



Bridging the Gap between Alleviation and Equity: An Evaluation of Kenya's Consolidated Social Protection Fund and the Limits of Cash Transfers

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Citation: Stylianos Bernard Omulo Owino, Yasin Khuso Ghabon (2026) *Bridging the Gap between Alleviation and Equity: An Evaluation of Kenya's Consolidated Social Protection Fund and the Limits of Cash Transfers*. *J of Eco and Soc Dynamics* 2(9), 1-7. WMJ/JESD-162

Abstract

This paper critically evaluates Kenya's Consolidated Social Protection Fund. Anchored by the Inua Jamii programme and the Cash Transfer for Orphans and Vulnerable Children (CT-OVC) as an instrument for addressing poverty and inequality. Drawing on theoretical contributions and empirical literature on social protection and inequality, alongside empirical evidence from Kenya's household surveys, Food and Agricultural Organization (FAO) Transfer Project evaluations, and comparative data from South Africa and Brazil, the paper argues that Kenya's fund is a necessary but structurally insufficient tool for achieving distributional equity. Micro-level evidence confirms meaningful gains in food security, consumption, and local economic activity among beneficiaries, yet Kenya's Gini coefficient has remained stubbornly elevated. Declining modestly from 0.470 in 2005/06 to 0.404 in 2015/16 before stagnating, while income-based estimates place it as high as 51.3 as of 2019 [1,2]. The paper concludes that closing the gap between alleviation and equity requires systematic integration of social protection with progressive taxation, labour market reform, and institutional capacity investment.

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Submitted: 24.07.2026

Accepted: 30.07.2026

Published: 01.09.2026

Keywords: Social Protection, Inequality, Kenya, Cash Transfers, Inua Jamii, Ct-Ovc, Gini Coefficient, Redistribution, Political Economy

Introduction

Kenya presents one of the most instructive paradoxes in sub-Saharan African development: a country that has invested substantially in social protection infrastructure

while simultaneously exhibiting persistent levels of income inequality. With a Gini coefficient ranging between 0.40 and 0.48 over the past two decades depending on methodology, Kenya's inequality challenge

is not merely a residual feature of underdevelopment but a structural condition reproduced through labour market segmentation, regressive taxation, and uneven access to productive assets [3]. Against this backdrop, the government has consolidated its social protection architecture under the National Safety Net Programme commonly known as Inua Jamii. This bringing together the CT-OVC, the Older Persons Cash Transfer, the Persons with Severe Disability Cash Transfer, and the Hunger Safety Net Programme into a unified delivery framework. This paper asks a sharply delineated question: to what extent can this fund bridge the gap between poverty alleviation and genuine equity? Answering this question requires first establishing how inequality is measured. The Gini coefficient, the most widely referenced tool, captures the degree to which the distribution of income or consumption deviates from perfect equality on a scale of 0 to 1 (where 0 denotes perfect equality and 1 denotes perfect inequality). It is derived from the Lorenz curve, which plots the cumulative income share of successive population segments ordered from poorest to richest; the further that curve bows below the 45-degree line of equality, the higher the Gini [4]. Values above 0.40 are broadly regarded as signaling high inequality [5]. Complementary measures include the Palma ratio. Income share of the richest 10 percent divided by that of the poorest 40 percent, useful for capturing top-to-bottom polarization and the Theil index, a decomposable entropy measures sensitive to both within-group and between-group disparities, particularly relevant for Kenya's county-level and rural-urban inequality dimensions [1]. The Gini serves as the primary reference throughout this paper, with the Palma ratio introduced where the Kenyan data permit. The central argument is that Kenya's fund is a demonstrably effective anti-poverty instrument but a structurally inadequate tool for reducing inequality. Conflating the two has led to an overreliance on transfer mechanisms that address the symptoms of deprivation without dismantling the structural conditions that reproduce it. The paper proceeds in five sections: Section 2 establishes the theoretical framework; Section 3 analyses Kenya's empirical record including its inequality trajectory before and after fund expansion; Section 4 undertakes comparative analysis with South Africa and Brazil; Section 5 examines transferability, structural constraints, and the political economy of social protection; Section 6 offers conclusions and

policy recommendations. Theoretical Framework: Rights, Redistribution, and the Limits of Cash Transfers.

From Charity to Rights

The conceptual terrain of social protection has shifted decisively over recent decades. Where earlier frameworks positioned social assistance as a discretionary act of state benevolence, contemporary scholarship and international law have reframed it as a justiciable right. Devereux, traces this evolution in the African context, arguing that the movement from charity-based to rights-based social protection fundamentally reconfigures the accountability relationship between state and citizen: under a rights framework, citizens are empowered to claim protection and states are obligated to deliver it [6]. Midgley, extends this further, contending that rights-based social protection is inseparable from social justice [7]. That a society cannot meaningfully guarantee social rights while tolerating levels of inequality that render those rights effectively inaccessible to the majority. Kenya, codifies socioeconomic rights, and the Social Protection Policy articulates a rights-based vision reinforced by the ILO's Social Protection Floors Recommendation No. 202 [8-10]. Yet as the sections below demonstrate, the gap between that rights-based rhetoric and structural delivery remains wide.

The Poverty-Inequality Distinction

A foundational but frequently obscured distinction underlies the social protection debate: poverty and inequality are not the same condition. Poverty concerns absolute deprivation, the inability to meet basic needs. Inequality concerns the relative distribution of resources, opportunities, and power across society. Plagerson & Ulriksen argue that social protection, even when well-funded and targeted, tends to operate at the margins of distributional structures rather than reshaping them [11]. Cash transfers raise the consumption floor for the poorest households but do not alter the structural mechanisms such as concentrated land ownership, wage suppression, and regressive taxation that continuously regenerate inequality from above. Hujo, develops this through a political economy lens: where social protection is embedded in broader welfare architectures including progressive taxation, universal public services, and regulated labour markets, as in Nordic countries, its inequality-reducing effects are substantial [12]. Where it operates in isolation from those complementary mechanisms, as in Kenya and much of sub-Saharan

Africa, its macro-level distributional impact is limited. Cross-country econometric evidence from the IMF Fiscal Monitor, is consistent with this: fiscal redistribution through transfers alone accounts for only a fraction of observed inequality reduction in developing countries, with tax structure and public service provisioning contributing substantially more [13].

Political Economy, Population, and the Food Security Nexus

The redistributive limitations of social protection are compounded by three further structural factors. First, inequality is politically produced. Owiti, demonstrates that Kenya's structural inequality has been sustained through deliberate political choices [14]. Land policies that entrench elite ownership, expenditure patterns favoring urban constituencies, and tax regimes that under-tax capital. Ouma, shows how Kenyan social protection policymaking has been shaped by donor priorities and electoral calculations as much as by needs-based evidence, with Hunger Safety Net Programme (HSNP) parameters driven by the Department for International Development and the European Union preferences, and CT-OVC expansions at times tracking electoral cycles rather than coverage gaps [15]. Hujo, situates this within a comparative framework: where organized civil society and progressive political actors have championed social protection as a redistributive project, as in South Africa and Brazil, programme ambition and coverage have been substantially higher than in Kenya, where the system has historically remained a technocratic donor project with limited political clout [12]. Second, Osabohien et al., demonstrate the population-poverty-inequality nexus. In sub-Saharan African contexts, population growth, poverty, and inequality are deeply interdependent, and single-vector interventions cannot resolve their compounding dynamics [16]. Kenya's population of approximately 55 million growing at roughly 2.3 percent per annum means that nominal beneficiary increases may not keep pace with need, progressively eroding effective coverage over time [17]. Third, Osabohien et al., link social protection directly to food security outcomes in West Africa, finding that transfer programmes improve dietary diversity and reduce vulnerability to nutrition shocks. A relationship confirmed in Kenya by the FAO Transfer Project, 12 and WFP assessments across East Africa [18-20].

These food security gains are real but contingent: where programmes are fragmented or poorly targeted, the food security dividend diminishes.

The Kenyan Empirical Record: Micro-Victories and Macro- Stagnation Programme Achievements

On its own anti-poverty terms, Kenya's fund has a credible record. The CT-OVC began as a pilot of 500 households in three districts in 2004 in response to the HIV/AIDS crisis [21]. By 2008/09, following increased domestic financing, coverage had risen to over 45,000 households, and by 2016 the consolidated National Safety Net Programme was reaching approximately one million households [21]. The Kenya CT-OVC impact evaluation, conducted with the FAO Transfer Project, found that beneficiary households achieved substantially higher food consumption scores compared to control groups, with meaningful improvements in dietary diversity. (The Transfer Project further documented local economic multiplier effects. For every Kenyan shilling transferred, local market activity expanded by a factor greater than one as beneficiaries spent transfers in local markets, generating secondary income effects for non-beneficiary households [19]. These findings align with Osabohien et al., West African evidence that social protection improves food access and reduces vulnerability through multiple channels: direct purchasing power increases, consumption smoothing that prevents distress asset sales, and income predictability that enables investment in agriculture and education [18].

Kenya's Inequality Trajectory: Before, During, and After Expansion

Against this programmatic achievement, Kenya's distributional data presents a sobering counterpoint. Prior to the CT-OVC's 2004 launch, Kenya's Gini stood at approximately 0.460 in 1994 and had edged upward to 0.470 by 2005/06. This confirms that the country entered the social protection era with already high and worsening inequality, driven by post-liberalization labour market restructuring and unequal land distribution [1]. The decade of fund expansion that followed does record a measurable improvement: by the 2015/16 Kenya Integrated Household Budget Survey documents that the Gini had declined to approximately 0.404. A reduction of roughly six to seven percentage points [1]. The Palma ratio similarly improved, falling from 2.8 in 2005/06 to 2.0 in 2015/16, indicating some compression of the

income gap between the richest and poorest households [1]. Urban inequality registered the steepest decline, while rural inequality fell more modestly, reflecting both the geographic concentration of formal social protection delivery and the broader effects of urbanization and economic growth. Interpreting this improvement as evidence of the fund's redistributive success, however, requires caution. The 2004–2016 period also coincided with sustained GDP growth averaging approximately five to six percent per annum, significant expansion of mobile money infrastructure that reduced financial exclusion, and increased public investment in primary education and health. All of which contributed independently to household welfare improvements and distributional moderation. No rigorous counterfactual study attributes the full Gini reduction to the fund alone. More telling is the trajectory since 2016: Kenya's Gini has remained elevated, with income-based estimates placing it at 51.3 as of 2019 Mbarra, and the historical consumption-based average from 1992 to 2022 sitting at approximately 43.1, with the minimum of 36.2 recorded in 2020 [2,22].

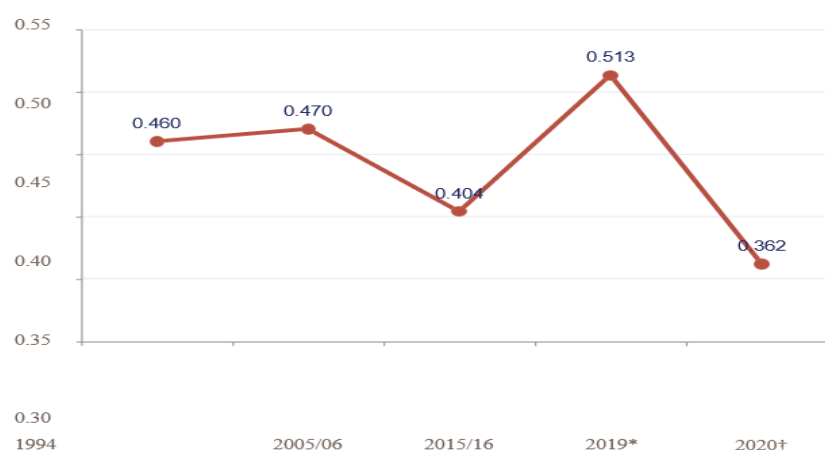


Figure 1: Gini coefficient before, during, and after fund expansion (UNU-WIDER, 2023)

The post-2016 stagnation is analytically decisive: it suggests the initial reduction reflected a base effect. Transfers introduced into a near-zero formal protection context generating rapid initial gains rather than a sustained redistributive trajectory. Once coverage plateaued and structural determinants of inequality remained unreformed, further programme expansion yielded diminishing distributional returns. This is the fund's fundamental limitation: it can raise the floor, but it cannot flatten the ceiling.

Comparative Evidence: South Africa, Brazil, and the Adaptation Question

South Africa: The Gini Paradox

South Africa provides the starkest illustration of social protection's distributional limits. Its social grant system reaches approximately 18 million people. Nearly 30 percent of the population across seven grant types administered through the South African Social Security Agency (SASSA), with documented improvements in poverty headcount ratios, food insecurity, and child welfare among grant recipients [23]. Yet South Africa's Gini coefficient stands at approximately 0.63. Among the highest in the world, and has remained virtually unchanged for two decades despite this extensive transfer architecture [24]. IMF Fiscal Monitor attributes this paradox to the structure of pre-transfer market income distribution, so skewed by the enduring legacies of apartheid-era land dispossession, labour market exclusion, and spatial segregation that even substantial transfers cannot offset it at the aggregate level. Capital income exemptions and corporate tax concessions further limit the fiscal system's redistributive power [24]. Plagerson & Ulriksen distil the lesson precisely: social protection can address poverty within a given distributional structure, but it cannot itself transform that structure [11]. The South African paradox is Kenya's risk: a functioning system maintaining, but never transforming, fundamentally unequal structural conditions.

Brazil: The Complementarity Lesson

Brazil's Bolsa Família programme, launched in 2003, offers a more optimistic data point but with qualifications as

important as the headline findings. Over the 2003–2014 period, Brazil's Gini declined from approximately 0.58 to 0.52 alongside significant poverty reduction and improved nutritional outcomes among the poorest quintiles [12]. However, disaggregated analysis reveals that Bolsa Família directly accounted for only an estimated 15 to 20 percent of the observed Gini reduction, with rising real minimum wages, labour market formalization, and expanded access to tertiary education contributing substantially more [12,22]. The programme was one component of a broader redistributive package, not a standalone engine of distributional change. Its fragility is equally instructive: when fiscal austerity constrained social spending after 2015 and labour market deregulation eroded wage floors, inequality rebounded. This demonstrates that distributional progress is reversible when complementary mechanisms are withdrawn. For Kenya, Brazil establishes both the model and the warning: social protection contributes to inequality reduction, but only when embedded within a coherent redistributive architecture sustained by political commitment over time.

The Transferability Question: Ethiopia and the Philippines

The comparative record also raises the question of whether social protection frameworks transfer meaningfully across contexts. Cook & Pincus, and Bhorat et al., caution against uncritical transplantation: models developed in high-income or middle-income settings frequently rest on administrative capacity, civil registration coverage, and formal employment rates that do not exist in sub-Saharan African contexts [4,24]. Ethiopia's Productive Safety Net Programme (PSNP), launched in 2005, illustrates the alternative. Contextually grounded adaptation rather than wholesale transplantation. Instead of adopting school enrolment conditionalities from the Latin American Conditional Cash Transfer (CCT) tradition, the PSNP linked transfers to public works participation aligned with Ethiopia's rural agricultural context, generating community assets while providing income support. Evaluations documented significant improvements in food security and resilience to weather shocks among beneficiaries [26]. By contrast, Cook & Pincus, show that CCT designs transplanted into Southeast Asian countries with weaker civil registration systems including Cambodia and Myanmar, generated

substantially higher exclusion errors and monitoring failures [24]. While the Philippines' Pantawid Pamilyang Pilipino Program (4Ps) programme succeeded partly because it could draw on comparatively robust identification infrastructure. The lesson for Kenya is twofold: external models offer design principles that travel across contexts. Payment regularity, complementary social services, robust grievance mechanisms, but must be adapted to local institutional realities. Kenya's own gradual de-emphasis of CT-OVC conditionalities, following evidence that enforcement was generating exclusion of eligible households, reflects exactly this evidence-driven adaptation.

Africa-Specific Constraints and the Political Economy of Structural Limits

The structural constraints that limit Kenya's fund from achieving macro-level redistribution are not distinctive: they reflect continent-wide conditions documented by Bhorat et al., and the ILO [4,10]. First, fiscal space is severely constrained: most sub-Saharan African governments spend less than two percent of GDP on social protection, against an average exceeding ten percent in Organization for Economic Co-operation and Development (OECD) countries [10]. Kenya's social protection budget currently estimated at approximately 0.4 percent of GDP following Inua Jamii expansion GoK, remains dependent on donor financing for a significant share of operational costs introducing volatility and external conditionality into programme design [21]. The ILO World Social Protection Report (2020–22) estimates that only 17.4 percent of people in Africa are covered by at least one social protection benefit, the lowest coverage rate of any global region, reflecting the cumulative effect of these fiscal constraints [10]. Second, Kenya's economy is characterized by informality rates exceeding 80 percent of employment ILO, making contributory social insurance (the primary mechanism through which formal-sector workers in high-income countries access social protection) structurally inaccessible to the majority [10]. This pushes the entire burden onto non-contributory tax-financed transfers, which are in turn constrained by the fiscal limitations above. Third, administrative capacity gaps. Including civil registration shortfalls and identification system weaknesses generate both exclusion errors (eligible households not reached) and inclusion errors (ineligible households receiving benefits), limiting targeting accuracy and undermining the fund's reach

among the most marginalized [15]. These constraints are not merely technical: they are political. Owiti, and Hujo, converge on the argument that the underfunding and underperformance of social protection systems in Africa reflects the interests of those who benefit from existing distributional arrangements [12,14]. Elites with political leverage to resist progressive taxation, land reform, and labour market regulation. In Kenya, as Ouma, documents, social protection has remained a domain of technocratic administration rather than political contestation, limiting the coalition-building that might drive more ambitious redistributive reform [15]. The ILO notes that Kenya's social protection spending of approximately 0.35 percent of GDP in 2016 represented one of the lowest rates in the region, a figure that reflects political choice as much as fiscal constraint [21]. Until social protection becomes the object of sustained political advocacy by organized civil society, labour, and progressive legislative actors. As it did in Brazil under Lula and in South Africa during the post-apartheid reconstruction. Its ambition will remain constrained by the interests of those invested in the status quo.

Conclusions And Policy Recommendations

The paper's argument, that Kenya's Consolidated Social Protection Fund occupies a structurally ambiguous position: is demonstrably effective as an anti-poverty instrument but demonstrably insufficient as a redistributive one. The micro-level evidence is clear and credible. Cash transfers through the CT-OVC and Inua Jamii improve food security, dietary diversity, household consumption, and local economic activity [18-20]. The macro-level evidence is equally clear: Kenya's Gini coefficient improved from 0.470 in 2005/06 to 0.404 in 2015/16 Damiano et al., but has since stagnated, while structural drivers of inequality; concentrated land and capital ownership, labour market informality, and regressive taxation remain unaddressed [1]. The South African paradox and the Brazilian complementarity lesson both confirm the same conclusion from different angles: cash transfers are a necessary but insufficient condition for equity. Four policy recommendations follow directly from this analysis. First, Kenya must maintain and expand the social protection fund: the micro-level welfare case is robust, and any fiscal retreat would impose real costs on the most vulnerable citizens. Devereux, and Midgley, are clear that social protection

is a right, not a discretionary gesture, and the ILO's finding that only 17.4 percent of Africans access any social protection benefit ILO, confirms the scale of the coverage deficit that remains [6,7,10]. Second, progressive domestic revenue mobilization must be treated as a social protection imperative: the IMF Fiscal Monitor, evidence is clear that redistribution through transfers must be matched by redistribution through taxation [13]. Broadening the tax base to capture capital income, land value appreciation, and corporate profits, and closing exemptions that disproportionately benefit high-income taxpayers. Third, labour market policy must be integrated into the social protection strategy: minimum wage enforcement, formalization incentives, and strengthened collective bargaining would address distributional inequality at its source rather than compensating for it after the fact, as both Cook & Pincus, and Hujo, identify as the most powerful redistributive instruments available to developing-country governments [12,25]. Fourth, administrative infrastructure investment is a prerequisite for effective delivery. Universal civil registration, a maintained single registry, robust grievance mechanisms, and independent evaluation capacity as the Ethiopia and Philippines comparisons demonstrate. Determine whether well-designed programmes reach those who need them most. In conclusion, Kenya's Consolidated Social Protection Fund is the beginning of a redistributive project, not its completion. Bridging the gap between alleviation and equity requires a political commitment that extends well beyond the boundaries of any transfer programme. Encompassing taxation, labour markets, land, and the institutional architecture of the state itself. The fund raises the floor. Equity requires flattening the ceiling. That is a task not for a social protection fund alone, but for the full architecture of the developmental state.

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