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BUDGET INCREASES TO PROTRACTED RELIEF AND RECOVERY OPERATIONS – ETHIOPIA 10665.0

Responding to Humanitarian Crises and Enhancing Resilience to Food Insecurity

Cost (United States dollars)			
	Current budget	Increase	Revised budget
WFP food cost	633 896 331	46 981 017	680 877 348
Total cost to WFP	1 156 181 350	139 110 195	1 295 291 545

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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, OMJ*: Mr M. Darboe tel.: 066513-2201

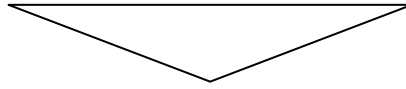
Senior Liaison Officer, OMJ: Mr T. Lecato tel.: 066513-2370

Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact Ms C. Panlilio, Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).

* Regional Bureau Johannesburg (Southern, Eastern and Central Africa)



DRAFT DECISION*



The Board approves the budget increase of US\$139,110,195 for Ethiopia PRRO 10665.0 “Responding to Humanitarian Crises and Enhancing Resilience to Food Insecurity” (WFP/EB.A/2009/9-C).

* 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:
 - provides an additional 253,343 mt of food valued at US\$47 million, an increase of 19 percent;
 - increases the external transport allocation associated with the increase in imported food by US\$24 million;
 - reduces the landside transport, storage and handling (LTSH) rate from US\$219.24 to US\$199.36 per mt, although LTSH increases overall by US\$44.6 million; and
 - increases the level of direct support costs (DSC) by US\$14 million for 2009 and 2010, an increase of 27 percent, to cover the relief operation, including the “hubs and spokes” system in Somali region.
2. The budget revision responds to a prolonged emergency following the 2008 drought and to the impact of high food and fuel prices: 4.9 million Ethiopians are expected to be in need of emergency food assistance in 2009.

JUSTIFICATION FOR THE BUDGET INCREASE

Summary of Existing Project Activities

3. Protracted relief and recovery operation (PRRO) 10665.0 from January 2008 to December 2010 contributes to the Government’s Plan for Accelerated and Sustainable Development to End Poverty (PASDEP) by addressing acute food insecurity. It contributes to Strategic Objectives 1, 2 and 4. Its four components are:
 - i) **Relief:** general food distributions (GFDs) for food-insecure communities affected by severe unpredictable food shortages.
 - ii) **Targeted Supplementary Food (TSF)** for acutely malnourished children under 5 and pregnant and lactating women.
 - iii) **Productive Safety Net Programme (PSNP)** in districts where severe food insecurity is chronic and predictable; FFW is undertaken by able-bodied beneficiaries with free distributions for those unable to participate.
 - iv) **Urban HIV/AIDS:** targeted food support for households, women and children infected and affected by HIV/AIDS.
4. As indicated in the PRRO document, the Government’s early-warning system and multi-agency seasonal assessments identify vulnerable populations affected by disasters. PRRO 10665.0 estimated annual relief food needs for 2008–2010 on the basis of trends in vulnerability over the previous five years, bearing in mind that emergency needs in PSNP areas would be met from PSNP contingency resources. Annual requirements for TSF were based on trends in screening for acute malnutrition by the Ministry of Health and the United Nations Children’s Fund (UNICEF). PRRO 10665.0 did not provide for a natural disaster on the scale of the current drought: the PRRO document noted that a large-scale



crisis requiring additional resources would lead to a budget revision and use of WFP's contingency financing mechanisms.¹

CONCLUSION AND RECOMMENDATION OF THE RE-ASSESSMENT

5. In 2008, high food and fuel prices combined with failures of seasonal rains and insecurity in Somali region resulted in a nutrition crisis and increased the food insecurity of millions of Ethiopians. The number of people in need rose to 2.2 million in April, 4.6 million in June and 6.4 million in September. Beneficiaries initially received a full food basket, but by June funding shortfalls forced WFP to cut rations to two thirds of the planned level; in some months, an incomplete food basket was provided.
6. These ration reductions coincided with a deteriorating nutritional situation, reflected in increased admissions to therapeutic feeding centres in July and August when indicators from the nutritional surveys showed global acute malnutrition ranging from 12 percent to 20 percent in some areas.²
7. WFP's post-distribution monitoring surveys³ indicated that 64 percent of households sold more livestock than usual during 2008 to generate cash for food; 54 percent borrowed food or money to buy food. At the height of the crisis, significant numbers of livestock, including oxen for ploughing and breeding cows and goats, died as a result of shortages of water and pasture. Loss of assets and increased debt prevented early recovery for many food-insecure rural households.
8. WFP distributed 371,000 mt of food through the national relief programme and 44,000 mt through the TSF in 2008.
9. The Government-led food security assessment in November and December 2008 found that Ethiopia's *meher* (main harvest) was good in western Ethiopia; but inadequate rainfall led to crop failures in chronically food-insecure districts in southern Tigray, eastern Amhara and Oromiya. Households whose main production is the *belg* (mid-year harvest), which failed in 2008, would need relief assistance until mid-2009. In areas where the 2008 *meher* failed, many people would require support until November 2009.
10. The 2009 humanitarian requirements document⁴ summarizing the findings of the *meher* food security assessment confirmed that emergency relief assistance would be needed by at least 4.9 million transitorily food-insecure people, 68 percent of whom are in Somali, Southern Nations, Nationalities and Peoples Region (SNNPR) and Amhara; this compares with a peak of 6.4 million in 2008. The duration of planned relief assistance in 2009 varies from three to ten months depending on the region and the food security situation. The beneficiaries are in addition to the 7.5 million food-insecure people assisted annually for an average of six months through the PSNP. Emergency interventions in health and nutrition, water and sanitation, agriculture and livestock are also described in the document.

¹ Budget revisions 1 and 2 related to re-costing in early 2008 to address high food and fuel prices. Revision 3 considered additional ODOC to incorporate funds for a joint WFP/UNICEF programme. Revision 4 covered increased requirements in 2008. Revision 5 increased LTSH in response to increased costs, particularly the use of alternative ports.

² There are no standard nutrition surveys to capture seasonal nutritional trends, but some data is available from ad hoc surveys.

³ Post-distribution monitoring surveys are carried out quarterly, focusing on relief and PSNP beneficiaries.

⁴ Joint Government and humanitarian partners. 2009. *Humanitarian Requirements*. Addis Ababa.



11. During the first quarter of 2009 food prices decreased from the 2008 peak, but cereal prices remain 40 percent higher than the average of the last three years.⁵ The Government is importing 500,000 mt of wheat to stabilize prices in urban areas, but serious concerns remain regarding food access in rural food-deficit areas, particularly where harvests have been poor.
12. Nutritional screening⁶ in six regions in November and December 2008 showed higher rates of moderate acute malnutrition among children under 5 (see Table 1) compared with the same season in 2007. Only Tigray had lower rates of moderate acute malnutrition in late 2008 compared with 2007. The difference was striking in Oromiya, where the level of malnutrition was almost double that in 2008. In 2008, moderate acute malnutrition among pregnant and lactating women ranged from 9 percent in Gambella to 31 percent in Amhara. The 2008 nutrition emergency is clearly spilling over into 2009 and is likely to worsen in the mid-year hunger season due to the poor rains thus far.

	November–December 2007	November–December 2008
Afar	28.0	32.0
Amhara	6.0	10.0
Gambella	9.0	6.0
Oromiya	5.2	10.0
SNNPR	7.0	10.0
Somali	20.0	25.0
Tigray	9.6	9.0

13. The outlook in the Greater Horn of Africa for the March–May 2009 rainfall season indicates lower than normal rainfall in eastern areas.⁷ These are the main rains supporting water and pasture availability in the lowlands of Somali, SNNPR and Oromiya; they also determine the success of the *belg*. The rains began only in April in SNNPR, eastern Amhara, Oromiya and southern Tigray, raising concerns for another poor *belg*. The situation will be monitored and contingency plans are being made.

Purpose of the Budget Revision

14. As foreseen in the PRRO document, this budget revision focuses on increasing the relief component in response to 2009 emergency needs. Following consultations with the Government and other partners, WFP plans to cover 75 percent of 2009 relief food requirements; the balance is expected to be covered by non-governmental organizations (NGOs), the Ethiopian Red Cross Society and bilateral donations.⁸ Because

⁵ Weekly market data collected by WFP sub-offices and data from the Ethiopian Grain Trade Enterprise.

⁶ Measurement of mid-upper arm circumference (MUAC) of children under 5 and pregnant and lactating women under the Enhanced Outreach Strategy for Child Survival, a joint programme of UNICEF, WFP and the Government in 160 food-insecure districts.

⁷ Greater Horn of Africa Climate Forecast Forum, March 2009.

⁸ Based on information available at the beginning of 2009, past projections and experiences.



the number of beneficiaries varies each month (see Table 2) and because WFP food may have to cover the full number of beneficiaries for some of the months, WFP expects to assist up to 4.9 million relief beneficiaries in 2009.⁹

TABLE 2: PLANNED RELIEF BENEFICIARIES (ALL PARTNERS), JANUARY–OCTOBER 2009¹⁰	
Month	Beneficiaries
January	3 930 000
February	4 683 000
March	4 832 000
April	4 945 000
May	4 945 000
June	4 945 000
July	1 226 000
August	797 000
September	764 000
October	725 000

Note: Figures rounded to the nearest thousand.

15. The focus and implementation strategy for the increased requirements are the same as in the relief component of PRRO 10665.0. The primary objective is to provide emergency food assistance for people affected by unpredictable acute food insecurity.
16. Relief assistance will be provided through the monthly allocations of the Disaster Management and Food Security Sector (DMFSS)¹¹ national relief programme. District committees manage food distributions; a supplementary ration of fortified blended food is provided for children, pregnant and lactating women, the elderly and the disabled through blanket distributions.
17. TSF is provided for moderately malnourished children under 5 and pregnant and lactating women. An evaluation in 2008 showed that TSF has a statistically significant nutritional benefit for malnourished children; a follow-up study will be conducted in 2009.¹²
18. DMFSS is responsible for allocating, distributing and reporting on the utilization of food supplied by WFP. WFP sub-office staff monitor distributions as per established monitoring plans. NGOs provide complementary resources.
19. WFP is responsible for the management and transport of food in seven zones in Somali region under the “hubs and spokes” operation. Food stocks – the hubs – are

⁹ In recent years, because of the timing of contributions to different partners, WFP has covered the full number of relief beneficiaries for some of the months.

¹⁰ Joint Government and Humanitarian Partners. 2009. *Humanitarian Requirements*. Addis Ababa.

¹¹ DMFSS is the former Disaster Prevention and Preparedness Agency.

¹² The main factors hampering TSF effectiveness include high inclusion errors from enhanced outreach strategy (EOS) screening and excessive sharing of TSF in households. Measures to address these include: i) using EOS screening to refer potential beneficiaries to nurses for further assessment; ii) developing guidance to ensure the quality of MUAC measurements; and iii) using health workers for screening rather than volunteers.



managed by WFP in strategic locations to enable timely dispatch to distribution sites – the spokes; this also allows for closer monitoring. The establishment of secondary hubs is funded under Special Operation (SO) 10721.1, which runs until December 2009. Recurrent costs related to existing hubs, previously funded under SO 10721.1, have been included in this budget revision.

Activity	Current	Increase	Revised
Relief assistance	792 000	4 153 000	4 945 000 [*]
Safety net/PSNP	2 420 000	-	2 420 000
TSF	663 000	575 000 ^{**}	1 238 000
Urban HIV/AIDS	164 000	-	164 000
Total	3 939 550^{***}	4 728 400	8 581 300

^{*} Depending on the month, the number of beneficiaries may be lower; a maximum of 4.9 million people are expected to need relief assistance in 2009.

^{**} The larger number of beneficiaries is a result of: i) the beneficiary counting method; ii) the change to quarterly screenings; and iii) the introduction of ad hoc screening.

^{***} TSF beneficiaries reduced by 15 percent to avoid double-counting under TSF and PSNP.

20. The relief ration is the same as in PRRO 10665.0: cereals, pulses and vegetable oil supplying 1,992 kcal/person/day. In areas with high risk of severe acute malnutrition, 35 percent of the most vulnerable beneficiaries receive a 150 g supplement of fortified blended food giving 570 kcal/person/day. Rations for PSNP, TSF and HIV/AIDS remain unchanged.

Food type	g/person/day
Cereals	500
Pulses	50
Vegetable oil	15
Fortified blended food (supplementary)	150
Total	565/618 [*]
Kcal per day	1 992/2 562 [*]

^{*} Including supplementary ration

FOOD REQUIREMENTS

21. PRRO 10665.0 requirements for 2009 were estimated at 318,000 mt, including 88,000 mt for relief. National relief requirements for 2009 amount to 591,503 mt, of which WFP plans to cover 435,104 mt, a net increase of 347,074 mt, as an increase to the 2009 budget. The remaining 156,400 mt are expected to be covered by NGOs, the Ethiopian Red Cross Society and bilateral contributions. Taking into account WFP's 2008 carry-over stocks, contributions received in 2009 and the amounts included in the current budget, the net increase under this budget revision is 253,343 mt of cereals for relief (see Table 5).



TABLE 5: NATIONAL AND WFP RELIEF REQUIREMENTS, 2009 (mt)

	National	National revised: 75% to be covered by WFP	WFP original	WFP additional	WFP carry-over stocks, 2009 contributions and 2009 OBC*	WFP budget revision
Cereals	478 950	352 311	71 280	281 031	27 688	253 343
Pulses	47 895	10 569	2 138	8 431	8 431	-
Oil	14 368	35 231	7 128	28 103	28 103	-
CSB**	50 290	36 993	7 484	29 508	29 508	-
Total	591 503	435 104	88 030	347 074	93 731	253 343

* Outstanding balance of commitments

** Corn-soya blend

22. The implications for the budget of PRRO 10665.0 are shown in Table 6 and Annex I-A and I-B.

TABLE 6: OVERALL REQUIREMENTS (mt)

	PRRO January 2008–December 2010	2009 original PRRO	2009 revised	Available resources	2009 net	2009 OBC at 26.3.09*	Budget increase	Revised PRRO January 2008–December 2010
Cereals	962 558	216 701	497 732	244 389	253 343	-	253 343	1 215 901
Pulses	97 958	13 867	41 970	17 398	24 572	25 171	-	97 958
Oil	49 483	22 267	30 699	22 626	8 073	14 366	-	49 483
CSB	227 970	65 559	95 067	62 990	32 077	42 106	-	227 970
Total	1 337 969	318 394	665 468	347 403	318 065	-	253 343	1 591 312

* OBC in budget plan after deducting 2010 PRRO requirements.



ANNEX I-A

BREAKDOWN OF BUDGET INCREASE COSTS			
	Quantity (mt)	Average cost per mt (US\$)	Value (US\$)
WFP COSTS			
Direct operational costs			
Food ¹			
– Cereals	253 343	185.44	46 981 017
Total food	253 343		46 981 017
External transport			24 129 398
Landside transport			23 070 391
Internal transport, storage and handling			21 565 800
Total landside transport, storage and handling			44 636 191
Other direct operational costs			0
A. Total direct operational costs			115 746 606
B. Direct support costs² (see Annex I-B)			14 262 922
C. Indirect support costs (7.0 percent)³			9 100 667
TOTAL WFP COSTS			139 110 195

¹ This is a notional food basket for budgeting and approval. 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	5 771 790
National professional staff	272 510
National general service staff [downward revision]	(1 860 946)
Temporary assistance	3 128 300
Overtime	-
International consultants	3 218 000
National consultants	108 000
Duty travel	1 049 918
Staff training and development	-
Subtotal	11 687 572
Office expenses and other recurrent costs	
Rental of facility	-
Utilities (general)	27 615
Office supplies	58 579
Communication and information technology services	97 405
Insurance	-
Equipment repair and maintenance	-
Vehicle maintenance and running cost	338 182
Other office expenses	56 000
United Nations organization services	106 599
Subtotal	684 379
Equipment and other fixed costs	
Furniture, tools and equipment	107 195
Vehicles	1 120 676
Communications equipment	663 100
Subtotal	1 890 971
TOTAL DIRECT SUPPORT COSTS	14 262 922



ACRONYMS USED IN THE DOCUMENT

CSB	corn-soya blend
DMFSS	Disaster Management and Food Security Sector
DPPA	Disaster Preparedness and Prevention Agency
DSC	direct support costs
EOS	enhanced outreach strategy
FFW	food for work
ISC	indirect support costs
LTSH	landside transport, storage and handling
MUAC	mid-upper arm circumference
NGO	non-governmental organization
OBC	outstanding balance of commitments
ODOC	other direct operational costs
PASDEP	Plan for Accelerated and Sustainable Development to End Poverty
PRRO	protracted relief and recovery operation
PSNP	Productive Safety Net Programme
SNNPR	Southern Nations, Nationalities and Peoples Region
SO	special operation
TSF	targeted supplementary food
UNICEF	United Nations Children's Fund