

Lesotho Country Programme: LSCO 200369
B/R No.:02

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, OSLT (change in LTSH and/or External Transport)
<u>APPROVAL</u>				
<input checked="" type="checkbox"/> Regional Director

PROJECT

Start date: 01.01.2013 **End date:** 31.12.2017

	Previous Budget	Revision	New Budget
Food cost ¹	US\$ 19 691 478	US\$ 2 650 055	US\$ 22 341 533
External transport ²	US\$ 942 466	US\$ -	US\$ 942 466
LTSH ³	US\$ 6 518 045	US\$ (904 671)	US\$ 5 613 374
ODOC ⁴	US\$ 1 319 230	US\$ 902 869	US\$ 2 222 099
DSC ⁵	US\$ 2 812 941	US\$ 2 563 044	US\$ 5 375 985
ISC (7%) ⁶	US\$ 2 189 891	US\$ 364 791	US\$ 2 554 682
Total WFP cost (US\$)	US\$ 33 474 051	US\$ 5 576 087	US\$ 39 050 139

TYPE OF REVISION

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

¹ Food cost can comprise both commodities as well as 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 REVISION

1. This second budget revision to the Lesotho Country Programme (CP 200369) aims at:
 - Increasing food commodity prices considering the conditionality of the South African donation of buying food commodities in South Africa of South Africa origin (including raw material for processed food);
 - Including a new fortified blended food (*Super Cereal Plus*) into the food commodity basket of the nutrition and HIV component (Component 3) in order to align it with new WFP nutrition guidelines and as per recommendation from WFP Headquarters (Nutrition Unit);
 - Increasing by 1,150 the number of children 6 to 23 months contemplated under complementary feeding intervention of Component 3;
 - Adjusting the rates for Land, Transport, Storage and Handling (LTSH), Other Direct Operation Costs (ODOC) and Direct Support Costs (DSC) so as to take into consideration the revised procurement plan and its new purchase modality, a change in the shipping terms and the need to provide additional capacity strengthening for the Government, in particular the Ministry of Health.

2. The proposed budget revision will therefore :
 - Increase the overall food commodity cost by US\$ 2,650,055;
 - Substitute 400 mt of maize meal by 500 mt of maize grain procured from small holder farmers in South Africa and to be milled in RSA before delivery to Lesotho;
 - Increase *Super Cereal plus* which will be procured from a recently received Japanese contribution;
 - Decrease in LTSH following a revision of the procurement plan modalities and shipping terms;
 - Increase in ODOC in order mainly to include milling, bagging, superintendent and inspection costs;
 - Increase in DSC to cater for revised implementation needs;
 - Increase in Indirect Support Costs (ISC).

3. The overall budget will increase by US\$ 5,576,087 from US\$ 33,474,051 to US\$ 39,050,139.

JUSTIFICATION FOR BUDGET REVISION

Summary of existing project activities

4. WFP is implementing a five-year Country Programme from January 2013 to December 2017. The long-term goals of country programme are to: i) enhance resilience and responsiveness to food-security shocks; and ii) enhance the nutritional and social well-being of vulnerable groups. The objectives of the Country Programme are to:
 - Improve food security through measures that reduce risks associated with disasters (Strategic Objective 2);
 - Support human development and increase pre-primary school enrolment (Strategic Objectives 4 and 5); and

- Improve socio-economic capacities by investing in people’s physical well-being, reducing the care and economic burden associated with chronic illness and improving people’s nutritional status (Strategic Objectives 4 and 5).
5. The Country Programme has three components:
- **Component 1:** Enhancing Resilience and Responsiveness through Disaster Risk Reduction. Through this component, WFP supports livelihood strategies that enhance both incomes and farm-based assets in order to increase farmers’ resilience to shocks.
 - **Component 2:** Support for Pre-School Education. Through this component, pre-school children receive morning porridge and a lunch time meal to improve their stamina and learning capacity. This is expected to increase school enrolment and ensure that children are better prepared for primary education.
 - **Component 3:** Support for Nutrition and HIV. The Nutrition and HIV component covers three areas; Curative, Preventative and Supportive Interventions aiming at supporting the Ministry of Health in its efforts to improve the quality of nutritional rehabilitation services. These interventions target children under five, pregnant and lactating women, as well as ART and TB-DOT clients. The programme implementation follows the national protocol on Integrated Management of Moderate Acute Malnutrition (IMAM), using anthropometric measurements for enrolment and discharge.

Conclusion and recommendation of the re-assessment

6. During the preparation process of the nutrition component, the Ministry of Health and Social Welfare had requested more time to improve institutional, operational and staffing capacities before introducing a new nutritional product recommended by WFP. As a result, WFP had initially provided Super Cereal product to children under the age of five for both treatment of moderate acute malnutrition and prevention of stunting with a view to make the necessary adjustments at a later stage.
7. Following readiness of the Ministry of Health to provide a more appropriate product, the Country Office is now seeking to accommodate the initially recommended nutritional product (Super Cereal *Plus*) under the “Right Food at the Right Time” framework for curative and preventive activities. In line with the corporate guidance and latest evidence in nutritional effectiveness, the Nutrition and HIV component (component 3) will include the provision of specialized products for specific subgroups.
8. Following an evaluation exercise of the previous Development Project 200169 (Nutrition Support for Malnourished Children and Other Vulnerable Groups), which was meant to inform the current project implementation, the Country Office plans to implement some of the recommendations made to improve programme implementation and thus nutrition outcomes. The recommendations are mainly referring to capacity development of the Ministry of Health and tracking of nutrition outcome indicators through annual nutrition surveys (SMART survey).

Purpose of budget revision

9. The first purpose of this budget revision is to revise the budget plan in order to abide by the South African donation conditionality to procure all food commodities in South Africa of

South African origin (including raw material for processed food). Another requirement of this donation is to procure a certain percentage of food commodities from small holder farmers in South Africa. This means that maize grain will be procured and processed in maize meal by WFP instead of buying maize mill directly from the millers.

10. More specifically, this revision will result in:

- Procurement of 500 mt of South African white maize grain from small holder farmers to be subsequently milled by WFP;
- Procurement of 450 mt of South African pulses at a revised price of US\$ 1,500 per mt instead of an initial planned price of US\$ 587 per mt (on international markets);
- Procurement of 135 mt of vegetable oil of South African origin at a revised price of US\$ 2,200 per mt instead of an initial planned price of US\$ 1,529 per mt (on international markets).

11. The second purpose of this budget revision is to increase quantity of a new fortified blended food, super cereal plus for Nutrition and HIV component. A recently received Japanese contribution will provide an opportunity for the Country Office to cover its additional need of Super Cereal *Plus* in order to effectively support the Government. This product is highly nutritious, easily absorbed and has a better micronutrient profile. It is more effective in the treatment of malnutrition in children aged 6 to 59 months and the prevention of malnutrition in children aged 6 to 23 months. As a result, the Country Office will be able to provide support to additional 1, 150 children aged 6 to 23 months under the prevention intervention.

12. The third purpose of this budget revision is to adjust the rates of the associated costs - LTSH, ODOC and DSC - in order to reflect changes in project implementation:

- Decrease in LTSH budget line following a matrix review which takes into account updated transport cost and the revised apportionment of the type of purchase and shipping terms (Incoterms) as per the historical procurement trends where 60 percent of the food basket has been purchased on Delivery At Place (DAP incoterms) terms thereby reducing the requirements for regional overland transportation cost.
- Increase in ODOC budget line in order to accommodate maize grain transformation process. This increase includes the cost of milling and superintendent and inspection. Other additional activities include training workshops for nurses on implementation of curative intervention of component 3 as well as conducting annual SMART surveys to measure programme impact on nutritional status of targeted groups.
- Increase in DSC budget line in order to accommodate salaries of three nutritionists deployed in the Ministry of Health to augment the Ministry of Health capacity for programme implementation as well as additional operational support for WFP field offices.

Table 1 : FOOD RATION FOR COMPONENT 3 – NUTRITION AND HIV (g/person/day)						
Food commodities	Component 3 – Support to Nutrition and HIV					
	Curative – moderate acute malnutrition			Preventative - stunting		Supportive
	ART/PMTCT/TB individual	pregnant lactating women	6–59 months	6–24 months	pregnant lactating women	household ration
Fortified maize meal	0	0	0	0	0	200
Pulses	0	0	0	0	0	60
Oil	0	0	0	0	0	20
Super Cereal	250	250	-	-	250	0
Super Cereal <i>plus</i>	0	0	200	200	0	0
TOTAL	250	250	200	200	250	280
<i>Total kcal/day</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000</i>	<i>1,078</i>
% Kcal from protein	18	18	14	14	18	12
% Kcal from fat	13.5	13.5	27	27	13.5	24

FOOD REQUIREMENTS

13. Under this revision, Super Cereal rations for component 3 was substituted with Super Cereal *plus* for both curative and prevention interventions to align the proposed intervention with WFP new nutrition guidelines.

14. The total food commodities required will decrease by 1,793 mt from 35,946 mt to 34,153 mt. There will be no change in project implementation.

TABLE 2. FOOD REQUIREMENTS BY COMPONENT			
	Food requirement (mt)		
Activity	Present	Increase/Decrease	Revised
Component 1 - Disaster Risk Reduction			
DRR	4 320	0	4 320
Component 2 – School Meals			
School meals	9 900	0	9 900
Component - 3			
Preventative	7 896	(1 994)	5 902
Curative	8 790	201	8 991
Supportive	5 040	0	5 040
Total	35 946	(1 793)	34,153

TABLE 3 : FOOD REQUIREMENTS FOR NUTRITION AND HIV COMPONENT (MT)

Food Commodity	Initial requirements Component 3 – Support to Nutrition and HIV		Increase/decrease requirements Component 3 – Support to Nutrition and HIV	
	Individual client	Family ration	Individual client	Family ration
Fortified Maize meal	-	3 600	-	3 600
Pulses	-	1080	-	1080
Oil		360	-	360
Super Cereal	2 148	-	(6 884)	-
Super Cereal <i>Plus</i>	738	-	5 091	-
TOTAL (mt)	2 886	5 040	(1 793)	5 040

TABLE 4 : BENEFICIARIES BY CATEGORY			
Category	Number of Beneficiaries		
	Present	Increase	Revised
Support to Nutrition – Curative			
ART/PMTCT/TB	8 000	0	8 000
Pregnant and lactating women	10 530	(3 530)	7 000
Children 6 to 59 months	3 000	5 000	8 000
Support to Nutrition – Supportive			
ART/PMTCT/TB family ration	10 000	0	10 000
Support to Nutrition – Preventative			
Children aged 6 to 23 months	7 250	12 750	20 000
Pregnant and lactating women	32 070	(13 070)	19 000
Disaster Risk Reduction			
DRR	10 000	0	10 000
School Meals			
School Meals	50 000	0	50 000
Total	130 850	1 150	132 000

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