

**BUDGET INCREASE TO YEMEN PROTRACTED RELIEF
AND RECOVERY OPERATION (PRRO) 200038
(Budget Revision Number 5)**

**Emergency Food Security and Nutrition Support for the Vulnerable
Population**

Start date: 1 January 2011 **End date:** 31 December 2012

	Cost (United States dollars)		
	Current budget	Increase	Revised budget
Food cost	95,979,027	8,959,274	104,938,301
External transport	2,468,206	179,051	2,647,257
LTSH	19,942,260	3,145,545	23,087,805
ODOC	4,120,605	3,156,520	7,277,125
DSC	6,831,764	764,610	7,596,374
ISC (7.0 percent)	9,053,930	1,134,350	10,188,280
Total cost to WFP	138,395,792	17,339,350	155,735,142

NATURE OF THE INCREASE

1. This budget revision to protracted relief and recovery operation (PRRO) 200038 responds to the deterioration in the socio-economic conditions in the Republic of Yemen. The revision will cover:
 - an expansion of the seasonal emergency safety net programme to include an additional 2 million severely food-insecure persons; and
 - a change in the food basket, to replace wheat flour with wheat grain.
2. Specifically, this budget revision will:
 - increase the food requirement by 24,064 mt (22,017 mt cereals, 2,047 mt oil) with a food value of US\$9 million;
 - increase the external transport costs in line with the increased food tonnage;
 - revise landside transport, storage and handling (LTSH) costs from US\$178 per mt to US\$150 per mt;
 - increase direct support costs (DSC) by US\$0.76 million to cover additional staffing costs;
 - increase other direct operational costs (ODOC) by US\$3.15 million to cover associated costs of the expanded safety net programme; and
 - increase indirect support costs (ISC) by US\$1.13 million.
3. This revision will increase the overall PRRO budget by US\$17.3 million (12.5 percent).

JUSTIFICATION FOR THE BUDGET INCREASE

Summary of Existing Project Activities

4. PRRO 200038 “Emergency Food Security and Nutrition Support for the Vulnerable Population” has been addressing high levels of food insecurity and malnutrition in the country over a two-year duration (January 2011 to December 2012). It also intended to provide capacity development support to the Government in order to facilitate a gradual transition to nationally-owned interventions.
5. The PRRO has four components:
 - An Emergency Safety Net (ESN) component assists severely food-insecure people by providing food assistance to cover food consumption gaps. In 2011, WFP initiated a pilot cash transfer scheme in Hajjah and Ibb governorates, in parallel with food transfers under the ESN.¹
 - A nutrition component addresses moderate acute malnutrition through a combination of complementary preventive and curative approaches in supplementary feeding: blanket supplementary feeding for children aged 6-23 months aims to prevent moderate acute malnutrition developing in this critical age group, while targeted supplementary feeding for children aged 6-59 months and pregnant and lactating women treats moderate acute malnutrition.
 - A food-for-work component targets rural households in food-insecure areas, aiming to improve their access to food by offering food in exchange for temporary work opportunities for the creation of assets that will improve longer-term food security.
 - An emergency food response component provides either wet or dry food rations when required.
6. When the PRRO was originally designed, the ESN intended to address the alarming severe food insecurity in 2011 with the expectation that the Government and development partners would expand their provision of social safety nets by 2012. However, protracted political instability, civil unrest and increased conflict in many locations, combined with rising food prices and chronic fuel shortages, led to an erosion of many government institutions and deterioration in basic social services nationwide. WFP responded by revising this PRRO, extending the ESN to reach 1.8 million severely food-insecure people in 2012.
7. The Nutrition Cluster in Yemen is scaling-up the delivery of a comprehensive nutrition package, with a focus on the five coastal governorates of Aden, Al Hudayda, Hajja, Lahj and Taiz - which constitute half of the national estimate of 1 million children in need of treatment for acute malnutrition. Aligned with these efforts, in January 2012, in close partnership with the United Nations Children’s Fund (UNICEF), WFP expanded the coverage of its nutrition interventions (under budget revision 4²) aiming to reach 60 percent of moderately acutely malnourished children in the five target governorates. The targets for treatment were developed in partnership with the Ministry of Public Health and Population (MoPHP), acknowledging the experience that a large part of the affected population does not present themselves for treatment of acute malnutrition.

¹ WFP will also determine the applicability of this modality for large-scale implementation in Yemen for 2013.

² http://one.wfp.org/operations/current_operations/BR/200038_1202.pdf

8. The capacity-development activities planned with the Government and partners were restricted by insecurity and the limitations of a transitional government. These activities have been removed from the PRRO's objectives (see revised logical framework, Annex II). In consultation with partners, WFP will review the possibility of re-introducing small-scale capacity-development activities within the forthcoming 2013 operation currently under development.
9. WFP supports four other operations in the Yemen in 2012, for which there is no overlap or duplication of beneficiaries:
 - emergency operation (EMOP) 200306 "Emergency Food and Nutritional Support to Conflict-affected Populations in Yemen" providing support to IDPs and conflict-affected populations;
 - PRRO 200044 "Food Assistance to Somali Refugees in Yemen";
 - country programme 104350 focusing on food for girls' education; and
 - special operation 200130 "Air Passenger Service and Logistics Cluster Coordination in Support of the Humanitarian Response in Sa'ada".

Conclusion and Recommendations of the Re-Assessment

10. Yemen faces an increasingly complex and deteriorating humanitarian situation. Recent political instability, conflict in northern and southern Yemen, violent urban clashes between government forces, anti-government protestors and tribal elements affected the national economy, the currency exchange rate, food transportation networks and the commercial sector, exacerbating Yemen's already critical food insecurity.
11. A comprehensive food security survey (CFSS) was conducted in late-2011, with the results published in May 2012.³ The survey examined nutritional status and food consumption of 8,000 households in 19 of Yemen's 21 governorates, and found a significant worsening in both indicators. Preliminary findings reveal that 22 percent of the population - over 5 million Yemenis - suffer from "severe" food insecurity. This is an 87 percent increase in the prevalence of "severe" food insecurity from the 2009 CFSS when 12 percent of the population (2.7 million) was affected. The survey also found that an additional 5 million people are "moderately" food-insecure and at risk of deterioration in the face of continued shocks. In total, 10 million people (almost half the population) are unable to produce or access sufficient quantities of food.
12. The prevalence of food insecurity doubling in just two years is the result of rising food and fuel prices exacerbated by political instability and the security environment. In urban areas, where civil unrest hit hardest, one in four households said their ability to buy food has been negatively affected by insecurity. Since January 2011, the price of staple food has increased by 46 percent, impoverishing millions of families, many of whom already spend one-third of their income on bread alone.
13. Yemen imports 90 percent of its staple foods (wheat, vegetable oil, sugar, etc.) and changes in international market prices are directly and rapidly reflected in the local markets.⁴ If international market prices for wheat continue to climb in line with current predictions, local market prices will do the same. This will have an immediate negative impact on the food security of poor households.

³ WFP. 2012. *The state of food security and nutrition in Yemen. 2012 Comprehensive Food Security Survey*. Sana'a, March 2012.

⁴ In July 2012, there were increases in wholesale prices of 4 percent for wheat and 6 percent for wheat flour. Increases in wholesale prices will be reflected in retail prices in subsequent months.

14. The national prevalence of global acute malnutrition (GAM) – measured by wasting amongst children under 5 – is 13 percent, with certain pockets of the country more affected. In the five coastal governorates, GAM ranges from 14 percent to 28 percent,⁵ with Al-Hodeidah the worst in the country and most coastal governorates being above the “critical” threshold.⁶ Chronic malnutrition (stunting) among children is also alarmingly high at 47 percent (prevalence of up to 60 percent observed in some governorates), placing Yemen in a “very high” classification for stunting.⁷
15. The health sector has very limited institutional and infrastructural capacities and there is a low uptake of clinic-based services. Ongoing nutrition support aims to combine clinic and community-based interventions with extensive community mobilization. Given the capacity constraints to implement nutrition activities, it is not feasible to scale-up the nutrition component any further at this stage. Longer-term advocacy and capacity-enhancement initiatives will be phased in under a new operation in 2013.
16. Despite recent elections and establishment of a transitional cabinet, there is an imperative for humanitarian partners - in collaboration with the Government and the donor community - to expand social safety-net activities to respond to the current crisis.

Purpose of Budget Increase

17. In response to the latest CFSS results, this budget revision proposes to increase the number of people being assisted through the ESN from 1.8 million people to 3.8 million people in the 13 most food-insecure governorates.
18. The planned increase in beneficiary numbers is calculated based on the results of the 2012 CFSS using both food security and poverty indicators: at the governorate level, 13 governorates will continue to be targeted as they have the highest incidence of food insecurity. In order of prevalence of food insecurity, these are: Al-Baidha, Mareb, Sana’a (rural), Raymah, Hajjah, Al-Dhalee, Ibb, Amran, Dhamar, Lahj, Taiz, Al-Hodeidah and Al-Mahwit (see map in Annex III).
19. Within each governorate, districts are selected based on their food security rank, derived from a statistical analysis of the CFSS data. Beneficiary lists from the Government’s safety net scheme, the Social Welfare Fund (SWF), will then be used as the basis for household targeting.⁸ WFP aims to include households that were previously “borderline” food-insecure, but have fallen further into food insecurity as a result of the compounding shocks of the past two years.
20. The nutrition component will maintain the planned beneficiary numbers for the three nutrition activities: targeted supplementary feeding for 246,000 moderately acutely malnourished children 6-59 months; targeted supplementary feeding for 66,000 pregnant and lactating

⁵ CFSS, December 2011.

⁶ Wasting prevalence 5-9 percent is “poor”, 10-14 percent is “serious” and above 15 percent is “critical”. World Health Organization 1995. Cut-off values for public health significance. www.who.int/nutgrowthb/en

⁷ Stunting prevalence 20-29 percent is “medium”, 30-39 percent is “high” and 40 percent is “very high”. Cut-off values for public health significance. World Health Organization 1995. www.who.int/nutgrowthb/en

⁸ The SWF is primarily a poverty rank, however, as economic access to food is a key driver of food insecurity in Yemen, poverty is closely linked with food insecurity, as shown by the recent CFSS. Following a World Bank re-categorization exercise in 2009, beneficiaries in the SWF were categorized from “A-F” according to vulnerability (“A” = “below the governorate poverty line”, “F” = “income substantially above the poverty line and should not be included to receive cash assistance”). For the 2011 ESN, WFP targeted SWF using categories “A” or “B” as proxy indicators for household-level food insecurity. However, due to the alarming results presented by the CFSS, showing many households may have transitioned to lower categories in the SWF, WFP also includes category “C” households for the 2012 ESN.

women; and blanket supplementary feeding for 221,000 children 6-23 months. Specialised nutrition products, including Plumpy'sup[®] and Plump'doz[®], are increasingly accepted and WFP has sufficient stock to meet needs for this component until the end of 2012.

21. WFP is further refining its nutrition support strategy in the Yemen for the forthcoming 2013 emergency operation, in close consultation with UNICEF, the MoPHP and other Nutrition Cluster partners, with a view to pursuing a more comprehensive nutrition programme in areas where there is a high prevalence of acute malnutrition and where WFP can complement and strengthen partner nutrition initiatives. A memorandum of understanding signed with UNICEF in September spells out this reinforced partnership which includes joint advocacy efforts on behalf of malnourished Yemenis and the implementation of key interventions. These include community and facility-based treatment of acute malnutrition and promotion and support of a range of complementary multi-sectoral initiatives to address stunting.
22. A further scale-up is envisaged for 2013 for both the ESN and nutrition activities, which is being planned under the new WFP EMOP.

TABLE 1: BENEFICIARIES BY ACTIVITY TYPE (2012)				
Activity	Category of beneficiaries	Beneficiaries*		
		Current	Increase	Revised
Targeted supplementary feeding: Children 6-59 months	Nutritionally vulnerable women and children	246,000	-	246,000
Blanket supplementary feeding: Children 6-23 months		221,000	-	221,000
Targeted supplementary feeding: Pregnant & lactating women		66,000	-	66,000
Emergency Safety Net	Severely food-insecure households	1,812,000	2,055,000	3,867,000
Food for Work	Food-insecure households	35,000	-	35,000
Emergency Food Response	Non-conflict IDPs	21,000	-	21,000
TOTAL*		2,308,000	2,055,000	4,363,000

* The total number of beneficiaries has been adjusted to avoid double-counting of beneficiaries who are included under both ESN food distributions and supplementary feeding activities;

23. As part of this budget revision, WFP will adjust the ration basket provided under the ESN component from wheat flour to wheat grain. Wheat grain is acceptable to the targeted population and has a longer shelf life than wheat flour, which is an important factor in Yemen's climate. This will mitigate the risk that the volatile security situation might lead to delays in planned ESN distributions, requiring longer storage - as was the situation in mid-2011. Milling capacity in towns and villages is acceptable. The revised ration basket will continue to provide around one quarter of a household's daily energy requirements, and is designed to supplement the SWF payments to ensure sufficient kilocalorie intake.

24. Food rations for other components of the PRRO are unchanged.

	Current Ration	Revised Ration
Wheat flour	119	-
Wheat grain	-	119
Vegetable oil	11	11
Total	130	130
Total kcal/day	515	490
% Kcal from protein	11	12
% Kcal from fat	23	24

RISK MANAGEMENT

25. As for all WFP operations in Yemen, this PRRO is subject to a number of contextual, programmatic and institutional risks, for which mitigation measures are being taken.

Contextual risks

26. Localized conflicts could cause increased displacement of people within Yemen. Ongoing political instability could further weaken government institutions and basic social service providers, and have a negative impact on local food prices. These complex shocks could overwhelm the capacities of already vulnerable individuals, as well as the humanitarian response.

27. Deploying staff in Yemen carries some contextual risks. However, WFP is fully compliant with all security regulations, including the minimum operating security standards (MOSS) and those governing the use of armoured vehicles and personal protection equipment. The WFP-managed United Nations Humanitarian Air Service also helps to mitigate some contextual risks, not only for WFP but for other users within the humanitarian community in Yemen.

28. Rising costs of food and fuel are also a risk to operations. Prices continue to be monitored closely. Mitigation measures include local purchases where possible and if they reduce costs. The fuel component of WFP's special operation 200130 will also help to offset fluctuations in prices and availability of fuel in Yemen for WFP, other United Nations agencies and non-governmental organization (NGO) partners.

Programmatic risks

29. Although international staff ceilings have been recently lifted, the volatile security situation – including a recent spate of kidnappings targeting international humanitarian personnel – could restrict WFP movements and have a negative impact on implementation capacity.

30. All United Nations agencies are facing challenges in providing assistance in areas of active conflict. Although WFP has been able to access most programme areas, the use of armed escorts has sometimes been necessary for convoys to ensure the security of commodities.

Where possible, WFP will work in partnership with NGOs that are able to maintain field presence safely. WFP is strengthening the capacity of cooperating partners and international NGOs likely to have better access in the event of conflict escalation or movement restrictions. However, should security deteriorate to a level where WFP is unable to implement this PRRO as planned, WFP would review the modalities and the scale, with budget revisions accordingly.

Institutional risks

31. Funding shortfalls and the impact that food pipeline breaks would have on beneficiaries present a major risk. As Yemen's humanitarian crisis has become higher profile, resource mobilization efforts have been more successful. The CFSS has received significant attention from donors. However, the increased humanitarian requirements will make sufficient funding a challenge. WFP's food security cluster co-leadership, the United Nations Consolidated Appeals Process and other advocacy activities at the country office, regional bureau and headquarters levels keep donors informed of funding requirements.

FOOD REQUIREMENTS

32. The additional food quantities required for this budget revision by activity are provided in table 3 below.

TABLE 3: FOOD REQUIREMENTS BY ACTIVITY 2011-2012 (mt)			
Activity	Current	Increase/Decrease	Revised
Targeted supplementary feeding: Children 6-59 months	2,916	-	2,916
Blanket supplementary feeding: Children 6-24 months	8,599	-	8,599
Targeted supplementary feeding: Pregnant & lactating women	9,122	-	9,122
Emergency Safety Net	83,245	24,064	107,309
Food for work	6,301	-	6,301
Emergency food response (dry)	10,842	-	10,842
Emergency food response (wet)	183	-	183
TOTAL	121,208	24,064	145,272

Procurement of commodities

33. Subject to the availability of resources in general and cash donations in particular, WFP will procure food through the local market, particularly for wheat grain and iodized salt, provided that prices are competitive with regional and international markets. Pulses are usually procured from international markets, often from Ethiopia. Similarly, sugar, vegetable oil and supplementary nutrition products will be procured internationally.

Logistics arrangements

34. WFP handles all dispatch operations or secondary transportation from extended delivery point warehouses (Amran, Haradh, Sa'adah, Sana'a) and to final delivery points in the

targeted governorates. Transport is by private sector transporters selected through a competitive tendering process. Food dispatches will be monitored through the Commodity Movement, Processing and Analysis System (COMPAS).

Country office capacities

35. The WFP Sana'a office is currently augmenting its staffing and supporting administrative resources. Current operational infrastructure will be expanded, including offices, information and communications technology, vehicles, equipment, and services. Sub-offices are located in Aden, Amran, Haradh and Hodediah, while an office in Taiz will soon be established to facilitate the expansion of operations and the monitoring of WFP activities.

Associated costs

36. There are additional direct operating costs linked to the expansion of the ESN. These costs include screening and distribution of ration cards to new beneficiaries, outsourced monitoring services and field-level agreement costs for the additional distributions.
37. The additional direct support costs cover extra staff capacity, including expected temporary staff support to augment country office capacity for the emergency response. Additional travel costs and some recurring expenses have also been budgeted.
38. Additional land transport, storage and handling (LTSH) is needed to cover the additional food requirements. However, the LTSH rate per mt has decreased, due primarily to an overall decrease in local transport rates.

RECOMMENDATION

The Executive Director is recommended to approve the budget increase of US\$17.3 million for Yemen PRRO 200038 "Emergency Food Security and Nutrition Support to the Vulnerable Population", bringing the total cost of the operation to US\$155.7 million.

APPROVED BY:

Ertharin Cousin
Executive Director,
United Nations World Food Programme

Date

ANNEX I-A

BUDGET INCREASE COST BREAKDOWN			
Food⁹	Quantity (mt)	Value (US\$)	Value (US\$)
Cereals	22,017	5,827,374	
Pulses	-	-	
Oil and fats	2,047	3,131,900	
Mixed and blended food	-	-	
Others	-	-	
Total food	24,064	8,959,274	
Cash transfers			-
Voucher transfers			-
Subtotal food and transfers			8,959,274
External transport			179,051
Landside transport, storage and handling			3,145,545
Other direct operational costs			3,156,520
Direct support costs (see Annex I-B)			764,610
Total WFP direct costs			16,205,000
Indirect support costs (7.0 percent) ¹⁰			1,134,350
TOTAL WFP COSTS			17,339,350

⁹ This is a notional food basket for budgeting and approval. The contents may vary.

¹⁰ The indirect support cost rate may be amended by the Board during the project.

ANNEX I-B

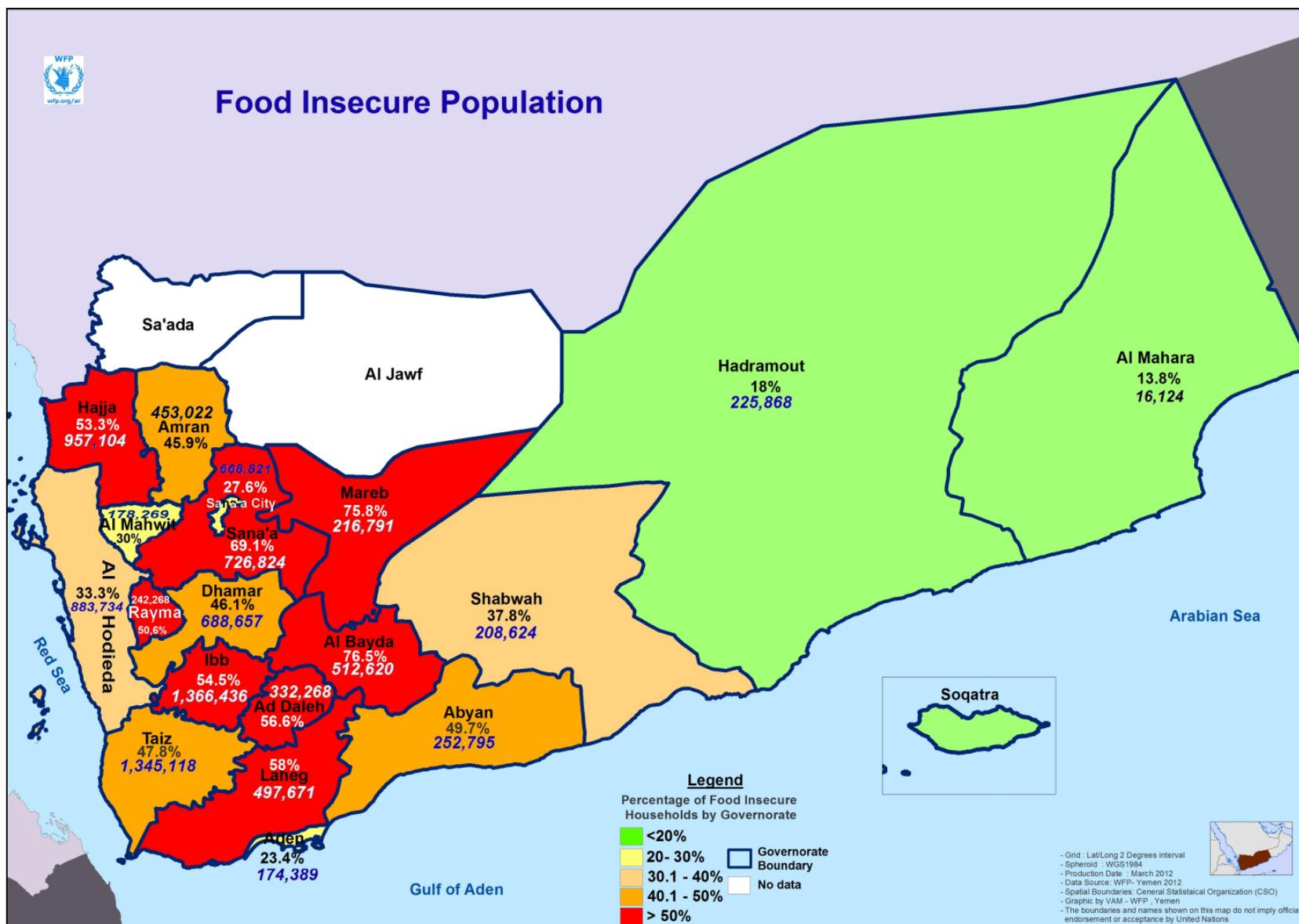
DIRECT SUPPORT REQUIREMENTS (US\$)	
Staff and staff-related costs	
International professional staff	302,840
Local staff - general service	45,200
Hazard pay and hardship allowance	33,600
Staff duty travel	197,670
Subtotal	579 310
Recurring expenses	
Office supplies and other consumables	8,080
Communications services	12,120
Vehicle running costs and maintenance	142,500
Subtotal	162,700
Equipment and capital costs	
Communications equipment	9,800
Local security costs	12,800
Subtotal	22,600
TOTAL DIRECT SUPPORT COSTS	764,610

ANNEX II: REVISED LOGICAL FRAMEWORK

Results-Chain (Logic Model)	Performance Indicators	Assumptions
Strategic Objective 1 - Save Lives and Protect Livelihoods in Emergencies		
<p>Outcome 1.1 Prevent and reduce acute malnutrition in children 6-59 months in targeted populations.</p> <p>Outcome 1.2 Improved food consumption over assistance period for targeted households.</p>	<ul style="list-style-type: none"> ➤ Prevalence of acute malnutrition among children under 5 (mid-upper arm circumference - MUAC) reduced by 10% in target areas. ➤ Baseline (CFSS 2010): MUAC (12-59 months) 9.2% ➤ Supplementary feeding recovery rate >75%. ➤ Supplementary feeding defaulter rate <15%. ➤ Supplementary feeding death rate <3%. ➤ Supplementary feeding non-response rate. ➤ Household food consumption score: ➤ Baseline (CFSS 2010): Poor-11.8%, Borderline-19.7%, Good-68.5% ➤ Target Good-80% 	<p>Mothers are willing to travel to distribution centres to collect supplementary rations for their children.</p> <p>Interventions for severe acute malnutrition are implemented as planned by UNICEF.</p> <p>Government counterparts scale-up nutrition interventions as planned.</p>
<p>Output 1.1 Food and non-food items distributed in sufficient quantity and quality to targeted women, men, girls and boys under secure conditions.</p>	<ul style="list-style-type: none"> ➤ Actual number of women, men, girls and boys receiving food and non-food assistance, by transfer modality and as a percentage of planned beneficiaries. ➤ Actual tonnage of food distributed, by type as % of planned tonnage for distribution.¹¹ ➤ Actual quantity of non-food items distributed, by type as percentage of planned distribution. ➤ Number of security incidents. 	<p>Increasing food prices or market inflation.</p> <p>Declining food availability in local markets.</p> <p>Volatile security situation due to on-going nationwide instability.</p> <p>Unrest or violence at distribution centres affects beneficiaries, implementing personnel.</p>

¹¹ Planned distribution includes quantity, quality and timeliness.

ANNEX III: FOOD INSECURITY POPULATION BY GOVERNORATE (CFSS 2012)



LIST OF ACRONYMS USED IN THE DOCUMENT

COMPAS	Commodity Movement, Processing and Analysis System
CFSS	comprehensive food security survey
DSC	direct support costs
EMOP	emergency operation
ESN	emergency safety net
GAM	global acute malnutrition
ISC	indirect support costs
LTSH	landside transport, storage and handling
MOSS	minimum operating security standards
NGO	non-governmental organization
ODOC	other direct operational costs
PRRO	protracted relief and recovery operation
SWF	Social Welfare Fund (Government of Yemen's safety net scheme)
UNICEF	United Nations Children's Fund
WHO	World Health Organization
WFP	United Nations World Food Programme