

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

Responding to Humanitarian Needs and Strengthening Resilience

Start date: 1 December 2014 **End date:** 31 December 2017 **Extension/Reduction period:** N/A **New end date:** 31 December 2017

Total revised number of beneficiaries	6 780 518		
Duration of entire project	December 2014 – December 2017		
Extension/Reduction period	-		
Gender marker code	2A		
WFP food tonnage	578,571		
Cost (United States dollars)			
	Current Budget	Increase	Revised Budget
Food and Related Costs	365 570 345	14,464,574	380,034,919
Cash and Vouchers and Related Costs	74 053 595	14 958 936	89 012 531
Capacity Development & Augmentation	346 000	-	346 000
DSC	33 558 823	836 333	34 395 157
ISC	33 147 013	2,118,189	35,265,202
Total cost to WFP	506 675 776	32,378,033	539,053,809

Additional table to be filled only if project is to be approved by EB

Cost (United States dollars)			
	Current Budget	Increase	Revised Budget
Food Transfer	241 846 325	778,304	242,624,629
C&V Transfer	63 982 098	14,958,936	78,941,034

NATURE OF THE INCREASE

1. This seventh budget revision to protracted relief and recovery operation (PRRO) 200692 seeks to respond to the growing food needs as determined by the Malawi Vulnerability Assessment Committee (MVAC). According to the July 2016 MVAC annual food and nutrition security forecast, 6.5 million people will be unable to meet their annual food requirement from April 2016 to March 2017¹. This is as a result of the El Niño-induced drought that has resulted in a historic maize deficit of an estimated 768,687mt and unprecedented food prices.

¹ The previous budget revision six, approved by the Executive Board in June 2016 was initiated based on early projections available at the time. Following the release of the official assessment figures in July; which are higher than the initial projections, this budget revision is required to make adjustments accordingly to reach additional food insecure populations from September.

2. This budget revision will increase the overall budget from US\$506.7 million to US\$539.1 million in order to align with current humanitarian needs; reflecting an increase of US\$ 32.4 million with the following requirements:
 - Increase number of beneficiaries under the relief component of the 2016-2017 lean season by 1.5 million bringing the overall total number of beneficiaries for this PRRO to 6.8 million;
 - Increased food commodity requirements by 1,817mt of maize, pulses, vegetable oil and Super Cereal valued at US\$ 778,304;
 - Increased associated costs for food based transfers by US\$ 13,686,270 consisting of external transport, landside transport, storage and handling and other direct operational costs, as a result of ODOC adjustment;
 - Increase cash based transfers costs by US\$ 14.9 million;
 - Increase direct support costs by US\$ 836,333; and
 - Increase of indirect support costs (7 percent) by US\$ 2.1 million.

JUSTIFICATION FOR EXTENSION-IN-TIME AND BUDGET INCREASE

Summary of Existing Project Activities

3. PRRO 200692 was originally approved from 1 December 2014 to 31 March 2017 to support 1.7 million beneficiaries. Previous budget revisions have collectively increased the overall number of beneficiaries to 5.27 million; while previous budget revision extended the project by 9 months until 31 December 2017.
4. The relief component provides targeted food assistance during the lean season (typically October to March) to acute food insecure households with complementary activities. The prevention and recovery component integrates early recovery with productive asset creation using labour and time-saving technologies.
5. The operation takes into consideration gender and protection concerns of women, girls, boys and men equally are considered. Recognizing the increased risk of negative coping mechanisms such as early marriage, transactional or survival sex, WFP will continue to work with partners such as UNICEF, UNWOMEN and UNFPA to ensure integration of gender and protection concerns in programme design and delivery, including continued training and sensitization of all partners and beneficiaries on prevention of sexual exploitation and abuse.
6. The operation contributes to WFP 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 the WFP's 2015-2020 Gender Policy and the Southern Africa Regional Gender Implementation Strategy.

Conclusion and Recommendations of the Re-Assessment

7. This budget revision incorporates lessons learned and recommendations from the internal After Action Review (AAR) of 2015/16 lean season response and the joint International Non-Governmental Organizations (INGO) - Department of Disaster Management Affairs (DoDMA) - WFP cash learning event and a 2016 mid-term external operations evaluation². These include (i) formalizing recovery activities, building on complimentary assistance efforts; (ii) improving responsiveness of and harmonizing cash based transfers;

² Malawi PRRO 200692 Responding To Humanitarian Needs And Strengthening Resilience: A mid-term Operation Evaluation, OEV/2015/027.

- (iii) reassessing significance and impact of ration sharing; (iv) improving gender analysis and developing gender capacity for partners; (v) improving beneficiary targeting process and (vi) promoting behavioural change of the targeted households and the community across activities and modalities focusing on nutrition, HIV, water and sanitation and gender and protection; (vii) aligning the programme with WFP's corporate commitment to accountability to affected populations (AAP), including consultation, information sharing and the implementation of effective complaints and feedback mechanisms.
8. MVAC projections from May 2016, estimated that up to 5 million people would be at risk of food insecurity and likely to require emergency food assistance during the 2016/17 lean season from August 2016. Accordingly, through budget revision six, WFP revised its relief response plan to provide assistance to 4.5 million people. The recovery component was also scaled up to assist some 275,000 people bringing the total number of beneficiaries to 5.3 million.
 9. The July 2016 MVAC report indicates that at least 6.5 million people (39 percent of the population) in 24 out of Malawi's 28 districts will experience food insecurity over the next nine months (from July 2016 to March 2017) due to El Niño-induced drought. The National Humanitarian Response Plan, launched by the Government of Malawi in July, articulates the assessed needs and its vision of how best to respond to the food security emergency, including through humanitarian assistance.
 10. According to MVAC, Malawi experienced weather related hazards as a result of the effects of El Niño including late on-set of rains, erratic rainfall, prolonged dry spells in most parts of the Central and Southern Regions and floods in Northern Region. This negatively affected crop production during the 2015/16 agriculture season translating to a maize deficit of approximately 768,687 mt.
 11. Maize prices continue to rise to abnormally and record high levels, reflecting constrained supplies on the local market and an increased demand at a time of the year when typically people would rely on consumption from their own harvests. FEWSNET trend analysis show that the grain price may increase up to MWK350/kg at the peak of the lean season (representing a 40 percent increase compared to the same time last year).
 12. A corresponding market assessment found that 27 percent of the affected population (1.73 million people) live in areas suitable for cash based assistance and found strong evidence of market integration with private grain traders on average having five source markets. The Government of Malawi is planning on importing maize for both humanitarian and commercial use which will reduce the food deficit in the country. Traders have sufficient financial capacity and adequate storage facilities to meet market demand particularly when effective demand increases, with about 32 percent of the roads to source markets accessible throughout the year. Ex-ante cost efficiency analysis results indicate that despite the recent price increases, CBT continues to be the most appropriate transfer modality in all eleven districts recommended for CBT; with no major protection issues reported from post distribution monitoring exercises and the After Action Review.
 13. Results from the May 2016 nutrition SMART survey showed a national average global acute malnutrition (GAM) rate of 2.5 percent which is classified as normal using the WHO classification of malnutrition. Nevertheless, there is significant differences in the nutrition situation across the country with Lower Shire recording the highest GAM prevalence of 6.6 percent which is classified as poor. Shire Highlands and Lake Chirwa-Phalombe Plain also showed significantly deteriorating nutrition situation compared to same time in 2015. Given that the survey was done during the post-harvest season, the situation is likely to deteriorate further as the lean season progresses. It is estimated that only 8 percent of the children 6-23 months consume a minimum acceptable diet and 6 in 10 children are

anemic³. According to the 2016 quarter one of mVAM data, an increase in moderate acute malnutrition (MAM) among adults living with HIV on Anti-retroviral Therapy was observed, 7 out of 10 were diagnosed with Moderate Acute Malnutrition (MAM) (71%) and 1 in 20 was severely malnourished (5.8%). Similarly severe malnutrition among children increased by 21% while malnutrition among TB patients was lower.

14. Malawi is one of the worst affected countries with HIV/AIDS in the world. UNAIDS 2015 report estimated HIV prevalence at 9.1 percent for the 15-49 year-old adults, a 3.6 percent decline from 12.7 percent from 2004. It is estimated that 34,000 new infections and approximately 27,000 AIDS related deaths were recorded in 2015⁴. People living with and affected by HIV are among the most affected group hence targeted within PRRO using proxy indicators including orphaned households and households with the chronically ill. HIV prevention and treatment messages are included within the Social Behaviour Change Communication (SBCC) of the response as part of HIV sensitive programming. Protection analysis also indicates that women, children and the elderly are particularly affected by the evolving food security situation including lack of access to markets and non-availability of food stocks in local markets.

Purpose of Extension and Budget Increase

15. The previous budget revision six, approved by the Executive Board in June 2016 was initiated based on early projections available at the time. Following the release of the official assessment figures in July; which are higher than the initial projections, this budget revision is required to make adjustments accordingly to reach additional food insecure populations from September.
16. Based on the MVAC assessment and a subsequent request from the Government, WFP will expand its relief response to include additional relief beneficiaries bringing the total number of targeted beneficiaries for 2016/2017 lean season to 5.79 million. Of the 5.79 million, 4.76 million beneficiaries (81 percent) will receive in-kind food and 1.03 million beneficiaries (19 percent)⁵ will be targeted with CBT in line with the recommendation made by the MVAC market assessment. An INGO consortium will cover the remaining 710,000 with CBT to reach a total of 1.74 million CBT beneficiaries⁶.
17. Based on discussions with partners, government and communities at country level, WFP and partners will also implement complementary productive asset activities with an estimated 10-20 percent of the current lean season relief caseload. Targeting criteria will depend on labour availability and partner capacity and will build on the work of NGOs, local authorities and communities, as well as WFP's previous experience and tool development implementing such activities in previous MVAC responses. A selection of chronically vulnerable household participants under the productive assets activity will be transitioned to the multi-year food assistance for assets (FFA) activity in selected districts to help them build lasting resilience.

³ Malawi Demographic Health Survey, 2016; National Statistical Office (NSO) [Malawi] and ICF International. 2016. Malawi Demographic and Health Survey 2015-16: Key Indicators Report. Zomba, Malawi, and Rockville, Maryland, USA. NSO and ICF International.

⁴ UNAIDS Estimates, 2015; <http://www.unaids.org/en/regionscountries/countries/malawi>

⁵ The beneficiary planning figures for October to December 2017 are based on projections (extrapolations) by VAM team. Considering that the forthcoming season has some chances of high rainfall with localised floods, chances are that crop production will likely be stable, hence less affected population.

⁶ June 2016b MVAC assessment estimated that a total of 6.5 million food insecure people will need food assistance. Out of this population, 4.7 will be assisted with in-kind food transfers while 1.74 million will receive CBT (1.03 million by WFP and 710,000 by the INGO consortium)

18. The prevention and recovery needs remain unchanged until December 2017. Based on the current projections of a weak to medium La Niña, there is a likelihood of localized floods, which has the potential to stimulate increased production and enable some affected populations to recovery from the acute phase. Hence, this budget revision has planned for a reduced number of beneficiaries from October to December 2017.
19. Anchored in the Three Pronged Approach (3PA) and leveraging lessons learned from the FFA experience, WFP will continue to make a deliberate link between relief and recovery and resilience building. The 3PA also promotes equal participation of women in decision making processes at community level in FFA activities and the choice of assets to be created. All SO2 activities will be transitioned to SO3 to enable long term engagement of the chronically affected population for resilience building activities⁷. Based on the Integrated Context Analysis (ICA) and through the previous budget revision, WFP expanded FFA activities from four to seven of the 11 most chronically vulnerable districts, with another two districts shortly planned to start.
20. Apart from responding to market conditions, food and cash transfers will be designed and implemented in a gender sensitive manner to ensure that they promote equal participation of men and women in terms of distribution arrangements and use of transfers. WFP will provide cash based transfers using mobile money, bank accounts and cash-in-transit based on recommendations from the Sectorial Capacity Assessments conducted alongside the 2016 market assessment. Discussions are taking place with Regional Bureau, Headquarters and other relevant stakeholders on the introduction and partial use of commodity vouchers. There is a significant possibility that by December 2016 cash will become a less viable modality for food assistance, due to the increase in both the market price of maize and its scarcity. The commodity vouchers would replace the portion of cash transfers intended for the purchase of maize in local markets. Given the time needed to conclude these discussions, if feasible, commodity vouchers will be reflected in a future budget revision.
21. Acknowledging the scale-up of the response required to address the identified needs, WFP is working to augment staffing to ensure adequate capacity. Leveraging the Government cluster mechanisms, efforts are underway to strengthen partnerships with local and international stakeholders to ensure effective coordination in the planning and implementation of activities. WFP is using a rigorous partner performance evaluation process to ensure selection of NGO partners that have a strong track record in executing gender and nutrition sensitive behaviour change and communication work. Priority is given to strong national NGOs in this assessment.

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	2,129,327	2,247,198	4,376,525	423,483	440,768	864,251	2,552,810	2,687,966	5,240,776
	Children 6-23 months	127,760	134,832	262,592	23,821	24,793	48,614	151,581	159,625	311,206
	PLW	-	393,887	393,887	-	72,921	72,921	-	466,808	466,808
GFD: CBT	All	334,305	352,560	686,865	309,620	322,257	631,877	643,925	674,817	1,318,742
	Children 6-23 months	20,058	21,154	41,212	18,577	19,335	37,913	38,635	40,489	79,125
	PLW***	-	61,818	61,818	-	56,869	56,869	-	118,687	118,687
Relief Sub-Total		5,063,390			1,496,128*			6,559,518		

⁷ The monitoring and evaluation (M&E) framework has been revised to reflect these changes.

RECOVERY										
FFA		37,157	39,709	76,866			-	37,157	39,709	76,866
CFA		120,653	127,481	248,134			-	120,653	127,481	248,134
Recovery Sub-Total		325,000			-			325,000**		
TOTAL		2,589,351	2,695,039	5,284,390	733,103	763,025	1,496,128	3,322,454	3,458,064	6,780,518

*Previous budget revision six, planned to reach a total of 4.5 million beneficiaries at the peak of the 2016/17 lean season relief assistance. With this budget revision, WFP will reach a total of 5.79 million beneficiaries at the peak of the 2016/17 lean season relief assistance.

** There are no changes under the recovery component. However, there is an approximately 32 percentage overlap between relief and recovery activities which has not been double-counted in the revised total.

FOOD REQUIREMENTS

22. The Government of Malawi has indicated a pledge of an estimated 100,000 mt of maize from its Strategic Grain Reserve to facilitate WFP's response. Over the past three years, the Government has contributed more than 177,200mt of maize to WFP.
23. Additional maize requirements, pulses and Super Cereal will be purchased regionally and locally using WFP's Global Commodity Management Facility (GCMF). Fortified vegetable oil and Super Cereal Plus will be purchased on international markets.
24. Depending on resource availability, some 40 percent of food requirements for the period January to March 2017 will need to be prepositioned in target locations prior to the start of the rainy season by November.

TABLE 2: FOOD/CASH AND VOUCHER REQUIREMENTS BY ACTIVITY

Activity	Commodity /	Food requirements (mt) Cash/Voucher (US\$)		
	Cash & Voucher	Current	Increase / Decrease	Revised total
Food Transfers	Cereal	434,237	1,464	435,701
	Pulses	85,943	165	86,108
	Vegetable Oil	15,780	54	15,834
	Mixed Blended Food (Super Cereal / Super Cereal Plus/HEB)	40,794	133	40,927
TOTAL		576,754	1,817	578,571
CBT	Cash & Voucher	63,982,098	14,958,936	78,941,034

Hazard / Risk Assessment and Preparedness Planning

25. Due to the unprecedented scale of the response, project activities may be affected by inadequate funding. However, all efforts will be made to mobilise additional funding including facilitating Government's official launch of the response, donor alerts, press releases, bilateral interaction with donors, sharing situation reports regularly with all

stakeholders highlighting resourcing shortfalls and implications. Timely mobilization of resources will be crucial to allow WFP to implement activities as planned.

26. Pipeline breaks due to funding constraints and delayed food deliveries may affect the continuity of WFP operations. In collaboration with the Regional Bureau, forward planning and prioritization of local and regional purchases will be undertaken, together with the utilisation of GCMF, as appropriate, to identify and diversify the availability of commodities.
27. Funding constraints will negatively affect the nutrition response under this PRRO which could potentially lead to a deterioration of the nutrition status of the most vulnerable and food insecure population. In such a case, WFP will prioritize the most vulnerable such as Children, Pregnant and Lactating Women and people living with HIV/TB. Where possible utilization of the advance financing facility will be prioritized for specialized nutritious products to ensure that the required commodities are purchased in advance to mitigate against pipeline breaks.
28. Due to low availability of food commodities and rising prices, especially for maize, both on domestic market and in Southern Africa, CBT will require continuous real time market monitoring using mVAM⁸ to ensure that transfer values meet food needs and that markets respond to the demand with increased supply of cash. This monitoring will be undertaken by the government with technical support from WFP. Consideration of a change in transfer modality could reduce this risk.

Approved by:

Ertharin Cousin
Executive Director, WFP

Date

⁸ The Mvam mechanism provides information on food prices and commodity availability every week. In addition, WFP Field based staff monitor prices every week, while NGO partners collect the same information on fortnight basis.

ANNEX I-A

PROJECT COST BREAKDOWN			
	Quantity (mt)	Value (USD)	Value (USD)
Cereals	1,464	514,260	
Pulses	165	117,767	
Oil and fats	54	47,791	
Mixed and blended food	133	98,486	
Others	-	-	
Total Food Transfers	1 817	778,304	
External Transport		5 284	
LTSH		15,648,965	
ODOC Food		(1 967 978)	
Food and Related Costs ⁹		14,464,574	
C&V Transfers		14 958 936	
C&V Related costs		-	
Cash and Vouchers and Related Costs		14 958 936	
Capacity Development & Augmentation		-	
<i>Direct Operational Costs</i>			\$29,423,511
Direct support costs (see Annex I-B)			836 333
Total Direct Project Costs			30,259,844
Indirect support costs (7,0 percent) ¹⁰			2,118,189
TOTAL WFP COSTS			32,378,033

⁹ This is a notional food basket for budgeting and approval. The contents may vary.

¹⁰ The indirect support cost rate may be amended by the Board during the project.

ANNEX I-B

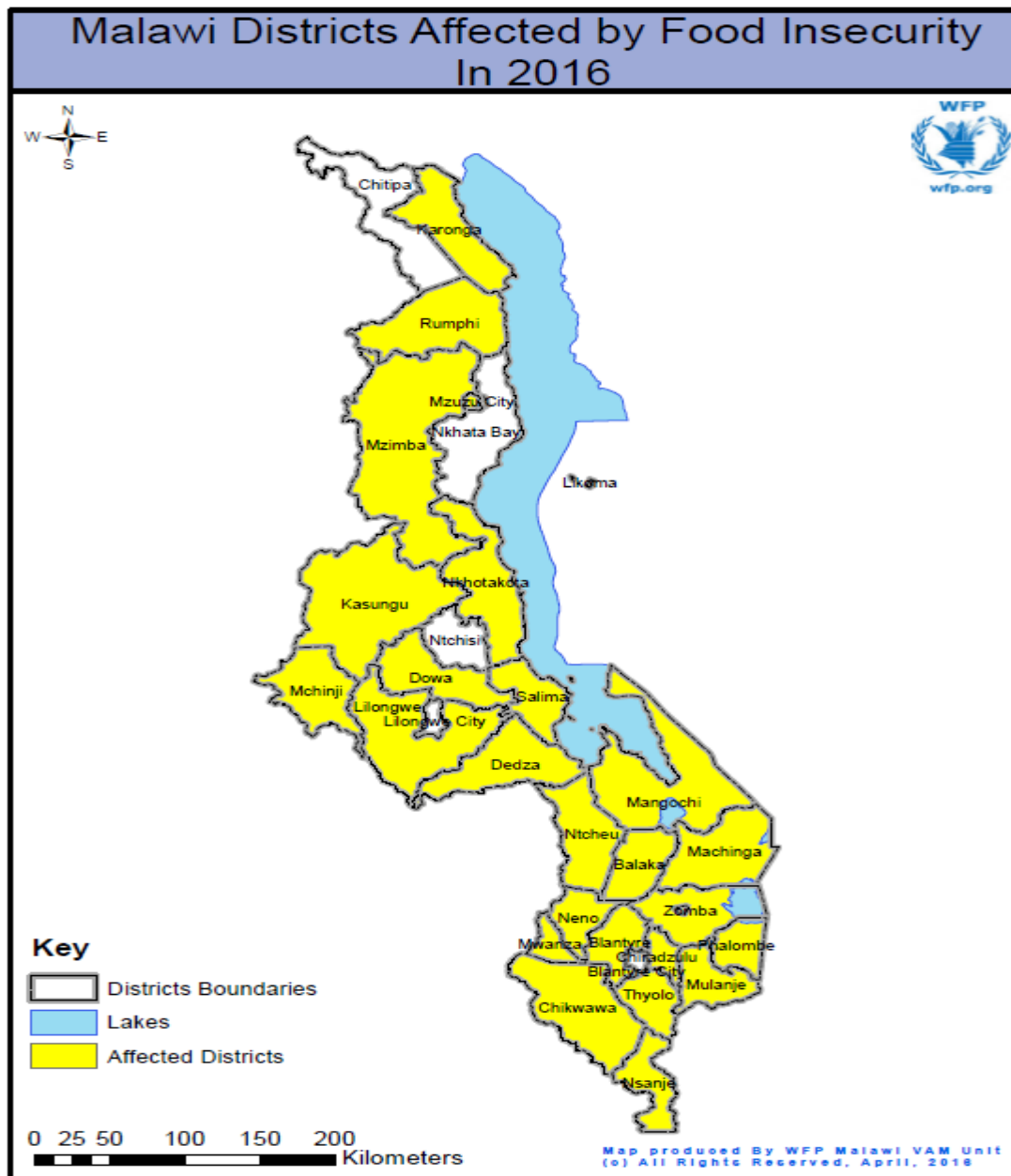
DIRECT SUPPORT REQUIREMENTS (USD)	
WFP Staff and Staff-Related	
Professional staff *	
General service staff **	201 333
Danger pay and local allowances	-
Subtotal	201 333
Recurring and Other	315 000
Capital Equipment	-
Security	-
Travel and transportation	240 000
Assessments, Evaluations and Monitoring¹	80 000
TOTAL DIRECT SUPPORT COSTS	836 333

* 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



ACRONYMS USED IN THE DOCUMENT

Accountability to Affected Populations	AAP
After Action Review	AAR
Anti-Retroviral Therapy	ART
Cash Based Transfers	CBT
Department of Disaster Management Affairs	DoDMA
Famine Early Warning System Network	FEWSNET
Food Assistance for Assets	FFA
Global Acute Malnutrition	GAM
Global Commodity Management Facility	GCMF
Home Grown School Feeding	HGSF
Integrated Context Analysis	ICA
International Non-governmental Organization	INGO
Malawi Growth and Development Strategy	MGDS
Malawi Vulnerability Assessment Committee	MVAC
Mobile Vulnerability Analysis and Mapping	mVAM
Moderate Acute Malnutrition	MAM
Non-Governmental Organization	NGO
Protracted Relief and Recovery	PRRO
Social Behaviour Change Communication	SBCC
Three Pronged Approach	3PA
United Nations International Children's Emergency Fund	UNICEF
United Nations Population Fund	UNFPA
World Health Organization	WHO