade. Historically, transport infrastructures have played an important role in long-term growth and regional development processes. Reliable transport infrastructure, in all of its four subsectors—roads, railways, air transport, and ports—is an essential component of all countries’ competitiveness. Enhancing port infrastructure substantially reduces the cost of production for enterprises.

4. Increasing the capacity of the Kismayo port would introduce additional competition as well, which could, in turn, induce local producers to innovate and/or cut costs in order to maintain or even expand their competitive position, with positive effects on regional economic growth and, most likely, employment levels. Furthermore, the reduction in transport costs associated with the new transport infrastructure should allow local producers to buy cheaper inputs, specialize in those sectors where the regional economy has a comparative advantage, or find new markets for their products. The overall economic improvements will also strengthen the retail sector for WFP’s Cash Based Transfer programme.

5. The primary constraint limiting potential of the throughput of the Port are two shipwrecks blocking access of larger vessels to the port and posing risks for any vessel berthing in Kismayo port. Other constraints include lack of storage space, power and lighting, piped fresh water, navigation aids, as well as structural issues with quay walls.

6. The focus of this Special Operation will be bathymetric survey and wrecks removal which are the primary constraining factor, followed by capacity strengthening activities for the Kismayo Port staff and authorities.

7. The Special Operation objectives strategically align with the defined national priorities. The need for improvement and rehabilitation of the Somali ports, including Kismayo, is firmly established in the Somalia National Development Plan 2017-2019. As WFP is
leading this shift, in future, funds for infrastructural improvements will also be planned within the African Development Bank trust fund. The Special Operation rehabilitation works and capacity strengthening activities therefore pave the way and efficiently complement future upgrades to be planned for the Kismayo port.

Project Background

8. The Port of Kismayo lies on the North-Eastern corner of the Kismayo Bay, about 90 kilometers north of the Kenyan border. Until the onset of the war, its principal exports were agricultural products, including bananas, livestock and molasses. Recently, export of sesame seeds has been increasing significantly and together with lemons, constitutes the key commodities exported from Kismayo. Kismayo Bay is accessible across the seasons and provides shelter to vessels of moderate draught. The port was originally constructed in the mid-1960s and underwent a substantial rehabilitation between 1986 and 1988. Since then, no significant investments have been made in the port resulting in a lack of basic infrastructure that hampers port operations.

9. The port of Kismayo has the potential to become an attractive port for exporting agricultural products produced in local regions such as Juba and Bay. It could also potentially serve the southern parts of Gedo region with imported goods and represent an alternative to the port of Mogadishu as it has lower costs and can therefore attract smaller traders. Communities living in the neighboring regions (Lower and Middle Juba, Bay, Bakool and Gedo) are highly vulnerable, food and nutrition insecure. The Kismayo port therefore plays a significant supply role for humanitarian interventions in this area by providing a point of entry for in-kind food as well as for commercial trade, crucial for market-based interventions.

10. In 2016, the influx of refugee returns to Somalia has significantly increased, mainly departing the Dadaab refugee camp to enter southern Somalia. The vast majority of returnees are in Lower Juba with a higher density in Kismayo, where a variety of tailored response operations from all humanitarian sectors are being carried out. Humanitarian needs are increasing, especially as over 5,740 individuals have returned to Kismayo in 2016 and over 30,720 individuals, 57% of the 69,532 (25%) Somali residing in the Dadaab refugee camp who have expressed their willingness to return to Somalia, have indicated their plan to return to the port city of Kismayo. Humanitarian partners as well are implementing new projects in Kismayo with the plan to expand them throughout 2017 and 2018.

11. Therefore, WFP’s rehabilitation efforts are focused on the port of Kismayo. The original plans to rehabilitate the port could not be carried out due to security constraints impeding humanitarian access to the region. Today, as the area is more stable, Kismayo is a strategic location for both humanitarian response and local development in southern Somalia.

12. The operating environment in Somalia remains one of the most hazardous in the world. Regular and sustained access represents a critical challenge due to the surging insecurity, capacity limitations and inadequate infrastructure. Road access continues to be constrained by illegal checkpoints, road blockages, clashes along major access roads, and direct threats on humanitarian and commercial goods during transit.

13. In southern Somalia, land transport and access is especially impeded, disrupting the free flow of goods and leaving limited options for both humanitarian and commercial operations. The port of Kismayo represents a viable alternative to supply the region, strategically linking it to the other port in Somalia, Kenya and the Gulf States.
14. WFP has successfully implemented port and infrastructure improvement projects in Somalia. Under its Special Operations 105780, WFP has completed a thorough rehabilitation of the port of Mogadishu and the northern port of Bosasso. These have resulted in increased port traffic capacity, the possibility to operate larger vessels and decreased turn-around time. Upgrading Somalia’s ports has also had a positive economic impact, expanding market opportunities in both national and international trade.

**Project Justification**

15. The WFP Protracted Relief and Recovery Operation (PRRO) 200844 for Somalia identifies the need to strengthen nutrition and food security by expanding its strategy of linking relief and recovery with interventions that strengthen capacity to mitigate and adapt to shocks. To achieve the PRRO objectives, WFP delivers essential food supplies while strengthening local capacity in Somalia. Enhanced support at the national level, both restoring emergency infrastructure and strengthening capacity, is essential for an efficient and resilient humanitarian response.

16. In particular, in order to respond to the increased humanitarian needs in southern Somalia, where the Al-Shabaab presence prevents free movement by road, reliable and efficient port access is essential especially in view of the increase number of returnees from Dadaab. A targeted rehabilitation at the port of Kismayo will reduce operational costs and delivery times for emergency relief shipments, ensuring that humanitarian cargo reaches beneficiaries in a timely and consistent manner.

17. As operating ports play a crucial role in local trade and development, by supporting the rehabilitation of the maritime infrastructure in southern Somalia, WFP will significantly advance local economy. Considering that Somalia has the longest country coastline (3,333km) in Africa and is positioned on the most important world sea trade routes, the maritime sector represents a major drive to the country’s economy. Well operating ports reduce costs of supply, allow developing fishery but also attract transit operations, ship repairs and potentially also shipbuilding. The increased commercial opportunities will also trigger new national and international public and private investments.

18. The Kismayo port management and administration would also benefit from training to increase the efficiency of operations. The port revenues are currently not retained and invested in the port which have led to significant shortcomings in the existing infrastructure.

**Project Objectives**

19. In line with the PRRO 200844, the Special Operation’s key objectives are:
   • Objective 1: Augment the capacity of the Kismayo port and increasing efficiency and scale of the port operations.
   • Objective 2: Strengthening Capacity of the Kismayo Port Authority and the Ministry of Ports and Marine Transport.

**Project Implementation**

20. The implementation process at the Kismayo port includes the following activities, in three phases:
   i. Bathymetric survey,
   ii. Wrecks removal,
iii. Trainings (management, labor practices, pilotage, navigation, maintenance) for targeted port and local administration personnel.

21. During the first implementation phase, a comprehensive bathymetric survey will be carried out. This will provide WFP comprehensive information on the complexity and risks of removing the wrecks as well as accurate information on the state of the approach channels to the port and scope for potential dredging and increasing the port draft.

22. Contracted local or international companies – depending on the complexity of and risks of the wreck removal operation, will carry out the wreck removal.

23. During the third phase, port personnel will be trained by WFP Somalia Logistics and the Ministry of Transports and Ports of Somalia.

24. The WFP Project Manager will be based in Kismayo and will oversee and coordinate the implementation.

25. The project activities will be implemented in 12 months timeframe, between 01 June 2017 and 31 May 2018.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Estimated time</th>
<th>Estimated start &amp; end date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial coordination meetings</td>
<td>1 month</td>
<td>01/06/2017 - 30/06/2017</td>
</tr>
<tr>
<td>Bathymetric survey</td>
<td>3 months</td>
<td>01/07/2017- 30/09/2017</td>
</tr>
<tr>
<td>Two wrecks removal</td>
<td>3 months</td>
<td>01/10/2017 - 31/12/2017</td>
</tr>
<tr>
<td>Training for targeted port and local administration personnel</td>
<td>3 months</td>
<td>01/01/2018 - 31/03/2018</td>
</tr>
<tr>
<td>Final coordination meetings/events, report drafting and hand-over</td>
<td>2 months</td>
<td>01/04/2018 - 31/05/2018</td>
</tr>
</tbody>
</table>

26. The Country Director will be the Fund Manager and the Head of Finance will undertake funds allotment operations. The Head of Logistics will provide oversight to the implementation and the Project Manager will report to the Head of Logistics.

27. All works at the ports of Kismayo will be undertaken in close consultation with the relevant port authorities and line ministries.

**Risk Management**

28. The security risk could impact the successful implementation of the Special Operation. Possible mitigation measures have been taken into consideration:

   i. Presence of an on-site permanent Field Office, a contracted warehouse within the Kismayo port premises and permanent staff to support with the monitoring and coordination activities;

   ii. Close coordination with the WFP Security Unit and UNDSS;

   iii. Close collaboration with the Ministry of Planning and International Cooperation, the Ministry of Ports and Marine Transport and the Governor of Lower Juba;

   iv. Close collaboration with the Kismayo Port Authority to arrange special protection measures for the Special Operation staff and equipment.

   v. Selection of a Special operation team according to their experience responding in Somalia and volatile environments in general.
Project Cost and Benefits

29. The Special Operation costs have been estimated as follows:

<table>
<thead>
<tr>
<th>Direct Project Costs</th>
<th>US$</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity Development &amp; Augmentation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff Related Costs</td>
<td>266,165</td>
<td>18%</td>
</tr>
<tr>
<td>Implementation Inputs Costs</td>
<td>1,209,640</td>
<td>82%</td>
</tr>
<tr>
<td><strong>Total Direct Project Costs</strong></td>
<td><strong>1,475,805</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Costs</th>
<th>US$</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Project Costs</td>
<td>1,475,805</td>
<td>93%</td>
</tr>
<tr>
<td>Indirect Support Costs</td>
<td>103,306</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Total Project Costs</strong></td>
<td><strong>1,579,112</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

30. By rehabilitating the port of Kismayo, improving procedures and capacity, the Special Operation aims to reducing operational time and costs for WFP and the humanitarian community as a whole along with increasing the port revenues and competitiveness.

Monitoring & Evaluation

31. The WFP Project Manager will be responsible for monitoring the Project progression. Remote and on-site assessments to monitor and evaluate the developing requirements and operational changes affecting the implementation process will be regularly conducted and the related reports shared.

32. To monitor the Special Operation Objectives, three Key Performance Indicators (KPIs) with specific targets have been established:

<table>
<thead>
<tr>
<th>Objective</th>
<th>KPI</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Augment the capacity of the Kismayo port and increasing efficiency and scale of the port operations.</td>
<td>Complete Bathymetric Survey</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Increase berthing capacity of the port</td>
<td>100%</td>
</tr>
<tr>
<td>Capacity strengthening of the Kismayo Port Authority and the Ministry of Ports and Marine Transport.</td>
<td>Train targeted port and local administration personnel</td>
<td>20</td>
</tr>
</tbody>
</table>

33. The risks envisaged to this project are primarily related to security and access to the location. WFP Somalia already has an operating office in Kismayo staffed with international and national staff. This office adheres to MOSS security standards thus mitigating the risks to the project in terms of presence and ability to follow up on implementation. Other risks include the contractor capacity, unforeseen conditions in the wreck removal operation, and dependencies on local authorities for permits and facilitation of access. These risk will be managed through the technical vetting of contractors, close coordination with government partners at all levels, and by assigning a project manager with sufficient technical and managerial skills to oversee the project.
RECOMMENDATION
This Special Operation covering the period from 01 June 2017 to 31 May 2018 at a total cost to WFP of US$1,579,112 is recommended for approval by the Chief of Staff.

APPROVAL

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Jim Harvey
Chief of Staff