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BUDGET INCREASES TO PROTRACTED RELIEF AND RECOVERY OPERATIONS APPROVED BY CORRESPONDENCE BETWEEN THE ANNUAL SESSION AND THE SECOND REGULAR SESSION 2008 — ZIMBABWE 10595.0

Protracted Relief for Vulnerable Groups

On 16 September 2008 the budget increase was sent to Board members for approval by correspondence. It covered the provision of an additional 209,867 mt of food, at a cost of US\$229,519,463. Approval was obtained on 24 September 2008.

Cost (United States dollars)			
	Current budget	Increase	Revised budget
WFP food cost	152 500 875	106 566 914	259 067 788
Total cost to WFP	319 027 233	229 519 463	548 546 697

* In accordance with the Executive Board's decisions on governance, approved at the Annual and Third Regular Sessions, 2000, items for information should not be discussed unless a Board member specifically requests it, well in advance of the meeting, and the Chair accepts the request on the grounds that it is a proper use of the Board's time.

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NATURE OF THE INCREASE

1. This second budget revision to protracted relief and recovery operation (PRRO) 10595.0 assists an additional 2,250,000 beneficiaries with monthly food rations during an extended lean season expected to begin for many households as early as July 2008. It involves an increase in food needs from 357,624 mt to 567,491 mt.
2. The revision also covers: i) an increase in other direct operational costs (ODOC) related to the additional food tonnage, and potential milling of maize in light of the limited availability of maize that is not genetically modified; ii) an increase in direct support costs associated with the additional food needs, including more food monitors, the opening of an additional sub-office and the country office share of the costs of increased regional logistics capacity; iii) increases in the costs of food and external transport; and iv) increases in land transport, storage and handling costs as a result of additional extended and final distribution points and high fuel and transport costs.
3. Limitations on access to beneficiaries by non-governmental organization (NGO) partners prevented WFP from scaling up its activities in August 2008 as planned. These problems have been resolved, allowing WFP and partners to begin preparing for lean-season distributions.

JUSTIFICATION FOR BUDGET INCREASE

Summary of Project Activities

4. Since 2001, Zimbabwe has faced recurring food shortages as a consequence of erratic weather, the HIV pandemic and hyper-inflation, among other things. This combination of factors has increased vulnerability to hunger and poverty and increased the numbers of food-insecure people. The resulting crisis has both chronic and transitory dimensions; it requires a flexible yet predictable response that meets urgent needs while preserving the resilience of the population. Since 2002, WFP has provided food support for up to half of the population of Zimbabwe, expanding or contracting operations based on actual needs.
5. The PRRO provides targeted support to groups identified as particularly vulnerable to hunger, including orphans and other vulnerable children, the chronically ill, the displaced, and the asset-poor who live in the most food-insecure areas of the country. Regular vulnerability assessments define the scope and geographic focus for WFP support, while joint Food and Agriculture Organization of the United Nations (FAO)/WFP crop and food supply assessment missions (CFSAM) define the macro food requirements.
6. The operation aims to:
 - a) reduce asset depletion and increase the resilience of targeted vulnerable groups to manage shocks;
 - b) safeguard health and nutrition and enhance quality of life for targeted chronically ill people through nutrition support linked with relevant health interventions; and
 - c) improve access to food for highly vulnerable food-insecure households.



7. The original objectives of the PRRO remain the same and oriented mainly towards relief. Relief activities will aim to reach 4,055,000 beneficiaries in the first year and 1,825,000 beneficiaries in the second year, with recovery remaining at a planning level of 20,000 beneficiaries per year.
8. This budget revision covers increases to the emergency vulnerable group feeding (VGF) interventions only, benefiting food-insecure households affected by seasonal shocks.

Conclusions and Recommendations of the Re-Assessment

9. Results of 2008 harvest assessments confirm a serious cereal shortfall for the April 2008 to March 2009 period, with the June 2008 CFSAM report indicating that 395,000 mt of cereals will need to be imported and distributed through humanitarian channels, representing over 20 percent of the human consumption needs. This is comparable to the level of needs in 2002/03, when WFP conducted large-scale operations in Zimbabwe as part of the southern Africa drought emergency. The CFSAM estimated that over 2 million people will be food-insecure from July to September 2008, increasing to 5.1 million from January to March 2009; the communal rural households are expected to be the most affected group. The second-round crop and livestock assessment conducted by FAO and the Ministry of Agriculture in April 2008 indicated that the crop failure affects most districts, findings confirmed by the 2008 CFSAM. As a result, both the numbers of beneficiaries and the geographical distribution covered by WFP has increased in relation to previous seasons, and the lean season will be longer and begin earlier than usual.
10. Based on the results of the June 2008 CFSAM, WFP drafted this budget revision to meet 80 percent of food assistance requirements for distribution through its seasonal emergency food assistance component. WFP has revised its VGF beneficiary numbers under the original project document to be in line with the estimated projections of needs for the 2008/09 lean season. Originally 300,000 in May 2008 (only safety-net activities), the new beneficiary figures are over 1,300,000 in August 2008 and up to 4,075,000 in March 2009 (safety-net together with VGF). The August increase was delayed by negotiations with the Government regarding access to beneficiaries for WFP's NGO partners, an issue which has since been resolved. This revision and progressive increase in the beneficiary numbers of VGF for 2008/09 was agreed unanimously with the Government, partners and donors.

Purpose of Budget Increase

11. The original PRRO planned for relatively low levels of emergency VGF. A budget revision is necessary to increase the VGF component that targets vulnerable households during the lean season, which this year is longer than normal. All other programme components remain the same.
12. The WFP Community and Household Surveillance of May 2008 indicated that over 95 percent of rural households surveyed did not have sufficient stocks from the April harvest to cover their needs beyond three months. The CFSAM report also confirmed that this year's lean season would start as early as July for most rural households, rather than the more usual December. Households are also harmed by unfavourable terms of trade and loss of purchasing power as a result of hyperinflation. This budget revision increases the planned duration of VGF 2008/09 from four months (December 2008–March 2009) to-eight (August 2008–March 2009), with a gradual increase in the number of beneficiaries based on CFSAM projections.



13. With this budget revision, WFP plans to reach as many as 3.25 million rural people under the VGF programme during the peak of the lean season. Geographical coverage for VGF will increase from 32 districts during the 2007/08 season to 40 in 2008/09. Remaining food assistance needs will be addressed through a separate pipeline managed by three NGOs financed by the United States Agency for International Development (USAID) operating under the Cooperation for the Southern Africa Food Emergency (C-SAFE) consortium.

Activity	Current	Increase	Revised
Health-based safety net	105 000	--	105 000
Social-based safety net	720 000	--	720 000
Vulnerable group feeding	1 000 000	2 250 000	3 250 000
Total	1 825 000	2 250 000	4 075 000

14. Given the cereal shortages and chronic malnutrition rates in Zimbabwe,¹ WFP proposes to include corn-soya blend (CSB) in its emergency ration to improve access to nutritious food by children in vulnerable households. Each VGF beneficiary will receive 50g of CSB per day as part of the food basket during the 2008/09 VGF season.
15. In order to manage the increased quantities and expanded geographic coverage of the operation within a changing context, and taking into account that Zimbabwe is now in United Nations security phase II, the country office plans to:
- re-open its fifth transit point, the sub-office in Gweru (closed in 2004), which is in a central location in the country;
 - increase both international and national field staff for operations and monitoring, to support partners and ensure that food reaches targeted beneficiaries;
 - increase logistics capacity and staff, both in country and at regional transit points such as Beira (Mozambique) and Johannesburg;
 - renew its obsolete vehicle fleet to increase monitoring and operational capacity; and
 - recruit a fixed-term field security officer.

Increased monitoring capacity is crucial to ensuring effective and transparent food distribution processes.

16. The Government of Zimbabwe has banned the distribution of genetically modified cereals, although in the past it has allowed WFP to distribute milled genetically modified cereals as part of its emergency programme. Given the anticipated shortage of milled non-genetically modified cereals on the regional market, the ODOC line of the budget revision also covers eventual milling costs for a small part of the cereal requirements.

¹ Of children under 5 years, 28 percent are stunted (United Nations Children's Fund, December 2007)



FOOD REQUIREMENTS

17. An additional 209,867 mt of food is needed to meet increased needs during the 2008/09 agricultural season, bringing the total revised food requirement to 567,491 mt; details are shown in Table 2. Modalities of food distribution remain the same as set out in the original project document.

TABLE 2: NET REVISED FOOD REQUIREMENTS, BY ACTIVITY ²			
	Food distribution (mt)		
Activity	Current	Difference	Revised
Health-based safety net	43 848	- 5 491	38 357
Social-based safety net	198 576	- 26 757	171 819
Vulnerable group feeding	115 200	242 115	357 315
Total	357 624	209 867	567 491

² Implementation of safety-net activities was lower than planned because of the difficult operational environment in relation to the elections, including a government ban on NGO activities.



ANNEX I-A

BREAKDOWN OF BUDGET INCREASE COSTS			
	Quantity (mt)	Average cost per mt (US\$)	Value (US\$)
WFP COSTS			
Direct operational costs			
Food commodities ¹			
– Cereals	155 983	389.10	60 691 443
– Pulses	23 413	744.98	17 441 893
– Vegetable oil	7 726	1 840.00	14 215 877
– Blended food	22 745	625.00	14 217 701
Total food	209 867		106 566 914
External transport			45 182 266
Landside transport			14 821 432
Internal transport, storage and handling			26 719 358
Total landside transport, storage and handling (LTSH)			41 540 790
Other direct operational costs			12 581 320
A. Total direct operational costs			205 871 290
B. Direct support costs² (see Annex I-B)			8 632 881
C. Indirect support costs (7.0 percent)³			15 015 292
TOTAL WFP COSTS			229 519 463

¹ This is a notional food basket used for budgeting and approval purposes. 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.



ANNEX I-B

DIRECT SUPPORT REQUIREMENTS (US\$)	
Staff	
International staff	3 147 265
National staff	1 590 016
Temporary assistance	86 350
Overtime	33 400
Staff duty travel	1 897 600
Staff training and development	88 000
Subtotal	6 842 631
Office expenses and other recurrent costs	
Rental of facility	145 000
Utilities (general)	18 000
Office supplies	80 000
Communication and information technology services	190 000
Insurance	63 000
Equipment repair and maintenance	55 000
Vehicle maintenance and running cost	155 000
Other office expenses	85 500
United Nations organization services	45 000
Subtotal	836 500
Equipment and other fixed costs	
Furniture, tools and equipment	190 000
Vehicle	508 750
Telecommunications equipment	255 000
Subtotal	953 750
TOTAL DIRECT SUPPORT COSTS	8 632 881

ACRONYMS USED IN THE DOCUMENT

CFSAM	crop and food supply assessment mission
C-SAFE	Consortium for the Southern Africa Food Security Emergency
CSB	corn-soya blend
FAO	Food and Agriculture Organization of the United Nations
NGO	non-governmental organization
ODOC	other direct operational costs
PRRO	protracted relief and recovery operation
USAID	United States agency for International Development
VGF	vulnerable group feeding