

BUDGET INCREASE TO AFGHANISTAN PROTRACTED RELIEF AND RECOVERY OPERATION

Budget Revision No. 2

Afghanistan PRRO 200063: Enhancing Resilience and Food Security

Cost (United States dollars)

	Current budget	Increase	Revised budget
Food cost	474,738,685	15,383,818	490,122,503
External transport	60,182,614	56,000	60,238,614
LTSH	153,664,462	155,184	153,819,646
ODOC	137,017,632	00	137,017,632
DSC	318,013,115	00	318,013,115
ISC (7.0 percent)	80,053,156	1,091,650	81,144,806
Total cost to WFP	1,223,669,664	16,686,652	1,240,356,316

NATURE OF THE INCREASE

1. This budget revision to the Afghanistan protracted relief and recover operation (PRRO 200063) is prepared to reflect an increase in food costs of US\$15.4 million in order to i) ensure that the budget is in line with current food market prices; and ii) include dates in the food basket for school feeding using an in-kind contribution.

JUSTIFICATION FOR BUDGET INCREASE

Summary of Existing Project Activities

2. The Afghanistan PRRO was launched in April 2010 with the aim to enhance food security and improve the human and productive capital of food-insecure Afghans living in remote areas. WFP plans to support over 7 million Afghans from 2010 to 2013 through the following activities:
3. *Emergency food assistance*: In order to ensure adequate household food consumption in life-threatening situations, WFP provides emergency food assistance through general food distributions to populations which have been adversely affected by shocks, as well as internally displaced persons (IDPs) and returnees, mainly in rural areas. Wherever possible, WFP assistance is provided through food for assets (FFA). WFP distributes either full or reduced food rations depending on the food security status of the population.
4. *Urban safety net*: The urban safety net project aims to ensure adequate household food consumption for extremely vulnerable households in urban areas and prevent them from engaging in negative coping strategies. Beneficiaries are primarily households headed by disabled people or widows who have limited employment opportunities and who are not supported by other safety-net mechanisms. Depending on the local market situation, support is provided through in-kind food distribution, cash or food vouchers.

5. *Mother-and-child health and nutrition:* The special nutritional needs of malnourished children under 5 and pregnant and lactating woman is addressed through targeted supplementary feeding. The intervention aims to stabilize acute malnutrition in coordination with partners to ensure that WFP's supplementary feeding is complemented by other stakeholder activities such as therapeutic feeding and growth monitoring based in health care centres. Given the high levels of stunting in Afghanistan, WFP is also advocating with stakeholders for a more comprehensive approach in accordance with its corporate nutrition strategy.
6. *Food for assets:* Through FFA activities, WFP targets disaster-prone areas with the aim to reduce the hazard risk and mitigate the impact of disasters on communities. FFA projects contribute to village economic outputs, access to basic services and markets including land stabilization. Micro-catchments in up-stream communities are expected to result in increased groundwater levels and reduced risk of flooding in downstream communities. Food-insecure IDPs, returnees and other vulnerable groups for re-integration requiring further assistance beyond the initial emergency period are integrated into productive activities (FFA and food for training) to facilitate their return or settlement.
7. *Food for education:* WFP supports basic education and human capital development through school-based interventions and vocational training programmes. School feeding is designed to promote enrolment and attendance, particularly for girls, providing high-energy biscuits (HEB), on-site meals and vegetable oil take-home rations as an incentive for girls' education. Vocational and literacy training activities under WFP's food-for-training (FFT) programme focuses on marginalized groups such as females and disabled persons.
8. *Support to tuberculosis patients:* WFP provides food incentives to tuberculosis (TB) patients undergoing directly observed treatment (DOTS). TB patients receive WFP assistance to improve their nutrition status and increase adherence to treatment and completion rates, leading to reduced TB prevalence in communities.

Purpose of Budget Increase

9. This budget revision will adjust the PRRO commodity costs as significant price increases were observed for wheat (55 percent), wheat flour (24 percent), micronutrient powder (43 percent) and vegetable oil (80 percent). The operation was originally approved on the basis of a cost estimation made in January 2010. Since then, food prices have increased significantly. The Food and Agriculture Organization of the United Nations (FAO) reported that wheat prices surged by 60 to 80 percent from July to September 2010, in response to drought-fuelled crop losses in Russia and a subsequent export ban by the Russian Federation. By December 2010, the FAO Food Price Index had topped its 2008 peak, with sugar, oils and fats increasing the most.¹ The price of vegetable oil rose mainly as a result of increased demand from large countries like China and India and reduced production in Malaysia due to weather conditions. Finally, the significant increase of the cost of the micronutrient powder (MNP) is due to a change in the specifications with the substitution of MNP by micronutrient tablets for pregnant and lactating women.
10. The budget revision will also add dates to the food basket for school feeding for a one-off distribution in August - September 2011 using an in-kind contribution. WFP will provide 200 g of dates per day to 200,000 students in 4 provinces presenting both high levels of food insecurity and low enrolment rates. The dates will be distributed as part of the on-site meals.

¹ <http://www.fao.org/isfp/about/en/>

11. The proposed budget revision does not envisage any change in the programmatic strategy or implementation modalities.

FOOD REQUIREMENTS

12. The budget revision will result in an increase of 800 mt of the food requirements as follows:

TABLE 3: FOOD REQUIREMENTS BY ACTIVITY (mt)			
Activity	Current	Increase	Revised
Emergency food assistance	142,800	-	142,800
Urban safety net	152,400	-	152,400
MCHN	37,600	-	37,600
Subtotal relief	332,800	-	332,800
FFA	93,000	-	93,000
FFE/FFT	325,874	800	326,674
TB	65,200	-	65,200
Subtotal recovery	484,074	800	484,874
TOTAL	816,874	800	817,674

RECOMMENDATION

13. The proposed budget increase for Afghanistan PRRO 200063, including additional commitment of food, associated costs and indirect support costs, is recommended for your approval.

Approved by:

Josette Sheeran
Executive Director, WFP

Date

ANNEX I-A

BUDGET INCREASE COST BREAKDOWN

Food ²	Quantity (mt)	Value (US\$)	Value (US\$)
Cereals	00 000	12,084,238	
Pulses	00 000	52,000	
Oil and fats	00 000	7,675,348	
Mixed and blended food	00 000	(5,140,417)	
Others	800.00	712,649	
Total food	800.00	15,383,818	
Cash transfers		00 000	
Voucher transfers		00 000	
Subtotal food and transfers			15,383,818
External transport			56,000
Landside transport, storage and handling			155,184
Other direct operational costs			000 000
Direct support costs ³ (see Annex I-B)			000 000
Total WFP direct costs			15,595,002
Indirect support costs (7.0 percent) ⁴			1,091,650
TOTAL WFP COSTS			16,686,652

² This is a notional food basket for budgeting and approval. The contents may vary.

³ Indicative figure for information purposes. The direct support costs allotment is reviewed annually.

⁴ 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	00 000
International general service staff	00 000
Local staff - national officers	00 000
Local staff - general service	00 000
Local staff - temporary assistance	00 000
Local staff - overtime	00 000
Hazard pay and hardship allowance	00 000
International consultants	00 000
Local consultants	00 000
United Nations volunteers	00 000
Commercial consultancy services	00 000
Staff duty travel	00 000
Subtotal	000 000
Recurring expenses	
Rental of facility	00 000
Utilities	00 000
Office supplies and other consumables	00 000
Communications services	00 000
Equipment repair and maintenance	00 000
Vehicle running costs and maintenance	00 000
Office set-up and repairs	00 000
United Nations organization services	00 000
Subtotal	000 000
Equipment and capital costs	
Vehicle leasing	00 000
Communications equipment	00 000
Local security costs	00 000
Subtotal	000 000
TOTAL DIRECT SUPPORT COSTS	000 000