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PROJECTS FOR EXECUTIVE BOARD APPROVAL

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DEVELOPMENT PROJECT ARMENIA 200128

Development of Sustainable School Feeding

Number of beneficiaries	50,000 (annual average)
Duration of project	36 months (1 July 2010–30 June 2013)
Food tonnage	6,480 mt
Cost (United States dollars)	
WFP food cost	3,822,300
Total cost to WFP	8,000,000

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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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EXECUTIVE SUMMARY

The Republic of Armenia has suffered the effects of the recent food and fuel price hikes and the global financial crisis. Classified as a lower-middle-income food-deficit country, Armenia has experienced a deeper recession than most countries; GDP declined by 15 percent in 2009. Poverty, food insecurity and social vulnerability increased during 2008 and 2009.

In response to the negative impact of the crisis on schoolchildren and budgetary constraints on social safety net expenditure resulting from the recession, WFP will assist schoolchildren in poor rural areas for a period of three years, while helping to establish a permanent nationally owned school feeding programme.

Development project 200128 will provide a nutritionally balanced meal for 50,000 primary schoolchildren in the most vulnerable and food-insecure regions. It aims to mitigate the impact of the economic and social crisis on vulnerable households by improving the access of poor rural children to primary education. The project will also support the design of a sustainable and affordable national school feeding policy and programme embedded in national priorities and budgets. The Government has shown an interest in adopting school feeding as a productive safety net that will contribute to the social and economic development of the country.

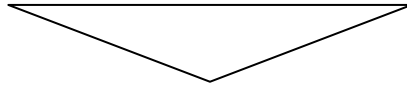
WFP previously assisted schools in Armenia through the protracted relief and recovery operation “Transitional Relief and Recovery Assistance for Vulnerable Groups”. Building on the positive lessons learned from the operation concerning school feeding, WFP will work with the Russian non-governmental organization Social and Industrial Food Services Institute (SIFI) and other development partners to provide policy advice and technical support to the Government for the development of a sustainable school feeding programme with links to local agricultural production and processing.

The project is aligned with the United Nations Development Assistance Framework (2010–2015), and contributes to the achievement of Millennium Development Goals 1 and 2¹ and WFP’s Strategic Objectives 4 and 5.²

¹ 1 – Eradicate extreme poverty and hunger; 2 – Achieve universal primary education

² 4 – Reduce chronic hunger and undernutrition; 5 – Strengthen the capacities of countries to reduce hunger, including through hand-over strategies and local purchase

DRAFT DECISION*



The Board approves the proposed development project Armenia 200128 “Development of Sustainable School Feeding” (WFP/EB.A/2010/9-A/3), subject to the availability of resources.

* 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.

SITUATION ANALYSIS

1. Armenia is a small, landlocked country in the Caucasus with a population of 3.2 million. More than half the population is urban and one third lives in the capital, Yerevan. Armenia is a lower-middle income country. Between 2004 and 2008 GDP growth averaged 12 percent annually, led by the construction and services sectors, and made possible by high remittances and capital inflows.
2. Until the third quarter of 2008 economic growth permitted increased government spending on benefits and social services. These positive changes, combined with a growing stream of private transfers, contributed to poverty reduction in Armenia. The overall incidence of poverty decreased from 35 percent in 2004 to 23 percent in 2008, while extreme poverty decreased from 6 percent to 3 percent. The poverty gap and the severity of poverty also declined.³
3. Progress was achieved towards several of the Millennium Development Goals (MDGs): the gross enrolment ratio in primary education rose from 88 percent in 2000 to 93 percent in 2007; the under-5 mortality rate per 1,000 live births was down from 19.3 in 2000 to 12.3 in 2007; the maternal mortality rate per 100,000 live births decreased from 52 in 2000 to 15 in 2007; access to potable water was up from 88 percent of the population in 2000 to 94 percent in 2007; and access to improved sanitation facilities rose from 63 percent of the population in 2000 to 67 percent in 2007.
4. The global economic crisis reversed many of the country's recent gains. As a country whose economy relies on exports of food and fuel, Armenia faced a marked slowdown in growth and deteriorating living standards following a sharp drop in remittances in 2008 and the economic recession of 2009.
5. As a result of the economic crisis, Armenia suffered three simultaneous shocks: i) loss of export demand; ii) collapse of metals export prices; and iii) sharp decline in remittances and private capital flows. Remittances, which stood at US\$1.06 billion or almost 9 percent of GDP in 2008, plummeted by 30 percent during the first seven months of 2009,⁴ given that the financial crisis was especially severe in the Russian Federation and other countries where remittances originate.
6. In 2009 GDP decreased by 15 percent. This reflects a collapse in the construction sector, as a result of the end of the remittance-fuelled boom, and the steep fall in international prices for non-ferrous metals and chemicals in late 2008. The country imports half of its cereals, making it vulnerable to price shocks. While the agricultural sector contributes only 16 percent of total GDP, it employs 44 percent of the labour force.
7. Poverty and social vulnerability increased during the crisis, wiping out most of the gains of the previous five years. The proportion of Armenians living below the poverty line was estimated to have reached 28.4 percent in the second quarter of 2009, up from 25.6 percent in the same period one year earlier; the level of extreme poverty nearly doubled to 6.9 percent or by 107,000 people in absolute terms. The World Bank estimates that the number of extreme poor in 2010 could exceed the total for 2004 by 77,000 people.⁵

³ World Bank. 2009. Armenia: Country Partnership Strategy. May 2009.

⁴ International Monetary Fund. 2009. Republic of Armenia: Second Review under the Stand-By Arrangement.

⁵ World Bank. 2009. Country Partnership Strategy for the Republic of Armenia 2009–2012.

8. Given the deteriorating situation, there has been a rise in the demand for social protection; government resources are insufficient to address the increased needs. The lack of protection for low-income families is creating social tension, compounded by constantly high food prices, unemployment and the wide difference between the incomes of the rich and poor. The situation affects women and men differently, while the negative impact on the health and education of children in low-income families can be dramatic. According to the 2005 Armenia Demographic and Health Survey, 13 percent of children under 5 are stunted, 5 percent are wasted and 4 percent are underweight. The economic downturn is expected to worsen the conditions reflected in these indicators.
9. Positive momentum is expected in the economy in 2010, with increased remittances owing to the anticipated recovery in the Russian Federation. However, the Government will continue to face budgetary constraints, and the economy is not expected to grow at previous rates for some time.

Food Security

10. WFP has conducted studies of the impact of the global financial crisis on vulnerable households in various countries, including Armenia.⁶ A WFP-led joint United Nations household survey on the impact of the financial crisis on household vulnerability was conducted by the Armenian Ministry of Labour and Social Affairs in August 2009.⁷ Both studies showed that food insecurity had increased and that the crisis had particularly severe consequences for poor and vulnerable groups, who have limited coping mechanisms for dealing with economic shocks.
11. The household survey ascertained that 12 percent of labour migrants had either returned or were planning to return to Armenia, which contributes to increased competition, unemployment and tension in the domestic labour market. Since 2008 the amount of food purchased on credit had significantly increased for food-insecure and vulnerable households; 30 percent of vulnerable households did not have sufficient food or money to buy food during the previous week, although the survey was conducted during the harvest season in July/August 2009 when fruit and vegetable prices were significantly lower than the rest of the year. More than 50 percent of such households were obliged to consume less and cheaper food; 25 percent bought food on credit or relied on support from relatives; 20 percent reduced the number of daily meals or the amount of food eaten; 5 percent limited the amount consumed by their adult members to allow small children to eat.
12. Another WFP study was conducted in February 2010⁸ to provide an update on the effects of the global economic crisis in Armenia, at both the macroeconomic and household levels. This study confirmed the gravity of the situation and recommended, among other things, the resumption of WFP assistance to school feeding in the most vulnerable communities.

⁶ WFP. 2009. Impact of the Global Financial Crisis: Armenia Case Study.

⁷ National Institute of Labour and Social Research/ WFP. 2009. Monitoring the Impacts of the Global Financial Crisis on Households. (draft)

⁸ WFP. 2010. Follow-Up Rapid Assessment of the Impact of the Global Economic Crisis in Armenia. (draft)

Primary and Preschool Education

13. The education system in Armenia is undergoing a reform process including transition to a 12-year system, with a one-year preschool level being introduced for children under 6 to prepare them for primary school. This is especially important for children from marginalized areas.
14. The reforms include expanding the curriculum and improving the quality of teaching, introducing child-centred interactive teaching methods and upgrading infrastructure. The United Nations Children's Fund (UNICEF), other United Nations agencies and the World Bank provide support to the Ministry of Education and Science at the national and sub-national levels to achieve equitable access to quality education.
15. Although government spending on education increased from 1.2 percent of GDP in 2002 to 3 percent of GDP in 2008, most of the funds were allocated to teachers' salaries. The target agreed by the Government in the current UNDAF is 4 percent of GDP by 2015. However, budgetary restrictions made necessary by the financial crisis have had a negative impact on government spending on the social sector, and have especially limited planned improvements in education.
16. School enrolment is compulsory in Armenia until the ninth grade, but there is a worrying increase in the number of children dropping out of school, from 1,417 in 2003 to 7,534 in 2007. Inequalities in access to education are a major concern: drop-out rates are higher in rural areas and among minority groups; enrolment rates are lower in rural areas; and rural residents are 1.8 times less likely to attend tertiary education than residents of urban areas. There are significantly lower enrolment rates for the poor population in high/upper secondary school and in preschools.
17. A UNICEF case study conducted before the current crisis found that student absenteeism reached 10 percent, and was attributable to poverty, frequent sickness and the need to look after livestock or undertake other household chores. The crisis has made it even more difficult for children of poor parents to attend school regularly. The fact that the cessation of WFP assistance in 2008 coincided with the impact of the economic crisis in 2009 raised serious concerns.

PAST COOPERATION AND LESSONS LEARNED

18. WFP engagement in Armenia started with emergency food distributions in 1993 to refugees and internally displaced people. Later assistance extended to other vulnerable people who suffered as a consequence of the economic and energy crises, armed conflict, blockades and implementation of economic reforms. In 2002 school feeding was included in the protracted relief and recovery operation (PRRO) "Transitional Relief and Recovery Assistance for Vulnerable Groups", benefiting up to 30,000 primary schoolchildren a year. School feeding was implemented in food-insecure areas; schools were chosen by local education departments based on criteria such as: i) location in vulnerable, mountainous or border areas, or in communities with large numbers of vulnerable households headed by women; ii) irregular school attendance; and iii) presence of school parent councils willing to collaborate and mobilize food and other resources.
19. In 2005, WFP undertook an internal review of operations.⁹ It found that food for education contributed to maintaining regular attendance while relieving short-term hunger.

⁹ WFP. 2005. After-Action Review.

School heads and teachers reported that daily meals improved children's concentration. Parents and communities increased their participation in schools by contributing food and other items and playing a role in implementing school feeding. The programme created a strong link between the schools and communities, parents were appreciative and supportive, and children developed a strong sense of belonging to their schools. In many cases, food for work enabled communities to renovate schools that were in very poor condition so that they could be eligible for inclusion in the school feeding component of the PRRO.

20. A joint WFP–donor mission to Armenia in March 2010 interviewed teachers and students from formerly assisted schools and found evidence of children being hungry in the classroom; there was a need to reinstate school meals so that children could concentrate and perform better, along with enjoying better health and nutrition. Teachers reported that the increase in unemployment and repatriated labour migrants had had negative impacts on children such as lowering food intake and quality, which in turn contributed to poor concentration and more absenteeism in school.
21. The planned phase-out of the operation meant that schools received no WFP assistance during the 2008/09 school year and thus there was no school feeding. It was clear that without central government funding, local authorities and school and community organizations would be unable to take over school feeding as originally envisaged in the PRRO. Local support is crucial, but central coordination and budget support are also needed for a sustainable school feeding programme in Armenia.

PROJECT STRATEGY

Goals and Objectives

22. The project is aligned with the UNDAF 2010–2015 for Armenia, which assigns high priority to inclusive education policies and strategies that ensure that the most vulnerable have access to quality schooling, and stay in school. The project will contribute to the reduction of hunger and the achievement of universal primary education (MDGs 1 and 2) by enabling children from poor rural areas to fully benefit from primary education.
23. The goal of the project is to improve children's access to primary education and establish the foundations for a sustainable home-grown national school feeding programme.
24. The expected outcomes include: i) increased regular school attendance, retention and school performance; and ii) a national school feeding strategy and implementation plan.
25. Immediate and long-term benefits include enhanced access to education, improved health and nutrition of school-age children, and contributions to the social and economic development of the country. In the short term the project will support the Government in scaling up productive social safety nets at a time of budgetary constraints and serious food insecurity among poor households.
26. The project addresses WFP Strategic Objective 4 – Reduce chronic hunger and undernutrition – and WFP Strategic Objective 5 – Strengthen the capacities of countries to reduce hunger, including through hand-over strategies and local purchase.

Implementation Strategy

27. The project will be implemented in the most food-insecure areas of the *marzes* (administrative districts) of Aragatsotn, Armavir, Gegharkunik, Lori, Shirak and Tavush. WFP implemented a school feeding programme in most of these areas between 2002 and 2008. Targeting will be adjusted using updated assessment data from the WFP-led national food security survey conducted in 2009. The direct food assistance component of the project will target 50,000 schoolchildren in 700 schools, requiring 6,480 mt of food over three years.
28. School meals will be provided five days a week over the 180 days of the school year. During the first two years most of the food will be imported; in the third year, it is expected that the project will shift to local purchasing for most of the required food items.
29. The project will build on experience gained in implementing school feeding through the PRRO, which proved successful and cost-effective. Organized and accountable school feeding management structures involving parent councils were set up under the previous food-for-education activity and can be used again. The new school feeding activity will consolidate the link between schools and communities. Improved kitchen/canteen facilities repaired through food-for-work projects, tables, chairs and kitchen utensils also remain from the PRRO.
30. These implementation arrangements will provide the starting point for this project. However, while this model proved effective under a geographically targeted humanitarian intervention, it may not be suitable in the longer term for a school feeding programme with national coverage because of its reliance on voluntary contributions from parents. Formal arrangements to provide food will need to be developed; in the longer term this will be based on local procurement, thus ensuring a stable demand for national farm produce and food processed locally.
31. As the project evolves into a national programme, the rations and implementing strategy will be modified through revisions to the plan of operations agreed between WFP and the Government.

Sustainability Strategy

32. WFP, SIFI and other development partners will assist the Government in developing a national school feeding policy and strategies through broad-based consultations. The project will retain a strong element of community support and at the same time facilitate the development of a government-funded decentralized and sustainable school feeding programme based on national standards and guidelines. Comparable nationally owned school feeding models in other countries will be adapted to the situation in Armenia.
33. A national school feeding programme will complement the educational reforms and improvements to the curriculum being introduced. This package of educational policies will help ensure that all children are able to realize their educational potential. A financially sustainable school feeding programme will be an integral part of broader social protection policies. While free school meals will be provided to children from low-income households, parents who have the means to contribute to the cost of school meals will be expected to do so. The programme will thus become an affordable, national productive safety net, integrated with national policies and development programmes.

MANAGEMENT, MONITORING AND EVALUATION

34. A national inter-ministerial coordination body has been set up and the Ministries of Education and Science, Labor and Social Affairs, and Agriculture have designated senior officials and technical staff to serve on it. This coordination mechanism will be established at two levels: i) a first level for the implementation of the food assistance project for 50,000 schoolchildren in the short term, starting in September 2010; and ii) a second level to steer the development of a national school feeding policy and implement the necessary technical and legal measures to integrate a school feeding programme into national safety net systems. WFP will support the newly formed coordination mechanism in establishing an operational plan for the immediate resumption of school meals in the most vulnerable areas and defining a national school feeding strategy that ensures that schools are allocated money for school feeding programmes, to be run by local authorities.
35. WFP will work with education departments at the provincial level to select communities and schools based on updated vulnerability assessment data and ensure that they have adequate facilities for implementation.
36. WFP will enter into partnership agreements with SIFI and other institutions and development partners to provide capacity development and advice to the Government. This will include: i) facilitation of national workshops and other events; ii) training in the management of institutional feeding programmes, and logistics and procurement; iii) guidance for preparation of national guidelines and manuals; and iv) support for innovation and research.
37. Food procured internationally will arrive by rail from the port of Poti in Georgia. There will be a main office and warehouse in Yerevan, and a warehouse in Vanadzor – which is a major entry point to the country by rail from Georgia and is one of the towns covered by the programme. To move food to project sites, WFP will contract private trucking companies on a competitive basis and use their services for six-month periods. The Commodity Movement Processing and Analysis System (COMPAS) will continue to be used for tracking food.
38. In the first year, the internal transport, storage and handling (ITSH) costs will be covered entirely by WFP. The Government will cover 50 percent of ITSH costs in the second year and 100 percent in the third year.

Monitoring and Evaluation

39. The project will be monitored on a regular basis by a non-governmental organization (NGO) contracted for this purpose on the basis of whether it has qualified staff available for the work.
40. As part of a new generation of capacity development activities to promote sustainable school feeding in the context of WFP's revised school feeding policy,¹⁰ the project will be monitored at the corporate level with a view to building on and sharing experiences and best practices.

¹⁰ "WFP School Feeding Policy" (WFP/EB.2/2009/4-A)

ANNEX I

BREAKDOWN OF PROJECT COSTS			
Food¹	Tonnage (mt)	Average cost per mt (US\$)	Value (US\$)
Cereals	3 780	430	1 625 400
Pulses	360	840	302 400
Oil	180	1 200	216 000
Buckwheat	1 90	550	1 039 500
Dried whole milk	180	3 000	540 000
Sugar	90	1 100	99 000
Total food	6 480		3 822 300
Internal transport, storage and handling ²			101 500
Other direct operational costs			1 420 650
Direct support costs ³			2 132 200
Total WFP direct cost			7 476 650
Indirect support costs (7.0 percent) ⁴			523 350
TOTAL WFP COSTS			8 000 000

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

² The estimated total cost of internal transport, storage and handling is US\$203,000. WFP will provide a 50 percent subsidy, as described in paragraph 38.

³ Indicative amount for information purposes. The direct support costs allotment is reviewed annually.

⁴ The indirect support cost rate may be amended by the Board during the project.

ANNEX II

TABLE 1: BENEFICIARIES		
Boys	Girls	Total
25 000	25 000	50 000

TABLE 2: DAILY FOOD RATION ⁵ (g/person/day)		
Food items	Ration 1 (120 days per year)	Ration 2 (60 days per year)
Fortified wheat flour	210	
Pulses	20	
Vegetable oil	10	
Buckwheat		210
Dried whole milk		20
Sugar		10
Total	240	240
<i>Total kcal/day</i>	891	875
Protein (g)	29.8	28.1
Fat (g)	13.4	8.6

⁵ The two rations will be alternated during the 180-day period and may be reviewed.

ANNEX III: LOGICAL FRAMEWORK

Results chain (Logic model)	Performance indicators	Risks and assumptions	Resources required
<p>UNDAF Outcome 3: Access and quality of social services is improved especially for vulnerable groups.</p> <p>Outcome 3.3 Inclusive education policies and strategies ensure access to and retention in quality schooling for the most vulnerable</p> <p>Output 3.3.1 Capacity of the Ministry of Education and Science at the national and sub-national levels to ensure inclusive equal access to quality education strengthened</p> <p>Output 3.3.3 National capacity to improve children's developmental readiness to start primary school on time, especially for marginalized children, is developed</p>	<p>UNDAF Outcome indicators</p> <ul style="list-style-type: none"> ➤ Drop-out rate: Baseline: 1.6% for all age groups (school year 2004/2005) Target for 2015: 0.5% ➤ Net enrolment rate and net attendance rate for primary schools (disaggregated by sex): Baseline: Primary schools 95.9% (2005 DHS) of which 80% for boys; 84% for girls Target for 2015: Primary schools 99.4% ➤ Gross enrolment of children under 6 in preschool programmes: Baseline (2010): 22% Target for 2015: 95% ➤ Government expenditures for social sectors (% of GDP): Baseline for education: 3% (2008) Target for 2015: 4% 	<p>Assumptions: Commitment of Government to improve access to and quality of schooling, especially for most vulnerable groups</p> <p>Risks: Weak capacities of government departments to develop and implement inclusive educational policies and strategies to ensure equal access to education</p>	
WFP Strategic Objective 4: Reduce chronic hunger and undernutrition			
<p>Outcome 4.2: Increased access to education and human capital development in assisted schools</p>	<ul style="list-style-type: none"> ➤ Attendance: number of school days girls and boys attend classes as % of total number of school days Target: annual increase in attendance rate of 2% met or exceeded for 80% of assisted schools ➤ Drop-out: number of girls and boys who drop out of school Target: annual decrease of 2% met or exceeded for 80% of assisted schools ➤ Improved learning performance Target: increased pass rate for boys and girls 	<p>Assumptions: Commitment and support of national and local authorities Active participation by school associations</p> <p>Risks: Insufficient government funds</p>	WFP: US\$7.3 million



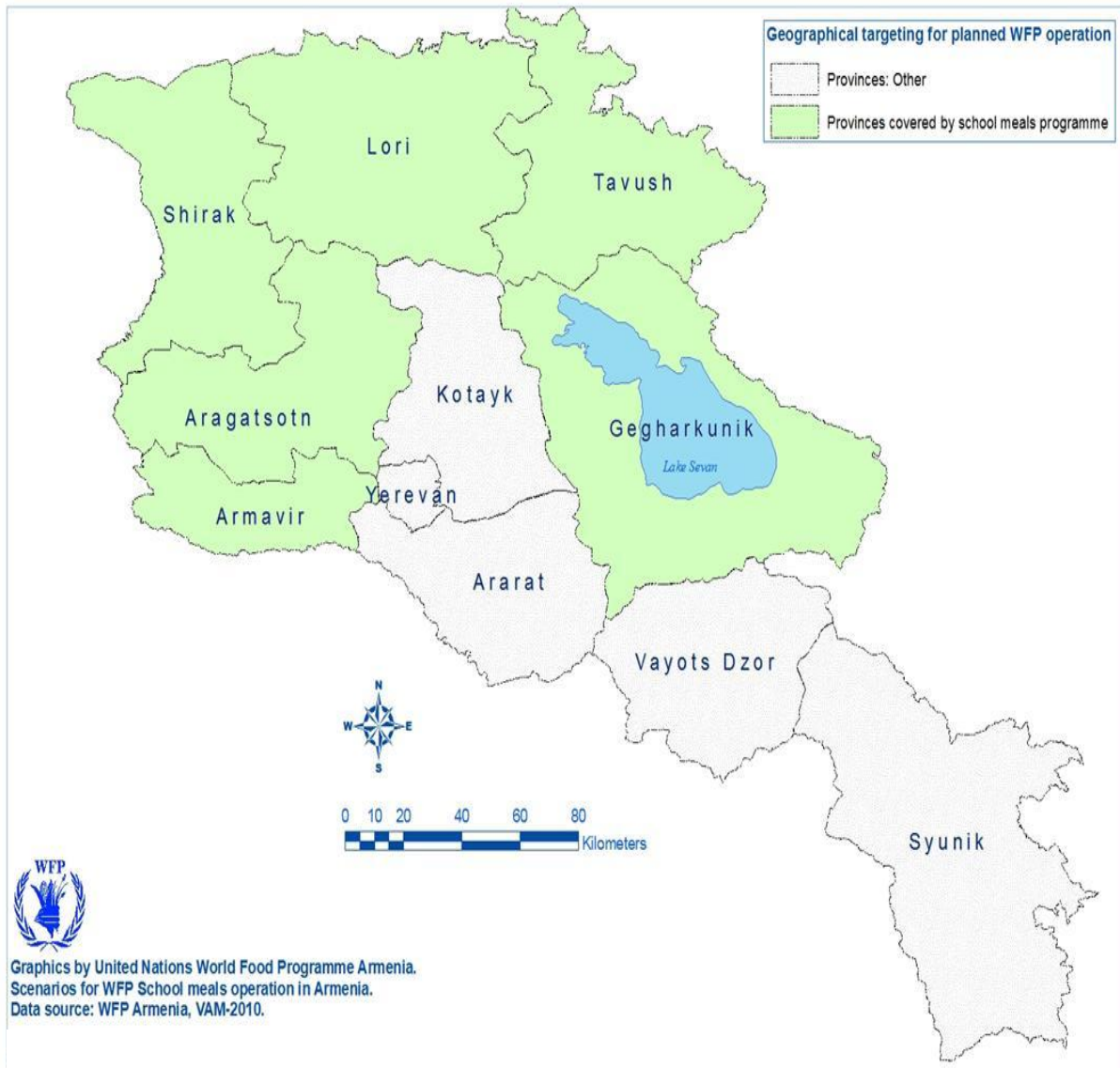
ANNEX III: LOGICAL FRAMEWORK

Results chain (Logic model)	Performance indicators	Risks and assumptions	Resources required
<p>Output 4.2: School feeding coverage aligned with programme of work</p>	<ul style="list-style-type: none"> ➤ Number of schools assisted by WFP ➤ Planned compared with actual ➤ Number of children assisted ➤ Numbers reached as % of plan ➤ Quantity of food provided ➤ Quantity provided as % of plan 	<p>Assumption: Adequate implementation capacity at school and community levels</p> <p>Risk: Late arrival of donor funds</p>	
<p>Strategic Objective 5: Strengthen the capacities of countries to reduce hunger, including through hand-over strategies and local purchase</p>			
<p>Outcome 5.1 Increased marketing opportunities at the national level with cost-effective local purchases</p> <p>Outcome 5.2 Progress made towards nationally owned hunger solutions</p>	<ul style="list-style-type: none"> ➤ Food purchased locally as % of food distributed in country ➤ Transition strategy towards a government school feeding programme completed, including: <ul style="list-style-type: none"> - development of operational plans - agreed milestones achieved on time - adequate staff assigned by Government - budget allocated to school feeding - home-grown school feeding 	<p>Assumptions: National prices competitive. Commitment of Government to a national school feeding programme</p> <p>Risks: Weak capacities of government departments to develop and implement school feeding policies and strategies and allocate sufficient funds</p>	<p>WFP: US\$700 000</p>



ANNEX IV

WFP Operational Areas in Armenia



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

GDP	gross domestic product
MDG	Millennium Development Goal
PRRO	protracted relief and recovery operation
SIFI	Social and Industrial Food Services Institut
UNDAF	United Nations Development Assistance Framework
UNICEF	United Nations Children\s Fund