



Hunger Safety Net Programme Scalability Guidelines

Standard Operating Procedures for scaling up HSNP Payments

Produced by the Programme Implementation and Learning Unit (PILU) within
NDMA

Annex to HSNP Operations Manual

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Acronyms

ARC	Africa Risk Capacity
ASALs	Arid and Semi-Arid Lands
AusAID	Australian Government Overseas Aid Program
CDC	County Drought Coordinator
CEO	Chief Executive Officer
CF	Contingency Fund
CI	Community Interviews
CP	Contingency Plan
CSG	County Steering Group
CT	Cash Transfer
DfID	UK Department for International Development
EW	Early Warning
HAI	Help Age International
FGD	Focus Group Discussions
FS	Food Security
FSD	Financial Sector Deepening
HSNP	Hunger Safety Net Programme
IPC	Integrated Phase Classification
KII	Key Informant Interview
M&E	Monitoring and Evaluation
MIS	Management Information System
NDCF	National Drought Contingency Fund
NDMA	National Drought Management Authority
NGO	Non-Governmental Organization
NSNP	National Safety Net Programme
PILU	Programme Implementation and Learning Unit
SOP	Standard Operating Procedures
SPR	Social Protection and Rights
TSD	Technical Services Directorate - NDMA
TWG	Technical Working Group

1 Introduction and Background

1.1 Context

This document sets out the objectives, framework and operating procedures to be used by HSNP in scaling up cash transfers (CTs) in response to drought (and other climate induced hazards or crisis) in the four counties in Kenya where HSNP operates. The Guidelines draw on the on HSNP Scalability Policyⁱ and the 'Options Paper for Scaling Up HSNP Payments' prepared in March 2015ⁱⁱ. These documents set out the rationale for the current approach to scalability and how cost modelling was used to narrow down options and approaches. During the development of the initial guidelines in early 2015 the drought situation in several of the HSNP counties declined significantly, NDMA, with funding support from DFID, decided to implement an immediate scale up of CTs. As a result, two pilot scale up payments were made in April and May 2015.

These pilot scale ups offered a valuable chance to test the draft guidelines and were also subject to an independent review by Oxford Policy Management consultantsⁱⁱⁱ. This report and the initial lessons learned have informed these Operating Procedures. These procedures form part of the HSNP Operations Manual and will also be a key reference document for NDMA's National Drought Contingency plan (under review) and the 2015/16 ARC Operations Plan. The document will be subject to further review as required. The Guidance is divided into the following sections:

Section 2: Objective and Principles

This sets out the objectives guiding HSNP scaled payments and the principles which have influenced the scalability framework.

Section 3: Framework for Scalability

It presents the HSNP scalability framework and sets out the rationale and criteria used in establishing the current parameters.

Section 4: Operationalizing Scalability

This outlines the steps required to operationalize a scaled up payment, setting out the roles and responsibilities of each stakeholder.

Section 5: Sources and Mechanisms for Funding Scalability

This section sets out the most likely sources and mechanisms that could be used to fund HSNP scale ups at the current time.

2. Objectives and Principles of HSNP Scalability

2.1 Objectives of HSNP Scalability

HSNP will use temporary, expanded CTs to achieve the following objectives:

- i. Humanitarian response - To provide a fast and effective response to large proportions of the population during severe drought and other crisis events.
- ii. Resilience cushion - To support the resilience of poor and vulnerable populations in response to regular, local climatic fluctuations.

2.1 The Principles behind HSNP Scalability

During 2014-15 NDMA staff and key external stakeholders developed four key principles that would guide decisions in expanding cash transfer coverage as a weather related shock response instrument.

- 1. 'No Regrets' early responses:** The HSNP infrastructure enables cash to be transferred to any or all HSNP households via their bank accounts within approximately 2 weeks of a decision being made. This is a far quicker large scale response than any other humanitarian distribution mechanism currently in place on the continent.
- 2. Objective triggers:** Decisions to scale up (or down) in response to drought are triggered automatically using objective, pre-agreed, quantitative and auditable indicators for which reliable, time series data exists (see below). Using such data removes any possibility that subjective analysis or political influence can affect decisions during scale up.
- 3. Scale up to pre-defined sets of households on the basis of poorest first:** Households in the drought affected Sub-Counties are selected from the HSNP register in wealth order^{iv} This avoids the delay that arises by re-targeting as a crisis unfolds and ensures the poorest get resources first.
- 4. Independent monitoring:** Early responses based on pre-targeting and one objective trigger may not be perfectly correlated to local impacts but is faster than any other current mechanism. The programme uses monitoring and independent evaluation to assess the impact of such swift payments and examines how the process can continue to be improved.

3 HSNP Scalability Framework

The HSNP scalability framework has been designed to guide decisions to scale up payments to households beyond the routine 100,000 HSNP beneficiaries. The framework answers the following questions:

- **When?** What information will be used to trigger a scaled up payment and how frequently is this scale likely to be triggered?
- **Where?** Which geographic locations need additional cash when a scale up is triggered?
- **Which households?** What proportion of additional households in the identified geographic location should receive additional cash? Should routine HSNP beneficiaries also receive this cash?
- **How much?** What amount should households selected for scale up receive?
- **How often?** Should payments be made monthly, or more or less frequently?
- **For how long?** Over what duration should expanded payments be made and when should they be scaled down?

3.1 The HSNP Scalability Framework

Drawing on the objectives and principles outlined in the HSNP Scalability Policy Brief and contingent upon the availability of funding, NDMA is committed to scaling up HSNP on the basis of the scalability framework shown in Table 1 overleaf. This has been developed to guide current decisions on scalability from 2016 onwards. Work will continue to refine and review parameters and criteria suggested here on the basis of evaluation findings, other feedback and resources available.

TABLE 1 - FRAMEWORK FOR HSNP SCALABILITY 2016

Geographic Location	Trigger Vegetation Condition Index (VCI)		Drought Phase Equivalent	Maximum Coverage of HHs to receive CT	Amount of Transfer (2015-16)	Frequency	Duration of Transfer
Sub-County	≥50 And 35 to 50	Wet or No Drought	1 Normal	Routine HSNP HHs	Standard payment (5,100 Ksh)	Every 2 months	On-going
	20 to 35	Moderate Drought	2 Alert	Routine HSNP HHs	Standard payment (5,100 Ksh)	Every 2 months	On-going
				HHs beyond routine % only if another Sub-County in the County has hit the severe or extreme VCI threshold	Emergency payment (2,550 Ksh)	Every month	For each month VCI at severe drought status
	10 to 20	Severe Drought	3 Alarm	Routine HSNP HHs	Standard payment (5,100 Ksh)	Every 2 months	On-going
				HHs beyond routine up to approximately 50%* Coverage in each Sub-County	Emergency payment (2,550 Ksh)	Every month	For each month VCI at severe drought status
	<10	Extreme Drought	4 Emergency	Routine HSNP HHs	Standard payment (5,100 Ksh)	Every 2 months	On-going
				HHs beyond routine up to 75% Coverage in each Sub-Location	Emergency payment (2,550 Ksh)	Every month	For each month VCI at extreme drought status

*The actual % coverage in each Sub-Location will vary in each Sub-County depending on the quota generated by the model. The more Sub-Counties hitting the severe and extreme drought trigger the higher the allocation. When fewer counties hit severe and extreme but many are in 'moderate' drought the quota generated has to be spread more thinly over several sub-counties thereby reducing the actual % coverage.

3.2 Explanation of Variables in the Interim Scalability Framework

The parameters shown in the current framework were agreed following a process of modelling the costs over the long term and comparing several different options. Regular and sustained implementation has to be affordable and this is dependent upon the availability of guaranteed long-term funding. The final agreed framework is considered the most financially feasible at the current time. A short explanation of how different parameters have been selected is outlined below.

3.2.1 Where to scale up (geographic coverage)?

The four HSNP counties are some of the largest in the country. Drought conditions can vary considerably within counties, so scaling up to whole counties would not be an efficient use of funds. Currently, NDMA assesses drought phase classification on a Sub-County (formally District) level. Although VCI and NDVI can be used to analyse the drought situation down to very small areas (200m²) a wider area is proposed given the large areas over which communities herd livestock^v. Although there is justification to scale payments according to livelihood zones, these are currently awaiting review and such boundaries are not clearly delineated from a community perspective. In addition, NDMA has historic VCI data analysed by Sub-County for all HSNP areas which is ideal for trend analysis and modelling.

Consequently it is proposed that payments are scaled up by **Sub-County**, i.e. on the basis of the drought indicator for each Sub-County.

3.2.2 When to Scale Up?

In keeping with the principle that decisions to scale up (or down) in response to drought are triggered automatically using objective, pre-agreed and quantitative indicators, satellite-based remotely sensed data is proposed as the only viable indicator that can be used to trigger a scale up at this time. From a data and financing perspective, remotely sensed variables are far more reliable than sporadic sentinel early warning (EW) data, with no gaps in geographic or time coverage, and very small delay times in obtaining data. The Vegetation Condition Index (VCI) has been identified by NDMA as the most appropriate remote sensing indicator to measure the status of pasture and assess grazing resources available to livestock. NDMA has developed ranges of VCI to describe four drought phases (normal; moderate; severe; and extreme), see Table 2 below. This has been validated with technical assistance from Boku University in Austria.

Table 2: NDMA's VCI Parameters for Drought Phases

Trigger Vegetation Condition Index (VCI)	
≥50 And 35 to 50	Wet or No Drought

20 to 35	Moderate Drought
10 to 20	Severe Drought
<10	Extreme Drought

The analysis of VCI is increasing in sophistication and NDMA are in the process of ensuring that it excludes green areas that are affected by non-palatable invasive evergreen plants such as *prosopis juliflora*. This means such areas are not erroneously recorded as non-drought affected. Monthly early warning (EW) bulletins for all counties repeatedly show the link between low VCI and an increase in negative household coping strategies such as reducing food intake and meal frequency^{vi}. It is clear that a single indicator cannot provide a comprehensive assessment of drought impact on the full range of households in any area. Nonetheless, although remote sensed indicators may be limited to vegetative cover, they do provide timely and accurate data, sufficiently well correlated with the household impacts of drought stress, that is ‘good enough’ in triggering a rapid ‘no regrets’ response.

The **critical issue in selecting a trigger to scale up HSNP payments is the frequency with which that trigger is reached**. The frequency with which a scale up is triggered has direct and significant impact upon the financing required. The frequency with which payment is triggered for each option has been estimated by modelling NDMA’s remote sensing data for the last 14 years. This retrospective analysis provides the best indication or forecast of drought trends and frequency in the future. Currently, only remotely sensed indicators offer sufficient comprehensive and high quality data to undertake such modelling, providing another key reason why indicators such as VCI make such good triggers.

Tying the HSNP trigger to NDMA’s VCI drought phases significantly increases the frequency of scale up beyond that associated with major humanitarian emergencies i.e. every 3-5 years. Over the last 14 years NDMA’s VCI has classified an average of 14 (out of 23) Sub-Counties in the HSNP areas being in ‘severe’ or ‘extreme’ drought in any one year. This level of frequency corresponds more closely with NDMA’s normal annual expansion of other programmes of annual drought assistance e.g. water tankering, livestock vaccination campaigns, etc.

3.2.3 Which Households should Receive Scaled up Payments?

Once triggers are met, a Sub-County quota of households to receive an emergency CT is calculated on the following basis:

- Raising existing coverage to 50% of Households in Sub-Counties in severe drought; and

- Raising existing coverage to 75% of Households in Sub-Counties in extreme drought.

The scale up coverage rates of 50% and 75% have been proposed based on the proportion of populations normally assessed to be in need by the bi-annual multi-agency long and short rains assessments (LRA/SRA) in severe and extreme drought years. The 75% maximum coverage figure is chosen as in the course of the last 14 years this has only once been exceeded as the proportion assessed in need i.e. Marsabit in 2011 (at 77%).

Any scale up proposes emergency CTs to non-routine (Group 2) households only. This is because the routine beneficiaries' (Group 1) access to the regular HSNP payments mean their ability to cope with drought is somewhat addressed. Therefore given limited resources are it has been deemed fairer to spread the assistance as widely as possible.

This quota is then reallocated to Sub-Counties in the affected county using a Reallocation Formula. This is based on the GoK's CRA formula and reallocates quotas to all drought affected Sub-Counties on the basis of equal share, drought status and population (greater detail is provided in section 4 below).

In line with the principles agreed and outlined above, households are pre-selected from the HSNP register in wealth order up to the quota allocated to every Sub-Location. This avoids the delay that arises by re-targeting once a payment is triggered. HSNP is planning a registration of beneficiaries and a review of the beneficiary targeting policy in 2016.

3.2.4 What Transfer Amount should Households Receive? (How much?)

The current monthly transfer rate for HSNP routine beneficiary household is Ksh2,550 (approx. US\$28) in 2015-16. This is a flat fee irrespective of the size of the household. Presently this is transferred into beneficiary bank accounts as a double payment every two months i.e. Ksh5,100 (US\$56). This transfer rate is increased annually by 5% to account for inflation. The amount was established based on IMF predictions of the consumer price index^{vii}. Although this amount cannot meet the full income / consumption gap for all households (particularly large ones) the impact evaluation of Phase I shows it does make a significant contribution to increasing consumption and reducing poverty at the HH level, particularly for poorest and smaller households.

4.2.5 What should be the Frequency and Duration of Scale Up?

During normal and alert phases HSNP payments are transferred to beneficiary accounts every 2 months. It is proposed that temporary scale up CTs are paid monthly in the subsequent months that the VCI threshold is reached.

The duration of the scaled up payment is directly linked to a County's VCI status. This means that the payments continue to the identified households so long as the County has at least one Sub-County reaching the 'severe' or 'extreme' VCI status. As soon as the drought status for all Sub-Counties returns to 'moderate' or 'wet / no drought', scale up payments will cease. Routine beneficiaries will continue to receive their standard bi-monthly payments of Ksh5,100.

4. Operationalising HSNP Scalability

4.1 HSNP Management Systems and Structures

The management of HSNP lies with the National Drought Management Authority (NDMA) under the Ministry of Devolution and Planning. Day to day operation of the programme is undertaken by the NDMA NDMA coordinates all the various partners involved in the implementation of HSNP at national and county level. Scaling up HSNP CTs is an NDMA decision based on the monthly VCI data produced by NDMA's Early Warning team and subject to funding. The Financial Sector Deepening Trust Kenya (FSD) remains responsible managing the financing and Equity Bank to transfer the cash to recipients' bank accounts. NDMA remains responsible for overall coordination and the preparation of scale up allocations and budgets.

4.2 Key Stages in Operationalising Scalability

Given the VCI triggers proposed in the current HSNP Scalability Framework it is estimated that approximately 13 Sub-Counties each year are likely to trigger at least one month's scale up payment. Payments are made month by month based on the previous months' VCI status. Consequently the scalability process follows a monthly cycle as set out below.

- **Step 1** - Monthly Sub-County VCI data received
- **Step 2** - If VCI data shows any Sub-County hitting the 'severe' or 'extreme' threshold this is used to generate monthly County scale up CT allocations / reallocations and Budget
- **Step 3** - NDMA Technical Team reviews Scale up and approves Payroll
- **Step 4** - Information Dissemination and Awareness Raising
- **Step 5** - Monitoring and Evaluation

Each of these steps is explained in more detail below:

Step 1 - Monthly Sub-County VCI data received

NDMA has a contract with Boku University in Austria to receive monthly (and weekly) VCI data generated by EModis satellite data for all Sub-Counties within the 23 ASAL Counties of Kenya. The monthly data is provided to all PILU team members by NDMA's Early Warning department at the end of each month - generally between the 28th- 31st. Table 3 below shows an example of a monthly VCI report for the HSNP Counties and Sub-Counties.

Table 3: Example VCI drought status by Sub-County

TURKANA	County	37.05
	T Central	42.74
	T. East	35.7
	T. Loima	49.78
	T. North	27.52
	T. South	48.00
	T. West	34.31
MARSABIT	County	16.05
	Laisaimis	21.28
	Moyale	
	N. Horr	13.24
	Saku	47.22
WAJIR	County	12.18
	W East	15.07
	W.Eldas	6.06
	W. North	12.8
	W. South	11.56
	W.Torbaj	13.14
	W West	15.67
MANDERA	County	
	Banissa	23.5
	M East	28.46
	Lafey	23.39
	M North	19.99
	M South	16.82
	M West	19.07
	Banissa	23.5

Step 2 - VCI Data used to Generate Monthly CT Allocation and Budget

The NDMA Director of Technical Services and HSNP Team Leader review the VCI data to identify how many Sub-Counties (if any) have hit the 'severe' or 'extreme' drought thresholds. For any County where this is the case the MIS Specialist will use the scalability spread sheet to generate a County scale up allocation. This is calculated on the following basis:

- For Sub-Counties hitting **Severe** drought status - 50% of all households registered on the HSNP MIS less routine beneficiaries
- For Sub-Counties hitting **Extreme** drought status - 75% of all households registered on the HSNP MIS less routine beneficiaries

Reallocating the County Scale up Quota

The above calculations are used to generate a monthly County allocation based on the total allocations generated by all Sub-Counties hitting the 'severe' and/ or 'extreme' thresholds. The total quota generated for the County is then reallocated to all Sub-Counties in a County that have hit 'moderate' drought or above (i.e.

'severe' or 'extreme') using a *Reallocation Formula*. The Reallocation Formula has been developed drawing on the principles of the GoK's CRA formula which is widely used to allocate Government resources to counties^{viii}. In this case the County quota is shared on a 20:40:40 basis as outlined below;

- **20% Equal Share** - 20% of quota split equally between Sub-Counties hitting moderate drought status or above
- **40% Drought status** - 40% of the quota is allocated to Sub-Counties on the basis of drought magnitude i.e. moderate = weighted by 1 part; severe = weighted by 2 parts; extreme = weighted by 3 parts.
- **40% Population** - 40% allocated in proportion to the population of the Sub-County ensuring the most populous Sub-Counties benefit.

NDMA has developed a scale up allocation spread sheet model to enable this quota generation and reallocation to be done automatically. It should be noted that the County quota increases as more Sub-Counties hitting the VCI drought trigger. Therefore the average coverage rate will tend to rise as drought conditions decline.

Table 4 overleaf shows a worked example of quota generation and reallocation for Wajir County.

Table 4: Example of Scale Up Quota Generation and Reallocation for Wajir County

WAJIR COUNTY										
Sub-County	Total HHs on HSNP MIS	# Routine HHs in Sub-County	% Routine HHs in Sub-County	Drought Status	% Scale up	Scale Up Quota Generated	Reallocation Formula			
							20% Equal Share*	40% Drought Status**	40% by Population ***	Re-allocated Quotas
Eldas	8,193	2,652	32%	Extreme	75%	3,493	712	2,135	523	3,369
Tarbaj	13,727	3,283	24%	No Drought	0	-	-	-	-	-
Wajir East	18,808	2,224	12%	Severe	50%	7,180	712	1,423	1,566	3,700
Wajir North	13,779	5,074	37%	No Drought	0	-	-	-	-	-
Wajir South	26,139	3,041	12%	Moderate	0	-	712	712	2,180	3,604
Wajir West	13,832	3,064	22%	No Drought	0	-	-	-	-	-
Totals	94,478	19,338	20%			10,673	2,135	4,269	4,269	10,673

Notes on Calculations

*20% Equal Share - (Quota x 20%) divided equally between all drought affected Sub-Counties i.e. in moderate, severe or extreme drought (three in this case)

**40% Drought status - Drought status is attributed a factor value - Moderate = 1; Severe = 2; Extreme = 3; The factor value for all drought affected Sub-Counties is totalled (in this case 3 for Eldas; 2 for Wajir East and 1 for Wajir South giving a total of 6). Thus the 40% of the scale up quota is divided by the total factor (6) and multiplied by 3 for Sub-Counties in Extreme; 2 for Sub-Counties in Severe; and 1 for Sub-Counties in Moderate.

***40% Population - The total population of Group 2 (i.e. non-routine) beneficiary HHs is calculated. The percentage of this total in each drought affected Sub-County is used to assign this proportion of the 40% of the quota to each Sub-County.

Reallocation of Quotas to Sub-Location Level

The Reallocation Formula is used to provide each Sub-County hitting the moderate drought status and above with a quota of households for scale up. This quota is then split between all Sub-Locations in that Sub-County so that the percentage coverage of households receiving both routine and scaled up allocations is the same. The principle being that the same proportion of households benefit from cash in each Sub-County. Table 5 below shows a worked example for Eldas Sub-County in Wajir where the overall coverage rate is shown as 73.49%.

Table 5: County and Sub-County Scale Up CT Allocation for Wajir County and Eldas Sub-County

WAJIR						Sub-County Quota of 3,369 HHs for Scale up - Reallocated to Sub-Locations
County	Sub-County	Sub-Location	Total HHs on HSNP MIS	# Routine HHs in Sub-Location	% Routine HHs in Sub-Location	
Wajir	ELDAS	BASIR	678	210	31%	Sub-County Coverage 73.49 %
Wajir	ELDAS	DELA	923	474	51%	
Wajir	ELDAS	DOTHA	212	56	26%	
Wajir	ELDAS	ELDAS	4,628	1,341	29%	
Wajir	ELDAS	ELNUR	603	171	28%	
Wajir	ELDAS	KILKILEY	188	15	8%	
Wajir	ELDAS	LAKOLEY SOUTH	170	76	45%	
Wajir	ELDAS	TULA TULA	791	309	39%	
Total Eldas Sub-County			8,193	2,652	32%	

It should be noted that the number of households allocated for a scale up may vary significantly between Sub-Locations (SLs) in the same Sub-County. This will depend upon a) the population of the SL; and b) the existing coverage of routine beneficiaries. Where a SL already has a high percentage of households enrolled as routine beneficiaries it may not receive any scalable CT allocation. For example when the scale up allocation is quite low i.e. <50% then Sub-Locations where the routine coverage is already over this percentage will not receive any additional household allocations.

The percentage allocation is also based on the assumption that all households on the MIS have activated bank accounts. In some cases there may be Sub-Locations where the scale up allocation is higher than the number of HHs with activated bank accounts. In this case this allocation will be lost. Scale up payments cannot be ring-

fenced or held to be paid at a future date when a HH activates an account. The HSNP scalability spread sheet is linked to the latest account opening information and can automatically identify Sub-Locations where the lack of active accounts is limiting the level of scale up. These Sub-Locations can then be prioritised for extra support to address account opening and activation issues.

Once the number of households requiring a scale up in each Sub-Location has been clarified, the HSNP MIS team can use this to generate the actual list of households to receive the scale up payment. Households are selected from the MIS list in wealth order using the consumption scores generated by the CBT/PMT process carried out during the initial HSNP Phase 2 registration. Selection will start at the next poorest household after the least poor routine beneficiary. Where a household on the list does not have an activated bank account it will be skipped over to the next poorest household with an active account.

The HSNP scalability spread sheet also uses the monthly VCI data to estimate the cost of scaling up CTs for that month on the basis outlined in these guidelines. With support from the World Bank's Disaster Risk Financing technical team, NDMA has also developed a scalability costing model which looks at the longer term funding implications. This model can be used to model long term and short term costs of scaling up CTs in the HSNP counties in response to drought. It contains all existing VCI data for the last 14 years as well as data from the HSNP MIS. This data can be used to generate long term and average costs of scalability as well as monthly costs as new VCI data is generated. This model can also assess costs by County and be used to support both County and National budgeting and fundraising for HSNP scalability. Options for financing HSNP scalability are discussed in Section 5.

Step 3 - NDMA Technical Team reviews Scale up and Payroll Approved

A schedule for the proposed scale up showing County, Sub-County and Sub-Location allocations and the total cost of scale up can be drafted within two days of receipt of the VCI data. This schedule will be shared with the NDMA Technical team for review and funding approval. This team should identify which sources of finance should be used to fund the scale up (see section 5 below). The schedule can also be shared with potential donors. This may require an additional supporting proposal from NDMA.

The Technical Team should comprise at least three of the following NDMA officers:

- NDMA CEO
- Director of Technical Services
- Drought Information Manager
- Drought Response Manager
- Early Warning Technical Adviser

- HSNP Team Leader

Once funding is secured the Technical team should formally approve the scale up. The lists of beneficiary households generated by the MIS Specialist will form the basis of an additional HSNP payroll. This will be signed off by the NDMA CEO.

Once the payroll is approved it will take approximately 10 working days for funds to reach beneficiary accounts. Beneficiaries will access funds in exactly the same way as routine beneficiaries i.e. at Equity Bank branches or PoS Agents.

Once payments are received in beneficiary bank accounts there is likely to be some increase in complaints and grievances as misunderstandings and payment problems arise. This is mitigated by communications, staff training and people's improved understanding of their status and position in the wealth ranking and thus the likelihood of them receiving scalable payments.

All other aspect of the payments, complaints and grievance processes are addressed using the same procedures as per the routine payments outlined in the relevant chapters of the Operations Manual.

Step 4 - Information Dissemination and Awareness Raising

Once the payroll has been approved, the details of the scale up need to be disseminated clearly and widely to all relevant stakeholders, particularly the identified recipients. Key actions to take place:

- List of beneficiary households are sent to County Drought Coordinators (CDCs) and HSNP Programme Managers in each County for distribution by NDMA to Chiefs and Assistant Chiefs in all affected Sub-Locations. The lists will be accompanied by key information on the amount of the transfer and the reasons why certain locations are benefiting. This information should be shared with all HSNP and social protection and right (SPR) partner field staff so that messages can be disseminated widely to all areas where the scaled up CTs will be made. HSNP and SPR staff should cascade information on the scale up down to Rights Committees in the affected sub-locations.
- Information about the scale up should be shared and presented at County and Sub-County Steering Group meetings by the CDCs or HSNP Programme Managers.
- Chiefs and Assistant Chiefs will be primarily responsible for mobilising and informing communities in their sub-locations. Lists should be pinned in public places for at least one month following the transfers.
- Radio messages will be broadcast on stations in the respective Counties.
- Press releases will be sent out to local and national media outlets.

- The CDC will be responsible for informing key County Government staff and local politicians.

Other strategies and mechanisms for disseminating information will be trialled and tested over time.

Step 5 - Monitoring and Evaluation

Learning by doing is a key principle of the HSNP approach to scalability. These guidelines are based on learning to date and will continue to be revised in response to findings from monitoring and evaluation. HSNP scalable CTs will be monitored in three main ways:

- 1) On ground monitoring by HSNP staff;
- 2) Post payment monitoring questionnaires; and
- 3) External evaluation.

On the ground monitoring by HSNP staff

During and immediately after a scale up payment has been issued HSNP Project Officers (and wherever possible more senior County and HQ staff) will be required to do post-payment checks on random sub-locations in their area to assess:

- How well the scale up was communicated and explained to communities;
- That beneficiaries are accessing their cash effectively (no charging by agents etc.);
- That beneficiary lists are being appropriately posted for the requisite time; and
- Any other pertinent issues that require attention.

Individual grievances will be referred for case management however the HSNP Programme Officers will prepare a monitoring report on their findings highlighting main issues. One month after each scale up has been paid the HSNP Programme Manager will compile a short report on that month's scale up. This in turn will be sent to the Operations Manager and Monitoring Specialist in Nairobi. These reports will be important in improving processes and procedures.

Post Payment Monitoring Questionnaires

Following each scale up, PILU will work with the NDMA EW Unit Department to ensure HSNP post payment monitoring questionnaires are completed by a sample of households in each of the Sub-Counties where a scale up payment was made. Currently NDMA collects significant data each month on a range of EW indicators via a network of EW monitors, data analysts and early warning officers in every ASAL County. These monitors complete EW interviews with approximately 30 households and five key informants in 330 sentinel sites throughout Kenya's 23 ASAL Counties including **XX** in the four HSNP Counties.

Following each HSNP scale up payment NDMA EW monitors will collect additional information on the CTs from the same households in an agreed selection of sentinel sites in the Sub-Counties receiving a payment. The additional questionnaire is attached as **Annex 1** and focuses on the following issues:

- The household's HSNP beneficiary status
- How and what information about HSNP scale up payments was received
- The amount and number of HSNP payments received
- Use of cash received via HSNP
- Any other drought assistance provided in the same period.

Data from these questionnaires will be analysed to produce a post payment monitoring report. Wherever possible the report will also include analysis of the wider data collected from the same households (and key informants) in the regular EW monitoring interviews. For example the EW questionnaire collects data on household coping strategies in response to drought, market prices of staple foods and food availability.

External Evaluation

Wider monitoring and evaluation of the HSNP is being undertaken by Oxford Policy Management (OPM), an external firm of independent consultants. The same team will be responsible for monitoring the scalability element of HSNP Phase 2. Using a variety of approaches the firm will examine the operational effectiveness of scale up payments as well as some assessment of impact.

Evidence on impact of the emergency payments needs to be documented for accountability purposes and to serve the needs of donors who may contribute funds in the future. An impact assessment of the emergency programme has been incorporated in the qualitative component of the impact evaluation. This will provide a detailed account of how the emergency transfers support or affect households' ability to build resilience (e.g. how they influence the coping strategies they adopt in the face of drought). Such impacts derive from households changing their behaviours in response to the new transfers and over a relatively long period of time. The longitudinal design of the qualitative impact evaluation being undertaken by OPM will explore these dynamics and the issues below.

- The process by which the emergency/scale up CT was communicated to and understood by beneficiaries and non-beneficiaries.
- How quickly and easily beneficiaries were able to access cash and any evidence of abuse by payment agents.
- How households used cash - what were the key benefits during the crisis / drought period.

- Views on the timing of payments – how well timed were payments in the drought cycle? Did households avoid harmful coping mechanisms e.g. reducing meals etc. How well VCI performs as the triggering indicator.
- What evidence exists of the wider economic impacts of significant cash injections in a drought period; negative e.g. inflation; or positive e.g. improved market function.
- Targeting of payments using the MIS. How can pre-selection of beneficiaries be undertaken better or as part of wider registration and targeting processes?
- Complementarity or overlap with other drought response / mitigation programmes

OPM has already carried out an Emergency Payments Process Review^{ix}. This was a process tracing exercise with national and county-level stakeholders to understand the decisions and actions taken in the first two pilot scale up of HSNP payments. The aim was to ascertain any bottlenecks or challenges and identify solutions. Many of the recommendations made have been incorporated into the procedures documented in these guidelines. Other recommendations are being taken forward in other HSNP policy documents such as registration and targeting; and the HSNP communications strategy.

5 Financing Scalability

5.1 Options for Funding HSNP scalability

Timely availability of funds is essential for scalability to take place on the basis outlined above. If scaling up HSNP payments on the basis of these guidelines is to be guaranteed, longer term funding strategy is required. NDMA has been supported by the World Bank Disaster Risk Finance team to develop a financial model that uses NDMA VCI data and HSNP MIS data to assess the long term costs of scaling up HSNP. The monthly VCI index for all Sub-Counties for the last 14 years was analysed and used to assess the incidence of severe and extreme drought thresholds. The HSNP costing model indicates that funding HSNP scalability on the basis outlined in the current framework would cost an average of US\$6.5m per year.

At the current time the PILU and NDMA must fundraise on an ad hoc basis each time the triggers for a scale up have been hit. To date this funding has been provided by HSNP's primary donor – DFID. A range of other funding sources and mechanisms may be used to finance the projected regular HSNP scale-up of CTs.

- i. National Drought Contingency Fund (NDCF)
- ii. Africa Risk Capacity (ARC) insurance fund mechanism
- iii. Other donors
- iv. County Government Funding

5.2.1 National Drought Contingency Fund (NDCF)

As part of Kenya's National Safety Net Programme (NSNP) for Results, the Government has committed to creating a system for scaling up the NSNP as part of the national drought risk management system. At present, none of the Government cash transfer programmes other than HSNP has the ability to rapidly scale-up its coverage or increase the support provided in response to shocks. The scalability element of the HSNP aims to create such a crisis-response capacity within the NSNP. The conduit for funding scalability as well as a range of other drought response interventions is the National Drought Contingency Fund (NDCF). The NDCF is being established to support drought response and mitigation in all 23 ASAL counties in Kenya. All 23 have, or are developing, drought contingency plans outlining interventions for which support from NDCF would be sought during drought crises.

This is not yet operational but its establishment is a key requirement to achieve DLI 7 (Disbursement Linked Indicator) as part of the Kenya National Safety Net Programme (NSNP) for Results. The establishment of a scalable cash transfer system will immediately trigger a World Bank payment into the NDCF of US\$20 million.

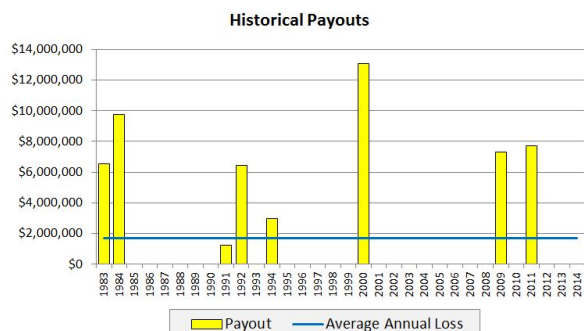
In principle, once established the NDCF will be able to secure funding from a range of donor partners. The World Bank funding must also be matched by a GOK contribution. The NDMA has developed a Trust Deed for the NDCF and is awaiting approval from the Treasury so that the fund can be formally gazetted. NDMA's Drought Response Operations Manual and these guidelines are part of the process of agreeing the details of how a scalable cash transfer mechanism would work.

5.2.3 Africa Risk Capacity (ARC) insurance fund mechanism

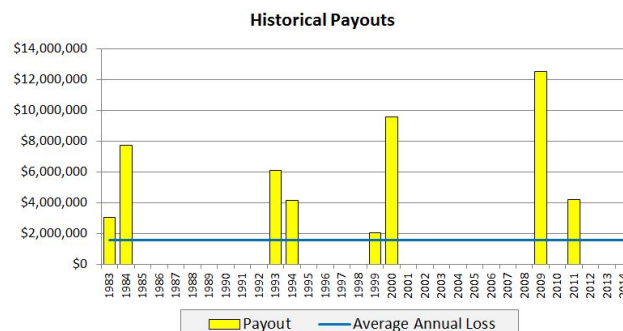
The African Risk Capacity is a continental sovereign risk pool that provides disaster risk financing to Governments on an insurance basis. ARC was jointly developed by the African Union (AU) and WFP as an early response mechanism providing cost-effective contingency funding to African governments where macro-economic stability is undermined by climatic crises such as drought. Governments pay premiums to cover the risk of having to address losses and respond to severe natural disasters. Kenya is already a member of ARC and in 2015 paid a premium of \$9m for two insurance contracts (long and short rains) providing combined risk coverage of \$30m. Under the terms of Kenya's current ARC funding contract up to 75% of any ARC pay-out (i.e. a maximum of \$22.5m) is earmarked for HSNP scalability.

ARC payments are also triggered using remotely sensed data, specifically the seasonal values of the Water Requirement Satisfaction Index (WRSI) with input data based on Rainfall Estimates (RFE). For Kenya the data is currently processed into four separate policies; with the 9 arid and 14 semi-arid counties having one long and one short rains policy each. The ARC return period (i.e. the maximum average payout frequency) is currently 1 in 4. This means ARC pays out far less frequently than the current framework requires. This means that ARC will only tend to pay out in more extreme drought years but this could be a valuable source of 'top-up' funding as HSNP scalable payments in such years will be high. Figure 1 overleaf illustrates how these policies would payout when modelled over WRSI data over the last 20 years or so. The pay-outs shown correlate pretty well with the peaks in payments shown in the HSNP cost model.

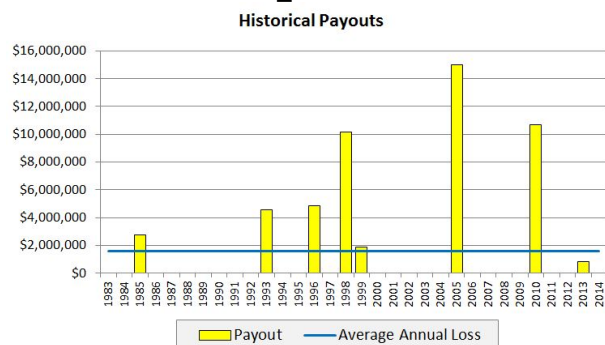
Figure 1: Retrospective Modelling of ARC Payouts based on Current ARC Insurance Policies for Kenya
EAR 1_A (Arid)



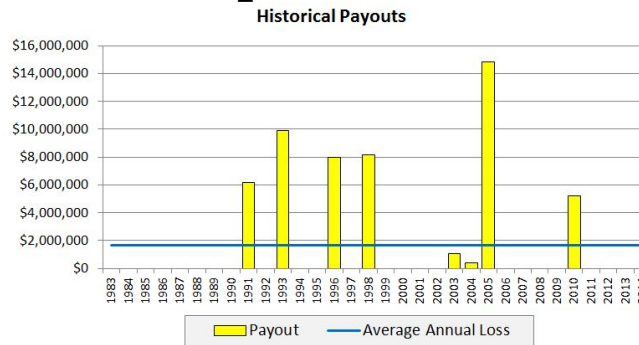
EAR 1_SA (Semi-Arid)



EAR 2_A (Arid)



EAR 2_SA (Semi-Arid)



5.2.4 Other Donor Funding

Even with ARC insurance in place there is still a clear requirement for funding to cover the regular annual payments outside extreme years which range from less than \$1m to \$6m. Since NDCF is not currently operational it is most likely in the short term that the more regular HSNP scale up will continue to be directly donor funded. Even when the NDCF is fully operational some donors may not be in a position to put fund through this mechanism therefore the HSNP may continue to receive standalone donor funding.

5.2.5 County Authorities

Several County governments have indicated that they would be willing to allocate county resources to HSNP CTs. All HSNP county authorities have developed drought response / contingency plans, all of which include cash transfers as a potential drought response. Additionally some Counties are developing their own Social Protection Policies (particularly Turkana) that involve the expansion of more regular cash transfers. However, currently none has clear guidelines outlining how any budget allocated to this activity would be operationalized. There is some confusion

around the term 'scaling up' with some using the term to refer to the expansion of the number of routine HSNP or other CT beneficiaries (e.g. OVC) rather than a temporary response to drought.

PILU will continue to work with any County authorities who are keen to fund either routine and / or emergency CT via the HSNP mechanisms. NDMA will work to ensure all HSNP County authorities are fully consulted on scalability and involved in the review and evolution of HSNP operating procedures including these guidelines.

ⁱ Draft version February 2016

ⁱⁱ HSNP Options Paper for Scaling Up HSNP Payments: PILU; March 2015

ⁱⁱⁱ <http://www.hsnap.or.ke/index.php/component/content/article?id=68>

^{iv} All registered households in the four counties have been wealth ranked using a combination of community wealth ranking (known as Community Based Targeting, or CBT) and proxy means testing (PMT) based on the household information collected during the registration process.

^v KRDP EWS TA notes: To make an analysis at sub-location (or ward) level does not make any sense because they are too small areas to be linked to any meaningful rangeland management practice. People move with livestock to access grazing areas and therefore you may have a situation where the sub-location shows a bad drought status but a close rangeland is available with sufficient grazing resources. In other cases you may have a sub-division with good vegetation greenness but which is not sufficient / suitable (e.g. unpalatable species) for grazing. You can image the kind of variability within the county with neighbouring households that are practicably under the same food security conditions but have different access to the cash transfer. The situation is smoothed when you increase the area under analysis. Moreover from a technical point of view it would require a huge analysis to determine for each sub-locations the baseline historical data and related statistics. This is not possible for us under the current contract with BOKU University.

^{vi} <http://www.ndma.go.ke/index.php/resource-centre/early-warning-bulletins>

^{vii} DFID HSNP Business Case Annex 5 - Economic Analysis

^{viii} Ibid. page 13

^{ix} Evaluation of the Kenya Hunger Safety Net Programme Phase 2 - Drought Emergency Scale-up Payments Process Review: OPM: November 2015 [still draft final version to be posted on HSNP website]