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Agenda item 8

For approval



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PROTRACTED RELIEF AND RECOVERY OPERATION – INDONESIA 10069.1

Assistance to Recovery and Nutritional Rehabilitation

Number of beneficiaries*	2,072,800
Duration of project	Three years (1 July 2004–30 June 2007)
Cost (United States dollars)	
Total project cost	115,369,622
Total cost to WFP	115,369,622
Total food cost	59,324,476

* The beneficiary figure is based on the first 12 months of the PRRO, after which it is planned to decrease to 886,500 by 2007.

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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.

Regional Director, Asia Bureau (ODB): Mr A. Banbury

Senior Liaison Officer, ODB: Mr K. Sato tel.: 066513-2383

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).



EXECUTIVE SUMMARY

Indonesia is gradually recovering from multiple crises that affected the country in 1997–1998. Poverty rates have fallen but are still above pre-crisis levels. Economic achievements and political stability have facilitated settlement and integration of a large number of displaced persons. Household food security has improved, except in some structurally food-insecure areas, but malnutrition rates remain high and have even increased among children under 5.

The Government, in collaboration with the World Bank, the United Nations Children's Fund and donors, has embraced ambitious nutrition targets for 2010. This protracted relief and recovery operation will contribute to meeting them by reducing micronutrient deficiencies among vulnerable groups including primary schoolchildren in areas most affected by poverty, malnutrition and social tension; 62 percent of food resources¹ will be allocated for this. The focus on nutritional rehabilitation and support to primary education is in line with WFP's Strategic Plan and Enhanced Commitments to Women, donor priorities, the Consolidated Appeal Process for Indonesia and the Millennium Development Goals.

This operation will also continue to use food as an incentive to support durable solutions for displaced persons, returnees and host communities, accounting for 13 percent of PRRO resources. It will focus on capacity-building to strengthen the Government's Raskin subsidized rice programme by merging it with WFP's *Operasi Pasar Swadaya Masyarakat* programme, using 25 percent of resources. WFP will optimize use of the programme's trust fund to provide livelihood support in slum communities, prepare for the merger and finance pilot schemes under nutritional rehabilitation.

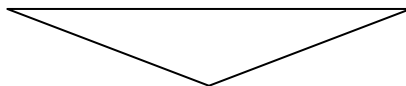
WFP will maximize use of local resources, infrastructures and partnerships with the Government, donors, non-governmental organizations and the private sector to improve the sustainability of interventions. At the end of this three-year operation, WFP aims to have set up a nutrition rehabilitation network of health centres and primary schools, which will be supported by provincial and district governments and the commercial sector after phase-out. It is hoped that the need for continued assistance to displaced persons will subside through support for the Government's promotion of settlement and integration.

The approach of this operation results from consultations with key stakeholders. The Government confirms its commitment to the interventions; several donors intend to support the areas developed by WFP. Reviews, assessments, surveys and a mid-term evaluation in 2006 will lead to phase-out and determine the future of WFP assistance to Indonesia beyond the time-frame of this operation.

¹ Percentage of tonnage allocated to this activity compared to total tonnage under the PRRO.



DRAFT DECISION*



The Board approves Indonesia PRRO 10069.1, “Assistance to Recovery and Nutritional Rehabilitation” (WFP/EB.1/2004/8-B/3).

* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document issued at the end of the session.



CONTEXT OF THE CRISIS

1. Indonesia has developed consistently in recent decades, which prompted WFP's phase-out in 1996. But multiple crises in 1997–1998 brought progress to a halt: an El Niño caused drought, financial turmoil, political disruption and civil conflict, leading to economic decline, increased poverty and widespread malnutrition that affected urban and rural populations. At the peak of the crisis, 1.4 million people were displaced.
2. Indonesia is a low-income food-deficit country ranking 110th of 173 countries in the United Nations Development Programme (UNDP) Human Development Report; it was 96th in 1998. Per capita income halved between 1997 and 2000, and only partially recovered to US\$710 by 2002. Inflation reached 78 percent at the peak of the crisis. External debt rose from 63.4 percent of gross national income in 1995 to 100.1 percent in 2001. By 2002, Indonesia had drawn loans of US\$29 billion from the International Bank for Reconstruction and Development (IBRD) and International Development Assistance (IDA).
3. Economic decline in the late 1990s had a devastating impact on investors' confidence: investment fell from 31.9 percent of gross national product (GDP) in 1995 to 20.2 percent in 2002. Poverty nearly doubled from 11.3 percent in 1996 to 24.2 percent in 1998, and only partially reversed to 18.2 percent in 2002.
4. Following adequate recovery from the initial drought, conflict and economic decline led to medium-term food insecurity and longer-term deterioration in nutritional status. WFP responded with EMOP 6006 in 1998 and two consecutive PRROs. The current PRRO 10069.0 will run until June 2004, providing subsidized rice for very poor communities in Greater Jakarta and Surabaya, a nutritional supplement for children aged 6–24 months and community development projects (CDPs). Under the internally displaced persons (IDP) programme, basic food staples have been distributed to IDPs and returnees to sustain livelihoods in acute crises and to foster integration and reconciliation in post-conflict periods. Priority areas have been Central Sulawesi, Maluku, North Maluku, West Kalimantan, Madura, Aceh and West Timor.

Situation Analysis

5. Agricultural production resumed swiftly after the drought. Forecast paddy production for 2003 is 51.8 million mt, with import requirements of 3.3 million mt to cover domestic consumption of 36.8 million mt.²
6. The 2003 El Niño was moderate, except for prolonged drought in Nusa Tenggara Timor and spells of severe drought in parts of Java. The price of rice remained stable at IRP2,700³ per kg as a result of government intervention through the National Food Logistics Agency (Bulog).
7. The political climate has largely stabilized; there will be parliamentary and presidential elections in 2004, whose impact on progress towards peace is yet to be seen.
8. In the areas affected by conflict, achievements in resettling IDPs leave a caseload of 587,000 people.⁴

² Source: World Rice Trade Calendar.

³ Equivalent to US\$0.32.

⁴ Joint OCHA/National Relief Coordinating Board (Bakornas) assessment of 2003.



9. The speed and modes of recovery vary: in North Maluku and Central Sulawesi, people have largely returned and resumed agricultural production. In Maluku, North Sulawesi and parts of West Kalimantan, many IDPs have either settled more permanently or developed alternative coping mechanisms; in other parts of West Kalimantan, people have been resettled in relocation sites, with time-limited livelihood support. In Madura, IDPs have few chances to return and no immediate solution for permanent settlement. In West Timor, most refugees have returned; the Government and the Office of the United Nations High Commissioner for Refugees (UNHCR) are seeking solutions for 28,000 East Timorese. Disturbances in Aceh have recently been exacerbated by the military clampdown on separatists.⁵
10. Post-crisis poverty levels have decreased but still affect 38.5 million people. Economic achievements include a 3.7 percent annual growth of GDP; annual inflation is down to 11.5 percent.⁶ The budget deficit should decrease to 1.8 percent of GDP for 2003. The exchange rate settled at IRP8,400 per US\$1 in 2003, down from IRP12,000 in May 2001. The Government therefore decided to adopt a post-International Monetary Fund (IMF) economic reform programme, starting in 2004.
11. Economic recovery is underway, but many urban poor people have only marginally better access to income and basic foods, mainly through daily jobs in the informal sector; incomes among the urban poor remain critically low at US\$0.5 per day.⁷
12. Malnutrition remains widespread, despite improved access to food. It worsened during the crisis and unlike poverty has not improved since. In 1989, malnutrition affected 37.5 percent of children under 5;⁸ by 2000, prevalence had fallen to 24.6 percent, only to increase to 27.3 percent in 2002.⁹ Nationwide, 8 million children under 5, or 38 percent, are stunted, 2.2 million or 10.3 percent show signs of wasting and 10.5 million or 50 percent suffer from anaemia caused by iron deficiency and marginal vitamin A deficiency; 9.8 percent of school children suffer from goitre, despite promotion of iodized salt.
13. Malnutrition has affected urban and rural populations in different ways. In 2003, Helen Keller Worldwide¹⁰ drew attention to the very high¹¹ incidence of acute malnutrition among children under 5 in urban slums—11.2 percent¹²—compared with rural areas—6.6 percent. Chronic malnutrition is higher in rural areas—42 percent¹³—than urban areas—31 percent. In slums and rural communities, the number of underweight children is

⁵ Situation analysis as of September 2003.

⁶ All statistics refer to 2002.

⁷ Results from Urban Programme survey of March 2003.

⁸ Based on weight for age.

⁹ Source: Susenas.

¹⁰ Helen Keller Nutrition and Health Surveillance System conducted in nine provinces.

¹¹ WHO classification.

¹² Wasting in urban slums: children aged 0–59 months 11.2 percent (1 percent severe); children aged 12–23 months 21.2 percent (2 percent severe); wasting in rural areas: 6.6 percent of children aged 0–59 months (0.6 percent severe), 11.8 percent of children aged 12–23 months (1.2 percent severe).

¹³ Stunting in slums: 31 percent of children aged 0–59 month (8 percent severe); 35 percent of children aged 12–23 months (9 percent severe); stunting in rural areas: 42 percent of children aged 0–59 months (14 percent severe); 52 percent of children aged 12–23 months (18 percent severe).



an alarming 39 percent, compared to the national 27.3 percent;¹⁴ 62 percent are anaemic, a severe public health problem.¹⁵

14. Infant malnutrition is largely related to maternal anaemia, which affects 63.5 percent of pregnant women. Rice, Indonesia's main staple, is poor in iron; consumption of foods from animal sources is low because of limited purchasing power. Fourteen percent of babies are low-weight at birth;¹⁶ growth faltering starts early at 2–4 months, largely attributable to inappropriate breast-feeding habits. Helen Keller Worldwide reports that in urban slums only 16 percent of infants under 3 months are exclusively breast-fed.¹⁷
15. Anaemia is a significant factor in high rates of maternal mortality—380 per 100,000 live births—and under-5 mortality—45 per 1,000 live births—which are among the highest in South East Asia.¹⁸
16. Malnutrition and poverty continue to impede access to education and limit children's learning capacity: 29 percent of poor urban families have at least one child of primary-school age not attending school;¹⁹ many of those attending arrive hungry, and their ability to concentrate is affected by nutritional deficiencies. Every year, 7 percent of primary pupils repeat a grade and 27 percent repeat once or more before completing primary school; 20 percent do not complete primary education.
17. Micronutrient deficiencies also exacerbate the risk of diseases such as tuberculosis (TB), which infected 321 per 100,000 people in 2001;²⁰ by 2003, Indonesia ranked third behind India and China in the number of TB cases.²¹ Detection is low at 21 percent, mainly because of social stigmatization and poverty; the cure rate is about 87 percent.

Government Recovery Policies and Programmes

18. The Government has subscribed to the United Nations Millennium Development Goals (MDGs) and is pursuing a Poverty Reduction Strategy Paper (PRSP), to be launched in 2004.
19. The Government has embraced ambitious nutrition targets for 2010 to reduce malnutrition and low birth weight and promote breast feeding.²² The World Bank's Nutrition Review promotes continued food fortification and supplementation; it carries a campaign on breast feeding and dietary modification, and calls for less expensive complementary foods to be provided at subsidized prices for low-income households.

¹⁴ Underweight rates in slum and rural areas: 38–40 percent of children aged 0–59 months, 7 percent severe, and 48–50 percent of children aged 12–23 months, 11 percent severe.

¹⁵ Anaemia in slums: 62 percent of children aged 0–59 months; 70 percent of children aged 12–23 months. Anemia in rural populations: 63 percent of children aged 0–59 months; 73 percent of children aged 12–23 months.

¹⁶ Source: Ministry of Health

¹⁷ The figure is slightly higher in rural areas, where 38 percent of infants aged 0–3 months are exclusively breastfed.

¹⁸ The highest rates are in Laos, Myanmar and Cambodia.

¹⁹ Source: Central Bureau of Statistics (BPS) survey on WFP Urban Programme.

²⁰ Source: 2003 UNDP Human Development Report.

²¹ Source: WHO.

²² Nutrition targets under "Healthy Indonesia": Reduce moderate malnutrition among children under 5 to 15 percent, severe malnutrition to 5 percent, low birth weights to 7 percent, iodine deficiency to 5 percent and anemia among women to 3 percent; increase exclusive breastfeeding to 80 percent.



20. The Government, supported by the Asian Development Bank (ADB), provides a complementary micronutrient food, MP ASI, to children aged 6–11 months as an emergency intervention to counter malnutrition; funding has been secured from the national budget to continue into 2004. With the United Nations Children’s Fund (UNICEF), the Government also provides children under 5 and pregnant and post-partum women with iron and vitamin-A supplements; 60–70 percent of the target groups are covered. Several NGO programmes support supplementation; the nutritional rehabilitation component of this PRRO will do so for older age groups.
21. Nearly half of Indonesia’s district authorities have limited funds for school feeding and deworming for their 4.1 million schoolchildren. Budgets are insufficient to cover all schools in the poorest areas, and additional assistance is sought. The government programme is based on local foods; a few international NGOs support schoolchildren in parts of Java with fortified snacks.
22. The Government has declared TB a priority disease and offers free treatment at health centres, in cooperation with the World Health Organization (WHO). Few of the poorest patients attend, however, and many others are prevented by poverty and fear of social stigma from undergoing the six-month treatment.
23. As part of its “Return, Integration and Empowerment” policy, the Government has assisted IDPs with cash, food, agricultural tools and housing; it intends to terminate this by the end of 2003, recognizing that some sort of assistance will be needed for an extended period. International NGOs are also scaling down food assistance programmes in support of IDPs and focusing on needs in poor urban areas.
24. In 1998, the Government introduced the Special Market Operation (*Operasi Pasar Khusus* [OPK]), a programme to enable the poorest people to obtain subsidized rice during social turmoil and hyperinflation; the scheme was remodelled into Rice for Poor People (Raskin) in 2001, targeting exclusively poor people. In spite of this, Raskin is still being implemented as a general entitlement scheme, and beneficiary families receive considerably less than their 20 kg monthly entitlement.²³ In 2003, two million tons of rice were allocated under Raskin to assist 8.3 million families, but wider coverage was recorded. Raskin will continue into 2004 at slightly increased levels.
25. Indonesia is decentralizing: decision-making and budgeting are being delegated to the provincial and district levels, creating new opportunities and challenges. WFP will need to work with a range of stakeholders to ensure the success of its operations.

Rationale

26. Prevalence of stunted and underweight children remains high, the result of lack of micronutrient, protein and energy intake compounded by diseases related to inadequate water and sanitation facilities. Entire areas, particularly in eastern Indonesia, suffer from limited availability of local food during lean seasons; elsewhere, food on local markets may be sufficient but access is restricted by limited purchasing power. Overall, dietary habits are inadequate and there is little exclusive breastfeeding. WFP will, therefore, adopt an integrated response mechanism for malnutrition that provides fortified foods, nutrition education and basic livelihood support and will work with UNICEF, the United Nations Educational, Scientific and Cultural Organization (UNESCO) and WHO to obtain technical support for nutritional rehabilitation programmes.

²³ Source: Smeru evaluation 2002.



27. PRRO 10069.1 will limit the supply of food staples and support the Government in phasing-out and handing-over assistance during the PRRO. WFP will provide more fortified food supplements and nutrition education to promote basic health and facilitate primary education, which are prioritized by several donors.
28. WFP assistance will focus on areas with large concentrations of poverty and malnutrition. The current priorities—Central Sulawesi, Madura, Maluku, West Timor and urban slums in Java—could be extended to other areas if necessary. Needs in Aceh will be reviewed as the situation evolves.
29. The country has stabilized but remains vulnerable to disruptions; resumption of hostilities in Aceh is a recent reminder. Drought, flooding, volcanic eruptions and earthquakes all occurred during 2002–2003. WFP will have a contingency mechanism to cover urgent relief needs from resources available under food for work (FFW) and food for training (FFT).
30. In terms of sustainability, WFP will focus on capacity building to enable the Government, the commercial sector and civil society to take on responsibilities and continue support after a WFP phase-out.

RECOVERY STRATEGY

Beneficiary Needs

31. Pregnant and lactating women will be assisted with 5 kg of fortified noodles per month distributed through local health posts. The women will receive nutrition education to promote behavioural changes in favour of a more nutritious diet and basic health practices; this will be extended to mothers of children under 5, who will receive fortified biscuits. HIV/AIDS awareness will be included in the education activity, which will be provided by local people and midwives trained by NGO partners; distribution of fortified foods will be at subsidized prices, the revenues from which will support this work.
32. Schoolchildren will be supported with fortified biscuits to enhance attendance, attentiveness and learning capacities. A recent WFP survey²⁴ showed no gender bias in primary-school attendance,²⁵ so WFP will extend nutrition support to all children in the poorest primary schools.
33. TB patients will require sufficient nutritious supplementary food for their treatment to be effective. Rice and fortified foods will be used as an incentive for TB patients to be treated and will enhance their nutritional status.
34. Displaced persons, returnees and host communities will require time-limited food assistance to facilitate integration and settlement. Poor host communities sharing the same community resources and infrastructure will be included as equal beneficiaries to foster integration and reconciliation. Assistance will be scaled down during the PRRO.

²⁴ OPSM Longitudinal Livelihood Survey (2001–2002).

²⁵ This information is confirmed by the UNDP Human Development Report (2002).



35. Ultra-poor people in slums in Greater Jakarta and Surabaya will continue to need a safety-net programme to maintain dietary intake.²⁶ WFP will work with the Government and NGO partners to hand over Operasi Pasar Swadaya Masyarakat (OPSM) beneficiaries to Raskin by the end of 2005.
36. CDPs will continue in slums as the benefits of economic recovery trickle down to the most vulnerable groups; local government resources are limited. Access to water, sanitation, training and education facilities are extremely limited.
37. In this context WFP will look into the needs of street children, of whom there are 12,000 in Jakarta alone, 18 percent girls. Street children are mainly from rural areas, where they are lured to the cities for money or abducted by gangs; others come from broken families; many are subject to abuse. ADB, UNDP and the International Labour Organisation (ILO) assist street children with shelter and support for families and children's rights; the Government provides limited support through local NGOs and social welfare departments to maintain a few rehabilitation centres for street children.

The Role of Food Aid

38. Fortified biscuits and noodles will help to improve nutritional levels and encourage women to seek nutrition education at health posts; the food will be fortified with micronutrients to stimulate growth, enhance resistance to illness and save lives.
39. Food for TB patients will offset their opportunity costs and encourage them to overcome social stigma and undergo the six-month treatment. TB is an energy-consuming disease, so the additional food, particularly in terms of micronutrients and energy, will enhance recovery.
40. Food in FFW/FFT activities will serve as income transfer to enable IDPs, returnees and host communities to rehabilitate assets; it will improve immediate food security and livelihoods in the medium term. The activities will contribute to integration by encouraging displaced people and host populations to work together. A contingency stock is included for immediate relief needs in disaster situations.
41. OPSM will continue to be a safety-net to enhance food security and pass on best practices to Raskin as the Government takes over WFP beneficiaries. Revenues from the sale of OPSM rice will be used for various purposes such as providing non-food inputs related to food security and basic livelihood needs and addressing the needs of the most vulnerable.

Programme Approaches

42. PRRO 10069.1 will focus mainly on nutritional rehabilitation and recovery, an approach that ties with the draft 2004 Consolidated Appeal Process for Indonesia, focusing on transition issues and highlighting needs related to health and education.
43. Activities under this PRRO will complement those of partner agencies, particularly the World Bank, UNICEF, WHO, UNESCO, the Office of the United Nations High Commissioner for Refugees (UNHCR), UNDP and the Office for the Coordination of Humanitarian Affairs (OCHA). Support will be sought from international and local NGOs in programme implementation and complementary activities.

²⁶ In WFP's 2003 Urban Programme survey, most OPSM beneficiaries responded that more nutritious side dishes accompanying staple foods would be cut first if OPSM support ceased.



44. WFP will utilize local structures and capacities to enhance sustainability: fortified foods will be produced in Indonesia to encourage local companies to continue production and marketing after a WFP phase-out. WFP will lobby provincial and district governments for budgetary provisions to continue subsidization in support of the poorest people.
45. WFP will use its food-aid programmes to advocate with Government counterparts and local NGOs for best practices under food security nets, asset creation/rehabilitation programmes and emergency response.
46. In line with the Enhanced Commitments to Women (ECW), efforts will be made to issue household ration cards in women's names and ensure that distributions are organized so as to maximize women's collection of rations; 64 percent of recipients of WFP food aid are expected to be women and girls. Women will continue to be equally represented on committees responsible for selecting beneficiaries and identifying and implementing projects.

Risk Assessment

47. The following risks may hamper implementation of the PRRO:
 - social conflicts limiting potential for rehabilitation work;
 - adverse weather affecting harvests and requiring a shift back from rehabilitation to relief;
 - security incidents impeding access or capacity;
 - limited capacity or budgets among implementing partners, government and civil-society groups;
 - lack of counterpart commitment to support sustainability as WFP phases out;
 - the social practice of uneven sharing of individual rations in households or communities, limiting the impact of nutritional interventions.
48. Contingency plans and early-warning systems are in place or being developed to address these risks.²⁷

Objectives and Goals

49. The main goal of PRRO 10069.1 will be achievement of the MDGs in Indonesia, specifically Indonesia's nutrition strategy, in line with WFP's Strategic Plan and ECW. The operation will support the Government in finding durable solutions for people affected by conflict by:
 - preventing malnutrition and contributing to nutritional rehabilitation of pregnant and lactating women, children under 5 and schoolchildren (MDG 4 and 5, SP 3, ECW 1);
 - promoting recovery of people infected with TB (MDG 6, SP 3);
 - improving food security in slums and areas affected by conflict (MDG 1 and 7, SP 1 and 2, ECW 4);
 - improving learning capacities among primary school children (MDG 2, SP 4, ECW 2);
 - supporting asset creation and rehabilitation and skills improvement (MDG 3, SP 4, ECW 3);

²⁷ See paragraphs 74, 76, 92 and 93.



- improving the capacity of the National Food Logistics Agency, Bulog, and local authorities to take over the OPSM beneficiary caseload and run Raskin effectively (SP 5);
- providing immediate relief to people hit by disaster (MDG 1, SP 1, ECW 4);
- contributing to the Government's capacity-building, including emergency preparedness, management and response (MDG 8, SP 5); and
- promoting peace and social reconciliation (MDG 8).

IMPLEMENTATION PLAN BY COMPONENT

Key Programme Components

⇒ *Nutritional Assistance through Local Health Centres*

50. The emphasis will be on preventing malnutrition and promoting nutritional rehabilitation of the most vulnerable groups in priority areas of Central Sulawesi, Madura, Maluku, West Timor and the poorest communities of Greater Jakarta, Surabaya and Semarang.
51. WFP will provide monthly a 1.5 kg ration of fortified biscuits to children under 5, and 5 kg of fortified dry noodles to pregnant and lactating women, supplying 50 percent of the recommended daily allowance. Women will be assisted throughout pregnancy; lactating women will receive assistance for the first six months of breastfeeding. WFP will engage local NGOs to supervise monthly distribution, targeting, beneficiary registration and reporting.
52. Food companies based in Indonesia will be responsible for production and delivery to extended delivery points. At health centres there will be monthly distributions at subsidized prices, revenues from which will be retained to cover operational costs and optimize performance. WFP will supply nutrition education materials in cooperation with UNICEF and the Ministry of Health; NGO implementing partners will provide training of trainers to enable health staff and midwives to give instruction.

⇒ *Nutritional Assistance through Primary Schools*

53. Under the primary-school feeding programme children will receive a daily ration of 50 g of fortified biscuits, to be distributed by teachers and consumed in class. Cooperation will be sought with NGOs to combine this programme with nutrition education, basic sanitation and infrastructure renovation. WFP will target assistance to the poorest areas, prioritized by the Government, that are not supported by any other school feeding programme. As counterpart commitment, WFP will seek local government allocations for deworming.²⁸

²⁸ An estimated 70 percent of schoolchildren are affected by worms.



⇒ *Assistance to TB Patients*

54. In the poorest communities of Greater Jakarta and West Timor with high incidence of TB, WFP will provide patients with a monthly family ration of 20 kg of rice and 5 kg of fortified noodles.
55. Local NGO partners will be contracted to deliver monthly to selected health clinics, where health staff will distribute rations to TB patients. NGO partners will monitor beneficiary registration, accountability and the impact of WFP food rations on detection and cure rates among TB patients.

⇒ *IDPs/Returnees/Host Communities*

56. In areas of Central Sulawesi, Madura, Maluku, West Kalimantan and West Timor, FFW/FFT activities will be programmed in line with the needs of IDPs and host populations identified by NGO partners; involvement of women in the identification process will be promoted. NGO partners will be responsible for activity and beneficiary selection, logistics, distribution and programme supervision. Monthly rations will be 50 kg of rice and 3 kg of oil per participant.
57. In addition to FFW/FFT, there is a contingency provision of rice to be allocated in support of return and relief programmes; this includes provisions for Aceh.

⇒ *OPSM for the Urban Ultra-Poor*

58. WFP will continue to provide subsidized rice at reduced levels in the poorest slums of Greater Jakarta and Surabaya. NGO partners will select ultra-poor households with incomes 20 percent below the official poverty line;²⁹ each will be entitled to purchase up to 5 kg of rice per week at 30 percent of the market price. Deliveries and distribution will continue weekly through local NGOs.
59. OPSM assistance will be phased out after the first 18 months of this PRRO; beneficiaries will be enrolled in Raskin. WFP will work with Bulog and local authorities to phase the hand-over, with initial support from WFP food resources and monitoring of NGO partners.

⇒ *OPSM Trust Fund*

60. Funds generated by sales of OPSM rice are paid into a trust fund, except for a small amount to cover NGO operational costs. The trust fund is managed by WFP in line with the Letter of Understanding (LOU) with the Government and allocated according to programme priorities jointly agreed with government counterparts. Independent external audits will be carried out and shared with relevant parties.
61. Wider and more flexible use of the fund will be promoted, with full accountability. Part of the fund will continue to support CDPs in the poorest slum communities; priority will be given to clean water and sanitation, rehabilitation of community assets and support for education, training and income-generating activities.
62. The fund will finance the OPSM/Raskin merger, some nutritional rehabilitation activities and construction of rehabilitation centres for street children; it may also be used to cover critical non-food inputs under FFW/FFT. Use of the fund may be expanded by

²⁹ The poverty line varies. For Greater Jakarta it is IRP150,000 per person per month, approximately US\$18.



agreement between the Government and WFP, including support for the Food Insecurity Atlas.³⁰

Beneficiaries

63. The beneficiary breakdown for each of the three years is shown below:

Beneficiaries	Year 1 (July 2004–July 2005)	Year 2 (July 2005–July 2006)	Year 3 (July 2006–July 2007)
Pregnant and lactating women	140 000	140 000	140 000
Children under 5	210 000	210 000	210 000
Schoolchildren	390 000	390 000	390 000
TB patients	42 500	42 500	42 500
OPSM	1 000 300	200 130	0
IDPs/returnees/host populations	290 000	224 000	104 000
Total	2 072 800	1 206 630	886 500

64. Women and girls will account for 64 percent of beneficiaries.

Selection of Activities

65. Selected activities are the result of meetings with stakeholders, including two retreats and several surveys of the urban programme.³¹ Further analysis and policy support were extended in 2003 by an evaluation and strategic review mission from the Bangkok regional office, a nutrition mission and several field assessments.

66. The proposed approach has been discussed with donors, United Nations and NGO partners and Government ministries. All partners have indicated support. The nutritional rehabilitation activities will be piloted under PRRO 10069.1 to refine the methodology.

Activity Approval Mechanism

67. WFP will sign an LOU with the Government, stipulating modalities for cooperation.

68. WFP will invite NGO partners to submit proposals for joint cooperation. Subject to positive review, the Programme will sign Letters of Agreement (LOAs) on partnership arrangements.

69. WFP and *Badan Perencanaan Pembangunan Nasional* (Bappenas) will review and approve projects financed under the trust fund. WFP will draw up contracts to be signed by WFP, the implementing party and Bappenas as witness.

³⁰ See paragraph 74.

³¹ The surveys focused on: (i) OPSM phase-out in Bandung and Semarang; (ii) the Delvita (fortified food) nutrition programme; and (iii) Food Security and Livelihoods Situation among Urban Poor.



Institutional Arrangements and Selection of Partners

70. Bappenas will continue to be WFP's focal point for general policy and programme coordination in the Government. Operational arrangements will be made with technical ministries and departments, United Nations agencies and NGOs. A steering committee of government counterparts and WFP will review the progress of activities, provide guidance and support and carry responsibility for government contributions to the PRRO.
71. NGO implementing partners will be selected on the basis of their experience, capacity and commitment to serve the poor and satisfactory implementation of gender policies. They will be responsible for logistics, distribution, monitoring and reporting.
72. WFP will select companies based in Indonesia by competitive bidding for production and delivery of fortified biscuits and noodles. Companies will be assessed on the basis of costs, production capacity, quality control, logistics and commitment to assisting the poor.

Capacity-building

73. **OPSM.** WFP will work with Bulog and local governments to strengthen capacity to implement and manage a subsidized rice sales programme. The merger into Raskin will be a test case to see how far the effectiveness of Raskin can be improved.
74. **Food Insecurity Atlas.** The Ministry of Agriculture and WFP have worked together to create a Food Insecurity Atlas of Indonesia to guide decision-makers in improving social safety-net programmes and assist planning for disaster mitigation, preparedness and response at the central, provincial and district levels. The atlas will be a tool for regular monitoring of district food security. The pilot phase in two provinces has been completed; work for the remaining 28 provinces will continue into PRRO 10069.1.
75. **Nutrition Mapping.** WFP, the Ministry of Agriculture and the Central Bureau of Statistics will undertake district and sub-district nutrition mapping using sophisticated statistical techniques. This will enhance understanding of the nutritional status of children at the micro-level and improve targeting of communities needing special interventions.
76. **Developing an Early-Warning System.** WFP will help the Ministry of Agriculture to develop an early-warning system for natural disasters.
77. **Strengthening Local Health Centres.** WFP will contribute to strengthening health centres by supplying nutrition education materials to improve the quality of their work.
78. **CDPs.** WFP will train local NGOs in implementing small-scale projects, and has hired technical staff to carry out assessments and guide partners.
79. **FFW/FFT.** These activities will help to create community structures related to IDP integration, resettlement and return programmes.
80. **Gender.** Implementing partners and government counterparts will receive training on ECW and will be involved in the gender baseline and follow-up survey as part of WFP's advocacy for women's empowerment.



Logistics Arrangements

81. WFP will mobilize rice, wheat flour and oil through the ports of Jakarta or Surabaya,³² depending on the destination of commodities. Wheat flour will be exchanged for biscuits and noodles produced by local food companies.
82. WFP will negotiate with the Government on support for clearing and unloading ships, transporting and storing rice and exchange arrangements between WFP and Bulog rice stocks, mainly for WFP projects outside Java island to reduce costs and ensure timely availability of food. The preference, however, will be to use WFP rice.
83. For wheat flour and oil shipments, clearing will be arranged by Bulog. Unloading of ships and delivery to designated food companies and WFP warehouses will be carried out by agents contracted by WFP; the Programme will be responsible for storing and handling oil, with associated costs.
84. Implementing partners will draw rice and oil from local warehouses and biscuits and noodles from local food companies according to an agreed exchange ratio with wheat flour received. Partners may distribute biscuits and noodles directly, or there may be temporary storage at partner warehouses before final distribution, depending on the logistics arrangements in each area of operation.

Monitoring and Evaluation

85. Activities will be monitored by WFP staff in Jakarta, Surabaya, Semarang, Ambon and Aceh. WFP may open two sub-offices in West Timor and Central Sulawesi, depending on the security situation, the extent of operations and implementing partners' capacity.
86. Monitoring surveys and evaluation will focus on outputs and outcomes, especially the impact of WFP assistance on the lives, food security and nutritional situation of the target groups, particularly women. Annex III is a results-monitoring matrix covering each objective of this PRRO.
87. WFP has developed monitoring checklists for all activities, focusing on targeting, accountability for its resources and outcomes. Monitoring includes issues that may hamper achievement of intended results.
88. The results of monitoring and evaluation are analysed and used to improve programme performance and carry out any operational adjustments. Highlights are discussed with implementing partners and reflected in monthly situation reports to the WFP regional office and Headquarters.

Security Measures

89. All areas of Indonesia have been under a security phase since the Bali bomb explosions in October 2002. Security has improved in some areas, including Central Sulawesi and Maluku; in others such as Aceh and West Timor access is limited and security phases III–V are in place, but they may be downgraded. The situation remains tense in Papua because of the Government's plan to split the province in three.
90. Indonesia remains vulnerable to terrorist attacks, as shown by recent bombings in Bali and Jakarta. The Government is committed to safeguarding the community against extremist groups. Elections in 2004 may create tension.

³² If donors offer wheat only, it could be accepted in lieu of wheat flour; an exchange ratio would need to be established.



91. The country office regularly reviews the security situation through the Indonesia Security Management Team, supported by UNSECOORD. Where security constraints impede access and implementation, activities are temporarily suspended, as in Aceh, unless implementation can proceed through a partner agency with full access, as in West Timor. WFP Indonesia has VHF radios, handsets and satellite phones in sub-offices in Ambon, Aceh, Semarang and Surabaya. An allocation for improvement of security arrangements is incorporated in the direct support costs (DSC) budget.

Contingency Mechanism

92. A contingency plan for Aceh and Papua has been prepared covering all aspects of increased emergency in sudden-conflict situations. In Aceh, a limited presence of WFP staff has been maintained to observe the situation.
93. The country office and sub-offices conduct fortnightly coordination meetings with partners in the food-aid sector to review needs and adjust responses. Arrangements are in place with Bulog to draw on their rice stocks if emergencies arise in locations distant from WFP stocks. WFP, OCHA and other United Nations agencies coordinate to review humanitarian needs from a broader angle.

Exit Strategy

94. The current PRRO foresees a phase-out of OPSM into Raskin over 18 months, staggered by district. WFP will cooperate with Bulog, local authorities and NGO partners for six months in each location, when OPSM rice stocks will be delivered and distributed through Raskin channels, monitored by OPSM NGO partners.
95. FFW/FFT will continue to be essential during the initial period of the PRRO, but the need is expected to decline over the three years as the Government seeks permanent solutions for IDPs.
96. WFP will therefore focus its operations on nutritional rehabilitation and capacity building. The Programme will evaluate during the PRRO the time-frame for continuation, which will depend on trends in malnutrition, poverty and food security, and the commitment and capacity of the Government and civil society to take over. WFP's phase-out is expected to be accompanied by a transfer of ownership to provincial and district levels.
97. A mid-term evaluation is planned to assess the extent to which the PRRO objectives are being achieved and to consider the prospects of WFP phasing out its assistance after 2007.

RECOMMENDATION OF THE EXECUTIVE DIRECTOR

98. The PRRO is recommended for approval by the Executive Board within the budget provided in Annexes I and II.



ANNEX I

PROJECT COST BREAKDOWN			
	Quantity (mt)	Average cost per ton	Value (US\$)
WFP COSTS			
A. Direct operational costs			
Commodity ¹			
– Wheat flour	169 017	224 76	37 988 261
– Rice	99 420	207 44	20 623 685
– Vegetable oil	1 131	630 00	712 530
Total commodities	269 568		59 324 476
External transport		66 00	17 791 488
Subtotal for ITSH			9 665 091
Landside transport			10 684 597
Total LTSH		75 49	20 349 688
Other direct operational costs			1 355 980
Total direct operational costs			98 821 632
B. Direct support costs (see Annex II for details)			
Total direct support costs			9 000 445
C. Indirect support costs (7%)			
			7 547 545
TOTAL WFP COSTS			115 369 622
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

DIRECT SUPPORT REQUIREMENTS (US\$)	
Staff	
International professional staff	3 882 600
National professional officers	910 800
National general service staff	2 104 500
Overtime	14 400
Incentives	73 800
International consultants	145 500
National consultants	82 800
Staff duty travel	534 660
Staff training and development	43 110
Subtotal	7 792 170
Office expenses and other recurrent costs	
Rental of facility	389 275
Utilities (general)	21 600
Office supplies	27 000
Communication and IT services	237 600
Equipment repair and maintenance	23 400
Vehicle maintenance and running cost	167 400
Other office expenses	155 000
United Nations organization's services	4 500
Subtotal	1 025 775
Equipment and other fixed costs	
Vehicles and motorcycles	67 500
Furniture, tools and equipment	35 000
TC/IT equipment	80 000
Subtotal	182 500
TOTAL DIRECT SUPPORT COSTS	9 000 445



PRRO INDONESIA 10069.1—MONITORING MATRIX

Objective	Activity	Output/indicators	Outcome/indicators
		<u>Output indicators:</u> Quantity of food distributed to beneficiaries Number of beneficiaries receiving WFP food assistance, by gender and age group	<u>Outcome indicators:</u> Malnutrition among under-5s by gender, assessed using weight for height Reduced and/or stabilized crude mortality among beneficiaries
7. Contribute to the Government's emergency preparedness, management and response	Complete the Food Insecurity Atlas, which highlights the most food insecure areas and the causalities of food insecurity	<u>Output:</u> Food Insecurity Atlas	<u>Outcome:</u> Increased understanding of geographic spread and incidence of food insecurity and vulnerability, and of the causes underlying food insecurity and vulnerability. <u>Outcome indicators:</u> Improved targeting of Raskin Increased preparedness to react with the most appropriate means to natural or conflict-induced disasters
8. Contribute through all food-assisted activities, especially FFW/FFT, to the process of peace-building and reconciliation in locations in which people resettle or return	All food-assisted activities under this PRRO	<u>Output:</u> IDPs, returnees and local people work together and benefit from food-assisted activities ⁵ <u>Output indicator:</u> Number of people per category who benefit from food-assisted activities	<u>Outcome:</u> Reduced risk for renewed social unrest and conflict <u>Outcome indicator:</u> Absence of social tension

Outputs and outcomes will be assessed during regular monitoring and through a series of surveys, as follows:

- **Objective I:** the country office will conduct baseline and evaluation surveys to determine how far food assistance provides an incentive for TB-affected people to seek treatment at health centres and follow the treatment through the six-month cycle.
- **Objectives I & III:** WFP will test the fortified products and consumption in a baseline and effectiveness study to determine how far provision of these foods contributes to strengthening nutritional status among primary schoolchildren children aged 1–5 and pregnant and lactating women. WFP will also look into levels of attentiveness among primary schoolchildren and will further assess the effectiveness of nutrition education in changing people's dietary habits.
- **Objective II:** the country office plans three Urban Poor Livelihood Surveys to monitor developments in food security among the urban poor to accompany WFP's phase-out of OPSM.
- **Objective II:** WFP will conduct surveys on maintenance of assets created under CDPs.
- **Objective IV:** two Livelihood Surveys are planned to assess food security and related requirements among IDPs, returnees and host populations in areas targeted for WFP assistance.



WFP INDONESIA, (2004-2007)

Summary

IDPs/returnees/host population: ~290,000

OPSM subsidized rice: ~1,000,300

Nutritional rehabilitation

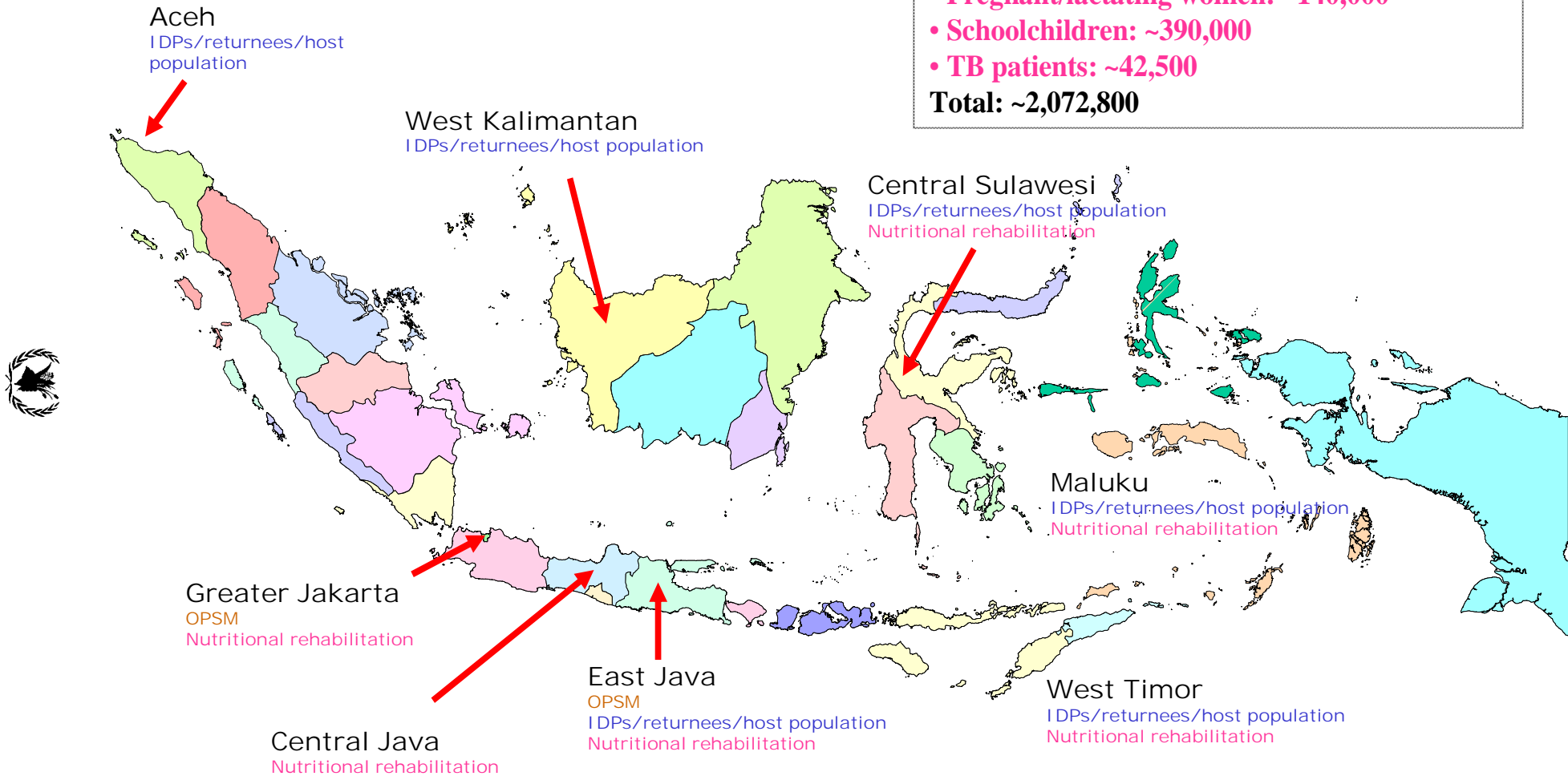
• **Children under 5: ~210,000**

• **Pregnant/lactating women: ~140,000**

• **Schoolchildren: ~390,000**

• **TB patients: ~42,500**

Total: ~2,072,800



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

ADB	Asian Development Bank
Bakornas	<i>Badan Koordinasi Nasional</i> /National Relief Coordinating Board
Bappenas	<i>Badan Perencanaan Pembangunan Nasional</i>
BPS	<i>Biro Pusat Statistik</i> /Central Bureau of Statistics
Bulog	<i>Badan Urusan Logistik</i> /National Food Logistics Agency
CDP	community development project
Delvita	fortified food made of soybean, malt and minerals
ECW	Enhanced Commitments to Women
FFW	food for work
FFT	food for training
GDP	gross domestic product
IBRD	International Bank for Reconstruction and Development
IDA	International Development Assistance
IDP	Internally Displaced Person
IMF	International Monetary Fund
LOA	Letter of Agreement
LOU	Letter of Understanding
LTSH	landslide transport, storage and handling
MDG	Millennium Development Goal
NGO	non-governmental organization
OCHA	Office for the Coordination of Humanitarian Affairs
OPK	<i>Operasi Pasar Khusus</i> /Special Market Operation
OPSM	<i>Operasi Pasar Swadaya Masyarakat</i>
PRRO	protracted relief and recovery operation
PRSP	Poverty Reduction Strategy Paper
Raskin	<i>Beras untuk Rakyat Miskin</i> /Rice for Poor People
SP	Strategic priority
TB	tuberculosis
UNICEF	United Nations Children's Fund
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNHCR	Office of the United Nations High Commissioner for Refugees
UNSECOORD	United Nations Security Coordinator
WHO	World Health Organization

