

BOLIVIA Project No.: 200381
COUNTRY PROGRAMME 2013-2017
B/R No.: 3

BUDGET REVISION FOR THE APPROVAL OF REGIONAL DIRECTOR

	<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>				
Project Budget & Programming Officer, RMBP
Chief, RMBP
Chief, OSLT (change in LTSH and/or External Transport)
<u>APPROVAL</u>				
<input checked="" type="checkbox"/> Regional Director

PROJECT
Start date: 1/1/13 **End date:** 31/12/17 **Extension/Reduction period:** None **New end date:** N/A

Cost (United States dollars)

	Current Budget	Increase (Decrease)	Revised Budget
Food and Related Costs	US\$ 9,011,059	US\$ -179,126	US\$ 8,831,933
Cash and Vouchers and Related Costs	US\$ 0	US\$ 454,004	US\$ 454,004
Capacity Development & Augmentation	US\$ 250,075	US\$ 0	US\$ 250,075
DSC	US\$ 2,243,358	US\$ 0	US\$ 2,243,358
ISC	US\$ 805,314	US\$ 19,242	US\$ 824,556
Total cost to WFP	US\$ 12,309,806	US\$ 294,120	US\$ 12,603,926

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 (%)

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NATURE OF THE REVISION

1. This budget revision has three objectives:
 - To reduce the food commodities and introduce both cash and voucher transfers under Component 3;
 - To adjust the geographic targeting of all components of the Country Programme based on an updated comprehensive analysis of the food security situation; and
 - To include external transport costs for MNP delivery under Component 1.

JUSTIFICATION FOR THE REVISION

Summary of existing project activities

2. The Country Programme (CP) has three areas of focus: i) strengthening food and nutrition security throughout the life cycle; ii) disaster risk reduction, humanitarian assistance and climate change adaptation; and iii) promotion of diversified food production, dietary diversity and marketing conditions favorable to smallholder farmers. The CP includes three components:
 - Component 1: Sustainable and Productive School Feeding
 - Component 2: Strengthening of Government Nutrition Programmes
 - Component 3: Livelihood Development and Disaster Risk Reduction

Purpose of budget increase

3. The purpose and justification of this BR is to introduce both cash and voucher transfers, adjust geographical targeting and adjust external transport costs.

Introduction of cash and voucher transfers

4. Market-based conditional transfers are already part of existing social protection programmes in Bolivia. Vouchers are provided by the government to enhance access to basic services, including through the *Bono Juana Azurduy* for mother and child health and the *Bono Juacinto Pinto* for education services. Cash transfers are delivered by the government under the universal old age pension programme, *Renta Dignidad*. There is a high level of Government commitment to the introduction of cash and vouchers under WFP's safety net activities. In addition to the municipalities directly involved in the implementation of activities, the Minister of Rural Development designated the Unit for Agricultural Risk Management and Climate Change as the main national counterpart for WFP.
5. Lessons learnt from the implementation of voucher transfers in Bolivia in the context of the floods of 2013 (PRRO 108360) and the drought of 2014 (EMOP 200625), indicate that vouchers facilitated a diversified diet including through enhanced access to fresh food, and contributed to improved food security of the targeted population. Women received the vouchers, which further empowered them in the community and increased their decision making power at household level. The demonstrated positive impact of market-based transfers has opened new fundraising opportunities for the Country Office and resulted in additional funds for the introduction of cash and voucher transfers under the CP.
6. WFP Bolivia plans to introduce market-based transfer modalities under the asset creation activities of Component 3 of the CP. The objective of this component is to develop productive assets to strengthen

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livelihoods and community resilience and to provide conditional transfers as a safety net for vulnerable populations. It is expected that the introduction of cash and voucher transfers will yield important insights on the differential impact of transfer modalities on dietary diversity, nutrition status, women empowerment, agricultural productivity of the targeted population, growth of the local economy, and thus inform future evidence-based programming. WFP Bolivia, with support from the Regional Bureau, will conduct an evidence-based review of the various transfer modalities.

7. Geographic areas for cash and voucher transfers under Component 3 have been identified in view of future programmatic linkages to school feeding, disaster risk reduction, and local purchases for safety net programming.
8. A macro and a micro-assessment have already been conducted in the area identified for voucher transfers; markets were found to be functional, competitive, well-integrated with sufficient elasticity of supply. Local retail markets are at reasonable distance for project beneficiaries. A plan of action has been developed for the roll-out of SCOPE. Assessments for the cash transfer area will be conducted early 2015.
9. Beyond the context appropriateness and the sectorial capacity, differences in efficiency, effectiveness and externalities of the three modalities have been considered. Timeliness, beneficiary preferences, food consumption, gender considerations, and the expected impact on local markets clearly support the introduction of cash and voucher transfers. While the omega value for cash and vouchers stands at 1.31, the proposed use of cash and vouchers is in line with donor preference and these interventions are fully funded.
10. The selection of locations for voucher distributions was informed by previous experience with these types of transfers through other WFP operations in Bolivia as well as an analysis of all the necessary infrastructure for the use of voucher transfers, including adequate retailers, available local / surplus production, proximity to major markets, mobile networks and internet access. Furthermore, areas selected have a presence of indigenous groups and other priority beneficiary groups. Similarly, the selection of locations for cash transfers were based on market infrastructure, number and size of retailers/markets, local production, and mobile network and internet coverage. The use of cash in these areas, also incorporates an analysis of the normal shopping habits of targeted communities and the value of the transfer reflects transport costs. As such, the use of cash provided through a local bank will support, rather than disrupt, normal practices.

TABLE 1: BENEFICIARIES BY COMPONENT

Activity [or Component]	Category of beneficiaries	Current			Increase / Decrease			Revised		
		Boys / Men	Girls / Women	Total	Boys / Men	Girls / Women	Total	Boys / Men	Girls / Women	Total
Component 1 – Sustainable School Feeding	School aged children	34,700	32,500	67,200	-	-	-	34,700	32,500	67,200
Component 2 - Nutrition	PLW		20,000	20,000	-	-	-		20,000	20,000
Component 3 – Livelihoods and DRR	Vulnerable households – food	46,500	43,500	90,000	-5,425	-5,075	-10,500	41,075	38,425	79,500
	Vulnerable				2,583	2,417	5,000	2,583	2,417	5,000

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	households – cash									
	Vulnerable households – vouchers				2,842	2,658	5,500	2,842	2,658	5,500
TOTAL		81,200	96,000	177,200				81,200	96,000	177,200

11. The transfer value for both cash and voucher transfers has been established based on the local retail market prices for commodities of the in-kind food basket and the estimated transport costs for beneficiaries to the nearest market. As transfers are introduced in the context of labor-based activities, the Governments' minimum wage rate for unskilled labor in the project area has been taken into consideration in order to avoid labor market distortions. The value of the cash and voucher transfers is therefore greater than that of in-kind distributions, however this is not a reflection of the cost-efficiency of these transfers as such, but rather a realignment of these rations based on local standards.
12. Voucher transfers will be made in form of value vouchers, first paper based and later on SCOPE cards that can be redeemed at selected stores against a predetermined list of nutritious commodities. Cash transfers will be distributed to beneficiaries via an account at a local bank.

	Component 1 – Sustainable School Feeding	Component 2 - Nutrition	Component 3 – Livelihoods and DRR
	No change	No change	Revised
Wheat flour	100	-	-
Cereals	-	-	200
Vegetable oil	20	30	30
Iodized salt	3	-	-
Super Cereal	-	150	-
Pulses	-	-	50
Micronutrients	1	-	-
TOTAL	124	180	280
Total kcal/day	527	866	1,133
% kcal from protein	8.7	12.5	11.7
% kcal from fat	36.7	40.6	26.7
Cash (US\$)/person/month	-	-	21
Voucher (US\$)/person/month	-	-	18
Number of feeding days per year or per month (as applicable)	180	360	60

Component	Current		Increase / Decrease			Revised total (2013-2017)		
	Food (mt)	C & V (US\$)	Food (mt)	Cash(US\$)	Vouchers (US\$)	Food (mt)	Cash (US\$)	Vouchers (US\$)

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Component 1	4,448	0	0	0	0	4,448	0	0
Component 2	1,296	0	0	0	0	1,296	0	0
Component 3	2,520	0	-176	210,000	198,000	2,334	210,000	198,000

Change in geographic targeting

13. The geographic targeting of the CP activities will be modified based on the 2012 population census and the 2012 VAM assessment. This implies a change from the Cochabamba, Potosi and Chuquisaca departments identified by the 2003 VAM assessment, to the currently most food insecure areas in the departments of Pando, Chuquisaca, and Tarija.

External transport cost for MNP

14. The school feeding programme of component 1 of the CP includes MNPs. Given the absence of local production capacity, initial purchases were made internationally for which external transport costs will need to be included through this budget revision.

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