

# WB CORE COURSE ON ADAPTIVE SOCIAL PROTECTION

DIRECTORATE OF SOCIAL  
ASSISTANCE

State Department For Social  
Protection & Senior Citizen Affairs-  
**KENYA**





# Cash Transfer Programmes in Kenya



The Government of Kenya through the Ministry of Labour and Social Protection Implements 3 Cash Transfer Programmes

- 1) Older Persons Cash Transfer (**OPCT**)
- 2) Cash Transfer for Orphans and Vulnerable Children (**CT-OVC**) and;
- 3) Persons with Severe Disability Cash Transfer (**PwSD-CT**), Additionally, the Government through NDMA implements ***Hunger Safety Net Programme (HSNP)***

Together, the 4 programmes are popularly known as ***Inua Jamii***

## Inua Jamii Payments




The Ministry of Labour and Social Protection recognizes that the beneficiary is at the **core** of all cash transfer payments, hence the need to develop a payment solution that is responsive to the needs of the vulnerable.

The Ministry delivers stipends to beneficiaries of the 3 cash transfer programmes including Complimentary programmes of **NICHE and EIP** through six contracted Payment Service Providers:

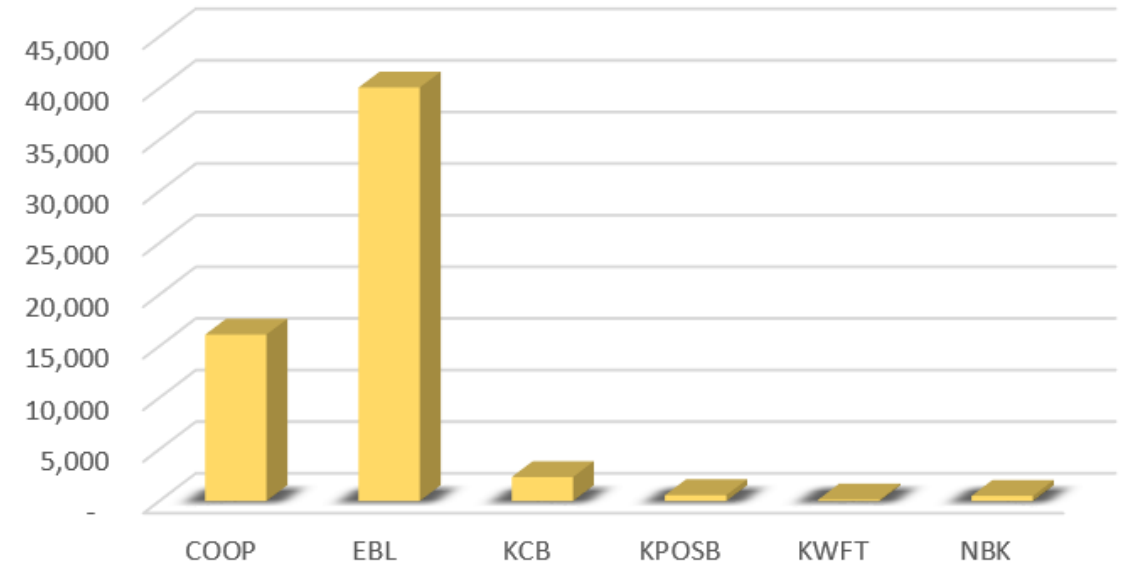
***(Kenya Commercial Bank (KCB), Equity Bank (EBL), Co-operative Bank, National Bank (NBK), Post Bank and Kenya Women Finance Trust (KWFT))***

Starting from **July 2023** change in policy by the government has seen the transition of Payments from **bi-monthly** to **monthly** to improve on the programmes efficiency and make the payments more predictable to beneficiaries.

# PSP Coverage “A”

	PSP	Branches	Agents
	CO-OP	157	16,139
	EBL	190	40,066
	KCB	191	2,328
	KPOSB	97	575
	KWFT	228	143
	NBK	81	504
	ALL*	944	59,755

AGENTS



BRANCHES

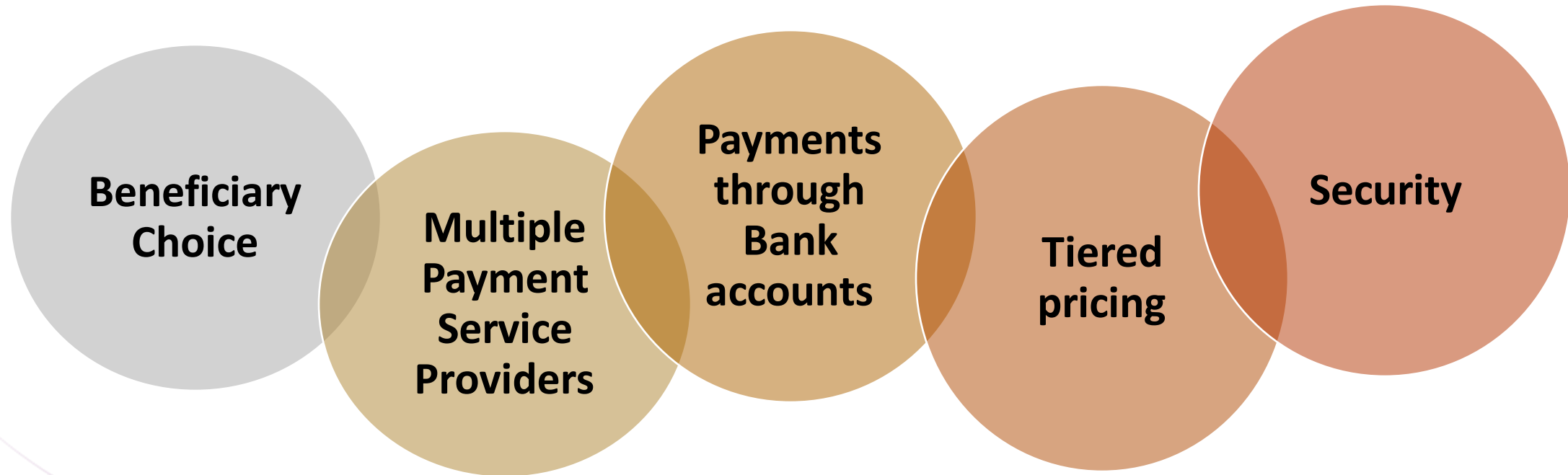




# The Choice Model

## *Salient Features*

The current payment mechanism dubbed the ***choice model*** gives beneficiaries freedom to choose from the 6 contracted PSPs. Some of the Salient features of the current model include;



# Salient Features Cont'd



## BENEFICIARY CHOICE

- ❖ Beneficiaries can select among pre-qualified PSPs based on; quality of service offered, distance to pay point, additional services offered.
- ❖ Allows a window for beneficiary to switch PSP once in the lifetime of the contract.



## MULTIPLE PSP'S

- ❖ Avoids “winner takes it all” scenario and presents pre-qualification of more PSPs
- ❖ Introduces competition amongst contracted PSPs hence better service to the beneficiaries.
- ❖ The more the PSPs the more the setup of agent pay points for beneficiaries.
- ❖ Agent led payment model
- ❖ Wider geographical coverage of pay points



## PAYMENT THROUGH ACCT'S

- ❖ Beneficiary account features are standardized across all contracted PSPs.
- ❖ Bank account charges are negotiated and standardized
- ❖ Account is Mobile banking
- ❖ Allows store of value
- ❖ Allows continuous payments with no defined payment window.

## Salient Features Cont'd



### TIERED PRICING

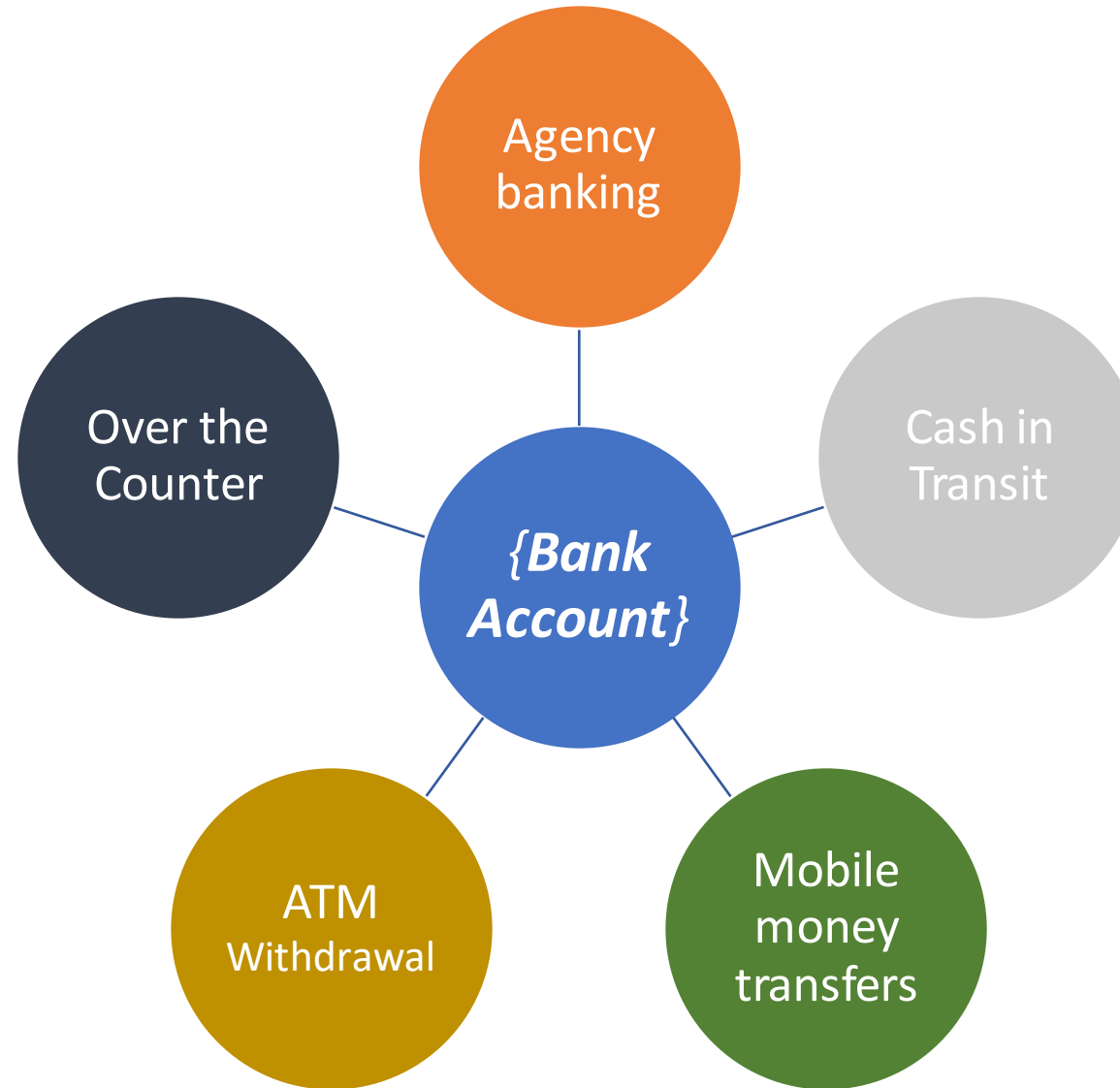
- i. Allows room for negotiation of a standard and competitive price with all PSPs.
  - ii. Commission paid to PSPs is not upfront but tied to beneficiary making withdrawals.
  - iii. Zoning the country into three zones based on proximity to existing pay points incentivizes the PSPs to set up agents in remote areas
- unprofitable areas.
- ✓ Zone A: urban areas with a high density of service points per population
  - ✓ Zone B: rural areas with a medium density of service points per population
  - ✓ Zone C: remote areas with a low density of service points per population



### SECURITY

- i. Proof of life
- ii. Beneficiary must transact or carry out a balance enquiry once every 6 months as proof of life.
- iii. Biometric authentication further enhances proof of life with option of pin

# Payment Delivery Channels



**Authentication:**  
(Primary BIOS,  
Pin, ID (for OTC  
transactions))



## Mobile Money Payments

To enhance accessibility of funds, the Government mandated the Directorate of Social Assistance to implement mobile payments to augment efforts of Banks starting in **December 2023**

The Mobile money payments are currently available to the two Cash transfer programmes: Cash Transfer for **Orphans and Vulnerable (CT-OVC)** and **Persons with Severe Disabilities (PWSD-CT)** as a pilot

# Key Challenges in Implementation of the Choice Model

- ✓ Inadequate resources to sensitize beneficiary on the new choice model operational features, beneficiary rights and their entitlements;
- ✓ Crowding at pay-points during payments;
- ✓ Interlinkage challenges with key government agencies such as Civil Registration Service to facilitate seamless exits of deceased beneficiaries from payroll;
- ✓ Agency Network of banks is still low in some regions resulting in beneficiaries walking long distances to access payments;
- ✓ Establishing proof of life of CT-OVC and PwSD-CT Beneficiaries;
- ✓ Cost of transfer is quite high (at approximately 3% of Transfer value) especially now with monthly payments;
- ✓ Inadequate budgeting for PSP Commissions.

# Mobile Money Payments vs Bank Account Comparison

	Bank Account Payments	Mobile Money Payments
Pros.	Choice, Security, Savings, and Access to wider financial inclusion options	Low transaction fees
	Proof of life, Simple Reconciliation; Traceability and Audit Trail	Extensive Agency Network (Over 250k) resulting in easier access to cash
	Can monitor crediting, account activity, Dormancy, and ability to Claw Back funds	Flexibility / Large Subscriber Base (over 38 million)
	Linkage of accounts to Mobile Money possible	
Cons.	Low agent Network Coverage	Inability to establish Proof Of Life
	Low Liquidity during peak payment periods	Inability to give Dormancy Reports
	Pay Inter-operability (yet to be effected)	Inability to provide Claw Back
		Positively Identification of BENEs is not possible (using biometrics), since cash withdrawal is through PIN

## Emerging Issues and Next Steps

- ✓ Transition of payments from bi-monthly to monthly
- ✓ Payment of *Inua Jamii* beneficiaries through mobile money platform (under Pilot)
- ✓ Review of the Payments Model to make it more responsive and accessible
- ✓ Continuous Scale-up of *Inua Jamii* Beneficiaries by an additional 500,000 in FY 2023/2024, FY 2024/25 and FY 2025/26





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# THANK YOU