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Programme  
Alimentaire  
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Food  
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Programa  
Mundial  
de Alimentos

**Executive Board  
Second Regular Session**

**Rome, 12–14 November 2012**

# PROJECTS FOR EXECUTIVE BOARD APPROVAL

Agenda item 9

*For approval*



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## BUDGET INCREASES TO DEVELOPMENT ACTIVITIES — EGYPT COUNTRY PROGRAMME 104500

### Enabling Livelihoods, Nutrition and Food Security

Cost (United States dollars)			
	Current budget	Increase	Revised budget
WFP food cost	40,257,144	10,697,721	50,954,865
Total cost to WFP	70,070,691	16,419,858	86,490,549

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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.

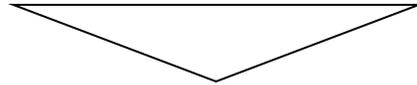
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Should you have any questions regarding availability of documentation for the Executive Board, please contact Ms I. Carpitella, Senior Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).

\* Regional Bureau Cairo (Middle East, North Africa, Eastern Europe and Central Asia)

## DRAFT DECISION\*



The Board approves the budget increase of US\$16.4 million for Egypt country programme 104500 “Enabling Livelihoods, Nutrition and Food Security” (WFP/EB.2/2012/9-B/1) with a six-month extension from January to June 2013.

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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.

## NATURE OF THE INCREASE

1. This budget revision proposes a six-month extension of Egypt country programme (CP) 104500 “Enabling Livelihoods, Nutrition and Food Security” from January to June 2013, in line with the decision of the United Nations country team and the Government to allow United Nations agencies to continue their support using their existing CPs during the transition period and to give time for the new Government to review the new programmes.
2. The budget revision aims to assist 763,000 food-insecure people. WFP will:
  - continue the four CP components, with the same objectives;
  - expand component 2 promoting girls’ education, pre-school education and combating exploitative child labour to reach additional children in the targeted regions; and
  - formulate a new CP in alignment with the new United Nations Development Assistance Framework (UNDAF) for July 2013 to December 2017.
3. The budget revision will:
  - extend the CP by six months to 30 June 2013;
  - provide an additional 11,049 mt of food valued at US\$10.7 million;
  - increase external transport costs, other direct operational costs and direct support costs by US\$4.6 million; and
  - add indirect support costs of US\$1.1 million.

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

### Summary of Existing Project Activities

4. Country programme 104500 has been improving national food safety nets through capacity development, best-practice models for school feeding and food for assets (FFA) since January 2007. The four components are described below.
5. Component 1 – supporting reform through capacity development – aims to:
  - enhance government capacity to reform its food safety net programmes;
  - support national institutions to prepare for and respond to food insecurity and food price increases through updated food security and vulnerability information and training;
  - launch national nutrition strategies such as social marketing campaigns; and
  - provide technical assistance and technology transfers to address micronutrient deficiencies through: i) the fortification of wheat flour with iron and folic acid, to be used for subsidized bread for distribution to 50 million people; and ii) the fortification of cooking oil with vitamins A and D for distribution to 60 million people with ration cards; wheat flour fortification is now managed and funded by the Government and hand-over of the fortification of cooking oil will follow in 2013.
6. Component 2 – food for education – aims to promote girls’ access to education in marginalized communities, increase access to pre-school and primary education, and improve children’s capacity to concentrate and learn by relieving short-term hunger through:

- assistance through school feeding and nutrition education, in collaboration with the Ministry of Education, the World Bank and the Canadian International Development Agency, for children enrolled in the Early Childhood Education Enhancement Project in the most food-insecure communities in Upper Egypt;
  - support for children in the girls' education initiative and the one classroom community school initiative with fortified date-bars and take-home rations (THR) for their families as a safety net in view of increasing food prices and as an incentive for parents to keep their children in school; and
  - support for children withdrawn from the labour market under the Combating Worst Forms of Child Labour Project<sup>1</sup> with fortified date bars and monthly THR for families; these are a powerful conditional food transfer and an incentive for parents – daily attendances reach 95 percent in assisted schools.
7. Component 3 – support for vulnerable groups through asset creation – aims to improve rural livelihoods in Upper Egypt, Sinai and the southern Red Sea governorate by consolidating small land holdings and improving irrigation systems, farming skills and health and nutrition awareness with a view to enhancing productivity.
  8. Component 4 – support for nutrition – pilots the use of ready-to-use complementary foods for children aged 6–23 months to prevent stunting. Tests to determine acceptability and palatability have been conducted, with support from the Ministry of Health.
  9. In 2011, the United Nations country team and the Government agreed to postpone the launch of the next UNDAF in view of changing development priorities. United Nations Development Group agencies extended their CPs by one year to December 2012.

## Conclusion and Recommendations from the Re-Assessment

10. Since January 2011, Egypt has experienced complex political and social changes, with parliamentary elections in March 2012 and a new President in June 2012. The Government has agreed to a further six-month extension of the UNDAF until 30 June 2013 to allow time for consultations to ensure that the United Nations development strategy is informed by the priorities of the Government.
11. Egypt is a net importer of food and hence vulnerable to price shocks. Even in rural areas most household food is purchased rather than grown. The Egyptian Food Observatory,<sup>2</sup> which is supported by WFP, tracks prices and food security indicators each month. It has noted a steady increase in food prices throughout 2011 accompanied by a deterioration in the value of the Egyptian pound. Poor households have coped by reducing their consumption of nutritious foods. Options for addressing this include accelerating local food production and increased investment in agriculture.
12. Egypt's gender gap of 0.59<sup>3</sup> ranks it 123<sup>rd</sup> of the 135 countries assessed and reflects current challenges, particularly in Upper Egypt where girls' access to education is low. In Beni Suef governorate the gender gap is 16 percent; in Assiut it is 14 percent: this means

<sup>1</sup> A joint programme with the International Labour Organization and United Nations Children's Fund (UNICEF).

<sup>2</sup> On the basis of its monitoring of food prices and changes in the purchasing power of poor people, WFP circulated a monthly information bulletin; this developed into the food-monitoring system supported by the Cabinet Information and Decision Support Centre.

<sup>3</sup> World Economic Forum. 2011. The Global Gender Gap Report 2011. Available at <http://reports.weforum.org/global-gender-gap-2011/>

that 650,000 girls are not attending school.<sup>4</sup> Informal community schools serve the poorest and most marginalized communities. WFP and UNICEF report that school feeding is helping to increase enrolment and attendance in these schools.

13. Egypt is affected by climate shocks,<sup>5</sup> with significant seasonal losses of crops in recent years that affected rural livelihoods.<sup>6</sup> WFP's investigations in 2011/12 on the impact of climate change in Egypt<sup>7</sup> indicated that rural communities dependent on agriculture and livestock lost crops, incomes and livelihoods as a result of high temperatures, water stress and seawater seepage. The communities have identified the following priorities: i) enhance capacities to manage climate shocks through improved water management; ii) increase the number and efficiency of small-scale irrigation systems; iii) adopt heat-tolerant crops and livestock breeds; and iv) develop the ability to use climate information as a basis for farming decisions. In June 2012, the Climate Change Adaptation Fund approved a four-year project to be implemented by WFP in southern Egypt, in collaboration with the ministries of agriculture and the environment.
14. This budget revision takes into account studies such as WFP's 2011 paper on food security and vulnerability in Egypt and UNICEF's 2011 paper on nutritional landscape analysis,<sup>8</sup> which emphasize the importance of enhancing nutrition interventions in view of the 25 percent increase in stunting between 2005 and 2008. Food fortification, preventive programmes and innovative community interventions are identified as sound approaches, and recommendations include: i) developing skills and stabilizing budgets in government institutions to improve service delivery; ii) harmonizing food laws and policies; iii) raising nutrition awareness; and iv) reviewing the nutritional objectives of food safety nets and social assistance.
15. In coordination with national institutions, WFP surveys in 2012 include market analyses and local trader assessments with a view to selecting transfer modalities and guiding the design of the next CP.

### **Purpose of Extension and Budget Increase**

16. This budget increase and extension will enable WFP to continue its interventions during the current political transition and will give time for the preparation of a new CP in line with the priorities of the new Government. The objectives of the CP will remain unchanged.
17. Under component 1, WFP will continue to share with national institutions its expertise in vulnerability analysis and mapping, geographic information systems, targeting, monitoring and food system management in support of the Government's reform of food-based safety nets and food subsidies.

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<sup>4</sup> Sultana, R.G. *The Girls' Education Initiative in Egypt*. UNICEF. 2008

<sup>5</sup> World Bank. 2009. *Convenient Solutions to an Inconvenient Truth: Ecosystem-based Approaches to Climate Change*. Environment Department Report. Washington, DC.

<sup>6</sup> Cabinet Information and Decision Support Centre. 2011. *Egypt: Climate Adaptation and Disaster Risk Reduction Strategy*. Cairo.

<sup>7</sup> WFP. 2012. *Building Resilient Food Security in southern Egypt. A Proposal to the Adaptation Fund*, pp. 99–252. Available at: <http://www.adaptation-fund.org/sites/default/files/Final%20egypt.pdf>; Ghoneim, M. 2010. *Climate Change Qualitative Community Assessment*. Report to WFP Egypt country office.

<sup>8</sup> Nkonki, L., Hongoro, C., Boulos, D.N.K. and Anwar, W. 2011. *Egypt Nutrition Landscape Analysis. Preliminary Report to UNICEF and the Egyptian Ministry of Health*, Cairo.

18. WFP will work with the Cabinet Information and Decision Support Centre on the Food Observatory, and with the Central Agency for Public Mobilization and Statistics to update the 2009 Status of Food Security and Vulnerability in Egypt report. WFP will continue as a member of the inter-ministerial Food Security Policy Advisory Board, collaborating with the Ministry of Agriculture Food Security Information Centre. It will help the ministries of industry, supply and health to issue and update food fortification standards and to enhance monitoring systems for fortification, and will advocate for sound national food and nutrition policies.
19. Under component 2, WFP will continue to complement the Government's school feeding programme with targeted food support. Based on indications that more funding will become available, WFP will increase coverage to: i) 96,500 children at community primary schools, who will receive fortified date bars; ii) 482,400 family members, who will receive THR; and iii) 141,400 pre-school children aged 4–6, who will receive fortified date bars. The targeted schools are in the most food-insecure communities, where there are significant gender gaps in enrolment and attendance. WFP will continue to assist the Ministry of Education in setting up a long-term strategy focusing on public-private partnerships to support the national school feeding programme.
20. Under component 3, WFP will focus on enhancing resilience to food insecurity and adaptation to climate change in poor rural communities, in line with government priorities. From January to June 2013, WFP will work with vulnerable communities in Upper Egypt, engaging 30,000 people to improve small-scale water-saving and irrigation systems, raise awareness of new heat-resistant varieties of seeds and livestock, and train farmers on modern approaches for climate-proofing of agriculture productivity.
21. Bedouin communities in Sinai, southern Red Sea and north-western Matrouh will continue to be supported through FFA: 7,500 Bedouin people will receive support to enhance and protect their livelihoods. WFP will advocate for the Government to provide basic services.
22. Under component 4, a model for the prevention of stunting in the 1,000 days from conception will be developed with a view to eventual scaling up by the Government, with technical support from WFP. A pilot project will introduce complementary foods for children aged 6–23 months and promote nutrition awareness among pregnant and lactating women on the basis of a study that confirmed the acceptability of such foods. A voucher system to enable mothers to obtain local dairy products, eggs, vegetables and fruit will be developed. It will be implemented in governorates in Upper and Lower Egypt in cooperation with the Ministry of Health, the National Nutrition Institute and local non-governmental organizations, and in coordination with the World Health Organization and UNICEF. WFP will continue to develop capacities with a view to enhancing the national nutrition policy and the issue of mandatory fortification standards.

<b>TABLE 1: BENEFICIARIES BY COMPONENT</b>			
	<b>Category of beneficiaries</b>	<b>Current January 2007– December 2012</b>	<b>Revised January 2013– June 2013</b>
Component 2: Food for education	Children in school	219 315	237 915
	THR for families	419 415	482 415
Component 3: Support for vulnerable groups through asset creation	FFA participants/families	25 000	37 500
	Food for training participants/families	100 000	-
Component 4: Support for nutrition	Infants aged 6–23 months	5 000	5 000
<b>TOTAL</b>		<b>768 730</b>	<b>762 830</b>

23. The geographical and community targeting of the CP were re-validated in recent analyses by WFP and the UNDAF task force on the transition programme for Egypt.<sup>9</sup> Target groups include:

- i) the most vulnerable rural populations in Upper Egypt identified in a new climate and food security atlas to be issued in the fourth quarter of 2012 in partnership with the Ministry of Environment and the Cairo-based Centre for Environment and Development for the Arab Region and Europe;
- ii) poor Bedouin communities in marginal areas of Sinai, southern Red Sea and Matrouh governorates; and
- iii) children aged 6–23 months and pregnant and lactating women in the pilot nutrition project.

24. The main contextual risks to CP 104500 include: i) delays in engaging local counterparts and consequent disruption of institutional continuity; ii) insecurity in border regions that could restrict WFP's access for assessment, delivery and monitoring; iii) delayed or reduced funding flows as partnership agreements are re-negotiated; and iv) possible increases in local food prices, which would limit WFP's local purchases. WFP will continue to monitor prices and will opt for regional or international procurement as appropriate. WFP's field-level agreements with cooperating partners are renewed annually provided performance and cost criteria are met. The country office will seek to enhance the predictability of funding in consultation with donors and public and private entities that have expressed an intention to contribute to WFP's work in Egypt.

<sup>9</sup> Supported by working groups on: i) food security and nutrition chaired by the Food and Agriculture Organization of the United Nations and WFP; ii) quality basic services; iii) poverty alleviation; and iv) environmental sustainability and natural resource management.

## FOOD REQUIREMENTS

25. Rations will remain unchanged. The food requirements for the extension period are detailed in Table 2.

<b>TABLE 2: FOOD REQUIREMENTS BY COMPONENT (mt)</b>			
	<b>Current</b>	<b>Increase</b>	<b>Revised total</b>
Component 2	33 788	8 764	42 552
Component 3	22 763	2 172	24 935
Component 4	169	113	282
<b>TOTAL</b>	<b>56 720</b>	<b>11 049</b>	<b>67 769</b>

## ANNEX I-A

<b>BUDGET INCREASE COST BREAKDOWN</b>			
<b>Food<sup>1</sup></b>	<b>Quantity (mt)</b>	<b>Value (US\$)</b>	<b>Value (US\$)</b>
Cereals	7 687	3 745 490	
Oil and fats	205	323 490	
Mixed and blended food	1 727	2 700 441	
Others	1 430	3 928 300	
<b>Subtotal food</b>			<b>10 697 721</b>
External transport			82 450
Other direct operational costs <sup>2</sup>			3 481 105
Direct support costs (see Annex I-B)			1 084 386
<b>Total WFP direct costs</b>			<b>15 345 661</b>
Indirect support costs (7.0 percent) <sup>3</sup>			1 074 196
<b>TOTAL WFP COSTS</b>			<b>16 419 858</b>

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

<sup>2</sup> This includes technical assistance for national safety net system and capacity building activities in support of the food subsidy reforms process.

<sup>3</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>Staff and staff-related costs</b>	
International professional staff	253 255
Local staff – national officers	200 679
Local staff – general service	75 588
Local staff – temporary assistance	327 142
Local staff – overtime	3 600
Staff duty travel	36 912
<b>Subtotal</b>	<b>897 176</b>
<b>Recurring expenses</b>	
Rental of facility	35 000
Utilities	7 600
Office supplies and other consumables	26 900
Communications services	36 600
Equipment repair and maintenance	2 310
Vehicle running costs and maintenance	9 600
Office set-up and repairs	21 500
United Nations organization services	12 200
<b>Subtotal</b>	<b>151 710</b>
<b>Equipment and capital costs</b>	
Vehicle leasing	10 200
Communications equipment	19 800
Local security costs	5 500
<b>Subtotal</b>	<b>35 500</b>
<b>TOTAL DIRECT SUPPORT COSTS</b>	<b>1 084 386</b>



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## ACRONYMS USED IN THE DOCUMENT

CP	country programme
FFA	food for assets
THR	take-home rations
UNDAF	United Nations Development Assistance Framework
UNICEF	United Nations Children's Fund