



Operational Monitoring Report

January 2016

HUNGER SAFETY NET PROGRAMME: PHASE 2 EVALUATIONS

Operational Monitoring Reports provide qualitative feedback every two months on the operations of the Hunger Safety Net Programme (HSNP) from the perspective of recipient households and pay agents. They cover mainly procedures relating to payments and case management. Each round of monitoring takes place at a different set of pay points across the four HSNP counties and is led by Oxford Policy Management (OPM), an independent consultancy organisation, in partnership with Research Guide Africa (RGA).

MAIN OBSERVATIONS

- 1. **Early payment date.** Recipients' accounts were credited before the official start of the payment cycle on 5 January. Some recipients who went to the agent by chance, or whose agent realised this, were able to withdraw their money sooner.
- 2. **Knowledge of regular dates.** Despite the observation above, there is some indication that Group 1 recipients who receive regular payments are starting to internalise information about usual payment dates.
- 3. **Complaints.** The number of recipients indicating they do not know how to report a complaint is trending downwards.

Fieldwork summary

We interviewed 24 pay agents and 192 recipients between Tuesday 5 and Thursday 7 January, the first three official days of the new payment cycle for the regular transfer (the 'Group 1' recipients).

Table 1 Summary of fieldwork, January 2016

Indicator	Turkana	Marsabit	Wajir	Mandera	Total
Sub-counties visited	Loima	Laisamis	Wajir North	Mandera North	4
Pay agents interviewed	6	6	6	6	24
Recipients interviewed	48	48	48	48	192

Source: OPM / RGA.

The pay agents' experience

Early payment date

Similar to other rounds, pay agents report that the early days of the payment cycle are generally the busiest for issuing payments. One interesting pattern in this round of monitoring is that eight pay agents report making payments prior to the 5th of the month, the date officially counted as the start of each payment cycle. Conversations with agents reveal that some of these payments were made as early as 1 January. Equity Bank confirmed that they opted to credit the accounts before the new year holiday, since Friday 1 January was a public holiday and many people—including pay agents—were likely to be away over the weekend and on Monday 4 January. The pay agents who noticed this started paying out sooner.

Liquidity issues

An early payment date can be beneficial to recipient households. There is a risk that it may cause difficulties for pay agents' liquidity unless they are informed in advance and are able to fetch cash to meet demand. While it is not known how many agents knew of the early payment date, we observe that liquidity issues continue to hamper agents. Nearly half of agents interviewed in January (11 of 24) report a day when there was not enough cash on hand to pay recipients. The most popular coping strategies for dealing with liquidity issues are to suspend payments to collect cash (8) or send someone to collect more cash while continuing payment (8). Only one pay agent reported swiping cards in the morning and only paying recipients in the afternoon after collecting money from the bank branch.

Agents' interaction with Equity Bank

Anecdotal evidence suggests that some Equity Bank branches are successfully fostering positive relationships with pay agents, in particular those who live near the branch. This type of relationship-building is important for maintaining a steady list of pay agents. For example, a few of the pay agents in Turkana and Mandera report to interviewers that they do not have to queue at the branch to collect cash and are served immediately via the back office. In addition, these agents mention that branch officials are quick to sort out issues. The quantitative data generally support these stories. Half of the agents report wait times under an hour with six agents reporting less than 30-minute bank queues. Furthermore, similar to other rounds, most pay agents (17) report turning to Equity Bank representatives when they have challenges. There remain, however, some challenges with the pay agent / Equity Bank branch relationship, mostly around response times for delivering new or fixing broken point-of-sale (POS) machines.

In the January monitoring round the teams mostly visited areas that were some way from urban centres, and therefore a long way also from Equity Bank's branches. Some pay agents reported having to travel as far as 200 km to the nearest branch. As a result, the number of pay agents who report high travel costs is much larger than in previous rounds. For instance, 14 pay agents reported travel expenses higher than KES 2,500 (around \$25) for a round trip; this contrasts with only six agents in round 1 of monitoring and four agents in round 2.

In October 2015, recognising this disparity in operational costs incurred by pay agents far from a branch compared with those nearby, Equity Bank agreed to increase commissions on a sliding scale, depending on the pay agent's distance from the nearest bank branch. A withdrawal of between KES 5,000 and KES 10,000, the typical amount withdrawn by an HSNP recipient, generates a commission of between KES 35, for pay agents located within 20 km of a branch, rising to KES 65 for those who are more than 100 km away. The increased commission was introduced in November and the HSNP programme managers are reported to have been gradually advising pay agents of the change. In a future monitoring round we will follow up the extent to which this is known, since there remains a general feeling among pay agents that the commissions are too low to compensate for the efforts involved with paying HSNP recipients.

We anticipate that this action to increase commissions will not only improve satisfaction among pay agents but will also help to stabilise the list of active agents. Currently, our interviewers on average need to visit 10-12 pay agents per county to find six who made payments at the time of the interview.

Marsabit, in particular, is known to have experienced a number of losses of agents who felt insufficiently compensated for their activities. In this monitoring round one interviewer was told of a group of three agents who had all suspended their involvement in the programme after a member of the county administration had intervened at the request of some recipients to bar them from collecting the additional token payments that they had agreed informally with another group of recipients. Discussions are underway to reactivate the participation of at least one agent; the increased commission may be a factor in enabling this to be achieved.

In addition to the burden of collecting cash, individual agents continue to serve large number of recipients (Figure 1).

9 8 8 pay agents 7 6 6 5 4 4 3 oĘ 3 Š. 2 1 0 < 100 100-249 250-499 500-999 1000+ Number of Recipients Served

Figure 1 Pay agents' estimates of number of recipients served in previous payment cycle

Source: OPM / RGA. Note: These are the estimates made by the pay agents. Actual numbers may vary as not all agents had records available for verification.

AN OPERATIONAL CHALLENGE

Pay agents reported a few specific issues to interviewers that warrant further investigation. In Turkana two prospective pay agents reported not being able to pay the transfers owing to a delay by Equity Bank in delivering the POS machines. Both pay agents believed that a third pay agent, a local chief, might be influencing operations to try to block competitors from operating. These agents indicated they did not know to whom to complain since traditionally they would turn to the local administration. With permission from the pay agents to reveal their identity, the monitoring team shared this information with the PILU and FSD, who will investigate.

We note that the HSNP steering committee is considering its position on chiefs acting as pay agents, given that they are now part of the communications strategy as well as key actors in the resolution of complaints at local level.

The recipient experience

The number of recipients who report paying a commission or offering a token payment to the pay agent was substantially lower in this round of monitoring compared to previous rounds. In this round only 15 people report paying a commission—almost all in Wajir county—whereas this figure was 44 and 31 in rounds 1 and 2, respectively. We acknowledge that a greater challenge are situations where recipients receive less than they are due and do not realise that pay agents are taking a commission. One way to reduce this risk is for recipients to know their current balances. Even here the data is trending positively. Over the first three rounds of monitoring we see the number of recipients reporting 'not knowing' their account balance trending downward. Two recent programme changes—the increase in pay agents' commission described above, and the proposed greater use of chiefs and public *baraza*s for disseminating information—can be expected to have a positive influence in these areas. In future monitoring rounds we will explore to what extent these initiatives may be considered to have influenced recipients' understanding of the programme.

In this round of monitoring, 97 of the 192 beneficiaries interviewed indicated that they didn't need to be told of the payment date because they already knew the schedule. This figure is substantially higher than in the first monitoring round (30 recipients) and similar to the proportion of Group 1 recipients who were aware of the regular schedule in the second round. This might suggest that information is being better communicated or simply that, due to the regularity of payments, information on timing is successfully being internalised.

Similar to previous rounds, recipients still consistently withdraw all available funds. Given that the purchase of food continues to be the most frequent reported usage of the payment, this behaviour is perhaps not surprising. Other popular uses are school fees, debt repayment, and clothing.

Recipient understanding around how to report a complaint or update household information remains mixed. The number of recipients indicating they do not know how to report a complaint was lower than in previous rounds. The most frequently mentioned sources for reporting a complaint are Equity Bank (96 responses), Help Age/rights committee member (52 responses), and local administration (38 responses). In contrast, when asked to whom they would report an update of household information, the most frequent answer was the pay agent (68 responses). The next most frequent answer was 'there is no one to turn to' (60 responses). These data suggest that there remains some important communication on recipient rights that needs to feed down to recipients.

Finally, there remains little understanding among recipients about the existence and role of the rights committee. Fewer than half of recipients surveyed in this round indicate knowing about the rights committee. Furthermore, interviewers in Turkana, Marasabit, and Wajir report the absence of any rights committee member monitoring pay points during their visit and in Mandera there was rights committee representation at only one pay point. While the interviewers are only present for a few hours per pay point, the snapshot that this provides suggests that oversight of the payment process by rights committee members continues to be limited.

FOR FOLLOW-UP

- PILU and FSD have agreed to follow up on issue reported in Turkana
- As part of its review of procedures for making complaints and updates, PILU may wish to consider messaging about how recipients should update their household information
- In the next monitoring round the interview team will aim to understand pay agents' awareness about the new commission structure, and the extent to which chiefs are now being used to transmit programme messages.

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