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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	OED	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
Ms. Valerie Guarnieri Assistant Executive Director	OS	6G62	
1) From:			Signature and Date
Mr. Muhannad Hadi Regional Director, RBC	RBC		

Yemen SO 200841 - BR No.7

*Logistics & Emergency Telecommunications Augmentation and Coordination
to Support Humanitarian Operations in Yemen*

PROJECT	Previous Budget	Revision	New Budget
CD&A	US\$ 80 709 116	US\$ 8 276 700	US\$ 88 985 816
DSC	US\$ 4 988 061	US\$ -	US\$ 4 988 061
ISC	US\$ 5 825 739	US\$ 537 986	US\$ 6 363 725
Total WFP cost (US\$)	US\$ 91 522 916	US\$ 8 814 686	US\$ 100 337 601

TYPE OF REVISION

Additional DSC Additional CD&A Extension in time Other



NATURE OF REVISION:

1. This Budget Revision (BR) 7 of *Logistics & Emergency Telecommunications Augmentation and Coordination to Support Humanitarian Operations in Yemen* Special Operation will allow the Logistics and the Emergency Telecommunication (ET) Clusters to cater for the increased operational and preparedness requirements until the end of 2018.
2. This BR 7 results in a total increase of USD 8,814,686, bringing the budget to a total of USD 100,337,601. BR 6 catered for the establishment of the revolving fuel facility. BR 5 was a technical adjustment for ISC. BR4 extended the project duration to 31 December 2018 for both Logistics and Emergency Telecommunication Clusters. The original duration of the project was from 25 April to 31 December 2015, and BR1 extended it to 31 December 2016, followed by BR2, which extended the project period to 31 December 2017. BR 3 only catered for the increased requirements due the cholera outbreak, with no extension in time.

PROJECT BACKGROUND

3. Since March 2015, Yemen has seen a dramatic escalation of violence and armed conflict. With the conflict entering its fourth year, the humanitarian situation keeps deteriorating, and some 75 per cent of the population – 22.2 million people – are in need of humanitarian assistance, including 11.3 million people in acute need who urgently require immediate assistance to survive; an increase by one million since June 2017¹. Humanitarian access is a critical component to supporting the millions of Yemenis in dire need of assistance.
4. The crisis further exacerbated in November and December 2017, when hostilities escalated and the extended closure of Yemen's Red Sea ports (Hodeidah and Saleef) for commercial imports resulted in a sharp increase in prices of basic commodities, accelerating food insecurity and the collapse of already fragile basic services. Conflict has left its toll on the economy and the delivery of basic services, including health, education and social welfare coverage.
5. Against this backdrop, since December 2017 there has been an intensification of the conflict across Yemen, affecting the humanitarian community's access to vulnerable populations, as well as the community's ability to reach basic and critical services. Although the situation in Sana'a is somewhat stable in the main hubs of Sana'a, Hodeidah and Aden, the overall security situation remains extremely volatile. Moreover, further escalation of the conflict in Hodeidah governorate would pose a serious threat to the functioning of Hodeidah port.

JUSTIFICATION FOR THE REVISION

6. In April and May 2018, all Clusters active in the country, including the Logistics and the ET Clusters, elaborated an operational plan until the end of the year to define the mitigation and preparedness actions to undertake in case of a worst-case scenario. Both Clusters presented the proposed actions and budgets to the Humanitarian Coordinator, and aim to increase their operations accordingly.
7. In addition, to ensure a lifeline with Hodeidah port in northern Yemen and to face the transport demands for this destination, the Logistics Cluster through WFP chartered a vessel, VOS Theia, to travel between Djibouti and Hodeidah port and transport both passengers and humanitarian cargo.
8. Finally, a financial contribution of USD 12.4 million from the Kingdom of Saudi Arabia (KSA) and the United Arab Emirates (UAE) was received in May 2018 to cover, amongst others, the associated costs of the in-kind fuel donation expected from KSA on a monthly basis until the end of 2018; therefore this budget revision will cater for this activity and its requirements.

¹ Yemen Humanitarian Response Plan, 2018.



PLANNED ACTIVITIES

Logistics Cluster

9. **Capacity Augmentation of Djibouti Airport:** In line with its preparedness plan, the Logistics Cluster identified cargo airlifts from Djibouti to Sana'a as one of the key activities to ensure continued access of relief cargo to northern Yemen. In case of a worst-case scenario in Yemen, to face the increased air transport needs from Djibouti, and therefore the increased tonnage and volume of relief items that will pass through Djibouti airport, the capacity of the latter will have to be increased, as currently it would not be able to handle higher amounts of cargo and larger aircraft. Therefore, the Logistics Cluster envisages the procurement of equipment to strengthen the cargo processing capacity in Djibouti airport (such as dollies, weighing systems, high loader).
10. **Extending LTA with Air Djibouti for Airlifts:** Moreover, aircraft capacity as well as frequency are expected to increase in case of a worst-case scenario: based on the needs of the humanitarian community, an aircraft can be prepositioned in Djibouti from June to December 2018 for 6 months to carry out daily airlifts (i.e. an airbridge like in August 2017 for the cholera outbreak response). This can be achieved by extending the Long-Term Agreement with Air Djibouti, through which an aircraft is prepositioned in Djibouti. This contract will allow the Logistics Cluster to organize airlifts on behalf of the humanitarian responders, faster, and on a shorter notice, thus easing the process of delivering cargo by air.
11. **Augmentation of Storage Capacity in Yemen:** As a third preparedness action, the Logistics Cluster plans to purchase 15 Mobile Storage Units (MSUs) to store in the three main hubs of Sana'a, Hodeidah and Aden (five in each locations). This measure will allow the logistics cluster to have facilities for temporary storage readily deployable to field locations, where access to organizations' warehouses might be cut off or where need for storage might arise to due operational priorities. MSUs might also be loaned to third party organizations (UN agencies and NGOs) as needed. Additionally, the planned purchase of four reefer containers will augment the cold chain storage capacity for the humanitarian community.
12. **Augmentation of Ocean Transport for Passenger and Cargo between Djibouti and Yemen:** In addition, the Logistics Cluster through WFP chartered the vessel VOS Theia, in addition to the VOS Apollo vessel chartered in May 2016. While the latter shuttles between Djibouti and Aden, the former will travel an average of three times per month between Djibouti and Hodeidah, thus establishing a second lifeline to the north in addition to the cargo airlifts from Djibouti to Sana'a. VOS Theia has a similar cargo capacity to VOS Apollo (around 600 mt) and can carry 27 passengers; it can also be used for evacuation purposes. The service will continue to be offered to the humanitarian community based on the needs funding situation.
13. **Distribution of monthly in-kind donations of fuel from the KSA:** the KSA is expected to provide WFP with monthly in-kind donations of up to 1 million liters of fuel per month until the end of 2018. The fuel will be transported by KSA trucks overland and handed over to WFP in the transshipment point of Mareb. From there, WFP-contracted trucks will transport the fuel to health facilities and WASH facilities managed by WHO and UNICEF across the country, both north and south. The fuel may be not only diesel, but also petrol and Jet-A1 fuel specifically for the UNHAS operation. This activity will be led by WFP Supply Chain.

Emergency Telecommunications Cluster

14. Within the preparedness framework, the ET Cluster will provide extended services to support the operations through staff deployment, preposition of equipment in Sana'a and Aden (this includes VHF handsets and Thuraya satellite terminals), and activation of stand-by arrangements with service providers for quick deployment of satellite terminals and SIM cards.

Project Management

15. The WFP Yemen Country Director will continue to be the Fund Manager for this SO and the WFP Yemen Head of Finance will be the Allotment Manager.
16. The WFP Yemen Head of Supply Chain will continue to be the overall Project Manager for this SO and responsible for the implementation in coordination with the Logistics Cluster, Emergency Telecommunications Cluster, Aviation and Shipping:



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17. Logistics Cluster Coordination Meetings will continue to be held with UN Agencies, NGOs, and donors in different locations in Yemen, as well as across the region (i.e. Amman and Djibouti), in order to identify and monitor logistics gaps and reach common solutions.

Key Performance Indicators (KPIs):

18. Logistics Cluster KPIs include during the period of this BR07 from July 2018 to December 2018:
- Percentage of service requests for cargo airlifts and sea cargo transport fulfilled (95%)
 - Additional cargo loading facility through one high-loader (100%)
 - Additional storage space made available to the humanitarian community upon request: 4,800 m²
19. ET Cluster KPIs include:
- Provision of ETC data and voice services by quick activation and deployment of one (1) GBAN, 10 Thuraya satellite terminals and 20 VHF handsets up on declaration of emergency site.
20. Fuel distribution:
- Liters of diesel distributed to health and WASH facilities according to in-kind donation received and distribution plan: 100%

Risk Management

21. A number of contextual, operational, and programmatic risk factors could impact the successful implementation of this Special Operation. Possible mitigation measures are also included below

A. Lack of funding

The risk will be mitigated through:

- Close alignment with the 2018 Strategic Response Plan.
- Ensuring active engagement with traditional Yemen SO donors and providing timely input in ongoing appeals and donor outreach materials/opportunities.

B. Closure of corridors due to insecurity or political developments, affecting access and cargo deliveries

The risk will be mitigated through:

- Maintenance of standby arrangement for alternatives routes and close coordination with HCT and relevant authorities to resolve the issues.
- In case of an evacuation of all international staff out of Yemen, the Logistics Cluster will work in close collaboration with WFP management to ensure business continuity through delegation of authority to national staff in Sana'a and elsewhere in Yemen as needed. In such an event, the operation will be managed remotely from Djibouti until the situation stabilizes.

C. Lack of clearances

Due to the current situation in Yemen in terms of both security and access constraints, there is a high possibility that the internationally procured fuel will not receive the necessary clearances to enter Hodeida port or any other Yemeni port. Potential delays in obtaining the clearance to enter Hodeida could also result in additional costs due to a prolonged chartering time span.

- WFP will leverage on its privileges and immunities, and on the relationship built with the parties to obtain /facilitate the issuance of necessary clearances. This is the most critical risk, which is beyond WFP's control and is largely dependent on the parties to the conflict.



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D. Evolving nature of the conflict

The fluid situation in the front lines may also provoke a disruption on the supply routes. Having most of the storing and offloading capacity in Hodeidah, at certain moments of the conflict the supply line may be interrupted or even storage facilities destroyed. Risk of commandeering from the parties also exists, given the strategic value of the commodity.

- WFP will ensure to take into account the request of alternative ports of discharge of commodities. However, a scenario where a WFP-chartered vessel simply cannot offload the cargo is not to be excluded.

Contingency Planning

22. WFP will coordinate with the Regional Bureau in Cairo, with Headquarters in Rome and with other hubs such as Djibouti and Amman to deploy additional capacity and support as needed.

Recommendation

In light of the above, the budget revision 7 of Yemen Special Operation 200841 *Logistics & Emergency Telecommunications Augmentation and Coordination to Support Humanitarian Operations in Yemen* covering the period from 01 July 2018 to 31 December 2018 at a total budget increase of US\$ 8,814,686 is recommended for approval by the Deputy Executive Director.