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**Executive Board  
Second Regular Session**

**Rome, 12–14 November 2012**

# PROJECTS FOR EXECUTIVE BOARD APPROVAL

Agenda item 9

*For approval*



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## BUDGET INCREASES TO PROTRACTED RELIEF AND RECOVERY OPERATIONS – ETHIOPIA 200290

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

Cost (United States dollars)			
	Current budget	Increase	Revised budget
WFP food cost	502 926 431	76 999 710	579 926 141
Total cost to WFP	919 329 208	128 912 367	1 048 241 575

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## NOTE TO THE EXECUTIVE BOARD

**This document is submitted to the Executive Board for approval.**

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.

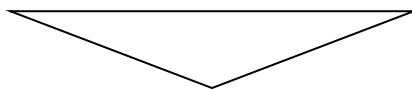
Regional Director, ODN\*: Mr S. Samkange tel.: 066513-2262

Country Director, ODN: Mr A. Dieng Email: Abdou.dieng@wfp.org

Should you have any questions regarding availability of documentation for the Executive Board, please contact Ms I. Carpitella, Senior Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).

\* Regional Bureau Nairobi (East and Central Africa)

## DRAFT DECISION\*



The Board approves the proposed budget increase of US\$128.9 million for Ethiopia protracted relief and recovery operation 200290 “Responding to Humanitarian Crises and Enhancing Resilience to Food Insecurity” (WFP/EB.2/2012/9-D/2).

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\* 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 to protracted relief and recovery operation (PRRO) 200290<sup>1</sup> proposes to:
  - increase the number of relief beneficiaries assisted by WFP in 2013 from 2 million to 3 million people, based on revised projections of requirements;
  - increase the number of malnourished children and pregnant and lactating women (PLW) receiving targeted supplementary feeding (TSF) from 817,000 to 931,000, to respond to increasing malnutrition;
  - increase the food tonnage by 137,518 mt at a food cost of US\$58.2 million, reflecting increased relief and TSF requirements;
  - pilot cash or voucher transfers for 190,000 beneficiaries under relief assistance, at a cost of US\$18.77 million; and
  - increase direct support costs (DSC) and other direct operational costs (ODOC) to support the expanded response and the cash/voucher pilot.
2. The total increase in the budget is US\$128.9 million, including indirect support costs – an increase of 14 percent in the total value of this two-year PRRO.

## JUSTIFICATION FOR BUDGET INCREASE

### Summary of Existing Activities

3. The PRRO 200290 (2012–2013) meets ongoing humanitarian needs, supports the Government's growth and transformation agenda, is aligned with the United Nations Development Assistance Framework (UNDAF) 2012–2015, and contributes to WFP Strategic Objectives 1 and 2.<sup>2</sup> It contributes to government programmes for preventing food crises and enhancing resilience. Its objectives are to:
  - help emergency-affected households reduce the impact of shocks, by addressing their food needs;
  - support Productive Safety Net Programme (PSNP) households and communities in improving food security, resilience and recovery from disaster; and
  - support food-insecure households in reducing or stabilizing moderate acute malnutrition among children under 5 and PLW.
4. WFP pursues these objectives through three components:

<sup>1</sup> WFP/EB.2/2011/9-C/2

<sup>2</sup> Strategic Objective 1 – Save lives and protect livelihoods in emergencies; and Strategic Objective 2 – Prevent acute hunger and invest in disaster preparedness and mitigation measures.

⇒ *Relief*

5. The Government's relief programme assists people facing transitory food insecurity resulting from natural disasters or conflict. WFP contributes to the Government's Disaster Risk Management and Food Security Sector by providing food assistance and supporting preparedness and response capacities. Estimates of the number of people requiring relief food assistance are based on twice-yearly Government-led, multi-agency food security assessments.

⇒ *Productive Safety Net Programme*

6. The Government-led PSNP provides predictable multi-year support for the most food-insecure people, protecting food consumption and supporting community works. In 2012, the PSNP provided cash or food transfers to 7.6 million people; WFP covers food requirements in pastoral areas, serving 1.4 million people in 2012. PSNP support is augmented by the relief programme in districts suffering large-scale shocks.

⇒ *Targeted supplementary feeding*

7. WFP supports government interventions for moderate acute malnutrition by providing food supplements for malnourished children under 5 and PLW, identified through nutrition screening by the Ministry of Health with support from the United Nations Children's Fund. Activities focus on highly food-insecure districts and those identified as "hotspots priority 1".<sup>3</sup>
8. Since the PRRO started in January 2012, revisions have aligned the numbers of relief and TSF beneficiaries with the Humanitarian Requirement Documents of January and July 2012.

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## CONCLUSION AND RECOMMENDATIONS OF THE REASSESSMENT

### Food Insecurity background

9. Ethiopia is one of the world's most disaster-prone countries, at risk of multiple disasters,<sup>4</sup> especially related to weather. Climatic trends show declining rainfall in heavily populated areas of south and central Ethiopia.<sup>5</sup>
10. The February-May *belg* rainfall seasons have been poor for four of the last five years (2008–2012). The main rains in pastoral areas during this season – *genna* and *gu* – have also been poor for three of the past five years.
11. Nationally, the *belg* harvest is the secondary harvest, consumed mainly during the second half of the calendar year. Government-led multi-agency food security assessments and WFP food security monitoring showed that the 2011 and 2012 *belg* harvests were poor; WFP responded by increasing the scale of its assistance. The *meher* harvest from October to January provides the country's main crop production and follows the *kiremt*

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<sup>3</sup> Districts are classified as hotspots on the basis of information from the early warning system. To identify hotspots priority 1, the Government uses the Integrated Food Security Phase Classification phase 3 "crisis" indicators triangulated with indicators of increased malnutrition, surveys indicating at least 15 percent global acute malnutrition and 3 percent severe acute malnutrition, or increased admissions to therapeutic feeding centres.

<sup>4</sup> UNDAF Country Analysis, 2010.

<sup>5</sup> United States Geological Survey. 2012. *A Climate Trends Analysis of Ethiopia*, April 2012. Reston, Virginia, USA.

rains of June to September. However, long-cycle crops such as maize and sorghum, which provide 40 percent of national cereal production, depend on both the *belg* and *kiremt* rains.

12. Although smallholder farmers account for 95 percent of agricultural production, about 30 percent of them are net buyers of food.<sup>4</sup> Cereal price increases and poor market functioning therefore had serious implications for their food security. High cereal prices also had a serious impact on poorer households in pastoral and urban areas. In 2012, food prices have been significantly higher than the five-year averages, with a general food inflation rate of 20 to 30 percent a year. The trend of high food prices is expected to continue.
13. Ethiopia has high prevalence of malnutrition, with national averages of 10 percent wasting, 29 percent underweight and 44 percent stunting in 2011. Malnutrition prevalence starts to increase before the lean season and peaks towards its end.

### Food Security Outlook for 2013

14. The poor 2012 *belg* rainfall led to a reduction in the planted area of higher-yielding, long-cycle crops, which will not be fully offset by the increased planting of lower-yielding, short-cycle crops. This is expected to reduce the 2012 *meher* harvest. Relief food needs in *meher* crop-producing areas will therefore increase compared with the existing PRRO provisions for 2013. Needs will also increase in *belg* crop-producing areas, which will have an early and long hunger period because of the poor 2012 *belg* harvests.
15. The emergence of *El Niño* from July 2012 is expected to increase the secondary pastoral rains – *deyr* – and the small *sapia* rains in the Southern Nations Nationalities and People's Region (SNNPR) during October to December 2012. This will benefit pastoralists/agropastoralists in Somali and Oromia, and farmers in some zones of the SNNPR. However, relief needs are expected to remain similar to current levels during the first half of 2013, as the marginal improvements will not lead to full recovery of pastoral livelihoods.
16. Food security in the second half of 2013 will also depend on the February to May 2013 rainfall, for which forecasts are not yet available. Given the recurrent rain failures in recent years, if these 2013 rains fail, food security will deteriorate further because the pastoral and agropastoral areas of eastern Ethiopia will not have fully recovered.

### Relief Food Requirements for 2013

17. To estimate relief food requirements for 2013, WFP analysed food insecurity in Ethiopia for the period 2005–2012, during which there were relatively favourable production years, such as 2006, 2007 and 2010, and less favourable years, such as 2008 and 2011.
18. Considering recent historical evidence, 2012 rainfalls, price analyses, and the assumptions about rainfall in 2013, projections of the number of people requiring relief food assistance in 2013 are 2.4 million in the best-case scenario, 5.6 million in the worst case scenario and 4.2 million in a situation between “best” and “worst”. Based on the mixed outlook for 2013, the middlecase scenario is expected. Of the projected 4.2 million people in need of relief food, WFP anticipates covering the needs of 3 million, with the remainder receiving assistance from non-governmental organizations (NGOs) under the Joint Emergency Operation Plan (JEOP).
19. The Ethiopia country office has experience of using vouchers in the urban HIV and AIDS component of its country programme. While market analysis indicates that urban markets are functioning fairly well, analysis of rural markets is needed for selecting the

appropriate distribution modality for cash or vouchers in relief assistance. This analysis will be completed in 2012, and will inform WFP plans for piloting cash/voucher transfers as part of the relief response.

20. The multi-stakeholder assessment for January to June 2013 relief requirements will be carried out in November and December 2012 by the Government, WFP, donors, the Office for the Coordination of Humanitarian Affairs and the main international NGOs; the Humanitarian Requirement Document will be released in January 2013.

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## PURPOSE OF THE BUDGET INCREASE

21. This budget revision will prepare WFP and its donors for a timely response to emerging humanitarian requirements in 2013, enabling WFP to pre-position food for early 2013. Based on available evidence, the revision reflects a projected increase of 1 million relief beneficiaries compared with the previous PRRO planning figure for 2013, rising from 2 million to 3 million beneficiaries. It also covers an additional 114,000 beneficiaries of TSF to meet the nutritional needs of malnourished populations, rising from 817,000 to 931,000 beneficiaries.
22. WFP will continue to implement the second generation of its TSF component, with design improvements. These activities are now aligned with relief hotspot priority 1 intervention areas. Nutrition screening and treatment is moving from a three-month to a monthly cycle, based on monitoring of nutrition outcomes by health extension workers. This requires the delivery and distribution of specialized food at decentralized locations nearer to beneficiaries. The new approach has been rolled out to about 20 districts and will be scaled up further, given the significant improvement in the recovery of malnourished children.
23. Following successful piloting of bank transfers for PSNP beneficiaries, the Government intends to scale up this cash transfer mechanism in the PSNP and emergency response in 2013.<sup>6</sup> Bank transfers are expected not only to reduce the time lag and other problems with cumbersome cash distribution mechanisms, but also to extend beneficiary access to banking systems and other financial institutions. Based on experience, market analysis and a feasibility study, WFP will pilot cash or voucher transfers for relief assistance in selected areas.
24. The pilot will be implemented in selected areas of Amhara and Tigray regions. Based on the functionality of markets, access to financial services, and World Bank and Government experience of electronic transfers through the banking system, relief beneficiaries will be targeted for receiving cash or vouchers. Experience of voucher transfers under the WFP country programme will also be available. WFP plans to provide 190,000 relief beneficiaries with cash or voucher transfers in 2013.

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<sup>6</sup> Ministry of Agriculture. June 2012. Technical Proposal for a Greater Role of Cash in Food Assistance Disbursement in Ethiopia. Addis Ababa.

<b>TABLE 1: BENEFICIARIES, BY COMPONENT</b>					
<b>Component</b>	<b>Beneficiary category</b>	<b>Current</b>	<b>Original (2013)</b>	<b>Increase (2013)</b>	<b>Revised (2013)</b>
Relief	Transitorily food-insecure households				
	➤ food	3 008 600	2 000 000	810 000	2 810 000
	➤ cash/vouchers	-	-	190 000	190 000
PSNP	Chronically food-insecure households	1 356 000	1 356 000	-	1 356 000
Targeted supplementary feeding	Acutely malnourished children under 5 and PLW	1 136 000	817 000	114 400	931 400
<b>TOTAL*</b>		<b>5 500 600</b>	<b>4 173 000</b>	<b>1 114 400</b>	<b>5 287 400</b>
<b>Adjusted total**</b>		<b>5 228 000</b>	<b>3 976 900</b>	<b>1 086 900</b>	<b>5 063 900</b>

\* Unadjusted totals, to reflect the beneficiary overlap between TSF and relief/PSNP.

\*\* Adjusted totals, which consider the 24 percent overlap between TSF and relief/PSNP beneficiaries. Relief and PSNP beneficiaries do not overlap.

25. There are no changes in the food rations. The cash or voucher transfer value will be based on the value of the relief food basket.

## RISK MANAGEMENT

### Contextual Risks

26. This revision is based on a middle-case scenario of projected relief needs. Depending on weather conditions, this basis may be altered to the best- or the worst-case scenario. WFP will continue to monitor the situation and adjust its response, in consultation with the Government and JEOP.
27. The Government may opt to shift more beneficiaries from in-kind food support to cash transfers. WFP will work with the Government on market analyses and feasibility studies to ensure that cash or voucher transfer modalities are used where appropriate.

### Programmatic Risks

28. In drought-affected areas such as the Somali region, insecurity could constrain assessments, distributions and monitoring. WFP will work with the Government and the United Nations Department of Safety and Security to secure access to people in need of food.
29. The implementation of cash or voucher transfers may be challenged if markets and financial systems do not function well. WFP will analyse markets and adapt implementation accordingly. If WFP does not receive sufficient contributions for either food or cash/voucher transfers, these modalities will be interchanged depending on available resources, to ensure that beneficiaries receive assistance.



## Institutional Risks

30. If sufficient in-country Emergency Food Security Reserve (EFSR) stocks are available, WFP will borrow from them where needed. If the worst-case scenario of beneficiary numbers occurs and EFSR stocks are low, WFP will explore internal loaning and borrowing, including from JEOP partners.

## FOOD REQUIREMENTS

31. For 2013, an additional 137,518 mt of food is required for an additional 1 million relief beneficiaries and 114,400 TSF beneficiaries. Revised requirements are shown in Table 2. Food costs have increased (see Annex I-A).

<b>TABLE 2: FOOD REQUIREMENTS BY COMPONENT</b>				
<b>Component</b>	<b>Food</b>	<b>Food requirements (mt)</b>		
		<b>Current</b>	<b>Increase</b>	<b>Revised total</b>
Relief	Cereals	646 164	109 350	755 514
	Pulses	64 616	10 935	75 551
	Vegetable oil	19 385	3 281	22 666
	Blended food	67 847	11 482	79 329
PSNP	Cereals	292 896	-	292 896
	Pulses	24 408	-	24 408
	Vegetable oil	7 322	-	7 322
TSF	Vegetable oil	5 532	324	5 856
	Blended food	36 613	2 146	38 759
<b>TOTAL</b>		<b>1 164 783</b>	<b>137 518</b>	<b>1 302 301</b>

## ANNEX I-A

<b>BUDGET INCREASE COST BREAKDOWN</b>			
<b>Food<sup>1</sup></b>	<b>Quantity (mt)</b>	<b>Value (US\$)</b>	<b>Value (US\$)</b>
Cereals	109 350	39 911 306	
Pulses	10 935	5 602 998	
Oil and fats	3 605	4 163 389	
Mixed and blended food	13 628	8 551 582	
<b>Total food</b>	<b>137 518</b>	<b>58 229 276</b>	
Voucher or cash transfers		18 770 435	
<b>Subtotal food and transfers</b>			<b>76 999 710</b>
External transport			5 370 701
Landside transport, storage and handling			22 402 418
Other direct operational costs			3 667 677
Direct support costs (see Annex I-B) <sup>2</sup>			12 038 341
<b>Total WFP direct costs</b>			<b>120 478 848</b>
Indirect support costs (7.0 percent) <sup>3</sup>			8 433 519
<b>TOTAL WFP COSTS</b>			<b>128 912 367</b>

<sup>1</sup> This is a notional food basket for budgeting and approval. The contents may vary.

<sup>2</sup> Indicative figure for information purposes. The direct support costs allotment is reviewed annually.

<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>Staff-related costs</b>	
International professional staff	808 200
Local staff – national officers	477 642
Local staff – general service	484 833
International consultants	1 920 000
Local consultants	48 000
Commercial consultancy services	500 000
Staff duty travel	2 319 190
<b>Subtotal</b>	<b>6 557 865</b>
<b>Recurring expenses</b>	
Utilities	30 824
Office supplies and other consumables	700 000
Communications services	2 158 500
Vehicle running costs and maintenance	328 152
Office set-up and repairs	1 681 000
<b>Subtotal</b>	<b>4 898 476</b>
<b>Equipment and capital costs</b>	
Communications equipment	172 000
Local security costs	410 000
<b>Subtotal</b>	<b>582 000</b>
<b>TOTAL DIRECT SUPPORT COSTS</b>	<b>12 038 341</b>

## ANNEX II: LOGICAL FRAMEWORK

**Note:**

This budget revision for 2013 is in response to a forecast increase in the numbers of beneficiaries for relief and TSF, and for piloting a cash/voucher transfer modality for 190,000 relief beneficiaries in selected intervention areas. The outcomes, outputs and indicators remain the same as in earlier PRRO budget revision documents,<sup>1</sup> except for the inclusion of output indicators for the cash/voucher pilot intervention, which are shown below.

Output indicators of beneficiaries reached and tonnage of food distributed by relief and TSF are measured as percentages of the planned figures: the targets for these outputs are to achieve 100% of the planned figures.

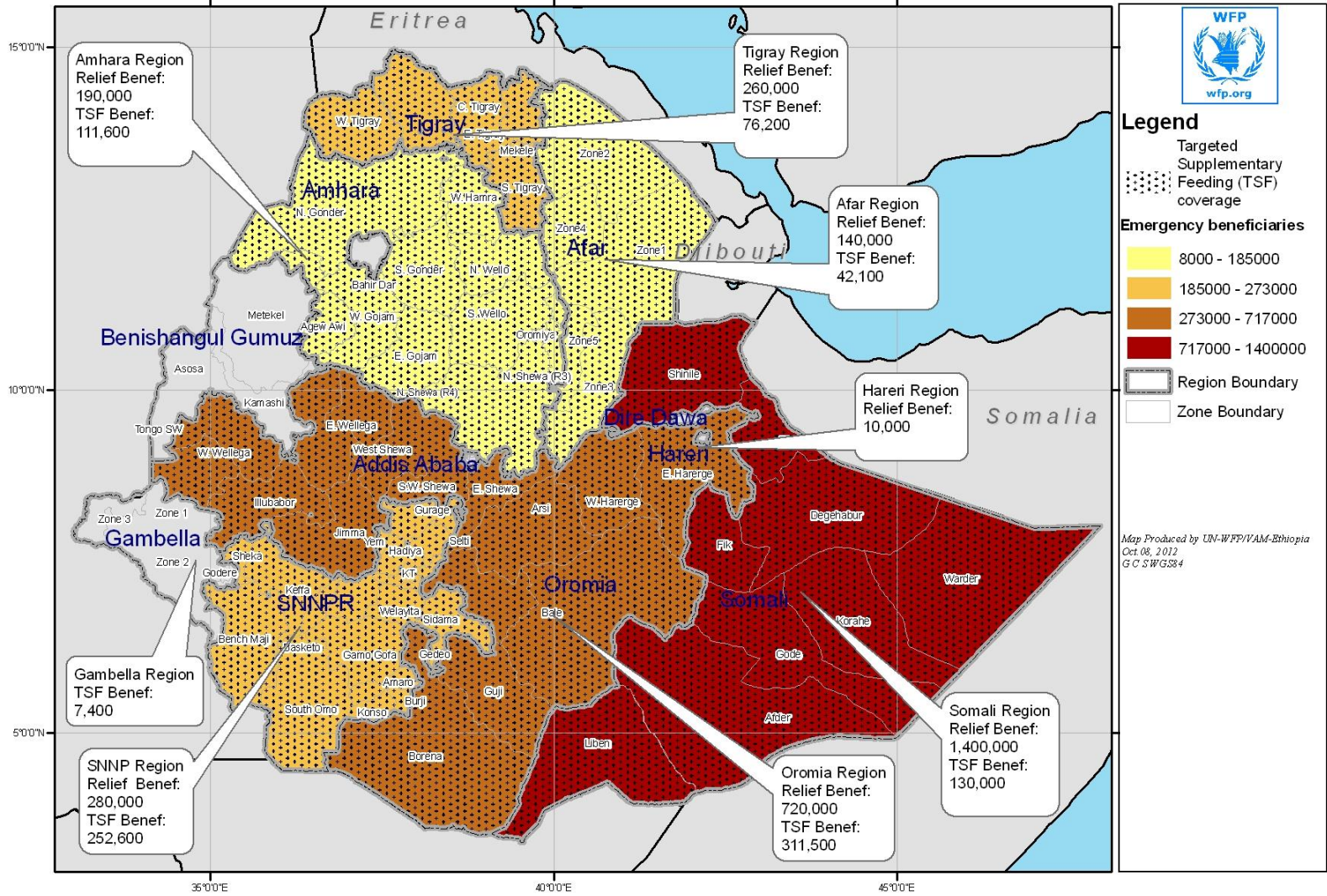
Results	Performance indicators	Assumptions
<b>PRRO component 1: Relief and TSF</b>		
<b>Strategic Objective 1:</b> Save lives and protect livelihoods in emergencies		
<b>Output 1.1.1</b> Food of sufficient quantity and quality, or cash or voucher transfers of sufficient quantity, distributed to targeted women, men, girls and boys in emergency-affected and food-insecure areas	<ul style="list-style-type: none"> <li>➤ Number of women, men, girls and boys receiving cash and vouchers, as % of planned Target: 70%</li> <li>➤ Total cash/voucher value (US\$) distributed, as % of planned Target: 70%</li> </ul>	Donors provide adequate support to relief interventions. Security incidents, particularly in Somali region, do not affect timely delivery and distribution of relief assistance.



<sup>1</sup> <http://documents.wfp.org/stellent/groups/public/documents/eb/wfpdoc062022.pdf>

# Ethiopia PRRO 200290 – Relief and Targeted Supplementary Feeding for 2013

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.



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## ACRONYMS USED IN THE DOCUMENT

EFSR	Emergency Food Security Reserve
JEOP	Joint Emergency Operation Plan
NGO	non-governmental organization
PLW	pregnant and lactating women
PRRO	protracted relief and recovery operation
PSNP	Productive Safety Net Programme
SNNPR	Southern Nations Nationalities and People's Region
TSF	targeted supplementary feeding
UNDAF	United Nations Development Assistance Framework