



**World Food Programme**

**PROJECT BUDGET REVISION FOR APPROVAL BY  
THE REGIONAL DIRECTOR**

5) To:	Initials	In Date	Out Date	Reason for Delay
Mr. Muhannad Hadi Regional Director, RBC				
4) Through:	Initials	In Date	Out Date	Reason for Delay
Mr. Carl Paulsson Senior Programme Policy Officer, RBC				
3) Through:	Initials	In Date	Out Date	Reason for Delay
Mr. Mathew Dee Supply Chain Coordinator, RBC LTSH and/or External Transport)				
2) Through:	Initials	In Date	Out Date	Reason for Delay
Ms. Lindita Bare Budget & Programming Officer, RBC				
1) From:	Initials	In Date	Out Date	Reason for Delay
Country Office or Regional Bureau on behalf of Country Office				

**Kyrgyz Republic DEV 200662  
Support for National Productive Safety Nets and Long-Term Community Resilience  
BR No. 03**

<b>Total revised number of beneficiaries</b>	384,000
<b>Duration of entire project</b>	1 July 2014 – 31 December 2016
<b>Extension / Reduction period</b>	Extension by 12 months, to 31 December 2017.
<b>Gender marker code</b>	2A
<b>WFP food tonnage</b>	17,429

**Start date:** 01 July 2014    **End date:** 31 December 2016    **Extension period:** 12 months  
**New end date:** 31 December 2017

**Cost (United States dollars)**

	<b>Current Budget</b>	<b>Increase</b>	<b>Revised Budget</b>
Food and Related Costs	US\$ 10,744,795	US\$ 2,677,443	US\$ 13,422,238
Cash and Vouchers and Related Costs	US\$ 1,695,200	US\$ -	US\$ 1,695,200
Capacity Development & Augmentation	US\$ 3,120,248	US\$ 431,496	US\$ 3,551,744
DSC	US\$ 2,911,627	US\$ 970,155	US\$ 3,881,782
ISC	US\$ 1,293,031	US\$ 285,537	US\$ 1,578,567
<b>Total cost to WFP</b>	<b>US\$ 19,764,901</b>	<b>US\$ 4,364,630</b>	<b>US\$ 24,129,531</b>

**CHANGES TO:**

**Food Tool**

- MT  
 Commodity Value  
 External Transport  
 LTSH  
 ODOC

**C&V Tool**

- C&V Transfers  
 C&V Related Costs

- CD&A  
 DSC  
 Project duration  
 Other

**Project Rates**

- LTSH (\$/MT)  
 ODOC (\$/MT)  
 C&V Related (%)  
 DSC (%)



## NATURE OF THE INCREASE

1. *This budget revision to development project (DEV) 200662 “Support to National Productive Safety Nets and Longer-Term Community Resilience” proposes to:*
  - *Extend the duration of the project from 1 January through 31 December 2017. This is in line with the extension of the current United Nations Development Assistance Framework (UNDAF) cycle, and ongoing work to formulate a new WFP Country Strategy Plan 2018-2022, aligned with the new UNDAF 2018-2022.*
  - *Increase the number of beneficiaries from 274,000 to 384,000 (189,700 boys/men and 194,300 girls/women) with gender representation of 49 percent men and 51 percent women under the Food Assistance for Assets (FFA) component, in accordance with the identification of additional needs in new target areas, with WFP and the Government agreeing to focus interventions in areas with high concentrations of the population living in poverty, food insecurity and vulnerability;*
  - *Increase food commodities by 4,950 mt of wheat flour and 466 mt of vegetable oil, in accordance with the above increase in beneficiary numbers, with no change to the individual rations;*
  - *Increase DSC and CD&A components, in line with requirements for the period of extension, based on the already approved 2016 rates, as the Country Office estimates that future unit costs will remain at the same level as in 2016;*
  - *Maintain the ODOC budget at its current level in order to utilize existing unspent ODOC balances during the extension period;*
  - *Revise the LTSH budget to cover expenses related to the additional tonnage of this budget revision;*
  - *No External Transport (ET) expenditure is planned for the additional commodities, as these will be purchased locally and delivered regionally on Delivery At Place (DAP) terms, in line with donor conditions;*
2. The budget revision represents a total cost increase of 22 percent over the previously approved budget.

## JUSTIFICATION FOR THE REVISION

### **Background**

3. The economy of the Kyrgyz Republic is heavily impacted by the recession and slowdown in the economy of Russian Federation, where an estimated third of the country’s total labour force is working<sup>1</sup>. Remittances from the Russian Federation declined significantly in 2015 (25 percent on a year-on-year basis in US dollar terms). The Kyrgyz Som also depreciated by 22 percent in 2015 against the USD dollar. Overall, exports were down by 12 percent in 2015, with a continued reduction of 28.4% in the first months of 2016. Unfavorable external environment, currency fluctuations and volatile economic growth

<sup>1</sup> Asian Development Bank Outlook 2015



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has reduced household purchasing power especially among the most vulnerable segment of population, and in particular increased the poverty among women (29.7 percent in 2014 and 32.7 percent in 2015, while poverty remained unchanged for men at 31.5 percent for the same period)<sup>2</sup>.

4. Poverty is closely correlated with food insecurity and malnutrition in the Kyrgyz Republic. Average per capita food expenditure for the total population is around 39 percent (average of 2010-2015). The proportion is significantly higher for the lowest income group who spends 84 percent of their income for food (average per capita expenditure of 2010-2015). In 2015 in correlation with the increase in the poverty rate the percentage of the average per capita food expenditure also increased, reaching 89 percent<sup>3</sup>.
5. In September 2016 United National Country Team (UNCT) completed the Common Country Assessment (CCA). It indicates that while hunger issues largely addressed, food insecurity (in terms of access, utilization and stability) and malnutrition remain a challenge and a further significant segment of the population remain at risk of falling into food insecurity in the event of shocks and stresses.
6. The country remains highly exposed to climate-related natural disasters, affecting food security and livelihoods. In 2015, above-normal precipitation and temperatures resulted in an increase in the number of seasonal floods and mudflows. From January 2015 to May 2015, recorded natural disasters increased by around 30 percent, compared to the same period in 2014<sup>4</sup>.

### *Summary of existing project activities*

7. Dev 200662 is designed around the government's National Sustainable Development Strategy 2013-2017, UNDAF and WFP's Strategic Plan 2014-2017. The project supports WFP's Strategic Objective 3.
8. The project was launched in July 2014 for a duration of thirty (30) months until 31 December 2016 and is implemented through two components:
  - a) Support to development of national policies and strategies on food security, nutrition and social protection, as well as advocacy, awareness building, and enhancement of systems and tools, to ensure ability to manage and maintain productive safety nets;
  - b) Targeted food assistance, such as productive safety nets, which offers opportunities for scaling up, to build resilience at the community level, in close cooperation with government and development partners.
9. Under the first component, WFP supported the Government in comprehensive reflection of the issues and related measures to address challenges with access to food. The project supports Government efforts in addressing issues related to access providing direct

<sup>2</sup> National Statistics Committee – Gender Statistics 2015

<sup>3</sup> National Statistics Committee, poverty and food security, 2010-2015

<sup>4</sup> Ministry of Emergency Situations of the Kyrgyz Republic.



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support to families with limited physical and economical access to food through improving agriculture infrastructure and skills, roads and bridges improving access to land and other natural resources, and livelihood protection measures among other activities. WFP, jointly with National Institute for Strategic Studies of the Kyrgyz Republic also completed the first phase of assessing national capacity for Food Security Governance, which is the first step to developing a comprehensive capacity development strategy for WFP and other stakeholders in the country.

10. Under the second component of the project, by 31<sup>st</sup> August 2016, WFP and the Ministry of Labour and Social Development of the Kyrgyz Republic (MLSD) initiated over 1,000 field level schemes, reaching over 183,000 beneficiaries in 94 locations identified through an Integrated Context Analysis exercise. Activities were identified and prioritized through community level consultations and focus group discussions (FGD) in each target community. Project participants were selected from the poorest and most vulnerable groups of population in target areas through self-targeting among individuals with income below poverty line.
11. Gender equality and empowerment in programming remains one of the focus areas for project interventions, in particular, the economic empowerment of rural women. A joint project with FAO, UN WOMEN and IFAD on rural women's economic empowerment is implemented as part of the Dev 200662. In addition to contributions from Norway and Sweden, the project has also received a contribution from Japan for field level gender specific activities for the economic empowerment of rural women. The country office is participating in WFP's Gender Transformation Programme during 2016-2017, which will significantly contribute to improved gender mainstreaming in country office activities. Essentially, the Gender Transformation Programme operationalises the Gender Policy 2015-2020, encompassing the twin-track approach of gender-transformative programming and organisational change for gender equality outcomes in the area of food security and nutrition.
12. As part of the exit strategy, and in line with commitments made in the project, WFP and MLSD have established an Inter-Ministerial Working Group to develop a "Productive Safety Nets Programme" for the Government. In addition, a "ten ministry decree" signed by the Government aims to pilot "Productive Measure of Social Development" (PMSD) in two districts with the objective to provide field level evidence to the Government for strategy formulation and to support the design and integration of productive social protection measures in national safety nets schemes.

In August 2016, for the purpose of National Strategic Review on the sustainable development goal (SDG) 2, the Government, with support from WFP, established a "Council for improving the socio-economic condition of the poor families" chaired by the Prime Minister of the country. The key objectives of this Council are to improve the socio-economic situation of families living in poverty through:

- a. Taking timely and effective decisions on related issues;
- b. Ensuring effective coordination between government ministries, local self-governing bodies, international donors and NGOs; and
- c. Mobilization of state and local level resources.



### **Conclusion and recommendation of the re-assessment**

13. *In 2016, an operational evaluation was conducted, which confirmed the relevance and appropriateness of the project within the context of the Kyrgyz Republic. The evaluation made a number of recommendations, including development of a capacity development plan, greater involvement of communities and women in project committees and further integration of disadvantaged groups in project activities. An extension of the project to 31<sup>st</sup> December 2017 will provide the required time to implement fully these evaluation recommendations.*
14. *Monitoring results have also shown the effectiveness of project activities, with food consumption patterns and food consumption based coping practices improving since October 2014 in project-targeted areas. During recent monitoring in June 2016, the average number of food groups consumed (Dietary Diversity Score) increased from 5.9 to 7.0 in targeted areas, while this remained stable in non-targeted areas (6.6 to 6.9). Share of households with 'poor' or 'borderline' Food Consumption Score (FCS) reduced from 31 to 7 percent in targeted areas and from 10 to 6 percent in non-targeted areas during October 2014 and June 2016. Findings suggest that male and female-headed households have similar levels of dietary diversity during both pre and post-harvest seasons. However, prevalence of households with 'poor' or 'borderline' FCS tend to be higher among female-headed households during the last three monitoring rounds. The analysis shows that female-headed households consume more vegetables and fruits (a food group with a lowest relative nutritional importance value in the FCS module), while less meat (a food group, which has the highest relative nutritional importance value in the FCS module), compared to male-headed households. The Food-based Coping Strategy Index also significantly reduced as compared to the previous year in targeted areas from 3.5 to 1.3, while the decrease in non-targeted areas was marginal from 2.3 to 1.5<sup>5</sup>. Analysis shows that food-based coping strategies, applied by households, were used by females to a larger extent than by males. Project interventions also resulted in enhanced functionality of community infrastructure in most communities, with the proportion of fully functioning community assets increasing two-fold during a period of single year of project implementation (from 13% to 27%).*
15. *WFP Post Distribution Monitoring showed that the majority of targeted households made use of training skills to improve farming practices and off-farm income generation activities. Half of the participants of training on off-farm income generation activities were employed after an average period of three months following completion of the project, which included opening of own businesses. The remaining half are planning to start working in their communities, or to use the obtained skills by working from home to produce goods and services. Households participating in agricultural productivity*

<sup>5</sup> WFP country office Food Security Outcome Monitoring June 2016



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*enhancing activities were found to have increased their levels of productivity and share of harvest sales for potato, onion, cabbage and fruits.<sup>6</sup>*

- 16. The above findings confirm that project interventions continued to contribute to improved food security in targeted communities.*

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<sup>6</sup> Post project monitoring, 2015

*Purpose of change in project duration and budget increase*

17. *The purpose of this budget revision is to increase the beneficiary numbers through an expansion of target locations within priority areas identified through an integrated context analysis exercise. Community level consultations and focus group discussions (FGD) in target communities will be conducted to identify needs related to livelihoods and skills enhancements. Project participants will be identified from the poorest and most vulnerable groups of population in target areas through self-targeting among individuals with income below poverty line. With the increase of the caseload, this budget revision will account for a corresponding increase in food commodities and associated costs.*
18. *The original number of targeted beneficiaries under Dev 200662 was determined based on existing needs and the availability of resources in past years, and is thus relatively modest. The actual number of food insecure persons in the country, however, is substantially higher than the number of beneficiaries planned under DEV 200662. As described above, over the past year, economic shocks such as fluctuations in remittances and currency values have placed an increased number of households at risk of food insecurity.*
19. *WFP, jointly with MLS D, have completed the processes of selecting the most vulnerable areas for intervention, identified through an Integrated Context Analysis exercise. Based on the results of the area selection, a further 110,000 beneficiaries have been identified as poor and food insecure people to be supported by productive safety net activities and community resilience enhancement interventions, such as improving irrigation systems, rehabilitation of road and bridges enabling greater access to land, agriculture skills enhancements and nutrition awareness raising, diversifying income and agriculture produce, community protection measures such as mitigation structures and raising awareness on disaster preparedness and livelihood protection and other related activities identified by community members. Community consultations and focus group discussions with participation of men and women will be conducted to formulate activities based on the needs. The project will continue implementing RWE E activities in target areas for rural women.*
20. *The extension period will enable CO to implement measures related to the recommendations of the operational evaluation of the project. More specifically, CO will be convening the Inter-Ministerial Working Group of the project to review current structure of the Project committees in target areas to allow greater participation of women and other community members from disadvantaged groups implementing recommendations 6 and 8.*
21. *A favorable funding environment based on continued support from the Russian Federation and new confirmed contributions from emerging donors, such the Republic of Korea, will allow the project to add a further 110,000 beneficiaries to the planned 274,000 beneficiaries in target areas, thus bringing the total number of beneficiaries to 384,000.*



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22. *The project objectives, scope and activities remain unchanged under this budget revision. There is no change in the food rations and modality of food distributions.*




**TABLE 1: BENEFICIARIES BY ACTIVITY**

Activity	Category of beneficiaries	Current			Increase			Revised		
		Boys / Men	Girls / Women	Total	Boys / Men	Girls / Women	Total	Boys / Men	Girls / Women	Total
FFA	Food insecure	103,100	104,900	208,000	54,000	56,000	110,000	157,100	160,900	318,000
Food assistance for training (FFT)	Food insecure	17,800	18,200	36,000				17,800	18,200	36,000
* FFA	Food insecure	11,800	12,200	24,000				11,800	12,200	24,000
*FFT	Food insecure	3,000	3,000	6,000				3,000	3,000	6,000
<b>TOTAL</b>		<b>135,700</b>	<b>138,300</b>	<b>274,000</b>	<b>54,000</b>	<b>56,000</b>	<b>110,000</b>	<b>189,700</b>	<b>194,300</b>	<b>384,000</b>

\* via cash transfers

## FOOD REQUIREMENTS

23. The additional food requirements included in this budget revision represent the food rations for an additional 110,000 beneficiaries in 2017.

**TABLE 3: FOOD REQUIREMENTS BY ACTIVITY**

Activity	Commodity	Food requirements (mt) Cash/Voucher (US\$)		
		Current	Increase	Revised total
FFA	Food commodities	12,013	5,416	17,429
<b>TOTAL</b>		<b>12,013</b>	<b>5,416</b>	<b>17,429</b>

Drafted by: Sharifbek Sohibnazarov, Programme Officer, Kyrgyz Republic  
 Cleared by: Ram Saravanamuttu, Country Director, Kyrgyz Republic, on 21 October 2016  
 Reviewed by: Lindita Bare/Xuerong Liu, RBC  
 Cleared by: Dipayan Bhattacharyya, RBC

## 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	4,950	1,759,828	
Pulses	-	-	
Oil and fats	466	800,495	
Mixed and blended food	-	-	
Others	-	-	
<b>Total Food Transfers</b>	<b>5,416</b>	<b>2,560,323</b>	
External Transport		-	
LTSH		117,120	
ODOC Food		-	
<b>Food and Related Costs <sup>7</sup></b>			<b>2,677,443</b>
C&V Transfers		-	
C&V Related costs		-	
<b>Cash and Vouchers and Related Costs</b>			<b>-</b>
<b>Capacity Development &amp; Augmentation</b>			<b>431,496</b>
<i>Direct Operational Costs</i>			
Direct support costs (see Annex I-B)			3,108,939
<b>Total Direct Project Costs</b>			<b>4,079,093</b>
Indirect support costs (7.0 percent) <sup>8</sup>			285,537
<b>TOTAL WFP COSTS</b>			<b>4,364,630</b>

<sup>7</sup> This is a notional food basket for budgeting and approval. The contents may vary.

<sup>8</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 *	322,949
General service staff **	\$331,506
Danger pay and local allowances	-
<b>Subtotal</b>	<b>\$654,455</b>
<b>Recurring and Other</b>	<b>\$97,113</b>
<b>Capital Equipment</b>	<b>\$29,600</b>
<b>Security</b>	<b>\$10,800</b>
<b>Travel and transportation</b>	<b>\$140,187</b>
<b>Assessments, Evaluations and Monitoring<sup>9</sup></b>	<b>\$38,000</b>
<b>TOTAL DIRECT SUPPORT COSTS</b>	<b>\$970,155</b>

\* Costs to be included in this line are under the following cost elements: International Professional Staff (P1 to D2), Local Staff - National Officer, International Consultants, Local Consultants, UNV

\*\* Costs to be included in this line are under the following cost elements: International GS Staff, Local Staff - General Service, Local Staff - Temporary Assist. (SC, SSA, Other), Overtime

<sup>9</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.