

BUDGET REVISION No. 5 TO COUNTRY PROGRAMME:

Nicaragua Country Programme 105970

Cost (United States dollars)

	Current budget	Increase	Revised budget
Food cost	22,754,470.08	3,307,756	26,062,226
External transport	1,747,489.20	1,089,215	2,836,704
LTSH	856,885.03	121,892	978,777
ODOC	476,345.00	76,956	553,301
DSC	985,446.00	169,153	1,154,599
ISC (7%)	1,877,444.47	333,548	2,210,993
Total	28,698,079.78	5,098,520	33,796,600

NATURE OF THE INCREASE

1. This budget revision to the Nicaragua country programme (CP) 105970 seeks to increase the total requirements in order to scale up component 1 (Support for Improving the Nutrition and Health of Children and Pregnant and Lactating Women) and component 2 (Support Access to Education) in response to the Government's request. Resources to support this expansion were received in 2008-2009 through several directed multilateral contributions.
2. More specifically, the budget revision will provide:
 - i) additional 8,261 mt of food valued at US\$3.3 million;
 - ii) additional related associated costs of US\$1.5 million consisting of external transport, landside transport, storage and handling (LTSH), direct support costs (DSC), and other direct operational costs (ODOC); and
 - iii) additional US\$333,548 of indirect support costs (ISC).

JUSTIFICATION FOR BUDGET INCREASE

Summary of existing project activities

3. CP 105970 (2008-2012) was approved in November 2007 to respond to chronic food insecurity and undernutrition in the most food-insecure areas of Nicaragua, mainly Nueva Segovia, Madriz, Jinotega, Matagalpa and the North Atlantic Autonomous Region. It includes three components:
4. *Component 1 (Support for Improving the Nutrition and Health of Children and Pregnant and Lactating Women):* Under component 1, WFP targets 20,000 children under 5, pregnant and lactating women in Nueva Segovia and Madriz and focuses on providing fortified food as part of a package that includes water and sanitation, nutrition education, exclusive breastfeeding and micronutrient supplementation. WFP mother-and-child health (MCH) programme directly supports the Ministry of Health's programmes "Pre-Natal Care for Pregnant Women and Post-Natal Care for Lactating Women" and "Surveillance and

Promotion of Growth and Development". The MCH programme targets the municipalities classified as extremely or very highly vulnerable to food insecurity, where populations do not have access to fortified and micronutrient-rich foods. Food insecurity was further aggravated by the high food price crisis in 2008 and 2009. As a coping mechanism, many families have reduced the quantity of food consumed and the number of meals.

5. *Component 2 (Support Access to Education)*: Component 2 focuses on food support for pre-schools and primary schools in Nueva Segovia, Madriz, Matagalpa, Jinotega and the North Atlantic Autonomous Region (NAAR) with the objective of increasing enrolment and attendance rates; improving concentration and learning; and increasing the primary school completion rate. Component 2 originally targeted 175,000 children per year.
6. *Component 3 (Enhance Livelihood Activities to Improve Household Food Security)*: Under component 3, WFP aims at assisting 30,000 people per year, providing them with skills and assets that will contribute to more sustainable livelihood. This component targets small-scale farmers from Nueva Segovia and Madriz who depend on degraded natural resources for their livelihoods. Activities supported through food for work (FFW) such as reforestation and soil and water conservation will contribute to environmental protection.

Purpose of budget increase

7. This budget revision will enable WFP to expand its support to the Government of Nicaragua as follows:
8. *Component 1*: The Ministry of Health requested WFP to increase the number of feeding days for children under 5 classified as "at risk" or "undernourished", considering that 6 months of complementary fortified food rations were insufficient to help these children recover and graduate to a "normal" category. The duration of assistance was also found to be inadequate for pregnant and lactating women. In response, WFP has increased the number of feeding days for children under 5 and pregnant and lactating women assisted under the MCH programme from 180 to 360 days per year.
9. *Component 2*: The number of children assisted under the school feeding programme was increased from 175,000 to 300,000 children (a 72 percent increase) in response to the Ministry of Education's request in 2008. As a result, WFP was able to expand its support to a number of municipalities within the targeted departments of Matagalpa, Jinotega, Nueva Segovia, Madriz and RAAN (all classified as extremely or very highly vulnerable to food insecurity).
10. Many schools targeted by WFP have very poor infrastructure or are temporary make-shift schools located in private homes, affecting the overall quality of the education. Further, during rainy season, many children stop going to school due to the poor conditions of the schools (inadequate roofs, dirt floors, etc.). The Ministry of Education lacks the resources to support these communities. In 2009, WFP received a grant of US\$75,000 from a private donor for infrastructure rehabilitation as a complementary action to the school feeding programme. WFP targeted 10 schools located in temporary shelters and schools in regions prone to heavy rains. Therefore, this budget revision includes additional ODOC to cover the school rehabilitation costs in the communities of Matagalpa.

TABLE 1. BENEFICIARIES BY COMPONENT			
Component	Current	Increase	Revised
1 – MCH	20,000	0	20,000
2 – SF	175,000	125,000	300,000
3 – FFW/FFT	30,000	0	30,000
Total	225,000	125,000	350,000

FOOD REQUIREMENTS

11. The budget revision will result in a food increase of 8,261 mt as follows:

TABLE 2. FOOD REQUIREMENTS BY COMPONENT (mt)			
Component	Current	Increase	Revised
1 – MCH	1,403	906	2,309
2 – SF	6,702	6,662	13,364
3 – FFW/FFT	3,127	693	3,821
Total	11,232	8,261	19,493

RECOMMENDATION OF THE EXECUTIVE DIRECTOR

12. The proposed additional commitment of food and associated costs resulting in the revised budget of US\$5,098,520 for project CP 105970 is recommended for approval.

 Josette Sheeran
 Executive Director, WFP

 Date:

ANNEX I-A

BUDGET INCREASE COST BREAKDOWN

Food ¹	Quantity (mt)	Value (US\$)	Value (US\$)
Cereals	4 196	1 939 236	
Pulses	1 197	(758 605)	
Oil and fats	448	(295 066)	
Mixed and blended food	2 214	1 431 761	
Others	206	990 428	
Total food	8 261	3 307 756	
Cash transfers		00 000	
Voucher transfers		00 000	
Subtotal food and transfers			3 307 756
External transport			1 089 215
Landside transport, storage and handling			121 892
Other direct operational costs			76 956
Direct support costs ² (see Annex I-B details)			169 153
		Total direct project costs	4 764 972
		Indirect support costs (7%) ³	333 548
		TOTAL WFP COSTS	5 098 520

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

² Indicative figure for information purposes. The direct support costs 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\$)	
Staff and staff-related costs	
International professional staff	-
International general service staff	-
Local staff - national officers	15
Local staff - general service	(17 060)
Local staff - temporary assistance	6 509
Local staff - overtime	(906)
Hazard pay and hardship allowance	-
International consultants	-
Local consultants	6 530
Non staff HR: UNV	-
Commercial consultancy services	38 665
Staff duty travel	41 306
Subtotal	75 059
Recurring expenses	
Rental of facility	4 150
Utilities general	827
Office supplies and other consumables	10 469
Communications and IT services	(3 098)
Equipment repair and maintenance	(1 429)
Vehicle running cost and maintenance	(8 985)
Office set-up and repairs	77 230
UN organization services	(2 000)
Subtotal	77 164
1.1.1 Equipment and capital costs	
Vehicle leasing	-
TC/IT equipment	16 930
Local security costs	-
Subtotal	1.1.2 16 930
TOTAL DIRECT SUPPORT COSTS	1.1.3 169 153

ANNEX IC: SUMMARY EXPLANATION OF THE TOTAL REVISION FOR 2008 AND 2009

	2008 PLANNED	2008 NEW PLAN	2008 TOTAL REVISION	2009 PLANNED	2009 NEW PLAN	2009 TOTAL REVISION	2008/2009 REVISION
COMMODITIES (mt)	5 673.37	8 592.18	2 918.81	5 559.00	10 901.39	5 342.39	8 261.20
COMMODITIES (US\$)	5 314 662.16	6 872 499.14	1 557 836.98	5 383 426.52	7 133 345.76	1 749 919.24	3 307 756.22
External transport	349 497.84	1 062 322.84	712 825.00	349 497.84	725 887.84	376 390.00	1 089 215.00
LTSH	170 754.65	292 647.04	121 892.39	174 87.70	174 87.70	0	121 892.39
ODOC	95 269.00	3 499.95	-91 769.05	95 269.00	263 993.81	168 724.81	76 955.77
DSC	173 458.00	125 813.28	-47 644.72	184 150.00	400 947.96	216 797.96	169 152.56
Total direct costs	6 103 641.65	8 356 782.25	2 253 140.60	6 187 331.06	8 699 163.07	2 511 832.01	4 764 971.94
ISC 7%	427 254.92	584 974.76	157 719.84	433 113.17	608 941.41	175 828.24	333 548.04
Total WFP Cost	6 530 896.57	8 941 757.01	2 410 860.44	6 620 444.23	9 308 104.48	2 687 660.25	5 098 519.98