

KENYA RED CROSS

Resource flows and the
humanitarian contribution

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EXECUTIVE SUMMARY

Arguably the world's largest humanitarian organisation, the International Red Cross and Red Crescent Movement has a complex resource mobilisation architecture, which not only includes the International Federation of Red Cross and Red Crescent Societies (IFRC), the International Committee of the Red Cross (ICRC) and national societies but also non-Movement donors such as governments, individuals and companies. Furthermore, national societies operate a range of initiatives to generate income domestically.

This study explores this architecture from the perspective of a recipient national society. The Kenya Red Cross Society (KRCS) provides an excellent example, as not only does it receive funding from Participating National Societies (PNSs – donor national societies), the IFRC and the ICRC, but it has also embarked on quite ambitious enterprises to increase its domestically raised income. Its two main ventures are a private ambulance service (E Plus), which is now Kenya's largest ambulance service, and a chain of hotels (Red Court).

Total income for the KRCS in 2010 was US\$19.6 million, compared with US\$28.2 million in 2009. In both years, the largest source of income was from PNSs – 30.8% in 2009 and 28.5% in 2010 – while the second largest source was from income generation activities conducted at headquarters level, which contributed 26.6% in 2009 and 28.0% in 2010. Although there is some income and expenditure detail in its annual report, the KRCS admits that it does not know the exact income for the whole society. This is mainly because domestically raised income at regional and branch levels remains uncounted by the headquarters.

Furthermore, there may be some double-counting when funds move between branches and headquarters, as well as in the recording of costs recovered from projects. However, being able to calculate the exact income is an aim of the society's 2011–2015 strategy.

In 2010, the largest share of income generation to the headquarters came from administration costs recovered from projects (37.9%), while in 2009 property provided the largest source of income (31.0%). As the KRCS receives free land from the government and from the community at the branch level, it is in a good position to pursue property ventures. While many organisations can be given community-owned land, the Kenyan Government does not provide any other organisation with free land (with the exception of the Scouts movement). Flexible funding from within the Movement also helps the KRCS to develop its income generation activities. For example, private income to PNSs can be used to refurbish property that can be rented.

The KRCS is keen to reduce its dependence on external funding so that it can undertake activities not usually funded by donors, such as conducting needs assessments, rapidly responding to disasters when donor funds are not yet forthcoming and responding to smaller-scale emergencies. However, high-profile income-generating schemes come with an additional challenge, as there may be a perception that the KRCS is an elite society, which could result in a reluctance to contribute resources, be they financial, material or human.

INTRODUCTION

The International Red Cross and Red Crescent Movement is arguably the world's largest humanitarian organisation, and with 186 national societies, covering almost every country, it has an unrivalled global presence. Such an extensive Movement, made up of the International Federation of Red Cross and Red Crescent Societies (IFRC), the International Committee of the Red Cross (ICRC) and national societies, comes with a complex resource architecture. By examining the resource flows from a country perspective, the Global Humanitarian Assistance (GHA) programme wanted to understand the functionality of the Movement's fundraising mechanisms and how the different funding flows shape the overall humanitarian response.

This case study, carried out in February 2011, set out to map the sources and volumes of funding to the Kenya Red Cross Society (KRCS) as well as the scope of the various resource flows. The wider contribution of the KRCS to the country's overall humanitarian response was also explored, considering the auxiliary role the society plays to the Government, the extent of its autonomy, its role within the humanitarian system and its relationship with key stakeholders. The methodology included the compilation and analysis of financial data and key documents, as well as conducting interviews and focus group discussions with a range of stakeholders in Nairobi and in Garissa and Machakos, two districts where the KRCS has been implementing humanitarian assistance.

BACKGROUND TO THE KENYA RED CROSS

The Kenya Red Cross Society Act of 1965 legally transformed the Kenyan branch of the British Red Cross into the Kenya Red Cross Society. This Act officially recognised the society as an auxiliary to the Government of Kenya in the humanitarian field, in accordance with the 1949 Geneva Conventions. The KRCS constitution also states that, alongside this auxiliary role, the society maintains an autonomy which allows it to act in accordance with the Fundamental Principles of the Movement at all times. With its headquarters in Nairobi, the current structure of the KRCS is organised across eight regions and 63 branches, covering the entire country.¹ Approximately 500 staff and 40,000 volunteers work for the KRCS.

The focus of the governance structure is upon policy development. There are boards at the national level (the National Executive Committee) and at regional and branch levels, which are elected by members. The Council sits at the highest level of the KRCS and is headed by the Governor. This body consists of members of the National Executive Committee and four representatives from the eight regions. A substantial amount of campaigning takes place during the election period, with elections being held every three years, and there is strong competition for places on the boards at all levels.

Humanitarian response is managed through a Disaster Management Unit, which has three elements – disaster preparedness/disaster risk reduction (DRR), disaster response and tracing services. The activities of this unit are guided by the KRCS strategy. The society's 2011–2015 strategy has recently been launched and focuses on three thematic areas: operational excellence, investing in people and building a strong national society. While the Government's national disaster policy has not yet been finalised, the KRCS has its own disaster policy which runs alongside each five-year strategy (although the disaster policy for 2011–2015 has yet to be developed).

As outlined in the 2011–2015 strategy, the KRCS is hoping to move away from food aid and towards community resilience. To date, it has implemented two small projects classified as DRR: one on fire prevention for informal settlements and the other on road safety. A Vulnerability and Capacity Assessment (VCA) is currently being conducted in the North Eastern region with a view to starting a DRR project in drought-prone communities. There are also elements of DRR in its Food for Assets programme (also known as Food for Work), as the work undertaken by the community is aimed at building structures that reduce vulnerability.

In January 2011 the KRCS launched a drought appeal for KES 1,980,392,736 (US\$23,257,000) to assist 1,860,000 beneficiaries for six months in six of the country's eight regions.² Planned activities include food distribution, targeted supplementary feeding, de-stocking livestock, providing transport to markets, water trucking, rehabilitation of boreholes, nutrition education and hygiene promotion.

¹ The eight regions of the KRCS do not exactly match the eight administrative provincial boundaries of the country; there is a 70% overlap.

² The appeal covers Garissa district but not Machakos district.

KENYA HUMANITARIAN PROFILE AND STUDY AREAS

As described in the Kenya Emergency Humanitarian Response Plan 2011, the humanitarian strategy in Kenya is informed by a combination of underlying humanitarian issues, which include the impact of climate change on food security and livelihoods, endemic diseases and high levels of malnutrition, inter-communal resource-based conflicts, urban vulnerability, the socio-economic dynamics of refugee camps influenced by the situation in Somalia and Sudan, the humanitarian needs of a residual caseload of displaced populations resulting from the 2008 post-election violence and needs emanating from disasters such as floods and mudslides.

Drought is the most prevalent natural hazard in Kenya, affecting mainly the Eastern and North Eastern provinces and parts of Rift Valley and Coast provinces. Pastoral communities living in the arid and semi-arid land (ASAL) areas, which make up 80% of the country, are particularly vulnerable to hunger. Around two-thirds of urban residents live in slums where conditions are appalling. Kenya also hosts the largest number of refugees in eastern Africa, approaching 400,000 people. It receives hundreds of Somalis every day. The majority of refugees live in Daadab, close to the border with Somalia, which is the world's largest refugee camp. Daadab was built to house 90,000 people but the number living there exceeds this. In addition, many Kenyans are internally displaced. The United Nations Office for the Coordination of Humanitarian Affairs

(UNOCHA) estimated that 350,000 people were displaced after the post-election violence and, while many have returned home, some have not, though the number is unknown.

Floods and associated epidemics seasonally affect various parts of Kenya, especially along the flood plains in the Lake Victoria basin and the Tana River. Figure 1 shows the five disasters which affected the most people between 1900 and 2011.

Figure 2 shows total official development assistance (ODA) and total humanitarian aid received by Kenya between 1995 and 2009. Over this period, humanitarian assistance has been steadily increasing and, despite a small decline between 2000 and 2002, ODA has also been increasing since 1999. In 2009, ODA per capita was US\$46, whereas the figure for humanitarian assistance was US\$9.

STUDY SITES

Garissa district in North Eastern Province is located in the ASAL areas and most of its rural inhabitants are either nomads or pastoralists. There has been cyclical drought since 2004, with a slight break in 2008, and the area is also prone to flooding, when heavy rain that falls in the highland areas washes downstream. The KRCS has conducted general food distribution in this area since 2004 in partnership with the World Food Programme (WFP) and currently operates 150 distribution centres.³ Other

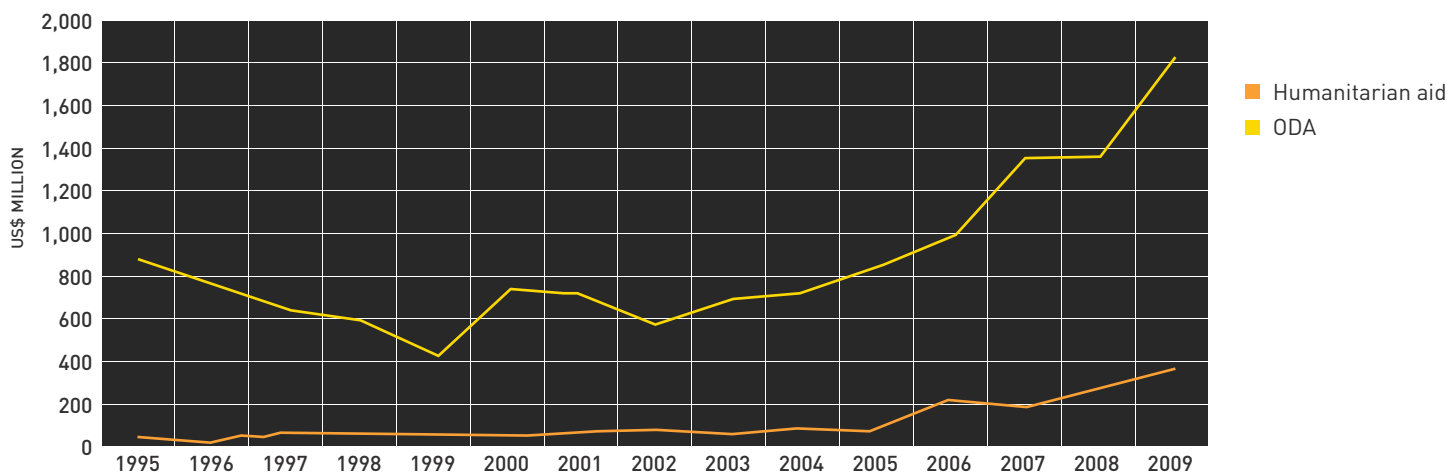
FIGURE 1: THE FIVE DISASTERS WHICH AFFECTED THE MOST PEOPLE BETWEEN 1900 AND 2011

DISASTER	DATE	TOTAL AFFECTED
Drought	December 1999	23,000,000
Epidemic	January 1994	6,500,000
Drought	July 2008	3,800,000
Drought	December 2005	3,500,000
Drought	1991	2,700,000

Source: EM-DAT: The OFDA/CRED International Disaster Database

³ In some areas, the KRCS took over from CARE in 2006.

FIGURE 2: TOTAL ODA AND HUMANITARIAN AID RECEIVED BY KENYA, 1995–2009



Source: OECD DAC

KRCS projects running in collaboration with WFP are those of Food for Assets (FFA) and supplementary feeding projects (these are also run in collaboration with the United Nations Children’s Fund (UNICEF)). In some areas KRCS is contracted by WFP to operate its Extended Delivery Point (EDP) which means storing WFP food in a KRCS warehouse.⁴ During the floods the KRCS also distributes non-food items (NFIs). Two food pipelines operate in Kenya, one with

food sourced by WFP and the other with food sourced by the Government; the KRCS is the sole distributor of food provided by the Government.

Machakos in Eastern Province does not lie in the ASAL areas, yet it still suffers from drought, albeit to a lesser extent than the north. The KRCS has periodically distributed food relief in this area, most recently in 2010.

RESOURCE FLOWS

While programme costs are currently entirely funded from external sources and are likely to continue to be so, the aim of the KRCS is that all core costs should be financed from domestic sources; branches should be able to finance their own staff and running costs, for example. Machakos is the first branch to achieve this.

As such, the KRCS has been trying to expand the volume of income from income generation activities (IGAs). These are quite diverse and include two large business ventures (Red Court and E Plus– see below) as well as a range of smaller activities. External sources include governments, UN agencies, the Red Cross and Red Crescent system, other international organisations and the international private sector.

Being part of the Red Cross and Red Crescent Movement, national societies have

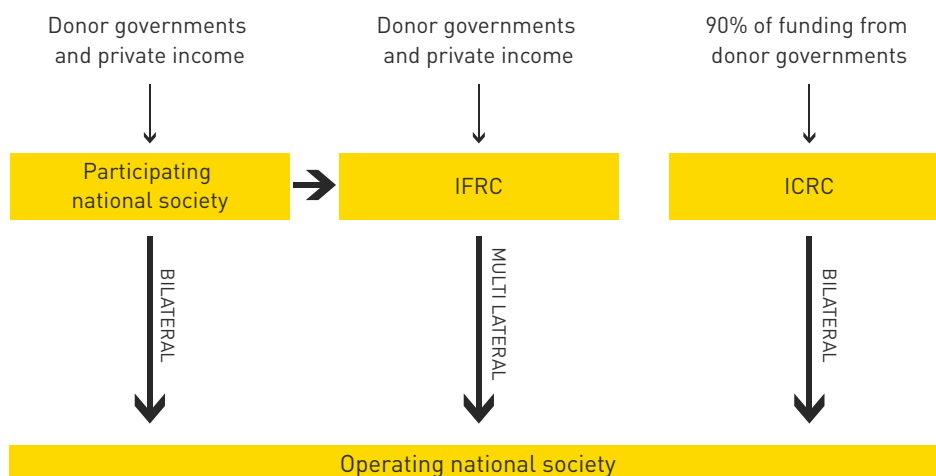
access to a significant web of resources. Participating National Societies (PNSs) – the donor societies – do not implement projects but work in partnership with the Operating National Society (ONS) – the recipient, or implementing, society – to implement projects.⁵ The relationship between a PNS and an ONS is bilateral.

The relationship with the ICRC is bilateral. The ICRC has a central pool of funds which are mainly received from donor governments. It tries to keep the earmarking of these funds at a low level. An ONS can also receive funds from the IFRC, the primary source of which can either be private income, donor governments or a PNS. The relationship with the IFRC is multilateral.

⁴ It implements FFA in four of the six districts targeted by WFP for this approach.

⁵ When a PNS receives funds from a donor, it becomes the recipient and the ONS becomes the sub-recipient and implementer of the funded project.

FIGURE 3. BILATERAL AND MULTILATERAL FUNDING FLOWS WITHIN THE INTERNATIONAL RED CROSS AND RED CRESCENT MOVEMENT

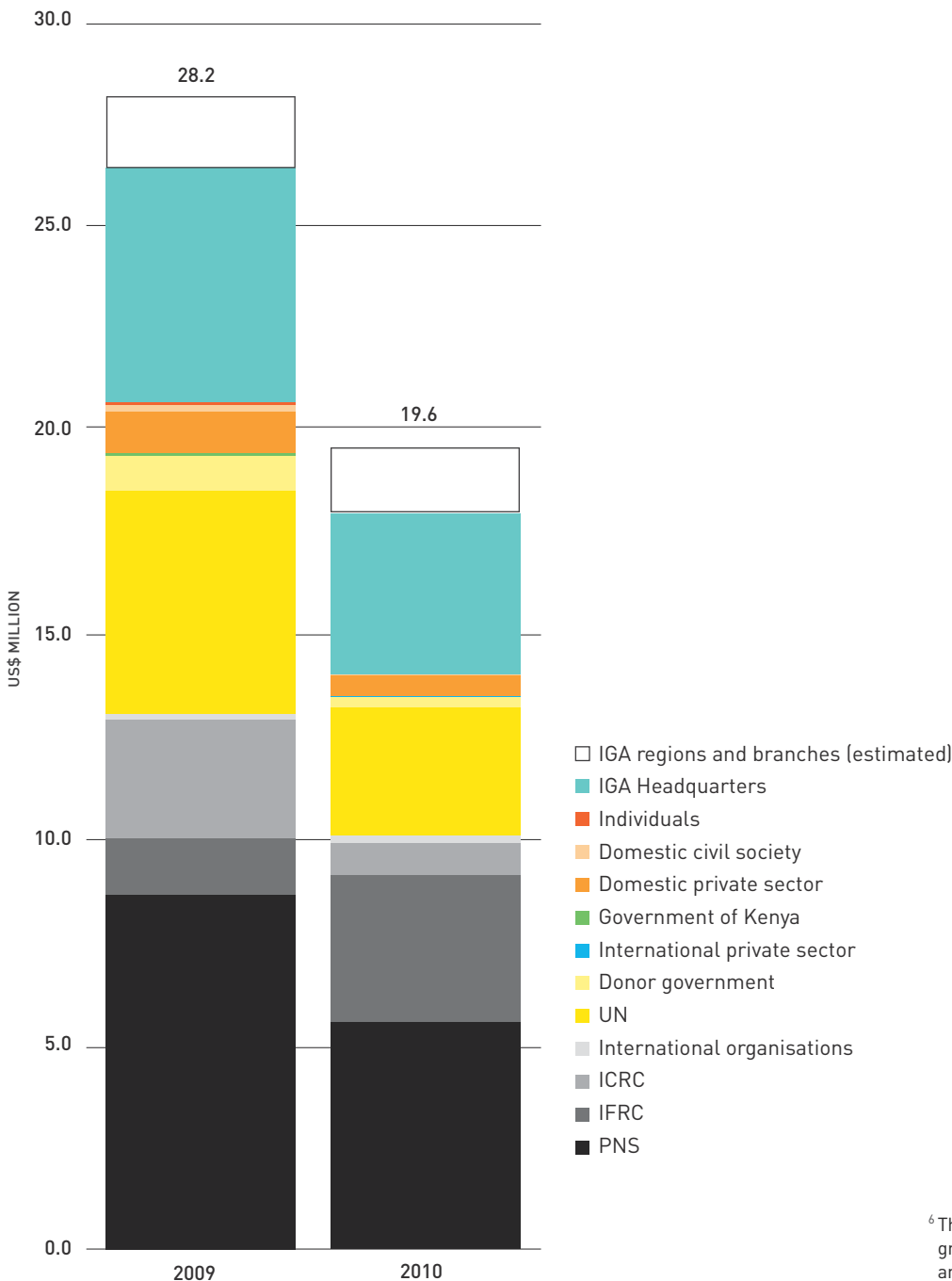


SOURCE OF INCOME

The total income for the KRCS in 2010 was US\$19.6 million (KES 1.5 billion), compared with US\$28.2 million (KES 2.0 billion) in 2009.⁶ In both years, the largest source of income was from PNSs – 30.8% in 2009 and 28.5% in 2010 – while the second largest source was from IGAs conducted at headquarters level – 20.3% in 2009 and 20.1% in 2010. If the IGAs of the headquarters, regions and branches

are totalled, they collectively remain the second largest source of income (26.6% in 2009 and 28.0% in 2010). In 2009, the third largest source of income was from the UN (19.3%), whereas in 2010 it was from the IFRC (18.4%). However, within the income generation category there are questions around what is classed as income generation, as well as issues regarding double-counting (see below).

FIGURE 4. TOTAL INCOME FOR THE KRCS IN 2009 AND 2010



⁶ This estimated total for 2009 was KES 43,554,000 greater than the figure published in the KRCS 2009 annual report. However, there will be differences in the way that the figures are calculated. For example, the figure in the annual report does not include rent from the Red Court hotels or income generated at regional or branch level. Unfortunately, there was no scope to discern where the differences may lie.

INCOME GENERATION

RED COURT HOTELS AND OTHER PROPERTY

Perhaps the most ambitious venture of the KRCS is its Red Court hotels. The KRCS had been paying significant sums for training sessions and accommodation and therefore developed a plan to build a Disaster Management Training Centre with accommodation facilities. After speaking to the business community, plans evolved to run a business venture within the hotel industry.

The total cost of the first hotel, which opened in Nairobi in 2007, was US\$7 million, 80% of which came from the KRCS while 20% came from PNSs. The KRCS raised its share from selling property and cashing in investments, while the land for the hotel was provided by the Government. Crucially, as part of the auxiliary role that the KRCS plays to the Government, it does not receive funds but does receive land free of charge.⁷ With the exception of the Scouts movement, the Kenyan Government does not provide any other organisation with free land. The KRCS has a tax waiver on income tax and a Value Added Tax (VAT) waiver from the Government, which means that it is exempt from the 16% VAT charge on every item it purchases; however, this does not currently apply to the hotel, a point which is under negotiation. The Red Court hotel is registered as an independent hotel; although it is owned by the KRCS, it is run by Red Court Ltd. This company has a board which works pro bono and consists of a mix of business people, lawyers, a government representative and the Secretary General of the KRCS. There are currently five members of the board, with capacity for nine.

The three-star hotel started to receive guests on 1 October 2007. The original plan was for the KRCS to receive the profits at the end of each year. However, due to the society's need for a more regular flow of income, this model was never implemented. Instead, the KRCS receives a monthly rental sum, which currently stands at KES 2 million (US\$23,487), from this first hotel.

The second phase is now underway and a five-star hotel is being constructed next to the first hotel. To pay for this, Red Court Ltd took out a loan of US\$16 million over a ten-year period; no funds from the KRCS or elsewhere within the Movement have been used. It is hoped that the loan will be paid off after ten years although currently, while the interest is being paid off, the capital is not. As with the first hotel, a monthly rent will be paid to the KRCS. Even if the venture were to

fail, the KRCS believes that enough money could be salvaged from the sale of assets for the loan to be repaid. It also states that this hotel business is a long-term venture, the fruit of which will be produced in 10–15 years. Construction of another hotel in Eldoret is ongoing, and it is predicted that the value of the Red Court hotels will be US\$24.4 million in total. Occupancy rates of the first Red Court hotel reached 75% at the end of 2010, and for the year ending December 2009 the hotel made US\$142,769 in revenue after the rent had been paid.

The KRCS believes that the best way to generate domestic income is through property: as the Secretary General puts it, "You can't go wrong with property". Barclays Bank has the lease on KRCS-owned premises located adjacent to the society's office. Indeed, 80% of the domestically raised income of the Garissa branch is from property-related activities, whereas in Machakos it is 50%, which usually takes the form of hiring out premises for functions or for rent. The twinning system with branches of PNS societies has been an important way of raising money for the construction or refurbishment of property. For example, the Machakos branch was twinned with a branch of the Swedish Red Cross and received funds that enabled the construction of property from which income is now received (half of the capital was raised by the Swedish Red Cross and half came from the Machakos community). The fact that the branches of the PNS raised these funds from private sources, which means that the funds are not earmarked, makes this longer-term infrastructure development possible. At district level, land is community-owned and it is therefore the community which gives the land to the KRCS, as well as to other organisations. Communities seem happy to do this, as they recognise that they are likely to benefit through employment and broader assistance from the organisations.

Given that other national societies within the East Africa region raise money, or seek to raise money, from property-related activities (for example, the Ethiopian Red Cross has a training centre), the IFRC in Nairobi is embarking on a land and property initiative. This will facilitate partnerships between leading business schools, corporate partners and national societies to examine how to use national society-owned land and property to generate income.

⁷ This agreement probably stems from when the Government of Kenya gave a government building to the British Red Cross in Nairobi to house its headquarters.

E PLUS

In March 2010 the KRCS created a private ambulance service called Emergency Plus (E Plus), which is owned by the society but managed independently. E Plus takes charge of the technical side, but the KRCS is responsible for policy and human resource management. Prior to this, Kenya's medical services were poor quality, with Government-owned ambulances based in hospitals and rarely travelling any great distance. The initial funding for this enterprise was US\$800,000, which was raised from domestic sources such as the sale of properties and the recuperation of investments. The service began with five vehicles but there are now 18, with seven more on the way. The vehicles are on a long lease from IFRC. E Plus is now the largest provider of ambulance services in Kenya, covering 12 districts throughout the country.

As the service is private, people register with E Plus at a cost of KES 2,500 (US\$29) per year, and since its establishment it has had 7,800 members. The target is to make KES 2 million (US\$23,487) from membership per month. Other income streams come from the sale of first aid kits and from training for schools (a training course costs KES 12,000 (US\$141)). Around 50% of the income is raised through trainings: currently, the KRCS receives KES 3.5 million (US\$41,103) from such trainings, and has a target of KES 7 million (US\$82,205) per month. E Plus is still a new company and the KRCS is not yet receiving any income from it, as all earnings are put back into its development. However, it is envisaged that ultimately 80% of the profits will go to the KRCS, while 20% will cover the cost of transporting and treating people who do not have insurance.

OTHER SOURCES

The KRCS's Annual Gala in 2010 generated a profit of KES 6,088,199.70 (US\$72,295). IGAs in Machakos include a charity golf tournament, which in 2010 raised KES 100,000 (US\$1,187), a restaurant, a car wash and a resource centre with computers that people pay to use. Like other national societies, the KRCS operates a membership scheme whereby people can become ordinary or life members (there are around 5,000 life members). Life membership costs KES 5,000 (US\$61) while the annual cost of ordinary membership is KES 1,000 (US\$12). Members come from a variety of backgrounds; some members of the community are ordinary members and

the President of Kenya is a life member. It appears that there is a certain prestige attached to membership, which is a large draw. Members can also vote in the society's governance elections, and this seems to be popular. However, the KRCS has recognised that there could be more benefits from membership, and this is being explored.

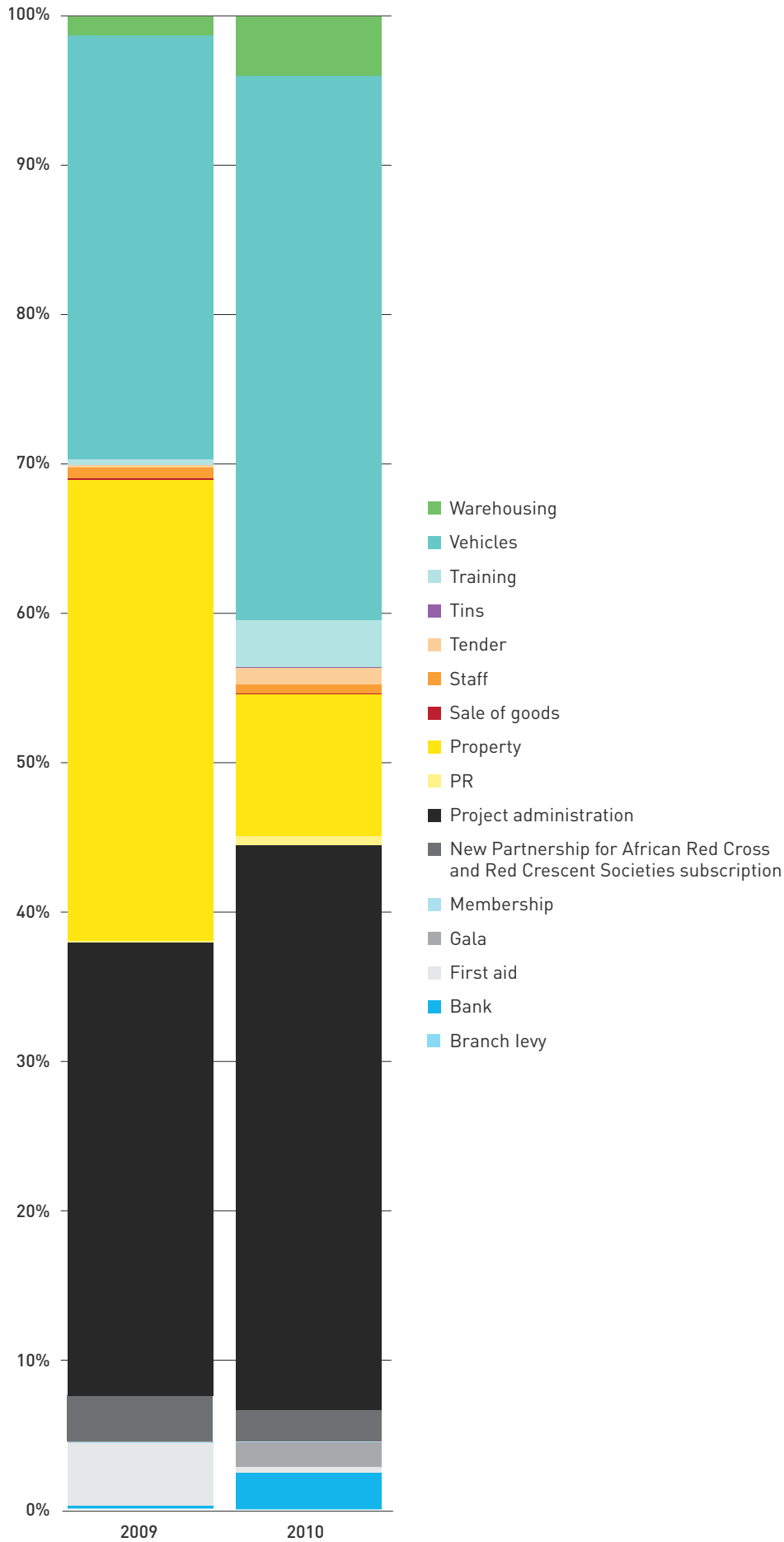
First aid activities provide a source of income, especially at branch level. The KRCS offers first aid training courses and also sells first aid kits. Promotional items such as t-shirts and keyrings are also sold, though income from these can be patchy. In addition, collecting tins are positioned in key locations such as supermarkets and Nairobi airport. Around 60% of KRCS staff donate part of their salary each month, with the average donation being KES 200–1,000 (US\$2–12).

Some costs, such as administration overheads, use of vehicles and office rent, are recovered from projects. Some donors have voiced concerns when there are administrative contributions from both core funding and project funding. Organisations such as UNICEF store items in KRCS warehouses at times, for which there is a charge, and office space and vehicles can also be hired out for non-KRCS use. KRCS's fleet of vehicles is deemed to be self-sustaining.

IMPORTANCE OF DIFFERENT INCOME GENERATION ACTIVITIES

In 2009, property provided the largest source of income (31.0%) to the headquarters of the KRCS, while administration costs recovered from projects provided the second largest source (30.4%). In 2010 administration costs recovered from projects were the largest source of income (37.9%), while cost recovery for vehicles represented the second largest source of funding (36.5%). However, there are issues around the current accounting system for administration, vehicle and office costs recovered from projects (see below). In both years funding from property included rent received from Red Court Ltd. In 2009, the annual rental income of KES 24 million (US\$303,147) from Red Court made up 17.1% of the income raised from property, while in 2010 it was 76.9%. This difference was due to the fact that the 17th Session of the General Assembly of the IFRC and 2009 Council of Delegates meetings were held in Nairobi, which brought in revenue from accommodation.

FIGURE 5: INCOME FROM INCOME-GENERATING ACTIVITIES
BY THE HEADQUARTERS OF THE KRCS, 2009 AND 2010



Source: KRCS HQ finance department

FIGURE 6: DOMESTIC AND EXTERNAL INCOME FOR NORTH-EASTERN REGION, 2008–2010

BRANCH	2008		2009		2010		TOTAL
	INTERNAL	EXTERNAL/DONORS	INTERNAL	EXTERNAL/DONORS	INTERNAL	EXTERNAL/DONORS	
	US\$		US\$		US\$		
Garissa	13,977 4%	325,336 96%	10,271 19%	44,714 81%	12,996 2%	783,221 98%	1,190,515
Ijara	190 100%	0.0 0%	672 6%	10,431 94%	286 0%	139,402 100%	150,981
Mwingi	0 0%	8,857 100%	0 0%	1,870 100%	0 0%	0 0%	10,727
Wajir	16,257 25%	49,545 75%	8,689 11%	71,714 89%	9,439 16%	48,510 84%	204,154
Mandera	0.0 0%	98,008 100%	1,761.9 1%	122,001 99%	4,681 1%	378,910 99%	605,362
North-eastern region	522 1%	59,693 99%	1,302 0%	291,508 100%	15,651 5%	281,432 95%	650,108
Total	30,948 5%	541,439 95%	22,695 4%	542,238 96%	43,053 3%	1,631,474 97%	2,811,846

Source: KRCS north-eastern region finance office

Figures 6 and 7 show the proportion of funds received from domestic and external sources by two KRCS regions, the north-east region and lower-eastern region, between 2008 and 2010. The volumes of income from domestic sources fluctuate. For example, Wajir branch raised

US\$16,257 domestically in 2008 and half that figure the following year. Machakos branch raised US\$112,054 in 2009 and less than half of that in 2010. The north-eastern region, on the other hand, has seen a steady increase, from US\$522 in 2008 to US\$15,651 in 2010. (See figure 7).

FIGURE 7: DOMESTIC AND EXTERNAL INCOME FOR LOWER-EASTERN REGION, 2009–2010

BRANCH	2009		2010		TOTAL
	INTERNAL	EXTERNAL/DONORS	INTERNAL	EXTERNAL/DONORS	
	US\$		US\$		
Kajiado	3,043 35%	5,751 65%	9,422 72%	3,607 28%	21,823
Karen Langata	13,684 48%	14,840 52%	20,767 56%	16,137 44%	65,428
Machakos	112,054 28%	291,504 72%	44,433 13%	303,447 87%	751,437
Kitui	1,076 1%	79,815 99%	3,226 0%	94,309 1%	178,425
Nairobi	127,105 57%	96,687 43%	120,891 1%	66,139 35%	410,822
Lower-eastern region			12,926 16%	66,139 84%	79,065
Total	256,962 34%	488,597 66%	198,738 29%	483,638 71%	1,427,935

CALCULATING THE CONTRIBUTION OF INCOME GENERATION TO TOTAL INCOME: THE COMPLEXITIES

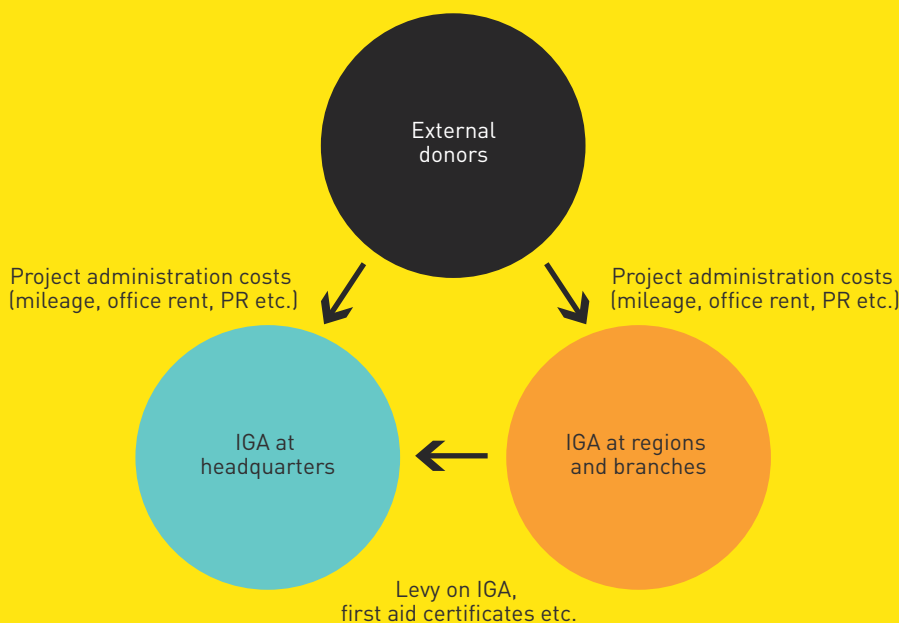
At present the exact income received by the KRCS is undetermined, hence the total income specified in this report is an estimation. Funds from external donors (external funds are channelled through headquarters and do not go directly to the regions or branches) and income generation at Nairobi level do appear in the headquarters accounts. However, funds raised through income-generating activities by regions and branches stay within that region or branch and do not appear in the accounts at headquarters level; the headquarters does not compile the total income raised throughout the whole society. For the purposes of this calculation, the income generated by two regions (north-eastern and lower-eastern) were averaged and extrapolated across the eight regions, and similarly the income generated by the branches in those two regions was averaged and extrapolated across the 63 branches. This was added to funds from external donors and income raised from income generation at headquarters level. This methodology is obviously not only crude, but masks differences between regions and branches.

Also within the total income calculation there may be some double-counting. Figure 8 shows the movement of funds between the headquarters, regional

offices and branches which could be double-counted. Some support costs, such as office rents and fuel costs, are recovered from projects that are financed externally, yet in the accounts appear as income generation. While the entire project administration category in Figure 5 is most likely funded from external sources, it is difficult to say from the data how much of the income raised in the vehicle and property categories comes primarily from external sources. In addition, the KRCS at headquarters level charges an annual levy on domestically raised income by regions and branches, which will appear as income both at headquarters and from the branch or region paying it. Similarly, headquarters will charge branches for other costs, such as printing first aid certificates, which again will appear as income generation at headquarters and yet the primary source of funding used by the branch to pay this fee will also be counted.

KRCS is aware of these issues and is trying to address them in its 2011–2015 strategy, under the objective “strengthening branch network and infrastructure”. The aim is to fortify the system for generating income by branches and regions, including reporting.

FIGURE 8. MOVEMENT OF FUNDS BETWEEN HEADQUARTERS, REGIONS AND BRANCHES WHICH COULD BE DOUBLE-COUNTED



IMPACT OF IGA INCOME

Funds raised from income generation allow national societies to undertake activities that are not usually funded by donors. Aside from administrative costs, these include conducting needs assessments, rapidly responding to disasters when donor funds have not yet materialised or been released, responding to smaller-scale emergencies and participating in activities in the districts (such as funding community events). Income raised by branches can be used according to their own plans and decisions.

However, the KRCS also understands that there are additional, and not always useful, consequences that arise from high-profile income-generating schemes. Firstly, people may view it as an elite society, which could create a reluctance to provide resources, whether financial, material or human. Private companies may be less inclined to fund projects, while communities and volunteers may be less willing to contribute to activities. The Government may be less incentivised to provide free land. Secondly, there may be a displacement of the role of volunteers in the provision of first aid by E Plus. Volunteers have been providing first aid in their communities, yet with the arrival of E Plus as a large provider of first aid (albeit not yet present in many regions) the volunteer spirit may become eroded if they are made to feel redundant.

PRIVATE SECTOR

The development of relationships between the KRCS and the private sector over the past five years is demonstrated by an increase in the number of donor companies and the volume of funds they donate. A key event for initiating such relationships is the KRCS Annual Gala, held each November. Private companies are approached to

sponsor the event itself, but during the gala initial connections are also made. Companies tend to fund the KRCS when there is a shared interest in the type of project activity and sector. For instance, Coca-Cola is keen to fund water projects, as water forms the basis of its products, and the company therefore donates funds to the KRCS for such activities. Such companies often fund long-term projects: for example, the KRCS has a long-term relationship with Nestlé, which funds some of its food security work. However, in many instances companies prefer to donate when an appeal is launched, as this can provide them with good publicity. Domestic income for appeals, from both the private sector and individuals, varies according to the profile of the disaster and the attention it receives from the media. In 2010, 40% of the funds raised in response to the appeal following the floods were from domestic sources, due to the fact that the crisis had a high profile inside Kenya.

In general, funding in cash from private companies is quite flexible. When donating to an appeal, companies do not tend to earmark the funds and, outside of the appeal, the company will have agreed to a proposal but conditions beyond that will not have been attached. In cases of longer-term relationships, the KRCS is considering making it standard practice to have written agreements with companies, as relationships are often with an individual within the company who has bought into the idea, rather than it being a company-wide policy. This can therefore run the risk of breaking down if that particular contact moves on and their replacement does not support the work.

SAFARICOM FOUNDATION

Safaricom is the leading communications provider in Kenya, and delivers its corporate social responsibility (CSR) mandate through the Safaricom Foundation. The Foundation funds around 150 projects a year in the areas of education, health, economic empowerment, environmental conservation, water, arts, sport and disaster relief. It has funded the KRCS since its inception in 2003, and has a commitment to disburse donations amounting to KES 196 million (US\$2.3 million) over the next three years (2011–2014). The KRCS is the only organisation funded by Safaricom Foundation to implement disaster relief. It also funds the KRCS to implement water projects, with ActionAid being the only other organisation receiving funds for this sector. For disaster response, Safaricom always gives cash: in 2010 it gave KES 7,756,256 (US\$93,080) and in 2009 KES 12,713,373 (US\$152,569). Safaricom cited timeliness, resilience, the understanding of needs, as well as the good geographical coverage of the KRCS as qualities that made it an attractive organisation to fund.

GIFTS IN KIND

While the KRCS tries to discourage unsolicited items, it does receive gifts in kind. When an appeal is launched, the KRCS will provide a 'shopping list' of required items and some donors may choose to give specified goods rather than cash. Some companies also prefer to donate gifts in kind, although the level of earmarking can be quite high in such cases – for example, when the company specifies the location where the items are to be distributed. Despite attempts to deter gifts of unwanted items, some members of the general public still assume that the KRCS welcomes anything and will donate an assortment of goods, especially when an appeal has been launched. Instances also occur when the KRCS will ask the community to donate gifts in kind after a crisis hits, such as a small-scale house fire, for instance, although these items are not documented anywhere. For the first two weeks after the post-election violence in 2008, a large proportion of the relief given by the KRCS was made up of gifts in kind.

The KRCS prefers to receive cash rather than gifts in kind because there are often additional costs associated with the latter, such as transport costs. Branches do not receive gifts in kind directly from donors (these are received at headquarters level), but they may receive items given by the community. Figure 9 shows the gifts in kind received by the KRCS headquarters in 2010.

FIGURE 9: ITEMS RECEIVED AS GIFTS IN KIND, 2010

ITEM	SOURCE	QUANTITY	
Mosquito nets	Finnish Red Cross	32,440	pieces
Tarpaulins	Finnish Red Cross	10,885	pieces
Kitchen sets	Finnish Red Cross	17,762	pieces
Bars of soap	Finnish Red Cross	15,000	pieces
Blankets	Finnish Red Cross	19,875	pieces
Jerrycans	Finnish Red Cross	33,120	pieces
Wheelchairs	Individual	13	pieces
Food	Domestic private sector	22,008	kg
	Local civil society	82	kg
	Unknown	43	bags
Clothes	Domestic private sector	15	bags
	Individual	11	bags

WITHIN THE RED CROSS AND RED CRESCENT MOVEMENT

The largest PNS donor to the KRCS during 2009 and 2010 was the Danish Red Cross, which gave 17.0% (US\$2.3 million) of all funds received from PNSs. The Finnish Red Cross was the second largest donor, giving 14.1% of the total (US\$1.9 million) (see figure 10).

Delegates from some PNSs are based in the KRCS headquarters and fundraise for, and oversee, bilateral projects. Most PNS delegates sit within the IFRC Regional Representation. Delegates from Spain, Denmark, Sweden, the United Kingdom, the Netherlands, Germany, Norway, Australia, the United States, Finland and Japan are currently present in Kenya.⁸ The geographical area covered by the delegates may differ: for example, the delegate from the Danish Red Cross covers Kenya, whereas the delegate from the Finnish Red Cross covers the East Africa region. There may be some competition between PNSs to win funds, especially European funds.

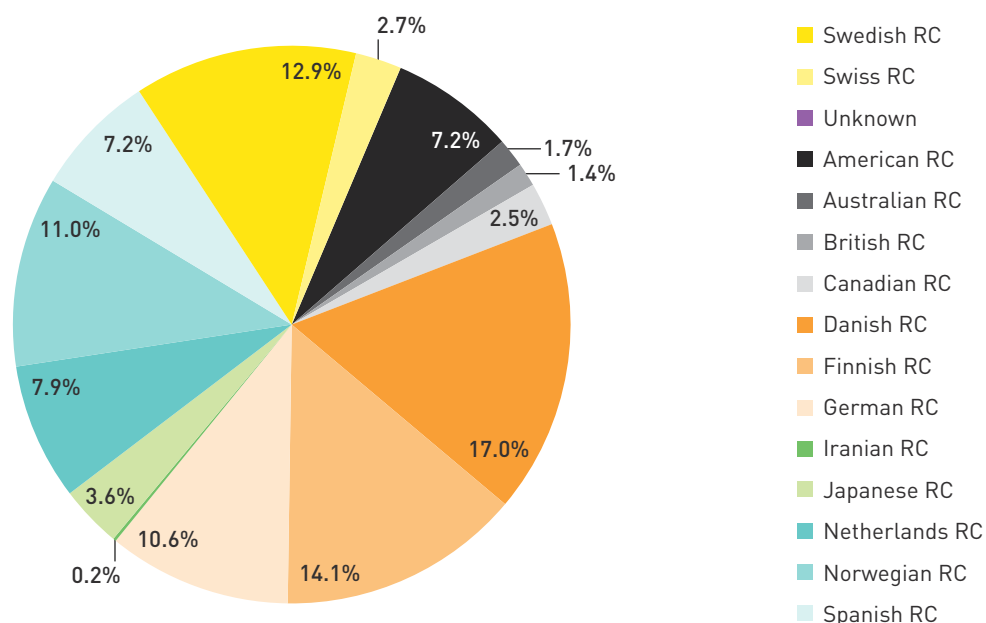
DANISH RED CROSS

The Danish Red Cross (DRC) started working in Kenya in 2002. The DRC delegate is responsible for expanding the DRC-funded work in Kenya and to raise funds, since it was felt that the KRCS now has the capacity to implement a larger programme.

The main focus of the programme is water and sanitation, and since the delegate's arrival in 2008 its funding has doubled, with US\$6 million being raised. The DRC receives annual funding from DANIDA, which is flexible provided activities fall within the agreed strategy. In addition, 32% of the funds to the DRC come from private sources. Some of the water projects are funded by the private sector: for example, Grundfos provides funding for water pumps while Coca-Cola Denmark also funds water projects.

⁸ Although the Spanish Red Cross delegate was present at the time of the study, she was shortly due to leave Kenya due to resource constraints.

FIGURE 10. PROPORTION OF FUNDS RECEIVED FROM PARTICIPATING NATIONAL SOCIETIES, 2009 AND 2010



Globally, the IFRC is structured into five zones, with the zonal office for Africa based in South Africa. Zones are divided into sub-zones, with an IFRC office in Nairobi which covers East Africa. Fundraising within the IFRC is both centralised (funds generated through global grants) and decentralised. Decentralised fundraising is done at the sub-zonal level, which is natural, as most government donors and some of the key PNS delegates are based in Nairobi. The KRCS decides which activities it will undertake with IFRC and which with other donors, and every two years it produces an appeal outlining the support it would like the IFRC to help fundraise for. To date, these have been called Appeal Plans, although the system is likely to change. These annual appeals do not include emergency work or the Disaster Relief Emergency Fund (DREF). The DREF is used prior to an appeal only, and not in parallel: once an appeal is released, the DREF merges into it. The January 2011 drought appeal was updated into a smaller international appeal, as several donors indicated a preference for supporting an international appeal over a national one. Funds received by the IFRC from private sources, such as companies or individuals, tend to be more flexible than those from donor governments, which have a greater degree of earmarking attached to them.

The IFRC East Africa regional office now aims to obtain half of its resource base from non-Movement donors, motivated by

three primary reasons. Firstly, much PNS funding is project-based and designed to perform a specific, time-limited service in a specific, geographical area. The IFRC would like to identify funding opportunities that allow national societies to concentrate on the core business of volunteer-led community resilience initiatives. Secondly, the IFRC would like to support national societies to work with donors outside of the Movement in order to help them adapt to more rigorous reporting, monitoring and evaluation standards. Thirdly, the regional office would like to maintain some autonomy from the impact of political shifts from bilateral to multilateral preferences among Movement partners. However, the office still sees its primary role as enabling Movement partners to work together in the interest of supporting host national societies to meet humanitarian challenges.

The ICRC also has an office in Nairobi where it works bilaterally with the KRCS on projects such as tracing, water and livestock. The ICRC aims to support KRCS activities in a way which will enable it to undertake the activities independently in future. Funds are accessed from the ICRC's central funding pool, donations to which are generally not earmarked, so it is difficult to know the primary source of the income.

EXPENDITURE

In 2010 the total humanitarian expenditure of the KRCS was US\$11.1 million, US\$9.2 million of which was for programme costs and US\$1.9 million for core costs. Expenditure has increased from US\$1.1 million in 2003 to US\$11.1 million in 2010. During this period core costs accounted for 17.8% of the total humanitarian expenditure.

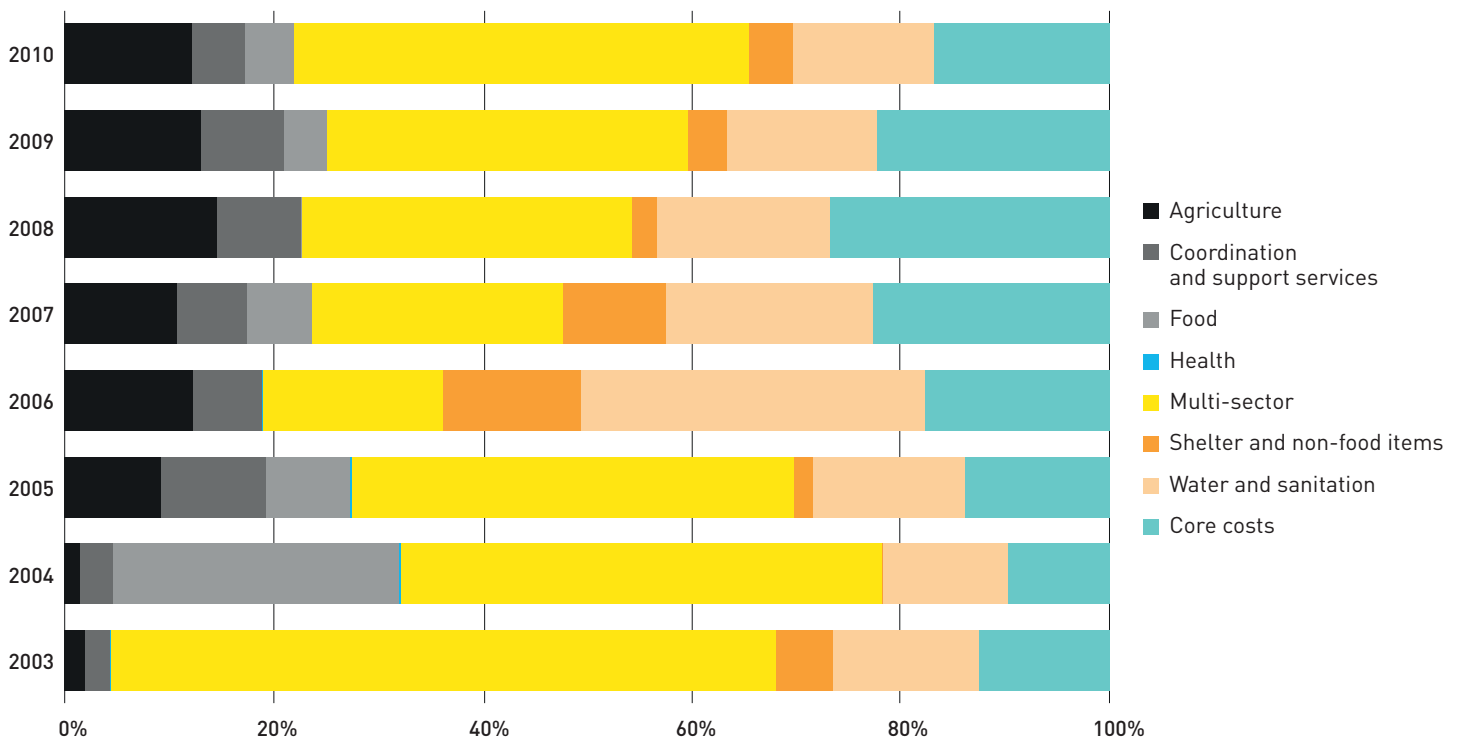
General activities have been the best funded of all activities in each year, except for 2006 when water and sanitation received the most funding. In this year, the drought appeal had a high response, with leftover funds going to support water and sanitation interventions as a mitigation measure. General activities include workshops, trainings and information, education and communication (IEC) materials (see figure 11).

Although the data below details humanitarian expenditure, in reality it

is very difficult to distinguish between 'humanitarian' and 'development' projects because, on the ground, both types of project address the same needs. The bifurcation between humanitarian and development projects is, therefore, artificial, although an exception is during flooding, as the distribution of non-food items is perceived as humanitarian. The KRCS does note which projects are 'humanitarian' and which are 'development' in its project database.

The fact that needs in Kenya are addressed through a 'humanitarian' system may mean that they are addressed in a short-term manner, for example by delivering prolonged food aid rather than by scaling up effective agricultural programmes. The fact that DRR funding (which would include reducing the risk associated with drought and climate change) is harder to access than money for other projects may reflect this.

FIGURE 11: EXPENDITURE BY THE KRCS, 2003–2010



HUMANITARIAN SYSTEM

The KRCS takes part in the UN Consolidated Appeals Process (CAP). As part of the Kenya Emergency Humanitarian Response Plan 2011 (EHRP), the KRCS has requested US\$132,000. It also expects to receive US\$150,000 from the Emergency Response Fund (ERF) following the launch of the KRCS drought appeal in January 2011. In 2010, it requested and received US\$300,000 as part of the Kenya EHRP 2010, receiving US\$200,000 of this through the ERF.

The UN cluster approach was initiated in Kenya in January 2008. At national level there are two principal coordination mechanisms, the Kenya Disaster Management Platform and the Kenyan Food Security Steering Group (KFSSG). The KRCS is co-chair of the KFSSG with the Government, and is on the Secretariat of both. At district level, the district steering group (DSG) facilitates humanitarian coordination. The KRCS is the national lead agency for NFIs and sudden-onset disasters and at district level is the lead agency for relief food in six of the 13 districts that receive food via the WFP pipeline. There is currently debate around the selection of lead agencies, and guidelines are being developed on the identification of a lead agency.

Due to the number of implementing agencies in Kenya, coordination is regarded as challenging. Many local NGOs will not share their plans for fear of being usurped, and government ministries, which are tasked with leading coordination forums, tend to be weak. It can also be argued that, despite their role, organisations such as the KRCS may be deterred from attending such fora as such meetings tend to be driven by the international community.

While an early warning system was established through the Arid Lands Resource Management project, data from this does not influence decisions by the humanitarian community, as the quality of data is reported to be poor. Instead,

assessments are carried out after each of the two rainy seasons, the short rains from October to December and the long rains from March to May. The process for these assessments is long and results often emerge some time afterwards, and can then tend to be disputed. Following an event such as flooding, rapid assessments are conducted which are sometimes a collaboration between agencies and in which the KRCS does take part.

The KRCS is generally viewed as a good source of information because of its extensive community reach. It often quotes data that it has gathered where other organisations are unable to do so. On occasion it receives criticism about the data it produces, with claims that it is alarmist. However, considering the problems around current data and given the KRCS's capacity to produce data, there could well be a role for the society in improving the quality of information available (assuming there was a quality assurance element built in).

The KRCS produces approximately 90 donor reports each year via its Planning, Monitoring, Evaluation and Reporting (PMER) department, which reports quarterly. Most donors accept a standard KRCS reporting format, and PNSs will report to their donors. Sometimes, government donors will not accept the KRCS reporting format or will request monthly financial reports, which are done by the financial office. The KRCS produces an annual report which is also published on its website.⁹ This outlines its activities for that year and includes a financial statement.

When viewed alongside other international humanitarian organisations, the KRCS is unique as it responds to small incidents at a community or household level, such as fires. It is also involved in crises outside of Kenya. Funds were raised from the private sector, local civil society, schools and individuals for Haiti, and KRCS staff went to Uganda following flooding in 2007.

⁹ <http://www.kenyaredcross.org/>

KEY RELATIONSHIPS

AUXILIARY ROLE

The relationship between the Government of Kenya and the KRCS appears to be close, with the Government consulting the society as a matter of course, almost to the point of seeking its consent. Meetings have been postponed because the KRCS is absent, and often the Government will request that the KRCS is the implementing organisation. Legislatively, the details of the relationship are not defined beyond the KRCS being a humanitarian auxiliary to the Government and that it should maintain its autonomy in accordance with the Fundamental Principles of the Red Cross Movement. As with the recent drought appeal, it is not necessary for the KRCS to have permission from either the Government or the IFRC to launch an appeal.

At times, the KRCS substitutes for the Government when it fails to respond. Pressure to respond may arise from the fact that some communities do not trust the Government, but do trust the KRCS. However, it is important that the KRCS does not become possessive of this auxiliary role, at the expense of allowing other organisations with better expertise or better capacity to respond.

Moving away from Nairobi, less is known about the auxiliary role of the KRCS. At district level, there may be varying degrees of understanding amongst government staff, ranging from a fair understanding to no knowledge at all. While some branches have conducted sensitisation sessions, regular staff turnover means that this awareness can be lost. Communities themselves do not have knowledge about its role.

Despite the closeness of the relationship, the KRCS will publicly criticise the Government when it considers it necessary. After the post-election violence, the Government allowed the KRCS to respond first and the KRCS provided information on the situation as well as treating individuals. It received both praise and criticism for its response: some praised it for its timely and impartial response, while others lamented that the response was not impartial at all. However, the ICRC did deem it neutral enough to work through its local branches.

Branches may find it harder to maintain independence. Whilst trying to play a credible role within the mechanism of operational stakeholders, who may not be concerned with the auxiliary role of the KRCS, they are also dealing with government counterparts who may have no knowledge about the auxiliary role or, at the other extreme, are overzealous about it to the detriment of existing coordination mechanisms. In Garissa, after WFP carried out its annual evaluation of its FFA partners and attempted to transfer a contract from the KRCS to another organisation, this having been approved by the DSG, the intervention of the Government led to stalemate. Furthermore, as the KRCS is the sole distributor of government food aid, and food aid is often associated with rumours of political agendas, the KRCS is left with the choice of either addressing or ignoring such criticism.

On 4 August 2010 Kenya approved a new Constitution. To date, it is uncertain what this means for the auxiliary role of the KRCS, but it is being monitored by the legal services department. New aspects such as receiving grants or providing an official training role with the Government may be possible, but on the other hand it could mean that other organisations can legally play an auxiliary role. The constitution also dictates that 46 districts will be replaced by 47 counties, and the impact that this will have on the current location of the KRCS branches remains to be seen.

AUTONOMY

The credibility and profile that the KRCS has built up over the past five years contributes to its autonomy, as does its relationship with the Government, which allows negotiation. While domestically raised income allows a certain freedom, it is still minor compared with project costs, and donor decisions will therefore continue to shape the response. Although the KRCS is keen to move towards DRR interventions, funding for these is still harder to access than for emergency response, for which the KRCS is well known. The society has a good relationship with the media, but were it to stop distributing relief food, even if this were a justifiable move, the media may not look upon it favourably. The establishment of regions is welcomed as a step in decentralising decision making within the society.

⁹ Some of these strengths are not exclusive to the KRCS: for example, there are NGOs that are able to access remote areas as well.

VOLUNTEERS

The consistent, widespread and undisputed opinion about the KRCS is that it is an organisation with an unmatched coverage of the country which can respond rapidly, understands the context of each area in which it operates and has excellent relationships with communities.¹⁰ It is a mobile organisation, and the resilience of its field workers is striking.

These strengths exist largely because of its extensive volunteer network. The KRCS has various campaigns to recruit volunteers, which include going into schools, advertising in newspapers and putting up posters in public places. Recruitment is helped by the fact that the society is visible and well known, with a high profile.

There is a KRCS Volunteering Policy, which outlines the roles, rights and responsibilities of volunteers. Volunteers come from different economic, ethnic and educational backgrounds, some with jobs and some without. Not all members of the society are volunteers, nor are all volunteers society members. Volunteers receive training according to the tasks they perform, so for instance food security monitors will receive the relevant training for this job. Some volunteers work more than others – for example, the warehouse officer and the procurements officer in Garissa are volunteers and they can each work up to 24 days a month.

The Volunteer Policy stipulates that volunteers should not lose out financially and it seems there is a general rule that if a volunteer works more than six hours a day, they will receive KES 300 (US\$4) as a lunch allowance. Some volunteers receive bicycles if they have far to travel. In Machakos, youth volunteers attend road traffic accidents, providing first aid; they will often take casualties to hospital, by public transport or with help from car drivers offering lifts. They are not reimbursed for this.

There is evidence of proactive and self-organising cohorts of volunteers with a strong sense of community service, such as the youth volunteers at Machakos branch. However, it is acknowledged that volunteers often see the KRCS as a 'training ground' and a pathway to employment. Volunteering with the KRCS is seen as more secure compared with other organisations that may need volunteers just for the short term.

The KRCS has occasionally gone to the community and asked for volunteers for a specific project, but this recruitment method has tended to result in expectations of financial and material gain. Even where the society recruits volunteers in the usual way it often battles with such attitudes, and in response to this Machakos branch is planning to establish IGA activities for volunteers so that they can be self-sustaining.

COMMUNITY

While it is apparent that the KRCS has excellent links with the community, particularly because of its volunteer network, in some areas it is often the only implementing organisation. In general the community values the assistance it receives, but it can be a case of valuing the assistance rather than the fact that it is from the KRCS. The KRCS does meet with community leaders to assess needs and to follow up on the impact of its interventions and community leaders also communicate with the DSG, which can provide feedback to the society. However, feedback from the community operates on a more informal basis, with individuals speaking to staff and volunteers from the KRCS who are known to them. Mobile phones have increased the potential for this, and they also facilitate the work of the volunteers, who are able to communicate with each other and with KRCS staff. Communities report that they are unlikely to visit the KRCS offices, especially as these can be far from some villages. In areas where this is the case, and where no volunteers live in such locations, then communication with the KRCS can be weaker.

The KRCS has a Memorandum of Understanding (MoU) with Maastricht University that facilitates an exchange of Masters students. Often the longer-term impact of projects is not analysed, so the KRCS is hoping that students can investigate these aspects that are often forgotten.

The KRCS plans to formalise feedback loops and improve impact assessments through the 2011–2015 strategy.

¹⁰ Some of these strengths are not exclusive to the KRCS: for example, there are NGOs that are able to access remote areas as well.

CONCLUSION

The KRCS has made huge efforts to increase the volume of its income from income-generating activities, and property plays a significant role in this. This is facilitated by the free land given to the society by the Government and through funds from branches of PNSs, which usually originate from private sources. The KRCS acknowledges that the growth of domestically raised funds is a long-term vision and the fruit of current investments may not be seen immediately.

The next step is to better understand all financial flows and their interrelations, starting with a complete compilation of total income, including income generation from

regions and branches, and to better define income that can be classed as income generation. The KRCS recognises this and aims to address it under its latest strategy.

The annual report appears to be a good vehicle for publishing financial information. The society can ensure that this is accessible to as much of the population as possible and can even go as far as assessing the requirements for financial data from a range of stakeholders.

ACKNOWLEDGEMENTS

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KENYA RED CROSS

Resource flows and the humanitarian contribution

This case study explores the complex resource architecture of the International Red Cross and Red Crescent Movement from the perspective of a recipient national society, the Kenya Red Cross. As well as attempting to capture the society's income and humanitarian expenditure, the report examines the society's contribution to humanitarian assistance in Kenya.

The Kenya Red Cross is an interesting national society as not only does it receive funding from some of the more 'typical' channels, it is also vigorously pursuing a number of ventures aimed at increasing its domestically raised income.



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