

**Malawi, Emergency Operation 200608  
Budget Revision No.: 3**

**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	.....	.....	.....	.....

**PROJECT**

**Start date:** 1 September 2013    **End date:** 31 March 2014    **Extension/Reduction period:** N/A    **New end date:** N/A

**Cost (United States dollars)**

	<b>Current Budget</b>	<b>Increase (Decrease)</b>	<b>Revised Budget</b>
Food and Related Costs	US\$ 66 823 172	US\$ 1 326 606	US\$ 68 149 778
Cash and Vouchers and Related Costs	US\$ 16 065 945	US\$ (2 307 860)	US\$ 13 758 085
Capacity Development & Augmentation	US\$ 105 000	US\$	US\$ 105 000
DSC	US\$ 3 588 930	US\$	US\$ 3 588 930
ISC	US\$ 6 060 813	US\$ (68 688)	US\$ 5 992 125
<b>Total cost to WFP</b>	<b>US\$ 92 643 860</b>	<b>US\$ (1 049 942)</b>	<b>US\$ 91 593 918</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 REVISION**

1. The main purpose of this third budget revision to the Malawi Emergency Operation (EMOP) 200608 “Targeted Relief Food Assistance to Vulnerable Population Affected by Natural Disasters” is to better align it with the current situation on the ground. It calls for an overall decrease in the total budget plan primarily due to a reduction in the number of people estimated to be in need of food assistance, when compared to the original EFSA estimates at the beginning of this operation (June 2013) and it also makes provisions for a small floods contingency.
2. The budget revision takes into account the agreement reached at the Malawi Humanitarian Response Committee for an overall lower than initially anticipated proportion of beneficiaries served through cash transfers as opposed to in-kind food transfers; as well as agreement for a portion of the caseload to be served by an independent NGO Consortium rather than WFP.
3. It calls for a reduction of LTSH as international procurement is no longer envisaged under this project, proposes an increase in ODOC caused by additional costs required to serve a larger than anticipated geographic area and it also corrects the corresponding ISC. Overall, this budget revision will decrease the total budget plan from US\$92.6 million to US\$91.6 million.
4. The total cost decrease of this revision amounts to US\$1 million and reflects the following changes:
  - Increased food costs by US\$ 1.17 million;
  - Increased food related ODOC by US\$ 2.1 million;
  - Reduced Cash and Vouchers costs by US\$ 3.6 million;
  - Increased cash related ODOC by US\$ 1.3 million;
  - Decreased LTSH by US\$ 1.99 million;
  - Decreased Indirect Support Costs (ISC) by US\$ 0.07 million.

## **JUSTIFICATION FOR THE REVISION**

### **Summary of existing project activities**

1. EMOP 200608 was approved for the period from 1 September 2013 to 31 March 2014 to support 1.93 million beneficiaries with a total budget of US\$ 92.64 million. In line with the Malawi Growth and Development Strategy (MGDS) II, United Nations Development Assistance Framework and WFP’s Strategic Objective 1 of the WFP Strategic Plan (2014-2017), the objective of this emergency operation is to meet the immediate food needs and protect livelihoods of the victims of natural disasters and economic shocks. This will be achieved through the implementation of food and cash transfers targeting the affected populations guided by the annual assessment findings and recommendations of the Malawi Vulnerability Assessment Committee (MVAC) and emergency food security assessment (EFSA), including a market assessment that guided the geographical targeting of cash transfers.
2. An IR-EMOP of US\$ 1 million was activated for the period from 1 August to 31 October 2013 to support project preparatory activities including early procurement of the food items and to enable timely start of the project activities in October 2013.

3. Budget Revision No. 2 of EMOP 200608 was approved in January 2014 to correct External Transport costs.

### **Conclusion and recommendation of the re-assessment (if applicable)**

1. In July 2013, MVAC had estimated 1.46 million people to be food insecure. The number of people in need of assistance was largely anticipated to increase due to the continued deterioration of people's livelihoods. This was mainly due to depleted asset base as a result of recurrent food shortages (for at least the past 3 to 4 years in many areas) and higher than projected maize price increase. In this regard, WFP planned to reach the entire 1.46 million and another 470,000 people as a contingency which was to be validated with the November 2013 MVAC update assessment. The contingency was based on the preliminary results of EFSA conducted in June 2013 that estimated that as many as 1.93 million people in the affected districts were likely to face substantial shortfalls in household food production.
2. The November 2013 MVAC update assessment found that the number of people estimated to be in need of assistance had increased from 1.46 million to 1.86 million people and the number of affected districts increased from 21 to 24 of the 28 districts across all three regions of the country. Out of the 1.86 million people estimated to be food insecure, agreement was reached at the Malawi Humanitarian Response Team that WFP will provide food assistance through food and cash transfers to 1.77 million people, while about 90,000 people will be assisted through cash transfers by a consortium of international NGOs comprising Save the Children, OXFAM, GOAL and Concern Worldwide.
3. More recently, WFP was requested by the Government of Malawi to cater for an additional 95,000 beneficiaries, including a new caseload of 40,000 for Dedza District<sup>1</sup> and a contingency for an anticipated 55,000 victims of floods.

### **Purpose of change in project duration and/or budget increase/decrease (applicable for all projects)**

1. This third budget revision proposes to continue the same activities as Budget Revision No. 1 in 24 affected districts to address acute food insecurity in line with assessed needs. The budget revision captures the revised humanitarian food needs reflecting a slight increase in the initial projected needs.
2. All project design aspects including project geographical and beneficiary targeting methodology, implementation strategies, procurement and logistics arrangements, and monitoring and evaluation (M&E) framework will remain the same. The M&E capacity and coverage in the Country Office and Sub-Office sufficiently meet the needs. The capacity of the M&E teams of the NGO partners and Government counterparts will be strengthened to improve monitoring and reporting.
3. Targeted in-kind food and/or cash distributions will support 1.86 million people through to March 2014. Targeted in kind food transfers will support 1.71 million acutely food insecure people where markets are not well functioning while cash transfers using a commercial bank (the cash account model) will reach 154,187 acutely food insecure people in the affected areas where markets are functioning. Table 1 below provides details.

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<sup>1</sup>Following alerts of deteriorating food security in certain districts, a joint MVAC/WFP rapid food security monitoring assessment conducted in December 2013 estimated that an additional 40,000 people in Dedza District need food assistance

<b>TABLE 1. BENEFICIARIES BY ACTIVITY TYPE</b>			
	<b>Beneficiaries</b>		
<b>Activity</b>	<b>Present</b>	<b>Increase (Decrease)</b>	<b>Revised</b>
Targeted in kind food transfers	1 639 258	70 128	1 709 386
Targeted cash transfers	289 278	(135 157)	154 187
<b>Total</b>	<b>1 928 536</b>	<b>(65 029)</b>	<b>1 863 507</b>

## **FOOD REQUIREMENTS**

The figures in Table 2 indicate changes in the requirements for targeted food distribution and cash transfers. All commodities will be procured locally where possible otherwise through FPF modalities.

<b>TABLE 2. FOOD REQUIREMENTS BY ACTIVITY TYPE</b>			
	<b>Food requirement (mt)</b>		
<b>Activity</b>	<b>Present</b>	<b>Increase (Decrease)</b>	<b>Revised</b>
Targeted In kind Food Transfers	104 338	2 558	106 896
Targeted Cash Transfers	13 760 345	(3 627 860)	10 132 485

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