



**World Food
Programme**

**Executive Board
Second Regular Session**

Rome, 9–13 November 2015

PROJECTS FOR EXECUTIVE BOARD APPROVAL

Agenda item 8

For approval



Distribution: GENERAL
WFP/EB.2/2015/8-C/3
29 October 2015
ORIGINAL: ENGLISH

BUDGET INCREASES TO PROTRACTED RELIEF AND RECOVERY OPERATIONS— CENTRAL AMERICA 200490

**Restoring Food Security and Livelihoods for
Vulnerable Groups Affected by Recurrent
Shocks in El Salvador, Guatemala, Honduras
and Nicaragua**

Cost (United States dollars)			
	Current budget	Increase	Revised budget
Food and related costs	37,682,928	1,292,329	38,975,258
Cash-based transfers and related costs	52,490,370	49,089,059	101,579,429
Capacity development and augmentation	981,200	225,000	1,206,200
Total cost to WFP	110,750,869	58,701,175	169,452,044

Gender marker code 2A
<https://www.humanitarianresponse.info/system/files/documents/files/gm-overview-en.pdf>

Executive Board documents are available on WFP's Website (<http://executiveboard.wfp.org>).

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 focal points indicated below, preferably well in advance of the Board's meeting.

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DRAFT DECISION^{*}

The Board approves the proposed budget increase of USD 58.7 million for the Central America regional protracted relief and recovery operation 200490 "Restoring Food Security and Livelihoods for Vulnerable Groups Affected by Recurrent Shocks in El Salvador, Guatemala, Honduras and Nicaragua" (WFP/EB.2/2015/8-C/3).

* 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.

NATURE OF THE INCREASE

1. This fifth budget revision to protracted relief and recovery operation (PRRO) 200490 “Restoring Food Security and Livelihoods for Vulnerable Groups Affected by Recurrent Shocks in El Salvador, Guatemala, Honduras and Nicaragua” is in response to the continued needs of drought-affected populations in Central America.
2. It proposes:
 - increased cash-based transfer (CBT) requirements for El Salvador, Guatemala and Honduras;
 - changed food requirements for El Salvador, Guatemala and Honduras;
 - revision of the landside transport, storage and handling costs for Honduras and Nicaragua;
 - an increased number of beneficiaries;
 - increased capacity development and augmentation activities; and
 - adjustment of associated costs in line with expected expenditures and fund availability.

JUSTIFICATION FOR THE BUDGET INCREASE

Summary of Existing Project Activities

3. Regional PRRO 200490 supports government responses to sudden- and slow-onset emergencies affecting the food and nutrition security and livelihoods of populations in Central America. Its overall function is to provide preparedness and emergency response interventions, giving WFP the flexibility to respond rapidly to different types and scales of shocks, including earthquakes, hurricanes, floods, coffee rust and drought. The PRRO contributes to assessments of the impacts of shocks on the food security and livelihoods of affected vulnerable populations, and supports responses to assessed needs through relief and early recovery assistance using different transfer modalities.
4. In supporting and coordinating responses to shocks, the objectives of the PRRO are to save lives and protect livelihoods (Strategic Objective 1) through relief assistance, and to help establish and stabilize livelihoods and food security (Strategic Objective 2) through recovery assistance.
5. Objectives are in line with national strategies and WFP’s regional strategic vision for Latin America and the Caribbean. The PRRO is also linked to development activities for strengthening community and household resilience in shock-affected communities, including resilience activities in the country programmes of Guatemala, Honduras and Nicaragua, and trust fund activities with host governments.
6. The PRRO targets shock-affected, moderately and severely food-insecure populations based on government requests and food security assessments. In response to the 2014/15 drought, WFP has assisted subsistence farmers in rural households headed by women and daily wage labourers, along with some small coffee farmers affected by coffee rust, prioritizing vulnerable households with pregnant and lactating women, children and elderly members.

7. After sudden-onset disaster, the PRRO provides relief through general food distribution before switching to a recovery phase with conditional food assistance to households participating in training and asset-creation activities. After slow-onset emergencies, relief is provided through conditional food assistance. Household and community assets will include infrastructure for soil and water conservation, aiming to reduce disaster risk and facilitating the recovery of households' livelihoods while also meeting urgent food needs. Assets and types of training have been selected through a participatory approach that takes into consideration aspects related to seasonality, livelihoods, gender and nutrition.
8. WFP provides food or cash-based transfers depending on cost efficiency, effectiveness and beneficiaries' preferences. CBTs are feasible in most relief and recovery contexts in Central America, as markets are functional and well integrated.

CONCLUSION AND RECOMMENDATIONS OF THE RE-ASSESSMENT

9. Since the operation started in January 2014, WFP has responded to drought, coffee rust, earthquakes and floods.
10. Most areas of Central America have two cropping cycles: the first produces harvests in August/September, and the second produces harvests in December/January. The cropping calendars and importance of staple grain production for subsistence farmers vary among geographical areas. Most areas in the dry corridor that extends from Guatemala to Panama have only one harvest per year. During 2014, harvests were severely affected by lack of rain, leaving an estimated 2.1 million people in the four countries food-insecure,¹ of whom 286,000 were severely food-insecure. WFP provided emergency and recovery assistance in all four countries, assisting about 1.3 million people – mainly drought-affected – in El Salvador, Guatemala and Honduras in 2014 and 2015.
11. Central America is now in its second year of severe drought, with some countries having suffered moderate droughts or dry spells in previous years. The 2014/15 drought and low rainfall in 2015 have reduced food production further, affecting more than 4 million vulnerable people in the dry corridor. According to WFP assessments and food security monitoring, 2.3 million people are moderately or severely food-insecure in El Salvador, Guatemala and Honduras, including 468,000 severely food-insecure people in Guatemala and Honduras alone – a notable deterioration from the previous year. People who have lost their first harvest and do not have a second will need assistance until August/September 2016.

TABLE 1: NUMBERS OF AFFECTED AND FOOD-INSECURE PEOPLE BY COUNTRY (September 2015)				
Country	Affected	Severely food-insecure	Moderately food-insecure	Total food-insecure
El Salvador*	825 000	N/A	N/A	192 000
Guatemala	1 345 000	215 000	505 000	720 000
Honduras	2 023 000	253 000	1 101 000	1 354 000
TOTAL	4 193 000			2 266 000

* Based on a joint food security assessment with the Government of El Salvador, which did not allow for disaggregation between severely and moderately food-insecure people.

¹ Based on assessments in mid-2014 in El Salvador, Guatemala and Honduras and an initial analysis in Nicaragua.

12. By September 2015, more than 65 percent of households in the dry corridor had consumed their food reserves. Losses of the 2015 first harvest led to decreased demand for agricultural labour, eliminating the main source of income for much of the population. Increased food prices, reduced incomes and the lack of food reserves have increased the food insecurity of vulnerable households, resulting in negative coping strategies such as reducing the number and size of daily meals, borrowing, consuming cheaper and less preferred food, and resorting to emergency coping strategies such as migration and sale of productive assets. Households whose livelihoods depend on crop production and agricultural day labour are the most vulnerable.
13. Because of El Niño, drought is likely to extend and grow in intensity. The Famine Early Warning Systems Network has warned that below-average rainfall in August to November 2015 will delay sowing for the second harvest.
14. In line with the plans of governments and other actors and with WFP's likely resources, WFP assistance will target only severely affected people in the dry corridor, particularly in areas with only one harvest. WFP is concerned that the situation will continue to deteriorate, with the second harvest likely to be poor and the risk that an extended lean season causes moderately food-insecure households to become severely food-insecure. In light of the expected strong El Niño phenomenon, WFP will continue to advocate with national governments for continued complementarity of assistance through national resources.

PURPOSE OF BUDGET INCREASE

15. Following two consecutive years of drought, the purpose of this budget revision is to extend assistance to the most severely affected population until the next harvest.

		Current		Increase/(decrease)		Revised	
		2015	2016	2015	2016	2015	2016
Relief	Food	262 000	262 000	476 000	(100 000)	738 000	162 000
	CBT	105 000	131 000	476 000	510 000	581 000	641 000
	Total	262 000	262 000	952 000	410 000	1 214 000	672 000
Recovery	Food	520 000	139 000	(488 000)	(75 000)	32 000	64 000
	CBT	421 000	139 000	(396 000)	(75 000)	25 000	64 000
	Total	941 000	278 000	(884 000)	(150 000)	57 000	128 000
TOTAL*		1 088 000	410 000	126 000	262 000	1 214 000	672 000

* Total numbers account for overlaps of beneficiaries across relief and recovery phases.

16. The budget revision reflects the shift of beneficiaries from recovery to relief in response to deteriorating food security and in light of the PRRO's objectives. The objective of WFP response to slow-onset emergencies is to save lives and protect livelihoods by providing food assistance, while also creating and rehabilitating assets that lay a foundation for making a transition to resilience-building activities. As such, the investment in disaster risk reduction is linked to long-term development activities of country programmes and development projects. In order to protect people most at risk, a small portion of vulnerable households without the capacity to engage in asset-creation activities will receive unconditional food assistance based on consultations in the communities.

17. Additional requirements will cover assessed needs for December 2015 to August 2016. The extended drought assistance is planned for El Salvador, Guatemala and Honduras only; the Nicaraguan Government has not indicated a need for further support from WFP. Parallel to the extended food assistance, WFP will continue to assess and strengthen national capacity to respond to disasters and will review the relationship between empowerment of women and CBT in Guatemala.
18. The planned food basket and CBT values will remain unchanged in all countries. The balance between CBT and food transfers has been adjusted in line with positive experiences and government buy-in to CBT. In El Salvador, high levels of violence and related protection concerns have warranted an increased provision of vouchers instead of cash.

FOOD REQUIREMENTS

19. Changes in food and CBT requirements are indicated in Table 3.

TABLE 3: FOOD AND CASH-BASED TRANSFER REQUIREMENTS BY COUNTRY				
		Food requirements (mt)/CBT (USD)		
		Current	Increase/(decrease)	Revised total
El Salvador	Food	9 930	(1 039)	8 891
	Cash	3 854 398	(1 654 420)	2 199 978
	Voucher	4 728 299	7 524 372	12 252 671
Guatemala	Food	19 616	1 197	20 813
	Cash	11 968 782	9 534 944	21 503 726
	Voucher	8 990 001	10 135 920	19 125 921
Honduras	Food	7 957	1 248	9 205
	Cash	9 113 924	16 400 840	25 514 765
	Voucher	9 000 000	5 004 362	14 004 362
Nicaragua	Food	9 349	-	9 349
	Cash	1 715 280	-	1 715 280
	Voucher	-	-	-
Total food requirements (mt)		46 852	1 405	48 257
Total CBTs (USD)		49 370 684	46 946 019	96 316 703

ANNEX I-A

PROJECT COST BREAKDOWN			
	Quantity (mt)	Value (USD)	Value (USD)
Food			
Cereals	1 524	792 236	
Pulses	229	228 803	
Oil and fats	260	350 193	
Mixed and blended food	(572)	(471 304)	
Others	(36)	(11 630)	
Total food	1 405	888 298	
External transport		248 810	
Landside transport, storage and handling		168 197	
Other direct operational costs – food		(12 975)	
Food and related costs¹		1 292 329	1 292 329
Cash-based transfers		46 946 019	
Related costs		2 143 040	
Cash-based transfers and related costs		49 089 059	49 089 059
Capacity development and augmentation		225 000	225 000
Direct operational costs			50 606 388
Direct support costs (see Annex I-B) ²			4 254 523
Total direct project costs			54 860 912
Indirect support costs (7.0 percent) ³			3 840 264
TOTAL WFP COSTS			58 701 175

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

² Indicative figure for information purposes. The direct support cost allotment is reviewed annually.

³ The indirect support cost rate may be amended by the Board during the project.

ANNEX I-B

DIRECT SUPPORT REQUIREMENTS (USD)	
Staff and staff-related	
Professional staff	745 893
General Service staff	910 548
Subtotal	1 656 441
Recurring and other	773 063
Capital equipment	355 175
Security	136 200
Travel and transportation	865 644
Assessments, evaluations and monitoring¹	468 000
TOTAL DIRECT SUPPORT COSTS	4 254 523

ACRONYMS USED IN THE DOCUMENT

CBT	cash-based transfer
PRRO	protracted relief and recovery operation

¹ Reflects estimated costs when these activities are carried out by third parties.