

BUDGET INCREASE TO PROTRACTED RELIEF AND RECOVERY OPERATION

Title of the project: Supporting Transition by Reducing Food Insecurity and Undernutrition among the Most Vulnerable (Myanmar PRRO 200299)

Start date: 1 January 2013 **End date:** 31 December 2015

Extension/Reduction period: not applicable **New end date:** not applicable

Cost (United States dollars)			
	Current Budget	Increase	Revised Budget
Food and Related Costs	139,516,035	18,408,779	157,924,814
Cash and Vouchers and Related Costs	3,220,985	-	3,220,985
Capacity Development & Augmentation	167,118	1,396,870	1,563,988
Direct Support Costs (DSC)	22,185,112	6,185,314	28,370,426
Indirect Support Costs (ISC)	11,556,247	1,819,368	13,375,615
Total cost to WFP	176,645,497	27,810,331	204,455,828

NATURE OF THE INCREASE

1. This budget revision to Myanmar protracted relief and recovery operation (PRRO) 200299 “Supporting Transition by Reducing Food Insecurity and Undernutrition among the Most Vulnerable” reflects the changes in the operation since its approval by the WFP Executive Board at its Second Regular Session of 2012. Due to an unforeseen increase in emergency relief assistance as well as an increase in direct support costs (DSC), this budget revision proposes to:
 - Increase food commodities by 31,363 mt at a cost of US\$19,056,901;
 - Increase the capacity development and augmentation (CD&A) budget by US\$1,396,870;
 - Increase direct support costs (DSC) by US\$6,185,314;
 - Increase indirect support costs (ISC) by US\$1,819,368; and
 - Align the project with WFP’s new Strategic Plan and Strategic Results Framework (2014-2017).

JUSTIFICATION FOR BUDGET INCREASE

Summary of Existing Project Activities

2. This operation provides food assistance to Myanmar's most vulnerable and food-insecure populations. Access to adequate and nutritionally-balanced food remains a challenge for the poorest and most vulnerable people in Myanmar, especially in rural and conflict-affected border areas. Twenty-six percent of the population lives below the poverty line. Considerable disparities in food security remain among geographic areas and socio-economic groups; 3 million people are considered 'food poor'. The prevalence of stunting among children under 5 years of age (U5) is 35 percent. Two-thirds of household heads have primary education or less – three quarters in rural communities. Myanmar is also vulnerable to natural disasters.
3. PRRO 200299 contributes to more equitable development across the country and supports national reconciliation efforts in cease-fire areas by reducing poverty, food insecurity and under-nutrition and increasing resilience among the most vulnerable. The PRRO also responds to man-made and natural disasters. WFP's objectives for the 2013–2015 period, in line with Strategic Objectives 1, 2 and 4¹, and Millennium Development Goals (MDGs) 1, 2, 3, 4 and 6², are:
 - Prepare for, and respond to, recurrent natural disasters and other shocks in support of government response efforts (Strategic Objective 1).
 - Assist post-disaster recovery through the restoration and rehabilitation of productive assets to improve household food security and create socio-economic opportunities for the most vulnerable, contributing to national reconciliation efforts (Strategic Objective 2).
 - Combat under-nutrition among the most vulnerable [boys, girls and pregnant and lactating women (PLW)] and provide support to other at-risk groups such as people living with HIV and tuberculosis (TB) (Strategic Objective 4).
 - Improve access and retention of children in primary schools (Strategic Objective 4).
4. The PRRO activities subject to the present budget revision are as follows:
 - *Activity 1: Relief assistance*
WFP is responding to food security crises resulting from natural and man-made disasters. In conflict-affected border areas, WFP provides relief food assistance to ensure food security of internally displaced persons (IDPs) and host communities. Beneficiaries are targeted through assessments undertaken in coordination with the Government and other partners.
 - *Activity 2: Nutrition*
WFP aims to reduce ante- and post-natal under-nutrition by addressing nutritional needs, especially during the 1,000-day window, as malnutrition in the 1,000 days from conception to 2 years of age can lead to irreversible damage. This involves: i) treating moderate acute malnutrition in children aged 6–59 months through targeted supplementary feeding; ii) preventing acute malnutrition in children aged 6–23 months and PLW; and iii) preventing stunting by providing assistance to children aged 6–23

¹ Strategic Objective 1: Save lives and protect livelihoods in emergencies; Strategic Objective 2: Support or restore food security and nutrition and establish or rebuild livelihoods in fragile settings and following emergencies; Strategic Objective 4: Reduce under-nutrition and break the intergenerational cycle of hunger.

² MDGs – 1: Eradicate extreme poverty and hunger; 2: Achieve universal primary education; 3: Promote gender equality and empower women; 4: Reduce child mortality; 6: Combat HIV/AIDS, malaria and other diseases.

months and PLW. Under this activity, food and micronutrient supplements are provided to PLW to maximize caloric and micronutrient intake, and supplementary and complementary fortified foods are provided to children to reduce the prevalence of malnutrition and prevent wasting.

5. Activities 3, 4 and 5 of the PRRO remain unchanged by this budget revision.

➤ *Activity 3: Post-Disaster Recovery through the Restoration and Rehabilitation of Productive Assets*

Asset creation programmes help to: i) mitigate the impact of future disasters through soil conservation, watershed management, land terracing and measures to counter soil erosion; ii) increase access to markets through the rehabilitation or construction of infrastructures; and iii) diversify income sources. The transfer modality is either food or cash, depending on what is most appropriate, feasible and efficient in the specific area.

➤ *Activity 4: School Feeding*

WFP collaborates with the Ministry of Education and the United Nations Children's Fund (UNICEF) to improve access and retention of children in primary schools, with a focus on ensuring education quality, and complementing UNICEF child-friendly schools and early childhood development activities.

➤ *Activity 5: HIV/TB*

WFP food assistance helps people living with HIV on anti-retroviral therapy (ART) and TB patients on directly observed treatment, short-course (DOTS) to ensure nutritional recovery and treatment success.

Conclusion and Recommendations of the Re-Assessment

Increase in beneficiary numbers and volume of commodities:

6. Subsequent to the design of this PRRO, two waves of sectarian and inter-communal violence in Rakhine State (June and October 2012) triggered the displacement of approximately 140,000 people. Based on the results of inter-agency assessments, these IDPs have been assisted by WFP since the PRRO began in January 2013. As a consequence, a sub-office was opened in Sittwe (Rakhine State) to manage relief food assistance. WFP implements directly, and with partners such as Save the Children and the Consortium of Dutch non-governmental organizations (CDN), in 59 camps across eight townships in and around Sittwe. In Northern Rakhine State, WFP is the only provider of food assistance to IDPs.
7. The food basket used for this general food distribution (GFD) consists of rice (13.5kg), pulses (1.8kg), oil (0.9kg) and salt (150g), allowing a daily intake of 2,100 kcal per person.³ Additionally, 3.8kg of fortified blended food is distributed to PLW and U5 with a view to preventing nutritional decline. By the end of 2013, displaced populations were still unable to return to their villages of origin or resume regular livelihood opportunities due to movement restrictions, violent clashes, or a constant state of fear. At best, WFP expects only a partial return or resettlement of IDPs in 2014-2015 and is preparing for a transitional support to returnees.
8. In addition, WFP provides assistance to approximately 50,000 IDPs in Kachin State, where the conflict between Government forces and the Kachin Independence Army (KIA) is ongoing. While relief assistance for a total of up to 50,000 IDPs and returnees had been included in the original PRRO budget, the food required by the drastic increase in beneficiary numbers in Rakhine was not foreseen in the initial budgetary provision.

³ Daily calorie intake as recommended by the *Sphere Handbook: Humanitarian Charter and Minimum Standards in Humanitarian Response*.

9. During 2013, the increased number of IDPs was partly counter-balanced by reduced protracted relief activities in Northern Rakhine due to a retargeting in this area. In addition, emergency relief operations following natural disasters were smaller in scale than foreseen, as the regular natural hazards had a less devastating impact than expected on the population's food security.
10. WFP provided monthly food distributions to 250,000 relief beneficiaries until the end of 2013, and based on current trends, will assist 300,000 relief beneficiaries during 2014 and 260,000 during 2015.⁴ Considering the changes in beneficiary numbers due to the unforeseen displacements, commodity requirements will increase for GFD as well as for nutritional interventions for PLW and U5 by 31,363 mt.
11. While under Activity 3, WFP is successfully implementing cash-for-asset programmes and has led the establishment of a multi-stakeholder cash transfer working group with the support of the Cash Learning Partnership (CaLP), the current volatile security conditions in Rakhine are not immediately conducive to cash programming for relief assistance. In line with WFP's assessment, a 2013 food security and livelihoods assessment, conducted by Save the Children, Solidarités International, Action Contre la Faim (ACF), Oxfam, the Danish Relief Council (DRC) and Relief International in Rakhine, concluded that the feasibility of cash programming in Rakhine remains limited.⁵ The majority of IDPs in Rakhine targeted by WFP has no - or only very restricted - access to markets. Moreover, protection issues as well as a lack of safe cash delivery mechanisms⁶ and a higher risk of corruption and diversion were identified as challenges. Nevertheless, WFP will persevere in its efforts to expand its cash programming.
12. Regardless of the transfer modality, together with the Shelter and Camp Coordination and Camp Management Cluster, WFP ensures that any protection issue related to food assistance is tackled immediately. In close coordination with its partners, WFP consults affected communities on their information needs and preferences for channels and means of communication. It routinely provides accessible and timely information on issues which include: complaints procedures; project goals, objectives, and expected results; beneficiary rights and entitlements; distribution venues; staff roles and responsibilities; beneficiary selection criteria; and feedback from participatory processes.
13. Affected communities receive information in languages, formats and by means that are accessible and can be understood by all. There are clear processes through which affected communities and other stakeholders are encouraged to provide and receive feedback, and this feedback is responded to in a timely manner. In addition, a safe, context-relevant and confidential complaints mechanism is accessible to all.

Decrease in landside transport, storage and handling (LTSH) and increase in external transport budget:

14. The increased volume of commodities would imply a rise in LTSH costs. However, to gain greater cost efficiency, WFP has re-assessed shipment options for locally-procured rice and proposed a more direct delivery modality to field locations. Transport rates have also been updated. The changes have led to a 29 percent decrease in LTSH rates (down from US\$167.50/mt to US\$118.10/mt) which is reflected in this budget revision. As a result of these cost containment measures, overall LTSH costs are expected to decrease by

⁴ A breakdown of planned beneficiary numbers under relief and nutrition assistance is given in Table 1 "Beneficiaries by Activity."

⁵ Action contre la Faim et al. (2013): *Food security and livelihoods assessment. Rakhine State, Myanmar.*

⁶ Cash is delivered in envelopes through informal money transfer agents.

US\$815,887 despite the increase in commodity volume. The external transport budget will increase by US\$200,017 due to the additional purchase of soybean oil and Super Cereal Plus.

15. Under this BR, WFP is also aligning project cost structures to the new Financial Framework through the disaggregation of CD&A activities (paragraphs 16-21) and DSC (paragraphs 22-24).
16. Main government counterparts that have declared interest in capacity development/knowledge exchange with WFP include the Ministry of Livestock, Fisheries and Rural Development (MLFRD), the Ministry of Social Welfare (MoSW) and the Ministry of Health (MoH). Among non-governmental actors, WFP trains Food Security Information Network (FSIN) partners to carry out food security surveys and Myanmar farmers' associations in mobile data collection.
17. During 2014 and 2015, WFP Myanmar plans capacity development interventions amounting to US\$1,396,870 which had been partly included in the PRRO budget under other direct operational costs (ODOC) for food and DSC, and partly in the Livelihoods and Food Security Trust Fund (LIFT) budget. The planned expenditures do not involve any additional costs, but are outlined here due to their reclassification in line with the new Financial Framework.
18. Following a recent request from MLFRD, WFP will share its expertise to develop a national food security information system and conduct large-scale food security and nutrition assessments in several states and regions of the country. While a major part of the activities for 2013/2014 are included in the LIFT budget, this BR includes planned expenditures for human resources (assignment of a WFP international consultant and secondment of a WFP national officer) and equipment for six regional training centres.
19. WFP will second one of its national officers in 2014 to support the MoH in coordinating activities under the Scaling Up Nutrition (SUN) movement that Myanmar has recently joined.
20. Also in 2014, WFP will contribute to the development of a national social protection/safety net policy by providing external expertise to the MoSW (through the assignment of a WFP international consultant) and equipment for a Disaster Risk Reduction training centre.
21. WFP will monitor the results of its capacity development using the national capacity index as an indicator.
22. A Staffing Structure Review (SSR) exercise in mid-2013 looked into re-profiling the country office workforce in view of the radical changes taking place in Myanmar and the expansion of the workload. The objective of the SSR was to adjust the staffing structure to fulfill the new PRRO requirements and the country office's strategy and goals. The SSR demonstrated the need to offer more stable contractual arrangements for many national staff who have worked for WFP for many years and will continue to do so until the end of the operation. The SSR was based on a realistic forecast of funds that can be mobilized until the end of the operation. Based on the SSR's findings, a total of 241 positions are subject to conversion, reclassification and creation. The budget increase related to the SSR amounts to US\$2,460,787 for the duration of the operation.
23. Following revised corporate financial procedures, the Country Office is absorbing United Nations Department of Safety and Security (UNDSS) costs amounting to US\$580,000 and

new per capita costs for information technology (IT) and communication services, adjusted to the SSR exercise, of an additional US\$1,161,000 until the end of the operation. The application of new daily subsistence allowance (DSA) rates agreed by the International Civil Service Commission (ICSC) raises the travel budget by US\$1,934,528.

24. A mid-term review of the PRRO, budgeted at US\$49,000 is planned in 2014. The mid-term review aims to take stock of the achievements and challenges in implementing the activities planned under the PRRO, and inform decision-making on the ongoing management of the operation as well as on the design of the follow-up operation.

Purpose of the budget increase

25. The priority intervention for 2014 and 2015 will be the continuation of relief assistance through GFD (including nutritious blended food for PLW and U5) to IDPs in camps in Rakhine and Kachin to ensure their adequate food security and nutrition.
26. WFP acknowledges that the protracted IDP situation will have a broader impact on recovery, including food security and livelihoods, in both States. The longer IDPs stay in camps, the more reliant they become on international assistance for their main source of food and income. In addition, villagers who have not lost their homes, but face movement restrictions, have no means of earning income. Therefore, WFP and its partners will also provide assistance to people in host or isolated communities and will support the return or resettlement of IDPs, if and when conditions allow. Together with humanitarian community partners, WFP regularly appeals for funding and promotes durable solutions for the displaced populations in Rakhine and Kachin.
27. WFP and its partners monitor programme implementation, collecting gender-disaggregated data and regularly measuring performance indicators through focus groups and community surveys. Monitoring takes into account indicators such as utilization and satisfaction among beneficiaries, food consumption scores and issues of concern at distribution sites. Household food security is monitored seasonally by the Food Security Information System. This is complemented by periodic assessments in cooperation with the Food and Agriculture Organization of the United Nations (FAO), the United Nations Development Programme (UNDP), UNICEF, the Office of the United Nations High Commissioner for Refugees (UNHCR), non-governmental organizations and the Government.

TABLE 1: BENEFICIARIES BY ACTIVITY				
Activity	Category of beneficiaries	Current	Increase	Revised
1. Relief assistance	IDPs; most vulnerable and food insecure communities in Northern Rakhine; victims of natural hazards	250 000	120 000	370 000
2. Nutrition				
Treatment of moderate acute malnutrition	PLW and U5	28 640		28 640
Prevention of acute malnutrition	PLW and U5	46 700	8 350	55 050
Prevention of stunting	PLW and U2	23 660		23 660
3. Post-disaster recovery				
FFA	Unemployed, landless and disabled people from the most vulnerable households in targeted communities	468 000		468 000
CFA	Unemployed, landless and disabled people from the most vulnerable households in targeted communities	41 000		41 000
4. School feeding				
Snacks	Primary school children and children enrolled in early child development centres	92 000		92 000
Take-home rations (schoolchildren)	Primary school children and children enrolled in early child development centres	262 000		262 000
Take-home rations (family members)	Families of primary school children and children enrolled in early child development centres	1 048 000		1 048 000
5. HIV/TB	HIV/AIDS and TB treatment clients on anti-retroviral therapy	23 000		23 000
TOTAL (excl. overlap)		1 570 000	120 000	1 690 000

FOOD REQUIREMENTS

28. The increase in IDPs raises the commodity requirements for GFD as well as for nutrition interventions for PLW and U5, as outlined in Table 2. The commodity requirements for emergency and protracted relief activities are scaled down according to the reduced number of beneficiaries.

TABLE 2: FOOD REQUIREMENTS BY ACTIVITY				
Activity	Commodity / Cash & voucher	Food requirements (mt)		
		Current	Increase	Revised
Relief assistance with mainstreamed nutrition intervention	Commodity	10 775	31 363	42 138

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Hazard/Risk Assessment and Preparedness Planning

29. Contextual risks include natural hazards, the volatile security situation in parts of the country and a possible standstill in political reform. The risk of natural disasters requires a considerable level of preparedness. WFP has established rapid response mechanisms under the relief assistance activity that expedite a coordinated response with the Government and other partners. Emergency preparedness measures include warehouses in operational areas, pre-positioning of food before rainy seasons and innovative transport options. In addition, WFP is engaged in strengthening national capacity in disaster risk response and preparedness in cooperation with the responsible Ministry and local partners.
30. Insecurity due to inter-communal violence and armed conflict remains a major risk for WFP’s relief assistance in Rakhine and Kachin. WFP carefully assesses the risks for beneficiaries, partners, WFP staff and assets and takes preparedness measures and decisions in close coordination with the humanitarian community. WFP is fully compliant with United Nations minimum operating security standards and minimum security telecommunications standards. The risk of a deviation from the overall political reform process remains, although the Government’s steps towards democratization provide a generally positive outlook. WFP engages closely with the Government at local, regional and national level to support the reform path and help further reduce the risk of a political standstill and its potential consequences for WFP, including a withdrawal of donor support.

Approved by:

 Ertharin Cousin
 Executive Director, WFP

 Date

PROJECT COST BREAKDOWN			
	Quantity (<i>mt</i>)	Value (<i>US\$</i>)	Value (<i>US\$</i>)
<i>Food Transfers</i>	-	-	
Cereals	24,550	12,275,000	
Pulses	4,207	3,786,300	
Oil and fats	1,774	2,375,386	
Mixed and blended food	475	584,515	
Others	357	35,700	
Total Food Transfers	31,363	19,056,901	
	External Transport	(59,262)	
	LTSH	(815,887)	
	ODOC Food	227,027	
Food and Related Costs⁷		18,408,779	18,408,779
C&V Transfers		-	
C&V Related costs		-	
Cash and Vouchers and Related Costs		-	-
Capacity Development & Augmentation		1,396,870	1,396,870
<i>Direct Operational Costs</i>			19,805,649
Direct support costs (see Annex I-B)			6,185,314
<i>Total Direct Project Costs</i>			25,990,963
Indirect support costs (7,0 percent)⁸			1,819,368
TOTAL WFP COSTS			27,810,331

⁷ This is a notional food basket for budgeting and approval. The contents may vary.

⁸ The indirect support cost rate may be amended by the Board during the project.

ANNEX I-B

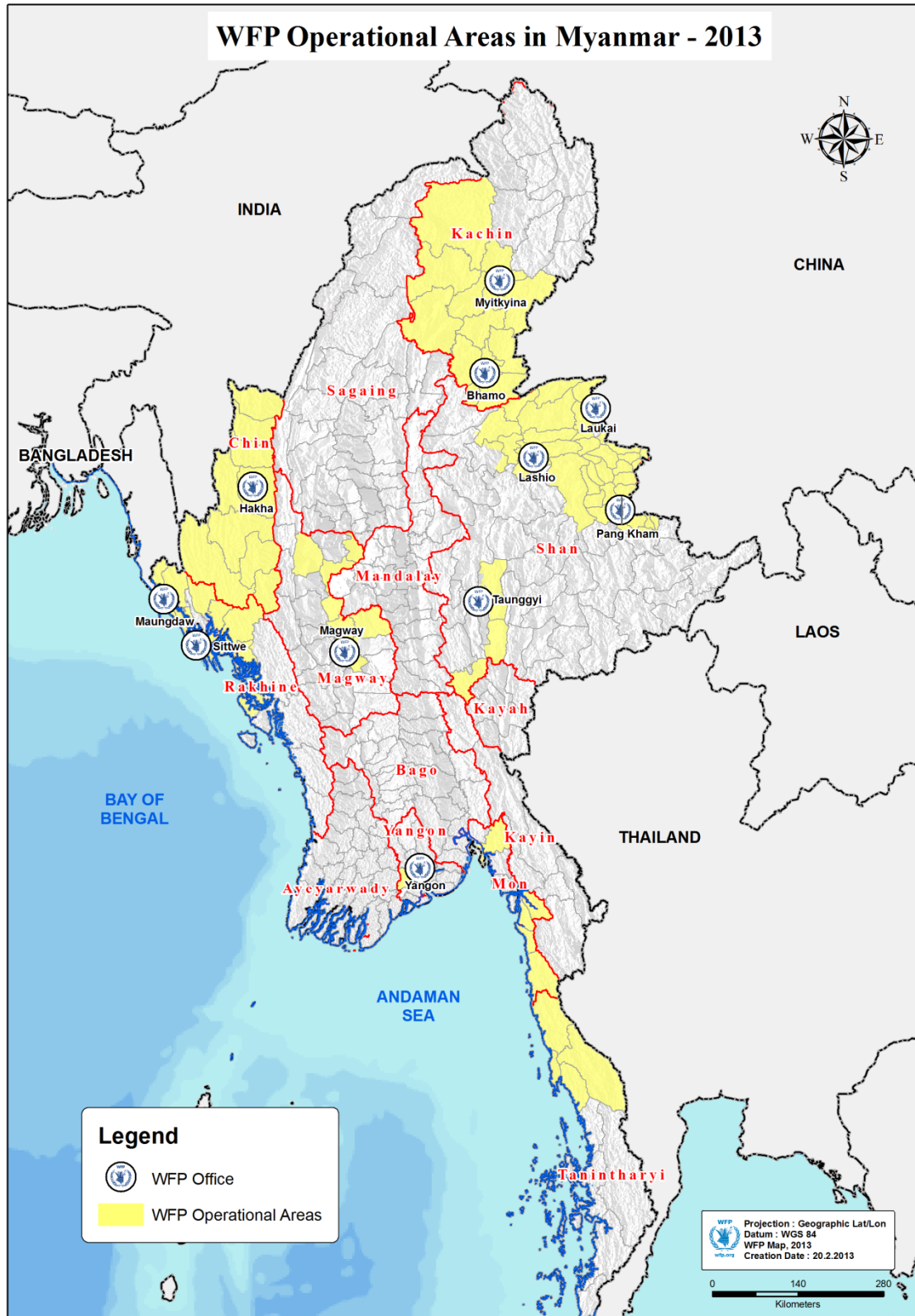
DIRECT SUPPORT REQUIREMENTS (US\$)	
WFP Staff and Staff-Related	
Professional staff *	700,266
General service staff **	1,760,520
Danger pay and local allowances	-
Subtotal	2,460,786
Recurring and Other	1,161,000
Capital Equipment	-
Security	580,000
Travel and transportation	1,934,528
Assessments, Evaluations and Monitoring⁹	49,000
TOTAL DIRECT SUPPORT COSTS	6,185,314

* Costs to be included in this line are under the following cost elements: International Professional Staff (P1 to D2), Local Staff - National Officer, International Consultants, Local Consultants, UNV

** Costs to be included in this line are under the following cost elements: International GS Staff, Local Staff- General Service, Local Staff - Temporary Assist. (SC, SSA, Other), Overtime

⁹ Reflects estimated costs when these activities are performed by third parties. If WFP Country Office staff perform these activities, the costs are included in Staff and Staff Related and Travel and Transportation.

MAP



ACRONYMS USED IN THE DOCUMENT

CaLP	Cash Learning Partnership
CDN	Consortium of Dutch NGOs
DSA	daily subsistence allowance
DSC	direct support costs
EDP	extended delivery point
FLA	field level agreement
FSIN	Food Security Information Network
GFD	general food distribution
ICSC	International Civil Service Commission
IDP	internally displaced person
ISC	indirect support costs
KIA	Kachin Independence Army
LIFT	Livelihoods and Food Security Trust Fund
LTSH	landside transport, storage and handling
MDG	millennium development goal
MLFRD	Ministry of Livestock, Fisheries and Rural Development
MoH	Ministry of Health
MoSW	Ministry of Social Welfare
ODOC	other direct operational costs
OSLT	WFP Logistics and Transport Service
PLW	pregnant and lactating women
PRRO	protracted relief and recovery operation
SSR	staffing structure review
TB	tuberculosis
U5	children under 5 years of age
UNDSS	United Nations Department of Safety and Security