

Bolivia PRRO 108360:
“Recovery of Food Insecure Households Affected by Consecutive Natural Disasters”
B/R No.: 3

PROJECT REVISION FOR THE APPROVAL OF:
➤ Deputy Executive Director, Operations Department

	<u>Initials</u>	<u>In Date</u>	<u>Out Date</u>	<u>Reason For Delay</u>
<u>ORIGINATOR</u>				
Country Office or Regional Bureau on behalf of Country Office
<u>CLEARANCE</u>				
Regional Director-OIC,
Project Budget and Programming Officer, RMBP
Chief, RMBP
Chief, ODLT (change in LTSH and/or External Transport)
Director and Deputy CFO, RMB
Director, ODX
<u>APPROVAL</u>				
Deputy Executive Director, OD

Project Budget:					
	Previous Budget		Revision	New Budget	
Food cost (<i>cash transfer</i>)	\$	9,619,956	\$ 277,200	\$	9,897,156
External transport	\$	426,726	US\$	\$	426,726
LTSH	\$	796,380	US\$	\$	796,380
ODOC	\$	754,788	\$ 26,360	\$	781,148
DSC	\$	1,732,448	\$ 89,508	\$	1,821,956
ISC (7%)	\$	933,121	\$ 27,515	\$	960,636
Total WFP cost (US\$)	\$	14,263,419	\$ 420,583	\$	14,684,002

Total WFP cost (US\$)	US\$	US\$	US\$
<u>TYPE OF REVISION</u>			
<input type="checkbox"/> Additional commodity	<input checked="" type="checkbox"/> Additional DSC	<input checked="" type="checkbox"/> Additional ODOC	<input type="checkbox"/> Additional LTSH
<input type="checkbox"/> Additional external transport	<input checked="" type="checkbox"/> Other – C&V	<input type="checkbox"/> Re-orientation	<input type="checkbox"/> Extension or Reduction in time

NATURE OF THE INCREASE

1. Incorporation of a voucher transfer pilot for a six-month duration, estimated from 1 April 2012 to 30 September 2012 for a total value of US\$277,200.

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2. Provide additional associated costs to support the implementation of the pilot in the amount of US\$115,868, consisting of other direct operational costs (ODOC) and direct support costs (DSC).
3. Provide additional indirect support (ISC) cost of US\$27,515.
4. Total project budget will increase by US\$420,583 which represents a 3 percent increase of the total budget.

JUSTIFICATION FOR BUDGET INCREASE

Summary of existing project activities

5. PRRO 108360, approved in June 2009 and scheduled to end in September 2012, supports the recovery of food insecure households affected by consecutive disasters in 45 municipalities identified through the Emergency Food Security Assessment (EFSA). In line with strategic objectives 2, 3 and 4, the operation involves four components aimed at recovering and protecting livelihoods of the most affected households: improve the nutritional status of pregnant/lactating women and children ages 2-6, improve enrolment and attendance in selected schools, develop emergency preparedness and response capacities of local governments, and provide relief to victims of new shocks. The project's design included the possibility to incorporate a conditional cash transfer pilot to complement food assistance particularly to support livelihoods recovery and protection depending on the feasibility and the availability of cash funds.

Conclusion and recommendation of the re-assessment

6. Monitoring visits in 2011 concluded that recurrent overflows and diversions of the nearby Rio Grande River during the rainy season and droughts during the winter season have deteriorated the food security of the population in the specific area of Colonia Berlin in the Municipality of San Julián. The previous EFSA carried out in the flood affected area of the Department of Santa Cruz (including the municipality of San Julián) in November 2010, revealed that as a consequence of the losses experienced in the beginning of the year, 66 percent of the subsistence farmers planted a smaller area due to the lack of capital, seeds and tools. The EFSA revealed that the prevalence of acute malnutrition in children below 5 years was 6.8 percent. Approximately 25 percent of the households, some 9,500 families, were under moderate and severe food insecurity, mainly because of poor access to food and poor food consumption.
7. In 2010, with the support of the Swiss Development Cooperation (SDC), WFP Bolivia was able to carry out an initial feasibility study –by a Swiss expert- where two potential locations were recommended for a voucher transfer: San Julián and Riberalta. The expert assessed the general characteristics of the markets and access to banking services in the selected locations. The study also established concrete recommendations for its implementation, particularly a deeper assessment of the markets. Hence, with the support of WFP Headquarters, a market and feasibility assessment was carried out in 2011 in the two selected locations plus a new one.
8. As a result of the 2011 market and feasibility assessment, the region of Colonia Berlin in the municipality of San Julián was selected to implement a voucher transfer pilot project due to

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the appropriate characteristics of its market, adequate banking facilities, and the food insecurity risk under which its population lives. The results of the assessment provide evidence that markets in the specific area are functioning well, i.e. the market structure, behaviour and performance are adequate. Thus, the injection of additional cash – in the proportion that the project is planning to implement- will not generate market distortion. PRRO 108360 is already implementing food-for-assets (FFA) activities in this municipality, therefore, the implementation of cash for work (CFW) will allow WFP to compare both modalities (FFA and CFW) within the same context. Seven hundred households (approximately 3,500 participants) have been identified by WFP and local authorities as potential beneficiaries.

9. Using cash voucher will be a more effective transfer modality to re-establish food and nutrition security, as it will allow households to afford foods that they may not have been able to access, diversifying their food intake. Cash vouchers are also a modality that the Government is very interested to explore as a new approach to respond to and recover from emergencies.

Purpose of the budget increase

10. With the results of the 2011 market and feasibility assessment, WFP Bolivia prepared a proposal for a voucher transfer pilot project. The project was submitted on the specific request of the Swiss Development Cooperation agency (SDC) in Bolivia, which confirmed its willingness to fund 50 percent of the needed resources.
11. The current budget revision has been prepared in order to allow the PRRO 108360 to absorb the Swiss contribution and initiate the resource mobilization of the balance needed. It involves the incorporation of cash vouchers, and the related ODOC, DSC and ISC. The current planning for the PRRO only includes a small contingency for emergencies, and capacity development activities that were anticipated due to availability of funds at the end of 2011. Therefore, the additional cash voucher activities for this pilot, used to support the continued recovery of beneficiaries from recurring climatic events, represent additional needs to the project. The additional budget also assures an appropriate WFP implementing platform in the field.
12. As the project will be implemented within the framework of the PRRO 108360 “Recovery of Food-Insecure Households Affected by Consecutive Natural Disasters” it will contribute to its objectives, particularly to (i) support the recovery and re-establishment of livelihoods and food and nutrition security of the most food-insecure households; (ii) to support and strengthen resilience to shocks in the most food-insecure communities through safety nets and asset creation and (iii) strengthen the government’s capacity to prepare for, assess and respond to emergencies.
13. Cash-for-work, under the voucher modality, will contribute to the achievement of these objectives. Vouchers are preferred as they (i) provide a higher probability of using cash on food purchase, (ii) the use of vouchers is largely accepted by the retailers in the assessed markets, and (iii) handling vouchers represents a lower risk of theft, particularly for women.
14. A cash voucher for a value of US\$3 per worked day has been planned based on the price of WFP FFA-food-basket products in the region, the transportation costs from and to markets

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and the minimum wage in Bolivia. Vouchers will be distributed to the beneficiaries by WFP implementing partner according to the number of days worked. Beneficiaries will exchange the voucher for food in a group of selected shops conditioned to working in their communities. The traders will then cash the vouchers in one local bank from a WFP account.

15. Forestation activities will include plant nurseries and tree plantation to be used as natural dikes along the riversides of the Rio Grande River to prevent the river diversion, and construction of pyramids as dikes for reinforcement to protect the land from river diversion or overflow. The pyramids are constructed with wood beams covered with a steel-wire net. After various trials, the communities have identified the pyramids as the most cost-effective means of river protection. Also, construction of water reservoirs and small irrigation systems will be implemented. These activities have been identified in collaboration with beneficiaries and local authorities.
16. The project will be based on WFP's existing food for assets/food for training experiences in the country. The same implementation platform will be applied to the CFW modality, i.e. same partners and same implementation strategy, where Municipal and Departmental Governments provide important non-food items such as construction materials and inputs, technical assistance, transportation, etc. to implement the FFA activities. WFP and the government implementing partner have also monitoring systems in place which can be adapted to the CFW modality. Finally, the same procedures of the FFA modality will be applied to CFW that includes work performance standards (amount or volume of work by daily ration), community organization, etc.
17. The project includes additional learning objectives, which are (i) to compare the cost-effectiveness of different intervention modalities to better inform decision-making and policy; (ii) to compare the impacts of cash versus food in an emergency recovery context; (iii) to gain experience to implement this modality in future operations not only of WFP but mainly of the Government in Bolivia.
18. An evaluation is planned and budgeted at the end of the project.
19. For this specific intervention, the modality of voucher transfer will be changed from food for assets to cash for assets. The total beneficiaries' caseload of the PRRO will not change.
20. As established in PRRO 108360, beneficiaries are rural households who have become increasingly food-insecure as a result of consecutive years of floods and droughts and who have been unable to recover their livelihoods. For this specific intervention, the beneficiaries are small farmers, mostly of indigenous origin who migrated from western areas to resettle in the lowlands of the municipality of San Julián in the Department of Santa Cruz. The project will support beneficiaries living in Colonia Berlin, a remote region within the municipality of San Julian that is frequently hit by floods and droughts making its population very vulnerable to food insecurity.

FOOD REQUIREMENTS

The budget revision does not involve an increase of food tonnage, only food value, as only cash voucher is incorporated to the project. The voucher value is US\$277,200 plus associated costs.

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