



Hunger Safety Net Programme

Evaluation of the Kenya Hunger Safety Net Programme Phase 2

Operational monitoring—Synthesis report

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Oxford Policy Management

OPERATIONAL MONITORING –SYNTHESIS REPORT

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Preface

Oxford Policy Management (OPM) is leading the independent evaluation of Phase 2 of the Government of Kenya's cash transfer programme for northern Kenya, the Hunger Safety Net Programme (HSNP), from 2014 to 2018. The research is conducted on behalf of the UK Department for International Development (DFID) and funded by UK Aid. The research evaluates three dimensions of the HSNP: its impact on households and the local economy; its operations; and its policy and strategy.

This report concludes the first series of **operational monitoring** activities. It synthesises the results from 10 rounds of field monitoring that have been undertaken over the last two years to identify best practices and challenges in the way the programme has been operating. This ranges from the programme's registration of households and the opening of bank accounts to payment, communications and the handling of updates and complaints. The findings from each monitoring round are available on the [HSNP website](#). Field monitoring has been extended for three further rounds beyond this report, from September 2017 to January 2018; future reports will also be available on the website. Findings from the other workstreams, including the impact evaluation, are also available there and on the [OPM website](#).

This assessment is being carried out by OPM. The project manager is Fred Merttens. The remaining team members are: Roger Pearson, Caroline Riungu, Alex Hurrell, Clare O'Brien, Vandi Hill, Professor J. Edward Taylor, Dr Michele Binci, Dr Patrick Nolen, Marta Marzi, Molly Scott, Alastair Haynes, Ramla Attah, Sope Otuluna, Chris Hearle, Dr Emma Jones, Shweta Bahri, Claire Simon, Dr Rachel Sabates-Wheeler, Dr Sebastian Silva-Leander, Judith Sandford, Hendrik Lourens Van Nieuwenhuyzen and Laura Giles. For further information contact fred.merttens@opml.co.uk

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Acknowledgements

The authors would like to thank all the individuals who have contributed to the evaluation of Phase 2 of HSNP. The operational monitoring exercise over the last two years has benefited from the continued support and cooperation of HSNP's Programme Implementation and Learning Unit (PILU), its programme managers and programme officers, and the National Drought Management Authority (NDMA). In particular, we greatly appreciate the engagement and assistance provided by Ric Goodman, Carrie Ndoka, Naseer Khan, Johnson Mwambanga, Peter Thirikwa, Susan Aletia, and Mercy Kiogora. The team is grateful, too, for the regular contributions of HSNP's partners—Financial Sector Deepening (FSD) Kenya, Equity Bank and HelpAge International—in Nairobi and in the four participating counties. Valuable conversations have been held throughout the monitoring process with local government authorities (including chiefs) and other government bodies. Not least, we are most appreciative of the time and insights shared by the 215 pay agents and over 1,700 recipients who we have interviewed.

Data collection was undertaken by Research Guide Africa and its field teams, led by John Chege. The OPM team that conducted the operational monitoring consisted of Caroline Riungu, Clare O'Brien, Alastair Haynes, Molly Scott, Fred Merttens and Claire Simon.

All opinions expressed, and any mistakes, remain the responsibility of the authors.

Suggested citation: O'Brien, C., Riungu, C. and Scott, M. (2017) *Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Operational monitoring—Synthesis report*, Oxford Policy Management, Oxford, UK.

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Abbreviations

DFID	UK Department for International Development
FSD	Financial Sector Deepening
HSNP	Hunger Safety Net Programme
ID	Identity
KES	Kenyan shilling
NDMA	National Drought Management Authority
NRB	National Registration Bureau
OPM	Oxford Policy Management
PILU	Programme Implementation and Learning Unit
VCI	Vegetation Condition Index

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1 Introduction

1.1 HSNP

HSNP is a government-led unconditional cash transfer programme that targets people living in extreme poverty in four counties in northern Kenya: Marsabit, Mandera, Turkana and Wajir. Its objective is to relieve extreme hunger and vulnerability. In its second phase, which runs from 2013 to 2018, it aims to provide 100,000 very poor households with regular cash payments¹. These 'Group 1' households receive a transfer currently worth Kenya shilling (KES) 2,700 per month (approximately \$27), paid in two-monthly instalments (i.e. KES 5,400 each time)². Almost every household has been registered with a bank account, into which money is paid directly. The HSNP transfer is targeted to households rather than individuals: each household selects one member with a national identity card to open the bank account and collect the transfer. There is no obligation to collect the money on the first day of payment, nor to withdraw it all at once.

An innovation in Phase 2 has been that HSNP has aimed also to register all other households in the four counties—nearly 300,000—though without delivering them a routine transfer. These are the 'Group 2' households. Most of these have already been given a bank account, and basic data have been collected on their characteristics as part of the process of ranking households' well-being. A large number of these are eligible to receive HSNP 'emergency payments' in time of drought.

The HSNP is implemented by the NDMA. A technical assistance team was procured by DFID through a competitive process. The team, the PILU, sits in the NDMA. The PILU manages the HSNP, reporting to the NDMA and a Steering Committee. The HSNP is delivered in partnership with FSD and Equity Bank, which manage and deliver the payments component, respectively, and with HelpAge International, which has been managing the programme rights component.

1.2 OVERVIEW OF HSNP OPERATIONS

1.2.1 Phase 2 roll-out

A set of one-off actions signalled the launch of Phase 2. This took place in the first year. These actions were:

1. **registration**—collecting data on all households in the area, and ranking their well-being;
2. **targeting**—selecting recipient households according to their well-being, and notifying them; and
3. **enrolment with an active bank account**—including checking the identity of recipients, opening a bank account, activating it and issuing a bank card.

¹ Phase 1 of HSNP ran from 2009 to 2013 and supported around 69,000 households with bi-monthly cash transfers.

² The transfer value is revised annually in July to take inflation into account (it was previously KES 2,550)

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1.2.2 Ongoing operations

Thereafter, the programme settled into the routine of making bi-monthly payments for Group 1 recipients. Activities include:

- arranging the **bi-monthly payment** into the bank accounts;
- paying **recipients** who come to withdraw the cash from Equity Bank's pay agents;
- **case management**—updates to recipients' details, and handling complaints and queries;
- **programme monitoring**—spot-checks of payment sites, and analysis of data on operations; and
- **communication**, including about the payment date and any other necessary updates.

1.2.3 Ad hoc activities

From time to time while Phase 2 has been underway PILU has conducted additional tasks on an *ad hoc* basis to continue to improve the programme's effectiveness. This includes, for example, roving 'mass registration' events to help remaining households to obtain their national identity cards and open bank accounts so that they can receive payments owed to them; and a clean-up of the database in 2016, during which Group 1 households that could not be traced were removed and replaced with other households from their local area.

1.2.4 Emergency payments

In each pay cycle the HSNP reviews data on drought conditions in the four counties, presented as a 'Vegetation Condition Index' (VCI), to determine whether there is severe or extreme drought in the HSNP area. If there is, an emergency payment is triggered, initiating actions to calculate the total amount payable, and the locations and list of recipients entitled for payment. These details must then be communicated, and the transfer disbursed to the emergency recipients. The transfer for Group 2 recipients does not necessarily take place on the same day as that for Group 1 recipients.

1.3 APPROACH TO MONITORING

The independent evaluation team has been reviewing the HSNP's operations continuously from mid-2015 to mid-2017³. The aim has been to assess how well the HSNP is being run, highlight best practice, offer recommendations for improvement, and consider the implications of operational processes for the programme's overall efficiency.

Every two months, in the week that transfers were paid into recipients' accounts, the monitoring team spent several days attending a selection of pay points across the four counties and interviewing both recipients and pay agents about their experiences of HSNP's operations. The team also conducted some key informant interviews at local, county and national level to explore certain operational issues in more depth. This regular monitoring took

³ Other workstreams have been evaluating the programme's impact and assessing strategic and policy options.

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two forms: first, a 'routine operational monitoring' component using a standard questionnaire, which remained the same in each monitoring round; and second, a 'special theme report', in which a single aspect of programme operations was explored in depth, varying each round.

1.3.1 Routine operational monitoring

Research questions

Questionnaires were applied in each monitoring round to elicit the experiences of the programme from two perspectives: the pay agents and the households. Data were collected directly on tablets while talking to the respondent, with subsequent quality assurance by a supervisor.

Pay agents were asked about:

- their preparations for each pay cycle (e.g. whether they had to travel to collect cash for paying households; how long that took, and what expenses they incurred);
- the payment **process** (e.g. how many people they paid, how much money households tended to withdraw, whether the payments impeded traders' ability to conduct their regular business, whether they ran out of cash, any security concerns);
- their understanding of **emergency payments** (how they found out when additional recipients would need to be paid, and whether this caused any challenges); and
- **case management** issues (whether recipients reported concerns or complaints to them, and where they would turn to with any complaints or queries of their own).

Recipients—both Group 1 and Group 2 households—were asked about:

- **decision-making** about the collection of the transfer (how and when they knew the transfer was ready, how they chose which pay point to go to and when);
- the payment **process** (e.g. how long it took to travel to the pay point and wait to be served, whether this incurred any costs, how much they withdrew and whether they paid a token of appreciation to the agent, how they were treated);
- **case management** (whether they have reported any complaints or updates, to whom and about what); and
- **perceptions** of the programme's fairness and impact.

Respondents

The team aimed to reach 24 pay points per monitoring round—six in each county—and interview eight recipients per pay point, plus the pay agent: thus, 24 pay agents and 192 recipients per cycle. Nine monitoring rounds were conducted over 10 pay cycles—no routine monitoring took place in March 2016, as the transfers were severely delayed in that month. A total of 1,744 recipients (1,581 regular recipients and 163 emergency payment recipients) and 215 pay agents were interviewed to understand their experiences with the programme (Table 1).

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TABLE 1 NUMBER OF INTERVIEWS CONDUCTED, SEPTEMBER 2015–MARCH 2017

Respondent	Turkana	Marsabit	Wajir	Mandera	Total
Pay agent ¹	56	53	52	54	215
Recipient (of which...)	437	434	439	434	1,744
<i>Group 1</i>	405	397	383	396	1,581
<i>Group 2</i>	32	37	56	38	163

Source: OPM. Note: (1) The number of HSNP pay agents is reported by FSD to be in the region of 400, though it is not possible to say how many of these are operating: one snapshot of pay agent activity suggested that in the region of three-quarters of these were functional. Throughout the programme some have periodically dropped out while others have been enrolled. (2) A pilot round was also conducted in July 2015.

Sampling

Sampling was conducted purposively. The HSNP counties are each divided into six subcounties (four in Marsabit). In each monitoring round the team selected one subcounty per county, and aimed to conduct most or all of the interviews there. Over time, the team rotated through the subcounties, so that all were visited at least once and some were visited twice or more. The more frequently visited subcounties were those that had more pay agents.

Within each subcounty, a cluster of pay agents was selected for potential interview, grouped by their geographical proximity. Before each pay cycle the security situation was checked in the proposed locations of these agents. Very occasionally, a location was deemed insecure and was switched. The details of the pay agents were drawn from a list provided by FSD, who oversee the payments. The list was found not to be accurate, so new agents were included for interview when the team came across them, while some on the list that had been targeted for interview were replaced if they could not be found.

The eight recipients were drawn from among those collecting their transfer from the interviewed pay agent. The team interviewed the first available recipient, and thereafter the next available recipient on completion of each interview.

A note on statistical representativeness and features of the sampling

Note that the sample is **not statistically representative**, as achieving this was not feasible. We could not take a statistically representative sample of pay agents because the implementers did not have an accurate list of active pay agents, and because in any case agents joined and left the programme on a rolling basis. A representative sample of recipients was not possible because the team was monitoring the experiences of recipients at a specific pay point on a specific day. Conducting door-to-door questionnaires for a 15-minute survey would have been prohibitively expensive and time-consuming, but also would have yielded less accurate answers as respondents might have been unable to recall the details of how long they walked, how long they queued, etc.

The advantage of the chosen method was that the team was able to generate results very rapidly and with much better value for money, since it was felt that general trends would be apparent from interviewing several hundred

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people per cycle. The limitation is that the team has not captured the experiences of recipients who do not visit the pay point in the first few days or a pay cycle, or who perhaps do not turn up at all.

Readers should be aware that we do not gather the views of non-beneficiaries, so our findings very much reflect the recipients' experience and cannot be extrapolated in order to understand the perspectives of HSNP's operations across all community members. We also do not verify any quantitative information held by the programme – e.g. on the total numbers of households paid, or the number of transfers received by any particular household – as this falls outside the scope of the study.

1.3.2 Special theme reports

In every monitoring round, in addition to the routine monitoring just outlined, the team explored one aspect of HSNP's operations in depth. HSNP determined the topic based on questions or concerns raised through other monitoring tools, field observations or current policy issues. The findings are based on multiple open-ended interviews with recipients, implementing agencies, pay agents, and county and national staff. Table 2 lists the themes covered by the reports.

TABLE 2 TOPICS COVERED BY THE 'SPECIAL THEME' REPORTS

DATE	THEME
September 2015	Rights committees
November 2015	Account opening and activation
January 2016	Programme communications
March 2016	(1) Chiefs' role in HSNP (2) Implications of the delayed payment
May 2016	Cash flow among pay agents
July 2016	Pay agent activity status (i.e. whether they participate actively, have suspended their involvement or have dropped out, and why)
September 2016	The issuing of national identity cards for HSNP recipient households
November 2016	Household removal/ replacement process (primarily, removing untraceable households from the beneficiary list and replacing them with others)
January 2017	Emergency payments
March 2017	Post-distribution monitoring of emergency payments

Source: OPM. Note: All special theme reports are available on the HSNP's website [here](#).

2 Experience with programme roll-out and *ad hoc* activities

Some of the 'special theme' reports covered HSNP's one-off activities for the roll-out of Phase 2, such as the issuing of identity (ID) cards, and bank account opening and activation, or *ad hoc* activities, such as the exercise to replace Group 1 households whose accounts were unused or who could not be traced. The primary objective was to help the programme by reporting good practices and challenges in the workflow processes, to enable PILU to review key findings and improve implementation based on recommendations. In this report we review some of the main observations in these areas⁴.

We have not included a review of the very first stage of the roll-out, namely the registration of all households and the targeting process (the selection of households to be included in Group 1 and to receive regular transfers). This has been widely reviewed elsewhere, including through a 'lessons learned' exercise and a review of the extent to which the targeting process identified the poorest households⁵. Lessons from those studies have already informed the design of Phase 3 of HSNP, and PILU has already piloted a revised approach to targeting and has commissioned a study to determine its effectiveness.

2.1 NATIONAL ID CARD ISSUES

In September 2016, OPM undertook a study on ID card issuance across the HSNP counties, with the aim of clarifying the process, exploring the reasons for delays in ID issuance (where they occur) and highlighting institutional challenges that are inherent within the issuing body, National Registration Bureau (NRB). This is very relevant to HSNP, as a recipient requires an ID to open a bank account and access their HSNP payment. It has, however, been a major challenge and a time-consuming process for HSNP household members to apply for and receive their national ID cards.

Overall, NDMA has supported NRB in increasing the number of individuals with ID cards in HSNP counties by supporting and funding mass registration campaigns. There have been two mass campaigns on ID registration, supported, respectively, by HelpAge and NDMA (December 2014 and February 2016). In 2016, NRB managed to produce 6,726 ID cards in the HSNP counties as a result of the campaign alone, and tens of thousands more were produced through the regular application process. Nonetheless, nearly 10,000 Group 1 recipients still could not access funds as at September 2016 because they lacked IDs and active bank accounts. Key findings from the study were as follows:

⁴ The ongoing routine payments are reviewed in Sections 3 and 4.

⁵ See e.g. Fitzgibbon, C. (2014) 'HSNP Phase II registration and targeting. Lessons learned and recommendations. Final report July 2014'; and Silva-Leander, S. and Merttens, F. (2016 unpublished) 'Assessment of programme targeting'.

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- NRB observes that ID cards typically take 45 days to be produced in HSNP counties, as opposed to the 35 days within which NRB is required to produce IDs for citizens, on account of the remoteness and the additional vetting procedures for border counties. Some chiefs cited cases of households waiting six months or more.
- The process is stricter and more inflexible in Wajir and Mandera, where NRB must exercise a lot of caution to avoid registering foreign citizens. Applicants there must be accompanied by a close relative. Some individuals apply multiple times, thinking this will increase their chances of getting an ID faster, but doing so flags the application as suspect and causes delays.
- Reporting on HSNP recipients issued with IDs is a challenge as the applications were not disaggregated during the field registration process. This has made it quite difficult for PILU to track those who have been issued with IDs.
- There was also a lack of an enforceable directive between NDMA and NRB as they are separate agencies. NRB was unable to make improvements to its system on the basis of discussions with NDMA, such as to set up a system to track HSNP serial numbers.

OPM's recommendations focused primarily on small adjustments to the process at the local level, which might both reduce the inconvenience for applicants and improve the efficiency of the processes at the national level. It was recommended to NRB and PILU that some form of quality assurance check be introduced locally to reduce the number of applications rejected after already reaching Nairobi. It was also suggested that, for future ID registration campaigns involving HSNP and NRB, the agencies' county staff could be more involved at the planning stages, ensuring that the specific requirements of the county are understood. The number of days for mobilisation could be increased. Local chiefs or other authorities could help check the status of applications from an applicant's waiting card serial number, to reduce the inconvenience applicants face in travelling to subcounty headquarters or the county's Huduma centre (one-stop shops for government services) to check this information.

PILU acknowledges these recommendations but notes the constraints on its own side in terms of resolving them, since NRB is a national government body that functions independently of the programme. PILU is, however, in a position to act on the recommendation to strengthen advice given to remaining applicants registered for HSNP not to apply repeatedly for their ID cards as this slows down rather than speeds up the application process. This is now a rather small issue that does not need a major campaign since there is no longer a substantial process for issuing remaining ID cards.

Meanwhile, the programme implementers report that, for them, the key challenge with the issuing of ID cards has related mainly to their youngest and oldest registered recipients: children are not allowed to have ID cards, which prevents child-headed households from opening a bank account, while older people have faced the challenge of not having living parents who can demonstrate their identity (the presence of the parent, specifically—as opposed to another relative—being a requirement).

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2.2 ACCOUNT OPENING, CARD DISTRIBUTION AND ACTIVATION

All HSNP households were pre-assigned an inactive Equity Bank account. To start receiving cash they had to complete three steps. First, the bank had to complete an application form with the household ('account opening'). Next, the recipient received a debit card ('card distribution'). Third, the bank verified the authenticity of the applicant's national ID card to comply with normal bank 'know your customer' regulations, and uploaded a digital fingerprint and photograph ('activation').

As a precursor to the January 2016 mop-up operations that aimed to achieve 100% opening and activation of accounts for Group 1 recipients, in November 2015 OPM conducted a review of progress toward the achievement of this goal. At that date Equity Bank had opened accounts for some 96,000 of HSNP's 100,000 target recipients, of whom 84,000 had activated their accounts and been paid. Of the remainder, the primary difficulty was obtaining a national ID card, as just described: about 11,000 households had no ID card and 3,000 had an invalid ID card⁶.

The distribution of cards was largely successful, especially during the mass registration exercises. Low rates of distribution of cards were reportedly concentrated in certain areas. The challenges relating to distribution were: a lack of information on Equity Bank's scheduling of visits; low turnout by recipient households, who might have competing priorities on the scheduled day; logistical errors whereby cards taken for distribution belonged to another area; and some poor treatment of HSNP beneficiaries in bank branches, which risked putting others off going to collect their cards.

As for the activation of accounts, the introduction of 'smart agents' in 2015 was championed as an innovative tool. Some pay agents, the smart agents, were authorised to photograph identity documents using smartphones and forward them to Equity Bank for approval so that households did not have to travel to the branch themselves to activate their account. Suggestions to improve the efficiency of this system included improving the distribution of smart agents throughout the county; addressing the hardware and software issues with the phones; providing further training to agents about how the software works; and keeping agents updated on the progress of applications they had passed on to the bank.

2.3 HOUSEHOLD REMOVAL / REPLACEMENT PROCESS

In October 2016, HSNP, with the aim of reaching its Group 1 target, replaced households in Group 1 that had never been traced or whose members could not get ID cards to access payment. OPM conducted a review of this process in November 2016 and found that, overall, the process was conducted smoothly. Some 6,198 Group 1 households which could not be traced or lacked ID cards have been replaced. There were a few cases where the households replaced had submitted a change of recipient request to NDMA and were waiting for updates prior to the exercise. Following the exercise there was an immediate increase in the number of households paid: 97,067 accounts under Group 1 were paid in the November 2016 cycle.

⁶By mid-2017 there were 99,900 Group 1 households with accounts opened and 98,494 accounts activated.

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3 Payments: the recipient experience

For Group 1 HSNP recipients the payment process generally operates smoothly. There have been a number of challenges that have affected their experience, including delays to payments, some gaps in the quality of communication with recipients, and the practice of some pay agents charging them a commission at the pay point. Nevertheless, for the most part, HSNP beneficiaries (both Group 1 and Group 2) report high levels of satisfaction with the programme.

3.1 UNDERSTANDING OF THE PAYMENT PROCESS

Group 1 HSNP recipients generally have reasonably high levels of awareness about the programme, although there has been some variation in the levels of understanding over time. The understanding and awareness of Group 2 beneficiaries is discussed in Section 5.1.

When the programme was in its early cycles, awareness of the regular payment date was mixed. Many routine beneficiaries reported finding out the payment date each time from neighbours and friends, or from pay agents. After a few payment cycles, their familiarity with the programme started to increase and more people began to report that they already knew when to expect the payments, without needing to be told. However, in more recent payment cycles this sense of certainty seems to have been partially eroded. As some payments have been made earlier or later than expected, we have seen some evidence of a return to a situation where most people report hearing of the payment date from pay agents themselves, or from local networks, rather than being confident about the payment date, without needing to ask. In general, though, understanding of payment schedules among Group 1 households is higher than it is for Group 2 households due to the routine nature of the payments.

The level of understanding of other elements of the programme is reasonably high. Most recipients report that they understand how households were selected for the programme, and more than half of recipients interviewed have also heard of rights committees (though not all are aware of what their exact role is). Awareness of who to turn to in order to make a complaint seems to have risen over time, with increasing numbers of recipients citing that they would approach Equity Bank.

A key area where there is scope to raise awareness among recipients is in the process of checking account balances. There remains a fairly high proportion of recipients who are not aware of the balance of their account when they visit the pay point (roughly a third of respondents over all rounds). It is not clear whether people are aware that they can find this out.

3.2 AT THE PAY POINT

Roughly half of the respondents we interviewed were attending the pay point on the first day that cash was available; the others were interviewed over the subsequent two or three days. Among those who were not at the pay point on the first day the cash was available, the main reason for delaying the visit was usually that they had

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competing priorities on that day. This signals that, at least for those that come in the early days of the pay cycle, people are generally aware of payment dates but are fitting their visits around their normal schedule.

The great majority of recipients walk to their nearest pay point to obtain their cash, with most travelling for less than an hour. There are instances of some recipients travelling for a long time to collect their cash, however. In remote areas this amounts to five hours' walk or more.

Most recipients—about four in every five of those that we spoke to—do not incur any expenses in travelling to the pay point. A small proportion spend money on a motorbike, bus or matatu, while some who travel a long way spend money on food en route. Those who stay with friends or relatives overnight to attend the pay point may make a contribution to their hosts.



Queuing at a pay point on the first day of a pay cycle, Marsabit

There is a practice among some pay agents of charging a fee to recipients collecting their payments. This practice typically affects less than half of recipients, but is ongoing, and may be due to pay agents offsetting some of the costs that they themselves incur through their role. The practice seems to be more common in more remote areas, where some recipients report having a portion of the transfer deducted, or being required to accept some of it in food. A tiered commission structure was introduced in 2015, so that pay agents who were further away from the banking facility received a higher commission to compensate for their increased inconvenience, in an effort to reduce the likelihood of such a fee being charged (see also Section 4.2.2)⁷.

This is not automatically considered malpractice by the recipients: some reported that they were keen to support their local pay agent in this way, because if he or she decided to quit the programme the recipients would have to spend far more time and money travelling further afield to collect their cash. We therefore do not necessarily perceive this as

fraud. However, it will be important to consider: first, whether there are alternative means of adequately compensating agents for their efforts to avoid the need for recipients to pay these fees; and second, whether other options, such as increasing the number of agents or payment mechanisms, may reduce recipients' reliance on a sole agent, thereby diminishing their incentive to pay a fee.

⁷ We cannot quantify the effect of this revised commission structure from the pay point monitoring data because the teams went to different pay points each round, so any changes in the number of recipients reporting having paid a commission may be due to the remoteness of their location rather than due to a change over time.

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3.3 RECIPIENTS' SATISFACTION

Overall levels of satisfaction with the programme are high across the recipient sample interviewed, and there are relatively few complaints about the programme.

Most recipients tend to report that there have been broad improvements in their household since starting to receive the transfers. This includes improvements in the health of household members, the health of livestock, ownership of assets, the school attendance and performance of children, livelihood activities, and feelings of acceptance by other community members⁸. Improvements appear to be most pronounced for the self-reported ability to access food since transfers started. This is consistent with the fact that the great majority of people usually report that they plan to spend part of the transfer on food. In more recent months, the data show some indications of the repercussions of severe and protracted drought conditions. The numbers of households reporting that their ownership of assets, the health of livestock and school attendance and performance have got worse since households started to receive transfers has been consistently higher in recent rounds of monitoring than previously. If these indications do reflect the consequences of drought, it implies that access to the routine cash transfer has at least not entirely been able to insulate households from these negative shocks, leading to loss of livestock health and potential distress sales of household assets⁹.

As well as broadly reporting improvements in household conditions since starting to receive transfers, most people also appear to find the process for selecting households into the HSNP to be fair. The majority of those interviewed normally say that they feel transfers are fairly targeted toward the most vulnerable households, and that the process for selecting these households is clear. It is less common to find recipients reporting that they feel there have been inclusion errors, whereby less deserving households have been covered by the programme. The number that do feel this way appears to have fallen over time. While this does indicate positive impressions of the programme's fairness and transparency from the perspective recipients, the operational monitoring is not able to shed any light on the perceptions of non-recipients, who may feel differently.

In terms of the process of collecting cash, high levels of satisfaction are also reported around the conduct of pay agents, who people generally consider to be trustworthy, fair and polite. Many people also mention pay agents as the key source that they would turn to in various situations. This includes a role as a source of information about the date of payment and—perhaps erroneously—as the main point of contact that people say they would turn to in order to update information about their household. Pay agents are not actually trained to update household information themselves; this process is managed by chiefs. The fact that nearly half of our respondents reported that they would approach pay agents if they needed to do this may reflect a lack of awareness around the process.

⁸ Note that these are the subjective views of respondents at the pay point, not the findings of the impact evaluation. A rigorous impact evaluation has been conducted separately, which will verify and quantify the improvements for programme recipients as a whole.

⁹ Again, as these are the subjective views of respondents at the pay point, these observations should be treated as indicative of the general perception of households, rather than representing the results of an impact evaluation. Other reports will verify and quantify these observations.

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People may choose to approach pay agents in the first instance to ask about this, if they need to, because routine recipients interact with pay agents relatively often and consider them to be a key point of contact in matters relating to HSNP.

People also generally say that they feel that the experience of collecting cash is safe. Especially in later rounds of monitoring, it was uncommon to find any recipients reporting that they felt unsafe after collecting their cash, and there are very few reported cases of theft of the transfer.

3.4 ACCOUNTABILITY: COMMUNICATION, COMPLAINTS AND UPDATES

In line with the high levels of satisfaction observed across elements of the programme, we find that it is relatively rare for recipients to report having complaints or concerns. Nevertheless, complaints do sometimes occur and there remain a number of ongoing challenges faced by some recipients. We also observe an apparent increase in the reporting of complaints in the most recent round of monitoring. This may be due to increased awareness of the feedback channels available. In recent months the programme has sought to raise awareness among communities about how and where to give feedback about HSNP. This is in line with the changes made to the complaints handling procedures to shift responsibility for this over to chiefs, instead of the rights committees that were initially established for this purpose (see Section 3.4 below). A second reason for increased complaints in recent rounds may also be the tendency toward erratic payment dates.

Among those who have had concerns relating to HSNP, the main reasons given are usually around problems with using their bank card. Technical challenges around payments are further discussed in Section 4.3.2.

A second issue concerns the ramifications of erratic payment dates. During cycles in which the routine payment was made on an unexpected date, we find instances of recipients reporting that they were not aware of the payment date (Box 1). This can lead to recipients making the journey to pay agents by foot, only to find that no payment is available. Given the long times taken by some people to make this journey, this time lost represents a significant opportunity cost that could be averted.

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BOX 1 ISSUES WITH DELAYED PAYMENTS

In recent pay cycles there has been some irregularity in the date of routine payments being made. The payments due on 05 March, 05 July and 05 September 2016 were disbursed late, while the payment scheduled for 05 January 2017 was made several days early. Some of these delays relate to the process for disbursing the funds in Nairobi, rather than delays in the programme sharing funds with Equity Bank. In addition to delays in the date at which beneficiaries can withdraw funds, Group 1 households may experience further delays in withdrawing their payments in any pay cycle, owing to pay agents travelling to collect cash, or facing a lack of network coverage to operate the point-of-sale machines (especially in more remote locations).

When the date for routine payments changes, efforts are made by the programme to communicate this to recipients. The programme first communicates with chiefs and pay agents, either directly by HSNP staff or through text messaging and WhatsApp. Chiefs then pass on information to the community.

The communication of delayed payment dates to recipients has generally been weaker than communication to chiefs and pay agents. We find that the majority of recipients learn of the payment date at relatively short notice. In more recent rounds most households also report learning of the payment date through the grapevine, from family and friends. Where households are uninformed about the date this can result in lost confidence around when to expect payments, resulting in unnecessary travel to pay points before cash is available, limiting beneficiaries' ability to plan. The cost of travelling to pay points before a payment is available can be significant for some households, especially those who need to travel long distances of several hours to reach the pay point, who forgo other activities or who incur costs to make the journey (in food or travel).

Messaging with a few days' notice that the payment will be delayed—even if the revised date is not yet known—is valuable, as it minimises these opportunity costs. In March 2016, at the time of the first major delay, we recommended that the HSNP should assign a fixed cut-off date of the first of each month when a payment is due. If the money is not known to be available by that fixed date the PILU should send a text message on that date to all relevant stakeholders—HSNP staff, Equity Bank, pay agents, chiefs and assistant chiefs, and assistant county commissioners—informing them that there may be a hold-up in releasing the funds, and encouraging them to spread the word among recipients not to start walking to the pay point until they have heard that the funds are available. If it turned out that the funds were available after all, at least recipients would be able to collect it on or soon after the fifth. This would be preferable to having them expend time and money on unnecessary journeys. An early announcement would also enable pay agents to avoid holding very large amounts of cash insecurely without knowing when they can pay it out. It is not apparent that this recommendation has been implemented.

Around the same time, the research team also had conversations with PILU about whether it might be appropriate to pick a fixed alternative disbursement date as a backup plan (e.g. on the 19th, two weeks after the target date) so that households and pay agents could plan for collecting their money rather than using resources going back and forth to the pay agent to see if it was ready. This option involves a trade-off with delivering cash to the households as fast as possible. No conclusion was reached.

During the programme's implementation, there was a change in the nature of feedback mechanisms available for people to make their complaints. The initial intended mode for accumulating beneficiary feedback was via rights committees. These were composed of respected members of the community and tasked with mobilising communities for programme activities (such as registration), raising awareness about the programme, and

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gathering and managing complaints. Awareness of rights committees among recipients seemed to increase during implementation, although there was still scope to improve this further. Among those who knew of the committee, most people reported knowing that one of its roles was to help with complaints, and declared that they were happy with the performance of the committee in the past year. However, while our monitoring teams found that rights committee members were generally active in reporting complaints, we also identified some weaknesses in the functioning of the rights committees as a whole. We found that complaints reporting was not consistently being done through the prescribed channels. This was partly due to the limited literacy of some members, which prevented them from performing some of their tasks effectively. We also found variation in the strength of their interactions with HSNP staff and formal structures higher up, in terms of communicating complaints and local conditions.

Starting from mid-2016, there was a transition toward relying on chiefs to perform these roles instead. The reason for shifting toward greater reliance on chiefs for this role was partly due to the fact that chiefs tend to have high levels of visibility within communities, and had already held responsibility for communicating with local communities (for example, by convening barazas to inform people of forthcoming emergency payments). The transition was also intended to make the complaints handling process and the process of making updates to household information more sustainable and effective, in view of some of the challenges experienced by rights committees in performing these functions. Early indications from the monitoring suggested that chiefs have been able to absorb additional HSNP tasks alongside their current workload, that most had good levels of awareness about the HSNP, and that the ongoing devolution process within Kenya had not affected their workload. Several chiefs have, however, requested additional training on HSNP to help them better understand the programme and their expected roles within it.

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4 Payments: the pay agent experience

Equity Bank recruits agents to provide services on its behalf. These agents are often storekeepers who run banking services alongside their regular businesses (though occasionally they work solely for Equity Bank). The agent network is a vital part of the banking system, since there are very few bank branches. Equity Bank, for example, has only six branches in the HSNP region, which is an area approximately the size of Great Britain¹⁰. Not all Equity Bank agents have signed up to participate in HSNP: some feel that the disruption outweighs the benefits. Conversely, some traders have been attracted to become agents because of HSNP, as they appreciate the business.

Overall, among the 215 agents we spoke to, most (159) are generally satisfied with their involvement in HSNP. Most also report that they are able to combine being an HSNP pay agent with their regular trading or business activities, albeit often with disruption in the first few days of the payment cycle. Note, however, that we only interviewed agents who were active in HSNP at the time of the interview: in trying to find these respondents, we came across many other agents who had suspended their participation—often owing to faulty equipment—or who had not been able to start paying HSNP recipients, although they had applied to do so. A few had given up entirely. We discuss these cases further in Section 4.1.

The two major challenges faced by pay agents are **cash flow**—liquidity shortages and the need to travel to an Equity Bank branch to get enough cash to last each payment cycle—and **equipment maintenance problems**. The wider challenge of **pay agent dropout** compounds some of the difficulties for the agents who remain in the programme.

Here we summarise the findings in relation to the network of pay agents in general, their preparation for the pay cycle, and the management of payments. We highlight some of the solutions proposed during the routine monitoring to address key challenges.

4.1 THE NETWORK OF AGENTS

Pay agents' familiarity with HSNP varies enormously. Some have been HSNP agents for over five years, since Phase 1, while others had only recently joined. Regardless of when they joined, nearly all have been trained in how the payment process should work. Training in record-keeping, and in what to do with complaints and updates, has been a little less comprehensive. Only a minority of those we interviewed reported having been taught the overall goals of HSNP.

Equity Bank's network of HSNP agents is somewhat unevenly distributed. There are some clusters in towns where Equity Bank has a branch (for example, there are three HSNP agents on a single street in Kakuma, Turkana), perhaps because it is more attractive to be an agent when the bank branch is close by. Pay agents' experience of

¹⁰ There are two in Turkana (Lodwar and Kakuma), two in Marsabit (Marsabit town and Moyale), and one each in Wajir and Mandera.

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the programme is coloured to a great extent by the location of the branch in relation to their own business. This does not necessarily facilitate access for the recipients, who have to travel to the agent to collect their cash.

Turkana and Wajir have the fewest problems in regard to attracting agents, especially in urban areas. Mandera is managing to increase its supply of agents through continual efforts in difficult conditions. Insecurity in Wajir and Mandera can make prospective agents reluctant to join the programme, though this has not proven as much of an obstacle as might have been expected (see Section 4.2.3 below). In Marsabit the number of agents is too few and is declining, making conditions more unattractive for those left operating there.

We estimate that somewhere up to three-quarters of agents listed by Equity Bank as HSNP agents are currently active¹¹. The number cannot be verified as we do not have access to Equity Bank's records. Among the estimated one-quarter of the listed pay agents who are currently not participating in HSNP, we find as follows:

- **Many never started:** they either applied to be pay agents—sometimes several years ago—but never completed the process, or they are active pay agents but do not deal with HSNP customers. Those agents whose application has not progressed tend not to follow up with Equity Bank, presuming that if the bank wanted them they would have told them. Swift activation of these agents could help relieve pressure on others.
- Others have **temporarily stopped** their involvement in HSNP, mainly because of a breakdown of the point-of-sale machine, which can take several months to resolve (see Section 4.3.2).
- A few have **dropped out entirely**, often owing to low commissions or to overcrowding at the start of the pay cycle. Being a pay agent seems to have a particularly bad press in Marsabit—several agents have dropped out there. There is a vicious cycle, in which the more agents drop out, the greater the pressure on remaining agents owing to crowds, leading to the job becoming even less attractive.

4.2 PREPARATIONS FOR THE PAY CYCLE

4.2.1 Communication

Most pay agents get communication on payment dates and emergency payments through SMS messages from Equity Bank officers and HSNP. This has often worked reasonably well (especially with routine payments, though perhaps less so with the *ad hoc* emergency payments—see section 5.2 below). The main exception has been with agents who are based in areas out of network, who have no way of getting this information directly. This can mean that they only hear about the payment once it is released, and then may spend the early days of the pay cycle fetching the money instead of disbursing it.

¹¹ The July 2016 special theme report focuses on pay agent dropout.

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4.2.2 Getting cash ready for disbursement

Barely any pay agents (18 out of 215) reported having enough of a float in their usual business to pay HSNP recipients without travelling to the bank. They face a trade-off between travelling repeatedly to withdraw smaller amounts of cash, or going once and carrying a large amount back. While some agents are situated fairly near to a branch, most travel a long way: of more than 150 agents who had recently collected cash at the time of interview, over four-fifths had travelled more than one hour to reach a branch. This causes challenges, especially when the travel cost cancels out the profits they make from HSNP. Some of the costs may be passed on to recipients in the form of commissions, and may lead to payment delays as agents spend the first day or two of the cycle fetching cash. These struggles could also be of concern to HSNP if the dropout rates of pay agents are substantial, having a negative impact on the caseloads of remaining agents and increasing the distances recipients need to travel to reach an agent.

The distance to the branch, and the need to collect large amounts of cash at once, became even more problematic from early 2016 when the payment date began to be erratic. Some agents found themselves sitting on large amounts of cash for several days awaiting the (unknown) delayed start date, uncertain whether they should make the trip back to the branch to deposit the cash again until it was needed.

A few agents have found solutions to the cash flow problem. Just prior to pay day, several agents mention encouraging their regular customers to make cash deposits so as to boost the amount of cash in the till. Other agents have side businesses that help with cash, while others ask neighbouring businesses or family members for cash that can be reimbursed after a trip to the bank. Occasionally, agents swipe recipients' cards first and print receipts without giving the recipients cash, then travel to the bank to withdraw the precise amount they need to pay their recipients; this, however, is not an officially endorsed practice.

Pay agents in the most remote HSNP locations are disadvantaged five times over. They have less liquidity from their own trade, they are less able to make repeated journeys to the bank and so withdraw larger sums in fewer trips, they then carry these larger amounts over very long distances, and as a result they are more likely than pay agents elsewhere to feel unsafe, and the cost of transport is high. In October 2015, recognising this disparity in operational costs incurred by pay agents far from a branch, compared with those nearby, Equity Bank agreed to increase commissions on a sliding scale, depending on the pay agent's distance to a branch. A withdrawal of between KES 5,000 and KES 10,000, the typical amount withdrawn by an HSNP recipient, generates a commission of between KES 35 for pay agents located within 20 km of a branch, rising to KES 65 for those who are more than 100 km away. The increased commission was introduced in November 2015 and went some way to compensating agents for the inconvenience.

Resolving the root problem of agents having to travel long distances to a bank branch at all would be a considerable benefit in Phase 3 of HSNP. For example, it may be useful to consider whether pay agents could choose to open bank accounts with other branches that are closer to them, if they prefer, and to be able to transfer the money from Equity Bank to the closer bank (e.g. KCB), with the charge being absorbed by the

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programme. Alternatively, HSNP might wish to use pay agents attached to one of many different providers, including mobile phone agents.

4.2.3 Security

Naturally, security is of some concern for pay agents, as they have to carry several thousand dollars at a time (bearing in mind that the transfer is more than \$50 per household). From the 200+ agents we visited, 19 reported having been robbed and 64 reported having felt unsafe while transporting cash. Despite this, security worries have not featured very strongly in pay agents' accounts of their experiences with HSNP. For both pay agents and recipients we might have expected the wider political insecurity to have had a negative impact on the programme's operations in Wajir and Mandera, but this has not emerged as a strong theme. Pay agents are still operating and managing to get cash.

4.3 MANAGING PAYMENTS

4.3.1 The typical caseload

A review of record books from 53 pay agents, undertaken by the team in mid-2016, showed that they were typically serving about 110 households in the first two weeks after the payment was released¹². Assuming that these households are most likely to be receiving the routine transfer, this amounts to a requirement to have over KES 500,000 (\$5,000) in cash in the first fortnight, and declining amounts thereafter. Some of the primary drivers influencing the number of recipients served, and therefore the amount of cash that the agents must have available, include the proximity of other active agents, the promptness with which the agent starts paying, and the pastoralist cycle (which affects who is in the area). Pay agents near the main towns serve many more recipients than those in more remote areas. Whether they serve a large or small number of households, pay agents tend to face similar issues, such as needing to hire help and finding it difficult to serve their usual customers for a while.

The number of people that a pay agent has to deal with is rather greater than this amount, because households often drop by the agent to check on the off-chance whether or not they have been paid (especially Group 2 households, who receive cash irregularly, and especially when some households have received a payment but others have not). The agents can therefore spend a lot of time swiping the cards of households who do not actually have any money to withdraw. The administrative burden on pay agents would be greatly reduced if there were another way of households finding out whether they have a transfer.

¹² This was the median value, so half the agents for whom we had records were serving more than this number, while half were serving fewer.

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4.3.2 Equipment functionality and maintenance



A pay agent attempts authentication outside his shop

On a day-to-day basis, agents often experience temporary glitches in the running of the payment process, though not to the extent that this completely obstructs their ability to participate in the programme. Nearly all agents report having had problems with authentication, where a recipient's thumb print is not initially accepted. Here the issue appears to be with the sensitivity of the machine: recipients with callouses on their hands struggle to get the machine to register their print. To mitigate the problem, several agents now report using some type of chemical to clean hands prior to authentication; if it continues to fail, the recipient may be obliged to travel to the branch to withdraw cash over the counter. Difficulties in getting a network signal are also common.

A greater impediment is that several pay agents report challenges with broken machines—both in regard to the frequency of breakdowns and the time it takes to make repairs. Without machines, pay agents cannot disburse funds: faulty hardware is a common reason for agents to temporarily suspend their operations.

This obliges recipients to travel further to collect their payment from a different agent. Many agents have experienced hardware problems at least once or twice. Some issues can be resolved with on-the-phone technical support from Equity Bank but many times it requires for the machine to be sent to the branch for repair or replacement.

From our observations, some of these repairs are taking more than the target two to four weeks to resolve. Often this is because the job of taking the machine to be repaired, and returning again to collect it, is left to the agent. The agent may not have the time or resources to do this speedily. It might be useful to have some form of roving technical support staff who can fix machines at the agent's shop.

4.3.3 Record-keeping

Record-keeping among pay agents is variable. Some agents keep detailed records in official Equity Bank record books, showing recipients' names, the date they received their transfer and the amount withdrawn, accompanied by a thumb print to record receipt. Throughout the monitoring period, however, the team consistently observed low rates of record-keeping among pay agents, especially in Wajir. We did not find evidence that this improved during Phase 2. One reason for this may be the lack of incentives on the part of pay agents to maintain up-to-date records. There are no penalties attached for not keeping records, and when agents are facing long queues their priority is to serve the waiting customers, rather than taking time to update the record books.

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5 Experiences with emergency payments

When the VCI data indicate that severe or extreme drought is likely in certain locations across the HSNP counties, an emergency payment is triggered to some Group 2 households in those places. The total number of recipients is based on allocations set at the county level, and is derived from the transfer value that would be required to scale up to 50% of the population of affected areas in the case of a severe drought, or 75% in an extreme drought. The precise allocation varies slightly from these figures as the formula has been adjusted over the course of Phase 2 to allow for some redistribution to locations neighbouring those specified as being in a crisis situation. Eligible households are identified from the HSNP management information system using existing wealth ranking scores.

Emergency payments to some Group 2 households have been triggered some 14 times since the start of Phase 2, i.e. spread over about two years (Table 3). Many of these have been issued in the early part of the calendar year, covering roughly January to April in each of 2015, 2016 and 2017. An exceptional payment was made in October 2015 in response to the floods arising from the severe El Niño event; this was the payment with the largest coverage, reaching most Group 2 households. The most prolonged period of emergency payments has been for the current drought (at the time of writing), which start in the end of 2016.

TABLE 3 EMERGENCY PAYMENTS MADE UNDER HSNP PHASE 2 (JANUARY 2015 – APRIL 2017)

MONTH OF THE EMERGENCY PAYMENT	COVERAGE	NUMBER OF PAYMENTS MADE
Jan., Feb., March 2015	All counties	87,378
April 2015	Wajir, Mandera and Marsabit	36,800
April 2015 (Bori only)	Marsabit – (Bori only)	221
Sept 2015	Turkana – (Loima, only)	4091
Oct. 2015 (Floods)	All	181,145
Oct. 2015 (Flood, special)	All	20,960
Jan. 2016	Wajir only	7,559
March 2016	Mandera and Wajir only	28,212
April 2016	All counties	54,216
Nov. 2016	Wajir, Mandera and Marsabit	26,481
Jan. 2017	All counties	79,230
Feb. 2017	All counties	66,165
Mar. 2017	All counties	53,548
April 2017	All counties	72,617

Source: HSNP dashboard, accessed 21 June 2017

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5.1 UNDERSTANDING OF EMERGENCY PAYMENTS

The emergency payment mechanism is complex, as different households and locations—and sometimes none—may be identified every month for support. The programme cannot know far in advance whether a payment will be triggered, since the decision is made on the basis of monthly data on vegetation cover; nor can they know in advance which households, or how many, will be eligible. Payments to Group 2 households are not issued on a set date each month (in contrast to those to Group 1 households which aim for the fifth of the month), so neither implementers, nor pay agents, nor households can plan for it.

Naturally, this complexity translates into gaps in understanding the concept of the emergency payment itself. There are certainly some gaps in awareness at the community level, including around the targeting process: pay agents report facing questions from the community about this. Awareness of emergency payments and how people are selected to receive them is not only an issue among households. Monitoring teams also found some instances of pay agents being unaware of the emergency payments facility under HSNP, despite having notionally received training on this. Moving up to chiefs, we did generally find that chiefs were familiar with emergency payments and how eligible households were determined within locations, although they were less familiar with the process of identifying the eligible locations to begin with. There was some appetite among chiefs to have refresher training on emergency payments, as well as other topics, to help them disseminate information to communities with more confidence.

The targeting mechanism, for both Group 1 and Group 2 households, has been the subject of other studies and outputs produced under this evaluation. One point emerging from the operational monitoring, in particular, was that HSNP's efforts to explain the details of how the VCI works have not entirely convinced some of our respondents in the counties. Despite the programme's assurances to communities that the VCI was able to discern the difference between unconsumable vegetation—particularly the *Prosopis juliflora* trees—and usable vegetation, we found in early 2017 that scepticism remained about the model among some respondents (though others were either satisfied with its use as a payment trigger, or simply viewed the method as a matter of luck); and that its perceived shortcomings were cited as justification for why some areas were 'missing out' on emergency payments. Some also argued that though the VCI represented a valuable early warning indicator, it did not capture other socioeconomic indicators that would be relevant in assessing the severity of possible consequences of drought. It is not certain that simply delivering more training on the process would resolve these concerns.

5.2 COMMUNICATION ABOUT SPECIFIC EMERGENCY PAYMENTS

As shown in Table 3, HSNP has successfully delivered several emergency payments during its implementation to a large number of households. This includes the payment to around 180,000 households in October 2015. While the delivery of emergency payments has been broadly functional as per the intended process, one of the primary challenges facing the programme has been the communication of these payments down to the level of eligible households.

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Part of the reason for these challenges is that the process of scaling up emergency payments involves several steps and requires a number of partners to react. After NDMA have identified the emergency and eligible households, FSD need to process the payroll and inform PILU of the payment date. PILU then inform HSNP staff, pay agents and chiefs. In turn, chiefs are responsible for holding public barazas to inform the community. These steps all need to occur in a timely manner, to ensure the timely disbursement of payments to at-risk households.

Chiefs and assistant chiefs are relied on as the primary mode of communicating information about emergency payments to eligible recipients. Many stakeholders that we spoke to considered public barazas to be an effective platform for reaching community members. However, the system can break down in cases where chiefs and assistant chiefs do not receive the relevant information in time to mobilise the community. Further up the chain, delays in obtaining recipient lists (particularly in remote areas) and the date of payment have been known to occur, leading to situations in which eligible Group 2 beneficiaries were not informed about their entitlement to receive a payment in advance. This uncertainty has caused Group 2 households to learn of payments only by visiting pay agents directly, which again implies considerable costs for some households in the time forgone to reach the pay point, particularly for those who then find that they are ineligible. We found this situation to be common in relation to the emergency payment made in December 2016.

To help strengthen communication around emergency payments, we had recommended that chiefs be informed of the emergency payment date well in advance, so that they can have enough time to inform communities. Communication via text message has also been found to be an effective way of spreading the word, so a second recommendation was also to expand the list of recipients of these messages to ensure that emergency payments are widely communicated.

Given that the model is indeed complex, and further complicated by the adjustment to the formula made part way through the phase, it is not surprising that confusion remains. One possibility for simplifying the process might also be to make the payment on an agreed date each month: this might relieve the pressure on the pay agent to respond constantly to enquiries as to whether Group 2 households have received any money, though equally it might provoke a surge in those enquiries on the allotted day.

5.3 THE GROUP 2 BENEFICIARY EXPERIENCE

Group 2 beneficiaries that we interviewed generally had high levels of satisfaction with the programme as a whole, and few reported complaints about the programme or the experience of collecting their cash. Nonetheless, the issues with the emergency payments process just described—confusion around why some households receive emergency payments and others do not, or lack of clarity about the list of eligible households for specific payments and their timing—represent challenges that are specific to this group rather than also applying to the Group 1 households.

Besides experiencing some confusion and lost time in travelling to payment sites unnecessarily, Group 2 respondents were also found to be less familiar with the general process for obtaining their money (for example, the need to bring an ID card with them to do so, and that they are entitled to withdraw money at any time).

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Around four out of every five Group 2 recipients that we talked to reported having received no training on the process of getting their money.

In respect of how Group 2 recipients planned to spend their money, as compared with Group 1 recipients, the main difference was that Group 1 households appeared more likely to plan to spend part of their transfers on school fees; this was less feasible for Group 2 households, who would not know in advance whether they would be receiving any money. However, it is important to bear in mind that the sample size of emergency recipients is relatively small as regards drawing comparisons of this nature, as they constituted only about 10% of our respondents (since monitoring was done around the dates of the routine payment, not the emergency payment).

6 Recommendations / suggestions to explore

Since this report is a consolidation of the findings from 10 rounds of operational monitoring, it does not contain new recommendations beyond those already presented in the bi-monthly reports and the related 'special theme' reports. The reader is directed to those reports for full details. Nonetheless it is useful to summarise key recommendations that still apply and that have been presented in the discussion above. These are intended in the spirit of 'quick wins' or small design adjustments that might make a relatively noticeable difference to programme efficiency and to the experience of pay agents, who are at the frontline of service delivery¹³. Among the suggestions and solutions offered in our monitoring reports to smooth the payment process are the following:

For recipients:

1. **Account balances:** Improve awareness among recipients about the option of checking account balances and choosing how much money to withdraw (see Section 3.1).
2. **Remote balance checks:** To reduce the time recipients spend at pay points trying to find out from the pay agent whether their payments have been transferred the possibility for remote checking of account balances, for instance by SMS, should be explored. Is it possible to set up a service whereby households send an SMS to a toll-free number, or swipe their card somewhere, to check their balance? (See Section 3.1.).

For pay agents:

1. **Introducing roving Equity Bank field officers:** It would be beneficial if Equity Bank could hire field officers whose role is to be continually out of the office supervising pay agents. We recognise that this would need to be a separate person to the HSNP representative who sits in the bank branch, since there is also a need for someone to remain in that job. This would help in tracking and resolving agents with issues such as point-of-sale machine breakdown and lack of record-keeping (see Section 4.3.2).
2. **Monitor pay agents' activity status:** HSNP officers could telephone a selection of pay agents in their area each pay cycle to check whether they are active and how they are getting on. This might help improve the programme's understanding about how many agents are active, how many have broken machines, or other concerns about the programme, etc. (see Section 4.1).
3. **Discussion on commission:** A further discussion on how the pay agent commission is charged needs to be had with stakeholders. One alternative would be to revise the payment amount given to recipients and to let the recipients make the payment to the pay agent directly. Alternatively, it would be useful to find a way of accurately reimbursing pay agents for the costs they incur in travel (see Section 4.2.2).
4. **To improve liquidity:** Look into the possibility of enabling agents to have bank accounts with other banks so they can transfer and withdraw money closer to their location (see Section 4.2.2).

¹³ We therefore have not included all-encompassing recommendations to improve the timeliness of payments, extend the pay agent network, improve the functioning of electronic hardware, alter the payment schedule to emergency payment beneficiaries, resolve the confusion of Group 2 households about their status etc., which are the types of issue that require a substantial policy discussion.

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5. **Security:** Few pay agents appear to be aware of the option of taking out insurance to cover HSNP payments funds, and those that are aware do not appear to understand this service well. Building awareness and understanding of this facility among pay agents could assuage some of the security concerns that pay agents or potential pay agents have (see Section 4.2.3).

For chiefs:

1. **HSNP training:** Some chiefs have requested additional training on HSNP, both in general and in relation to the emergency payments, to help them better understand the programme and their expected roles within it (see Sections 3.4 and 5.1).

For all:

1. In **communication**, the national government communication system, from the Assistant County Commissioners to the chiefs, can be used to send messages to the chiefs who can then relay messages to pay agents in areas without network coverage. The phone numbers of the Assistant County Commissioners should be obtained and added to HSNP's list of people who are told when a payment is made (see Section 4.2.1).
2. **Notification of payment delays:** If, on the first of the month, it is not certain that the transfers will be ready on the fifth, a message should be distributed to all stakeholders on the first to this effect (i.e. 'Don't wait until you know whether there definitely *will not* be a payment; act if you do not know there definitely *will* be a payment'). In the message, chiefs should be instructed as to what they should tell their recipients about an alternative payment date (see Section 3.4).

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7 Conclusions

The purpose of this report has been to synthesise the findings from 10 rounds of rapid operational monitoring in the field about the experiences of recipients and pay agents participating in the HSNP. It therefore does not intend to set the strategic direction for the future evolution of the programme (a task which is being elaborated through other channels, including through NDMA, the implementing partners, DFID, and engagement with the Government of Kenya's National Safety Nets Programme). Nonetheless we can conclude with a few summary observations on the successes and challenges of programme delivery.

Broadly speaking, Phase 2 of the HSNP has demonstrated that it is feasible—given sufficient investment—to run a large-scale exercise to obtain ID cards and open bank accounts across several hundred thousand people in the relatively remote areas of northern Kenya. This represents a considerable achievement. The challenge of registering some of the youngest and oldest recipients, on account of their inability to obtain ID cards (see Section 2.1), has proven to be one of the most difficult to overcome and may mean that a programme based on a similar enrolment process will fall short of the aim of 'leaving no-one behind', in the language of the Sustainable Development Goals, unless alternative arrangements can be made for these groups.

The delivery of bi-monthly payments to Group 1 households through these real bank accounts—rather than using a programme-specific card—has, again, been demonstrated to be possible. For recipients who need to travel long distances to reach pay agents, most have been accepting of the need to do this, even though some do so at a cost to themselves—in terms of time and money spent (on food and overnight accommodation), and sometimes with the fear of leaving their homes unguarded—which might be reduced if pay agents were operating closer to where they lived. Many, especially in more remote areas, have also been found to accept the need to pay a 'token of appreciation' to their local pay agent as a means of retaining his or her participation in the programme, considering this a fair expenditure compared with the considerably higher sums and time that they would have to spend in obtaining their cash from an agent further away if the nearer one stopped paying out.

The full flexibility of having a bank account has not yet been fully conveyed to, or absorbed by, the recipients: most withdraw the full amount of the transfer in a single tranche without considering whether to leave some on the card (even if they say they plan to save some); and it is not worth the pay agents' time to inform them that they can leave some in their account, since exchanges about how much recipients wished to withdraw would slow down the disbursement process and might create liquidity problems.

For Group 2 households, the emergency payment process has been rather more complex. HSNP's release of cash to varying numbers of households on the basis of early warning data (temporary 'horizontal expansion', or scaling up, of the programme) has been an innovation that has been watched with interest globally. Again, it has been demonstrated to be possible. The main challenge has been the confusion generated by the fact that all households have the same type of bank account and ID card, and mostly consider themselves to have a similar wealth status to their neighbours, yet some receive money continually, some only occasionally, and some not at all. The suddenness with which Group 2 households are credited—on no particular date, and perhaps with drought conditions not

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seeming considerably different to other months when no payment is received, in the view of the community—generates some inefficiencies and limits the opportunity for Group 2 households to make longer-term plans for the use of the funds.

As for the pay agents, we have seen a mixed picture: many are satisfied with their involvement in the programme while others have faced challenges. The liquidity of the pay agents has not been at the level that might have been envisaged during the programme design—almost none have thousands of dollars of cash at their disposal to hand out to HSNP recipients every two months. The acceptance by the pay agents of the need to travel hundreds of kilometres to a bank branch to obtain the cash is remarkable but risks being a burden on their time, expenses and security.

If a future phase of HSNP is to reduce the opportunity costs to pay agents of participating, at the same time as easing the opportunity cost to recipients of obtaining their cash, it will have to achieve a double-size improvement in programme efficiency: getting pay agents closer to recipients, while getting the cash closer to the pay agents. The larger implication of this for the contracting of service providers is outside the scope of this report, and is a structural issue that is being discussed by the government¹⁴. From the perspective of the fieldwork findings, an immediate short-term solution could be to improve the outreach offered to pay agents for maintenance of their infrastructure: this would enable more pay agents to stay active (rather than to cease participating for long periods when their point-of-sale machines break) and would reduce the time they spend travelling to the bank for repairs. In a future phase, closer monitoring as to which pay agents are active or inactive will be valuable to permit swift troubleshooting, ensuring that areas are not left without a participating agent.

In all aspects of HSNP's operations, good communication has been central to the *perception* of the effectiveness of the programme's processes. Over the course of Phase 2 we have seen the expansion of the mailing list for text messages to pay agents, chiefs and other local public authorities to announce payments and delays. There has been a shift to the use of chiefs for programme communications, and a gradual improvement in the consistency of messaging about the way the programme works (though it can be difficult to convey these complex concepts, particularly in local languages in which the terms were not created). The continued strengthening and use of these procedures—including, perhaps, more consistency in predictable and timely messaging about whether there will be an emergency payment, as well as early warning of any delays to routine payments—will be of benefit.

Finally, the process of external monitoring of the programme has itself been found by the implementers to be useful for bringing together evidence on the way HSNP is running in order to allow for timely adjustments where possible. It is suggested that further investment in in-house monitoring in a future phase could be useful as a further quality assurance mechanism.

¹⁴ This is a broader issue than simply a matter of increasing the number of participating providers: it relates also to capacity to manage multiple payment providers, mandates for channelling funds and many other issues.