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## **PROJECTS APPROVED BY CORRESPONDENCE**

### **Agenda item 9**

*For information\**



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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 — ETHIOPIA 10665.0**

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

On 29 August 2008 the budget increase was sent to Board members for approval by correspondence. It covered the provision of an additional 378,642 mt of food, at a cost of US\$303,856,040. Approval was obtained on 5 September 2008.

\* 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 to protracted relief and recovery operation (PRRO) 10665.0 “Responding to Humanitarian Crises and Enhancing Resilience to Food Insecurity” is to cover a significant increase in relief needs for 2008, which has resulted in a food cost increase of US\$185,912,724. This includes the addition of a new ready-to-use supplementary food (RUSF) commodity<sup>1</sup> for targeted supplementary feeding. In addition, there have been increases in:
  - external transport costs, by US\$22,196,485, due to increases of imported food;
  - the landside transport, storage and handling (LTSH) rate, from US\$164.00 to US\$180.36 per mt to cover higher transport costs resulting from high fuel costs and increased demand on limited transport capacity;
  - direct support costs (DSC), by US\$5,335,540; and
  - other direct operational costs (ODOC), by US\$2,240,988.

The DSC and ODOC increases were due to the scale-up of the relief operation.

2. These relief needs stem from the drought emergency rapidly spreading throughout Ethiopia. The number of people suffering from acute food insecurity has risen dramatically since January. From a planned beneficiary number of 853,000, by June 4.6 million people required emergency food assistance until November.

## JUSTIFICATION

### Summary of Existing Project Activities

3. PRRO 10665.0 contributes to the Government’s Plan for Accelerated and Sustainable Development to End Poverty by helping to combat acute food insecurity. The main objectives<sup>2</sup> of the PRRO are to: i) stabilize and/or reduce acute malnutrition among people affected by acute food insecurity resulting from natural disasters or conflict (Strategic Objective 1); ii) increase the ability of Productive Safety Net Programme (PSNP)<sup>3</sup> beneficiaries to manage shocks and invest in activities that enhance their resilience (Strategic Objective 2); iii) rehabilitate children under 5 with moderate acute malnutrition and pregnant and lactating women identified during the Enhanced Outreach Strategy (EOS)<sup>4</sup> screening in food-insecure districts (Strategic Objective 1); and iv) improve the nutritional status and quality of life of food-insecure people living with HIV/AIDS through home-based care, anti-retroviral therapy and prevention of mother-to-child transmission (Strategic Objective 4).

<sup>1</sup> The RUSF was not previously used by WFP; it is to be imported and added to the project food basket on a pilot basis.

<sup>2</sup> The relevant WFP Strategic Objectives: 1) Save lives and protect livelihoods in emergencies; 2) Prevent acute hunger and invest in disaster preparedness and mitigation measures; and 4) Reduce hunger and chronic undernutrition.

<sup>3</sup> The PSNP, a multi-donor programme, reaches 7.5 million people that had been long-term recipients of relief food aid. Households typically receive assistance (mainly cash transfers) for six months each year for at least three years.

<sup>4</sup> EOS is a joint programme in support of the Government’s Child Survival Initiative.



4. The four components of the PRRO, the food activity they involve and the number of beneficiaries covered are:
  - **Protracted relief component:** general relief food distribution and, whenever possible, food for work (FFW) for food-insecure communities affected by severe, unpredictable food shortages (annual average 853,000 beneficiaries);
  - **Protracted relief component:** EOS targeted supplementary food (TSF) for acutely malnourished children under 5 years old and pregnant and lactating women (annual average: 737,000 people);
  - **Recovery component 1:** PSNP in districts where severe food insecurity is chronic and predictable; FFW to create community assets is undertaken by able-bodied beneficiaries, with free distributions for those unable to participate (annual average: 2.4 million people);
  - **Recovery component 2:** Support to households, women and children infected and affected by HIV/AIDS in urban areas (annual average: 164,000 people).
5. As indicated in the original PRRO document, the Government's early-warning system and multi-agency seasonal assessments identify vulnerable populations affected by disaster. The PRRO estimates the annual average relief food needs based on trends in vulnerability over the past five years and considering that moderate emergency needs occurring in PSNP areas would be met from PSNP contingency resources. The planned requirements for relief and PSNP components do not include provisions for a natural disaster on the scale of the current drought emergency. Annual requirements for TSF were based on trends in United Nations Children's Fund (UNICEF)/Ministry of Health EOS screening results for acute malnutrition. The PRRO document noted that should a large-scale crisis requiring additional resources occur, WFP's contingency financing mechanisms would be employed and a budget revision undertaken.

## Conclusion and Recommendation of the Re-Assessment

6. In February 2008, the food security situation in Ethiopia started deteriorating rapidly. The drought was compounded by the economic shock of high food and fuel prices transmitted from the global economy. The dual shock hit southern Ethiopia the hardest, affecting the pastoral lowlands and the Southern Nations, Nationalities and Peoples Region (SNNPR), which is dependent on root crops. Food availability in markets quickly declined, forcing people to resort to extreme coping mechanisms such as significant reduction in food intake, eating wild foods, selling assets, withdrawing children from school and migration.
7. There has been a steady increase in malnutrition rates in all drought-affected regions of the country. The recorded trends show that the situation is rapidly worsening, with mortality in the southern regions. In February, nutrition surveys showed average global acute malnutrition (GAM) rates of 10 percent and severe acute malnutrition (SAM) rates below 1 percent. Two months later (April surveys) the GAM rates had risen to 12.4 percent and SAM rates to 3.2 percent (Samaritan's Purse, Kindo Koysa, Wolayta survey). The Government and UNICEF estimate that at least 75,000 children will require treatment for severe acute malnutrition, based on nutrition surveys undertaken in recent months.



8. The situation is particularly worrying given that the local capacity to provide treatment for severely malnourished children is inadequate. UNICEF and WFP have jointly urged donors to provide resources for relief and TSF to address acute malnutrition before it reaches the severe stages. However, blended food availability on the market (both locally and internationally) is low. Attempts to raise local capacity for production are constrained by ongoing power cuts and price increase for raw materials.
9. In April, WFP expressed concern that the initial 2008 humanitarian requirements document underestimated the number of people in need of assistance. In May, concerned over the worsening drought situation and limited food availability in the country, the Government requested a working group composed of the Government's Disaster Prevention and Preparedness Agency (DPPA), CARE Ethiopia, WFP, the Famine Early-Warning System Network (FEWS NET) and the Office for the Coordination of Humanitarian Affairs (OCHA) to review available assessment information<sup>5</sup> and re-assess relief food requirements.
10. In reviewing assessment information, the working group identified relief populations by considering areas with:
  - poor performance of the February to March rains that significantly reduced availability of water and pasture leading to livestock deaths;
  - anticipated failure of the 2008 *belg*<sup>6</sup> harvest;
  - significant decline of income from agricultural labour and other sources;
  - increased cases of acute malnutrition, mainly in the SNNPR and Oromiya regions; and
  - alarmingly high and rising food prices throughout the country: all cereal prices are now above import parity; maize prices in the SNNPR and Oromiya regions in June were between 150 to 220 percent higher than in January; and field reports indicate limited food availability in markets in these regions.
11. Based on the recommendations of the working group and further consultations, on 12 June the DPPA issued a revised 2008 requirements document based on relief assistance being provided to 4.6 million people from June to November 2008. These requirements are in addition to the assistance being provided through the PSNP. WFP and partners continue analysing data and preparing projections and contingency plans in view of a potential further deterioration of the situation.
12. The assessment of areas affected by the drought emergency found that 5.7 million PSNP beneficiaries live in those areas and require that the duration of WFP assistance be extended. About 3.6 million of these beneficiaries will get food assistance for a further one to three months beyond the PSNP annual plan, while the rest will get cash transfers for a further two months. WFP plans to cover the additional food needs of 2.4 million of these people. The Government did not make an appeal for the additional months of food assistance because donors to the PSNP are working with the Government to ensure adequate resources are available for the extended assistance. An increase in the annual planned number of TSF beneficiaries is not foreseen given that current resource shortfalls for TSF are considerable; however, additional resources would enable scaling up the programme to additional priority areas.

<sup>5</sup> Meher multi-stakeholder assessment, zonal reports; verification assessments from drought-affected zones in SNNPR, Oromiya, Amhara and Tigra, United Nations–Government assessment of Somali region, National Meteorological Agency forecasts.

<sup>6</sup> The *belg* is the secondary growing season.



13. The drought assessment and response is limited to rural areas. While the drought is affecting urban areas through increased food prices, the caseload of people infected and affected by HIV/AIDS has not significantly increased. WFP is currently leading an assessment of urban vulnerability to inform government decision-making and responses regarding urban food insecurity as a result of high food prices. To date, no significant levels of life-threatening malnutrition have been recorded in the main cities.

### **Purpose of Budget Increase**

14. This budget revision increases the relief component of the PRRO in response to the large-scale drought affecting Ethiopia this year. In view of limited market availability of blended food, the revision includes the introduction of a new food item in the TSF programme to assist some beneficiaries for a three-month period.
15. The objectives and implementation strategy for the increased requirements are the same as outlined in the relief and TSF components of PRRO 10665.0. The main objective is to provide emergency food assistance to stabilize and/or reduce acute malnutrition among people affected by drought and/or conflict.
16. WFP relief assistance will be provided through the DPPA's national relief programme. With regional authorities, the DPPA allocates food on a monthly basis. Blanket distribution of fortified supplementary food to 35 percent of all relief beneficiaries (children under 5, pregnant or nursing women and sick or elderly people) will be provided. The DPPA is responsible for allocating, distributing and reporting on the use of food supplied by WFP.
17. In order to enhance monitoring and support to government counterparts, WFP envisages establishing mobile field offices in the SNNPR and Oromiya regions and additional logistics hubs closer to affected population in the SNNPR.
18. This budget revision proposes including RUSF, a new food item, for moderately malnourished children and moderately malnourished pregnant and nursing women. It will be provided to 40,000 moderately malnourished children for up to 3 months in areas in SNNPR and/or Oromiya where the TSF programme is currently not being implemented due to lack of funding.<sup>7</sup> The RUSF would be airlifted to ensure immediate availability. It is essential that the use of this new food item be monitored and guided by appropriate technical staff. In cooperation with WFP's nutritionists and UNICEF, the country office is finalizing a detailed proposal on the implementation modalities for using RUSF in selected areas.
19. The country office will scale up its resource mobilization efforts to secure funding for the large increase in needs.

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<sup>7</sup> Due to funding shortfalls, as of March 2008 the TSF programme was reduced from over 342 *woredas* (districts) to 163.



<b>TABLE 1: BENEFICIARIES, BY ACTIVITY TYPE</b>			
<b>Activity</b>	<b>Current</b>	<b>Increase</b>	<b>Revised total</b>
Relief assistance	853 000	3 764 301	4 617 301
TSF	737 000	–	737 000
PSNP	2 390 000	–	2 390 000
HIV/AIDS	155 000	–	155 000
<b>Total</b>	<b>3 796 000</b>	<b>3 764 301</b>	<b>7 560 281*</b>

\* The numbers in the table do not add up to the total because many TSF beneficiaries are also recipients of relief or PSNP assistance; TSF beneficiary numbers are reduced by 46 percent (339,020) here in order to avoid double counting. The 40,000 children targeted for supplementary therapeutic food are part of the TSF planned number of beneficiaries for 2008 and are not in addition.

## FOOD REQUIREMENTS

20. The total increased national relief requirement for 2008 amounts to 591,333 mt. WFP plans to cover 80 percent of the relief requirement with 473,066 mt of food, satisfying immediate relief needs until October, when government procurement and non-governmental organization (NGO) resources arrive to meet the remaining 20 percent. In addition, 332 mt of the new RUSF is required to supply the target group for three months (see Table 2).

<b>TABLE 2: FOOD REQUIREMENTS, BY ACTIVITY TYPE (mt)</b>			
<b>Activity</b>	<b>Current</b>	<b>Increase</b>	<b>Revised</b>
Relief	94 756	378 310	473 066
TSF (new RUSF)	-	332	332
<b>Total</b>	<b>94 756</b>	<b>378 642</b>	<b>473 398</b>

21. The general relief ration is the same as outlined in PRRO 10665.0, consisting of cereals, pulses and vegetable oil that supply 1,992 kcal/day. In addition, 35 percent of the beneficiaries will receive blended food providing an additional 570 kcal/day. Table 3 shows the relief ration composition. The advised ration for the new blended food is 92 g/day/child, providing 500 kcal.

<b>TABLE 3: COMPOSITION OF THE GENERAL RELIEF RATION (kg/person/month)</b>			
<b>Cereals</b>	<b>Pulses</b>	<b>Vegetable oil</b>	<b>Blended food (for 35% of beneficiaries)</b>
15	1.5	0.45	4.5



## ANNEX I-A

<b>BREAKDOWN OF BUDGET INCREASE COSTS</b>			
	<b>Quantity (mt)</b>	<b>Average cost per mt (US\$)</b>	<b>Value (US\$)</b>
<b>WFP COSTS</b>			
Direct operational costs			
Food commodities <sup>1</sup>			
– Cereals	305 797	416.35	127 319 112
– Pulses	30 709	661.95	20 327 947
– Vegetable oil	9 619	1 699.00	16 342 709
– Blended food, including new RUSF	32 517	674.20	21 922 956
<b>Total food commodities</b>	<b>378 642</b>		<b>185 912 724</b>
External transport (including US\$750 000 for airlift)			22 196 485
Landside transport			25 717 303
Internal transport, storage and handling (ITSH)			42 574 568
Total landside transport, storage and handling (LTSH)			68 291 871
Other direct operational costs			2 240 988
<b>A. Total direct operational costs</b>			<b>278 642 068</b>
<b>B. Direct support costs (DSC)<sup>2</sup> (see Annex I-B)</b>			<b>5 335 540</b>
<b>C. Indirect support costs (ISC) (7.0 percent)<sup>3</sup></b>			<b>19 878 433</b>
<b>TOTAL WFP COSTS</b>			<b>303 856 040</b>

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

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

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



**ANNEX I-B**

<b>DIRECT SUPPORT REQUIREMENTS (US\$)</b>	
<b>Staff</b>	
International professional staff	2 272 350
Temporary assistance	805 777
International consultants	140 000
Staff duty travel	450 800
<b>Subtotal</b>	<b>3 668 927</b>
<b>Office expenses and other recurrent costs</b>	
Rental of facility	33 480
Utilities (general)	43 429
Office supplies	68 099
Communication and information technology services	143 618
Insurance	46 364
Equipment repair and maintenance	69 359
Vehicle maintenance and running costs	271 734
Other office expenses	123 062
United Nations organizations services	90 081
<b>Subtotal</b>	<b>889 226</b>
<b>Equipment and other fixed costs</b>	
Furniture, tools and equipment	140 700
Vehicles	462 187
Telecommunications equipment	174 500
<b>Subtotal</b>	<b>777 387</b>
<b>TOTAL DIRECT SUPPORT COSTS</b>	<b>5 335 540</b>





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## ACRONYMS USED IN THE DOCUMENT

DPPA	Disaster Prevention and Preparedness Agency
EOS	Enhanced Outreach Strategy
FEWS NET	Famine Early-Warning System Network
FFW	food for work
GAM	global acute malnutrition
LTSH	landside transport, storage and handling
OCHA	Office for the Coordination of Humanitarian Affairs
PASDEP	Plan for Accelerated and Sustainable Development to End Poverty
PRRO	protracted relief and recovery operation
PSNP	Productive Safety Net Programme
RUSF	ready-to-use supplementary food
SAM	severe acute malnutrition
SNNPR	Southern Nations, Nationalities and Peoples Region
TSF	targeted supplementary food
UNICEF	United Nations Children's Fund