

BUDGET REVISION No. 4 TO COUNTRY PROGRAMME HONDURAS No. 105380

Honduras Country Programme 105380 (2008-2011)

	Cost (United States dollars)		
	Present budget	Increase	Revised budget
Food cost	14,298,384	6,608,930	20,907,317
External transport	385,893	231,960	617,852
ODOC	498,590	294,603	793,193
DSC	820,763	462,626	1,283,389
ISC (7%)	1,120,254	531,868	1,652,122
Total cost to WFP	17,123,884	8,129,987	25,253,870

NATURE OF THE INCREASE

1. The Honduras country programme (CP) 105380 proposes a budget revision to cover the needs of an additional 53,000 beneficiaries in the south-western region. The school feeding programme (Component 1) will be expanded to assist an additional 46,000 children. Confirmation of a potential US\$6 million contribution is expected upon completion of this budget revision. The mother-and-child health care programme (Component 2) will support an additional 35,000 beneficiaries; US\$2.4 million for this activity have been secured.
2. This budget revision proposes to:
 - i) Increase food requirements by 8,907 mt, valued at US\$6.6 million;
 - ii) Provide additional associated costs of US\$1 million, consisting of external transport, other direct operational costs (ODOC) and direct support costs (DSC); and
 - iii) Provide additional indirect support costs (ISC) of US\$0.5 million.
3. The budget revision of US\$8.1 million represents an increase of 47 percent in the total cost to WFP for the CP Honduras 105380. This revision will expand the coverage of the school feeding programme in line with the Honduras Programme "Education for All" and will enable WFP to scale up the mother-and-child health care programme targeting stunted children in the south-western region of Honduras in line with the "Ending Child Hunger and Undernutrition Initiative."

JUSTIFICATION FOR BUDGET INCREASE

Summary of existing project activities

4. The Honduras CP 105380 was approved by the Executive Board in February 2008 for a 4-year period (2008-2011) to support access to education and to improve nutrition and health among vulnerable groups.
5. The school feeding (SF) programme is implemented in partnership with the Government of Honduras, specifically, the Secretary of Education and the Healthy School Programme. The main goal is to improve the educational, nutritional and health levels of pre-school and primary-school children by providing nutritionally balanced meals to children attending school and through strengthening community-parent committees. The school feeding programme is part of the Essential Package promoted by the United Nations Children's Fund (UNICEF) and WFP, and includes improving school infrastructure and school gardens, deworming, and providing micronutrients.
6. The mother-and-child health care (MCH) programme is implemented in the southern region of Honduras through the Ministry of Health structure and targets undernourished children under 5, pregnant and lactating women, and people living with HIV (PLHIV).
7. As part of Strategic Objective 5 (a cross-cutting strategy), the CP aims at enhancing the Government's capacity to establish and manage food assistance and hunger-reduction programmes through its social safety net programme, *Honduras Solidaria*. The CP focuses on capacity-development, promoting a community-driven approach to empowering women in vulnerable households so they can participate in implementing the two CP components.
8. During 2009, WFP has been working to connect 1,100 smallholders and low-income farmers to markets through the Purchase for Progress (P4P) pilot initiative, purchasing some 2,000 mt of maize and 500 mt of beans. The P4P project has enabled WFP to strategically link supply and demand for WFP and government food assistance programmes, such as the school feeding programme and the nutritional assistance for vulnerable groups.

Conclusions and recommendations of the re-assessment

9. The impacts of the global financial and economic crisis are substantial, resulting in low national investment and decreasing government budget allocations to social programmes. Furthermore, remittances from Hondurans working abroad, mainly in the United States of America, and exports are contracting. Real gross domestic product (GDP) growth is projected to fall to around 2 percent in 2009.¹
10. Although domestic rice prices have fallen since July 2008, they still stand at about 30 percent above mid-2008 pre-crisis levels.² Meanwhile, average per-capita incomes have decreased to less than US\$99/month (or US\$0.65/person/day) due to lower wages and fewer job opportunities. In June 2009, a food security and nutritional survey was carried out in 35 drought-affected municipalities in southern Honduras.³ Sixty percent of the households interviewed were found to have poor access to food, and 18 percent were facing severe food

¹ World Bank, Honduras Country Brief.

² FAO, GIEWS Honduras Country Brief, September 2009.

³ Food Security and Nutrition Coalition (led by WFP), Food and Nutritional Survey in Southern Honduras, June 2009.

insecurity. Up to 95 percent of household income was spent on food. Eighty percent of households had reduced their food consumption, and 24 percent were facing a poor and limited food diet.

11. The food security and nutritional survey found that the levels of wasting among children under 5 had increased from 2.3 percent in November 2008 to 9.6 percent in June 2009. The survey also showed an underweight prevalence rate of 20.4 percent and a chronic malnutrition prevalence rate among children under 5 of 44 percent. The prevalence of anaemia for children under five was 18.6 percent.
12. Given the declining food security and nutrition situation in Honduras, WFP plans to scale up ongoing programmes to meet the increased needs and prevent further deterioration of the situation.

Purpose of budget increase

13. The budget revision proposes to reach an additional 81,000 people, bringing the total beneficiary number under the CP 105380 to 215,000 persons, as shown in table 1.

Table 1. Beneficiaries by activity

CP Component	Activity	Beneficiaries		
		Present	Increase	Revised
Component 1	School feeding	104,175	45,625	149,800
Component 2	Supplementary feeding	6,000	7,050	13,050
	Support to families of malnourished children and pregnant and lactating women	-	28,200	52,200
Total		110,175	80,875	215,050

14. This budget revision will cover the food needs for an additional 46,000 pre-school and primary children under the Component 1, and 7,000 children aged 6-59 months and pregnant and lactating women under the Component 2. The supplementary feeding programme will target undernourished children under 5 in the south-western region. They will be screened by government health staff on the basis of standard criteria (weight-for-age for children 6-23 months and height-for-age for children 24-59 months).
15. WFP will also provide assistance to 28,000 family members of the undernourished children and pregnant and lactating women to prevent sharing of the supplementary ration and maximize the nutritional impact of the supplementary feeding programme. The family ration has been calculated to cover the needs of 5 persons per household. The ration for the school feeding programme remains as originally approved by the Executive Board. Table 2 highlights the food rations by activity.

Table 2. Food rations by activity (g)

Activity	Corn	Rice	Beans	CSB	Veg Oil	Total (g)	Energy content (kcal)
School feeding	60	30	30	30	10	160	621
Supplementary feeding (pregnant & lactating women)	210	60	30	100	20	1,709	1,709
Supplementary feeding (children 6-59 months)	60	30	30	60	20	200	824
Support to families of malnourished children and pregnant and lactating women	200	48	74	100	18	440	1,660

16. Food distributions will continue to be carried out through WFP's existing network of partners, including United Nations agencies and non-governmental organizations (NGOs). WFP activities are closely coordinated with all humanitarian agencies working in-country through the Food Security and Nutritional Coalition, and complement efforts of the Ministries of Education and Health.
17. The WFP country office will strengthen its capacity to implement and monitor the expanded activities. Some of the targeted areas are remote and will require additional traveling costs. As a result, DSC requirements will increase by 56 percent.

FOOD REQUIREMENTS

18. This budget revision will increase the overall food requirements by an additional 8,907 mt of commodities valued at US\$6.6 million.

Table 3. Food requirements by activity

CP Component	Food requirements (mt)		
	Present	Increase	Revised
CP Component 1	17,806	6,002	23,808
CP Component 2	3,008	2,905	5,913
Total	20,814	8,907	29,721



APPROVAL

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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 ⁴			
Maize	3,543	509	1,854,347
Rice	1,297	533	659,846
Beans	1,926	1,405	2,707,617
CSB	1,621	475	769,975
Veg Oil	519	1,223	617,146
-			
-			
Total commodities	8,907	4,145	6,608,930
External transport			231,960
Landside transport			0
Subtotal for ITSH			0
Total LTSH			0
Other direct operational costs			294,603
Total direct operational costs			526,563
B. Direct support costs (see Annex II for details)			
Total direct support costs			462,626
C. Indirect support costs (7 percent of total direct costs)			531,868
TOTAL WFP COSTS			8,129,987

⁴ 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.