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**Executive Board
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PROJECTS FOR EXECUTIVE BOARD APPROVAL

Agenda item 9

For approval



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BUDGET INCREASES TO PROTRACTED RELIEF AND RECOVERY OPERATIONS — KENYA PRRO 106660

Protecting and Rebuilding Livelihoods in the Arid and Semi-Arid Areas

Cost (United States dollars)			
	Current budget	Increase	Revised budget
WFP food/cash cost	288,870,837	73,277,318	362,148,154
Total cost to WFP	557,234,115	108,760,385	665,994,500

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NOTE TO THE EXECUTIVE BOARD

This document is submitted to the Executive Board for approval

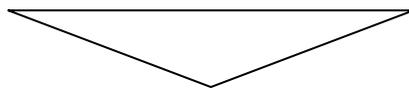
The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal point indicated below, preferably well in advance of the Board's meeting.

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Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact Ms I. Carpitella, Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).

* Regional Bureau for East and Central Africa

DRAFT DECISION*



The Board approves the budget increase of US\$108.8 million to Kenya protracted relief and recovery operation 106660, “Protecting and Rebuilding Livelihoods in the Arid and Semi-Arid Areas” (WFP/EB.2/2011/9-D/3).

* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document issued at the end of the session.

NATURE OF THE INCREASE

1. The 2011 long-rains assessment reported that 3.75 million people affected by drought require immediate food assistance. The Government and WFP have agreed to work jointly on food assistance by consolidating resources through the single pipeline managed by WFP. Protracted relief and recovery operation (PRRO) 106660 supports Strategic Objectives 1, 2 and 3:¹ this budget revision proposes to:
 - increase requirements to support an additional 2.5 million people;
 - increase food requirements by 111,308 mt, valued at US\$51.3 million;
 - increase cash transfers by US\$21.9 million; and
 - increase associated costs by US\$35.5 million.

JUSTIFICATION FOR BUDGET INCREASE

Summary of Existing Project Activities

2. This operation supports the Government's social protection strategy and helps households to cope with and recover from droughts, especially in arid and semi-arid lands. The three components are:
 - *social protection*: WFP supports the development of the national strategy for covering food gaps and protecting vulnerable groups and the management of moderate acute malnutrition among women and children under 5;
 - *recovery*: WFP provides food or cash for assets (CFA) to support the creation of household and community assets that enhance resilience and assist people recovering from emergencies; and
 - *preparedness*: contingency planning for shocks and for rapid food assistance in response to shocks.
3. There have been eight revisions of PRRO 106660 since May 2009, primarily to implement the recommendations of assessments; the most significant revisions responded to inadequate rainfall in 2010 and 2011.
4. After the 2010 short-rains assessment, WFP increased the number of beneficiaries for March–August 2011 by 800,000; the Government covered an additional 780,000 people. After the 2011 long-rains mid-season assessment in May, WFP introduced blanket supplementary feeding (BSF) for children under 5 and for pregnant and lactating women from August to December.
5. Current activities are (see Table 1):
 - general food distributions (GFDs) from October 2011 to April 2012 for 450,000 drought-affected beneficiaries in arid and semi-arid districts;
 - food for assets (FFA) for 200,000 people in arid areas and 175,000 people in semi-arid districts;

¹ WFP Strategic Objectives 1 – Save lives and protect livelihoods in emergencies; 2 – Prevent acute hunger and invest in disaster preparedness and mitigation measures; and 3 – Restore and rebuild lives and livelihoods in post-conflict, post-disaster or transition situations.

- cash for assets in semi-arid districts for 420,600 people;
- supplementary feeding in arid and semi-arid districts for 100,000 children under 5 and pregnant and lactating women suffering from moderate acute malnutrition;
- protection rations for the families of 100,000 people receiving supplementary feeding in districts not receiving GFD, FFA or CFA to prevent the sharing of supplementary feeding rations;
- blanket supplementary feeding for up to 562,000 children under 5 and pregnant and lactating women in the six districts most affected by drought;
- mother-and-child health and nutrition (MCHN) for 40,000 vulnerable pregnant women in towns to improve nutrition during pregnancy – which provides critical micronutrients for the unborn child; and
- cash transfers for 25,500 Nairobi slum dwellers who cannot meet their food needs because of high prices.

Results of the 2011 Long-Rains Assessment

6. The 2011 long-rains assessment² estimated that 3.75 million pastoralists, agro-pastoralists and marginal agricultural farmers urgently require food and non-food assistance from September 2011 to February 2012, of whom 1.4 million in north and north-eastern pastoral areas of Garissa, Isiolo, Mandera, Marsabit, Turkana and Wajir are in Integrated Food Security and Humanitarian Phase Classification 4 – humanitarian emergency.³
7. In these areas household food insecurity has increased because the October–December 2010 short rains were 20 percent of normal levels and the March–June 2011 long rains were 10 percent of normal levels; in northern and north-eastern pastoral areas and south-eastern and coastal lowlands, the 2010 long rains were also unfavourable.
8. Most surface water has dried up; boreholes are over-used by large concentrations of animals. Most livestock are watered on alternate days instead of daily; pastoralists in drought-affected areas are losing livestock, particularly sheep and cattle, because the distances to water are too long for weakened livestock. Cattle mortality was between 15 percent and 20 percent in parts of Garissa, Isiolo, Mandera, Marsabit, Moyale, Samburu and Wajir.
9. Global acute malnutrition greatly exceeds the 15 percent critical threshold. Nutrition surveys in May and June 2011 established rates of 28 percent in Mandera, 23 percent in Marsabit, 20 percent in Samburu, 24 percent in Turkana Central, 37 percent in Turkana North East, 23 percent in Wajir East, 29 percent in Wajir South, 33 percent in Wajir West and 28 percent in Wajir West/North.
10. Weather forecasts show enhanced to normal rainfall in southern and central areas, with near-normal to below-normal rainfall in the north-west and Turkana. If this outlook materializes, food security and nutrition in most parts of the country should improve from December 2011 and January 2012.

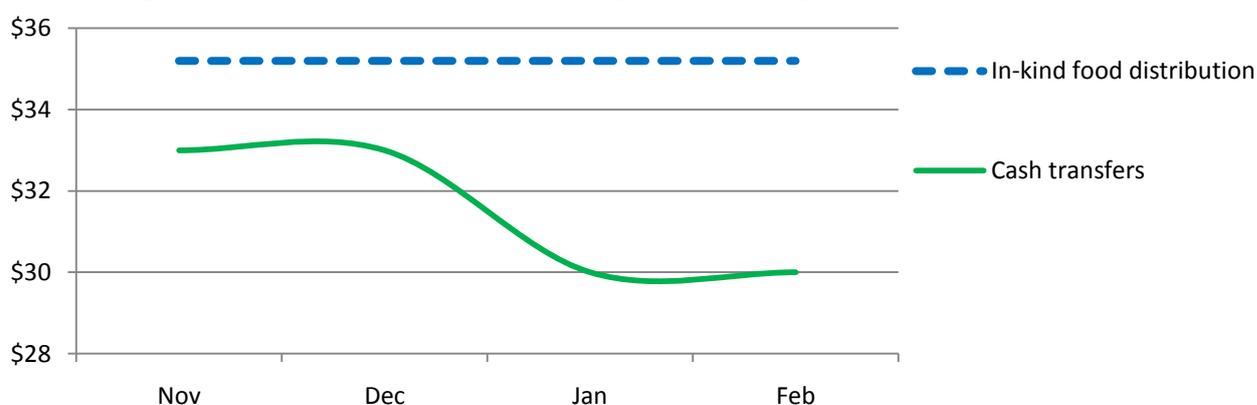
² Kenya Food Security Steering Group, September 2011.

³ Households experiencing short-term instability and extreme loss of livelihood assets that will likely lead to food consumption gaps and extreme consumption gaps resulting in very high acute malnutrition or excess mortality.

Results of a Rapid Assessment to Determine the Appropriate Transfer Modality

11. The 2011 long-rains assessment identified additional needs in ten districts receiving government cash transfers where WFP does not have operations; seven of these are similar to the marginal agricultural areas targeted by CFA.⁴ WFP undertook a market and feasibility assessment⁵ to ascertain whether markets could respond to an additional demand for staple foods and to compare the cost-efficiency of cash transfers with food transfers.⁶
12. The rapid assessment confirmed that marginal agricultural areas do not have high transfer costs, and supply is not a constraint. The cash transfer intervention would take place when food availability was highest: the main maize harvest from the most productive areas is in November–January; the reliable short-rains harvest in marginal agricultural areas is in January–March.
13. Analysis of maize prices from 2007 to 2011 in the seven districts indicates that marginal agricultural markets, the main markets in Nairobi and Mombasa and markets in the most productive areas are effectively integrated.
14. The rapid assessment found that households can buy the ration in markets for less than it costs WFP to deliver. Cash transfers are projected to cost 9 percent less than food transfers, saving US\$1 million over the four months of the intervention (see Figure 1).

Figure 1: Potential cost-efficiency of monthly cash transfers



15. The assessment concluded that cash transfers would be appropriate and feasible. Because asset creation requires 6–12 months of assistance in the form of cash transfers or food transfers and because the planned intervention in the new districts is for only four months from November 2011 to February 2012, unconditional cash transfers were the best option (see Annex III).

⁴ In line with the Government's increasing use of cash transfers for social protection: following a cash-for-assets pilot in October 2010 to test tools, guidance and procedures, the modality was integrated into operations to enable increased use of cash at scale, for example in emergency response. An evaluation after six months indicated that the model could be scaled up, and cash for assets was expanded to 420,000 beneficiaries in seven marginal agricultural districts in Eastern and Coast provinces.

⁵ WFP. 2011. Unconditional cash transfers: operational considerations for rapid implementation. Nairobi.

⁶ Because the response is urgent and likely to last less than six months, WFP has not explored the use of vouchers – which require a longer start-up time – for this budget revision. The country office's electronic cash and voucher system (*Bamba Chakula*) is still being field-tested; paper vouchers are not feasible for a food-security intervention of this scale. Cash transfers were the only feasible market-based option for responding to the new requirements.

Purpose of the Budget Increase

16. WFP will scale up activities to address the food requirements of the 3.75 million food-insecure people identified in the 2011 long-rains assessment. Nutritional interventions for 827,500 people will continue. There is some overlap, so the total assisted population will be 4.2 million (see Table 1).

Activity	Current			Increase/decrease			PRRO revised plan			
	Men/Boys	Women/Girls	Total	Men/Boys	Women/Girls	Total	Men/Boys	Women/Girls	Total	
GFD	207 000	243 000	450 000	722 500	848 100	1 570 600	929 500	1 091 100	2 020 600	
FFA	Arid areas	92 000	108 000	200 000	32 660	38 340	71 000	124 660	146 340	271 000
	Semi-arid areas	80 500	94 500	175 000	73 550	86 340	159 890	154 050	180 840	334 890
CFA semi-arid areas	194 500	226 100	420 600	26 000	30 510	56 510	220 500	256 610	477 110	
Unconditional cash transfers	-	-	-	297 700	349 500	647 200	297 700	349 500	647 200	
Subtotal 1: activities with increased beneficiary numbers	574 000	671 600	1 245 600	1 152 410	1 352 790	2 505 200	1 726 410	2 024 390	3 750 800	
Supp. feeding individual	35 700	64 300	100 000	-	-	-	35 700	64 300	100 000	
Supp. feeding protection	36 760	63 240	100 000	-	-	-	36 760	63 240	100 000	
BSF	223 753	338 247	562 000	-	-	-	223 753	338 247	562 000	
MCHN	-	40 000	40 000	-	-	-	-	40 000	40 000	
Cash transfer	11 780	13 720	25 500	-	-	-	11 780	13 720	25 500	
Subtotal 2: activities with no change in numbers	307 993	519 507	827 500	-	-	-	307 993	519 507	827 500	
TOTAL	881 993	1 191 107	2 073 100	1 152 410	1 352 790	2 505 200	2 034 400	2 543 900	4 578 300	
Total without double counting*	734 417	957 684	1 692 100	1 152 410	1 352 790	2 505 200	1 886 825	2 310 475	4 197 300	

* 80% of individual supplementary feeding beneficiaries are excluded because they are covered by GFD and FFA; 50% of BSF beneficiaries who are assumed to be included in GFD and FFA are also excluded.

Implementation Arrangements

17. Geographical targeting is guided by the 2011 long-rains assessment. Drought-affected households are targeted through community relief committees, with priority⁷ given to households with malnourished children or pregnant and lactating women, orphans, elderly people and people who lost assets in the drought.
18. WFP and the Government, through the Ministry of State for Special Programmes were addressing the food needs of people affected by the poor 2010 short rains, but following the August 2011 long-rains assessment, the Government and WFP have agreed to work jointly on food assistance by consolidating resources through a single pipeline. The

⁷ Criteria are set by communities through the relief committees; malnourished people are prioritized.

Government will support PRRO 106660 with food donations for which WFP will mobilize resources for associated costs and will handle all operational issues.

19. Where WFP is operational, scaling up will use existing partners and implementation arrangements. WFP's cooperating partners are selected on the basis of: i) experience in providing food assistance, including FFA; ii) institutional capacity and complementary resources for FFA; iii) local presence and knowledge; and iv) adherence to basic standards for humanitarian interventions.
20. In seven districts previously covered by the Government only, where a market assessment indicated acceptable levels of integration with national markets, WFP will implement unconditional cash transfers from November 2011 using the procedures and agreements established for the CFA activity. Under an agreement with a local bank, accounts are opened for each household and WFP transfers a monthly sum equivalent to the retail value of the household food ration directly into them.
21. Weaknesses of cash transfer delivery mechanisms identified during the evaluation of the CFA pilot⁸ related to the size and reach of rural bank branches, but the bank has expanded in the past year from 300 to 2,800 agents nationwide, particularly in WFP's areas of operation, and WFP and the bank are deploying extra field staff to target and enroll beneficiaries. The three other districts previously handled by the Government will receive GFDs.
22. In addition to routine monitoring, a cash delivery and market monitoring system has been developed. Prices in primary markets are collected the day after each monthly transfer and compared with prices in surrounding main markets to identify price spikes that may be caused by cash transfers; the programme will be adjusted accordingly. Distances travelled, opportunity costs, satisfaction levels and questions related to cash delivery are included in the monthly monitoring system.

Risks

23. Contextual risks include the possibility of prolonged drought in north-western areas if the short rains fail in October. Another poor season may weaken people's resilience, especially in Turkana, and exacerbate food insecurity and malnutrition. Weather forecasts, assessments and appeals will enable rapid responses to any deterioration. Contingency planning for food and non-food responses are developed on the basis of early warning systems.
24. The main programmatic risk associated with rapid scaling up is the availability of sufficient food and cash. WFP and its partners will inform donors of food and cash requirements, and WFP will use its advance financing mechanisms if necessary. If cash contributions are insufficient or if the prices of staple foods increase, WFP may resort to food transfers if sufficient contributions are available. Because women's control over household food may be reduced by cash transfers, WFP will work through advocacy and awareness-building at the community level. Programmatic risks include quality controls of food given that aflatoxin may affect maize: purchases will be monitored.
25. Institutional risks affecting cash transfers include the financial stability of local banks and agents' liquidity. In view of possible incorrect accounting by non-governmental organizations (NGOs), WFP has recently initiated risk assessments of providers' and partners' accounting, auditing and internal controls.

⁸ For example long queues at banks, banks running out of liquidity and households travelling more than 20 km to the nearest bank.

REQUIREMENTS

	GFD and FFA in arid areas	FFA in semi-arid areas	CFA/unconditional cash transfers
Cereals	345	230	-
Pulses	60	40	-
Vegetable oil	20	13	-
Corn-soya blend	40	-	-
Iodized salt	5	5	-
Cash transfers (US\$/person/day)	-	-	0.20
TOTAL	470	288	0.20
Total kcal/p/day	1 749	1 056	-
% kcal from protein	12.3	11.8	-
% kcal from fat	19.0	19.4	-
Feeding days (Oct 2011– Feb 2012)	150	150	120

* Transfer value of US\$36 per month per household from November 2011 to December 2012.

Activity	Current	Increase	Revised total
GFD	390 117	95 459	485 576
FFA	103 909	15 849	119 758
Supp. feeding individual ration	22 229	-	22 229
Supp. feeding protection ration	36 589	-	36 589
BSF	21 519	-	21 519
MCHN	13 826	-	13 826
Cash transfer*	4 333	-	4 333
Emergency school meals**	16 605	-	16 605
TOTAL (mt)	609 127	111 308	720 435
CFA	6 581 374	6 403 440	12 984 814
Unconditional cash transfer	-	15 532 800	15 532 800
TOTAL (\$US)	6 581 374	21 936 240	28 517 614

* In the original PRRO document, cash transfers were planned at US\$2.5 million for 4,333 mt of food and calculated as tonnage equivalent.

** This activity has been completed.

ANNEX I-A

BUDGET REVISION COST BREAKDOWN			
Food¹	Quantity (mt)	Value (US\$)	Value (US\$)
Cereals	83 129	30 985 423	
Pulses	14 457	8 008 861	
Oil and fats	4 819	6 803 847	
Mixed and blended food	7 569	5 491 007	
Others	1 334	51 939	
Total food	111 308	51 341 078	
Cash transfers		21 936 240	
Subtotal food and cash transfers			73 277 318
External transport			4 122 433
Landside transport, storage and handling			21 401 406
Other direct operational costs			2 384 141
Direct support costs ² (see Annex I-B)			459 923
Total WFP direct costs			101 645 220
Indirect support costs (7.0 percent) ³			7 115 165
TOTAL WFP COSTS			108 760 385

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

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

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

ANNEX I-B

DIRECT SUPPORT REQUIREMENTS (US\$)	
Staff and staff-related costs	
Local staff - national officers	305 115
Staff duty travel	144 004
Subtotal	449 119
Equipment and capital costs	
Communications equipment	10 804
Subtotal	10 804
TOTAL DIRECT SUPPORT COSTS	459 923

ANNEX II: LOGICAL FRAMEWORK		
Results	Performance indicators	Assumptions and risks
Strategic Objective 1 – Save lives and protect livelihoods in emergencies		
Outcome 1.1 Reduced acute malnutrition among children under 3 in BSF, under 5 in targeted supplementary feeding and pregnant and lactating women in targeted populations affected by emergencies	<ul style="list-style-type: none"> ➤ Prevalence of acute malnutrition below 15% among children under 3 and under 5 in WFP intervention areas ➤ Targeted supplementary feeding recovery rates >75%; mortality rates <3%; defaulter rates <15%; coverage > 80% ➤ Blanket supplementary feeding coverage >90% ➤ No. of BSF beneficiaries receiving complementary services 	Assumption: Government leadership maintains cohesion among recovery programmes and ensures complementary inputs Risks: Natural disasters reduce resilience to shocks Migration of pastoral communities impacts supplementary feeding recovery rates Ineffective nutritional screening by partners Insufficient coverage by health institutions
Output 1.1.1 Food and non-food items distributed in sufficient quantity and quality to targeted women, men, girls and boys under secure conditions	<ul style="list-style-type: none"> ➤ Actual no. of women, men, girls and boys receiving food and non-food items by category and as % of planned ➤ Tonnage of food distributed, by type, as % of planned ➤ Total cash distributed, in US\$ 	Assumption: Adequate and timely funding to ensure healthy pipeline Risks: Insufficient coverage by health institutions Inadequate storage of food at health facility level
Outcome 1.2 Improved food security of targeted populations	<ul style="list-style-type: none"> ➤ Coping strategy index (target to be confirmed)¹ ➤ Household food consumption score > 60% 	
Output 1.2.1 Distribution of food and non-food items in sufficient quantity and quality to targeted women, men, girls and boys	<ul style="list-style-type: none"> ➤ Actual no. of women, men, girls and boys receiving food and non-food items, by category and as % of planned ➤ No. of beneficiaries who received timely cash transfers, as % of planned, by gender 	Assumption: Adequate and timely funding to ensure healthy pipeline Risk: Insufficient liquidity among agents causes delays in cash transfers

¹ Methods have been revised; the new threshold is to be established by November 2011.



ANNEX II: LOGICAL FRAMEWORK

Results	Performance indicators	Assumptions and risks
Strategic Objective 2 – Prevent acute hunger and invest in disaster preparedness and mitigation measures		
Outcome 2.1 Early warning systems, contingency plans, food security monitoring systems in place and enhanced with WFP capacity development support	<ul style="list-style-type: none"> ➤ Disaster preparedness index >6 	Assumption: Adequate government and community participation in training, support from partners Risk: High turnover of partner staff, especially at NGOs
Output 2.1.1 Disaster mitigation measures in place with WFP capacity-development support	<ul style="list-style-type: none"> ➤ Risk reduction and disaster preparedness and mitigation systems in place, by type: early warning systems and contingency plans 	
Outcome 2.2 Hazard risk reduced at the community level in targeted communities	<ul style="list-style-type: none"> ➤ Community asset score >50% ➤ Household asset score > 50% 	Assumption: Other social protection programmes coordinated in the government master plan
Output 2.2.1 Disaster mitigation assets built or restored by targeted communities	<ul style="list-style-type: none"> ➤ Risk reduction and disaster mitigation assets created or restored, by type and unit of measure: ha protected or improved, no. of trees planted, dams constructed ➤ No. of beneficiaries reached, as % of planned ➤ Tonnage of food distributed, as % of planned 	Assumption: Adequate and timely funding to ensure healthy pipeline
Strategic Objective 3 – Restore and rebuild lives and livelihoods in post-conflicts, post-disaster or transition situations		
Outcome 3.1 Adequate consumption over assistance period for target households	<ul style="list-style-type: none"> ➤ Household food consumption score >60% ➤ Coping strategies index (Target=0.2) 	Assumption: Asset creation projects depend on technical input from NGO and government partners Risk: Prolonged drought reduces capacity of participants to work on assets
Outcome 3.2 Enrolment of girls and boys in assisted schools stabilized at pre-crisis levels	<ul style="list-style-type: none"> ➤ Retention rate met in 80% of sampled schools 	Assumption: School infrastructure adequate to accommodate children and implement the programme
Output 3.2.1 School feeding coverage aligned with programme of work	<ul style="list-style-type: none"> ➤ No. of schools assisted by WFP ➤ Tonnage of food distributed, as % of planned 	

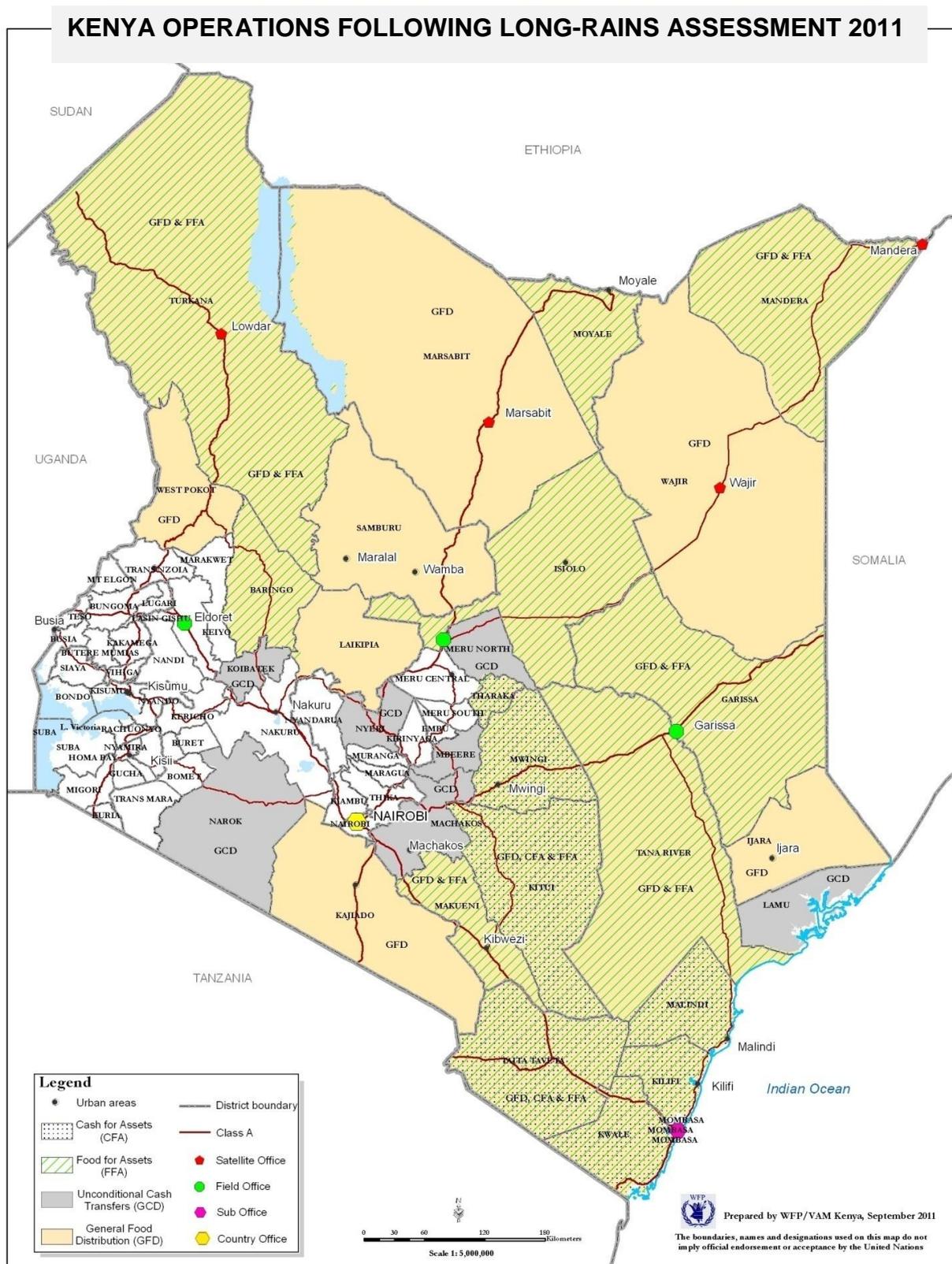


ANNEX II: LOGICAL FRAMEWORK

Results	Performance indicators	Assumptions and risks
<p>Outcome 3.3 Reduced acute malnutrition in target groups of children and adults</p>	<ul style="list-style-type: none"> ➤ Prevalence of acute malnutrition among children under 5, weight-for-height as a % ➤ Prevalence of low mid-upper arm circumference among children under 5 ➤ Prevalence of low mid-upper arm circumference among targeted women 	<p>Assumptions: Access to clean drinking water, sanitation and healthcare Correct utilization of fortified foods at household level</p> <p>Risk: Ineffective or insufficient support from nutrition partners</p>
<p>Outcome 3.4 Reduced stunting in targeted children and adults</p>	<ul style="list-style-type: none"> ➤ Prevalence of stunting among children under 2, height-for-age as a % 	<p>Assumptions: Access to clean drinking water, sanitation and healthcare Correct utilization of fortified foods at household level</p> <p>Risk: Ineffective or insufficient support from nutrition partners</p>
<p>Output 3.3.1 Food and non-food items distributed in sufficient quantity and quality to targeted women, men, girls and boys under secure conditions</p>	<ul style="list-style-type: none"> ➤ No. of women, men, girls and boys receiving food and non-food items, by category and as % of planned ➤ Tonnage of food distributed, by type, as % of planned 	<p>Assumption: Adequate and timely funding to ensure a healthy pipeline</p>



ANNEX III



The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the World Food Programme (WFP) concerning the legal status of any country, territory, city or area or of its frontiers or boundaries.

ACRONYMS USED IN THE DOCUMENT

BSF	blanket supplementary feeding
CFA	cash for assets
FFA	food for assets
GFD	general food distribution
MCHN	mother-and-child health and nutrition
NGO	non-governmental organization
PRRO	protracted relief and recovery operation