

## BUDGET REVISION TO PROTRACTED RELIEF AND RECOVERY OPERATION

### BUDGET REVISION NO. 10

#### Assistance to Food Insecure Households Affected by Multiple Livelihood Shocks – Laos PRRO 10566.0

Cost (United States dollars)			
	Present budget	Increase	Revised budget
Food cost	12,891,486.94	2,691,209.02	15,582,695.96
External transport	893,282.59	531,360.00	1,424,642.59
LTSH	3,802,783.99	631,449.56	4,434,233.55
ODOC	777,520.30	119,246.00	896,766.30
DSC	2,908,659.50	430,960.00	3,339,619.50
ISC (7%)	1,489,161.33	308,295.72	1,797,457.05
<b>Total cost to WFP</b>	<b>22,762,894.65</b>	<b>4, 712,520.30</b>	<b>27,475,414.95</b>

#### NATURE OF THE INCREASE

1. A budget revision is proposed to Laos PRRO 10566.0 to:
  - i) Extend-in-time the PRRO from July to October 2010;
  - ii) Provide an additional 5,444 mt of rice, valued at approximately US\$ 2.7 million;
  - iii) Provide additional associated costs (External transport, LTSH, ODOC, DSC) of US\$ 1,1713, 015 and indirect support costs of US\$ 308,295.
2. The 4-month extension-in-time and budget increase of the PRRO are required to ensure a continuation of relief and related recovery support to food-insecure families affected by recent natural disasters.

#### JUSTIFICATION FOR EXTENSION-IN-TIME AND/OR BUDGET INCREASE

##### Summary of existing project activities

3. The main objectives of the PRRO are to improve household food security, provide relief food distributions and build the livelihood assets of vulnerable and food-insecure communities. These objectives are achieved through two

types of interventions: 1) the provision of relief assistance during the most critical times and; 2) the creation of physical and human assets through food for work (FFW).

4. The PRRO also included an HIV/AIDS component. However, WFP food support for this group was phased out at the end of 2009.
5. Over the last two years, relief needs resulting from natural disasters have increased sharply. In 2009, over 75 percent of PRRO resources were allocated to relief activities following natural disasters. In 2010, both relief food and the FFW directly linked to natural disasters is expected to further increase, with relief representing 94 percent of gross requirements from July to October 2010.

### **Conclusions and recommendations of the re-assessment**

6. In 2009, WFP conducted an Emergency Food Security Assessment (EFSA) in the northern provinces immediately after the harvest in order to determine the longer-term impact of the 2008/9 rodent infestation and other shocks on the general food security situation. The assessment found that levels of food insecurity remained a significant concern: 13 percent of the population had 'poor' food consumption and 16 percent were in the 'borderline' category. The assessment concluded that food security would further deteriorate if food stocks are depleted or if new shocks occur.
7. As early as January 2010, WFP started to receive new relief requests from the northern provinces. In response, a Follow-up Rapid Assessment was conducted from 7 to 20 February 2010 to verify the situation and the extent of needs. The assessment confirmed the compounded effects of mainly rodent infestations and drought conditions, which had adversely affected the food security of the most vulnerable people. Changes in coping strategies were also observed including an increased consumption of less preferred foods, such as cassava and to a lesser extent maize. Women reported reducing the frequency of meals to have sufficient food to feed their children. While these are common coping mechanisms during the lean season, which runs from July to October, there is concern that these strategies were already adopted at the time of the assessment.
8. According to the Government requests a total of 70,000 beneficiaries were in need of food assistance in the northern provinces. Further assessment by WFP confirmed a much smaller overall number of people in need of assistance, and consequently WFP plans to support a reduced number of 38,000 people in the northern provinces. In the northern Bokeo province, the rapid assessment could visit only a small number of villages and hence the initial figures of beneficiaries in these areas were further revised; the initial reported number of affected people by the Government was 29,580, the initial rapid assessment recommendations was for 4,720 people (based on the reduced number of

villages visited) and the revised number proposed for future assistance is 19,580, taking into account the findings of the November 2009 EFSA.

9. In 2009, the southern provinces of Laos were hit by Typhoon Ketsana. WFP immediately embarked on a relief programme in line with the recommendations of the UN Joint Assessment of Impact and Needs (October 2009). The assessment recommended that levels of relief assistance be reduced over time as people regained or rebuilt their livelihoods. While WFP and its partners reduced support after the first three months of assistance, new data from WFP field offices, INGO and government partners indicate that further reductions of assistance are not warranted as needs remain high.
10. A further rapid assessment was undertaken from 7 to 17 March 2010 in the southern provinces to verify the food security situation and estimate needs. The assessment found that household coping mechanisms were overstretched, while needs had increased due to drought conditions. The assessment also found that the composition and size of meals had been adversely affected as had the overall frequency of meals. Distress or extreme coping strategies were observed, with girls as young as 12 and 13 sent to work on coffee and tea plantations or rubber plantations in other provinces and children taken out of school to reduce household expenditure on education and to have more hands available for casual labor and to gather remnants of ordinance (UXOs) to sell for scrap as a source of cash income. The assessment recommended that the assistance be maintained at the same level of 98,000 people (including those assisted through relief and food for work) as in January and February 2010.
11. With the approach of the lean season, the food security situation is likely to deteriorate further if food assistance is not made available. Thus, assessments have recommended that relief assistance be continued until the next harvest in October/November 2010.

#### **Purpose of extension and/or budget increase**

12. This extension-in-time will allow for the following food distributions to take place, in line with assessment recommendations:
  - Relief food assistance for 75,000 people affected by cyclone Ketsana through INGO cooperating partners, if present, or directly through WFP, in the three southern provinces (Sekong, Saravan and Attapeu) and to 38,000 people affected by rodent infestations and drought conditions in four northern provinces (Luang Namtha, Bokeo, Luang Prabang and Houaphan).
  - FFW with World Vision in villages (23,000 beneficiaries) in Savanaket province affected by typhoon Ketsana in 2009. FFW activities will include road construction, fish pond construction, paddy land development and tree planting.
13. Targeting and village selection will be undertaken in partnership with government district staff and/or INGO partners. After initial village lists are

drawn up based on information from government and INGO partners, WFP will conduct spot check assessments to confirm the caseload. The criteria for selecting villages for assistance include: a) over 50 percent of food stocks and or rice crop lost or damaged; b) low availability of household stocks (less than 1 month); and c) adoption of severe negative coping strategies. To facilitate the identification of beneficiary villages, underlying vulnerabilities will be prioritized, such as remoteness of the village (i.e. distance from district and provincial centers); high altitude regions; and access to coping mechanisms.

14. WFP relief distributions have been ongoing in the southern provinces since September 2009. Relief distributions in the North are planned to commence at the earliest and continue through to September/early October 2010.
15. With the adoption in 2009 of the government decree clarifying the operating arrangements of INGOs in Laos, WFP has expanded partnerships through the PRRO with INGOs present in the country. This approach will continue in areas where INGOs are present and willing partners.
16. WFP's 2009 Gender Policy will be applied throughout the different components of this operation. Food Management Committees will be set up in all targeted villages and a priority will be given to ensuring that 50 percent of members are women. All households in targeted villages will receive a food receipt card, which will be issued in the name of a female household member. The PRRO will also continue to give emphasis to the inclusion of women in the planning, implementation, and monitoring of FFW activities.

**TABLE 1: BENEFICIARIES BY ACTIVITY TYPE**

<b>Beneficiaries</b>			
<b>Activity</b>	<b>January- June 2010</b>	<b>July-October 2010</b>	<b>Total January – October 2010</b>
Relief	73,111	112,555	112,555
Food for Work	86,311	23,763	110,074
<b>Total</b>	<b>159,422</b>	<b>136,318<sup>1</sup></b>	<b>222,629</b>

<sup>1</sup> Includes 63,207 new beneficiaries and 73,111 existing beneficiaries requiring continued assistance over the period July - October 2010.

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## FOOD REQUIREMENTS

TABLE 2: FOOD REQUIREMENTS BY ACTIVITY

	Food distribution (mt)		
Activity	Present (January – June 2010)	Increase (July-October 2010)	Revised (January – October 2010)
Relief	3,290	5,064	8,354
FFW	3,884	380	4,264
Total	7,174	5,444	12,618

17. The relief ration is based on a per capita monthly ration of 15 kg of rice and the FFW ration on 4 kg of rice for per work day.

## RECOMMENDATION

18. The Executive Director is requested to approve an additional commitment of food, associated costs and indirect support costs, through this budget increase, as well as four-month extension-in-time, from 1 July to 31 October 2010, for Laos Protracted Relief and Recovery Operation 10556.0.

Approved by: \_\_\_\_\_

Date: \_\_\_\_\_

Josette Sheeran  
Executive Director, WFP

# ANNEX IA: BUDGET INCREASE COST BREAKDOWN

Commodity Related Portion			Cash & Voucher Transfer	Total Increase
COSTS	Tonnage (mt)	Value (US\$)	Value (US\$)	Value (US\$)
<b>Commodity / Cash &amp; voucher</b>				
Cereals <sup>2</sup>	5,444	2,691,209		2,691,209
Pulses	-			
Oil and Fats	-			
Mixed and Blended Food	-			
Others	-			
Cash Transfer to beneficiaries				
Voucher Transfer to beneficiaries				
<b>Total commodity / Cash &amp; voucher</b>	5,444	2,691,209		2,691,209
<b>External transport</b>		<b>531,360</b>		<b>531,360</b>
<b>LTSH</b>		<b>631,450</b>		<b>631,450</b>
<b>ODOC (Other direct operational costs)</b>		<b>119,246</b>		<b>119,246</b>
<b>DSC (Direct support costs)<sup>3</sup> (see table below for details)</b>		<b>430,960</b>		<b>430,960</b>
<b>Total WFP direct costs</b>		<b>4,404,225</b>		<b>4,404,225</b>
<b>Indirect support costs (7%)<sup>4</sup></b>		<b>308,296</b>		<b>308,295</b>
<b>TOTAL WFP COSTS</b>				<b>4,712,520</b>

<sup>2</sup> This is a notional food basket for budgeting and approval. The contents may vary.

<sup>3</sup> Indicative figure for information purposes. The direct support costs allotment is reviewed annually.

<sup>4</sup> The indirect support cost rate may be amended by the Board during the project.

## ANNEX IB

DIRECT SUPPORT REQUIREMENTS (US\$)	
<b>Staff and Staff Related Costs</b>	
International Professional Staff	58,280
International GS Staff	
Local Staff - National Officers	11,369
Local Staff - General Service	10,509
Local Staff - Temporary assistance	41,652
Local Staff - Overtime	
Hazard Pay & Hardship Allowance	
International Consultants	54,000
Local Consultants	
Non Staff HR: UNV	
Staff duty travel	56,000
<b>Subtotal</b>	<b>231,810</b>
<b>Recurring Expenses</b>	
Rental of Facility	16,000
Utilities General	20,000
Office Supplies and Other Consumables	33,450
Communications and IT Services	14,000
Equipment Repair and Maintenance	10,400
Vehicle Running Cost and Maintenance	37,900
Office Set-up and Repairs	20,000
Commercial consultancy Services	15,000
<b>Subtotal</b>	<b>166,750</b>
<b>Equipment and Capital Costs</b>	
Vehicle leasing	10,200
TC/IT Equipment	12,000
Local Security Costs	10,200
<b>Subtotal</b>	<b>32,400</b>
<b>TOTAL DIRECT SUPPORT COSTS</b>	<b>430,960</b>

