REPUBLIC OF KENYA
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KENYA SOCIAL PROTECTION SECTOR REVIEW

JUNE 2012

EXECUTIVE REPORT






KENYA VISION 2030

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Acknowledgements

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For more information on the source data, references, and analysis cited in this summary report, please see the Kenya Social Protection Sector Review main report and visit: http://www.planning.go.ke/

Abbreviations and Acronyms

ASAL	Arid and Semi-arid Lands
CBO	Community-based Organisation
CBT	Community-based Targeting
CSO	Civil Society Organisation
CT-OVC	Cash Transfer for Orphans and Vulnerable Children
GDP	Gross Domestic Product
GFD	General Food Distribution
GoK	Government of Kenya
HSNP	Hunger Safety Net Programme
ID	Identification
ICT	Information Communication Technology
KIHBS	Kenya Integrated Household Budget Survey
KPIA	Kenya Poverty and Inequality Assessment
LOC	Location OVC Committees
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MGCSD	Ministry of Gender, Children, and Social Development
MIS	Management Information System
MTP	Medium-term Plan
NGO	Non-governmental Organisation
NHIF	National Hospital Insurance Fund
NSPP	National Social Protection Policy
NSSF	National Social Security Fund
OPCT	Older Persons Cash Transfer (Programme)
OVC	Orphans and Vulnerable Children
PCRR	Programme Charter of Rights and Responsibilities
PLWHA	People Living with HIV/AIDS
PMT	Proxy Means Test
RBA	Retirement Benefit Authority
SP	Social Protection
SPF	Social Policy Framework

1. The Context for Social Protection in Kenya

1. **There is now broad consensus among policymakers that social protection is a powerful way to fight poverty and promote inclusive growth.** This international consensus is most clearly articulated in the African Union's Social Policy Framework (SPF), which was endorsed by all African heads of state in 2009. The SPF explains that social protection includes *"social security measures and furthering income security; and also the pursuit of an integrated policy approach that has a strong developmental focus, such as job creation..."* The SPF commits governments to progressively realising a minimum package of essential social protection that covers essential health care and benefits for children, informal workers, the unemployed, the elderly, and people with disabilities. This approach is echoed in the United Nation's Social Protection Floor Initiative. Across Africa, social protection has become a mainstay in poverty reduction strategies, and many countries have developed a social protection strategy.

2. **These policy advances have been accompanied by increasing investments in social protection programmes in Africa.** Governments (sometimes with support from development partners) have been investing in social protection programmes that have demonstrated a range of results. There is growing interest across Africa in safety nets as a means of providing predictable social assistance to poor and vulnerable populations. The most popular safety nets are social cash transfers and public works. At the same time, many African countries are reforming

> "There is growing interest across Africa in safety nets as a means of providing predictable social assistance to poor and vulnerable populations."

their pension systems to provide greater protection against poverty in old age. For example, several countries (including Cape Verde, Ghana, Nigeria, Sierra Leone, and Zambia) have consolidated various formal schemes into a single one that covers all formal sector workers. African countries are also exploring ways of extending health insurance to cover their populations. Rwanda has achieved near universal coverage using community-based health insurance and targeted subsidies. Ghana is also making gains using a model based on social health insurance.

3. **Evaluations of these programmes, including in Kenya, have shown that social protection directly reduces chronic poverty and vulnerability.** In Kenya, for example, an evaluation of the Cash Transfer Programme for Orphans and Vulnerable Children (CT-OVC) found that it has had a significant positive impact on the consumption, school enrolment and health outcomes of these children and their families, with their households spending the transfers primarily on food and health-related services. The programme has also resulted in an increase in the productive assets owned by recipient households. Similar results were reported for Kenya's Urban Food Subsidy Programme and its Food for Assets Programme. Beyond the CT-OVC's immediate impact on programme beneficiaries, it appears to be having significant effects on the local economy by stimulating demand for locally produced goods and services. These effects are leading to lower poverty rates among households that benefit from these programmes, with potentially significant national-level gains. For example, in Rwanda, the government has attributed the decline in poverty from 57 percent in 2006 to 45 percent in 2011 to the *Vision 2020 Umurenge Program* of public works and cash transfers, along with two other key development programs.

> "In 2005/06 the rate of poverty was 47 percent, although poverty rates were markedly higher in rural areas (50 percent) than in urban areas (34 percent)."

4. **Kenya has a long history of investing in social protection.** Social protection in Kenya is defined 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 dependants to maintain a reasonable level of income through decent work, and that ensure access to affordable healthcare, social security, and social assistance."* However, the coverage of its social insurance schemes and safety net programmes has tended to be low and their effectiveness limited. The main form of safety net support offered to poor and vulnerable populations has been humanitarian relief (often in the form of food aid), which had been mobilised by the government and the international community in response to crises such as drought and floods. In many parts of the country, most Arid and Semi-arid Lands (ASALs), this type of response

has become common, with emergency food relief being provided to poor populations every year. This suggests that this instrument has evolved into a regular response to chronic poverty and food insecurity. Concurrently, the long-established National Health Insurance Fund (NHIF) and the National Social Security Fund (NSSF) have provided coverage to formal sector workers only, who constitute only 8 percent of the labour force.

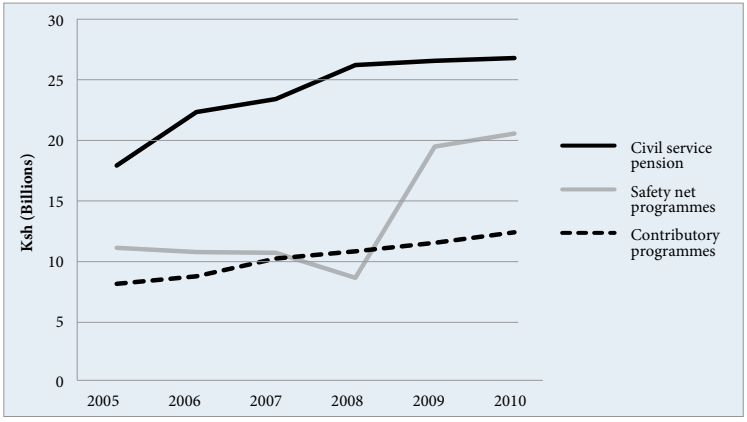
> "Poor households were 78 percent more likely to report experiencing a negative effective of a shock than their wealthier counterparts."

5. **Despite these investments and a broad range of initiatives to promote poverty reduction and economic growth, poverty and vulnerability remain high in Kenya.** In 2005/06 the rate of poverty was 47 percent, although poverty rates were markedly higher in rural areas (50 percent) than in urban areas (34 percent). They also varied among provinces from a high of 74 percent in the North Eastern province to a low of 22 percent in Nairobi. Rates of poverty also tended to be higher for households with orphans and vulnerable children (OVC) (54 percent), older people (53 percent), and people with disabilities (63 percent for children with disabilities and 53 percent for adults) than for the general population. Moreover, households living in ASALs or those living in communities with insufficient entrepreneurial activity and job creation have been found to be more vulnerable to poverty. Household size, household composition, human capital and other productive assets, and the main sector of activity of the head of household have also been found to determine vulnerability to poverty. Such vulnerability is further illustrated by the fact that households have reported experiencing a range of shocks that have negatively affected their wellbeing, although poor households were 78 percent more likely to report experiencing a negative effective of a shock than their wealthier counterparts. Households use various coping mechanisms to respond to these shocks, with poor households often engaging in activities, such as selling off their assets, that have long-term negative implications for their wellbeing. This persistent poverty highlights the fact that social protection can play an important role in the effort to reduce poverty and promote human development in Kenya.

2. The Current Social Protection Landscape in Kenya

6. **Between 2005 and 2010, social protection expenditure in Kenya rose from Ksh 33.4 billion to 57.1 billion, which was equivalent to 2.28 percent of gross domestic product (GDP) in 2010.**[1] This overall growth in social protection spending was due to increases in spending on the contributory programmes, the civil service pension, and safety nets (Figure 1). Spending on contributory programmes rose by roughly 53 percent between 2005 and 2010 as membership numbers rose. NHIF spending rose due to the higher value of benefits paid, increased membership and higher operational costs and by 2010 amounted to 0.48 percent of GDP. Similarly, civil service pension expenditure increased yearly, which resulted in an overall increase of 70 percent between 2005 and 2010. By 2010, expenditure on the civil service pension was equivalent to 1 percent of GDP. At the same time, spending on safety nets doubled, rising from Ksh 11.9 billion in 2005 to Ksh 20.5 billion in 2010, which was equivalent to 0.80 percent of GDP. This was largely due to the

Figure 1: Spending on Social Protection Programmes, 2005-2010 (Ksh)



Source: Authors (2011).

[1]*Annex 1 lists the social protection programmes that the Social Protection Sector Review assessed*

relief and recovery response to the drought in 2008 and to a rapid increase in spending on social cash transfer programmes from 2009. Overall, average spending on the General Food Distribution (GFD) programme, which is classified as relief and recovery, amounted to 53.2 percent of all safety net spending between 2005 and 2010.

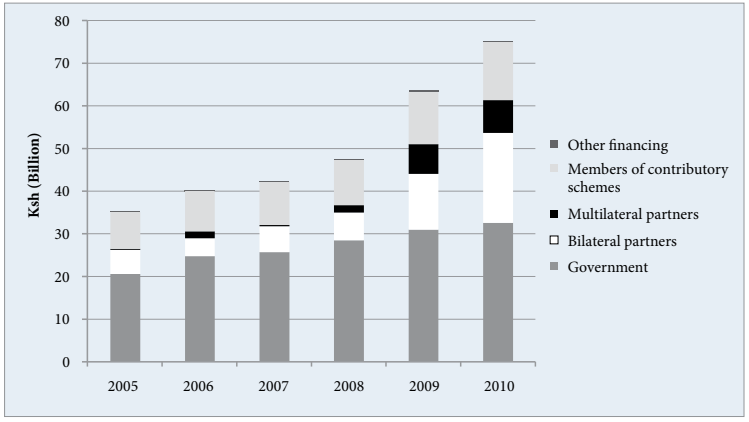
7. **The government is the largest source of financing to social protection in Kenya (55 percent), followed by development partners (22 percent) and members of contributory schemes (22 percent).** However, these sources of financing, which can be seen in Figure 2, are each concentrated on different parts of the sector. Firstly, 88 percent of total government spending on social protection is channelled to the civil service pension, with the remaining government financing being allocated to safety nets, mostly and increasingly to social cash transfers. Secondly, funding from development partners (both bilateral and multilateral) was allocated entirely to safety nets, the majority of which went to relief and recovery programmes. As a result, safety nets are largely financed by development partners (71 percent).

> "By the end of 2010, safety nets covered almost 14 percent of the population and contributory schemes covered only an estimated 1 percent."

8. **Increasing investments in social protection lead to the expanding coverage of social protection programmes.** On average, these programmes (both contributory and safety net) covered 13 percent of the population. Analysing year-on-year coverage of these programmes shows that the coverage of contributory schemes increased by 134 percent from 2005 to 2010 and safety nets increased by 35 percent over the same period. By the end of 2010, safety nets covered almost 14 percent of the population and, in spite of rapid growth, contributory schemes covered only an estimated 1 percent.

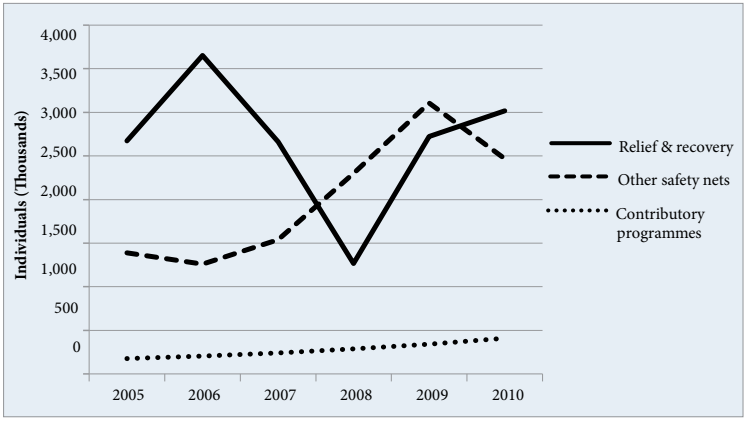
9. **Operationally, there have been a number of important advancements in the sector.** Safety net programmes tend to be well

Figure 2: Sources of Financing for the Social Protection Sector, in Ksh (Billions)



Source: Authors (2011).

Figure 3: Recipients of the Relief and Recovery, Other Safety Net, and Contributory Programmes



Source: Authors (2011).

targeted to poor counties and locations. However, the share of safety net beneficiaries in each

location does not appear to reflect the poverty rates in that location. Safety net programmes use a range of methods to identify those households that are eligible for the programme, and many programmes are now assessing the effectiveness of these approaches. In the absence of any rigorous comparisons between these methods, this review carried out simulations to estimate the relative effectiveness of the three most common targeting methods (categorical targeting, community-based targeting, and proxy means tests) in identifying poor households. The results of these simulations suggest that community-based targeting and proxy means tests (PMT) are somewhat more likely to accurately target poor households than is categorical targeting. However, experience with the targeting systems currently used in Kenya suggests that categorical targeting can be easier for communities to understand and less costly in terms of data requirements. Similarly, some communities have expressed concerns about the use of PMTs, which they see as being no more accurate in targeting the poor than good luck or an act of God.

10. **Social protection programmes are increasingly leveraging advances in information communication technology (ICT) to enhance their efficiency and overall performance.** A number of safety net programmes are or are planning to use the agency banking network and smart card technology to make transfers to beneficiaries (Box 1). At present, 29 percent of safety net benefits are channelled through banks, 6 percent through banking agents, and 4 percent through e-wallet.[2] The increasing use of these systems will make it significantly easier to exercise fiduciary oversight over the payment process. Others are experimenting with the use of mobile network platforms to transfer money, which eliminates many of the costs that beneficiaries currently incur when collecting their payments. Contributory schemes are similarly looking to capitalise on these advances in order to streamline aspects of their payment systems, with greater use of online submission of claims and payment through *M-Pesa*. Such advances are

[2] E-*wallet refers to the 'agency banking model' in which a biometric smart-card is used and mobile network platforms, such as M-Pesa.*

Box 1: Harnessing ICT to Make Cash Payments in Northern Kenya

The HSNP targets the poorest, most food-insecure districts in northern Kenya. The area presents three key challenges for the delivery of cash payments: poor security, poor infrastructure, and low population densities. These factors make the physical delivery of cash transfers very expensive and expose recipients to the risk of theft. To address these constraints, the programme adopted an agency banking model for the delivery of its cash payments.

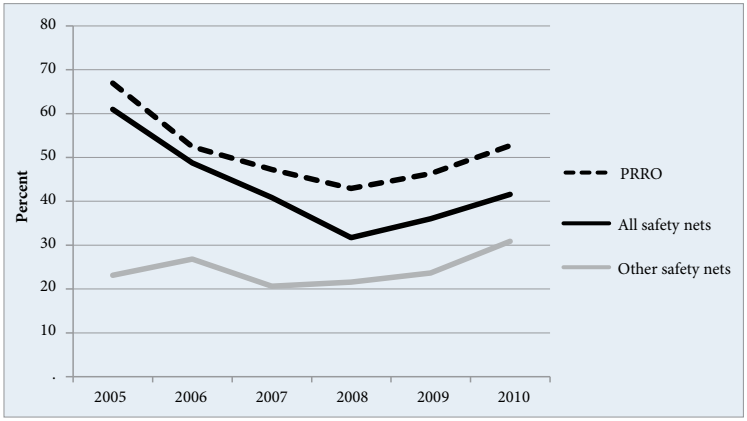
To establish this model, the Equity Bank interviewed merchants in local communities to find those with a strong reputation for propriety and liquidity in their businesses to provide payments to recipients. Once recruited, these agents were given a point of sale device (POS) and a solar panel if no other power was available to recharge the device, and were trained in how to use it.

Beneficiaries of the programme were then given a personalised smart card with their name and photo printed on the card and electronic biometrics of their fingerprints embedded in the card's chip. Under the new system, they take this card to their nearest agent who insets it in the POS which verifies their identity. The agent then gives the cash to the recipient from the till. An electronic record is used to credit the agent's account at the Equity Bank branch with the funds that he has disbursed as well as a commission for providing the service.

In areas with no mobile network coverage, agents are allowed to make "offline" payments, which are then recorded in the system once the agent moves to a location with mobile network coverage.

increasing the efficiency of social protection programmes, which are also beginning to experience economies of scale. This is evidenced by the fact that overhead costs are falling, although these remain high by international standards. Overhead costs accounted for an average of 39 percent of total expenditure on safety net programmes from 2005 to 2010, although there has been a noticeable decline during this period (Figure 4). The non-transfer costs of contributory programmes have been very high, although there is some suggestion

Figure 4: Non-transfer Expenditure Ratios of Safety Net Programmes



Source: Authors (2011).

that they are declining. Currently, overheads in these programmes average 51 percent.

11. **Evidence shows that social protection programmes, particularly safety nets, have established fairly robust accountability mechanisms** to ensure fiduciary control and "upwards" accountability of programme staff to programme managers and parliamentarians. Many safety nets have also established strong systems to create "downwards" accountability to beneficiaries and communities, most commonly by using community-level organisations to monitor implementation progress and advocate for beneficiaries' rights (see for example Box 2). While this strategy appears to be effective in many ways, it has raised questions about the sustainability of programmes that depend heavily on voluntary labour at the local level.

12. **Despite these general advances in the social protection sector, progress is uneven among types of programmes (contributory versus safety net programmes and among safety net programmes themselves) and among operational areas.** Importantly, monitoring and evaluation of social protection programmes in Kenya is weak even though there is a pressing need for robust

Box 2: Promoting Downwards Accountability in Safety Net Programmes

Social protection programmes in Kenya are using a range of instruments to ensure that they are accountable to their beneficiaries and to the communities in which they operate. This is known as downwards accountability (also called "demand-side" accountability). In contrast, upwards accountability is the accountability of programme implementers to programme managers, policymakers, and Members of Parliament.

Some notable advances in this area include: (i) providing information to communities and beneficiaries through *barazas* and service charters; (ii) making public audit reports, evaluations, and other programme reviews; (iii) establishing committees to represent beneficiaries; (iv) involving local people in programme processes and decision-making, for example, in programme targeting; and (v) creating complaints and appeals procedures for beneficiary feedback.

From a governance perspective, involving communities in the targeting process can significantly increase the likelihood that the right people are selected for the programme. Most safety nets in Kenya have adopted this approach regardless of the targeting method used. A number of programmes have also established community-based committees to help to manage the programme on the ground. For example, the relief committees of the Food for Assets programme are reported to be succeeding in securing the best programme outcomes for the communities that they are serving. Some of the programmes have produced and distributed service charters to programme beneficiaries and to the communities in which they live. For example, WFP programmes have established complaints committees that are made up of elders and opinion leaders.

information on the performance and impact of these programmes to inform programme managers and policymakers. In some cases, such information is collected but is not made publicly available. In those cases where programmes have been robustly monitored and evaluated, this has yielded substantial evidence that they have increased household consumption and school enrolment and improved health outcomes (Box 3). There is also some evidence that these programmes empower vulnerable groups and stimulate markets. However, this evidence has only been gathered for a sub-set of programmes and is not necessarily representative of the sector as a whole. Even basic data on programme implementation are often scarce, making it challenging to undertake a comprehensive assessment of the sector's performance. As a result, it is almost impossible for policymakers to get an accurate picture of the beneficiaries of these programmes. Furthermore, there continue to be delays in payments, which are largely due to the lengthy process involved in moving funds through government systems and in claiming benefits from contributory schemes. Registration systems also tend to be manual and slow and are often prone to errors. Finally, the only social protection programmes that can be scaled up in response to crises are those classified as relief and recovery, and this inability can prevent social protection programmes from providing effective support to chronically poor and vulnerable populations in times of greatest need.

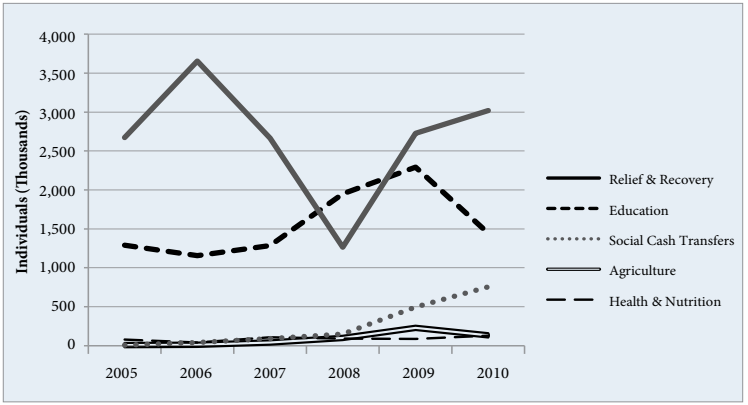
> "In those cases where programmes have been robustly monitored and evaluated, this has yielded substantial evidence that they have increased household consumption and school enrolment and improved health outcomes."

13. **However, the sector is evolving in various ways - for example, there has been a slow move towards ensuring that safety net programmes provide predictable and reliable support to poor and vulnerable populations.** This has been seen, most notably, in the steady expansion of social cash

Box 3: The Impact of the Cash Transfer for Orphans and Vulnerable Children Programme

The early findings of the impact evaluation of the CT-OVC Programme for the period 2007-2011 showed that the programme continues to have a significant impact on household welfare. Household consumption has increased, with households using programme transfers primarily for food and health spending, which has led to a significant increase in spending on meat, fish, and dairy products. There has also been a significant reduction of on-farm child labour, and older and/or chronically ill beneficiaries seem to be working less in casual wage employment and more on their own farms. Additionally, the programme continues to have a significant positive impact on enrolments of children in secondary school. Finally, there is emerging evidence that the programme is reducing the vulnerability of young people to HIV.

Figure 5: Recipients of Safety Nets by Sector

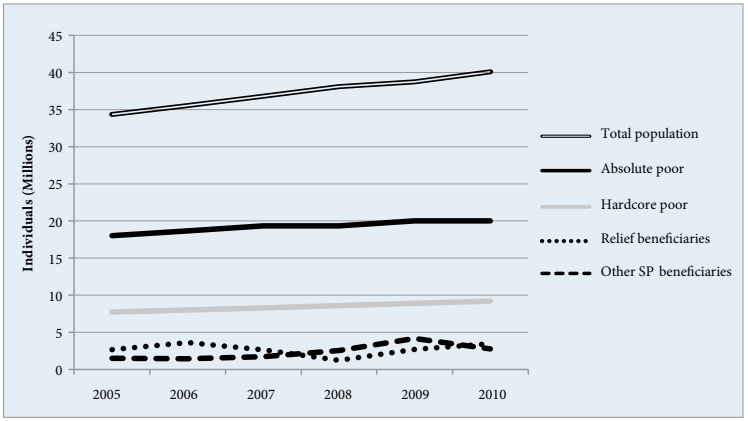


Source: Authors (2011).

transfer programmes both in terms of geographic areas and in the number of households covered. Despite this trend, safety nets remain dominated by relief and recovery programmes, particularly *ad hoc* emergency food-based responses. In 2010, for example, an estimated 40 percent of all safety net beneficiaries were receiving support from the General Food Distribution programme (Figure 5). While there is a long history of providing such support to poor populations in Kenya, international evidence suggests that the use of such emergency programmes to respond to chronic poverty tends to be inefficient. This is because, while it can save lives in the short run, it tends to be unable to halt the population's downward spiral into destitution as livelihoods are continually eroded. Importantly, there are currently no rigorous impact evaluations of emergency food aid in Kenya.

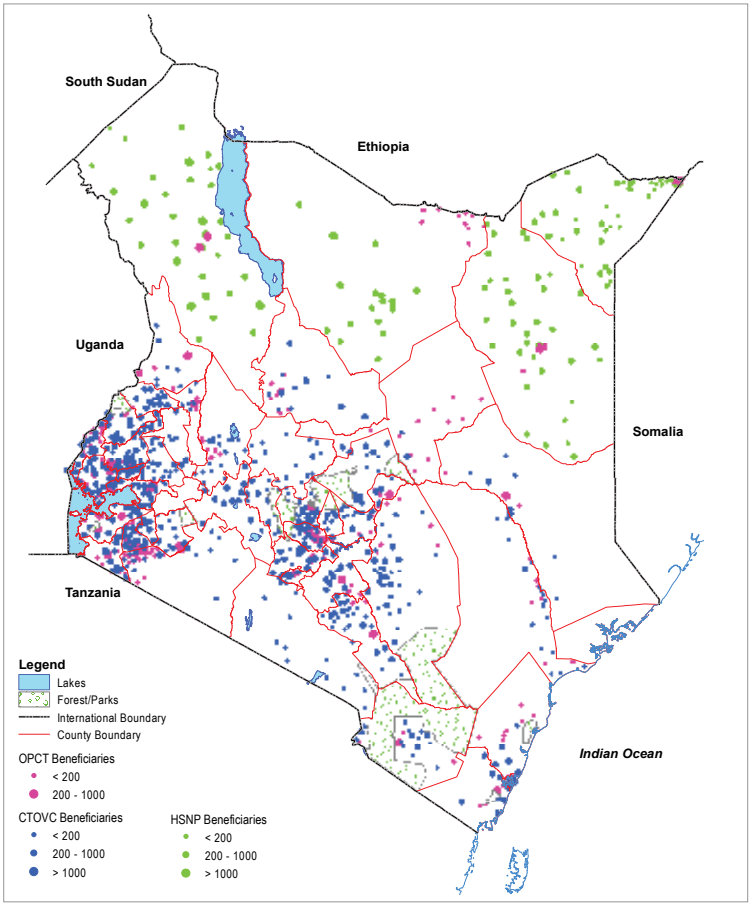
14. **Additionally, despite increasing coverage of and investments in safety nets, their coverage remains low in comparison to the population in need.** For example, safety nets cover only a fraction of the poor population (a maximum of 27 percent – see Figure 6) and of vulnerable groups (ranging from an estimated 28 percent of poor households with OVCs to 0.38 percent of poor households with a member who is disabled). At the same time, the

Figure 6: Recipients of Relief and Recovery and Other Social Protection Programmes Compared to Poverty Rates, 2005-2010



Source: Authors (2011).
Notes: Poverty rates are assumed to be constant over this period. With reference to Table 1.1, "Other SP Beneficiaries" are defined as all contributory and safety net programmes, except those in the relief and recovery sector, and without the civil service pension.

Map 1: Geographic Coverage of Social Cash Transfer Programmes in Kenya, 2010



Source: Programme Administrative Data.

adequacy of support provided to households is questionable, as cash transfers are rarely adjusted for inflation, household size, or other factors. Also, food support is often subject to delays.

15. **Furthermore, safety net programmes are fragmented and uncoordinated. There are currently over 19 of these programmes in Kenya implemented by over a dozen different agencies.** They tend to be small (with a median size of 120,000 beneficiaries) and to overlap with each other geographically (Map 1).[3] This means that there is a high degree of fragmentation in the sector, which undermines opportunities for efficiency gains or economies of scale. Additionally, the implementing agencies are often weak and have limited capacity. These parallel implementation structures make it difficult to take a coherent approach to capacity building across the sector.

16. **Reforms are underway to address many of the weaknesses in social insurance schemes and to extend coverage to workers in the informal sector.** Historically, the NSSF has had low rates of coverage as well as contributions. This, together with poor investment returns, has resulted in low benefit levels for members. The NSSF is currently structured as a provident fund, meaning that beneficiaries are paid only once (in a lump sum) upon retirement.

[3] *This figure is based on the information collected for the Kenya Social Protection Review. The Review analyzed 22 social protection programs, of which 19 were classified as safety nets. See Annex 1.*

Overheads are high, and the Fund has not, until recently, been compliant with Retirement Benefit Authority (RBA) regulations concerning fund governance and asset management. In addition, the public's confidence in the Fund's ability to deliver on its mandate is generally low. However, the NSSF has started to implement some reforms in order to address some of these issues. For example, it is trying to increase the returns on its investments, to ensure its compliance with the RBA by employing asset managers and custodians to oversee its assets, and to reduce overheads, while also changing from a provident fund into a pension fund.

17. **The NHIF has the same range of weaknesses, which threaten its long-term fiscal sustainability.** Like the NSSF, coverage of the NHIF has been low, although it has increased rapidly since 2004 and now stands at almost 17 percent of the population. NHIF contributions have not been changed since 1990. They are based on a worker's income up to a predefined ceiling, with the contributions from informal sector members being set at 50 percent of the rate for formal sector workers. However, many informal sector members are inactive and thus not making regular contributions to the Fund. This, together with the fact that informal sector workers join on a voluntary basis, suggests that there is some adverse selection into the Fund, with only those informal sector workers who are in need of health care participating in the Fund. Indeed, in 2010, 33 percent of all benefits were paid to informal sector members, who paid only 5 percent of all contributions. Against this backdrop, the government is considering a range of reforms. One key proposal is to increase contribution rates, which would make the Fund more financially sustainable and create an opportunity to increase benefits.

"Like the NSSF, coverage of the NHIF has been low, although it has increased rapidly since 2004 and now stands at almost 17 percent of the population."

18. **The civil service pension dominates government financing to the social protection sector (and indeed all financing to the sector).** The civil service pension is currently a pay-as-you-go defined benefit scheme financed from the government's general revenue. However, there is a Bill currently before Parliament that would turn it into a fully funded defined contribution scheme with the government (as the employer) financing the equivalent of 15.5 percent of the workers' salaries and the employees contributing 7.5 percent of their salaries to the scheme. If passed, this Bill would significantly increase the fiscal sustainability of the pension scheme and would reduce future fiscal liabilities.

3. Looking to the Future

19. **The policy context for social protection in Kenya is changing** in response to calls from the African Union for governments to expand access to social protection and to the government's recent commitment in the Bill of Rights (2010) to extend social security to all. These trends have culminated in the development of a National Social Protection Policy (NSPP), recently ratified by Cabinet, which aims to progressively expand coverage of social security in line with the government's constitutional commitment. To this end, the Policy proposes to extend social assistance (safety nets) to various specified target populations with the ultimate goals of providing universal access to social assistance to the vulnerable throughout their lifecycle and establishing comprehensive social security arrangements that will extend legal coverage to all workers and their dependents, whether in the formal or informal sectors.

> "The National Social Protection Policy recently ratified by Cabinet, aims to progressively expand coverage of social security in line with the government's constitutional commitment."

20. **The sections that follow consider a set of reforms that would help to meet the goal of progressively realising the universal right to social security.** These are consistent with the directions detailed in the Social Protection Policy and are informed by the analysis in this Review. These reforms would make it possible to extend the coverage of social protection programmes while at the same time addressing the current operational weaknesses in the sector that have been identified in the previous chapters.

21. **There are four principle areas of reform.**

These are: (i) defining the appropriate safety net programme mix; (ii) increasing coordination among safety net programmes to reduce fragmentation and duplication; (iii) increasing financing to safety nets in the context of a tight fiscal environment; and (iv) expanding the coverage of contributory programmes to the non-formal sector while also addressing the problems of the adequacy of benefit levels and the financial sustainability of the programmes. Importantly, these reforms are mutually reinforcing. In many cases, any progress made in one area of reform will contribute towards making progress in the other three areas.

3.1 Defining the Appropriate Programme Mix within Social Assistance

22. **Article 43(3) of the Constitution (2010) states that "The State shall provide appropriate social security to persons who are unable to support themselves and their dependants."** To progressively realise this right to social assistance for those in need, the government must define an appropriate mix of programmes based on the country's medium-term objectives and fiscal considerations. Yet, because safety net programmes currently have a range of different objectives and there is generally limited information on their effectiveness in delivering on the country's stated policy goals, it is difficult to determine the exact form that safety nets should take in Kenya. In recognition of these limitations, some parameters should guide the government's strategy to define the right programme mix.

> "Because safety net programmes currently have a range of different objectives and there is generally limited information on their effectiveness it is difficult to determine the exact form that safety nets should take in Kenya."

Progressively Realising Access to Social Assistance for Vulnerable Groups

23. **Given current fiscal limitations, in the short term the government will need to decide which sub-groups within the vulnerable population should receive priority support.** At present, there is no indication in the Constitution or other legislation that one vulnerable group should be prioritised over another. For example, while the cost of extending safety net support to all households with children under 18 years of age would cost 8.25 percent of GDP, refining the target group to only poor households with children under 18 years of age would reduce the cost to 3.87 percent of GDP. Refining the target group further to only poor households containing OVCs would reduce the cost to 0.39 percent of GDP. Similarly, targeting all households with members who are over 60 years of age would cost 2.25 percent of GDP, while limiting coverage to only poor households with members over 60 years of age would cost 0.94 percent of GDP. Table 1 presents these figures for poor and vulnerable groups.

Table 1: Estimated Cost of Achieving Coverage of Specified Vulnerable Groups

Households Including One or More Members Who Are:[2]	Coverage and Cost		Annual Cost of Covering Absolutely Poor Households in Selected Vulnerable Group[1]			Mid-Case as Percentage of GDP	Mid-Case as Percentage of GOK Expenditure
	Coverage	Approx. Cost[3]	Worst Case	Mid-Case	Best Case		
Disabled	2,894	38	9,648	8,817	7,985	0.35%	1.08
OVCs	171,571	2,230	10,812	9,880	8,948	0.39%	1.21
Over 60 years	21,587	281	26,238	23,976	21,714	0.94%	2.95
PLWHA or Chronically Ill	13,033	169	9,656	8,823	7,991	0.35%	1.08
Children under 18 years	198,919	2,592	106,823	97,614	88,405	3.83%	12.00

Source: Authors (2011).
Notes: [1]Assuming monthly transfers of Ksh 2,000 and an overhead of 45 percent (for the worst case) and 20 percent (for the best case). The mid-case is half way between these two scenarios. All three scenarios are based on the number of absolute poor households in the selected vulnerable groups. These figures are calculated from the KIHBS. All three scenarios also assume that resources are perfectly targeted to these households. [2]This column includes the actual numbers of people in each category directly targeted by programmes (using programme data) plus the proportion of PRRO beneficiaries according to national prevalence for each category. [3]Calculated multiplying the current average cost (2010) to reach a safety net beneficiary household (programme data) and the number of households in the group.

24. **There are a number of factors that the government could consider in this process of deciding which vulnerable groups to target first.** To start with, of all vulnerable groups, OVCs are the most likely to live in households that are poor (50 percent of households containing with OVCs are poor), followed by households with children under 18 years of age (46 percent) and then by households containing people over 60 years of age (42 percent). Simulations have shown that there is unlikely to be much difference in terms of poverty reduction if one group is targeted rather than another. However, other policy goals are relevant too. For example, experience shows that investing in children has long-term benefits not only for the children themselves but also for their households and communities in addition to the immediate benefit of consumption support. Such productive benefits can enable households to invest in their human capital in ways that will improve their livelihoods and ultimately spur greater economic growth. The analysis in this Review has shown also that it is important to agree and apply clear definitions of all vulnerable groups at the national level to ensure that they are treated consistently in all safety net programmes, particularly with regard to targeting.

25. **In addition, safety net programmes tend to target resources geographically before targeting them to specific households within those regions** (either by targeting vulnerable groups by category

or identifying those households that are poor). The analysis in this Review shows that safety net programmes are mostly succeeding in targeting resources to poor counties. Poorer counties tend to receive proportionally more resources than less poor counties in recognition of the fact that they have a greater number of poor people. However, this is not the case locations, which tend to receive an equal amount of resources regardless of their poverty rates. Allocating proportionally greater levels of resources to poorer locations would make it more likely that the poorest households would benefit from social assistance resources, thereby reducing errors of exclusion. Such an allocation could be done by revising and improving the small area poverty estimates based on the latest census data from 2009. This should be done in the short term to inform the strategy to extend the coverage of safety net programmes that is discussed below in paragraph 30.

> "Allocating proportionally greater levels of resources to poorer locations would make it more likely that the poorest households would benefit from social assistance resources, thereby reducing errors of exclusion."

Increasing the Effectiveness of Safety Net Support for Households

26. **While the above analysis suggests how the government could progressively expand safety net support to poor and vulnerable populations in Kenya, it does not consider the type of support the government should extend.** While much more analytical work is required to develop the reform agenda, the analysis in this Review suggests that there are some short-term measures that the government could take that would increase the effectiveness of safety nets.

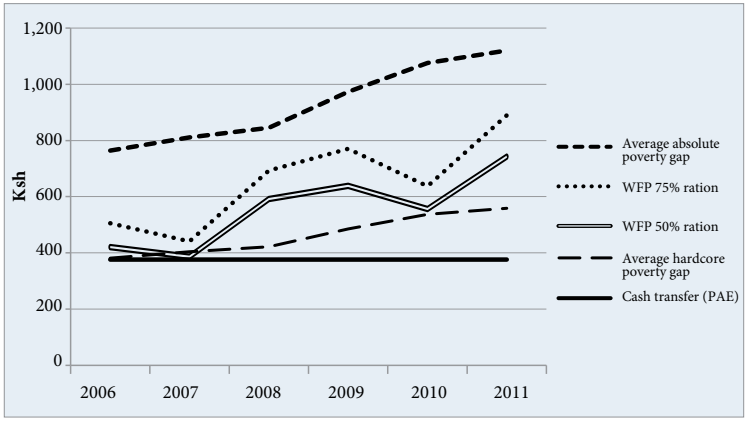
27. **The GFD programme continues to dominate safety net spending in Kenya, accounting for 53.2 percent of all safety net spending.** As discussed above, this kind of support is an important way of responding to emergency situations such as floods or droughts. However, in reality, the GFD programme is being used to provide food aid to populations that are chronically poor, such as those in the ASALs, but not in any systematic way. Therefore, the government could consider reallocating resources from the GFD programme to a transfer programme that will provide these groups with more predictable support. This could be done, for example, by expanding the coverage of the Hunger Safety Net Programme, which targets poor and vulnerable populations in ASALs. This would capitalise on existing implementation capacity and experience, while avoiding further fragmentation and duplication among programmes (see reform area 2 below). It would also be more efficient to provide support through a predictable safety net than through the emergency system, while paying households in cash instead of food would give

them more flexibility to meet their daily needs. Regardless of what delivery mechanism is used, there is a strong need to ensure robust monitoring and evaluation to determine the impact that this predictable support will have on the target population and to inform continued improvements in programme design and delivery.

28. **A large amount of safety net spending is allocated to school feeding programmes, which, as international evidence has shown do not tend to provide effective safety net support, although they do increase school enrolments.** There may be scope to reallocate some of these resources to social cash transfers that would have a greater positive impact on the welfare of children and families. However, school feeding programmes have some important education benefits that should not be overlooked and, depending on the objectives of the programme, should in some cases be prioritised.

29. **However, some social cash transfer programmes continue to experience difficulties in making regular, predictable payments to beneficiaries.** To provide effective support, these programmes will need to review their procedures to ensure that payments can be made on time. Most importantly, for those programmes implemented through government systems, reclassifying safety net expenditures as personnel emoluments rather than general expenses in the national budget would reduce the current delays in the flow of funds to these programmes. It would also be more efficient to make payments in cash rather than in kind because cash transfers can be paid electronically whereas in-kind benefits cannot. Additionally, the government must develop clear guidelines on how to increase the value of safety net cash benefits in response to inflation and household size among other factors to ensure that these benefits achieve their intended impact. As seen in Figure 7, the value of cash transfers has remained constant over time, even as absolute and hardcore poverty gaps have increased. While providing variable transfer rates can be complex, technological advances are making it increasingly feasible, and the benefits, in terms of the positive impact on households, can be significant.

Figure 7: Evolutions in the Value of Transfers, 2006-2011



Source: Authors (2011).

3.2 Increasing Coordination among Social Assistance Programmes to Reduce Fragmentation and Duplication

30. **In the short term, there is a need for greater coordination among social cash transfer programmes to minimise duplication and gaps in provision.** This should take place in the context of a nationwide strategy to extend the coverage of these programmes, to ensure equity in the provision of safety net programmes, and to respond to the fact that some programmes currently cover specific geographic areas (such as ASALs or urban slums), while others aim to have national coverage of specific vulnerable groups (such as OVCs or the elderly).

31. **This should be followed by a set of actions to harmonise these programmes including the adoption of a single registry, a common monitoring and evaluation (M&E) framework and sector-wide minimum standards for accountability.** As the analysis in this Review shows, these three steps should be relatively straightforward for three reasons: (i) because some programmes have well-developed management

Table 2: Intended Impact of Selected Programmes

Intended Impact	OVC-CT	HSNP*	PRRO	WFP CP	Urban Food Subsidy	NMK	OPCT
Increased food security/access to food	✓		✓	✓	✓	✓	
Better health and nutrition (including reduction of malnutrition of children under 5)	✓		✓	✓		✓	
More household assets	✓	✓	✓		✓		
Reduced poverty		✓				✓	✓
Increased school enrolment, attendance, completion rates	✓		✓	✓			
Better coping strategies			✓		✓	✓	
Lower food market prices	✓		✓		✓		
Prevention of acute food insecurity			✓		✓		
Reduced mortality and morbidity	✓						
Greater resilience through disaster preparedness and mitigation measures			✓				
More birth registration and identity cards	✓						

Source: Authors (2011).
Note: The HSNP does not have a programme logframe but is included in the broader logical framework for DFID's social development activities.

information systems (MISs) that could easily be extended to other programmes; (ii) the fact that most programmes already collect data on a common set of indicators (Table 2); and (iii) there are already examples of best practices in accountability that could be applied to all social assistance programmes. The proposed single registry could take various forms and would not necessarily involve a single database. Instead, it could consist of a set of data-sharing protocols that would make it possible to compare data among different databases. Regardless of its exact form, the single registry would address some key operational weaknesses in the sector as well as increasing the coherence of the safety net system. Also, operationally, a single registry would significantly reduce the scope for fraud and corruption (Box 4).

> "The single registry would address some key operational weaknesses in the sector as well as increasing the coherence of the safety net system."

32. **In the longer term, the aim should be to consolidate these programmes into a national safety net system that would use common systems and structures.** The NSPP contains a proposal to establish a National Social Protection Council that would coordinate and oversee the development, implementation, and integration of social protection strategies, programmes, and resources. A national safety net system would support these objectives further by making more efficient use of existing implementation capacity and simplifying capacity building nationwide. It would also reduce duplication and overlap of functions in the implementation of cash transfer programmes (for example, by rationalising the secretariats that

Box 4: The Potential Benefits of a Single Beneficiary Registry

The National Social Protection Policy advocates the establishment of a universal registry of all beneficiaries enrolled in existing safety net programmes. The single registry would enable the various programmes to use the same information system, which would eliminate the need to and the costs of designing such systems for individual programs. The registry would be a source of timely and consolidated information from various programmes that policymakers could use to inform their decision-making. Importantly, the registry could be the foundation for the creation of other common systems (for example, a common payment system), which would further reduce the costs associated with delivering benefits. Operationally, the registry would reduce "double dipping," the phenomenon where individuals benefit from more than one programme, and would make it easier for beneficiaries to move between programs. Having a single registry of beneficiaries would also facilitate more effective responses to emergencies as many of the poor and vulnerable would already be registered, making it easier to rapidly scale up existing programmes in response to short-term and unforeseen shocks. Finally, linking the registry to the broader national registration system would enable programme staff to verify beneficiary identities to ensure that the safety net is accurately targeting the poor and vulnerable.

currently implement the programmes managed by the Ministry of Gender, Children, and Social Development). Importantly, this it would significantly increase accountability of program managers to beneficiaries and parliamentarians. At the same time, the consolidated system could leverage the comparative advantages of the private sector in Kenya by, for example, outsourcing the delivery of payments. A national system would also be well positioned to ensure that the best practices used in the individual social cash transfer programmes were adopted across the whole system.

33. **This national safety net system could then be reinforced by building its capacity to respond to transitory crises.** International experience increasingly shows that scaling up established safety net programmes is the most effective way of protecting households from the negative effects of shocks because it is faster, more effective, and cheaper than emergency assistance. In order for

Table 3: Estimated Time Required for Social Cash Transfers to Cover Selected Vulnerable Groups

Target Populations	Years to Achieve Comprehensive Coverage[1/]
All households with:	
One or more disabled or chronically ill member	5
One or more OVC	3
One or more over 60 years of age	11
One or more PLWHA	4
Children under 18 years of age	37
All absolute poor households with:	
One or more disabled or chronically ill member	2
One or more OVC	1
One or more over 60 years of age	5
One or more PLWHA	2
Children under 18 years of age	17
All absolute poor households with vulnerable (except children under 18)	**9**

Source: Authors' calculations based on programme data (2011).
Notes: 1/ These figures reflect the assumption that if the resources required to achieve comprehensive coverage are more than those available in a single year that, comprehensive coverage would only be achieved at the end of the next fiscal year, even if the additional resources required are very small. For this reason, the amount of time it would take to achieve comprehensive coverage among all absolute poor households with vulnerable members is less than the amount of time suggested by summing up the figure presented for each of the poor, vulnerable groups separately.

an existing programme to be scaled up quickly and effectively, a number of systems need to be established in advance. These include: (i) targeting and payment systems that can quickly extend the coverage of the programme to a greater number of people; (ii) early warning triggers to prompt the scaling up of support; and (iii) robust links with the emergency response system, particularly the National Drought Management Authority and National Contingency Fund.

3.3 Increasing Financing to Safety Net Programmes in the Context of a Tight Fiscal Environment

34. **Progressively increasing funding to safety nets as the available fiscal space allows can achieve high rates of coverage among poor and vulnerable groups.** The need to increase spending on safety nets in order to expand coverage is recognised in the draft NSSP and in Vision 2030. While there are competing priorities for government revenue, public financing to safety nets accounts for only 0.6 percent of total government expenditure compared with the 19.8 percent spent on education and the 5.5 percent spent on health. Economic growth of 6 percent per year would generate an estimated additional Ksh 100 billion in annual government revenue. If a small proportion of this increasing fiscal space were gradually allocated to safety nets as described in the discussion of the first reform area, substantial increases in coverage could be achieved in a short time. More specifically, as seen in Table 3, if 5 percent of these resources were allocated to safety nets, it would be possible to achieve comprehensive coverage of poor households with members who are vulnerable -- for example, OVCs, the elderly, the disabled or chronically ill, and people living with HIV and AIDS (PLWHA) - in nine years. An annual increase of this magnitude would lead to comprehensive coverage of poor households with OVCs in one year or provide support to all poor households with elderly members in five years. These estimates may overstate the level of resources needed to achieve these high rates of coverage among multiple vulnerable groups as it is likely that, for example, households with OVCs may also contain members who are over 60 years of age.

> "If a small proportion of Government's increasing fiscal space were gradually allocated to safety nets, substantial increases in coverage could be achieved in a short time."

35. **In these scenarios, development partner funding will continue to be needed in the short to medium term.** At present, development partners provide an estimated 71 percent of safety net financing. Government financing is unlikely to increase rapidly enough to both extend safety net coverage to a wider population and replace development partner funding for the sector. While it may also be feasible to advocate for increased development partners' funding in addition to greater public resources for safety

nets, this has not been considered here because: (i) it is unlikely that safety net programmes could absorb resources at a more rapid rate given the need to strengthen implementation capacity and (ii) financing safety nets from general revenue will ensure the predictability of these programmes in the long run. Nevertheless, development partner financing will continue to be useful in helping to strengthen implementation systems. If development partners continue to be an important source of financing for Kenyan safety nets, then the government will need to develop a long-term strategy for taking over these higher levels of spending in the long run.

36. **There may also be scope to make safety net programmes more effective by reallocating the financing for the GFD programme that is currently being used to respond to chronic food insecurity and poverty.** While this would not increase the overall funding to the sector, it would improve the impact of these resources on poverty and human development in Kenya. The GFD response to chronic food insecurity is estimated to cost Ksh 5.1 billion per year, and reallocating these resources would double current levels of financing on social cash transfers. This doubling of resources could make it possible to achieve, for example, comprehensive coverage of poor households containing OVCs.

> "If development partners continue to be an important source of financing for Kenyan safety nets, then the government will need to develop a long-term strategy for taking over these higher levels of spending in the long run."

37. **There is also a need to secure more financing to respond to the transitory needs of those who are vulnerable but not yet poor after they have experienced a shock.** Paragraph 33 described the institutional response required to extend a consolidated national safety net system to meet these transitory needs. A key part of this approach is the need to secure contingent financing that can be mobilised quickly to rapidly scale up an existing programme. International experience suggests different models for such contingent financing, which can range from future commitments from development partners, which is the model used in Ethiopia, to the use of weather-based indexes that trigger payouts from the international insurance market, a model that has been tried in Malawi. If such contingency financing should be established in Kenya, as part of the National Contingency Fund, for example, there are strong indications that development partners would be willing to channel emergency resources through this system or to (partially) finance the cost of the insurance premiums.

3.4 Expanding the Coverage of Contributory Programmes to the Non-formal Sector while also Addressing the Adequacy of Benefit Levels and the Financial Sustainability of Programmes

38. **The NSSF and NHIF are currently bearing the main burden of the effort to make the constitutional right to social insurance for all a reality.** Currently, these two Funds provide limited benefits to a small proportion of the population, mainly formal sector workers. The proposed reform of the NSSF that will turn it into a pension fund will strengthen its ability to protect its members against poverty in old age. The NSPP describes how the NSSF will be extended to include maternity benefits to reduce the vulnerability of female workers. Reforms are similarly being considered to enable the realisation of the country's social protection and health care financing goals. This has potential implications for the NHIF, with a proposal in the draft Health Care Financing Strategy to transform the Fund into a social health insurance scheme. Finally, the NSPP envisions additional measures to strengthen the social security response to unemployment and loss of income from illness, injury, and disability.

39. **Going forward, the priority actions for the NSSF include increasing contribution levels and extending coverage, while continuing to bring down overheads.** In the short term, the NSSF could realise administrative efficiencies by, for example, adopting more modern and streamlined collection and payment systems. Enhancing confidence in the Fund through such reforms will help to increase coverage. Yet concerted outreach to the informal sector will also be needed to increase coverage of workers in that sector. International experience suggests that, to effectively respond to the needs of informal sector workers, the NSSF will need to adopt flexible voluntary savings schemes similar to the the Mbao Pension Plan (Box 5).

40. **While the ongoing dialogue on health care financing may reorient the NHIF in the long run, in the meantime significant changes in the NHIF need to be made to better protect the population from health shocks.** These change should include measures to: (i) increase the long-term financial sustainability of the Fund by increasing contributions and returns on investments and continuing to reduce operating expenditures; (ii) continue to increase membership both in terms of overall coverage and encouraging members to remain active, particularly among those from the informal sector; and (iii) enhance the benefits available to members by changing the way in which it contracts with health providers to deliver services. To increase its membership, the Fund will need to focus on recruiting new members from the informal sector as the formal sector's compliance rate is estimated to be close to 100 percent. However, there are a number of challenges associated with

Box 5: The Mbao Pension Plan: Extending Pensions to the Informal Sector

The *Mbao* Pension Plan is a voluntary savings programme to help its members to save for retirement. It was started by the medium and small micro enterprises sector to help the members of different Jua Kali Associations (associations of informal sector enterprises) to save regularly towards a long-term and reliable income when they retire. The scheme has since been opened to the public. As of November 2011, there were 9,408 active contributors to *Mbao*.

Members pay a Ksh 100 registration fee and commit to saving at least Ksh 100 per week. The members pay in their contributions electronically using *M-Pesa* or Airtel Money. The contributions are managed and invested by service providers appointed by the *Mbao* Trustees and approved by the RBA. Upon retirement, members receive the value of their accumulated contributions plus interest. When they die, a refund of accumulated contributions plus interest is paid to their nominated beneficiaries. Both of these payments are made in a lump sum.

reaching out to informal sector workers, which include designing appropriate policies, effectively marketing and distributing these products, efficiently collecting contributions, and addressing gaps in health services in rural areas. Even if these challenges were addressed, additional measures would be needed to reach the poorest people. This is recognised in a draft Health Care Financing Strategy, which proposes the creation of an Equity and Access Fund that would subsidise the cost of health insurance to the poorest citizens.

4. Conclusion

41. **The Kenya Social Protection Review is the first step in the longer-term agenda of moving towards an integrated social protection system.** The Review provides, for the first time, a benchmark for the social protection sector as a whole, comprehensively encompassing social assistance, social security, and health insurance against which stakeholders can consider what progress is being made within the sector. The findings of this Review will help policymakers in the development of strategies for implementing the NSPP and, by extension, the government's second Medium-term Plan (MTP II) and the Kenyan Constitution.

> "The findings of this Review will support policymakers in the development of strategies for implementing the National Social Protection Policy."

42. **Adopting a system-wide approach to social protection reinforces the fact that safety nets and social insurance should not be viewed in isolation.** These programmes work together to protect the population from a wide range of risks throughout the lifecycle. Because of this, to advance any part of the social protection sector (whether safety nets, social security, or health insurance), there is a need to ensure that reforms are making similar progress in other areas. This means, for example, that as the government extends coverage of safety net programmes, it cannot lose sight of the need to reform the NSSF and NHIF as these reforms will benefit poor and vulnerable populations. Also, in the long term, they will reduce the need for social assistance as well-functioning social insurance schemes will protect households from falling into poverty. Additionally, there are a number of operational reforms that the government could consider in the medium term to increase the efficiency of

the social protection sector. These include, for example, making it possible for the NHIF and the NSSF to share administrative functions (for example, a common targeting system) with safety net programmes and contributory schemes. This would reduce administrative overheads and increase the effectiveness of targeting.

43. **Complementary reforms and investments are needed to encourage and enable beneficiaries to graduate from safety net programmes.** If well-designed, safety nets can enable households to invest in productive assets and in their human capital, which can break the intergenerational cycle of poverty. International experience shows that combining safety net support with investments in livelihoods and employment can move households rapidly out of poverty. This complementary support can take many different forms, from micro-finance loans for agricultural investments to job search assistance for unemployed men and women (Box 6). The key is, however, to provide a suite of complementary services to a single family or individual as it is the synergies between these investments that can increase household income to the point where households can escape from poverty and no longer require regular social assistance support.

Box 6: Graduation and Complementarity

Taking advantage of any complementarities between social protection programmes (and with other poverty-targeted programmes) can facilitate the movement of people between different programmes and, ultimately, out of poverty. Evidence from the CT-OVC shows that some beneficiary households have been able to save and invest their transfers (mainly in petty trade). For some women in CT-OVC beneficiary households, having access to predictable cash transfers has helped them to participate in group savings activities. If further support were given to such groups in the form of capital investment, skills-based training, and market access, their exit from safety nets could be accelerated. This is done in the Urban Food Subsidy Program, for example, which provides livelihood investments (business grants and skills training) to beneficiaries to complement the predictable cash transfer, with the aim of moving these beneficiaries out of poverty. Similarly, if programmes helped their young beneficiaries to access the Youth Enterprise Development Fund, this would increase their capacity to generate income and help them to graduate from safety nets.

Annex 1: Kenya's Social Protection Programmes

	Programme	Beneficiaries	Number of Beneficiaries	Funding Agency	Implementing Agency	Transfer Type
A. Non-contributory Programmes						
I. Agriculture						
1.	National Accelerated Agricultural Inputs Access Programme (NAAIAP)	Small-scale poor farmers	120,750 (2010)	Govt. of Kenya (GoK), WB	Ministry of Agriculture (MoA)	Farm inputs
2.	*Njaa Marufuku* Kenya (NMK) - Component 1 Farmers' Groups	Farmers' groups	12,180 (2010)	GoK	MOA	Cash
3.	Food and Agriculture Organisation (FAO) Farmer First Programme	Household members with HIV/AIDS, TB, and/or severe malnutrition	1,200 (2010)	FAO	-	Farm inputs
II. Education						
4.	Most Vulnerable Children (MVC)	Schools in poor areas	1,778,297 (2009)	GoK, DFID	Ministry of Education (MoE)	Cash
5.	Expanded School Feeding*	School-children	1,115,830 (2009)	GoK, WFP	World Food Programme (WFP)	Food
6.	Home Grown School Meals (HGSM)	Schools in marginalised areas	538,457 (2010)	GoK, JICA	MoE, WFP	Cash
7.	Regular School Feeding	Primary school children	803,669 (2010)	GoK, WFP	MoE, WFP	Food
8.	Secondary Education Bursary Fund	Vulnerable secondary school students	66,570 (2010)	GoK	MoE	Cash
III. Health and Nutrition						
9.	HIV/AIDS Nutrition Feeding	HIV clients on ART and OVCs in affected households	72,065 (2010)	WFP	Several implementing agencies	Food
10.	Health Voucher – OBA Scheme	Poor women in ASAL areas	59,982 (2010)	UNICEF, GoK	MoMS	Cash
11.	NMK Component 2	School-children	37,196 (2010)	GoK	MoA	Cash

	Programme	Beneficiaries	Number of Beneficiaries	Funding Agency	Implementing Agency	Transfer Type
IV. Social Cash Transfers						
12.	Hunger Safety Net Programme (HSNP), Phase 1 Pilot	Chronically food-insecure, extremely poor, and vulnerable people	289,480** (2010)	DFID	Min. for the Development of Northern Kenya and Arid Lands	Cash
13.	Cash Transfer for Orphans and Vulnerable Children (CT-OVC)	OVC	412,470 (2010)	UNICEF, DFID, WB, GoK	MGCSD	Cash
14.	Older Persons Cash Transfer (OPCT)	Older people	33,000 (2010)	GoK	MGCSD	Cash
15.	Disability Grants	People with disabilities and institutions serving people with disabilities	2,100 (2010)	GoK	MGCSD	Cash
16.	Urban Food Subsidy	Poor households in urban areas	5,150	Several donors	WFP, Oxfam, Concern	Cash
17.	General Food Distribution (GFD)*	Poor households and disaster victims	2,180,058 (2010)	GoK	Special Programmes, WFP	Food
18.	Supplementary Feeding (including Mother & Child Nutrition)*	Poor women and children	454,667 (2010)	GoK	WFP	Food
19.	Food/Cash for Assets*	Vulnerable communities	140,000 (2010)	Several donors	WFP, Ministry of Northern Kenya	Food or Cash
B. Contributory Programmes						
20.	National Hospital Insurance Fund (NHIF)	Formal and informal sector workers	367,886 (2010)	MoPHS	NHIF	Cash
21.	National Social Security Fund (NSSF)	Formal and informal sector workers	38,339 (2010)	Ministry of Labour	NSSF	Cash
C. Other						
22.	Civil Service Pension	Civil servants	209,384 (2010)	Ministry of Finance	-	Cash

Source: Authors (2011) and programme data.
Note: *These programmes are part of the WFP PRRO 2009-2013. **This figure is as of December 2010. It assumes an average household size of 5. An average household size of 7 is often used to report on HSNP beneficiary figures. A more current figure, as of the end of the 2012 fiscal year, and assuming a household size of 7, is 395,554. To ensure consistency across all chapters of this report, we have used the figure reported in the table.

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