

**Country Office in the Kyrgyz Republic, PRRO 200036:
B/R No.: 04**

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>				
Ms. Michelle Barrett Project Budget & Programming Officer, RMBP
Mr. Laurent Bukera Chief, RMBP
Mr. Adrian van der Knaap Chief, OSLT (change in LTSH and/or External Transport)
<u>APPROVAL</u>				
<input checked="" type="checkbox"/> Mr. Mohamed Diab Regional Director

PROJECT: Kyrgyzstan PRRO 200036

Start date: 01 July 2013

End date: 30 June 2014

Extension/Reduction period: N/A

New end date: N/A

	<u>Cost (United States dollars)</u>		
	Current Budget	Decrease	Revised Budget
Food Related Costs	33,702,620	(1,053,416)	32,649,204
Cash and Vouchers and Related Costs	550,192	-	550,192
Capacity Development & Augmentation	175,312	45,663	220,975
DSC	5,404,064	43,653	5,447,717
ISC	2,788,253	(67,487)	2,720,766
Total cost toWFP	42,620,442	(1,031,587)	41,588,855

TYPE OF REVISION

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

NATURE OF THE DECREASE

1. The proposed revision to Protracted Relief Operation (PRRO) 200036 is to:
 - Decrease the food related costs of the budget by reducing its value by US\$1,053,416 (Commodity value by -US\$ 974,531; LTSH by - US\$ 78,885)
 - The decrease in LTSH based on the new approved LTSH rate US\$/MT 70.24.
 - Increase DSC, mainly as a result of fine tuning the cost sharing between the projects running in parallel (current PRRO200036 and DEV200176):
 - ✓ C&V related local staff US\$ 1,110
 - ✓ DSC US\$ 13,878
 - ✓ CD&A related DSC US\$ 49,916
 - Corresponding decrease of ISC (7%), as a consequence of changes in total WFP direct costs (DOC).
2. The current budget revision is proposed with a purpose (a) to synchronize DSC cost sharing elements with the development operation (DEV200176) running in parallel with the current operations, (b) to fine tune the commodity rates in order to bring it in line with the recent information provided by the procurement department in HQ, and (c) to align LTSH costs with the newly approved LTSH matrix.

This revision will decrease the overall PRRO budget from US\$ 42,620,442 to US\$ 41,588,855.

JUSTIFICATION FOR BUDGET DECREASE

Summary of existing project activities

3. The PRRO 200036 started on 1st of July 2011, and aims to improve food security through three main interventions:
 - By providing targeted food assistance to vulnerable food-insecure families during the winter- and pre-harvest lean season through the Vulnerable Group Feeding (VGF) programme;
 - By creating or rehabilitating rural infrastructure, and supporting disaster mitigation and income-generating activities through Food for Assets (FFA) and Food for Training (FFT) activities;
 - By providing support to the Government to strengthen food security monitoring as a way to better anticipate and address food shocks in view of the sustained risks faced by the most vulnerable. This is being implemented through a coordinated effort to setup a Food Security Monitoring System, in conjunction with partners, such as the Food and Agriculture Organization of the United Nations (FAO).

Conclusion and recommendation of the re-assessment

4. WFP conducted a Food Security Assessment (FSA) in September 2012 to assess current household food security as well as support decision making on food security assistance programmes. It showed a deterioration¹ in food insecurity among 25 percent of households nationwide, of which nine percent were severely food insecure and 16 percent moderately food insecure. This means that about 1.3 million people were food insecure and a further 547,000 people are at risk of becoming food insecure. In addition, the assessment revealed inherent weaknesses in underlying food security of the most vulnerable population. Their plight has been further compounded by steep rises food prices for staples and protein-sources.
5. The Country Portfolio Evaluation of WFP activities in the Kyrgyz Republic from 2008 until 2012, found that while the portfolio has gradually moved towards a better strategic positioning and alignment with government priorities (notably food for work and the new school feeding programme), there is still a need to better position the food assistance programme within the national social protection efforts and to move away from 'ad hoc' assistance to support more structural safety net reforms. This is addressed in the current PRRO and will be further supported by the formulation of a Country Strategy Document (CSD).

Purpose of budget decrease

6. The current revision proposes a budget decrease by US\$ 1,031,587 by reducing the food value while also aligning the DSC costs as per the cost-sharing with the Development Project The current number of beneficiaries for the project remains unchanged as indicated in Table 1. No extension in time is envisioned at this time.

TABLE 1. BENEFICIARIES BY ACTIVITY TYPE			
	Beneficiaries		
Activity	Present (July 2013-June 2014)	Increase	Revised (July 2013-June 2014)
Vulnerable groups feeding	100,000	-	100,000
Food assistance for assets: Food transfer	88,000	-	88,000
Food assistance for assets: Cash transfer	10,000	-	10,000
Food for training	12,000	-	12,000
Total	210,000	-	210,000

* Specify in a footnote the number of beneficiaries who will receive cash and vouchers (if applicable).

¹ The proportion of food-insecure households increased compared to the results of the previous EFSAs conducted a year earlier (18%, August 2011) and at the peak of lean season (18%, March 2012), despite the fact that data collection took place after the harvesting of main crops such as potatoes, wheat and other vegetables.

FOOD REQUIREMENTS

7. No additional food quantities are requested by the proposed revision, but rather there is a decrease in food value commodities. The decrease in cost for food commodities is due to the reduction of the cost of wheat flour per metric ton, no change in the food requirements is envisaged under this budget revision as indicated in Table 2 below.

TABLE 2. FOOD/CASH REQUIREMENTS BY ACTIVITY TYPE			
	Food/Cash requirement (mt/US\$)		
Activity	Present	Increase	Revised
Vulnerable group feeding (mt)	24,752	-	24,752
Food for Asset/Training (mt)	12,064	-	12,064
Cash for Work (US\$)	531,000	-	531,000
Total (mt)	36,816	-	36,816
Total (US\$)	531,000	-	531,000

8. No modality change is envisaged in this revision; tools already programmed will facilitate the implementation of the activities planned under PRRO.

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