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BUDGET INCREASES TO PROTRACTED RELIEF AND RECOVERY OPERATIONS APPROVED BY CORRESPONDENCE BETWEEN THE ANNUAL SESSION AND THE SECOND REGULAR SESSION 2008 — AFGHANISTAN 10427.0

Post-Conflict Relief and Rehabilitation

On 16 September 2008 the budget increase was sent to Board members for approval by correspondence. It covered the provision of an additional 323,784 mt of food, at a cost of US\$332,400,183. Approval was obtained on 24 September 2008.

Cost (United States dollars)			
	Current budget	Increase	Revised budget
WFP food cost	263 695 525	179 239 419	442 934 944
Total cost to WFP	515 400 672	332 400 183	847 800 856

* In accordance with the Executive Board's decisions on governance, approved at the Annual and Third Regular Sessions, 2000, items for information should not be discussed unless a Board member specifically requests it, well in advance of the meeting, and the Chair accepts the request on the grounds that it is a proper use of the Board's time.

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NATURE OF THE INCREASE

1. This budget revision is intended to expand the scope of protracted relief and recovery operation (PRRO) 10427.0 to align it with the revised appeal for Afghanistan launched on 9 July 2008; and to extend its duration by 12 months, from January to December 2009, to align it with the Afghanistan National Development Strategy (ANDS) and the United Nations Development Assistance Framework (UNDAF).
2. The revision includes increases in food and associated costs and the inclusion of pilot activities to address the special needs of the most vulnerable women and children under 5, and to support the livelihoods of those severely affected by high food prices. The programme components support the priorities of the ministries of education, health, agriculture and rural development.

JUSTIFICATION

Summary of Existing Project Activities

3. PRRO 10427.0 aims to enhance food security and improve the human and productive capital of food-insecure Afghans in urban and rural areas through activities that include:
 - emergency food assistance for vulnerable groups affected by natural disasters and insecurity;
 - food-for-work (FFW) and food-for-asset (FFA) activities to improve the capacity of vulnerable groups such as internally displaced persons (IDPs) to manage shocks, meet food needs and protect livelihoods;
 - food assistance for tuberculosis (TB) patients;
 - food for education (FFE) to support increased enrolment and attendance of primary schoolchildren, particularly girls;
 - food-for-training (FFT) activities involving functional literacy and vocational training aimed at developing life skills among poor rural adults, especially women;
 - deworming;
 - flour fortification; and
 - training for government and non-government counterparts that contributes to Strategic Objective 5 by increasing capacities to identify food needs, develop delivery strategies and implement and monitor food-based programmes.
4. On 24 January 2008, the first Afghanistan joint appeal was launched and US\$81.3 million was appealed for by the United Nations Children's Fund (UNICEF), the World Health Organization (WHO) and WFP to assist 2.5 million Afghans affected by the rise in food prices; WFP requested US\$77.0 million to provide 89,000 mt of food for beneficiaries in both rural and urban areas. Thanks to generous donor contributions, WFP was able to act quickly to provide emergency food assistance to vulnerable groups affected by high food prices.



CONCLUSIONS AND RECOMMENDATIONS OF THE MID-TERM REVIEW AND ASSESSMENTS

Mid-Term Review of PRRO 10427.0

5. A mid-term review of PRRO 10427.0 in March and April 2008 made the following recommendations to the country office for designing programme responses.

Drought response and mitigation of price rises

6. The impending threat of drought and earlier expansion of programme activities for mitigating the impact of price rises should be taken into account when planning programmes. Humanitarian stakeholders need an action plan to counter a potentially larger crisis later in the year.
7. The country office should: i) continue to pre-position wheat before winter to complete distribution to beneficiaries; ii) explore the possibility of engaging private bakeries in urban areas to supply bread for WFP and distribution centres managed by partners; and iii) investigate a cash voucher programme as an alternative programming tool.
8. Targeted free distribution of food to vulnerable households affected by price rises should be continued, on a scale to be determined by assessments.
9. The country office should continue its dialogue with the Ministry of Agriculture, Irrigation and Livestock and provide technical support to set up a strategic grain reserve, a proposal being discussed by the Ministry, the Food and Agriculture Organization of the United Nations (FAO), the World Bank and WFP. All stakeholders agree that such a reserve is not possible immediately, and that preparatory work needs to be done. WFP would support the Government for capacity-building in warehouse management, handling and storage of large quantities of grain and setting up a procurement and distribution system.

Support for education

10. A larger number of schools should be covered, on the basis of national risk and vulnerability assessments (NRVAs) and the additional criterion of populations affected by food price increases. The country office should provide daily school snacks for all grades in WFP-targeted districts.
11. Support for women teachers in WFP's targeted districts should be limited to their pre-service and in-service training periods rather than extending throughout the year.
12. Girls in secondary school grades 10–12 in WFP-assisted areas should be assisted during the new school year, with a view to increasing the proportion of women teachers. The current level was 28 percent nationally; it was lower if disaggregated regionally.
13. Continue support for women's functional literacy and vocational training programmes, which would help to enhance the livelihood opportunities available to women who participate in these programmes.

Livelihood restoration/recovery

14. Work with partners to: i) select FFW activities that enhance individual livelihood assets; ii) support the creation of durable assets; and iii) review the feasibility of combining cash and food assistance. Explore and pilot programmes to help farmers to discontinue poppy



cultivation, building on the dialogue established with the United Nations Office on Drugs and Crime (UNODC) and donors.

15. Continue to discuss with partners the issue of “contract farming”, to initiate a start-up plan for local procurement in 2009 and to include Purchase-for-Progress (P4P) as an objective in the new phase of the PRRO from 2010.

Regional Bureau Bangkok (Asia) Assessment of the Impact of High Food Prices and Drought

16. The Regional Bureau carried out a rapid assessment in January 2008 to assess the impact of high market prices on urban households and to examine coping strategies and their effect on livelihoods, health and nutritional status. The mission helped to identify urban dwellers who had become most vulnerable as a result of price increases and to define optimum responses.
17. The mission also looked at targeting methods to identify people needing assistance and at delivery mechanisms, particularly in urban areas. The findings are consistent with the recent country office vulnerability analysis and mapping (VAM) recommendations, including a projection of wheat and wheat flour prices until the next harvest, the number of people affected and the impact of prices on food security and livelihoods.

Ministry of Agriculture/FAO 2008 Pre-Harvest Assessment

18. The Ministry of Agriculture, Irrigation and Livestock conducted a pre-harvest and prospects assessment in March 2008, supported by FAO. Rain-fed production, which accounted for 94 percent of production in 2007, had failed and production of irrigated wheat was significantly lower because of low winter temperatures and the lack of rain. The assessment estimated that 2008 cereal production, which would be the lowest since 2002 and 30 percent lower than in 2007, would meet only two-thirds of the domestic requirement of 6 million mt of cereals, of which 5 million mt is wheat. This will necessitate the import of 2 million mt of cereals. Combined with the high food prices, the poor harvest has severe food security implications for millions of people.

Joint United Nations/Government Food Security Analysis

19. According to the NRVAs in 2007 and 2008, 42 percent of the population – 12 million people – live below the poverty line with per capita incomes of US\$0.45 per day or less and with increased food insecurity because of their low purchasing power. A further 20 percent – 6 million people – are barely above the poverty line and spend most of their income on food, which indicates high vulnerability to shocks. A modest increase in the price of staples would place a large number of people below the poverty line and expose them to food insecurity caused by poor or borderline food consumption and access.
20. Following the identification of increased vulnerability caused by the dramatic rise in local wheat and wheat flour prices and by crop failure in some areas, a joint analysis of the impact was conducted by the Ministry of Agriculture, Irrigation and Livestock, the Vulnerability Analysis Unit of the Ministry of Rural Rehabilitation and Development, the Central Statistics Office (CSO) and the country office VAM unit. It used six indicators: i) food consumption based on the dietary diversity indicator for food-insecure populations; ii) a wheat production forecast for 2008 by FAO and the Ministry of Agriculture, Irrigation and Livestock; iii) household expenditure on food; iv) livelihood profiles based on income;



- v) changes in wheat flour prices in the past year; and vi) rainfall and snowfall in 2008 compared with 2007.
21. Recent data collected by Government and United Nations assessments suggest that 35 percent of Afghan households do not meet the minimum daily caloric intake of 2,100 kcal/person, 5 percentage points higher than in 2005; 46 percent of households have very poor dietary diversity and food consumption. Food expenditures for the most-affected households are 85 percent of income compared with 56 percent in 2005. Agricultural output has been severely affected by drought.
 22. The VAM analyses and monitoring of market price monitoring data indicate that the restrictions on cereal exports imposed by countries in the region contribute to higher prices. As a result, more people face an increased risk of food insecurity and vulnerability; those most at risk are small farmers, the landless, nomads and casual labourers. This situation is expected to worsen as the 2008/09 marketing year progresses, with possible major food insecurity.
 23. The prices of essential foods more than trebled between May 2007 and May 2008. The price of wheat in the main urban areas in May 2008 averaged 200 percent higher than in May 2007. Price increases ranged from 157 percent in Faizabad to 259 percent in Mazar-e-Sharif. In Kabul prices rose by 193 percent over the same period and by 198 percent in Kandahar, 221 percent in Jalalabad and 190 percent in Herat. Wheat flour prices followed the trend of wheat prices. Food prices in all cities also rose steeply between March and May 2008, the peak hunger period. Prices may fluctuate and may fall slightly in the future, but they are not expected to return to the levels of early 2007. It is clear that the food security of the affected populations will not improve until the next harvest in June/July 2009.

Assessment by the Ministry of Public Health

24. According to the Ministry of Public Health, global acute malnutrition (GAM) has increased to 19.7 percent, severe acute malnutrition (SAM) in children under 5 is 6.7 percent, severe malnutrition among lactating women is 24 percent and severe malnutrition measured as body mass index (BMI) <18.5 among pregnant women is 19 percent. Data on chronic malnutrition are not available, but there are indications of a significant increase in the prevalence of stunting (chronic malnutrition) compared with the 2004 National Nutrition Survey, which showed a prevalence of 54 percent, and an increase in iron-deficiency anaemia in women of reproductive age.

PURPOSE OF EXTENSION AND BUDGET INCREASE

25. PRRO 10427.0, which is scheduled to end in December 2008, is proposed for extension to the end of December 2009 in line with the amended UNDAF cycle. The budget revision provides for additional interventions in the context of the Afghanistan Joint Emergency Appeal launched in July 2008, which targeted people affected by high food prices and the poor harvest. The country office will implement new pilot projects for cash and vouchers, blanket supplementary feeding, on-site school feeding and local production of fortified food with a view to assessing their relevance, feasibility and sustainability and the potential for scaling up.



26. This change is an opportunity to align PRRO 10427.0 with the WFP Strategic Plan (2008–2011). The extended timeframe will enable WFP to explore its continued role in meeting immediate humanitarian needs and in medium-term and long-term solutions for food security in Afghanistan.

Expected Outcomes

27. The operation will focus on reducing hunger, preventing hunger-related deaths in areas affected by crises and disasters, protecting and enhancing livelihoods, and improving the capacity of the Government to tackle hunger issues. The expected outcomes are in line with WFP's Strategic Objectives 1, 3 and 5:
- meet the immediate food needs of the targeted population vulnerable to shocks, including those severely affected by higher food prices and drought;
 - prevent a decline in nutritional status among targeted women and children under 5 in WFP intervention areas;
 - mitigate micronutrient deficiencies in children of school age in WFP-assisted schools;
 - increase access to education for girls and boys in WFP-assisted schools;
 - increase access to TB treatment;
 - re-establish the livelihoods of targeted beneficiaries; and
 - increase the capacity of government and private enterprises to supply fortified flour.

Programme Interventions: Additional Activities

28. In urban areas, relief food assistance and voucher and cash programmes will be undertaken with the Government and private-sector actors. The aim is to increase resilience and to support the livelihoods and food and nutrition security of communities and families affected by the high food prices and drought. With markets functioning well in Kabul and other major urban areas, the country office will use a combination of options that will give purchasing power to targeted beneficiaries and support the re-emergence of markets. The country office will use new WFP tools and will seek expertise on cash/voucher programmes and safety nets using conditional and unconditional transfers based on local conditions.¹ It will look into the feasibility and cost-effectiveness of these responses, including the identification of expertise and of partnerships to supply technical inputs, cash for non-food items and quality control for the creation of productive assets; such expertise will also inform the UNDAF and ANDS sectoral strategies.
29. FFW recovery activities, including environmental initiatives led by women, will be developed in peri-urban and rural areas to mitigate price rises, improve individual livelihood assets and help targeted households to meet their food needs. A pilot programme with the Ministry of Rural Rehabilitation and Development and other agencies will introduce FFW and pilot cash-based support packages for farmers who have discontinued poppy cultivation.
30. In addition to mother-and-child health and nutrition (MCHN), the country office will pilot a blanket supplementary feeding programme in provinces where food insecurity and malnutrition are highest: 37,000 children under 2 will be targeted with ready-to-use food for children (RUFC); children aged 24–59 months and pregnant and lactating women will

¹ The country office intends to implement a pilot programme using cash and/or vouchers and document the lessons learned for scaling up. WFP procedures for implementing cash pilot programmes will be followed.



receive fortified blended food. Discussions with the Ministry of Public Health, UNICEF and WHO will soon result in decisions on beneficiaries and provinces to be targeted. The country office will seek nutritional experts to design the pilot programme and assess its impact with a view to scaling up the programme to cover additional provinces and beneficiaries; the programme will include awareness training in nutrition, health and child-care for adolescent girls, pregnant and lactating women, health promoters and community leaders. A communications campaign on malnutrition, its prevention and the benefits of WFP food will also be implemented.

31. The country office, which has promoted small-scale fortification of wheat flour since 2004, plans to expand flour fortification and promote the production of locally fortified food that could be used in MCHN programmes. This intervention is expected to benefit the food industry and the economy. The country office will seek experts to study the feasibility and design of the intervention and to start it. Awareness training in nutrition, care practices and hygiene should be provided for all beneficiaries.
32. The country office will build on its experience to pilot on-site feeding for 100,000 boys and girls in schools identified with the Ministry of Education. The nutrition situation in Afghanistan is characterized by extremely high prevalence of chronic malnutrition and widespread micronutrient deficiency diseases, so children in the selected schools will receive a daily meal mixed with micronutrient powder (MNP) to address multiple micronutrient deficiencies.
33. WFP will promote a school-centred development approach to local development that will include: i) fuel efficient stoves; ii) enhanced school gardening and environmental rehabilitation through school tree nurseries and planting campaigns; iii) efficient and hygienic school canteens; and iv) education in care, nutrition and community mobilization. On-site school feeding will be linked to complementary programmes that increase agricultural productivity; these programmes will be implemented with partners. To support future financing, sustainability and the dissemination of good practice, the country office will seek expert help to ensure that the design of environmental initiatives – such as fuel-saving stoves, plant nurseries and reforestation programmes – enables them to receive revenue from carbon credit financing.
34. Tables 1, 2 and 3 give the beneficiary caseload and rations by activity.

TABLE 1: BENEFICIARIES, BY ACTIVITY

Activity	Current	Increase	Revised
General food distribution	1 709 919	413 889	2 123 808
FFW and support for safety-net ² programmes, including vouchers and cash	2 173 333	1 652 331	3 825 664
FFW recovery component	3 030 000	824 379	3 854 379
FFT: teacher training, literacy and vocational training	1 602 000	-	1 602 000
School feeding, on-site dry	1 500 000	-	1 500 000
School feeding, take-home wheat	450 000	-	450 000
School feeding, take-home oil ³	400 000	-	400 000
Support for national TB programme	720 000	38 158	758 158
School feeding, on-site wet	-	100 000	100 000
Blanket supplementary feeding	-	37 000	37 000
MCHN: pregnant and lactating women	-	180 000	180 000
MCHN: children aged 24–59 months	-	332 147	332 146
Total	11 185 252	3 577 904	14 763 156

TABLE 2: RATIONS AND NUTRITIONAL VALUE

Activity	Rations per person per day (g)								Kcal
	Wheat/ wheat flour	Pulses	Oil	Salt	WSB [*]	HEB ^{**}	RUFC	MNP	
General food distribution	450	50	30	5	-	-	-	-	1 918
FFW/FFW recovery	400	50	25	5	-	-	-	-	1 709
FFT, functional literacy and vocational training	200	30	15	5	-	-	-	-	893
School feeding, on-site dry	-	-	-	-	-	100	-	-	450
School feeding, on-site wet	120	40	10	5	-	-	-	1	659
Blanket supplementary feeding	-	-	-	-	-	-	50	-	260
MCHN	-	-	25	-	250	-	-	-	1 220

* wheat-soya blend

** high-energy biscuits

² There are 3.8 million beneficiaries under FFW and safety-net programmes, but the country office intends to implement a pilot project using cash and/or vouchers.

³ Girls receiving oil are excluded from the total beneficiaries to avoid double counting.



TABLE 3: INCENTIVE RATIIONS, PER PERSON PER MONTH (kg)

Activity	Wheat/ wheat flour	Pulses	Oil	Salt	WSB	HEB	RUFC	MNP
FFT, teachers ⁴	-	-	3.7	-	-	-	-	-
School feeding, take-home oil ⁵	-	-	3.7	-	-	-	-	-
School feeding, take-home wheat ⁶	50	-	-	-	-	-	-	-
Support for national TB programme	50	8	3.7	1	-	-	-	-

TABLE 4: TOTAL FOOD REQUIREMENTS, BY ACTIVITY (mt)

Activity	Current	Increase	Revised
General food distribution	58 040	20 821	78 861
FFW/FFW recovery	330 413	134 431	464 844
FFT, teacher training, literacy and vocational training	42 435	23 683	66 118
School feeding, on-site dry	52 168	30 500	82 668
School feeding, take-home wheat ration	138 947	54 692	193 639
School feeding , take-home oil ration	26 020	8 880	34 900
TB	38 455	21 748	60 202
School feeding, on-site wet	-	3 344	3 344
Blanket supplementary feeding	-	333	333
MCHN: pregnant and lactating women	-	8 910	8 910
MCHN: children 24–59 months	-	16 441	16 441
Total	686 478	323 783	1 010 260

IMPLEMENTATION ARRANGEMENTS

35. The operation will be implemented in line with the modalities agreed with the Government. The country office will seek expertise to define the implementation arrangements for the new pilot interventions; the existing implementation structures of the Ministry of Education, the Ministry of Health and the Ministry of Rehabilitation and Rural Development will be used to deliver assistance to the targeted beneficiaries. All activities will benefit from the operational and logistics arrangements that serve the current PRRO and will use its network of area and sub-offices and cooperating partners.

⁴ Trainees receive 3.7 kg of oil/person/month for nine months as an incentive.

⁵ Oil: 3.7 kg/person/month is distributed as an incentive for girls for four to seven months, depending on the gender gap.

⁶ Wheat: 50 kg/person is distributed once a year before the start of winter.



ANNEX I-A

BREAKDOWN OF BUDGET INCREASE COSTS			
	Quantity (mt)	Average cost per mt (US\$)	Value (US\$)
WFP COSTS			
Direct operational costs			
Food commodities ¹			
– Wheat/wheat flour	224 820	348.92	78 444 045
– Vegetable oil	20 590	1 829.78	37 675 161
– Pulses	21 926	810.62	17 773 651
– Iodized salt	2 549	86.58	220 685
– HEB	28 500	930.00	26 505 000
– WSB	23 047	711.01	16 386 593
– Dates	2 000	600.00	1 200 000
– RUSF	333	2 649.50	882 284
– MNP	19	8 000.00	152 000
Total food	323 784		179 239 419
External transport			56 000 000
Landside transport			29 900 655
Internal transport, storage and handling			12 592 184
Landside transport, storage and handling			42 492 839
Other direct operational costs			5 370 000
A. Total direct operational costs			283 102 258
B. Direct support costs² (see Annex I-B)			27 552 119
C. Indirect support costs (7.0 percent)³			21 745 806
TOTAL WFP COSTS			332 400 183

¹ This is a notional food basket used for budgeting and approval purposes. The contents may vary.

² Indicative figure for information purposes. The direct support costs allotment is reviewed annually.

³ The Indirect support cost rate may be amended by the Board during the project.



ANNEX I-B

DIRECT SUPPORT REQUIREMENTS (US\$)	
Staff	
International professional staff	5 086 530
National officers	920 300
General service staff	5 522 850
Temporary assistance	84 500
Overtime	117 377
Incentives	5 063 186
International consultants	324 000
Local consultants	504 742
Medical insurance	307 013
United Nations volunteers	1 247 084
Staff duty travel	2 895 260
Staff training and development	338 000
Subtotal	21 796 816
Office expenses and other recurrent costs	
Rental of facility	753 235
Utilities (general)	638 317
Office supplies	77 718
Communication and information technology services	612 000
Insurance	190 207
Equipment repair and maintenance	74 920
Vehicle maintenance and running cost	1 356 641
Other office expenses	396 000
United Nations organization services	148 600
Bank charges	60 265
Subtotal	4 307 903
Equipment and other fixed costs	
Furniture, tools and equipment	197 400
Vehicles	350 000
Telecommunications and information technology equipment	900 000
Subtotal	1 447 400
TOTAL DIRECT SUPPORT COSTS	27 552 119



ACRONYMS USED IN THE DOCUMENT

ANDS	Afghanistan National Development Strategy
BMI	body mass index
CSO	Central Statistics Office
FAO	Food and Agriculture Organization of the United Nations
FFA	food for assets
FFE	food for education
FFW	food for work
FFT	food for training
GAM	global acute malnutrition
GFD	general food distribution
HEB	high-energy biscuits
IDP	internally displaced persons
MCHN	mother-and-child health and nutrition
MNP	micronutrient powder
NRVA	national risk and vulnerability assessment
OMJ	Regional Bureau
P4P	Purchase for Progress
PRRO	protracted relief and recovery operation
RUFCC	ready-to-use food for children
SAM	severe acute malnutrition
TB	tuberculosis
UNDAF	United Nations Development Framework
UNICEF	United Nations Children's Fund
UNODC	United Nations Office on Drugs and Crime
VAM	vulnerability analysis and mapping
WHO	World Health Organization
WSB	wheat-soya blend