

# BUDGET REVISION FOR THE APPROVAL OF REGIONAL DIRECTOR

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

PROJECT	Previous Budget	Revision	New Budget
Food cost	30,424,511.40 US\$	827,109.96 US\$	31,251,621.36 US\$
External transport	6,173,984.00 US\$	-	6,173,984.00 US\$
LTSH	6,354,270.00 US\$	257,758.00 US\$	6,612,028.00 US\$
ODOC	1,495,000.00 US\$	468,000.00 US\$	1,963,000.00 US\$
DSC	6,625,523.00 US\$	1,943,040.00 US\$	8,568,563.52 US\$
ISC (7%)	3,575,130.22 US\$	244,713.55 US\$	3,819,843.78US\$
<b>Total WFP cost (US\$)</b>	<b>54,648,419.14US\$</b>	<b>3,740,621.51 US\$</b>	<b>58,389,040.66 US\$</b>

## TYPE OF REVISION

- |  |   |   |   |
|--|---|---|---|
| <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 type="checkbox"/> Additional external transport   | <input type="checkbox"/> Extension or Reduction in time | <input type="checkbox"/> Other                      |   |

## NATURE OF REVISION:

1. Increase in commodity cost;
2. Additional DSC
3. Additional ODOC
4. Additional LTSH

## JUSTIFICATION FOR THE REVISION:

### Additional Commodity

As experienced in previous years, WFP's School Feeding Programme, has had a pull effect in all the targeted schools resulting in an increase in enrollments. From the time of project inception in early

2008, the number of pupils has risen from 635,000 to approximately 645,000 representing an increase of around 1.2%.

This increase in beneficiary numbers has resulted in increased tonnage of both CSB and cereals. In addition, due to the special funding for the Junior Farmers Field and Life Schools (JFFLS) initiative, (being run as a sub set of the School feeding programme and in collaboration with FAO), which will require participants to be served with an afternoon meal while attending classes. The meal will be made from maize meal and pulses (beans). The pulses were not in the original food basket of the project hence this inclusion now. It should be pointed out that similar schools in the region are also providing this afternoon meal to JFFLS learners.

Therefore, in order to sustain the feeding programme to the increased population of pupils, there is need to align the budget to the requirements on the ground hence this BR.

**Increase in LTSH:** With the increase in tonnage to meet the food needs of the additional pupils, the CO expects a corresponding increase in LTSH costs. The total increase for the three years remaining to the project has been calculated at USD 257,759. Key LTSH budget lines driving this increase include landside transport, port operations and transshipment costs.

**Additional DSC:** Additional DSC is required to meet increases in support costs mainly driven by the global food and fuel price increases that occurred during a greater part of 2008. Despite reasonable decreases in global food and fuel prices in the last few months, land-locked Malawi still faces high petroleum landed costs. The falling fuel prices globally have not resulted in corresponding proportionate pump price decreases at country level. Worth noting is the fact that the fuel price does significantly drive most of the other operational and support costs. As a result, cumulative increases in fuel pump price in Malawi have driven corresponding significant increases in the cost of all recurring support costs since 2008.

In addition, salary costs for national staff have gone up by an average of 30% since November 2008, retroactively from January 2008, following a salary survey conducted just before that time. The results of the salary survey was not anticipated when the original budget was written. These account for 70% of total WFP Malawi staff pay roll costs. The original budget reflected international standard post costs for 2008. This revision reflects revised standard post costs for 2009/10. Furthermore, the inflationary pressure caused by the global fuel prices has also driven an average of 33% increase in the cost of staff duty travel since the second half of 2008. In addition, vehicle running and monitoring costs went up by similar margins and these have significantly remained high for the country office to date. Other recurring costs like communication and IT and property rentals have also steadily responded to the inflationary pressure. In short, staff salary costs, monitoring, travel and related support costs that were budgeted under this project have significantly gone up in the last one and a half years, hence the increase in DSC as reflected in this BR.

Total additional DSC needed through this BR amounts to USD1, 943,040 in order to keep the project sustainable in terms of meeting its support cost obligations.

**Additional ODOC:** Similarly, there is an increase in ODOC requirements of USD283, 000 in year two (2009) and 185,000 in year three (2010) totalling USD 468,000.

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