



**World Food Programme**

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**PROJECT BUDGET REVISION FOR APPROVAL BY THE REGIONAL DIRECTOR**

5) To:	Initials	In Date	Out Date	Reason for Delay
Regional Director				
4) Through:	Initials	In Date	Out Date	Reason for Delay
Programme Adviser, RB				
3) Through:	Initials	In Date	Out Date	Reason for Delay
Logistic Officer, RB (change in LTSH and/or External Transport)				
2) Through:	Initials	In Date	Out Date	Reason for Delay
Resource Management Analyst, RB				
1) From:	Initials	In Date	Out Date	Reason for Delay
Country Office				

**Malawi PRRO No. 200460  
BR No.3**

<b>Total revised number of beneficiaries</b>	26 700 beneficiaries
<b>Duration of entire project</b>	36 months
<b>Extension / Reduction period</b>	12 months
<b>Gender market code</b>	n.a.
<b>WFP food tonnage</b>	10 905 MT

**PROJECT**

**Start date:** 1 June 2014    **End date:** 31 May 2015    **Extension period:** 12 months    **New end date:** 31 May 2016

**Cost (United States dollars)**

	<b>Current Budget</b>	<b>Increase</b>	<b>Revised Budget</b>
Food and Related Costs	US\$ 4 690 059	US\$ 1 283 816	US\$ 5 973 875
Cash and Vouchers and Related Costs	US\$ -	US\$ 1 619 204	US\$ 1 619 204
Capacity Development & Augmentation	US\$ -	US\$ 163 000	US\$ 163 000
DSC	US\$ 442 605	US\$ 382 250	US\$ 824 855
ISC	US\$ 359 287	US\$ 241 379	US\$ 600 665
<b>Total cost to WFP</b>	<b>US\$ 5 491 951</b>	<b>US\$ 3 689 649</b>	<b>US\$ 9 181 599</b>

**CHANGES TO:**

**Food Tool**

- MT  
 Commodity Value  
 External Transport  
 LTSH  
 ODOC

**C&V Tool**

- C&V Transfers  
 C&V Related Costs

- CD&A  
 DSC  
 Project duration  
 Other

**Project Rates**

- LTSH (\$/MT)  
 ODOC (\$/MT)  
 C&V Related (%)  
 DSC (%)

## NATURE OF THE INCREASE

1. This third budget revision (BR3) to PRRO 200460, “*Assistance to Refugees in Malawi*”, will extend the project by twelve months, from 01 June 2015 to 31 May 2016. It allows for increased commodity requirements during the extension period to enable transition between PRRO 200460 and a new refugee project to start on 01 June 2016 based on recommendations of the Joint Assessment mission conducted in November 2014. The planned number of beneficiaries to be reached is estimated at 26,700 (14,548 males and 12,152 females).
2. The total cost of this BR is US\$ 3, 689, 649 and will:
  - Extend project duration by twelve months, June 2015- May 2016;
  - Increase food requirements at a cost of US\$1, 050, 540;
  - Increase LTSH by US\$168, 986
  - Introduce cash and voucher transfers worth US\$1, 325, 526
  - Increase external transport costs by US\$11, 790;
  - Increase Other Direct Operational Costs (ODOC) by US\$52,500;
  - Increase Direct Support Costs (DSC) by US\$382, 250; and
  - Increase Indirect Support Costs (ISC) by US\$241, 379.
3. The cash transfer modality will be introduced starting from September 2015 to cover food requirements for cereals and vegetable oil. The transfer modality for Super Cereal and Super Cereal Plus will continue to be through in-kind food transfers given that these specialized commodities are not readily available on the local market. Pulses will also continue to be provided through in-kind food transfers, as the project has sufficient stock to cover the needs of this commodity during the extension period.

## JUSTIFICATION FOR THE REVISION

### *Summary of existing project activities*

4. Malawi has been hosting refugees for over two decades. The refugees are settled at Dzaleka Camp located in the central region of the country and the majority are from the Democratic Republic of Congo (DRC), Rwanda and Burundi. The overall goal of this PRRO is to contribute towards achieving and maintaining food security among the refugees settled in the camp while addressing micronutrient deficiencies in children under two with special emphasis in anemia and protecting the environment and livelihoods of the surrounding communities with particular focus on food-insecure households. This is in line with WFP’s Strategic Objective 1 and Strategic Objective 3.
5. WFP, under this PRRO, provides food assistance to refugees through nutrition-sensitive monthly general food distributions (GFD) that meet basic nutritional needs of refugees. While the programme originally included a Food-for-Asset (FFA) component to be carried out in the surrounding host community, this has not yet been implemented due to funding constraints.

6. The original plan was to assist 25,614 beneficiaries including 23,414 refugees and 2,200 Food for Assets (FFA) beneficiaries from the host community. An estimated 21,000 refugees are currently receiving food support from WFP through this PRRO while assistance to the host community is not implemented due to funding constraints. According to UNHCR projections, refugee numbers will continue to rise in the foreseeable future, reaching over 25,000 by December 2015.

### ***Conclusion and recommendation of the re-assessment***

7. In November 2014, WFP, UNHCR, the government and other partners conducted a Joint Assessment Mission (JAM) with the objective to assess the food security, health, nutrition and sanitation situation among the refugees in the camp and come up with specific recommendations for the new project cycle, with defined needs and the resources required to address them. In particular, the mission aimed at determining the effectiveness of the operation and how the nutritional situation has changed following the humanitarian operation in the camp.
8. The JAM included Food and Nutrition security assessment conducted at household level and reviewed WFP's package of assistance including suitability and relevance to establish current needs and the future scope of WFP assistance to refugees in Malawi. WFP is currently awaiting Government of Malawi endorsement of the JAM findings, which is necessary in order to develop a new project document. In the interim, and to allow time to develop the new programme, WFP is seeking to extend PRRO 200460.
9. Earlier in September 2014, WFP in collaboration with UNHCR had conducted a market assessment for food and non-food items to assess the feasibility of cash based interventions for refugees at Dzaleka camp. The assessment was conducted in five markets that refugee community visit to buy food and non-food commodities. The overall objective of the market assessment was to understand food and non-food items markets to ascertain the feasibility for designing and implementing cash based interventions.
10. Together with the market assessment, the JAM provided information for further assistance through the design of a new programme cycle for both WFP and UNHCR. From these assessments, it was observed that refugees currently lack viable alternative livelihood options in view of the Government's encampment policy and lack of access to formal employment/business opportunities. Any break in assistance would significantly increase risks of under nutrition and resorting to negative coping behaviors. WFP food assistance therefore remains the single most reliable source of livelihood for the time being and foreseeable future.
11. Therefore JAM noted that most refugees relied on food assistance to meet their dietary needs and recommended that UNHCR and WFP should continue providing the 100% food ration to all refugees in the camp, as there is limited land provided to very few households to produce own food and also limited livelihood sources to acquire income hence their reliance on food assistance to satisfy dietary needs.



12. The nutrition assessment revealed that the overall nutrition situation in 2014 at the camp remained stable and that the malnutrition levels were within the acceptable levels. However, chronic malnutrition in children (36.1%) as well as prevalence of anaemia in children (33.4%) and women (23.2%) remains a concern. Assistance should therefore include fortified blended foods such as Super Cereal Plus to all children under 2 years in order to sustain the low levels of acute malnutrition and reduce chronic malnutrition and macronutrient deficiencies.
13. From the market assessment cash transfers were recommended to cover commodities such as cereals, vegetable oil and pulses. These commodities are available throughout the year and the markets in the surrounding two districts (Dowa and Nchisi as well as Lilongwe)<sup>1</sup> are able to meet the demand of the target population. This would enable the refugee population have an improved access to a wider variety of foods. The assessment also recommended maintaining in-kind food assistance for specialized commodities such as Super Cereal and Super Cereal Plus, given that these commodities are not readily available on the local market and considering current challenges for vouchers, including lack of trader's experience and capacity constraints in working with voucher system. Market prices, food commodity supply, availability and trader behaviour will be closely monitored throughout the extension time to inform adjustment of the monthly transfer value (average estimated at US\$ 7.8/person).
14. Implementation of the cash transfers in this PRRO will build on knowledge gained through cash based interventions under the EMOP 200608 (2013-2014), and the current PRRO 200692. Based on this knowledge, transfer through household bank accounts was selected as a delivery mechanism mainly because of security concerns associated with immediate cash<sup>2</sup> and it is more cost-effective than mobile money. UNHCR has advised that refugees are able to open bank accounts using refugee ID cards issued by UNHCR. The assessment of financial service providers as well as the market assessment have confirmed that five major banks of Malawi have established their branches close to the camp and refugees are given exit permits every time they want to leave the camp and will have no problem to reach those branches and access bank services.
15. Although the cost-efficiency and effectiveness analysis (Omega Value) suggests that the cost of providing cash transfers looks currently slightly more expensive than using in-kind food transfers, cash transfers are still recommended, as the major cost factor is the initial fixed costs. However, it is expected the programme will enjoy economies of scale in the long run, as most of these costs are one-off costs related to account opening.

#### ***Purpose of change in project duration and budget increase***

16. PRRO 200460 started in 1<sup>st</sup> June, 2013 and was planned to end on 30 May 2015. This BR is therefore proposed to extend the project for an additional twelve months, until May 2016 to allow a smooth transition of the current programme into a new PRRO for approval by WFP's Executive Director.

<sup>1</sup> The refugees are hosted in Dowa district, which according to WFP's Integrated Context Analysis (ICA) is the most food secure district followed by Kasungu and Nchisi Also the camp is at less than 1 hour drive from Lilongwe markets.

<sup>2</sup> Delivering cash to the Camp every month could result in risk of theft as the cash distribution pattern could become predictable



17. The BR will increase food commodity, external transport and LTSH costs as a result of the increases in food requirements needed to reach the beneficiary numbers indicated in table 1 below during the extension period. The BR also includes a change in the transfer modality by the introduction of cash transfers starting from September 2015 to cover cereals and vegetable oil, while pulses, Super Cereal and Super Cereal Plus will continued to be provided through in-kind food rations. Pulses will continue to be provided through in-kind transfers, as the project has sufficient stock to cover the extension period. The ODOC costs are split between CD&A and ODOC food and therefore the ODOC rate decrease and CD&A are accounted for separately, in line with the new financial framework review.

Activity [or Component]	Category of beneficiaries	Current			Increase / Decrease			Revised		
		Boys / Men	Girls / Women	Total	Boys / Men	Girls / Women	Total	Boys / Men	Girls / Women	Total
General Food Distribution	Refugees	12 852	10 562	23 414	596	490	1 086	13 448	11 052	24 500
Food For Assets	Host Community	1 100	1 100	2 200	0	0	0	1 100	1 100	2 200
<b>TOTAL</b>		<b>13 952</b>	<b>11 662</b>	<b>25 614</b>	<b>596</b>	<b>490</b>	<b>1 086</b>	<b>14 548</b>	<b>12 152</b>	<b>26 700</b>

\* All GFD beneficiaries will receive cash and vouchers to cover for the requirements of cereals, pulses and vegetable oil.

\*\* Given that this is a budget revision with extension-in-time, the Increase/Decrease columns indicate the beneficiaries to be assisted during the extended period, which is the same as the revised number of beneficiaries.

18. The transfer modality for GFD has changed from in-kind food to cash transfers while it remained unchanged for nutrition assistance and FFA. The revised food basket is presented in Tables 2 and 3 below.

	General Food Distribution (GFD)	Nutrition	Food for Assets (FFA)
	Revised	Revised	Revised
Maize	450		450
Pulses	50		50
Vegetable Oil	25		
Super Cereal	50		
Super Cereal Plus		100	
Cash/voucher <sup>3</sup> (US\$/person/day)	0.20		
<b>TOTAL<sup>4</sup></b>	<b>575</b>	<b>100</b>	<b>500</b>

<sup>3</sup> The transfer value of \$ 0.20/person/day (6.0 per person per month) is calculated by converting the in-kind food ration of maize and oil into monetary value using the market price of those products in the local markets near the refugee camp

<sup>4</sup> A full basket of in-kind food commodities will be provided from June-August 2015 while a mix of cash and in kind food will be provided from September 2015 to May 2016.



<b>Total kcal/day*</b>	<b>2 164</b>	<b>394</b>	<b>1 743</b>
% kcal from protein	11.8	1.6	12.6
% kcal from fat	19.4	23.2	9.6
Number of feeding days per year or per month (as applicable)	<b>30 days/month</b>	<b>30 days/month</b>	<b>30 days/month during lean season</b>

## FOOD REQUIREMENTS

19. The figures in Table 3 indicate changes in total food/cash requirements for the three components of the PRRO based on the increased beneficiary needs. Maize, pulses and Super Cereal will be purchased locally or in the region including through the WFP's forward purchase facility (FPF) while Super Cereal Plus will be procured internationally, as it is not available in the region.

	Commodity <sup>5</sup> / Cash & voucher	Food requirements (mt) Cash/Voucher (US\$)		
		Current	Increase / Decrease	Revised total
General Food Distribution	In-kind food	8 817	2 089	10 905
General Food Distribution	Cash transfers	0	1 325 526	1 325 526
<b>TOTAL*</b>	<b>In-kind food</b>	<b>8 817</b>	<b>2 089</b>	<b>10 095</b>

\*. The totals include only in-kind food requirements

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 Reviewed by: Sarah Longford, Regional Bureau  
 Cleared by: Chris Nikoi, Regional Bureau on 09 June, 2015

<sup>5</sup> Please only present overall food requirement. Do not split by commodity.


**ANNEX I-A**

<b>PROJECT COST BREAKDOWN</b>			
	<b>Quantity (mt)</b>	<b>Value (US\$)</b>	<b>Value (US\$)</b>
<i>Food Transfers</i>			
Cereals	1 081	300 628	
Pulses	440	335 575	
Oil and fats	50	48 870	
Mixed and blended food	513	365 467	
Others	-	-	
<b>Total Food Transfers</b>	<b>2 089</b>	<b>1 050 540</b>	
External Transport		11 790	
LTSH		168 986	
ODOC Food		52 500	
<b>Food and Related Costs <sup>6</sup></b>		<b>1 283 816</b>	
C&V Transfers		1 325 526	
C&V Related costs		293 678	
<b>Cash and Vouchers and Related Costs</b>		<b>1 619 204</b>	
<b>Capacity Development &amp; Augmentation</b>		<b>163 000</b>	
<i>Direct Operational Costs</i>			3 066 020
Direct support costs (see Annex I-B)			382 250
<b>Total Direct Project Costs</b>			<b>3 448 270</b>
Indirect support costs (7.0 percent) <sup>7</sup>			241 379
<b>TOTAL WFP COSTS</b>			<b>3 689 649</b>

<sup>6</sup> This is a notional food basket for budgeting and approval. The contents may vary.

<sup>7</sup> The indirect support cost rate may be amended by the Board during the project.


**ANNEX I-B**

<b>DIRECT SUPPORT REQUIREMENTS (US\$)</b>	
<b>WFP Staff and Staff-Related</b>	
Professional staff *	41 000
General service staff **	112 900
Danger pay and local allowances	-
<b>Subtotal</b>	<b>153 900</b>
<b>Recurring and Other</b>	<b>69 550</b>
<b>Capital Equipment</b>	<b>24 000</b>
<b>Security</b>	<b>12 000</b>
<b>Travel and transportation</b>	<b>87 800</b>
<b>Assessments, Evaluations and Monitoring</b>	<b>-</b>
<b>TOTAL DIRECT SUPPORT COSTS</b>	<b>382 250</b>

\* 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