


PROJECT BUDGET REVISION FOR APPROVAL BY THE CHIEF OF STAFF

5) To:	Division	Room	Approval and Date
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4) Through:	Division	Room	Signature and Date
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3) Through:	Division	Room	Signature and Date
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1) From:	Regional Bureau	Signature and Date	
Chris Nikoi Regional Director	RBJ		

**Malawi Protracted Relief and Recovery Operation (PRRO) 200692.
Budget Revision (BR) 03**

Total revised number of beneficiaries	1 070 768
Duration of entire project	28 months
Extension / Reduction period	N/A
Gender market code	2A
WFP food tonnage	162 690

Start date: 1 December 2014 **End date:** 31 March 2017 **Extension/Reduction period:** N/A **New end date:** N/A

Cost (United States dollars)

	Current Budget	Increase	Revised Budget
Food and Related Costs	US\$ 94 278 061	US\$ 6 059 861	US\$ 100 337 923
Cash and Vouchers and Related Costs	US\$ 31 993 733	US\$ 2 053 029	US\$ 34 046 762
Capacity Development & Augmentation	US\$ -	US\$ -	US\$ -
DSC	US\$ 17 480 503	US\$ 36 653	US\$ 17 517 156
ISC	US\$ 10 062 661	US\$ 570 468	US\$ 10 633 129
Total cost to WFP	US\$ 153 814 958	US\$ 8 720 011	US\$ 162 534 969

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. Heavy rains began in Malawi in late December 2014, and accelerated quickly in early January, washing away roads, bridges, farmland, and destroying livelihoods and homes of hundreds of thousands people. On 13 January 2015, the President of Malawi declared a state of national disaster across 15 districts in the southern, central and northern regions that were affected by flooding. Some of the affected population was forced to seek refuge in community structures, including schools and religious centres.
2. The majority of Malawians are smallholder farmers, and the heavy rains came when most had just finished planting their crops. Some 116,000 farming households have had their crops damaged by the rains and floods, and estimates by the UN humanitarian country team are that as much as 50 to 90 percent of affected households have had their livelihoods disrupted.
3. Within 72 hours of the President's declaration, WFP started to move life-saving food assistance to worst-hit areas and quickly scaled up to reach 368,181 flood-affected people that were initially identified by the national preliminary response plan (PRP) as in need of urgent food assistance. However, a joint rapid food security assessment was conducted in late February/early March by the Malawi Vulnerability Assessment Committee (MVAC) to reassess the needs of the flood affected population. The assessment recommended a 70 percent increase in the number of the flood affected and food insecure population, bringing the total to 616,776 for the period from April to July 2015 in 17 districts. According to MVAC the number of people requiring food assistance will gradually decrease over the implementation period (April to July 2015). The response will initially cover all 616,776 beneficiaries in April 2015; this will decrease to 599,273 in May 2015, then 516,539 in June and finally 264,963 beneficiaries in July 2015.
4. A market assessment¹ conducted in April 2015 provided an analysis of market functionality and the viability of cash and voucher (C&V) transfer modalities in the flood-affected areas. Preliminary findings recommend that 57 percent of the beneficiaries receive food transfers while 43 percent receive cash transfers.
5. As a result, BR03 to the Malawi protracted relief and recovery operation (PRRO) 200692 aims to respond to the growing food needs of the population that has been rendered food insecure by floods as follows:
 - To increase the number of beneficiaries under the flood response to a total of 616,776 as per the recommendations from the latest MVAC food security assessment report released in March 2015;
 - To include cash transfers as part of the flood assistance as per the latest market assessment report of April 2015, representing 75 percent of the total cash transfer and related cost.
6. Food assistance to the flood-affected population started initially in mid-January 2015 covering 368,181 affected people as per BR01. However, an additional 248,595 beneficiaries (45,199 households) will need to be assisted from April to July 2015. The increase will only affect the 2015 beneficiary figure while the remaining years of the project, the beneficiary figures will remain the same, as originally planned. The food assistance will cover the food needs of the

¹ The market assessment report is pending official release by the government.



flood-affected population before their next crop harvest from winter / irrigation cropping's harvest expected from end of July 2015 and onwards.

7. The total cost of this revision is US\$8.7 million with following additional requirements:
 - i) Increased food commodity requirements by 8,925mt of maize, pulses, vegetable oil and Supercereal at the cost of US\$ 2.83 million;
 - ii) Increased cash transfer costs by US\$ 1.53 million representing 75 percent of the cash transfer and related costs;
 - iii) Increased cash transfer associated costs by US\$ 0.52 million;
 - iv) Increased associated costs (food) by US\$ 3.23 million, consisting of external transport, landside transport, storage and handling and other direct operational costs, as a result of increased tonnage;
 - v) Increase direct support costs by US\$ 36,653;
 - vi) Increase of indirect support costs (7%) by US\$0.57 million.

JUSTIFICATION FOR THE REVISION

Summary of existing project activities

8. This flood response is being implemented under the relief component of the 28-month PRRO 200692 which was launched on 1st of December 2014, running concurrently with Country Programme (CP) 200287 and the refugee PRRO 200460.²
9. The relief component of the PRRO is being implemented through targeted assistance during the lean season (typically December to March), providing nutrition sensitive food baskets and cash and voucher transfers for labour constrained, acute food insecure households. Additionally, it provides conditional targeted food assistance in selected geographic locations where appropriate.
10. The prevention and recovery component is providing food assistance for assets (FFA) for able-bodied households, and awareness³ raising sessions. The focus is on an integrated early recovery and productive asset creation approach using labour and time-saving technologies. This contributes to community resilience through changing mind-sets towards self-reliance.
11. PRRO 200692 has had two budget revisions since its inception. BR01 (in March 2015) was initiated to accommodate the changing number of beneficiaries and reflect the actual food needs of the food insecure population in line with the MVAC assessment recommendation of November 2014 as well as to include the food needs of the flood-affected populations as recommended by the national PRP. BR02 (in April 2015) was aimed at extending the provision of lean season assistance (known as the MVAC response) by an additional month, from 1 to 30 April 2015, to cover food needs associated with the prolonged 2014 /15 lean season for the 437,492 people rendered food insecure by dry spells last growing season, and as recommended by a joint rapid food security assessment.

² PRRO 200460 will continue until mid-2015, providing assistance to some 21,000 refugees in the country. CP 200287 will run until end December 2016. While PRRO 200692 will address immediate needs and enable targeted communities to build resilience, CP 200287 supports long-term development activities through school meals, supplementary feeding, and capacity development related to disaster risk reduction (DRR).

³ Behavior change communication related to diversified food consumption, sanitation and hygiene, child care practices, and HIV, among others, for both relief and prevention and recovery actions.



12. BR03 responds to the MVAC's latest food security assessment conducted in late February / early March 2015, which recommended the provision of humanitarian assistance to an additional 248,595 flood victims (45,199 households). This is an increase of about 70 percent in the number of food insecure flood victims to a total of 616,776 from April to July 2015 in 17 districts. Assistance will be a combination of in-kind food and cash transfers as recommended by the latest market assessment of March 2015.

Conclusion and recommendation of the re-assessment

13. Following heavy and continuous rains between January and February 2015, Malawi experienced devastating floods which affected over 1.1 million people across 17 districts; more than 30 percent higher than the worst case scenario contingency planning figure in the 2014/15 National Multi-Hazard Contingency Plan.
14. Based on initial assessment reports⁴, WFP Country Office began providing food assistance to the 368,181 affected people within 72 hours of the President's declaration of the national disaster. Many of the affected households had their houses destroyed leaving them displaced and homeless; household property damaged including food items and crops washed away or buried by silt. However, by February 2015, the degree of food insecurity in terms of the overall needs and duration were not yet clearly defined as the situation continued to evolve on the ground.
15. The Food Security Cluster therefore commissioned the MVAC to conduct a follow up joint rapid food security assessment in February 2015 to i) assess the food security situation of the population in the flood affected areas; ii) estimate the numbers and classify groups of food insecure people in the flood affected areas; and iii) determine the duration of the required assistance.
16. ***The results of this food security assessment indicated that 616,776 flood affected people in 17 districts⁵ needed to be provided with food assistance, non-food items, and inputs for winter cropping until July 2015.⁶***
17. ***Furthermore, the ongoing market assessment with the aim of assessing market functionality will guide the viability for C&V transfer modalities in flood-affected areas. Preliminary findings of the market assessment recommend that 57 percent of the beneficiaries receive food transfers while 43 percent receive cash transfers, starting from May distributions and pending availability of funds. However, based on resources currently available, the preferred government programming option is to provide maize and Supercereal to all beneficiaries. In addition, 57 percent of beneficiaries (designated to receive food transfers) would receive pulses and***

⁴ The Department of Disaster Management Affairs coordinated a national level Interagency Flood Assessment Mission that was deployed to Nsanje and Chikwawa Districts. Further assessments were conducted by the United Nations Disaster Assessment and Coordination team.

⁵ ***These districts include Balaka, Blantyre, Chikwawa, Chiradzulu, Dedza, Karonga, Mzimba, Machinga, Mangochi, Mulanje, Nsanje, Ntcheu, Phalombe, Rumphi, Salima, Thyolo and Zomba.***

⁶ The actual duration of food assistance varies between 1 and 4 months (from April 2015) across the affected districts depending on the differences in the severity of the situation.



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vegetable oil while 43 percent of beneficiaries (designated to receive cash transfers) would receive cash transfers in lieu of pulses and vegetable oil.

- 18. It is therefore necessary to increase the budget of PRRO 200692 to allow the most appropriate assistance (food or cash) to an additional 248,594 beneficiaries in the flood affected areas. This extension will involve the delivery of some 8,925 mt of food commodities at an estimated cost of US\$ 2.83 million. The value of the cash transfers is estimated at US\$ 1.53 million.**

Purpose of budget increase

- 19. The purpose of BR03 is twofold: 1) to cover the food needs of an additional 248,594 beneficiaries from April to July 2015; 2) to introduce the cash transfer modality for 43 percent of the affected population as per market assessment results and 3) to increase other direct operational costs.**
- 20. The cash transfer will be implemented as an extension of the existing transfer modality for which the cost effectiveness and cost efficiency analyses was already done. The cash transfers for the flood response from May to July will be implemented in the same districts where the ongoing cash transfers are being done. Since the cash transfers for the flood response will be implemented as an extension of the lean season response, there are no new changes in the delivery mechanism. As such the existing contract is being extended to cover the flood response.**
- 21. The transfer value of US\$ 2.58 per person per month is calculated by converting the in-kind food ration of pulses and oil into monetary value using the market prices of these commodities in the local markets.**
- 22. The details of beneficiaries planned to receive WFP assistance, through this BR, are provided in Table 1:**

TABLE 1: BENEFICIARIES BY ACTIVITY										
Activity [or Component]	Category of beneficiaries	Current			Increase			Revised		
		Boys / Men	Girls / Women	Total	Boys / Men	Girls / Women	Total	Boys / Men	Girls / Women	Total
Relief: Targeted food assistance during the lean season										
Seasonal Targeted Food Transfers	Unconditional food transfers	135 024	140 535	275 559				135 024	140 535	275 559
	Conditional food transfers	19 976	20 792	40 768				19 976	20 792	40 768
Seasonal Targeted Cash Transfers	Unconditional cash transfers	47 713	49 660	97 373				47 713	49 660	97 373
	Conditional cash transfers	11 656	12 136	23 792				11 656	12 136	23 792
Targeted Food assistance (Flood response)	Unconditional food transfers	180 409	187 772	368 181	69 433	72 266	141 699	249 842	260 038	509 880
	Unconditional cash transfers				52 379	54 517	106 896	52 379	54 517	106 896
Recovery: Food assistance for asset creation and/or training (FFA)										



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Food for asset creation	5 880	6 120	12000				5 880	6120	12 000
Cash for asset creation	2 200	2 300	4500				2 200	2300	4 500
TOTAL	402 858	419 315	822 173	121 812	126 783	248 595	524 670	546 098	1 070 768

FOOD REQUIREMENTS

23. *An outline of the total additional food quantity, as well as the cash transfer value needed for the revised operation are provided below.*

TABLE 3: FOOD / CASH AND VOUCHER REQUIREMENTS BY ACTIVITY⁷

Activity	Commodity ⁸ / Cash & voucher	Food requirements (mt) Cash/Voucher (US\$)		
		Current	Increase	Revised total
Targeted Food Transfers	Cereal	115 262.37	7 624.29	122 886.65
	Pulses	23 098.30	445.34	23 543.64
	Vegetable Oil	4 241.15	81.94	4 323.09
	Super Cereal/Super Cereal Plus	11 163.56	773.27	11 936.83
Targeted Cash Transfers	Cash Transfer	27 409 183	1 531 832	28 941 015
TOTAL				

Hazard / Risk Assessment and Preparedness Planning

24. *There are no significant changes in the main risks.*

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 Cleared by: Coco Ushiyama, Country Office on
 Reviewed by: Svante Helms, Regional Bureau on 22 May 2015
 Cleared by: Sarah Longford, Regional Bureau on 26 May 2015

⁷ There are no changes in the food and/or cash requirements in the recovery and prevention component of the project

⁸ Please only present overall food requirement. Do not split by commodity.

ANNEX I-A

PROJECT COST BREAKDOWN			
	Quantity (mt)	Value (US\$)	Value (US\$)
<i>Food Transfers</i>			
Cereals	7 624	1 951 692	
Pulses	445	280 599	
Oil and fats	82	77 853	
Mixed and blended food	773	521 965	
Others	-	-	
Total Food Transfers	8 925	2 832 109	
External Transport		7 466	
LTSH		1 722 412	
ODOC Food		1 497 874	
Food and Related Costs		6 059 861	
C&V Transfers		1 531 832	
C&V Related costs		521 197	
Cash and Vouchers and Related Costs		2 053 029	
Capacity Development & Augmentation		-	
<i>Direct Operational Costs</i>			8 112 890
Direct support costs (see Annex I-B)			36 653
Total Direct Project Costs			8 149 543
Indirect support costs (7.0 percent)			570 468
TOTAL WFP COSTS			8 720 011

ANNEX I-B

DIRECT SUPPORT REQUIREMENTS (US\$)	
WFP Staff and Staff-Related	
Professional staff *	-
General service staff **	11 733
Danger pay and local allowances	-
Subtotal	11 733
Recurring and Other	-
Capital Equipment	-
Security	-
Travel and transportation	24 920
Assessments, Evaluations and Monitoring	-
TOTAL DIRECT SUPPORT COSTS	36 653

* 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