

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: CP 200286**Start date:** 01/03/2012 **End date:** 31/12/2015

	Previous Budget	Revision	New Budget
Food cost ¹	US\$ 48 060 649	US\$	US\$ 48 060 649
External transport ²	US\$ 2 803 383	US\$	US\$ 2 803 383
LTSH ³	US\$ 12 449 701	US\$ 1 047 895	US\$ 13 497 596
ODOC ⁴	US\$ 13 698 349	US\$	US\$ 13 698 349
DSC ⁵	US\$ 20 082 254	US\$	US\$ 20 082 254
ISC (7%) ⁶	US\$ 6 796 603	US\$ 73 353	US\$ 6 869 956
Total WFP cost (US\$)	US\$ 103 890 939	US\$ 1 121 248	US\$ 105 012 187

TYPE OF REVISION

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

A budget revision to Mozambique's Country Programme (CP 200286) will allow WFP to adjust the LTSH rate from \$170.39 to \$189.74 per metric ton to reflect associated cost increases since the start of the operation, leading to an overall increase in LTSH costs of US \$1,047,895, and adjust overall Indirect Support Costs (ISC) by an increase of US\$ 73,353.

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

Summary of existing project activities

1. CP 200286 sets the framework for the implementation of the WFP Country Strategy in Mozambique. It pursues WFP's transition from food aid to food assistance by supporting and strengthening government programmes in Mozambique that will eventually constitute sustainable, national solutions to food insecurity.
2. The CP is articulated in 5 components:
 - **School Feeding:** Whereby WFP provides technical and policy support to strengthen the capacity of national and sub-national authorities to design a national School Feeding Programme, whilst providing implementation support covering up to 213,000 children over the project period.
 - **Social Protection:** This component underpins the implementation of the National Strategy of Basic Social Security and focuses on two of its four elements, namely 1) Direct Social Action that targets extremely vulnerable individuals including orphans and vulnerable children as well as the chronically ill through direct food assistance, and 2) Productive Social Action that targets vulnerable families with labour capacity through CFW or FFW programmes.
 - **Nutrition:** Under this component, WFP is assisting MISAU to rollout nutrition rehabilitation services in complementary support of HIV and TB care and treatment, comprehensive paediatric consultations and pre-natal services reaching 30,000 clients per month.
 - **Risk Reduction:** Whereby WFP will support capacity development of INGC (National Institute for Disaster Management) and SETSAN (Technical Secretariat for Food Security and Nutrition) in risk analysis and mapping; and food and nutrition security analysis.
 - **Market Access:** Which aims to build the capacity of smallholder producers as well as processors through training in quality control, storage, transformation and marketing to facilitate access to markets by addressing limited marketing infrastructure;
3. Each component is underpinned by a national strategy, therefore all activities are in essence owned by Government, thus ensuring a smooth handover from WFP support and technical assistance towards sustainable, country-owned, hunger solutions.

Purpose of budget increase

4. This budget increase is the consequence of a revised LTSH Matrix based on the following factors:
 - Rates for logistics services, including overland and inland services rates (transport, trans-shipment points and distribution costs), have increased since the CP 200286 was approved in August 2011.
 - Since the last LTSH Matrix was approved, a number of associated transport contracts have been converted from US dollars to the local currency (Metical) as per a new government regulation. As a consequence, service rates have generally increased due to persistent devaluation of the local currency against the USD.
 - LTSH rates have also gone up because of increased competition for logistical services arising as a consequence of increased demand prompted by the entry of new clients from mining, fertilizer, cement and tobacco industries.

- Lastly, costs associated with our Field Level Agreements have increased by almost \$10.2/MT based on actual costs.

FOOD REQUIREMENTS

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

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