SOCIAL AND ECONOMIC POLICY

WORKING PAPER

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UNICEF POLICY AND PRACTICE

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Cash Transfers for Vulnerable Children in Kenya: From Political Choice to Scale-up

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Executive summary

During the course of the Kenya 2002 parliamentary elections, UNICEF launched a media campaign advocating for the removal of primary school fees and for a cash child benefit targeted towards the poorest families. The first major policy change made by the incoming Government of Kenya, within days of taking power, was to make primary school free. The Government also opened up space to discuss the introduction of a child benefit. UNICEF supported discussions around what it would cost to apply a child benefit in a number of different arenas, notably the newly set up parliamentary orphans and vulnerable children committee. UNICEF also supported a small-scale pre-pilot programme to support the policy debate and provided a first-hand look at what a cash transfer programme meant in practice, in testing existing capacities for implementation, and in applying lessons for future scale-up. The test areas in three very different parts of Kenya – poor urban, pastoralist, and low income, high HIV-rate agricultural – proved useful in showcasing the concept and for learning lessons for scale-up, and supported decisions to move to a full-scale pilot programme.

A crucial lesson learned from the reviews around the pre-pilot was the importance of investing more resources in capacity building and targeting to ensure the most vulnerable children are indeed the ones enrolled into the programme. Successful engagement with politicians and policy dialogue around the pre-pilot resulted in pressure to expand the programme perhaps faster than good-quality capacity could be built to manage a high-quality programme. The result was a decision to scale up along two tracks: Track one, with an expanded full-scale pilot programme in seven districts in which different programme models would be evaluated for merit (conditional versus non-conditional programmes) and where innovations such as a computerized management information system and cash transfers via the post office would be tested, including active real-time improvements of targeting mechanisms. And track two, in which the pre-pilot model would be expanded by the Government with less support from international partners but with pilot programme innovations migrating over when possible.

The pilot programme evaluation will report its results in 2010, comparing baseline data collected in 2007 with the results of a follow-up survey to be conducted in 2009. In the meantime, the full programme (track one and track two) has expanded to 75,000 households in 2009 in 47 districts and is expected to reach an estimated 125,000 households in 2013, mainly due to increasing budget allocations from the Kenyan treasury and expansions in human capacity at the Children's Department earmarked for the programme.

Early in 2009, the World Bank joined the programme with an International Development Association (IDA) loan of US$50 million dollars to help accelerate expansion and consolidate the capacity elements required to maintain the programme at national scale. As of mid-2009, the largest financial contributor to the programme remains the Kenyan taxpayer. Despite contractions to the economy – caused by the global slowdown and the aftermath of the 2008 post-election violence, and reducing tax receipts in the short term – the principle that cash benefits for the most vulnerable young citizens is something that defines the Kenyan State now seems on the way to being assured.

Resumen Ejecutivo

Durante las elecciones parlamentarias que se llevaron a cabo en Kenya en 2002, UNICEF llevó a cabo una campaña en los medios de comunicación para promover la eliminación de los costos de matriculación en la escuela primaria y la creación de un beneficio por niño en efectivo dirigido a las familias más pobres. El primer cambio importante de políticas realizado por el nuevo Gobierno de Kenya, a los pocos días de iniciar su mandato, fue establecer la gratuidad de la enseñanza primaria. El Gobierno abrió también un espacio para debatir la incorporación del beneficio por niño. UNICEF prestó apoyo a los debates sobre los costos que supondría aplicar un beneficio por niño que se llevaron a cabo en diferentes foros, especialmente en el recientemente establecido Comité parlamentario sobre huérfanos y niños vulnerables. UNICEF prestó también apoyo a un programa pre-piloto a pequeña escala destinado a reforzar el debate sobre políticas y ofrecer una impresión de primera mano sobre lo que significa un programa de transferencia de efectivo en la práctica, en las pruebas dirigidas a analizar las capacidades para su aplicación, y en la aplicación de las experiencias aprendidas para una futura ampliación de la escala. Las pruebas, realizadas en tres zonas muy diferentes de Kenya –zonas urbanas pobres, zonas de pastoreo, y zonas agrícolas de bajos ingresos y una alta tasa del VIH– fueron útiles para presentar el concepto y aprender lecciones dirigidas a ampliar su escala, y sirvió de apoyo a las decisiones para realizar un programa piloto de amplia escala.

Una importante lección aprendida de los exámenes en torno al proyecto pre-piloto fue la importancia que tiene invertir más recursos en el fomento de la capacidad y realizar un proceso de selección para garantizar que sean de hecho los niños más vulnerables quienes participan en el programa. La incorporación satisfactoria de los políticos como interlocutores y el diálogo de políticas en torno al proyecto pre-piloto dieron como resultado un aumento de la presión para ampliar el programa, aunque tal vez con una mayor rapidez de la que hubiera sido necesaria para establecer una capacidad de buena calidad destinada a gestionar un programa de alta calidad. El resultado fue la decisión de ampliar la escala a lo largo de dos vías: la primera vía, con un programa piloto ampliado a plena escala en siete distritos donde diferentes modelos del programa podrían evaluarse para observar su mérito (programas condicionales frente a programas no condicionales) y donde se pondrían a prueba innovaciones como la gestión computarizada de los sistemas de información y el envío de las transferencias de efectivo por vía postal, incluyendo mejoras activas en tiempo real de los mecanismos de selección. Y la segunda vía, en la cual el modelo pre-piloto sería ampliado por el Gobierno con menos apoyo de los asociados internacionales pero con una aplicación más generalizada, tan pronto como fuese posible, de las innovaciones del programa piloto.

Los resultados de la evaluación del programa piloto estarán preparados en 2010, y establecen una comparación entre los datos de referencia recopilados en 2007 y los resultados de una encuesta de seguimiento que se llevará a cabo en 2009. Entretanto, el programa completo (primera y segunda vía) se ha ampliado a 75.000 hogares en 47 distritos en 2009, y se espera que alcance a alrededor de 125.000 hogares en 2013, especialmente debido a un aumento de las asignaciones presupuestarias del tesoro de Kenya y la ampliación de la capacidad humana en el Departamento del Niño asignado al programa.

A comienzos de 2009, el Banco Mundial se unió al programa con un préstamo de 50 millones de dólares de la Asociación Internacional para el Desarrollo para contribuir a acelerar la ampliación y consolidación de los elementos relativos a la capacidad necesarios para mantener el programa a escala nacional. A mediados de 2009, el principal donante financiero al programa sigue siendo el contribuyente de Kenya. A pesar de las contracciones en la economía –generadas por la disminución de la actividad económica a escala mundial y la violencia después de las elecciones de 2008, y una reducción de los ingresos tributarios a corto plazo– parece haber grandes posibilidades de garantizar el principio de que los beneficios en efectivo para los ciudadanos más jóvenes y más vulnerables es algo que define el Estado de Kenya.

Résumé Analytique

Lors des élections législatives de 2002 au Kenya, l'UNICEF a lancé une campagne médiatique en faveur de l'abolition des frais de scolarité et de la création d'allocations familiales pour les familles les plus pauvres. Le premier changement majeur en matière de politique effectué par le nouveau Gouvernement kenyan, dans les jours qui ont suivi son entrée en fonction, a été de rendre l'école primaire gratuite. Le gouvernement a également ouvert un débat sur la création de prestations familiales. L'UNICEF a facilité les discussions sur le coût d'un régime d'allocations familiales, dans différents forums propices à ces échanges, notamment le comité parlementaire sur les orphelins et les enfants vulnérables. L'UNICEF a également apporté son appui à un programme « pré-pilote » à petite échelle, permettant de nourrir le débat politique, et a fourni une approche nourrie par l'expérience de ce qu'impliquerait en pratique un programme de transfert monétaire, en testant les capacités de mise en œuvre existantes et en appliquant les leçons tirées à une généralisation dans le futur. Les zones tests, qui se situaient dans trois parties très différentes du Kenya – urbanisée pauvre, peuplée de pasteurs, et peuplée d'agriculteurs à faible revenu et taux de VIH élevé – se sont avérées utiles pour la présentation du concept et pour les leçons à tirer en vue d'un passage à grande échelle, et elles ont soutenu les décisions de passer à un programme pilote à grande échelle.

Les examens du programme « pré-pilote » ont permis de tirer une leçon essentielle : il importe de consacrer davantage de ressources au renforcement des capacités et au ciblage afin de garantir que les enfants les plus vulnérables soient bien ceux qui bénéficient du programme. Des contacts fructueux avec les hommes politiques, tout comme le dialogue sur la politique à suivre pour le programme « pré-pilote » ont conduit à développer le programme peut-être trop vite avant d'avoir pu renforcer efficacement les capacités permettant de gérer un programme de bonne qualité. Conséquence, on a décidé de mener le passage à plus grande échelle sur deux voies. Première voie : programme pilote passant à grande échelle dans sept districts où différents modèles de programme seraient évalués selon les résultats (programmes assortis ou non de conditions) et où on testerait des innovations telles qu'un système informatique de gestion et des transferts monétaires par la poste, y compris des améliorations en temps réel des mécanismes de ciblage. Deuxième voie : le modèle « pré-pilote » serait élargi par le gouvernement en bénéficiant d'une aide moindre des partenaires internationaux mais en profitant dès que possible des innovations issues du programme pilote.

Les résultats de l'évaluation du programme pilote seront communiqués en 2010, en comparant les données de référence réunies en 2007 aux résultats d'une enquête de suivi menée en 2009. Pendant ce temps, le programme complet (première et deuxième voies) est passé à 75 000 ménages en 2009, répartis dans 47 districts, et devrait atteindre environ 125 000 ménages d'ici 2013, en raison essentiellement de l'accroissement des allocations budgétaires accordées par le Gouvernement kenyan et du développement des capacités au niveau des ressources humaines du Département de l'enfant, dont va relever ce programme.

Début 2009, la Banque mondiale s'est ralliée à ce programme en accordant un prêt de 50 millions de dollars É.-U. par le biais de Association internationale de développement (AID). Ce prêt est destiné à accélérer le renforcement et la consolidation des capacités nécessaires pour que le programme puisse fonctionner à l'échelle nationale. À la mi-2009, le plus important bailleur

de fonds pour ce programme demeure le contribuable kenyan. En dépit des difficultés de l'économie – dues au ralentissement mondial et les répercussions des violences qui ont suivi les élections de 2008, et à la réduction des recettes fiscales à court terme – le principe d'allocations familiales pour les jeunes citoyens les plus vulnérables, défini par l'État kenyan, semble maintenant en bonne voie de concrétisation.

Introduction

The Kenya cash transfer programme for vulnerable children was conceived during the run-up to the parliamentary elections at the end of 2002. Its conception stemmed from the realization that some elements of social protection in Kenyan society, especially family and communal mechanisms, were breaking down in the face of the growing AIDS pandemic.[1] The publication of the *Children on the Brink* report[2] in 2002 pushed the debate on the consequences of this demographic momentum that was leading to increased numbers of orphans in Kenya as a consequence of AIDS.

UNICEF Kenya highlighted the issue in the course of the 2002/03 parliamentary elections through a media campaign in the press, on radio and television, and through UNICEF staff and youth groups going on the road to track down and lobby parliamentary candidates on the campaign trail. The ‘Call to Action’ campaign aimed to inform the public, stimulate discussion and challenge parliamentary candidates to pledge to address the orphans issue with seriousness if elected. Twelve suggested actions formed the core of the campaign (*Table 8*). Every few days during the run-up to the election, the 12 pledges were reproduced in the press with the signatures of the parliamentary candidates who had signed-up. Almost 350 signatures were appearing by the time of the election, more than 100 of them became Members of Parliament – including the new President and much of his new cabinet. To give the campaign post-election legs, posters were produced to remind constituents of the pledge their Member of Parliament had signed.

One potential point of action that arose during the 2003 post-election discussions – both in a parliamentary committee set up by campaign signatories to address the orphans and other vulnerable children (OVC) issue and in a committee chaired by the permanent secretary of the Ministry of Home Affairs charged with developing a national plan of action for OVC – was whether the time was ripe for the State to launch a cash transfer programme aimed at supporting very poor families with young children affected in some way by HIV and AIDS. These might be poor families that were fostering the young children of relatives or friends who had passed away as a result of AIDS. Or they could be poor families with children, looking after people who were ill as a result of HIV and AIDS.

By 2004, a first phase pilot programme was in place, targeting 500 households in three very different parts of the country (pastoralist areas, urban slums and a poor agricultural community), in a partnership between UNICEF (with partial funding from Sida) and the Government of Kenya (with funding from taxpayers). The purpose of the small-scale pilot was to further inform the dialogue on the merits and worth of child benefits, to see whether the concept would work and to learn lessons for a potential larger pilot programme. If the results of evaluation showed the programme to be efficient in terms of resource transfer, and if it improved outcomes for vulnerable children, then this could lead to an expansion.

After two years of operation, the enthusiasm from the parliamentary committee and the Ministry of Home Affairs to relaunch the programme as a much larger pilot with design features that could be scaled up had grown to a tipping point. The interest of other international partners had been perked, notably at the World Bank and DfID, whose staff assisted an expanded government and UNICEF team to design the second pilot phase starting in 2007.

The second stage scaled up to 37 districts by 2008, with 75,000 households likely to be enrolled by the end of the 2008/09 financial year. A third-party evaluation was put in place to measure impact and costs of different programme designs. The Ministry of Finance, happy with high expenditure rates from its previous allocations, doubled their allocation to the programme in 2006/07 and 2007/08 budget year and then tripling it in the 2008/09 budget year. From an allocation of around US$800,000 in 2005, more than US$9 million was budgeted as a contribution from Kenyan taxpayers in the 2008/09 budget year.

In 2009, the World Bank agreed to an IDA loan worth US$50 million, running for five years from 2010. How could such a programme, innovative for Kenya in its design and ambition, grow so quickly? This paper tells this story through examining four key strategic considerations that formed the core of UNICEF support, creating political space, policy dialogue, building capacity and targeting.

There is an important chronology to bear in mind while reviewing how these four elements wove together over the eight years this paper covers. The evolution of the programme between 2002 and 2009 can be divided into three phases: (a) the initial phase in 2002 and early in 2003, before any programme existed, consisting of stimulating political and policy dialogue on the potential for a cash child benefit in Kenya; (b) the first phase pilot between 2003 and 2005; (c) design and implementation of the scale-up phase from 2004 to 2009 of a more sophisticated programme design.

The first of the strategic elements was exploring whether a political choice to support a cash-based child benefit programme could be made by Parliamentarians. Later, this dovetailed into maintaining political interest to support expansion of the programme. The starting point was stimulating discussion between this group and the public at large on the moral basis for such a programme, what it might indicate for the evolution of what it means to be Kenyan were Kenyan society to maintain state-sponsored child benefits as part of the social fabric, and what was known about the potential pros and cons from such programmes elsewhere. This discussion led to the decision by government to undertake a small first phase pilot supported by UNICEF to further explore the questions raised during these dialogues.

The existence of a pilot programme allowed UNICEF to launch a second round of efforts aimed at stimulating political debate. Actions included furnishing information, calling for meetings, producing information notes and inviting the print, radio and TV media and policymakers to observe the pilot in action and similar programmes in other countries. The Vice-President and Minister of Home Affairs was taken to see a similar programme in Colombia, and his staff were shown the Jamaica programme. Policy papers focusing on affordability were targeted to Ministry of Finance officials, and op-ed pieces in the daily papers stimulated further discussion.

One effect here was that the programme became sufficiently well known that political capital could be gained by politicians referring to the programme and mentioning their intentions to expand funding and geographical coverage if re-elected.

Table 1: Timeline for the evolution of the Kenya cash transfer programme for orphans and other vulnerable children

Political debate around the 2002 elections	End of 2002 and early 2003
Planning a pre-pilot programme	Mid 2003 to mid 2004
Implementing a pre-pilot programme (500 households)	Mid 2004 to end of 2006
Government makes initial budget allocation	Early 2006
Evaluation of pre-pilot phase	End of 2006
Initial expansion of geographical areas	Mid 2006
Negotiations with the post office start	Mid 2006
Design of a pilot programme starts	Early 2007
Government doubles domestic budget allocation	Early 2007
Design starts for an improved information system	Early 2007
DfID starts making financial contributions	Mid 2007
Impact evaluation baseline data collection	Mid 2007
Political debate around the 2008 elections	End 2007
Government triples domestic budget allocation	Early 2008
Programme reaches 100,000 households	End 2008
World Bank extends US$50 million IDA credit	Early 2009
Impact and cost evaluation results	Late 2009

The second strategic element was stimulating policy dialogue with senior decision makers in the civil service and with other potential international partners, notably Sida (which had partially funded the first phase through its thematic funding for child protection through UNICEF), DfID, the World Bank, and United States Government officials and their non-governmental organization (NGO) contractors. Key items of focus included:

- The design of the first phase pilot.
- Learning lessons from the first phase and moving on to the more sophisticated second phase design that could be taken to scale.
- Where to implement the second phase and the decisions around geographical coverage for scale-up.
- When to introduce more sophisticated management systems and what designs to follow.
- How to transfer money.
- What would be the acceptable levels of operational costs compared to proportion of programme budget delivered to beneficiaries, and how operational costs and impacts might vary using alternative programme models.
- Discussions around programme targets in terms of desired impacts on outcomes for children.
- Ensuring these questions would be answered through close interaction in the design of the second phase programme evaluation.

The overall aim was to ensure that the senior managers in the civil service had good information to hand before programme design choices were taken, and that international development partners were involved as much as they wanted to be so that their potential expanded participation in the programme was not compromised by a policy disagreement.

The third element was the capacity to implement. The implementing agent, the Ministry of Home Affairs' Children's Department, had grown out of a branch of government that dealt with probation for children in conflict with the law. With the enactment of Kenya's Children Act of 2002, the department had been given more responsibilities, without an appreciable increase in human and financial resources. It was clear early in the first phase that the department's capacity would require enhancement if it were to be able to manage a cash transfer programme at scale as well as carry out it's other responsibilities. The Ministry of Home Affairs was allowed to fast track recruitment of the many unfilled district-level children's officer posts so that scale-up could be managed when new districts were enrolled at a time when long-standing policies were in place to restrict civil service recruitment. It was also clear that UNICEF support for capacity building could only be ensured through the creation of dedicated international and a national professional staff positions entirely devoted to supporting the cash transfer programme.

Four, it being clear that the political momentum, fiscal space and capacity to implement were not available for a universal child benefit, it was essential to devise a community-level targeting mechanism that could be replicated across different communities and that was demonstrably efficient in reaching the intended target group. There are two issues here that all cash transfer programmes must address: who benefits and who does not. The borderline group of families that came close to qualifying, and whose circumstances are usually not all that different from those enrolled, is an issue that requires sensitivity and community mechanisms where reviews of decisions can take place. Also, it is important to monitor the wealth ranking of the beneficiaries because the poorest families with children are the key target group. Programme management needs to understand inclusion and exclusion errors, those wealthier families that should have been *excluded* but weren't and those poor families that should have been *included* but weren't.

In sum, the interplay between all four strategic areas of concern – political choice, policy dialogue, capacity to manage a programme and how targeting is managed – has been crucial to the programme's evolution so far and will continue to be so in the coming years.

1. Poverty and wealth in Kenya, and existing poverty reduction programmes

Kenya is a country of approximately 35 million people, half of whom are under 18 years old. Fifteen million Kenyans were live on less than US$1 per day early in this millennium. After a period of stagnation during the late 1990s, when the economy grew at an average of only 1.5 per cent between 1997 and 2002[3] (well below population growth rates estimated at 2.5 per cent per year), the economy is now growing – despite effects of the 2008 post-election violence and the displacement of around 500,000 people from some of the best agricultural land. But even with a growing economy, the proportion of Kenyans living in poverty has been increasing in absolute terms and reflects growing disparities.

The Centre for International Poverty Research estimated the proportion of Kenyan children living in absolute poverty as 20 per cent of urban and 74 per cent of rural children.[4] The Kenya

Central Bureau of Statistics[5] reported increasing geographical and socio-demographic disparities, with rural poverty ranging from 16 per cent to 84 per cent. Kenya's Poverty Reduction Strategy Paper[6] identifies the main correlates of poverty in Kenya as: location, household size, educational attainment of household head, sex of household head (female-headed households are poorer), type of agricultural output (subsistence farmers versus cash crop farmers), and ownership of livestock and of selected durable farm tools. To this, one must add the debilitating and far-reaching effects of HIV and AIDS; 6.2 per cent of Kenyan adults are estimated to be infected (1.15 million people). Also, climate change in the Horn of Africa is affecting pastoralists, who live in the 80 per cent of Kenya's land mass that is categorized as arid or semi-arid. Rain is now more intense leading to greater soil run-off and is interspersed with longer periods of drought.

There are four broad categories of ultra-poor in Kenya. *One group lives in arid areas*, mainly on the outskirts of market towns, where the economy revolves around pastoralism. For various reasons, they do not own an economically viable number of animals and do not have any other economic assets. *A second group comprises people who were already poor* and have been affected by HIV and AIDS to the point where the economically active members of the household are either ailing or have died due to HIV and AIDS – leaving members of the older generation who are still alive with responsibility for looking after orphans. This category can be found all over Kenya, especially where poverty was already greater and where AIDS has hit particularly hard – and particularly in Nyanza and Western Provinces, especially in communities living close to Lake Victoria, and among communities living close to the Trans-African highway from Mombasa through Nairobi and Nakuru, to the borders of Uganda. *A third group are poor communities living in urban slums* around cities and towns where transient populations of migrant labourers live side by side with well-established people who have lived in urban slums for several generations. *A fourth group are migrant labourers* working in large agricultural businesses such as tea plantations and pineapple farms.

The numbers in the first category form a subsection of the 2 million-plus people who have come to depend on free food as part of humanitarian drought-relief programmes that have operated almost continuously for the past 25 years in arid districts. Funding for these programmes has come from the United States; Kenyan taxpayers, whose funds purchase food surpluses from large farms, mainly in western Kenya; and cash grants, notably from bilateral and multilateral European aid programmes. Neither the second group nor the third has been the beneficiary of a similarly coherent poverty-alleviation programme.

Transfers from the state to the very poorest have been a feature of Kenya's state spending for many years. This feature is based on the political imperative to reduce disparities that has come out of the debates generated by parliamentary democracy. Eighty per cent of the taxes in Kenya are generated by a relatively small percentage of Kenyans: those who are involved in key sectors such as imports and exports through the main port of Mombassa; the industrial sector that supplies goods throughout East Africa; and agribusinesses including coffee, tea, flower and pineapple production, clustered in the 20 per cent of Kenya where soil is fertile and rainfall is good. The country is also a regional hub for development organizations and is home to the global headquarters of two United Nations agencies all of which generate large revenues through value-added taxes.

Allocations to what are defined by the Ministry of Finance as core poverty programmes were US$390 million, US$637.5 million, and US$1.18 billion in the financial years 2002/03, 2005/06 and 2006/07, respectively. In the 2005/06 financial year, the allocation represented 4.9 per cent of the gross national product (GNP) out of a total expenditure by the Government of 27 per cent of GNP. A key problem with these programmes early in the new millennium was that expenditure rates were often very low. Well over a third of the resource allocations remained unspent early in the decade due to programme management capacity problems, especially at decentralized levels. Parliamentarians have been passing legislation forcing a decentralization of management of core poverty programmes from the central and district levels to the constituency level. Several mechanisms now operate at this level, including Constituency Development Funds, School Bursary Funds and Local Authority Transfer Funds.

The cash transfer programme needed to be seen in a programming environment where a number of changes were being implemented in the way the state manages its entire social protection portfolio. Key questions when adding a new programme to the list include how it would interact with these other programmes and if it would be able to demonstrate that it is at least as efficient. Also, why, early in the new millennium, were cash transfer programmes not already a mature part of the social sector scheme? Why did they require a well-thought-out policy advocacy strategy to make their case?

2. Cash benefits for children in Africa: From unheard of, to radical, to orthodoxy

International aid organizations have supported social sector programmes intensively for 50 years in Africa without promoting social security with cash transfers as an element of such programmes. Paradoxically, cash transfers have played a key role in their own social sector strategies as a means of reducing poverty and helping to promote human capital formation among their poorest.

The importance of building social security systems was well recognized when the United Nations grew out of the aftermath of World War II. One of the founding principles of membership in the United Nations is that Member States should have in place a mechanism to transfer resources from the better-off elements of society to the very poorest. This principle is articulated, for example, in the Universal Declaration of Human Rights:

> Article 22 – Everyone as a member of society, has the right to social security, and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.
>
> Article 25.1 – Everyone has the right to a standard of living adequate for the health and well-being of himself and his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

> Article 25.2 – Motherhood and childhood are entitled to special care and assistance.

Since the purpose of the funds and programmes of the United Nations is to help build the capacity of Member States to work towards the fulfilment of the articles of the Universal Declaration of Human Rights and the covenants and conventions that have followed, it is clear that the United Nations should support the development of social security systems.

Although cash benefits transferred from the wealthier parts of society to the poorest had been a cornerstone of social policy in many UN Member States even before the Declaration, for example the USA brought in the National Social Security Act in 1936, better-off members have held back from helping with the development of cash-based transfers in Africa, using instead two alternative programme models for transfers:

(a) Distribution of food sourced from surpluses purchased by governments to prop up prices at home, combined with an expensive logistical chain and potential distortions to production, wholesale and retail business incentives at the distribution end.

(b) Contracting civil society organizations to deliver all manner of social services.

In Kenya, food distribution has been a regular feature of the social protection strategy, particularly in arid areas, for almost 30 years. And the logistics of moving food down to the district level, 'the last ten miles', has been managed by the World Food Programme, with targeting services contracted to civil society organizations. In the case of food aid produced in the United States, the cost of grain by the time it makes it into a household includes the cost of subsidies, without which the food may not have been produced in the first place; transportation from the US farm gate to the Kenyan household; and contracting the international civil society organization that manages the targeting and distribution operation.

There has been an increase in the use of the second programme model for the disbursement of resources from US government assistance in AIDS programming through the President's Emergency Programme for AIDS Relief (PEPFAR). During the past few years, the value of these resources has topped US$400 million per year for Kenya. While half of these resources goes towards treatment of people infected with HIV, including the purchase of antiretroviral medications, perhaps a quarter is focused on economic support of poor households affected by HIV and AIDS through the delivery of supplies to poor AIDS-affected households. It's a safe programme model in that the contractors are usually 'not-for-profits', with long-standing reputations for delivering on US government contracts, and the risk of fraud or agreed results not being delivered is low. The downside is that the administrative costs, defined as the proportion of the total programme cost that does not end up at the household level, are quite high – reportedly well over 25 per cent. Also, recipient households do not get to decide for themselves what they need when the resources on offer, as would be if they were given cash. Evaluations of these programmes that answer questions on overhead costs, the scalability and impact are rare in the literature, and there was certainly little discussion of these issues in Kenya in social policy circles during the early 2000s.

It was therefore a radical departure for Kenya to consider devising a cash transfer programme for OVC with a resource delivery mode that would have substantially lower overhead costs than those described above; be targeted on those parts of the country with high poverty rates and high levels of HIV; use community knowledge and management systems to target the poorest households with children; include a second-stage check system managed by central government; and make selections of recipients via community validation of a final-draft list of beneficiaries.

For cash delivery, the potential for using the post office system to deliver cash to enrolled households was a spur for development of the programme for three reasons: (a) the potential to reduce the security risk around moving large amounts of cash around the countryside; (b) the potential to keep the proportion of the total budget going into administrative costs low, because the post office network is well-developed in Kenya and can turn a profit with low overhead; (c) the ability to use the system for transparent accounting of who received the cash – a feature difficult to implement with the alternative programme models without increasing high overhead costs even further.

Evidence for the potential for low overhead costs came from large-scale cash transfer programmes that deliver well over 80 per cent of total costs to the targeted households, once the programme is mature. In Brazil, Colombia and Mexico, administrative costs are less than 10 per cent. Mexico's PROGRESA has administrative costs of less than 9 per cent.[7] These are programmes that have factored in administrative costs for systems that monitor whether households are complying with certain conditions, e.g., vaccinating and ensuring their children's attendance at school. Programmes that do not monitor conditionality should have even lower administrative costs.

Moving forward to 2009, while the ambition of the Kenya programme might have been viewed as ambitious in 2005, it seems almost orthodox today. At the beginning of 2009, the Executive Council of the African Union adopted a social policy framework that recommends, inter alia, that all member states adopt costed national social protection plans of action that are based on the concept of a minimum package that includes cash benefits for children, an old-age pension and an employment guarantee (government ensuring that unemployed people will get work for a minimum wage, usually in a public works scheme).[8] This recommendation was endorsed by all UN agencies, bilateral aid agencies and civil society organizations with whom the African Union consulted widely during the lead-in to the meeting of African Heads of State. In part, this move from radical scheme to orthodoxy has been driven by a growing evidence base for the impact of cash transfers on the realization of human rights other than the right to social security. The following section reviews the evidence for the impact of child cash benefits on outcomes for children.

3. Evidence of the impact of cash benefits on outcomes for children

In 1738, Daniel Bernoulli, the Swiss mathematician who invented the concept of utility, proposed that the "value of an item must not be based on its price, but rather on the utility that it yields," and the "utility resulting from any small increase in wealth will be inversely proportionate to the quantity of good previously possessed."[9] The concept of utility is foundational when trying to make space for a new programmatic intervention in an already crowded field. The policy debate in Kenya and other countries revolve in part on the discussion of the utility of such a policy. To what extent would a small addition of cash to the economy of very poor households make a real difference to the lives of the children in those households? And to what extent would it make a difference to Kenyan society as a whole? What about the creation of dependency syndrome? What would the likelihood be that poor families given cash by the State would reduce their own efforts to sustain themselves, thereby creating an even larger burden for the State? Or, on the other hand, would cash transfers aimed at the poorest help to push total societal human capital formation upwards, through, for example, helping children stay in school for longer. Cash transfers as a potential element of a holistic web of programmes aimed at delivering realization of all children's rights was an unfamiliar concept for social policymakers in Kenya in 2003, so it was important to gather evidence of both the impact and costs of similar programmes elsewhere in the world.

Political space at this point also needed to be generated from within the team of professionals working for UNICEF and for the Ministry of Home Affairs. Why should an already overstretched team be challenged to create, pilot, evaluate and expand a totally new programme in an already overcrowded portfolio? Gathering and making known the evidence of impact on outcomes for children from the literature was key for generating buy-in.

The following is an overview of some of the key references available today most of which were shared with counterparts involved in the cash transfer programme in Kenya in the course of policy dialogues.

In many developed market economies, social security measures have reduced poverty and inequality by half and more.[10] Pensions alone account for between half and two-thirds of observed fertility differences in Europe and the United States, both across countries and across time, and greater than 80 per cent of the observed variation seen in a broad cross-section of countries.[11, 12] Reducing fertility is one of the top three interventions for reducing under-five mortality in developing countries, along with control of pneumonia and treatment of diarrhoea.[13, 14] In Mozambique, the urban cash transfer programme has increased the income of the urban poor in small towns by more than 40 per cent.[15] The overall impact of the South African social security system on poverty has been to reduce the poverty gap by 47 per cent and the destitution gap by 67 per cent.[16] Mexico's PROGRESA reduced the poverty gap by 36 per cent[17] and data suggest that the growth of children aged 12–36 months in beneficiary households has increased by 1 centimetre per year.[18] Birthweight increased by 127.3 grams, and low birthweight was reduced by 4.6 per cent.[19] Height increased by 1.1 centimetres.[20] In Colombia, children under 2 years old in households receiving cash transfers displayed an average increase of 0.164 in the z-score of height (translating into a 7 per cent reduction in stunting) and an 11 per cent reduction in the incidence of diarrhoea. Birthweight, perhaps the most important predictor of future nutritional status, showed improvements of 578 and 176 grams in urban and rural areas of the programme, respectively.[21]

In Nicaragua, the pass rates among children in households receiving cash transfers in school Grades 1–4 increased by 6 percentage points, and transition to upper primary school (Grades 5 and 6) increased by 11 points, even though children at that level were no longer eligible for programme benefits.[22] Similarly, in Mexico, the cash transfers for children had the largest impact on school transition rates to middle school (junior secondary), and these impacts are higher for girls (9 percentage points) than for boys (6 points).[23] In Jamaica, families with children enrolled in the cash transfer programme known as PATH receive cash and social assistance conditional on regular school attendance and preventive visits to health centres. After just one year, an evaluation revealed that the programme had a positive impact on school attendance and preventive health-care usage by children. Participants' school attendance increased from 11.1 per cent to 45.5 per cent, and when asked about reasons for increasing school attendance relative to previous years, "trying to comply with PATH requirement" was cited 74 per cent of the time.[24] The evaluation was not designed to delineate the effect of the cash transfer and the conditionality itself in leading to the increased school or clinic attendance.

Apart from their direct impact on beneficiary households, there is evidence that cash transfers also stimulate economic growth by injecting cash into economies – hence stimulating demand for goods and services that help small businesses grow, creating jobs, increasing income, promoting work and, ultimately, improving tax collection.[25] In Mexico, programme households were more likely to engage in business investments relative to the control group. They also achieved higher levels of land and livestock ownership.[26]

A key element of political and policy dialogue is a discussion of affordability. The following section reviews the information that has been used to influence the policy discussion in Kenya, starting with a national overview of poverty, then reviewing the general arguments on affordability of a social protection minimum package in Africa, and an overview of poverty reduction programmes in Kenya.

4. Inefficiencies in existing poverty reduction programmes in Kenya, growing fiscal space early in the millennium and affordability of child benefits

The International Labour Office (ILO) has published simulations of the cost of a universal child benefit for a number of countries in Africa[27] (*Table 2*). It assumes in the simulations a level for the child benefit equal to 15 per cent of gross domestic product (GDP) per capita with a maximum of one-half US dollar (purchasing power parity) per day (increased with inflation) and paid to up to two children under age 14 per woman who has given birth. The number of children qualifying for the benefit was projected in line with growth in numbers of women of fertile age. The projected costs for a basic universal child benefit vary greatly between countries, yet there is a common trend in most countries towards lower costs in the longer run, except in Ethiopia and the United Republic of Tanzania.

Table 2: Costs for basic universal child benefits as a percentage of GDP for selected countries

	2010	**2020**	**2030**
Burkina Faso	3.2%	2.9%	2.6%
Cameroon	2.0%	1.8%	1.6%
Ethiopia	3.3%	3.5%	3.6%
Guinea	1.7%	1.6%	1.4%
Kenya	3.4%	3.5%	3.3%
Senegal	2.3%	2.0%	1.8%
United Republic of Tanzania	3.6%	3.8%	4.1%

Source: ILO. Affordability of Basic Social Security in Africa: Can African countries afford basic social security? Can they afford not to have it?', Paper presented at African Union Regional Experts Meeting on Social Protection, Kampala, 28–30 April 2008, ILO Social Security Department, Geneva. Figures assume operational management costs at 15 per cent of transfer value.

What is not clear from these cost estimates is whether this level of expenditure to cover a modest child benefit for up to two children per household is affordable. Fiscal space is the key consideration here. Fiscal space, broadly defined, is the ability of government to make budgetary resources available for desired purposes; more tightly defined, it is the 'room' in a government's budget that allows it to provide resources for a desired purpose without jeopardizing the sustainability of its financial position or the stability of the economy.[28]

In the case of Kenya in 2002, the economy was staggering from several years of recession, the result of many years of economic mismanagement. The political changes brought on by the 2002 election, combined with good weather (the Kenyan economy, while not entirely dependent, relies heavily on the agricultural sector), resulted in economic growth rebounding from contraction to a level of growth well above population growth rates. Combined with this, the new government took improvements in the performance of the tax collection service as one of their cornerstones, resulting in a steady increase in tax receipts. Hence, the fiscal space debate over the affordability of a nationwide cash transfer programme aimed to reach children in Kenya in 2002–2008 took place when the Government was enjoying increases in revenue. There was no question that the Government could afford to become a contributor to a gradually scaling-up programme. The debate is linked to reform of the many existing programmes aimed at reducing poverty that have accrued over many years. The under-spending of these programmes, in the region of 40 per cent of their annual budgets early in the millennium, used to result in large last-minute changes in allocations to non-poverty-related government expenditure at the end of the fiscal year. However, the debate on the reform of the wider poverty reduction or social protection programme nationwide is something that will carry on during the years to come.

5. Role of the parliamentary OVC committee and the Ministry of Home Affairs OVC Programme Coordination Committee in the genesis of the cash transfer programme

The inefficiencies of the existing poverty reduction programmes and the realization that AIDS was going to result in a large increase in the numbers of orphans and other vulnerable children, especially in already poor parts of Kenya, was the spur for the national OVC committee managed by the Ministry of Home Affairs to commission an assessment of the situation. Table 3, which shows projected trends in the numbers of orphans in Kenya, was a highlight of that report.

A result of the deliberations around the assessment was a desire by the Ministry of Home Affairs to create a stronger state-managed support system aimed at helping children in ultra-poor households access health and education services to counteract the perceptions in 2002 that, as a result of many changes in society, the traditional support offered by communities to households in trouble was not as strong as it had been in times past.

The starting point for UNICEF in Kenya in 2002 was not as clear as it would be today with the adoption of the African Union Social Policy Framework. In 2002, Kenya did have a poverty reduction strategy, and there were sector plans based on the responsibilities of sector ministries, but no overall social policy framework anchored by macro-economic considerations and certainly no social protection plan of action.

Because the starting point of the policy discussions was the deliberation taking place around the national plan of action for orphans and other vulnerable children, the first actions would focus in those parts of Kenya where it was thought that poverty was increasing at a faster rate due to HIV and AIDS. Those areas of poverty served by the long-standing free food distribution programme would not be left out of scale-up plans, but would be focused upon after the programme had scaled up in AIDS-affected communities. Another dialogue was also taking place within the food aid distribution community that a move would be made to move from food only to cash and food for communities that had been sustained for many years by food aid. From this discussion, another cash transfer programme is being conducted on a pilot basis in 2009 in three districts in the arid north of Kenya.

An additional consideration was the mushrooming of private sector orphanages, driven by increasing numbers of orphans due to AIDS (*Table 3*), and the difficulty state children's officers had in providing proper oversight for these institutions. The Children's Department was concerned by the often poor quality of these private sector services with respect to providing a secure and loving environment for children, their sometimes tenuous funding base and the fact that when the Government had taken a close look at these institutions, it often found that most of the children had families after all. Indeed, the Government recently introduced legislation making it clear that unregistered orphanages are illegal institutions. Although there will always be a necessity for some institutions to look after children who cannot be placed in a family environment directly or after some time, from an economic and psychological health point of view, it is far more beneficial for the well-being of children if they grow up in a family environment. It is also less expensive for fostering to take place in a home environment than within an institutional setting.[29]

Table 3: Trends in estimated numbers of orphans

	1985	1990	1995	2000	2005	2008
Maternal						
AIDS	0	1,196	72,965	362,539	635,208	655,358
Non-AIDS	583,738	595,451	577,670	533,335	481,997	460,692
Total	583,738	596,647	650,635	895,873	1,117,205	1,116,051
Paternal						
AIDS	0	2,394	71,893	263,755	416,777	430,300
Non-AIDS	908,512	896,738	829,476	776,433	736,198	727,110
Total	908,512	899,132	901,369	1,040,188	1,152,975	1,157,410
Dual orphans						
AIDS	0	1,011	61,919	234,514	351,473	326,347
Non-AIDS	240,372	204,910	163,598	131,380	105,585	94,975
Total	240,372	205,921	225,517	365,894	457,058	421,322
Total orphans	1,251,878	1,289,858	1,326,487	1,570,168	1,813,122	1,852,139
All AIDS orphans	-	2,785	91,487	427,392	755,800	813,730

Source: Takona, Timothy (UNICEF CMU) & Stover, John (Population Services International). Unpublished monograph. 2004. Estimates based on Antenatal care data and the Demographic and Health Survey (DHS) 1998; updated with DHS 2003 data as part of the analytical work underpinning the OVC national plan of action.

The possibility that the Government would start to develop a cash transfer programme from scratch, delivering cash directly to families affected by HIV and AIDS without going through civil society intermediaries, was discussed in 2004 in a number of political and more detailed policy dialogue arenas. The most important were discussions in the newly formed parliamentary committee charged with considering what to do about the growing problem of OVC and work taking place in support of the development of the national action plan for orphans and other children made vulnerable by HIV and AIDS – an exercise sponsored by the Ministry of Home Affairs and well-supported by many civil society organizations, the World Bank, DfID, USAID and UNICEF.[30]

The possibility of piloting a cash transfer programme came up as an option proposed by UNICEF in both these forums. UNICEF proposed that the aim of a cash transfer programme, were it to be developed, was to help poor families support their children and those they may be fostering to grow within their families and communities instead of in institutions. The subsidy should work as an incentive to providing continuous and adequate care to these children. By design, it would not be large enough to take beneficiary households out of poverty. The cash would serve as a support only and would not be enough to potentially lead to dependency, by virtue of the fact that it would only cover 10–20 per cent of the per capita total ultra-poverty line. It was recognized, however, that without having a programme in place it would be difficult to adjust the value of the transfer so that it was large enough to make a real difference but small enough to keep the 'leapfrogging effect'[i] negligible.

One primary mitigating factor against starting a cash transfer programme was that there was no previous experience in Kenya of a state-run cash transfer programme. In addition, several members of the national OVC national action plan steering committee expressed doubts that poor people could be trusted to make good use of cash handed to them.

There were four main arguments in favour:

1. The Government had the capacity to send small amounts of cash on a regular basis to large numbers of people over a wide geographical area. Approximately 600,000 retired civil servants receive their pensions via the post office network, which has more than 400 outlets in Kenya. This did take into account, however, that it would be more difficult to make deliveries to a group that includes people living far from post offices and who were potentially less well-educated or connected.

2. Citizens of Kenya pay a considerable sum in national taxes. More than US$5 billion was collected in taxes during fiscal 2005/06, amounting to 22 per cent of GDP, one of the better performances in Africa. Together with US$1.5 billion in borrowing and US$0.5 million contributed by international development partners, the Kenyan budget was in the region of US$7 billion early in the millennium. A country with the institutional structures that enable such a good performance in terms of tax collection should be able to contemplate a social security system that transfers some of the resources generated by the economy to its poorest citizens. This was an argument that was given considerable airing in the ad hoc parliamentary committee set up just after the election to consider what new policies and programmes could be put in place for the growing number of orphans and other vulnerable children.

3. A factor that became more important as the cash transfer programme went from theory to pilot was that taxes collected as a proportion of GDP started to increase dramatically due to an expanding economy and a more aggressive revenue authority. This made it easier politically for the Government to allocate new resources to new initiatives rather than funding them from cuts in other areas.

4. Cash transfers are more efficient than commodities transfers via NGOs or the private sector. If the administrative costs of the programme could be kept to 10–20 per cent of total resources, this would be more economical than contracting civil society organizations to provide supplies to poor families, a programme model that cannot operate at that level of efficiency.

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[i] In the context of cash transfer programmes, leapfrogging refers to a phenomenon that occurs when a great number of people in a community are very poor. When the very poorest are given modest cash support, they 'leapfrog' those who are not so poor by several quintiles and become part of the upper quintiles of wealth merely as a result of the subsidy they are receiving. This phenomenon can cause feelings of injustice and resentment at the community level, potentially leading to social tension and undermining the cash transfer programme.

6. Learning from the pre-pilot: Lessons on capacity for implementation and on targeting

To move the political and policy dialogue forward, the Ministry of Home Affairs and UNICEF launched a pilot programme to begin learning some practical lessons on programme implementation. Cash transfers were added to the Government of Kenya-UNICEF country programme's 'learning district strategy'. This was, essentially, a strategy of intensive support for building local and community capacities, with an evaluation programme focused on measuring impact and costs of expansion. The entire range of support that UNICEF provides to government programmes converged in three parts of the country: urban slums; an arid, semi-pastoral district; and a poor agricultural area.

By December 2004, a targeting mechanism had been devised for the pilot, using a community-driven approach with public participation in making the final decision on which households should be enrolled. Five hundred households were enrolled in each of the three locations and were being provided with KSh. 500 (approximately US$6.50) per child per month on a 'pre-pilot' basis. By early 2005, nine workshops were being held with members of each of the communities involved; three workshops were given to discuss 'lessons learned' and modify the programme design. Results showed that the pre-pilot had a positive impact on the welfare of the beneficiaries, mainly in terms of access to education, health and nutrition. It was revealed that funds were mainly spent on school uniforms, textbooks, food and cooking oil.[31]

Having a programme on the ground became a major boost to encouraging political discussion and policy debate on its merits and worth. Politicians and policymakers could now travel to very diverse parts of the country to see a programme in action and decide for themselves whether it was capable of reaching the very poorest and whether the money was being well-spent. The importance of targeting became clear because it was evident in the pilot that several very poor households had somehow not been enrolled, while several less deserving households were included in the programme. The issue of capacity to implement became clearer as a key issue that would have to be effectively addressed if the programme would hope to expand to national scale. Indeed, it was crucial to have the programme in place, with all its problems, to serve as a benchmark against which a new, improved programme could be designed that would be capable of being eventually scaled up to national scale.

The evaluation of the pre-pilot highlighted the following lessons.[32] Use of funds included rent, school uniforms, food and sometimes antiretroviral medications. There was little evidence of abuse in expenditures (*see Table 4*). Traditional coping mechanisms were not undermined. Selling assets in times of stress is a common coping mechanism. It is also destructive. Selling productive assets deprives the seller of future income. The evaluation showed that the pilot appeared to be effective in reducing beneficiary households' need to sell assets; just 9 per cent of beneficiary households reported selling assets during the six-month period since they received the first lump-sum transfer, compared with 15 per cent of control households. Both groups sold assets mainly to provide for food and medical care for their families (72 per cent for beneficiaries and 62 per cent for non-beneficiaries). Beneficiary households were also more likely to have acquired assets over the six month period since receiving the lump sum (11 per cent of beneficiary households compared to 7 per cent of the control group households reported purchasing assets over the period).

It became clear that the amount being disbursed was too small, and this led to discussions with the Ministry of Finance around what level of disbursement would be most appropriate. Most community members were in favour that conditions should be imposed on the beneficiary families in order to continue to benefit from the grants. Exactly what conditions was not all that clear, and this issue became a point of debate between DfID partners who were generally against conditions and World Bank partners who were generally in favour, based on their experiences in Latin America.

Table 4: Where cash has been spent by households

Cash spent on	Per cent of households
Food	86
School fees	67
Clothes	54
Repay debts	41
Medical expenses	37
Paraffin/firewood	32
Income generation	24
Livestock	22
Home improvement	22
Saved/cash in hand	16
Transport	12

Source: Evaluation of cash transfer programme in Garissa, Kwale and Nairobi Districts, submitted by Acacia Consultants to the Secretariat of the Ministry of Home Affairs cash transfer programme (Government of Kenya-UNICEF country programme internal document, January 2007).

The evaluation supplemented many lessons learned by the Children's Department about its capacity to manage such a programme, and the capacity of the department and communities to target the transfers to the correct households. Bureaucratic delays in transferring money spoiled any sense of predictability for families and resulted in asset losses that would otherwise not have happened. There were major security issues involved in district Children's Department officers personally delivering cash to households using motorbikes or hired vehicles for transport, especially when delays meant that several months of transfers were being disbursed at one time.

Monitoring visits revealed that obviously deserving households, for example, child-headed households, had been omitted from the programme, while close relatives of influential local community leaders had been included despite not being among the poorest segments of society. Overall, the experience of implementing this small programme for 500 households in three different parts of the country were crucial as the design of an expanded pilot programme got under way.

7. Politics, policy discussion, capacity building and targeting in phase two

7.1. Interplay between political engagement and policy discussions

As experience with the programme grew – and early fears that poor people might not use the money wisely or that no appreciable impact would be seen were diffused – confidence that a programme at scale could be built increased. The greatest impetus to scale-up came from visits to beneficiary households in the pre-pilot areas by politicians and senior civil servants. The formal review of the evaluation results was of little interest to the policymakers who had visited the pilot areas for themselves. Talking to a few households proved that the fundamental premise of the programme was correct.

A relatively modest sum of cash made a huge difference in the lives of the beneficiaries. A critical mass of senior political leaders and senior policymakers were convinced that the capacity issues, issues of exactly how much should be transferred, targeting and scalability could be solved, with good planning, as a second, expanded phase of the programme was conceived. The programme was discussed during cabinet meetings. Politicians were clear that a new budget line for the programme in the Ministry of Home Affairs portfolio would not be cut by Parliament.

Work speeded up on designing a scalable programme that could be handled by the Children's Department if capacities were built in line with scale-up. Design issues were tackled, taking in lessons from the pre-pilot stage and experiences from other countries. What were the cost estimates and what parameters might affect costs? Where would the resources come from? What would the Ministry of Finance allocate to the first year of the programme, and what would international partners contribute? There were many uncertainties.

Estimates on the likely cost of a scaled-up programme were produced based on knowledge gained in phase one of the programme (*Table 5*) – using different figures for overhead costs, defined as all costs that would not accrue to the beneficiaries, and evaluating what proportion of the Government's budget the cash transfer programme would cost (*Table 6*).[33] The absolute level of the transfer received intense discussion and review in the programme steering committee and more broadly with the Ministry of Finance and with Parliamentarians.

Table 5: Estimated cost in US$ millions of grant, by number of children with varying operational costs

Operational overhead cost (%)	300,000 children	500,000 children	750,000 children
10	37.4	62.3	93.5
15	39.1	65.1	97.7
25	42.5	70.8	106.2
40	47.6	79.3	119

Source: Allen, Karen, et al., 'Can the Kenyan State Put the 300,000 Most Vulnerable Children in the Country on a Cash Transfer Programme by the End of 2010?', Division of Policy and Planning Working Paper, UNICEF, New York, 2007, p. 20.

Table 6: Cost of a grant for 700,000 children using 2006 budget figures

Operational overhead costs	10%	15%	25%
Per cent of government expenditure	1.9	2.1	2.4
Per cent of GDP	0.4	0.5	0.6

Source: Allen, Karen, et al., 'Can the Kenyan State Put the 300,000 Most Vulnerable Children in the Country on a Cash Transfer Programme by the End of 2010?', Division of Policy and Planning Working Paper, UNICEF, New York, 2007, p. 21.

An important factor was experience coming from varying levels of transfer compared to poverty lines and impact in Latin America.[34] Table 7 is modified from a technical note produced in 2007 to inform discussion led by the Ministry of Finance to determine what the level of the transfer should be in the expanded second phase of the programme. The table shows the value of the transfer in cash transfer schemes in Latin America against their national poverty lines.

One lesson learned from the cash transfer programmes in Latin America is that a poverty-motivated cash or in-kind transfer should represent between 20 per cent and 40 per cent of the per capita total poverty line in order to be meaningful to the beneficiary and without creating dependence.[35] The Bolsa Família programme in Brazil amounts to around 12 per cent of the Brazilian poverty line; Oportunidades, in Mexico, amounts to 23 per cent of the national poverty line; in Jamaica, the Programme of Advancement Through Health and Education (PATH) amounts to 16 per cent of the poverty line; and the abandoned cash transfer programme in Honduras was only 8 per cent of the national poverty line (the programme was subsequently cancelled , in part, for lack of impact on outcomes for children).

Two scenarios were presented for rural Kenya, based on different assumptions about the potential benefit structure of the expanded programme – **Scenario 1:** With a flat transfer equivalent to around US$14 and an average family size of 5.5, the transfer was estimated to represent 8 per cent of the national poverty line and 16 per cent of the ultra-poor line; the second figure was taken as being more appropriate for the typical beneficiary of the proposed Kenyan programme since the targeting was going to be aimed at the very poorest. **Scenario 2:** If the transfer is based on the number of orphans and other vulnerable children, with a cap of 3 per household and assuming an average transfer of US$21 per family, the value of the transfer is about 25 per cent of the ultra-poverty line.

Table 7: Comparison of the average cash transfer value in countries of the Latin America and the Caribbean region, and in Kenya

	Monthly monetary benefit	**Monthly transfer**	**Transfer % of national poverty line**
Brazil – Bolsa Família	US$18 per extremely poor family; US$5 per child, up to 3 children	US$24	12%
Honduras –	US$4 per family; US$5 per child	US$17	8%
Jamaica – PATH	US$9 per eligible household member (child, elderly, disabled)	US$45	16%
Mexico – Oportunidades (formerly PROGRESA)	US$13 per family; US$8–$17 per child primary; US$25–$32 per child secondary; one-time grant US$12–$22 per child for supplies	US$20	23%
Nicaragua – Red de Protección Social (RPS)	US$18 per family; additional US$9 per family with a school-aged child; US$20 once per year per child for mochila**.**	US$25	18%
Kenya (rural) Scenario 1	US$14 flat rate	US$14	8 %
Kenya (rural) Scenario 2	US$14, $21 or $28 depending on number of orphans or other vulnerable children	US$14, $21 or $28	12%
Assumptions for Kenya: Figures were given for rural poverty line only (US$32 per capita). Average family size of 5.5 was assumed; Scenario 2 assumed that the average transfer per family will be US$21.			

Source: Technical note provided by Sudhanshu Handa on the committee that set the transfer rate for the pilot programme; based, in part, on Handa, Sudhanshu and Benjamin Davis, 'The Experience of Conditional Cash Transfers in Latin America and the Caribbean', *Development Policy Review*, vol. 24, no. 5, 2006, pp. 513–536.

Based on these calculations, a flat transfer of US$14 may run the risk of not inducing behavioural change; even under the Scenario 2, the average transfer value is at the low end of the 20–40 per cent desirable range, but it might be more difficult to administer because it requires different rates of payment to households, based on the numbers of children who are defined as vulnerable according to the targeting methods. This discussion around Table 7 led to a decision to adopt a flat rate of US$21 per household, whatever the number of eligible children (on average, beneficiary households have just over three children). It was a pragmatic choice, leading to a simpler programme to administer than one with a variable scale that depended on the number of eligible children – and its value of disbursement provided close to the 20 per cent of the recommended target figure.

Discussed at length was the issue of whether the programme should involve ‘conditionalities’ other than the condition that beneficiaries be ultra-poor. Some favoured applying conditionalities in a system that would allow disbursements only if families met certain conditions, such as making sure that all children in the household regularly go to school. This follows the model developed during the past 15 years in Latin America, where relatively right-leaning governments needed to placate their core constituencies and counter charges that the money loaned by the Inter-American Development Bank or the World Bank – which would have to be paid back by their children – was being handed out to people who should be doing more to earn their own money. Others favoured a programme with no conditionalities, the older model that evolved in developed countries over a longer period.

The arguments for conditionalities in Kenya are: (a) The communities in the phase one pilot turned out to be in favour of some form of conditionalities, as did programme managers at the Ministry of Home Affairs – possibly for the same kinds of politically expedient reasons that held sway in Latin America. (b) The management information systems required to monitor conditionality are, in any case, also necessary to administer the complex payroll for this type of programme because payments are sent to many different post offices every two months. Once the capital expenditure has been made on a computerized payroll system, the recurrent costs of maintenance are far less than a pen-and-paper system. Once the decision has been made to step up from pen and paper to computerized information systems, it then becomes easier to maintain central oversight to supplement community-based mechanisms and curb potential efforts to add households to the beneficiary list that do not meet criteria for enrolment. Enrolment of families that should not be enrolled is an expensive error, given that once families are enrolled, they do not exit the programme for several years.

The cases against conditionalities are several, including: (a) Without them, overhead costs related to the development and management of computerized information systems to monitor compliance, and other forms of checking that the conditionalities are being adhered to, are not required; this results in a simpler management system and cost savings that can be applied to the front end of the programme in the form of more beneficiaries for the same overall cost. Also, from a practical point of view, although these sorts of systems might work well in more developed societies, they may be too complex to maintain well in Kenya, risking a system breakdown. (b) Supply-side issues are often mentioned at this stage; conditionalities focused on making use of services can only be complied with where such services exist, therefore such conditions are impossible to adhere to for families that live a long way from services. This has always been apparent to the programme managers in Kenya, who point out that were they formally to adopt conditionalities, a waiver system would be put in place for families that cannot reasonably access services and that it would be inconceivable at the customer service point of the cash transfer programme for beneficiaries to be deliberately excluded from payments where it is plain that it is impossible for them to comply. This is sometimes referred to as ‘conditionalities lite’ and is reportedly what is followed in Brazil.

Coming to a policy decision around the design of the programme was clearly of paramount importance for being able to plan for *what* capacity would have to be built. Understanding *where* capacity would have to be built and *when* were also important questions that ideally would have been detailed in clear, budgeted scale-up plans underpinned by programme models and log frames. Such desirables at this time in the programme expansion were swept away by the fruits of the political-level advocacy during the preceding two years bouncing back at the programme managers as a sudden, unanticipated imperative coming down from the highest levels of the Government insisting that the programme start to scale-up at a fast pace.

7.2. Building capacity for delivery of the transfers, with a focus on targeting and on maintaining quality as scale-up takes place

What emerged was a two-track scale-up process. On one track, UNICEF, with core resources and with dedicated staff in place, supplemented with financial support from Sida and DfID, would help the Government expand the district coverage from the original three pilot districts to the four additional districts around Lake Victoria that are among the poorest in Kenya on a per capita GDP basis. The four districts also have the highest HIV-prevalence rates and, hence, were the part of the country where poor families needed the most support to look after the growing numbers of children orphaned by AIDS.

This expansion would be based on a redesigned programme, including a full-fledged operational manual with clear rules and guidelines for implementers and transparency for beneficiaries, and a computerized information management system – and underpinned by an impact evaluation design that would help policy decisions three or four years down the line regarding the decision to move forward with a programme that would be scaled up nationwide, depending on political decisions and consensus of costs for value. This is what became known as the 'pilot programme', replacing what the programme in the original three districts now called the pre-pilot.

In a second track, the government department managing the programme was ordered to expand geographical coverage even before capacities were in place. The only option was to expand the programme model designed in the pre-pilot phase into new districts, where there would be no support from international partners funded by the growing budget allocations coming from treasury.

In a rare move during a time of a long-standing freeze on staff posts, instigated in part on the advise of the International Monetary Fund, new staff positions were created in the Children's Department especially to facilitate the expansion. In 2006/07, therefore, children's officers in new districts started to expand the pre-pilot programme model while programme managers worked with UNICEF at putting in place the 'new, improved' pilot programme. By 2009, there were a total of 47 districts in the programme, 33 in the expanded wholly government-run pre-pilot programme model and 14 acting as the pilot areas for the new, improved programme that also served as the site for the evaluation.

Districts chosen for track two were determined mainly by ranking based on poverty rates, estimated levels of HIV infection, the number of orphaned children from poor, AIDS-affected households, and information on the extent to which districts were being covered by other assistance – mainly by the parallel PEPFAR, where US government officials, with minimum oversight and consultation with the Government, typically contract international NGOs to deliver resources to children affected by HIV. Districts with a high coverage of such programmes are put lower down in the roll-out schedule. Table 8 provides a current estimate of the rate of expansion in terms of numbers of children who will be enrolled in the programme.

Table 8: Estimated pace of programme expansion (households have, on average, three eligible children)

Financial year	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Households enrolled	500	3,000	8,000	22,500	60,000	89,000	100,000	101,000	113,000	125,000

Source: Ministry of Home Affairs planning figures.

Within a district, the poorest locations are selected by committee decision. When a committee is formed within the locations, it is told what the location budget allocation is and approximately how many households can be enrolled. A survey is carried out to identify the ultra-poor households taking care of orphans and other vulnerable children, based on a combination of community knowledge and objective criteria such as the quality of household buildings and ownership of household appliances and conveniences such as bicycles. Extra weight is given to households with no able-bodied persons, with disabled children, with foster children and so on. In a second stage, data is entered into a management information system to check on the criteria and to rank the households. The ranked list is then discussed in a community meeting to make a final determination on which households will be enrolled in the scheme, with some households in the computer ranking being taken out and others added at the last stage based on a public community discourse led by the district children's officer.

Adjustments to the targeting process under way now are the giving of priority to those districts with the largest numbers of ultra-poor OVC households (ensuring that minimum efficient coverage rates are defined). Adjustments will also make the poverty and vulnerability requirements more rigorous in order to reduce the inclusion of households that are not among the very poorest. The adjustments are using information generated from the Operational and Impact Evaluation baseline survey and with data from the Kenya Integrated Budget Household Survey.

The pre-pilot programme model distributes money through the district treasury with children's officers under armed guard travelling to villages with cash or, more frequently, all beneficiaries having to make their way to the district treasury. Clearly, this is not a sustainable model. It puts a stress on the limited human resources the district treasuries have, as well as on other local resources such as district children's officers and their transport budgets. Therefore, negotiations began for making cash transfers to poor households through commercial banks and the state-owned post office of Kenya. Intervention by the Minister of Home Affairs resulted in a favourable fee being charged by the Kenya Post Office, a parastatal organisation, of less than 5 per cent of the value of monies being transferred. For this fee, the programme deposits the bimonthly payment in a post office account together with the database information regarding who should get payment at which post office. At the post office, cash is distributed to the beneficiary after they show an identification card. In some cases agents collect the money for groups of beneficiaries who live too far away or are too frail to travel to the post office.

Experts in setting up cash transfer programmes of national scale in Latin America were recruited to help refine targeting procedures, design the management information systems, test and finalize the operational manuals for use at the local level, help put in place the community communication strategy around the programme, and build a secretariat at the Ministry of Home Affairs that could handle the programme management for scaling up as capacity grew. The newly formed secretariat was staffed with a combination of civil servants transferred into it and consultants hired by UNICEF.

The secretariat's role is to manage the capacity-building strategy, the management information system and the programme communication strategy that informs communities where the programme is expanding, about its various intricacies – including how targeting takes place – and what responsibilities there are at the community and household levels. The monitoring systems include spot checks and development of corruption control mechanisms, notably procedures to field community-level complaints, mainly involving inclusion and exclusion errors during targeting. The secretariat also takes charge of oversight and management of the operational and impact evaluation, preparing programme documentation and financing agreements allowing multiple international partners, if they wish, to contribute to the pool of resources, hence, helping to expand coverage at a faster rate before the full burden of the programme can be borne by the treasury. The role of the secretariat is crucial to help move second-track districts into the new, improved ways of working in track one districts where feasible.

Nurturing the programme's communication strategy has been complex almost from the very beginning, and the capacity building for professional communication requirements associated with the programme has become increasingly critical as the programme has grown. One of the main challenges is the increasing requirement for quality information between all programme actors, between themselves from beneficiary level to national level, and also with the public – and this needs specialized management. Training materials have been developed for every training process and actor involved in the various operations. Presentations, training materials, family booklets, leaflets for specific events and a video have been developed. Circulars to the district children's officers are now periodic for recurrent communication issues related to the payment process.

Programme expansion means the amount of data handled by the management information system expands accordingly. Information management decentralization is therefore essential. Decentralization will start by testing the decentralization of the household information database and complaint mechanism. As the information from the households is updated and complaints are received, it should be possible for the district children's officers to manage updates (e.g., birth or death of a family member) and resolve some complaints that are not related to the payment of the subsidies.

Now that programme scale-up is a tangible day-to-day affair, the expanding human resources, infrastructure and equipment are no longer something that can be managed without the application of serious planning tools. A five-year capacity-building programme makes it clear when and where additional officers will need to be assigned as the programme expands. More specialized skills are now needed in, for example, database management and human resources management. It is not at all clear that the civil service will be flexible enough to entertain these complexities. It may well be the case that the civil service will increasingly look towards contracting out the service delivery element of the programme and scale back direct civil service involvement to oversight functions. Possible options for outsourcing include printing forms and materials, data entry and communications targeted to beneficiaries.

The objective of complementing the cash transfers with other benefits that could improve the well-being of the beneficiary households has always been part of the plans for the programme. Awareness sessions for the programme were piloted in 2008. The information provided by the awareness sessions strengthens the resilience of OVC households by building capacities of caregivers on how to better spend resources in order to improve the education, health, food security and nutrition of its members. The information is packaged in the form of household visits or community gatherings that emphasize the importance of school enrolment, paying attention to preventive maternal and child health actions including prevention and care related to HIV/AIDS and other chronic illnesses, psychological care of orphans, food security and dietary diversity. The plans for scaling up the use of this communication material calls for the identification of civil society organizations that are developing or operating similar strategies in the communities where the programme is being implemented. Operational awareness sessions related to the programme have also been developed by the programme staff in order to refresh and update the beneficiary households and improve their performance.

Another complementary component of the programme that was already in place is the coordination of activities with the Civil Registrar to facilitate the obtaining of birth and death certificates and national identification cards. The caregivers will be encouraged to obtain birth certificates for orphans and other vulnerable children and death certificates for deceased parents. Although the programme provides an identification card to the caregivers, they will be encouraged to obtain national identification cards.

8. Role of the pilot evaluation in future policy analysis

When the decision was made in 2005 to add a new, improved pilot programme to the pre-pilot, one of the first decisions was that a high-quality impact evaluation would be a key feature of the pilot. UNICEF management and government programme managers made it clear that good quality would be expected by assigning a US$700,000 planning budget to the evaluation, making it clear that information on impact, in terms of outcomes for children and the costs of implementing a conditional scheme versus a non-conditional scheme, would be key parameters to be measured.

Key motivations for putting in place a solid evaluation design revolved around the discussions with PEPFAR officials on the possibility that some PEPFAR resources might be applied to the government programme. It was clear that despite the evidence that these types of programme designs are good value for money invested in developed countries and in Latin America, there was no solid evidence outside South Africa that such designs could lead to outcomes at a good price. US government officials would need such evidence before moving away from their low-risk but high-overhead cost model of contracting international NGOs to deliver supplies to OVC households. Also, the Ministry of Finance, while happy to slowly expand funding allocations to the programme each year, would require solid evidence of good value for the major decisions to be made in a few years regarding making the kinds of allocations required to sustainably fund the programme at national scale.

The evaluation focuses on the following issues:

1. *The welfare and economic impacts of the programme among those who benefit from it against matched benchmark communities that are not benefiting from the programme.* A key element here is determining the fraction of total household costs in the targeted households that is being covered by the cash transfer. Experience from Latin America shows that when the fraction dips much below 20 per cent of total household costs, the programme runs the risk of having no discernable impact on outcomes for children. This was the case with a programme in Honduras, where the cash transfer was around 10 per cent of total household expenditures. When the evaluation results came in showing little impact, the policy decision was to shut the programme down rather than increase the value of the transfer.[36] In contrast, programmes in Brazil, Mexico and other States that ran at closer to 20 per cent could demonstrate substantive outcomes for children, resulting in greater political support for the programmes.
2. *The operational effectiveness of the pilot including the fraction of costs required to administer the programme and distinguishing the extra costs in 'conditional' communities versus programme areas where no conditions apply*. Information on operational effectiveness will inform programme design with regard to effectiveness so that modifications can be made if and when scale-up occurs. For instance, the payment delivery mechanism needs to be tested for security, accessibility timeliness and value for money.
3. *The extent to which the programme reaches those in greatest need (targeting effectiveness).* Evidence on targeting effectiveness will shed light on the extent to which mechanisms in use are cost-efficient, transparent and accountable in reaching the most in need and, most importantly, that minimize exclusion errors.

The evaluation is using a quantitative longitudinal/panel design for the household survey, quantitative community surveys in a repeated cross-sectional design, qualitative focus group discussions with beneficiaries and other community members, in-depth interviews with beneficiaries and those responsible for programme implementation, an operational review and a simple costing study. Household and community surveys will be carried out in locations selected at random for inclusion within the scheme. The household survey will research beneficiary and non-beneficiary households in beneficiary areas and a sample of households in non-beneficiary areas. Having two treatment groups (with and without conditionalities) and comparison control groups will allow the evaluation to provide information on the impact of the transfers versus the conditionalities, thus making it possible to test conditionalities within the Kenyan context.

9. Results from the pilot evaluation baseline

Some results from the baseline are available and are being used to improve roll-out of the programme to new areas; 1,506 households were surveyed for the baseline. The mean number of children was found to be 3.3; 97 per cent contained orphans. Ten per cent housed a chronically ill child; 18 per cent housed chronically ill caretakers, almost certainly reflecting the high levels of HIV infection in the geographical areas where the programme operates.

Monthly expenditure per person among households enrolled in the programme in evaluation households was running at 51 Kenya shillings per person per day in programme households (March/April 2007 baseline survey or US$0.75 per day. The transfers therefore cover about 20 per cent of household expenditures. This means that the 1,500-shilling transfer rate has been set just about right for programme impacts to be expected based on the Latin American experience. The rates were set based on an analysis of the poverty line, affordability, and aiming to avoid negative incentives such as dependency and recruiting children into households to qualify as beneficiary households. The value of the transfer was derived from the most recent household expenditure survey (1997) with extrapolations made taking inflation into account. More recent data were not available, so the result coming from the baseline survey in 2006 was reassuring for the programme managers.[37]

With respect to household-level targeting efficiency, in other words, understanding to what extent the programme enrols truly poor households and excludes the not so poor, around 84 per cent of the beneficiary households were found to be living on less than US$2 per day (38 per cent with less than US$1) in the baseline survey.[38] This targeting efficiency compares favourably with the large programmes in Latin America, quite an achievement given that the American programmes benefit from being implemented in an easier environment than Kenya (higher educational levels and better remunerated civil servants). The design feature that is possibly stronger in Kenya than in Latin America is the community involvement during the first stage selection and the community meeting to review the computer-generated list before making a final decision. However, there is clearly space for improvement in the design of the targeting and in implementation control, and the targeting process is under adjustment based on the targeting analysis.

Who were the caretakers of the vulnerable children? In 49 per cent of cases, parents; grandparents made up 34 per cent, and other relatives 17 per cent. On the whole, as of the time of the baseline survey, society had not been disrupted so much that orphans were being fostered by households that were not in some way related to the index children.

As for the post office delivery mechanism operating now for two years, it has proved to be an efficient and predictable way to deliver cash to enrolled households. During this time, 98 per cent of households have collected their cash on time and the post office has been able to produce accounts in good time on all occasions.

10. Lobbying Parliamentarians during the run-up to the 2008 elections: "Look Out for Leaders Who Look Out for Children"

The introduction to this paper related how the beginnings of the cash transfer programme lay in a 'Call to Action' lobbying campaign UNICEF conducted during the run-up to the 2002 elections. The success of the campaign inspired a new campaign in the run-up to the 2008 election called Look Out for Leaders Who Look Out for Children. The kick-off of the campaign was a return to the 12 pledges made by parliamentary candidates in 2002 with UNICEF's review of how it thought the outgoing Parliament had fared in living up to the pledges (*Table 9*).

Table 9: The evaluation of the 2002 parliamentary election pledges signed by half the 2002–2007 Members of Parliament as they campaigned in 2002 and UNICEF's evaluation published in the press during the run-up to the 2008 election

Pledge	Score 1: poor 4: good	Evaluation	What more could the next Parliament do?
1. Speak out; start a parliamentary debate to discuss the issue of orphans made vulnerable by HIV/AIDS.	2	Some discussion in parliament but not as much as the severity of the issue warrants.	The next Parliament must make more efforts to discuss the problem of orphans and HIV/AIDS more generally in Kenya focusing on what actions are being taken, what impact they are having and what more can be done.
2. Break the conspiracy of silence; act to reduce the stigma and discrimination due to HIV/AIDS, especially towards orphans.	2	The stigma needs more discussion for the message to be heard that Parliament believes people living with HIV should not be stigmatized or discriminated against.	More resources need to be channelled to those government entities that can provide protection to orphaned girls, especially the children's area advisory committees, and including the creation and funding of more locational children's area advisory committees.
3. Call for action against the sexual exploitation of orphaned girls in communities.	4	The Parliament held a vigorous debate on the sexual offences act and passed a strong act.	Put in place the budgetary provisions required by state organs to implement the act properly. Monitor implementation of the act and use of resources allocated for that implementation at the constituency level and provide feedback to other members on the implementation of the act in your constituency.
4. Orphans' education; ensure that orphans have free access to education on an equal basis with other children.	4	Free primary education is one of the great early successes of this Government.	Members of Parliament can do more to lead and challenge communities in their constituencies to take action to identify orphans and other vulnerable children who are not accessing school, find out why, and get them back into school. A district-wide effort in one district resulted in 10,000 children being brought back to school.
5. Establish children's action committees in each constituency; to promote and ensure orphans issues are addressed, mobilize resources for their education costs, access to shelter, good nutrition, health services – especially for double orphans.	2	Several constituencies created these types of committees during the year following the elections, but the impetus to sustain these committees fell away where they were created and many Members of Parliament did not create such committees in the first place.	The model of locational children's area advisory councils that has sprung up in many parts of the country made up of locally elected members and jointly reporting to the district children's officer is working well in many locations. The next Parliament should amend the Children Act to formalize these committees in law and allocate sufficient resources for them to be able to provide local-level support by the State, hence helping to fulfil state obligations towards children.
6. Lobby for the establishment of a parliamentary committee to champion OVC issues – free education, resources allocation, resource transfer to communities, organizations and families supporting orphans.	3	An informal parliamentary OVC committee was created early in the life of the Parliament, several meetings were held and action plans developed in many constituencies. Resources have been channelled to OVC issues notably increasing amounts to the Ministry of Home Affairs fledgling cash transfer programme	Establish a formal parliamentary committee looking at issues of children made vulnerable for whatever reason. Find ways for the State to provide more systematic support for families and communities looking after vulnerable children. This could include the establishment of a fund for locational area children's committees to use on an emergency basis.

		for orphans now operating in more than 30 districts across the country.	
7. Lobby for the judiciary to protect orphans rights; to enforce laws that protect orphans from losing family property, and from all forms of abuse, violence, exploitation, discrimination and trafficking.	2	There has been some progress in helping the judiciary and the police, but progress is slow, especially given the resources made available by international partners via the Governance Justice Law and Order Sector programme.	Members of Parliament should lobby for adequate resources for the judiciary and police and ask questions in Parliament and otherwise inform themselves of progress being made in the use of these extra resources to deliver a better service for orphans.
8. Advocate for enactment of policies that support and promote family- and community-managed care of orphans and vulnerable children instead of institutions.	4	Several Members of Parliament have been strong advocates for the government cash transfer programme aimed at stimulating family and community care of orphans and other vulnerable children. Allocations of more staff and annual increases in budget allocations seen at the Ministyr of Home Affairs Children’s Department.	Monitor the cash transfer programme as it scales up, focusing on efficiency and impact; if the programme performs well, continue to ensure that its budget expands until the target 100,000 households covered nationwide are reached by 2012.
9. Vote for the allocation and transfer of adequate resources to address orphans’ issues; education, health and social services.	3	This Parliament has voted for increases in resources for education justifying a score of 3, but has fallen short of the Abuja targets in resource allocations for health; social services are faltering with low resource allocations.	Ensure that the draft children’s health policy when final will address orphans’ issues and will be funded sufficiently; focus on the draft social protection policy; ensure sufficient resources for social workers to reach out at the community level, providing some form of state protection for the most vulnerable children in Kenyan society.
10. Lobby the private sector to provide support for children orphaned by the death of employees.	1	While there is action in some companies to address the issue, there has been little impetus coming from Members of Parliament to encourage private sector action.	Members of the next Parliament can use their positions to lobby for increased local-level action in all reaches of the private sector
11. Submit proposals for allocations of resources in the next budget to assist orphans, e.g., tax rebates for resources spent on orphans and other vulnerable children to go to bursaries and education funds.	3	A mixed record. The budget for education and health sectors has gone up; the OVC cash transfer programme is funded; new devolved funds have been created; but the overall net of protection for the most vulnerable children has holes.	More could be done by Parliament to enact legislation that will enforce more systematic protection for vulnerable children community by community, with the State coming in to support communities that are clearly not able to cope with the numbers of vulnerable children on their own.
12. Develop and implement national strategies and policies to build and strengthen governmental, family and community capacities to support orphans.	2	The civil service has been working to develop strategies and policies, e.g., the national action plan for orphans and other vulnerable children, and the draft social protection strategy. More involvement of Members of Parliament would cut down the time between drafting, enactment of legislation and funding new policies.	More involvement of Members of Parliament in the work of creating new policies and strategies and taking this work through Parliament as new legislation.

11. The cash transfer programme responds to the post-election crisis

As has now gone down in history, the election descended into chaos as a result of the post-election struggle for control of the reins of power. Clashes between supporters of the two main coalitions focused around land ownership in rural areas and territory in urban slums, bringing to the surface old injustices that had been ruminated over for decades. More than 600,000 people were estimated to have been displaced from their places of residence.

The cash transfer programme was now sufficiently mature that it was employed to help with the emergency response to the crisis. The cabinet requested the programme to speed up the expansion plans and to focus the scale-up on areas where displaced people were living as part of the overall emergency response. Examination of table eight shows a substantial increase in budget allocation to the programme in financial year 2008 compared to financial year 2007. While budget increases were envisaged anyway in the 2007 plans, the jump was higher than anticipated in 2008 – and certainly more households were enrolled by early 2009 than would have been the case if there had been no crisis.

12. In 2009, the World Bank becomes a financing partner in the programme

The political pressure to expand the programme was now so great that the ability of the government department to manage the programme well was severely constrained. While the programme is reasonably well-run in the seven pilot districts, the full programme actually works in 47 districts and counting, with government staff in the non-pilot 40 expansion districts managing to operate the programme according to the operational guidelines and only a small amount of support from international development partners.

In terms of fiscal space, there was less in 2009 than in 2007 or 2008 as a result of (a) the contracting economy due in part to the global downturn reducing exports and remittances, and also as a result of the fallout from the post-election violence, which greatly affected agricultural output and tourism receipts; (b) the extra costs of running a Government of national unity with the expansion in cabinet positions required. While government revenue as a per cent of GDP was a fairly healthy 20 per cent in 2008 – substantially higher than the United Republic of Tanzania (11.6 per cent) and Uganda (12.5 per cent) and close to the sub-Saharan average of 23.9 per cent – the fiscal deficit excluding grants was minus 11.3 per cent for Kenya, compared to minus 8 per cent for Tanzania and minus 5.6 per cent for Uganda. In terms of grants, Kenya receives relatively small amounts of development aid (US$25.8 per capita) compared to a sub-Saharan average of US$54.6 per capita.[39]

It is into this gap in support that the World Bank stepped in 2009 after many years of assisting from the sidelines. World Bank staff have been involved in supporting the design of the programme from quite early days, but early planning to make a financial contribution starting in 2006 finally reached maturation with the approval of an IDA loan in early 2009. Table 10 shows the projected expenditures in support of the programme from all financing parties as of early 2009.

Table 10: Budget allocations for the programme looking forward four years (US$ millions) and estimated proportion of costs used for capacity building

Financier	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Government of Kenya	0.8	0.9	1.8	2.9	3.9	7.5	7.5	7.5	7.5
World Bank-provided IDA loan	0	0	0	0	0	7.0	12	15	16
DfID[ii]	0	0	2.0	3.0	3.9	8.5	8.5	8.5	8.5
UNICEF including other donors such as Sida channelling its resources through UNICEF	0.3	1.2	1.0	3	3	3	3	3	3
Total budget allocation	1.3	2.2	4.8	8.9	10.8	26	31	34	35
Capacity building costs as a per cent of total	65	95	42	16.5	11.4	9.1	8.2	12.8	N/A

13. Scaling up and further capacity building, moving forward with a focus on independent monitoring and auditing

The World Bank loan will go towards enhancing several elements of the programme. The newly appointed children's officers in expansion districts will get new desks and vehicles and computers. The move from payments via the district treasury direct to payments via the post office in districts where this has not yet happened will accelerate. A crucial area of agreement between the Government and the World Bank is that new households enrolled into the programme with funding from the World Bank will be taken on by government funding as the World Bank pulls out. In effect, the funding allows for a faster expansion of the programme than would be possible if the programme relied on the pace of scale-up the Kenya Ministry of Finance could afford on its own accord. We will have to wait to see what finally happens closer to the end of the current period of World Bank support.

[ii] Since DfID joined the programme as a partner in 2006, it has been channelling its funding through UNICEF, with UNICEF mixing the funds with funds coming from other sources (core UNICEF funds, thematic funds for child protection provided by Sida through a country-level agreement, and other sources such as contributions from UNICEF national committees. As front-loaded capacity building costs – such as partial costs for fixed-term staff, consultants developing the management information system, and costs of the evaluation – tail off, it becomes less and less palatable to channel resources through UNICEF with the Executive Board-determined recovery costs remaining constant. Hence, during the coming years DfID may well find an alternative channel through which to channel the resources, such as one of its bilateral programmes.

The pros and cons of using other potential cash delivery mechanisms will be explored further. With a fixed outlet (the post office) there is a captive audience attending a certain place in a periodic way. Use can be made of this to target sensitization, message delivery and training aimed to reach the poorest segments of the community for a marginal cost. There has been much talk of moving from the post office only to include cellphones as a way of delivering cash, the latter especially for those who live a long way from a post office.

Independent monitoring systems so far, apart from the evaluation, are absent from the programme and these will not be put in place starting in 2009 to deliver objective evidence-based information on the quality of its operations and financial performance. Spot checks will provide external and independent assessment of the implementation of the programme. Programme areas will be randomly selected for close monitoring, thereby increasing accountability and transparency, enhancing control of potential corruption and allowing for better identification of good practices. The capacity for financial monitoring will also increase with annual internal and external financial audits undertaken.

Conclusions

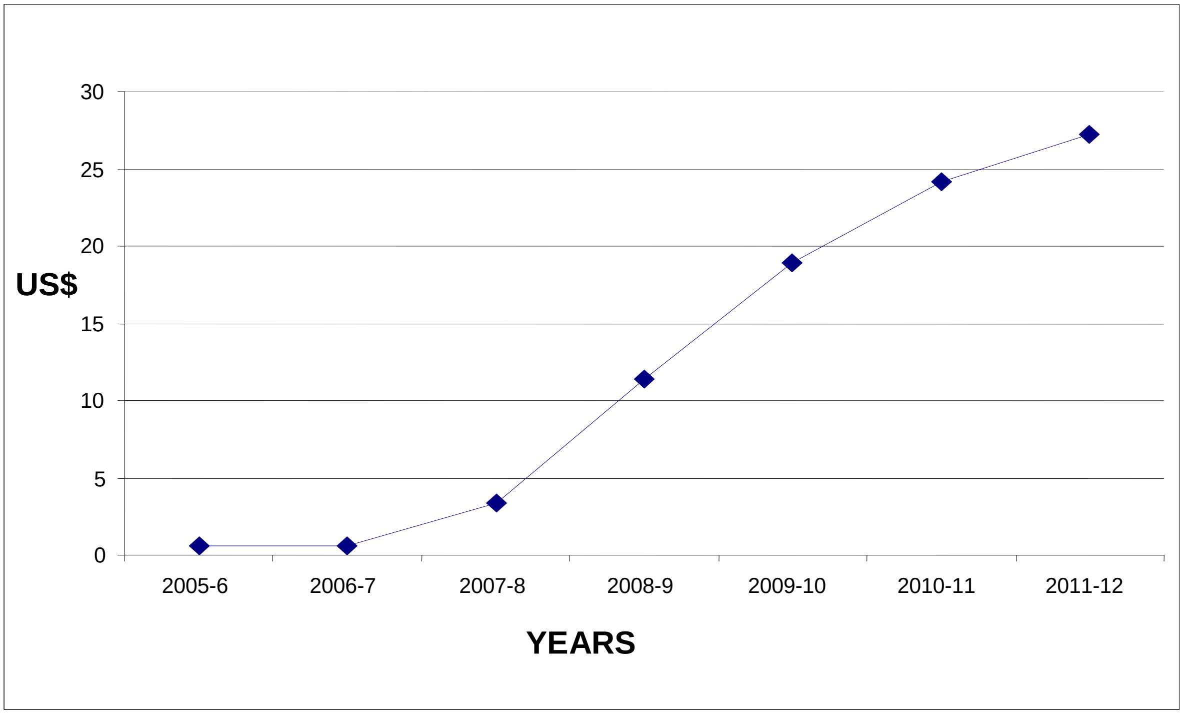
Four strategic themes have guided the evolution of the Kenya cash transfer programme for orphans and other vulnerable children. Their interplay continues to evolve as the programme scales up. In the middle of 2009, a number of key challenges face the programme as it moves towards accelerated scale-up.

The debate that will ensue as the results of the first impact and cost evaluation become available

Engaging politicians is as important, if not more so, as cash benefits scale up and it starts to become a given that cash benefits targeted to reach the poorest children of Kenya becomes a part of the fabric of Kenyan society. The programme design and options for modification are ever becoming better understood in political circles as more human and financial resources are allocated to the programme each year and as more politicians become familiar with the details of the programme. The more resources that make it into the pockets of poor households with orphans or other vulnerable children (*Figure 1*) the more intense political debate will become.

This debate must be fed with answers to the key questions of the day. Some answers will be provided by the results of the evaluation designed in 2005/06 and becoming available in 2009/10. This will lead to more questions and a new evaluation phase. One key question today is the role of inflation in devaluing the value of the transfer. Inflation was 23 per cent overall in Kenya during the course of 2008, the third highest in Africa after Zimbabwe and Ethiopia, but it had been negligible when the programme was first designed. The value of the cash transfer is not currently index linked. The lessons from Latin America are that a value of transfer much less than 20 per cent of the poverty line will result in little impact in terms of development outcomes for children. Since the pre-inflation value of the transfer was at around 20 per cent of the poverty line and inflation has now eroded some of the value, it is now imperative for legislation to be passed to ensure that the value of the transfer becomes linked to inflation. At the same time, a decision-making mechanism needs to be put in place to decide precisely how to change the values of the transfers.

Figure 1: Actual and projected trends in value of transfers to enrolled households in millions of US$, per year



The evaluation will show the differential results of the current flat-rate cash benefit per household on those households with one, two, three or more children. It should be then possible to open a discussion on the following questions: Should the cash benefit be defined per household or per household member, or per child or per vulnerable child? Should a maximum of household members, children or orphans/vulnerable children be defined per household? It should be possible to answer questions on the impact of conditionalities where they are in place on outcomes such as girls' school enrolment between Grade 3 and 4, which is often a point at which dropout takes off, and compare dropout between boys and girls between primary school completion and secondary school, where there is again a major disparity by sex. And, of course, these impacts between communities where conditionalities are part of the programme and those communities where they do not apply will be examined so that the difference of impact on outcomes can be weighed against the additional costs of applying conditions.

Finally, with respect to the evaluation, the current design of the targeting process has a component to identify other sources of resource transfers being targeted to reach the same OVC target group. One of the criteria for a household to be eligible for the programme is that it is not receiving any in-kind or cash comparable benefits from other sources. However, while programme managers know these programmes exist (PEPFAR funds many of them), it is not clear to what extent the targeting process has genuinely kept such beneficiaries out of the programme. And is it fair to do so? Little is known by the Government about the predictability of these programmes and how long they will continue to function. The evaluation will illustrate and provide evidence to decide which of those interventions should complement the cash delivered and which should be a substitute. As the programme is implemented and expanded, more complementarity options will be tested.

Increasing capacity-building requirements come with scale-up and remuneration of community-based management committee members

The political imperative to expand quickly required a policy of creating a two-track system whereby the pre-pilot relatively rudimentary programme model is implemented as a first phase in expansion districts while capacity is built to enable the more sophisticated model first developed in the seven pilot districts.

Table 9 shows current estimates of capacity-building costs by year as a proportion of overall budget. If the projected capacity-building costs turn out to be true while other variables such as targeting efficiency remain within acceptable standards, then this should put the programme on a firmer footing with the treasury, politicians and the public, leading towards progress in nationwide coverage.

The programme's managers will need to be forward-looking in terms of what human resources will be required as the programme continues to expand and look at alternative business models for delivering the programme. Should all work be carried out by civil servants, or might it be more efficient to contract many of the tasks, limiting their own role to contract management and oversight?

The programme must ensure that the targeting quality of the front end of the programme is maintained. The effectiveness of the programming in ensuring that the right households are indeed the ones enrolled and that corruption does not undermine the programme at the community level is imperative. There is a trade-off here between fast programme expansion and the ability of programme management to deliver a high-quality service in new expansion areas. At the community level where much of the targeting and follow-up, for example, of households that have not claimed their money is carried out by volunteers who serve in coordinating committees, to what extent will the Government and communities be able to continue to rely on the service of what are essentially unpaid social workers? In rural areas these are often retired civil servants with pensions, but in urban areas they tend to be working people with their own jobs to hold down.

Ensuring that management of the cash transfer programme does not crowd out attention to other child protection responsibilities of the Department for Children's Services

Managing the cash transfer programme as it scales up is a time-consuming activity that competes for resources of the wider child protection system. Efforts need to be invested in building capacity for other child protection responsibilities.

Use of banking by cellphone to reduce household costs of travelling to the post office

Cellphone money transfers have taken off in a huge way in Kenya over the past few years. Use of cellphones for the cash transfer programme would certainly reduce the sometimes substantive costs to poor households of having to go to the nearest post office to pick up their cash.

The place of child benefits in a comprehensive social protection policy

During the past few years, the idea that countries should think about developing comprehensive social protection programmes has grown. Social protection is a set of actions designed to reduce either the risk of experiencing an economic or social shock, or to reduce the welfare loss after such a shock has occurred, combined with actions aimed at alleviating extreme or chronic poverty. Thus, social protection is as much about limiting fluctuations in welfare (social and economic shocks) as it is about addressing structural 'stresses' that are associated with chronic poverty. The African Union leaders agreed on a minimum package of what constitutes a social protection package all African countries should put in place in January 2009. The package includes cash benefits for poor children, old-age pensions, government work guarantee schemes, and free health care and education for children.[40]

Kenya is on course for defining what its national social protection strategy will be, and as the draft policy moves towards debate in Parliament the trade-offs between various policy options and what the fiscal space is for child benefits against other claims will likely become an intense discussion. Making secondary education free is on the agenda in Kenya; this will be a large burden on the budget if implemented; an additional debate revolves around fertilizer subsidy.

Another question revolves around other pilot cash transfer programmes that have just moved to the field in three arid districts. This is a test for moving the long-standing emergency food distribution system in the arid north of Kenya into something that will reduce the wholesale dependence of families on state support. Might it make more sense to evolve two different cash transfer programmes, one for population-dense areas and one for arid areas where most people follow a pastoralist lifestyle?

A state-funded non-contributory pension for all citizens over a certain age is often an element of national social protection systems. In southern Africa such pensions are universal, with even Lesotho and Swaziland having them. Kenya currently has no such pension. In terms of the proportion of GDP this would cost, it would be less than a nationwide child benefit and should have a major impact in helping Kenya to accelerate progress towards reduced overall fertility.[41] This would be a welcome boost towards national fertility decline goals, now that the pace of decline due to the scaling up of family planning programmes and increases in girls' education has slowed down during recent years.

The cash transfer programme is too young and unproven for these definitive policy decisions to be made yet in Kenya. The programme still has to prove itself. When the results start to come in from the impact evaluation, the political and policy discussions that continue around the programme will be enriched by the information the evaluation will provide. Those results will depend on the hard work of all those associated with the programme from community to senior management. In the meantime, anyone wanting to see for themselves the impact of the programme needs only to go and visit some of the beneficiary households. It is an inspirational experience, especially knowing that a high proportion of the resources are derived from Kenyan taxpayers with international partners very much playing a supportive role. Any society that transfers resources from richer parts of society and the economy to the very poorest is a society one can be proud to be a member of. It is the kind of society Eleanor Roosevelt had in mind when she chaired the committee that drafted articles 22 and 25 of the Universal Declaration of Human Rights.

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