



Concern Worldwide Social Protection Programmes

Korogocho cash transfer initiative: supporting 'Transformative Social Protection' in the Kenyan urban slums

A recipient of Concern's Post Election Violence Recovery programme in Kenya using a mobile phone. Concern has pioneered the use of mobile money transfer systems to deliver cash to poor households. In times of disaster, this technology has been crucial in helping people to buy food and essential items, and to rebuild their lives.



Transformative Social Protection

The concept of Transformative Social Protection acknowledges that vulnerability is not only related to income, and seeks to complement cash transfers with components addressing further vulnerabilities. A cash transfer programme sensitive to risks and vulnerabilities faced by low income households can move beyond a protective function to be preventive, promotive, and transformative (by enhancing recipients' confidence, self-esteem, and social relationships). These multiple possibilities are particularly important in low-income urban contexts, characterised by multiple vulnerabilities.

Kenya's urban poor currently constitute over 4 million people, and 50% of the country's population is expected to reside in urban centres by 2020. Urban poor settlements in Nairobi are composed of rural migrants, refugees and displaced people whose lack of vocational skills, financial and social capital act as barriers to formal and self-employment.

Most slum dwellers rely on informal employment, characterised by low pay and poor working conditions. Most do not qualify for microfinance and cannot access financial capital to start a business. They struggle to provide enough food for their families and risk being forced into illegal, exploitative and dangerous working practices. Poor health and reduced social networks further reduce their coping strategies.

The Government of Kenya has initiated a number of social protection programmes to address poverty in the country, however, few cover urban areas. A long-term urban social protection programme addressing the multiple vulnerabilities of the urban poor is needed.

Building on experience providing cash transfers in urban areas in response to Kenya's Post Election Violence in 2008, Concern Worldwide Kenya, in consultation with the Government, introduced the concept of "transformative social protection" to its work in Korogocho, one of the poorest of the Nairobi slums. The concept of transformative social protection is particularly relevant to low-income urban informal settings.

The Korogocho Cash Transfer Initiative seeks to address the multi-faceted challenges facing the ultra-poor and enhance long term food and income security through a holistic programme comprising:

- targeted monthly cash transfers
- skills training, business development, and facilitating access to savings schemes and financial services
- a community-level social transformation process

1,958 households were enrolled onto the programme and payments of \$20 were delivered through service provider Safaricom's nationwide mobile money transfer system, M-PESA for eight months from November 2009.

Key Findings

Targeting: whilst further adjustments are necessary, the initiative demonstrated that a form of community based targeting is feasible within an urban slum context. Selection of recipients was carried out door-to-door, by teams of carefully selected stakeholders. This was a significant improvement on commonly used community-based targeting approaches which leave community leaders to select recipients.

Delivery: the use of the M-PESA system proved efficient and effective given the good network connectivity and the huge presence of M-PESA agents from whom recipients could access funds. The secrecy and security provided by the system made it very popular amongst recipients.

Impact

Protective impact: almost all participants reported increased meal frequency and diversity, and improved access to essential social services such as healthcare and schooling for children.

“Almost all participants reported increased meal frequency and diversity.”

Concern Worldwide and mobile money transfer in Kenya

Concern Worldwide has pioneered the use of M-PESA for emergency cash transfers in Kenya with Safaricom. In 2008, the development of a 'bulk transfer' facility for M-PESA meant transfer notifications could be sent to thousands of phones simultaneously. Concern piloted MMT to provide cash to food-insecure rural households in the remote Kerio Valley who had lost livelihoods in the post-election violence.

The approach was scaled up in the 'Post Election Violence Recovery' programme to support needs in the Nairobi slums, where monthly cash transfers for 3-6 months enabled 6522 households (around 40,000 people) to meet their essential needs. This was complemented by a one-off 'business grant' cash transfer for people to restore their livelihoods. Recipients reported that they were better able to meet their household food needs as well as paying school fees and investing in income generating activities to rebuild their livelihoods.

Preventive impact: a significant number of recipients took advantage of the regular income provided by the cash transfer to save some of the money. Repayment of debts also re-established important social capital.

Promotive impact: the availability of food and access to healthcare increased the ability of vulnerable households to engage in economic activities, especially those living with HIV and AIDS. 75% of recipients reported investing a portion of the money in a business, with 90.5% experiencing positive returns.

Transformative impact: participating in the savings scheme generated a sense of shared resource, with positive social implications. Participants also described an increase in self-confidence, greater space for social participation, and a strengthening of social networks – essential steps towards social transformation and important for long term sustainability.

“Cash transfers in urban areas are possible without heavy investment in technology.”

Recommendations

A fixed monthly cash transfer for eight months is insufficient to create sustainable change for the poorest people and most vulnerable category of household. The following need to occur for these households to enjoy sustainable change:

- 1) the cash transfer needs to be indexed to family size;
- 2) the cash transfer needs to be implemented concurrently with the livelihood development and support component;
- 3) the fixed transfer needs to be of a longer duration.

The Korogocho cash transfer initiative should be built upon with the following considerations for future programmes:

i) A longer-term social protection programme

Households in urban areas with high dependency ratios and labour constraints should be supported by a regular, predictable safety net mechanism which should be government-led. This would ensure that individuals' productivity, education and health is maintained, reducing future burdens on the Government and on these households.

Lessons Learned

Delivery: the programme showed that cash transfers in urban areas are possible without heavy investment in technology. Technical support provided to staff and recipients by the service provider Safaricom was critical to the success of the payment system. Lack of national ID cards constituted a barrier to access mobile money transfer for some of the most in need. Concern Worldwide collaborated with the local administration to facilitate the acquisition of ID for some recipients, but 5% of those targeted were ineligible and were therefore excluded from the programme.

Sustainability: the size of the household, the number of income earners and health of the head of the household determined the extent to which households were able to maximise the use of cash, and the length of the improvements. Long-term impact was found only amongst those who could invest their transfers and get a positive return. Families with low income and high dependency ratio were more likely to descend into their initial state of low food consumption, poor dietary diversity and use of negative coping strategies.

Transformation: the transformative effect observed is attributed to both the cash transfer component and the social transformation component. Recipients reported to have gained some sense of self by abandoning the negative coping strategies they resorted to before receiving the transfer and a sense of self-worth and ability to change their lives through the community dialogue process.

ii) Livelihoods Development

Include a complementary livelihoods development component targeted at poor households to enable them to invest in a business, comprised of a mix of cash and loans and supported with business training. This transfer should be kept separate from the cash transfer. Households would apply for support on the basis of a verified business plan. Over time such a programme would link households with microfinance providers.

The payment system through M-PESA was a resounding success with fraud being non-existent, and recipients valuing the secrecy and security it provided. This system should be replicated in future cash transfers within an urban context where connectivity and agent presence is good.

Concern Worldwide will be engaging with the Government of Kenya and providing further evidence from the Korogocho initiative to demonstrate the appropriateness and scalability of cash transfers to urban slum populations as one component of a social protection intervention.



Monica Akinyi, Kenya, © Concern Worldwide 2008

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