



# FINANCING & FINANCIAL MANAGEMENT OF SOCIAL PROTECTION SYSTEMS

As social protection systems continue to expand in both scale and ambition, a quieter but equally critical shift is underway. This shift focuses on strengthening the financial systems that sustain these programmes and ensure their long-term effectiveness.

Our experience across multiple programmes and counties consistently points to a simple but important reality: strong programme design alone is not enough.

It must be matched with equally strong financial management systems to deliver meaningful and sustained results for vulnerable populations.

This edition reflects on Kenya's progress in financing and managing social protection, while also highlighting emerging priorities in this space. It draws attention to the systems, reforms, and practical challenges that influence how resources are mobilized, allocated, and ultimately translated into impact.

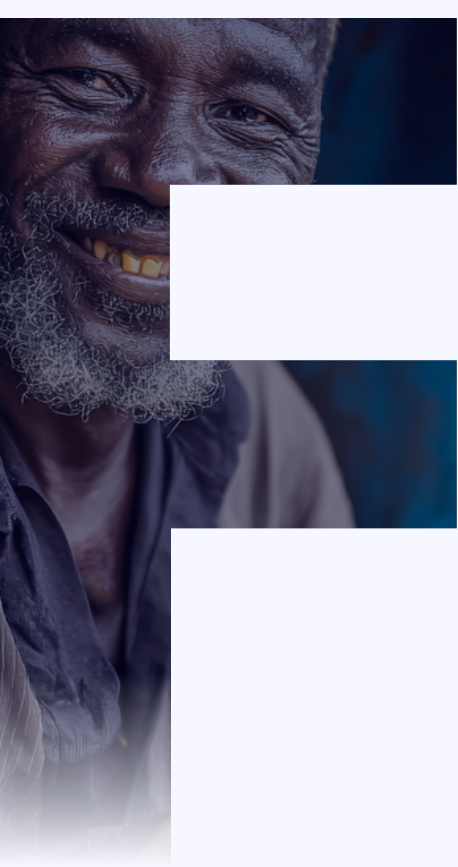


## Financing Social Protection in a Tight Fiscal Space

Across the world, governments are under growing pressure to finance social protection systems amid tightening fiscal conditions, rising debt burdens, climate shocks, economic uncertainty, and increasing demand for public services. From low- and middle-income countries to advanced economies, **the challenge is no longer only about expanding coverage, but also about sustaining financing in ways that are reliable, equitable, and resilient to future crises.**

Kenya has made steady progress by increasing domestic financing for social protection and acting laws that establish a national social protection fund. This reflects growing national ownership and commitment to sustaining these systems, even within a constrained fiscal environment marked by competing priorities, rising public debt, and increasing demand for climate-related emergency responses.

As fiscal space continues to tighten, **financing social protection is increasingly tied to domestic revenue mobilization and difficult budgetary tradeoffs. Expanding fiscal space will require stronger tax systems, more efficient public spending, and better alignment of external support with national priorities,** alongside more predictable and pre-arranged financing mechanisms to respond to recurrent shocks.



## From Budget Plans to Timely Payments

Across many social protection systems, a key challenge is not only securing financing but also ensuring that approved funds are translated into timely and reliable support for beneficiaries. Delays in disbursement, unclear trigger mechanisms, complex approval processes, and coordination bottlenecks continue to affect the efficiency and predictability of programme delivery, particularly during periods of crisis and heightened vulnerability.

In Kenya, for instance, these challenges have at times affected the reliability of transfers under social protection programmes, especially for vulnerable households that depend on timely support to meet basic needs. Recent reforms, including the adoption of digital payment systems and efforts to streamline approval and reconciliation processes, are helping improve the speed, transparency, and efficiency of transfers.

However, sustaining these gains will require stronger end-to-end coordination to ensure resources move predictably and reach beneficiaries on time, particularly in remote and shock-affected areas where delays carry the highest cost.

In the end, **social protection systems are only as strong as their ability to deliver timely and reliable support when vulnerable populations need it most.**



## Strengthening Accountability and Reducing Risk

Globally, even well-established social protection systems experience losses due to error, fraud, and other inefficiencies, underscoring the need for continuous strengthening of both preventive and detection measures.

Increasingly, countries are complementing traditional audits with data-driven accountability approaches, including integrated management information systems, data matching, data recertification, and digital identification to improve targeting accuracy, reduce duplication, and detect irregularities in real time. Community-level grievance and feedback mechanisms are also becoming more important in improving responsiveness, accountability, and public trust across programme delivery systems.

In Kenya, the presence of an enhanced single registry, the robust involvement of development partners, and strong financial management systems continue to play an important role in managing risks such as fund leakage, targeting errors, and inefficiencies in programme delivery. However, the existence of these factors do not automatically guarantee effectiveness, particularly where enforcement is uneven or coordination across institutions remains weak.

**Strengthening accountability will therefore require sustained investment in both digital systems and institutional coordination** to ensure public resources are used transparently, efficiently, and reach the intended beneficiaries.

# OUR ENGAGEMENTS FOR THE MONTH

## Kaduna State Ultra-Poor Graduation MIS



The Kaduna State Ultra Poor Graduation (UPG) Management Information System (MIS) continued to strengthen digital infrastructure for social protection and economic inclusion in Kaduna State.

Implemented by the Kaduna State Social Investment Programme Agency (KADSIPA) in partnership with Village Enterprise and with technical support from CHASP Advisory, the initiative focused on improving data management, beneficiary tracking, service delivery monitoring, and programme evaluation.

During the month, the assignment progressed toward finalization and handover of the MIS to the Kaduna State team. This included system customization aligned with the approved programme curriculum, as well as the provisioning of basic hosting services to support continuity and long-term system functionality.

The workstream contributes to ongoing efforts to strengthen coordination, accountability, and evidence-based delivery within graduation programming while improving the efficiency and reliability of support provided to vulnerable households.

## Business Transformation Program - Stanford University



We continued to strengthen our transformative journey as an organization through the Stanford University Transformation Program, with a focus on stress-testing our financial and operational systems to support sustainable growth.

The programme provided practical insights into financial analysis, cash flow budgeting, operational maturity, value chain optimization, and strategic decision-making.

These learnings continue to support internal reflection on how organizational systems, structures, and processes can evolve to meet growing operational demands while maintaining efficiency and accountability.

As organizations scale, strengthening internal systems becomes increasingly important in ensuring resilience, adaptability, and long-term sustainability.

The programme has therefore provided an important opportunity to assess and refine how we position ourselves for future growth and impact.

## Internal Project Tracking Tool



We are developing an internal program tracker to streamline, capture, monitor, and review ongoing engagements and activities across the organization.

The tool is expected to improve visibility across projects, strengthen internal coordination, and support more efficient tracking of progress, deliverables, and timelines.

By creating a more centralized and structured approach to program management, the tracker will also contribute to improved accountability, reporting, and institutional learning across teams.

As organizational activities continue to expand across different workstreams and regions, strengthening internal systems for coordination and monitoring remains essential in supporting timely implementation and effective decision-making.



# PUBLICATIONS

## Financing & Financial Management of Social Protection Systems

This practical manual by TRANSFORM provides in-depth guidance for African policymakers on budgeting, cash flow management, financial controls, audits, and fiduciary risk management for social protection systems.

[READ MORE](#)

## State of Social Protection Report 2025: The 2 Billion Person Challenge

This report by the World Bank analyzes global trends in social protection coverage, adequacy, and financing, highlighting the need for efficient public spending, shock responsive systems, and sustainable financing to close persistent coverage gaps.

[READ MORE](#)

## Financing Social Protection Working Group Resources

These policy papers and briefs bring together African country experiences on budget prioritization, domestic financing strategies, and reducing donor dependency in social protection. They are particularly useful for understanding reform pathways and financing choices in low and middle-income African countries.

[READ MORE](#)

## Closing the Financing Gap for Universal Social Protection

This policy brief by the ILO quantifies the global and country-level financing gaps for social protection and outlines policy options such as domestic resource mobilization, fiscal reprioritization, and international support to sustainably finance social protection floors.

[READ MORE](#)

## Social Protection, Risk Finance and Insurance

This policy note explores how financial management, contingency financing, and risk financing instruments can strengthen social protection systems in the face of climate and economic shocks.

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# PODCASTS

A Global Fund for Social Protection



This episode focuses on how social protection systems can be sustainably financed in a world of shrinking fiscal space and growing social needs.

[LISTEN HERE](#)

Financing Social Protection in Low- and Middle-Income Countries



This IFPRI episode explores the persistent financing gap facing social protection systems globally, with emphasis on low- and middle-income countries.

[LISTEN HERE](#)

A Global Fund for Social Protection

# ONLINE COURSES

This module explains how social protection programmes especially non contributory ones, can be affordable, sustainable, and transparently financed through effective public finance systems. It covers fiscal space, revenue mobilization, costing, budgeting, and financial management to support better social protection decision making.

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The TRANSFORM learning Package

The learning package is organized in eight modules, reflecting the building blocks of an integrated social protection system.

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