

BUDGET INCREASE TO EMERGENCY OPERATION SYRIA 200040

Assistance to Iraqi Refugees in Syria

	Current budget	Increase (US dollars)	Revised budget
Food cost	21,945,262	11,584,947	33,530,210
External transport	2,908,638	-134,202	2,774,436
LTSH	1,484,918	-72,386	1,412,532
ODOC	405,588	187,497	593,085
DSC	2,640,097	1,376,145	4,016,242
ISC (7.0 percent)	2,056,915	905,940	2,962,855
Total cost to WFP	31,441,418	13,847,942	45,289,360

NATURE OF THE INCREASE

1. A budget revision to emergency operation (EMOP) 200040 “Assistance to Iraqi refugees in Syria” is proposed to continue the provision of assistance to the Iraqi refugees. More specifically, the budget revision will result in:
 - An extension-in-time from May 2011 to December 2011 to support 115,000 beneficiaries from May to August and 97,300 beneficiaries from September to December 2011.
 - An expansion of the electronic voucher system (EVS) to all beneficiaries from July 2011.¹
 - A decrease in the planned number of beneficiaries, from 150,000 originally approved to 115,000 from January to April 2011.
 - A decrease in commodity requirements from January to April 2011 to reflect the lower number of beneficiaries receiving in-kind food transfers during this period than originally planned. The number of beneficiaries receiving food transfers decreased from 100,000 to 65,000 for the period January-February and from 80,000 to 45,000 for March-April 2011. An additional food requirement has been included for the period May and June. Overall, the revision envisages a decrease in the food commodity requirement. No in-kind food transfer is expected from July to December 2011.
2. The changes to the budget include:
 - An increase of US\$ 11,584,947 in food cost (US\$12,697,600 increase for the voucher transfers and a decrease in food transfers by 1,683 mt valued at US\$ 1,112,653);
 - A reduction in the external transport and landside transport, storage and handling (LTSH) costs of US\$ 206,588 in line with the decreased food tonnage;
 - An overall increase in other direct operational costs (ODOC) of US\$187,497 (US\$ 12,503 decrease under the in-kind food distribution and US\$ 200,000 increase under the voucher transfer component);
 - Additional direct support costs (DSC) of US\$ 1,376,145 under voucher transfer. There are no changes for DSC under the in-kind food distribution component;
 - An increase in indirect support costs (ISC) of US\$ 905,940.

¹ However if current civil unrest should continue to affect internal telephone and internet communications this might delay full implementation of the EVS.

JUSTIFICATION FOR EXTENSION-IN-TIME AND BUDGET INCREASE

Summary of Existing Project Activities

3. Since the onset of conflict in Iraq, the Syrian Arab Republic has continued to host the largest population of Iraqi refugees in the region. Many of these refugees are becoming more vulnerable as a result of their protracted displacement and the erosion of their means of subsistence, compounded by the global economic crisis that has driven up food and fuel prices and reduced remittances. As refugees in Syria are not allowed to work, own property or obtain licenses to operate businesses, they are fully dependent on external support, including remittances and humanitarian assistance. The non-food support is frequently insufficient to cover other basic living expenses, such as the cost rent and health care. The overall situation is forcing an increasing number of refugees to seek unofficial employment, exposing them to protection risks. Due to the unstable situation in Iraq, it is unlikely that the refugees will be able to return to Iraq in the near future.
4. In response to this situation, WFP launched EMOP 200040 in May 2010 to provide emergency food assistance to 150,000 Iraqi refugees residing in Syria. The EMOP aims to save lives and protect the livelihoods of refugees (WFP Strategic Objective 1 ‘save lives and protect livelihoods in emergencies’), by ensuring that their basic food needs are met, maintaining their nutritional status and contributing to a well-balanced diet. It also aims to strengthen the capacity of government entities to implement emergency operations (WFP Strategic Objective 5 ‘strengthen the capacities of countries to reduce hunger, including through hand-over strategies and local purchase’) through partnerships in the implementation of the EVS.
5. Under this operation, the food assistance was planned to be distributed through two modalities: in-kind food distribution and the electronic voucher system (EVS), with a gradual and smooth scaling up of EVS over the in-kind modality. WFP food assistance through the EVS is solely to ensure that refugees can meet their minimum food and nutritional needs without resorting to negative coping strategies. The successful implementation of EVS has resulted in an even faster and rapid expansion of its network.
6. Considering that Iraqi refugees live in an urban context where food is easily available but beyond their economic access, and there is a variety of essential food commodities, WFP has gradually scaled-up the EVS and it is planned to cover 100 percent of total distribution in the July-August 2011 cycle. Under the EVS, beneficiaries select their food from a list of items up to a predetermined voucher value, at any time, and at the closest available point of sale (POS). The EVS modality has proved to be an effective solution for a prolonged refugee situation in an urban context.
7. The successful implementation of the EVS has resulted in a rapid expansion of its network and in a reduced need for in-kind food assistance. As a result, the first budget revision (November 2010) has increased the beneficiaries benefitting for March-April of the EVS modality by 29,300 to a total of 70,000 beneficiaries leaving 80,000 receiving in-kind food transfers (see table 1). However, regular monitoring and evaluation exercises have shown that beneficiaries prefer EVS to in-kind and donors admire its flexibility and efficiency. A second reassessment conducted by WFP on the EVS modality of distribution reiterated its advantages.
8. Findings confirmed EVS efficiency in cost and time for both beneficiaries and WFP, efficiency in reporting and effectiveness in providing an opportunity to beneficiaries to select a nutritionally balanced diet. In particular, the advantages of the EVS are:

- a) EVS beneficiaries are able to access a diversified list of 19 food items with the same value of the in-kind ration with dietary preferred items; in terms of type and quantity. The appropriate role of women in family feeding was also confirmed.
 - b) The distribution cycle is effectively prolonged and beneficiaries can exchange their vouchers as per need, rather than receiving two-month rations in bulk at once.
 - c) The close proximity of the POS to beneficiaries' concentration areas allows them to access the food at any time and from any participating General Establishments for Storing and Marketing of Agricultural and Animal Products (GESMAAP) shops. This reduces the cost of transport and time spent by beneficiaries to receive their food entitlement.
 - d) No need for resale or bartering of food rations to have a variety of foods, with positive impact on the Food Consumption Score and on the adequacy of meals at the household level.
 - e) Reduction in time-lags to three days from the programming of a contribution to the distribution to beneficiaries, in comparison to the three-month lead time for international procurement of in-kind food. Consequently, no delays are encountered in EVS distribution cycles.
 - f) No losses or spillages of food at WFP's cost. Costs related to procurement, quality control and pipeline management are eliminated in favour of a higher food supply.
 - g) Cash injection into the community through the procurement of food items and services, and employment of staff at the supply and distribution chains.
 - h) Automated and accurate reconciliation of invoices and financial records.
 - i) With the virtual voucher rather than paper voucher, there is reduced possibility of fraud and an elimination of the printing and transport costs of the vouchers (over US\$32,000)
 - j) On-line reporting with a broad range of output indicators and prompt monitoring of POS performance.
 - k) A mobile-based complaints component and hotline through telephones which allow for prompt knowledge of occurring issues, and immediate attention to such complaints. An electronic Log-Book enhances follow-up.
9. In addition to the above social and economic benefits, the overall cost of EVS is about 10 percent less than that of the in-kind ration. It is expected that in the coming period the cost of EVS will be more favorable on the basis of the newly announced policy of the Government to reduce import fees and consumption taxes. Food prices under EVS (from GESMAAP shops) are also cheaper than the normal market in Syria.
 10. EVS is implemented in collaboration with the Office of the United Nations High Commissioner for Refugees (UNHCR), the Syrian Arab Red Crescent (SARC) and GESMAAP, a government entity which has a widespread network of shops throughout the country. To allow its smooth implementation, WFP trains GESMAAP managers at every cycle and provides technical assistance. WFP does not envisage handing over the food distribution for Iraqi refugees to the Government but EVS hardware and software is expected to be handed over to the Government. If feasible, WFP will extend this application to government projects for Syria upon request.

11. Monitoring activities in the EVS are performed through volunteers from SARC, while verification of refugees is done by UNHCR at every cycle.

Conclusion and Recommendations of the Re-Assessment

12. The 2011 Regional Response Plan (RRP) for Iraqi Refugees, approved on 28 December 2010, concluded that food assistance for refugees in Syria represents an important safety net for both food security and general well-being of families. In line with the RRP, WFP together with its government counterpart, the Planning and International Cooperation Commission², and members of the Food Group, such as UNHCR and the SARC, have planned to review the number of refugees receiving food assistance in 2011 and, if necessary, target them based on a set of food security criteria. For this, the Food Group members have begun preparations to carry out an Emergency Food Security Assessment (EFSA) with the aim to:
 - Determine the level of dependency of the Iraqi refugees on food assistance;
 - Establish the number of refugees who still remain highly vulnerable and food-insecure; and
 - Inform on the coping strategies currently adopted, with particular attention to food-based coping mechanisms or those affecting socio-economic behaviour.
13. Although United Nations agencies have been ready to implement the EFSA since mid-February, the final arrangements are still under discussion with the Government; given the current civil unrest, the survey is likely to be delayed further. In the absence of a full food security assessment, WFP and UNHCR have decided on a temporary and alternative solution to review the refugee caseload entitled to food assistance. This is based on the information system provided by UNHCR and consists of a prioritization in the caseload based on the following inclusion and exclusion criteria:

Inclusion Criteria:

All families already selected by UNHCR for financial assistance. As UNHCR financial assistance selection is not finalized yet (reached only 50 percent of the entire caseload) the remaining beneficiaries will have to adhere to the following criteria:

- Disabilities in the family;
- Elderly families with no adult member of working age;
- Families with children of mandatory school age from 5 to 14;
- Large families with more than six members;
- Unaccompanied or separate children;
- Women heads of households with children;
- Women-headed families and single un-married women without a working family member.

Exclusion criteria:

- Refugees often travelling to Iraq and staying for a long period (three consecutive months);
- All families not meeting the above inclusion criteria;
- All cases who have not collected at least 70 percent of their food entitlements.

² Previously named the State Planning Commission.

14. A Joint Assessment Mission (JAM) is planned for the second part of 2011. If possible, an EFSA will reconfirm the food-security status of the refugees, help determine those families who are in need of food and non-food assistance, and assess the education and health sector requirements. It will also be able to recommend the appropriateness of transfer modalities and new steps to be undertaken along with an exit strategy.
15. Due to the unstable situation in Iraq, it is unlikely that the refugees will be willing to return to Iraq in the near future. UNHCR reported that in 2010, the influx of refugees into Syria has been much higher than the returns to Iraq (i.e. 19,000 arrivals vs. 1,200 returnees) and that the resettlement rate to third countries remains very low, with only 6,000 cases processed during 2010. The total number of resettled refugees so far has reached 24,000.
16. In addition to this already fragile situation, the refugees' vulnerability has further deteriorated due to the increase of food prices in the local market; these have risen by 20-25 percent since October 2010. The recent increase of fuel prices and the deficit in staple foods in the country (wheat, bulgur and chickpeas) caused by the drought are affecting the cost of food in the local market and, indirectly, the resilience and coping mechanisms of refugees. In order to track the changes, the CO has started a weekly price monitoring system with a plan to enhance it further by integrating the Food Consumption Score and coping strategies of refugees (beneficiaries and non-beneficiaries) when the situation becomes more stable.
17. By July 2011, all beneficiaries will be assisted through the EVS modality. The main expected outcomes are: a) improved food consumption through diversification of food items; b) reduced adoption of negative coping strategies by beneficiaries; and c) improved government and partners' knowledge of and capacity in voucher system implementation.

Purpose of Extension and Budget Increase

18. The overall number of beneficiaries will decrease from 150,000 originally planned to 115,000 from January to April 2011. The new planning figure of 115,000 results from the physical verification of refugees' presence at food distribution sites; it reflects the actual number of beneficiaries who have received WFP assistance under the current EMOP. During the extended period starting from May 2011, WFP will continue supporting 115,000 beneficiaries until August 2011, and decrease the caseload to 97,300 beneficiaries from September to December 2011.
19. The table below represents the shift of the beneficiaries from in-kind distribution to 100 percent EVS in July 2011. It also represents the application of the prioritization criteria by September 2011; these will be revised through another budget revision as soon as the EFSA exercise is completed and proper food security criteria are applied.

	In-kind distribution		EVS distribution		
Cycle	Current Plan	Revised Plan	Current Plan	Revised Plan	Total Revised
Jan-Feb 2011	100,000	65,000	50,000	50,000	115,000
Mar-Apr 2011	80,000	45,000	70,000	70,000	115,000
May-June 2011	0	15,000	0	100,000	115,000
July-Aug 2011	0	0	0	115,000	115,000
Sept-Oct 2011	0	0	0	97,300	97,300
Nov-Dec 2011	0	0	0	97,300	97,300

FOOD REQUIREMENTS

20. The revised food and voucher requirements are outlined in the table below:

Activity	Commodity type/ Cash & voucher	Food requirements (mt)/ Cash/voucher (US\$)		
		Current	Increase / Decrease	Revised
Food transfers (General food distribution)	Rice	8,429	-688	7741
	Bulgur wheat grain	540	-165	375
	Pasta	5,976	-222	5,754
	Beans	2,265	-330	1,935
	Chickpeas	789	-	789
	Lentils	756	-	756
	Vegetable oil	1,603	-152	1,451
	Canned meat	361	-	361
	Sugar	1,130	-109	1,021
	Salt	208	-17	191
Total		22,057	-1,683	20,374
Voucher transfers (General food distribution)	EVS (US\$)	7,241,132	12,697,600	19,938,732

RECOMMENDATION

The Executive Director and the Director General are requested to approve this budget revision to EMOP 200040 “Assistance to Iraqi Refugees in Syria” with a total cost of US\$13.8 million.

Approved by:

Josette Sheeran
Executive Director, WFP

Jacques Diouf
Director-General, FAO

Date:

Date:

ANNEX I-A

BUDGET INCREASE COST BREAKDOWN			
Food³	Quantity (<i>mt</i>)	Value (<i>US\$</i>)	Value (<i>US\$</i>)
Cereals	(1,075)	-\$550,370	
Pulses	(330)	-\$271,052	
Oil and fats	(152)	-\$212,800	
Mixed and blended food	-	\$0	
Others	(126)	-\$78,431	
Total food	(1,683)	-\$1,112,653	
Cash transfers		-	
Voucher transfers		\$12,697,600	
Subtotal food and transfers			\$11,584,947
External transport			-\$134,202
Landside transport, storage and handling			-\$72,386
Other direct operational costs			\$187,497
Direct support costs ⁴ (see Annex I-B)			\$1,376,145
Total WFP direct costs			\$12,942,002
Indirect support costs (7.0 percent) ⁵			\$905,940
TOTAL WFP COSTS			\$13,847,942

³ This is a notional food basket for budgeting and approval. The contents may vary.

⁴ Indicative figure for information purposes. The direct support costs allotment is reviewed annually.

⁵ 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	303,456
International general service staff	00 000
Local staff - national officers	96,258
Local staff - general service	208,413
Local staff - temporary assistance	188,229
Local staff – overtime	10,802
Hazard pay and hardship allowance	00 000
International consultants	16,000
Local consultants	00 000
United Nations volunteers	00 000
Commercial consultancy services	00 000
Staff duty travel	243,438.
Subtotal	1,066,596
Recurring expenses	
Rental of facility	81,749
Utilities	26,333
Office supplies and other consumables	12,640
Communications services	36,867
Equipment repair and maintenance	1,580
Vehicle running costs and maintenance	36,000
Office set-up and repairs	4,600
United Nations organization services	6,000
Subtotal	205,769
Equipment and capital costs	
Vehicle leasing	62,730
Communications equipment	41,050
Local security costs	00 000
Subtotal	103,780
TOTAL DIRECT SUPPORT COSTS	1,376,145

ANNEX II - LOGICAL FRAMEWORK EMOP 200040 “Assistance to Iraqi Refugees in Syria”

RESULTS CHAIN (LOGIC MODEL)	PERFORMANCE INDICATORS	RISKS & ASSUMPTIONS
Strategic Objective 1: Save lives and protect livelihoods in emergencies		
<p><u>OUTCOME 1</u> Improved food consumption and reduced adoption of negative coping strategies by beneficiaries.</p>	<p>1.1 Coping Strategy Index (CSI) decreased for 80% of households. 1.2 Acceptable food consumption at household level (>74%). 1.3 Diversified food items >3. 1.4 Diversified cereals (other than rice) and pulses items. 1.5 Percentage of food resale vs. baseline (rice 42%, pulses 29% and oil 12%). 1.6 Average Kcal consumed in the EVS per person as percentage of 2,100 Kcal. 1.7 Number and size of meals per each food consumption group.</p>	<p>Timely availability of resources.</p> <p>Continued interest and acceptance by beneficiaries of food basket and distribution modalities.</p> <p>Acceptance of government and partners of voucher system.</p> <p>Voucher commodities available at all times in GESMAAP POS, in good quality and at the fixed prices agreed upon.</p>
<p><u>OUTPUTS 1.1</u> Food distributed in sufficient quantity and quality.</p>	<p>1.1.1. Tonnage of food distributed by type as a percentage of planned food distribution.</p>	
<p><u>OUTPUTS 1.2</u> Adequate and timely food distribution in place.</p>	<p>1.2.1. Planned and actual food distribution per cycle (mt). 1.2.2. Percentage of beneficiaries receiving vouchers on time. 1.2.3. Amount of total actual voucher exchanged in each cycle vs. planned (SYP). 1.2.4. Actual number of beneficiaries (by sex and age group) who received</p>	

entitlements, as percentage of planned.

1.2.5. Time and number of actual distribution cycles vs. planned.

1.2.6. Percentage of the value of actual exchanged food items vs. total exchanged goods.



	<p>1.2.7. Percentage of beneficiaries receiving the right quantity of food (for commodity vouchers only).</p> <p>1.2.8. Average waiting time at the shops (hours).</p> <p>1.2.9. Total monetary value (US\$) of vouchers distributed.</p>	
<p>OUTPUT 1.3 A more balanced daily food ration.</p>	<p>1.3.1. Dietary Diversity: targeted households consume at least four food groups per day.</p>	
<p>Strategic Objective 5: Strengthen the capacity of countries to reduce hunger, including through hand-over strategies and local purchase</p>		
<p>OUTCOME 2 Improved Government counterparts' knowledge and capacity of voucher distribution procedures and reporting.</p>	<p>2.1 Ability to run new voucher POS with trained staff and other resources.</p> <p>2.2 Food purchased locally, as percentage of total food purchased.</p>	<p>Continued Government interest in Voucher Transfer as part of a national safety net strategy.</p>
<p>OUTPUT 2.1 Provision of capacity-building assistance to Government entities (SPC and GESMAAP) involved in food assistance and hunger reduction efforts.</p>	<p>2.1.1. Type and quantity of WFP-provided equipment (for communications, data processing and Internet connectivity).</p> <p>2.1.2. Number of GESMAAP staff trained on usage of computers, software applications and Voucher management at POS.</p> <p>2.1.3. Number of designated POS vs. planned.</p> <p>2.1.4. Number of actual designated staff for the pilot vs. current 9</p> <p>2.1.5. Accuracy of financial and inventory reports produced.</p> <p>2.1.6. Accuracy of processed electronic invoices with WFP server report.</p> <p>2.1.7. Capacity to expand operations in terms of numbers of beneficiaries, types of assistance and POS.</p> <p>2.1.8. Number of MOUs and mutual agreements signed/established with non-government agencies on topics different from capacity development and/or hand-over action.</p>	<p>WFP to continue its support for a time-bound extended period allowing for gradual phasing down of its involvement.</p> <p>Continued GESMAAP interest in the EVS modality, making available POS and designated staff to meet current and expanded needs.</p>

<p><u>OUTPUT 2.2</u> Strengthening partnerships with other entities: UNHCR verification of beneficiary refugees prior to each cycle and sharing electronic updated registration database with WFP</p>	<p>2.2.1. Regularly conducted registration updates/verification (number of verification codes issued per cycle (by sex and age)</p> <p>2.2.2. Distribution of non-food items along with food vs planned</p>	<p>Ability of UNHCR to conduct registration updates prior to each cycle.</p> <p>UNHCR continues to provide non-food and cash assistance alongside WFP food aid.</p>
<p><u>OUTPUT 2.3</u> Developing and handing over software application used in the Electronic Voucher System</p>	<p>2.3.1. MOU with Government to hand over the Electronic Voucher system software, with the capacity to handle:</p> <ul style="list-style-type: none"> • Large number of beneficiaries (15,000–50,000) • Large number of POS (> 6 POS) • Large number of food basket items (>3 items) • Generation of relevant reports 	<p>WFP has developed a software application which will be transferred to the Government when its required.</p> <p>The software is reliable for current and potential use and needs</p>

ANNEX III - LIST OF ACRONYMS USED IN THE DOCUMENT**LIST OF ACRONYMS**

DSC	direct support costs
EMOP	emergency operation
EFSA	emergency food security assessment
EVS	Electronic Voucher System
FAO	Food and Agriculture Organization of the United Nations
GESMAAP	General Establishment for Storing and Marketing of Agricultural and Animal Products
GFD	general food distribution
ISC	indirect support costs
JAM	joint assessment mission
LTSH	landside transport, storage and handling
MOU	Memorandum of Understanding
ODOC	other direct operational costs
POS	Point(s) of Sale
RRP	Regional Response Plan
SARC	Syrian Arab Red Crescent
SPC	State Planning Commission
UNHCR	Office of the United Nations High Commissioner for Refugees
WFP	United Nations World Food Programme

