

**PROGRAM-FOR-RESULTS INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: 112201

Program Name	Additional Financing for Kenya National Safety Net Program
Region	Africa
Country	Kenya
Sector	Social Protection
Lending Instrument	Program for Results
Program ID	P161179
Parent Program ID	P131305
Recipient	Republic of Kenya
Implementing Agency	Ministry of East African Community, Labour and Social Protection
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I. Country Context

1. **Kenya continues to experience economic growth and poverty incidence is declining, but inequality remains high.** Between 2004 and 2015, economic growth in Kenya averaged about 5.5 percent. Following the rebasing of the gross domestic product (GDP) in September 2014, Kenya was classified as a lower-middle-income country with gross national income per capita of US\$1,146. Between 2006 and 2016, poverty incidence (measured against the official national poverty line) is estimated to have dropped from 46 percent to 36 percent. However, inequality remains high with a Gini coefficient of about 0.48, which places Kenya among the 30 most unequal countries in the world.¹

2. **High rates of poverty undermine investments in human capital and limit the potential for the benefits of economic growth to be shared by all Kenyans.** The maternal mortality rate in Kenya remains one of the highest in Africa and many lack access to food security, clean water, good health care, and proper housing. Children living in households in the poorer quintiles are less likely than their better-off counterparts to attend school, to advance to the next school grade, to benefit from vaccination programs, and to have good health outcomes.

3. **Development challenges are particularly severe in the North and Northeastern region of Kenya.** Poverty is on average around 70 percent in this regions, and all welfare indicators are lower than the national average. The region has historically been underserved in basic services such as education, health, water, sanitation, electricity and roads. It is also relatively more affected by dire climatic conditions, and high levels of displacement and internal conflicts over cattle among and across clans. The absence of infrastructure also limits service delivery, including the provision of security and justice.

¹ [PovcalNet database](#), World Bank.

II. Sectoral and Institutional Context

4. **Social protection has long been an important part of the strategy of the Government to fight poverty and promote equitable economic growth and social inclusion.** The Constitution of Kenya (2010) asserts the “right for every person to social security and binds the State to provide appropriate social security to persons who are unable to support themselves and their dependents.” This is further reflected in Kenya Vision 2030 that seeks to build “a just and cohesive society with social equity.” To that end, the Kenya National Social Protection Policy (2011) endeavors to protect the poor and the vulnerable from negative impacts of shocks; promote resilience through investments in human capital and physical assets, including through nutrition investments in early years of life; and strengthen operational systems to improve the efficiency of delivery mechanisms of social protection interventions.

5. **The World Bank supports the Government’s efforts in social protection through the NSNP.** With support from the World Bank and other development partners, the Government established the NSNP in 2013, which seeks to improve the welfare of and increase resilience among specific vulnerable groups to reduce poverty and vulnerability in Kenya by creating a framework around which the four main cash transfer programs in the country can be better coordinated and harmonized. These four cash transfer programs are Cash Transfer for Orphans and Vulnerable Children (CT-OVC), Older Persons Cash Transfer (OPCT), Persons with Severe Disability Cash Transfer (PWSD-CT), and Hunger Safety Net Program (HSNP). The first three programs are managed by the Ministry of East African Community, Labour, and Social Protection (MEACL&SP), and the fourth is managed by the National Drought Management Authority (NDMA) in the Ministry of Devolution and Planning (MDP).

III. Program Scope

6. **The overall objective and boundaries of the Program remain the same as the AF intensifies coverage in a specific geographic area, where the Program is already operational.** The existing Program currently covers all 47 counties in the country and the AF will support an increased coverage in 10 of these counties located in the North and North Eastern region of Kenya. The rationale to expand in these specific counties to fast-track development in this region that is experiencing high levels of poverty and development deficit. The exact locations where the AF will increase coverage within these 10 counties will be spelled out in a modified Expansion Plan to be informed by poverty criteria.

7. **The scope of the Program has expanded since 2013 with enhanced government ownership and commitment.** It was expected in 2013 that by the end of its first phase (2013–2017), the NSNP will provide support to about 530,000 households, reaching a total population of approximately 3 million individuals, constituting approximately 15 percent of the absolute poor. However, as of now, the NSNP coverage has increased to over 765,000 households, reaching over 4 million people, exceeding 35 percent of the expected coverage. The Government’s share of financing to the Program has also increased considerably, with 86 percent of transfers to beneficiaries financed by the Government in 2015/16 (compared to 38 percent in 2012/2013). Despite these efforts, a large number of eligible poor households, however, remain uncovered, particularly in the North and Northeastern region where poverty levels are highest in the country. The AF will contribute to this objective. As the Government gradually increases the financing for the NSNP, it will be particularly important to also pay attention to a gradual takeover of the implementation of the HSNP to ensure sustainability of its

implementation.

IV. Program Development Objective(s)

8. The program development objective (PDO) is to support the Republic of Kenya to establish an effective national safety net program for poor and vulnerable households.

V. Environmental and Social Effects

9. The Environmental and Social Systems Assessment (ESSA) for the NSNP was approved and disclosed in May, 2013. This ESSA was carried out for the NSNP which covers all 47 counties in Kenya. Since the AF will remain within the existing scope of the program and be expanded in 10 of the 47 counties where the program is already operating, the original ESSA remains relevant to the AF and accordingly has been re-disclosed as part of the appraisal.

VI. Financing

10. The Government's financing to the NSNP has increased more rapidly than the initial projections made during the design phase of the original Program, primarily due to a rapid expansion of the program. As the table below shows, actual financing to date is 26 percent higher than the original commitment. These higher financing levels will be maintained and increased over the remaining years of the operation, with further takeover of the financing of existing beneficiaries and all newly enrolled beneficiaries financed by Government. With additional financing and restructuring, the Government commitment will reach US\$ 1,213 million (US\$ 913 net of the Program for Result – PforR).

VII. Program Institutional and Implementation Arrangements

11. The Government recently consolidated three of the four cash transfer programs under a newly established Social Assistance Unit (SAU), in an effort to reduce fragmentation and overlap and benefit from increased coordination and synergy. These three cash transfer programs include the CT-OVC, OPCT, PWSD-CT managed by the MEACL&SP with the aim of coordinating the delivery of cash transfers while increasing efficiency in the implementation of social assistance interventions within the Ministry. The HSNP continues to operate under the National Drought Management Authority (NDMA), and PWSD-CT continues to be implemented in collaboration with the National Council for Persons with Disabilities (NCPWD). The SAU has dedicated staff, headed by a Unit Head and Deputy Head, and operates at the same level with the Department of Children Services (DCS) and the Department for Social Development (DSD). County and sub-county officers from DCS and DSD will continue to spearhead implementation at the local levels for CT-OVC, and OPCT and PWSD-CT, respectively. The role of Social Protection Secretariat (SPS) continues to be in policy formulation, setting standards, maintaining the Single Registry, and performing all other roles related to the coordination of social protection activities in the country.

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