

BUDGET INCREASE No. 4 TO ETHIOPIA PROTRACTED RELIEF AND RECOVERY OPERATION 200712

Responding to Humanitarian Crises and Transitioning Food-Insecure Groups to More Resilient Strategies

Total revised number of beneficiaries	8,548,385		
Duration of entire project	3 years (1 July 2015 - 30 June 2018)		
Gender marker code	2A		
WFP food tonnage	1,646,326		
Cost (United States dollars)			
	Current Budget	Increase	Revised Budget
Food and related costs	1,079,103,050	(85,628,177)	993,474,873
Cash -based transfers and related costs	67,399,910	77,378,181	144,778,091
Capacity development and augmentation	11,698,099	5,077,721	16,775,820
DSC	109,320,231	2,030,753	111,350,984
ISC	88,726,490	(79,907)	88,646,584
Total cost to WFP	1,356,247,780	(1,221,429)	1,355,026,351

Cost (United States dollars)			
	Current Budget	Increase/Decrease	Revised Budget
Food Transfer	620,365,698	(57,628,714)	562,736,984
C&V Transfer	64,710,400	72,349,572	137,059,972

Focal points: Regional Director Ms V. Guarnieri

Country Director a.i. Mr S. Wanmali

NATURE OF THE BUDGET REVISION

1. This budget revision to protracted relief and recovery operation (PRRO) 200712 proposes the following changes:
 - increases the number of beneficiaries receiving relief assistance in 2017 and 2018, in response to the persisting drought conditions;
 - increases the number of children aged 6-59 months and pregnant and lactating women and girls (PLW/G) under the treatment of Moderate Acute Malnutrition Activity (MAM) in line with deteriorating nutritional situation in priority one woredas;
 - introduces a prevention of moderate acute malnutrition activity for children 6-59 months and PLW/G in line with the deteriorating nutrition situation in Somali region.
 - removes SuperCereal from the relief ration to ensure resources are sufficient to fully cover treatment of MAM in the priority one woredas;
 - reduces the planned beneficiaries under the Productive Safety Net Programme (PSNP) as the Government allocates more resources in areas covered by WFP;
 - includes new activities: supply-chain capacity development activities for the Government, a fresh food voucher for nutritionally vulnerable households to contribute to the reduction of stunting, and a weather-indexed livestock insurance programme for pastoralists;
 - increases cash transfer interventions;
 - replaces SuperCereal with SuperCereal Plus for the treatment of MAM.

2. The budget revision retains the gender analysis under the original PRRO document and is aligned with the Regional Gender Strategy and the country office Gender Action Plan (2017-2020). The PRRP contributes to Sustainable Development Goal 5 (gender's equality and women's empowerment).

JUSTIFICATION FOR THE BUDGET REVISION

Summary of Existing Project Activities

3. PRRO 200712 contributes to government programmes that address structural food insecurity and malnutrition by:
 - providing short-term food assistance for households in acute emergencies and addressing MAM among children aged 6-59 months and PLW/G;
 - supporting the Government's PSNP, and phasing long-term "chronic relief" beneficiaries to the new PSNP 4; and
 - implementing activities to prevent chronic malnutrition and stunting among children aged 6-23 months and PLW/G.

Conclusion and Recommendations of the Re-Assessment

4. After the El Niño weather phenomenon that left 10.2 million people in need of emergency assistance in 2015/16, Ethiopia continues to be subject to severe weather conditions. The 2017 mid-year review of the Humanitarian Response Plan (HRD) estimates that 8.5 million require humanitarian food assistance in the second half of the year. The severe water shortages resulting from the Indian Ocean Dipole (IOD) induced drought have caused high numbers of livestock deaths due to lack of pasture and high rate of disease. Additionally, the overall performance of the March to May 2017 (*belg*) rains has been below average in many areas of the country. Consequently, the southern and southeastern parts of the country and the eastern lowland areas have been experiencing drought for several months now. Availability of pasture and water is expected to further deteriorate, leading to limited access to food from own sources.
5. The nutritional situation is also likely to deteriorate in the second half of 2017. The mid-review HRD projects that 3.6 million children and PLW/G will need treatment for MAM and 375,000 for severe acute malnutrition (SAM). The number of priority one, hot-spot woredas increased from 192 (December 2016) to 228 in July 2017. Admissions for treatment of SAM in the first four months of 2017 were 20 percent above the initial projection for 2017, and MAM targets have been surpassed.
6. The 2016-drought has shown a clear need for continued capacity augmentation of the national supply chain and logistics system, to be able to effectively respond to future emergencies. During the 2016 drought, the logistics cluster identified several gaps in the national supply chain systems that initially prevented an effective and timely response. Building on this, WFP developed a capacity strengthening activity to improve coordination and institutional capacity of government bodies. Logistics experts have been seconded to key relevant government authorities such as the Ethiopian Maritime Affairs Authority (EMAA) and the National Disaster Risk Management Commission (NDRMC). Under this strategy, WFP also collaborates with the Road Transport Authority (RTA) to identify inefficiencies along the supply chain, and with the Ethiopian Railway Corporation (ERC) to support the railway operationalisation.

Purpose of Extension and Budget Revision

7. Given the persisting food insecurity levels, WFP will increase the planned number of beneficiaries under the relief intervention from 1 to 3.3 million for the second half of 2017, and from 628,000 to 1.2 million in 2018. The NGO-managed Joint Emergency Operation Plan (JEOP) and NDRMC will cover the remaining beneficiaries defined by the HRD.
8. WFP will also increase the planned number of beneficiaries under treatment of MAM in 2017. WFP, the Government, the United Nations Children's Fund (UNICEF) and other partners have agreed that the best way to handle malnutrition in the Somali region is to make sure targeted households have a predictable food transfer and that the current response for moderate and severe acute malnutrition is effective. Given the deteriorating nutrition situation, WFP will also introduce a 3-month blanket supplementary feeding programme for children 6-59 months and PLW/G in the Somali Region, in close collaboration with UNICEF and the Government.
9. The Government of Ethiopia and the Ministry of Agriculture have also allocated more resources for PSNP in areas where WFP operates. Therefore, WFP will reduce its coverage in 2018 from 2.2 million to 600,000 planned beneficiaries.
10. The Government, United Nations and WFP's cooperating partners agreed to discontinue the distribution of SuperCereal under the relief ration, and to reduce the overall coverage for the prevention of stunting in order to prioritize limited resources to the treatment of MAM in the priority one woredas. Progressively, WFP will seek to expand the fresh food voucher programme based on lessons learned from the pilot.
11. This budget revision also includes additional new activities: a fresh food voucher for nutritionally vulnerable households to contribute to the reduction of stunting; a weather-indexed livestock insurance programme for pastoralists; and supply-chain capacity development activities for the Government.

Fresh food vouchers:

12. Social protection initiatives show evidence of positive impacts on child malnutrition and food insecurity. In a country where two-fifths of children under five years are stunted, the fresh food voucher activity seeks to improve access to nutrient-dense foods, particularly protein-rich foods for the Ethiopian populations most at risk of malnutrition: PLW/G and children 6-24 months. Approximately 47,300 malnourished children 6-24 months and PLW/G will receive vouchers that will allow them to access fresh fruits, vegetables, meat and milk on the local market. The voucher value will be determined after a market supply chain assessment has been conducted in the targeted areas.
13. The activity will complement the current PSNP transfer for chronically poor during the lean season. Recognizing the need for multi-sectoral interventions to make progress in the reduction of maternal mortality and to improve nutrition, the PSNP introduced linkages to social services such as health and nutritional education for PLW/G and men, including hygiene and sanitation, maternal nutrition and appropriate infant and young child nutrition practices. WFP partners with: i) UNICEF to complement actions in nutrition education and monitoring and evaluation of outcomes, ii) NDRMC who is responsible for implementation of operational elements of food security interventions and currently responsible for the management of moderate acute malnutrition, and iii) the Ministry of Health, which is responsible for the continuum of care and management of global acute malnutrition and the lead actor in national actions to reduce malnutrition.

Livestock Insurance:

14. WFP's largest relief operations in Ethiopia are concentrated in the pastoral and agro-pastoral areas of Somali, Afar, Oromia and SNNP regions, where it is also the main implementing partner for the PSNP. These regions were the ones most affected by the recent food crisis caused by El Niño, highlighting the need for longer-term solutions to address the impact of climate change on the food security of vulnerable pastoralist households. With the livestock insurance program, WFP aims to provide 100,000 households with satellite-based drought-indexed insurance by 2021. The program will provide insurance payouts to vulnerable pastoralists at the onset of severe droughts and loss of pasture, enabling them to purchase supplementary livestock feed and veterinary inputs in order to keep their core-breeding animals alive.
15. Households will access the programme through the Insurance for Assets (IfA) mechanism. Similarly, to the R4 (crop insurance programme) and building on the PSNP public works interventions, IfA will enable pastoralists to access insurance coverage by working additional days on resilience building assets. Non-PSNP pastoralists will have the option of accessing insurance coverage by purchasing it in cash. Assets created under IfA as well as the participants will be reported in the same way as PSNP assets and participants and will therefore follow the PSNP guidance.
16. This insurance initiative will be part of a comprehensive risk management toolbox for Ethiopian pastoralists, including women headed households. The toolbox consists of drought early warning systems, drought grazing conservation, controlled destocking, supplementary livestock feeding programmes, preventive veterinary care and climate services. Federal and regional governments will be key actors to support the customization of the livestock insurance program in a way that meets the needs of pastoralists, the integration with the PSNP and other government-led efforts in the sector of risk management will support the sustainability of the program.

M&E:

17. WFP and its partners will establish a robust M&E set of indicators and tools for the two new activities to capture, document and share results and lessons learned. In addition to the process, output and outcome monitoring and review, all new activity will undergo an impact evaluation. In particular, WFP will leverage new technology capabilities to monitor activities implemented in hard-to-reach communities. The project logical framework has been revised to reflect these new M&E requirements. Furthermore, partners will be introduced to gender transformative monitoring and use of participatory methodologies to ensure women and girls' equal participation into the monitoring and evaluation processes.

Response Capacity:

18. To augment Government's capacity to better respond to future emergencies, WFP plans to:
 - strengthen the commercial road transport sector in close cooperation with the RTA, including tailor-made fleet management systems, as well as training programmes for Ethiopia's commercial road transport sector;
 - tackle the congestion at the Port of Djibouti and the inefficient inland logistical operations in cooperation with the EMAA. WFP will continue to carry out assessments of systems and processes causing inefficiencies along the supply chain and advice on interventions required to bring change. WFP will deliver trainings on port operations,

planning and coordination to Ethiopian government technical staff and humanitarian partners in Addis Ababa and in Djibouti.

- support the ERC to assess, identify and prioritize actions to enhance and maximize the utilization of the new Ethiopian railway, as well as exploring possibilities for access to the railway on behalf of humanitarian organizations;
- continue to invest in the Food Management Improvement Project's (FMIP) electronic commodity tracking and reporting system, the Commodity Allocation Tracking System (CATS), and the physical commodity management reports and forms also known as the Commodity Management Procedure Manual (CMPM), tools developed to support and improve the tracking of commodities moving through NDRMC.
- provide technical assistance to the Government and humanitarian organizations to establish logistics emergency preparedness capacities to respond to recurrent drought emergencies and other shocks;
- expand the existing NDRMC logistics hubs into Humanitarian Staging Areas (HSA) in key logistics locations in the country;
- deliver emergency preparedness trainings in partnership with government authorities and humanitarian organizations;
- create rosters of technicians and logistics officers and deliver emergency simulation exercises;
- provide supply chain services, such as storage, transport, operation support, to humanitarian organizations and donors.

TABLE 1: BENEFICIARIES BY ACTIVITY [OR COMPONENT] - 2017										
Activity	Category of beneficiaries	Original (2017)			Increase / Decrease (2017)			Revised (2017)		
		Boys / Men	Girls / Women	Total	Boys / Men	Girls / Women	Total	Boys / Men	Girls / Women	Total
Productive Safety Net (PSNP)	Chronic food insecure	965,692	948,183	1,913,875	0	0	0	965,691	948,184	1,913,875
Food		905,177	888,698	1,793,875	0	0	0	905,177	888,698	1,793,875
Cash		60,514	59,486	120,000	0	0	0	60,514	59,486	120,000
Relief	Acute food insecure	514,044	504,706	1,018,750	1,150,186	1,131,064	2,281,250	1,664,230	1,635,770	3,300,000
Food		433,324	425,426	858,750	1,150,186	1,131,064	2,281,250	1,583,510	1,556,490	3,140,000
Cash		80,720	79,280	160,000	550,018	539,982	1,090,000	630,738	619,262	1,250,000
Nutrition Assistance	Nutrition insecure	553,541	906,593	1,460,134	482,923	660,837	1,143,760	1,036,465	1,567,429	2,603,894
Treatment of moderate acute malnutrition		401,900	658,234	1,060,134	328,726	322,744	651,470	730,626	980,978	1,711,604
Prevention Acute Malnutrition - Blanket Supplementar y		0	0	0	250,000	495,000	745,000	250,000	495,000	745,000
Prevention of chronic malnutrition (stunting) - food		151,641	248,359	400,000	-113,735	-186,275	-300,010	37,907	62,083	99,990
Prevention of chronic malnutrition (stunting) - cash		0	0	0	17,932	29,368	47,300	17,932	29,368	47,300
TOTAL		2,033,277	2,359,482	4,392,759	1,713,829	1,871,181	3,585,010	3,666,386	4,151,383	7,817,769
TOTAL Adjusted**		1,900,427	2,141,900	4,042,327	1,601,851	1,698,628	3,299,016	3,426,832	3,768,559	7,194,107

** Total adjusted beneficiaries figure is reached after deducting the overlap of 24 percent of nutrition beneficiaries with Relief or PSNP.

TABLE 1: BENEFICIARIES BY ACTIVITY [OR COMPONENT] - 2018

Activity	Category of beneficiaries	Original (2018)			Increase / Decrease (2018)			Revised (2018)		
		Boys / Men	Girls / Women	Total	Boys / Men	Girls / Women	Total	Boys / Men	Girls / Women	Total
<i>Productive Safety Net (PSNP)</i>	Chronic food insecure	1,102,493	1,082,507	2,185,000	-796,711	-782,289	-1,579,000	305,782	300,218	606,000
Food		1,031,893	1,013,107	2,045,000	-879,002	-862,998	-1,742,000	152,891	150,109	303,000
Cash		70,600	69,400	140,000	82,291	80,709	163,000	152,891	150,109	303,000
<i>Relief</i>	Acute food insecure	316,883	311,117	628,000	288,626	283,374	572,000	605,509	594,491	1,200,000
Food		252,299	247,701	500,000	50,455	49,545	100,000	302,754	297,246	600,000
Cash		64,576	63,424	128,000	238,178	233,822	472,000	302,754	297,246	600,000
<i>Nutrition Assistance</i>	Nutrition insecure	281,995	461,853	743,848	-63,139	-103,409	-166,548	218,856	358,444	577,300
Treatment of moderate acute malnutrition		206,174	337,674	543,848	-5,249	-8,599	-13,848	200,925	329,075	530,000
Prevention Acute Malnutrition - Blanket Supplementary*		0	0	0	0	0	0	0	0	0
Prevention of chronic malnutrition (stunting) - food		75,821	124,179	200,000	-75,821	-124,179	-200,000	0	0	0
Prevention of chronic malnutrition (stunting) - cash		0	0	0	17,932	29,368	47,300	17,932	29,368	47,300
TOTAL		1,701,371	1,855,477	3,556,848	-571,224	-602,324	-1,173,548	1,130,147	1,253,153	2,383,300
TOTAL Adjusted**		1,633,692	1,744,632	3,378,324	-556,071	-577,505	-1,133,576	1,077,621	1,167,127	2,244,748

*No planned beneficiaries for blanket supplementary in 2018 with the assumption that the caseloads for transitory nutrition insecurity reduce over April 2017 to June 2018.

** Total adjusted beneficiaries figure is reached after deducting the overlap of 24 percent of nutrition beneficiaries with Relief or PSNP.

19. Revised rations pertain to relief—for both in-kind and cash transfers. SuperCereal has been removed from the in-kind basket and from calculation of the cash transfer value. The BSFP ration has also been included.

TABLE 2: REVISED DAILY FOOD RATION/TRANSFER BY ACTIVITY (g/person/day)					
	Relief (in-kind)	Relief (cash) US\$	BSFP (in-kind)	Relief (in-kind)	Relief (cash)
	Current	Current		Revised	Revised
Cereals	500	9.248		500	9.248
Pulses	50	1.36		50	1.36
Oil	15	0.82		15	0.82
SuperCereal	150	2.2			
Super Cereals Plus			200		
Total	715	13.6	200	565	11.42
Kcal/day			787		
% kcal from protein			16-33g protein 17%		
% kcal from fat			10-20g fat 23%		
No. of feeding days per year	360	360	90	360	360

FOOD REQUIREMENTS

20. This BR decreases the food requirements for PSNP and nutrition support, but increases the cash requirements for relief and PSNP.

TABLE 3: FOOD/CASH AND VOUCHER REQUIREMENTS BY ACTIVITY				
Activity	Cash (USD)	Food requirements (mt)		
		Current	Increase/decrease	Revised total
Relief	63,408,640	968,816	216,524	1,185,340
PSNP	4,740,000	652,211	(307,197)	345,014
Nutrition/TSF	2,560,932	99,487	2,989	102,476
BSFP	-	-	13,496	13,496
Climate Insurance	1,640,000	-	-	-
Total	72,349,572	1,720,514	(74,188)	1,646,326

RECOMMENDATION OF THE EXECUTIVE DIRECTOR

The proposed additional commitment of food, resulting in the revised budget for project 200712 is recommended to the Executive Director for approval

David M. Beasley
Executive Director, WFP

Date

PROJECT COST BREAKDOWN			
	Quantity (<i>mt</i>)	Value (<i>USD</i>)	Value (<i>USD</i>)
Food	-	-	
Cereals	(42,537)	-\$39,064,738	
Pulses	(44,674)	-\$36,609,016	
Oil and fats	4,179	\$2,658,378	
Mixed and blended food	(8,844)	\$15,386,662	
Total	(74,188)	-\$57,628,714	
External transport		-\$14,709,142	
Landside transport, storage and handling		-\$13,054,172	
Other direct operational costs – food		-\$236,148	
Food and related costs ¹			-\$85,628,177
Cash		\$72,349,572	
Related costs		\$5,028,609	
Cash and related costs			\$77,378,181
Capacity development and augmentation			\$5,077,721
Direct operational costs			-\$3,172,275
Direct support costs (see Annex I-B)			\$2,030,753
		Total Direct Project Costs	-\$1,141,523
Indirect support costs (7.0 percent) ²			-\$79,907
		Total WFP costs	-\$1,221,429

¹ This is a notional food basket for budgeting and approval. The contents may vary.

² The indirect support cost rate may be amended by the Board during the project.

ANNEX I-B

DIRECT SUPPORT REQUIREMENTS (USD)	
WFP Staff and Staff-Related	
Professional staff *	\$574,964
General service staff **	\$376,789
Danger pay and local allowances	-
Subtotal	\$951,753
Recurring and Other	\$340,300
Capital Equipment	\$41,500
Security	0
Travel and transportation	\$365,200
Assessments, Evaluations and Monitoring¹	\$332,000
TOTAL DIRECT SUPPORT COSTS	\$2,030,753

¹ Reflects estimated costs when these activities are performed by third parties. If WFP Country Office staff perform these activities, the costs are included in Staff and Staff Related and Travel and Transportation.

ACRONYMS USED IN THE DOCUMENT

EMAA	Ethiopian Maritime Affairs Authority
JEOP	Joint Emergency Operation Program
MAM	Moderate Acute Malnutrition
NDRMC	National Disaster Risk Management Commission
PRRO	Protracted Relief and Recovery Operation
PSNP	Productive Safety Net Programme