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

Final Project Closure Report

Project reference: SO 200977
Start Date: 15 May 2016*
End Date: 31 March 2017
Budget: USD 12,685,861

*The Logistics Cluster was activated on 24 March 2016. Following the activation, WFP started implementing the most urgent activities, including procurement, using its own funds. In May 2016, the Special operation was launched.

Background

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) — identified logistics gaps and bottlenecks impeding the delivery of life-saving assistance to drought-affected populations. In turn, the Logistics Cluster proposed a set of mitigating measures including augmentation of logistics coordination and information management capacity of the NDRMC, and through WFP as lead agency, augmentation of the logistics capacity of Government of Ethiopia (GoE) humanitarian responders and other humanitarian actors.

The following report presents the Logistics Cluster activities implemented and subsequent achievements in supporting the improvement of the logistics capacity of the GoE and NDRMC from activation in March 2016 to closure on 31 March 2017. In line with the closure of the Logistics Cluster in March 2017, the report also presents the next steps for the continuation of logistics capacity building support through WFP on behalf of the NDRMC and GoE. Following the El Nino Drought response, a clear need for continued capacity augmentation of the national supply chain and logistics system was identified. WFP has therefore developed a five-year capacity strengthening strategy and plan to further build on the support of the Logistics Cluster and which is expected to be implemented through the continuation of specific activities and the introduction of new initiatives. For more information on the WFP Supply Chain Capacity building project and expected results, see Annex 1 (attached).

Storage Augmentation Capacity and Support to NDRMC hubs

Activities:

Storage Augmentation: As identified in the Logistics Gaps Analysis (April 2016), the large amount of incoming humanitarian cargo placed a strain on existing storage capacity, and subsequently there was a need for additional warehouses and temporary storage facilities at hub, woreda and Final Distribution Points (FDPs). Requests for storage installation were received from the GoE for all regions in locations identified by the NDRMC as priorities for the response. Over 200 field assessments were conducted in the areas identified to evaluate the most appropriate storage solution (Mobile Storage Units (MSUs),

Figure 1. Erection of MSU, 400 mt capacity with local community, Oromia region.
rehabilitation of existing structures or local constructions). As of 13 March 2017, 72,000 mt of additional storage capacity has been provided by the Logistics Cluster in more than 100 locations, for NDRMC and JEOP (Joint Emergency Operation Program) use. The storage capacity implemented was done through provision of warehouses rented for NDRMC use (Adama and Dire Dawa), erection of 125 MSUs, as well as longer term solutions including construction of 13 permanent local storage structures and rehabilitation of seven existing storage structures.

Support to NDRMC Hubs: In the two main NDRMC logistics hubs Adama (Nazreth), and Dire Dawa, major improvements were made with commodity handling and stacking procedures, re-bagging of 17,500 bags of food, as well as shifting non-food items (NFIs) to dedicated storage space. In addition, food stock inventory, food quality and pest control procedures were reinforced. Essential equipment to support the operations was also provided to NDRMC including warehouse operations equipment (scales, stitching machines, tarpaulins, hand trolleys, fumigation material, wooden and plastic pallets) and office furniture. At the hubs, the Logistics Cluster supported the NDRMC with the refurbishing of 710m² of office space, rewiring, upgrading electrical infrastructure and installation of telecommunications networks at the hubs.

At the NDRMC Adama hub, the second phase of the rehabilitation began in February 2017 with the improvement of the fleet area, construction to ensure flood protection, sorting of NFIs and upgrading of additional office space including installation of communications and IT connectivity. In March 2017, the Logistics Cluster began rehabilitation work at the NDRMC logistics hub in Kombolcha. Rehabilitation includes refurbishing of 2,880 m² office space, rewiring, upgrading electrical infrastructure and installation of telecommunication networks. Additional storage capacity of more than 4,900 mt will also erected at the hub to support operations.

Achievements:
- A reporting system on the use of MSUs and augmented storage capacity has been established. Reports indicate, 17,000 mt of relief food has been stored in the NDRMC and CRS/JEOP MSUs.
- Space utilization of the existing warehouses in Adama and Dire Dawa hubs improved by 50%.
- As reported by the NDRMC Adama hub, since Logistics Cluster activities were implemented, there was a 50% improvement in truck turn round time (from the truck arrival to warehouse, to the truck departure); from 5 days in June to less than 48 hours, as of March 2017.
- There was an improvement in maximum loading capacity per day from 1,300 mt in June 2016, to 2,500 mt as of March 2017.

Post Logistics Cluster Closure - WFP Supply Chain Capacity Building Project:

Humanitarian Staging areas: Building on the lessons learned from the emergency response to the drought in 2016 and the activities implemented by the Logistics Cluster to augment storage and hub operations, WFP Ethiopia proposes to provide technical assistance to the GoE and humanitarian
organizations to enhance logistics emergency preparedness capacities at the key GoE logistics hubs. Support will include expansion of existing NDRMC logistics hubs of Adama (Nazareth), Kombocha and Dire Dawa into Humanitarian Staging Areas (HSA) in partnership with the GoE and humanitarian organizations, to facilitate joint storage, office space and equipment utilization for NDRMC, WFP and humanitarian partners. In addition, WFP will provide logistics services, such as storage, transport, operation support, to humanitarian organizations and donors and GoE in partnership with NDRMC.

Mobile Storage Units (MSUs): Utilization of MSUs erected by the Logistics Cluster on behalf of the NDRMC will be continuously assessed. Based on needs and requirements, WFP will support the dismantling, transportation and erection of NDRMC MSUs which could be better utilized in alternative locations or stored for future use.

### Surge Staff Support and Skill Capacity Building

**Activities:**

**Surge Staff:** The Logistics Cluster facilitated the availability of financial resources for the NDRMC and Somali Region Disaster Prevention and Preparedness Bureau (DPPB) to secure a temporary surge in qualified staff to meet the increased logistics needs for the drought response. 982 additional staff including storekeepers, commodity accounting staff and warehouse managers were recruited to support operations.

**Trainings:** Through knowledge sharing and skill transfer to build logistics skills capacity of staff from the GoE, NDRMC and humanitarian community, a series of training programmes were supported and implemented by the Logistics Cluster. 643 staff from NDRMC, Ethiopian Maritime Affairs Authority (EMAA) and Ethiopia Road Transport Authority (RTA), WFP and CRS/JEOP, have been trained in 21 locations:

- Food aid, warehouse management and best practices: 140 trainees
- Targeted Supplementary Feeding: 216 trainees
- Relief and technical induction: 241 trainees
- Land transport and port operations: 29 trainees
- MSUs training: 17 trainees

**Achievements:**

- Surge staff have improved the reporting of stock movements and record keeping, facilitating and expediting the clearance of the data backlog in Commodity Allocation & Tracking System (CATS). Overall, the production of daily stock reports has improved from 10% to 95% in the different hubs.
- Adoption of commodity losses mitigation measures have also been taken e.g. timely repackaging/reconstitution of damaged commodities and documenting such processes and results using standard commodity management tools.
- Following the countrywide warehouse training conducted in November 2016, reconditioning practices were also improved drastically and as a result an average of 1,000 bags was reconditioned per day during the last two weeks of November 2016.
• Storage commodity practices were also improved through the adoption of proper food stacking practices, segregation of food and non-food items and timely recording of stock movements.

Post Logistics Cluster Closure - WFP Supply Chain Capacity Building Project:

Human resource capacity: To ensure that sufficient human resource capacity is available to effectively manage and report on the food pipeline and food distribution network, WFP will also support the government in the recruitment and training of skilled workforce. Additional international level supply chain management training accreditations will be provided to logistics staff to ensure skills are transferred, and that sustainable human resource capacity building is provided.

Reporting, Information Management and Coordination

Activities:
Reporting: At the request of the NDRMC and donor community, the Logistics Cluster 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 the NDRMC, WFP and humanitarian partners to track the overall progress against the key Logistics Cluster objective of reducing the cycle of the relief deliveries and distributions to four weeks or less. The Logistics Cluster also initiated a dispatch reporting system on behalf of the NDRMC with the objective to monitor the trend by month and time spent for dispatches from NDRMC hubs.

Information Management: The Logistics Cluster has been supporting the GoE, NRMC and humanitarian community through the collection and consolidation of relevant logistics information, updates, shared via a dedicated mailing list and made available through the dedicated Ethiopia Operation page on the Logistics Cluster website (http://www.logcluster.org/ops/eth16a). More than 120 operational updates and information products, including maps of access points and road constraints, Port of Djibouti Snapshots and infographics have been shared since March 2016.

Coordination: To effectively respond to the magnitude of the needs of the current emergency, the Logistics Cluster has enhanced logistics supply chain coordination between the GoE and humanitarian partners through holding regular Logistics Cluster Coordination Meetings in Addis Ababa and in Jijiga.

Logistics Capacity Assessment (LCA): As part of the ongoing support to logistics capacity augmentation in Ethiopia, the Logistics Cluster supported WFP and members of the humanitarian community in updating the Ethiopia LCA, an important source of information related to the logistics infrastructure and services of Ethiopia. Relevant baseline logistics information for Ethiopia is continuously updated on the LCA website (http://dlca.logcluster.org/display/public/DLCA/Ethiopia) and shared via the mailing list such as: Ports assessments, Aviation, Road network, Railway assessment, Storage.

Achievements:
• In line with the key objective: to complete food deliveries and distributions in four weeks (starting from the official start date of the round), weekly dispatches, delivery and distribution reports, were provided by all three food operators and reported by the Logistics Cluster.
• A sustainable system was established whereby a total of 1,861 Food Distribution Points (FDPs) now regularly report food deliveries and distributions from JEOP, NDRMC and WFP.
• Following the implementation of the reporting system, the results showed a significant improvement in the percentage delivered and distributed within 4 weeks. From June 2016 to
January 2017, relief food deliveries completed within four weeks increased by 12 percent and distributions by 9 percent from Round 5 to round 9. Moreover, NDRMC, JEOP and WFP delivered 70 percent by the 6th week of round 9 compared with delivering 70% by the 8th week in round 5.

Post Logistics Cluster Closure - WFP Supply Chain Capacity Building Project:

**Continued implementation of the FMIP and reporting tools support:** WFP will continue to invest in (Food Management Improvement Project) FMIP electronic commodity tracking and reporting system, the (Commodity Allocation & Tracking System) CATS, and the physical commodity management reports and forms (Commodity Management Procedure Manual).

**Continued Information Management and Coordination:** WFP will continue to ensure comprehensive collection, consolidation and sharing of relevant logistics information to ensure efficient and effective logistics operations. In addition, WFP will ensure logistics supply chain coordination between the GoE and humanitarian partners through holding Logistics Coordination Meetings in Addis Ababa and in alternative locations as required.

**Support through Logistics Advisors**

**Activities:**
To support the NDRMC to address a number of logistics gaps and constraints, the Logistics Cluster has seconded nine advisors into the NDRMC to provide support and advice on different aspects of the logistics supply chain including port operations, railways, warehouse and supply chain management and pipeline reporting:

- **Shipping:** As identified in the Logistics Gaps Analysis (April 2016), congestion at the Port of Djibouti; main upstream point of entry for humanitarian, commercial and GoE cargo destined for Ethiopia was causing significant delays, demurrage charges and impacting the operational
planning. To address this, the Logistics Cluster seconded a shipping advisor to support the EMAA to facilitate the implementation of the national logistics strategy and support port planning operations. He assisted in promoting coordination between the EMAA and Port of Djibouti Authorities, enhancing the flow of commodities from ports and entry points into Ethiopia. The Logistics Cluster Shipping Officer working alongside the EMAA to support in ports planning operations, identified indicative incoming tonnages for the remainder of 2016 and for 2017. In line with the objective to improve communication and interaction and streamline supply chain management and landside planning: a planning forum has been established (bulk, containers, port advisory for future planning). To support the reduction of port congestion in the bulk supply chain, key performance indicators (KPIs) for port planning and operations have been implemented in collaboration with EMAA.

- **Railway:** Following the completion of the new Djibouti – Ethiopia railway in early 2017 which provides a potential alternative option for cargo transport into Ethiopia, the Logistics Cluster railway officer finalized the railway system assessment report in order to identify the gaps and prioritize actions to enhance and maximize the utilization and development of the new Ethiopian railway system. Meanwhile, the Logistics Cluster railway officer is coordinating with the Ethiopia Railway Corporation the launch of the first humanitarian cargo transportation via the line Djibouti-Ethiopia. A test of the railway line (from Djibouti to Mojo), carrying WFP food, is expected to take place between in April.

- **Warehouse Management Manual:** In February 2017, to improve the supply chain management at a logistics hub level, the Logistics Cluster seconded a warehouse management specialist to conduct three warehouse assessments at the NDRMC Logistics hubs to evaluate current operations, identify gaps and bottlenecks and to map areas where improvements can be made. The aim is to produce a Standard Warehouse Management Procedures Manual to improve hub performance.

**Achievements:**

- Through the support of the shipping advisor to the EMAA who has improved cargo planning, the anchorage times due to occupied quaysides for ships arriving at Djibouti has been reduced which has resulted in less or no demurrage charges.
- A bulk committee was established and through regular meetings, import coordination has improved and information on imports is received from government importers and humanitarian organizations.
- KPI’s were established for bulk shipments through the Port of Djibouti, supporting the reduction of congestion at the port.
- Constant forecast monitoring with importers is achieving enhanced vessel arrival planning.
- Since July 2016, the average waiting time on anchorage was reduced to two days for vessels with documentation in order.
- Since July 2016, the average daily truck off-take from the port of Djibouti improved to over 5,000 MT/day.
Post Logistics Cluster Closure - WFP Supply Chain Capacity Building Project:

**Ethiopian Maritime Affairs Authority (EMAA) Provision of Technical Assistance:** WFP will continue working closely with the EMAA and different relevant government authorities to tackle the issues of congestion at the Port of Djibouti and the inefficient inland logistical operations. Shipping experts will continue to carry out assessments of systems and processes causing inefficiencies along the supply chain and advice on strategic interventions. WFP interventions include, but are not limited to, coordinating the planning of cargo imports at the national level, streamlining customs processes and improving the management of container movements and dry ports development (Mojo and Matema). In addition, coordination meetings with key bulk importers are currently ongoing on a regular basis. Discussions are focused on forecasting and procurement procedures, in order to improve visibility on incoming commodities and achieve a centralized procurement system for bulk importers. Information management and coordination support with the development of appropriate tools and methodologies to improve collaboration amongst Ethiopian logistics community members under the Logistics Community of Practice (LCoP) initiative is being conducted.

One important objective of EMAA’s mandate will be to enhance an upstream procurement planning through one single procurement system for all the importers. Currently, coordination meetings with key bulk importers are ongoing on a regular basis. Discussions are focused on the forecasting and procurement procedures, in order to improve visibility on incoming commodities and achieve a centralized procurement system for all bulk importers. This initiative has been launched, after having experienced the cost implications due to lack of forecasting and planning from importers, especially during an emergency:

- Port congestion and consequent demurrage costs (approximately US$35m in 2016)
- Delays vessel offload
- Risks of infestation of food commodities as a result of slow offload
- Delays in planning of road transport
- Delays at inland warehouse due to shortage of space, latent impact on the turnaround of the road vehicles

Trainings on port operations, supply chain, coordination, cargo forecasting will be conducted with key stakeholders, between Djibouti and Addis Ababa.

**Development and assessment of the Ethiopian railway system in collaboration with the Ethiopian Railway Corporation (ERC):** WFP is supporting the assessment and development of the new Ethiopian railway system, through 3 phases:

- National assessment of the Railway System (completed)
- Facilitate access to the railway on behalf of the humanitarian community with the elaboration of the operating model for the WFP and humanitarian community:
  - Development of commercial relations between WFP (on behalf of the humanitarian community) and ERC;
  - Involvement of ERC in the Djibouti port advisory forum;
- Development of combined cargo transport for the humanitarian and commercial cargo, by developing synergies amongst humanitarian and commercial organizations for the corridor logistics development, in order to reduce transport costs.
Road transportation support

Activities:
Through WFP as lead agency, the Logistics Cluster facilitated the transportation of over 660 mt of relief items on behalf of the NDRMC via 77 truckloads. Items transported include blankets, health and wash kits which were donated by donors to the NDRMC to support the flood response in July 2016. The relief items were transported to three regions in Ethiopia and then onward to zonal destinations for final distribution.

Achievements:
- The Logistics Cluster fulfilled 100 % of the requests received with an average time of three days between confirmation of the transport request and the delivery

Post Logistics Cluster Closure - WFP Supply Chain Capacity Building Project:

**Strengthening the commercial freight road transport:** Given the importance of the commercial road transport sector for both the economic development of the country, as well as for humanitarian operations in Ethiopia, WFP, in close cooperation with the Federal Road Transport Authority (RTA), is developing a project to strengthen the commercial road transport sector. The project is based on WFP’s best-practice in fleet management, including advanced and tailor-made fleet management systems, and will be complemented with training programmes for Ethiopia’s commercial road transport sector.

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