

**Malawi PRRO 200087:  
B/R No. 1**

**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 Director	.....	.....	.....	.....
<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	.....	.....	.....	.....

**PROJECT:** MWCO PRRO 200087 BR1

**Start date:** 01 Jan. 2010. **End date:** 31 Dec. 2012. **Extension period:** 3 months. **New end date:** 31 Mar. 2013.

	Previous Budget	Revision	New Budget
Food cost <sup>1</sup>	US\$ 4 529 235	US\$ 295 891	US\$ 4 825 126
External transport <sup>2</sup>	US\$ 528 066	US\$ 2 812	US\$ 530 878
LTSH <sup>3</sup>	US\$ 1 689 513	US\$(1 048 792)	US\$ 640 721
ODOC <sup>4</sup>	US\$ 290 974	US\$ 28 344	US\$ 319 318
DSC <sup>5</sup>	US\$ 1 180 596	US\$ 31 533	US\$ 1 212 129
ISC (7%) <sup>6</sup>	US\$ 575 287	US\$ (48 315)	US\$ 526 972
<b>Total WFP cost (US\$)</b>	<b>US\$ 8 793 671</b>	<b>US\$ (738 527)</b>	<b>US\$ 8 055 144</b>

**TYPE OF REVISION**

☒ Additional commodity
 ☒ Additional DSC
 ☒ Additional ODOC
 ☒ Additional LTSH  
☒ Additional external transport
 ☒ Extension in time
 ☐ Other: De-earmarking  
 of ODOC surplus and re-allocating it for commodity procurement

<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 BUDGET INCREASE**

1. This first budget revision to PRRO 200087, “*Assistance to Refugees in Malawi*”, is intended to extend in time the project duration by three additional months, from 01 January 2013 to 31 March 2013, and to cater for the resulting increased commodity requirements, as well as a slight increase in beneficiary figures (2,000 additional refugees) throughout the extension period in order to operate a smooth transition between PRRO 200087 and a new refugee project, PRRO 200460, which is currently under development.
2. This budget revision includes an increase in LTSH costs of US\$ (1.1) million for past years planning owing to substantial downward adjustments in LTSH rates between the period August 2011 to present. These rates were not reflected through budget revisions and has remained at the initial LTSH planned rate of USD 183.92/mt.
3. The total cost of this revision amounts to US\$ (0.738) million and reflects the following requirements:
  - extended project time frame by three months (January to March 2013);
  - increased food requirements at a cost of US\$ 0.3 million;
  - increased external transport costs by US\$ 2,812;
  - decreased Landside Transport, Storage and Handling (LTSH) by US\$ (1.05) million;
  - increased Other Direct Operational Costs (ODOC) by US\$ 28,344;
  - increased Direct Support Costs (DSC) by US\$ 31,533; and
  - decreased Indirect Support Costs (ISC) by US\$ 48,315.
4. The overall PRRO implementation plan will not change, as there has been no change in project orientation.

## **JUSTIFICATION FOR BUDGET REVISION**

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

5. The objectives of PRRO 200087 are twofold:
  - maintain adequate and regular access to food for targeted refugees in support of WFP’s Strategic Objective 3; and
  - restore, maintain and, wherever possible, improve the natural environment as well as physical and social infrastructure of host communities.
6. WFP, under this PRRO, provides food assistance to refugees through monthly general food distributions (GFD) that meet their basic nutritional needs. While the programme originally included a Food-for-Asset component to be carried out in the surrounding communities, this has not yet been implemented due to funding constraints.
7. The original plan was to assist 14,000 refugees and 4,400 members of the host community. As a result of new arrivals to the camp, roughly 16,000 refugees are currently receiving food support from WFP through this PRRO. WFP anticipates the beneficiary figure will remain constant at around 16,000 beneficiaries throughout the extension period. Members of the host community are not currently being assisted.

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

8. In September 2012, WFP, UNHCR and other relevant partners undertook a Joint Assessment Mission (JAM) to review, among others, WFP’s package of assistance including suitability and relevance and to establish needs and the future scope of WFP assistance to refugees in Malawi. WFP is currently awaiting Government of Malawi endorsement of the JAM findings, which is necessary in order to develop a new project document. In the interim, and to allow time to develop the new programme, WFP is seeking to extend PRRO 200087.

9. Refugees currently lack viable alternative livelihood options in view of the Government's encampment policy and lack of access to formal employment/business opportunities. Any break in assistance will significantly increase risks of under nutrition and resorting to negative coping behaviors. WFP food assistance therefore remains the single most reliable source of livelihood for the time being and foreseeable future.

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

10. PRRO 200087 started in January 2010 and was set to end on 31 December 2012. However, to allow a smooth transition of the current programme into a new PRRO for approval by WFP's Executive Director, the project is being extended for an additional three months, until March 2013. Finalization of the new PRRO has been delayed pending Government approval of the new WFP assistance package to refugees, following a comprehensive Joint Assessment Mission (JAM) exercise in the camp. In light of the three-month extension, and slight increase in beneficiary figures, the budget increase will factor in the commodity requirements for January through March 2013 for the continuing activities.
11. This budget revision is intended to increase food commodity requirements and anticipated LTSH costs as a result of the increase in duration of assistance and number of beneficiaries assisted. The increase in the ODOC costs will cover additional expenses under equipment and infrastructure as well as other office expenditures.
12. The increase in food commodities reflects coverage of the refugees' food requirements for an additional three months. There is no change in the distribution modality and the geographical coverage of the project.

<b>TABLE 1. BENEFICIARIES BY ACTIVITY TYPE</b>			
	Beneficiaries		
Activity	Present	Increase	Revised
GFD	14,000	2,000	16,000
FFA	4,400	0	4,400
Total	18,400	2,000	20,400

#### **FOOD REQUIREMENTS**

13. The food requirements needed for GFD are as follows:

<b>TABLE 2. FOOD REQUIREMENTS BY ACTIVITY TYPE</b>			
	Food distribution (mt)		
Activity	Present	Increase	Revised
GFD	7,997	895	8,892
FFA	1,189	0	1,189
Total	9,186	895	10,081

#### **DISTRIBUTION:**

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Programme Officer, RMBP  
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