

BUDGET INCREASE TO PROTRACTED RELIEF AND RECOVERY OPERATION: MALAWI PRRO 200692

Responding to Humanitarian Needs and Strengthening Resilience

Start date: 1 December 2014 **End date:** 31 March 2017

Extension/Reduction period: N/A **New end date:** N/A

| | | | |
|---------------------------------------|--|-------------------|-----------------------|
| Total revised number of beneficiaries | 2 838 390 | | |
| Duration of entire project | 28 months (December 2014 – March 2017) | | |
| Extension/Reduction period | N/A | | |
| Gender marker code | 2A | | |
| WFP food tonnage | 253 738 | | |
| Cost (United States dollars) | | | |
| | Current Budget | Increase | Revised Budget |
| Food and Related Costs | 139 777 214 | 19 036 979 | 158 814 192 |
| Cash and Vouchers and Related Costs | 45 705 165 | 7 177 086 | 52 882 251 |
| Capacity Development & Augmentation | 346 000 | - | 346 000 |
| DSC | 19 305 401 | 1 617 978 | 20 923 379 |
| ISC | 14 359 364 | 1 948 243 | 16 307 608 |
| Total cost to WFP | 219 493 144 | 29 780 286 | 249 273 430 |

NATURE OF THE INCREASE

1. Following erratic rains and floods in 2014/15 which caused crop failures, food production shortfalls and an early start to the lean season, the first half of the 2015/16 agricultural season has been extremely poor across many parts of central and southern Malawi. Planting has been delayed by up to 30 days in some areas, above average temperatures continue to be experienced and food prices are rising. Collectively, these factors have caused a further increase in the number of people experiencing food insecurity – to 2.87 million from a previous 2.83 million – and will prolong the current lean season beyond March when it typically concludes.
2. This fifth budget revision to Malawi Protracted Relief and Recovery Operation (PRRO) 200692 will allow WFP to:
 - Extend the provision of assistance through the operation’s relief component by one month, to end-April 2016 when the next harvest is expected, in line with a recommendation by the Malawi Vulnerability Assessment Committee (MVAC)¹;
 - Increase the number of planned beneficiaries of the relief component by 32,390 food insecure people not previously targeted for assistance, again recommended by the MVAC;

¹ National Food Security Forecast (December 2015 to March 2016), Bulletin 11/15 Volume 3, Malawi Vulnerability Assessment Committee

- Put in place contingency measures to respond to residual emergency food needs beyond April 2016, depending on the findings of the pre-season MVAC assessment in March 2016 and the annual MVAC assessment planned in May/June 2016; and
- Adjust relevant project programming rates following reduced actual operational costs resulting from exchange rate gains.

JUSTIFICATION FOR BUDGET INCREASE

Summary of Existing Project Activities

3. PRRO 200692 (2014-2017) targets a total of 2.8 million beneficiaries through:
 - Relief food and cash assistance for food insecure populations during annual lean seasons;
 - Support for the restoration of livelihoods and enhancement of household and community resilience; and
 - Nutrition assistance to prevent acute malnutrition and micronutrient deficiencies in a child's first 1,000 days from conception.
4. The operation contributes to WFP Strategic Objectives 1, 2 and 3, the Zero Hunger Challenge and Sustainable Development Goal 2.
5. There have been four budget revisions to this operation since its inception. Collectively, these have increased planned beneficiary numbers in response to the dual impact of the most severe flood disaster in living memory and prolonged dry spells in the first half of 2015 resulting in the highest levels of food insecurity experienced in a decade.
6. In March-April 2016, PRRO 200692 will be subject to an operational evaluation commissioned by WFP's Office of Evaluation. The findings and recommendations of this exercise will inform any subsequent revision to the operation.

Conclusion and Recommendations of the Re-Assessment

7. An exceptionally poor 2014/2015 agricultural season resulted in the first deficits in maize production experienced in Malawi in 10 years. The 2015 annual MVAC assessment found that 2.8 million people across the country would be in need of emergency food assistance during the 2015/2016 lean season.
8. Rains, which typically begin in October-November, started more than 30 days late across some parts of Malawi in 2015 and levels have been far below average. In combination with above-average temperatures, this has resulted in limited crop development.
9. A report issued by the Famine Early Warning Systems Network (FEWSNET) in December 2015 indicated that a delayed start to the 2015/2016 rainy season would result in a late harvest and rising food prices, and thereby extend the annual lean season.
10. The same month, MVAC conducted a rapid food security monitoring exercise which focused on the impact of rainfall patterns on the transitory food security situation across the country during the last quarter of this consumption year (January to March 2016). This concluded that

the 2015/2016 lean season would continue for an additional month owing to the delayed onset of rains and late planting of crops. As a result, MVAC recommended the continued provision of food assistance to all planned beneficiaries during April 2016. It was further recommended that emergency food assistance be extended to an additional 32,390 people not previously targeted by the humanitarian response but now found to be food insecure in Blantyre, Mangochi, Dedza and Mzimba districts.

11. According to FEWSNET, current El Niño conditions are expected to persist throughout April – June 2016. Already, regional food supplies are limited and the national average price of maize in Malawi is more than 154 percent higher than the 3-year average². While the April/May harvest is likely to yield some production that will improve food access in the short term, it is expected that this will be low and that food security will begin deteriorating again by July, reaching peak levels between December 2016 and March 2017³.

Purpose of Extension and Budget Increase

12. Relief food needs during the 2015/2016 lean season are higher, and will continue for longer, than previously expected. In line with the December 2015 MVAC assessment findings and recommendations, WFP will continue to provide relief assistance during April 2016 and scale up its response to include an additional 32,390 food insecure beneficiaries, of which 16,519 are estimated to be women and girls. This will bring the total planned beneficiaries for the 2015/2016 lean season relief response to just over 2.4 million. The balance of needs will continue to be assisted by non-governmental organisations.
13. The total number of beneficiaries targeted by this operation over its full lifecycle will increase to 2.84 million, of whom 51 percent are women and girls.
14. Through this budget revision, WFP will also put in place contingency measures to respond to residual emergency food needs between May and September, before the next lean season starts, and increase existing plans for October-December 2016. Assistance will be provided in the form of ongoing relief distributions for food insecure households not able to benefit from the April 2016 harvest, and scaled-up food assistance and cash for assets (FFA and CFA) activities to support a recovery of livelihoods and improve household and community resilience in other areas. FFA and CFA currently planned in 4 districts⁴ will be scaled up to an additional 3 districts (Blantyre, Chikwawa and Nsanje) identified as part of the ICA, where SLP and CBPP will be conducted. This will increase the number of planned recovery beneficiaries by 50,000; however, as these people were previously targeted for relief assistance, they are not counted again in the operation's total.
15. Beneficiaries, and food and cash requirements have been estimated on the basis of FEWSNET and other seasonal forecasts of the effects of El Niño conditions beyond April. Depending on the findings of the next MVAC assessment in March 2016 and the annual MVAC assessment planned for May/June 2016⁵, the precise nature and scale of a response may be adjusted.
16. WFP will employ the same activities, transfer modalities and rations planned in PRRO 200692.
17. Acutely food insecure households will benefit from general food distributions (GFD) using either food or cash transfers. Assistance will be provided in the most food insecure areas in 24

² mVAM Report, 23 February 2016

³ FEWSNET Southern Africa Food Security Alert, 22 January 2016

⁴ FFA/CFA activities are currently implemented in Balaka, Zomba, Phalome and Karonga districts

⁵ Forecasts suggest that the next 2016/2017 lean season may start as early as August in some parts of the country: FEWSNET, 22 January 2016

districts identified by the MVAC. Acutely food insecure households will be targeted on the basis of criteria agreed in the Joint Emergency Food Assistance Programme. Displaced households, households with chronically ill members and those led by women or elderly people will be prioritized. Where possible, participation in complementary resilience-building activities implemented by partners and in behaviour change communication (BCC) is encouraged, to catalyse the recovery process. Gender-differentiated vulnerabilities are taken into account in the design and implementation of the former. BCC focuses on nutrition messaging and involves men to ensure their inclusion in care responsibilities.

18. The recovery component will continue to provide FFA and CFA for able-bodied households, coupled with appropriate behaviour change communication (BCC) sessions⁶. The approach aims to integrate early recovery and productive asset creation using labour and time-saving technologies, contributing to community resilience by changing mind-sets towards self-reliance. WFP will ensure that households without labour capacity will be supported by national social protection schemes.
19. CBT will be provided where market conditions are suitable, using mobile money, bank accounts or cash over the counter. An analysis of relative cost efficiency using the Omega value suggests that current market prices still favour providing CBT in areas where these transfers were recommended by the June 2015 MVAC market assessment. WFP will continue to monitor food prices using mobile Vulnerability Analysis and Mapping (mVAM) and data regularly collected through NGO partners. Significant fluctuations may inform a change to the transfer value. The MVAC market assessment included consultation with beneficiary communities, through focus group discussions and interviews with key informants regarding their preferences on transfer modality as well as seasonal variations in food availability and market access. During implementation, cooperating partners mobilize communities, select beneficiaries and provide them with all relevant details about the programme.
20. Pregnant and lactating women (PLW) and children aged 6-23 months in families receiving GFD will be provided with special nutritious foods to prevent acute malnutrition and micronutrient deficiencies: PLW will receive Super Cereal and children will receive Super Cereal Plus. Households with PLW and children aged 6-23 months receiving CBT under the relief component will be provided with an extra cash transfer to purchase alternatives commonly available in local markets such as eggs, fish or other animal products⁷.
21. There will be some geographic overlap between PRRO 200692 and Country Programme 200287. The latter treats moderate acute malnutrition (MAM), provides school meals and supports local disaster risk reduction capacities. In complement, the PRRO's prevention of acute malnutrition component is expected to reduce the number of MAM cases requiring treatment, and relief assistance provided during the lean season will discourage drop-out from the school feeding programme. There will be no overlap with PRRO 200460, which provides food assistance for refugees in camps.
22. Through Country Programme 200287 WFP will continue work closely with FAO and UNDP to provide technical assistance and capacity strengthening support to the Government in disaster risk management, including emergency preparedness measures for El Niño focusing on contingency planning and efforts to scale up resilience-building activities through the Department of Disaster Management Affairs (DODMA).

⁶ Specific issues covered include diversified food consumption, sanitation and hygiene, child care practices, and HIV, among others, for both relief and recovery actions.

⁷ Recently there has been limited availability of Super Cereal in remote markets.

TABLE 1: BENEFICIARIES BY ACTIVITY

| Activity | Category of Beneficiaries | Current | | | Increase | | | Revised | | |
|---------------------------|---------------------------|------------------|------------------|------------------|---------------|---------------|-------------------|------------------|------------------|------------------|
| | | Boys / Men | Girls / Women | Total | Boys / Men | Girls / Women | Total | Boys / Men | Girls / Women | Total |
| RELIEF | | | | | | | | | | |
| GFD: Food | All | 1 046 958 | 1 089 691 | 2 136 649 | 14 516 | 15 109 | 29 625 | 1 061 474 | 1 104 800 | 2 166 274 |
| | Children 6-23 months* | 62 817 | 65 381 | 128 199 | 871 | 907 | 1 777 | 63 688 | 66 288 | 129 975 |
| | PLW** | - | 192 298 | 192 298 | - | 2 666 | 2 666 | - | 2 666 | 2 666 |
| GFD: CBT | All | 291 232 | 303 119 | 594 351 | 1 355 | 1 410 | 2 765 | 292 587 | 304 529 | 597 116 |
| | Children 6-23 months*** | 17 474 | 18 187 | 35 661 | 81 | 85 | 166 | 17 555 | 18 272 | 35 827 |
| | PLW*** | - | 53 492 | 53 492 | - | 249 | 249 | - | 53 741 | 53 741 |
| Relief Sub-Total | | 2 731 000 | | | 32 390 | | | 2 763 390 | | |
| RECOVERY | | | | | | | | | | |
| FFA | | 10 290 | 10 710 | 21 000 | 9 800 | 10 200 | 20 000 | 20 490 | 20 910 | 41 000 |
| CFA | | 26 460 | 27 540 | 54 000 | 14 700 | 15 300 | 30 000 | 41 160 | 42 840 | 84 000 |
| Recovery Sub-Total | | 75 000 | | | 50 000 | | | 125 000 | | |
| TOTAL | | 1 374 940 | 1 431 060 | 2 806 000 | 15 871 | 16 519 | 32 390**** | 1 390 811 | 1 447 579 | 2 838 390 |

* Children aged 6–23 months in families receiving GFD receive Super Cereal Plus.

** PLW in families receiving GFD receive Super Cereal in addition to fortified vegetable oil provided as part of the GFD ration.

*** Some children aged 6–23 months and PLW in families receiving GFD/CBT receive a voucher to purchase Super Cereal where it is available / additional cash to purchase alternative commodities available in local markets.

**** As the 50,000 additional recovery beneficiaries have already been targeted for relief assistance, they are not double counted in the totals. The 32,390 new beneficiaries are in districts already covered by the ongoing lean season response, but have not previously been targeted for assistance by WFP. They will receive assistance via the transfer modality already used in these areas, as recommended by the June 2015 MVAC Market Assessment.

FOOD REQUIREMENTS

23. Table 2 indicates changes in food requirements as a result of this budget revision. Additional maize requirements, pulses and Super Cereal will be purchased through WFP's Global Commodity Management Facility. Fortified vegetable oil and Super Cereal Plus will be purchased on international markets.

TABLE 2: FOOD/CASH AND VOUCHER REQUIREMENTS BY ACTIVITY

| Activity | Commodity / | Food requirements (m ³) Cash/Voucher (US\$) | | |
|----------------|----------------------------------|---|---------------------|---------------|
| | Cash & Voucher | Current | Increase / Decrease | Revised total |
| Food Transfers | Cereal | 166 338 | 24 750 | 191 088 |
| | Pulses | 32 236 | 4 962 | 37 198 |
| | Vegetable Oil | 5 922 | 911 | 6 833 |
| | Super Cereal / Super Cereal Plus | 16 347 | 2 272 | 18 619 |
| TOTAL | | 220 843 | 32 895 | 253 738 |
| CBT | Cash & Voucher | 38 656 349 | 5 741 669 | 44 398 018 |

Hazard / Risk Assessment and Preparedness Planning

24. Poor road conditions continue to hamper accessibility for food delivery and distribution in some remote areas. WFP is collaborating closely with the National Roads Authority in order for certain routes to be prioritized for emergency repairs.

25. Inadequate funding would prevent WFP from operating at the planned scale. WFP is actively mobilizing funds for this response, working in close collaboration with the Government and other key stakeholders.

Approved by:

 Ertharin Cousin
 Executive Director, WFP

 Date

ANNEX I-A

| PROJECT COST BREAKDOWN | | | |
|---|--------------------------|-------------------------|-------------------------|
| | Quantity (mt) | Value (US\$) | Value (US\$) |
| <i>Food Transfers</i> | | | |
| Cereals | 24 750 | 7 796 070 | |
| Pulses | 4 962 | 3 810 533 | |
| Oil and fats | 911 | 794 888 | |
| Mixed and blended food | 2 272 | 1 582 056 | |
| Others | - | - | |
| Total Food Transfers | 32 895 | 13 983 547 | |
| External Transport | | 411 809 | |
| LTSH | | 4 606 076 | |
| ODOC Food | | 35 547 | |
| Food and Related Costs ⁸ | | 19 036 979 | |
| C&V Transfers | | 5 741 669 | |
| C&V Related costs | | 1 435 417 | |
| Cash and Vouchers and Related Costs | | 7 177 086 | |
| Capacity Development & Augmentation | | - | |
| <i>Direct Operational Costs</i> | | | 26 214 065 |
| Direct support costs (see Annex I-B) | | | 1 617 978 |
| Total Direct Project Costs | | | 27 832 043 |
| Indirect support costs (7.0 percent) ⁹ | | | 1 948 243 |
| TOTAL WFP COSTS | | | 29 780 286 |

⁸ This is a notional food basket for budgeting and approval. The contents may vary.

⁹ 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 * | 908 667 |
| General service staff ** | 336 900 |
| Danger pay and local allowances | - |
| Subtotal | 1 245 567 |
| Recurring and Other | 125 901 |
| Capital Equipment | - |
| Security | |
| Travel and transportation | 246 510 |
| Assessments, Evaluations and Monitoring¹ | - |
| TOTAL DIRECT SUPPORT COSTS | 1 617 978 |

* Costs to be included in this line are under the following cost elements: International Professional Staff (P1 to D2), Local Staff - National Officer, International Consultants, Local Consultants, UNV

** Costs to be included in this line are under the following cost elements: International GS Staff, Local Staff - General Service, Local Staff - Temporary Assist. (SC, SSA, Other), Overtime

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.

MAP

Map of Malawi Showing Areas of 2015/2016 Lean Season Food Needs by Population Range

