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**Executive Board
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Agenda item 9

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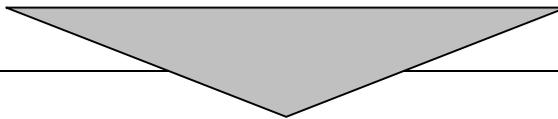
BUDGET INCREASE TO PROTRATED RELIEF AND RECOVERY OPERATION— SRI LANKA 10067.0

Food Assistance to Conflict-Affected People in Sri Lanka

	Cost (United States dollars)		
	Original budget	Increase	Revised budget
Food cost	12,523,140	2,036,480	14,559,620
Total cost to WFP	19,659,704	3,194,636	22,854,340

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Note to the Executive Board



This document is submitted for approval by the Executive Board.

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.

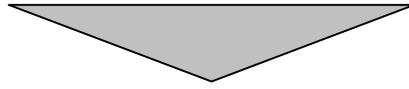
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Draft Decision



The Board approves the budget increase to protracted relief and recovery operation Sri Lanka 10067.0, “Food Assistance to Conflict-Affected People in Sri Lanka” (WFP/EB.3/2002/9-C/2).



PURPOSE

1. The three-year protracted relief and recovery operation (PRRO), Sri Lanka 10067.0 (see document WFP/EB.3/2001/9-B/1), was reviewed and approved by the Executive Board at its Third Regular Session of 2001, in October. Recent positive changes—in particular the declaration of a ceasefire between the Government of Sri Lanka and the Liberation Tigers of Tamil Eelam (LTTE), which led to the signing of a Memorandum of Understanding (MOU)—have resulted in a changed environment where internally displaced persons (IDPs) have started to move. Many are expected to return to areas that were affected by the conflict to start rebuilding their livelihoods. The purpose of this budget revision to the PRRO under which these IDPs are currently assisted is to allow an intensified programme of rehabilitation activities to be undertaken in those areas of return. The increase does not affect the strategy of the PRRO. It is planned, subject to the Board's approval, to increase WFP's commitment from 55,794 tons at a total cost of US\$19,659,704 to 65,120 tons at a total cost of US\$22,854,340.

BACKGROUND

2. Following the election of the new Government in December 2001 and ceasefire declarations by the Government and the LTTE, the prospects for an end to the island's violent conflict are encouraging. In February 2002, the internationally monitored ceasefire was converted into an MOU brokered by Norway, with a timetable set for peace-building initiatives. Formal peace talks are planned to take place in Thailand on 16 September 2002. This is perhaps the closest Sri Lanka has come to ending the protracted 19-year conflict.
3. Confidence in the ongoing peace process remains relatively high, both in the country and within the international community. This is reflected in the spontaneous return of a number of IDPs over the past few months—between January and May 2002 approximately 94,000 out of an estimated 800,000 displaced people returned to their homes. Many others have visited their home areas in anticipation of return. UNHCR expects that roughly 250,000 IDPs will return during 2002.
4. The challenges of rehabilitation and reconstruction in areas of return remain immense. Many areas under LTTE control have seen practically no development for the last ten years. There is large-scale destruction of private property and community infrastructure, such as schools, health centres, hospitals and public buildings. Roads and agricultural infrastructure, such as irrigation systems, have not been maintained for years, and large swathes of agricultural land have returned to a wild state. Landmines are widespread, representing a major barrier to return and reintegration in many areas.
5. Recognizing the need to reorient its IDP policy towards medium- to long-term durable solutions, the Government created the Ministry of Rehabilitation, Resettlement and Refugees (MRRR), which has become WFP's main counterpart for the PRRO. The MRRR is also the focal ministry for implementation of the Framework for Relief, Rehabilitation and Reconciliation (RRR), which sets out a number of actions that need to be taken to ensure the effective and sustainable resettlement of IDPs and the rehabilitation of conflict-affected areas. It calls for quick-impact projects to repair damaged social infrastructure and rebuild livelihoods. In the recently concluded Development Forum, the donors endorsed and supported the RRR framework.



6. The Government continues to provide dry rations to the IDPs; the ration is money based and provides barely 900 kcal per person per day. While this is less than half the daily requirement, it is sufficient for IDPs who are able to work and meet some of their food needs. But it is totally insufficient for the more vulnerable IDPs such as single-headed families or families that have no employment opportunities.
7. This budget increase to PRRO 10067.0 to support an intensified programme of rehabilitation activities in areas of IDP return is fully consistent with the Government and the United Nations Country Team's Joint Strategy to Meet the Immediate Needs of Returned IDPs (July–December 2002), which was released in July 2002.

REVIEW OF FOOD ASSISTANCE

8. At the request of the Prime Minister of Sri Lanka, a United Nations inter-agency mission visited Sri Lanka to explore avenues for mobilizing increased international assistance for social and economic development in the country. This mission highlighted the need for urgent action to support the sustainable return of IDPs and to rehabilitate areas affected by the conflict. The need to act rapidly is underpinned by the desire to demonstrate to the population of Sri Lanka "dividends of peace". Among the priority actions identified by the mission are "food-for-work (FFW) initiatives to rehabilitate community infrastructure, e.g. irrigation water tanks, feeder roads, agricultural land, schools and clinics".
9. The rapid food needs assessment carried out by WFP in May 2002¹ highlighted that food security was a main concern for the returnees and concluded that FFW schemes designed to provide a safety net, while creating physical assets, would help strengthen food security for the returnees' households in the medium to long term.
10. The proposed expansion of recovery activities is fully consistent with the strategy and objectives outlined in the current PRRO. Targeting areas where the number of returnees is high and areas with a high concentration of residual IDPs, WFP's recovery activities will focus on the following:
 - **Rehabilitation of irrigation infrastructure.** WFP will concentrate on small tanks and irrigation ponds, which after years of neglect are currently working at 60 to 70 percent of their former capacity.
 - **Improvement of rural feeder roads.** The focus will be on roads linking communities with hospitals, schools, markets and other communities.
 - **Bringing land back into productive use.** WFP will focus on returned farming communities and on recently de-mined areas.
 - **Reconstructing/rehabilitating key community buildings,** such as schools and health clinics.
 - **Income-generating schemes/vocational training.** These activities will target primarily single-headed households, which lack the labour necessary to participate in FFW schemes.
11. The new situation calls for a greater shift towards rehabilitation as well as an intensified rehabilitation programme. However, the same gender-sensitive participatory strategy described in the original PRRO document will be employed. Women will be actively

¹ WFP fielded a mission between 16–29 May to Vavuniya, Mannar, Kilinochchi, Mullativu and Jaffna to assess community food needs and to identify potential interventions by WFP.



involved in the process of identifying the community assets to be rehabilitated under the FFW schemes. Activities will not target a specific group but will attempt to attract the poorest strata of the community as a whole, whether that consists of IDPs, returnees, resettled populations or "host" populations who were not displaced during the crisis. WFP will facilitate integration among different ethnic groups by promoting FFW activities in which all groups participate. Given the limited government presence and capacity in these areas, WFP expects to partner with other agencies that will provide immediate technical and material assistance and assist with capacity-building. Likely partners are sister United Nations agencies (FAO, UNDP, UNICEF, UNHCR and the International Labour Organisation [ILO]) and international and national non-governmental organizations (NGOs) present in the targeted areas. Building local capacity will be an aim of all these interventions.

Changes in Food Rations

12. Taking account of prevailing conditions, the nutritional inadequacies of the government dry rations and the need to fill specific nutritional gaps faced by the returnees,² the following adjustments are proposed to the current PRRO food basket:

- the addition of oil, a high-value commodity that would assist low-income families in meeting their fat requirement in dietary intake; and
- an increase in the current ration size for sugar from 100 g/family/day to 150 g/family/day, as sugar is in very short supply in the LTTE-controlled area. This also increases the incentive value of the FFW food basket.

13. Therefore, the ration changes in grams per family per day will be as follows:

Commodity	Existing ration (g)	Proposed new ration (g)
Rice	2 250	2 250
Pulses (lentils)	250	250
Sugar	100	150
Oil	0	100

14. The above rations will be given only to new beneficiaries in the former LTTE-controlled areas. This increase in rations will be provided only to participants in the FFW schemes in the newly accessible areas. The increase in the number of beneficiaries is 47,500, raising the total number of beneficiaries to 146,500 under the self-reliance (FFW) component. The Government will continue to provide oil to the original beneficiaries.

No. of beneficiaries (FFW)	2002			2003			2004			Total
	2002	2003	2004	2002	2003	2004	2002	2003	2004	
Previous	15 000	34 000	50 000	15 000	34 000	50 000	15 000	34 000	50 000	99 000
Additional	22 700	14 300	10 500	22 700	14 300	10 500	22 700	14 300	10 500	47 500
Revised	37 700	48 300	60 500	37 700	48 300	60 500	37 700	48 300	60 500	146 500

15. Hence, the proposed additional food commitment by commodity would be:

² The recent Action Against Hunger Nutritional Survey in Jaffna (March 2002) findings indicated that intake of fat was very low.



Commodity	Tons
Rice	7 630
Pulses (lentils)	848
Sugar	509
Oil	339
Total	9 326

Changes in Modus Operandi

16. The proposed recovery strategy remains unchanged, as per the existing PRRO; however, the focus will shift to the IDP areas of return, meaning that new arrangements need to be established. The main changes will be:
- **New partners** for direct implementation within LTTE-controlled areas: WFP will partner with other United Nations agencies, government services, international and national NGOs and the Asian Development Bank, all of which will provide the implementation capacity, technical assistance, machinery and cash inputs essential for the success of FFW schemes. An amount of US\$101,000 has been included in the budget for these new cost-sharing arrangements, as other direct operational costs.
 - **A greater presence** (an additional sub-office) in the LTTE-controlled areas for monitoring and supervising operations: Costs for establishing a new sub-office in a difficult environment, (i.e. without electricity and other support services), including necessary staffing, have been estimated at US\$302,900, as direct support costs.

RECOMMENDATION

17. The budget increase is recommended for approval by the Executive Board.



PROJECT COST BREAKDOWN						
	Existing PRRO (tons)	Revised PRRO (tons)	Difference (tons)	Existing total value (US\$)	Revised total value (US\$)	Difference (US\$)
WFP COSTS						
A. Direct operational costs						
Commodity ¹						
— Rice	37 892	45 522	7 630	6 441 640	7 738 740	1 297 100
— Blended food	10 444	10 444	-	2 715 440	2 715 440	-
— Pulses (lentils)	4 210	5 058	848	1 894 500	2 276 100	381 600
— Vegetable oil	-	339	339	-	220 350	220 350
— Sugar	2 729	3 238	509	736 830	874 260	137 430
— Iodized salt	238	238	-	23 800	23 800	-
— Canned fish	281	281	-	710 930	710 930	-
Total commodities	55 794	65 120	9 326	12 523 140	14 559 620	2 036 480
External transport				2 473 490	2 996 594	523 104
LTSH						
— ITSH				315 230	315 230	-
Total LTSH				315 230	315 230	-
Other direct operational costs				658 093	759 093	101 000
Total direct operational costs				15 969 953	18 630 537	2 660 584
B. Direct support costs (see Annex II for details)						
Total direct support costs				2 267 249	2 570 149	302 900
C. Indirect support costs (7.8 percent of total direct costs)				1 422 502	1 653 654	231 152
TOTAL WFP COSTS				19 659 704	22 854 340	3 194 636

— Rice	37 892	45 522	7 630	6 441 640	7 738 740	1 297 100
— Blended food	10 444	10 444	-	2 715 440	2 715 440	-
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— Iodized salt	238	238	-	23 800	23 800	-
— Canned fish	281	281	-	710 930	710 930	-

¹ This is a notional food basket used for budgeting and approval purposes. The mix and quantities of commodities, as in all WFP-assisted projects, may vary depending on availability.

ANNEX II**DIRECT SUPPORT REQUIREMENTS (dollars)**

Staff	
National General Service staff	112 500
Overtime	1 500
National consultants	5 000
United Nations Volunteers (UNVs)	97 500
Staff duty travel	9 000
Subtotal	225 500
Office expenses and other recurrent costs	
Rental of facility	1 500
Utilities (general)	3 000
Office supplies	900
Communication and IT services	4 500
Vehicle maintenance and running costs	6 500
Other office expenses ¹	12 000
Subtotal	28 400
Equipment and other fixed costs	
Vehicles	22 000
TC/IT equipment	12 000
Furniture, tools and equipment	15 000
Subtotal	49 000
TOTAL DIRECT SUPPORT COSTS	302 900

¹ Other office expenses include US\$654,144 for the regional contingency plan.



ACRONYMS USED IN THE DOCUMENT

FAO	Food and Agriculture Organization of the United Nations
FFW	Food for work
IDP	Internally displaced person
ILO	International Labour Organisation
LTTE	Liberation Tigers of Tamil Eelam
MOU	Memorandum of Understanding
MRRR	Ministry of Rehabilitation, Resettlement and Refugees
NGO	Non-governmental organization
PRRO	Protracted relief and recovery operation
RRR	Relief, rehabilitation and reconciliation
UNDP	United Nations Development Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund

