

# ENERGY SAFETY NETS

## KENYA CASE STUDY

### POLICY BRIEF

#### KEY FINDINGS

- Promoting energy access (connections) is inherently different from promoting energy use (consumption). Programs supporting the former mainly involve a one-off investment, while those supporting the latter mainly provide recurring support.
- The work of the National Safety Net Programme (NSNP) to identify and target beneficiary households can inform the design and implementation of future energy safety nets (ESNs) in Kenya.
- Gender considerations have not been integral to the planning and implementation of Kenya's ESNs, although energy access impacts men and women differently. Interventions to promote energy access and use should target the household member most affected, recognizing that this may not be the household's energy decision maker.
- The lifeline electricity tariff as currently designed supports consumption by poor and vulnerable households but is an inefficient mechanism for doing so given its support for many non-poor households.

#### RECOMMENDATIONS FOR POLICYMAKERS

- The Government of Kenya should strengthen coordination between the Ministry of Energy and Ministry of Labour and Social Protection through the creation of an inter-ministerial committee.
- The government should strengthen and institutionalize gender in the design, implementation and evaluation of ESNs by mandating the Cabinet Secretary to introduce a Gender Mainstreaming Regulation under the 2019 Energy Act.
- The lifeline electricity tariff should be revised from the current threshold of 100 kWh per month to improve its targeting and increase support for poor and vulnerable households. An ultra-low tariff for users consuming up to 20 kWh per month should be introduced.
- The government should introduce an ESN regulation to anchor ESNs in national policies. This regulation could be part of the 2019 Energy Act implementation and considered by the current review of the Social Assistance Act.

## INTRODUCTION

The Government of Kenya is making progress in improving access to modern energy for Kenyans and aims to reach universal electrification by 2022 and universal access to modern energy by 2030, in line with Sustainable Development Goal 7 (SDG7). The electricity connection rate reached 64 percent in 2017 — more than double the 30 percent seen a decade before in 2007 — but access to clean cooking lags significantly behind at just 14 percent.<sup>i</sup>

The goal of universal access to modern energy is incorporated in the 2019 Energy Act, which states that the government has an obligation to facilitate the provision of affordable energy services to all persons in Kenya. Achieving this goal requires ensuring that Kenya's poorest and most vulnerable citizens are not left behind. But these groups are often bypassed by market-driven approaches to advance access to modern energy services.

Social assistance is entrenched in Article 43 of the 2010 Constitution of Kenya, which states: 'every person has a right to social security' and 'the State shall provide appropriate social security to persons who are unable to support themselves and their dependents'. Social assistance can complement market-based approaches to achieve universal access to modern energy.

This policy brief highlights ESNs in Kenya that seek to ensure access to electricity and clean cooking for poor and vulnerable households. It identifies gaps in interventions and makes policy recommendations to improve their operation and effectiveness. The ESNs reviewed for the policy brief are:

## RESEARCH FINDINGS

The Government of Kenya has demonstrated a conscious effort to provide access to modern energy and support its consumption through the above initiatives. It has increased the number of households that have connections and clean cooking solutions, and the number that can afford continued consumption of these modern energy options. The challenge, however, remains ensuring that poor and vulnerable households benefit from these programs.

It is critical to recognize that the approach to promoting energy access (connections) is inherently different from that of promoting energy use (consumption). The key distinction is that support for **access** is typically a one-off investment, e.g. slum electrification, while enabling **use** requires recurrent support, e.g. a lifeline tariff. Ensuring the sustainability of recurrent support requires deliberate longer-term planning and is harder to implement efficiently.

Several factors have hindered access to modern energy services for poor and vulnerable households in Kenya. These include: a lack of awareness of support available for energy access and use, finance and proven business models on the supply side; technological and socio-cultural barriers; and policy and regulation challenges. Figure 1 summarizes key policy gaps identified in this research and highlights three areas where the government can act to ensure universal access to modern energy.

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### Electricity

- Slum Electrification Project (SEP)
- Last Mile Connectivity Project (LMCP)
- Lifeline Tariff (LT)
- Kenya Off-Grid Solar Access Project (KOSAP)
- Energy and Cash Plus Initiative (Mwangaza Mashinani)

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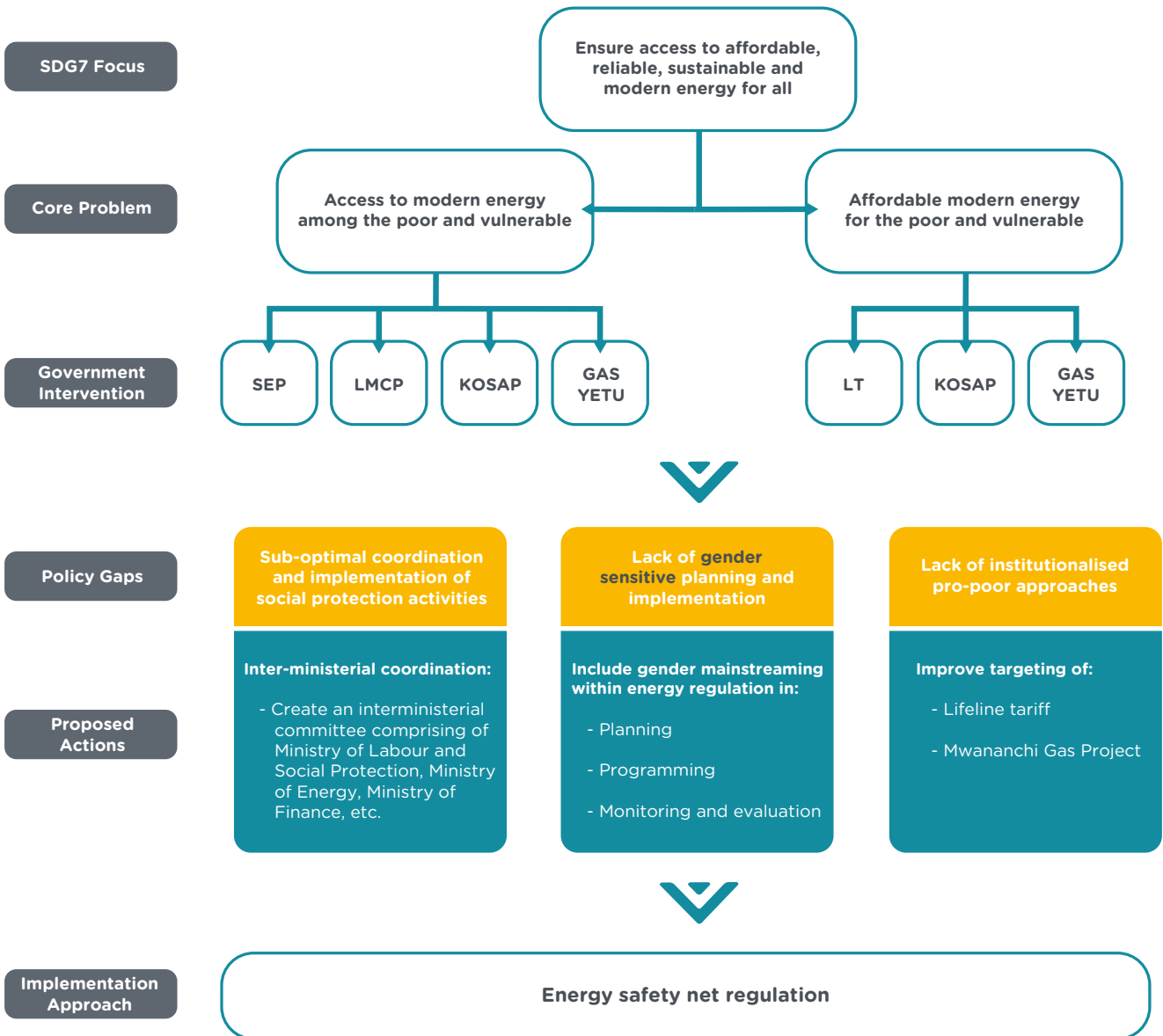
### Clean and improved cooking

- Kenya Off-Grid Solar Access Project (KOSAP) cooking component
  - Mwananchi Gas Project (Gas Yetu)
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<sup>i</sup> The connection rates are taken from the World Bank, Sustainable Energy for All database <https://data.worldbank.org/indicator/eg.elc.accs.zs> and <https://data.worldbank.org/indicator/EG.CFT.ACCS.ZS>

Figure 1

Illustration of the Problem Statement



**Improving coordination between the Ministry of Energy and the Ministry of Labour and Social Protection for more effective implementation of ESNs**

The effective delivery of ESNs requires precise identification and targeting of poor and vulnerable households to ensure that safety nets reach their intended beneficiaries. This is currently challenging because of a lack of clarity in the definition of ‘poor and vulnerable’ and the dynamic nature of poverty, characterized by some households transitioning out of this group while others fall into it.

Kenya has a relatively well-structured National Safety Net Programme (NSNP), built over many years and housed within the State Department for Social Protection at the Ministry of Labour and Social Protection. The NSNP has a cash transfer operation toolkit that includes tested methods for targeting recipients, enrolment, re-certification, payment, grievance handling, overall monitoring and evaluation, and reporting. The NSNP thus has valuable lessons for the operation of all safety nets in the country.

The Ministry of Energy can leverage the NSNP’s systems and valuable experience for the implementation

of ESNs. This is particularly the case where areas of intervention overlap, such as improving selection and targeting of beneficiaries, ensuring sustainability, minimizing leakages, and measuring impact and pricing of the intervention. An alignment of approaches between the two ministries would hence contribute to the effectiveness of interventions.

### **Mainstreaming gender in ESN planning and implementation**

None of the government-implemented ESNs reviewed demonstrated conscious gender considerations in their design or operations. This is despite research showing that energy access impacts genders and individual members of households differently. For instance, contrary to the expectation that children in households that have acquired solar home systems would benefit from improved night-time reading hours, these systems were more likely to be used by men to watch news on television and for entertainment.

ESNs (and social assistance mechanisms in general) must address cross-cutting issues such as gender mainstreaming to ensure they are successfully implemented and evaluated. More needs to be done to create ESNs that are designed, tested and implemented to realize their intended benefits. Policy makers need to understand how households make decisions regarding energy assets (e.g. cookstoves) and how to direct interventions to benefit the household members most affected by those decisions.

### **Increasing focus on approaches to improving energy access for the poor**

While several initiatives help Kenyans to access and use energy, the designs of these measures have not specifically recognized the distinct circumstances of poor and vulnerable groups, thus limiting their ability to focus support towards them. The term ESN, or a similar term that distinguishes this need, is not used in mainstream energy planning policies and programs.

This is illustrated by the structure of the lifeline electricity tariff that was adjusted in July and again in

November of 2018. Under the current tariff, more than nine in every ten Kenya Power domestic customers benefit from the lifeline consumption block that covers customers who consume less than 100 kWh of electricity per month. Since lifeline tariffs include a highly discounted first block of consumption, this broad consumption bracket is inherently inefficient in optimizing benefits for the poor and fails to ensure reasonable returns to the utility on sales of electricity to the non-poor. This suggests there is room to provide affordable electricity for many domestic users while creating another lower tariff level for the poorest. There is a need to better structure this benefit to have a greater impact on those that need it the most.

## **CONCLUSION AND RECOMMENDATIONS**

### **Inter-ministerial coordination**

The Ministry of Energy should liaise with the Ministry of Labour and Social Protection to ensure alignment in approaches, as it is positioned at the apex of implementation of social assistance mechanisms and therefore has the necessary convening power for such inter-ministerial coordination.

Inter-ministerial coordination on ESNs could build on the experience of the committee formed to understand and address household air pollution (HAP), which is largely driven by the prevalent use of traditional forms of cooking. The HAP committee comprises eight ministries that are directly or indirectly related to household access to clean and improved cooking solutions. These are the Ministry of Energy, Ministry of Finance, Ministry of Environment and Forestry, Ministry of Agriculture, Ministry of Health, Ministry of Public Service, Youth and Gender, Ministry of Labour and Social Protection, and Ministry of Industry, Trade and Co-operatives.

### **Mainstream gender in energy policy-making and programming**

It is critical to understand and consider gender issues during the design, implementation and monitoring

of ESNs. To strengthen and institutionalize gender mainstreaming, the Cabinet Secretary should introduce a Gender Mainstreaming Regulation under the 2019 Energy Act under guidance from the National Gender and Equality Commission.

### Improve targeting

The Ministry of Energy should work alongside energy sector stakeholders with the NSNP to clearly define beneficiary groups for ESNs. The eventual definition of who the poor and vulnerable are in relation to ESNs should be published by the government and used for the effective targeting of ESNs.

In the case of the lifeline electricity tariff, it is important to identify households that require a subsidized tariff to be able to consume a given amount of electricity, and to consider a tariff pricing structure that caters to the different classes of beneficiaries including the poor and vulnerable. For example, ultra-low prices could be set for monthly users of up to 20 kWh, low prices for monthly users of 20-49 kWh, and moderate prices for those who use 50-100 kWh per month.

### Overall policy framework for energy safety nets

An ESN regulation should be developed by the Cabinet Secretary under the 2019 Energy Act and adopted and implemented by parliament. Experience with social safety net programs demonstrates the need to anchor ESN interventions in national and international policies. The regulation would:

- form an inter-ministerial committee led by the Ministry of Labour and Social Protection or co-led by the Ministry of Energy
- require gender mainstreaming of safety nets in Kenya
- define the various beneficiaries of safety nets.

The lessons learned from policies to streamline and improve efficiency and effectiveness of targeting of existing programs such as the NSNP need to be incorporated into the design and implementation of ESNs. ESNs could receive a stand-alone regulation promulgated by the Ministry of Energy or, preferably, an ESN Regulation could be anchored in the 2013 Social Assistance Act, currently under review.

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