

**BUDGET REVISION TO EMERGENCY OPERATION
SUDAN EMOP 107600
BUDGET REVISION 3**

Food assistance to populations affected by conflict

	Cost (United States dollars)		
	Present budget	Increase	Revised budget
Food cost	279,664,251	7,259,561	286,923,813
External transport	56,157,097	1,029,210	57,186,307
LTSH	267,114,476	25,629,554	292,744,030
ODOC	19,008,302	57,334	19,065,636
DSC	155,693,550	258,889	155,952,439
ISC (7%)	54,434,637	2,396,418	56,831,055
Total cost to WFP	832,072,313	36,630,966	868,703,279

NATURE OF THE INCREASE

1. A budget revision for Sudan emergency operation (EMOP) 107600 is proposed to:
 - i) provide an additional 21,829 mt of food valued at US\$7.3 million;
 - ii) increase external transport budget by US\$1 million;
 - iii) increase the landside transport, storage and handling (LTSH) budget by US\$25.6 million to accommodate the inland transport and the airdrop costs;
 - iv) increase the other direct operational costs (ODOC) by US\$57,000;
 - v) increase the direct support costs (DSC) by US\$260,000; and
 - vi) provide additional indirect support costs (ISC) of US\$ 2.4 million.
2. This budget revision is undertaken to meet the increased food needs for an additional 270,000 vulnerable persons in southern Sudan due to a combination of shocks, and initiate a food voucher pilot project for 5,000 ex-combatants in the East and South Kordofan. The budget will increase by 4.4 percent, from US\$832 million to US\$869 million.

JUSTIFICATION FOR BUDGET INCREASE

Summary of existing project activities

3. Sudan continues to be WFP's largest emergency operation. The combination of conflict, large-scale population displacement and poverty makes it one of the most complex environments in which WFP operates. This EMOP originally targeted a total of 5.9 million beneficiaries with a total of 677,990 mt of food assistance. This included 1.1 million beneficiaries (and 98,400 mt of food assistance) in southern Sudan.

4. Decades of civil war in southern Sudan have left much of the region food-insecure and dependent on international assistance. The region faces huge challenges, including the return of refugees and internally-displaced persons (IDPs), limited infrastructure and the need for a consolidation of governance. Any shock to vulnerable communities compounds an already critical situation. Of the 1.1 million people in Southern Sudan, WFP was initially planning to assist 306,000 vulnerable people through general food distributions (GFD). This included 198,000 conflict-affected and displaced people, 103,000 returnees and 5,000 refugees.
5. WFP has been supporting the Disarmament, Demobilization and Reintegration (DDR) process for the parties to the North-South conflict under the framework of the Comprehensive Peace Agreement (CPA), which is implemented with the North-South DDR Commission (NSDDRC) and the United Nations Mission in Sudan (UNMIS). WFP also supports DDR activities in eastern Sudan as part of the implementation of the Eastern States Peace Agreement.
6. Food assistance is one of the elements of the package provided during the demobilization phase of the DDR programme, along with a cash payment and a set of non-food items. Under the current arrangements, WFP provides DDR participants (including women associated with armed groups) with a three-month family ration, to give ex-combatants and their families a means of sustenance during this difficult period of adjustment to civilian life. A total of 243 kgs of food, comprising cereals, pulses, oil and salt, is being provided to each ex-combatant at selected distribution points.

Conclusions and recommendation of the re-assessment

7. Emergency food requirements in Southern Sudan have increased during the course of 2009. There is new population displacement resulting from internal clashes as well as the cross-border activities by the Lord's Resistance Army (LRA). Poor rains, high cereal prices and low livestock prices have contributed to a serious deterioration in food security.
8. The Government of South Sudan and United Nations agencies agreed to undertake a joint Annual Needs and Livelihood Assessment (ANLA) mid-year review to determine additional emergency food and nutrition needs for the remainder of 2009. This assessment found that a combination of shocks in 2009 have caused widespread acute food insecurity in southern Sudan. Over 270,000 people in six of the most vulnerable states (Eastern Equatoria, Jonglei, Northern Bahr El-Ghazal, Upper Nile, Warrap and Western Bahr El-Ghazal) require food assistance at least to December 2009 to cover the extended hunger gap.
9. With respect to WFP support to the DDR process, monitoring findings showed that some of the food distributed to ex-combatants was being sold in local markets in order to buy other preferred food items such as vegetables, meat and sugar and to pay for transportation. During recent interviews, ex-combatants going through the DDR process have expressed a strong interest in a more diversified food basket and vouchers as an alternative to commodities. WFP Sudan believes that food vouchers may be a less expensive alternative to delivering in-kind commodities, while also stimulating local markets and providing incentives for production.

Purpose of budget increase

10. In Southern Sudan, WFP requires an additional 21,829 mt of food commodities to respond to the urgent humanitarian needs of about 270,000 residents and IDPs as identified in the mid-year review. More than half of these additional requirements will meet the needs of

conflict-affected and displaced people in Jonglei and Upper Nile States. In areas where access is cut off due to insecurity and poor road conditions, food will be airdropped by plane. This will result in additional LTSH costs.

Table 1. Beneficiaries by activity type, EMOP 107600.

Activity	Beneficiaries		
	Present	Increase	Revised
General food distributions	4,380,500	270,000	4,650,500
Demobilization	54,500	5,000	59,500
Food for Work	172,500		172,500
Food for Recovery	255,000		255,000
Food for Education	1,000,500		1,000,500
Food for Training	54,200		54,200
Supplementary Feeding	551,000		551,000
Therapeutic Feeding	6,100		6,100
Institutional Feeding	59,500		59,500
Total	5,900,000¹	275,000	6,175,000¹

¹Note: The overall total of beneficiaries has been revised to avoid double-counting of persons who benefit from both general food distribution and another activity e.g. supplementary feeding.

11. Under the DDR programme, WFP will initiate a food voucher pilot project targeting 5,000 ex-combatants. Through this pilot project, WFP will test the efficiency and effectiveness of food vouchers as an alternative to in-kind food commodities. The pilot project has an estimated cost of US\$1 million (comprising US\$795,000 transfers plus the DSC and ODOC), and is expected to demonstrate cost savings. The cost of distributing in-kind food commodities is estimated at about US\$1,300 per metric ton, compared to US\$850 for the equivalent in food vouchers (i.e., vouchers for the same transfer value as that of a metric ton of food). The pilot project will be implemented in selected areas identified in consultation with NSDDRC, the United Nations Development Programme (UNDP) and UNMIS. The beneficiaries will be verified by the NSDDRC and UNMIS.
12. Beneficiaries will be provided with monthly food vouchers that can be used to purchase food from participating traders and stores. DDR/WFP staff will distribute the vouchers at the final distribution points at the end of the demobilization process. Each voucher will have a value of 20 Sudanese Pounds (equivalent to around US\$7.75); the number of vouchers provided will vary from state to state, within an estimated range of 300-480 Sudanese Pounds (US\$116-185), depending on the monetary value at local prices of the WFP food basket. The vouchers will include a list of food items that can be purchased from the participating traders and stores. The eligible items on the list will be selected based on anticipated beneficiary preferences, nutritional value, and market availability.
13. Cash disbursement to the selected wholesale traders will be managed by the WFP Khartoum office. The collected vouchers will be submitted for reimbursement at the end of every month. The wholesale traders will act as intermediaries, collecting vouchers from the individual shops, ensuring adequate stocks of the identified commodities, and possibly

advancing payment to the shops pending receipt of reimbursement from WFP. Payment will be processed within two weeks, upon submission of required vouchers and documents.

14. Prior to implementation, sensitization on the voucher approach will be carried out with the different parties involved, including beneficiaries, government officials and traders. WFP will work with implementing partners and other DDR stakeholders to ensure that the pilot voucher project is clearly understood through meetings and focus group discussions.
15. The food voucher project will be first piloted in Kassala. After a review of the lessons learned from the exercise in Kassala, the implementation arrangements will be adjusted, if necessary, and the pilot project will be expanded to Gedaref and Port Sudan. This will help WFP and partners to develop a gradual and phased plan for implementing vouchers in other areas, beginning in 2010. A more detailed review of the pilot phase will be carried out by NSDDR, WFP and other partners, prior to expansion into South Kordofan.

FOOD REQUIREMENTS

16. WFP will require an additional 21,829 mt of food to meet the increased needs to the end of 2009. This budget revision will allow WFP to expand general food distributions to 270,000 conflict-affected people and IDPs in Eastern Equatoria, Jonglei, Northern Bahr El-Ghazal, Upper Nile, Warrap, and Western Bahr El-Ghazal states.

Table 2. Food requirements by activity type, EMOP 107600.

Activity	Food distribution (mt)		
	Present	Increase	Revised
General Food Distributions	503,900	21,829	525,729
Demobilization*	7,736		7,736
Food for Work	17,110		17,110
Food for Recovery	29,245		29,245
Food for Education	46,642		46,642
Food for Training	6,777		6,777
Supplementary Feeding	13,371		13,371
Therapeutic Feeding	196		196
Institutional Feeding	13,023		13,023
Total	638,000	21,829	659,829

* Demobilization will include a voucher pilot with a transfer value of US\$795,000.

17. With the rains making some roads impassable and the cutting off of transport routes due to insecurity, approximately 11,800 mt of food commodities will need to be airdropped in the inaccessible areas. Two aeroplanes (Ilyushin 76s) will be positioned in El Obeid to cover the food requirements in the states of Upper Nile, Jonglei and Warrap, while the remaining quantities will be delivered by road and boats, through the Sobat river.

APPROVAL

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Date:

Date:

BUDGET INCREASE COST BREAKDOWN			
	Quantity (mt)	Average Cost per Ton	Value (dollars)
WFP COSTS			
A. Direct operational costs			
Commodity ¹			
Wheat	18,191	176	3,202,226
Lentils	2,021	759	1,533,769
Sun Flower Oil	1,213	1,385	1,679,964
Salt	404	121	48,878
-			
Cash/Vouchers Transfer			794,724
-			
-			
Total commodities	21,829		7,259,561
External transport			1,029,210
Landside transport (airdrops)			
Subtotal for ITSH			
Total LTSH			25,629,554
Other direct operational costs			57,334
Total direct operational costs			33,975,659
B. Direct support costs (see Annex II for details)			
Total direct support costs			258,889
C. Indirect support costs (7 percent of total direct costs)			2,396,418
TOTAL WFP COSTS			36,630,966

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.

DIRECT SUPPORT REQUIREMENTS (US\$)	
Staff	
International professional staff	87,606
National general service staff	50,955
Temporary assistance	
Overtime	
Staff duty travel	115,194
Staff training and development	
Subtotal	253,755
Office expenses and other recurrent costs	
Rental of facility	
Utilities (general)	3,725
Office supplies	
Communication and IT services	
Insurance	
Equipment repair and maintenance	
Vehicle maintenance and running cost	1,409
United Nations Organizations Services	
Subtotal	5,134
Equipment and other fixed costs	
Furniture tools and equipment	
Vehicles leasing	
TC/IT equipment	
Subtotal	
TOTAL DIRECT SUPPORT COSTS	258,889