

Global research on governance and social protection

Kenya case study

Final report

**Development Pathways
October 2020**

**Development Pathways
5 Kingfisher House
Crayfields Business Park
New Mill Road
Orpington
BR5 3QG
United Kingdom**



Acknowledgements

This report was prepared by Development Pathways for the United Nations Department of Economic and Social Affairs (UNDESA), Division for Inclusive Social Development, within the framework of the project “Global research on the governance of social protection systems.” The project is jointly funded and overseen by UNDESA and the International Labour Organization (ILO). The lead author of the report is Sarina Kidd (Social Policy Specialist, Development Pathways), with inputs from Richard Chirchir (Senior Management Information System (MIS) Specialist, Development Pathways). Shea McClanahan and Stephen Kidd (Senior Social Policy Specialists, Development Pathways) provided oversight for the report. The authors are grateful for the constructive technical feedback from Maya Stern-Plaza (ILO), and Aurelie Klein (ILO), as well as the overall guidance provided by Robert Venne (UNDESA), Oleg Serezhin (UNDESA) and Wenyan Yang (UNDESA).

Table of Contents

Acknowledgements	i
Table of Contents	ii
Acronyms	iii
1 Introduction	4
2 Key messages	5
3 The evolution of Kenya’s social protection schemes	7
3.1 The need for social protection in Kenya	7
3.2 The development of social protection in Kenya	7
3.2.1 Contributory schemes	8
3.2.2 Non-contributory social protection schemes	9
3.2.3 An overview of Kenya’s social protection schemes.....	11
4 Mechanisms to improve governance	14
4.1 High level	14
4.1.1 The development of the legislative and policy framework	14
4.1.2 Greater consolidation of institutional arrangements.....	16
4.1.3 The role of external actors	20
4.1.4 Timing of Funds	22
4.2 Mid-level.....	23
4.2.1 Management Information Systems (MISs) and the Enhanced Single Registry.....	23
4.2.2 The move towards universal social protection programmes reduces administrative challenges..	27
4.3 Frontline/ “Street level”	30
4.3.1 Awareness creation (communication).....	30
4.3.2 The payment mechanisms have been improved.....	32
4.3.3 Grievance and Complaints Mechanisms	4
4.3.4 Accountability.....	6
4.4 The role of actors.....	8
5 Conclusion	1
Bibliography	2

Acronyms

API	Application Programming Interface
ATM	Automated Teller Machine
BWC	Beneficiary Welfare Committee
CCTP	Consolidated Cash Transfer Programme
CDD	Customer Due Diligence
CFA	Cash for Assets
CMS	Case Management System
CT-OVC	Cash Transfer for Orphans and Vulnerable Children
CSPS	Civil Service Pension Scheme
DCS	Department for Children's Services
DSD	Department for Social Development
ERS	Enhanced Single Registry
FFA	Food for Assets
G&CM	Grievance and Complaints Mechanism
GDP	Gross Domestic Product
GFD	General Food Distribution
HSNP	The Hunger Safety Net Programme
ID	Identity Document
IPRS	National Population registry Database
KANU	Kenya African National Union
KCB	Kenya Commercial Bank
KES	Kenyan shillings
KIHBS	Kenya Integrated Household Budget Survey
KYC	Know your Customer
LIC	Low Income Country
M&E	Monitoring and Evaluation
MEACLSP	Ministry of East African Community, Labour and Social Protection
MIC	Middle Income Country
MIS	Management Information System
MLSP	Ministry of Labour and Social Protection
NARC	National Rainbow Coalition
NCPWD	National Council for Persons with Disabilities
NDMA	National Drought Management Authority
NGO	Non-Governmental Organisation
NHIF	National Hospital Insurance Fund
NSNP	National Safety Net Programme
NSPP	National Social Protection Policy
NSPS	National Social Protection Strategy
NSSF	National Social Security Fund
OPCT	Older Persons Cash Transfer
PMT	Proxy Means Test
PoS	Point of Sale Device
PRRO	Protracted Relief and Recovery Operations
PSP	Payment Service Provider
PwSD-CT	Persons with Severe Disabilities Cash Transfer (PwSD-CT)
SAU	Social Assistance Unit
SMS	Short Message Service
SPIP	Social Protection Investment Plan
SPS	National Social Protection Secretariat
USSD	Unstructured Supplementary Service Data
US \$	United States Dollar

1 Introduction

Kenya's social protection system is currently undergoing a rapid transformation. Whilst its contributory schemes do not yet align with ILO standards and international best practice, since 2002, the country has moved from a non-contributory system consisting primarily of small, ad hoc donor driven programmes, into a cohesive system that is primarily financed by the Government. In 2018, the country implemented its first universal programme: The Inua Jamii Senior Citizens' Scheme. This was the first national universal pension to be introduced in East Africa, and as a result, Kenya is now seen as a leading example in the region of how a country can take significant steps towards developing an inclusive lifecycle social protection system. Indeed, the UK Department for International Development has hailed Kenya as a "profound success story".¹

In order to undergo this transformation, the Kenyan Government made a number of good governance decisions to drive the sector forward. For example, institutional arrangements were strengthened, in order to harmonise the sector. A Single Registry was developed that consolidates information from various programmes' Management Information Systems. Payment mechanisms evolved from manual payments – being delivered in a van by government officials – into electronic payments into bank accounts, with recipients being able to choose from four banks. All of these measures – coupled with the government having more ownership over its social protection sector – have brought greater coherence, more entitlements for beneficiaries, greater social participation, and increased transparency and accountability.

Although Kenya is an excellent example of how rapidly a system can transform and the good governance decisions that must take place to enable this progress to happen, there are still significant gaps in governance, as would be expected for an emerging low-income country that has only recently begun to take full ownership of its social protection sector. Furthermore, a lack of resources, limited capacity and relatively weak implementation on the ground have all impacted how easily governance decisions can be carried out. The challenges that Kenya has faced, however, can also serve as lessons for countries that find themselves in the early – often messy – stages of social protection sector development, and who want to "take the reins" and claim a more universalist vision for the future.

¹ (Calderwood, 2018)

2 Key messages

Since the promulgation of the 2010 constitution – which enshrined the right to social security – Kenya has made significant strides towards developing an expanded nationally-owned social protection system. In 2011/12, social protection funding was KES 4.3 billion (0.1 per cent of GDP) and this increased to a projected KES 29.9 billion in 2017/18 (amounting to 0.35 per cent of GDP). Notably, 72 per cent of this funding derived from the Government.² Indeed, in the last decade, Kenya has begun to move from what Niño-Zarazúa et al have classified as a low income country (LIC) model of social protection – that is donor financed and focused on delivering programmes to the extreme poor – to a middle income country (MIC) model, such as what South Africa has in place, which is tax-financed, more based around the lifecycle, and influenced by European welfare systems.³ In 2013, the Government significantly expanded several poverty-targeted programmes, and consolidated them under the National Safety Net Programme, which is also known by the Swahili words “Inua Jamii”. The latest addition to the Inua Jamii programme is the Inua Jamii Senior Citizens’ scheme, which not only was Kenya’s first universal programme, but also the first programme to be completely financed by the government. The programme is now perceived to be an expanded version of the poverty targeted Older Persons Cash Transfer Programme (OPCT) that was already in place, and although it is now referred to as the OPCT by the Government, a distinction is maintained within this report for clarity. The scheme demonstrated the Kenyan Government’s commitment to implementing a lifecycle social protection system. Indeed, the government is now examining the feasibility of designing a universal child benefit.

In order for the social protection sector to expand, the Government has significantly strengthened its institutional arrangements. Once described as “diffuse” and “not well-coordinated” by the 2012 Social Protection Sector review,⁴ institutional arrangements governing social protection are now much more harmonised. The State Department of Social Protection was established in 2015 and is currently located with the Ministry of Labour and Social Protection (MLSP). Within this Department are a number of units, including the National Social Protection Secretariat (SPS) – originally expanded in 2012 – which is responsible for coordinating social protection and developing policies for the Inua Jamii programme. The Social Assistance Unit (SAU) – first created in 2016 – is also located within the Department and oversees the implementation and delivery of the schemes within this programme. These changes, which consolidated the oversight and delivery of the OPCT (and, later the Inua Jamii Senior Citizens’ Scheme), the Persons with Severe Disabilities Cash Transfer (PwSD-CT) and the Cash Transfer for Orphans and Vulnerable Children (CT-OVC) under the same Department, have brought much needed cohesion and coordination to the sector. However, there is still a notable degree of vertical and horizontal fragmentation, which are exacerbated by confused reporting lines and capacity issues.

Kenya’s Enhanced Single Registry is a dynamic and innovative mechanism that has brought much needed harmonisation. The Single Registry – which was first launched in 2016 – consolidates the different Management Information Systems (MISs) of the OPCT (Inua Jamii Senior Citizens’ Scheme), the PwSD-CT, the CT-OVC, HSNP and the World Food Programme’s Cash for Assets. The Single Registry – along with the electronic MISs that link to it – has increased harmonisation and consolidation; provided a single platform in which common and essential information can be stored, accessed and analysed; helped prevent fraud; strengthened social protection sector planning and

² Chirchir & Tran (2019)

³ Niño-Zarazúa et al., (2012)

⁴ Ministry of State for Planning, National Development and Vision 2030 (2012). See also Niño-Zarazúa et al., (2012).

Key messages

monitoring; and helped enable electronic payments to take place. The SPS is currently expanding the current Single Registry into an Enhanced Single Registry (ESR) with a social registry component.

The means by which social protection benefits are paid has undergone a significant transformation and have increased accountability and provided recipients with more autonomy and choice.

Notably, recipients of the Inua Jamii schemes are no longer paid manually, but through electronic means. Electronic payments are an essential aspect of good governance, as they increase transparency, improve traceability and real-time reconciliation, and reduce “leakage” and the number of “ghost” beneficiaries (through more stringent identification documentation). With the roll-out of the Inua Jamii Senior Citizens’ Scheme, Kenya launched the “choice model” for payments. This was later also rolled out to the CT-OVC, PwSD-CT, and to those who had been on the OPCT before the Inua Jamii Senior Citizens’ Scheme was implemented. The choice model issues recipients with a bank account and enables them to choose their payment service providers from four commercial banks. This provides recipients with more autonomy – not only over which bank they can use, but also when and where they will withdraw their benefit. The “multi payment service provider choice model” increases competition between payment service providers, with the aim of encouraging banks to provide better customer service as well as to compete against each other to build more infrastructure in rural areas that are not as financially served.

3 The evolution of Kenya's social protection schemes

Since independence, Kenya has implemented a number of social security schemes. However, these were largely targeted at Kenyans working in the formal sector, and were small, fragmented and donor driven. It was not until the election of the National Rainbow Coalition (NARC) in 2002, that Kenya began its trajectory towards implementing state-administered programmes. As Kenya takes the first steps towards implementing a universal lifecycle social protection system, it is clear that most Kenyans – especially the “missing middle” – are in need of regular income support.

3.1 The need for social protection in Kenya

The rationale for implementing a universal social protection system in Kenya is clear. In 2015/16, it was estimated that 36 per cent of Kenyans live below the poverty line. In reality, however, 80 per cent of Kenyans live on less than KES 280 per day (around US \$2.60).⁵ This is a meagre amount and demonstrates that not only are most Kenyans at risk of falling into extreme poverty, especially if they experience a lifecycle or covariate risk, but also that very few Kenyans are middle class.⁶ In addition, the majority of Kenyans work in the informal sector: the 2017 Social Protection Sector Review indicates that 67 per cent of men and 69 per cent of women work in areas such as “agriculture, unskilled manual labour and domestic services” and that a mere 2.6 per cent of the working age population are based in the formal sector.⁷

As such, it is imperative that Kenya builds a social security system that is targeted towards addressing the vulnerabilities that the majority of Kenyans – who work in the informal sector – face. However, it should be recognised that even formal employment has limitations, and does not necessarily mean that workers receive adequate support both in employment and once it has ended. Indeed, as is evident below, even though Kenya's social protection system has undergone an impressive evolution, there continues to be a significant proportion of Kenyans living on middle incomes, who are unable to access either contributory or non-contributory benefits. This group – called the “missing middle” – are excluded from social protection programmes but still live in poverty and insecurity.⁸

3.2 The development of social protection in Kenya

Following independence in 1963 from the United Kingdom, Kenya implemented a series of social policies, with the aim of building a nation and bringing unity to its many ethnic groups.⁹ Although the 1963 constitution did not recognise social rights, the Sessional Paper No.10, which was adopted by the Kenyan Parliament in 1965, stated that: “The declared aim of the Government is to provide medical and hospital services, old age and disability benefits, free and universal primary education, benefits for the unemployed, and financial aid to all who need and merit it for university work.”¹⁰ Early institutions included the National Social Security Fund (NSSF), the National Hospital

⁵ Exchange rate obtained from Oanda <https://www1.oanda.com/currency/converter/>

⁶ Ministry of Labour and Social Protection (2019)

⁷ Ministry of Labour and Social Protection (2019)

⁸ Ministry of Labour and Social Protection (2019)

⁹ This was common among African countries that were faced with the daunting task of governing countries defined by arbitrary borders, defined by different ethnic communities. Social policies were seen to be a means of national building and fostering social cohesion. See, for example, Adésinà (2009); Kpessa et al., (2011); Mkandawire(2009)

¹⁰ Künzler (2016)

Conclusion

Insurance Fund (NHIF) and the Civil Service Pension Scheme (CSPS), all of which were limited to those working in the formal sector. This set the stage for how Kenya's social protection system would then evolve.

3.2.1 Contributory schemes

Established in 1965, the NSSF was originally organised as a provident fund, in which workers' contributions were matched by mandatory employer contributions and paid out as a lump sum upon retirement.¹¹ However, under the 2013 National Social Security Fund Act, the provident fund was converted into a funded scheme consisting of mandatory individual accounts for all employed persons aged 18 to 60, while contributions to a new provident fund were voluntary. Retired members were to receive a monthly pension, and benefits included a retirement pension, a disability/invalidity benefit and a survivors' benefit.¹² As is discussed further below, however, the legislation has been hotly contested in the courts, and is largely yet to take effect. A 2020 news article noted that monthly deductions were set to increase as of 1st July, in accordance with the "stalled NSSF Act 2013" that was "beginning to take shape." It is unclear how much progress has been made.¹³ According to the 2017 Social Protection Sector Review, as of 2016, the NSSF was collecting contributions from around 10 per cent of the country's total work force.¹⁴ In addition, Olouasa notes that workers from "the non-formal sector make up the largest percentage of the workforce and can pay contributions voluntarily."¹⁵

The NHIF, which is another government institution, was established in 1967 as a contributory health insurance scheme, with the aim of meeting the cost of inpatient treatment of contributing members – and their immediate family members – up to certain limits.¹⁶ According to Olouasa, the NHIF "is the vehicle used by the Government of Kenya through the Ministry of Health to pool risk and reduce the financial burden of healthcare. The NHIF model of health insurance is that of a contributory scheme with compulsory membership for formal sector employees and voluntary membership in the informal economy."¹⁷ By 2017, the NHIF had 6.14 million contributing members and 18.41 million beneficiaries, which was around 39 per cent of the population. Around 59 per cent of members worked in the formal sector, and 41 per cent were in the informal economy.¹⁸

Other schemes include the CSPS, which provides a regular and predictable pension to civil service officials (including teachers and police officers). Prior to 2018, the scheme was fully tax-financed, occupying a large share of public resources. However, civil servants are now required to contribute 7.5% of their monthly pay to the scheme, with the Government matching contributions.¹⁹ As of 2014, there were 162,218 civil services on retirement pensions, with an additional 58,700 dependents. Formally employed workers in Kenya also benefit from a number of employer-liability schemes, where employers are mandated to pay the benefits in case of maternity/paternity, sickness, and work-related accidents and diseases.²⁰

As is evident, although the Government has put in place institutions and schemes that are primarily targeted at Kenyans working in the formal sector, there are still a number of gaps and in its current

¹¹ As with most provident funds, the benefit could also be paid in other circumstances, such as permanent disability or when the fund member died or permanently emigrated.

¹² (International Social Security Association (ISSA), 2019; Olouasa, 2019; The Republic of Kenya, n.d.)

¹³ (Mbabazi, 2020)

¹⁴ Ministry of Labour and Social Protection (2019)

¹⁵ Olouasa, 2019

¹⁶ Ministry of Labour and Social Protection (2019)

¹⁷ Olouasa, 2019

¹⁸ Ministry of Labour and Social Protection (2019)

¹⁹ Olouasa, 2019

²⁰ (International Social Security Association (ISSA), 2019; Ministry of Labour and Social Protection, 2019)

Conclusion

design, Kenya's contributory system does not align with ILO standards and international best practices. For example, whilst contributions to the NSSF are mandatory for workers in the formal sector, coverage is still, in fact, low. Moreover, benefits are inadequate for the few who are covered. It should further be emphasised that neither provident funds nor individual accounts (which the NSSF Act 2013 proposes that the provident fund be converted into) are social insurance schemes. Neither scheme allows for risk pooling that would enable redistribution from higher earners to lower earners, and therefore, are not in compliance with Article 71 of ILO Convention 102, which stipulates that "the costs of the benefits (...) and administration (...) shall be borne collectively by way of insurance contributions or taxation or both". Indeed, contributors may see it as advantageous to withdraw their benefits early or resist reforms that would collectivise risk. As discussed further below, several provisions within the NSSF Act 2013 have been challenged by trade unions in court. In addition, because benefits are tightly linked with contributions, these systems disadvantage those with lower career earnings and shorter work histories, including women.²¹ Defined benefits are an essential element of a human rights based approach, in which rights holders should know what to exchange for their contributions, and this has not been achieved in the design of the NSSF.

Other contributory schemes are also not in line with international standards. For example, employers are required under labour law to pay maternity/paternity, sickness and employment injury benefits, and the required level and duration of benefits are relatively generous by international standards.²² However, employer-liability arrangements are among the weakest forms of provision because they are difficult to enforce.²³ Direct employer-liability programmes – which are not social insurance schemes – also do not comply with Article 71 of ILO Convention 102, due to the fact that the costs of the schemes are not borne collectively. In addition, apart from mandatory severance pay in limited circumstances, Kenyans who lose their jobs and/or are unable to find work lack any income protection in case of unemployment. Therefore, even Kenyans who work in the formal sector are not able to access a comprehensive social security system that provides sufficient income support throughout the lifecycle.

3.2.2 Non-contributory social protection schemes

Given that the majority of Kenyans work in the informal economy and have irregular incomes that can make it difficult to regularly contribute to a social insurance scheme, it is vital that Kenya also implements a non-contributory social protection system. In the years following independence, a number of small, means-tested, social protection programmes for very specific populations were implemented, but as Wanyama and McCord explain, they were "small-scale fragmented interventions providing in cash and kind support on an ad hoc basis, implemented by a range of government and civil society actors."²⁴

This situation changed with the landmark 2002 elections, which ended the rule of the Kenya African National Union (KANU) party and ushered the National Rainbow Coalition (NARC) into power, under the leadership of President Mwai Kibaki. NARC's victory led not only to a process of consolidation within the social protection sector, but also to the development of the CT-OVC, the PwSD-CT, and the OPCT, which were all state-administered programmes.²⁵ The HSNP – which provides cash transfers in the northern countries of Marsabit, Mandera, Turkana and Wajir to households classified as poor – was also rolled out. As is elaborated further below, these programmes received significant donor investment, and as they were poverty-targeted, had limited coverage and were

²¹ (Ortiz et al., 2018)

²² For example, women who give birth are paid 100 per cent of their previous wages for three months, which exceeds the minimum standards in ILO Conventions related to maternity protection.

²³ (ILO, 2017)

²⁴ Wanyama & McCord (2017)

²⁵ Kramon (2019); Wanyama & McCord (2017)

Conclusion

therefore small in scale. Niño-Zarazúa et al have classified this system as a low income country (LIC) model of social protection characteristic of “Middle Africa”, as it is donor financed and focused on delivering programmes to the extreme poor.²⁶ The 2012 Kenya Social Protection Sector Review noted that at the time of writing, the largest programmes in Kenya were the General Food Distribution (GFD), the Civil Service Pension (CSPS), the NSSF and the NHIF.²⁷

The next significant shift came in 2010, with the promulgation of the Kenyan Constitution. Notably, the Constitution enshrined the right to social security, and led to the development of the National Social Protection Policy, which was approved by Cabinet in 2012. Other significant policies included Vision 2030, a policy blueprint meant to propel Kenya into a “newly industrialising, middle-income country providing a high quality of life to all its citizens by 2030.”²⁸ Following this period, the Government began to assume responsibility for a higher proportion of investment in the sector, and in 2013-14, under the Kenyatta government, the CT-OVC, PwSD-CT, OPCT and HSNP were consolidated under the National Safety Net Programme (NSNP), with the aim of building a common operating framework to harmonise delivery.²⁹ The programme is now also known by the Swahili words “Inua Jamii”.

Box 1: The National Safety Net



By 2017/18, it was estimated that the Government was responsible for 72 per cent of funding of the social protection sector, and as Figure 1 shows, it is likely that Government funding of the non-contributory social security system will further increase.³⁰ By the time the Social Protection Sector Review was written in 2017, the Government had begun to prioritise regular and predictable cash transfers over the more ad hoc mechanisms that had been dominant before, and as a result, the Inua Jamii schemes had significantly expanded, whilst schemes such as the GFD had shrunk.³¹ Nevertheless, a high proportion of Kenyans living on middle incomes – the “missing middle” – were still unable to access any kind of benefit.

²⁶ Niño-Zarazúa et al., (2012). It should be noted that the label ‘low-income model’ overlooks the growing number of low-income countries that invest heavily in social protection.

²⁷ Ministry of State for Planning, National Development and Vision 2030 (2012)

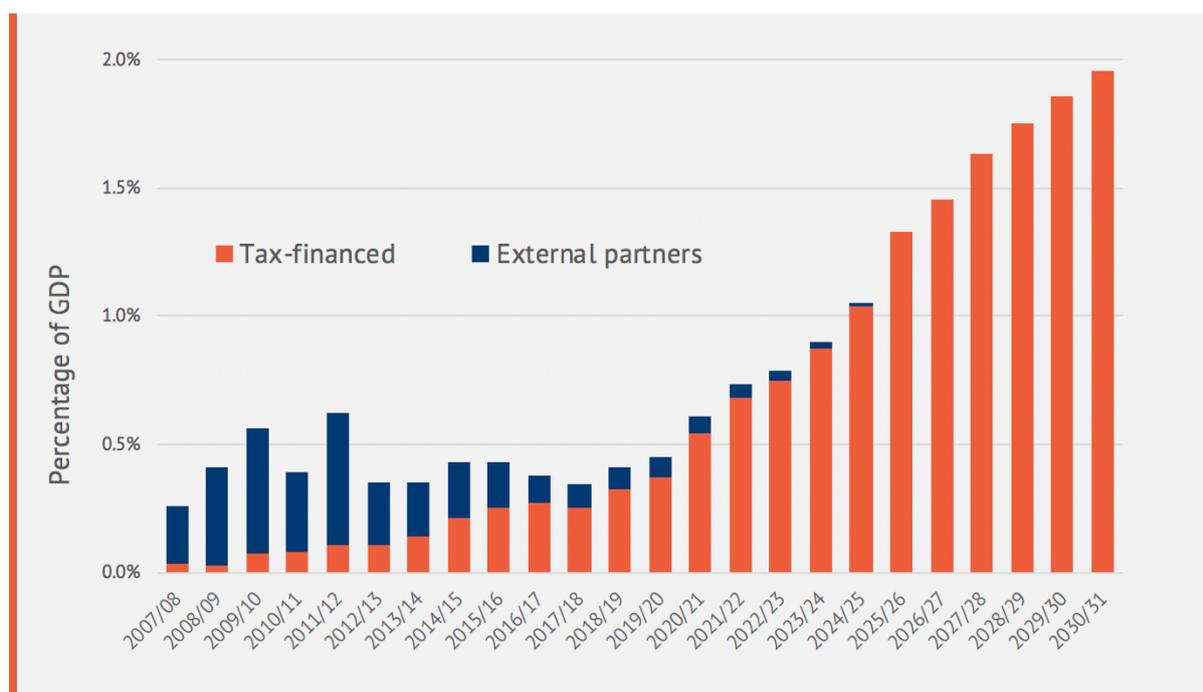
²⁸ (Kenya Vision 2030, n.d., p. 20)

²⁹ Ministry of Labour and Social Protection (2019); Kramon (2019)

³⁰ Chirchir & Tran (2019)

³¹ Ministry of Labour and Social Protection (2019)

Figure 1: Funding of Kenya's non-contributory social protection system



Source: Ministry of Labour and Social Protection (2019) and the forthcoming Social Protection Investment Plan

The launch of the Inua Jamii Senior Citizens’ Scheme in 2018 signalled the Kenyan Government’s commitment to developing a universal lifecycle social protection system. The scheme was the first national universal pension to be introduced in East Africa³² and is provided to all older persons aged 70 years and above who are not in receipt of a civil servant pension. As a universal scheme, the social pension is Kenya’s first programme to effectively reach the “missing middle” who would not have been able to accumulate savings with the NSSF, whilst also reaching any older Kenyans who are living in extreme poverty. Arguably, Kenya is now showing signs of joining the middle income country (MIC) model of social protection – similar to what South Africa and other Southern African countries already have in place – which is characterised by having in place tax-financed programmes that are based around the lifecycle, and which have been influenced by European welfare systems.³³ Kenya is now also examining the feasibility of implementing a universal child benefit.

3.2.3 An overview of Kenya’s social protection schemes

Figure 2 demonstrates how Kenya’s current social protection schemes address different risks across the lifecycle. Programmes are categorised according to the three pillars of social protection which were outlined in the National Social Protection Policy: social assistance, “social security” (i.e. social insurance) and health insurance. Coverage levels are not provided due to difficulties in accurately obtaining levels. The ILO’s last World Social Protection Report noted, in 2017, that 10.4 per cent of the population were covered for at least one of the contingencies (contributory or non-contributory benefit) or actively contributing to at least one social security scheme.³⁴ However, this figure will have increased since the introduction of the universal Inua Jamii Senior Citizens’ Scheme, although,

³² Zanzibar in Tanzania implemented a universal pension in 2016.

³³ Niño-Zarazúa et al., (2012)

³⁴ (ILO, 2017)

Conclusion

as the scheme is only for older persons aged above 70 years of age, anybody between 60 and 69 will miss out if they had not contributed to the NSSF or worked for the Civil Service.³⁵

Figure 2: Kenya's social protection schemes

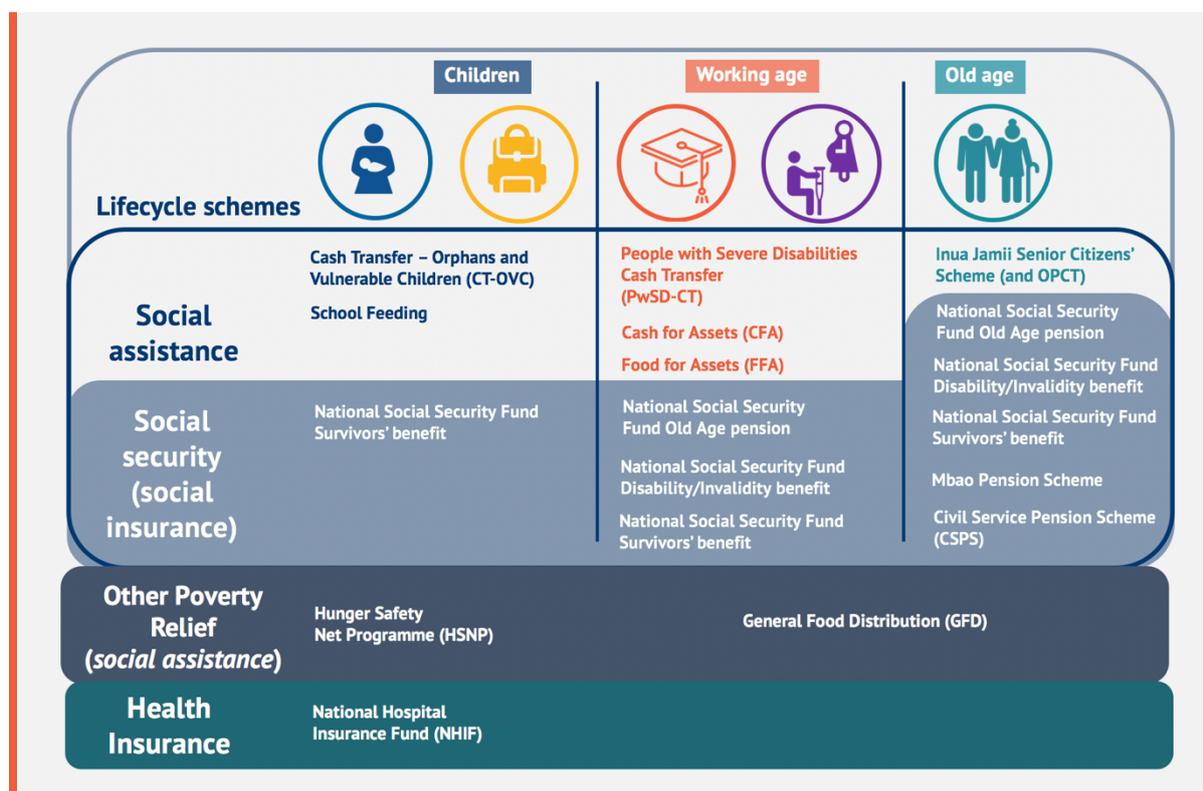


Table 1 provides a further breakdown for the following non-contributory social protection schemes: the CT-OVC, PwSD-CT³⁶, OPCT, Inua Jamii Senior Citizens' Scheme and HSNP. As Kenya's largest and most sustainable social protection schemes, these – along with the two main contributory schemes, the NSSF and NHIF – are the focus of the report. As of 2016, out of the shorter-term poverty-targeted programmes: Cash for Assets reached 60,000 households; Food for Assets reached 54,000 households and General Food Distribution reached 78,000 households. The latter two programmes largely distribute food instead of cash.³⁷

Table 1: Key non-contributory social protection schemes in Kenya

Scheme	Year of enactment	Responsible Agency	Target Group	Number of beneficiaries (2016) ³⁸	Transfer value	Transfer Value (% of GDP per capita) ³⁹

³⁵ As of 2017, ILO (2017) noted that only 24.8 per cent of older persons above statutory pensionable age were receiving an old-age pension.

³⁶ Whilst the PwSD-CT is not one of Kenya's largest schemes, as it is the only programme that targets persons with disabilities it is included due to its importance.

³⁷ Figures are taken from the Ministry of Labour and Social Protection (2019).

³⁸ Figures are taken from the Ministry of Labour and Social Protection (2019), except for the number of individuals who are enrolled on the Inua Jamii Senior Citizens' Scheme, which is taken from (Tran et al., 2019). Note that there is some overlap, for the figures provided for the Inua Jamii Senior Citizens' Scheme include any OPCT beneficiaries over the age of 70.

³⁹ Ministry of Labour and Social Protection (2019)

Conclusion

CT-OVC	2004	Social Assistance Unit (MSLP)	Poverty-targeted to households with orphans aged 0-17 years	365,232 households	KES 2,000	16.6%
OPCT	2007	Social Assistance Unit (MSLP)	Poverty-targeted to households with a Kenyan aged 65+	320,636 households	KES 2,000	16.6%
HSNP	2008	NDMA, Ministry of Devolution and Planning	Poverty targeted to households in Turkana, Marsabit, Mandera and Wajir	101,630 households	KES 2,700	22.4%
PwSD-CT	2011	Social Assistance Unit (MSLP)	Poverty-targeted to households with a person who is “profoundly disabled”	41,374 households	KES 2,000	16.6%
Inua Jamii Senior Citizens’ Scheme (now referred to, by the Government, as the OPCT as well)	2018	Social Assistance Unit (MSLP)	Individual benefit for Kenyans aged 70+ not in receipt of a civil service pension	808,000 individuals (including OPCT recipients who are 70+) ⁴⁰	KES 2,000	16.6%

As is evident, Kenya’s non-contributory social protection sector has made significant progress, and the country is now a leading example in sub-Saharan Africa of how a country can rapidly move towards developing an inclusive lifecycle social protection system that is largely funded and administered by the government. These advances, however, would not have been possible without significant strengthening of its governance arrangements. The mechanisms to improve governance are taken up in the following section.

⁴⁰ Data retrieved in 2019

4 Mechanisms to improve governance

Governance decisions should permeate all levels of the social protection process, and as such, the mechanisms discussed focus on high-level, mid-level and frontline/street level mechanisms. As discussed below, Kenya has made great strides, particularly with regard to high-level and mid-level decisions. However, there remain a number of challenges and gaps, especially with regard to implementation. As an emerging low-income country, with a rapidly expanding social protection sector, this is to be expected. Inclusive systems, with good governance mechanisms, are established gradually over time, with significant investment. The challenges that Kenya has faced can also serve as useful lessons for any countries that find themselves at the early stages of development of the social protection sector and are seeking to chart their own course.

4.1 High level

High-level governance refers to the structures — including policies, legislation, institutions, and financing — needed to build sustainable systems. As will be discussed in this section, the Kenyan government has made a number of high-level decisions that have brought greater coherence to the sector. Nevertheless, a degree of fragmentation remains.

4.1.1 The development of the legislative and policy framework

A robust and cohesive legislative and policy framework is essential for good governance. Not only does it establish the “rules” that must be adhered to, but it also enshrines State responsibility (as well as citizens’ corresponding rights), promotes accountability, and provides coherence and transparency to the sector.⁴¹ The Government of Kenya has demonstrated a clear commitment to social protection, and this is signified through its policy and legislative framework. Indeed, it is this framework that has provided the impetus for the expansion of the social protection sector and the good governance decisions that have been made.

The first notable addition to Kenya’s legislative and policy framework was the promulgation of the 2010 Constitution. Article 43(1) stipulates that “every person has the right to social security” and Article 43(3) elaborates that “The State shall provide appropriate social security to persons who are unable to support themselves and their dependants.” The Constitution was followed by the National Social Protection Policy (NSPP) which was approved by Cabinet in 2012. The policy outlined the three pillars of social protection – social assistance; “social security”⁴² and health insurance – and recommended a number of institutional changes, which, as discussed below, brought greater coherence to the sector.⁴³

Other significant legislative and policy initiatives include the Public Service Superannuation Scheme Act, passed in 2012, which addressed the highly regressive financing structure of the CSPS. The 2017 Social Protection Sector Review explains that this had the objective of “bringing about a transition to a funded basis of the old-age provision for (national) civil servants”. This reform should free up fiscal space that could be used to finance broader expansion. In addition, in 2013, a Social Assistance Act

⁴¹ This section refers primarily to Kenya’s legislative and policy framework with regard to its social protection sector. However, it should be noted that many other areas of law are applicable to Kenya’s social protection sector, and this is particularly the case for operational processes. A further discussion, for example, on Kenya’s legislative and regulatory framework for financial services is discussed in Section 4.3.2

⁴² Social security in the NSPP refers to an expanded NSSF that covers workers in the formal and informal economy. The Policy stated that “The Government recognises the need to extend coverage of retirement schemes to informal economy workers and to increase the range and adequacy of NSSF benefits.” (Ministry of Gender, Children and Social, 2011)

⁴³ Ministry of Gender, Children and Social (2011)

Conclusion

was passed by Parliament, with the aim of providing social assistance to “persons in need” including orphans, “poor elderly persons”, unemployed persons, widows and widowers and persons with disabilities. The Act also stipulated that a National Social Assistance Authority should be established. Finally, the National Social Security Fund Act, 2013, reflected “a realisation that the National Social Security Fund (NSSF), as the major focus of contributory livelihood provision for old-age, must adapt to changing times.”⁴⁴ The Act mandated that the provident fund be converted into individual accounts, and also increased contribution rates and divided contributions into two tiers. Kenyans not in formal employment were also provided with the opportunity to make voluntary contributions towards the fund.⁴⁵

Currently in development is a Social Protection Investment Plan (SPIP) and a new National Social Protection Strategy (NSPS). The 2017 Social Protection Sector review explains that: “The SPIP will set out the vision of the government and the sector up to 2030, and the NSPS is being written to create a roadmap for the next five years, in terms of expanding and reforming Kenya’s social protection sector.”⁴⁶ The two plans have now been prepared, and the SPIP has been validated. However, neither plan has yet been approved by Cabinet.

Whilst it is clear that Kenya’s legislative and policy framework has significantly strengthened, there are a number of gaps that have hindered the development of a lifecycle social protection system. The first issue is that the definition of social security in the Constitution is not very specific, nor does it align with the definition of social protection that is provided in the 2011 National Social Protection Policy (NSPP). Furthermore, the policy definition has been described by the 2017 Social Protection Review as “too broad” which makes it difficult to have a clear vision and to implement the policy effectively.⁴⁷ It is expected that the forthcoming SPIP and NSPS will bring more coherence to the sector, as well as better strengthen and consolidate next steps.

The second gap is that several provisions in the legislative and policy framework have not been implemented. For example, although the 2011 National Social Protection Policy stipulated that a National Social Protection Council should be established, this was never implemented. In addition, the Social Assistance Act 2013 has largely not had an impact on the sector, which the 2017 Social Protection Sector Review attributes to the fact that it did not receive backing from the Executive Branch of Government. Indeed, several of its aims – such as the establishment of new programmes for those in need, along with the formation of a National Social Assistance Authority – were not in line with the sectoral changes that are discussed in this report. Furthermore, the charity focus of the Act, along with the language used – for example, to “increase the ability of persons in need to assume greater responsibility for themselves” – are not compliant with essential principles of the human rights based approach to social protection, such as the universality of social protection and the dignity and autonomy of beneficiaries. In 2020, a bill was proposed by the Cabinet Secretary for Treasury and Planning to repeal the Act and replace it with Social Assistance Fund Regulations instead.

Attempts to reform Kenya’s contributory schemes have also run into challenges. The Sector Review notes that whilst steps have been taken to reform the NSSF and the Public Service Pension, “the non-implementation of many aspects of these laws indicates that the changes they have proposed are not yet sustainable and they may have to be revised.”⁴⁸ Several provisions of the National Social Security Fund Act 2013 – for example, in relation to the collection of contributions, and the expectation that employees would have to abandon their existing pension scheme in favour of the

⁴⁴ Ministry of Labour and Social Protection (2019)

⁴⁵ (MMAN Advocates, 2019)

⁴⁶ Ministry of Labour and Social Protection (2019)

⁴⁷ Ministry of Labour and Social Protection (2019)

⁴⁸ Ministry of Labour and Social Protection (2019)

Conclusion

NSSF – have been challenged in court, and a court order has since been issued requiring employers, employees and the government to continue making contributions in accordance with the old NSSF Act.⁴⁹ As noted above, a 2020 news article stated that monthly deductions were set to increase as of 1st July, in accordance with the NSSF Act 2013 which had been largely stalled. It is unclear, however, how much progress has been made.⁵⁰ Kenya’s trade unions – as discussed further in Section 4.4. – have been particularly active in challenging the legislation in court, for the original design of the NSSF as a savings-based provident fund has led workers to perceive their contributions to be private savings. The absence of an adequate social insurance system, which would weaken the link between workers’ contributions and their “savings” (the pooled funds), has therefore impacted workers’ willingness to have the scheme change. Although the NSSF Act does not propose that the NSSF become a “proper” social insurance scheme, as it proposes that the fund be converted into mandatory individual accounts, along with voluntary contributions to a new provident fund, the pushback from such participatory powers is indicative of how an absence of social security can lead to members being opposed to poorly designed schemes being reformed.

The third gap in Kenya’s framework is that key legislation has yet to be promulgated. As is demonstrated in Section 4.1.2, although progress has been made to consolidate the institutional arrangements for social protection, there remains a degree of fragmentation. A national Social Protection Coordination Bill – which has the potential to provide much needed clarity and harmonisation to Kenya’s institutional arrangements – has been in development for a number of years but has not yet been passed. The Partnership for African Social and Governance Research and the African Institute for Health and Development have also noted that legislation should be developed that aims to, “harmonise and integrate the three pillars of social protection [social assistance, social security and health insurance] and link key stakeholders in the social protection sector.”⁵¹

In terms of the legal anchorage of the institutional set up, the Presidential Circular No. 1 of 2018 places the State Department of Social Development and the Social Protection Secretariat under the Ministry of Labour and Social Protection. These two institutions – which are responsible for managing Kenya’s largest social protection programmes – have not therefore been established by law, which can be a threat to their sustainability. Legal anchorage is stronger for other important institutions, however. For example, the NSSF was transformed into a State Corporation under the management of a Board of Trustees through the NSSF Act 1987, and the semi-autonomous National Council for Persons with Disabilities was established as a state corporation by the Persons with Disability Act 2003. The National Drought Management Authority (NDMA) – which sits under the Ministry of Devolution and Planning – was also established by the National Drought Management Authority Act 2016. The institutional arrangements are taken up in greater detail in the next section.

4.1.2 Greater consolidation of institutional arrangements

In order to implement a more cohesive social protection system, Kenya has undertaken a number of institutional changes. These changes are relatively recent,⁵² and were in response to the fragmented donor driven landscape that had dominated the sector before.

⁴⁹ (MMAN Advocates, 2019) (Tsuma Nyassy, 2016) explains that: “The areas that led to the court action include section 18 that set up the pension scheme, section 19 on the registration of employers and employees, section 20 on the collection of new contribution rates and section 71 on regulation of the Fund by the Retirement Benefits Authority.”

⁵⁰ (Mbabazi, 2020)

⁵¹ Partnership for African Social and Governance Research (PASGR) & African Institute for Health and Development (AIHD), (2017). These issues are discussed further in Section 4.3.4.

⁵² The 2012 Sector Review noted that the arrangements were “diffuse” and “not well-coordinated” (Ministry of State for Planning, National Development and Vision 2030, 2012).

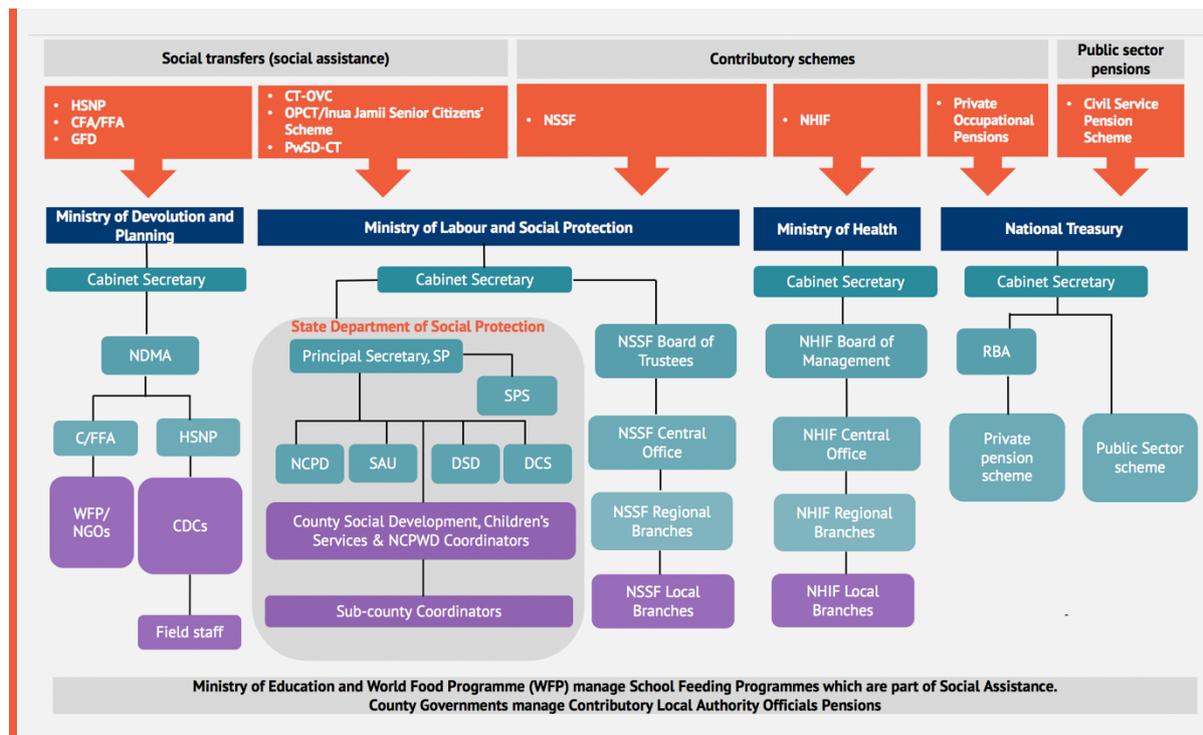
Conclusion

The first significant change was to strengthen the National Social Protection Secretariat (SPS), which is responsible for strategic direction, technical support, policy development and inter-agency coordination.⁵³ Following this, the Government created the State Department for Social Protection in 2015, within the newly created Ministry of East African Community, Labour and Social Protection (MEACLSP). The State Department for Social Protection serves as an institutional home for the CT-OVC, PwSD-CT, OPCT (and Inua Jamii Senior Citizens' scheme).⁵⁴ As is demonstrated from Figure 3 below, the SPS is also located within the State Department for Social Protection, and reports to the Principal Secretary.

The next noteworthy change was the creation of the Social Assistance Unit (SAU) in 2016, which is also located within the State Department for Social Protection. SAU is involved in the management of the non-contributory schemes within the Inua Jamii programme (CT-OVC, PwSD-CT, OPCT, and Inua Jamii Senior Citizens' scheme), and according to the 2017 Social Protection Sector Review, its responsibilities include: "programme targeting, including recertification; training of County and Sub County staff; payments including liaison between ministry and payment service providers (PSPs); accounting for all resources and audits; monitoring, evaluation, learning and research; consolidating and managing the MIS system; linking programme MISs to the Single Registry; complaints and grievances; and addressing error, fraud and corruption."⁵⁵ Prior to the creation of SAU, the OPCT, PwSDCT and CT-OVC were managed by two departments, each with individual agreements with PSPs.

Figure 3 provides an overview of Kenya's current social protection institutional arrangements. It should be noted that following a reorganisation of government, the Ministry of Labour and Social Protection (MLSP) was established, replacing the former MEACLSP.

Figure 3: Kenya's current institutional arrangements



⁵³ (Ministry of Labour and Social Protection, 2020)

⁵⁴ Ministry of Labour and Social Protection (2019)

⁵⁵ Ministry of Labour and Social Protection (2019)

Conclusion

Source: Adapted from Ministry of Labour and Social Protection (2019).

These institutional arrangements have helped bring much greater clarity to the sector, thereby providing the institutional machinery to drive forward the development of a social protection system that is largely funded by the Government. The strengthening of the SPS, for example, has allowed the government to develop a vision of a lifecycle social protection system, as is evidenced, for example, by the implementation of the Inua Jamii Senior Citizens' Scheme and the forthcoming National Social Protection Strategy. Kenya's previous institutional arrangements – which were largely fragmented – would not have enabled the Government to so easily drive this vision forward, and the programme design would have been much more susceptible to donor interference. Similarly, the creation of SAU has helped to centralise and streamline the sector, by bringing these fragmented programmes under its purview. As such, social protection programmes are not only able to share administrative functions (see Section 4.2), but also to note best practice and implement lessons learned based on strong monitoring and evaluation tools. Streamlining the process has also brought greater efficiency: for example, funds can be disbursed from the Treasury straight to SAU, rather than going through different institutions.

The institutional arrangements for contributory schemes are equally diverse. When first established, the NSSF, for example, was a department in the Ministry of Labour. In 1998, however, it became an autonomous State corporation with a full Board. At the moment, the National Social Security Fund Board of Trustees directs and manages the National Social Security Fund, and the National Social Security Fund is responsible for administering the accounts.⁵⁶ The Board – which is tripartite in nature – comprises representatives of workers, employers and Government and aligns with Article 72 of ILO Convention 102, which calls for the representation of stakeholders in the management of schemes. As Figure 3 demonstrates, whilst the NSSF is autonomous, the Board of Trustees sits under the MSLP, for the Ministry is responsible for policy development and oversight.⁵⁷ In turn, the CSPS is managed by the Pensions Department in the Treasury, the NHIF sits under the Ministry of Health, and the Treasury oversees the public sector pensions. Therefore, there is still a siloed approach to the management of contributory schemes that is likely to continue into the near to intermediate term.

Despite the improvements that have been made to the sector, there is still a high degree of horizontal and vertical fragmentation. Nevertheless, given that Kenya has undergone such a rapid transformation in a short space of time, it is to be expected that there would remain some “messy” gaps.

Horizontal fragmentation

As is evident from Figure 3, not all programmes have been consolidated at the national level. Whilst consolidation is not necessary for good governance, it has meant that social protection programmes have not had a coordinated policy approach. For example, HSNP, Cash for Assets and Food for Assets – which are supplementary rather than lifecycle based programmes – are not housed within MSLP, but instead, within the Ministry of Devolution and Planning, under the National Drought Management Authority (NDMA).⁵⁸ This is despite HSNP being part of the National Safety Net Programme. Consequently, HSNP – which is a poverty-targeted programme – does not easily sit with

⁵⁶ (International Social Security Association (ISSA), 2019; Olouasa, 2019)

⁵⁷ However, in practice, many social security funds are actively engaged in policymaking to varying degrees, often behind the scenes, owing to their financial and political clout.

⁵⁸ The Global Review notes that supplementary programmes “address risks that are not directly associated with the lifecycle. These additional benefits aim to supplement or complement — not replace — what is offered through core programmes and may include benefits aimed at covariate risks and shocks like natural disasters, conflict, public health crises or drought; categorical (but not-age-related) benefits to support specifically defined groups such as ethnic minorities or persons in remote geographic regions; benefits to provide a minimum income guarantee to protect against poverty (akin to so-called ‘safety nets’); or instruments to promote complementary goals like livelihood support or employment (e.g. through public works or ‘workfare’).”

Conclusion

the State Department for Social Protection's long-term goal to implement a universal lifecycle social protection system. Because HSNP is not a core lifecycle programme but rather supplements the lifecycle system where gaps exist, the fact that it is administered by a different institution is not necessarily problematic provided there is coordination across similar modalities at the point of delivery, where required. However, there are risks to building separate large-scale income transfer administrative infrastructures, and, as the 2017 Sector Review notes, "Consolidating all regular transfers within one Ministry could offer greater cohesion and harmonization to the Sector."⁵⁹

Furthermore, there is little coordination between the institutions that manage Kenya's non-contributory schemes and the institutions that manage its contributory schemes. For example, whilst both the SPS/SAU and the NSSF sit under the MSLP, SAU and SPS report to the Principal Secretary and the NSSF Board of Trustees report instead to the Cabinet Secretary. The CSPS, meanwhile, sits under a completely different Ministry – the National Treasury – reflecting the legacy of its financing structure. If not addressed, the lack of coordination between the different institutions could limit the establishment of an effective multi-tiered social security system due to each institution having different policies, aims and budgets in place.

Indeed, a Cash plus intervention has been stymied by a lack of coordination between institutions, and this may limit the government's potential to implement similar initiatives in the future. Under the Cash plus initiative in question, recipients of the Inua Jamii Senior Citizens' scheme have been enrolled into the NHIF for free, with the Treasury disbursing funds to the NHIF to cover the monthly premiums. As part of the initiative, recipients are meant to receive NHIF Super Cover, which pays for up to 80 per cent of their medical bills. Whilst an excellent initiative, recent news articles indicate that in reality, recipients have been unable to take advantage of this service, with one source at the NHIF attributing the problem to a delay of funds from the Treasury.⁶⁰ This indicates that the NHIF (under the Ministry of Health), the MLSP and the Treasury have failed to coordinate to deliver this additional service. With a long term aim to roll out this initiative to all the schemes within the National Safety Net Programme, it is unlikely that this will be achieved.⁶¹

Another limitation to Kenya's institutional arrangements is that reporting lines are still complicated. For example, although the SPS is responsible for strategic direction, technical support, policy development and inter-agency coordination, as SAU is responsible for the management and administration of the programmes, it can be challenging for the SPS to monitor and provide effective oversight.⁶² Initial plans for reforming the sector's institutional arrangements were not meant to result in such a gap, for the 2011 National Social Protection Policy set out plans for both the SPS and a National Social Protection Council to be implemented. The Council, however, was never established, which, Kimetrica notes, led to the SPS taking on many of the responsibilities of the Council. This was done, however, "without formal backing from Parliament, [therefore the SPS's] ability to collect information and make and enforce decisions is limited."⁶³

Vertical fragmentation

Whilst steps have been taken to bring greater harmonisation to institutions at the national level, there are still challenges with how national level institutions and county level institutions coordinate. Currently, although SAU is responsible for the management of the CT-OVC, the PwSD-CT and the Inua Jamii Senior Citizens' Scheme, the delivery of the programmes on the ground is managed at county level through the Department for Social Development (DSD), the Department for

⁵⁹ Ministry of Labour and Social Protection (2019)

⁶⁰ Kabale (n.d)

⁶¹ (Ministry of Labour and Social Protection, 2020)

⁶² Ministry of Labour and Social Protection (2019)

⁶³ Kimetrica (2017)

Conclusion

Children’s Services (DCS), and the semi-autonomous National Council for Persons with Disabilities.⁶⁴ County-level coordination for HSNP, meanwhile, is the responsibility of the NDMA County Office. The involvement of county level institutions puts a severe strain on the social work that these institutions are meant to be providing, although the implementation of the “choice model” for electronic payments – which is discussed in more detail in Section 4.3.2 – is expected to have reduced the need for staff to be present at paypoints. It should be noted that these issues are largely specific to the programmes managed by SAU, as HSNP and the CFA/FFA do have their own delivery staff on the ground.

Another example of vertical fragmentation is that current roles and responsibilities between national and county level institutions are not clearly defined. Kimetrica, for example, notes that coordination between the two “operate largely through good-will without specific mandates and guidelines” and that for Ministries that are not devolved – such as MLSP – functions can be duplicated in both the Ministry and the County executive. Despite Kenya having promulgated the Intergovernmental Relations Act 2012 – which is designed to facilitate cooperation – the legislation does not appear to be operational on the ground.⁶⁵ The 2017 Social Sector Review further explains that coordination between SAU and county level institutions can become tangled, as county coordinators not only have performance contracts with their parent departments, but unclear responsibilities have “resulted in significant work requests from the SAU to coordinators – for example on re-registration within programmes – being sent via parent departments.”⁶⁶

The delivery of social protection programmes is also still heavily dependent on volunteers and local level structures, such as the Beneficiary Welfare Committee (BWC) and Assistant Chiefs. According to Kimetrica, the role of BWCs is to: “assist with various community-based functions such as updates of beneficiary information, addressing beneficiary issues, communicating payment timelines, and mobilizing communities during targeting.” Notably, these structures receive very little training or support, and, as discussed further below, do not necessarily follow procedure when engaging in their roles.⁶⁷

A lack of resources and capacity

A final issue that limits institutional coordination is a lack of resources and capacity. Without sufficient resources, the coordination mechanisms that have been put in place will either not be implemented or will be implemented poorly. Kimetrica notes, for example, that the SPS is legally restricted in terms of staffing numbers, which can create workloads that are difficult to manage. Furthermore, Kimetrica found that at the County, Sub County and Community levels, not only was there a lack of knowledge and awareness about the social protection programmes that were being implemented, but there was also a serious shortage of resources. A dearth of computers and poor internet connectivity, for example, hindered how easily manuals could be stored, and how easily staff could link to a programme’s MIS.⁶⁸

4.1.3 The role of external actors

When discussing institutional mechanisms, it is necessary to also note the role of donors and international financial institutions. As has been discussed above, external actors were an important driving force behind Kenya’s institutional fragmentation and were partly responsible for the development of a large number of small, poverty-targeted programmes. In fact, it was only when

⁶⁴ Kimetrica (2017); Ministry of Labour and Social Protection (2019)

⁶⁵ Kimetrica (2017)

⁶⁶ Ministry of Labour and Social Protection (2019)

⁶⁷ Kimetrica (2017)

⁶⁸ Kimetrica (2017)

Conclusion

the Government became more responsible for the sector that greater cohesion was achieved. Niño-Zarazúa et al have noted that, “The influence of external actors works best where engagement with domestic political and policy processes enable stronger ownership of social protection programs by national governments, public administrations, and political constituencies, and where external knowledge is framed as learning rather than policy transfer.”⁶⁹

According to Wanyama and McCord, a key driver behind the evolution of Kenya’s social protection sector was a National Safety Net Programme for Results loan that was delivered by the World Bank to the Government.⁷⁰ The 2017 Social Protection Sector Review notes that “Committed Kenyan civil servants have been able to take advantage of the pressures resulting from the loan’s conditions to drive change, in particular the expansion of the main MEACLSP [MLSP] social assistance transfers.”⁷¹ Furthermore, external partners have proved essential for addressing capacity restraints. For example, by the end of 2017, the World Bank was funding 210 staff in the Department of Social Development, the Department of Children’s Services, HSNP, SAU and the SPS in order to support the implementation of the National Safety Net Programme. Furthermore, the World Bank was supporting the SPS through a World Bank Trust Fund.⁷²

Ouma & Adésinà (2018), however, provide a critical overview of external actors’ roles in implementing Kenya’s social protection programmes. The CT-OVC, for example, was first implemented by UNICEF and the Government of Kenya, and in order to gain approval for the programme, UNICEF seconded three personnel as technical advisors within government. The authors explain that, “UNICEF justified the secondment of technical assistance as a response to capacity gaps within government. Yet in reality, the secondment was less about absent expertise but more of insertion of agents of advocacy within daily interactions and policy discussions. The duties of these technical assistance advisors often conflicted with, and at times subsumed those of government officers, leading to disagreements.” A similar process was employed by DFID to roll out HSNP, and a government official explains in the article that:

“DFID woke up and decided they want a cash transfer programme, they had the money for the programme for five years. The government was not consulted but since DFID had the money and were not asking government to fund the programme, the government agreed.”⁷³

The team that managed HSNP – the Programme Implementation and Learning Unit – was housed in the NDMA but comprised consultants and reported to DFID. Indeed, during that period, a number of strategies were used by international organisations to exclude domestic actors. For example, fearing political capture, international organisations and government bureaucrats excluded politicians from the policy process. The provision of training courses to government staff – especially high profile staff – was also seen as a means to persuade staff into thinking in line with international organisations.

Whilst it is often perceived that donor funded programmes have stronger governance arrangements and enable greater accountability (for example, due to greater resources and a fiduciary risk assessment), they also stymie progress in governance. The 2017 Social Protection Sector Review details that “a lack of clarity about the roles and responsibilities of implementers of programmes at different levels of government and management is not uncommon. In the PRRO [Protracted Relief and Recovery Operations] programme, there have been difficulties with the performance management of different partners and also with the selection and procurement of cooperating

⁶⁹ Niño-Zarazúa et al., (2012)

⁷⁰ Wanyama & McCord (2017)

⁷¹ Ministry of Labour and Social Protection (2019)

⁷² Ministry of Labour and Social Protection (2019)

⁷³

Conclusion

partners.” In addition, the Sector Review indicates that donor-funded programmes decrease accountability, as the donors are more accountable to the taxpayers of their own country, than to Kenyan citizens. To ensure that there is accountability within a programme, it is therefore important that the funding of programmes is formally part of the government budget.⁷⁴

The role of external actors can also, therefore, impact the sovereignty of the country within which the actors are working. The 2017 Sector Review notes that due to the Government assuming greater financial responsibility for its social protection programmes, “senior members of Government have expressed the view that, in the past, development partners have had greater influence over social protection policy than the national Government and that this should change.” Although the current World Bank project – titled “Social and Economic Inclusion” – provides Kenya with a loan to develop its social protection programmes (and therefore, as a loan, the programmes are government funded), the loan does come with Disbursement Linked Indicators.⁷⁵ Such conditions can make it difficult for a Government to oppose the lender if there are disagreements as to how a social protection system should be implemented. For example, a key element of the World Bank’s “National Safety Net Programme for Results” loan was to promote poverty-targeted programmes.⁷⁶

The Government led initiative – the Inua Jamii Senior Citizens’ Scheme – is a universal programme, however, and therefore not in line with the poverty-targeted focus of the World Bank’s loans.

In 2019, the World Bank even released a report criticising the universal programme, claiming that the programme was only reaching 43 per cent of over-70s and that coverage was lowest in the poorest counties. However, this analysis was based on a number of errors, and in reality, coverage is between 83 and 100 per cent, depending on the data source used. The report was later taken down.⁷⁷

Although external actors of course played a role in advocating for the scheme, it should be recognised that the social pension is a government owned programme which, unlike the country’s other social protection programmes, received significant backing from the political class. In fact, it was during the 2017 election campaign that President Kenyatta announced that the OPCT would be expanded,⁷⁸ for the scheme’s universal design meant that it had broad appeal for voters and was therefore used during the election period to win votes. As is evident, the Inua Jamii Senior Citizens’ scheme was therefore a means by which the government has reduced its asymmetrical relationship with external actors.

4.1.4 Timing of Funds

The timing of the disbursement of funds for social protection programmes is often unpredictable and subject to delays. This is problematic, for if recipients are told that they are to receive their benefit every two months, they then plan their household finances around this, and any delays may result in their household experiencing a shock. Irregular payments may also lead to recipients losing trust in the programme and perceiving their benefit not as an entitlement but as a discretionary gift. The 2017 Social Protection Sector Review notes that one reason for these delays is that the Treasury can be slow to disburse funds. The report explains that to avoid this, it is important to move social protection funding from the development budget to the recurrent budget, because “the cash budgeting used by the Treasury means that, at the beginning of each financial year, the

⁷⁴ *International Development Organisation (2018)*

⁷⁵ *International Development Organisation (2018)*

⁷⁶ *(International Development Association, 2013)*

⁷⁷ *S. Kidd (2019)*

⁷⁸ *(Development Pathways, 2018)*

Conclusion

development budget is short of funds.”⁷⁹ In addition, the Sector Review emphasises the need for social protection programmes to be enshrined in legislation, as this would aid predictability of payments and increase accountability.⁸⁰

Funds can also be delayed once they have been disbursed by the Treasury. The 2017 Sector review explained, for example, that payment service providers (PSPs) can also be slow to transfer funds to beneficiaries. However, the report expected that with the establishment of SAU, some of these delays would be reduced as PSPs would be required to report to the unit.⁸¹ Indeed, as detailed in McKay et al, SAU is now responsible for receiving the bulk payment from the Treasury, and upon receipt, it “sets a payment date and sends a circular to the banks informing them of the timing of the payment. It also sends a circular to Ministry field officers to begin alerting beneficiaries of the upcoming payment.” Once funds are disbursed to the banks, the banks are expected to deposit the funds in beneficiaries’ bank accounts within five days, and it is only once this has happened that SAU will communicate that the funds are ready to be collected.⁸² If banks are indeed adhering to the requirement that they should disburse the money into beneficiaries’ accounts within five days, then it should be presumed that the process has been improved. However, as is discussed further below, the Government has had issues with contract management with PSPs in the past.

Although there remain challenges with regard to the disbursement of funds, since the appointment of the new Principal Secretary within the MSLP, significant improvements have been made in terms of the timelines of payments. Consequently, strong management from the current Principal Secretary – aided by the centralisation of institutional arrangements under the MSLP – have also contributed to an improvement in operational processes.

4.2 Mid-level

Within this section, mid-level governance processes refer to core administrative structures, with a focus on how Management Information Systems have helped to streamline the sector. As can be seen, Kenya has implemented a number of Management Information Systems (MISs) which have been centralised under the Enhanced Single Registry. In addition, Kenya’s decision to make the Inua Jamii Senior Citizens’ Scheme universal has significantly reduced a number of administrative challenges, such as the need to poverty-target.

4.2.1 Management Information Systems (MISs) and the Enhanced Single Registry

Management Information Systems (MISs) are the backbone of social protection programmes and enable the flow and management of information on a variety of components, including targeting (identification/selection of beneficiaries), registration, conditions for entitlement, payments, grievance systems and exit and graduation from the programme.⁸³ Not only are MISs essential for operational processes, but they also increase transparency, efficiency, accountability, and are vital tools for enabling oversight and monitoring. In order to achieve this, however, an MIS should be a fully integrated electronic system, rather than a paper-based model.

As explained in the 2017 Social Protection Sector review, the MISs that underpin the country’s social protection programmes have undergone a “tremendous shift” in recent years. Indeed, as of 2013, whilst HSNP and CT-OVC were each operating web-based MISs, the OPCT and PwSD were still

⁷⁹ Ministry of Labour and Social Protection (2019)

⁸⁰ Ministry of Labour and Social Protection (2019)

⁸¹ Ministry of Labour and Social Protection (2019)

⁸² McKay et al., (2020). It should be noted that for the PwSD-CT, funds go directly to the NCPWD. (Kimetrica, 2017)

⁸³ Chirchir & Kidd, 2011

Conclusion

operating paper-based MISs, which were supplemented with Excel payrolls. The paper-based MISs significantly increased administrative processes, for information had to be transported by vehicle from districts to the national level. In addition, the information collected was very limited and did not include components on payment reconciliation and complaints and grievances, which limited transparency, accountability and oversight. Since then, however, the MISs have been digitalised and include the following functionality:

- I. **The Consolidated Cash Transfer Programme (CCTP) MIS.** This MIS is used to manage the operations of the CT-OVC, OPCT and PwSD-CT, and is designed with web and mobile application. In addition, Application Programming Interfaces (APIs) enable it to link to the MISs of payment service providers. The MIS supports household registration, eligibility assessment, enrolment, payments and reconciliation, case management, grievance management, monitoring, and financial management and accounting;
- II. **HSNP's MIS.** This MIS is designed with a strong decentralised case management function and a robust reporting and dashboard function that enables stakeholders to track progress of the programme in real time. HNSP's MIS also has [an SMS-based platform](#) for recipients to receive information and to query the status of their benefits.

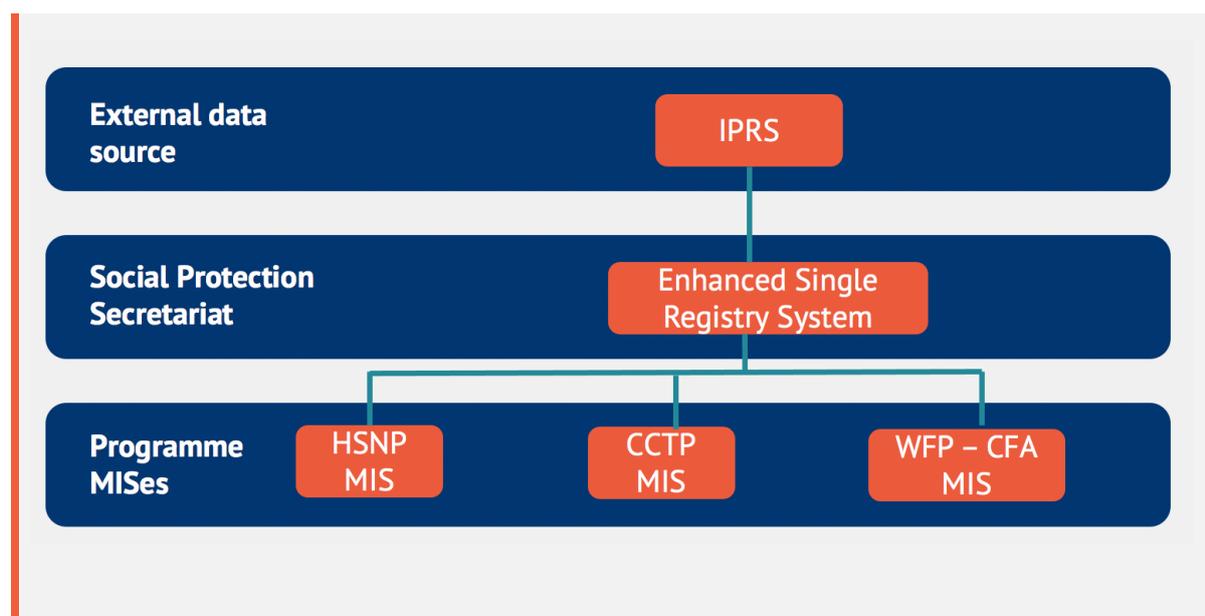
The second significant achievement has been the development of the Kenyan Single Registry, which was launched in 2016. The Single Registry created a central depository, or a “warehouse” that enables the Government to link to the MISs of several social protection programmes, thereby consolidating them all under one roof.⁸⁴ As Figure 4 indicates, the Kenyan Single Registry links to the following five social protection programmes: the OPCT (Inua Jamii Senior Citizens' scheme), PwSD-CT, CT-OVC, HSNP and the World Food Programme's Cash for Assets scheme. The Single Registry therefore serves as an excellent example of within-sector (“Pillar 2”) integration, especially as these programmes are not all managed by the same institution.⁸⁵ In addition, the Single Registry also has elements of “Pillar 3” integration in that it is linked to the Kenyan National Population Register, which is hosted at the Ministry of Interior and Coordination of National Government. The Single Registry has therefore managed to better consolidate many of Kenya's core programmes – despite continued institutional fragmentation – and by doing so, has increased efficiency by reducing paperwork and manual efforts, and has thereby provided a means of maximising limited resources. A future aim of the government is to link the registry to the MISs of contributory systems such as the NSSF and NHIF, which will better coordinate Kenya's contributory and non-contributory systems which have largely operated separately up to this point.⁸⁶

⁸⁴ Chirchir & Barca (2020)

⁸⁵ *Ibid.*

⁸⁶ (The Social Protection Secretariat, n.d)

Figure 4: Kenya's Enhanced Single Registry



The Single Registry enables the SPS and other stakeholders in Kenya to access any information that has been inputted into a programme’s MIS, as well as to engage in real-time monitoring. As Chirchir and Farooq explain, not only does the Single Registry improve monitoring and oversight, but it also allows the SPS to monitor beneficiary enrolment across programmes and to check the accuracy of beneficiary details, timelines of payments, complaints resolved within established time frames, and consolidated programme costs. Importantly, the authors explain, “the Single Registry can capture information on schemes that are designed very differently, including the use of distinct targeting mechanisms.”⁸⁷ The Single Registry has also highlighted exclusion errors by enabling comparison of statistics on vulnerable populations versus those enrolled on the programmes. And, importantly, the SPS is able to monitor whether complaints have been resolved within established time frames and to consolidate programme costs.⁸⁸

The SPS has also noted that the goal of establishing the Single Registry was to:

- i. “Provide increased harmonization and consolidation of fragmented social protection schemes through comprehensive oversight of all social protection initiatives
- ii. For better communication to the general population and target audiences
- iii. To provide a single platform where common and essential information across social protection programmes are stored, analyzed and reported for the benefit of the stakeholders.
- iv. To provide checks against one beneficiary receiving multiple benefits within and across programme
- v. Helps in the elimination of fraud by ensuring that beneficiary details are verified electronically against the 30 million National Population Registry (IPRS) database. This ensures that the programmes pay only genuine beneficiaries.
- vi. Strengthen Monitoring & Evaluation of National safety Net Programme by providing reports against indicators on a bi-monthly, Bi-annually and annual basis based on established monitoring and evaluation framework.

⁸⁷ Chirchir & Farooq (2016)

⁸⁸ Chirchir & Barca (2020)

Conclusion

- vii. Expose potential area(s) for social protection effort(s)⁸⁹

In addition to the above benefits, the Single Registry has also made social protection programmes more transparent to the general public. As described further below, this is an important element of making institutions accountable to citizens. A dashboard is publicly available on the Single Registry website, which, as Figure 5 indicates, summarises key statistics. It should be noted that this data is anonymised, and the SPS has data sharing protocols in order to respect the right to privacy of recipients.⁹⁰ There is also a restricted area, which can only be accessed by authorised users, such as implementing officers, in which further information, such as on complaints, can be accessed.

Figure 5: An example of statistics that are publicly available on the Single Registry



The SPS is currently adapting the Single Registry into an Enhanced Single Registry (ESR). Enhancements include the development of a complementarity module to support automated data sharing and a feedback mechanism; upgrading of the Single Registry dashboards to include other social protection thematic areas based on the revised social protection policy and revised monitoring and evaluation indicators; linkages to other generic county social protection MISs; and the development of automated linkages to other social protection sectors using APIs.⁹¹ It also provides a unified gateway to enable the verification of applicants for multiple social protection interventions and, importantly, provides a service to remove duplicate applicants.

The Enhanced Single Registry will also have a social registry component. A social registry – which should not be confused with a Single Registry – provides information on households that can be used to select the beneficiaries for poverty-targeted schemes. One of the goals of Kenya’s ESR is to make the registry more responsive to shocks, to provide support to complementary programmes and to harmonise the targeting of beneficiary households. For instance, during the current COVID-19

⁸⁹ The Social Protection Secretariat (n.d)

⁹⁰ (Mwasiaji et al., 2016)

⁹¹ (The Social Protection Secretariat, 2019)

Conclusion

pandemic, the ESR is providing a mechanism to register and store beneficiary data on government and private sector social protection responses to COVID-19.

Caution should be paid, however, when adding a social registry component to the Single Registry. As is discussed in Section 4.2.2 below, poverty targeting is a highly inaccurate process and results in high exclusion errors, both due to issues with how the “poorest” are chosen, and the fact that incomes are not static. Added to this is the fact that social registry surveys are often only undertaken every five to ten years, and so the data is out of date and cannot accurately capture households’ current financial situation. Furthermore, as social registries assess household wellbeing, they are only applicable to programmes in which the benefit is delivered to the household, rather than the individual.⁹² Kenya’s social registry – which has been driven by the World Bank – is only useful for Kenya’s poverty-targeted programmes and is not suitable for any universal individual lifecycle schemes that the Government implements in the future. For example, a social registry serves no purpose with regard to the Inua Jamii Senior Citizens’ Scheme, for it is an inclusive scheme that is delivered to all older persons over the age of 70, and there is therefore no need to target the poorest.

4.2.2 The move towards universal social protection programmes reduces administrative challenges

Another means by which the Kenyan government has improved administrative processes is by designing a universal social protection scheme. As the global overview has established, high-level design decisions have important implications for the governance and administration of social protection programmes.⁹³ As a universal programme, the Inua Jamii Senior Citizens’ scheme is simpler to administer than the poverty-targeted CT-OVC, HSNP, and OPCT (before it merged with the Inua Jamii Senior Citizens’ Scheme), and as Kenya takes its first steps toward implementing a universal lifecycle social protection system, it is hoped that this will lead to the implementation of more universal programmes that are administratively easier to manage.

Poverty targeting is a complex and labour-intensive process. As was discussed in Section 3.1, the majority of Kenyans work in the informal economy, and this means that income-tax registers cannot be relied on to identify who should be enrolled in a poverty-targeted scheme. Furthermore, as many Kenyans live on low-incomes, with household incomes that fluctuate month-by-month, it is difficult to accurately identify who is the poorest in a country, for this category is fluid and always changing.⁹⁴ Figure 6 demonstrates, for example, how between 2010 and 2012, consumption levels changed drastically for households in Turkana, Marsabit, Mandera and Wajir. Poverty targeting mechanisms are often based on out of date data, however, and therefore cannot accurately account for households’ changing incomes.

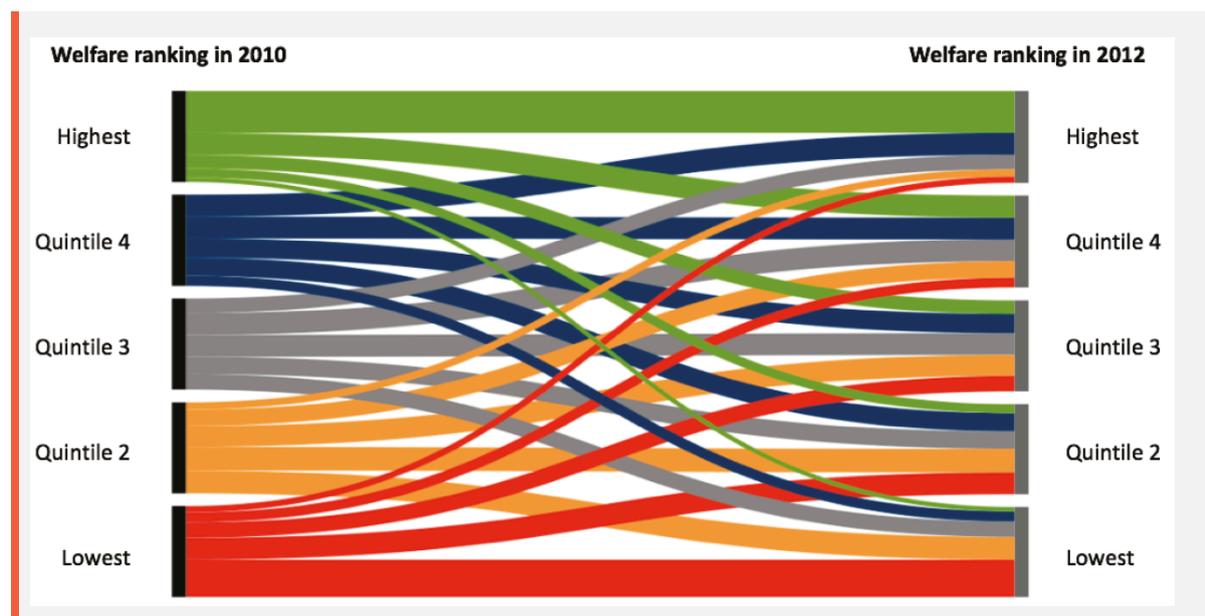
⁹² For further discussion on the issues with Social Registries, see: (Kidd, 2017)

⁹³ See Section X of the global overview.

⁹⁴ Knox-Vydanov (2014)

Conclusion

Figure 6: Movement of households in Turkana, Marsabit, Mandera and Wajir across consumption quintiles, 2010-2012



Source: Ministry of Labour and Social Protection (2019)

In order to poverty-target, a variety of mechanisms are used in Kenya to identify who is the poorest in a community. The CT-OVC, OPCT (before it merged with the Inua Jamii Senior Citizens' Scheme), PwSD-CT and HSNP all use a combination of community-based targeting with a proxy means test (PMT). The CFA/FFA and GFD, meanwhile, only use community-based targeting. The beneficiary selection process involves a number of steps, including the initial preparation of lists by a local committee, visits by enumerators to score potential households using programme-specific tools, and the presentation of the list of proposed recipients for validation by the community. This process is repeated only once every four years. The process through which community-based targeting and a PMT are combined are described in detail in Box 2.

Box 2: Beneficiary selection process in Kenya's poverty-targeted programmes

The 2017 Social Protection Sector Review describes the beneficiary selection process as follows:

"The three social assistance programmes managed by the MEACLSP – the CT-OVC, OPCT and PwSDCT – use a selection mechanism in which a committee in each location draws up a list of households that they believe meet the eligibility criteria (in the PwSD-CT, since the funding is so limited, the disability criteria focus on those requiring 24-hour care). These households are visited by enumerators who apply a scorecard: in the CT-OVC programme the scorecard is derived from a proxy means test developed using data from the 2005/06 KIHBS while in the other two programmes, it is derived from pre-determined more subjective weights which comprise a simple form of proxy means test. A proposed list of the households identified as the poorest is drawn up by the programmes and presented to community members in a public baraza,⁹⁵ so that they can accept and/or challenge the decision. The process is repeated every few years, but no more frequently than a four-year period. In the HSNP, the community selection and PMT survey were undertaken at the same time, by NGOs. Those households ranked by communities in the poorest category of the population were subjected to a proxy means test. There was no community verification mechanism. The selection of recipients was undertaken in 2012/13 and has not been repeated."⁹⁶

Source: Ministry of Labour and Social Protection (2019)

⁹⁵ A baraza is a forum to bring together various stakeholders

⁹⁶ Ministry of Labour and Social Protection (2019)

Conclusion

There are strong reasons to conclude that community based targeting does little to promote good governance and could even hinder it. CBT is often criticised due to the risk of localised corruption, the lack of accountability and the high rates of errors and fraud. For example, communities do not need to keep records detailing why households were chosen or excluded, which can make it difficult for officials to monitor the process and for households to appeal decisions.⁹⁷ Mkandawire has further elaborated that programmes that employ community based targeting have “their gender bias, their patronage and clientelism, and may run counter to the universalistic cultures of local communities. They can exacerbate local differentiation, be captured by local elites who may traditionally sanction discrimination, and so on.”⁹⁸ Furthermore, in a forthcoming report conducted by Development Pathways, in which the authors conducted qualitative research in a rural community in Nandi County, Kenya, it was found that the committee members responsible for drawing up the initial list were often well-connected in terms of power structures within the community. Similarly, there was often a perception within the community that the recipients of the poverty-targeted OPCT often had links to authorities or local power structures in some way. Whether these speculations were true or not, what is evident is that the targeting process that was employed for the OPCT caused a lot of distrust and speculation within the community.⁹⁹

Whilst community based targeting can lead to the wrong people being selected, PMTs are also riddled with design errors.¹⁰⁰ In a World Bank review of Kenya’s National Safety Net Programmes, it was found that “means tested or targeted low income cash transfer programmes are most vulnerable ... to error, fraud and possibly corruption. This is because eligibility rules and associated procedures tend to be complex and any misunderstanding on the part of beneficiaries or administrators can result in customer or official error.”¹⁰¹ As would be expected, Kenya’s poverty-targeted programmes have high exclusion errors, as a significant number of people who should have qualified for the programme are not selected (and vice versa). For example, in a recent report, Kidd et al found that the targeting process for HSNP “performed little better than random selection” with an exclusion error of 69.5%.¹⁰²

These high exclusion errors inevitably lead to programmes receiving a high volume of complaints, as community members do not understand why they have not been selected for the programme when their neighbour – who was chosen – is seemingly in a similar financial situation. In a review of HSNP, Barrett explains that when HSNP was first implemented, its grievance and complaints mechanism was flooded with complaints, due to people challenging the results of the selection process.¹⁰³ Such complaints also contribute to complex administrative processes as significant resources must be directed towards addressing the complaints. As is discussed in more detail in Section 4.3.3, very often, complaints that are submitted to Kenya’s Grievance and Complaints mechanisms are not, in fact, addressed. This is in part due to institutions having limited capacity and resources to effectively do so. Therefore, designing a programme in a way that reduces the likelihood of complaints arising in the first place is likely the most effective way of ensuring that the Grievance and Complaints mechanism is not overburdened, and that citizens – especially recipients – are satisfied with the programmes that are in place.

The implementation of the universal Inua Jamii Senior Citizens’ scheme has therefore reduced the need for complex targeting processes. It is also likely that the programme receives fewer complaints

⁹⁷ Ministry of Labour and Social Protection (2019)

⁹⁸ Mkandawire (2005)

⁹⁹ S. D. Kidd & Tran, (Forthcoming)

¹⁰⁰ For further information, see, for example: Kidd et al., (2017)

¹⁰¹ (Reducing Error, Fraud and Corruption (EFC) for Inua Jamii Program: EFC Framework in Improve Governance and Accountability, Draft, October 11 2016., 2016) Cited in Ministry of Labour and Social Protection (2019)

¹⁰² (Kidd and Athias, 2020)

¹⁰³ (Barrett, n.d.), cited in Ayliffe et al., (2017)

Conclusion

than poverty-targeted programmes – at least, with regard to the selection process. In addition, the eligibility criteria for the social pension is much easier for local officials and the community to understand than for Kenya’s other social protection programmes. As is discussed below, this increases transparency, which can lead to greater accountability.

With regard to Kenya’s contributory schemes, several programmes have been criticised for having high administrative costs, which are due to inefficiencies within the administrative process. The 2017 Social Protection Sector Review explains that it is estimated that for the NSSF, “the cost ratios in relation to annual financial turnover in recent years have been approximately 54 per cent for the NSSF, with a peak of over 75 per cent in 2012-13. The CSPA has had a cost ratio of 15 per cent over the past 4 years.”¹⁰⁴ The NSSF also has higher administrative costs than similar institutions in the African region. For example, the cost-efficiency ratio (calculated as operating costs as a proportion of contributions) for Uganda’s NSSF is 10 per cent, whereas it is estimated to be around 30 per cent for Kenya’s.¹⁰⁵

4.3 Frontline/ “Street level”

Street level processes refer to how rights holders and stakeholders interface with the social security system. In this section, there is a focus on awareness creation, how recipients are paid, grievance and complaints mechanisms and accountability. As is evident, street level processes in Kenya have a number of gaps, for whilst appropriate policies and mechanisms may have been put in place, there are often challenges in implementing these processes on the ground.

4.3.1 Awareness creation (communication)

Awareness creation is an essential element of how the government interfaces with its citizens. Well-designed awareness mechanisms increase transparency and accountability and ensure that citizens are aware of their entitlements and rights. As part of the right to information, awareness creation is a key means of ensuring that beneficiaries participate in all stages of the social protection programme and make claims when their entitlements are not duly provided.¹⁰⁶

Kenya’s non-contributory social protection schemes

Given that many Kenyans – especially those who are recipients of poverty targeted programmes – do not use the internet, and may not own a television or radio, the Government of Kenya sensitises citizens using a variety of mechanisms. The 2017 Social Protection Sector Review explains that these include: “public barazas, radio messages, communication materials such as pictorials of registration processes and, in some cases, the use of smart phone platforms. Programme staff also provide key messages to ensure applicants understand the eligibility criteria in addition to documentation required for registration. Word of mouth is also recognised as an important communication tool in Northern Kenya, as pastoral community members may not always be reached due to their nomadic lifestyle.”¹⁰⁷

HSNP appears to employ the most advanced means of communicating with recipients. An automated SMS and Voice messaging service is used for mass communication with households. Messages are sent in the local language, either to a specific type of household (for example,

¹⁰⁴ Ministry of Labour and Social Protection (2019)

¹⁰⁵ (Ministry of Gender, Labour and Social Development, Forthcoming; Ministry of Labour and Social Protection, 2019)

¹⁰⁶ Sepúlveda & Nyst, (2012)

¹⁰⁷ Ministry of Labour and Social Protection (2019)

Conclusion

age/gender) or to a specific area (location/sub-location), and in the case of illiteracy, voice messaging is used instead.¹⁰⁸

The other Inua Jamii programmes do not appear to employ such sophisticated processes. However, as part of the upgrade of the CCTP MIS, there are plans to enable beneficiaries to be notified by SMS when their benefits have been paid into their accounts. A forthcoming Development Pathways report found that communication about the Inua Jamii Senior Citizens' scheme was often conveyed by local officials, such as the Beneficiary Welfare Committee (BWC), the village elder or Assistant Chief. At times, the BWC would convey information to one recipient and then ask that person to pass the information on to their neighbours. As is discussed further below, the limited information flow fed into the grievance and complaints mechanisms, as recipients often did not fully understand the process of making complaints.¹⁰⁹ The reliance on local structures to convey information is highly dependent on these authorities' own comprehension of the information, as well as how much time and resources they are able to spend ensuring that everybody is informed.

Another key element of awareness creation is financial and digital education. For many recipients of Kenya's Inua Jamii social protection programmes, their enrolment on the scheme was also the first time that they had been provided with a bank account. Although financial inclusion rates are high in Kenya compared to other countries in the region¹¹⁰, the majority of Kenyans who are formally financially included own a mobile money account rather than a bank account. In addition, many recipients of Kenya's social protection schemes – such as older persons living in rural areas – are less likely to be formally financially included. The Central Bank notes that in 2019, Kenyans who are most likely to be formally financially included are: a) wealthier b) more educated c) live in an urban area d) formally employed e) male f) aged between 26-55 years.¹¹¹ Consequently, many recipients of Kenya's social protection programmes – especially those receiving a social pension – may not be familiar or comfortable with a number of features of a bank account including: how to use their debit card; how to use a Point of Sale (PoS) machine or ATM; what the purpose of a receipt is; and how to ensure that fraud and theft are not being committed on their account.

Implementing basic financial education training is therefore necessary when providing recipients of social protection programmes with a bank or mobile money account. This should be provided either by the payment service provider or the government/donor. The forthcoming Development Pathways report indicates that in the community in Nandi County, many recipients of the Inua Jamii Senior Citizens Scheme – in particular women – were not fully comfortable with their payment instruments. Whilst older persons are more likely to be illiterate, to not speak English, and to have been financially excluded – and so it is to be expected that some recipients would not be comfortable with their bank accounts – their lack of knowledge about the payment mechanism does also suggest that effective financial literacy training was not provided.¹¹²

Kenya's contributory schemes

With regard to Kenya's contributory schemes, the 2017 Social Protection Sector Review notes that both the NSSF and NHIF have “become increasingly aware of the need to improve communications with their memberships and each maintains a moderately extensive website.” The NSSF website, for example, is fairly extensive, and contains information on the benefits available. However, information is limited in terms of quantification. Both the NSSF and NHIF websites appear to allow for online registration and also have members portals, although it is unclear what information is

¹⁰⁸ (Thirikwa, 2018, 2015)

¹⁰⁹ S. D. Kidd & Tran, (Forthcoming)

¹¹⁰ (Central Bank of Kenya, 2019)

¹¹¹ (Central Bank of Kenya, 2019)

¹¹² S. D. Kidd & Tran, (Forthcoming)

Conclusion

available once a member has logged in to the restricted site. Similarly, the websites also provide information for employers, as well as listings of local branches. The NSSF website also makes available the latest Annual Reports and Audited Financial Statements, which is important for transparency and accountability. In addition, both institutions operate social media accounts which are regularly updated. It is unclear how communication is made directly with members, but presumably, since they have access to a portal, it can be made either this way, or through email or mobile phone. It is worth noting that many recipients of the Inua Jamii Senior Citizens' scheme – who are enrolled in the NHIF – have not been contacted in this way, if at all.

Although steps have been taken by both the NSSF and NHIF to increase awareness, Oluasa notes that with regard to the NSSF, a “lack of public awareness of the concept of a national security fund and their participation through contributions has also limited the number of registered members to only a fraction of the working population, especially in the informal economy where contributions are voluntary.”¹¹³ Furthermore, “public apathy and a lack of confidence in contributing to the Fund over the years has also affected the growth of registered members.” This suggests that insufficient outreach has been conducted, but it is also arguably a function of the historical design of the system, as is further discussed in Section 4.3.4.

4.3.2 The payment mechanisms have been improved

An essential element of social protection systems is how recipients receive their benefits and, in the case of contributory schemes, how they pay their contributions. As is evident from this section, Kenya's non-contributory and contributory systems utilise different systems. This is due to the fact that members of the NSSF – if they work in the formal sector – are expected to already be formally financially included prior to becoming a member, as they should be receiving a salary. In contrast, recipients of non-contributory social protection programmes are not expected to be formally financially included. Furthermore, they often live in rural areas with limited channels to withdraw their funds. Therefore, governments and donors tend to partner with a payment service provider with the expectation that the payment service provider will both provide recipients with an account and develop infrastructure in areas that are not financially served.

Kenya's non-contributory social protection schemes

The payment mechanisms for Kenya's social protection programmes have undergone a number of transformations, shifting from manual processes – in which recipients are paid with cash – to electronic payments. Electronic payments are an essential aspect of good governance as they increase transparency, improve traceability and real-time reconciliation, and reduce “leakage” and “ghost” beneficiaries (through more stringent identification documentation). Kenya's shift to electronic payments should therefore be perceived as a good governance decision on the part of the government.

When the CT-OVC was launched in 2004, recipients withdrew their benefit manually, by travelling to a temporary paypoint on a specific day, queuing, and then receiving cash. In order to make the payment, government officers were required to travel under armed guard with large amounts of cash. This was a risky endeavour and required a lot of manpower both to ensure safety and to pay recipients in a timely manner. McKay et al also recount how “cumbersome reconciliation processes caused delays in payments of up to six months.”¹¹⁴ Nevertheless, payment processes were improved in the following years, and by 2010, benefits for the CT-OVC and OPCT were being paid by the Postal

¹¹³ (Oluasa, 2019)

¹¹⁴ (McKay et al., 2020)

Conclusion

Corporation of Kenya. The PSP continued to deliver payments manually, but relied on computer technology as well.¹¹⁵

In 2013, a presidential directive mandated that all Government payments become electronic, and this led to Equity Bank and Kenya Commercial Bank (KCB) being chosen to deliver payments for the CT-OVC, OPCT, PwSD-CT and HSNP. For the first three schemes, recipients were provided with pre-paid cards and did not receive the full range of benefits that are normally associated with a bank account. In contrast, HSNP beneficiaries were provided with a MasterCard debit card, and owned a full functioning bank account.¹¹⁶ For all accounts, biometrics (fingerprints) and ID cards were used for identification. McKay et al explain that although this new electronic payments mechanism was a vast improvement on the previous mechanisms used, there were still a number of operational challenges, along with the fact that the two banks had a monopoly and therefore did not have to earn customer loyalty.¹¹⁷

The next significant shift came with the implementation of the “choice model”, which was launched with the Inua Jamii Senior Citizens Scheme in 2018 and was later rolled out to the CT-OVC, PwSD-CT and the residual recipients of the OPCT. HSNP – which sits under the NDMA rather than MLSP – continued with its initial payment mechanism and has not yet employed the “choice model”. The model allows recipients to choose their payment service provider from four banks and provides them with a debit card and bank account. Not only are recipients given the option of which bank to choose, but they are also provided with more autonomy, as they are now able to travel to a withdrawal channel (such as a bank agent or an ATM) on a time and day of their choice. This is a much more dignified way of making payments, as recipients are no longer expected to base their plans around the Government’s schedule, in order to receive their entitlement.

Table 2 provides an overview of how the payments landscape has evolved for the CT-OVC, PwSD-CT, OPCT and Inua Jamii Senior Citizens' Scheme. HSNP is not included as it does not yet employ the choice model for payments.

¹¹⁵ McKay et al., (2020)

¹¹⁶ Ministry of Labour and Social Protection (2019); McKay et al., (2020)

¹¹⁷ McKay et al., (2020)

Conclusion

Table 2: The evolution of the payment mechanisms employed for the CT-OVC, PwSD-CT, OPCT and Inua Jamii Senior Citizens' Scheme

	Pilot (Phase 1) 2004 - 2010	Phase 2 (2010 – 2012)	Phase 3 (2012 – 2017)	Phase 4 (2018 – present)
Description	Government of Kenya officers disburse cash	Government of Kenya single-source contracting of Postal Corporation of Kenya to deliver benefits, largely manual	Government of Kenya competitive; selects two providers	Government of Kenya competitive procurement; selects four providers. Offers customer choice
Programmes	<ul style="list-style-type: none"> • CT-OVC • OPCT 	<ul style="list-style-type: none"> • CT-OVC • OPCT • PwSD-CT 	<ul style="list-style-type: none"> • CT-OVC • OPCT • PwSD-CT 	<ul style="list-style-type: none"> • CT-OVC • OPCT (Inua Jamii Senior Citizens' Scheme) • PwSD-CT
No. providers	0 (Government of Kenya District Treasuries)	1 (PCK)	2 (KCB, Equity)	4 (CO-OP, Equity, KCB, Post Bank)
Fees	No applicable (0 KES)	60 KES per month (120 KES per cycle)	Equity: 100 KES, with annual increment of 5% KCB: 2% of benefit (80 KES per cycle)	Approx. 3.5% of cash transfer value Tiered: Zone A = 120 KES; Zone B = 132 KES; Zone C = 154 KES
No. access points/agents	Not applicable	All post office payment points where beneficiaries were located	Equity: 4,977 KCB: 1,089	CO-OP: 12,674 Equity: 41, 579 KCB: 18,485 Post Bank: 822
Payment instrument	Cash	Cash	Prepaid card	Bank account
Identity	National ID	National ID + Signature/Manual thumbprint	National ID + Biometric	National ID + Biometric (proof of life every 6 months)

Source: Adapted from McKay et al (2020)

Conclusion

The other aim of the choice model was to increase competition between payment service providers, in order to encourage the banks to provide better customer service and to compete to build infrastructure in rural areas so as to attract more recipients to their service. McKay and Mdluli explain how the fee structure was arranged: “the government divided the country into three zones based on a detailed analysis of population density, economic activity and distance from bank branches. Each zone — urban, semi-urban and remote — was assigned a progressive fee rate for cash withdrawals. In total, the fees paid amount to 3.5 per cent of the amount delivered to recipients — a healthy incentive compared to most other countries.”¹¹⁸ Before the choice model was implemented, banks were paid their fees in advance. The current procedure, however, is to only pay banks *after* recipients access their benefit, in order to encourage the banks to disburse the funds to the recipients on time. As was noted in Section 4.1.4, payment service providers have been slow to transfer funds to beneficiaries in the past. can also be slow to transfer funds to beneficiaries.

Table 3 provides an overview of some of the benefits of the “choice model” compared to the previous model that was used. It should be noted that despite what is stated in the table, SAU still monitors payments. It is presumed, however, that this monitoring does not take place at every paypoint, due to the fact that beneficiaries no longer need to travel to a paypoint at exactly the same time.

Table 3: The benefits of the "Choice Model"

Decision	Previous Model	Benefit
Pay transaction fees for banks against proof of beneficiary withdrawal of funds	Full payment of fees in advance along with transfer values	Cost savings by having float for additional days and reducing cost of reconciliation for transfers that were not withdrawn. Also, Government pays for services delivered and provides incentives for PSPs to issue payment instruments and set up agents especially in remote areas.
Full know-your-customer (KYC) and customer due diligence (CDD) as part of bank account opening	Limited KYC/CDD increased chances of ghost beneficiaries	Minimises the chances of ghost beneficiaries and improves targeting.
Outsourcing all bank services to banks.	In the past, government was responsible for managing cards. Beneficiaries had to report loss of cards to a government official, and government paid to replace lost cards.	Significant time savings by not having to manage cards or other bank services directly
Biometric proof of life every 6 months done by banks	Proof of life was done by government officials who would do field monitoring to visually	Time savings as government no longer does field monitoring. Cost savings because people who have

¹¹⁸ McKay & Mdluli (2020)

Conclusion

identify that beneficiaries were still alive.

died are removed from the list of beneficiaries.

Source: McKay et al (2020)

Despite the Government making great strides in improving the payment mechanisms of its programmes, the process is not without challenges on the ground. In the forthcoming Development Pathways report, it was found that bank agents in Nandi county did not always follow due process. For example, biometric identification often failed as fingerprints can degrade with age, especially for farmers. Some agents provided the funds regardless – it was unclear whether they looked at the national ID instead – and others sent the recipient on a 30km journey to the local bank branch. It was also apparent that most recipients were not aware/did not fully understand the grievance and complaints mechanisms that the banks themselves offered.

Whilst the Government of Kenya has improved its contract management with the banks (for example, banks are now only paid once recipients have withdrawn their funds) it is possible that there are still gaps. Certainly, the Government has faced issues with contract management in the past. Barrett explains that in the early days of HSNP, the lack of enforcement of the requirement that the payment service provider set up its own first level complaints mechanism led to the second level system being flooded with complaints.¹¹⁹

It is worth noting that the legislative and regulatory framework for financial services in Kenya has several gaps, and this has implications for how payments are delivered to recipients, which can in turn limit good governance processes. For example, Kenya has not yet issued a statutory instrument that is specific to agent banking. Provisions are included within the National Payment System Regulations, but these are not exhaustive, and the only document specific to agent banking is the Agent Banking Guidelines 2010, which is soft law and therefore not legally binding. Kenya's regulatory approach to agent banking is flexible and light touch, and the Central Bank does not need to vet or approve a bank's agent. The aim of a light-touch approach is to remove the entry barrier for agents, reduce the resource burden on the Regulator (in this case, the Central Bank) and encourage rapid growth of the agent network. However, it can lead to agents not being sufficiently regulated, and this may make it more likely that they steal or commit fraud.

In terms of consumer protection, the Central Bank's Consumer Protection Guidelines 2013 are, again, soft law, and therefore not legally binding. In addition, the legal and regulatory framework does not stipulate that agents should display agent banking costs when engaging in financial business with customers, which could, potentially, lead to social protection recipients being charged fees that they are not aware of/should not be charged. Furthermore, although the Consumer Protection Guidelines require customers to be told of charges and fees when an account is being opened, Development Pathways has generally found that recipients of social protection programmes are not fully informed. Furthermore, a review on consumer protection in the Kenyan banking sector has discovered that banking staff – who presumably would have opened the bank accounts for the social protection recipients – are often not knowledgeable on the cost of agent withdrawals.¹²⁰ Whilst recipients of the Inua Jamii programmes are not charged for their first withdrawal, they may not be fully informed about other fees, or, what happens if they repeatedly withdraw from an agent during that payment cycle. It should be noted that social protection benefits are entitlements, and if the payment mechanism is designed in a way that disproportionately reduces the value of that benefit, then the adequacy of that benefit is reduced.

¹¹⁹ (Barrett, n.d.), cited in Ayliffe et al., (2017)

¹²⁰ FSD Kenya (2019)

Conclusion

Whilst it may not be the case that fraud and theft are being committed, the gaps in Kenya's legal and regulatory framework increase the risk that it could occur. It is therefore important that the Government of Kenya implements payments standards that detail how payment service providers should deliver social protection programmes. These standards should draw from international best practice, and should stipulate provisions such as that a recipient should be provided with a Key Facts Sheet when their bank account is opened, which would summarise the features of the bank account in a way that is more comprehensible than a Terms and Conditions document. These standards should then be incorporated into contracts with the payment service providers and should inform key performance areas in order to hold the payment service provider to account.¹²¹ Without these standards, it is likely that recipients' rights – such as the right to information, a remedy, privacy, or even to consumer protection – may not be upheld.

Contributory schemes

Unlike non-contributory social protection programmes, there is no responsibility on the part of the NSSF or NHIF to provide recipients/members with a bank or mobile money account. Likewise, there is an expectation that employers are already integrated into the financial sector and have the means to pay contributions.

According to the 2017 Social Protection Sector Review, a large proportion of transactions are made through electronic systems. For both the NSSF and NHIF, contributions are collected from employed workers and their employers either by the employer's cheque or through direct bank channels. Both the NSSF and NHIF have also a number of branches available throughout the country, which include payment facilities for contributions and benefits. This enables individual members – those making voluntary contributions – to be paid in cash.¹²²

In addition, members are able to use mobile money for transfers that fall within a suitable range of values. Kenyans are much more likely to own a mobile money account than a bank account, and the contributory schemes have recognised this, and opted to cater to recipients, by enabling them to use the accounts that they are most familiar with and are most likely to already own. Indeed, mobile money is most favoured by individual members making voluntary contributions. A further advantage of mobile money is that it has a much greater reach, and remote areas are more likely to have a mobile money agent than a bank agent present. Furthermore, Kenyans are able to use mobile money through Unstructured Supplementary Service Data (USSD) technology, which means that they do not even need to have access to the internet in order to make a transaction.¹²³ Finally, due to the prevalence of mobile money accounts in Kenya, many members do not even need to withdraw their cash because they transfer money electronically, rather than paying in cash.

It is often common in non-contributory programmes for the Government, donor or PSP to absorb the costs of certain fees (for example, of the first withdrawal). Given that neither the NSSF nor the NHIF contract a payment service provider to collect contributions and make payments, this means that recipients of contributory programmes in Kenya are subject to a number of fees.

As in many countries in Africa, transfer fees for both mobile money and bank accounts are incredibly high. For example, if a member transfers KES 5,001 (\$46.5) to another M-PESA user, they will be charged KES 77 (USD \$0.7) for the transfer.¹²⁴ If they withdraw the same amount from a mobile

¹²¹ S. D. Kidd & Langhan (2019)

¹²² (Ministry of Labour and Social Protection, 2019)

¹²³ (Chirchir, 2020) explains that USSD technology is: "a mobile communication technology that facilitates the message exchanges between a mobile device and the Mobile Network Operator operating computer using using a simple menu-based system on the mobile device with real-time network connections. The advantage of USSD is that it can work on most mobile devices: e.g. standard phones, feature phones and smart phones."

¹²⁴ (Safaricom, n.d.)

Conclusion

money agent, they will be charged \$0.78. As discussed above, if we see social security as an entitlement, that entitlement is diminished if recipients are never able to receive the full benefit because they must pay fees in order to access it.

The wider issue here is that there is limited consumer protection in Kenya, but without the Central Bank mandating that payment service providers should not charge such high fees (or arguably, that payment service providers should not be charging fees for basic services such as the transferral of funds) it is up to the Government or donor involved in social security schemes to intervene and absorb the cost.

Finally, it should be noted that the 2017 Social Protection Sector review noted that there is an urgent need for the NSSF to collect the contributions that are due.¹²⁵ This still appears to be a problem and the Auditor General's report for 2018 stated that:

"A review of the members contributions status from 183 branches across the 5 regions of the Fund showed that outstanding contribution and related penalties as at 30 June 2018 amounted to Kshs.1,764,512,137 and Kshs.4,585,005,445 respectively both totaling Kshs.6,349,517,582. This was contrary to Section 8 (a) of the NSSF Act, 2013 which requires employers to deduct from their employees and remit the contributions to NSSF in full and on time.

Although management has indicated that recovery efforts through alternative dispute resolution, court action and Intergovernmental Relations Technical Committee for cases involving County Governments are in progress, as at the time of audit in March 2019 only Kshs.771,225,862 had been subsequently recovered from the defaulters leaving a balance of Kshs.5,578,291,720 outstanding.

In view of the foregoing, recoverability of the unremitted members contributions accumulated over the years amounting to Kshs.5,578,291,720 remains doubtful."¹²⁶

The failure to collect contributions not only has a negative effect on the delivery of benefits but also threatens the sustainability of the scheme.

4.3.3 Grievance and Complaints Mechanisms

A grievance and complaints mechanism is critical for accountability, and is an essential mechanism to enable a Government to fulfil its obligation to uphold recipients' rights and where relevant, to enable them to receive a remedy.¹²⁷

Kenya's non-contributory social protection schemes

For Kenya's non-contributory social protection schemes, the 2017 Social Protection Sector Review notes that in the period since the previous sector review was written, measures had been taken to develop a more coordinated approach towards a Grievance and Complaints mechanism. As a result, there is now a coordinated system at the national level for the programmes that fall under the National Safety Net Programme. This coordination is of course linked to the development of the Single Registry, which was discussed above.¹²⁸

¹²⁵ Ministry of Labour and Social Protection (2019)

¹²⁶ (NSSF, 2018)

¹²⁷ Sepúlveda & Nyst (2012)

¹²⁸ Ministry of Labour and Social Protection (2019)

Conclusion

There are a variety of ways in which recipients can make a complaint. For the programmes managed by SAU, recipients can make in-person complaints with BWCs, and for HSNP, in-person complaints are made with Rights Committees. If these complaints are not solved locally, they should be escalated to the County level. In-person complaints can also be made to government officials directly, both at the county and national levels. In addition, there are complaints boxes available at post offices and other public spaces, and citizens can also make complaints via toll-free numbers, SMS and email.¹²⁹ The 2017 Social Protection Sector Review also notes that “recently, the government has also established Constituency Social Assistance Committees that have dealings with grievances among their functions.”¹³⁰

In terms of how the grievances are logged into the MIS, the 2017 Social Protection Sector Review explains that in the case of HSNP, the Case Management System (CMS) is integrated with and supported by the MIS, entering and tracking complaints. In the case of the three cash transfers under the MEACLSP [MLSP], MISs include modules to record and resolve complaints and grievances.¹³¹ However, according to the Government, many complaints are not in fact logged into the MIS.¹³²

As a consequence, the Government is currently in the process of decentralising the complaints mechanism to the county level for the programmes managed by SAU. This is so that county authorities are made responsible for maintaining the complaints and grievance modules of the MISs. In addition, the HSNP MIS has been decentralised. The Government of Kenya explains that, “this module has been turned into a case management information system that tracks complaints, requests for information, and household updates submitted by beneficiaries. The system is able to isolate complaints from any other requests made by beneficiaries. The system is further able to break down complaints into categories, for example those related to bribery, account problems, card problems, or missing payments, and is able to track how and when these complaints are addressed.”¹³³

As of 2020, a World Bank implementation status and results report has detailed that the nationwide rollout of the decentralised Grievance and Complaints mechanism is underway. The scope of the process entails: “(i) revised G&CM [Grievance and Complaints Mechanism] procedures in the CCTP [Consolidated Cash Transfer Programme] and HSNP operational manual detailing the procedures for receiving, recording and responding to cases; (ii) revised design and update of CCTP-MIS and HSNP MIS modules to record KSEIP and NSNP cases, and action taken; and (iii) the development of clear institutional roles and responsibilities for the intake and resolution of all cases.”¹³⁴ SAU was due to provide training on the decentralised mechanism in early 2020, but as a result of the COVID-19 pandemic, the process has been delayed.

As has been the case for many of the good governance decisions discussed in this report, implementation on the ground does not necessarily match the processes that have put in place. For example, beneficiary awareness about the available Grievance and Complaints mechanisms appears to be low. The 2017 Social Protection Sector review states that out of the four National Safety Net Programme schemes that were in place at the time, 56.7 per cent of beneficiaries did not know how to make a complaint.¹³⁵ Likewise, in 2016, the Government of Kenya detailed how 63.7 per cent of

¹²⁹ Ayliffe et al., (2017); Ministry of Labour and Social Protection (2019); Ministry of Labour and East African Affairs (2016)

¹³⁰ Ministry of Labour and Social Protection (2019)

¹³¹ Ministry of Labour and Social Protection (2019)

¹³² Ministry of Labour and East African Affairs (2016)

¹³³ Ministry of Labour and East African Affairs (2016)

¹³⁴ World Bank (2020)

¹³⁵ Ministry of Labour and Social Protection (2019)

Conclusion

households interviewed said they had not received a response when they made a complaint, and of those that had received a response, 70.2 per cent said it was unsatisfactory.¹³⁶

It is possible that the Grievance and Complaints mechanisms have improved since these statistics were given, especially as the mechanisms are now in the process of being decentralised. Nevertheless, the forthcoming Development Pathways report found that many recipients of the Inua Jamii Senior Citizens' Scheme did not know where to seek help if they had a problem. Some informants cited visiting the Assistant Chief, Village Elder, or BWC, although that was not generally felt to lead to grievances being resolved. Other recipients ventured further out, for example, to the Sub County office in order to make a complaint. The recipients' age also hindered the process, and often the complainants whose voices were heard were those who received assistance from their children. In addition, recipients who were educated, wealthier, or more politically connected were better informed and were more likely to raise their voices. Furthermore, if they did not receive a response, they were more likely to persist in making complaints through the various avenues that they could find.¹³⁷

One positive change that should be accounted for is that the design of the universal Inua Jamii Senior Citizens' Scheme makes it more likely that recipients will feel entitled to make a complaint. Jones et al explain that in Kenya, fear of removal from the poverty-targeted programmes was a widely held view and prevented recipients from making complaints, as the benefit was seen as a "gift". This fear of reprisals is a common viewpoint among recipients of poverty-targeted programmes, as there is a worry that their benefit will instead be given to a different community member, who appears to be just as poor.¹³⁸ It is expected that over time, as the Inua Jamii Senior Citizens' Scheme comes to be regarded by the public as something permanent, recipients will increasingly see their benefit as an entitlement. As a result, they will feel more empowered to make a complaint than the recipients who are on poverty-targeted programmes.

Kenya's contributory social protection schemes

Less information is available on the grievance and complaints mechanisms that Kenya's contributory schemes offer. In order to register for the Retirement Benefits Authority, the NSSF is required to have established a Dispute Tribunal. This is further referred to in Article 53 of the National Social Security Fund Act. Likewise, Article 31 of the NHIF Act refers to dispute settlement. Information on the Dispute Tribunal does not appear to be available on the NSSF website, though the website does state under the 'Contact Us' section that: "In-case of any external redress mechanism, refer to the Office of the Ombudsman Website." The NHIF, meanwhile, provides an email address for complaints. Both institutions also offer mechanisms for the public to report corruption and fraud, which are discussed in Section 4.3.4 below.

4.3.4 Accountability

This report has already covered several of the steps that the Kenyan Government has taken to improve accountability within the social protection sector. For example, now that the government has assumed greater responsibility for its social protection programmes, its actions can be more challenged by Kenyan citizens, compared to when international institutions were responsible for the implementation of the programmes. Further, the 2017 Social Protection Sector Review explains that as all the Inua Jamii programmes have publicised transfer values and eligibility rules, "civil society and the citizens of Kenya are in a better position to assess and, if necessary, challenge the

¹³⁶ Ministry of Labour and East African Affairs (2016)

¹³⁷ S. D. Kidd & Tran, (Forthcoming)

¹³⁸ Jones et al., (2013)

Conclusion

Government of Kenya’s social protection strategy.” Finally, the Single Registry has also greatly improved accountability and monitoring, as has the fact that payments for three of the four Inua Jamii programmes are now all under the same payments mechanism – the “choice model”. This streamlines monitoring and ensures that issues are addressed across the programmes.

However, there are still several gaps, which will be covered briefly. Firstly, whilst the SPS is responsible for coordinating monitoring and evaluation (M&E) of the sector, the 2017 Sector review notes that: “human resources and the capacity for Sector-wide M&E remain constrained. Some progress has been made since the last Sector Review in strengthening M&E, through the provision of technical assistance by development partners and a number of workshops and learning events. But, there remain challenges in the timely completion of monitoring reports and capacity to manage external service providers, coupled with high staff turnover. To date, there has been no systematic assessment of the M&E capacity needs and no costed action plans to improve the skills base.” It is unclear what measures have been taken to improve M&E in the time since the report was written.

In addition, despite the processes that have been put in place, such as investing in a Single Registry, corruption still appears to be taking place. A 2019 audit by the Auditor General led to newspapers alleging that “the government could have lost Sh12.6 billion since the cash transfer fund for the elder was launched in 2012” and that “Auditor General Edward Ouko says employees steal Sh300 million every two months. The officers ‘disburse cash to dead beneficiaries’ long after their burial, despite getting death notifications. Banks are also to blame.”¹³⁹ Meanwhile, in 2020, an article noted that, “The parliamentary committee on Labour and Social Welfare has accused some banks of stealing cash meant for the elderly under the Inua Jamii stipends. Committee chairman Ali Wario, who is also Bura MP, while leading his team on a tour of the Western region, said they have received complaints from beneficiaries of the transfer programme that certain banks contracted to make the payments have devised ways to steal from senior citizens.”¹⁴⁰ It should be noted that much of this theft took place before processes such as electronic payments and electronic MISs were put in place. Nevertheless, it is clear that there are still areas that must be strengthened.

With regard to Kenya’s contributory schemes, both the NSSF and NHIF are legally required to make their annual accounts publicly available, though only after being audited by the office of the Auditor-General. Nevertheless, it appears that the auditing process is slow.¹⁴¹ In terms of monitoring, both the NHIF and NSSF have internal monitoring systems. Within the NHIF, the Strategy and Change department is responsible for this, and the Ethics and Integrity department is responsible for addressing fraud and corruption.¹⁴² Olouasa also notes that the NSSF is ISO Certified.¹⁴³ The NSSF also has a section on its website that allows a member of the general public to report corruption if they have a “come across at any NSSF office countrywide or any information related to corrupt activities.” The NSSF also makes available a whistleblower policy. It is unclear from the NHIF website whether a similar mechanism is offered.

Finally, it should be noted that the Office of the Auditor General is developing an Engagement Framework for Citizen Accountability Audit. It is noted that this “is a commitment by the Office of the Auditor General to enhancing citizen participation in governance and in particular in public audit.”¹⁴⁴

¹³⁹ Benjamin (2019)

¹⁴⁰ K24 (2020)

¹⁴¹ Ministry of Labour and Social Protection, 2019; Olouasa, 2019)

¹⁴² (Ministry of Labour and Social Protection, 2019; Olouasa, 2019)

¹⁴³ Olouasa, 2019

¹⁴⁴ Officer of the Auditor-General (n.d.)

4.4 The role of actors

Whilst social partners, civil society organisations and other actors have undoubtedly played a role in policy development and implementation, there is limited information available from the literature review. Ouma & Adésínà note that there has been a history of excluding domestic civil society actors from the social protection policy process, which has undermined public participation and the citizen-state contract. The article describes how during the early years of the National Safety Net Programme, the Social Protection Committee – “a network tasked with design and development of policies and programmes at national level comprised largely of government and international organisations” – largely excluded domestic civil society organisations, and when it did include them, this was only to legitimise the policy process.¹⁴⁵

The authors further explain that when civil society organisations were allowed to be involved in the process, they were assigned peripheral roles in hard-to-reach areas, and the more substantive roles were contracted out to international NGOs such as Oxfam and HelpAge, who then helped with the implementation of the programmes. The article further notes that during meetings, international actors used highly technical language as an exclusionary tactic to limit the meaningful participation of civil society. The irony of this is noted by the authors, for civil society organisations such as the Africa Platform for Social Protection and the Social Protection Actors Forum – despite often being excluded– in fact received funds from international organisations such as DFID to generate grassroots demand for social protection programmes.¹⁴⁶ It is unclear whether civil society participation has increased with the roll-out of the government owned Inua Jamii Senior Citizens’ scheme. The 2017 Social Protection Sector Review notes that whilst accountability to citizens had been improved by government with the support of external partners, there were still gaps with regard to engaging in a dialogue with civil society and that a regular forum would increase accountability.¹⁴⁷

Another area in which actors have managed to change Kenyan social policy has been through challenging decisions in court. As has already been discussed, implementation of the 2013 NSSF Act has been delayed due to numerous legal challenges that have been lodged by trade unions. A 2014 article noted, for example, that the Kenya County Government and Kenya Quarry and Mine Workers had filed a case claiming that if the new law were implemented, employees and members would be obliged to abandon their current pension schemes in favour of the NSSF.¹⁴⁸ A further article detailed how a different group of trade unions had filed a case challenging the new NSSF rates.¹⁴⁹ In 2016, it was noted that the NSSF and the Central Organisation of Trade Unions had agreed on a roadmap to withdraw the court cases. It is unclear, however, what the current situation is.¹⁵⁰

¹⁴⁵ Ouma & Adésínà, 2018

¹⁴⁶ Ouma & Adésínà, 2018

¹⁴⁷ (Ministry of Labour and Social Protection, 2019; Oluosa, 2019)

¹⁴⁸ (Wahito, 2014)

¹⁴⁹ (Rwenji, 2014)

¹⁵⁰ (Tsuma Nyassy, 2016)

5 Conclusion

In under a decade, Kenya's social protection system has undergone a remarkable transformation, and this progress has been underpinned by a number of good governance decisions. Most striking has been the development of the Single Registry – which is perceived as a best practice example within the region – and the “Choice Model” for payments, which has given recipients more autonomy and dignity over when and where they can withdraw their benefits. Kenya has also strengthened its institutional arrangements, which has brought greater cohesion to the sector. Nevertheless, both horizontal and vertical fragmentation remain, and there are few linkages made between contributory and non-contributory schemes.

As is clear from this report, sometimes the good governance decisions that have been taken are not necessarily executed in practice. So, for example, several key provisions from Kenya's policy and legislative framework have not been realised. In addition, limited staff capacity and resources can hinder how well policies and mechanisms are implemented on the ground. Whilst, for example, there are a number of ways in which recipients can make a complaint, in reality, they are often not aware of how they can do this, nor are the complaints necessarily addressed.

Nevertheless, it is clear that Kenya is an excellent example of how an emerging low-income or middle-income country can work towards implementing a lifecycle social protection system, along with the inevitable challenges faced along the way. For countries that find themselves in the early, often messy stages of social protection sector development and are in the process of consolidating and taking more managerial and fiscal responsibility for its programmes, there are a number of lessons that can be learnt from this case study, including how to improve coherence, harmonisation, social participation, transparency and accountability. Any gaps that this report has highlighted can also demonstrate which elements countries should address at the early stages of making good governance decisions, as well as what should be anticipated further into the process.

Bibliography

- Adésinà, J.O., 2009. Social policy in sub-Saharan Africa: a glance in the rear-view mirror: Social policy in sub-Saharan Africa. *Int. J. Soc. Welf.* 18, S37–S51. <https://doi.org/10.1111/j.1468-2397.2009.00629.x>
- Ayliffe, T., Aslam, G., Schjoedt, R., 2017. Social Accountability in the Delivery of Social Protection: Final Research Report. Development Pathways, London, United Kingdom.
- Barrett, S., n.d. In Search of Accountability in Social Protection Programming.
- Benjamin, I., 2019. Ministry staff, banks “swindling Inua Jamii cash.” *The Star*.
- Calderwood, I., 2018. This is why Kenya is a Perfect Example of How UK Aid Works. *Glob. Citiz.* URL <https://www.globalcitizen.org/en/content/kenya-success-penny-mordaunt-uk-aid-drought/#:~:text=Mordaunt%20hailed%20Kenya%20as%20a,Food%20Programme%20warehouse%20in%20Djibouti>.
- Central Bank of Kenya, 2019. 2019 FinAccess Household Survey, FinAccess. Central Bank of Kenya, Nairobi, Kenya.
- Chirchir, R., 2020. 7 ways technology can help the social protection response to COVID-19. *Dev. Pathw. Blog.* URL <https://www.developmentpathways.co.uk/blog/7-ways-technology-can-help-the-social-protection-response/>
- Chirchir, R., Barca, V., 2020. Building an integrated and digital social protection information system (Technical Paper). GIZ, Bonn.
- Chirchir, R., Farooq, S., 2016. Single Registries and Social Registries: clarifying the terminological confusion (Pathways’ Perspectives on Social Policy in International Development No. 23). London, United Kingdom/Nairobi, Kenya.
- Chirchir, R., Kidd, S., 2011. Good practice in the development of management information systems for social protection (Briefing Paper No. 5). HelpAge International, London.
- Chirchir, R., Tran, A., 2019. Inua Jamii Senior Citizens’ Scheme, Social Protection Floors in Action: 100 success stories to achieve Universal Social Protection and SDG 1.3. ILO, Switzerland.
- Development Pathways, 2018. President Kenyatta launches Kenya’s national payment to new Inua Jamii 70+ programme recipients. *Dev. Pathw.*
- FSD Kenya, 2019. Cost of Banking, 2019 (Focus Note). FSD Kenya, Nairobi, Kenya.
- ILO, 2017. World Social Protection Report 2017-19: Universal social protection to achieve the Sustainable Development Goals (Report).
- International Development Association, 2013. Program Appraisal Document on a Proposed Credit in the Amount of SDR 166.9 Million (US\$ 250 Million Equivalent) to the Republic of Kenya for a National Safety Net Program for Results. The World Bank, Nairobi, Kenya.
- International Development Organisation, 2020. Disclosable version of the ISR Kenya Social and economic Inclusion Project -P164654 No.3. The World Bank, Nairobi, Kenya.
- International Development Organisation, 2018. Project Appraisal Document for the Kenya Social and Economic Inclusion Project. The World Bank, Nairobi, Kenya.
- International Social Security Association (ISSA), 2019. Social Security Programs Throughout the World: Africa, 2019 (SSA Publication No. No. 13-11803). International Social Security Association, Washington, DC, United States.
- Jones, N., Samuels, F., Malachowska, A., 2013. Holding Cash Transfers to Account: Beneficiary and Community Perspectives. ODI, London, United Kingdom.
- K24, 2020. Banks accused of stealing cash for the elderly. *K24*.
- Kabale, N., n.d. Elderly fail to gain from NHIF’s Inua Jamii scheme. *Dly. Nation*.
- Kenya Vision 2030, n.d. Kenya Vision 2030. URL <https://vision2030.go.ke/>
- Kidd, S., 2019. Fake news: World Bank accuses Kenya’s old age pension of benefitting the rich! *Dev. Pathw. Blog.* URL <https://www.developmentpathways.co.uk/blog/fake-news-world-bank-accuses-kenyas-old-age-pension-of-benefitting-the-rich/>

- Kidd, S., 2017. Anti-Social Registries: How have they become so popular?, *Development Pathways' Perspectives*. Development Pathways, London, United Kingdom.
- Kidd, S., Athias, D., 2020. Hit and Miss: An assessment of targeting effectiveness in social protection with additional analysis. Development Pathways/Act Church of Sweden, London, United Kingdom/ Uppsala, Sweden.
- Kidd, S., Gelders, B., Athias, D., 2017. Exclusion by design: An assessment of the effectiveness of the proxy means test poverty targeted mechanism (ESS Working Paper No. 56). International Labour Organization, Geneva, Switzerland.
- Kidd, S.D., Langhan, S., 2019. Standing in the Sun: Human Rights Abuses in the Name of Financial Inclusion. URL <https://www.centerforfinancialinclusion.org/standing-in-the-sun-human-rights-abuses-in-the-name-of-financial-inclusion>
- Kidd, S.D., Tran, A., Forthcoming. "We are all one age-set": Citizenship within a changing policy landscape in Kenya. Development Pathways, London, United Kingdom.
- Kimetrica, 2017. Kenya Social Protection Mapping, Coordination and Capacity Assessment national and County Levels. UNICEF, Nairobi, Kenya.
- Knox-Vydmann, C., 2014. Why "The Poor" Don't exist (and what this means for social protection policy) (*Pathways' Perspectives on Social Policy in International Development No. 16*). London, United Kingdom.
- Kpessa, M., Béland, D., Lecours, A., 2011. Nationalism, development, and social policy: The politics of nation-building in sub-Saharan Africa. *Ethn. Racial Stud.* 34, 2115–2133. <https://doi.org/10.1080/01419870.2011.574717>
- Kramon, E., 2019. The local politics of social protection: Programmatic versus non-programmatic distributive politics in Kenya's cash transfer programmes (No. S-47413-KEN-1). International Growth Centre.
- Künzler, D., 2016. Social security reforms in Kenya: Towards a workerist or a citizenship-based system?: Social security reforms in Kenya. *Int. Soc. Secur. Rev.* 69, 67–86. <https://doi.org/10.1111/issr.12095>
- Mbabazi, E., 2020. NSSF to increase monthly deductions from July. *Kenyan Wall Str.*
- McKay, C., Mdluli, G., 2020. Kenya's Expansion of G2P becomes Lifeline during COVID-19 Crisis. CGAP. URL <https://www.cgap.org/blog/kenyas-expansion-g2p-becomes-lifeline-during-covid-19-crisis>
- McKay, C., Mdluli, G., Chebii, M., Malu, V., 2020. Case study: The Future of Government-to-Person (G2P) Payments: Innovating for Customer Choice in Kenya. CGAP/FSD Kenya, Nairobi, Kenya.
- Ministry of Gender, Children and Social, 2011. Kenya National Social Protection Policy. Government of Kenya, Nairobi, Kenya.
- Ministry of Gender, Labour and Social Development, Forthcoming. Uganda Social Protection Review 2019. Government of Uganda, Kampala, Uganda.
- Ministry of Labour and East African Affairs, 2016. Inua Jamii: Towards a more Effective National Safety Net for Kenya: Progress Report. Government of Kenya.
- Ministry of Labour and Social Protection, 2020. Linking social protection to improved productivity: An investment case for cash-plus programmes in Kenya. Ministry of Labour and Social Protection, Nairobi, Kenya.
- Ministry of Labour and Social Protection, 2019. 2017 Kenya Social Protection Sector Review. Government of Kenya.
- Ministry of State for Planning, National Development and Vision 2030, 2012. 2012 Kenya Social Protection Sector Review. Government of Kenya.
- Mkandawire, T., 2009. From the national question to the social question. *Transform. Crit. Perspect. South. Afr.* 69, 130–160. <https://doi.org/10.1353/trn.0.0029>
- Mkandawire, T., 2005. Targeting and Universalism in Poverty Reduction. UNRISD Programme Pap. Soc. Policy Dev. https://doi.org/10.1163/1570-6664_iyb_SIM_org_39759
- MMAN Advocates, 2019. Pensions & Retirement Plans in Kenya. Lexology.

- Mwasiaji, W., Tesliuc, C., Reidel, K., Mistiaen, E., Sandford, J., Munavu, M., 2016. Inua Jamii: Towards a more effective national safety net for Kenya, Progress report. Ministry of Labour and East African Affairs (MLEAA).
- Niño-Zarazúa, M., Barrientos, A., Hickey, S., Hulme, D., 2012. Social Protection in Sub-Saharan Africa: Getting the Politics Right. *World Dev.* 40, 163–176.
<https://doi.org/10.1016/j.worlddev.2011.04.004>
- NSSF, 2018. 2017-2018 Annual Report and Audited Financial Statements. NSSF, Nairobi, Kenya.
- Officer of the Auditor-General, n.d. Office of the Auditor General Citizen Accountability Audit Engagement Framework. Office of the Auditor General, Nairobi, Kenya.
- Olouasa, C., 2019. Social protection systems: The case of Kenya. United Nations Office for South-South Cooperation.
- Ortiz, I., Duran, F., Wodsak, V., 2018. Reversing Pension Privatizations. Rebuilding public pension systems in Eastern Europe and Latin America [WWW Document]. URL https://www.ilo.org/secsoc/information-resources/publications-and-tools/books-and-reports/WCMS_648574/lang--en/index.htm (accessed 2.22.20).
- Ouma, M., Adésinà, J., 2018. Solutions, exclusion and influence: Exploring power relations in the adoption of social protection policies in Kenya. *Crit. Soc. Policy* 39, 376–395.
- Partnership for African Social and Governance Research (PASGR), African Institute for Health and Development (AIHD), 2017. Strengthening Kenya’s social protection agenda through research, programming and policy (Policy Brief No. 002). Nairobi, Kenya.
- Reducing Error, Fraud and Corruption (EFC) for Inua Jamii Program: EFC Framework in Improve Governance and Accountability, Draft, October 11 2016., 2016.
- Rwenji, C., 2014. Union seek court orders to block new NSSF rates. *The Standard*.
- Safaricom, n.d. M-PESA Rates. URL <https://www.safaricom.co.ke/personal/m-pesa/getting-started/m-pesa-rates>
- Sepúlveda, M., Nyst, C., 2012. The Human Rights Approach to Social Protection. Ministry for Foreign Affairs of Finland, Helsinki, Finland.
- The Republic of Kenya, n.d. National Social Security Fund Act.
- The Social Protection Secretariat, 2019. Kenya’s Single Registry for Social Protection. Inf. Cent. URL <http://www.socialprotection.or.ke/information-center/news-and-events/202-kenya-s-single-registry-for-social-protection>
- The Social Protection Secretariat, n.d. Single Registry for Social Protection. URL <http://www.socialprotection.or.ke/about-sps/156-single-registry-for-social-protection>
- Thirikwa, P., 2018. Integrating ICT in designing, implementation and monitoring of SP interventions (Integrated information systems for an effective monitoring of SP interventions).
- Thirikwa, P., 2015. Hunger Safety Net Programme: How HSNP is innovating for better programme management, communication and reporting.
- Tran, A., Kidd, S.D., Dean, K., 2019. “I feel more loved.” Autonomy, self-worth and Kenya’s universal pension. *Development Pathways*, London.
- Tsuma Nyassy, D., 2016. Cotu, NSSF agree on withdrawing court cases. *Nation*.
- Wahito, M., 2014. Unions in court to block new NSSF law. *Cap. News*.
- Wanyama, F.O., McCord, A., 2017. The Politics of Scaling Up Social Protection in Kenya (No. 87), ESID Working Paper, The University of Manchester. *Effective States and Inclusive Development*, Manchester.