

**PROJECT REVISION FOR THE APPROVAL OF:****➤ Deputy Executive Director and Chief Operating Officer**

	<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>				
Regional Director,	.....	.....	.....	.....
Project Budget and Programming Officer, RMBP	.....	.....	.....	.....
Chief, RMBP	.....	.....	.....	.....
Chief, OSLT (change in LTSH and/or External Transport)	.....	.....	.....	.....
Director, RMB	.....	.....	.....	.....
Director, OSZ	.....	.....	.....	.....
<b><u>APPROVAL</u></b>				
<input type="checkbox"/> Deputy Executive Director and COO	.....	.....	.....	.....

**PROJECT: PRRO200453**

Start date: 01 May 2013 End date: 30 April 2015 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\$ 167,930,148	US\$ (4,942,322)	US\$ 162,987,826
Cash and Vouchers and Related Costs	US\$ 37,315,285	US\$ 6,562,322	US\$ 43,877,607
Capacity Development & Augmentation	US\$ 150,000	US\$ 332,000	US\$ 482,000
DSC	US\$ 25,647,725	US\$ -	US\$ 25,647,725
ISC	US\$ 16,173,021	US\$ 136,640	US\$ 16,309,661
<b>Total cost to WFP</b>	<b>US\$ 247,216,180</b>	<b>US\$ 2,088,640</b>	<b>US\$ 249,304,820</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 (%)

**DISTRIBUTION:**

DED and COO  
 Chief, OSLT  
 Country Director  
 OD Registry  
 PGG

Regional Director  
 Chief, OSZP, RMBP, OSZR, OSZC  
 Programme Officer, RMBP  
 Programming Assistant, RMBP  
 RMB

RB Programme Advisor  
 RB Programme Assistant  
 RB Chrono  
 Liaison Officer, OM @

<sup>1</sup> If a regional project, please specify the countries concerned

## NATURE OF THE INCREASE

1. The programmatic context in Zimbabwe remains unchanged from the analysis provided in the first budget revision (BR) to protracted relief and recovery operation (PRRO) 200453 “Responding to Humanitarian Needs and Strengthening Resilience to Food Insecurity”.
2. BR2 aligned the PRRO budget with WFP’s new Financial Framework
3. This budget revision (BR3) seeks to revise other direct operational costs (ODOC) elements as follows:
  - Reallocate US\$4,942,322 from the *ODOC Food* to the *Cash and Voucher (C&V) Other Costs* budget line. This will reduce the ODOC food rate from US\$121 to US\$110 per mt.
  - Increase the *C&V Related Costs* budget line to include the delivery budget, in line with the expansion of cash and voucher activities in rural areas.
  - Incorporate new capacity development and augmentation (CD&A) costs intended to enhance the Government of Zimbabwe’s ability to assess, plan and coordinate resilience-building programmes for food security and nutrition.
4. In light of the above, the overall budget will increase from US\$247,216,180 to US\$249,304,820.

## JUSTIFICATION FOR THE REVISION

### *Summary of existing project activities*

5. ***In line with WFP’s Strategic Plan (2014–2017), the objectives of the PRRO are to:***
  - ***Save lives, protect livelihoods and enhance self-reliance among vulnerable households in response to seasonal food shortages (Strategic Objective 1)<sup>2</sup>;***
  - ***Improve the well-being of anti-retroviral therapy (ART) and tuberculosis (TB) clients in order for them to recover their productive capacity; and stabilize or reduce under-nutrition among children and mothers (Strategic Objective 2)<sup>3</sup>;***
  - ***Support highly vulnerable, food insecure households by strengthening their resilience to shocks and reducing disaster risks through food and nutrition assistance (Strategic Objective 3)<sup>4</sup>.***
6. ***PRRO 200453 promotes a transition from emergency assistance to recovery while maintaining a capacity for emergency response. It strikes a balance between direct implementation by WFP and support to the national Government to enhance national safety-net systems. The three main activities under the PRRO are:***
  - ***Disaster response and risk reduction: A Seasonal Targeted Assistance (STA) programme provides food assistance for seasonally food-insecure vulnerable households. In addition, national capacity development is provided on disaster risk management.***
  - ***Health and nutrition promotion: In addition to moderately acutely malnourished HIV/AIDS and TB clients, WFP assists pregnant and nursing women and children under five at clinics.***

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<sup>2</sup> Strategic Objective 1: Save lives and protect livelihoods in emergencies.

<sup>3</sup> Strategic Objective 2: Support or restore food security and nutrition and establish or rebuild livelihoods in fragile settings and following emergencies.

<sup>4</sup> Strategic Objective 3: Reduce risk and enable people, communities and countries to meet their own food and nutrition needs.

➤ **Food assistance/cash for assets (FFA/CFA):** *In line with WFP's new strategic direction in Zimbabwe, these activities build resilience through the creation of productive assets. They empower vulnerable communities to move away from dependency on food assistance, promote self-reliance, reduce disaster risk and support climate change adaptation.*

7. **As of April 2014, WFP Zimbabwe will pilot the new corporate system for cash operations (SCOpe).** *Increased utilization of the cash and voucher modality for all programme activities in rural areas will allow additional benefits by supporting market dynamics and giving beneficiaries the flexibility to choose local cereal sources. Electronic and paper vouchers are being used in three urban centres under the health and nutrition promotion component while cash-for-cereal transfers are being implemented in 10 rural districts under the STA activity.*

#### **Purpose of budget increase**

8. **Cash and vouchers:** *In line with corporate guidance, WFP Zimbabwe will assume responsibility for cash and voucher retailer management and a beneficiary database. Therefore, the C&V Related Costs budget line has been increased to include costs of retailer assessment and monitoring in final delivery points in rural areas. Costs for offline payment options are also included in view of the lack of adequate network coverage and electricity shortages in some rural areas. To date, a service provider has been responsible for retailer management and voucher redemption for the health and nutrition activities in urban areas, while cooperating partners have been distributing cash for the STA activities in rural districts using cash-in-transit companies.*

9. **Capacity development and augmentation:** These efforts include: detailed analysis of the structural causes of hunger and under-nutrition to identify opportunities for multi-sectoral programming; support to the development of an integrated national food security and nutrition information system; and a strengthened Zimbabwe Vulnerability Assessment Committee process.

#### **Hazard / Risk Assessment and Preparedness Planning**

10. With reference to cash and voucher transfers, the main operational risks include the non-availability of reliable retailers, due to lack of capacity and presence in rural areas. Risks associated with financial institutions/service providers delivering cash or making payments will also be considered. Though the risk of corruption, or loss of cash or vouchers, remains similar as in the distribution of in-kind commodities, there are specific mitigating measures in place for cash transfers that include using cash-in-transit companies which have insurance in place against loss or theft, while for vouchers, redemption is based on identification documents and personal pin numbers allocated to the beneficiaries.

11. An additional risk relates to the possible lack of buy-in on cash or voucher interventions from local authorities, which may stop or delay the roll-out in some areas.

12. To mitigate such operational risks, additional control mechanisms will be put in place when contracting retailers to ensure they can provide the services required by WFP and its cooperating partners. WFP will also consider establishing a hotline. While an assessment will determine areas with available electricity and phone/internet networks, issues related to

network coverage and electricity shortages have been addressed through the purchase of point of sale devices that may be used offline.

13. The Government of Zimbabwe supports the use of cash and voucher transfers and this aspect has also been incorporated into the recent extension of the Memorandum of Understanding between the Government and WFP.

## ANNEX I-A

<b>PROJECT COST BREAKDOWN</b>			
	<b>Quantity (mt)</b>	<b>Value (US\$)</b>	<b>Value (US\$)</b>
<i>Food Transfers</i>			
Cereals	-	-	
Pulses	-	-	
Oil and fats	-	-	
Mixed and blended food	-	-	
Others	-	-	
<b>Total Food Transfers</b>	-	-	
External Transport			-
LTSH			-
ODOC Food		-4,942,322	
<b>Food and Related Costs <sup>5</sup></b>		<b>-4,942,322</b>	
C&V Transfers			-
C&V Related costs		6,562,322	
<b>Cash and Vouchers and Related Costs</b>		<b>6,562,322</b>	
<b>Capacity Development &amp; Augmentation</b>		<b>332,000</b>	
<i>Direct Operational Costs</i>			1,952,000
Direct support costs (see Annex I-B)			-
<b>Total Direct Project Costs</b>			<b>1,952,000</b>
Indirect support costs (7.0 percent) <sup>6</sup>			136,640
<b>TOTAL WFP COSTS</b>			<b>2,088,640</b>

<sup>5</sup> This is a notional food basket for budgeting and approval. The contents may vary.

<sup>6</sup> The indirect support cost rate may be amended by the Board during the project.