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Projects for Executive Board Approval

For approval

Executive Board documents are available on WFP's Website (<http://executiveboard.wfp.org>).

Budget Increase to Protracted Relief and Recovery Operations — Ethiopia 200712

Responding to Humanitarian Crises and Transitioning Food-Insecure Groups to More Resilient Strategies

Cost (United States dollars)			
	Current budget	Increase	Revised budget
Food and related costs	896 071 128	183 031 922	1 079 103 050
Cash-based transfers and related costs	75 626 360	(8 226 450)	67 399 910
Capacity development and augmentation	11 055 545	642 553	11 698 099
Total cost to WFP	1 170 321 822	185 925 958	1 356 247 780

Gender marker code 2A

<https://www.humanitarianresponse.info/system/files/documents/files/gm-overview-en.pdf>.

Draft decision*

The Board approves the proposed budget increase of USD 186 million for Ethiopia protracted relief and recovery operation (PRRO) 200712 – Responding to Humanitarian Crises and Transitioning Food-Insecure Groups to More Resilient Strategies (WFP/EB.A/2016/8-B/1*).

* 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.

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Nature of the Increase

1. This budget revision to protracted relief and recovery operation (PRRO) 200712 will scale up WFP's support to address the deteriorating food security and nutrition situation in Ethiopia resulting from drought exacerbated by El Niño.
2. It revises the numbers of beneficiaries under all three components – relief, nutrition and the Productive Safety Net Programme (PSNP) for the period July to December 2016. It:
 - increases the number of beneficiaries of WFP relief assistance from 6 million to 7.6 million to align with the Government's most recent Humanitarian Requirements Document (HRD) of December 2015;
 - increases the number of beneficiaries receiving treatment for moderate acute malnutrition (MAM) from 833,340 to 1.9 million;¹
 - includes blanket supplementary feeding to prevent acute malnutrition for 200,000 children under 5 in areas with high rates of global acute malnutrition (GAM) including 104,012 transferred from the stunting prevention programme;
 - due to lack of funding, removes 304,700 PSNP beneficiaries who were to receive food or cash from July to December 2016;
 - increases the food tonnage by 328,620 mt at a cost of USD 105 million to meet increased relief and nutrition needs;
 - replaces cash with food for relief beneficiaries given supply constraints and high prices in light of current drought situation;
 - increases other direct operating costs by USD 1.6 million;
 - reduces direct support costs by USD 1.7 million;
 - increases landside transport, storage and handling costs by USD 62.4 million and external transport costs by USD 14.1 million; and
 - increases indirect support costs by USD 12.2 million.
3. The total increase is USD 185.9 million, 16 percent of the budget of the three-year PRRO 200712.

Justification for Extension-In-Time and Budget Increase

Summary of Existing Project Activities

4. PRRO 200712 contributes to government programmes that address structural food insecurity and malnutrition by:
 - providing short-term food assistance for households in acute emergencies and addressing moderate acute malnutrition among children under 5 and pregnant and lactating women;
 - supporting the Government's PSNP, and phasing long-term "chronic relief" beneficiaries to the new PSNP 4; and
 - preventing chronic malnutrition and stunting among children under 2 and pregnant and lactating women.
5. The budget revision retains the gender analysis under the original PRRO document, is aligned with the Regional Gender Strategy, and contributes to SDG 5 (gender equality and women's empowerment).

¹ This brings the total cumulative beneficiary number under MAM treatment to 2.5 million for the January–December 2016 period.

6. A budget revision approved by the Board in November 2015 increased the number of relief beneficiaries from 2 million to 6 million at a time when the number of people who would require emergency food assistance was estimated at 8.2 million. This budget revision increases the requirement from 6 to 7.6 million people, in line with the most recent HRD of December 2015 that includes 10.2 million people in need of emergency food assistance.

Conclusion and Recommendations of the Re-Assessment

Drought context and beneficiary needs

7. Ethiopia's worst drought in 50 years is primarily the result of failed *belg* (spring harvest) and *meher* (main harvest) rains in 2015 and of El Niño. Whereas the 2011 Horn of Africa drought affected lowland areas, the current drought is concentrated in the highlands, where population densities are high and people depend on rain-fed agriculture, livestock and seasonal wage labour. Emergency food and nutrition assistance needs rose sharply in late 2015 and early 2016.
8. The Government's two annual food security assessments take place in May and June for the *belg*, and in October and November for the *meher*. The latest *meher* assessment projected 10.2 million people in need of emergency food assistance during 2016, as in the HRD. The rapidity of the increase is striking – from 2.9 million people in February 2015 to 4.5 million people in August 2015, to 8.2 million in October 2015 and to 10.2 million in December 2015.
9. The three main food-assistance operators in Ethiopia are the National Disaster Risk Management Commission (NDRMC), WFP and the Joint Emergency Operation, which is a consortium of United States non-governmental organizations. WFP and NDRMC provide 75 percent of emergency food assistance – 7.6 million beneficiaries – while the Joint Emergency Operation is expected to cover the remaining 25 percent.
10. The Government, the NDRMC Emergency Nutrition Coordination Unit, WFP and the United Nations Children's Fund (UNICEF) issue a quarterly list of "hotspot" *woredas* (districts) to project the scale of emergency nutrition requirements on the basis of indicators for water, health, food production and food access; the latter are complemented with data from site-specific nutrition surveys and admissions data related to moderate and severe acute malnutrition from health posts and clinics. A "priority 1" classification warrants scaling up of emergency nutrition activities such as special feeding programmes and increased coverage of water and health services.
11. The HRD initially projected that 2.2 million children and pregnant and lactating women would require support for treatment of MAM in 186 priority 1 *woredas*. The 11 April 2016 classification of "hotspot" *woredas* increased their number to 219, and the number of children and pregnant and lactating women to 2.5 million. WFP projects that a further 200,000 children under five years will need to be supported through blanket supplementary feeding to prevent acute malnutrition from rising in areas with already high rates of GAM such as Afar and Somali regions.
12. While the HRD focuses relief food and nutrition assistance on populations affected by the current drought, the PSNP is designed to support a further 8 million chronically food-insecure people providing: i) conditional food or cash in exchange for work in public projects between January and June (6.4 million people); and ii) unconditional food or cash transfers for the full year for families without members who can participate in public works (1.6 million people).
13. However, in the current situation, the beneficiaries of PSNP and the HRD face the same problems in terms of access to food, income and services, and many even live in the same drought-affected areas. The Government, in consultation with the PSNP Donor Working Group (including WFP), is considering the best way to address the needs of the PSNP caseload during the second half of 2016, including the possibility to integrate a significant proportion of PSNP beneficiaries within the HRD/relief caseload from July, taking in to account overall resource constraints. Any agreed changes affecting WFP support will be addressed as part of a future budget revision.

Food security at the household level

14. The Government's *belg* emergency food needs assessment in May and June (see paragraph 8), which is the basis for adjusting beneficiary needs for the July–December period, assumes that food and nutrition assistance needs will remain high throughout the remainder of 2016; it is supplemented with rainfall data from the National Meteorological Agency and assessments by NDRMC. WFP, NDRMC and the Joint Emergency Operation also collect food security and market data to complement the assessments. The latest information from these sources gives little indication that the situation will improve in the second half of 2016.
15. The National Meteorological Agency reported that the *belg* rains began late in 2016 and are likely to be below normal in northern Ethiopia where the El Niño drought is felt most. WFP surveys show pasture and water at below-normal levels in all areas affected by drought, and as a result livestock are in poor condition and incomes from their products are likely to be low. The *belg* rains may increase the water and pasture available for livestock, but it will take an estimated five years for households to recover their herds.
16. WFP's latest monthly food security monitoring bulletin indicates a bleak outlook at the household level.² Without external food assistance from WFP, NDRMC or the Joint Emergency Operation, households affected by the drought can produce or otherwise obtain only 25 percent of monthly food needs. The poorest 20 percent of households can meet on average only 15 percent of their food needs through their own means, compared with 23 percent in November 2015 and 33 percent in August 2015. This is a serious concern in that at least 2 million people may be involved. Even with external food assistance, households affected by drought consume considerably less than their minimum daily food needs, and 80 percent consume fewer calories than the minimum recommended by the World Health Organization.
17. WFP monitoring data gives cause for concern: 10 percent of interviewed households reported that they received less than 6 kg of cereals, as compared to the 15 kg they should have received. Of the households interviewed, 65 percent reported that there were practically no pulses in the emergency ration. This confirms information that: i) shortfalls in the national emergency food pipeline were significant at the beginning of the year, especially for NDRMC which was supporting 6 million people; and ii) lack of funding prevents the main operator in the food sector from providing anything but cereals for most of the affected population. Also, all forms of distribution were running on a 6-8 week cycle instead of the intended monthly cycle.
18. Market access to food and consumption of other foods is also limited. High market prices prevent the most vulnerable people from accessing staple foods, especially maize and sorghum. The average wholesale price of maize has increased by 15 percent since last year and is 9 percent above the five-year average; data in February 2016 showed that sorghum prices per quintal have increased by 27 percent from 2015 levels.³ Household staples such as cereals and oil are therefore primarily available only through the emergency food ration and the price of pulses has doubled or tripled in some markets. Dietary diversity and consumption of nutritious foods are accordingly limited, which has serious implications in terms of malnutrition rates among young children.

Purpose of Extension and Budget Increase

Current operational scenarios

19. It is clear that emergency food and nutrition assistance needs will remain high throughout 2016. Even if the *belg* rains result in a sufficient harvest in some areas, the magnitude of overall needs is staggering. Sustained support will be required to avert a catastrophe.

² WFP. 2016. Drought Emergency Household Food Security Bulletin #1. Addis Ababa, WFP.

³ Agriculture Knowledge, Learning Documentation and Policy. 2016. *El Niño in Ethiopia: Maize and Sorghum Price Trends to February 2016*, Addis Ababa. Available at <http://www.agri-learning-ethiopia.org/wp-content/uploads/2016/01/AKLDP-FPB-Maize-Sorghum-Feb-2016.pdf>

20. This budget revision assumes that the current high level of need will, at a minimum, continue through the end of the year. In view of the current situation WFP will not wait for the mid-year results of the *belg* assessment to confirm this: the late *belg* rains, the below-average harvest forecast and the monthly food-security assessments all indicate significant levels of emergency needs in the coming six to eight months.
21. Changes in relation to the last budget revision include:
 - an increase of 1.6 million in the number of relief beneficiaries, giving a total of 7.6 million people to be supported with general food rations by WFP and NDRMC;
 - an increase of 833,340 children under 5 and pregnant and lactating women requiring treatment for MAM, giving a total of 1.9 million. This will bring the total number of beneficiaries under the Targeted Supplementary Feeding Programme (TSFP) to 2.5 million for the January–December 2016 period;
 - the inclusion of blanket supplementary feeding to prevent further spikes in acute malnutrition to 200,000 children under 5 in areas with high rates of GAM such as Somali region and Afar; and
 - a reduction in the planned number of PSNP beneficiaries (304,700 unconditional assistance) for the July–December period.
22. In addition, funding for PRRO 200712 was late or not forthcoming when the drought began in mid-2015. But significant new contributions from the United States of America, the European Community Humanitarian Office, the Central Emergency Response Fund and the Ethiopia Humanitarian Fund have recently come on line and there are indications of increased contributions from other donors in light of continued and increased need.
23. The Government recognizes that donors may be unable to provide the scale of resources required for PRRO 200712 because of their commitments in other parts of the world and has accordingly allocated significant funds to fill the joint WFP/NDRMC pipeline. Since October 2015 it has provided 400,000 mt of food for the January–June period and a further 364,000 mt to support the 7.6 million people to be served by WFP/NDRMC for the July–December period. This budget revision takes these contributions into account, but does not include them in WFP's planning and costing.
24. Finally, the average lead time for deliveries of food from within and beyond the East Africa region to Ethiopia is three months. It is essential that WFP mobilize additional resources and contributions immediately to ensure that food is in place by July 2016 for the increased numbers of beneficiaries.
25. To mitigate congestion at the Djibouti port, WFP is also using the Berbera port. The logistics cluster is supporting logistics coordination and information management capacity, and WFP is finalizing a Special Operation (SO) in partnership with the NDRMC to augment the Government's delivery capacities. The SO will focus on improving storage facilities and training Government staff to manage logistics and transport arrangements.
26. Ethiopia's preparedness and resilience can only be developed through a combination of immediate humanitarian assistance, capacity enhancement and long-term development assistance. In this context, WFP has been providing support through the Food Management Improvement Project with a view to enhancing the capacities of government counterparts in food and logistics management, standard operating procedures, food tracking and other skills: the SO will augment the project by enhancing the capacities of the Government in logistics, food management and disaster preparedness

TABLE 1: BENEFICIARIES BY ACTIVITY

Activity	Category of beneficiaries	Current (July – December 2016)			Increase/decrease			Revised (July – December 2016)		
		Boys/men	Girls/women	Total	Boys/men	Girls/women	Total	Boys/men	Girls/women	Total
<i>PSNP</i>	Chronic food-insecure	155 397	149 303	304 700	(155 397)	(149 303)	(304 700)	0	0	0
Food		155 397	149 303	304 700	(155 397)	(149 303)	(304 700)	0	0	0
Cash		0	0	0	0	0	0	0	0	0
<i>Relief</i>	Acute food-insecure	3 027 543	2 972 457	6 000 000	797 841	783 259	1 581 100	3 825 351	3 755 749	7 581 100
Food		2 926 671	2 873 329	5 800 000	898 740	882 360	1 781 100	3 825 411	3 755 689	7 581 100
Cash		100 900	99 100	200 000	(100 900)	(99 100)	(200 000)			
<i>TSF – Treatment and prevention</i>	Nutrition-insecure	391 745	641 602	1 033 347	459 832	684 060	1 143 892	851 577	1 325 662	2 177 239
Treatment of moderate acute malnutrition		315 924	517 423	833 347	397 264	650 640	1 047 904	713 188	1 168 063	1 881 251
Prevention of acute malnutrition		0	0	0	102 000	98 000	200 000	102 000	98 000	200 000
Prevention of chronic malnutrition (stunting)		75 821	124 179	200 000	(39 431)	(64 581)	(104 012)	36 389	59 599	95 988
TOTAL		3 574 685	3 763 362	7 338 047	1 102 276	1 318 016	2 420 292	4 574 928	4 983 411	9 758 339

27. The only revised ration is that for stunting prevention, in which SuperCereal Plus will replace SuperCereal and oil. This will be the same as the ration provided for the prevention of acute malnutrition activity.

TABLE 2: REVISED DAILY FOOD RATION/TRANSFER BY ACTIVITY (g/person/day)		
	Stunting prevention: children under 2	Stunting prevention: pregnant and lactating women
	Revised	Revised
SuperCereal Plus	200	250
TOTAL	200	250
Kcal/day	752	939
% kcal from protein	30.6	38.2
% kcal from fat	16.1	20.1
No. of feeding days per year	360	360

Food Requirements

28. This Budget Revision (BR) increases the food requirements for relief and nutrition support, but reduces the cash requirements for relief and PSNP because food availability in markets has fallen following the low main harvest in November and December.

TABLE 3: FOOD/CASH-BASED TRANSFER REQUIREMENTS BY ACTIVITY				
Activity	Cash (USD)	Food requirements (mt)		
		Current	Increase/decrease	Revised total
Relief	(6 528 000)	623 274	345 542	968 816
PSNP	(1 200 000)	686 947	(34 736)	652 211
Nutrition/TSF	-	81 673	17 814	99 487
TOTAL	(7 728 000)	1 391 894	328 620	1 720 514

ANNEX I-A

PROJECT COST BREAKDOWN		
	Quantity (<i>mt</i>)	Value (<i>USD</i>)
Food		
Cereals	251 838	54 637 361
Pulses	55 937	26 381 000
Oil and fats	7 556	6 072 534
Mixed and blended food	13 289	17 871 620
Total food	328 620	104 962 515
External transport		14 115 985
Landside transport, storage and handling		62 369 526
Other direct operational costs – food		1 583 896
Food and related costs¹		183 031 922
Cash-based transfers		-7 728 000
Related costs		-498 450
Cash-based transfers and related costs		-8 226 450
Capacity development and augmentation		642 553
Direct operational costs		175 448 025
Direct support costs (see Annex I-B) ²		-1 685 447
Total direct project costs		173 762 578
Indirect support costs (7 percent) ³		12 163 380
TOTAL WFP COSTS		185 925 958

¹ This is a notional food basket for budgeting and approval. The contents may vary.

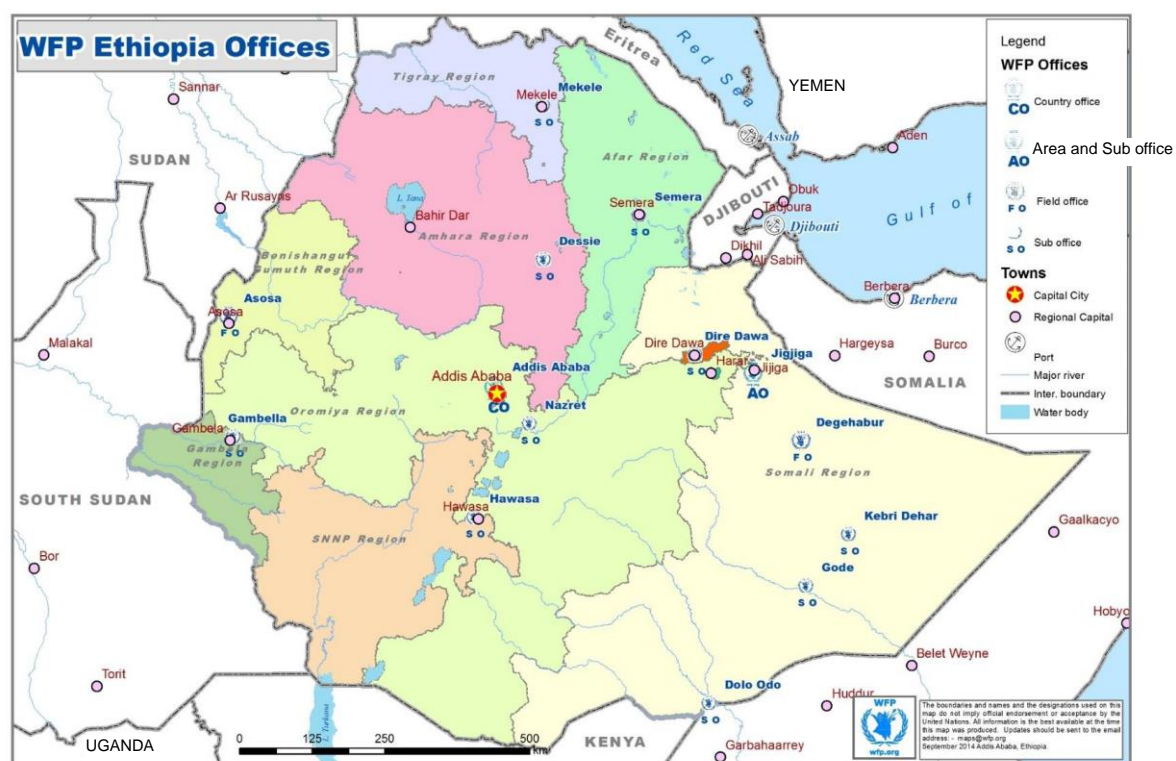
² Indicative figure for information purposes. The direct support cost allotment is reviewed annually.

³ The indirect support cost rate may be amended by the Board during the project.

ANNEX I-B

DIRECT SUPPORT REQUIREMENTS (USD)	
Staff and staff-related	
Professional staff	-62 558
General service staff	-1 622 889
TOTAL DIRECT SUPPORT COSTS	-1 685 447

ANNEX II



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.

Acronyms Used in the Document

GAM	global acute malnutrition
HRD	Humanitarian Requirements Document
MAM	moderate acute malnutrition
NDRMC	National Disaster Risk Management Commission
PRRO	protracted relief and recovery operation
PSNP	Productive Safety Net Programme
SO	Special Operation
TSF	Targeted Supplementary Feeding