

**BUDGET REVISION No. 3 TO PROTRACTED RELIEF AND RECOVERY OPERATION  
(PRRO) 101273**

**Food Assistance to Sudanese, Somali and Eritrean Refugees**

<b>Cost (United States dollars)</b>			
	<b>Present budget</b>	<b>Increase</b>	<b>Revised budget</b>
Food cost	33,876,076	6,339,955	40,216,030
External transport	15,380,758	2,253,297	17,634,055
LTSH	18,758,985	5,479,194	24,238,179
ODOC	1,133,754	264,571	1,398,325
DSC	4,255,083	586,711	4,841,794
ISC (7%)	5,138,326	1,044,661	6,182,987
<b>Total cost to WFP</b>	<b>78,542,982</b>	<b>15,968,388</b>	<b>94,511,370</b>

**NATURE OF THE INCREASE**

1. This budget revision to Ethiopia PRRO 101273, Food Assistance to Sudanese, Somali and Eritrean Refugees, is proposed to assist an additional 96,000 refugees, specifically to:

- provide an additional 23,188 mt of food commodities valued at US\$6.3 million;
- increase the associated costs for external transport, land transport, storage and handling (LTSH); other direct operational costs (ODOC), direct support costs (DSC) and indirect support costs (ISC) by US\$ 9.6 million;
- increase the LTSH rate from US\$198/mt to US\$209/mt.

2. This revision increases the budget by US\$16 million and overall cost by 20 percent.

**JUSTIFICATION FOR BUDGET INCREASE**

**Summary of Existing Project Activities**

3. Ethiopia has been hosting a substantial population of refugees for over 20 years, providing asylum and protection. Numbers have fluctuated significantly because many people who repatriated when conditions improved subsequently returned to Ethiopia when conditions in their home countries deteriorated. However, access to farmland and employment outside of the refugee camps is highly restricted. For most refugees their only access to land is backyard gardens to grow small quantities of vegetables and cereals. This contributes little to their food security while production is also dependent on erratic rainfall<sup>1</sup>.

4. The ongoing PRRO 101273 aims to meet the basic nutritional needs of refugees. The specific objectives are:

- To reduce and/or stabilize acute malnutrition among refugees (linked to WFP Strategic Objective 1, “save lives and protect livelihoods in emergencies”).

<sup>1</sup> This was confirmed by the latest WFP/UNHCR/ARRA (Administration for Refugee and Returnee Affairs) Joint Assessment Mission (JAM) report, Addis Ababa, April 2008.

- To reduce malnutrition through targeted supplementary food distribution to pregnant and lactating women, malnourished children, people living with HIV, and other vulnerable refugees with special nutritional needs (linked to WFP Strategic Objective 4, “reduce chronic hunger and under nutrition”).
  - To increase school attendance by implementing a school meals programme (linked to WFP Strategic Objective 4, “reduce chronic hunger and under nutrition”).
5. The duration of the current PRRO is from 1 January 2009 to 31 December 2011. To date the PRRO has gone through two budget revisions. The first revision was to realign food commodity costs to reflect decreased market prices and to adjust for small increases to the LTSH cost. The second revision was required to add palm dates to the food basket, increase LTSH costs and increase ODOC costs (to accommodate inclusion of commodity quality and quantity inspection, superintendence, and cargo insurance costs as well as increases in distribution-related costs to counterparts).
  6. WFP’s current PRRO provides beneficiaries with monthly general food rations, supplementary food for malnourished children and other vulnerable groups as well as rations to refugee children attending schools. In addition to the supplementary rations provided by WFP, UNHCR also provides fortified blended foods (FBF) to children 12-24 months old to help address the high GAM rates. Ready-to-Use Therapeutic Food (RUTF), Plumpy’nut, fortified blended food (FBF), and oil are also provided by UNHCR to severely malnourished children under their community-based therapeutic feeding programmes.
  7. The PRRO has a small non-food component for assisting income-generating activities (IGAs) in support of environmental rehabilitation schemes in refugee-affected areas. Currently there are no IGAs being implemented. However, towards the end of 2010, there are plans to field an assessment mission on Safe Access to Firewood and Alternative Energy (SAFE) to look into the possibilities of identifying suitable IGAs for environmental rehabilitation.
  8. Refugees in Ethiopia receive different food baskets and ration scales due to the different contexts, which is based on food needs assessments. Somali, Sudanese, and Eritrean refugees hosted in 10 fully-fledged camps receive the standard food basket and ration scales composed of 16 kg cereals, 1.5 kg each of pulses and blended food, 0.9 kg oil, 0.45 kg sugar and 0.15 kg salt per person per month. On the other hand, Eritrean Afar refugees who live in 4 different sites amongst their Ethiopian Afar kin (about 11,100 in 2010 and 12,600 in 2011) receive a food basket consisting of only 15kg cereals, 1.5kg pulses, and 0.45kg oil per person per month. Kenyan Borena refugees also living in 2 different sites amongst their Ethiopian Borena kin in the southern part of the country (about 2,900 in 2010 and 2011) receive the same rations as Eritrean Afars plus 1.5 kg blended food per person per month. Three of the ten camps were opened since 2009 while two of the six sites were added in 2010 to the list of WFP’s non-camped food distribution locations.
  9. The non-camped Eritrean Afar and Kenyan Borena refugees receive a different food basket and ration scale from the other caseloads primarily because they reside amongst the local hosting community and are believed to have additional coping mechanisms which are not available to the other camp-based refugees. These decisions were reached by WFP, UNHCR, and ARRA, the Government cooperating partner, at the time the new arrivals were first recognized and registered as refugees in 2007.

## Conclusions and recommendations of the re-assessment

10. While the overall nutrition situation of refugees has been improving over the last few years compared to the high rates registered in 2005, the latest nutritional surveys carried out in mid-2009 indicate that 4 out of the 7 surveyed camps had Global Acute Malnutrition (GAM) rates above 10 percent Weight For Height (WFH). The target is to maintain GAM rates at below 10 percent in all refugee camps. The prevalence of acute malnutrition in under 5 children will be monitored using the WFH (<2-Z-Score) indicator in nutritional surveys which are conducted annually between May and July. Given the high GAM rates, it is important that WFP take all necessary measures to prevent food pipeline breaks for existing refugees as well as new arrivals as these could lead to a further deterioration in malnutrition rates.
11. The increases in refugee numbers over the past one year have been far beyond what was anticipated during the preparation of the original project document in mid-2008. As per the original approved document, the PRRO planned to provide food assistance to a maximum 130,000 beneficiaries by the end of 2011. However, this number was already reached at the beginning of April 2010. Indeed, the arrival of new refugees from southern Somalia, which was almost non-existent at the beginning of 2009, had reached more than 29,000 by March 2010, amounting to an average monthly increase of 1,900 during the period. Similarly, Eritrean refugee numbers had increased by more than 10,000 over the same period, representing an average monthly increase of approximately 700.
12. The rate of new Somali arrivals is expected to increase significantly to an average of 5,500 persons per month during April to December 2010 whereas Eritrean refugees are foreseen to arrive at the rate of 1,300 persons per month over the same period. The number of Kenyan refugee is not expected to increase.
13. The new Somali refugees from southern Somalia are hosted in two new refugee camps located in the Dolo Ado area of southeastern Ethiopia. The rapid influx of refugees into the country has put immense strains on the limited available food resources. Refugees from southern Somalia are fleeing conflict as well as food insecurity whereas refugees from Eritrea are reportedly escaping generally deteriorating economic and social conditions in the country.
14. As part of the regional contingency planning exercise jointly undertaken by UNHCR and WFP in early 2010, it was estimated that 50,000 new arrivals could be expected to enter Ethiopia from southern Somalia during the year according to the most likely scenario<sup>2</sup>. However, in case of further military escalation with foreign intervention in Somalia, up to twice this many may arrive under the worst-case scenario.<sup>3</sup> WFP's cessation of food distribution in most of southern Somalia due to high level of insecurity is also a possible contributing factor to an increased influx of refugees to Ethiopia. Though not part of the contingency planning exercise, the increased pace of new Eritrean arrivals is expected to result in the number of this caseload increasing by 12,000 from April to December 2010.
15. In anticipation of the continued influx of Somali refugees, UNHCR and the Government have plans to establish a third camp in the Dolo area. A new refugee camp for Eritrean refugees was recently opened at a site called Adi Harush in Tigray Region of northern Ethiopia in addition to the two existing camps in the region. A Joint Assessment Mission (JAM) to review the food and non-food requirements of refugees with special focus on the

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<sup>2</sup> The number of Somali refugee arrivals in 2010 is now expected to reach 55,200 (5,700 refugees from January-March and 49,500 from April-December).

<sup>3</sup> Implications of the Worsening Humanitarian Situation in Somalia and Effects on the Neighbouring Countries – Regional Overview, WFP Contingency Plan, March 2010 Page 5.

needs of newly established refugee camps is planned to be undertaken in September 2010 by WFP/UNHCR/ARRA. A joint annual nutrition survey covering most of the refugee camps, which started in May 2010, is due for completion in July 2010. The survey's aim is to assess the nutritional condition of refugees in the country.

### Purpose of budget increase

16. This budget revision is required to address the substantial increase in the food needs of refugees in Ethiopia as a result of heavy influxes of Somali and Eritrean refugees in 2009 and 2010. The influx of the Somali and Eritrean refugees from January to March 2010, however, is already covered in the original PRRO planning figure of 130,000 beneficiaries. The budget revision is therefore required to meet the additional food requirements of 96,000 new refugees (67,000 from April to December 2010 and 29,000 in 2011). The 67,000 refugees comprise 50,000 Somalis, 12,000 Eritreans, and natural population increases<sup>4</sup> of around 5,000 for the existing caseloads. In 2011, the additional number of new beneficiaries requiring food assistance is 29,000 (made up of approximately 21,700 Somalis, 5,800 Eritreans, and 1,500 Sudanese). The 29,000 increase for 2011 takes into consideration historical monthly population changes based on natural population increases and numbers of past new arrivals in camps.<sup>5</sup>
17. This budget revision also incorporates an increase in the LTSH rate from the existing US\$ 198.0 to US\$ 208.9 per metric ton of food handled. The higher rate is due to increases in costs of port operations, transport, handling, and enhanced support to Extended Delivery Points (EDPs) through the provision of additional pallets, moveable warehouses, and other equipment.
18. Aside from changes to some output targets, this budget revision will not change the outcomes or orientation of the originally approved PRRO. It is envisaged that a baseline survey will take place to prepare for a Micro Nutrient Powder (MNP) pilot to start in 2011.
19. This budget revision considers only the increased food requirements for general feeding activities. The on-going PRRO has the capacity to absorb any additional supplementary feeding and school meals needs as the planned maximum beneficiary numbers under the two activities are yet to be reached. Hence, no additional food requirements for supplementary feeding and school meals have been included in this budget revision request.

<b>TABLE 1: BENEFICIARIES BY ACTIVITY TYPE</b>			
	<b>Beneficiaries</b>		
<b>Activity</b>	<b>Present*</b>	<b>Increase**</b>	<b>Revised**</b>
General Feeding	130,000	96,000	226,000
Supplementary Feeding***	8,000	-	8,000
School Meals***	24,000	-	24,000
<b>Total</b>	<b>130,000</b>	<b>96,000</b>	<b>226,000</b>

\* Maximum planned beneficiary numbers under the current PRRO.

\*\*Planned figures at the end of December 2011.

\*\*\*Actual supplementary and school meals beneficiaries at the beginning of 2010 were 6,500 and 5,500 respectively.

<sup>4</sup> Monthly population increases of 1.5 percent for Somalis (old caseload) and 0.5 percent for Sudanese were considered for 2010.

<sup>5</sup> For 2011, the monthly increases are 1.5 percent for all Somalis, 1 percent for all Eritreans, and 0.5 percent for all Sudanese.

**FOOD REQUIREMENTS**

**TABLE 2: FOOD REQUIREMENTS BY ACTIVITY TYPE**

Activity	Food distribution (mt)		
	Present	Increase	Revised
General Feeding	95,619	23,188	118,807
Supplementary Feeding	2,178	-	2,178
School meals	1,555	-	1,555
<b>Total</b>	<b>99,352</b>	<b>23,188</b>	<b>122,540</b>

20. WFP’s PRRO is implemented through a government co-operating partner, ARRA. ARRA coordinates the provision of assistance, administers the refugee camps and provides overall security. In addition, ARRA receives, stores, and distributes WFP-supplied food commodities in all refugee camps. Food dispatches will be monitored through COMPAS (Commodity Movement, Processing and Analysis System), WFP’s food delivery tracking system. The COMPAS system is operational at the central warehouses and at WFP sub-offices in Gambella, Jijiga, and Mekele. WFP monitors will check the condition of warehouses at the refugee camps, monitor monthly food distributions, and conduct quarterly post-distribution monitoring.
21. UNHCR and ARRA are jointly responsible for registering new refugees as they arrive and for continuous verification at the refugee camps to confirm their numbers and ensure that they are legitimate refugees. Beneficiary verification at distribution centres is carried out monthly by UNHCR by checking ration cards against their refugee database prior to starting food distributions.

Approved by:

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Executive Director, WFP

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Date

**ANNEX IA: BUDGET INCREASE COST BREAKDOWN**

Commodity Related Portion			Cash & Voucher Transfer	Total Increase
COSTS	Tonnage (mt)	Value (US\$)	Value (US\$)	Value (US\$)
<b>Commodity / Cash &amp; voucher</b>				
Cereals <sup>6</sup>	18,164	3,390,244		3,390,244
Pulses	1,706	923,171		923,171
Oil and Fats	1,007	968,266		968,266
Mixed and Blended Food	1,650	794,223		794,223
Others	660	264,051		264,051
Cash Transfer to beneficiaries				
Voucher Transfer to beneficiaries				
<b>Total commodity</b>	<b>23,188</b>	<b>6,339,955</b>		<b>6,339,955</b>
<b>External transport</b>		<b>2,253,297</b>		<b>2,253,297</b>
<b>LTSH</b>		<b>5,479,194</b>		<b>5,479,194</b>
<b>ODOC (Other direct operational costs)</b>		<b>264,571</b>		<b>264,571</b>
<b>DSC (Direct support costs)<sup>7</sup> (see table below for details)</b>		<b>586,711</b>		<b>586,711</b>
<b>Total WFP direct costs</b>		<b>14,923,727</b>		<b>14,923,727</b>
<b>Indirect support costs (7%)<sup>8</sup></b>		<b>1,044,661</b>		<b>1,044,661</b>
<b>TOTAL WFP COSTS</b>		<b>15,968,388</b>		<b>15,968,388</b>

<sup>6</sup> This is a notional food basket for budgeting and approval. The contents may vary.

<sup>7</sup> Indicative figure for information purposes. The direct support costs allotment is reviewed annually.

<sup>8</sup> The indirect support cost rate may be amended by the Board during the project.

**ANNEX IB**

<b>DIRECT SUPPORT REQUIREMENTS (US\$)</b>	
<b>Staff and Staff Related Costs</b>	
International Professional Staff	0
International GS Staff	0
Local Staff - National Officers	0
Local Staff - General Service	0
Local Staff - Temporary assistance	55,440
Local Staff - Overtime	2,339
Hazard Pay & Hardship Allowance	17,600
International Consultants	139,613
Local Consultants	29,160
Non Staff HR: UNV	0
Commercial Consultancy Services	0
Staff duty travel	57,688
<b>Subtotal</b>	<b>301,840</b>
<b>Recurring Expenses</b>	
Rental of Facility	36,855
Utilities General	4,095
Office Supplies and Other Consumables	4,388
Communications and IT Services	29,250
Equipment Repair and Maintenance	7,313
Vehicle Running Cost and Maintenance	54,405
Office Set-up and Repairs	32,175
UN Organization Services	878
<b>Subtotal</b>	<b>169,359</b>
<b>Equipment and Capital Costs</b>	
Vehicle leasing	91,800
TC/IT Equipment	23,712
Local Security Costs	0
<b>Subtotal</b>	<b>115,512</b>
<b>TOTAL DIRECT SUPPORT COSTS</b>	<b>586,711</b>