

Mozambique PRRO No.:200355
B/R No.:04

@29th October 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>
<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 March 2012 **End date:** 31 December 2014 **Extension period:** 9 months **New end date:** 30 Sept. 2015

Cost (United States dollars)

	Current Budget	Increase	Revised Budget
Food and Related Costs	US\$ 27 347 124	US\$ 4 146 463	US\$ 31 493 587
Cash and Vouchers and Related Costs	US\$ 0	US\$ 0	US\$ 0
Capacity Development & Augmentation	US\$ 568 137	US\$ 0	US\$ 568 137
DSC	US\$ 4 579 674	US\$ 870 880	US\$ 5 450 554
ISC	US\$ 2 274 645	US\$ 351 214	US\$ 2 625 859
Total cost to WFP	US\$ 34 769 581	US\$ 5 368 557	US\$ 40 138 138

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

1. Budget revision 04 to Mozambique's Protracted Relief and Recovery Operation (PRRO) 200355 is required to a) extend the project for additional nine months, b) increase food requirements, and c) increase associated costs.
2. Consequently, this revision will affect food commodity costs, ODOC food rate, land transport, storage and handling (LTSH) rate, direct support costs (DSC) and indirect support costs (ISC). Overall, this budget revision will result in a net increase of US\$ 5,368,557 from US\$ 34,769,581 to US\$ 40,138,138.

JUSTIFICATION FOR THE REVISION

Summary of existing project activities

3. This operation currently provides assistance to 253,000 beneficiaries over a period of 34 months from 01 March 2012 to 31 December 2014.
4. Through PRRO 200355, WFP ensures populations that are transiently food insecure as a result of recurrent seasonal shocks are assisted through the prepositioning of stocks, and relief and early recovery interventions. Each year in Mozambique a transitory caseload of acutely food insecure households are affected by natural disasters and require short-term support. The central and southern regions are the most prone to recurrent drought and floods and, in coastal areas, cyclones. When the size of this transitory caseload exceeds the response capacity of the Government (through the National Institute for Disaster Management, or INGC), this triggers a formal request for support from WFP and other partners. In the affected districts, targeting criteria is based on assets and harvest losses, with priority given to families with high dependency ratio, female-headed households, and households hosting chronically ill members and orphans.
5. Famine and conflict in the Horn of Africa have been responsible for an increasingly large displacement of people, some of whom claim refugee status or political asylum in Mozambique. The current refugee caseload stands at around 8,000 and can be divided into three categories: (i) approximately 3,000 long-time refugees who remain partially dependant on external food assistance to meet their consumption needs; (ii) about 4,500 recent arrivals since April 2011 who have no source of livelihood, and (iii) among the new arrivals, a sub-group of the extremely vulnerable and nutritionally at risk, composed of elderly and chronically ill, estimated at around 500.
6. Through this PRRO, WFP also take steps to strengthen the capacity of the Government to take over the operational elements of such interventions. Specifically, WFP assists the Government to strengthen the surge capacity of the National Institute for Disaster Management (INGC) and for other national institutions, such as SETSAN, Ministry of Agriculture, to realise a timely and effective response to emergencies by providing capacity development support in the area of emergency preparedness and response, an early warning system, disaster risk reduction and improved tools for food security monitoring, both at central and local levels.

7. PRRO 200355 underpins the National Action Plan for Poverty Reduction 2011-2014 (PRSP), the Disaster Management Master Plan, and the Contingency Plan and contributes to WFP Strategic Objectives 1 and 2. In relation to the new Strategic Results Framework (2014-2017) the PRRO objectives have been re-aligned to SO1 and SO2.¹

Purpose of change in project duration

8. PRRO 200355 is due to end on 31st December 2014. Budget revision 04 will extend the current operation until the new PRRO commences on 01 October 2015. Additionally, this BR will be carried out for the following reasons:
9. **Continuity of operations:** This BR will allow the continuity of WFP operations, including refugee assistance and the pre-positioning of food stocks to enable quick response to possible emergencies, especially given early warning information forecasting normal to above-normal rainfalls throughout the 2014-2015 cyclone / rainy season.
10. **Evaluation findings:** The final report of the OEV-led evaluation for the current operation, which will inform the design of a successor project, was released in mid-August 2014. The incorporation of the evaluation recommendations in the new programme design requires in-depth discussions over a 3-6 month period with various stakeholders. Hence, the extension will allow enough time for the incorporation of evaluation findings, and the design of a new PRRO.
11. **Alignment:** By extending the current PRRO until 30th September 2015, a successor PRRO will therefore be aligned with WFP's natural cycle of activities, and the start of both the lean season and the rainy season, which typically run from October to March.
12. The purpose of BR04 is therefore to extend the project for an additional nine months, with a resulting increase in food and associated costs.
13. There will be no change in the implementation of activities throughout this 9-month extension. The nature and the scope of the activities will remain the same as in the approved project. Any design changes will be incorporated in the new PRRO to start in October 2015.
14. In July 2014, WFP Mozambique conducted a cash and voucher feasibility study which has determined that the appropriate conditions are in place for a cash-based intervention to address refugee food security needs. WFP, in cooperation with UNHCR and government counterparts, will plan the implementation modalities of a C&V based intervention during this 9-month extension period, and incorporate such modalities for refugee assistance in the new PRRO, as recommended by the OEV-led evaluation.
15. The use of C&V based interventions for recovery intervention will be further discussed and analysed during the formulation of the new PRRO in consultation with all stakeholders, including the National Institute for Social Action and the National Institute for Disaster Management, with a focus on how to enhance resilience to food insecurity and malnutrition in the context of recurrent climatic shocks.
16. In terms of procurement, 90 percent of the commodities are purchased regionally, mainly through the Forward Purchase Facility (FPF), despite the constraints of the custom clearance process which can delay the arrival of commodities. Considering the new approach to prioritizing the procurement of commodities through FPF, WFP is required to liaise with

¹ SO1 outcomes: "Stabilized or improved food consumption over assistance period for targeted households and / or individuals" and "National institutions, regional bodies and the humanitarian community are able to prepare for, assess, and respond to emergencies." SO2 outcome: "Capacity developed to address national food insecurity needs."

Government counterparts in order to avail funds for the customs clearance process. This applies in particular to funds for the recently introduced Simplified Electronic Window, through which payment needs to be performed prior clearing the cargo. The readiness of cargo for distribution is dependent on when these funds can be made available.

17. The Mozambique CO purchases oil and salt locally. In order to promote local production, the Mozambique Government applies, through high taxes, a strong protectionist policy, resulting in import duties for salt and oil of 50 percent and 20 percent respectively, plus 17 percent VAT. Additionally, the small quantities to be purchased (11 mt of salt and 34 mt of oil) mean that local procurement of these commodities is the preferred option.

TABLE 1: 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
Relief & Recovery	GFD/FFW	95 256	103 194	198 450				95 256	103 194	198 450
Refugees	Long Term with Livelihood	1 440	1 560	3 000				1 440	1 560	3 000
Refugees	Long Term Without Livelihood/new Arrival	2 160	2 340	4 500				2 160	2 340	4 500
Refugees	Newly arrived vulnerable refugees	240	260	500				240	260	500
TOTAL		99 096	107 354	206 450	0	0	0	99 096	107 354	206 450

18. Food rations and distribution modalities under this BR will remain unchanged.

TABLE 2: REVISED DAILY FOOD RATION/TRANSFER BY ACTIVITY (g/person/day)

	FFW	Long Term with Livelihood	Long Term Without Livelihood/new Arrival	Newly arrived vulnerable refugees ²
	Revised	Revised	Revised	Revised
Cereals	267.00	240.00	480.00	480.00
Pulses	40.00	30.00	60.00	60.00
Oil		20.00	20.00	20.00
CSB				50.00
Salt		5	5	5
Cash/voucher (US\$/person/day)	0	0	0	0
TOTAL	307.00	290.00	560.00	610.00
Total kcal/day	1,068.5	940.5	1,778	2,008
% kcal from protein	12.99	12.76	11.70	11.35
% kcal from fat	9.4	9.53	18.59	16.91
Number of feeding days per year	90	270	270	270

² A supplementary 50gr of Super Cereal per day is only distributed to 500 newly arrived vulnerable refugees suffering from the effects of a prolonged journey to provide additional energy (for a period of one to two months).

FOOD REQUIREMENTS

TABLE 3: FOOD/CASH AND VOUCHER REQUIREMENTS BY ACTIVITY				
Activity	Commodity	Food requirements (mt) Cash/Voucher (US\$)		
		Current	Increase / Decrease	Revised total
FFW	Commodity	34 861	5 477	40 338
Refugees	Commodity	3 779	1 009	4 788
TOTAL		38 640	6 486	45 126