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de Alimentos

**Executive Board
Second Regular Session**

Rome, 4–7 November 2013

PROJECTS FOR EXECUTIVE BOARD APPROVAL

Agenda item 7

For approval



Distribution: GENERAL
WFP/EB.2/2013/7-B/2

26 September 2013
ORIGINAL: ENGLISH

BUDGET INCREASES TO DEVELOPMENT ACTIVITIES – MADAGASCAR COUNTRY PROGRAMME 103400

Cost (United States dollars)			
	Current budget	Increase	Revised budget
Food transfers	48,298,536	9,814,805	58,113,341
Cash and vouchers	–	269,963	269,963
Capacity development and augmentation	–	360,973	360,973
Total cost to WFP	96,043,980	17,980,937	114,024,917

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NOTE TO THE EXECUTIVE BOARD

This document is submitted to the Executive Board for approval.

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal points indicated below, preferably well in advance of the Board's meeting.

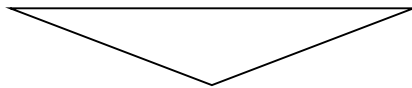
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Should you have any questions regarding availability of documentation for the Executive Board, please contact the Conference Servicing Unit (tel.: 066513-2645).

* Regional Bureau Johannesburg (Southern Africa)

DRAFT DECISION*



The Board approves the proposed budget increase of US\$18 million for Madagascar country programme 103400 (WFP/EB.2/2013/7-B/2), with a 12-month extension from 1 January to 31 December 2014.

* 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.

NATURE OF THE INCREASE

1. This budget revision to Madagascar country programme (CP) 103400 proposes to extend the operation by 12 months, from 1 January to 31 December 2014, with additional resources, to accommodate the one-year extension of the United Nations Development Assistance Framework (UNDAF).
2. The following adjustments to the response strategy are proposed:
 - increase school meals beneficiaries from 215,000 to 260,000;
 - increase the ration, and number of orphans and other vulnerable children (OVC) from 28,000 to 33,000;
 - include a cash-for-assets (CFA) activity for a planned 15,000 beneficiaries; and
 - reduce blanket supplementary feeding for the prevention of acute malnutrition among pregnant and lactating women and infants aged 6 to 24 months from 70,000 to 64,000; increase food-by-prescription (FBP) beneficiaries from 23,000 to 39,000; and include a pilot cash project to target 1,500 tuberculosis (TB) patients in urban areas.
3. The proposed changes require an additional:
 - 21,266 mt of food valued at US\$9.8 million; and US\$270,000 in cash transfers;
 - US\$4.1 million in external transport; landside transport, storage and handling costs; and other direct operational costs;
 - US\$360,000 for capacity development and augmentation; and
 - US\$3.4 million in direct and indirect support costs.
4. The total CP budget will increase by US\$18 million, from US\$96 million to US\$114 million.

JUSTIFICATION FOR EXTENSION-IN-TIME AND BUDGET INCREASE

Summary of Existing Project Activities

5. The Board initially approved CP 103400 for the five years 2005–2009. The last budget revision extended the operation from 2012 to 2013 to align it with the revised UNDAF cycle. The CP objectives are to support the Government's poverty reduction strategy and contribute to the UNDAF.
6. The CP addresses Strategic Objectives 3 – Reduce risk and enable people, communities and countries to meet their own food and nutrition needs, and 4 – Reduce undernutrition and break the intergenerational cycle of hunger.¹
7. This CP and the ongoing protracted relief and recovery operation 200065 "Response to Recurrent Natural Disasters and Seasonal Food Insecurity" complement each other: the operation covers a range of responses from relief to recovery aimed at restoring livelihoods and rebuilding the resilience of shock-affected communities. The CP addresses the medium-term and longer-term causes of chronic hunger.

¹ WFP Strategic Plan (2014–2017), WFP/EB.A/2013/5-A/1.

8. WFP activities under the CP are aligned with the 2012 *Plan National d'Action pour la Nutrition II (2012–2015)* (PNAN II; Second National Action Plan for Nutrition) a set of interventions to address acute malnutrition and stunting is defined. Madagascar became the 29th country to join the Scaling Up Nutrition movement in 2012.
9. The CP has three components:
 - 1 – Support for basic education through the provision of school meals and micronutrient powder to promote primary school enrolment and increase retention rates; WFP also assists OVC enrolled in schools and vocational training centres;
 - 2 – Disaster mitigation and environmental protection through food-for-assets (FFA) activities to build community resilience and mitigate the effects of natural disasters;² and
 - 3 – Combating malnutrition through blanket supplementary feeding to address acute malnutrition and maintain the nutritional status of children under 2 and pregnant and lactating women, and an FBP programme targeting anti-retroviral therapy/TB patients and their household dependents.
10. Activities are concentrated in the southern and south-eastern regions, which have higher food insecurity rates and greater vulnerability to natural disasters.

CONCLUSIONS AND RECOMMENDATIONS OF THE REASSESSMENT

11. As a direct consequence of the political crisis that started in 2009, the economy has stalled, per capita income has fallen, and the Government's capacity to deliver basic social services remains insufficient.³ The Government's reduced capacity to deal with shocks such as cyclones and locust outbreaks accentuates an already precarious food and nutrition situation.⁴ Economic decline and donor disengagement are reversing development gains, with 92 percent of the population living below the poverty line⁵ and chronic malnutrition reaching 50.1 percent.⁶

PURPOSE OF EXTENSION AND BUDGET INCREASE

12. The proposed one-year extension of the CP will ensure alignment with the revised UNDAF cycle: it was not possible to develop the updated framework for national priorities required for a new UNDAF. The one-year extension has been agreed by the United Nations country team following the delay in the normalization of the political situation through free and transparent elections.

² The design and implementation of FFA/cash for assets (CFA) will be based on participatory approaches and include processes in which women will have the opportunity to identify their specific priorities and needs.

³ World Bank: Madagascar: Counting the High Costs of the Political Stalemate, June 2013.

⁴ According to the post-Haruna Emergency Food Security Assessment (April 2013) and preliminary findings from the Crop and Food Supply Assessment mission (June/July 2013).

⁵ Living under US\$2 a day.

⁶ Latest Demographic and Health Survey (2008–2009).

13. This budget revision takes into account recommendations derived from a decentralized evaluation carried out in 2012–2013,⁷ which advised maintaining the same intervention areas, but with increased involvement of national authorities and greater collaboration with other United Nations agencies. WFP will carry out regular consultations and joint activities with the Government, donors, United Nations partners and non-governmental organization counterparts.
14. Under Component 1, in line with the CP evaluation recommendations, WFP will increase the coverage of school meals beneficiaries from 215,000 to 260,000. The current OVC caseload will be increased from 28,000 to 33,000. The ration will also be increased following the recommendations of a monitoring survey.⁸
15. Under Component 2, WFP will maintain its planned annual beneficiaries at 60,000 but will include a CFA activity following a cash transfer feasibility study⁹ performed in 2012.
16. Under Component 3, the caseload for the lean season blanket supplementary feeding programme will be reduced to 64,000. This will avoid overlap with the Nutrition Capacity Strengthening trust fund's year-round complementary feeding programme for malnourished pregnant and lactating women and infants aged 6 to 24 months. This programme, to be implemented from 2014 to 2016, will build experience in stunting prevention in alignment with the Government's PNAN II.
17. The FBP programme will be maintained and the number of beneficiaries increased from 23,000 to 39,000 due to the higher prevalence of global acute malnutrition among TB patients.¹⁰ The duration of food assistance to households will be reduced from eight to six months, in accordance with the directly observed treatment short course¹¹ protocol. Under the social safety net component that provides family rations to malnourished TB patients and on the basis of the cash transfer feasibility study recommendations, WFP will start a pilot cash project targeting 1,500 beneficiaries in Tulear city. The aim is to discourage the sharing of food rations, prevent negative coping mechanisms and protect household members from increased risk of TB infection due to malnutrition.

⁷ Razafiarisoa and Randriamanjakasoa, Decentralized Evaluation Report for Madagascar CP 103400 (2005–2013), February 2013.

⁸ WFP Monitoring Survey, September 2012.

⁹ Fabio Bedini, *Transferts d'Argent, Madagascar: Une étude de faisabilité dans le cadre du Programme Pays 2012–2013*.

¹⁰ 65 percent, according to the 2012 survey compared with 40 percent as per previous estimates from the 2010 comprehensive food security and vulnerability analysis (CFSVA).

¹¹ The internationally recommended approach to TB control.

TABLE 1: BENEFICIARIES BY ACTIVITY					
	Category of beneficiaries	Current	Increase	Revised	% Female
Component 1	School meals	215 000	45 000	260 000	55
	OVC*	28 000	5 000	33 000	53
Component 2	FFA	60 000	-15 000	45 000	52
	CFA	0	15 000	15 000	52
Component 3	Blanket Supplementary Feeding	70 000	-6 000	64 000	69
	FBP – Social Safety Net	19 000	13 500	32 500	48
	FBP – Care and Treatment	4 000	2 500	6 500	48
TOTAL		396 000	60 000	456 000	56

* The ration will be increased for all OVC beneficiaries.

TABLE 2: REVISED DAILY FOOD RATION/TRANSFER BY ACTIVITY (g/person/day)				
	Component 1 OVC South	Component 1 OVC Other	Component 2 FFA/Cash	Component 3 FBP-Social safety net/Cash
	Revised	Revised		
Rice		200		
Maize	220* (gross) 140 (net)			
Pulses	30	30		
Vegetable Oil	20	20		
SuperCereal	150	150		
Cash/voucher (US\$/pers/day)			1.15	1.15
TOTAL (gross)	420	400		
Total kcal/day	1 670	1 598		
Feeding days per year	280	232 (Interns) 172 (Externs)		

* Maize is distributed in the form of whole grain, to be milled by beneficiaries. Based on experience, loss due to milling totals 36 percent of gross ration.

REQUIREMENTS

18. Maize and pulses will be purchased locally, and increased whenever possible. Provided that there are sufficient quantities of food available and that quality standards are met, WFP will procure food directly from local farmers' associations.

Activity	Food requirements (mt) cash/vouchers (US\$)		
	Current	Increase	Revised total
1. Support for basic education	61 745 mt	14 296 mt	76 041 mt
2. Disaster mitigation and environmental protection	34 444 mt	3 997 mt US\$207 000	38 441 mt US\$207 000
3. Combating malnutrition, TB and HIV and AIDS	19 464 mt	2 973 mt US\$62 963	22 437mt US\$62 963
TOTAL	115 653 mt	21 266 mt US\$269 963	136 920 mt US\$269 963

RISK MANAGEMENT

19. The political crisis could have security implications and create further funding constraints. In order to mitigate security risks, WFP will monitor developments and follow United Nations Department of Safety and Security recommendations. Should the required resources not be mobilized, the inclusion of additional beneficiaries will be delayed. If further adjustments are required, the number of feeding days for the school meals programme could be reduced.

ANNEX I-A

BUDGET INCREASE COST BREAKDOWN			
	Quantity (mt)	Value (US\$)	Value (US\$)
Food			
Cereals	15 860	5 668 378	
Pulses	2 266	1 505 330	
Oil and fats	827	799 087	
Mixed and blended food	2 295	1 324 510	
Others	18	517 500	
Total food	21 266	9 814 805	
External transport		1 421 864	
Landside transport, storage and handling		1 836 926	
Other direct operational costs – food		832 257	
Food and related costs¹		13 905 852	13 905 852
Cash and vouchers		269 963	
Related costs		33 846	
Cash and vouchers and related costs		303 809	303 809
Capacity development and augmentation		360 973	360 973
Direct operational costs			14 570 634
Direct support costs (see Annex I-B) ²			2 233 980
Total direct project costs			16 804 614
Indirect support costs (7 percent) ³			1 176 323
TOTAL WFP COSTS			17 980 937

¹ This is a notional food basket for budgeting and approval. The contents may vary.

² Indicative figure for information purposes. The direct support cost allotment is reviewed annually.

³ The indirect support cost rate may be amended by the Board during the project.

ANNEX I-B

DIRECT SUPPORT REQUIREMENTS (US\$)	
WFP staff and staff-related	
Professional staff	657 108
General service staff	495 197
Danger pay and local allowances	-
Subtotal	1 152 305
Recurring and other	261 247
Capital equipment	69 339
Security	84 175
Travel and transport	596 522
Assessments, evaluations and monitoring¹	70 392
TOTAL DIRECT SUPPORT COSTS	2 233 980

¹ 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 I-C

TRANSFERS BY COMPONENT				
	Component 1	Component 2	Component 3	Total
Food transfers (<i>mt</i>)	14 296	3 997	2 973	21 266
Food transfers (<i>US\$</i>)	6 640 304	1 540 173	1 634 328	9 814 805
Cash and voucher transfers (<i>US\$</i>)		207 000	62 963	269 963
Capacity development and augmentation (<i>US\$</i>)				360 973

ANNEX II: LOGICAL FRAMEWORK¹			
Results	Performance indicators	Assumptions	Resources required
UNDAF outcome: Basic social services, education axis – the most vulnerable students have access to a qualified equitable and gender-sensitive learning environment	UNDAF outcome indicators Enrolment rate in public primary schools in targeted regions Repetition rate in public primary schools in targeted regions		
CP component 1: Support for basic education			
Strategic Objective 4: Reduce undernutrition and break the intergenerational cycle of hunger			US\$6,640,270 (food value)
Outcome 1 Increased equitable access to and utilization of education	<ul style="list-style-type: none"> ➤ Enrolment for girls and boys: Target: Annual rate increase of 6% Data source: school records ➤ Retention rate for girls and boys in assisted schools and OVC centres Target: Retention rate reached at 85% in assisted primary schools/OVC centres. Data source: OVC centre records 	The financial, human and physical resource capacities of the educational districts/ communes are sufficiently strengthened	



¹ The logical framework will be finalized upon Board approval of the WFP Strategic Results Framework (2014–2017).



ANNEX II: LOGICAL FRAMEWORK ¹			
Results	Performance indicators	Assumptions	Resources required
<p>Output 1.1 Food, nutritional products and non-food items distributed in sufficient quantity, quality and in a timely manner to targeted beneficiaries</p>	<ul style="list-style-type: none"> ➤ No. of beneficiaries receiving assistance as % of planned Target: 100% 260,000 beneficiaries in WFP-assisted schools 33,000 beneficiaries in WFP-assisted OVC centres ➤ Quantity of food assistance distributed, as % of planned Target: (11,645 mt for schools) 100% (2,650 mt for OVC) 100% ➤ No. of schools assisted by WFP as a % of planned Target: 1,452 Schools (100%) 	<p>Capacities of the OVC centre staff are sufficiently strengthened in educational themes</p>	
<p>UNDAF outcome: Economic support axis – rural population in target regions sustainably improve their food security</p>	<p>UNDAF outcome indicators % food-secure population in targeted regions</p>		
<p>CP component 2: Mitigation of natural disasters and environmental protection to face climate change</p>			
<p>Strategic Objective 3: Reduce risk and enable people, communities and countries to meet their own food and nutrition needs</p>			<p>US\$1,747,155 (commodity value)</p>
<p>Outcome 2 Improved access to livelihood assets has enhanced resilience and reduced risk of disaster and shocks of targeted food-insecure communities and households.</p>	<ul style="list-style-type: none"> ➤ Community Asset score Target: 80% of targeted communities with community assets over baseline level. Data source: post-distribution monitoring (PDM) ➤ Coping strategy index (food strategies) Target: 100% of targeted households stabilized or reduced Data source: PDM 	<p>Partnership agreements with key stakeholders; Community organizations and partner non-governmental organizations participate in activities in all target communities; Communities use the skills acquired in a durable way to ensure household food security</p>	



ANNEX II: LOGICAL FRAMEWORK¹

Results	Performance indicators	Assumptions	Resources required
<p>Output 2.1 Food, nutritional products and non-food items, cash transfers and vouchers distributed in sufficient quantity, quality and in a timely manner to targeted households</p>	<ul style="list-style-type: none"> ➤ No. of beneficiaries receiving assistance as % of planned, disaggregated by food, cash transfers and vouchers; and by women, men, girls, boys Target: 100% : 60,000 beneficiaries ➤ Quantity of food assistance distributed, as % of planned, disaggregated by type Target: 3,997 mt: 100% ➤ Total amount of cash transferred to beneficiaries Target: US\$207,000 	Cooperating partners' capacities strengthened to meet beneficiary needs.	
<p>Output 2.2 Assets that reduce risk of disasters and shocks, developed, built or restored</p>	<ul style="list-style-type: none"> ➤ No. of risk reduction and disaster mitigation assets built or restored, by capital category, type and unit of measure 		
<p>Outcome 3 Increased marketing opportunities for agricultural products and commodities at regional, national and local levels</p>	<ul style="list-style-type: none"> ➤ Food purchased from regional, national and local suppliers, as % of food distributed by WFP in-country Target: 20% Data source: Food Procurement Tracking System 	Partnership agreements with key stakeholders	
<p>Output 3.1 Increased WFP food purchase from regional, national and local markets and smallholder farmers</p>	<ul style="list-style-type: none"> ➤ Quantity of food purchased locally through local and regional purchases (expressed in mt) Target: 4,400 mt (100%) Data source: Food Procurement Tracking System 	Funds available in time to ensure local purchase processing within the required period (harvest)	

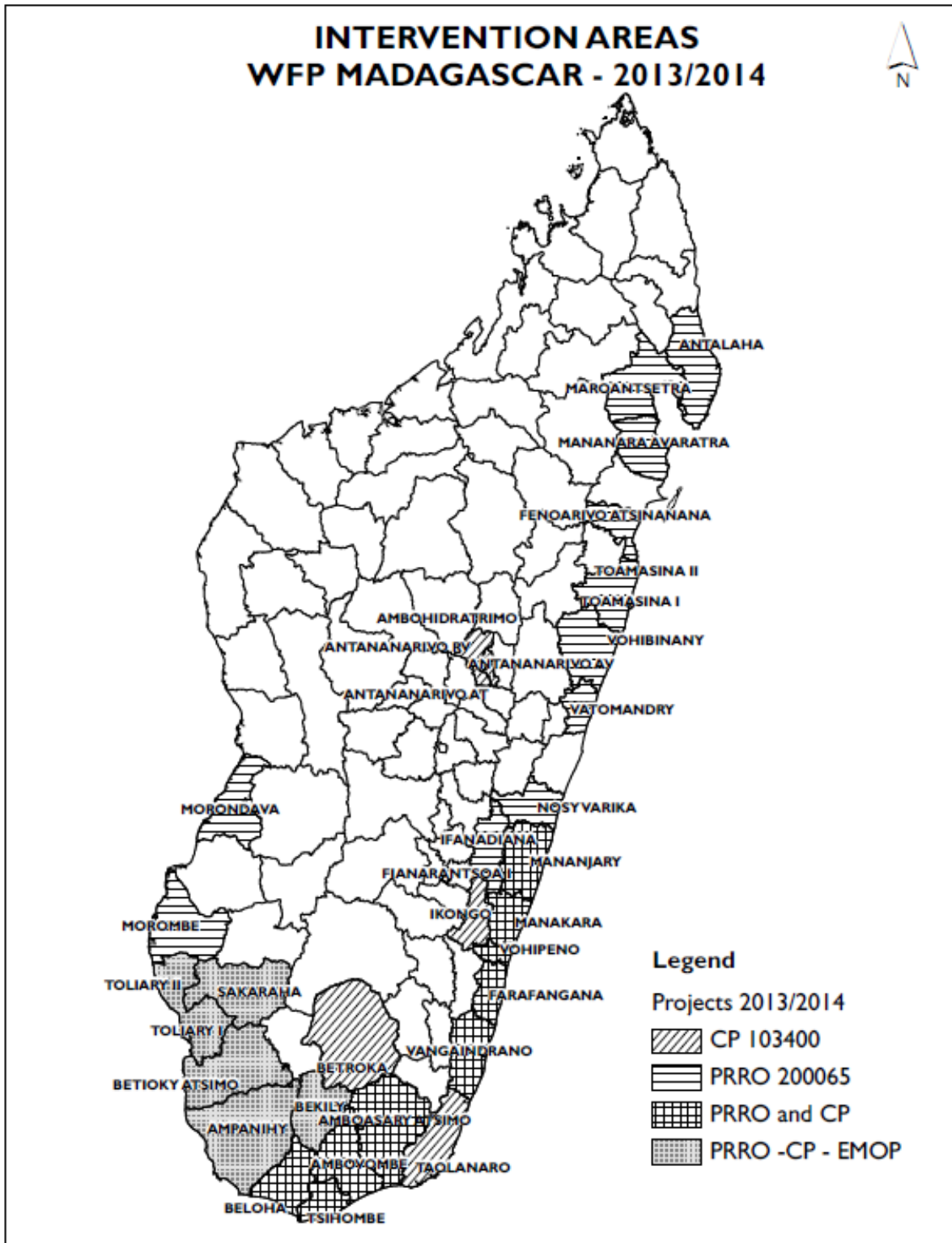
ANNEX II: LOGICAL FRAMEWORK ¹			
Results	Performance indicators	Assumptions	Resources required
UNDAF outcome: Basic social services, health axis – women of reproductive age and children under 5 in the target areas improve their nutritional status	UNDAF outcome indicators % acute malnutrition for children under 5 % anaemia for women of reproductive age		
CP component 3: Support the fight against malnutrition, TB and HIV/AIDS			
Strategic Objective 4: Reduce undernutrition and break the intergenerational cycle of hunger			\$1,697,291 (commodity value)
Outcome 4 Reduced or stabilized undernutrition, including micronutrient deficiencies	<ul style="list-style-type: none"> ➤ Proportion of children consuming a minimum acceptable diet. Target: >70% Data source: PDM ➤ Proportion of eligible population who participate in programme (coverage) Data source: Survey/CP census/reports 		
Output 4.1 Food, nutritional products distributed in sufficient quantity, quality and in a timely manner to children, and pregnant and lactating women	<ul style="list-style-type: none"> ➤ No. of children under 23 months pregnant and lactating women receiving assistance as % of planned Target: 100%: 64,000 beneficiaries ➤ Quantity of food assistance distributed, as % of planned, by type Target: 1,296 mt: 100% 		
Outcome 5 Improved success rate of TB treatment for target caseload	<ul style="list-style-type: none"> ➤ TB treatment success rate (%) Target: 85% TB treatment success rate Data Source: CP cohort reports ➤ TB treatment nutritional recovery rate (%) Target: TB treatment nutritional recovery rate >75% Data Source: CP cohort reports 		



ANNEX II: LOGICAL FRAMEWORK ¹			
Results	Performance indicators	Assumptions	Resources required
<p>Output 5.1 Food, nutritional products and non-food items, cash transfers and vouchers distributed in sufficient quantity, quality and in a timely manner to targeted households</p>	<ul style="list-style-type: none"> ➤ No. of women, men, girls, boys receiving assistance as % of planned Target: 100%: 39,000 beneficiaries ➤ Quantity of food assistance distributed, as % of planned, by type Target: 1,677 mt: 100% ➤ Total amount of cash transferred to beneficiaries Target: US\$62,963 (100%) 	<p>Timely and sufficient resources are available.</p>	



ANNEX III



The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the World Food Programme (WFP) concerning the legal status of any country, territory, city or area or of its frontiers or boundaries.

ACRONYMS USED IN THE DOCUMENT

CFA	cash for assets
CP	country programme
EMOP	emergency operation
FBP	food by prescription
FFA	food for assets
HIV	human immunodeficiency virus
OVC	orphans and other vulnerable children
PDM	post-distribution monitoring
PNAN II	<i>Plan National d'Action pour la Nutrition II</i> (Second National Action Plan for Nutrition)
PRRO	protracted relief and recovery operation
TB	tuberculosis
UNDAF	United Nations Development Assistance Framework