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WFP/EB.A/2016/8-B/2

Projects for Executive Board Approval

For approval

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Budget Increase to Protracted Relief and Recovery Operations — Malawi 200692

Responding to Humanitarian Needs and Strengthening Resilience

Cost (United States dollars)			
	Current budget	Increase	Revised budget
Food and related costs	158 814 192	206 756 152	365 570 345
Cash-based transfers and related costs	52 882 251	21 171 344	74 053 595
Capacity development and augmentation	346 000	-	346 000
Total cost to WFP	249 273 430	257 402 346	506 675 776

Gender marker code 2A

<https://www.humanitarianresponse.info/system/files/documents/files/gm-overview-en.pdf>.

Draft decision*

The Board approves the proposed budget increase of USD 257 million for Malawi protracted relief and recovery operation (PRRO) 200692 – Responding to Humanitarian Needs and Strengthening Resilience, with a nine-month extension from 1 April 2017 to 31 December 2017 (WFP/EB.A/2016/8-B/2).

* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document issued at the end of the session.

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Nature of the Increase

1. Current drought associated with El Niño and other weather-related stresses has triggered a fifth consecutive year of food and nutrition insecurity, which is forecast to persist until the next harvest in 2018;¹ the number of acutely food-insecure people is expected to reach the highest levels since the 2005/06 food crisis. Results of the annual Malawi Vulnerability Assessment Committee (MVAC) exercise are expected in the coming weeks; in the meantime, MVAC projects that at least 5 million people are likely to require emergency food assistance during the 2016/17 lean season, far more than the original estimate. The lean season could start as early as August 2016 rather than in October.
2. This sixth budget revision to Malawi PRRO 200692 will: i) enable WFP to meet the immediate food needs of up to 4.5 million beneficiaries during the 2015/16 lean season, increasing the total number of beneficiaries targeted by the operation over its duration to 5.3 million; and ii) extend the PRRO by nine months to 31 December 2017 to continue recovery and resilience-building activities and prepare for the 2017/18 lean season.

Justification for Extension-In-Time and Budget Increase

Summary of Activities

3. The original plan for PRRO 200692 was to target up to 2.8 million beneficiaries over three lean seasons from December 2014 to March 2017 through:
 - life-saving relief food and cash-based assistance for food-insecure populations during lean seasons;
 - support to restoring livelihoods and enhancing the resilience of households and communities vulnerable to lean-season food shortages; and
 - nutrition assistance to prevent acute malnutrition and micronutrient deficiencies during the first 1,000 days from conception.
4. The operation is in line with WFP's Gender Policy (2015–2020) and the Southern Africa regional implementation strategy.² It contributes to Strategic Objectives 1, 2 and 3, the Zero Hunger Challenge and Sustainable Development Goals 2, 5 and 17. It supports the Malawi Growth and Development Strategy, and is aligned with national social-support, disaster-risk management and nutrition policies.

Recommendations of the Re-Assessment

5. An estimated 57 percent of Malawi's 17 million inhabitants are poor, and 28 percent are categorized as ultra-poor. Poverty is predominantly rural and women-headed households experience higher poverty than those headed by men. Fifty-one percent of women-headed households are severely food-insecure, compared with 38 percent men-headed households.³ The country ranks 174th of 189 countries in the 2015 Global Hunger Index. Inflation was 22 percent in March 2016. Malawi imports 12 percent of its food.
6. Agriculture contributes 35 percent of gross domestic product and accounts for 80 percent of exports. Small-scale farming, which accounts for 90 percent of agricultural land, is characterized by low yields, vulnerability to weather-related shocks, unfavourable prices and inadequate storage.

¹ Seasonal livelihood programming indicates that in some districts most households affected by a shock would need at least two consecutive shock-free years to recover.

² Building on knowledge acquired in gender mainstreaming under the joint WFP and Institute of Development Studies learning initiative.

³ National Statistical Office (NSO). 2014. *Integrated Household Panel Survey Report 2014*. (IHPS 2014). Zomba.

7. The 2015/16 crop season⁴ has been affected by erratic below-average rains and subsequent crop failure associated with El Niño. The southern and central regions are hardest hit, accounting for 69 percent and 31 percent of the affected population respectively. The Ministry of Agriculture, Irrigation and Water Development anticipates a deficit of 1.07 million mt of maize – a 12 percent decline from the 2014/15 season and 32 percent below the average of the last five years. This is the second consecutive year of below-average cereal production.
8. The number of people needing relief food assistance will increase significantly over the next 18 months, and likely beyond. Pending results of the annual MVAC assessment, expected in June, it is projected that 5 million people are at risk of food insecurity and likely to require emergency food assistance during the 2016/17 lean season, which could start as early as August. Some will require assistance after the lean season, to support recovery and build resilience. There are indications that La Niña conditions could affect food security in 2017/18.
9. On 12 April 2016 the Government declared a state of national disaster, noting that most of the districts affected by floods and drought in early 2015 are the same as those affected by current El Niño conditions. The President appealed for relief assistance from donors, the United Nations, the private sector and non-governmental organizations (NGOs).
10. Rates of malnutrition and micronutrient deficiency are high: stunting at 42 percent, underweight at 13 percent, child anaemia at 63 percent, and anaemia among pregnant and lactating women (PLW) at 38 percent.⁵ While global acute malnutrition is 4 percent nationally, it may rise because of aggravating factors such as acute food insecurity, poor dietary diversity, disease, poor sanitation and hygiene, and gender inequalities, all of which contribute to undernutrition. Only 15 percent of children under 5 consume a minimum acceptable diet, and only 27 percent have a minimum diverse diet.⁶ Women and children are at high risk of food and nutrition insecurity, and women are more likely than men to be poor with little access to land and limited opportunities for income-generation.
11. Recent field monitoring indicates increasing numbers of malnourished people living with HIV (PLHIV) and tuberculosis patients, with higher prevalence among women, largely because of higher levels of poverty and other socio-economic factors.⁷ Admissions to clinics for moderate acute malnutrition have risen fourfold since January 2016.⁸ A nutrition survey in June will update this information.

Purpose of Extension and Budget Increase

12. Relief and recovery needs during the 2016/17 lean season far exceed the scale originally envisaged by PRRO 200692. This budget revision will enable WFP to scale up its relief response to assist up to 4.5 million beneficiaries; the balance of 500,000 food-insecure people will be assisted by a consortium of international NGOs. The recovery component will also be scaled up to assist 275,000 people in 2017. The total number of beneficiaries targeted for assistance over the duration of the operation will increase to 5.3 million.

Relief

13. This component provides targeted relief food assistance during the lean season through nutrition-sensitive food baskets and cash-based transfers (CBTs) for acutely food-insecure households, including those hosting PLHIV and tuberculosis patients.

⁴ Malawi's crop production season coincides with the October–March lean season.

⁵ NSO and ICF Macro, 2011. The World Health Organization defines levels above 30 percent as “serious”.

⁶ NSO, July 2015

⁷ NSO, 2012. *Integrated Household Survey*, September 2012. Zomba.

⁸ Joint WFP, UNICEF and Ministry of Health monitoring, April 2016

14. Where possible, participation in complementary low-tech/low-risk activities⁹ and social behaviour change communication (SBCC) will be encouraged to accelerate recovery. Gender-differentiated vulnerabilities are taken into account in work norms. In coordination with partners, SBCC focuses on nutrition, agriculture, food security, water, sanitation and hygiene, gender and protection messaging. Men are equally involved so that they are not marginalized from care responsibilities.
15. This component will be implemented and gradually scaled up between August 2016 and April 2017: it will start with 1 million beneficiaries and reach the peak of 4.5 million between January and April 2017. Assistance will be provided in the most food-insecure areas in all 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, including those with less than 2 acres (0.8 ha) of land, no formal wage or regular means of income generation, no major livestock assets, and less than three months of food stock after the harvest. Displaced households, households with chronically ill members, and those headed by women or elderly people will be prioritized.
16. Subject to the findings of the upcoming MVAC market assessment and considerations of cost effectiveness, CBTs will be provided in areas with functioning markets. An analysis of relative cost efficiency using the Omega value suggests that current market prices still favour the provision of CBTs in the same areas as were recommended by the June 2015 MVAC market assessment. An estimated 80 percent of WFP beneficiaries may therefore receive food rations and the remaining 20 percent CBTs. Mobile money or bank accounts will be used in accordance with long-term agreements with Standard Bank and Airtel Money.¹⁰ WFP will determine delivery mechanisms on the basis of a capacity assessment of mobile networks and related issues. The transfer value may be subject to adjustment in accordance with changes in local retail prices.
17. PLW and children aged 6–23 months in households receiving general food distributions (GFDs) will be provided with special nutritious foods to prevent acute malnutrition and micronutrient deficiencies: PLW will receive SuperCereal, children will receive SuperCereal Plus. Households with PLW and children aged 6–23 months benefiting from CBTs will receive extra cash to purchase foods such as eggs, fish or other animal products. The value of this transfer has been revised to reflect the market price of these items, following a decision – taken in consultation with the food security and nutrition clusters – to substitute fresh foods for SuperCereal because of its limited availability in remote markets. SBCC and nutrition education will be provided to ensure that the cash is used to purchase appropriate nutrient-dense foods.

Recovery

18. This component will continue to provide food assistance for assets (FFA) and cash for assets (CFA) for able-bodied households, coupled with SBCC sessions.¹¹ The aim is to integrate early recovery with the creation of productive assets using labour-saving and time-saving technologies, thereby contributing to community and household resilience by increasing production and income-generating opportunities, reducing disaster risk and promoting self-reliance.
19. Seasonal livelihood analyses show that consecutive shock years increase recovery times between shocks. In accordance with recommendations from a recent evaluation of PRRO 200692, FFA and CFA will be seasonally planned until December 2017 to improve the prospects of longer-term resilience and to coordinate activities with partners in the agriculture, food security and nutrition sectors.
20. This component will continue as planned for 85,000 beneficiaries until September 2016, after which it will be suspended until the end of the lean season. From April 2017 it will be scaled up to target 275,000 beneficiaries in Balaka, Zomba, Phalombe, Karonga, Blantyre Rural, Chikwawa

⁹ Including the use of time-saving technologies such as fuel-efficient stoves to reduce the burden on women.

¹⁰ Women represent nearly 80 percent of registered recipients of both in-kind and cash-based transfers.

¹¹ Topics include diversified food consumption, sanitation and hygiene, childcare and HIV.

and Nsanje districts. This scale-up reflects the general increase in needs across the country, and acknowledges the capacity of WFP and partners to resource and implement recovery programmes at scale in priority locations. The component may be expanded if adequate resources and labour are available and partners have the required capacities.

21. Geographic targeting and selection of activities will follow WFP's three-pronged approach of integrated context analysis, seasonal livelihood programming, and community-based participatory planning. Households will be selected based on their food security status and availability of labour; in priority areas, food-insecure households without labour capacity will be supported with unconditional assistance. Community consultations facilitate women's equal participation in decision-making.
22. Specific activities are decided in community and district consultations, and implemented through district councils with support from NGO partners. They are likely to include sustainable land management, repair and construction of roads and irrigation and water-harvesting structures, income-generating activities, and water, sanitation and hygiene facilities. In collaboration with the Food and Agriculture Organization of the United Nations and NGOs, relevant government line ministries provide technical assistance and supervision to ensure the quality of assets. WFP also works with partners to encourage the implementation of complementary activities in the same locations, to maximize impact.
23. Both food and cash transfers will be implemented as market conditions allow.
24. This component is complemented by climate-sensitive programming supported by: i) the R4 rural resilience initiative, which implements index-based insurance, credit, village savings and loans for FFA and CFA activities; and ii) the Global Framework for Climate Services of the World Meteorological Organization, which distributes agro-climatic information to farmers.

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	1 061 474	1 104 800	2 166 274	1 067 853	1 142 398	2 210 251	2 129 327	2 247 198	4 376 525
	Children 6-23 months	63 688	66 288	129 976	64 071	68 544	132 615	127 760	134 832	262 592
	PLW		194 965	194 965		198 923	198 923	-	393 887	393 887
GFD: CBT	All	292 587	304 529	597 116	41 718	48 031	89 749	334 305	352 560	686 865
	Children 6-23 months	17 555	18 272	35 827	2 503	2 882	5 385	20 058	21 154	41 212
	PLW		53 740	53 740		8 077	8 077	-	61 818	61 818
Relief subtotal				2 763 390			2 300 000*			5 063 390
Recovery										
FFA		20 090	20 910	41 000	17 067	18 799	35 866	37 157	39 709	76 866
CFA		41 160	42 840	84 000	79 493	84 641	164 134	120 653	127 481	248 134
Recovery subtotal				125 000			200 000**			325 400
TOTAL		1 390 311	1 448 079	2 838 390	1 175 231	1 260 769	2 436 000***	2 565 542	2 708 848	5 274 390***

* WFP is targeting 2.4 million beneficiaries for relief assistance during the 2015/16 lean season. As most areas continue to be affected, it is estimated that 2.2 million of these beneficiaries will overlap with the 4.5 million planned for assistance in the 2016/17 lean season. The "new" beneficiaries are therefore estimated at 2.3 million.

** Given the expansion into new districts, it is estimated that 200,000 of the 275,000 beneficiaries targeted for FFA/CFA in 2017 will be new.

*** Recent post-distribution monitoring indicates an overlap of approximately 32 percent between relief beneficiaries during the lean season and those receiving recovery support after the lean season. This potential overlap has not been double-counted in the increase and revised totals.

25. There will be some geographic overlap between PRRO 200692 and country programme 200287, which treats moderate acute malnutrition, provides school meals and supports national disaster risk reduction capacities. The prevention of acute malnutrition component of PRRO 200692 is expected to reduce the number of moderate acute malnutrition cases requiring treatment, and relief assistance during the lean season will discourage dropouts from the school feeding programme. There will be no overlap with PRRO 200460, which provides food assistance for refugees in camps, or with a trust fund project piloting stunting prevention in one district. Nutrition-sensitive approaches adopted in this pilot are being mainstreamed in PRRO 200692.

Food Requirements

26. It is expected that the Government will provide some maize requirements in-kind to facilitate WFP's response; in the last three years it has contributed a total of 100,000 mt to WFP. Additional maize requirements will be purchased through the Global Commodity Management Facility, which will also provide local purchases of pulses and SuperCereal. Fortified vegetable oil and SuperCereal Plus will be purchased on international markets.
27. Depending on resource availability, 40 percent of food requirements for January to March 2017 will need to be pre-positioned in remote locations before the start of the rainy season in November.

Activity		Food (mt); CBT (USD)		
		Current	Increase/decrease	Revised total
Food transfers	Cereal	191 088	243 149	434 237
	Pulses	37 198	48 745	85 943
	Vegetable oil	6 833	8 947	15 780
	SuperCereal/ SuperCereal Plus	18 619	22 175	40 794
TOTAL		253 738	323 016	576 754
CBT		44 398 018	19 584 080	63 982 098

Risk Assessment and Preparedness

28. Activities may be hampered by limited funding: work to raise resources will include appeals, press releases, meetings with donors and reporting. To address the risk of pipeline breaks resulting from funding constraints or delayed deliveries, local and regional purchases will be prioritized through the Global Commodity Management Facility. In the event of pipeline breaks, WFP will work with the Government and partners to agree on criteria for prioritizing the most vulnerable and food-insecure beneficiaries.
29. CBTs will require continuous monitoring to ensure that transfer values meet food needs and that markets can respond. This will be undertaken by the Government with technical support from WFP, and through mobile-based surveys using WFP's mobile vulnerability analysis and mapping (mVAM) tool.

ANNEX I-A

PROJECT COST BREAKDOWN		
	Quantity (mt)	Value (USD)
Food		
Cereals	243 149	75 442 212
Pulses	48 745	37 077 226
Oil and fats	8 947	8 135 138
Mixed and blended food	22 175	17 075 747
Total food	323 016	137 730 323
External transport		5 372 140
Landside transport, storage and handling		50 568 466
Other direct operational costs – food		13 085 223
Food and related costs¹		206 756 152
Cash-based transfers		19 584 080
Related costs		1 587 264
Cash-based transfers and related costs		21 171 344
Capacity development and augmentation		
Direct operational costs		227 927 496
Direct support costs (see Annex I-B) ²		12 635 445
Total direct project costs		240 562 940
Indirect support costs (7 percent) ³		16 839 406
TOTAL WFP COSTS		257 402 346

¹ This is a notional food basket for budgeting and approval. The contents may vary.

² Indicative figure for information purposes. The direct support cost allotment is reviewed annually.

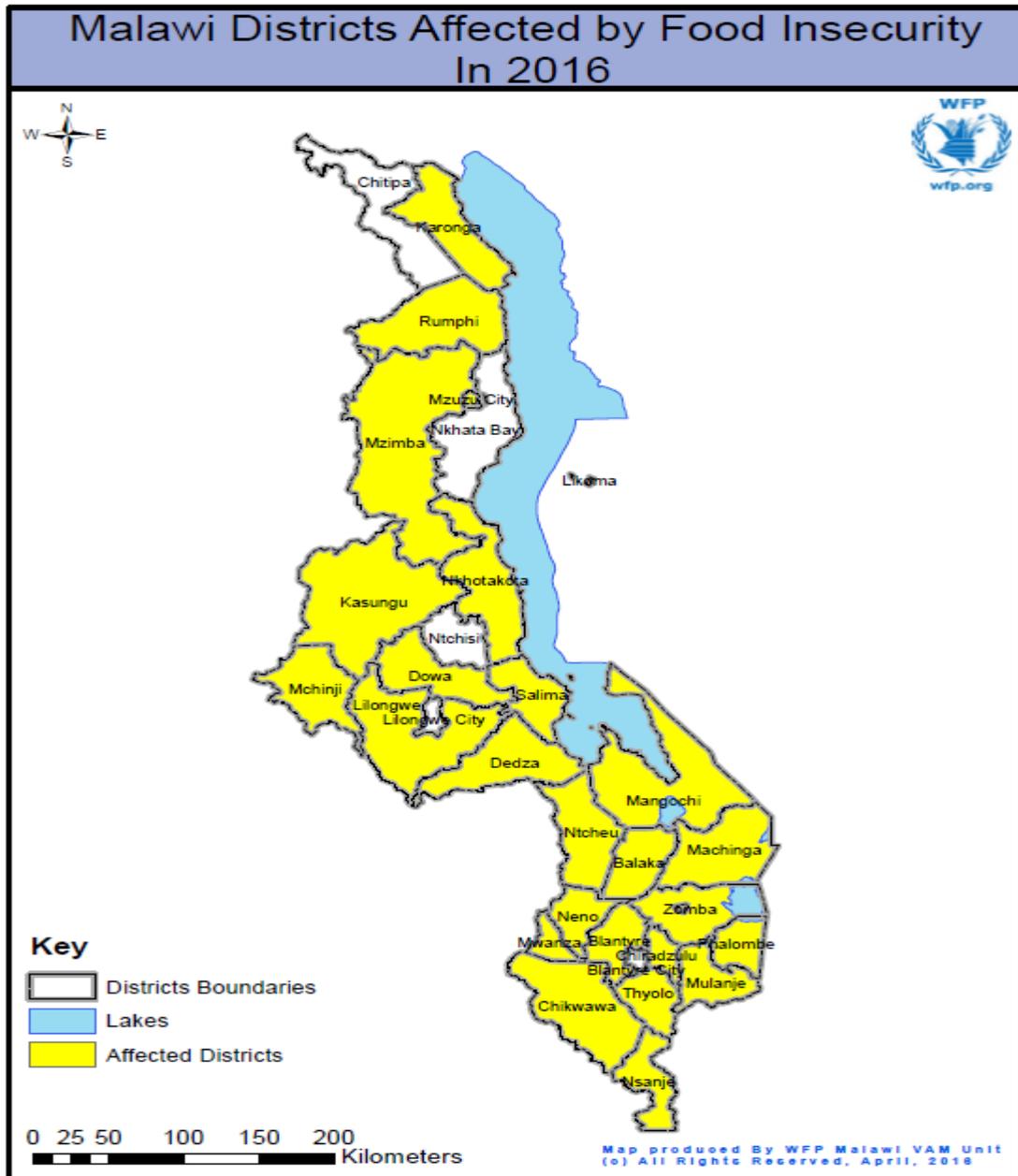
³ The indirect support cost rate may be amended by the Board during the project.

ANNEX I-B

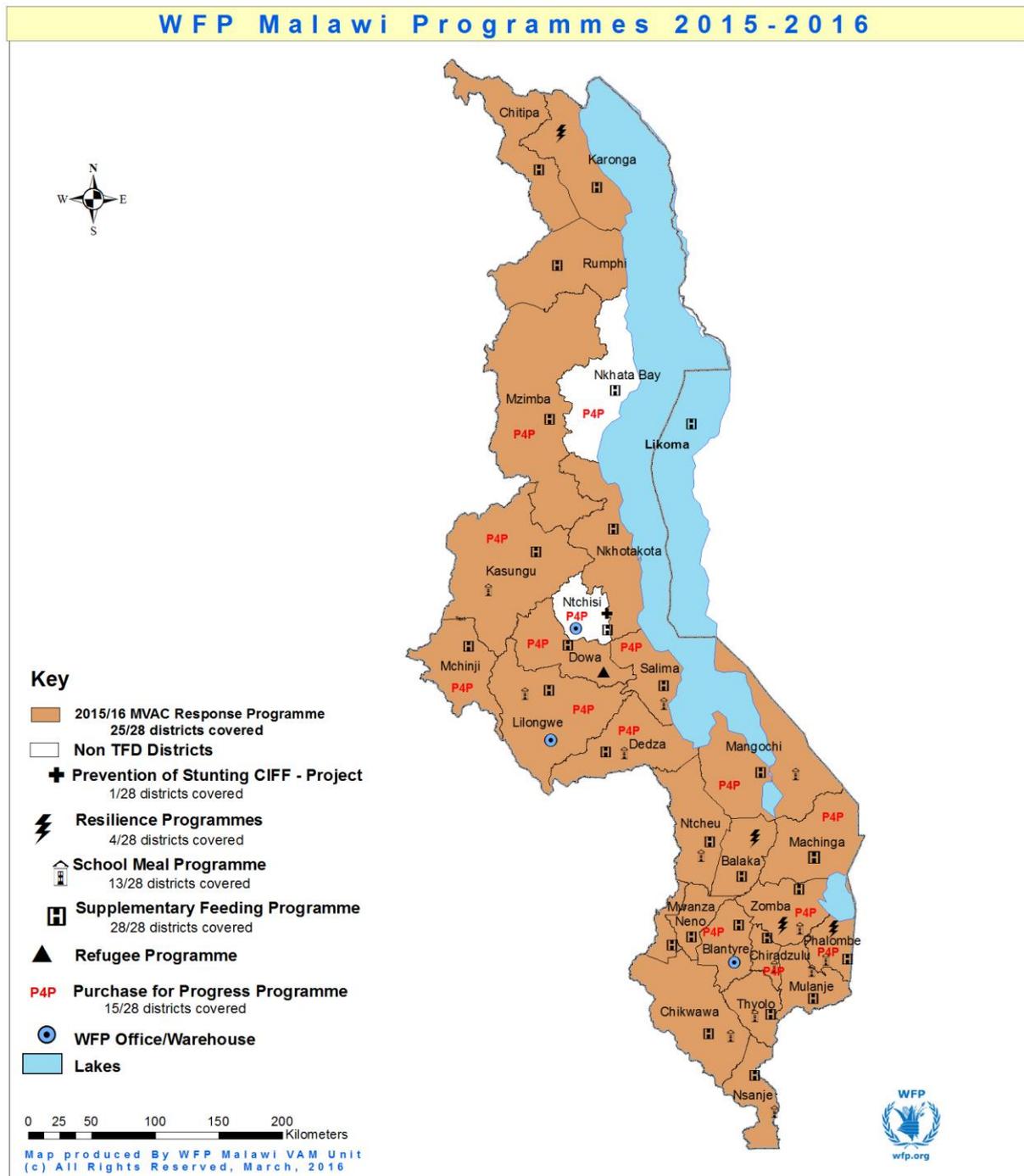
DIRECT SUPPORT REQUIREMENTS (USD)	
Staff and staff-related	
Professional staff	2 987 763
General service staff	915 337
Subtotal	3 903 100
Recurring and other	2 670 387
Capital equipment	1 234 290
Security	247 000
Travel and transportation	4 292 668
Assessments, evaluations and monitoring¹	288 000
TOTAL DIRECT SUPPORT COSTS	12 635 445

¹ Reflects estimated costs when these activities are carried out by third parties.

ANNEX II



The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the World Food Programme (WFP) concerning the legal status of any country, territory, city or area or of its frontiers or boundaries.



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Acronyms Used in the Document

CBT	cash-based transfer
CFA	cash for assets
FFA	food assistance for assets
GFD	general food distribution
MVAC	Malawi Vulnerability Assessment Committee
NGO	non-governmental organization
NSO	National Statistical Office
PLW	pregnant and lactating women
PLHIV	people living with HIV
PRRO	protracted relief and recovery operation
SBCC	social behaviour change communication