

BUDGET INCREASE TO MADAGASCAR COUNTRY PROGRAMME 103400:

MADAGASCAR COUNTRY PROGRAMME 2005-2013

Start date: 01/01/2005. End date: 31/12/2013. Extension period: 12 months. New end date: 31/12/2014.

	Cost (United States dollars)		
	Current budget	Increase	Revised budget
Food cost	US\$ 48 298 536	US\$ 9 814 805	US\$ 58 113 341
Cash Transfer cost	US\$ 0	US\$ 269 963	US\$ 269 963
External transport	US\$ 9 939 535	US\$ 1 421 864	US\$ 11 361 399
LTSH	US\$ 16 061 884	US\$ 1 836 926	US\$ 17 898 810
ODOC	US\$ 4 598 666	US\$ 1 199 182	US\$ 5 797 848
DSC	US\$ 10 862 108	US\$ 2 261 874	US\$ 13 123 982
ISC (7.0 percent)	US\$ 6 283 251	US\$ 1 176 323	US\$ 7 459 574
Total cost to WFP	US\$ 96 043 980	US\$ 17 980 937	US\$ 114 024 917

NOTE TO THE EXECUTIVE BOARD (to be prepared by ERBT) Specify clearly name of person responsible for the document.

Draft decision

The Board approves the proposed budget increase of [amount] for Madagascar Country Programme [CP 103400] with a 12-month extension from [date] to [date] (document reference: e.g. WFP/EB.2/2012/9-B)].

NATURE OF THE INCREASE

1. This 13th budget revision (BR) to Madagascar Country Programme (CP 103400) extends the operation in time with additional resources by twelve months from 01 January 2014 until 31 December 2014 to accommodate the one-year extension of the United Nations Development Assistance Framework (UNDAF).
2. Several adjustments to the response strategy are proposed:
 - Increase the schools meals beneficiaries under Component 1 from 215,000 to 260,000;
 - Increase the ration and the caseload for orphans and vulnerable children (OVC) caseload under Component 1 from 28,000 to 33,000 beneficiaries;
 - Include a Cash for Asset activity under Component 2 for a planned 15,000 beneficiaries;
 - Under Component 3, decrease blanket supplementary feeding for prevention of acute malnutrition among PLW and 6-24 years old beneficiaries 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 1500 Tuberculosis (TB) clients in urban areas.

3. This budget revision will therefore:
 - Extend the operation duration by twelve months;
 - Provide an additional 21,266 mt of mixed food commodities valued at US\$ 9.8 million and cash transfer valued at US\$ 269,993;
 - Increase associated costs by US\$ 8 million, consisting of External Transport, Landside Transport, Storage and Handling (LTSH), Other Direct Operational Costs (ODOC), Direct Support Costs (DSC); and Indirect Support Costs (ISC)
 - Increase the total budget by US\$ 18 million from US\$ 96 million to US\$ 114 million.

JUSTIFICATION FOR EXTENSION-IN-TIME ANDBUDGET INCREASE

Summary of Existing Project Activities

4. CP 103400 was approved for a period of 5 years from 2005 to 2009 to support the Government's Poverty Reduction Strategy (2003) and contribute to the UNDAF. The CP addresses Strategic Objectives 2, 4 and 5. The latest budget revision extended the CP for two additional years from 1 January 2012 to 31 December 2013 to align it with the revised UNDAF cycle.
5. CP 103400 and PRRO 200065 are complementary: the PRRO covers a range of emergency interventions from relief responses to recovery interventions aimed at restoring livelihoods and rebuilding the resilience of shock-affected communities while CP activities address the medium and longer term causes of chronic hunger. The CP focuses on disaster risk reduction, preventing humanitarian emergencies, strengthening resilience and diversifying sustainable livelihoods.
6. WFP activities align with the 2012 PNAN2 (Plan National d'Action en Nutrition 2) that defines a set a key interventions to address acute malnutrition and stunting. Madagascar became the 29th country to join the Scaling Up Nutrition (SUN) movement in 2012.
7. The CP is composed of three components:
 - Support to basic education to promote primary school enrolment and increase retention by providing schools meals and micronutrient powder (MNP). Additionally WFP will assist OVCs enrolled in schools and vocational training centres;
 - Food assistance for Assets (FFA) activities to build community resilience and mitigate the effects of natural disasters¹. FFA activities will be implemented throughout the lean season (from October to mid-April); and
 - Blanket supplementary feeding to address acute malnutrition and maintain nutritional status among 70,000 children under the age of 2 and pregnant and lactating women (PLW) over the three months lean season period in food insecure communities and a FBP programme targeting Anti-Retroviral Therapy/Tuberculosis (ART/TB) clients and household dependents.
8. Activities are mainly concentrated in the southern and south-eastern regions of the country with higher food insecurity rates and vulnerability to natural disasters.

¹ The design and implementation of FFA/CFA will be based on participatory approaches and include processes in which women will have the opportunity to identify their specific priorities and needs.

Conclusion and Recommendations of the Re-Assessment

9. Madagascar is a low-income and food deficit country with a low Human Development Index (0.483) and has one of the highest levels of chronic malnutrition².
10. The national context is still marked by the consequences of the political turmoil that started in 2009 which remains un-resolved, causing an institutional impasse.
11. As a direct consequence of the political crisis, the economy has stalled, the income per capita has fallen and the government's capacity to deliver basic social services remains inadequate³. Most donors have significantly reduced development aid and resulting funding shortages have negative consequences on the most vulnerable. In addition, the government's reduced capacity to deal effectively with various shocks (cyclones/locust) will accentuate an already precarious food and nutrition situation⁴. Economic decline and donor disengagement are reversing development gains, with the poverty rate reaching some 92 percent of the population⁵. Additionally, a largely uncontrolled locust plague threatens crop production, food security and livelihoods of rural farmers and net-buyer urban dwellers.

Purpose of Extension and Budget Increase

12. The proposed one-year extension of the CP will ensure alignment with the revised UNDAF cycle as it was not possible to develop an updated framework for national priorities (required for a new UNDAF cycle). The one-year extension has been agreed by the United Nations Country Team (UNCT) following the postponement of the country's return to constitutional order through free and transparent elections.
13. This BR takes into account recommendations derived from a decentralized evaluation carried out in 2012-2013⁶, including, amongst other things, maintaining the current intervention areas with an increased involvement of technical national authorities and further collaboration with other UN agencies. In that regard, WFP will carry out regular consultations and joint activities with government, donors, UN, and NGO counterparts.
14. Under Component 1, in line with the CP evaluation recommendations, WFP will increase the coverage of the 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 be also increased following the recommendations of a monitoring survey⁷.
15. Under component 2, WFP will maintain its planned annual beneficiaries to 60,000 but will include a Cash-for-Asset (CfA) activity following a cash transfer feasibility study⁸ performed in 2012.
16. Under component 3, the lean season blanket supplementary feeding programme will be reduced to a caseload of 64,000 in order to avoid overlapping with the year round complementary feeding programme for pregnant, malnourished lactating, and children 6-24

² According to the latest Demographic and Health Survey (2008-2009), chronic malnutrition rate in the country has reached 50.1 per cent

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

⁴ As per findings from 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 \$2 a day

⁶ Razafiarisoa and Randriamanjakasoa, Decentralised Evaluation Report for the CP 103400 Madagascar (2005-2013), February 2013

⁷ WFP Monitoring Survey, September 2012

⁸ Fabio Bedini, Transferts d'Argent, Madagascar: Une étude de faisabilité dans le cadre du Programme Pays 2012-2013

months of the Nutrition Capacity Strengthening Trust Fund Programme (to be implemented from 2014 to 2016) and aiming at building experience on stunting prevention in alignment with new priorities formulated by the government's PNAN2.

17. The FBP programme will be maintained and the number of beneficiaries increased from 23,000 to 39,000 due to the higher GAM prevalence among TB patients⁹. The duration of food assistance to households will be reduced from 8 to 6 months as per new DOTS¹⁰ protocol. Under the social safety net component that provides family rations to malnourished clients and based on the cash transfer feasibility study recommendations, WFP will start a pilot cash project targeting 1,500 beneficiaries in Tulear City. The aim is to decrease sharing of food rations, prevent negative coping mechanism and protect household members from increased risk of TB infection due to malnutrition.

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

18. The OVC ration will be increased for all children.

TABLE 2: REVISED DAILY FOOD RATION/TRANSFER BY ACTIVITY				
<i>(g/person/day)</i>				
	Component 1 OVC South	Component 1 OVC Other	Component 2 FFA/Cash	Component 3 FBP-Social safety net/Cash
	REVISED	REVISED		

⁹ 65% according to 2012 survey compared to 40% as per previous estimates from the 2010 CFSVA

¹⁰ DOTS (Directly Observed Treatment Short Course) is the internationally recommended approach to TB control, which forms the core of the Stop TB Strategy.

Rice		200		
Maize	220 ¹¹ (gross) 140 (net)			
Pulses	30	30		
Veg. 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)		

FOOD REQUIREMENTS

19. Local purchases of maize and pulses will be pursued and increased whenever possible. Provided that there are sufficient quantities of food available and that quality standards are met, WFP will procure commodities directly from local farmers associations.

TABLE 3: FOOD/CASH REQUIREMENTS BY COMPONENT			
Activity	Food requirements (mt) Cash/voucher (US\$)		
	Current	Increase	Revised total
1.Support to 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&AIDS	19,464 mt	2 973 mt US\$ 62 963	22,438 mt US\$ 62,963
TOTAL	115,654 mt	21,266 mt US\$ 269,963	136,920 mt US\$ 269,963

Risk Management

20. The political crisis could have security implications and create further funding constraints. In order to mitigate the security risks, WFP will monitor developments and follow UNDSS recommendations. Should the needed 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.

¹¹ Maize is distributed in the form of whole grain, to be milled by beneficiaries. Based on experience, loss due to milling totals 36% of gross ration.

RECOMMENDATION OF THE EXECUTIVE DIRECTOR

21. The proposed 12-month extension as well as the additional commitment of food resulting in the revised budget for project 103400 is recommended to the Executive Board for approval.

Ertharin Cousin
Executive Director, WFP

Date

ANNEX I-A

BUDGET INCREASE COST BREAKDOWN			
Food¹	Quantity (mt)	Value (US\$)	Value (US\$)
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 – Micronutrient Powder	18	517 500	
Total food	21 266	9 814 805	
Cash transfers		269 963	
Voucher transfers			
Total food, cash and voucher transfers			10 084 768
External transport			1 421 864
Landside transport, storage and handling			1 836 926
Other direct operational costs			1 199 182
Direct support costs (see Annex I-B)			2 261 874
Total WFP direct costs			16 804 614
Indirect support costs (7.0 percent) ²			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 The indirect support cost rate may be amended by the Board during the project.

DIRECT SUPPORT REQUIREMENTS (US\$)	
Staff and staff-related costs	
International professional staff	435 000
International general service staff	0
Local staff - national officers	64 808
Local staff - general service	494 725
Local staff - temporary assistance	5 292
Local staff – overtime	1 680
Hazard pay and hardship allowance	0
International consultants	176 892
Local consultants	0
United Nations volunteers	66 000
Commercial consultancy services	0
Staff duty travel	416 422
Subtotal	1 660 819
Recurring expenses	
Rental of facility	33 472
Utilities	14 971
Office supplies and other consumables	29 541
Communications services	168 263
Equipment repair and maintenance	12 857
Vehicle running costs and maintenance	113 800
Office set-up and repairs	27 160
United Nations organization services	20 000
Subtotal	420 064
Equipment and capital costs	
Vehicle leasing	66 300
Communications equipment	30 516
Local security costs	84 175
Subtotal	180 991
TOTAL DIRECT SUPPORT COSTS	2 261 874

ANNEX II: LOGICAL FRAMEWORK CP 103400 – BR 13

Results	Performance indicators	Assumptions	Resources required
UNDAF OUTCOME (3) THE POOREST POPULATION OF THE MOST VULNERABLE AREAS RECEIVE EQUITABLE AND QUALITY EDUCATION	UNDAF Outcome Indicators Rate of completion of the various levels of the education system		
Country Programme Component 1 : Support to Basic Education			
WFP SO4: REDUCE CHRONIC HUNGER AND UNDERNUTRITION			6,640,270 US\$ (commodity value)
Outcome 1 Increased access to education and human capital development in assisted schools	<ul style="list-style-type: none"> ▪ Enrolment rate Target: Annual increase of 6% ▪ Attendance rate Target: Attendance rate reached 90% 	<i>Capacities of educational districts/ communes are sufficiently strengthened</i>	
Output 1.1 Timely food and non-food items distributed in sufficient quantity and quality to girls and boys, men and women in WFP-assisted schools	<ul style="list-style-type: none"> ▪ Number of beneficiaries receiving food and non-food items, by category and as % of planned figures. Target: 100% 260,000 beneficiaries in WFP assisted schools ▪ Tonnage of food distributed, by type, as % of planned distribution Target: (11,645 mt) 100% ▪ Number of schools assisted as % of planned Target: 1,452 Schools (100%) 		
Output 1.2 School meals coverage aligned with programme of	<ul style="list-style-type: none"> ▪ Number of feeding days in WFP-assisted schools as % of total number of schooldays. 		

work.	<i>Target: 172 days per year (100%)</i>		
Outcome 2 Increased access to education and human capital development of OVC, assisted in formal and informal schools	<ul style="list-style-type: none"> ▪ Attendance rate for OVC <i>Target: Attendance rate reached 80%</i>	<i>Capacities of the staff of OVC centres are sufficiently strengthened</i>	
Output 2.1 Timely food and non-food items distributed in sufficient quantity and quality to girls and boys, men and women in WFP-assisted schools	<ul style="list-style-type: none"> ▪ Number of beneficiaries receiving food and non-food items, by category and as % of planned figures. <i>Target: 100%</i> <i>33,000 beneficiaries in assisted OVC Centers</i> <ul style="list-style-type: none"> ▪ Tonnage of food distributed, by type, as % of planned distribution <i>Target: (2,650 mt) 100%</i> <ul style="list-style-type: none"> ▪ Number of feeding days in assisted OVC centers as % of total number of schooldays. <i>Target: 280 days per year for OVC in the south – 232 days (Not South Internal OVC) – 172 days (Not South External OVC)</i>		
UNDAF OUTCOME (1) THE ENJOYMENT OF THE PEOPLE, ESPECIALLY THE POOREST AND THE MOST VULNERABLE, OF THEIR SOCIAL, ECONOMIC RIGHTS IS ENHANCED THROUGH PARTICIPATORY GOVERNANCE AND SOLIDARITY	UNDAF Outcome Indicators % of the budget allocated to basic social sectors		
Country Programme Component 2: Mitigation of natural disasters and environment protection to face climate change			
WFP SO2: PREVENT ACUTE HUNGER AND INVEST IN DISASTER PREPAREDNESS AND MITIGATION MEASURES			1,747,155 US\$ (commodity)

			value)
<p>Outcome 3 Hazard risk reduced at community level in targeted communities in the south</p>	<ul style="list-style-type: none"> ▪ Community Asset score Target: Community Asset Score increased in at least 80% of the targeted communities. ▪ Household asset score Target: Household Asset Score increased in at least 80 % of the targeted households. ▪ Percentage of assets created through FFA/FFW managed and maintained on a regular basis by communities Target: 80% 	<ul style="list-style-type: none"> * <i>Partnerships agreements with key stakeholders</i> * <i>Community organizations and partner NGOs participate actively in activities</i> * <i>Communities use the skills acquired in a durable way to ensure household food security</i> 	
<p>Output 3.1: Built or restored disaster mitigation assets by target communities</p>	<ul style="list-style-type: none"> ▪ Risk-reduction and disaster-mitigation assets created or restored, by type and unit of measure Target: 80% of planned unit of measure by type of assets ▪ Number of participants in beneficiary training sessions Target: 7,000 participants ▪ Number of training sessions for beneficiaries carried out Target: 1,120 sessions per year 	<p><i>Cooperating partners' capacities strengthened to meet beneficiaries' needs.</i></p>	
<p>Output 3.2: Food and Cash distributed in sufficient quantity and quality to targeted beneficiaries through FFA activities</p>	<ul style="list-style-type: none"> ▪ Number of beneficiaries receiving food and cash, by category and as % of planned figures Target: 100% - 60,000 beneficiaries ▪ Tonnage of food distributed, by type, as % of planned distribution Target: 3,997 mt - 100% 		

	<ul style="list-style-type: none"> Total amount of cash distributed to beneficiaries as % of planned distributions <i>Target: USD 207,000</i> 		
UNDAF OUTCOME (5) <i>People's access to affordable preventive and curative healthcare and quality information is enhanced through an institutional environment and an appropriate legal and Programme framework</i>	UNDAF Outcome Indicators HIV Prevalence rate. Infant-child mortality rate		
Country Programme Component 3: Support the fight against malnutrition, TB and HIV/AIDS			
WFP SO4: REDUCE CHRONIC HUNGER AND UNDERNUTRITION			\$1,697,291 (commodity value)
Outcome 4 Improved nutritional status of target PLW, girls and boys	<ul style="list-style-type: none"> Prevalence of Acute Malnutrition among children under 2 in WFP intervention areas (project specific) <i>Target: stabilizing the Weight for Height acute malnutrition rate at the pre-lean season rate for 80% of projects</i> Prevalence of low BMI among non-pregnant - lactating women (<18.5) <i>Target: stabilizing the BMI acute malnutrition rate at the pre-lean season rate for 80% of projects</i> 		
Output 4.1 Timely food distributed in sufficient quantity and quality to targeted women, girls and boys	<ul style="list-style-type: none"> Number of beneficiaries receiving food, by category and as % of planned figures 		

Target: 100% - 64,000 beneficiaries

- Tonnage of food distributed, by type, as % of

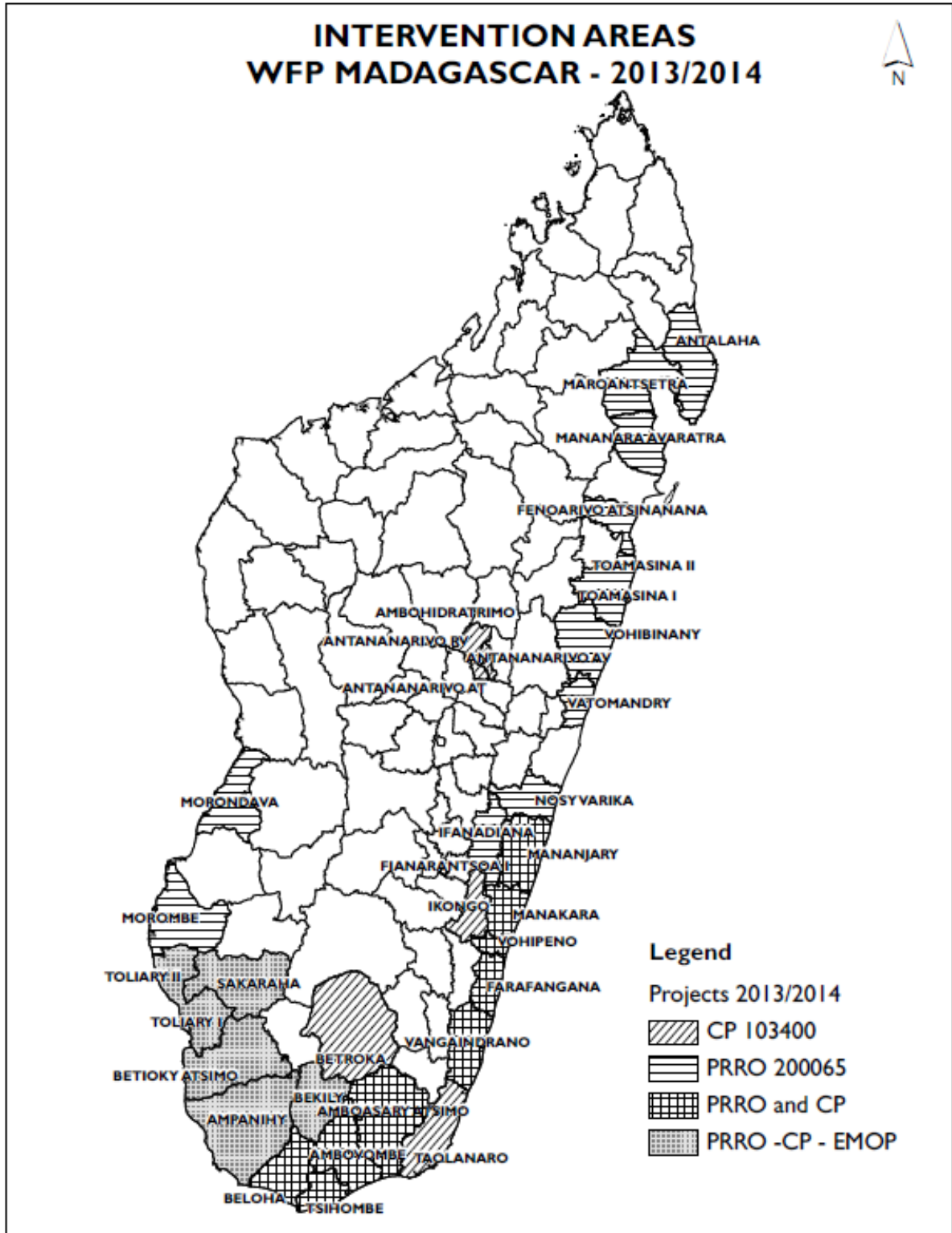
	<p>planned distribution Target: 1,296 mt - 100%</p>		
<p>Outcome 5 Improved success rate of TB treatment for target case</p>	<ul style="list-style-type: none"> ▪ TB Treatment Success Rate Target: 85% TB treatment success rate¹⁴ ▪ TB Treatment Nutritional Recovery Rate Target: 75% of adult TB-DOTS clients with BMI under 18.5, who have attained BMI over 18.5 after six months of food support. ▪ Household Food consumption score Target: 80% of targeted TB patients having a FCS higher than 35 during the period of assistance. 		
<p>Output 5.1 Timely food distributed in sufficient quantity and quality to targeted women, girls and boys</p>	<ul style="list-style-type: none"> ▪ Number of beneficiaries receiving food and cash, by category and as % of planned figures Target: 100%- 39,000 beneficiaries ▪ Tonnage of food distributed, by type, as % of planned distribution Target: 1,677 mt -100% ▪ Total amount of cash distributed as % of planned distributions Target: USD 62,963 (100%) 	<p><i>Timely and sufficient resources are available.</i></p>	

¹⁴ Treatment success rate of 85% reached for 65% of projects

UNDAF OUTCOME (4) <i>The living conditions and the productivity of the rural population in the targeted areas are improved</i>	UNDAF Outcome Indicators Poverty index in rural areas in targeted regions		
Country Programme: Support smallholder farming by supporting national agricultural sectors			
WFP SO5: STRENGTHEN THE CAPACITIES OF COUNTRIES TO REDUCE HUNGER, INCLUDING THROUGH HAND-OVER STRATEGIES AND LOCAL PURCHASE			
Outcome 6: Increased marketing opportunities with cost-effective WFP local purchases	<ul style="list-style-type: none"> ▪ Food purchased locally, as % of food distributed in-country Target: 21%	<i>Partnerships agreements with key stakeholders</i>	
Output 6.1: Food purchased locally	<ul style="list-style-type: none"> ▪ Tonnage of food purchased locally, by type Target: 4,400 mt (100%) ▪ Food purchased locally, as % of total food purchased. Target: 21% 	<i>Funds available in time to ensure the local purchase processing within the required period</i>	

ANNEX III

MAP



ANNEX IV - ACRONYMS USED IN THE DOCUMENT

ART	Anti-Retroviral Therapy
BMI	Body Mass Index
BR	Budget Revision
CP	Country Programme
DSC	Direct Support Costs
FBP	Food-By-Prescription
FFA	Food assistance For Assets
HIV	Human Immunodeficiency Virus
ISC	Indirect Support Costs
LTSH	Landside Transport, Storage and Handling
OVC	Orphans and Vulnerable Children
ODOC	Other Direct Operational Costs
PLW	Pregnant and Lactating Women
TB	Tuberculosis
UNDAF	United Nations Development Assistance Framework