



## 1. Project Data

**Project ID**  
P164654

**Project Name**  
KSEIP

**Country**  
Kenya

**Practice Area(Lead)**  
Social Protection & Jobs

**L/C/TF Number(s)**  
IDA-63480,WBTF-A9527

**Closing Date (Original)**  
31-Dec-2023

**Total Project Cost (USD)**  
254,203,064.23

**Bank Approval Date**  
27-Nov-2018

**Closing Date (Actual)**  
31-Dec-2024

	<b>IBRD/IDA (USD)</b>	<b>Grants (USD)</b>
Original Commitment	250,000,000.00	70,348,810.00
Revised Commitment	208,895,015.00	64,000,000.00
Actual	190,637,451.28	63,565,612.95

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## 2. Project Objectives and Components

### a. Objectives

According to the financing agreement of January 31, 2019, the project development objective (PDO) was to strengthen delivery systems for enhanced access to social and economic inclusion services and shock-responsive safety nets for poor and vulnerable households. This Review will diverge from the ICR's breakdown of the PDO into three objectives, aligned with the three project components. While the ICR evaluated the strengthening of delivery systems as a separate objective, IEG considers this goal and its associated indicators as an intermediate outcome contributing to the objectives of enhanced access to social and economic inclusion services and enhanced access to shock-responsive safety nets. As such, this



Review will assess achievement of two objectives: (1) Enhance access to social and economic inclusion services (for poor and vulnerable households); and (2) Enhance access to shock-responsive safety nets (for poor and vulnerable households).

One key outcome indicator was removed at a December 2023 restructuring, reflecting a reduction in the project's scope. For this reason, a split rating methodology is used. At the time of restructuring 43.5 percent of Bank financing had been disbursed.

**b. Were the project objectives/key associated outcome targets revised during implementation?**

Yes

**Did the Board approve the revised objectives/key associated outcome targets?**

Yes

**Date of Board Approval**

13-Dec-2023

**c. Will a split evaluation be undertaken?**

Yes

**d. Components**

According to the Project Appraisal Document (PAD, p. 6), the objective was to be achieved through enhancing access to social inclusion services (primarily a nutrition-sensitive safety net and referrals to the National Hospital Insurance fund, NHIF) and economic inclusion services (livelihoods enhancement support). These services were to be extended to existing National Safety Net Program (NSNP) beneficiaries, as well as other poor and vulnerable households, to be identified through a targeting system already being used in the country.

The project included three components:

1. **Strengthening Social Protection Delivery Systems** (*At appraisal: DLIs [disbursement-linked indicators]: International Development Association [IDA] US\$88 million and United Kingdom [UK] Department for International Development [DFID] US\$3.9 million equivalent, and Standard IPF [investment project financing]: IDA US\$18 million; At closing: IDA US\$67.8 million, of which US\$53.1 million was DLI financing*). This component was intended to support the enhancement of existing social protection delivery systems under the ongoing NSNP, while consolidating the administration of a range of pre-existing social protection programs under the purview of different government offices—the Conditional Cash Transfer Program (CCTP) and the Hunger Safety Net Program (HSNP)—within a consistent and coherent delivery system. The strengthened delivery system would then be used for implementation of the interventions envisioned under the other two components. Included under this component were enhancement of the functionality and coverage of the Social Registry (SR); rollout of an improved payment system; enhancement of the grievance and case management mechanisms for the NSNP; increased outreach on social and economic inclusion, financial literacy, and proper use of cash transfers; and capacity support for strengthening fiduciary systems, safeguards, beneficiary outreach and communication, and monitoring and evaluation (M&E).



2. **Increasing Access to Social Protection** (At appraisal: DLIs: IDA US\$34 million, and Standard IPF: IDA US\$37 million and DFID US\$13 million equivalent; At closing: IDA US\$69.2 million, of which US\$64 million was DLI financing). This component was to include: (a) establishing and supporting a functional referral mechanism to improve NSNP beneficiaries' access to the NHIF, and (b) expanding nutrition-sensitive safety net services to additional counties. It also was to support the testing of economic inclusion models for targeted households (NSNP beneficiaries and others) to improve their welfare and self-sufficiency, using customized cash-based models, in order to assess the most efficient service package.
3. **Improving Shock Responsiveness of the Safety Net System** (At appraisal: DLIs: IDA US\$70 million and DFID US\$59.8 million equivalent, and Standard IPF: IDA US\$3 million equivalent and DFID US\$9.1 million equivalent; At closing: IDA \$63.3 million, of which US\$61.7 million was DLI financing). This component was to support expansion of HSNP coverage through increased financing, including expansion of support to vulnerable households affected by climate-induced risks. In addition, in accordance with the component's disbursement-linked results (DLRs), a financing plan to meet the costs of emergency cash transfers was to be developed, adopted, and implemented. The PAD (p. 14) explained the importance of the financing plan: "With a likely increase of occurrences of drought due to climate change over time, the proposed [project] would enhance the existing scalability mechanism of the HSNP by developing, adopting, and implementing a financing plan to meet the costs of emergency cash transfers. Under the financing plan of the scalability mechanism, which would be supported by the project with disbursement-linked results, [the government] would be responsible to meet the cost of emergency transfers up to at least a 1-in-50-year drought." This mechanism was intended to address the challenge posed by the fact that the HSNP financing mechanism had been to date ad hoc, relying mostly on donor support, risking its sustainability and predictability (PAD, p. 25).

#### e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

At appraisal, the anticipated total project cost was US\$1.35 billion, including a 215.9 million Euro (US\$250 million equivalent) IDA Credit (of which EUR 40.2 million was cancelled in the second restructuring), a US\$1.0 billion borrower contribution, and US\$85.8 million in trust fund financing. US\$6.35 million in trust fund financing allocated to Components 2 and 3 was cancelled in the first restructuring due to a reduction in co-financing commitments from the UK Foreign, Commonwealth & Development Office (FCDO). Actual project disbursement included US\$190.6 million in IDA funds out of a revised amount of US\$196.3 million. The borrower contribution as planned at appraisal was fully disbursed.

The project was approved November 27, 2018, and became effective on January 31, 2019. A mid-term review took place in September 2021. The original closing date was December 31, 2023. The actual closing date was December 31, 2024, after a December 2023 restructuring extended the project by one year.

Overall, the project was restructured twice:

The first restructuring (December 2023) extended the Credit's closing date by one year and reduced the trust fund financing (as above). The closing date extension was to mitigate the short-term effects of a series of shocks (COVID-19, food price spikes due to the Ukraine war, an extended drought) on the government's fiscal capacity and cash flow situation. In addition, one PDO indicator (PDOI), "enhanced financing mechanism for HSNP scalability is implemented," was cancelled due to a shift in focus towards meeting immediate financing needs of HSNP emergency cash transfers, and the intermediate results



indicator (IRI) target for timely HSNP payments was adjusted from 100 to 75 percent to reflect the earlier-mentioned budget difficulties that were causing delays in releasing funds to the program. In addition, some minor changes were made to two DLR targets to facilitate disbursements for results achieved despite the ongoing crisis. As noted earlier, a split evaluation is undertaken in this Review due to the cancellation of one PDOI, reflecting narrowing of the project scope.

The second restructuring (December 2024) cancelled part of IDA credit (as above) in accordance with the cancellation of one DLR that had become unachievable due to policy changes in the health sector, cost savings in the IPF components, and funding allocated for emergency cash transfers that were not triggered. Two DLRs under Component 3 were cancelled because they were either outdated or unlikely to be achieved; their amounts were reallocated to the IPF part of the third component. The restructuring also increased the target for PDOI 2 (number of households receiving nutrition-sensitive cash transfer) from 23,500 households to 30,000 households. This scale-up was intended to lay the ground for a much larger expansion of nutrition-sensitive cash transfers that was envisioned under the planned second Kenya Social and Economic Inclusion Project (KSEIP 2). Three other DLRs were also added in this restructuring to allow effective absorption of remaining grant resources.

### 3. Relevance of Objectives

#### Rationale

**The project was responsive to country context at the time of appraisal.** Although Kenya had been experiencing steady economic growth and declining poverty incidence, inequality remained high. Many Kenyans lacked food security and good health care. The maternal mortality rate was one of the highest in Africa, and poorer children were less likely to attend school, progress through school in a timely manner, and experience good health outcomes. Over one-third of poor Kenyans were situated just above the poverty line, such that even a moderate shock could push them into poverty. The Bank and other partners had supported the development of the NSNP to improve the welfare of and increase resilience among specific groups to reduce poverty and vulnerability by creating a framework to coordinate and harmonize the four main cash transfer programs: Cash Transfer for Orphans and Vulnerable Children (CT-OVC), Older Persons Cash Transfer, and Persons with Severe Disability Cash Transfer, with these three collectively known as the CCTP, and the HSNP. At the time of project appraisal, these programs were providing cash assistance to about 4.5 million people in one million households. The government had also piloted a nutrition-sensitive safety net intervention, the Nutrition Improvement through Cash and Health Education (NICHE) program, that targeted beneficiary households of the CT-OVC program who had children under two years of age and/or pregnant and lactating women in one pilot county.

**The project's objectives were in line with the government's goal to move beyond cash transfers to an integrated social protection (SP) system to enhance social and economic inclusion of the poor and vulnerable.** Kenya's Vision 2030 seeks to build "a just and cohesive society with social equity." The Kenya National Social Protection Policy (2011) endeavors to (i) protect the poor and vulnerable from negative impacts of shocks, (ii) promote resilience through investments in the early years of life, and (iii) strengthen operational systems to improve the efficiency of delivery mechanisms. According to the PAD (p. 4), the government requested the Bank's support for advancements in three areas, while also committing its own funds to achieving these goals: (i) enhancing institutional capacity and SP delivery systems, particularly the coverage and functionality of the SR, as well as continue improving the efficiency of other



delivery mechanisms; (ii) investing in scale-up of the existing nutrition-sensitive safety net, as well as testing customized economic inclusion models as a complement to regular cash transfers to improve human capital and self-sufficiency of poor and vulnerable households; and (iii) improving the shock-responsiveness of the safety net system by expanding its coverage and strengthening financing arrangements for enhancing households' resilience and providing timely support to cope with recurrent climate-induced droughts.

**The project was fully in line with the Country Partnership Framework (CPF) for the Republic of Kenya for FY23–28.** In particular, it was aligned with Objective 6: Increase household resilience to, and national preparedness for, shocks by supporting Kenya's cash transfer programs to add social and economic services to help poor households promote nutrition and move toward self-sufficiency. The project was also directly aligned with the CPF's Higher-Level Outcome 2, Greater Equity in Service Delivery Outcomes, and its indicator on increased social safety net financing. Finally, the project plausibly contributed to the CPF's Objective 4 on shrinking disparities in learning and health outcomes, including through nutrition-sensitive programming.

**The use of DLIs, while deemed relevant at appraisal, led to implementation challenges as government fiscal capacity declined.** The use of an IPF with DLIs was chosen in order to accommodate several types of financing in the same project. Most of the IDA credit (US\$192 million) was allocated to DLIs. According to the PAD (p. 7), the choice reflected the sector's successful experience with results-based financing, while enabling the direct finance of certain experimental, more innovative interventions that would enable the government "to take an informed decision on gradually subsuming these investments in the national budget to sustain implementation and scale up." However, shrinking governmental fiscal capacity and a worsening cash flow situation due to COVID-19, food price shocks, and a prolonged drought made it difficult for the government to meet its financing commitments under the project, leading to lengthy delays and ultimately the necessity to roll back 40.2 million Euros in financing in light of the short time remaining to effectively use remaining project funds before closure (ICR, p. 14).

## Rating

High

## 4. Achievement of Objectives (Efficacy)

### OBJECTIVE 1

#### Objective

Enhance access to social and economic inclusion services for poor and vulnerable households

#### Rationale

The theory of change governing this objective was plausible and logical. The objective focused on enhancing access to health and nutrition services. It did so in two ways. First, the project financed piloting of two innovative distribution mechanisms: the Economic Inclusion Plan (EIP), which was to provide a poverty graduation package of services including consumption support, asset transfer, and business mentoring and



intensive coaching to poor households; and the NICHE program, which was to provide monthly cash top-ups and nutrition education to vulnerable households in target areas with a pregnant or lactating woman or a child under three. In addition, several systems-strengthening initiatives were to be supported to improve the efficiency and reach of the SP system. Finance and technical assistance were to be provided to support developing the NHIF referral mechanism. Technical support and information technology systems investment were to be provided to enhance the coverage and functionality of the SR. The government's Beneficiary Outreach Strategy was to be updated on the basis of a beneficiary survey. Investments were to be made in capacity building for program implementation, coordination, and M&E. Taken together, these interventions would reasonably have led to enhanced social and economic inclusion services for poor and vulnerable households.

### **Outputs and intermediate outcomes**

The interventions described in the theory of change discussion were implemented. Three of the five IRIs were fully achieved.

- IRI 1 was fully achieved, with 100 percent of beneficiaries receiving payments through a new Inua Jamii Payment Mechanism for the CCTP.
- IRI 2 was fully achieved, with an Integrated Grievance and Case Management (G&CM) mechanism strengthened and rolled out at a decentralized level.
- IRI 3 was partially achieved. A Beneficiary Outreach Strategy was formulated and validated, but its rollout was delayed and should be completed under the follow-on project (KSEIP 2).
- IRI 5, tracking implementation of a new referral mechanism for the NHIF, was only partially achieved. The percentage of NSNP beneficiaries who were enrolled in the NHIF increased from 30 percent at baseline to 53 percent at closing, not reaching the target of 75 percent of beneficiaries. The ICR (p. 9) attributes this shortfall to the replacement of NHIF with a new Social Health Insurance Fund (SHIF) in early 2024, nullifying the need for enrollment in the NHIF.
- IRI 6 was exceeded, with 31,777 households receiving a package of nutrition-sensitive social protection services against a target of 23,500.

### **Outcomes**

All three relevant PDOIs were fully achieved.

- The target for PDO1 was achieved, with the SR rolled out in all 39 targeted non-HSNP counties, including third-party validation of quality of data.
- The target for PDO2 was exceeded, with 31,777 households receiving a nutrition-sensitive cash transfer against a target of 30,000 households, and all beneficiary households receiving a package of nutrition-sensitive SP services alongside the cash transfers. The project achieved the successful testing of NICHE in five counties, with the objective of reducing child malnutrition in the first 1,000 days of life. The testing took place in five counties with high stunting rates to address malnutrition and boost early childhood development. NICHE was designed to promote the uptake of health and nutrition services and to adopt recommended nutrition practices at the household level. It enhanced the capacity of 12,319 community health promoters (CHPs) who advocate for payment of stipends and development of tools to enhance community health reporting. CHPs conducted household mapping and registration, facilitated the formation of mother-to-mother support groups, and conducted household visits to educate and/or counsel mothers/caregivers on maternal, infant, and young child



nutrition and to support the monitoring of growth and nutrition status of both mother and child. By August 2024, 6,822 mother-to-mother support groups reached 78,368 mothers across the five counties. A total of 274,109 persons were reached with nutritional counseling messages. An impact evaluation of NICHE (including program elements not financed through the project) found that NICHE enhanced the capacity of the government to provide services on maternal and infant nutrition, providing higher coverage of vulnerable and marginalized populations through enhanced technical capacity of county-level health promoters and improved collaboration between sectors. The evaluation also found that NICHE monitoring, evaluation, and accountability mechanisms strengthened community reporting systems through the NICHE management information system (MIS) by including indicators on performance (e.g., number of caregivers receiving nutrition counseling) as well as nutrition outcomes (e.g., birth weight, child consumes at least four food groups).

- The target for PDO3 was exceeded. Ten sub-counties implemented EIP against a target of nine counties, with a total of 15,030 participants in two cohorts. An impact evaluation found that EIP: (1) reduced the prevalence of extreme poverty among program participants by 17 percentage points across all four locations studied; (b) reduced the prevalence of severe food insecurity in two of the four locations (Kisumu and Taveta), with a decrease of 13 and 20 percentage points, respectively; and (c) led to an average increase of 0.5 income sources per household and an average annual net income increase of Kenyan shillings (KES) 21,140.

## Rating

Substantial

## OBJECTIVE 2

### Objective

Enhance access to shock-responsive safety nets for poor and vulnerable households (original outcome indicators)

### Rationale

The theory of change governing this objective was plausible and logical. This objective aimed at extending the HSNP. It was to provide financing for the program as well as technical assistance and support for upgrading information systems. In addition, the project was originally supposed to support development of a long-term financing plan for the HSNP to make it less reliant on donor funds; however, this goal was removed in the first restructuring, as the project's focus shifted to meeting more immediate needs. Because this represented a narrowing of the project's scope, a split evaluation is conducted for this objective.

### Outputs and intermediate outcomes

The ICR (p. 10) notes that delivery systems for HSNP were enhanced as planned, including improved integration with an enhanced SR, an improved management information system, and improved G&CM.

IRI8, which aimed to have 100 percent of regular HSNP cash transfers financed by the government in the original four HSNP counties, was fully achieved. The project did not, however, achieve the target of 75 percent on-time payments (IRI7) due to delays related to budgetary constraints, despite the target being downwardly revised from 100 percent to 75 percent during the first restructuring (ICR, p. 7). The ICR (p. 23)



states that all payments were delayed in the project's final year, as the government did not allocate sufficient budget to HSNP.

### **Outcomes**

The target for PDOI4, the number of new regular HSNP households enrolled and paid for through the government budget in expansion counties, was fully achieved, with 32,000 households enrolled.

PDOI5, development and implementation of an enhanced financing mechanism for HSNP scalability, was deleted in the first restructuring at a time when 43.5 percent of project funds had been disbursed. This indicator, which was associated with DLI 6, aimed at developing, adopting, and financing a long-term financing plan for the HSNP. The first Restructuring Paper (December 2023) explains the deletion as follows: "The proposed restructuring seeks to adjust the project support related to financing of HSNP scale-up while shifting the focus to the immediate needs imposed by poly-crises, away from longer-term financing strategies. This involves dropping those DLRs that are unlikely to be achieved (either outdated or run the risk of inadequate budgetary prefinancing) and reallocating the corresponding amounts to the IPF part of the same Component 3 to enable the government to use these funds for financing the HSNP emergency cash transfers in a more predictable way. Such a reallocation between the disbursement categories and introducing a new category of expenditure to finance HSNP scalable emergency cash transfers by maintaining the necessary due diligence will reduce the risk of underfinancing of HSNP and help the government to provide emergency payments to households triggered in HSNP counties on time. Notwithstanding the emergency payments themselves, the planned diversification away from sole reliance on government budgetary financing is unlikely to be achieved even by the extended closing date."

By the time of restructuring, the project had helped develop an HSNP financing plan to allow the government to fully finance emergency scale-up when required through a risk layering approach. However, the PDOI was deleted, as the government was not able to implement the strategy due to the extreme drought in FYs 2021/22 and 2022/23, food price spikes, and the country's ongoing fiscal distress and cash flow situation. DLI 6, under which emergency payments were made to 100 percent of the total number of households in four counties where HSNP was functional, according to an annual financing plan prepared by the government, was achieved only for FY18/19, FY19/20, and FY20/21, and was partially achieved for FY 21/22; no payments were made in subsequent years.

Because the enhanced financing mechanism was not developed and implemented, achievement of this objective under the original outcome indicators is rated Modest.

### **Rating**

Modest

## **OBJECTIVE 2 REVISION 1**

### **Revised Objective**

Enhance access to shock-responsive safety nets for poor and vulnerable households (revised outcome indicators)

### **Revised Rationale**



With the revised project removing the activities and outcome indicator for the enhanced financing mechanism, achievement of this objective under the revised outcome indicators is rated Substantial, as the project fully achieved its target for enrollment of new HSNP households in expansion counties, paid for through the government budget.

**Revised Rating**  
Substantial

## OVERALL EFFICACY

### Rationale

All PDOs were achieved, leading to stronger SP delivery systems in Kenya, enhancing access to social and economic inclusion services for close to 32,000 vulnerable households, and practically putting in place a shock-responsive support system for the poor. In total, three IRIs were only partially achieved, one because it was no longer relevant due to policy changes and one because of a government fiscal crisis, and the final one is expected to be fully achieved in the follow-on project. Overall, while the project was meaningfully affected by multiple crises leading to the non-achievement of some of the project's original targets, project efficacy is rated Substantial (but marginally so) under the original outcome indicators, and solidly Substantial under the revised outcome indicators.

### Overall Efficacy Rating

Substantial

## 5. Efficiency

**Economic efficiency surpassed expectations at appraisal.** An economic analysis at appraisal (PAD, p. 27) estimated an internal rate of return (IRR) of over 35 percent due primarily to SR integration of multiple pro-poor governmental programs, leading to estimated savings of US\$5.28 million over five years stemming from lower household registration costs (estimated at US\$5 per household application). Rollout of the new payment mechanism was also expected to reduce travel costs, estimated at US\$5 per beneficiary per payment. The ICR (p. 33) updated this estimation, finding an IRR of 65.8 percent due to significant cost savings achieved through efficient beneficiary registration and streamlined payment systems. For Component 2, the PAD estimated, based on a literature review, that economic inclusion programs could provide a 1.33 – 4.33-fold return on investment (outcome versus investment). The ICR (p. 10) did not update this estimation but noted that the EIP "exceeded its original coverage target, reaching 10 counties and benefiting 15,030 participants across two cohorts. Preliminary results from an EIP impact evaluation indicate significant improvements in income stability,



food security, and household assets, aligning with evidence from similar programs showing sustained economic benefits even after program completion." The impact evaluations for NICHE and EIP both point out ways to improve the cost efficiency of the programs, but as these were both pilots, such findings were to be expected and are not taken into consideration for this project's efficiency rating. Lastly, based on the literature, the projection was made at the appraisal stage that a dollar spent on disaster mitigation would lead to two dollars' worth of future savings. With emergency transfers estimated at US\$5.7 million per year over the life of the project, shock-responsive cash transfers were estimated to yield a net present value of US\$112 million, with an IRR of 26 percent. Again, the ICR did not update this information, but noted that the economic benefit of the HSNP lies not only in immediate cash support but also in poverty reduction and improved nutritional outcomes, thereby mitigating the risk of long-term economic decline among marginalized communities.

**Implementation efficiency was affected by a series of shocks and crises** (primarily COVID-19, an extended drought, and a governmental fiscal crisis) leading to significant delays in project implementation, a one-year date extension, and the roll-back of 40.2 million Euro in unspent project funds. Starting in 2020, the project faced inadequate and infrequent government funding to the project's Eligible Expenditure Programs, essentially the four NSNP national safety net schemes. Consequently, attainment of DLIs suffered delays, with most DLRs being achieved only in the final two years of program implementation. The budgetary constraints particularly affected HSNP scalable cash transfers. During the drought years, the HSNP scalability component experienced a deficit, and the underfinancing of emergency cash transfers affected progress on the relevant DLIs. Although the delay in financing these emergency transfers limited the ability of beneficiaries to sustain their consumption during the drought period, the arrears were eventually paid in full, and public trust in the program endured (ICR, p. 15). In addition, according to the Bank team, disbursements in the IPF components also suffered prolonged delays due to repeated and significant delays in governmental approval of expenditures. Ultimately, the program had to roll back a significant amount of project funds. This rollback was partially attributable to efficient implementation of the two pilot programs. However, according to the Bank team, it might have been possible, instead of returning these funds, to reallocate them to scaling up the pilots in a limited number of locations, as was subsequently financed under KSEIP 2.

Although there were moderate shortcomings in implementation efficiency, the project's economic efficiency exceeded expectations. Overall project efficiency is therefore rated **Substantial**.

### Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate		0	0 <input type="checkbox"/> Not Applicable

\* Refers to percent of total project cost for which ERR/FRR was calculated.



## 6. Outcome

Project outcomes were satisfactory, with high relevance, and substantial efficacy and efficiency. The project was affected by multiple crises that affected project efficacy and efficiency. Nevertheless, the project's objectives were achieved, with demonstrable results for enhanced access to social and economic inclusion services and shock-responsive safety nets.

### a. Outcome Rating

Satisfactory

## 7. Risk to Development Outcome

The ICRR concurs with the ICR's assessment of the risk to development outcome as low. The ICR cites the government's strong and historic policy commitment to social protection, which has been further reinforced in the new Social Protection Bill that was recently approved by the Cabinet and is under consideration by the Parliament. The government assumed financing of the four NSNP transfer programs in 2019 and has invested heavily in policy development supporting the programs and in scaling up the shock-responsive safety net. The project was implemented through government institutions at the national and local levels, further ensuring the continuity and sustainability of outcomes. Finally, the project had an important impact on institutional strengthening of the SP system, including establishment of the Electronic Single Registry as a national targeting system for pro-poor programs with 100 percent coverage through the new electronic payment system, secure MISs, and multi-channel GRMs (ICR, p. 12). In addition, a follow-on project (P504218, KSEIP2, US\$127.5 million, 2025-2030) has been approved to further test innovations and support operational activities. Its PDO is to promote economic resilience of poor and vulnerable households and strengthen the adaptive SP system. This follow-on project plans to make crucial investments in Kenya's SP system to improve its coverage, effectiveness, and shock responsiveness within the government's policy framework, while the government has committed to funding the core cash transfers. Finally, the First Kenya Fiscal Sustainability and Resilient Growth Development Policy Operation (P500912, US\$1.2 billion), approved in FY24, includes reforms to improve targeting and adequacy of social assistance by indexing benefit values to inflation.

## 8. Assessment of Bank Performance

### a. Quality-at-Entry

**Project design was based on the government's stated priorities for enhancing its safety net systems and drew from the World Bank's long-term experience working with Kenya to strengthen the system.** The project's approach was rooted in fifteen years of prior collaboration between the government and the Bank on safety nets, while responding to the growing need for a shock-responsive safety net system to mitigate the effects of climate change. The project incorporated lessons learned from earlier projects, such as lessons on the registration process for HSNP and mechanisms for scaling.



Project design incorporated several pilots of promising approaches, including NICHE and the EIP, using global best practice, an experimental design, and impact evaluations in order to generate lessons for later expansion. Project design leveraged financial and technical support from DFID and UNICEF. Finally, the results framework indicators were clearly defined and logically connected to the project's theory of change in a way that was likely to give a full picture of project results.

**Project risks were assessed as substantial at appraisal, but mitigating support built into project design did not adequately anticipate challenges.** The substantial risk rating was primarily linked to the need to develop new managerial and coordination capacity at the county level in order to implement new initiatives being piloted as part of the project. Fiduciary risks were rated Substantial primarily because one of the implementing agencies—the National Drought Management Authority (NDMA)—had no experience managing World Bank-financed projects. The use of results-based financing and technical assistance to strengthen fiduciary capacity and systems helped mitigate these risks. However, the ICR (p. 14) notes that, despite the fact that a major goal of the project was to increase climate resilience, the risk assessment did not sufficiently contemplate the risk of shocks and crises that eventually effected implementation, in particular the onset of a severe drought. More specifically, financing for the project's shock response was to be provided by the government and reimbursed against a DLI upon achievement of results. However, when the government's fiscal situation deteriorated, it was unable to assign budget to shock response, and it was therefore unable to prefinance payments to beneficiaries. As this activity was to be disbursed against a DLI, the World Bank was unable to disburse until funding for this component was modified to a regular IPF financing modality.

## Quality-at-Entry Rating

Satisfactory

### b. Quality of supervision

**Despite major shocks, the Bank team, in cooperation with the government, was able to ensure that the crises that arose did not substantively affect achievement of the PDO, other than a one-year delay to project closure.** In particular, fiscal/budgetary constraints (due to the combined effect of COVID-19, a lengthy drought, and price spikes resulting from Russia's invasion of Ukraine) slowed implementation and necessitated repurposing of some funds for Emergency Cash Transfers. In addition, policy changes in the health sector by the new government necessitated adjustments to the DLRs and results framework, as did the withdrawal of part of the promised DFID/FCDO financing for the project. The new government also abolished the NHIF, one of the institutions supported by project, replacing it with the Social Health Authority in the final phases of the project, leading to delays and uncertainty. The Bank team, in cooperation with the government, was able to respond to all of these challenges, restructuring and repurposing funds as needed to maintain the relevance of the project components despite shocks. However, according to IEG's interview with the Bank team, it is possible that more could have been done to repurpose the nearly 20 percent of the total IDA grant that was returned in the second restructuring.

**Implementation support was timely, results focused, and well documented, both in Aide Memoires and in 11 Implementation Status and Results Reports.** According to the ICR (p. 19), hands-on implementation support was "routinely provided" and helped the government navigate multiple shocks that could have partially derailed the project. In the final stages of implementation, the team worked closely with the government to prepare the next phase of KSEIP, again in coordination with development partners, all



within a framework of a comprehensive and coordinated program of World Bank assistance to Kenya's social protection sector.

### **Quality of Supervision Rating**

Satisfactory

### **Overall Bank Performance Rating**

Satisfactory

## **9. M&E Design, Implementation, & Utilization**

### **a. M&E Design**

**M&E design was solid, reflecting key elements of the theory of change and providing multi-level measures of progress.** Indicators were well specified and monitorable, using data from program MISs as well as relevant administrative sources, surveys, and assessments. Third-party firms were to be engaged to undertake operational reviews of the EIP, rollout of the social registry, and expansion of the NICHE. Continued capacity building and systems strengthening support was planned for the CCTP-MIS to ensure that the required enhancement of the existing modules (that is, enhanced G&CM and payments modules) could be successfully implemented.

### **b. M&E Implementation**

**M&E implementation was thorough, with no specific problems with data collection arising.** All baseline and endline data were collected as planned with no methodological shortcomings apparent. The results framework and DLIs were adjusted in a timely manner to reflect changes to the program based on policy changes and/or external shocks, so that the results framework remained relevant throughout.

### **c. M&E Utilization**

**Project M&E was well utilized.** Specifically, data were used to track implementation progress, identify and address bottlenecks, trigger DLI disbursement, improve pilot programs funded through the project, and derive lessons learned for future projects. Particularly notable was the use of impact evaluations for EIP and NICHE to support adjustment of the design prior to scaling.

### **M&E Quality Rating**

High

## **10. Other Issues**



### a. Safeguards

**The ICR (p. 17) noted that "the project has no outstanding environmental and social issues."** The project triggered OP/BP 4.01 Environmental Assessment as a precautionary measure, as some of project activities were to be implemented in areas where minority vulnerable and marginalized groups (VMGs) are present. To ensure that VMGs were not excluded from the project and that they could access benefits and opportunities that are culturally appropriate, the government carried out a Social Assessment and prepared a Vulnerable and Marginalized Groups Framework (VMGF) and 26 Vulnerable and Marginalized Groups Plans (VMGPs). The VMGPs captured interventions focusing on the inclusion of minority VMGs and persons with disabilities. The VMGF, Social Assessment, and VMGPs were disclosed in-country.

**The project fully addressed issues identified at appraisal and subsequently.** During implementation, two key challenges were noted in implementing social safeguards: (a) targeting and reporting on minority VMGs, which was addressed by preparing, implementing, and monitoring VMGPs, and (b) a fragmented and uncoordinated complaints system that could not document and address non-case management complaints, such as the exclusion of beneficiaries in vast counties, low enrollment of minority VMGs, difficulties in accessing legal documents, and managing the risks of intimate partner violence and family conflicts as a result of cash transfers. As CCTP-MIS could not address these cases, the project's complaints system was enhanced to address the gap by engaging Beneficiary Welfare Committees to help manage grievances. The State Department of Social Protection (SDSP) reviewed the Project Operations Manual to strengthen grievance management procedures and include minority VMGs. The SDSP continually engaged stakeholders and monitored and reported on the implementation of the VMGPs and the management of grievances. Lessons learned were incorporated in the follow-on project (ICR, p. 17).

### b. Fiduciary Compliance

Financial management was strong throughout the project, with consistently unqualified external audits, as well as high disbursement levels and the absence of ineligible expenditures. The PAD appraised fiduciary risk as substantial, primarily because one implementation agency—the NDMA—had no experience managing World Bank-financed projects and would therefore require additional support. The use of DLIs was meant to somewhat mitigate this risk, along with the development of a financial management action plan for the NDMA that was being undertaken in the context of another Bank operation. Finally, the project's IPF funds were to be partially used for financial management capacity strengthening. As a result, although occasional delays arose from exchequer processes and budgetary constraints, challenges such as delayed expenditure documentation and weak asset management were identified and addressed.

### c. Unintended impacts (Positive or Negative)

None reported.

### d. Other

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## 11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Satisfactory	
Quality of M&E	High	High	
Quality of ICR	---	Substantial	

## 12. Lessons

Lessons from the ICR (p. 19):

**Piloting provides a powerful method by which new programs can be introduced.** The project introduced two new programs—EIP and NICHE—using a phased roll-out starting in five counties each. From the outset, the dialogue with the government foresaw a scale-up of these programs if they demonstrated success. While implementation of these programs exceeded expectations, the impact evaluations also were able to identify areas for improvement. The evaluation of outcomes was critical to justify eventual expansion. The planned expansion can benefit from lessons of the test phase, including institutional arrangements and responsibilities, funding, and stakeholder involvement. Another success factor for the pilots was the use in the initial phases of contracted technical assistance. In the case of EIP, besides delivering benefits, the technical assistance firm provided on-the-job training to build capacity of a government team that shadowed the firm’s consultants. The second phase of the EIP was led directly by the government team, with limited support from external consultants.

**Multiple instruments and continuous support are needed for the successful accomplishment of comprehensive social protection reform.** The project’s design and implementation benefited from institutional knowledge and dialogue developed over time through an extensive and continuous program of financial and technical assistance, including in-depth analytical work. The World Bank’s repository of knowledge and lessons was strong, as was the dialogue with the government on priorities in social protection, providing important insight into the policy issues required to improve performance at the project and sectoral level. Within the context of an integrated program of assistance, important policy actions on budgetary allocations and targeting and adequacy of social assistance were incorporated and addressed by leveraging World Bank-financed development policy operations. This approach offers the advantage of eliminating the discussion of policy requirements from the routine implementation support under an IPF, thereby allowing the project team to focus on routine implementation issues, while ensuring that the policy constraints affecting an operation are addressed. Within the context of the project, a mixed IPF/DLI design supported progress on objectives that the government was fully committed to, while allowing for the direct financing of more experimental components for future scale-up.

**The success of results-based financing instruments for shock-responsive safety nets (that is, results based under DLIs/performance-based conditions or IPF) depends on the government’s fiscal position and readiness to engage in countercyclical prefinancing in**



**preparation for shocks using an established shock fund/instrument.** In the case of this project, the use of DLIs turned out to be problematic, as they relied on the government's abilities to marshal financing for shock response, which proved impossible due to a deterioration in the government's fiscal situation.

### 13. Assessment Recommended?

No

### 14. Comments on Quality of ICR

**The ICR was well written with useful insights and lessons learned, but it was somewhat lacking in adequate detail.** In many cases, the ICR's narrative did not go into detail in describing the project shortcomings that led to less than optimal ratings. This was true for the explanation for the ratings of overall efficacy, efficiency, and quality of Bank supervision. Thus, for example, while both Section IIIB (Factors during implementation) and a subsequent IEG interview with the Bank team clarified several efficiency shortcomings, none of these are referenced in the Efficiency section of the ICR. Similarly, substantial ratings were given for Quality of Supervision without the narrative presenting what was sub-optimal in Bank performance. In the Efficacy section, while the ICR successfully cited multiple sources of evidence in order to present the project's achievements beyond simple attainment of indicators, it would have been helpful if, for each objective, a table had been included summarizing all of the indicators used to track program performance and establish levels of program achievement.

#### a. Quality of ICR Rating Substantial