

Sri Lanka PRRO 200452

B/R No.:904

28 July 2014

**BUDGET REVISION FOR THE APPROVAL OF REGIONAL DIRECTOR**

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

**PROJECT**

Start date: 01/01/2013.

End date: 31/12/2014

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\$	22,295,755	US\$	-401,299	US\$	21,894,456
Cash and Vouchers and Related Costs	US\$	7,170,376	US\$	-325,400	US\$	6,844,976
Capacity Development & Augmentation	US\$	265,000	US\$	0	US\$	265,000
DSC	US\$	6,070,808	US\$	0	US\$	6,070,808
ISC	US\$	2,506,136	US\$	-50,869	US\$	2,455,267
<b>Total cost to WFP</b>	<b>US\$</b>	<b>38,308,075</b>	<b>US\$</b>	<b>-777,568</b>	<b>US\$</b>	<b>37,530,507</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 & COO  
 Director, OME  
 Director, PGG  
 Chief, OSLT  
 Chief, RMBP  
 Country Director

Director, OSZ  
 Chief, OSZP  
 Chief, OSZA  
 Chief, OSZI  
 Programme Officer, RMBP  
 Programming Assistant, RMBP

Regional Director  
 RB Programme Advisor  
 RB Programme Assistant  
 RB Chrono  
 OM Registry  
 Liaison Officer, OM @

## **NATURE OF THE REVISION**

PRRO 200452 was approved for a period of 24 months beginning in January 2013. The operation will meet the needs of vulnerable groups in resettlement areas through food assistance for assets (FFA) recovery, nutrition interventions, and school meals programme (SMP) in five districts in the Northern Province of Sri Lanka.

This budget revision proposed to include additional drought affected districts. Rice requirement is increased to assist additional beneficiaries impacted from the drought through the substitution of super cereal. Cash transfer was planned under SMP is removed due to lack of resources and issuance of the roll-out of pilot activities. LTSH has been revised to cater for a surplus flagged by the latest LTSH analysis. The changes in this budget revision therefore resulting in cost reduction of \$777,568 (including ISC).

The budget revision, in summary, proposes the following:

- Expansion of the operational area to include ten additional drought affected districts;
- Increase of the 2014 planned beneficiary number for GFD and FFW to 189,300;
- Increase of the rice requirement for the drought response;
- Inclusion of an in-kind canned fish contribution from Japan for SMP;
- Reduction in cash transfers under SMP;
- Decrease of the current LTSH rate to USD 14.30/MT as per the newly approved LTSH matrix;
- Decrease of the Super Cereal requirement

## **JUSTIFICATION FOR THE REVISION**

### **Summary of existing project activities**

WFP's ongoing PRRO 200452 focuses on targeting the humanitarian and early recovery needs of returnees/IDPs and vulnerable groups in the Northern Province, including support to early recovery activities in agriculture, school meals and nutrition.

The main objectives of the PRRO include improving or maintaining the food security of targeted IDPs, recent returnees and other vulnerable groups, reducing moderate acute malnutrition among targeted children under five, increasing access to productive assets or skills through regular food-for-assets, transitional food-for-assets and food-for-training activities, improving the cognitive capacity of school children (1st-9<sup>th</sup> grades) and addressing their short-term hunger and nutrition needs. Additionally, cash and voucher assistance was introduced to the PRRO in 2012, targeting female-headed households, widows and widowers and households with disabled persons and food-insecure groups.

Cash and voucher assistance is a flexible, effective and strategic modality, which currently targets nearly 54,000 beneficiaries in five districts of the Northern Province.

WFP interventions were planned based on projections of the situation as of mid-2012, however implementation has been challenged by insufficient resources to meet the scale of resettling returnees.

With a contribution from the Government of Canada, WFP had planned to test the inclusion of cash and voucher modalities within the SMP component of the operation. This would have served to prepare the Government for increasing responsibility of SMP in the future, and provide advice on and advocacy for the drafting and development of a national school feeding policy. While initial negotiations on the testing of cash and voucher modalities were favourable, implementation has stalled due to difficulties in coordinating with the Government cash intervention, which is far less than the current WFP school meal cost and minimum nutritional value.

WFP's FFA recovery programme saw a slower start than originally planned, due to lack of resource commitments and donor restrictions on available contributions. The re-direction of internal WFP resources helped prevent an even slower start.

## Conclusion and recommendation of the re-assessment

In early 2014 the Ministry of Economic Development (MED) and the Ministry of Disaster Management (MDM) requested WFP to assess the drought situation and provide relief to mitigate the impacts in affected districts.

A joint Government/UN/NGO multi-sector rapid assessment was conducted in April 2014 in 15 severely drought-affected districts (Ampara, Anuradhapura, Batticaloa, Galle, Hambantota, Jaffna, Kilinochchi, Kurunegala, Mannar, Moneragala, Mullaitivu, Polonaruwa, Puttalam, Trincomalee, Vavuniya). The multi-sector rapid assessment found that three consecutive years of natural disasters has undermined household resilience. Over 1.5 million people were affected by the 2013-14 drought in 21 of the 25 districts in Sri Lanka (84 percent). The multi-sector rapid assessment found that out of the 1.5 million people affected by drought in 15 of the worst hit districts, 768,000 people were food insecure (nine percent of the total population in the 15 districts), of which a total of 189,300 people are severely food insecure and in urgent need of emergency assistance. Of the total severely food insecure population, two percent are pregnant and lactating women and ten percent are children under the age of five years. Divorced and war-widowed female-headed households represent 13 percent of the total affected households.

Approximately one-fifth of households in the affected areas use severe negative coping strategies such as selling meagre available assets, resorting to less-preferred and less-expensive foods, accepting support from relatives or borrowing food, limiting meal portion size, restricting food consumption among adults in order for smaller children to eat, and reducing the number of meals eaten in a day. The proportion of households with an inadequate diet is estimated to have tripled from six to 18 percent compared since 2012<sup>1</sup>, with conditions particularly acute in the Northern Province.

The Coping Strategy Index (CSI)<sup>2</sup> shows a distinct geographical pattern of high reliance on negative coping in the northern and eastern parts of the country. About one-fifth of households in affected areas demonstrated high negative coping activities, while 29 percent showed moderate coping behavior, indicating a low level of resilience capacity amongst the affected population. Over half of the surveyed households reported spending more than 65 percent of their income on food. This proportion is even higher in Mullaitivu, Batticaloa, and Kilinochchi districts.

The joint multi-sector rapid assessment recommended immediate, coordinated relief efforts to meet the urgent needs of the affected population and prevent a further collapse in household coping strategies. It concluded that humanitarian support is required in the form of the following:

- Emergency food assistance to the drought-affected food insecure population until the next harvest in September 2014
- Water, sanitation and hygiene (WASH) interventions to supplement water scarcity due to prolonged drought.

Additionally, during the 55<sup>th</sup> National Disaster Management Coordination Committee (NDMCC) in June 2014, the Department of Agriculture reported that Yala paddy cultivation is only 61 percent of the seasonal target, a decline of 38 percent from the previous year. The Ministry of Irrigation reported that current water storage of the main irrigation catchment tanks in 14 drought affected districts of the Northern and Eastern provinces is only at 50 percent of last year's level. This clearly demonstrates the continuation of drought conditions through the current lean season, and emphasizes the need for an emergency response.

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<sup>1</sup>Comprehensive Food Security Assessment, GoSL and WFP Sri Lanka, March 2012

<sup>2</sup>The coping strategy index (CSI) measures five coping strategies: a) relying on less preferred and less expensive foods; b) relying on relatives or borrowing food; c) limiting portion size at meals; d) restricting consumption of adults in order for smaller children to eat; and e) reducing number of meals eaten in a day.

This situation is expected to further deteriorate especially as the current forecasts predict the likely formation of El Niño conditions in Asia and the Pacific as early as August 2014, with similar severity to El Niño conditions in 1997/1998.

Due to the dry weather patterns in the major agricultural livelihood zones of Sri Lanka since mid-2013, the price of food commodities, particularly staples, has increased significantly compared to the same period last year. Rice varieties in general showed over a 20 percent increase in retail price compared to the same season in the 2013. The monthly average price of short grain (samba grade I) was reported at USD 693/MT. The price of grade I samba was reported as USD 569/MT in June 2013, a 22 percent increase over the last twelve-month period. Moreover, the price of fish, some low country fresh vegetables, and chilies has also soared. The most recent cost of diet study conducted for the February to April 2014 period found that 19 percent to 36 percent of the population could not afford the minimum cost of a nutritious diet. The cost of living has been increasing over the last twelve months mainly due to rising food prices.

In view of the above, an urgent two-month intervention is required to provide essential food assistance to 189,300 severely food insecure people and to increase their coping capacity to climate shocks anticipated during the upcoming lean season (July to August 2014). The response consists of one month of general food distribution (GFD) and one month of early recovery interventions (FFA).

### **Purpose of change in project duration and/or budget increase/decrease**

#### **A. LTSH rate change.**

According to the current project plan, 7,967 MT are expected to be resourced for the remaining duration of the project. As per the LoU with the government, WFP only bears the costs for transport and distribution for food intended for drought emergency interventions (2,362.5 MT).

The LTSH rate has been adjusted to cater for a surplus flagged by the latest LTSH analysis. This surplus can be explained by the fact that warehouse rental and management costs have been lower than anticipated since the government provided a facility to WFP. Furthermore the funds budgeted for transport reimbursement to the government were not fully utilized under current LoU.

#### **B. Programmatic change**

##### **B.1. Expansion of the area of operation**

In addition to the districts of Jaffna, Kilinochchi, Mannar, Mullaitivu and Vavuniya where the PRRO is currently implemented, an expansion of the area of operation is required to the following ten districts: Ampara, Anuradhapura, Batticaloa, Galle, Hambantota, Kurunegala, Moneragala, , Polonaruwa, Puttalam, Trincomalee (See Annex 1: Map of new operational area and % of food insecure population by district).

## B.2. Drought response

As per the recommendations of the Joint Rapid Drought Impact Assessment, one month of GFD and one month of FFA is required for the 189,300 severely food insecure people identified in the 15 districts. Table 1 reflects the additional targeted population based on the percentage of severely food insecure people by district.

<b>TABLE 1: ADDITIONAL TARGETTED POPULATION BY DISTRICT.</b>				
<b>Province</b>	<b>District</b>	<b>Total Population</b>	<b>Drought affected population</b>	<b>Severe food insecure population targeted with live saving assistance</b>
Eastern	Ampara	648,057	210,972	27,500
	Batticaloa	525,142	117,540	18,000
	Trincomalee	378,182	37,359	7,200
Northern	Jaffna	583,000	115,071	10,700
	Mullaitivu	91,947	91,947	6,400
	Kilinochchi	112,875	47,144	7,500
	Vavuniya	171,511	48,356	6,000
	Mannar	99,051	54,091	5,000
North Central	Anuradhapura	856,232	275,380	17,700
	Polonnaruwa	403,335	25,300	1,000
North Western	Kurunegala	1,610,299	237,821	35,700
	Puttalam	759,776	38,457	3,900
Uva	Moneragala	448,142	151,572	36,700
Southern	Galle	1,058,771	64,960	3,500
	Hambantota	596,617	17,155	2,000
<b>Total</b>		<b>8,342,937</b>	<b>1,533,125</b>	<b>189,300</b>

Geographical targeting will be based by Divisional Secretariat (DS), ensuring that the assistance reaches those people who are severely food insecure and have low coping capacity. Accordingly, the intervention will be confined to 161 of 207 DSs in the 15 targeted districts.

The drought response will be co-managed by MED and MDM, and implemented through World Vision, Save the Children (SCF), Child Fund and Oxfam. Each of the counterparts will implement the GFD and FFA activities in specific districts, using the same set of agreed targeting protocols and criteria.

<b>District</b>	<b>Partner</b>	<b>Caseload</b>	<b>Modality</b>
Moneragala	MDM	36,700	Food
Kurunegala	MDM	35,700	Food
Ampara	MDM	27,500	Food
Anuradhapura	MDM	17,700	Food
Galle	MDM	3,500	Food
Hambantota	MDM	2,500	Food
Polonnaruwa	MDM	1,000	Food
Kilinochchi	MED	7,500	Food
Mullaitivu	MED	6,400	Food
Jaffna	MED	10,700	Food
Batticaloa	Child fund	18,000	Food
Trincomalee	Child fund	7,200	Food
<b>Sub-Total Food</b>		<b>174,400</b>	
Vavuniya	Save the children	6,000	Cash
Mannar	Oxfam	5,000	Cash
Puttalam	World vision	3,900	Cash
<b>Sub-Total Cash</b>		<b>14,900</b>	
<b>Grand total</b>		<b>189,300</b>	

### B.3. Conversion of the planned cash transfer component to food transfer within the SMP

WFP had planned to introduce market-based interventions within the SMP as per the last budget revision. However, despite securing funds from the Government of Canada, WFP has not been able to receive concurrence from the Government on the implementation modalities. The standard national cash transfer amount and approved menus are nutritionally 25% lower than WFP minimum standards for half-day primary SMPs in terms of calories, protein and vitamin A. As the cash-based SMP component is designed to be based on the ongoing national cash transfers for school meals, WFP would not be providing the correct entitlement to primary school age children, thus violating the “do no harm” principle. Cash transfers valued at USD 325,400 will therefore be reprogrammed for food transfers instead; however, WFP will continue its discussions with Government stakeholders to advocate the development of a national school feeding policy that is based on the global standards.

### B.4. Additional commodity (canned fish)

WFP Sri Lanka received an in kind donation of 257 MT of canned fish from Japan, which will be used primarily in the SMP component for diversification of the diet and as an additional protein source for the school children.

### Resources and beneficiaries

The additional resources required for this budget revision have already been secured through an in-kind donation of 2,000 MT of rice by the Government of Sri Lanka, with available twinning funds from the Government of Canada and confirmed RR-CERF contribution.

**TABLE 2: BENEFICIARIES BY ACTIVITY**

Activity	Category of beneficiaries	Current			Increase / Decrease			Revised		
		Boys / Men	Girls / Women	Total	Boys / Men	Girls / Women	Total	Boys / Men	Girls / Women	Total
GFA – in-kind	IDPs and returnees	4,800	5,200	10,000	-	-	-	4,800	5,200	10,000
GFA - Voucher	IDPs and returnees	7,200	7,800	15,000	-	-	-	7,200	7,800	15,000
GFA – in-kind	Severely food insecure drought affected	-	-	-	83,712	90,688	174,400	83,712	90,688	174,400
GFA - Voucher		-	-	-	7,152	7,748	14,900	7,152	7,748	14,900
Asset Creation (Low tech) In-kind		-	-	-	40,536	43,914	84,450	40,536	43,914	84,450
Asset Creation (Low tech) In-kind	Food insecure in the north focusing on resettling communities graduated from GFA	6,000	6,500	12,500	-	-	-	6,000	6,500	12,500
Asset Creation (Low tech) –Voucher		6,000	6,500	12,500	-	-	-	6,000	6,500	12,500
Asset Creation –in kind		6,000	6,500	12,500	-	-	-	6,000	6,500	12,500
Asset Creation – Voucher		6,000	6,500	12,500	-	-	-	6,000	6,500	12,500
FFT – in kind		2,400	2,600	5,000	-	-	-	2,400	2,600	5,000
FFT- Voucher		2,400	2,600	5,000	-	-	-	2,400	2,600	5,000
Prevention of MAM –	Children 6-23 months	16,800	18,200	35,000	-	-	-	16,800	18,200	35,000
Prevention of MAM – PLW	Malnourished PLWs	-	13,000	13,000	-	-	-	-	13,000	13,000
Treatment of MAM, Children 6-59 months	Malnourished Children 6-59 months	9,600	10,400	20,000	-	-	-	9,600	10,400	20,000
School feeding	Primary school-age children in	76,800	83,200	160,000	-	-	-	76,800	83,200	160,000
Total		144,000	169,000	313,000	131,400	142,350	273,750	275,400	311,350	586,750
Adjusted Total		129,600	140,400	270,000	90,864	98,436	189,300	220,320	238,980	459,000

## Drought response modalities

In line with WFP strategic objectives I<sup>3</sup> and II<sup>4</sup>, and in response to the drought, WFP will use both food and cash transfer modalities for one month of emergency feeding (lifesaving) whereby each beneficiary will receive a 525g ration (400g of rice, 100g of pulses and 25g of oil) or cash worth of same ration per person per day, in addition to one month of early recovery assistance for 84,450 beneficiaries. The corresponding cash value will be in line with the current conditional cash voucher transfer in the PRRO for vulnerable group feeding (VGF) beneficiaries (USD 15/person/month). The ration size per person has been designed to provide 2015 Kcal per adult per day. The early recovery activities aim to increase beneficiaries' resilience to recurring extreme weather events through community-based, low-tech emergency FFA activities.

## FOOD REQUIREMENTS

TABLE 3: FOOD/CASH AND VOUCHER REQUIREMENTS BY ACTIVITY				
Activity	Commodity <sup>5</sup> / Cash & voucher	Food requirements (mt) Cash/Voucher (US\$)		
		Current	Increase / Decrease	Revised total
<b>GFA</b>	Commodity	6,296	2,000	8,296
<b>GFA</b>	Cash and vouchers	4,212,423	0	4,212,423
<b>FFA/ FFT</b>	Commodity	5,418	0	5,418
<b>FFA/ FFT</b>	Cash and vouchers	1,522,553	0	1,522,553
<b>Nutrition</b>	Commodity	8,164	-2,000	6,164
<b>SMP</b>	In kind	8,298	257	8,555
<b>SMP</b>	Cash and vouchers	325,400	-325,400	0
<b>In kind (mt)</b>		<b>28,176</b>	<b>257</b>	<b>28,433</b>
<b>In cash and vouchers (US\$)</b>		<b>6,060,376</b>	<b>-325,400</b>	<b>5,734,976</b>

<sup>3</sup> WFP Strategic Objective I: Save lives and protect livelihoods in emergencies

<sup>4</sup> WFP Strategic Objective II: Support or restore food security and nutrition and establish or rebuild livelihoods in fragile settings and following emergencies.

<sup>5</sup> Please only present overall food requirement. Do not split by commodity.

**Annex 1:**

Map: PRRO 200452 - New operational area and % of food insecure population by district

