MINISTRY OF LABOUR AND SOCIAL PROTECTION
STATE DEPARTMENT FOR SOCIAL PROTECTION
NATIONAL SOCIAL PROTECTION SECRETARIAT

KENYA SOCIAL PROTECTION SECTOR ANNUAL REPORT 2018/19

JULY 2020

KENYA VISION 2030

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WFP World Food Programme

Kenya Social Protection Sector Annual Report 2018/19

JULY 2020

Developed in Collaboration with Participating Partners:

| Foreword

This very first Annual Kenya Social Protection Sector Report 2018/2019 highlights achievements under the Kenya Social Protection Sector policy and programs over financial year 2018/19. The report which is based on the Social Protection M&EF 2018-2022 reviews achievements realized on the National Social Protection Policy, 2011. The government of Kenya has made social protection a priority through the commitments of its policy, vision 2030 and the MTP III. Kenya is a signatory to the SDG's specifically SDG 1.3 No poverty, encapsulates the measures that states will take to ensure that social protection systems are established.

This report was made possible through concerted efforts of stakeholders in the sector who supported development of the Social Protection Monitoring & Evaluation Framework (SP M&EF) based on which the Ministry of Labour and Social Protection together with stakeholders have reported on outcomes of the social protection pillars of social assistance, social health protection, social security and shock responsive and complementary social protection. It makes available data on high level indicator on coverage along the pillars, expenditure, both in benefits paid and the administrative costs in administration of SP programs and also highlights on capacities available in the sector during the period of review. The sector outcomes are intended to achieve the overarching goal of social protection which is "to ensure that all Kenyans live in dignity and exploit their human capabilities for their own social and economic development".

Over the period, the report shows significant achievement made in the Social Protection Sector, with Government financial commitment to the sector remaining at 0.4 percent of GDP with an annual expenditure of Ksh26 billion. During the period, the Government further extended cushioning to the poor and vulnerable by linking beneficiaries to complementary programmes such as nutrition, school feeding, agricultural subsidies and health insurance subsidies such as Universal Health Care (UHC) and NHIF. The introduction of the pension scheme for the over 70yrs and above was one of the major milestones in the sector within the recent two years. Further, cash transfer payments processes to beneficiaries of the Inua Jamii programme advanced to embrace a choice payment model. Further, in the more recent past, the Government signed up the Kenya Social Economic inclusion program (KSEIP) intended to strengthen social protection delivery systems for enhanced access to social and economic inclusion services and shock-responsive safety nets for poor and vulnerable households. Progress was also recorded on expanded coverage in membership in the contributory schemes for health; NHIF and pensions; NSSF.

Going forward, it is envisioned that reporting for the SP sector will be embedded into the Enhanced Single Registry (ESR) to enable regular production of quarterly e-bulletins. This will support real time monitoring that can facilitate evidence based decision making in development of policy and programs through intermediate outcomes. It is hoped that these robust reports will inform resource allocation by the stakeholders in the sector and will also generate data for real time horizontal and vertical response to emergencies and shocks through the ESR.

I take this opportunity to thank the UNICEF for the financial and technical support and the WFP for their commitment and logistical support. I extend my appreciation to all other stakeholders in the sector, including key line ministries, Semi-Autonomous Government Agencies (SAGAs), CSO's, development partners and private entities for their contribution in making preparation and production of this report possible.

Being the very first report under the SP M&EF, it is evident that although key stakeholders endeavored to provide information that enabled production of this report, many more stakeholders in the sector are yet to be reached to ensure comprehensive reporting of sector interventions. It is my hope that stakeholders will find this report a useful platform for harmonizing reporting for sector players, while providing a valuable source for decision making for improved programming and service delivery in the sector.

Cecilia Mbaka
Head, National Social Protection Secretariat

| Executive Summary

Introduction

The Annual Kenya Social Protection Report covers the period 2018/19 financial year and highlights the activities undertaken by the National Social Protection Secretariat (NSPS) and partners in the Social Protection Sector (SPS). The objective of this report is to provide a status of the social protection sector over the last FY 2018/19.

Overview and Achievements of SP sector

The Kenya social protection policy (KSPP 2011) structured the sector into three pillars; social assistance, social security and social health insurance. Kenya is a signatory to international treaties on agreed social security standards and good practice like majority of other countries offering Social Protection. SDG 1.3 No poverty, encapsulates the measures that states will take to ensure that social protection systems are established. The government has extended cushioning to the poor by linking beneficiaries to complementary programmes such as nutrition, school feeding, agricultural subsidies and health insurance subsidies such as Universal Health Care (UHC) and NHIF. The introduction of the pension scheme for the over 70yrs and over has been one of the major milestones in the sector within the recent two years. Further, cash transfer payments processes have advanced to choice payment model system for ***Inua Jamii*** beneficiaries. And most recently the Government signed up the Kenya Social Economic inclusion program (KSEIP) to strengthen delivery systems to enhance access to social and economic inclusion services and shock-responsive safety nets for poor and vulnerable households. Progress has been recorded on expanded coverage in membership in the contributory schemes for health; NHIF and pensions; NSSF. The economy recorded a rise in gross domestic product (GDP) of 5.7% in 2018 up from 4.9 % in 2017, however, the Government of Kenya financial commitment to social protection remained steady at 0.4 percent of GDP with an annual expenditure of Ksh26 billion. The Goal of Social Protection; "All Kenyans living in dignity and are cushioned from vulnerability through social protection to enable them exploit their human capabilities for their own social, economic and political development. **The Kenya Social Protection Policy of 2019 (KSPP 2019) was developed by the SP sector partners**. The revised policy takes into consideration four pillars this include; income security, health protection, shock responsive social protection and in addition complementary initiatives. The policy also makes requirements to strengthen systems, implementation arrangements including communication, research and M&E reporting platforms. Counties are expanding their policy framework for instance; **Mombasa Social Protection Strategy 2018** was developed by Mombasa County. An **Investment Plan for social protection and sustainable financing of social protection programs** was developed. The Government of Kenya developed the regulations for the establishment of the Social Assistance Fund within the Public Finance Management Act No. 18 of 2012 for the establishment of the Social Assistance Fund. **The Enhanced Single Registry (ESR)** is an expansion of the single registry for sustainable coordination of safety nets in Kenya. Harmonized targeting methodology (HTM) for all NSNP programs was piloted in the year under review. The coverage of SP sector includes; 7% of working age adults live in households receiving social transfers, 15% of formal and informal workers aged 18-65 years have an employer contributing to NSSF pensions. 77% of older persons aged 65 years and above receive an old age pension under *Inua Jamii*. The data also reveals that only 1% coverage exists for persons with disabilities.[1] NHIF coverage is at 25% therefore 75% of the population has no health cover. Similarly NSSF covers 15% of the population indicating 85% remain uncovered by the public pension scheme.

Social Assistance

The estimated number of beneficiaries with predictable and regular social assistance transfers in 2018 being 1.3 million. Actual spending on the social assistance programs was 29.5B. NSNP administrative costs were 6% in the last year NDMA successfully delivered six **(6) regular cash transfer cycles** to 97,661 HSNP households in Turkana, Mandera, Marsabit and Wajir, amounting to Ksh 3.3 billion through Equity bank. 60% of the regular cash transfer beneficiaries were women. SAU managed to pay the CT-OVC, OPCT, & PWSD through **3 payment cycles** using the choice payment system using four banks; Coop Bank, Equity Bank, KCB and PostBank. The National School Meals Programme currently covers **1.6 million** pupils in **26** out of 47 Counties in Kenya mostly ASAL regions. It is offered In-kind and Cash Transfers to schools. The Government of Kenya has funded the homegrown school meals program in 2018/19 to a tune of Kshs. 2.4 billion.

Social Health Insurance

The National Hospital Insurance Fund (NHIF) is a national contributory scheme that provides health insurance for Kenyans including insurance subsidies for the poor and vulnerable. Discussions have intensified since 2004 regarding how best to achieve Universal Healthcare Coverage (UHC) to ensure access to quality and affordable health care for all Kenyans. In the year 2018/19, total members enrolled in NHIF were 9,146,684 principal members, this translates to a total membership of 27 million contributor's including dependants about 25% active of the Kenyan population. The proportion of coverage of the formal and informal sector is at; **4,284,310** and **4,675,040** principal members **respectively**. The total members in NHIF Subsidy Programs are **1,791,526**; with the highest number of beneficiaries under the Linda Mama Program with 1.08 million registered expectant mothers. The other subsidies cover the 42,000 PwSD, 181,000 OVC and 484,026 OP 70+.

County governments have initiated social protection programs for their citizens. **Vihiga County** has established ***Boresha Afya Ya Mama Na Mtoto*** in collaboration with UNICEF. This initiative aims at contributing to maternal and child mortality and malnutrition. **Kakamega County government** in collaboration with UNICEF has established ***Imarisha Afya Mama Na Mtoto*** initiative to promote Family Planning and Mother and Child Health.

Social Security

The current pensions schemes consist; National Social Security Fund (NSSF) which is a state contributory scheme mandatory for all employers and employees in the formal sector and informal sector workers who can contribute on voluntary basis, Standard contributions are remitted by employers on behalf of employees. (ii) Civil Servants Pension Scheme which is non-contributory administered by Treasury for the government for retired civil servants and (iii) private pension schemes. The sector experienced a 12.36% asset base growth amounting to Kshs. 1.204 trillion from 1.072 trillion this includes the income drawdown funds. The number registered of schemes increased **from 1,018 in 2017 to 1,261**

1 Kenya Social Protection Sector Review 2017, Ministry of Labour and Social Protection

schemes in **2018** of which 138 schemes were transitioning which were majorly moving to Umbrella schemes. A total **3,640,232 individuals were covered by pension schemes** from 3,240,002 in the previous year. However, the **coverage remains at 20% of the recorded employment**. The largest scheme is **NSSF** with a total of **2,629,689**, followed by occupational schemes with 540,487 members. **The Government and teachers' pension scheme has 206,400 members and 313,600** respectively.[2] The total amount contributed to pension schemes was Kshs. 134, 495,547,873 of which NSSF received Ksh.14,036,361,000 from employers and employees combined. Members of NSSF have received benefits amounting up to Ksh.3,712,230,000 in 2018 while the overall benefits from all schemes is Ksh.74,466,569,354. The total asset value and investments by pension schemes totaled to Ksh.1.16T with NSSF contributing Ksh.213.3B. **NSSF earned a total income** of Ksh.23.13B. **NSSF earned a total income** of Ksh.23.13B and the total earned for all schemes amounted to 90.5B.

Shock responsive and complementary social protection

Shock-responsive interventions include the provision of relief and protection to persons affected by covariate shocks such as droughts and other emergencies. The HSNP already has the capacity to scale from around 100,000 households to a further 272,000 households. The Government established a National Drought Emergency Fund (NDEF) to consolidate government and external partner funding in support of a range of drought preparedness and response interventions under the Public Finance Management (National Drought Emergency Fund) Regulations, 2018. NDMA has, since 2014, been piloting the use of a dedicated Fund in drought risk management through the European Union funded Drought Contingency Fund (DCF). The DCF business process was successfully employed during the 2016-2017 drought thereby mitigating losses both of lives and livelihoods. Emergency payments for FY 18/19 were paid for 100% of the total number of households triggered in 4 counties where HSNP is functional.

The Crop insurance is a program under the Kenya Agriculture Insurance Program (KAIP)- is funded by Government of Kenya and World Bank initiative in collaboration with the private sector. **416,924 farmers benefitted** from crop insurance in the year 2018/19, of these 159,000 are male farmers and 257,920 female farmers. **Premiums paid to a total** of ksh. 94 million of which kshs.47 million was paid by government as subsidy support for farmers who take insurance. **Total Budget for the year for Crop Insurance** was 371 Million shillings. In the reporting **season insurance compensation** to farmers was Kshs. 25 million as support for losses incurred in the production season. Beneficiaries of livestock insurance were 18,120 in the year 2018/19.

NICHE is a non-conditional cash transfer that bases its interventions on the existing Government's National Safety Net Programme (NSNP) cash transfer programmes. NICHE was first piloted in Kitui County for the last 2 years (2017 -2018) as part of the EU funded Maternal and Child Nutrition programme by UNICEF and other partners.

Mwangza mashinani 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.

2 Retirements Benefits Authority (RBA) Retirements Benefits Industry Statistical Digest 2018

Conclusion and Recommendations

Although the Kenya's social protection programs have reached a great proportion of the poor population, statistics reveal that 36.5% of Kenyans still live below the poverty line that means a large proportion of eligible households remain uncovered by any form of social protection. The following are the recommendations to enhance coverage and streamline delivery of services; (i) increase investments and coverage in Social Protection, (ii) timely disbursements of cash benefits, (iii) linkages to complementary programs, (iv) strengthen linkages for data reporting, and (v) enhanced county linkages to report and enhance coverage of Social Protection.

Contents

List of Abbreviations and Acronyms

AIDS	Acquired Immune Deficiency Syndrome
ASAL	Arid and Semi-arid Lands
AKI	Association of Kenya Insurers
ARC	Africa Risk Capacity
CCTP-MIS	Consolidated Cash Transfer Program-Management Information System
CSPS	Civil Service Pension Scheme
CT	Cash Transfer
OVC	Orphans and Vulnerable Children
PWSD	People With Severe Disability
DCS	Department of Children's Service
DSD	Department of Social Development
EFA	Education for All
EPRI	Economic Policy Research Institute
GDP	Gross Domestic Product
GFD	General Food Distribution
HIV	Human Immunodeficiency Virus
HSNP	Hunger Safety Net Programme
IDP	Internally Displaced People
ILO	International Labour Organization
IRPS	Integrated Population Registration System
KHIS	Kenya Health Information System
KYEOP	Kenya Youth Employment and Opportunities Project
KSPP	Kenya Social Protection Policy
M&E	Monitoring and Evaluation
MIS	Management Information System
MLSP	Ministry of Labour and Social Protection
MNCH	Maternal Neonatal and Child Health
MoA	Ministry of Agriculture
MoDP	Ministry of Devolution and Planning
MoE	Ministry of Education, Science and Technology
MTP	Medium Term Plan

List of Abbreviations and Acronyms

NCPWD	National Council for Persons with Disability
NDEF	National Drought Emergency Fund
NDDCF	National Drought and Disaster Contingency Fund
NHIF	National Hospital Insurance Fund
NICHE	Nutritional Improvements through Cash and Health Education
NSNP	National Safety Net Programme
NSSF	National Social Security Fund
NSPP	National Social Protection Policy
NSPS	National Social Protection Secretariat
OP	Older Persons
PSSB	Presidential Secondary School Bursary
RBA	Retirement Benefits Authority
SA	Social Assistance
SAU	Social Assistance Unit
SDL	State Department of Labour
SDG	Sustainable Development Goal
SDSP	State Department of Social Protection
SP	Social Protection
SPF	Social Protection Floor
SP M&EF	Social Protection Monitoring and Evaluation Framework
WFP	World Food Program
UHC	Universal Health Cover
UPE	Universal Primary Education

1.0 | Chapter One – Introduction

1.1. Background

The Annual Kenya Social Protection Report covers the period 2018/19 financial year and highlights the activities undertaken by the National Social Protection Secretariat (NSPS) and partners in the Social Protection Sector (SPS). The objective of this report is to provide a status of the social protection sector over the last FY 2018/19. It focuses on the achievements and developments of the key pillars of the sector. Based on a framework of indicators of the Kenya Social Protection Results, Monitoring and Evaluation Framework 2018-2022[3], the report analyzes the progress towards the outcomes of the key pillars of the sector. The data provided for the compilation of this report has been obtained from the partners in sector and the data sources are annexed at the end of this report.

The report adopts these main chapters while highlighting the key social protection pillars;

Box 1.1 – Outline of the Report

I. Overview of SP in Kenya; this section highlights the key achievements in policy, strategies and systems.

II. Social Assistance (SA); outlines the main government interventions in SA, the coverage of programs and expenditure benefits paid out to beneficiaries and administrative costs incurred by the programmes.

III. Social Health Insurance; examines both the public and private insurance memberships in National Hospital Insurance Fund (NHIF) and as reported by Association of Kenya Insurers (AKI), and highlights the data on revenue received by schemes through contributions from the formal and informal sector matching these costs with the total payout ratio and the benefits paid for health care.

IV. Social security programs; this chapter highlights the types of social security schemes mainly the pension schemes, contributions from the formal and informal sector and costs of administration by schemes.

V. Shock responsive and complementary social protection programs; highlights the current programs in shock responsive and complementary SP programs.

VI. Conclusion and Recommendations.

3 The Kenya Social Protection Results, Monitoring and Evaluation Framework 2018-2022 was developed in August 2018 as a tool for accountability and for measuring the achievements of the sector based on agreed outcomes and outputs of the Social Protection Sector.

2.0 | Chapter Two – Social Protection in Kenya

2.1. Overview of Social Protection Sector

The Kenya social protection policy (KSPP 2011) structured the sector into three pillars; social assistance, social security and social health insurance. The policy defines social protection as: "policies and actions, including legislative measures, that enhance the capacity of and opportunities for the poor and vulnerable to improve and sustain their lives, livelihoods, and welfare, that enable income-earners and their dependents to maintain a reasonable level of income through decent work, and that ensure access to affordable health care, social security and social assistance".

Kenya is a signatory to international treaties on agreed social security standards and good practice like majority of other countries offering Social Protection. SDG 1 No poverty, encapsulates the measures that states will take to ensure that social protection systems are established.

Box 2.1 -SDG 1.3 – Social Protection

SDG 1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable. **SDG 1.3.1** Proportion of population coverage by social protection systems and floors, by sex, distinguishing children, unemployed persons, older persons, persons with disabilities, pregnant women with new borns work injury victims and the poor and the vulnerable.

Over the past year, efforts to extend social protection coverage and benefits in Kenya have advanced through collaborations with stakeholders in the sector. This has been witnessed through increasing investments of financial and technical capacity in social protection interventions by government ministries and partners. The government has extended cushioning to the poor by linking beneficiaries to complementary programmes such as nutrition, school feeding, agricultural subsidies and health insurance subsidies such as Universal Health Care (UHC) and NHIF. The introduction of the universal pension scheme for the over 70yrs and over has been one of the major milestones in the sector within the recent two years. Further, cash transfer payments processes have advanced to choice payment model system for Inua Jamii beneficiaries. And most recently the Government signed up the Kenya Social Economic inclusion program (KSEIP) to strengthen delivery systems to enhance access to social and economic inclusion services and shock-responsive safety nets for poor and vulnerable households. Progress has been recorded on expanded coverage in membership in the contributory schemes for health; NHIF and pensions; NSSF.

Kenya is considered as a lower-middle-income country. The economy recorded a rise in gross domestic product (GDP) of 5.7% in 2018 up from 4.9 % in 2017, however, the Government of Kenya financial commitment to social protection remained steady at 0.4 percent of GDP with an annual expenditure of Ksh26 billion. Nevertheless, with all the investment in social protection, there are still high rates in poverty and inequality increasing hazards of unemployment and the risk of more households sinking into poverty. According to the Kenya Integrated Budget Household Survey (KIBHS) 2015/16 poverty incidences dropped from 47% in 2006 to 36% in 2016. This notwithstanding, the inequality rates remain high thereby exacerbating the vulnerabilities. Over one-third of nonpoor Kenyans are vulnerable because they are clustered just above the poverty line, meaning that even a moderate shock could push them below the poverty line. KIHBS survey found that six of the seven poorest counties nationally are in the ASAL regions which are prone to drought resulting in food insecurities.4 The national stunting rate is at 26%, some ASAL counties have higher stunting rate like Kitui and wesk pokot at 45.9% and 45.8 respectively, this being 20% higher stunting rates than the national average.5 This has necessitated the increase of social protection interventions to address vulnerabilities by both National and County governments and also non-state actors. The government hopes to increase investment in social protection in the coming years to at least 1% of GDP.

The **(NSPS)**; is a unit under the Ministry of Labour and Social Protection(ML&SP), its main function is to facilitate and enhance policy, coordination, integration and harmonization of social protection in Kenya. The NSPS works alongside development partners, Ministries implementing social protection and other stakeholders.

The Goal of Social Protection; "All Kenyans living in dignity and are cushioned from vulnerability through social protection to enable them exploit their human capabilities for their own social, economic and political development".

The Goal of Social Protection; "All Kenyans living in dignity and are cushioned from vulnerability through social protection to enable them exploit their human capabilities for their own social, economic and political development".

4 KNBS. 2018. Basic Report on Well-Being in Kenya.

5 Kenya Demographic Health Survey, 2014.

2.2. Achievements of the Social Protection Sector

Over the year, there have been many achievements in the sector in the development of policy, programs and systems, the NSPS in collaboration with partners have coordinated and championed initiatives in the sector.

2.2.1. Policy

The social protection policy environment has advanced over the past year. SP policies and strategies have been developed by different stake holders.

The Kenya Social Protection Policy of 2019 (KSPP 2019) was developed by the SP sector partners. The previous Kenya Social Protection Policy 2011 structured social protection around three pillars: 1) Social Assistance; 2) Social Security; and 3) Health Insurance. Under the Social Assistance Pillar were diverse programmes such as four social cash transfer programmes - OVC-CT, PWSD-CT, OP-CT and the HSNP, school feeding programmes, general relief food distribution in emergency, food for assets, access to agricultural inputs, health voucher schemes, and HIV and AIDS nutrition schemes.
The Social Security Pillar comprised the contributory National Social Security Fund (NSSF), the fully tax-financed Civil Service Pension Scheme (CSPS) and complementary contributory occupational schemes (employer-based) and individual schemes (open to all on a voluntary basis). The Health Insurance Pillar included the government managed NHIF and government regulated private health insurers.

The revised version Kenya Social Protection Policy 2019 adopts a life cycle approach to social protection providing the basic guarantees that shall be established by law, in line with ILO 202 recommendations. It defines the minimum four basic social protection guarantees as income security for children, persons in active age, for older persons, and access to essential health care and maternity care. Whereas the previous policy outlined the SP sector in to three pillars, the revised policy takes into consideration four pillars this include; income security, health protection, shock responsive social protection and in addition complementary initiatives The policy also makes requirements to strengthen systems, implementation arrangements including communication, research and M&E reporting platforms.

Counties are expanding their policy framework to cover the poor and vulnerable population through social protection. At the development of this report it was noted that not very many counties have social protection policies. Mombasa County has prioritized social protection through the development of a **Mombasa Social Protection Strategy 2018** that will provide a framework which will aid in mitigating the rising vulnerability within the county. The strategy seeks to integrate and link all stakeholders in the social sector for effective and efficient service delivery. The developed policy gives a clear road map on how to mitigate the various challenges being encountered in the County which may include and not limited to; prioritization of the senior citizens, disability mainstreaming, drug and substance menace, radicalization, children on the streets, school drop outs, early pregnancies, malnutrition, high HIV prevalence and other communicable and non-communicable diseases, poor sanitation, open defecation, inadequate sensitization on hygiene, child abuse, neglect and labor, child sexual exploitation, lack of child rescue and protection centers among others.[6]

2.2.2. Program Implementation

During the period 2018/19 different programs and initiatives to support the growth of the SP sector were initiated.

The government commenced implementation of the Kenya Social Economic Inclusion Program (KSEIP) support by World Bank and DFID which seeks to strengthen delivery systems for enhanced access to social and economic inclusion services and shock-responsive safety nets for poor and vulnerable households. It is a five year program that will be delivered to the existing NSNP beneficiaries through nutrition sensitive safety net and referrals to the NHIF and livelihood enhancement support (economic inclusion). The program commenced in March 2019 and will be implemented by the State Department for Social Protection (SDSP) and NDMA. The program will be delivered through three main project components; (a). Component 1: Strengthening Social Protection Delivery Systems, through the enhancement of the single registry (SR) and coverage, rollout of improved payment systems, enhancement in G&CM and beneficiary outreach and institutional capacity strengthening. (b). Component 2: Increasing Access to Social and Economic Inclusion Interventions through systematic access of NSNP beneficiaries to NHIF. The program aims to expand nutrition sensitive safety net to 23,500 households approximately 138,600 individuals in Kilifi, Marsabit, Turkana, West Pokot. Through the component, the program will support SDSP to test different approaches to deliver economic inclusion interventions. (c). Component 3: Improving the Shock Responsiveness of Safety Net System through NDMA. The program seeks to increase HSNP coverage in four additional drought affected counties (Garissa, Isiolo, Samburu and Tana River) by proving regular cash transfer to around 32,000 additional households.

During the period under review, a training program for social protection practitioners and policy makers in Kenya was developed. Social Protection courses specific to Kenya will be offered through the Kenya School of Government under different modules for different practitioners.

6 Social Protection Strategy, Mombasa County 2018.

An **Investment Plan for social protection** towards vision 2030 was developed that will be adopted alongside a framework for **sustainable financing of social protection programs** which was developed that will lead to development of a cost analysis to scale up social protection program including universal child grant benefits. The implementation of the framework will go along the social protection strategy.

The Government of Kenya developed the regulations for the establishment of the Social Assistance Fund within the Public Finance Management Act No. 18 of 2012 for the establishment of the Social Assistance Fund. This will support expanded coverage for social protection, provisions of timely, regular and adequate benefits to all targeted persons.

To foster knowledge and learning agenda, MLSP in collaboration with WFP and UNICEF hosted and facilitated learning of high-level delegations of representatives of the Governments of Bangladesh and Lesotho. This south-south learning opportunity offered the participants a chance to learn how Kenya has developed its social protection policy agenda, the challenges it has faced and how it has addressed them as well as the future prospects for the sector within an integrated sphere of national development. Interactions between the three governments aimed at promoting learning and innovation among the countries and hence strengthening national capacities in areas that are common. Each country delegation committed to pursuing specific targets as way of improving both coverage and quality of social protections services in their respective countries.

County social protection officers have participated in the capacity building workshops on the SP M&EF with an outlook to develop county specific M&E frameworks and to share data to the NSPS using the data reporting tools. The capacity building session were held in 4 regions (Kisumu, Nakuru, Kiambu and Embu) with representatives from the surrounding county governments. These sessions provided an opportunity of assessment of county data reporting structures and establishing how linkages can be formed with the county MIS systems and how social protection committees can be formed.

2.2.3. Social Protection Delivery Systems

The current delivery systems for social protection include sector policy tools and program structures that support efficient and effective implementation and reporting. **The Single Registry (SR)** is a policy tool to provide a single point of reference for information in social protection sector in Kenya. The current data in the SR of beneficiaries include the NSNP and the WFP cash transfer programs that are linked to the Integrated Population Registry System (IPRS). The SR **enhances the monitoring and evaluation** of the SP programmes and generates new evidence in support of policy development. The SR consists of different modules that stakeholders can link to; (a) ***Complementary Module:*** It provides an opportunity for stakeholders providing complementary services to link to the single registry and thereby expanding the space for reporting, (b) ***Generic County MIS (GC-MIS):*** many county governments are increasingly introducing SP interventions as a means to address poverty and vulnerability. The GC –MIS is expected to provide a platform for reporting on these interventions. The county MIS will support operational functions of programs. It will enhance accountability, efficiency, transparency, speedy decision making and transparency.

Box 2.3 Single Registry

The Single Registry is a data repository for social protection programs it is an instrument of policy decision making and coordinating the SP sector.

The HSNP has expanded the HSNP registry to include census data of all households in the 4 counties in northern Kenya that are in the program; these are Marsabit, Mandera, Turkana and Wajir.

The Enhanced Single Registry (ESR) is an expansion of the single registry for sustainable coordination of safety nets in Kenya. A significant result for this system will be the development of a social registry for the poor and vulnerable in the country to help programmes select and provide interventions. The social registry will be built to collet socio-economic data of households and provide a platform for dynamic data sharing of potential beneficiaries. The platform will significantly bridge and facilitate seamless delivery of humanitarian and development assistance to the people of Kenya including timely response to emergencies using the social protection system as an instrument of coordinating the SP sector and a data repository for social protection programs. The KSEIP module in the ESR will capture data on the economic inclusion and the NICHE programs and also the Health sector component.

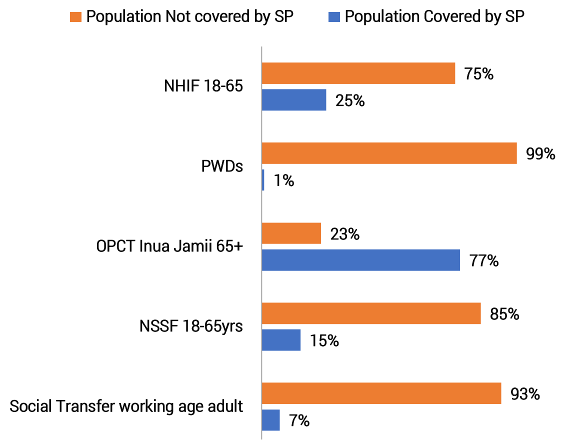
A Consolidated Cash Transfer Programme Management information system **(CCTP-MIS)** was developed and put into operation within the year under reference. The system has facilitated programme consolidation processes, harmonization of administrative process for the Inua jamii programmes, enhanced accountability and transparency. As at the end of 2018/19 the MIS system had data of about 1.2 million beneficiaries of CT-OVC, OPCT, and CT-PwSD.

Harmonized targeting methodology (HTM) for all NSNP programs was piloted in the year under review. The HTM puts forward a protocol for similar approach to targeting that will build synergies across the NSNP components and avoid duplication of efforts (e.g. different questionnaires applied to the same communities and households), but at the same time respecting the different objectives of the programmes.

2.3. Coverage of Beneficiaries by Social Protection Programs

The **current coverage** of social protection programs is spread across various lifecycle categories; for the children, working age adults and the aged. Graph below shows clearly the population of Kenyans that are currently covered by some form of social protection and the proportion in percentage not covered by the specific social protection program in different age categories. 7% of working age adults live in households receiving social transfers, 15% of formal and informal workers aged 18-65 years have an employer contributing to NSSF pensions. 77% of older persons aged 65 years and above receive an old age pension under ***Inua Jamii***. The data also reveals that only 1% coverage exists for persons with disabilities.[7]

Graph 1: Population Coverage of Social Protection Programs



2.4. Budgeting and Expenditure on Social Protection Benefits

The National Treasury 2018/19 Budget allocated a total of Ksh 33billion for Social Safety Nets and a total of 44.6B was allocated to Universal Health Care.

Actual Expenditure on Social Protection spending still remains below 0.5% as a proportion of GDP. The total expenditure in

7 Kenya Social Protection Sector Review 2017, Ministry of Labour and Social Protection

2018/19 for the NSNP –*Inua Jamii* was 29.5B, with 6% administrative costs and 94% cash transfer payments to beneficiaries. Total spending on health insurance covered by NHIF in 2018/19 was 11.8B Kshs, while the private medical insurance spent 7.70B in expenses.

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Social Protection Success Stories

1. Beneficiary of CT-PwSD

Joseph Kahuho beneficiary of CT-PwSD has greatly benefited from the cash transfer. In the photo he is guiding joint monitoring team past his old mud house to his new home which he constructed with CT funds. (20th Nov 2019)

Joseph Kahuho beneficiary of CT-PWSD Nakuru County managed to construct a new living structure with iron roofing with interior of the house well lined with plywood as seen in the picture. The money has also assisted him in buying household items and food.

Total spending on **health insurance covered** by NHIF in 2018/19 was **11.8B Kshs**, while the private medical insurance spent **7.70B** in expenses.

2. OPCT putting smiles on elderly faces:

– Excerpts of a feature by Denson Mututo Kenya News Agency (KNA) in Mwingi Thursday 30, Jan 2020.

Ann Nzembi 89 years old waiting at KCB Mwingi town waiting to receive her cash.

Senior citizens in Mwingi have felt the impact of Old Persons Cash Transfer (OPCT) in a way that they can't hide their happiness and appreciation to the government. Scores of elderly citizen receiving the monthly payments could not hide their joy and praised the programme saying since it was started their lives have never been the same.

Ann Nzembi, 70 years from Nguni location in Mwingi central constituency, praised the government appreciating that she is able to cater for her basic needs without depending on other people. "The government has sorted us out in a way that I don't have to keep on begging for support from my children. I can now afford food and clothing on my own," she said.

————————————————————

Lukas Mwangangi, 76 years from Waita location also in the same constituency, says that he can now afford a smile because the government has granted the elderly power to meet their basic needs. "We are very happy to be recognized by the government,

Lukas Mwangangi 76yrs old waits for his payment at KCB Mwingi Branch.

now we feel wanted in the society and in the whole country at large," added Mwangangi.

KCB employee at KCB Mwingi branch paying elderly citizen their money.

3.0 | Chapter three: Social Assistance

3.1. Overview Social assistance interventions

Social assistance programs are largely represented by cash transfer programs providing assistance to the poor and vulnerable that offer regular and predictable cash transfer or in-kind support. Social assistance programmes cut across a broad range of categories that including cash transfers, school-based feeding programme, nutrition, education. The estimated number of beneficiaries with predictable and regular social assistance transfers in 2018 being 1.3 million with the main programmes offered by the government through the Ministry of Labour and Social Protection (ML&SP) and the National Drought Management Authority (NDMA). The other programmes offered in a large scale by the government include **general food distribution (GFD)**; that offers food assistance in arid and semi-arid areas, the humanitarian assistance is offered for no more than one year. In the recent year the GFD has been amended to a relief fund which will translate to cash handouts instead of food aid. County governments and NGO's have implemented social assistance programs in form of cash transfers and food aid, but the data has not been captured in the single registry as yet.

3.2. Coverage and Expenditure of social assistance programs

3.2.1. The NSNP- Inua Jamii program

Inua Jamii program consist of; the cash transfer for orphan and vulnerable children program (CT-OVC), the older persons cash transfer (OPCT), Persons with Severe Disabilities Program (PWSD-CT) and the Hunger Safety Net Program (HSNP). NSNP is core social assistance scheme in Kenya, the

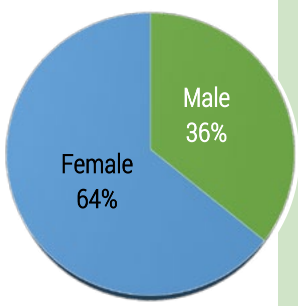
Box 3.1: Income Security as defined in the Revised Social Protection Policy 2018

Pillar 1: Income Security: The Reviewed Social Protection Policy 2018 renames social assistance to Income Security; this pillar includes a combination of the contributory social insurance sector and non-contributory social assistance programmes to protect all citizens against risks and contingencies they face throughout their lifecycle. Pooling together the two branches of the social security sector (which in principle includes both contributory and non-contributory benefits) shall enable Kenya to take decisive steps towards meeting the SDG target 1.3.1 related to social protection coverage

program maintained the beneficiary coverage of a total of 1.3 million households covered in 2018/19 in the four programs. The older person's cash transfer program (OPCT) is the largest scheme with close to 800,000 beneficiaries.

Gender distribution NSNP: According to Figure below, the overall coverage of all CTs beneficiaries as indicated in the table above illustrates: 64% of beneficiaries paid are female while 36% are male. This distribution is mostly due to the CT-OVC program where most caregivers are female. There seems to be a less skewed distribution in the OPCT program where beneficiary men were 58% and women were 42%.

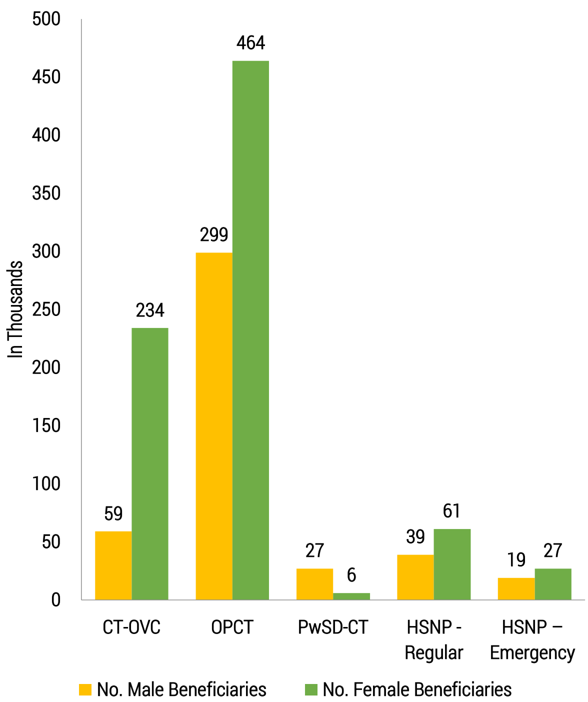
Figure 1: NSNP Inua Jamii Coverage by Gender



Box 3.2– NSNP- *Inua Jamii* Beneficiary Coverage

CT-OVC – **353,000**
OPCT – **800,000**
PWSD – **47,000**
HSNP Regular – **101,227**
HSNP Emergency – **47,021**

Graph 2: Inua Jamii Coverage 18/19 by Gender per program



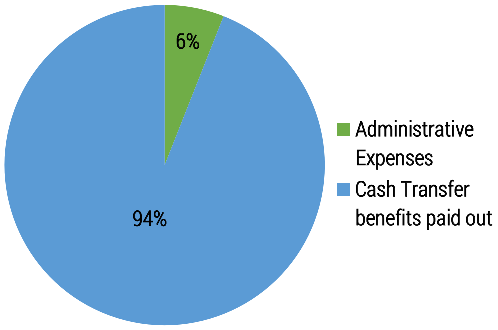
Geographical spread; NSNP Inua Jamii Programs: Apart from the HSNP the all programs are in the 47 counties of Kenya. Majority of the Government funded programs are in all the 47 counties.

Expenditure; NSNP Inua Jamii (administrative and benefits paid out)

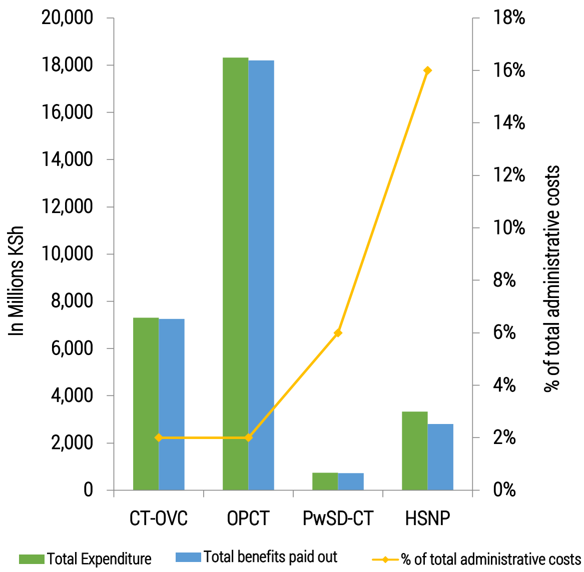
Social assistance spending as a proportion of GDP has remained below 0.5% of GDP in the recent years. However in real terms there has been expanded spending in NSNP programs while spending for other social assistance programs Asset Creation and General Food Distribution-have declined overall.[8] Actual spending on the social assistance programs was 29.5B. Figure 3 highlights that overall NSNP administrative costs were 6% in the last year, with the higher administrative costs attributed to the HSNP programme at 16% because of ongoing census registration that will be completed by June 2020.

8 Kenya Social Protection sector review 2017.

Figure 2: Inua Jamii Administrative Expenses and Benefits paid out 2018/19



Graph 3: NSNP Inua Jamii Expenditure (Cash benefits paid out and Administrative Costs per program)

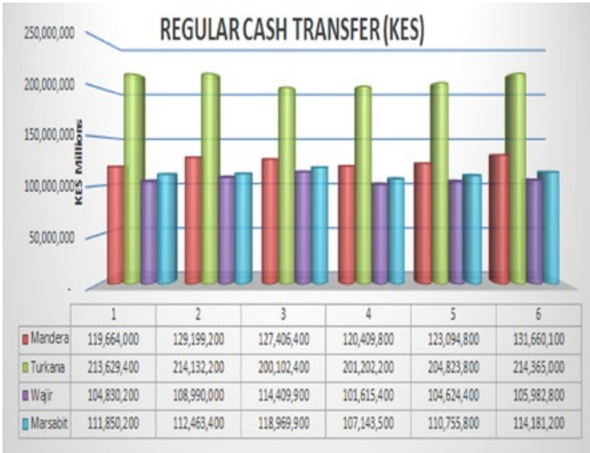


Payments cycles

NDMA successfully delivered six **(6) regular cash transfer cycles** to 97,661 HSNP households in Turkana, Mandera, Marsabit and Wajir, amounting to Ksh 3.3 billion. 60% of the regular cash transfer beneficiaries were women. The Government financed 72% while DFID financed 28 %. Equity Bank Kenya Limited is the payment service provider for HSNP 3 managed directly by NDMA unlike previous HSNP II where the services were managed through a third party. Beneficiaries were served by 408 pay agents and 11 branches across the 4 counties. Graph 4 highlights the payments for the 6 different cycles.

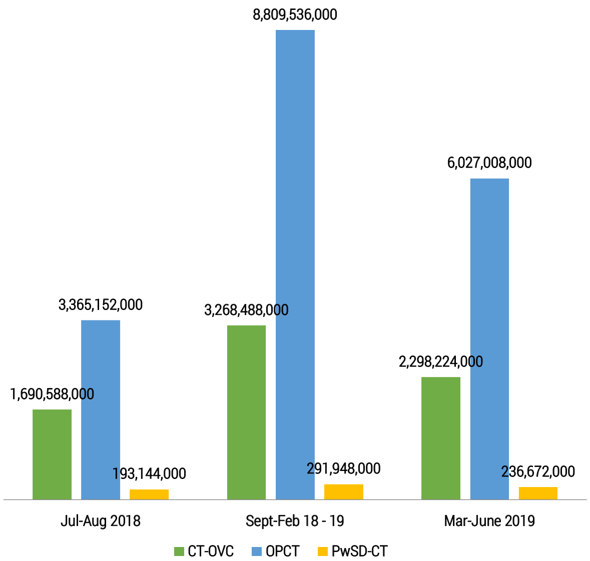
SAU managed to pay the CT-OVC, OPCT, & PWSD through **3 payment cycles** using the choice payment system using four banks; Coop Bank, Equity Bank, KCB and PostBank. Averages of 1.1M beneficiaries were paid a total of 26B within the period. Graph 5 highlights the payments for the 3 different cycles.

Graph 4: HSNP regular cash transfer payment cycles



	1	2	3	4	5	6
Mandera	119,664,000	129,199,200	127,406,400	120,409,800	123,094,800	131,660,100
Turkana	213,629,400	214,132,200	200,102,400	201,202,200	204,823,800	214,365,000
Wajir	104,830,200	108,990,000	114,409,900	101,615,400	104,624,400	105,982,800
Marsabit	111,850,200	112,463,400	118,969,900	107,143,500	110,755,800	114,181,200

Graph 5: SAU cash transfer cycles



3.2.2. Home grown School feeding Programme HGSFP

HGSFP is supported by the government through Ministry of Education (MOE), Home grown programme transfers funds to schools which procure food locally, thereby supporting the markets. The main goal of the programme is to support the Government's effort towards attainment of Universal Primary Education (UPE), (SDG) and Education for All (EFA).

The National School Meals Programme currently covers **1.6 million** pupils in **26** out of 47 Counties in Kenya mostly ASAL regions. It is offered In-kind and Cash Transfers to schools.

Table 1: Modalities of Implementing the National School Meals Programme

In Kind–involves procuring Food commodities at the National level and distribution at sub-county level **Implemented in 10 total arid Counties which have minimal agricultural activities in 10 Counties**	**Cash Transfers–cash is wired directly to the school accounts and then the school management procures the food.** The cash sent to schools is based on the Unit cost of Ksh.10 per child per day based on enrolment times number of school feeding days. Covers schools in Semi-arid regions which includes 17 Counties.

The government of Kenya has funded the homegrown school meals program in 2018/19 to a tune of Kshs. 2.4 billion.

Success Story of Hunger Safety Net

Hunger Safety net Programme (HSNP) Unconditional cash grant improves vulnerable households' status

In the dusty town of Banissa in the far corner of Mandera County of Kenya, the residents are faced with natural disasters like drought and famine have had a negative impact on the livelihoods of people living in arid.

Majority of the families live in poverty-stricken conditions because of dwindling resources and this forces many children to not reap the benefits of education. These conditions make day to day life extremely difficult. Nurow Mohammed Hassan, a 22-year-old male and a father of two, dropped out of school at the age of ten when he was in Class 4. During one of the droughts that hit his community, his family lost all their livestock.

"We had lost everything; our father could not adequately provide us basic food while the few livestock he had were wiped out by the drought and we became destitute overnight, the family resorted to collection of firewood and sell in the market to get money," Nurow said.

Nurow Mohamed with team leader Mr. Geoffrey Kaituko in the background is Nurow's taxi for business

Nurow was registered in the cash transfer program, a couple of months after receiving his ID, he received Ksh.96,000 in arrears. Nurow travelled to Mandera withdraw his money from Equity Bank, Mandera branch. He was lucky to get a motorbike at a reasonable price of Ksh. 90,000 while the balance Ksh 6,000 he saved some and bought some food for the family. He was able to run a Bodaboda business, which has since grown to a taxi business through savings and hard work. He owns livestock; ten cows, 20 goats and 7 camels and a plot of land valued at Ksh.200,000. He is able to provide for his family. In the future, he wants to start a business and open a shop/food store. He claims to have no challenges currently in his life and recommends that the project should continue as it has improved the livelihood of him and others who have participated in the programme.

4.0 | Chapter four: Social Health Insurance

4.1. Context of social health insurance

Article 43 of the Kenyan Constitution states that every Kenyan has a right to quality and affordable health care, including reproductive health; it further states that no Kenyan can be denied access to emergency health services when in need. The implication of this article is that barriers to health care services of whatever kind will not hinder access, hence the government is duty bound to remove such barriers so that health rights are met.

Discussions have intensified since 2004 regarding how best to achieve Universal Healthcare Coverage (UHC) to ensure access to quality and affordable health care for all Kenyans, whether such services are available in the private or public sectors. The concept of health insurance has become central to the promotion of UHC.

Social health insurance (SHI) is a model that promotes health protection and fights against social exclusion and poverty. Countries implementing social health insurance share the contribution burden between Employee/ Employer at a ratio of either 1:1 or 1:2 or 2:1 depending on the size of the economy.

The National Hospital Insurance Fund (NHIF) is a national contributory scheme that provides health insurance for Kenyans including insurance subsidies for the poor and vulnerable.

This chapter examines the different aspects of contributory and non-contributory health insurance schemes, the coverage, payments as well as expenditure. It provides an overview of the existing private healthcare schemes and universal healthcare coverage and highlight the data collected by the association of Kenyan insurers.

4.2. Coverage and expenditure of health insurance programs

4.2.1. National Hospital Insurance Fund (NHIF)

NHIF is a State Corporation regulated under an NHIF Act No 9 of 1998 which outlines core functions of the Fund and is the main driver of governance within NHIF. The mission of the Fund is to provide affordable, accessible, sustainable and quality health insurance through strategic resource pooling and healthcare purchasing in collaboration with stakeholders.

The Fund's mandate is to register members, collect contributions and pay out benefits for health care provided. In terms of coverage, NHIF Act provides for coverage of all Kenyan residents aged eighteen (18) years and above and their dependants. In this regard, the country already has legal framework that facilitates for universal coverage in line with the Social Health Insurance Principles. However, there are proposed changes to the NHIF Act No. 9 of 1998 to allow for contributions to the Fund by the employers at an agreed percentage of employee's salary and allow for Government and other partners to contribute to the Fund for the coverage of segments of the Kenyan population as per the agreements with the respective contributors.

Box 4.1: Social Health Protection defined in the Revised Social Protection Policy 2018

Pillar 2: Social Health Protection: The Reviewed Social Protection Policy 2018, renames social health insurance to **Social Health** Protection: This pillar refers to interventions with a view to increase coverage of health insurance. Building on recent effort in increasing coverage of the NHIF among informal sector workers and among beneficiary of social cash transfer, this pillar will further.

The NHIF model of health insurance is a contributory scheme where there is compulsory membership for formal sector workers while the informal sector workers have voluntary membership. For salaried or formal sector workers, the NHIF deduction is based on a graduated scale that ranges between KES 150 -1700 monthly depending on the different salary bands. In the case of informal sector, membership is voluntary, and premiums are flat rate of KES 500 per month per family. As at June 2019, NHIF had a membership of 8.9million principal members who are entitled to the National Scheme benefit package, 'SUPA COVER" accessible in over 6,000 NHIF accredited healthcare providers. Notably, NHIF provides a family cover for principal members and their dependents.

In addition, NHIF also provides health insurance to poor and vulnerable households identified under the cash transfer programs including the Orphans and Vulnerable Children, Older Persons and Persons with Severe Disability. The premium financing for the poor is supported by the Government at a rate of KES 6,000 per household per year. Moreover, these households also access benefits as prescribed in the National Scheme "SUPA COVER". In introducing the Social Protection in health, NHIF offers comprehensive benefits for both in – and out-patient in accordance with Section 22 of the NHIF Act.

NHIF also rolled out the Linda Mama Cover in 2017 as another subsidy program offering free maternity services targeting all pregnant women who are Kenyan citizens. Notably, this is a program that the Ministry of Health was previously implementing as Free Maternity Services Program since 2013. Additionally, the pregnant women are entitled to antenatal, delivery, postnatal care and complications arising from pregnancy.

NHIF – Informal and formal contributors

In the year 2018/19, total members enrolled in NHIF were 9,146,684 principal members, this translates to a total membership of 27 million contributor's including dependants about 25% active of the Kenyan population.

Graph 6 Illustrates the NHIF principal membership growth over five year period 2015 to 2019. The trend represents a steady growth of 12% between 2014 and 2016 and a growth of 19% in the 2017 to 2018/19.

Graph 6: NHIF Principal Membership Growth 2014/15-2018/19

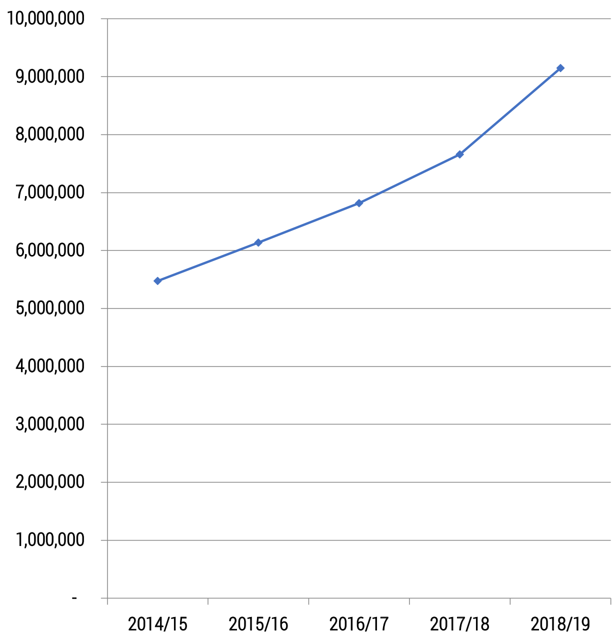
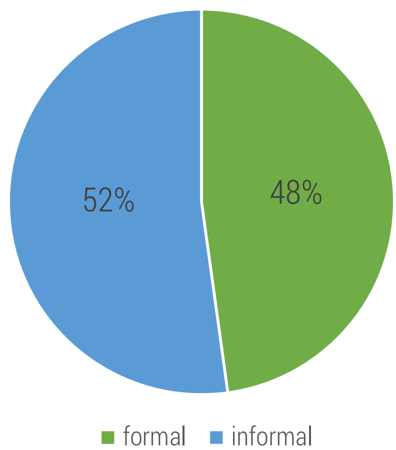


Figure 4: Proportion of Formal and Informal Contributors NHIF



The figure above depicts the proportion of coverage of the formal and informal sector; **4,284,310** and **4,675,040** principal members **respectively**.

According to NHIF data in the table 2, in the year 2018/19 total revenue from contributions from NHIF members amounted to **Ksh.53,416,365,284** against a recorded expenditure of **Kshs.53,613,568,206** on medical claims, this translates total benefit payout of **100%**. Notably, NHIF has two distinct benefit packages.

- National Scheme benefit package (Supa Cover) for formal, informal and subsidy program members
- Enhanced benefit package for civil and public servants, parastatals, secondary school students, national police and some private companies

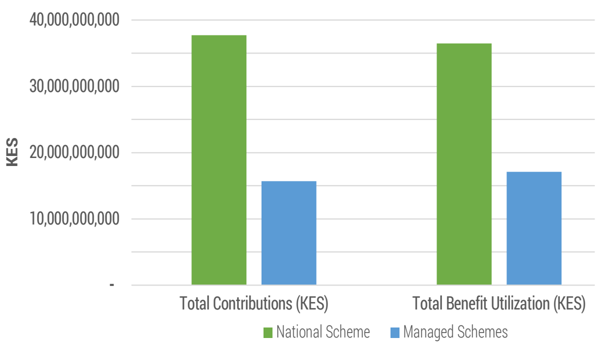
The table below illustrates the utilization of benefits from the two benefit packages.

Table 2: NHIF Members, Contributions and Expenditure

Scheme	Total Contributions (KES)	Total Benefit Utilization (KES)	Total annual payout
National Scheme	37,716,058,406	36,493,982,830	97%
Managed Schemes	15,700,306,878	17,119,585,376	109%
Total	**53,416,365,284**	**53,613,568,206**	**100%**

The figure below illustrates the contributions and the benefit utilization at the close of the Financial Year 2018/19.

Figure 5: NHIF Contributions vs Benefit Utilization; 2018/19



NHIF Subsidy Programs Membership

The total members in NHIF Subsidy Programs are **1,791,526**; with the highest number of beneficiaries under the Linda Mama Program with 1.08 million registered expectant mothers. The Graph below highlights the non-contributory schemes coverage by NHIF.

Figure 6: Coverage of Non-contributory Schemes NHIF

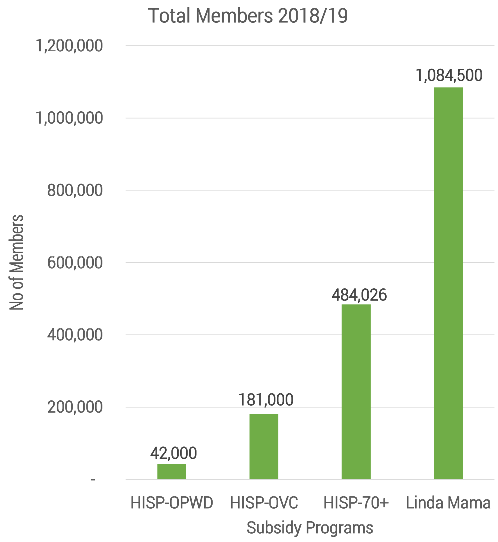
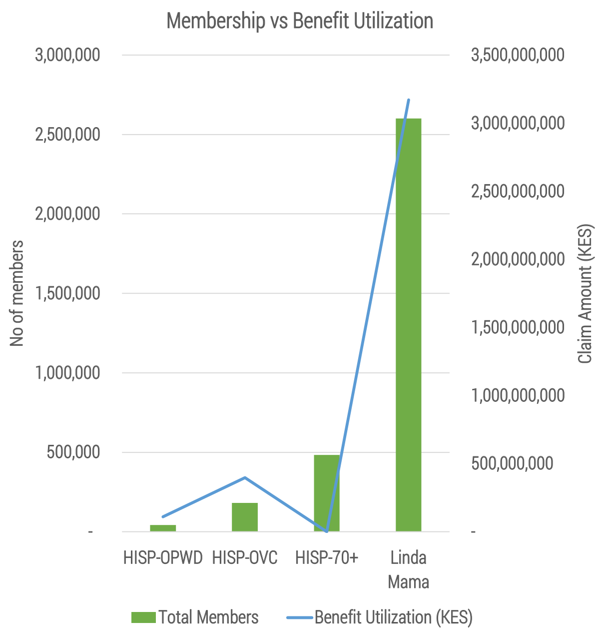


Figure 7: Coverage and Expenditure Non-contributory schemes NHIF



The following table gives an overview of membership & utilization across different programs and schemes.

Table 3: Overview of NHIF Health Insurance Schemes

NHIF: Program Type/Name	Contributory or Non-Contributory	Number of contributors/ registered members (if contributory)	Benefit Utilization (Total Expenditure) (KES)
Free maternity (Linda mama)	Non-contributory	1,084,500	3,170,973,087
Health Insurance subsidy-OVC	Non-contributory	181,315	397,432,478
Health Insurance subsidy-OPWD (>65<70)	Non-contributory	42,000	108,340,599
Health Insurance subsidy-70+	Non-contributory	484,086	0
EDUAFYA Secondary School scheme	Non-contributory	2,655,557	1,327,152,629
Civil Servant scheme	Contributory	Membership is consolidated under formal sector membership The key differentiator is enhanced benefit package accessed by scheme members	4,634,901,166
National Police Scheme	Contributory		3,525,284,450
County Schemes	Contributory		768,846,048
Parastatal schemes	Contributory		1,336,575,180
Private scheme associations	Contributory		430,801,235
National Scheme	Mixed		37,716,058,406
Total			**53,416,365,278**

Proportion of facilities accredited by NHIF;

NHIF has a system of empanelling hospitals to provide services for their registered members. These health facilities are spread across the country. Overall the proportion of accredited hospital based on the three categories;

1. 100% of government facilities, (5784)
2. 40% of private facilities (2073) and
3. 28% of faith based/mission hospitals (292)

4.2.2. Medical insurance- Private Sector

According to the Association of Kenya Insurance (AKI) Annual Report 2018, private medical insurance industry in Kenya;

Total Gross Written Premium (GWP) was KES 40.28 billion in 2018 compared to KES 38.42 billion in 2017, an increase of 4.84%. Total expenses decreased to KES 7.70 billion in 2018 from KES 7.97 billion in 2017.[9]

9 Association of Kenya Insurers (AKI) Insurance Industry Annual Report 2018 *https://www.akinsure.com/images/publications/AKI%20_Ann_Report_2018.pdf*

4.2.3. Universal Health Coverage (UHC)

In order to achieve a health system where all persons in Kenya will be able to access essential health services, the government rolled out UHC as a priority under the big four agenda. UHC as an essential package ensures the health and wellbeing of Kenyans through a single unified benefit package, without the risk of financial strain.

> "The government is in development of a health financing strategy that will ensure that the entire population is covered with some form of insurance is also underway. Increased access and demand for services, call for deliberate efforts to ensure that the services offered are of high quality. In order to ensure that quality services are offered, Kenya has adopted a national quality assurance framework - the Kenya Quality Model for Health (KQMH), which provides a pathway through which optimal levels of patient safety can be achieved, and introduction of joint health inspections checklists, which emphasize on risk based

ranking of facilities, and enforcement of an appropriate follow-up action. This will lead to a locally driven quality assurance framework on which a regulation and accreditation system can be developed to incentivize facilities to move towards accreditation and total quality management. This will create a level playing field for competition towards the highest attainable standards of quality of care as stipulated in the Constitution. Upon being launched, it was expected to transform the country's health sector that is marred by inequalities because of poverty and lack of medical insurance".[10]

The pilot for the first phase of the programme that targeted 3.2 million Kenyans commenced in Kisumu, Nyeri, Isiolo and Machakos counties and will also fully rollout in all the 47 counties by 2022. Every Kenyan will be eligible for UHC with a card issued by the NHIF therefore receiving free consultation, diagnosis services for normal ailments and get drugs for free. Additionally, the government and other development partners funded for the pilot programme of the universal health care and all the 47 counties have pledged to support the programme.

4.2.4. County Government Healthcare Schemes

Some county governments have initiated social protection programs for their citizens; some health programs governments include Kakamega and Vihiga counties among others.

Vihiga County has established ***Boresha Afya Ya Mama Na Mtoto*** in collaboration with UNICEF. This initiative aims at contributing to maternal and child mortality and malnutrition reduction by promoting access to maternal, neonatal and child preventive, promotive and curative Maternal, Neonatal and Child Health (MNCH) services. The total benefit for each beneficiary is of around 5,000 KShs (1,000 KSH + 27 KSHS) over a period of 27 months in line with the first 1,000 days of life. It promotes Family Planning and Mother and Child Health as well as ensures the reduction of geographic, economic, social and cultural barriers to access to health and nutrition services. Additionally, it aims at behavior change for skilled health service seeking, sexual and reproductive health, HIV and AIDS, child care, and safe and responsible motherhood. To meet its set goals the ***Boresha Afya Ya Mama Na Mtoto*** ensures community and family participation to improve the health of its women and children. Overall management, implementation of the program and the operation of the Health System is done by the county government. It provides the required funding and resources for the program operation and cash transfers in a timely manner. ***Boresha Afya Ya Mama Na Mtoto*** is provided in 22 registered health centers including 3 referral facilities.

Kakamega County government in collaboration with UNICEF has established Imarisha Afya Mama Na Mtoto initiative to promote Family Planning and Mother and Child Health. This provides for total benefits of around 6,000 KShs (1,000 – 1,200 KSH) over a period of 27 months (more in line with the first 1,000 days of life), delivered in 6 cycles. As such, they provide systematic payments every two months with a limit of a maximum 2 pregnancy periods separated by 2 years. The main objective is to reduce maternal and child mortality by promoting access to maternal and child preventive, promotive as well as curative Maternal and Neonatal Health (MNH) services in the Kakamega County. According to the county health facility annual assessments there has been 65% coverage of extension/ outreach services for hard-to-reach populations and population not aware of the value of continuous use of preventive services.

10 Ministry of Health - Refocusing on quality of care and increasing demand for services; Essential elements in attaining Universal Health Coverage- Dr. Wangia Elizabeth, Dr. Kandie Charles- *http://www.health.go.ke/wp-content/uploads/2019/01/UHC-QI-Policy-Brief.pdf*

5.0 | Chapter Five: Social Security

5.1. Context of social security programs in Kenya

Social security covers several areas including cautionary measures or programs formulated to safeguard citizens against economic and social distress as well as improve the wellbeing of the citizens. This section provides an analysis of data on some Kenya social security programs that are categorized under pension schemes; (i) National Social Security Fund (NSSF) which is a state contributory scheme mandatory for all employers and employees in the formal sector and informal sector workers who can contribute on voluntary basis, Standard contributions are remitted by employers on behalf of employees. (ii) Civil Servants Pension Scheme which is non-contributory administered by Treasury for the government for retired civil servants and (iii) private pension schemes.

Box 5.1 RBA

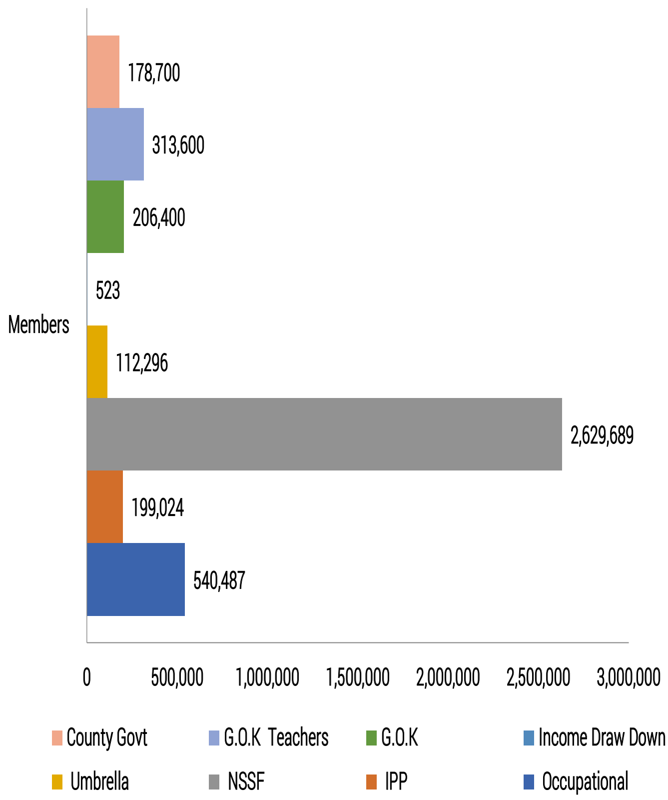
The mandate of RBA is to regulate and supervise the establishment and management of retirement benefits schemes, protect the interests of members and sponsors of retirement benefits sector and promote the development of the retirement benefits sector.

5.2. Coverage of pensions sector

According to RBA, in 2018, the sector experienced a 12.36% asset base growth amounting to Kshs. 1.204 trillion from 1.072 trillion this includes the income drawdown funds. The number registered of schemes increased **from 1,018 in 2017 to 1,261 schemes** in **2018** of which 138 schemes were transitioning which were majorly moving to Umbrella schemes.

A total **3,640,232 individuals were covered by pension schemes** from 3,240,002 in the previous year. However, the **coverage remains at 20% of the recorded employment**. Going forward RBA endeavor to put in place measures to increase the coverage to 30% as set out in its 2019 – 2024 Strategic Plan. Graph 8 illustrates total number of schemes and the different membership in all schemes. The largest scheme is **NSSF** with a total of **2,629,689**, followed by occupational schemes with 540,487 members. The **Government and teachers' pension scheme has 206,400 members and 313,600** respectively.[11]

Graph 9: Overview of Pension Industry



Source: *RBA – Retirements Benefits Industry Statistical Digest 2018*

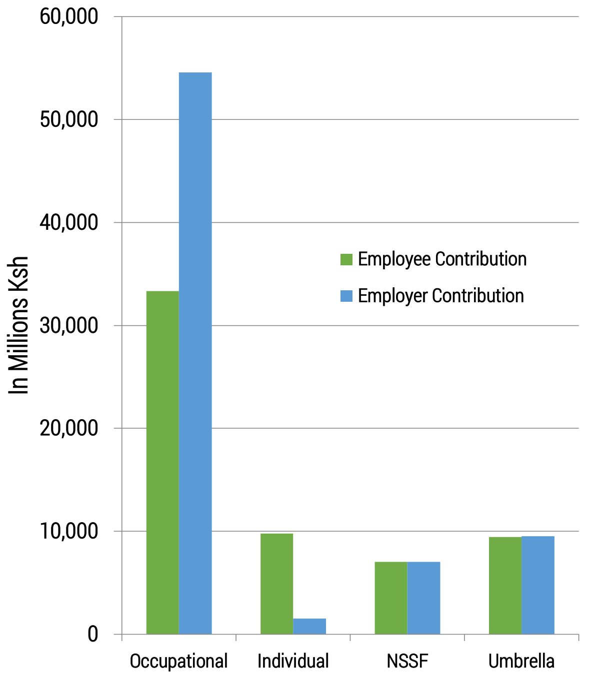
11 Retirements Benefits Authority (RBA) Retirements Benefits Industry Statistical Digest 2018

Total membership = IPP + NSSF+ Income Drawdown + TSC + County Government + Umbrella. This is because the **members in formal employment who are in Occupational s are also in the mandatory scheme NSSF**.

5.3. Contributions to Pension Schemes

The total amount contributed to pension schemes was Kshs.134,495,547,873 of which NSSF received Ksh.14,036,361,000 from employers and employees combined. The total unremitted contributions from all schemes are Ksh.37,798,756,016 while total unremitted contributions from NSSF are Ksh.45,642,000.

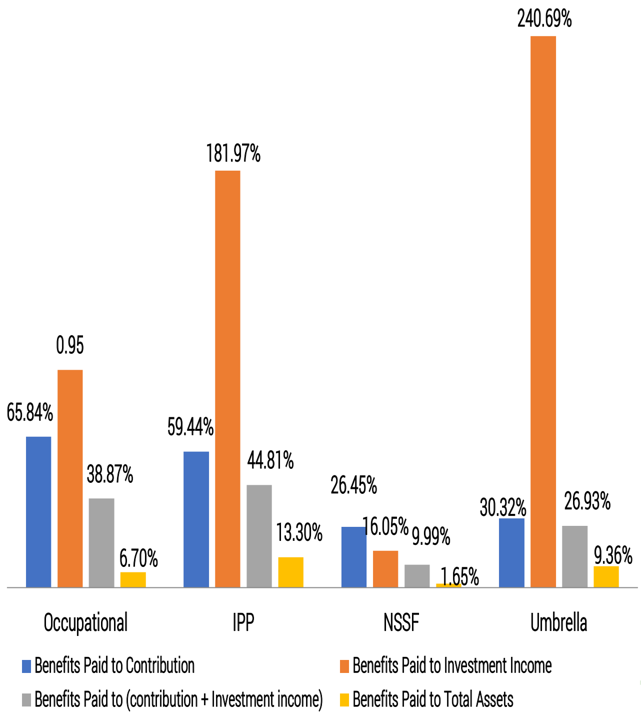
Graph 10: Employer and Employee Contributions to Pension Schemes in 2018



5.4. Benefits paid out from Schemes

Members of NSSF have received benefits amounting up to Ksh.3,712,230,000 in 2018 while the overall benefits from all schemes is Ksh.74,466,569,354. Chart 9 illustrates benefit paid ratio to the different categories.

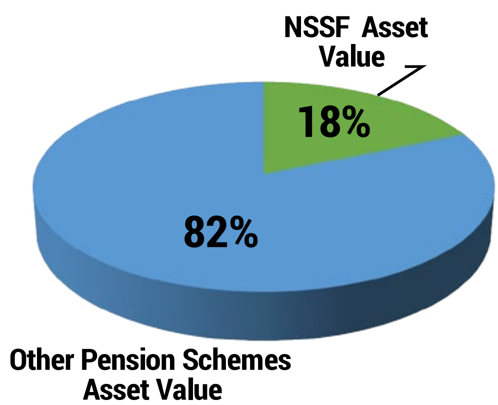
Graph 11: Benefits paid out from schemes

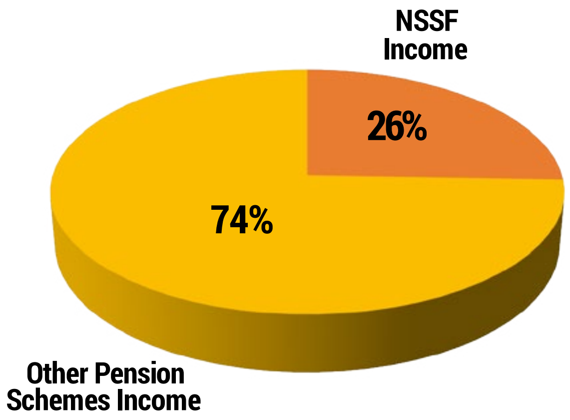


5.5. Asset Value – Pensions Schemes

The total asset value and investments by pension schemes totaled to Ksh.1.16T with NSSF contributing Ksh.213.3B. NSSF earned a total income of Ksh.23.13B and the total earned for all schemes amounted to 90.5B (RBA 2018)

Figure 7 & 8: NSSF Asset Value and Income against other schemes





Pension schemes engage in investments including property, Kenyan govt securities, quoted equity, unquoted equity, commercial papers and bonds, fixed and time deposits, cash and demand deposits, offshore investments, guaranteed funds, property unit trusts, fixed assets among others.

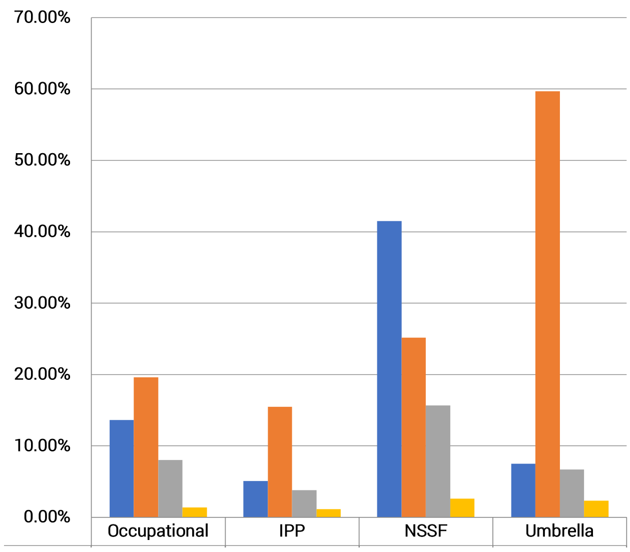
5.6. Expenditure on administration of pension schemes

Some of the expenses related to social security are trustee expenses as trustees, trustee as professional advisors, administration processing, actuarial fees, audit fees, legal fees, RBA Levy, AGM fees, salaries, administrative costs, tax, fund manager, custodian, valuers, service provider among others. The total expenses as per RBA for the year 2018 is Ksh.21,605,054,923 and Ksh.6,889,606,912 spent by NSSF.

The **benefits paid ratio to contribution** for the year 2018 added up to 55.37% while **NSSF paid 26.45%.** This is comparable to 9.99% the benefit ratio to contribution + investment income.

The **total administrative expense ratios to Contributions** total to 1.72% overall for all schemes while NSSF spent 41.49% this is comparable to the 15.67% administrative expenses to contributions + Inv. income for NSSF. Chart 10 provides various analyses of administrative expenses.

Graph 12: Administrative Expenses Pensions Schemes



	Occupational	IPP	NSSF	Umbrella
Admin Expense to Contributions	13.62%	5.06%	41.49%	7.52%
Admin Expense to Investment Income	19.62%	15.50%	25.18%	59.70%
Admin Expense to (Contribution+Inv Income)	8.04%	3.82%	15.67%	6.68%
Admin Expense to Total Assets	1.39%	1.13%	2.60%	2.32%

Source: RBA

6.0 | Chapter Six: Shock Response and Complementary

6.1. Shock Responsive Programs

Shock-responsive interventions include the provision of relief and protection to persons affected by covariate shocks such as droughts. Shock response interventions are time bound, but ideally need to be built on existing social protection tools to allow for a speedy response.

As for the challenges linked to climate shocks and humanitarian crises, the country has made a major progress in using early-warning systems to quickly respond to emergencies triggered by shocks. The readiness of the shock response will also depend largely on the incorporation of a Social Registry function into the Single Registry containing information on both beneficiaries and potential beneficiaries.

The Government of Kenya with the University of Maastricht conducted a research on 'Unleashing the potential of social protection for productive investments: an investment case for Cash-Plus programs in Kenya'. The research analyses the 'Inua Jamii' programs with the aim of understanding the barriers faced by beneficiaries and it proposes solutions that can be used to unlock the productive potential of households.

Box 6.1: Shock-responsive Social Protection defined in the Revised Social Protection Policy 2018

Pillar 3: shock-responsive social protection; this pillar includes the provision of relief and protection to persons affected by covariate shocks such as droughts, floods, forced displacement, etc. Shock response interventions are time bound, but ideally need to be built on existing social protection tools to allow for a speedy response.

The findings of the research support the design of the complementary interventions for social protection.

There has been successful development of scalable, shock-responsive social assistance over the years aimed at saving on expenditure related emergency support. As such, there are plans to increase funding within an established programme instead of through emergency support, along with greater effectiveness and stronger accountability through transfers being less ad hoc. The HSNP already has the capacity to scale from around 100,000 households to a further 272,000 households. This is on top of the existing shock-responsive capacity within CFA, FFA and School Feeding programmes. The Government established a National Drought Emergency Fund (NDEF) to consolidate government and external partner funding in support of a range of drought preparedness and response interventions under the Public Finance Management (National Drought Emergency Fund) Regulations, 2018. The Regulations are meant to guide the operations of the National Drought Emergency Fund which is to be established for the purpose of improving the effectiveness and efficiency of drought risk management systems in the country as well as to provide a common basket of emergency funds for drought risk management. The establishment of the NDEF reflects a wider Government policy shift towards drought risk management rather than crisis.

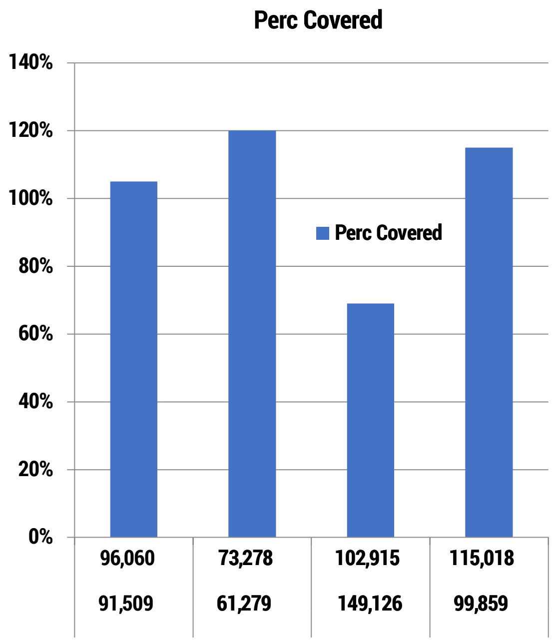
NDMA has, since 2014, been piloting the use of a dedicated Fund in drought risk management through the European Union funded Drought Contingency Fund (DCF). The DCF business process was successfully employed during the 2016-2017 drought thereby mitigating losses both of lives and livelihoods. This shift in Government policy is informed by evidence which suggests that action taken early enough can protect lives and livelihoods and avoid the high cost of emergency response. However, early action needs money, which at present can generally only be found by re-allocating funds already earmarked for other activities; few government ministries or agencies have contingencies in their budgets.

6.1.1. Coverage and expenditure shock responsive programs

HSNP re-registration and scale up

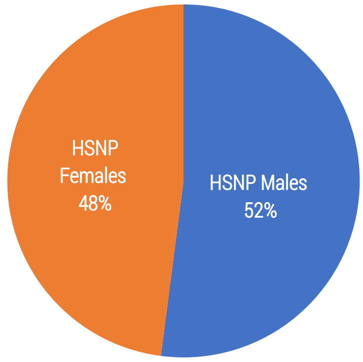
The re-registration is set to be completed by June 2020. A total of 387,271 HH have been registered against a target of 401,773 HH projected for registration, this represents an achievement of 96%. The chart below illustrates the number of members registered against the projections.

Graph 13: HSNP Households re-registered against the projections



The average members per household are 5 in 3 counties (Marsabit, Turkana, Wajir) except Mandera County where households' members average 4. Total members registered were **1,866,901**.

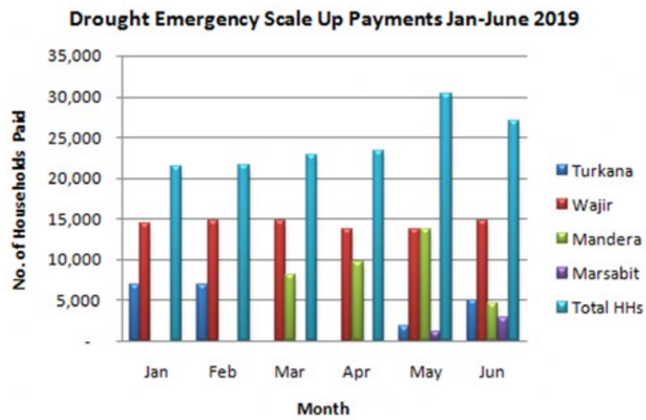
Figure 10: Gender distribution of HSNP member re-registered



Emergency payments made in FY 18/19

Emergency payments for FY 18/19 were paid for 100% of the total number of households triggered in 4 counties where HSNP is functional. The funds were availed by National Treasury and evidence submitted for the Bank to release **EUR 3,500,000.00** to the National Treasury.

Graph 14: Households paid – Emergency Scale up Jan-June 2019



Graph 15: Payments made during emergency Jan-June 2019

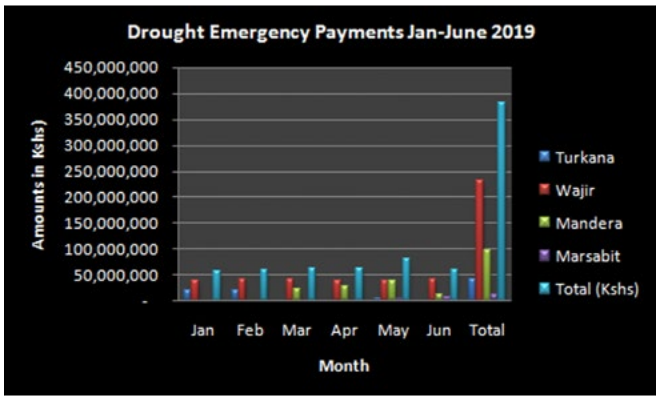
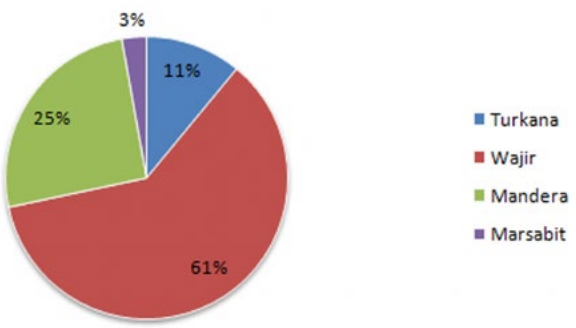


Figure 11: Distribution of drought scale-up payments by County Jan-June 2019



6.2. Complementary Programs

Complementary programs includes interventions that promote livelihoods, foster labour and economic inclusion and build resilience; facilitate access to social services such as health care, nutrition, education and training; agricultural subsidies and livestock and crop insurance and strengthen social welfare structures and the capacity of social workers.

6.2.1. Coverage and expenditure of complementary programs

The Crop insurance is a program under the Kenya Agriculture Insurance Program (KAIP)- is funded by Government of Kenya and World Bank initiative in collaboration with the private sector. The programme was started in 2013 covers 600,000 beneficiaries in 30 counties majority small scale holders farmers who are categorized as vulnerable and depend on rain fed agriculture. To qualify for the insurance program farmers must meet the following criteria; (i) difficulties in accessing credit, farm inputs and are (ii) subject to low resilience (iii) inadequate access to information and capacity to manage bad situations; and are (iv) subsistence farmers. The overall aim of the program is to promote insurance product for adoption by maize farmers in various parts of the country to cushion them against crop failure and loses resulting from natural disasters and other risks. Compensation is determined by a standardized approach: Area Yield Index and normalized differential vegetative Index (NDVI) monitoring. Farmers can pay a premium of 1,000 per acre.

Box 6.2: Complementary program defined in the Revised Social Protection Policy 2018

Pillar 4: **complementary program;** This pillar includes interventions that promote livelihoods, foster labour and economic inclusion and build resilience; facilitate access to social services such as health care, nutrition, education and training; and strengthen social welfare structures and the capacity of social workers.

The insurance is a contributory, voluntary insurance scheme for farmers;

- **416,924 farmers benefitted** from crop insurance in the year 2018/19, of these 159,000 are male farmers and 257,920 female farmers. The numbers have been increasing gradually from the last year.
- **No of counties covered by the program stand at 27**. These are Kilifi, Kwale, Taita taveta, Kisumu, Migori, Homabay, Kisii, Nyamira, Narok, Bomet, Vihiga, Bungoma, Trans Nzoia, Uasin Gishu, Nyeri, Muranga, Kiambu, Meru, Laikipia, Nyandarua, Busia, Samburu, Kirinyaga, Embu, Elgeyo Marakwet and Nakuru.
- **Total Budget for the year for Crop Insurance** was 371 Million shillings.
- **Premiums paid to a total** of ksh. 94 million of which kshs.47 million was paid by government as subsidy support for farmers who take insurance.
- In the reporting **season insurance** compensation to farmers was Kshs. 25 million as support for losses incurred in the production season.

Table 10: Expenditure Crop Insurance;

Name of program	Total Expenditure (Ksh)	Total Payments to beneficiaries (Ksh)	Total Budget (Ksh)
Crop insurance	25,600,000	25,000,000	371 Million

Livestock Insurance;

The insurance is non-contributory offered as shock a shock responsive mechanism offered to farmers in ASAL regions. Beneficiaries of livestock insurance were 18,120 in the year 2018/19. The GOK spent Ksh 707,939,682 on premiums for livestock insurance for farmers.

Table 11: Expenditure Livestock Insurance;

Name of program	Total Expenditure (Ksh)	Total Payments to beneficiaries (Ksh)	Total Administrative Expenditure (Ksh)
Livestock Insurance	1,170,000,000	1,098,615,222	324,000,000

Nutrition Improvement through Cash and Health Education (NICHE)

NICHE is a non-conditional cash transfer that bases its interventions on the existing Government's National Safety Net Programme (NSNP) cash transfer programmes. The Cash top- up for NICHE beneficiaries is a minimum of Ksh, 500 and a maximum of Ksh. 1,000 per household. It aims at improving Nutrition outcomes for Children under 2 years, pregnant and lactating mothers through Nutrition counselling. NICHE was first piloted in Kitui County for the last 2 years (2017 -2018) as part of the EU funded Maternal and Child Nutrition programme by UNICEF and other partners. Based on the learning on NICHE pilot Program in Kitui; DCS, UNICEF, World Bank and other stakeholders have planned to scale up NICHE program in the following counties with high stunting growth namely: **Marsabit, West Pokot, Turkana, Kitui and Kilifi from 2019-2023**.

Mwangaza Mashinani - Energy Cash Plus

Mwangza mashinani 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 projects target group to access and own a solar system. The expected impact of the project include 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. The project is designed to be scalable to reach further vulnerable communities.

Additional Options for funding shock responsive programs; include regular government disbursements, external partner funding (possibly partially through a multi-donor trust fund), and risk finance payments, including from African Risk Capacity (ARC) sovereign insurance pay-out. The establishment of the NDEF and earmarking of funds for scalable payments represent part fulfillment of Disbursement Linked Indicator 7 under the Government of Kenya and World Bank's National Safety Net Programme for Results. It follows the creation of the National Drought and Disaster Contingency Fund (NDDCF) during the period of the review, which is financed by the Government and the EU, and which is likely to be subsumed by the NDEF.

Success Story; Crop Insurance

Farmer displays farming tools purchased with compensation from the crop insurance funds

Farmers who suffer crop loss are compensated for the yield loss based on the hectares insured under the Crop Insurance program. The compensation is paid through mpesa. This mode of payment is accessible and convenient for the farmers. The farmers have reported that they have used the compensation money received for various needs; such as clearing debts, purchasing a cow and farming tools, paying for household and medical expenses and also buying clothing.

During a joint monitoring visit in Nakuru County, Samuel Kungu a farmer; highlighted that the only payment he incurred was for the insurance premium paid per acre of incurred maize crop (Ksh. 1,110). In 2017 when he experienced crop loss he received compensation.

7.0 | Chapter eight – Conclusion and Recommendations

Although the Kenya's social protection programs have reached a great proportion of the poor population, statistics reveal that 36.5% of Kenyans still live below the poverty line that means a large proportion of eligible households remain uncovered by any form of social protection. The many endorsements by government and partners agree that social protection is the best available option for uplifting the lives of the poor and the vulnerable Kenyan citizens.

In order to strengthen data collection and reporting the implementation and publication of the SP M&E framework will require additional and comprehensive activities such as continued meetings with the sector TWG, data MIS linkages, capacity building and learning and sharing forums. Further recommendations to enhance coverage and service delivery;

Increased investments and coverage in Social Protection

Budgetary investments from the government to scale up social assistance programs remain low. The only significant increase was in the introduction of the universal pension for the older persons the over 70+ years cash transfer program. This intervention was only undertaken once in 2017 there has not been an increase in the 70+ intake for the last two years.

Studies indicate that the impacts of social protection programs are yet to have a significant impact on poverty.[12] There is a need to increase investments in all SP

12 The Kenya Institute for Public Policy Research and Analysis -Kippra Policy Brief No. 67/2018/19 Supporting Sustainable Development through Research and Capacity Building

programs in health, social security, child grants and economic inclusion to enhance coverage.

Timely disbursements of cash benefits

The payment process and systems have greatly advance in the last year with the introduction of the payment choice model for beneficiaries who are now able to access their cash transfer through personal bank accounts. This notwithstanding, there has been delays in payment cycles for the cash transfer beneficiaries. The payments by MOH to NHIF for the Health insurance subsidy have also not been timely. The delay in disbursements exposes the beneficiaries to a debt cycle of borrowing as they wait for the cash transfer to pay back the loans. The payment cycles should be standardized for the SAU cash transfer beneficiaries and payments by the MOH to NHIF for the health insurance subsidy program.

Linkages to complementary programs

Resilience building and graduation of beneficiaries can be achieved through linking to complementary initiatives. SP programs continue to be fragmented with different agencies providing SP, round table discussions and information sharing should be enhanced to in order to have more beneficiaries covered through different programs.

Strengthening Linkages for Data Reporting

The data available in the single registry is currently limited at the most to the NSNP and WFP program. The NSPS with the support of WFP are in the process of enhancing the single registry to strengthen the MIS system to include a social registry and to link with other partners for data availability for the sector.

The efforts to integrate the single registry with SP partners systems have been strenuous over the year. Institutions have been slow to sharing information and hesitant to systems linkages to the single registry. Data and information from line ministries and partner organizations remains domiciled within organizations MIS systems. Efforts to resolve this challenge will hopefully be addressed by ongoing enhanced single registry discussions and also through the requirements of the M&E framework data collection tools and reporting.

County Linkages to Report and Enhance coverage of Social Protection

During capacity building forums with county social protection officers through the year in review, it was established that county governments are committed to social protection interventions through allocation of resources to the reduce poverty. Through the collaboration with the COG, support is required to help counties establish and implement the NSPP and develop county specific SP policies and strategies and to strengthen systems in order to build linkages with county MIS to the single registry to enhance data reporting.

It is worth noting that a comprehensive mapping of the Social Protection Sector had been conducted in 2017, the implementation of the report provides a great entry point for the Social Protection Secretariat to engage the Social assistance programs country wide to link to the single registry for easy reporting. This can be a progressive approach and with more programs linking to the single registry, a rich data source will be available.

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WFP World Food Programme