

Lesotho – Development Project DEV 200199
BR No: 2

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>				
Project Budget & Programming Officer, RMBP
Chief, RMBP
Chief, ODLT (change in LTSH and/or External Transport)
<u>APPROVAL</u>				
<input type="checkbox"/> Regional Director

PROJECT			
Start date: 01/01/2011	End date: 31/12/2012	Extension: 01/01/2013	New end date: 31/12/2013
	Previous Budget	Revision	New Budget
Food cost ¹	US\$ 3 281 870	US\$ 1 970 866	US\$ 5 252 736
External transport ²	US\$ 231 858	US\$ 219 866	US\$ 451 724
LTSH ³	US\$ 815 643	US\$ 306 078	US\$ 1 121 721
ODOC ⁴	US\$ 336 500	US\$ 199 730	US\$ 536 230
DSC ⁵	US\$ 765 780	US\$ 391 000	US\$ 1 156 780
ISC (7%) ⁶	US\$ 380 216	US\$ 216 128	US\$ 596 344
Total WFP cost (US\$)	US\$ 5 811 867	US\$ 3 303 668	US\$ 9 115 535

TYPE OF REVISION

- Additional commodity
 Additional DSC
 Additional ODOC
 Additional LTSH
 Additional external transport
 Extension
 Other

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 THE INCREASE

1. The Government of Lesotho has requested WFP to extend our School Meals Programme (which covers primary school children only) for another year with full funding from the Government.
2. The Government has also requested for an additional 45,000 children to be included in the School Meals Programme to cover additional primary schools located in the mountainous areas of the country.
3. Furthermore, the Government has also requested the inclusion of salt, sugar and canned fish in the current food basket (presently composed of fortified maize meal, pulses and vegetable oil).
4. As a consequent, a budget revision is required to achieve the following:
 - An extension in time of one year from 01 January to 31 December 2013;
 - An increase of the overall caseload by 45,000, from 80,000 to 125,000;
 - An increase in the overall food requirements by 3,562 mt, from 7,524 mt to 11,087 mt of food commodities valued at US \$1.97 million;
 - An increase of US\$ 0.22 million in External Transport budget line, of US\$ 0.31 million in Land Transport, Storage and Handling (LTSH) budget line, of US\$ 0.20 million in Other Direct Operational Costs (ODOC), of US\$ 0.39 million in Direct Support Costs (DSC) and of US\$ 0.22 million in Indirect Support Costs (ISC).
5. The overall budget will increase by US\$ 3.3 million, from US\$ 5.8 million to US\$ 9.1 million.

JUSTIFICATION FOR EXTENSION-IN-TIME AND/OR BUDGET INCREASE

Summary of existing project activities

6. The current school meals project provides food assistance to pre- and primary school children living in remote and economically-disadvantaged regions of Lesotho. The project supports the Government's priorities as defined in its long-term "Vision 2020" and more specifically the "Education Sector Strategic Plan for 2005–2015". The Government provides school meals to two-thirds of the schools in the country, while WFP covers the remaining one-third, exclusively located in the remote mountainous regions.
7. Under the WFP assistance, school children are provided with maize meal for preparation of a mid-morning snack and a combination of maize meal, pulses and vegetable oil for a midday meal. The intended outcomes include: (i) increased enrolment, (ii) stabilised attendance, (iii) reduced drop-out rates (WFP Strategic Objective 4 - reduce chronic hunger and undernutrition), and (iv) improve government capacity to manage the School Meals Programme (WFP Strategic Objective 5 - strengthen the capacities of countries to reduce hunger including through handover strategies and local purchase).

Conclusion and recommendation of the re-assessment

8. The handover process of WFP's School Feeding Programme in Lesotho began in the 1990s starting in the foothills and lowlands. In 2007, the process extended to the highland areas with the Government gradually taking over from WFP and eventually covering two thirds of the entire programme. In 2009, a WFP evaluation of the programme was carried out and recommended to further develop a new framework for School Meals Programme implementation in the country. In 2011, with the financial support from WFP, the Government engaged a consultant to undertake a review of the current school feeding programmes and develop a framework for the implementation of a new revised and sustainable School Meal Programme addressing both education and poverty objectives. This framework led to a decision by Government to outsource non-core educational activities, which included the School Meals Programme. The recommendation of the Consultant included a proposal to develop an outsourced school meals programme model that would be uniform throughout the country and provide a nutritious meal for primary school learners while at the same time promoting the local economy through local purchases and employment. The Government, through the Ministry of Education and Training (MoET), requested WFP to implement the recommended model starting in 2013 through a pilot phase to be implemented in one district.
9. Following May 2012 general elections, a new Government was elected into office. Soon thereafter, the new administration was confronted with a serious food crisis compounded by effects of the global financial crisis which had adversely affected the economy since 2008. In a context of scarce financial

resources, the Government decided not to proceed with the pilot phase of the new model but instead opted for the existing WFP model considered as more cost-efficient. The Government also decided to outsource the entire national Schools Meals Programme to WFP on a full costs recovery basis. The proposed outsourced School Meals Programme is to remain under WFP management for a period of five years from 2013 to 2017. During this period, the Government, with WFP support, will continue to review the different options for the development of the most appropriate School Meals Programme model, considering a variety of factors, not least of which is the socio-economic context of Lesotho.

Purpose of extension and budget increase

10. In October 2012, the Government of Lesotho submitted a request to WFP to take over the entire school feeding programme in the country for the period 2013-2017, with full Government funding. During this period, the Government, with WFP technical support, will be working towards better defining the appropriate school feeding model for Lesotho and develop local institutional capacity to take over the School Meals Programme by 2018. This time will also be used for the formulation of respective policies and institutional arrangements including identification of main stakeholders and the performing of a capacity gap analysis. Government officials are also expected to undertake a study tour to WFP's Centre of Excellence in Brazil to help them make an informed decision on a long term School Meals Programme model for Lesotho.
11. The Government's Food Management Unit (FMU) has been identified as the future implementer for the School Meals Programme. Therefore, starting in 2013, WFP will work to build FMU's capacity to assume additional responsibilities in procurement, monitoring, evaluation and reporting. Currently FMU works as the main logistics body of the government and main service provider to WFP programmes in Lesotho, providing storage facilities and secondary transport services through the private sector. WFP has, over the years, taken steps to build FMU's capacity through training in areas of storage and commodity management, as well as through material support in the form of equipment such as computers and the rehabilitation of warehouses.
12. In 2013, WFP is expected to continue assisting primary schools under the current development project, with additional schools in the mountainous areas to be included as of August 2013. The extension will cover the primary schools only because the pre-primary schools will be absorbed under WFP's Country Programme. The project will be fully funded through Government resources.

TABLE 1 - BENEFICIARIES BY ACTIVITY TYPE			
	Beneficiaries		
Activity	Present	Increase	Revised
School meals	110 000* (80,000 primary and 30,000 pre-school school children)	45 000	125 000
Total	80,000	45 000	125 000

* The current number of beneficiaries consists of 80,000 primary school children and 30,000 pre-school school children. The request is to continue with the 80,000 and the additional 45,000 primary school children.

FOOD REQUIREMENTS

13. The Government has requested for revision of the food basket with the addition of sugar, salt and canned fish to the current food basket comprising of maize meal, pulses and vegetable oil (previously the government was contributing salt and sugar).

Current food basket

Commodity	Current Ration size/child/day (g)	New Ration Size/Child/day (g)
Maize Meal	150	150
Pulses	30	30
Vegetable Oil	10	10
Sugar	0	10
Fish	0	30
Salt	0	3

14. A total of 3,562 mt of food commodities is required for the extended period. The inclusion of fish in the food basket is based on its nutritive value as a source of animal protein in the ration, and the fact that it contains essential amino acids that are crucial for brain development. In addition, fish was previously in the School Meals Programme food basket; therefore it is an acceptable food commodity. On the other hand, inclusion of sugar and salt is important to meet additional energy and iodine requirements respectively.

TABLE 2 - FOOD REQUIREMENTS BY ACTIVITY TYPE			
	Food Requirement (mt)		
Activity	Present	Increase	Revised
School meals	7 524	3 562	11 086
Total	7 524	3 562	11 086

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, ODJ

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