

REVISION**[Armenia] country strategic plan, revision |04|**

Gender and age marker code: |3|

	Current	Change	Revised
Duration	July 2019 – June 2024	-	July 2019 – June 2024
Beneficiaries	211,030	19,000	230,030
Total cost (USD)	40 518 723	11 646 264	52 164 987
Transfer	28 220 451	9 383 925	37 604 376
Implementation	6 288 854	1 179 692	7 468 546
Direct Support Costs	3 640 993	371 842	4 012 835
Sub-total	38 150 298	10 935 459	49 085 757
Indirect Support Costs	2 368 425	710 805	3 079 230

1. RATIONALE

- This budget revision (BR04)¹ seeks to increase the 2022 budget for Armenia's country strategic plan (CSP) to carry out the following changes:
 - Increase the budget of activity 1 (school feeding) to implement an accelerated handover strategy to the Government;
 - For targeted fundraising and improved reporting, split activity 2 (capacity strengthening) into 3 distinct activities, adding activities 5 (food systems) and 6 (social protection); and
 - Increase the number of beneficiaries covered under activity 4 (emergency response) by 85,000 to plan for an anticipated increase in needs at the request of the Government.
- Armenia is heavily reliant on Russia and Ukraine for food, with Russia a key provider of staple foods, including wheat, maize, barley and sunflower oil. In 2020, Armenia's self-sufficiency through wheat production stood at only 24 percent while that of vegetable oil stood at 0.9 percent,² as Armenia imports 75 percent of wheat, 99 percent of wheat grain and 96 percent of wheat flour from Russia.³
- In May 2022, annual food inflation in Armenia reached 14.7 percent compared to the previous year,⁴ and – given the global food crisis and Ukraine conflict - food inflation is expected to increase further. Should food inflation rise to 20 percent, food insecurity is projected to increase from 21 to 34 percent of the population, underscoring the number of people at-risk of food insecurity in Armenia.⁵

¹ For operational urgency, this BR covers only 2022, and a subsequent BR under EB delegation of approval is planned to include budget and changes for 2023 until the end of the CSP.

² Statistical Committee of Armenia.

³ UN Comtrade (2020).

⁴ WFP (2022). *Market Price Bulletin Issue No. 4*:

⁵ WFP (2021). *Food Security and Vulnerability Assessment 3*. Armstat (2020). *Integrated Living Conditions Survey*.

4. The Ukraine conflict has impacted the cost of agricultural inputs, which coupled with below-average rainfall, has led to low agricultural production. Agriculture is the main source of income among rural populations, and as such is an important sector to develop for poverty alleviation while also safeguarding national food security. In addition to limitations on food imports and increased prices, the conflict in Ukraine has reduced the flow of remittances, reduced demand for Armenian goods and services, and added strain to existing social protection systems and resources.

2. CHANGES

Strategic orientation

5. There are no changes to the strategic orientation of the CSP.
6. Previous budget revisions were:
 - a) BR01: Approved July 2020 by the Country Director (CD), introduced two SOs and two activities under crisis response to accommodate food assistance to 80,000 vulnerable people affected by COVID-19.
 - b) BR02: Approved February 2021 by the CD with Executive Board review, expanded the emergency operation to meet the food security needs of displaced populations from Nagorno Karabakh.
 - c) BR03: Approved November 2021 by the CD, added the capacity strengthening modality to Activity 4 to support the Government and partners to identify vulnerable populations and provide food assistance and recover livelihoods.

Strategic outcomes

7. BR04 splits activity 2 into three distinct activities, with activity 2 capturing WFP's efforts around nutrition and emergency preparedness, and two new activities added under outcome 2 as follows:
 - Activity 5: Strengthen national food systems in Armenia, supporting actors along the food value chain; and
 - Activity 6: Provide support to national institutions to strengthen the national social protection system.
8. Under activity 5, building on the United Nations Food Systems Summit, WFP will work to provide opportunities for increased production and socio-economic inclusion of vulnerable populations, increasing smallholder farmers' household income while contributing to Armenia's overall food self-sufficiency.
9. Under activity 6, WFP will focus on:
 - i. Strengthening the national nutrition-sensitive social protection system;
 - ii. Enhancing shock-responsive social protection programming;
 - iii. Improving shared space and coordination mechanisms; and
 - iv. Building social protection partnerships regionally and globally.
10. Two existing outputs have been moved under the new activities, while three new outputs have been introduced:
 - Output moved under Activity 5: Communities have enhanced awareness of, access to and consumption of healthy, nutritious and diverse diets.

- Output moved under Activity 6: Vulnerable groups benefit from enhanced national social protection systems and coherent policies to ensure their basic food and nutrition needs are met.
- New output under Activity 2: Communities benefit from enhanced national frameworks and policies on food systems in order to improve the availability of nutritious food.
- New output under Activity 5: Actors along food value chains have access to climate sensitive technologies, tools and information to enhance productive capacity and output of nutritious foods.
- New output under Activity 5: Vulnerable populations received food or CBT assistance to meet their basic food needs while participating in food systems strengthening activities.

Targeting approach and beneficiary analysis:

11. The overall number of beneficiaries targeted for the CSP will increase from 211,030 to 230,030 due to the addition of 19,000 new beneficiaries under activities 5 and 6. In addition, this BR will make adjustments to beneficiaries targeted in 2022 for activities 1, 4, 5 and 6.
12. Though the overall number of schoolchildren remains unchanged over the course of the CSP, the number of schoolchildren reached under activity 1 in 2022 will increase almost twofold from 20,750 to 41,350, with 17,600 receiving school meals through cash-based transfers and 20,750 receiving in-kind. This increased number of beneficiaries targeted in 2022 is based on the accelerated handover of the school feeding programme to the Government where beneficiaries that were originally planned for 2023 have been brought forward to 2022. An additional 3,000 men, women, boys and girls will be targeted with capacity strengthening, participating in the construction of agricultural infrastructure in schools, and complementary training to support the expansion of home grown school feeding.
13. Similarly, though the overall number of beneficiaries targeted under activity 4 will not change, at the request of the Government and based on a calculation of anticipated needs and projections of increased extreme poverty and food insecurity rates, WFP will provide emergency assistance to an additional 55,000 food-insecure people through CBT and 30,000 through in-kind food.
14. Under activity 5, WFP will target 12,000 beneficiaries, including in bordering regions affected by the escalation of conflict in Nagorno Karabakh, through a food systems approach. This includes providing training to 10,000 people alongside micro-investments in a variety of food value chains to enhance the productivity and profitability of the agricultural sector. A further 400 moderately food-insecure and displaced people (2,000 beneficiaries) will participate in food assistance for assets to rehabilitate agricultural and other food-systems related infrastructure. Targeting for this activity will be coordinated with the Ministry of Economy and regional governmental bodies, prioritizing the most vulnerable, and linking social protection to transformational food systems and gender transformative outcomes. It is anticipated that an additional 60,000 indirect beneficiaries will benefit from enhanced access, availability, stability and acceptability of an increased variety of foods to increase their food security.

15. Under activity 6, WFP will collaborate with the Ministry of Labour and Social Affairs to build the shock-responsiveness of the national social protection system, including piloting food assistance vouchers and food cards as part of the Government's "social ambulance" support activities.⁶ Under these pilots, 2,000 people will receive cash and 5,000 will receive in-kind food assistance, while a further one million individuals currently registered for the family benefit system will benefit indirectly from an enhanced national nutrition sensitive social protection system.

Transfer modalities:

16. During 2022 under activity 1, in alignment with the accelerated handover requested by the Government, WFP will transition more schools from food to CBT and increase capacity strengthening in order to facilitate the handover to the Government and scale-up homegrown school feeding.

17. Under activity 2, WFP will enhance capacity strengthening efforts and increase the scope of assistance to the Government, particularly related to nutrition programmes, the development of a food security strategy, social behaviour change communications and the accelerated handover of the school feeding programme.

18. Under activity 4, beneficiaries would primarily receive cash, but food would be retained as contingency for instances where food availability in local markets is limited, whereby WFP would provide in-kind food for 30 days. Pending further needs assessments or where markets are sufficient, cash transfers would be provided for up to 90 days. The transfer value and contents of the corresponding food basket - equivalent to USD 18.90 per person per month - have, along with the timing and duration of assistance, been agreed with the Government.

19. Activity 5 transfer modalities include CBT, in-kind and capacity strengthening. Participants of food assistance for assets will primarily receive cash assistance, although WFP will retain food as a contingency to deal with food shortages in the local markets or limited banking access. The transfer value has been set at USD 8 per participant per day for approximately 2 months, in line with existing remunerations for similar activities in the localities of project implementation.

20. Under activity 6, WFP will provide both CBT and in-kind transfers to pilot and test shock-responsive social protection service delivery tools. As agreed with the Government, the food basket is calculated on the basis of a 2,100 kcal diet and composed of locally-available food commodities which can be replenished if international/regional purchasing requires a longer lead time. Similarly, the CBT value has been set at USD 18.90 per person per month. This transfer value represents a financial top-up to support food-insecure people to cope with food price hikes. As CBT is the most accepted and effective response modality, the duration for the latter is set to 90 days. However, as per activity 4, a 30 day in-kind transfer is also planned should there be issues of local food availability.

Partnerships:

21. In 2020 and 2021, WFP, in partnership with the Armenian National Agrarian University, commissioned feasibility studies on food value chain investments, forming the basis for

⁶ Social ambulance refers to the Government's assistance platform which provides immediate assistance, including food, to shock affected populations

WFP's strategic approach which also aligns with the priorities of the National Adaptation Plan of the Ministry of Environment, and socioeconomic development plans of the Ministry of Economy.

22. WFP will continue to engage with the Ministry of Labour and Social Affairs to embed food and nutrition security in social protection policies, including defining early warning systems, building shock-responsive social protection systems, and assessing food security and nutrition needs to improve the efficiency and effectiveness of social assistance delivery.

Country office capacity:

23. In April 2022, a field office was established in Syunik province to enhance WFP's capacity to support all geographical regions and facilitate programmatic scale-up in the south for activities under SO2 and SO4.

Accountability to affected populations, protection risks, restrictions of gender and disabilities:

24. Given the operational context, additional efforts have been made to assess and mitigate potential protection risks for affected communities. Measures to promote dignified assistance and accountable operations have been taken, including through ensuring knowledge of and meaningful access to WFP's community feedback mechanism and protection against sexual exploitation and abuse procedures at all levels of society.

Proposed transition/handover strategy:

25. WFP will collaborate with local Government on the implementation of new activities and ensure consistency with national strategies and programming to promote sustainable results and national scale-ups. Where the CBT modality is used, selection criteria is developed collaboratively with the the Ministry of Labour and Social Affairs in line with the national approach for designing social safety nets to enable eventual handover.

Risk Management:

26. Increased rates of extreme poverty and food insecurity projected for 2022 heighten insufficient funding as a major risk. WFP is approaching existing donors and engaging with new and non-traditional donors to increase funding and minimize the risk of being unable to reach those in need.
27. Limited water resources, exacerbated by drought present a risk for agricultural production. To reduce this risk, WFP is making significant investment in irrigation systems within the scope of activity 5.

Beneficiary analysis

TABLE 1: DIRECT BENEFICIARIES BY STRATEGIC OUTCOME, ACTIVITY & MODALITY								
SO	Activity and modality	Period	Women	Men	Girls	Boys	Total	
			(18+ years)	(18+ years)	(0-18 years)	(0-18 years)		
1	1 CBT	Current	824	716	8,675	9,785	20,000	
		Increase/decrease	-	-	-	-	-	
		Revised	824	716	8,675	9,785	20,000	
	1 FOOD	Current	3,502	3,043	29,115	32,840	68,500	
		Increase/decrease	-	-	-	-	-	
		Revised	3,502	3,043	29,115	32,840	68,500	
	1 CS	Current	0	0	0	0	0	
		Increase/decrease	-	-	1,410	1,590	3,000	
		Revised	-	-	1,410	1,590	3,000	
2	5 CBT	Current	0	0	0	0	0	
		Increase/decrease	412	358	108	122	1,000	
		Revised	412	358	108	122	1,000	
	5 FOOD	Current	0	0	0	0	0	
		Increase/decrease	412	358	108	122	1,000	
		Revised	412	358	108	122	1,000	
	5 CS	Current	0	0	0	0	0	
		Increase/decrease	5,200	4,800	-	-	10,000	
		Revised	5,200	4,800	-	-	10,000	
	6 CBT	Current	0	0	0	0	0	
		Increase/decrease	824	716	216	244	2,000	
		Revised	824	716	216	244	2,000	
	6 FOOD	Current	0	0	0	0	0	
		Increase/decrease	2,060	1,790	540	610	5,000	
		Revised	2,060	1,790	540	610	5,000	
	4	4 CBT	Current	23,780	18,988	9,566	10,196	62,530
			Increase/decrease	-	-	-	-	-
			Revised	23,780	18,988	9,566	10,196	62,530
4 FOOD		Current	32,960	28,640	8,608	9,792	80,000	
		Increase/decrease	-	-	-	-	-	
		Revised	32,960	28,640	8,608	9,792	80,000	
TOTAL <i>(without overlap)</i>	Current	60,215	50,624	47,328	52,863	211,030		
	Increase/decrease	5,422	4,558	4,261	4,760	19,000		
	Revised	65,637	55,182	51,589	57,623	230,030		

Transfers

TABLE 2: FOOD RATION (g/person/day)⁶ or CASH-BASED TRANSFER VALUE (USD/person/day) BY STRATEGIC OUTCOME AND ACTIVITY							
SO	1		2			4	
<i>Activity</i>	<i>1</i>		<i>5</i>	<i>6</i>		<i>4</i>	
Beneficiary type	Primary: Students	Kitchen staff and family	Food for assets participants	Food-insecure people	Food-insecure people	Crisis-affected populations	Crisis-affected populations
Modality (indicate food or CBT)	food	food	food or CBT	food	CBT	food	CBT
Cereals	160	500	1000	421		421	
Pulses	15	30	150	89		89	
Oil	10	30	150	35		35	
Cash-based transfers (USD/person/day; use average as needed)			1.6		0.63		0.63
total kcal/day (to be completed for food and cash modalities)	715	2,169	5,386 ⁷	2,114		2,114	
% kcal from protein	12	11	11	12		12	
Number of feeding days per year	100	100	60	30	90	30	90

⁷ The food basket has been set with the Government to be equivalent to the cash transfer and will only be used as contingency should market issues arise.

TABLE 3: TOTAL FOOD/CASH-BASED TRANSFER REQUIREMENTS AND VALUE

Food type / cash-based transfer	Current Budget		Increase		Revised Budget	
	Total (mt)	Total (USD)	Total (mt)	Total (USD)	Total (mt)	Total (USD)
Cereals	6 005	2 920 907	162	203 525	6 167	3 124 432
Pulses	526	314 345	74	67 939	600	382 284
Oil and Fats	411	671 010	25	47 149	435	718 159
Mixed and blended foods	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL (food)	6 942	3 906 262	261	318 612	7 202	4 224 874
Cash-Based Transfers (USD)		8 468 723		3 793 664		12 262 387
TOTAL (food and CBT value – USD)	6 942	12 374 985	261	4 112 276	7 202	16 487 261

3. COST BREAKDOWN

COST BREAKDOWN OF THE REVISION ONLY (USD)					
	Strategic Result 1 / SDG Target 2.1	Strategic Result 5 / SDG Target 17.9	Strategic Result 8 / SDG Target 17.16	Strategic Result 1 / SDG Target 2.1	TOTAL
Strategic outcome	01	02	03	04	
Focus Area	Root Causes	Root Causes	Crisis Response	Crisis Response	
Transfer	1 814 864	3 608 962	0	3 960 099	9 383 925
Implementation	14 951	595 800	0	568 941	1 179 692
Direct support costs					371 842
Subtotal					10 935 459
Indirect support costs					710 805
TOTAL					11 646 264

OVERALL CSP COST BREAKDOWN, FOLLOWING THE REVISION (USD)					
	Strategic Result 1 / SDG Target 2.1	Strategic Result 5 / SDG Target 17.9	Strategic Result 8 / SDG Target 17.16	Strategic Result 1 / SDG Target 2.1	TOTAL
Strategic outcome	01	02	03	04	
Focus Area	Root Causes	Root Causes	Crisis Response	Crisis Response	
Transfer	15 403 837	8 444 399	1 420 000	12 336 141	37 604 376
Implementation	3 328 188	2 107 697	210 000	1 822 661	7 468 546
Direct support costs	1 895 254	951 940	82 987	1 082 654	4 012 835
Subtotal	20 627 279	11 504 036	1 712 987	15 241 455	49 085 757
Indirect support costs	1 340 773	747 762	0	990 695	3 079 230
TOTAL	21 968 052	12 251 799	1 712 987	16 232 150	52 164 987