development initiatives

January 2024

Improving the impact of ODA on social protection in Kenya

Successes, challenges and financing opportunities

briefing

Contents

Acknowledgments

This paper was made possible through funding from the Bill and Melinda Gates Foundation. We thank Boniface Owino for writing the report and engaging with policymakers and development partners to co-create, gather information, address peer-reviewers' feedback and validate the report. Special thanks go to Eastone Owino of DI (Analyst) for mining, cleaning and preparing the OECD-DAC CRS data used in the report. We are deeply grateful to all who were involved in the co-creation and guidance of selection of programmes as well as all key informants for responding to our questions and their rich insights. We thank all participants of the validation workshop organised in Nairobi, in collaboration with the East Africa Philanthropy Network.

Acronyms

ASALs	Arid and Semi-Arid Lands
CT-OVC	Cash Transfer for Orphans and Vulnerable Children
ODA	official development assistance
HGSM	Home-Grown School Meals programme
HSNP	Hunger Safety Net Programme
OPCT	Older Persons Cash Transfer
PwSD-CT	Persons with Severe Disabilities Cash Transfer

Overview

Official development assistance (ODA) is facing unparalleled pressures from growing, competing demands including humanitarian and crisis response, national development priorities, and investment in global public goods (such as tackling climate change), among others. Development Initiatives (DI) seeks to highlight the value of ODA in programmes that are national priorities to recipient countries. In addition, DI aims to enhance the understanding of enabling factors that contribute to improving the impact of aid.

Led by national demand for international finance data and evidence on its most appropriate use, DI embarked on producing a series of reports to consider how aid has been more effective in specific development sectors in Kenya, Ethiopia and Uganda, including trends, the factors that unlock the value of aid, and the challenges that lie ahead.

In this paper we build on our analysis of the role of ODA in delivering social protection programmes in Kenya, diving deeper into the three case study programmes: the Cash Transfer for Orphans and Vulnerable Children, the Hunger Safety Net Programme and the Home-Grown School Meals Programme. These were chosen due the availability of impact data, and our analysis is based on secondary data from impact evaluation studies and key informant interviews (KIIs) with government officials, donors and civil society organisations.

Chapter 1 finds that the programmes have improved the welfare of vulnerable households. For example:

- Cash Transfer for Orphans and Vulnerable Children contributed to a 13-percentage point reduction in the proportion of beneficiary households that were experiencing US$1-per-day poverty.
- The Hunger Safety Net Programme provided unconditional cash transfers to households experiencing extreme poverty. Every Kenyan shilling the programme transferred to the beneficiaries of regular cash transfers generated an additional KES 0.93 of total (nominal) income in the county's local economy.
- The Home-Grown School Meals Programme reduced the amount of money parents needed to spend on feeding their children – a direct cash saving of between 4% and 9% of annual household income.

Chapter 2 considers challenges that face the programmes – including how the government might leverage additional ODA and domestic resources to expand the coverage of social assistance programmes.

Executive summary

In Kenya, ODA played a critical role in establishing effective social protection interventions. It contributed to the design and implementation of social assistance programmes by financing:

- Programme design, pilot and expansion, especially at the early stages when there was little domestic funding.
- Institutional capacity strengthening interventions through development of skills, sector policies and enabling infrastructure.
- Impact evaluations that provided the evidence that justified continued investments in the programmes and lessons for strengthening implementation.
- Technical support that promoted adoption of innovative approaches in programme implementation.

Impacts of social assistance programmes

Investments in social assistance have positive welfare effects on beneficiary households, but their overall impact on poverty is modest. A literature review on the impacts of social assistance in Kenya shows that Cash Transfer for Orphans and Vulnerable Children (CT-OVC) has enhanced the life chances of children in beneficiary households. It has enabled their healthy and safe transition to adulthood by improving access to healthcare, education, and nutritious food. The Hunger Safety Net Programme (HSNP) has alleviated hunger, mitigated the worst effects of poverty, and strengthened livelihoods. The Home-Grown School Meals Programme (HGSM) has enhanced the food security of children and contributed to improved school attendance, enrolment and retention of children in schools.

However, the overall impact of social assistance on the national poverty headcount is still modest. A World Bank analysis in 2023 showed that Kenya's social assistance cash transfers have reduced the national poverty headcount and poverty gap by only 1.2 and 0.5 percentage points respectively. This modest impact is attributed, in part, to limited coverage of social assistance programmes, inadequacy of cash transfer amounts, insufficient expenditure and operational challenges at programme level.

The limited fiscal space slows efforts aiming to address the challenges that constrain the impacts of social assistance. The national government is facing a fiscal deficit of US$32.1 billion between 2022/23 and 2026/27. Notably, Kenya's risk of debt distress rating increased from low in 2017 to high in 2022. Meanwhile, its debt service to revenue and grants ratio is expected to increase from 52% in 2022 to 62.7% in 2024, meaning that much of the national revenue will go to debt repayment rather than service delivery.

Improving the impacts of social assistance programmes

Leveraging ODA alongside domestic resources is critical for strengthening the impacts of social assistance programmes. To promote sustainability, the national government has made significant progress in funding social assistance programmes using domestic resources. The CT-OVC and HSNP were fully financed by domestic resources from 2019/20 fiscal year, while HGSM fully transitioned from external to domestic financing in 2018/19. Despite this significant achievement, social assistance programmes still face a huge funding gap. In 2023/24 fiscal year, for instance, budget allocations to the National Safety Net Programme, which comprises the four national cash transfers, covered only 36.7% of the programme's funding requirement. A limited fiscal space is part of the reason for this low budget allocation, as more than half of national revenue goes to public debt repayment. Given this resource constraint, strengthening mobilisation of ODA to co-finance social assistance programmes is critical for expanding programme coverage, improving the adequacy of cash transfer amounts and addressing operational challenges to enhance impact.

In the long term, social protection programmes should rely on domestic resources to ensure sustainability. Therefore, leveraging ODA to support government efforts to strengthen domestic resource mobilisation, including implementing the Medium-Term Revenue Strategy for the period 2024/25 to 2026/27, is important for ensuring sustainability. This is aimed at strengthening domestic revenue mobilisation through implementation of tax policy and administrative reforms.

To address the root causes of vulnerability, the government has to complement existing social assistance schemes, which mainly enable households to meet immediate expenditure needs, with resilience-building programmes, including livelihood interventions and provision of basic services. This calls for prioritising investment of ODA and domestic resources in long-term, resilience-building interventions, especially in the arid and semi-arid land (ASAL) counties that are vulnerable to climatic shocks.

However, ODA remains a scarce resource globally. Therefore, apart from strengthening mobilisation of ODA, the government must ensure it is using the resources that are already available to it effectively. This includes reallocating public expenditure to create additional fiscal space for strengthening investment in social assistance programmes. In 2023, for instance, the government eliminated fuel subsidies to free up additional resources to fund its development plans. Some of the resources were previously earmarked for fuel subsidies could then be redirected to social assistance programmes to support vulnerable groups.

Introduction

Social protection is a fundamental human right, enshrined in the Universal Declaration of Human Rights.[1] To ensure that no one is left behind, Sustainable Development Goal 1.3 requires governments to implement nationally appropriate social protection systems and measures for all, including social protection floors by 2030.[2] Social protection plays a key role in eradicating poverty and inequalities by promoting access to essential healthcare, income security throughout.[3] human capital development, social cohesion, inclusive economic growth and labour force development.[4] During the Covid-19 pandemic, governments around the world expanded their social protection programmes to support their vulnerable populations to cope with the socioeconomic impacts of the pandemic.[5] That said, the Covid-19 pandemic also brought to the fore the significant gaps in coverage, comprehensiveness and adequacy of social protection systems that existed prior to the crisis, especially in low-income countries.[6]

In Kenya, strengthening investments in social protection is a key policy priority aimed at tackling poverty and vulnerability. The Constitution of Kenya 2010 requires the government to provide social security as a right to every Kenyan.[7] To ensure the realisation of this right, the 2011 Kenya National Social Protection Policy was developed to facilitate implementation of social protection programmes to support vulnerable groups.[8]

This report provides insights on the role of ODA in strengthening the impacts of social assistance programmes in Kenya. Drawing on secondary data obtained from impact evaluation studies and triangulated with KIIs, the report begins with an assessment of the impacts of social assistance programmes. It then highlights the challenges that have to be addressed to maximise the impacts on poverty and vulnerability. Finally, the report provides a reflection on how the Government of Kenya can leverage ODA alongside domestic resources to strengthen the impacts of social assistance programmes.

Social assistance is one of the three pillars of Kenya's social protection system. The other two pillars are social security and health insurance. Social assistance, which is the focus of this report, comprises four government-led cash transfer programmes, collectively referred to as the National Safety Net Programme. These are:

- Cash Transfer for Orphans and Vulnerable Children (CT-OVC)
- Older Persons Cash Transfer (OPCT)/ Inua Jamii Senior Citizens' Programme
- Hunger Safety Net Programme (HSNP)
- Persons with Severe Disabilities Cash Transfer (PwSD-CT)

The government also implements other non-cash social assistance programmes such as the HGSM. This report focuses on CT-OVC, HSNP and HGSM, to assess the impact of investments in social assistance. The selection of these programmes was mainly informed by the availability of impact data.

Chapter 1: What is the role of social assistance in improving the welfare of vulnerable households?

Kenya's social protection sector has developed significantly in the last decade (2012−2022) in terms of coverage, funding, design and programme delivery mechanisms. For instance, the coverage of cash transfer programmes increased fivefold from 240,000 in 2012 to 1.2 million direct beneficiaries in 2020.[9] The government has also invested in innovative programmes such as the shock-responsive HSNP. Importantly, the government focused on strengthening delivery systems, including investing in the newly developed Enhanced Single Registry of vulnerable households to facilitate delivery of cash transfers. In this section, our analysis focuses on the impacts of CT-OVC, HSNP and HGSM, based on secondary data obtained from various impact evaluation reports.

Cash Transfer for Orphans and Vulnerable Children (CT-OVC)

CT-OVC was established in 2004 to provide regular, predictable and unconditional cash transfers to households that are experiencing poverty and are taking care of orphans and vulnerable children. The programme is implemented in all counties in Kenya. The beneficiary households receive a stipend of US$17 per month. The specific objectives of CT-OVC are:

- Strengthening the capacity of households experiencing poverty to care for and protect orphans and vulnerable children.
- Promoting the fostering and retaining of orphans and vulnerable children within their families and communities.
- Promoting the development of human capital of orphans and vulnerable children by enabling access to basic services, including education, healthcare and birth registration.

Evaluations conducted for the CT-OVC between 2004 and 2022 showed that consumption in beneficiary households improved, leading to a reduction in poverty. The cash assistance enabled beneficiary households to invest in productive assets and improve their livelihoods in various ways, including using part of the cash transfer to buy farm inputs.[10] CT-OVC also promoted consumption of more nutritious foods, enabling households to improve their dietary diversity.[11] On the whole, **CT-OVC contributed to a**

13-percentage point reduction in the proportion of beneficiary households that were experiencing poverty (living on less than US$1 per day).[12]

Access to basic education increased among children in beneficiary households.[13] Children and adolescents in beneficiary households were found to have better school attendance compared with children in non-beneficiary households.[14] The impact on education was particularly substantial at secondary school level, **where the cash assistance resulted in a 7.8 percentage point increase in enrolment**.[15] While CT-OVC is not a panacea for all the challenges that prevent access to education among orphans and vulnerable children, evaluation reports show that it has enhanced equity in access by reducing gender disparities in enrolment and school progression.[16]

Access to healthcare increased, leading to improved health outcomes for children in beneficiary households. Notably, the use of **well-child clinics in beneficiary households increased by 15.8 percentage points**, while the **incidence of diarrhoea among children (0−5 years) reduced by 13 percentage points.**[17] **Importantly, the proportion of children who were fully immunised in beneficiary households increased by 14.8 percentage points**.[18] CT-OVC also contributed to an improvement in mental health by reducing the occurrence of depressive symptoms, particularly among young men (age 20−14 years) living in beneficiary households.[19]

Birth registration increased in beneficiary households, creating opportunities for vulnerable children to be counted and included in national development plans. In particular, the proportion of **children with a birth certificate in beneficiary households increased by 12 percentage points**.[20]

CT-OVC led to a reduction in child labour, allowing children to concentrate on key priorities such as going to school. Estimates from evaluation reports show that **child labour reduced by 3.3% in beneficiary households**. Furthermore, **on-farm child labour, particularly among boys (10−15 years) reduced by an estimated 12 percentage points**.[21]

Adolescents in beneficiary households were less likely to engage in sexual activity, including unprotected sex, than non-beneficiary children. This delay in starting sexual activity was particularly important in reducing HIV risks among adolescents and teenage pregnancies.[22]

Finally, CT-OVC enabled investments in productive assets, strengthening livelihoods, empowering women and increasing participation in economic activities. The **cash assistance enabled beneficiaries, particularly small-sized and female-headed households, to acquire assets such as small animals/livestock to improve their livelihoods**. Importantly, local economy-wide impact evaluations indicated that CT-OVC had income multipliers of up to KES 1.34 in the western region and KES 1.81 in the eastern region of Kenya.[23]

Hunger Safety Net Programme (HSNP)

HSNP provides unconditional cash transfers to households experiencing extreme poverty. These cash transfers reach a core beneficiary group of about 100,000 households living in extreme poverty.

The first phase of the programme covered the period 2007 to 2013 (Phase 1), while the second phase ran from 2013 to 2018 (Phase 2). HSNP is currently in the third phase of implementation, which covers the period 2019 to 2024 (Phase 3). The first and second phases were implemented in the poorest four counties of Kenya: Marsabit, Mandera, Turkana and Wajir. In the third phase, the government planned to extend the coverage of the programme to an additional four counties – Isiolo, Garissa, Samburu and Tana River.[24] These counties are located in the ASALs region of Kenya, which experience recurrent climatic shocks, leading to high food insecurity and poverty. The main objective of HSNP is to provide households with a regular cash transfer to alleviate extreme hunger, poverty and vulnerability.

HSNP has a shock-responsive component that provides emergency cash transfers to additional households (up to 250,000) affected by extreme whether events.[25] The beneficiaries of the regular cash transfers receive a payment worth US$40 every two months, while the beneficiaries of emergency cash transfers receive US$20 per month if they are experiencing severe or extreme drought.

Evaluations of the first and second phases of the programme showed that HSNP has positive spill-over effects on incomes. Local economy-wide impact evaluations showed that **every KES 1 transferred to the beneficiaries of regular cash transfers generate an additional KES 0.93 of total (nominal) income in the local economy of the beneficiary counties**.[26] This means that HSNP increases incomes in the beneficiary counties by nearly double the amount of money injected into those counties through regular cash transfers.

While HSNP cash transfers are mainly used by beneficiaries to meet immediate expenditure needs, they have enabled some households to diversify their livelihoods. In particular, some households have used part of the cash transfers to start businesses in areas with low entry barriers such as selling foodstuffs.[27] Others have used the cash transfers to purchase productive assets such as livestock.

HSNP has a positive impact on the wellbeing of vulnerable households, enabling them to mitigate the worst effects of poverty. The cash transfers have led to an increase in food and education expenditure by beneficiary households. Notably, HSNP has positive impacts on child welfare as it reduces the likelihood of moderate acute malnutrition among children.[28] The cash transfers have also enabled beneficiary households to improve their living conditions and ability to pay debts.[29] Evaluations of Phase 1 showed that **beneficiary households were 10 percentage points less likely to fall into the bottom national poverty decile than non-beneficiary households**.[30] Recent evaluations have further showed that HSNP contributes to a reduction in poverty; and that this reduction is mainly driven by a decrease in the incidence and intensity of poverty among the ultra-poor beneficiary households.[31]

HSNP is supporting beneficiary households to build their resilience to negative shocks. Regular cash transfers have **strengthened beneficiaries' creditworthiness**, allowing them to borrow from friends, neighbours and local traders to smooth consumption during negative shocks.[32] The cash transfers also mitigate negative coping mechanisms such as selling productive assets such as livestock. However, while evaluations of Phase 1 showed that beneficiary households were more likely to save than non-beneficiary households,[33] evaluations of Phase 2 found that the programme had limited impact on savings due to the small value of the cash transfers and high inflation.

Participating in HSNP reinforces coping strategies adopted by pastoralists in response to climatic shocks. To cope with droughts, most pastoralists move with their livestock to forage and take advantage of pasture that is available in less affected locations. HSNP supports this coping strategy by increasing the likelihood that beneficiary households are partially or fully mobile.[34]

HSNP promoted financial inclusion by opening bank accounts with nearly all households in the beneficiary counties.[35] HSNP also promoted the trialling and expansion of the agency banking model: in areas where Equity Bank, which the National Drought Management Authority (NDMA) had partnered with to deliver payments, did not have branches, it established agency banking to reach the beneficiaries of HSNP. The success of agency banking in the beneficiary counties inspired its adoption by more banks to reach the public in all parts of the country.

Having a national identification card (ID) was a precondition for opening the bank accounts that beneficiaries needed to access their payments. However, as of 2015 an estimated 11,000 households targeted with regular cash transfers had no adult with an ID. NDMA funded the National Registration Bureau to conduct mass registration in the beneficiary counties. As a result of this support, the proportion of **households without an adult with an ID had reduced to 0.4%, or from 11,000 to 446 by 2018**.[36] Access to ID has not only enabled households to access cash transfers provided by HSNP and other programmes and organisations, but has also enabled them to vote.

Home-Grown School Meals Programme (HGSM)

School feeding programmes are a critical social safety net for tackling child hunger and malnutrition, while improving educational and agricultural outcomes.[37] In 1980, the Ministry of Education (MoE) and the World Food Programme (WFP) established the School Meals Programme (SMP). The programme was introduced in the ASAL regions where food insecurity is high due to climatic shocks and poverty.[38] It was also implemented in informal settlements in Nairobi where many households face food insecurity due to their low-incomes. The programme was designed as a safety net aiming to tackle the negative effects of hunger on education. WFP provided in-kind food assistance, which it procured using multi-donor funding and collaborated with MoE to distribute it to participating primary schools.

MoE and WFP agreed on a transition strategy in 2008 to gradually hand over the responsibility of feeding children in schools to the government. In 2009, MoE established the HGSM Programme to provide meals to children in primary schools that were previously supported by WFP. In 2018, WFP and the Ministry of Education completed the process of transitioning beneficiary primary schools from SMP to HGSM.[39] HGSM is aimed at alleviating hunger, protecting children from malnutrition and improving school attendance, enrolment, academic performance, and gender equity in access to education. It also aims to support local communities to establish sustainable food systems by providing a market for locally produced foods. In the arid counties, the Ministry of Education provides in-kind food assistance to all public primary schools. However, in semi-arid counties the Ministry of Education provides a cash transfer to a selection of schools to purchase food from local farmers.

Evaluation studies conducted for SMP/HGSM have demonstrated that HGSM creates income multipliers in the rural regions where it is implemented. A recent local economy-wide impact evaluation showed that each KES 1 transferred to a HGSM school creates KES 1.27 of additional real income in rural Kenya.[40] This is attributed, in part, to the fact that schools use the HGSM funds allocated to them to purchase food from the local markets, thereby creating business opportunities for local farmers and traders.

SMP/HGSM reduced the burden on parents to feed their children, resulting in **direct cash savings of between 4% and 9% of annual household income**.[41] Furthermore, school meals incentivise children to stay in school, freeing up their parents' time (due to reduced care responsibilities during the day) to participate in income-earning activities. Key informants noted that SMP/HGSM contributed to the food security of children in the beneficiary schools by ensuring access to regular meals. Some children also took home a portion of their meals for their siblings, contributing to the food security of their households.

School meals have contributed to improved enrolment and attentiveness of children in class. For instance, **net primary school enrolment rates in SMP beneficiary counties increased from 61.7% in 2013 to 84.5% in 2016**.[42] This increase was achieved in part due to the availability of food in schools and communities' understanding of the benefits of education due to awareness campaigns conducted by WFP and civil society organisations as part of the SMP programme activities. Furthermore, KIIs conducted with teachers indicated that children were more likely to be attentive in class during school days when meals were provided than days when meals were not provided.

School meals encouraged attendance and retention of children in school. Key informants noted that children were more likely to attend school on the days when meals were provided. The meals contributed to improved retention of children, especially girls, in school. Notably, this improved retention contributed to reduced challenges with child labour, child marriage and female genital mutilation. **That said, key informants highlighted that in some beneficiary schools, meals were not provided every school day due to challenges such as lack of water or cooking fuel**.

Chapter 2: What are the remaining challenges?

Analysis in the previous section showed that social assistance programmes have positive impacts at household level. However, the aggregate impact of all social assistance programmes (including PwSD-CT and OPCT which have not been reviewed in this report) on national poverty prevalence is still modest. The most recent analysis by the World Bank in 2023 shows that Kenya's social assistance cash transfers have reduced the national poverty headcount and poverty gap by 1.2 and 0.5 percentage points respectively.[43]

Food and nutrition insecurity remain a major challenge in the ASAL regions and urban informal settlements, including the counties where HSNP and HGSM are being implemented.[44] Furthermore, households in the ASAL counties remain vulnerable to recurrent shocks and stresses that negatively affect livelihoods and wellbeing. Heavy reliance on pastoralism/agro-pastoralism as the principal source of livelihoods in the ASAL counties has left communities exposed to the effects of prolonged droughts, unpredictable floods and perennial violent conflicts over natural resources.[45] Vulnerability is also worsened by poor socioeconomic conditions, including inadequate access to basic services.[46] These challenges underscore the importance of strengthening investments in interventions that address the root causes of vulnerability, alongside the existing social assistance programmes to enhance household resilience.

The limited impact of social assistance programmes on overall poverty headcount and vulnerability is attributed to several factors:

1. **First, despite the fivefold increase in the number of beneficiaries between 2012 and 2020, coverage of social assistance programmes is still low relative to the proportion of the population living in poverty.** Nationally, 36.1% of the population (16.4 million people in 2015/16) is living in poverty.[47] However, social assistance programmes currently reach only an estimated 4.6 million direct and indirect beneficiaries (individuals in beneficiary households).[48]
2. **Second, the adequacy of cash transfers is low relative to household needs.** For example, evaluations of HSNP Phase 2 showed that, on average, the monthly transfer amount accounted for only 43% and 32% of household food expenditure and total expenditure per month respectively.[49] The transfer amount for CT-OVC, PwSD-CT and OPCT has remained constant at KES 2,000 (US$17) since 2012 despite a rising cost of living. Accordingly, the value of the transfers has been eroded by 34.2% since 2012. While HSNP's transfer value was increased from KES 2,000 (US$17) to KES 2,700 (US$22.9) in 2016, it has been eroded by 28.4% since 2012.[50]

Furthermore, implementation of HGSM is affected by the fact that capitation per child has stagnated at KES 10 (US$0.08) per day since 2010, despite the increase in cost of living.

3. **Third, expenditure to social assistance programmes remain low in Kenya relative to its peers.** Kenya's social assistance expenditure stands at around 0.4% of GDP. This expenditure level is relatively low compared to the average expenditure on social assistance in lower-middle income countries (1.2%) and much lower compared to upper-middle income countries (2.2%).[51]
4. **Fourth, social assistance programmes grapple with persistent implementation/ operational challenges.** The disbursement of cash transfers to beneficiary households is often unpredictable and subject to delay, making it difficult for recipients to plan their finances and mitigate the adverse effects of shocks.[52] Notably, beneficiary targeting and registration challenges have led to exclusion and inclusion errors in the selection of recipients of cash transfers.[53] The government also struggles with weak capacity in areas such as conducting impact evaluations and monitoring cash transfers to ensure accountability and to document key lessons for strengthening implementation.[54] Other challenges include inadequate staffing levels to facilitate implementation of programmes and delays in updating beneficiaries' information to ensure access to cash transfers.[55]

   Notably, the implementation of HGSM is facing several challenges including inadequate water, sanitation and hygiene facilities in schools to ensure preparation of food in a clean and hygienic environment. Key informants noted that while parents are willing to support HGSM by contributing funds to schools to purchase cooking fuel and pay cooks' salaries, they face difficulties in making regular payments due to their low incomes. Key informants also highlighted that there are significant delays in the delivery of food to beneficiary schools or transfer of funds to schools to purchase food. These delays limit the ability of schools to provide meals to children every school day.

Overall, low expenditure, inadequacy of transfer amounts, limited programme coverage and operational challenges are attributed, in part, to resource constraints. This points to the need for greater mobilisation and allocation of resources to social assistance programmes to maximise their positive impacts.

Increasing the coverage of social assistance programmes

Efforts to expand the coverage of social assistance programmes are underway, but significant resources will be required to implement them. Recent reforms in the social protection sector have focused on a gradual shift from the current targeted approach to a universal system to ensure provision of social protection services to all vulnerable persons throughout the lifecycle. Currently, CT-OVC is the only cash transfer programme dedicated to children and enrolment to it is restricted to households with orphans and vulnerable children. To expand coverage, the government is considering establishing a new universal child benefit.[56]

Estimates by the World Bank shows that a monthly cash transfer of KES 2,000 (equivalent to the value of other cash transfers such as CT-OVC) dedicated to children (age 0−5 years) would reduce the national poverty headcount by 9.3 percentage points. However, it would cost 7.8% and 2.5% of the government's total expenditure and GDP respectively. A universal grant for all children below age 18 years would reduce the poverty headcount by 23.6 percentage points but would cost 22% and 7% of government's expenditure and GDP respectively.[57] While these estimates highlight the huge potential of cash transfers in reducing poverty, they also highlight the amount of resources that have to be mobilised to expand coverage.

The OPCT was dedicated to households that were experiencing poverty and headed by an individual aged 65 years or above. It was redesigned in 2017 when it became a universal scheme targeting all Kenyans aged 70 years or above who are not recipients of civil service or other contributory pension. Nonetheless, an estimated 57% of the eligible population is not yet enrolled into OPCT owing to several challenges including financial constraints and limited implementation capacity at county level.[58]

While the government is committed to strengthening investment in social assistance programmes, the fiscal space is quite limited. The national government is facing a fiscal deficit of US$32.1 billion over the next five fiscal years (2022/23 to 2026/27).[59] Access to external markets to borrow is constrained by the fact that Kenya's debt carrying capacity has been downgraded from strong in 2017 to medium in 2022, while the country's risk of debt distress rating has increased from low in 2017 to high in 2022. Kenya's debt service to revenue and grants ratio is expected to increase from 52% in 2022 to 62.7% in 2024, meaning that much of the country's national revenue will go to debt repayment rather than service delivery.[60]

Chapter 3: How can government and donors better leverage ODA?

ODA has facilitated the establishment of social protection interventions in Kenya in several ways. It has particularly contributed to the design and implementation of social assistance programmes by financing the following:

- Programme design, pilot and expansion, especially at the early stages when domestic funding was little.
- Institutional capacity strengthening interventions through development of skills, sector policies and enabling infrastructure.
- Impact evaluations that provided the evidence that justified continued investments in the programmes and lessons for strengthening implementation.
- Technical support that promoted adoption of innovative approaches in programme implementation.

For more information, read our case study report The role of ODA in delivering social protection in Kenya.

The government and donors could consider the following recommendations to leverage ODA alongside domestic resources to improve the impacts of social assistance programmes.

Given the limited fiscal space, strengthening mobilisation of ODA is critical for addressing funding gaps. The Government of Kenya has made significant efforts to increase funding to various social assistance programmes using domestic resources. For example, the HSNP and CT-OVC cash transfers were fully financed by domestic resources from 2019/20 fiscal year. Also, the HGSM was fully financed by domestic resources from 2018/19 fiscal year.[61] While this is a huge achievement, there remains a significant funding gap that hinders expansion of the coverage of existing programmes and increasing the cash transfer amounts. For instance, in the 2023/24 fiscal year, the National Safety Net Programme, which includes the four government-led cash transfer programmes, required KES 98 billion for its implementation. However, the government allocated only KES 36 billion to the programme – equivalent to only 36.7% of the programme's funding requirement. In light of this significant funding gap, negotiating with donors to reintroduce their funding support to these programmes will be critical for expanding coverage, improving the adequacy of transfer amounts and addressing operational challenges. Increased access to ODA is expected to enable the government to strengthen the impacts of social assistance programmes, while it works towards increasing tax revenue to ensure that these programmes are financed fully from domestic resources in the long term.

Leveraging ODA to support government efforts to strengthen domestic resource mobilisation is important for ensuring sustainability. In the long term, social protection programmes should rely on domestic resources to ensure sustainability. The government developed a National Tax Policy in 2022 and a Medium-Term Revenue Strategy in 2023 to enhance domestic resource mobilisation. ODA could support implementation of these policy frameworks to address challenges that hinder adequate tax revenue mobilisation such as low tax compliance, complexity in taxing an emerging digital economy and the existence of large, hard-to-tax sectors, including informal trade.[62]

Meaningful investment in multi-sectoral resilience-building interventions is critical for reducing household vulnerability. In addition to existing social assistance programmes that mainly enable households to meet their immediate consumption needs, investing ODA and domestic resources in long-term resilience programmes, including livelihood interventions and provision of basic services, has to be prioritised to address the root causes of household vulnerabilities. This is particularly important in the ASAL counties where inadequate investment in areas such as water and sanitation and alternative livelihoods perpetuate vulnerability to shocks and heavy reliance on humanitarian assistance. Strengthening investments in resilience is expected to reduce spending on humanitarian response,[63] and thus free up resources to support those who are furthest left behind such as children and persons with disabilities.

Reallocating public expenditure could create additional fiscal space for strengthening investment in social assistance programmes. Given the limited availability of ODA globally, reallocating public expenditure by prioritising investments with the potential to generate large socioeconomic impacts, and eliminating wastages and spending inefficiencies, is crucial for expanding the fiscal space. In 2023, for instance, the government eliminated fuel subsidies to free up additional resources to fund its development plans.[64] However, the removal of the subsidies has inadvertently led to an increase in inflation, making it difficult for low-income and vulnerable households to meet their expenditure needs. Some of the resources that were previously earmarked for fuel subsidies can be redirected to social assistance programmes to support vulnerable groups.

Conclusion

The Government of Kenya has made significant progress in designing and implementing several social assistance programmes to tackle poverty and level out inequalities. The social assistance programmes have positive welfare effects, especially in beneficiary households. However, the overall impact of social assistance on the national poverty headcount is still modest. This is attributed to several factors including the limited coverage of social assistance programmes, inadequacy of cash transfer amounts, insufficient expenditure and operational challenges at programme level.

Efforts aiming to address the challenges that constrain the impacts of social assistance programmes are under way, but the government has a very limited fiscal space. Improved mobilisation of resources from external and domestic sources is therefore critical to bridge existing funding gaps. This includes leveraging ODA to co-finance investments in social assistance programmes in the short to medium term, while the government strengthens mobilisation of domestic revenue to finance these programmes fully in the long term. Apart from financing existing social assistance programmes, ODA should support efforts aiming to enhance domestic revenue mobilisation and investments in resilience interventions to address the root causes of vulnerability.

Notes

[1] ILO and UNICEF, 2019. Towards Universal Social Protection for Children: Achieving SDG 1.3. Available at: https://www.unicef.org/reports/towards-universal-social-protection-children-achieving-sdg-13

[2] United Nations, 2023. End poverty in all its forms everywhere. Available at: https://sdgs.un.org/goals/goal1#targets_and_indicators

[3] United Nations Economic and Social Commission for Asia and Pacific, 2018. Why we need social protection. Available at: https://www.unescap.org/kp/2021/why-we-need-social-protection

[4] OECD, 2019. Can Social Protection Be an Engine for Inclusive Growth? Available at: https://www.oecd-ilibrary.org/development/can-social-protection-be-an-engine-for-inclusive-growth_9d95b5d0-en

[5] ILO, OECD and World Bank, 2022. Financing social protection through the Covid-19 pandemic and beyond. Available at: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---ddg_p/documents/publication/wcms_829965.pdf

[6] ILO, OECD and World Bank 2022. Financing social protection through the Covid-19 pandemic and beyond. Available at: https://www.ilo.org/global/about-the-ilo/how-the-ilo-works/multilateral-system/g20/reports/WCMS_829965/lang--en/index.htm

[7] The Constitution of Kenya, 2010. Available at: http://kenyalaw.org/kl/index.php?id=398

[8] Republic of Kenya, 2011. Kenya National Social Protection Policy. Available at: https://www.fao.org/faolex/results/details/fr/c/LEX-FAOC147822/

[9] World Bank Group, 2023. Kenya Social Protection and Jobs Public Expenditure Review. Available at: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099185001262379911/p175941033f39c01508a51042e6734f03ba

[10] Fisher, E. et al., 2017. The Livelihood Impacts of Cash Transfers in Sub-Saharan Africa: Beneficiary Perspectives from Six Countries. Available at: https://www.sciencedirect.com/science/article/abs/pii/S0305750X17301821?via%3Dihub

[11] Njoki, S. and Wairimu, M., 2023. Impact of Cash Transfers on Household Food Security: Evidence from Families with Orphans and Vulnerable Children in Kenya. Available at: https://scholarlypublishingcollective.org/psup/african-development/article-abstract/24/2/200/351684/Impact-of-Cash-Transfers-on-Household-Food?redirectedFrom=fulltext

[12] FAO, UNICEF and Oxford University Press, 2016. From Evidence to Action: The Story of Cash Transfers and Impact Evaluation in Sub-Saharan Africa. Available at: https://www.fao.org/policy-support/tools-and-publications/resources-details/en/c/459165/

[13] Fisher, E. et al., 2017. The Livelihood Impacts of Cash Transfers in Sub-Saharan Africa: Beneficiary Perspectives from Six Countries. Available at: https://www.sciencedirect.com/science/article/abs/pii/S0305750X17301821?via%3Dihub

[14] Ayuku, D. et al, 2014. The government of Kenya cash transfer for orphans and vulnerable children: cross-sectional comparison of household and individual characteristics of those with and without. Available at: https://bmcinthealthhumrights.biomedcentral.com/articles/10.1186/1472-698X-14-25

[15] Kenya CT-OVC Evaluation Team, 2012. The impact of Kenya's Cash Transfer for Orphans and Vulnerbale Children on human capital. Available at : https://www.tandfonline.com/doi/full/10.1080/19439342.2011.653578

[16] FAO, UNICEF and Oxford University Press, 2016. From Evidence to Action: The Story of Cash Transfers and Impact Evaluation in Sub-Saharan Africa. Available at: https://www.fao.org/policy-support/tools-and-publications/resources-details/en/c/459165/

[17] FAO, UNICEF and Oxford University Press, 2016. From Evidence to Action: The Story of Cash Transfers and Impact Evaluation in Sub-Saharan Africa. Available at: https://www.fao.org/policy-support/tools-and-publications/resources-details/en/c/459165/

[18] FAO, UNICEF and Oxford University Press, 2016. From Evidence to Action: The Story of Cash Transfers and Impact Evaluation in Sub-Saharan Africa. Available at: https://www.fao.org/policy-support/tools-and-publications/resources-details/en/c/459165/

[19] Kilburn, K. et al., 2016. Effects of a Large-Scale Unconditional Cash Transfer Program on Mental Health Outcomes of Young People in Kenya. Available at: https://pubmed.ncbi.nlm.nih.gov/26576822/

[20] FAO, UNICEF and Oxford University Press, 2016. From Evidence to Action: The Story of Cash Transfers and Impact Evaluation in Sub-Saharan Africa. Available at: https://www.fao.org/policy-support/tools-and-publications/resources-details/en/c/459165/

[21] Asfaw, S. et al., 2014. Cash transfer programme, productive activities and labour supply: Evidence from randomized experiment in Kenya. Available at: https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4316733/

[22] Handa, S. et al., 2014. The Government of Kenya's Cash Transfer Program Reduces the Risk of Sexual Debut among Young People Age 15-25. Available at: https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0085473#:~:text=We%20found%20that%20a%20major,young%20people%20a

[23] Taylor, E. et al., 2013. Evaluating general equilibrium impacts of Kenya's cash transfer programme for orphans and vulnerable children (CT-OVC). Available at: https://www.fao.org/economic/ptop/programmes/kenya/en/

[24] Hunger Safety Net Programme, 2023. Available at: https://www.hsnp.or.ke/index.php/as/objectives

[25] World Bank Group, 2023. Kenya Social Protection and Jobs Public Expenditure Review. Available at: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099185001262379911/p175941033f39c01508a51042e6734f03ba

[26] Taylor et al, 2018. Evalaution of the Kenya Hunger Safety Net Programme Phase 2: Emergency payments local economy-wide impact evaluation study. Available at: https://www.opml.co.uk/projects/evaluation-kenya-hunger-safety-net-programme-hsnp

[27] Merttens et al., 2017. Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Impact evaluation final report. Available at: https://www.opml.co.uk/projects/evaluation-kenya-hunger-safety-net-programme-hsnp

[28] Jensen, N. et al., 2017. Cash transfers and index insurance: A comparative impact analysis from northern Kenya. Available at: https://www.sciencedirect.com/science/article/abs/pii/S0304387817300627

[29] Otulana, S. et al. 2016. Evaluation of the Kenya Hunger Safety Net programme phase 2: Qualitative research study round 1. Available at: https://www.opml.co.uk/projects/evaluation-kenya-hunger-safety-net-programme-hsnp

[30] Merttens, F., 2013. Kenya Hunger Safety Net Programme Monitoring and Evaluation. Available at: https://www.oecd.org/derec/publicationsdocuments/all/17/

[31] Song, S. and Imai, K., 2019. Does the Hunger Safety Net Programme reduce multidimensional poverty? Evidence from Kenya. Available at: https://www.tandfonline.com/doi/full/10.1080/21665095.2019.1582347

[32] Otulana, S. et al. 2016. Evaluation of the Kenya Hunger Safety Net programme phase 2: Qualitative research study round 1. Available at: https://www.opml.co.uk/projects/evaluation-kenya-hunger-safety-net-programme-hsnp

[33] Merttens, F., 2013. Kenya Hunger Safety Net Programme Monitoring and Evaluation. Available at: https://www.oecd.org/derec/publicationsdocuments/all/17/

[34] Jensen, N. et al., 2017. Cash transfers and index insurance: A comparative impact analysis from northern Kenya. Available at: https://www.sciencedirect.com/science/article/abs/pii/S0304387817300627

[35] Gardner et al., 2017. Evaluation of the Kenya Hunger Safety Net programme phase 2: The legacy of HSNP phase 2- systems, practices and lessons learnt. Available at: https://www.opml.co.uk/projects/evaluation-kenya-hunger-safety-net-programme-hsnp

[36] Gardner et al. 2017. Evaluation of the Hunger Safety Net Programme Phase 2: The legacy of HSNP Phase 2: systems, practices and lessons learned. Available at: https://www.opml.co.uk/projects/evaluation-kenya-hunger-safety-net-programme-hsnp

[37] Wang, D. and Fawzi, W., 2020. Impacts of school feeding on educational and health outcomes of school-age children and adolescents in low- and middle-income countries: protocol for a systematic review and meta-analysis. Systematic Reviews, Vol. 9, Issue 55 (pg. 2-8). Available at: https://systematicreviewsjournal.biomedcentral.com/articles/10.1186/s13643-020-01317-6

[38] Ministry of Education, 2016. Home-Grown School Meals Programme Implementation Guidelines. (The document is not available online, but hard-copies are available.)

[39] World Food Programme, 2018. School Meals Programme in Kenya. Available at: https://docs.wfp.org/api/documents/WFP-0000102591/download/#:~:text=Kenya's%20national%20Home%20Grown%20School,farmers%20and%20local%20food%20suppliers

[40] Taylor, E., 2019 Assessing the Impacts of School Feeding Programs, With Special Reference to Kenya. Available at: https://executiveboard.wfp.org/document_download/WFP-0000103265

[41] World Food Programme, 2010. Impact Evaluation of WFP School Feeding Programmes in Kenya: a mixed method approach. Available at: https://documents.wfp.org/stellent/groups/public/documents/reports/wfp230095.pdf

[42] World Food Programme, 2017. Decentralised Evaluation: Final evaluation of the World Food Programme USDA/McGovern-Dole International Food for Education and Child Nutrition Program in Kenya. Available at: https://docs.wfp.org/api/documents/WFP-0000063789/download/?_ga=2.101111938.283062148.1683019523-904127593.1677237185

[43] World Bank Group, 2023. Kenya Social Protection and Jobs Public Expenditure Review. Available at: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099185001262379911/p175941033f39c01508a51042e6734f03ba

[44] Integrated Food Security Phase Classification, 2023. Kenya - ASAL. Available at: https://www.ipcinfo.org/ipc-country-analysis/details-map/en/c/1156210/?iso3=KEN

[45] USAID, 2022. USAID Kenya Resilience Fact Sheet. Available at: https://reliefweb.int/report/kenya/usaid-kenya-resilience-fact-sheet

[46] UNDP, n.d. Supporting disaster risk reduction and communities' resilience. Available at: https://www.undp.org/sites/g/files/zskgke326/files/migration/ke/Fast-Fact---Support-to-DRR-in-Kenya.pdf

[47] Kenya National Bureau of Statistics, 2018. Basic report on wellbeing in Kenya. Available at: https://www.knbs.or.ke/publications/

[48] World Bank Group, 2023. Kenya Social Protection and Jobs Public Expenditure Review. Available at: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099185001262379911/p175941033f39c01508a51042e6734f03ba

[49] Merttens et al., 2018. Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Impact evaluation final report. Available at: https://www.opml.co.uk/projects/evaluation-kenya-hunger-safety-net-programme-hsnp

[50] World Bank Group, 2023. Kenya social protection and jobs public expenditure review. Available at: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099185001262379911/p175941033f39c01508a51042e6734f03ba

[51] Based on the latest data available from World Bank's ASPIRE database. Available at: https://www.worldbank.org/en/data/datatopics/aspire/about

[52] UN Department of Economic and Social Affairs and UN International Labour Organisation, 2022. Global research on governance and social protection: Kenya case study. Available at: https://socialprotection.org/discover/publications/global-research-governance-and-social-protection-kenya-case-study

[53] Merttens et al., 2017. Evalaution of the Hunger Safety Net Programme Phase 2: Assessment of the National Safety Net Programme Harmonised Targeting Methodology Pilot in Turkana. Available at: https://www.opml.co.uk/projects/evaluation-kenya-hunger-safety-net-programme-hsnp

[54] UN Department of Economic and Social Affairs and UN International Labour Organisation, 2022. Global research on governance and social protection: Kenya case study. Available at: https://socialprotection.org/discover/publications/global-research-governance-and-social-protection-kenya-case-study

[55] National Treasury, 2022. Social protection, culture and recreation sector report. Available at: https://www.treasury.go.ke/sector-budget-proposal-reports/

[56] Joint SDG Fund, 2023. Joint SDG Fund Joint Programme Final Narrative Report Portfolio on Integrated Policy and LNOB. Available at: https://mptf.undp.org/sites/default/files/documents/2023-05/kenya_final_report.pdf

[57] World Bank Group, 2023. Kenya Social Protection and Jobs Public Expenditure Review. Available at: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099185001262379911/p175941033f39c01508a51042e6734f03ba

[58] Mohamed, T. et al., 2020. The politics of social protection in Kenya: State capacity, political competition and social pension registration in Marsabit County. Available at: The politics of social protection in Kenya: State capacity, political competition and social pension registration in Marsabit County – ESID (effective-states.org)

[59] National Treasury and Economic Planning, 2022. 2022 Budget review and outlook paper. Available at: https://www.treasury.go.ke/budget-review-and-outlook-paper/

[60] National Treasury and Planning, 2023. Medium term debt management strategy 2023. Available at: https://www.treasury.go.ke/medium-term-debt-management-strategy/

[61] Development Initiatives, 2024. The role of ODA in delivering social protection programmes in Kenya. Available at: https://devinit.org/resources/role-oda-delivering-social-protection-kenya

[62] National Treasury, 2021. National Tax Policy. Available at: https://www.treasury.go.ke/wp-content/uploads/2022/07/DRAFT-NATIONAL-TAX-POLICY-16.06.-2022-.pdf

[63] USAID, 2018. Economics of resilience to drought: Kenya analysis. Available at: https://2017-2020.usaid.gov/documents/1867/economics-resilience-drought-kenya-analysis

[64] IMF, 2023. IMF country report No. 23/266. Available at: https://www.imf.org/en/Publications/CR/Issues/2023/07/19/Kenya-Fifth-Reviews-Under-the-Extended-Fund-Facility-and-Extended-Credit-Facility-536772

DI unlocks the power of data to enable policies and investments that improve the lives of people experiencing poverty, inequality and crisis.

Our mission is to work closely with partners to ensure data-driven evidence and analysis are used effectively in policy and practice to end poverty, reduce inequality and increase resilience.

While data alone cannot bring about a better world, it is a vital part of achieving it. Data has the power to unlock insight, shine a light on progress and empower people to increase accountability.

© Copyright 2024 Development initiatives. Content produced by Development Initiatives is licensed under a Creative Commons Attribution BY-NC-ND 4.0 International license, unless stated otherwise on an image or page.

The boundaries and names or countries and regions used do not imply official endorsement or acceptance by Development Initiatives Poverty Research Ltd.

Contact
Boniface Owino
Senior Analyst
Boniface.Owino@devinit.org

To find out more about our work visit:
www.devinit.org
Twitter: @devinitorg
Email: info@devinit.org

Development Initiatives is the trading name of Development Initiatives Poverty Research Ltd, registered in England and Wales, Company No. 06368740, and DI International Ltd, registered in England and Wales, Company No. 5802543. Registered Office: North Quay House, Quay Side, Temple Back, Bristol,
BS1 6FL, UK.

UK OFFICE
Development Initiatives
First Floor Centre, The Quorum
Bond Street South, Bristol
BS1 3AE, UK
+44 (0) 1179 272 505

KENYA OFFICE
Development Initiatives
Shelter Afrique Building
4th Floor, Mamlaka Road
Nairobi, Kenya
PO Box 102802-00101
+254 (0) 20 272 5346

US OFFICE
Development Initiatives
1100 13th Street, NW, Suite 800,
Washington DC 20005, US