Operational Monitoring Report

November 2015

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. **Pay agent satisfaction.** Many agents that we have interviewed report being satisfied with their involvement in the HSNP and can make the programme work alongside their regular business as traders. A significant portion are struggling, especially when the cost of travelling to an Equity Bank branch to collect cash cancels out the profits they make from their commissions. These struggles could be of concern to HSNP if the dropout rates of pay agents are substantial, having a negative impact on the caseloads of remaining agents and increasing the distances recipients need to travel to reach an agent.
2. **Emergency payments.** The process by which recipients of emergency payments learn they are eligible for a transfer is varied. When messages reach beneficiary households by word of mouth they risk losing their clarity, especially in relation to who is eligible and for how much.
3. **Full balance withdrawal.** Almost without exception, we continue to find that recipients are withdrawing their entire balance at once and are not asked the amount they would like to take out. For every beneficiary that knows his or her balance on arrival at the pay point, another beneficiary does not know.

Fieldwork summary

We interviewed 23 pay agents and 191 beneficiaries between Thursday 5 and Saturday 7 November, the first three days of the new payment cycle for recipients of the regular transfer (the 'Group 1' beneficiaries). An emergency payment, for some 'Group 2' recipients, had been released in all counties on 29 October, so nearly half the respondents that we spoke to at the pay points were collecting an emergency payment. Table 1 summarises the interviews.

Table 1 Summary of fieldwork, November

Indicator	Turkana	Marsabit	Wajir	Mandera	Total
Sub-counties visited	Turkana North, Turkana West	Saku, Moyale, North Horr, Laisamis	Eldas, Wajir East, Wajir West	Lafey, Mandera South	-
Pay agents interviewed	7	5	6	5	23
Recipients interviewed	48	48	48	47	191

Source: OPM / RGA.

The pay agents' experience

Most pay agents that we have talked to over the three monitoring rounds implemented to date are traders, for whom being an Equity Bank agent is supplementary to a main business as a shopkeeper: 19 of the 23 agents we interviewed in November were traders. Only a minority that we have interviewed state that being an Equity Bank agent is their sole business. In an earlier report we mentioned the view expressed by some agents that the KES 25 commission they receive for each transfer is inadequate, especially in light of the opportunity costs to their business[1]. In this report we explore in more detail the costs they incur.

We start by observing that, among the active pay agents we have talked to in the first three monitoring rounds, many find the cost of the programme manageable. More often than not, pay agents have agreed with the statement that, *'Participation in the HSNP is beneficial to my business'*. Those who are traders quite often say, too, that they can easily serve HSNP recipients alongside their regular customers. For example, nine of the 19 traders interviewed in November said they had no difficulty serving both sets of clients. However, it is worth the HSNP paying close attention to the agents that are finding participation a struggle, because the satisfaction of all pay agents is dependent in part on there being enough others to share the caseload. Dissatisfied agents who withdraw from the programme increase the burden on the remaining agents, potentially creating difficulties for those who previously coped (besides increasing the distance that recipients need to travel to reach an agent). Our monitoring exercise necessarily under-reports agent dissatisfaction with the HSNP because we monitor active pay points. In the first three monitoring rounds we have so far come across 17 agents presumed active by HSNP, who have told us they have either temporarily or permanently ended their participation (and whom we therefore did not interview); and a further 17 whom we could not track down.

The HSNP imposes two main types of cost on pay agents and their associates: time and money. Pay agents spend time not only paying out money to recipients, but also travelling to collect cash so that they have enough liquidity to meet the demand for withdrawals. We understand that one criterion for being approved as an agent is that the agent should have a large enough float from their regular activities that they can absorb recipients' demand for cash payouts. We find, though, that by far the majority of agents—17 out of the 23 we interviewed in November, for example—make special trips to collect cash for HSNP recipients, nearly always to a branch of Equity Bank. This observation is reinforced by the fact that many of the interviews our teams attempt to hold in the first few days of the payment cycle are unsuccessful because the agent is absent, having travelled to town to fetch cash for disbursement. We do not find much concern about the time spent queuing in the bank branch; rather, it is the time spent travelling that agents cite as inconvenient. Most agents reported making more than one trip to the bank for HSNP during the last payment cycle.

Those pay agents who walk to the bank spend nothing in monetary terms, though there is, of course, an economic cost in terms of time. Many others pay for transport. Naturally, the amount depends on the distance to the branch: we cannot give a mean value, but a cost of KES 1,000 or more per trip is cited reasonably often (by 20 of the 60 pay agents interviewed to date). To put this into perspective, KES 1,000 cancels out the commission earned from serving 40 recipients (40 x KES 25).

Eight of the 23 pay agents we interviewed in November had successfully managed their cash flow during the last payment cycle so that they always had cash available on request by recipients. The other 15 reported at least one day when they ran out of cash. In these instances the agents' most common response was to close the shop while they went to collect more funds. Others sent someone else to fetch more cash on their behalf, or referred recipients to other agents. Two reported prioritising which recipients should receive the money, on the basis of need or how far they had travelled to the pay point.

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[1] See July 2015 report.

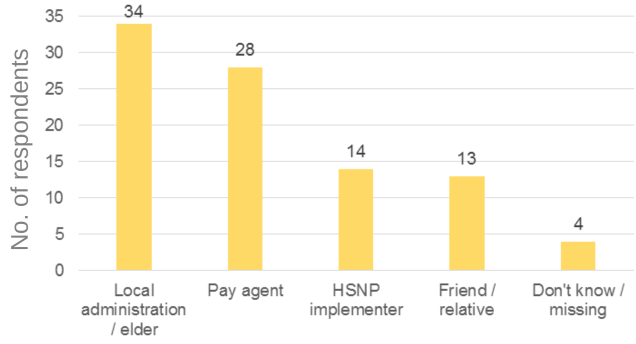
The opportunity cost of running the HSNP payment process is not confined to the designated pay agent. We reported in the last round that most agents interviewed said they got extra help to issue the payments. We found the same in November, when 19 out of 23 pay agents said they had been assisted by someone else. This might be, for instance, a family member or a member of the rights committee. These people are not formally recognised as being part of the programme and do not receive any commission from Equity Bank or the PILU: they either work voluntarily or receive recompense from the pay agent.

Another potential cost to pay agents is related to account opening. HSNP has provided some pay agents with smartphones and trained these agents to assist with the account opening process which involves taking photographs of households' identity documents and forwarding them to HSNP. For this task, the agents receive an additional KES 50 per household. One respondent reported that some pay agents have been complaining amongst themselves about this level of commission as it does not always cover the cost of the internet bandwidth required to upload the documentation. Again, the issue here is that while some agents may be satisfied with the value of the commission, there is a risk that those who are dissatisfied may withdraw, increasing the burden on other agents and on the time required by recipients to open their accounts.

The recipient experience

The recipients that we talked to in the November monitoring round had a very different experience of the HSNP to those we talked to in September, since almost half of our respondents—93 out of 191—were 'Group 2' recipients who collected an emergency payment rather than a regular transfer. Our interviewers received greater than usual informal feedback about the process of emergency payments and observed some confusion among recipients as to who was now eligible and for what amount. Nearly all pay agents confirmed that queues were longer than usual and there were more challenges with recipients understanding the payment process than was normally the case. Nonetheless, most agents had been informed about the extra payment in the two weeks leading up to the disbursement date, and most had not yet needed to turn people away owing to unexpectedly low cash reserves from dealing with a larger crowd.

Figure 1: How did you hear you were eligible this time for an emergency payment?



Source: OPM/ RGA. Notes: (1) 'HSNP implementer' includes HSNP officers, rights committee members or one of the Social Protection Rights non-governmental organisations (HelpAge and its partners). (2) Total = 93 recipients of the emergency payment interviewed in November. Note these are absolute numbers, not percentages and not statistically representative.

Most Group 2 recipients we talked to had heard they would be eligible for an emergency payment in the two weeks leading up to the disbursement date. The source of the news varied widely (Figure 1). In 34 cases a local official or authority figure had told the household it would receive an emergency payment; sometimes HSNP representatives had informed the household. Often the news was passed informally from friends and relatives or by a household member asking pay agents if they were eligible.

We recommend further exploration as to how information is passed to beneficiaries regarding eligibility, payment dates and transfer values, because the message may lose clarity as it moves by word of mouth.

In the most unfortunate consequence of this that we came across, a Group 2 recipient who was receiving an emergency payment for a second time suspected a pay agent of theft because the amount the household received this time was (rightly) much smaller than on the previous occasion.

The miscommunication caused upset on both sides. The recipient was unaware that the size of the emergency payment varies according to the number of months that their area is deemed to have been in severe or extreme drought.

Recipients of the regular transfer, meanwhile, reported similar experiences to those reported in the September monitoring round. While many learn of the availability of the transfer from friends and neighbours or from the pay agent, many others (41 out of 98 this round) say they are familiar with the regular payment cycle, which is encouraging.

Among respondents who did not visit the pay point on the first day the payment was available, we find a fairly even split between those expressing positive reasons that indicate they are managing collection around their own schedule—such as being busy at home or looking after animals on the first date, and deciding to come later—and those who are put off by operational challenges relating to the HSNP, such as the pay point being too busy or the agent not being ready to pay.

We continue to find, almost without exception, that households are withdrawing their full balance at the pay point and we observe that pay agents are not asking them how much they wish to take out. For every recipient who knows what balance he or she is expecting on arrival at the pay point, there is another who does not know: 77 of our respondents correctly stated the payment amount of either KES 2,550 for the emergency payment or KES 5,100 for the regular transfer, while 76 said they did not know. Without this knowledge it is difficult for recipients to make informed decisions about how much to keep in the account and how much to take out, especially when the pay agent does not alert them to the balance.

Group 1 (regular transfer) and Group 2 (emergency transfer) recipients both reported prioritising using the cash payment to purchase food and pay off debts. The share of respondents citing these two priorities was almost identical across both groups: nearly everyone said they intended to buy food, while around two out of every three respondents planned to repay debts. Planned expenditure between the two groups differed with regard to education spending. Some 41 of the 98 Group 1 respondents reported intending to use the cash for school fees, compared with only 11 of the 93 Group 2 respondents. While our results are not statistically representative they hint at a possible difference in the use of the transfer according to its regularity. We will recommend to our colleagues conducting the quantitative or qualitative impact evaluation that they further explore this difference.

FOR FOLLOW-UP BY THE PILU, FSD AND EQUITY BANK

In each monitoring round, we have found that the number of active pay agents in each subcounty we visit is much smaller than expected according to the most updated lists. This gap may be a factor contributing to the liquidity constraint of pay agents, since those that remain active may have to serve more beneficiaries than they had originally planned. If data remain unavailable from FSD we recommend that HSNP programme officers telephone the pay agents in their subcounty to find out when they last made a payment under the programme; and if they did not pay out in November, whether the reason is resolvable (eg. a broken machine). Reinstating inactive pay agents is likely to improve the experience of other pay agents as well as of beneficiaries.

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