



Australian Government
AusAID

Quality at Entry Report and Next Steps to Complete Design for AusAID Support to Kenya Hunger Safety Net Program

A: AidWorks details *completed by Activity Manager*

Initiative Name:	AusAID Support to Kenya Hunger Safety Net Program		
AidWorks ID:	INK050	Total Amount:	\$22,000,000
Start Date:	1 July 2011	End Date:	30 June 2013

B: Appraisal Peer Review meeting details *completed by Activity Manager*

Initial ratings prepared by:	Shannon Ryan
Meeting date:	28 April 2011
Chair:	Lisa Rauter Assistant Director General, AME
Peer reviewers providing formal comment & ratings:	<ul style="list-style-type: none"> – Louisa Cass, Program Manager, Food Security and Rural Development – Lisa Hannigan, Development Program Specialist
Independent Appraiser:	– N/A
Other peer review participants:	<p>Bernie Wyler, Social Protection Advisor, Ausaid Canberra Sue Graves, Counsellor, AusAID Nairobi Shannon Ryan, Senior Program Manager, Ausaid Nairobi Naomi Dumbrell, Director, East Africa Section, AusAID Canberra Malcolm Leggett, Director, Strategy and Portfolio Planning Susan Ferguson, Gender Adviser, AusAID Canberra Tammy Malone, Rural Development (Social Protection) AusAID Canberra Inge Stokkel, Rural Development (Social Protection) AusAID Canberra Rachel Besley, Climate Change and Environment, AusAID Canberra Andrea Cole, Quality and Performance Manager, Africa Program Daniel Kark, Quality and Performance Officer, Africa Program</p> <p>Telephone</p> <p>Nicholas Freeland, Independent Consultant, SP Expert Panel</p> <p>Comments on DSID provided by:</p> <p>Stephen Kidd (SP Expert Panel), Professor Frank Ellis (SP Expert Panel)</p>

C: Safeguards and Commitments *(new!) completed by Activity Manager*

Answer the following questions relevant to potential impacts of the activity.

C: Safeguards and Commitments *(new!) completed by Activity Manager*

1. Environment	Have the environmental marker questions been answered and adequately addressed by the design document in line with legal requirements under the <i>Environmental Protection and Biodiversity Conservation Act</i> ?	Yes
2. Child Protection	Does the design meet the requirements of AusAID's Child Protection Policy?	N/A
3. Imprest Account	Does the business case and risk assessment support the use of an imprest account as the most efficient, effective and ethical use of Commonwealth funds in accordance with the Commonwealth Financial Framework and AusAID policy?	N/A

D: Initiative/Activity description *completed by Activity Manager (no more than 300 words per cell)*

4. Description	<p>The Hunger Safety Net Programme (HSNP) is a long term social protection program funded by the UK Department for International Development (DFID). It aims to reduce extreme poverty, vulnerability and hunger by delivering regular, guaranteed cash transfers to <u>300,000</u> chronically food insecure people in the districts of Mandera, Wajir, Marsabit and Turkana in ASALs in northern Kenya. The program has its origins in concerns about successive droughts in northern Kenya and the use of emergency (and therefore unpredictable) food aid responses to tackle an increasingly chronic and long-term food security problem.</p> <p>The 10 year HSNP program was designed as two separate phases – HSNP1 (trial phase) to test the approach and implementation on 60,000 households and HSNP2 (implementation phase) to take the program to scale. The key attributes of HSNP2 are :</p> <ul style="list-style-type: none"> • Increased number of beneficiaries and geographical coverage • Move from "safety net for disasters" to a "springboard for growth" approach • Layering of additional support to go beyond social assistance and to be more focused on supporting a reduction in the poverty gap • Working through government and aligning with government driven objectives under the Arid and Semi-Arid Lands (ASAL) secretariat and framework
5. Objectives Summary	<p>AusAID's specific objectives for supporting the HSNP:</p> <ul style="list-style-type: none"> • Contribute to the delivery of social transfers to address chronic poverty in northern Kenya in more predictable and appropriate way than current emergency food aid systems; • Deliver social transfers that test the effectiveness of using cards to: <ul style="list-style-type: none"> - layer complementary livelihoods support onto cash transfers in order to achieve more sustainable outcomes; - provide faster and more flexible assistance to vulnerable groups in times of crisis in ways which are more mobile and cost-efficient than food; • Support equitable social protection policy and programming in which pastoralists and other marginalised groups are not sidelined; and • Engage in the ASAL dialogue with the ASAL Secretariat to ensure an ongoing focus on ASAL and pastoralist issues despite the risks associated with ministerial shake-up and constitutional reform. • Funding to the HSNP provides AusAID considerable profile and influence with GoK and key development partners, and a seat in key forums discussing broader policies and strategies.

E: Quality Assessment and Rating *(no more than 300 words per cell)**completed by Activity Manager after agreement at the Appraisal Peer Review meeting*

Criteria	Assessment	Rating (1-6) *	Required Action (if needed)
6. Relevance	1. The selection of the HSNP is sound based on the criteria developed by AusAID's social protection panel and Pillar 3 of the Africa Food Security Initiative. Choosing to focus on Kenya addresses	5	a. Provide an overview of Kenya's Agricultural Sector Development Strategy (ASDS), particularly as it

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	<p>both need and AusAID's ability to manage a country program from its regional office. AusAID's objectives for supporting HSNP are clearly identified.</p> <p>2. The AusAID Design Summary and Implementation Document (DSID) needs to be more explicit about how the HSNP links to Kenya's national Agricultural Sector Development Strategy (ASDS) i.e. how does the HSNP support the government's food security and nutrition strategy? The ASDS includes a specific focus on pastoralists and arid and semi-arid lands (ASALs), particularly in the regions HSNP targets. The ASDS is also particularly relevant in relation to the HSNP Phase 2 objectives of testing the potential for livelihood support (layering) to be provided through cash transfer cards.</p> <p>3. More clarity is required on the number of beneficiaries that were included in Phase 1 and that are projected in Phase 2, as the number of households and the number of people are interchanged.</p> <p>4. It remains uncertain how well the HSNP aligns with the government social protection priorities. Whether there is the political will for the program to transition to government financing and management in the near future is an unknown, but not a reason not to proceed (<i>this issue is addressed in section 11 – Sustainability</i>).</p>		<p>relates to pastoralism and ASAL areas.</p> <p>b. Identify the potential linkages between the ASDS and the objectives of the HSNP.</p> <p>c. Clarify the number of HSNP beneficiaries by providing both the number of people and the number of households.</p>
7. Analysis and Learning	<p>1. Appropriate analysis has been undertaken on the choice of country and program. The contextual analysis provided is very thorough, including sufficient description of the poverty/ vulnerability situation in Kenya and the reason this program is appropriate to address the issues facing poor people in ASAL areas. The need to transition from recurrent humanitarian responses to longer term approaches that reduce shocks, improve consistency of income and food security is clearly articulated.</p> <p>2. Given the HSNP is based on a cash transfer, more information is required in the DSID on the availability of food in local markets (in order that cash translates to increased food security) and on the potential inflationary effect of the transfers on local markets.</p> <p>3. Further consideration is required of the impact on food and nutrition security of the significant decline in Kenya's agricultural productivity over recent decades (which has only recently reversed), as well as future prospects. This will provide a productive lens through which to consider not only the need for social protection, but also the potential economic benefits for targeted beneficiaries and the broader community.</p> <p>4. As the M&E report from Phase 1 was not available for review prior to the AusAID Peer Review process, the M&E results from HSNP Phase 1 must be considered when available; and where appropriate, the learnings and recommendations incorporated into HSNP Phase 2.</p>	5	<p>a. For existing/ proposed HSNP areas, provide information on, and assess the availability of food in local markets and the potential inflationary effect of cash transfers on local markets.</p> <p>b. Consider in greater detail the impact on food and nutrition security of the significant decline in Kenya's agricultural productivity over recent decades, as well as future prospects, to provide a productive lens to determine the need for social protection and the potential economic benefits for targeted beneficiaries and the broader community.</p> <p>c. The M&E results from HSNP Phase 1 will be considered when available; and where appropriate, the learnings and recommendations will be incorporated into HSNP Phase 2.</p>

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8. Effectiveness	<ol style="list-style-type: none"> 1. The overall approach of the HSNP seems broadly sound and the feedback to hand indicates that the program is fulfilling its broad goal of delivering cash transfers to chronic poor households in northern Kenya. However, there are several gaps of information that should be addressed. 2. The goal and predicted outcomes of the HSNP Phase 2 aren't clear. The Programme Memorandum was written four years ago and the program has now been active on the ground for the past 3 years. HSNP Phase 2 planning is now underway. More information on the current and proposed future program design and logic is required; and on how the results from Phase 1 and the M&E feedback will be incorporated. 3. Greater clarity is required on AusAID's specific objectives in supporting HSNP, beyond the stated goals of the HSNP itself. Some of the objectives touched on, that require greater clarity, include gaining experience in Kenya of social protection and delivering cash transfers, building relationships and developing influence with government and key development partners, and participating in key forums on ASAL issues and social protection. 4. The program is sound but it's small. It would be good to get a better sense of scale of the support. Up to 95% of households in the ASAL districts are poor. What's the coverage of this program? 10% overall but in the ASALs? How many households are we talking about? When the doc talks about 300,000 beneficiaries I assume that means direct transfer recipients so it will impact directly on 300,000 households (average of 5 members?). What % of ASAL households living in poverty is this? 5. Some information on potential impacts of and to conflict is required. The HSNP is being delivered in volatile areas with armed pastoralists where tribal conflict over cattle and land is common. Any conflict caused by the program has the potential to have serious impacts. Focusing on a small group of the poor when poverty is reasonably homogenous may not have caused conflict to date, however layering additional benefits, as is one of the purposes of the AusAID funds, may cause tension among the excluded. 6. A more detailed assessment and rationale is required for the 'targeting' mechanism used in the program. How have each of the three targeting mechanisms performed in Phase 1 and how will targeting be undertaken in Phase 2? How will exclusion errors be dealt with? How will AusAID ensure that beneficiary categories that AusAID has identified for support will actually be targeted? 7. The 6As rationale for AusAID support of the HSNP (outlined in Section 4 of the DSID) needs to expand. Each 'A' category should be dealt with sequentially and as exhaustive a list of potential issues as possible included. 8. A clearer explanation is required of how the HSNP will contribute to the purpose and objectives stated in the Programme Memorandum of establishing a government-led national system. While it is a wise 	<ol style="list-style-type: none"> 4 <ol style="list-style-type: none"> a. DFID is currently preparing a new design document (draft available) to address phase 2 of the HSNP. It will incorporate lessons learnt and future direction following HSNP Phase 1. This will address concerns raised around design logic and M&E. b. The number of beneficiaries/households have been revised as part of HSNP Phase 2 and have been reflected in the updated DSID document, FMA9/10 and will be reflected in the new design document from DFID. Summary – HSNP Phase 1 reach extended to 60,000 households/300,000 beneficiaries and HSNP Phase 2 will extend to 160,000/912,000 beneficiaries. c. Phase 2 of the HSNP will scale up significantly to target the 30% poorest households in ASAL districts of operation. d. The risks associated with the program will be fully developed in the new DFID design document including risks such as selection of participants and implications for those excluded and conflict impacting on the program. e. Point 8 will be addressed in the new DFID design document about how to transition the program from being donor led to government led. f. Point 9 will be taken into account as part of the risk management in implementation
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	<p>risk management strategy to mitigate potential disruptions to implementation from the 2012 election, there appears to be limited government buy-in currently and there is not a clear pathway defined in the documents as to how this will be addressed post-election.</p> <p>9. Equity Bank has been very successful in the delivery of cash transfers in the HSNP. However, there are some potential issues that need to be investigated further.</p> <p>I. Equity Bank is known to be run primarily by people from the Kikuyu tribe. If tribal tensions flare, for example during the 2012 election period, there may be the potential for Equity Bank to be targeted and potentially impact the delivery of cash transfers.</p> <p>II. Equity bank is the sole delivery agent for cash transfers in the HSNP, which provides a very large competitive advantage in the HSNP target areas in northern Kenya. This may create disincentives for other financial service providers to move into the area/ sector in the future, which is important to ensure competition and motivate improved service delivery.</p>		
9. Efficiency	<p>1. Investing in HSNP through DFID is an efficient mechanism for AusAID to contribute to social protection focussed on food security in Kenya. The delivery of cash transfers through identification cards and agents is efficient and safe, and provides opportunity for 'layering' additional livelihood support, as identified in AusAID's objectives.</p> <p>2. Prior to finalising a contract with DFID, more concrete assurance is required that DFID has the necessary resources to mobilise and manage the additional AusAID funds and that the funds can be delivered within AusAID's required timeframe.</p> <p>3. The proposed donor coordination mechanism appears strong; however, AusAID's role in the governance of the HSNP needs to be more clear and explicit.</p>	5	<p>a. Ensure there is concrete assurance from DFID that they have the necessary resources to mobilise and manage the additional AusAID funds and that the funds can be delivered within AusAID's required timeframe.</p> <p>b. Clarify AusAID's role in the governance of the HSNP.</p>
10. Monitoring and Evaluation	<p>1. An M&E framework and process was established at the outset of the HSNP Phase 1, including the collection of baseline data and randomised evaluation throughout the first phase. This is a major positive of the program, as is the selection of Oxford Policy Management (OPM) as the M&E implementing contractor. OPM has a strong reputation and experience in M&E and we can expect robust and reliable results.</p> <p>2. More information is required in the HSNP program document on the M&E arrangements (e.g. how are we measuring progress towards desired outcomes?).</p> <p>3. In terms of specific measures, in addition to the social protection analysis, it is recommended that measures of the delivery of the cash transfers be assessed against financial and social indicators also.</p> <p>4. Need to also consider M&E specific to AusAID</p>	4	<p>a. Obtain a copy of the HSNP Phase 1 M&E report from DFID.</p> <p>b. Assess Phase 1 M&E findings with regards to appropriate modifications/ alternative approaches for Phase 2</p> <p>c. Update the HSNP DSID to provide more detail on the HSNP M&E arrangements, both the arrangements in place for Phase 1 and the proposed arrangements for Phase 2.</p> <p>d. In the design of the HSNP Phase 2, seek to include financial and social indicators of the impacts of the delivery of cash transfers.</p>

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	<p>involvement. This requires:</p> <ul style="list-style-type: none"> - clarity on AusAID's specific objectives for engagement (e.g. relationship-building, profile on SP and CTs in Kenya, learning about ASAL issues, influence on ASAL decision-making..); and - thinking upfront about specific indicators for these objectives, data/ info requirements, and determining inception baselines. 		<p>e. Develop M&E arrangements, specific to the AusAID engagement with the HSNP, to enable assessment of the achievement of key AusAID objectives, outcomes and impacts.</p>
11. Sustainability	<ol style="list-style-type: none"> 1. The current lack of government funding of the program represents a key sustainability issue in terms of the continuation of the HSNP beyond the proposed 2017 project completion. AusAID should ensure that government funding and greater government management of the program is an explicit focus of the Phase 2 design process. 2. The rationale and methodology surrounding the adequacy of the value of the cash transfers needs to be reviewed in the Phase 2 design process. In particular, the methodology should be reconsidered to provide a more sustainable approach whereby the value of cash transfers is pegged to real food prices on an ongoing or periodic basis. The value of cash transfers will be increased in mid-2011 to address recent food price rises and general inflation and to bring HSNP in line with other programs. The DSID also states that gaps will need to be filled through emergency funding. While this may be appropriate for large price shocks, it is not sustainable for general food price (and other economic) impacts. 3. AusAID is leveraging the advantage of DFID's 10 year commitment to the HSNP (beginning 2007), which ensures key criteria of social protection such as certainty and adequate time to facilitate graduation are addressed. However, some longer term certainty of AusAID's investment in the HSNP would allow the funds to be used more flexibly and effectively as part of the total program funding. A short-term commitment is not consistent with the strengthening philosophy that Australia's (and other donors') investments in social protection should be long-term. While considering current budgetary processes, it would be positive for AusAID to indicate a longer term commitment to the HSNP, should the budget allow. 4. A table is required in the DSID clearly outlining DFID's yearly expenditure and AusAID's proposed expenditure. 	4	<ol style="list-style-type: none"> a. Ensure that the issue of government funding and greater government management of the HSNP is explicitly considered in the HSNP Phase 2 design process. b. Ensure the rationale and methodology surrounding the adequacy of the value of the cash transfers is reviewed in the Phase 2 design process. In particular, evaluate the potential for a more sustainable approach whereby the value of cash transfers is pegged to some metric of real food prices on an ongoing or periodic basis. c. Seek clarification with AusAID Budget Unit whether the current funding proposed for the HSNP is ongoing or time-bound. d. If the budget measure is ongoing, reconsider whether a longer-term commitment, perhaps in line with DFID's proposed project of completion of 2017, is appropriate. e. Provide a table outlining DFID's yearly expenditure and AusAID's proposed expenditure.
12. Gender Equality	<ol style="list-style-type: none"> 1. In terms of gender equality, the HSNP is considered to adequately address gender considerations. However, there is the potential that with minor modifications and with the consideration of relevant issues upfront in the design of Phase 2, the HSNP could achieve very high quality gender rating. 2. While gender issues are considered in the DSID and existing HSNP documents, further evidence is required on how these issues are managed in the program implementation and translated into desired outcomes. 3. Gender is an area where AusAID can add 	4	<ol style="list-style-type: none"> a. Greater information required on how gender consideration/ issues incorporated into the HSNP implementation. This has been identified as forthcoming in the imminent M&E report. b. Review the Phase 1 M&E report, and include the findings in the design process for Phase 2 where necessary, for women's involvement/ voice/

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	significant value to the HSNP. AusAID is currently funding research on gender and social protection through other programs. This research could help to inform AusAID's approach to gender in the HSNP, in particular working with DFID to develop appropriate indicators for inclusion in the M+E framework (if these aren't currently included).		<p>representation in:</p> <ul style="list-style-type: none"> i. Program governance and Advisory/ Steering Groups; ii. Program decision-making, especially those forums/ processes relating to targeting, grievances and distribution; and, iii. The design process for Phase 2. <p>c. AusAID will bring a strong gender lens to the HSNP. This particularly relevant in the Phase 2 design process and in the design, trialling and modification of layering assistance.</p>
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*** Definitions of the Rating Scale:**

Satisfactory (4, 5 and 6)		Less than satisfactory (1, 2 and 3)	
6	Very high quality; needs ongoing management & monitoring only	3	Less than adequate quality; needs to be improved in core areas
5	Good quality; needs minor work to improve in some areas	2	Poor quality; needs major work to improve
4	Adequate quality; needs some work to improve	1	Very poor quality; needs major overhaul

F: Next Steps *completed by Activity Manager after agreement at the Appraisal Peer Review meeting*

Provide information on all steps required to finalise the design based on <i>Required Actions</i> in "E" above, and additional actions identified in the peer review meeting	Who is responsible	Date to be done
1. Necessary changes will be made to the design document as the relevant documents come to hand, in particular the Phase 1 M&E report. This timing will be dependent upon DFID receipt of documents, estimated to be approximately 1 July 2011.	AusAID	8 July 2011
2. Signing of the contract with DFID. The first tranche payment and formal AusAID engagement in the HSNP can proceed.	AusAID	1 September 2011

G: Other comments or issues *completed by Activity Manager after agreement at the APR meeting*

- A general review of the design document will be undertaken to correct any editing errors.

H: Approval *completed by ADG or Minister-Counselor who chaired the peer review meeting*

On the basis of the final agreed Quality Rating assessment (E) and Next Steps (F) above:

☒ **QAE REPORT IS APPROVED**, and authorization given to proceed to:

☒ **FINALISE** the design incorporating actions above, and proceed to implementation

or: ☐ **REDESIGN** and resubmit for appraisal peer review

☐ **NOT APPROVED** for the following reason(s):

Lisa Rauter

signed:



5/8/11