

## DEVELOPMENT PROJECT – BHUTAN 200300

<b>Improving Children’s Access to Education</b>	
Number of beneficiaries	30,000
Duration of project	January 2014 – December 2018
WFP food tonnage	9,396 mt
Cost (United States dollars)	
WFP food transfer cost	4,662,559
WFP cash and voucher transfer cost	--
Capacity development and augmentation	900,000
Total cost to WFP	8,579,519

### EXECUTIVE SUMMARY

The Kingdom of Bhutan has made considerable progress since opening up to the outside world in the 1960s. The country embarked on a far-reaching development strategy that has been articulated in a series of five-year development plans. The new 11<sup>th</sup> Five-Year Plan (2014–2018) is currently being prepared and continues the practice of targeted investments for human, social and economic development. In this context, Bhutan is on track to achieve the Millennium Development Goals.

Gross National Income has consistently risen from \$730 in 2000 to \$2,070 in 2011 and annual Gross Domestic Product growth has also been strong—approximately 8 percent in 2011/12 and projected to reach 12.5 percent in 2012/13. Poverty rates have fallen from 23 percent in 2007 to 12 percent in 2012. There are, however, geographical differences; six out of 20 *dzongkhags* (districts) have poverty levels above the national average.

Agricultural land covers only 8 percent of the country and given the difficulty of terrain and access problems with respect to markets, food production at national and household levels remains low. Domestic cereal production meets only 60 percent of total demand and the balance is imported. This being said, households report that they do not face serious food shortages, with price controls and traditional social networks playing an important role in leveraging access to food by poor and vulnerable families.

The Royal Government of Bhutan has also made significant advances in universal education. Gross and net enrolment ratios stand at 120 and 96 percent respectively, and unlike much of the rest of South Asia, gender parity in primary education is 99 percent. Much of this success can be attributed to WFP’s active engagement in school-feeding programmes across the country.

After almost 40 years of WFP support, the Government has now set self-reliance in the social development sphere as its goal by 2020—especially in education and health services. In practice, this means that specific nation-wide programmes such as school feeding will be

managed, implemented and resourced directly by the Government without external assistance. To this end, around 11 percent of the budget for the 11<sup>th</sup> Five Year Plan will be devoted to the education sector.

The overall goal of WFP assistance over the course of 2014-2018, with a view to phasing out operations by the end of 2018, is to help the Government achieve self-reliance in the management, coordination and implementation of a cost-effective, equitable and quality school-feeding programme across the country. To achieve this broader goal, WFP has the following as its specific objectives:

- Strengthen the capacity of the Ministry of Education to be an effective steward of a nation-wide school-feeding programme; and
- Maintain access to, and gender parity in, primary education that contributes to enhanced learning.

WFP will pursue two inter-related strategies. The first is to continue supporting primary schools in remote areas, but gradually hand over this responsibility to the Ministry of Education. The second is to strengthen capacities of the Ministry in policy and priority setting, supply-chain management and programme oversight, so as to enable it to independently administer the countrywide school-feeding programme.

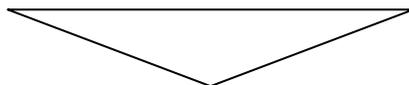
These objectives correspond WFP Strategic Objective 4 and Millennium Development Goal 2<sup>1</sup> and are aligned with the Government's 11<sup>th</sup> Five Year Plan (2013-2018) and the United Nations Development Assistance Framework (2014-2018). Moreover, the objectives contribute to the One UN Programme outcome of providing equitable access to, and utilization and quality of essential social services for all, with a focus on sustaining the Millennium Development Goals and addressing emerging challenges.

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<sup>1</sup> SO 4: Reduce undernutrition and break the intergenerational cycle of hunger and MDG 2: Achievement of universal primary education.

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## **DRAFT DECISION\***



The Board approves the proposed development project Bhutan 200300– “Improving Children’s Access to Education” (WFP/EB.2/2013/xxx).

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\* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document issued at the end of the session.

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## SITUATION ANALYSIS

1. The Kingdom of Bhutan is a small, mountainous, landlocked country with a population of about 735,000 spread over 39,384 km<sup>2</sup>. Most people live in the central highlands, and almost two-thirds are classified as rural inhabitants. Bhutan has seen significant political changes in recent years. In 2008, the country underwent a transition from an absolute monarchy to a democratic constitutional monarchy. In March 2013, the country had its second round of parliamentary elections and in July 2013, elections for the National Assembly were held successfully.

### *Macroeconomic Context*

2. In 2011, the World Bank classified Bhutan as a Lower Middle-Income Country (LMIC). Per capita Gross National Income (GNI) has risen consistently, from US\$730 in 2000, to US\$2,070 in 2011. Annual GDP growth stood at 8 percent in 2011/12 and is projected to reach 12.5 percent in 2012/13 primarily due to investments in the hydropower sector.<sup>2</sup> This being said, some key macroeconomic concerns remain. Approximately 80 percent of all Bhutan's imports are from India and its currency is tied to the Indian Rupee.<sup>3</sup> At the beginning of 2012, Bhutan experienced a significant decline in foreign currency holdings (i.e. Indian Rupees) owing to increased domestic demand for imported goods from India and external debt. Consequently, inflation rates rose—peaking at 8.45 percent—driving up prices for basic goods and services.<sup>4</sup>
3. The dependence on India cannot be underestimated. Bhutan has a debt of approximately US\$45.6 million on outstanding Indian Rupee loans. Of this, around 84 percent is public sector debt on hydropower projects, which are a main source of current export earnings.<sup>5</sup> The latest projections for 2014/15 suggest that Rupee borrowing will reach 38 billion (or US\$700 million).

### *Poverty Trends*

4. Poverty rates have fallen from 23 percent in 2007 to 12 percent in 2012—a notable success when compared with other countries globally.<sup>6</sup> However, there are variations in the poverty levels across the 20 *dzongkhags* (districts) in Bhutan (Figure 1).

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<sup>2</sup> World Bank. 2012. *Bhutan Country Overview*. Washington, D.C.: World Bank Publications

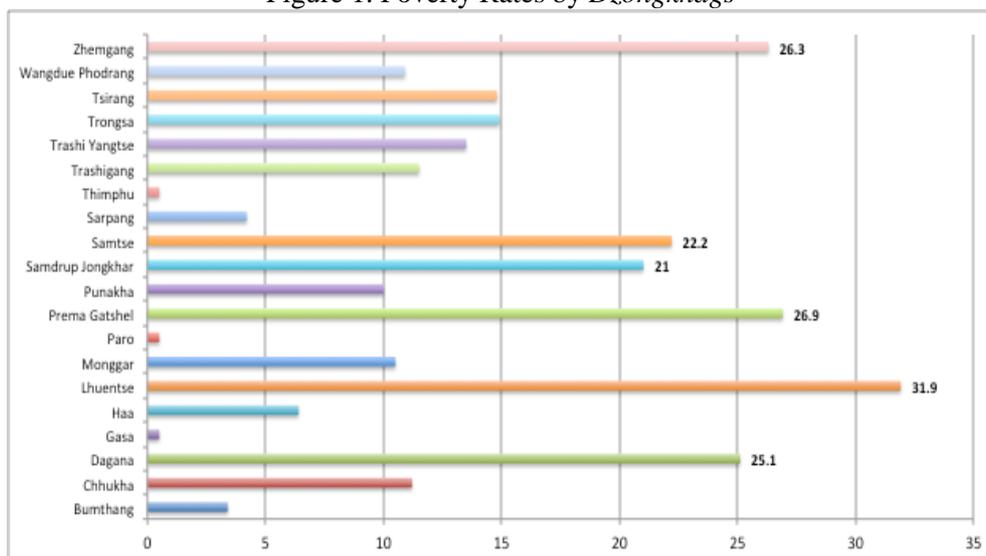
<sup>3</sup> *Ibid.*

<sup>4</sup> National Statistics Bureau (NSB). 2012. *Statistical Yearbook of Bhutan: 2012*. Thimphu: NSB Publications

<sup>5</sup> *Ibid.*

<sup>6</sup> National Statistics Bureau (NSB). 2013. *Bhutan Poverty Analysis: 2012*. Thimphu: NSB Publications. A person is considered poor if his or her per capita consumption is below Nu. 1,704.84 per month (approximately US\$30).

Figure 1. Poverty Rates by Dzongkhags<sup>7</sup>



- Poverty and geography are intertwined in Bhutan. The mountainous terrain and poor road access isolates rural populations from markets and social services, and also limits livelihood opportunities. The Government and development partners have responded by constructing more than 1,500 kilometers of farm roads. The proportion of rural people within a one-hour walking distance of a road increased from 40 percent in 2000 to 53 percent in 2008.<sup>8</sup>

#### *Food Insecurity and Nutrition*

- Agricultural land covers only 8 percent of the country and food production at national and household levels remains low. Domestic cereal production meets only 60 percent of total cereal demand.<sup>9</sup> Depending on the year, import levels can be significant. For example, in 2010, imports accounted for 64 percent of national wheat requirements, 52 percent of rice demand and 20 percent of millet needs.<sup>10</sup>
- The Food Corporation of Bhutan (FCB), with assistance from WFP, established a National Food Security Reserve (NFSR), to assure availability of domestically-produced and imported commodities (rice, sugar and oil) to the general population and also to advise the Government on price controls for these commodities. In 2012, the FCB marketed around 1,660 mt of commodities through 20 regional and local FCB depots across the country. Non-cereal and animal products are available throughout Bhutan.
- The 2012 Bhutan Living Standards Survey (BLSS) reports that the mean monthly per capita expenditure of Bhutanese households amounts to Nu. 4,000<sup>11</sup>—of which 39 percent is devoted to food.<sup>12</sup> Two-thirds of mean monthly per capita food expenditures are devoted

<sup>7</sup> Adapted from NBS (2013): Bhutan Poverty Analysis 2012.

<sup>8</sup> World Bank. 2012. *op. cit.*

<sup>9</sup> Ministry of Agriculture (MoA). 2012. 2012 Agricultural Overview. Thimphu: MoA Publications.

<sup>10</sup> *Ibid.*

<sup>11</sup> Bhutanese ngultrum

<sup>12</sup> Asian Development Bank and National Statistics Bureau of Bhutan. 2012. Bhutan Living Standards Survey: 2012. Philippines: Asian Development Bank Publications.

to three main food groups: cereals (25 percent); meat/fish and oil (21 percent); and dairy products (20 percent).<sup>13</sup>

9. The BLSS survey results also indicate that more than 95 percent of respondents have enough food over a 12-month period to feed their families. Traditional social networks play a significant role in Bhutanese society, enabling access to food by vulnerable groups. In rural areas, remittances from relatives in urban areas, borrowings in cash and in kind, as well as exchange of labour for food are all part of this network of support.
10. Results from the 2010 Bhutan Multiple Indicator Survey (BMIS) show that moderate wasting among children was relatively low at 5.9 percent.<sup>14</sup> However, chronic malnutrition affects about one-third of all children in Bhutan, and 13 percent are severely stunted.<sup>15</sup> Inappropriate infant and young child feeding (IYCF) practices are among the major contributing factors to stunting. For example, only 62 percent of children aged 6-23 months receive the right number of daily meals and only 67 percent of children between the ages of 6-8 months have solid, semi-solid and soft foods in their diets.<sup>16</sup> The Government and the United Nations Children's Fund (UNICEF) are addressing this issue through greater investments in, and emphasis on, a nation-wide IYCF programme as well as widespread nutrition education at clinics and schools.

### *Human and Social Development*

11. The 2013 UNDP Human Development Index 2013 ranks Bhutan 140<sup>th</sup> out of 187 countries. Life expectancy at birth has risen from 65 in 2005 to 69 in 2010.<sup>17</sup> Ninety-six percent of the population uses a safe source of drinking water and access to improved sanitation ranges between 65 – 84 percent depending on the source of the data.<sup>18</sup> Infant mortality per 1,000 live births has been reduced from 59 in 2005 to 47 in 2011; under-five mortality rates are 69 per 1,000; and maternal mortality rates in 2010 were estimated at 180 deaths per 100,000 live births.<sup>19</sup>
12. Bhutan has made remarkable progress in educational attainment, largely due to strong Government commitment. The constitution provides for 11 years of free basic education for every Bhutanese child from pre-primary to Grade 10. In 2011, the gross and net primary enrolment ratios stood at 120 and 96 percent respectively.<sup>20</sup> Unlike much of the rest of South Asia, gender parity in primary education is 99 percent. In turn, almost 90 percent of enrolled students complete primary school and around 71 percent finish secondary schooling.<sup>21</sup> Bhutan's success in education is attributable to the significant public investments made in the education sector along with targeted school feeding (SF) programmes throughout the country providing an incentive for enrolment and attendance.

### *Government Priorities*

13. The over-arching framework for both the 10<sup>th</sup> and 11<sup>th</sup> Five-Year Plans is Bhutan's *Vision 2020* and the development philosophy of Gross National Happiness. Formulated in 1999, *Vision 2020* outlines the key principles to guide development. Economically, the *Vision*

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<sup>13</sup> *Ibid.*

<sup>14</sup> NSB. 2011. *op. cit.*

<sup>15</sup> *Ibid.*

<sup>16</sup> *Ibid.*

<sup>17</sup> World Bank. 2012. *op. cit.*

<sup>18</sup> The discrepancy in the figures relates to the definition of "improved sanitation" adopted by the Population and Housing Census of Bhutan (PHCB) and the WHO/UNICEF Joint Monitoring Programme (JMP). The 2005 PHCB report indicated that 84 percent of the population had access to improved sanitation while the 2010 JMP came up with a figure of 65 percent.

<sup>19</sup> NSB. 2011. Bhutan Multiple Indicator Survey. Thimphu: NSB Publications.

<sup>20</sup> Ministry of Education, Royal Government of Bhutan. 2011. *Annual Education Statistics, 2011*, page 7.

<sup>21</sup> Asian Development Bank and National Statistics Bureau. 2012. *op. cit.*

maintains that hydropower-led development and growth will help the country achieve self-reliance. By 2020, the country is expected to be able to sustain social-sector investments, meet its growing physical infrastructure requirements, and stimulate the further expansion of, and growth in, economic activity in order to continually raise the standard of living and quality of life. Socially, the Vision anticipates that by 2020, delivering and providing equitable access to improved quality social services will no longer be an issue.

14. A draft National Education Policy (NEP) has been developed with a strong emphasis on feeding programmes, and will be issued by the end of 2014 along with a set of School Feeding Guidelines. The main policy principles related to SF in the NEP are the following:

- Eligibility for SF shall continue to be based on vulnerability criteria such as length of walking distance to the closest school, prevalence of poverty and gender parity ratios;
- All schools with feeding programmes will be provided with guidelines to meet food safety and nutritional needs;
- All schools with feeding programmes will be provided with an adequate cash stipend to ensure that the right number of nutritionally-balanced meals are provided on a daily basis to students; and
- In remote rural areas where markets are not fully functioning, the Ministry of Education (MoE), along with development partners, will facilitate the supply of food to ensure successful implementation of SF programmes and work towards catalyzing markets to meet the demand for such activities.

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## **PAST COOPERATION AND LESSONS LEARNED**

15. WFP has played an important role in helping the Government achieve its education goals by supporting SF since 1974. Initially supporting children at boarding schools, SF efforts subsequently evolved along with MoE priorities and focused on increasing primary and lower secondary school enrolment and attendance—especially of girls.

16. Development Project 105790, *Improving Rural Children's Access to Basic Education with Focus on Primary Education*, supports national efforts to increase primary school enrolment, retention and graduation. With a budget of US\$12.17 million, an average of 37,000 students are assisted annually. In partnership with the School Agriculture Feeding and Environment Division (SAFED) of the MoE, SF activities are implemented in 232 schools across the 20 *dzongkhags* in Bhutan. In addition to providing commodities, WFP also helps schools in the construction and rehabilitation of kitchens and storerooms and the provision of fuel-efficient stoves and kitchen utensils.

17. Approximately 52 percent of all WFP-supported schools are in the six *dzongkhags* with the highest rates of poverty. Net enrolment, attendance and graduation rates in WFP-supported schools are 95, 92 and 90 percent, respectively.

18. In WFP-supported *day* schools, two meals are provided to students: breakfast and lunch. In WFP-supported *boarding* schools, WFP provides two meals and the third is covered by the Government. Over the course of the project, and in line with the policy of achieving self-reliance by 2020, efforts have been undertaken to hand over to the MoE in a gradual manner. Over the period 2008-2013, approximately 11,000 secondary school students previously receiving WFP assistance were handed over to the MoE.
19. In non-WFP supported schools, the MoE provides a flat-rate cash stipend of Nu 1,000 per student, per month. School administrators and local level MoE staff are then responsible for local market purchases of food to cover three meals a day. This poses some problems insofar as not all schools are equally connected to local markets and suppliers—and therefore both quality of commodities and prices vary. Schools near urban areas and in the south (bordering India) benefit from competitive prices and a stable supply of cereals, pulses and fresh vegetables. Remote rural schools do not have this advantage and still require in-kind assistance organized and supplied by the MoE.
20. As part of the ongoing project, WFP has provided school-level administrators and MoE partners with training in the management of and reporting on SF programmes. In conjunction with UNICEF, training has been provided to school cooks and staff in personal hygiene, nutrition and food preparation. Moreover, WFP has supported selected schools in establishing School Agriculture Programmes (SAP)—small-scale gardens that supply schools with fresh produce to accompany WFP food assistance. The initiative, in partnership with the Ministry of Agriculture (MoA), includes training of teachers at selected schools on the nutritional value of different food items. WFP has also provided training to its main logistics partner, the FCB, in the stock management, renovation and maintenance of warehouses and transit stores.
21. Significant progress has also been made by the United Nations system in Bhutan in its efforts towards the ‘Delivering as One’ programme under which WFP was allocated 19 percent of the total funds mobilized for SF. The Government and United Nations system are committed to bringing together the comparative advantages of different agencies under one planning, implementation, and monitoring and evaluation framework.
22. A mid-term review of project 105790 was undertaken in 2010. It found that SF was a well-functioning activity and recommended that WFP phase out its operations by 2015. Both WFP and the Government concurred with the recommendation and WFP began the necessary steps to develop a final project covering the period 2013-2015. However, in 2011 during the Government’s budget planning exercise for its 11<sup>th</sup> Five Year Plan (2014-2018), WFP was asked to extend its support to Bhutan until 2018.
23. Two main factors precipitated the request. The first was that a considerable proportion of revenue streams from ongoing hydropower projects would need to be allocated for debt repayment to India. Budgetary forecasts highlighted significant constraints in nationalizing the entire SF programme by 2015. The second related to the uncertainty of local markets, suppliers and transporters being able to ensure availability and timely delivery of food to schools in very remote areas. The MoE also acknowledged that additional technical support was needed from WFP to put into place the appropriate measures.
24. It was therefore agreed that WFP would continue its support to school-feeding programmes in Bhutan until 2018 by which time the necessary public resources, policies, capacities and market conditions would be in place for the Government to take full responsibility of the SF programme. As such, the end date of Development Project 105790 was extended through a budget revision until 31 December 2013. This will allow

for the new project to be implemented over the 2014-2018 period and to be aligned with: the 11<sup>th</sup> Five Year Plan; the new United Nations Development Assistance Framework (UNDAF); and the new One UN Programme for Bhutan.

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## **STRATEGIC FOCUS OF THE DEVELOPMENT PROJECT**

### *Goals and Objectives*

25. The overall goal of WFP assistance over the course of 2014-2018 is to help the Government achieve self-reliance in the management, coordination and implementation of a cost-effective, equitable and quality SF programme across the country. To achieve this broader goal, WFP will have the following as its objectives:

- Strengthen the capacity of the MoE to be an effective steward of a nation-wide school-feeding programme; and
- Maintain access to, and ensure gender parity in, primary education that contributes to enhanced learning.

26. These objectives correspond to WFP Strategic Objective 4 and Millennium Development Goal 2<sup>22</sup>. In order to achieve the overall goal and objectives, WFP will pursue two inter-related activities. The first is to continue supporting selected schools in Bhutan through direct assistance, but gradually handing over this responsibility to the MoE. The second is to strengthen MoE capacities in policy setting, supply-chain management and programme oversight so as to enable the MoE to absorb new students and, over time, independently manage the country-wide school-feeding programme.

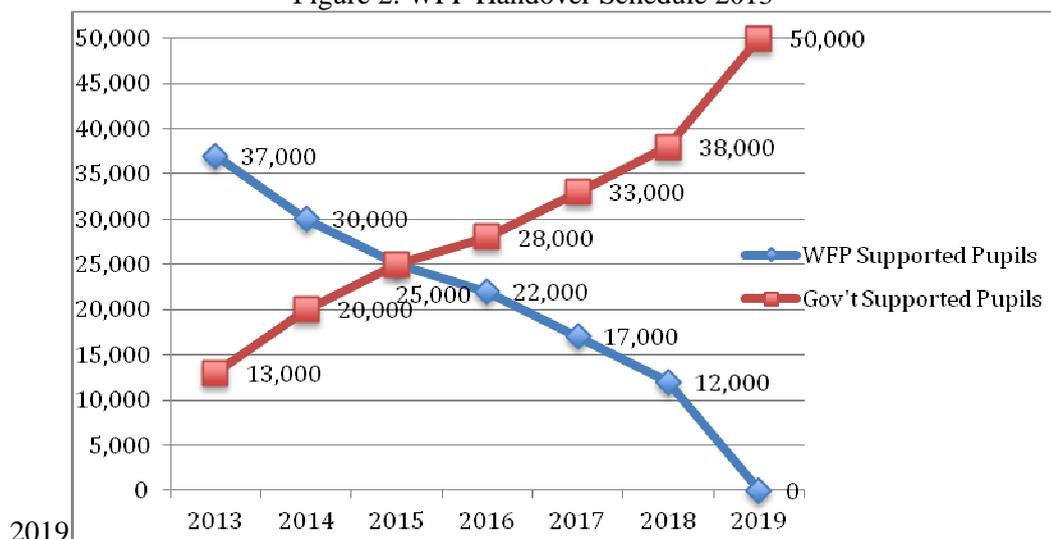
### *School Feeding Component*

27. Beginning in 2014 and continuing until the end of 2018, WFP will hand over responsibilities for feeding an agreed-upon number of pupils to the MoE. While the plan is based on individuals, the approach aims also to look at specific schools and determine whether the necessary conditions are present to enable a responsible handover. The selection criteria will be refined in conjunction with the MoE and reviewed on a bi-annual or annual basis. Figure 2, illustrates the handover process, including the planned transfer of an additional 7,000 students to the MoE by the end of 2013.

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<sup>22</sup> SO 4: Reduce undernutrition and break the intergenerational cycle of hunger and MDG 2: Achievement of universal primary education.

Figure 2. WFP Handover Schedule 2013-



28. Given some of the potential problems with sourcing commodities in very remote rural areas, WFP will seek to phase out of these areas towards the end of the project to allow sufficient time for the MoE to prepare a sourcing and delivery strategy. Table 1 shows the maximum number of girls and boys who will receive WFP food assistance under the new project.

TABLE 1: Beneficiaries			
Component 1 – School Feeding			
Year	Boys	Girls	Total
2014	15,300	14,700	30,000
2015	12,750	12,250	25,000
2016	11,220	10,780	22,000
2017	8,670	8,330	17,000
2018	6,120	5,880	12,000

29. The number of meals students will receive in day and boarding schools will remain the same as in the previous project and targeted students will receive WFP food for a total of 266 days a year. In terms of specific commodities, WFP will supply rice, yellow split peas (YSP), chickpeas, and fortified vegetable oil. Table 2 furnishes information on the ration scale for each commodity.

TABLE 2: Food Ration (g/person/day)	
Rice	275
Chick peas	20
Yellow Split Peas	20
Vegetable Oil	20
<b>TOTAL</b>	<b>335</b>
<b>Total kcal/day</b>	<b>1,303</b>
% Kcal from protein	9.1%
% Kcal from fat	15.1%
Number of feeding days	<b>266 days per year</b>

30. The daily food basket will provide 1,303 kcal, 62 percent of the required daily energy needs and 58 percent of the daily protein needs of targeted schoolchildren. The daily ration will be supplemented by fresh vegetables and iodized salt provided by the MoE, local communities and through the SAP. Approximately 9,400 mt of assorted food commodities will be required for school feeding activities.

	<b>School Feeding</b>	<b>Total</b>
Rice	7,716	7,716
Pulses (Chick Peas and YSP)	1,120	1,120
Veg. Oil	560	560
<b>TOTAL</b>	<b>9,396</b>	<b>9,396</b>

31. Committees of school staff and students will supervise implementation ensuring that commodities are properly utilized; at least 50 percent of the committee members will be women.
32. WFP will work with the Ministry of Health (MoH), the MoE and UNICEF to improve sanitation, hygiene and nutrition awareness among primary students, including nutrition education in the school curriculum and training for school health coordinators. WFP efforts will be complemented with iron and vitamin-A supplementation programmes (UNICEF), and a deworming programme undertaken by the World Health Organization (WHO). Finally, WFP will work with the MoA, MoE and the Food and Agriculture Organization of the United Nations (FAO) to strengthen and expand the SAP as a means to supply fresh vegetables to accompany daily meals.

#### *Capacity Strengthening Component*

33. The successful handover of the school feeding activity will rest on the ability of the MoE to progressively take on more operational responsibilities. Therefore, WFP's role will change from direct implementation to provision of technical advice. It is with this in mind that the second component of the new project focuses on capacity strengthening. Specifically, three pillars have been identified as essential elements of this strategy: (a) joint policy analysis and priority setting; (b) supply chain management; and (c) programme management, oversight and monitoring.

#### 34. Joint policy analysis and priority setting:

In supporting the Government in the development and operationalization of its NEP, WFP will focus on the following Government partners: the Policy and Planning Division (PPD) of the MoE, SAFED and the Gross National Happiness Commission (GNHC).

WFP will work towards strengthening specific capacities of the PPD and SAFED in the following areas related to school feeding:

- *Stipends and resource allocation:* developing a decision-making model to determine the appropriate level for school stipends based on better analysis of the markets, suppliers, transporters, local production patterns and geographic locations of schools;
- *Standards for school-feeding programmes:* preparation of both normative and operational guidelines for SF including standards for nutritional requirements of meals, management of school-feeding programmes, financial resource management, and performance monitoring.

Some of the activities of this pillar include:

- A joint MoE-WFP capacity gap analysis of SAFED and PPD at both national and district levels;

- An updated operational assessment for school-feeding programmes in Bhutan that identifies key bottlenecks in market and supply-chain coverage;
- Development of a School Feeding Manual with corresponding training modules and training packages for District Education Officers (DEOs) and school administrators on basic management and oversight of SF programmes; and
- Establishment of criteria for the selection of schools, and student caseloads, that will be handed over from WFP to the MoE beginning in 2015—including specific variables that look at whether certain conditions are met, such as: (a) adequate storerooms and cooking facilities; (b) availability of local suppliers and vendors from whom food could be procured; and (c) sufficient level of financial resources available to school administrators to handle additional responsibilities.

### 35. Supply-chain management

Ultimately, school administrators will need to have the right systems in place to maximize the use of the MoE stipend that is allocated to them. The FCB will be a key player with its established transport and storage facilities and network of local suppliers even in the most remote parts of Bhutan. In principle, FCB and local suppliers will become the source of food in areas where WFP will gradually withdraw its presence. Therefore building FCB and local supplier capacity in tandem with the MoE in all aspects of supply chain management (procurement, food quality and safety, and logistics) will be essential to ensure a smooth transfer of responsibilities.

The know-how, skills and systems that need to be put in place will depend largely on the capacity constraints associated with a full handover of supply-chain responsibilities for school feeding to either the MoE or local market actors.

The main areas of focus for this pillar are:

- *Strengthening MoE procurement procedures*: review and revision of the ground-rules and procedures for procurement of food and non-food items for school feeding programmes;
- *Augmenting and enhancing the logistics capacities of the FCB*: putting into place the food safety and quality assurance mechanisms as well as upgrading essential warehouse and commodity management and tracking skills of FCB staff; and
- *Supporting the development of a network of local suppliers and local markets to complement FCB*: to strengthen the logistics capacities of local suppliers, especially in terms of quality assurance and food storage.

Some of the expected activities of this pillar will be:

- Analyses of the different components of the supply-chain in Bhutan to identify capacity and operational gaps of the main stakeholders associated with SF programmes.
- Preparation of a Procurement Manual for School Feeding Programmes that will include the main principles and standard guidance for good procurement practice<sup>23</sup>;

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<sup>23</sup> The manual would include the following: (a) standard procurement forms; (b) management arrangements; (c) measures for fair competition; (d) accountability and responsibilities; (e) roster of suppliers; (f) tendering processes; (g) receiving and evaluating offers; (h) awarding contracts; and (i) conditions for waiving competition.

- Development and delivery of procurement training modules and training packages to be targeted to MoE, SAFED staff, DEOs and school administrators;
- Training packages on basic commodity management, storage and tracking for local suppliers and FCB staff.

### 36. Programme management, oversight and monitoring

Building on accomplishments to date, WFP will seek to consolidate and refine its capacity strengthening efforts in the areas of programme management, oversight and monitoring. Particular emphasis will be placed on the following:

*Strengthening SAFED operational capacity:* development of SAFED staff capacities in the different parts of the WFP school-feeding project cycle (such as pipeline and logistics planning and implementation, distribution monitoring and reporting, and commodity reconciliation);

*Standardizing MoE school-feeding monitoring and reporting protocols:* adapting and integrating existing WFP methodologies and tools for monitoring the implementation and results of school feeding programmes into MoE systems—especially in schools that have been handed over by WFP to MoE;

*Improving school-level monitoring and record-keeping:* enabling school administrators and committees to better track financial expenditures, assess commodity quality, and identify potential supply-chain gaps (both food and non-food); and

*Evaluating the outcomes and impact of school feeding:* supporting the PPD of the MoE in the preparation of evaluation methodologies and tools to determine efficiency and effectiveness of school feeding programmes in Bhutan.

Some of the key activities of this pillar will be:

- Gap assessment of current MoE programme cycle management capacities at both national and district levels;
- Development and delivery of specialized training modules to address capacity gaps;
- Training of DEOs in project monitoring and reporting;
- District level consultations with and training of school administrators and committees in record keeping and downstream supply-chain management; and
- Collation and synthesis of good evaluation practice in school feeding programmes for submission to the MoE/Policy Unit.

Capacity strengthening activities will be phased in gradually over the course of the project and in line with hand-over schedule of the school-feeding component. Table 4 outlines the proposed implementation schedule for the capacity-strengthening component.

<b>Table 4. Capacity Strengthening Activity Schedule</b>	
2014	<ul style="list-style-type: none"> <li>• Gap assessments (supply chain, MoE, FCB, local markets and suppliers);</li> <li>• School Feeding Manual and training module development;</li> <li>• Updated vulnerability assessment and mapping for Bhutan;</li> <li>• Establishing capacity strengthening baselines for each pillar.</li> </ul>

2015	<ul style="list-style-type: none"> <li>• Training of SAFED/DEOs, FCB, local suppliers, and school administrators in different topics/themes (such as targeting, stipend levels, monitoring, supply-chain, record keeping);</li> <li>• Review and refinement of trainings based on lessons in rollout.</li> </ul>
2016	<ul style="list-style-type: none"> <li>• Continue training until end of 2<sup>nd</sup> Quarter;</li> <li>• Mid-term evaluation of both school feeding and capacity strengthening efforts;</li> <li>• Testing of different supply-chain models.</li> </ul>
2017	<ul style="list-style-type: none"> <li>• Refresher training on specific modules (as necessary);</li> <li>• Pilot implementation of appropriate supply-chain model;</li> <li>• Scaling up supply-chain model for schools handed over to MoE by WFP.</li> </ul>
2018	<ul style="list-style-type: none"> <li>• SF programme management, supply-chain and monitoring led by MoE in selected districts (WFP presence on standby for troubleshooting and advisory capacity);</li> <li>• MoE Evaluation of WFP Handover;</li> <li>• Supply chain models fully functional for all schools handed over to MoE.</li> </ul>
2019	<ul style="list-style-type: none"> <li>• Government continues school feeding programme with own resources.</li> </ul>

## **PROGRAMME MANAGEMENT, MONITORING AND EVALUATION**

37. WFP will give preference to procuring locally-produced food whenever feasible – 50 percent of WFP food currently comes from local or regional sources – except when prices for local products are substantially higher than regional or international prices, or when WFP purchases would distort market prices or there are shortages of particular commodities. WFP will cover 50 percent of the internal transport storage and handling (ITSH) and all food will be delivered to FCB warehouses for delivery to extended delivery points (EDPs). FCB will play a key role in both the implementation of SF and in the broader capacity strengthening activity.

38. The MoE will have the following responsibilities with respect to the implementation of this project:

- Monitoring, evaluation and reporting functions associated with the implementation of SF;
- Training of school personnel and committees on the day-to-day management of SF activities—including nutrition and hygiene training for school cooks;
- Provision of non-food items such as utensils, fuel efficient stoves and storage units;
- Commodity tracking and warehouse management at centralized levels;
- Provision of 50 percent of the ITSH costs;
- Coverage of the salaries of school cooks;
- Transportation of food from EDPs to off road schools;
- Provision of additional financial and technical support to SAP;
- Provision of an appropriate and adequate stipend to schools handed over by WFP;
- Enactment of policies to stimulate local markets thus ensuring an adequate supply of quality commodities in remote areas; and
- Oversight and guidance on commodity procurement options at national and district levels.

39. Schools will maintain daily attendance records and use them to release rations. They will submit food receipt reports each quarter; food distribution reports and stock balances will be reported to District Education Officers (DEOs) at the end of each quarter. The Ministry

of Education will be responsible for providing information on gross and net enrolment for each school.

40. WFP will strengthen the existing monitoring capacity of DEOs to facilitate more joint-monitoring exercises—especially in schools that are handed over by WFP. WFP-specific monitoring visits will focus on schools where significant problems have been identified, including schools with inadequate food storage or preparation facilities and schools reporting losses.
41. As resources permit, WFP will provide the following: construction or rehabilitation of school kitchens and stores, fuel-efficient stoves, water points, girls’ latrines, accommodation for women wardens, hostel facilities and support for school agriculture.
42. Where feasible, WFP will initiate joint evaluations with other United Nations agencies and participate in the UNDAF evaluation, which will be conducted jointly by the United Nations Country Team (UNCT) and the Government. Review committees will be established with Government counterparts, including the GNHC, the MoE and the MoA to conduct periodic evaluations.
43. A mid-term evaluation scheduled for 2016 will assess the impact of both the school feeding and capacity strengthening components to then allow for eventual substantive course corrections for the remainder of the project.

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## **RISK MANAGEMENT**

44. Bhutan is particularly vulnerable to changes in the global economy, particularly with respect to its main trading partner, India. Shortages in the availability of the Indian rupee may result in a rapid rise in the cost of basic essentials. WFP and the UNCT have attempted to address the longer-term consequences of these trends by helping the Government to, among other things, better target interventions and strengthen social protection and support schemes. However, sudden changes in the short- to medium-term economic outlook could require the Government to rethink certain priorities.
45. Bhutan's economic transition and rapid growth, albeit recent, may also have an impact on public finances and in particular, access to external financing and debt repayment. The Government is working closely with key international financial institutions to anticipate and respond to financial shocks. Natural disasters, such as earthquakes, floods, windstorms and unexpected epidemics attributed to climate change, continue to be risks and, as in the past, WFP will continue to preposition food commodities to avoid pipeline breaks, and plan field activities to reduce the risks.

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## **RECOMMENDATION OF THE EXECUTIVE DIRECTOR**

46. The proposed development project Bhutan 200300– “Improving Children’s Access to Education” is recommended to the Executive Board for approval.

Executive Director's Clearance: \_\_\_\_\_

Date: \_\_\_\_\_

## ANNEX I-A

<b>PROJECT COST BREAKDOWN</b>			
	<b>Quantity (mt)</b>	<b>Value (US\$)</b>	<b>Value (US\$)</b>
<i>Food Transfers</i>			
Cereals	7,716	3,395,040	
Pulses	1,120	770,239	
Oil and fats	560	497,280	
Mixed and blended food	-	-	
Others	-	-	
<b>Total Food Transfers</b>	<b>9,396</b>	<b>4,662,559</b>	
External Transport		73,723	
LTSH		723,210	
ODOC Food		474,750	
<b>Food and Related Costs</b> <sup>24</sup>		<b>5,934,242</b>	
C&V Transfers		-	
C&V Related costs		-	
<b>Cash and Vouchers and Related Costs</b>		-	
<b>Capacity Development &amp; Augmentation</b>		<b>900,000</b>	
<i>Direct Operational Costs</i>			6,834,242
Direct support costs (see Annex I-B)			1,184,000
<b>Total Direct Project Costs</b>			<b>8,018,242</b>
Indirect support costs (7.0 percent) <sup>25</sup>			561,277
<b>TOTAL WFP COSTS</b>			<b>8,579,519</b>

<sup>24</sup> This is a notional food basket for budgeting and approval. The contents may vary.

<sup>25</sup> The indirect support cost rate may be amended by the Board during the project.

**ANNEX I-B**

<b>DIRECT SUPPORT REQUIREMENTS (US\$)</b>	
<b>WFP Staff and Staff-Related</b>	
Professional staff	65,000
General service staff	254,000
Danger pay and local allowances	-
<b>Subtotal</b>	<b>319,000</b>
<b>Recurring and Other</b>	<b>345,000</b>
<b>Capital Equipment</b>	<b>34,000</b>
<b>Security</b>	<b>25,000</b>
<b>Travel and transportation</b>	<b>461,000</b>
<b>Assessments, Evaluations and Monitoring<sup>26</sup></b>	<b>-</b>
<b>TOTAL DIRECT SUPPORT COSTS</b>	<b>1,184,000</b>

<sup>26</sup> Reflects estimated costs when these activities are performed by third parties. If WFP Country Office staff perform these activities, the costs are included in Staff and Staff Related and Travel and Transportation.



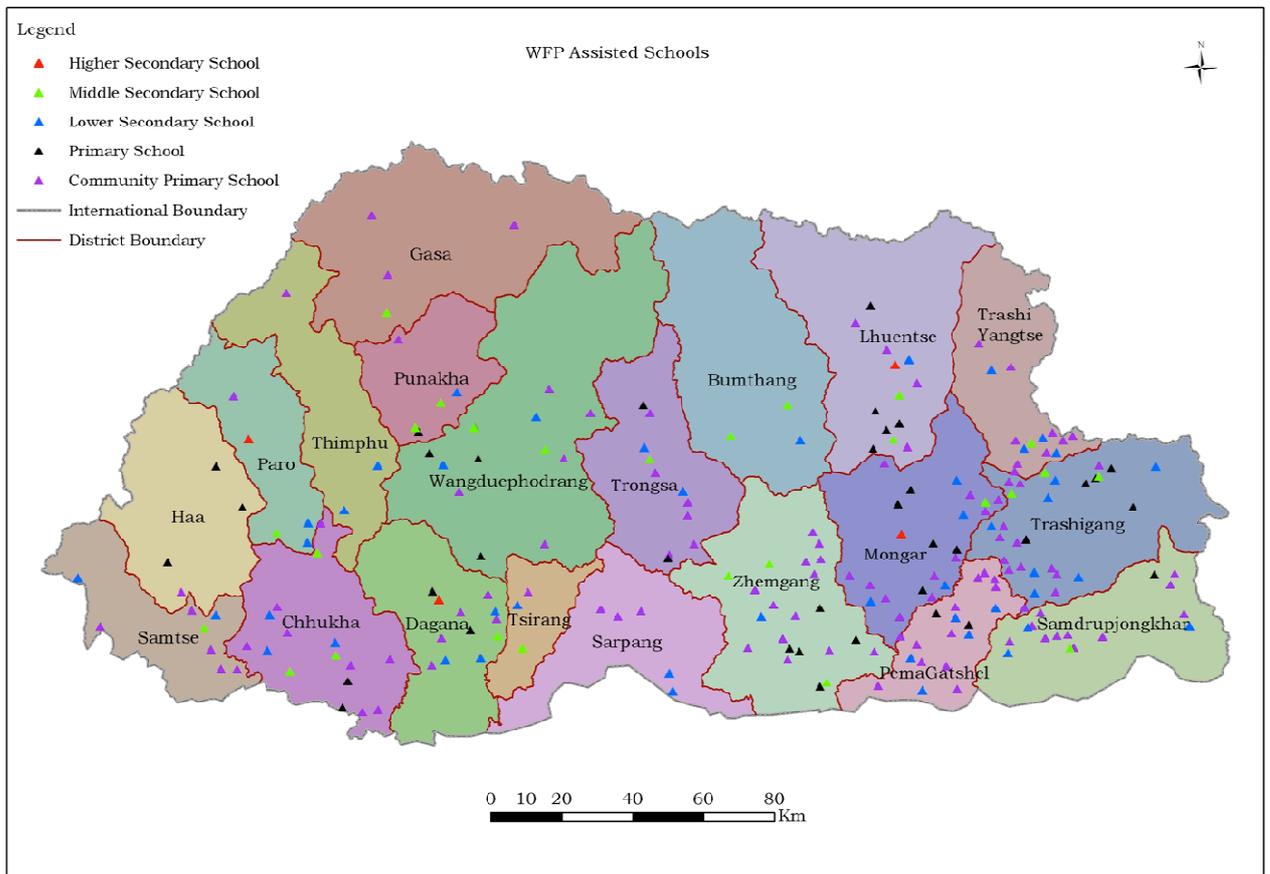
**ANNEX II: LOGICAL FRAMEWORK<sup>27</sup>**

Results	Performance indicators	Risks, assumptions	Resources required
<p><b>UNDAF Outcome 2:</b>  <i>By 2018, increased and equitable access,, utilization and quality of inclusive essential services for all with a focus on the MDGs and addressing emerging challenges</i></p>	<p><b>UNDAF Outcome Indicators</b></p> <p><i>Adjusted basic Net Enrolment Rate (F/M)</i></p> <p><i>Baseline: 95% (F/M)</i>  <i>Target: 100% (F/M)</i></p>	<ul style="list-style-type: none"> <li>➤ Change in new government's priority effecting the resource allocation from Govt. and other sources.</li> <li>➤ External factors like global recession, fuel and commodity price inflation will have direct impact on the resource allocation since the country is totally dependent on external country.</li> <li>➤ Natural disasters can hamper the service delivery.</li> <li>➤ Lack of quality data for monitoring of indicators.</li> <li>➤ Lack of coordination between government agencies in consolidating data and information.</li> <li>➤ National economic growth continues at same rates as present.</li> <li>➤ Government continues to give social sector high priority in budget.</li> </ul>	
<p><b>Country Programme Component 1: <i>Improving Children's Access to Education</i></b></p>			
<p><b>Strategic Objective 4: <i>Reduce under nutrition and break the intergenerational cycle of hunger</i></b></p>			
<p><b>Outcome 4.2 Increased equitable access to, and utilisation of, quality education</b></p>	<p><b>Indicator 4.2.A: Enrolment of girls and boys</b>  <b>Target: Annual rate increase of 6 %</b></p> <p><b>Indicator 4.2.B: Retention rate for girls and boys</b>  <b>Target: Retention rate of 85%</b></p>	<p><i>Same as above</i></p>	

<sup>27</sup> The Logical Framework will be finalized upon Board approval of the WFP Strategic Results Framework (2014-2017).

<p><b>Output 4.1.1 Food, nutritional products and non-food items, cash transfers and vouchers distributed in sufficient quantity, quality and in a timely manner to targeted HH.</b></p>	<p><b>4.1.1.A: Number of beneficiaries receiving assistance as % of planned (disaggregated by activity; by food, non-food items, cash transfers and vouchers; and by women, men, girls, boys)</b></p> <p><b>4.1.1.B: Quantity of food assistance distributed, as % of planned distribution (disaggregated by type)</b></p> <p><b>4.1.1.C: Quantity of non-food items distributed as % of planned distribution (disaggregated by type)</b></p>		
<p><b>Outcome 4.3 Regional and national and community ownership and capacity strengthened to reduce under nutrition and increase access to quality education</b></p>	<p><b>4.3.A National Capacity Index (NCI)</b></p> <p>Target: Project-specific</p>	<p><i>Same as above</i></p>	
<p><b>Output 4.3.1: Policy advice and technical support provided to enhance management of food supply chain, food assistance, nutrition and food security systems including food security information systems</b></p> <p><b>Output 4.3.2: Policy advice and technical support provided to enhance management of food security and nutrition</b></p> <p><b>Output 4.3.3: National nutrition, school feeding, safety net policies and or regulatory frameworks in place with WFP support</b></p>	<p><b>4.3.1.A: Number of national assessments/data collection exercises in which food security and nutrition were integrated with WFP support</b></p> <p><b>4.3.1.B: Number of technical support activities provided on food security monitoring and food assistance by type</b></p> <p><b>4.3.2.A: Number of government people trained by WFP in nutrition programme design and implementation and other nutrition related areas (technical/strategic/managerial)</b></p> <p><b>4.3.2.A: Number of technical assistance activities provided by type</b></p> <p><b>4.3.3.A: Number of national programmes developed with WFP support (nutrition, school feeding, safety net)</b></p>		

# Annex III Map



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## Acronyms Used in the Document

BMIS	Bhutan multiple indicator survey
BLSS	Bhutan living standards survey
DEO	District Education Officer
FAO	Food and Agriculture Organisation of the United Nations
FCB	Food Corporation of Bhutan
GDP	Gross Domestic Product
GNHC	Gross National Happiness Commission
GNI	Gross National Income
ITSH	internal transport, storage and handling
LMIC	Low and middle-income countries
MDG	Millennium Development Goal
MoE	Ministry of Education
MoH	Ministry of Health
NEP	National Education Policy
NFI	Non-food item
NFSR	National Food Security Reserve
SAFED	School Agriculture, Feeding and Environment Division (of the MoE)
SAP	School agriculture programmes
UNDAF	United Nations Development Assistance Framework
UNICEF	United Nations Children's Fund
UNCT	United Nations Country Team
WHO	World Health Organisation