

# BUDGET REVISION No. 3 TO COUNTRY PROGRAMME HONDURAS No. 10538.0

## Honduras Country Programme 10538.0 (2008-2011)

	Cost (United States dollars)		
	Present budget	Increase	Revised budget
Food cost	10,046,334	4,252,050	14,298,384
External transport	385,893	389,195	775,088
LTSH	0	0	0
ODOC	119,200	379,390	498,590
DSC	314,160	506,603	820,763
ISC (7%)	760,591	386,907	1,147,498
Total cost to WFP	11,626,178	5,914,145	17,540,323

### NATURE OF THE INCREASE

1. This budget revision to the Honduras country programme CP10538.0 is to increase the food requirements, with an additional 7,087 mt of rice along with the related associated costs to accommodate an in-kind contribution of rice from the Government of Brazil. Since this is considered as an "on top contribution", the requirements under the country programme CP10538.0 Activity 1 must be increased to accommodate this contribution.

### JUSTIFICATION FOR BUDGET INCREASE

#### Summary of existing project activities

2. Honduras is the third poorest country in Latin America. Out of a population of 7.1 million, 3.3 million are children under 15 years of age. Fifty percent of the population lives in rural areas. Honduras shows great inequity in the educational sector. Illiteracy rate is 27 percent in rural areas and 9.6 percent in urban areas. The richest income quintile has a literacy rate 7 times higher than the poorest quintile.
3. The Honduras CP 10538.0 was approved by the Executive Board in October 2007 for a duration of four years (2008-2011) to support access to education and contribute to improved nutrition and health among vulnerable groups. In addition to the CP, the country office has signed a

trust fund agreement with the Government of Honduras to support the government-funded school feeding programme in areas not targeted by the WFP country programme.

4. WFP school feeding programme (SFP) is implemented in partnership with the Government of Honduras, through the Secretary of Education and the First Lady's office, which initiated the Healthy School Program. The main goal is to improve the educational, nutritional and health levels of children attending pre-schools and primary schools, through the daily delivery of a nutritionally balanced meal and a greater participation of parents through the community parent committees. WFP and the United Nations Children's Fund (UNICEF) are also responsible for implementing the School Essential Package, which includes the improvement of school infrastructures, school gardens, de-worming and micronutrients provision.

#### Purpose of the budget revision

5. WFP negotiated with Brazil a contribution for 10,000 mt of in-kind rice for Honduras programmes. Taking into account the capacity of the country office to distribute the commodity in a timely and efficient manner, WFP proposed to allocate the in-kind contributions as follows:
  - 2,000 mt through the country programme 10538.0 - Activity 1
  - 5,200 mt through the SFP-Trust Fund / Government of Honduras
  - 2,800 mt through the Central America regional PRRO 10444.0 "Assistance to Strengthen Disaster Preparedness and Mitigation among Marginalized Populations"
6. However, since trust funds are primarily established to receive cash contribution, the in-kind rice contribution could not be confirmed against the Honduras trust fund. It was, therefore, decided to register the portion of the in-kind contribution initially allocated to the trust fund against the country programme (activity 1).
7. The Government of Spain agreed to cover the related associated costs with twinning funds on a full cost recovery basis.
8. The budget revision is requested to absorb the in-kind contribution of rice (7,087 mt) donated by the Government of Brazil, with a twinning contribution from Spain to cover the associated costs for CP10538.0 Activity 1. The in-kind rice contribution will enable WFP, in partnership with the Government, to reach an additional 1,215,000 beneficiaries.

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## FOOD REQUIREMENTS

Table 1. Food requirements by activity type

	Food distribution (mt)		
Activity	Present	Increase	Revised
CP 10538 Act 1	10,719	7,087	17,806
CP 10538 Act 2	3,008	0	3,008
Total	13,727	7,087	20,814

9. This budget revision is to increase the overall cereals project requirements in order to programme the Brazilian contribution for an additional 7,087 mt of commodity valued at US\$4,252,050. Additional associated costs will amount to US\$1,662,095, bringing the total budget increase to US\$5,914,145.

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## RECOMMENDATION

10. The Executive Director is requested to approve the additional commitment of food, resulting in a budget increase for the Honduras Country Programme (10538.0)

Approved by:

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Josette Sheeran  
Executive Director, WFP

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Date

BUDGET INCREASE COST BREAKDOWN			
	Quantity (mt)	Average Cost per Ton	Value (dollars)
WFP COSTS			
A. Direct operational costs			
Commodity <sup>1</sup>			
Rice	7,087	600.00	4,252,050
-			
-			
-			
-			
-			
-			
-			
Total commodities	7,087	600.00	4,252,050
External transport			389,195
Landside transport			0
Subtotal for ITSH			0
Total LTSH			0
Other direct operational costs			379,390
Total direct operational costs			5,020,635
B. Direct support costs (see Annex II for details)			
Total direct support costs			506,603
C. Indirect support costs (7 percent of total direct costs)			386,907
TOTAL WFP COSTS			5,914,145

<sup>1</sup> This is a notional food basket used for budgeting and approval purposes. The precise mix and actual quantities of commodities to be supplied to the project, as in all WFP-assisted projects, may vary over time depending on the availability of commodities to WFP and domestically within the recipient country.

DIRECT SUPPORT REQUIREMENTS (US\$)	
Staff	
National general service staff	281,220
Staff duty travel	64,000.
Staff training and development	10,000
Subtotal	355,220
Office expenses and other recurrent costs	
Rental of facility	36,000
Utilities (general)	5,000
Office supplies	3,550
Vehicle maintenance and running cost	95,833
Other office expenses	1,000
Subtotal	141,383
Equipment and other fixed costs	
TC/IT equipment	10,000
Subtotal	10,000
<b>TOTAL DIRECT SUPPORT COSTS</b>	<b>506,603</b>