



USAID
FROM THE AMERICAN PEOPLE



**Responsive Economic Assistance to conflict-affected Households
(REACH)**

Funded by USAID/ Food For Peace (FFP)

First Quarterly Report

October 30 – December 31, 2014



Federal Low Cost/Gombe Town – A Displaced Beneficiary from a village in Adamawa State, presenting Electronic Voucher,
photo: Sara Murray/Mercy Corps

I. Program Overview

Escalated violence in northeastern Nigeria caused by Boko Haram and the counter-insurgency continues to displace significant numbers of people, contributing to disrupted livelihoods, reduced household incomes, and an increased risk of food insecurity. Gombe state has continued to receive IDPs displaced from Borno, Yobe and Adamawa states due to Boko Haram insurgency and attacks. The Mercy Corps team also observed that there is some movement of people who can afford to do so from Funakaye Local Government (under regular incursions from BH) to Gombe town or other locations.¹ As food has been stated by communities² as the number one priority need for displaced and vulnerable families, Mercy Corps has secured funding from FFP to improve the access to basic food commodities. The *Responsive Economic Assistance to Conflict-affected Households (REACH)* project will be supporting food needs through monthly voucher-based distributions. It is estimated that the project will benefit 28,700 individuals on a monthly basis for the duration of 9 months. The project is being implemented in parallel to OFDA funded NFIs and livelihoods support in the same geographical area. FFP funded interventions will target OFDA beneficiaries and focus on the same geographical coverage, and adapt implementation procedures developed for OFDA project implementation. Mercy Corps believes that by providing comprehensive assistance to the targeted communities, we will be able to have a higher impact on families.

II. Quarter Executive Summary

During this quarter³, the majority of activities have been dedicated to project start-up: recruitment, procurement, selection of provider for the electronic vouchers, beneficiary registration and vendor mobilization. The project has been launched at the community level and in partnership with State Emergency Management Agency (SEMA).

III. Security Context, Situation Overview and Operational Summary

Security: The security situation has deteriorated toward the end of the reporting period, with noticeable increase in the number of suicide bombs targeting various locations within Gombe town and repetitive waves of insurgents on communities in Funakaye Local Government. Last quarter recorded 5 suicide bomb blasts with over 50 casualties and many injured and 3 hit-and-run raids in Funakaye, one of our target LGAs. The security developments affected Mercy Corps movements to Funakaye and restricted monitoring activities in the local markets.

Population movements: Despite the number of security incidents in Gombe, the town is still considered relatively safe and continues recording number of newly displaced families fleeing areas falling under control of Boko Haram or under regular attacks. The majority of families stay with host communities, either in vacated buildings or rented accommodations. The IDP camp in Gombe, originally managed by National Emergency Management Agency (NEMA), was handed over to SEMA in December. According to SEMA records, the camp observed a decrease in the number of camp residents⁴, partially because the camp management encourages families – for the security

¹ Precise number of displaced within Gombe State is difficult to estimate. SEMA, with the assistance from IOM, has introduced more systematic approach to the registration of displaced. Their figures as of beginning of January 2015 show 25,690 individuals displaced in Gombe State. Mercy Corps thinks that those numbers may be underestimated, as the registering mechanism is still not that broadly known and community members may be skeptical and not trusting, particularly given that the registration attempts fall during the busy election schedule and the process may be easily politicized. SEMA currently has 35 full time staff and is planning to double the number, pending approval from the Government. Similarly Gombe Office of NEMA, which has 22 operational staff, is requesting additional support. With the increased human resources, the agencies should be in better position to strengthen their mandatory activities.

² Based on the OFDA funded project baseline survey – 69% of respondents considered food as priority number one for their households

⁴ Camp records showed 680 individuals residing in the camp in the beginning of October and 360 towards the end of December.

reasons - to look for the accommodation within the host communities. While no massive movements have been noted during the reporting period, a steady flow of IDPs continue to arrive in Gombe state and town. Tracking population movements continues to be the biggest challenge for Mercy Corps operations due to a lack of tracking systems at the field level, low community awareness on the importance of registration and safety fears from displaced populations.

Markets: Markets observed price increases for imported commodities such as rice, which is attributed to the drop of Nigerian Naira exchange rate against US Dollar (164-167 NGN/1 USD in the beginning of the quarter and 185NGN/1 USD toward the end). Otherwise price fluctuations in locally produced food and non-food commodities have not been noted during the quarter⁵.

Operations: Mercy Corps has a fully operational office, with separate finance and support functions and dedicated program and M&E team. The team is lead by an expatriate Program Manager, supported by a national Program Coordinator, Program Officers (3), Program Assistants (3), an M&E Officer and M&E Assistants (3). As of the end of December, the team consists of 16 national staff⁶ and 1 international staff member. All personnel and support costs are being shared between OFDA and FFP.

The following fleet has supported operation:

Vehicle Type/ Description	Form of engagement	Quantity	Source Country	Country of Manufacture
Two project vehicles under procurement	Local Procurement	2	Nigeria	TBD
Toyota Highlander	Procured under other grant	1	Nigeria	Japan
Ford Ranger, 4W, pick-up	Procured under other grant	1	Nigeria	USA
Peugeot	Temporary Lease while procurement is ongoing	1	Nigeria	France

* Under FFP grant, Mercy Corps has budgeted for two pick-up trucks. Since November 2014, we observed that pick-ups have become vehicles of choice for Boko Haram and have been frequently carjacked or stolen. To mitigate of the risks involved with visibility, Mercy Corps has decided to change the procurement plans to one SUV and one sedan. Procurement is underway.

Coordination with SEMA, NEMA and other state actors: Mercy Corps continued regular coordination with the local authorities and project line office of SEMA in Gombe, supported by a project MoU that Mercy Corps entered into with the agency in October. Contacts have been established with NEMA at the state level, as well as with the Security Agency. SEMA has expressed its interest in our voucher program, as well as rations distribution. Mercy Corps offered to organise a knowledge-sharing workshop and is looking at the option of sending SEMA staff to Mercy Corps for capacity building. A Memorandum of Understanding with SEMA for the project implementation is under partner review and should be signed in January.

In Abuja, Mercy Corps participates in various coordination efforts, including a newly established INGO Forum, OCHA and donor meetings. Bilateral communication and information sharing have

⁵ As the fluctuation of the prices of imported goods might have affected the value of an average food basket, Mercy Corps will be looking at the actual quantities of food purchased to be able to calculate the gap, caused by the price increase and will keep the donor updated.

⁶ Please note that there are 18 national staff positions between FFP and OFDA projects. Mercy Corps is completing its recruitment in January 2015.

been maintained with other FFP partners as well. Mercy Corps is in discussion with Save the Children to cost-share a Security Officer dedicated to Gombe

Staff Development: Gombe staff attended the following internal and external trainings:

- Do No Harm Training (November 2014): organised by Mercy Corps- 2 Project Officers, 1 M&E Officer and 1 Program Assistant attended
- Program Management at Mercy Corps (December 2014): organised by Mercy Corps- 1 M&E Officer and 1 Finance Officer participated
- Psychosocial First Aid (December 2014): organised by Save the Children- 1 M&E Assistant attended

IV. Project Performance

Unconditional Cash Vouchers

OBJECTIVE 1.1: 4,100 IDP and host households purchase nutritious food that meets the needs of all household members including women, adolescent girls and young children, using food vouchers			
INDICATORS	TARGET	PROGRESS (Q2)	COMPLETION
Indicator 1.1a: # of recipients targeted and reached (disaggregated by sex and age: 6-23 months, 23-59 months, 5-18 years, and ≥18 years of age)	Households: 4,100 Individuals: 28,700	Households: 465 Individuals: 3,255	11%
Indicator 1.1b Actual cost per beneficiary sub-sectors activities	9,600NGN \$60 USD	9,600NGN \$53*USD	100%
Main activities planned for Quarter 1	Progress during reporting period		
<ul style="list-style-type: none"> • Community sensitization • Baseline and market assessment • Gender Analysis • Beneficiary Identification • Vendors identification • Unconditional Cash Vouchers roll-out 	<ul style="list-style-type: none"> • Project has been introduced in three communities that were part of the electronic vouchers pilot • Market assessment has been conducted among 8 vendors participating in the e-voucher pilot • Baseline survey has been delayed until January 2015, once beneficiary lists are completed but before the distributions scale-up. • Gender analysis has been conducted under OFDA project baseline survey and will be shared with consolidated baseline report for FFP • Vendors for the pilot have been mobilized and contracted; additional vendors have been sensitized • 465 families** (average: 4,454 individuals) received Unconditional Cash Vouchers 		

**based on USD exchange rate towards the end of December, 2014*

**128 families (896 individuals) received their cash transfers in the beginning of January, 2015. As this number was a spill-over from December’s e-vouchers pilot, Mercy Corps decided to report on that under Quarter 1. This number will not be reported in Quarter 2.

Beneficiaries: as the intervention is implemented along with OFDA funded assistance, Mercy Corps is using the same registration and beneficiary targeting process. As with the NFIs and livelihoods activities, the process is four-fold:

1. *Community mapping and leaders meeting*: Serves as introduction of assistance, mapping out locations with high concentration of the displaced families. During the meetings the vulnerability criteria are discussed and targeting agreed. Community leaders are to suggest community volunteers and representatives of displaced populations to be involved during registration. Estimated number of families to be targeted in particular community is discussed as well. Leaders are later engaged to assist with community sensitization.
2. *Beneficiary Registration*: door-to-door registration is done by community-based volunteers, ideally accompanied by the representative of the displaced communities. Registration is done on Mercy Corps forms. Volunteers receive prior orientation and guidance on registration protocols.
3. *Registration List Validation*: Upon submission of the registration forms Mercy Corps teams conduct door-to-door verification of the submitted lists. At minimum, 20% of registered families are checked against eligibility criteria and information recorded in the forms. In case of any discrepancies the records are marked for further investigation and the verification rate may be increased. Further beneficiary verification is done at the vouchers distribution point⁷ and during post-distribution monitoring visits.
4. *Beneficiary Selection*: collected data are entered to database and final selection is done based on the selection criteria (family size, family status, etc.). The final beneficiary lists are screened by the community and religious leaders. Their consensus gives the go-ahead for the lists.

Considering the working context and frequent movements of the displaced, the registration is a continuous process. Please see the Challenges Section of this report for problems and issues encountered throughout the process.

For the December pilot, Mercy Corps has been using the lists of beneficiaries who earlier received NFI assistance under OFDA project, with the following targeting criteria: vulnerable residents and displaced families with the five or more family members, female or minor headed households (displaced and residents). For the intervention scale-up we will do our best to include other selection criteria and focus on those more food insecure (for instance, households with pregnant and lactating women, children under 5, etc.).

As we used beneficiary lists earlier confirmed through OFDA distributions, the absentee rate during Food Vouchers pilot was relatively low and accounted at 5%. The following table summarizes the beneficiary breakdown:

	Community	LGA	Number of HH (Round 1)	# of Individuals		
				Female	Male	Total
1	Nassarawo	Gombe	114	741	768	1,509
2	Federal Low Cost	Gombe	82	327	296	623
3	Pantami	Gombe	141	840	736	1,576
4	Kuri	Yamaltu Deba	37	99	99	198
5	Deba	Yamaltu Deba	91	270	279	548
	TOTAL		465	2,275	2,179	4,454

⁷ As a majority of beneficiaries do not have national photo ID card, verification at the distribution site is done by asking several questions that could confirm the information recorded in the beneficiary registry. Any discrepancy between what was in the list and individual answer usually resulted in rejecting the individual or direct for further verification

Because of the security situation in Funakaye, we have not visited the community since the beginning of December. The needs and access will be revisited in January and final a decision about the way forward made accordingly, in communication with FFP. The frequent raids of Boko Haram in Funakaye have caused relocation of resident families to Gombe town.

Mercy Corps has been planning to establish referral⁸ linkages with local CMAMs but unfortunately the strike in the Primary Health Care Sector has left us unable to conduct these meetings.

Vendors: The mobilization of vendors from local markets resulted in Mercy Corps signing contracts with 8 vendors within Gombe and Yamaltu Deba. The initial mobilization process caused quite a few challenges due to a lack of familiarity, and thus trust, in Mercy Corps as a new organization to the region and the voucher modality, which has never before been implemented in Gombe.. Once the contracts were signed and first redemption payments released, the initial fear and suspicions were alleviated. While we have not recorded major problems with vendor performance, there have been a few reports about inflated prices. Once the monitoring team addressed those, we have not recorded similar problems again.

As the main markets tend to be more exposed to the insurgency, for the next quarter we will be planning to activate vendors from community level markets.

Vouchers: As indicated in the project proposal, Mercy Corps was looking for a technology-based solution to deliver the cash transfers for food. A pilot was conducted to test the electronic vouchers modality in Gombe context in December-January. Red Rose Company has been selected as the platform and hardware provider. The following are the main takeaways from the pilot:

- Although limited in scale, the pilot confirmed the efficiency of the technology-based scheme over the paper voucher one. Even in lower connectivity areas (like Kuri in Yamaltu Deba, where the network coverage is sometimes restricted), a system has been worked out without major difficulties.
- To date, feedback collected from the team, beneficiaries and vendors endorses the applicability of the modality in our context.
 - The users were happy with the efficiency of the transaction process (paper vouchers required filling in the sales receipts by hand, for instance, which extended the shopping time. One point that vendors mentioned was: as the transactions through electronic vouchers rely on the cards readers/terminals, vendors are not able to handle more than one customer at the time.
 - Vendors payments are more user friendly using this system, in contrast to the large amount of work that goes into paper vouchers.
 - Online system allows instant access to the transaction information: shopping choices, quantities and prices of goods are available in real time
 - System can merge all M&E functions with implementation and payments: beneficiary data base, distributions and transactions monitoring, post distribution monitoring, etc., can be integrated in one tool
 - System can generate various reports in excel and charts.

Based on the above feedback, Mercy Corps is planning to base all disbursements within REACH on electronic vouchers. The scheme proved to work well in various environments, can be implemented in the sites with limited access and does not need financial institutions involvement (besides payments for the vendors). For larger number of beneficiaries and vendors, the system will require some more groundwork to be done. In order not to delay the project implementation, Mercy Corps will use paper vouchers in January, with a plan to switch to electronic towards the end of February.

⁸ The family of a malnourished child, enrolled in the CMAM could be referred to Mercy Corps for the food assistance.

Transactions: Within the selection of a basket of 17 allowable goods (beans, oil, rice, flour, maize, ground nuts, millet, salt, yam, eggs, etc.)⁹, available at 7 participating vendors, beneficiaries are free to select vendors, commodities and their quantities, as well as break the shopping into multiple trips. The following is a summary of beneficiary transactions:

- Majority of shopping happened immediately after disbursement
- Most of beneficiaries spent all their cash at once
- On average, each beneficiary made 2.65 transactions (either with the same vendor or multiple)
- Each transaction was confirmed by uniquely assigned PIN numbers given to each beneficiary;
- Most money has been spent for the following commodities (the below illustrates the choices based on the sales value, not the quantity):
 - Rice: 39.09% (foreign rice: 34.16% and local rice: 4.93%)
 - Oil (vegetable and palm): 19.19%
 - Pasta: 13.16%
 - Maize: 8.67%
 - Maggi: 6.49%
 - Beans: 3.23%
 - Yam: 2.89%
 - Other: 7.28% (Semolina, Salt, Millet, Guinea Corn, Ground Nuts, Eggs, Garri)¹⁰

Transactions have been synched with the online system almost in real time through 3G connections, available on the terminals. This allowed us to take immediate action in case of any problems such as inflated prices.

The following table illustrates the voucher redemption payment summary and balance left on the cards:

Voucher Type	Voucher Amount (NGN)	# of transfers made	Total Amount Distributed (NGN)	Total Amount Redeemed (NGN)	Balance (still in circulation) (NGN)	Balance (USD)	Avg balance remaining on card (USD)*
e-vouchers for food	9,600	465	4,464,000	4,447,529	16,471	\$91.5	\$0.20

* Average unspent balance remaining on the card in the end of the pilot

V. Monitoring and Evaluation

M&E activities during the previous quarter focused on: 1) beneficiary registration and verification process, 2) designing and setting up monitoring tools and systems, 3) post-distribution monitoring.

Baseline survey: baseline survey for four FFP indicators (Coping Strategies, Household Hunger Scale, Women’s Diet Diversity Score and Minimum Acceptable Diet for Children) has been delayed for January. All data collection will be completed before the rollout of the distributions, sampling the beneficiaries that received the vouchers for the first time. Gender analysis has been done along with

⁹ Basket was pre-defined by Mercy Corps based on the main staple food used in the area and ensuring nutrients diversity. Post-distribution monitoring and trends in goods purchases, shows that the options given meet beneficiaries requirements. Current basket includes: beans, eggs, rice (imported and local), *garri*, (tapioca) ground nut seeds, Guinea Corn, Maize, Millet, Palm Oil, Pasta, Salt, Semolina, Soy Beans, Vegetable Oil, and Yams.

¹⁰ Purchases breakdown based on the money spent, rather than the quantity bought may not be the most accurate illustration; unfortunately for the pilot phase, volume of products purchased was difficult to extract because of the confusion in the measurement units. The quantity of products however will be possible to track at the scale up.

baseline survey under Mercy Corps Nigeria's OFDA intervention and these findings will be incorporated into the final Baseline Report for REACH. The following are the to-date findings:

- Almost all respondents (96%) reported that all household members have equal access to food. This proportion was consistent across respondents of different types (treatment or control), LGAs, and household statuses (resident or displaced). In households where not all family members eat the same, priority is given to younger children.
- Findings suggest that household decisions are mostly made by men. In all households surveyed, adult males accounted for a higher proportion of decision making on a range of topics presented to respondents. However, on each of the topics, women also made decisions¹¹. The proportion of households where women made decisions on the topics ranged from 21% to 32%. Up to 3 in 10 females made decisions on what the family, including children, eating decisions, as well as on who and when to go to the market. On all topics, there were households where the decisions were jointly made by adult males and females. The proportion of households where decisions were jointly made ranged from 14% to 22%. Displaced male adults were more likely to be the primary decision maker than resident male adults, and in situations where women made decisions, resident female adults were more likely to make decisions than displaced female adults.

Beneficiary lists verification: Wherever possible, Mercy Corps did between 20% and 50% of door-to-door lists validation¹². Based on the findings, final beneficiary lists have been generated and shared with target community leaders for their feedback and approval. The process has faced challenges due to inaccurate beneficiary data like missing phone numbers and addresses. In the majority of cases, the validation would not have been possible without the presence of community volunteers, who conducted registration. Inclusion of representatives of displaced communities, as well as mobilizing community and religious leaders, throughout the registration and validation process will continue to be critical to beneficiary selection and validation.

Community feedback mechanism: Mercy Corps maintains dedicated to hosting a community feedback phone line¹³, administrated by the M&E Officer. The line serves to collect feedback and complaints, answer questions about the programs, processes and more. Calls are recorded in the tracking sheet, with complaints categorized and responded to by the appropriate staff member. Those complaints of an operational nature are diverted to the project officers, while complaints related to the code of conduct, transparency of the processes, etc., are being shared with the Program Coordinator and Program Manager. During the last quarter, Mercy Corps recorded 13 phone calls (not including minor and unrelated to the operation questions, such as directions to the office, application deadline, etc.). Through the community feedback line, beneficiaries and non-beneficiaries have been informing us about issues such as higher prices of the goods available through the voucher system, lower quality of goods, absence of vendors, and issues with the registration process. The hotline number is widely disseminated among beneficiaries, as well as printed on the project vendor banners to encourage feedback from community members.

VI. Challenges

¹¹ For instance 14% of respondents agreed that women and men jointly decide on how money should be spent, 15% on what family should eat and when to go to the market; in 21% of cases men and women jointly agree on what non-food items the family needs; 17% decide together on loan and savings etc. The full summary will be included in the baseline report

¹² Number of households visited depended on the access, availability of necessary information that would allow to find a house, presence of beneficiary at home and comfort level of Mercy Corps staff with the particular list and so-far process (problems with the lists would trigger more in-depth verification)

¹³ Line is common for OFDA and FFP beneficiaries

The following are the main operational challenges encountered during the previous quarter:

- The security situation is affecting access to the project sites (Funakaye) and limiting the activities in the markets.
- Community members and volunteers are unfamiliar with the implementation processes, requiring more sensitization, mentoring and supervision from Mercy Corps staff
- Incomplete beneficiary data collected by community volunteers during the registration process. This has resulted from the general low community awareness of the importance of data collection, as well as fear from beneficiaries to share personal information
- Lack of identification documents/cards among beneficiaries makes the verification more difficult (both during the early lists validation process and during cards/vouchers distribution)
- Absence of an efficient mechanism to follow those displaced (the arrivals or departures of families) makes targeting and needs tracking more difficult

VII. Plans for next quarter

Activity	Main activities
Unconditional Vouchers	<ul style="list-style-type: none"> • Complete beneficiary registration to reach the monthly project target of 4,100 families (28,700 individuals) • Mobilize vendors, with total planned number reaching 40 shopkeepers • Scale-up of distributions to reach monthly project target number of beneficiaries (4,100 households) • Set-up e-vouchers platform • Begin nutrition awareness sessions • Finalize decision on the feasibility of Funakaye LGA as target area
Vouchers for Work	<ul style="list-style-type: none"> • Start to generate the list of possible works to be implemented based on community feedback • Prepare purchase request for the required tools
M&E	<ul style="list-style-type: none"> • Complete baseline survey and report for submission to the donor • Continue data quality monitoring • Continue post-distribution monitoring
Election Security Planning	<ul style="list-style-type: none"> • Conduct HEAT training for Mercy Corps staff in Gombe and defensive driving training for drivers and operations • Roll-out e-vouchers to the extent possible before the elections, so in case of inaccessibility to the communities, the cards can be topped up remotely • Ensure election preparedness planning is done with all staff in Gombe and basic risk mitigation measures are put in place, including: <ul style="list-style-type: none"> ○ Movements tracking ○ Back-up communication system set-up (satellite phones based) ○ Key staff able to work from home

VIII. Annexes

- Annex I: Beneficiary Stories
- Annex II: Quarter in Photos