

BUDGET INCREASE TO UGANDA PROTRACTED RELIEF AND RECOVERY OPERATION 200852

Title of the project: Food assistance for vulnerable households

Start date: 1/10/2016 End date: 31/3/2017 Extension/Reduction period: N/A New end date: N/A

Total revised number of beneficiaries	1,086,350		
Duration of entire project	36 months		
Extension/Reduction period	n.a		
Gender marker code	2A		
WFP food tonnage	260,609		
Cost (United States dollars)			
	Current Budget	Increase	Revised Budget
Food and Related Costs	174,287,290	8,728,115	183,015,405
Cash and Vouchers and Related Costs	36,482,724	3,770,267	40,252,991
Capacity Development & Augmentation	18,477,667	0	18,477,667
DSC	28,885,280	760,000	29,645,280
ISC	18,069,307	928,087	18,997,394
Total cost to WFP	276,202,268	14,186,469	290,388,737

NATURE OF THE INCREASE

1. This is the second budget revision to Uganda PRRO 200852. It increases the budget to respond to an increase in the number of refugees arriving in Uganda since the latest outbreak of conflict in South Sudan in July 2016.
2. The budget increase accommodates the following:
 - a. An addition of 75,000 refugees from South Sudan requiring assistance in Uganda during the six month period between October 2016 and March 2017. These new arrivals, mainly women and children, will increase the planned refugee beneficiaries from 523,000 to 598,000.
 - b. An expansion of cash-based transfers (CBT) during this period will increase the number of beneficiaries receiving cash from the current 80,000 to 200,000.
 - c. A related increase in the costs of equipping approximately 24,000 new households (representing 120,000 beneficiaries) to receive cash transfers.
 - d. A revision of the landside transport, storage, and handling (LTSH) matrix and external transport costs to reflect the decrease in commodity movement and the cost of setting up a new extended delivery point to respond to the needs of additional refugees.
3. This budget revision increases the overall PRRO beneficiaries to 1,086,350 and the overall budget from USD 276.2 million to USD 290.4 million.

JUSTIFICATION FOR BUDGET INCREASE

Summary of Existing Project Activities

4. PRRO 200852 covers three main programming components: support to the protracted refugee crisis in Uganda, resilience-focused programming for food insecure households in non-refugee areas, and strengthening of the government's emergency preparedness and response capacity. The PRRO originally planned to reach 848,600 beneficiaries each year for the three-year period, including 373,000 refugees per year. The project, which started in January 2016, was first revised in July 2016 to accommodate a greater than anticipated increase in the number of refugees arriving from South Sudan, to increase CBT beneficiaries, and to adjust LTSH rates. This first budget revision (BR1) increased overall beneficiaries to 1,011,350, including 523,000 refugees.
5. The objectives of the PRRO are to: i) meet the immediate food and nutrition security needs of refugees in settlements in West Nile and South West regions of the country, as well as vulnerable populations in Karamoja, through regular food and nutrition assistance, and ii) improve resilience to food security-related shocks and stresses through provision of reliable safety nets to households in Karamoja. Under BR1, a standard performance indicator for stunting prevention (minimum acceptable diet or MAD) was added to the project's mother and child health and nutrition (MCHN) activity within the refugee response, to align that activity to SO2. Under BR2, alignment with WFP's corporate strategic objectives SO1, SO2, and SO3 remains unchanged.

Conclusions and recommendations of the reassessment

6. On July 7, 2016, fighting broke out in Juba, the capital of the Republic of South Sudan, and in the subsequent weeks this resulted in a mass movement of South Sudanese nationals (mainly from Juba and Equatoria) into Uganda. UNHCR estimates that more than 100,000 persons fleeing conflict in South Sudan sought asylum in Uganda in July and August alone, and that 87 percent of these were women and children and 3 percent were elderly¹.
7. Budget revision 1 to the PRRO, approved just prior to the outbreak of conflict, had anticipated only 10,000 new arrivals per month. This second budget revision (BR2) increases the overall beneficiary numbers under the refugee food assistance activities by an additional 75,000, and aligns WFP's planning figures with the operational planning figures in the August revision to the 2016 Uganda Country-level Interagency Refugee Response Plan (RRP) for South Sudan. The RRP operational and contingency planning figures are reviewed and updated at regular inter-agency coordination meetings co-led by UNHCR and the Government of Uganda (represented by the Office of the Prime Minister, or OPM). The response plans for other countries of origin—including the Democratic Republic of Congo and Burundi—are also regularly reviewed during these meetings. At this time, there are no proposed changes to the operational planning figures for new arrivals from countries other than South Sudan.
8. Prior to the recent influx from South Sudan, WFP was already facing resource constraints for food assistance to refugees. To avoid a critical break in assistance, in July WFP reached an agreement with UNHCR and OPM to initiate a temporary 50 percent ration cut for all refugees that had arrived in Uganda prior to July 2015. Extremely vulnerable households, and households with a child receiving treatment for moderate acute malnutrition, were exempt from the cuts, and continued to receive full rations regardless of their time in country. Following extensive communication with the refugees, the ration cuts were implemented in August. These ration cuts may lead to an increase in negative coping strategies, which WFP will closely monitor, using sex and age disaggregated data.²
9. In July, WFP, UNHCR and OPM also agreed to carry out a comprehensive study to determine the levels of vulnerability of refugees in Uganda, and to identify appropriate livelihood opportunities that could increase self-sufficiency. Based on extensive household surveys, including participatory consultations with women, men, girls and boys, the study will also produce recommendations about potential targeting methodologies that WFP could use to support a needs-based approach to providing assistance to refugees in Uganda.
10. During the same period, WFP reached an agreement with UNHCR and OPM that opened the door for increased use of unrestricted cash transfers to replace general food distribution in the settlements. Expansion of CBT has been informed by market assessments, and beneficiaries have been asked during regular monitoring about whether they prefer cash or food.³ Uganda is a food surplus country, a variety of food is available at reasonable prices in the local markets supplying the refugee settlement areas, and overwhelmingly beneficiaries say that they prefer to receive cash rather than in-kind food. A comparative gender and protection assessment of the cash and in-kind assistance conducted in selected refugee settlements in September 2015 showed that the cash modality had a positive effect in terms

¹ UNHCR. Uganda Emergency Update on the South Sudan Refugee Situation: Interagency Daily #35 1-2 September 2016.

² WFP will conduct a regular annual Food Security and Nutrition Assessment in November 2016. The results will provide evidence about the effect of ration cuts on the food security, nutrition and coping strategies of the refugees.

³ The Country Office has conducted and/or is planning the following sectorial assessments: macro financial sector assessment (2015); cooperating partner capacity assessment (2015); financial service provider assessment and micro financial assessment (2016); and retail assessment (planned for November 2016).

of dignity, and that there were no negative effects on intra-household or gender dynamics. Furthermore, dietary diversity has increased⁴ among the cash-receiving households, and there are no indications of adverse effects on food security or nutrition. An alpha analysis carried out by the Country Office in 2015 indicated that cash-based transfers are cost-efficient compared to in-kind transfers.⁵

11. WFP continues to negotiate with UNHCR and OPM in an effort to improve registration processes and implement stronger controls at distribution sites. In Uganda, the Government is responsible for registration of refugees, and uses an independent Refugee Information Management System (RIMS), which is not integrated with either PROGRES (UNHCR's system) or SCOPE (WFP's system). During the influx, the Government's registration system collapsed. OPM staff in the field were forced to resort to manually recording a limited set of information about new arrivals, and used wristbands to identify people at food distributions. This has resulted in inaccurate and incomplete information available to WFP to identify persons eligible to receive food during distributions. Identification during cash distributions is relatively easier. All recipients of cash transfers have been registered in the Government's system, and have passed through the Know Your Customer procedure required by Ugandan law for bank account opening.
12. In August and September, under the corporate initiative "Know them better to serve them better", WFP transferred basic beneficiary data about refugees into SCOPE. WFP continues to advocate for improvements to RIMS, and for integration between RIMS, PROGRES and SCOPE, but as yet has not received permission from OPM to begin using SCOPE during food and cash distributions in the settlements.

⁴ In a study entitled *Comparative analysis of the effectiveness of food assistance modalities in refugee settlements (February 2016)* by WFP Uganda AME Unit, the dietary diversity score (DDS) for the cash based transfer beneficiaries was reported at 4.9 compared to 4.4 for beneficiaries who received in-kind transfers. Beneficiaries receiving cash were found to have better diets in terms of both quantity and quality. In particular, the most vulnerable cash receiving groups were found to consume more Vitamin A, protein, and Hem-Iron rich foods.

⁵ WFP is currently utilizing Post Bank to distribute cash to refugees through mobile tellers. A bank van goes to the settlements every month and refugees are able to withdraw money from their individual accounts. Following the selection of corporate global financial service providers, the Country Office has just concluded a review of financial services providers (including mobile network operators) in the country to support testing of new products and services next year.

Purpose of Extension and Budget Increase

13. The Government of Uganda (OPM) has opened new settlements in Adjumani and Yumbe districts in order to accommodate the new arrivals, and all stakeholders have increased their response capacity at border entry points, transit and reception centres, and in the settlements themselves.
14. In July and August, WFP Uganda borrowed high energy biscuits from neighbouring countries. This was to ensure secure a steady supply required at the collection centres opened by OPM at the five border points through which people were crossing into Uganda.
15. Also in July, WFP utilized an IR-EMOP to cover the additional cost of providing hot meals for refugees who were spending extended periods of time in transit and reception centres while agencies put in place the infrastructure in the new settlement areas. At the peak of the influx, more than 50,000 refugees were receiving twice-daily hot meals in transit and reception centres across West Nile. These centres were decongested in late August and early September, as the new arrivals began to settle onto the plots of land allocated to them by the Government.
16. Between October 2016 and March 2017, WFP will transition an additional 120,000 beneficiaries from in-kind food to cash-based transfers. By the end of the period, approximately 33 percent of WFP's refugee beneficiaries will be receiving cash-based transfers. As CBT expands, WFP will continue to monitor the effects of the cash modality on food security, nutrition, gender and protection, and will advocate with donors to provide their contributions in cash rather than in-kind.
17. This budget includes also a concomitant increase in the plan for nutrition programmes that operate within refugee settlements (see Table 1). Normally, MCHN and targeted supplementary feeding (TSFP) are delivered at the settlements, and complement the nutrition and health programmes of UNICEF and UNHCR. However, during the peak periods of the influx, when refugees are waiting in the transit and reception centres for extended periods, targeted supplementary rations for malnourished people are provided through the centres' cooking facilities. Once refugees are relocated to their plots in the settlements, TSFP food is provided as dry rations.
18. The other programming changes introduced in BR1 remain constant for this budget revision. Livelihood activities targeting refugees and host communities will continue to target 12,000 households during the budget revision period. The introduction of agriculture market support (AMS) activities in the Karamoja region is on target, and will apply a gender sensitive approach through active targeting of women farmers, mainstreaming of gender in training modules both at household and community level, and the introduction of technologies that save time and reduce the burden on women.
19. LTSH as well as external transport rates have been updated with this budget revision primarily to factor in the cost of setting up a new extended delivery point to respond to the needs of additional refugees. The revision also reflects fluctuations in the value of the Ugandan shilling and changes in project tonnage.

Activity [or Component]	Category of beneficiaries	Current			Increase / Decrease			Revised		
		Boys / Men	Girls / Women	Total	Boys / Men	Girls / Women	Total	Boys / Men	Girls / Women	Total
General Food Distribution (Refugees)	<i>Food</i>	208,210	234,790	443,000	-18,450	-26,550	-45,000	187,060	210,940	398,000
	<i>Cash</i>	38,400	41,600	80,000	56,400	63,600	120,000	96,000	104,000	200,000
Livelihood Project (pilot)	<i>Refugees</i>	20,571	21,429	42,000	0	0	0	20,571	21,429	42,000
	<i>Host</i>	8,811	9,189	18,000	0	0	0	8,811	9,189	18,000
TSPF Refugees	<i>6-23 months</i>	6,340	7,150	13,490	410	440	850	6,750	7,590	14,340
	<i>24-59 months</i>	6,340	7,150	13,490	410	440	850	6,750	7,590	14,340
	<i>PLW</i>	1,202	1,355	2,557	127	141	268	1,329	1,496	2,825
	<i>Other age groups</i>	1,355	1,529	2,884	143	159	302	1,498	1,688	3,186
MCHN Refugees	<i>6-23 months</i>	27,589	31,111	58,700	2,650	2,980	5,630	30,239	34,091	64,330
	<i>PLW</i>	0	31,300	31,300	0	3,750	3,750	0	35,050	35,050
Food Assistance for Assets	<i>Food</i>	207,400	215,900	423,300	0	0	0	207,400	215,900	423,300
(NUSAF)	<i>Cash</i>	23,050	24,000	47,050	0	0	0	23,050	24,000	47,050
Total		485,871	525,479	1,011,350	37,950	37,050	75,000	522,321	564,029	1,086,350

20. There are no changes to the food basket or cash-based transfer value for this budget revision.⁷ WFP continues to monitoring food prices through monthly market monitoring to ensure the value of the transfer remains adequate. WFP conducts standard monitoring exercises (food basket monitoring, CBT delivery monitoring, post-distribution monitoring), and is in the process of strengthening its complaints and feedback mechanism (CFM) as well as the systems and procedures for preventing and reporting on sexual exploitation and abuse.

⁶ For general food assistance, refugees receive either cash or food, but they can simultaneously qualify for assistance under TSPF, MCHN and/or livelihood support as complementary programme components. These overlaps have been factored in to the total beneficiary numbers in Table 1.

⁷ The cash transfer value is based on the local market value of the same food commodities that are provided in the in-kind basket. This way beneficiaries are able to purchase, at a minimum, the equivalent of the ration provided by WFP. There is a much broader range of food available in the local market, so beneficiaries can also diversify their diets.

FOOD REQUIREMENTS

21. Table 2 presents the addition food and cash requirements for the budget revision.

TABLE 2: FOOD/CASH AND VOUCHER REQUIREMENTS BY ACTIVITY				
Activity	Commodity /CBT	Food requirements (mt) / CBT (USD)		
		Current	Increase / Decrease	Revised total
Refugees – EVI's	Commodity	126,377	331	126,708
Refugees 100% Ration	Commodity	29,659	6,842.89	36,502
Refugees 50% Ration	Commodity	27,464	(269.7)	27,194
TSFP (children 6-59 months)	Commodity	1,250	30.38	1,280
TSFP (PLW)	Commodity	416	9.78	426
MCHN (children 6-23 months)	Commodity	5,477	101.25	5,578
MCHN (PLW)	Commodity	6,679	65.13	6,744
TOTAL Food		253,498	7,110	260,609
Refugees	CBT	USD 33,813,578	USD 3,108,928	USD 36,922,505
TOTAL Cash-based transfers				USD 36,922,505

Hazard / Risk Assessment and Preparedness Planning (if applicable)

22. WFP, in collaboration with OPM, UNHCR, and other stakeholders, will continue to monitor the security situation in the Republic of South Sudan, Democratic Republic of Congo, and Burundi. The end of the rainy season near the end of the calendar year in South Sudan could lead to an increase in conflict. Tensions in the lead up to elections in DRC may increase insecurity along with the number of refugees arriving into South West Uganda. The Kenyan government's announcement of the closure of the Dadaab camps could also result in some Somali refugees leaving Kenya to join the community of Somali refugees already in Uganda.
23. The other significant risk is that the overall numbers of refugees in Uganda will exceed the capacity of the country to absorb them in urban settings, and provide them with land in the settlement areas. This may in turn cause a change in Uganda's tolerant and welcoming refugee policy—under which refugees have freedom of movement throughout the country, and are provided with plots of land for farming—undermining the potential for refugees to find work and produce food to support themselves.

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ANNEX I-A

PROJECT COST BREAKDOWN			
	Quantity (<i>mt</i>)	Value (<i>USD</i>)	Value (<i>USD</i>)
<i>Food Transfers</i>	-	-	
Cereals	821	1,166,056	
Pulses	3,219	2,021,517	
Oil and fats	939	751,333	
Mixed and blended food	1,807	1,011,937	
Others	324	37,708	
Total Food Transfers	7,110	4,988,551	
External Transport		103,175	
LTSH		3,318,849	
ODOC Food		317,539	
Food and Related Costs ⁸		8,728,115	8,728,115
C&V Transfers		3,108,928	
C&V Related costs		661,339	
Cash and Vouchers and Related Costs		3,770,267	3,770,267
Capacity Development & Augmentation		-	
<i>Direct Operational Costs</i>			12,498,382
Direct support costs (see Annex I-B)			760,000
Total Direct Project Costs			13,258,382
Indirect support costs (7,0 percent) ⁹			928,087
TOTAL WFP COSTS			14,186,469

⁸ This is a notional food basket for budgeting and approval. The contents may vary.

⁹ The indirect support cost rate may be amended by the Board during the project.

ANNEX I-B

DIRECT SUPPORT REQUIREMENTS (USD)	
WFP Staff and Staff-Related	
Professional staff *	-
General service staff **	-
Danger pay and local allowances	-
Subtotal	-
Recurring and Other	-
Capital Equipment	-
Security	160,000
Travel and transportation	-
Assessments, Evaluations and Monitoring¹	600,000
TOTAL DIRECT SUPPORT COSTS	760,000

* 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

¹ 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.