

## BUDGET INCREASE TO PROTRACTED RELIEF AND RECOVERY OPERATION: SRI LANKA 200143 (BUDGET REVISION 1)

### Supporting Relief and Early Recovery in Former Conflict-Affected Areas

	Cost (United States dollars)		
	Current budget	Increase	Revised budget
Food cost (including vouchers)	23 946 452	17 088 223	41 034 675
External transport	5 311 783	1 559 561	6 871 344
LTSH	2 255 769	513 502	2 769 271
ODOC	685 673	1 234 233	1 919 906
DSC	4 954 997	4 753 124	9 708 121
ISC (7.0 percent)	2 600 827	1 760 405	4 361 232
<b>Total cost to WFP</b>	<b>39 755 501</b>	<b>26 909 048</b>	<b>66 664 549</b>

### NATURE OF THE REVISION

1. A one-year extension-in-time of Sri Lanka protracted relief and recovery operation (PRRO) 200143 “Supporting Relief and Early Recovery in Former Conflict-Affected Areas” is proposed through to 31 December 2012. This will enable WFP to continue to meet the humanitarian and early recovery needs of the conflict-affected north, and support displaced and returnee populations until resettlement is completed, livelihoods are regained and assets are restored. In addition to the five districts already targeted in Northern Province, the PRRO proposes to extend assistance to Batticaloa district in Eastern Province.
2. Specifically, this budget revision will:
  - provide an additional 25,147 mt of food valued at US\$15.4 million;
  - introduce voucher-based assistance for 20,000 beneficiaries valued at US\$1.7 million;
  - increase associated costs by US\$8 million - consisting of external transport, landside transport, storage and handling (LTSH), other direct operational costs (ODOC) and direct support costs (DSC); and
  - increase indirect support costs (ISC) by US\$1.8 million.

### JUSTIFICATION FOR BUDGET REVISION

#### Summary of Existing Project Activities

3. PRRO 200143 was launched in 2010 as Sri Lanka emerged from a prolonged conflict that ended in May 2009. The operation’s overall goal is to reduce hunger, to support early recovery among internally displaced persons (IDPs) and recent returnee households, and to rebuild their livelihoods.

4. The PRRO is in line with WFP Strategic Objective 1 “Save lives and protect livelihoods in emergencies” and Strategic Objective 3 “Restore and rebuild lives and livelihoods in post-conflict, post-disaster or transition situations”, and the specific objectives are to:
  - Improve or maintain the food security of targeted IDPs and recent returnees.
  - Reduce moderate acute malnutrition in targeted children under 5, and reduce low birth weight by targeting pregnant women.
  - Increase access to productive assets or skills through regular food-for-assets (FFA), transitional “soft” food-for-assets (SFFA)<sup>1</sup> and food-for-training (FFT) activities.
  - Stabilize school enrolment and attendance and address the short-term hunger of conflict-affected children.
5. The PRRO covers five districts in Northern Province: Jaffna, Kilinochchi, Mannar, Mullaitivu and Vavuniya. In the second half of 2011, 8,000 IDPs continued to require on general food distributions (GFD); 94,500 returnees received support through a combination of GFD and/or SFFA activities; 80,000 persons were supported under the regular FFA/FFT activities; 160,000 school children receive mid-morning meals; and 74,000 children aged 6-59 months and pregnant and lactating women (PLW) benefited from a supplementary feeding programme.

## Conclusion and Recommendations of the Re-Assessment

6. Over the past two years, Northern Province and Eastern Province have faced several economic and weather-related shocks - including food price volatility, inflation and natural disasters - which have exerted immense pressure on vulnerable communities that had already been through multiple displacements of people and the loss of livelihoods. Post-conflict recovery activities are ongoing and it is expected that 2012 will be a transitional period from recovery to development. The rehabilitation of lives and livelihoods is a challenge that requires considerable further investment before a mainstream development process can start.
7. WFP has conducted several nutrition and food security assessments, both independently and in partnership with the Government and the United Nations Children’s Fund (UNICEF), which underscore the need for continued humanitarian assistance in Northern Province and parts of Eastern Province.
8. A food security assessment in April 2011<sup>2</sup> concluded the following:
  - In Northern Province, 61 percent of the population is still food-insecure. The populations in all five districts are below the national poverty line,<sup>3</sup> with Kilinochchi district having the lowest median income per person per month (LKR2,189/US\$20). Despite food assistance interventions and some early recovery activities, sustained recovery remains elusive.
  - Significant regional disparities in food insecurity are evident. The trend and severity of food insecurity is of particular concern in Kilinochchi where 30 percent of households are classified “severely” food insecure. Batticaloa district in Eastern Province has a high proportion of both severely and moderately food-insecure people (17 percent and 32 percent respectively): it bore the brunt of the massive floods in early 2011, which displaced communities and devastated livelihoods and assets, both at household and

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<sup>1</sup> SFFA activities bridge GFD and FFA. They apply to self-targeted beneficiaries involved in light, early recovery activities that are not subject to work norms. SFFA projects are locally prepared and approved. Participants receive a family food ration as an incentive.

<sup>2</sup> WFP, April 2011, *Sri-Lanka: A Food Security Assessment Report*.

<sup>3</sup> National poverty line is LKR3,319 per person per month, equivalent to US\$1 per person per day.

district levels. Flooding exacerbated food and nutrition insecurity, and delayed the recovery process. Assistance should be extended to the food-insecure and the fragile situation in the district needs close monitoring.

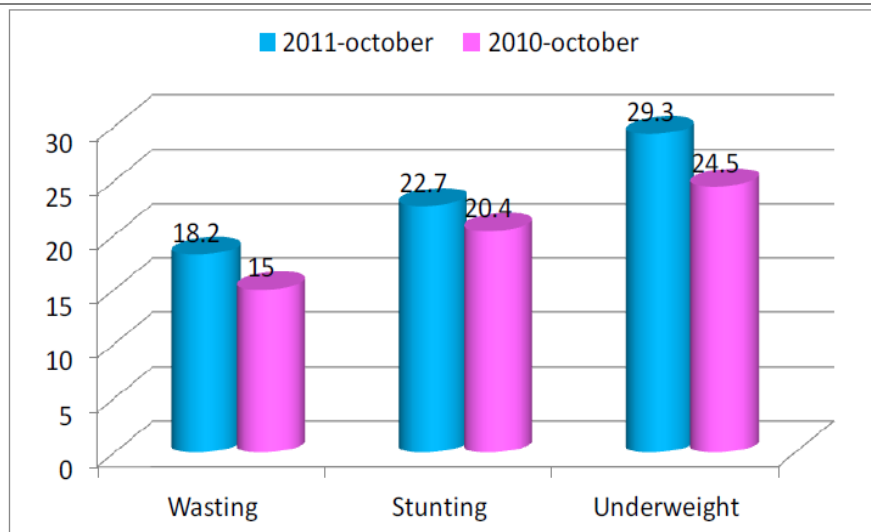
- Among the recently returned households in Northern Province, the proportion of widows is very high: 23 percent of recent returnees in Vavuniya are widows with no support. Continued food assistance is required for households headed by females and other high-risk groups, such as the elderly, the disabled and people affected by HIV.
- Low income levels and high food prices have led to weak purchasing power of households in Northern Province and Eastern Province.
- Food intake patterns among returnee populations deteriorated between October 2010-April 2011 due to food price volatility, lack of employment, disrupted livelihoods, and the absence of productive assets and skills. Poor food consumption patterns are highest in districts where food assistance has been reduced.<sup>4</sup>

9. A tripartite nutrition assessment in October 2011<sup>5</sup> reported a deteriorating nutrition situation in Northern Province:

- Acute malnutrition among children under 5 in the general population and among resettled households is still above the “critical” threshold,<sup>6</sup> having increased from 15 percent in 2010 to 18 percent in 2011. It continues to be a major public health challenge.
- Stunting increased from 20 percent to 23 percent; and underweight children increased from 25 percent to 29 percent.<sup>7 8</sup>

(Illustrated in Figure 1 below)

**FIGURE 1: NUTRITIONAL STATUS OF CHILDREN UNDER 5 IN NORTHERN PROVINCE (2010-2011)**



Source: Nutrition Assessment by Government-Medical Research Institute, UNICEF, WFP. October 2011.

<sup>4</sup> Packages for returnees were provided for 6 months, and the start of livelihood recovery activities in return areas was delayed.

<sup>5</sup> Sri Lanka Medical Research Institute, UNICEF and WFP. October 2011.

<sup>6</sup> WHO, 1995. Cut-off values for public health significance. <http://www.who.int/nutgrowthdb/en>. Wasting over 15 percent is considered “critical”. Underweight 20-29 percent is considered “high”.

<sup>7</sup> These are well above the national averages in Sri Lanka, which are: wasting 12 percent, stunting 19 percent, and underweight 22 percent.

<sup>8</sup> WHO, 1995. Cut-off values for public health significance. <http://www.who.int/nutgrowthdb/en>. Underweight 20-29 percent is considered “high”.

10. WFP's regular food security and market assessments show that agricultural markets continue to develop in Northern Province. The improvement of intra-regional and inter-regional connectivity, reductions in entry barriers to the markets, improved mobility of transport agents and market intermediaries, and the development of financial services has contributed to the general stability of food production, markets and prices. While food is now available in markets, food-insecure households lack the resources to access them. A cash and voucher feasibility study in early 2011 indicates such transfer modalities will contribute to increased food security through improved market access, a choice of more diverse foods, and support for the local economy.
11. If necessary and in consultation with the Government, a new PRRO for 2013 may be considered. This may extend assistance and enable the residual and remaining vulnerable people to transition towards self-sustainable development opportunities.

### **Purpose of Extension and Budget Increase**

12. The budget revision seeks to extend the current PRRO for one year, until end of December 2012, in all five districts of the conflict-affected Northern Province, and to extend assistance to Batticaloa district in Eastern Province.
13. The strategic focus of the PRRO in 2012 will be adjusted in four key areas:

*(i) Needs-based targeting - focussing on the most vulnerable:*

Moving away from blanket GFD, general rations will be targeted to households most at risk, specifically food-insecure households headed by widows, widowers, women or elderly persons and households with disabled family members. Food-insecure households with great difficulties re-establishing their livelihoods following years of conflict will be assisted through recovery activities to build productive assets and skills at both household and community level.

*(ii) Inclusion of Batticaloa district, Eastern Province:*

Batticaloa district will be added to the PRRO target areas: to help address serious food and nutrition insecurity challenges in the aftermath of the massive floods of January 2011.

*(iii) Introduction of voucher transfers:*

Building upon the Government's experience with food stamps, the Government's nation-wide safety-net programme, and a robust understanding of market conditions, WFP will initially pilot vouchers where Multipurpose Cooperative Societies (MPCS)<sup>9</sup> exist, potentially introducing cash, or a mix of food, cash and vouchers where communities have had some previous experience with such activities and as WFP's capacity develops. WFP expects that this new transfer modality will contribute to increased food security through improved access to food, a more diverse food basket choice, as well as support for the local economy.

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<sup>9</sup>A long-standing WFP cooperating partner, MPCS are community-owned organizations under government supervision and have many years' experience in implementing food assistance programmes with WFP and through Samaudhi. MPCS has extensive capacity and outreach and demonstrate strong retail supply and functionality.



*(iv) Nutrition focus:*

While voucher transfers are estimated to be 18 percent more expensive than food transfers, at this stage of the PRRO they offer significant comparative advantages, which include: the Government's extensive experience with implementing food stamps; a potentially smooth integration and hand-over of the voucher-based component to the government's safety net scheme; and a guarantee that beneficiaries use the transfer for food purchases only.

Fortified blended foods will be provided to children and PLW to prevent and treat moderate acute malnutrition. All children 6-23 months will be eligible to receive supplementary food (Supercereal supplemented with oil and sugar to increase the nutrition value).<sup>10</sup> Targeted children aged 24-59 months will also benefit from this supplementary feeding, based on nutritional status. This assistance will be provided for up to 90 days. Public health staff will refer beneficiaries when necessary, monitor and make recommendations for graduation upon recovery.

14. Assistance modalities will continue to be reviewed and adjusted through regular vulnerability analysis, food security and nutrition assessments and food security monitoring. Beneficiaries will be targeted as follows:

*(i) General food distribution (111,000 beneficiaries):*

- 70,000 vulnerable and food-insecure people, comprising female-headed households, widows, widowers and households with disabled persons.
- 25,000 returning refugees.
- 16,000 IDPs from camps returning to their places of origin (8 months support).

Of the total GFD beneficiaries, 20,000 of the most vulnerable and food insecure will receive voucher-based assistance through paper vouchers which can be exchanged for pre-defined food items at MPCs. These will provide the equivalent market value to the in-kind GFD food basket (US\$0.41 per day/US\$12 per month per person).

*(ii) Food and nutrition safety nets:*

- 56,000 children 6-59 months and 18,000 PLW will be assisted through targeted supplementary feeding. Training related to nutrition and health needs (e.g. feeding and care practices) will be coordinated with partner non-governmental organizations (NGOs).
- 160,000 school children will continue to receive a mid-morning meal in targeted schools in Northern Province as a means to address micro-nutrient deficiencies and short-term hunger. The Government will complement the WFP ration with fresh vegetables to ensure a diverse and nutritious diet, and 240 newly opened schools will be supported with essential non-food items to complement the school meals programme. 2,000 volunteers who assist in the preparation of school meals will receive rice to take-home as an incentive.

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<sup>10</sup> In 2011, WFP used the nutritionally enhanced Supercereal (corn-soya blend +), oil and sugar for the prevention and treatment of moderate acute malnutrition, which has been well accepted by communities and the Government. Advocacy has begun with the Ministry of Health to introduce improved nutrition products such as Supercereal plus (corn-soya blend ++), for the prevention and treatment of moderate acute malnutrition. The approval process is expected to take at least 6 months, and would involve testing by an expert committee appointed by the national Food Authority as well as a community-based acceptability study. In the interim, while negotiations continue, the PRRO will continue distribute Supercereal supplemented by sugar and oil.

WFP will coordinate with UNICEF and other partners to provide an integrated package, including de-worming, micronutrient supplementation and water and sanitation assistance to re-establish a healthy school environment.

(iii) *Livelihood recovery activities (65,000 beneficiaries):*

- 35,000 severely food-insecure but physically capable persons will be supported through SFFA to help restore their livelihoods and rehabilitate household and community assets for sustainable recovery. This community-based participatory intervention will facilitate a smooth transition to early recovery, and develop the capacity of community-based organizations and local government.
- 30,000 beneficiaries will be targeted through FFA and FFT activities in partnership with NGOs. The focus is to build assets at the village and household levels to re-establish and maintain self-sufficiency and to develop skills for income-generating activities for people excluded from mainstream employment opportunities due to the protracted conflict.
- 3,000 livelihood packages of non-food items will be distributed to FFA participants to ensure the quality and sustainability of the assets created.

15. The Ministry of Economic Development will continue to coordinate the operation at the central level through its project management unit in close consultation with WFP. At district level, government representatives supported by district management units will continue to oversee operations in close collaboration with WFP.

**TABLE 1: BENEFICIARIES BY ACTIVITY**

Activity	Category	Current (2010-2011)	Increase or Decrease	Revised (2012)
GFD*	IDP in camps	85 000	(85 000)	0
	Vulnerable persons, returning refugees, IDPs	111 000	0	*111 000
Supplementary feeding	Children 6-59 months	35 000	21 000	56 000
	PLW	14 000	4 000	18 000
School meals	Children (grades 1-9)	173 000	(13 000)	160 000
	Volunteers	0	2 000	2 000
SFFA	Resettled people	175 000	(140 000)	35 000
FFA/FFT		107 500	(77 500)	30 000
<b>TOTAL **</b>		<b>371 000</b>	<b>(195 000)</b>	<b>176 000</b>

\*Includes beneficiaries receiving voucher-based assistance.

\*\*Numbers have been adjusted to avoid double-counting.

**TABLE 2: REVISED DAILY FOOD RATION/TRANSFER BY ACTIVITY**  
(g/US\$/person/day)

	GFD	Supplementary Feeding		School Meals		SFFA	FFA/FFT
		Children	PLW	Children	Volunteers		
Rice*	350			80	500	300	500
Pulses*	80			25		60	80
Vegetable oil	20	10	10	15		20	30
Sugar	20	15	15			20	
Supercereal		**100	**150				
<b>TOTAL (g)</b>	<b>470</b>	<b>100</b>	<b>175</b>	<b>120</b>	<b>500</b>	1 550	<b>610</b>
Total kcal/day	1 799	410	713	***508	1 820	13	2 334
% Kcal from protein	9.0	13.1	14.5	8.4	7.7		9.0
% Kcal from fat	11.4	26.0	29.0	28.0	1.2		13.0
<b>Vouchers (US\$)</b>	<b>US\$0.41</b>						
Number of feeding days	30 days per month	90 days per year	180 days per year	202 per year	202 per year	30 per month, usually 3-6 months	Based on work norms, usually 3-6 months

\* Cereals and pulses ration sizes for GFD, SFFA and FFA/FFT have been revised on the assumption that there is no closed camp situation, and that IDPs and returnees have better access to local markets in 2012.

\*\* To be complemented by an additional 50g of locally fortified food provided by the Ministry of Health.

\*\*\* Remaining kcal requirements are contributed by the Government through coconut and fresh vegetables.

16. *Contextual risks:* Sri Lanka is prone to natural disasters. WFP is part of the United Nations inter-agency group that monitors and plans for contingencies under Office for the Coordination of Humanitarian Affairs leadership. The contingency plan also considers responses to sudden-onset disasters, which this PRRO could address though a budget revision if necessary.
17. *Programmatic risks:* Lack of timely resources could cause pipeline breaks, resulting in reduced or incomplete rations, which could increase hardship and malnutrition for beneficiary households. WFP will ensure that donors are informed of the requirements for this PRRO. Successful implementation of: (i) nutrition activities will depend on provision of complementary services; and (ii) FFA/FFT activities will depend on appropriate technical expertise. WFP will work closely with partners to secure the necessary complementary services and expertise.
18. *Institutional risks:* Limited access and the threat of landmines and unexploded ordnance in the north remain the main concerns relating to the safety and security of United Nations staff, which are ensured by the United Nations Security Management System and United Nations Department of Safety and Security.

## REQUIREMENTS (see also Annex 1-A)

TABLE 3: FOOD/CASH AND VOUCHER REQUIREMENTS BY ACTIVITY				
		Food requirements ( <i>mt</i> ) and C&V ( <i>US\$</i> )		
Activity	Commodity / Vouchers	Current	Increase	Revised total
GFD	Commodities	18 832	11 407	30 239
	Vouchers	US\$0	US\$1 678 280	US\$1 678 280
Supplementary Feeding Programme	Commodities	2 100	3 330	5 430
School Meals	Commodities	4 240	4 080	8 320
SFFA	Commodities	18 182	3 780	21 962
FFA/FFT	Commodities	5 802	2 550	8 352
<b>TOTAL</b>	<b>mt</b>	<b>49 156</b>	<b>25 147</b>	<b>74 303</b>
	<b>US\$</b>		<b>1 678 280</b>	<b>1 678 280</b>

## RECOMMENDATION

The Executive Director is recommended to approve the proposed budget revision to PRRO Sri Lanka 200143 “Supporting Relief and Early Recovery in Former Conflict-Affected Areas” for a one-year extension-in-time and an increase in budget.

## APPROVAL

\_\_\_\_\_  
 Josette Sheeran  
 Executive Director  
 United Nations World Food Programme

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 Date

## ANNEX I-A

BUDGET INCREASE COST BREAKDOWN			
Food <sup>11</sup>	Quantity (mt)	Value (US\$)	Value (US\$)
Cereals	16 207	7 664 128	
Pulses	3 651	3 267 645	
Oil and fats	1 486	1 812 920	
Mixed and blended food	2 826	1 893 420	
Others	977	771 830	
<b>Total food</b>	<b>25 147</b>	<b>15 409,943</b>	
Cash transfers		00 000	
Voucher transfers		1 678 280	
Subtotal food and transfers			17 088 223
External transport			1 559 561
Landside transport, storage and handling			513 502
Other direct operational costs			1 234 233
Direct support costs <sup>12</sup> (see Annex I-B)			4 753 124
Total WFP direct costs			<b>25 148 643</b>
Indirect support costs (7.0 percent) <sup>13</sup>			1 760 405
<b>TOTAL WFP COSTS</b>			<b>26 909 048</b>

<sup>11</sup> This is a notional food basket for budgeting and approval. The contents may vary.

<sup>12</sup> This is an indicative figure. The direct support costs allotment is reviewed annually.

<sup>13</sup> The indirect support cost rate may be amended by the WFP Executive Board during the project.

## ANNEX I-B

DIRECT SUPPORT REQUIREMENTS (US\$)	
<b>Staff and staff-related costs</b>	
International professional staff	2 072 640
Local staff - national officers	185 170
Local staff - general service	357 363
Local staff - temporary assistance	615 046
Local staff – overtime	16 962
United Nations volunteers	90 000
Staff duty travel	334 610
<b>Subtotal</b>	<b>3 671 791</b>
<b>Recurring expenses</b>	
Rental of facility	12 471
Utilities	82 757
Office supplies and other consumables	115 618
Communications services	138 395
Equipment repair and maintenance	7 200
Vehicle running costs and maintenance	247 934
Office set-up and repairs	135 470
United Nations organization services	42 000
<b>Subtotal</b>	<b>781 845</b>
<b>Equipment and capital costs</b>	
Vehicle leasing	153 000
Communications equipment	49 000
Local security costs	97 488
<b>Subtotal</b>	<b>299 488</b>
<b>TOTAL DIRECT SUPPORT COSTS</b>	<b>4 753 124</b>

## ANNEX II – LOGICAL FRAMEWORK SUMMARY SRI LANKA PRRO 200143

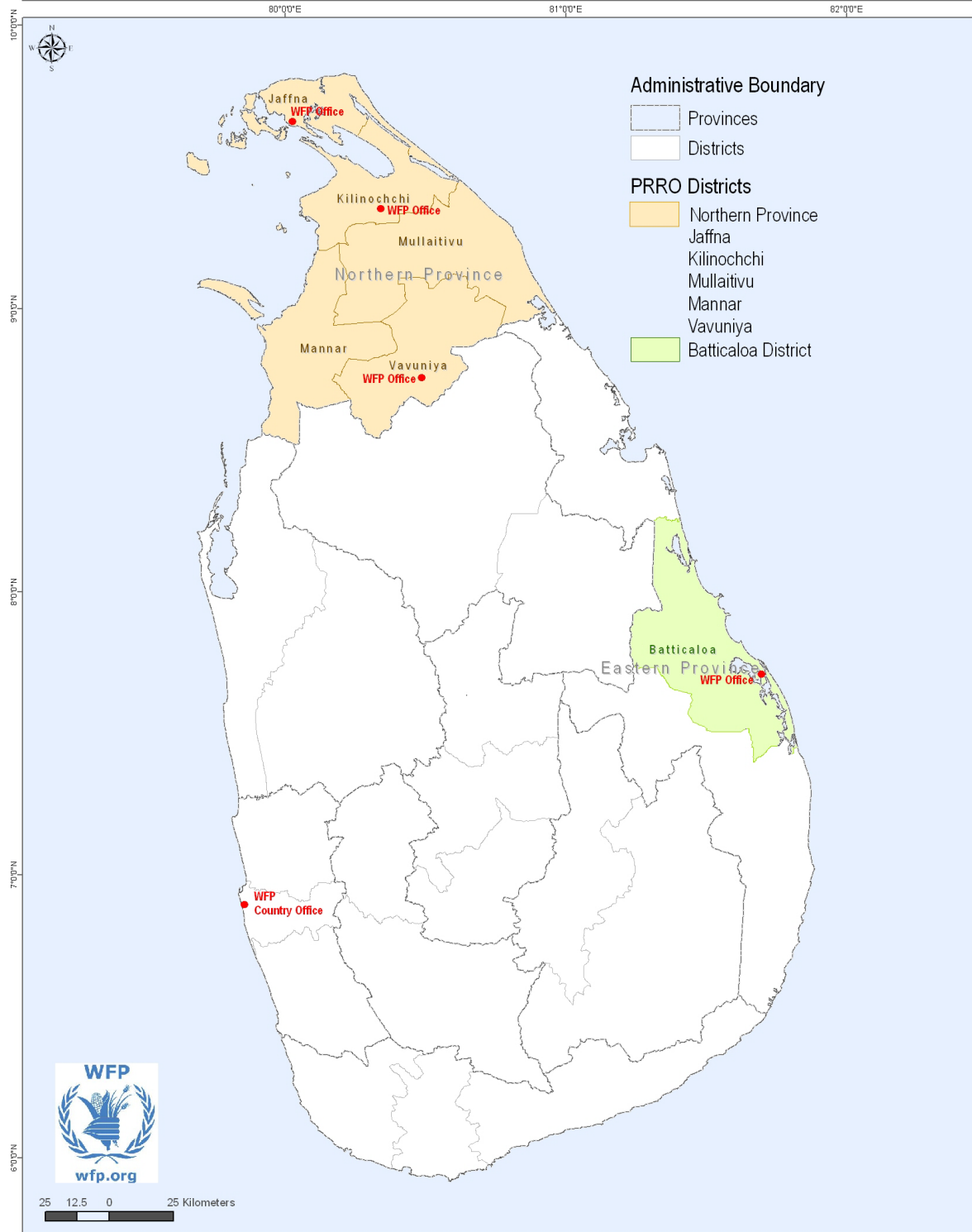
Results	Performance indicators	Risks and assumptions
<b>Strategic Objective 1: Save lives and protect livelihoods in emergencies</b>		
<b>Outcome 1.1</b> Reduced or stabilized acute malnutrition in target groups of children and/or populations	<ul style="list-style-type: none"> <li>➤ Prevalence of acute malnutrition among children under 5 (weight-for-height as percentage)</li> <li>➤ Supplementary feeding performance rates</li> </ul>	No major disease outbreak or new major disaster
<b>Outcome 1.2</b> Improved food consumption over assistance period for target households <sup>14</sup>	<ul style="list-style-type: none"> <li>➤ At least 90% of beneficiaries achieve household food consumption score of at least 28</li> </ul>	Access to adequate health care in IDP camps and return sites Resources and inputs available when required Security conditions allow staff and food movements as required
<b>Outcome 1.3</b> Stabilized enrolment of girls and boys at high risk of dropping-out from target primary schools	<ul style="list-style-type: none"> <li>➤ Retention rate</li> </ul>	Sufficient funding to ensure WFP operations
<b>Outputs 1.1, 1.2 and 1.3</b> Food and non-food items, cash transfers and vouchers distributed in sufficient quantity and quality to target groups of women, men, girls and boys under secure conditions	<ul style="list-style-type: none"> <li>➤ Numbers of women, men, girls and boys receiving food and non-food items, by category and as percentage of planned</li> <li>➤ Tonnage of food distributed, by type, as percentage of planned</li> <li>➤ Total food/cash equivalent of vouchers distributed</li> </ul>	
<b>Strategic Objective 3: Restore and rebuild lives and livelihoods in post-conflict, post-disaster or transition situations</b>		
<b>Outcome 3.1</b>	<ul style="list-style-type: none"> <li>➤ At least 90% of beneficiaries achieve household food</li> </ul>	Technical expertise is available for FFA/FFT

Adequate food consumption over assistance period reached for target households, communities, IDPs and refugees	consumption score of at least 42	Complementary inputs provided by the government and NGO partners
<b>Outcome 3.2</b> Increased access to assets in fragile, transition situations for target communities	➤ At least 50% increase in community assets score	
<b>Outcome 3.3</b> Stabilized enrolment for girls and boys, including IDPs and refugees, in assisted schools	<ul style="list-style-type: none"> <li>➤ Average annual enrolment rate of girls and boys in WFP-assisted schools are at least 90%</li> <li>➤ Average annual retention rates of girls and boys in WFP-assisted schools are at least 90%</li> </ul>	
<b>Output 3.1</b> Developed, built or restored livelihood assets by targeted communities and individuals	<ul style="list-style-type: none"> <li>➤ Numbers of beneficiaries receiving food assistance, disaggregated by sex, as percentage of planned</li> <li>➤ Tonnage of food distributed to targeted beneficiaries, by beneficiary group and type of food, as percentage of planned</li> <li>➤ Numbers of community assets created or restored by targeted communities and individuals, by type of asset</li> <li>➤ Numbers of women and men trained in livelihood-support thematic areas</li> <li>➤ Numbers of training sessions completed, by type</li> </ul>	



## ANNEX III – MAP OF SRI LANKA

### Proposed Coverage of WFP PRRO Operation 200143, 2012



Source: Programme Unit, GIS  
 Boundaries - Survey Department of Sri Lanka.  
 The boundaries, names and the designations used on this map do not imply official  
 endorsement or acceptance by the United Nations.

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