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**Executive Board
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Rome, 8–11 November 2010

PROJECTS FOR EXECUTIVE BOARD APPROVAL

Agenda item 9

For approval



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BUDGET INCREASES TO DEVELOPMENT ACTIVITIES – BANGLADESH COUNTRY PROGRAMME 104100 (2007–2010)

Cost (United States dollars)			
	Current budget	Increase	Revised budget
WFP food cost	177,373,181	45,867,061	223,240,242
WFP cash/voucher cost	8,878,459	8,012,814	16,891,273
Total cost to WFP	297,298,089	75,933,266	373,231,355

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NOTE TO THE EXECUTIVE BOARD

This document is submitted to the Executive Board for approval

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal points indicated below, preferably well in advance of the Board's meeting.

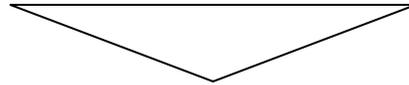
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Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact Ms I. Carpitella, Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).

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DRAFT DECISION*



The Board approves the budget increase of US\$75.9 million to Bangladesh country programme 104100 (2007–2010) (WFP/EB.2/2010/9-B/6) with a one-year extension from 1 January to 31 December 2011.

* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document issued at the end of the session.

NATURE OF THE INCREASE

1. Bangladesh country programme (CP) 104100, which began in January 2007, was scheduled to end on 31 December 2010. This budget revision proposes a one-year extension until 31 December 2011, with additional resources for the extension period. It will enable WFP to continue development assistance to 2.1 million food-insecure people in Bangladesh.
2. The start of the new CP has been delayed until 2012 so that WFP can align it with the revised United Nations Development Assistance Framework. This budget revision will enable WFP to bridge current activities to the next CP (2012–2015) and align them with the WFP Bangladesh country strategy document. The extension will: i) enable activities to be integrated and geographically focused; ii) discontinue food distribution under the vulnerable group development (VGD) programme, which has been the largest activity in this CP; iii) refine the nutrition intervention with both preventive and curative approaches; iv) strengthen partnerships with the Government and other United Nations agencies; and v) build the Government's capacity to manage the VGD and launch a national school feeding programme.

JUSTIFICATION FOR EXTENSION IN TIME AND BUDGET INCREASE

Summary of Existing Activities

3. Under this CP, WFP assists 3 million beneficiaries each year. Its objective is to support the Government in achieving the Millennium Development Goals by improving the food security and nutrition of ultra-poor households. Ongoing activities include:
 - Vulnerable group development, which provides assistance to ultra-poor women and uses food rations and cash incentives to encourage participation in development activities supported by non-governmental organizations (NGOs);
 - community nutrition for vulnerable groups such as children 6–24 months, pregnant and lactating women, and adolescent girls from ultra-poor households;
 - food for education, which provides pre-primary and primary schoolchildren with biscuits fortified with micronutrients in regions with high poverty and low primary school enrolment;
 - enhancing resilience of communities vulnerable to disasters by building disaster-resistant community assets and income-generation through food-for-work and cash-for-work activities; and
 - building capacity of government agencies and partner NGOs to improve effectiveness and efficiency of food-assisted activities.
4. WFP targets: landless and unemployed/underemployed households with low education and poor income potential; debt-carrying low-income households; poor households that are frequently exposed to shocks such as floods and cyclones; urban slum households; and socially excluded or marginalized households such as those headed by women.
5. Markets are functioning relatively well in many areas although price volatility remains a challenge for the poorest households. Food has been shown to have a greater impact than cash transfers on short-term household food consumption and nutrition and so has been chosen where this is an objective or where food is used to transfer micronutrients. Cash

will be transferred where long-term income generation is the primary objective rather than increasing short-term food consumption.

6. The CP extension through 2011 is proposed to continue assistance to extremely poor and food-insecure households and vulnerable communities until the new CP begins in 2012.

Conclusions and Recommendations of Assessments

7. Based on the 2005 household income and expenditure survey, 60 million people in Bangladesh fail to meet the minimum level of caloric consumption of 2,122 kcal/person/day; it is estimated that 29 million people consume less than 1,805 kcal/person/day.
8. The 2009 Household Food Security and Nutrition Assessment by WFP, the United Nations Children's Fund and the Institute of Public Health and Nutrition found high acute malnutrition, underweight and stunting across Bangladesh. Global acute malnutrition was 13 percent, which is considered severe by the World Health Organization, and severe acute malnutrition was 3 percent. Stunting at 40 percent and underweight at 37 percent were also very high. More than 2.1 million children aged 6–59 months were acutely malnourished, of whom 548,000 were severely malnourished.¹ Under this budget revision, WFP will target women and children in the most food insecure areas on the basis of vulnerability analysis and mapping.
9. Bangladesh has made significant progress in increasing school enrolment and eliminating gender inequality in education: the net school enrolment rate is 87 percent for boys and 91 percent for girls, and attendance is 79 percent for boys and 84 percent for girls.² Access to primary education has improved, but the drop-out rate is high, particularly among very poor children. The absence of basic education for a large section of the population continues to affect economic development: 4 million children remain out of school every day.³
10. Bangladesh is at risk of weather-induced shocks and the long-term effects of climate change, including rapid-onset events such as floods, tidal surges and cyclones, and slow-onset shocks such as extended dry spells, droughts, salinity and water contamination. Vulnerability is compounded by increasing population pressure and extreme poverty. These shocks have impacted agricultural production and livelihoods, adversely affecting the economy and incomes. Households regularly adopt such negative coping strategies as reducing food intake, selling productive assets, taking high-interest loans, sending family members away to undertake hazardous labour and migrating to slums.⁴

Purpose of Extension and Budget Increase

11. This budget revision does not introduce new activities: it is a re-adjustment in line with the new country strategy and the comparative strengths of WFP in Bangladesh.
12. WFP has supported the Government's VGD programme for 30 years. In line with the new country strategy, WFP food distributions are to be phased out by the end of 2010 and

¹ WFP. 2009. *Bangladesh Household Food Security and Nutrition Assessment, 2009*. Rome.

² UNICEF. 2009. *State of the World's Children*. New York.

³ UNICEF. 2009. *Quality Primary Education in Bangladesh*. New York.

⁴ World Bank. 2006. *Social Safety Nets*. Development Series – Paper No. 9, Dhaka: p13. See also WFP, UNICEF, the Institute of Public Health Nutrition and the Government of Bangladesh, 2009. *Bangladesh Household Food Security and Nutrition Assessment*, Dhaka: p4.

its VGD programme will focus on developing government capacity. The Government has increased its own food and cash contributions to VGD, and will cover the needs previously met by WFP.

13. WFP and government agencies have developed a framework for capacity development as part of a hand-over strategy. This budget revision includes provisions for the capacity development initiative to manage this transition, while a more comprehensive strategy for strengthening systems will be part of the 2012–2015 CP.
14. Under VGD, cash transfers to 150,000 beneficiaries will continue through the Food Security for the Ultra-Poor programme.
15. Community nutrition will continue to focus on vulnerable groups in areas with high undernutrition. During the extension period, WFP will review the design of this component and introduce a combination of preventive and curative approaches. Support will continue for vulnerable groups throughout the critical periods of their lives. Based on recent estimates, 320,000 children 6–24 months are acutely malnourished in areas with high poverty – community nutrition will target the poorest areas where other CP interventions and joint initiatives are being implemented. This budget revision will assist 75,000 children 6–24 months through blanket supplementary feeding and 173,000 beneficiaries presently assisted through curative feeding (children 6–24 months, pregnant and lactating women and adolescent girls). It also includes a provision for WFP to undertake a pilot project to develop locally produced food for distribution to 6,000 children.
16. Completion of primary education remains a challenge in Bangladesh. Despite good enrolment, the primary school drop-out rate is above 30 percent. A recent analysis by The Boston Consulting Group indicates that 4.2 million primary schoolchildren in areas with high poverty and low educational performance require school feeding. This budget revision will continue assistance throughout 2011 for 1.3 million children in such areas. Continuing school meals is crucial to reduce anaemia and increase attendance: between 2007 and 2009, WFP intervention helped to increase enrolment by 17 percent and attendance by 8 percent and to reduce drop-outs by 7 percent.
17. As part of the long-term objective of handing over school feeding to the Government, this budget revision includes a provision for WFP's technical assistance to support a national school feeding programme.
18. WFP will continue to enhance the resilience of communities affected by shocks through the creation of community assets that protect beneficiary livelihoods, including food-for-work and cash-for-work schemes. Under this component, WFP will provide food and the Government will provide cash inputs. The total transfer value is based on the prevailing agricultural wage rate.
19. The Government's cash input for enhancing resilience is complementary to WFP resources: WFP is not responsible for distributing or monitoring this cash transfer.⁵ Under this component, food rations will be distributed to 25,000 vulnerable households during lean seasons in April–May and September–November, or in the aftermath of sudden-onset shocks.
20. Based on vulnerability analysis, enhancing resilience activities are planned for areas in the north affected by river erosion and areas in the south affected by tidal surges, salinity and cyclones. Field observations suggest that 20 percent of the poorest households affected by adverse weather suffer from food insecurity caused by loss of livelihoods and

⁵ Cash transfers are not registered in the WFP Information Network and Global System (WINGS).

productive assets. Of the 460,000 beneficiaries assisted through this component, 100,000 (20,000 households) will be provided with a one-time cash grant to re-launch income-generating activities for long-term food security. This type of activity is commonly implemented by stakeholders in Bangladesh with excellent results.

21. WFP is undertaking evaluations of its own use of cash grants, including an outcome review in early 2011 and a comprehensive evaluation planned under the next CP (2012–2015).

Activity	Beneficiaries											
	Current				Increase				Revised			
	Food	Food and cash	Cash	Total	Food	Food and cash	Cash	Total	Food	Food and cash	Cash	Total
Vulnerable group development	1 305 000		150 000	1 455 000	(1 305 000)			(1 305 000)			150 000	150 000
Community nutrition	173 000			173 000	81 000			81 000	254 000			254 000
Food for education	1 262 000			1 262 000					1 262 000			1 262 000
Enhancing resilience	460 000	40 000		500 000		100 000		100 000	460 000*	140 000**		500 000***
Subtotal	3 200 000	40 000	150 000	3 390 000	(1 224 000)	100 000		(1 124 000)	1 976 000	140 000	150 000	2 166 000

* Of 460,000 beneficiaries: i) 125,000 will receive relief assistance in the event of a disaster; and ii) 100,000 will receive a one-time cash grant.

** 100,000 beneficiaries (25,000 households to be selected from 460,000 beneficiaries) will continue to be assisted through the recovery component of enhancing resilience.

*** Excludes the 100,000 beneficiaries described above.

FOOD/CASH REQUIREMENTS

22. Changes to the requirements for food and cash transfers are shown in Table 2.

	Current	Increase	Revised
Food (mt)			
Vulnerable group development	444 049		444 049
Community nutrition	9 727	4 272	13 999
Food for education	125 498	25 200	150 698
Enhancing resilience	71 266	41 586	112 852
TOTAL	650 540	71 058	721 598
Cash (US\$)			
Vulnerable group development	6 889 988	3 912 814	10 802 802
Enhancing resilience	1 988 471	4 100 000	6 088 471
TOTAL	8 878 459	8 012 814	16 891 273

23. This budget revision does not reflect any change in distribution modality; however, the rations for some activities are slightly modified.

TABLE 3: RATION MODIFICATIONS			
Component	Food Rations		Remarks
	Existing	New	
Vulnerable group dev.	25 kg wheat flour	Not applicable	No food distribution is planned in 2011.
Community nutrition	Children: 200 g of WSB+*/child/day Women: 250 g of WSB+ /person/day	Children: 200 g WSB+; 20 g sugar and 25 g vegetable oil/day Women: 250 g WSB+ /day for pregnant and lactating women	WSB+ is currently being distributed instead of WSB. The imported WSB+ does not include sugar. Because of problems with acceptance and appropriate use of WSB+ by beneficiaries, sugar is added to ensure adequate consumption. Vegetable oil is also added to ensure community acceptance.
Food for education	75 g biscuits per child per day	75 g of biscuits per child per day	No change
Enhancing resilience	Recovery: 500 g rice or wheat/person/day	Recovery: 333 g rice; 40 g pulses; 20 g vegetable oil/person/day	Provides households with diversified food baskets in line with the country strategy document recommendation
	Relief: biscuits for first 15 days and a subsequent take-home ration (rice, pulses, WSB+, sugar and vegetable oil)	Relief: Biscuits for the first 15 days and a subsequent take-home ration (rice, pulses, WSB+, sugar and vegetable oil)	No change. Includes assistance for 25,000 households to be selected from 92,000 households (460,000 beneficiaries) assisted through the recovery component of enhancing resilience.
		Cash grant: one-time lump sum distribution Taka14,000 ⁶ per household	Includes assistance for 20,000 households to be selected from 92,000 households (460,000 beneficiaries) assisted through the recovery component of enhancing resilience.

* Wheat-soya blend plus.

⁶ Equivalent to US\$204 (United Nations exchange rate, August 2010).

ANNEX I-A

BUDGET INCREASE COST BREAKDOWN			
Food¹/cash	Quantity (mt)	Value (US\$)	Value (US\$)
Cereals	34 470	14 132 700	
Pulses	4 163	2 000 914	
Oil and fats	2 538	2 385 720	
Mixed and blended foods	29 431	27 002 221	
Others	457	345 506	
Total food	71 059	45 867 061	
Cash transfer		8 012 814	
Total food, cash and vouchers			53 879 875
External transport			2 152 425
Landside transport, storage and handling			2 695 056
Other direct operational costs			5 682 199
Direct support costs ² (see Annex I-B)			6 556 115
Total WFP direct costs			70 965 670
Indirect support costs (7.0 percent) ³			4 967 597
TOTAL WFP COSTS			75 933 267

¹ This is a notional food basket for budgeting and approval. The contents may vary.

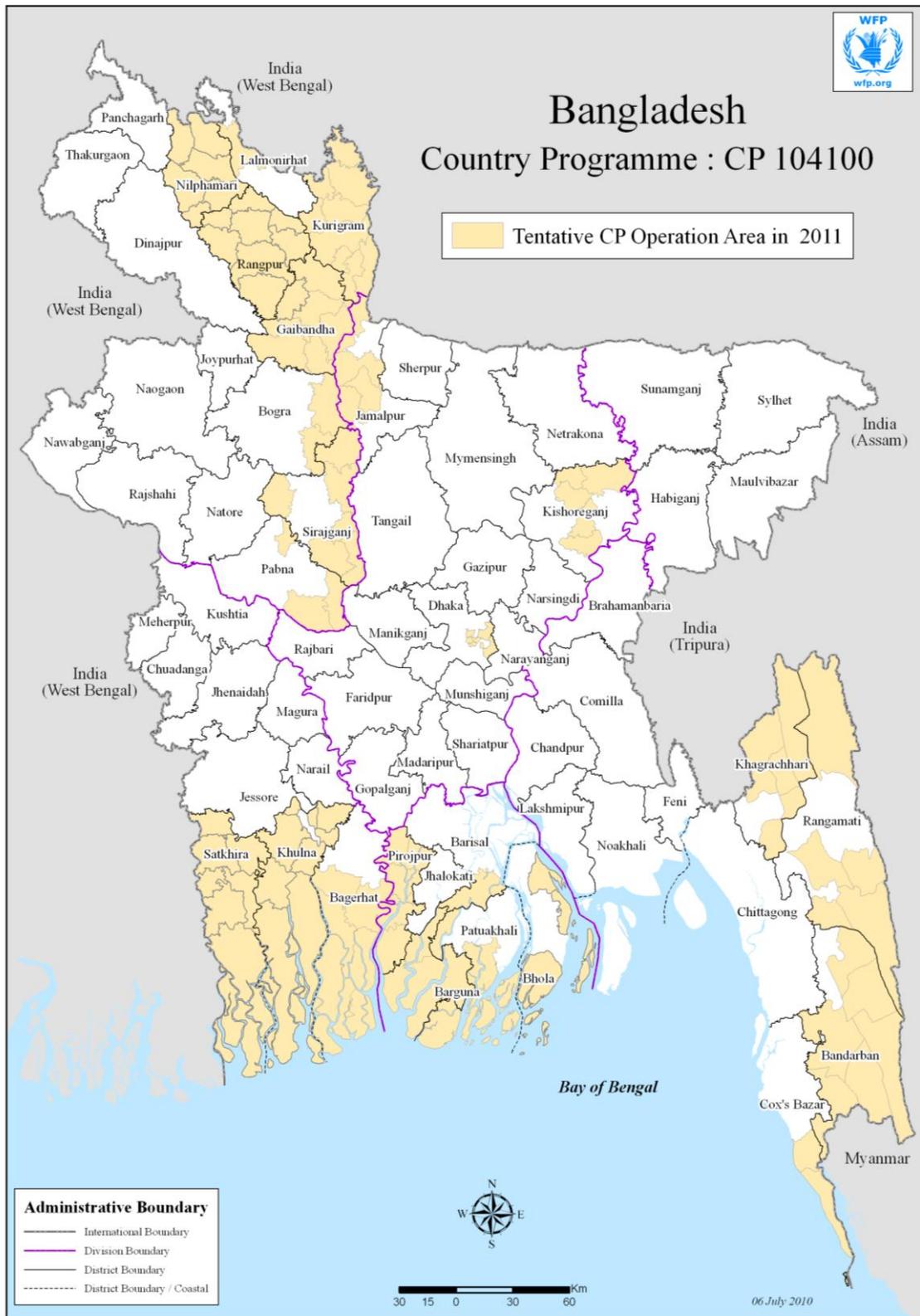
² Indicative figure for information purposes. The direct support cost allotment is reviewed annually.

³ The indirect support cost rate may be amended by the Board during the project

ANNEX I-B

DIRECT SUPPORT REQUIREMENTS (US\$)	
Staff Costs	
International professional staff	1 317 806
Local professional staff	1 057 114
Local general service staff	1 065 330
Temporary assistance	233 303
Overtime	20 609
International consultants	244 783
Local consultants	16 297
Commercial consultancy services	200 000
Staff duty travel	736 600
Subtotal	4 891 842
Recurring expenses	
Facility rental	552 580
Utilities	78 965
Office supplies and other consumables	51 875
Communications and information technology services	150 247
Equipment repair and maintenance	14 991
Vehicle running costs and maintenance	206 800
Office setup and repairs	18 095
United Nations organization services	35 374
Subtotal	1 108 927
Equipment and capital costs	
Vehicle leasing	183 600
Information technology equipment	296 286
Security costs	75 460
Subtotal	555 346
TOTAL DIRECT SUPPORT COSTS	6 556 115

ANNEX II



The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the World Food Programme (WFP) concerning the legal status of any country, territory, city or area or of its frontiers or boundaries.