

**Kyrgyz Republic EMOP 108040 'Winter Emergency Food Aid Response'
B/R No.: 5**

BUDGET REVISION FOR THE APPROVAL OF REGIONAL DIRECTOR

	<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>				
Programme Officer, RMBP
Chief, RMBP
Chief, RMBB
Chief, ODLT (change in LTSH and/or External Transport)
<u>APPROVAL</u>				
<input checked="" type="checkbox"/> Regional Director

PROJECT	Previous Budget US\$	Revision US\$	New Budget US\$
Food cost	7,388,791	2,829,375	10,218,166
External transport	515,968	-	515,968
LTSH	1,368,590	710,337	2,078,927
ODOC	180,059	175,489	355,548
DSC	1,475,463	-	1,475,463
ISC (7%)	765,021	260,064	1,025,085
Total WFP cost (US\$)	11,693,892	3,975,266	15,669,157

TYPE OF REVISION

- Additional commodity
 Additional DSC
 Additional ODOC
 Additional LTSH
 Additional external transport
 Extension or Reduction in time
 Other

NATURE OF THE INCREASE

1. Extension in time by six months with a revised end date of 31 December 2010;
2. Increase in number of beneficiaries;
3. Increase in commodities equivalent to 7,437 mt and US\$ 2,829,375;
4. Increase in LTSH, US\$ 710,337 related to the increased tonnage;
5. Increase in ODOC of US\$ 175,489; and
6. Total increase of US\$ 3,975,266 in equivalent to a 34% increase of overall budget.

JUSTIFICATION FOR EXTENSION-IN-TIME AND BUDGET INCREASE

Summary of existing project activities

1. It was expected, as was the case in 2009, that Mercy Corps International (MCI) would cover approximately 12,000 households in two provinces (Issyk-Kul and Naryn). In March 2010 MCI requested WFP to take on their beneficiary caseload following confirmation that the funding for the food distribution programme in these two provinces would not be available. WFP agreed to this, given that the two provinces are the most food-insecure in the country, although WFP initially was only able to include the ex-Mercy Corps beneficiaries by reducing the ration and tightening the targeting criteria for the spring distribution.
2. On 7 April violent demonstrations led to the toppling of the President and Government by opposition groups. A new interim Government has been put in place and is gradually restoring law and order following weeks of instability and insecurity. The events have had a number of implications relevant to WFP's interventions. The food security situation of WFP target beneficiaries has been negatively affected by the events. Shortage of seeds, fertilizer, fuel, agricultural machinery and credit for agricultural inputs during the ongoing planting season will compound the usual problems of poor households in obtaining a proper harvest.
3. Prior to the unrest that took place in Kyrgyzstan on 7 April, residential institutions¹ were covered by state agencies or ministries (such as Ministry of Health, Ministry of Education) who provided financial support. Provision of food was included in this coverage, where on average 47 som (equivalent to US\$ 1.05) were allocated per daily food ration. As a result of the unrest, all financial transactions associated with the previous Government are blocked, which has in turn stopped the process of food procurement for residential institutions. Most of the institutions' food stocks will only cover their needs until end of April-May 2010. Meanwhile, the food procurement situation for the institutions remains unclear.
4. While it was originally foreseen to transition from the EMOP to a protracted relief and recovery operation (PRRO) by mid-2010, the recent events and in particular the absence of an elected government makes it more appropriate to continue the existing activities in the context of the current EMOP and transition to the PRRO when a stable government has been elected later in the year.
5. The revised plan includes the two provinces that WFP is taking over at the request of MCI (with 90,000 beneficiaries) and additional villages in which 40 percent or more of the population is below the extreme poverty line, bringing the total caseload to 250,000.
6. Furthermore, it anticipates an increase to 350,000 beneficiaries for the autumn cycle of VGF. The recipients of the three-month ration consisting of basic food commodities (wheat flour and vegetable oil) will be severely food-insecure persons residing in rural communities with highest poverty rates (Osh, Jalalabad, Batken, Talas, and additionally Issyk-Kul and Naryn provinces).
7. WFP intends to provide supplemental food for 7,000 beneficiaries at 54 government residential institutions for a six-month period (until the situation with food procurement by the Government is resolved or external support is identified). The objective of this one-off distribution (a total of 177 MT of wheat flour and vegetable oil) is to ensure sufficient basic food commodities for beneficiaries located in the residential institutions to cover shortages until the resumption of state funding expected in October 2010.
8. The expenses under ODOC are related to the implementation of both cycles of the VGF programme, including training of local authorities on the VGF implementation (targeting, beneficiary list preparation, distribution and reporting), verification of the selected beneficiaries, and post-distribution monitoring. The revised budget also includes the cost of setting up the Food Security Monitoring System (as per recommendation of the WFP's

¹ The residents of the institutions are mostly orphans, elderly, people and children with special needs.

EFSA for the Kyrgyz Republic), and as part of the system data collection, analysis and production of the Food Security Bulletin for the last quarter of 2010.

Conclusion and recommendation of the re-assessment

9. A comprehensive food security analysis was carried out in 2008 using nation-wide statistically representative data of the Kyrgyz Integrated Household Survey (KIHS) collected in 2006, 2007 and the first quarter of 2008 by the National Statistics Committee. It took place against the backdrop of very low temperatures and energy shortages in the winter and the high food and fuel price crisis. A first update was done in March 2009, using KIHS data for the first three quarters of 2008. A second update of the food security situation in the Kyrgyz Republic was carried out by WFP in the context of the new civil unrest which broke out on 7 April 2010.² This new update concluded that chronic and deteriorating food insecurity in most areas of the Republic, compounded by recent political events in the country, require continued support to the severely food-insecure rural population.
10. This new assessment of the food security and nutrition situation confirmed the need for continued food assistance and suggests an increase in the number of beneficiaries due to expected increase of food insecurity in rural areas. It also suggested considering additional villages in the provinces where a deterioration of the food security situation has been noted over the past few years.

Purpose of extension and budget increase

11. The extension of the current operation is required in order to cover the gap between the EMOP and the new PRRO that is expected to start in January 2011. It includes a revision of the current beneficiary caseload to meet the following emerging needs:
 - Spring VGF cycle (inclusion of the two additional provinces) – 250,000 beneficiaries in total;
 - Autumn VGF cycle with the increased caseload to ensure that the vulnerable households have the stocks of the basic food commodities before the onset of the lean season starting in December – 350,000 beneficiaries; and
 - One-off distribution consistent with orientation of the current operation for some 7,000 beneficiaries at 54 residential institutions to cover emergency needs as a result of recent events.

TABLE 1. BENEFICIARIES BY ACTIVITY TYPE *			
	Beneficiaries		
Activity	Present	Increase	Revised
Vulnerable Group Feeding	400,000	129,500	529,500
Total	400,000	129,500	529,500

* Total number over whole project life (planned)

² Second update on the food security and nutrition situation in the Kyrgyz Republic, WFP, April 2010_(draft)

FOOD REQUIREMENTS

12. The total food quantity required for achieving revised operation is presented below.

TABLE 2. FOOD REQUIREMENTS BY ACTIVITY TYPE

	Food distribution (mt)		
Activity	Present	Increase	Revised
Vulnerable Group Feeding	15,348	7,437	22,785
Total	15,348	7,437	22,785

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