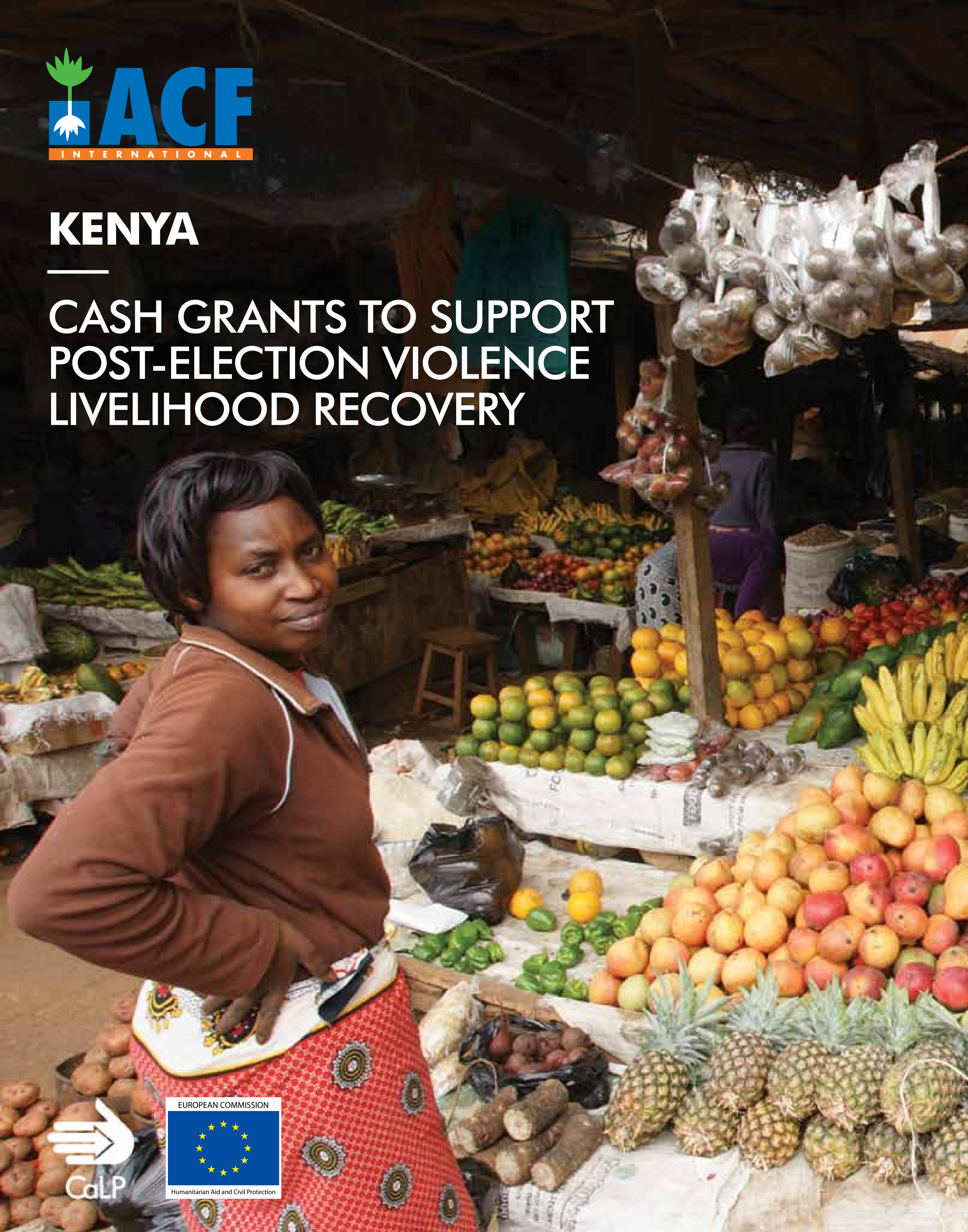
ACF INTERNATIONAL

KENYA

CASH GRANTS TO SUPPORT POST-ELECTION VIOLENCE LIVELIHOOD RECOVERY

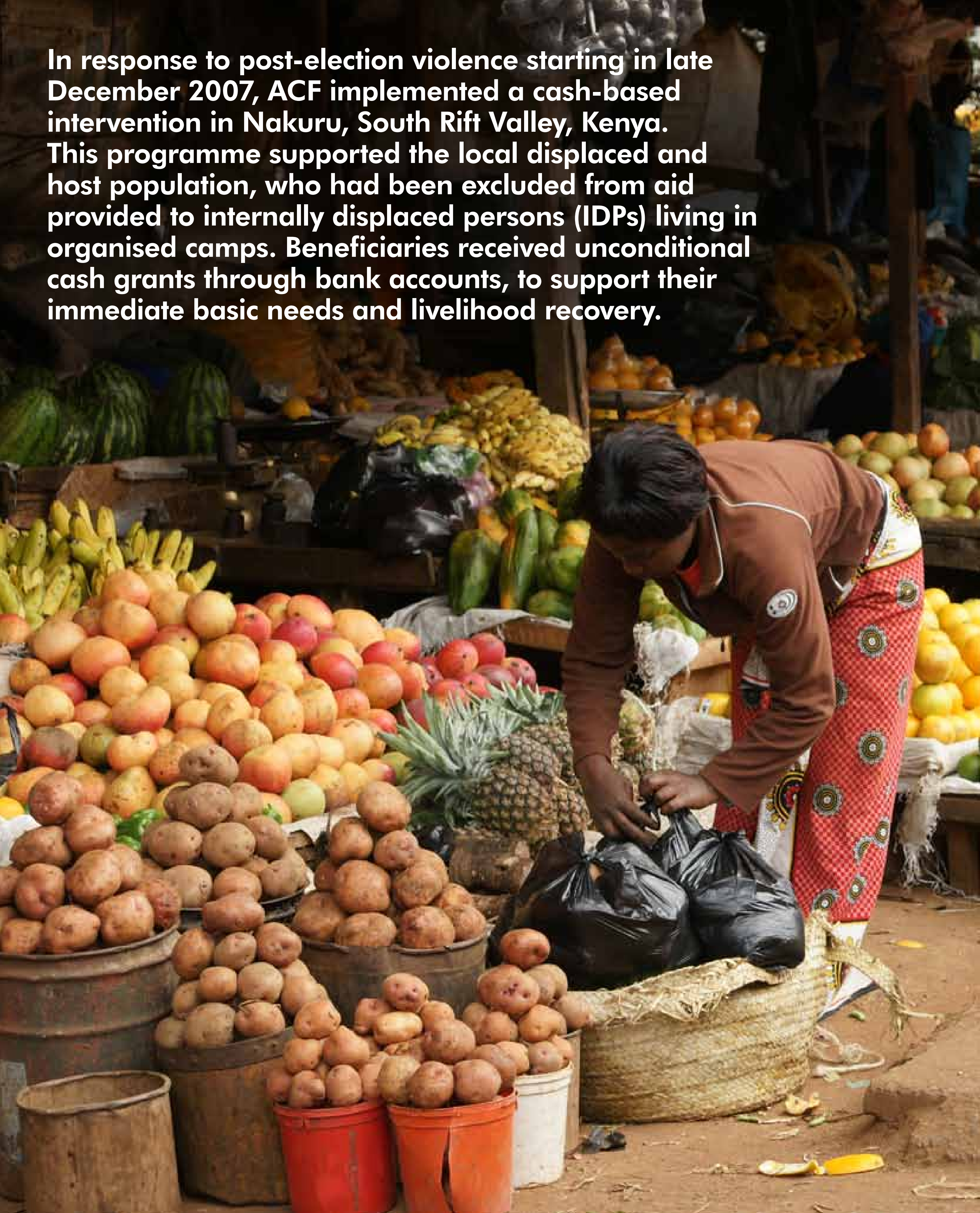


CaLP

EUROPEAN COMMISSION

Humanitarian Aid and Civil Protection

In response to post-election violence starting in late December 2007, ACF implemented a cash-based intervention in Nakuru, South Rift Valley, Kenya. This programme supported the local displaced and host population, who had been excluded from aid provided to internally displaced persons (IDPs) living in organised camps. Beneficiaries received unconditional cash grants through bank accounts, to support their immediate basic needs and livelihood recovery.



Humanitarian context

Background

Post-election violence (PEV) that started in late December 2007 was devastating to both the public infrastructure and individual households, and drove an estimated 250,000 to 300,000 people[1] to become IDPs. The loss of homes, shops, assets, and the local labour force in turn caused the loss of livelihoods. One of the most heavily impacted areas was the Rift Valley province. As of 2008, the area was host to more than 100,000 IDPs[2]. This placed enormous stress on the local host population. Humanitarian and government aid was targeted at IDPs residing in camps, and relief to IDPs living in the host communities and to the local host population itself was minimal.

ACF responded to the post-emergency food security and livelihood (FSL) needs of local households with a cash-based intervention (CBI). Beneficiaries received unconditional cash grants transferred through a local bank to relieve the pressure placed on them by making accommodations for IDPs. This programme provides a strong example of how to encourage money management by beneficiaries in an urban environment, and shows how donor restrictions can impact programme design.

Assessment

In March 2008, ACF conducted an assessment to understand the impact of the PEV on the food security and livelihoods situation of the displaced and local host communities. The results revealed that these people were in need of basic items (food, clothing, housing support) and their sources of income shifted toward casual labour. In addition, most members (84%) of the assessed communities hoped to rehabilitate their livelihoods but needed financial support in order to do so.

Findings from the assessment also showed that people had quickly resumed many of their daily activities in the face of political instability. The effects of PEV—weak markets, upset transportation systems, damaged agriculture sector—in combination with the global food price crisis increased local food prices and served to put even more stress on the population in question. Following this assessment, in May 2008, the Central Bank of Kenya reported that the cost of living was rising due to increasing prices of food, fuel and power.

[1] ACF Assessment Report April 2008 as referenced in Henderson, Mark and Silke Pietzsch, "Direct Cash Transfer to Post Election Violence affected Host Population: Nakuru, South Rift Valley, Kenya: Internal Evaluation" (Dec 2008).

[2] OCHA November-December 2008 Kenya Humanitarian Update as referenced in Henderson and Pietzsch.

Program overview and rationale

ACF's objective was to aid PEV-affected IDPs in host communities and host households so they could meet basic and immediate needs and re-establish their livelihoods. ACF aimed to satisfy this objective with unconditional cash grants.

Cash was selected as the most appropriate response tool because of its flexibility and convenience, the expressed need for capital for livelihood recovery, and the population's familiarity with cash-based economies. The local financial infrastructure supported the use of cash. The positive psycho-social impact of cash, such as beneficiaries' sense of ownership over their spending choices and the financial management implications of having a bank account, also validated the implementation of a CBI.

Implementation

Beneficiary selection and targeting

The CBI served 1,000 households that were selected in collaboration with the Ministry of Youth and Sport, Self Help groups, and community-based organizations. Households identified as having the potential to qualify for participation went through a targeting process to verify their eligibility. Having a single-parent, elderly, disabled, chronically ill, or female head of household, a family member in an emergency feeding programme, or being host to an IDP family qualified a household as vulnerable. Households met livelihood vulnerability criteria if the value of their assets was less that USD 1000, PEV had resulted in a loss of their productive assets, and they were capable of restarting livelihood activities. If a household did not qualify for inclusion, the local community was consulted in order to identify another that may meet ACF's targeting criteria.

Setting the value

Each household that stayed enrolled for the duration of the CBI received a total of €100 (approximately 10,000 KSh). Discussions within the FSL team set the value of ACF's grants at €100. The value was not based on additional market analysis or prices of commodities anticipated for re-establishing livelihood activities. Donor regulations set a cap of €100 on cash grants, restricting the size of the grant. ACF chose to provide the maximum amount to each household to harmonize its goal to meet the immediate needs of beneficiaries with the desire expressed by assessment participants to be able to invest in small businesses. Also,

the size of grants was congruent with the financial aid provided in programmes implemented by other stakeholders. The Kenyan government supported IDPs at camps with an initial cash distribution of 10,000 KSh per household. A planned follow-up distribution of 25,000 KSh did not come to full fruition as a result of the government's financial restrictions.

Payment method

Cash transfers were made through Equity Bank, where each household already held or opened an account in order to participate in the CBI. Equity Bank expressed a strong interest to partnering with ACF on supporting the PEV recovery effort and was very cooperative in adjusting costs and fees. Transfers through bank accounts was a secure option for ACF since staff did not have to transport or directly handle cash, and provided safety measures for households by reducing their exposure as beneficiaries and eliminating the risk that comes with keeping cash in the home.

Grants were distributed in two instalments, 20% of the total in October and the other 80% 4-5 weeks later, to encourage spending on targeted activities. The initial amount was aimed at meeting basic and immediate needs including relieving personal debts. The second instalment of funds was intended to support longer-term livelihood recovery and investment. Post-distribution monitoring after the first distribution revealed if beneficiaries had violated the terms of the programme or misused the funds, in which case the household was expelled from the programme and replaced by another from the initial list of considered households. In the 114 cases where a household was replaced, the new participants only received 80% of the €100.

Costs

The initial budget overestimated that the cost per participant would be €229.98. Instead, €145.43 covered both the €100 grant and the average transfer facilitation and programme implementation costs per household. Grants accounted for 68.76% of the programme budget and support costs only composed 31.24%. Though support costs were lower than anticipated, implementation was a very time-intensive process for ACF's team. Capacity building of beneficiaries through training and support at the bank or ATM required a high level of involvement from implementing staff but contributed to the overall success of the CBI.

Program impact

The use of cash had a positive impact on the needs that ACF targeted in its programme design, and beneficiaries took full advantage of flexibility of this response tool while still respecting the programme's parameters. Beneficiaries appreciated that the grant was distributed in two instalments because it allowed them to meet immediate needs and supported long-term planning. A quarter of households spent the first grant instalment entirely on immediate and basic needs, and almost half (47%) had a mixed spending pattern that included addressing short-term needs. Beneficiaries devoted almost the entire second instalment to longer-term investments. This includes the 54% of households that saved some of the funds, which ACF encouraged by transferring the cash through established bank accounts. Savings averaged around €24 (2412 KSh) and indicate that the CBI successfully ameliorated and stabilized livelihood conditions.

Equity Bank's involvement in the CBI had both financial and social influences. ACF selected Equity Bank as the distribution partner due to its interest in the recovery effort, flexibility with contract design, and its proximity and familiarity to beneficiaries. Because participants had to visit the bank, it also facilitated networking, sharing experiences, and cooperation between the businesses involved in this programme. The microfinance policy of Equity Bank may contribute to the sustainability of the IGAs by creating access to a local grant and credit system.

Giving participants the choice over how to improve their FSL status strengthened their sense of ownership over IGAs and commitment to the CBI. The majority (75%) of households used the grants in a manner appropriate for the programme. Those that misused the grant money were excluded after the first instalment of funds (11.4% of participating households), and overall anti-social misuse was minimal at around 2%. The positive social impacts far outweighed the negative spending habits though. Building dignity and empowering participants through active decision making resulted in both improved food security by increasing access to local resources and the development of sustainable sources of income.

FIGURE 1 UTILISATION OF CASH - 1ST & 2ND DISTRIBUTIONS

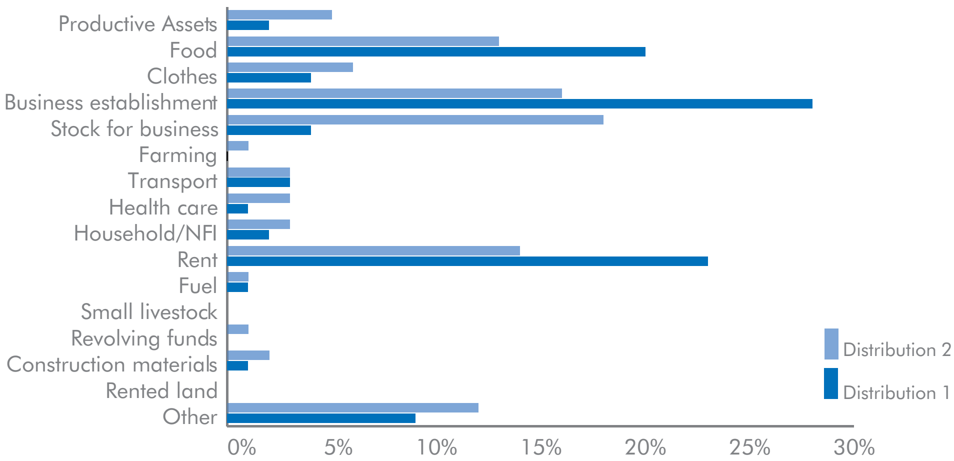
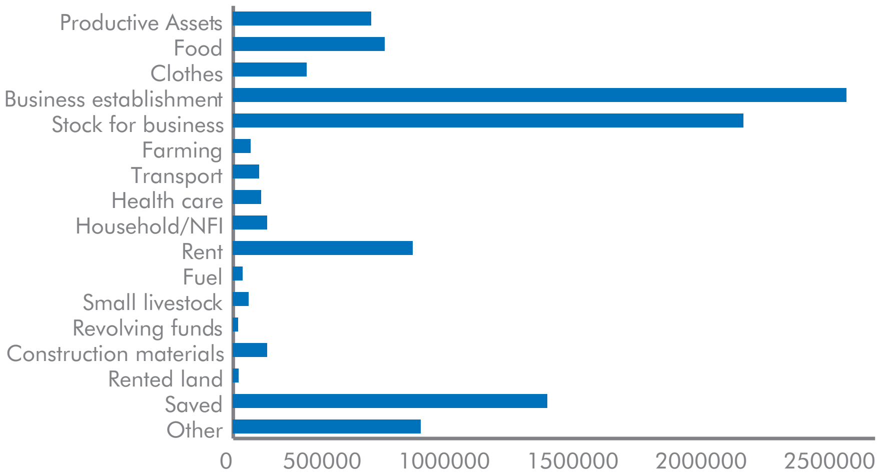


FIGURE 2 OVERALL USE OF CASH OF 1ST & 2ND DISTRIBUTION IN EURO €



Lessons learned and recommendations

To increase preparedness to respond to future emergencies with a CBI (when appropriate), aid agencies should:

- Understand the long-term capacity of local service providers and how their services can contribute to the sustainability of the impacts of the CBI. The success or failure of a service provider's involvement will be contingent on how familiar the community is with its services and operations.
- Work transparently and cooperatively with the community on targeting, setting programme guidelines, and implementation. Being direct and clear facilitates these processes helps mobilize the community and builds trust between the agency and the community.

Identify and fully utilize local communication infrastructures to make the agency and the programme more visible and transparent.

- Consider at which point in the overall response to implement a livelihood support programme in order to have the greatest impact. Emergency needs must be met before a programme such as this can be effectively implemented. The agency should also keep in mind how long it will take for an impact to become apparent, and allow sufficient time after the last cash instalment to complete additional participant trainings and monitoring activities.
- To improve future CBI planning and implementation, aid agencies should:
- Work with donors on reviewing restrictive policies, such as budgetary caps on direct cash transfers, and deciding which reporting systems can be put in place to increase accountability.
- Explore the application of this approach to further urban programming.
- Consider implementing a CBI using cash grants to address chronic issues or rehabilitating communities in rural areas as well. A positive outcome would require strong mobilization and specialized training.

Contact details and further reading

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For more detailed information, please refer to the evaluation of this program, Henderson, Mark and Silke Pietzsch, "Direct Cash Transfer to Post Election Violence affected Host Population, Nakuru, South Rift Valley, Kenya: Internal Evaluation," (Dec 2008).

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