Political economy of cash transfers In Kenya

Abstract:

As a result of socio-economic and political challenges facing Kenya: 46% of the country‟s 38 million people are living below the poverty line; there are a rapidly growing number of orphans and vulnerable children - half of which have resulted from a HIV/AIDs pandemic which has hit the country in the last two decades; frequent droughts, and the recently unprecedented post-election violence following the disputed 2007 general elections, social protection programmes for the country‟s poor and vulnerable population have become increasingly important both economically and politically. This study, using data and information obtained from government and donor representatives closely involved with Kenya‟s CT programmes and secondary data, examines Kenya‟s Social Protection Programmes with special focus on CT programmes. Starting with a brief review of the prevailing poverty and economic conditions and challenges facing the country, the paper examines government attitude and attention towards Cash Transfer (CT) and non-cash social protection programmes; the evolution, coverage and other features of the existing CT programmes in the country; the roles of the government and development partners in the programmes; domestic and external influences in the establishment of the various social protection programmes; estimated costs of the required CT programmes and the affordability and sustainability of the programme in view of the prevailing economic conditions and capacities; and the political economy and the overall ownership of the implementation of CT programme in the country. While Kenya has had a long history of implementation of non-cash transfer programmes, such as: food relief in the drought stricken areas; emergency and special programmes; school bursaries for needy children, and a wide range of other interventions, CTs are new, mainly in their pilot or early stages and have been in existence only in the last 5 years. The existing CT programmes have a limited coverage of the targeted members in three programmes, viz the Orphans and Vulnerable Children (OVC), the Elderly and the Hunger Safety Net programme. With the on-going discussions to finalise the country‟s Policy on Social Protection and the Social Protection Strategy (2009-2012) and a large increase in government‟s financing of the CT programmes through national budget, the national coverage of these programmes is expected to rise substantially by 2012. There are high prospects of enhancing and institutionalising CT and non-CT social protection programmes in the country‟s budgetary system in view of the broad political support the programmes have received from a wide spectrum of political actors in the country. The liberalisation of the country‟s political system in 1992 which ushered in a highly vibrant and competitive multi-party political environment, has favoured introduction and expansion of social protection initiatives, both cash and non-cash. A number of donors, notably UNICEF, DFID, World Bank and SIDA played key technical and financial roles in the establishment of CT programmes in the country creating the perception that the programmes were donor driven and that the government was more in favour of non-cash interventions. With increasing government and public appreciation of CT programmes as an appropriate tool for reaching more effectively a special group of the population the extremely poor or hard-core poor, who cannot participate in productive economic activities, the government participation in financing the programmes has risen dramatically, in the last two years. The government is expected to shoulder the bulk of the required resources for these programmes in the coming years but with supplementary resources from willing development partners. There is considerable consensus among the stakeholders that the CT programmes are affordable and

sustainable even without external donors, so long as the programmes are expanded gradually, taking into account the capacity of the national economy to support the programmes at various levels. The successful implementation of much larger non-cash social protection programmes such as the Free Primary Education for 8 million pupils and Free Day Secondary Education and the Constituency Development Fund are generally taken as good indicators of the ability of the country to sustain CT programmes as long as political will is there. Most of the stakeholders were of the view the CT programmes are too socially and politically sensitive to be heavily dependent on external support which was often determined by exogenous factors beyond the government‟s control. Kenya‟s draft National Social Protection Strategy, estimates that the country could escalate the Cash Transfer Programme nationally to cover all the extremely poor consisting of the People with Disabilities (PWD), Orphans and Vulnerable Children (OVC), and Households with Older Persons above 65 years, at a total cost of approximately Ksh 12 billion annually (about 3.3% of the national budget), at a monthly cash “transfer” of Ksh 1,000 per household.