

ZIMBABWE PRRO 105950**B/R No.: 08****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, ODLT (change in LTSH and/or External Transport)
<u>APPROVAL</u>				
<input checked="" type="checkbox"/> Regional Director

PROJECT	Previous Budget	Revision	New Budget
Food cost ¹	US\$ 279,121,020	US\$ (124)	US\$ 279,120,896
External transport ²	US\$ 73,114,067	US\$ 440,000	US\$ 73,554,067
LTSH ³	US\$ 146,892,105	US\$ (763,797)	US\$ 146,128,308
ODOC ⁴	US\$ 30,222,204	US\$ (3,485,000)	US\$ 26,737,204
DSC ⁵	US\$ 36,700,504	US\$ 1,070,363	US\$ 37,770,867
ISC (7%) ⁶	US\$ 39,623,493	US\$ (191,699)	US\$ 39,431,794
Total WFP cost (US\$)	US\$ 605,673,393	US\$ (2,930,257)	US\$ 602,743,136

TYPE OF REVISION

- Additional commodity
 Additional DSC
 Additional ODOC
 Additional LTSH
 Additional external transport
 Extension in time
 Other

NATURE OF THE REVISION

- This budget revision to Zimbabwe protracted relief and recovery operation (PRRO) 105950 "Protracted Relief for Vulnerable Groups in Zimbabwe" seeks to:
 - Extend in time the operation for one month (01 to 31 December 2010);
 - operate a commodity substitution of 6,948 mt CSB for 4,000 mt vegetable oil;

¹ Food cost can comprise both commodities and cash/voucher transfers.

² The first leg of transport for commodities: from the donor country to the recipient country port, or in cases of regional commodity purchases, from the place of purchase to the recipient country.

³ Landside, Transport, Storage and Handling - LTSH comprises the actions required to (a) care for and (b) physically deliver the commodities from the completion of external transport through to final distribution.

⁴ Other Direct Operational Costs - ODOC include deliverable goods (non-food items), services and training to beneficiaries and/or to implementing partners.

⁵ Direct Support Costs - DSC are those costs which are incurred directly in support of projects by a WFP Country Office.

⁶ Indirect Support Costs - ISC is a fixed rate resourced from all donor contributions, which is used to cover (non-project) corporate overhead costs, i.e. PSA.

- decrease associated costs for land, transport, storage and handling (LTSH) by US\$ 763,797 and increase external transport by US\$ 440,000, both resulting from the commodity substitution;
 - decrease other direct operational costs (ODOC) by US\$ 3,485,000; and
 - increase direct support costs (DSC) by US\$1,070,363 for one month operational requirements.
2. This revision will decrease the overall budget by US\$ 2.9 million (a decrease of 0.50 percent) from US\$ 605.7 million to US\$ 602.7 million.

JUSTIFICATION FOR EXTENSION-IN-TIME AND BUDGET DECREASE

Summary of existing project activities

3. The objectives of the PRRO 105950 remain unchanged and are:
- To reduce, among vulnerable populations, the risk of asset depletion during shocks, increase resilience and increase the ability to manage shocks (Strategic Objective 1 “Save live and protect livelihoods in emergencies”);
 - To safeguard health and nutrition and enhance the quality of life of targeted, chronically ill people (SO4 “Reduce chronic hunger and under nutrition”); and
 - To improve access to food by highly vulnerable, food insecure households (SO1 and SO4).

Purpose of extension and/or budget increase (applicable for all projects)

4. PRRO 105950 was originally designed as a two-year operation (1 May 2008 - 30 April 2010) to respond to recurring food shortages in Zimbabwe resulting from a number of shocks including erratic weather conditions, high HIV and AIDS prevalence rates and a series of economic crises precipitated, in part, by policy constraints. The duration of PRRO 105950 was extended through a budget revision for seven months (1 May 2010 – 30 November 2010). A new two-year operation (PRRO 200162) covering the period 1 January 2011 to 31 December 2012 has been cleared pending approval by the Executive Board which meets in November 2010. In the meantime, there is a need for a one month extension in time to bridge the current PRRO 105950 with the new operation (PRRO 200162).
5. *Direct Support Cost (DSC) rate per ton increase:* Concerted efforts have been made to contain costs, including reductions in both international and national staff numbers. However, there are some increases in recurring costs as well as an overall increase in the DSC rate per ton. This increase is essential as the present DSC level has been deemed inadequate to sustain the operation.
6. *Decreased Land Transport Storage and Handling (LTSH):* The budget revision involves a reduction in LTSH costs due to the reduction of the overall tonnage (substituting of the 6,948 mt of CSB with 4,000 mt of oil, multiplied by the average LTSH rate of US\$ 259.09 per mt results in a total reduction of US\$ 763,797). The LTSH rate per metric ton remains the same.
7. *Decrease in ODOC:* The US\$ 3,485,000 decrease in other direct operational costs (ODOC) reflects an anticipated surplus at the end of PRRO 105950. Therefore, a reduced ODOC rate as part of this revision will ensure lower allocation of forecasted contributions in December 2010.
8. The proposed one-month extension-in-time will result in the feeding of 1,350,000 beneficiaries for one month. School-based feeding is not being implemented at the moment and is not planned to start in the coming months. It was therefore excluded from this budget revision. This caseload will not require additional food commodity because the VGF distribution planned to start in August was delayed until October because of lengthy negotiations and discussions with the Government on the implementation of Food-for-Asset/Community work programmes. Food commodity stocks have been accumulated as a consequence of this delay in food distribution. Also, the OBOC of PRRO 105950 is currently adequate, with the exception of vegetable oil, to cater for the December requirements.

TABLE 1. BENEFICIARIES BY ACTIVITY TYPE			
	Beneficiaries for the month of December 2010		
Activity	Present	Decrease	Revised
Health-based Safety-Net	80,000	30,000	50,000
Social-based Safety-Net	568,000	168,000	400,000 ⁷
Vulnerable Group Feeding	920,000	20,000	900,000
Total	1,558,000	218,000	1,350,000

FOOD REQUIREMENTS

9. A net decrease of 2,948 mt of food commodities resulting from commodity substitution strategy is needed to meet programme requirements until 31 December 2010, bringing the total revised food requirement for the PRRO to 611,544 mt (a decrease of 0.50 percent). This substitution strategy is necessary to ensure that the budget on specific commodity lines is aligned with the actual commodity contributions made to the project as well as to allow new contributions of vegetable oil to be absorbed.

TABLE 2. FOOD REQUIREMENTS BY ACTIVITY TYPE

Activity	Beneficiary Type	Number of days	Daily ration (g/person/day)				Requirement December (mt)
			Cereals	Pulses	Oil	CSB	
Health-based Safety-Net	ART, HBC*	31				333	516
Social-based Safety Net	HV-HH**, IDPs	31	333	60	20		5,019
	Institutional Feeding, Returnees	31	400	60	20	100	144
Vulnerable Group Feeding	VGF	31	333	60	20		11,523
Total							17,202

*HBC = Home Based Care

**HV-HH = Highly Vulnerable Households

DISTRIBUTION:

DED & COO, OD
Deputy COO & Director, ODE
Chief, ODLT
Country Director
OD Registry
Director, ERD

Director, ODX
Chief, RMBP
Chief, ODXR
Programme Officer, RMBP
Programming Assistant, RMBP
Liaison Officer, ODJoburg

Chief, ODXP
Regional Director
RB Programme Advisor
RB Programme Assistant
RB Chrono

⁷ Some 30,000 Social Safety Net beneficiaries will receive vouchers during the month of December 2010.