

Country¹ & Project No.: CP –BGD-10410.0
B/R No.: 2

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>				
Programme Officer, ODMP
Chief, ODMP
Chief, ODTF (change in LTSH and/or External Transport)
Director, CFOB
<u>APPROVAL</u>				
<input checked="" type="checkbox"/> Regional Director

PROJECT : Bangladesh Country Programme (2007-2010) 10410.0

	Previous Budget	Revision	New Budget
Food cost (US\$)	US\$67,274,619.-	US\$8,194,382.-	US\$75,469,001.-
Total WFP cost (US\$) (incl. 7% ISC)	US\$120,964,026.-	US\$11,852,928.-	US\$132,816,954.-

TYPE OF REVISION

- | | | | |
|--|---|---|--|
| <input checked="" type="checkbox"/> Additional commodity | <input type="checkbox"/> Additional DSC | <input checked="" type="checkbox"/> Additional ODOC | <input type="checkbox"/> Additional LTSH |
| <input type="checkbox"/> Additional external transport | | <input type="checkbox"/> Extension in time | |
| <input type="checkbox"/> Change in project orientation | | <input checked="" type="checkbox"/> Others: Revision of LTSH matrix for Act-4 | |

NATURE OF REVISION:

The WFP Executive Board endorsed the Bangladesh Country Programme (CP) 10410.0 (2007-2010), with 263,650mt regular development food resources at a cost of US\$101.6 million covering all basic direct operational costs. The Board authorized WFP to mobilize additional contributions from other sources, to the level of US\$207.6 million for four years, to address additional needs. To accommodate contributions available from other sources (in-kind contribution from the Government of Bangladesh and contribution from Australia), US\$18,003,908 was added under the first budget revision resulting in a total project cost of US\$120,964,026.

This second budget revision includes a net increase of the CP budget by US\$11,852,928. The revised CP budget hence totals US\$132,816,954.- (include 7% ISC)

In line with the approved Country Programme, the CO requests approval of this budget revision within the US\$309.2 million approved CP budget ceiling.

JUSTIFICATION FOR THE REVISION:

Flooding caused by heavy rainfall in late July and early August 2007 has affected about 10 million people in 39 districts across Bangladesh. The flood situation deteriorated rapidly after embankments along the major rivers breached. At least 400,000 people have been displaced; some have moved to flood shelters while a significant part of the population has sought refuge on higher ground (embankments, roads and railroad tracks). The most affected people are the rural poor,

¹ If a regional project, please specify the countries concerned

many of whom do not have their own land and will be facing lack of employment opportunities in the upcoming months, particularly landless female-headed households. There are families who can only afford one meal a day.

As a result of the floods many people are currently facing extreme economic stress. Some families have taken out immediate loans with high interest rates. Ultra-poor households are said to have been committing their labour in advance, at half of the prevailing wage rate. Small farmers/share croppers have been selling their expected crops in advance for a price much lower than the usual market value. While this offers some relief in the short-run, it will create enormous difficulties when people will begin rebuilding their livelihoods in the immediate post-flood period and beyond.

The impact of the floods is compounded by the overall lack of employment. The transplantation of *Aman* rice will provide limited job opportunities over the next few weeks. However, agricultural opportunities will be extremely limited between mid-August to November 2007. Due to the floods and the loss of assets, the poor will have a reduced ability to deal with the forthcoming seasons.

WFP plans to distribute food in worst affected areas as part of the rapid response to the emergency under Activity-4 “Enhancing Resilience” of the Country Programme. WFP assistance will cover one-third of the total one million extreme poor households within the thirteen worst affected districts, selected through VAM. Each family will receive 15kg of rice monthly, along with biscuits for children. WFP emergency distribution will require a total of 16,000mt of rice and 200mt of biscuits. Germany and Spain have confirmed contribution worth US\$2.6 million. There is an indication of the availability of US\$3 million CERF funding. Proposals are being discussed with CIDA, DFID and other donors for additional contributions.

With flood waters receding in many parts of the country, rehabilitation has emerged as one of the major challenges. Early indications from the Government suggest damage to about 2,500km of roads and 75km of embankments whereas over 60,000 houses have been destroyed and 800,000 houses damaged. These losses have been estimated at some US\$84 million. The Government and UNDMT are accessing recovery/rehabilitation needs. Depending on the overall outcome of this assessment and relevance of WFP assistance, the Country Office with ODB will decide whether or not to formulate a separate PRRO for the recovery and rehabilitation of the poor.

In addition to the budget revision to include immediate requirements for the flood-affected population, the BR includes a revision of LTSH matrix for Activity 4 and the addition of 5,000mt of cereals under activity 3 reflecting a high percentage of cereal contributions that will be transformed into biscuits.

DISTRIBUTION:

Senior DED

Chief, ODTF

Country Director

OD Registry

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Associate Director of Operations

Chief, ODMP

Programme Officer, ODMP

Programming Assistant, ODMP

CFOB

Regional Director

RB Programme Advisor

RB Programme Assistant

RB Chrono

Liaison Officer, ODB