

**BUDGET REVISION TO PROTRACTED RELIEF AND RECOVERY OPERATION
ZIMBABWE 200162**

Assistance for Food-Insecure Vulnerable Groups

	Cost (United States dollars)		
	Current budget	Increase (Decrease)	Revised budget
Food cost	101,993,572	3,303,289	105,296,861
External transport	18,494,038		18,494,038
LTSH	54,399,889	(1,187,110)	53,212,779
ODOC	23,397,136		23,397,136
DSC	48,617,404	(8,246,541)	40,370,863
ISC (7%)	17,283,143	(429,125)	16,854,017
Total cost to WFP	264,185,182	(6,559,487)	257,625,695

NATURE OF THE REVISION

1. Changes to the budget of this protracted relief and recovery operation (PRRO) are necessary due to: i) a change in commodity costs (increase in vegetable oil prices); ii) changes to logistics costs (revised operational planning, partner costs, adjusted port usage, and increased regional procurement); and iii) a re-assessment of direct support costs. The proposed budget revision does not change the design or implementation of WFP food assistance activities in Zimbabwe.
2. This budget revision (number 2) to the PRRO decreases the overall budget plan by US\$6.6 million. Specifically, the budget revision proposes to:
 - Increase the commodity cost for vegetable oil by US\$3.3 million to reflect the increased price of vegetable oil.
 - Decrease associated costs for landside transport, storage and handling (LTSH) by US\$1.2 million.
 - Decrease direct support costs (DSC) by US\$8.2 million.
 - Decrease indirect support costs (ISC) by US\$429,000.

JUSTIFICATION FOR BUDGET DECREASE

Summary of existing project activities

3. The objectives of PRRO 200162 “Assistance for Food-Insecure Vulnerable Groups” are:
 - To protect lives and livelihoods, and enhance self-reliance in vulnerable households in response to seasonal food shortages (Strategic Objective 1 - Save lives and protect livelihoods in emergencies).
 - To improve the well-being of chronically ill adults to achieve greater capacity for productive recovery (Strategic Objective 3 - Restore and rebuild lives and livelihoods in post-conflict, post-disaster or transition situations).

- To safeguard food access and consumption of highly vulnerable food-insecure households, and support the recovery of livelihoods and access to basic services (Strategic Objective 3).
- To increase government and community capacities to manage and implement hunger-reduction policies and approaches (Strategic Objective 5 - Strengthen the capacities of countries to reduce hunger through hand-over strategies and local purchase).

Purpose of budget revision

4. The objectives remain the same and the three PRRO components - i) seasonal targeted assistance; ii) health and nutrition; and iii) social safety nets – will not be changed by this budget revision. The revision will increase commodity costs and decrease associated costs, as described below.
5. *Increase in commodity costs:* The PRRO food commodity requirements of 223,235 mt are not changed by this budget revision. However, the vegetable oil tonnage of 9,069 mt was calculated at an average cost of US\$1,131 per mt when the PRRO was prepared initially. This budget revision adjusts the cost of vegetable oil to US\$1,495 per mt, in line with increased commodity prices, both for in-kind contributions as well as international purchases. This results in additional vegetable oil costs of US\$3.3 million, bringing the overall food costs of the PRRO from US\$102.0 million to US\$105.3 million, an increase of 3 percent (Annex IB).
6. *Decrease in landside transport, storage and handling costs:* The decrease in the LTSH costs is possible due to: i) changes in the logistics operational plan, with more direct deliveries to WFP final distribution points; ii) reduction in the cooperating partners' logistics infrastructure (staffing); iii) increased use of the port entry of Beira rather than Durban; and iv) increased regional procurement of cereals from Zambia and Malawi, instead of South Africa. This results in a reduction in LTSH costs of US\$1.2 million, from US\$54.4 million to US\$53.2 million, a decrease of 2 percent (Annex IA).
7. *Decrease in direct support costs (DSC):* Following changing circumstances in Zimbabwe and the shift from relief to early recovery interventions, WFP has re-assessed its support costs, particularly on rentals, information and communications technology equipment, and security. Staffing costs were prioritized in order to maintain operational capacity as recommended by the 2010 staff review exercise. This results in a reduction of US\$8.2 million, from US\$48.6 million to US\$40.4 million, a decrease of 17 percent (Annex IB).
8. This budget revision results in a net reduction in the overall budget plan of US\$6.6 million, from US\$264.2 million to US\$257.6 million, a decrease of 2.5 percent.

APPROVAL

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Date

BUDGET INCREASE COST BREAKDOWN

Food ¹	Quantity (<i>mt</i>)	Value (<i>US\$</i>)	Value (<i>US\$</i>)
Cereals			
Pulses			
Oil and fats		3 303 289	
Mixed and blended food			
Others			
Total food			
Cash transfers			
Voucher transfers			
Subtotal food and transfers			3 303 289
External transport			
Landside transport, storage and handling			-1 187 110
Other direct operational costs			
Direct support costs ² (see Annex I-B)			-8 246 541
Total WFP direct costs			-6 130 362
Indirect support costs (7.0 percent) ³			-429 125
TOTAL WFP COSTS			-6 559 487

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

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

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

DIRECT SUPPORT REQUIREMENTS (US\$)	
Staff and staff-related costs	
International professional staff	-4 054 920
International general service staff	
Local staff - national officers	-39 500
Local staff - general service	-710 970
Local staff - temporary assistance	-1 230 970
Local staff - overtime	
Hazard pay and hardship allowance	
International consultants	
Local consultants	
United Nations volunteers	
Commercial consultancy services	
Staff duty travel	-279 969
Subtotal	6 316 329
Recurring expenses	
Rental of facility	-662 511
Utilities	-71 714
Office supplies and other consumables	-110 266
Communications services	-103 843
Equipment repair and maintenance	-47 930
Vehicle running costs and maintenance	-39 224
Office set-up and repairs	-198 674
United Nations organization services	-111 868
Subtotal	1 346 030
Equipment and capital costs	
Vehicle leasing	
Communications equipment	-131 430
Local security costs	-452 752
Subtotal	584 182
TOTAL DIRECT SUPPORT COSTS	8 246 541