

Evaluation on the Provision of Air Transport in Support of Humanitarian Operations

Commissioned by DG ECHO


Addendum No. 1 attaching to and forming part of the Final Report dated 29th March 2010

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Introduction

This addendum has been drafted at the request of WFP following their belief that some of the figures included in the Final Report impacted unfairly on UNHAS. The original query was contained in an email sent by WFP on 14th May 2010. A complete set of figures acceptable to WFP and understood by the Evaluators was provided on 22nd July 2010.

WFP's concern lay in the fact that certain figures in the Final Report might have been considered misleading. In part, due to the timing of the evaluation which took place over the turn of the year and was thus dependent on "budget" as opposed to the "actual" figures for 2009 which were unavailable until after publication. WFP also suggested that the 2009 figures were particularly volatile and thus even more misleading in budget form due to substantial cost reductions made possible by, *inter alia*, substantial downward shifts in fuel prices and the summary termination of certain services. For example:

- UNHAS Sudan's services were curtailed due to the unexpected expulsion of 16 NGOs¹ from that country in March 2009.
- UNHAS Afghanistan's costs reduced significantly following the termination of the long distance Boeing 737 service from Kabul to Dubai in 2009. This service reduction followed a request from the Government of Afghanistan on the grounds of perceived unfair competition².

Since the May email, several versions of UNHAS costs have been presented and discussed. In order to be completely objective the final version of those costs, as provided by WFP, is set out below in full with explanatory notes.

Issues addressed

Four main issues emerged from the correspondence:

1. The UNHAS Sudan cost per passenger figure presented in the Final Report and the comparison with the ECHO Flight figure.
 2. The bases upon which UNHAS reports cost calculations.
 3. The specificity of UNHAS operations and capacities, which differentiate the service from other humanitarian air services (thus relevant to any cost comparison).
 4. The lack of a reference to a WFP presentation which informed a recommendation in the Final Report.
1. The UNHAS Sudan cost per passenger figure:
 - a. Contrary to the understanding contained in the WFP email of 14th May, that figure only represents UNHAS Sudan 2009 operations – it is not a global figure. This is stated in the evaluation Final Report but, perhaps, merits repetition in this addendum.
 - b. That figure was calculated on the basis of figures received from UNHAS Sudan in January 2010. The calculation did not make an allowance, however,

¹ IRIN report dated 9th March 2009

² Interview with Alvaro Garofali UNHAS 3rd December 2009

for the cost of cargo carried in Sudan in 2009 in addition to passengers. Making such an allowance for the cargo reported by UNHAS Khartoum, and based on the ratio proposed by UNHAS Rome (i.e. 80kg equivalent cargo per passenger), that figure would be adjusted downwards.

- c. UNHAS has subsequently reported figures that differ significantly with the calculations in the report. Underlying explanations for these differences are addressed in the following sections. The figures from Rome appear in a table submitted to the Evaluators in May 2010. It is important to note that these were subsequently amended by Rome. In May, UNHAS Rome had advised a figure for UNHAS Sudan of USD 281 per passenger in 2009. During subsequent correspondence, this was amended by UNHAS Rome to USD 324.
 - d. The difference from the Evaluator's original figure is due to UNHAS/WFP Rome applying different figures and interpretations of figures than those supplied to the Evaluators by UNHAS Khartoum. It is the understanding of the Evaluators that the differences for the passenger figures relate to how the term 'passenger' is reported. The Evaluators are informed that the discrepancy is to do with multiple flight legs being counted separately for each passenger. Cargo reporting differences have also arisen and this relates to whether and how WFP specific/funded cargo (as opposed to UNHAS Common Service cargo) is included. Regarding final cost calculations, UNHAS argue that figures for Sudan provided to the evaluators in January 2010 were not final. Actual final costs, they argue, were dramatically lower than had been anticipated (see below).
 - e. In addition, certain comparisons between different operators in the evaluation Final Report may in some instances be misleading, particularly where they are not "like for like" (e.g. UNHAS Sudan compared with ECHO Flight DRC) and should be disregarded. (It is important to note that using the same passenger/cargo ratio and the Euro/USD exchange rate of 22nd July 2010 - Euro1 = USD1.29 - ECHO Flight's cost per passenger recalculates at USD 502).
2. Regarding overall global costs, based on the figures originally provided, the Evaluators had originally deduced that UNHAS global costs had fallen dramatically in 2009. However, given the versions of the figures subsequently provided by Rome, this appears not to be the case. Despite significant reductions in services and substantial improvements in fuel prices, The UNHAS global cost per passenger, in fact, rose from USD 302 in 2008 to USD 338 in 2009, an increase of approximately 12%.
 3. The Evaluators stated in the text of the Final Report that certain WFP costs pay for services that inure to the overall benefit of humanitarian air transport operations including, but not limited to, ICRC and ECHO Flight which derive substantial cost benefits through not having to duplicate these services.

An implication of the latter point is that comparisons of cost need to consider the quite distinct natures of the various operations in a number of places and forms. The evaluation Final Report fully recognised these specificities, including explicit recognition of UNHAS's strengths and capacities. This point, perhaps, needs to be further emphasised.

These costs include the running of the WFP Air Safety (ASU) and Quality Assurance (QA) Units and are set out in detail as follows:

	2008	2009
ASU	4,456,034	2,601,552
QA	604,103	380,715
Total (in USD)³	5,060,137	2,982,267

4. Reference is made to a recommendation on Page 33 of the report:

Fund-raising solutions that might be considered include:

- a. *Yearly allocations/contributions from CERF and local common funds*
- b. *Cost sharing of at least the HQ budget and field based indirect costs by all agencies (UNDSS model)*
- c. *A standardised and predictable cost recovery system not predicated exclusively on funding shortfalls*

This reference was partly informed by a slide from a presentation made by WFP in Geneva on 13th January 2010 as follows:

Solutions for Sustainable Funding

- *Yearly Allocations/Contributions*
 - *UN (CERF, Local Funds)*
 - *Direct Donors Contributions*
- *Cost Sharing by Each Agency to*
 - *Contribute to the cost of the service*
 - *UN-DSS funding scheme*
- *Cost –Recovery Scheme for all UNHAS Operations*
 - *Knowing that donor’s contributions shall still be required*
 - *High travel costs prohibitive*

The reference should have been acknowledged in a footnote and the Evaluators apologise for the omission.

The final figures, as provided by WFP, for UNHAS operations globally in 2008 and 2009 are as follows:

UNHAS PASSENGER TRANSPORT COST 2008

Country	Actual Cost USD	Passengers transported	Cargo transported (MT)	Passenger value of cargo	Total passenger value	Cost per passenger USD
Afghanistan	15,413,055	34,708	590	7,375	42,083	366
CAR ⁴	3,392,974	4,707	111	1,388	6,095	557
Chad	11,421,850	43,739	165	2,063	45,802	249
DRC ⁵	502,207	451	2	19	470	1068

³ Based on percentages of 41% and 6%, respectively, of operational support costs (as advised in an email from WFP received on 21st July 2010)

⁴ Central African Republic

⁵ Democratic Republic of Congo

Ethiopia	922,283	3,091	30	375	3,466	266
Haiti	5,100,355	2,791	959	11,988	14,779	345
Madagascar	722,141	255	255	3,191	3,446	210
Mozambique	2,900,773	856	1212	15,155	16,011	181
Myanmar	28,467,811	21,276	5,071	63,388	84,664	336
Niger	2,129,492	1,872	4	50	1,922	1108
Somalia	10,723,583	16,157	240	3,000	19,157	560
Sri Lanka	722,056	378	5	63	441	1639
Sudan	56,911,209	206,924	1,577	19,713	226,637	251
WAC ⁶	5,050,608	12,409	57	713	13,122	385
Total	144,380,397	349,614	10278.242	128,478	478,092	302

UNHAS PASSENGER TRANSPORT COST 2009

Country	Actual Cost USD	Passengers transported	Cargo transported (MT)	Passenger value of cargo	Total passenger value	Cost per passenger USD
Afghanistan	17,956,845	37,424	723	9,038	46,462	386
CAR	2,256,191	5,400	90	1,125	6,525	346
Chad	11,902,294	55,921	217	2,713	58,634	203
DRC (May-Dec)	4,625,890	7,597	79	988	8,585	539
Ethiopia	2,302,071	8,723	59	738	9,461	243
Niger (Jan, Feb, Aug-Dec)	1,418,883	2,247	12	150	2,397	592
Somalia	12,699,413	19,273	211	2,638	21,911	580
Sudan	54,547,172	157,665	849	10,613	168,278	324
WAC	3,272,032	5,858	85	1,063	6,921	473
Philippines	2,519,789	2,394	361	4,513	6,907	365
Myanmar	3,984,822	11,160	29	363	11,523	346
Haiti	1,572,095	867	301	3,763	4,630	340
Total	119,057,497	314,529	3,016	37,700	352,229	338

Notes on the above:

- The figures are purely for UNHAS operations and exclude, for example, the USD 25 million (2009) spent on the WFP LTSH⁷ component of EMOPs⁸ and PRROs⁹.
- The term *Passenger* refers to each passenger/each leg e.g. a passenger flying from Khartoum to Wau via Juba is counted twice. A flight may comprise more than two legs.
- Cargo was not included in the original report but is included here on the basis of passenger equivalents - 80kg of cargo = 1 passenger.
- This basis of calculating costs is not the same as originally used in the Final Report and thus comparisons are no longer valid.
- Actual Costs comprise:

	2008	2009
Air Contract (ACMI ¹⁰ basis)	79,320,454	71,520,960

⁶ West African Coastal Countries including Guinea (Conakry), Sierra Leone and Liberia

⁷ Landside Transport, Storage and Handling

⁸ Emergency Operations

⁹ Protracted Relief and Recovery Operations

Crew Costs (additional – accommodation, subsistence & travel)	3,796,854	3,611,899
Fuel	27,666,134	16,438,154
Handling, over flight, landing	3,238,710	1,527,704
Operational support	10,068,376	6,345,249
Staff	10,844,422	11,824,724
Indirect support costs	9,445,447	7,788,808
Total (in USD)	144,380,397	119,057,498

Other queries on the Evaluation and Review

The only other query received in connection with both the Evaluation and the Review concerned a question from MAF who would have preferred their relationship with Pactec to be described in the Evaluation as follows: *PACTEC is an independent, humanitarian subsidiary of, and operates under a sub agreement from, Mission Aviation Fellowship (MAF) – (from whom they also lease their aircraft).*

Conclusion

In addition to the clarifications above, the nuancing of figures has changed the overall conclusions in the Final Report in the fact that UNHAS global cost per passenger increased by 12% 2008 to 2009. This contradicts the Final Report finding that costs had reduced significantly over the same period. This increase occurred despite dramatic cost reductions deriving from reduced services and improved fuel prices.

The recommendation that *UNHAS should improve its information provision...* is enhanced. Given the above findings, so too is the conclusion that [UNHAS] *has no governance structure...* [to support it] and that [t]here is a disconnect between the Rome and field level.

Recent UNHAS fund raising exigencies and shortfalls have highlighted the importance of reliable reporting. They also point to the need for the UNHAS Common Humanitarian Service to be better supported by other agencies in fund raising and particularly by the ERC and IASC. The Review finding that there needs to be a [m]ore *predictable and longer-term financing of air operations through harmonised fund raising and the judicious use of multilateral funds* is supported.

This addendum and the process through which it was drawn up, underline the conclusion that figures provided by any air operation need to be unambiguous, consistent and transparent and that the basis of their calculation be readily understandable.

¹⁰ Aircraft, Crew, Maintenance & Insurance