

BUDGET DECREASE TO PROTRACTED RELIEF AND RECOVERY OPERATION (PRRO) 200540

Title of the project: “Targeted Food Assistance to Victims of Armed Conflicts and other Vulnerable Groups in the Democratic Republic of Congo”

Start date: 01.04.2014 End date: 31.12.2015 Extension/Reduction period: N/A
New end date: N/A

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Cost (United States dollars)			
	Current Budget	Increase/ decrease	Revised Budget
Food and Related Costs	322 139 751	(53 984 269)	268 155 483
Cash and Vouchers and Related Costs	43 494 009	2 123 469	45 617 478
Capacity Development & Augmentation	2 730 000	0	2 730 000
Direct Support Costs (DSC)	74 717 190	(3 480 707)	71 236 483
Indirect Support Costs (ISC)	31 015 667	(3 873 905)	27 141 761
Total cost to WFP	474 096 617	(59 215 413)	414 881 204

NATURE OF THE DECREASE

1. This budget revision (BR) to Protracted Relief and Recovery Operation (PRRO) 200540 is required to: a) align the food and cash & voucher (C&V) requirements, the related transport costs, and other direct operational costs (ODOC) with the revised proposed programme of work from 1 April 2014 to 31 December 2015; b) adjust staffing costs to reflect a reduction in workforce resulting from the closure of six sub-offices and a Staffing Review Exercise (SRE) undertaken in November 2013, partially counterbalanced by increased unit staff costs due to an increase in fixed term salaries; and c) realign PRRO 200540 to the new WFP Strategic Plan and Strategic Results Framework (SRF) for 2014 – 2017.
2. Consequently, this revision will:
 - increase C&V and related costs by USD2,123,469;
 - decrease food transfer costs by USD25,801,652;
 - decrease external transport costs by USD2,920,735;
 - decrease landside transport, storage and handling (LTSH) costs by USD25,428,125;
 - increase ODOC related to food transfers by USD166,244;
 - decrease direct support costs (DSC) by USD3,480,707; and
 - decrease indirect support costs (ISC) by USD3,873,905.
3. Overall, the PRRO budget will be reduced from USD474,096,617 to USD414,881,204 - resulting in a net decrease of USD59,215,413.

JUSTIFICATION OF BUDGET DECREASE

Summary of Existing Project Activities

4. In June 2013, the WFP Executive Board approved PRRO 200540, covering a 30 month timeframe from July 2013 until December 2015 to provide targeted food assistance to victims of armed conflict and other vulnerable groups in the Democratic Republic of Congo.
5. The operation aimed to: (i) provide life-saving food assistance to internally displaced persons (IDPs) and refugees in crisis-affected areas; (ii) reduce the prevalence of acute malnutrition through nutrition support for children aged from 6-59 months and to pregnant and lactating women (PLW); (iii) facilitate access to markets and education, and provide nutrition services for returnees, refugees and food-insecure communities to support early recovery; (iv) increase the resilience of severely food-insecure communities against further shocks; and (v) enhance national capacities to design and manage food and nutrition programmes and disaster preparedness activities.
6. The PRRO ensured the continuity of essential relief and recovery activities previously provided through PRRO 200167 and emergency operation (EMOP) 200480, which both ended in June 2013.

Conclusion and Recommendations of the Re-Assessment

7. A benchmarking exercise conducted in July 2013 identified areas where, due to a combination of extremely high operational costs and lower than expected levels of activity due to resource constraints, operational efficiencies and effectiveness could not be assured. This resulted in the decision to close six sub-offices¹ as part of the overall cost reduction strategy that included an SRE in November 2013.
8. Given the scale of humanitarian needs in DRC and limited resources to respond, this BR aligns with the approach of the inter-agency Humanitarian Action Plan (HAP) 2014, whereby interventions are prioritized to address the most acute needs. Accordingly, WFP has undertaken a strategic prioritization exercise of its programme of work until the end of the PRRO in 2015, supported by a senior level mission from WFP Rome and the Regional Bureau in Johannesburg. The exercise was also informed by consultations with key stakeholders and a High Level Mission to DRC by the United Nations Children's Fund (UNICEF), the Office of the United Nations High Commissioner for Refugees (UNHCR) and WFP, in January 2014.
9. Lastly, under this BR, the PRRO is being aligned to Strategic Objectives 1 and 2² of the WFP Strategic Plan (2014-2017) and is streamlining capacity development activities.

Purpose of the Budget Decrease

10. This budget revision reflects a reduced geographical scope of the PRRO in line with WFP's revised priorities in DRC as illustrated by the attached map (Annex III). Informed by

¹ Ango, Beni, Dungu, Kindu, Gemena and Mbuji Mayi

² Strategic Objective (SO) 1: "Save lives and protect livelihoods in emergencies" and SO 2: "Support food security and nutrition and rebuild livelihoods in fragile settings and following emergencies."

consultations with donors, partners and stakeholders, the prioritization focuses on addressing the acute needs of conflict affected populations in the eastern part of DRC (including Katanga, North and South Kivu, and Orientale Provinces) and of the refugees from Central African Republic (CAR) in Equateur Province in the West.

11. The prioritization strategy will entail a 40 percent reduction in school feeding activities. Instead, emergency school feeding will primarily be implemented in conflict-affected and return areas. This translates into a decrease of 471,400 beneficiaries.
12. However, following the recommendations of the on-going Country Portfolio Evaluation (CPE), the a school feeding development project may be elaborated in 2015 to target the more stabilized parts of the country where the Government has recently expressed the need for WFP's technical assistance.
13. Nutrition interventions, including the treatment of moderate acute malnutrition (MAM) in children aged 6-59 months and PLW, and support to caretakers of malnourished children in therapeutic feedings centres will continue in the priority areas, while the threshold for intervention will be aligned with the 2014 HAP³. This is expected to decrease beneficiaries by 137,500. In line with the rollout of the Scaling up Nutrition (SUN) initiative in DRC and the recognition of the importance of good nutrition during the first 1,000 days, WFP will ensure that both children and PLW receive access to treatment.
14. Blanket supplementary feeding to prevent acute malnutrition in children aged 6-23 months and PLW, will be implemented only in selected areas where Global Acute Malnutrition (GAM) rates³ exceed 15 percent and where WFP will be able to demonstrate outcomes. A possible joint UNICEF, Food and Agriculture Organization of the United Nations (FAO) and WFP initiative is being discussed to provide blanket feeding to prevent stunting, as well as other nutrition-specific interventions.
15. Assistance to people living with HIV/AIDS (PLHIV) and tuberculosis (TB) will decrease in line with the phase-out from 6 sub-offices. Activities will be maintained in conflict-affected districts and towns where testing and treatment facilities and strong partnerships are available.
16. The number of General Food Distribution (GFD) beneficiaries has been reduced in locations where WFP is closing offices. However, the total GFD caseload now includes the provision of assistance to refugees from CAR, which was not planned under the original PRRO, as well as a readjustment that takes into account a higher number of IDPs than planned in Orientale, North Kivu and Katanga Provinces. Overall, the net decrease in GFD beneficiaries is of 3,900 people. Likewise, the reduction of FFA and FFT beneficiaries reflects the closure of offices.
17. The revised logical framework (Annex II), aligned with the SRF (2014 – 2017), takes into account the scaling down of resilience activities, the closure of WFP sub-offices, and the new focus on relief and early recovery activities in conflict-affected and return areas.

³ GAM rates above 11 percent and aggravating factors or, in conflict affected areas, GAM rates above 10 percent with at least three aggravating factors.

TABLE 1: BENEFICIARIES BY ACTIVITY				
Activity	Category of beneficiaries	Current	Decrease	Revised
GFD ⁴	IDPs, refugees, victims of SGBV, demobilized child soldiers	2 704 000	3 900	2 700 100
Treatment of acute malnutrition	Children aged 6-59 months	304 000	91 500	212 500
	Pregnant and lactating women	253 400	46 000	207 400
Prevention of acute malnutrition	Children aged 6-23 months	253 600	184 000	69 600
	Pregnant and lactating women	197 300	125 500	71 800
Support to therapeutic feeding for acute malnutrition	Caretakers	16 600	2 800	13 800
Subtotal		3 728 900	453 700	3 275 200
Prevention of chronic malnutrition	Children aged 6-23 months	1 500	500	1 000
	Pregnant and lactating women	1 000	-	1 000
FFA –FFT ⁵	Returnees, victims of SGBV	1 017 000	262 000	755 000
School feeding	Children and cooks	938 600	471 400	467 200
Nutrition support (ART and TB treatment)	PLHIV and TB	157 700	55 600	102 100
Subtotal		2 115 800	789 500	1 326 300
Total		5 844 700	1 243 200	4 601 500
Total excluding overlap⁶		4 220 800	588 600	3 632 200

FOOD REQUIREMENTS

18. Overall, this budget revision entails a net overall decrease in food requirements for all activities amounting to 34,649 mt.

19. Due to the influx of refugees from CAR, to whom assistance is planned through C&V transfers following a joint UNHCR-WFP feasibility assessment in February 2014, C&V transfer requirements increase by USD1,862,692. The assessment showed that markets around the refugee camps are held on a weekly or daily basis. The Nord and Sud Ubangi districts are areas of strong agricultural capacity but due to a weak demand by the local population traders are forced to sell produce to urban markets such as Bangui, Zongo and Gbadolit  and even Kinshasa. The traders interviewed and the “F d ration des Entrepreneurs du Congo” (FEC) indicated that they would be able to meet higher local demand through the regular markets or by means of food fairs⁷. Both post-distribution monitoring and the feasibility assessment observed that refugees receiving in-kind rations from WFP tended to

⁴ Of the revised total 2 315 200 are food beneficiaries and 461 400 are C&V beneficiaries. The overall total, without overlap, is 2 700 100 because 76 500 refugees receive both food and C&V, thus they are only counted once.

⁵ Out of the revised total of 755,000 - 499 900 are FFA beneficiaries and 255 100 are C&V beneficiaries

⁶ Overlap is 25% from one year to the other; 30% overlap of school feeding beneficiaries with other activities (GFD, FFA), overlap of 25 % between nutrition, GFD, and FFA beneficiaries; 30% overlap between FFT and GFD beneficiaries since they are victims of SGBV and demobilized soldiers.

⁷ Food fairs where access is restricted to WFP beneficiaries, traders are selected and contracted by partners, while food commodities are weighed and verified for safety.

sell part of the cereals in the food basket in order to buy food more tailored to their traditional consumption habits.

20. Comparative analysis through the Omega tool⁸ on the results of the feasibility assessment indicate that cash is the most appropriate modality in Mole and Boyabu refugee camps while paper vouchers are the most appropriate transfer modality for Inke camp. The analysis examines the cost-efficiency and cost-effectiveness of the transfer modality taking into consideration factors such as beneficiary preference, gender and protection concerns, and impacts on local markets.

TABLE 2: FOOD AND CASH & VOUCHER REQUIREMENTS BY ACTIVITY				
Activity	Commodity/C&V	Food requirements (mt) C&V (US\$)		
		Current project	Increase/ (Decrease) 2014 & 2015	Revised Total Project
GFD	Commodity	114 763	6 127	120 890
	C&V	20 666 069	3 749 976	24 416 045
Treatment of acute malnutrition	Commodity	8 310	(1 077)	7 233
Prevention of acute malnutrition	Commodity	6 055	(1 177)	4 878
Support to therapeutic feeding	Commodity	64	(10)	54
Prevention of chronic malnutrition	Commodity	58	(12)	46
FFA/FFT	Commodity	30 831	(6 500)	24 331
	C&V	17 522 940	(1 887 283)	15 635 656
School feeding	Commodity	76 508	(30 576)	45 932
Nutrition Support (ART and TB treatment)	Commodity	6 927	(1 424)	5 503
TOTAL (US\$)	C&V	38 183 009	1 862 692	40 045 701
TOTAL (mt)	COMMODITY	243 516	(34 649)	208 867

RECOMMENDATION OF THE EXECUTIVE DIRECTOR

The proposed decreased commitment of food and related costs and increased C&V requirements, resulting in an overall decrease of the budget for PRRO 200540 is recommended to the Executive Director for approval.

 Ertharin Cousin
 Executive Director, WFP

 Date

⁸ The Omega tool is a WFP corporate analytical instrument to compare the cost-efficiency and cost-effectiveness of different intervention options using in-kind food, vouchers or cash transfers.

ANNEX I-A

PROJECT COST BREAKDOWN			
	Quantity (mt)	Value (US\$)	Value (US\$)
<i>Food Transfers</i>	(34 649)	(25 801 652)	
Cereals	(19 082)	(10 770 371)	
Pulses	(5 329)	(2 735 436)	
Oil and fats	(1 947)	(2 629 502)	
Mixed and blended food	(7 748)	(9 622 870)	
Others	(543)	(43 474)	
Total Food Transfers	(34 649)	(25 801 652)	
External Transport		(2 920 735)	
LTSH		(25 428 125)	
ODOC Food		166 244	
Food and Related Costs ⁹		(53 984 269)	
C&V Transfers		1 862 692	
C&V Related costs		260 777	
Cash and Vouchers and Related Costs		2 123 469	
Capacity Development & Augmentation			
<i>Direct Operational Costs</i>			(51 860 800)
Direct support costs (see Annex I-B)			(3 480 707)
Total Direct Project Costs			(55 341 507)
Indirect support costs (7,0 percent) ¹⁰			(3 873 905)
TOTAL WFP COSTS			(59 215 413)

⁹ This is a notional food basket for budgeting and approval. The contents may vary.

¹⁰ The indirect support cost rate may be amended by the Board during the project.

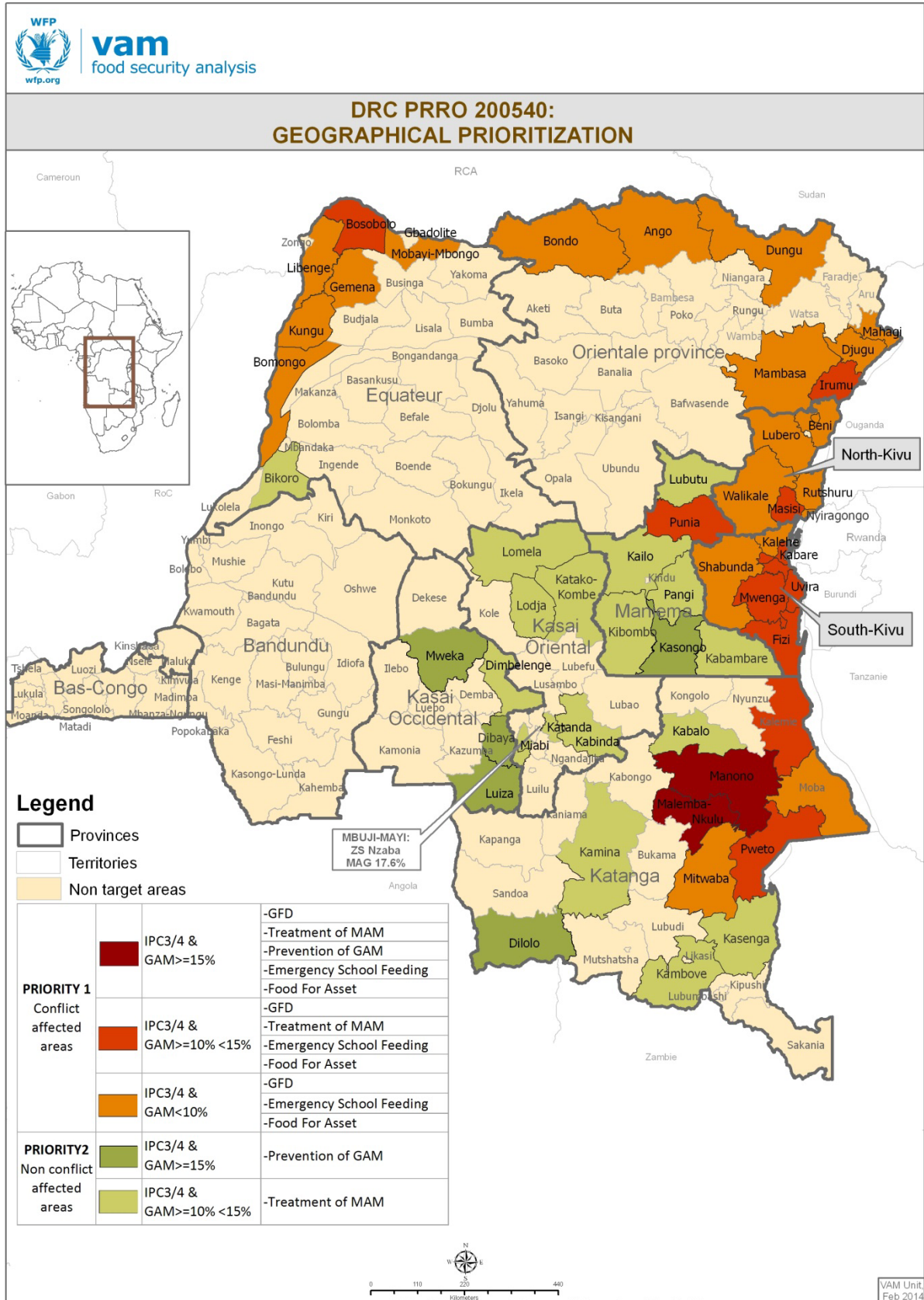
ANNEX I-B

DIRECT SUPPORT REQUIREMENTS (US\$)	
WFP Staff and Staff-Related	
Professional staff	(4 085 606)
General service staff	480 431
Danger pay and local allowances	(705 729)
Subtotal	(4 310 903)
Recurring and Other	(297 602)
Capital Equipment	-
Security	771 398
Travel and transportation	356 400
Assessments, Evaluations and Monitoring¹	-
TOTAL DIRECT SUPPORT COSTS	(3 480 707)

¹ 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.

ANNEX III

MAP



ACRONYMS USED IN THE DOCUMENT

CAR	Central African Republic
DRC	Democratic Republic of Congo
DSC	Direct support costs
FAO	Food and Agriculture Organization of the United Nations
GAM	global acute malnutrition
GFD	general food distribution
EMOP	emergency operation
HAP	Humanitarian Action Plan
IDP	internally displaced person
ISC	indirect support costs
LTSH	landside transport, storage and handling
MAM	moderate acute malnutrition
ODOC	other direct operational costs
PLHIV	people living with HIV/AIDS
PLW	Pregnant and lactating women
PRRO	protracted relief and recovery operation
SO	Strategic Objective
SRE	Staffing Review Exercise
SRF	Strategic Results Framework
TB	tuberculosis
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund

ANNEX IV - [LTSH-matrix](#)

ANNEX V - [Project Budget Plan](#)

ANNEX VI - [Project Statistics](#)

ANNEX VII - [Project Budget Estimate](#)

ANNEX VIII – Macro Risk Analysis and contingency plan (in the case of cash and vouchers)