

## Tax Financed Digital Cash Transfer Schemes for Social Protection in Kenya

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*There are two forms of social protection in Kenya; the contributory scheme enforced under formal employment and non-contributory schemes which are financed by taxes. This paper focuses on the latter and specifically, tax-financed social assistance schemes in the form of digital cash transfers. The aim of these schemes is to address poverty and reduce vulnerability to economic, social, natural and other shocks and stresses amongst the marginalised by providing them with regular cash flows. While these social assistance schemes have been critical in improving the lives of the most vulnerable in Kenya – majority of whom are excluded from the contributory schemes that are suited for those in formal employment – none of them is large enough to adequately address the numbers of people in need. Moreover, they continue to face policy, administrative, programmatic as well as evidence-related/knowledge challenges that impair their efficiency and effectiveness. Therefore, a need arises to assess these tax-financed cash transfer schemes to better understand and present an accurate reflection of the current state of affairs. In so doing, this paper provides recommendations for Kenya's tax-financed social benefits schemes in order to improve coverage, address poverty and reduce vulnerability.*

### 1. INTRODUCTION

Governments and non-governmental organisations (NGOs) are working hard to tackle extreme poverty through wide-ranging social protection programmes (SPPs). In recent years, SPPs in the form of tax-financed social cash transfers (SCTs) have become a key instrument in efforts to tackle poverty and inequality in the global South (Gronbach, 2020, p. 1). Following a recent shift in focus from food aid to emergency cash transfers, and from short-term to longer term humanitarian support, regular social benefit payments (SBP) have become an increasingly common component of these systems (World Bank, 2012). In fact, as of 2018, social cash transfer (SCT) programmes accounted for over half of all social protection (SP) spending worldwide (World Bank, 2018).

Social benefit payments or SCT programmes, as they are commonly called, typically support bottom of the pyramid individuals and families and therefore serve as a conduit to funnel extra cash to support vulnerable households (Graham, 2020). SCT programmes are increasingly considered one of the most cost-effective and adaptable components of social protection systems. They have also been found to contribute positively to local economies and, in the case of unconditional cash transfers, to provide

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beneficiaries with greater autonomy over how they use the financial support they receive (Sarwar, 2018).

The operative assumption of cash transfer programming is that providing people in situations of distress with cash is a viable alternative form of assistance, can be targeted and distributed safely, and that people use the money sensibly on basic essentials and on rebuilding livelihoods. Cash-based responses also support the existing structure of the household, encourage empowerment and provide flexibility for decision-making, in addition to influencing better livelihood strategies and increasing the sense of well-being and dignity for the household (Ressler, 2008, p.3).

Impact evidence for tax financed SCTs has been overwhelmingly positive and numerous studies have illustrated their beneficial effects with regard to health, education, consumption, and the reduction of poverty and inequality (Garcia & Moore, 2012). Moreover, cash transfers can have numerous advantages over in-kind aid with respect to reliability, delivery costs, and lower levels of fraud and corruption (Hirvonen & Hoddinott, 2020, pp. 1-16). However, cash assistance deliveries were fraught with potential for leakage as well as the risk of cash-in-transit being targeted by criminals (Vincent & Cull, 2011, pp. 37-52). Furthermore, liquidity problems associated with beneficiary transfers and settlements to retailers provided a significant operational obstacle to the efficient delivery of cash assistance.

Consequently, the emergence of technology which enables digital cash transfers has been seen as hugely beneficial both for donors and recipients, for whom this is a more flexible and convenient delivery mechanism (Ford, 2017). Digital systems have facilitated the processing and payment of millions of grants across many countries, on a scale that would not have been remotely feasible without them (Gelb & Mukherjee, 2020, p.8). Evidence has showed that e-payments are cheaper than in-kind assistance whilst also stimulating the local economy, reducing leakage and improving transparency (Ford, 2017, p.7).

Following a presidential directive in 2013 that mandated the digitisation of all government payments in Kenya (Mwasiaji, 2016), the government enhanced the use of ICTs/digital technology in its SCT programs. However, while these tax-financed social assistance schemes have been critical in improving the lives of the most vulnerable in Kenya – majority of whom are excluded from the contributory schemes that are suited for those in formal employment – none of them is large enough to adequately address current needs of the targeted population. Moreover, the programmes continue to face various challenges that impair their efficiency and effectiveness (Reidel *et al.*, 2016, 2016, p.ii) despite moving from a paper-based to a digital payment system.

While past studies in the social protection area have mainly focused on the policy features that facilitate progress in poverty and inequality reduction, they typically considered social protection separately from tax and ICT policy. This paper seeks to

examine the current landscape of tax-financed digital social cash transfer schemes in Kenya by considering the tax as well as ICT dimensions of the schemes. By doing so, the paper hopes to be of import to policymakers, practitioners and researchers interested in building sustainable and inclusive social protection systems.

Specifically, it aims to; Link fiscal and technological considerations to social protection; Conduct a situational analysis of existing social cash transfer schemes in Kenya; Provide a summary of the existing legal, policy and institutional frameworks governing social protection in Kenya; Identify and assess various challenges, barriers and constraints facing the social cash transfer schemes; and, Formulate policy options and recommendations aimed at informing the strengthening of the SCT schemes in Kenya.

The paper is qualitative and employs the discursive method in presenting and analysing its findings. In recent years, discursive approaches have gained in prominence in public policy research (See Durnova & Zittoun, 2013; Hult, 2015). Online desk research was used to review existing literature drawn from an array of sources including national policy documents, national statistics databases, peer-reviewed journals, newspapers, magazines, and blogs amongst others. The following key words were used to inform the searches: Kenya, social protection, digital cash transfer(s), social assistance, social benefit(s), social transfer(s), taxation. The literature review helped to provide background knowledge on digital cash transfer programmes in Kenya, thus allowing for the painting of an informative picture of the digital cash transfer landscape in the country.

This paper is divided into seven sections. Section 1, the introduction, provides an overview of SCT in the Kenyan context. Section 2 discusses the nexus between social protection, taxation and digital cash transfers. Section 3 assesses the legal, policy and institutional framework of SCT in Kenya. Section 4 reviews the main tax-financed social cash-transfer schemes in Kenya. Section 5 discusses the various challenges facing the social cash transfer schemes. Section 6 makes conclusions based on the findings of the study, while Section 7 makes recommendations geared towards enhancing the quality and effectiveness of SCT programs in Kenya.

## **2. NEXUS BETWEEN SOCIAL PROTECTION, TAXATION & DIGITAL CASH TRANSFERS**

### ***2.1. Social Protection***

Social protection refers to a range of protective public actions carried out by the state and other non-governmental actors in response to unacceptable levels of vulnerability and poverty. These actions aim to guarantee relief from destitution for those sections of the population who for reasons beyond their control are not able to provide for themselves (HelpAge International, 2006, p.6). When looked at from this perspective,

social protection is considered as a set of public welfare policies that are implemented or delivered either by the national government or voluntary agencies. Alternatively, social protection can also be viewed as a development approach that focuses on reducing socio-economic risks and financial vulnerability and building an inclusive society (Hagen, 2009, p.7).

Social protection is anchored in the universal rights of everyone to social security, and to a standard of living adequate for the health and well-being of themselves and their families (UNESCAP, 2016, p.1). The key objective of social protection is to reduce the vulnerability of the poor through measures that reduce the occurrence of adverse circumstances or mitigate their impact, and through measures that help the poor to maintain adequate consumption and access to basic services once the insecurity occurs (Sabates-Wheeler & Kabeer, 2003, pp. 4-6). Well-designed social protection systems will ensure a greater capacity to adapt to the changing nature of the economy so that they can continue to play an important role in poverty reduction and as an economic and social stabilizer.

The state is usually responsible for financing social protection in democracies, in addition to ensuring the provision of benefits according to clear and transparent eligibility criteria and entitlements, and the proper administration of the institutions and services (International Labour Organization (ILO), 2019, p.210). In this regard, a broad political consensus that positions social protection as a vital investment in building human capital is essential to ensure long-term financing and national ownership of social protection schemes (Kidd *et al.*, 2018, p.2). Governments can use a variety of methods to mobilize resources to ensure financial, fiscal and economic sustainability of national social protection floors, taking into account the contributory capacities of different age and populations groups (Kidd *et al.*, 2018), p.6. Such methods may include more efficient tax collection and enforcement of contribution obligations, but also reprioritizing expenditures and finding new revenue bases (UNESCAP, 2016 p.6).

Efforts to support and increase social protection spending in a sustainable fashion to meet poverty and inequality reduction goals in low- and middle-income countries (LICs and MICs) are increasingly looking at options to increase revenue through taxation (Bastagli, 2015, p. 421). Proposed methods for enhancing the fiscal space for social protection through taxation include increasing corporate income tax collection, property taxation and eliminating wasteful tax incentives and exemptions.

## **2.2. Taxation**

Taxes are the main source of funding for social assistance programmes for those who cannot contribute. Tax revenues can be achieved by modifying different types of tax rates – e.g., on income, consumption, corporate profits, financial transactions, property, imports/exports, natural resources – or by strengthening the efficiency of tax collection methods and overall compliance (Ortiz, Cummins, & Karunanethy, 2017).

However, when compared to high-income countries-, low- and middle-income countries display low levels of social spending and tax revenue as a percentage of GDP (Bastagli, 2015, p. iii). Many of these countries struggle to generate higher tax revenues as a large part of the labour force works in the informal economy (Kidd *et al.*, 2018, p.6).

People are more willing to pay taxes when they are included in, and benefit from, tax-financed social protection schemes (Glaser & Hildreth, 1999, pp. 48-67). Allocating sufficient taxes and other revenues to inclusive schemes that build a social protection floor for all women, men and children throughout the life cycle is therefore vital to achieving social cohesion and strengthening the social contract (Kidd *et al.*, 2018, p.2). However, social protection and tax policy are commonly examined separately, yet they are strongly linked because tax revenue levels and other sources of income contribute to the national pot of resources available for social protection financing and to the net incidence and distributional impact of fiscal policy (Bastagli, 2015, p. v).

### **2.3. Digital Cash Transfers**

The rationale for transfers is straightforward – while poverty is multi-dimensional, low and variable income is central to the problem. Consequently, modest but regular income from cash transfers helps households to smooth consumption and sustain spending on food, schooling and healthcare in the lean periods without the need to sell assets or take on debt. Over time, transfer of income can help households to build human capital, save up to buy productive assets, and obtain access to credit on better terms. Cash transfers can thus both protect living standards and promote wealth creation. Depending on context, they may also help prevent households from suffering shocks and transform relationships within society, and between citizens and the state (DFID, 2011, p. i).

Cash transfer programmes have been implemented in many countries as a key component of their national social protection floors. Because these programmes provide a modest but regular income to poor households, they have the potential to reduce poverty and to enhance economic empowerment (Plagerson & Ulriksen, 2011, p.vii). While they cannot be an alternative to improvements in basic services such as healthcare and education, well-designed and implemented cash transfer programmes can have a significant impact on chronic poverty and vulnerability amongst the poor. Cash transfers can also help poor households overcome cost barriers that constrain their access to essential public services (DFID, 2011, p.3).

A key consideration for governments is how to achieve a balance between two aims that are in tension: how to set the value of the transfer at a level that helps realise the right to an adequate standard of living; but also, how to set the value affordable enough so that it remains within the means of the government's budgetary allocations and reaches the priority target population, thereby offering as many people as possible the right to access social security. There is, unfortunately, no right answer to this

conundrum and, effectively, it is a political judgement. Nonetheless, prioritising coverage over transfer value as schemes grow could result in a virtuous circle by engendering political pressures for increases in transfer values (Gelders & Kidd, 2020, p.9).

The efficient implementation of SCTs requires new digital tools that can facilitate the selection and enrolment of beneficiaries and targeted and transparent delivery of funds (Jacobs, 2020, p.4). These digital solutions are meant to ensure that transfers are made in a timely and secure manner and are adequately controlled and reported (Una, Allen, Pattanayak & Suc, 2020, p.2). Digital solutions can help improve various public financial management (PFM) aspects of a cash transfer scheme: making regular and timely payments to beneficiaries, reaching the correct beneficiaries, improving the accounting and reporting of cash transfer transactions, and strengthening accountability by providing a reliable audit trail (Ibid). The benefits of digital cash transfers can extend beyond the ease of implementing cash transfer programmes to reducing corruption and other financial leakages in the system as well as improving efficiencies by reducing administrative delays and generating large scale cost savings (OECD, 2019, p.21).

### **3. LEGAL, POLICY & INSTITUTIONAL FRAMEWORK**

Kenya has to a large extent put in place a legal, policy and regulatory framework to guide the effective implementation and operationalization of its various cash transfer programs. The framework is based on the rights-based approach that explicitly spells out the rights of the citizens to social protection while imposing an obligation on the state and its agencies towards the most vulnerable groups in society. This section provides an overview of the legal, policy and institutional framework.

#### **3.1 Legal Framework**

The legal framework for social cash transfers in Kenya is anchored by the Constitution and supported by relevant sector specific (social, financial and ICT) laws that govern the functioning of SCT in the country. These laws are discussed in the following section.

##### *3.1.1 The Constitution of Kenya 2010*

The Constitution of Kenya 2010 aims to move Kenya towards a more equitable and inclusive future. As a key step in achieving this, the Constitution lays out the right of all Kenyans to social protection (Reidel *et al.*, 2016) in Article 43(3) which states that “The State shall provide appropriate social security to persons who are unable to support themselves and their dependants.” This right is indivisible from other rights also guaranteed by the Constitution including the right to health (Article 43(1), dignity (Article 28), to fair remuneration and reasonable working conditions (Article 41) and access to justice (Article 48), among others.

Sub-article 201 (b) iii of the Constitution also provides that “expenditure shall promote the equitable development of the country, including by making special provision for marginalised groups and areas” and sub-article 201 (c) provides that “the burdens and benefits of the use of resources and public borrowing shall be shared equitably between present and future generations”. These constitutional provisions reinforce the concept of redistributive taxation as well as expenditure including through social protection cash transfers to promote equitable development and assistance for the marginalised.

### 3.1.2 *The Social Assistance Act, 2013*

The Social Assistance Act, 2013 gives effect to Article 43(1)(e) of the Constitution, establishes the National Social Assistance Authority (NSAA) and provides for the rendering of social assistance to persons in need and for connected purposes (Mudora, 2020). The Social Assistance Act provides for universal social welfare for all citizens, but some policymakers claim this is fiscally impossible, and have proposed that the Act be repealed (Ouma, 2020, p.136). The Act is reported not to have commenced and there are currently efforts to repeal it without it even being operationalised by way of the Social Assistance (Repeal) Bill, 2020 (Mudora, 2020).

The intention of the Repeal Bill is to house the Social Assistance Fund under the Ministry of Finance and National Treasury through regulations on social assistance under the Public Finance Management Act. In memoranda on the proposed regulations, civil society stakeholders advised that social assistance is not just limited to providing grants to those in need, but also includes different aspects of social protection and social services and should remain under the Ministry in charge of social services because it requires a holistic approach (Mudora, 2020).

### 3.1.3 *Financial Sector Legislations*

Digital financial services (DFS) include a broad range of financial services accessed and delivered through digital channels, including payments, credit, savings, remittances and insurance. DFS in Kenya are governed by several legislations including the following: Central Bank of Kenya Act (1966) last amended in 2009, which establishes the Central Bank of Kenya to among others regulate payments, clearing and settlement systems;<sup>1</sup> Banking Act (1991) last amended in 2010, which regulates the activities of banking institutions within the financial sector in Kenya;<sup>2</sup> Guideline on Agent Banking (2010), which provides for the appointment of agents to extend banking services within

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<sup>1</sup> *Central Bank of Kenya Act*, 1966, CAP 491, Laws of Kenya, [https://centralbank.go.ke/images/docs/The\\_Central\\_Bank\\_of\\_Kenya\\_Act\\_1st\\_January\\_2014.pdf](https://centralbank.go.ke/images/docs/The_Central_Bank_of_Kenya_Act_1st_January_2014.pdf)

<sup>2</sup> *Banking Act*, 1991, CAP 488, Laws of Kenya, [http://kenyalaw.org/kl/fileadmin/pdfdownloads/Acts/BankingAct\\_\\_Cap\\_488.pdf](http://kenyalaw.org/kl/fileadmin/pdfdownloads/Acts/BankingAct__Cap_488.pdf)

Kenya; and National Payment Systems Act (2011)<sup>3</sup> and its Regulations (2014)<sup>4</sup> which provide for the regulation and supervision of payment systems and payment service providers.

Payment systems are particularly important for cash transfers as their inclusivity including cost and entry (into the financial sector) requirements, can facilitate the ease and therefore reach of cash transfers. Mobile banking requirements, for example, have been lauded for enabling the unbanked to engage in financial transactions, as entry into mobile banking is much less cumbersome than entry into ordinary banking.

### 3.1.4 The Data Protection Act 2019

The Data Protection Act of 2019 seeks to make provision for the regulation of the processing of personal data, to provide for the rights of individuals and obligations of data controllers and processors.<sup>5</sup> The Act provides that the members of the public have to be informed of the use of their data, have a right to access their data, have a right to object to processing of all/or part of their data, have to consent to their data being collected and can withdraw the consent that was earlier granted among others. Prior to its enactment, the collection, usage, sharing and disclosure of consumer data in DFS was guided by the providers' data privacy policy. Consumers were often required to consent to the provider's privacy policy even when they did not fully understand how their data will be used and/ or disclosed (Murthy & Medine, 2018). Data protection regulation is critical for cash transfers as it provides an alternative to both identifying beneficiaries as opposed to community selection and proxy-based testing as well as facilitating cash transfers as opposed to facilitating cash transfers through bank transfers.

Data protection regulation is useful for cash transfer schemes for several reasons including for identifying potential beneficiaries, verifying beneficiaries as well as for transferring cash (The Cash Learning Partnership (CaLP), 2013). As the selection of beneficiaries, at the moment, is done through community selection or nomination and proxy means testing, obtaining data from telecommunications companies and other providers to identify and/ or verify beneficiaries is a possible alternative, if not additional option for ensuring reach, identification of the neediest and deregistration of ineligible. The means of processing big data, however, will need to adhere to data protection regulation, hence the importance of the Act.

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<sup>3</sup>*National Payment Systems Act*, 2011, No. 39 of 2011, [https://www.centralbank.go.ke/images/docs/legislation/NATIONAL%20PAYMENT%20SYSTEM%20ACT%20\(No%2039%20of%202011\)%20\(2\).pdf](https://www.centralbank.go.ke/images/docs/legislation/NATIONAL%20PAYMENT%20SYSTEM%20ACT%20(No%2039%20of%202011)%20(2).pdf)

<sup>4</sup> *The National Payment System Regulations*, (2014), <https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2014/08/NPSRegulationsLegalNoticeNo-2-109.pdf>

<sup>5</sup> *The Data Protection Act*, 2019. No. 24 of 2019. [http://kenyalaw.org/kl/fileadmin/pdfdownloads/Acts/2019/TheDataProtectionAct\\_No24of2019.pdf](http://kenyalaw.org/kl/fileadmin/pdfdownloads/Acts/2019/TheDataProtectionAct_No24of2019.pdf)



### **3.2. Policy Framework**

This section provides an overview of existing social cash transfer policies in Kenya.

#### *3.2.1. Social Protection Floors Recommendation, 2012*

The Social Protection Floors Recommendation (No. 202) adopted in 2012 is the only internationally agreed treaty that reflects a global consensus on universal social protection. It defines social protection floors (SPFs) as a set of social security guarantees that ensure, at a minimum, that all people have access to social protection at adequate benefit levels – or income security. Social protection floors typically include, but are not limited to, cash transfers for children, maternity benefits, disability pensions, support for those without jobs, old age pensions as well as access to essential health care (Ortiz, Schmitt & De, 2016, pp.1-2).

#### *3.2.2 The African Union Social Policy Framework*

The African Union (AU) Social Policy Framework was developed in 2008 in recognition of the important role that social development plays as a complement to economic growth in Africa. Its recommendations are to be used to guide member states as they prioritize and strengthen national social policies related to SP issues. The framework asserts that social policy should be implemented by the state, and it recognizes the importance of social policy for improving living standards as a key goal of development. It encourages member states to recognize the importance of social protection in contributing to economic growth and human capital accumulation, breaking intergenerational cycles of poverty, and reducing inequality (Garcia & Moore, 2012). The AU Social Protection Framework provides guidance for AU countries and the benchmark for what they should strive for in relation to social protection. AU member countries may be held accountable for the progress achieved in relation to this framework through several accountability frameworks including through reporting under the African Commission for Human and Peoples Rights (ACHPR) or even through litigation at the African Court of Human and Peoples Rights.

#### *3.2.3 Kenya Vision 2030*

Kenya's Vision 2030, Kenya's medium-term economic development strategy, further emphasizes the need for social protection as a necessary part of providing a high quality of life for all of its citizens. The Vision 2030 strategy aims to reduce poverty through investing in vulnerable groups and recommends the establishment of a consolidated Social Protection Fund (Reidel *et al.*, 2016, p.1). The Vision, which aims to provide 'a high quality of life for all citizens by year 2030', is based on three "pillars"; economic, social and political, where the social pillar seeks to build "a just and cohesive society that enjoys equitable social development". The establishment of the National

Safety Net Program (NSNP) builds on the Government's commitment to reducing poverty as articulated in the Kenya Vision 2030 (Reidel *et al.*, 2016, p.ii).

### *3.2.4 The National Social Protection Policy, 2012*

The National Social Protection Policy (NSPP), 2012 provides that 'All Kenyans live in dignity and exploit their human capabilities to further their own social and economic development' (National Social Protection Secretariat, n.d.). While the Constitution guarantees the right to social security to all citizens of Kenya, the NSPP definition of social security is limited to contributory schemes such as the National Social Security Fund and the Public Service Pension Scheme.

## **3.3. Institutional Framework**

To better understand the stakeholders that are working on social protection, this section outlines (albeit non-exhaustively) the different government and non-government actors as well as their specific roles.

### *3.3.1 Ministries, Departments and Agencies*

Key government actors involved in social cash transfers comprise primarily the National Treasury, the Ministry of East African Community, Labour and Social Protection (MEACLSP), and the Ministry of Devolution and Planning. The National Council for Persons with Disabilities (NCPWD) and the National Drought Management Authority (NDMA) are involved in the cash transfers for Persons with Disabilities (PWDs) and the hunger programmes respectively.

### *3.3.2 Development Partners, Donors and Non-Governmental Organizations*

Development partners and non-governmental organisations (NGOs) have collaborated on various cash transfer programmes over the years. These development partners include United Nations Children's Fund (UNICEF), Department for International Development (DFID), Swedish International Development Agency (SIDA), European Community (EC), and the World Bank (WB). International NGOs include Oxfam, Concern Worldwide, HelpAge, GiveDirectly and Plan USA. Other NGOs include the Kenya Red Cross Society which works on humanitarian support including identifying and verifying cash transfer beneficiaries and the African Platform for Social Protection which works on developing social protection policies in Africa.

### *3.3.3 Kenya Cash Transfer Working Group*

The Kenya Cash Working Group (CWG) is a multi-sectoral forum comprising of various stakeholders including the Government of Kenya, the UN, NGOs and the Red Cross. The overall objective of the CWG is to support the effective and efficient

implementation, delivery and potential scale-up of quality cash transfer programming in Kenya. The immediate motivation for the CWG, and its primary focus, is to improve the coordination of cash transfers in humanitarian situations in addition to working with government and other partners to develop guidance and operational models that support coordinated and collaborative action (Kenya Cash Working Group, 2017).

#### **4. CONTEXTUALISING TAX FINANCED CASH TRANSFER SCHEMES IN KENYA**

This section provides an overview of existing social cash transfer schemes in Kenya. It discusses the national schemes followed by the specific schemes, outlining the policy objectives of each scheme, the eligibility of beneficiaries, its reach, origins, funders and means of transfer among other descriptions. It intends to provide this background and description in order to lay the foundations for policy proposals thereafter.

##### **4.1 Existing Social Cash Transfers Schemes**

Kenya has made significant progress in building a nationally-owned social protection system, expanding coverage of regular and predictable social transfer schemes through tax-financing (Development Pathways, n.d.). The country's cash transfers interventions can be traced back to 2004, with only 500 households receiving cash. This has currently scaled up to over 1.2 million recipients accessing the benefits across the country through mainstream banking (Oyunge & Chebii, 2020).

The main types of SCT aimed at basic social protection are (i) non-contributory pensions, (ii) social assistance to families or households and (iii) cash transfers, which may be conditional or unconditional (Pearson, n.d.). Kenya's SCT space is dominated by a large-scale, relatively uniform and coordinated government social protection programme called the National Safety Net Program (NSNP), or *Inua Jamii*, as it is commonly known. The NSNP was established in 2013 to provide a common operating framework for the government's cash transfer programmes, which provide bi-monthly payments to beneficiaries across all 47 counties in Kenya (Jacobs, 2020, p. 9).

Across the five existing sub-programmes, the NSNP currently provides cash transfers to over 1.5 million beneficiaries, which translates to an annual cash disbursement of over \$400 million made in nine million separate disbursements. Some of the five NSNP sub-programmes are entirely or partially funded supported by international non-governmental organisations (INGOs) and multilateral agencies, including the World Bank, DFID, WHO and UNICEF, which act as donor and implementation partners.

**Table 1: Main tax-financed social security transfers in Kenya and their intended beneficiaries**

Target Group	Year Launched	Implementing Agency	No. of Beneficiary Households (2018)	Transfer Method
CT-OVC	2005	Dept. of Children's Services, (MLEAA)	353,000	Coop Bank, Equity Bank, KCB and Post Bank
OP-CTP	2006	Dept. of Gender and Social Development (MLEAA)	800,000	
PwSD-CT	2011	Dept of Gender and Social Development (MLEAA)	47,000	
HSNP	2007	HSNP Secretariat (NDMA)	101,227 (regular) 47,021 (emergency)	Equity Bank

**Source:** Author's compilation derived from Ministry of Labour and Social Protection State Department for Social Protection, National Social Protection Secretariat, (2020, July), *Kenya Social Protection, Sector Annual Report 2018/19*, p.2

#### 4.1.1. National Cash Transfer Schemes

This section will describe the five national cash transfers schemes in Kenya, including their beneficiaries, scope and other particularities.

##### a. Cash Transfers for Orphans and Vulnerable Children (CT-OVC)

The CT-OVC programme was initiated by UNICEF to support orphans as a result of HIV/AIDS but has since been taken over by the government with the continued support of UNICEF, World Bank and DFID and now extends as well to households caring for vulnerable children as a result of poverty. Beneficiaries are encouraged to foster and retain such children within their families and communities and to promote their human capital development. The programme aims to improve school attendance and retention, reduce mortality rates, encourage civil registration in addition to strengthening the capacity of the household to care for the children. It is a key component of Kenya's broader social protection strategy because it addresses risks to children in communities where increasing numbers of OVC are overwhelming informal safety net systems (Garcia & Moore, 2012, p. 251).

##### b. Older Persons Cash Transfer Programme (OPCT)

The OPCT programme started with the aim to support older persons living in and vulnerable to poverty with predictable and regular cash transfers. It is directed towards older people living in poverty aged 65 years and above. The OPCT is entirely funded by the Government of Kenya.

##### c. Cash Transfer for Persons with Severe Disabilities (PwSD-CT)

The PwSD-CT programme was set up to support households living in poverty with persons with severe disabilities requiring full time support from a caregiver as

members. That is to say, that households with a person with severe disability must demonstrate that the applicant needs permanent care which includes feeding, washing, use of the bathroom facilities and protection from danger from other persons, themselves and the environment. Beneficiary households are provided with the opportunity for the caregivers to engage in meaningful income generation activities, strengthen the capacity of the carer to support the beneficiary in addition to improving the overall livelihoods of the persons with severe disabilities (National Social Protection Secretariat, n.d.).

*d. Hunger Safety Net Programme (HSNP)*

The HSNP is a government-led programme supporting the poorest and vulnerable households in the poorest four arid counties of Turkana, Mandera, Wajir and Marsabit. It is implemented by the National Drought Management Authority, under the Ministry of Devolution and Planning and jointly funded by the Government of Kenya and DFID. The overall objective of HSNP is to reduce extreme hunger and vulnerability by delivering regular and unconditional cash transfers to beneficiaries on a bi-monthly basis (HSNP, 2020). HSNP issues beneficiaries with bank accounts and a debit card, which receives cash deposited to the household's bank account on the fifth of the first month of the payment cycle. Beneficiaries can access their grant by using ATM cards, payment agents, an ATM or a at a bank branch. An additional person may be registered into the biometric system to collect benefits for members if desired (OECD, 2019, p.20).

*e. Senior Citizens Programme*

The Senior Citizens Programme is the largest of the NSNP's five sub-programmes with around 700,000 beneficiaries, and is also the newest (it was launched in 2018). This sub-programme differs from the others as it is intended to serve as a national pension scheme for all Kenyan citizens once they reach the age of 70, and may therefore become larger in the future (Jacobs, 2020, p. 9).

The above section has outlined the national cash transfer schemes in Kenya and by so doing, has revealed the social protection priorities do indeed attempt to reach the most vulnerable in Kenya. It is clear from the beneficiary numbers that older persons benefit the most from the schemes at around 800,000 reached in 2018, followed by orphans and vulnerable children at 353,000 and finally by people in arid and semi-arid areas, due to their susceptibility to drought induced famine and hunger. People living with severe disabilities appear to benefit the least as a group with only 47,000 beneficiaries as at 2018. More attention could be drawn to this vulnerable group in order to assist and realise their rights to social protection.

#### 4.1.2 Specific Cash Transfer Schemes

##### a. *Nutritional Improvements through Cash and Health Education (NICHE)*

NICHE is a programme led by UNICEF and funded by the EU in Kitui and Machakos counties for households that are already recipients of the CT-OVC programme that have a pregnant woman or a child under the age of two. Its aim since 2017 is to improve the nutritional status of children during their first 1,000 days of life, beginning in the womb until the age of two. The programme consists of providing intense nutritional counselling through community health volunteers (CHVs) and an additional cash top-up (Guyatt, *et al.*, 2018).

##### b. *Mwangza Mashinani*

Mwangza Mashinani (lights for the villages) is a pilot project aimed at ensuring that the most vulnerable populations in Kenya are not left behind in the growing solar home systems market. It leverages on the existing NSNP beneficiaries by providing a conditional cash transfer to a targeted 2,000 beneficiaries in Garissa and Kilifi counties as a top up to their existing cash transfer. The purpose of the top up is specifically to provide the opportunity for the project's target group to access and own a solar system. The expected impact of the project includes improvement of children's educational outcomes, improvement of household health resulting from reduction in indoor air pollution and improved livelihoods from savings on lighting costs and income generating activities enabled by the solar system. (Ministry of Labour and Social Protection, 2020).

##### c. *The National School Meals Programme*

The School Meals Programme currently covers 1.6 million pupils in 26 out of 47 Counties in Kenya mostly in ASAL regions. It is offered as In-kind and Cash Transfers to schools. Cash is wired directly to the school accounts and then the school management procures the food. The amount sent is based on the unit cost of KES 10 per child per day based on enrolment times number of school feeding days (*Ibid.*).

##### d. *Asset Creation Programmes*

The asset creation programmes – the cash-for-assets and food-for-assets (CFA and FFA) schemes – commenced in 2003 as a means to move away from short term food aid to longer term resilience building. The programmes focus on improving food and nutrition security in addition to promoting the diversification and sustainability of livelihoods. Asset creation activities provide beneficiaries with technical skills and knowledge to enable them to undertake activities that benefit the community such as water conservation, rehabilitation, agricultural production, diversification and marketing. Alongside the asset creation component of the scheme, a small number

of households that are classified as having limited labour capacity are able to receive an unconditional transfer. For the FFA, each beneficiary household receives a ration guided by the Kenya Food Security Group (KFSG). The programme is managed in conjunction with the National Drought Management Authority under the Ministry of Devolution and Planning (Gelders, 2021).

*e. Cash Transfers in Humanitarian situations*

There are also cash transfer schemes for humanitarian situations including specifically for the Covid-19 pandemic supported by the World Food Programme, Ministry of Health and county governments (World Food Programme, 2020). Relief organisations have also been supporting cash transfer schemes such as for refugees, after the post-election violence of 2008/9 and other situations. The specific cash transfer schemes described above provide an insight into additional priority groups eligible for cash transfers whose reach is not national and whose provision for the time being is temporary or considered pilots. Kenya's experience of cash transfer schemes shows that piloting cash transfer programmes are a good way to start cash transfers for different vulnerable groups to assess their feasibility for the long-term.

## **5. CHALLENGES FACING SOCIAL CASH TRANSFER SCHEMES IN KENYA**

While progress has been made in enhancing the social cash transfer schemes described above, several audit reports by the National Social Protection Secretariat and other stakeholders have highlighted key challenges facing these schemes. These are *policy, administrative, programmatic* as well as *evidence-related/knowledge* challenges.

### **5.1. Policy-Related Challenges**

*a. Realising the 2% Budget Allocation for Social Protection*

The Government of Kenya (GoK) has clearly demonstrated its commitment to social protection by ensuring that 97% of the country's social protection budget is government funded. In 2018, the government went a step further and committed KES 26 billion (approximately USD 260 million) or 0.4% of gross domestic product (GDP) on social protection (MLSP, 2020). However, in order to realise Kenya's commitment to social protection in accordance with the AU Social Policy Framework recommendation, the country needs to commit at least 2% of its budget or 4.5% of its GDP on social protection which requires political support in order to happen. The more politicians understand the implications of committing to spend on social protection (SP), the better the chances for the success of the programme. Moreover, in order for it to be taken seriously as a policy option, policymakers must understand the financial implications of the programme and what the potential trade-offs are with other alternatives (National Gender and Equality Commission (NGEC), 2014). While there is a good case for

increasing currently low levels of public spending on cash transfers, competition with other important development priorities is intense (DFID, 2011, p.74).

*b. The Missing Middle*

While the current cash transfer schemes aim to reach the most vulnerable, many poor and vulnerable sections of the population who are eligible for the social benefit payments continue to experience high levels of exclusion from the SCTs (Jacobs, 2020, p.2). In many cases, this is due to challenges related to enrolling, identifying and communicating with beneficiaries (Ibid). This “missing middle” - vulnerable people not enrolled in existing programs but frequently depending on informal employment – were to emerge as “new poor” in the aftermath of COVID-19 shutdowns. Reaching this group has been as a key challenge for social protection (Gelb & Mukherjee, 2020, p.7).

*c. Trade-off between coverage and transfer value*

When deciding a minimum standard of transfer, the government also has to take into account the right to access social security, which is enshrined in various international human rights treaties and the Constitution of Kenya. If a transfer value is set too high, within a context of limited budgetary resources, this will necessarily result in a lower number of recipients which will, in effect, deny many other people in need of social protection the right to access social security (Gelders & Kidd, 2020, p.7). Therefore, once government has set a budget, it needs to make a trade-off between two rights: the right to access social security, and the right to an adequate standard of living. This is a trade-off between coverage and transfer value since budgets for tax-financed social security schemes are calculated by multiplying the number of beneficiaries by the value of transfers (and adding on administrative costs).

## **5.2. Administrative Challenges**

### *Delayed payments*

In the National Gender and Equality Commission audit, all beneficiaries complained that the cash transfers of funds never arrived on time, were not received regularly, nor were they informed of changes in the bi-monthly payment schedules. Beneficiaries complained of inconsistencies and delays in payment, which increases vulnerability of this population and interfere with planning and budgeting at the household level. Among OVC, delays in receipt of the CT increases their likelihood of school attrition to look for work to buy food or to beg. Some beneficiaries are forced out of their rental houses over their inability to pay rent. In the same study, some beneficiaries reported once receiving their whole years' worth of cash transfers at the end of the year, which was quite destabilising for people who are unaccustomed to receiving large amounts who ended up spending it on non-priority items with the



misassumption that they would continue to receive such large amounts regularly (NGEC, 2014).

#### *Hidden Costs in Obtaining the Funds*

Most beneficiaries of SCT schemes reported that they had to travel to the payment service providers to receive the transfer. In some cases, such as Marsabit County, where the transport infrastructure is not well developed, the cost of getting to a payment service provider is more than the monthly allowance (Ibid). In a 2018 audit, it was found that some people in rural areas have to walk between 6 – 7 kms, to collect the cash. In the urban areas, this is not a problem as the service has been more decentralised and the road infrastructure is good. In rural areas, however, beneficiaries walk longer distances to access the cash. The timeliness of payments was still found to be wanting, with some receiving their payments on time while others experiencing inordinate delays which could last up to six months (Commonwealth Foundation, 2018).

#### *Inability to Receive Funds*

Another payment-related challenge is ensuring all beneficiaries are able to receive their cash transfer payments. Many households have been unable to open bank accounts because of various operational challenges and therefore were been unable to receive their payments (Reidel *et al.*, 2016, p.52). Given Kenya's high levels of mobile penetration and a relatively tech-savvy population broadly familiar with digital services, SCT and government stakeholders in Kenya recognize the immense value of introducing mobile money as a payment option for beneficiaries (Jacobs, 2020, p.36).

### **5.3. Programmatic Challenges**

#### *Low Coverage*

Kenya has made significant and sustained efforts to build a comprehensive social protection system and to provide a wide range of social assistance schemes to its citizens (Chebii & Oyunge, 2020). While Kenya's government has made a substantial effort in tackling poverty through cash transfers, limitations exist in implementation and reach of the programmes with none of them attaining universality. Currently, social assistance programmes, mainly in the form of cash transfers are reaching about 813,381 households nationwide (PASGR & AIHD, 2017, p.1). In terms of the ratio of people covered as a percentage of the population, 77% of older persons are covered by the OPCT whereas only 1% of PWDs are covered by the PwSD-CT programme (Ibid.).

#### *Wanting Complementarity with other SP programmes*

Apart from the government CTPs that form part of the NSNP, Kenya has a several other large-scale assistance programmes such as the WFP's food assistance

programmes and the government's national school feeding programme that have many similarities to the NSNP programmes in terms of assistance provided and target groups (Reidel *et al.*, 2016, p.48). There are also other forms of social assistance that focus on provision of assistive devices for PWD or nutritional programmes for infants and pregnant mothers. However, there is inadequate coordination and complementarity between the NSNP and these other forms of social assistance, which reduces their potential impact (Ibid).

#### *Inadequate CT Amounts*

The inadequacy of benefits has been raised as a significant limitation of CTPs, as the values of transfer have been fixed, regardless of household size or composition (MLSP, 2016, p.31). The value of the household transfers under the child and elderly cash transfer programmes is kept low deliberately to avoid a 'dependency' effect, and aims to provide 10-20% of the household ultra-poverty line (Pearson & Alviar, 2009). Fluctuating prices, inflation and other factors, affect the purchasing power of cash transfer beneficiaries and the value of cash transfer amounts needs to be mindful of this as well as several factors including the evolving poverty line and the national average per capita income in order to be effective without resulting in distortions (Pearson, n.d.). In the wake of Covid-19, cash transfer programs implemented by development partners and other donor organizations have complemented the existing G2P cash transfer schemes, thus adding to the amounts available for disbursement to cushion the poor and vulnerable Kenyans.

### **5.4. Evidence-related/Knowledge Challenges**

#### *Ineligible Beneficiaries*

Past reports show that while the majority of intended beneficiaries have benefited from the cash transfers, there are those who are registered who are not eligible (NGEC, 2014). This problem can be attributed to the lack of a centralized database to rely on to identify eligible beneficiaries at the beginning. However, the introduction of a single registry system for all of the NSNP programmes has made it possible to check that potential beneficiaries of one cash transfer program are not already benefitting from another (Ministry of Labour and East African Affairs, 2015, p.11). In 2019, the government went a step further and spent KES 7.7 billion (approximately USD \$72 million) on "Huduma Namba", a National Integrated Identity Management System (NIIMS) whose aim was to create and manage a central master population database. However, NIIMS was challenged in court due to lack of data privacy protection laws (Rateng, 2020).

### *Monitoring & Evaluation*

While cash transfers are currently one of the most researched and evaluated forms of development intervention, there are still a number of monitoring and evaluation (M&E) gaps in sub-Saharan Africa. For instance, there is no sector-wide social protection monitoring and evaluation system with standardized definitions and consistent concepts and classification. A particular challenge is that cash transfers feature a wide diversity of design options, multiple objectives and range of potential impacts, making them unable to provide detailed information on beneficiary outcomes over time. An example is unexpected spin-off benefits and impacts that can extend beyond the direct recipient to the wider family and community (DFID, 2011, p.16).

### *Inadequate Awareness and Understanding of the Social Protection Cash Transfer Programmes*

Several reports of community members and beneficiaries not understanding entirely the CTP. This has at times led to imprudent spending when cash transfers came late and in bulk because of the assumption that the amount received was the new amount of cash transfer to be received regularly. In another study, potential beneficiaries refused to join a NGO-sponsored CTP because they did not consider the money to be free but that it would essentially engender a patron-client relationship of indebtedness in which the conditions for "repaying" or strings attached eventually are made known such as spending on very specific housing modifications in such a way that the houses can easily be identified by the donor for reporting and auditing purposes (Schmidt, 2020). Additionally, very few beneficiary households are aware of the existence of the programmes' complaints and grievance mechanisms, and the programmes resolve only a small percentage of the complaints that they receive (Reidel et al., 2016, p.52). The importance of sensitising communities, administrators and all other stakeholders of the cash transfer programme about the objects, value, the process of implementation of the programme and their involvement in audits and evaluations cannot be gainsaid (NGEC, 2014).

### *The Problem of Indebtedness*

One of the unintended outcomes of social cash transfers is the problem of indebtedness. Cash transfers encourage the extension of credit, which could lead to indebtedness among vulnerable cash recipients as shopkeepers are able to use the necessary ID, SIM or ATM cards as collateral, thereby undermining the benefits of cash transfers (Rodgers, 2020). Indebted households are more likely to be food insecure and likely to be dissatisfied with their circumstances, and less likely to have savings – leaving them with anxiety, helpless and fear. Debt also subjects some women to coercive strategies from male shop owners such as sexual harassment and abuse (Sterck *et al.*, 2020)

## 6. CONCLUSION

The paper makes the following conclusions:

### ***a. Implementation of Social Protection Policy is still a Challenge***

Social protection covers a wide range of policy areas, which can potentially create policy conflicts as well as tensions due to the way policies are formulated and implemented. Designing feasible social cash transfer programs and ensuring their effective implementation therefore requires the understanding that these are cross-cutting policy issues which cannot be addressed effectively by a single entity within government. Instead, political buy-in from the highest level coupled with coordinated, multi-stakeholder approaches that are supported by credible research evidence are key to formulating not only a coherent national social protection policy, but also a solid legal and institutional framework that will ensure effective cash transfer programme implementation.

### ***b. The Current Base Level of Spending on Social Cash Transfers is Still Low***

Kenya, just like most developing countries, has not invested sufficient funds in its CTP, as the country currently spends about 0.2 – 0.4 % of its budget on social protection, against the AU Social Policy Framework recommendation of 2% or 4.5% of its GDP. As a result, social assistance programmes in Kenya cover a limited number of recipients, even as the demand for social assistance by poor and vulnerable persons and households continues to increase. While there is a good case for increasing the current level of public spending on cash transfers, competition with other important development priorities is quite intense. Stemming illicit financial flows (IFFs) and fighting corruption can create the fiscal space for social protection as it can generate substantial amount of critical resources that would allow for increased coverage as well as benefit levels of social cash transfers.

### ***c. Effective Governance, Administrative and Coordination Mechanisms are Key to Success of Social Cash Transfer Schemes***

Cash-based benefits-transfer payment systems are fraught with potential for leakage as well as the risk of corruption and fraud. Therefore, robust governance mechanisms coupled with strong administrative measures are pivotal to successful implementation of a programme or project. Moreover, strengthening accountability and controls by streamlining PFM will ensure adequate control to prevent serious financial irregularities and corruption. Due to the fragmented nature of social protection delivery mechanisms, a coalition of like-minded stakeholders from the GoK, the UN, NGOs and the Red Cross met to form a cash working group (CWG) to improve the coordination of

CTP in humanitarian situations. In addition to the collaborative approaches, an integrated social protection system requires that coordination is undertaken under one ministry so as to improve overall efficiency and strengthen cross-sectoral support.

***d. Digital Innovations are Key to Improving the Efficiency and Effectiveness of Cash Transfer Schemes***

Efficient implementation of social cash transfers requires new digital tools that can facilitate the selection and enrolment of beneficiaries as well as targeted and transparent delivery of funds. To this end, Kenya's benefits-transfer schemes have adopted account-based electronic payment platforms and related digital solutions which have helped improve the PFM aspects of the cash transfer schemes. These include: making regular and timely payments to beneficiaries, reaching the correct beneficiaries, improving the accounting and reporting of cash transfer transactions, and strengthening accountability by providing a reliable audit trail. With identification and verification of programme beneficiaries still posing one of the most significant challenges, there is huge scope to improve its implementation with regards to identification, verification, and delivery of cash transfers through the use of digital ID systems as well as mobile money. These digital solutions systems would also address the issue of ineligible beneficiaries, the cost of withdrawing the funds as well as concerns regarding data and privacy among other issues.

***e. Evidence is Necessary to Support Impact Evaluation as well as Program Effectiveness***

There is strong evidence of the positive impact of tax-financed social cash transfers such as reductions in poverty and inequality amongst individuals and households, in addition to gains related to education, health and nutrition. However, not all SCT programme designs have robust monitoring and evaluation (M&E) frameworks and methodologies that can generate evidence-based knowledge regarding the social and economic returns-on-investment to inform future programme design and improve implementation. In many of these programs, the role of academia in evidence generation is marginal at best or non-existent.

***f. Low Awareness and Understanding of Social Cash Transfer Schemes Amongst Beneficiaries can Undermine Programme Efficiency***

There is a generally low level of knowledge and awareness amongst beneficiaries and targeted population regarding the objects, benefits and process of social protection. This is particularly true for remote and rural areas of the country where very few beneficiary households are aware of the existence of the public-funded direct cash transfer programmes. Beneficiaries' ignorance and misunderstandings of the SCT programmes have undermined their uptake, efficiency and impact at times, in addition

to creating social tensions within a community due to perceptions of unfairness or favoritism on the part of those who have been left out.

#### **d. POLICY RECOMMENDATIONS**

The recommendations for this study are six-fold: Taken together, they should help to ensure more reliable, timely and consistent payments, thus improving the effectiveness and efficiency of SCTs.

##### ***i. Formulation and Implementations of the Social Protection Policy Should take a Multi-Stakeholder Approach***

In order to more effectively develop a social protection policy that will promote inclusive growth as well as tackling vulnerabilities, policymakers and government officials at the level of policy design need to adopt a multi-sector approach that combines health, nutrition, education and public works elements. Those at the level of policy implementation will need to integrate these social protection programmes and systems more effectively with complimentary interventions such as social services, livelihoods, climate change initiatives, and shock-resilience. Academia can also help to provide precise and credible research evidence that informs policy decision-making.

##### ***ii. Government Should Enhance Fiscal Space for Social Protection to Gradually Enhance Coverage as well as Benefit Levels.***

Owing to the immense need and popularity of the cash transfer programmes, there's need to enhance the fiscal space so as to net more public revenues that can be transferred directly to beneficiaries. However, the reality is that these benefit systems would have to be introduced gradually, in step with the growth of the economy and the expanded fiscal space. In principle, for every marginal increase in revenue, there should be corresponding increases in spending on public services. Given its relatively low tax-to-GDP ratio, there are a number of proposals for enhancing Kenya's fiscal space through taxation in order to raise adequate revenues for public service delivery while improve the lives of the marginalized through social protection. These include increasing corporate income tax collection, property taxation and eliminating wasteful tax incentives and exemptions. More effort also needs to go into stopping IFFs as well as the recovery of stolen assets through strengthened national regulation and increased international cooperation. Another strategy to enhance fiscal space for economic and social development is to tie the revenues raised from new or existing tax measures to the financing of specific social benefit programs, which can help to secure resources and make them less volatile, as well as ensure wider public support.

**iii. Strengthening Governance, Administration and Coordination Mechanisms of Social Benefit Programs is Critical to their Success**

Given that some of social assistance schemes have suffered from poor governance and mis-management, there is a need to improve current systems, in particular with respect to financing and administration. To this end, the Government through the relevant line Ministries and Agencies must strengthen accountability and controls by streamlining public financial management procedures in line with the transition towards electronic registries, targeting systems, and delivery infrastructure to support delivery of the benefits. Adoption of digital solutions will therefore need to be accompanied by the introduction of requisite rules, regulations and procedures in order to maximize the administrative capacity to deliver benefits efficiently. Further to this, harmonization the NSNP with the other CTPs as well strengthening inter-agency co-ordination mechanisms will leverage efficiencies while ensuring complementarity with other interventions programmes, thus maximizing the impact of the cash transfer programmes. This will require a multi-sectoral approach to coordination which is not apparent in the current SCT system.

**iv. Invest in ICT Solutions in order to Improve the Efficiency and Effectiveness of Cash Transfer Schemes**

In order to improve the efficiency and effectiveness of the SCT schemes, the adoption and use of innovative digital cash transfer technology which deliver cash to recipients using card-based and mobile phone-based systems as well as digital identification and verification solutions will be critical. However, even as the country continues its transition to digital platforms and services such as digital ID systems, mobile communications, and digital payment systems, there's need to ensure that the digitalization of these social benefit programs and services does not lead to exclusion of vulnerable populations, such as those without access to technology, the elderly, the disabled, illiterate groups and people living in remote areas. Moreover, following the selection and enrolment of beneficiaries, problems with technology should not lead to denial of critical welfare services for these vulnerable populations. Finally, given the privacy-related risks associated with the collection and handling of beneficiaries' personal data, it should be safeguarded from unauthorized access and misuse.

**v. Strengthen Mechanisms for Collecting Evidence to Improve Impact Evaluation as well as the Quality of Programme Delivery**

Despite strong evidence of the positive impact of tax-financed cash-based social assistance, the M&E systems in some of these programs need to be better designed so as to provide better evidence regarding the reach and impact of different cash transfer programming schemes to support fiscal policy formulation choices in addition to informing the planning of future responses. Effective Monitoring should collect regular data on specified indicators and track the disbursement of funds while evaluation

strategies should comprise of a mix of ex-ante, mid-term, final and impact evaluations. M&E mechanisms should also incorporate participatory approaches involving communities in the ongoing assessment of programmes using methodologies such as Citizen Report Cards. Involving academia interested in conducting research on the scope and effectiveness of SCTs can also help to provide rigorous evidence on the impact of these programmes.

**vi. Sensitize Stakeholders Regarding the Objects, Benefits and Processes of Social Cash Transfer Programs**

In order to enhance acceptance of the programme and local buy-in, reduce misunderstandings and resentment linked to targeting, and help reinforce the overall programme objectives, the implementing agencies should roll out an intensive public education programs and strategies targeting administrators, beneficiaries and targeted population. To this end, the responsible government ministries, departments and agencies need to cooperate with relevant stakeholders such as national as well as international civil society organizations to sensitize the beneficiaries and targeted populations regarding the various aspects of SCT programmes implementation-related (timing and amount of transfer, how and where to collect the cash, etc.), including the suggested usage of the cash. Programme administrators should also put more effort into informing beneficiary households of the channels through which they can make complaints and express grievances. Other than helping to provide evidence of the impact of these programmes, academia can also play an important role in sensitization initiatives related to SCTs, in addition to developing new training opportunities for professionals involved in SCT programs and initiatives.

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