



► Social Protection in Action: Building Social Protection Floors for All

2022

Kenya: Inua Jamii Senior Citizens' Scheme

Summary

The Inua Jamii Senior Citizens' scheme is a tax-financed pension-tested social pension offering universal pension coverage for all citizens of Kenya once they reach 70 years of age. The programme, implemented since 2018, marks a significant milestone for the expansion of the lifecycle approach to social protection in Kenya, since all citizens are now entitled to a minimum income guarantee in their old age.

Based on this successful experience, the Government of Kenya is progressively building a more comprehensive social protection system providing income security across the life cycle and addressing the challenges faced not only by the elderly, but also children and people with disabilities. Investment in social protection has grown from 4.3 billion Kenyan shillings in 2011/12 (0.1 per cent of GDP) to a projected 39.5 billion shillings in 2022/23 (0.3 per cent of GDP).

Main lessons learned

► The Inua Jamii Senior Citizens' scheme has demonstrated that investing in social protection is feasible in a lower middle-income country when there is political will and commitment from the national Government.

- The rapid enrolment of older persons aged 70 years and above into a universal social protection scheme was made possible through electronic registration. It required effective coordination by the Government and the mobilisation of all departments within the Ministry of Labour and Social Protection. The scheme used innovative mechanisms for the registration and enrolment of recipients offering them the choice between several operators for the payment of their pensions.
- In its first year of implementation, the universal social pension has helped increase older people's sense of dignity and self-worth by giving them financial independence and limiting their reliance on family members for basic needs.
- By providing individual entitlements rather than a household transfer, the pension empowers older women who are gaining control over their own funds.

Social Protection Floors Recommendation, 2012 (No. 202)

SDG 1.3 aims to implement nationally appropriate social protection systems and measures for all, including floors, and by 2030, achieve substantial coverage of the poor and the vulnerable.

Social protection floors (SPFs) guarantee access to essential health care and basic income security for children, persons of working age and older persons. 187 countries have adopted the Social Protection Floors Recommendation, 2012 (No. 202), to achieve universal social protection.

Through the Inua Jamii Senior Citizens' scheme and other programmes, Kenya's shows concrete commitments towards the development, financing and implementation of a national social protection floor putting in practice some of the guiding principles put forward in the ILO Social Protection Floors Recommendation, 2012 (No. 202), such as those of universal protection social solidarity progressive realization and respect for the rights and dignity of people covered.

Why is a pension needed?

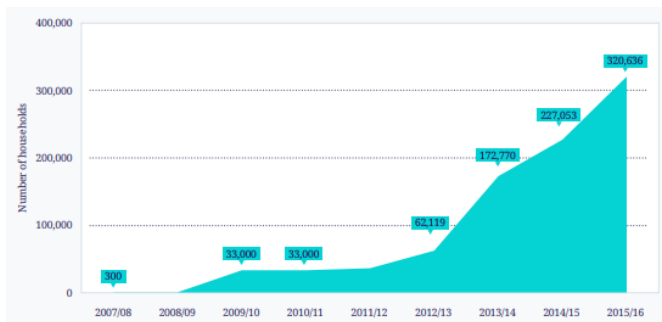
Despite a 10 percentage point decrease in the national poverty rate from 2005/06 to 2015/16, a high proportion of Kenyans continue to live on low incomes. The most recent measure of poverty in 2015/16 indicated a poverty incidence of 36.1 per cent, based on the national poverty line set at 133 shillings (US\$1.31) per day.¹ Furthermore, around 80 per cent of the population live on less than 280 shillings (US\$2.75) per day. While their physical capacity to work reduces, many older persons continue to engage in productive activities. The majority of older persons in Kenya have been active in the rural and informal economy and are left out of formal savings schemes, while those in the formal economy – that have contributed to the National Social Security Fund (NSSF) – only have access to a lump sum benefit and therefore have no guarantee of a regular, predictable pension in old age. The prevalence of disability increases with age: in 2010, approximately 12 per cent of the population between the ages of 65 and 69 years had a severe disability, 17 per cent between the ages of 70 and 74, and 25 per cent of those over the age of 75 years. As a result, older persons are more likely to be faced with significant healthcare costs which need to be met through out-of-pocket payments, causing financial barriers to accessing healthcare services. Many older persons in Kenya struggle with care responsibilities: 19 per cent of older women live in skipped generation households, compared to 8 per cent of older men, with the responsibility of caring for (grand) children. Furthermore, older women are more likely to live alone: 18 per cent compared to 8 per cent of

older men. Without the ability to earn an independent income, older persons in Kenya are susceptible to neglect and abuse when they are unable to contribute to their family and the community, and may face growing isolation while losing the support of family members.

How did the Inua Jamii Senior Citizens' Scheme evolve?

Recognising that older persons in Kenya face significant challenges while many are financially dependent on other family members who struggle to earn sufficient income themselves, the Kenyan Government has prioritised older people in the expansion of access to social protection and the provision of Kenya's first universal scheme. Prior to the introduction of the universal pension, the main cash transfer programme for older persons in Kenya was the Older Persons' Cash Transfer (OPCT), a poverty targeted household benefit which reached around 23 per cent of households with a member aged 65 years and above, making it one of the largest cash transfer programmes in Kenya at the time. The implementation of the Inua Jamii Senior Citizens' Scheme has been the result of the Government's progress in expanding access to social protection for citizens of Kenya in their old age, as demonstrated by the rapid expansion of households receiving the OPCT during recent years (see figure). Current recipients of the OPCT aged 65–69 years will remain on the programme until they reach the age of 70 years, after which they will be transferred to the universal pension.

Figure. Growth in number of recipient households of Kenya's Older Persons' Cash Transfer, from 2007/08 to 2015/16



► Source: Single Registry. Retrieved from <http://mis.socialprotection.go.ke:20307/>.

Furthermore, acknowledging that a universal social pension is more politically sustainable, the Inua Jamii Senior Citizens' Scheme has played a role during the national election in 2017. The scheme was advocated by the Harmonised Jubilee Coalition, the ruling political party in Kenya, as demonstrated in its 2013–2017 manifesto which included universal coverage of cash transfers for older people. Evidence from the 2015/16 Kenya Integrated Household Budget Survey illustrates significant challenges in the targeting effectiveness of the OPCT, with an exclusion error of approximately 50 per cent of eligible households for the OPCT and the Cash Transfer for Orphans and Vulnerable Children (CT-OVC), which uses a similar targeting mechanism. The Inua Jamii Senior

¹ Kenya Integrated Household Budget Survey 2015/16. 2005/06 poverty line has been revalued based on 2015/16 basket using 2005/06 prices.

Citizens' Scheme reduces the number of older persons that are excluded from income support with more transparent selection criteria, while reaching the majority of older persons living in poverty.

What does the Inua Jamii Senior Citizens' Scheme look like?

- The Inua Jamii Senior Citizens' scheme reaches approximately 763,000 older persons aged 70 years and above, over 60 per cent of which are women.
- Recipients of the scheme are entitled to 2,000 shillings (US\$17.4) per month, which is paid bi-monthly into an account with one of four commercial Payment Service Providers (PSPs).²
- The current level of investment in the Inua Jamii Senior Citizens' Scheme benefits amounted to approximately 18.3 billion shillings (0.15 per cent of GDP).

Institutional arrangement: In recent years, the Government has taken significant steps in strengthening coordination and bringing greater cohesion in the social protection sector, with the creation of the State Department of Social Protection, Pensions and Senior Citizens' Affairs in 2017 within the Ministry of Labour and Social Protection. This department includes several units such as the Social Protection Secretariat, which leads on policy and coordination of the social protection sector, and the Directorate of Social Assistance (DSA) which oversees the implementation and delivery of the cash transfer programmes. Six departments within DSA are responsible for identifying and registering recipients, grievance and case management, payments of pensions, the Management Information Systems, Monitoring and Evaluation and communications. At county or subcounty levels where DSA has no offices, it works through local officers of the Department of Social Development.

Legal framework: The Inua Jamii Senior Citizens' Scheme is not anchored in a legal framework, meaning that it could face potential discontinuation by successive governments. However, the Constitution of Kenya of 2010 and the National Social Protection Policy (NSPP), 2012 offer a framework for the development of the social protection sector. Article 43 (3) of the National Constitution states that *'every person has the right ... to social security'* and that *'the State shall provide appropriate social security to persons who are unable to support themselves and their dependants'*. The NSPP outlines the goal to build a

social protection system guaranteeing income security across the lifecycle, in line with the Constitution, ensuring that: *'All Kenyans live in dignity and exploit their human capabilities to further their own social and economic development'*. It included the commitment to establish a universal old age pension.

Registration: The implementation of the Inua Jamii Senior Citizens' Scheme marks a significant effort by the Government to shift from paper-based to electronic registration using Open Data Kit software and biometric identification. Over a period of less than a month, half a million older persons aged 70 years and above were registered and enrolled in the scheme in July 2017 through meticulous planning and effective mobilisation of all departments within the Ministry and through mass media campaigns, with the national leadership deployed at regional levels to oversee the registration process. The Ministry of Labour and Social Protection is currently in its planning stages to implement either a periodic or continuous enrolment system to continue the registration and enrolment of new older persons aged 70 and above into the scheme.

Payment process: The universal pension operates an innovative payments model which has allowed recipients to register with one of four commercial Payment Service Providers offering the recipients an opportunity to choose their preferred service provider. Each recipient has obtained an account and an automated teller machine (ATM) card through which the bi-monthly pension payment is paid, providing recipients with more freedom to withdraw their pension funds at any time at a bank or authorised bank agents and avoid long queues at collection points. The collaboration between the Government and commercial PSPs aims to enhance the financial inclusion of Inua Jamii programme recipients.

However, the large scale of the initial registration process has led to several logistical challenges in the early stages of implementation. The Government has limited oversight on the delivery of payments by the PSPs while facing challenges in implementing effective communication channels to ensure that adequate information is received by recipients. Furthermore, the rapid roll-out of the pension scheme has led to challenges in ensuring the predictability of payments, leading to delays in the processing of payrolls.

Complementary schemes: All older persons aged 70 years and above who receive the universal social pension

² The OPCT programme pays 2,000 shillings per month to a household. If there are multiple older people in the household, the total payment is still only 2,000 shillings.

also gain membership of the National Hospital Insurance Fund (NHIF), with their contributions paid by the Government, at a rate of 500 shillings (US\$4.8) per month. The NHIF meets the cost of inpatient treatment, up to certain limits based on the costs of treatment in Government hospitals and other facilities.

Contributory schemes for citizens of Kenya in their old age: Among the recipients of the Inua Jamii Senior Citizens' Scheme some had previously contributed to the NSSF and are entitled to a lump sum benefit upon retirement. An estimated 4 per cent of older persons receive the Civil Service Pension Scheme (CSPS) which does offer a reliable, regular transfer, funded on a defined contribution basis, and are therefore not entitled to the Inua Jamii Senior Citizens' Scheme.

What is the impact on older people's lives?

Early monitoring exercises performed by the Government of Kenya have discovered that older persons are regaining their dignity through the pension by limiting the reliance on family members for basic needs. Preliminary findings from a qualitative research study of the universal pension and its effects on a rural community in Nandi County have demonstrated that the pension has increased older persons' sense of self-worth. As a result of their individual entitlement to the pension, older persons are gaining more financial independence when compared to the OPCT which is at household level. The pension significantly impacts the lives of older women, for whom the pension has increased their level of decision-making and ability to open small businesses such as the rearing of chicken. Six months after implementation, the pension was found to have been spent primarily on food, clothing, livestock and improving agriculture.

The expansion of access to social protection through the Inua Jamii Senior Citizens' Scheme will likely have a significant impact on poverty, as demonstrated through simulated impacts of other cash transfer schemes in Kenya. Overall, the poverty rate among recipient households fell from 71 per cent before social transfers to 64 per cent after social transfers. Household consumption across recipient households increased by 11 per cent, on average, while consumption increased by 20 per cent within the poorest consumption quintile.

What's next?

The Government is continuing its efforts to overcome early implementation challenges in the Inua Jamii Senior Citizens' scheme and to improve the regularity of payments, while working towards the registration and enrolment of new older persons aged 70 and above. A midline impact evaluation is currently being undertaken, which will provide the opportunity to review design specifications, such as adjustment of the eligibility age. As the official retirement age in Kenya is 60, there is currently a gap in pension coverage, as those between the ages of 60 and 70 years are not yet guaranteed a minimum income when they retire, while the OPCT only covers a limited number of households with older persons aged 65 years and above. The draft investment plan produced by the Ministry of Public Service, Gender, Senior Citizens Affairs, and Special Programmes' Directorate of Social Assistance outlines the Government's commitment to expand the pension to reach those aged 68 years and above from 2020/21 and those aged 65 years and above from 2022/2023.

The Inua Jamii Senior Citizens' Scheme marks an important step for Kenya in its aim to grow investment in regular and predictable social security schemes as part of an inclusive lifecycle social protection system. However, further work will be required to realise the full inclusivity of the pension scheme. These include:

- Institutional arrangements for the scheme require more effective management at subcounty and local levels to improve case management and eliminate barriers that inhibit older persons from accessing their entitlement.
- A periodic or continuous registration process needs to be put in place to ensure all eligible citizens are enrolled into the scheme upon reaching the age of 70 years.
- Communication channels need to be enhanced to ensure that all recipients receive adequate information about the payments model and are able to use the grievance process.
- More needs to be done to build the understanding of citizens that the Inua Jamii Senior Citizens' Scheme is a universal rights-based scheme rather than social assistance.
- Recipients of the Civil Service Pension Scheme should be entitled to a minimum income that is equivalent to the amount of the Inua Jamii Senior Citizens' Scheme with an NHIF cover.

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