

**Mozambique PRRO 106000**  
**B/R No. 5**

**BUDGET REVISION FOR THE APPROVAL OF REGIONAL DIRECTOR**

|  | <u>Initials</u> | <u>In Date</u> | <u>Out Date</u> | <u>Reason<br/>For Delay</u> |
|--|-----------------|----------------|-----------------|-----------------------------|
| <b><u>ORIGINATOR</u></b>                               |                 |                |                 |                             |
| Country Office   | .....           | .....          | .....           | .....                       |
| <b><u>CLEARANCE</u></b>                                |                 |                |                 |                             |
| Project Budget & Programming Officer, RMBP             | .....           | .....          | .....           | .....                       |
| Chief, RMBP  | .....           | .....          | .....           | .....                       |
| Chief, ODLT (change in LTSH and/or External Transport) | .....           | .....          | .....           | .....                       |
| <b><u>APPROVAL</u></b>                                 |                 |                |                 |                             |
| <input type="checkbox"/> Regional Director             | .....           | .....          | .....           | .....                       |

| <b>PROJECT</b>                  | <b>Previous Budget</b>  | <b>Revision</b>       | <b>New Budget</b>       |
|---------------------------------|-------------------------|-----------------------|-------------------------|
| Food cost <sup>1</sup>          | US\$ 78 745 488         | US\$ 2 407 581        | US\$ 81 153 069         |
| External transport <sup>2</sup> | US\$ 9 545 599          | US\$                  | US\$ 9 545 599          |
| LTSH <sup>3</sup>               | US\$ 31 913 089         | US\$ -512,329         | US\$ 31 400 760         |
| ODOC <sup>4</sup>               | US\$ 7 969 213          | US\$ 345 228          | US\$ 8 314 441          |
| DSC <sup>5</sup>                | US\$ 18 005 987         | US\$ 793 622          | US\$ 18 799 609         |
| ISC (7%) <sup>6</sup>           | US\$ 10 232 557         | US\$ 212 387          | US\$ 10 444 944         |
| <b>Total WFP cost (USD)</b>     | <b>US\$ 156 411 933</b> | <b>US\$ 3 246 490</b> | <b>US\$ 159 658 423</b> |

**TYPE OF REVISION**

- Additional commodity     
 Additional DSC     
 Additional ODOC     
 Additional LTSH  
 Additional external transport     
 Extension or Reduction in time     
 Other

<sup>1</sup> Food cost can comprise both commodities and cash/voucher transfers.

<sup>2</sup> The first leg of transport for commodities: from the donor country to the recipient country port, or in cases of regional commodity purchases, from the place of purchase to the recipient country.

<sup>3</sup> Landside, Transport, Storage and Handling - LTSH comprises the actions required to (a) care for and (b) physically deliver the commodities from the completion of external transport through to final distribution.

<sup>4</sup> Other Direct Operational Costs - ODOC include deliverable goods (non-food items), services and training to beneficiaries and/or to implementing partners.

<sup>5</sup> Direct Support Costs - DSC are those costs which are incurred directly in support of projects by a WFP Country Office.

<sup>6</sup> Indirect Support Costs - ISC is a fixed rate resourced from all donor contributions, which is used to cover (non-project) corporate overhead costs, i.e. PSA.

## **NATURE OF THE INCREASE**

1. A budget revision to Mozambique's Protracted Relief and Recovery Operation (PRRO 106000) is required to :
  - Extend the operation in time by 2 months, from 1<sup>st</sup> January to 29 February, 2012.
  - Increase the amount of food commodity costs by US\$ 2,407,581 (including Cash & Voucher component).
  - Increase the Cash & Voucher component by US\$ 272,850. This increase in the 2012 budget plan will allow the continuation of already funded cash distribution activities.
  - Decrease Landside Transport, Storage and Handling (LTSH) costs by US\$ 512,329, so as to reflect the current LTSH rate of 135.16 US\$ per mt (revised in July 2011) in the budget plan.
  - Increase Other Direct Operational Costs (ODOC) by US\$ 345,228, Direct Support Costs (DSC) by US\$ 793,622 and Indirect Support Costs (ISC) by US\$ 212,387.
2. This budget revision will increase the total budget for this operation by US\$ 3,246,490.
3. The Budget revision will enable continuation of activities to support some 224,290 food insecure and nutritionally vulnerable people until the start of the new Mozambique Country Programme and new PRRO on 1<sup>st</sup> March 2012

## **JUSTIFICATION FOR EXTENSION-IN-TIME AND BUDGET INCREASE**

### **Summary of existing project activities**

4. PRRO 106000, which started in April of 2008, aims to protect lives and livelihoods, prevent destitution and promote community and household resilience in the seven most food insecure provinces of Mozambique. The operation comprises the following components:
  - Disaster mitigation, preparedness and response.
  - Early recovery through livelihood protection and promotion.
  - Social safety nets targeting vulnerable groups.
  - Food support for improving health and nutrition.
5. The PRRO contributes to 4 of WFP's Strategic Objectives, including namely : SO1 - Save lives and protect livelihoods in emergencies; SO2 - Prevent acute hunger and invest in disaster preparedness and mitigation measures; SO3 - Restore and rebuild lives and livelihoods in post-disaster or transition situations; and SO5 - Strengthen the capacities of countries to reduce hunger, including through hand-over strategies and local purchase.
6. Specific PRRO objectives are to protect and save lives of those under threat from the triple shock of drought, flooding and HIV/AIDS; to rehabilitate care capacities of communities and households; to improve and maintain the nutritional status of women, children and PLHIV; and to support ownership, coordination and management of food assistance by government counterparts and the integration of food assistance into national plans.
7. Mozambique ranks third amongst the African countries most affected by weather-related hazards<sup>7</sup> and studies of climate-change<sup>8</sup> indicate an intensifying effect on both the magnitude and frequency of such hazards, including a long-term decline in annual rainfall combined with an increase in rainfall variability. The frequency and length of droughts is increasing and vulnerable groups struggle to recover from recurring droughts which pose significant threats to

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<sup>7</sup> Global Assessment Report on Disaster Risk Reduction, United Nations International Strategy for Disaster Reduction (UNISDR), 2009.

<sup>8</sup> INGC Climate Change impact in Mozambique, 2009

their food security. Flooding occurs frequently during the rainy season between the months of October and April.

8. High HIV prevalence of 11.5<sup>9</sup> percent in people aged 15–49 years which correlates to 1,026,000 people with HIV.<sup>10</sup> The epidemic affects the most productive segment of the population and is the main cause for the increased numbers of orphans and vulnerable children and of households with high dependency levels in the country

### **Conclusion and recommendation of the re-assessment**

9. In April 2011, WFP's Country Strategy Document (CSD) for Mozambique was approved by the Strategic Review Committee. Whilst the UNDAF was approved in January 2011, the UNDAF action plan and output matrix, which provides the strategic re-focus for the next programming cycle, was only completed in September 2011. The action plan provided an opportunity to review the composition and content of WFP's operations in Mozambique with the aim of separating purely humanitarian action to be pursued under the next PRRO from the longer term development activities to be integrated in the next Country programme.
10. Of the activities undertaken in the current PRRO, Food for Assets and social safety nets for OVCs and HIV-affected population as well as food support for improved health and nutrition were deemed more appropriate to be incorporated into the new Country Programme under a social protection and Nutrition component respectively. On the other hand, the new PRRO will only comprise relief and early recovery interventions.
11. The new Mozambique Country Programme 2012-2015 submitted to the Executive Board in November for consideration, is expected to receive final approval at the February 2012 Executive Board Session. The starting date of the new CP will therefore be 01 March, 2012. A budget revision is therefore necessary to make the bridge between this PRRO and the new CP.
12. Heightened famine and conflict in the Horn of Africa led to an increasing number of asylum seekers arriving in Mozambique during the first half of 2011. Based on a rapid joint assessment, WFP, in coordination with UNHCR, IOM and the Government, agreed to provide relief assistance to a caseload of roughly 6,200 asylum-seekers. So long as this population remains under UN care, it is crucial that they continue to receive life sustaining support including food assistance. .
13. In 2011 relief assistance and early recovery support through FFW was provided to 123,650 people affected by flash-floods in areas along the river Zambezi and Limpopo and to 57, 100 people by harvest losses due to dry spells in arid and semi-arid areas. While some of these households managed to quickly recover to pre-crisis level by end 2011, about 64,800 needs support for another agricultural season, possibly up to April 2012 depending on timing of harvest in the different agro-climatic zones.
14. The Country Office initiated also seasonal cash-for-work pilot activities in four Districts targeting 2,000 food insecure households. The initial target of 4,000 HHs was not reached due to lack of suitable financial institutions and partners. The main objective is to design and test models to support the design of seasonal safety nets systems to be eventually scaled-up by the Government of Mozambique as a component of its new basic social security Strategy. The activity is to stabilise consumption during the peak of lean season, hence it should be continued until February 2012.
15. Concurrently, an innovative voucher-based transfer system was roll-out in 2011 to underpin the Ministry of Health's 'Cesta Basica' programme which targets malnourished HIV&AIDS

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<sup>9</sup> HIV prevalence is higher in females (8.6 percent) than males (3.1 percent). HIV and AIDS Survey (Insida). 2009. Ministry of Health.

<sup>10</sup> Insida. 2009.

patients. Due to delays in setting up the system, training of technical staff and registration, beneficiaries will therefore only complete their 6 months of treatment at the end of February.

### Purpose of extension and budget increase

16. This budget revision is required in order to:

- a. Bridge the current PRRO with the new operations (CP 200286 and PRRO 200355) starting on the 01 March 2011, which are part of the new UNDAF Action plan. .
- b. Ensure continuity of assistance to about 71,000 food insecure people, including 6,200 asylum-seekers 60,000 OVC, 48,800 HIV-affected, and to 43,600 malnourished individuals.
- c. Allow preparation for the transition of the nutrition and social protection components of the current PRRO into a new Country Programme (CP 200286) while continuing to address acute transitory food insecurity due to recent shocks
- d. Ensure the completion of the on-going cash-for-work pilot activity, targeting 2,000 highly food insecure household (10,000 people) until the end of the lean season, with a total budget of US\$ 887,095.
- e. Ensure the delivery of assistance (using a voucher modality) to 3,000 malnourished PLHIV thus preventing treatment breaks.
- f. Reflect the LTSH rate of 135.16 US\$ per mt (approved in July 2011) in the budget plan.

### FOOD REQUIREMENTS

Table 1 outlines the additional and total food quantity needed for achieving a revised operation.

| <b>TABLE 1 – FOOD/CASH REQUIREMENTS BY ACTIVITY TYPE</b> |  |                 |                |
|--|--|-----------------|----------------|
|  | <b>Food requirement (<i>mt</i>)</b>      |                 |                |
| <b>Activity</b>  | <b>Present</b>                           | <b>Increase</b> | <b>Revised</b> |
| Relief distributions                                     | 31,506                                   | 255             | 31,761         |
| FFA/FFT  | 41,072                                   | 1,452           | 42,524         |
| AIDS-affected groups                                     | 61,021                                   | 3,727           | 64,748         |
| health and nutrition                                     | 42,490                                   | 660             | 43,150         |
| <b>Total (Mt)</b>  | <b>175,852</b>                           | <b>6,094</b>    | <b>181,946</b> |
|  | <b>Cash requirement (<i>\$Value</i>)</b> |                 |                |
| <b>Cash-for-Work</b>                                     | <b>\$95,000.00</b>                       |                 |                |
| ART (Vouchers)   | <b>\$160,000.00</b>                      |                 |                |
| <b>Total (\$ value)</b>                                  | <b>\$255,000.00</b>                      |                 |                |

Table 2 outlines the additional and total beneficiaries anticipated under the revised operation.

| <b>TABLE 2 – MONTHLY AVERAGE BENEFICIARIES BY ACTIVITY TYPE</b>                        |                       |                          |                       |
|--|-----------------------|--------------------------|-----------------------|
|  | Beneficiaries         |                          |                       |
| <b>Activity</b>  | <b>Present (2011)</b> | <b>Increase/decrease</b> | <b>Revised (2012)</b> |
| <b>Disaster response</b>   |                       |                          |                       |
| Relief distributions   | 16,667                | (10,467)*                | 6,200*                |
| <b>Livelihood protection and promotion</b>   |                       |                          |                       |
| FFA/FFT  | 100,000               | (35,200)                 | 64,800                |
| Cash for Work  | 22,155                | (12,155)                 | 10,000                |
| <b>Social Assistance to AIDS-affected groups</b>                                       |                       |                          |                       |
| OVC  | 43,000                | 16,700                   | 59,700                |
| AIDS affected households   | 44,253                | 4,547                    | 48,800                |
| <b>Food support for improved health and nutrition (for malnourished patients only)</b> |                       |                          |                       |
| OI/CI, ART (Food)  | 25,579                | (7,290)                  | 18,290                |
| ART (voucher)  | 3,500                 | (500)                    | 3,000                 |
| PMTCT-women  | 4,180                 | 350                      | 4,530                 |
| PMTCT-early weaning  | 4,777                 | 5,410                    | 10,190                |
| Treatment  | 0                     | 0                        | 0                     |
| Nutrition Rehabilitation   | 10,588                | 0                        | 10,590                |
| <b>Total<sup>11</sup></b>  | <b>260,544**</b>      | <b>(38,605)</b>          | <b>224,290**</b>      |

\* In January – February only asylum-seekers will be assisted as no other emergency relief has been forecasted.

\*\*The total number of beneficiaries has been adjusted downwards to avoid double-counting of beneficiaries receiving assistance through more than one activity. The overlap is 5%.

17. During the extension period, WFP will assist about 224,290 people deemed to be highly food-insecure and vulnerable.

18. There are no changes in food modalities under this budget revision.

**DISTRIBUTION:**

DED, OD  
Deputy COO & Director, ODE  
Chief, ODLT  
Country Director  
OD Registry  
Director, ERD and COO

Director, ODX  
Chief, RMBP  
Chief, ODXR  
Programme Officer, RMBP  
Programming Assistant, RMBP  
Liaison Officer, ODJoburg

Chief, ODXP  
Regional Director  
RB Programme Advisor  
RB Programme Assistant  
RB Chrono

<sup>11</sup> Some beneficiaries receive assistance from more than one activity; the total number of beneficiaries is therefore not the same as the sum of beneficiaries for all activities.