

BUDGET REVISION 2 TO EMERGENCY OPERATION HAITI

HAITI EMOP 200110 “Food Assistance to Earthquake-affected Populations in Haiti”

	Cost (United States dollars)		
	Present budget	Increase/Decrease	Revised budget
Food cost	247,613,995	15,455,885	263,069,880
External transport	42,170,083	(7,117,453)	35,052,630
LTSH	47,372,838	(8,338,932)	39,033,907
ODOC	35,955,242		35,955,242
DSC	71,083,485		71,083,485
ISC (7%)	31,093,695	(35)	31,093,660
Total cost to WFP	475,289,338	(535)	475,288,804

NATURE OF THE REVISION

1. A budget revision to emergency operation (EMOP) 200110 “Food Assistance to Earthquake-affected Populations in Haiti” is proposed to process the budgetary adjustments required for conditional cash transfers in support of temporary employment activities. In order to allow for the programming of conditional cash transfers, commodities and their related transport costs will be de-earmarked. Therefore, this budget revision is proposed to:
 - increase the value of cash transfer programming for US\$46,620,000 which represents the cash portion of temporary employment activities (cash/food-for-work) benefiting an average of 70,000 participants (350,000 beneficiaries); and
 - reduce the food commodities by 46,568 mt, together with the related external transport, landside transport, storage and handling (LTSH) budget lines, in proportion to the budget to be programmed for cash transfers.
2. This budget revision does not affect the total number of beneficiaries eligible for support under the EMOP.

JUSTIFICATION FOR REVISION

Summary of existing EMOP activities

1. The Haiti EMOP 200110 was originally approved on 15 January 2010 for an initial six months of assistance for up to two million people affected by the devastating earthquake, which shook Haiti on 12 January 2010.
2. The EMOP was then revised on 19 February 2010 (budget revision 1) in order to extend the operation until 31 December 2010 to support two million earthquake-affected, vulnerable and food insecure beneficiaries in urban and rural areas, including activities to ensure that food assistance is tailored to best meet the nutritional needs of particularly vulnerable young

children and pregnant and lactating mothers. The first budget revision provided for an additional 171,542 mt of food at a total cost of US\$229 million.

3. The conditional cash transfers were intended to be included in the first budget revision. However, as negotiations with the Government and partners were still under way, the cash modality was not included as a specific component of the budget. The following activities were undertaken or are ongoing under the EMOP:
4. *General Food Distribution* - In the immediate aftermath of the earthquake, general food distribution (GFD) took place throughout Port-au-Prince to the most-affected populations. After the initial surge operations in January and February, GFD targeted the most vulnerable populations (handicapped, women, children, elderly) directly affected by the earthquake, including populations living in camps or close to their destroyed homes in the greater Port-au-Prince. The GFD caseload was based on the beneficiary lists established by Steering Committees composed of Government officials, mayors, representatives of the civil society, and non-governmental organizations (NGOs). In March and April, GFD reached 1.9 million beneficiaries with rice, beans, corn-soya blend (CSB), vegetable oil and salt. According to distribution monitoring, 70 percent of the beneficiaries were women. An additional 0.5 million people were reached in areas outside Port-au-Prince: earthquake affected populations, influx of internally displaced persons (IDPs) from Port-au-Prince, and host families.
5. *Supplementary Feeding* - The first phase was a blanket supplementary feeding (BSF) targeted to children 6-59 months and pregnant and lactating women for the camp-based population within Port-au-Prince, which reached 88,000 beneficiaries (Supplementary Plumpy™¹ and high-energy biscuits). The second phase is a three-month BSF activity that started in early April, targeting the camp-based populations in Port-au-Prince and throughout the country: BSF is carried out in populations which have been particularly affected by a massive influx of IDPs. Children 6-35 months receive Supplementary Plumpy™ while children 36-59 months and pregnant and lactating women receive a CSB-oil-sugar supplementary ration. Over 300,000 beneficiaries have been reached to date, mostly in the Port-au-Prince area.
6. *Institutional Feeding* - Orphanages: The United Nations Children's Fund (UNICEF), in collaboration with the government child protection structure, has assessed 200 orphanages requiring food, comprising about 20,000 orphans, of which 85 percent are in Port-au-Prince. Blanket general food rations and supplementary rations are being distributed to the orphanages. WFP will gradually phase-out in close coordination with UNICEF. It is planned to gradually integrate those orphanages with education facilities into the school feeding programme while those with malnourished children will benefit from nutrition interventions.
7. Hospitals: Hospital requests are channelled and verified by the World Health Organization (WHO), which holds the health cluster lead. The planning figure is 100,000 beneficiaries. The assistance to hospitals will continue as long as the Government's financial capacity is unable to provide for the food.
8. *Meals for School-Age Children* - WFP started meals for school-age children the last week of February with five NGOs. The programme is gradually scaling-up – with already 548,000 children reached to date – aiming to reach at least 800,000 children all over the country. WFP and partners are using the School Feeding Network already in place as an emergency safety net for children affected by the earthquake (including IDPs in different provinces), adding additional schools where necessary.

¹ Supplementary Plumpy™ is a ready-to-use supplementary food developed for children with moderate malnutrition. It is similar to Plumpy'Nut®.

Conclusion and recommendation of the re-assessment

9. According to the Emergency Food Security Assessment (EFSA) of February 2010, an estimated 376,000 families remain food insecure in the areas of the country affected by the 12 January earthquake. The key recommendations from the EFSA are as follows:
 - Implement a cash/food-for-work (C/FFW) programme or a combination of food and cash programmes, depending on the market capacities. Cash-based programmes should be implemented once the market is deemed able to bear the increased load, in order to provide income to households.
 - Improve diet diversity and increase activities of petty traders through cash or vouchers for fresh food distributions.
 - Support agricultural activities through the recapitalization of the agriculturalists, including seeds, tools, and introduction of improved sustainable agricultural techniques. This could be done through *les konbits et eskwads* (work associations).
 - Implement blanket supplementary feeding of young children in the most vulnerable areas to prevent the further increase in malnutrition levels, focusing particularly on those in the camps and among the displaced.
 - Increase targeted supplementary feeding of children with moderate acute malnutrition to prevent deterioration of their nutritional status, not only in the directly affected zones but also in other areas, particularly those hosting IDP populations.
 - Support school recovery-related projects.
10. The Post Disaster Needs Assessment (PDNA), issued in March 2010, outlines the principal messages for the re-construction of Haiti, including the need to:
 - Provide for the well being, nutrition, and care of Haiti's children, and early access to schooling, and regard access to basic services as a pillar of the humanitarian and reconstruction efforts for the recovery and economic growth in Haiti.
 - Put in place an active employment policy based on micro-businesses, strengthening vocational training, particularly for young people, incorporating and implementing the principles of the 'highly labour intensive' approach, and bringing together Haitian entrepreneurs, the local workforce, and the communities.
 - Relieve congestion in the Port-au-Prince metropolitan area by putting in place incentives for settling the population around growth hubs.
11. As per the PDNA, the government plans to reduce food insecurity and prevent malnutrition, including by introducing safety-net programmes targeting households suffering from food insecurity in areas affected by the earthquake. In the medium and long term, the strategy will involve guaranteeing access to a regular food supply for the rural population, primarily by increasing support for small producers. Furthermore, existing nutritional deficiencies in urban and rural areas and the nutritional needs of vulnerable groups (children, pregnant and lactating women, etc.) will be addressed through school-based food programmes and conditional payments. The programme will further include measures to reconstruct buildings and to recover and redeploy human capital, which has been affected by the earthquake.
12. The temporary employment schemes supported by C/FFW, and other activities in this budget revision, are designed based on the recommendations and government priorities outlined in the PDNA and the EFSA and in negotiation with government counterparts.

Purpose of Revision

13. WFP intends to process the budgetary adjustments required for the implementation of temporary employment schemes supported by a combination of cash and food transfers, using the C/FFW modality. The option for cash transfers was included in the budget revision approved in February. Hence, the overall planned beneficiaries and requirements are not being modified. In order to allow for the programming of conditional cash transfers in support of temporary employment schemes, 46,568 mt of food commodities and their related transport costs are being reduced (“de-earmarked”) from the budget plan.
14. The following adjustments will be made to commodities and transport costs in order to increase the budget for cash transfer programming:
 - De-earmark 26,838 mt (cereals, oil, pulses) of commodities representing the decrease in FFW commodities due to the addition of a cash component.
 - De-earmark 19,730 mt of commodities (sugar, salt, oil, beans) which were originally planned for GFD/FFW activities but not included in the current operational plans.
 - Decrease the external transport, landside transport, storage and handling (LTSH) budget lines for the costs related to the 46,568 mt.
15. For this budget revision, there are no additional direct support costs (DSC) nor other direct operational costs (ODOC). These budget lines remain as for the previous estimates for the overall EMOP: DSC and ODOC is re-allocated to cover the cash transfer activities to ensure that the country office management will have adequate capacity to support the planning, execution and monitoring of the cash transfer activities. If adjustments to DSC or ODOC become necessary during implementation, a further budget revision for DSC and ODOC will be undertaken.
16. The overall goal of this operation, as originally defined, is in line with WFP Strategic Objective 1 “save lives and protect livelihoods in emergencies”. Through a previous budget revision, the EMOP also supports WFP Strategic Objective 3 “restore and rebuild lives and livelihoods in post-disaster situations”. The geographical scope of WFP’s intervention will focus on the urban and rural areas impacted by the quake and the rural areas facing an influx of IDPs.
17. The primary programmatic change introduced through this budget revision is the reformulation of FFW into temporary employment schemes supported by a combination of conditional cash and food transfers using the C/FFW modality. Government of Haiti has requested WFP to move from GFD to job creation activities in urban and rural areas in order to support the growth of the economy while still meeting the needs of the vulnerable population. In order to ensure access to minimum requirement of staple food for the most vulnerable part of the earthquake-affected population and inject cash in commercial networks to revive the national economy, it was agreed with the Government to implement these activities through a combined food-and-cash transfer linked with temporary employment. WFP has previous experience in C/FFW activities in Haiti undertaken in partnership with the International Labour Organization (ILO) and the United Nations Development Programme (UNDP).
18. The activity aims to benefit an average of 70,000 participants or 350,000 beneficiaries during a period of nine months, scaling up the activities prior to the lean season and continuing through the end of the year. The total number of beneficiaries may be higher depending on the

duration of the temporary employment schemes taking into account that participants will be rotated in and out of the temporary employment schemes.

19. In the initial stage, temporary employment schemes will be low-risk/low-technology projects, including debris and drainage clearance to mitigate flooding during the rainy season, and agriculture support activities such as irrigation canal repair and clearance of rural feeder roads. Once partner capacity has been assessed and the WFP country office structure reinforced, projects will become more technical and linked to integrated watershed management approaches. These projects, planned with the government, partner United Nations agencies, including the Food and Agriculture Organization (FAO) and the International Fund for Agricultural Development (IFAD) and NGOs, represent the early recovery and resilience-building strategy of WFP programming. Projects will be targeted to the most food-insecure areas, or where the earthquake has disrupted livelihoods. They will be aligned with seasonal and livelihood calendars to complement the agricultural sector.
20. Other EMOP activities are also adjusted as follows:
 21. *General Food Distribution* - GFD is being phased out as the temporary employment schemes are scaled up. GFD will be used to (i) target the most vulnerable populations not covered by other planned activities, (ii) as the initial ration for beneficiaries relocated to new camps or moving outside Port-au-Prince, (iii) address other emergency needs that may arise, for instance in relation to the hurricane season or other shocks.
 22. *Supplementary Feeding* – Upon the completion of the second BSF cycle (see paragraph 5), starting in June 2010, blanket micronutrient support will be provided to the same beneficiary groups for a four-month period, starting in June 2010. The target is to reach more than 500,000 people - children under 5 and pregnant and lactating women - with the BSF. These planning figures have been agreed upon by the Nutrition Cluster and are based on updated earthquake affected population figures. Children 6-35 months will receive Plumpy'Doz² and children 36-59 months and pregnant and lactating women will receive micronutrient powders. Based on the results of a UNICEF Standardized Monitoring and Assessment of Relief and Transitions (SMART) survey, WFP will further target supplementary feeding interventions from October 2010, if the nutrition situation has stabilized.
 23. Simultaneously, WFP is reinstating the supplementary feeding programmes (SFP) to treat children with moderate acute malnutrition in areas throughout the country not included in the BSF. This programme will target 75,000 moderately malnourished children under 5 (Supplementary PlumpyTM) and 50,000 malnourished pregnant and lactating women (CSB-oil-sugar).
 24. *Meals for School-Age Children* - As schools re-open, WFP will integrate the current meals for school-age children into the formal school feeding programme. WFP is targeting 800,000 school children through school meals (as per budget revision 1).

² Plumpy'Doz[®] is a ready-to-use supplementary food that can be used in supplementary feeding programmes where the goals are to increase children's weight, prevent illness, and promote growth and development.

Table 1. Beneficiaries by Activity Type*			
Activity	Beneficiaries		
	Present	Increase	Revised
Mobile distributions (HDR/MRE)	700,000	-	700,000
GFD /FFW/CFW	2,000,000	-	2,000,000
Treatment SFP – children aged 6-59 months	159,000	-	159,000
Preventive SFP – children aged 6-23 months	200,000	200,000	400,000
Treatment SFP – pregnant and lactating women	-	160,000	160,000
Micronutrient supplementation – children aged 24-59 months	88,000	312,000	400,000
Micronutrient supplementation – pregnant/lactating women	120,000	-	120,000
School feeding	800,000	-	800,000
Total (excluding overlap)	2,000,000	-	2,000,000

*The number of beneficiaries under the school feeding and nutritional activities has been estimated applying ratios of Haitian demographic and nutritional data on the beneficiary planning figures. The total number of beneficiaries has been adjusted to avoid double counting of beneficiaries targeted under GFD/FFW/CFW and nutrition activities or school feeding. Beneficiaries targeted under the nutrition activities will also be assisted through GFD/FFW/CFW.

25. Targeting for temporary employment schemes - Based on the WFP Vulnerability Analysis and Mapping (VAM) and the 2010 Emergency Food Security Assessments (EFSA), targeting will include geographic and household criteria as follows:

Geographic targeting:

- Rural areas that have been directly impacted by the earthquake (physical damage/destruction), that are food insecure and have received a large influx of IDPs, and areas that are at high risk to natural disasters.
- Urban areas that have been directly impacted by the earthquake (physical damage/destruction) and areas with high IDP populations.

Household targeting:

Food-insecure households, with a special focus on households headed by women, including households that:

- are dependent on irregular and/or seasonal low wage income including agricultural-labourers and casual workers;
- have had their homes partially or completely destroyed;
- lost their livelihood assets as a result of earthquake;
- have a high dependence ratio (many children, handicapped etc.);
- are not a member of any other major food and/or cash assistance programme.

26. Ration and cash transfer design - Wages for temporary employment schemes will be paid in cash, food or a combination of food and cash. The combination of food/cash will be context specific taking into account beneficiary preferences, food availability in the local markets, physical access of beneficiaries to markets, availability of financial institutions for cash wage payments, and available partner capacity.

27. As part of its recovery strategy, the Haitian Government has raised the minimum wage for unskilled labour to 200 Haitian gourde (HTG) (approximately US\$5³) a day for a six-hour working day. All assistance agencies are required to comply with the minimum wage level for employment and temporary employment activities. The design of the ration is based on the 200 HTG minimum wage and on the household food consumption score (CFSVA 2008) results. The proposed food/cash ration (25 kg of rice, 6 kg of pulses and 3.7 kg of oil) covers approximately 50 percent of the monthly food needs of an average family of 5. The cash equivalent represents 40 percent of the minimum wage (80 HTG or 2 US\$). The cash component (120 HTG or 3 US\$) should cover food expenditures for the remaining food needs, including the purchase of prepared food from small vendors in urban areas as well as complementary fruits and vegetables in both the cities and the countryside, helping to stimulate market forces. The country office will verify that assumption through regular post-distribution monitoring (PDM) visits to beneficiaries and could readjust the food/cash proportion depending on the findings.

28. The rations and cash portion to be utilized for temporary employment schemes are as follows:

Table 2. TEMPORARY EMPLOYMENT WAGES			
	Food For Work	Food + Cash for Work	Cash for Work
Commodities (kg)	24 workdays	24 workdays	24 workdays
Cereals*	60	25	0
Beans	10	6	0
Oil	7.4	3.7	0
Cash (HTG)	0	2800	4800

*Cereals may include rice and /or corn meal

The food ration has been designed based on the food habits of the Haitian population. Furthermore, VAM market assessments and Famine Early Warning System Network (FEWSNET) continue to show an increased price for beans on the local market, hence the decision to include beans in the food basket initially, although the food basket items will be regularly reviewed to avoid any disincentives on production.

29. Implementation of temporary employment activities - Based on assessments review and as a guiding principle, WFP recommends the following strategy for urban and rural areas:

- Urban areas (Port-au-Prince, Jacmel, Gonaives, etc.): Activities will focus on debris clearing and drainage cleaning. Alternative labour opportunities will include the building of assets in the new IDP camps in order to increase the economic livelihoods of the IDPs.
- Rural areas (food-insecure areas including IDP influx areas): Activities will consist of rehabilitation of drainage and irrigation infrastructures, ravine treatment, rehabilitation of access roads, erosion control and reforestation schemes. During the peak season of agricultural activities (planting, harvest) working days will be planned in a manner that limits distortion on labour markets.

³ The exchange rate is of US\$1 = 40 HTG

30. Beneficiaries of each project will be grouped in teams of 20 labourers. For 24 days of work, labourers will receive 2800HTG (US\$70) on top of the food ration, which is valued at 2000 HTG (US\$50). Each group will have a group leader who will be paid 5200HTG (US\$130) on top of the standard food ration. A site supervisor, supervising five groups, will receive 6400HTG (US\$160) on top of the standard food ration. The average wage for all categories will be US\$74. Each team will be assigned to a clear daily and bi-weekly output, only upon completion of which they will receive their pay. Every participant would be offered a minimum of 36 days of work during the implementation of a project. In order to meet the beneficiaries' needs timely, the wages will be paid every two weeks, within a maximum of three days after completion of 12 working days.
31. While the actual implementation of activities will be a combination of food only, cash only, and combined cash and food, for budgeting purposes, the overall value of the cash portion of the temporary employment project budget has been calculated based on the "cash and food" combined option presented in Table 2. The overall cash/food requirements are estimated below:

Table 3. Value of the conditional transfer component

Type of temporary employment activities	Number of participants (average)	Number of months	Monthly wages (24 days of work)		Resource requirements	
			Cash* (US\$)	Food (kg)	Cash (US\$)	Food (MT)
Low tech/low risk	70 000	3	74	34.8	15,540,000	7,308
Sustainable	70 000	6	74	34.8	31,080,000	14,616
TOTAL	70 000	9	74	34.8	46,620,000	21,924

*There are different wage rates for labourers, group leaders and supervisors; this reflects the average.

32. International/national NGOs and Community Associations will be WFP's implementing partners. It is foreseen that most projects will be limited to under US\$150,000. Projects above this ceiling will be approved only based on a partner capacity assessment and a proven track record of successfully implementing large-scale projects. WFP will also partner with other United Nations agencies, namely UNDP, Food and Agriculture Organization of the United Nations (FAO), ILO, and United Nations Environmental Programme (UNEP).
33. Cash Transfer Modalities - In urban and adjacent areas, Haiti's largest commercial bank, Sogebank, will be contracted for wage payments. Sogebank currently has 27 branches in service (after the earthquake) which fourteen are located in the Port-au-Prince metropolitan area. The bank offers a cell phone-based payment system, through which targeted beneficiaries will receive a bank-generated pin code along with the name of the branch on their cell phones. Upon presentation of the pin code at the bank the beneficiary can collect the entitled money.
34. In rural areas, Caribbean Air Mail (CAM), the largest remittance company operating in Haiti, will be contracted for payment services. This company has over 200 branches and agents where beneficiaries will be able to collect their money. In remote areas, CAM, in addition to pick-up services, offers mobile payment /site delivery through its 600 messengers (money couriers).

35. In areas, where CAM will not be able to offer their service, Fonkoze, the largest micro-finance institution in Haiti ('Haiti's Alternative Bank for the Organized Poor') will be contracted by WFP. This institution serves more than 55,000 women borrowers, most of whom live and work in the countryside, and more than 175,000 savers. With its network of 37 branches it covers every region of Haiti and offers a full range of financial services to the rural-based poor.
36. For the three options above, the contractual agreement with the financial entity will either be made by the Cooperating Partner (CP) or directly by WFP - depending on the CP capacity and reliability.
37. Only in exceptional circumstances, when no banking services are available in the project areas, payments will be made directly to participants by CP. Cash disbursement will be carried out by the CP finance staff, and designated CP staff (or a security company). As direct cash payments may create risks for security or misappropriation, the CP will conduct a risk assessment in the project areas before conducting cash payments. This assessment will define the appropriate measures in order to mitigate misappropriation risks and ensure that their staff members and project beneficiaries do not face unnecessary security risk.
38. Payments for participants will be based on attendance and output verification and measurement. Verification would include a visual and on-site check by the CP documented by 'before/after' photographs. Those photographs will be required for all C/FFW projects. Photographs of at least 10 percent of projects randomly selected by the Cash/FFW unit at sub-office/country office level should be submitted by CP to the sub-office. The sub-office and country office will undertake random monitoring visits to projects to verify their implementation status.
39. A detailed protocol for performing cash transfers is being prepared based on the modalities listed above. Improvements and alternative delivery systems will continue to be examined for use in cash transfers.
40. Monitoring and Evaluation – These are key components of all WFP projects in Haiti. The temporary employment projects will be incorporated in the country office monitoring system. In addition, the country office will review the capacity and structure of the monitoring system to ensure that it is able to monitor the high quality standards required for these projects, and mitigate financial risks. The country office will increase the structure and capacity of the office and sub-offices as necessary. The country office will seek technical cooperation partnerships with the other agencies in order to increase its capacity (staffing, training) in terms of project review and technical monitoring on projects execution.
41. Risk Analysis - The Haiti country office has conducted macro (national/sub-national level) and micro (project specific) risk analysis for the temporary employment projects. Identified risks are similar to those associated with food transfers, but may be higher in the short term given that WFP in Haiti is implementing cash transfers for the first time. Therefore, measures aimed at ensuring that those risks are minimized and manageable will be put in place before commencing project implementation.

42. This budget revision for EMOP “Food Assistance to Earthquake Affected Populations in Haiti” in order to incorporate the conditional cash transfers is recommended for approval within the budget in Annex 1.

Approved by:

Josette Sheeran
Executive Director, WFP

Jacques Diouf
Director-General, FAO

Date:

Date:

ANNEX I: BUDGET INCREASE/DECREASE COST BREAKDOWN

Commodity Related Portion			Cash & Voucher Transfer	Total Increase/Decrease
COSTS	Tonnage (mt)	Value (US\$)	Value (US\$)	Value (US\$)
Commodity / Cash & voucher				
Cereals ⁴	(22,050)	(9,147,607)		(9,147,607)
Pulses	(6,180)	(5,739,242)		(5,739,242)
Oil and Fats	(5,638)	(6,601,816)		(6,601,816)
Mixed and Blended Food	-			
Others	(12,700)	(9,675,450)		(9,675,450)
Cash Transfer to beneficiaries			46,620,000	46,620,000
Voucher Transfer to beneficiaries				
Total commodity / Cash & voucher	(46,568)	(31,164,115)	46,620,000	15,455,885
External transport				
		(7,117,453)		(7,117,453)
LTSH				
		(8,338,932)		(8,338,932)
ODOC (Other direct operational costs)				
		(11,997,873)	11,997,873	-
DSC (Direct support costs)⁵ (see table below for details)				
		(64,686,308)	64,686,308	-
Total WFP direct costs				
		(123,304,681)	123,304,181	(500)
Indirect support costs (7%)⁶				
		(8,631,328)	8,631,293	(35)
TOTAL WFP COSTS				
				(535)

⁴ This is a notional food basket for budgeting and approval. The contents may vary.

⁵ Indicative figure for information purposes. The direct support costs allotment is reviewed annually.

⁶ The indirect support cost rate may be amended by the Board during the project.