

Responding to drought in Kenya using cash and vouchers: Learning from previous responses

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1 Introduction

The preparation of this paper involved reviewing multiple reports and drawing together lessons, recommendations and observations which could be of value to agencies using cash and vouchers as part of a drought related response in Kenya. The reports which were reviewed considered the use of cash and vouchers in drought related responses in urban and rural areas; they included short and long term responses by a variety of agencies and using various payment methods.

To give a little context:

- The Kenya National Safety Nets Programme (NSNP) is a Government Social Protection programme which was established to provide a common operating framework for the government's Cash Transfer programmes. The programme comprises four components¹:
 - Three components have national coverage and target Persons with Severe Disabilities, Older Persons and Orphans and Vulnerable Children Cash. They are managed within the Department of Children's Services and the Department of Gender and Social Development, both under the Ministry of East African Community, Labour and Social Protection.
 - The fourth component is the Hunger Safety Net Programme (HSNP) which delivers unconditional cash transfers targeting poor and vulnerable households in four counties namely Turkana, Marsabit, Mandera and Wajir. The first phase of the HSNP (2008-2012) provided cash transfers to 69,000 households with a biometric smart card via local payment agents. In Phase II (2013-2017), the HSNP expanded and now reaches almost 100,000 households across the four counties. The HSNP is designed to scale-up in times of emergency with additional payments made when pre-defined criteria are met. The HSNP is managed by the National Drought Management Authority, under the Ministry of Devolution and Planning.
 - In addition, the Urban Food Subsidy Programme operated in Mombasa on a pilot basis in 2012-13.
- Between 2012 and 2015, WFP worked with various implementing partners to deliver a multi-million-dollar Protracted Relief and Recovery Operation. WFP provided conditional and unconditional transfers (food or cash) targeting refugees, host communities and schools. It supported food insecure households in arid and semi-arid lands to cope with and recover from the effects of recurring drought. (WFP, 2015a).
- In recent years, multiple other agencies have used cash and vouchers as part of their drought response programmes in Kenya. According to reviewed reports, these included: ACF; ACTED; Adeso; Concern; COOPI; GOAL; Islamic Relief; Kenya Red Cross; Mercy Corps; Oxfam GB; Save the Children; VSF-Germany and WFP.
- A wide range of modalities and payment providers were used, involving conditional/unconditional and restricted/ unrestricted transfers with payments were made via bank accounts; via mobile money; e-wallets and vouchers.

Despite the varying contexts, different response types and the range of actors involved, when drawn together many of the lessons and recommendations are likely to be of interest to any agency engaged in cash and voucher programming in Kenya.

A short version of this paper which further summarises key themes is also available.

¹ Information about the NSNP drawn from <http://www.socialprotection.or.ke/national-safety-net-program> and <http://www.hsnap.or.ke/>

2 Limitations and caveats

No doubt many other reports with useful recommendations exist but, given the time and resources available, this paper draws only on reports which were accessible via the CaLP resource library; from a basic internet search and from reports that were received from agencies when a request for information was shared. If further reports become available which provide important additional recommendations, this paper will be updated.

It should be noted that not all recommendations from all reports are included as some are no longer relevant or were so agency/response specific that they were deemed unlikely to have a wider application.

In a few cases, lessons and recommendations have been slightly edited to reduce the use of acronyms and ensure ease of reading when taken out of the context of the initial report.

3 Lessons, Observations and Recommendations

3.1 Response options

1. Cash or voucher transfers should be considered only for beneficiaries living no more than 30 kilometres away from the market, which corresponds to the 0-30 kilometres range that people report presently covering to reach the market. (WFP, GOK and ECHO, 2013)
2. When considering cash-based interventions, priority should be given to areas and markets where market risks are low and most manageable (in particular low price volatility, stronger market integration, better road connectivity, higher supply capacity) and where financial services are available. (WFP, GOK and ECHO, 2013)
3. When considering replacing in-kind food provisions with cash or voucher transfers, the possibility of replacing some of the commodities foreseen in the food basket, while maintaining in-kind provision of others, based on a cost-efficiency analysis should be considered. (WFP, GOK and ECHO, 2013)
4. It is important to ensure reliable and timely monitoring and reporting on any development in terms of identified risks of a transition to cash and vouchers. In particular, that includes changes in local market prices, bottlenecks in food availability, and potential conflicts within households and communities. (WFP, GOK and ECHO, 2013)

3.2 Targeting and registration

5. Ensure the involvement of a wide range of stakeholders in the development of targeting methodologies. This is likely to result in an improved model and one that will have wider understanding and acceptance. Involvement of county level players is particularly important in the dissemination of approaches chosen and politically acceptable (at all levels). (DFID, 2014)
6. Targeting errors were amplified given rapidly changing food security conditions. Retargeting was essential. However, in most cases retargeting was not sufficiently prioritised by the organisation concerned because of the considerable operational challenges involved. (Humanitarian Outcomes, 2013, p.110)

7. Households without identity cards at the time of targeting should be given the opportunity to obtain them and register later.....Households unable to obtain identity cards (e.g. child-headed households) should not be ignored but be supported through programmes designed specifically for them. (Concern and OPMG, 2011)
8. Targeting should be conducted on a house-to-house basis, with external individuals visiting each house and returning to houses where residents were not in (if finances permit). These external enumerators could be accompanied by a local resident, perhaps elected by the population. Households should also be allowed to apply on demand and be verified by external visitors. (Concern and OPMG, 2011)
9. Targeting teams could have rewards for good performance, with individuals financially rewarded for low inclusion and exclusion errors in their zones. (Concern and OPMG, 2011)
10. Targeting criteria should be clearly specified and difficult for respondents to manipulate. This does not include income or meals consumed per day, but verifiable assets or verifiable anthropometric indicators. (i.e. an ability to prove these children are part of the household) (Concern and OPMG, 2011)
11. The longer-term social protection system should form the basis of responses to emergency, by scaling up the cash transfer in coverage or quantity as is appropriate. (Concern and OPMG, 2011)
12. Women appear to be the most appropriate recipients, and should be selected in a household where both male and female are present. Single men should not be excluded. (Concern and OPMG, 2011)
13. Retargeting for the cash transfer is important if this is a long-term programme. (Concern and OPMG, 2011)
14. There is confusion amongst households over targeting between Group 1 and Group 2, driven by there being no clear distinction in welfare status between the two groups. There is further confusion and dissatisfaction with the targeting as a result of the community wealth ranking exercise that was carried out during registration. (HSNP 2016)
15. Residents should be asked to provide some proof of residence, which could be an affidavit signed by neighbours. (Concern and OPMG, 2011)
16. [When working with schools] ensure verification of enrolment figures is done on a termly basis. Enrolment numbers provide the basis of the cash transfer value therefore it is critical that these numbers are correct. (WFP, 2015)
17. At the local and county level, support for the PMT system is not robust, and it remains to be seen if the introduction of the extra step of community validation will improve perceptions. There is also debate on the overall costs of fielding a PMT-based system, especially given the marginal difference in poverty levels between those judged to be poor enough to receive transfers versus those beyond the cut-off. It will be key to continue to look at the evidence and to step-up the engagement between national and county officials and technical officers on the pros and cons of various targeting alternatives. (HSNP 2016)

18. Scientific and speedy approaches do not ensure political acceptability. There will always need to be modifications in response to political sensitivities, however, politicians do appreciate having objective rules to support decisions. (Fitzgibbon 2016)
19. The costs of the PMT approach, possibly including a community validation stage as a modification, needs to be weighed up against the possibility of elite capture of the process at the local level. (HSNP 2016)

3.3 How transfers were used and progress towards response objectives

20. Early warning can translate into early action. The Kenya experience is proof that a single, scientifically objective indicator is sufficient to trigger an early, “no regrets” action. It works efficiently and without controversy because the trigger and response were embedded in wider guidelines, established through prior negotiations, before a scale up was required. (Fitzgibbon 2016)
21. Payments were made when the drought was largely over. Programme involved unconditional cash for some and temporary labour payments for road construction. A large percentage used money for education and other future looking expenses. (IFRC 2011)
22. Rather than believing that drought coping is a function of external relief, drought responses are consistently late and evaluations indicate that they do not deliver on their intended impact². The communities interviewed were less likely to be dependent on the aid but simply exploited these opportunities. Coping in most communities was modified by the presence of food relief, but coping was not necessarily contingent on food relief. People coped in its absence but its presence no doubt helped. (IFRC, 2011)
23. [The response] implemented in Korogocho, Nairobi, noted that payments came towards the end of the drought (urban poor having been affected by higher food prices). They had managed and a good percentage used on things other than food. (Concern and OPMG, 2011)
24. The majority (58%) of expenditure was on food items. After food, school fees and expenses represented the greatest proportion of expenditure (13%). (Fitzgibbon 2016)
25. As is common in cash transfers, recipients used the transfers for a variety of purposes, which meant that the impact on any single area was not likely to be large (Concern and OPMG, 2011)
26. Dietary diversity improved as a result of the initiative, but not substantially and not in a clearly sustained way³. Recipient households broadened the number of food items they consumed. It was not clear from qualitative interviews that this broadening always led to an increase in dietary diversity in terms of food groups consumed. In many cases, households would report varying food items within a food group, having rice instead of maize, or different vegetables. In others, however, there were clearly additions

² Simon Levine, System Failure? Revisiting the Problems of Timely Response to Crises in the Horn of Africa, Network Paper (London, UK: Humanitarian Practise Network, November 2011).

³ A 2016 literature review by ODI (non-Kenya specific) found that ‘among 12 studies reporting on impacts on dietary diversity, seven show statistically significant changes across a range of dietary diversity measures, all being improvements’ in contrast the evidence on anthropometric outcomes was limited and the majority of studies did do not show a statistically significant effect (ODI - Cash transfers: what does the evidence say? A rigorous review of programme impact and of the role of design and implementation features)

made to diets (adding fish, meat and beans in particular), and many households increased the frequency of consumption of less consumed food groups. (Concern and OPMG, 2011)

27. The health of diets does not necessarily improve in a linear way when incomes rise. As they become wealthier, households may eat higher status foods, but these food types need not have better nutritional content. On the other hand, more diverse diets need not be more expensive. (Concern and OPMG, 2011)
28. Women's priorities for spending potential cash assistance are focused on basic family needs, particularly on food, clothes, education and health, while men are likely to prioritise livestock purchase alongside the family needs. And men are more likely to invest in personal pleasures including alcohol, miraa, eating out, or luxury items. The probability that cash assistance is actually spent on food or other basic family needs is higher when the transfer is received and used by women. (WFP, GOK and ECHO, 2013a)
29. Continue to utilize a cash-based modality for school feeding programmes in arid areas of Kenya, if the market is functioning and competitive. A cash-based model is more coherent with the government approach, than an in-kind modality, and the CTS has proved that such a model can be an effective and efficient means of providing school feeding. (WFP, 2015)
30. The programme's main impact was on food security: the rate of beneficiaries reporting being severely food insecure reduced from 97% to 9% during the project. There were small improvements in dietary diversity, though most of the transfer was spent on items that already formed the basis of the meal and average dietary diversity was assessed to remain below healthy norms. (OPMG et al, 2013)
31. In the eyes of the recipients, the temporary employment and unconditional cash transfer was important. Their notion of importance was different to the notion of importance held by IFRC and KRCS to justify the intervention in 2011. In the eyes of the recipients, the importance of the intervention was not that the cash enabled them to cope with the drought hardship, but it allowed them to sustain long-term priorities despite the disruption necessitated by coping with the drought. It may have also allowed a moment of dignity, in a period where dignity was a luxury (IFRC, 2011)
32. The impact of increased food consumption on anthropometric indicators is tempered by the sanitation and care environment. Korogocho's sanitation is poor, and diarrhoeal diseases are common. A cash transfer is not likely to have a significant impact on this, particularly in a relatively short timeframe, and so the impact on nutritional indicators may also be limited. (Concern and OPMG, 2011)
33. KRCS/IFRC should seize opportunities to educate affected communities on health and nutrition to ensure greater impact on cash transfer programming. This will help in also avoiding diversion of cash as was reported in some cases (KRCS and IFRC, 2015)
34. Allow schools to choose their preferred food items within their allocated funding. The Home Grown School Meals Programme (HGSMP) Implementation Guidelines currently outlines a flexible basket of commodities, which enables schools to provide a more diverse menu to children. It was recommended in the HGSMP evaluation that the existing basket be made even more flexible. This evaluation also recommends the same, as it is coherent with local preferences, and with WFP's own Home Grown School Feeding Framework. (WFP, 2015)

35. The CTS pilot project has been an effective and efficient method for providing school feeding in Isiolo County. All 98 schools were able to purchase sufficient food to feed their students every school day. On average, schools provided food on 93% of school days. This high percentage of feeding days is due to two factors: timely and consistent payments to schools by WFP, and the effective utilization of these resources by the School Meal Program Committees (SMPCs). In total, the schools purchased 1583 MT of food commodities during the pilot project. This was done at a cost of CA\$ 924,843, which is estimated to be at least 24% cheaper than the average cost of providing food through in-kind assistance. (WFP, 2015)
36. WFP should continue to work with MoH, MoALF, MoIED and the MoEST as appropriate to draft HGSMP food safety and hygiene quality assurance guidelines that will enable traders and schools to ensure that food is of good quality, free from mycotoxins, and is fit for human consumption. (WFP, 2015)
37. In the Arid and Semi-Arid Lands, a major consideration for agencies is the practice of post-distribution sharing by recipients of their rations, particularly brought about by a large portion of pastoralist 'drop-outs' settling in areas where they have not been registered. Sharing is part of the culture in Kenya and it is understood to occur voluntarily as none of respondents in the Food Assistance Integrity Study focus groups suggested they had been coerced. One interviewee observed, "there are two distributions that go on: the official one and then the one down the street so that they can share what they have." (Transparency International, 2013)

3.4 Communication

38. A transition to a cash transfer should be preceded and accompanied by intensive communication with communities and households, including both men and women, as well as traders. (WFP, GOK and ECHO, 2013)
39. Ensure a guaranteed flow of funds for the cash transfers before committing to scaling up, at least for a specified period that is clearly communicated to funders, partners, and recipients so that kinks in the system do not undermine the ultimate objectives of the program, such as making it difficult for beneficiaries to plan their expenditures and consumption. Also, it may be worth considering the appropriateness of reducing the frequency of payments to bi-monthly or quarterly, to ease payment management burdens and costs. Some recipients actually reported that they preferred lump sum payments, because these allowed them to better manage funds for both consumption and productive investments. (CGAP, 2013)
40. Scale up plans need to be clearly and explicitly explained to communities so that expectations are not unduly raised. (DFID, 2014)
41. All households should be informed about the outcome of the targeting process. (Concern and OPMG, 2011)
42. Information should be provided on laminated cards on the date of the transfer, the amount per person in the first year, and a number to call both the programme and Safaricom with complaints or queries. (Concern and OPMG, 2011)
43. While some recipients report to Cooperating Partners and group leaders about problems with agents or the amounts they receive, others do not know who to tell when they experience a problem. Knowing

their rights and not fearing that complaining will kick them out of the program (then having the mechanism in place for recipients to express concerns) go hand in hand. (CGAP, 2013)

44. Create a hotline recipients can call to ask questions, express concerns, or report grievances. Confusion, skepticism, and anxiety among recipients over the program and its payment procedures, dates, amounts, and fees may be weakening the impacts it strives to achieve and prolong the resolution of any problems that arise. Providing clear, accessible, direct communication channels with recipients, including a grievance mechanism, particularly one that is set up in a way that informs operations and implementation going forward, can be a valuable component of cash transfer systems. (CGAP, 2013)
45. Exit strategies should be clearly communicated to affected populations as well as linkage to long term programming implemented by other actors (government, INGOs, CBOs) to ensure sustainability. (KRCS and IFRC, 2015)

3.5 Complaints – causes and management

46. County based staff are now responsible for dealing with complaints and issues arising from dissatisfaction with targeting however they were not involved in the design or implementation of either process. Similarly, local leaders and politicians only became aware of HSNP when they started to receive very many complaints from communities around exclusion and inclusion errors in the targeting. Politicians lobbied (and continue to lobby) hard for a more 'equitable' allocation across geographic areas. Most politicians favour CBT as the fairest way to allocate resources at the local level. (DFID, 2014)
47. The complaints and grievances process is inhibited due to the fact that the effectiveness of the Rights Committees (RCs) varies considerably from place to place. The voluntary nature of the work is a source of tension for RCs due to the high demand for the service provided and the lack of support they receive. A stronger consensus on the role of RCs and how they interact with the formal system of oversight on rights issues (the ombudspersons and the human rights commission offices at county level) would clarify how the system should function. Legal clarity on how monitoring of rights violations at the local level is fed into the statutory system is needed in the medium term. (HSNP 2016)

3.6 Coordination

48. Each CT programme (under the NSNP) has its own targeting and selection processes which are quite. Developing a pilot harmonised approach with the wide range of stakeholders involved would be required. There are plans for advancing such proposals under the NSNP. (DFID, 2014)
49. In a government-led system, shared targeting approaches would ensure consistency and comparability in the MIS. (Concern and OPMG, 2011)
50. Cash as a humanitarian intervention, is growing very rapidly in Kenya, however it is not clear where cash interventions are best placed within the sector working group coordination structure. As a result, there are some concerns as to how this intervention will be better coordinated so as to avoid duplication of efforts, and enable effective inter-agency collaboration. (IASC, 2011)
51. There are significant opportunities for sector coordination enhancements particularly as related to the agriculture and livestock, protection, health and cash interventions. (IASC, 2011)

52. Invest in disaster management coordination structures and share information regarding the nature and scope of interventions, including total funds planned or programmed and disbursed, disaggregated by sector and by geographic area. (Transparency International, 2013)
53. Interviewees pointed out that in 2011, disaster response in Kenya was characterised by weak coordination, which increased the risk of interventions not prioritising the neediest areas or duplicating assistance. (Transparency International, 2013)
54. Following an intervention by the government, the transfer value was brought into line with other government cash transfers – an invariant transfer of Ksh1,500/household/month. This led to very different impacts for households of different sizes, but had the advantage that recipients knew exactly what they were getting each month. (Concern and OPMG, 2011)
55. Utilise inter-agency coordination forums for sharing challenges regarding corruption for example blacklists of contractors, discussing common approaches to dealing with corrupt officials. (Transparency International, 2013)

3.7 Financial Service Providers and Payment systems

56. Agencies considering an e-transfer should explore the state of infrastructure development - electricity, mobile network coverage, mobile phone penetration and ownership, formal banking including branchless banking - and consider whether any challenges can either be overcome at a price or whether they prohibit the use of the technology. After narrowing down the options, agencies should then consider the relative capabilities and procedures of individual service providers. (Oxford Policy, 2013).
57. Decisions on transfer mechanisms should build on assessments and lessons learned with respect to existing and piloted mechanisms; and regular reviews of the dynamic development going on in the arid lands. Important aspects to consider include the experience of using different transfer programmes; the rapid development of technical solutions and network coverage in the arid lands; and, for instance, the requirement for good information and training and the ability to swiftly resolve operational problems. (WFP, GOK and ECHO, 2013)
58. M-Pesa should be used as a payment system in future cash transfers in urban informal settlements. All recipients should be provided with simcards to which the transfer is made. Providing handsets is recommended but not essential. Recipients should be provided with training on M-Pesa before the transfers begin. (Concern and OPMG, 2011)
59. Several respondents noted the need for recipient choice of payment modality. Others suggested that moving to a cashless system may be the future for cash transfers over the longer term, for example using M-Pesa. The key here will be to monitor perceptions, pilot new mechanisms, and ensure a continued dialogue at village, county and national levels. (HSNP 2016)
60. The challenge of ensuring agent presence and liquidity has had an adverse impact on the program, particularly at the field level. Agents run out of money and incur expenses when they have to close down their businesses to retrieve more money, and some do not allow recipients to withdraw the entire payment, forcing recipients to withdraw multiple times. (CGAP, 2013)

61. Humanitarian agencies will save money if they make their cash transfer proposition an attractive prospect for the payment provider. The negotiation of a good price depends on the value of the agreement to the payment provider. Conversely, a cash transfer programme that impedes the payment provider's ability to conduct its regular business or imposes additional demands, is likely to be charged a premium by the provider to compensate for the inconvenience. (OPM, 2013)
62. For a potential cash or voucher transfer, electronic rather than physical solutions are preferable, as this will reduce transaction costs, including the cost of liquidity, the time beneficiaries have to spend for collection of the cash and security risks. (WFP, GOK and ECHO, 2013)

3.8 Cost effectiveness

63. Although the mass registration and bank account opening exercise was resource-intensive to put in place, the marginal cost of all additional transfers is now negligible. This is a key advantage over other drought responses, such as food aid, which incur significant logistic costs for each distribution. (Fitzgibbon 2016)
64. Disaster preparedness and contingency planning may help to reduce costs of cash transfer programmes (e.g. by bulk purchase of hardware in advance), or at least to move some of the activities and associated costs to a separate occasion (e.g. by carrying out sensitisation and training activities) to reduce the time required to set up programmes when an emergency arises. (OPMG et al, 2013)
65. Consider whether and when the higher set-up costs associated with e-transfers will be offset by the reduction in recurrent costs of distribution. If the payment mechanism seems uneconomical for a single programme, consider the possibilities for other programmes or other agencies to use the mechanism subsequently. One option might be to coordinate with long-term cash transfer programmes to use the same infrastructure. (OPMG et al, 2013)
66. While the M-Pesa system requires significant resources initially for the recurrent activities such as monitoring and case management, gradually, both programme staff and beneficiaries become more familiar with the system, thereby reducing the overall recurrent cost per transfer. Mobile money becomes rapidly more cost-efficient with an increasing number of transfers (OPMG et al, 2013)
67. Cost is unlikely to be the primary reason for selecting one payment mechanism over another since so many programme costs are unrelated to the type of payment mechanism. It may be more appropriate to make the selection on the basis of other criteria such as the flexibility or security benefit for the recipient, or the possibility of using the technology for additional purposes such as monitoring and evaluation. (OPMG et al, 2013)
68. There is a risk that if cost is the driving force in the selection of a payment mechanism then innovation of all types will be lost, because innovation costs money. This includes even activities fundamental to a cash transfer programme, such as registering new beneficiaries or moving to a new location. (OPMG et al, 2013)

3.9 Markets

69. The initial market assessment highlighted concerns that markets in arid counties of Kenya were less integrated than markets in the semi-arid areas. In addition, it was noted that prices increased as

distances from the main markets increased, while other logistic challenges such as poor road conditions and the cost of fuel, also contributed to high food prices and lower food availability. (WFP, 2015)

70. A review of the NDMA early warning data shows that, following the payments, there were no significant fluctuations in the price of staple food products, such as maize. (Fitzgibbon 2016)
71. The market analysis demonstrated that for the credit systems in Mukuru, the wealth groups are inextricably linked. This is exemplified by the fact that, although credit is important to address the needs of the very poor, this group does not have direct access to any readily available and reliable credit sources. To support the very poor to access the forms of in-kind credit and donations that they depend upon, programmes must actually look to sustain those operating in the groups above – the poor and middle poor wealth groups. (Oxfam, 2013)
72. The market analysis confirmed that the livelihoods of these wealth groups, particularly the middle poor and chronic poor are extremely fragile. Changes in the market system, such as price rises, massively inflates the risk that each group may slide into lower wealth brackets. This highlights the need to address precarious livelihoods by thinking of responses that support livelihood protection and promotion, rather than looking only at survival needs. (Oxfam, 2013)
73. Continue to conduct market price monitoring during project implementation. Monitor markets to ensure cartels do not form and push out competition. (WFP, 2015)

3.10 Liquidity

74. Pay agent contractors have genuine problems maintaining liquidity during scale-up payments outside of county capitals. Advance planning by a bank branch in one county capital to ensure enough cash is available at remote paypoints indicated that it is possible in principle to mitigate some of the challenges with emergency payments, although this does imply expenses for Equity Bank. The various challenges to delivery of emergency (and routine) payments may be encouraging incidents of malpractice in some cases. (HSNP 2016)
75. In many cases, pay agents had not been given enough advance notice about the emergency payment round and the number of additional recipients. These problems were compounded by the fact that routine payments had only been made less than a month prior. (HSNP 2016)
76. Significant operating challenges exist. For agents, these include intermittent signal coverage and security and liquidity management. Liquidity management is difficult because of periodic, often seasonal demand for services. (WFP, GOK and ECHO, 2013a)
77. Cash is in short supply in the North of Kenya - it has to be brought in which is expensive and risky. So it makes sense to move as much value electronically as possible and to facilitate transactions electronically now that the opportunities are there – and growing. This implies the need to explore options for customers to purchase their supplies electronically and for traders to restock their stores through electronic transfers. (WFP, GOK and ECHO, 2013a)

3.11 Manipulation, malpractice and corruption

78. It was widely commented that results of the Proxy Means Test can be easily biased depending on the honesty of answers given at registration stage. County officials, including the deputy governor and the director of HelpAge International in Turkana, were adamant that gaming of the system through better off, usually younger and better-educated potential HSNP recipients intentionally understating household assets resulted in more honest, older respondents being excluded. This finding seems to be corroborated by an assessment of the HSNP MIS data quality, which found that the number of dependents reported per household was implausibly high on average. (HSNP 2016)
79. There is a risk that a long targeting process would allow information to spread that might contribute to cheating. For instance, information that enumerators are recording assets might encourage people to hide assets or occupy different houses. This could be offset by hiring larger targeting teams and breaking the area into smaller sub-units, targeting faster. (Concern and OPMG, 2011)
80. The involvement of village elders in the programme is probably important, but their involvement, both actual and perceived, in the selection process is likely to cause problems. Village elders should be informed about the programme, and could be asked to preside over the election of the person accompanying the enumerator. (Concern and OPMG, 2011)
81. A challenge in the emergency payment process related to perceptions of agents' malpractice. Such views were shared at both national and county levels. At the time of the research, there were about 50 to 60 cases of agents' malpractice raised with FSD⁴ and under investigation.....Although such incidents are difficult to verify without in-depth investigations (currently being led by FSD), in some cases it appears that accusations of agent malpractice are cases of a lack of understanding (for example, in relation to the amounts that different recipients are entitled to) (HSNP 2016)
82. The majority (66%) of all payments received (routine and scaled up) were not for the standard payment but just below the standard payment level, which may indicate widespread withholding of some of the payment by bank agents. (Fitzgibbon 2016)
83. As aid agencies and international NGOs shift increasingly from cash to e-payments, programs would benefit from an awareness of the challenges of such complex models so that they can (i) consider ways to simplify and/or develop partnership structures that reinforce the value chain and (ii) develop systems and quality controls that help to mitigate the risks. (CGAP, 2013)
84. Weaknesses in the payment process create opportunity for malpractice. In Mandera and Marsabit, where pay agents were limited and banks far away, there were many instances of 'brokers' entering the system. This is a process where community members who know shopkeepers collect money from recipients in order for shopkeepers to serve recipients quicker. In other cases there were instances of community members acting as middlemen, by collecting cash on behalf of recipients and charging recipients a fixed amount of around KES 200. Some pay agents were also accused of similar practices, collecting advance payments from recipients to cover travel expenses to nearest banks. In Dukana and Hurrihin, agent malpractice was also manifested in forced purchases by agents. It was reported that in some cases where agents' cash flow was limited, recipients were forced to take goods on credit. (HSNP 2016)
85. Cash is seen as less prone to corruption in Kenya due to the emphasis on strong systems and reliance on electronic disbursement mechanisms. Cash transfers linked to broader social safety net programmes

⁴ FSD stands for 'Financial Sector Deeping' - a company involved in the programme

were however harder to scale up in an emergency and as a result, some organisations established direct cash distributions. Direct delivery of cash poses considerable security and corruption risks, and entails substantially more administration and staff time to mitigate these risks. Of the three assistance mechanisms, cash projects were monitored more closely, perhaps more so because of their perceived vulnerability to fraud. Agencies providing cash transfers also placed the strongest emphasis on accountability to recipients. (Transparency International, 2013)

86. There were risks common to all three food assistance instruments, and this mainly pertained to targeting and registration. There was evidence of the politicisation of food assistance, with political leaders, local elites and local relief committees influencing who received assistance. There were risks and pressures in recruitment either due to internal pressures to employ staff from certain communities, or due to political interference. (Transparency International, 2013)
87. Scaling-up quickly in cash transfers without establishing standards for market analysis, appropriate partner selection, and post distribution monitoring poses risks to the programme. WFP, for example, switched seven districts from General Food Distribution to cash, utilising the same partners that were managing the in-kind food distribution. The skills and experience needed to monitor cash programmes, such as market monitoring of prices (a role the partners share with WFP), are significantly different to that of in-kind food and should not be assumed especially when those partners have limited exposure to cash programming (Transparency International, 2013)
88. In Kenya, community-based targeting (CBT) is the dominant model for food assistance, and this includes cash transfers and voucher programming. The principle behind CBT is that communities themselves are more likely to have better information on those most adversely affected and needy in times of disaster than are outsiders. Despite this, most interviewees noted that risks of political influence and nepotism at the targeting and registration stages were significant. In particular, interviewees noted that local politicians were known to interfere by prioritising areas that did not meet the criteria thereby affecting the integrity of the process and reducing the share of food available to those in real need. (Transparency International, 2013)
89. As electronic cash distributions continue to increase in volume, and potentially increase the share of food assistance, the transportation business may become increasingly competitive as trucking companies vie for a share of the commercial activity. Agencies may need to be aware of additional political and corruption pressures in this scenario. (Transparency International, 2013)
90. The biggest risk to the scale-up of vouchers in Kenya during the drought response was that of traders reducing the quality or quantity of goods, and this calls for strong price, and market and post-distribution monitoring to mitigate these risks. (Transparency International, 2013)
91. Jointly analyse corruption-related risks regarding different food assistance instruments (in-kind, voucher and cash transfers), identify mitigation measures, and set up a process for joint monitoring of food assistance activities. (Transparency International, 2013)
92. Invest in induction and capacity building programmes to help staff identify and address corruption risks. (Transparency International, 2013)
93. Engage with civil society institutions such as local and national media outlets to sensitise journalists on the goals of humanitarian action, its standards and principles, to increase capacities to provide accurate,

evidence based reporting, as well as to report on concerns about food assistance or other aid abuses. (Transparency International, 2013)

94. Recognise the principles that guide humanitarian assistance and protect responses from politicisation at national and local levels. (Transparency International, 2013)
95. Raise awareness of communities on the existing channels and mechanisms available at local level for reporting concerns and incidents of corruption and diversion of aid. (Transparency International, 2013)

3.12 Monitoring and evaluation

96. Monitoring the performance of the banks and the agents is critical to ensuring that the appropriate level of service to beneficiaries is maintained. (Transparency International, 2013)
97. The qualitative research suggested that households are well versed in the 'correct' response to questions on how they used the transfer (which was food, items for the children and business). This indicates that communications around the desired use of the transfer were successful. However, after probing in qualitative interviews some households reported that they spent the transfer on entirely different things, particularly if they had small families or had other sources of income (i.e. were mis-targeted). (Concern and OPMG, 2011)
98. The initiative invested time and money in monitoring food prices monthly, but since the transfer value was invariant to price this was probably not efficient. (Concern and OPMG, 2011)
99. Agencies should aim to collect data on programme outcomes if they wish to identify the relative cost effectiveness, rather than cost-efficiency, of different payment mechanisms. This is not the same thing as post-distribution monitoring, which can reveal the living conditions of households at the beginning and end of a transfer programme but which may not be able to attribute the change to the programme itself. (OPMG et al, 2013)
100. The study found that there is no explicit attention to diversion and corruption in monitoring and evaluation, regardless of whether it is perceived as a major risk (Transparency International, 2013)

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