

## PROJECT BUDGET REVISION FOR APPROVAL BY THE CHIEF OF STAFF

5) To:	Division	Room	Approval and Date
Mr. Jim Harvey Chief of Staff	OED	6G36	
4) Through:	Division	Room	Signature and Date
Ms. Barbara Noseworthy Assistant Executive Director	PG	6G72	
3) Through:	Division	Room	Signature and Date
Mr. Manoj Juneja Assistant Executive Director	RM	6G00	
2) Through:	Division	Room	Signature and Date
Mr. Ramiro Lopes de Silva Assistant Executive Director	OS	6G62	
1) From:	Regional Bureau	Signature and Date	
Mr. Carlo Scaramella Regional Director a.i.	RBC		

**Yemen PRRO 200636**  
**Safeguarding Lives, Improving Food Security and Nutrition, and Building Resilience**  
**BR No. 02**

<b>Total revised number of beneficiaries</b>	6 million over two years (no change)
<b>Duration of entire project</b>	1 July 2014 to 30 June 2016
<b>Extension / Reduction period</b>	no change
<b>Gender market code</b>	2a
<b>WFP food tonnage</b>	366,734 MT (no change)

**Start date:** 01 July 2014 **End date:** 30 June 2016 **Extension/Reduction period:** none **New End Date:** 30 June 2016

	<u>Cost (United States dollars)</u>		
	Current Budget US\$	Increase US\$	Revised Budget US\$
Food Related Costs	329,834,542	15,134,439	344,968,981
Cash and Vouchers and Related Costs	74,457,429	-	74,457,429
Capacity Development & Augmentation	5,577,000	-	5,577,000
DSC	48,464,517	3,965,483	52,430,000
ISC	32,083,344	1,336,995	33,420,339
<b>Total cost to WFP</b>	<b>490,416,832</b>	<b>20,436,916</b>	<b>510,853,748</b>

**CHANGES TO:****Food Tool**

- MT  
 Commodity Value  
 External Transport  
 LTSH  
 ODOC

**C&V Tool**

- C&V Transfers  
 C&V Related Costs

- CD&A  
 DSC  
 Project duration  
 Other

**Project Rates**

- LTSH (\$/MT)  
 ODOC (\$/MT)  
 C&V Related (%)  
 DSC (%)

## NATURE OF THE INCREASE

1. This budget revision to the Protracted Relief and Recovery Operation (PRRO) 200636 aims to amend associated costs of the PRRO without making any changes to the beneficiary targeting or activities. The total increase in the budget is US\$ 20,436,916 including indirect support costs – an increase of 4 percent in the total value of this two-year PRRO. Specifically, this budget revision will:
  - increase other direct operational costs (ODOC) by US\$ 12,938,878 to cover associated costs of the safety net, nutrition and school feeding programmes;
  - increase direct support costs (DSC) by US\$ 3,965,483 to cover additional staffing, equipment and security related costs;
  - increase Landside Transport Handling & Storage (LTSH) by US\$ 2,195,562 to cover additional service contract rates and contingency plans; and
  - Increase indirect support costs (ISC) by US\$ 1,336,995.

## JUSTIFICATION FOR THE REVISION

### *Summary of existing project activities*

2. PRRO 200636 “Safeguarding Lives, Improving Food Security and Nutrition, and Building Resilience” was approved by the February 2014 session of the Executive Board to address high levels of food insecurity and malnutrition in Yemen over a two-year period (July 2014 to June 2016).
3. The PRRO has two major components, relief and recovery, each aiming to enable WFP to meet food assistance needs of various food insecure groups and vulnerable populations in line with Strategic Objective 1, 2 and 3:
  - *Relief component consists of the following:*
    - a) *Life-saving assistance to IDPs and returnees designed to meet the protracted needs of some 588,000 displaced and returnee populations in the north and south of the country;*
    - b) *Nutrition support that provides treatment of moderate acute malnutrition among children aged 6–59 months and pregnant and lactating women, aiming to reach 986,000 women and children over a two year period; and*
    - c) *An ad-hoc emergency food response component designed to enable WFP to respond to urgent food assistance needs of communities following a sudden crisis providing monthly food rations as required.*
  - *Recovery oriented component consists of the following:*
    - a) *Safety Net and Livelihood support intervention aiming to provide food assistance to 2.85 million rural food insecure people through a combination of protective (unconditional) and productive (conditional) approaches;*



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- b) A preventive nutrition component aiming to provide blanket supplementary feeding for 785,000 children aged 6–23 months and for 341,000 pregnant and lactating women in areas where treatment of malnutrition is not available; and*
- c) Education support aiming to address low girls' enrolment rate and boost school attendance of boys and girls in primary education. Over a two year period, the PPRO plans to reach 892,000 children through school meals or snacks to improve nutrition and learning while 265,000 children will be supported through provision of dry take home rations in areas where girls' enrolment is below 55 percent.*
4. In 2014, WFP Yemen conducted a Comprehensive Food Security Survey (CFSS) covering all 22 governorates of the country. The CFSS revealed a slight decline in the overall proportion of food insecure population – from 45 to 41 percent of the population. Despite this, needs remain high with 10.6 million Yemenis still food insecure, 5 million of them in severe food insecurity. In addition, the mid-course revision of the 2014-2015 Yemen Humanitarian Response Plan (YHRP) released in February 2015, revised upwards the number of Yemenis that require some kind of humanitarian assistance to 15.9 million - 8 percent more than last year. The YHRP underscores the need to meet people's most urgent needs, without sacrificing early recovery and resilience-oriented concerns that are inseparable from efforts to alleviate Yemen's chronic emergency.
  5. Between January and May 2014, WFP held two major consultations with government and international NGO counterparts to boost the partnerships needs to deliver PRRO activities. Since then, a number of new partnerships have been established with CARE International, Save the Children International, Danish Refugee Council, Norwegian Refugee Council, as well as with a number of local NGOs. The engagement of government line ministries has also intensified including the Ministry of Agriculture and Irrigation (MoAI), Ministry of Social Affairs and Labor, Ministry of Education (MoE) and Ministry of Public Health and Population.
  6. In September 2014, forces of the Houthi group based in Sa'ada governorate, bordering Saudi Arabia, took control of the capital Sana'a. Despite this development and subsequent political upheaval bringing the country closer to civil war, most parts of the country remain stable with the Houthi group consolidating power in the north of the country. WFP partners are still able to implement programmes and deliver food assistance. WFP has maintained its plans in terms of the number of people it intends to assist as envisaged in the PRRO and the situation will be reviewed in light of new developments.
  7. However, there are increased concerns of civil unrest due to disagreements in political negotiations and also a looming financial crisis due to suspension of funding from various donors, including the World Bank holding back funds for the Social Welfare Fund, the country's largest safety net which could negatively impact some 7 million people.
  8. Despite the planned phase out of assistance to the long term IDPs in the north and the returnees in the south, the potential for further displacement of populations in new flash point areas of Marib, Al-Baidha and other governorates remains high. Ongoing United Nations contingency planning builds on a likely scenario of displacement of up to 500,000 people who will require humanitarian assistance. The PRRO envisages to provide urgent humanitarian assistance to up to 630,000 people consisting of new displacements and

continued assistance to those assisted in 2014, enabling WFP to respond more quickly in the event of sudden humanitarian crisis.

**Conclusion and recommendation of the re-assessment:**

**ODOC re-assessment:**

9. *Community-based participatory planning exercises conducted in the first 6 months of the PRRO to plan productive safety net and livelihood support activities identified rain water harvesting and conservation as major community priorities for enhancing resilience to climate change and supporting their livelihoods. Women and girls in rural areas of Yemen spend one to three hours every day in water collection efforts and women consistently prioritized water problems in consultations. Water is also a major source of local conflicts in Yemen<sup>1</sup>. Assisting rural communities in water harvesting and conservation through WFP's Food Assistance for Assets (FFA) activities has the potential to contribute to easing tensions between communities over water resources and reduce women's domestic work burden.*
10. *Due to the strong focus on natural resource based productive safety net activities, planning and implementation has had to consider appropriate assets, seasonality and localized tensions over land and water and this has meant that the process has taken longer than anticipated. Cooperating Partners (CP) found that the implementation window of WFP's food assistance (planned to coincide with the lean season between May and October) was not sufficient. In order for CPs to plan properly, deploy, train and retain qualified staff, and therefore ensure the quality of outcomes, the duration of the safety net activity Field Level Agreements (FLA) with partners needs to be extended to a 12 month period. Despite the delays, it is not expected that security issues will significantly affect the ability of partners to implement in target areas.*
11. *The PRRO envisaged that costs of non-food items (NFI) to support productive safety net activities would either be provided by the government, where government cooperation is involved, or be mobilized by NGO partners. However, these expectations have not been met as the Government has run into new levels of political, financial and institutional crisis. Even in the event a national unity government was established, the chance of a significant government contribution is slim. Funding for the Social Fund for Development (SFD), a key national counterpart in the productive safety net, has also dwindled as a result of withdrawal of support by key funding agencies and governments. Moreover, NGO partners have managed to mobilize a fraction of the projected contributions in NFI costs. Increased WFP support in NFI costs will help improve the quality of assets created to meet the needs of communities identified in participatory planning exercises.*
12. *The nutrition programme implementation approach requires greater financial investment to enhance three particular areas: coverage, quality and accountability. To increase coverage of*

<sup>1</sup> UNDP. 2012. *Multi-Dimensional Livelihoods Assessment in Conflict-Affected Areas, Yemen*. New York.



malnourished and at risk children and pregnant and lactating women enrolled in the treatment programme, greater efforts are needed in community mobilization and defaulter follow up. In line with Yemen's national efforts to move to a community based approach, partners are increasingly engaging community health volunteers (CHV) which has increased operational costs through training and other outreach activities. To ensure better information management and data availability and utilization for interpretation of programme performance, partners are increasing monitoring and reporting activities with a commensurate increase in costs. The outreach modality will improve the success of the nutrition programme.

***13. The introduction of the education on-site feeding activity is accompanied by a restructuring of the MoE programme management capacity. Lessons learned from the Egypt school feeding programme highlighted the importance of decentralization of programme management to governorate and district levels, which is being introduced in Yemen. This approach not only aims to meet the programme's immediate implementation requirements, but also aims to build capacity of front-line education counterparts so as to encourage national ownership and enhance possibilities for eventual handover.***

***LTSH re-assessment:***

14. In August 2014, the government of Yemen removed partially the subsidy on fuel resulting in an overall increase of the value of service contracts including port services, customs clearance, transportation, warehouse leases, staffing and commodity pest control. In addition, instability in some parts of the country resulted in increased service costs provided to WFP. As a result, an overall increase of 15 percent of the landside transport, storage and handling is considered.
15. WFP reviewed the number of hubs needed to support the PRRO operation including for contingency purposes. In the present circumstances, the two entry points of Hodeida Port and Aden Port will continue to feed the downstream food movement. As for in-land hubs, in addition to Sana'a and Haradh, a new inland hub in Taiz will serve as both an Extended Delivery Points for four Governorates (Taiz, Ibb, Al Dhale and Lahj) as well as the location for strategic stocks of food and non-food items given the conducive weather and operational flexibility.

***DSC re-assessment:***

16. In line with WFP's plans to strengthen its operations, higher monitoring targets are set to ensure adequate monitoring of operations. New implementation modalities for food assistance for assets and training require extensive monitoring throughout the project cycle. WFP will use third-party monitoring in areas declared off-limit to WFP staff. Moreover, in light of changing situations in Yemen with the potential for further humanitarian needs, the frequency of food security and nutrition monitoring assessments as well as the coverage of market surveys have been increased to ensure timely programme response.
17. In response to the general security concerns resulting from the Houthi take-over of Sana'a in September 2014, UNDSS and the interagency Security Management Team (SMT) continue to take pre-cautionary measures including restriction of the number of international staff in the country. In line with this, some non-critical WFP staff will continue to operate

from outside Yemen including from the Regional Bureau in Cairo, resulting in additional costs to maintain staff on temporary travel status.

18. To cope with frequent electricity breakdowns and reduce costs of running generators during off-peak hours, solar systems will be installed for the five sub-offices. Over time, the solar investment should further bring down operating costs of sub-offices and reduce WFP's carbon foot print.
19. In line with the PRRO, two additional sub-offices are being established in Taiz and Sa'ada governorates to support increased programme activities in these areas. An additional three armored vehicles will be purchased to be used by these new offices.

### ***Hazard/Risk Assessment and Preparedness Planning***

20. ***As Yemen continues to remain in state of political, security and economic crisis, the PRRO is subject to a number of contextual, programmatic and institutional risks, for which mitigation measures are being taken.***

#### ***Contextual risks***

21. ***The risk of renewed and more intense conflict remains with the potential to cause displacement of people within Yemen. Through the IDP assistance component, the PRRO has capacity to meet new humanitarian needs for up to 328,000 new IDPs. Ongoing political instability could further weaken government institutions and basic social service providers prompting increased vulnerability of individuals, as well as the need for more support from the humanitarian community. While WFP will closely monitor the situation, in the event the political crisis in the country precipitates a major economic crisis, further revision of strategies, modalities and scale of WFP assistance will need to be undertaken.***
22. ***Deploying staff in Yemen carries some contextual risks. However, WFP is fully compliant with all security regulations, including the minimum operating security standards (MOSS) and those governing the use of armored vehicles and personal protection equipment. WFP is increasing its fleet of armored vehicles in all its area of operations to enable safer staff mobility. The WFP-managed United Nations Humanitarian Air Service (UNHAS) also helps to mitigate some contextual risks, not only for WFP but for other users within the humanitarian community in Yemen.***
23. ***Rising costs of basic food commodities poses a risk to operations and modalities of food assistance. Though cash transfers form almost 25 percent of transfers under the PRRO, cash is mostly combined with food mitigating the risks of inflation. WFP has a robust prices monitoring system in place and prices and is being monitored on weekly basis. High food prices could have negative impact on use of cash transfers. Special Operation 200798 (Air Passenger Service and Logistics Cluster Coordination and Support to the Humanitarian Response in Yemen) has a fuel component which will help to offset fluctuations in prices and availability of fuel in Yemen for WFP, other United Nations agencies and NGO partners.***



24. *In case of cessations or limited availability of commercial flights, WFP-UNHAS has already prepared an international route between Dubai and Addis Ababa to facilitate UN staff movement.*

#### **Programmatic risks**

25. *As a precautionary measure, due to the volatile security situation UN staff movement in some parts of the country remains restricted. The number of international staff in the country is also being managed carefully to minimize exposure to incidents. The ever present risk of kidnappings, targeting international humanitarian personnel could further restrict WFP staff movements and have a negative impact on implementation and monitoring capacity.*
26. *While WFP staff have access to most programme areas, WFP is putting in place several mechanisms to ensure access and continuity of operations. These include increasing national staff capacity and outsourcing several functions including assessments and monitoring. Thus far, WFP food convoys do not require escorts, though, in some governorates, armed escort is mandatory for international staff field missions.*
27. *WFP is working in partnership with NGOs and functioning government technical departments for the delivery of its assistance. In particular, WFP is increasing the number of local NGO partners which are likely to have better access in the event of conflict escalation or movement restrictions. However, should the security situation deteriorate to a level where WFP is unable to implement this PRRO as planned, WFP would adjust its approach, modalities and the scale with budget revisions accordingly.*

#### **Institutional risks**

28. *Funding shortfalls and the impact that food pipeline breaks would have on beneficiaries present a major risk. As Yemen's humanitarian crisis has become higher profile, resource mobilization efforts have been more successful. However, the increased humanitarian requirements will make sufficient funding a challenge. WFP's food security cluster co-leadership, the United Nations Consolidated Appeals Process and other advocacy activities at the country office, regional bureau and headquarters levels keep donors informed of funding requirements. However, it is to be noted that physical absence of donors in Yemen has limited direct access to donors. This is being managed through communications with donors at their headquarters or in their new locations outside Yemen.*



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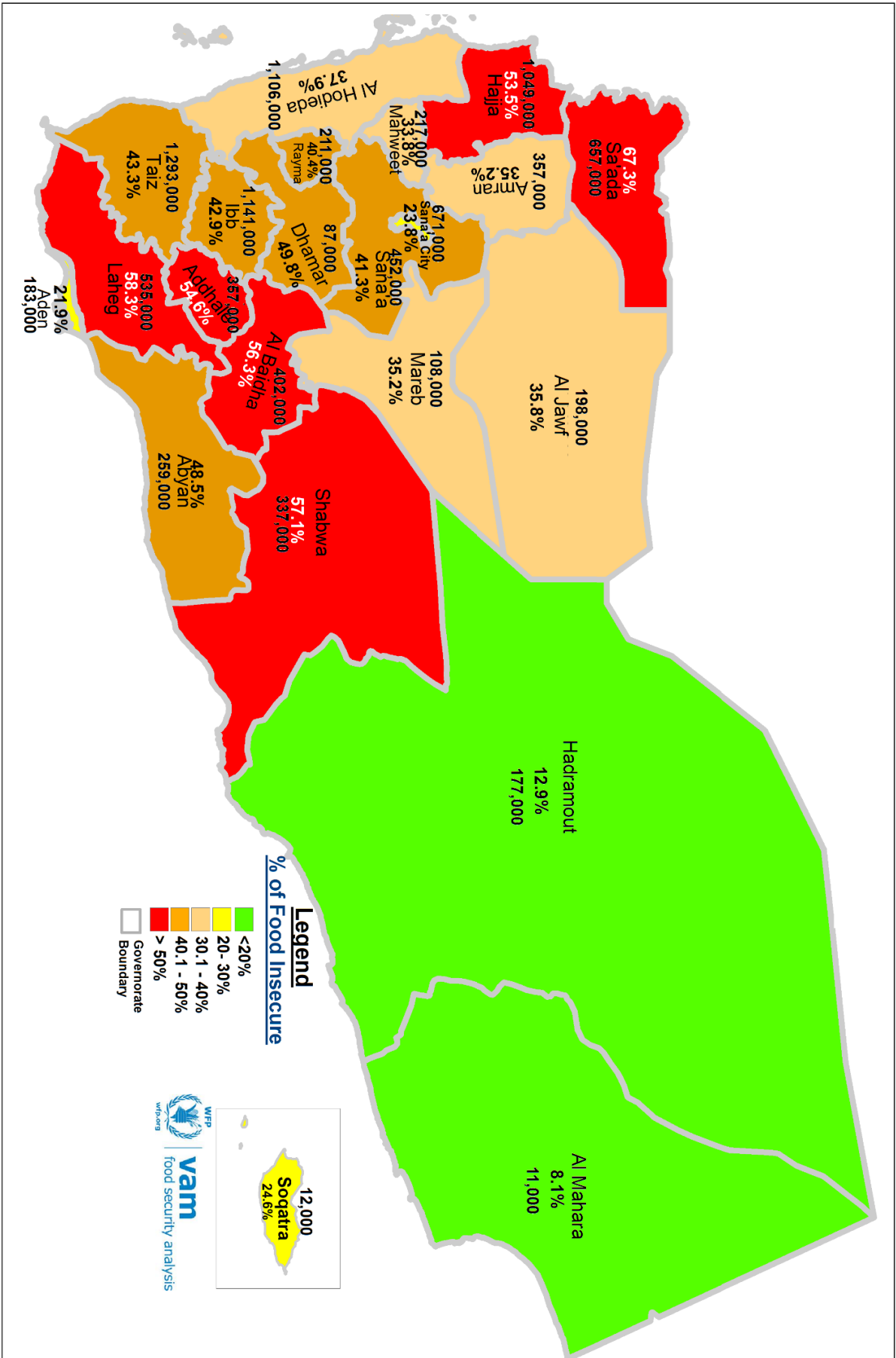




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ANNEX II: FOOD INSECURE POPULATION BY GOVERNORATE (CFSS 2014)




**ANNEX I-A**

<b>PROJECT COST BREAKDOWN</b>			
	<b>Quantity (mt)</b>	<b>Value (US\$)</b>	<b>Value (US\$)</b>
<i>Food Transfers</i>			
Cereals	-	-	
Pulses	-	-	
Oil and fats	-	-	
Mixed and blended food	-	-	
Others	-	-	
<b>Total Food Transfers</b>	-	-	
External Transport			-
LTSH		2,195,562	
ODOC Food		12,938,878	
<b>Food and Related Costs <sup>2</sup></b>			<b>15,134,439</b>
C&V Transfers			-
C&V Related costs			-
<b>Cash and Vouchers and Related Costs</b>			<b>-</b>
<b>Capacity Development &amp; Augmentation</b>			<b>-</b>
<i>Direct Operational Costs</i>			15,134,439
Direct support costs (see Annex I-B)			3,965,483
<b>Total Direct Project Costs</b>			<b>19,099,922</b>
Indirect support costs (7.0 percent) <sup>3</sup>			1,336,995
<b>TOTAL WFP COSTS</b>			<b>20,436,916</b>

<sup>2</sup> This is a notional food basket for budgeting and approval. The contents may vary.

<sup>3</sup> The indirect support cost rate may be amended by the Board during the project.

**ANNEX I-B**

<b>DIRECT SUPPORT REQUIREMENTS (US\$)</b>	
<b>WFP Staff and Staff-Related</b>	
Professional staff *	673,733
General service staff **	452,272
Danger pay and local allowances	328,560
<b>Subtotal</b>	<b>1,454,565</b>
<b>Recurring and Other</b>	<b>75,181</b>
<b>Capital Equipment</b>	<b>880,000</b>
<b>Security</b>	<b>250,000</b>
<b>Travel and transportation</b>	<b>451,876</b>
<b>Assessments, Evaluations and Monitoring<sup>4</sup></b>	<b>853,860</b>
<b>TOTAL DIRECT SUPPORT COSTS</b>	<b>3,965,483</b>

\* Costs to be included in this line are under the following cost elements: International Professional Staff (P1 to D2), Local Staff - National Officer, International Consultants, Local Consultants, UNV

\*\* Costs to be included in this line are under the following cost elements: International GS Staff, Local Staff - General Service, Local Staff - Temporary Assist. (SC, SSA, Other), Overtime

<sup>4</sup> Reflects estimated costs when these activities are performed by third parties. If WFP Country Office staff perform these activities, the costs are included in Staff and Staff Related and Travel and Transportation.