

**Madagascar Country Programme 103400**  
**B/R No.: 08**

**BUDGET REVISION FOR THE APPROVAL OF REGIONAL DIRECTOR**

|  | <u>Initials</u> | <u>In Date</u> | <u>Out Date</u> | <u>Reason<br/>For Delay</u> |
|--|-----------------|----------------|-----------------|-----------------------------|
| <b><u>ORIGINATOR</u></b>   |                 |                |                 |                             |
| Country Office or<br>Regional Bureau on behalf of Country Office | .....           | .....          | .....           | .....                       |
| <b><u>CLEARANCE</u></b>  |                 |                |                 |                             |
| Programme Officer, RMBP  | .....           | .....          | .....           | .....                       |
| Chief, RMBP  | .....           | .....          | .....           | .....                       |
| Chief, ODLT (change in LTSH and/or<br>External Transport)        | .....           | .....          | .....           | .....                       |
| <b><u>APPROVAL</u></b>   |                 |                |                 |                             |
| <input type="checkbox"/> Regional Director                       | .....           | .....          | .....           | .....                       |

| <b>PROJECT</b>                  | <b>Previous Budget</b> | <b>Revision</b> | <b>New Budget</b> |
|---------------------------------|------------------------|-----------------|-------------------|
| Food cost <sup>1</sup>          | US\$ 27,704,195        | US\$ 907,927    | US\$ 28,612,122   |
| External transport <sup>2</sup> | US\$ 7,284,800         | US\$ 243,868    | US\$ 7,528,668    |
| LTSH <sup>3</sup>               | US\$ 12,084,507        | US\$ 26,699     | US\$ 12,111,205   |
| ODOC <sup>4</sup>               | US\$ 1,949,405         | US\$ 903,051    | US\$ 2,852,456    |
| DSC <sup>5</sup>                | US\$ 6,395,235         | US\$ 449,767    | US\$ 6,845,002    |
| ISC (7%) <sup>6</sup>           | US\$ 1,447,977         | US\$ 2,608,485  | US\$ 4,056,462    |
| <b>Total WFP cost (US\$)</b>    | US\$ 56,866,118        | US\$ 5,139,796  | US\$ 62,005,915   |

**TYPE OF REVISION**

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

<sup>1</sup> Food cost can comprise both commodities and cash/voucher transfers.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> Other Direct Operational Costs - ODOC include deliverable goods (non-food items), services and training to beneficiaries and/or to implementing partners.

<sup>5</sup> Direct Support Costs - DSC are those costs which are incurred directly in support of projects by a WFP Country Office.

<sup>6</sup> 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. This Budget Revision for Madagascar Country Programme 103400 Component 1 “Support to Basic Education” seeks to:
  - Decrease the School Meals Program caseload from 275,422 to 215,000 beneficiaries and increase the Orphans and Vulnerable Children (OVC) caseload from 8,000 to 20,000 beneficiaries;
  - Shift from a rice-based food ration to a maize-based food ration for the school meals;
  - Increase the overall total food tonnage by 4,889 mt from 73,637 mt to 78,526 mt ;
  - Increase associated costs, namely external transport, LTSH, ODOC and DSC, by USD 1,623,385 from USD 27,713,946 to USD 29,337,331;
  - Adjust the overall ISC calculation to reflect 7% of the total project cost;
  - Integrate a non-food contribution from the Government of Norway of USD 1,000,000 aiming at improving the SMP.
2. This revision will increase the total budget by USD 5,139,796 from USD 56,866,118 to USD 62,005,915.

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

### Summary of existing project activities

3. Under the Country Programme, WFP assist the vulnerable population through main components: 1) supporting basic education; 2) reducing food insecurity through the mitigation of natural disasters and improved environmental protection; and 3) combating malnutrition, TB and HIV-AIDS.
4. The main objective of the School Meal Component is to improve enrolment, reduce absenteeism, reduce drop out rate, more specifically amongst girls, and reinforce parents and community participation in the School Meal programme. 235,000 beneficiaries receive WFP assistance in 1,139 formal and informal schools around the country. The schools participating in the programme are mainly situated in the drought-prone Southern part of the country and in the capital Antananarivo. WFP is providing an average 5,000 mt of food every year to the School Meal programme.

### Purpose of budget increase

#### -Caseload revision:

5. The last budget revision of the Country Programme, a two-year extension in time, was initiated late 2008 and approved in June 2009 by the Executive Board before the unconstitutional change of power of 17 March 2009 in Madagascar. Since then, political instability has had significant impact on both the international aid context and the population needs.
6. The previous budget revision anticipated an important increase of the School Meal caseload so as to respond to the foreseen primary cycle extension from five to seven years. It also planned a two-year impact study on the School Meal Programme to provide relevant data for analysis for the preparation of the next Education triennial plan at the national level.

7. The overthrow of the government had a negative impact on these two initiatives. On the one hand, the suspension of most development led to the suspension of the two-year impact study initially funded by the World Bank. On the other hand, the “de facto” government put on hold the education reform and thus the extension of the primary cycle, limiting therefore the increase of School Meals beneficiaries. In such context, the School Meals Programme will continue to provide food for the existing canteens and its expected caseload will be about 215,000 beneficiaries instead of the 275,000 foreseen in the previous budget revision.
8. Moreover, as demonstrated in the Emergency Food Security Assessment in 6 urban centres (WFP, EFSA, Nov 2008) and the United Nations Multi Cluster Rapid Analysis Mechanism evaluations conducted on quarterly basis since May 2009, the already fragile population in major urban areas is facing increasing vulnerability due to the socio-political crisis. This has increased school drop out in the most affected households. In order to bridge the gap of the diminished national capacity and address the situation, WFP has to increase its caseload of assisted OVC so as to meet the increasing needs. The annual caseload will therefore be increased from 8,000 to 20,000 beneficiaries.

| <b>TABLE 1. BENEFICIARIES BY ACTIVITY TYPE</b>        |                      |                          |                |
|---|----------------------|--------------------------|----------------|
|   | <b>Beneficiaries</b> |                          |                |
| <b>Activity</b>                                       | <b>Present</b>       | <b>Decrease/Increase</b> | <b>Revised</b> |
| Support to Basic Education - Formal Education         | 275,422              | -60,422                  | 215,000        |
| Support to Basic Education - Informal Education (OVC) | 8,000                | 12,000                   | 20,000         |
| <b>Total</b>  | <b>283,422</b>       | <b>-48,422</b>           | <b>235,000</b> |

**-Food basket alteration:**

9. Since 2008, WFP has advocated for shifting the school meals food basket from a rice-based to a maize-based ration. This change is justified by following reasons:
  - Contrary to a rice-based ration, a maize-based ration allows local purchases in the Southern part of the country where the project is implemented. It can therefore be integrated in a programme supporting the local production by small farmers of the South implemented with IFAD.
  - A maize-based ration is more appropriate in terms of caloric provision, therefore increasing the cost/efficiency ratio of the school meals programme.
  - A maize-based ration will be more appropriate to the local food consumption habits of the South.
10. At the beginning of 2009, in agreement with the Ministry of Education, a maize-based ration was piloted by the Country Office in a few schools with encouraging results. New implementing modalities were developed and have been agreed upon in collaboration with the Ministry to scale up the maize-based ration in all schools during the School year 2010/11.
11. This new ration, combined with the new caseload will translate in the following changes in commodity requirements (see below).

## **-Incorporation of additional funding**

12. With the aim to improve the quality and impact of the School Feeding Programme, the Country Office has managed to secure a USD 1 million non food directed contribution from the Norwegian Government to carry out a set of school meals activities:

- procurement of essential Non Food Items for operating canteens;
- fortification of the School Meals ration with a micronutrient powder to enrich rations in micronutrients;
- building of fuel efficient stoves and implementation environmental sensitization campaigns at community level;
- implementation of bi-annual de-worming and fortification in Iron and Folic Acid of school children;
- capacity-building of local communities to manage the school feeding programme.

13. Since these additional activities were not initially budgeted, it is necessary to increase ODOC and DSC budgets in order to accommodate this new contribution to the programme.

## **FOOD REQUIREMENTS**

14. Although there is a reduction in the absolute number of beneficiaries, the total tonnage of the component “Support to basic Education” will increase from 30,744 mt to 35,633 mt, because of the following:

- Change in the type of cereal, from a rice-based ration to a maize one which leads to the change of the individual daily ration from 115 g of rice to 220 g of maize (net cereal increase of 3,930 mt).
- Increased number of OVC from 8,000 to 20,000 resulting in an increased tonnage of Blended Food by 876 mt and Vegetable Oil by 102 mt.

**TABLE 2. FOOD REQUIREMENTS BY ACTIVITY TYPE**

| <b>Activity</b>   | <b>Food distribution (mt)</b> |                 |                |
|---|-------------------------------|-----------------|----------------|
|   | <b>Present</b>                | <b>Increase</b> | <b>Revised</b> |
| Support to basic Education                                | 30,744                        | 4,889           | 35,633         |
| Mitigation of natural disaster and environment protection | 26,722                        | 0               | 26,722         |
| Fight against malnutrition, TB,HIV/AIDS                   | 16,171                        | 0               | 16,171         |
| <b>Total</b>  | <b>73,637</b>                 | <b>4,889</b>    | <b>78,526</b>  |

### DISTRIBUTION:

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