

BUDGET REVISION TO PROTRACTED RELIEF AND RECOVERY OPERATION

Budget Revision No. 1

Iraq PRRO 200035 - Support for vulnerable groups

| | Cost (United States dollars) | | |
|--------------------------|------------------------------|--------------------|-------------------|
| | Present budget | Decrease | Revised budget |
| Food cost | 114,944,945 | 99,562,242 | 15,382,704 |
| External transport | 15,175,008 | 13,723,697 | 1,451,311 |
| LTSH ¹ | 50,080,222 | 44,079,435 | 6,000,787 |
| ODOC ² | 15,216,402 | 12,956,866 | 2,259,536 |
| DSC ³ | 24,177,794 | 16,442,461 | 7,735,333 |
| ISC ⁴ | 15,371,606 | 13,073,529 | 2,298,077 |
| Total cost to WFP | 234,965,977 | 199,838,230 | 35,127,747 |

NATURE OF THE REVISION

1. This budget revision (BR) to Iraq protracted relief and recovery operation (PRRO) "Support for vulnerable groups" is proposed to:
 - Adjust the starting date from 1 April 2010 to 1 August 2010; the duration of the PRRO will remain two years (1 August 2010 to 31 July 2012).
 - Decrease the total cost of the operation from US\$234 million to US\$35 million.
 - Decrease the overall commodity requirements from 189,504 mt to 25,021 mt.
 - Decrease the number of beneficiaries from 1.7 million to 267,300.
 - Introduce a new land transport, storage and handling (LTSH) matrix to be applied to the reduced tonnage: the previous rate was US\$264.27/mt, the new rate is US\$239.83/mt.
2. The PRRO was reviewed and approved by WFP's Executive Board in February 2010, however, no confirmed pledges have been received.
3. Before taking the decision to downsize, WFP has consulted extensively with donors present both in Baghdad and Amman, and also in the capital cities of the major donors. Feedback from the donors has been varied and does not give rise to any expectation of a significant change in current funding level in the near future. Discussions with the Government of Iraq continue regarding further host government support for WFP activities in Iraq, which may leverage increased donor interest.
4. The downsizing of the PRRO is consistent with the overall situation facing Iraq and the trend of scaling back humanitarian-oriented programmes to make way for development. The 2010 Iraq

¹ LTSH (land transport, storage and handling).

² ODOC (other direct operational costs).

³ DSC (direct support costs).

⁴ ISC (indirect support costs).

Humanitarian Action Plan, for example, had received only 31 percent funding as of early July, of which only 12 percent are new contributions. As of 2011 there will no longer be a Consolidated Appeals Process (CAP) for Iraq; this will be replaced by the United Nations Development Assistance Framework (UNDAF) signed with the Government in January 2010.

JUSTIFICATION FOR BUDGET DECREASE

Summary of existing project activities

5. According to the 2008 Government of Iraq/WFP Comprehensive Food Security and Vulnerability Analysis (CFSVA),⁵ an estimated 930,000 Iraqis were found to be food-insecure and further 6.4 million people would have been food insecure without the public distribution system (PDS⁶).
6. Based on these findings, the PRRO was originally designed to support the Government in improving social protection for vulnerable groups recovering from the effects of prolonged instability and conflict. The objectives of the PRRO which is focussed on the poorest and most food-insecure areas of Iraq are to:
 - (i) support vulnerable groups to restore and rebuild their lives through improved access to food and primary health care; and
 - (ii) restore attendance and learning, which have been adversely affected by conflict, and to reduce drop-outs among primary schoolchildren through school feeding as a safety-net in the most food-insecure districts.
7. The operation meets WFP Strategic Objective 3 (“Restore and rebuild lives and livelihoods in post-conflict, post-disaster or transition situations”) and Millennium Development Goals 1, 2, 4 and 5.⁷ The PRRO is linked to WFP development project 200104 “Capacity development to reform the Public Distribution System (PDS) and Strengthen Social Safety Nets for Vulnerable Groups in Iraq”. A major feature of the PRRO is the hand-over of activities to the Government of Iraq which in turn will depend on improved security and the growing capacity of the Government to design, implement and fund safety-nets to protect the most vulnerable people. Due to the absence of pledges, activities under the PRRO have not yet begun.

Conclusion and recommendation of the re-assessment

8. The international community in Iraq believes that there is a “silent” humanitarian situation in Iraq and that pockets of vulnerability exist, with both chronic and immediate needs. This is illustrated by the World Bank’s estimate that 23 percent of the population lives on less than US\$2/day; this is corroborated by the findings of the 2008 CFSVA that was conducted in consultation with the Central Organization for Statistics and Information Technology (COSIT), Ministry of Planning and Development Cooperation. The CFSVA found that food insecurity in the most food-insecure areas – 41 of 115 districts – ranges from 5 percent to 16 percent of the population; vulnerability to food insecurity ranges from 15 percent to 32 percent.

⁵ WFP/Government of Iraq 2008. Comprehensive Food Security and Vulnerability Analysis (CFSVA).

⁶ The Public Distribution System (PDS) has been ensuring that every citizen received a monthly ration of detergent, infant formula, milk, pulses, rice, salt, soap, sugar, tea, vegetable oil, weaning cereal and wheat flour.

⁷ MDG 1 (Eradicate extreme poverty and hunger), MDG 2 (Achieve universal primary education), MDG 4 (reduce child mortality) and MDG 5 (Improve maternal health).

9. The main cause of food insecurity is lack of economic access to food. Food insecurity is characterized by lack of income to complement or replace the public distribution system (PDS) food basket, lack of education, poverty and rural location; it particularly affects households headed by women and current or recently settled IDPs. The prevalence and scale of food insecurity and the incidence of poverty are highest in rural areas.
10. To accommodate the downsizing of the PRRO, WFP has further refined its targeting from 41 districts to 17 and, using the indicators of the CFSVA, will focus on the most vulnerable eight districts. These eight districts are characterized by the highest rates of food insecurity, poverty and malnutrition in the country. The results of the CFSVA found that five of these districts had 'alarming' rates of stunting (over 40 percent). Around a quarter (26 percent) of children in Iraq were found to be severely or moderately stunted and 12 percent were severely stunted.

Purpose of the budget decrease

11. Through the revised PRRO, WFP will support 267,300 beneficiaries in the eight targeted districts. These districts will be covered for both the school feeding and mother-and-child health and nutrition (MCHN) activities, with the same food basket as under the originally-planned PRRO (including family rations for pregnant and lactating women and malnourished children). Implementation modalities will remain the same as in the originally-planned PRRO. Despite ongoing security concerns, the targeted districts are accessible to WFP staff.
12. Although the impact of the PRRO will be reduced by the reduced scale, the operation will improve the lives of very vulnerable people through the school feeding and MCHN activities, and enable WFP to continue to stimulate the local production of date bars for school meals. Moreover, the engagement of the Prime Minister's Advisory Board and the ministries of education and health -- which have been actively involved in the development of the PRRO and the implementation planning -- means that WFP can continue to build capacities in the ministries and accelerate the hand-over of the activities to government counterparts.
13. Iraq has experienced large fluctuations in donor funding in the past. Should the funding situation change, WFP has contingency plans prepared to enable a quick scale-up of the operation on the basis of assessed needs.

TABLE 1. BENEFICIARIES BY ACTIVITY TYPE

| Activity | Beneficiaries | | |
|--|------------------|--------------------|----------------|
| | Present | Decrease | Revised |
| Pregnant and lactating women and families | 205,500 | (180,425) | 25,075 |
| Malnourished children under 5 and families | 594,500 | (521,965) | 72,535 |
| School Feeding | 960,000 | (790,310) | 169,690 |
| Total | 1,760,000 | (1,492,700) | 267,300 |

FOOD REQUIREMENTS

14. A total of 25,021 mt are needed to meet the programme requirements of the revised operation.

TABLE 2. FOOD REQUIREMENTS BY ACTIVITY TYPE

| Activity | Food requirements (mt) | | |
|--|------------------------|----------------|---------------|
| | Present | Decrease | Revised |
| Pregnant and lactating women and families | 39,801 | 34,942 | 4,859 |
| Malnourished children under 5 and families | 115,143 | 101,092 | 14,051 |
| School Feeding | 34,560 | 28,449 | 6,111 |
| Total | 189,504 | 164,483 | 25,021 |

APPROVAL


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Executive Director, WFP

10/10/10

Date

ANNEX IA: REVISED BUDGET COST BREAKDOWN

| REVISED BUDGET COST BREAKDOWN | | | |
|--|-----------------|-------------------|-------------------|
| COSTS | Tonnage (mt) | Value (US\$) | Value (US\$) |
| Cereals ⁸ | 14,057 | 3,980,031 | 3,980,031 |
| Pulses | 2,345 | 1,810,770 | 1,810,770 |
| Oil and Fats | 2,156 | 2,641,236 | 2,641,236 |
| Mixed and Blended Food | 6,110 | 6,924,500 | 6,924,500 |
| Others | 353 | 26,167 | 26,167 |
| Cash Transfer to beneficiaries | | | |
| Voucher Transfer to beneficiaries | | | |
| | | | |
| Total commodity | 25,021 | 15,382,704 | 15,382,704 |
| External transport | | 1,451,311 | 1,451,311 |
| LTSH | | 6,000,787 | 6,000,787 |
| Other direct operational costs | | 2,259,535 | 2,259,536 |
| | | | |
| Direct support costs)⁹ (see table below for details) | | 7,735,333 | 7,735,333 |
| Total WFP direct costs | | 32,829,670 | 32,829,670 |
| Indirect support costs (7%)¹⁰ | | 2,298,077 | 2,298,077 |
| TOTAL WFP COSTS | | | 35,127,747 |

⁸ This is a notional food basket for budgeting and approval. The contents may vary.

⁹ Indicative figure for information purposes. The direct support costs allotment is reviewed annually.

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

ANNEX IB REVISED BUDGET COST BREAKDOWN

| DIRECT SUPPORT REQUIREMENTS (US\$) | |
|---------------------------------------|------------------|
| Staff and Staff Related Costs | |
| International Professional Staff | 3,266,040 |
| International GS Staff | |
| Local Staff - National Officers | 102,000 |
| Local Staff - General Service | 1,331,275 |
| Local Staff – Temporary assistance | 68,900 |
| Local Staff – Overtime | 26,922 |
| Hazard Pay & Hardship Allowance | 277,968 |
| International Consultants | 221,500 |
| Local Consultants | 52,250 |
| Non Staff HR: UNV | |
| Commercial Consultancy Services | |
| Staff duty travel | 718,558 |
| Subtotal | 6,065,413 |
| Recurring Expenses | |
| Rental of Facility | 506,750 |
| Utilities General | 78,000 |
| Office Supplies and Other Consumables | 49,280 |
| Communications and IT Services | 245,760 |
| Equipment Repair and Maintenance | 38,400 |
| Vehicle Running Cost and Maintenance | 319,880 |
| Office Set-up and Repairs | 60,000 |
| UN Organization Services | 0 |
| Subtotal | 1,298,070 |
| Equipment and Capital Costs | |
| Vehicle leasing | 40,800 |
| TC/IT Equipment | 51,050 |
| Local Security Costs | 280,000 |
| Subtotal | 371,850 |
| TOTAL DIRECT SUPPORT COSTS | 7,735,333 |