



UNITED NATIONS-COORDINATED FSO SAFER SALVAGE OPERATION PROJECT (SSOP)

Progress update as of 18 January 2023

Moored off the Red Sea coast of Yemen, the FSO Safer is a rapidly decaying supertanker holding four times the amount of oil the Exxon Valdez spilled. It could break up or explode at any time, unleashing a humanitarian and ecological catastrophe centered on a country already decimated by more than seven years of war. Such a spill would result in lasting environmental damage and have profound economic costs across the region. A disruption in shipping through the Bab al-Mandab Strait and the Suez Canal would result in billions of dollars in trade losses every day. The environmental impact of a major spill on water, coral reefs, life-supporting mangroves and other sea life would be severe. Depending on the time of year, oil could reach the shores of Saudi Arabia, Eritrea, Djibouti and Somalia.

Background

Constructed in 1976 as a supertanker and converted a decade later to be a floating storage and offloading facility (FSO) for oil, the *Safer* is moored about 4.8 nautical miles off the coast of Hodeidah governorate in Yemen. The vessel holds an estimated 1.14 million barrels of light crude oil. Production, offloading and maintenance operations on the *Safer* were suspended in 2015 because of the war. As a result, the FSO *Safer's* structural integrity has significantly deteriorated. All assessments indicate that the vessel is beyond repair and at imminent risk of spilling oil due to leakages, or an explosion because the systems required to pump inert gas into its tanks ceased functioning in 2017. A significant spill would surpass national capacity and resources to effectively respond, and would devastate coastal livelihoods and port activities, which are essential to bring in food, fuel, and lifesaving supplies. The cost of cleanup alone is estimated at \$20 billion.

UN-coordinated plan to resolve the threat

In September 2021 the United Nations' senior management instructed the UN Resident and Humanitarian Coordinator (RC/HC) for Yemen to provide UN system-wide leadership on the FSO Safer and coordinate all efforts to mitigate the threats posed by the FSO Safer, with UNDP supporting on implementation. UNDP accepted the task and confirmed to the UN Principals its readiness to engage and commence the operation, contingent on receiving donor funding.

Following discussions with all relevant stakeholders the United Nations produced the first [UN-coordinated plan](#) to address the threat. Against this background, the UN system reaffirmed its commitment to working together to prevent this potential disaster. Internal coordination mechanisms between the RC/HC and UNDP are in place to closely guide the strategic direction of the complex project, accelerate decision making, and address any unfolding challenges.

Project objectives

The UN-coordinated Safer Salvage Operation Project (SSOP) aims to prevent the threat of a major oil spill in the Red Sea and its disastrous impacts. This will be achieved by mobilizing salvage assets, including a suitable very large crude carrier (VLCC) and installation of a catenary anchor leg mooring (CALM) buoy, and offloading the oil from the FSO *Safer* to the VLCC, with a well-coordinated and functional oil-spill contingency response plan on standby.

In the current plan, the VLCC will have to be modified as an FSO prior to taking on the oil so that it can be tethered to the CALM buoy. At the end of the operation, the oil will remain safely *in situ* in the VLCC.

At the request of the RC/HC in July 2022 and in consultation with all stakeholders in Yemen, the project was divided in two phases:

- **Phase one** is the urgent salvage emergency operation by a global maritime company to eliminate the immediate risk of a spill by transferring the oil from the FSO *Safer* to a secure vessel (ship-to-ship transfer).
- **Phase two** comprises the installation of the CALM buoy and tethering the VLCC to it as long-term replacement capacity equivalent to the FSO *Safer*. Phase two also includes the towage of the *Safer* away from Ras Isa for recycling.

The greatest challenge to the success of the operation at present is procurement of the VLCC. Largely due to events related to the war in Ukraine, availability of VLCCs constricted over the past six months and the prices surged to lease or purchase them. The UN cannot begin the emergency operation until it is certain that a safe VLCC will be in place to take on the oil. The UN is working closely with maritime experts to reflect revisions to the plan as per the current market conditions while simultaneously exhausting all options to capitalize on currently available resources. The UN will report back to partners with a precise figure on gap and budget figures soon after market engagement is concluded.

Technical progress to date

While the actual oil transfer operation on the water has not yet commenced, critical preparatory work has progressed on multiple tracks. Given the significant risks, complexities and specialized knowledge required for this project, in partnership with the Resident Coordinator's Office, UNDP has put in place a team of experts that is supporting project design and implementation, in close partnership with other specialized UN agencies.

1. **The Marine Management Consultancy Company (SafeSTS)** was contracted by UNDP on 30 September 2022 to provide technical and advisory support with the overall design and implementation of the SSOP. Its consultancy services started with drafting the Terms of Reference for the salvage operation and carrying out the due diligence of the proposed salvage operation company SMIT, completed on 18 October 2022.
2. **The salvage company (SMIT):** Procuring the services of the salvage company SMIT is well underway. UNDP shared the Request for Proposal with SMIT on 30 October 2022 and following several rounds of consultations and negotiations with the salvage company on 13 January 2022, a letter of intent was issued by UNDP to SMIT for the entire salvage operation. To accelerate field work, UNDP also agreed to issue an initial contract to SMIT to prepare a detailed salvage operational plan, a prerequisite for further field operations to take place.
4. UNDP contracted **Clarksons (a shipping brokerage company)** on 10 November 2022 to advise on market availability and pricing to charter and/or purchase a VLCC. UNDP and the RC/HC have pre-identified options for securing a VLCC based on the inputs and comprehensive market survey by Clarksons, contingent on availability of funding.

5. **The maritime legal firm INCE** was contracted by UNDP on 18 October 2022 and has started actively providing the RC/HC and UNDP with specialized advice on maritime law, and support in drafting and negotiating the specialized contracts.
6. The contract for **the Insurance brokerage company** was awarded to **Howden** on 23 November 2022 by UNDP. The insurance brokerage company is supporting the UN-led project with the design of an insurance strategy for the project and the contracting of the insurances, given the need for war zone premium insurance.
7. **Contingency Preparedness and Response Plan for Oil Spill:** Two contracted oil spill experts have already submitted their initial report on contingency planning. They are currently working with the Yemeni stakeholders on finalizing the national contingency plan in the event of an oil spill from the FSO Safer. This will be followed by training the national partners on preparedness and testing the provision of the plan by the end of January 2023.

UN expertise

8. **The World Food Programme (WFP)** is acting as a technical advisor to UN RC/HC and UNDP, given their experience in ocean transport services, specifically in the Gulf of Aden. WFP's offer focuses on cargo removal and decommissioning of the FSO Safer and advising on the selection, management, and handover of the new vessel to a third party.
9. **The International Maritime Organization (IMO)** is also engaged as a technical expert partner in the project. As the UN maritime organization, IMO brings in-depth knowledge on maritime related operations and policy issues and currently provides advisory support on strategic and technical project aspects.

Financial status and budget

Available resources

As of 18 January, donors have generously pledged \$85.2 million (including \$2.2 million from the private sector), of which \$74.5 million has been received- the bulk of which was received in September 2022. An additional \$10.5 million to \$13 million is expected soon from the private sector.

Budget

Before preparatory work began for the operation in the fall of 2022, the UN had estimated the budget at \$113 million for both phases of the operation. This was actually a reduction in the original \$144 million budget which was due to the selection of the CALM buoy system for the long-term storage solution for the oil.

However, just as the UN was gearing up for the project, a new challenge emerged: the sharp rise in the costs to purchase and lease VLCCs, which is chiefly due to factors related to the war in Ukraine. By January the price to purchase a VLCC was \$20 to \$35 million higher than the estimate in the budget.

The UN is currently working closely with the maritime experts to reexamine the budget and strategy to reflect current market conditions, while simultaneously exhausting every internal mechanism to maximize existing resources.

The UN will report back to partners on this process very soon – when the exact current requirements needed to prevent the catastrophe are established.