



Scalable social protection in Kenya: Investing in systems for managing risks, building resilience and reducing vulnerability

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Introduction

- Kenya has been implementing scalable social protection since 2015, through the Hunger Safety Net Programme.
- This presentation will explain how the system operates and the conditions needed for it to work.
- Scalable social protection should be part of a portfolio of complementary investments that together reduce vulnerability, build resilience, and thus manage risk – it cannot do so alone.



Kenya's shock profile

- Various types of shocks, sometimes felt simultaneously: climate-related; health-related; economic; political.
- Drought is the dominant risk, in terms of numbers affected, area affected, and economic costs (US\$12.1 billion in 2008-11).
- Policy commitment to end drought emergencies (EDE) by 2022, and a statutory body created to lead this (NDMA).
- Comparatively modest shocks are having larger impacts because of depth of vulnerability and trends such as population growth & land pressure.
- Vulnerability is linked to long-standing inequalities in access to public resources in drylands.



*Kenya Post-Disaster Needs
Assessment (PDNA)
2008-2011 Drought*

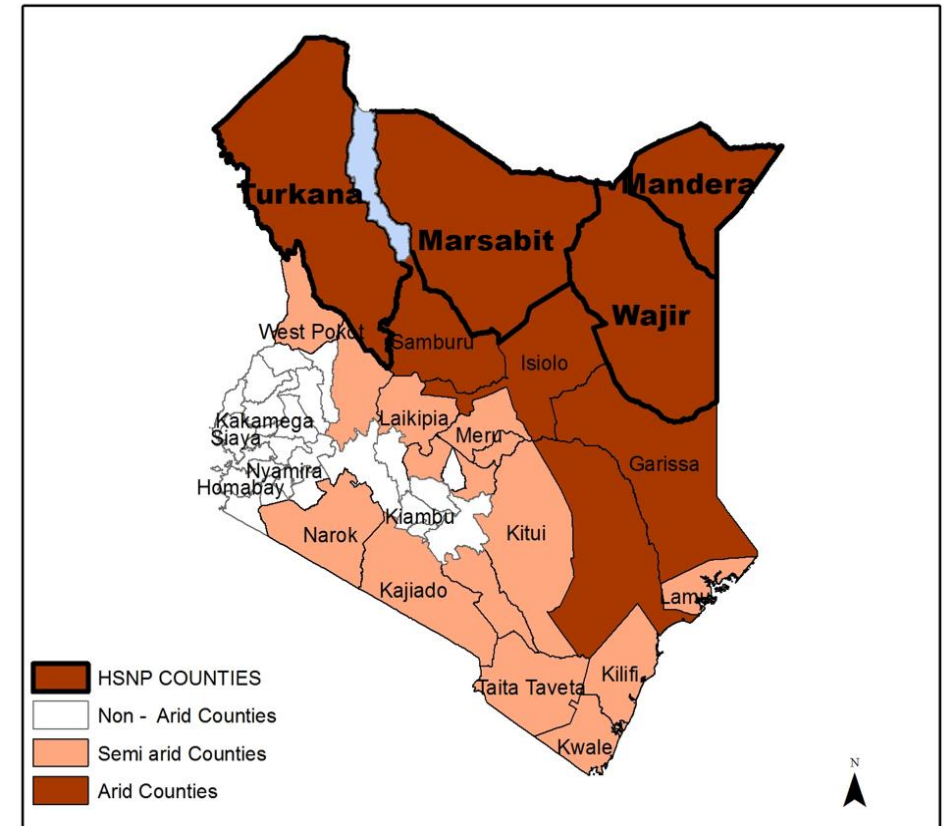


With technical support from the European Union, United Nations, and World Bank

Hunger Safety Net Programme

- An unconditional cash transfer programme that aims to reduce extreme hunger and vulnerability in arid lands.
- Monthly transfers are made to >100,000 households in four counties with high levels of poverty and drought vulnerability.
- A shock-responsive mechanism (scalability mechanism) was built into the design of Phase 2 (2013-18) and has been operating since April 2015.
- It has scaled up over 20 times to up to an additional 212,000 households

Figure 1: HSNP Counties in Kenya



HSNP Payment Mechanism

- All registered households have bank cards currently issued by Equity Bank
- Function as **fully enabled bank account for Cash transfers and Electronic Wallet / voucher** for complementary in-kind goods and services
- Real time transactions, with off-line option.
- 350 – 400 Point of Sale Agents have been established and managed by Equity Bank
- The accounts can be used for payments by any other agency or programmes e.g. Cash for Assets / Livestock insurance payout



HSNP scalability mechanism: four guiding principles

1. Early response / no regrets

- Emphasis is on quickly preventing the slide into emergency, even if this is at the expense of some precision in targeting.

2. Automatic trigger

- The Vegetation Condition Index, which is routinely monitored by the drought early warning system, triggers budget allocations for emergency payments when the VCI reaches either the 'severe' or 'extreme' category.

3. Pre-ranked households

- A comprehensive registration in the four counties at the start of Phase 2, including wealth ranking, categorised households into Group 1 (regular transfers) or Group 2 (emergency transfers).

4. Close monitoring

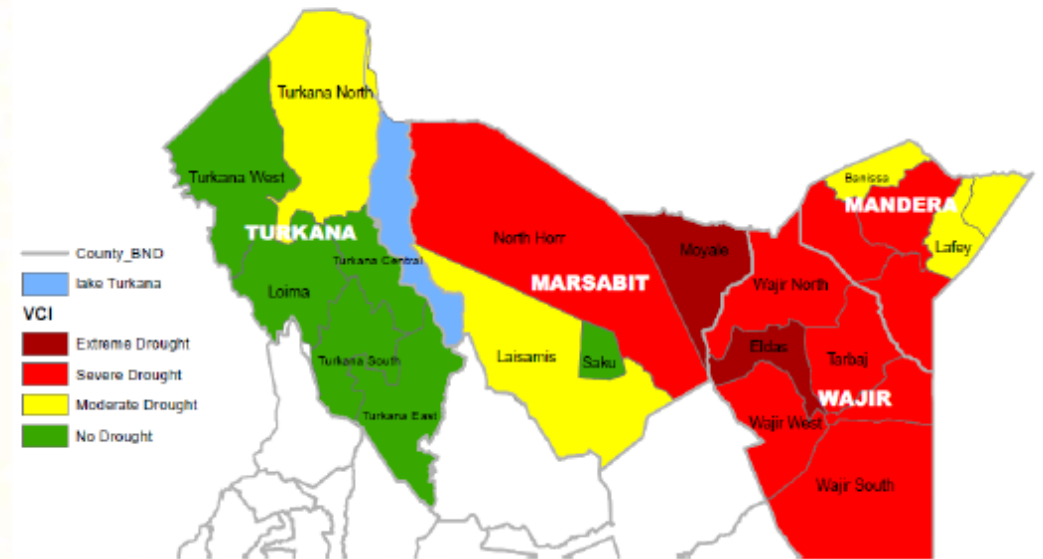
- The targeting of early / no regrets response may be imperfect, while the triggers, transfer values and wider social and economic impacts need keeping under constant review.

HSNP scalability mechanism: how it works

Implemented through existing mechanisms:

- Built into design of HSNP Phase II.
- Uses HSNP registration data & payments infrastructure.
- Eligible households were pre-registered and bank accounts opened in advance.
- Targeting formula uses national resource allocation principles and criteria.
- Value of transfer is in line with HSNP regular transfers.
- Payments are triggered by a biophysical indicator (VCI) monitored each month by NDMA as part of the drought early warning system.

VCI Status in HSNP Sub-Counties Feb 2015



Achievements

1. Demonstrated that cash payments can be made on a large scale, in challenging environments, and within a few weeks of the trigger.
2. Monitoring reports suggest that households prefer cash over in-kind support during crisis, when markets are functioning, and that the payments help meet basic needs (food, health care).
3. Significant injection of cash into local economies, with no obvious impact on prices.
4. Cost-efficient system: each subsequent transfer incurs minimal costs (although the up-front costs, such as comprehensive registration and bank account opening, were significant).
5. 11 other government programmes and NGOs have made use of HSNP data and banking infrastructure for their programmes, including emergency cash transfers.



Thank you

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