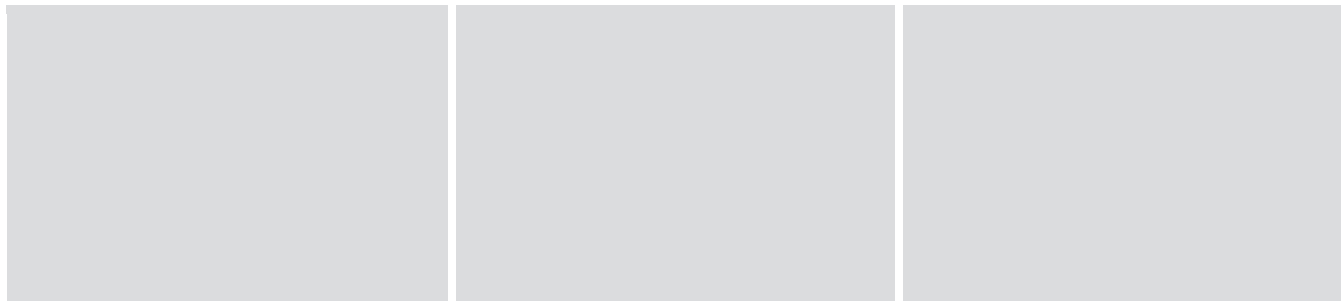


RESPONSIVE ECONOMIC ASSISTANCE TO CONFLICT-AFFECTED HOUSEHOLDS (REACH) 2

FY2018 Q1 Quarterly Report

SEVENTH IMPLEMENTING QUARTER



Program Overview

Since 2009, a violent insurgency and counter-insurgency has been fought throughout Northeast Nigeria. Left in its wake is a humanitarian crisis – 8.5 million people are in need of humanitarian assistance across Borno, Yobe, and Adamawa States, 5.1 million of which are food insecure.¹

Responsive Economic Assistance to Conflict-affected Households (REACH) 2 is a Food for Peace-funded emergency food security project. The goal of REACH 2 is to enhance food security for IDP and host households in conflict-affected parts of Northeast Nigeria.

To assist households in meeting their immediate needs, REACH 2 distributes food vouchers, which also assists in the rapid recovery of small businesses in the food market-chain.

REACH 2 has a community infrastructure component in which participating households work on community projects that rehabilitate community assets and, in return, earn wages in line with local wages and labor laws using the Cash for Work modality. Specific community projects will be selected by recipient communities with practices in place to ensure the input, needs, and perspectives of all community members, including women, men, youth, IDPs, and hosts. Communities are prioritized based on the importance of increasing host community acceptance of the burden of hosting IDPs, or in areas of return where conflict-damaged buildings and other infrastructure are in critical need of rehabilitation.

REACH 2 puts a special focus on ensuring that all components are nutrition-sensitive by incorporating key nutrition messages throughout project activities. Specifically, REACH 2 takes an active role in

¹ Nigeria: Humanitarian Dashboard, OCHA, May 2017

promoting nutritional awareness in targeted areas by developing and deploying information, education, and communication (IEC) messages and materials.

The following will provide an overview of the overall project achievements during the first quarter of FY 2018 – the seventh implementing quarter of REACH 2.

General Update

Security

During the reporting period, REACH 2's operating areas saw significant activity carried out by Armed Opposition Groups (AOGs). Most significant was the attack on the market in Biu, Biu LGA on December 2. Two women carrying person-borne improvised explosive devices (PBIEDs) detonated their devices at the market, killing 23 civilians.

Mercy Corps has been working with communities in Biu since the spring of 2016. This attack is the first to take place in Biu while Mercy Corps has been present. However, Borno State is a highly volatile location and the on-going hostilities have proven fluid and mobile. Therefore, Mercy Corps follows strict security protocols and has contingency plans for situations like these. The security protocols and contingency plans are updated frequently, based on our on-going monitoring and regular re-evaluations of the security situation.

All of Mercy Corps' staff in Biu are safe and accounted for. The attack took place during a long weekend, and many of Mercy Corps' staff were out of town.

Rumors emerged that an International NGO was conducting a distribution at the market at the time of the attack. Mercy Corps would like to state that this was not the case - neither Mercy Corps, nor any other INGO, was conducting any program activities in or around Biu market at the time of the attack.

Additional details on the programmatic impact of the attack in Biu market are found below in the Food Voucher narrative.

Also during the reporting period, the roads leading to and from Damboa continued to see activity by AOGs, with several commercial vehicles being attacked and/or hi-jacked by AOGs.

Mercy Corps maintains a ban on all road movements to and from Damboa, relying instead on UNHAS helicopter flights from Maiduguri. Our security protocols regarding movement to and from Damboa are continuously reassessed.

Population Movements

The International Organization for Migration (IOM) currently estimates the entire IDP population in REACH 2's operating LGAs (Biu, Hawul, Kwaya Kusar, and Damboa) to be 129,321 people. Approximately half of these are located in Damboa. IOM has found that, particularly in Damboa, it is the lack of security that is preventing the IDPs from returning to their communities of origin.²

Operations

The field office in Damboa continues to operate smoothly despite the previously reported road-access

² Displacement Tracking Matrix (DTM), Round XX, IOM, December 2017.

challenges. The office has a full-time Field Office Manager as well as program, operations, and finance staff. Mercy Corps has made a deliberate effort to recruit staff locally, specifically within Damboa itself. This helps to ensure not only local acceptance, but also that operations continue to function smoothly despite any delays or challenges in accessing Damboa through UNHAS' helicopter service.

As the UNHAS flights to Damboa are only available from Maiduguri, Mercy Corps decided to gradually shift the management of the Damboa field office to the Maiduguri hub office. This transition has been completed, and operations in Damboa are now overseen by the Team Leader, Operations Manager, and Field Finance Manager in the Maiduguri office.

During the reporting period, Mercy Corps ended its cooperation with the World Food Program (WFP) in Dikwa. In order to ensure a smooth transition, Mercy Corps actively assisted WFP in finding an alternative partner, in this case CARE. Furthermore, Mercy Corps invited CARE to participate in the December distributions so they could observe the process. The management of the Mass Storage Unit in Dikwa has been handed over to CARE.

Given that CARE had a limited presence in Dikwa, Mercy Corps has helped facilitate their set-up by letting them work from our office, and by transferring staff-members who used to be dedicated to the WFP-funded program to CARE.

All of the above helps to ensure continuity and that general food distributions and blanket supplementary feeding activities in Dikwa continue to run smoothly.

Mercy Corps remains in Dikwa, operating a portfolio of programs focusing on shelter, food security, livelihoods, non-food items, and WASH. To determine the feasibility of market-based food security and other cash-based programming, Mercy Corps is planning a market assessment in Dikwa for Q2 FY2018.

Humanitarian Coordination

During the reporting period, the Cadre Harmonise was published, following data collection and several analysis workshops. Mercy Corps participated actively in the initial discussions in Maiduguri, as well as at the regional analysis workshop for the Northeast (in Yola, Adamawa State), and at the country-level workshop in Abuja. Given Mercy Corps' strong presence in Damboa and leading role in food security work, Mercy Corps was able to provide up-to-date data on key food security indicators, thereby helping the Cadre Harmonise process.

The Cadre Harmonise predicts that two LGAs where Mercy Corps is currently operating food security programming, Damboa and Ngala, will be in IPC 2.0 Acute Food Insecurity Phase 4 (Emergency) by June 2018, which is a deterioration from the current situation in both locations.

Mercy Corps also continues to host the monthly SGBV sub-working group meeting for southern Borno, and is currently working with other actors in Damboa to set up an LGA-level SGBV-sub-working group there as well.

Staff Development

To strengthen the technical management of REACH 2 and other projects using Cash-Based-Transfers, Mercy Corps recruited a technical Cash Manager. The Cash Manager has taken up his position and is overseeing and helping to ensure the quality of our cash based program activities, such as the food voucher and cash for work components of REACH 2.

Food Vouchers

Sector #1 Food Vouchers	Objective: IDP and host community households consume sufficient quantities of diverse and nutritious foods.			
Beneficiaries Reached FY2018 Q1	109,559 IDPs: 83,046 Total HH: 15,994			
Geographic Area	Biu and Damboa LGAs, Borno State			
Indicators	Disaggregates			
Total number of project participants reached to date.	Total	Female	Male	IDPs
	125,410	60,197	65,213	83,046
Actual average cost per project participant in FY2018 Q1.	\$41.18			
Average cost per project participant per month in FY2018 Q1.	\$13.73			

Progress Narrative – Food Vouchers

During the reporting period, Mercy Corps reached 15,994 vulnerable, conflict-affected households in Biu and Damboa LGAs with monthly food vouchers.

Biu Incident

As described under the Security section in this report, on December 2, two PBIEDs were detonated at the main market in Biu town. In order to ensure the safety of our beneficiaries, Mercy Corps put a halt to food voucher activities in Biu. Main Market-vendors in Biu collaborating with the REACH 2 program were requested to submit their voucher redemption terminals as a precautionary measure.

In addition, Mercy Corps decided to put a halt to the planned voucher top-ups for December, in order to properly ascertain the security situation and determine what, if any, risk REACH 2 beneficiaries might be exposed to if the food voucher activity was to be resumed.

Following consultations with security actors, local community leaders, and the market vendors, Mercy Corps has determined that it is safe to resume voucher top-ups in Biu. This will happen in January 2018.

Squid E-Vouchers Distribution

During the reporting period, Mercy Corps distributed e-vouchers to beneficiaries in Damboa LGA. A total of 12,756 beneficiary households received their e-vouchers in October. These were some beneficiaries who had been re-verified from the original 14,500 beneficiary households in Damboa LGA.

To make up for the shortfall, Mercy Corps conducted additional registrations in Damboa LGA and selected 1,744 vulnerable, conflict-affected households based on the agreed-upon selection criteria.

From these 1,744 beneficiary households, Mercy Corps was able to distribute the e-vouchers to 1,718 of them during the reporting period, with the remaining 26 beneficiary households to receive their e-vouchers in January.

Cash Transfers

Sector #2 Cash Transfers	Objective: IDP and host community households reduce negative coping strategies to respond to food needs.			
Beneficiaries Reached FY 2018 Q1	2,538 IDPs: 0			
Geographic Area	Biu, Hawul, Kwaya Kusar, and Damboa LGAs, Borno State			
Indicators	Disaggregates			
Total number of project participants reached to date.	Total	Female	Male	IDPs
	2,538	1,350	1,188	0
Actual average cost per project participant in FY2018 Q1.	\$58.08			
Average cost per project participant per month in FY2018 Q1.	\$19.36			

Progress Narrative – Cash Transfers (Cash for Work)

During the reporting period, Mercy Corps successfully conducted cash for work (CfW) activities in 19 communities across Biu, Hawul, and Kwaya Kusar LGAs. The CfW component aims at empowering communities to actively participate in the rehabilitation of community assets. In addition, the CfW component is part of Mercy Corps' strategy to help build community resilience and self-sustenance during recovery following the destruction of assets and infrastructure by the insurgency.

Cash for Work Activities

During the reporting period, CfW participants continued to work on the community projects. A total of 2,538 individuals (1,188 men and 1,350 women) participated in the CfW activities across the 19 communities on a total of 40 projects. The CfW projects included producing 1,340 school chairs for primary schools, classroom rehabilitation, and the establishment of a refuse dump at a market (in Shaffa).

The projects involved predominantly un-skilled laborers (2,414), but with some (124) skilled laborers to assists and help instruct tasks involving carpentry and masonry.

The CfW project participants were involved in the process of determining work days and time schedules. In addition, attendance was mandatory and participants' cash transfers were paid based on attendance records.

Cash Transfer Modality

Mercy Corps engaged the Development Exchange Centre (DEC), as a third party money transfer agent, to facilitate the cash transfers to the CfW participants. After completion of a CfW project, participants received cash in hand from DEC at a safe location. This process was monitored by Program and M&E staff from Mercy Corps. The transfer value was in-line with the local labor market rate, albeit designed to be slightly less so as to avoid a pull-factor from neighboring communities. Skilled and unskilled laborers received NGN 2,500 and NGN 1,500, respectively, per day. Therefore, beneficiaries received different sums, depending on the number of days they worked and if they provided skilled or unskilled labor.

Complementary Food Security Services

Sector #3 Complimentary Food Security Services	Objective: IDP and host community households reduce negative coping strategies to respond to food needs.			
Beneficiaries Reached FY 2018 Q1	24,087 IDPs: 0			
Geographic Area	Biu, Hawul, Kwaya Kusar, and Damboa LGAs, Borno State			
Indicators	Disaggregates			
Total number of project participants reached to date.	Total	Female	Male	IDPs
	56,349	49,079	7,272	55 ³
Actual average cost per project participant in FY2018 Q1.	\$ 0.26			
Average cost per project participant per month in FY2018 Q1.	\$ 0.09			

Progress Narrative – Complimentary Food Security Services

During the reporting period, Mercy Corps ensured that the distribution of e-vouchers was accompanied by sensitization on key nutrition messages. At the distribution points, beneficiaries often choose to arrive early to be sure that they received their e-voucher. If a distribution is split across several days, beneficiaries are informed in advance on which day they need to be present, but many choose to be present for all days of the distribution.

The above results in beneficiaries waiting near the distribution point in large numbers, and Mercy Corps utilizes this situation to provide nutrition sensitization to our beneficiaries.

The mass sensitization at distribution points does, however, not stand-alone. These are accompanied by the women's nutrition support groups, the members of which sensitize their communities on Community-

³ Note: The members of the women's nutrition support groups do not collect information on the IDP/host status of those they sensitize. The number here reflects only the number of IDPs currently in our women's support groups.

based Management of Acute Malnutrition (CMAM) and Infant and Young Child Feeding in Emergencies (IYCF-E).

During the reporting period, the women's nutrition support groups reached 24,087 people with key nutrition messaging. A break-down of this number is found in the table below.

Mothers children under 6 months of age	Mothers w. children aged 6-24 months	Pregnant women	Women of child bearing age	Grandmothers	Adult men
5,010	4,051	5,225	3,787	2,849	3,167

Challenges and Lessons Learned

- Post distribution monitoring exercises revealed that approximately 10% of respondents were not aware of the timing of their top-up ahead of the date. Although 10% is not a very large proportion, it is still a significant portion of beneficiaries who are not receiving key pieces of information through Mercy Corps' usual communication channels. Mercy Corps is following up with our Community Relief Committees to assess means of ensuring that we reach all beneficiaries with key messages such as the dates of top-ups.
- The primary challenges encountered by the program relate to insecurity. As described above, Mercy Corps mitigates these risks by following strict security protocols, which are frequently updated based on on-going monitoring and regular re-evaluations of the security situation. Further, having a fully operational field office in Damboa – managed by the Mercy Corps Hub office in Maiduguri – helps to ensure continuous program oversight despite the insecurity on the roads leading to and from Damboa.
- Following the delays and challenges with the sQuid platform, Mercy Corps finalized the tendering process and selected Nagis platform on November 17, 2017. Among the things that facilitated the decision-making process for this platform was the use of biometrics at registration and redemption stages to ensure a strong mitigation measure from potential fraud risks. Nagis has a strong data protection policy in place and can track all transactions that happen on the database by using Database Activity Monitoring (DAM) program, which also has a warning system.

Monitoring and Evaluation (M&E)

During the reporting period, Mercy Corps' M&E Team led two Post Distribution Monitoring (PDM) exercises. Highlights from the PDMs include:

- All beneficiaries interviewed had received their top-ups at the time of the PDM
- Very few beneficiaries (2%) mentioned facing any challenges when redeeming their vouchers. This was mainly problems around vendors having poor quality goods or not having all of the wanted commodities in stock.
- Approximately 10% of the beneficiaries mentioned that they were not informed about the top-up prior to receiving it. This is covered in the "Challenges and Lessons Learned" section above.

Beneficiary Retargeting

In light of the improved food security situation in Biu LGA, Mercy Corps commenced the retargeting exercise to ensure that only those still in need of food assistance will continue to receive the monthly top-ups. This exercise was carried out in all of the REACH 2 communities in Biu LGA.

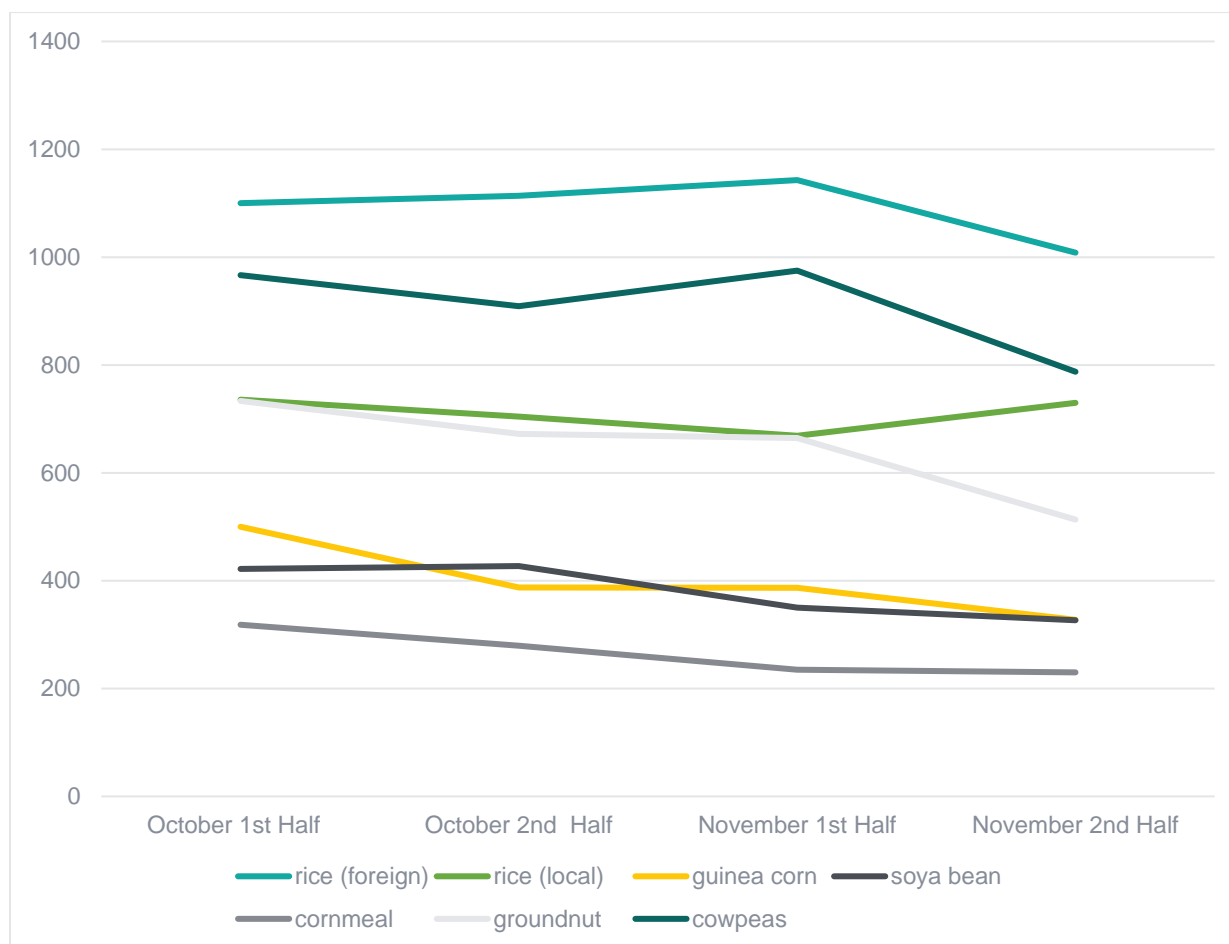
The outcome of the exercise was that the original 4,053 beneficiary households reduced to 3,000 households still in need of food assistance. Together with the 1,194 additional beneficiaries registered (including new arrivals displaced as a result of NSAG attacks on Sabon Gari reported in previous quarterly reports), the total number of beneficiary households in Biu LGA will be 4,194.

Price Monitoring

During the reporting period, Mercy Corps' M&E Team conducted bi-weekly price monitoring in the areas in which REACH 2 beneficiaries reside in order to ascertain the costs and availability of the goods for which REACH 2 beneficiaries can redeem their vouchers. The below charts show the price fluctuations of key staples.

Price Per Modu (Bowl) of Staples

Please note: Due to the attack on Biu Market and the closing of Mercy Corps' offices over the holidays, no price monitoring took place during the month of December. Price monitoring resumed in January 2018.



As shown in the chart above, the prices for key staples in REACH 2's operating areas have remained relatively stable during the reporting period, with the notable exception of the price of groundnuts dropping. This is due to a successful groundnut harvest in October.

Using an average of the prices collected during the reporting period, the monthly voucher value of 25,000 NGN for Biu and 23,000 NGN for Damboa still covers more than the minimum 75% of the daily caloric needs for a household of seven. Given this, Mercy Corps is planning to maintain the voucher at its current value for the time being. Mercy Corps will continue to monitor prices in our operating areas and reevaluate the voucher value as necessary.

Actuals Table

	Cash Transfer	Food Voucher
Planned # of Vouchers/Transfers for reporting period	2,000	60,000
Value of individual Voucher/ Transfer (\$USD) ⁴	44.91	Biu LGA = 70.21 Damboa LGA = 64.60
Total Amount Approved (\$USD) for Cash/Vouchers for reporting period	N/A	4,074,981.98
Actual # of Vouchers/ Transfers Redeemed for reporting period	2,538	33,362
Total Actual Cost (\$USD) for Cash/Vouchers for reporting period	147,413.20	4,511,486.76
Actual Number of Beneficiaries per month	October = 0 November = 0 December = 2,538	October = 3,596 November = 109,559 December = 85,735
# of Months of Cash/Voucher support within reporting period	1	3
Frequency of Cash/Voucher Distribution within reporting period	1	3
Planned number of recipients for the reporting period	2,000	136,868
Actual number of recipients reached for reporting period	2,538	109,559
Time from signed agreement to first distribution to beneficiaries (if applicable to this reporting period)	N/A	N/A

⁴ Using the exchange rate of 356.031 NGN = 1 USD.