

**PROJECT REVISION FOR THE APPROVAL OF:
➤ Deputy Executive Director and Chief Operating Officer**

	<u>Initials</u>	<u>In Date</u>	<u>Out Date</u>	<u>Reason For Delay</u>
<u>ORIGINATOR</u>				
Country Office or Regional Bureau on behalf of Country Office
<u>CLEARANCE</u>				
Mr. Daly Belgasmi Regional Director
Ms. Michelle Barrett Project Budget and Programming Officer, RMBP
Mr. Laurent Bukera Chief, RMBP
Mr. Adrian van der Knaap Chief, ODLT
Mr. Sean O'Brien Director and Deputy CFO, RMB
Ms. Valerie Guarnieri Director, ODX
<u>APPROVAL</u>				
Mr. Amir Abdulla Deputy Executive Director & COO

PROJECT: Iran PRRO 102131
Start date: 01 January 2009 **End date:** 31 December 2012 **Extension period:** 6 months
New end date: 30 June 2013

	Previous Budget	Revision	New Budget
	US\$	US\$	US\$
Food cost	11,074,260	1,292,880	12,367,140
External transport	1,334,416	95,376	1,429,792
LTSH	1,256,290	45,487	1,301,777
ODOC	121,619	131	121,750
DSC	1,784,353	210,793	1,995,146
ISC (7%)	1,089,966	115,127	1,205,093
Total WFP cost (US\$)	16,660,904	1,759,794	18,420,698

TYPE OF REVISION

<input checked="" type="checkbox"/> Additional commodity	<input checked="" type="checkbox"/> Additional DSC	<input checked="" type="checkbox"/> Additional ODOC	<input checked="" type="checkbox"/> Additional LTSH
<input checked="" type="checkbox"/> Additional external transport	<input type="checkbox"/> Other	<input type="checkbox"/> Re-orientation	<input checked="" type="checkbox"/> Extension or Reduction in time

DISTRIBUTION:

DED and COO	Regional Director	
Chief, ODLT	Chief, ODXP, RMBP, ODXR, ODXC	RB Programme Advisor
Country Director	Programme Officer, RMBP	RB Programme Assistant
OD Registry	Programming Assistant, RMBP	RB Chrono
ERD	RMB	Liaison Officer, ODC

NATURE OF THE INCREASE

1. This budget revision proposes a six-month extension-in-time for the protracted relief and recovery operation (PRRO) 102131 “Food Assistance and Education Incentive for Afghan and Iraqi Refugees in the Islamic Republic of Iran”. This will enable WFP to continue assisting Afghan and Iraqi refugees until the end of June 2013, while finalising the design of a new operation that is expected to start in July 2013. No programmatic change is envisaged during the extension period, apart from a slight adjustment to the beneficiary figures. The contingency provision for the potential arrival of 2,000 additional refugees will be removed, reducing the overall number of targeted refugees to 32,000.
2. The specific changes to the budget are to:
 - increase the food requirements by 2,760 mt, valued at US\$1.3 million;
 - increase the associated costs by US\$466,900, consisting of external transport, landside transport, storage and handling (LTSH) costs (though the LTSH rate per ton declines from US\$30.68 to US\$25.05 per mt), other direct operational costs (ODOC), direct support costs (DSC) and indirect support costs (ISC).

JUSTIFICATION FOR EXTENSION-IN-TIME AND BUDGET INCREASE

Summary of existing project activities

1. Iran has been hosting Afghan refugees for over 30 years, with the first wave of asylum seekers coming to Iran as a result of the invasion of Afghanistan by Soviet troops in 1979 and the following war until 1993. A second major influx of Afghan refugees occurred during the Taliban regime from 1994 to 2001. Many Iraqi refugees fled the conflict in the region during the 1980s and settled in Iran. The majority of Iraqi Kurds in northwest Iran sought refuge in Iran during the first and second gulf wars. In Iran, WFP has been assisting Afghan refugees since the 1987 and Iraqi refugees since 1988. According to the Bureau for Aliens and Foreign Immigrants’ Affairs (BAFIA), there are currently 950,000 Afghan refugees and 50,000 Iraqi refugees.
2. The Government of Iran has been promoting the repatriation of Afghans to their homeland since relative peace and security was established in Afghanistan. A tripartite agreement was signed in 2002 by the governments of Iran and Afghanistan and UNHCR for the repatriation of 2 million Afghan refugees. Since the beginning of the Joint Programme for Voluntary Repatriation of Afghan Refugees and Displaced Persons in April 2002, over 800,000 Afghans have returned from Iran with UNHCR assistance. However, many have not yet returned due to the lack of peace, stability and resources.
3. The Government of Iran has repeatedly stressed the financial burden of refugees on the country’s economy and the need for greater international assistance to reduce this strain. Unskilled wage labour is the most common means of income for most Afghans living in Iran. However, heavy fines on employers have discouraged many companies and individuals from hiring Afghans; this has exacerbated an already difficult situation. Since the Government does not regard integration into Iranian society as a sustainable option, some refugees are likely to require assistance until they return home. The Government has designated specific areas where refugees can reside. In the long-term, the exit strategy will depend upon the security and economic situation in Afghanistan and Iraq.

4. Under the current PRRO 102131, WFP ensures the basic food needs of up to 34,000 Afghan and Iraqi refugees living in 18 settlements in 12 provinces in Iran. Through general food distributions, beneficiaries receive a monthly ration consisting of fortified wheat flour, rice, pulses, fortified vegetable oil and sugar. As an incentive to enrol and stay in school, 3,000 school girls and their female teachers in the settlements receive a take-home ration of vegetable oil each month during the academic year. The PRRO is aligned to WFP's Strategic Objectives 1 (Save lives and protect livelihoods in emergencies) and 3 (Restore and rebuild lives and livelihoods in post-conflict, post-disaster or transition situations).

Conclusion and recommendation of the re-assessment

5. The 2012 joint assessment mission (JAM) by WFP and the Office of the United Nations High Commissioner for Refugees (UNHCR) was finalized and the report issued in November 2012. It showed that living conditions, income levels and the self-reliance of the refugees in the settlements vary significantly. The mission recommended future assistance is tailored according to different needs, rather than addressing food insecurity with a single solution for all refugees.
6. The JAM recommendations include:
 - conducting a food security survey to gather information on income, expenditures and assets of refugees to improve the targeting of future interventions;
 - exploring the appropriateness of food voucher transfers (pending a feasibility study) to enhance dietary diversity, empower refugees for food choice and stimulate the local market;
 - revisiting the food basket; and
 - verifying beneficiary lists to ensure that all people entitled to assistance, based on their needs, are included.

Purpose of extension and budget increase

7. In line with recommendations from the JAM, while the design of a new operation is being finalized, WFP proposes to continue to provide food assistance to Afghan and Iraqi refugees inside the settlements on the same basis for six months (January-June 2013).
8. This extension-in-time will allow adequate time for the completion of several ongoing activities recommended by the JAM, including:
 - monitoring visits and interviews with beneficiaries and provincial government authorities jointly conducted by WFP, UNHCR, and BAFIA in all refugee settlements and nearby markets to collect additional data on refugees' income and expenditures, local food prices, beneficiaries' food and non-food needs - the focus will be on the most vulnerable groups to refine the targeting of food assistance under the next WFP operation;
 - secondary data analysis to review the adequacy of food security data available from BAFIA and UNHCR reports;
 - consultation with local government and engagement with the project design process and to identify joint activities;
 - consultation with local government, UNHCR, and cash/voucher expertise to assess the feasibility and appropriateness of cash or voucher transfers, identifying the associated risks (taking into consideration the current unstable economic situation in Iran);
 - advocacy with potential donors to inform them about the refugees' needs and funding requirements of the next operation; and review and adjust of the food basket as necessary, based on the targeting interventions in consultation with experts from WFP, UNHCR and BAFIA.

9. Given that there has been no significant population movement since January 2012, the number of refugees in the settlements is expected to remain fairly stable over the next six months. Therefore, the contingency provision for 2,000 additional refugees is being removed from the PRRO.

TABLE 1: BENEFICIARIES BY ACTIVITY TYPE			
Activity	Current	Decrease	Revised
General food distribution	34,000	(2,000)	32,000
School feeding	3,000	0	3,000
Total*	34,000	(2,000)	32,000

*The total has been adjusted to avoid double-counting beneficiaries receiving both GFD and school feeding.

FOOD REQUIREMENTS

10. The additional food needs required for the six-month extension are shown in Table 2 below.

TABLE 2: FOOD REQUIREMENTS BY ACTIVITY TYPE (mt)			
Activity	Current	Increase	Revised total
General food distribution	22,346	2,688	25,034
School feeding	369	72	441
Total	22,715	2,760	25,475

11. The LTSH rate per ton has been reduced from US\$30.68 to US\$25.05 per mt to reflect reduced transportation costs following the devaluation of the local currency (Rials) against the United States dollar. In addition, some non-food items, previously included in the PRRO budget, are no longer required and have been deducted.
12. The additional costs of food and the associated costs (external transport, LTSH, ODOC, DSC, ISC) are shown on page 1 of this budget revision document, totalling US\$1.76 million. This budget revision increases the overall budget of the PRRO by 11 percent, from US\$16.66 million to US\$18.42 million.