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Conditional Cash Transfers:

- (A) An Introduction and Review of Cash Transfer Experiences
- (B) Their Feasibility as a Food Security Tool for WFP in Bolivia

Consultancy Report

Based on an assessment mission in Bolivia
from 01.06.2009 – 30.06.2009

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v. Acronyms and Abbreviations

General Terms	
AOP (POA)	Annual Operations Plan (Plan Operativo Annual)
CCT (TMC)	Conditional Cash Transfers (Transferencias Monetarias Condicionales)
CFT (DPC)	Cash for Training (Dinero por Capacitación)
CFW (DPT)	Cash for Work (Dinero por Trabajo)
FFT (APC)	Food for Training (Alimentos por Capacitación)
FFW (APT)	Food for Work (Alimentos por Trabajo)
NDP (PND)	National Development Plan (Plan Nacional de Desarrollo)

Organizations, Institutions, Programs	
ACF	Action Contre la Faim
ADRA	Adventist Development and Relief Agency
CEPAL	United Nations Economic Commission for Latin America
COED	Centro de Operaciones de Emergencias Departamental
CONAN	Consejo Nacional de Alimentación y Nutrición
COSUDE	Agencia Suiza para el Desarrollo y la Cooperación (SDC)
DRIPAD	Desarrollo Rural, Integrado y Participativo
ECHO	European Commission Humanitarian Aid Office
EDIMO	Empleo Digno e Intensivo de Mano de Obra (Labor Intensive Decent Job Program)
EPEP (PEEP)	Extreme Poverty Eradication Plan (Plan VIDA para la Eradicación de la Extrema Pobreza)
FAO	Food and Agriculture Organization of the United Nations
HPG	ODI's Humanitarian Policy Group
HPN	ODI's Humanitarian Practice Network
IADB (BID)	Inter-American Development Bank (Banco Interamericano de Desarrollo)
ICRC/IFRC	Int. Committee of the Red Cross / Int. Federation of Red Cross & Red Crescent Societies
IFPRI	International Food Policy Research Institute
INE	Instituto Nacional de Estadística de Bolivia
ODI	Overseas Development Institute London
PISAE	Programa Integral de Seguridad Alimentaria y Emergencias (Ex DRIPAD)
PRODEM	Fondo Financiero Privado S.A. PRODEM (bank)
PROPAÍS	Programa Contra la Pobreza y Apoyo a la Inversión Solidaria (Program to combat poverty and support solidarity investment)
RPS-DIC	Red de Programas de Protección Social y Desarrollo Integral Comunitario (Network of Social Protection Programs and Integral Community Development)
SDC	Swiss Agency for Development and Cooperation (COSUDE)
SEDES	Servicio Departamental de Salud
SEDGES	Servicio Departamental de Gestión Social
SIDEL	Servicio e Información para el Desarrollo Económico Local
UDAPE	Unidad de Análisis de Políticas Sociales y Económicas
ZMNP (PDC)	Zero Malnutrition Multi-sectors Program (Programa Desnutrición Cero)

WFP specific Terms, internal Divisions and Services	
CFSAM	Crop and Food Security Assessment Mission
CFSVA	Comprehensive Food Security and Vulnerability Analysis
CO	Country Offices
COMPAS	Commodity Movement Processing and Analysis System
DSC	Direct Support Costs
EFSA	Emergency Food Security Assessment
EMOP	Emergency Operational Plan
ENA	Emergency Needs Assessment
ERP	Emergency Preparedness and Response
FLA	Office of Financial Accounting
FSMS	Food Security Monitoring Systems
ISC	Indirect Support Costs
LTSH	Landside Transport, Storage and Handling
MCHN	Mother-and-Child Health and Nutrition
OD	Operations Department
ODA	Analysis, Assessment and Preparedness Service
ODAN	ODA's Emergency Needs Assessment Branch
OEDP	Policy, Planning and Strategy Division
OMX	Program Design and Support Division
OMXD	Program Design Service
PD	Policy & External Affairs Joint Directive
PDP	Policy, Strategy and Program Support Division
PDPE	Economic Analysis Service
PDPS	Social Protection and Livelihoods Service
PRRO	Protracted Relief and Recovery Operations
PRSP	Poverty Reduction Strategy Paper
PSNP	Productive Safety-Net Program
RB	Regional Bureau
RHVP	Regional Hunger and Vulnerability Program
RLSP	Rural Livelihoods Support Program
SFP	School Feeding Program
SICVP	Special Initiative for Cash and Voucher Programming
VAC	Vulnerability Assessment Committee
VAM	Vulnerability Analysis and Mapping

vi. Executive Summary

1. WFP Bolivia, with a long history in Bolivia addressing food insecurity by helping most vulnerable population and those affected by emergencies, is interested in finding new forms to complement its food assistance. This consultancy report, commissioned by WFP Bolivia, explores the possibility of implementing cash transfer instruments in the FFW/FFT framework of planned Protracted Relief and Recovery Operations Bolivia PRRO 10836.0.
2. Part A reviews theory, practice and experiences of cash transfers approaches with focus on Latin American countries, introducing the topic and building up a common language and understanding. Part B analyses current situations, general conditions and specific requirements, as well as the institutional framework in order to appraise the feasibility of a future cash transfer pilot project. The analysis builds on literature review, interviews with key persons and insights gathered on a field visit in targeted departments of Santa Cruz and Beni.
3. *Cash Transfers* generally means the provision of money to individuals or households, either as emergency relief or to support livelihood recovery. The terms *Cash* and *Vouchers* therefore apply to a variety of instruments or means to address basic needs, whereby vouchers can be treated as a separate form of cash transfer. *Conditional Cash Transfers (CCTs)* generally refer to social assistance transfer programs of governments, seldom connected to emergency situations.
4. Worldwide, the number of cash transfer programs has largely multiplied in the last 15 years. CCTs as social protection and poverty reduction programs have been widely supported by international development banks, and were introduced in almost every Latin American country. Evaluated CCTs show solid evidence of positive impacts in reducing short-term poverty and increasing use of educational and health services. Most of Latin American types of demand-side strategies seem also successful in improving nutritional and anthropometric outcomes and preventive behaviors. However, the overall effect of CCTs on health status remains less clear.
5. Cash transfer programs in emergency contexts did not develop as fast and smoothly as CCTs, mainly due to skeptic resistance and the lack of practice within the international humanitarian community. However, it's widely agreed today that *Cash* and *Vouchers* simply are specific methods of providing humanitarian or social assistance. They may have their very own operational realities and risks, but these are nowadays widely understood and handled. Thus, many governmental and non-governmental organisations have integrated cash transfer programming in their arsenal of humanitarian assistance methods. At the time being, WFP, for instance, has gained experience from nearly two dozens finalized or ongoing cash pilot projects worldwide, with another half a dozen in the pipeline to be launched in the near future.
6. Two municipalities were singled out for a possible launch of a cash transfer pilot project, both meeting certain selection criteria. In San Julian (Santa Cruz), a potential 1,211 beneficiary families were targeted and in Riberalta (Beni) a number of 319 families. Both municipalities have been hit and affected repeatedly by inundations and droughts in the past three years, and have been attended by WFP during the EMOPs of 2006, 2007 and 2008. In order to appraise the feasibility of a cash transfer pilot project in San Julian and/or Riberalta, the following aspects have been assessed: (i) institutional platform (WFP Bolivia and implementing partners), considering their cash transfer specific knowledge and skills, the availability of resources and capacities to develop and implement a cash transfer pilot project, (ii) markets competitiveness, integration and accessibility, availability of staple food and non-food items and development of prices over the year, (iii) delivery options, financial services and security aspects, (iv) cost-efficiency of cash transfers compared to food in-kind assistance, (v) remuneration of a cash transfer and (vi) WFP specific requirements to be met when implementing a cash transfer pilot project. The results present themselves as follows:

7. Institutional platform: (i) WFP Bolivia and its implementing partners are lacking cash transfer specific skills and knowledge. However, support and technical assistance is available within and outside WFP. (ii) WFP Bolivia and its implementing partners do not dispose of excess resources, neither in financial budget nor in manpower. Since the implementation of a cash transfer pilot project – parallel to a food in-kind assistance – increases (particularly) administrative and managerial effort, it's doubtful whether required capacities are at disposal when needed. (iii) A cash transfer pilot project would fit complementary in governmental strategies and ongoing programs without conflict potential. Moreover, Governments at departmental, municipal and communal levels are important implementing partners of WFP's PRRO 10836.0 operations.

8. Recommendations: (i) Cash transfer specific know-how certainly can be acquired. However, WFP Bolivia must actively request support, available within and outside WFP, and make use of it. (ii) Within WFP CO in La Paz, a responsible person for the cash transfer issue should be assigned and equipped with required resources (time, workload). (iii) In order to get familiar with the topic, basic literature and case studies of implemented WFP cash pilots must be studied. It will help to build up own knowledge and expertise (at least on theoretical level). (iv) WFP local offices and project partners at departmental and municipal level should be involved in any kind of capacity training regarding cash transfer methodology. (v) With regard to staffing and time capacities, resources must be freed or additionally allocated.

9. Market situation: (i) Markets in both municipalities are competitive and integrated, accessibility for beneficiaries during dry seasons is mostly granted. Availability of staple food is sufficient all year, but prices are seasonally volatile. (ii) Local markets in the communities are highly dependent on seasonal conditions; food availability may deteriorate drastically in remote communities correlated with raising prices, particularly in Riberalta. (iii) Therefore accessibility to municipal markets is of utmost importance, but is not guaranteed for remoter areas of Riberalta due to the high vulnerability of unpaved roads to rain and inundation, obstructing or even impeding transport facilities.

10. Recommendations: (i) Appraising overall results of the market analysis, a cash transfer project can be considered feasible for San Julian and its communities. For Riberalta and its communities, feasibility is limited. Specifically in remote communities of Riberalta and during a rainy season in others, too, a food in-kind assistance is to be preferred.

11. Cash Delivery options: (i) For San Julian and its communities as well as for Riberalta, financial services offered by PRODEM are viable and constitute no mayor problem. (ii) However, in Riberalta accessibility to financial services may be severely obstructed depending on seasonal conditions. (iii) This also affects a possible voucher distribution, since easy redemption in municipal markets can't be guaranteed throughout the year. (iv) Thus, even if a cash transfer project in Riberalta and its nearby communities might be feasible, it is not so for communities in more remote areas.

12. Cost efficiency and remuneration: (i) The mere handling costs of delivering food in-kind are about 10 to 13 times higher than those of providing cash. (ii) If, however, the overall costs are taken into consideration, cost-efficiency shifts towards the delivery of food in-kind, due to relatively high market prices for commodities of the provided food basket. Its transfer value per beneficiary family equals to USD 1.45, whereas the total direct operating costs to WFP are USD 1.30. (iii) The alpha value was calculated to be 111%.

13. Recommendations: (i) In order to guarantee the identical nutritional effect as a food in-kind assistance, WFP must transfer a cash grant of at least 111% of the costs of the delivered food basket in-kind. (ii) Additionally, in order to compensate inflation risks, higher prices in remote communities, transport costs, etc., the effectively transferred cash value should contain a mark up of 15% to 20%. This allows beneficiaries to buy the same food basket in the market. So, the recommended daily cash amount per family/household could be fixed at USD 1.65 to USD 1.75.

14. WFP policy and specific requirements for cash transfer pilot projects: (i) WFP has undergone a paradigm shift; whether used or not, the simple inclusion of cash transfer methodology in WFP corporate portfolio marks a significant shift in emphasis placed on programming and operational rigor. (ii) All resource transfer methods – food, cash & voucher – have equal status. The choice of transfer system should be based on its comparative advantage in meeting the corporate food assistance objectives in the most efficient, effective, timely, safe, accountable and context-specific manner. Mixing and balancing of transfer choices is recommended. (iii) When a needs assessment of WFP identifies the feasibility, desirability and utility of a cash transfer to help meet food needs, the WFP Country Office should advocate for it. (iv) However, conditions and criteria laid out in the directive *The Use of Cash Transfers to Beneficiaries in WFP Operations: Interim Guidance for Pilot Projects* have to be met in order to elaborate and present a pilot project proposal. (v) In Bolivia, these specific requirements of WFP's *Interim Guidance* are not yet fulfilled.

15. Recommendations: (i) The PRRO 10836.0 has to be particularized and operationalized, in order to create the platform for a detailed concept of pilot projects that replace in-kind food assistance with cash or voucher transfers within the established FFW/FFT scheme. (ii) Further assessments and preparatory work is needed before elaborating and presenting a concrete project proposal. (iii) WFP's specialized Cash & Voucher Unit in Rome (OMDX) disposes of huge expertise and is willing to share it. Upon request, all necessary material and training will be provided.

16. Overall appraisal of feasibility: For different reasons, it was not possible to conduct an in-depth feasibility study. Nevertheless, a general appraisal of the overall feasibility of a cash transfer pilot project within the framework of the PRRO 10836.0 can be presented: (i) General and specific conditions are highly divergent in the two considered municipalities; In all respects, conditions in San Julian are far more favourable than those in Riberalta. (ii) This feasibility assessment revealed that San Julian should be preferred to Riberalta when considering the launch of a cash transfer pilot project.

17. Recommendations: (i) Viewed realistically, WFP Bolivia should consider abandoning plans of implementing a cash transfer pilot project in Riberalta and only focus on the one in San Julian instead. (ii) Such a concentration of efforts would foster the achievement of learning objectives, enhance the accomplishment of the outcome objectives and put aspects of quality above those of quantity. (iii) WFP should dedicate enough time to set up the cash transfer pilot project and consider duration of one year within the 2-year framework of the PRRO 10836. (iv) A realistic pilot project start could be at the beginning of 2010 during or shortly after the main harvest period to give time and space for further in-depth assessments, a thorough planning, and training of involved staff.

18. Final conclusion: Even if cash transfer programming is not magical, a prudent and diligent set up of any cash transfer project will pay back with smooth implementation, satisfied stakeholders, achieved objectives and prospective learning by positive results and experiences.

1 Background

19. WFP has a long history in Bolivia addressing the food insecurity by helping the most vulnerable population and those affected by emergencies. Currently WFP is implementing two main projects: (i) the Country Program 2008-2012 (CP) that is in line with other governmental strategies and focuses mainly on reducing the malnutrition prevalence of children and mothers; and (ii) an Emergency Operation that is now expiring. WFP Bolivia is currently preparing, with the PRRO 10836, a two-year recovery project to provide a longer-term assistance and to establish a link and continuum between emergency operations and development aid.

20. WFP Bolivia is interested in finding new forms to complement its food assistance. The recovery project PRRO 10836.0 is a potential means to explore the possibility of implementing cash transfers. Therefore, the Swiss Agency for Development and Cooperation has agreed to support WFP Bolivia with a consultant to introduce the topic of cash transfers and guide on the feasibility and first steps to design and implement such a program. Thus, a four-week assessment mission from 01.06 until 26.06.2009 was conducted to address the objectives formulated below.

1.1 Objectives of the consultancy

21. The objective of the consultancy was twofold: (i) to introduce the topic of conditional cash transfers to WFP Bolivia and to present a review of approaches and experiences, and (ii) to pre-assess the feasibility to implement cash transfers for emergency recovery operations and malnutrition prevalence reduction programs under the current government policies and programs, using WFP support framework in Bolivia.

22. The consultancy aimed to examine the political and operational context for the application of these cash transfer modalities within the framework of ongoing or planned social and socio-economic programs of the Government of Bolivia, the planned PRRO 10836.0 within the WFP country program Bolivia. The specific objectives of the study were¹:

- to provide the WFP Bolivia with relevant background on emergency recovery and social protection strategies of cash transfer programs in other countries, especially in Latin American countries and with particular focus on the impact on nutrition and child health,
- to summarize ongoing programs of cash transfers in Bolivia (and their impact), and the actually planned and executed cash transfer programs under the nutrition and poverty programs of the Government of Bolivia
- to assess the current institutional platform with regard to a possible implementation of a cash transfer program, i.e. to summarize roles, plans, and responsibilities of each of the identified institutions and how WFP could collaborate with them.

23. Based on the results of this preliminary research, an elaborated report should then provide recommendations to WFP Bolivia on the feasibility of implementing cash based pilot programs, take into consideration the overall situation with such issues as markets, cost effectiveness, beneficiary preferences and local administrative capacities and lead to conclusions about the acceptability and feasibility of cash and voucher transfers that are to be integrated in the framework of planned protracted relief and recovery operations Bolivia PRRO 10836.

¹ cf. Terms of Reference in annex G

1.2 Report structure

24. The present report is organized in two main sections:

Part A aims to create a theoretical basis on cash transfers approaches, meant to serve as a quick introduction to the topic, and to build up a common language and understanding of the concept of conditional cash transfers. It will give an overview and a summary of experiences of cash transfers in Latin American countries with a special focus on Bolivia. Part A will conclude with a survey of WFP's general policies concerning cash transfers, its guidelines and directives that have to be considered when planning and implementing pilot projects.

Part B presents the results of a preliminary analysis of current situations, general conditions, and specific requirements as well as the institutional framework – always with regard to the feasibility of a future cash transfer pilot project in Bolivia. This pre-assessment of feasibility leads to recommendations concerning next steps and basic conditions to be built up and granted in order to proceed with the design, planning, setup and implementation of a cash transfer pilot project within the PRRO 10836.

1.3 Approach and Methodology

25. In order to accomplish the tasks formulated above, a standard review methodology was used. This report builds on literature review and secondary data, interviews with key persons of the governmental and non governmental institutional framework of WFP Bolivia (La Paz, Santa Cruz, San Julian, Trinidad, Riberalta and La Candelaria). Additional information was gained from discussions with WFP staff in La Paz, and in Rome within the Cash & Voucher Unit (OMXD) at WFP HQ. All institutions and persons consulted for this report are listed in annex B.

26. Basic information on cash transfer theory, and additional information on experiences in Latin American countries and Bolivia specifically, was gained through primary and secondary literature. All literature consulted, mentioned and quoted (literally or analogously) in this report is listed in the bibliography in annex A. All literature available online (Internet) can be found by following the hyperlink to the correspondent website². Additionally, all literature quoted, as well as reference documents and illustrative examples of market assessments, feasibility studies or of project proposals and project documents are provided on a CD (PDF-, DOC- or XLS-files)³.

27. Basic and specific information and data on Bolivia, on regional vulnerability to disasters and incidences, on food security and household data, etc. was delivered by WFP Bolivia research and analysis reports. A list of used and consulted documentation is provided in annex A.

28. A field trip to the departments of Santa Cruz and Beni was conducted from 7.06.-10.06.2007. Besides interviews with key persons at departmental, municipal and communal level, different markets were visited for a rough assessment of the availability of basic commodities staple food. Travelling to communities in Beni helped to get a general idea about existing and possible difficulties concerning road quality, transport facilities and accessibility to and from remote areas.

² All hyperlinks actual and working at June 29, 2009

³ The CD's content (as an ISO-file) is available for download at <http://library.hannes.ch> (instructions on how to burn a CD are given on the website)

1.4 Limitations and constraints faced

1.4.1 Ambitious objectives and limited resources

29. Responsible of SDC headquarters as well as the consultant himself, pointed out at the very beginning of the commission that the objectives of the Terms of Reference (TOR) seemed over-ambitious given the setup and duration of the consultancy. The TOR requirements for the assessment of a cash transfer project and its preparation phase imply two sequential steps. Step 1 is to settle the question *if*⁴, whereas step 2 is related to the questions *where, when, with whom and how*⁵. Since step 1 is prerogative to step 2, it was difficult to address them both at the same time and within the same mission. Therefore, a prioritization of the consultancy objectives was asked for and expected, but never given by WFP Bolivia.

30. All the same, this report endeavors to address all formulated objectives in an adequate manner. However, doing so the assessment was compromised and limited in its scope and profundity.

1.4.2 Timing of assessment mission

31. At the time of conducting this assessment, the Protracted Relief and Recovery Operation Bolivia PRRO 10836, constituting the basis for the integration of a cash transfer project, has not yet been approved by WFP HQs in Rome. Neither has it been operationalized at a departmental, municipal and local level. Thus, basic information and key data in order to quantify the dimensions of a future cash transfer project were largely missing. It would have been to the benefit of its efficiency and effectiveness, if this assessment mission had been conducted at a later stage of planned PRRO 10836, when existent FFW/FFC projects could have been analyzed in view of a replacement of food in-kind through cash or vouchers.

⁴ At this stage, a feasibility study has to examine all major requirements and conditions that must be met in order to take into consideration a possible launch of cash transfers. Therefore step 1 provides the basis indispensable for any organisation to decide whether to plan and implement (or not) a cash transfer project in a given context.

⁵ Once the cardinal decision concerning question *IF* is taken, the launch of a cash transfer project must be planned and operationalised. An assessment mission at this stage has to elaborate and clarify all necessary details in order to support the organisation in concretising the design, operational planning and successful launching of a cash transfer project.

Part A

An Introduction to and Review of Cash Transfer Experiences

32. Part A of the report aims to build up a theoretical basis on cash transfers, meant to serve as a quick introduction to the topic for readers concerned but lacking specific background knowledge, and to build up a common terminology and language. It will give an overview and summary of evident experiences of Latin American countries with conditional cash transfer programs, taking into consideration experiences in Bolivia, too. This part A will conclude with a review of WFP general policies on cash transfers, elaborated guidelines and actual directives to be considered when planning and implementing cash transfer projects.

2 Introduction to Cash Transfers

2.1 Terminology

33. *Cash Transfers* generally means the provision of money (cash) to individuals or households, either as emergency relief intended to meet their basic needs for food and non-food items, or services, or to buy assets essential for the recovery of their livelihoods. The terms *Cash Transfers*, *In-Cash Support*, *Cash Transfer Projects*, *Cash Transfer Programming*, *Cash-Based Response (Assistance or Intervention)*, etc. are all synonyms for projects or programs distributing cash or vouchers to a target population in need. In this context, vouchers can be treated as a separate form of cash transfer, although voucher-based programs have certain unique characteristics and implementation requirements.

34. The terms *Cash* and *Vouchers* therefore apply to a variety of instruments or means to address basic needs of target populations. In the context of this report, the terms *Cash* and *Vouchers* are used to refer to a restricted number of tools of humanitarian assistance, where cash or a voucher is given to individuals or households, but not (or not more than rarely) to municipalities, governments or other state actors⁶.

35. The term *Conditional Cash Transfers (CCTs)* generally refers to middle- and large-scale social assistance transfer programs of governments, the largest of them covering up to several millions of beneficiaries⁷. They are not directly connected to emergency situations or crisis, but form part of those countries social protection policy. In chapter 3 CCTs will be discussed more detailed.

⁶ The use of centralized fee waivers (such as for health, education or water services), tax waivers or direct budget support is excluded from further discussion in this report.

⁷ e.g. the programs Bolsa Familia (Brasil) or Oportunidades (Mexico)

36. Today it's widely agreed, that *Cash* and *Vouchers* are simply specific methods of providing humanitarian and/or social assistance. They may have all together their own operational realities and risks. But these are nowadays being widely understood and handled. Thereby, the delivery of cash or vouchers never ever is an objective by itself, but rather a means to achieve the original objectives of any cash or voucher based intervention such as:

- meeting immediate needs in emergency relief situations,
- supporting to livelihood recovery following a crisis,
- promoting livelihood recovery,
- ensuring long term social protection, etc.

2.2 Different types of cash transfers

37. Related to cash transfers, there are mainly three ways of helping people to access items, apart from giving them the items in-kind: giving *cash/money* (cash grants), giving *cash vouchers*, giving *commodity vouchers* or a combination of these alternatives. Table 1 characterizes the different types of cash transfers.

Table 1: Different types of cash transfers⁸

Type	Description
Cash (cash grant)	People either receive actual cash, or a credit in a bank account which they can withdraw as they wish. It is normal currency, and can be spent anywhere in the country.
Cash voucher (value based voucher)	Cash vouchers have a specific value and can define a service and an item or a range of items for which to be exchanged. They entitle the holder to buy goods up to the cash value written on the voucher. Alternatively the voucher can allow the recipient freedom of choice as to what to purchase with their voucher. The holder can make purchases in any shops which have agreed to participate in the program, by accepting the vouchers as if they were cash. The shop turns the vouchers into cash with the agency (or with agreed financial service partner) who gave them out.
Commodity voucher	Commodity vouchers stipulate items (and their amount/weight) or services for which the recipient can exchange their vouchers. They are exchangeable for a fixed quantity of certain goods or services, at any shops or stalls which are participating in the scheme. The voucher could be for a single item (e.g. 1 kg of maize flour) or for a complete, fixed food basket of several items (e.g. 10 kg rice, 2 kg frijol and 0.5 l oil). The shop then 'sells' the vouchers to the agency (or to an agreed financial service partner) at whatever price was agreed upon. Combined vouchers (cash and commodity values) also exist.

⁸ cf. basic introductory literature listed in section 2.5.1

2.3 Different forms of addressing cash transfers

38. There are different forms how cash transfers may be addressed to the targeted population. Cash transfers can be (i) conditional or unconditional, (ii) one-off or repeated payments, (iii) blanket provision, auto-targeting, or targeted to specific groups. Finally they can be (iv) implemented alone, by NGOs or in partnership with governmental agencies.

Table 2: Different forms of cash transfers⁹

Form	Description
Unconditional Cash Transfers	<p>People are entitled to this money simply because of the situation they are in (human rights entitlements). Unconditional cash transfers are given with no conditions as to how the money should be used. However, it is assumed that if basic needs have been identified in the assessment, the money will be used to cover these needs; if support to livelihoods or productive activities has been identified as a need, the cash distributed will be used for this.</p> <p>Unconditional (and universal) cash transfers are often used immediately at the start of an emergency.</p>
Restricted Cash Transfers	<p>The recipient of a restricted grant is given the money or vouchers freely, but they are only allowed to spend them in an agreed way (e.g. for rebuilding houses following a disaster, or pursuing a business plan agreed with an agency). Any other use of the money or vouchers would be a breach of the rules.</p> <p>In order to control the use of money, the grant is usually paid in more than one installment. The second payment is only made after verifying how the first payment was used.</p>
Conditional Cash Transfers (CCT)	<p>Conditional cash transfers are given on the condition that recipients do something (e.g. rebuild their house, plant seeds, provide labor, re-establish livelihood), or that they belong to a specific target group fulfilling defined criteria (e.g. being single headed household, pregnant and/or breastfeeding woman, etc.).</p> <p>The <i>Bono Juancito Pinto</i> and <i>Bono Juana Azurduy</i>, launched and implemented by the Government of Bolivia, are typical representatives of conditional cash transfers.</p>
Cash for Work (CFW) Cash for Training (CFT)	<p>Payment for work on community or public work programs which will improve or rehabilitate community services or infrastructure. Alternatively payment for participation on defined capacity trainings.</p> <p>Cash for work and cash for training can be considered as a form of conditional cash transfer.</p>
Social Assistance Transfers	<p>Repeated, unconditional, predictable cash transfers provided to longer-term vulnerable or destitute households or specific individuals (e.g., elderly, pregnant or nursing women, woman-headed households, etc.). These are preferably implemented in conjunction with government agencies and with requisite political support.</p> <p>Bolivia's <i>Renta Dignidad</i> is a typical representative of a social assistance transfers.</p>

⁹ Ibid.

2.4 Advantages / disadvantages of different forms of cash transfers

39. The following Table 3 reflects the commonly (and in theory) discussed advantages and disadvantages of the different types of cash transfers (or cash based instruments).

Table 3: Pros and Cons of different forms of cash transfers¹⁰

Instrument	Pros	Cons
Cash	<ul style="list-style-type: none"> • Provide full choice to beneficiaries (on where, what and when to buy) • Expand local food markets (no contractual agreement with suppliers) • Do not involve a process for supplier selection • Are highly cost-efficient in delivery and distribution 	<ul style="list-style-type: none"> • Require operating markets and financial capacities • Expose beneficiaries to risk of supply failures (availability of food on the market is a prerequisite) • Compromise food security and nutrition-related objectives • Provide less-verifiable information on household expenditures (no coupons and contractual involvement of retailers) • Are eroded by inflation
Commodity Vouchers	<ul style="list-style-type: none"> • Designed for food security and nutrition-related objectives • Shield beneficiaries from inflation • Expand local food markets (including contractual agreements with suppliers) • Allow verifiable information on household expenditures (data from retailer, presence of serial number on coupons) 	<ul style="list-style-type: none"> • Require working markets and financial capacities • Expose beneficiaries to risk of supply failures (availability of food on the market is a prerequisite) • Involve process for supplier selection • Provide limited choice for beneficiaries
Cash voucher (value based voucher)	<ul style="list-style-type: none"> • Designed for food security and nutrition-related objectives • Provide choice to beneficiaries (although restricted to goods in selected shops) • Expand local food markets (including contractual agreements with suppliers) • Allow verifiable information on household expenditures (data from retailer, presence of serial number on coupons) 	<ul style="list-style-type: none"> • Require operating markets and financial capacities • Expose beneficiaries to risk of supply failures (availability of food on the market is a prerequisite) • Involve process for supplier selection • Are eroded by inflation

¹⁰ cf. WFP/OEDP (2008b; 13), Harvey (2007, 5) or ACF (2007; 32)

2.5 Recommended literature

2.5.1 Introductory literature and general surveys on cash transfers

40. In order to get familiar with cash transfers, the reading of some basic literature is indispensable. Table 4 lists some selected literature that shall encourage readers to do so. The recently published World Bank Policy Research Report (Fiszbein & Schady 2009) is probably the most actual and most comprehensive compilation on CCTs in general, combining theory and practical experience.

41. The other publications quoted below focus particularly on cash transfers in the context of humanitarian crisis and assistance. Peppiatt et al. (2001), Creti & Jaspars (2006), Harvey (2005/07) have, amongst others, substantially contributed to the often controversial discourse within the international humanitarian community, promoting cash transfers based on theory and evidence. The reports of Lor-Mehdiabadi & Adams (2008b) and WFP (2007e) draw an illustrative outline and facilitate the acquisition of a broad overview of cash transferring in emergencies and the variety of implemented projects of governmental and non-governmental organizations in recent years.

Table 4: Introductory literature and general surveys on cash transfers¹¹

Introductory Literature and general surveys on cash transfers (in order of year of publication)
Fiszbein & Schady (2009): "Conditional Cash Transfers. Reducing Present and Future Poverty".
Lor-Mehdiabadi & Adams (2008b): "Evaluation and Review of the Use of Cash and Vouchers (...)".
WFP (2007e): "Use of Cash & Vouchers in Response to Vulnerability and Food Insecurity. (...)".
Gentilini (2007): "Cash and Food Transfers: A Primer".
Harvey (2005/07): "Cash Based Responses in Emergencies".
Peppiatt et al. (2001): "Cash & Vouchers in Emergencies. Evaluating Benefits and Assessing Risks".

2.5.2 Guidelines for programming and implementing cash transfer projects

42. It's definitely not the same being an expert in theoretical cash transfer knowledge, and being a planner or implementer in charge to assess the feasibility of a cash transfer project or doing the concrete planning. Again, the setup, launching and implementation of a cash transfer project require different practical knowledge and correspondent skills. Therefore not surprisingly, a number of guidelines for dealing with all aspects of cash and voucher programming and operations have been and continue to be published, addressing and reaching a different audience.

43. In Table 5 we recommend four of the most comprehensive and useful guidelines and manuals, issued in the last five years by SDC, Oxfam, ICRC/IFRC and ACF. "All in all, the four guidelines (...) have some areas of overlap but the special focus of each makes them useful and complementary as a set. These provide not only a strong basis for implementation but also grounds for better knowledge and understanding of a resource transfer system that has often been subject to scepticisms and perceived as risky for organizational accountability." (Lor-Mehdiabadi & Adams 2008b; 31).

¹¹ The exact references including hyperlinks for internet download are given in the bibliography in annex A.

44. “What these documents highlight is that cash and vouchers are simply methods of delivering assistance, with their own operational realities and risks that are now being largely understood and addressed. These documents do not suggest that cash and vouchers are suitable to all contexts. They do, however, enable planners and implementers to reach a rational decision on the most appropriate choice of resource transfer.” (Lor-Mehdiabadi & Adams 2008b; 31).

45. For an easily comprehensible step to step guidance, we recommend to refer either to the ICRC/IFRC guidelines or the ACF guideline. Both come along with useful, practicable and replicable tutorials, the dos and don’ts, decision trees, check-lists and illustrative examples.

Table 5: Guidelines and manuals for planning and implementation of cash transfer programs¹²

Operational Guides and Manuals on Cash Transfers (in order of year of publication)
ACF (2007): “Implementing Cash-Based Interventions. A Guideline for Aid Workers”. AFC. Paris
ICRC/IFRC (2007): “Guidelines for Cash Transfer Programming”, ICRC and IFRC. Geneva.
Rauch & Scheuer (2005/07): “Cash Workbook. A Practical User’s Guide (...)”. SDC. Bern.
Creti & Jaspars (2006): “Cash Transfer Programming in Emergencies”. Oxfam GB. London

46. The websites of numerous organizations offer a wide arsenal of cash transfer working tools, templates, project examples, lessons learnt as well as many useful hints and tips for all interested audience cash transfer practitioners¹³. Some examples are given as followed:

- SDC’s cash transfer related online toolbox:
http://sdc-cashprojects.ch/en/home/sdc_cash_workbook/toolbox_cash_workbook
- World Bank’s cash transfer related website (Safety Nets and Transfers):
<http://web.worldbank.org/wbsite/external/topics/extsocialprotection/extsafetynetsandtransfers/0,,contentmdk:20615138~menupk:282766~pagepk:148956~pipk:216618~thesitepk:282761,00.html>
- ODI’s cash and vouchers in emergencies website:
<http://www.odi.org.uk/projects/details.asp?id=875&title=cash-vouchers-emergencies>

European Commission, Directorate-General for Humanitarian Aid (ECHO):

http://ec.europa.eu/echo/policies/sectoral/cash_en.htm

- etc.

¹² The exact references including hyperlinks for internet download appear in the bibliography in annex A

¹³ Gentilini (2007; 27) lists a number of selected and representative cash transfer related websites

3 Review on Conditional Cash Transfers (CCTs)

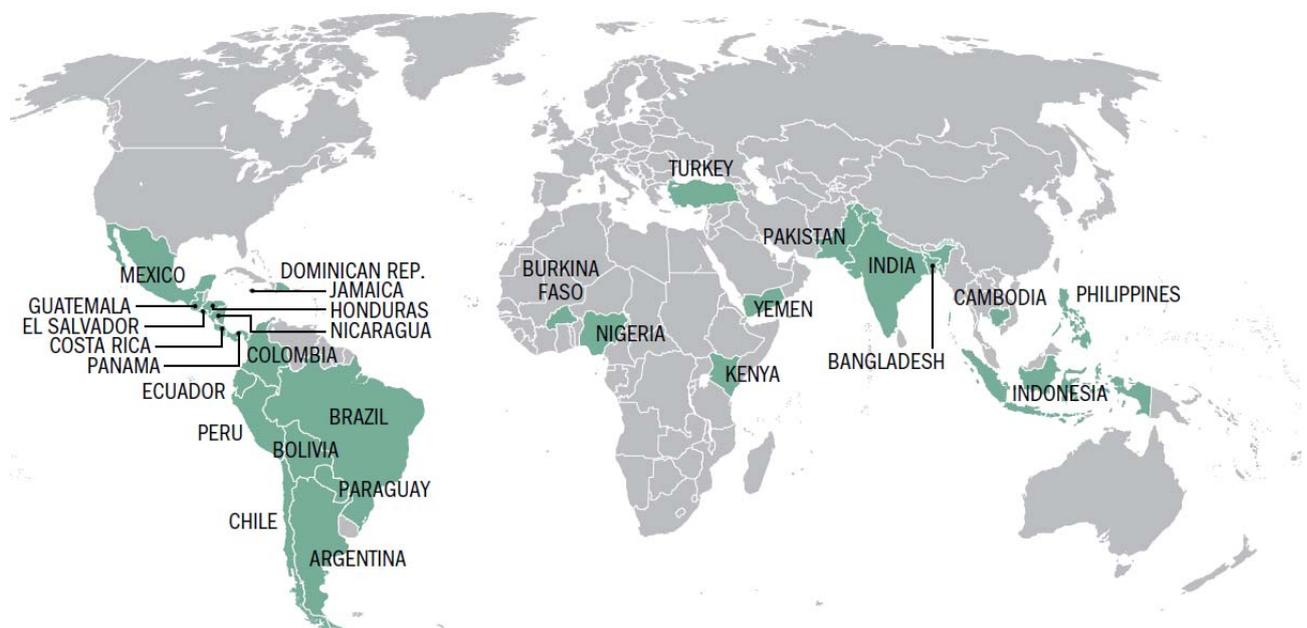
3.1 CCTs worldwide

47. In the last decade, CCTs have boomed (the CCT wave) and spread out worldwide. They are largely supported by international financing institutes like the World Bank, the Inter-American Development Bank or the Asian and African Development Banks. Today, dozens of low- and middle-income countries have, in one way or the other, a CCT program incorporated in their social protection policy¹⁴.

48. CCTs vary a great deal in scope. Some programs are nationwide, others are niche programs that serve a regional or narrow target population, and yet others are small-scale pilot efforts. The role of CCT programs in social policy varies from place to place as a consequence of differences in both program design and the context in which they operate. Most obviously, CCT programs vary with respect to pertinent measures of size.

49. Many of the CCT programs in middle-income countries have pursued an integrated approach to poverty reduction, balancing goals of social assistance and human capital formation. Another branch of the CCT program family focuses on education in low-income countries. A third kind of CCTs concentrate on mother-child health and nutrition, providing health and nutrition services and assistance in health education. The actual spread of CCTs around the world can be seen in the world map below.

Figure 1: CCTs around the world (situation 2008)¹⁵



50. What draws the attention is the concentration of CCTs in Latin American countries. In fact, Latin America is the continent where such programs have the longest tradition and the most established status.

¹⁴ History and development of CCTs are accurately described in Fiszbein & Shady (2009)

¹⁵ Figure refers to Fiszbein & Shady (2009; 4)

3.2 CCTs in Latin America

51. In the late 1990s, Latin America was introduced to a new form of social assistance: Conditional Cash Transfers programs (CCTs). While Brazil initiated the first CCT at a municipal level, the first major CCT in Latin America, *Progresa*, was designed in Mexico in 1997. Both programs grant cash to individuals who are selected according to a sophisticated poverty formula, on the condition that they send their children to school and take them to regular visits to health centers.

52. Brazil then expanded its municipal programs to the national level, finally integrating them to the *Bolsa Familia*, while Mexico's first CCT program later became *Oportunidades*. Since the initial introduction of this kind of social assistance, a large number of CCTs have been and continue to be implemented all over the continent from Mexico to Chile. Annex C lists all major CCTs implemented in Latin American countries.

3.2.1 Poverty reduction through CCTs

53. These programs have increasingly become important tools for poverty reduction policies in Latin America, since most of them have the same dual objectives; combining long run human capital development with short term poverty alleviation (yet the origins of the programs are different). The significance of CCTs as instruments to combat poverty in Latin America can be given by three related factors:

- “First, these programs explicitly target the poor and as such constitute an important effort to un-truncate social policy in Latin America.
- Second, CCTs seek to prevent inter-generational transmission of poverty by inducing behavior on the part of households conducive to investing in their children's education and health.
- Third, these programs introduce an important institutional innovation geared toward establishing social entitlements for the poor and limiting the political abuse of poverty funds”. (Diaz-Cayeros 2009; 7)

3.2.2 Evidence of general impacts of CCTs

54. CCT programs often are described in both extremely positive and negative terms. But unlike most development initiatives, CCT programs have been subject to rigorous evaluations of their effectiveness using experimental or quasi-experimental methods. Therefore, there is abundant evidence based research literature available today¹⁶. Since it would be beyond the scope of this report to describe the results in detail, we only quote some representative conclusions of World Bank researches done between 2002 and 2008.

55. Rawlings & Rubio concluded in 2005, that the “... evaluation results (...) reveal successes in addressing many of the failures in delivering social assistance, such as weak poverty targeting, disincentive effects, and limited welfare impacts. There is clear evidence of success from the first generation of programs (...) in increasing enrolment rates, improving preventive health care, and raising household consumption. Many questions remain unanswered, however, including the potential of conditional cash transfer programs to function well under different conditions, to address a broader range of challenges among poor and vulnerable populations, and to prevent the inter-generational transmission of poverty.” (2005, abstract)

¹⁶ cf. bibliography in the annex A

56. The World Bank's exhaustive review of CCTs experience four years later confirms, "... that the programs have been effective in the sense that there is solid evidence of their positive impacts in reducing short-term poverty and increasing the use of education and health services. Those achievements should not be minimized because they are powerful proof that well-designed public programs can have significant effects on critical social indicators. CCTs also have had positive institutional externalities - most notably, through their emphasis on monitoring and evaluation, whereby they have helped strengthen a results culture within the public sector, at least within social policies". (Fiszbein & Shady 2009; 34)

3.2.3 Evidence of specific impacts on health and nutrition

57. As stated above, the literature and evidence reviewed reveals a reasonably consistent picture of the effects of CCT programs on health-related behaviors and, to some extent, outcomes too. Most of Latin American types of demand-side strategies seem successful in increasing use of health services. There is also evidence of improving nutritional and anthropometric outcomes and preventive behaviors. However, the overall effect of CCTs on health status remains less clear.

58. This highlights the importance of a focus on the supply of adequate and effective health services for demand-side programs such as these to have a more reliable effect on health outcomes. Especially this last finding seems to be of utmost relevance for the recently launched Mother-Child Program *Bono Juana Azurduy* of the Government of Bolivia.

3.3 CCTs in Bolivia

59. In recent years, the Government of Bolivia has included, or is planning to include, CCTs as a social protection tool in its two main policy strategies called *Zero Malnutrition Multi-sectors Program (ZMNP)*¹⁷ and *Extreme Poverty Eradication Plan (EPEP)*¹⁸. The authorities reiterate that the social policy of the national government is to eradicate the structural causes of poverty, extreme poverty, exclusion, vulnerability and risk of individuals, families and communities located in the poorest rural municipalities of Bolivia.

60. To achieve these objectives, the Ministry of Planning and Development, will further push those programs and projects of the national Development Plan that are already running within the established Network of Social Protection Programs and Integral Community Development¹⁹ like, for example, the programs *Communities in Action*, *My First Decent employment*²⁰, *Labor Intensive Decent Job Program*²¹ or the *Program to combat poverty and support solidarity investment*²² and others. Most of these programs count on substantial international financial support from the World Bank, the Inter-American Development Bank, and the European Community or from different UN-Organizations.

61. With such a support from the World Bank, the Government of Bolivia launched a new CCT called *Bono Madre Niño* as well as *Bono Juana Azurduy de Padilla* in May 2009. Currently, the Government of Bolivia is running two more CCTs: the so-called *Renta Dignidad* for elderly and the so called *Bono Juancito Pinto* for school children and their families.

¹⁷ Programa Desnutrición Cero (PDC)

¹⁸ Plan VIDA para la Eradicación de la Extrema Pobreza (PEEP)

¹⁹ Red de Programas de Protección Social y Desarrollo Integral Comunitario (RPS-DIC)

²⁰ Comunidades en Acción, Mi Primer Empleo Digno

²¹ Empleo Digno e Intensivo de Mano de Obra (EDIMO)

²² Programa Contra la Pobreza y Apoyo a la Inversión Solidaria (PROPAÍS)

3.3.1 Bono Juana Azurduy de Padilla

62. The *Bono Juana Azurduy*²³ will support the Government of Bolivia in the preparation and implementation of the EPEP. In particular, the project will emphasize attention to women. Based on a supreme decree of the Bolivian Cabinet adopted in 2009, women will benefit throughout the country during pregnancy and childbirth, and their children up to 2 years old. This CCT *Bono Juana Azurduy* is administrated by the Ministry of Health, will be launched nationwide in 327 municipalities and aims to cover about 74% of the population (i.e. all women and their families that do not have medical insurance or have access to the grant of breastfeeding). This means about 550,000 beneficiaries per year and direct costs of up to USD 68 millions yearly. Until the end of the first year (2009), the Government of Bolivia intends to reach 250,000 mothers and spend up to USD 25 millions.

63. The funds to finance the *Bono Juana Azurduy* are granted by the National Treasury and the support of the World Bank. Payments will be made through two financial institutions (Union Bank and Bank PRODEM). In rural areas where these two institutions don't operate, payment will take place through the Armed Forces. However, representatives of the World Bank affirm that they will only support financing in municipalities where the payment is performed by official financial services that are in line with World Bank's general policies and auditable²⁴.

64. Pregnant women receive 50 Bolivianos with each of the four prenatal exams provided, and 120 Bolivianos when receiving childbirth assistance from municipal health centers. Women also receive a payment of 125 Bolivianos with each bimonthly postnatal control of their babies until these are two years old. So, during 33 months the payment can sum up to 1,820 Bolivianos in total if the mother attends all pre- and postnatal controls.

65. The requirement to collect the bond is to present the identity card, the certificate of medical examinations, and, for children up to the seven or nine days old, the certificate that they have been born alive. For all other children the birth certificate is required and also the certificate of medical examination. Families that have a medical insurance or have access to the grant of breastfeeding (26% of the population) may not reach the *Bonus Juana Azurduy de Padilla*.

Figure 2: *Bono Juana Azurduy*. Control and payment scheme²⁵

Control PRENATAL			PARTO		Control POSTNATAL												
1	2	3	4		PAGO BIMESTRAL												
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
50	50	50	50	120	125	125	125	125	125	125	125	125	125	125	125	125	125
Bs 150			Bs 170		Bs 1.500												
TOTAL BS 1.820																	
CONTROL MÉDICO				HASTA QUE EL RECIÉN NACIDO CUMPLA DOS AÑOS													

²³ cf. <http://www.sns.gov.bo/index.apx?op=802>

²⁴ At this moment, World Bank is waiting for the approval of the correspondent caveat in the financing contract with the Government of Bolivia, refusing the signature meanwhile.

²⁵ Source: Ministerio de Planificación del Desarrollo. Boletín Informativo 392, 06.04.2009. La Paz

3.3.2 Bono Juancito Pinto

66. The *Bono Juancito Pinto*²⁶ started 2006 and is part of the Social Policy and Integral Community Development²⁷, integral part of the National Development Plan²⁸. This CCT is administrated by the Ministry of Education. It's a nationwide program and targets public school children up to grade 8 and aims to cover almost 1.8 million children. All families whose children attend classes at least for 75% of the school year receive 200 Bolivianos per child and per year. The program costs run up to estimate USD 30 millions per year. The payment is made annually at school ceremony through the Bolivian Army and the National Police. This implies heavy logistics, since for the annual payment in the public schools all over the country; about 1.900 military persons and civil employees (forming up to 380 functional teams) have to be engaged during one month.

3.3.3 Renta Dignidad

67. The *Renta Dignidad*²⁹ (or *Bono Dignidad*) started 2007 and is the successor of the former *Bonosol* that was integrated in the *Renta Dignidad* in 2008. Based on the *Ley de Renta Universal y Vitalicia de Vejez*³⁰, the new *Renta Dignidad* is a non-contributory pension paid to all Bolivianos over 60 years of age. It is a vast improvement on the former *Bonosol*. Not only has the payment increased, but the age of recipients has been lowered from 65 to 60.

68. The *Renta Dignidad* is administrated by the Bolivian Ministry of the Treasury. It is financed by 30% of the income sourced from the hydro-carbon tax. Banks distribute the payments in urban areas, while the Bolivian Armed Forces help with distribution in more remote rural areas of the country. Identification documents are needed to register for the scheme. Those already receiving a private pension are means-tested and accordingly receive the reduced amount.

69. Whereas about 489,000 people over 65 were claiming the *Bonosol*, new data from the Ministry of Finance show that the number of claimants over 60 has risen to almost 676,000 under the *Renta Dignidad* scheme. Some 114,000 of those eligible are receiving a monthly retirement income that is supplemented by a monthly *Renta Dignidad* payment of 200 Bolivianos. Some 562,000 of those eligible are not retirees and receive 250 Bolivianos monthly. So, the amount paid by the *Renta Dignidad* sums up to a total of 3,000 Bolivianos per year for non pensioners and 2.400 Bolivianos per year for elderly already receiving private retirement pension.

70. The *Renta Dignidad* can be considered a Social Assistance Transfer rather than a true CCT, since no special personal behavior is requested and no other conditions have to be met, except having reached the age of 60. The rent is financed through the direct tax on hydrocarbons.

²⁶ cf. <http://www.minedu.gov.bo/minedu/redirect.do?page=/bonojp/juanpin.html>

²⁷ Política Social y Desarrollo Integral Comunitario

²⁸ "Bolivia Digna, Soberana, Productiva y Democrática para Vivir Bien"

²⁹ cf. http://abi.bo/index.php?i=renta_dignidad

³⁰ Law on Universal and Lifelong Retirement Pension, also called *Ley de Renta Dignidad*

3.3.4 Evidence of outcomes and impact

Bono Juancito Pinto and Bono Juana Azurduy

71. Up to today, no evidence based evaluations are available in order to judge the effects of current CCTs of the Bolivian Government. According to representatives of the World Bank and UDAPE, evaluations of the *Bono Juancito Pinto* and *Bono Juana Azurduy* are foreseen. However, those responsible for the research face many methodological and practical challenges (i.e. missing baselines, incomplete and incompatible beneficiary registers and databases, fragmentary monitoring and data collection, missing and/or changing indicators, etc.).

Bonosol and Renta Dignidad

72. Where the *Renta Dignidad* is concerned, there haven't been any impact studies since its introduction early in 2008 either. However, a survey³¹ of 50% of recipients of the former *Bonosol* says that it was their only source of income. The pension was mostly spent on household expenses and basic medication. While healthcare for over 60-year-olds is meant to be free of charge, medication is not covered. The pension also provides older people with capital that they can choose to invest in income-generating activities or for younger generations. This constitutes not only a financial but also a social value, since it increases their status within the family.

73. Another study found positive effects of the *Bonosol* program on household consumption and children's human capital, consistent with previous research on cash transfer programs in developing countries: "(...) however, the increase in food consumption for impoverished households in rural areas is equivalent to over one and a half times the value of the pension. A significant fraction of this increase is derived from consumption of home produced agricultural products such as meats and vegetables. These results suggest that cash transfers to poor and liquidity constrained households may facilitate productive investments which boost consumption through multipliers on the transfer. This proposition is supported by evidence that beneficiary households in rural Bolivia increase animal ownership, expenditures on farm inputs, and crop output, although the specific choice of investment differs according to the gender of the beneficiary". (Martinez 2004; abstract).

74. So, they produced more and therefore consumed more. This shows that the *Bonosol* – and analogously the *Renta Dignidad* – have a directly productive impact that improves the capabilities of the poorest.

75. Calculations of UDAPE foresee a positive effect on the reduction of moderate and extreme poverty. The Bolivian Ministry of Planning and Development estimates to enforce the reduction of moderate and extreme poverty by 2 percent points respectively in ten years. This means that moderate poverty would be reduced from 58% in 2005 to 42% in 2015 (instead of 44%), extreme poverty from 35% in 2005 to 20% in 2015 (instead of 22%). Thus, the National Development Plan would exceed the objectives of the Millennium Development Goals thanks to the *Renta Dignidad*³².

³¹ Unknown survey quoted by Help Age at www.helpage.org

³² Ministerio de Planificación del Desarrollo. Boletín Informativo 263, 26.10.2007. La Paz

4 Review on Cash Transfers in Humanitarian Aid

4.1 Cash transfers worldwide

76. During the last decade, the theoretic and political discourse on CCTs on the one hand and cash transfer programming in emergencies (and humanitarian crisis) on the other, have developed largely differently. In contrast to the relatively smooth and successful dissemination of CCTs worldwide, the introduction and adaption of cash and voucher based instruments into the regular arsenal of humanitarian assistance methods had to overcome ideological resistance and fundamental skepticisms and critics first (maybe with the exception of cash for work projects).

77. Since the late 90s, several agencies already have used cash transfers in emergencies³³. But only when a wide and evidence based discourse was launched by the Overseas Development Institute (ODI) in London³⁴, the way for cash transfer programs in humanitarian aid was paved³⁵.

78. Cash transfers in emergencies that do not involve long-term commitments (such as those implicit in CCT conditions), are often self-targeted, thus do not involve complex administrative decisions for entry or exit into the program. Additionally, they involve beneficiaries in activities that can help address the source of the shock or crisis. Therefore, "... they often appear to be better suited than CCTs as instruments for managing risk. Thus in most country contexts, CCT and other cash transfer programs are likely to coexist and should be seen as complements, rather than substitutes, addressing different household characteristics and the nature of the poverty those households experience". (Fiszbein & Shady 2009; 27)

79. To date, the majority of humanitarian cash transfer projects implemented by different agencies have some type of condition attached to the transfer. By far the most common type has been cash for work (CFW). However, a number of agencies have recognized that unconditional cash transfers may be more appropriate than CFW in specific contexts.

4.2 WFP and cash transfers

4.2.1 Background and Overview³⁶

80. Cash transfers have not been a WFP standard programming tool. However, WFP has been involved with cash transfers-related issues both directly and indirectly; WFP has been directly involved in the implementation, together with partners, of cash transfers on a pilot basis. Indirect involvement concerns the implementation and/or evaluation of joint responses in which WFP provides food and partners provide cash. Due to growing interest and engagement, WFP is going through a period of change.

81. WFP is taking a cautious approach to its exploration of cash and vouchers, and in 2006 allocated responsibility to the PDPS (coordination and facilitation) to establish a cash/voucher learning strategy. A key action was the establishment of an interim policy directive which set out the parameters for pilot projects.

³³ WFP (2007e) summarizes the major characteristics and outcomes of 27 recent pilots, projects or programs worldwide that made use of cash and/or vouchers to provide benefits to people in need.

³⁴ ODI published 2001, 2003, 2005 and 2007 several discussion papers, surveys and reviews and launched 2004 its overall cash learning project that ended 2006 after 3 years.

³⁵ An appropriate description of the "brief history of the debate around cash and in-kind assistance" can be read in Lor-Mehdiabadi & Adams (2008b; 1ff), chapter 2.3

³⁶ We relate entirely to internal notes prepared by WFP Cash & Voucher Unit (OMXD) from 2006-2009 (WFP 2007c, WFP 2007d, WFP 2008c, WFP 2009a)

82. The directive *The Use of Cash Transfers to Beneficiaries in WFP Operations: Interim Guidance for Pilot Projects (OD2007/001 and PD2007/001)* sets out technical standards and procedures for the piloting of cash-based projects as a complement or alternative to food aid programs (by WFP and partners). “The note draws heavily from WFP’s experience with cash pilots in Sri Lanka and Georgia, and provides an operational framework for costs allocation, monitoring and reporting”. (WFP 2008c)

83. “The cash-based transfers piloting process is designed to ensure that (i) high-quality cash pilots are designed, implemented, and monitored; (ii) comprehensive documentation of methodologies and results of all approved cash pilots are prepared and availed; and (iii) central lessons for policy and operations from completed cash pilots are identified and debated within WFP, leading to consensus positions on key issues”. (WFP 2008c)

84. Consequently, a corporate cash and voucher policy *Vouchers and Cash Transfers as Food Assistance Instruments: Opportunities and Challenges (WFP/EB.2/2008/4-B)* was elaborated, endorsed by the Executive Board in late 2008 and subsequently published to the interested audience (WFP 2008b). The official endorsement of this policy signifies a basic paradigm shift for WFP, since “... whether used or not, the simple inclusion of cash and voucher in WFP corporate portfolio marks significant shift in emphasis placed on programming and operational rigor”. (WFP 2009a)

85. Today’s official position of WFP on transfer choices marks also a change from rigid ‘cash versus food’ to a flexible ‘cash and food’ approach. A mixing and balancing of transfer choices is recommended. “All resource transfer methods – food, cash and voucher – have equal status. Choice of transfer system should be based on its comparative advantage in meeting the corporate food assistance objectives in the most efficient, effective, timely, safe, accountable and context-specific manner”. (WFP 2009a)

4.2.2 Experiences through pilot projects

86. Most pilot projects have been and are being implemented within a recovery (PRRO) context, rather than within a standard WFP emergency intervention (EMOP) and are subject to an actual ceiling of USD 3 millions per project. The table in annex D lists more than a dozen finalized or ongoing cash pilots with direct or indirect engagement of WFP since 1994. Furthermore, the list shows future cash transfer projects currently in stage of consideration, planning or for approval (as per April 2009).

4.2.3 Cash transfers related policy, directives and guidance

87. For WFP Country Offices concerned with considering, planning or implementing a cash transfer pilot project, the documents in Table 6 summarize all current corporate procedures and guidance (for consideration). These documents allowed WFP to pilot systematically cash and vouchers based projects and to use the learning to develop the cash & voucher policy. In addition to these documents, there is a growing body of operational documents prepared for different country specific cash and voucher projects. Entire country packages (e.g. Georgia, Bangladesh, and Sri Lanka) offer deep insight into assessing, planning and implementation³⁷.

³⁷ WFP’s Cash & Voucher Unit (OMXD) at HQs in Rome will provide all necessary documentation on request as well as support WFP Country Offices in assessing, designing and setting up of cash transfer projects. Assistance during the implementation can also be solicited.

Actually, the Cash & Voucher Unit (OMXD) is coordinating an interdivisional effort in WFP to develop corporate guidance, tools, systems and procedures on programming and operations of cash and vouchers. The results are expected to be finalized this summer 2009.

Table 6: WFP Cash Transfer Policy and Directives³⁸

WFP Cash Transfer Policy and Directives
WFP (2008b): "Vouchers and Cash Transfers as Food Assistance Instruments: Opportunities and Challenges". WFP/EB.2/2008/4-B. OEDP. Rome
WFP (2008a): "Accounting Procedures on the Use of Cash Transfers to Beneficiaries in WFP Operations". Finance Procedures No. FP2008/005. FLA. Rome
WFP (2007b): "The Use Of Cash Transfers To Beneficiaries in WFP Operations: Interim Guidance for Pilot Projects". OD2007/001-PD2007/001. OD/PD. Rome
WFP & Oxfam (2006): "Step by Step Implementation Guide for Unconditional Cash Transfer Programming". WFP and Oxfam GB. Colombo (Sri Lanka)

³⁸ The exact references including hyperlinks for internet download appear in the bibliography in annex A

Part B

The Feasibility of Cash Transfers as a Food Security Tool for WFP in Bolivia

88. Part B presents the results of a preliminary analysis of the current situation, general conditions, and specific requirements as well as the institutional framework – always with regard to the (general) feasibility of a future cash transfer pilot project. The results form the basis for a later appraisal. This pre-assessment of the feasibility leads to recommendations concerning next steps and basic conditions to be built up and granted in order to proceed with the design, planning, setup and implementation of a cash transfer pilot project within the PRRO 10836.0.

5 Cash Transfer Pilot under the PRRO 10836.0 in Bolivia

89. The Protracted Relief and Recovery Operation Bolivia PRRO 10836.0 (Recovery of Food Insecure Households affected by Consecutive Natural Disasters) is planned for two years from June 2009 to May 2011. The program aims to target about 200,000 beneficiaries in departments of Bolivia that have been most affected by consecutive disasters (i.e. floods and drought) in the past three years (Beni, Pando, Santa Cruz, Cochabamba and Chuquisaca). The overall costs of the PRRO 10836.0 to WFP sum up to a total of USD 12.258.557 (food cost: USD 8.768.944)³⁹. Required funds are only partially available, fund raising activities have started and are ongoing.

5.1 Background and planned operations of PRRO 10836.0⁴⁰

90. Since 2006, three consecutive years of major natural disasters including floods, mudslides, landslides and droughts, have devastated the livelihoods of more than 700,000 people in a large part of the Bolivian territory. The most critical impact was on subsistence farmers and indigenous people, who were already food-insecure, and saw their crops ravaged for two, and in many cases, three subsequent years. In 2008, those already struggling to meet their daily food and nutrient needs had to face the additional shock of unprecedented food price increases.

91. The operation was designed in a participatory approach involving the affected families, the Government, United Nations agencies and cooperating partners. It responds to a specific governmental request to support recovery actions, and is in line with relevant national social protection and recovery strategies of the Government of Bolivia. Four components aim at addressing the critical situation of the affected families:

1. livelihoods recovery and protection through food-for-work and food-for training activities;
2. increased levels of education and basic nutrition and health through mother and child health and school feeding activities;
3. capacity development for emergency preparedness and response through technical assistance to the Government; and
4. relief response to victims of new shocks.

³⁹ Finalizing this report, PRRO 10836.0 was not yet approved by the Executive Board in WFP HQs Rome

⁴⁰ PRRO 10836.0 in Bolivia, pp. 1, 2 and 7 / Text quotations literally

92. The findings of the emergency food security assessment conducted in January 2009⁴¹ provided the basis for the project design and geographical targeting. Data collected through this assessment also constitute the baseline against which outcomes will be measured. The project will be implemented in the Departments of Beni, Pando, Santa Cruz, Cochabamba and Chuquisaca.

93. In line with WFP's Strategic Objectives 2, 3 and 4, the operation objectives are:
- (a) to support and strengthen resiliency and adaptation to climate change of the most food-insecure communities through safety nets and asset creation (SO2);
 - (b) to support the re-establishment of livelihoods and food and nutrition security of the most food-insecure households (SO3);
 - (c) to improve the nutritional and health status of targeted pregnant and lactating women, and children ages 2–6 (SO4);
 - (d) to increase access to education among primary school age children (SO4);
 - (e) to strengthen governmental capacity to prepare for, assess and respond to emergencies (SO2).

5.2 Situation analysis and scenario

94. For overall context, food security and nutrition situation of targeted population in the departments of Beni, Pando, Santa Cruz, Cochabamba and Chuquisaca, please refer to PRRO 10836.0 sections 1.1 and 1.2, and to the different evaluation studies of WFP CO Bolivia⁴².

95. The PRRO 10836.0 activities have been designed on the basis of a number of assumptions made for 24 months (June 2009 – May 2011). In the most likely scenario, the number of food-insecure households will increase as a result of new climatic events combined with the effects of the global financial crisis. The levels of remittances and exports are expected to reduce, with a negative impact on incomes and unemployment levels in Bolivia.

96. The planned operation will enable the recovery of livelihoods of affected communities, while providing an adequate response to new natural disasters of a small or medium scale, assuming however that the security situation will remain stable and that the Bolivian policies and priorities will not be revised, making it possible for the government's partners to fulfill their commitments.

5.3 Policies, capacities and actions of government and other agencies

97. For detailed layout of policies, capacities and actions of the Bolivian Government and other national and international agencies in Bolivia please refer to PRRO 10836.0 sections 2.1, 2.2 and 2.3. All activities within the framework of the PRRO 10836.0 will be coordinated with existing and planned programs and projects of other organisations. The overall and specific objectives of the PRRO 10836.0 are in line with governmental development strategies and plans (cf. also section 5.1 above).

⁴¹ WFP Bolivia (2009a); the 2009 EFSA findings are based on secondary data analysis, standardized surveys in a statistical sample of 1.204 households in 57 communities; as well as on interviews with community leaders and 19 focus groups.

⁴² WFP Bolivia (2008a), WFP Bolivia (2008d) and WFP Bolivia (2009a)

5.4 Integration of CFW/CFT pilot project into framework of PRRO

98. Within the framework of the PRRO 10836, WFP Bolivia wants to explore the feasibility of implementing conditional cash transfers to the livelihood recovery and protection component. Replacing or complementing the food in-kind by cash and/or vouchers. This component will be based on WFP's existing FFW/FFT experiences in the country. Moreover, since the FFW/FFT projects had been implemented successfully during different emergency operations over the past years, WFP Bolivia can count on established partners and infrastructure in targeted departments and municipalities.

99. Thus, this present preliminary feasibility study was meant to explore the opportunities and feasibility of replacing food in-kind assistance partially or completely with cash transfers⁴³. Concluding that conditional cash transfers would be feasible, WFP will try to initiate a pilot project to complement food assistance with cash transfer instruments.

100. However, at the time of conducting this preliminary feasibility study, the FFW/FFT component of the PRRO 10836.0 at departmental, municipal and local (communal) level has not yet been concretized and operationalized. Therefore, most of the considerations and calculations concerning the feasibility of cash transfer integration into the framework of the PRRO 10836.0 are based on assumptions.

5.5 Objectives of a cash transfer pilot project

101. If WFP Bolivia will realise a cash pilot project within the framework of PRRO 10836, the learning objective ("what we want to learn from the pilot project") should be as important as the outcome objective ("what we want to achieve through the pilot project"). Therefore, the cash transfer pilot project has to be designed around these two objectives.

5.5.1 Learning objectives of the pilot project

102. In line with WFP's interim directive on the use of cash transfers to beneficiaries in WFP operations (WFP 2007b), and bearing in mind the lack of experience of WFP Bolivia in the field of cash transfer project implementation in theory and practice, the learning objectives of a future cash transfer pilot project even gain in importance and could be formulated as follows:

a. Overall learning objective:

- to foster the development of the WFP corporate cash and voucher transfer policy, and in general to contribute to local and global learning on the use and impact of cash transfers in rural and semi-rural, conditional contexts.

b. Specific learning objective:

- to test WFP Bolivia's capacity, effectiveness and efficiency (including cost comparison) in implementing conditional cash transfer programs (cash and/or voucher or mixed food and cash/voucher) in Bolivia;
- to conduct a comprehensive analysis of the relative advantages and disadvantages of conditional cash transfers, food transfers and mixed transfers, looking at both impact and process in asset creation programs;

⁴³ Cash transfers (as a general term) include always the different options of delivering cash and/or vouchers, or food in-kind, or mixed cash/vouchers and food.

- to consider seasonality issues, and estimate the best food/cash transfer share throughout the year, in particular looking at the distribution of food aid post harvest in a context of limited production and access to market for most vulnerable groups (probably of more relevance in Beni than in Santa Cruz).

5.5.2 Outcome objectives of the pilot project

Consistent with WFP strategic objectives, and in line with the PRRO 10836, the cash transfer pilot project's overall and specific outcome objectives related to CFW/CFT remain the same⁴⁴ as formulated for the FFW/FFT operations, only complemented by an additional methodology.

⁴⁴ cf. paragraphs 91 and 93

6 Beneficiaries and Targeting

103. In general, the choice of the concrete targeting method is linked to the program objectives and design, the availability of data, budgets, resources and capacity of the implementing organization and its governmental and non-governmental partners. The first decision is *whether* to target; the next is to agree *whom* to target. Both decisions have already been taken by WFP Bolivia while designing and formulating the PRRO 10836. Nevertheless, a specific targeting with respect to a future cash transfer pilot project had to be done additionally.

6.1 Municipality (geographical) targeting

104. Possible candidate municipalities for a cash transfer pilot project had to be identified amongst the municipalities within the predefined and targeted universe of the PRRO 10836.0 in the departments of Beni, Pando, Santa Cruz, Cochabamba and Chuquisaca. For this purpose, a number of criteria were defined and applied to the universe of municipalities that had been attended during the emergency operations of past years and that were foreseen for FFW/FFT projects within the PRRO 10836.0:

1. big part of households/families within municipalities should have been affected by disasters (floods or/and droughts) subsequently during the last three years
2. municipalities (population and authorities) should have shown good response to WFP Bolivia's activities during the emergency operations of past years (positive experiences and reliable and cooperative governmental and/or non- governmental partners available)
3. in order to facilitate the on-site support through the WFP CO Bolivia, the region where the cash transfer pilot project will be implemented should be accessible by air or terrestrial transport facilities as fast, easily and economically as possible
4. all minimum requirements to consider implementing a cash transfer project must be met:
 - a. all year or most of the year functioning, competitive and integrated markets,
 - b. staple food and basic non food products available at reasonable, relatively stable and predictable prices
 - c. accessibility for beneficiaries during most periods of the year
 - d. existing and accessible financial system, and secure cash delivering options

105. Amongst others, two municipalities (with their correspondent communities) met the criteria and were selected for further consideration: **San Julian** in the Department of Santa Cruz and **Riberalta** in the Department of Beni. The two municipalities are located in geographically and climatically quite different regions and thus show different socio-economic and agricultural characteristics. What they have in common is a relatively high exposure to floods and droughts and the fact that both have been hit and affected subsequently by natural disasters in the past three years 2006, 2007 and 2008.

106. In both municipalities, food security and needs assessments have been conducted by WFP Bolivia VAM specialists in 2008 and 2009⁴⁵. Furthermore, a broad base of socio-economic data exists resulting from former assessments and contingency planning at national and departmental level⁴⁶. Based on those assessments, selected facts and figures of both targeted departments Santa Cruz and Beni are compiled in annex E.

⁴⁵ WFP Bolivia (2008d, 2009a)

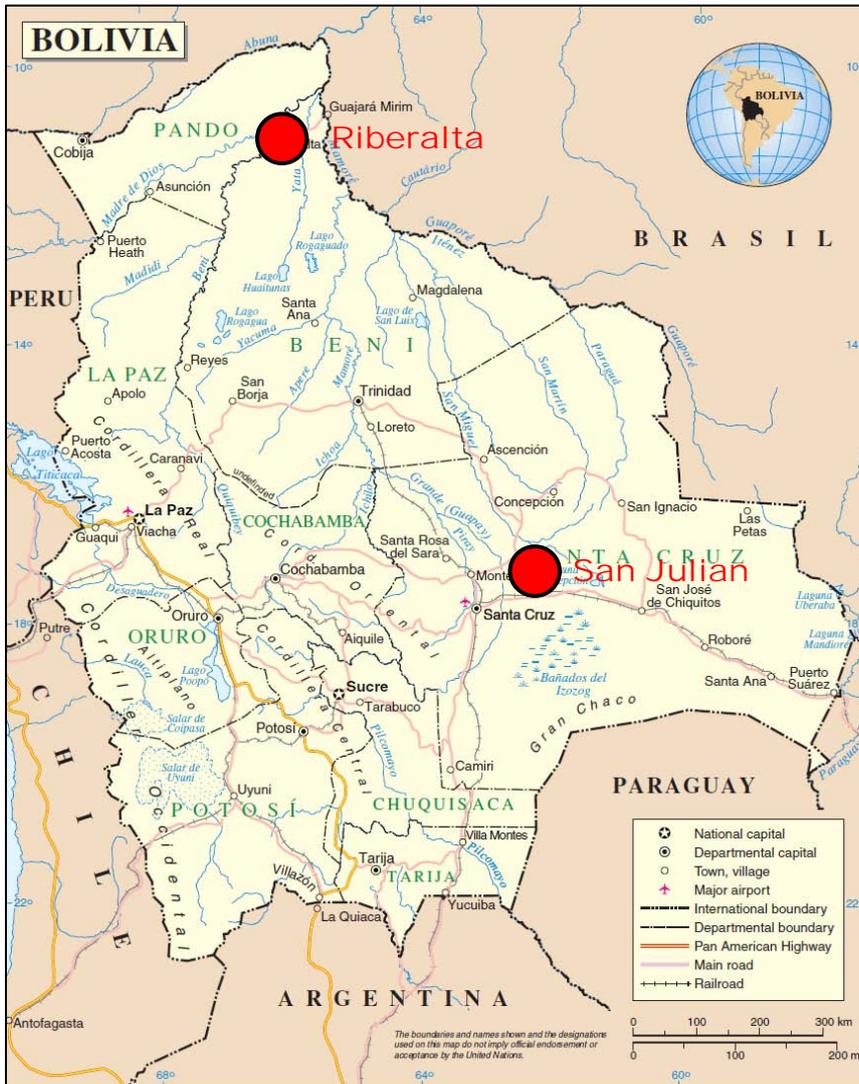
⁴⁶ WFP Bolivia (2008^a, 2008b and 2008c)

107. Next table shows selected VAM indicators for targeted municipalities, followed by a map illustrating their geographical location within Bolivia.

Table 7: Selected Indicators of San Julian and Riberalta 2009⁴⁷

Municipality	San Julián	Riberalta
Department	Santa Cruz	Beni
VAM factor	3	2
Surface area km ² (population density)	7.036 (0.8)	12.664 (6.0)
Total population (quota men)	5.660 (53%)	75.977 (51%)
Average yearly income	USD 1.244	USD 2.018
Number of open markets	1.0	3.0

Figure 3: Map of Bolivia, San Julian and Riberalta indicated



⁴⁷ For a comprehensive explanation of WFP’s Emergency Food Security Assessments cf. WFP (2009c) or visit <http://www.wfp.org/food-security>

6.2 Beneficiary (individual) targeting

108. The EFSA 2009⁴⁸ identified a total of approximately 20,000 food-insecure households (some 100,000 people) requiring recovery support (within the foreseen intervention component *Livelihoods Recovery and Protection*). Food insecurity was determined by the household food consumption (frequency and dietary diversity) and the household food access capacity, which was calculated based on the family's income and food sources as well as food stocks.

109. For implementing a cash transfer pilot project, WFP Bolivia will target food insecure rural and semi-rural households with able-bodied members in selected municipalities and communities of most affected areas. This approach is identical with the targeting criteria used in the FFW/FFT activities under the umbrella of PRRO 10836.

110. Considering the actual stage and progress of the conceptualization and operationalization of local FFW/FFT operations within the PRRO 10836, there is a big difference between the two departments and between the two targeted municipalities respectively:

- **In San Julian**, the mayor and community leaders have already formulated their ideas and priorities concerning the public community work that could be addressed and realized through FFW/FFT projects. These ideas and priorities have been collected by WFP Santa Cruz and already discussed with the prefecture (governmental implementing partner at departmental level). Thus, a first draft of possible FFW/FFT activities within the framework of PRRO 10836.0 has been elaborated⁴⁹, which provides a minimal data basis in order to start considering a possible replacement of food in-kind through cash and/or vouchers.
- **In Riberalta**, the same process has started recently and is ongoing; the mayor and community leaders are still considering and formulating their ideas and priorities. Therefore, WFP Trinidad and ADRA, the non governmental implementing partner in Riberalta have not been ready to start conceptualization and operationalization of concrete FFW/FFT projects. Thus, a minimal data basis to consider quantitative aspects of a possible cash transfer pilot project is missing. Consequently, this preliminary feasibility study can only assess general and qualitative aspects, based on old data of past EMOPs.

6.2.1 Sizing beneficiary target groups

111. Based on indication and calculations of departmental WFP offices and their implementing partners, the following sizes of beneficiary groups were identified:

- **In San Julian** and its communities, a total of **1,211 potential beneficiary families** (households) in 45 communities and hamlets were identified to be possibly targeted with CFW/CFT activities.
- **In Riberalta** and its communities, only a relatively small total of **319 beneficiary families** can be targeted. Missing market accessibility and cash delivering options during raining season exclude a certain number of communities of Riberalta from a pilot project, since the most basic conditions and requirements that must be met to conduct a cash transfer project are not granted. Those communities will be assisted by delivering food in-kind as in the years before.

⁴⁸ WFP Bolivia (2009a)

⁴⁹ WFP Bolivia (2009c)

112. Based on experiences made during the emergency operations of recent years, identified beneficiary households both in San Julian and Riberalta are relatively well known to WFP Bolivia and to their implementing partners – their vulnerability (to natural disasters and to food-insecurity) and needs have been assessed repeatedly⁵⁰ and are confirmed.

113. It's supposed that out of these households at least one able-bodied family member will be willing to participate in planned FFW/FFT programs – even, or even more so, in a period of no current emergency or natural disaster.

⁵⁰ WFP Bolivia (2008a, 2008b, 2008c and 2008d), WFP Bolivia (2009a)

7 Institutional Platform

7.1 WFP Bolivia (Office in La Paz, Santa Cruz and Trinidad)

7.1.1 Cash transfer specific knowledge and implementing experience

114. As mentioned before, WFP Bolivia so far has no theoretical or practical experiences in assessing, planning, setting up and implementing a cash transfer project. This applies for the WFP CO in La Paz as well as for WFP offices at a departmental level. Thus, additional cash transfer expertise and support from experienced third parties (e.g. WFP HQs Rome, WFP Peru, WFP Ecuador) is necessary and required in the future. However, it lies within the responsibility of WFP Bolivia to concretely formulate and place the correspondent requests.

115. From our point of view, further consultancy is required to specifically address the following steps on the way to a successful implementation of a cash transfer pilot project:

Step 1: Deep assessment, project design and operational planning:

116. Since the present feasibility study has to be considered preliminary and just sketches a rough and general layout, it answers no more than a first bunch of relevant questions. Thus, further specific assessments are needed in order to answer all remaining questions and to start concrete project planning.

117. Another basic requirement to be met is the finalized planning and setup of local FFW/FFT projects. This permits to enlarge upon and clarify all cash transfer relevant issues. Knowing all project details in targeted municipalities of San Julian and Riberalta, a future consultancy may assess in depth the feasibility of replacing food through cash or vouchers (or combined with food assistance) under concretely defined project framework and preconditions. Such a pilot project concept and project proposal can be elaborated and presented to WFP HQs for approval.

Step 2: Project setup and implementation:

118. Once the cash transfer pilot project is planned, proposed and approved (and required funds are available), WFP Bolivia probably will need further consultancy from within or outside WFP to setup and implement the pilot project. This implicates on-site assistance and training of WFP staff in Santa Cruz and Trinidad as well as the staff of governmental and non governmental implementing partners in San Julian and Riberalta. It will also implicate assistance and training of WFP CO Bolivia staff in La Paz, enabling them to support, monitor and control the implementation.

7.1.2 Staffing and personal capacities

119. Ongoing operations are keeping all staff of the WFP CO Bolivia in La Paz quite busy. Future operations and possible emergencies will not really decrease the actual workload. At this moment, the consultant considers existent personnel capacities to be insufficient for designing, planning and realizing a cash transfer pilot project – let alone two pilot projects in different regions of the country.

120. It seems indispensable that personnel resources are freed (or created additionally) and dedicated to the project before pressing ahead with the development of intended cash transfer integration. This includes active participation and cooperation of WFP CO Bolivia staff in all future consultancies in order to (i) support them thorough and (ii) allow them to acquire necessary skills and knowledge while supporting (learning).

121. At departmental level the staffs at WFP offices lack cash transfer specific knowledge and skills, too. Furthermore, the implementation of PRRO 10836.0 projects may well add to their workload, though it's hard to predict how much. Therefore, no statement can be made about WFP staff's general and specific capacities to acquire necessary skills for setting up and implementing the cash transfer pilot project.

7.2 Implementing partners and arrangements

7.2.1 Existing setting

122. Since 2006, WFP Bolivia has implemented several emergency operations (EMOPs) in order to maintain the nutritional status of the affected households and support their livelihood recovery. WFP Bolivia's country programs (CP) constituted also a key support platform for the implementation of EMOPs. Their existing human resources, systems, equipment and institutional setting allowed and will further on allow WFP to rapidly respond to emergencies. Furthermore, actual CP 10596.0 (2008-12)⁵¹, which covers different areas than the proposed PRRO 10836, will continue to support the capacity development of the Government in emergency preparedness and response. The majority of planned operations within the framework of the PRRO 10836.0 will rely on established implementing partners of EMOPs and CP programs.

123. The PRRO 10836.0 programs will be coordinated at the national level with the Ministry of Civil Defence and Integral Development. The Government will coordinate and supervise the project's commodity management as it does with WFP Bolivia country programs. Specialized implementing units in the Prefectures of the targeted departments will manage and distribute food, including the relief component. Local governments and NGOs will also provide non-food items, such as seeds, construction materials and transportation, as well as technical assistance to promote asset protection and reconstruction⁵². This existing setting forms the framework and point of departure for further institutional considerations with regard to an integration of cash transfer instruments into WFP's food assistance.

7.2.2 Setting for CFW/CFT activities in targeted municipalities

124. The framework of implementing partners was looked at under the actually planned FFW/FFT scheme within PRRO 10836. It's assumed that this setting will remain the same under an eventual CFW/CFT scheme. For cash transfer pilot projects in targeted municipalities, basically the same implementing partners will be involved as in past FFW/FFT activities during the EMOPs in 2006, 2007 and 2008:

- **In San Julian** the Prefecture of Santa Cruz in Santa Cruz (Government of Santa Cruz, represented by PISAE), and the Municipality of San Julian
- **In Riberalta** the Prefecture of Beni in Trinidad (Government of Beni, represented by DRIPAD), the Municipality of Riberalta and the NGO ADRA will be involved.

⁵¹ WFP (2007g)

⁵² for further information on implementation partners and arrangements consult the PRRO 10836, section 7; WFP Bolivia (2009c; 13)

7.2.3 Cash transfer specific knowledge and experience / Staffing and capacities

125. Organisational, managerial and performance abilities, as well as the concrete capacities of involved implementing partners could not be assessed. However, it's assumed that cash transfer specific knowledge and experience is equally poor or missing as within WFP Bolivia. Thus, the same attention with regard to information, training and follow-up has to be paid as stated in sections 7.1.1 and 7.1.2.

7.3 Summary of Institutional Platform

126. Next table shows a synoptic summary using a check-list. It contains crucial questions related to the conditions that must or should be met, in order to appraise the feasibility of a potential cash transfer pilot project. In following sections we'll make repeatedly use of such kind of check-lists in a very deliberate manner. Thus, besides the guidelines already quoted and recommended⁵³, (i) this working tool is introduced, (ii) its usefulness and applicability can be shown and (iii) the audience may get familiarized with it. However, these check-lists will not substitute a thorough analysis and reflection of all the criteria.

Table 8: Compilation of institutional platform analysis (checklist of most relevant considerations)

Skills and capacities WFP and implementing partners	San Julian		Riberalta	
	WFP Santa Cruz	Implement- ing partners	WFP Trinidad	Implement- ing partners
Are there sufficient skills and capacities within WFP to plan, setup and implement a cash transfer project?	No			
Are there sufficient skills and capacities within implementing partners?	No			
Could skills and capacities be acquired from within/outside WFP?	Yes			
Are there sufficient personnel and timely resources to implement cash transfer project?	For starting period doubtful → No Once the project is running → Yes			
Coordination and political context				
What other forms of assistance are being provided or planned by Government?	Different CCTs of GoB (Bono Juancito Pinto, Bono Juana Azurduy)			
Will cash programs complement or conflict with these?	Complementing. PRRO 10836.0 projects in coordination with other actors.			
How would cash transfers fit in with government policies? Will it be possible to obtain permission to implement such projects?	Complementing. No problems identified. Departmental Governments are implementing partners.			

⁵³ ICRC/IFCR (2007), ACF (2007), Creti & Jaspars (2006), Rauch & Scheuer (2006)

8 Delivery options

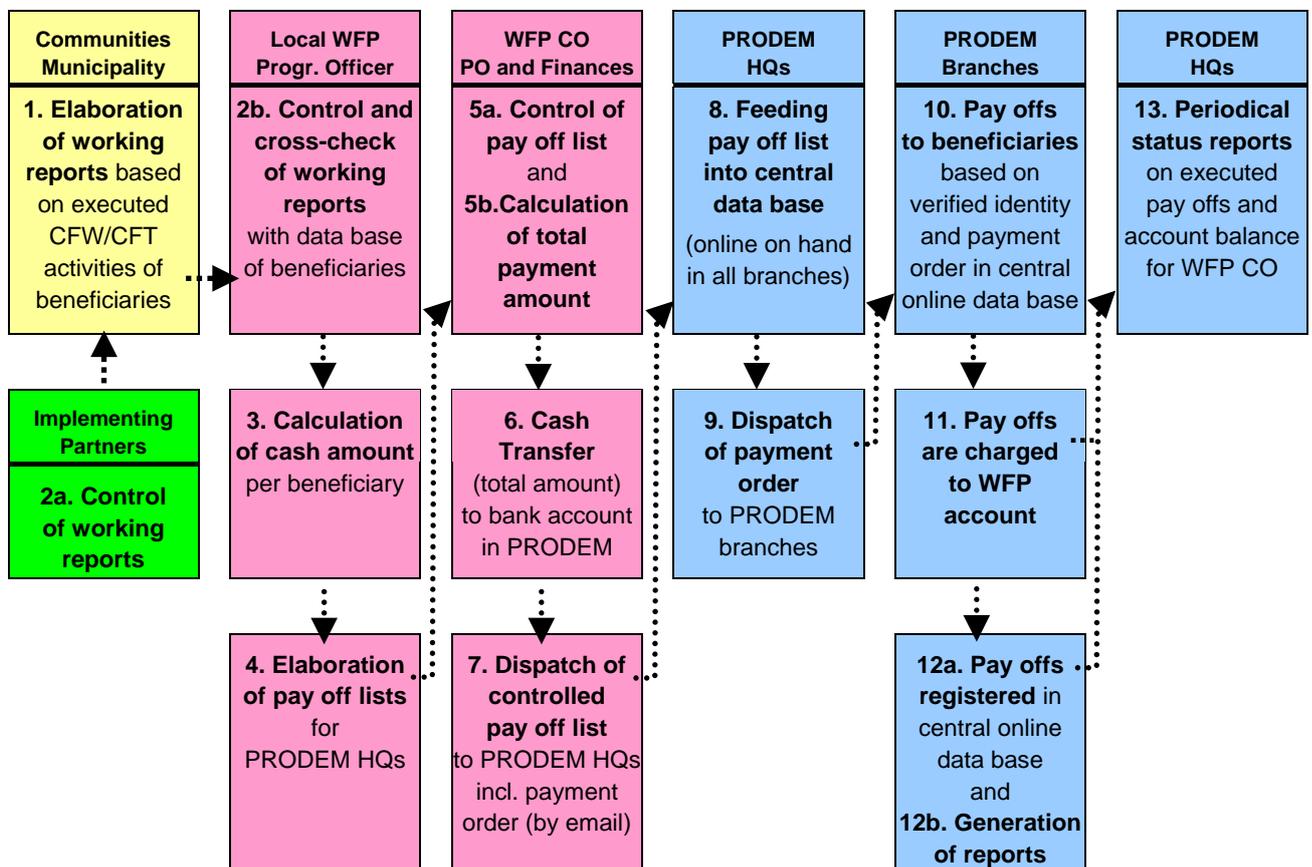
8.1 Financial system

127. In targeted areas and municipalities, different nationwide financial institutes are present. However, the consultant recommends making use of the financial services of PRODEM (Fondo Financiero Privado PRODEM S.A.). This private bank has the most widespread branch net, particularly in rural areas. Furthermore it has vast experience in paying procedures with clients who don't have a bank account (list based pay offs over the counter / or to beneficiaries bank account). This experience is due to the involvement of PRODEM in different CCT schemes of the Government of Bolivia. For instance, PRODEM was already involved in the cash transfer scheme of the *Bonosol*. Actually, it signs responsible (in collaboration with other financial institutes, e.g. the Union Bank) for the cash transfers within the programs *Renta Dignidad*, *Bono Juancito Pinto* and, most recently, within the new program *Bono Juana Azurduy*.

128. PRODEM offers WFP Bolivia a complete service package for small and large scale pay offs over the counter, based on verified beneficiaries lists. The service includes correspondent software component (in fact just a bundle of MS Excel templates). Annex E shows the PRODEM's model contract for this kind of business relationships (Modelo de contrato pago planillas). Service fees will be 1,5% - 1,75% of the transferred cash, depending on the overall transfer amount.

129. The scheme in the figure below draws a simplified scheme of the most important steps of a cash, order and information flow between involved parties. This scheme will need to be sophisticated according to the real procedures established in a future cash transfer pilot project (control and cross-checking of beneficiary lists and data bases, financial clearance procedures, etc.).

Figure 4: Scheme of procedures between WFP and PRODEM



131. Since voucher based cash transfers include an additional voucher circuit establishing new relationships (and contract) between WFP and partner shops, it implicates and requires additional procedures specifically related to beneficiary data and data bases; additional lists for different recipients (involved parties) have to be elaborated and handled, and additional requirements of controlling, cross-checking and monitoring have to be addressed⁵⁴.

8.2 Beneficiaries' needs and preferences

132. Beneficiaries' preferences for cash, food or combined food and cash, are normally mixed. An assumed preference for cash over food is not at all granted. Preferences vary according to a number of factors including market location and values attached to the immediate physical food availability at the household level. The most important factors influencing the preference are usually:

- **Distance from markets:** As long as there are shops or markets in an acceptable distance and food is available at reasonable prices, beneficiaries may prefer to get cash
- **Other income sources:** When the own food production is sufficient or if beneficiaries were closer connected to another source of cash income, cash may be preferred
- **Personal perception concerning flexibility of cash** and urgent necessities other than food: As long as beneficiaries perceive relative need for non-food items (agricultural inputs, spending for schoolchildren or medicines), money over food would be preferred in general
- **Seasonality:** Distributing food in the lean season may be important and preferred if prices vary heavily, or if food availability diminishes. On the other hand, receiving cash is mostly preferred over food before the planting season (cf. argument above).

133. Thus, in order to take fact based decisions regarding the right moment(s) of delivering cash and/or vouchers, food or combination of both, beneficiaries' needs are to be assessed thoroughly.

8.3 Conditional or unconditional cash transfers?

134. Unconditional cash transfers could be recommended for severely labour-constrained households. However, unconditional cash transfers to labour-constrained households that are unable to participate in CFW/CFT schemes may only be an option if and where WFP Bolivia would equally arrange for unconditional food provision in a comparable FFW/FFT scheme. The option of unconditional cash transfers is not foreseen and will not be discussed further.

⁵⁴ The two already presented and highly recommended guidelines of ICRC/IFRC (2007) and ACF (2007) provide a plenitude of illustrative and practical step by step procedure schemes, a lot of hints and tips, checklists, dos and don'ts including description of possible traps and fallbacks, templates of vouchers for different types of transfer schemes, etc.

8.4 Summary of delivery options

Table 9: Compilation delivery options and security (checklist of most relevant considerations)

Delivery options and security	San Julian		Riberalta	
	Municipality	Communities	Municipality	Communities
What are the options for delivering cash to people? Which option is most appropriate?	Financial services PRODEM No other options evaluated.		Partly In remote areas none	
Are banking systems or informal financial transfer mechanisms functioning?	Financial services PRODEM with vast experience in CCTs		Partly In remote areas none	
How near to the recipients are possible safe distribution sites and how many of these sites are there?	Near All year accessible	Near – far All year accessible	Near All year accessible	Far – too far Only seasonally accessible
What are the relative security risks of a cash transfer compared to in-kind distributions?	No risk analysis conducted. Appraisal: no particular risks of cash transfer to be expected compared to food in-kind distribution.			
What are the existing or potential security threats?	No risk analysis conducted.			
What is the risk of the market itself being targeted?	None, project too small in scale			
What are the risks of cash benefits being taxed or seized by elites or militia/armed groups?	No risk analysis conducted. Appraisal: cash grants too small (< minimal salary) to be a lucrative target			
How do these compare to the risks of in-kind alternatives to cash?	No risk analysis conducted. Appraisal: handling food in-kind implicates probably more risk of losses, since many persons are involved and have access to commodities on the way to the beneficiary.			
How safe is it for WFP personnel (or of partner organisation) to travel?	No problems identified.			
What are the risks of diversion of cash by local elites compared to in-kind approach?	No risk analysis conducted. Appraisal: no particular risk, since no cash is handled outside bank.			
Are there ways in which identified risks could be minimized?	No risk analysis conducted. No contingency plan elaborated.			

9 Preliminary Market Analysis

135. A thorough market assessment wasn't conducted, due to earlier explained limitations. The following analysis is based on a shallow survey (walkthrough) of markets (wholesalers and retailers) in San Julian and Riberalta, and on second hand information from interviewed key persons and general information available in WFP Bolivia EFSA reports⁵⁵.

136. Some cross-checking of these information were done by analysing objective information available. Nevertheless, the conduction of an in depth market analysis will be necessary before planning and starting a CFW/CFT pilot project.

9.1 Competitiveness, Integration and Accessibility

9.1.1 In the municipalities

137. In both municipalities of targeted areas, San Juan and Riberalta, open markets exist as well as a number of wholesalers – possible partners for voucher based cash transfer pilot project. The markets are, due to the number of competitors, competitive at least in normal times.

138. **The market of San Julian**, due to its relative vicinity to Santa Cruz and the existence of markets in other nearby municipalities, has to be considered highly integrated. Modern communication facilities, relatively high mobility of the population in this area and good transportation facilities between the municipalities help to maintain a high grade of integration. However, during emergency situations (specifically inundations) the grade of integration of markets may suffer – although only temporarily.

139. **The market of Riberalta** may be considered competitive, but, due to its geographical location, rather less integrated than the market of San Julian. Especially in rainy seasons, the supply may suffer heavily since transportation facilities deteriorate dramatically. If in normal times, a truck with goods from La Paz needs two days (up to 25 hours of driving), in a rainy season this time may multiply, or roads may even become impassable. And the supply of goods by plane is quite expensive. This influences the availability of goods and their prices.

140. Open markets in both municipalities are mainly agricultural markets where producers of surrounding communities merchandize their agricultural products. Those open markets are, as usual in such environments, combined or completed with a huge number of small and smallest retailers and street traders, selling food, meals, beverages and any imaginable and non-imaginable kind of non-food goods. The offer is generally highly volatile in quality, quantity and variety according to seasonality, wholesale offer and prices, transportation facilities and costs, etc. Big advantage is the usual possibility to bargain. This gives buyers with smaller and smallest income a chance to obtain food and non-food goods a low prices. If looking for and accepting minor quality of goods, even lowest prices can be bargained (especially at the end of market days).

141. Wholesalers, again in both municipalities, are generally family owned and offer a wide spectre of food and non-food goods. Staple food is found both being sold open or pre-packed. The offer is by nature more limited than in the open markets, but usually of more constancy and more or less stable quality. However, also the offer of wholesalers underlies certain fluctuation due to above mentioned influences. Normally there is less or no possibility of bargaining the prices, but prices can be lower than in open markets or those offered by retailers.

⁵⁵ WFP Bolivia (2008d, 2009a)

9.1.2 In the communities and remote areas

142. In the communities of both municipalities, small markets exist partially, limited to the bigger communities. These local community markets generally consist of small open markets of limited supply, and a limited number of small retailers (pulperias). In remote areas and smaller communities (more hamlets than villages), there may even not exist one single retailer. Quite usual for rural areas, regular (weekly, monthly) fairs exist outside the communities. Apart from that, in rural areas people live to a large extent self sustained (subsistence farming), sometimes provided by travelling retailers too (at limited offer and higher prices). Many agricultural goods are bought directly from the producer, sometimes not even paid with money but changed for other goods of own production. Thus, in general people are forced to visit the markets of their municipality in regular intervals, depending on their needs and existing transportation facilities.

143. In **communities of San Julian**, the accessibility of municipal markets normally is granted, in rainy season partially interrupted for communities in some exposed areas and also for remote communities. In **communities of Riberalta**, the accessibility of municipal markets may even in normal, not rainy season, be very limited for a big part of the communities. Due to the very limited road net (only unpaved roads) and its vulnerability to rain/water, for much communities the rivers provide the only viable transportation facility. Some communities are so remote that people need to travel weeks by boat to reach Riberalta. Therefore, offer and variety of food and non-food goods, as well as accessibility to any kind of market (local or municipal) is, in vast parts of the communities of Riberalta, very limited and prices may be relatively high.

9.2 Availability of staple food and non-food products

144. In 80-90% of the communities of Beni, Santa Cruz, Cochabamba, Chuquisaca, the main source of industrialized product supply for the retailers of local markets (products such as noodles, oil and sugar) are the intermediaries and wholesalers. In 30% of the communities, rice is bought directly from local producers or producers in other departments, in 70% it is acquired through intermediaries. Other staple products like eggs, chicken, meat, fish or potatoes are bought either from local agriculturists or from intermediaries and wholesalers. The table below shows availability or shortage of basic products over the year as reported in the EFSA 2009⁵⁶.

Table 10: Availability of staple products in local markets

Offer reported to be:	steady	diminished	not available
Rice	59%	38%	4%
Noodles / Pasta	77%	21%	2%
Chicken	70%	23%	7%
Sugar	84%	14%	2%
Oil	77%	21%	2%
Potatoes	70%	25%	5%
Eggs	74%	25%	2%
Tomatoes	58%	35%	7%
Fish	57%	30%	13%
Meat	76%	18%	6%

⁵⁶ WFP Bolivia (2009a; section 6). The EFSA report 2009 provides statistical data (aggregated level) for a representative sample of 1'204 households, interviewed in 57 communities in targeted departments.

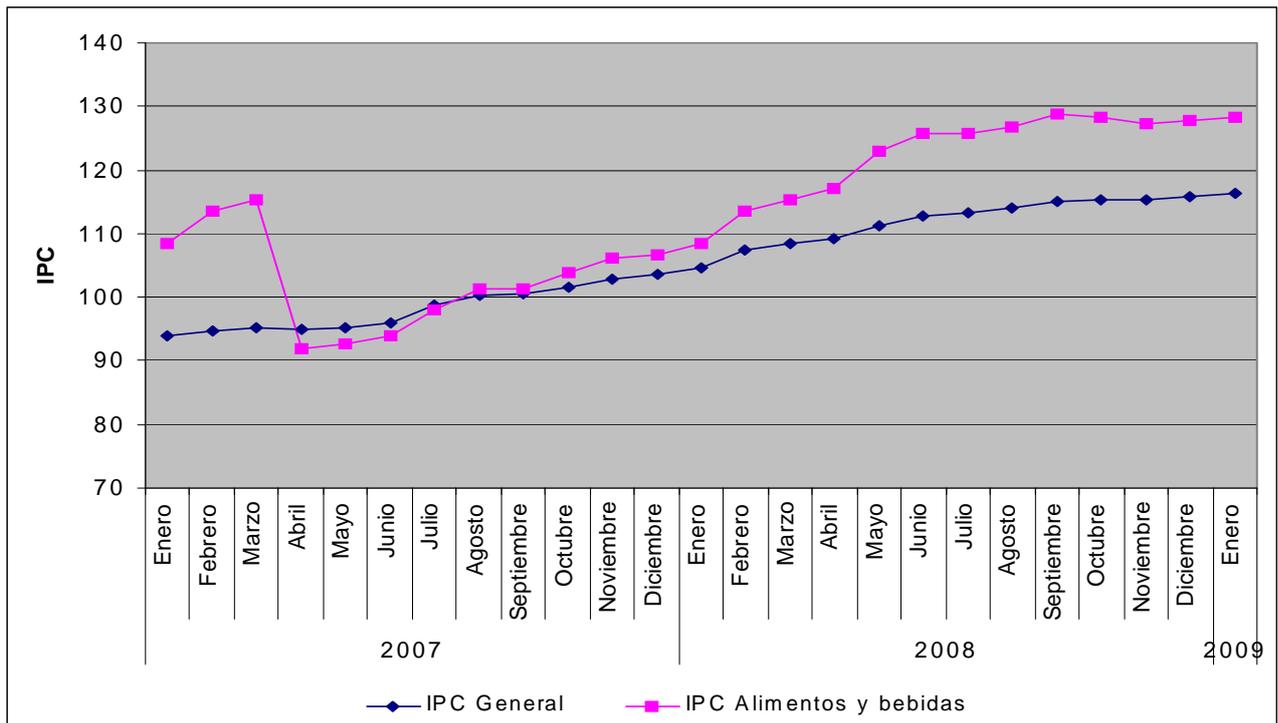
145. In 25-40% of all communities, diminution of general availability or shortage of basic products in the markets has been reported. The main reasons for the diminution of the supply are: minor production (rice and chicken), minor supply or product flow coming from other departments (noodles, oil, sugar, meat) or because they are not in season (fish).

9.3 Prices

146. As shown in the chart below, the consumer food price index sharply increased during 2008. Food prices have remained high, despite market fluctuations. The EFSA report 2009 found that the majority of the households (59%) regard the increase of food prices the main issue that affects their capacity to cover food and other essential needs.

147. Due to the worldwide financial crisis, these trends in prices and price changes for staple food may not be representative for “normal” periods. However, Bolivia is considered to be a country of high volatile prices of staple food, due to different macro-economic factors. This hits the most vulnerable more than others, since they show a very high price inelasticity of demand. Bolivian’s poor spend more than two third of their available income for food. Of all Latin American countries, only Jamaica, Guatemala and Honduras show higher quota of expenditures in food⁵⁷.

Figure 6: Consumer price index 2007/01 – 2009/01 (national)⁵⁸



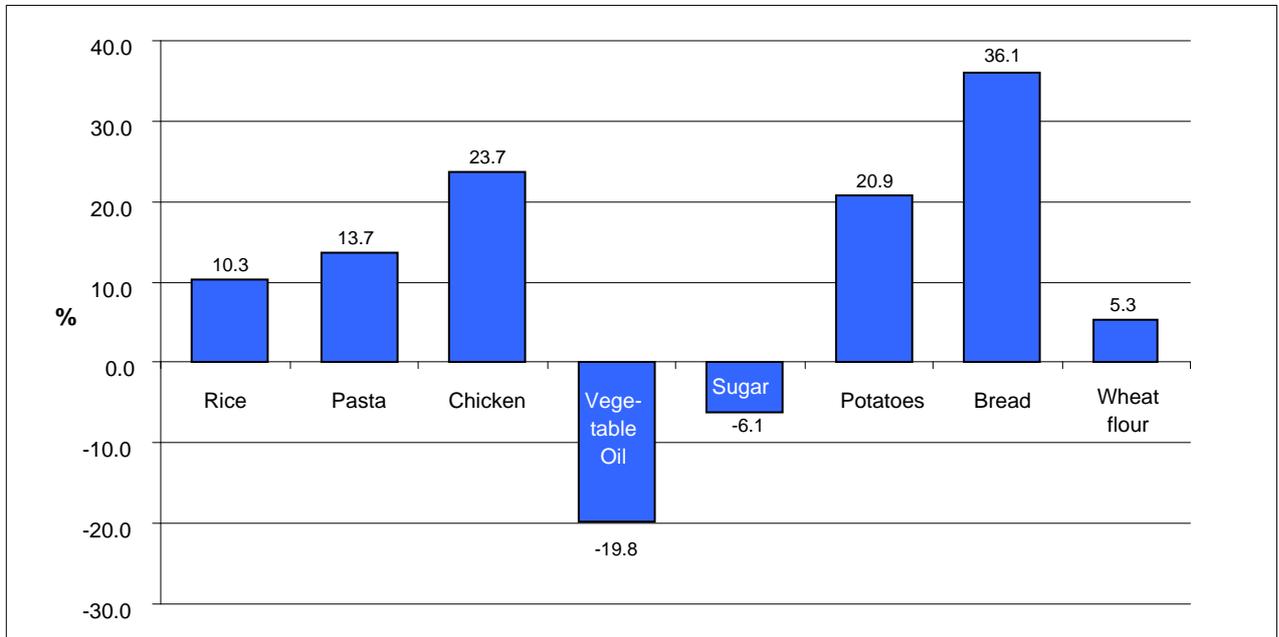
Source: National Institute of Statistics (INE), 2009

⁵⁷ Inter-American Development Bank (2008)

⁵⁸ Figure in WFP (2009a; 34)

148. In visited areas, key persons reported raising prices of 20-40% for food basket, whereby prices for single products (e.g. rice) have temporarily doubled due to certain external factors (or lean season). The table below objectifies these personal perceptions by statistical data elaborated by the National Institute of statistics of Bolivia (INE).

Figure 7: Price changes of selected staple food 2008/04 – 2008/12 (national)⁵⁹



Source: National Institute of Statistics (INE), 2009

149. In 2008, the Government of Bolivia took measures to alleviate the pressure on food prices due to the worldwide financial crisis. Therefore, the above shown price changes may not be representative for other “normal” years. Price elasticity of food demand and offer needs definitely a more profound analysis.

⁵⁹ Figure in WFP (2009a; 34)

9.4 Summary of preliminary market analysis

Table 11: Compilation market analysis (checklist of most relevant considerations)

Market analysis	San Julian		Riberalta	
	Municipality	Communities	Municipality	Communities
Are the goods people need throughout the year available in markets, in sufficient quantities and at reasonable prices?	Yes	Doubtful (depending on season)	Yes	No
Are the markets accessible during entire project duration and for all beneficiaries?	Yes	Doubtful	Yes	No
In specific situations (e.g. rainy season, inundation, draught) how will markets be affected? Will they still be accessible? How will the market supply chain be affected?	Limited accessibility Diminution of supply	Limited accessibility Shortages	Limited accessibility Diminution of supply	Limited accessibility Shortages
Are markets competitive and integrated	Yes	Depending on season	Yes	Depending on season
Will local traders be able to respond to possible additional demand and how quickly?	Yes	Doubtful	Yes	Doubtful
Will government policies affect availability of food or essential commodities?	Generally, in "normal" years → No in 2008 due to financial crisis → Yes			
Are there legal restrictions on WFP (e.g. taxation of goods or cash grants)?	No			
Are there particular groups of beneficiaries that need special consideration regarding market access?	No	Yes In remote areas and seasonally	No	Yes In remote areas and seasonally
What effects might a cash transfer project have on markets?	None, too small in scale			
How do prices fluctuate seasonally?	Volatile	Highly volatile	Volatile	Highly volatile
What are prices projected to be in the future?	Remaining on relative high level. Probably moderately increasing (effects of financial crisis?)			
What are the risks that cash will cause inflation in the prices of key products?	None, project too small in scale			
What are wider effects of a cash project on local economy, compared to in-kind alternatives?	None, project too small in scale			
What is the likely impact of a cash injection on debt and credit markets?	None, project too small in scale			
What are the core elements that should be included in market monitoring?	Processes (how the transfer was delivered?) Outcomes/effects (what were changes for the recipients?)			

10 Remuneration

10.1 Food basket and transfer value

150. The EFSA 2009 and monitoring reports revealed that beneficiaries cover approximately 30% of their daily food requirements through their own sources of food and incomes. Therefore, the planned rations for PRRO 10836.0 projects have been calculated to cover the remaining part of the daily intake requirements. FFW/FFT family or household rations (calculated for 5 persons) will be distributed for an average of 120 days per year.

151. The transfer value of a food basket (market value from the beneficiary point of view) is determined by the sum of the local market values of the individual food parcels. In situations where food aid is partially used by the beneficiaries as an income supplement, the transfer value of food aid can become more important than its nutritional value.

152. The table below shows the planned daily food rations in the FFW/FFT scheme per person and per family (5 x personal rations) at the average market price 2008/04 – 2009/04 (for Santa Cruz and Beni separately)⁶⁰. Since the food rations are planned to be delivered during 120 days per year, the **yearly transfer value** is 120 x daily family ration, equalling **USD 174** per household.

Table 12: Daily food rations and market prices of food basket in the FFW/FFT scheme

Commodity	Food ration g/person/day	Food ration g/family/day	Value/family/day Santa Cruz		Value/family/day Beni	
			Bolivianos	USD	Bolivianos	USD
Rice	100.0	500.0	3.900	0.55	3.650	0.52
Vegetable Oil	24.6	123.0	1.620	0.23	1.378	0.19
Wheat Flour	100.0	500.0	3.172	0.45	3.700	0.52
Beans	50.0	250.0	1.516	0.21	1.525	0.22
Salt	6.8	34.0	0.040	0.01	0.027	0.00
Total	281.4	1,407.0	10.248	1.45	10.280	1.45

Source: National Institute of Statistics (INE), 2009 (own calculations)

10.2 Cash value

153. The value of the cash transfer component is generally determined by the monetary conversion of the food ration of the regular FFW/FFT project (as calculated above). However, an additional cash mark up to proposed 20% (against general inflation during project period, higher prices in rural areas, transport costs to markets, etc.) has to be added, since the food ration isn't delivered by WFP anymore but must be bought by the beneficiaries themselves. For them, this implicates a certain (price) insecurity that should be compensated at least partially.

154. Thus, the **cash value** respectively the value of the daily cash transfer per household could be fixed at $10.30 + 20\% = 12.3$ Bolivianos (or **USD 1.75**) for both departments (neglecting slightly lower prices (0.3%) in Santa Cruz compared to Beni). This amount would correspond to 45% of the actual minimum wage of about 27 Bolivianos per day⁶¹.

⁶⁰ Market prices were calculated based on 2008/09 consumer prices of staple goods, provided by INE

⁶¹ In February 2009, Bolivian government raised the monthly minimum wage to 647 Bolivianos (USD 92). Calculating 5 working days per week, since then the actual minimum daily salary is 27 Bolivianos.

11 Cost efficiency ⁶²

155. What are the likely costs of a cash transfer program, and how do these compare to in-kind alternatives? There are basically two kinds of cost comparisons which can be made: (i) comparing the operating costs of distributing cash versus the handling costs distributing food in-kind, and (ii) comparing the market prices of food basket with the total direct operational costs for delivering the food in-kind (so-called *Alpha Value*).

11.1 Operating (handling) costs

156. In order to compare the handling/distribution costs of in-kind food assistance with those of a cash transfer project, the *operational costs* to WFP⁶³ are put in relation with the handling fee charged by the bank (calculated 1,5% to 2% of the transfer value).

157. The PRRO 10836.0 indicates direct operational costs per kg food of USD 0.197. Calculating a ration (food basket) of 1.4 kg per day per family, the direct operational costs per family ration are of USD 0.28 per day (excl. commodities). The transfer value of the same food basket is USD 1.45 per family and day (cf. section 10.1).

158. The analysis shows that costs of delivering food are from 10 to 13 times higher than the direct handling costs of providing cash. Thus, If only these direct distribution costs are taken into account, the costs of delivering food are unsurprisingly higher than cash. Therefore, delivering cash grants would be the more cost efficient option.

Table 13: Cost comparison of cash transfer with food in-kind assistance (only handling costs)

Value	Ration per family/day (1.4kg)	Fee 1.5%	Fee 2%
	USD	USD	USD
(1) Transfer value (value food basket)	1.45	0.022	0.029
(2) Direct operational costs	0.28	0.280	0.280
Ratio (2) : (1)		12.9	9.7

⁶² Not to be confounded with cost-effectiveness. Cost-efficiency describes what quantity/quality of food with a certain amount of invested cash can be bought and delivered. In contrast, cost-effectiveness describes, what effects (outcomes and impacts) with a certain amount of invested cash can be achieved.

⁶³ *operational costs* = total direct operational costs excl. cost of commodities = external transport + landside transport + ITSH + total LTSH + other direct operational costs

11.2 Alpha value

159. The alpha value compares the overall cost for WFP to deliver food to the beneficiaries with the local market value of the same type of commodities. It is an important element for decision making in cases where food aid could be substituted by financial assistance (or when local purchases are an option). The alpha value is calculated by comparing:

- (1) the local market prices (usually retail prices) of the same or similar food item out of the WFP food basket (or of the entire food basket)
- with**
- (2) the total direct operational costs to WFP to deliver this food⁶⁴.

160. The PRRO 10836.0 indicates total direct operational costs per kilogram food of USD 0.93 (incl. commodities). Calculating 1,400g food commodities per day per family, the total direct operational costs per family ration are of USD 1.30 per day.

161. If the transfer value of the daily food basket per beneficiary family is put in relation to these total direct operational costs of WFP, the alpha value (ratio) results to be 111%. This means, that delivering food is more cost-efficient than transferring cash, since the market value of the food basket to beneficiaries is higher than its total costs to WFP.

Table 14: Different values calculated per daily family food ration

Value	Bolivianos	USD
(1) Transfer value (value food basket)	10.264	1.45
(2) Total direct operational costs	9.222	1.30
Alpha value = ratio (1) : (2)	111%	111%

162. In other words; the beneficiary can not buy the same food basket with the counter-value (costs) of the received food delivered by WFP. In order to guarantee the same nutritional effect as of the delivered food basket, WFP must transfer to the beneficiary a cash grant of 111% of the costs of delivered food basket, so the beneficiary can buy the same basket in the market. If the beneficiary is thinking rationally, he will prefer food to money.

⁶⁴ Normal administrative and monitoring costs, which would also arise in a non-food assistance scenario, are not considered in this cost calculation / cf. WFP (1999; 57) and WFP (2002; 78)

12 Conclusions and Recommendations

163. This chapter builds upon the results of the analysis in former sections of Part B, appraising the current situation, general conditions, and specific requirements as well as the institutional framework – always with regard to the feasibility of a future cash transfer pilot project.

12.1 Institutional platform

Appraisal of institutional platform	San Julian → yes, cash transfer project feasible, if additional capacities are allocated, support is granted and knowledge is acquired
	Riberalta → yes, cash transfer project feasible, if additional capacities are allocated, support is granted and knowledge is acquired

164. WFP Bolivia and its implementing partners are lacking cash transfer specific skills and knowledge. However, support and technical assistance is available within and outside WFP.

165. **Recommendation 1:** Theoretical and practical cash transfer specific know-how can certainly be acquired. However, WFP Bolivia has the responsibility to do so. It must actively request support within and outside WFP – and make use of it (e.g. from WFP HQs at Rome, WFP Peru).

166. WFP Bolivia and its implementing partners do not dispose of excess resources, neither in financial budget nor in manpower. Since the implementation of a cash transfer pilot project implies doubled administrative effort (parallel administration schemes needed for cash transfer project and for food in-kind delivery), it's doubtful whether WFP Bolivia and its implementing partners have the capacities required.

167. **Recommendation 2:** Thus, with regard to staffing and time capacities, resources must be freed or additionally created. This applies also to the WFP CO in La Paz, since handling unexpected problems, supporting local WFP offices and implementation partners, monitoring and pursuing a cash transfer pilot requires additional effort.

168. A cash transfer pilot project would fit complementary in governmental strategies and ongoing programs without conflict potential. Moreover, departmental Governments are important implementing partners of WFP's PRRO 10836.0 operations.

12.2 Market situation

Appraisal of market analysis	San Julian → yes , cash transfer project feasible in form of cash grants as well as commodity voucher based (mind: additional effort)
	Riberalta → no , food in-kind assistance as in EMOPs is, due to many limiting market factors, probably the better option

169. Considering the overall results of the market analysis, a cash transfer project is feasible in San Julian and its communities. In Riberalta and its communities feasibility is limited. Specifically in remote communities of Riberalta, and during a rainy season in nearby communities, too, a food in-kind assistance as conducted during EMOPs is to be preferred.

170. A combined solution of (i) a cash transfer project in Riberalta and nearby communities and (ii) a food in-kind project in the wider perimeter of Riberalta would create over proportional administrative effort and limited benefits, problems of targeting and probably culminating in many complaints due to perceived discrimination of excluded beneficiaries or procedure problems. This effort would hardly be justifiable in relation to the very limited number of 319 possible beneficiaries.

171. **Recommendation 3:** WFP Bolivia should concentrate its efforts and limit itself to the implementation of just one solely cash transfer pilot project in San Julian. This would simplify the planning, setting-up, implementation and monitoring/controlling of the project. Starting without any specific experience, one single cash transfer pilot project can be challenging enough.

172. **Recommendation 4:** WFP Bolivia should consider abandoning plans of implementing a cash transfer pilot project in Riberalta. If not, there a series of in depth assessments required in order to clarify the many open questions regarding market's integration, competitiveness, accessibility, food availability etc, as well as targeting of communities and beneficiaries, the choice of cash or voucher, food or combined solutions depending on seasonality or beneficiaries' preferences.

12.3 Cash Delivery options and security

Appraisal of delivery options and security	San Julian → yes , cash transfer project feasible
	Riberalta → doubtful , financial services in remote communities not accessible, voucher redemption aggravated, thus food in-kind assistance is to be preferred

173. For San Julian and its communities as well as for Riberalta, identified distribution options via financial services of PRODEM are viable and constitute no major problem; this applies to cash transfers in form of cash grants as well as to voucher distribution. But bear in mind:

174. **Recommendation 5:** A commodity voucher based cash transfer implicates an additional effort, since additional parties are involved and administrative requirements to handle all procedures are far more complicated than in a project based on cash grants.

175. However, in more remote communities of Riberalta accessibility to financial services may be severely obstructed. In a season with heavy rainfall, the problem can also arise in nearby communities. Obstructions to beneficiaries apply also to a possible voucher distribution, since easy redemption in municipal markets can not be guaranteed all year. Therefore, even if a cash transfer project in Riberalta and its nearby communities may be feasible, for remoter areas feasibility is very doubtful –future implementation problems can be predicted.

176. Even if no risk assessment was conducted, at first glance no particularly higher risks may be identified in comparison with food in-kind assistance.

12.4 Cost efficiency

Appraisal of cost efficiency	San Julian → no , food in-kind delivery is more cost efficient
	Riberalta → no , food in-kind delivery is more cost efficient

177. Comparing only the costs of operating/handling food with cash transfers, the calculated costs of delivering food in-kind are from 9.7 to 12.9 times higher than the direct handling costs of providing cash (with a bank fee of 1.5% to 2%). Thus, a cash transfer project would be more cost efficient. However, if the overall costs of a project are taken into consideration, cost-efficiency shifts towards the delivery of food in-kind.

178. This is due to the relatively higher market prices compared to the wholesale prices of WFP large scale buys. The **transfer value** of the daily food basket (at market prices) per beneficiary family equals to USD 1.45, whereas the total direct operating costs to WFP are USD 1.3 for providing the same food basket. The **alpha value** then is calculated to be 111%.

179. **Recommendation 6:** In order to guarantee the same nutritional effect with a cash transfer compared to a food in-kind assistance, WFP must transfer a cash grant of at least 111% of the costs of the delivered food basket in-kind. In order to compensate inflation risks, higher prices in remote communities, transport costs, etc., the effectively transferred **cash value** should contain a mark up of 15% to 20%. Thus, beneficiaries can buy the same food basket in the market.

12.5 WFP specific requirements for a cash transfer pilot project (with regard to the design of a cash transfer pilot project proposal)

180. "(...) Where WFP needs assessment identifies the feasibility, desirability and/or potential utility of a cash transfer to help meet food needs, the WFP Country Office should, in consultation with the RB and HQ, advocate for such a cash intervention to be implemented by the Government, partner agency or Non-Governmental Organization (NGO). If, however, conditions and criteria laid out in section 4 are met the WFP Country Office may develop a proposal for the establishment of a cash pilot intervention on an exceptional basis". (WFP 2007b; 3)

181. Cash Transfer pilot project proposals should include, in addition to usual project document issues, the required elements as listed below (the middle column shows the consultant's appraisal and the right hand column corresponding comments).

Table 15: Requirements according to the WFP Interim Guidance for Pilot Projects⁶⁵

Required elements	Met?	Comment
1) A solid explanation of why cash (or combination of cash and food) is the appropriate intervention, based on updated needs assessment and market analysis	Partly	Needs assessment updated (EFSA 09) In depth market assessment and assessment of beneficiaries' preferences (cash, voucher, food) to be conducted
2) Clear and realistic objectives	Yes	Objectives defined by PRRO 10836.0 are in line with WFP strategic objectives Objectives of cash transfer pilot defined
3) A detailed definition of cash delivery and financial control and monitoring mechanisms	Partly	Standard procedures with financial partner PRODEM feasible Since the PRRO 10836.0 and its local FFW/FFT projects are not yet operationalized, no particularization possible
4) The cash-transfer related arrangements and agreements with the governments and other partners	No	Since the PRRO 10836.0 and its local FFW/FFT projects are not yet operationalized, no particularization possible
5) An overview of potential cash-related project risks (e.g. inflation, exchange rate fluctuations), constraints and a simplified contingency plan	No	
6) An overview of the local banking system, including potential e-banking, and fee schedule to open or maintain bank accounts for implementation of pilot	Yes	Preliminary talks with PRODEM S.A. (operating with standard procedures) Handling fee 1.5% - max. 2% of total cash transfer amount (scale depending)

⁶⁵ WFP (2007b; 3 / section 4)

Table 15 (continuing)

Required elements	Met?	Comment
7) A sound monitoring and evaluation (M&E) framework, including possible real-time evaluations: <ul style="list-style-type: none"> • baseline and ex post household food security and market survey • an appropriate system to regularly review potential short and mid-term disruptive impacts on markets, and adjust the pilot if necessary • sufficient resources to ensure regular reporting on the predefined financial controls 	No	Since the PRRO 10836.0 and its local FFW/FFT projects are not yet operationalized, no particularization possible. M&E and evaluation framework will be part of project planning and implementation. Main responsibilities within M&E unit in WFP CO in La Paz
8) A time frame that is operational and facilitates learning	No	Small scale cash transfer pilot project is intended to be implemented within the 2-years framework of PRRO 10836.0 (duration 1 – 1.5 years)
9) A rational, strategy and timing for the beginning and the end of the cash pilot.	Partly	Entry and exit mainly defined by PRRO 10836.0 and financial limitations (budget) Timing of cash transfers according to agricultural calendar and other seasonal needs

182. Recommendation 7: The PRRO 10836.0 has to be particularized and operationalized, in order to create the platform for a detailed concept of a cash transfer pilot project that replaces food in-kind assistance with cash or voucher transfers within the established FFW/FFT scheme. Further assessments and preparatory work is needed before elaborating and presenting a concrete project proposal. WFP's specialized Cash & Voucher Unit in Rome (OMDX) disposes of huge expertise and is willing to share it. Upon request, all necessary material and training will be provided.

183. Recommendation 8: A concentration of all efforts on only one pilot project will foster the achievement of learning objectives, assure the accomplishment of the outcome objectives and would put aspects of quality above those of quantity. WFP Bolivia should dedicate enough time to set up the cash transfer pilot project and consider duration of one year within the 2-year framework of the PRRO 10836.

184. Recommendation 9: A realistic pilot project start could be at the beginning of 2010 during or shortly after the main harvest period, to give time and space for further in-depth assessments, a thorough planning and extensive training of involved staff.

Closing Remark:

Even if cash transfer programming is not magical, a prudent and diligent set-up of any cash transfer project will pay back with smooth implementation, satisfied stakeholders, achieved objectives and prospective learning by positive results and experiences.

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B. Persons and Organisations Consulted

Where	Organization	Whom
Riberalta	ADRA	Magaly Pérez, Directora Juan Carlos Álvarez, Coordinador
San Julián	Alcaldía San Julian	Crider Mur Sánchez, Oficial Mayor Abilio Moreira Cruz, Desarrollo Económico, Director
Santa Cruz	COED	Alcides Vargas Vega, Director
Trinidad	COED	Claudia Algarañaz, Gestión de Riesgos, Directora
La Paz	CONAN	Ana Maria Aguilar, Director of Technical Committee Ciro Kopp, Consultant for Technical Committee
La Paz	COSUDE / CORLAP	Géraldine Zeuner, Head of Cooperation Sebastian Eugster, Assistant Country Director Humanitarian Aid Monica Loayza, National Program Officer Roberto Méndez, Consultant (Backstopper PDRR) Rodrigo Villavicencio, Consultant (Coordinator PDRR)
Bern	COSUDE / HQs	Peter Steffen, Asia & America Division, Program Officer
Trinidad	DRIPAD	Carlos Dellien, Director
La Paz	FFP PRODEM S.A.	Gonzalo Tezanos Pinto Guerra, Subdirector Fernando Lema Zavalía, Responsable Nacional Business
Santa Cruz	PISAE	Oscar Saucedo, Director Mauricio Moreno, Coordinador
Trinidad	SEDES	Ernesto Moisés Yaveta, Director
Trinidad	SEDGES	Virginia Quiroga, Directora Rocío Ferrier, Financial Administrator
La Paz	SIDEL	Edmundo Garáfulic, Director / Consultant for PEEP
La Paz	UDAPE	Roland Pardo Saravia, SubDirector Fernando Landa Caszola, Economist I Cecilia Vidal Fuertes, Economist II
La Paz	WFP / CO Bolivia	Vitória Ginja, Representative Bolivia Sergio Alvez, Program Officer Sergio Torres, Program Officer Oscar Antezana, Program Assistant
Rome	WFP / HQs (OMXD)	Ugo Gentilini, Cash & Voucher Levan Tchatchua, Cash & Voucher
Santa Cruz	WFP Santa Cruz	Juan Carlos Duran, Monitor
Trinidad	WFP Trinidad	Marcial Huménez, Monitor
La Paz	World Bank	Manuel Salazar, Senior Social Protection Specialist Dena Ringold, Senior Social Protection Specialist Gaston Blanco, Senior Social Protection Specialist

C. List of finalized and ongoing CCTs in Latin America

Country	Program (website)	Year	Coverage (06)
Argentina	Jefes de Hogar	2002	
	Plan Familias / www.desarrollosocial.gov.ar/planes/pf	2006	500,000
Bolivia	Bono Juancito Pinto	2006	1.8 million Children
	Bonosol (integrated in Renta Dignidad)	1996 (2008)	489,000
	Renta Dignidad	2007	676,000
	Bono Juana Azurduy de Padilla (Bono Madre Niño)	2009	500,000 Fam.
Brazil	PETI	1996	
	Bolsa Alimentação	2001	
	Bolsa Escola (integrated in Bolsa Familia)	2001 (2003)	
	Bolsa Familia / www.mds.gov.br/bolsafamilia	2003	11.1 Million
Chile	Subsidio Unitario Familiar	1981	
	Chile Solidario / www.chilesolidario.gov.cl	2002	
	Programa Puente / www.programapuerto.cl		
Colombia	Familias en Action (FA) / www.accionsocial.gov.co	2001	4.6 %
	Bogotá sin Hambre		
	Subsidio Condicionado a la Asistencia Escolar–Bogotá	2005	
Ecuador	Bono de Desarrollo Humano (BDH) / www.pps.gov.ec	2003	1 million Fam.
El Salvador	Red Solidaria	2005	24,000 Fam.
Honduras	Prosrana de Asignación Familiar (PRAF) www.gob.hn/portal/poder_ejecutivo/desconcentrados/praf	1998 (1990)	240,000
Jamaica	Program of Advancement through Health & Education (PATH) www.mlss.gov.jm/pub/index.php?artid=23	2001	180,000 (8%)
Mexico	PROGRESA	1997	
	Programa de Desarrollo Humano OPORTUNIDADES www.oportunidades.gob.mx	2000	5 Million Fam.
Nicaragua	Red de Protección Social (RPS) / www.mifamilia.gob.ni	2000	30,000 Fam.
	Componente de Atención a Crisis	2004	
Panamá	Programa de Bonos Familiares para la Compra de Alimentos		
Paraguay	Red de Protección y Promoción Social (Abrazo Tekopora)	2005	5,000 Fam.
Peru	Programa Nacional de Apoyo Directo a los mas Pobres Juntos www.juntos.gob.pe/transparencia_austeridad.php	2005	336,000 Fam.
República Dominicana	Tarjeta de Asistencia Escolar (integrated in Solidaridad)	2001 (2005)	230,000 Fam.
	Solidaridad / www.gabsocial.gov.do/solidaridad	2005	
Uruguay	Ingreso Ciudadano	2005	

Source: Own compilation

D. WFP Cash Transfer Pilot Projects (as per April 2009)

Finalized pilot projects (alphabetical order) / Total: 237.775 beneficiaries		
Bangladesh	cash grant for livelihoods	5 months (May–Sep 06)
Bangladesh	cash for work	3 months (Sept–Dec. 08)
Georgia	combined F/CFW	4 months (Jan–Apr 06)
Georgia	cash for work	1 year (Aug 2007–Aug 08)
Georgia	cash for complementary food/IDPs	3 months (Jan 09–Mar 09)
Malawi	cash/food for work	6 months (June–Nov 05)
Myanmar	cash relief	2 weeks (May–Jun 08)
Sri Lanka	cash relief for Tsunami victims	3 months (Nov 05–Jan 06)
Ongoing pilot projects (alphabetical order) / Total: 737,000 beneficiaries		
Burkina Faso	vouchers (cash-based)	12 months (Jan 09–Dec 09)
Georgia	cash for work	3 months (Apr–Jun 09)
Malawi	cash/food for work	8 months (Oct 08–May 09)
Nepal	cash/food for work	1 year (Jul 07–Jun 09)
Pakistan	vouchers (cash-based)	14 years (1994–to date)
Palestinian Territory	vouchers (cash based)	1 year (Apr. 09–Dec 09)
Zambia	Conditional vouchers (HIV/AIDS)	
Not yet started pilot projects (alphabetical order)		
Afghanistan (D)	vouchers (cash based)	4 years (Feb 06–Dec 09)
Bangladesh (D)	CFW/cash grant for livelihoods	
DRC (UC)	vouchers/cash	
Guinea (FC)		
Haiti (UC)	cash for work	
Kenya (D)	OVC cash/voucher transfers*	3 years (Apr 09–2012)
Myanmar (UC)		3 years (Jan 07–Dec 09)
Palestinian Territory (D)	CFW	
Peru(FS)	CFW/CFT	
Senegal (FS)	vouchers (cash based) for urban poor	6 months
Sierra Leone (D)	combination of F/CFW	6 months
Syria (UC)	vouchers for Iraqi refugees	
Tajikistan (UC)	cash relief /voucher	
Uganda (A)	combined F/CFW	(Sep 09–Feb 10)
Uganda (FA)	combined F/CFW	5 years (Jul 09–Jun 14)
Yemen (UC)	vouchers for Somali refugees	

D = in Design / UC = under consideration / FS = feasibility study / A = approved / FA = for approval

Source: (WFP 2009b) modified

E. Facts & Figures: Departments Santa Cruz (left column) and Beni (right column)

Santa Cruz Sources: WFP (2008a), WFP (2008b)	Beni: Sources: WFP (2008a), WFP (2008c)
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General incident calendar

Cuadro 25. Calendario de eventos

	Enero	Febrero	Marzo	Abril	Mayo	Junio	Julio	Agosto	Septiembre	Octubre	Noviembre	Diciembre
Sequía												
Inundaciones												
Heladas												
Riadas												
Año escolar												

Agricultural calendar per regions (only sowing)

Cuadro 26. Periodo de siembra de los principales cultivos en Bolivia

Producto	Altiplano	Valles intermedios	Llanos orientales y trópico húmedo	Chaco
Papa	Octubre-Diciembre	Octubre-Diciembre	Marzo-Abril	
Arroz			Octubre-Noviembre	
Maíz		Diciembre-Enero	Octubre-Noviembre	Diciembre-Enero
Quinoa	Agosto-Septiembre			
Frijol		Diciembre-Enero	Marzo-Abril	Diciembre-Enero
Cebada	Diciembre-Enero	Diciembre-Enero		

Fuente: FAO, 2006.

Tabla 25: Santa Cruz-Calendario agrícola departamental

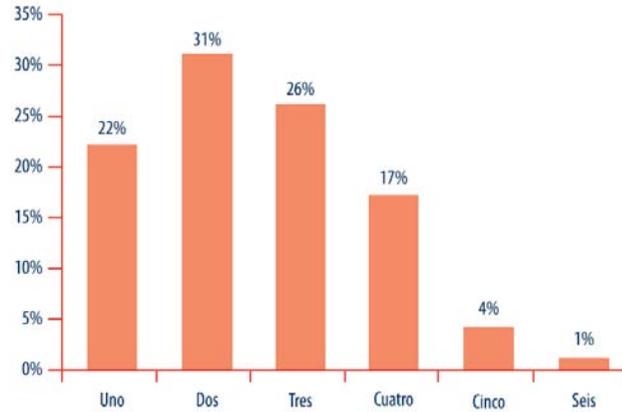


Tabla 16: Beni-Calendario agrícola departamental



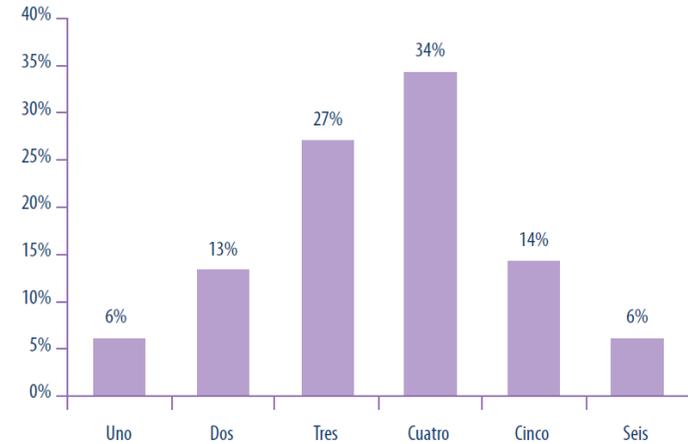
Fuente: Ministerio de Desarrollo Rural, Agropecuario y Medio Ambiente (MDRAyMA), septiembre de 2006.

Gráfico 2: Santa Cruz-Distribución porcentual de hogares agricultores en los municipios más vulnerables a la inseguridad alimentaria, según el número de cultivos



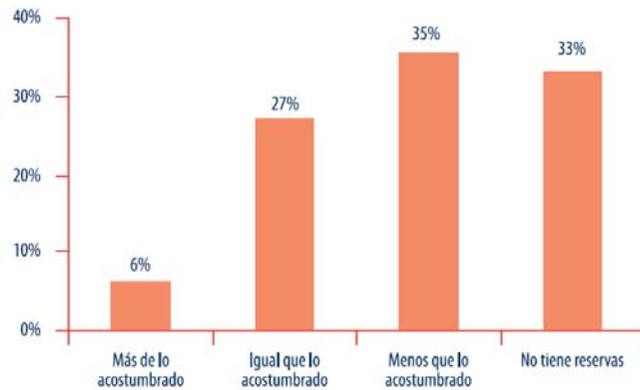
Fuente: Elaboración propia con datos departamentales de la Encuesta Nacional de Seguridad Alimentaria en hogares rurales de los municipios vulnerables, 2005.

Gráfico 1: Beni-Distribución porcentual de hogares agricultores en los municipios más vulnerables a la inseguridad alimentaria, según el número de cultivos



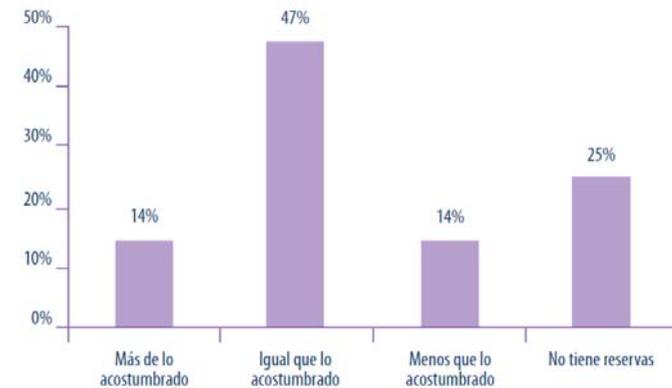
Fuente: Elaboración propia con datos departamentales de la Encuesta Nacional de Seguridad Alimentaria en hogares rurales de los municipios vulnerables, 2005.

Gráfico 3: Santa Cruz-Distribución porcentual de hogares en los municipios más vulnerables a la inseguridad alimentaria, según la tenencia de reservas alimentarias



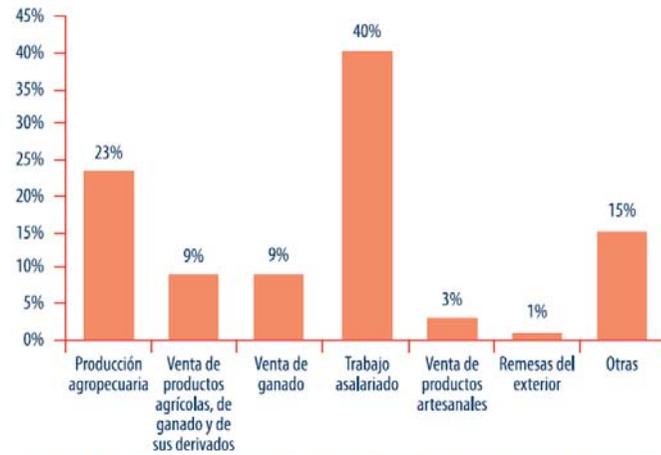
Fuente: Elaboración propia con datos departamentales de la Encuesta Nacional de Seguridad Alimentaria en hogares rurales de los municipios vulnerables, 2005.

Gráfico 2: Beni-Distribución porcentual de hogares en los municipios más vulnerables a la inseguridad alimentaria, según la tenencia de reservas alimentarias



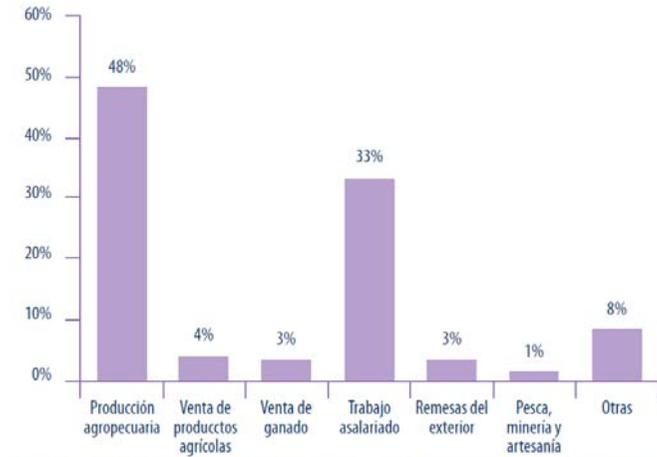
Fuente: Elaboración propia con datos departamentales de la Encuesta Nacional de Seguridad Alimentaria en hogares rurales de los municipios vulnerables, 2005.

Gráfico 4: Santa Cruz-Distribución porcentual de hogares en los municipios más vulnerables a la inseguridad alimentaria, según la principal fuente de ingresos económicos



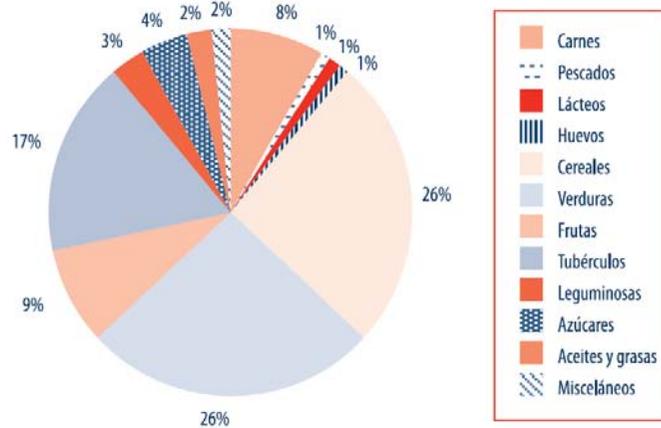
Fuente: Elaboración propia con datos departamentales de la Encuesta Nacional de Seguridad Alimentaria en hogares rurales de los municipios vulnerables, 2005.

Gráfico 3: Beni-Distribución porcentual de hogares en los municipios más vulnerables a la inseguridad alimentaria, según la principal fuente de ingresos económicos



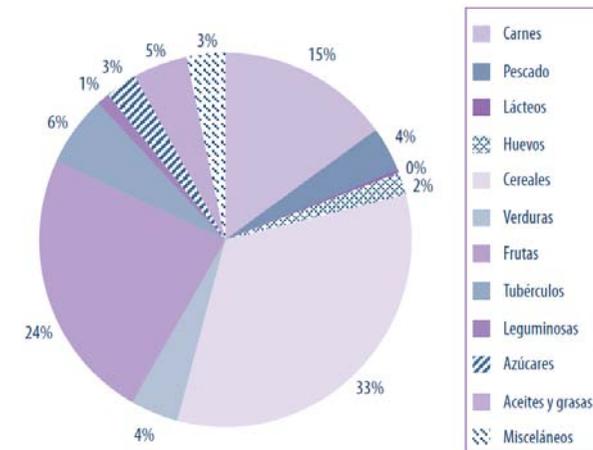
Fuente: Elaboración propia con datos departamentales de la Encuesta Nacional de Seguridad Alimentaria en hogares rurales de los municipios vulnerables, 2005.

Gráfico 5: Santa Cruz-Diversidad en la dieta de los hogares en los municipios más vulnerables a la inseguridad alimentaria, por grupos de alimentos



Fuente: Elaboración propia con datos departamentales de la Encuesta Nacional de Seguridad Alimentaria en hogares rurales de los municipios vulnerables, 2005.

Gráfico 4: Beni-Diversidad en la dieta de los hogares en los municipios más vulnerables a la inseguridad alimentaria, por grupos de alimentos



Fuente: Elaboración propia con datos departamentales de la Encuesta Nacional de Seguridad Alimentaria en hogares rurales de los municipios vulnerables, 2005.

Tabla 14: Santa Cruz-Alimentos consumidos por más de 30% de los hogares en los municipios más vulnerables a la inseguridad alimentaria

Productos	Hogares
Azúcar	91.2%
Cebolla	82.5%
Aceite comestible	81.8%
Arroz	60.8%
Papa	52.4%
Maíz	37.2%
Pan	32.8%
Manteca de cerdo	31.5%
Harina de trigo	30.9%

Fuente: Elaboración propia con datos departamentales de la Encuesta Nacional de Seguridad Alimentaria en hogares rurales de los municipios vulnerables, 2005.

Tabla 9: Beni-Alimentos consumidos por más de 30% de los hogares en los municipios más vulnerables a la inseguridad alimentaria

Productos	Hogares
Azúcar granulada	94.0%
Arroz	93.3%
Manteca de cerdo	85.4%
Cebolla	77.7%
Plátano	66.5%
Carne de res	62.1%
Yuca	31.7%
Harina de trigo	29.6%

Fuente: Elaboración propia con datos departamentales de la Encuesta Nacional de Seguridad Alimentaria en hogares rurales de los municipios vulnerables, 2005.

Tabla 28: Santa Cruz-Ración alimentaria de la operación

Alimentos	Ración (En gramos)	Energía (En kilocalorías)
Harina	200	700
Arroz	150	540
Leguminosa	50	168
Aceite vegetal	24	212
Sal	10	0
Total	434	1 620

Fuente: Elaboración propia.

Tabla 19: Beni-Ración alimentaria de la operación

Alimentos	Ración (En gramos)	Energía (En kilocalorías)
Harina	200	700
Arroz	150	540
Leguminosa	50	168
Aceite vegetal	24	212
Sal	10	0
Total	434	1 620

Fuente: Elaboración propia.

WFP Bolivia Emergency Operations

Cuadro 28. Fases y tipos de operación

	Primera Fase	Segunda Fase	Tercera Fase
Duración	7 días	1 semana a 60 días	De 60 a 120 días
Tipo de operación	Organización y asistencia alimentaria inmediata mediante programas preposicionados	Asistencia alimentaria de emergencia	Asistencia alimentaria para la rehabilitación y recuperación

Primera fase*Distribución:*

General

Población objetivo:

357 052 personas ó 71 410 familias

Duración:

60 días

Cuadro 33. Fase I: Provisión alimentaria

Alimentos	La Paz	Cochabamba	Oruro	Santa Cruz	Beni	Pando	Total TM
Harina	732,6	936,5	280,0	1 184,7	1 015,4	135,5	4 284,6
Arroz	15 458,2	702,4	5 847,8	266,7	3 289,0	1 248,8	26 813,0
Leguminosa	183,1	234,1	70,0	296,2	253,8	33,9	1 071,2
Aceite	87,9	112,4	33,6	142,2	121,8	16,2	514,1
Sal	36,6	46,8	14,0	59,2	50,8	6,8	214,2
Galletas	117,5	156,7	38,4	210,3	457,6	34,3	1 014,7

Segunda fase*Programa:*

Alimentos por trabajo y/o alimentos por capacitación

Población objetivo:

81 742 personas ó 16 348 familias

Duración:

120 días

Cuadro 34. Fase II: Provisión alimentaria

Alimentos	La Paz	Cochabamba	Oruro	Santa Cruz	Beni	Pando	Total TM
Harina	439,1	495,2	244,4	184,3	468,1	130,6	1 961,8
Arroz	329,3	371,4	183,3	138,2	351,1	98,0	1 471,4
Leguminosa	109,8	123,8	61,1	46,1	117,0	32,6	490,4
Aceite	52,7	59,4	29,3	22,1	56,2	15,7	235,4
Sal	21,9	24,8	12,2	9,2	23,4	6,5	98,1
Harina compuesta	83,0	99,4	40,3	39,3	253,1	39,7	554,8

F. Model Bank Contract (PRODEM) / Contrato Pago Planillas

CONTRATO PRIVADO DE PRESTACIÓN SERVICIOS

Conste por el presente documento privado, susceptible a elevarse a instrumento público por el sólo reconocimiento de firmas y rúbricas, un contrato de prestación de servicios que se suscribe al tenor y contenido de las siguientes cláusulas:

PRIMERA: (DE LAS PARTES).- **Suscriben el presente contrato:**

- 1.1. **FONDO FINANCIERO PRIVADO PRODEM S.A.**, con NIT 1029837028, con Matrícula Actualizada por FUNDEMPRESA N° 13563 y autorizada en su funcionamiento por la Superintendencia de Bancos y Entidades Financieras por Resolución No. SB/005/99 de fecha 28 de diciembre de 1999, con domicilio en la calle Belisario Salinas N° 520, representado por el Gerente Nacional de Operaciones y Finanzas Sr. Marcelo Mallea Castillo y el Sub-Gerente Nacional de Administración y Finanzas Sr. Víctor Céspedes Mendieta, en virtud a los poderes N° 08/04 de 7 de enero de 2004 y 27/04 de 15 de enero de 2004 respectivamente, ambos de la Notaría de Fe Pública a cargo del Dr. Hugo Alba Rodrigo, en adelante denominado como el **FFP PRODEM S.A.**; y,
- 1.2. **XXXXXXXXXXXXXXXXXXXX**, empresa legalmente constituida en la República de Bolivia con matrícula en la Fundación para el Desarrollo Empresarial (FUNDEMPRESA) No XXXXXX, Numero de Identificación Tributaria No XXXXXXXX representada legalmente por XXXXX XXXXXX XXXXXXXX con C.I. No. XXXXX, según consta en el Testimonio Poder No. XXX/XXXX de fecha XX de XXXXXX de XXXX años, extendido por ante Notario de Fe Pública No. Dra. XXXX XXXX XXXXX, con domicilio ubicado en la calle XXXXXX, No. XXXX, XXXXXXXXXXXXXXXXXXXX de la zona de XXXXX, que en lo sucesivo se denominará la **COMPAÑIA**

SEGUNDA: (OBJETO DEL CONTRATO).- Por el presente contrato, el **FFP PRODEM SA** prestará a la **COMPAÑIA** el servicio de pago de salarios mensuales, aguinaldos y otros ítems a todos sus trabajadores mediante abonos en sus respectivas Cajas de Ahorro de acuerdo con el procedimiento establecido en el ANEXO 1, el mismo que formará parte indivisible del presente contrato.

TERCERA: (ALCANCE DEL CONTRATO).-

3.1 El alcance del contrato se circunscribe única y exclusivamente al pago de salarios mensuales, aguinaldos y otros ítems por parte del **FFP PRODEM SA** a todos los trabajadores de la **COMPAÑIA** mediante abonos en las respectivas Cajas de Ahorro que serán aperturadas para tal efecto.

3.2 Para el pago de los salarios mensuales, aguinaldos y otros ítems correspondientes a los trabajadores de la **COMPAÑIA**, ésta deberá enviar en forma mensual al **FFP PRODEM SA** una planilla en medio magnético y otra impresa, en las cuales se detallen los nombres de todos y cada uno de los trabajadores de la **COMPAÑIA** y los importes de dinero que el **FFP PRODEM SA** deberá abonar en las Cajas de Ahorro perteneciente a cada trabajador.

Asimismo, en forma adjunta a las planillas, la **COMPAÑIA** deberá enviar al **FFP PRODEM SA** un cheque visado por la suma equivalente al monto total establecido en las planillas correspondientes enviadas para el efecto.

Una vez recibidas las planillas respectivas y el cheque visado correspondiente, el **FFP PRODEM SA** tendrá un plazo de veinticuatro horas para proceder con el abono de salarios, aguinaldos y otros ítems en las cajas de ahorro de cada trabajador, aclarando que si dichas planillas y el cheque son remitidos al FFP PRODEM SA en día viernes, el abono correspondiente será efectuado el día lunes siguiente.

3.3 Para el pago de salarios mensuales, aguinaldos y otros ítems, la **COMPAÑÍA** exigirá a todos y cada uno de sus trabajadores la apertura de Cajas de Ahorro individuales en las agencias del **FFP PRODEM SA** que sean de su preferencia.

CUARTA: (PLAZO).- Ambas partes convienen de manera expresa que la vigencia del presente contrato será por un plazo de 15 meses, computable a partir de la firma del presente contrato, pudiendo ser renovado por acuerdo escrito de ambas partes, no siendo aplicable la tácita reconducción.

QUINTA: (PRECIO).- Las comisiones acordadas por los servicios prestados son:

5.1. Por el pago de salarios, aguinaldos y otros ítems a cada trabajador de la **COMPAÑÍA**, ésta pagará al **FFP PRODEM SA** la suma de \$us. 0.20 (veinte centavos de Dólar Estadounidense) por abono individual realizado en cada una de las Cajas de Ahorro perteneciente a cada trabajador sin importar el importe abonado.

Asimismo, en caso de que en un mismo mes la **COMPAÑÍA** envíe al **FFP PRODEM SA** dos o más planillas para el pago a sus trabajadores por diferentes conceptos, el pago de la comisión por el servicio prestado será calculada por el número de abonos realizados por el **FFP PRODEM SA** en las Cajas de Ahorro de cada trabajador

La comisión incluye el impuesto al valor agregado (IVA), el impuesto a las transacciones (IT) y otros impuestos que graven la comisión, vigentes a la fecha de suscripción del presente contrato, así como los costos directos e indirectos que pudiera tener y realizar el F.F.P. PRODEM S.A. con motivo de la prestación de los servicios de abono.

Asimismo, los importes correspondientes al Impuesto a las Transacciones Financieras (ITF) correrán por cuenta de la **COMPAÑÍA**, conforme a la normativa vigente y en caso de modificación, se ajustará automáticamente a los nuevos términos del ITF.

SEXTA: (FORMA DE PAGO)⁶⁶- La **COMPAÑÍA**, por los servicios de pago de salarios y otros ítems que realice el **FFP PRODEM SA** mediante abonos en Cajas de Ahorro, pagará la comisión convenida en forma mensual, de acuerdo al detalle de transacciones generado por el F.F.P. PRODEM S.A., el mismo que será enviado a la **COMPAÑÍA** hasta el día diez de cada mes. Para ello, la Compañía girará un cheque de gerencia o emitirá una orden de transferencia de fondos a favor del F.F.P. PRODEM S.A., por el monto resultante de la conciliación hasta el día quince de cada mes.

Por el pago de la comisión percibida, el F.F.P. PRODEM S.A. entregará a la **COMPAÑÍA** la factura fiscal correspondiente.

SÉPTIMA: (CUMPLIMIENTO DE NORMAS Y PROCEDIMIENTOS).- Las partes se comprometen a coordinar labores, para la mejor eficiente realización de los servicios de pago de salarios y otros ítems a los trabajadores de la **COMPAÑÍA**, asimismo, se obligan a sujetarse a los anexos que forman parte integrante e indivisible del mismo.

⁶⁶ La forma de pago también puede ser mediante débito automático.

OCTAVA: (CONFIDENCIALIDAD).- Toda la información, datos y otros similares que se originen en la prestación de servicios objeto del presente contrato, desde su iniciación y una vez concluidos son confidenciales, y sujetos al secreto bancario establecido en la Ley de Bancos y Entidades Financieras, obligándose las partes contratantes a mantener en todo momento dicha confidencialidad.

NOVENA: (SUSPENSIÓN DEL SERVICIO).- En los casos en que por cualquier circunstancia el **FFP PRODEM SA** incumpliera con la prestación del servicio contratado sea parcial o totalmente, se obliga a pagar a la **COMPAÑIA** todos los daños y perjuicios que se derivaren de dicho incumplimiento y que sean imputables al **FFP PRODEM SA**, salvo existencia de fuerza mayor o casos fortuitos debidamente acreditados y justificados.

DECIMA: (CASO FORTUITO O FUERZA MAYOR).- Ninguna de las partes será considerada responsable ni estará sujeta a la imposición de sanciones por incumplimiento o demora en la ejecución de sus obligaciones contractuales, cuando dicho incumplimiento sea motivado por caso fortuito o de fuerza mayor.

Se entiende como caso fortuito o de fuerza mayor cualquier evento de la naturaleza, como catástrofes inundaciones, epidemias, o provocado por los hombres, como: ataques por enemigo público, huelgas (excepto las del propio personal), actos del gobierno como entidad soberana o persona privada, eventos no previstos o imposibles de prever por cualquiera de las partes, no imputables a ellas y que impidan el cumplimiento de las obligaciones contraídas por el presente contrato. De manera general, cualquier causa de fuerza mayor fuera del control de ambas partes y no atribuible a ellas. La parte afectada con la fuerza mayor o caso fortuito deberá comunicar a la otra en forma inmediata y en un plazo máximo de veinticuatro (24) horas de ocurrido el hecho, proporcionando toda la información necesaria y disponible que permita corroborar el mismo.

DECIMA PRIMERA: (DECLARACIÓN EXPRESA).- Se deja expresamente establecido que por el presente contrato no se constituye ninguna sociedad o asociación entre los contratantes y por lo tanto los mismos no responderán solidariamente ante las obligaciones que particularmente contraigan.

Asimismo, por la naturaleza del presente contrato de prestación de servicios, no podrá considerarse que exista relación laboral alguna entre los empleados del **FFP PRODEM SA** y la **COMPAÑIA** o viceversa, siendo cada uno responsable por las obligaciones laborales con sus empleados.

DECIMA SEGUNDA: (RESOLUCIÓN DEL CONTRATO).- El presente contrato quedará resuelto de pleno derecho, con simple notificación notarial, sin necesidad de intervención judicial al amparo de lo previsto por el Art. 569 del Código Civil por las siguientes causales:

- 9.1.** Incumplimiento de cualquiera de las partes a las obligaciones adquiridas mediante el presente contrato, salvo causas de fuerza mayor o caso fortuito.
- 9.2.** Cualquier interrupción en los servicios, más allá del plazo acordado en el presente contrato para la entrega de la información, salvo causas de fuerza mayor o caso fortuito.
- 9.3.** Aviso por escrito del **FFP PRODEM SA** a **COMPAÑIA** con una anticipación de 30 días calendario, anunciando la terminación del contrato, sin lugar a reclamos por daños y perjuicios.

En los casos en los que la **COMPAÑIA** decida restringir los alcances del presente contrato, comunicará al **FFP PRODEM SA**, con una anticipación de 30 días calendario.

DÉCIMA TERCERA: (CONCILIACIÓN Y/O ARBITRAJE).- Las partes acuerdan, que todo litigio, discrepancia, cuestión o reclamación resultantes de la ejecución o interpretación del presente convenio o relacionado con él, directa o indirectamente, se resolverán definitivamente mediante conciliación y/o arbitraje en el marco del centro de Conciliación y Arbitraje de la Cámara de Comercio de la ciudad de La Paz y de acuerdo a su reglamentación a la que se encomienda la Administración de la Conciliación y/o Arbitraje y en su caso la designación del Conciliador y/o a los Árbitros. Igualmente, las partes hacen constar expresamente su compromiso de cumplir el convenio conciliatorio y el Laudo Arbitral que se dicte, renunciando expresamente a cualquier tipo de recurso contra el Laudo Arbitral.

Para el caso de cobro de deudas, sean por concepto de contraprestación, sanciones, comisiones o cualquier otra contingencia, los mismos ante la falta de pago en los términos acordados en el presente documento, será declarados de plazo vencido y tendrán fuerza ejecutiva para su cobro ante autoridad judicial competente.

DECIMA CUARTA: (DOMICILIO Y VALIDEZ DE LA CORRESPONDENCIA).- Tanto el F.F.P. PRODEM S.A. como la **COMPAÑÍA**, acuerdan dar valor legal al contenido de sus comunicaciones escritas.

A tal efecto, el F.F.P. PRODEM S.A. señala su domicilio legal en la Oficina Nacional, ubicada en calle Belisario Salinas N° 520, Edificio FFP PRODEM SA. Por su parte, la **COMPAÑÍA**, señala su domicilio legal en la calle XX, No. XXXXX, XXXXXXXXXXXX de la zona de XXXX.

Cualquier modificación de los datos precedentes, deberá ser comunicada en forma fehaciente a la otra parte en un plazo no mayor a tres (3) días calendario de producida la modificación.

DÉCIMA QUINTA: (ENMIENDAS, COMPLEMENTARIAS Y MODIFICACIONES). Las estipulaciones y los anexos del presente contrato, podrán ser enmendados, complementados y modificados por razones que importen interés de las partes, debiendo para el efecto suscribir los contratos complementarios que sean necesarios, los mismos que formaran parte indivisible del presente contrato, no pudiendo suspenderse por ningún motivo los servicios de cobranza objeto del presente contrato.

DÉCIMA SEXTA: (ACEPTACIÓN).- Suscriben el presente contrato, por una parte el FONDO FINANCIERO PRIVADO PRODEM S.A representada por el **Gerente Nacional de Operaciones y Finanzas Sr. Marcelo Mallea Castillo y el SubGerente Nacional de Administración y Finanzas Sr. Víctor Céspedes Mendieta**, y por la **COMPAÑÍA** representada por el **XXXXXXXXXX XXXXXX**, quienes en señal de conformidad y aceptación de todas las cláusulas firman el presente contrato, obligándose ambas partes a su estricto cumplimiento.

La Paz, XX de XXXXXX de 200X

Marcelo Mallea Castillo

GERENTE NAL. DE OPERACIONES Y FINANZAS

Víctor Céspedes Mendieta

SUBGERENTE NAL. ADM. Y FINANZAS

XXXXXXXXXXXXXXXXXXXX

GERENTE GENERAL

Anexo 1 (Model Bank Contract (PRODEM) / Contrato Pago Planillas)

Proceso operativo

- COMPAÑÍA, deberá enviar en forma mensual al FFP PRODEM SA en medio magnético e impreso la planilla de sus trabajadores en la cual se establezca el importe a pagar a cada uno de ellos por concepto de salarios, aguinaldos y otros ítems.

En dicha planilla se deberá contemplar a todos los trabajadores que hayan aperturado sus respectivas Cajas de Ahorro en el F.F.P. PRODEM S.A. para el efecto.

Adjunto a la solicitud de pago y a las planillas de pago, se deberá adjuntar un cheque visado por el monto establecido en las planillas correspondientes enviadas para el efecto

- FFP PRODEM SA, una vez revisadas las planillas correspondientes, verificadas las Cajas de Ahorro de cada trabajador, dentro de las veinticuatro horas siguientes hábiles computables a partir de la recepción de la solicitud de pago, planillas y el cheque visado, deberá proceder con el pago correspondiente a cada trabajador mediante el abono respectivo en las Cajas de Ahorro aperturadas para el efecto.

En caso de existir alguna irregularidad detectada por el FFP PRODEM SA, ésta deberá ser comunicada en forma inmediata a la COMPAÑÍA a objeto de que dicha irregularidad sea subsanada en el día.

Una vez realizados los pagos respectivos, el FFP PRODEM SA enviará mensualmente a la COMPAÑÍA hasta el día diez del siguiente mes una relación de todos los abonos realizados en las Cajas de Ahorro de sus trabajadores señalando la comisión que se deberá pagar por el servicio prestado.

- COMPAÑÍA Revisado el reporte de pagos enviado por el FFP PRODEM SA, la COMPAÑÍA deberá realizar el pago mensual por el servicio prestado hasta el día quince de cada mes. a realización del proceso.

- Cualquier otro aspecto operativo, deberá ser concensuado entre partes en forma escrita.

G. Terms of Reference

	World Food Program	Location: La Paz, Bolivia Post Title: Cash Transfer Expert	Duration: 1 month
<p><u>Consultancy on the Feasibility of Conditional Cash Transfers as a Food Security Tool in Bolivia</u></p>			
<p><u>Background:</u></p>			
<p>Cash-based transfers have been increasingly used as a response in post-emergency contexts, as an instrument to facilitate transition from emergency to development approaches, and as part of longer-term social protection strategies (Harvey 2007; Devereux 2006). Recently WFP has been involved in a global initiative to assess the comparative efficacy of new forms of assistance including cash-based transfers (Cash Transfers, food stamps or vouchers). Under this initiative, cash-based transfers would be provided to beneficiaries as an alternative or complement to food aid.</p>			
<p>In the last years, the Government of Bolivia has included conditional Cash Transfers as a social protection tool in two main strategies. First, in the “Zero Malnutrition Multi-sectors Program” (ZMNP) the Government has included conditional Cash Transfers for the implementation of MCHN-type of programs, encouraging mothers to follow health and nutritional controls. Second, the Government is formulating the “Extreme Poverty Eradication Plan” (EPEP) which includes conditional transfers to improve the food and nutritional conditions of children under 6 years and mothers. Currently, the Government is also implementing two main cash-transfer programs for elderly and school children. The Government has announced the implementation of the “Family Bonus” which will provide cash to families according to the number of children in order to improve the food consumption.</p>			
<p>WFP has a long history in Bolivia addressing the food insecurity by helping the most vulnerable population and those affected by emergencies. Currently WFP is implementing two main projects: (i) the Country Program 2008-2012 which main focus is in reducing the malnutrition prevalence of children and mothers in line with the ZMNP; and (ii) an Emergency Operation, which is now ending, but CO is preparing a 2-year recovery project to provide a longer term assistance. WFP Bolivia is interested in finding new forms to complement its food assistance. The recovery project and the CP are potential means to explore the possibility to implement cash-transfers, therefore, the Swiss Development Cooperation (COSUDE) has agreed to support WFP Bolivia with an expert to guide on the feasibility and first steps to implement such a program.</p>			
<p><u>Objective:</u></p>			
<p>To assess the feasibility to implement cash-based transfers for emergency recovery operations and malnutrition prevalence reduction programs under the current Government policies and programs, using WFP support framework in Bolivia.</p>			

Activities:

- To summarize ongoing programs on Cash Transfers in Bolivia (and their impact), and the planned cash transfer programs under nutrition and poverty programs
- To assess the current institutional platform to implement Cash Transfers
- To provide to the Office with relevant background on the impact on nutrition (children under 5 year and lactating and pregnant women), emergency recovery and social protection strategies of cash transfer programs in other countries– especially successful programs and their various complimentary components, as well as varying impacts of cash transfer programs on indigenous, afro-descendant, and other groups.
- Specifically summarize role of “fortified food” within cash transfer programs in Latin American countries
- Have meetings with key groups involved on this issue in Bolivia (Ministry of Health, Ministry of Planning, CONAN, Poverty Reduction Program units, Ministry of Education, UDAPE, World Bank, IADB, FAO, UNICEF, etc.) – summarize roles, plans, and responsibilities of each of these groups and how WFP could collaborate with them.
- Based on the previous research, provide recommendations to WFP Bolivia on the feasibility of implementing cash based pilot programs, considering the Program objective, market analysis, implementation capacities, cost efficiency and beneficiary preferences.

Timeframe: one month in-country

Output:

- Based on the activities carried out, a written report (in the form of a “project document”) proposing:
 - Pilot areas (most vulnerable municipalities with “partnership” possibilities)
 - Beneficiary groups (disaster relief, food/cash for work for recovery, cash + fortified food for malnutrition reduction programs, etc.)
 - Key partners and their roles (Ministries, micro-credit institutions, other agencies, etc.)
 - Possible role for WFP Bolivia within planned cash transfer programs
 - Tentative time frame and budget/funding required for the pilots

Consultant’s profile:

Wide experience in cash-based transfers, particularly in developing countries (preferably in the Latin American context) and in relation to food assistance in emergency/recovery settings.

Language: Fluency in English. Knowledge of Spanish would be preferred.