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**Executive Board  
Second Regular Session**

**Rome, 8–11 November 2010**

# PROJECTS FOR EXECUTIVE BOARD APPROVAL

Agenda item 9

*For approval*



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## PROTRACTED RELIEF AND RECOVERY OPERATIONS – NEPAL 200152

### Assistance to Food-insecure Populations in the Mid- and Far-West Hill and Mountain Regions

Number of beneficiaries	1,230,000
Duration of project	24 months (1 January 2011–31 December 2012)
WFP Food tonnage	116,269 mt
<b>Cost (United States dollars)</b>	
WFP food cost	57,611,221
WFP cash/voucher cost	18,797,268
Total cost to WFP	192,315,808

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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

After a decade of civil conflict, Nepal stands at a critical juncture. Since the Comprehensive Peace Agreement was signed in 2006, political instability continues and many of the underlying causes of the conflict persist. Delivery of basic services remains largely confined to urban centres and other relatively accessible areas. A widely anticipated peace dividend has not materialized, mainly because of delays in important aspects of the peace consolidation process.

Three and a half million people in Nepal are considered moderately to severely food-insecure – 40 percent more than two years ago. Political instability, changing climate patterns and sustained high food prices have exacerbated the difficult situation of the country's most vulnerable people. Food prices in 2010 are even higher than in 2008, when global food prices rose sharply.<sup>1</sup> Nepal now faces a grain deficit estimated at 316,500 mt, largely resulting from successive droughts. Frequent political strikes have crippled the delivery of services and goods, and weakened Nepal's fragile economy. More than 250 days of road blockades were reported in 2009. This combination of shocks has forced the most vulnerable households to undertake negative and unsustainable coping measures to survive.<sup>2</sup>

This protracted relief and recovery operation will provide food assistance to more than 1.2 million people suffering from the triple shock of drought, high food prices and continued political instability. WFP will implement food- and cash-for-asset schemes to create productive assets and restore/rebuild livelihoods, and nutrition interventions to reduce acute malnutrition and micronutrient deficiencies. It will transfer part of its food security monitoring system to the Government.

The operation is consistent with recommendations from the country portfolio evaluation<sup>3</sup> and in line with the Government's three-year Interim Plan, which focuses on food security and nutrition. Activities are consistent with strategic objectives 1, 3 and 5 of the WFP Strategic Plan (2008–2013) and form a central element of WFP's Nepal country strategy.<sup>4</sup> The operation will contribute to the United Nations' peace support strategy, the United Nations Development Assistance Framework in Nepal and Millennium Development Goals 1, 3, 4 and 7.<sup>5</sup>

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<sup>1</sup> The price of coarse rice is an average of 18 percent higher than in 2010.

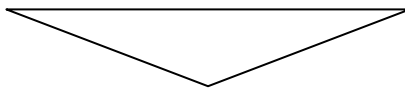
<sup>2</sup> WFP Migration Report, November 2008.

<sup>3</sup> "Summary Evaluation Report Nepal Country Portfolio" (WFP/EB.2/2010/6-B). The evaluation profiles WFP's activities from 2002 to 2009 and provides recommendations for the way forward.

<sup>4</sup> The WFP country strategy document was endorsed in September 2010.

<sup>5</sup> Millennium Development Goals 1 – Eradicate extreme poverty and hunger; 3 – Promote gender equality and empower women; 4 – Reduce child mortality, and 7 – Ensure environmental sustainability.

## DRAFT DECISION\*



The Executive Board approves the proposed protracted relief and recovery operation Nepal 200152 “Assistance to Food-Insecure Populations in the Mid- and Far-West Hill and Mountain Regions” (WFP/EB.2/2010/9-C/1).

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\* 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 AND SCENARIOS

### The Overall Context

1. With a population of 29 million, Nepal ranks 144<sup>th</sup> out of 182 countries in the human development index.<sup>6</sup> More than half the population lives on less than US\$1.25 per day.<sup>6</sup> In 2009, the gross domestic product real growth rate was estimated at 4.7 percent, having decreased from the previous year's 5.3 percent.<sup>7</sup>
2. Nepal's decade-long civil war ended in November 2006 with the signing of a Comprehensive Peace Agreement. However, political stability and nationwide peace have not been realized. Significant aspects of the peace process remain outstanding, including preparation of a national constitution and the reintegration of more than 20,000 former combatants. The political situation is characterized by a high turnover of senior politicians and government officials, and obstruction of Parliament by various protesting parties. In mid-April 2010, nine months into the 2009/10 budget cycle, only 26.7 percent of the total capital budget – the primary budget for development – had been allocated. Many rural government positions administering basic services and development remain vacant. In the Mid- and Far-West hill and mountain regions, only 36 percent of the districts' required positions were filled.<sup>8</sup>
3. Political strikes disrupt movement, close markets and challenge the timely delivery of humanitarian and development assistance and basic services. Daily wage labourers are unable to earn, and poor families are pushed into debt.<sup>9</sup> Strikes affect particularly the most vulnerable population in the Mid- and Far-West hills and mountains, where marketing systems are weak and cannot always cope with random market closures and supply chain breaks.
4. Entrenched impunity, the weak capacity of law enforcement agencies, and gender-based violence result in high levels of insecurity, particularly in the Terai region. In recent years, the lack of government presence and ability to deliver basic services has caused renewed agitation in many remote rural areas, including the Mid- and Far-West, where the civil conflict started.

### The Food Security and Nutrition Situation

5. In mid-2010, 3.6 million people<sup>10</sup> in Nepal were considered moderately to severely food-insecure, and 41 percent of the population was undernourished.<sup>11</sup> *The Food Security Atlas of Nepal* highlights considerable regional variations across Nepal, with the highest prevalence of food insecurity in the Far- and Mid-West.<sup>12</sup> WFP monitors the impact of shocks through the Nepal Food Security Monitoring and Analysis System (*Nepal Khadya Surakshya Anugaman Pranali* – NeKSAP), and issues reports and annual evaluations of the protracted relief and recovery operation (PRRO).

<sup>6</sup> United Nations Development Programme (UNDP), *Human Development Report 2009*. New York.

<sup>7</sup> [www.cia.gov/library/publications/the-world-factbook/geos/np.html](http://www.cia.gov/library/publications/the-world-factbook/geos/np.html).

<sup>8</sup> Joint study by WFP and the Office for the Coordination of Humanitarian Affairs (OCHA), 2009.

<sup>9</sup> Strikes incur nationwide losses of an estimated 2.25 billion rupees per day. *The Himalayan Times*, 7 May 2010.

<sup>10</sup> WFP, *Food Security Bulletin*, August 2010.

<sup>11</sup> Food and Agriculture Organization of the United Nations (FAO)/WFP Joint Crop and Food Supply Assessment Mission, 2007.

<sup>12</sup> Food Security Monitoring Task Force/National Planning Commission/Government of Nepal/WFP, *The Food Security Atlas of Nepal*, July 2010.

6. The proportion of the population suffering from acute hunger increased from 17 percent in December 2008 to 30 percent in April 2009, remaining at more than 20 percent throughout 2010, especially in the Far- and Mid-West hills and mountains.<sup>13</sup> The recent increase in food insecurity is primarily the result of: i) continued political instability and insecurity; ii) erratic weather patterns, especially severe winter drought; and iii) high food prices.
7. Nepal's close association to the Himalayas makes it particularly susceptible to climate change. In recent years, severe weather shocks such as drought, erratic rainfall and flooding have resulted in consecutive national cereal production deficits for the first time in history.<sup>14</sup> The 2008 and 2009 winter droughts were two of the worst ever,<sup>15</sup> causing a cereal deficit of 316,500 mt for 2009/10.<sup>16</sup> Communities in the Mid- and Far-West hills and mountains have been the worst hit, with drops in food production of 30 to 70 percent.<sup>17</sup>
8. Vulnerable and food-insecure households are also affected by high food prices, especially in remote hill and mountain areas. Official annual food price inflation of 18 percent<sup>18</sup> makes food prices in 2010 even higher than in 2008, when global food prices increased sharply. Food prices vary greatly by district: in 2010, coarse rice and wheat prices were up to four times higher in remote areas of the Mid- and Far-West hills and mountains than in Terai districts.<sup>19</sup> The causes of sustained domestic food price inflation include successive seasons of poor domestic food production, a ban on exports of staple food items from India, which is Nepal's major trading partner, and rural market supply shortages caused by frequent political strikes.
9. Prior to 2008, 60 percent of rural households spent 60 to 80 percent of their incomes on food.<sup>20</sup> These percentages are likely to have increased. WFP household food security monitoring over the past two years has demonstrated a significant increase in negative coping mechanisms, including sales of productive assets and consumption of seed stocks.
10. Populations in the Mid- and Far-West hills and mountains are by far the most food-insecure in Nepal. Surveys consistently demonstrate high levels of vulnerability in these areas, with 30 percent of the population adopting negative coping strategies. For the most food-insecure families, household production in recent years has met basic requirements for only three to five months a year. More than half the population is in the lowest wealth quintile.<sup>21</sup> About 82 percent depends primarily on subsistence farming as its livelihood; most land is rainfed.<sup>22</sup> Agricultural production is lowest in hill and mountain areas, owing to a chronic shortage of arable land, limited irrigation and poor basic infrastructure. Landholdings are becoming smaller and more fragmented. In the targeted

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<sup>13</sup> WFP, Food Security Bulletins.

<sup>14</sup> Nepal Climate Vulnerability Study Team, 2009.

<sup>15</sup> Department of Hydrology and Meteorology, Nepal, 2009.

<sup>16</sup> WFP and Ministry of Agriculture and Cooperatives, 2010, Joint Summer Crop Assessment.

<sup>17</sup> WFP Nepal. The point of reference is 2007/08.

<sup>18</sup> Nepal Rastra Bank, 2010.

<sup>19</sup> WFP Nepal Food Security Monitoring and Analysis 2010 data set.

<sup>20</sup> WFP, Nepal High Food Price Assessment, 2008.

<sup>21</sup> Demographic and Health Survey 2006.

<sup>22</sup> [www.cia.gov/library/publications/the-world-factbook/geos/np.html](http://www.cia.gov/library/publications/the-world-factbook/geos/np.html).

Mid- and Far-West hill and mountain districts only 40 percent of households have enough land to produce all the food they require.<sup>23</sup>

11. Nepal is in the top 10 countries for prevalence of stunting and the top 20 for wasting, with 41 percent of the population undernourished and 49 percent of children under 5 stunted. According to the WFP micronutrient powder (MNP) baseline survey<sup>24</sup> and the sub-regional Nepal Hunger Index 2009, in some Mid- and Far-West hill and mountain regions stunting rates reach 71 percent.
12. Anaemia affects 70 percent of children under 2 and 48 percent of preschool-age children.<sup>25</sup> In PRRO target areas, anaemia indicators exceed national averages.<sup>24</sup> Half a million children – 13 percent of all those under 5 – are wasted,<sup>25</sup> and rates exceed the World Health Organization (WHO) critical threshold of 15 percent in parts of Terai and hill regions.
13. The WFP MNP baseline survey found sufficient dietary diversity among only 13 percent of children aged 6–23 months in hill and 15.5 percent in mountain districts.<sup>26</sup> The study observed that the diets<sup>27</sup> of breastfed children are equally poor, with only 1 percent of children aged 6–8 months and 19.5 percent of those aged 9–23 months having an acceptable diet. These findings reflect the increasingly poor quality of diet in Mid- and Far-West hill and mountain regions.

## Scenarios

14. Over the next two years, Nepal is expected to remain vulnerable to acute hunger and undernutrition. High rates of poverty and geographical isolation in remote districts, weak agricultural production, strong population growth and inadequate access to health services, water and sanitation will increase the population's vulnerability to food insecurity and malnutrition. Shock factors will continue to compound vulnerability: natural disasters are likely to become more intense and severe owing to climate change; high food prices will continue owing to high fuel prices and fluctuating food supplies on international markets; and political instability will continue to hamper access to food for food-insecure people.
15. Limited government capacity to provide a safety net for Nepal's poorest and most food-insecure populations in remote areas is the main reason for the PRRO. Political instability is expected to continue to be a challenge for WFP operations.

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## POLICIES, CAPACITIES AND ACTIONS OF THE GOVERNMENT AND OTHERS

### Policies, Capacities and Actions of the Government

16. The Government has established a food security and nutrition task force under the National Planning Commission (NPC) and expects to present a new three-year interim plan in 2010, emphasizing food security and nutrition. With policy support from WFP, the Ministry of Agriculture and Cooperatives is tasked with developing an Agricultural Perspectives Plan and a National Food and Nutrition Security Plan in the context of

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<sup>23</sup> WFP PRRO 106760 Mid-Term Evaluation Report, March 2010.

<sup>24</sup> WFP MNP baseline survey, 2009.

<sup>25</sup> National Demographic Health Survey, 2006.

<sup>26</sup> In six western hill and mountain districts, according to the WFP MNP baseline survey.

<sup>27</sup> Composite of dietary diversity and meal frequency.

sustained high food prices and natural disasters. A national MNP intervention was approved in 2010.

17. The Nepal Food Corporation (NFC), which distributes public subsidies, cannot yet take over from WFP's programme, owing to its limited capacity and lack of presence outside district headquarters. In 2009, NFC delivered 25 percent – less than 10,000 mt – of its mandate, offsetting only 5 to 6 percent of the total deficit in most hill and mountain districts. WFP will explore ways to support capacity development of the NFC during the PRRO.

### **Policies, Capacities and Actions of other Major Actors**

18. Major food security actors include the Asian Development Bank, FAO, the International Fund for Agricultural Development (IFAD) and the World Bank, complemented by international and national non-governmental organizations (NGOs). Major donors are very active in food security coordination groups, and provide technical inputs to projects, assessments and policy papers.
19. Recognizing humanitarian assistance's role in improving food security, the World Bank – through the Government – has provided WFP with resources from its emergency crisis funds to implement food-for-assets (FFA) activities and complement the Government's limited capacity.
20. The United Nations Children's Fund (UNICEF) is piloting a Community-Based Management of Acute Malnutrition (CMAM) project in five very food-insecure districts with high levels of acute malnutrition in the Mid- and Far-West hills and mountains. PlumpyNut™ is provided to severely malnourished children under 5, with counselling for the children's caregivers. The Decentralized Action for Children and Women (DACAW) programme of UNICEF has established an extensive network of trained women health volunteers.

### **Coordination**

21. The Government has recently established a food security and nutrition steering committee, led by NPC, with donor and United Nations agency participation. WFP takes part in food security donor technical meetings.
22. WFP leads the food security and logistics clusters composed of the Government, United Nations agencies and NGO partners. WFP is also part of the social protection task force of humanitarian/development aid agencies and major donors. WFP organizes meetings to review PRRO implementation with its cooperating partners.

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## **OBJECTIVES OF WFP ASSISTANCE**

23. This PRRO will support livelihood recovery through provision of a productive social safety net and a nutrition intervention. WFP assistance will contribute to the peace and transition process. More specifically, it aims to:
  - reduce the prevalence of acute malnutrition in children under 5 – Strategic Objective 1;
  - improve short-term food security by providing a safety net for the most vulnerable communities – Strategic Objective 3; and



- foster improved community resilience through the creation of productive assets and agricultural/livelihood training – Strategic Objective 3.
24. WFP will also strengthen the Government’s capacity to monitor and respond to food insecurity through NeKSAP (Strategic Objective 5).

## WFP RESPONSE STRATEGY

### Nature and Effectiveness of Food Security-Related Assistance to Date

25. In 2006, WFP launched two emergency operations to provide short-term food assistance to 295,000 people affected by drought and floods. In July 2007, it introduced a PRRO in response to conflict, high food prices and natural disasters. Between 2007 and 2010, an average of 1.6 million people a year were assisted under PRRO food- and/or cash-for-work activities. Within the nutrition component, starting in 2009, 114,000 children under 5 received MNPs to reduce high rates of micronutrient deficiencies.
26. The operation provided an effective safety net for highly vulnerable households affected by combined shocks. According to the mid-term evaluation report,<sup>28</sup> WFP beneficiaries demonstrated greater food security and resilience for coping with food shocks than non-beneficiaries. Use of credit decreased from 77 to 64 percent. Levels of return from migration increased from 24 to 39 percent, and the proportion of households with food stocks covering their needs for three months increased from 13 to 26 percent.<sup>29</sup> However, shocks have caused the overall food security situation to decline.
27. The cash-for-work pilot project was implemented in areas where people’s access to food was limited but food was available in local markets. Cash transfers have increased beneficiaries’ purchasing power, allowing them to consume a wider variety of foods. Monitoring reports suggest that WFP’s cash transfers empowered beneficiaries by providing freedom of choice in their food purchases. Beneficiary preference and spill-over effects for traders and communities are cited among the positive effects of cash interventions in Nepal.<sup>30</sup> The cost saving from providing cash instead of food was 11.1 NPR/kg, or almost US\$4.5 million over the two-year operation. This saving was mainly for transportation, storage and handling, which are higher than the cost incurred by traders supplying food in some areas.<sup>31</sup>

### Strategy Outline

28. In line with the country portfolio evaluation (CPE) – which recommends consolidating activities into fewer districts, engaging in comprehensive productive safety nets, and adopting an integrated life-cycle approach to nutrition – WFP will target the most vulnerable populations in Mid- and Far-West hill and mountain regions. The PRRO will include: i) food and cash for assets (F/CFA); ii) micronutrient supplementation for children

<sup>28</sup> Second PRRO Mid-Term Evaluation Report, 2009.

<sup>29</sup> PRRO Baseline Survey Report, 2007; PRRO Mid-Term Evaluation Report, 2008; Second PRRO Mid-Term Evaluation Report, 2009.

<sup>30</sup> Committee on Food Aid Policies and Programmes Monitoring Report 2010, 2009; Dr Martin Dietz, *Advantages and Impacts of Food, Cash, and Food/Cash Combination*, March 2006.

<sup>31</sup> Based on the pilot project in seven districts – Achham, Baitadi, Dadeldhura, Bajhang, Dailekh, Darchula and Doti – WFP calculated an alpha value of 0.72, indicating that cash transfers were more efficient than food in those areas.

of 6–59 months; and iii) supplementary feeding to treat moderate acute malnutrition among children of 6–59 months.

### Food and Cash for Assets

29. These activities will address the immediate, short-term food needs of vulnerable populations, and support their recovery from multiple shocks by creating productive assets and improving livelihood opportunities. F/CFA projects will focus on increased market access and alternative livelihood and income-generating opportunities. Assets developed will include small-scale irrigation and other water management systems, greenhouses, orchards and fish ponds. This will be complemented with agriculture and livelihood training.
30. In viable areas, WFP will explore the feasibility of developing farmers' cooperatives and government agricultural extension services through a comprehensive local purchase initiative to stimulate local production and strengthen farmers' linkages to markets. Projects to improve physical access to local/district markets will include the development of strategic feeder roads and trails.<sup>32</sup>
31. WFP will support riverbank protection, community facilities and similar projects, and will create socially valuable productive assets. Projects will ensure that landless and nearly landless populations benefit from assets that would otherwise serve only small or medium landowners. Income-generating activities will include training in the sustainable management and marketing of high-value medicinal and aromatic plants, and alternative livelihoods such as beekeeping, orchards and animal husbandry. These are particularly relevant for mountainous regions, where the arid terrain prevents communities from attaining food self-sufficiency by agriculture alone.
32. In selected districts, WFP will implement cash-based interventions to improve access to food for targeted households and to stimulate the local economy, benefiting both local traders and nearby communities. Beneficiaries will receive cash or a mix of food and cash, taking into consideration issues such as year-round food availability in markets, size of local markets, market access, inflation and wages, security, beneficiary preference and institutional capacity.

### Micronutrient Supplementation

33. High rates of iron-deficiency anaemia, coupled with poor access to and availability of micronutrient-rich food in hill and mountain regions warrant blanket coverage with MNPs in targeted communities. In F/CFA target communities, all children of 6–59 months will receive MNPs.

### Targeted Supplementary Feeding Programme

34. High rates of wasting in food-insecure areas will be addressed through supplementary feeding rations for moderately malnourished children of 6–59 months, for periods averaging three months. Districts will be targeted in consultation with UNICEF, under its CMAM and DACAW projects. In these districts, moderately malnourished children aged 6–59 months will be screened and referred to health posts for treatment. In districts where UNICEF implements CMAM, children discharged from therapeutic feeding will receive Supplementary Plumpy™ for six weeks, to prevent them from sliding back into severe malnutrition.

<sup>32</sup> WFP Nepal, *More than Roads*, July 2010. Kathmandu.

35. To address the large gaps identified in feeding practices in Nepal, community education on infant and young child feeding will be provided for cooperating partners, government staff and community health workers. Mothers and caregivers will receive counselling on appropriate feeding practices, food preparation and sanitation. Training will be developed in collaboration with nutrition agencies.
36. WFP's country programme implements a nutrition component in collaboration with the Ministry of Health and Population, to address high levels of stunting. Pregnant and lactating women and children under 3 receive wheat-soya blend under a blanket feeding programme in nine districts. Both the country programme and the PRRO may implement WFP nutrition interventions in some districts, but they will target different beneficiaries and use different modalities.
37. WFP will aim to develop the Government's food security monitoring capacity, in line with SO 5. WFP and the Government will continue efforts to strengthen linkages between central Government authorities and the regional food security networks supported by local district officials. WFP will assess the Government's capacity development needs, and provide appropriate technology, training and facilities to central and district government agencies.

### Hand-Over Strategy

38. The operation's activities will help communities to build resilience against future shocks. Capacity development for both the Government and local communities in remote rural areas, and support to the Government's development and implementation of food security and nutrition strategies and plans will facilitate an eventual hand-over to the Government. Until strategies and systems are in place to mitigate the effects of compound shocks and address alarming rates of malnutrition, a protracted relief and recovery approach is needed.
39. The current United Nations Development Assistance Framework (UNDAF) cycle has been extended to the end of 2012; a supporting country programme is in line with the new UNDAF starting in 2013.

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## BENEFICIARIES AND TARGETING

40. The PRRO will target 16 districts in the Mid- and Far-West hill and mountain regions with the highest concentrations of vulnerable and food-insecure households, according to data on average calorie intake, frequency of shocks and use of negative coping strategies. Vulnerable households in these districts typically spend almost 80 percent of their incomes on food<sup>33</sup> and survive on daily wage income, subsistence farming and small and irregular remittances from India.<sup>34</sup> In interviews during 2009, 60 percent of targeted households reported having at least one migrating household member. Most targeted households have a poor food consumption profile – a daily mid-morning meal of cereal accompanied by a diluted bean/lentil soup, and a light snack in the afternoon.

### Food/cash for Assets

41. WFP will periodically review the list of targeted districts and villages, based on food security data collected through NeKSAP and verified by district food security networks.

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<sup>33</sup> Nepal Living Standards Survey 2003/2004.

<sup>34</sup> WFP/Nepal Development Research Institute, 2008, *Passage to India*. Kathmandu.

Village development committees (VDCs) are classified into five phases of food insecurity using reference indicators related to food availability, food access, food utilization, hazards, out-migration, coping strategies and security. In priority VDCs, WFP cooperating partners will identify food-insecure communities using targeting criteria developed through the ongoing community and household targeting pilot study.

42. In targeted communities, F/CFA participants will be self-selected. As the WFP cash or food ration is worth less than the average daily wage, only those requiring support will partake in F/CFA activities. Households headed by women, or children and others without a family member able to participate in F/CFA schemes will receive the same food ration. Once the community and household targeting study is completed, WFP will pilot a new household targeting methodology in two villages. This will be evaluated to determine the appropriateness and feasibility of household targeting in Nepal.
43. An estimated 73,900 households – about 35 percent of total F/CFA beneficiaries – will receive cash transfers. In-depth analysis of food availability, inflation and wages, functioning markets, security, institutional capacity, cost efficiency and beneficiary preference will determine the choice of food versus cash transfers. Cash transfers will take place only in areas with minimal security risks, food availability at local markets and adequate institutional capacity.

### Micronutrient Supplementation

44. An estimated 152,000 children aged 6–59 months in F/CFA-supported households will receive MNPs, unless they are moderately malnourished and already targeted under the supplementary feeding programme.

### Supplementary Feeding

45. This will be implemented in districts and VDCs with high acute malnutrition rates, identified with UNICEF under the CMAM/DACAW project framework. In selected villages, children of 6–59 months will be screened through the existing network of women health volunteers trained in anthropometric measurement. Children found to be moderately malnourished, with mid-upper arm circumference (MUAC) of 115 to 125 mm, and those discharged from therapeutic feeding, will receive Supplementary Plumpy™.<sup>35</sup>

<b>TABLE 1: BENEFICIARIES, BY ACTIVITY</b>			
<b>Activity</b>	<b>Men/boys</b>	<b>Women/girls</b>	<b>Total</b>
Food/cash for assets	584 000	585 000	<b>1 170 000</b>
Micronutrient supplementation	76 000	77 000	<b>152 000</b>
Supplementary feeding	30 000	30 000	<b>60 000</b>
<b>TOTAL*</b>	<b>614 000</b>	<b>615 000</b>	<b>1 230 000</b>

\* Total beneficiary numbers have been adjusted to avoid double-counting of children assisted under both F/CFA and micronutrient supplementation activities.

<sup>35</sup> A protocol for the management of moderate acute malnutrition is being developed, using MUAC and weight-for-height as entry and exit criteria.

## NUTRITIONAL CONSIDERATIONS AND RATIONS/VALUE OF CASH TRANSFERS

46. The FFA food ration is conceived as an income transfer or payment for work done, with the objective of increasing the household's access to food. Participating households will receive 40 kg of rice and 5 kg of pulses for every ten workdays per month. This is sufficient to meet half of monthly cereal requirements and more than 40 percent of pulse requirements in an average household of 5.6 people. To maximize impact, WFP assistance will be provided for four months each year, mainly during the lean season when households are typically not engaged in agricultural activity and are more food-insecure.
47. Through the micronutrient supplementation activity, MNPs containing 15 essential vitamins and minerals will enable optimal physical development of young children during a critical period. The ration is one 1 g sachet per child per day.
48. Under the supplementary feeding programme, moderately malnourished children will receive a ration of the ready-to-use supplementary food Supplementary Plumpy™.

Food/cash	Food/cash for assets	Micronutrient supplementation	Supplementary feeding
Rice	714	-	-
Pulses	89	-	-
MNP	-	1	-
Supplementary Plumpy™	-	-	92
Cash	US\$0.40	-	-
<b>TOTAL</b>	<b>803</b>	<b>1</b>	<b>93</b>
<b>Total kcal/day</b>	<b>2 923</b>	<b>-</b>	<b>500</b>
% Kcal from protein	9.2	-	10
% Kcal from fat	2.8	-	59

49. The value of cash transfers is based on minimum wage rates, to attract only the poorest households through self-targeting. Food prices on local markets were also taken into consideration, to ensure access to the same quantities of food provided under FFA. WFP will monitor targeted areas to ensure that the cash transfer rate does not distort local labour rates. The PRRO's total cash requirements include a margin for projected inflation.

Food/cash	Food/cash for assets	Micronutrient supplementation	Supplementary feeding	Total
Rice	102 956	-	-	<b>102 956</b>
Pulses	12 870	-	-	<b>12 870</b>

MNP	-	112	-	<b>112</b>
Supplementary Plumpy™	-	-	331	<b>331</b>
<b>TOTAL</b>	<b>115 826</b>	<b>112</b>	<b>331</b>	<b>116 269</b>
Cash	US\$18 797 268	-	-	US\$18 797 268

## IMPLEMENTATION ARRANGEMENTS

### Participation

50. Local user groups and government bodies will select projects and training. In line with WFP's gender policy,<sup>36</sup> and to prevent sexual exploitation and abuse, activities will be designed in a participatory process; WFP and partners will monitor activities to ensure that women participate in decision-making and benefit from WFP assistance to improving their livelihoods. At least half of representatives and executive-level members in community user committees will be women.

### Partnerships

51. WFP will continue its strong partnership with the World Bank and the Ministry of Local Development, under a social safety net project conducting public works activities. The ministry will provide complementary resources such as non-food items, skilled labour and transportation costs.

52. WFP will continue to work with the United Nations Population Fund (UNFPA) to provide an essential health and food security package through mobile health camps. WFP will collaborate with UNICEF, the Ministry of Health and Population and cooperating partners to implement a comprehensive CMAM/DACAW programme. Food distribution sites will be used for distributing essential hygiene kits and raising awareness on health, sanitation and adequate food preparation.

53. WFP's Food Security Analysis and Monitoring unit will continue to collaborate with FAO and the Ministry of Agriculture and Cooperatives on crop and food security assessments, and within the consortium of stakeholders participating in NeKSAP.

### Cash transfers

54. WFP's cooperating partners and user committees will hand the cash allocations directly to beneficiaries in two or at most three instalments per cycle, to avoid transporting large amounts of cash. Cash-in-transit insurance to cover cooperating partners and community members is being considered. Alternative options for cash delivery are being explored through local financial institutions and mobile phone-based systems.

### Non-food items

55. Cooperating partners will provide technical support and complementary resources for non-food items, including construction materials. Locally available resources will be used for simple infrastructure development. Other direct operating cost (ODOC) funds will be used to complement partners' resources.

<sup>36</sup> WFP/EB.1/2009/5-A/Rev.1.



## Environmental impact

56. WFP has established guidelines on environmental, health and safety standards for its F/CFA activities. All F/CFA infrastructure projects will include environmental screening and mitigation plans. WFP will contract a technical firm to assess the environmental, social and quality standards of its infrastructure projects and to assist in strengthening cooperating partners' capacity to apply safeguards and quality parameters.

## Procurement

57. Where possible, WFP procures food locally, but local suppliers' capacity has been eroded by national production deficits, reduced rice milling capacity due to frequent power cuts, Indian export bans on staple foods, and recurring strikes. WFP expects the recent shift from local to regional and international purchases to continue.

## Logistics

58. Overseas consignments enter Kolkata port in India. On delivery to Nepal, food will be stored at two WFP warehouses in Nepalgunj and Surkhet. Geographical remoteness, harsh terrain and the absence of road networks make many mountain areas inaccessible for food deliveries by land. Approximately 20 percent of food requirements – 22,400 mt – will be delivered by air. Landside transport, storage and handling (LTSH) costs are estimated at US\$637.21 per mt.
59. WFP will be responsible for deliveries to extended delivery points (EDPs). Cooperating partners will be responsible for handling food at EDPs and final delivery points (FDPs) and for food distributions. WFP will use the Commodity Movement Processing and Analysis System (COMPAS) to track food up to EDPs: receipts, losses, stocks at WFP warehouses, and receipts at partners' warehouses.

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## PERFORMANCE MONITORING

60. Planning and progress – including EDP management, distribution, and beneficiary breakdown and numbers – will be monitored through a web-based data management system, which will eventually be integrated into WFP's corporate tracking system, the Performance Planning and Monitoring Module.
61. Results-based monitoring will involve periodic surveys using random sampling, standard semi-structured questionnaires, focus group discussions, beneficiary interviews, group interviews and observations. A central monitoring and evaluation unit will coordinate data collection, analyse data and produce periodic monitoring reports. WFP's cooperating partners will implement a community score card approach to complement regular monitoring. WFP will facilitate quarterly joint monitoring visits to project sites by a team of stakeholder and other agency representatives.
62. In line with the CPE recommendations, the current evaluation system will be expanded to include more quantitative and qualitative information measuring the impact of WFP interventions, including changes to household assets and income. Impact evaluations will follow an evidence-based approach, with case studies supporting survey findings. An impact evaluation of the previous PRRO will be conducted in 2010, followed by collection of baseline data in early 2011 through the existing food security monitoring system. Separate impact assessments and compliance surveys for PRRO nutrition interventions will be conducted as required.

## RISK ASSESSMENT AND CONTINGENCY PLANNING

63. The main risk for this PRRO is a significant decline in the political situation. Political instability and persistent strikes are likely to hamper food movement in Nepal and expose staff, partners and beneficiaries to security risks, including forced participation in anti-Government rallies and forced donations. WFP will continue to oversee activities and avoid misuse of resources motivated by political affiliations.
64. Nepal is particularly susceptible to natural disasters. In such events, WFP will reprioritize its PRRO activities. In a major earthquake, WFP could face significant challenges resulting from damage to Nepal's major airports and road networks.
65. WFP will continue to invest in disaster preparedness and response activities, forge partnerships with local emergency response partners, and refine its contingency plans. WFP takes regular stock of food supplies in Nepal, including ready-to-eat meals, and updates transport routes.

## SECURITY CONSIDERATIONS

66. Despite security improvements in most of Nepal, the rise of armed and activist groups has rendered the Terai volatile; WFP maintains several sub-offices and relies on major transport networks in the Terai. Political insecurity is expected to continue. WFP will monitor the security situation in Nepal, taking precautionary measures as needed.
67. The Mid- and Far-West hill and mountain regions and Kathmandu valley are under United Nations security phase 1. All WFP sub-offices, vehicles and staff comply with minimum operating security standards and minimum security telecommunications standards. All missions travelling to remote areas carry satellite phones, and medical evacuation arrangements are in place. United Nations radio rooms are the first point of contact for emergencies.
68. Security briefings are conducted for staff, cooperating partners and beneficiary groups, to ensure that activities are implemented in compliance with Basic Operating Guidelines (BOG).<sup>37</sup>

<sup>37</sup> In 2004, the United Nations country team adopted the BOG, which stipulate – among other provisions – that United Nations agencies must provide assistance and protection to civilian populations based on need alone, in a non-discriminatory and equitable manner regarding nationality, sex, race, ethnicity, caste, religion, and political or ideological belief; that such assistance, whether technical, financial or material, is intended to develop, sustain and promote the social and economic well-being of civilian populations; and that it is not intended to be used for military, para-military, political or sectarian purposes. Since 2007, the BOG have become common principles, including among bilateral organizations and the Association of International NGOs.



## ANNEX I-A

<b>WFP PROJECT COST BREAKDOWN</b>				
	<b>Quantity (mt)</b>	<b>Average cost (US\$/mt)</b>	<b>Value (US\$)</b>	<b>Value (US\$)</b>
<b>Food<sup>1</sup>/cash and vouchers</b>				
Cereals	102 956	417	42 932 652	
Pulses	12 870	792	10 193 169	
Others	443	10 125	4 485 400	
<b>Total food</b>	<b>116 269</b>		<b>57 611 221</b>	
<b>Cash transfers to beneficiaries</b>			<b>18 797 268</b>	
<b>Total food/cash and vouchers</b>				<b>76 408 489</b>
External transport				2 551 294
Landside transport, storage and handling				74 087 770
Other direct operational costs				14 175 817
Direct support costs <sup>2</sup> (see Annex I-B for details)				12 511 030
<b>Total WFP direct costs</b>				<b>179 734 400</b>
Indirect support costs (7.0 percent) <sup>3</sup>				12 581 408
<b>TOTAL WFP COSTS</b>				<b>192 315 808</b>

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

<sup>2</sup> Indicative figure for information purposes. The direct support cost allotment is reviewed annually.

<sup>3</sup> The indirect support cost rate may be amended by the Board during the project.

**ANNEX I-B**

<b>DIRECT SUPPORT REQUIREMENTS (US\$)</b>	
<b>Staff and related costs</b>	
International professional staff	2 083 717
Local staff – national officers	1 381 443
Local staff – general service	2 639 431
Local staff – temporary assistance	414 842
Local staff – overtime	18 000
International consultants	1 049 040
Local consultants	391 000
Staff duty travel	1 151 658
<b>Subtotal</b>	<b>9 129 130</b>
<b>Recurring expenses</b>	
Rental of facility	232 000
Utilities general	208 000
Office supplies and other consumables	342 000
Communications and information technology services	390 000
Equipment repair and maintenance	210 000
Vehicle running costs and maintenance	290 000
Office set-up and repairs	202 000
United Nations organization services	100 000
<b>Subtotal</b>	<b>1 974 000</b>
<b>Equipment and capital costs</b>	
Vehicle leasing	122 400
Telecommunications/information technology equipment	1 105 500
Local security costs	180 000
<b>Subtotal</b>	<b>1 407 900</b>
<b>TOTAL DIRECT SUPPORT COSTS</b>	<b>12 511 030</b>

## ANNEX II: LOGICAL FRAMEWORK

Results chain	Performance indicators	Risks, assumptions
<p><b>Strategic Objective 1: Save lives and protect livelihoods in emergencies</b></p> <p>Goal: To reach vulnerable groups and communities whose food and nutrition security has been adversely affected by shocks</p>		
<p><b>Outcome 1.1</b> Reduced acute malnutrition in children 6–59 months in targeted populations</p>	<ul style="list-style-type: none"> <li>➤ Prevalence of acute malnutrition among children under 5 (weight-for-height as %) reduced by 10%</li> <li>➤ Supplementary feeding recovery rate &gt; 75%</li> <li>➤ Supplementary feeding default rate &lt; 15%</li> <li>➤ Supplementary feeding death rate &lt; 3%</li> <li>➤ Supplementary feeding non-response rate &lt; 15%</li> <li>➤ Prevalence of iron-deficiency anaemia among children under 5 (% haemoglobin &lt; 110g/litre) reduced by 10%</li> </ul>	<p>No major natural disasters occur during the project cycle</p> <p>The security situation allows WFP and cooperating partners to implement project activities</p> <p>Local security and cultural conditions are favourable for women to receive cash and/or food</p>
<p><b>Output 1.1</b> Food and non-food items distributed in sufficient quantities and quality to targeted women, men, girls and boys, under secure conditions</p>	<ul style="list-style-type: none"> <li>➤ Quantity of supplementary food distributed, as % of planned</li> <li>➤ Quantity of micronutrient powder distributed, as % of planned</li> <li>➤ Numbers of beneficiaries receiving food, by category, as % of planned</li> </ul>	
<p><b>Strategic Objective 3: Restore and rebuild lives and livelihoods in post-conflict, post-disaster or transition situations</b></p> <p>Goal: To support the re-establishment of the livelihoods and food and nutrition security of communities affected by shocks</p>		
<p><b>Outcome 3.1</b> Adequate food consumption for targeted communities during assistance period</p>	<ul style="list-style-type: none"> <li>➤ Food consumption score exceeds threshold for 80% of targeted households</li> <li>➤ Coping strategy index: reliance on major negative coping mechanisms decreased for 80% of targeted communities</li> </ul>	<p>No major natural disasters occur during the project cycle</p> <p>The security situation allows WFP and cooperating partners to implement project activities</p> <p>Local security and cultural conditions are favourable for women to receive cash and/or food</p>
<p><b>Outcome 3.2</b> Targeted communities have increased access to assets to support sustainable livelihoods, and knowledge on improved agricultural production</p>	<ul style="list-style-type: none"> <li>➤ Community asset score: 80% of targeted communities report that assets created are functional</li> <li>➤ Community asset score: 80% of beneficiaries report improved agricultural production through food-for-training activities</li> <li>➤ Gender score: 80% of women in leadership positions report active involvement in key decisions (identifying projects, managing labour groups, record-keeping)</li> </ul>	

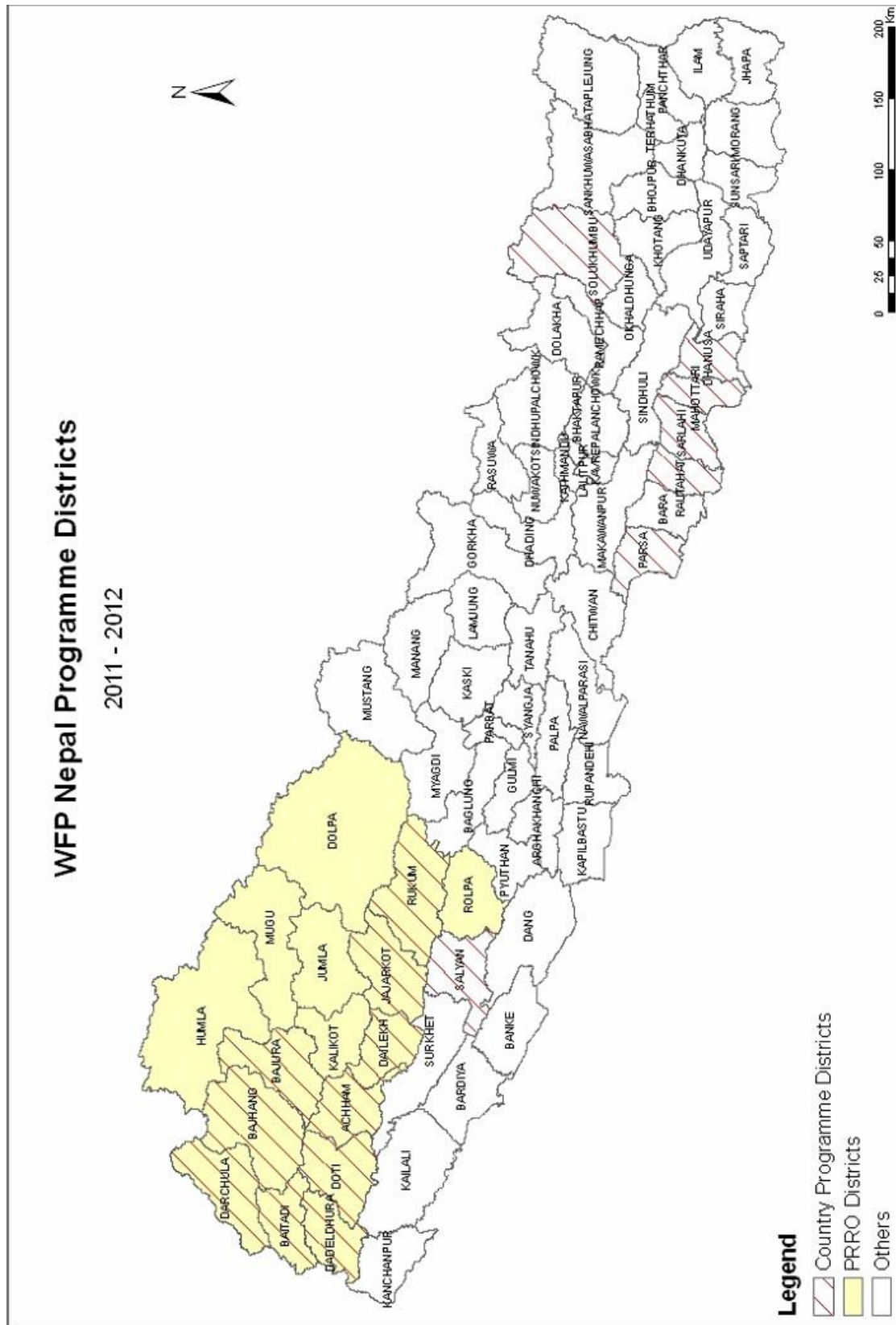


## ANNEX II: LOGICAL FRAMEWORK

Results chain	Performance indicators	Risks, assumptions
<p><b>Output 3.1</b> Food and cash distributed in sufficient quantities and quality to targeted beneficiaries, under secure conditions</p>	<ul style="list-style-type: none"> <li>➤ Numbers of beneficiaries receiving basic food items, by category, as % of planned</li> <li>➤ Number of beneficiaries receiving cash, as % of planned</li> <li>➤ Number of women-headed households receiving cash, by category, as % of planned</li> <li>➤ Tonnage of food distributed, by type, as % of planned</li> <li>➤ Amount of cash distributed, as % of planned</li> <li>➤ Beneficiaries using cash to obtain food, as % of planned</li> <li>➤ % of beneficiaries reporting they feel safe (security incidents)</li> </ul>	
<p><b>Output 3.2</b> Developed, built or restored livelihood assets by targeted communities, with women participating in the planning, management and implementation of community assets (Enhanced Commitments to Women [ECW]), and beneficiaries trained in agricultural production</p>	<ul style="list-style-type: none"> <li>➤ Numbers of community assets created or restored by targeted communities and individuals, by type, as % of planned</li> <li>➤ Numbers of women and men trained in livelihood-support areas, by type, as % of planned</li> <li>➤ Women hold 50% of leadership positions in user committees</li> </ul>	
<p><b>Strategic Objective 5: Strengthen the capacities of countries to reduce hunger, including through hand-over strategies and local purchase</b> Goal: To strengthen the capacities of countries to design, manage and implement tools, policies and programmes for predicting and reducing hunger</p>		
<p><b>Outcome 5.1</b> Progress made towards nationally owned hunger solutions</p>	<ul style="list-style-type: none"> <li>➤ Hand-over strategy developed and implemented</li> </ul>	<p>No major natural disasters occur during the project cycle The security situation allows WFP and cooperating partners to implement project activities</p>
<p><b>Output 5.1</b> Agreed hand-over strategies in place</p>	<ul style="list-style-type: none"> <li>➤ Number of hand-over strategies agreed by WFP and the Ministry of Agriculture and Cooperatives</li> </ul>	



**ANNEX III**



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

BOG	Basic Operating Guidelines
CFA	cash for assets
CMAM	Community-based Management of Acute Malnutrition
COMPAS	Commodity Movement Processing and Analysis System
CPE	country portfolio evaluation
DACAW	Decentralized Action for Children and Women
EDP	extended delivery point
FAO	Food and Agriculture Organization of the United Nations
FDP	final delivery point
FFA	food for assets
IFAD	International Fund for Agricultural Development
LTSH	landside transport, storage and handling
MNP	micronutrient powder
MUAC	mid-upper arm circumference
NeKSAP	Nepal Food Security Monitoring and Analysis System ( <i>Nepal Khadya Surakshya Anugaman Pranali</i> )
NFC	Nepal Food Corporation
NGO	non-governmental organization
NPC	National Planning Commission
OCHA	Office for the Coordination of Humanitarian Affairs
ODOC	other direct operational costs
PRRO	protracted relief and recovery operation
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
VDC	village development committee
WHO	World Health Organization