

Country Programme - Bangladesh 10410.0 (2007-2010) Budget Revision No. 9

	Cost (United States dollars)		
	Present budget	Increase	Revised budget
Food/cash transfer cost	159,619,286	6,889,988	166,509,274
External transport	32,163,577	-	32,163,577
Land Transport Storage and Handling	10,165,861	-	10,165,861
Other Direct Operational Costs	16,726,981	2,385,120	19,112,101
Direct Support Costs	12,399,687	1,295,323	13,695,010
Indirect Support Costs (7%)	16,175,278	739,929	16,915,207
Total cost to WFP	247,250,670	11,310,360	258,561,030

NATURE OF THE INCREASE

1. The WFP Executive Board endorsed the Country Programme Bangladesh 10410.0 at the cost of US\$101.6 million from the regular development resources, 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 (i.e., a total requirement of US\$309 million). Additional contributions from other sources are added to the Country Programme through budget revisions.
2. This budget revision is proposed to include an additional US\$11.3 million of a US\$15.0 million confirmed contribution under the Food Security for the Ultra Poor (FSUP) programme to be registered under Country Programme component 1 (Vulnerable Group Development - VGD). The budget revision is to include cash transfers of US\$6.9 million, together with associated other direct operational costs of US\$2.2 million and direct support costs of US\$1.3 million. This revision will increase the overall budget of the Country Programme by 5 percent.
3. The additional contribution is for a four-year period: US\$11.3 million of the total contribution will be expended under the current Country Programme, covering needs in 2009 and 2010. The balance of the contribution will be registered under the next Country Programme, which will start in 2011 or 2012.¹ The donation is specifically for cash transfers rather than food transfers.
4. This budget revision constitutes a critical building block on the path to the new strategy of WFP Bangladesh, particularly with its use of cash as a modality of transfer.

¹ The timing of the next United Nations Development Assistance Framework (UNDAF) cycle is to be confirmed.

JUSTIFICATION FOR BUDGET INCREASE

Summary of existing programme activities

5. Bangladesh has recorded impressive economic and social gains in the past decade. However, the country is facing considerable challenges in sustaining and building on achievements towards the Millennium Development Goals (MDGs). Despite the macroeconomic growth and improvements in agricultural productivity achieved so far, Bangladesh still faces significant challenges in addressing food insecurity and malnutrition, especially among the ultra poor in disaster-prone areas.
6. The goals of the Country Programme 10410.0 are to improve the food security of ultra-poor households, their nutritional well-being and livelihoods through the following components: Vulnerable Group Development, providing food in addition to livelihoods training (component 1); Community Nutrition for vulnerable children mothers and adolescents (component 2); Food-For-Education, aiming to increase enrolment and attendance of school children (component 3); Enhancing Resilience, striving to develop skills and create assets to reduce vulnerability (component 4); and National Capacity Building on Food-Based Programming, including technical assistance, training and policy dialogue (component 5).
6. The component proposed for this budget revision is Vulnerable Group Development (VGD). The overall objective of the revision (also referred to as the “project”) is to contribute to the national initiatives for eradication of extreme poverty and hunger (MDG 1) with particular focus on the rural ultra-poor² households in disaster-prone areas.. The purpose is to improve food security and nutritional well-being by promoting sustainable livelihoods. It is aligned to WFP Strategic Objective 4 “Reduce chronic hunger and undernutrition”.

Conclusion and recommendation of the re-assessment

9. The WFP Bangladesh Country Office implemented cash transfer activities in 2008 under the Cyclone Sidr emergency operation (EMOP) on a pilot basis. A “cash and voucher” mission was undertaken by headquarters and the regional bureau to review the cash transfer activities, which resulted in an extensive list of recommendations to improve oversight on monitoring cash transfer and distribution. Based on the recommendations of the mission, the cash transfer guidelines have been revised.

Purpose of budget increase

10. New Focus: This FSUP initiative is an opportunity to enhance WFP’s approach to the Vulnerable Group Development component. The main programmatic advancement is the introduction of cash grants to allow women to launch viable livelihood activities, rather than obliging women to take out expensive and inflexible micro-credit loans. However, other innovations, such as the formation of self-help groups, are also introduced to boost sustainability and enhance outcomes. The provision of cash grants is a widely-used approach in Bangladesh and this additional contribution gives the opportunity to bring WFP back into the mainstream of organisations working in livelihood development, alongside Department for International Development (DFID, United Kingdom), Cooperative for

² Ultra-poor households are those whose total expenditure is equal to the food poverty line. The cost of acquiring a basic food basket which has nutritional requirement of 2122 k.cal/person/day is taken as the food poverty line (Household Income and Expenditure Survey, 2005, Bangladesh Bureau of Statistics, pp.55-56).

Assistance and Relief Everywhere (CARE), and Muslim Aid. As such, this budget revision is a critical building block in the new WFP strategy for Bangladesh and is expected to attract a wider array of donors back to funding WFP's Country Programme.

11. Implementation strategy: This is based on local partnership. WFP will deliver services to the participant beneficiaries in partnership with non-governmental organizations (NGOs) with programming experience in the related areas and outreach coverage in the proposed project sites. The NGO partners will be responsible for field activities. WFP will supervise and support NGO partners and provide technical assistance. The partnership will ensure that services provided to ultra-poor women meet their local needs in a cost-efficient manner.
12. Capacity building for service delivery: WFP will provide training and on-site technical services to strengthen the capacity of local institutions and enhance the service delivery capacity of the NGOs. Capacity building of NGO partners will be demand-driven to enhance their overall effectiveness as agents of change. The project will support linkages with public and private actors and initiate a range of capacity building services for the ultra-poor women and facilitate the knowledge management processes to ensure sustainability of project activities.
13. Participatory approach: The project will ensure participation by the target group, community individuals, local authorities and private service providers in all stages of implementation. To maximise the benefit of the project for the ultra poor, emphasis will be put on mobilizing local skills, resources (materials, labour), capacities and knowledge in the implementation process. The project will follow a participatory monitoring and evaluation system to empower project participants in the project cycle management.
14. Adaptive approach: The project will be implemented in two overlapping cycles. The first cycle will assist 5,000 ultra-poor women. The second cycle will start after six months and assist 25,000 ultra-poor women. The second cycle will be adjusted based on the lessons learned during the first cycle. A Project Performance Group will be established consisting of representatives from WFP, NGO partners and the Government to review performance on a six-monthly basis and recommend necessary follow-up actions to ensure efficiency and effectiveness of project activities.
15. Key activities:³ (i) entrepreneurship development training on selection, planning and management of income-generating activities (IGAs) and associated skills training; (ii) micro-economic activities by ultra poor women; (iii) formation of self-help knowledge management groups to promote access and utilization of information; (iv) transfer of cash grants as seed capital for individual participants to start IGAs; (v) mobilization of local resources and vegetable cultivation, life skills training; (vi) training in disaster preparedness and response; (vii) provision of subsistence allowance; and (viii) evaluation and policy advocacy.
16. Expected results: The project will cover a period of four years including the preparatory, implementation and concluding phases. The project is expected to achieve the following results (outcome and output performance indicators are shown in the Annex II, Results and Resources Matrix):

Result 1: Increased productive assets and enhanced household income of 30,000 ultra-poor women participants through diversified economic activities.

³ There is evidence of success in improving the livelihoods of ultra-poor households through similar cash transfer activities under project activities supported by DFID, CARE and BRAC.

Result 2: Improved capacity of 30,000 ultra-poor women to manage income-generating activities.

Result 3: Increased access to information, business linkages, resources and services by the ultra-poor women through collective actions of 1,200 self-help knowledge management groups.

Result 4: Enhanced functional knowledge and skills of 30,000 ultra-poor women to improve utilization of food, breast feeding, health and sanitation practices.

Result 5: Enhanced food consumption and nutritional intake of 30,000 ultra-poor households.

Result 6: Strengthened disaster preparedness and crisis coping capacity of 30,000 households in disaster-prone areas.

Result 7: Three policy dialogue sessions to share lessons learned from the project to social safety net programmes and national food security strategy and plan of actions.

17. In line with the results-based management strategy of the WFP Country Office, the project will implement a systematic project management cycle approach to capture results. The Project Performance Group (comprising of representatives from WFP, NGO partners and the Government) will review the project performance on a six-monthly basis and recommend corrective measures to ensure efficiency and effectiveness in project implementation. A detailed monitoring and evaluation plan with indicators and targets will be developed to track the results chain in the logical framework of the project. The project will set lower and upper thresholds against poverty criteria to assess the effectiveness of beneficiary targeting and graduation from extreme poverty. A database on the ultra-poor women will be maintained to follow-up graduation from extreme poverty.

Table 1. Beneficiaries by component

Component	Beneficiaries		
	Present	Increase	Revised
1) Vulnerable Group Development	4,900,000	150,000	5,050,000
2) Community Nutrition	124,000	-	124,000
3) Food for Education	960,000	-	960,000
4) Enhancing resilience	2,740,419	-	2,740,419
Total	8,724,419	150,000	8,874,419

FOOD REQUIREMENTS

19. Food aid requirements will not be changed by this budget revision but cash transfers will be added to component 1 (Vulnerable Group Development), as shown in table 2 below.

Table 2. Food assistance requirements by component

Component	Food assistance (mt/US\$)		
	Present	Increase	Revised
1) Vulnerable Group Development (mt)	394,049	-	394,049
2) Community Nutrition (mt)	8,000	-	8,000
3) Food for Education (mt)	96,925	-	96,925
4) Enhancing resilience (mt)	47,861	-	47,861
Total (mt)	546,835	-	546,835
Food cost (US\$)	159,619,286	6,889,988 (cash transfers for component 1)	166,509,274

18. The modalities of food assistance to beneficiaries for the component are changed by the introduction of cash transfers in this budget revision. The mechanism for cash distributions are described in detail in the cash transfer guidelines for the project.

Approved by:

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 Date

ANNEX I A

BUDGET INCREASE COST BREAKDOWN			
	Quantity (mt)	Average Cost per Ton	Value (dollars)
WFP COSTS			
A. Direct operational costs			
Commodity			
Cereal	-	-	-
Blended Food	-	-	-
Vegetable Oil	-	-	-
Salt	-	-	-
Pulses	-	-	-
Cash Transfer			6,889,988
Total commodities/cash transfer value			6,889,988
External transport			-
Landside transport			
Subtotal for ITSH			
Total LTSH			-
Other direct operational costs			2,385,120
Total direct operational costs			
B. Direct support costs (see Annex II for details)			
Total direct support costs			1,295,323
C. Indirect support costs (7 percent of total direct costs)			739,929
TOTAL WFP COSTS			11,310,360

DIRECT SUPPORT REQUIREMENTS (US\$)	
Staff	
International professional staff	372,125
National Officer/general service staff	336,000
Temporary assistance & Non Staff -HR	-30,112
Staff duty travel	50,400
Consultants	173,400
Subtotal	901,813
Office expenses and other recurrent costs	
Rental of facility	156,419
Utilities (general)	10,560
Office supplies	2,592
Vehicle maintenance and running cost	96,240
Planning – Office Setup and Repairs	18,366
Subtotal	284,177
Equipment and other fixed costs	
Vehicles leasing	109,333
TC/IT equipment (Planning)	-
Local Security Costs	-
Subtotal	109,333
TOTAL DIRECT SUPPORT COSTS	1,295,323