

EUROPEAN COMMISSION



Humanitarian Aid

## Lessons Learned from the Post Election Violence Early Recovery Programme in Kenya 2008-2009



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30 August 2009

Beneficiaries of urban cash grants in Nakuru town (ACF)



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## ACRONYMS

ACF	Action Contre la Faim
CAFOD	Catholic Agency for Overseas Development
CAN	Calcium Ammonium Nitrate (top dressing)
CBI	Cash-Based Interventions
CBO	Community Based Organisation
CDK	Catholic Diocese of Kericho
CDN	Catholic Diocese of Nakuru
CFW	Cash for Work
CRS	Catholic Relief Services
DAP	Diammonium Phosphate (planting fertilizer)
DC	District Commissioner
DSG	District Steering Group
ECHO	European Commission Humanitarian Office
GAA	German Agro Action (Deutsche Welthungerhilfe)
GoK	Government of Kenya
IDP	Internally Displaced Person
KFSM	Kenya Food Security Meeting
LRRD	Linking Relief, Recovery and Development
M&E	Monitoring & Evaluation
MoA	Ministry of Agriculture
MoYS	Ministry of Youth & Sport
NAAIAP	National Agricultural Accelerated Input Access Programme (GoK)
NFI	Non-Food Items
NGO	Non Governmental Organisation
PEV	Post Election Violence
SC UK	Save the Children UK
WV	World Vision

## 1. EXECUTIVE SUMMARY

The Kenya Post Election Violence (PEV) Early Recovery Programme was an ECHO supported response by six international NGOs to the ethnic and political violence which severely affected livelihoods in the Rift Valley, Nyanza and Central Provinces after the disputed national elections in late December 2007. Over 1,200 people died and as many as 500,000 were displaced at the peak of the crisis. These areas are structurally food secure under normal conditions and constitute the 'grain basket' of Kenya. The rationale of the programme was to support the recovery of both rural and urban livelihoods of the worst affected households and host populations through cash transfer projects which would also revitalise local markets and the local economy.

The programme included: three interventions by World Vision (WV), Catholic Relief Services (CRS) and Save the Children UK (SC UK) in Rift Valley Province directly supporting a total of 13,180 households of small-scale farmers most of whom had been displaced and returned; two interventions undertaken in Nyanza Province by CARE and German Agro Action (GAA) directly supporting 7,592 households of predominantly small-scale farmers, but also small business enterprises as well, most of these households had relocated from other areas; and one intervention undertaken by Action Contre le Faim (ACF) that was entirely urban-based providing cash grants to 1,000 households in Nakuru.

Vouchers with either a cash value, or for a predetermined commodity or service, were predominantly used to transfer assets to small-scale farmers and small enterprises (except by ACF in Nakuru). Only SC UK supplemented this with cash for work (CFW) and direct grants to a small number of beneficiaries. Vouchers were either redeemed through agricultural fairs or directly through suppliers registered with the project.

The **key findings** of the lessons learned study were: (i) not all projects undertook sufficient livelihoods, market and risk analysis through preliminary assessments to adequately inform the interventions; (ii) community-based targeting in collaboration with local authorities was well applied, it took particular account of women-headed households and included host populations; (iii) each organization adopted different amounts and methods for cash transfer and controls demonstrating inconsistency and a lack of inter-institutional learning; (iv) innovative practices using local banking facilities were applied in two cases of urban and rural contexts to very good effect; (v) cost-efficiencies varied considerably between different methods and applications; (vi) less than half the projects were able to effectively respond to the short rains (September/October 2008) and a significant proportion of the cash transfer was deferred until the start of 2009; (vii) beneficiaries appreciated opportunities of choice provided through cash transfer and were very positive about the quality of the commodities; (viii) early indications are that cash transfer has revitalised the livelihoods of the target households<sup>1</sup>, it has not inflated local market prices and it has stimulated local businesses (most of whom were also directly affected by the violence); (ix) project monitoring of inputs has been much stronger than monitoring of results or outcomes (for which baselines were of variable quality) and there is virtually no evidence of corruption or misuse of cash or vouchers; and (x) coordination generally worked well within operational areas, but there was inadequate dialogue and information sharing between project partners for much of the programme cycle.

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<sup>1</sup> The full impact of the agricultural interventions in support of the long rains will not be realized until the end of the season later this year.

Overall, the cash transfer delivered to 21,772 households in the two provinces has been a positive experience and critical in supporting the more vulnerable livelihoods of those affected by the post election violence. Cash transfer has empowered beneficiaries (especially women and the less able), communities and local businesses alike. The primary **lessons learned** are that: (i) assessments (prior to project design and interventions) with sufficient livelihood, market and risk analysis are critical in informing project design and implementation; (ii) the timing of cash transfer interventions in an agricultural economy is in many cases more important than the value of the transfer; (iii) community sensitization and community-based targeting is critical to ensure local ownership; (iv) voucher redemption through retail outlets (such as agro-vets) is probably the most cost-efficient to administer, but (v) agricultural fairs generate more open competition, are easier to monitor and support with technical advice, are the preferred means for voucher redemption by rural beneficiaries and suppliers alike, and would be a better model to scale up; (vi) cash transfer through appropriate local banking systems work very effectively in the urban context and similarly could be scaled up in urban environments; (vii) cash transfer projects can only be effective with decision-making authority devolved to the level of field operations; (viii) the capacity of operational partners in planning, designing and implementing cash transfer projects has to be built conforming to common principles and practice which should be articulated in joint guidelines; and (ix) coordination mechanisms must be established to facilitate cross-institutional learning within and between partners to ensure a more informed and consistent approach.

## 2. INTRODUCTION

### 2.1 Context of Post Election Violence in Kenya

The Rift Valley, Nyanza and Central Provinces in Kenya were severely affected by the widely publicised ethnic violence immediately following the disputed national election results at the end of 2007. Over 1,200 people died and as many as 500,000 were displaced at the peak of the crisis. The situation was very complex and depended upon the ethnic composition of different locations, often broader ethnic diversity provided more protection for particular groups and ethnic divisions were less apparent. The atmosphere remained very tense for a number of months and still in April 2008 it was estimated that 168,000 people remained in camps and approximately 150,000 outside the camps.

The area affected were provinces which are structurally food secure under normal circumstances and constitute the country's 'grain basket' contributing some 70% of the national annual maize production. The displacement of a significant proportion of the farming community meant that 20-30% of the high potential cropping land was taken out of production during the 2008 long rains (generally from March to July). Furthermore, increases in the cost of farm inputs, particularly fertilisers, had raised the cost of production by 27%. This adversely affected all livelihoods and markets across this area of Kenya.

Recovery of livelihoods for both the displaced and those communities who stayed was considered a key component of the resolution process. The majority of those affected were experienced farmers with access to small-holdings (of approximately one acre or more) who required key farm inputs but little training, others affected included the multitude of small businesses which normally thrive in this area and contribute so significantly to the agricultural economy of the area.

## 2.2 ECHO Supported PEV Early Recovery Programme in Kenya

### 2.2.1 Rationale

The rationale of the ECHO programme was that areas affected by post-election violence could recover both efficiently and effectively if the right inputs were selected by farmers according to very different contexts within the target area. It was based on the premise that: (i) markets are generally responsive and effective in Kenya; (ii) that farmers (and other communities) have the necessary knowledge and experience to determine how best to produce, generate income and gradually recover from the shock endured; and (iii) that revival of the agriculture and livestock sectors would also generate livelihood opportunities for those without access to land (including small businesses and casual labourers). It also assumed that whilst ECHO's focus would be to specifically support the immediate recovery of food security, other donors would focus on supplementary interventions targeting the most vulnerable and other livelihoods.

ECHO therefore decided to support selected partners to operate fast recovery projects to mitigate the long term impacts of the violence through a wide range of cash transfer<sup>2</sup> systems providing farmers (or in some cases small businesses) the choice to determine which inputs would be most effective according to their particular situation. The partners selected had varying degrees of experience implementing cash transfer projects either elsewhere in Kenya or within the region (although much of this experience is limited to pilot schemes).

Projects were assessed and designed during March/April and approved by ECHO in May 2008<sup>3</sup> in anticipation that projects would be able to provide essential agricultural inputs before the short rains (generally from August to October, but this varies according to locality).

### 2.2.2 Projects of the Six ECHO Partners

**World Vision's North Rift Recovery Project** directly targeted 3,480 farmers (3,000 in original proposal) in Trans Nzoia East, Trans Nzoia West and Kwanza districts of Rift Valley Province. Typically it is an area of intensive maize cultivation relying on hybrid seed, diammonium phosphate (DAP) and calcium ammonium nitrate (CAN) fertilizers. The beneficiaries were farmers from mixed ethnic communities, many of whom left their farmsteads during the violence and have now returned to rebuild their livelihoods. Targeting was undertaken through community-based committees with the involvement of local government authorities. Farmers were grouped according to earlier, larger farm settlements (now representing 30 to 40 households) providing structures through which the project can effectively engage. Farmers received vouchers (valued at Ksh8,950/-<sup>4</sup>, Ksh9,050/-<sup>5</sup> and Ksh13,200/-<sup>6</sup>) for an approved list of farm inputs (including land preparation) availed by suppliers (at agreed fixed prices based on the prevailing market rate) through agricultural fairs sited close to farm locations. Only bean seed and fertilizers were considered appropriate inputs in conjunction with the short rains (1,000 beneficiaries), but a wider range of agricultural inputs were available for the long rains at the beginning of 2009 (2,300 beneficiaries) hence the difference in the value of vouchers. WV also supported training (in collaboration with government agriculture extension officers) in organic

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<sup>2</sup> Cash transfer throughout this report refers to vouchers (for a specified value or commodity) as well as Cash for Work (CFW) and cash grants

<sup>3</sup> Funding was released to ECHO partners in July 2008

<sup>4</sup> Trans Nzoia East in 2008 (these beneficiaries received a balance of Ksh4,200/- in 2009)

<sup>5</sup> Trans Nzoia West and Kwanza in 2008 (these beneficiaries received a balance of Ksh4,200/- in 2009)

<sup>6</sup> All target districts in 2009

farming practices and operated peace building activities with a focus on young people in the community.

**CARE International's *Provision of Sustainable Livelihood Skills for Conflict Affected Communities in Post Election Violence Areas*** directly targeted 3,500 households in Bondo, Homa Bay, Rachuonyo, Siaya districts and urban areas of Kisumu East in Nyanza Province. Typically this is an area of mixed farming. The beneficiaries included both rural and urban households: (i) families who had sought economic opportunities elsewhere and were now forced to return to ancestral homes in Nyanza Province as well as host communities; and (ii) households affected by the violence in peri-urban areas of Kisumu. Beneficiaries had to have access to 0.5 acres of land although some of the beneficiaries had little or no agricultural experience. Targeting was undertaken through community-based committees with the involvement of government authorities. Beneficiaries were organized in groups (each with 25 members) with four key facilitators identified and trained within each group. Beneficiaries received vouchers (each Ksh7,000/-<sup>7</sup>) for an approved list of farm inputs availed by suppliers (at agreed fixed prices based on the prevailing market rate) who were assisted by the project to transport commodities to beneficiary communities at voucher redemption sites. Inputs were provided from January to March 2009 for the long rains and horticulture was encouraged to ensure earlier returns than established cereal crops. Vouchers (each Ksh2,000/-) were also provided to "cluster" leads to acquire essential inputs for 90 demonstration plots. Rural households were provided with tree seedlings in-kind<sup>8</sup> and agricultural training to all beneficiaries was conducted around the demonstration plots established within the community (both rural and urban).

**German Agro Action's *Short-term Food Security and Livelihood Recovery Humanitarian Support*** directly targeted 4,092 households (4,000 in original proposal) in Homa Bay and Rachuonyo districts in the southern part of Nyanza Province. This intervention operates in areas of Nyanza not covered by CARE and is also largely characterized by mixed farming. The beneficiaries include rural households and individuals with both farming and small enterprise skills, who were forced to return to ancestral homes in Nyanza Province, as well as host communities. Targeting was undertaken through community-based committees with the involvement of government authorities. GAA worked through a network of IDP representatives (each representing a sub-location) who facilitated the needs assessment and implementation process. Beneficiaries were "contracted" individually by the project and either vouchers for agricultural (crops and/or poultry)<sup>9</sup> or business (eg tailoring, carpentry, boda-boda, retail outlets) ventures were distributed according to the type of livelihood activities they sought to pursue. Vouchers ranged in value from Ksh5,750/- for agricultural inputs to Ksh10,500/- for setting up retail outlets. Vouchers could be redeemed through project approved suppliers at agreed fixed prices for specific commodities. In some cases suppliers would deliver specific commodities to beneficiaries at specific points on pre-arranged dates. Agricultural inputs were provided from January to March 2009 ahead of the long rains and training was provided to 15 select community own resource persons (CORPS) and 1,228 target households on crop production.

**CAFOD/CRS's *Rehabilitation of Rural Productive Livelihoods*** directly targeted 5,270 households (4,500 in original proposal) in Kericho and Molo districts of Rift Valley Province. It is an area of intensive potato and maize cultivation relying on hybrid and certified seed, diammonium phosphate (DAP) fertilizer and calcium ammonium nitrate (CAN) top dressing. The beneficiaries

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<sup>7</sup> Based upon the cost of seeds and tools (no fertilisers) for one acre

<sup>8</sup> CARE estimates the value of tree seedlings to each household to be Ksh200/-

<sup>9</sup> Representing 73% of the beneficiaries

were experienced farmers from mixed ethnic communities, many of whom left their farmsteads during the violence and have now returned to rebuild their livelihoods, as well as a small proportion of non-displaced households. Targeting was undertaken through community-based committees with the involvement of local church and government authorities. Farmers were grouped according to earlier, larger farm settlements (now representing about 40 households) providing structures through which the project can effectively engage. Farmers received vouchers valued at Ksh15,000/-<sup>10</sup> which they could redeem at any of 116 approved suppliers (at prevailing market prices) in the project area for any agricultural or small livestock inputs they required (except tractor hire, pesticides and cows). The printing of vouchers was delayed so the first phase of 1,751 beneficiaries only received the vouchers towards the end of the 2008 short rains, the remaining 3,519 beneficiaries receiving vouchers before or at the start of the long rains in 2009. Insufficient certified potato seed was available in October/November 2008 so beneficiaries had to consider other agricultural inputs in the first phase, but a full range of agricultural inputs were available at the start of 2009 including small livestock (for the second and third phase of voucher redemption).

**Save the Children UK's *Food Security and Livelihoods Integrated Support for Vulnerable Households*** directly targeted 4,430 households (3,500 in original proposal) in Kipkelian and Molo districts of Rift Valley Province. This intervention operates in areas south-west of Nakuru not covered by CRS and the Catholoc Diocese. It is also an area of intensive potato and maize cultivation relying on hybrid and certified seed, diammonium phosphate (DAP) and calcium ammonium nitrate (CAN) fertilizers. The beneficiaries were experienced farmers from mixed ethnic communities, many of whom left their farmsteads during the violence and have now returned to rebuild their livelihoods, as well as a small proportion (10-15%) of non-displaced households. Targeting was undertaken through community-based committees with the involvement of local representatives and government authorities. Communities were supported to establish Village Recovery Committees which also represented the beneficiaries. Farmers received vouchers of different denominations totaling Ksh10,000/- which they could redeem for items of their choice (no provision of livestock) at a number of agricultural fairs organized by the project (with the participation of up to 16 suppliers) at which open competition was encouraged. The project was able to provide vouchers to a first phase of beneficiaries (1,425) in August 2008 and a second phase (675) in February 2009 before the start of the long rains. In addition the project supported cash for work (providing employment for beneficiaries without access to land) on beneficiary farms where the household had labour deficiencies, cash grants to 50 very vulnerable households and vaccination of livestock in 2,226 households (of which 20% were voucher beneficiaries).

**Action Contre la Faim's *Direct Cash Transfer to Post Election Violence Affected Host Population*** directly targeted 1,000 households in Nakuru town of Rift Valley Province. This was the only intervention that was entirely urban-based and applied cash grants to all beneficiaries rather than vouchers. The beneficiaries were "youth"<sup>11</sup>, women and men of different abilities and diverse ethnic origins rebuilding their livelihoods following the considerable post-election violence in Nakuru town. Targeting was undertaken through two CBOs and the Ministry of Youth & Sport in collaboration with local authorities and representatives. ACF arranged the cash grants in two tranches: (i) Ksh2,000/- in August 2008 to meet immediate household needs; and (ii) Ksh8,000/- in November 2008 to invest in recovery of livelihoods (provided beneficiaries did not misuse the first tranche). All beneficiaries were supported to open accounts with Equity Bank in Nakuru to facilitate the transfer and management of funds (as well as providing

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<sup>10</sup> Based upon the cost of maize seed and fertiliser requirements for one acre production

<sup>11</sup> Youth are categorized in Kenya as between 18 and 35 years old

opportunities for micro-credit in the future). Beneficiaries generally organized themselves into groups depending upon their ability or occupations (tailoring, wool spinning, retailing) and operated their own social security funds.

### 2.2.3 Key Characteristics of the Programme

It should be noted that the scale of these projects both in financial terms (amounting in total to over €4m), and with respect to the direct beneficiaries (130,000 persons), were significant by any standards and addressed acute issues of livelihood insecurity in an area strategic to the food security of Kenya. These were not pilot projects, testing an innovative approach, but a broad geographical response in support of early livelihood recovery following a major political and humanitarian crisis in Kenya.

The **direct beneficiaries** within the framework of the six projects included:

- Farmers returning to areas which they were forced to leave (often of multi-ethnic communities);
- Victims of the violence returning to homes of origin (often to single ethnic communities and often without the head of household who would remain to continue earning);
- Persons affected and displaced in urban areas (always of multi-ethnic communities);
- Host rural communities (who remained throughout the violence) and urban households; and
- Particularly vulnerable rural and urban households without access to land and also affected by chronic poverty, HIV/AIDS and disability.

The different **forms of cash transfer** included:

- Vouchers which have a cash value and provide access to pre-determined services and commodities exchanged either from suppliers (traders or vendors) in fairs facilitated by the project or in markets (retail outlets at trading centres) for the recovery of their livelihoods; vouchers represented 92% of the value of cash transfer managed by the projects.
- Cash for Work (CFW) being payment for agricultural labour provided to the most vulnerable households (with access to land) by poor households (without access to land) providing cash wages to help such households meet their basic needs and buy assets essential for the recovery of their livelihoods; CFW represented 2% of the value of cash transfer managed by the projects.
- Cash grants being the provision of money to particularly vulnerable households (without access to land and additional labour) to meet their basic needs and rehabilitate assets essential for the recovery of their livelihoods; cash grants represented 5% of the value of cash transfer managed by the projects and were predominantly in urban contexts.

The vouchers were applied to a wide range of services and commodities which included:

- Mechanical land preparation by tractor;
- Agricultural inputs including seed, fertilizers and pesticides
- Agricultural tools including ox-ploughs, knapsack sprayers, wheelbarrows, jembes, pangas, boots etc
- Small business support including tailoring equipment, carpentry equipment, retail packages, bicycles etc

There was an element of in-kind contributions in two of the projects which included the provision of veterinary services (vaccination of livestock) and the provision of tree seedlings (fruit and timber). These only represented 1% of the value of inputs provided by the six partners so were relatively insignificant.

## 2.3 Review of Lessons Learned

Save the Children UK was commissioned to undertake, through an independent consultant, a review of the ECHO PEV Recovery Response Programme in Kenya on behalf of ECHO and all the six partner organizations contributing to the programme. This review examines different types of support provided (cash and voucher schemes particularly), various project structural capacities put in place, and the impact of the interventions, in order to identify lessons learned around performance and type of transfer in different operating contexts (see the Terms of Reference in **Annex 1** of this report). The review is not intended as an evaluation of the operational partners, but rather an opportunity to contribute to the institutional learning of ECHO and its partners, and to inform policy, design and implementation of similar interventions in the future.

The approach adopted by the independent consultant included: (i) an initial desk review of the project documentation available; (ii) drafting of an inception report; (iii) discussions around the inception report with ECHO (individually) and the partners (collectively) in Nairobi; (iv) field visits to each of the project areas; (v) interviews with beneficiaries, project staff, suppliers, banks and partners (including government authorities); (vi) initial debriefing and feedback meeting with ECHO and partners in Nairobi; (vii) further desk review of project documentation and broader regional/international experience of vouchers and cash transfer; (viii) production of a draft Lessons Learned Report for limited circulation (ECHO Kenya and the six INGO partners) and feedback; and (ix) finalization of the Lessons Learned Report. The schedule for this process in the field is documented graphically in **Annex 2**. Furthermore, a list of respondents to the review is provided in **Annex 3** and a list of reference documents consulted in **Annex 4**.

## 3. FINDINGS

### 3.1 Assessments and Targeting of Interventions

#### 3.1.1 Assessments

Each of the projects participated in or undertook assessments. The focus, quality and timing of the assessments varied considerably. There was no particular guidance from ECHO regarding the extent and type of information and analysis required for the projects this was left up to each organisation to determine.

Cash transfer projects should be based upon a comprehensive assessment of livelihoods, market and risk analysis in order to determine who should be targeted through what particular intervention. The assessments tended to be more general in nature, more a situation analysis of how the social and economic fabric of the area had changed and not sufficiently focused on the impact that post election violence had had on the household economies of different wealth groups in different livelihood zones and the type of interventions that would best support the recovery of those livelihoods.

The assessments (with two exceptions<sup>12</sup>) also did not sufficiently analyse the markets and the risks of different types of interventions (in-kind, vouchers, CFW and cash grants). Market analysis is important to determine whether markets are likely to recover quickly to the post election violence and if cash is provided to households to address lack of effective demand, markets would have the capacity to respond without significant price increases. Furthermore, if vouchers are to be introduced, can the project rely on a number of different suppliers to ensure a reasonable degree of capacity and competition. Consequently, the nature of interventions were more influenced by the donor's interest to launch a cash transfer programme than necessarily the outcomes of the assessments themselves. That having been said, one or two projects (notably CRS) were diligent in monitoring the capacity of markets (especially with respect to seed supply) during the project to ensure that the project was not having a detrimental impact.

### **3.1.2 Design of Intervention**

Largely due to the limitations of the assessments some of the projects do not explain clearly or logically: (i) why cash or vouchers have been proposed; (ii) how the value to be transferred to the beneficiaries has been determined; or (iii) the relative cost-efficiency of the different options of transfer.

However, projects which drew upon livelihoods analysis had a much better understanding of the type of interventions that would best address issues of food insecurity according to the wealth group of the household and the livelihood zone. These interventions better tailored particular interventions according to whether the households had access to land, agricultural experience/skills and labour resources or not. Certainly more careful consideration should have been given to the appropriateness of providing vouchers for agricultural inputs to beneficiaries that did not have a farming background and much more support provided to these individuals to make an informed choice with respect to their future livelihoods.

### **3.1.3 Targeting**

The ECHO PEV Early Recovery intervention as a whole targeted some of the worst affected areas in Rift Valley and Nyanza Provinces and in this respect was very relevant to the prevailing situation. It is very difficult to ascertain the coverage of those affected by the violence in each operational area, but overall the programme has directly assisted 21,772 households (representing approximately 130,000 people) which is a reasonable proportion of the 500,000 persons estimated to be displaced (in Rift Valley and Nyanza Provinces) even if up to 30% of the beneficiaries were host population. Let us estimate therefore that the programme directly assisted 20% of the population displaced by the post-election violence (100,000 beneficiaries) as well as 29,000 people within the host population and a further 50,000<sup>13</sup> benefiting indirectly.

At the outset of the programme intervention, there were two cases where projects overlapped which created some confusion, but this was resolved. This concerned CARE and German Agro Action (GAA) in Rachuonyo district of Nyanza Province and Save the Children UK (SC UK) and Catholic Relief Services (CRS) in Keringet division of Molo district in Rift Valley Province. Efforts

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<sup>12</sup> The SC UK Post Election Violence Food Security & Livelihoods Assessment Report for Rift Valley (March-April 2008) and the ACF Rapid Assessment of Food Security & Livelihoods in Nakuru (April-May 2008) represent good examples of the types of assessment that contribute effectively to both rural and urban project design respectively.

<sup>13</sup> Based upon proportionate estimates made in the ECHO Single Form for Humanitarian Aid Actions submitted by each partner organisation

were made to ensure that there was no duplication of beneficiaries through geographical demarcation, but some suppliers served both projects in both cases.

All projects have placed considerable emphasis upon engaging community-based mechanisms to determine beneficiary lists. In most cases lists have initially been generated by local government authorities because other initiatives have been ongoing including: (i) the distribution of GoK resettlement allowances for displaced households; (ii) the distribution of seeds through the Ministry of Agriculture (sponsored by Kenya Seeds); and (iii) the World Bank financed National Agricultural Accelerated Input Access Programme (NAAIAP) also administered by the Ministry of Agriculture; as well as other NGO interventions through other donors. The government has had to assume a key role of registering affected and displaced households as well as coordinating interventions and ensuring no duplication. NGO partners have then referred these lists to committees representing the communities and often the “vetting” has been undertaken at public meetings where anyone can raise objections on the beneficiary not meeting the selection criteria or having benefitted from other schemes. Typically, this process would eliminate and replace around 15% of the beneficiaries listed.

The existence and authority of community-based mechanisms varies significantly through the operational area. In some areas, especially where farmers are grouped according to long-established farm settlements<sup>14</sup>, community structures have been re-established to good effect despite the multi-ethnic make-up of society (e.g. many parts of Rift Valley Province), in other areas where people have returned after long absence structures are not so well defined (e.g. in Nyanza Province) and in urban areas (especially Nakuru) there really is no community structure to work through and furthermore beneficiaries may no longer be residing in the same area as before the violence. Because of the lack of community structures in urban areas, targeting of beneficiaries is very challenging and selection much more open to manipulation. There was considerably more reliance in urban areas on the Chiefs Office (as in Kisumu East), GoK partners such as the Ministry of Youth & Sport (in Nakuru) and community-based organizations (CBOs).

All projects have taken account of the need to include host populations in the list of beneficiaries (generally between 15 to 30%) in recognition of assistance that they have provided displaced or returning households. Furthermore, the majority of beneficiaries are women reflecting a situation where the most vulnerable households are more likely to be headed by women<sup>15</sup>. It is interesting to note that the targeting standards maintained by the six projects are considerably more rigorous than those often applied by in-kind projects.

Furthermore, one partner (SC UK) diversified its approach by introducing CFW projects and unconditional cash transfers for those households with no labour capacity, demonstrating a good level of analysis of vulnerability, and a good understanding of the target groups.

### 3.2 Relevance of Delivery Systems

All projects were working towards similar objectives, but interestingly were delivered in different ways. In part this was due to different contexts (whether urban or rural) and different requirements of the beneficiaries (farmers or small businesses), but a lot also had to do with: (i)

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<sup>14</sup> Communities are often referred to by the name of the original “settler” farm

<sup>15</sup> Especially so amongst households returning to Nyanza Province, since the men often stay where livelihood opportunities are optimal (despite the risk of further violence) and send families to the better protected ancestral homes

how informative and influential the project assessments were in determining the project design; (ii) the culture of the organization and how it operates; and (iii) the transfer of institutional experience and learning through the organization. The different approaches are outlined below followed by some discussion on the strengths and weaknesses of the different strategies:

### 3.2.1 Voucher Redemption (applied in five of the six projects):

- All projects advertised, screened, approved and entered into contracts with commercial suppliers prior to their participation in voucher redemption systems.
- Three projects (WV, CARE and SC UK) supported voucher redemption through project facilitated agricultural fairs; and two projects (GAA and CRS) supported voucher redemption through approved retail outlets (based in local trading centres).
- Three projects (WV, CARE and GAA) limited the services and commodities available through voucher redemption to specific items set at pre-determined prices (based on prevailing market rates no more than 4 weeks prior to voucher redemption) with approved suppliers through fairs or retail outlets; and two projects (CRS and SC UK) promoted open competition between approved suppliers (with a proviso that prices should not exceed set prices agreed with the project) through fairs or retail outlets.
- All projects (to different degrees) excluded specific services and commodities from the voucher redemption scheme (labour, land preparation, livestock and pesticides were excluded in some cases) and did not encourage bulk purchase of a single item (such as fertilizer); however, two projects (GAA and CRS) did specifically include small livestock (with other agricultural inputs) and one project (WV) did specifically include land preparation (with other agricultural inputs).
- One project (CARE) also provided vouchers to each of their farmer clusters for specific inputs into their demonstration plots for training purposes.
- All projects (except CRS) systematically ensured that project staff were available (at fairs or retail outlets) to support and monitor at the time of voucher redemption.
- All projects ensured that the vouchers were redeemed within 10km of the beneficiary households (either through fairs or retail outlets) and all projects (except one) ensured that the cost of transport be assumed by the supplier.
- One project had “security” vouchers professionally printed (CRS); three projects (WV, CARE, SC UK) had vouchers externally printed (CARE also “embossed” the voucher independently); and one project (GAA) printed its own vouchers.
- All project vouchers had serial numbers printed on them, four projects (WV, CARE, GAA, CRS) indicated the beneficiary’s name, ID number and expiry date on the voucher, SC UK vouchers simply indicated the value, but had different colours for different agricultural fairs.
- Three projects produced one voucher for the total value of inputs which in two projects (GAA and CARE) could only be exchanged at one approved supplier and at another project (WV) had to be re-issued (with the amount specifying the balance) if the beneficiary chose to go to more than one supplier (at an agricultural fair); only two projects (SC UK and CRS) produced vouchers of different denominations (the lowest denominator varied between Ksh100/- and Ksh1,000/-).
- One project (GAA) produced a wide range of vouchers for specific commodities (at prearranged prices with the supplier) as well as producing vouchers of a cash value for unspecified agricultural inputs. Examples of vouchers are provided in **Annex 5**.
- The time it took projects to reimburse suppliers for vouchers redeemed varied from 24 hours (by direct transfer through the same bank) to 4 weeks (where cheques had to be issued by the Country Office of the NGO (normally based in Nairobi)).

- Most suppliers were able to participate in the voucher redemption scheme without having to obtain external pre-financing (some smaller suppliers were provided an advance of stock by wholesalers which they had to return or pay for within 60 days).

All projects respected the fact that beneficiaries should be provided with the opportunity to make an informed choice of the inputs that they required to recover and rebuild their livelihoods. In rural areas, where banking services are difficult to access and unreliable, the use of vouchers proved to be very appropriate.

With respect to redeeming vouchers at agricultural fairs or retail outlets, it was apparent that the fairs (if well organized with the participation of at least ten suppliers) offered a better opportunity to promote competition, to provide advice, to monitor and to evaluate the redemption of vouchers than obtaining inputs from a local retail outlet. Interestingly this was not only the consensus of beneficiaries, but also the suppliers themselves. There was more opportunity at the retail outlet (especially where there was no monitoring by the project) for vouchers to be exchanged for cash or select items for resale. Furthermore, in multi-ethnic communities, certain suppliers would be patronized by beneficiaries of certain ethnic groups, whereas fairs helped to break down these customs and promote greater competition.

With respect to the degree of choice of inputs, this has to be determined according to needs assessments (including household and market analysis) which will help determine which inputs are required, the benefits this will bring at household level and the market availability of those commodities. This decision was not always well informed by projects and there were inconsistencies between projects operating in the same livelihood zones as to what inputs were considered as priorities<sup>16</sup>.

With respect to the difference in total value of the benefits provided by different projects, there was some rationale. The original intention of the project was to provide each direct beneficiary with the equivalent of €150<sup>17</sup> to recover livelihoods (based upon the average cost of inputs required to produce one acre of maize with fertilizers). After conducting needs assessments, one project (CRS) maintained this level of support providing vouchers of a total value of Ksh15,000/- and others revised the figure down (including CFW and cash grants); the lowest amount provided by a project (GAA) was Ksh5,750/- also for agricultural inputs (see table one below). The logic behind reducing the value per beneficiary was that many beneficiaries were able to provide some of the inputs (in particular seed) and a significant proportion of beneficiaries only had access to half an acre of land. It was notable that those projects (WV, SC UK and CRS) which maintained vouchers at Ksh10,000/- or above were in areas where fertilizers (such as DAP and CAN) were considered essential inputs. The lowest agricultural package of Ksh5,750/- was almost certainly underestimating requirements even though the prices negotiated by the project with suppliers were at very competitive rates; interestingly, it was significantly less than the “business package” provided at the same time by the same organization (although beneficiaries were unaware of this at the time of identifying the benefit). There should certainly have been greater consistency in the value of agricultural benefits provided between SC UK and CRS, and CARE and GAA, given that they operated in the same livelihood zones.

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<sup>16</sup> One of the most striking inconsistencies between the two projects in Nyanza Province was that GAA decided to support small businesses as well as farm projects, whereas CARE decided to focus on agricultural inputs to all beneficiaries (rural and urban) regardless of existing skills since the agenda was to promote improved food security.

<sup>17</sup> The exchange rate between the Euro and the Kenya Shilling is approximately 1 :100 therefore €150 represents Ksh15,000/-

It was not so much the sophistication of the voucher that prevented misuse and corruption, but rather the monitoring and the controls introduced (including the time the voucher was valid and/or in circulation<sup>18</sup>). There was no apparent attempt to duplicate vouchers or abuse the system other than some attempts to exchange vouchers for cash. Some would argue that the projects benefited from still being a relatively innovative approach and that ignorance of how the voucher systems operated was to the advantage of the projects and fraud would inevitably increase if the system was sustained.

Vouchers of high denomination (whilst reducing administration) and a small number of suppliers participating at agricultural fairs (whilst reducing logistical arrangements) limited the choice beneficiaries had of using different suppliers or acquiring commodities of preference. This was certainly an area where improvements could be made in future applications.

Projects which had the authorization in the field to reimburse suppliers by cheque or bank transfer in a timely manner gained the confidence and interest of suppliers which ensured increased participation of suppliers in voucher redemption (this finding is also discussed within the section on cost-efficiency).

### **3.2.2 Cash for Work** (applied in one of the six projects)

- One project (SC UK) specifically provided CFW to support the livelihood recovery of households with labour capacity, but without access to land, for the benefit of households who did not have labour resources (for various reasons) but had access to land and had benefitted from receiving agricultural inputs through the voucher scheme.
- The wage rate was based on daily living expenses and prevailing labour wage rates and set at Ksh100/- per five hours work (one day equivalent) for 80 days of work for each beneficiary. A team leader (responsible for supervision and preparation of timesheets) was selected for every 20 CFW beneficiaries and they earned Ksh20/- more per day. Payment for CFW was made after every ten days (two weeks equivalent) of work.
- Typically the CFW teams would work in groups of 20 on beneficiary farms following the agricultural fairs, helping to prepare land, mould and weed.

The intervention (although a relatively small component of the overall ECHO programme) appears to have worked well complementing the agricultural inputs provided to those households who have access to land and investing in households' labour capacity rather than contracting mechanized land clearance.

### **3.2.3 Cash Grants** (applied in two of the six projects)

- One urban-based project (ACF) arranged for all beneficiaries (1,000) to open accounts with Equity Bank who administered the transfer of two tranches of cash transfer (one for immediate household needs, the second for livelihood recovery).
- The implementation in two tranches was an excellent concept since it first provided immediate relief to vulnerable households and also provided the opportunity for the

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<sup>18</sup> SC UK for example had a very simple voucher without even the beneficiary name on it, but it was issued on the morning of the fair and no longer valid when the fair closed.

- project to monitor the utilization<sup>19</sup> of the first instalment (Ksh2,000/-) before committing to a more significant and longer term investment in the second tranche (Ksh8,000/-).
- One rural-based project (SC UK) provided a one off cash grant (Ksh8,000/-) to just 50 “multi-vulnerable” households which had no access to land and no labour capacity. Many of the beneficiaries used the cash grant to lease land and purchase agricultural inputs.

The strengths of the various systems outlined above were that in most cases (with very few exceptions) beneficiaries considered that they were appropriate and they felt empowered (whether vouchers, CFW or cash grants were applied) to use the resources in the most appropriate way. Since the majority of beneficiaries were women, they considered that either vouchers (in rural areas) or cash grants (in urban areas) administered through banks were preferable since they were more secure and the women themselves had more control over how the resources should be used. Cash transfer also promoted local businesses and trade which was very evident from the review (and will be discussed further in the report).

### 3.3 Cost Efficiency

It was outside the scope of this study to compare the prices of goods and services in local markets compared to the price it would cost an implementing agency to deliver them in-kind, since all projects had assumed from the outset that generating business to local traders was as much a benefit to the local economy as the cash transfer to beneficiaries. The study therefore does not analyse whether it would have been more cost-effective to have implemented in-kind rather than cash interventions, but it does examine the cost-effectiveness between different approaches and methodologies of cash transfer. In doing this it has to take account of the associated administrative costs which are often much higher than the direct provision of goods and services.

The exercise presented in the table below attempts to analyse the cost efficiency of different systems applied by different projects in different contexts. The two denominators determined here are the cost each project incurred to: (i) transfer each unit of Ksh1,000 to beneficiaries; and (ii) to undertake cash transfer (regardless of the voucher or grant amount) to each beneficiary (without including the transfer itself and without including unrelated costs such as agricultural or small business training). It does not differentiate between projects that might have incurred additional costs for the sake of timeliness, security, choice or quality (these aspects are reviewed in the next section), and costs associated with capacity building (such as agricultural or small business management training) have been excluded where they are unrelated to the delivery of cash transfer.

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<sup>19</sup> 11.4% of the beneficiaries were excluded from the second tranche of funding because they were no longer traceable or had misused the first tranche of funding

**Table 1: Cost Efficiency of Different PEV Early Recovery Projects 2008-2009**

Organisation	Type of Transfer	Unit Value Ksh	No. of Beneficiaries	Value of Transfer	Cost of Delivery <sup>20</sup>		Delivery Cost <sup>21</sup> per transfer of Ksh1,000 and per beneficiary	
					Ksh	Euros	Euros	Euros
World Vision	Agriculture voucher	13,200	3,480	45,936,000				
<b>s/total</b>			<b>3,480</b>	<b>45,936,000</b>	<b>290,640</b>		<b>6.33</b>	<b>83.50</b>
CARE	Agriculture voucher	7,000	3,500	24,500,000				
CARE	Agriculture voucher	2,000	90	180,000				
CARE	In-kind tree seedlings	200	3,500	700,000				
<b>s/total</b>			<b>3,500</b>	<b>25,380,000</b>	<b>544,313</b>		<b>21.45</b>	<b>155.50</b>
GAA	Crop farming voucher	5,750	1,268	7,291,000				
GAA	Plough voucher	5,750	78	448,500				
GAA	Farm set voucher <sup>22</sup>	5,750	1,369	7,871,750				
GAA	Poultry voucher	5,750	268	1,541,000				
GAA	Tailoring voucher	10,300	392	4,037,600				
GAA	Materials voucher	10,300	10	103,000				
GAA	Cereals voucher	10,300	224	2,307,200				
GAA	Paraffin voucher	10,500	82	861,000				
GAA	Boda Boda voucher	10,300	19	195,700				
GAA	Carpentry voucher	10,300	28	288,400				
GAA	Retail voucher	10,500	354	3,717,000				
<b>s/total</b>			<b>4,092</b>	<b>28,662,150</b>	<b>252,455</b>		<b>8.81</b>	<b>61.70</b>
CRS	Agriculture voucher	15,000	5,270	79,050,000				
<b>s/total</b>			<b>5,270</b>	<b>79,050,000</b>	<b>249,705</b>		<b>3.16</b>	<b>47.40</b>
SC UK	Agriculture voucher	10,000	2,100	21,000,000				
SC UK	Cash for Work	8,000	500	4,000,000				
SC UK	Cash grant	8,000	50	400,000				
SC UK	In-kind livestock health		2,226 <sup>23</sup>	1,454,700				
<b>s/total</b>			<b>4,430</b>	<b>26,854,700</b>	<b>350,053</b>		<b>13.03</b>	<b>79.00</b>
ACF	Cash grant	10,000	1,000	10,000,000				
<b>s/total</b>			<b>1,000</b>	<b>10,000,000</b>	<b>102,805</b>		<b>10.28</b>	<b>102.80</b>
<b>Total</b>				<b>215,882,850</b>				

The most cost-effective project was voucher redemption through registered suppliers conducted by CRS; mainly because this project applied the highest value of cash transfer to each beneficiary, but also because working through the Catholic Dioceses (with existing capacity) staff costs were low, and redemption was through existing retail outlets rather than agricultural fairs. WV was next most cost-effective, again because the voucher value was also relatively high, but the delivery cost per beneficiary was not as cost-effective as GAA or SC UK. CARE was least cost-efficient because their voucher value was low and they invested considerably in staff capacity at both field and national level. What is surprising is that the ACF project providing

<sup>20</sup> Cost of delivery is calculated by taking the overall project budget (including all overheads) and subtracting the total value of the transfer achieved (in the previous column) and unrelated training costs (eg demonstration plots and organic farming)

<sup>21</sup> For purposes of this exercise an exchange rate of €1 : Ksh100/- is applied

<sup>22</sup> Including Ksh2,450/- of poultry (5 hens and one cock)

<sup>23</sup> 20% of the 2,226 beneficiaries also benefited from agricultural inputs so are not counted twice in the total

cash grants was not more cost effective because the administrative costs to the project (largely borne by Equity Bank in this case) should be considerably less than for a voucher redemption. The ACF internal evaluation conducted in December 2008 explains that the high cost for facilitating the transfer was largely due to the size of team required to monitor and roll-out this activity.

This table however does not assess the cost efficiency of the cash transfer once the voucher or cash is in the hands of the beneficiary and the value (in terms of commodities) that they gained from those benefits. The differences (if they could be accurately ascertained) would probably be marginal since all projects (in the view of the review) made concerted efforts to obtain the best value for beneficiaries.

Interviews with suppliers associated with voucher redemption during the review indicated a number of areas where improvements could be made by certain projects to ensure economies gained by the supplier are passed on to the beneficiaries. These include three key areas:

- 1) Suppliers knowing in advance the likely demand for specific commodities means that: (i) the supplier can be reasonably confident to bulk purchase<sup>24</sup> (where appropriate) in advance; (ii) less likely to exhaust stocks at the fair<sup>25</sup>; (iii) does not have to stock up on items which he/she may not sell and additionally incur the cost of unnecessarily transporting out to and back from the field<sup>26</sup>.
- 2) Suppliers being assured of quick reimbursement by projects<sup>27</sup> of vouchers transacted at agricultural fairs or through retail outlets reduces the timing and level of credit<sup>28</sup> (financial or stock) that he/she has to arrange to participate in the scheme.
- 3) Projects demanding only the essential level of administration required of the supplier reduces the additional work and number of casual workers they have to employ.

The review therefore highlights a number of areas where cost-efficiencies were achieved on some projects and could be improved on others to the benefit of both the suppliers and ultimately the beneficiaries themselves:

- Undertaking preliminary surveys with beneficiaries to determine which commodities they intended to purchase and advising traders accordingly.
- Enhancing the competitiveness between traders at agricultural fairs and retail outlets by encouraging more suppliers to participate.
- Ensuring that vouchers are designed to provide beneficiaries with the flexibility to buy from different suppliers and not be left with a significant unused balance.
- Ensuring that the projects have the authority at field level to approve the documentation for voucher redemption and instruct bank transfer or cheque payment to the supplier within 24 to 48 hours.
- Maintaining a small, experienced and effective staff team on the project and working through local partners with the right skills set.

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<sup>24</sup> One supplier indicated that had she known in advance the number of tools (jembes) required she could have bulk purchased and passed on a price reduction of 20% instead of running out of stock half way through the fair.

<sup>25</sup> There were instances at trade fairs where beneficiaries could not utilize their vouchers because of lack of stock of particular commodities.

<sup>26</sup> One supplier reported returning back from an agricultural fair with 60% of his stock.

<sup>27</sup> Reimbursement by projects of vouchers transacted by suppliers varies between 24 hours and one month.

<sup>28</sup> Typically a supplier participating at an agricultural fair would have to pre-finance to a level of Ksh500,000/- or more

It should also be noted that whilst in some cases (especially where single vouchers were issued for unspecified commodities) the full value of the voucher was often not redeemed (because the required commodities did not match the total value). However, there were also instances at agricultural fairs where beneficiaries used their own cash to “top-up” the balance remaining on the voucher to purchase an additional commodity (this was evidenced at the agricultural fairs facilitated by WV).

It should also be noted that the scale of the projects suited most suppliers especially where a large number were engaged (for example CRS registered 116 retail outlets to service 5,270 beneficiaries, GAA engaged 36 suppliers to service 4,092 beneficiaries and SC UK had up to 16 traders participating in each of 12 trade fairs). This level of engagement meant that they boosted their normal takings by 30% to 50% during the period that they were engaged, but did not mean that they had to arrange additional credit or overstretch their capacity. It also ensured a good degree of competition and supported a broad range of businesses (one of the objectives of the programme).

Quick and efficient reimbursement to suppliers of vouchers transacted the previous day ensured cost-efficiencies to small suppliers with limited capital. SC UK introduced an innovative system which required all suppliers to hold accounts with Equity Bank (most in any case already had accounts there) so that transfers could be expedited locally from the SC UK account (set up expressly for this purpose). Equity Bank guaranteed that the transfer in Molo would be made within one hour of the instruction from SC UK. This had the added benefit of suppliers gaining early confidence in the system and participation at the agricultural fairs grew from 6 to 16 participants at an early stage in the project.

It was also clear that the timing of the project intervention was critical to cost-efficiency as well as effectiveness. The timeliness of the intervention can make the inputs much more cost-efficient for the beneficiaries, especially those dependent upon agricultural seasonal cycles. Redeeming vouchers of Ksh15,000/- towards the end of the short rains will most likely result in a much lower rate of return than providing Ksh10,000/- at the time of cultivation before the long rains, hence the apprehension of some partners to launch the voucher scheme in the last quarter of 2008 and deciding to defer until 2009. In the urban context, the administration of cash grants through a banking system ensures that beneficiaries can access funding at the right time to make appropriate investments which is a considerable advantage over other schemes.

### 3.4 Effectiveness

#### 3.4.1 Timeliness

“In theory, cash based responses should be more rapid than in-kind assistance because there is no need to purchase and transport goods, but in practice they often seem to take longer to establish”<sup>29</sup>. This seemed also to be the case in the ECHO PEV Early Recovery Programme despite the fact that five of the six interventions focused on improving livelihoods in the agriculture sector and inputs essentially had to coincide with the start of the agricultural season. Improvements in the security situation allowed a significant proportion of households to return to farmsteads in the Rift Valley Province and to resettle in Nyanza Province by July when

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<sup>29</sup> Harvey, P. (2007) Cash Based Responses in Emergencies, HPG Report 24, Humanitarian Policy Group, London: Overseas Development Institute

preparations begin for the short rains. Only one project (SC UK) intervened sufficiently in time for beneficiaries to really capitalize on the short rains and this would have been more effective if the rains had not started so early into the season<sup>30</sup>. Two other projects (WV and CRS) endeavoured to provide inputs in time, but were faced by different constraints: (i) the shortage of suitable inputs on the market in Kitale; and (ii) delays in the professional “security” printing of CRS vouchers. The two projects in Nyanza Province (CARE and GAA) decided that time was too short to mobilize for the short rains and the risk of the intervention being ineffective too high, so focused on responding to the long rains’ season in 2009. The main reasons cited for the delays were:

- Contracts were not signed between ECHO and the project NGOs until towards the end of May 2008 before which the organizations could not mobilize.
- Mobilization required organizations to recruit qualified staff, establishing offices, key meetings with stakeholders (communities, local government, government and non-governmental technical services, suppliers, banks etc), awareness-raising, targeting and registration of beneficiaries, advertising and contracting suppliers, and printing vouchers.
- Short rains began early in many project locations (mid-July) but had not been anticipated until the second half of August.
- Short rains are generally not reliable in Nyanza Province and advice from the Ministry of Agriculture (as well as other stakeholders) was that seeds and other farm inputs would not be effective if distributed after mid-August.
- Suppliers were reluctant to engage with “another voucher scheme” and had to be convinced to engage.
- The process of targeting was very challenging since lists of displaced or returned households had to be scrutinized and counter-checked with communities which took considerable time.

Generally speaking late interventions are not a cost-effective or beneficial use of resources and often have to be “adapted”. The WV project chose to focus on providing vouchers for beans and fertilizers when intervening in September (well into the short rains) because this was the only crop that could be planted at this time with any likelihood of success. However, there was considerable demand for bean seed<sup>31</sup> at this time and the prices of fertilizer were peaking<sup>32</sup>, so the cost of providing inputs at this time was very high. Also the crop yield was not particularly good because of insufficient rains (which had begun early in the season). Suppliers registered with CRS were not able to mobilize certified potato seed late into the short rains’ season (end of October) and other seed (other than those of principal choice of the beneficiaries) were availed along with fertilizers, tools and small livestock. Many beneficiaries indicated that they would have preferred to wait for the long rains rather than receiving inputs in November.

The timing of cash transfer in the urban context is also important, although less critical. It is important that the initial tranche of funding is timely enough to provide essential support to the household when it is needed (in Nakuru this was facilitated mid-October) and the second tranche is made available when the household is better prepared to consider longer term

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<sup>30</sup> Even in the case of SC UK the lead time to mobilise and complete community-based targeting was short and required considerable dedication from the field team and commitment from the suppliers to achieve this time frame.

<sup>31</sup> Much of the bean crop had been destroyed around Kitale during the post election violence and seed was not therefore available locally and demand high (through other government interventions as well as a complementary project operated by the Jesuit Relief Service).

<sup>32</sup> Besides global price fluctuations, prices of CAP and DAP are also be subject to GoK subsidies which affect the price to farmers from season to season.

livelihood options in which it can invest (in Nakuru this was facilitated in November). The ACF internal evaluation conducted in December 2008 considered that the timing was good given the ongoing tensions that prevailed in the town until August 2008.

### **3.4.2 Quality**

The quality of the inputs were generally very well received across the board. Clearly projects worked very effectively to ensure that acceptable quality of inputs were maintained. In part this was achieved by working in close collaboration with line ministries such as the Ministry of Agriculture and in some cases ensuring their attendance at the agriculture fairs. Furthermore, the open competition encouraged by some projects ensured that beneficiaries not only had a choice of cost, but also quality of product. Most beneficiaries were in large experienced farmers who were very astute in knowing their requirements.

There were two exceptions noted by the review: (i) the distribution of unvaccinated poultry which resulted in a number of fowl dying from Newcastle disease which might have been avoided if the Department of Veterinary Services had been more engaged with the GAA project<sup>33</sup>; and (ii) the distribution of uncertified potato seed by CRS registered suppliers (in the absence of approved seed) which beneficiaries themselves rejected in most cases.

Quality also applies to the system of delivery. There were difficulties on at least one project where reliance on one or very few suppliers to deliver inputs to the field resulted in beneficiaries not having the choice of inputs they required and being presented with the dilemma of taking another commodity or taking the risk of retaining the voucher until the supplier returned. There were “minor” difficulties with the cash grant administration to urban beneficiaries in Nakuru where some beneficiary accounts received bank charges (which the project agreed to cover) and some accounts double-credited, others receiving no credit, but these were administrative and whilst time-consuming, were largely resolved.

## **3.5 Impact**

### **3.5.1 Impact on Livelihoods**

Since the most significant inputs only materialized at the start of the 2009 agricultural season, it was still too early during the review to get a real measure of the impact that the programme across the five partner projects focusing on rural communities has achieved. One project (SC UK) which was the first rural-based intervention to implement cash transfer has already documented early indications (from short rains) that farmers generated about Ksh72,000/-<sup>34</sup> from the initial Ksh10,000/- invested<sup>35</sup>. Certainly from the interviews conducted during the review, farmers and small businesses supported by all projects were demonstrating a good degree of self-sufficiency and were optimistic that with a continuation of the rains and conducive market conditions, the programme was going to achieve significant impact. Remarkably few beneficiaries indicated that without further inputs the objectives of the project would not be met.

Another project which initiated cash transfer in August was the ACF project in Nakuru. Whilst there is still insubstantial evidence of impact, monitoring surveys across the range of beneficiaries indicate that the groups operating small businesses are primarily using the cash for

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<sup>33</sup> GAA contracts did obligate the suppliers to vaccinate the chickens.

<sup>34</sup> The net value would be Ksh61,418 if the cash value of seed and home consumption is taken into account.

<sup>35</sup> SC UK Livelihoods Recovery Programme Interim Monitoring Report South Rift Valley (February 2009)

investment into the establishment of businesses, stock for those businesses, savings (for future business activities), rent, education and medical fees (in that order of priority). This provides early indications that the cash is primarily being used for livelihood recovery, but what is not clear at all is the market potential of those particular businesses in a very competitive market. What was evident to the review was that savings were primarily for other business activities (if the initial venture did not work) and that “social funds” being managed by the group were providing some degree of safety-net for the time being.

### **3.5.2 Impact on Markets**

It was as much the intention of the PEV Early Recovery Programme in Kenya to revitalise the local economy in target areas as it was to support the livelihoods of affected rural and urban households. Most traders engaged by the project indicated to the review a very positive impact on turnover during the period of project implementation. This varied considerably from the larger commercial agricultural stockists (engaged in Kitale and Kisumu) with capacity to support a significant proportion of the farming community to smaller businesses providing agro-vet inputs on a localized scale (predominant in the Rift Valley) and local producers of agricultural implements. In general the smaller Agro-vet suppliers<sup>36</sup> reported between 30 to 50% increase in their monthly turnover during voucher redemption. Two small-scale traders including an ox-plough manufacturer and a cereal supplier in Nyanza Province more than doubled their output in the period they were engaged by the GAA project. There were early indications that the increase in trade experienced by smaller suppliers registered with the projects would be sustained in the longer term as the project beneficiaries often represented “new clientele” to their business.

The impact of this on markets would have been negligible<sup>37</sup>. It is difficult to ascertain the scale of the agricultural and urban economies in Rift Valley and Nyanza Provinces, but the project interventions would not have significantly increased demand in what is in any case a very vibrant and responsive agricultural market place as well as a reasonably dynamic urban economy in Nakuru. The only exceptions to this were when particular inputs were hard to obtain because of the disruption to production and harvest as a result of the post election violence. This included bean seed sought by WV in Kitale (September 2008) and certified potato seed sought by CRS (October 2008) which were difficult to obtain at that time and could only be purchased at higher than average prices through specific suppliers. There is also evidence of traders sourcing inputs outside the region to capitalise on lower prices and better quality for the benefit of the projects. Maize seed for example was difficult to obtain in Nyanza Province and one local trader engaged by GAA sourced a supply in Uganda; sheep were not available in Kericho and Molo districts, so one supplier engaged by CRS sourced these from West Pokot and Kapchirwa.

## **3.6 Capacity**

### **3.6.1 Capacity Building of Beneficiaries**

Community sensitization for an exercise of this nature is very important and this element was adopted by all projects to ensure that the exercise of targeting, registration and voucher redemption was undertaken as transparently and impartially as possible. Furthermore, the

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<sup>36</sup> Most of the Agro-vet suppliers interviewed in Kericho and Molo districts indicated that they had also been displaced and had to abandon their businesses for up to 5 months in 2008.

<sup>37</sup> The Lessons Learned Study was undertaken some three months after the redemption activities so evidence of impact upon markets depended on project documentation and interviews.

projects appreciated their responsibility for informing communities how the voucher system operated and often specific training for beneficiaries was conducted to communicate procedures. GAA went as far as signing contracts<sup>38</sup> with each of the beneficiaries which spelt out the responsibilities of both parties with respect to the vouchers, the inputs and the training obligations. The organization of agricultural fairs was also considered part of the “capacity-building process” since it was a forum when communities came together and could be assisted by project staff and in some instances government technical staff. However, there were instances when suppliers noted that beneficiaries with “open” vouchers (which did not specify commodities) were “confused” as to what they wanted and were clearly unprepared for voucher redemption. This particularly related to beneficiaries who were not traditional farmers and did not understand the options available to them and had not received appropriate advice on suitable inputs appropriate to their situation. Interestingly, there were also instances at agricultural fairs where beneficiaries would select specific inputs such as wheelbarrows, boots, shovels which were more likely to be utilized for construction than farming. It was therefore a concern on two of the projects that beneficiaries had not been adequately prepared for the process.

The provision of skills training (in particular agricultural training) varied between projects quite significantly. The two projects in Nyanza Province (CARE and GAA) incorporated agricultural training since many of the beneficiaries lacked farming skills, CRS and SC UK did not because they considered all beneficiaries to be experienced farmers, WV however chose to incorporate organic farming into their project (targeting traditional farmers) to promote horticulture and the application of alternative practices to the widespread use of commercial fertilizers and pesticides. What appeared to work well was the “grouping” of farmers by locality for training. In Trans Nzoia (as is the case through much of Rift Valley Province) these structures largely existed and WV was able to capacity-build through the established “farm” networks, whereas in Nyanza Province, CARE and GAA had to work to form “cluster” groups of farmers to facilitate demonstration and training. Where capacity-building of these groups started late into the project, there were particular problems of beneficiaries not being prepared for voucher redemption and not receiving peer support from other members of the group indicating that essential capacity-building had not been achieved.

Only ACF provided small business management training and this appears to have been effective in supporting beneficiaries outside the agricultural sector in an urban context. Interestingly, most of the urban beneficiaries formed groups (where they were not formed before) which are very strong and cohesive. Members generally support each other and encourage subscription to a “social fund” managed by the group which can support any members facing difficulties.

### **3.6.2 Capacity Building of Suppliers**

In all projects suppliers and banks indicated that they had received all prior information they required to redeem vouchers or administer cash transactions. Some suppliers however complained about the significant administrative work required to administer the voucher redemption and the delays in being reimbursed for voucher redemption, but were satisfied with the preparations and briefing. There were some cases where projects assumed a direct role in supporting small businesses to engage in the voucher redemption scheme. GAA saw the development of localised small businesses as a key objective of the project and supported manufacturers and traders in ox-ploughs, cereals and tailoring inputs to engage where otherwise

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<sup>38</sup> In the view of the review mission this was probably a step too far (and being written in English was not helpful), but it did offer a framework within which the responsibilities of the project and the beneficiary were made very clear

they may not have qualified<sup>39</sup>. This in turn helped many suppliers to build their own capacity. Typically suppliers boosted their turnover by 30% to 50% during the period they were engaged by the project, but where small “one person” businesses were engaged, this engagement might represent as much as their normal production or takings or more in a normal year<sup>40</sup>. More significant in the long term is that all suppliers interviewed during the review indicated that their clientele base had increased since their engagement in the project especially through agricultural fairs which gave them greater exposure to clientele outside their normal market catchment area.

### 3.6.3 Capacity of ECHO and Partners

Globally, ECHO has been generating a better understanding of cash transfer programming including an evaluation and review of the use of cash and transfers in humanitarian crises<sup>41</sup>, and recently a set of ECHO funding guidelines<sup>42</sup> for such applications, but these post-date the PEV Early Recovery Programme in Kenya. Key reference materials providing technical directions for managing cash and voucher programmes have been developed by Oxfam GB, ACF and ICRC/IFRC which are also referenced in **Annex 4**.

ECHO, like many donors, does not have the capacity in Kenya to facilitate the degree of information sharing and strategic planning that would ensure that interventions of this scale are built upon relevant experience and are coherent between partners. Other than occasional initial meetings between ECHO and the partners, there has been no further initiative since the project inception to dialogue between partners and promote coherence across the programme.

Each of the partners had varying degrees of institutional knowledge and staff capacity applied to their respective interventions. None of the project partners worked to institutional guidelines on voucher schemes or CFW that had been developed by their organisation. Consequently, the review developed a strong sense that some project teams were devising approaches to implementation as they went along (and this was often reflected in the difference between the project document and what was actually implemented in the field). ACF however did apply their own guidelines for cash-based interventions (CBI) in the one project focusing entirely on cash grants. Most of the staff mobilized by the NGOs had no cash transfer skills and capacity which are quite different from in-kind transfers. Staff generally require better analytical and monitoring skills<sup>43</sup> for cash transfer projects and this was often lacking.

The relevance and effectiveness of the interventions depended very much on the quality of assessments that were undertaken at the design stage of the project and the degree of economic, livelihood, market and risk analysis that contributed to these assessments. The assessments varied considerably (because of different degrees of expertise on the assessment teams), some relied considerably on general secondary data, others were conducted later into the project after the design stage, others were timely, focused and analytical. This reflected to a very large degree on the success of the interventions.

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<sup>39</sup> For example establishing bank accounts and facilitating the contracting of transport.

<sup>40</sup> Lameck Adeded, an oxplough manufacturer in Ndhiwa, normally makes 40 to 50 ploughs in one year, but through the GAA voucher scheme his orders amounted to 78 ploughs (with yokes).

<sup>41</sup> Evaluation & Review of the Use of Cash and Vouchers in Humanitarian Crises (Parts 1 & 2) by Lor-Mehdiabadi and Adams (2008).

<sup>42</sup> The Use of Cash and Vouchers in Humanitarian Crises: DG ECHO Funding Guidelines (March 2009)

<sup>43</sup> Particularly with respect to assessing livelihoods at the household level and market analysis

Another capacity issue was the level of decision-making that was delegated to field staff. Three of the projects (WV, CARE and CRS) had to refer project “management” decisions and significant financial transactions (including the payment of suppliers) to country offices in Nairobi, whereas three others (ACF, SC UK and GAA) had greater executive authority in the field. The result of this was that project approaches and strategies of the second group could be realigned quickly and effectively in the field and payments were made promptly to suppliers which encouraged their participation in the scheme.

### 3.6.4 Capacity to Scale Up

The experience of the ECHO PEV Early Recovery Programme in Kenya has demonstrated that it is possible with existing NGO capacity to run quite effective cash transfer projects in different contexts on a limited scale (21,772 households constituting direct beneficiaries) with varying degrees of efficiency. In contrast, the National Agricultural Accelerated Input Access Programme (NAAIAP) being implemented by the Government of Kenya (GoK) through a World Bank credit facility seeks to provide 2.5m smallholder farmers with access to farm inputs sufficient for the cultivation of one acre of maize. Since July 2007 NAAIAP has introduced a voucher scheme for maize seed and fertilizer, but the scale of the operation, the administration involved and the delays have left suppliers and beneficiaries alike despondent. It is therefore critical that lessons be learned from both the success and failure of other cash transfer experiences and be carefully considered before scaling up.

It is critical that key implementing partners develop the *skills and capacity* within their field teams to assess, implement, manage and monitor cash transfer programming. This requires a system-wide investment by ECHO and its partners to ensure a core team of staff exist with the requisite skills set. Cash transfer delivery requires people with appropriate skills in just the same way as food aid or nutrition interventions. However, as has been argued before, cash should not be seen as a sector in its own right, but as a mechanism across the specter of humanitarian response. Skills which are especially important include:

- Field Analysts who can assess household economies in different livelihood zones, conduct market analysis and monitor the impact of project interventions;
- Field Officers who are trained in cash transfer methodologies, are fully appraised on contextual issues and can liaise effectively with communities, their representatives, CBOs/NGOs and local government authorities;
- Field Managers who have the oversight of all other related interventions in the region/province, maintains regular dialogue with other NGO partners and assumes decision-making responsibilities at field level;
- Finance Officers with database management skills who can effectively facilitate, track and control numerous and complex transactions relating to voucher redemption, cash for work and cash grants;
- Logistics or Administrative Officers who determine the contractual arrangements with local facilitators including banks, suppliers and government technical departments;
- Monitoring & Evaluation Officers who ensure that evidence-based information is generated regularly with respect to both outputs and outcomes (results) of the project.

It is also important that by assigning skilled and experienced staff to the field, partner organisations accord these teams as much *decision-making responsibility* as possible, so that coordination at field level is suitably represented and decisive, and implementation is not constantly delayed by referrals to national level offices in Nairobi.

In scaling up, implementing partners need to work from the *same tool set*. Methodologies for undertaking assessments and developing baselines (including livelihoods and market analysis) should be consistent across the partnership to ensure rigour, comparability and to avoid duplication with each other. The partners should work towards similar objectives and adopt appropriate strategies (variable according to context rather than institutional culture) to meet those objectives. Furthermore, strategies for implementation (vouchers, cash for work, cash grants) should conform to commonly agreed standards and guidelines so that the delivery is consistent and minimizes risk across the partnership.

Interestingly, only two of the organizations worked through local partners. CRS through the Catholic Dioceses of Nakuru and Kericho, and ACF in close collaboration with the Ministry of Youth & Sport and two local CBOs based in Nakuru town. Scaling up of cash transfer programming would certainly require a better *capacity assessment of local organizations* (either government, non-governmental including Red Cross and Red Crescent Societies) and capacity-building of requisite skills within field-based organizations to reduce the dependency upon international NGOs.

### 3.7 Constraints

Three of the major constraints cited by the NGO partners (outside their control) were:

- Targeting processes that were not genuinely community-based and were influenced by a political or personal agenda.
- Reluctance by suppliers to engage in voucher schemes because of previous experience with unreliable schemes (notably NAAIAP<sup>44</sup>) where suppliers have had to wait three to four months to be reimbursed and, despite reasonable profit margins, the schemes are deemed uneconomical for them.
- Non-availability of critical inputs in from August to October 2008 for the short-rains (in particular quality bean seed and certified potato seed).

### 3.8 Monitoring

All projects have developed their own monitoring systems and there is considerable variance in terms of methods applied and indicators between the projects. Despite a clear strategic emphasis on results, the very short timing of its funding decision for those interventions forced ECHO to place more emphasis on input monitoring (measurable, quantitative deliverables) rather than results or impact monitoring because of the relatively short time-scale of the projects it supports. Consequently, the focus of the projects was very much on monitoring and controlling the distribution of inputs and very comprehensive records were maintained in this respect. This is more straight-forward for vouchers than cash grants because it is much easier to monitor (through suppliers) what the vouchers have been transacted for, whereas cash monitoring depends heavily upon evidence and feedback from each beneficiary household.

The rural-based projects were very effectively able to monitor the number of beneficiaries who redeemed their vouchers, were engaged in CFW or received cash grants. All projects have records of what inputs were acquired by beneficiaries from each of the suppliers<sup>45</sup>, but only WV

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<sup>44</sup> The review mission was informed that in Kitale there is now only one supplier remaining engaged with NAAIAP

<sup>45</sup> These were generally counter-checked against beneficiary lists and vouchers by project staff before suppliers were paid so the system tended to be very rigorous.

and GAA<sup>46</sup> would be able to identify exactly what each named beneficiary received from their records (ie the inputs were documented on the vouchers). In practice of course there could be collusion between the supplier and the beneficiary to provide something different (such as cash for a voucher redeemed), but most projects overcame this by ensuring project staff were monitoring at the agricultural fairs or retail outlets on set dates (and at the same time providing technical assistance to the beneficiaries). SC UK adopted another method of monitoring the stock of each supplier arriving and departing from the agricultural fair to ensure that the difference in stock levels complied with the items listed against beneficiary numbers (but this could only practically be applied as a random check).

Generally, baseline surveys should provide information about the previous state of affairs (normal years) and the situation at the beginning of the project. Methods to collect baseline information are similar to those used in food security or household economy assessments. It should include household information, market information and indicators that can be monitored to measure the degree of impact that the intervention has had in the operational area. Four projects (ACF, CRS, GAA and SC UK) developed tools to regularly monitor beneficiary households to gain an understanding of the impact that the interventions had on those households from the time of the initial assessment and how they compared with a “normal” year pre-post election violence. Beyond the household level, CRS was undertaking regular market assessments to monitor any changes in the market prices of key agricultural commodities and both SC UK and GAA were collecting information on key agricultural indicators from relevant line ministries. Other rural-based projects applied post-distribution or regular monitoring to ascertain from households their perception of how the situation had improved since the start-up of the project, but this evidence tends to be more anecdotal, and without reference to baseline surveys.

All the projects were very committed to develop impact assessments of their interventions beyond the monitoring of inputs, but the one year time-frame of the project and the length of the agricultural season in Rift Valley and Nyanza provinces means that it is not possible to “see through” the monitoring process (with respect to the project objectives) to harvest time.

Project monitoring and evaluation systems are generally considerably focused on reporting requirements and control, but they also need to contribute more towards institutional learning such as information on the adequacy, coherence, process, accountability and impact of the choice of cash transfer and the systems employed, thus ensuring that it is used as an important learning tool to refine and improve use of cash and voucher by ECHO and its partners. What became clear from the review is that voucher redemption is much easier to monitor than cash grants and has significant advantages in this respect and this may be one deciding factor for opting for this type of cash transfer in future.

### 3.9 Cross-cutting issues

Cash transfer projects like these in Rift Valley and Nyanza provinces tend to inject resources directly into local economies closest to the beneficiaries themselves. The revitalisation of local economies in this way can be a major push towards broader and more rapid recovery. Interviews with beneficiaries would also confirm that cash transfer projects offer greater potential than in-kind projects for preparing households for the transition from recovery to longer term development (LRRD). Critical is the degree of “ownership” that is transferred with the benefit to the farmer or small business person and the flexibility to decide how these resources can best be used to improve the household’s livelihood.

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<sup>46</sup> Except in the case of crop production vouchers.

All projects have taken into account the factor evident in all assessments that women-headed households represent the majority of vulnerable households following the post election violence in Rift Valley and Nyanza provinces. Women and men were equally represented during the initial assessments and approximately 60% of all beneficiaries were women under the six projects<sup>47</sup>. Considerable efforts have been made to effectively mainstream gender in all project interventions. The review also noted that a significant number of suppliers to the projects included women as well as men.

All project activities were conducted in a transparent and impartial manner (especially targeting) to ensure the protection of all community members (host communities being included as beneficiaries as well as those who were displaced) conforming to the principles of “Do No Harm”. All projects have made a concerted effort to build grassroots community capacity and one project (WV) specifically included peace-building activities amongst youth groups from different ethnic communities into its strategy which is very important in the context where they are operating.

### 3.10 Risks

Most of the projects were concerned (at design stage) about external security risks following the political and ethnic turmoil associated with the post election violence. Fortunately these risks did not materialise and by all accounts the projects were very sensitive to issues that could be exacerbated by the wrong approach (such as favouring one particular group of beneficiaries).

Any distribution of resources entails security risks, but there is no evidence from this review that cash transfer create greater risks than in-kind distributions. It is generally more discrete than the distribution of in-kind commodities which are bulky and attract attention. There was no apparent loss of resources or corruption (only some cases of misuse) on any of the projects which has raised concern about the risks associated with cash transfer. Beneficiaries remarked that cash and vouchers are less prone to “diversion” than food aid or non-food items (NFIs) because people feel a greater sense of ownership over money. Furthermore and equally important is the fact that the benefit is in the form of a voucher or transfer into a bank account so that it is less likely to be misused by either the beneficiary or another member of the household in the way cash could. ACF’s internal evaluation (December 2008) noted that administering the cash grants through Equity Bank also reduced the considerable risk to project staff handling large quantities of cash in very poor, deprived urban settings as well as reduced risk to the beneficiaries themselves of not holding cash in the home.

All projects accorded due attention to checks and controls that would alleviate such losses in particular short and specific validity periods for vouchers after they have been distributed and cash transfer through local and reliable banking systems (where they existed). It was remarked that cash transfer systems tend to have less associated problems where they are not conducted on a regular basis and the “intelligence” to interfere or defraud the system has not had time to evolve. There is probably truth in this and it might be interesting to compare this with “safety net” programmes which are undertaken in other parts of Kenya on a more regular basis.

### 3.11 Coordination

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<sup>47</sup> ACF in fact set a target of 80% women beneficiaries in urban areas of Nakuru

Most of the partner organizations attend the national Kenya Food Security Meeting (KFSSM) and cluster meetings such as the Food Security & Early Recovery cluster at Nairobi level where an “overview” of relevant operations, governmental and non-governmental, is maintained and reviewed monthly.

ECHO has outlined the rationale and strategy for the Post Election Violence Early Recovery Programme 2008-2009 in Kenya, but beyond this framework there has been very little coordination between partners with respect to policies and strategies<sup>48</sup>. There has been some consultation between partners in the field (certainly exchanges of information and experience between WV and CARE, SC UK and ACF) but insufficient to avoid overlaps in project implementation between CARE/GAA and CRS/SC UK which surely could have been avoided with more regular dialogue. The result, as indicated earlier, is that there has been very little gained from each partner’s institutional experience by other partners, each partner has effectively developed their own delivery and monitoring system independently and there have consequently been inconsistencies in approach by partners operating in the same livelihood zone (as indicated earlier) and no coherent strategy across the partnership.

Coordination at the field level between the partner organization, local government, line ministries and (to some degree) other operational partners was good, often achieved through the District Steering Group (DSG). There were one or two cases where projects should have worked more closely in conjunction with government technical services and the quality of interventions were compromised as a result (cited earlier), but this was the exception rather than the rule. Generally each partner organization was aware of other responses by government and NGOs, but nowhere were districts working towards a common food security strategy that all actors were contributing towards, this dimension was missing.

### 3.12 Summary of Findings

In order to summarise the main advantages and challenges of different methods of cash transfer experienced during the Kenya PEV Early Recovery Programme and discussed in the previous sections, a table is provided below which could be informative when considering future interventions.

**Table 2: Summary Analysis of the Different Methods of Cash Transfer Applied by PEV Early Recovery Projects 2008-2009**

Methodology	Advantages	Challenges
<b>VOUCHER REDEMPTION</b>	<p>Vouchers provide better security for rural populations than cash</p> <p>Vouchers help ensure that the transfer is used for the purposes intended rather than just a transfer of income</p> <p>Women can retain control over</p>	<p>Vouchers entail costs in printing, distribution and redemption and have to be printed in many denominations to offer choice and value to beneficiaries</p> <p>Vouchers entail a high degree of administration (compared to cash)</p>

<sup>48</sup> A meeting was held between ECHO partners in Nairobi on 11 April 2008 to discuss how to harmonise strategies where WV, CRS and CARE agreed to coordinate closely, but this lost impetus early on.

	<p>vouchers issued in their name on behalf of the household</p>	<p>Vouchers can easily be replicated and the project defrauded</p> <p>Vouchers can stigmatise recipients</p> <p>Suppliers may be reluctant to participate, limiting competition and making redemption of vouchers difficult</p>
<p><b>Agricultural Fairs</b> (open competition)</p> <p><i>Field Adaptation:</i></p> <p><i>Suppliers paid through local Equity Bank branch</i></p>	<p>Facilitates advice and support to beneficiaries through presence of project and government technical personnel</p> <p>Ensures open competition and choice of value and quality to beneficiary</p> <p>Vouchers need only be valid for one day (limiting the potential for abuse)</p> <p>Forum for information sharing between beneficiaries</p> <p>Opportunity to physically monitor disbursement of inputs against vouchers redeemed</p> <p>Suppliers reimbursed within 24 hours of voucher redemption through direct bank transfer</p> <p>Opportunities to scale up</p>	<p>Requires commitment of suppliers to transport and display agricultural inputs (can reduce participation)</p> <p>Project has to provide considerable logistical support to establish agricultural fairs</p> <p>Inefficiencies of transporting a wide range of commodities that may have to be transported back by the supplier</p> <p>Most competitive suppliers might run out of stock during the fair</p> <p>Fairs can only function on one day when all beneficiaries may not be available</p> <p>Distance to agricultural fair may be considerably further for many beneficiaries than the local agro-vet supplier</p>
<p><b>Agricultural Fairs</b> (set prices)</p> <p><i>Field Adaptation:</i></p> <p><i>Limited number of commodities available</i></p>	<p>Facilitates advice and support to beneficiaries through presence of project and government technical personnel</p> <p>Cost efficiencies in focusing on limited range of commodities (and including services such as land preparation)</p> <p>Forum for information sharing between beneficiaries</p>	<p>Open market prices of inputs might reduce after fixing the price</p> <p>Suppliers do not know in advance quantities of inputs required, stocks are often exhausted</p> <p>Vouchers for limited commodities restrict what people can get and may not meet their priority needs</p> <p>Fairs can only function on one day when all beneficiaries may not be available</p> <p>Distance to agricultural fair may be considerably further for many beneficiaries than the local agro-vet supplier</p> <p>More challenging to scale up as prices have to be negotiated between the</p>

		project and suppliers
<p><b>Retail Outlets</b> (open competition)</p> <p><i>Field Adaptation:</i></p> <p><i>Professional security vouchers printed</i></p>	<p>Provides beneficiaries the choice of supplier and when to acquire commodities (during validity period of the voucher)</p> <p>Low administrative and supervision costs, very cost efficient</p> <p>Conducive system to operate through local partnerships</p> <p>Opportunities to scale up</p>	<p>Beneficiaries tend to patronize suppliers they know (often linked to ethnicity) rather than pursue open competition</p> <p>System very difficult to monitor (risk of beneficiaries exchanging vouchers for cash rather than commodities)</p>
<p><b>Retail Outlets</b> (set prices)</p> <p><i>Field Adaptation:</i></p> <p><i>Low-cost vouchers printed for specific commodities</i></p>	<p>System can support both farmers and small enterprises thereby covering a wider range of livelihoods</p> <p>Beneficiaries can receive specific training/orientation for the inputs that they are to receive</p> <p>Local suppliers can be engaged and supported to promote rural economy</p> <p>Suppliers are aware in advance of stocks required</p> <p>System can be very rigorously monitored and evaluated by the project</p>	<p>Beneficiaries have limited choice of inputs (although these will be derived from a needs assessment)</p> <p>Only suitable for small-scale operations with a strong project field presence</p>
<p><b>CASH FOR WORK</b></p>	<p>More dignified than cash grants since recipients offer a service in return</p>	<p>Can impede local labour market</p>
<p><b>Cash for Work</b> (rural context)</p> <p><i>Field Adaptation:</i></p> <p><i>Employed vulnerable households without access to land to support beneficiary farmers without access to labour</i></p>	<p>Ensured that the cash transfer benefited rural households without access to land</p> <p>Provides returns on cash transfer for the benefit of other vulnerable households</p>	<p>Requires considerable project supervision and monitoring</p>
<p><b>CASH GRANTS</b></p>	<p>Cash grants provide a far greater degree of choice and flexibility (timing) than vouchers</p>	<p>Administering cash grants is much more vulnerable to corruption and misuse</p>

	Cash grants involve lower administrative costs	
<p><b>Cash Grants</b> (rural context)</p> <p><i>Field Adaptation:</i></p> <p><i>Direct one-off cash transfer to 50 vulnerable households</i></p>	<p>Ensured that the cash transfer benefited rural households without access to land or labour</p>	<p>Cash grants can stigmatise recipients</p>
<p><b>Cash Grants</b> (urban context)</p> <p><i>Field Adaptation:</i></p> <p><i>Transfer to beneficiaries facilitated through Equity Bank accounts</i></p>	<p>Cash transfer can be made in more than one tranche for different purposes and to reduce risk of misuse</p> <p>Corruption reduced by channeling cash grants through an accountable banking system</p> <p>Transfer process is more dignified than receiving cash directly</p> <p>Women can retain control over cash in bank accounts in their name on behalf of the household</p> <p>Beneficiaries provided the capacity to determine a wide range of livelihood options depending upon different circumstances</p> <p>Cash transfer can be drawn upon at any time by beneficiaries or with-held as savings with the bank until investment opportunities are clear</p> <p>Bank accounts ensure security for both project staff and the beneficiaries</p> <p>Beneficiaries as account holders can capitalize on other bank services including micro-credit</p> <p>Opportunities to scale up</p>	<p>Cash grant transfers through bank facilities only really possible in urban contexts where suitable banking services exist</p> <p>Significant project management capacity required to negotiate banking arrangements</p> <p>Beneficiaries not familiar with banks may incur charges that they are not aware of or incorrectly debited and feel unable to challenge the system</p> <p>Monitoring of the utilisation of cash by beneficiaries very difficult to achieve</p>

## 4. LESSONS LEARNED

### Overall

**Cash transfer projects** (vouchers, CFW and cash grants) as applied in the Rift Valley and Nyanza provinces following the post election violence in Kenya, were very well received by all respondents to this review and were clearly appropriate to the prevailing situation in this area. Cash transfer in this context empower beneficiaries (especially women and the less able), communities and local businesses alike, they are reasonably cost-effective, they are responsive to immediate demands and support markets at the time of post-crisis recovery.

### Relevance

- **Assessments** must include appropriate economic, livelihoods, market and risk analysis in order to sufficiently inform the nature of interventions (in-kind, vouchers, CFW or cash grants), the value of transfer and the type of households to be targeted. It should not be necessary for each project to undertake assessments, the expertise could be shared especially across similar livelihood zones. These need not be detailed assessments, but based upon a representative sample of the population and conducted by a team with the requisite skills. The quality of assessments reflects to a large degree on the success of the intervention.
- The project partners have demonstrated that a community-based approach to **targeting** is both essential and workable in this context of post election violence in Kenya. Whilst there has to be a certain degree of dependency upon official registers of beneficiaries (to avoid overlapping with other initiatives), vetting or reviewing these lists should as much as possible be community-driven to ensure that they are agreed in an open and transparent manner.
- The process for targeting must be clearly laid out in guidelines at the start of the project, it must not become a process in its own right, it must not lead to unnecessary delays, it can never be perfect, but it must not alienate nor divide the communities the project is there to serve.

### Efficiency

- The cost of managing and delivering **cash grants** (to small businesses in urban areas) is not necessarily more cost-effective than voucher schemes (to farming communities in rural areas) because of the degree of training and monitoring that is required in administering and managing cash grant projects.
- The cost of managing and delivering **voucher redemption** varies considerably depending on the staff capacity required, the system of checks and controls established and the training requirements of beneficiaries; working through appropriate local partners can make projects more cost-efficient.
- Projects can improve on their **cost-efficiency** by enhancing competition at agricultural fairs, better informing suppliers in advance of voucher redemption the type of commodities that beneficiaries have prioritised (through preliminary surveys with farmers' groups), maintaining

only essential levels of administration (for monitoring purposes) and reimbursing suppliers for vouchers redeemed efficiently (within 24 to 48 hours).

## Effectiveness

- The **timing** of voucher redemption and cash grants is often more effective to the household than the cash value transferred, interventions delivered at the beginning of an agricultural season count for very much more than those delivered mid-season or later. Cash grants administered through banks allow the beneficiary to choose when to invest which has proved very advantageous.
- **Agricultural fairs** are generally the preferred means for voucher redemption by beneficiaries and suppliers alike because they offer an opportunity for open competition (with respect to quality and price), a forum for information exchange between farmers, advice from technical services either governmental or non-governmental, and allow more effective monitoring of the provision of inputs to beneficiaries. Agricultural fairs serviced by 12 to 15 suppliers for 150 to 200 beneficiaries is manageable in one day and proved to be an appropriate size for typical Agro-vet suppliers without having to seek external financing or credit provided they were reimbursed within 24 to 48 hours. Agricultural fairs would be a very appropriate form of delivery in any scaled up humanitarian operation.
- **Vouchers** which are **not commodity-specific** should be printed in various denominations to allow beneficiaries flexibility of choice (both in terms of commodities and suppliers), the design does not need to be sophisticated, they should however have serial numbers and a very short validity period (maximum 3 days) from the day of issue.
- **Vouchers** which are **commodity-specific** should only be applied on small-scale projects where the staff capacity is sufficient to assess the individual needs of households thus ensuring that inputs are not “imposed” on households without consideration to other options.
- **Cash grants** are preferable to vouchers in urban contexts, especially where beneficiaries can be supported to secure individual accounts in existing localized **banking systems** (in this case Equity Bank). Such facilities are effective, they ensure better security to the beneficiary (and project staff) and provide beneficiaries with the means to better manage the finances of small businesses as well as the opportunity for seeking micro-credit in the future.
- The **quality of inputs** and delivery can often be better assured by consulting and working in close collaboration with the district technical departments of line ministries (such as agricultural extension services and the veterinary department) and private sector services with localised knowledge, without necessarily compromising the impartiality of the project.

## Capacity

- **Community sensitisation** is essential in any situation prior to undertaking targeting, registration and implementing cash transfer interventions to avoid tensions or divisions about the purpose of the project; furthermore, it is critical that intended beneficiaries are made fully aware of procedures relating to cash transfer and their obligations to the exercise.
- Where assessments determine that further **skills training** is required for beneficiaries, this should be conducted in “peer groups” and be initiated before the voucher redemption or cash grant in order that beneficiaries are prepared and informed to make essential decisions at

the time of transacting vouchers or cash. It is not always appropriate in a recovery project of this nature to expect beneficiaries to take up new skills, but rather build on existing skills, in such a short time-frame.

- Briefing and induction of **suppliers and/or banks** and entering formal agreements prior to voucher redemption and/or the implementation of cash grants is critical to ensure a clear common understanding of the process and obligations.
- ECHO partner organizations should develop clear and common **guidelines** outlining the principles and practice regarding cash transfer and build the **requisite capacity** in each organization to plan, design and implement cash transfer projects just as capacity is built for implementing food aid, food for work and nutrition projects.
- Cash transfer projects inherently require partners to devolve a large part of both **operational and financial management** to the field to ensure that decision-making and approvals are both effective and efficient in support of timely interventions; in particular the reimbursement of suppliers cannot be delayed by up to one month when there is no reason for them to be paid within 48 hours allowing them to restock and encouraging their continued participation in the project.
- ECHO partner organizations should identify **local capacity** in the field through which it can operate in future and develop essential skills within these local partner organizations (government or non-governmental) relevant to cash transfer programming.

## Monitoring

- The approach to **monitoring of project inputs** has to be streamlined and made more systematic within and between partner organizations to avoid unnecessary administrative overload to field staff and in some cases suppliers. Monitoring delivery through static registered suppliers (rather than agricultural fairs) proved very demanding and in some cases ineffective.
- A more systematic approach to **results monitoring** needs to be adopted by the ECHO partnership to ensure that all projects develop a baseline reference and similar indicators contribute to reviews and evaluations of the projects and that a broader picture of the interventions can develop for assessing overall impact and institutional learning.
- For cash transfer projects focusing on the recovery of food security (and dependent upon agricultural seasons), time-frames should allow an **extension period** (3 to 6 months) after completion of implementation for partners to maintain a limited monitoring capacity to ascertain whether the project results have been met and to document the key contributing factors (impact assessment with lessons learned)<sup>49</sup>.

## Coordination

- ECHO should take a greater lead in facilitating **cross-institutional learning**, ensuring that partners are combining on working towards a common and coherent strategy, and that monitoring systems are more systematically designed and implemented across the

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<sup>49</sup> Such an extension was granted by ECHO to GAA.

partnership; this would require regular coordination meetings at the assessment, design and project inception stages (more so than during implementation).

- Projects operating in similar livelihood zones should be conducting **joint assessments** (where feasible) and conducting regular dialogue to share information, assessments, analysis and strategies with the aim of promoting better effectiveness and consistency in programme interventions.
- Food security sector meetings convened at the district level (preferably by the Ministry of Agriculture) would be appropriate to develop **joint strategies** between MoA and other actors in this sector.