

BUDGET REVISION FOR THE APPROVAL OF REGIONAL DIRECTOR

	<u>Initials</u>	<u>In Date</u>	<u>Out Date</u>	<u>Reason For Delay</u>
<u>ORIGINATOR</u>				
Country Office or Regional Bureau on behalf of Country Office
<u>CLEARANCE</u>				
Project Budget & Programming Officer, RMBP
Chief, RMBP
Chief, ODLT (change in LTSH and/or External Transport)
<u>APPROVAL</u>				
<input checked="" type="checkbox"/> Regional Director

PROJECT			
Start date: 01/01/2012	End date: 31/12/2016	Extension/Reduction period: N/A	New end date: N/A
	Previous Budget	Revision	New Budget
Food cost ²	US\$224,705,930	US\$ 2,510,499	US\$ 227,216,429
External transport ³	US\$ 23,036,700	US\$ (261,565)	US\$ 22,775,135
LTSH ⁴	US\$ 9,817,835	US\$ 1,110,139	US\$ 10,927,974
ODOC ⁵	US\$ 26,108,359	US\$ 888,923	US\$ 26,997,282
DSC ⁶	US\$ 32,903,337	US\$ 890,750	US\$ 33,794,087
ISC (7%) ⁷	US\$ 22,160,051	US\$ 359,712	US\$ 22,519,764
Total WFP cost (US\$)	US\$338,732,212	US\$ 5,498,459	US\$ 344,230,671

TYPE OF REVISION

- Additional commodity/Cash
 Additional DSC
 Additional ODOC
 Additional LTSH
 Additional external transport
 Extension or Reduction in time
 Other

DISTRIBUTION:

DED, OD	Director, ODX	Chief, ODXP
Deputy COO & Director, ODE	Chief, RMBP	Regional Director
Chief, ODLT	Chief, ODXR	RB Programme Advisor
Country Director	Programme Officer, RMBP	RB Programme Assistant
OD Registry	Programming Assistant, RMBP	RB Chrono
Director, ERD and COO	Liaison Officer, OD @	

¹ If a regional project, please specify the countries concerned

² Food cost can comprise both commodities and cash/voucher transfers.

³ The first leg of transport for commodities: from the donor country to the recipient country port, or in cases of regional commodity purchases, from the place of purchase to the recipient country.

⁴ Landside, Transport, Storage and Handling - LTSH comprises the actions required to (a) care for and (b) physically deliver the commodities from the completion of external transport through to final distribution.

⁵ Other Direct Operational Costs - ODOC include deliverable goods (non-food items), services and training to beneficiaries and/or to implementing partners.

⁶ Direct Support Costs - DSC are those costs which are incurred directly in support of projects by a WFP Country Office.

⁷ Indirect Support Costs - ISC is a fixed rate resourced from all donor contributions, which is used to cover (non-project) corporate overhead costs, i.e. PSA.

NATURE OF THE INCREASE

1. The Budget Revision proposes (i) the inclusion of blanket supplementary feeding for children under five years and pregnant and lactating women under Component-1: Improving Maternal and Child Nutrition (ii) an increase of the number of children assisted under Component-2: School Feeding; (iii) the introduction of cash transfers under Component-3: Enhancing Resilience to Disasters and the Effects of Climate Change; (iv) an increase in beneficiary numbers, and the inclusion of food transfers under Component-4: Strengthening Government Safety Nets; (v) revision of the LTSH matrices as part of the regular review; and (vi) adjustment in DSC requirements as percentage of DOC in line with the revised financial framework.

The Budget Revision includes a net increase of US\$ 2,510,499 of the commodity/cash value and US\$ 2,987,960 of the associated costs.

JUSTIFICATION FOR EXTENSION-IN-TIME AND/OR BUDGET INCREASE

Summary of existing project activities

2. The Bangladesh Country Programme was approved by the WFP Executive Board in November 2011 and has the overarching objective to support the Government in improving the long-term food security and nutrition situation of ultra poor households in Bangladesh. The CP includes the following components:

Component 1: Improving Maternal and Child Nutrition (IMCN)

A combined preventive and curative approach will be implemented in communities with very high rates of acute and chronic undernutrition among children under 5 and pregnant and lactating women and/or in areas with high rates of undernutrition, coupled with aggravating factors such as high food insecurity. The expected outcomes are: i) improved nutritional status of young children and pregnant and lactating women during the critical 1,000-day window of opportunity; and ii) enhanced nutrition and hygiene practices of caregivers, adolescent girls and other key household members.

Component 2: School Feeding (SF)

School feeding contributes to the Government's goal of achieving universal primary education by 2015. It constitutes a safety net to ensure that children receive adequate micronutrients and do not feel hungry throughout the day, and is an incentive for parents to send children to school. The expected outcome is increased enrolment, attendance and retention.

Component 3: Enhancing Resilience (ER) to Disasters and the Effects of Climate Change.

This component focuses on vulnerable communities and households in areas prone to recurrent shocks. The expected outcomes are: i) enhanced resilience among vulnerable communities to natural disasters and the effects of climate change through the creation of community assets; and ii) improved food and nutrition security of ultra-poor households in these communities.

Component 4: Strengthening Government Safety Nets

This component supports the Government in reforming social safety nets while addressing hunger and household food insecurity. Social protection is a pillar of the Government's national poverty reduction strategy, in which safety nets are an important element for supporting the ultra-poor. WFP will complement government work in formulating new integrated safety-net models that focus on food security, redesigning and streamlining existing programmes and enhancing its institutional capacity to manage them.

Conclusion and recommendation of the re-assessment (if applicable)

3. Summary of the findings and recommendations of the re-assessment or of any other relevant mission.

WFP has undertaken two food security and nutrition assessments, one in the Chittagong Hill Tracts (CHT) and the other in the southern coastal plains.

Chittagong Hill Tracts

A rapid food security assessment undertaken by WFP in March 2012 indicated that 100 percent of the focus group households were food insecure in two unions of the Chittagong Hill Tracts following successive shocks affecting food stocks and agricultural activity. In response, WFP launched a small scale relief operation to provide food and cash assistance for six months to the most food insecure households to prevent further aggravation of the hunger situation over the upcoming lean season. Additionally, a one-off cash grant for the purchase of seeds will contribute to agricultural production and ease food insecurity in the medium term. To address the worsening nutritional status of the most vulnerable population, it was decided to provide blanket coverage of fortified food to pregnant and lactating women and children under 5 years.

Due to the remoteness of the operation, poor access and higher than normal costs for food items, it was determined through a market analysis that a combination of food and cash is the most appropriate transfer modality. WFP will provide two commodities (rice and oil) and the balance of the transfer will be in the form of cash so that beneficiaries are empowered to purchase the remaining food items according to their choice. Such an approach limits a situation in which the injection of cash has an inflationary and hence negative impact on the local market.

Southern coastal plains

In the southern part of the country, heavy rainfalls in July-August 2011 caused severe flooding and prolonged waterlogging in two districts. Relief activities were undertaken within the emergency provision of the approved Country Programme. The follow-up assessments indicate that the flooding continues to have a longer-term impact on the poor families. Marginal farmers and day labourers, unable to save any food stock or cash from past seasons, have had no regular form of income. Wage rates have barely recovered since the floods peak in August and alternate employment opportunities remain limited. Purchasing capacity is 24 percent less than normal. Food consumption score has also been declining and 57 percent of the vulnerable population fall in the category of borderline consumption comparing 38 percent in December 2011. There is also a trend of heavy consumption of rice and reduction in protein and other non-cereal food items. Children under 5 years and PLWs are most vulnerable at these times when food is of poor quality and small quantity. In the coastal undernutrition is endemic. There is evidence of further deterioration of the nutritional status overall as based on Global Acute Malnutrition (GAM) rate. GAM rates in children 6-59 months rose from a prevalence of 5 percent at the end of September to exceed 'critical' levels at 27 percent in early November. Disaggregated data for children 6-23 months demonstrates an even steeper deterioration in nutritional status, with the prevalence of GAM rising from 9 to 48 percent. These findings highlight the volatility of the prevailing nutritional situation and the nutritional vulnerability of PLW and children aged 6-59 months in the flood-affected households.

Employment creation activities and nutritional assistance were clearly necessary together with blanket supplementary feeding for children under 5 and PLWs.

The markets have recovered from the impact of the initial shock are found to be well-functioning where food for usual consumption (rice, pulses, vegetable, etc.) is available. Therefore cash transfer is recommended for employment generation under component-3. In addition, blanket feeding under component-1 with fortified food to address the nutritional needs of children under 5 and PLWs from the members of the same households.

The activities are to be implemented with the framework of the Country Programme. The blanket feeding to children under 5 needs to be added under the BR. Further the implementation of employment generation activities under component-3 requires inclusion of cash through the substitution of food.

Describe reasons for extension-in-time (e.g. difficulties the project/ programme has encountered).

4. This Budget Revision does not refer to an extension in time

Purpose of extension and/or budget increase (applicable for all projects)

5. The budget revision aims to:

i. Include blanket supplementary feeding for children under five years and pregnant and lactating women (PLW) under Component-1

Based on the assessment of the nutritional status of vulnerable household members children under five years and the PLWs are included in the beneficiary categories for blanket supplementary feeding. As per the approved Country Programme, Component-1 has the provision to provide blanket feeding for children under 2 only. Therefore, the inclusion of supplementary feeding to children under 5 and PLWs is proposed under this BR. Despite the additional beneficiaries profiles, the total number of beneficiaries and the quantity of food that will be required for component-1 in 2012 remains within the budget.

Therefore, there is no change in overall budget in this component.

ii. Increase the number of children for assistance in 2012 under Component-2

As per the approved Country Programme, the CO planned to reduce its caseload from 1.1 million children in 2011 to 800,000 children in 2012. The intention was that WFP reduce its caseload under School Feeding while closely supporting the Government to scale up its school feeding programme. Due to continuing capacity constraints, the Government's has been unable to expand its coverage beyond 1.2 million children in 2012 as anticipated. To avoid 300,000 children being without school feeding support, the Government requested WFP Bangladesh to continue assistance to the 300,000 children up to the end of 2012. Further the Government offered an in-kind contribution of wheat for the production of the required quantity of biscuits to facilitate this request. To meet the requirements of the Government and ensure a smooth transition for the WFP caseload, in 2012 the CO has been required to increase the number of children for assistance under component-2 from 800,000 to 1,100,000.

To provide HEB for the additional 300,000 school children, it requires 8,000 mt of wheat for 1,850 mt of HEB (4.3 mt of wheat is required to produce 1 mt of biscuit). The additional 8,000 mt of wheat (from the government IK contribution), valued at US\$ 2,456,000 is included in this BR. In addition, the value of the wheat in-kind contribution confirmed by the Government is less than that originally budgeted. This brings down the overall commodity value of US\$ 1,260,000. Therefore the net reduction of commodity in this BR is US\$ 1,196,000 (\$2,456,000 - \$1,260,000).

iii. Substitute food for cash under component-3

Under Component-3 WFP undertakes the core activities of Enhancing Resilience (work/training for food/cash) and also rapid small scale emergency responses. Based on the assessments and recommendations, increasingly the actual and planned responses by the CO include cash assistance. However, the component-3 was approved with the provision of only food and hence the provision of cash must now be included through this BR.

The budget revision proposes the inclusion of US\$ 3,204,210 cash under component-3, through substitution of 6,171mt food (US\$ 2,974,784) for cash. The net increase in commodities for the component 3 is US\$229,426.

iv. Increase in beneficiary, inclusion of food a cash transfer under Component-4

(a) In line with the Country Programme, CO is undertaking initiatives to generate evidence which will be used to support the Government in their preparation of the Social Protection Strategy and in the reform of existing social safety net programmes. WFP, in partnership with the International Food Policy Research Institute (IFPRI) and with various government agencies, is undertaking a research initiative which involves the evaluation of different transfer modalities. This research will evaluate the outcomes

of each modality; (a) only cash; (b) only food; (c) food and cash; (d) nutrition behavioural change communication and cash; and (e) nutrition behavioural change communication and food. Specifically, the research will measure the impact on household income, food security and child nutrition. 4,000 households (20,000 beneficiaries) are participating in this research initiative. The evidence generated from this research is expected to assist various stakeholders (including WFP, development partners, and Government agencies) in policy review and the design of improved social safety net programmes.

Food transfers were not previously included under component-4. The increase of 816mt of food (US\$ 412,013) and US\$ 500,000 of cash are included in this BR.

- (b) Similarly, as part of the pilot initiative, small scale livelihood support activities will be implemented to establish its linkage with the nutrition intervention. A total of 3,500 beneficiaries from 700 households will be covered. These beneficiaries will be selected from households identified for nutrition support through component-1. The evidences generated will enable to improve nutrition strategy in future.

This increases the cash commodity of US172,840 under this BR.

In addition, the Budget Revision includes the review of DSC in line with the new financial regulations and to reflect LTSH requirements based on the review of the LTSH matrices.

Since 2008, Bangladesh Country Office has been involved and gained significant experience in the distribution of cash in both emergency and non-emergency contexts. Cash transfer activities have been implemented within the purview of the interim operational directives. Recommendations from a mission from HQ and Regional Bureau in 2009 were applied to the implementation of Emergency Operations (EMOP 10715.0 and CP 107880.0) which involved the distribution of more than US\$20 million in cash to about 700,000 beneficiaries. The cash transfer guidelines and necessary tool have been developed and gradually refined based on the lessons learnt (summary on key lessons learnt is attached).

The County Office has received the confirmation from the donors to meet the increased funding needs as proposed under this Budget Revision.

6. This budget revision proposes the following changes in 2012:

- The inclusion of 9,600 children and PLWs for blanket nutritional feeding but without any net increase of the total number targeted for assistance under component-1
- The inclusion of assistance to an additional 300,000 school children under component-2
- The inclusion of a total 23,500 beneficiaries (28,500 minus 5,000 overlapping food & cash beneficiaries in Transfer Modality Research) under component-4

The net increase in the number of beneficiaries in 2012 therefore stands at 323,500 (300,000+23,500).

The total increase over the CP period (2012-2016) is reflected in the table below

TABLE 1. BENEFICIARIES BY ACTIVITY TYPE			
	Beneficiaries		
Activity	Present	Increase	Revised
Component-1	1,860,000	0	1,860,000
Component-2	1,040,000	300,000	1,340,000
Component-3	1,400,000	0	1,400,000
Component-4	225,000	23,500	248,500
Total	4,025,000	323,500	4,348,500

FOOD AND CASH REQUIREMENTS

7. Additional and total food quantity needed for achieving revised activities.

TABLE 2. FOOD REQUIREMENTS BY ACTIVITY TYPE			
	Food requirement (mt)		
Activity	Present	Increase	Revised
Component-1	53,580	0	53,580
Component-2	194,399	8,000	202,399
Component-3	155,881	-6,171	149,710
Component-4		816	816
Total	403,860	2,645	406,505
			Cash transfer (US\$)
Component-3		\$3,204,210	\$3,204,210
Component-4	\$10,115,000	\$672,840	\$10,787,840
Total	\$10,115,000	\$3,877,050	\$13,992,050

8. There is no change in modalities of food/cash transfer to beneficiaries proposed under this Budget Revision.