Since 2007/8, the number of households benefiting from cash transfers under the National Safety Net Program (NSNP) has increased from just below 37,000 to over 660,000 as of 2014/15. The safety net program was allocated Ksh 45.01 billion cumulatively between 2012/13 and 2015/16 for all cash transfer programs.

There are currently five main cash transfer programs at the national level: Older Persons Cash Transfer (OPCT), Cash Transfers to Orphans and Vulnerable Children (CT-OVC), Hunger Safety Net Program (HSNP), Urban Food Subsidy Cash Transfer (UFS-CT) and Persons with Severe Disability Cash Transfer (PWSD-CT).

How are beneficiaries selected?

While these programs have grown over the years, it is still not possible to cover all the poor households that qualify for them. Therefore, the government must select households across the country from among the poor who will benefit, leaving some out. The exact approach to selecting households differs across the programs.

Geographical targeting

In general, all the constituencies have a minimum number of households. For example, in the cash transfer for older persons, at least 180 households are selected in each constituency (150 beneficiaries and 30 in a waiting list). In the CT-OVC program, all the constituencies are selected, but then at least one location is also selected in each constituency. The number of extremely poor households determines how many locations are supported in one constituency. Only one location is selected for the program in wealthier constituencies.

Household targeting

Households are selected based on whether there is a vulnerable member in the home. For example, does the household have an orphan or a member who is over 65 years? Secondly, the household should not be receiving any other cash transfer. Each program has some criteria that determines which households are classified as very poor. If the number of households that qualify is still higher than the number that can be supported, then a second criteria is applied. For example, under the CT-OVC, poor households with orphans that are headed by children below 22 years are given priority over those with orphans headed by older guardians.

Targeting needs?

Compared to other programs in Kenya, the cash transfer programs use a complex set of distributional criteria which appear to be related to their desired outcomes. Nevertheless, equality is still prioritized over need: the programs tend to ensure that every constituency benefits rather than focusing resources on those areas most in need. This means that some particularly poor households do not participate in the program because of where they are located. Moreover, the complexity of the targeting of these programs raises questions about whether they are understood and whether the process of selection is open and reasonable.
What does equity mean?

Sharing resources fairly means basing our decisions on widely accepted principles. This series of pamphlets looks at those principles and then applies them to practices of resource sharing in Kenya. How fair are our current approaches to sharing resources? You decide.

Most people share the idea that creating a more equal society may require us to treat people differently depending on their differing circumstances. This idea is the basis for the concept of equity. From this notion, we can develop some additional principles of fairness.

The need principle
The need principle states that people should be treated according to their needs. If we are distributing resources for health care, a person who is sick should receive more than a person who is healthy. This examples relate to the population's need for services and the immediate costs of providing them. For example, if it costs Ksh 100 to provide health care to one individual for a year, and we have 10 sick individuals in one area and five in another, we will want to give more to the area with 10 people. However, we may also need to take into account the starting position of the two areas. If the area with ten people has a well-equipped hospital, and the area with five people lacks a facility, then need would suggest we may need to give some additional funding to the area with fewer sick people to “catch up” to the area with more.

The capacity principle
Capacity is the idea that we should not do for people what they can do for themselves. A rich person can afford to pay for more of their own services than a poor person. Assuming that both a rich and a poor person are sick (they have the same need for health care), we would be likely to give more to the poor person because they have lower capacity to meet their needs.

The effort principle
Effort is the idea that we should reward, or at least not punish, people who do more for themselves with what they have. Consider two poor people who are both sick. They have the same needs and the same capacity. One of the poor people decides to sell his second cow to pay for his health care, while the other keeps both of his cows and requests help from the government. We would feel that the first person was making more of an effort to cater for his own needs given his capacity, while the second was not. We would be uncomfortable giving money to the second person while giving nothing to the first, because this would reward people who do less for themselves.

The efficiency principle
Capacity and effort both relate to how much people have and how much they can generate for their needs. Efficiency is about how people use the resources they have. Returning to our poor, sick farmers: one farmer may use the funds they have to purchase highly effective medicines at a low price, while another may choose to spend funds on ineffective procedures at a clinic known for over-charging patients. We would likely feel that we should not give as much money to someone who chooses to spend it on ineffective or over-priced services as we should to someone who uses money prudently.

The basic minimum principle
The principle of a basic minimum is that when we distribute funds, we may look at need, effort, capacity, efficiency, and even other principles not discussed here. After doing so, we might end up deciding that all of the funds should go to one person, or one community or one region. The basic minimum principle would tell us that we should first ensure that everyone gets some small share of the total before we distribute the rest according to other principles. Many people would feel that everyone should get at least a token from the resources available, so that everyone feels that they are part of the system and receive something from it.

The fair process principle
The fair process principle emerges from the realization that the principles above may conflict with one another, and that balancing them is a difficult task. There is no one right way to do this. For example, we might find that the person with the greatest needs makes the least effort. What should we do in this case? We will want to give them more due to their needs, but we will want to give them less due to their lack of effort. As there is no one correct solution to this problem, the only way to address it is to ensure that we make the decision through a fair and transparent process in which people give their reasons, these are thoroughly debated, and a decision that people may disagree with, but can agree is well-reasoned, is reached.