

# BUDGET REVISION 6 TO PROTRACTED RELIEF AND RECOVERY OPERATION 200490

Start date: **1 January 2014**  
 Extension period: **12-month extension**

End date: **31 December 2016**  
 New End date: **31 December 2017**

## Restoring Food Security and Livelihoods for Vulnerable Groups affected by recurrent shocks in El Salvador, Guatemala, Honduras and Nicaragua

|                                       |                       |                   |                       |
|---------------------------------------|-----------------------|-------------------|-----------------------|
| Total revised number of beneficiaries | <b>2,799,000</b>      |                   |                       |
| Duration of entire project            | <b>48 months</b>      |                   |                       |
| Extension period                      | <b>12 months</b>      |                   |                       |
| Gender marker code                    | <b>2A</b>             |                   |                       |
| WFP food tonnage                      | <b>55,466</b>         |                   |                       |
| <b>Cost (United States dollars)</b>   |                       |                   |                       |
|                                       | <b>Current Budget</b> | <b>Increase</b>   | <b>Revised Budget</b> |
| Food and Related Costs                | 38,975,258            | 5,908,972         | 44,884,230            |
| Cash & Vouchers and Related Costs     | 101,579,429           | 13,517,612        | 115,097,041           |
| Capacity Development & Augmentation   | 1,206,200             | 445,000           | 1,651,200             |
| DSC                                   | 16,605,509            | 3,285,892         | 19,891,401            |
| ISC                                   | 11,085,648            | 1,621,023         | 12,706,671            |
| <b>Total cost to WFP</b>              | <b>169,452,044</b>    | <b>24,778,499</b> | <b>194,230,543</b>    |

## NATURE OF THE EXTENSION

1. This sixth budget revision proposes a twelve-month extension in time, from 1 January to 31 December 2017, to the regional 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”. This extension will enable WFP to continue assisting populations affected by sudden and slow-onset emergencies in Central America.
2. The extension will allow for greater alignment of WFP operations in the four countries with the transition to Country Strategic Plans (CSPs) and the new WFP Strategic Plan.
3. Additionally, this budget revision will adjust activities based on the experience gained in the implementation of the operation to date, including:
  - Focus solely on two phases of response, relief and recovery, without differentiating between immediate relief and relief;
  - Align relief and recovery ration sizes to allow for flexible programming to meet the operation’s food security objectives;
  - Adjust the proportion between different transfer modalities planned for El Salvador, Guatemala and Honduras to 80 percent cash-based transfers (CBT) and 20 percent in-kind assistance and for Nicaragua to 100 percent in-kind food assistance;
  - Increase costs for government capacity building in Nicaragua;

- Review the landside transport, storage and handling matrices for all four countries; and
- Adjust associated costs in line with expected expenditures and funds availability.

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## **JUSTIFICATION FOR FOR EXTENSION-IN-TIME AND THE BUDGET INCREASE**

### **Summary of Existing Project Activities**

4. The regional PRRO 200490 supports government response to sudden and slow-onset emergencies affecting the food and nutrition security and livelihoods of populations in Central America. The overall function of the operation is to increase emergency preparedness and ensure rapid response by serving as a contingency operation. The PRRO provides the flexibility to respond rapidly to different types and scales of shocks, including earthquakes, hurricanes, floods, coffee rust and drought. WFP contributes to assessments of the impacts of shocks on the food security and livelihoods of vulnerable populations, and supports responses to assessed needs through relief and recovery assistance using different transfer modalities.
5. 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.
6. Objectives are in line with national strategies and WFP's 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 country programmes and development operations of El Salvador, Guatemala, Honduras and Nicaragua, and trust fund activities with host governments.
7. The PRRO targets shock-affected, food-insecure populations based on government requests and food security assessments. In response to the protracted drought of the past years, WFP assisted subsistence farmers and daily wage laborers, along with small coffee farmers affected by the coffee rust, prioritizing vulnerable families with pregnant and lactating women, children and elderly members and female-headed households.
8. The PRRO provides relief and recovery assistance to shock-affected populations through general food distribution (in-kind food assistance or CBT) and conditional food assistance to households participating in training and asset-creation activities. In each context, WFP determines the most appropriate activity and transfer modality to best achieve the strategic objective of the response. Household and community assets created include infrastructure for soil and water conservation, aiming to reduce disaster risk and to facilitate the recovery of livelihoods. Assets and trainings are selected through a participatory approach at the community level, considering seasonality, livelihood, gender and nutrition aspects.
9. Based on the experience gained in the implementation of this operation, WFP strengthened the use of its three-pronged approach in project planning and coordination of activities. For instance, in light of limited water availability, WFP introduced additional asset types linked to water conservation and included income generation activities in its programme. This is in

line with recommendations 7 and 8 of the external evaluation<sup>1</sup> related to the sustainability and integration of PRRO activities with longer term programmes to enhance community resilience.

10. In alignment to national priorities, WFP provides food or CBT depending on their cost efficiency and effectiveness, and beneficiaries' preferences in each context. CBTs proved to be the most appropriate transfer modality in the context of functional and integrated markets of Central America. CBT programmatic reviews carried out in Honduras, Guatemala, and El Salvador (October 2014 - April 2015) and the 2016 external evaluation<sup>2</sup> of the PRRO 200490, highlighted that WFP partners, beneficiaries, and government consider cash-based transfers an efficient, flexible and timely form of food assistance in the context of the drought, limited food availability, and seasonal increase in market prices. The government of Nicaragua, however, has clearly indicated its preference for in-kind food assistance. The Nicaragua country office continues to engage with the government to promote the various benefits cash-based transfers could offer.

## Conclusion and Recommendations of the Re-Assessment

11. The bulk of WFP response under the present PRRO has been in response to slow-onset emergencies. The largest shock that has impacted the four Central American countries during recent years was a protracted drought that started in 2013/2014 associated to the El Niño climatic phenomenon. Continuous droughts had a devastating impact on the food and nutrition security of vulnerable families living in the Central American Dry Corridor.
12. Most areas of Central America have two harvest seasons: the *primera* that ends in August/September, and the *postrera* that ends in December/January. The significance of each agricultural season to national production varies among countries, however in most cases, the *primera* accounts for the largest harvest and household food reserves for the lean season. Many of the drought-affected areas, however, only benefit from the *primera* harvest, limiting their possibilities of recovery.
13. During 2014 and 2015, the drought caused severe crop losses and led to a reduced demand for agricultural labor, the main source of income for a large part of the population. Results of assessments in Honduras, El Salvador and Guatemala indicated that approximately 2.3 million people were food insecure. In response to the drought, WFP provided relief assistance to nearly one million people in both 2014 and 2015.
14. As the overall function of the PRRO is preparedness and emergency response, granting WFP the flexibility to rapidly respond to different types and scales of shocks, target areas and beneficiaries of unconditional food assistance and asset creation activities in 2016 and 2017 will be defined based on shock occurrence and needs analysis. Assessments will be conducted to align planning assumptions to the food security impact of shocks. An assessment is already planned after the first cropping cycle of 2016 to assess the effects of the ongoing drought.

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<sup>1</sup> Operational Evaluation of the Central America Protracted Relief and Recovery Operation 200490 ("Restoring food security and livelihoods through assistance for vulnerable groups affected by recurrent shocks in El Salvador, Guatemala, Honduras and Nicaragua, 2014-2016"), Evaluation Report, February, 2016.

<sup>2</sup> idem.

15. Contingent on government priorities, plans of other actors, and WFP’s likely resources during the extension period, WFP will continue to rapidly assist food insecure populations affected by shocks and advocate with national governments for continued complementarity of assistance. As per the recommendations of the mid-term evaluation, WFP will increasingly explore partnerships to ensure linkage of recovery activities with long-term development initiatives. Community level multi-sector response plans including various actors will guarantee an integrated approach to strengthening livelihoods and ensure a cost efficient and effective implementation of PRRO activities.
16. Supported by WFP’s regional approach to strengthen national emergency preparedness and response capacities, the Government of Nicaragua has implemented a broad spectrum of activities aimed at reinforcing its capacities at the national and local levels. WFP supports this government priority by upscaling its capacity building activities in Nicaragua in 2016/2017.

### Purpose of Extension and Budget Increase

17. The number of planned beneficiaries for the extension period is based on the history of shocks in Central America and the Integrated Context Analysis conducted in 2013. There will be an increased shift towards the use of CBT to best address beneficiary needs. Among affected populations, WFP will apply tailored strategies to identify, assist, protect and monitor particularly vulnerable groups. Prior to the intervention, WFP consulted with separate groups of women and men on potential risks of gender-based violence. Gender and protection matters are an integral part of the continuous monitoring of activities. All related concerns are addressed with attention to possible power inequalities between women and men. Gender and protection dimensions of risk, if perceived significant in the operational context, are included in country office risk analyses with actionable mitigation strategies.

| TABLE 1: BENEFICIARIES BY ACTIVITY <sup>3</sup> |                |          |          |                |                |                |
|---|----------------|----------|----------|----------------|----------------|----------------|
|   | Current        |          | Increase |                | Revised        |                |
|   | 2016           | 2017     | 2016     | 2017           | 2016           | 2017           |
| GFD (SO1)                                       | 262,000        | 0        | 0        | 262,000        | 262,000        | 262,000        |
| FFA/T   | 540,000        | 0        | 0        | 278,000        | 540,000        | 278,000        |
| FFA/T (SO1)                                     | 410,000        | 0        | 0        | 200,000        | 410,000        | 200,000        |
| FFA/T (SO2)                                     | 130,000        | 0        | 0        | 78,000         | 130,000        | 78,000         |
| <b>TOTAL*</b>                                   | <b>672,000</b> | <b>0</b> | <b>0</b> | <b>410,000</b> | <b>672,000</b> | <b>410,000</b> |

\* Total numbers account for beneficiaries assisted under both activities

18. This planning reflects the contingency nature of the PRRO and is also consistent with the recommendation of the 2015 external evaluation<sup>4</sup> of the PRRO that endorsed an extension of the operation beyond 2016 to support governments in their response to shocks. Planned beneficiary figures for the extension period were determined based on the contingency nature of the operation. The annual planned beneficiary figure of 410,000 remains unchanged from the approved project document and has been approved by host governments.

<sup>3</sup> Please refer to annexed Project Statistics Planning Formats (PSPF) for sex and age disaggregated beneficiary data per country, activity and transfer modality.

<sup>4</sup> Operational Evaluation of the Central America Protracted Relief and Recovery Operation, Evaluation Report, February, 2016.

19. As WFP is transitioning to a new Strategic Plan linked to the Sustainable Development Goals, the use of Country Strategy Plans (CSP) and a new financial framework, the role of regional operations is uncertain. The extension of the PRRO takes into account this transition phase, with El Salvador and Guatemala already developing CSPs and Honduras and Nicaragua expected to do so over the course of 2016. Until these plans are approved, the role of regional operations is indeterminate and as such, it is not desirable to develop a successor operation at this stage. The extension period will therefore allow for all Central American country offices to further define their strategies while corporate directions are determined.
20. The cash-based transfer value in El Salvador and Honduras will be revised for 2017 based on increased local retail market prices and in alignment with the minimum wage for unskilled workers in rural areas. Nicaragua will only distribute in-kind transfers, both in 2016 and 2017.

| <b>TABLE 2: REVISED DAILY TRANSFER BY COMPONENT</b> |                                       |                 |                |                 |
|---|---------------------------------------|-----------------|----------------|-----------------|
| <b>Country</b>                                      | <b>Cash/Voucher (US\$/person/day)</b> |                 |                |                 |
|   | <b>Current</b>                        |                 | <b>Revised</b> |                 |
|   | <b>Relief</b>                         | <b>Recovery</b> | <b>Relief</b>  | <b>Recovery</b> |
| <b>El Salvador</b>                                  | 0.51                                  | 0.41            | 0.50           | 0.50            |
| <b>Honduras</b>                                     | 0.40                                  | 0.50            | 0.50           | 0.50            |

21. For the extension period, relief and recovery ration sizes will be aligned to allow for flexible programming to meet the operation's food security objectives.

| <b>TABLE 3: REVISED DAILY FOOD RATION/TRANSFER BY ACTIVITY<br/>(g/person/day)</b> |                           |
|---|---------------------------|
|   | <b>Recovery (Revised)</b> |
| Cereals   | 400                       |
| Beans   | 60                        |
| Super Cereal  | 60                        |
| Vegetable Oil   | 25                        |
| Salt  | 5                         |
| <b>TOTAL</b>  | <b>550</b>                |
| <b>Total kcal/day</b>   | <b>2100</b>               |
| % kcal from protein   | <b>10.4</b>               |
| % kcal from fat   | <b>17.6</b>               |
| Number of feeding days per year   | <b>90</b>                 |

## FOOD AND CBT REQUIREMENTS

22. Changes in food and CBT requirements are indicated in Table 4.

| <b>TABLE 4: FOOD CBT REQUIREMENTS BY COUNTRY</b> |      |   |                            |                    |
|--|------|---|----------------------------|--------------------|
|  |      | <b>Food requirements (mt)/CBT (USD)</b> |                            |                    |
|  |      | <b>Current</b>                          | <b>Increase/(decrease)</b> | <b>Revised</b>     |
|  |      | <b>(2014-2016)</b>                      |                            | <b>(2014-2017)</b> |
| El Salvador                                      | Food | 8,891                                   | 1,114                      | 10,005             |
|  | CBT  | 14,452,649                              | 4,051,200                  | 18,503,849         |
| Guatemala  | Food | 20,813                                  | 1,598                      | 22,411             |
|  | CBT  | 40,629,647                              | 5,809,200                  | 46,438,847         |
| Honduras   | Food | 9,205                                   | 1,087                      | 10,292             |
|  | CBT  | 39,519,126                              | 3,954,000                  | 43,473,126         |
| Nicaragua  | Food | 9,349                                   | 3,410                      | 12,759             |
|  | CBT  | 1,715,281                               | (952,934)                  | 762,347            |
| <b>TOTAL Food requirements (mt)</b>              |      | <b>48,257</b>                           | <b>7,209</b>               | <b>55,466</b>      |
| <b>TOTAL CBTs (USD)</b>                          |      | <b>96,316,703</b>                       | <b>12,861,466</b>          | <b>109,178,169</b> |

Approved by:

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 Ertharin Cousin  
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 Date

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*Reviewed by:* [name] Regional Bureau Support (OMO)

## ANNEX I-A

| <b>PROJECT COST BREAKDOWN</b>                           |                          |                        |                        |
|---|--------------------------|------------------------|------------------------|
|   | <b>Quantity<br/>(mt)</b> | <b>Value<br/>(USD)</b> | <b>Value<br/>(USD)</b> |
| <b>Food</b>   |                          |                        |                        |
| Cereals   | 5243                     | 2,807,945              |                        |
| Pulses  | 786                      | 944,634                |                        |
| Oil and fats  | 328                      | 394,659                |                        |
| Mixed and blended food                                  | 786                      | 730,767                |                        |
| Others  | 66                       | 15,882                 |                        |
| <b>Total food</b>                                       | <b>7209</b>              | <b>4,893,887</b>       |                        |
| External transport                                      |                          | 170,466                |                        |
| Landside transport storage and handling                 |                          | 698,372                |                        |
| Other direct operational costs                          |                          | 146,247                |                        |
| <b>Food and related costs[1]</b>                        |                          |                        | <b>5,908,972</b>       |
| CBTs  |                          | 12,861,466             |                        |
| Related costs   |                          | 656,145                |                        |
| <b>CBTs and related costs</b>                           |                          |                        | <b>13,517,612</b>      |
| <b>Capacity development and augmentation</b>            |                          |                        | <b>445,000</b>         |
| Direct operational costs                                |                          |                        | 19,871,584             |
| <a href="#">Direct support costs[2] (see Annex I-B)</a> |                          |                        | 3,285,892              |
| <b>Total direct project costs</b>                       |                          |                        | <b>23,157,476</b>      |
| Indirect support costs (7.0 percent)[3]                 |                          |                        | 1,621,023              |
| <b>TOTAL WFP COSTS</b>                                  |                          |                        | <b>24,778,499</b>      |

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**ANNEX I-B**

| <b>DIRECT SUPPORT REQUIREMENTS (USD)</b>          |                  |
|---|------------------|
| <b>WFP staff and staff-related</b>                |                  |
| Professional staff                                | 312,722          |
| General service staff                             | 1,622,207        |
| <b>Subtotal</b>                                   | <b>1,934,929</b> |
| <b>Recurring and other</b>                        | <b>417,028</b>   |
| <b>Capital equipment</b>                          | <b>49,000</b>    |
| <b>Security</b>                                   | <b>66,500</b>    |
| <b>Travel and transportation</b>                  | <b>628,435</b>   |
| <b>Assessments, evaluations and monitoring[1]</b> | <b>190,000</b>   |
| <b>TOTAL DIRECT SUPPORT COSTS</b>                 | <b>3,285,892</b> |



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## **ACRONYMS USED IN THE DOCUMENT**

|             |   |
|-------------|---|
| <b>CBT</b>  | <b>CASH-BASED TRANSFER</b>                      |
| <b>CSP</b>  | <b>COUNTRY STRATEGY PLANS</b>                   |
| <b>PRRO</b> | <b>PROTRACTED RELIEF AND RECOVERY OPERATION</b> |