

BUDGET REVISION 3 TO KENYA PROTRACTED RELIEF AND RECOVERY OPERATION 200294

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

Start date: 1 May 2012 End date: 30 April 2015

	Cost (United States dollars)		
	Current budget	Decrease	Revised budget
Food cost	183,820,285	(9,238,763)	174,581,522
Cash cost	83,757,536	(7,595,250)	76,162,286
External transport	30,608,544	(2,568,655)	28,039,889
LTSH	87,264,196	(3,614,999)	83,649,197
ODOC	22,727,989	3,304,743	26,032,732
DSC	39,538,961	1,800,000	41,338,961
ISC (7.0 percent)	31,340,226	(1,253,905)	30,086,321
Total cost to WFP	479,057,737	(19,166,828)	459,890,908

NATURE OF THE DECREASE (applicable for all projects)

1. This budget proposes to:
 - Decrease food/cash requirements in line with the improved food security situation as reported in Short Rains Assessment;
 - Incorporate the Food & Agriculture Organization (FAO)/World Food Programme joint initiative for food assistance for assets (FFA¹) programming into the Other Direct Operational Costs (ODOC) budget;
 - Increase Direct Support Costs (DSC) by US\$1.8 million to incorporate IT per capita costs in the budget in accordance with ED's Directive of 5 July 2012.
2. The costs of the PRRO will be revised as follows:
 - Decrease food costs by US\$9.2 million and cash transfer costs by US\$7.6 million;
 - Decrease External Transport Costs by US\$2.6 million;
 - Decrease Landside Transport, Storage and Handling (LTSH) by US\$ 3.6 million;
 - Increase ODOC by US\$3.3 million;
 - Increase DSC by US\$1.8 million and decrease Indirect Support Costs (ISC) by US\$1.2 million.

These proposed revisions result in a total budget decrease of US\$19.2 million (proportionate decrease of the PRRO budget by 3.7 percent).

¹ Food Assistance for Assets (FFA) relates to food, cash or voucher transfer modalities.

JUSTIFICATION FOR BUDGET DECREASE

Summary of Existing Project Activities

The protracted relief and recovery operation (PRRO 200294) “Protecting and Rebuilding Livelihoods in Arid and Semi-Arid Areas” was approved by the WFP Executive Board (EB) in February 2012. Two budget revisions have taken place so far: the first revision of the project in August 2012 resulted in revised food cost of US\$184 million, a cash cost of US\$84 million and a revised total project cost of US\$ 479 million. The second revision which took place in March 2013 increased LTSH by US\$280,045.

3. PRRO 200294 aims to support the Government’s social protection strategy and commitment to ending drought emergencies by supporting households in arid and semi-arid lands cope with and recover from recurring drought by rebuilding livelihoods and enhancing resilience. The PRRO is comprised of three components:
 - **Relief:** WFP supports the Government’s national strategy to ensure that food gaps are covered and vulnerable groups are protected through General Food Distributions (GFD) and unconditional cash transfers (UCT), and supports the management of moderate acute malnutrition among women and children under five through the Supplementary Feeding Programme (SFP);
 - **Early recovery and transition:** WFP provides FFA to support the creation of household and community assets that enhance resilience;
 - **Preparedness:** supporting early warning systems, contingency planning and rapid responses.
4. GFD and UCT targets 800,000 drought-affected beneficiaries in arid and semi-arid districts in 2013. UCT targets a small subset of 15,000 GFD beneficiaries in Turkana, Isiolo and Wajir who receive cash instead of food.
5. FFA targets 475,000 and 525,000 individuals using food and cash modality respectively with a total of 1,000,000 planned beneficiaries.
6. Supplementary feeding (individual ration) targets 115,000 moderately acutely malnourished (MAM) children under 5 and pregnant and lactating women (PLW) in the arid and semi-arid districts while the protection ration targets 35,000 household members in the areas not receiving GFD.
7. Micronutrient powders (MNP) are planned to address micronutrient deficiencies for 213,000 children between 6 to 23 months in 8 arid districts where the prevalence of stunting and wasting are persistently above critical thresholds.

Recent assessments

8. The performance of the October to December 2012 short rains significantly improved towards the end of the season after a poor start. Rainfall was average to above average in many areas with the exception of parts of the northern and north eastern pastoral areas.

9. As a result of three successive good seasons in the agro-pastoral zone, and northwestern pastoral areas, and the above average crop production across the southeastern and coastal marginal agricultural areas, substantial improvements to the food security situation has occurred. In addition, above average livestock productivity across the pastoral zones due to sustained availability of grazing resources has boosted milk consumption, improved pastoralists' terms of trade, and has led to increases in livestock herd sizes. Consequently, the food insecure population has declined from about 2.1 million people in August 2012, to about 1.1 million people in February 2013.
10. The food insecure population has declined by about 20, 60, and 70 percent in the northern and eastern pastoral zone; southeastern and coastal marginal agricultural areas and the agro-pastoral zone, respectively. However, food insecurity still exists in localized areas in the northern and northeastern pastoral areas, southeastern and coastal marginal agricultural areas, and the agro-pastoral zones where poor rainfall performance has been persistent.
11. The next rains assessment will be carried out in August/September 2013 to assess the performance of the long rains and its impact on food security for vulnerable populations. The rains assessments provide the basis for reduction or increase in beneficiary numbers and are led by the Government of Kenya (GoK) with the active participation of WFP and other partners.

Purpose of the budget revision

Align beneficiary numbers to the recommendations of Short Rains Assessment

12. The assessed needs and requirements for the period following the short rains (April to September) have reduced due to the favorable short rains compared to the original plan in the PRRO document. The reduction in need is twofold and includes:
 - Reduced numbers of people requiring assistance
 - Reduced assistance period due to seasonality approach where beneficiaries can adequately meet their food needs
13. In the original document it was estimated that 1.8 million would require assistance through GFD, and FFA (food and cash). However, the short rains assessment has determined that 1.1 million people require assistance². Thus in the period between April and September 2013, 441,900 beneficiaries will be supported through GFD (of whom 15,000 will receive cash instead of food), 321,800 and 370,000 through FFA food and cash modality respectively (see table 1). It is the food insecurity improvement in the geographic location, rather than the activity that determines the reduction in beneficiary numbers for each activity. Communities are mobilized on a regular basis where any changes in programming or in scale of beneficiaries (or other pertinent issues) are communicated through our cooperating partners. Community mobilization takes place at least twice yearly following the rains assessments, and more frequently if needed³.

² The improved food security situation has not yet resulted in a major decline in Supplementary feeding programme beneficiaries. Once a trend is observed, a budget revision will be prepared.

³ Although there is a complaints system through relief committees currently in place, a new complaints and feedback mechanism is currently being piloted in several districts. This provides a direct line of communication to Nairobi where complaints are classified as high, moderate or low severity and then addressed at either field or Nairobi level.

TABLE 1: BENEFICIARIES BY ACTIVITY			
Activity	Current	Increase	Revised
<i>Relief</i>			
1. GFD/UCT ⁴	600,000	(158,100)	441,900
2. SFP individual	115,000	0	115,000
3. SFP protection	35,000	0	35,000
<i>Subtotal Relief</i>	750,000	(158,100)	591,900
<i>Recovery</i>			
4. FFA/food	475,000	(153,200)	321,800
5. FFA/cash	525,000	(155,000)	370,000
6. MNP ⁵	213,000	0	213,000
<i>Subtotal Recovery</i>	1,213,000	(308,200)	904,800
<i>TOTAL</i>	1,963,000	(466,300)	1,496,700
<i>Adjusted TOTAL</i> ⁶	1,741,500	(466,300)	1,275,200

Incorporate the Rome-based Agencies' joint initiative for Food Assistance for Assets

14. Following the approval of PRRO 200294, and further refining of the project design; programming opportunities have emerged requiring WFP to enter into strategic alliances for joint programming initiatives with the Rome-based Agencies (WFP, FAO and IFAD) towards a more broad-based complementary partnership to build synergy, provide technical support and deliver as one UN in three target pilot districts of Garissa, Mwingi and Turkana.
15. WFP's key role in the partnership will be to identify and target beneficiaries, lead in the community mobilization for sensitization and capacity development, manage and monitor worksites and work incentives and provide inputs for asset creation activities. FAO will lead the process of identifying and designing resilience projects, and will provide technical expertise to strengthen project implementation. They will also contribute towards the capacity building component through training farmers and pastoralists on improved technologies. Projects to be supported will include irrigation for crops and pasture, natural resource management, support to post harvest handling and storage and will target 63,000 beneficiaries. IFAD is finalizing their 2013 to 2018 country strategy and will join the partnership towards the latter part of the year. IFAD will bring to the table financial investments in resilience oriented projects in the arid and semi-arid areas. Overall, the partnership is expected to strengthen the impact of PRRO's resilience projects.

⁴ UCT is a pilot relief activity that transfers cash instead of food for 15,000 beneficiaries.

⁵ This intervention which was introduced in BR1 is planned for 30 months from November 2012 to April 2015.

⁶ The total number of beneficiaries is adjusted to avoid double counting of those receiving SFP, MNP and GFD. It is assumed that 100% of beneficiaries in SFP and 50% of MNP beneficiaries also receive GFD.

16. The three agencies plan to start with the three districts where both WFP and FAO have existing activities and expand following a lessons learned exercise. This project will continue to be coordinated through the existing KFSSG structure as is the case for the relief and recovery activities of the operation.
17. Under the agreement, WFP's financial contribution will include salaries and travel of operational and technical staff working on the joint project as well as community training and other capacity development activities. To support this initiative, this budget revision proposes to increase the current budget by US\$3.3 million as part of ODOC.

Incorporate IT per capita costs in the budget in accordance with ED's Directive of 5 July 2012

18. A per-capita funding model has been established recently in order to scale the IT costs to the size of the operation and accurately reflect those costs against the appropriate cost category. The total cost for the remaining period of the project for this component is US\$1.8 million.

FOOD REQUIREMENTS

TABLE 2: FOOD/CASH AND VOUCHER REQUIREMENTS BY ACTIVITY				
		Food requirements (mt) Cash/voucher (US\$)		
Activity	Commodity / Cash & voucher	Current	Increase	Revised total
GFD	Commodities	149,539	(3,706)	145,833
FFA	Commodities	145,953	(9,210)	136,743
SFP (individual)	Commodities	10,350	0	10,350
SFP (protection)	Commodities	8,346	0	8,346
MNP	Commodities	96	0	96
TOTAL Tonnage (mt)		314,284	(12,916)	301,368
Cash Transfers	Cash	83,757,536	(7,595,250)	76,162,286
Voucher Transfers	Cash	0	0	0
TOTAL Cash (US\$)	Cash	83,757,536	(7,595,250)	76,162,286

RECOMMENDATION

19. The proposed budget revision for an overall reduction to food and associated costs, resulting in the revised budget for Kenya 200294 is recommended for approval by the Executive Director

Approved by:

Ertharin Cousin
Executive Director
United Nations World Food Programme

Date

ANNEX I-A

BUDGET INCREASE COST BREAKDOWN			
Food ¹	Quantity (mt)	Value (US\$)	Value (US\$)
Cereals	(9,273.00)	(6,664,460)	
Pulses	(1,854.60)	19,473	
Oil and fats	(665.54)	(941,192)	
Mixed and blended food	(1,097.33)	(1,684,868)	
Others	(26.47)	32,285	
Total food	(12,916.93)	(9,238,763)	
Cash transfers		(7,595,250)	
Voucher transfers		00	
Total food, cash and voucher transfers			(16,834,013)
External transport			(2,568,655)
Landside transport, storage and handling			(3,614,999)
Other direct operational costs			3,304,743
Direct support costs (see Annex I-B)			1,800,000
Total WFP direct costs			(17,912,923)
Indirect support costs (7.0 percent) ²			(1,253,905)
TOTAL WFP COSTS			(19,166,828)

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

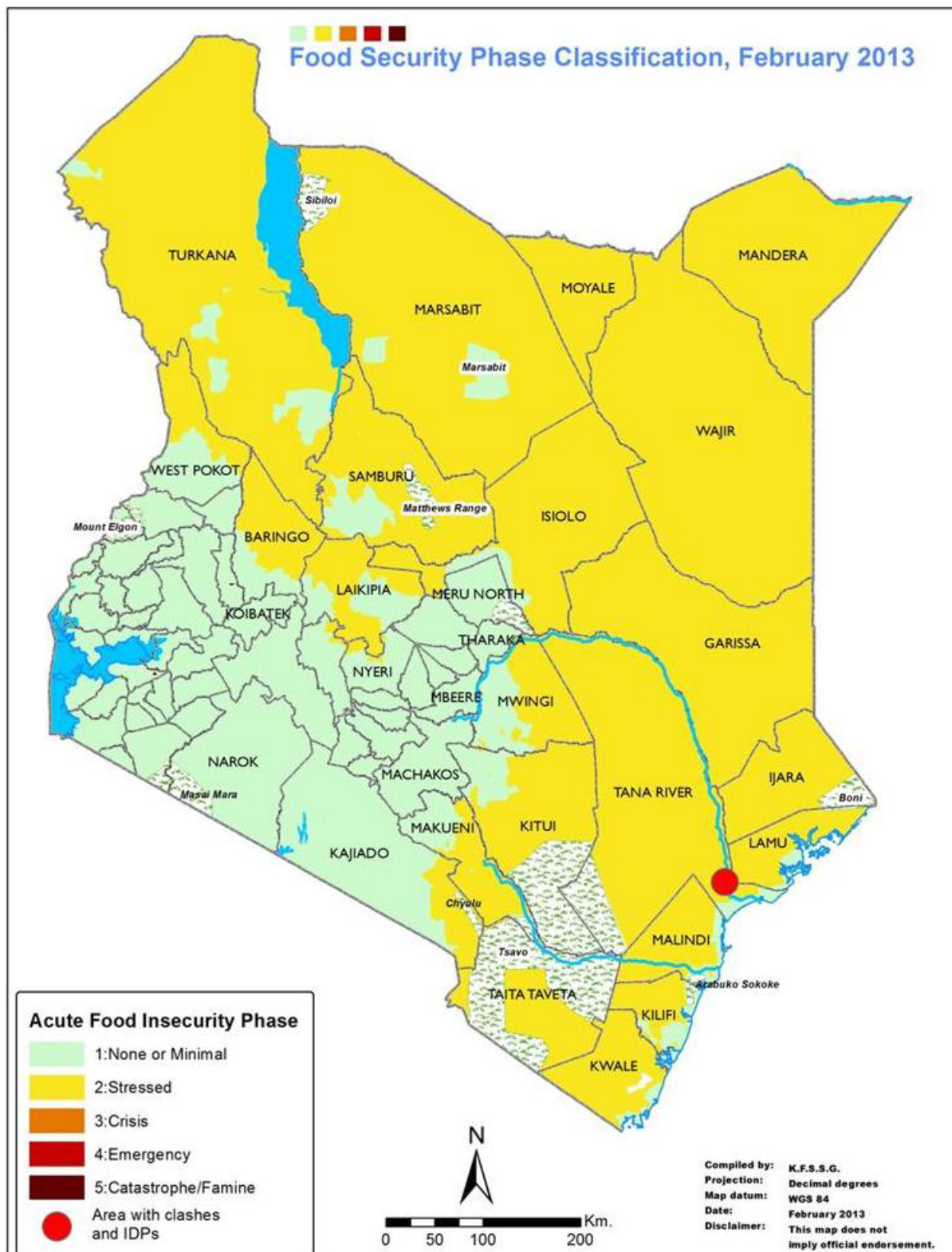
² The indirect support cost rate may be amended by the Board during the project.

ANNEX I-B

DIRECT SUPPORT REQUIREMENTS (US\$)	
Staff and staff-related costs	
International professional staff	00
International general service staff	00
Local staff - national officers	00
Local staff - general service	00
Local staff - temporary assistance	00
Local staff – overtime	00
Hazard pay and hardship allowance	00
International consultants	(123,750)
Local consultants	123,750
United Nations volunteers	00
Commercial consultancy services	00
Staff duty travel	00
Subtotal	00
Recurring expenses	
Rental of facility	00
Utilities	00
Office supplies and other consumables	(164,491)
Communications services	1,800,000
Equipment repair and maintenance	(439,862)
Vehicle running costs and maintenance	(565,572)
Office set-up and repairs	1,169,924
United Nations organization services	00
Subtotal	00
Equipment and capital costs	
Vehicle leasing	00
Communications equipment	00
Local security costs	00
Subtotal	00
TOTAL DIRECT SUPPORT COSTS	1,800,000

ANNEX II

MAP SHOWING AREAS OF OPERATION FOLLOWING RECOMMENDATIONS OF THE SHORT RAINS ASSESSMENT 2013



ACRONYMS USED IN THE DOCUMENT

DSC	Direct Support Costs
FAO	Food and Agriculture Organization
FFA	Food Assistance for Assets
GAM	Global Acute Malnutrition
GFD	General Food Distribution
GoK	Government of Kenya
IFAD	International Fund for Agricultural Development
IPC	Integrated Food Security Phase Classification
ISC	Indirect Support Costs
LTSH	Landside, Transport, Storage and Handling
MNP	Micronutrient Powder
ODOC	Other Direct Operational Costs
PRRO	Protracted Relief and Recovery Operation
WFP	United Nations World Food Programme