

# Cash Preparedness Case Study

## Kenya Red Cross Society (KRCS)

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INTERNATIONAL



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## Background

This case study is one of six, documenting evidence on the impact of and lessons from cash preparedness support programmes by the International Red Cross and Red Crescent Movement (RCRCM) between 2015 and 2017. The case studies feed into a comprehensive [evaluation report](#) of the guidance for cash preparedness. Refer to the report for background information including definitions of the four parallel cash preparedness tracks referred to in this case study.



## Contextual overview



Much of Kenya's population of 48.5 million is vulnerable to weather-related hazards, including drought, floods and landslides. This vulnerability is compounded by other issues, including poverty, HIV/AIDS rates and other resource and health care challenges. More than 80 per cent of Kenya is arid and semi-arid lands (ASAL). Nearly half of the livestock and over 30 per cent of the total human population of Kenya live in ASAL. This area is particularly prone to harsh weather conditions rendering the communities here vulnerable to droughts and other natural disasters. In the last two decades Kenya has also been the target of terror attacks and politically-motivated violence, particularly in relation to the presidential elections.

Created by an Act of Parliament in 1965, KRCS is an auxiliary to the central and county government, but it maintains an autonomous status to facilitate its ability to respond to humanitarian needs. KRCS has a network of over 105,000 volunteers and 600 staff operating in 47 county branches. KRCS is widely recognized for its disaster management capacity, as well as long-term developmental work in health and social services. KRCS responds to both major disasters as well as to smaller-scale incidents such as road traffic accidents and building fires in urban centers.

Kenya is conducive for cash transfer programming (CTP) for multiple reasons. It has a vibrant, market-based economy that has shown capacity to recover quickly despite from a range of disasters. M-Pesa, a mobile money transfer mechanism, has become a recognized, popular and efficient e-transfer innovation in Kenya. Banks (Equity Bank, KCB and Cooperative Bank) have a presence at the community level and the payment service provision is competitive. Finally, the Government of Kenya (GoK) is very supportive of innovation and promotes public-private partnerships.

KRCS began implementing CTP in 2011, and since that time has used CTP in response to floods, drought, violence, fires and building collapse.<sup>1</sup> To date, KRCS CTP has helped to address the needs of some 254,471 households (HH) throughout the country with its largest cash programme being in response to the 2016/2017 drought.

*Table 1. Timeline of KRCS cash implementation*

<b>Year/Disaster</b>	<b>Number of households</b>	<b>Mechanism</b>
2011-2012 drought	34,000	Equity Bank
2011-2012 drought	15,036	Equity Bank
2012 to date	20,111	Equity Bank up to 2012; Cooperative Bank to date
2013 floods	3,086	Mobile money transfer (M-Pesa)
2014 drought	1,400	Local Traders
2016 floods/bridge collapse	700	M-Pesa
2016 fire	600	M-Pesa
2016 floods	894	M-Pesa
2016 drought	40,215	M-Pesa
2016 conflict	900	M-Pesa, Banks, Vendors
2017 drought	11,000	M-Pesa
2017 drought	105,963	M-Pesa
2017 drought	25,066	M-Pesa, and vendors

<sup>1</sup> Until the end of 2017 the KRCS had implemented some 13 different CTP interventions with a range of Movement and non-Movement partners in response to drought, floods, fire, conflict and protracted crises. (Source: KRCS – *The Cash Transfer Programming Experience – 2017*)

# Overview of KRCS CTP preparedness activities and approach

KRCS has been implementing CTP for nearly a decade and uses a variety of tools, including monitoring, documenting and collecting post-response reviews to improve cash programmes, with the goal of:

- increasing KRCS response efficiency and accountability including CTP in disaster response standard operating procedures (SOPs)
- increasing the percentage of emergency needs assessments that consider cash as an option

KRCS cash assistance and cash preparedness activities are overseen by a full time CTP Officer and a part-time CTP Manager, both of whom are part of the Disaster Management team within Operations.

KRCS cash preparedness activities include:

## Enabling Systems

- incremental inclusion of CTP in institutional strategies, policies and documents since 2015, starting with the KRCS 2020 Strategy and the annual multi-hazard contingency plan
- signed agreements with different financial service providers (FSP) including national banks, local level vendors and telephone and mobile money transfer companies, including Safaricom
- SOPs and CTP guidelines for emergency assessment and disaster management (DM) policy

## Programme Tools

- utilization and adaptation of Red Cross Red Crescent cash in emergencies toolkit ([rcmcash.org](http://rcmcash.org)) for assessment, registration, monitoring and feedback tools and templates
- KoBo mobile data collection tools for DM and health team household map

## Resources and capacity

- capacity assessment to identify and prioritize a cash preparedness plan
- training for staff, volunteers and government representatives on forms of cash assistance and markets, including developing KRCS staff trainers to ensure continual roll out. More than 200 staff and volunteers have been trained online, 58 completed CaLP Level II, 3 attended PECT training, 34 attended training in Rapid Assessment of Markets and 25 were trained as trainers

- funding for a dedicated cash focal point since 2015 through the BRC disaster management strengthening programme

#### Communication and coordination

- co-chairing the national- and county-level cash technical working group (CTWG) since 2016
- participating in the RCRCM cash preparedness sub-working group which facilitates access to information and shared learning
- ongoing discussions with the GoK to ensure linkages with their Hunger Safety Nets Programme (HSNP), including using HSNP targeting data when implementing CTP to avoid duplication

*Figure 2. Cash preparedness support timeline by year*

<b>2015</b>	
<ul style="list-style-type: none"> <li>▪ Organizational capacity assessment for CTP</li> <li>▪ KRCS 2020 Strategy includes CTP</li> <li>▪ Pre-agreement signed with Safaricom</li> </ul>	<ul style="list-style-type: none"> <li>▪ Dedicated CTP focal point appointed</li> <li>▪ CaLP training for 50 staff and volunteers</li> </ul>
<b>2016</b>	
<ul style="list-style-type: none"> <li>▪ Pre-agreement with Equity Bank</li> <li>▪ Annual multi-hazard contingency plan includes CTP as an option</li> </ul>	<ul style="list-style-type: none"> <li>▪ National and county level cash working groups activated and led by KRCS</li> <li>▪ CaLP Level 2 training provided for government staff</li> </ul>
<b>2017</b>	
<ul style="list-style-type: none"> <li>▪ Agreement signed with Compulynx (payment service provider)</li> <li>▪ Finalization of CTP guidelines</li> <li>▪ CTP guidelines and SOPs disseminated</li> </ul>	<ul style="list-style-type: none"> <li>▪ KRCS declared co-chair of national and county CTWG</li> <li>▪ Biometrics introduced for some CTP</li> </ul>

## Effectiveness of cash preparedness approaches

Since KRCS instituted cash preparedness measures, the number of beneficiaries receiving cash has grown significantly. At the same time, through using different payment mechanisms there has been a dramatic increase of the speed at which cash is delivered and the number of responses using CTP. It should be noted, however, that there is no formal measurement of this.

*Table 2. Overview of cash activities before and since the cash preparedness support*

	2014	2018
<b>Number of people receiving cash</b>	447,857	1,082,912
<b>Time taken to deliver cash transfers</b>	1-3 months to deliver cash via banks	Using mobile money cash can now be delivered in 1-2 weeks
<b>Proportion of disaster responses using cash transfers</b>	20%	Approximately 70%

Taking into account the four parallel preparedness tracks, the following approaches have been the most effective in ensuring fast and effective cash transfers.

### Speed

- training of staff and volunteers at national and local level to undertake feasibility assessments and implementation as soon as possible,
- pre-agreements with FSPs with wide geographical coverage,
- leadership support to immediately set up cash-based responses.

### Scale

- pre-existing agreements with Safaricom for mobile payments,
- M-Pesa platform installed at KRCS for staff payments ensures that staff are familiar and comfortable with the system,
- senior leadership team buy-in, including the secretary general who is a well-known champion of CTP,
- major donor support for CTP based on proven experience of implementation.

### Quality

- ensuring ongoing CTP training,
- systematically monitoring all responses, undertaking lessons-learned exercises and after-action reviews,
- audit trails allowing tracking from first payment to final payment per beneficiary,
- leadership support to test robust, innovative data management approaches such as Red Rose, Compulynx, biometric identification methods and blockchain,
- harmonization of transfer values and beneficiary targeting coordination through national and county-level cash working groups,
- KRCS HQ cash focal points attending donor meetings to ensure a solid understanding of institutional donor approaches and thinking.

Multiple factors facilitated KRCS cash readiness although there have also been some barriers, highlighted in the tables below.

*Table 3a. Internal factors enhancing and hindering cash readiness*

Internal facilitating factors	Internal hindering factors
Communication from KRCS leadership supporting adoption of CTP as a primary response modality	Lack of cross-organizational buy-in
KRCS uses mobile money for payment of staff allowances	Cleaning paper-based registration lists takes time
Systematic lesson-learning exercises after each implementation	Absence of central beneficiary database
Support for piloting new technologies	Turnover of trained staff and volunteers in branches
Existing pre-agreement with a mobile money provider	



*Table 3b. External factors enhancing and hindering cash readiness*

External facilitating factors	External hindering factors
Availability of in-person and online training	Lack of nationwide FSP coverage (mobile)
Functioning markets	Lack of financial literacy of potential beneficiaries
Large-scale drought in 2016/17 forced KRCS to implement a large-scale response, supported by ECHO and DFID	Difficulties accessing communities during politically sensitive times (applicable to all programming)
The M-Pesa system is widely known and available throughout Kenya	
Financial support from BRC for a wider DM-strengthening programme	
Working with WFP has facilitated access to alternative tools such as open source data collection	

There have been significant achievements in relation to all four cash preparedness tracks and KRCS cash-readiness, including piloting new technologies (the most recent of these is blockchain) and new payment methods to reach more people most cost-effectively. For those that are not financially or digitally literate, KRCS develops a community communication plan and carries out repeated sensitization through volunteers.

The approach to cash preparedness taken through the BRC-supported disaster management strengthening has been top down, starting at HQ and focusing on systems, strategies and policies. This has been effective and has been critical in terms of ensuring preparedness. However, institutionalizing this has been more challenging at branch level primarily because trained staff and volunteers tend to move on to other jobs. Training of staff and volunteers as well as sensitization of senior management towards CTP helped mobilize support for systems and procedures development.

## Lessons identified

- Having **leadership support** for CTP before doing an organizational cash capacity assessment ensures continual cross-organizational buy-in.
- Ensuring that **support services are involved** and supportive of CTP is essential to provide transfers at speed and at scale.
- Undertaking a **mapping and zoning of FSPs** to understand which are active where is essential prior to implementing CTP.
- Having agreements with a variety of FSPs ensures the most appropriate and effective way of transferring cash to beneficiaries is in place. This may require simultaneously setting up agreements with banks, vendors and mobile-money transfer agents.
- **CTP preparedness is not an isolated activity**; it needs to go beyond operations and cross-over reporting to monitoring and evaluation, financial and logistical preparedness and accountability to affected populations.
- Having a **combination of strategic leadership support, technical capability and governmental acceptance** is vital for improving cash preparedness.
- **Systems to accommodate proxies** (non-registered alternates) to collect transfers on behalf of beneficiaries ensures that those who are entitled to receive support can do so even if they do not have the right ID or access to a mobile phone.
- **Drafting SOPs** before piloting CTP and testing them allows them to be adapted to reality based on practice.
- **Establishing compatible systems for registering beneficiaries prior to working with an FSP** facilitates the reconciliation process.
- Being an **active player in country and local level CTWGs** helps to harmonize transfer values across organizations and to identify and resolve mutual challenges. KRCS's lead role helps KRCS to lobby for CTP to be a tool of choice by the government.
- **Communicating registration requirements in advance** is critical to ensure speed of payment.

## Conclusion

In 2014 KRCS recognized the need to adopt a more formal and strategic approach to cash preparedness to strengthen capacity.

KRCS did not rely on external technical assistance for cash preparedness support. Rather, it used the cash in emergencies toolkit as a guide and pioneers new tools and systems as needed ensure that cash can be provided in a reliable and accountable way at speed and scale.

KRCS also sees CTP as a modality and therefore uses indicators linked to programme objectives (e.g., addressing food security needs) with secondary indicators linked to the appropriateness and effectiveness of the assistance.

KRCS has learned that having systems, people and tools in place is important, but learning comes from actual implementation rather than formal, linear progress through the “four tracks”. Therefore KRCS prioritized accessing funding for CTP implementation to ensure cash preparedness. Piloting CTP and using different FSPs helped to identify where preparedness resources need to be focused.

KRCS will continue its journey using CTP in future emergencies, continually improving tools and practices to the benefit of those affected by disasters and crisis.

