

COUNTRY PROGRAMME (CP) HONDURAS No. 105380 – BUDGET REVISION No.5

Honduras Country Programme 105380 (2008-2011)

	Cost (United States dollars)		Revised budget
	Present budget	Increase	
Food cost	20,907,317	6,237,645	27,144,962
External transport	617,852	89,043	706,895
LTSH	0	791,543	791,543
ODOC	793,193	500,683	1,293,876
DSC	1,283,389	264,718	1,548,107
ISC (7%)	1,652,122	551,854	2,203,976
Total cost to WFP	25,253,873	\$8,435,486	33,689,359

NATURE OF THE INCREASE

1. A budget revision to the Honduras country programme (CP 105380) is proposed to cover the needs of an additional 183,203 beneficiaries in 2011 in the southwestern region compared to planned 2010 figures. This increase is made possible by additional contributions from the host Government, the Government of Canada and the private sector¹.
2. The revision for 2011 includes:
 - increased number of school feeding beneficiaries by 147,543 children, and increased number of mother-and-child health care beneficiaries by 35,660 (including family members), among the most vulnerable population in four southwestern provinces with deteriorating food security situation;
 - increased food requirements by 7,770 mt valued at US\$6.2 million, including sugar donated by the Sugar Producer association;
 - increased landside transport, storage and handling (LSTH) cost by US\$791,543 to complement the Government's contribution in view of the current political and economic crisis²; and
 - additional external transport cost, other direct operational costs (ODOC) and direct support costs (DSC) of US\$854,444, and indirect support costs (ISC) of US\$551,854.

JUSTIFICATION FOR BUDGET INCREASE

Summary of existing project activities

¹ While the 2011 planned figure represents an increase by 183,203 beneficiaries from the 2010 planned figure (215,050), actual beneficiaries reached in 2010 were 243,293, including additional 1,068 school feeding beneficiaries and 27,175 mother and child health care beneficiaries and family members. This increase resulted from carry-over from 2009 when the political crisis delayed the implementation of activities.

² A waiver was approved by WFP Executive Director in November 2010 to incorporate LTSH costs, using funding from other donors.

3. The Honduras CP 105380 started in 2008 for a 4-year period (2008-2011) to support access to education and to improve nutrition and health of vulnerable groups. It comprises a school feeding component and a mother-and-child health care (MCH) component, focusing on the most food-insecure municipalities of the western and southern regions. It also includes a capacity-building component to enhance the Government's capacity to establish and manage food assistance and hunger-reduction programmes, by strengthening the school feeding and the health and nutrition network which represent the largest safety nets. Capacity development activities promote a community-driven approach to empower women in vulnerable households so that they can fully participate in the school feeding and MCH activities.
4. WFP interventions are closely coordinated with those of other humanitarian agencies through the Food Security and Nutritional Coalition, and complement the efforts of the Ministry of Education (MoE) and Ministry of Health (MoH).
5. In 2010, the school feeding programme assisted 150,868 pre-school and primary school children. It is strongly supported by the Government (including financially) and implemented in partnership with the MoE and the Healthy School Programme coordinated by the First Lady Office through the Ministry of Social Development. The main objective is to improve the educational, nutritional and health levels of pre-school and primary school children by providing nutritionally balanced meals at school, and strengthening community-parent committees. The school feeding programme is coordinated with the Essential Package intervention supported by the United Nations Children's Fund (UNICEF) and other activities implemented by the MoH and non-governmental organizations (NGOs) to improve school infrastructure, maintain school gardens, supply cooking sets, and provide deworming and dental treatment, and micronutrients.
6. The MCH programme is currently providing individual food rations to 15,018 undernourished children under 5 years of age, 2,267 undernourished pregnant and lactating women, and 704 persons living with HIV or AIDS and receiving antiretroviral treatment. A family ration (assuming an average size of 5 members) is also distributed to the households to minimize sharing of the individual ration and encourage attendance to nutrition, water and sanitation training sessions and health check-ups implemented jointly with the MoH and NGOs in rural health centres. The targeting criteria follow the national protocol of the Government³.
7. During 2009 and 2010, WFP implemented a Purchase for Progress (P4P) programme to connect some 6,100 small-holders and low-income farmers to markets. Some 12,000 mt of maize and beans were bought from these farmers by the end of 2010. The P4P intervention has enabled WFP to strategically link supply and demand for WFP and government food assistance programmes, including the school feeding programme and the nutritional assistance to vulnerable groups.

Conclusions and recommendations of the re-assessment

8. Floods affected the first agricultural season in 2010, particularly in the southern areas, and were followed by lack of rains during the second season mainly in the same areas, resulting in thousands of people homeless, damages to bridges and roads, and agricultural losses estimated

³ The selection criteria for under-5 children and pregnant and lactating women follow the national protocol. All children 6-23 months are entitled to the supplementary food ration until they reach 2 years of age. Undernourished children 24-59 months are selected based on underweight (weight-for-age) between 85 and 89 percent of the median or between -3 and -2 Z score. They benefit from a food ration for a period of 3 months. For pregnant and lactating women, the entry criterion is mid-upper arm circumference < 23 centimeters and exit is 6 months after delivery.

at 55 percent of the production for some of the major crops. The Ministry of Agriculture and Livestock estimated that 41,300 hectares had been damaged during the first planting cycle, and 11,364 mt of beans and 15,900 mt of maize were not harvested. Monitoring conducted by the Food and Agriculture Organization (FAO) among farmers in affected areas (Choluteca, Valle, southern Francisco Morazán and La Paz) evaluated losses in the second planting cycle of 37 percent of the planted maize and 33 percent of the beans. As a result, the shortage of beans in the national and Central American markets increased and prices accelerated rapidly, exceeding US\$2,250/mt in November 2010 compared to US\$1,486/mt in November 2009.

9. The impacts of the global financial and economic crisis and the 2009 political crisis have also been substantial, resulting in:
 - increased commercial deficit, which reached US\$2,738 million in August 2010 and was about US\$304 million higher than in August 2009;
 - low economic activity, slowly progressing from -1.9 percent in 2009 to +1.5 percent projected in 2010 by the Economic Commission for Latin America and the Caribbean (ECLAC);
 - rising inflation, with the Consumer Price Index (CPI) attaining 5.8 percent in October 2010 (2.8 percent higher than in October 2009); the increase was driven by the rise of food prices which contribute to 69 percent of the CPI, itself mainly due to the higher prices of beans; projections by the Social Forum of External Debt and Development in Honduras indicated that food prices in December were higher by 8 percent over the previous year, and forecasted a continued rise of prices, especially of basic grains, during the first semester of 2011.
10. Household food security has also deteriorated according to the latest WFP food security monitoring system (FSMS) data collected in October 2010. Results showed limited household food reserves, estimated to last about 3 months for maize, 1 month for beans, and 3 weeks for sorghum⁴. The water deficit this year prevented these reserves to be replenished by the harvest, as well as the generation of a surplus for sale that normally provides income to meet essential household needs⁵. The proportion of severely food-insecure families increased from 4 percent in July to almost 8 percent in October 2010 in drought-affected areas, mainly due to reduced food availability from agricultural production and lower economic access to food as a result of increasing prices of basic grains.
11. According to available data from 2007, chronic malnutrition rates in the southwestern provinces (La Paz, Intibuca, Lempira and Santa Barbara) ranged from 29 to 49.5 percent, compared to 24.7 percent at national level⁶. The national global acute malnutrition rate was 1.1 percent. However, as a result of crop losses and increased household food insecurity, the incidence of acute malnutrition in children under 5 years measured in health centres in the drought-affected areas reached 4.9 percent in November 2010⁷. Even though these values are below alarming levels, they are comparatively high at this post-harvest time and prior to the beginning of the dry season (February to May 2011). The low household food reserves may further exacerbate the delicate nutritional situation of vulnerable individuals, particularly children under 5 and pregnant and lactating women.

Purpose of budget increase

⁴ Ministry of Agriculture and Cattle (SAG), September 2010.

⁵ The sale of beans is one of the most important sources of income for small-holder farmers.

⁶ Demography and Health Survey, ENDESA 2005 -2006.

⁷ Information collected from 15 health units located in zones of high vulnerability to food insecurity in the departments of Choluteca, Valle, southern Francisco Morazán, El Paraíso and La Paz.

12. In response to the deteriorating trends in the food security and nutrition situation in southwestern regions of Honduras affected by the economic crisis and by drought and rains in 2010, this budget revision for 2011 aims to scale up ongoing programmes to meet the increased needs and prevent further deterioration of the situation. Municipalities with high proportions of food-insecure households based on FSMS data will be prioritized, while vulnerable individuals will be identified using health and nutrition indicators collected by community volunteers and staff from the MoH network. An emergency food security assessment (EFSA) will be conducted early 2011 to further refine the geographical and household targeting.
13. Under the school feeding component, an additional 147,543 pre-school and primary school children will be assisted. The ongoing evaluation of the school feeding programme, including an assessment of the Government's capacity to take-over the programme in future, will inform the continuation of this activity beyond 2011 in the framework of the next CP (2012-2016).
14. Under the MCH component, an additional 14,182 children under-5 (all children 6-23 months and undernourished children 24-59 months) and undernourished pregnant and lactating women, as well as 80,728 family members will be enrolled. The selection of children and pregnant and lactating women will continue to be done according to the national protocol⁸ and implementation procedures will not change.

Table 1- Beneficiaries by activity 2011

CP Component	Activity	Beneficiaries		
		Planned	Increase	Revised
Component 1	School feeding	149,800	147,543	297,343
Component 2	Treatment of undernourished under-5 children and pregnant and lactating women (individual ration)	13,050	7132	20,182
	Support to families of undernourished children and pregnant and lactating women (family ration)	52,200	28,528	80,728 ⁹
Total		215,050	183,203	398,253

15. Table 2 shows the food rations by activity. Donated sugar will be added to the family ration which is distributed under the MCH programme with the double objective of minimizing the sharing of the ration received by the targeted individual and providing an incentive to attend training and health sessions.

⁸ The national protocol is not fully in line with WFP's approach for selecting and treating moderately acute malnourished individuals. Discussions are ongoing with the MoH for a possible adjustment in the framework of the next Country Programme.

⁹ The number of family members of undernourished children and pregnant and lactating women is calculated based on a 5-member family size but excludes the number of directly assisted individuals in order to avoid double-counting.

Table 2 - Food rations by activity (g/person/day)

Activity	Corn	Rice	Beans	CSB	Vegetable Oil	Sugar	Energy (kcal)
School feeding	60	30	30	30	10	10	620
MCH (undernourished pregnant & lactating women)				200	20	20	1,060
MCH (undernourished children 24-59 months)				200	20	20	1,060
MCH (undernourished children 6-23 months)				175	15	7	840
Support to families of undernourished children and pregnant and lactating women	180	50	75	40	10		1,310

16. WFP will strengthen its capacity to implement and monitor the expanded activities by reinforcing its own monitoring and evaluation system including full involvement of the Ministry of Health (MoH) community volunteer and staff network, training and equipping staff in targeted health units, and hiring facilitators to strengthen the MoH network at field level.

FOOD REQUIREMENTS

17. The revision will increase the overall food requirements by an additional 7,770 mt of commodities.

Table 3 - Total food requirements by activity

	Food requirements (mt)		
Activity	Planned (all years)	Increase	Revised
School feeding	23,808	1,998	25,806
MCH	5,913	5,772	11,685
Total	29,721	7,770	37,491

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 ¹⁰			
Maize	2,840	433	1,230,732
Rice	1,606	720	1,156,590
Beans	1,416	1,630	2,308,458
CSB	1,620	752	1,218,055
Veg Oil	157	1,439	225,664
Sugar	131	748	98,145
Total commodities	7770		6,237,645
External transport			89,043
Landside transport			0
Subtotal for ITSH			0
Total LTSH			791,543
Other direct operational costs			500,684
Direct support costs			264,719
Total direct operational costs			7,883,633
C. Indirect support costs (7 percent of total direct costs)			551,854
TOTAL WFP COSTS			8,435,488

¹⁰ 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.

ANNEX I-B

DIRECT SUPPORT REQUIREMENTS (US\$)	
Staff and Staff Related Costs	
International Professional Staff	-
International GS Staff	-
Local Staff - National Officers	-
Local Staff - General Service	45,407
Local Staff - Temporary assistance	94,820
Local Staff – Overtime	-
Hazard Pay & Hardship Allowance	-
International Consultants	-
Local Consultants	8,333
Non Staff HR: UNV	4,972
Commercial Consultancy Services	-
Staff duty travel	15,850
Subtotal	169,382
Recurring Expenses	
Rental of Facility	25,000
Utilities General	755
Office Supplies and Other Consumables	10,737
Communications and IT Services	8,500
Equipment Repair and Maintenance	4,000
Vehicle Running Cost and Maintenance	7,362
Office Set-up and Repairs	27,363
UN Organization Services	-
Subtotal	83,717
Equipment and Capital Costs	
Vehicle leasing	-
TC/IT Equipment	4,000
Local Security Costs	7,619
Subtotal	11,619
TOTAL DIRECT SUPPORT COSTS	264,718