

BUDGET INCREASE 7 TO MALAWI EMERGENCY OPERATION EMOP 200608

TARGETED RELIEF FOOD ASSISTANCE TO VULNERABLE POPULATIONS AFFECTED BY NATURAL DISASTERS

Start date: 1 September 2013 **End date:** 30 June 2014 **Extension/Reduction period:** 5 months **New end date:** 30 November 2014

Cost (United States dollars)			
	Current Budget	Increase	Revised Budget
Food and Related Costs	68 778 231	5 403 808	74 182 038
Cash and Vouchers and Related Costs	14 336 435	1 056 784	15 393 219
Capacity Development & Augmentation	105 000	-	105 000
DSC	3 641 743	888 308	4 530 051
ISC	6 080 299	514 423	6 594 722
Total cost to WFP	92 941 707	7 886 323	100 805 030

NATURE OF THE INCREASE

1. WFP Malawi's 2013/14 Emergency Operation (EMOP) 200608 "Targeted Relief Food Assistance to Vulnerable Populations Affected by Natural Disasters" was prepared for the 2013/14 lean season. This budget revision seven (BR07) reflects programmatic adjustments resulting from evolving food security needs and emerging priorities in Malawi since the inception of the project.
2. The proposed EMOP extension provides an opportunity to prepare the grounds for the gradual shift from unconditional transfers to increased conditionality and bridge the period under the new PRRO expected to start as of December 2014 for 28 months. BR07 will extend the current EMOP by five months from July to November 2014, focusing on the following:
 - Continue provision of food assistance to 12,100 victims of floods that affected parts of Karonga district (northern Malawi) in February and April/May 2014¹. WFP assistance to this group starts in June 2014 (under BR06) and will be extended into BR7 up to September 2014 - when harvest from winter/irrigation cropping is expected;
 - During August to November 2014, provision of food assistance is planned to a new beneficiary population, reaching a peak of 421,600 people in November^[2] as a

¹ This population was affected by floods in February 2014 and late April/early May, which affected their April harvest. Food assistance to this group started in June 2014 under BR6 and is planned to continue until September 2014

^[2] The target population is in 6 out of 12 most affected districts identified by the March 2014 joint WFP/FEWSNET/Government 2013/14 Pre-harvest Food Security Assessment Report, The remaining districts will be phased in during the peak of the lean season starting in January 2015

result of food shortages arising from crop failure following prolonged dry spells during critical crop development stage in the 2013/2014 growing season. The bulk of the previously assisted caseload of 1.9 million no longer require food assistance and were phased-out in May 2014 except the above-mentioned flood victims;

- Pilot conditional targeted assistance (C-TFA) through some light conditionality such as targeted assistance conditional to attendance in awareness or social behavioural change communication (SBCC) sessions to inform the new PRRO (under preparation) planned to start in December 2014 until March 2017;
- Align the EMOP with the WFP Strategic Plan (2014-2017) and its Strategic Results Framework, as the extension goes beyond June 2014.

3. Specific changes under this budget revision include:

- Increasing the number of beneficiaries by 421,600 people affected by food shortages due to prolonged dry spells;
- Increased external transport by US\$ 0.02 million;
- Increased food requirements by 9,278 MT, valued at US\$ 3.82 million;
- Increased cash component at a cost of US\$ 1.10 million;
- Increased associated costs by US\$ 2.45 million, consisting of landside transport, storage and handling (LTSH), other direct operational costs (ODOC) and direct support costs (DSC); and
- Increased indirect support costs (ISC) by US\$0.51 million.

JUSTIFICATION FOR EXTENSION-IN-TIME AND BUDGET INCREASE

Summary of Existing Project Activities

4. Following yet another poor crop harvest during the 2012/2013 crop growing season due to erratic rainfall and prolonged dry spells, Malawi has been facing an acute food shortage in 24 out of 28 districts between October 2013 and March 2014. The July 2013 Malawi Vulnerability Assessment Committee (MVAC) report had estimated 1.46 million people to be food insecure. At the request of the Government of Malawi, EMOP 200608 was approved for the period from 1 September 2013 to 31 March 2014 to support 1.93 million beneficiaries with a total budget of US\$ 92.49 million. This included a contingency for additional beneficiaries which were to be confirmed by MVAC update assessment². The EMOP 200608 was preceded by Immediate Response (IR) EMOP 200600 which was operational from August to October 2013 and enabled timely purchase and transportation of food to respond to urgent food needs.
5. The November 2013 MVAC update assessment confirmed an increased population facing food insecurity and an expansion of the districts affected, bringing the total population in need of assistance to 1.85 million in 24 districts.
6. In line with WFP's Strategic Objective one (SO1), the objective of this EMOP was to meet the immediate food needs and protect livelihoods of the victims of natural disasters and

² Preliminary results of EFSA conducted in June 2013 had estimated as many as 1.93 million people (of whom 51% are females) in the affected districts were likely to face substantial shortfalls in household food production.

economic shocks. WFP met food needs through targeted food distributions and cash transfers where deemed appropriate by a market analysis.

7. This operation has undergone six budget revisions as follows:

- Budget Revision 6 extended the project duration by one additional month from 31 May to 30 June 2014 in order to cover food needs for victims of recent floods and a contingency for potential post-election violence and population displacement;
- Budget Revision 5 extended in time the response by two months up to 31 May 2014 following the continued food insecurity of 220,664 beneficiaries in 9 districts mainly due to delayed crop harvest which has subsequently prolonged the lean season;
- Budget Revision 4 aligned the original project budget requirement with the revised needs and increased geographical spread, as well as to adjust costs related to LTSH;
- Budget Revision 3 increased the overall budget following an increase in operational costs due to expansion of the geographical coverage of the response following the release of the updated MVAC report in November 2013;
- Budget Revision 2 was approved to adjust the external transport rate and related costs; and
- Budget Revision 1 is the approved original budget.

Conclusion and Recommendations of the Re-Assessment

8. There is broad consensus within WFP, the Government and amongst partners and donors that harmonized; multi-sectorial programmes including a gradual shift from unconditional relief assistance to integrated long-term resilience-building programmes provide the optimal approach to addressing food insecurity, malnutrition and poverty in the country. This is in line with numerous United Nations Country Team (UNCT), donor and Government-led social protection and resilience building initiatives.
9. For WFP, this means transitioning from recurring emergency operations (and unconditional transfers) to more nuanced lean season support mechanisms that implement conditional food assistance whenever appropriate and feasible with the objective of supporting longer-term social support and resilience building programmes.
10. In the medium to long-term, WFP Malawi intends to incorporate and support this shift through a new 3-year PRRO in pursuit of SOs 1, 2 and 3 of the WFP Strategic Plan 2014-17. In addition, the CO will ensure full alignment with the corporate Zero Hunger Challenge (ZHC) agenda.
11. However, since the earliest opportunity for the approval of the new PRRO by the Executive Board is November 2014, the Country Office opts for an extension of the current EMOP until the end of November 2014 in order to cover the start of the lean season and continue a small flood relief operation. This extension will be followed by a new PRRO starting in December 2014 for 28 months and begin the transition to integrated long-term resilience-building programmes.
12. While food availability at the household level has improved significantly with the onset harvest season (May/June), a March 2014 joint food security monitoring exercise by FEWS NET, the Ministry of Agriculture, the Meteorological Department and WFP identified parts of 12 districts where a significant portion of the population is likely to face food shortages during the 2014/15 lean season starting as early as August. This is caused by prolonged dry

spells during critical stages of crop development resulting in potential extensive crop losses.³ The latest FEWSNET report (May 2014) indicates that the situation has worsened such that some hard hit districts, such as Karonga, may require assistance as early as July

13. In addition, it is expected that food shortages at household level will be exacerbated by high food prices and reduced purchasing power in the affected districts.⁴ Consistent with seasonal trends during harvest time, maize prices across the country have dropped significantly but still remain 65 percent higher than last year and 100 percent above the 5-year average.⁵
14. The MVAC annual food security assessment and Emergency Food Security Assessment (EFSA) will be conducted in June 2014 nationwide. These assessments will determine the extent of food insecurity during the 2014/15 consumption period and the level of humanitarian assistance that will be required to fill any food deficits.
15. Undernutrition is still high in Malawi with 47 percent of children less than 5 years being stunted and 64 percent of children aged 6-59 months anemic. Inadequate food consumption and poor diversified diets due to lack of diversification in agricultural production, inadequate knowledge about feeding practices and insufficient income are some of the contributing factors to Malnutrition. According to EFSA conducted in July 2013⁶, the food consumption score (FCS) indicates that 6 out of every 10 households in the surveyed areas had poor consumption and depend mainly on staple with limited dietary diversification. Nearly half of the households consume food from two food groups only, slipping from “borderline” into “poor” consumption during lean season (November- April). In most food insecure contexts where WFP operates, children and pregnant and lactating women (P/LW) are at the most risk for mortality and the adverse effects of malnutrition both short and long-term.
16. Based on previous years’ experience, it is expected that there will be a gradual increase in people needing assistance during the lean season, starting at 41,000 people in the worst hit district, Karonga, in August, scaling up to nearly 421,600 people in 6 districts (Balaka, Chikhwawa, Karonga, Neno, Nsanje and Zomba) by the end of November.
17. The required level of emergency assistance will likely exceed the Government’s capacity to respond. Traditionally, WFP has relied on the Government to provide at least part of the maize requirement for humanitarian purposes. However, currently maize stocks in the government’s Strategic Grain Reserve (SGR) are very low primarily due to slow stock replenishment. This implies that the Government may not be in a position to provide adequate maize to WFP for humanitarian purposes. Therefore, the international community’s support is required to respond to emerging food insecurity needs.

Purpose of Extension and Budget Increase

18. Overall, the purpose of this budget revision is to meet emerging food assistance needs of 433,700 people⁷ covering the period of time until the new PRRO will take over (December 2014) and to prepare the ground for a gradual shift from unconditional relief assistance to integrated long-term resilience building programmes which will be fully integrated in the forthcoming PRRO.

³ FEWS NET, WFP, Department of Climate Change and Meteorological Services, Ministry of Agriculture and Food Security Joint 2014/15 Pre-Harvest Food Security Assessment Report, March 2014

⁴ Ministry of Agriculture and Food Security market price monitoring

⁵ FEWS NET, April – September 2014 Food Security Outlook Report

⁶ The 2013 EFSA is used in the absence of the 2014 EFSA that will be conducted in June 2014

⁷ The total caseload of 433,700 beneficiaries include some 12,100 flood victims assisted since June 2014 under BR6 and 421,600 new beneficiaries affected by dry spells.

19. Food assistance to households affected by prolonged dry spells will be based on the annual MVAC and EFSA assessment reports. Beneficiary targeting will be based on a set of economic and social indicators and will follow the joint emergency food assistance programme (JEFAP) guidelines.¹ For planning purposes, WFP is using beneficiary figures from VAM analysis of information emanating from the March 2014 interagency joint food security assessment.⁸ Targeting for flood victims will be guided by the DoDMA-led inter-agency assessment.
20. The majority of the targeted population will be supported through monthly household in-kind food transfers, whereas an estimated 16 percent⁹ of the affected population will be assisted through monthly household cash transfers. Targeting of areas for cash or food transfers will take into consideration functionality of the markets, food availability, local production and physical access to the markets. Cash transfers will be considered for beneficiaries of unconditional TFA as well as C-TFA. A WFP-supported national market assessment planned for July/August 2014, as part of the annual MVAC assessment, will determine the appropriateness and feasibility of cash-based interventions as well as inform the design and implementation of such an intervention. The cash transfer value will be adjusted on a monthly basis based on market price fluctuations. VAM will monitor market prices, commodity supply, and availability and trader behavior fortnightly. The choice of cash transfer modality will be informed by a new market assessment plus macro-risk analysis, as well as sectorial assessments and SOPs will be updated (to be used both for the EMOP extension and new PRRO).
21. The EMOP extension also provides an opportunity to test the introduction of conditional transfers during the lean season preparing the ground for the strategic shift from unconditional to conditional transfers whenever possible and appropriate and at scale under the new PRRO currently under preparation. The objective of the conditional transfers, termed here as Conditional Targeted Food Assistance (C-TFA), is to support communities to efficiently and effectively contribute time and resources during the lean season to contribute to reducing disaster risk and building resilience - therewith helping to bridge the gap between relief and development interventions.
22. In order to facilitate the planning, design and implementation of all WFP and partner programmes, the country office together with the government will continue to roll-out the three-pronged approach (3PA) that consists of a set of tools including the national level integrated context analysis (ICA), Seasonal Livelihood Programming (SLP) and Community Based Participatory Planning (CBPP).
23. With regards to C-TFA, the CBPP and SLP will be applied to identify appropriate types of conditionality¹⁰. Based thereon, C-TFA will be tested from August to November in the form of small-scale pilots in 3 districts (Karonga in the north, Balaka, and Zomba in the south) targeting a limited number of communities. Covering a district in the north and two in the south will ensure that a representative range of WFP operational contexts in the country is covered. This will include specific gender and nutrition sensitive activities such as diversified food production and consumption, livestock production, social behavioral change

⁸ FEWS NET, WFP, Department of Climate Change and Meteorological Services, Ministry of Agriculture and Food Security Joint 2014/15 Pre-Harvest Food Security Assessment Report, March 2014

⁹ Percentage of beneficiaries to be assisted from cash transfers will be confirmed by the market assessment planned in July 2014.

¹⁰ An initial scoping has revealed that such transfers (C-TFA) could be conditional to changing behavioural practices related to food diversity, feeding practices, post-harvest loss prevention, nutrient/food preservation, women literacy and HIV/AIDS making use of available health services or attending nutrition training sessions.

communication (SBCC) sessions on feeding practices, sanitation and hygiene and prevention of post-harvest losses

24. While piloting C-TFA, costs and benefits will be carefully considered and special attention will be given to the inclusion of nutrition- and gender-sensitive activities. C-TFA pilots will be closely monitored by WFP, government and partners ensuring that the joint learning is made available to all national stakeholders and feeds into the WFP global learning.
25. WFP will provide food assistance through NGO partners that have the capacity to implement in-kind food and cash transfers. It will also work closely with NGO partners to test the introduction of C-TFA and will promote linkages between the emergency relief, resilience building and other relevant programmes. This ensures that the response interventions are concerted and reinforcing each other for maximum and sustainable outcomes.
26. All food assistance activities will be aligned with the National Social Support Policy (NSSP) and its five programmatic areas of work including the public works, social cash transfer and school meals components. WFP will continue to work in close coordination with the Government through DoDMA and the Poverty Reduction and Social Protection Division in the Ministry of Economic Planning and Development, UNCT, the World Bank, non-governmental organizations (NGO)'s, donors, the private sector¹¹ and other relevant stakeholders to ensure well-coordinated, comprehensive and cohesive support.
27. In line with WFP's Gender Policy, each household ration card will be issued in a woman's name, except in situations where there is no adult woman in the household with the objective of contributing to women and girls' direct access to food assistance. Moreover, a gender review of this EMOP is currently underway to assess implications that WFP food and cash assistance have on household decision-making between men and women. The review will also look into other social factors to inform which household member should receive the ration card and the findings will help tailor programming to ensure male and female beneficiaries receive equal access to protection and assistance and to create an environment conducive to women's empowerment specific to the Malawian context. In-line with the Accountability to Affected Populations principle, feedback mechanisms will be enhanced to ensure two-way communication of complaints and feedback on protection and gender issues.
28. The support provided through this EMOP will be aligned with and complemented by other WFP activities under WFP's CP 200287, including school meals, nutrition support and DRR for food security. Under component 1 of the CP 200287, the provision of school meals to children in the affected districts will encourage attendance and prevent drop-outs, particularly important during the lean season period. WFP has also expanded its support to the treatment of moderate acute malnutrition under CP component 2 (targeted supplementary feeding) to cover 21 affected districts. Under CP component 3, ongoing resilience building activities in some districts likely to be targeted for lean season support will directly complement the relief efforts. From December 2014 onwards, the resilience building activities will be continued under the new PRRO.
29. Under this extension, the country office will also advance the innovative food assistance approaches including the rural resilience (R4) initiative and the Global Framework for Climate Services initiative before they will become fully operational under the new PRRO.

¹¹ Including the insurance institutions for the linkage with R4 rural resilience initiative

30. Targeted food-insecure households will receive a food basket that includes maize, pulses and vegetable oil. The food ration is designed to cover the food gap faced by the affected households and assumes that other household income sources will complement the WFP-provided food basket. The food basket covers approximately 65 percent of the energy daily requirements and is based on an average sized family (5.5 members). Affected households with children aged 6-23 months or P/LW women will also receive daily individual ration of 200 g Supercereal to enhance their micronutrient intake. SuperCereal targeting will be done in collaboration with Health Surveillance Assistants (HSAs) and it will be provided to eligible households whether they are receiving in-kind food transfers or cash.
31. The value of the cash-based response has been set at US\$49 per household per month, based on the projected retail prices of the WFP food basket. The transfer value may fluctuate depending on the prevailing market and other conditions. This includes a buffer of US\$5 to account for increases in retail prices throughout the assistance period, and protect beneficiaries from possible inflationary pressures. Should food prices exceed a threshold of efficiency, WFP will revert to in-kind food distributions.

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
TFA	Dry spells	858 404	893 440	1 751 844	163 648	170,340	333 988	1 022 052	1 063 780	2 085 832
C-TFA	Dry spells				9 800	10,200	20 000	9 800	10 200	20 000
Cash transfers	Dry spells	75 552	78 635	154 187	31,124	30,976	62 100	106 676	109 611	216 287
C-Cash transfers	Dry spells				2,000	3,500	5 500	2 000	3 500	5 500
TOTAL		933 956	972 075	1 906 031	206 572	215 016	421 588	1 140 528	1 187 091	2 327 619

TABLE 2: REVISED DAILY FOOD RATION/TRANSFER BY ACTIVITY [OR COMPONENT] (g/person/day)			
	Targeted in-kind food transfers	Targeted cash transfers	Household ration for children 6-23 months and P/LW
	Revised	Revised	Revised
Maize	303		
Pulses	61		
Vegetable oil	11		
Supercereal			200
Cash/voucher (US\$/person/day)		0.30	
TOTAL	375		200
Total kcal/day	1,362		800
% kcal from protein	12.5		18.0
% kcal from fat	15.8		13.5
Number of feeding days per year or per month (as applicable)	30	30	30

FOOD REQUIREMENTS

32. Table 3 outlines the current and revised food and cash requirements. An additional 9,278 MT of food and US\$1.10 million for the cash-based response will be required to meet the needs of an additional 421,600 people. The Country Office will focus on Local purchases where possible using WFP's Purchase for Progress (P4P) modality, benefitting smallholder farmers and building agriculture markets Malawi relies on for sustainable economic development. The local purchase would also be achieved through Forward Purchase Facility (FPF) and in case where the local procurement cannot meet the CO requirements, the CO will consider regional purchases including the possibility of drawing from the regional FPF stocks. .

TABLE 3: FOOD/CASH AND VOUCHER REQUIREMENTS BY ACTIVITY				
Activity	Commodity¹ / Cash & voucher	Food requirements (mt) Cash/Voucher (US\$)		
		Current	Increase / Decrease	Revised total
Targeted In kind food transfers	Commodity	109 276	9 278	118 554
Cash Transfers	Cash and Voucher	14 336 435	923 784	15 260 219
TOTAL				

¹ Please only present overall food requirement. Do not split by commodity.

Hazard / Risk Assessment and Preparedness Planning

33. Overall, the risks and their mitigation measures for this budget revision remain in-line with those identified in EMOP 200608. WFP will be in close contact with the United Nations Department of Safety and Security and its designated security officer to ensure that staff members receive regular updates on key security risks and precautionary and mitigation measures.
34. However, an additional (low) risk is WFP's own capacity to design and deliver on its shift from unconditional relief assistance to resilience-building programming. To mitigate against this risk, the country office is receiving substantial technical assistance from headquarters/regional bureau, and is planning to take on additional staff to deliver on this strategy.

RECOMMENDATION OF THE EXECUTIVE DIRECTOR AND FAO DIRECTOR-GENERAL FOR APPROVAL

The proposed 5-month extension as well as the additional commitment of food, resulting in the revised budget for project Malawi EMOP 200608 is recommended to the WFP Executive Director and FAO Director-General for approval.

Approved by:

Ertharin Cousin
Executive Director, WFP

José Graziano da Silva
Director-General, FAO

Date:

Date:

Drafted by: Elie Iyakaremye, Malawi Country Office
Cleared by: Coco Ushiyama, Malawi Country Office on [date]
Reviewed by: Trixie-Belle Nicolle, OMJ RB on 17 June 2014
Cleared by: Sarah Longford, OMJ RB on 18 June 2014
Reviewed by: Regional Bureau Support (OMO)

ANNEX I-A

PROJECT COST BREAKDOWN			
	Quantity (mt)	Value (US\$)	Value (US\$)
<i>Food Transfers</i>	-	-	
Cereals	6 945	2 234 376	
Pulses	1 389	934 748	
Oil and fats	256	243 192	
Mixed and blended food	688	410 737	
Others	0	0	
Total Food Transfers	9 278	3 823 053	
External Transport		25 600	
LTSH		560 984	
ODOC Food		998 346	
Food and Related Costs ²		5 407 984	
C&V Transfers		923 784	
C&V Related costs		133 000	
Cash and Vouchers and Related Costs		1 056 784	
Capacity Development & Augmentation		-	
<i>Direct Operational Costs</i>			6 464 768
Direct support costs (see Annex I-B)			888 308
Total Direct Project Costs			7 353 076
Indirect support costs (7,0 percent) ³			514 715
TOTAL WFP COSTS			7 867 791

² This is a notional food basket for budgeting and approval. The contents may vary.

³ The indirect support cost rate may be amended by the Board during the project.

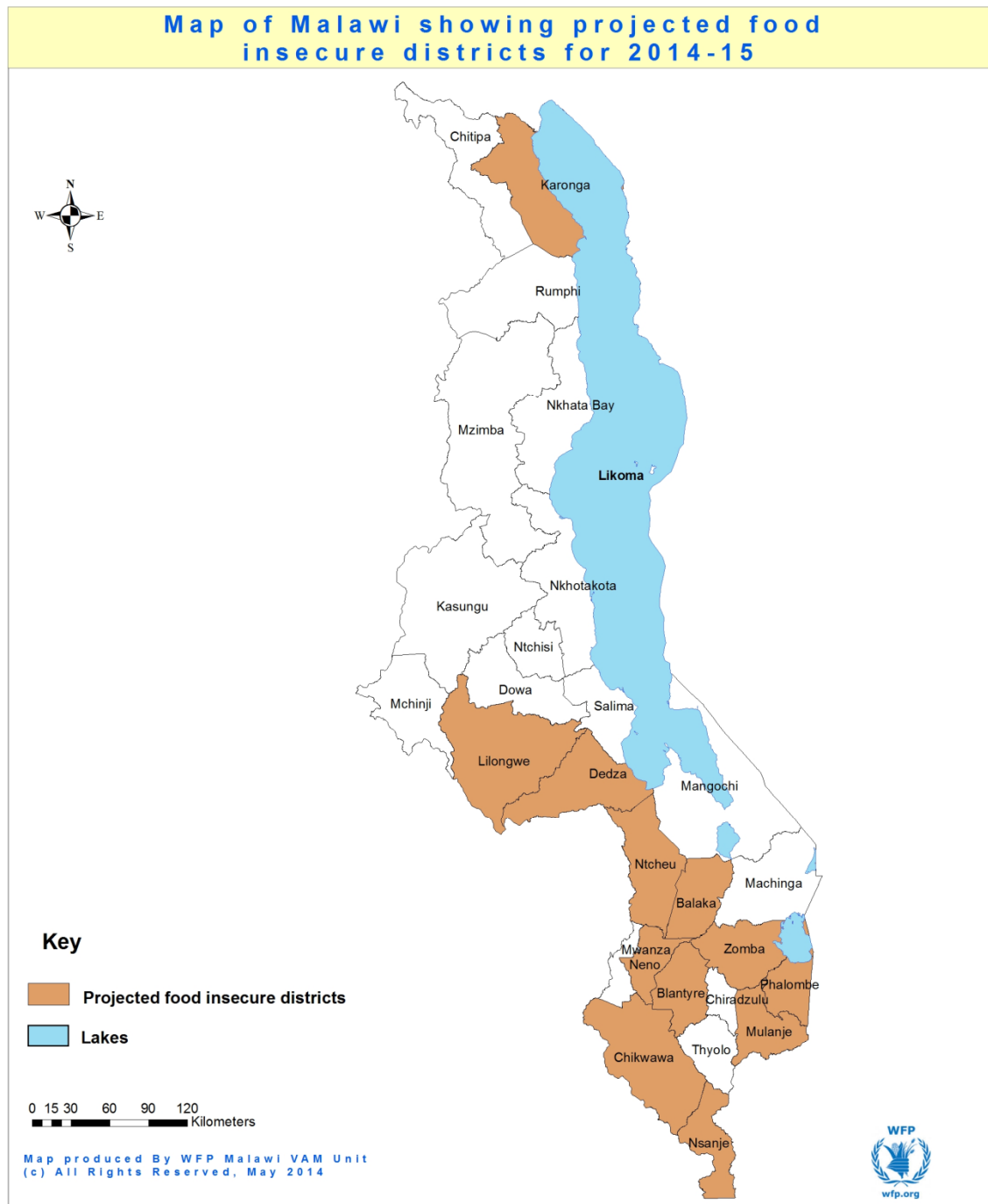
ANNEX I-B

DIRECT SUPPORT REQUIREMENTS (US\$)	
WFP Staff and Staff-Related	
Professional staff	329 017
General service staff	176 442
Danger pay and local allowances	
Subtotal	505 458
Recurring and Other	144 800
Capital Equipment	0
Security	0
Travel and transportation	208 050
Assessments, Evaluations and Monitoring¹	30 000
TOTAL DIRECT SUPPORT COSTS	888 308

¹ Reflects estimated costs when these activities are performed by third parties. If WFP Country Office staff perform these activities, the costs are included in Staff and Staff Related and Travel and Transportation.

ANNEX III

MAP



ACRONYMS USED IN THE DOCUMENT

BCC	Behaviour Change Communication
CBPP	Community Based Participatory Planning
CP	Country Programme
C-TFA	Conditional Targeted Food Assistance
DoDMA	Department of Disaster Management Affairs
DSC	Direct Support Cost
EFSA	Emergency Food Security Assessment
EMOP	Emergency Operation
FCS	Food Consumption Score
FEWS NET	Famine Early Warning Systems Network
FFA	Food Assistance for Assets
GFCS	Global Framework for Climate Services
HSA	Health Surveillance Assistant
ICA	Integrated Context Analysis
IR	Immediate Response
IR-EMOP	Immediate Response Emergency Operation
ISC	Indirect Support Cost
JEFAP	Joint Emergency Food Assistance Programme
LTSH	Landside Transport Shipping Handling
MVAC	Malawi Vulnerability Assessment Committee
NGO	Non-Governmental Organization
NSSP	National Social Support Policy
P/LW	Pregnant and Lactating Women
PRRO	Protracted Relief and Recovery Operation
P4P	Purchase for Progress
R4	Rural Resilience initiative
SBCC	Social Behavioural Change Communication
SGR	Strategic Grain Resreve
SLP	Seasonal Livelihood Programming
SO	Strategic Objective
TBD	To be determined
TFA	Targeted Food Assistance
UNCT	United Nations Country Team

UNDSS	United Nations Department of Safety and Security
UNICEF	United Nations Children Fund
VAM	Vulnerability Assessment and Mapping
ZHC	Zero Hunger Challenge
3PA	Three pronged approach

ANNEX IV - [LTSH-matrix](#)

ANNEX V - [Project Budget Plan](#)

ANNEX VI - [Project Statistics](#)