

2018
**Social
Protection
Conference**
KENYA

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UPSCALING AND FINANCING SOCIAL PROTECTION

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THE GLOBAL GOALS

For Sustainable Development

1 NO POVERTY 	2 ZERO HUNGER 	3 GOOD HEALTH AND WELL-BEING 	4 QUALITY EDUCATION 	5 GENDER EQUALITY 	6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY 	8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	10 REDUCED INEQUALITIES 	11 SUSTAINABLE CITIES AND COMMUNITIES 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION 	14 LIFE BELOW WATER 	15 LIFE ON LAND 	16 PEACE AND JUSTICE STRONG INSTITUTIONS 	17 PARTNERSHIPS FOR THE GOALS 	

THE GLOBAL GOALS
For Sustainable Development



Universal Social Protection

SDG 1.3 Social protection systems for all, including floors

Children

Working age

Old age



Child Support

Support for those without jobs
Maternity

Work Injury

Old Age Pension, Survivors

Disability Benefits

Access to Health

Safety nets for the poor

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Social Protection Systems in Kenya

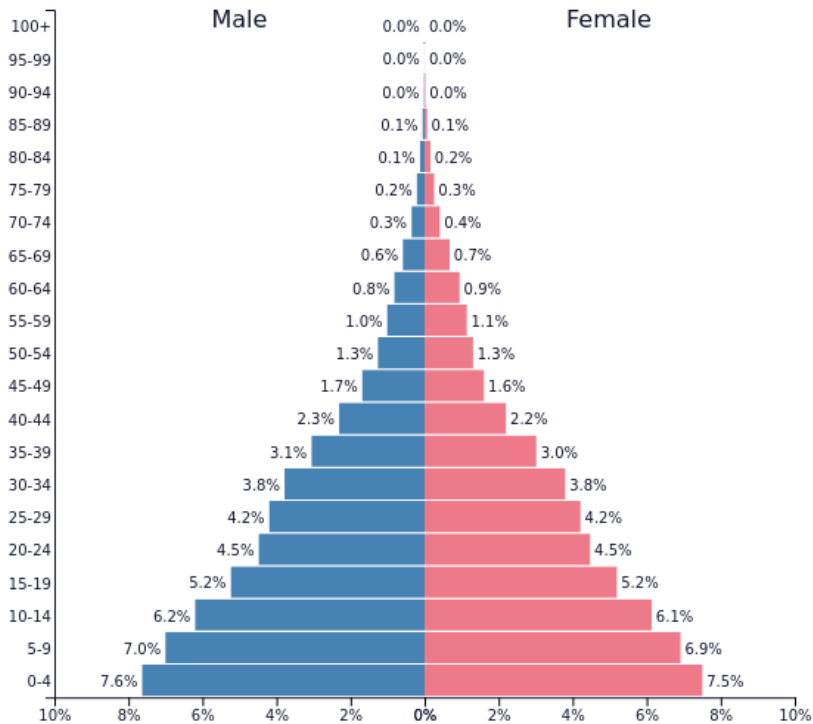


- Public or publicly mandated
 - Public services (health, education (eg FPE), water and sanitation)
 - Social grant programs (OVC, OP, PSD, HSNP)
 - NSSF
 - NHIF
 - Subsidies
- Private/voluntary
 - Voluntary occupational & individual retirement plans
 - Private health care



- Plus public/private partnerships

KENYA – Some Relevant Stats



Kenya - 2017
Population: **48,466,927**

PopulationPyramid.net



- Population – 49m (est)
- Median age – 19.2 yrs
 - <15 : 20.7m (42.2%)
 - 15-64: 27.1m (55.1%)
 - >64: 1.3m (2.7%)
- 47% below poverty line
- 75% rural
- Agriculture contribution to GDP – 25%
- Large informal economy
- Life expectancy 64.3 yrs
- Dependancy ratio 81%

Social Grant Programs



- Implemented pilot basis with donor support and scaled across all counties
- For 2017/18:
 - 2% (K Sh 24.2bn) earmarked for social protection
 - Covering 450,000 OP, 503,000 OVC and 45,000 PWD
 - Allocation at K Shs 19.9 bn, against required K Shs 35.8 bn as per MTEF (2016/17 – 2018/19) (ie deficit of 15.8bn)
 - Cash transfers to 60,000 households with VOC supported by donors to come to an end in 2017/18
 - Government plan to expand its outreach to 685,000 households with orphans and vulnerable children from the current 503,000 households.
- Hence, financing gap between actual allocations and target resource requirements

Upscaling Social Grants



- As an effective means of alleviating poverty and vulnerability
- Current spend of 0.4% of GDP plus support from donors for OVC
- Based on simulations by ILO, estimated cost of:
 - Universal old age basic pension – 0.7% of GDP
 - Universal Childrens' benefct – 3.7% of GDP
- Assess cost vs social and economic impact
- Continued phase in



Reforming Kenya Pension System



<i>Scheme Type</i>	National Social Security Fund	Public Service Pension Schemes	Occupational Schemes	Individual Schemes
<i>Legal Structure</i>	Act of Parliament	Act of Parliament	Established under Trust	Established under Trust
<i>Membership</i>	Employees in formal sector establishments with 5+employees excluding public service employees	All public service employees, including civil servants, teachers and disciplined forces. Separate scheme for armed forces	Formal sector workers in companies that operate retirement schemes	Open to all on voluntary basis
<i>Funding</i>	Funded	Non funded	Funded	Funded
<i>Regulation</i>	RBA	Act of Parliament	RBA	RBA

Reforming Kenya Pension System



- Reform of NSSF – implement NSSF Act, 2013 - key priority to improve social security albeit for formal sector and achieve by-product benefits
- Reform Public Service Scheme and create fiscal space
- Pilot micro-solutions for informal sector and organised groups with digital delivery mechanisms and even levels of matching contributions
- Rethink our current pension system!



Quick note on



- Affordable health care
- Crop and livestock insurance programs and subsidies



Upscaling of SP



- Consider adequacy, affordability, sustainability, robustness
- Determine level of financing and how it will change (credible financial projections/estimates for short and long term)
- How can additional costs be financed?
- Delivery mechanisms

Financing Upscaling



- Earmark taxes (as % of GDP)
- Raise tax revenues as % of GDP through:
 - Widening tax net (and simplifying tax system)
 - Improving efficiency of collection
- Switch expenditure allocations from poorly performing budget allocations
- Use fiscal space from pension reforms, particularly public service pensions
- Review other wasteful expenditure
- Remove fragmentations and duplications
- Innovations



Level of mandatory social responsible investing by pension funds

But above all



- Need political will!
- And implement low hanging fruits





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THANK YOU FOR YOUR TIME

