



Social Protection in Kenya: Disruptions and Opportunities for Women Working in the Informal Sector

A Position Paper

FEBRUARY, 2022

Introduction

Social protection is central in accelerating the attainment of the Sustainable Development Goals and affirming the principle of "leave no one behind" (Koehler, 2021). Global evidence shows that social protection mechanisms can alleviate poverty, boost the resilience of individuals against shocks, promote access to basic services, foster economic recovery, and improve household incomes (Devereux, 2001; Obare, 2021; Thakur, Arnold, & Johnson, 2009). The COVID-19 pandemic has globally increased women's socio-economic and health vulnerabilities (O'Donnell, Buvinić, Bourgault, & Webster, 2021). Women working in the informal sector in developing economies, such as Kenya, are among the worst hit by the pandemic. These women have experienced elevated poverty, food insecurity, job/income loss, increased burden of unpaid care, and gender-based violence during this period. This position paper highlights the existing measures by the Government of Kenya (GoK) and non-state actors to mitigate the socio-economic shocks to vulnerable households. It identifies opportunities for enriching the social protection mechanisms from a gendered lens and suggests the need to widen the safety net for informal workers through government-led social protection initiatives, as shown in Table 1 below.

An Overview of Social Protection Mechanisms and Responsiveness in Kenya

Article 43 (1e) of the Constitution of Kenya provides that everyone has a right to social security and therefore obligates the Government to provide social protection for vulnerable populations. The Government of Kenya has a progressive social protection policy focus that includes main pillars: Income Security, Social Health Protection, and Shock Responsive Social Protection. In Kenya, social protection saw increased spending from 0.38 percent in 2017 to 0.42 percent of GDP in 2018/19 (World Bank, 2019). Despite the reported trend in Kenya's economic growth, a significant portion of the population continues to live below the poverty line, with income job-related insecurities.

A large proportion of informal businesses are unable to contribute to these schemes on behalf of their employees. In addition, women's share in the informal workforce stands at 66%, and due to the precarious nature of this sector, devoid of social protection, they are at a greater risk because of the health and economic shocks caused by the pandemic. The Government-led COVID-19 containment measures significantly impacted the informal sector, focusing on demand, supply, market access, and service utilization. This resulted in business closures, indebtedness, and reduced or lost incomes. Informal sector businesses in Kenya were among the worst hit, resulting in widespread loss of livelihoods and economic hardship (Pinchoff et al., 2021). A study undertaken in informal settlements in Kenya demonstrated that 43 percent of participants reported a complete loss of income (Pinchoff et al., 2021).

A study by the Federation of Kenya Employers (FKE) established that the informal economy lost more than 1.1 million jobs due to COVID-19, with wholesale, retail trade, hotels, and restaurants bearing the greatest brunt and accounting for 59.8 percent of the jobs lost. Most informal economy workers were exposed to

higher occupational safety and health risks heightened by COVID-19. Further, the low level of unionization and social dialogue in the informal economy contributed to their exclusion in COVID-19 pandemic response and management interventions, including stimulus packages by Government (FKE,2021).




The pandemic caused both supply and demand shocks to the informal sector, resulting in increased vulnerability to informal workers and business owners. To cushion citizens from the social and economic impact of COVID-19, the GoK announced an array of fiscal, monetary, and social assistance policies. These included tax relief for people earning a gross monthly income of up to Kshs 24,000 Kenyan Shillings, reduction of: pay as you earn (PAYE) by five percent, income tax by five percent, turnover tax by one percent, VAT by two percent; and offered tax exemptions, credit guarantee schemes, and extended cash transfer of Kshs 10 billion. However, these measures largely favored those in formal employment. The informal sector, dominated by women daily wage earners, did not benefit from tax reliefs (Kaberia & Muathe, 2021; Omolo,2020).

Seeking to specifically address the impact of COVID-19 on vulnerable groups and households, and to replenish "Inua-Jamii," the Government released Kshs 10 billion in cash transfers to the elderly, orphans, and other vulnerable groups. The Government reports that over the period, it disbursed more than KES 20 billion². An estimated 1,094,323 individuals received between Kshs 2,000 and Kshs 2,700 per month between April 2020 - February 2021. Further, 358,000 vulnerable households received stipends of Kshs 4,000 through the Ministry of Interior and Coordination.



¹ Inua Jamii - A flagship National Safety Net Program (NSNP) launched in 2018 to support orphans and vulnerable children, older people, food insecure households and people with severe disabilities with cash transfers.

Table 1: Pillars of the Social Protection Programme

Social Protection Pillar	Packages	Actors involved
 Social Assistance / Income Security	Supporting informal women workers to build resilience through economic empowerment programmes.	<ul style="list-style-type: none"> ♦ GoK in collaboration with financial institutions. ♦ Department of Social Protection piloting Economic Inclusion Programme (EIP). ♦ Non-state actors e.g., A European Union (EU)-funded consortium of KRCS, Oxfam, Concern Worldwide, ACTED, IMPACT, the Centre for Rights Education and Awareness (CREAW), and the Wangu Kanja Foundation. ♦ Development partners, humanitarian, and UN agencies (e.g., World Food Program, & UNICEF), FCDO, Mastercard Foundation among others
	Labor-intensive public works program targeting the most vulnerable citizens (women, youth, and other vulnerable groups) living in urban informal settlements.	<ul style="list-style-type: none"> ♦ GoK with funding support from development partners (recipients earned Kshs 600 per day).
 Health Protection	A national contributory scheme that provides health insurance for Kenyans including insurance subsidies for the poor and vulnerable.	<ul style="list-style-type: none"> ♦ Government of Kenya
 Shock Responsive Social Protection	A state contributory scheme mandatory for all employers and employees in the formal sector and informal sector workers who can contribute on a voluntary basis, Standard contributions are remitted by employers on behalf of employees.	<ul style="list-style-type: none"> ♦ Government of Kenya ♦ Civil Society Organizations (CSO) such as The Financial Sector Deepening (FSD - Kenya) and other private sector and NGOs implemented a COVID-19 response social protection dubbed "Shikilia" to replace lost incomes for informal sector, and "Boresha mama borde" targeting Busia women for three months, each getting Kshs 3,000 per month.

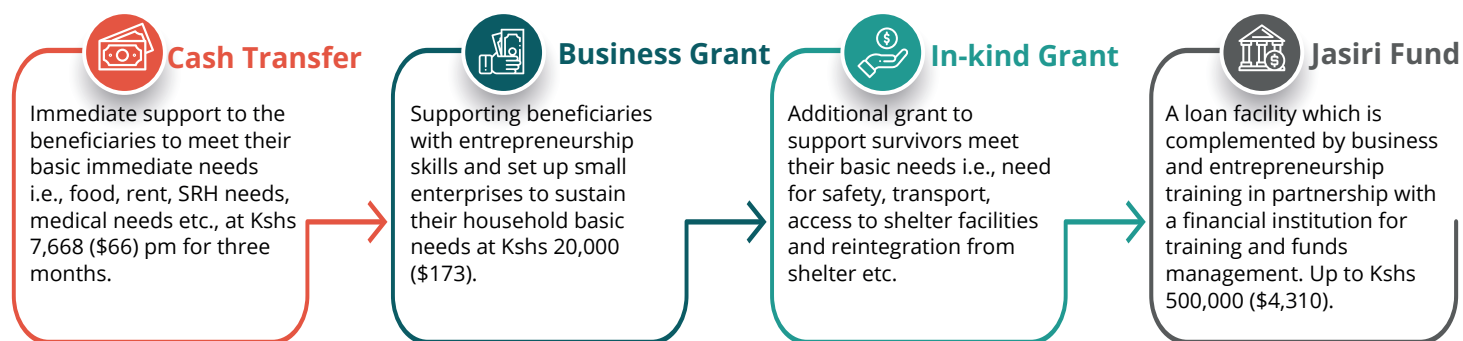
A review undertaken by the [International Center for Research on Women \(ICRW\)](#) revealed that the social protection policies were not responsive to the informal workers, due to the unregulated nature of this of the informal sector . Working in the informal, leaves women often without any protection of labour laws, social benefits such as pension, health insurance or paid sick leave. They routinely work for lower wages and in unsafe conditions, including risk of sexual harassment. The lack of social protection has a long-term impact on women, including poverty (UNWOMEN,n.d).

Most of the informal workers did not benefit from social assistance (cash transfers and food rations) that were implemented by Government and other stakeholders. The schemes largely targeted the elderly, orphans, people with disability and other vulnerable members. In addition, the lack of income security for informal women workers depleted their savings and their credit scores for those owning businesses.

Social Protection: Gaps and Opportunities for Informal Women Workers

Investments: The Government of Kenya (GoK) has made significant progress through its financial commitments to the social protection sector. For instance, in FY2020/2021 The National Social Safety Net had an approved annual Government budget allocation of Kshs 29.08 billion out of which Kshs 27.73 billion was spent, indicating an absorption rate of 95.3 percent. A review of the GoK's most recent national Budget Policy Statement (BPS) reveals that the social protection agenda does not in any way include the informal sector actors. As a result, women in the informal sectors and other economically vulnerable groups are not considered a high-priority group for social protection programs, including cash transfers. All actors ought to explore opportunities for increasing investments in social protection to facilitate equitable access to the social protection packages by expressly including them in the national social protection policy. See figure 1 below for a CSO model.

Figure 1: An Example of Social Protection Roll-Out by CSOs (CREAW and CCGD) in Kenya



Information: While the roll out of "shock-responsive" social protection sought to provide rapid response to the affected in the form of social assistance (cash transfers and food rations), the absence of a registry for vulnerable households and engagement of multiple actors in administration of social assistance resulted in "missed opportunities" in reaching those most in need, especially informal workers. This calls for a re-evaluation of the design and roll out of social assistance mechanisms to foster inclusive, equitable, coordinated, and accountable approach, more so in crisis situations.

Responsiveness: Accessible social protection mechanisms safeguard vulnerable populations and help mitigate crisis related shocks. The lack of labour, income, and social protections for informal workers persist. Hence, need for targeted measures towards cushioning informal workers through income protections, health security, and employment retention. The fiscal policies, such as the tax relief was aimed at increasing disposable incomes. However, informal, and daily wage earners missed out of this benefit due to the 'invisible' nature of their work.

Opportunities exist to cushion informal workers through enhanced safety nets in the form of income replacements, food aid, or enrollment into the national hygiene programme (NHP) dubbed "**Kazi Mtaani**," (Kaberia & Muathe, 2021).

Coordination: While there is good progress in enhancing social protection services, the involvement of multiple and uncoordinated actors in the delivery of programs hinders the development and implementation of comprehensive and well-structured initiatives (Kaberia & Muathe, 2021).

The duplication of efforts poses a risk to accountability. The inadequate coordination and standardized design of cash transfer programs resulted in overlaps in the geographies reached by various actors and amount of funds disbursed. Opportunities for the advancement of coordination across actors on the design, financing, and implementation of social protection exist. Further research is necessary to identify mechanisms to reach and design comprehensive and accessible social protection strategy.

Recommendations

To facilitate the design and roll out of responsive and equitable social protection mechanisms, the REBUILD RPUG calls for the following actions:

a. Inclusivity in formulation, design, and roll-out of social protection frameworks and programs. Key actions include:

- i. Enhance participation and representation of the informal sector, through their associations' leadership in the design of social protection strategies
- ii. Incorporate anticipatory mechanisms in the existing social protection programs to unearth and address the socio-economic injustices caused by both systemic and structural inequalities that exclude certain groups (such as informal workers and the youth)
- iii. Assess the drivers to vulnerability among workers in the informal sector (including their environments) to inform design of transformative social protection policies
- iv. Foster the design of capacity enhancement programs such as **kazi mtaani**, targeting vulnerable populations. These programs will serve to the enhance their knowledge, skills, and ability to enhance their health, income, and job security

b. Finalize and roll out the Social Protection Financing Plan

- i. The State Department for Social Protection to prioritize the finalization of the social protection financial plan to target and enrol informal workers into national social protection schemes.
- ii. The Government to consider subsidizing statutory contributions (pension, tax, health insurance) to those in the informal sector.

c. Set realistic life transformation indicators and targets

- i. The state department for social protection to expedite the inclusion of the women in the informal sector into the enhanced single registry covering all counties.
- ii. Jointly undertake in-depth research to determine the contribution of social protection pathways (health, pension, cash transfer) in alleviating the vulnerabilities and inequalities among informal workers to inform additional investments
- iii. Include gendered indicators in the monitoring and evaluation system to track the impact of social protection programs on men, women, boys, and girls.

² Public works programme across the country aimed at engaging youth in restoring public hygiene standards and urban civil works and providing them with cash relief.

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Acknowledgement

This position paper was compiled during the first Research and Policy Uptake Group (RPUG) Workshop in December 2021 and subsequent deliberations and validation engagements.

Special regards to Mrs. Rose Mwangangi (Directorate of Social Development), Dr. Milka Chebii (FSD-Kenya), Mr. Joshua Ayuo (CREAW), Mercy Mwangi (KEWOPA), Elsie Muhindi (KPO), Audrey Adhiambo (CCGD) and Dorcas Mbeke (KUDHEHIA) and all the participants from the informal sector particularly women survivors of GBV who provided thought provoking testimonies.

We gratefully acknowledge the financial support of the Bill & Melinda Gates Foundation. This brief was developed as part of the activities implemented under the ReBUILD Project.

Contributions by Research & Policy Uptake Group (RPUG) Rebuild Project, Kenya



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