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PROJECTS FOR EXECUTIVE BOARD APPROVAL

Agenda item 9

For approval



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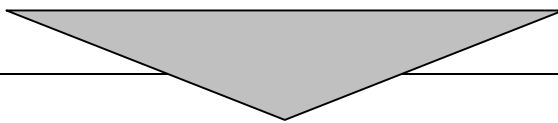
BUDGET INCREASE TO PROTRACTED RELIEF AND RECOVERY OPERATION— ANGOLA 10054.1

Food Assistance to War-Affected People

	Cost (United States dollars)		
	Original budget	Increase/ decrease	Revised budget
Food Cost	59,849,900	6,917,380	66,767,280
LTSH	97,931,568	-6,682,961	91,248,607
Direct support costs	22,886,450	2,199,197	25,085,647
ODOC	3,520,500	1,133,306	4,653,806
Total cost to WFP	233,518,264	7,965,207	241,483,471
Caseload (beneficiaries)	1,160,000	80,000	1,240,000
Food commitments (mt)	305,598	36,012	341,610

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Note to the Executive Board



This document is submitted for approval by the Executive Board.

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal points indicated below, preferably well in advance of the Board's meeting.

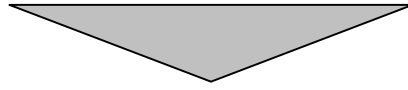
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Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact the Supervisor, Meeting Servicing and Distribution Unit (tel.: 066513-2328).



Draft Decision



The Board approves the budget increase to protracted relief and recovery operation Angola 10054.1, "Food Assistance to War-Affected People" (WFP/EB.3/2002/9-C/1).



BACKGROUND

1. Protracted relief and recovery operation (PRRO) ANG 10054.1 (WFP/EB.2/2002/6/1) was approved by the Executive Board at its Second Regular Session in May 2002. The Board requested that WFP review this PRRO in light of recent developments in the country and present to the Board at its Third Regular Session of 2002 any required budgetary revision.
2. This budget revision arises from three different elements: (i) the change in the structure of the caseload as a consequence of the vulnerability assessment exercise and the ceasefire; (ii) the review of the landside transport, storage and handling (LTSH), resulting in a rate decrease; and (iii) inclusion of a maize-meal fortification activity to contribute to the prevention of pellagra in Bie province.
3. As a result of the change in the structure of the caseload, the estimated revised number of persons to be assisted under the PRRO has increased from 1.16 to 1.24 million. The make-up of the 80,000 additional beneficiaries is shown in Table 1, and in more detail (monthly averages) in Annex II. The rationale behind these changes is explained below. The cost impact of the change is summarized in the table on the covering page of this document and in the Project Cost Breakdown (Annex I).

SITUATION UPDATE AND REVISION OF BENEFICIARIES

4. Since the drafting of the PRRO document, there have been significant political and military changes in Angola. On 22 February 2002, the leader of UNITA, Jonas Savimbi, was killed in battle. On 4 April 2002, the military forces of UNITA and the Government of Angola signed a Memorandum of Understanding for cessation of hostilities. Under this agreement, UNITA soldiers and their families would be assembled in quartering areas (QAs) for demobilization and be provided with the necessary support for their reintegration into civilian life. This agreement establishes a framework for the resumption of implementation of the Lusaka Peace Protocol, signed in 1994.
5. The cessation of hostilities has once again raised hopes of achieving real peace in the country. However, the legacy of war will not be quickly overcome. A serious humanitarian crisis will continue until at least the next harvest, in 2003. As a consequence of the ceasefire, additional beneficiaries have surfaced: returning refugees and beneficiaries from the newly accessible areas as well as those established in the quartering areas.
6. Following these changes, humanitarian agencies, including WFP, conducted joint rapid assessments of critical needs (RACN) in 28 newly accessible areas of the country during April/May 2002. Results of these assessments confirmed the need for emergency food assistance to some 136,000 additional beneficiaries in 22 of these locations. WFP is already providing food aid to this new caseload. As other areas become accessible, additional food aid will be needed. This increase in the caseload is expected to reach an average of 364,000 during the PRRO implementation period.
7. On 20 May 2002, the Government discussed with the United Nations the framework and procedures for international support to the civilian family members of the quartered UNITA soldiers. The procedures for such support were finalized and agreed to on 6 June 2002.



8. An acute humanitarian situation is reported in all the QAs. Access to these QAs by United Nations agencies was possible by the end of May, following United Nations security assessments of these locations. In early June, WFP began registration of the family members in QAs and started providing food assistance. The total number of family members expected to receive WFP food assistance between July and December 2002 is 262,000. Most QAs are located in isolated locations with poor access roads.
9. The Office of the United Nations High Commissioner for Refugees (UNHCR) estimates that some 80,000 refugees in neighbouring countries will return spontaneously to their areas of origin between May and December 2002. These returnees will require WFP food aid at least until the next harvest, in May 2003. UNHCR plans to start formal repatriation of the refugees registered in its camps during 2003. Of the 450,000 refugees estimated as residing in neighbouring countries, WFP will support some 250,000 who are expected to return to Angola in 2003.
10. Several thousand internally displaced persons (IDPs) want to return to their areas of origin in time for the next major agricultural season, which starts in September, and spontaneous return has already started in most provinces. WFP will provide food rations to support this return and resettlement until the main harvest of 2003. A total of 245,000 persons are expected to resettle by March 2003, receiving support from WFP and other humanitarian agencies working closely with provincial authorities.
11. WFP will continue to support those IDPs who opt to remain at their present locations until they are able to establish themselves in new resettlement locations of their choice. Humanitarian agencies will continue to work with the Government for the early resettlement of this population.
12. A Joint FAO/WFP Crop and Food Supply Assessment Mission was carried out during May/June 2002. It concluded that the distribution of rainfall in all regions during 2001/2002 had not been as good as in 2000/2001, and that although cereal production would probably be slightly lower than last year, overall food crop production (including beans and cassava) would not be significantly different. The crop shortfall had been due to war-related factors rather than to the poorer distribution of rainfall. The mission indicated that the number of people who would require food assistance in 2002/2003 would probably rise to around 1.4 million—compared with the 1.15 million estimated at the same time last year. It is planned that 89 percent of these beneficiaries will be supported by WFP. The needs of the balance will be met by other organizations, such as the International Committee of the Red Cross (ICRC) and Euronaid.
13. During April/May 2002, the Vulnerability Assessment Working Group, under the guidance of the WFP VAM Unit, carried out a vulnerability assessment for the period November 2001 to April 2002. The vulnerability assessment is an inter-agency exercise carried out three times a year (at the critical times of the agricultural calendar) at the provincial level in consultation with the Government of Angola and implementing partners, and is used to review WFP's current beneficiaries in light of their vulnerability to food insecurity. Using the results of the VA, in consultation with implementing partners at the provincial level, the current WFP caseload was revised downwards by 480,000 from the PRRO document planning figures (see Table 1). These were existing beneficiaries who no longer needed to receive food aid and therefore were removed from the distribution lists (in both emergency and recovery programmes). While some of these people will no longer require further assistance, others will become part of the caseload again later in the year during the hungry season, through projects such as food for work or seed-protection programmes.



14. Initially, the number of beneficiaries to be assisted in the PRRO was 1.16 million (monthly average over the 18-month period). That figure has now been revised upwards to 1.24 million beneficiaries; monthly planning figures for each beneficiary category and by component are presented in Annex II. The total additional required commodities amount to 36,012 metric tons (mt) (27,320 mt cereals, 2,966 mt pulses, 1,600 mt oil, 2,628 mt corn-soya blend [CSB], 1,396 mt sugar, 102 mt salt). The revised monthly requirements are 18,978 mt, which represents an increase of 12 percent.
15. The caseload is expected to increase rapidly in the early months of implementation of the new PRRO. After six months, the number of beneficiaries in need of emergency assistance will progressively decrease. As agricultural production improves and the need for emergency interventions declines, WFP expects recovery activities to gather momentum and the need for support to these activities to increase. Given the flexibility of the PRRO strategy, which allows WFP to target emergency food aid needs and to support self-reliance through food-for-work (FFW) and food-for-assets (FFA) activities, this will be more a question of shifting emphasis rather than a change in the fundamental nature of the activities envisaged in the PRRO document.
16. At the time this budget revision was edited, large areas of Angola were still inaccessible due to the poor condition of road infrastructure and the threat of landmines. The number of people to be assisted with food aid continues to grow, and the WFP average caseload projection has been revised again. The peak of 1.5 million beneficiaries is expected to increase to 1.9 million before the end of 2002.
17. The rise in the number of beneficiaries is caused by several factors. The number of demobilized UNITA troops and their families is substantially higher than expected, and these people need food aid during the process of their reintegration into society. Also, there has been an acceleration in the return of internally displaced people and refugees from neighbouring countries. Moreover, in recent months, 60 new locations in Angola have received WFP assistance, bringing an additional 430,000 beneficiaries into the caseload. With more areas still to be assessed, this number will continue to rise. The increase in the number of women and children entering nutrition programmes is also expected to rise this year, as a result of the destruction in the final stages of the war of large areas of crops. Furthermore, a substantial number of people will need food assistance to ensure that they do not eat the seeds currently being distributed to returning displaced people by aid organizations and intended to be set aside for planting in order to safeguard the next harvest.
18. The situation is evolving continuously, and it is expected that while a new caseload may have to be added, some beneficiaries may no longer require WFP assistance. It is thus proposed that, for the time being, the tonnage be maintained as proposed in this revision. Should the level of needs continue to rise and result in a growing level of distribution, the duration of the PRRO, due to expire in December 2003, may have to be shorter, and a new PRRO may have to be proposed for the Board's approval at its First or Second Regular Session in 2003.
19. To ensure adequate monitoring of assistance to the expanded areas of intervention, a temporary reinforcement of the programme and logistical capacity at the field level will be needed at the onset of the new operation and is planned for in this budget revision.



20. The following table shows the structure of the caseload by category:

COMPARISON OF BENEFICIARY FIGURES (ORIGINAL VS. REVISED PRRO 10054.1) (MONTHLY AVERAGE)				
Beneficiary category	Original PRRO caseload	Post VA PRRO caseload *	Additional caseloads in new areas	Revised PRRO caseload
IDP—emergency (relief distribution and nutrition)	616 445	451 332	291 600	742 932
IDP—recovery (FFW)	251 508	109 269	71 944	181 214
IDP—recovery (resettlement)	291 016	119 722	0	119 722
Refugees—recovery (resettlement)	0	0	108 233	108 233
Family members in quartering areas— emergency (relief and nutrition)	0	0	87 444	87 444
Total	1 158 969	680 324	559 222	1 239 546

* This refers to the seasonal review of caseloads resulting from the vulnerability assessment exercises (latest in May 2002). See details in paragraph 12.

INTEGRATION OF THE MAIZE MEAL FORTIFICATION ACTIVITY

21. Recurrent outbreaks of pellagra—a skin disease related to a multivitamin deficiency—occur among residents and IDPs in Bie province, as a result of the niacin-deficient maize-based local diet. As a preventive strategy, fortified maize meal, the cereal component in the WFP ration, will be provided in the pellagra-endemic zones to ensure higher niacin in the local diet. Fortification of maize meal with niacin and iron will be done locally, as will the milling of the imported maize.
22. As advised by the WFP corporate Programme Review Committee (PRC), and discussed with the potential donor for this component, the related costs (US\$1,185,414) have been included in the PRRO budget revision rather than being made part of a separate special operation. The breakdown of these costs includes items such as the purchase and installation of mixing equipment, handling and milling, quality control, and the hiring of monitoring staff.

REVIEW OF THE LTSH RATE

23. The recent military and political changes in Angola have dramatically changed the security situation in the country. This has profound implications on the opportunities for surface transport of humanitarian assistance. Access to more areas of the country is now possible. Generally, road access from the ports of entry to provincial capitals in the interior is now possible in about one half of the country, albeit with significant challenges posed by the poor state of infrastructure. Unless the Government carries out critical infrastructure repairs in the coming months, access will again prove extremely difficult when the rainy season arrives.
24. The four outlying provinces—Kuando Kubango, Moxico, Lunda Sul, and Lunda Norte, and parts of Bie—which make up about 50 percent of the country's land area, continue to be inaccessible by surface means. From the provincial capitals, access to the various



municipalities within the province will continue to be very challenging as a result of lack of commercial transport, very poor road conditions, broken bridges, and the threat of landmines.

25. Although there might be greater opportunities to use surface means for primary transport to the provincial capitals, there will be much greater demand for secondary transport within the provinces than was foreseen under the approved PRRO. Secondary transport will be to locations much farther from the provincial capitals, and because of the limited supply of trucks and very poor infrastructure, its costs are expected to go up. Some municipalities are completely cut off because of broken bridges or lack of access roads. These municipalities will have to be served directly by air transport where possible.
26. It is estimated that 20 percent of transport will be done by air and 80 percent by road. The approved PRRO 10054.1 had a ratio of 52 percent by air and 48 percent by road. The previous PRRO, which ends on 30 June 2002, had a comparative ratio of 60 percent by air and 40 percent by road. The new modal projections take into account surface infrastructure repairs that the Government of Angola is expected to undertake on key road arteries during the period of this PRRO. In January 2003 the country office will undertake another review of the LTSH rate to determine if the underlying assumptions, such as infrastructure repairs by the Government, are being met, or whether a modification of the rate is needed.
27. Based on the above, the LTSH rate has been revised downwards from US\$320 per mt to US\$272 per mt (a 15-percent drop), bringing the overall LTSH budget down from US\$97,931,568 to US\$91,248,607 (or 6.8-percent reduction), taking into account the revised food requirements.
28. The overall consequences of these changes are reflected in the attached revised project cost breakdown (see Annex I). The total WFP costs have increased by US\$7,965,207, or 3.4 percent, from US\$233,518,264 to US\$241,483,471.

RECOMMENDATION

29. The budget increase is recommended for approval by the Executive Board.



ANNEX I

PROJECT COST BREAKDOWN

	Quantity (<i>mt</i>)	Average cost per ton	Value (<i>dollars</i>)
WFP COSTS			
A. Direct operational costs			
Commodity (mt) ¹			
– Maize	264 765	120	31 771 800
– Beans	29 020	500	14 510 500
– Vegetable oil	20 135	650	13 087 750
– Corn-soya blend	18 725	280	5 243 000
– Sugar	4 622	265	1 224 830
– Salt	3 104	100	310 400
– Dried fish	1 239	500	619 500
Total commodities	341 610		66 767 280
External transport			36 255 301
Total LTSH			91 248 607
Other direct operational costs			4 653 806
Total direct operational costs			198 924 994
B. Direct support costs			25 085 647
Total WFP direct support costs			224 010 641
C. Indirect support costs (7.8 percent of total direct costs)			
Subtotal indirect support costs			17 472 830
TOTAL WFP COSTS			241 483 471

¹ This is a notional food basket used for budgeting and approval purposes. The mix and quantities of commodities, as in all WFP-assisted projects, may vary depending on availability.



ANNEX II

REVISED CASELOAD

	Relief								Recovery					Total	
	Emergency				Nutritional programmes				FFW and resettlement						
	Current caseload	RACN	QAs families	Subtotal	Current caseload	RACN	QAs families	Subtotal	FFW current	RACN	FFW subtotal	Resettlement			
											Internal	External			
2002															
May	584 165			584 165	194 663			194 663	171 225		171 225				950 053
June	500 906	60 000	70 000	630 906	158 274	12 000	14 000	184 274	102 185		102 185			0	917 365
July	412 906	80 000	220 000	712 906	155 000	16 000	44 000	215 000	102 185	0	102 185	0	0	0	1 030 091
Aug.	412 906	160 000	220 000	792 906	152 000	32 000	44 000	228 000	92 185	10 000	102 185	50 000	0	50 000	1 173 091
Sept.	438 906	184 000	220 000	842 906	150 000	36 800	44 000	230 800	97 185	15 000	112 185	50 000	30 000	80 000	1 265 891
Oct.	422 906	200 000	220 000	842 906	200 000	60 000	44 000	304 000	102 185	20 000	122 185	60 000	40 000	100 000	1 369 091
Nov.	406 906	250 000	220 000	876 906	220 000	75 000	44 000	339 000	112 185	30 000	142 185	75 000	60 000	135 000	1 493 091
Dec.	406 906	250 000	220 000	876 906	250 000	75 000	34 000	359 000	112 185	40 000	152 185	75 000	80 000	155 000	1 543 091
2003															
Jan.	456 906	250 000	0	706 906	250 000	100 000	0	350 000	112 185	50 000	162 185	245 000	80 000	325 000	1 544 091
Feb.	456 906	250 000	0	706 906	250 000	100 000	0	350 000	112 185	50 000	162 185	245 000	80 000	325 000	1 544 091
Mar.	456 906	250 000	0	706 906	250 000	100 000	0	350 000	112 185	50 000	162 185	245 000	80 000	325 000	1 544 091
Apr.	456 906	250 000	0	706 906	100 000	100 000	0	200 000	112 185	130 000	242 185	170 000	0	170 000	1 319 091
May	242 956	150 000	0	392 956	72 887	45 000	0	117 887	150 000	180 000	330 000	170 000	0	170 000	1 010 843
June	242 356	150 000	0	392 356	72 707	45 000	0	117 707	150 000	180 000	330 000	170 000	0	170 000	1 010 063
July	188 979	200 000	0	388 979	56 694	60 000	0	116 694	100 000	130 000	230 000	100 000	249 700	349 700	1 085 373
Aug.	188 979	200 000	0	388 979	56 694	60 000	0	116 694	100 000	130 000	230 000	100 000	249 700	349 700	1 085 373
Sept.	188 979	200 000	0	388 979	56 694	60 000	0	116 694	100 000	130 000	230 000	100 000	249 700	349 700	1 085 373
Oct.	100 000	300 000	0	400 000	50 000	120 000	0	170 000	100 000	50 000	150 000	100 000	249 700	349 700	1 069 700
Nov.	100 000	300 000	0	400 000	50 000	120 000	0	170 000	100 000	50 000	150 000	100 000	249 700	349 700	1 069 700
Dec.	100 000	300 000	0	400 000	50 000	120 000	0	170 000	100 000	50 000	150 000	100 000	249 700	349 700	1 069 700
Avg.	315 628	218 000	73 333	606 961	135 704	73 600	14 111	223 415	109 269	71 944	181 214	119 722	108 233	227 956	1 239 546



ACRONYMS USED IN THE DOCUMENT

FFA	Food for assets
FFW	Food for work
ICRC	International Committee of the Red Cross
IDP	Internally displaced person
LTSH	Landside transport, storage and handling
PRC	Programme Review Committee
PRRO	Protracted relief and recovery operation
QA	Quartering areas
RACN	Rapid assessments of critical needs
UNHCR	Office of United Nations High Commissioner for Refugees
UNITA	National Union for the Total Independence of Angola

