

FSD Updates

G2P PAYMENTS PROJECT: HELPING SOCIAL PROTECTION TO REACH REMOTE RURAL AREAS

Hunger Safety Net Programme (HSNP)

Small regular social grants or payments to the very poor or vulnerable are increasingly recognised as a key tool in the fight against extreme poverty. New social protection payment schemes face major challenges in delivering payments safely and cost effectively to beneficiaries. During 2008 FSD took on responsibility for the management of payments under Kenya's new Hunger Safety Nets Programme (HSNP) funded by DFID. The programme has begun to pilot the payment of cash transfers to poor and vulnerable households across northern Kenya.

Equity Bank was selected to provide payment services to the HSNP through a competitive process undertaken by FSD. The approach adopted will provide an efficient payment solution and will offer financial services to the wider community in these under-served areas through new bank branches and access points through retailers equipped with point of sale devices.

Equity Bank is the payments service provider for the HSNP programme in northern Kenya. This means that they are tasked with delivering 2,150/= to 60,000 recipients every two months. (The number of recipients to receive payments has not yet scaled up to the final number of 60,000 at the end of cycle III there were 14,500 recipients, 24% of the total.) Payments to recipients are made through a network of 120 agents with point of sale devices (POS). An agent is typically a local shop keeper who has cash available from his business activity. The agent has a POS device and solar panel to charge the device installed at his premises which becomes HSNP Paypoint. The recipient of the payment is issued with a card to access their payment. When an agent makes a payment to a recipient he pays out cash from his till this cash is then credited to his Equity Bank account along with a fee for this service.

The POS device ensures that electronic records of the transaction are kept; the device also produces a paper receipt to both the recipient and the agent. (At the end of cycle III 38 agents were delivering payments, 32% of the total projected number of agents.)

Mr Abdinoor of Johwar

The first payments in the programme were made by Jimale Abdinoor, an agent in the Johwar sub location of Wajir East district, in the last week of February 2009. We returned to interview him seven months later after he had completed three payment cycles and was starting cycle IV, at the end of September 2009.

Jimale received training on the use of the POS device and customer service from the Equity field team. He is responsible for issuing payments to the 261 households in the Johwar sub location. Jimale said he became an agent because he felt it was his responsibility as a member of this community, he wanted to ensure that people were able to benefit from the programme by



Mr Abdinoor making the first payments in Johwar

volunteering as an HSNP agent. He was concerned that if there was no agent his community might not benefit. His secondary motivation was the potential financial gain. For each payment that he makes, Equity credits his account with a small commission. He says that becoming an agent was a challenge and that he had to be brave to take on this challenge he also needed Equity Bank's support in overcoming these challenges. He is in a better financial position now and is very happy that he became an agent. His improved financial position has allowed him to feed his family a better diet. His daughter now attends a better school, which charges Jimale monthly fees. He has also been able to invest in extending his shop. He hopes to offer recipients a better service and his community a wider selection of stock in his new and enlarged premises.



The original smaller shop. On the right is the shop's new extension

Jamile offers advice to other individuals wanting to become agents. “You should not agree to take on a responsibility that you cannot execute. You must execute your duties in a good and honest way. Remember that is not just your own reputation to protect but also that of the programme and Equity Bank and their partners.”

Mr Moita Kalobeiyei

Whilst Jamile was the first agent to make payments, Mr Moite was the first agent recruited by Equity in Kalobeiyei which is in Turkana North. His story shows other benefits experienced by both an agent's family and community.

The installation of the solar package to charge his POS has been the benefit that he has most enjoyed. The excess power generated by the unit has allowed him to light his shop and his children's room so they are now able to study after dark. His customers have also enjoyed his mobile charging service. Previously there was no power in the village although there was signal from mobile network operator Safaricom. This meant a four hour walk to the town of Kakuma to recharge phones. Community members now have a more convenient service and Mr Moita has additional revenue from this service.



The installation of a solar panel on the roof of Mr Moite's shop roof and a typical battery and inverter pack powering light bulbs



Mr and Mrs Moite in their shop in Kalobeiyei, Turkana North



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