

Zambia Country Programme 200157
B/R 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>
<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 type="checkbox"/> Regional Director

PROJECT: CPD 200157 (2011 – 2015) **Start date:** 1st May 2011 **End date:** 31st Dec 2015

	Previous Budget	Revision	New Budget
Food cost ¹	US\$ 23 846 735	US\$ Nil	US\$ 23 846 735
External transport ²	US\$ 1 119 547	US\$ Nil	US\$ 1 119 547
LTSH ³	US\$ 6 759 856	US\$ (1 100 205)	US\$ 5 659 651
ODOC ⁴	US\$ 3 994 310	US\$ (453 663)	US\$ 3 540 647
DSC ⁵	US\$ 7 556 410	US\$ (1 071 203)	US\$ 6 485 207
ISC (7%) ⁶	US\$ 3 029 380	US\$ (183 755)	US\$ 2 845 625
Total WFP cost (US\$)	US\$ 46 306 238	US\$ (2 808 826)	US\$ 43 497 412

TYPE OF REVISION

- Additional commodity
 Reduction DSC
 Reduction ODOC
 Reduction LTSH
 Additional external transport
 Extension or Reduction in time
 other

¹ Food cost can comprise both commodities and 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 IPs.

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 and used to cover corporate overhead costs, i.e. PSA.

NATURE OF THE DECREASE

1. This third budget revision to Zambia Country Programme (CP 200157) seeks to decrease the budget plan due to changes in operational modality by way of:
 - Reducing the LTSH planned budget by US\$ 1,100,205;
 - Reducing the ODOC planned budget by US\$ 453,663;
 - Reducing the DSC planned budget by US\$ 1,071,203 and;
 - Reducing Indirect Support Costs (ISC) by US\$ 183,755.
2. This revision will decrease the overall budget by US\$2.81 million from US\$46.30 million to US \$43.49 million.

JUSTIFICATION FOR BUDGET DECREASE

Summary of existing project activities

3. CP 200157 for the period 2011-2015 is based on the Fifth National Development Plan of the Government of Zambia, and is also aligned to the United Nations Development Assistance Framework (UNDAF).
4. The Government of Zambia has adopted its Sixth National Development Plan to combat malnutrition, promote sustainable agriculture and provide essential social protection to its citizenry. WFP supports this effort through various food assistance programmes and by procuring locally most of the food used in support of such programmes.
5. CP 200157 aims to support social protection for vulnerable households including assistance for the Government national social-protection strategy and the Home-Grown School Feeding Programme. CP 200157 with its three components i) home-grown school feeding; ii) food security for vulnerable groups; and iii) disaster risk management and response focuses on the following objectives:
 - Improving human capital through food-based safety nets, using in-kind food and vouchers and including school feeding and nutritional support for vulnerable groups;
 - Disaster risk management and response by increasing the Government's capacity to reduce vulnerability to climate shocks, disasters and environmental degradation.
6. CP 200157 contributes to WFP Strategic Objectives 2, 4 and 5 and supports achievement of the Millennium Development Goals.

Purpose of budget decrease

7. The proposed reduction in LTSH, ODOC and DSC budget lines is attributed to the following:
8. For LTSH, the cost driver of about 85 percent for secondary transport in distribution costs will no longer be factored under the LTSH budget line as this cost, which is mainly transportation of commodities from the EDPs to FDPs, is now met by the Government.
9. Additionally, the school feeding component has undergone some changes in the transport and distribution modality. The CO has been in discussion with the Ministry of Education on cost

saving measures for transportation and mitigating risk of commodity losses on maize meal - with a shelf life of three months - which is processed centrally in the capital city of Lusaka and then transported on long distances to the final distribution points. For remote areas, the decision was taken to substitute maize meal from Lusaka with maize of local origin to be provided by the districts of the Food Reserve Agency (FRA) depots to the schools.

10. The Government of Zambia has pledged US\$1 million per year to use for district level secondary transport and management programme expenditure for the Home Grown School feeding, therefore reducing LTSH and ODOC related costs on the budget.
11. The DSC planned budget reduction of US\$ 1 million is needed to align the budget plans for the years 2011 and 2012. The main reductions were in national staff members resulting in significant decreases in staffing costs. Further decreases were also incurred under recurring costs such as the United Nations common services; vehicle running and Local Security costs.
12. Overall, LTSH related costs have seen a reduction in value by 43 percent, with the current rate at US\$ 69.94 per mt compared to the previously planned rate of US\$ 122 per mt. ODOC and DSC related costs have also reduced by 60 percent and 38 percent respectively.

FOOD REQUIREMENTS

13. There is no additional food requirement or change in geographic coverage and number of beneficiaries.

DISTRIBUTION:

DED & COO

Director, OME

Chief, OSLT

Country Director

OM Registry

Director, PGG

Director, OSZ

Chief, RMBP

Chief, OSZR

Programme Officer, RMBP

Programming Assistant, RMBP

Liaison Officer, OMJ

Chief, OSZP

Regional Director

RB Programme Advisor

RB Programme Assistant

RB Chrono