

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, ODLT (change in LTSH and/or External Transport)
<u>APPROVAL</u>				
<input checked="" type="checkbox"/> Regional Director

PROJECT				
Start date: 1/1/2012	End date: 31/12/2015	Extension/Reduction period:	New end date:	
	Previous Budget	Revision	New Budget	
Food cost ²	US\$ 38,132,921	US\$ 2,457,938	US\$ 40,590,859	
External transport ³	US\$ 1,635,760	US\$ 220,359	US\$ 1,856,119	
LTSH ⁴	US\$ 6,696,341	US\$ 1,674,280	US\$ 8,370,621	
ODOC ⁵	US\$ 7,970,335	US\$ 135,607	US\$ 8,105,942	
DSC ⁶	US\$ 10,678,705	US\$ 527,563	US\$ 11,206,268	
ISC (7%) ⁷	US\$ 4,557,984	US\$ 351,102	US\$ 4,909,087	
Total WFP cost (US\$)	US\$ 69,672,046	US\$ 5,366,850	US\$ 75,038,896	

TYPE OF REVISION

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

DISTRIBUTION:

DED, OD
Deputy COO & Director, ODE
Chief, ODLT
Country Director
OD Registry
Director, ERD and COO

Director, ODX
Chief, RMBP
Chief, ODXR
Programme Officer, RMBP
Programming Assistant, RMBP
Liaison Officer, OD @

Chief, ODXP
Regional Director
RB Programme Advisor
RB Programme Assistant
RB Chrono

¹ If a regional project, please specify the countries concerned

² Food cost can comprise both commodities and cash/voucher transfers.

³ 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.

⁴ 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.

⁵ Other Direct Operational Costs - ODOC include deliverable goods (non-food items), services and training to beneficiaries and/or to implementing partners.

⁶ Direct Support Costs - DSC are those costs which are incurred directly in support of projects by a WFP Country Office.

⁷ 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. A budget revision to Lao PDR Country Programme (CP) 200242 proposes to:
 - a. Include an emergency response modality in the form of general food distributions (GFD) and supplementary feeding under Component 1;
 - b. Provide an additional 4,687 metric tonnes (MT) of food valued at US\$ 2.5 million;
 - c. Increase the associated costs, including external transport, land transport, storage and handling (LTSH), other direct operational costs (ODOC), and direct support costs (DSC) by a total of US\$ 2.6 million.

JUSTIFICATION FOR EXTENSION-IN-TIME AND/OR BUDGET INCREASE

Summary of existing project activities

1. Approved by the Executive Board in November 2011, Lao PDR CP 200242 supports the Government's efforts to reduce the high levels of undernutrition in the country. In particular, it focuses on preventing and reducing wasting, reducing stunting, and reducing micronutrient deficiencies. To achieve these objectives, the Country Programme has five components: (i) Emergency Preparedness and Response, (ii) Mother-and-Child Health and Nutrition, (iii) School Meals, (iv) Livelihood Initiatives for Nutrition; and (v) Food Fortification and Marketing. This budget revision focuses on Component 1 – Emergency Preparedness and Response, which is primarily aimed at preventing and reducing wasting.
2. Under Component 1, WFP intends to work with the government to strengthen the emergency preparedness capacities of national and local officials and communities. The activities envisioned include trainings, simulations, and other forms of technical assistance.

Conclusion and recommendation of the re-assessment (if applicable)

3. In 2011, Lao PDR was hit by two major tropical storms – Haima and Nock-Ten. The heavy rains triggered widespread flooding and landslides in 12 provinces. Khammaune was identified as the most affected province.
4. An Emergency Food Security Assessment (EFSA) was conducted in January 2012 to determine the impact of the flooding on the harvest and the food security situation of populations in Khammaune. The EFSA identified 39,000 moderately or severely food insecure persons in 80 villages located along the Xeybengfai River. The river had flooded as a result of the tropical storms, destroying the wet season rice harvest. These villages did not have irrigation and were therefore not able to grow food in the dry season. With limited employment options and poor access to markets, the assessment determined that they would not be able to meet their food needs until the next harvest in November 2012 and that the food security and nutrition situation would deteriorate rapidly during the lean season unless urgent action was taken.
5. At the same time, it was recognized that the crisis in Khammaune is part of a larger pattern of recurrent natural disasters in Lao PDR, partly as a result of climate variation. Through its PRRO, WFP had responded to emergencies in each of the last five years, ranging from floods to droughts to rat infestations. While all these situations required WFP assistance, only one – Typhoon Ketsana in 2009 – had the scale and urgency normally associated with an Emergency Operation (EMOP). Since the PRRO had been phased out, it was concluded that it would be essential to have the capacity under the Country Programme to respond to emergencies and climate extremes when the scale of the disaster was more limited and an EMOP may not be deemed appropriate.

Purpose of extension and/or budget increase (applicable for all projects)

6. The budget revision will allow WFP to enhance its emergency preparedness and response capacities within its CP. In turn, the revision will allow WFP Lao PDR to respond to the situation in Khammuane in 2012—especially in its efforts to prevent and reducing wasting among children—and to other similar crises that arise in subsequent years.
7. For 2012, WFP will provide a general food distribution of rice and oil to the 39,000 people in 80 villages identified in the EFSA as in need of food assistance. Based on an analysis of price trends, market access, and food availability, the EFSA recommended food rather than cash as the most appropriate transfer option. WFP will also distribute the ready-to-use food Plumpy’doz to children under five. The distributions will be accompanied by nutrition education and guidance on the proper use of the ready-to-use food. Taken together, these measures should prevent an increase in wasting this year and enable households to use their resources and energy to obtain a better harvest in 2012.
8. For subsequent years, the planning caters for three complementary types of responses that will be used on their own or in combination depending upon the situation.
9. First, general food distributions will be used to help food insecure communities affected by disasters meet immediate food consumption gaps. Households will receive rations consisting of rice and oil and meeting 50 per cent of their recommended daily allowance. For the purposes of planning, it has been estimated that the typical caseload for general food distributions in subsequent years will be around 35,000 people annually⁸.
10. Second, in situations that appear more severe⁹, blanket supplementary feeding, in conjunction with GFD, will be used to directly prevent wasting among children under five. WFP will provide the children with Plumpy’Doz, a ready-to-use-food. Children under the age of five represent approximately 15 per cent of the population, which for planning purposes constitutes 5,250 beneficiaries (or 15 per cent of 35,000).
11. Third, when general food distributions and blanket supplementary feeding are not sufficient to prevent wasting, targeted supplementary feeding will be used to treat children under five suffering from moderate acute malnutrition. In this case, the ration will consist of Plumpy’Sup, a ready-to-use-food especially designed for treatment purposes. It is estimated that approximately 15 per cent of the under five population (or 15 per cent of 5,250) will be eligible for this treatment where moderate acute malnutrition appears.
12. The actual beneficiaries will vary from year to year based on the findings of the EFSA’s, and the precise combination of responses will be determined on a case-by-case basis¹⁰. Whenever possible, the interventions will be accompanied by nutrition education.
13. The assistance will be mobilized upon request from the government. Where possible, emergency preparedness and climate change adaptation activities will be introduced along with the emergency food assistance in the target areas to strengthen the preparedness capacity of the local authorities and the communities to reduce the impact of future disasters. Activities will be well coordinated within the context of the Food Security and Nutrition Cluster, which reports to the Inter-Agency Standing Committee.
14. These changes only affect Component 1 of the CP. All other components will remain the same.

⁸ This figure has been estimated based on the past caseloads for modest one-off events such as the flooding in Khammuane in 2011 (35,000) and in Luangprabang in 2009 (28,000). Larger crises would need to be handled through EMOPs or another budget revision of the Country Programme.

⁹ The basic criterion will be an estimate of the global acute malnutrition rate exceeding 10 per cent with aggravating factors.

¹⁰ In some instances, it may be appropriate to provide treatment without the other preventive interventions.

15. The LTSH rate increase from US\$180.31 to US\$202.63 is required for the following reasons. First, LTSH is needed for component 1 as food is being added. Second, the distribution has been adjusted according to the additional small drop points as well as higher transport rates due to fuel price rises. Third, warehouse management cost has been revised to reflect the actual costs, staff salaries were initially budgeted at the lowest salary scale, therefore have been adjusted to the actual rates.

TABLE 1. BENEFICIARIES BY Component			
	Beneficiaries		
Activity	Present	Increase	Revised
Component 1- Emergency Preparedness and Response	0	144,000	144,000
Component 2 – MCHN	153,625	0	153,625
Component 3 – School Meals	391,870	0	391,870
Component 4 – Livelihood for Nutrition*	205,019	0	205,019
Component 5 – Food Fortification and Marketing	0	0	0
Total	750,514	144,000	894,514

* Approximately 48,000 beneficiaries may receive cash or vouchers under component 4

FOOD REQUIREMENTS

TABLE 2. FOOD REQUIREMENTS BY Component			
	Food requirement (mt)		
Activity	Present	Increase	Revised
Component 1 – Emergency Preparedness and Response *	0	4,687	4,687
Component 2 – MCHN	6,985	0	6,985
Component 3 – School Meals	21,937	0	21,937
Component 4 – Livelihood Initiatives for Nutrition*	8,218	0	8,218
Component 5 – Food Fortification and Marketing	0	0	0
Total	37,140	4,687	41,827

- WFP non-food assistance will benefit an additional 1,950 people under component 1 and 127,000 people under component 5.