

**Kenya Food Assistance to Refugees in Kenya PRRO 200174
B/R No.: 3**

PROJECT REVISION FOR THE APPROVAL OF:

➤ Deputy Executive Director, Operations Department

| | <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> | | | | |
| Regional Director, | | | | |
| Project Budget and Programming Officer, RMBP Chief, RMBP | | | | |
| Chief, ODLT (change in LTSH and/or External Transport) | | | | |
| Director and Deputy CFO, RMB Director, ODX | | | | |
| <u>APPROVAL</u> | | | | |
| Deputy Executive Director, OD | | | | |

Project start date: 1 October 2011 **end date:** 30 September 2014

| | Previous Budget (US\$) | Revision (US\$) | New Budget (US\$) |
|---------------------------------|-------------------------------|------------------------|--------------------------|
| Food cost ¹ | 233,199,035 | | 233,199,035 |
| External transport ² | 51,609,097 | | 51,609,097 |
| LTSH ³ | 66,747,468 | 5,273,923 | 72,021,392 |
| ODOC ⁴ | 8,689,495 | 3,542,602 | 12,232,097 |
| DSC ⁵ | 30,011,254 | 6,343,275 | 36,354,529 |
| ISC (7%) ⁶ | 27,317,945 | 1,061,186 | 28,379,131 |
| Total WFP cost (US\$) | 417,574,294 | 16,220,986 | 433,795,280 |

TYPE OF REVISION

- Additional commodity
 Additional DSC
 Additional ODOC
 Additional LTSH
 Additional external transport
 Other
 Re-orientation
 Extension or Reduction in time

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. This budget revision to the Kenya protracted relief and recovery operation (PRRO) 200174 “Food Assistance to Refugees” is proposed for:
 - additional costs resulting from the implementation of a biometric (fingerprint) identity-check system in Dadaab and Kakuma refugee camps;
 - increased direct support costs (DSC) in line with the recommendations from a recent staffing review exercise; and
 - an increase in the landside transport, storage and handling (LTSH) costs resulting from higher local transport costs (the rate will increase by 11 percent, from US\$178.70 per mt to US\$198.51 per mt, as per the newly approved LTSH matrix).
2. The specific changes to the budget revision are increases of:
 - US\$5.3 million in LTSH;
 - US\$3.5 million in other direct operational costs (ODOC);
 - US\$6.3 million in DSC; and
 - US\$1.1 million in indirect support costs (ISC).

This budget increase will increase the PRRO budget by 4 percent.
3. The proposed biometric identity check system is expected to ultimately result in significant cost-efficiency gains by reducing the number of beneficiaries, which will in turn, enable WFP to reduce its food requirements.

JUSTIFICATION FOR BUDGET INCREASE

Summary of existing project activities

4. Under PRRO 200174 (1 October 2011-30 September 2014), WFP supports refugees in Dadaab and Kakuma camps and surrounding host communities, providing relief and ensuring that the special nutritional requirements of vulnerable groups are met. WFP is currently assisting 575,000 refugees through general food distributions (GFDs) and 36,000 people in the host community through food-for-assets activities. Most of the refugees have fled protracted insecurity and recurrent drought in Somalia.
5. The operation supports Strategic Objective 1 (Save lives and protect livelihoods in emergencies) and contributes to Strategic Objectives 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).
6. Activities under this PRRO include:
 - GFD to meet minimum nutritional requirements of refugees;
 - blanket supplementary feeding for children 6-23 months and pregnant and lactating women;
 - targeted supplementary feeding for malnourished children 6-59 months;
 - hospital feeding for people living with HIV and tuberculosis clients on antiretroviral treatment;
 - support for caregivers of severely malnourished children in therapeutic feeding centres;
 - school meals to improve enrolment and attendance, with take-home rations as an incentive for girls’ education;

- food-for-training activities as an incentive for disenfranchised youth to gain life skills; and
- food-for-assets activities to improve food security in host communities and mitigate tensions with refugees.

Conclusion and recommendation of assessments

7. About 575,000 refugees currently benefit from WFP food assistance in Dadaab and Kakuma camps. The Government encampment policy only allows for humanitarian support of refugees who are resident in the camps. Eligibility for assistance relies on the information provided by the Office of the United Nations High Commissioner for Refugees (UNHCR) on the refugees' ration cards, which is limited to family size and a serial number. The lack of a rigorous identification method leaves the process open to abuse. Ration cards may be passed on and used by non-refugees, or by refugees already holding a card. Some refugees unofficially return to their home countries and most deaths are unreported until verification exercises are held; in the meantime, the ration cards continue to be used to access services in the camps, including food. Ration cards also risk being stolen or taken from their legitimate owners and used to receive food rations until reporting and de-registering is completed. These abuses result in the sale of a portion of relief food on local markets.
8. PRRO 200294 “Protecting and Rebuilding Livelihoods in Arid and Semi-Arid Areas” is responding to acute food insecurity in north-east Kenya (Dadaab) and north-west Kenya (Kakuma) through general food distributions and supplementary feeding for malnourished children/pregnant and lactating women.
9. The most recent joint assessment mission⁷ (JAM) recommended a pilot test of biometric identity checks in Dadaab and Kakuma camps to ensure accurate targeting of beneficiaries receiving general food rations. Recognizing that accurate identification of refugees and asylum-seekers is essential for effective mobilization, efficient use of resources, and enhancing the integrity of the food distribution process, WFP and UNHCR have agreed to establish a method using fingerprint readers, known as the biometric identity-check system, to verify the identity of refugees collecting GFD rations.⁸ The biometric identity-check system is considered to be the most effective means to accurately identify genuine cardholders.
10. Since 2009, the Government, through the Department of Refugee Affairs (DRA), has progressively assumed a greater role in registering and verifying refugees. While DRA is currently working jointly with UNHCR, it plans to assume full responsibility for refugee registration and management of the database in the near future. The DRA has been closely involved in the design process for the biometric identity-check system and has shown full support to WFP and UNHCR.

Purpose of budget increase

11. The purpose of this budget revision is to:
 - introduce a biometric identity-check system in Dadaab and Kakuma refugee camps, which will require an increase in the ODOC and DSC of the PRRO budget;
 - adjust the DSC budget to enhance the country office' staffing capacity, as per the recommendations from a staffing review exercise; and
 - increase the LTSH costs to meet higher local transport costs.

⁷ WFP/UNHCR/Government of Kenya/Donors. Joint assessment mission Kenya, September 2010.

⁸ WFP/UNHCR, Agreement on the access to personal data of refugees and asylum-seekers in Kenya between for the purpose of identity checks during food distribution at Dadaab and Kakuma refugee camps, 29 February 2012.

Introduction of a biometric identity-check system

12. The objective of the biometric identity-check system is to ensure that WFP food assistance is provided only to those refugees who actually reside in the camps and are the legitimate holders of the ration cards. It requires an infrastructure that supports the use of computers, and must be secure enough to contain security situations resulting from contestations by non-legitimate cardholders. To ensure the protection of UNHCR and WFP staff, equipment and infrastructure at final distribution points (FDPs), the design includes recommendations from security officers: a strong perimeter fence, internal security control within the verification halls, and adequate emergency exits for staff. Substantial additional staff will be required to run the system, a proportion of whom must be housed in the secure WFP compounds in Dadaab and Kakuma, thus requiring additional accommodation and offices.
13. The biometric identity-check system will take 18 months to establish and be fully operational, including construction of verification halls at the entrance to each FDP, security requirements, recruitment and training of staff, construction of staff accommodation, and procurement and installation of information technology equipment. Construction costs are 34 percent of the budget increase. The system will be able to process at least 13,000 people per day.
14. Both the Government and UNHCR are in favour of this initiative and are offering the necessary support to ensure its effective implementation. WFP and UNHCR have jointly advocated for donor support and have agreed that WFP would be the custodian of funds received. Responsibility for start-up and implementation will be shared by WFP and UNHCR. A joint biometric technical working group, established in 2011, comprises WFP and UNHCR staff from the areas of programme, information/communication technology, and protection, and is responsible for coordinating and overseeing implementation. An intensive campaign to inform refugees of the new process will be carried out jointly by WFP and UNHCR prior to implementation.
15. Biometrics will be tested in two FDPs, one in Dadaab camp and one in Kakuma camp, during the first half of 2013, before being rolled-out to the remaining four FDPs. In 2014, WFP expects to mainstream the use of the biometric identity-check system in all FDPs. The roll-out plan, including staffing and construction design, will be adjusted based on the first tests in early 2013. Given the precarious security situation in the camps, implementation delays are possible, particularly in Dadaab.
16. Significant cost-efficiency gains are anticipated from using the biometric identity-check system as part of the verification process. Based on WFP's monitoring information, the number of refugees eligible for food assistance is expected to decrease by 5-10 percent, which would result in the food requirements being reduced by 6,000-12,000 mt per year, valued at US\$6-12 million.⁹ Thus the initial implementation costs of the system could be recouped in the first year following the roll-out, with substantial savings in subsequent years. When the reduction in the number of refugees is ascertained, budget revisions will re-align the PRRO food requirements.

Enhancing WFP staff staffing capacity

17. This budget revision also takes account of a review of staff capacity at the WFP Kenya country office, which recommended upgrading of some existing positions, adding a post of senior deputy country director (co-funded with PRRO 200294) and an additional international programme officer.

⁹ Based on the average cost of delivering 1 mt of food of US\$1,000.

Increased transport costs

18. The increase in the LTSH rate from US\$178.70 per mt to US\$198.51 per mt (an 11 percent increase) is a result of increased local transport costs. Transport rates to Dadaab and Kakuma, which are difficult-to-access locations, have increased by 19 percent and 25 percent respectively. Operational costs have also increased following the establishment of two new trans-shipment points in Eldoret and Nairobi, in addition to the existing hub in Garissa. The advantages of the hubs are that they: i) ensure WFP’s ability to reach extended delivery points, especially those in difficult-to-access areas; ii) relieve pressure on Mombasa port; and iii) maximize the use of existing transport capacity.

Hazard / Risks Assessment and Preparedness Planning

19. The implementation of the biometric identity-check system may result in some risks, including violent reactions from non-legitimate cardholders. To mitigate against the risk of violence, the FDP structures in Dadaab and Kakuma will be rebuilt to ensure that they are robust and meet the safety requirements for both the refugees and staff working in the camps.
20. Some refugees who had settled elsewhere in Kenya may return to the camps but the Government allows humanitarian support of refugees who are resident in the camps.

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