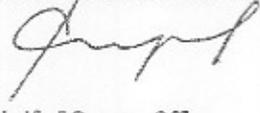
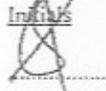


WFP Pakistan Project EMOP-200177
B/R No.: 903

PROJECT REVISION FOR THE APPROVAL OF:
Deputy Executive Director and COO - Operations Department

ORIGINATOR  **Initials**  **In Date** 10/8 **Out Date** 10/8 **Reason For Delay**

Country Office or
Regional Bureau on behalf of Country Office

CLEARANCE

Regional Director,  11/8 11/8

Project Budget and Programming Officer, RMBP

Chief, RMBP

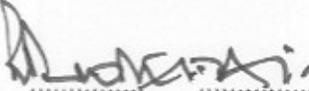
Chief, ODLT (change in LTSH and/or
External Transport)

Director and Deputy CFO, RMB

Director, ODX

APPROVAL

Deputy Executive Director  - OD

 SEP 14

PROJECT EMOP-PAK-200177 "Emergency Food Assistance to Families Affected by Monsoon Floods in Pakistan"

	Previous Budget	Revision	New Budget
Food cost ¹	US\$ 361,167,728	US\$ 869,964	US\$ 362,037,692
External transport ²	US\$ 32,305,745	US\$ (478,548)	US\$ 31,827,197
LTSH ³	US\$ 59,988,943	US\$ (654,085)	US\$ 59,334,858
ODOC ⁴	US\$ 47,552,448	US\$ (9,242,361)	US\$ 38,310,087
DSC ⁵	US\$ 56,697,835	US\$ (11,919,276)	US\$ 44,778,559
ISC (7%) ⁶	US\$ 39,039,889	US\$ (1,499,701)	US\$ 37,540,188
Total WFP cost (US\$)	US\$ 596,752,588	US\$ (22,924,007)	US\$ 573,828,581

TYPE OF REVISION

Additional commodity Additional DSC Additional ODOC Additional LTSH
 Additional external transport Other Re-orientation Extension in time

DISTRIBUTION:

Chief, ODLT
Country Director
OD Registry
ERD

RMB

DED & COO
Chief, ODXP & RMBP & ODXR
Programme Officer, RMBP
Programming Assistant, RMBP

Liaison Officer, OD @

Regional Director
RB Programme Advisor
RB Programme Assistant
RB Chrono

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

² 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.

³ 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.

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

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

⁶ 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 BUDGET REVISION

1. The proposed budget revision will enable WFP to meet ongoing recovery needs of 1.5 million people affected by the 2010 floods.
2. More specifically, the proposed budget revision will:
 - Extend-in-time the emergency operation (EMOP) from August to December 2011.
 - Align the EMOP with Pakistan's Strategic Early Recovery Action Plan (SERAP).
 - Adjust commodity costs to current market prices.
 - Reduce associated costs of external transport, landside transport, storage and handling (LTSH), other direct operational costs (ODOC) and direct support costs (DSC).
3. No additional commodities are required since the amount in the budget plan is currently sufficient to cover outstanding requirements. The budget is revised from US\$597 million to US\$574 million, a decrease of US\$23 million or 4 percent.

JUSTIFICATION FOR EXTENSION-IN-TIME AND BUDGET DECREASE

Summary of existing project activities

1. WFP assistance under EMOP 200177 "Emergency Food Assistance to Families Affected by Monsoon Floods in Pakistan" aims to save lives and avert hunger for vulnerable flood-affected persons and is in line with WFP's Strategic Objective 1 ("save lives and protect livelihoods in emergencies").
2. EMOP 200177 was launched in August 2010 as a response to the unprecedented flooding in Pakistan, for an initial period of three months. Through two budget revisions, the EMOP was extended-in-time until July 2011 to continue food assistance to those acutely affected by the floods and also to include the needs of nutritionally vulnerable groups and requirements for early recovery activities to help flood victims restore their livelihoods.
3. After reaching 8.8 million flood victims with food assistance, and following the conclusion of unconditional relief distributions earlier this year, WFP completed the ~~full~~ transition to early recovery support in the worst-affected areas. To date, this support has reached more than 3 million beneficiaries through: (i) livelihood-support activities providing food or cash in exchange for labour on projects restoring community infrastructure (2 million beneficiaries); (ii) food assistance to students returning to school and their families (600,000 primary schoolchildren); and (iii) targeted nutritional support for malnourished children and nursing mothers (more than 400,000 beneficiaries). Initial results of the targeted nutrition support are very encouraging: 99 percent of moderately acute malnourished children who complete the planned 12-week intervention have fully recovered, which was 88 percent of the total number of children who enrolled (the balance defaulted primarily because of population movements). ✓

Purpose of extension and budget decrease

1. Coordinated by Pakistan's National Disaster Management Authority (NDMA), a Strategic Early Recovery Action Plan (SERAP) has been prepared outlining the requirements for early recovery from August to December 2011. The plan has been presented by the NDMA to the donor community and is now being reviewed by the Ministry of Foreign Affairs and the Economic Affairs Division. With an extended EMOP, WFP will have a clear funding channel

enabling donors to contribute to remaining flood early recovery needs in line with the extended appeal (SERAP).⁷

2. Nutrition surveys by the governments of Sindh and Punjab, the United Nations Children's Fund (UNICEF) and Action Contre la Faim at the end of 2010 indicated alarming levels of severe and moderate acute malnutrition among children (up to 23 percent global acute malnutrition in Upper Sindh). WFP and UNICEF are jointly implementing community-based management of acute malnutrition activities across the flood-affected areas. It is expected that these activities will need to continue until end of 2011 and possibly into 2012.
3. Tables 1 and 2 provide information on the planned number of beneficiaries by activity, during the budget revision period and for comparison, on the actual number of beneficiaries reached from May through July 2011.

TABLE 1: PLANNED NUMBER OF BENEFICIARIES BY ACTIVITY (AUGUST-DECEMBER 2011)

Month	Livelihoods (C&FFW/FFT)	School Feeding	Nutrition- (Treatment of MAM children)	Nutrition- (Treatment of PLW)	Nutrition- (Siblings of MAM & SAM)	TOTAL
Aug-Dec 2011	1,083,950	287,182	14,643	68,533	50,432	1,504,740

TABLE 2: ACTUAL NUMBER OF BENEFICIARIES REACHED (MAY-JULY 2011)

Month	Livelihoods (C&FFW/FFT)	School Feeding	Nutrition	Relief	Total
July 2011	991,508	0*	438,863	-	1,430,371
June 2011	935,634	103,803*	387,143	-	1,426,580
May 2011	1,641,038	603,137	228,009	10,976	2,483,160

*The majority of assisted schools closed during the summer season.

4. *Food/cash*: No additional commodities are required since the amounts for food and cash transfers in the current EMOP budget plan will be sufficient to cover outstanding early recovery needs up to the end of the year, as identified by the Early Recovery Working Groups. Food prices have been revised and realigned with current market prices and the increase is US\$870,000.
5. *Procurement and external transport*: The procurement strategy for ready-to-use supplementary food (RUSF), and yellow split peas will be changed from international purchase to local purchase, in order to contribute to the local economy and to strengthen the capacity of local

⁷ The Pakistan protracted relief and recovery operation (PRRO) 200145 "Food Assistance for Household Food Insecurity and Social Stability" (2011-2012) has the flexibility to incorporate flood-related early recovery activities. This option may be used through a budget revision to the PRRO for 2012 needs. The selection of targeted districts will be informed by the current ongoing detailed livelihood assessment carried out by the Agriculture and Food Security Sector Working Group led by the Food and Agriculture Organization of the United Nations (FAO) and WFP. The PRRO nutrition component's continued needs will be informed by the National Nutrition Survey due in September 2011.

suppliers to respond to emergencies. Local purchase should shorten the lead-time and allow for competitive pricing but will only be used when it is the most cost-effective option. Due to capacity issues, high-energy biscuits (HEBs) may still need to be procured internationally. The proposed changes in purchase strategy will reduce external transportation costs by US\$479,000.

6. *Land transport storage and handling:* The LTSH rate is reduced from US\$96.58 to US\$82.67 per mt due to: (i) a reduction in actual port operation costs compared to previous estimated rates; and (ii) the operational and staffing costs at the trans-shipment points/extended-delivery points have now been budgeted under PRRO 200145. This reduces LTSH by US\$654,000.
7. *Other direct operational costs:* In 2010, the ODOC budget has been reduced by US\$14.7 million to reflect a decreased requirement for project materials (non-food items) and distribution facilities. In 2010, project materials and other equipment were co-shared through joint implementation of Community Management of Acute Malnutrition (CMAM) with UNICEF. Similarly, costs of tools for livelihood activities were co-shared through joint food-for-work (FFW) implementation with the United Nations Development Programme (UNDP) and FAO. In 2011, the ODOC budget is increased by US\$5.5 million to accommodate a commercial consultancy, milling costs and quality control costs during August to December 2011. The combined 2010 reduction and 2011 increase in ODOC budget plan result in a net reduction of US\$9.2 million.
8. *Direct support costs:* In 2010, the DSC budget has been reduced by US\$17.3 million, primarily due to decreased staff costs, including remuneration and entitlements. The number of staff working on temporary duty was reduced due to: (i) a reduction in the number of humanitarian hubs managing logistics, distributions, and monitoring; (ii) a reduced ceiling for international staff imposed by the Government; and (iii) cost-sharing with WFP's other ongoing projects. Local temporary assistance was less than had been planned. With the decrease in humanitarian hubs, there were reductions in capital expenses (information technology equipment) and some recurring expenses (rental, office supplies, utilities, communications, and vehicle running costs). Some of the costs for office installation and security were co-shared by WFP corporate funding, which also resulted in savings. In 2011, DSC is estimated to increase by US\$5.4 million to align the staff costs and recurring costs for the period August-December 2011. Importantly, due to the unstable and deteriorating security situation in the country, the budget for security has been increased. The combined 2010 reduction and 2011 increase result in a net reduction in DSC of US\$11.9 million.

Changes in modalities of food/cash transfer to beneficiaries

9. There will not be any changes to modalities of food and cash transfers to beneficiaries. The implementation of cash transfer activities was delayed due to prolonged identification and negotiations with banks and cooperating partners to meet WFP's corporate regulations and standards on cash transfers. As a result, the planned and ongoing cash activities are able to continue throughout the extended period covered by the budget revision (August to December 2011) without an increase in the budget plan. The overall requirement for 2011 will not change.

FOOD REQUIREMENTS

10. An overview of required commodities for the August-December period is shown in table 1 (which can be covered from the existing commodities in the EMOP budget plan).

TABLE 3: COMMODITIES REQUIRED (AUGUST-DECEMBER 2011)

Month	Wheat flour	Pulses	Veg. oil	Salt	HEB	RUSF* (Plumpy'Sup®)	RUSF*	WSB**	Tea	Sugar	Total
Aug-Dec 2011	6,270	619	611	112	630	41	221	514	29	356	9,405
Total (mt)	31,351	3,097	3,056	562	3,152	205	1,105	2,570	144	1,782	47,024

*Ready-to-use supplementary food

**Wheat-soya blend