

COUNTRY STRATEGIC PLAN REVISION

REVISION – FOR APPROVAL

Afghanistan 01, revision 07

Gender and age marker code: 3

	Current	Change	Revised
Duration	<i>1 July 2018 – 31 Dec 2023</i>	-	<i>1 July 2018 – 31 Dec 2023</i>
Beneficiaries	29,131,200	-	29,131,200
Total cost (USD)	6,042,504,006	9,363,858	6,051,867,864
Transfer	5,243,640,940	9,289,582	5,252,930,522
Implementation	233,953,440	89,754	234,043,195
Direct Support Costs	197,407,033	0	197,407,033
Sub-total	5,675,001,413	9,379,336	5,684,380,749
Indirect Support Costs	367,502,593	- 15,478	367,487,115

1. RATIONALE

1. This budget revision aims to add on-demand cash transfers service to Afghanistan CSP (2018-2023), to enable development partners to effectively and rapidly respond to humanitarian needs in Afghanistan.
2. Following the regime change in August 2021, the economy of Afghanistan contracted by more than 20 percent¹ and poverty rates significantly increased across the country, including in urban settings. As a consequence, humanitarian operations scaled up in 2021 and 2022.
3. Since August 2022, WFP expanded its cash-based transfer (CBT) portfolio to respond to increasing needs, creating an extensive network of financial service providers (FSPs). Together with FSPs, WFP built an end-to-end cash-based transfer system supported by SCOPE, WFP's beneficiary identity management system.
4. A number of feasibility studies and market functionality assessments carried out by various actors in 2022 found that cash-based assistance is an appropriate modality in many contexts in Afghanistan, including in earthquake-affected areas and hard-to-reach communities.² Moreover, REACH's *Mid-year whole of Afghanistan Assessment* found that physical cash was the preferred modality of assistance for 70 percent of head of households, confirming once again the suitability of this operational approach.³

¹ United Nations Development Programme (UNDP). 2022. *One year in Review: A snapshot of socio-economic situation in Afghanistan since August 2022*.

² REACH/ Interagency Cash & Voucher Working Group (CVWG) Afghanistan. July 2022. *Afghanistan Joint Market Monitoring Initiative Earthquake Response in Khost, Paktika, and Paktya Provinces*.

³ REACH. April 2022. Afghanistan. *Mid-year whole of Afghanistan Assessment*. Available at: <https://reliefweb.int/report/afghanistan/mid-year-whole-of-afghanistan-assessment-woaa-key-sectoral-findings-april-2022>.

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5. At the request of a United Nations agency, WFP is in the process of setting up a pass-through CBT service, which will reduce the costs and speed up the delivery of critical services to vulnerable people in Afghanistan. As other United Nations agencies and non-governmental organizations (NGOs) are scaling up their CBT programmes, this service will likely be requested by additional partners.

2. CHANGES

Strategic orientation

6. There will be no change in the overall strategic orientation of the CSP.
7. There have been six revisions to the current CSP:
- Revision 01 was a technical revision to reduce indirect support costs from 7 percent to 6.5 percent.
 - Revision 02, approved by the Executive Director in June 2019, increased the budget by USD 172,400,461 to expand emergency activities in response to the 2018 drought.
 - Revision 03, approved by the Executive Director in September 2020, increased the budget by USD 59,032,115 to expand the drought response and consolidate resilience activities.
 - Revision 04, approved by the Executive Director and the Director-General of the Food and Agriculture of the United Nations (FAO) in September 2020, increased the budget by USD 88,182,693 to expand emergency response as a result of the COVID-19 pandemic, conflict and insecurity, while extending the provision of humanitarian air services.
 - Revision 05, approved by the Executive Director and the Director-General of FAO in August 2021, increased the budget by USD 524,939,455 to expand emergency response, resilience building and nutrition activities to prevent a deterioration of food security levels in Afghanistan while supporting longer-term recovery and resilience to climate shocks.
 - Revision 06, approved by the Executive Director in February 2022, increased the budget by USD 4,480,158,301 to allow WFP to cater for drastically increased food needs following the Taliban takeover and subsequent economic collapse.

Strategic outcomes

8. Under Strategic Outcome 6, the Activity 7 and Output 11 statements will be modified as follows:
- a) *ACTIVITY 7: Provide common **beneficiary identity management services, pass-through Cash Transfer Services**, supply chain, ICT, facilities and information management and provision services to partners to run effective field operations (activity category 10; modality: service delivery)*
 - b) *OUTPUT 11: Vulnerable people receive timely and effective assistance as a result of common **beneficiary identity management services, pass-through Cash Transfer Services**, supply chain, information and communications technology (ICT), facilities and information management services provided by WFP to its partners*
9. WFP will deliver cash transfer services to United Nations agencies and NGOs. WFP will allow partners to transfer funds to beneficiaries using WFP's financial systems, platforms and established contracts. Pass-through cash transfer services will be provided for client agencies through FSPs contracted by WFP. WFP will act as the administrator, managing the relationship with the FSPs.

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10. WFP and partners will adopt most suitable cash-based services and transfer mechanisms, based on WFP's and FSP's capacities, as well as beneficiaries' preferences.
 11. The number of beneficiaries and beneficiary targeting criteria will be determined by the respective United Nations agencies and NGOs. The client agency will be responsible for the implementation, reporting, monitoring and evaluation of cash-based programmes.
 12. A system for safe data sharing and storage between client agencies, WFP and FSPs has been put in place. Adequate beneficiary verification and authentication systems have been developed. Standard operating procedures will articulate roles and responsibilities of WFP, the client agency and FSPs.
 13. Client agencies will be responsible to ensure operations meet protection standards for all (including women, people living with disability and other marginalized groups) and do not expose beneficiaries to security and safety risks, and that adequate systems for accountability to affected populations are in place, especially for women and girls.
 14. A multi-sectoral WFP team oversees CBT operations in Afghanistan. This team, together with a dedicated inter-agency officer and cash service officer, will be responsible for coordinating with partner agencies and ensure the effective delivery of services.
 15. A series of risks and mitigation measures are identified:
 - Operational Risks:
 1. WFP might be associated with the provided services, even when these are delivered by other United Nations agencies or NGOs. This could represent a reputational risk and affect WFP relationship with community members and authorities should the services be below standards. Moreover, having different cash transfers mechanisms in the same environment could affect community dynamics. Community outreach strategies will be put in place to adequately communicate around the different operations being implemented.
 2. Cash has become scarce in Afghanistan. To mitigate potential risks caused by a liquidity crisis, WFP has diversified its cash-based transfers portfolio, which includes digital transfers (e-money), cash in hand, value vouchers and commodity vouchers. Moreover, WFP has contracted a wide range of FSP and suppliers in the country. This variety of services will be made available to partners, reducing the change of depending on only one payment mechanism or service provider.
 - Fiduciary Risk: To mitigate this risk of fraud, WFP will ensure independent verification of all transfers, separation of roles and adherence to internal control systems.

Beneficiary analysis

No adjustments are expected with respect to beneficiary counting, as beneficiaries of pass-through cash transfer programs will not be counted as WFP beneficiaries.

Food type / cash-based transfer	Current Budget		Increase		Revised Budget	
	Total (mt)	Total (USD)	Total (mt)	Total (USD)	Total (mt)	Total (USD)
Cereals	3,346,615	1,693,096,021	0	0	3,346,615	1,693,096,021
Pulses	433,245	270,710,856	0	0	433,245	270,710,856
Oil and Fats	350,856	486,109,798	0	0	350,856	486,109,798
Mixed and blended foods	345,062	457,760,132	0	0	345,062	457,760,132
Other	36,911	7,245,769	0	0	36,911	7,245,769
TOTAL (food)	4,512,688	2,914,922,576	0	0	4,512,688	2,914,922,576
Cash-Based Transfers (USD)		980,256,301		0		980,256,301
TOTAL (food and CBT value – USD)	4,512,688	3,895,178,877	0	0	4,512,688	3,895,178,877

10. COST BREAKDOWN

	Strategic Result 1 / SDG Target 2.1	Strategic Result 1 / SDG Target 2.1	Strategic Result 2 / SDG Target 2.2	Strategic Result 4 / SDG Target 2.4	Strategic Result 6 / SDG Target 17.14	Strategic Result 8 / SDG Target 17.16	TOTAL
Strategic outcome	01	02	03	04	05	06	
Focus Area	Crisis Response	Resilience Building	Resilience Building	Resilience Building	Resilience Building	Crisis Response	
Transfer	0	0	0	0	0	9,289,582	9,289,582
Implementation	0	0	0	0	0	89,754	89,754
Direct support costs							0
Subtotal							9,379,336
Indirect support costs							- 15,478
TOTAL							9,363,858

OVERALL CSP COST BREAKDOWN, FOLLOWING THE REVISION (USD)

	Strategic Result 1 / SDG Target 2.1	Strategic Result 1 / SDG Target 2.1	Strategic Result 2 / SDG Target 2.2	Strategic Result 4 / SDG Target 2.4	Strategic Result 6 / SDG Target 17.14	Strategic Result 8 / SDG Target 17.16	TOTAL
Strategic outcome	01	02	03	04	05	06	
Focus Area	Crisis Response	Resilience Building	Resilience Building	Resilience Building	Resilience Building	Crisis Response	
Transfer	4,318,128,631	347,715,796	306,534,740	39,993,799	4 496 435	236,061,120	5,252,930,522
Implementation	149,150,923	26,256,362	34,110,123	9,024,967	1,327,015	14,173,804	234,043,195
Direct support costs	146,528,330	18,310,892	18,323,859	3,133,210	428,626	10,682,116	197,407,033
Subtotal	4,613,807,884	392,283,051	358,968,722	52,151,975	6,252,076	260,917,041	5,684,380,749
Indirect support costs	299,897,512	25,498,398	23,332,967	3,389,878	406,385	14,961,974	367,487,115
TOTAL	4,913,705,397	417,781,449	382,301,688	55,541,854	6,658,461	275,879,015	6,051,867,864