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**Executive Board
First Regular Session**

Rome, 11–14 February 2002

PROJECTS FOR EXECUTIVE BOARD APPROVAL

Agenda item 8

For approval



Distribution: GENERAL

WFP/EB.1/2002/8/1

21 December 2001

ORIGINAL: ENGLISH

PROTRACTED RELIEF AND RECOVERY OPERATION—FEDERAL REPUBLIC OF YUGOSLAVIA 10116.0

Food Aid for Relief and Recovery of Refugees in the Federal Republic of Yugoslavia (excluding Kosovo)

Number of beneficiaries

Period	Serbia	Montenegro	Total
July–December 2002	170,000	4,000	174,000
January–June 2003	120,000	4,000	124,000
July–December 2003	60,000	3,200	63,200

Duration of project 18 months
(1 July 2002–31 December 2003)

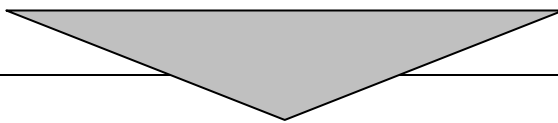
Cost (United States dollars)

Total cost to WFP	16,532,940
Total food cost	8,395,733

In June 2001, US\$1 equalled 69 Yugoslav dinars (YUD) in Serbia and 2.2 Deutsche marks (DM) in Montenegro.

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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 point indicated below, preferably well in advance of the Board's meeting.

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Executive Summary



Following the election of October 2000, the Federal Republic of Yugoslavia (FRY) has undergone a period of marked improvement in the political and economic climate. The Government has embarked upon an ambitious plan of structural reform to bring FRY back to its position as an economically productive country.

The June 2001 Donor Conference held in Brussels highlighted the fact that the role of humanitarian aid is declining in FRY, as additional efforts and resources are concentrated on the development process. However, the planned economic reform will have an impact on the poorest of the poor, who are the most vulnerable households in FRY.

Despite recent positive developments, the legacy of the conflicts of the 1990s remains. Serbia and Montenegro host some 390,500 refugees from Bosnia and Croatia; of these, some 174,000—classified as vulnerable—require food aid. In order to address the immediate food needs of those refugees affected in the medium term by economic reform, WFP proposes to continue its activities in FRY for an 18-month period. WFP further proposes to strengthen its assistance to finding durable solutions for refugees by supporting self-reliance shelter construction schemes, and repatriation.

In addition to meeting the food needs of vulnerable refugees, WFP will use the 18-month period of the protracted relief and recovery operation (PRRO) to phase down and phase out its presence in FRY in an efficient and timely manner.

The PRRO will supply some 32,508 tons of food commodities, at a cost of US\$16,532,940.

Draft Decision



The Board approves PRRO Federal Republic of Yugoslavia 10116.0—Food Aid for Relief and Recovery of Refugees in the Federal Republic of Yugoslavia (excluding Kosovo) (WFP/EB.1/2002/8/1).



CONTEXT AND RATIONALE

Context of the Crisis

1. Throughout the 1990s, the Balkans experienced major conflicts and political upheaval, which resulted in significant hardship and suffering for the population of the region. After almost ten years of economic sanctions, the period that followed the international military intervention of early 1999 was marked by major changes. The elections in October 2000 and subsequent popular demonstrations paved the way for democracy and the lifting of international sanctions against Serbia. Since then, there has been an upswing in international support to the Federal Republic of Yugoslavia (FRY).¹ In addition, the Government has committed itself to undertaking political reform and economic structural adjustment.
2. As FRY emerges from crisis, the repercussions of the economic decline experienced in the 1990s are becoming more evident. In both Serbia and Montenegro, household coping mechanisms such as family and community support have been considerably stretched by the lack of alternative sources of income and assistance. Many households have resorted to informal loans to cover their immediate needs, leading to cycles of debt at the household level; this in turn increases economic pressure on the most vulnerable poor families, especially those headed by women. Households that are unable to meet their basic needs are dependent on support from the state social welfare system, which is still recovering from the depletion of its resources suffered in the 1990s.
3. In addition to the overburdened social welfare system, FRY remains host to a substantial number of refugees. According to the refugee re-registration process carried out in January–April 2001 by the Office of the United Nations High Commissioner for Refugees (UNHCR), the Montenegrin Commissioner for Displaced Persons (MCDP) and the Serbian Commissioner for Refugees (SCR), some 390,500 ethnic Serbian refugees (53 percent females) reside in FRY (376,000 in Serbia and 14,500 in Montenegro). Of these, 66 percent are from Croatia and 34 percent from Bosnia. Some 96 percent live in private accommodation, thereby compounding the economic and social pressures on host households. Some 468 collective centres house the remaining 4 percent of the refugee population.
4. WFP began assisting FRY in 1992, providing emergency food aid to vulnerable refugees. In 1999, WFP's scope was broadened to include assistance to households comprising food-insecure social cases. Since 1999, WFP has been assisting vulnerable persons in Serbia and Montenegro under regional emergency operation (EMOP) 6136. The EMOP covers the whole of the Federal Republic of Yugoslavia, the former Yugoslav Republic of Macedonia (FYROM) and Albania. After three years of emergency assistance related to the post-conflict period, continued emergency support will no longer be required. The EMOP has been extended, and will terminate on 30 June 2002. At that time, WFP will move from a regional approach to individual operations tailored to conditions in each area.
5. During the June 2001 Donor Conference in Brussels, the international community pledged US\$1.28 billion to foster the recovery and development of FRY. As international assistance to FRY increases, the role of humanitarian assistance declines. The solvency of

¹ In the context of this PRRO, references to FRY throughout the document exclude Kosovo, as the province does not host refugees from older conflicts.



the social welfare system will continue to require focused donor attention in order to assist the most vulnerable among the non-refugee population. There are indications that this process is starting, as evidenced by bilateral contributions to the social welfare system announced in September 2001 by the World Bank, France, the United Kingdom and the United States of America. As the reform process takes hold, the attention of the FRY Government will increasingly focus on the needs of its poorest citizens, and available government resources to address the needs of refugees will be further reduced from their already low level. The social sector may require continued support (beyond June 2002) through other forms of intervention.

6. The food-insecure among the high number of refugees still residing in FRY will not be able to benefit from the likely enhancement of social welfare programmes. Therefore, food aid to food-insecure refugees will continue in Serbia and Montenegro under this protracted relief and recovery operation (PRRO), for an 18-month period. WFP's assistance to refugees in FRY will be undertaken in full collaboration with UNHCR, in order to keep pace with all developments regarding repatriation, resettlement and durable solutions.

Situation Analysis

7. In Serbia, poor households are caught in a cycle of poverty. The World Bank estimates that some 25 percent of refugee households fall below the poverty line. These findings were corroborated by the refugee poverty survey conducted by WFP's vulnerability analysis and mapping (VAM) in April 2001.
8. In May/June 2001, WFP and UNHCR conducted a Joint Food Needs Assessment Mission (JFNAM) to Serbia and Montenegro. The mission noted that the necessary economic reforms to be undertaken by the new Government would have a severe impact on the poorest of the poor. This is particularly true, given that the reform process will significantly reduce "grey-market" activities, which provide a key source of income to 23 percent of refugee households. It is also foreseen that the number of unemployed will rise as the industrial and agricultural sectors are restructured in order to restore national competitiveness in regional and world markets. Considering that some 52 percent of all refugees are currently unemployed, there will be significant repercussions. As employment opportunities are reduced through the reform and restructuring process, priority will be given to the resident populations, thereby reducing the possibilities for legal employment among refugees.
9. It is recognized that FRY is neither a least developed country (LDC) nor a low-income, food-deficit country (LIFDC), which are normally targeted by WFP. Prior to the upheaval of the 1990s, the former Yugoslavia was a net exporter of food; in 1991, it exported some 780,000 tons of wheat (Crop and Food Supply Assessment Mission [CFSAM], 2001). By 1999, exports had dropped to 162,000 tons. For 2001, some 313,700 tons of wheat is earmarked for export, although this will most likely be used to offset debts in the energy sector accrued from the Russian Federation and neighbouring countries. With continued stability and investment in the agricultural sector, production is expected to improve further.



10. WFP provided assistance to social cases between 1999 and 2001 under EMOP 6136 because of the volatile regional situation, and to give immediate support to the Government while a comprehensive recovery and development package was formulated. As that process gathered momentum, WFP already began taking the necessary steps to phase out of FRY. During 2001, WFP embarked on a comprehensive phase-down/ phase-out plan, which outlined the phasing-out of WFP's presence in FRY over a two-year period. This process began in July 2001, with a reduction in assistance to social cases, reclassification of refugees' eligibility for food aid, and streamlining of the extended delivery point (EDP) network. By 30 June 2002, the number of beneficiaries assisted by WFP will have been reduced from 700,000 under EMOP 6136 to a maximum of 174,000 under the PRRO. At the same time, the needs of social cases could be met through a bilateral operation. Throughout the course of the phase-down period, ongoing dialogue with the Government and the donor community will be maintained, and WFP will continue to advocate for development assistance to the social welfare system.

GOVERNMENT RECOVERY POLICIES AND PROGRAMMES

11. FRY's policy on refugees fosters local integration, while simultaneously encouraging voluntary repatriation. Under the policy, dual citizenship plays a prominent role as a durable option for resolving the refugee situation in the country. However, the policy also stresses that repatriation should be supported to the extent possible, and states that repatriation is not restricted to physical residence, but has implications for property, financial assets and material possessions in the country of origin. The FRY Government has stipulated that integration should occur in such a manner that repatriation at a later stage is not excluded.
12. The Interministerial Task Force on Refugees, which covers a range of legal, economic and social issues, is part of the FRY Government's contribution to the care and maintenance of refugees. Once registered in FRY, refugees are given free access to the health care system. In addition, refugee children attend public schools free of charge. The Government has provided 468 public buildings as collective centres for refugees. Most important, the Government has an open and transparent approach to refugees, and consults with all stakeholders on a regular basis to ensure that refugee issues are addressed.
13. According to the results of the UNHCR re-registration exercise, the majority of refugees in Serbia have opted for local integration, with some 63 percent preferring to remain in Serbia. By contrast, only 5 percent requested to return to their countries of origin, while 32 percent remain undecided. The legal process involved in establishing citizenship is complex; pending final approval of applications for citizenship, food-insecure refugees will continue to require assistance to maintain their basic living standards. Those refugees who become citizens of FRY and are unable to support themselves will be incorporated into the social welfare system, assuming that they meet the established vulnerability criteria. However, the Government has expressed concern that the wide-scale integration of refugees into the social welfare system would stretch limited resources even further, and could increase tensions between integrated refugees and the resident population. Initial projections have suggested that as many as 150,000 additional persons may require social welfare assistance when the refugees become FRY citizens.
14. WFP's selection criteria have been developed in cooperation with UNHCR based on the recommendations of the 2001 JFNAM, and with the approval of the Ministry of Social Welfare (MOSOW). The poorest refugees will be selected according to the recommended criteria, which take into account the overall economic condition of refugee households.



Refugees will be considered eligible for food assistance as a part of a household rather than as individuals, in order to provide a comprehensive picture of all social and economic factors present in any particular household. Priority for food aid will be given to the following categories of refugees:

- people over 60 years of age, living alone or as a couple, with no family support, and with no property or assets;
 - physically and mentally handicapped, with a compound income below the minimum income threshold (less than 50 percent of the average monthly salary), with no property or assets;
 - single-parent households with children below the age of 15, with no property or assets;
 - foster children, unaccompanied minors or orphans below the age of 15 in households with no member capable of work and with no property or assets; and
 - children under 15 years of age living in a household of elderly persons (alone or as a couple) and who are dependants of the elderly person or couple.
15. By applying these criteria, WFP aims to target only those refugee households that have an income below the minimum threshold. The Ministry of Finance and WFP review this benchmark criterion independently on a monthly basis. A process of continuous review will be undertaken through the local committee meetings (LCMs) to ensure that targeting criteria remain accurate and focused on food-insecure households. These meetings are held on a monthly basis to review all aspects of food aid distributions, and include local representatives from the municipal authorities, the Serbian Red Cross (SRC), UNHCR, WFP and the local Red Cross/International Federation of the Red Cross and Red Crescent Societies (IFRC). The LCMs are WFP's primary channel for applying household-specific information to the existing beneficiary lists, to ensure that targeting and selection criteria are accurate and that food is reaching the most vulnerable.

Rationale for Assistance

16. Despite the strong political commitment to resolving the plight of refugees, the FRY Government is unable to meet the basic requirements to maintain the refugee population in the immediate future. WFP's food aid supports the Government's longer-term initiatives on local integration, settlement and repatriation by providing staple foods to food-insecure refugee households pending the eventual resolution of their situation. Beneficiary monitoring data indicate that nearly all WFP-provided food is consumed by its intended recipients, underscoring the value of food aid to vulnerable refugee households.
17. Not all refugee households are vulnerable or in need of food aid. The introduction of uniform targeting criteria will provide a mechanism for WFP to ensure that its assistance supports food-insecure households whose incomes are not sufficient to cover basic food and non-food needs, and who have limited access to alternative sources of income. WFP assistance will provide a safety net to prevent economic deterioration of the poorest refugee households during the reform process. In this regard, WFP food will provide temporary income support for vulnerable refugee households.
18. Throughout this PRRO, continuous assessment will be required in order to ensure that food aid is being used in the most appropriate way possible. This assessment, which is conducted regularly by WFP, reviews the Government's ability to assist vulnerable populations, agricultural production, VAM information, access to food, national and regional wage indices, market values for basic commodities, and household food security information. UNHCR and WFP, in order to evaluate the progress of the PRRO, will



conduct a comprehensive mid-term review to coincide with the United Nations Food and Agriculture Organization (FAO) Crop and Food Supply Assessment Mission (CFSAM) in 2003.

RECOVERY STRATEGY

Beneficiary Needs

19. FRY is host to some 390,500 refugees. Approximately 53 percent are women, and 24 percent of households are headed by women. WFP conducted an extensive survey of refugee populations in Serbia in April 2001, with an emphasis on conditions among those in private accommodation. The findings indicate that although many refugees have been in Serbia for five years or more, their living conditions are far from adequate.
20. The main sources of income for refugee households are day labour, pensions and grey-market activities. Only 25 percent of refugees are regularly employed, while 52 percent are unemployed. The remainder rely on grey-market activities as their primary source of income. Among refugee women, only 18 percent are regularly employed. Chronic illness, age and access to land are also critical factors in the food security of refugee households, with the elderly and seasonally employed at heightened risk.
21. Limited purchasing power and rising inflation have placed continued economic pressure on refugee households. In June 2001, the average monthly wage was 4,970 YUD (US\$72), up by 23 percent from 4,060 YUD (US\$59) in December 2000. During the same interval, inflation rose 25 percent. Given that only a minority of refugees are employed, this points to a substantial gap in refugee household incomes. These data can reasonably be assumed to be the upper range of refugee incomes, with the majority of households earning less than the national average. The inflation and purchasing power indices reveal that the average household monthly income is declining in real terms and the cost of a basic food basket has increased. WFP's Poverty Survey indicated that the estimated share of a poor household's budget spent on food in 2001 was 60 percent as compared with 50 percent in 1997. Coping mechanisms such as subsistence agriculture are of some help to rural refugee households. Refugees in urban and peri-urban areas often face higher costs of living. Those refugee families without employed, able-bodied adults are worst-off and especially prone to poverty.



TABLE 1: AGE AND GENDER BREAKDOWN OF REFUGEES
IN SERBIA AND MONTENEGRO

Age group	Female		Male		Total	
	No.	%	No.	%	No.	%
Serbia						
0-4	4 000	1	4 000	1	8 000	2
5-17	32 000	9	34 000	9	66 000	18
18-59	119 000	32	109 000	29	228 000	61
60 and over	43 000	11	31 000	8	74 000	19
Total	198 000	53	178 000	47	376 000	100
Montenegro						
0-4	300	2	200	1	500	3
5-17	1 500	10	1 600	11	3 100	21
18-59	4 700	33	3 600	25	8 300	58
60 and over	1 400	10	1 200	8	2 600	18
Total	7 900	55	6 600	45	14 500	100

Role of Food Aid

22. The role of food aid under the proposed PRRO is to promote food security among poor refugee households in FRY while permanent solutions (local integration, repatriation, improved livelihoods, etc.) are developed. Food aid will serve as a safety net at the household level by reducing the amount spent on basic food, thus freeing up household resources to cover other essential items. Within the recovery component, food aid will be used in parallel with material and technical inputs provided by WFP's partners to launch durable self-reliance and income-generation programmes for refugee households. Food aid will foster the recovery process by reinforcing the material and technical inputs provided by WFP's partners. This will allow the recovery process to target a larger number of households, and therefore contribute to lasting solutions for a greater number of refugees.

Intervention Approaches

23. UNHCR, SRC and the MCDP have established beneficiary lists in every municipality where refugees are present. As part of the 2001 re-registration process, the lists were revalidated across FRY. In Serbia, these lists are reviewed on a monthly basis and cross-referenced with household food security information at the LCMs. These meetings are used to determine the most up-to-date numbers of refugees and their requirements, and adjust beneficiary lists accordingly. WFP is committed to equitable gender management of food commodities in all aspects of its operations in FRY. The gender balance of the LCMs tends to be even. WFP will continue its commitment to ensuring that 50 percent of the participants in these regular meetings are women. Gender equity is also found among beneficiaries at distribution points. Women are generally outspoken and well aware not only of their own entitlements, but also of the market prices of any additional food needed by their households, and of the income earned by men in the household. An established network of final delivery points administered by the Red Cross for UNHCR will distribute monthly rations.



24. For recovery programmes geared at finding durable solutions, beneficiaries will be selected from those households that have sought permanent legal status and require additional assistance in order to install themselves fully. Based on UNHCR's identification of households eligible for loans, grants and other forms of micro-credit—in addition to those beneficiaries requiring full or partial assistance in shelter programmes—food aid will be used to reinforce the financial and material inputs provided by UNHCR. This will increase the elasticity of non-food inputs. The express intention of the durable solutions component is to facilitate the generation of assets and income among refugee households as they get settled, in order to reduce the overall numbers dependent on humanitarian assistance.
25. Activities aimed at finding durable solutions will be designed to be compliant with Objective 3 of WFP's Enabling Development policy, which states that food aid should, *inter alia*, "Make it possible for poor families to gain and preserve assets". Project beneficiaries, especially women, will be active participants in all aspects of project identification, formulation and implementation, to ensure that interventions are relevant and well conceived.

RISK ASSESSMENT

26. WFP's operations in FRY will depend on a stable security environment. Developments in Kosovo, FYROM and elsewhere in the region may result in unforeseen crises that may require additional response from WFP.

GOALS AND OBJECTIVES

27. The goal of the PRRO is to assist food-insecure refugees during a critical time of need and to permit WFP assistance to be phased out in a structured manner while alleviating the effects of food insecurity on vulnerable refugee households. The PRRO will have the following immediate objectives:
- ensure access to basic food commodities for consumption by food-insecure refugee households through targeted assistance; and
 - support the implementation of durable solutions and the development of positive coping mechanisms for refugees through self-reliance programmes.
28. In the longer term, the overall objective of this PRRO will be to contribute to the establishment of livelihoods and the achievement of household food security.

IMPLEMENTATION PLAN BY COMPONENT

Key Programme Components

29. WFP's operation in FRY will consist of two major components: refugee feeding (89 percent of the total tonnage requested) and support to durable solutions activities (11 percent). Assistance to refugees will focus on those registered caseloads that have limited or no access to other sources of food or income. Assistance to durable solutions



programmes will contribute to the successful integration of refugees into FRY through self-reliance projects.

✦ **Component A: Refugee Feeding**

30. A total of 163,500 registered refugees in private accommodation and collective centres will be assisted by WFP through targeted distributions. This number is expected to decrease as a result of improved vulnerability targeting, and as refugees choose to become citizens of Serbia or repatriate to their country of origin, or as they find durable solutions.
31. WFP will effect a systematic phase-down of its operations in FRY in a number of ways that are in line with the national strategy for resolving refugee issues. Improved targeting will be undertaken through adherence to the criteria recommended by the 2001 JFNAM, with the collaboration of the LCMs. Regular six-monthly surveys will be conducted based on the model developed in Belgrade in April 2001, to ensure that the targeting criteria are accurate and that food aid is reaching the most food insecure refugee households. Beneficiaries in self-reliance programmes will be phased out of the targeted distribution caseload as their situation improves.
32. All of WFP's programmes will be carried out in accordance with the plan of action established by the FRY Interministerial Task Force on Refugees. In its national plan of action, the Task Force notes that repatriation, especially to Bosnia and Herzegovina, is expected to continue over the next two years, and that increased efforts will be made to reinforce bilateral relations with Croatia in order to encourage the return of Croatian refugees. Efforts will also be made to reduce the period for processing FRY citizenship applications to the proposed 90 days. Given that 60 percent of refugees resident in FRY have opted for citizenship, this acceleration will result in a significant reduction in the number of refugees. Finally, the Task Force is embarking on an ambitious plan to increase the levels of refugee employment and self-reliance through income-generating projects, vocational training and soft loans. The plan for phasing down WFP's distributions is indicated in Table 2.
33. The total food requirements for the registered refugee caseload in FRY are calculated at 28,773 tons for the project period, representing an 89-percent share of the PRRO.



TABLE 2: FOOD REQUIREMENTS FOR TARGETED REFUGEE FEEDING
JULY 2002–DECEMBER 2003

Period	Refugee beneficiaries Serbia	Refugee beneficiaries Montenegro	Wheat flour	White beans	Sugar	Vegetable oil	Total
July–Dec. 2002	160 000	3 500	11 772	981	981	981	14 715
Jan.–June 2003	100 000	3 500	7 452	621	621	621	9 315
July–Dec. 2003	50 000	2 700	3 794	316	316	316	4 743
Total			23 018	1 918	1 918	1 918	28 773

Component B: Durable Solutions

34. At their peak, recovery activities will assist a maximum of 20,500 beneficiaries through short-term interventions throughout FRY, targeting those refugees who have elected to become FRY citizens, and who require assistance in order to develop sustainable livelihoods. Assistance to this target group will also focus on those households moving out of collective centres into permanent housing. This process was begun on a very limited scale in 2001. As additional projects are identified, WFP will closely scrutinize proposals within this component, to ensure that each project creates lasting assets and supports the local integration of refugees. In collaboration with UNHCR and SCR, WFP will identify potential partners (including local and international non-governmental organizations [NGOs]) and project areas in the course of January–June 2002. The start-up phase of this component is expected to last from July to December 2002, and will reach some 20,500 beneficiaries in the period January–July 2003. As WFP reduces its presence in late 2003 in anticipation of its phase-out at the end of that year, WFP's involvement in durable solutions projects will be scaled back as the FRY Government and longer-term development organizations assume the Programme's role.
35. The total food requirements for recovery activities in FRY are calculated at 3,735 tons for the project period, representing an 11-percent share of the PRRO.

TABLE 3: FOOD REQUIREMENTS FOR DURABLE SOLUTION COMPONENT
JULY 2002–DECEMBER 2003

Period	Beneficiaries Serbia	Beneficiaries Montenegro	Wheat flour	White beans	Sugar	Vegetable oil	Total
July–Dec. 2002	10 000	500	756	63	63	63	945
Jan.–June 2003	20 000	500	1 476	123	123	123	1 845
July–Dec. 2003	10 000	500	756	63	63	63	945
Total			2 988	249	249	249	3 735

36. **Food Basket:** Beneficiaries will receive iron-fortified wheat flour, vegetable oil with vitamin A, white beans and sugar. White beans have been specifically requested for this PRRO because they are the most culturally appropriate pulses. In addition, fresh food may be provided by other donors, identified by UNHCR. Since most refugees have been residing in FRY since 1995, they have developed coping strategies to enable them to reach



the 2,100-kcal daily recommended intake. The quantities proposed below represent the same level and nutritional balance of commodities provided under EMOP 6136, and facilitate distributions to households. The quantities provided and the nutritional breakdown of the ration are given in Table 4.

TABLE 4: NUTRITIONAL VALUE OF PER CAPITA RATIONS IN THE FEDERAL REPUBLIC OF YUGOSLAVIA

Commodity	Per capita ration		Nutritional value/daily ration
	Monthly (kg)	Daily average (g)	Energy (kcal)
Wheat flour	12	400	1 400
White beans	1	33	111
Oil	1	33	297
Sugar	1	33	132
Total	15		1 940

Selection of Activities

37. Household vulnerability criteria will form the basis for targeting food aid to refugees. Specific application of the criteria will be based on existing refugee registration lists, beneficiary contact monitoring, household surveys including qualitative and quantitative data, and collaborative local coordination through LCMs. For durable solutions activities, WFP will collaborate with UNHCR and SCR in identifying those caseloads in need of food assistance to undertake the activities required to foster local integration.

Component A: Refugee Feeding

38. Assistance to refugees will consist primarily of monthly food rations to eligible registered refugee households through WFP's network of partners at the municipal level. WFP will also conduct joint monitoring missions with UNHCR, SCR and MCDP and work closely with LCMs to ensure that as refugees find durable solutions (citizenship, resettlement, repatriation and employment), the beneficiary lists are adjusted and updated accordingly.

Component B: Durable Solutions

39. WFP assistance to durable solutions will supplement UNHCR's ongoing programmes to facilitate the long-term integration of refugees in FRY. Food aid will reinforce activities in this sector by increasing the flexibility of the material and financial assets provided by UNHCR. Activities will include:

- **Shelter Activities.** These comprise two components—full construction and self-help. Full construction will provide all inputs required to build houses. Self-help will involve a proportion of the overall requirements, and the recipient household will provide the balance.
- **Self-reliance Activities.** These include vocational training, loans and in-kind grants. Vocational training will impart marketable skills to refugees, such as carpentry, masonry and electrical engineering. Credit to refugees will facilitate the start-up or expansion of small businesses. In-kind grants would be provided by implementing



partners in cases where specific materials and equipment were required, and would be targeted to vulnerable refugee households that were unable to repay loans.

Implementation

40. In addition to the WFP main office in Belgrade, two sub-offices will be maintained in Serbia. These offices plan and coordinate food aid with implementing partners and manage the monitoring and reporting processes. All food aid to refugees in Serbia will be channelled through the designated UNHCR implementing partner, in this case the SRC. In Montenegro, the Bar Port office will have a small programme unit reporting directly to Belgrade. All food aid in Montenegro will continue to be channelled through the Montenegrin Red Cross (MRC). The current EDP in Podgorica will be replaced by the Port of Bar warehouse.
41. WFP sub-offices will continue to work closely with the refugee communities through SCR and MCDP, in consultation with local municipal authorities, local associations, local and international NGOs, and UNHCR. Preference will be given to NGOs with independent sources of funding for technical management and non-food inputs. Potential partner NGOs will be vetted jointly by UNHCR and WFP.

Institutional Arrangements and Selection of Partners

42. In FRY, The MOSOW is the Government's main institution for food aid issues. SCR and MCDP are the republic-level coordinating bodies for all issues related to refugees. The UNHCR/WFP Memorandum of Understanding (MOU) and guidance from the JFNAMs provide the basis for modalities of assistance to refugees.
43. WFP's current main partner in Serbia for EDP management and logistics is the IFRC. In the longer term, this function is expected to revert to the Yugoslav Red Cross. WFP's implementing partner in Montenegro is MRC, which has shown steady improvements over the past three years in all aspects of delivery and reporting. WFP remains a core member of the United Nations Country Teams in both Serbia and Montenegro, and collaborates closely with its United Nations sister agencies. WFP maintains close relationships with bilateral and multilateral donors, including the United States Agency for International Development (USAID), the European Commission and the World Bank. In addition, WFP chairs monthly food aid coordination meetings in both Belgrade and Podgorica.
44. For the durable solutions component, WFP will work closely with those organizations that have implemented self-reliance projects in FRY over the past nine years, especially those that are UNHCR's key partners. The Danish Refugee Council (DRC), International Rescue Committee (IRC), and a number of local NGOs are involved in this process, specifically in the micro-credit sector. WFP will make all efforts to coordinate its efforts with these partners, and draw upon their institutional knowledge to enhance the impact of WFP assistance to self-reliance projects.
45. UNHCR's experience in FRY with durable solutions projects targeted to women has shown that women play a vital role in self-reliance activities. Women have a better loan repayment record, and most refugee women's applications for micro-credit and self-reliance projects are accepted. Skills development activities (including courses in sewing, cooking and pottery) targeting women refugees are conducted in cooperation with the local employment bureau and other stakeholders in the municipalities where programmes are implemented.
46. WFP remains a strong advocate for the poorest of the poor in FRY. The WFP poverty survey, the UNHCR/WFP JFNAM and the FAO/WFP CFSAM, conducted in 2001, all



form a strong body of data and analysis, which are of continuing importance to the humanitarian and development community in FRY. WFP will continue to maintain close working relationships with all parties conducting food security studies and research.

Capacity-building

47. WFP's extensive experience in FRY has resulted in a strong monitoring and evaluation capacity in terms of both fieldwork and data analysis. At UNHCR's request, WFP will conduct extensive training in beneficiary contact monitoring for UNHCR monitoring staff, which will consist in training workshops and field visits. This process will be replicated at the municipal level with key members of the LCMs and IFRC delegates to ensure that accurate data are collected from the outset. Based on requests from SCR and IFRC, WFP will make monitoring staff available on a temporary secondment basis to facilitate skills transfer to the implementing partners on the ground. On the logistics side, in 2001, WFP established a central warehouse in Dobanovci, which has training facilities for all aspects of food warehousing, delivery and dispatch. WFP will continue the process, begun in 2001, of providing training to IFRC delegates in WFP standard food-handling protocols.

Logistics Arrangements

48. In-kind contributions received from overseas donors will be channelled through the Port of Bar in Montenegro and then sent by truck or rail to the EDPs in Serbia. A significant proportion of commodities pledged by European countries will be sent by rail or truck through the northern corridor via Novi Sad.
49. Local and regional purchases of wheat flour and vegetable oil in FRY, Hungary and Italy are feasible options. WFP purchased 33,511 tons of mixed commodities in 2000. In 2001, at the request of the Government, WFP curtailed local purchasing until September because of reduced national grain reserves and low production as a result of drought. Prices of basic commodities remain competitive against the regional price indices, and further local purchases for this PRRO should be pursued.
50. WFP has warehousing facilities in Bar, Montenegro, with a storage capacity of 45,000 tons. Measures to ensure that logistics support meets WFP's quality standards will continue to be taken. These include strict inventory control, regular inspections of food and food storage facilities, and full accountability of landside transport, storage and handling (LTSH) funds.
51. For efficient management and accountability of WFP food commodities, an electronic food aid tracking system—Commodity Movement, Processing and Analysis System (COMPAS)—is in place throughout FRY. This system tracks the movement of WFP commodities from their arrival in the port to the EDPs and their onward dispatch. WFP maintains a policy of zero tolerance for all food diversion, and will continue to take necessary steps to ensure that all commodities reach the intended beneficiaries.

Monitoring and Evaluation

52. Throughout the PRRO, WFP will conduct regular joint monitoring exercises with UNHCR. The Programme will maintain a team of 13 food aid monitors throughout FRY. The monitors use questionnaires and semi-structured interviews to collect extensive qualitative and quantitative data on WFP's beneficiaries, household food security, and market activity. This information is collected and analysed by the VAM unit in Belgrade, which produces monthly updates on the food security situation in FRY.



53. WFP regularly monitors its operations through field visits, and data collection and analysis. Information regarding actual versus planned achievements will be used to adjust all programmes appropriately and allow for corrective measures to be taken. Quantitative and qualitative data will be gathered on: number of beneficiaries (gender disaggregated); quantities distributed; access to distribution points; awareness on food; food basket acceptability; and household food economy.

TABLE 5: INDICATORS BY OBJECTIVES

Objectives	Indicators
a) Ensure access to basic food commodities for consumption by food-insecure refugee households through targeted assistance.	<ul style="list-style-type: none"> ➤ Number and proportion of beneficiaries by age, gender and category. ➤ Quantity, type, timeliness and composition of WFP food basket actually distributed. ➤ Quantity, type and composition of household food basket and WFP contribution.
b) Support the implementation of durable solutions and the development of positive coping mechanisms for refugees through self-reliance programmes.	<ul style="list-style-type: none"> ➤ Number of refugee households removed from beneficiary lists. ➤ Number and type of economic activities undertaken per household. ➤ Qualitative information on households and communities based on availability of new infrastructure, assets, knowledge and skills. ➤ Number of refugees repatriated to country of origin as verified by UNHCR and partners.

Security Measures

54. With the exception of the three southern municipalities in Serbia (Presevo, Bujanovac and Medvedja), which are under United Nations Security Phase III, Serbia and Montenegro are currently under Phase I. Barring any major developments in Kosovo, FYROM or elsewhere in the region, the security situation is expected to remain stable throughout the course of the PRRO. However, the Balkans region remains volatile, and WFP will continue to monitor events closely and make every effort to protect its personnel and assets.

EXIT STRATEGY

55. Throughout 2001, in close collaboration with the federal and republic governments, WFP scaled back its assistance to social cases and developed comprehensive plans for reductions to the logistics, staff and material assets in FRY. The PRRO will be undertaken with a proportionately reduced level of staff and material assets.
56. The ongoing process of reform has revealed that substantial assistance will be required to reverse the downward spiral of the past ten years. In order to achieve its reforms, FRY will continue to require international assistance. If the pace of reform exceeds expectations, WFP will scale back its programmes accordingly. However, based on consultations with UNHCR, the 18-month proposed time frame for this PRRO represents the most plausible length of time that food aid will be required for FRY. During that period, WFP will devote its efforts to phasing down food aid as per Tables 2 and 3, and to the comprehensive



withdrawal of its presence in FRY, including handing over responsibility for any residual caseloads to the Government and closing WFP offices.

Contingency Mechanisms

57. WFP remains an active participant in national and regional contingency planning exercises, which are conducted in close consultation with the Office for the Coordination of Humanitarian Affairs (OCHA), UNHCR, the United Nations Children's Fund (UNICEF) and all other relevant actors. WFP will continue to participate in the contingency planning process in Serbia and Montenegro and throughout the region.
58. In the event of man-made or natural disasters in FRY that would require WFP's intervention, resources allocated to the PRRO would be used during the immediate crisis phase to address the needs of the affected population. Based on minimum stock levels within FRY, in addition to stock at the port of Bar, WFP would be able to meet the requirements of 30,000 people for a two-month period, during which a separate EMOP would be prepared.



ANNEX I

PROJECT COST BREAKDOWN

	Quantity (mt)	Average cost per ton	Value (dollars)
WFP COSTS			
A. Direct operational costs			
Commodity ¹			
– Wheat flour	26 006	186	4 837 190
– White beans	2 167	720	1 560 384
– Vegetable oil	2 167	652	1 413 014
– Sugar	2 167	270	585 144
Total commodities	32 508	258.27	8 395 733
External transport		88.23	2 868 181
Landside transport		11.80	383 594
ITSH		44.99	1 462 535
Total LTSH		56.79	1 846 129
Other direct operational costs		0	0
Total direct operational costs		403.29	13 110 043
B. Direct support costs (see Annex II for details)		68.50	2 226 636
Total direct costs		471.78	15 336 679
C. Indirect support costs (7.8 percent of total direct costs)		36.80	1 196 261
TOTAL WFP COSTS		508.58	16 532 940

¹ This is a notional food basket used for budgeting and approval purposes. The precise mix and actual quantities of commodities to be supplied to the project, as in all WFP-assisted projects, may vary over time depending on the availability of commodities to WFP and domestically within the recipient country.



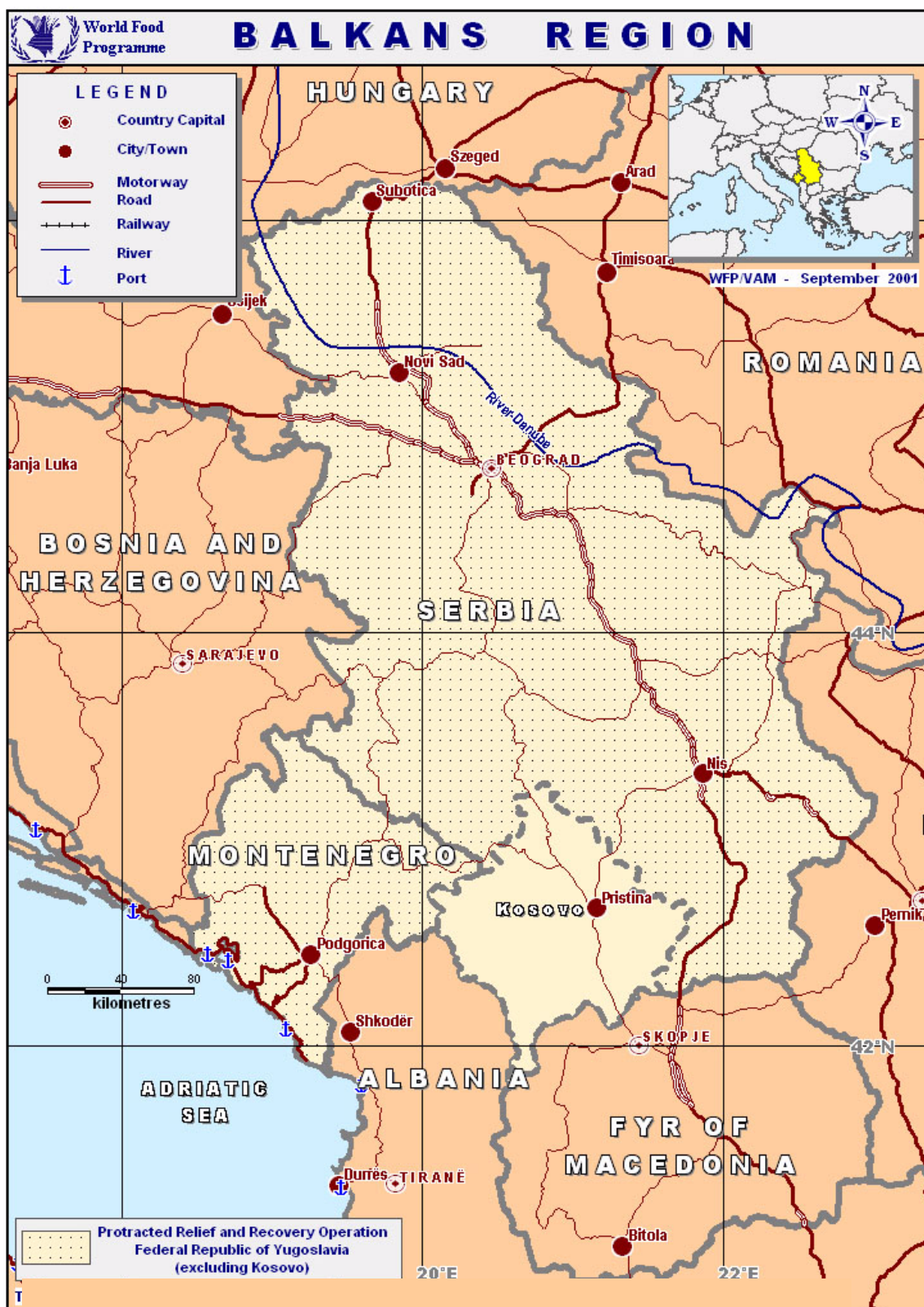
ANNEX II

DIRECT SUPPORT REQUIREMENTS (<i>dollars</i>)
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Staff	
International Professional staff (4)	843 750
International Consultants and SSA (1)	88 812
National Professional staff (1)	45 378
Local staff and temporaries (20)	425 214
Overtime (in US\$ only)	36 000
Subtotal	1 439 154
Technical support services	
Project monitoring and evaluation	123 500
Training (staff and counterpart)	50 000
Subtotal	173 500
Travel/DSA	
International (in-country travel)	122 182
Subtotal	122 182
Office expenses	
Rental of facility	153 300
Utilities	18 000
Office supplies	54 500
Communications	93 000
Equipment repair and maintenance	21 000
Subtotal	339 800
Vehicle operations	
Vehicle fuel and maintenance	114 000
Subtotal	114 000
Equipment and other fixed costs	
TC/IT equipment	20 000
Furniture and equipment	12 000
Subtotal	32 000
Other	
Other office expenses and services (WFP only)	6 000
Subtotal	6 000
TOTAL DIRECT SUPPORT COSTS	2 226 636



ANNEX III



The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the World Food Programme (WFP) concerning the legal status of any country, territory, city or area or of its frontiers or boundaries.



ACRONYMS USED IN THE DOCUMENT

CFSAM	Crop and Food Supply Assessment Mission
EDP	Extended delivery point
EMOP	Emergency operation
FAO	Food and Agriculture Organization of the United Nations
FRY	Federal Republic of Yugoslavia
FYROM	Former Yugoslav Republic of Macedonia
IFRC	International Federation of the Red Cross and Red Crescent Societies
JFNAM	Joint Food Needs Assessment Mission
LCM	Local committee meeting
LTSH	Landside transport, storage and handling
MCDP	Montenegrin Commissioner for Displaced Persons
MOSOW	Ministry of Social Welfare (Serbia)
MRC	Montenegrin Red Cross
NGO	Non-governmental organization
PRRO	Protracted relief and recovery operation
SCR	Serbian Commissioner for Refugees
SRC	Serbian Red Cross
UNHCR	Office of the United Nations High Commissioner for Refugees
VAM	Vulnerability analysis and mapping
YUD	Yugoslav Dinar

