The Inua Jamii Senior Citizens’ scheme is a tax-financed pension-tested social pension offering universal pension coverage for all citizens of Kenya once they reach 70 years of age. The programme, implemented since 2018, marks a significant milestone for the expansion of the lifecycle approach to social protection in Kenya, since all citizens are now entitled to a minimum income guarantee in their old age.

The Government of Kenya is progressively building a social protection system providing income security across the life cycle and addressing the challenges faced by the elderly, children and people with disabilities. Investment in social protection has grown from KES 4.3 billion in 2011/12 (0.1 per cent of GDP) to a projected KES 29.9 billion in 2017/18 (0.35 per cent of GDP), of which 72 per cent is financed by the Government and the rest by donors. The Inua Jamii Senior Citizens’ Scheme is Kenya’s flagship social protection scheme. All older persons aged 70 years and above who are not in receipt of a civil service pension are entitled to the benefit.

Main lessons learned

- The Inua Jamii Senior Citizens’ scheme has demonstrated that investing in social protection is feasible in a lower middle-income country when there is political will and commitment from the national government.
- The rapid enrolment of older persons aged 70 years and above into a universal social protection scheme was made possible through electronic registration. It required effective coordination by the Government and the mobilisation of all departments within the Ministry of Labour and Social Protection. The scheme has showcased an innovative approach to the registration and enrolment of recipients into a payments model offering a choice between multiple Payment Service Providers (PSPs) for pension payments.
- In its first year of implementation, the universal social pension has helped increase older people’s sense of dignity and self-worth by giving them financial independence and limiting their reliance on family members for basic needs.
- By providing individual entitlements rather than a household transfer, the pension empowers older women who are gaining control over their own funds.

1 Source: National Treasury Budget Documentation in Kidd et al. (Forthcoming).
1. Why is a pension needed?

Despite a 10-percentage point decrease in the national poverty rate from 2005/06 to 2015/16, a high proportion of Kenyans continue to live on low incomes. The most recent measure of poverty in 2015/16 indicated a poverty incidence of 36.1 per cent, based on the national poverty line set at 133 Kenyan shillings (KES) (US$ 1.31) per day. Furthermore, around 80 per cent of the population live on less than KES 280 (US$ 2.75) per day. While their physical capacity to work reduces, many older persons continue to engage in productive activities. The majority of older persons in Kenya have been active in the rural and informal economy and are left out of formal savings schemes, while those in the formal economy – that have contributed to the National Social Security Fund (NSSF) – only have access to a lump sum benefit and therefore have no guarantee of a regular, predictable pension in old age. The prevalence of disability increases with age: in 2010, approximately 12 per cent of the population between the ages of 65 and 69 years had a severe disability, 17 per cent between the ages of 70 and 74, and 25 per cent of those over the age of 75 years. As a result, older persons are more likely to be faced with significant healthcare costs which need to be met through out-of-pocket payments, causing financial barriers to accessing healthcare services. Many older persons in Kenya struggle with care responsibilities: 19 per cent of older women live in skipped generation households, compared to 8 per cent of older men, with the responsibility of caring for (grand)children. Furthermore, older women are more likely to live alone: 18 per cent compared to 8 per cent of older men. Without the ability to earn an independent income, older persons in Kenya are susceptible to neglect and abuse when they are unable to contribute to their family and the community, and may face growing isolation while losing the support of family members.

2. How did the Inua Jamii Senior Citizens’ Scheme evolve?

Recognising that older persons in Kenya face significant challenges while many are financially dependent on other family members who struggle to earn sufficient income themselves, the Kenyan Government has prioritised older people in the expansion of access to social protection and the provision of Kenya’s first universal scheme.

Figure 1: Growth in number of recipient households of the OPCT between 2007/08 and 2015/16

Prior to the introduction of the universal pension, the main cash transfer programme for older persons in Kenya was the Older Persons’ Cash Transfer (OPCT), a poverty targeted household benefit which reached around 23 per cent of households with a member aged 65 years and above, making it one of the largest cash transfer programmes in Kenya at the time. The implementation of the Inua Jamii Senior Citizens’ Scheme has been the result of the Government’s progress in expanding access to social protection for citizens of Kenya in their old age, as demonstrated by the rapid expansion of households receiving the OPCT during recent years (see Figure 1). Current recipients of the OPCT aged 65-69 years will remain on the programme until they reach the age of 70 years, after which they will be transferred to the universal pension.

Source: KIHBS 2015/16. 2005/06 poverty line has been revalued based on 2015/16 basket using 2005/06 prices.

Source: Analysis conducted by Development Pathways of the KIHBS 2015/16 dataset.

Source: Analysis conducted by Development Pathways of the 2010 National Census Dataset.

Furthermore, acknowledging that a universal social pension is more politically sustainable, the Inua Jamii Senior Citizens’ Scheme has played a role during the national election in 2017. The scheme was advocated by the Harmonised Jubilee Coalition, the ruling political party in Kenya, as demonstrated in its 2013-2017 manifesto which included universal coverage of cash transfers for older people. Evidence from the 2015/16 Kenya Integrated Household Budget Survey illustrates significant challenges in the targeting effectiveness of the OPCT, with an exclusion error of approximately 50 per cent of eligible households for the OPCT and the Cash Transfer for Orphans and Vulnerable Children (CT-OVC), which uses a similar targeting mechanism. The Inua Jamii Senior Citizens’ Scheme reduces the number of older persons that are excluded from income support with more transparent selection criteria, while reaching the majority of older persons living in poverty.

3. What does the Inua Jamii Senior Citizens’ Scheme look like?5

- The Inua Jamii Senior Citizens’ scheme reaches approximately 702,000 older persons aged 70 years and above. This includes 523,126 new recipients registered during the electronic registration in 2017.

- In total, approximately 833,000 older persons aged 65 or above are accessing a social pension in Kenya, equivalent to around 60 per cent of the elderly population aged 65 years and above.

- Recipients of the scheme are entitled to KES 2,000 (US$ 19.7) per month, which is paid bi-monthly into an account with one of four commercial payment service providers.6

- The current level of investment in the Inua Jamii Senior Citizens’ Scheme benefits amounted to approximately KES 12.8 billion (0.13% of GDP) in its first year after implementation.

Institutional arrangement: In recent years, the Government has taken significant steps in strengthening coordination and bringing greater cohesion in the social protection sector, with the creation of the State Department of Social Protection, Pensions and Senior Citizens’ Affairs in 2017 within the Ministry of Labour and Social Protection. This department includes a number of units such as the Social Protection Secretariat, which leads on policy and coordination of the social protection sector, and the Social Assistance Unit (SAU) which oversees the implementation and delivery of the cash transfer programmes. Six departments within SAU are responsible for identifying and registering recipients, grievance and case management, payments of pensions, the Management Information Systems, Monitoring and Evaluation and communications. At county or sub-county levels where SAU has no offices, it works through local officers of the Department of Social Development.

Legal framework: The Inua Jamii Senior Citizens’ Scheme is not anchored in a legal framework, meaning that it could face potential discontinuation by successive governments. However, the Constitution of Kenya of 2010 and the National Social Protection Policy (NSPP), 2012 offer a framework for the development of the social protection sector. Article 43 (3) of the National Constitution states that ‘every person has the right … to social security’ and that ‘the State shall provide appropriate social security to persons who are unable to support themselves and their dependants’. The NSPP outlines the goal to build a social protection system guaranteeing income security across the lifecycle, in line with the Constitution, ensuring that: ‘All Kenyans live in dignity and exploit their human capabilities to further their own social and economic development’. It included the commitment to establish a universal old age pension.

Registration: The implementation of the Inua Jamii Senior Citizens’ Scheme marks a significant effort by the

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5 Sources of figures: Consultation with the M&E Team at the Social Assistance Unit & Kidd et al. (Forthcoming). The estimated number of older persons aged 70 years and above accessing the scheme is calculated based on combined data from the OPCT scheme and UNDESA population estimates.

6 The OPCT programme pays KES2,000 per month to a household. If there are multiple older people in the household, the total payment is still only KES2,000.
Government to shift from paper-based to electronic registration using Open Data Kit software and biometric identification. Over a period of less than a month, half a million older persons aged 70 years and above were registered and enrolled in the scheme in July 2017 through meticulous planning and effective mobilisation of all departments within the Ministry and through mass media campaigns, with the national leadership deployed at regional levels to oversee the registration process. The Ministry of Labour and Social Protection is currently in its planning stages to implement either a periodic or continuous enrolment system to continue the registration and enrolment of new older persons aged 70 and above into the scheme.

**Payment process:** The universal pension operates an innovative payments model which has allowed recipients to register with one of four commercial Payment Service Providers offering the recipients an opportunity to choose their preferred service provider. Each recipient has obtained an account and an ATM card through which the bi-monthly pension payment is paid, providing recipients with more freedom to withdraw their pension funds at any time at a bank or authorised bank agents and avoid long queues at collection points. The collaboration between the Government and commercial PSPs aims to enhance the financial inclusion of Inua Jamii programme recipients.

However, the large scale of the initial registration process has led to a number of logistical challenges in the early stages of implementation. The Government has limited oversight on the delivery of payments by the PSPs while facing challenges in implementing effective communication channels to ensure that adequate information is received by recipients. Furthermore, the rapid roll-out of the pension scheme has led to challenges in ensuring the predictability of payments, leading to delays in the processing of payrolls.

**Complementary schemes:** All older persons aged 70 years and above who receive the universal social pension also gain membership of the National Hospital Insurance Fund (NHIF), with their contributions paid by the Government, at a rate of KES 500 (US$ 4.8) per month. The NHIF meets the cost of inpatient treatment, up to certain limits based on the costs of treatment in Government hospitals and other facilities.

**Contributory schemes for citizens of Kenya in their old age:** Recipients of the Inua Jamii Senior Citizens’ Scheme who had previously contributed to the NSSF are entitled to a lump sum benefit upon retirement. In addition, an estimated 4 per cent of older persons receive the Civil Service Pension Scheme (CSPS) which does offer a reliable, regular transfer, funded on a defined contribution basis. However, recipients of the CSPS are not entitled to the Inua Jamii Senior Citizens’ Scheme.

**4. What is the impact on older people’s lives?**

Early monitoring exercises performed by the Government of Kenya have discovered that older persons are regaining their dignity through the pension by limiting the reliance on family members for basic needs. Preliminary findings from a qualitative research study of the universal pension and its effects on a rural community in Nandi County have demonstrated that the pension has increased older persons’ sense of self-worth. As a result of their individual entitlement to the pension, older persons are gaining more financial independence when compared to the OPCT which is at household level. The pension significantly impacts the lives of older women, for whom the pension has increased their level of decision-making and ability to open small businesses such as the rearing of chicken. Six months after implementation, the pension was found to

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7 This study is being undertaken and financed by Development Pathways.
have been spent primarily on food, clothing, livestock and improving agriculture.

The expansion of access to social protection through the Inua Jamii Senior Citizens’ Scheme will likely have a significant impact on poverty, as demonstrated through simulated impacts of other cash transfer schemes in Kenya. Overall, the poverty rate among recipient households fell from 71 per cent before social transfers to 64 per cent after social transfers. Household consumption across recipient households increased by 11 per cent, on average, while consumption increased by 20 per cent within the poorest consumption quintile.8

5. What’s next?

While the Government is still in its first year of implementation of the Inua Jamii Senior Citizens’ scheme, continuing efforts are being made to overcome early implementation challenges and improve the regularity of payments, while working towards the registration and enrolment of new older persons aged 70 and above. A Government evaluation is aimed to take place two years after initial implementation, which will provide the opportunity to review design specifications, such as adjustment of the eligibility age. As the official retirement age in Kenya is 60, there is currently a gap in pension coverage, as those between the ages of 60 and 70 years are not yet guaranteed a minimum income when they retire, while the OPCT only covers a limited number of households with older persons aged 65 years and above. The draft investment plan produced by the State Department of Social Protection outlines the Government’s commitment to expand the pension to reach those aged 68 years and above from 2020/21 and those aged 65 years and above from 2022/2023.

The Inua Jamii Senior Citizens’ Scheme marks an important step for Kenya in its aim to grow investment in regular and predictable social security schemes as part of an inclusive lifecycle social protection system. However, further work will be required to realise the full inclusivity of the pension scheme. These include:

- Institutional arrangements for the scheme require more effective management at subcounty and local levels to improve case management and eliminate barriers that inhibit older persons from accessing their entitlement.
- A periodic or continuous registration process needs to be put in place to ensure all eligible citizens are enrolled into the scheme upon reaching the age of 70 years.
- Communication channels need to be enhanced to ensure that all recipients receive adequate information about the payments model and are able to use the grievance process.
- More needs to be done to build the understanding of citizens that the Inua Jamii Senior Citizens’ Scheme is a universal rights-based scheme rather than social assistance.
- Recipients of the Civil Service Pension Scheme should be entitled to a minimum income that is equivalent to the amount of the Inua Jamii Senior Citizens’ Scheme with an NHIF cover.

8 Source: Simulations conducted by Development Pathways using the 2015/16 KIHBS data. Note: Due to under-reporting of a number of the social assistance benefits in the 2015/16 KIHBS data, it is not possible to simulate the impacts on national poverty.
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