



Oxford Policy Management

# **Kenya Hunger Safety Net Programme**

Operational Monitoring Final Report: 2009-2012

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

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## Executive summary

### Introduction

The Hunger Safety Net Programme (HSNP) is a targeted, unconditional cash transfer programme operating in the four counties of Mandera, Marsabit, Turkana and Wajir in Northern Kenya. The HSNP operates under the Ministry of State for the Development of Northern Kenya and Other Arid Lands with financial support from the UK Department for International Development.

Phase 1 of the programme was a pilot implemented between 2007 and 2012 and was subject to independent monitoring and evaluation by Oxford Policy Management. The evaluation was based on a robust experimental design using a Randomised Controlled Trial approach and combining both quantitative and qualitative data. This report presents the aggregated findings of all three rounds of the evaluation. It provides information on the profiles of HSNP beneficiaries, their understanding of the programme design, their ability to access and collect payments, and the obstacles they face in accessing those payments or programme case management services.

The design of Phase 2 will incorporate the findings of this assessment in preparation for its implementation between 2013 and 2017.

### Targeting

The HSNP piloted three different targeting mechanisms – Community-Based Targeting (CBT), Dependency Ratio (DR), and Social Pension (SP). The operational monitoring found that most recipients were aware of the targeting process in their area and felt that the process was fair. However, there was reason to believe that mobile populations may have been partially excluded from the targeting. CBT was considered the fairest targeting mechanism by both beneficiaries and non-beneficiaries.

### HSNP beneficiaries and recipients

Beneficiaries who were unable to collect the transfer or who lacked national ID cards could nominate a recipient collect the money on their behalf. The operational monitoring found that a large majority of beneficiaries were also primary recipients. This indicates that beneficiaries are generally not delegating the task of collecting the transfer to others, which therefore reduces the likelihood that beneficiaries are incurring transaction costs in accessing payments due to the registration requirement of owning a national ID card.

### Programme awareness

Beneficiaries' level of awareness of the programme was high and improved over the three years of the evaluation. By the end of Phase 1 nearly all beneficiaries had correct knowledge of the payment cycle and transfer amount. However, awareness of which paypoints recipients can collect the money from and when, of the savings function of the Smartcard, and of how to change the recipient's details or who to approach regarding a problem remained low.

### HSNP payments

The payment system has performed well. There are very few beneficiaries who never received a smartcard or payment, and most recipients only need to travel to one pay point to collect the

transfer. The distance that recipients had to travel and the time to queue at the pay point was significant and represents a major actual and opportunity cost.

A significant minority of beneficiaries reported that they had to visit multiple paypoints to collect the full transfer. In some cases this was the result of technical faults with the smartcard, though the evaluation found strong evidence that paypoint agents operated under cash flow constraints. In some cases this resulted in recipients visiting alternative paypoints or postponing collection. However, in a significant minority of cases paypoint agents charged recipients for collection or required recipients to make a purchase in their shop in order to alleviate these constraints.

## **Rights under the HSNP**

The rights component was not effectively implemented. Rights committees had been set up in communities to deal with complaints about the programme. However, members of the committees were not always aware of their own role, were often considered inactive by the community, and did not always receive appropriate action from the programme even where they were active.

Challenges in the implementation of the rights committees were exacerbated by low levels of engagement by beneficiaries, which is shown by the small proportion of beneficiaries that were aware both of the role of the committees and of their rights as part of the programme.

## **Conclusions and implications for the HSNP**

The HSNP has been successful in delivering cash transfers to some of Kenya's poorest communities. This achievement is praiseworthy given the relatively limited infrastructure of northern Kenya and small number of major operational problems.

However, the operational monitoring identified some areas where the programme could improve its performance and provides suggestions on how this may be achieved:

- Future cash transfers should ensure that mobile populations are aware of the targeting process well in advance to avoid the exclusion of these groups. Phase 2 should use the census-style mass registration process to identify households that were not included in the targeting process and ensure that these can make late applications to the HSNP.
- More paypoints would reduce the currently significant time taken by beneficiaries to travel and queue to collect the transfer.
- Paypoint agents' liquidity constraints, which currently result in additional costs to beneficiaries, should be alleviated. A sanctioning mechanism aimed at agents charging recipients for collection would help to deter rent-seeking behaviour.
- Beneficiaries should be allowed to roll cash over from one payment cycle to the next without having to visit the paypoint agent. This will avoid the unnecessary cost of an additional visit to the agent and may increase usage of the smartcard as a saving tool.
- Strict delivery standards should be established through a contract with the pay agency, which should be made responsible for delivering a system that ensures technical problems with smartcards are resolved promptly and missing smartcards are replaced.
- The mechanism for dealing with complaints and ensuring the protection of beneficiaries' rights should be reviewed. This may involve providing rights committee members with training or reimbursing them for their time, improving communication between the HSNP and rights committees, and increasing the number and frequency of central HSNP staff visits to recipient communities. This should be complemented by an effort to ensure beneficiaries are aware of their rights and know who to visit if they have a problem.

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## List of abbreviations

CBT	Community-Based Targeting
DFID	Department for International Development
DR	Dependency Ratio
FGD	Focus Group Discussion
HSNP	Hunger Safety Net Programme
IDS	Institute of Development Studies
KES	Kenyan Shillings
M&E	Monitoring and Evaluation
MIS	Management Information System
OMR	Operational Monitoring Report
OPM	Oxford Policy Management
PMF	Payments Monitoring Form
POS	Point of Sale
QPS	Qualitative Panel Studies
SP	Social Pension

# 1 Introduction

## 1.1 Kenya Hunger Safety Net Programme (HSNP)

The HSNP is an unconditional cash transfer programme that aims to reduce poverty in northern Kenya by delivering regular cash transfers to beneficiary households or individuals in four counties in the arid and semi-arid lands (ASALs) of northern Kenya: Mandera, Marsabit, Turkana and Wajir.

Under Phase 1, the programme operated under the Ministry of Northern Kenya and Other Arid Lands and was delivered by several contracted service providers, with financial support from the UK Department for International Development (DFID). The HSNP originally provided KES 2,150 to each beneficiary household (or individual in the case of the social pension (SP)) every two months. This was calculated as 75% of the value of the World Food Programme (WFP) food aid ration in 2006 when the value of the transfer was originally set. Over time the value of the transfer has increased and at the end of the evaluation period stood at KES 3,500<sup>1</sup>. Beneficiaries are given a biometric smartcard which they use to collect their cash at any time from a range of paypoints (mainly small shops called *dukas*) across the four counties.

The overall goal of the HSNP project is to reduce poverty, food insecurity and malnutrition, and promote asset retention and accumulation for beneficiary households. It was anticipated that the programme would also have positive impacts on a wider range of indicators of well-being and wealth, such as resilience to shocks, health and education uptake, and access to financial services. During the pilot phase approximately 300,000 beneficiaries (60,000 households) were targeted under three different targeting mechanisms – community-based targeting (CBT), dependency ratio (DR) and SP – further details of which are provided in Section 2.1.

Although these targeting mechanisms do not explicitly target the income poor (with the partial exception of CBT), the programme is poverty targeted by virtue of its geographic targeting. Poverty rates in the HSNP counties are very high, with some 85% of the population falling below the national poverty line at the time of the 2005/6 Kenya integrated Household Budget Survey, and some 54% falling into the bottom national decile.

## 1.2 Overview of payment delivery mechanism

The HSNP operates in an environment with a very low population density and where infrastructure is weak. Mobile phone networks are incomplete across the area although they have expanded since the programme began. Electricity is only available in district centres, which are powered by generators.

The 60,000 households targeted in Phase 1 of the programme are scattered over the whole programme area. In order to serve them with regular payments every two months, Equity Bank (supported by FSD) developed an agent-based approach, which is supported by the establishment of Equity branches in the district centres to help with cash flow. Under this approach Equity Bank contracts around 150 *dukas* (small shops) that meet specific criteria set by Equity Bank. The criteria include being located in a fixed settlement in a secure area and having sufficient liquidity to pay an approximate number of recipients each month<sup>2</sup>. Each agent or *duka* receives a small

<sup>1</sup> The value of the HSNP transfer was initially increased from KES 2150 to KES 3000 with effect from payment cycle 16 (Sept/Oct 2011). It was subsequently increased to KES 3,500 with effect from cycle 19 (Mar/Apr 2012). A one off doubling of transfer occurred in Jul/Aug 2011 to support households coping with drought.

<sup>2</sup> The *dukas* were classified according to the remoteness, available infrastructure and security. Each *duka* is allocated a number of recipients in line with their liquidity capacity, but in practice recipients are free to collect the transfer from any agent over the whole programme area.

commission for every payment that they make to a recipient. Therefore commission payments vary according to the number of payments that the agent delivers.

Payments are made using the aforementioned smartcard. The smartcards contain a microchip with the biometric fingerprints of the two nominated recipients of each beneficiary. Cash is transferred electronically to the smartcard and can be redeemed at any time at any of the agents using fingerprint scanning on Point of Sale (POS) devices. Where electricity is not available, the POS are run by solar power. Solar panels were provided to *dukas* without electricity by Equity on a cost-sharing basis. Those POS devices working offline are taken by the agent to the mobile network every month in order to reconcile the accounts.

The advantages of the smartcard system include: i) provision of a store of value (saving a portion of the transfer on the card); ii) auditability; iii) minimisation of losses through fraud, corruption and poor coordination with other operational components; and iv) provision of a minimum service whereby recipients can make at least two withdrawals and balance checks per payment cycle. The POS network also allows for the future delivery of additional financial services to both recipients and the broader local community. The disadvantages include: i) the offline system can cause problems for reconciliation of payments; ii) liquidity constraints mean beneficiaries do not always receive their complete entitlement at a single visit to the pay agent; iii) beneficiaries do not always have their own name written on the card (i.e. they are replaced by a nominated recipient), which can cause tension or possibility for exploitation of beneficiaries; and iv) the programme is sometimes identified with the pay agent (i.e. as an Equity Bank programme) rather than with the HSNP and its funders.

Some additional benefits to the recipients are that payments are brought closer to them and recipients collecting their payment from an agent are dealing with a local member of their community who may better understand their needs better than an outsider. Where solar panels have been installed the agent may start to deliver phone charging services to the community. If the agent's business grows, he or she may also start to offer more lines of stock.

### **1.3 Methodology of operational monitoring**

Oxford Policy Management (OPM) and the Institute of Development Studies (IDS) have been contracted by DFID to manage the monitoring and evaluation (M&E) component of the HSNP. The main component of this comprises a quantitative impact evaluation using an experimental survey design, coupled with a qualitative impact evaluation. The results of this study can be found in the Impact Evaluation Final Report: 2009 to 2012<sup>3</sup>.

Another component of the HSNP M&E is the monitoring of programme operations. This report presents the consolidated findings of this component over the life of the evaluation.

The HSNP M&E Strategy suggested regular Operational Monitoring Reports (OMRs) as a management tool for the HSNP Secretariat, which would provide programme managers with aggregate level data relating to the operation of the programme on a quarterly basis. At each round of the evaluation, the data and findings from these quarterly OMRs have been aggregated to provide a mechanism for identifying potential strengths and weakness of the programmes design, and thereby highlight implications for the design of the HSNP, as well as similar programmes in Kenya and elsewhere.

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<sup>3</sup> Kenya Hunger Safety Net Programme Monitoring and Evaluation Component Impact Evaluation Final Report: 2009 to 2012, June 2013.

This report presents the aggregated findings of all three rounds of the evaluation, comprising the primary data collected at baseline (September 2009–October 2010), follow-up 1 (November 2010 – November 2011), and follow-up 2 (February 2012–November 2012). It thus presents data on the evolution of programme operations during the life of the HSNP pilot phase. It provides information on the profiles of HSNP beneficiaries, their understanding of the programme design, their ability to access and collect payments, and any obstacles they face in accessing those payments or programme case management services.

These data do not provide details of particular cases or specific sub-locations. They are not intended as a way of managing individual cases and complaints, but serve to present aggregate level trends in order to identify systematic issues or problems with the operation of the programme.

The quantitative data were collected through randomised household sample surveys. However, the samples at each round are not identical. At baseline, because the impact evaluation survey was carried out prior to any payments being received in evaluation areas, the baseline data included in this report are largely drawn from a different set of sub-locations to the data pertaining to the two follow-up rounds. These sub-locations were chosen purposefully to allow the operational monitoring survey to be completed in a maximum of two days in each sub-location. As a result, for logistical convenience, the sub-locations chosen were either those neighbouring the impact evaluation sub-locations, those *en route* to the evaluation sub-locations from the district centre, or those near the district centre. It is therefore important to bear in mind that operational monitoring data collected at the baseline are taken from sub-locations that were not randomly selected or assigned to treatment, and therefore are not directly comparable with the data from follow-up 1 and follow-up 2 (which are drawn from the randomly selected and assigned evaluation sub-locations). Where possible, data is taken from the baseline impact evaluation household survey from the same set of clusters to those surveyed at follow-up 2. The notes to each table indicate the sample details.

In addition, the sample at follow-up 2 is drawn from a reduced subset of the sub-locations surveyed at follow-up 1. This reduction in the number of sub-locations surveyed at follow-up 2 was the result of decisions made by the programme and its stakeholders, rather than a technical decision by the evaluation team. More detail on the respective samples at each round can be found in the Payments Monitoring Report and the Consolidated Operational Monitoring Report<sup>4</sup>. Where possible in this report estimates for follow-up 1 are drawn from the same set of sub-locations as those surveyed at follow-up 2 in order to render the estimates comparable. The notes to each table indicate the sample details.

Despite these qualifications to the three respective samples at each round of data collection, the data presented do provide representative results for the three respective study populations. As such, they give a robust indication of the trends observed at each round across a number of different aspects of programme performance.

At baseline, beneficiaries were interviewed using a specially designed Payments Monitoring Form (PMF). At follow-up, the PMF was inserted into the questionnaire being administered to beneficiary households for the impact evaluation as a new operational monitoring module. A reduced version of this module was also administered to control group households, asking a subset of questions relevant to those who are not receiving the payments. The data presented below for the two follow-up rounds thus pertain to exactly the same populations surveyed for the impact evaluation at each follow-up round.

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<sup>4</sup> Hunger Safety Net Programme – M&E Payments Monitoring Report, June 2011; Kenya Hunger Safety Net Programme Monitoring and Evaluation Component Consolidated Operational Monitoring Report, May 2012; and Kenya Hunger Safety Net Programme Monitoring and Evaluation Component Impact Evaluation Final Report: 2009 to 2012, June 2013.

To add a further level of detail and support the findings of the quantitative analysis, qualitative research was conducted comprising key informant interviews, focus group discussions (FGDs), and qualitative panel studies (QPSs) with a variety of stakeholders, including chiefs of the sub-locations, members of the HSNP rights committees, beneficiaries, non-beneficiaries, paypoint agents, and members of local relief committees. In carrying out these discussions a diverse range of informants was sought, including a balance of men and women. This qualitative research on programme operations was carried out during the same period that the quantitative data for follow-up 1 was being gathered (November 2010 – November 2011).

Where possible and appropriate, we present disaggregated findings at the county level (Mandera, Marsabit, Turkana and Wajir). We are not always able to explain whether significant variations between counties is due to a variation in the context of the operations (e.g. higher population densities, better markets and road networks etc.) or due to variation in the way in which the programme has operated (e.g. staff turnover inhibiting learning, different attitudes towards cash flow management in more remote communities, etc.). However, these disaggregated data may be useful for the HSNP Secretariat to identify further areas of analysis to improve operations in the future.

## **1.4 Structure of the report**

This report builds on the findings communicated in previous OMRs and provides additional data from the follow-up 2 stage of data collection (Feb – Nov 2012). The purpose is to provide a complete consolidated assessment of programme operations over the life of the pilot period. Where data were gathered only at one particular round of the evaluation – for example data on the targeting and enrolment process – we present a summary of the findings from the relevant previous report. All the conclusions from previous rounds of the evaluation operational monitoring are revisited and revised where appropriate. Further implications for the HSNP or wider social protection policies are also included.

The rest of the report is structured as follows. Section 2 provides a summary of findings on the targeting process presented in the Consolidated Operational Monitoring Report from follow-up 1<sup>5</sup>. Section 3 provides information on the relationship between HSNP beneficiaries and their nominated recipients. Section 4 presents details of the beneficiaries' awareness of various aspects of the programme and identifies the key informants through which beneficiaries heard about the programme. Section 5 discusses the barriers to accessing paypoints and the challenges relating to the collection of the payment. Section 6 (like Section 2) provides no new data but summarises findings on the rights component, which are again presented in more depth in the Consolidated Operational Monitoring Report<sup>6</sup>.

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<sup>5</sup> Kenya Hunger Safety Net Programme Monitoring and Evaluation Component Consolidated Operational Monitoring Report, May 2012.

<sup>6</sup> Ibid.

## 2 Targeting

This section of the report summarises the findings of the previous OMR<sup>7</sup>, which contains more detail on the study's findings relating to targeting. The targeting for the HSNP pilot phase was completed in 2011 so no new data have been collected relating to targeting since the completion of the previous report.

### 2.1 Programme design: targeting

In each of the sub-locations where it operates, the HSNP uses one of three targeting mechanisms for selecting beneficiaries for inclusion in the programme.

**CBT:** The community collectively selects households they consider most in need of the transfers up to a quota of 50% of all households in the community.

**DR:** A fixed formula selects households in which household members under 18 years, over 55 years, and disabled or chronically ill make up more than a specified proportion of all household members.

**SP:** This selects any individual aged 55 or over.

Transfers for selected households under CBT and DR are of the same value for any size of household. Households in SP areas can receive multiple transfers if they contain more than one member aged 55 or over.

### 2.2 Households' experience of the targeting process

#### 2.2.1 Awareness of the programme

Overall awareness of the programme was high following targeting, even though 13% of households who were not selected by the targeting process claimed to be unaware of the programme in their sub-location (see Table 1 below). This may have been because these households were away during the targeting process. This finding implies that more outreach and communication prior to and during targeting is required in order to ensure that all eligible households are registered.

The targeting manual identified the public *baraza* as the principal means of creating awareness of the HSNP in communities, and this is reflected in the reasonably high proportion (42%) of selected households who were first informed about the programme through the public *baraza* (see Table 2 below). This figure is much lower for those who were not selected (26%), which would tend to support the above hypothesis that households who were not selected may have been away during the targeting process. Variation between counties in awareness and the proportion of households informed through public *barazas* suggests that households in sub-locations with more mobile households (such as Mandera) were overall less aware and less informed through *barazas* than households in sub-locations with fewer mobile households (such as Marsabit).

These findings suggest that future targeting processes should make a particular effort to ensure mobile households are aware of the targeting process. In addition, there needs to be a mechanism for receiving late applications from households not present at the time of targeting.

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<sup>7</sup> Kenya Hunger Safety Net Programme Monitoring and Evaluation Component Consolidated Operational Monitoring Report, May 2012.

**Table 1 Non-beneficiary households' experience of targeting process**

Indicator	By targeting mechanism			All HSNP evaluation areas	
	CBT areas	SP areas	DR areas	Estimate	N
Proportion of non-beneficiary households who reported that (%):					
they were not aware of the HSNP cash transfer	21*	9	5**	13	1,994
they did not participate in the targeting process (of those aware)	71	83**	57*	72	1,737
they did not participate because they did not think they would satisfy criteria	28**	72***	22**	44	1,191
they did not participate because they were not there at time of registration	36	13*	27	25	1,191
they believe they are eligible according to programme criteria (of those who had the targeting process explained to them)	61*	31***	73***	49	1,101
they did not attend enrolment after registration (of those who registered)	87	71	76	79	538
Reason given for not being selected (as given by the respondent):					
not present in sub-location at time of registration	38	21	23	29	1,184
don't know	8***	16	39***	20	1,184
did not meet the targeting criteria	4	5	16	8	1,184
not aware of programme	9	5	4	6	1,184
rejected by vetting committee	5	12*	2**	6	1,184
registration period too short	7	2	3	5	1,184
judged to be too rich	7*	0**	2	4	1,184
belong to marginalised group	5*	0**	1	2	1,184
no national identity card	2	3	1	2	1,184
too sick to attend registration	3	1	1	2	1,184
incorrect DOB on identity card	0*	4*	0	1	1,184

Source: HSNP M&E Baseline Evaluation Survey, Sep 2009–Oct 2010. Notes: (1) The 'N' column denotes the overall sample size. The sample sizes for the disaggregated estimates in other columns are based on smaller sample sizes. (2) Asterisks (\*) indicate that the estimated regression coefficient is statistically significant: \*\*\* = 99%; \*\* = 95%; \* = 90%.

## 2.2.2 Perceived fairness of targeting process

There is an unsurprising difference in perceived fairness of the programme between those selected and those not selected – 96% of beneficiaries felt that the selection process was fair (Table 2) against only 50% of non-beneficiaries. There was also significant variation in perceptions of fairness between non-beneficiaries in sub-locations with different targeting mechanisms. CBT was considered the most fair by both beneficiaries (99%) and non-beneficiaries (63%), whereas only 41% and 43% of non-beneficiaries in SP and DR areas felt that the selection process was fair.

The qualitative research found that respondents' notion of fairness related to the fact that the targeting was transparent and those households selected in the community were most in need. A small number of respondents believed that the targeting process was fair because it was done by 'outsiders' with little direct involvement by local people, therefore allowing little opportunity for favouritism.

Among non-beneficiaries who had the targeting process explained to them, in CBT and DR areas a majority believed that they were eligible according to the programme criteria (61% and 73%). This is particularly noteworthy in the case of DR, given that awareness of the programme was highest in these areas and participation rights were highest.

The relative complexity of the DR targeting mechanism is probably the cause of the high proportion of non-beneficiaries who believed themselves to be eligible. The more complicated nature of DR resulted in lower levels of understanding of the selection criteria, which is reflected in the lower proportion of beneficiaries (67%) and non-beneficiaries (41%) who reported receiving an explanation of how the selection process worked (Table 2).

The high proportion of non-beneficiaries in sub-locations using CBT who believed themselves to be eligible is likely due to the quota nominally determining the numbers of households to be enrolled in each sub-location, which was set at 50% in M&E sub-locations. This demonstrates the difficulty of explaining why households are not selected in areas with high overall poverty rates, and possibly the fact that the criteria used in CBT are not necessarily clear even if the process is.

Targeting of the HSNP under Phase 2 will use a combination of CBT and Proxy Means Testing. There should be clear communication to programme areas of the aim, purpose, method and rate of coverage for targeting. This will help ensure the legitimacy of the programme as perceived by local populations and authorities.

**Table 2 Household experience of targeting process**

Indicator	CBT areas		SP areas		DR areas		Overall			
	Selected	Non-selected	Selected	Non-selected	Selected	Non-selected	Selected	Non-selected	Total	N
Proportion of households (%):										
➤ aware of programme in their sub-location	100**	79	100**	91	100	95	100***	87	94	5,087
➤ first informed about the programme through public <i>baraza</i>	45*	30	38***	20	43***	27	42***	26	35	4,825
➤ received an explanation of how beneficiaries would be chosen	96**	69	91*	83	67***	41	83***	67	76	4,795
➤ received an explanation and who felt selection process was fair	99***	63	97***	41	92***	43	96***	50	78	3,774
➤ had programme objectives explained to them	97**	74	91***	75	84***	66	90***	72	82	4,819
➤ involved in the targeting process	99***	29	99***	17	99***	43	99***	28	67	4,825
Average number of days' notice given prior to registration	6.4***	2.6	6.6*	3.8	6.4**	3.1	6.4***	3.1	6	3,635
Average time taken to reach registration desk (return trip, minutes) ( <i>selected households only</i> )	77		86		78		79		79	2,208

Source: HSNP M&E Baseline Evaluation Survey, Sep 2009–Oct 2010. Notes: (1) The 'N' column denotes the overall sample size. The sample sizes for the disaggregated estimates in other columns are based on smaller sample sizes. (2) Asterisks (\*) indicate that the estimated regression coefficient is statistically significant: \*\*\* = 99%; \*\* = 95%; \* = 90%.

### 2.2.3 Households' perception of HSNP staff during targeting

The qualitative fieldwork showed that the overall perception of HSNP staff – identified as those who conducted the targeting and enrolment process – was positive. Both beneficiaries and non-beneficiaries described the HSNP staff as respectful, fair and honest, although beneficiaries were slightly more likely to be positive about staff than non-beneficiaries and local officials.

Some non-beneficiaries expressed frustration with the targeting process and this was manifested in criticism of the staff carrying out the targeting.

### 2.2.4 Time spent on targeting

Community interviews revealed that there was an average of 15 days from the start of targeting to enrolment (Table 3). Households received on average 5.8 days' notice prior to registration, though this varied significantly, with 12.6 days in Marsabit and 2.8 days in Wajir. This was felt to be insufficient for mobile households to effectively participate in registration. Discussions with communities indicated that one way to increase the participation of mobile households in the targeting process would be to give them sufficient notice to return to the sub-location before registration, which would be at least seven days for mobile households.

The average time to reach the registration desk was 79 minutes for those who were selected (Table 2), representing a certain barrier to registration.

**Table 3** Community experience of targeting process

Indicator	All HSNP evaluation areas	
	Estimate	N
Proportion (%) of communities reporting:		
not being involved in the targeting process	3	232
desk-based, rather than door-to-door based, registration	71	225
that some ineligible households were selected for the programme	11	225
that not everyone who was eligible was able to register	27	225
that some eligible members were not able to register	29	209
that not everyone who enrolled received a card	5	225
that it is more difficult for migrant households to participate in targeting	19	225
a Rights Committee in the sub-location	91	232
Reported average number of days from start of targeting to enrolment (distribution of paper cards)	15	224

Source: HSNP M&E Baseline Evaluation Survey, Sep 2009–Oct 2010. Notes: (1) The 'N' column denotes the overall sample size. The sample sizes for the disaggregated estimates in other columns are based on smaller sample sizes. (2) Asterisks (\*) indicate that the estimated regression coefficient is statistically significant: \*\*\* = 99%; \*\* = 95%; \* = 90%.

### 3 HSNP Beneficiaries and recipients

Differences between the targeting mechanisms outlined above in Section 2 mean that the term ‘beneficiary’ refers to different individuals within the household. For CBT and DR, which target the household, the beneficiary is the member of the household who is nominated by the household. For the SP, which targets individuals, the beneficiary is the individual who is directly eligible for the programme because of their age.

Each beneficiary nominates two ‘recipients’ who are eligible to collect the transfer using the smartcard. The biometric fingerprints of both recipients are stored on the smartcard microchip. The primary recipient must be a national ID card holder and the name and photo of the primary recipient are stored on the smartcard. The secondary recipient does not need to be a national ID card holder.

The aim of this element of the programme design is:

1. To enable beneficiaries who may be unable to collect the payment to nominate another individual to do so on their behalf, who may be a family member, a friend or other trusted person.
2. To provide a means by which agents can correctly identify those who are eligible to collect money on a beneficiary’s behalf.
3. To ensure that programme design facilitates easy integration of the HSNP with existing means of government identification of citizens (i.e. through the national ID card), even in areas where levels of national ID card ownership are relatively low.

The quantitative data collected for the operational monitoring were collected through household surveys of beneficiaries (see section 1.3 above). The following section of the report provides details on the profile of beneficiaries and their relation to primary and secondary recipients.

Table 4 below presents findings on the profile of beneficiaries. It shows that a large proportion of beneficiaries are also primary recipients, indicating that a high number of beneficiaries owned ID cards and thus had their own name and photo on the smartcard. The proportion of beneficiaries who are the primary recipient has basically remained static at around 90% between baseline and follow-up 2. A very low proportion of beneficiaries are neither the primary or secondary recipient (below 5%).

**Table 4 Characteristics of beneficiaries (in treatment areas only)**

Proportion that are...	Baseline	Follow-up 1	Follow-up 2
Primary recipient	91.0	88.8	90.9
Secondary recipient	14.8	15.6	12.4
Neither primary nor secondary recipient	2.7	4.4	4.5

Source: HSNP M&E Impact Evaluation Survey, Sep 2009–Nov 2012. Notes (1) Estimates for all rounds drawn from same set of sub-locations.

That the beneficiary is also the primary or secondary recipient of the HSNP is significant because it means that beneficiaries are not forced to delegate access to the transfer to a third party. Delegating access to the transfer to another incurs a cost to the beneficiary in terms of coordination, requires a high level of trust, and may result in the value of the transfer being reduced due to payments being demanded by the person collecting it. These concerns are

reflected in the proportion of beneficiaries who are secondary recipients that have problems with the primary recipient regarding collection of the transfer (4% and 9% at follow-up 1 and 2 respectively; see Table 5).

However, as Table 6 shows, beneficiaries' awareness of how to change the primary or secondary recipient is low (9%), which potentially prevents resolution of these kinds of problem. This suggests a need for an adequate mechanism for beneficiaries to update their information on the programme's Management Information System (MIS) and for them to be aware of how to access it. This would enable beneficiaries to address some of the problems they may face, such as those stemming from the beneficiary–recipient relationship.

**Table 5 Beneficiary profiles**

Proportion of beneficiaries (%):	Baseline: Sep 2009 – Oct 2010		Follow-up 1: Nov 2010 – Nov 2011		Follow-up 2: Feb – Nov 2012	
	Estimate	N	Estimate	N	Estimate	N
When the beneficiary is the primary recipient, who is the secondary recipient?						
Other household member	50	565	63	1165	70	985
Relative (not from household)			26	1165	24	985
Friend or other member of community			10	1165	6	985
When the beneficiary is the primary recipient, what proportion have problems with the secondary recipient regarding collection of the transfer?			2	1208	4	981
When the beneficiary is the secondary recipient, who is the primary recipient?						
Other household member			17	560	41	137
Relative (not from household)			17	560	53	137
Friend or other member of community			5	560	6	137
When the beneficiary is the secondary recipient, what proportion have problems with the primary recipient regarding collection of the transfer?			4	560	9	137

Source: HSNP M&E Evaluation Survey, Payments Monitoring Form, Sep 2009-Oct 2010, HSNP M&E Follow-up survey 1, Nov 2010 – Nov 2011, HSNP M&E Follow-up survey 2, Feb 2012 – Oct 2012. Notes: (1) Estimates have been calculated using sampling weights for each beneficiary respondent equal to the inverse of the probability of being selected for interview. (2) The 'N' column denotes the overall sample size for each indicator.

The findings also show that the profile of secondary recipients has changed over time. The proportion of secondary recipients who are household members where the beneficiary is the primary recipient has risen from 50% at baseline to 70% at follow-up 2. This has been matched by a concurrent drop in the proportion of secondary recipients who are friends or relatives outside the household or other members of the community, where the beneficiary is the primary recipient.

Friends or other members of the community make up only a small proportion of both primary and secondary recipients.

## 4 Programme awareness

### 4.1 Beneficiaries knowledge about the HSNP payments

Table 6 shows that beneficiaries' awareness of the payments system has varied significantly over time. The data reveal that nearly all beneficiaries (c99%) have correct knowledge of the payment amount. In previous OMRs it was noted that correct knowledge of the payment cycle was significantly lower. However, the proportion of beneficiaries with correct knowledge of the payment cycle has since increased from 86% at baseline to 97% at follow-up 2. This is likely to be due to beneficiaries' learning over time, but if programme staff have made any concerted efforts to disseminate the correct information this could also contribute to the improved knowledge about the payment cycle over time.

The proportion of beneficiaries who (correctly) think they can go to any paypoint to collect payment has increased markedly, from 50% at baseline to 86% at follow-up 2. This has taken place with a concurrent drop in the proportion of beneficiaries who were told to go to only one paypoint to collect payment, although this remains a significant figure at follow-up 2 at 41%. Once again, this trend is very likely the result of beneficiaries learning over time and through trial and error. We are unable to tell why such a large proportion of beneficiaries are still being told they can only collect their transfer from a single paypoint. At the start of the pilot programme this was mainly due to severe liquidity constraints, where not only the paypoints that beneficiaries could collect their payments from were restricted but also the dates on which they could collect them. At follow-up 2 this still appears to be a significant issue. Some 9% say that they had to visit the paypoint more than once to collect their last transfer, with over half of those reporting that the pay agent either did not have enough change or would only give out small amounts of cash at each visit (see Table 8 below).

**Table 6 Beneficiary awareness of payments system**

Proportion of beneficiaries (%)	Baseline: Sep 2009 – Oct 2010		Follow-up 1: Nov 2010 – Nov 2011		Follow-up 2: Feb – Nov 2012	
	Estimate	N	Estimate	N	Estimate	N
With correct knowledge of payment cycle	86	779	90	1,392	97	1,183
With correct knowledge of payment amount	98	779	99	1,392	99	1,183
Who know they can save money on the card	8	777	2	1,392	6	1,183
Told to go to only one paypoint to collect payment	67	777	62	1,381	41	1,166
Who think they can go to any paypoint to collect payment	50	775	68	1,381	86	1,166
Who know how to change their primary or secondary recipient if they needed to	-	-	6	1,381	9	1,166
Who know who to talk to if they have a problem with the programme	-	-	19	1,381	27	1,166

Source: HSNP M&E Evaluation Survey, Payments Monitoring Form, Sep 2009-Oct 2010, HSNP M&E Follow-up survey 1, Nov 2010 – Nov 2011, HSNP M&E Follow-up survey 2, Feb 2012 – Oct 2012. Notes: (1) Estimates have been calculated using sampling weights for each beneficiary respondent equal to the inverse of the probability of being selected for interview. (2) The 'N' column denotes the overall sample size for each indicator.

These findings imply that there is a need to improve the communication to beneficiaries on where and when they are able to collect their payments, at least theoretically. Liquidity appears to remain a real challenge for pay agents so without improving liquidity communication on its own is unlikely to solve the issue.

## 4.2 Beneficiaries' knowledge about saving on the smartcard

Only a very small portion of beneficiaries claim to know that they can save money on their card (6% at follow-up 2). This suggests that a lack of awareness of the smartcard's saving function is preventing beneficiaries from saving using the card. The HSNP impact evaluation found that households who received the transfer were seven percentage points more likely to save cash than households who did not receive HSNP<sup>8</sup>. This indicates that receiving HSNP does stimulate saving, though in cash form rather than on the card. The impact evaluation found that around 17% of beneficiaries report sometimes keeping some of the cash from the HSNP transfer to use later<sup>9</sup>.

Although knowledge of the smartcard's saving function is a necessary condition for saving using the smartcard, it is not all that is necessarily required. This is because there may be other reasons why households prefer using cash to save rather than the smartcard. These could include the transaction costs involved in withdrawing and depositing money using the smartcard (for instance transport costs, time, and any payments made to third parties), and the control non-beneficiary recipients may be able to exercise over the beneficiaries' savings through the smartcard. Further qualitative analysis could provide a useful insight into the reasoning behind beneficiaries' savings choices.

The above analysis shows that better communication is required on the ability to save on the card.

## 4.3 Beneficiary informants

There have also been significant changes in the profile of those disseminating information about the payment process. At baseline, 77% of beneficiaries reported that they were first informed about the payment process by programme representatives and only 6% by the paypoint agent. In contrast, at follow-up 2 these figures were 24% and 42% respectively, reflecting a reversal in the relative importance of these groups as information disseminators. As was found at follow-up 1, this reflects a common identification of the HSNP with the paypoint agents, whom act as the de facto primary contact point between the programme and beneficiaries (see Section 6 below).

The relative significance of programme representatives in disseminating information is higher in some counties than others. For example, at baseline 91% of beneficiaries reported being first informed about the payment process by programme representatives in Turkana, whereas this figure was only 48% in Mandera. Furthermore, the variation across counties in the sources of information about the payment process for beneficiaries correlates with the variation in the proportion of beneficiaries with correct knowledge of the payment amount at baseline. In Turkana, where programme representatives had the largest role in informing beneficiaries about the payment process, we found the highest proportion of beneficiaries with correct knowledge. In Mandera, on the other hand, where chiefs (14%), elders (12%) and word of mouth (10%) were the more prominent means of informing beneficiaries about the payments process, we found a lower proportion of beneficiaries with correct knowledge.

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<sup>8</sup> Kenya Hunger Safety Net Programme Monitoring and Evaluation Component Impact Evaluation Final Report: 2009 to 2012, June 2013.

<sup>9</sup> *Ibid.*

Bearing in mind this variation between counties, it is encouraging to note that despite a decline in the relative significance of programme representatives as beneficiary informants, the proportion of beneficiaries with correct knowledge about the HSNP has remained high over the three years. However, because the paypoint agents are increasingly the primary point of contact between beneficiaries and the programme there is a risk that the HSNP will be directly identified with the institution managing the payments system rather than with the Government of Kenya and its key development partners. There is also a need to ensure that, if paypoint agents are going to become the main source of information about the programme, this does not lead to the communication of false or misleading information to beneficiaries.

**Table 7 How beneficiaries were informed about the HSNP payments system**

Proportion of beneficiaries (%) who were first informed about the payment process by....	Baseline: Sep 2009 – Oct 2010		Follow-up 1: Nov 2010 – Nov 2011		Follow-up 2: Feb – Nov 2012	
	Estimate	N	Estimate	N	Estimate	N
Programme representative	77	776	59	1,392	24	1,183
Chief	5	776	2	1,392	5	1,183
Elder	3	776	1	1,392	4	1,183
Word of mouth	5	776	18	1,392	23	1,183
Paypoint Agent	6	776	6	1,392	42	1,183
Rights Committee	2	776	13	1,392	1	1,183
Secondary recipient	2	776	1	1,392	1	1,183

Source: HSNP M&E Evaluation Survey, Payments Monitoring Form, Sep 2009-Oct 2010, HSNP M&E Follow-up survey 1, Nov 2010 – Nov 2011, HSNP M&E Follow-up survey 2, Feb 2012 – Oct 2012. Notes: (1) Estimates have been calculated using sampling weights for each beneficiary respondent equal to the inverse of the probability of being selected for interview. (2) The 'N' column denotes the overall sample size for each indicator.

## 5 HSNP payments

This section of the report summarises the experience of beneficiaries in accessing paypoints and collecting the HSNP payments.

### 5.1 Barriers beneficiaries face in accessing payments

#### 5.1.1 Travel to and from paypoints

The ability of beneficiaries to access the programme paypoints (usually *dukas* or small shops) has remained largely unchanged over the three years of the operational monitoring.

There has been no significant change in the average travel time to and from the paypoint (ranging from 118 minutes at baseline to 139 minutes at each of the follow-up rounds; see Table 8 below). The small difference between baseline and follow-up is likely due to the fact that the baseline operational monitoring took place in different sub-locations, as discussed above in Section 1.3, and as such had a different geography and distribution of paypoints. The qualitative research highlighted that the distance involved in accessing paypoint agents was a concern among beneficiaries, particularly in Chirchir, Kosekeli, Sala and Marsabit Township:

*“The problem we have is the distance you cover to collect this money. As you see I am an old man aged 85 years, I can’t walk for a distance.”* [FGD with male beneficiaries, Mandera].

*“The place where we are paid from is too far away in another centre. The elderly here struggle a lot to reach there ... and we feel bad about it. This distance is killing the old”* [FGD with casual labourers, Turkana].

Alongside concerns about distance, some stakeholders noted that the paypoint agent visited some areas only on certain days and for a very limited time.

*“The only problem we have is that there is that young boy [the paypoint agent] who brings the money here and stays only for one day. The following day he says the beneficiaries should come to Ashabito to take for their money and people travel on foot to go to look for their money which is a problem to us”* [FGD with male elders, Mandera].

Only quite a small portion of beneficiaries have to travel more than four hours to a paypoint (7% and 5% at follow-up 1 and 2 respectively; this measure was higher at baseline but again that may be influenced by the different sub-locations surveyed). A roughly similar proportion had to spend the night away from home when collecting the transfers (7% at each follow-up round).

There has been no significant increase in the average cost of travel and accommodation incurred in accessing paypoints, which is very small at around KES 20. However, when beneficiaries who spent nothing on accessing paypoints are excluded, the average amount spent on travel and accommodation increases significantly. For example, the 2% of total beneficiaries who had to spend money accessing paypoints at baseline spent on average KES 196, which represented nearly 10% of the original value of the transfer<sup>10</sup>.

<sup>10</sup> All prices are deflated to baseline prices but the value of the transfer has not risen in exact relation to inflation. No calculation has been made here assessing the average cost of transport and accommodation against the total contemporary value of the transfer.

**Table 8 Access to paypoints**

Proportion of beneficiaries (%):	Baseline: Sep 2009 – Oct 2010		Follow-up 1: Nov 2010 – Nov 2011		Follow-up 2: Feb – Nov 2012	
	Estimate	N	Estimate	N	Estimate	N
Reporting that they have to go more than once to paypoint to collect last full payment	11	767	4	1,381	9	1,166
Reason for having to go more than once...						
Agent didn't have enough change			11	50	12	98
Machine or card not working			77	50	37	98
Agent would only release payment in small amounts			8	50	40	98
Reporting that they can only collect payment on one specific day/week	21	767	22	1,381	23	1,166
Of those, proportion who find this problematic			9	698	17	340
Who have to travel for more than four hours to the paypoint (one-way)	18	742	7	1,377	5	1,166
Who had to spend the night away from home when collecting the last payment			7	1,381	7	1,166
Had to queue for more than four hours to collect their last payment			13	1,378	9	1,166
Average travel time to and from paypoint (minutes)	118		139	1,377	139	1,166
Average time queuing for last payment (minutes)	144	721	137	1,378	98	1,166
Average amount spent on transport and accommodation for collection of last payment (KES) (including those who spent nothing)	16	758	20	1,381	20	1,166

Source: HSNP M&E Evaluation Survey, Payments Monitoring Form, Sep 2009-Oct 2010, HSNP M&E Follow-up survey 1, Nov 2010 – Nov 2011, HSNP M&E Follow-up survey 2, Feb 2012 – Oct 2012. Notes: (1) Estimates have been calculated using sampling weights for each beneficiary respondent equal to the inverse of the probability of being selected for interview. (2) The 'N' column denotes the overall sample size for each indicator.

### 5.1.2 Queuing at paypoints

A further barrier or opportunity cost to beneficiaries in accessing their payments is the time required to queue at the paypoint. Here the data show that the average time beneficiaries had to queue for their last payment decreased significantly from 144 and 137 at baseline and follow-up 1 to 98 minutes at follow-up 2. This decrease suggests that repeated distribution of the transfers is resulting in organisational learning and a growing capacity of paypoint agents to handle high volumes of beneficiaries at speed. It is also partly the effect of beneficiaries growing knowledge about the payments system that they do not necessarily have to collect the payment on a given day or from a given paypoint agent. Nevertheless, with an average queuing time of over one and a half hours and with 9% of beneficiaries having to queue for more than four hours, accessing

paypoints still presents a significant opportunity cost to beneficiaries in terms of time that could have been spent on other activities.

These findings show that establishing more paypoints with greater liquidity would significantly lower both the direct costs and the opportunity costs for beneficiaries to access their payments. This would be further improved if beneficiaries had better knowledge about the payments system which allows them to collect payments at any time and from any paypoint, as well as allowing them to save the transfers on their card.

### 5.1.3 Repeat visits to paypoints

At follow-up 2, 9% of beneficiaries reported that they had to go more than once to a paypoint to collect the last full payment. This is not a significant change from the baseline, but does remain a concern for a minority.

The reasons given for this at follow-up 1 and follow-up 2 provide an interesting explanation for these repeat visits. Whereas at follow-up 1 paypoint machine or smartcard failures accounted for 77% of these cases, this had reduced to 37% at follow-up 2. Instead, at follow-up 2, for over half of all cases (52%) the reason for repeat visits was that the paypoint agent either did not have enough change or would only release the payment in small amounts. This indicates that at least some paypoint agents are having to manage the rate at which they distribute the transfers in order to manage their liquidity constraints. The lack of sufficient cash was in part the result of paypoint agents' reluctance to carry large amounts of money due to security risks (see Section 5.1.4 below).

The problem of liquidity faced by pay agents helps explain the finding that between one fifth and one quarter of beneficiaries can only collect their payments on one specific day. This restriction is increasingly onerous for beneficiaries it seems, with 9% of them reporting it as problematic at follow-up 1 but 17% at follow-up 2 (see Table 8 above).

These results show that ensuring sufficient liquidity in HSNP areas remains a challenge. For HSNP Phase 2 it will be important that the agency managing the payments system is contractually obliged to ensure sufficient liquidity and penetration of pay agents, and their performance in this regard is appropriately monitored.

### 5.1.4 Security

Most beneficiaries felt safe collecting payments and taking them home. This feeling of security had increased between baseline and follow-up 2 (86% at baseline, 96% at follow-up 2, see Table 9), which is likely to be because people's trepidation at the start of the programme gave way to an accustomed sense of diminished risk as a result of experience.

**Table 9 Security**

Proportion of beneficiaries (%):	Baseline: Sep 2009 – Oct 2010		Follow-up 1: Nov 2010 – Nov 2011		Follow-up 2: Feb – Nov 2012	
	Estimate	N	Estimate	N	Estimate	N
Who feel safe collecting payments and taking them home	86	764	96	1,381	96	1166
Reporting physical assault on way back home after collecting payment	1	680	1	1,381	0	1166

Source: HSNP M&E Evaluation Survey, Payments Monitoring Form, Sep 2009-Oct 2010, HSNP M&E Follow-up survey 1, Nov 2010 – Nov 2011, HSNP M&E Follow-up survey 2, Feb 2012 – Oct 2012. Notes: (1) Estimates have been

calculated using sampling weights for each beneficiary respondent equal to the inverse of the probability of being selected for interview. (2) The 'N' column denotes the overall sample size for each indicator.

The qualitative fieldwork confirmed the general sense of security. No beneficiaries reported any incidents of breach of security at paypoints, and there were no mentions of attacks made on HSNP beneficiaries as a result of receiving the payments. This is illustrated by the following comments:

*“The security here in Chirchir is 100% OK. There are no thieves or any kind of insecurity. Tonight if you step outside there nobody will steal from you, it’s a very secure place. When the elders drop some money it is collected and announced and the person who has lost it is given their money back”* [FGD with casual labourers, Chir Chir, Mandera].

*“There are no cases of insecurity. I feel safe when I am collecting the money”* [QPS with male beneficiary, Sala, Wajir].

As mentioned in section 1.3 above, sub-locations that were deemed insecure at the time of sampling were excluded from the evaluation sample frame. Therefore it is likely that the sampling strategy produced an upward bias in the proportion of beneficiaries who felt safe. If the full set of sub-locations where HSNP was implemented were included, this could fall.

## **5.2 Charges associated with HSNP payments**

In addition to the indirect costs involved in travelling to the paypoint (see section 5.1.1 above), the HSNP can pose direct costs to beneficiaries by presenting opportunities for individuals other than the beneficiary to receive cash from the transaction. These surplus charges represent additional costs to the beneficiary, reducing the value of the transfer ultimately received by the beneficiary. There are three points at which beneficiaries may have to pay a third party in order to receive their transfer:

- At the paypoint to the pay agent, either in cash or by being made to make purchases in the pay agent’s shop
- To a third party collecting the transfer on behalf of the beneficiary; and/or
- To a local authority figure or other person extorting payment from the beneficiary.

**Table 10** Costs associated with payment

Proportion of beneficiaries (%):	Baseline: Sep 2009 – Oct 2010		Follow-up 1: Nov 2010 – Nov 2011		Follow-up 2: Feb – Nov 2012	
	Estimate	N	Estimate	N	Estimate	N
Reporting that they were charged fee by the paypoint agent when collecting payment	2	766	2	1,381	8	1,166
Reporting that they were ever made to buy something / charged extra for something in the agent's shop	6	767	6	1,381	2	1,166
Reporting that they were charged a fee by the person collecting the last payment (of those not collecting)	4	221	4	1,381	4	1,166
Reporting that they had to pay someone else in their community (i.e. not the person collecting the transfer) from their payment	0	767	3	1,381	0	1,166

Source: HSNP M&E Evaluation Survey, Payments Monitoring Form, Sep 2009-Oct 2010, HSNP M&E Follow-up survey 1, Nov 2010 – Nov 2011, HSNP M&E Follow-up survey 2, Feb 2012 – Oct 2012. Notes: (1) Estimates have been calculated using sampling weights for each beneficiary respondent equal to the inverse of the probability of being selected for interview. (2) The 'N' column denotes the overall sample size for each indicator.

### 5.2.1 Charges at the paypoint

The proportion of beneficiaries reporting that they were charged a fee by the paypoint agent when collecting payment was 8% at follow-up 2. This represents a seeming increase on the previous two rounds where this figure stood at just 2% each time. However, as discussed in Section 5.1.3 above, liquidity constraints faced by paypoint agents may prevent them distributing the total value of the transfer to recipients in one go. Given this, we may also observe paypoint agents requiring recipients to buy something from their shop, or charging extra for products bought as a strategy to reduce the net loss of agents' cash reserves. Indeed, the data do show that this was a common practice at baseline and the first follow-up round, although it dropped off at follow-up 2. Thus, while more pay agents charged a fee at follow-up 2, fewer made beneficiaries buy something from their shop or charged extra for goods purchased, in lieu of distributing the full transfer value.

The practice of either charging a fee or making beneficiaries purchase goods from their shop at current or increased prices thus seems to be a consistent practice on the part of paypoint agents in a small but not insignificant portion of cases. The main driver of this would appear to be the need of pay agents to manage their liquidity constraints, but it may also be explained in part by rent-seeking behaviour. There is thus a need to prevent paypoint agents charging fees to beneficiaries collecting their transfers. This may include a sanctioning mechanism aimed at paypoint agents that charge beneficiaries but must also be supported by alleviating the liquidity constraints faced by paypoint agents that contribute towards producing this behaviour.

### 5.2.2 Charges by those collecting transfers on beneficiaries' behalf

A small but consistent proportion of beneficiaries reported having to pay the person collecting the transfer on their behalf (4% at each survey round). Section 3 above outlined the difference between beneficiaries and recipients. Beneficiaries may be recipients, but it is the recipients that are able to collect the payment from paypoint agents. There is therefore a risk for beneficiaries who are not listed as recipients (perhaps because they do not possess a national ID card, or they are too infirm to collect the transfer for themselves) that recipients will charge a fee for the collection

service they offer. However, and as just mentioned, this was not found to be an extensive issue and has not increased or decreased significantly during the evaluation period.

### **5.2.3 Charges by local authorities**

Only in a very small number of cases (3% and all at follow-up 1) was any evidence found that beneficiaries were being made to pay a third party (someone else in the community who did not collect or distribute the transfer) in order to receive their transfers.

## **5.3 Problems with the operation of the payment mechanism**

Apart from the barriers to accessing payments or the costs associated with them, a third set of problems may affect beneficiaries to do with problems occurring in relation to the functional operation of the payment mechanism. These could include beneficiaries not receiving their smartcards or being unable to receive payments for some technical reason.

Overall, the performance of the HSNP payments system is very commendable. The proportion of beneficiaries who report that they never received a smartcard is negligible across all three years, as is the proportion that report never having received any payments (Table 11). Nor does loss of card seem to be common occurrence (only around three beneficiaries at follow-up 2 and five at follow-up 1 reported having lost their card).

However, technical problems at the paypoint do remain a significant problem for beneficiaries. Table 8 above shows that, for those beneficiaries having to visit the paypoint more than once in order to collect their last full payment, 37% of them did so because of problems with the POS device or smartcard. This represents a big improvement from follow-up 1, when 77% of these cases were due to technical faults (technical faults with the payment system were also one of the most common complaints raised with HSNP rights committees; see Section 6 below), but it still represents a significant issue for the programme to deal with. Given the often high opportunity cost for beneficiaries in accessing their payments (see section 5.1 above), minimising the number of instances of technical fault represents an important means of reducing the burden of the payments system on beneficiaries.

**Table 11 Problems receiving payments**

Proportion of beneficiaries (%):	Baseline: Sep 2009 – Oct 2010		Follow-up 1: Nov 2010 – Nov 2011		Follow-up 2: Feb – Nov 2012	
	Estimate	N	Estimate	N	Estimate	N
Reporting that they have never received the smartcard	1	778	0	1,402	0	1,187
Of those that received a card, proportion unable to show it at interview	8	779	11	1,390	4	1,179
Reason can't show card...						
Card is with HSNP representative			9	161	13	64
Card is with paypoint agent			21	161	42	64
Card is with other recipient (primary/secondary)			44	161	30	64
Card lost			2	161	5	64
Reporting that they have never received money from HSNP	2	779	1	1,402	1	1,183
Reporting that they have not received a payment in the last 2 months	6	767	1	1,382	16	1,166
Reporting that they did not receive the amount they wanted to withdraw for their last payment	1	761	7	1,381	5	1,166

Source: HSNP M&E Evaluation Survey, Payments Monitoring Form, Sep 2009-Oct 2010, HSNP M&E Follow-up survey 1, Nov 2010 – Nov 2011, HSNP M&E Follow-up survey 2, Feb 2012 – Oct 2012. Notes: (1) Estimates have been calculated using sampling weights for each beneficiary respondent equal to the inverse of the probability of being selected for interview. (2) The 'N' column denotes the overall sample size for each indicator.

While only a tiny portion of beneficiaries report never having received a payment, a higher portion report not receiving a payment in the last payment cycle. This finding was negligible at baseline (2%) and follow-up 1 (1%), but significant at follow-up 2 (16%). There may have been some specific problems with the operation of the payments system during this final period of the evaluation, perhaps resulting from reconciliation difficulties for the payments agency as the HSNP pilot phase drew to a close. However, it is again important to minimise disruptions to the payment cycle as this affects trust in the system on the part of beneficiaries and potentially prevents the programme from maximising its impact on advancing productive behaviours for beneficiaries – if beneficiaries are unable to rely on the regularity of payments it likely makes it more difficult to utilise them for productive investments in small businesses and the like.

The new payments system envisioned by the HSNP for Phase 2 hopes to address some of these problems. For instance, founding the payments system on a purely online transaction basis should help with any problems around the reconciliation of payments. Likewise, effectively providing a bank account to beneficiaries should put an end to the requirement to 'load' cash onto the card prior to actually collecting the payment, thereby reducing both the opportunity cost to beneficiaries in collecting their payments and the risk of technical failure. Likewise, as the payments technology is changing it would be hoped that the risk of technical failure is further reduced. As long as the communication around the new payments system is adequate, beneficiaries should also be more aware of their capacity to save on the card, and collect payments at any time and from any appropriate paypoint that is convenient to them. The question of liquidity constraint remains a significant challenge however.

## 6 Rights under the HSNP

### 6.1 HSNP pilot programme design: Rights committees

The HSNP ‘Social Protection Rights’ component provides a mechanism through which individuals can express grievances regarding the targeting process (see Section 2) and raise issues about any aspect of the programme’s operation following completion of targeting. A Citizens’ Service Charter sets out the programme’s standards.

Complaints about cash transfer programmes are typically rare in relation to many of the programmes in Kenya. Ordinary citizens (i.e. not officials), particularly if they are vulnerable, do not see these programmes as entitlements, but as gifts that can be withdrawn. This makes beneficiaries wary about complaining about problems in service delivery.

Non-beneficiaries do not have this direct conflict of incentives, but may worry that complaining could mean that they are excluded from future programmes. Officials can be liable to claim that those not selected for one programme will be given precedence in selections for the next – though this may not be what donors or programmers have in mind – and this further reduces the propensity for complaints.

The rights committees are the bodies set up in communities specifically to deal with any complaints about the functioning of the programme. Representatives are elected to rights committees by the community in a process facilitated by the rights component implementation agency. The rights committees are expected to report all issues raised to the HSNP and communicate the responses back to the people raising them. The rights committees should resolve complaints without support from the HSNP Secretariat where possible.

This section of the report outlines the key findings from the previous Operational Report<sup>11</sup>. As the main source for this analysis was the qualitative analysis carried out at follow-up 1, there are no major new findings to report with regards to the rights committees.

### 6.2 Capacity of rights committees

As outlined in the previous Operational Monitoring Report, most rights committees understood their role and several claimed to have been able to solve problems for beneficiaries. However, there were several cases where Rights Committee members did not understand their role, did not know how to address complaints or issues raised, or were unable to get adequate responses from the HSNP.

Three main problems were identified with regards to the capacity of rights committees:

- **Rights committee members do not always know what they are supposed to do.** Some feel their main role is to provide guidance to beneficiaries on how to spend their money wisely, rather than to offer them an avenue for formal complaint. Some were aware that their role involved collecting and forwarding on complaints that they could not address themselves, but did not know how to do so. Moreover, they felt that they had insufficient contact with the HSNP rights component headquarters.

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<sup>11</sup> Kenya Hunger Safety Net Programme Monitoring and Evaluation Component Consolidated Operational Monitoring Report, May 2012.

- **Rights committee members were considered inactive.** Where the rights committee members were recognised by the community they were sometimes considered to not be a useful way to get information or raise issues with the programme.
- In the case where they were more active and did submit complaints, **rights committee members did not always receive a response or get an appropriate reaction from the programme.** This was something felt acutely by rights committee members themselves, particularly those in more remote areas.

This latter point is exemplified by Table 12. At follow-up 2, 27% of beneficiaries reported that they had missed at least one payment since they started receiving the transfers. Of these, a quarter of had submitted complaints about it. But of these, only 4% reported that their problem was solved, while almost half of those complaining said they had not received any feedback regarding their complaint.

**Table 12 Rights committees**

Proportion of beneficiaries (%):	Follow-up 1: Nov 2010 – Nov 2011		Follow-up 2: Feb – Nov 2012	
	Estimate	N	Estimate	N
Who know who to talk to if they have a problem with the programme	19	1,381	27	1,166
Who know who to talk to if they have a problem and would talk to...				
Paypoint agent	23	585	59	259
Chief / Sub-chief	3	585	8	259
Equity bank	6	585	12	259
Admin component	2	585	2	259
Rights committee member	9	585	16	259
Reporting that they missed at least one payment since starting to receive the transfers	5	1,382	27	1,166
Of those, percentage reporting that they complained	12	466	25	336
Of those complaining, percentage reporting that they received feedback	7	442	56	107
Of those complaining, percentage reporting that the problem was solved	3	442	4	107

Source: HSNP M&E Follow-up survey 1, Nov 2010 – Nov 2011, HSNP M&E Follow-up survey 2, Feb 2012 – Oct 2012. Notes: (1) Estimates have been calculated using sampling weights for each beneficiary respondent equal to the inverse of the probability of being selected for interview. (2) The 'N' column denotes the overall sample size for each indicator.

If rights committees are to continue as the mechanism by which HSNP beneficiaries and other members of the population contact the programme, then they need to be appropriately trained and resourced and the HSNP needs to respond to their endeavours. To ensure rights committees are operating effectively in every sub-location it will be required to:

- Provide Rights Committee members with sufficient training so that they understand their role and know what procedures to follow when administering a complaint;
- Ensure rights committee members are appropriately reimbursed for their time and expenses; and

- Improve communication between rights committees and the HSNP and ensure appropriate level of support is provided.

### 6.3 Beneficiaries' engagement with rights committees

The limitations of the rights committees are not just related to their capacity to fulfil their duties. Even where rights committees have capacity, beneficiaries' awareness of their rights and the existence and role of the rights committee remains low.

Table 12 shows that, at follow-up 2, just over a quarter of beneficiaries know who to talk to if they have a problem with the programme. This represents a slight increase from follow-up 1 where only around one fifth knew. Moreover, of these, only 16% of these would follow the correct procedure by contacting a member of the rights committee. As one beneficiary put it,

*"There is nothing I can do because I don't know where or who to go and take the complaint"* [QPS with beneficiary, Mandera].

There is thus reason to conclude that beneficiaries do not know who to approach when they have an issue to raise with the programme. As a result, rights committees members do not see a demand for work and do not have a high profile as problem-solvers for HSNP beneficiaries.

In fact, at follow-up 2 the point of contact beneficiaries would most turn to if they had an issue with the programme was the paypoint agent (59%) or the pay agency (Equity Bank, 12%). It is interesting to observe that the proportion of beneficiaries stating that they would talk to a paypoint agent about their problems has increased alongside the proportion of beneficiaries who claim to have first been informed about the programme by a paypoint agent (see Table 7 above). This reflects a general trend in terms of the growing role of paypoint agents as primary contact points in the HSNP. This role sometimes results in the programme being identified with the pay agency rather than the Government of Kenya and its supporting partners.

Under HSNP Phase 2 there is a need to improve communication to beneficiaries around their rights under the programme, to ensure they know who to contact with any problems or complaints, and to ensure that those points of contact are readily available and able to respond appropriately to the requests submitted to them.

The previous OMR contains more detail on the findings of the qualitative research<sup>12</sup>. Some of the specific concerns voiced by HSNP beneficiaries and other stakeholders included:

- Lack of representation by HSNP staff at the local level;
- Frustration with the lack of adequate responses to issues raised and the time it took to respond;
- Lack of resolution for those beneficiaries that had never received payments from the HSNP (1% at follow-up 2) due to a technical fault with the smartcard; and
- Frustration of chiefs and elders approached by beneficiaries in the absence of a functional rights committee, who were not usually able to deal with these complaints.

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<sup>12</sup> *Ibid.*

## **7 Conclusions and implications for the HSNP**

### **7.1 Conclusions**

This consolidated OMR is the last of three reports that examine the strengths and weaknesses of the implementation of the HSNP. It draws on three rounds of quantitative and qualitative data collection since 2009 and summarises the findings of the previous reports where these are still relevant.

The study has evaluated the targeting process, identified beneficiaries' awareness of the programme, examined the relation between primary and secondary recipients, barriers to accessing payments, the mechanics of distributing money to the programme's beneficiaries, and the HSNP's rights component.

Overall, the implementation of the HSNP has been positive insofar as it successfully delivers cash transfers into the hands of some of Kenya's poorest communities with very few major problems and in areas with relatively poor infrastructure. However, there are some areas where the programme can improve its performance and where changes or modifications to the programme design and delivery are required. These are summarised in Section 7.2 below.

#### **7.1.1 Targeting**

Most respondents in HSNP targeted areas were aware of the programme and felt that the targeting process was fair. However they noted that many of those not selected may have not been present during the public information campaign, or perhaps during the targeting process itself. In fact, almost half of all non-beneficiaries felt that they themselves were eligible. There is a suggestion that mobile households might have been systematically excluded from the targeting process.

SP targeting was considered the least fair compared to CBT and DR targeting. This could be due to the common perception that the programme was meant to target the poorest and most vulnerable households.

#### **7.1.2 Beneficiaries awareness of the programme**

Beneficiaries' awareness of most programme details has improved since 2009, such that nearly all beneficiaries are now aware of the core programme details. However, there are significant gaps in beneficiaries' knowledge of other important elements. These include beliefs about which paypoints may be visited and when, the ability to use the smartcards as a savings tool, and awareness of their rights under the Citizens' Service Charter.

#### **7.1.3 Access to paypoints and operation of the payments system**

The payment system has performed well over the three years of the evaluation. Very few beneficiaries have never received a smartcard or never received any payments from the HSNP. Beneficiaries feel safe when collecting the transfer from paypoints and most beneficiaries only have to visit one paypoint to collect the full payment.

However, the time taken to travel by some beneficiaries to paypoints remains significant and many experience large queues that impose a further burden on recipients who collect the payment. A significant minority of beneficiaries report having to visit more than one paypoint to collect payment or are constrained in when they can visit the paypoint. Technical faults with the payment system

are often cited as a reason for this, but the main reason is likely due to liquidity constraints faced by paypoint agents. To manage these liquidity constraints paypoint agents sometimes resort to charging fees to beneficiaries or making them purchase goods at current or increased prices from their shops. There may be an element of rent-seeking in this behaviour. There is evidence that some beneficiaries are required to pay third parties collecting the money on their behalf. The penetration and performance of pay agents, as well as increased liquidity, are three areas for improvement for the programme going forward.

Pay agents increasingly represent the primary contact point with the HSNP for beneficiaries. There is thus a risk that the programme is becoming de facto identified with the pay agency rather than the Government of Kenya and its supporting partners.

#### **7.1.4 Rights component**

Comments from a range of stakeholders reveal that the rights component of the HSNP was not effectively implemented. These findings are supported by the quantitative analysis, which shows that only around a quarter of beneficiaries claim to know who to talk to if they have a problem or issue to raise with the programme, and of those even less know to turn to the rights committee.

Rights committee members suffered from a general lack of capacity to address the complaints and problems raised with them. This was due to: poor awareness of their role; lack of training; and lack of support or response from the HSNP headquarters. These findings are particularly concerning given that the rights component was specifically designed to promote programme accountability in the context of a culture that is generally reluctant to complain given the common belief that cash transfers were gifts and not entitlements. Although the programme has performed well overall, the flawed implementation of the rights component poses a risk to the programme as it moves into Phase 2.

### **7.2 Implications for the HSNP**

#### **7.2.1 Targeting process**

There is a need for more outreach and communication prior to and during targeting to ensure all potentially eligible households register. As Phase 2 targeting will be conducted using a dataset produced through a census-style mass registration process, there is a need to ensure that any households that were missed by this process can contact the programme and make late applications to the system. Particular effort is required to ensure that mobile households are included in the registration data and thus not missed by the targeting process.

Targeting of the HSNP under Phase 2 will use a combination of CBT and Proxy Means Testing. There should be clear communication to programme areas on the aim, purpose, method and rate of coverage for targeting. This will help ensure the legitimacy of the programme.

#### **7.2.2 Awareness of beneficiaries**

In order to allow beneficiaries to make changes to nominated recipients and the like as they require, there is a need for an adequate mechanism for beneficiaries to update their information on the programme MIS. Beneficiaries must be aware of how to access this mechanism.

As HSNP Phase 2 seeks to provide all beneficiaries with a bank account, there is a need to improve communication to beneficiaries on the ability to access cash from any paypoint and at any

time. There is also a need to improve communication to beneficiaries on the ability to save money using the HSNP payments system.

Under HSNP Phase 2 the pay agency will be responsible for resolving beneficiary complaints and issues with the functioning of the payment system. As the paypoint agents will thus comprise the primary representatives of the HSNP there is a need to that ensure they do not give out false or misleading information to beneficiaries or potential beneficiaries.

### **7.2.3 Access to paypoints**

More paypoints are required in order to reduce the opportunity costs to beneficiaries in accessing payments such as travel distance and long queuing times.

### **7.2.4 Payments system**

Sufficient liquidity represents a primary constraint for paypoint agents. Alleviating this cash flow impediment would reduce the incentives for paypoint agents to charge fees to beneficiaries for collecting transfers, as well as the incentives for making beneficiaries purchase goods at their shops at either current or increased prices. A sanctioning mechanism aimed at paypoint agents leveeing these types of charges on beneficiaries would help prevent rent-seeking behaviour. A sanction will only be effective, however, if the liquidity constraints can be successfully alleviated.

The current payment system produces an unnecessary cost to beneficiaries in the form of the need to upload the payment each payment cycle. The system at Phase 2 should allow beneficiaries to roll cash over from one payment cycle to the next without having to visit the paypoint agent in order to reload their card. This may also encourage saving.

There is a need to follow up on the few remaining cases of missing cards, which are excluding a small minority of Phase 1 beneficiaries from receiving their entitlements under the pilot programme. A robust system to ensure that technical faults with beneficiary cards or paypoint machines are dealt with is essential. It should be the responsibility of the pay agency to deliver this system according to a contract specifying strict service delivery standards.

### **7.2.5 Rights component**

There is a need for beneficiaries to understand their rights under the programme and for a mechanism for them to realise those rights. Better communication with beneficiaries by the programme is required to achieve this.

If rights committees are going to be that mechanism then they need to be operating effectively in every sub-location. This may be achieved by:

- Providing rights committee members with sufficient training so that they understand their role and know what procedures to follow when administering a complaint;
- Ensuring committee members are appropriately reimbursed for their time and expenses; and
- Improving communication between rights committees and the HSNP and ensuring an appropriate level of support is provided.

There is a disconnect between the programme and its beneficiaries which represents a potential reputational risk to the programme. Increasing the number and frequency of visits of central HSNP staff to HSNP sub-locations will reduce this risk, providing that complaints and grievance procedures are improved in tandem.