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BUDGET REVISION OF SO FOR APPROVAL BY THE DEPUTY EXECUTIVE DIRECTOR

5) To:	Division	Room	Approval and Date
Mr. Amir Abdulla Deputy Executive Director	DED	6G60	
4) Through:	Division	Room	Signature and Date
Ms. Elisabeth Rasmusson Assistant Executive Director	PG	6G72	
3) Through:	Division	Room	Signature and Date
Mr. Manoj Juneja Assistant Executive Director	RM	6G00	
2) Through:	Division	Room	Signature and Date
Mr. Ramiro Lopes da Silva Assistant Executive Director	OS	6G62	
1) From:	Regional Bureau	Signature and Date	
Mr Abdou Dieng Regional Director	RBD		

**Chad Special Operation 201044
BR No. 01**

PROJECT

	Previous Budget	Revision	New budget
CD&A (US\$)	13,532,726	12,319,753	25,852,479
DSC (US\$)	805,718	542,421	1,348,139
ISC (US\$)	1,003,691	900,352	1,904,043
Total WFP Cost(US\$)	15,342,135	13,762,526	29,104,661

TYPE OF REVISION

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

NATURE OF REVISION:

Budget Revision One (BR 01) to Special Operation 201044, 'Provision of Humanitarian Air Services in Chad,' seeks to extend the project in time for 12 months to ensure the continued provision of air transport services to the humanitarian community until 31 December 2018. The total budget required through December 2018 is US\$ 13,762,526.



BACKGROUND:

1. The United Nations Humanitarian Air Service (UNHAS) was established in Chad in 2004 to provide air transport services for passengers and essential light cargo for the humanitarian community in Chad. Distances between the main areas of humanitarian activity and organizations' bases of operation are vast with poor road conditions. Road travel is also perennially affected by seasonal weather as several roads are impassable during the rainy season (June to mid-October). Moreover, insecurity renders road travel very hazardous. According to the UN security classification system, most of Chad is at security level 2, while areas in the East and Southeast are at security level 3. The public sector came to a halt during the last quarter of 2016 due to several months of unpaid salaries. The disruption is largely attributed to economic crises and has raised the fear that affected workers may resort to violence or other negative coping mechanisms including crime. Road travel is considered unsafe under the circumstances for security reasons. Under the prevailing conditions, air travel is the most reliable and safe means for humanitarian workers to travel safely from N'Djamena, Abeche and Goz-Beida to more than 15 locations in Western, Southern, Central and Eastern Chad.

2. Chad is low-income, landlocked and classified as one of the least developed countries in the world by the United Nations. Its population of 14 million¹ is predominantly rural, and most households depend on subsistence farming or pastoral activities for their livelihoods. Chad joined the group of oil producing countries in 2003, and as a result, its economy became heavily dependent on oil. However, the collapse of oil prices and the deterioration of security conditions in the neighboring countries of Nigeria, the Central African Republic and the Republic of Sudan have severely affected the Chadian economic resilience. While agriculture accounts for the largest share of gross domestic product at 56 percent (GDP),² the agriculture output is largely dependent on seasonal weather conditions, which have been poor in recent years and have resulted in a significant cereal deficit. Despite strong macroeconomic growth in recent years, social indicators remain low. In 2015, Chad ranked 186th out of 188 countries on the Human Development Index (HDI)³ and second to last on the Global Hunger Index (GHI).⁴

3. Within Chad, there are 581,000 displaced people, including 389,000 refugees from neighbouring Sudan, Central African Republic (C.A.R.) and Nigeria, approximately 125,000 internally displaced persons in the Lake Chad region, and 67,000 returnees from C.A.R. These vulnerable groups need multi-sectoral assistance. Among the local population, vulnerability is high due to structural under-development, chronic poverty, and recurrent shocks. The preliminary estimates of the 2017 Humanitarian Needs Overview are that 4.2 million people will need humanitarian assistance, which represents close to 30 percent of the population of the country. The main areas of need are health, WASH, food security and malnutrition. Infant and maternal mortality are among the highest in the world and malaria is the main cause of mortality among children under 5. Both acute and chronic malnutrition represent major challenges in Chad. The results of the SMART survey conducted in October

¹ Source: <http://data.worldbank.org/country/chad>

² Source: <http://data.worldbank.org/indicator/NV.AGR.TOTL.ZS>

³ Source: http://hdr.undp.org/sites/default/files/2016_human_development_report.pdf

⁴ Source: <http://ghi.ifpri.org/>



2016 indicated prevalences of malnutrition near or above the WHO emergency threshold of 15 percent in Kanem, Bahr El Gazal, Batha and Ouaddai. The October 2016 National Food Security Assessment established that at the national level 2.1 million people are food insecure among the rural population, amongst them 1.5 million people in the Sahelian Belt.

4. Out of the estimated 4.2 million people in need, the humanitarian community plans to assist approximately 3.2 million vulnerable Chadians and displaced persons who live in Western, Southern, and Eastern Chad as well as in the Sahelian belt of the country (preliminary estimate of the 2017 Humanitarian Response Plan).

IMPLEMENTATION TO DATE:

5. In 2017, 91 user organizations comprising NGOs, UN agencies, donor organizations and diplomatic missions relied on UNHAS to implement and monitor humanitarian activities in Chad. Between January and August, the service transported 13,110 passengers and 52.8 mt of essential light cargo. It also carried out 46 medical evacuations. The share of service utilization by organization types stands at 46 percent for NGOs, 47 percent for UN Agencies and 7 percent for government counterparts, diplomatic corps, and the donor community. The operation served 19 regular destinations. Due to the volatile situation evolving in the Lake Chad region, high-level visits to the region by senior UN and donor organization officials were undertaken, with UNHAS facilitating their travel by performing special flights on full cost recovery.

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	TOTAL
HOURS FLOWN	332.52	319.89	404.55	361.61	377.71	331.43	306.43	330.25	2764.38
PASSENGERS FLOWN	1507	1591	1820	1508	1693	1642	1707	1642	13110
CARGO FLOWN	3.7	3.4	5.09	6.11	7.34	6.14	8.47	12.6	52.83
MEDICAL EVACUATIONS	4	7	8	4	2	7	9	5	46
SPECIAL FLIGHT CAMEROON	5	6	8	4	6	1	0	2	32
SPECIAL FLIGHT	4	4	1	2	1	1	0	0	13

6. It is to be noted that due to the size of the operation, most of costs in the budget are planned under CD&A, making up 89 percent of the budget. This percentage is justified by the fact that the operational costs (aircraft contracts and fuel) and staff related to the air activities are all planned under CD&A and these are the highest costs. Another reason is that apart from few staff planned under DSC, most other DSC expenses are shared at a small percentage with the CO.
7. UNHAS Chad uses internal management tools, such as the Electronic Flight Management Application (E-FMA) and the Performance Management Tool (PMT), to constantly monitor operational performance. Important reports are generated for monitoring the level of aircraft utilization, customer invoicing system, control of customer receivables and debtors,



passenger and cargo bookings, online bookings for better accountability, better controls on the use of the service and improvement in the Customer Care Service. The project makes use of the PMT application, an automated system measuring effectiveness and efficiency of the operation in visualized graphs, which helped the management of UNHAS make an informed decision on its fleet composition to best suit the operation. Through the software, the key performance indicators of aircraft occupancy rate, the number of passengers served, the number of requests not served to require recovery flight, and monitoring of contracted hours against hours flown are all monitored.

8. During 2017, one Provision of Access Survey (PAS) and a Passenger Satisfaction Survey (PSS) were conducted in June to identify areas for improvement in customer care. Seven User Group Committee (UGC) meetings took place in N'Djamena, Abeche and Goz-Beida, the main operating bases where humanitarian actors have a strong presence. Through the User Group Committee meetings, important communications were made on the launch of the online booking system and revision of the weekly flight schedule to include the inter-regional jet aircraft serving UNHAS Chad and UNHAS Cameroon at reduced cost to both operations. Three Steering Committee (SC) meetings took place in January, April and September 2017 to provide strategic guidance to UNHAS. The SC meetings helped establish administrative policies that detailed eligibility of organizations for transport, the priority of passengers and cargo, cost recovery procedures and determined service management based on forecasted needs. During the Steering Committee meetings, important decisions were made on the introduction of the inter-regional jet aircraft to serve the operations of Cameroon and Chad at reduced cost to both UNHAS projects, as well as on reaching out with funding proposals to more than 17 potential donors in the region searching for much needed funds for rehabilitation works of Baga Sola runway and Bol.
9. Maintenance of runways is also a crucial activity undertaken by UNHAS. Out of 19 destinations served by UNHAS only three airports are controlled by the local authorities ASECNA/ADAC and the remaining require regular maintenance by UNHAS and partners. UNHAS is actively carrying out rehabilitation works on important airstrips in the country and collaborates with WFP engineering in planning to carry out rehabilitation works in Baga Sola and Bol. The humanitarian community has requested a new connection between N'Djamena and Baga Sola in the Lake basin to allow faster access to the implementation sites in response to the Lake Chad crisis.

JUSTIFICATION FOR THE REVISION:

10. This budget revision to continue the provision of air services to facilitate humanitarian staff travel to various locations in Chad is deemed necessary due to the following factors:
 - a. Continuous Need for Humanitarian Assistance:
11. Chad is located in an unstable geopolitical neighborhood and vulnerable to impacts from crises in neighboring countries. Instability and turmoil in Darfur, Nigeria and the Central African Republic have affected the country's stability with around 380,000 refugees living in Eastern and Southern Chad as well as in the Lake region. The continued presence of refugees, returnees (around 67,000 in Southern Chad) and internally displaced persons (125,000 in the Lake region) presents important challenges to humanitarian actors.



12. Also, the Humanitarian Response Plan for 2017 identified that food insecurity, malnutrition, and poor water access and health services put the lives of approximately 3.2 million Chadians at risk. The humanitarian community plans to assist vulnerable Chadians and displaced persons who live in Western, Southern, and Eastern Chad as well as in the Sahelian Belt of the country (preliminary estimate of the 2017 Humanitarian Response Plan).

13. Limited road transportation in Chad due to a combination of factors: poor infrastructure, vast distances, insecurity in some regions and flooded roads during the four to five months of the rainy season.

b. Continued Demand

14. As of the end of August 2017, 91 user organizations comprising NGOs, UN agencies, donor organizations and diplomatic missions relied on UNHAS to implement and monitor their activities in Chad. The continued need for UNHAS to support the implementation of humanitarian activities in the country was, amongst others, recognized during the Steering Committee (SC) meeting held in N'Djamena in September 2017.

15. UNHAS Chad – through the provision of safe, efficient and cost-effective service – responds to the needs set out in the Humanitarian Response Plan and ECHO's Humanitarian Implementation Plan (HIP) by providing access to the areas where communities targeted for assistance live and implementation sites in fifteen regions: Kanem, Barh El Gazel, Ennedi West and East, Wadi Fira, Ouaddai, Sila, Guera, Batha, Logone Occidental and Oriental (and neighboring Mandoul), Moyen Chari, Salamat, and Lac. UNHAS service is aligned to the air transport needs and humanitarian response in the country with 97 percent of all passengers implementing HRP, while 95 percent of registered users are ECHO HIP partners carrying out humanitarian work with priorities among others on gender equality, child protection, and food assistance to vulnerable groups.

16. To be able to meet the needs for air transport of passengers and essential relief materials, UNHAS operates a fleet of one inter-regional jet aircraft shared between the operations of Cameroon and Chad, two small size aircraft, and plans to introduce a Dornier type aircraft also of small size in replacement of the medium size Dash8 aircraft to ensure connectivity to the deep field and vice-versa. A 'hubs and spokes' network structure has been established, whereby the medium size aircraft perform longer range connections between hubs and provide loads to the smaller aircraft shuttling to smaller and more challenging airfields. A weekly flight schedule is in place in the country where 19 regular destinations are served on a regular basis as well as flights to Nigeria, Niger, and Cameroon on demand.

17. The collapse of oil prices, on which the country was heavily dependent as one of its main exports, led to economic crises in the country and an environment for banditry and crime on the roads. Lack of salaries in the public sector for months brought the country to a halt in the last quarter of 2016.

18. Since 2015, the Chadian army has been involved in the fight against terrorist threats in Northern Nigeria. The influx of refugees and internal population movements in the country render Chad fragile and prone to deterioration in security and result in limitation of humanitarian travel. UNHAS Chad remains the major transport backbone of the



humanitarian community, facilitating uninterrupted access and enabling delivery of life-saving humanitarian assistance to the most affected populations in remote and isolated locations across the country.

c. Lack of Alternative Means of Transport:

19. Humanitarian access to populations in need of assistance is hazardous and time-consuming due to the prevailing security situation and poor road conditions. Travel by surface means is also adversely affected by the seasonal weather with numerous roads closed during the five-month rainy season, conditions aggravated by the unavailability of accommodation facilities along the roads, and acts of banditry. Since July 2012, Chad's national airline has remained grounded by the local Civil Aviation Authority following an ICAO audit.
20. There is no commercial air service provider in the country that conforms to international standards. ICRC's aviation services and ECHO Flights to ECHO-funded projects were discontinued in 2013 and 2015 respectively. When ECHO flights ceased, a review of the UNHAS fleet led to adding a Caravan based in N'Djamena. This aircraft serves the Lake Chad region. UNHAS is the only safe and reliable means to access people in need across the country.
21. In 2018, the operational fleet will comprise four fixed-wing aircraft: one certified for 37 passenger seats, one certified for 19 passenger seats and two of a capacity of up to 12 seats. The assets will be positioned strategically in N'Djamena, Yaoundé, Abeche and Goz-Beida and tasked appropriately to effectively respond to humanitarian needs in the country.
22. As part of the logistics to ensure that the service is uninterrupted, UNHAS dedicates staff and resources for airstrip rehabilitation, airstrip safety, and security. Of the 19 airfields served by UNHAS aircraft, only four are maintained by the local authorities (ASECNA/ADAC). This endeavor is of high cost to the project. This budget revision includes the cost of rehabilitation works of airstrips in Chad for safe access to all locations.
23. In line with WFP's Strategic Results Framework, the objectives of the Special Operation 201044 for 2018 will remain as follow:
 - To provide NGOs, UN agencies, donor organizations and diplomatic missions in Chad with safe, effective and efficient access to beneficiaries and project implementation sites;
 - To transport light cargo, such as medical supplies, high energy foods, and information and communications technology equipment; and
 - To provide adequate capacity for evacuations of humanitarian staff.
24. The project's key performance indicators will remain unchanged and will include the following targets for 2018:
 - User satisfaction rate (80 percent);
 - Number of Needs Assessments carried out (target: 4);
 - Number of passengers transported (target: 20,000);
 - Percentage of passenger bookings served (target: 95 percent);⁵
 - Amount of light cargo transported (target: 70,000 kg);

⁵ This does not include unserved bookings due to flight cancellations resulting from bad weather or insecurity.



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- Number of organizations using the service (target: 110);
- Number of destinations served (target: 19); and
- Response to medical and security evacuations duly requested (target: 100 percent).

25. The specifics of the implementation of this project will constantly be reviewed and tailored to changing realities on the ground according to the needs of the humanitarian community.

RECOMMENDATION:

26. In light of the above, this budget revision for an extension in time of twelve months until 31 December 2018 with a subsequent budget increase of **US\$13,762,526** is recommended for approval by the Chief of Staff, with the budget provided.

Annex A

UNHAS Chad Routes as of 2017

