



European
Commission

CASE STUDY

KENYA - HSNP



SPaN
Supporting people through crisis



Guidance Package on Social Protection across the Humanitarian-Development Nexus

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Background to the Case Study

The Kenya HSNP case study was produced as part of the “Guidance Package on Social Protection across the Humanitarian-Development Nexus” (SPaN). It is the outcome of an initiative jointly led by the European Commission’s Directorate-General for International Cooperation and Development (DEVCO), Directorate-General for European Civil Protection and Humanitarian Aid Operations (ECHO) and Directorate- General for Neighbourhood and Enlargement Negotiations (NEAR) with the support of DEVCO Unit 04 and the MKS programme.



CASE STUDY

KENYA - HSNP

Hunger Safety Net Programme

Type of shock	Social protection instrument	Way the social protection system was used (typology)
Slow onset natural disaster (drought)	Social transfer (unconditional cash)	Horizontal expansion (ex ante)

Scene setting

80% of the land mass and one-third of the population in the arid and semi-arid lands (ASALs) of north-east Kenya are routinely exposed to drought. These are increasing in frequency, meaning households cannot adequately recover livelihoods (principally livestock production) between drought cycles. This leads to food insecurity, negative coping strategies and erosion of assets. The depth of vulnerability, plus trends such as population growth and land pressure, mean droughts are increasingly having larger negative impacts. The region was reliant on unpredictable humanitarian support over protracted periods, financed through international appeals. These were predominantly food-based responses, which were inefficient and often arrived late, limiting their effectiveness.

The Hunger Safety Net Programme (HSNP) was established by the UK's Department for International Development (DFID) in partnership with humanitarian actors and the private sector, to provide an alternative response to this seasonal, chronic hunger. It aims to provide a more predictable and sustainable 'safety net' system for chronically vulnerable households and significantly reduce Kenya's dependence on emergency relief.

The pilot 'Phase 1' of the HSNP was implemented from 2007 to 2013 and provided 69 000 households in four northern counties¹ with a monthly cash transfer of Kenyan shilling (Ksh) 2 550 (approx. USD 28), paid every two months. During Phase 1, each operational component was implemented by a different institution. Registration, enrolment and case management was managed by a consortium of NGOs headed by Oxfam GB, payment delivery was managed by the Financial Sector Deepening Trust (FSD), sub-contracting Equity

Bank, and a rights component including a grievance mechanism was implemented by HelpAge International. Independent monitoring and evaluation was led by Oxford Policy Management (OPM). The management information system (MIS) was initially managed by an independent consultant and transferred to an MIS Officer in the HSNP Secretariat in 2010.

Evaluation of Phase 1 showed that the **HSNP reduced the vulnerability of beneficiary households to climate induced hazards and helped to cushion livelihoods against losses**. HSNP households were 10% less likely to be poor than control households and during the 2011 drought, poverty did not increase in HSNP households. It confirmed that regular and timely cash transfers were effective in mitigating the effects of drought. Lessons from the 2011 drought response also highlighted the limitations of 'traditional' responses, in terms of the time taken to undertake assessments and mobilise resources.

Phase 2 of the HSNP started in January 2013, implemented by the Government of Kenya (GoK) with technical support from DFID. The programme forms part of the Government's National Safety Net Programme (NSNP) managed and coordinated by the Ministry of Labour. At national level, the HSNP is now managed by the National Drought Management Authority (NDMA) under the Ministry of Devolution and Planning (MDP), supported by a project implementation unit (PIU) that manages and monitors implementation. The PIU reports to the NDMA and an HSNP Steering Committee including development partners. It is still delivered in partnership with several implementing partners including HelpAge International, Financial Sector Deepening Trust, Equity Bank and OPM.

1 Maunder et al. (2015) 'Evaluation of the Use of Different Transfer Modalities in ECHO Humanitarian Aid Actions 2011- 2014: Final Report'.

The programme is funded by DFID to the value of GBP 85.6m, with a funding commitment from the GoK through the National Safety Net Programme. It was anticipated that by the end of 2017, 49% of programme costs and 54% of the caseload would be met by the GoK.

Phase 2 aimed to expand coverage of the regular cash transfer within the same four counties to 100 000 households - 25% of households in the region. Building on lessons from the drought emergency in

2011, Phase 2 was designed from the outset to be a **shock responsive safety net**, by building in 'ex ante' and testing a rapidly scalable cash-based emergency response to drought, to reach households with 'no regrets' support at the earliest signs of drought. The ultimate aim was to enable the GoK to lead scaling up of emergency cash transfers in future as part of the national drought management response, with agreed levels of GoK contingency financing as well as funds from DFID and other donors.

What it looked like

The **scalable emergency response** aims to provide up to 180 000 additional households in the four counties with periodic emergency payments to help mitigate the effects of a drought. A further 470 000 households (3 384 000 people - over 80% of the population in the four counties), who were not beneficiaries of the routine cash transfer provided on the HSNP, were identified ex-ante before Phase 2 began, in order for emergency payments to be made to additional households in affected areas at times of drought.

This scalable emergency response component was first activated in the drought of April 2015, where the HSNP made emergency payments to 90 000 non-regular HSNP beneficiary households. Since then, scaled up payments have also been triggered in the drought of 2016 and 2017. These have been financed by DFID (through the core HSNP project) and by the Drought Contingency Fund managed by the NDMA. European Commission DG ECHO funding to scale up the HSNP accounted for EUR seven million channelled through NGOs during 2017. In early 2018, DG ECHO's total funding amounted to EUR 2.5 million.

How it was done

ASSESSMENT AND ANALYSIS

The release of any contingency finance (whether from donors, or disaster risk financing mechanisms) must be based on objective data which can accurately and quickly identify increased vulnerability of populations to drought. The indicator in NDMA's early warning system that was selected to be the trigger indicator for HSNP's emergency scale up mechanism was the vegetation condition index (VCI), derived from remote-sensing satellite imagery. This was because of its reliability, its ability to measure the status of grazing resources (a critical factor contributing to vulnerability in pastoral communities), and its ability to provide timely data. Time-series data of rainfall and vegetation coverage was available for the past 14 years to guide estimation of likely programme costs. This indicator also removed the risk of subjective analysis or political influence affecting decisions to scale up.

Every month the NDMA monitors drought conditions by satellite and analyses the VCI data. VCI status is linked with NDMA's four drought phases (normal, moderate, severe and extreme). A response is triggered in a county if one or more of its sub-counties are classified as 'severe' or 'extreme' according to VCI data.

The experiences of scaling the HSNP to date have demonstrated the effectiveness of the VCI as a trigger

indicator for rapid response. The necessary data has been available at the end of the month, enabling timely payments to beneficiaries within two weeks. This is in contrast to traditional response mechanisms, where assessments of the March to May long rains typically take place in August, with food distribution not taking place until September or October. While a single indicator cannot provide a comprehensive assessment of drought impact on households, evaluations indicate that the data is 'good enough' for triggering a rapid 'no regrets' response.

DESIGN

Targeting criteria

The **targeting mechanism on the HSNP is through the proxy means test (PMT)** where all registered households are given a poverty score, followed by community wealth ranking, meaning all households in the MIS can be wealth ranked. Targeting of households to receive an emergency payment uses geographical criteria followed by this wealth ranking data to select households. Geographical targeting is determined by the drought status of each of the sub-counties. When conditions reach 'severe' levels according to VCI data, an additional 25% of households in that area receive an 'emergency' payment. If conditions worsen to extreme levels, coverage increases to 75% of all



households. Allocation is made to sublocations in all sub-counties that are in 'severe' or 'extreme' drought using a specific formula that distributes payments on the basis of drought exposure, equity and population size. Households are then selected from the HSNP MIS using their wealth ranking scores, up to the allocated quota, according to the formula.

The key advantage of targeting based on VCI data and existing wealth ranking data has been the speed: beneficiary household lists can be generated within days of the VCI data being received. However, there is still a need to build stakeholder confidence in the data used to make targeting decisions. VCI is not yet widely understood by communities or local leaders, and evaluation has shown that the PMT was also not well understood, leading to confusion as to why some vulnerable households were not being assisted; particularly since to date the wealth ranked lists of households have not been publicly shared and verified by local communities. Some local tensions have been identified between HSNP recipient households and non-recipients. This highlights the difficulty of poverty targeting in a context where poverty rates are high and uniform across communities. A 2016 assessment of the programme's targeting of both routine and emergency beneficiary households found that this made it very difficult for the programme to accurately identify the poorest households, with both inclusion and exclusion errors very high and roughly similar to what would have been achieved with a random targeting rule. Targeted beneficiaries are not considerably worse off than non-beneficiaries in terms of monetary poverty. This has implications for the accuracy of this targeting approach for emergencies.

After the emergency payments in 2015, the targeting formula was adjusted to address some of these issues. Firstly, to give more breadth in coverage, given widespread poverty levels and concerns about community cohesion and, secondly, to give those on the ground more flexibility to target specific areas of need within sub-counties which had not reached the overall trigger for scale-up. The targeting review has also recommended an alternative approach during emergencies of guaranteed, blanket payments to whole populations, to reduce targeting issues.

Some of DG ECHO's projects implemented through NGOs aligned with HSNP's targeting system, although NGOs cross-checked within communities to assess vulnerability and this led to a small percentage of beneficiaries who were included although not covered through the HSNP MIS. NGOs then tried to handover these data to MIS through NDMA. On targeting, NGOs also received from NDMA the list of beneficiaries that the authority was not targeting during the horizontal expansion, although it proved difficult in practice as HSNP extended targeting would change from one month to another.

Transfer

Under the HSNP's emergency scale up component, emergency beneficiary households receive the same sized transfer as that provided on the routine cash transfer. The rationale for this has been queried by some humanitarian actors, since the assistance is not enough to meet the gap that households face in meeting their food needs as it is lower than the value set by the food security steering committee. Households in the drought-affected areas (as determined by VCI status) receive a one-off 'emergency' payment, in the month after these drought conditions were reached. These payments to the identified households are repeated in subsequent months for as long as the county has at least one sub-county with 'severe' or 'extreme' VCI status.

Evaluation has found that emergency cash transfers are mainly used to increase food consumption and for medical-related expenses, so in this respect these households had stronger resilience than non-beneficiaries. However, the low value and infrequency/unpredictability of the emergency payments means it is not being used for investment in productive assets that may enhance self-reinforcing coping mechanisms. The amount is insufficient to be able to prepare for shocks, rather it is used to mitigate against them as and when they come. The evaluation concluded that these emergency transfers on their own do not structurally address the vulnerability of the population. An alternative model proposed is the delivery of sizeable lump sums, at predictable times of the year, to aid recovery from shocks. DG ECHO's initiatives to scale up the HSNP aligned with the same sized cash transfers to beneficiaries.

OPERATIONS

Registration

Prior to the HSNP 2 roll out, a mass registration exercise took place between December 2012 and June 2013, intended as a census of the population of the four counties. 383 235 households were surveyed, and details entered into the HSNP MIS. This created a database of most households in northern Kenya comprising a range of household characteristics along with poverty scores from the PMT questionnaire plus results of a community wealth ranking, with the combined score used to wealth rank households. This was an expensive undertaking but allows for rapid scaling up at the earliest signs of shock.

Enrolment

The 383 235 additional households in the database were to be set up with their own bank accounts and bank cards as part of emergency preparedness. Although this was a resource-intensive process, it has proven to facilitate rapid transfers post disaster and the cost of subsequent transfers was negligible (in

contrast to other resource transfer mechanisms). A payroll can be generated for Equity Bank to ensure transfers within two weeks.

However, not all 'pre-enrolled' households receive assistance post disaster, since eligibility for emergency payments is determined by the drought status of the sub-county and household wealth ranking scores according to the allocation formula. Evaluation has shown that this is not well understood by the population or local leaders, leading to questions about why some pre-enrolled households have been left out of emergency support.

By 2017, only 191 359 of these households had been registered with active accounts. There have been delays due to logistical and capacity issues for partners working in the ASALs, while the requirement that an individual in the household must have a national ID to open a bank account is also a barrier for some households. This means that some poor and vulnerable households will not have been reached with an emergency payment despite being registered in the HSNP MIS. An effort was on going in 2017 to finalise account registration and activation for the remaining households.

Payment

As with the routine cash transfer of the HSNP, the emergency scaled up payments are made into households' bank accounts. Beneficiaries can either use their bank card at Equity payment agents based in local shops through point of sale devices, at ATMs, or collect their money over the counter at the nearest Equity branch. As for routine cash transfers, payments were made largely through the Equity payment agents.

Experience with the emergency payments to date has proved that cash transfers can be made on a large scale and be delivered much faster than other response options with the use of electronic payment technology (funds are in beneficiary accounts within two weeks of decisions being taken). However, they also highlighted that to do this requires significant capacity within Equity Bank and their agents. Agents that were based in remote areas outside county capitals had problems maintaining liquidity.

The short lead time between the decision to disburse funds and the date for delivery (just two weeks) also created challenges for local leaders who were tasked with communicating details of who is eligible for the payment and where and when to receive them to communities. A review of the emergency payments recommended the introduction of a fixed payment date per month for all emergency payments, as for the routine cash transfer, to allow for advanced planning by bank branches and reduce communication challenges.

Regarding DG ECHO's initiatives, some of these relied on the same delivery mechanism through Equity Bank.

Some learnings from DG ECHO include the need to establish a mechanism of complaints and quick response to queries, as there were cases of agents receiving a fee from beneficiaries.

Institutions and systems

Experiences of implementing the emergency scaled up component of the HSNP show that leveraging existing institutions and systems can enable humanitarian cash transfers to be made on a large scale and faster than other response options. Established and robust systems for data management and fund transfer, coverage of payments agents, defined institutional arrangements and clear standard operating procedures (SOPs) have all been critical factors. In principle, other emergency programmes could use the HSNP infrastructure to deliver assistance.

Coordination between multiple stakeholders engaged in the HSNP was critical to success of the emergency scaled up payments, with engagement of social protection technicians, humanitarian actors, financiers, scientists and bureaucrats. Vertical coordination took place through the NDMA, which has offices in each HSNP county. The NDMA worked closely with county governments and local partners to manage implementation. Horizontal coordination leveraged existing coordination mechanisms for social protection (through the Ministry of Labour), food security response (under the Ministry of Devolution & Planning) and county-level inter-sectorial coordination structures (through Governors).

Discussions on the scalability led by NDMS, DFID and other key agencies such as the World Bank and the World Food Programme, included the scalability into non HSNP sub-counties if these are affected by drought.

The first proposal was that additional households in the Sub-Counties classified as "severe" and "extreme" drought, according to VCI thresholds, would be entitled to receive emergency transfers. Gradually, it was realised that areas located in Sub-counties classified as "moderate drought" but bordering the areas classified as "severe" or "extreme" were also affected by drought. Consequently, households in these sub-counties, in wealth order, were also considered eligible to receive a scaled-up cash transfer.

Coordination of activities at local level was more challenging. Constituency Social Assistance Committees (CSACs) have been formed in 290 constituencies to support the management and delivery of cash transfer programmes. However, these are not fully functioning and are reliant on the NDMA meaning that their expected mandate of coordinating all development cash-based programming in their jurisdiction has, in practice, been limited to more

emergency programming. There have been limited discussions about how HSNP and cash transfer programmes of other actors should interact at county level.

Evaluation and reviews of the emergency payments have highlighted that more can be done to improve communication mechanisms on the HSNP, both vertically within the programme and externally with communities. Internal communication channels need to be timelier and more accessible. Delays in internal communication processes during the emergency scaled up payments of 2016-17 meant that local chiefs received information late and were not able to arrange community meetings to inform beneficiaries in time. Information was also shared by SMS texts which was not an accessible channel for chiefs in areas with poor connectivity. More needs to be done to sensitise local leaders on the technical details of the scalability mechanisms and build their trust in the system. Communications with citizens will also be critical to address confusion and tensions over targeting explaining how decisions are made, and engaging communities more systematically in the programme's processes in order to secure buy-in.

The positive effect of leveraging on pre-existing systems, as well as internal communication challenges, have also been highlighted in the evaluation of the Nutritional Improvements through Cash and Health Education (NICHE) pilot intervention on cash transfer and nutrition counselling. NICHE is a European Union funded Project, implemented by UNICEF in partnership with the GoK and the county government of Kitui during its first phase, and expanded to the Machakos county in a later Phase. NICHE provides nutritional counselling and additional cash-transfers to households that are already receiving the national *Cash Transfer for Orphans and Vulnerable Children* (CT-OVC) programme and have a pregnant woman or a child under the age of two. The cash transfers are delivered through the Equity Bank and Kenya Commercial Bank, which are the same channels delivering the CT-OVC. In addition to cash, Community Health Volunteers make household visits in order to encourage improvements of child and pregnant women's nutrition and hygiene behaviours. This counselling activity, associated with the cash transfers, is expected to reduce malnutrition, stunting and wasting among children of the target communities. Although statistical evidence from quantitative analysis did not demonstrate any

significant impact of the programme on stunting, wasting and underweight of young children, the consistency of positive intermediate results, compared to control sample households, has been considered impressive. Qualitative analysis revealed positive changes in women's behaviours although those related with higher costs, such as building latrines, establishing productive kitchen gardens, were hampered by insufficient cash to implement lessons learnt during the households' counselling.

On the other hand, small investments in soap use and water treatment were an achievement of the Programme, specifically thanks to the combination of targeted counselling and delivering of cash. Around 97% of the households involved reported positive behaviour changes due to the programme.

Considering weaknesses, the payment system that was established was not considered very efficient. It caused many wasted journeys, because of several problems in accessing the cash, and high transport costs, especially for beneficiaries living in remote areas who were obliged to travel to cities for collection. Beneficiaries have complained the lack of a clear communication related to when funds would have been available for collection, as well as congestion at banks, ATMs not working, and agents that were without cash. Among other suggestions, moving to M-Pesa, a popular mobile money system, has been suggested, though issues related to people without mobile phone should be considered.

Moreover, as mentioned, a large share of households reported that the additional cash was inadequate to buy the additional items that they had learned about through counselling.

In general, the Programme proved to be effective in using a pre-existing system – the CT_OVC- and weaknesses are mainly related to the communication system and the size of the transfers.

In this regard, among other recommendations, consideration of varying cash amounts relative to seasonal food price increases during the dry season and to improve communication efforts, especially in cases of Programme change, were suggested.

Counselling activity proved to be effective and one recommendation is to reinforce positive behaviours, with special regard to those that are not expensive.

Sources:

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