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PROTRACTED RELIEF AND RECOVERY OPERATION— ARMENIA 6120.01

Relief and Recovery Assistance for Refugees and Vulnerable Groups in Armenia

Number of beneficiaries	170,000
Duration of project	Twelve months (1 January–31 December 2000)

Cost (United States dollars)	
Total cost to WFP	9,971,115
Total food cost	9,971,115

One United States dollar equalled 549 Armenian drams (AMD) in July 1999.

ABSTRACT

Economically, socially and politically, Armenia faces a tremendous challenge. The earthquake of 1988 killed 25,000 people, destroyed one sixth of the country's housing and 40 percent of its production capacity. After the disaster, 157,000 earthquake victims continue to live in temporary accommodation. The dispute over the enclave of Nagorno-Karabakh further deteriorated the socio-economic situation of the country. The conflict resulted in an influx of 316,000 refugees, the vast majority of whom continue to live in deplorable conditions. The ensuing blockade imposed by Turkey and Azerbaijan in 1989 seriously affected Armenia's trade. The country faced economic collapse as a result of the severance from traditional trade and financial links with other former Soviet Republics. Moreover, the financial crisis in Russia in the third quarter of 1998 had a severe impact on the Armenian economy, as almost one quarter of all foreign trade had been with Russia. Many Armenian workers in Russia have returned and many more continue to do so, adding to the number of unemployed.

In collaboration with the Government, the international community and other humanitarian organizations, WFP proposes to assist vulnerable groups and refugees for a period of one year (1 January–31 December 2000). The main objectives of the operation are to: a) improve the nutritional status of vulnerable persons, including refugees and the internally displaced, with a special focus on the needs of women and children; b) improve the health and living conditions of the socially vulnerable through rehabilitation of social infrastructure; c) assist in the recovery process among the poor and hungry by rehabilitation of rural infrastructure to promote food production and self-reliance; and d) contribute to sustaining refugees and encouraging long-term solutions. These objectives will be achieved through take-home relief rations for the socially vulnerable and FFW. Take-home relief rations will be provided to the socially vulnerable and FFW will be for those who are vulnerable but capable of working. For the effective implementation of the operation, WFP will closely cooperate with Government counterparts and United Nations sister organizations.

WFP has been providing assistance to Armenia through an emergency operation since 1993, to improve the nutritional status of people at risk. A phase-out of the WFP operations is foreseen by 2002, through a gradual reduction of assistance to Armenia. The phase-out strategy is based on the expectation that the economy of Armenia will by then have improved sufficiently to provide a basic social safety net for the vulnerable population.

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.

Regional Director: Ms. J. Cheng-Hopkins tel.: 066513-2209

Programme Coordinator: Ms. U. Thapa tel.: 066513-2067

Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact the Documentation and Meetings Clerk (tel.: 066513-2641).



ACRONYMS USED IN THE DOCUMENT

CCA	Common Country Assessment
CRS	Catholic Relief Services
CSN	Country Strategy Note
EDP	Extended delivery point
FBS	Family Benefit System
HACC	Humanitarian Assistance Central Commission
GDP	Gross Domestic Product
ICRC	International Committee of the Red Cross and Red Crescent Societies
JPO	Junior Professional Officer
LIFDC	Low-income, food-deficit country
LTSH	Landside transport, storage and handling
MSW	Ministry of Social Welfare
OCHA	Office for the Coordination of Humanitarian Affairs
SCF	Save the Children Fund
UMCOR	United Methodist Committee on Relief
VISTAA	Volunteers in Service to Armenian Agriculture
VOCA	Volunteers in Overseas Cooperative Assistance



RECOVERY STRATEGY—CONTEXT AND RATIONALE FOR PROVIDING ASSISTANCE

Situation Analysis

Natural Disaster, Civil Strife and Economic Collapse

1. Armenia declared independence from the Soviet Union in September 1991 and passed a new Constitution in July 1995. Eight years after independence, Armenia is still faced with widespread poverty, and the twin challenges of economic recovery and consolidating democracy.
2. The 1988 earthquake killed 25,000 people, destroyed one sixth of the country's housing and 40 percent of its production capacity. Rehabilitation efforts were seriously hampered by the dissolution of the Soviet Union. Only 30 percent of the destroyed housing was ever rebuilt and over 157,000 earthquake victims continue to live in temporary accommodation.
3. The socio-economic situation was exacerbated by the unsettled dispute over the enclave of Nagorno-Karabakh. Armenia's trade is still seriously affected as a result of the conflict and the ensuing blockade imposed by Turkey and Azerbaijan in 1989. The conflict resulted in an influx of 316,000 refugees, the vast majority of whom continue to live in deplorable conditions.
4. The disruption of traditional trade and financial links with other former Soviet republics led to economic collapse. Industrial decline accelerated and per capita gross domestic product (GDP) fell by more than 60 percent in 1993 from that of 1991. At the end of 1993, real wages were down to 6 percent of their 1991 level and widespread unemployment took its toll on the population.
5. The macro-economic reform programmes, supported mainly by the World Bank and the International Monetary Fund, initiated in 1994, halted hyperinflation and decline in real income. During 1994–98, with an annual 3–6 percent growth of GDP, modest overall stabilization was achieved. For 1998, official statistics indicate a continued improvement, with real economic growth at 6.5 percent. Nevertheless, the economy was growing from an extremely low level and the outlook for further growth in income is not good. Reforms focusing on the improvement of social services, health and education have produced extremely limited results.
6. There is no indication that the polarization between rich and poor is narrowing. In 1996, a World Bank assessment showed that 55 percent of the population was living in poverty. Families with children comprised 82 percent of the poor. According to more recent estimates, 40 percent of the population get only 8 percent of the national income, while 20 percent get 68 percent. The foreign debt is high, US\$787 million (January 1999), which is 198 million more than in January 1998. At the end of 1999, it is expected to reach US\$832 million, almost twice the overall 1999 state budget of US\$460 million.
7. The financial crisis in Russia in the third quarter of 1998 had a severe impact on the Armenian economy, as almost one quarter of all foreign trade was with the Russian Federation. Many Armenian workers in Russia have returned and many more continue to do so, adding to the number of unemployed. Their remittances, a major source of income for their families, have dropped to 10 percent of their previous level. Overall remittances



from Russia were estimated at an average of US\$3–5 million per month before 17 August 1998. As a result of the crisis, a downturn in GDP growth is predicted for 1999.

8. Armenia has a population of 3.1 million¹ and a per capita GDP of US\$496.8 (Armenia Economic Trends (AET)—first quarter of 1999 report). Since 1995, it has been classified as a low-income, food-deficit country (LIFDC) by FAO and as a low-income economy by the World Bank.

WFP Assistance to Date

9. Since the beginning of 1994, a WFP emergency operation (EMOP 5301.00) has helped improve the nutritional status for an average of 200,000 people at risk. Initially, assistance was focused on refugees and internally displaced persons. However, soon WFP started to address the needs of the resident vulnerable groups as well, since they suffered nearly as much hardship as the refugees did. Beneficiary groups assisted by WFP have included those living in temporary housing (refugees/internally displaced persons and earthquake victims), disabled, orphans, large needy families, single elderly pensioners and households headed by women. By June 1999, WFP had distributed over 50,000 tons of emergency food—mainly wheat flour, vegetable oil and sugar—at a value of over US\$30 million.
10. As part of its emergency operation, WFP introduced community-based FFW projects in 1995 to create employment and income, and to build infrastructure necessary for sustained development. From 1995 to June 1999, WFP utilized 9,010 tons of food, generating some 5.39 million working days in a wide range of activities.
11. Despite its modest size, the impact of the FFW programme has been substantial. So far, reforestation schemes have resulted in the planting of over 5 million trees in hilly and deforested lands, which are prone to erosion and landslides. Repair, cleaning and rehabilitation of more than 3,000 kilometres of irrigation canals have made large areas of farmland useful again, improving long-term household food security. Communities throughout the country have benefited from 425 kilometres of newly constructed and rehabilitated water pipelines. Only in 1998, a population of around 680,000 was provided with a constant supply of clean drinking water. Tens of thousand of children have benefited from the renovation/winterization of some 350 schools and kindergartens, offering improved conditions for regular attendance. Furthermore, 70 hospitals and polyclinics have been renovated to improve access to and quality of public health care.
12. In January 1999, a Joint Donor Assessment Mission to the Caucasus led by WFP concluded that the situation in Armenia had stabilized, but that support for relief and recovery was still needed. Consequently, the emergency operation was terminated on 30 June 1999, and an interim 6-month protracted relief and recovery operation (PRRO) was approved by the Assistant Executive Director under his delegated authority. WFP is now proposing the extension of that PRRO for one year.

Government Policy and Actions

13. The Government of Armenia has launched a reform programme aimed at: a) reduction of the public sector; b) promotion of private investment and the development of competitive markets; c) macro-economic stabilization; and d) privatization. However, the Government

¹ Estimate from the UNDP “National Human Development Report”, Armenia 1998. As per the latest available population census (1989), the population is 3.79 million.



emphasizes the need for continued humanitarian assistance. Transitional poverty remains and it is uncertain how fast the economy will recover.

14. Poverty is closely linked with unemployment, which affected 30 percent of the overall workforce in the third quarter of 1998. The Government employment service is only able to register the unemployed. Those formally employed in non-operating enterprises or with partial employment cannot register.
15. The most tangible state activity aimed at poverty alleviation was the replacement of all Government allowances by a Family Benefit System (FBS) in January 1999 based on the *Paros* (Armenian for “beacon”) vulnerability index.¹ To establish the FBS, a number of refinements to the *Paros* index were carried out, including singling out elderly pensioners (over 75 years) as a separate social group and increasing the housing coefficient in the vulnerability scores of dwellers in temporary shelters.
16. Since any targeting system includes some percentage of less vulnerable households, not entitled to assistance, such households were identified through a verification exercise with the registers of cars and private entrepreneurs, as well as with electricity suppliers. Another important measure was the involvement of social workers in the identification of better-off households through home visits. These complex activities, conducted from September to December 1998, resulted in the exclusion of 90,000 households from the lists of prospective beneficiaries.
17. Because of insufficient financial resources, FBS covers only 230,000 most vulnerable households (around 27 percent of the Republic’s families) out of 430,000 households considered eligible for welfare assistance; 200,000 households are not covered by the FBS. The monthly average family benefit is equivalent to US\$14, not enough to fill the gap between the disposable income and subsistence.
18. Following an increase in electricity tariffs, the Government allocated a monthly compensation of 1,450 drams (less than US\$3) for energy consumption to an additional 70,000 families. Thus, 300,000 households are benefiting from Government assistance in 1999.
19. As most refugees are ethnic Armenians, the Government supports integration. Refugees have been able to apply for Armenian citizenship since November 1995.

NEEDS ASSESSMENT

Food Security

20. Traditionally, Armenia has been highly dependent on food imports from the former Soviet republics. The country consists of 80 percent uplands unsuitable for cultivation and

¹ *Paros* is Government-operated poverty assessment system, which was put in place through support from the United States Agency for International Development in 1995. It is an open system for continuous registration of vulnerable households. Under *Paros*, household or family vulnerability assessment is based on: i) family composition, including the presence of household members belonging to socially vulnerable groups; ii) income level of the household in money and/or assets; and iii) place and conditions of residence. Numerical values are assigned to each variable and a vulnerability index is calculated for each household; the higher the index, the more vulnerable the family. The predominant groups identified by the *Paros* system are pensioners (the majority of whom are women, as their life expectancy is higher), and households headed by women.



local production covers only half of cereal, and one third of dairy and meat requirements. Agricultural production is crippled by a shortage of spare parts, good quality seeds, and by deteriorated irrigation networks.

21. In 1997/98, out of a total cereal requirement of 672,000 tons, the country imported 367,000 tons, of which 156,000 tons were food aid. Total cereal imports for 1998/99 are expected to be almost the same, with the volume of imports depending on the availability of credit and food aid.
22. About 33 percent of the population live and work in rural areas and depend on agriculture. The climatic conditions during the 1998/99-winter period were most unfavourable. Average temperature was the highest and precipitation the lowest in 30 years, destructive to winter crops, and further increasing the need for food imports. It is predicted that the total loss of wheat crop will be around 60,000 tons.
23. The local diet is largely cereals, primarily bread, which is the main staple food. The dependency on cereals and bread increased in the nineties, as this was the only commodity many households could afford. The consumption of high-cost foods, meat and dairy products has dropped drastically.
24. In the consumer basket food represents approximately 65 percent of the total expenditure. With the elimination of the subsidies, prices for food, basic commodities and services have risen sharply. Bread prices increased 36-fold from 6 drams in November 1994 to 240 drams in December 1998.

Beneficiaries

25. The current economic transition exacts huge costs from those least able to bear them: the elderly (pensioners), disabled, orphans, single mothers with their children, and large families. Living conditions of certain sectors of the vulnerable population have not improved but rather deteriorated as a result of reduced or total lack of external or internal assistance. In 1998, humanitarian aid also decreased to 20 percent of its 1994 level.
26. The poor variety and quality of food have affected the population, evidenced by findings from a UNICEF-initiated Nutritional Survey¹ co-funded by WFP. Low height-for-age was observed in 13 percent of the children under 5, indicating a situation of chronic malnutrition. Although acute malnutrition is negligible, 12 percent of children under 5 exhibit symptoms of stunting and 25 percent suffer from anaemia. However, boys' and girls' health indicators bear no evidence of distinctive differences. Mild and moderate anaemia was observed in 15 percent of the surveyed women, particularly among rural refugees (18 percent). The number of home births has increased significantly, reflecting the economic deterioration as well as the poor quality of care/hygiene conditions in maternity wards.
27. The most affected persons are the single pensioners, 15-20 percent or 100,000 of whom live on the State pension, equivalent to US\$7.5 a month. The cost of the minimum consumer basket is an estimated US\$60 (US\$40 for food expenses and 20 for non-food

¹A survey of four population strata (urban resident, rural resident, urban refugee, rural refugee) was conducted in May 1998 to investigate the health and nutritional status of resident and refugee women and children in Armenia. The survey was carried out on 2,627 households and included 3,433 children under 5 and 2,649 women of reproductive age (18-45).



expenses). Not capable of buying adequate food, they remain at high risk of nutritional deficiencies.

28. The burden of family subsistence lies heavily on women, who make up two thirds of the unemployed population. In 1998, the number of women-headed families was 210,000; they constitute 40 percent of those registered in the *Paros* database.
29. Rural people are coping by increasing their reliance on tiny plots granted from the State and collective farms. In urban areas, land allotments are limited. The sale of personal and household assets has sustained many people in the past few years but opportunities from this coping mechanism are largely exhausted. Other coping mechanisms include gifts from relatives and friends, and migration.
30. There are some 251,000 ethnic Armenian refugees currently hosted in various locations in the country. An estimated 33,000 refugees live in temporary dwellings; of these, 14,000 live in poor and hazardous structures, unable to provide for their elementary hygienic needs. Out of a total number of 316,000 refugees registered in Armenia, 65,000 have migrated in search of employment. According to the UNICEF Nutrition Survey, as many as 31 percent of rural refugees use water from unprotected wells.
31. Vulnerability is highest in the earthquake zone, comprising 36 percent of all vulnerable households. Still, no area in Armenia can be entirely excluded from the need for humanitarian assistance. The geographical distribution of the areas with the highest number of vulnerable households is shown on the map attached to this document.

Targeting

32. WFP interventions will target primarily refugees, internally displaced and vulnerable people, including orphans, multiple-children families, disabled, dwellers in temporary lodgings, pensioners and single pensioners with children. Special attention will be given to the earthquake zone. In 2000, the overall WFP target group will comprise 170,000 people.
33. WFP and NGOs have extensively used *Paros* for relief targeting. It is a dynamic system and is updated on a regular basis. Over time, targeting will be refined through cooperation with the *Paros* index. Feedback from WFP monitoring of relief distributions will help update the *Paros* database. The extensive review of *Paros* in 1998 (through cross-checking with various registers for businesses, car purchase, electricity utilization, etc.) resulted in 90,000 households being disqualified from social assistance.
34. WFP will continue to use *Paros* for the targeted relief programme, and a self-targeting food distribution mechanism for FFW.

RECOVERY STRATEGY

35. WFP assistance, for both relief and recovery, is still needed. The economy of Armenia has not picked up sufficiently to overcome the persisting consequences of the earthquake and the influx of refugees, and provide a basic social safety net for the vulnerable population. In addition, the 1998 economic crisis in Russia resulted in a setback for the Armenian economy, and unemployment is on the increase. Recovery efforts will focus on activities increasing household food security and nutrition. This includes assistance to productive sectors, such as agriculture and food processing. The results of recovery activities will further improve through coordination with other agencies.



36. Based on the findings of a Joint Donor Assessment Mission to the Caucasus led by WFP in January 1999, it is believed that there is a possibility of phasing out support for relief and recovery assistance over a period of three years. However, the PRRO will be reviewed annually and phasing out will be determined by the findings of the mission. During this time, the Government should be able to assume financial responsibility for the groups included in WFP's food programmes. The progress will be reviewed annually. Therefore, WFP proposes a one-year duration for the PRRO.

Partnerships

37. WFP will continue to work closely with the Government's Humanitarian Assistance Central Commission (HACC), the Ministry of Social Welfare (MSW), and United Nations sister agencies. WFP and UNHCR are already coordinating programming of targeted relief distributions. WFP will further expand partnerships with UNDP, UNICEF and the Office for the Coordination of Humanitarian Affairs (OCHA). In 1998, a Country Strategy Note (CSN) for United Nations Development Cooperation in Armenia was drafted. WFP's relief and recovery activities form an integral part of the CSN, particularly in the area of improved living standards, social welfare and job creation. In the second half of 1999, the Armenia United Nations Country Team will finalize a Common Country Assessment (CCA) where the strategic programmatic priorities of each agency will be reviewed and refined, including WFP, to ensure a contribution to meeting common strategic goals.
38. Other international partners will include Catholic Relief Services (CRS), Save the Children Fund (SCF), and the Armenian Social Investment Fund financed by the World Bank. WFP acts as interface between food aid operators by chairing monthly food aid coordination meetings that promote exchange of information.

IMPLEMENTATION PLAN

Objectives

39. Programme objectives have been established through consultation with the Government and other partners. The overall objectives of WFP assistance are to:
- improve the nutritional status of vulnerable persons, including refugees and the internally displaced, with a special focus on the needs of women and children;
 - improve the health and living conditions of the socially vulnerable through the rehabilitation of social infrastructure;
 - assist in the recovery process among the poor and hungry by rehabilitation of rural infrastructure to promote food production and self-reliance; and
 - contribute to sustaining refugees and encouraging long-term solutions.
40. WFP is proposing to continue and further develop a two-tiered approach in its programme of activities: take-home relief rations for the socially vulnerable, including a special winter food preservation project for women; and recovery through FFW for the able-bodied.



Activity 1—Take-home Relief Rations for the Socially Vulnerable

41. WFP's humanitarian assistance under the take-home relief ration programme is aimed at improving the nutritional status of people at risk, including refugees and the internally displaced by providing supplementary feeding, necessary to maintain their daily caloric intake, and to cushion the negative results of the introduction of new welfare systems.

Implementation Strategy

42. Food insecurity for the most vulnerable groups is chronic, although the overall food availability is worse in the winter months; furthermore, extra calories are needed in the cold months to cope with the harsh climatic conditions and lack of heating and proper housing. In the summer local crops are available, food prices are lower and there are additional job opportunities in the agricultural sector.
43. In line with its phasing-out strategy of the relief feeding component, WFP is therefore proposing a 270-day feeding programme during the periods January to May and September to December 2000, to support the most vulnerable in the most difficult period of the year. The number of target population for this WFP activity is 110,000.
44. Although refugees and the internally displaced are incorporated into the *Paros* database and targeting is streamlined by the same vulnerability criteria as those used for the resident population, WFP recognizes the fact that not all refugees are registered in *Paros* and will set aside 10,000 food rations to be distributed under the responsibility of UNCHR.
45. As one way of meeting its Commitments to Women, WFP will assist 15,000 women heads of household in economically depressed areas with extra rations of edible oil and sugar under this programme, to undertake the preservation of fruit and vegetables to meet their families' food needs in the winter.
46. The Family Benefit System (FBS) introduced in January 1999 continues to improve the targeting of the Government's limited resources in support of the vulnerable population. However, under new criteria there are families who are excluded from the system. It will obviously take time for the Government to identify shortcomings and gaps in the FBS, and assistance from WFP will be needed to cushion the negative effects of the transition. In the beginning of the PRRO period, WFP's targeted food assistance will include those vulnerable people who do not receive family benefits. WFP and MSW have agreed that WFP would primarily provide assistance to 100,000 of the 130,000 needy people left out from either type of Government assistance (i.e. FBS or electricity compensation). During the second half of the PRRO period, WFP's focus will shift to those receiving the limited family benefits, including those considered vulnerable because they lack other sources of income.
47. WFP food will be dispatched from the WFP-run Yerevan warehouse to distribution outlets, State shops provided by MSW. Final distributions will be carried out under the supervision of WFP monitors, a refugee representative and representatives from the local office of MSW. Most staff in State stores handling WFP food are women.
48. Given the overall food deficit in the country, and the level of WFP food deliveries, negative impact on production and markets has not been perceived. Moreover, WFP food aid is exclusively targeted to the most vulnerable with extremely low purchasing power.

Partnership Arrangements



49. In the PRRO period, WFP will distribute food directly to beneficiaries. Distribution plans will be prepared in close collaboration with HACC, MSW and UNHCR. An instruction on terms and conditions of every cycle of food distribution will be jointly prepared and signed by MSW and WFP.
50. In order to support the policy of integrating refugees (the information on the confirmation of refugees needing assistance and their number is obtained through UNHCR) into society, UNHCR and WFP work together to move away from separate distribution mechanisms for refugees and include them in the mainstream welfare systems. These efforts will continue in the PRRO, with the ultimate goal of a complete phase-out of separate refugee feeding programmes.
51. Together with UNICEF and the United Methodist Committee On Relief (UMCOR), WFP implemented a six-month pilot project targeting 1,655 vulnerable women of reproductive age with low Body Mass Index from March to August 1999 in the Vayots-Dzor region. This area had been selected based on the findings of the 1998 National Nutrition Survey carried out by UNICEF and co-funded by WFP. The pilot was implemented as a part of the take home relief distribution programme; 460 tons of food (wheat flour, vegetable oil and canned fish) was provided as family rations. The results and impact of this project are now being reviewed in order to refine targeting and identify possibilities for continued collaboration with UNICEF in this sector.

Activity 2—Food for Work (FFW)

52. As outlined above, unemployment is a major underlying cause of poverty, escalating with the return of Armenians previously working in other CIS countries. At the same time, the majority of the vulnerable population does not enjoy healthy livelihoods. The overall objective of recovery through FFW will be to enhance household food security for a large number of beneficiaries in the short to medium term, and to create communal assets, improving food production, health and living conditions.
53. FFW provides an opportunity to work; and substantially contributes to meeting the participants' immediate food needs, while at the same time improving living conditions and long-term food security. This will primarily be done through:
- a) Rehabilitation of social infrastructure:
 - drinking water/sewerage system repair/construction;
 - repair/construction of housing (for refugees as well as earthquake victims);
 - repair/construction of public buildings (schools, polyclinics and kindergartens); and
 - rehabilitation of public areas in cities/towns.
 - b) Rehabilitation of rural infrastructure/income generating projects:
 - irrigation canal/pipeline construction and repair;
 - rehabilitation/creation of farmland, orchards, agro-forestry and vineyards; and
 - construction of food processing facilities.

Implementation Strategy



54. In the implementation of FFW for recovery, WFP will continue to build on the experience gained so far. FFW as an adequate tool for recovery activities in Armenia was confirmed by an independent assessment mission¹ in the autumn of 1997.
55. FFW was recognized to be a suitable instrument to move from free food distribution to development with a great potential for further programmes. FFW had contributed significantly to improving participants' social and economic conditions, at the same time supporting the authorities in taking problem-solving initiatives at the local level.
56. FFW will be implemented as a self-targeting scheme. The nature of the benefits offered by FFW serve as a steering instrument. Beneficiaries will not be selected according to any particular criteria, which will exclude administrative costs. The level of remuneration will be kept at a level not attractive to job seekers from the regular labour market.
57. Selected FFW projects will, to the extent possible:
- be community-based;
 - generate employment;
 - have a high number of indirect beneficiaries (be of public interest);
 - reach people in acute need with low purchasing power and few marketable skills; and
 - promote female participation with the assumption that 25 percent or more will be women; (women represent the largest unemployed group of the population, and together with their children they are the most affected by hunger and poverty).
58. WFP is planning to continue its increased efforts in the area of FFW activities introduced in the interim PRRO for the period July to December 1999; 60,000 participants compared with 40,000 in the first half of 1999.
59. WFP rehabilitation activities are designed on the basis of experience gained during the pilot phase of FFW implementation in 1995/96, and the results of a FFW workshop funded by WFP in Dilijan, in December 1996, with the participation of Government representatives and NGOs. This approach has been institutionalized with yearly workshops and is, *inter alia*, a way for WFP to make sure that FFW activities are in tandem with the Government's recovery objectives.
60. At the initial stage, the WFP field staff identified activities. With the change of the former role of the central Government, local authorities are taking increased responsibility for the recovery of their areas and they identify projects. Therefore, FFW projects will mostly be implemented by local authorities, including city/village councils, who have proven suitable partners, capable of identifying activities serving public interest and able to provide the necessary technical expertise, mobilize additional resources/materials, and supervise the works on site. Local authorities have appropriate capabilities for reporting which is much facilitated by the simplicity of the FFW reporting procedure.
61. Implementing partners rely on a decentralized structure within the community, e.g. housing and neighbourhood committees to inform the neediest about FFW opportunities. Social service departments and employment centres assist by providing information to their clients, potential participants for FFW activities. Information dissemination is supported by radio and television announcements and specially designed

¹An independent evaluation team engaged by the Swiss Agency for Development and Cooperation made a thorough review of the 1997 food-for-work activities in September 1997.



posters, including information on the concept of FFW and its remuneration, posted on communal buildings and at the project sites.

62. WFP end-use monitoring indicates that food expenses account for 70 to 80 percent of overall household expenditures. WFP's total cost for food delivery to FFW beneficiaries is considerably lower than open market food prices. Therefore, food assistance as aid in kind has a distinct advantage over cash in improving the food security of participants. Furthermore, food as remuneration for work reduces the risk of misuse of allocated resources and contributes to a more equal income distribution to all members of the household.
63. An analysis of WFP's FFW projects completed in 1998 showed that 29 percent of participants were women. In 1999, women's access to FFW will be focused not only on increasing the level of their participation in the implementation, but also on ensuring that they have their say in decision-making and project design. Towards that end, WFP is implementing a project funded by the WFP Gender Action Fund. The starting point of the FFW gender strategy will be the identification of women's needs outside the present priority areas for FFW in Armenia.
64. Given the overall food deficit in Armenia and the size of the WFP programme relative to it, a negative impact on production and markets is not likely. With its low level of compensation, FFW will not compete with the formal or informal labour markets.
65. Recent energy shortages have caused environmental degradation by leading to massive deforestation. Armenia has become more prone to erosion-related natural disasters, with serious risks of landslides accentuated by its mountainous topography. These problems have largely been addressed through several reforestation interventions under FFW.
66. With many of the most dangerous areas covered, the focus of tree planting in FFW will shift to forestry projects related to the social sector programmes (rehabilitation of urban areas) and the category of income-generating projects (establishment of orchards and forests for firewood).
67. FFW has so far not showed any negative impact on the environment. On the contrary, recycling Soviet-time pipelines and using construction materials from ruined buildings in FFW projects contribute to environment rehabilitation and maintenance.

Partnership Arrangements

68. In the area of FFW, WFP will build on the already established and well-functioning partnership arrangements with local authorities.
69. The Republican Labour and Employment Service within the MSW is responsible for the registration of the unemployed through its local Employment Centres. In the PRRO, WFP is envisaging increased cooperation with the Labour and Employment Service, to make sure that the officially unemployed have a possibility to participate in FFW activities if no other job opportunities are available.
70. Rehabilitation activities require inputs, i.e. non-food items to complement food resources. WFP is addressing these needs using Other Direct Operational Costs. However, as non-food item needs are substantial for quite a number of projects, counterparts/local communities proposing FFW projects are requested to contribute with materials, supplies and technical assistance. These community inputs have proven successful, improving project performance through an enhanced feeling of project ownership.



71. Limited availability of non-food items can be a constraint in the implementation of FFW. Joining forces with sister agencies and major NGOs creates synergies in resource utilization. Projects where WFP is providing the food and the partner funds for non-food costs have shown excellent performance.
72. WFP will continue to explore partnerships with sister agencies, in particular with UNHCR and UNDP, but will also increase cooperation with other organizations to attain maximum complementarity in resource utilization. Local Memoranda of Understanding have already been signed with CRS and SCF, and discussions are under way with the World Bank to establish a partnership with the Armenian Social Investment Fund, whose second phase is due to start in the beginning of 2000.
73. As a contribution to joint FFW activities addressing the needs of refugees, UNHCR allocated funds for non-food items for 1999.

Capacity-building

74. A team of experienced staff has been built over the past 5 years. The geographical coverage, with a country office in Yerevan and a sub-office in Vanadzor, enables the staff to perform regular and effective needs assessments, make monitoring visits and coordinate operations with partners at the local level. Strengthening of staff skills in PRRO-related training is envisaged on a regional basis together with the country offices in Georgia and Azerbaijan.
75. The capacity of implementing partners at the local level has been enhanced through FFW activities and training in FFW workshops. These efforts will continue in the PRRO.
76. WFP believes that working together with the HACC and MSW, sharing their expertise in targeting, project design and monitoring, contributes to capacity-building within the Government. WFP's support to and utilization of *PAROS* help to form a foundation for a future welfare system. An example is the newly established Family Benefit System.

MONITORING AND EVALUATION

Take-home Relief Rations

77. During previous phases of its emergency operations, WFP established a structure for comprehensive monitoring of commodity distribution. This structure will be reinforced in the proposed PRRO.
78. WFP monitors will make regular field trips for verification and collection of information on commodity movements. Monitoring will be conducted during physical distribution and by surveys at the household level—i.e. end-use monitoring through personal beneficiary interviews—with the objective of improving targeting and measuring goal achievement. The fact that nine out of 11 monitors are female has contributed to an effective monitoring of the household food situation.
79. During their regular visits to extended delivery points and distribution outlets, monitors will undertake on-the-spot remedial actions as needed. Stock balances will be registered and reallocated to other project activities. UNHCR will participate in the monitoring of food distribution to refugees.



80. In 1998, WFP substantively revised the monitoring system. Providing a solid basis for monitoring of the PRRO activities, new standardized forms for data collection and a computerized system for data entry and analysis were introduced. Data collected include: family size and composition, category (resident/refugee/IDP), number of children under 5, children from 6 to 16, employment opportunities, accuracy of received ration, utilization of ration (consumption, barter, sale), monthly food consumption, monthly food expenses, household income, average food production and preferred type of assistance.

Food for Work

81. Apart from interviews with beneficiaries, FFW monitoring will include visits to project sites before, during and after implementation, to ensure that the technical objectives of projects are met and to control commodity status, including food balances. Secondary data (the volume of work undertaken, number of workdays, number of participants by gender, direct/indirect benefits for the community, problems encountered and solutions found) will be collected through the implementing partners and verified through the monitoring visits. The results of monitoring will represent the basis for establishing the programme output, performance evaluation of the implementing partners and consequently improving decision-making regarding new projects.

EXIT STRATEGY

82. With the immediate emergency over, Armenia has entered into a transitional period of recovery. As part of its strategy, WFP will increase rehabilitation efforts through community-based FFW interventions which will allow a gradual phasing out of relief distributions. Relief assistance will be limited only to those who cannot engage in income-generating activities. The able-bodied but unemployed or under-employed will participate in FFW to meet minimum food requirements and at the same time contribute to increased food production, infrastructure building and community development.
83. Based on the assumption that the country's economic growth will continue to improve sufficiently and provide a basic social safety net for the vulnerable population, WFP is foreseeing a complete phase-out of its activities in Armenia by 2002 through a gradual reduction of assistance. Table 1 below provides an overview of the phase-out.

TABLE 1: PHASE OUT OF RELIEF AND RECOVERY 2000–2002

	2000	2001	2002
No. of beneficiaries for take-home rations	110 000	70 000	40 000
No. of beneficiaries for FFW	60 000	60 000	50 000
Total	170 000	130 000	90 000

Risk Assessment

84. The present relatively stable situation related to the Nagorno-Karabakh conflict cannot be taken for granted; this is evidenced by sporadic clashes along the Armenian-Azeri



border. With the situation not fully resolved, it could escalate into a more intensive conflict. The country's highly seismic location and regular small quakes also represent a potential risk of natural disasters.

85. Donor support for the operation will be critical in ensuring sufficient resources to pursue activities comprised in the PRRO.
86. With an increased emphasis on development activities, the roles of HACC and MSW may change. A break-up or radical change in the Government structures could lead to alterations in food security priorities, thus hampering WFP programme implementation.
87. State shops, on which WFP relies for distributions, are now being privatized. WFP may receive less assistance in distribution from local authorities in the future, which could lead to an increase in landside transport, storage and handling (LTSH) and direct support costs.

INPUT REQUIREMENTS

88. The tables in the Annexes summarize the food aid requirements, staffing, non-food items and technical assistance required to implement the PRRO over a 12-month period.
89. The total cost of this operation amounts to US\$9,971,115, which includes food cost (US\$5,234,880), external transport (US\$1,915,270), LTSH (US\$1,382,228), direct support costs (US\$597,720), indirect support costs (US\$661,017) and other direct operational costs (US\$180,000).

Food Rations and Requirements

90. WFP is proposing to use bulk food, 50-kg sacks of wheat flour and sugar, and 5-litre containers of vegetable oil, allowing easy handling. A limited number of basic commodities will help to reduce costs and risk of diversion. The overall food requirements are illustrated in Table 2. The 15,000 beneficiaries of the Winter Food Preservation Project below are included in the overall number of beneficiaries receiving take-home rations, but are shown separately, representing women-headed households receiving additional assistance.

**TABLE 2: FOOD REQUIREMENTS FOR THE PERIOD
1 JANUARY–31 DECEMBER 2000**

Activities	Number of Beneficiaries	Duration (days)	Wheat flour	Vegetable oil	Sugar	Total (tons)
Take home rations	110 000	270	5 940	743	-	6 683
FFW	60 000	90	10 800	1 490	270	12 560
Winter food preservation project ¹	15 000	-	-	75	150	225
Tonnage required			16 740	2 308	420	19 468

¹One-time assistance effort, targeting the same beneficiaries as the take-home rations.



91. As WFP beneficiaries have access to some other food, the assistance is supplementary, provided as dry take-home rations of wheat flour and vegetable oil. The WFP food basket has been determined taking into consideration the food consumption habits of the local population and the availability of certain basic commodities. Beneficiaries indicate that they cannot afford to use much electricity or firewood for cooking. Thus, pulses have not been considered in the food basket. Based on the findings from the UNICEF/UNHCR/WFP Nutrition Survey, iron-fortified wheat flour should be provided.
92. To ensure a cost-efficient implementation of the small-scale FFW programme, a standard ration of three commodities, in general wheat flour, vegetable oil and sugar, will be provided for an 8-hour working day. The average family size of 4.3 will be used for the calculations for FFW activities. The average daily family ration is equivalent to approximately US\$1.11, and the minimum daily wage rate is about US\$1. The nutritional content of the individual and family daily rations is shown in Tables 3 and 4 below.

TABLE 3: NUTRITIONAL CONTENT—DAILY INDIVIDUAL RELIEF RATION

Commodity	Ration size (grams)	Protein (grams)	Fat	Calories
Wheat flour	200	25	3	700
Vegetable oil	25	-	25	221
Total	225	25	28	921

TABLE 4: NUTRITIONAL CONTENT—DAILY FAMILY FFW RATION

Commodity	Ration size (grams)	Protein (grams)	Fat	Calories
Wheat Flour	2 000	246	30	7 000
Vegetable Oil	276	-	276	2 443
Sugar	50	-	-	200
Total	2 326	246	306	9 643

Staffing

93. The shift from relief distributions to more labour intensive FFW requires a larger number of staff, particularly for monitoring. Provisions for two additional local staff for monitoring have been included in the direct support cost requirements.
94. Recognizing the need for strengthened monitoring of FFW activities, WFP is planning to increase the number of monitors with technical expertise. However, WFP is also envisaging contracting outside services. The local NGO Volunteers in Service to Armenian Agriculture (VISTAA) has a wide range of local experts corresponding to the proposed FFW intervention areas. WFP is planning to use their services regularly for project appraisal and technical evaluation of individual projects. Provision for these activities has



been included under direct support costs (attached Annex). This approach is believed to be both cost-effective and supportive of local capacity-building.

95. At present, only one international staff manages the country office. Given the increasing workload, the country office is planning to recruit two additional international staff members, one Programme Officer and one Junior Professional Officer (JPO), to strengthen overall programme management.

Non-food Items

96. The success of FFW projects depends on the availability of financial resources (an estimated US\$180,000) to purchase non-food items, i.e. tools and construction materials (hammers, spades, shovels, rakes, mattocks, pick axes, cement, electrodes, barbed wire, roofing sheets, floor cover, etc.) to complement food resources. WFP is addressing these needs using Other Direct Operational Costs.

Technical Assistance

97. FFW projects will be managed by the implementing partners (i.e. local authorities, village/city councils), who normally provide a technical expert through their specialized departments (water users associations, local municipality departments of communal services/education/health/territorial management) for the supervision of the project. Experts are readily available, as job opportunities are very few. In other cases, technical assistance will be provided by various NGOs and international organizations such as SCF, IFAD and United Nations sister agencies, as well as governmental agencies like Hayantar (forestry).
98. Given the proposed expansion of FFW, WFP entered into agreement with the international NGO Volunteers in Overseas Co-operative Assistance (VOCA) and their local partner VISTAA to perform an in-depth technical evaluation of previous FFW interventions in 1999. The results of the evaluation will include recommendations on most suitable project types, project size and work norms. The outcome will be used in the selection and monitoring of FFW activities to improve the technical performance under the PRRO. The monitors' knowledge will increase and performance monitoring will be improved by clearer work norms.

Overall Logistics Arrangements

99. At the early stages of the EMOP, WFP implemented take-home ration distributions through international NGOs. Direct food distribution (i.e. transportation to the final distribution point), implemented by the country office in April 1996, has considerably reduced costs. A standard long-term agreement with a fixed number of private truckers has allowed WFP to secure the lowest possible rates for in-country transportation. LTSH costs were reduced by US\$6-7 per ton, or some 20 percent, compared with distribution through NGO partners. Operational control was improved and delivery times from the extended delivery point (EDP) to distribution points were reduced by up to 50 percent. WFP is planning to continue this practice in the PRRO.
100. WFP food will be purchased in Europe and the United States and then shipped to the Georgian Black Sea ports of Poti and Batumi for onward rail passage to the WFP extended delivery point (EDP) in Yerevan, Armenia.



101. From the warehouse in Yerevan, WFP will arrange for transportation of commodities by rented trucks to state shops for final distribution in the relief programme, and to storage facilities provided by the implementing partners for the FFW activities.
102. One centralized EDP in Yerevan, managed by WFP and strategically located in the centre of the Republic, will contribute to a cost-effective operation. The Government will provide the Yerevan warehouse free of charge. To further reduce costs, distribution of relief commodities will be synchronized with FFW activities.

RECOMMENDATION OF THE EXECUTIVE DIRECTOR

103. The PRRO is recommended for approval by the Executive Board, within the budget detailed in Annexes I and II.



ANNEX I

PROJECT COST BREAKDOWN			
	Quantity (tons)	Average cost per ton	Value (dollars)
WFP COSTS			
A. Direct operational costs			
Commodity ¹			
– Wheat flour	16 740	197	3 296 280
– Vegetable oil	2 308	789	1 821 000
– Sugar	420	280	117 600
Total commodities	19 468		5 234 880
External transport		98.38	1 915 270
– Landside transport		41	798 188
– ITSH		30	584 040
Total LTSH		71	1 382 228
Other direct operational costs		180 000	180 000
Total direct operational costs			8 712 378
B. Direct support costs (see Annex II for details)			
Total direct support costs			597 720
C. Indirect support costs (7.1 percent of total direct costs)			
			661 017
TOTAL PROJECT COSTS (WFP)			9 971 115

¹ This is a notional food basket used for budgeting and approval purposes. The precise mix and actual quantities of commodities to be supplied to the project, as in all WFP-assisted projects, may vary over time depending on the availability of commodities to WFP and domestically within the recipient country.



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

Staff costs	
International (2)	243 000
Local staff and temporaries (20)	110 720
Subtotal	353 720
Technical support services	
Project monitoring and evaluation	35 000
Subtotal	35 000
Travel and DSA	
International (blanket travel)	14 000
In-country	54 000
Subtotal	68 000
Office expenses	
Rental of facility	7 500
Utilities	3 500
Communications	24 000
Office supplies	5 000
Equipment repair and maintenance	5 000
Subtotal	45 000
Vehicle operations	
Vehicle fuel and maintenance	20 000
Subtotal	20 000
Equipment	
Vehicles (purchase of 4WD x 2)	50 000
Computer equipment	9 000
Furniture and equipment	1 000
Subtotal	60 000
Other	
Newspapers/periodicals	2 000
Miscellaneous/contingency	8 000
Security	5 000
Public information	1 000
Subtotal	16 000
TOTAL DIRECT SUPPORT COSTS	597 720



ANNEX III

ARMENIA—BASIC FACTS

Area	29,743 sq. km.
Terrain	Highly seismic, 80% mountainous
Climate	Continental and dry, with extreme temperatures in winter and summer.
Agricultural land (%)	16
Forests and forested areas (%)	15
Irrigated land (% of total agricultural land)	34
Population	
Official ¹	3.79 million
Estimated ²	3.10 million
Urban (%)	67.5
Density	110 sq. km.
Religion	Christianity
Currency	Dram (1 USD in February '99 = 540 drams)
UN Member	Since 2 March 1992

¹ Reflects the results of the 1989 population census.

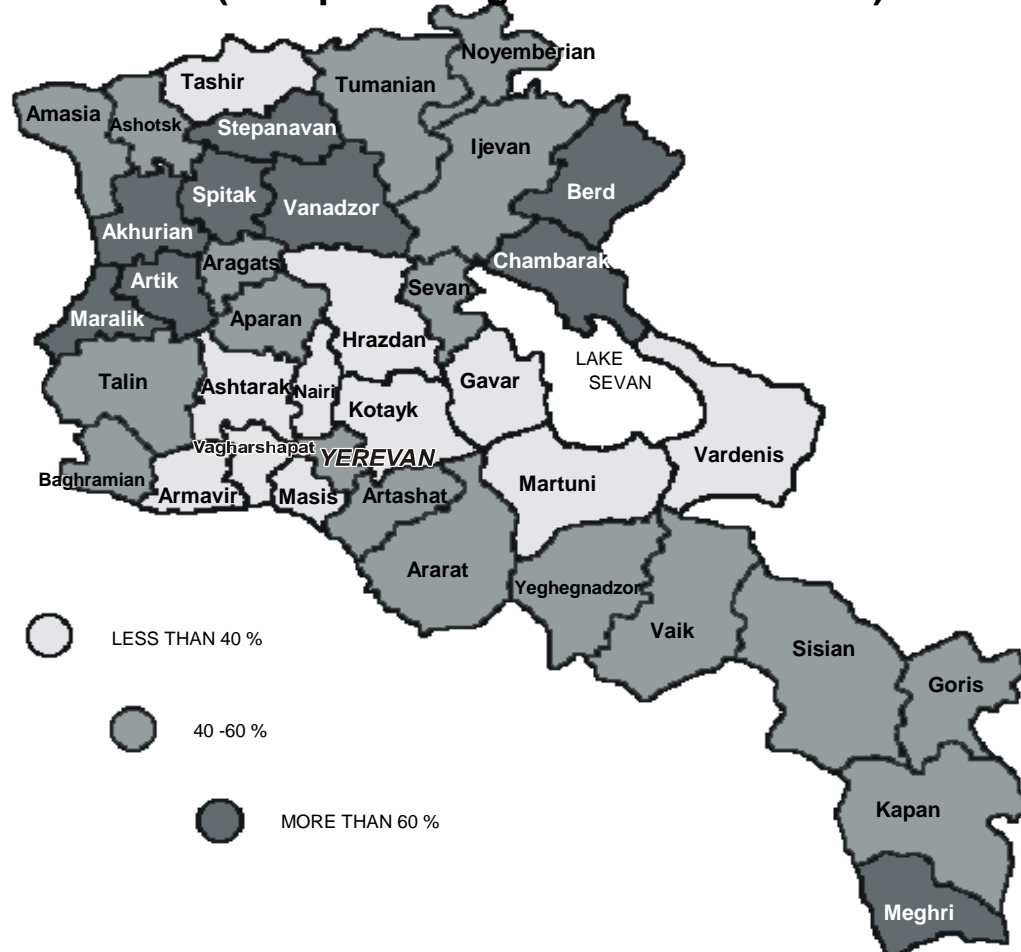
² Estimate from UNDP "National Human Development Report", 1998.



ANNEX IV



Distribution of Households with Scores Above 20 Registered in *Paros* (as a percentage of all households)



The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the World Food Programme (WFP) concerning the legal status of any country, territory, city or area or of its frontiers or boundaries