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From cash to code

The evolution of social payments in Kenya

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1 Setting the stage - social protection in Kenya

Kenya's Social Protection Bill, 2025, which was enacted on 30 July 2025, is closely aligned with the Kenya Social Protection Policy, 2023. The definition of social protection as set out in the policy is provided below:

“A set of policies, programmes, interventions, and legislative measures aimed at cushioning all Kenyans against poverty, vulnerability, exclusion, risks, contingencies, and shocks throughout their life cycles, while promoting the realisation of economic and social rights.”¹

The policy organises social protection into four strategic pillars:

- i. **Income security** – contributory and non-contributory schemes to ensure basic income guarantees.
- ii. **Social health protection** – achieving universal health coverage through insurance and access to essential health services.
- iii. **Shock-responsive social protection** – supporting populations affected by covariate shocks such as droughts, pandemics, and forced displacement.
- iv. **Complementary programmes** – strengthening human capital, enhancing livelihoods, and expanding social welfare services.

Although social payments exist across various pillars, this paper focuses specifically on digital payments within the **income security pillar**, delivered primarily through the **Consolidated Cash Transfer Programme (CTP)** under the Directorate of Social Assistance (DSA), in the State Department of Social Protection and Senior Citizen Affairs within the Ministry of Labour and Social Protection. These programmes include:

- **Older Persons Cash Transfer (OPCT):** Introduced in 2007 as a pilot in three districts, initially serving 500 households with a monthly stipend of KES 1,000 (equivalent to USD 8), the OPCT was rapidly expanded across Kenya's 47 counties. It currently provides a non-contributory pension to individuals aged 70 years and above to enhance income security in old age. The programme currently benefits **1,253,045 older persons**, each receiving **KES 2,000** (approximately **USD 16**) per month.
- **Cash Transfer for Orphans and Vulnerable Children (CT-OVC):** First piloted in 2004 with 500 beneficiary households in three districts, the CT-OVC has since expanded to nationwide coverage. It currently targets poor and vulnerable children, with ongoing plans to evolve into a more inclusive, universal child benefit scheme.

¹ Source: <https://www.nspssocialprotection.go.ke/other-downloads>

Currently, the programme reaches approximately **443,004 beneficiary households**, with caregivers receiving **KES 2,000** (approximately **USD 16**) per month.

- **Persons with Severe Disabilities Cash Transfer (PwSD-CT):** Launched in 2010 across Kenya's then 210 constituencies, this programme began with 2,100 beneficiaries and now supports individuals with severe disabilities by addressing their basic needs and promoting social inclusion. At present, it serves **63,607 beneficiary households**, each receiving **KES 2,000** (approximately **USD 16**) monthly.
- **Economic Inclusion Programme (EIP):** Established in 2019 under the broader Kenya Social and Economic Inclusion Project (KSEIP), the EIP targets extremely poor and vulnerable households across five selected pilot counties. It supports their transition to sustainable livelihoods by linking them to financial services, productive assets, and training opportunities—promoting integration into the formal economy and enhancing long-term resilience. At the close of the KSEIP 1 project in December 2024, the EIP programme supported **5,837 households**, each receiving **KES 2,000** (approximately **USD 16**) consumption support per month plus a one-off investment kitty **of KES 30,000** (approximately **USD 23**). Under the KSEIP 2 project, EIP is projected to expand to 20 counties.
- **Nutrition Improvements through Cash and Health Education (NICHE):** Established in 2019, NICHE is a nutrition-sensitive social protection programme implemented in five counties that supplements cash transfers provided under the CT-OVC programme with community-based health and nutrition education. In selected counties, it also includes components of child protection. The programme targets pregnant and lactating women and children under the age of three, focusing on the first 1,000 days of life to improve nutrition, child development, and maternal well-being. Currently, the NICHE programme benefits **21,329 households**, each receiving between **KES 500** and **KES 1,000** (approximately **USD 4-8**) as top-up payments per month above the regular KES 2,000. Under the KSEIP 2 project, NICHE is projected to expand to 25 counties.

2 Social assistance delivery platforms

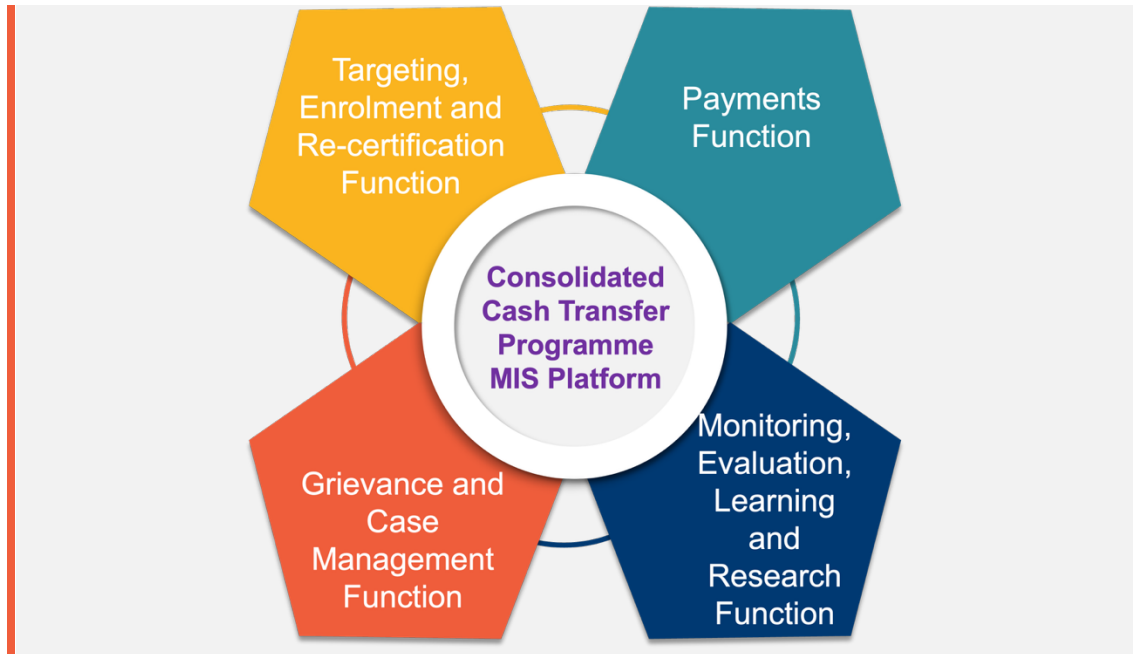
Kenya's digital transformation permeates nearly every aspect of daily life, positioning the country as a largely cashless economy. Cash transactions have become increasingly rare, and are now even discouraged in some settings, as digital payments have become the standard. This shift is largely driven by mobile money platforms that are deeply embedded in Kenya's economic and social infrastructure and regulatory environment. From paying for public transport to sending donations, mobile money facilitates a vast array of everyday transactions. According to Warwick Business School (2024), 59 per cent of Kenya's GDP now flows through M-PESA, one of the leading mobile money platforms, totalling over 20 billion transactions in 2023 alone. This remarkable integration is a key indicator of Kenya's leadership in mobile financial innovation.

Beyond the growth of the telecommunications sector, the Kenyan government has played a central role in driving the country's digital transformation agenda. Through initiatives like the Kenya Digital Superhighway Project, the government aims to enhance e-government and digital services by improving connectivity and ensuring that online resources are accessible to all citizens, thereby bridging the digital divide.

A key milestone in this transformation came in November 2024, when the Consolidated Cash Transfer Programme (CCTP) transitioned all beneficiaries from a bank-based payment system to a mobile money platform. This transition involved establishing a direct, system-to-system integration between the Consolidated Cash Transfer Management Information System (CCTPMIS) – the main social assistance delivery system – and the e-Citizen platform, which serves as the government's primary service delivery portal. The e-Citizen platform currently supports approximately **22,000 services** offered by various Ministries, Departments, and Agencies (MDAs).

Within this digital infrastructure, the Directorate of Social Assistance (DSA) is mandated to implement the CCTP. Headed by a director, the DSA oversees five specialised units responsible for the core functions of the programme. This organisational structure ensures effective management and coordination of social assistance delivery within Kenya's broader digital governance framework.

Figure 1: Core Operational Functions of the Consolidated Cash Transfer Programme (CCTP)



As illustrated in Figure 1, delivery of the main cash transfers in Kenya is organised around four main functions, underpinned by a digital and integrated management information system:

- i. Targeting, enrolment, and re-certification;
- ii. Payments;
- iii. Grievances and case management; and
- iv. Monitoring, evaluation, learning, and research.

These functions are described in the following section.

2.1 Targeting, enrolment, and re-certification function

This function is responsible for identifying and enrolling eligible individuals and households into the Consolidated Cash Transfer Programme (CCTP) using a harmonised registration tool, commonly referred to as the **Harmonized Targeting Tool (HTT)**, a standardised questionnaire developed, tested, and adopted by social protection stakeholders in Kenya as the primary mechanism for identifying poor and vulnerable households, supported by uniform operational procedures. The goal is to ensure that limited resources are directed to those most in need, with consistent processes applied across all stages of registration, eligibility assessment, enrolment, and periodic re-certification.

2.2 Payments

The payment function manages the disbursement of funds to beneficiaries through contracted Payment Service Providers (PSPs). The digital payments system—detailed in the next section—has evolved from manual processes to fully digitised mobile money transfers integrated with the Government’s e-Citizen platform. This transition has enhanced efficiency, ensured regular, timely, and predictable payments, and significantly improved the overall user experience.

2.3 Grievances and Case Management (G&CM)

The Grievance and Case Management (G&CM) mechanism enables both beneficiaries and non-beneficiaries to raise concerns, submit updates, and seek resolution through accessible and transparent channels. The recently introduced Enhanced G&CM system centralises the handling of grievances, reinforces accountability, and systematically categorises issues into complaints, case updates, Payment Service Provider (PSP)-related matters, and instances of error, fraud, or corruption (EFC).

2.4 Monitoring, Evaluation, Learning and Research (MEL&R)

The Monitoring, Evaluation, Learning and Research (MEL&R) function promotes continuous learning and evidence-based decision-making by tracking programme performance, evaluating outcomes, and identifying areas for improvement. The MEL&R framework enables real-time programme adjustments, supports impact evaluations, and strengthens capacity at both national and county levels—contributing to a more robust and responsive social protection monitoring ecosystem.

2.5 Consolidated Cash Transfer Management Information System platform

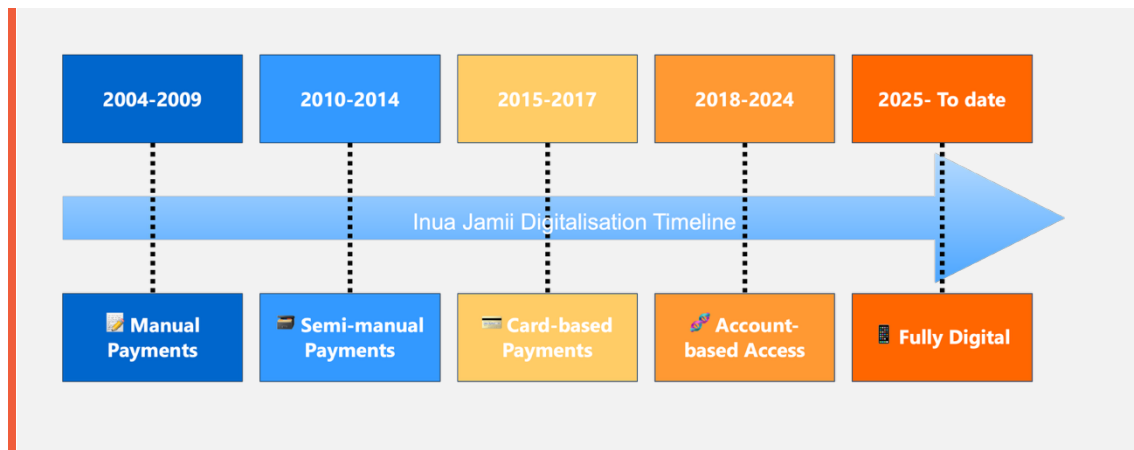
The Consolidated Cash Transfer Programme Management Information System (CCTP MIS) is a digital platform—comprising web portals, APIs, and a mobile application—that digitises and automates key programme functions, including registration, targeting, payments, grievance redress, case management, and monitoring. It improves data accuracy, enhances transparency and accountability, and enables more effective coordination and delivery of cash transfers. The system also supports complementary programmes, promoting integrated service delivery. Linked to national e-government systems, the CCTP MIS facilitates monthly automated payments to nearly two million beneficiary households across all 47 counties.

3 Evolution of social payments in Kenya: five attempts, five lessons

Over the years, the Inua Jamii payment² delivery system has undergone substantial transformation, as illustrated in Figure 2. This evolution can be categorised into five key phases:

- **2004–2009:** Manual cash disbursements administered through District Treasuries.
- **2010–2014:** Semi-manual payments delivered via the Postal Corporation of Kenya (PCK).
- **2015–2017:** Card-based payments facilitated through two commercial banks.
- **2018–2024:** Account-based payments implemented under the “Choice Model” through multiple payment service providers.
- **2025–Present:** Transition to fully digital payments using mobile money platforms.

Figure 2: Evolution of payment models



The following section provides a detailed description of the models.

² A Kiswahili phrase that conveys the idea of uplifting lives and strengthening communities.

3.1 Manual payment models

3.1.1 District Treasury-based disbursement (2004–2009)

During this period, payments were disbursed manually at district headquarters, where programme officers provided printed payrolls. Beneficiaries were required to be physically present to sign for their cash payments directly at the District Treasuries.

The table below outlines the key strengths and limitations.

Strengths	Weaknesses
<ul style="list-style-type: none">• Simple to implement in low-technology settings• Controlled directly by government staff	<ul style="list-style-type: none">• No authentication or reconciliation mechanisms• High risks of fraud, error, and corruption• Required long-distance travel for beneficiaries• Manual, paper-based process with high administrative burden• Uncollected funds had to be returned to National Treasury• Security risks when moving bulk amounts to locations of beneficiaries

3.1.2 Postal Corporation of Kenya model (2010–2014)

The government engaged the Postal Corporation of Kenya (PCK) to handle payment delivery through its network of post offices. The process relied heavily on triplicate paper schedules and operated with minimal digital support, making it largely manual in nature.

The table below outlines the key strengths and limitations of this model.

Strengths	Weaknesses
<ul style="list-style-type: none">• Slightly wider geographic reach through post offices• Government-controlled service provider	<ul style="list-style-type: none">• Largely manual with voluminous paperwork• No electronic verification or reconciliation

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| <ul style="list-style-type: none"> • Somehow trusted by beneficiaries | <ul style="list-style-type: none"> • High fiduciary risk • Long distances to pay-points • Weak grievance redress mechanisms |
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3.2 Digital payment models

3.2.1 Limited-purpose bank accounts – two providers (2015–2017)

Two commercial banks—Equity Bank and Kenya Commercial Bank (KCB)—were contracted to provide beneficiaries with payment cards linked to limited-purpose bank accounts. Beneficiaries accessed their cash through the banks’ branches and agent networks across the country.

The table below outlines the key strengths and limitations.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Use of electronic payroll • Increased financial infrastructure coverage • Reduced risk compared to manual systems • More trust by beneficiaries towards the banks 	<ul style="list-style-type: none"> • Long distances to pay-points, especially in the Arid and Semi-Arid Lands (ASAL) regions • Limited biometric authentication at payment points • Semi-manual reconciliation • No proof of life feature

3.2.2 Full bank accounts via multiple payment service providers - “Choice Model” (2018–2024)

Under a competitive procurement process, six commercial banks were contracted to deliver payments, giving beneficiaries the option to choose their preferred Payment Service Provider (PSP). The accounts provided were interoperable across the participating banks and featured biometric authentication to enhance security and accessibility and a full Know Your Customer (KYC) at enrolment.

The table below outlines the key strengths and limitations.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Encouraged saving habits • No ledger fees • Interoperability and switching options • Biometric security and proof of life • Real-time monitoring of disbursements • Electronic reconciliations • Tiered commission tariff that incentivised the banks • Tracked uncollected funds (claw-backs) 	<ul style="list-style-type: none"> • Still required access to banking agents or ATMs • Excluded those without National ID or phone number • Some rural areas still lacked adequate bank agent coverage especially ASAL regions • Tedious procurement process every three months. • Beneficiary fatigue during contract transition

3.2.3 Mobile money platforms (e.g. M-PESA and e-Citizen) (2025 – Present)

Following a Presidential Directive, and in line with the government digital transformation agenda, the Inua Jamii programme transitioned to fully digital monthly payments, leveraging the M-PESA mobile money platform integrated with the government’s e-Citizen system. This shift aimed to enhance efficiency, accessibility, and transparency in the delivery of social protection payments.

The table below outlines the key strengths and limitations.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Fast, efficient, and convenient payments • Real-time reconciliation and reporting • Over 300,000 M-PESA agents across the country • Closer to beneficiaries, including in remote areas • Reduced transaction costs • Fully integrated with digital ID systems for Know Your Customer (KYC) and proof of life 	<ul style="list-style-type: none"> • Onboarding challenges for older persons without M-PESA registration • Initial rollout issues in Arid and Semi-Arid Lands (ASAL) regions • Continuous need for agent training and beneficiary sensitisation

4 Key lessons and insights – why change was necessary

Kenya's transition from manual to digital social payments has been extensive, iterative, and occasionally challenging, revealing gaps in efficiency, security, and inclusivity that necessitated ongoing reform. Key lessons and insights include:

4.1 Implementation challenges and successes

Manual and semi-manual systems faced difficulty reaching remote populations, especially in Arid and Semi-Arid Lands (ASALs). Mobile money platforms expanded access, yet onboarding older individuals and those without mobile access remains a key challenge. Early models were costly and inefficient, relying heavily on cash handling and paper reconciliations. Digital platforms have significantly lowered operational costs, sped up reconciliation, and improved payment predictability. Additionally, manual processes were prone to fraud and errors, while digital systems now offer real-time audit trails, biometric verification, and integration with national ID databases, boosting accountability.

4.2 Stakeholder engagement and user feedback

Beneficiary experiences have been critical in informing iterative system design, service delivery adjustments, and grievance resolution mechanisms. Initial complaints about travel distances, hidden fees, and weak grievance mechanisms led to reforms, such as the Enhanced Grievance & Complaints Mechanism (eGCM) system and mobile money agent integration, which better address user needs. However, ongoing beneficiary sensitisation is essential to maintain adoption and trust.

4.3 Emerging trends and innovation in payments

Kenya's model aligns with global fintech trends in social protection, featuring real-time reconciliation, interoperability across platforms, biometric Know Your Customer (KYC), and e-Citizen integration. Future priorities include deploying artificial intelligence for predictive targeting and fraud detection – subject to appropriate data governance, privacy safeguards, and institutional capacity – geo-fencing for targeted services, and blockchain for secure, immutable audit trails.

Additionally, there is a great opportunity to expand the “Choice Model” of payments by bringing on board other financial players including fintech and mobile network operators into the e-Citizen ecosystem and possibly rolling out a government-to-person delivery

system by leveraging on government systems such as the Integrated Financial Management Information System (IFMIS).

4.4 Has Kenya ‘cracked the code’?

Kenya’s latest mobile money payment system stands as the most efficient and inclusive to date—an achievement built on decades of innovation and reform that have steadily brought financial services closer to communities, reduced leakages, and propelled the country’s digital transformation agenda. Recent milestones include strong political commitment to expand programme coverage by 500,000 beneficiaries each year and the enactment of the Social Protection Act, which firmly anchors social assistance within the national legal framework. Nonetheless, challenges persist, particularly the shrinking fiscal space—with only about 1 per cent of the national budget (estimated at 30.88 billion USD for the 2024/2025 fiscal year) allocated to social assistance programmes—posing significant risks to programme sustainability, expansion, and long-term institutionalisation.

4.5 Regional takeaways

Kenya’s experience offers valuable lessons for Africa and beyond:

- Tailor solutions to the local context rather than copying models directly.
- Invest comprehensively in infrastructure like connectivity, digital IDs, and agent networks.
- Continuously engage beneficiaries to build trust and ensure system resilience.
- Establish a robust two-way citizen engagement mechanism, such as the eGCM, to enhance beneficiary feedback and satisfaction.

5 Conclusion

Kenya's social payment reforms demonstrate how digitalisation can transform economic inclusion, increase transparency, and improve the efficiency of service delivery. Digital payments have revolutionised social protection by replacing cumbersome manual processes with technology-driven systems that promote dignity and autonomy for beneficiaries. By connecting households directly to digital wallets, Kenya has unlocked access to a broader range of financial services such as savings, credit, and insurance, extending benefits far beyond cash transfers alone.

Policy recommendations

For Kenya:

- Strengthen last-mile access in ASAL regions to bridge connectivity gaps.
- Expand digital literacy and sensitisation programmes, focusing on older persons and people with disabilities, to promote full inclusivity.
- Operationalise the new legislation on social protection to prevent political interference and enhance sustainability.
- Institutionalise regular independent system audits and grievance redress mechanisms.

For other countries:

- Treat Kenya's experience as a learning framework rather than a model to replicate directly.
- Prioritise foundational investments in digital ID systems, connectivity, and regulatory environments.
- Implement reforms incrementally to build trust and local capacity.

For the development community:

- Shift from funding isolated pilots toward supporting scalable, nationally owned digital payment systems.
- Adapt global best practices to fit local contexts.
- Facilitate cross-country peer learning and technology transfer.

Future directions for social payments in Kenya

The next phase involves deeper integration with emerging technologies and sustainable financing:

- **Emerging technologies:** Use artificial intelligence for predictive targeting and fraud detection; employ blockchain to enhance auditability; apply geospatial analytics to improve outreach in remote areas.
- **Sustainability:** Embed social payment systems within national financing structures to reduce donor dependency and build resilience against political and economic disruptions.
- **Vision:** Achieve integrated financial services for all Kenyans, where social transfers serve as gateways to broader digital economies, fostering inclusion, empowerment, and resilience.

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