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Programa
Mundial
de Alimentos

**Executive Board
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PROJECTS APPROVED BY CORRESPONDENCE

Agenda item 10

BUDGET INCREASE TO PROTRACTED RELIEF AND RECOVERY OPERATION APPROVED BY CORRESPONDENCE BETWEEN THE FIRST REGULAR SESSION AND THE ANNUAL SESSION 2008 — AFGHANISTAN 10427.0

Post-Conflict Relief and Rehabilitation in the Islamic Republic of Afghanistan

On 20 March 2008 the budget increase was sent to Board members and observers for approval by correspondence. It covered the provision of additional 45,874 mt of food, at a cost of US\$35,889,489 until 31 July 2008. Approval was obtained on 31 March 2008.

*For information**

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NATURE OF THE INCREASE

1. This budget increase to protracted relief and recovery operation (PRRO) 10427.0 “Post-Conflict Relief and Rehabilitation in the Islamic Republic of Afghanistan” is to cover additional food commodities for Afghanistan between March and July 2008. It follows a reassessment of humanitarian requirements and the Joint Appeal for the Humanitarian Consequences of the Rise in Food Prices, launched by the Government of Afghanistan and the United Nations. The additional commodities will require associated costs for: external transport; landside transport, storage and handling (LTSH); other direct operational costs (ODOC); direct support costs (DSC); and indirect support costs (ISC). This budget revision, totalling almost US\$36 million (just over US\$21 million food cost), will increase the PRRO food costs by 11 percent and the total cost to WFP by 9 percent.

JUSTIFICATION FOR THE BUDGET INCREASE

Summary of the PRRO Activities

2. WFP’s current PRRO aims to enhance food security and improve the human and productive capital of food-insecure Afghans living in remote areas through a wide array of activities. These include:
 - emergency food assistance to vulnerable groups affected by natural disasters and insecurity (Strategic Objective 1);
 - food-for-work (FFW) and food-for-asset creation activities to improve the capacity of vulnerable groups, including internally displaced persons (IDPs), to manage shocks, meet necessary food needs and protect livelihoods (Strategic Objective 2);
 - food assistance to tuberculosis patients, flour fortification and deworming (Strategic Objective 3);
 - food-for-education activities that support the increased enrolment and attendance of primary school children, particularly girls; and food-for-training activities involving functional literacy and vocational training aimed at developing life skills for poor rural adults, especially women (Strategic Objective 4); and
 - training for government and non-government counterparts that contributes to Strategic Objective 5 by increasing counterparts’ capacities to identify food needs, develop delivery strategies, and implement and monitor food-based programmes.
3. Over the past year, the price of staple foods in Afghanistan has increased dramatically. The most important staple, wheat flour, has undergone an average price increase throughout the country of nearly 60 percent, with price increases in some areas exceeding that rate. This has considerably increased the hardships experienced by poor Afghans, particularly those dependent on low casual-labour wages, which have remained essentially unchanged. The Government of Afghanistan has therefore requested assistance from the international community to establish a temporary safety net that will help vulnerable households with low purchasing power meet their basic dietary needs through the provision of short-term food assistance in selected locations.



4. The Afghanistan joint appeal was launched on 24 January 2008. Three United Nations agencies (the United Nations Children's Fund (UNICEF), the World Health Organization (WHO) and WFP) appealed for US\$81.3 million to assist 2,550,000 Afghans most affected by the rise in staple food prices; WFP requested US\$77 million to provide 89,000 mt of food for beneficiaries living in both rural and urban areas.
5. For the rural area component of the joint appeal, WFP's existing presence and network in rural Afghanistan allowed immediate steps to be taken to address the increased needs of 1.4 million people. Additional food was provided through PRRO 10427.0 budget revision number 06, which was approved by the Executive Director on 14 February 2008. This added 42,442 mt of food, at a total cost to WFP of US\$36 million (a food cost of US\$17.5 million).
6. The budget revision proposed here addresses the needs of those living in urban and semi-urban areas, where WFP plans to reach an additional 1,147,000 people between March and July 2008. The beneficiaries are mainly the chronically poor who have been made especially vulnerable due to higher staple food prices that limit their access to an adequate diet. The recent dramatic increase in food prices have pushed these households from borderline food-insecure into a situation of high risk of food insecurity.
7. For monitoring, the country office has an operational results-based monitoring toolkit, which is being used by all five area offices and by counterparts for collecting data at the field level. Reports currently capture data mainly on output indicators; the country office is examining a full-fledged monitoring and evaluation system that would aim to improve reporting on outcomes and process indicators. Results from monthly and quarterly monitoring reports are shared regularly with country office management and relevant units to indicate progress made against project plans and objectives. The reports are also circulated regularly to partners (government, community partners, non-governmental organizations (NGOs) and donors) for sharing information and for purposes of advocacy, transparency and accountability.

Conclusions and Recommendations of the Rapid Assessment in Urban Areas

8. WFP undertook a rapid assessment mission to examine the impact of recent increases in wheat and wheat flour prices on food security in the urban centres of Afghanistan.¹ The mission made recommendations for targeted feeding of those most adversely affected and other options for food aid programming, all of which have since been discussed and agreed with the Government.²
9. The mission found a number of new trends in main income sources. This winter casual labour, marketing of handicrafts and begging have become more important sources of income in urban areas. These findings were supported by additional qualitative information gathered through focus group discussions in Kabul and Mazari-Sharif. Due to the increased importance assigned to casual labour income, the supply of labour is now higher than the demand. As a result, the average daily wage for casual labour has been reduced by 6 percent in nominal terms (a 22 percent reduction in real terms due to recent inflation). Household interviews and focus group discussions revealed that the primary source of food

¹ The WFP country office was supported by the Asia Regional Bureau's regional assessment officer, accompanied by a market analyst from WFP headquarters.

² Wheat Price Increase and Urban Programming in Afghanistan. Rapid Assessment Report, January 2008.



in the urban areas is the market. While the most common secondary source reported was “borrowing”, specifically of bread, oil and sugar, many households reported that this was not always a readily available option.

10. In urban areas there has been a significant decline in accessibility to food since December 2006, due to a growing disparity between food prices and income. Currently, 29 percent of households are deemed to be facing severe access problems (spending more than 80 percent of their income on food), compared to only 2 percent in the winter of 2006. This confirms that the deterioration of the food security situation has been caused mainly by increases in wheat prices.
11. There has also been a notable shift in the food consumption score since December 2006, with an increase of 16 percentage points in the category of households with poor food consumption. The current food security situation is mainly an access problem at household level rather than an availability problem. This means that while food can still be found in the market, it is unaffordable to many. However, there is concern that food availability could also worsen should commercial imports from Pakistan remain banned.
12. The urgent need for immediate intervention greatly reduces the possible response options. More complex and innovative projects require more time for design, planning and execution. While such interventions might be appropriate under other circumstances, the current situation calls for a speedy response using existing resources, infrastructure and capacities.
13. The rapid assessment mission concluded that general food distributions of wheat or wheat flour to targeted households would be the most feasible and realistic intervention given present circumstances. A project to create a green belt around urban centres could represent food-for-work opportunities should non-food items become available to ensure successful implementation of the projects. However, it was not clear to the mission how many job opportunities this project could generate and for how long. Further discussions with the Green Afghanistan Initiative (GAI) team are expected to help identify project possibilities and new schemes.
14. In discussions with the Government following the rapid assessment mission, it was agreed that the use of a portion of the food allocation through FFW was appropriate and possible within the time frame of this intervention, particularly in the green belt of Kabul and some of the semi-urban districts. Consequently, WFP plans to distribute up to 20 percent of the overall food allocation through FFW schemes, mainly for tree-planting projects.

Purpose of Budget Increase

15. The difficult situation in urban areas of Afghanistan this past winter is due to a combination of unusually scarce labour opportunities and soaring food prices. As a consequence, some 1,147,000 people are deemed to have slipped down into a category of vulnerability that qualifies them for food assistance. WFP’s proposed intervention is designed to offset these adversities and help prevent those most affected from exhausting their household assets or resorting to negative coping strategies such as forced sale of assets and begging. To achieve this, WFP intends to provide 45,874 mt of wheat/wheat flour, mainly through general food distributions to targeted households, during the period of March through July 2008. In addition, food incentives will be used for tree-planting projects to create a green belt in some urban centres.



16. Each targeted household will receive 80 kg of wheat or wheat flour per month³ for a period of three months. For practical reasons, it was agreed with the Government to distribute as follows: 100 kg (two bags) during the first and second distributions and 40 kg (part of a bag) during the last distribution, depending on operation resourcing. WFP will ensure that the distributions take place with appropriate periodicity to best address the immediate food consumption needs of the intended beneficiaries. Distributions are expected to be effected between March and July 2008.
17. The following targeting criteria will be used to reach the intended beneficiaries: households headed by women; households headed by the disabled with unreliable income sources; poor, large households, with nine family members or more, who have only one income-earner; and recently deported, poor households from Iran (in some locations). The following entities will select the intended beneficiaries: NGOs, the Afghanistan Red Crescent Society, the Ministry of Martyrs and Disabled People, and Community Development Councils.
18. The Government will be fully involved in all stages of implementation, from selecting beneficiaries, to distribution of food, to monitoring of distributions. A joint Government/WFP technical committee will be established at both national and sub-national levels to oversee the planning and implementation of food interventions.
19. The overall impact of the food-based interventions, along with price trends in main urban centres, will be monitored regularly and the data used for ongoing appraisals and/or future decisions regarding any additional interventions that may be needed. Food insecurity will be re-examined in mid-2008: the main cereal harvest is in July/August, and it is expected that measures being undertaken by the Government to mitigate the effect of higher prices (such as the temporary removal of import tax on wheat and wheat flour and tax reductions from other staple items) will have some positive impacts.

FOOD REQUIREMENTS

20. Total additional food requirements are 42,000 mt of wheat and 3,874 mt of wheat flour (refer to table below for details). Food will be procured from both regional and international markets, in accordance with WFP procurement procedures.

NEW REQUIREMENTS, BY TYPE OF INTERVENTION				
Type of Intervention	Number of beneficiaries	Wheat (mt)	Wheat flour (mt)	Total (mt)
General food distribution	912 902	33 432	3 084	36 516
Food for work	233 960	8 568	790	9 358
Total	1 146 862	42 000	3 874	45 874

³ This is based on wheat requirements per person per year, according to the food balance calculation sheet of the Food and Agriculture Organization of the United Nations (FAO) and the Ministry of Agriculture.



ANNEX I-A

BREAKDOWN OF BUDGET INCREASE COST			
	Quantity (mt)	Average cost per mt (US\$)	Value (US\$)
WFP COSTS			
Direct operational costs			
Commodities			
- Wheat	42 000	446	18 719 992
- Wheat Flour	3 874	600	2 324 400
Total commodities	45 874		21 044 392
External transport			5 482 539
Landside transport, storage and handling			4 357 757
Other direct operational costs			98 170
A. Total direct operational costs			30 982 858
B. Direct support costs (see Annex I-B)			2 558 720
C. Indirect support costs (7.0 percent)			2 347 911
TOTAL WFP COSTS			35 889 489



ANNEX I-B

DIRECT SUPPORT REQUIREMENTS (US\$)	
Staff	
International professional staff	140 250
National general service staff	1 356 250
Temporary assistance	35 000
Incentives	20 000
Staff duty travel	250 000
Subtotal	1 801 500
Office expenses and other recurrent costs	
Rental of facility	90 000
Utilities (general)	70 000
Office supplies	90 000
Communication and information technology services	190 000
Equipment repair and maintenance	22 110
Vehicle maintenance and running cost	110 000
Other office expenses	75 000
Subtotal	647 110
Equipment and other fixed costs	
Furniture, tools, and communications and information technology equipment	15 000
Vehicle leasing	95 110
Subtotal	110 110
TOTAL DIRECT SUPPORT COSTS	2 558 720



ACRONYMS USED IN THE DOCUMENT

DSC	direct support costs
FFW	food for work
GAI	Green Afghanistan Initiative
IDP	internally displaced person
ISC	indirect support costs
LTSH	landside transport, storage and handling
NGO	non-governmental organization
ODOC	other direct operational costs
PRRO	protracted relief and recovery operation
UNICEF	United Nations Children's Fund
WHO	World Health Organization