

Kenya CP 106680**B/R No. 07****BUDGET REVISION FOR THE APPROVAL OF REGIONAL DIRECTOR**

	<u>Initials</u>	<u>In Date</u>	<u>Out Date</u>	<u>Reason For Delay</u>
<u>ORIGINATOR</u>				
Country Office or Regional Bureau on behalf of Country Office
<u>CLEARANCE</u>				
Project Budget & Programming Officer, RMBP
Chief, RMBP
Chief, ODLT (change in LTSH and/or External Transport)
<u>APPROVAL</u>				
<input checked="" type="checkbox"/> Regional Director

PROJECT 106680			
	Previous Budget	Revision	New Budget
Food cost ¹	US\$ 68,155,320	US\$ 2,805,968	US\$ 70,961,288
External transport ²	US\$ 12,765,726	US\$ 245,552	US\$ 13,011,278
LTSH ³	US\$ 12,659,731	US\$ 342,870	US\$ 13,002,601
ODOC ⁴	US\$ 3,272,982	US\$ 1,400,755	US\$ 4,673,737
DSC ⁵	US\$ 8,872,595	US\$ 517,174	US\$ 9,389,769
ISC (7%) ⁶	US\$ 7,400,844	US\$ 371,862	US\$ 7,772,706
Total WFP cost (US\$)	US\$ 113,127,198	US\$ 5,684,181	US\$ 118,811,379

<u>TYPE OF REVISION</u>			
<input checked="" type="checkbox"/> Additional commodity	<input checked="" type="checkbox"/> Additional DSC	<input checked="" type="checkbox"/> Increase ODOC	<input checked="" type="checkbox"/> Additional LTSH
<input checked="" type="checkbox"/> Additional external transport	<input type="checkbox"/> Extension or Reduction in time		<input type="checkbox"/> Other

¹ Food cost can comprise both commodities and cash/voucher transfers.

² The first leg of transport for commodities: from the donor country to the recipient country port, or in cases of regional commodity purchases, from the place of purchase to the recipient country.

³ Landside, Transport, Storage and Handling - LTSH comprises the actions required to (a) care for and (b) physically deliver the commodities from the completion of external transport through to final distribution.

⁴ Other Direct Operational Costs - ODOC include deliverable goods (non-food items), services and training to beneficiaries and/or to implementing partners.

⁵ Direct Support Costs - DSC are those costs which are incurred directly in support of projects by a WFP Country Office.

⁶ Indirect Support Costs - ISC is a fixed rate resourced from all donor contributions, which is used to cover (non-project) corporate overhead costs, i.e. PSA.

NATURE OF THE INCREASE

1. The proposed budget revision (BR) to the Kenya Country Programme (CP) aims to:
 - Increase the CP 106680 tonnage based ODOC by US\$ 1,400,755.
 - Increase school meals program (SMP) beneficiaries for years 2011, 2012 and 2013 to 670,500, 627,200 and 583,500 respectively.
 - Increase the commodity tonnage for years 2011-2013 by 8,224 mt in line with the proposed beneficiary increase for SMP.
 - Increase the CP DSC by \$517,174 to cater for increase in staff costs in accordance with the revised standard position costs for international staff and to accommodate the annual salary increments for national staff.
2. The budget revision will lead to an increase the CP's External Transport and LTSH budgets.

JUSTIFICATION FOR THE BUDGET INCREASE

Summary of existing project activities

3. The CP has two components namely: i) Support for the education of vulnerable children in food insecure areas (school meals programme); and ii) Food and nutrition support for vulnerable populations affected by HIV/AIDS.
4. The school meals programme supports the Government in achieving Millennium Development Goal (MDG) 2 and the goal of education for all (EFA). It addresses WFP's Enabling Development Policy priority 2 "Enabling poor households to invest in human capital through education and training".
5. At the moment the school meals programme is providing hot midday lunches to 720,500 primary and pre-primary school children in 32 arid and food-insecure districts and in 2 unplanned urban settlements in Nairobi and Mombasa. The arid pastoralist districts have the lowest enrolment rates, highest drop-out rates especially of girls, lowest attendance rates and the lowest completion rates in Kenya. In addition the school meals programme provides an early morning drink of porridge to 115,000 children in early childhood development centres in 10 most arid districts that have the highest prevalence of malnutrition of the under fives.
6. The objectives of the school meals programme are:
 - to increase enrolment of boys and girls in the assisted schools
 - to stabilize the attendance rates
 - to increase the completion rates
 - to improve the Government capacity to manage the school meals programme.
7. The HIV/AIDS project supports national efforts in combating HIV/AIDS (MDG 6) and reducing hunger (MDG 1)
8. Currently WFP is supporting 75,000 beneficiaries located in the western Kenya region, slums of Nairobi and two coastal districts of Kilifi and Kaloleni.

9. The intended outcomes are:

- Increased adherence to treatment;
- Improved health and nutrition status;
- Increased enrolment of orphans and vulnerable children (OVC), boys and girls;
- Improved school attendance of OVC (boys and girls);
- Increased access to HIV services for transport workers along the northern corridor and;
- Increased capacity of the Government and non-governmental organizations (NGOs) to implement nutritional support programs for people affected by HIV/AIDS.

Purpose of Budget increase

A) Increase in ODOC:

10. The CP has run out of ODOC with current outstanding balance being US\$ (6,132) therefore the programme will not be able to receive tonnage based ODOC in the future. This has been occasioned by receipt of direct ODOC contributions from several donors in the last three years, which had not been planned for in the original approved CP budget.
11. In November 2008 schools meals programme received \$500,000 from Drew Barrymore which has already been spent in the improvement of basic school infrastructure in Nairobi slum schools and one arid district.
12. In March 2010 the CP received \$883,500 ODOC from the Africa Adaptation Programme (climate change), through UNDP. The money is being used now to provide energy saving stoves to assisted schools in the most arid districts (the stove project is aimed at reducing environmental destruction through deforestation) and to support climate change issues. These two contributions, which were not related to tonnage, necessitated Budget Revisions to increase the ODOC (see BR 05 and BR 06).
13. However, the CO has also received other smaller contributions. For example, recently the school meals programme received \$193,000 as direct ODOC from Princess Haya and a further \$124,000 ODOC from LGE of South Korea as direct ODOC to support the essential package in selected school meals programme (SMP) schools. These unexpected (ad hoc) direct ODOC contributions have resulted in depletion of the CP's ODOC.
14. The Country Office (CO) is therefore seeking approval from the Regional Director to increase the tonnage based ODOC OBOC, to enable CP 106680 receive the ODOC cash that will be generated from the programming of future contributions.

B) Increase in beneficiaries and tonnage for Activity 1 (2011-2013).

15. The Government of Kenya (GoK) launched free primary education (FPE) in 2003. Statistics from the Ministry of Education indicate that the enrolment in Kenya primary schools has continued to grow at an average rate of about 4 percent per annum (national average), meaning that more children are being sent to school by parents after removal of school fees and levies, with the inception of FPE.
16. However, this rate is much lower in the arid districts of Kenya, which will be the focus of Activity 1 in the last two years of the CP (2012 and 2013). The enrolment growth rates in these chronically food insecure and most needy districts are estimated to range from 1.12 percent to 2 percent (Ministry of Education statistics booklet (2003-2008), June 2009). In order to ensure that the

proposed increase in enrolment is realistic and specific to the said arid districts the CO is recommending a 1 percent annual increase for the last two years of the CP.

17. This growth was not factored into the approved CP document and budget plan during the design period. The table below shows the calculation on the proposed beneficiary levels for 2011-2013.

TABLE 1: CALCULATION OF SMP BENEFICIARY INCREASE 2011-2013

	2011	2012	2013
No. of beneficiaries	670,500	670,500 + 1% (6,700)	627,200 + 1% (6,300)
		Minus handover (50,000)	Minus handover (50,000)
REVISED	670,500	627,200	583,500

18. Currently the CO is providing food assistance to 720,500 children under Activity 1 of the CP. A caseload of 50,000 will be handed over to the government supported Home Grown School Feeding in January 2011 in line with the design of the CP. This will leave a total of 670,500 beneficiaries to be supported by WFP in 2011 (an increase of about 3 percent over the planned figure of 650,000). This increase occurred due to increase in enrolment over the last two years. The CO is therefore seeking approval to increase the beneficiaries for Activity 1 (school meals programme) for years 2011 (3 percent), 2012 and 2013(1 percent), from the current plan of 650,000, 600,000 and 550,000 respectively to the new figures proposed above.
19. The in-built hand-over strategy is a success story because the Government of Kenya (GoK) has already allocated funds to support the Home Grown School Feeding Programme (HGSFP), which is currently providing meals to 540,000 school children, from its own funds. This caseload was phased out of WFP assistance at the start of the current CP.
20. The proposed increase in beneficiaries is enumerated in the table below:

TABLE 2: PROPOSED BENEFICIARY NUMBERS FOR ACTIVITY 1 (School Meals Programme) - 2011-2013			
SCHOOL MEALS PROGRAMME	CHANGE IN BENEFICIARY NUMBERS 2011-2013		
YEAR	Present	Increase	Revised
2011	650,000	20,500	670,500
2012	600,000	27,200	627,200
2013	550,000	33,500	583,500

The current beneficiary level for Activity 1 (school meals programme) is 720,500.

21. Beneficiary levels for Activity 2 (HIV/AIDS) will not change and will remain as per the approved plan (version 0), during the period under review, 2011-2013

TABLE 3: BENEFICIARY LEVEL FOR ACTIVITY 2 (2011-2013)			
	BENEFICIARY LEVELS FOR ACTIVITY 2 (HIV/AIDS)		
YEAR	Present	Increase	Revised
2011	78,000	0	78,000
2012	84,000	0	84,000
2013	90,000	0	90,000

Current 2010 beneficiary level for HIV project is 75,000.

C) Increase in DSC

22. The Nairobi Local Salary Survey conducted in November 2010 has already been presented to UNDP for implementation. . The survey recommended a salary increase of 6.2 percent for general service staff and 3.5 percent for national programme officers. The increments are effective 01 November 2010. The UNDP has confirmed that similar salary surveys will be undertaken in 2011 and 2012. The increase in national staff costs is shown in the calculation sheet in the budget plan template.
23. The proposed increase in International Staff standard position costs are based on the recent HQ circular RMB/2010/002 dated 06 October on standard position costs for 2011. In order to meet the increased staff costs, additional DSC of US\$ 517,174 will be required.

FOOD REQUIREMENTS

24. Due to the annual increase in beneficiaries for Activity 1 this budget revision will increase the metric tonnage for school meals (only) so as to provide adequate food resources in years 2011-2013. The BR will increase the total tonnage for Activity 1 by 8,224 mt valued at US\$ 2,805,610, thereby raising the tonnage from 122,691 mt in to 130,915mt.
25. The total tonnage for the HIV/AIDS component will not be changed. The distributions and operational modalities of the project will remain the same as specified in the approved project document.

TABLE 4. FOOD REQUIREMENTS BY ACTIVITY TYPE			
	Food requirement (mt)		
Activity	Present	Increase	Revised
Activity 1	122,691	8,224	130,915
Activity 2	47,429	0	47,429
Total	170,120	8,224	178,344

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RB Chrono