

Countryⁱ & Project No.: CP-BDCO-104100

B/R No.: 910

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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, RMBP
Chief, RMBP
Chief, RMBB
Chief, ODLT (change in LTSH and/or External Transport)
<u>APPROVAL</u>				
<input type="checkbox"/> Regional Director

PROJECT	Previous Budget	Revision	New Budget
Food cost ⁱⁱ	US\$ 166,509,273	US\$ 19,742,367	US\$ 186,251,640
External transport ⁱⁱⁱ	US\$ 32,163,577	US\$ 2,460,200	US\$ 34,623,777
LTSH ^{iv}	US\$ 10,165,861	US\$ 2,845,379	US\$ 13,011,240
ODOC ^v	US\$ 19,112,101	US\$ 6,227,132	US\$ 25,339,233
DSC ^{vi}	US\$ 13,695,010	US\$ 4,927,781	US\$ 18,622,791
ISC (7%) ^{vii}	US\$ 16,915,208	US\$ 2,534,200	US\$ 19,449,408
Total WFP cost (US\$)	US\$ 258,561,030	US\$ 38,737,059	US\$ 297,298,089

TYPE OF REVISION

☒ Additional commodity
 ☒ Additional DSC
 ☒ Additional ODOC
 ☐ Additional LTSH
☐ Additional external transport
 ☐ Extension or Reduction in time
 ☒ Other: Revision of the ITSH matrices

DISTRIBUTION:

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 Regional Director
 RB Programme Advisor
 RB Programme Assistant
 RB Chrono
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NATURE OF THE INCREASE

1. The approved Country Programme has provision to assist 5.4 million beneficiaries. The WFP Executive Board, based on the regular pledges and contributions, approved the Country Programme (CP) with a yearly budget of US\$25.4 million, which covers only 33 percent of the prevailing needs. The Executive Board therefore authorized WFP to seek additional contributions from other sources to the ceiling of US\$ 309.2 million for four years (2007-2010). In line with the provisions of the approved CP, this budget revision proposes to include additional contributions from other sources which would enable WFP to increase the coverage to respond to the prevailing needs. The contribution from other sources in 2010 amounts to US\$ 38,631,265 which will enable WFP to reach an additional 1.31 million beneficiaries (in addition to the existing 2.38 million) through distribution of 103,703.5 mt of food and US\$ 1,167,883 of cash. This budget revision is proposed to reflect the additional needs, along with the corresponding associated costs, including the revision of the LTSH matrices.

JUSTIFICATION FOR EXTENSION-IN-TIME AND/OR BUDGET INCREASE

Summary of existing project activities

2. The goal of the approved Country Programme is to support the Government of Bangladesh to achieve the MDGs by improving food security and nutritional well being of ultra poor households'. The ongoing activities of the Country Programme are the following:

Component-1 (C1): Vulnerable Group Development (VGD) is providing food in combination with training. It provides assistance to the ultra poor women and uses food rations to enable them to participate in development activities supported by the Government and NGOs. Under this component, WFP is also implementing cash transfer activities under the Food Security Ultra Poor Project (FSUP) funded by EU, which was approved through the BR 909 based on the PRC held on 04 June 2009).

Component-2 (C2): Community Nutrition (CN) provides a package of services to a specially targeted nutritionally vulnerable group (children aged 6-24 months, pregnant and lactating women, and adolescent girls) from the ultra poor households.

Component-3 (C3): Food for Education (FFE) assists pre-primary and primary schoolchildren with a school meals programme, in regions with high poverty and low primary school enrolment and attendance.

Component-4 (C4): Enhancing Resilience (ER) assists communities vulnerable to disaster through building disaster-resistant community assets. It also provides the framework to immediately respond to small scale disasters. Under this component, WFP is assisting extremely poor households, affected by rodent crisis in the Chittagong Hills Tracts funded by ECHO/EU, which was approved through the BR 908.

Component-5 (C5): WFP, based on the resources available, undertakes capacity building activities to support the relevant Government agencies to improve effectiveness and efficiency of food assisted activities.

Conclusion and recommendation of the re-assessment (if applicable)

3. The Household Food Security and Nutrition Assessment, undertaken jointly in late 2008/early 2009 by the WFP, the United Nations Children's Fund (UNICEF) and the Institute of Public Health Nutrition (IPHN) indicates that one in four households in Bangladesh is food-insecure; that there had been a 12 percent decline in real household incomes as a result of the high food price crisis and that households were spending 62 percent of their income on food (up from 52 percent before the crisis in 2005). The global acute malnutrition (GAM) for children under five was 13.5 percent, close to the "critical" level of 15 percent, even though the survey was carried out after the harvest when the lowest malnutrition rates in the year were to be expected. One of the key recommendations was for the scaling-up of food security and nutrition interventions and economic empowerment programs targeted to the poor and vulnerable. It has further recommended on enhanced nutrition support to the vulnerable groups along with measures for nutrition supplementation. The CO launched the EMOP 107880 in response to the impact of the high food prices and other natural emergencies in November 2008.

4. Despite some normalization of prices in 2009, the price of food has continued on an upward trend since February 2010. WFP surveillance indicates the price of rice is significantly higher than the previous year and compared to the four year average (2004-2007). The overall point to point food inflation rate is over 10 percent between January and February 2010, which represents a rate on par with that during the food crisis periods of 2007 and 2008.
5. In addition, the food security situation of the ultra poor has been greatly affected by natural disasters. A recent joint assessment by UN agencies indicates that about 40 percent of the four million affected by cyclone Aila are still living temporarily in makeshift camps or on the embankments/roads and are in need of urgent assistance.

Purpose of extension and/or budget increase (applicable for all projects)

6. In the backdrop of volatile food process, natural disasters (like cyclone Sidr in 2007 and Cyclone Aila in 2009) and the global economic downturn, the challenges of achieving food security and nutritional goals is greater than ever. The budget revision proposes to include additional extreme poor households under the VGD component by providing micro nutrient fortified food rations.
7. Bangladesh has the highest child underweight rate in South Asia and the highest proportion in the world of newborns with low birth rate. This calls for an urgent need to increase nutrition interventions in Bangladesh. WFP and other UN agencies have prepared two joint programmes to respond to the needs in the worst affected areas of the Country. The nutrition intervention, including distribution of micronutrient powder (MNP) under these joint programmes is planned for implementation as part of the CN component. Under these UN joint programmes, households assisted through CN will be provided with rice as a family ration. The experiences of the joint programming will enable WFP to draw lessons to improve overall design of the nutrition interventions for the new Country programme.
8. Completion of primary education remains a challenge for Bangladesh. Despite good enrolment levels, drop out in the five year primary school programme is above 30 percent. The WFP school feeding programme has brought significant positive results - increasing attendance (8%) and enrolment (17%); and reducing drop out (6.6%) over the last few years. In addition, the programme contributed to reducing anemia in school children. The recent analysis undertaken by Boston Consulting Group (BCG) indicates that a total 4.6 million primary school children in high poverty prone/low education performance areas need assistance. Currently WFP covers only 600,000 children under FFE. An additional 500,000 children are being assisted under the Emergency Operation, which will come to end by 30 June 2010. Continuity in the provision of the school meal is crucial to sustain the positive results. This budget revision therefore proposes to continue assisting the children, currently being assisted under the Emergency Operation, under FFE from 01 July 2010. Further, under the joint programmes, assistance to an additional 162,000 children is planned under FFE. This budget revision therefore proposes, a total increase of about 662,000 children under FFE. Simultaneously, WFP is working closely with the Government to find other sources for further expansion of the programme to meet the remaining gap while also discussing options on systems strengthening as part of the overall handing over strategy under the new Country Programme.
9. Bangladesh is extremely vulnerable to the effects of natural disaster and forecasts suggest that more than 25 million people will be affected in coming years. Recent cyclone and floods have put further pressure on the already stressed social and economic infrastructure and exacerbated the food security situation. The budget revision proposes assistance to additional households in highly food insecure and disaster prone areas through the expansion of the ER component.
10. Finally, in 2007 bamboo flowering a natural phenomenon occurring every 40/45 years across areas of Chittagong Hills Tract led to a rodent plague due to the accelerated rate of reproduction. The resultant rat plague destroyed much of the 2007 and 2008 harvests causing severe food insecurity in the Chittagong Hill Tracts and affecting the indigenous population. WFP provided assistance to over 40,000 beneficiaries, selected from among the extreme poor affected by this rodent infestation in 2008 and 2009. Field assessment conducted by WFP and ECHO indicated that the impact of the crisis continues in 2010, as crop harvests in 2009 were reduced to around 30-50 percent of what was

expected. This budget revision therefore proposes to continue assisting these households affected by the rodent crisis in 2010. The assistance in 2008 and 2009 included providing households with food and cash. The recovery intervention in 2010 also includes providing cash along with food to ensure appropriate diversity in food consumption. The recovery activities will be selected in close consultation with the communities, cooperating partners and the relevant government offices.

11. At present the VGD component represents more than 60 percent of the total requirements of the CP. Over the past few years, directed donor funding for VGD did not materialize and the only contribution was that provided in-kind by the government. The CO has used multilateral funds to twin the GoB in-kind contribution, but the amount available enables twinning of only one third of the yearly GoB in-kind contribution. In light of the unlikelihood of new donor contributions to the VGD programme, the CO has informed the Government of its inability to provide food support or twinning funds for VGD from 2011. The CO has initiated discussions with the relevant Government agencies to agree on a framework of WFP to provide technical supports for systems strengthening as part of the hand-over and exit strategy which is currently envisaged will take a three year period. This budget revision includes provisions of budget for limited capacity building activities to manage this transition in the interim for VGD while a more comprehensive system strengthening strategy is agreed for the new Country Programme.
12. As part of the long-term objective of handing over FFE to the Government, the WFP is providing assistance in preparing a proposal for national school feeding to be funded by the Government through replication of the WFP-assisted school feeding programme. Unlike VGD however, WFP plans to remain actively engaged in providing technical assistance in the implementation of the Government National School Feeding programme. This budget revision therefore also includes provisions to initiate this process in 2010.
13. In general, this budget revision does not include new activities or change in the implementation strategy/distribution modality. The purpose of this budget revision is to include additional contributions from other sources which would enable WFP to increase the coverage to respond to the prevailing needs. In the past, through similar budget revisions, total budget provision of the CP has been increased to US\$ 258.6 million as against the US\$ 309.2 ceiling approved by the Executive Board. The increase of US\$ 38.5 million, proposed under this budget revision (BR 910), would remain within the overall ceiling approved by the Executive Board in 2006.

TABLE 1. BENEFICIARIES BY ACTIVITY TYPE			
	Beneficiaries		
Activity	Present	Increase	Revised
<u>Food Assistance</u>			
C1: Vulnerable Group Development	1,125,000	180,000	1,305,000
C2: Community Nutrition	30,000	143,000	173,000
C3: Food For Education	600,000	662,000	1,262,000
C4: Enhancing Resilience	175,000	325,000	500,000
Sub-Total	1,930,000	1,310,000	3,240,000
<u>Cash Transfer</u>			
C1: Vulnerable Group Development	150,000	-	150,000
C4: Enhancing Resilience	-	40,000	40,000
Sub-Total	150,000	40,000	190,000
Total	2,080,000	1,310,000	3,390,000

* The total excluding the overlapping. Total 3,390,000 includes: 3,200,000 will receive food only; 150,000 cash only; and the remaining 40,000 with a combination of food and cash

FOOD REQUIREMENTS

14. Additional Food requirements

TABLE 2. FOOD/CASH REQUIREMENTS BY ACTIVITY TYPE

	Food distribution (mt)		
Activity	Present	Increase	Revised
C1: Vulnerable Group Development	394,049	50,000	444,049
C2: Community Nutrition	8,000	1,727	9,727
C3: Food For Education	96,925	28,572	125,497
C4: Enhancing Resilience	47,861	23,404	71,265
Total	546,835	103,703	650,538
Cash transfer (US\$)			
C1: Vulnerable Group Development	6,889,987	-	6,889,987
C4: Enhancing Resilience	820,588	1,167,883	1,988,471
Total	7,710,575	1,167,883	8,878,458

15. Describe changes in modalities of food distribution to beneficiaries (if applicable).

This budget revision does not reflect any change in distribution modality.

ⁱ If a regional project, please specify the countries concerned

ⁱⁱ Food cost can comprise both commodities and cash/voucher transfers.

ⁱⁱⁱ The first leg of transport for commodities: from the donor country to the recipient country port, or in cases of regional commodity purchases, from the place of purchase to the recipient country.

^{iv} Landside, Transport, Storage and Handling - LTSH comprises the actions required to (a) care for and (b) physically deliver the commodities from the completion of external transport through to final distribution.

^v Other Direct Operational Costs - ODOC include deliverable goods (non-food items), services and training to beneficiaries and/or to implementing partners.

^{vi} Direct Support Costs - DSC are those costs which are incurred directly in support of projects by a WFP Country Office.

^{vii} Indirect Support Costs - ISC is a fixed rate resourced from all donor contributions, which is used to cover (non-project) corporate overhead costs, i.e. PSA.