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

BUDGET REVISION FOR THE APPROVAL OF REGIONAL DIRECTOR

ORIGINATOR

Country Office or Regional Bureau on behalf of Country Office

CLEARANCE

Project Budget & Programming Officer, RMBP
Chief, RMBP
Chief, OSLT (change in LTSH and/or External Transport)

APPROVAL

☐ Regional Director

PROJECT


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

TYPE OF REVISION

☐ Additional commodity  ☑ Additional DSC  ☐ Additional ODOC  ☑ Additional LTSH
☐ Additional external transport  ☐ Extension in time  ☐ Other

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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 Landslide, 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 though 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>
<thead>
<tr>
<th>TABLE 1. BENEFICIARIES BY ACTIVITY TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Activity</strong></td>
</tr>
<tr>
<td>School meals</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
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>
<thead>
<tr>
<th>Activity</th>
<th>Present</th>
<th>Increase</th>
<th>Revised</th>
</tr>
</thead>
<tbody>
<tr>
<td>School meals</td>
<td>11 086</td>
<td>5 341</td>
<td>16 427</td>
</tr>
<tr>
<td>Total</td>
<td>11 086</td>
<td>5 341</td>
<td>16 427</td>
</tr>
</tbody>
</table>

DISTRIBUTION:
DED & COO                  Director, OSZ                  Chief, OSZP
Director, OME              Chief, RMBP                  Regional Director
Chief, OSLT                Chief, OSZR                  RB Programme Advisor
Country Director           Programme Officer, RMBP            RB Programme Assistant
OM Registry                Programming Assistant, RMBP           RB Chrono
Director, PGG              Liaison Officer, OMJ