

Tajikistan Protracted Relief and Recovery Operation 200122
“Restoring sustainable livelihoods for food-insecure people”
Budget Revision No. 4

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

<u>ORIGINATOR</u>	<u>Initials</u>	<u>In Date</u>	<u>Out Date</u>	<u>Reason For Delay</u>
Country Office or Regional Bureau on behalf of Country Office
<u>CLEARANCE</u>				
Mr. Daly Belgasmi Regional Director
Ms. Hongfan Hu Project Budget and Programming Officer, RMBP
Mr. Laurent Bukera Chief, RMBP				
Mr. Adrian van der Knaap Chief, ODLT (change in LTSH and/or External Transport)
Mr. Sean O'Brien Director and Deputy CFO, RMB
Ms. Valerie Guarnieri Director, ODX
<u>APPROVAL</u>				
Mr. Amir Abdulla Deputy Executive Director & COO, OD

PROJECT			
Start date: 01 October 2010	End date: 30 September 2013	Extension/Reduction period: N/A	
	Previous Budget (US\$)	Revision (US\$)	New Budget (US\$)
Food cost	10,271,419	47,488	10,318,907
External transport	393,263	-	393,263
LTSH	2,438,783	23,455	2,462,238
ODOC	677,834	(1,378)	676,456
DSC	3,117,830	-	3,117,830
ISC (7%)	1,182,939	4,870	1,187,809
Total WFP cost (US\$)	18,082,068	74,435	18,156,503
<u>TYPE OF REVISION</u>			
<input checked="" type="checkbox"/> Additional commodity	<input type="checkbox"/> Additional DSC	<input type="checkbox"/> Additional ODOC	<input checked="" type="checkbox"/> Additional LTSH
<input type="checkbox"/> Additional external transport	<input checked="" type="checkbox"/> Other	<input type="checkbox"/> Re-orientation	<input type="checkbox"/> Extension or Reduction in time

NATURE OF THE INCREASE

1. This budget revision to the protracted relief and recovery operation (PRRO) 200122 “Restoring sustainable livelihoods for food-insecure people” proposes to pilot a cash transfer modality for 1,300 households (6,500 beneficiaries) in Ayni district, Sughd region of Tajikistan, under the PRRO’s Vulnerable Group Feeding (VGF) component. No changes are foreseen to the overall number of beneficiaries.
2. The pilot is informed by a market analysis and transfer modality review studies that confirm the contextual and operational feasibility of introducing cash transfers in Tajikistan.
3. More specifically, this budget revision proposes to:
 - decrease food requirements by 180 mt, valued at US\$89,012;
 - introduce cash transfers valued at US\$136,500;
 - decrease other direct operational costs (ODOC) by US\$1,378; and
 - increase landside transport storage and handling (LTSH) costs by US\$23,455.

JUSTIFICATION FOR BUDGET INCREASE

Summary of existing project activities

4. The overall objective of the PRRO is to improve food access for food-insecure people affected by natural disasters, high food prices and the global financial crisis. WFP provides relief assistance and early recovery activities that focus on restoring and improving sustainable livelihoods. The PRRO supports the most vulnerable among the 1.4 million food-insecure people identified through the food security monitoring system (FSMS).¹
 - Relief activities include emergency response and vulnerable group feeding to assist population groups that have become severely food-insecure as a result of shocks including natural disasters, and activities to reduce acute malnutrition in children under 5 in targeted areas;
 - Early recovery activities focus on restoring and improving sustainable livelihoods;
 - The PRRO also supports the Government in further developing national capacities to monitor food security and shocks.
5. The PRRO will contribute to the Government’s commitment to achieve the Millennium Development Goals 1 (Eradicate extreme poverty and hunger) and 4 (Reduce child mortality). It supports the Poverty Reduction Strategy (2010-2012); the donor’s coordinated Joint Country Partnership Strategy; the National Food Security Programme; and the United Nations Development Assistance Framework (2010-2015).

¹ WFP, together with partners in the Food Security Cluster, established the FSMS in October 2008 in Tajikistan to collect and analyse food security data on a quarterly basis. Geographical and beneficiary targeting are conducted on the basis of the FSMS reports.

CONCLUSION AND RECOMMENDATION OF THE RE-ASSESSMENT

6. A series of external shocks have had a serious impact on the food security and livelihoods of the most vulnerable population in the country. These shocks include a very poor harvest due to drought in 2011, sharp increases in food, fodder and fuel prices and an extremely harsh winter in 2011-2012.
7. Wheat flour prices increased by 13 percent in August 2012 and 5 percent in September 2012 on a month-on-month basis. Meat prices increased by 4 percent in September 2012. Other staple crops are also susceptible to significant price increases: prices for potatoes and rice have risen by 14 percent since last year. Tajikistan depends heavily on international trade to meet domestic food demands. Imports account for over 50 percent of cereal consumption (cereals are 60 percent of per capita calorie intake), 75 percent of vegetable oil consumption, 50 percent of meat consumption almost all sugar consumption. However, there is high domestic production of potatoes, fruits and vegetables, with Tajikistan practically self-sufficient in these commodities.
8. Most institutions and agencies working on social protection and food security Tajikistan use cash transfers, including: the Government of Tajikistan in its social protection programmes; the World Bank Group in its public works scheme; and by a number of non-governmental organizations (NGOs) working on food security. There has been positive experience in cash transfer-based programmes from humanitarian and development agencies in Tajikistan. A 2011 evaluation noted: “If WFP is to engage meaningfully in country level social protection processes, the ability to implement/experiment with cash will be important given the assumptions amongst the dominant players that ‘cash is best’.”²
9. Findings from market studies, a transfer modality review (June 2012) and consultations with various stakeholders - including the Government, donors and the NGO community - indicate:
 - Wheat markets in the region function relatively effectively and are fairly well-integrated considering the challenges of geography, infrastructure and political tensions.³ Food is available even in remote areas, although with some seasonal constraints. Retail outlets are within reach of most households. Markets will be able to meet the demand created by cash transfers and there is very little risk that WFP cash transfers will cause price increases.
 - Banking institutions offer efficient and reliable services at affordable and competitive prices. The sector is still highly concentrated, continuing to be dominated by four major banks that succeeded the Soviet-era banks.⁴ These banks have a large network of branches and automated teller machine (ATM) units with all banks offering branchless banking through money transfer centres, agents and on-site delivery.
 - Security conditions are considered favourable and crime levels are low.
 - The infrastructure and environment is more suited to cash transfers rather than voucher transfers.
10. Despite some risk factors - including the country’s heavy reliance on food imports, widespread corruption and a limited number of partners with technical capacity and experience - Tajikistan meets most conditions for the feasibility of cash-based transfers. Ayni district is particularly suited to the pilot:

² WFP, 2011. WFP’s School Feeding Policy Evaluation Country Study Report for Tajikistan.

³ WFP and FEWSNET, 2011. A Regional View of Wheat Markets and Food Security in Central Asia with a focus on Afghanistan and Tajikistan.

⁴ Orientbank, Agroinvestbank, Tajiksodirobank (formerly Vneshekonombank) and Amonatbank (state bank, formerly Sberbank) control nearly three-quarters of all deposits and loans in the country.

- local authorities have the capacity to implement the pilot;
- the market functions well and is accessible for the beneficiaries;
- the district is accessible all year around;
- financial institutions are present; and
- the area can be easily monitored from both the country office and Khujand sub-office, thus overcoming possible access restrictions during the winter.

11. Food transfers remain a cost-effective option in meeting beneficiary needs in Tajikistan. The cost of the food basket delivered by WFP is the same as that of a similar food basket in the local market. WFP's food basket, however, is of a higher nutritional quality: WFP-delivered wheat flour and vegetable oil are fortified with micronutrients, while the wheat flour and oil available in the market is not fortified.

12. Although beneficiaries are not unanimous in preferences between cash transfers and food transfers, it is recognised that cash transfers would allow beneficiaries to purchase food where and when it is more convenient, and would enable them to purchase locally produced food and preferred food for access to a more diversified diet.

Purpose of budget increase

13. This budget revision proposes to implement a pilot cash transfer within the VGF component in the PRRO. WFP will provide 6,500 beneficiaries (1,300 families) in Ayni District with a cash transfer in lieu of food transfers during the pre-winter period. WFP will be working with the Ayni government authorities (Hukumat).

14. The pilot will enable WFP to gain valuable operational experience in the implementation of cash transfers in Tajikistan and will also serve as a learning opportunity through which WFP will be able to assess the potential for future cash-based transfers by comparing the outcomes of the cash transfers versus in-kind food in meeting programme objectives.

TABLE 1: BENEFICIARIES BY ACTIVITY				
Activity	Commodity/Cash	Beneficiaries		
		Present	Increase/Decrease	Revised
Vulnerable Group Feeding	Commodity	85,000	(6,500)	78,500
	Cash	-	6,500	6,500
	Total	85,000	0	85,000

Delivery mechanism

15. WFP will transfer the cash to the beneficiaries through the banking system. WFP will open an account at the selected bank and sign an agreement for this activity. District branches will receive a list of eligible beneficiaries, with their passport number and the amount of their entitlement, following the joint verification of the lists by WFP and the local authorities. Beneficiaries will be informed and notified of the entitlement and modality for the cash transfer. Cash withdrawals must be effected within 60 days of the notification.

Transfer value

16. WFP proposes a transfer equivalent to US\$10.50 per person/per month which provides access to the same caloric content as the current VGF food basket. Taking into account: (i) projected price increases during the winter and lean seasons; (ii) an average of five family members; and (iii) that the transfer will cover two months, the total cash transfer will be US\$105 per family, payable in local currency (equivalent to 500 Tajikistani Somoni).

TABLE 2: PROPOSED DAILY FOOD RATION/CASH TRANSFER		
Commodity Type/ Cash	VGF	
	In-Kind (g/person/day)	Cash (US\$/person/day)
Wheat flour	400	-
Pulses	40	-
Vegetable oil	15	-
Salt	5	-
Cash	-	0.35
Total	460	0.35
Total kcal/day	1,669	

Beneficiary targeting

17. The beneficiaries will be selected in close consultation with Ayni district authorities and communities, using existing VGF criteria. Targeted beneficiaries will have already received food assistance under the VGF component earlier in the year during the lean season.
18. Many women have been increasingly assuming a greater responsibility in the household as their husbands have migrated abroad, seeking employment. The wives of migrant workers must shoulder the burden of domestic and farm labour, and increased responsibilities for care of children and the elderly. The heavier workload has not resulted in women's increased participation in decision-making, nor higher social status. WFP and its partners encourage women to hold leadership positions in local committees, and often constitute half of the membership, to help ensure that women's interests are taken into account. To further support women's participation in the process, WFP will aim to have at least 50 percent of the beneficiary list participants issued in the name of women for this activity.
19. WFP will advocate with local authorities to issue identity cards for those beneficiaries who do not hold a valid document.

Performance Monitoring

20. Pre-distribution and post-distribution monitoring will be conducted by the local authorities and WFP staff through interviews at the beneficiary household level to monitor food consumption and dietary diversity before and after cash distributions. During post-distribution monitoring, beneficiaries will be asked about their satisfaction with the cash transfer, problems faced, their use of the cash, and their suggestions for improvement. WFP will also monitor market prices in the district, before and after the cash distributions.
21. Bank statements with monthly bank reconciliations will be used as reporting tools. Evidence of payment will be provided by the selected bank. Reconciliation reports will be provided to WFP.
22. The pilot cash activity will be evaluated in 2013 and the findings used to inform any scale-up of cash transfers by WFP activities in Tajikistan.

REQUIREMENTS

23. This budget revision to the VGF component will result in 180 mt of food being replaced by cash transfers. This results in a net increase in the food/cash transfer value of US\$47,500.
24. Though the food tonnage has reduced, the overall landside transport, storage and handling costs have increased by US\$23,500 due to increased fuel and transport prices in Tajikistan.

TABLE 3: FOOD & CASH REQUIREMENTS (mt & US\$)				
Activity	Commodity /Cash	Current	Increase/ (Decrease)	Revised total
Vulnerable Group Feeding	Commodity	14,077	(180)	13,897
	Cash	0	136,500	136,500
Total (mt)		14,077	(180)	13,897
Total (US\$)			136,500	136,500

DISTRIBUTION:

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