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**PROJECTS FOR
EXECUTIVE BOARD
APPROVAL BY
CORRESPONDENCE**



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**BUDGET INCREASES TO
PROTRACTED RELIEF AND
RECOVERY OPERATIONS—
ETHIOPIA 106650**

**Responding to Humanitarian Crises and
Enhancing Resilience to Food Insecurity**

Cost (United States dollars)			
	Current budget	Increase	Revised Budget
WFP food cost	680 877 349	114 134 321	795 011 670
Total cost to WFP	1 333 172 360	253 908 649	1 587 081 009

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NOTE TO THE EXECUTIVE BOARD

This document is submitted to the Executive Board for approval by correspondence

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

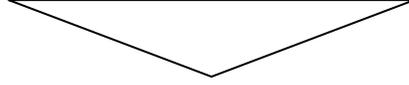
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DRAFT DECISION*



The Board approves by correspondence the budget increase of US\$253,908,649 to Ethiopia PRRO 106650 “Responding to Humanitarian Crises and Enhancing Resilience to Food Insecurity”.

* 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.



NATURE OF THE INCREASE

1. This budget revision will allow WFP to provide urgent food assistance to 4.8 million people in 2010 by:
 - providing an additional 382,159 mt of food valued at US\$114 million;
 - increasing the associated external transport allocation by US\$27 million, using the current rate of US\$123 per mt;
 - increasing the level of other direct operational costs (ODOC) by US\$4 million to cover a quantity and quality survey of food, along with superintendence costs; and
 - increasing the landside transport, storage and handling (LTSH) rate by 20 percent from US\$199 to US\$239 per mt to cover costs arising from changes in the logistics operation;¹ given the tonnage increase, the overall LTSH costs increase by US\$91 million.
2. The increased needs for 2010 result from the prolonged emergency following the 2009 drought and the impact of high food prices: nearly 4.8 million Ethiopians are expected to be in need of emergency food assistance this year, an increase of 4.1 million from the initial 2010 planning figures for this protracted relief and recovery operation (PRRO).

JUSTIFICATION FOR THE BUDGET INCREASE

Summary of Existing Project Activities

3. PRRO 106650 from January 2008 to December 2010 contributes to the Government's Plan for Accelerated and Sustainable Development to End Poverty (PASDEP) by addressing acute food insecurity. It contributes to WFP's Strategic Objectives 1, 2 and 4. Its four components are:
 - i) **Relief:** general food distributions for food-insecure communities affected by severe unpredictable food shortages. Assistance includes the provision of blended, fortified supplementary food to mitigate malnutrition among vulnerable individuals in the relief population.
 - ii) **Targeted supplementary food (TSF)** distributions of fortified blended food, oil and ready-to-use food for acutely malnourished children under 5 and pregnant and lactating women identified through nutrition screening.
 - iii) **Productive Safety Net Programme (PSNP)** in districts where severe food insecurity is chronic and predictable; food for work is undertaken by able-bodied beneficiaries to support disaster risk reduction investments, with free food distributions for those unable to participate.

¹ With Ethiopia's import requirements straining the capacity of the port of Djibouti, the Government has facilitated the opening of Berbera Port and Port Sudan, allowing more timely arrival of imported food, but with higher logistics costs. Ethiopia's National Food Security Reserve is also an important mechanism for preventing breaks in the food supply chain; however, borrowing and repaying the Reserve entail extra costs for both primary and secondary transport. In addition, WFP has increased its role in inland transport in the Somali Region. Inflation and increased fuel prices have also increased transport costs.

- iv) **Urban HIV/AIDS:** targeted food support in 14 urban centres for households, women and children infected and affected by HIV/AIDS.
4. In the original PRRO document,² relief food requirements for 2008–2010 were projected on the basis of trends in vulnerability over the previous five years, and beneficiaries for TSF were projected based on trends in screening for acute malnutrition by the Ministry of Health and the United Nations Children’s Fund (UNICEF). Adjustments to the projections are derived from government-led, multi-agency seasonal assessments. As anticipated, large-scale crises necessitating additional food assistance require budget revisions to cover the additional needs. There have been eight previous revisions to the PRRO, which ends in December 2010.³
5. Following the approval of the PRRO in October 2007, needs in Ethiopia increased as a result of high food and fuel prices combined with failures of seasonal rains and insecurity in the Somali Region. While WFP and partners substantially scaled up the relief component to meet the increased needs, resource shortfalls led to ration cuts from mid-2008, compromising the impact of the operation. The effects of drought and high food prices continued into 2009, with drought significantly reducing production from the *belg*⁴ and *gu*⁵ rainy seasons in mid-year.⁶ As in 2008, inadequate relief resources in the first half of 2009 led to fewer distributions and reduced rations, severely stretching community coping capacities: from January to December, only 7 rounds of monthly relief distributions were implemented, rather than the planned 12 rounds of assistance. The evolution of the 2008 and 2009 crises in terms of relief beneficiaries is presented in Table 1 below.

² See paragraphs 9–11, 31 and 41, and Table 1 of WFP/EB.2/2007/9-C/5.

³ The eight previous revisions mainly addressed changes in costs, but budget revision 4 and budget revision 6 were related to large-scale relief needs in 2008 and 2009.

⁴ The *belg* season is the rainy season from March to May in highland and midland areas.

⁵ The *gu* is the Somali Region’s rainy season from March to May.

⁶ The *belg* harvest in July accounts for about 10 percent of Ethiopia’s cereal production.



TABLE 1: EVOLUTION OF RELIEF FOOD BENEFICIARY NUMBERS

2008		2009	
April: Humanitarian Requirements Document ⁷	2.2 million	January: Humanitarian Requirements ⁸	4.9 million
June: Revised Humanitarian Requirements ⁹	4.6 million	May, with additional ad hoc response	5.3 million
September: Revised Humanitarian Requirements ¹⁰	6.4 million	July: Projected relief food requirements, used for response from September ¹¹	6.2 million

Conclusion and Recommendation of the Re-Assessment

6. A Government-led, multi-agency mid-*meher*¹² food security assessment using the livelihoods-based household economy approach was conducted between 28 September and 11 October 2009, with participation from the regional Disaster Risk Management and Food Security Sector (DRMFSS),¹³ United Nations agencies, non-governmental organizations (NGOs) and donor governments.¹⁴ The objective was to assess the likely impact of the delayed and erratic rains on the *meher/deyr* production and to project the consequences for food security between January and June 2010.
7. The assessment found that, despite the collaborative efforts of the Government and humanitarian partners to address ongoing humanitarian challenges in Ethiopia, the prevailing large-scale needs are expected to continue at least through the first six months of 2010 because of the erosion of coping abilities (owing in part to the inadequate response to the large-scale emergency affecting Ethiopia since 2008), compounded by the anticipated poor performance of the 2009 *meher* and *deyr*¹⁵ seasons. The *meher* harvest occurs from November to December and accounts for approximately 90 percent of Ethiopia's cereal production. Erratic rains throughout 2009 have damaged crops and reduced pasture available in the pastoral lowlands in the eastern, southeastern and southern parts of the country.

⁷ Government of Ethiopia and humanitarian partners. Humanitarian Requirements Document. April 2008. Addis Ababa.

⁸ Government of Ethiopia and humanitarian partners. Humanitarian Requirements 2009. 30 January 2009. Addis Ababa.

⁹ Government of Ethiopia and humanitarian partners. Revised Humanitarian Requirements 2008. 12 June 2008. Addis Ababa.

¹⁰ Government of Ethiopia and humanitarian partners. Revised Humanitarian Requirements 2008. 14 October 2008. Addis Ababa.

¹¹ Disaster Risk Management and Food Security Sector. Projected national relief food requirements for June to December 2009 and strategies to address current and additional needs. 13 July 2009. Addis Ababa. The July 2009 projection figure was later confirmed by a revised humanitarian requirement document based on the July food security assessment and released in October 2009: Government of Ethiopia and humanitarian partners. Humanitarian Requirements Document October–December 2009. 22 October 2009. Addis Ababa.

¹² The *meher* (or *kiremt*) is the long and heavy rainy season – usually from June to September – in highland and midland areas.

¹³ DRMFSS was formerly the Disaster Prevention and Preparedness Agency.

¹⁴ The Government leads humanitarian food security assessments using the household economy approach. See paragraphs 15, 31, and 40 of WFP/EB.2/2007/9-C/5.

¹⁵ The *deyr* is the Somali Region's short rainy season from October to November.



8. The assessment formed the basis for the Multi-Sectoral Contingency Plan for January-June 2010 issued on 7 December 2009.¹⁶ It estimates that nearly 4.8 million food-insecure people will require relief assistance for the first six months of 2010, for which an estimated US\$270 million is needed. This includes US\$195 million in food assistance for relief. Emergency interventions in health and nutrition, water and sanitation, agriculture and livestock are also included in the planning document.
9. The negative impact of high local food prices also continues. While food prices during the last quarter of 2009 decreased by about 40 percent from the July/August 2008 peak, cereal prices remain about 25 percent higher than the five-year average, straining purchasing power.¹⁷ For the third consecutive year, the Government is importing over 400,000 mt of wheat to stabilize prices in urban areas, but serious concerns remain regarding food access in rural food-deficit areas, particularly where harvests have been poor due to the failure of the *belg/gu* rains and a late start and poor distribution of the *meher/deyr* rains.
10. Further, the nutritional situation remains precarious. In the absence of an established nutritional surveillance system and regular nutritional surveys, the main indicators of the prevalence of malnutrition are: i) admissions into therapeutic feeding; and ii) results of screening from measurement of mid-upper arm circumference (MUAC) of children under 5. According to these indicators, wasting is at “serious” or “critical” levels (see Table 2). In the Somali Region, a joint nutrition survey in May 2009 indicated that of the seven locations surveyed, six presented a “critical” nutrition situation: two zones had global acute malnutrition (GAM) prevalence rates of 21–22 percent and severe acute malnutrition (SAM) prevalence rates of between 3.3 and 2.2 percent; while four zones had GAM rates between 15 and 20 percent.¹⁸
11. Nutritional screening¹⁹ results for 2007, 2008 and 2009 are shown in Table 2.²⁰ The severity of a nutritional situation based on the prevalence of wasting for children under 5 is categorized by the World Health Organization (WHO) as: <5 percent is “acceptable”; 5–9 percent is “poor”; 10–14 percent is “serious”; and >15 percent is “critical”.²¹

¹⁶ Multi-Sectoral Contingency Plan: January to June 2010. Joint Government and Humanitarian Partners National Contingency Plan. Addis Ababa. December 2009.

¹⁷ Weekly market data collected by WFP sub-offices and data from the Ethiopian Grain Trade Enterprise.

¹⁸ Reference: United States National Center for Health Statistics (NCHS).

¹⁹ Measurement of MUAC of children under 5 and pregnant and lactating women is undertaken through the Enhanced Outreach Strategy for Child Survival, a joint programme of the Government, UNICEF and WFP in 160 food-insecure districts.

²⁰ Results of screening conducted in November–December 2009 are not yet available. Note that the May–August period has seasonally higher malnutrition rates because it is the lean season in *belg* cropping areas.

²¹ WHO, 2000.



TABLE 2: PERCENTAGE OF CHILDREN REPORTED WITH MUAC <12 TO <12.5 CM (EQUIVALENT TO WASTING)

Region	November–December 2007	November–December 2008	May–August 2009
Afar	28.0	32.0	27.8
Amhara	6.0	10.0	10.4
Gambella	9.0	6.0	not available
Oromiya	5.2	10.0	10.9
SNNPR	7.0	10.0	12.6
Somali	20.0	25.0	22.6
Tigray	9.6	9.0	13.7

Purpose of the Budget Revision

12. This budget revision focuses on increasing the relief component of the PRRO to meet assessed emergency needs for 2010. Planned relief beneficiary numbers for all partners are shown in Table 3.

TABLE 3: PLANNED RELIEF BENEFICIARIES (ALL PARTNERS), JANUARY–JUNE 2010²²

Region	Beneficiaries
Afar	71 000
Amhara	853 000
Dire Dawa	34 000
Harar	7 000
Gambella	78 000
Oromiya	930 000
SNNPR	899 000
Somali	1 549 000
Tigray	340 000
TOTAL	4 761 000

Note: Figures rounded to the nearest thousand.

13. The relief beneficiary figures may be further adjusted following the final results of *meher/deyr* assessment, undertaken in November/December 2009. The results will be released in January 2010 and are expected to be similar to the findings of the mid-*meher* assessment.
14. Following consultations with the Government and other partners, WFP's planning for relief food requirements for 2010 takes into consideration: i) the projected needs from January to June 2010; ii) the ability of NGOs to contribute to the national relief programme; and iii) the potential needs from July to December 2010.

²² Joint Government and Humanitarian Partners. Multi-sectoral Contingency Plan: January to June 2010. December 2009. Addis Ababa.



15. During the period January to June 2010, NGOs²³ plan to cover 2.2 million people for two months.²⁴ WFP is expected to assist a reduced number of beneficiaries during those two months, and the full 4.8 million relief beneficiaries in the remaining four months.
16. WFP is also incorporating in the budget revision a 20 percent contingency that will provide the possibility of reaching 2 million additional people under the relief component over a three-month period. This contingency would ensure WFP is well positioned to respond to increased needs that tend to emerge during the lean season preceding the *belg* harvest in July, and to support vulnerable populations during the July–December 2010 period.
17. The focus and implementation strategy for the increased relief food requirements are the same as in the relief component of the original PRRO document.²⁵ The primary objective is to provide emergency food assistance for people affected by unpredictable acute food insecurity. Relief assistance will be provided through the monthly allocations of the DRMFSS national relief programme. District committees manage food distributions; a small amount of fortified blended food is provided as part of the relief ration²⁶ for individuals more vulnerable to malnutrition, such as children under 5, pregnant and lactating women, the elderly and the disabled.
18. Improved nutritional screening processes have resulted in shorter durations of support where appropriate. As a result of the further roll-out of the community-based nutrition programme, the health system is now able to conduct MUAC screening every three months instead of every six months. The more frequent screening identifies people who have recovered within the first three months of supplementary food provision, as well as new entrants. Increasingly, people receive three months of food assistance, instead of the six months anticipated in the original PRRO plan. MUAC screening may be implemented in areas with high numbers of entries in therapeutic feeding programmes (both out-patient and in-patient) that are not covered by the regular supplementary feeding programme; in these areas, an emergency TSF ration will be provided for three months only. As a result, the overall number of people reached through TSF increases, but the shorter duration of assistance means that the food requirement for 2010 remains the same.²⁷
19. DRMFSS allocates, distributes and reports on the utilization of food in collaboration with WFP under both the relief and TSF components. WFP sub-office staff monitor distributions as per established monitoring plans. NGOs provide complementary resources.
20. WFP's responsibility for the management and transport of food in seven zones in the Somali Region under the "hubs and spokes" operation also continues. Food stocks – the hubs – are managed by WFP in strategic locations to enable timely dispatch to distribution sites – the spokes; this also allows for closer monitoring.

²³ Save the Children UK, Save the Children USA, Food for the Hungry International, World Vision International, Cooperative for Assistance and Relief Everywhere, Relief Society of Tigray and Catholic Relief Services.

²⁴ Based on information available at the end of 2009.

²⁵ See paragraphs 52–54 in WFP/EB.2/2007/9-C/5.

²⁶ Based on agreement with the Government, supplementary food is given to 35 percent of the relief beneficiaries.

²⁷ See paragraphs 55–57 in WFP/EB.2/2007/9-C/5.



Activity	Current (initial PRRO plan for 2010)	Increase	Revised
Relief	688 000	4 072 685	4 760 685*
Safety net (PSNP)	2 460 000	-	2 460 000
Regular TSF Emergency TSF	597 000	366 703 100 000	1 063 703**
Urban HIV/AIDS	164 000	-	164 000
TOTAL	3 819 450***	4 539 388	8 288 833***

* Maximum number of people expected to need relief assistance in the first half of 2010

** As explained in paragraph 18, while TSF beneficiary numbers increase, duration of assistance tends to decrease, so that there is no increase in food requirements for 2010.

*** TSF beneficiaries reduced by 15 percent to avoid double-counting between TSF, relief and PSNP.

21. The relief ration is the same as in the original PRRO: cereals, pulses and vegetable oil, supplying 1,992 kcal/person/day. In areas with high risk of acute malnutrition, the most vulnerable beneficiaries (estimated at 35 percent) receive a 150 g supplement of fortified blended food, supplying 570 kcal/person/day. Rations for PSNP, TSF and HIV/AIDS remain unchanged.

Food type	g/person/day
Cereals	500
Pulses	50
Vegetable oil	15
Fortified blended food (supplementary)	150
Total without supplementary blended food	565
Total with supplementary blended food	715
<i>Kcal per day</i>	<i>1 992/2 562*</i>

*Includes a supplementary ration to 35 percent of the relief population

FOOD REQUIREMENTS

22. The PRRO 106650 requirements for 2010 were originally estimated at 306,222 mt, including 76,416 mt for relief. Revised relief requirements for the country for the first six months of 2010 amount to 529,150 mt. Taking into account experience in 2008 and 2009, whereby needs increased mid-year and relief needs continued between July and December 2010 (see Table 1), WFP has included a 20 percent contingency food requirement (105,830 mt) to enable meeting potential additional needs. The total requirement would thus be 634,980 mt. Considering expected resources contributed through NGOs of 84,015 mt, WFP plans to cover 550,965 mt of food needs, a net increase of 474,549 mt compared to the original 2010 budget plan of 168,806 mt; thus this budget



revision is for 382,159 mt. Relief food requirements may be further adjusted following the release of the *meher/deyr* assessment findings in January 2010.

TABLE 6: NATIONAL AND WFP RELIEF REQUIREMENTS, January–June 2010 (mt)

	National requirements January–June 2010	WFP contribution: 84% of national requirements	WFP 20% contingency over national Jan-June 2010 requirements	WFP revised total	WFP present budget plan for 2010 ²⁸	Difference: WFP- required increase
Cereals	428 462	360 437	85 692	446 129	138 155	307 974
Pulses	42 846	36 041	8 569	44 610	11 188	33 422
Oil	12 854	10 814	2 571	13 385	5 326	8 059
Corn-soya blend	44 988	37 843	8 998	46 841	14 137	32 704
TOTAL	529 150	445 135	105 830	550 965	168 806	382 159

TABLE 7: FOOD REQUIREMENTS BY ACTIVITY TYPE (mt)

Activity	Current	Increase	Revised
Relief	168 806	382 159	550 965
Safety Net (PSNP)	149 440	--	149 440
TSF	53 215	--	53 215
Urban HIV/AIDS	27 151	--	27 151
TOTAL	398 612	382 159	780 771

23. The total PRRO 106650 requirements are shown in Table 8.

TABLE 8: PRRO 106650 REQUIREMENTS 2008–2010 (mt)

	PRRO January 2008–December 2010	2010 original PRRO	2010 revised requirements	Budget increase	Revised PRRO January 2008–December 2010
Cereals	1 292 181	289 049	597 023	307 974	1 600 155
Pulses	102 958	26 836	60 258	33 422	136 380
Oil	52 953	15 985	24 044	8 059	61 012
Corn-soya blend	235 610	66 742	99 446	32 704	268 314
TOTAL	1 683 702	398 612	780 771	382 159	2 065 861

²⁸ As at previous budget revision (Number 8)



ANNEX

BREAKDOWN OF BUDGET REVISION COSTS			
	Quantity (mt)	Average cost per mt (US\$)	Value (US\$)
WFP COSTS			
Direct operational costs			
Food¹			
Wheat	297 974	205.7	61 293 252
Maize	10 000	357.5	3 575 000
Split peas	16 711	462.0	7 720 482
Beans	16 711	660.0	11 029 260
Vegetable oil	8 059	1 006.5	8 111 471
Corn-soya blend	6 541	495.0	3 237 696
Famix (locally produced blended food)	26 163	732.6	19 167 160
<i>Total food</i>	382 159		114 134 321
External transport			27 373 968
Total LTSH			91 449 225
ODOC			4 340 289
A. Total direct operational costs			237 297 803
B. Direct support costs			0
C. Indirect support costs (7.0 percent)			16 610 846
TOTAL WFP COSTS			253 908 649

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.



ACRONYMS USED IN THE DOCUMENT

DRMFSS	Disaster Risk Management and Food Security Sector
GAM	global acute malnutrition
LTSH	landside transport, storage and handling
MUAC	mid-upper arm circumference
NGO	non-governmental organization
ODOC	other direct operational costs
PASDEP	Plan for Accelerated and Sustainable Development to End Poverty
PRRO	protracted relief and recovery operation
PSNP	Productive Safety Net Programme
SAM	severe acute malnutrition
SNNPR	Southern, Nations, Nationalities and Peoples Region
TSF	targeted supplementary food
UNICEF	United Nations Children's Fund
WHO	World Health Organization