REPUBLIC OF KENYA

NATIONAL SOCIAL PROTECTION STRATEGY

Prepared by the
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CONTENTS

ABBREVIATIONS AND ACRONYMS

AIDS	-	Acquired Immune-Deficiency Syndrome
ASAL	-	Arid and Semi-Arid Lands
ASPAC	-	Area Social Protection Committee
CBHI	-	Community-Based Health Insurance
CCTs	-	Conditional Cash Transfers
CIS	-	Communication and Influencing Strategy
CMH	-	Commission on Macroeconomics and Health
CPPs	-	Core Poverty Programmes
CSOs	-	Civil Society Organizations
CSR	-	Corporate Social Responsibility
DDC	-	District Development Committee
DFID	-	Department for International Development
DSPC	-	District Social Protection Committee
ERS	-	Economic Recovery Strategy
GDP	-	Gross Domestic Product
HIV	-	Human Immune-Deficiency Virus
HSNP	-	Hunger Safety Net Programme
IDPs	-	Internally Displaced Persons
ILO	-	International Labour Organization
IMSPC	-	Inter-Ministerial Social Protection Committee
IPC	-	International Poverty Centre
KIHBS	-	Kenya Integrated Household and Budget Survey
KIPPRA	-	Kenya Institute for Public Policy Research and Analysis
KPDP	-	Kenya Programmes of Disabled Persons
KRA	-	Kenya Revenue Authority
M&E	-	Monitoring and Evaluation
MDGs	-	Millennium Development Goals
MGCSD	-	Ministry for Gender, Children and Social Development
MTEF	-	Medium Term Expenditure Framework
NDRC	-	National Dispute Resolution Committee

NGOs	-	Non-Governmental Organizations
NHIF	-	National Health Insurance Fund
NIMS	-	National Information Management System
NSAs	-	Non-State Actors
NSC	-	National Steering Committee
NSPF	-	National Social Protection Framework
NSPS	-	National Social Protection Strategy
OVC	-	Orphans and Vulnerable Children
PRSP	-	Poverty Reduction Strategy Paper
PSPC	-	Provincial Social Protection Committee
PWD	-	People with Disabilities
PWP	-	Public Works Programme
RBA	-	Retirement Benefits Authority
UNICEF	-	United Nations Children's Fund
WMS	-	Welfare Monitoring Survey

EXECUTIVE SUMMARY

The Government recognises that poverty and vulnerability pose significant risks to the people of Kenya, challenging the country's social and economic foundations. About 46% of the population of Kenya live below the national poverty line while 19% live in extreme poverty. The high poverty levels are as a result of several factors including, but not limited to; natural disasters, environmental degradation, the HIV/AIDS pandemic, unemployment, a lack of income in old age and a breakdown of traditional safety net mechanisms. Kenya, like most developing countries, is actively pursuing the Millennium Development Goals (MDGs). However, current progress towards the MDGs indicates that they are unlikely to be met partly because of inadequate access to social services, especially for the poor in our society. This therefore calls for a social protection strategy to reverse the trend.

Social Protection in Kenya is defined as: ***"policies and actions for the poor and vulnerable which enhances their capacity to cope with poverty, and equips them with skills to better manage risks and shocks."*** The Government has developed this Strategy to guide its implementation of activities aimed at addressing the needs of the poor and vulnerable in the next five years. This Strategy builds on other related government strategy documents, namely the Poverty Reduction Strategy Paper (PRSP) of 2001, the Economic Recovery Strategy for Wealth and Employment Creation (ERS) of 2003 and the Kenya Vision 2030 of 2008.

This Strategy builds on the efforts of key stakeholders engaged in different aspects of Social Protection nationally and regionally. Notable in Government is the Ministry of Gender, Children and Social Development (MGCSD), and within the international development community are DFID, UNICEF and World Bank. This is also in addition to building on the regional commitment following the Livingstone meeting of Ministers of 2006 by 13 African countries, including Kenya, to develop Social Protection programmes to address poverty.

As a Government, we consider that an integrated Social Protection system would cushion the citizens from major unforeseen events likely to affect their well being. These include shocks associated with the life cycle, health, employment, livelihoods and natural disasters. Each of these shocks will require a Social Protection intervention, with some interventions able to produce multiple positive impacts.

The Government acknowledges that there are several instruments for implementing Social Protection including unconditional cash transfers, conditional cash transfers, public works programmes, and social insurances. Although the core intervention adopted for this Strategy is cash transfers, we recognise that no single instrument can address the complexity of issues associated with poverty and vulnerability. Effective mechanisms to exploit linkages between cash transfers and other forms of Social Protection are required. The Government will therefore ensure that the benefits arising from these complementarities are maximised.

In order to implement this Strategy, the Social Protection Programme will be managed by an internal semi-autonomous Secretariat housed in the Ministry of Gender, Children and Social Development. This approach allows the Government to avoid the creation of new structures that might prove to be expensive in the long-term and that may not fit into the current governance system. The Secretariat will have a National Information Management System (NIMS) that would form the basis for monitoring and refining the programme over the Strategy implementation period.

The key challenge for the Government is to ensure that there is a sustainable financing mechanism for the long-term delivery of Social Protection in the country. It is important to concretely identify the available sources of finance to meet the costs associated with delivering this Strategy. Tax revenue is one of the main sources of finance for Social Protection. Allocating a percentage of the national budget through the Medium Term Expenditure Framework (MTEF) would ensure that Social Protection enjoys a predictable and long-term budgetary commitment as do other sectors.

The amount of tax revenue available for Social Protection will depend largely on the rate of economic growth. High growth rates over the medium to long-term will ensure the sustainability of Social Protection. The government will increase budgetary allocations to Social Protection through the MTEF from the current Kenya Shillings 230 million allocated in the MTEF (2008-2012). In addition to national resources, the Government sees great potential of support from its development partners. Poverty alleviation is central to the agenda of most development partners, suggesting that Social Protection will increasingly be an important area for donor funding in Kenya. The

Government will therefore continue to promote an environment that is conducive for donor partners to contribute to the financing of Social Protection in a more coordinated manner. The Non-State Actors (NSAs) will also provide both human and financial support towards the implementation of this Strategy.

The private sector has a role to play in Social Protection. The Government and the sector will establish a mechanism through which the private sector will contribute to financing and managing Social Protection. It is envisaged that a certain percentage of company profits would be set aside for Social Protection while members of the sector would be represented on the management structures. This would be in line with best practice in other countries and with the companies' social responsibility.

1.0 INTRODUCTION

1.1 Background

Poverty and vulnerability pose significant risks to Kenya's society, challenging the country's social and economic foundations. The 2005/06 Kenya Integrated Household Budget Survey (KIHBS) documents that 46% of the population lives below the national poverty line while 19% lives in extreme poverty, being unable to meet their basic food requirements. A large proportion of the population is vulnerable to poverty due to a wide range of factors, including natural disasters such as floods and droughts, environmental degradation, the HIV/AIDS pandemic, unemployment, a lack of income in old age and a breakdown of traditional safety net mechanisms.

Kenya's economic growth has averaged 5.6% over the last 3 years.[1] The Kenya Vision 2030 - the new development blueprint for the period 2008 to 2030 - has an ambitious goal of achieving an average growth rate of 10% per annum for the next 25 years.[2] However, the Government acknowledges that economic growth alone is insufficient to achieve a meaningful improvement in the quality of life of the poor and vulnerable members of the population. Inequality in Kenya is fairly high; the Gini index is 42.5 and the richest 20% of the population consume 49.1% of GDP.[3] It is, therefore, critically important that mechanisms to tackle poverty and vulnerability directly are given priority if an improvement in social indicators is to be registered.

1.2 Definition of Social Protection for Kenya

Social Protection in Kenya refers to *policies and actions for the poor and vulnerable which enhance their capacity to cope with poverty, and equips them with skills to better manage risks and shocks*. In order to realise broad national developmental objectives, a clear Social Protection strategy is required. The Kenya Vision 2030 aims to provide a high quality of life for *all* citizens in just over 2 decades. The Vision is divided into 3 pillars – the economic, social and political pillars. The objective of the social pillar is to build *"a just and cohesive society with social equity in a clean and secure environment"*. The key areas identified under the social strategy are education and training, health, water and sanitation, the environment, housing and urbanisation, gender, youth and vulnerable groups, equity and poverty elimination. These areas can be placed within the Social Protection framework of social assistance, social services, social insurance and social equity. In order to achieve the objectives of the social pillar such as increasing the net enrolment rate to 95% and promoting equity in health care financing, a coordinated Social Protection system is required.

Like most developing countries, Kenya is actively pursuing the Millennium Development Goals (MDGs). Latest indicators points out that Kenya is off-track in meeting the targets by 2015. This is partly because of limited resources for the provision of basic social services. A National Social Protection Strategy would thus enhance the potential for the Government to achieve the MGDs.

Social Protection activities in Kenya are multi-sectoral, involving several ministries including the Ministry of Gender, Children and Social Development (MGCSD), the Ministry of Health, the Ministry of Education, the Ministry of Special Programmes in the Office of the President and the Ministry of Home Affairs in the Office of the Vice-President. Other stakeholders, namely development partners, Non-State Actors (NSAs) - including Non-Governmental Organisations (NGOs), Civil Society Organisations (CSOs) - and organisations representing vulnerable groups are also involved in providing Social Protection at different levels. The lack of coordination is a major impediment to the effective delivery of Social Protection. In order to coordinate the roles and contributions of the different stakeholders, a Social Protection Strategy is required. Such a Strategy will also serve to raise awareness of Social Protection amongst important government decision-makers and development partners.

The Kenyan political environment is conducive for Social Protection. The establishment of the National Steering Committee (NSC) for Social Protection in 2007 under the leadership of MGCSD has created a platform for inter-ministerial debates in the short-term and joint ownership of Social Protection in the long-term. The Government has demonstrated a clear commitment to improving the quality of life of the poor as reflected by the significant expansion in spending on social sectors in the last 5 years. This period has also been characterised by greater public debate and awareness on the needs of the poor and vulnerable amongst us. Thus, this Strategy intends to harness the existing goodwill to achieve meaningful and sustained interventions for improved quality of life of all Kenyans.

1.3 Objectives of Social Protection for Kenya

Based on an assessment of poverty, vulnerability, risk factors and inputs from the national and provincial consultations held in 2007/8 as part of the development of this Strategy, the objectives to be addressed by the Strategy are to:

- Enhance the long-term capacity of poor and vulnerable households to meet their basic consumption needs and to improve their access to basic services;
- Contribute to the building of human capital as a way of addressing the underlying causes of poverty and breaking the cycle of inter-generational poverty;
- Promote strategies that will (a) reduce the likelihood of an adverse risk, (b) reduce the impact of the future risk, and (c) relieve the impact of the risk once it has occurred; and
- Mobilise resources and effectively coordinate their use to address poverty, vulnerability and risk management at the national level.

1.4 Expected outcomes

In *the short and medium-term,* the Strategy will meet the immediate needs of the poorest and most vulnerable members of the society. This means focusing primarily on the 19% of the population that is living in extreme poverty and those most vulnerable to income poverty due to external shocks. Given the limited financial and human resources in the country, the initial Social Protection interventions will begin where the need is greatest.

In *the long-term* the Strategy will facilitate the development of a comprehensive Social Protection system. This system should provide interventions that are protective, preventive, promotive and transformative, and that enhances risk management. Although in the long-run the multi-faceted nature of Social Protection will mean coverage of most of the population, its priority will remain on those identified as poor and vulnerable to poverty.

1.5 Linkages between this strategy and other policy documents

The Kenya Vision 2030 aims to establish a consolidated Social Protection fund for youth and vulnerable groups and for addressing gender-related issues. The Vision also expects to implement initiatives aimed at *"increasing school enrolment for girls and children from poor, rural and urban slum communities; widening the coverage of essential health care; and equitable distribution of water, sewerage and sanitation* *services"*. Thus, Social Protection is a key priority under Kenya Vision 2030. An achievement of the Social Protection objectives of the Vision will require a coordinated approach to implementing the interventions.

This Strategy also builds on other government strategy documents, namely the Poverty Reduction Strategy Paper (PRSP) of 2001 and the Economic Recovery Strategy for Wealth and Employment Creation (ERS) of 2003. In addition to prioritising access to basic services by the poor – education, health and water supply - the PSRP identifies Social Protection as a means of addressing food insecurity in Kenya. Similarly, the fourth pillar of the ERS is investment in the human capital of the poor. Priority areas in the ERS include achieving 100% primary school enrolment and establishing a comprehensive national health insurance scheme. Kenya is one of 189 countries to have endorsed the MDGs and aims to achieve them by 2015.

2.0 POVERTY AND VULNERABILITY IN KENYA

This section reviews important findings on poverty and vulnerability in Kenya from recent studies. The objective of this review is to gain insight into the nature of poverty and vulnerability and in the process highlight the areas of priority for this Strategy. The chapter also summarises feedback from national and provincial consultations held in 2007/8.

The Kenya Institute for Public Policy Research and Analysis (KIPPRA) has undertaken several studies on poverty in Kenya. At the household level, poverty is found to decline rapidly depending on the level of education of the head of household, and to rise with household size and involvement in agricultural activities. Extreme poverty is found to decline rapidly as farm households shift to non-agricultural activities.[4] Household data also shows that older people in rural areas are more likely to be poor than other age groups.[5] At the macro-level, a decline in national income and employment and a rise in inequality are associated with higher levels of poverty.[6]

Vulnerability is the likelihood of falling into poverty. It is dynamic in nature and provides further insight into the nature of poverty. In addition to providing support to those in a state of poverty, Social Protection is also about addressing the risks that can cause people to fall into poverty. These include natural disasters, unemployment and sickness. Assessing vulnerability can strengthen the impact of Social Protection by providing a pre-emptive component to addressing poverty.

A study using the Welfare Monitoring Surveys (WMS) of 1994 and 1997 established that rural households faced a 39% chance of becoming poor in future.[7] Households in arid areas were more vulnerable than households in non-arid areas. The main risk factor in arid areas was the unpredictability of rainfall while in non-arid areas malaria was the main problem. The study also found that possession of livestock – cattle, sheep and goats – was largely ineffective in mitigating the impact of natural disasters. However, livestock in arid areas was found to have some impact in alleviating the impact of household level shocks such as death and unemployment. Based on policy simulations, the study established that interventions aimed at reducing the incidence of malaria, promoting adult literacy, improving market accessibility, and promoting off-farm employment prospects would significantly reduce vulnerability among non-pastoralist communities.

A study using a community-based inquiry approach examined the dynamics of poverty in 20 western Kenyan villages over a 25 year period.[8] The study covered a total of 1706 households. It found that 19% of all households in these villages fell into poverty over the reference period. Approximately 73% of households falling into poverty said that poor health, sickness and related expenses were the main factors behind their decline into poverty. The death of the main income earner as a result of illness was also a key factor leading to poverty. The study argues that preventing decline into poverty will not be done effectively until health constraints are addressed. In addition to high funeral expenses, large family size and small landholdings increase the probability of being poor.

Another panel study of 1500 households[9] established that large households, households with a large number of young people and households with a large number of older persons were more likely to experience transient and chronic poverty. On the other hand, large crop acreage, crop diversification, use of fertilizer and education above primary level were associated with a lower likelihood of transient and chronic poverty.

During national level consultations meeting held as part of developing this strategy, there was a high level of consensus in all the provinces regarding the poor and vulnerable in Kenya. The main groups identified through these consultations were: orphans and vulnerable children (OVCs); PWDs; older persons (particularly those with no source of livelihood after retirement); the urban poor living in slum areas; people living on the streets (mainly in the urban centres of Nairobi and Mombasa); people living with HIV/AIDS; and people affected by natural disasters such as droughts and floods. More recently following the post-election violence of January and February 2008, internally displaced persons (IDPs) featured prominently as poor and vulnerable persons.

3.0 A SOCIAL PROTECTION STRATEGY FOR KENYA

3.1 Introduction

Several factors contribute to the current impetus for Social Protection in Kenya. First, different stakeholders in Kenya have increased their efforts to raise the profile of Social Protection in the policy and political arenas. Notable in Government is the MGCSD and within the international development community are DFID, UNICEF and World Bank. Second, the empirical evidence from Latin America and Southern Africa indicates that Social Protection – and cash transfers in particular – can play a significant role in addressing poverty and vulnerability. Third, a review of Social Protection interventions indicates an inadequate Social Protection coverage of the poor and vulnerable in our country. Fourth, although Social Protection interventions already exist in this country, they need to be better coordinated in order to achieve greater impact. Finally, there is a large amount of ongoing work in the sub-Saharan African region towards developing national Social Protection frameworks. These frameworks are evolving into best practice for providing Social Protection within the region.

3.2 A Framework for Social Protection in Kenya

The development of this Strategy is done within the context of a framework from which programmes can be developed and implemented. The objectives of Social Protection correspond to four aspects of Social Protection - social assistance, social services, social insurance and social equity.

The International Labour Organization (ILO) provides a framework for Social Protection that separates measures into 4 categories – protective, preventive, promotive and transformative measures.[10] Devereux and Sabates-Wheeler build on the ILO framework to provide a framework with an additional category referred to as transformative measures.[11]

> *Protective measures*: aim to provide relief from deprivation. These include social assistance measures such as social pensions and social services (for example, free primary education).
>
> *Preventive measures*: these are used to prevent deprivation that may result from a shock. This refers to formal social insurance mechanisms such as health and unemployment insurance and informal mechanisms like funeral societies.

Promotive measures: these seek to boost real incomes and capabilities with livelihood promoting interventions such as microfinance. Promotive measures are criticised for broadening the scope of Social Protection beyond its core motivation.

Transformative measures: they aim to address social equity issues such as poor labour standards and discrimination against marginalised groups.

There will be some overlaps between the four sets of measures provided above. For example, a social assistance measure like public works can be viewed as both protective and promotive. However, in general the types of interventions that would fall under each of the four headings would be different.

Regarding Social Protection as protective and promotive brings attention to the chronically poor and the importance of ongoing support to address their day-to-day needs and interventions that will break the cycle of poverty in the long run. On the other hand, viewing Social Protection as preventive stresses the critical point that Social Protection responds to risks and shocks that cause people to fall into poverty, and to stay poor.

The Government will therefore adopt an integrated Social Protection system that will protect citizens from the risk of unforeseen events likely to affect their well being. These include shocks associated with the life cycle, health, employment, livelihoods, policy, and natural disasters.[12] Each of these shocks will require a Social Protection intervention, with some interventions able to produce multiple positive impacts.

In order for this Strategy to most effectively contribute to poverty alleviation, it is important to recognise that (a) the poor face the greatest exposure to diverse risks, and (b) the poor possess the least instruments to cope with these risks. [13] The studies reviewed in Chapter 2 show that there are substantial movements in and out of poverty in rural Kenya, demonstrating the limited ability of the poor to cope with risks. The risks include unpredictable rainfall and illnesses such as malaria. Increasing the set of instruments available for the poor to better manage such risks is critical.

3.3 Programme Design

In designing this strategy, the Government recognizes the need to have a core intervention that:

- Gives a clear starting point for the delivery of comprehensive Social Protection;
- Demarcates where limited resources should be channelled to;
- Simplifies the administrative requirements of Social Protection; and
- Simplifies the monitoring and evaluation (M&E) considerations in the context of limited capacity and a critical need to generate evidence.

The Government recognizes that having a core intervention does not mean that other instruments are not used. It is critically important to realise that no single instrument can address the complexity of issues associated with poverty and vulnerability. It is also important that the core intervention is linked to other Social Protection measures. Without these linkages it will be impossible to provide the type of framework we propose. Complementarities between the different Social Protection interventions are presented in sub-section 3.3.5 of this Strategy.

3.3.1 Cash Transfer as the Core Social Protection Intervention

Cash transfers will be the core Social Protection intervention in Kenya in the next five years. Cash transfers are suitable as a core intervention because they:

- Provide immediate relief to the poor and vulnerable;
- Have a significant impact on poverty;[14]
- Have minimal administrative costs compared to those of providing in-kind assistance;[15] and
- Give recipients choice over their consumption decisions.

The cash transfer mechanisms being used widely in developing and developed countries are: unconditional cash transfers; conditional cash transfers; and public works programmes.

> *Unconditional Cash Transfers*: in most cases the beneficiaries are identified through a targeting mechanism such as proxy means testing, community targeting, geographical targeting or a combination of these. Cash transfers can also be provided universally to an identified category such as older persons and PWDs.

Conditional Cash Transfers (CCTs): provided on condition that households meet certain human capital development requirements deemed beneficial by society. In most cases these relate to the education and health status of children.

Public Works Programmes (PWPs): These involve the regular payment of a wage in exchange for work. They are a type of conditional cash transfer where the condition is work (physical labour). PWPs are in essence employment programmes. The work conditionality is distinctly different from the human capital requirements of CCT programmes.

The national and provincial consultations, conducted as part of the Strategy development process in 2007/8, gave substantial support for cash transfers as a Social Protection intervention for Kenya. However, the need to complement cash transfers with other supportive programmes (such as PWPs) was deemed necessary for sustained interventions in the long-term.

3.3.2 Lessons from Cash Transfer Programmes

If cash transfers are to fulfil the foundational role of Social Protection in Kenya, lessons learnt from existing programmes must inform the design of the national strategy. Due to its size and duration (December 2004 to the present), the OVC programme provides the best opportunity for drawing lessons.[16] These include the need for a clear targeting process and the importance of informing beneficiaries about their entitlements.

The lessons from the first phase of the OVC cash transfer programme will be extremely useful for the next phases of the programme. These lessons are already being incorporated into the second phase currently being rolled out. They will also contribute to the design and implementation of the HSNP and other cash transfer programmes in the country.

3.3.3 Extending the Coverage of Cash Transfer Programmes

The on-going Government supported Social Protection programmes target OVCs, residents in ASAL areas, PWDs and chronically ill people (mainly those living with HIV/AIDS).[17] The Government plans to scale up its programmes to meet the needs of more beneficiaries. The Government plans to use a mixed targeting approach, including categorical targeting and community targeting in meeting the needs of the poor and vulnerable targeted through this Strategy.

Categorical targeting uses mainly geographic and demographic indicators. The attributes for consideration include living in the ASAL districts, old age, being an OVC and disability. These are appropriate indicators because they are associated with poverty and vulnerability, and can be verified through transparent methods. Community targeting is undertaken when community structures are used to identify the poor (this would be very useful for identifying other forms of disability that may not be easily verifiable, for instance).

The categorical cash transfer system will target both individuals and households. In the case of those living in the ASAL districts households will be targeted. In the case of OVCs, the elderly and PWDs, individual beneficiaries will be targeted although the benefits will be distributed at the household level. Empirical evidence indicates that the whole household benefits even when transfers are made to individuals.[18]

It is estimated that 2.3 million OVCs, 3.69 million PWDs and 0.97 million older persons would need support if a universal targeting is adopted as proposed in this Strategy. It is clear that each group has a large number of people. Given limited resources, it will be necessary to set and implement targeting criteria to ensure that the neediest benefit.

Older Persons

These are categorized as those people aged 65 years and above based on international standards. About 1.8 million Kenyans are saving for retirement, representing 12% of the labour force. On the other hand, at least 5 million workers in Kenya are without any form of pension coverage. At least half of these have reached or are approaching retirement age. This lack of income in old age explains why the incidence of poverty among the older persons in Kenya is high compared to the national average.

The limited coverage of the formal pension system, the large number of people working in the informal sector and the high proportion of the population found in rural areas suggests that contributory pensions will exclude the majority of older persons in Kenya. The Government therefore considers a social pension an important means of providing income support for Kenyans in their old age.

An important issue to consider when designing a non-contributory pension is targeting. Some targeting can increase the pro-poor impact of a social pension in Kenya, as shown through a study by the International Poverty Centre (IPC). In particular the study found that:

- targeting older persons working in the informal sector has a significant pro-poor impact;
- a universal pension targeting older persons in rural areas could be more cost effective because it can avoid means testing based on income; and
- pensions to older persons headed-households with children under the age of 15 are highly pro-poor.

Given this evidence, the Government will implement a targeted social pensions programme that will complement other pension activities in the country.

People with Disabilities

PWDs are often amongst the most excluded in society. They face a reinforcing vicious cycle of poverty due to high medical costs, inability to engage in economic activity, limited access to the labour market and stigmatisation. Providing income support to PWDs is an important means of addressing the socio-economic challenges they face.

The Kenya Programmes of Disabled Persons (KPDP) estimates that about 10% of the national population are PWDs. This means that there are approximately 3.7 million PWDs in Kenya. The Government recognizes that poverty in the country cannot be comprehensively addressed without putting tangible measures in place to meet the needs of this large group of people.

The National Disability Policy of 2006 acknowledges that *'even with the best measures for equalisation of opportunities there will be PWDs who will not be able to secure or take on any employment.'* An important mechanism of addressing this would entail providing PWDs with adequate income support to cover their basic needs. This can be done most effectively through regular and predictable cash transfers. The Government, therefore, intends to provide income support to persons with disabilities.

The main challenges associated with instituting a cash transfer programme for PWDs include the identification process and selection criteria. The beneficiaries will be identified through information provided by organisations representing PWDs, public institutions, censuses and measures that encourage self-identification. The main selection criterion will be whether or not the individual faces a physical or mental disability that leaves him/her unable to work. In reality establishing whether a person is able to work can be difficult and subjective.

Another key issue for consideration is that of cost. Although the number of PWDs may be large, those meeting the selection criterion – unable to work – will form a small proportion.[19] The Government recognizes that there may be PWDs excluded from accessing disability grants. For instance, it may be more difficult for them to obtain identification documents and to travel to pay-points. In view of these constraints, more community-oriented mechanisms will be explored to ensure that those unable to personally access grants are facilitated as necessary at the household and community levels.

3.3.4 Conditionalities

Conditional cash transfers (CCTS) are widely used to promote human capital development in many countries implementing Social Protection programmes. It is recognized that conditionalities are costly to implement, requiring strong and well coordinated administrative machinery. If not properly designed, they can also provide opportunity for corrupt practices. More critically, the poorest are often the least capable of fulfilling the requirements because they live where public services are most deficient, which can compromise their participation is a CCT programme.

The Government sees conditionalities as strengthening the investment role of cash transfers, leading to increased political support. However, there is need to generate evidence that CCTs are an effective means of addressing poverty and vulnerability. Thus, the second phase of the OVC programme will include conditionalities in some districts, including Kwale, Kisumu, Homa Bay and 1 sub-location in Nairobi. The programmes will be evaluated against districts that do not have conditionalities. Attendance at school and health facilities will be monitored and penalties imposed for non-compliance. To counter supply side constraints, e.g. lack of health and school facilities exists; conditionalities will not be implemented in areas where access to services is limited. The evidence generated will guide future activities: if conditionalities prove to have no meaningful impact on access to schooling and health facilities, then the allocated resources will be channelled to other mechanisms of this Strategy.

3.3.5 Linking Cash Transfers to other Social Protection Programmes

Poverty and vulnerability are phenomena with multiple dimensions meaning that a holistic set of programmes reaching beneficiaries of cash transfers is required. It is therefore important to develop effective mechanisms to exploit linkages between cash transfers and other Social Protection programmes. This is critical given that poverty is intergenerational, often with entrenched underlying causes. Beneficiaries may require more than one intervention to comprehensively address their poverty and vulnerability. The Government will, therefore, ensure that the benefits arising from these complementarities are maximised.

Beneficiaries of the cash transfer programmes will be supported to participate in the complementary programmes. Programme administrators will have a comprehensive database of existing programmes locally and at the national level. Pursuing these complementarities will empower beneficiaries and provide a more holistic impact on poverty and vulnerability. The institutional arrangements that will facilitate this are discussed in detail in Chapter 4.

3.3.6 Other Areas of Social Protection

This section discusses key non-cash transfer Social Protection interventions. The areas of focus presented in this section were identified as critical in the consultative process and in vulnerability and poverty studies. These initiatives are already on-going. The key issue is to formally recognise them as part of the Strategy and to ensure that their Social Protection impacts are enhanced.

Healthcare

Poor health is a major cause and consequence of poverty. In the absence of effective ways of providing healthcare to the broader population, poverty and vulnerability will not be adequately addressed. Health insurance is critical in addressing the risk of illness and the associated impacts on livelihood. The Government considers it imperative to implement a national health insurance scheme in a phased manner. This phased roll-out will incorporate several factors that are critical for success including: [20]

- A more efficient process of identifying the poor. Leakage and exclusion errors have characterised the fee waiver system in Kenya because of a poor mechanism of separating the poor from the non-poor.

- The NHIF needs to be strengthened and streamlined. A successful NHIF can serve as a model for the wider national programme. This will raise public confidence and promote political will.
- There is a need to expand health care infrastructure. This includes improving public facilities with respect to infrastructure, equipment, supplies, drugs and personnel.
- HIV/AIDS coverage could be initiated by focusing on therapy that has been found to be cost effective. For example, the provision of Anti-Retrovirals (ARVs) for the prevention of mother-to-child transmission of HIV.
- A region-specific implementation plan should be considered. Economic, regional, demographic, social and cultural differences suggest that a uniform system may not succeed.

The Government recognizes the importance of pursuing other health insurance mechanisms that can have strong pro-poor outcomes. A significant role will be given CBHI schemes which will be strengthened through:

- generating more empirical evidence on the current status of CBHI schemes, which will provide a clearer basis from which to proceed;
- a formal inclusion of the CBHI sector as part of the broader system aimed at providing healthcare to the poor;
- an assessment of the type of financial support that is best suited to CBHI schemes in the Kenyan context – this could include subsidies to cover the premiums of the poorest; and
- strengthening coverage in high poverty areas such the ASAL and the informal settlements.

The Government sees the improvement of health service provision as an important measure in Social Protection. This is mainly because poor people tend to rely on out-of-pocket payments for healthcare. Thus, improved access to healthcare would free up resources for other household needs including education, food and investment in income-generating activities.

Improving the Quality of Life in Slum Areas

The slum areas of urban Kenya are characterised by poor housing conditions, a lack of basic services and infrastructure, high crime rates, high HIV prevalence and high unemployment levels. A large proportion of the urban population lives in slum areas - in Nairobi this is estimated at about 55%. Kibera alone is home to approximately 1 million people.

Comprehensive Social Protection requires that tangible actions be taken to improve the quality of life of those living in these slum areas. Although there is some progress in providing services in such areas, much remains to be done. Greater focus will be placed on enhancing the Social Protection benefits of the slum renewal programme. Activities to achieve this will include:

- channelling more resources to improve the coverage and quality of schools;
- channelling more resources to improve the coverage and quality of health facilities;
- ensuring access to national cash transfer programmes for those people that qualify;
- increasing resources for ARV treatment;
- extending nutrition support to people on ARV treatment; and
- using labour intensive processes in the construction of infrastructure, which will be in line with best practice from the public works model.

Internally Displaced Persons

During the provincial level consultations in 2007/8, the IDPs were considered a vulnerable group that would require support through Social Protection. IDPs in the country are often the result of ethnic-based violence around scarce resources, namely land, water and pasture. However, following the post-election violence that erupted after the presidential elections of December 27, 2007, the fate of IDPs was brought to the fore. It is estimated that around 350,000 people were displaced, most of whom were housed in temporary camps. The main challenges for the IDPs were lack of access to food, healthcare, sanitation and education. Although the Government recognizes the need to plan for IDPs, there are several challenges that include:

- events that lead to displacement are often unpredictable;
- numbers of IDPs are often difficult to predict;
- the duration of support is often indeterminate; and
- limited financial and human resources constrain the level the response by the Government.

The Government will work with relevant Ministries, development partners and NSAs to determine contingency plans and level of funding for addressing IDPs as part of this Strategy.

3.3.7 Monitoring and Evaluation

An ongoing M&E process is important in order to improve the delivery of Social Protection programmes, to document results, to inform policymakers about the effectiveness of the programme, and to harness political support for programme sustainability and expansion.[21] M&E will serve three major types of objectives:

- *Strategic objectives:* to assess whether the Social Protection programme will be achieving its goals.
- *Operational objectives:* to determine how programme managers can improve implementation.
- *Learning objectives:* to ensure learning outcomes are generated from the Social Protection and used to improve and up-scale the programme.

Careful selection of indicators for the M&E system will be done. This is essential in order for the system to serve as an effective tool for programme managers. The possible indicators to be monitored are illustrated in the box below.

Delivery Mechanisms	-	% of people who receive the grant on the first payment day
	-	% of people who receive the grant at the post office
	-	Average time taken to deliver grant
Conditionalities	-	% of districts reporting on conditionalities
	-	% of children from beneficiaries households attending school
	-	Average school attendance rate among children from beneficiaries' households
Programme implementation		Number of beneficiaries
	-	Amount of cash transferred
	-	Coverage rate
	-	Average value of cash transfer
Impacts of cash transfer on beneficiaries		
	-	% of households that rose above poverty line with the cash transfer
	-	% of households that rose above the extreme poverty line with the cash transfer

The National Information Management System (NIMS) created for the implementation of the Strategy (further described in sub-section 4.2) will be the basis for the M&E framework. The

Strategy will be reviewed on an annual basis while a more formal evaluation will be conducted at the end of 3 years of implementation.

4.0 INSTITUTIONAL FRAMEWORK

4.1 Introduction

This chapter outlines the institutional framework for implementing the Strategy. The framework is developed within the context of a multiplicity of ongoing Social Protection interventions by various Government ministries, departments and NSAs. In many instances, these interventions are not coordinated often leading to duplication of efforts. This results in significant gaps with certain sectors and categories of potential beneficiaries being left out while others receive a glut of Social Protection interventions. The institutional framework is therefore developed against the need to:

- coordinate national Social Protection interventions;
- build synergies and take advantage of various competencies of agencies implementing Social Protection interventions;
- deliver efficient, cost-effective and equitable Social Protection services;
- ensure that Social Protection interventions have the widest possible reach of beneficiaries;
- have an easily accessible structure facilitated by a devolved system;
- have a structure that enjoys operational autonomy;
- have efficient and cost-effective M&E systems;
- have a simple but effective dispute resolution mechanism;
- have an institutional structure that is economically sustainable; and
- ensure continuous participation by beneficiaries in the design and review of the Strategy and institutional framework, thus aiding sustainability and enhancing greater accountability.

4.2 Pre–Implementation Activities

Social Protection as a concept is not widely understood by the general public. Thus, the Government recognizes the need for a comprehensive communication and influencing strategy (CIS) on the concept and objectives of this Strategy. This will not only raise awareness but also engender the necessary ownership of the programme by the various stakeholders and implementing actors.

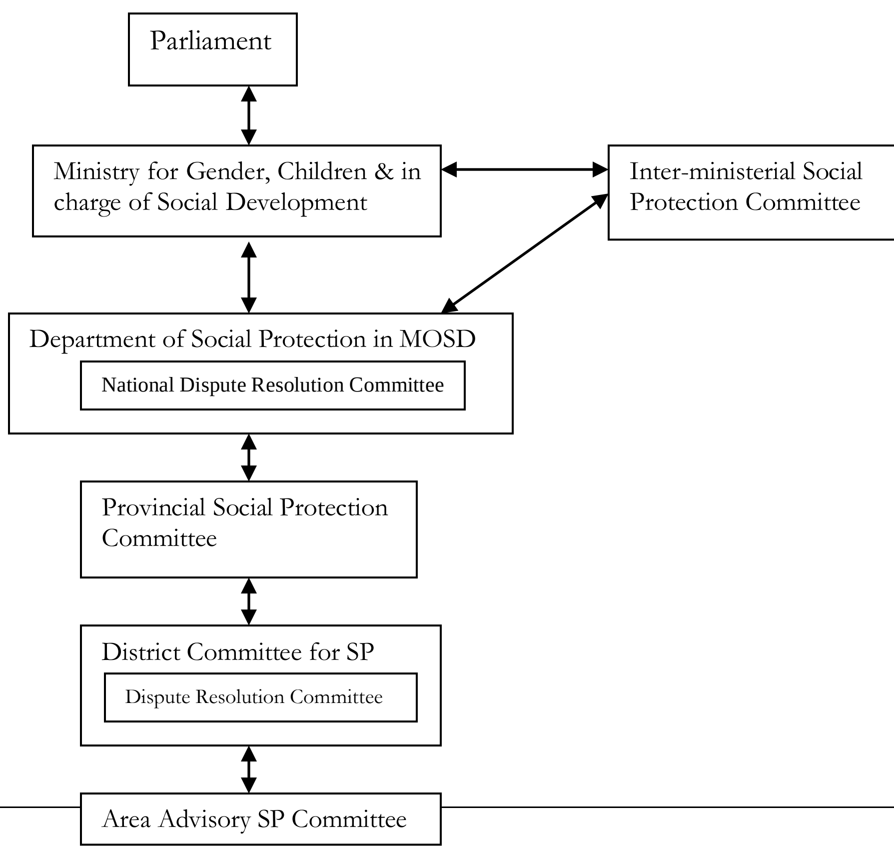
Secondly, all implementing institutions will require capacity building not only on the conceptual issues but on the operational plan as well. These will include the national oversight body, the

Secretariat, and the various committees. Lessons learned from the pilot Social Protection interventions pre-existing this Strategy will inform the operational plans for Social Protection programme.

4.3 Management Structure

The management of the Strategy will be through an Inter-Ministerial Social Protection Committee (IMSPC) that will incorporate NSAs and private sector representatives. The Government has adopted this approach to avoid the creation of new structures to implement this Strategy. This is also based on the recognition that various ministries and agencies are already implementing Social Protection interventions and hence they already have capacities that can be enhanced through a coordinated approach. The structure proposed for managing the Strategy is represented in the figure below followed by a description of the functions and membership in each category.

Social Protection Management Structure



Parliament

This will be the body responsible for the overall performance of the Strategy. It will approve the Social Protection budgets and through a consultative process appoint the Chief Officer for the Secretariat. The MGCSD will present reports to Parliament as necessary.

Ministry for Gender, Children and Social Development

The Ministry will champion, coordinate and implement the Strategy. It will house the National Social Protection Secretariat. The Secretariat will oversee the day to day implementation of Strategy and perform activities as designated by the Inter-Ministerial Social Protection Committee (IMSPC). The Secretariat will also maintain the National Information Management System (NIMS) for Social Protection.

Inter-Ministerial Social Protection Committee

The Government will establish an Inter-Ministerial Social Protection Committee (IMSPC) chaired by the Permanent Secretary of the MGCSD. It will also include Permanent Secretary's from the Ministries of Planning, Health, Education, Labour, Home Affairs and any other ministry implementing Social Protection programmes. It will also have at least five (5) representatives from the NSA sector. This committee will play the role of building synergies and complementarities with all Social Protection interventions across the various ministries. The IMSPC will be responsible for policy and the resource mobilization aspects of the Strategy.

Provincial Social Protection Committee

To manage the Social Protection activities at the provincial level, the Government will facilitate the formation of Provincial Social Protection Committees (PSPC). The PSPC will consist of officers from the MGCSD, Planning, Health, Education, Labour and Home Affairs and any other ministry implementing Social Protection programmes and five (5) representatives of NSA/private sectors in the province. It will be chaired by the Provincial Social Protection Officer. The PSPC will maintain a register of Social Protection programmes and beneficiaries in the province. The PSPC will receive names of identified and validated candidates for Social Protection programmes from the District Social Protection Committees. This information will then be forwarded to the MGCSD for inclusion in the NIMS.

District Social Protection Committee

District Social Protection Committees (DSPC) will be established to oversee Social Protection interventions at the district level. The DSPC will be integrated into the District Development Committees (DDC). The DSPC will be chaired by the District Social Protection Officer and will consist of officers from the MGCSD, Planning, Health, Education, Labour and Home Affairs and any other ministry implementing Social Protection programmes and representatives of NSA/private sectors in the District. The DSPC will maintain registries of Social Protection programmes and the beneficiaries in the district. They will receive names of identified and validated candidates for Social Protection programmes from the Area Social Protection Advisory Committees (ASPAC). This information will be forwarded to the PSPC and IMSPC.

Area Social Protection Advisory Committee (ASPAC)

There will be an ASPAC at the location level. The ASPACs will be composed of 11 community members who will be chosen through a participatory process in coordination with the Provincial Administration and traditional community structures. The committees will meet bi-monthly. The ASPACs will be responsible for identification and validation of beneficiaries. In addition, they will maintain a register of the validated beneficiaries, and the information will be forwarded to the DSPC. The ASPAC will manage and maintain the M&E inventory system.

Dispute Resolution Committees

There will be two Dispute Resolution Committees (DRCs) - at the district and national levels. The committees, whose core responsible will be to resolve any complaints arising from the implementation of the Strategy, will be composed of five members – two from Government and the other three from NSA/private sectors. Members of the ASPACs will not be involved in dispute resolution. Disputes will be forwarded to the Districts from the community level with appeals to the national level.

4.4 A National Information Management System

The National Social Protection Secretariat will create, maintain and operate a National Information Management System (NIMS) that will provide comprehensive information on all beneficiaries of Social Protection programmes. The system will also include indicators (some of which have been highlighted in sub-section 3.3.7, that will be used to monitor the implementation process. The single registry will build on existing registries of beneficiaries under HSNP, the OVC programmes, National Social Security Fund (NSSF), National Health Insurance Fund (NHIF) and Retirement Benefits Authority (RBA) and any other Programmes in existence by the time of operationalizing this Strategy. The NIMS will also facilitate the tracking of complementary initiatives such as school feeding programmes or free primary education and hence strengthen inter-sectoral linkages between national programmes for maximum impact.

The NIMS will set out to generate criteria for the community registration system through a participatory process and guided by the participatory poverty assessment indicators. This criterion will form the baseline indicators for tracking poverty reduction at the community level. The system will specifically perform the following functions:

- maintain an inventory of all Social Protection Programmes in the country;
- establish a consolidated Registry of all Social Protection beneficiaries;
- generate and provide registered persons with an ID Card (these will be issued at the district level);
- outline the eligibility criteria for accessing Social Protection interventions;
- maintain a record and balance sheet of all transfers to beneficiaries; and
- establish a M&E system to track the beneficiaries of all Social Protection programmes.

The register will be updated periodically to ensure the integrity of the data and correct irregularities. The data management will be done at the district and national levels.

5.0 FINANCING SOCIAL PROTECTION IN KENYA

5.1 Introduction

A sustainable financing mechanism is critical for the long-term delivery of Social Protection in Kenya. The Government will utilize various strategies to finance the Strategy. Four main sources are envisaged as described below.

State budgetary appropriation: this will provide the core funding for the Strategy. There are two basic models: (1) statutory provisions that determine entitlements or allocate a percentage of resources to specified Social Protection funds and programmes; or (2) year-by-year agreements between the Executive and Parliament.

Programme funds such as social insurance: these funds will accumulate contributions by programme participants, such as unemployment insurance or health insurance, where workers and employers will share the cost of the scheme. The Government could contribute for those who cannot afford participation depending on the availability of resources.

Dedicated taxes or levies: these funds would target broad coverage of specific Social Protection initiatives. For example, taxes from petroleum products could fund road accident insurance for the broader population.

Indirect finance through the use of tax incentives: the Government will work with the private sector to establish subsidies that would fund Social Protection initiatives. For example, the Government will explore the provision of tax incentives to encourage private retirement savings.

Development partners are providing an increasing share of Social Protection resources in the country and will be encouraged to continue to do so. While development partner funds are not a permanently sustainable source of finance, the increasing use of ten-year funding cycles enables these resources to play a transformative role in implementing innovative programmes and generating evidence supporting national coverage.

The analysis of financing presented in this Strategy has incorporated the dynamic character of Social Protection. Increasingly, economists are recognizing that Social Protection is an investment in not only the social but also the economic potential of the nation. An emerging evidence base is documenting how Social Protection can support economic growth and development and thereby reinforce financing mechanisms and foster longer-term sustainability.

5.2 Sources of Finance

5.2.1 National Budget

Tax revenue is the most preferable source of finance for Social Protection. Allocating a percentage of the national budget through the MTEF ensures that Social Protection enjoys a predictable and long-term budgetary commitment as do other sectors.

The amount of tax revenue available for Social Protection would depend largely on the rate of economic growth. The expected high growth rates by the Government over the medium to long-run will ensure the sustainability of Social Protection. The rate of economic growth has been rising in recent years and is projected to continue doing so in accordance with the objectives of the Vision 2030.

The rate of economic growth has a direct bearing on the amount of money allocated to Core Poverty Programmes (CPPs). Current Government policy is to maintain the non-wage component of poverty programmes at 4% of GDP.[22] This is a significant resource base for addressing poverty. Resource allocations to CPPs are not subjected to budgetary cuts even in the event of serious fiscal constraints.[23]

At the national level Social Protection expenditure more than doubled between 2001/02 and 2006/07 - from KSh10 billion to KSh24 billion. This significant increase was made possible by the positive economic growth during this period. Social Protection expenditure as a percentage of total government expenditure increased from 3.6% in 2001/02 to 5.7% in 2006/07. This suggests that in addition to more resources being made available, the importance of Social Protection as a national priority increased during this period. The government will increase budgetary allocations to Social Protection through the MTEF. The expenditure will be expanded based on he programme needs and contributions from donor partners.

5.2.2 Development Partners

The Government excludes bilateral and multilateral budgetary support from the fiscal framework. This is because of the unpredictable nature of these external sources of finance. However, the Government recognizes that CPPs are a priority area for the use of any additional donor funding. Further improvements in the area of governance are critical if external support is to increase and stand as a reliable source of funding for poverty programmes in the medium-term. The Government will therefore continue to promote an environment that is conducive for donor partners to contribute to the financing Social Protection.

Social Protection is an area that development partners fund in line with their strategic objectives. Poverty alleviation is central to the agenda of most development partners, suggesting that Social Protection will increasingly be an important area for donor funding in Kenya. Currently, external assistance is about 4% of GDP. Clearly development partners can play a significant role in financing Social Protection if they jointly view it as the primary means of addressing poverty and vulnerability in the country.

5.2.3 Non-State Actors

The NSAs play a critical role in social development and do in fact implement Social Protection programmes mainly among needy communities. Although the total contribution of NSAs to Social Protection is largely unknown, it is assumed to be substantial given their interventions on health, water, agriculture, education and other sectors. The Government will seek to tap both the human and financial resources through joint planning and inclusion of NSA representatives on the Social Protection management structures.

5.2.4 Private Sector

Feedback from the consultative process stressed the importance of involving the private sector in financing Social Protection. Surveys indicate that Corporate Social Responsibility (CSR) in Kenya is directed mainly at health and medical provision, education and training; HIV/AIDS; agriculture and food security and underprivileged children.[24] This focus is in line with the priority areas identified for Social Protection. It is therefore possible and desirable to align CSR with national development objectives.

The Government proposes that a percentage *(to be determined)* of company profits be set aside for Social Protection. This would entail, for example, working with Kenya Revenue Authority (KRA) to develop codes of good practice and to set a compliance target of after-tax profit for CSR activities.[25] To achieve this, the Government will engage the private sector to establish a mechanism through which the sector will contribute to financing Social Protection.

In order for CSR to play a part in Social Protection it is important that clear guidelines, incentives and support are given to the sector. Different mechanisms will be utilized including strengthening strategic public-private partnerships, rolling out public programmes to raise awareness about CSR and enhancing public recognition through award systems.

5.3 Cost of Delivering Social Protection ***(this section will be refined further based on ongoing work by KIPPRA)***

The costs of Social Protection programmes vary substantially across countries, depending on policy choices as well as the population demographics and poverty profiles. The ILO has been undertaking a major costing exercise of Social Protection packages in developing countries, including Kenya. Administration costs are benchmarked at a fixed 15% of benefit expenditure for universal cash benefits.

The first scenario compares the costs of a basic social pension and grant for PWDs. The benefit is set at $0.50 per day on a PPP basis. Based on assumptions about the rate of economic growth, financing Social Protection becomes more affordable in the long-run. This would cost less than 0.8% of GDP for Kenya. The ILO costed a universal child benefit for all children up to the age of 14, benchmarked at a globally consistent level of $0.25 PPP per day per child. This would cost over 3.5% of GDP for Kenya in 2010, significantly less than what is currently spent on Social Protection.

The package of essential health care is costed based on the annual per capita costs determined by the Commission on Macroeconomics and Health (CMH), which estimates costs at US$ 34 by 2007 and US$ 38 by 2015. This is shown in Table 14 in Annex 5. For Kenya this package would absorb just over 5% of GDP in 2030, having declined from about 7% of GDP in 2010.

END NOTES

[1] Kenya National Bureau of Statistics (2007).
[2] Government of the Republic of Kenya (2007).
[3] United Nations Development Programme (2006).
[4] Geda et al (2001).
[5] Mwabu et al (2002).
[6] Kimalu et al (2002).
[7] Christiaensen and Subbarao (2005).
[8] Krishna et al (2004).
[9] Muyanga (2006).
[10] The ILO framework is based mainly on Guhan (1994).
[11] See Devereux and Sabates-Wheeler (2004).
[12] According to Government of Pakistan (2006) life cycle contingencies are linked to the relationship between economic production and social reproduction. The economically active are obliged to care for those who are not, for example children and older persons.
[13] See World Bank (2003).
[14] See Samson et al (2004).
[15] Calculated from the Department of Social Development Annual Report (2006).
[16] Department of Children's Services (2007).
[17] These programmes were discussed in detail in Chapter 3.
[18] See Duflo (2003).
[19] Department of Social Development (2007).
[20] Institute of Policy Analysis and Research (2005).
[21] Samson et al (2006).
[22] Ministry of Finance (2006).
[23] Ouma et al (2006).
[24] International Institute for Environment and Development (2005).
[25] Trialogue (2006).