

# 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 Office or Regional Bureau on behalf of Country Office	.....	.....	.....	.....
<b><u>CLEARANCE</u></b>				
Project Budget & Programming Officer, RMBP	.....	.....	.....	.....
Chief, RMBP	.....	.....	.....	.....
Chief, OSLT (change in LTSH and/or External Transport)	.....	.....	.....	.....
<b><u>APPROVAL</u></b>				
<input type="checkbox"/> Regional Director	.....	.....	.....	.....

<b>PROJECT</b>			
<b>Start date: 01/03/2012</b>		<b>End date: 31/12/2015</b>	
	<b>Previous Budget</b>	<b>Revision</b>	<b>New Budget</b>
Food cost <sup>1</sup>	US\$ 48,060,649	US\$ 235,260	US\$ 48,295,909
External transport <sup>2</sup>	US\$ 2,803,383	US\$ (66,220)	US\$ 2,737,163
LTSH <sup>3</sup>	US\$ 13,497,596	US\$ (1,177,854)	US\$ 12,319,742
ODOC <sup>4</sup>	US\$ 13,698,349	US\$ 874,230	US\$ 14,572,579
DSC <sup>5</sup>	US\$ 20,082,254	US\$ (699,794)	US\$ 19,382,460
ISC (7%) <sup>6</sup>	US\$ 6,869,956	US\$ (58,406)	US\$ 6,811,550
<b>Total WFP cost (US\$)</b>	<b>US\$ 105,012,187</b>	<b>US\$ (892,785)</b>	<b>US\$ 104,119,402</b>

## **TYPE OF REVISION**

- |                                                        |                                                         |                                           |                                          |
|--------------------------------------------------------|---------------------------------------------------------|-------------------------------------------|------------------------------------------|
| <input type="checkbox"/> Additional commodity          | <input type="checkbox"/> Additional DSC                 | <input type="checkbox"/> Additional ODOC  | <input type="checkbox"/> Additional LTSH |
| <input type="checkbox"/> Additional external transport | <input type="checkbox"/> Extension or Reduction in time | <input checked="" type="checkbox"/> Other |                                          |

<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 INCREASE

1. This current revision to Mozambique Country Programme (CP) 200286 is required to a) further align the food and Cash & Voucher (C&V) requirements of Component 2 with the Government safety net programmes with an increase in C&V activities and a decrease in food-based transfers; b) adjust staffing costs to reflect both cost-sharing with a multi-year approved Trust Fund and Bilateral Operation approved in May/June 2013 and the introduction of ICT per capita cost; 3) reduce overland costs as they have been included in the LTSH matrix. This alignment entails an increase in ODOC for C&V and Capacity Augmentation activities to meet the cost of technical support to the different government counterparts involved in their implementation.
2. Consequently, this revision will:
  - Increase the food vouchers distribution modality costs by US\$ 1,248,034;
  - Increase the cash distribution modality costs by US\$ 65,261
  - Increase C&V Other Direct Operational Costs (ODOC) by US\$ 892,200
  - Increase capacity-augmentation ODOC by US\$ 717,080
  - Decrease food commodity costs by US\$ 1,078,035
  - Decrease food ODOC by US\$ 735,050
  - Decrease external transport costs by US\$ 66,220
  - Decrease of the Land Transport, Storage and Handling (LTSH) costs by US\$ 1,177,854;
  - Decrease the overall Direct Support Costs (DSC) by US\$ 699,794;
  - Decrease overall Indirect Support Costs (ISC) US\$ 58,406.
3. Overall, this budget revision will result in a net decrease of US\$892,785 from US\$ 105,012,187 to US\$ 104,119,402.

## 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 the Ministry of Health (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 especially women, as well as processors through training in quality control, storage, transformation and marketing to facilitate access to markets by addressing limited marketing infrastructure; Inclusion of women will be enhanced through the delivery of labour saving technologies at individual and association levels that allow them to actively participate and through training in organizational capacity and gender awareness.
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 reduction**

4. New basic social protection programmes, where Component 2 and the C&V based activities are anchored, were approved by government in November 2011. After a first year of preparation on the government-side, the programmes are now fully rolled-out. As the CP 200286 was prepared before the national programmes had been approved, some of the activities need further fine-tuning to fully align with government's approaches and ensure future sustainability beyond the end of the CP. Specifically the following adjustments are required:

#### Social Safety Nets

- OVC/CI caseload is progressively reduced and will be phased out entirely by the end of the CP in 2015. In fact, the national programmes do not target OVC/CI as such but the safety net programmes are targeted based on a socio-economic assessment and nutritional status to identify the most vulnerable. OVC assistance will be continued through institutional centers only.
- On the other hand, the Ministry of Women and Social Affairs has expressed its wish to expand the direct social assistance through a food voucher modality and WFP is therefore increasing its planned caseload for the voucher component by fifty percent in 2014 and 2015. Households meet their basic food needs through the provision of a food voucher which enables them to purchase a pre-defined food package, including rice, maize meal, sugar, salt, oil, beans, peanuts and eggs, over 6 months. This period is expected to allow nutritional recovery of malnourished members and antiretroviral therapy tolerance of HIV patients, ultimately enabling them to move to other SP programs. Nutritional recovery is monitored through health centers.
- Targeting & selection: PASD (Direct Social Support Programme) is a conditional transfer programme that targets vulnerable households with members temporarily unable to work and with members nutritionally at risk, including pregnant and lactating women, children, and HIV & TB patients. Programme candidates visit clinics where their malnutrition status is calculated using anthropometric measurements. Those

considered malnourished are selected for PRN (National Nutrition Rehabilitation Programme) and referred to INAS (National Institute for Social Action) delegations who conduct a socio-economic screening of the household of the PRN patient to determine its programme eligibility.

#### Productive Safety nets

- At the time of the CP preparation, the Food for Work (FFW)/ Cash for Work (CFW) duration was planned to be on a 6 month cycle based on past experiences and seasonal gaps cycle. However the Government recently approved a cycle of 4 months only in rural areas. WFP and INAS have agreed to maintain the same overall level of transfer by increasing the number of beneficiaries by an estimated fifty percent. Therefore, this BR aims to align the project caseloads with the operational figures while the productive safety net requirements remain mainly unchanged.
  - Furthermore, as per government request and in order to align FFW ration value with CFW transfer, the FFW ration needs to be increased from 40g of maize p/p/d to 50g p/p/d.
5. Taking into account the above changes in the caseload, a corresponding increase in ODOC is envisaged through this BR. Increased ODOC is also required to meet the costs of non-food items (NFIs) and monitoring to be calculated as a percentage of transfer value according to the national manual of operation.
  6. An EU-funded programme managed through a Trust Fund and a new Bilateral Operation which have both recently been approved, have called for a review of CO Mozambique's staffing structure in order to streamline and rationalize DSC costs between all the existing projects. In addition, this BR is taking into consideration the ICT Per Capita cost that has been added from 2013 as additional costs to Country Offices.
  7. The external transport cost was reduced as per the metric tons reduction for the planned Regional purchase portion.
  8. The LTSH matrix with rates revision, for all components of the CP 200286, was approved by OSLT on 27<sup>th</sup> August 2013.

<b>TABLE 1. BENEFICIARIES BY ACTIVITY TYPE</b>			
	<b>Beneficiaries</b>		
<b>Activity</b>	<b>Present</b>	<b>Increase/decrease</b>	<b>Revised</b>
Component 2 - OVC/CI	165,350	-40,250	125,100
Component 2 - Vouchers <sup>7</sup>	48,000	12,000	60,000
Component 2 – FFW	64,000	33,600	97,600
Component 2 - CFW <sup>8</sup>	31,800	15,900	47,700
<b>Total</b>	<b>309,150</b>	<b>21,250</b>	<b>330,400</b>

<sup>7</sup> Those beneficiaries will receive food vouchers.

<sup>8</sup> Those beneficiaries will receive cash transfers.

## FOOD and CASH & VOUCHERS REQUIREMENTS

9. Table 2A reflects the changes of food requirements under the Component 2 due to i) the reduction of OVC/CI caseload and ii) the Food For Work ration adjustment.

TABLE 2A. FOOD REQUIREMENTS BY ACTIVITY TYPE			
	Food requirements (mt)		
Activity	Present	Increase/decrease	Revised
Component 2 - OVC/CI	11,289.0	-4,506.0	6,783.0
Component 2 - Food For Work	10,382.0	2,256.0	12,638.0
<b>Total</b>	<b>21,671</b>	<b>-2,250</b>	<b>19,421</b>

10. Table 2B reflects the changes of C&V requirements under component 2 and more specifically i) an increase of voucher transfers as per government's wish to expand this transfer modality in its social programmes and ii) a slight increase of cash transfers resulting from the alignment of the 2014 and 2015 caseloads.

TABLE 2B. CASH and VOUCHERS REQUIREMENTS BY ACTIVITY TYPE			
	Cash and Vouchers requirements (\$)		
Activity	Present	Increase	Revised
Component 2 – vouchers	3,640,320	1,248,034	4,888,354
Component 2 Cash for Work	2,923,090	65,261	2,988,351
<b>Total</b>	<b>6,563,410</b>	<b>1,313,295</b>	<b>7,876,705</b>

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