

Interventions for the timely disbursement of funds in cash transfers

Introduction:

Timely disbursement of funds is essential to assure effective cash transfer systems. This is because beneficiaries of such programmes tend to use resources to purchase items which are essential to their livelihoods. The delay in any phase of disbursement affects payment to beneficiaries, which in turn jeopardises the achievement of core objectives of such schemes. The Hunger Safety Net Programme (HSNP) in Kenya demonstrated that efficient registration and targeting, enrolment of beneficiaries, opening of bank accounts and efficient monitoring systems can have significant results in the flow of funds.

Background:

HSNP is an unconditional cash transfer programme designed to alleviate extreme poverty and hunger in Kenya. It is one of the programmes which are part of the national safety net strategy. The programme ran its second phase from 2013 to 2018, covering four counties in the north of the country. Benefits were given to households instead of individuals and paid every two months in single instalments. Almost all households in the region were registered and bank accounts were widely opened. General information was collected to rank households according to their well-being standards. The successful efforts in registration were also in line with the objectives to build a comprehensive database of households so that emergency payments could be made in the event of drought in the region.

Details of the Intervention:

Multiple interventions under HSNP contributed to its effective fund flow. First step was registration, with wide collection of data on households and classification of their well-being. Second step was targeting, with selection and notification of households. Then, one member of household would be enrolled and assisted to open a bank account. In order to maintain a good track record of the process, the programme established a digital Case Management System (CMS). The platform is fairly decentralised, but also synchronised with the central Management Information System (MIS) daily. An innovative communications systems was also developed to support the payment process. It used a combination of SMS and web-based communication to receive a digital feedback loop on the processes, involving beneficiaries directly and Programme Officers (POs) and chiefs. All of these efforts combined resulted in a positive flow of funds with timely payments to beneficiaries.

In addition, with a well-developed and well-established database of households and system of payments, HSNP is able to scale up considerably the disbursement of funds during droughts. All procedures are done digitally in a similar manner of regular payments under the programme, including selection of beneficiaries through MIS, disbursement cycle until direct payment to bank accounts, and communication between the population and programme functionaries.

Impact:

During the second phase of its implementation, HSNP managed to establish a good reputation regarding timely payments. Payments were timely delivered for successive cycles and maintained regular payment dates. The steps to achieve this outcome allowed beneficiaries to gain financial inclusion and governments and stakeholders to build capacity to manage payments under the programme. From the beneficiary side, the expansion on the population having a valid national ID card allowed them to vote and access services in general. Access to a bank account improved their credit record and access to financial services. From the government's side, the experience of HSNP stimulated them to manage disbursement systems and service providers under other safety net programmes in a similar manner. From the bank and pay agent' side, timely disbursement of funds allowed them to establish an effective schedule to deliver payments, such as adequate liquidity according to the demand.

Source: Otulana, S., Hearle, C., Attah, R., Merttens, F., and Wallin, J. (2016) 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Qualitative Research Study – Round 1', OPM; Taylor, J.E., Thome, K. and Filipski, M. (2016) 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Local Economy-Wide Impact Evaluation Report', OPM.