



World Food Programme

PROJECT BUDGET REVISION FOR APPROVAL BY THE REGIONAL DIRECTOR

5) To:	Initials	In Date	Out Date	Reason for Delay
Lola Castro Acting Regional Director, RBJ				
4) Through:	Initials	In Date	Out Date	Reason for Delay
Brian Bogart Programme Adviser, RBJ				
3) Through:	Initials	In Date	Out Date	Reason for Delay
Christine Mendes Logistic Officer, RB (change in LTSH and/or External Transport)				
2) Through:	Initials	In Date	Out Date	Reason for Delay
Anna Mukiibi-Bunnya Resource Management Analyst, RBJ				
1) From:	Initials	In Date	Out Date	Reason for Delay
Simon Cammelbeeck WFP Zambia Country Director				

**Zambia Country Programme 200891
BR No. 3**

Total revised number of beneficiaries	1 065 000
Duration of entire project	42 months
Reduction period	18 months
Gender marker code	2a
WFP food tonnage	37 339

Start date: 1 January 2016 End date: 31 December 2020 Reduction period: 18 months
New end date: 30 June 2019

Cost (United States dollars)

	Current Budget	Increase (Decrease)	Revised Budget
Food and Related Costs	US\$ 9 928 167	US\$ 7 604 176	US\$ 17 532 343
Cash and Vouchers and Related Costs	US\$ 3 773 986	US\$ (2 788 700)	US\$ 985 286
Capacity Development & Augmentation	US\$ 13 571 687	US\$ (3 314 901)	US\$ 10 256 785
DSC	US\$ 6 913 788	US\$ (659 978)	US\$ 6 253 809
ISC	US\$ 2 393 134	US\$ 58 842	US\$ 2 451 976
Total cost to WFP	US\$ 36 580 761	US\$ 899 438	US\$ 37 480 198

CHANGES TO:

Food Tool

- MT
 Commodity Value
 External Transport
 LTSH
 ODOC

C&V Tool

- C&V Transfers
 C&V Related Costs

- CD&A
 DSC
 Project duration
 Other

Project Rates

- LTSH (\$/MT)
 ODOC (\$/MT)
 C&V Related (%)
 DSC (%)



NATURE OF THE INCREASE

1. Budget revision (BR) 03 to Zambia Country Programme 200891 will reduce the length of the programme by 18 months (from December 2020 to June 2019) to align with the implementation of the Zambia Transitional Interim Country Strategic Plan (T-ICSP) which will run from January 2018 to June 2019.¹ In addition this BR will:
 - Extend WFP's food assistance support to primary school learners for an additional six months (July to December 2017), under component one, Home Grown School Meals (HGSM);
 - Include a food component for 200,000 primary school learners from January 2018 to June 2019, in alignment with the T-ICSP period;
 - Perform a technical adjustment to correct cash-based transfer (CBT) and indirect support cost (ISC) figures.
2. No changes to components two (nutrition) and three (resilience building) of the Country Programme are introduced through this budget revision.
3. WFP is currently reaching 1,052,760 primary school learners through HGSM. In 2018 and 2019, only 200,000 primary school learners will receive direct assistance. The proposed number of primary school learners to be assisted in 2018 and 2019 is based on the Country Office's funding forecast. With limited anticipated funding, the Country Office is targeting those primary school learners who reside in the most vulnerable districts (Mumbwa and Senanga). Dropout and malnutrition rates in these districts are among the highest in the country, and WFP is currently supporting other interventions in these districts that complement the HGSM programme (SUN, school gardens, fresh foods and micro-nutrient powders). For continuity, the Country Office has prioritized these two districts.
4. Whilst the original plan was to gradually phase out direct implementation under the HGSM programme by 2017, this has not been feasible given a range of contextual factors. These include political, economic and climatic shocks, such as El Niño, which have impeded the possibility for a well-coordinated transition between WFP and the Government in the immediate term. The Ministry of General Education (MoGE) has formally requested continued WFP support in the implementation of the HGSM programme.

JUSTIFICATION FOR THE REVISION

Summary of existing project activities

5. Country Programme 200891 aims to create mechanisms to support the Republic of Zambia's efforts to improve nutrition, food security and equitable social development. Through technical assistance, WFP focuses on the implementation of long-term programmes such as social protection, nutrition governance for nutrition-sensitive programming and building disaster resilience. These areas are in line with the Government's agenda to reduce poverty and

¹ A Country Strategic Plan will be implemented from July 2019



malnutrition. The Country Programme has three components: i) HGSM programme; ii) nutrition; and iii) resilience-building.

6. Component one supports the Government's expansion of the HGSM programme which aims to reach two million primary school learners by 2020 – this coverage represents 50 percent of the total primary school learners and is double the current numbers assisted. The HGSM programme, a component of the National Social Protection Policy (NSSP), serves as a social safety net for children from vulnerable households.
7. Through component two, and building on the Government's National Food and Nutrition Policy, WFP supports the strengthening of strategic partnerships that foster an integrated multi-sectoral response based on the life-cycle approach to achieve the national target of reducing stunting from 40 to 30 percent by 2021.
8. Component three mitigates the impacts of climate change on smallholders' food and nutrition security. As such, WFP strengthens the technical capacity of the Disaster Mitigation and Management Unit (DMMU) and implements climate risk management approaches that build smallholder resilience and food security. Risk management approaches, target areas and target populations have been identified using a community-led participatory process.
9. The Country Programme contributes towards SDG 2 (zero hunger), SDG 5 (gender equality) and SDG 17 (partnerships for the goals). Under SDG 2, the HGSM programme works with small-scale farmers to increase their access to markets, thereby stimulating production and enhancing their access to incomes. The HGSM programmes also integrate nutrition through provision of local nutritious foods into the schoolchildren's diets and provide nutrition education to influence positive eating behaviors.
10. For SDG 5, the Country Programme supports the Government's efforts for gender equality through its Home Grown School Meals programme. Specifically, the HGSM programme ensures the equal participation of women in leadership roles in the Parent Teacher Associations and the actual participation of girls in the learning process. Additionally, within the schools, women are encouraged to be part of the food procurement committees. Moreover, within the market access activities of the Country Programme women farmers are targeted for both trainings for and supply contracts to the HGSM programme.
11. In reference to SDG 17, WFP works through partnerships with government departments, private sector, UN system and civil society in helping the Government of Zambia achieve its development goals. In particular, WFP works with the ministries of agriculture, education, and community development, and with the Disaster Management and Mitigation Unit. In the private sector, WFP has partnered with food companies to support production of nutritious foods with the aim of increasing access to nutritious products.

Conclusion and recommendation of the re-assessment

12. Economic growth has been reduced by half from previous years i.e. the GDP growth rate has fallen from an average of 7.4 percent over the 2004-2014 period to 2.8 percent in 2015.² A strong devaluation of Zambian local currency (Kwacha) coupled with efforts to repay foreign debts has seriously depleted government revenues. The devaluation, along with rising costs for agricultural

² <http://www.worldbank.org/en/country/zambia/overview>



inputs and unfavorable rainfall, also had an indirect negative impact on the cost of essential food items.

13. Despite the above contextual challenges, the Ministry of Finance unveiled the 2017 budget in November 2016. The Government of Zambia have reserved ZK35.6 million (USD 3.6 million) in the annual budget to support the HGSM programme. This budgetary allocation covers the in-kind donation of maize for the 2017 academic year (18,000 mt) and it covers secondary transport and management of the programme at district level. The Minister acknowledged that the HGSM programme enhances the learning abilities of school-going children, increases attendance rates and combats malnutrition.
14. To contemplate a government-led sustainable and growing HSGM programme, WFP has drafted a concept note and convened the HGSM technical working group to analyze handover feasibility and develop a budget based on a number of priority action points. WFP intends to share the technical working group proposal before an inter-ministerial group to foster discussion that could lead to a policy and an implementation plan. The short term expectation is to see the annual government contribution towards HGSM grow, allowing a greater number of school learners to receive school meals. In the medium term, WFP would provide continued technical assistance to establish a value chain that would permit schools to obtain local foods from smallholder farmers and where schools could prepare local menus based on what is available in their respective region.

Purpose of change in budget

15. This budget revision will reduce the project in time by 18 months to align the end date with that of the T-ICSP (January 2018 to June 2019).
16. This budget revision will also extend direct assistance through the HGSM programme from July to December 2017, and will include a food component for 200,000 primary-school learners from January 2018 to June 2019. Under the current Country Programme, WFP was planning to handover the procurement of all commodities of the food basket to the Government. However, due to a range of contextual factors this handover was not possible and the Government has requested that WFP provide additional resources to continue direct implementation of the programme for six months in 2017 (reaching 1,052,760 learners), and to target only 200,000 learners in 2018 and 2019. The Government will continue to provide in-kind maize to the programme during this budget revision period while WFP will be responsible for the procurement of pulses and oil and associated costs for the food basket.
17. Additionally, this BR will enable a technical adjustment of CBT and ISC figures.
18. WFP will also continue to provide technical support to the Government in anticipation of the handover of the programme. These technical support activities include conclusion of the costing analysis activities initiated in 2016 on the HGSM programme; a supply chain assessment and a monitoring and evaluation (M&E) assessment as per the recommendations of the SABER assessment conducted in 2016. Once these assessments have taken place a follow-up SABER workshop will be organized to inform the development of the road map for the multi-sectoral implementation of the HGSM programme.
19. In partnership with local NGOs, WFP is committed to supporting the Government to make HGSM programme more nutrition sensitive. The Country Office has supported the Government



World Food Programme

to re-institute school gardens for use as a platform to teach school children about nutrition and basic agricultural skills. To explore the possibility of enriching the food basket, a pilot was launched in two districts in 2016 where fresh quality vegetables are directly purchased from the farmer groups by schools. This project which will continue beyond 2017 aims at generating lessons and best practices to inform the design of an efficient and effective local procurement system between schools and smallholder farmer groups in the future.

20. Due to operational constraints the micro-nutrient powder (MNP) pilot that was originally planned to begin in 2016 will now start in 2017. Preparatory work for the sourcing and testing of the MNPs has commenced and the project will take place for a period of 12 months.

TABLE 1: BENEFICIARIES BY COMPONENT

Component	Category of beneficiaries	Current			Revision period			Revised		
		Boys / Men	Girls / Women	Total	Boys / Men	Girls / Women	Total	Boys / Men	Girls / Women	Total
C1 – HGSM	Primary school children	528 858	523 902	1 052 760	528 858	523 902	1 052 760	528 858	523 902	1 052 760
C1 – MNP	Primary school children	5 361	5 450	10 811	5 361	5 450	10 811	5 361	5 450	10 811
C1- HGSM	Members of 50 000 Smallholder Farming Families	0	0	0*	0	0	0	0	0	0
C2 – Nutrition		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
C3 – Resilience building		5 998	6 242	12 240	5 998	6 242	12 240	5 998	6 242	12 240
TOTAL (CUMULATIVE)		540 217	535 594	1 075 811	540 217	535 594	1 075 811	540 217	535 594	1 075 811
TOTAL (EXCLUDING OVERLAPS)		534 856	530 144	1 065 000	534 856	530 144	1 065 000	534 856	530 144	1 065 000**

*In the design of the Country Programme, WFP planned to transfer cash to 50,000 smallholder farmer families (i.e. 300,000 beneficiaries) for them to provide fresh vegetables to schools in three districts. However, in line with the Government's decentralization agenda, WFP made alternative arrangements for schools to administer funds and pay the smallholder farmers directly for the amount of produce supplied. As these farmers have not received a direct transfer from WFP, they have been removed from the plan across the entire project.

** This figure for the revision period includes the 200,000 learners to be assisted in 2018 & 2019.

TABLE 2: FOOD RATION/TRANSFER BY COMPONENT (g/person/day)

	C1 – HGSM	C1 – MNP pilot project	C2 – Nutrition	C3 – Resilience Building
Cereal	120g	120g	N/A	N/A
Pulses	20g	20g		
Vegetable Oil	10g	10g		
MNP	-	0.5g		
Total	150g	155.5g		
Total kcal/day	595			

% kcal from protein	9.8		
% kcal from fat	18.5		
Number of feeding days per year	189 days per year		

Note: Under components two and three, no food commodities are distributed by WFP. No changes have been introduced to component two and three through this budget revision.

FOOD REQUIREMENTS

21. The cereal (maize) will be provided by the Government of Zambia as an in-kind contribution to the HGSM programme. WFP will provide the associated costs for these cereals. The pulses will be procured locally with all efforts being made to purchase them from smallholder farmers. The vegetable oil will be sourced from the international market.

TABLE 3: FOOD/CASH AND VOUCHER REQUIREMENTS BY COMPONENT

Component	Commodity / Cash & voucher	Food requirements (mt) Cash/Voucher (US\$)		
		Current	Increase / Decrease	Revised total
Component 1	Pulses	5 595	2 943	8 538
	Vegetable Oil	2 797	1 471	4 268
	Maize	11 222	13 309	24 531
	MNPs	1	1	2
TOTAL		19 615	17 724	37 339

Hazard / risk assessment and preparedness planning

22. During the extension period of this budget revision there is an operational risk that in-kind maize stocks held by the Food Reserve Agency (FRA) are not released in time for the opening of the 2017 academic year. To mitigate this, the Country Office is facilitating dialogue between MoGE, DMMU and FRA to allow for the prompt release of the maize for the programme. Having brought the issue to the attention of senior government managers, WFP hopes that prompt action will be taken for subsequent releases of maize to the programme.
23. In the past, the FRA has experienced challenges in releasing in-kind maize stocks from its warehouses to schools in isolated areas of districts due to insufficient availability and resources for transport. WFP will continue to work with Government to seek the additional resources to cover the costs required to distribute commodities to extended delivery points.
24. The MNP pilot will commence in June 2017 and given the lack of school level infrastructure there is a risk that the products are not stored in appropriate storage facilities in the schools. To mitigate this risk, WFP is working in collaboration with Government to develop a storage plan for the products.
25. Should the inter-ministerial working group not be established prior to March 2017, the possibility for stakeholders to develop and agree on a roadmap to inform the design of the



World Food Programme

programme from July 2017 onwards will be limited. This could potentially result in further delays of the handover of the direct implementation of the programme from WFP to the Government. To mitigate this risk, WFP will continue to provide technical support to the Government in conducting activities identified and prioritized in the SABER action plan.

Drafted by: [Robert Oliver] Country Office
Cleared by: [Simon Cammelbeeck] Country Office on [11 July 2017]
Reviewed by: [Brian Bogart] Regional Bureau
Cleared by: [Lola Castro] Regional Bureau on [14 July 2017]


ANNEX I-A

PROJECT COST BREAKDOWN			
	Quantity (mt)	Value (US\$)	Value (US\$)
<i>Food Transfers</i>			
Cereals	13 309	2 704 010	
Pulses	2 943	1 246 349	
Oil and fats	1 471	1 460 860	
Mixed and blended food	0	0	
Others	0.48	12 960	
Total Food Transfers	17 724	5 424 170	
External Transport		49 513	
LTSH		1 868 240	
ODOC Food		262 614	
Food and Related Costs ³		7 604 176	
C&V Transfers		(2 829 779)	
C&V Related costs		41 079	
Cash and Vouchers and Related Costs		(2 788 700)	
Capacity Development & Augmentation		(3 314 901)	
<i>Direct Operational Costs</i>			1 500 575
Direct support costs (see Annex I-B)			(659 979)
Total Direct Project Costs			840 596
Indirect support costs (7.0 percent) ⁴			58 842
TOTAL WFP COSTS			899 438

³ This is a notional food basket for budgeting and approval. The contents may vary.

⁴ The indirect support cost rate may be amended by the Board during the project.


ANNEX I-B

DIRECT SUPPORT REQUIREMENTS (US\$)	
WFP Staff and Staff-Related	
Professional staff [*]	
General service staff ^{**}	
Danger pay and local allowances	
Subtotal	(492 930)
Recurring and Other	(32 649)
Capital Equipment	(6 000)
Security	(19 000)
Travel and transportation	(49 400)
Assessments, Evaluations and Monitoring⁵	(60 000)
TOTAL DIRECT SUPPORT COSTS	(659 979)

* 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

⁵ 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.