

## BUDGET INCREASE TO INDIA COUNTRY PROGRAMME 105730

### *Budget Revision No. 7*

#### INDIA COUNTRY PROGRAMME 105730 (2008-2012)

	Cost (United States dollars)		
	Current budget	Increase	Revised budget
Food cost	20,217,131	4,610,004	24,827,135
External transport	0	0	0
LTSH	0	0	0
ODOC	2,893,447	7,186,497	10,079,944
DSC	6,963,750	1,319,572	8,283,322
ISC (7.0 percent)	2,105,204	918,125	3,023,329
<b>Total cost to WFP</b>	<b>32,179,532</b>	<b>14,034,198</b>	<b>46,213,730</b>

#### NATURE OF THE INCREASE

1. This budget revision to the India country programme (CP) 105730 seeks to (i) expand four successful pilot projects developed under component 1 in support of WFP's capacity development objectives; (ii) increase the wheat tonnage requirements for component 2 due to changes in the transformation ratio for converting wheat into locally fortified blended food (Indiamix);<sup>1</sup> and (iii) re-align annual budget plans with adjusted annual gross requirements.
2. More specifically, this budget revision will:
  - provide an additional 37,473 mt of food valued at US\$4.6 million;
  - increase other direct operational costs (ODOC) and direct support costs (DSC) by US\$8.5 million; and
  - increase indirect support costs (ISC) by US\$0.9 million.
3. The budget revision proposes an overall increase of US\$14 million to the CP, bringing the total costs to US\$46.2 million, which is in line with the Executive Board's agreement that additional resources up to US\$57.8 million could be raised and approved by the Executive Director for the CP through a budget revision.<sup>2</sup>

<sup>1</sup> Due to increased commodity prices for some of the ingredients, the ratio of wheat supplied by WFP will need to increase to generate sufficient Indiamix.

<sup>2</sup> The total CP requirements estimated at US\$57.8 million were presented to the Executive Board in 2007. On the basis of the funding from regular development resources, the Executive Board approved a budget of US\$24 million with agreement that additional resources up to US\$57.8 million could be raised and approved by the Executive Director through a budget revision.

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## JUSTIFICATION FOR BUDGET INCREASE

### Summary of Existing Project Activities

4. The CP aims to help the Government improve the implementation of existing national food security programmes. In India, WFP is transitioning away from direct food deliveries towards increased technical assistance and a more active role in policy advocacy.
5. Some food-based support is provided to one million beneficiaries with the objective of introducing innovative models to improve the management, performance measurement, accountability and inclusiveness of government safety-net programmes.
6. The CP comprises three components: (i) capacity development through technical assistance to improve the implementation of government food-based schemes (Strategic Objective 5);<sup>3</sup> (ii) provision of fortified supplementary food (Indiamix) through the Integrated Child Development Services (ICDS), in conjunction with partners (Strategic Objective 4);<sup>4</sup> and (iii) support to improve the livelihoods of food-insecure populations through asset creation to build resilience to natural disasters and degraded environments (Strategic Objective 2).<sup>5</sup>
7. WFP's key operational areas include the states of Madhya Pradesh and Odisha, and the tribal districts in the states of Jharkhand and Rajasthan. WFP's work is aligned with the United Nations Development Assistance Framework (UNDAF) and contributes towards achieving the millennium development goals (MDGs) 1 and 3.<sup>6</sup>

### Conclusion and Recommendation of the Re-Assessment

8. India is home to roughly one-third of all poor people in the world, with one in three Indians living on less than US\$1 per day. The country is ranked 67 out of 87 countries in the International Food Policy and Research Institute's 2011 Global Hunger Index, and 134 out of 187 countries in the United Nations' 2011 Human Development Index.<sup>7</sup>
9. An estimated 225 million people are undernourished and despite high economic growth in the last decade, progress towards achieving MDG 1 has been insufficient.<sup>8</sup> Nutrition indicators remain at critical levels by international standards. Acute and chronic malnutrition are high among both adults and children: 43 percent of the children under five are underweight, 48 percent are stunted and 20 percent are wasted, while 70 percent of children under five and 50 percent of women are anaemic.<sup>9</sup>
10. Uneven progress in the achievement of food security among different states is evident: Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal and Himachal Pradesh have shown some overall improvements, while Maharashtra, Andhra Pradesh and Karnataka states have worsened. Madhya Pradesh, Bihar, Chhattisgarh and Jharkhand remain very highly food-insecure. Food availability at macro level has not translated into a significant

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<sup>3</sup> Strategic Objective 5: Strengthen the capacities of countries to reduce hunger through hand-over strategies and local purchase.

<sup>4</sup> Strategic Objective 4: Reduce chronic hunger and undernutrition.

<sup>5</sup> Strategic Objective 2: Prevent acute hunger and invest in disaster preparedness and mitigation measures.

<sup>6</sup> MDG 1: Eradicate extreme poverty and hunger and MDG 3: Promote gender equality and empower women.

<sup>7</sup> UNDP, Human Development Report, 2011.

<sup>8</sup> Food and Agricultural Organization of the United Nations (FAO), 2011, *State of Food Insecurity in the World Report*.

<sup>9</sup> India, 2006, *National Family Health Survey*.

reduction in hunger and malnutrition.<sup>10</sup> Access to food remains limited and high food prices have left many poor households resorting to negative coping mechanisms: WFP estimates that more than 40 percent of poor households reduce the number of meals and 50 percent of households reduce meal sizes during periods of price rises.<sup>11</sup>

11. The Government's commitment to the eradication of hunger and poverty remains firm, as evidenced by its 11<sup>th</sup> five-year plan, and the new national food security bill that is currently under parliamentary discussion, which proposes to provide subsidized food grains to 75 percent of the rural population and half of the urban population. As part of India's food-based social safety-nets, cereals are provided to those living below the poverty line at highly subsidized prices. Though the schemes are well intended, bottlenecks in the supply-chain management and inadequate implementation capacities continue to reduce their effectiveness. In general, high food prices continue to have a negative impact on the purchasing power of the poor and coverage through subsidies may not be sufficient for the long-term.

### **Purpose of Budget Increase**

12. This budget revision seeks to expand ongoing pilot projects developed under component 1 that model replicable solutions to improve the effectiveness of existing social safety-nets. Based on the successes demonstrated through the pilots, WFP will advocate for replication at scale and for changes in government policy. WFP's intention is to focus its future strategy in India around such targeted technical assistance.<sup>12</sup>
13. In all capacity development pilot projects, food is provided by the Government while WFP provides technical inputs and expertise. The following four projects have demonstrated initial success and secured interest from the Government to pursue further:
  - *Wheat Flour Fortification Project*: A village-level wheat flour fortification project is being implemented for vulnerable tribal communities in 3 districts of Madhya Pradesh (Shivpuri, Sheopur and Guna) with very high levels of iron deficiency anemia. WFP provides fortificants and training to local millers, supports community awareness programmes to communicate information on the new fortified food and ways to reduce the prevalence of anaemia, and supports monitoring and evaluation of the project's impact. The Government of India is keen to learn from this project to inform the fortification of government supplies through various food based safety nets.
  - *Madhya Pradesh Nutrition Project*: Building on the successes of the village-level wheat flour fortification project in Madhya Pradesh, WFP started piloting a comprehensive approach to addressing nutrition. In addition to the village-level wheat flour fortification, it includes the provision of seeds and saplings for kitchen gardens, water and sanitation support, strengthening government market information systems, and supporting the development of district resource centres for training and communication. The project, which is being implemented in 3 districts in the northern part of Madhya Pradesh (Panna, Chattarpur and Tikamgarh), could provide a multi-sectoral solution to undernutrition in India.

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<sup>10</sup> Based on data comparison between two WFP studies: *Report on the State of Food Insecurity in Rural India* (2008); and *Report on the State of Food Insecurity in Urban India* (2010).

<sup>11</sup> WFP, 2009, *Study on the Impact of High Food Prices in India*.

<sup>12</sup> A subsequent budget revision is envisaged to extend the CP by one year until the end of 2013 to enable WFP to finalise its future country strategy.

- *Small Production Units in Rajasthan:* The Supreme Court of India issued a directive that requires that the commercial production of supplementary nutrition products for the Integrated Child Development Services be through local self-help groups. Accordingly, WFP and the Global Alliance for Improved Nutrition are setting up an integrated and self-sustaining model for improved and decentralized food management. The production units require machinery and seed capital to establish the food processing, packaging, transportation to the distribution centers and a revolving capital fund. Government of Rajasthan and other state governments where WFP is operating have shown interest in replicating this model.
  - *Technological solutions to the targeted public distribution system:* this pilot is implemented in Rayagada district of Odisha, and aims to reduce leakages in the system and improve targeting through the use of biometric smart cards and coupons for food distribution to eligible beneficiaries. Acknowledging the significant improvements in efficiency that these smartcards can bring to the system, the Odisha state government has sought WFP's support for replication at state level. Technical equipment, capacity development and awareness raising are required.
14. WFP is also in preparatory discussions with the Government for the implementation of a rice fortification pilot and an efficacy study for an improved ready-to-use supplementary food for children 6-23 months.
15. The budget revision increases the wheat requirements for the locally produced fortified blended food (Indiamix). Due to increased prices of soya and sugar, the ratio of wheat to Indiamix has risen to 2.24:1 (mt).
16. Lastly, the budget revision re-aligns the CPs budget plan with actual annual requirements. Additional expected requirements are supported by a positive forecast of resources.

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## FOOD REQUIREMENTS

17. This budget revision will not change distribution modalities, ration sizes, or beneficiary numbers. Table 1 below shows the increased commodity requirements:

<b>TABLE 1: FOOD REQUIREMENTS BY COMPONENT (mt)</b>			
<b>Component</b>	<b>Current</b>	<b>Increase</b>	<b>Revised</b>
<b>Component 1 - Capacity Development for Food Security</b>	na	na	na
<b>Component 2 - Support for ICDS</b>	178 539*	37 473	216 012
<b>Component 3 -Support for Livelihood Activities</b>	27 296	0	27 296
<b>TOTAL</b>	205 835	37 473	243 308

*\*This includes 300 mt of a ready-to-use supplementary food for a pilot project in 2012 that has already been budgeted*

18. *Contextual, Programmatic and Institutional Risks:* WFP continues to plan and implement activities in close collaboration with the Government, noting the possibility that some of the pilot projects may not deliver the anticipated results. Nonetheless, the lessons learned will inform and help refine strategies. Adoption of the new national food security bill currently under discussion in Parliament may reduce overall national food stocks and the Government's ability to support this programme. WFP will continue to dialogue closely with the Government to ensure support remains aligned to government policies.

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**RECOMMENDATION**

19. The budget revision to the India country programme 105730 for an overall increase of US\$14,034,198 is recommended for approval by the Executive Director.

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**APPROVAL**

Approved by:

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Josette Sheeran  
Executive Director  
United Nations World Food Programme

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Date

## ANNEX I-A

<b>BUDGET INCREASE COST BREAKDOWN</b>			
<b>Food<sup>13</sup></b>	<b>Quantity (mt)</b>	<b>Value (US\$)</b>	<b>Value (US\$)</b>
Cereals	37 473	4 610 004	
Pulses	00 000	00 000	
Oil and fats	00 000	00 000	
Mixed and blended food	00 000	00 000	
Others	00 000	00 000	
<b>Total food</b>	<b>37 473</b>	<b>4 610 004</b>	
Cash transfers		00 000	
Voucher transfers		00 000	
Subtotal food and transfers			4 610 004
External transport			000 000
Landside transport, storage and handling			000 000
Other direct operational costs			7 186 497
Direct support costs <sup>14</sup> (see Annex I-B)			<b>1 319 572</b>
Total WFP direct costs			<b>13 116 073</b>
Indirect support costs (7.0 percent) <sup>15</sup>			918 125
<b>TOTAL WFP COSTS</b>			<b>14 034 198</b>

<sup>13</sup> This is a notional food basket for budgeting and approval. The contents may vary.

<sup>14</sup> Indicative figure for information purposes. The direct support costs allotment is reviewed annually.

<sup>15</sup> The indirect support cost rate may be amended by the Executive Board

**ANNEX I-B**

<b>DIRECT SUPPORT REQUIREMENTS (US\$)</b>	
<b>Staff and staff-related costs</b>	
International professional staff	-40 383
Local staff - national officers	-92 970
Local staff - general service	635 576
Local staff - temporary assistance	206 833
Local staff – overtime	13 000
International consultants	50 349
Local consultants	24 937
Staff duty travel	180 764
<b>Subtotal</b>	<b>978 107</b>
<b>Recurring expenses</b>	
Rental of facility	182 465
Utilities	60 000
United Nations organization services	70 000
<b>Subtotal</b>	<b>312 465</b>
<b>Equipment and capital costs</b>	
Communications equipment	13 000
Local security costs	16 000
<b>Subtotal</b>	<b>29 000</b>
<b>TOTAL DIRECT SUPPORT COSTS</b>	<b>1 319 572</b>

## ANNEX II - Summary of Logical Framework

Results	Performance indicators	Risks, assumptions
<p><b>UNDAF OUTCOME</b></p> <p>1. <i>By 2012, disparities reduced and opportunities enhanced for disadvantaged groups, especially women and girls, for the achievement of MDG related 11th Plan Goals, through strengthened policy framework and implementation capacity of large scale state and national programmes.</i></p>	<p><b>UNDAF Outcome Indicators</b></p> <p>1. <i>Strengthened design and implementation of national programmes and policies on poverty reduction for disadvantaged regions and groups, especially women and girls.</i></p> <p>2. <i>Percentage reduction in hunger and malnutrition levels, especially amongst children and disadvantaged groups.</i></p>	<p><i>UNDAF is aligned with 11<sup>th</sup> five year plan and outcomes are in synchronization with the plan priorities.</i></p>
<p><b>Country Programme Component 1 :Capacity Development for Food Security</b></p>		
<p>Strategic Objective 5: Strengthen the capacities of countries to reduce hunger through hand-over strategies and local purchase</p>		
<p><b>Outcome 1.1: Increased marketing opportunities at national level with cost-effective WFP local purchases.</b></p>	<p><i>1.1 Food purchased locally as percentage of food distributed in-country</i></p> <p><i>Target: 100%</i></p>	<p><i>With likely implementation of the Government's Food Security Bill, national food reserves might be depleted.</i></p>
<p><b>Output 1.1.1</b> <i>Food purchased locally</i></p>	<p>1.1.1a: Tonnage of Indiamix purchased locally for state governments</p> <p>1.1.1b: Number of food processing units completed for installation (Target- 7)</p>	<p><i>Lack of clear policies on fortification in India may have effect on replication across the country.</i></p>
<p><b>Outcome 1.2</b> <b>Progress made towards nationally owned hunger solutions.</b></p>	<p><i>1.2 National Capacity Index (NCI) by hunger solution.</i></p> <p><i>Target: Support to Targeted Public Distribution System- 12</i></p> <p><i>Support to ICDS- 15</i></p> <p><i>Support to Livelihoods-15</i></p> <p><i>Support to Grain Bank Scheme- 12</i></p>	<p><i>Governments pace of adopting and implementing the learnings from the technical assistance project might be slow. Changes in government policies.</i></p>

<p><b>Output 1.2.1</b> <i>Capacity and awareness developed through WFP-led activities</i></p>	<p>1.2.1a: Number of technical assistance project conducted by WFP to strengthen the national capacity (Target:6)</p> <p>1.2.1a: WFP expenditure for technical assistance project to strengthen national capacity (US\$) (Target- US\$10,079,944)</p>	
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## Country Programme Component 2: Support to Integrated Child Development Services

Strategic Objective 4: Reduce chronic hunger and undernutrition

<p><b>Outcome 2.1</b> <b>Adequate food consumption reached over assistance period for targeted households</b></p>	<p><i>2.1: Household Food Consumption Score (FCS)</i> Target: 35</p>	<p><i>Food distribution through the Government is dependent on the capacities. The assumption is that the strategies under ICDS remain conducive.</i></p>
<p><b>Outcome 2.2</b> <b>Improved nutritional status of target groups of PLW and children under 6 years of age</b></p>	<p><i>2.2: Prevalence of stunting among targeted children (under age of 2)</i> <i>(Baseline: 56.7, Target: 50%)</i></p> <p><i>2.2a: Prevalence of Iron Deficiency Anaemia among target women and children</i> <i>Baseline for pregnant women: 70%, target: 64.4%</i> <i>Lactating women Baseline: 84 , Target: 78%</i> <i>Children under 6, Baseline: 63 , target: 56%</i></p>	<p><i>Limited knowledge and cultural food habits</i></p>

<p><b>Output 2</b> <i>Food distributed in sufficient quantity and quality to targeted beneficiaries under secure conditions</i></p>	<p>2.1a: Number of women, men, girls and boys receiving food by category as % of planned</p> <p>2.1b: Quantity of fortified foods distributed as % of planned distribution</p> <p>2.1c: Number of days rations were provided</p> <p>2.1d: Number of staff members/community health workers trained on modalities of food distribution</p> <p>2.1e: Energy content of food distributed (kcal/person/day)</p> <p>2.1f: Number of beneficiaries/caregivers who received messages/training on health and nutrition</p>	<p><i>Limited knowledge and cultural food habits</i></p>
<p><b>Country Programme Component 3: Support to Livelihood Activities</b></p>		
<p>Strategic Objective 2: Prevent acute hunger and invest in disaster preparedness and mitigation measures</p>		
<p><b>Outcome 3.1</b> <b>Adequate food consumption reached over assistance period for targeted households at risk of falling into acute hunger</b></p>	<p><i>3.1: Household Food Consumption Score (FCS)</i></p> <p>Target: 35</p>	<p><i>Lesser emphasis in the programme on issues directly related to food and nutrition</i></p>
<p><b>1 Output 3.1.1</b> <i>Food distributed in sufficient quantity and quality to targeted beneficiaries under secure conditions</i></p>	<p>3.1.1a: Number of women, men, girls and boys receiving food by category as % of planned</p> <p>3.1.1b: Tonnage of food distributed, by type, as % of planned distribution</p> <p>3.1.1c: Number of cereal banks established and functioning</p>	

<b>Outcome 3.2</b> <b>Hazard risk reduced at community level in target communities</b>	<i>3.2: Household Asset Score</i> <i>(Target: 15)</i>	<i>Government supported National Employment Guarantee Scheme intended to provide work for 100 days has overlap and synergies with FFA programme.</i>
<b>Output 3.2.1</b> <i>Mitigation assets build by target communities</i>	3.2.1a: Hectares (ha) of cultivated land treated and conserved with physical soil and water conservation measures only  3.2.1b: Hectares (ha) of cultivated land treated with biological stabilization or agro forestry techniques only (including multi-storey gardening, green fences, and various tree belts)	

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## **ANNEX III - LIST OF ACRONYMS USED IN THE DOCUMENT**

BR	Budget revision
CP	Country programme
DSC	Direct support costs
FFW	Food for work
ICDS	Integrated Child Development Services
LBW	Low Birth Weight
IMR	Infant Mortality Rate
ISC	Indirect support costs
MDG	millennium development goal
ODOC	Other operational direct costs
UNDAF	United Nations Development Assistance Framework
WFP	World Food Programme

**ANNEX IV – MAP**

