

## SPECIAL OPERATION AFGHANISTAN SO 200635 "Capacity Development in Support of the Strategic Grain Reserve in Afghanistan"

Country:	Afghanistan
Type of project:	Special Operation 200635
Title:	"Capacity Development in Support of the Strategic Grain Reserve in Afghanistan"
Total cost (US\$):	US\$ 22,731,911
Duration:	3 years (1 September 2014 – 31 August 2017)

## **Executive Summary:**

- In Afghanistan, some 7.6 million people are food-insecure and experience high levels of under-nutrition due to poverty, conflict-induced displacement, poor quality basic services, weak institutional capacities and fluctuating food prices. Recurring natural hazards and disasters and regular climatic shocks affect some 250,000 people already vulnerable to food insecurity. When severe drought hit 14 northern and central provinces in 2011 and 2012, the prevalence of food insecurity in the northeast, central highlands and southwest regions, during winter and spring lean seasons was evident. During this time, 2.6 million affected people needed assistance to avert hunger and malnutrition.
- 2. The Government of the Islamic Republic of Afghanistan (GoIRA) is cognizant of the country's humanitarian and development challenges including natural and manmade disasters inducing food insecurity. Aware of the efficiency and effectiveness of food reserves, and informed by FAO studies,<sup>1</sup> the Government has devised a Strategic Grain Reserves (SGR) programme whose objectives are to: 1) provide emergency food assistance to transitory food insecure households; 2) support communities and farmers with storage facilities; 3) assist producers to secure fair prices at harvest times; and 4) contribute to domestic food price stabilization. The programme aims at establishing a food reserve of some 200,000 mt capacity by 2015, to assist about 2 million people for 6 months, and 300,000 mt by 2024. In addition, the programme will eventually contribute to availability and accessibility to local grains, including fortified wheat flour.
- 3. The Ministry of Agriculture, Irrigation, and Livestock (MAIL) is the leading entity for the programme. It has established a Strategic Reserves Directorate to administer the initiative, coordinate policy formulation, and oversee development of the institutional infrastructure for the SGR and other inception activities.
- 4. The Food and Agriculture Organization (FAO), World Bank, and the World Food Programme (WFP) are supporting the Government's initiative. Technical assistance from the FAO resulted in the development of the SGR concept note, and further support has led to the formulation of a National Wheat Policy of which the SGR is an integral component. The World Bank is expected to rehabilitate silo facilities and fund the development of the institutional infrastructure for the SGR.

<sup>&</sup>lt;sup>1</sup> FAO. <u>Strategic Grain Reserves: Guidelines for their Establishment, Management and Operation</u>. 1997.

- 5. WFP is tasked with the planning, designing, and construction of bagged storage facilities as well as technical operational training. These responsibilities are delineated in a January 2012 Memorandum of Understanding (MoU) between MAIL and WFP. Under the MoU, WFP successfully completed a 22,500 mt (10,000 m<sup>2</sup>) bagged storage facility in Kabul which was inaugurated by the Government in September 2013. The facility was funded under PRRO 200063 at a cost of US\$ 7.7 million.
- 6. This Special Operation (SO) aims to construct four medium-sized bagged storage facilities in four provinces of Afghanistan, thereby demonstrating WFP's continued commitment to national food security solutions. Project implementation will include construction of the storage facilities as well as development of institutional and human capacity in logistics, procurement, food safety, quality control, and warehouse management. The bagged storage facilities will be built in existing complexes that contain silos. The storage complexes are located in regions with high concentrations of food insecure populations and significant exposure to natural disasters, such as droughts and floods. WFP's Purchase for Progress (P4P) activities are implemented in these areas.
- 7. The bagged storage facilities envisaged under the SGR programme will enhance timely food availability, whether imported or locally produced; reduce lead times due to limited access, security concerns; facilitate funding call forwards; contribute to increasing incountry facilities; minimize potential risks of food pipeline breaks; and facilitate more cost-effective humanitarian response through pre-positioning of strategic stocks.
- 8. The continued involvement of WFP in the development of the SGR programme is in the strategic interest of WFP. It is also aligned with Strategic Objectives 1, 2, and 3 of WFP's Strategic Plan (2014-2017).<sup>2</sup>
- 9. Participation in the programme will contribute to the augmentation of critical technical and operational capacities in the country, and provide an emergency draw-down facility for WFP Afghanistan PRRO 200447 (2014-16) as well as emergency assistance to other humanitarian actors.
- 10. WFP's participation in the SGR will contribute to internal procurement efficiency, including in a pro-small agriculture manner, and contribute to the Country Office's plan to integrate ongoing activities into a system that supports vulnerable people in alignment with national agriculture and public health priorities. In particular, mutual benefits between the SGR system and P4P activities will be derived as follows: 1) SGR stock rotation will promote P4P's supply-side pillar by increasing demand for locally-produced grain which will gradually be procured from small farmers, thus facilitating progress toward a pro-small agriculture enabling environment as advocated by the Government and partners; and 2) SGR availability of quality food stocks will be in a position to respond to a higher demand for such produce, resulting from P4P's communication campaign carried out under the pillar focusing on promotion, Quality Assurance, and national standards.. These specific benefits are in addition to those that Afghanistan stands to reap from other capacity development activities included in both this SO and P4P.

<sup>&</sup>lt;sup>2</sup> Strategic Objective 1: Save lives and protect livelihoods in emergencies; Strategic Objective 2: Prevent acute hunger and invest in disaster preparedness and mitigation measures; and

Strategic Objective 3: Restore and rebuild lives and livelihoods in post conflict, post-disaster, or transition situations.

#### **Project Background:**

- 11. Afghanistan is a chronically food deficit country that produces some 90 percent of its domestic food requirement, even in years of good agro-climatic conditions.<sup>3</sup> The annual deficit in cereals ranges between 400,000 mt and 500,000 mt with good harvests and exceeds one million mt when crop yields are reduced by disasters. Imports and emergency aid are generally required to close the food deficit because of the agricultural sector's low productivity, weak value chains (i.e. post-harvest losses can be as high as 15 percent<sup>4</sup>) and lack of competitiveness with subsidized food imports from neighboring countries. A key contributing factor to the lack of competitiveness is the ineffectual national food safety and quality control regulatory framework which, among other limitations, lacks clarity regarding oversight responsibilities and jurisdictions of individual agencies.
- 12. Recurring, intense natural disasters (i.e. earthquakes, droughts, floods, landslides, and avalanches) affect some 250,000 people annually<sup>5</sup> and severely constrain food security. The country experiences seasonal stresses and exposure to severe climatic shocks. Droughts have occurred once every four years since 1970 to the detriment of agricultural production and vulnerable segments of the population.<sup>6</sup>
- 13. Over one-third of Afghanistan's people, including more than 1 million children under the age of 5, are food-insecure, which means they cannot get enough nutritious food to support active, healthy lives. Afghanistan has one of the highest rates of stunting (60.5% NNS 2013) in the world. Widespread micronutrient deficiencies, inadequate food intake, and poor diet diversity are drivers of the country's food security and health challenges. This situation, coupled with weak food quality and safety controls and the absence of large-scale food fortification and standards negatively impact the general population's nutritional status.
- 14. The objectives of the Afghanistan Food Security and Nutrition Agenda (AFSANA) are to: 1) assure the availability of sufficient food for all Afghans; 2) improve economic and physical access to food, especially by vulnerable and food insecure population groups; 3) ensure stable food supply over time and in disaster situations; and 4) promote better diets and adequate food utilization, particularly for women and children. The AFSANA is complemented by the national Nutrition Action Framework (NAF) which aims to reduce stunting in children less than 23 months of age. Together, the AFSANA and NAF represent multi-sector, coordinated approaches to attaining the Government's major development objective of food and nutrition security.
- 15. The project is aligned with the National Comprehensive Agriculture Production and Market Development Program, one of 22 National Priority Programs (NPPs) that have been formulated to implement the Afghanistan National Development Strategy (ANDS). Component One (Food for Life) of the National Comprehensive Agriculture Production

<sup>&</sup>lt;sup>3</sup> The country achieved near self-sufficiency in cereal production of 6.32 million MT in 2012; this was the second best year in 35 years.

<sup>&</sup>lt;sup>4</sup> Project proposal for implementing a Strategic Grain Reserve in Afghanistan, FAO, April 2008

<sup>&</sup>lt;sup>5</sup> Afghanistan Common Humanitarian Action Plan 2013.

<sup>&</sup>lt;sup>6</sup> Project proposal for implementing a Strategic Grain Reserve in Afghanistan, FAO, April 2008

and Market Development Program articulates the Government's commitment to emergency preparedness and response in general, and to the SGR in particular.<sup>7</sup>

- 16. The Government's food reserve efforts are led by the Ministry of Agriculture, Irrigation and Livestock (MAIL). MAIL's goal of a 200,000 mt food reserve by 2015 for emergency support and the expansion of this capacity to 300,000 mt by 2024 will require the renovation of four silos and construction of warehouses with collective capacities of 150,000 mt and 50,000 mt, respectively. Medium term plans call for designing and building intermediate to large scale bagged storage facilities in selected provinces, and smaller warehouses with capacities of up to 500 mt at the district level. The Ministry has established a Strategic Reserves Directorate to exercise administrative control, coordinate policy formulation, and oversee the development of the SGR institutional infrastructure and other inception activities.<sup>8</sup>
- 17. The Food and Agriculture Organization (FAO), World Bank and World Food Programme (WFP) are providing technical and financial assistance for the SGR. Under the FAO/WFP Country level agreement, FAO is expected to continue assisting the Government with the development of overall policies, guidelines and systems. The World Bank is expected to support the rehabilitation of the existing four silos, and is finalizing an agreement with MAIL to establish and develop the institutional infrastructure for the SGR. Once established, the SGR institution will: 1) contribute to policy development and manage systems of operations for the SGR; 2) coordinate response mechanisms with relevant Government, UN, and other stakeholders in emergency response; 3) procure grain from suppliers, traders, cooperatives and farmer unions; and 4) contribute to grain market research and the formulation of grain procurement and imports policy. Other functions that are currently under discussion for the SGR institution are: 1) the development and maintenance of a system for regular collection and dissemination of reliable wholesale market information; 2) contribution to improvement in the quality of wheat and support for the development and implementation of national standards for wheat and fortified wheat flour; and 3) management of the budget, financial, and operational reporting systems; and recruitment.
- 18. In January 2012, MAIL and WFP signed a Memorandum of Understanding (MoU) under which WFP would assist MAIL with the planning, design, and construction of medium to large scale bagged storage facilities with a total capacity of 40,000 mt, in key cities, and provide associated equipment and technical training to MAIL staff. In September 2013, WFP completed the construction of a 22,500 mt (10,000m<sup>2</sup>) bagged storage facility in Kabul that was funded under PRRO 200063 at a cost of US\$ 7.7 million. WFP also provided warehouse equipment as well as technical training in warehouse management to MAIL's Strategic Reserves Directorate staff. WFP has begun planning activities that will provide 17,500 mt of additional storage in selected provinces following the successful completion of this phase of its engagement. In addition, WFP will study the feasibility of building small-scale storage facilities in selected districts to link smallholder farmers, cooperatives, and traders with the SGR in collaboration with its P4P initiative. The additional storage support by WFP, FAO, and other partners will build upon P4P's efforts to increase commercial and institutional demand for locally produced wheat, thus reducing

<sup>&</sup>lt;sup>7</sup> Sub-Component 6 of NPP2 aims "to enhance the resilience of livelihoods against threats and emergencies to ensure the food and nutrition security of vulnerable rural households and other at risk groups" and the establishment of the Strategic Grain Reserves (SGR) is seen "as an integral part of Afghanistan's response mechanism to national and local food emergencies."

<sup>&</sup>lt;sup>8</sup> National Wheat Policy of Afghanistan. May 2013.

dependency on WFP purchases and ensuring competitive processes. P4P already supports small farmers to produce better quality wheat; this promotes market access and increases for a vulnerable segment of the population.

- 19. The SGR will seek to introduce locally-produced fortified wheat flour into the reserve; this will support Government plans and priorities to reduce malnutrition, and will build on P4P continued efforts to make fortified foods available on local markets.
- 20. P4P is also supporting the Government with the development of national food safety standards and Quality Assurance systems. The application of these standards and systems in the country's food value chain will enhance the quality of procured commodities and improve the cost-effectiveness of SGR operations.

#### **Project Justification**

- 21. With proper goals and governance, food reserves can be valuable tools for improving access to food. They facilitate humanitarian response to food emergencies and enhance market access for small farmers. The permanent warehousing structures are particularly beneficial and appropriate for a landlocked, disaster-prone and infrastructure-poor country such as Afghanistan where they will: 1) improve food availability; 2) eliminate long lead times needed for the mobilization of imported food aid from donors; 3) minimize the potential risk of supply disruption; and 4) improve the capacity of all humanitarian actors to respond to emergencies in a timely and more cost-effective manner through the prepositioning of strategic stocks.
- 22. The SGR will promote the pro-small agriculture grain procurement under P4P by providing quality storage and selling options that is expected to contribute to increasing the income of small farmers and improve livelihoods in poor, vulnerable communities. Regular institutional demand created through annual SGR stock rotation will also enhance the development of small agriculture consistent with Government priorities. Once fully established, the SGR programme will benefit from continuing P4P efforts to improve local procurement processes and food safety and quality standards. The pro-small agriculture procurement activities and planned food safety and quality control interventions of P4P will increase, under the implementation of this SO. SGR activities will include stock replenishment and the availability and accessibility of quality grains that are not only safe but also fortified. P4P plans to undertake its production and marketing interventions in collaboration with the FAO.

#### **Project Objective(s):**

- 23. The overall aim of this SO is to contribute to the achievement of the Government's plans for the SGR in coordination with the FAO and the World Bank. The specific objectives of the SO are to:
  - Plan, design and construct provincial-level, medium-sized bagged storage facilities in for a total capacity of 17,500 mt, in four provincial locations;
  - Procure and install associated warehouse equipment;

- Develop the capacity of selected SGR staff in warehouse management, food safety and quality control, procurement and logistics contracting, and other technical skills related food reserve operations; and
- Contribute to a favorable enabling environment, by encouraging SGR's stock replenishment procurement from pro-small farmers.
- 24. The implementation of the SGR activities under an SO reflects a strategic decision made during consultations for the formulation of the Country Strategy Document and PRRO, whereby direct support for the very severely and severely food insecure (3.7 million Afghans) would be prioritized by the operation while the needs of the remaining food insecure (about 5 million people) would be indirectly supported by this SGR SO, P4P, through advocating for food security and nutrition objectives in national fora, and investing in resilience-building activities in preparation for shocks.

#### **Project Implementation**

- 25. Project implementation includes designing, contracting, and building four provincial-level, bagged storage facilities in Kandahar (5,000 mt), Mazar-e-Sharif (5,000 mt), Herat (5,000 mt) and Pul-I-Khumri (2,500 mt) for a total storage capacity of 17,500 mt. The bagged storage facilities will be built in existing complexes located in areas where P4P is operating. Adjacent silos are planned to be rehabilitated by the World Bank. Additional locational determinants are as follows: 1) the provinces and regions in which Mazar and Pul-I-Khumri are located produce surplus wheat, whereas those for Herat and Kandahar cities are characterized by deficit food production; 2) the surplus producing sites are in close proximity to other provinces and regions of the country that experience perennial food deficits while the deficit producers are adjacent to food surplus areas; 3) significant proportions of the populations in the concerned provinces and regions that have been selected for location of the storage facilities are significantly exposed to natural disasters such as droughts and floods.
- 26. The project will be designed in a modular system and a phased approach to allow flexibility in implementation in case of funding breaks and/or security-related access challenges. Design and construction will meet International and National Standards including earthquake resistance. Site management and construction functions will be outsourced to external service providers with demonstrated experience in delivering quality services in the country. Appropriate equipment will be purchased and installed to effectively and efficiently operate and manage the facilities.
- 27. WFP will design and deliver training through technical partners and facilitate on-the-job learning through engagement with professional groups and implementing partners. The training will build skills that have been identified by the Government as strategic and necessary. They include logistics, procurement, food safety and quality control, and warehouse management (i.e. temporary and permanent storage, stock inventory management, stock maintenance and stock replenishment). Field visits to selected countries that are operating strategic grain reserves will be organized for MAIL and other government staff so they can become better familiarized with international best practices. The technical inputs and capacity transfers involved in these activities, including level of

engagement, indicators and milestones, and resource costs will be identified and programmed prior to commencing project activities.

- 28. Consistent with Government priorities, WFP will also investigate the feasibility of providing small district-level storage facilities (i.e. 200 to 400 mt each) to improve the quality of grain handling by communities and farmers and reduce post-harvest losses associated with lack of proper storage. This will be coordinated with WFP's P4P initiative which plans to provide community marketing infrastructure (i.e. storage facilities and quality control equipment) and to increase the production and sale of wheat produced by farmers in Afghanistan through improved practices. At the same time, these district-based facilities could be used to store marketable surplus produced by the farmers which could be purchased and used to replenish SGR stocks.
- 29. The SGR stock replenishment policy that will be developed in collaboration with other stakeholders will define the percentage of quantities of wheat that would be purchased from local markets. Through P4P, WFP will support smallholder farmers to gradually increase its market share in SGR stock rotation, starting from 1% (2,000 mt) of the 200,000 mt target for 2015.
- 30. WFP has been promoting wheat quality, and the SGR will also contribute to the promotion of improvements to national Quality Assurance mechanisms. The demand from the SGR for quality wheat will encourage the adoption of higher standards in Afghanistan. P4P will contribute to the Ministry of Public health's effort to promote good nutrition and the establishment of Quality Assurance mechanisms. Furthermore, all SGR locations will contribute to improving Governments' capacity to establish a national network for quality control. For that purpose the SGR locations will be equipped for basic quality stock control capacity.

## **Project Cost and Benefits**

- 31. This SO has a total budget of US\$ 22,731,911.
- 32. Direct benefits include the additional storage capacity of 17,500 mt for bagged grains that will improve the capacity of the Government and communities to achieve the immediate priority of preparing for and responding to food emergencies.
- 33. Provision of the bagged storage facilities will also facilitate predictable and timely access by WFP and other food assistance organizations to domestic grain and nutrition-sensitive food supplies for emergency interventions. Access to local food supplies stored in SGR facilities will enhance the efficiency, effectiveness, and impact of WFP operations. In addition, it will assist the SGR in the rotation of stocks.
- 34. By promoting the availability of and access to local wheat and fortified wheat flour, the SO will contribute to achieving the longer term market stabilization and improving Afghanistan's poor nutrition indicators. Other nutritious foods may be part of SGR stocks at a later stage. It will also improve the operating environment for cash and voucher transfers which are expected to increase from some 9 percent of overall beneficiaries in 2014 to 20 percent by 2016 under the new PRRO. WFP plans to phase out food transfers in

favor of cash and vouchers for economically stressed urban populations and vocational training participants in urban areas over the 2014 – 2016 period of the new PRRO.

- 35. Improved management of grains through access to better storage facilities, warehousing and quality control equipment, training, policies, and systems will contribute to the reduction of post-harvest losses and consequently increase the incomes of poor, rural farmers. This becomes very important when further policies are developed to support a gradual increase in the procurement of locally produced wheat.
- 36. Increased institutional knowledge of food storage management policies and techniques through continuous skills development, good governance, and best practices that will be financed by the SO will strengthen the emergency preparedness and response capacity of the Government and rural communities.
- 37. The economic and technical feasibility of district-level storage facilities will include, among other site selection factors, areas where P4P is operating and providing infrastructure, food safety and quality control support to small farmers and aggregators. The complementarity of district and community-level storage as well as improved farming and business practices (i.e. in post-harvest commodity processing, storage and marketing, in pro small-agriculture procurement), resulting from P4P interventions, will contribute to the effective and efficient operation of the SGR. Likewise, SGR commitments to procure in part locally produced quality foods will demonstrate private-public partnership benefits, and will encourage local agricultural producers, traders and processors.
- 38. The SO also affirms WFP's commitment to address food insecurity in Afghanistan through technical capacity development in line with Strategic Objectives 1, 2 and 3. The 25 year lifespan of the physical infrastructure under this SO, along with good governance practices, effective operation and maintenance, and stock rotation management will encourage also production and trade growth enabling the WFP-supported SGR to be a leading example of a sustainable solution to food security in the country.

#### **Project Management**

- 39. WFP project management and oversight will be provided by a dedicated team of competent, experienced logistics and engineering staff based in Afghanistan. The WFP Afghanistan Country Director will be Funds Manager for this Special Operation and the Afghanistan CO Finance Officer will be the Allotment Manager. The WFP Afghanistan Head of Logistics will be the Project Manager and will be responsible for the implementation of the activities stated in the project.
- 40. WFP Field Engineering personnel from headquarters will supply technical backstopping services for the project. Key responsibilities of the team will include management of the tendering process for design and construction, monitoring of construction activities, targets and milestones, risk management, funds management, and reporting.
- 41. The Deputy Minister of MAIL, to whom the Strategic Reserves Directorate reports will be responsible for overall coordination. The Deputy Minister will coordinate the implementation of all project phases with key stakeholders such as the Afghanistan

National Disaster Management Authority (ANDMA), World Bank, FAO, and WFP, and will ensure accountability and regular reporting of progress being made toward the SO-funded SGR activities. The oversight arrangement for the SGR institutional infrastructure that is being finalized between the World Bank and the Government is expected to include not only appropriate Government entities but also the above-mentioned key stakeholders and other potential donors.

42. WFP already implements P4P activities in Afghanistan, which can be built on to further involve local wheat producers and traders in the SGR system. P4P Afghanistan funding is sufficient for activities to continue for two to three years, under the current Trust Fund arrangements. It is likely that P4P will continue beyond the pilot phase. Furthermore, a range of Government and other partners (MoPH, ANSA, GAIN, WHO) are involved in the development of national standards. SGR commitment and participation in these efforts will provide valuable support for speedy introduction of the MoPH-driven Quality Assurance system, and may contribute to swifter introduction of corresponding national legislation.

#### **Risk Management**

43. WFP has identified critical contextual, financial and programmatic risk factors which could impact negatively the successful implementation of the project. These risks will be taken into account during the project design and their mitigating measures will be included in both the planning and implementation stages of project activities. The risk matrix shown in Annex A will be monitored throughout the lifespan of the project to allow timely adjustments and further mitigation if and when necessary.

#### **Exit Strategy**

44. Once completed, the bagged storage facilities will be turned over to the Government's SGR institutional infrastructure. WFP will then assume an oversight role, as will other key stakeholders and supporters in the international community.

#### **Monitoring & Evaluation**

45. Appropriate M&E tools will be designed to ensure compliance with the technical specifications of the SGR storage facilities during all phases of construction as well as track the timeliness in achieving the milestones. Monitoring formats to follow up the training and capacity building component of the project will be developed and used during the project period.

#### **Key Performance Indicators**

- 46. KPIs are: 1) timeliness of design, tendering and construction relative to specifications; 2) proportion of project activities implemented with the engagement of complementary partners; 3) number of technical assistance (i.e. training) activities provided by type; 4) number of people trained, disaggregated by sex and type of training; and 5) percentage/tonnage of wheat purchased per year from national small-holders
- 47. A results-based log frame is included in Annex B.

## **RECOMMENDATION:**

This Special Operation **200635** covering the period from 1 September 2014 to 31 August 2017 at a total cost to WFP of US\$ **22,731,911** is recommended for approval by the Executive Director with the budget provided.

## APPROVAL

ERTHARIN COUSIN Executive Director

# ANNEX A: Risk Matrix

Risk	Туре	Initial Risk	Approach	Final Risk
		Category		Category
Deterioration in overall security across the country, breakdown in government structures and inability of the UN to work at the sites	Contextual	High	Outsourcing of all contracts including management; Remote management; Phased and modular implementation; Implement all projects to the point where they can commence when conditions improve; Work closely with Government to provide acceptable level of security at project sites; Ensure all contracts have provisions to mitigate risk of delays due to insecurity	Medium
Presidential elections usher in a government with a completely new approach to the project	Contextual	Medium	Approval of project plans and institutions by the current government; approval of SO by WFP	Low
Lack of funding for the project	Financial	Medium	The CO has already started engaging with interested donors; The delivery of the Kabul bagged storage facility has demonstrated WFP's capacity to deliver; Modular and Phased delivery project plan will allow for funding breaks.	Low
Delay in complementary activities such as setting up of SGRA and rehabilitation of silosProgrammaticMediumThe chart Grain Res been clear Funding s World Ba rehabilitat Storage pr used to sto donation f 150,000m Grains at WFP for i interventio later, if ne WFP can the sites a		The charter for the Strategic Grain Reserve Agency has been cleared by the cabinet. Funding secured by the World Bank for silo rehabilitation; Storage provided is being used to store part of IK donation from India of 150,000mt; Grains at SGR can be used by WFP for immediate intervention and backfilled later, if needed; WFP can use the storage at the sites as part of general operations if required.	Low	

Material shortages due to Supply routes being cut off	Contextual	Low	Assist suppliers with alternate supply routes; Source local supplies; Lobby with Government or neighboring countries to negotiate border crossings on humanitarian grounds	Low
Lack of quality service providers (contractors)	Contextual Low		Ensure robust screening of potential service providers; Implement standard contractual controls; Due to small available pool of good firms, phase project to reduce possibility of exhausting high quality resources.	Low

# ANNEX B: Logical framework

LOGICAL FRAMEWORK SO Strategic Grain Reserve (2014 – 2017)					
	Cross Cutting Results and Indicators				
Results	Results Indicators				
a. Partnership: Food assistance interventions coordinated and partnerships developed.	a. Partnership: proportion of project activities implemented with the engagement of complementary partners	Target: 80% project implementation jointly done with partners			
Strategic Objective 1: Save live	es and protect livelihoods in emergencies				
Results Hierarchy	Performance Indicators	Assumptions			
Outcome 1.1: National institutions, regional bodies and the humanitarian community are able to prepare for, assess and respond to emergencies.	1.1 Emergency preparedness and response capacity index (EPCI) <sup>9</sup>	<ul> <li>Socio economic situation does not worsen</li> <li>Availability and sufficient capacity of cooperating partners</li> </ul>			
Output 1.1: Emergency management capacity created and/or supported.	Output 1.1: a. Number of technical assistance activities provided, by type <sup>10</sup> b. Number of people trained, disaggregated by sex and type of training.				
Outcome 3.1: Increased marketing opportunities for producers and traders of agricultural products and food at the regional, national and local levels.	<ul> <li>3.1. Food purchased from regional, national, and local suppliers, as % of food distributed by WFP in country.</li> <li>3.2. Food purchased from aggregation systems in which smallholders are participating, as % of regional, national and local purchases.</li> </ul>				
Output 3.1: Increased WFP food purchase from regional, national and local markets and smallholder farmers.	<ul> <li>3.1.1. Quantity of food purchased locally through local and regional purchases (in MT)</li> <li>3.1.2 Quantity of food purchased locally from pro-smallholder aggregation systems (in MT)</li> </ul>				

### **CONCEPT OF OPERATIONS**

Ministerial Committee led by MAIL (Policy, ratification etc.) FAO, WB, WFP, Donors as advisors

Grain Market Early warning Strategic Grain information research (local, **Reserve Body** FEWSNET regional, global), Wheat Engaging with Management of existing SGR sites, Committee Grain suppliers, proposing policy for grain Food Security and FU, Coops etc. for procurement and imports, stock Agriculture procurement release, Inventory Management, Cluster Budget management, financial and Wheat quality & WFP VAM operational reporting systems, Staff Standards etc. Management etc. Market info Storage at **IK Donations** Regional/Provincial level Local/regional (Kabul, Herat, Mazar, Pulprocurement I-Khumri, Kandahar) **P4P** Procurement from small holder Storage at District level farmers, farmer managed by Cooperatives, organizations, NGO Farmer unions, DAIL, partners etc. DRRD etc., implementation of quality P4P Procurement assurance, improvement from small scale of grain quality traders etc.

District authorities, DAIL, DRRD, WFP CPs responsible for distribution to beneficiaries

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