

**Country & Project No.: PRRO-LAO-10566.0
B/R No.: 903**

BUDGET REVISION FOR THE APPROVAL OF REGIONAL DIRECTOR

	<u>Initials</u>	<u>In Date</u>	<u>Out Date</u>	<u>Reason For Delay</u>
<u>ORIGINATOR</u>				
Country Office or Regional Bureau on behalf of Country Office
<u>CLEARANCE</u>				
Programme Officer, OMXP
Chief, OMXP
Chief, OMLT (change in LTSH and/or External Transport)
Director, FLB
<u>APPROVAL</u>				
<input checked="" type="checkbox"/> Regional Director

PROJECT: PRRO-LAO 10566.0 "Assistance to Food Insecure Household"			
	Previous Budget	Revision	New Budget
Food cost	US\$ 3,922,851	2,364,954	6,287,806
External transport	US\$ 903,991	-19,318	884,673
LTSH	US\$ 1,598,846	721,362	2,320,208
ODOC	US\$ 404,864	54,683	459,547
DSC	US\$ 1,018,630	443,390	1,462,020
ISC (7%)	US\$ 549,443	249,555	798,998
Total WFP cost (US\$)	US\$ 8,398,625	3,814,626	12,213,251

<u>TYPE OF REVISION</u>			
<input checked="" type="checkbox"/> Additional commodity	<input checked="" type="checkbox"/> Additional DSC	<input checked="" type="checkbox"/> Additional ODOC	<input checked="" type="checkbox"/> Additional LTSH
<input checked="" type="checkbox"/> Decrease external transport	<input checked="" type="checkbox"/> Extension in time	<input type="checkbox"/> Other	

<u>NATURE OF</u>	
<ul style="list-style-type: none"> ▪ Extension in time for 9 months (31 March 2009 to 31 December 2009) ▪ Additional commodity (4,283MT) ▪ Additional LTSH ▪ Additional ODOC ▪ Additional DSC ▪ Decrease external transport 	
<u>JUSTIFICATION FOR THE REVISION:</u>	

<u>DISTRIBUTION:</u>		
DED, COO, OM	Director, OMX	Chief, OMXD
Deputy COO	Chief, OMXP	Regional Director
Chief, OMLL	Chief, OMXR	RB Programme Advisor
Country Director	Programme Officer, OMXP	RB Programme Assistant
OM Registry	Programming Assistant, OMXP	RB Chrono
REG	FLB	Liaison Officer, OMB

In August 2008 widespread and heavy flooding affected about 200,000 people across the country. A UN Joint Rapid Assessment mission was co-lead by WFP and UNICEF and the report released in September. The assessment concluded that increases in food prices have already strained household coping strategies, and access to food by many households is limited. The loss of crops, livestock and other sources of livelihood due to floods has further worsened household food security. While relief operations are necessary to stave off hunger during the immediate aftermath of the floods, rehabilitation of livelihoods and enabling households to resume their productive activities are of paramount importance to ensure food security and avoid destitution. Through this BR, WFP will provide flood affected people with relief assistance over the next 3 months and longer term food for work assistance until the next harvest in November 09.

Due to a limited balance of commitment in the PRRO, an IR EMOP was launched in August 08 to ensure adequate resources for an immediate response. Whereas the IR EMOP is being used to kick start the operation, most of the assistance will be channeled through the current PRRO using WFP's existing implementation structures and partnership with the Government. A flood response of this magnitude was not anticipated in the PRRO and additional resources and time are needed to meet these new needs, which are part of the UN Joint Appeal.

Simultaneously with the flood response, WFP also aims to fulfill its existing commitments under the PRRO. The operation is set up to respond to and mitigate the effects of shocks caused by natural disasters, such as localized droughts and pest infestations, as well as policy-induced shocks such as resettlement and the ban on shifting cultivation. Extending the current PRRO until December 2009 will provide WFP with sufficient resources to meet new relief needs and complete one more food for work cycle.

A number of significant changes in the economic environment over the past few years are impacting people's food security in Laos: these include loss of agricultural land to private concessions, people transitioning from subsistence to commercial agriculture, large hydropower and mining investments and increases in food prices. During the extension, reviews and evaluations will be conducted to ensure WFP is adequately responding to these new vulnerabilities and such review-evaluations will also help shape the next iteration of this operation starting in 2010.

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