

Lesotho Development Project No. 200199
B/R No.:03

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

Start date: 01 Jan. 2011 **End date:** 31 Dec. 2013 **Extension period:** 12 months. **New end date:** 31 Dec. 2014

	Previous Budget	Revision	New Budget
Food cost ¹	US\$ 5 252 736	US\$ 2 760 419	US\$ 8 013 155
External transport ²	US\$ 451 724	US\$ (219 866)	US\$ 231 858
LTSH ³	US\$ 1 121 721	US\$ 1 132 752	US\$ 2 254 473
ODOC ⁴	US\$ 536 230	US\$ (120 148)	US\$ 416 082
DSC ⁵	US\$ 1 156 780	US\$ 69 532	US\$ 1 226 312
ISC (7%) ⁶	US\$ 596 344	US\$ 253 588	US\$ 849 932
Total WFP cost (US\$)	US\$ 9 115 534	US\$ 3 876 278	US\$12 991 812

TYPE OF REVISION

- | | | | |
|--|---|--|---|
| <input checked="" type="checkbox"/> Additional commodity | <input checked="" type="checkbox"/> Additional DSC | <input type="checkbox"/> Additional ODOC | <input checked="" type="checkbox"/> Additional LTSH |
| <input type="checkbox"/> Additional external transport | <input checked="" type="checkbox"/> Extension in time | | <input checked="" type="checkbox"/> 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 to implementing partners.

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, which is used to cover (non-project) corporate overhead costs, i.e. PSA.

NATURE OF THE INCREASE

1. This third budget revision to Lesotho Development project 200199 is required to accommodate a contribution of the Government of South Africa towards the Lesotho School Meal project made in order to alleviate the impact of the food crisis in the country, following an appeal launched by the Government of Lesotho in 2012.
2. In this view, this budget revision will more specifically:
 - Increase the project duration by 12 additional months from January 2014 to December 2014;
 - Increase the number of assisted pupils by 25,000 from 125,000 to 150,000;
 - Increase the food commodity requirements by 5,341 mt equivalent to US\$ 2.8 million;
 - Adjust the associated costs in the budget plan as follows:
 - Decrease External Transport by US\$ 219,866;
 - Increase Land Transport, Storage and Handling (LTSH) by US\$ 1,132,752;
 - Decrease Other Direct Operational Costs (ODOC) by US\$ 120,148;
 - Increase Direct Support Costs (DSC) by US\$ 69,532;
 - Increase Indirect Support Costs(ISC) by US\$ 253,588;
3. The overall budget will increase by US\$ 3.9 million, from US\$ 9.1 million to US\$ 13 million.

JUSTIFICATION FOR EXTENSION-IN-TIME AND BUDGET INCREASE

Summary of existing project activities

4. The current school meals project provides food assistance to primary school children living in remote and economically disadvantaged regions of Lesotho. The project supports the Government priorities as defined in its long-term "Vision 2020" and more specifically the "Education Sector Strategic Plan for 2005–2015". The Government provides school meals to two-thirds of the schools in the country, while WFP covers the remaining one-third, exclusively located in the remote mountainous regions.
5. School children are provided with a mid-morning snack and a midday meal. The intended outcomes include: (i) increased enrolment, (ii) stabilised attendance, (iii) reduced drop-out rates (WFP Strategic Objective 4 - reduce chronic hunger and undernutrition), and (iv) improve government capacity to manage the School Meals Programme (WFP Strategic Objective 5 - strengthen the capacities of countries to reduce hunger including through handover strategies and local purchase).

Conclusion and recommendation of the re-assessment

6. In 2012, the Lesotho Vulnerability Assessment Committee (LVAC) estimates that at least 36 percent of the Lesotho population (725,000 individuals corresponding to 145,000 households)

will be food insecure in 2012/2013. Of this population, 230,000 people are considered “very poor” and rely on food and income sources that are unpredictable such as casual labour which is highly dependent on the performance of the agricultural sector. A USAID/FFP report (June 2012) confirmed the high levels of food insecurity in the three ecological areas of the country, resulting from poor crop production, reduction in remittances and employment opportunities.

7. Consequently the Government of Lesotho officially declared an emergency food crisis and formally requested the international community for assistance, with an appeal in June 2012 for US\$ 140 million (US\$ 87.2 million for food security and agriculture) to cover the resource requirements beyond its own contributions.

Purpose of extension and budget increase

8. The purpose of this budget revision is to increase the budget plan in order to accommodate a recent contribution from the Government of South Africa. Last year, the Government of South Africa pledged to support Lesotho to address the current food crises in the country. Following a meeting between the Prime Minister of Lesotho and the President of South Africa in October 2012, the Government of South Africa, through its Department of International Relations and Cooperation (DIRCO) decided to respond to the appeal from Lesotho with a donation of ZAR 180 million to be channeled through WFP school meals and Country Programme projects for the purpose of assisting the Government of Lesotho in alleviating the impact of the developing food crisis in the country.
9. This budget revision will also reduce the External Transport budget line since all commodities are to be bought from south Africa as per donor’s preference. LTSH budget line has also been revised following an LTSH matrix review taking into account updated higher transport and distribution costs.
10. Also, during the second semester of 2012, the Government of Lesotho requested WFP to extend in time WFP assisted school meals project by one year – 2013. The South African contribution will now allow to extend the school meals project in time by one additional year (up to 2014) with 100 percent funding from South Africa.
11. WFP is expected to continue assisting primary schools under the current development project, with additional schools in the mountainous areas to be included as of August 2013. The extension will cover the primary schools only since pre-primary schools are supported under WFP Lesotho Country Programme.

TABLE 1. BENEFICIARIES BY ACTIVITY TYPE			
	Beneficiaries		
Activity	Present	Increase	Revised
School meals	125,000	25 000	150,000
Total	125,000	25 000	150 000

FOOD REQUIREMENTS

12. A total of 5,341 mt of food commodities is required for the extended period. There are no changes in the distribution modalities.

TABLE 2. FOOD REQUIREMENTS BY ACTIVITY TYPE			
	Food requirement (mt)		
Activity	Present	Increase	Revised
School meals	11 086	5 341	16 427
Total	11 086	5 341	16 427

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