

Internal migration, formal sector employment and social security for old age in Kenya

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Abstract

The literature on the relationship between social policies and the lives of migrants is dominated by a focus on transnational migration. This contribution is dedicated to the less discussed topic of internal migration and the example of old-age provision in Kenya. Since its inception in the colonial period, formal employment has been closely linked to internal migration, but also to land purchase and house building in the region of origin. Initially thought of as temporary, formal employment was later sought permanently, and it benefits from state instruments of old-age provision. However, not even the monthly pension of privileged occupational groups is sufficient. In some cases, retirement is accompanied by a return internal migration, for example to pursue income-generating activities more intensively or to reduce the cost of living. However, a growing and ageing society can afford less and less to rely on solutions based on land ownership.

Keywords: Kenya, old age, pensions, cash transfers, internal migration

Introduction

In a recent article, Bruzelius and Shutes (2022) point to the increasing literature on the relation between migration and social policies. As they argue, however, this literature has a focus on cross-national migration, mainly from the perspective of the receiving countries. Other forms of mobility are less discussed. One example is internal migration. International migration is submitted to past and contemporary forms of control and not necessarily as free and uncontested as sometimes assumed (Bruzelius/Shutes 2022). Internal migration contributes to differentiation and brings various (dis)advantages. Social policies shape internal migration and are in turn shaped by it. Internal migration can take place at different scales, for example within a town, between towns, between rural places, or between rural and urban places and/or urban

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and rural places. Internal migration can also be daily, weekly, seasonally, temporary, or long-term. Still according to Bruzelius and Shutes (2022: 510), it can be embedded in different “social and economic relationships and activities of welfare” such as work, care, education, housing, or healthcare.

Reading this article of Bruzelius and Shutes (2022) reminded me of the scattered evidence on the relationship between internal migration and social policies in Kenya, a country I am familiar with through regular visits and fieldwork since 2004. The purpose of this case study is to take a more systematic look at this relationship. It is based on the academic literature on social policies, economic and political history. In addition, it draws on a systematic reading of one of the two main daily newspapers in the country, the Standard (2011-2016) and the Daily Nation (from 2016). While the literature review was done with a broader understanding of social policy in mind, this contribution only looks at long-term labour migration between rural and urban places and its relation to old age provision. Within this focus, not only do different instruments of state social policy become clear, but also the strategies of migrants.

Internal labour migration was key in the Kenyan colonial economy, a colonial past Kenya shares with other sub-Saharan African countries. Regarding labour migration, Kenya is a somewhat unique case. It had a significant number of colonial settlers whose presence triggered additional labour migration and land scarcity for Africans in certain areas. At the same time, Kenya never introduced a system of apartheid comparable to the Southern African settler colonies of Namibia, South Africa, and Zimbabwe. Of course, migration was already important in the pre-colonial period, for example, for pastoral groups, traders or agricultural groups avoiding droughts or famines. However, regarding old age provision, the forms of labour migration introduced during the colonial period started to make a particular difference. Consequently, this case study begins in the following section by presenting colonial labour migration and the emergence of permanent formal sector employment. The following section then introduces the old age provision for general formal sector employees, civil servants, and teachers. However, even for these comparatively privileged groups, pensions are insufficient. The subsequent section therefore describes two key strategies of formal sector workers: buying rural land and returning after retirement. These strategies are neither limited to the employed of the formal sector nor to Kenya, but the conclusion is that they are becoming increasingly inadequate.

Labour migration and the emergence of permanent formal sector employment in Kenya

Much of what is called Kenya today did initially not attract much attention from the British.² They were mainly interested in the control of the headwaters of the Nile and the agricultural products of today's Uganda, so they decided to build a railway through Kenya. When construction started at the coast in 1895, the colonial authorities considered the African population to be unwilling to work in sufficiently large numbers on the terms envisaged and resorted to the recruitment of thousands of Indian workers (Stichter 1982). However, as

² This territory had different colonial names and borders but is called colonial Kenya throughout for the sake of simplicity. The same applies to other territories mentioned.

construction continued towards Lake Victoria, droughts or taxation pushed Africans from some areas towards railway construction work. When the major construction work for the railway was completed in 1903, part of the Indian labour force was repatriated. The operation of the completed railway itself needed skilled and unskilled workers. The railways resorted to migrant labour wherever the local population was unwilling to take up work or no sufficient sedentary local population was available, as in the case of Nairobi, which was established as a railway depot in 1899 and gradually became the commercial and administrative centre of the colony.

In the context of the social upheavals of the emerging colonial administration and economy, the number of Africans in formal sector employment began to increase. This increase in formal sector employment was far from linear, and it was related to internal labour migration in a number of ways that varied greatly from region to region.³ Both the railways and a settlement scheme for ex-soldiers of the First World War led to a considerable increase in white settlement in the so-called Highlands. The associated land confiscations led to forced out-migration of the affected population. The farms of the settlers, on the other hand, also had a need for labour. There were two forms of African labour on these quite heterogeneous farms (Stichter 1982; Berman 1990). One form that lasted until the 1930s allowed so-called 'squatter' families to live on the farm and engage in subsistence activities in return for a given number of days' work on the farm. The second form was temporary migrant labour on the farms, particularly during harvesting periods, and involved also female workers. This kind of labour was initially also predominant in mining, manufacturing, and trade. In both systems, the wages paid did not allow the full reproduction of workforce: workers depended on access to land and the labour of family members to provide for some of their food, as well as sickness, old age and childcare. Regarding food, the migrant worker was at the receiving end of remittances in kind.

However, access to land became increasingly uneven, not least because of population pressure and colonial expulsions. Together with labour migration, which was also unequal, a process of social differentiation was set in motion that led to increasing inequalities and changes in the gendered division of labour (Stichter 1982). The most privileged were the mission-educated men, among them some sons of chiefs or other well-off families, who had access to white-collar labour migration, for example, to work as teachers or in the civil service. They could increase their income by investing in the education of their children and in the development and expansion of commercial agriculture or other businesses in their regions of origin. They started to unionize during the 1930s but were not nearly as militant as the less qualified migrant workers. Remarkably, the wives of these white-collar migrant workers frequently made only a very small contribution to the family income and became more dependent on their husbands' decisions. Members of an intermediary group had access to land where their wives engaged in subsistence farming and, optimally, also produced cash crops while their husbands migrated to take up semi-skilled jobs. Decision-making was more balanced in this group. Finally, there were generally poor families lacking sufficient access to land for subsistence farming and generally more dependent on permanent migration into

³ It is important to emphasise that besides internal labour migration, there was also transcolonial labour migration in Kenya. The latter had a different social policy legacy but is not discussed here as the focus of this contribution is on internal labour migration.

unskilled jobs. Access to these three groups of migrant labour was regionally quite uneven, and the salary gaps between them started to increase considerably. Formal sector employment grew massively in the first five decades of the 20th century but was frequently still temporary.

At first, this was also in line with the ideas of the British colonial administration, which expected rural communities to reintegrate unemployed or old workers (Künzler 2020). To a certain degree, this proved to be wishful thinking rather than reality for some time, but it was only after the Second World War that the colonial administration acknowledged this state of affairs and began to pursue a policy of labour stabilization aimed at creating a permanent non-migrant labour force. Indeed, with higher wages, both semi-skilled and unskilled workers spent a longer time at the same job; the permanent settlement of workers and their nuclear families increased, especially in urban contexts. However, many still maintained rural ties and access to land.

With independence in 1963, African workers gained freedom of movement and could establish themselves where they pleased. Up to the present, there has been a lot of labour migration to the cities, and for decades after independence, the majority of the urban population was born elsewhere. Turnover rates continued to decline, and the average age of urban workers rose. Consequently, Stichter (1982: 143) could conclude in the early 1980s: “The evidence indicates that the great majority of formal sector workers now spend nearly the whole of their working lives until retirement in wage employment, and that they and their immediate families are almost completely dependent on wages for their income.” But what happens after retirement? The next section discusses social policies for Kenyans in formal employment with a particular focus on old age provision.

Formal sector employment and social policies with a special focus on old age provision

General formal sector employment

In line with the view that African employment was not permanent, private employers in colonial Kenya did not consider provident or pension fund schemes relevant for a long time (Clayton/Savage 1974: 406). At most, they granted a lump sum gratuity for long service on a case-by-case basis. On the side of the workers, provident or pension fund schemes had been among their demands since at least 1939 (Singh 1969). However, despite various strikes with a range of demands, not much happened. The colonial administration only began to address the pension issue in 1953 (Cooper 1996: 334). Various negotiations between Nairobi and the colonial metropole London followed. Independence was imminent and the British colonial administration decided to leave the matter to the new Kenyan government. It handed the new government a racially segmented system in which most whites could expect a pension, a substantial part of the Asian workers were members of a provident fund and Africans tended to receive a lump sum or, in the case of nearly half of the African workers, nothing at all (Clayton/Savage 1974: 406).

The National Social Security Fund (NSSF) was introduced in 1965, almost two years after independence. In principle, most workers in formal employment and their employers paid mandatory contributions to a provident fund and received a lump sum upon retirement

(Künzler 2016).⁴ However, contributions were only adjusted twice (in 1977 and 2001) and lagged far behind inflation. Furthermore, they have a very low upper limit. In 2001, they were capped at Sh 200 (equivalent to 1.15 Euro at early 2024 exchange rates) from the employer and the employee each. The lump sum payment is consequently small, e.g. Sh 144,000 (828 Euro) plus interest after paying contributions for 30 years. Most probably, this will not last until the end of the pensioner's life, much less so if the money must be used for urgent expenses such as school fees or health care costs. Attempts to include workers outside formal sector employment into the NSSF have had limited success; distrust in the NSSF is widespread in light of various corruption affairs and exorbitant administration costs.

Consequently, there have been repeated calls for reforms, including calls for automatic annual contributions increments or a systemic change towards a monthly pension payment. The latter was introduced in 2013 by the NSSF Bill, which still left the option to receive a portion of benefits as a lump sum payment. The NSSF also provided insurance against disability and grants for funeral expenses. Workers outside formal sector employment can join the scheme voluntarily. The pension contribution was set at 6% of earnings on both the employees' and the employers' sides. While the contributions were higher than before, the system proposed was somewhat complicated. Contributions relating to earnings below a limit linked to the minimum wage are accredited to a so-called Tier I account; those above this limit up to a second limit are linked to national average earnings to a Tier II account. It is possible to opt out of Tier II for a registered private retirement scheme. However, after various protests, not least by trade unions, and adverse court decisions, the introduction of these contributions was put on hold for years, and they have only been implemented since February 2023.

Initiatives to increase contributions and coverage of the NSSF target current workers that are future pensioners. In recent years, steps have also been taken to support people of retirement age who have no pension entitlements. Some of them work in formal employment, most do not. In 2006, a government-funded pilot project for a cash transfer programme for people 65 years and older started (Künzler forthcoming). This so-called OP-CT provided for a payment of Sh 2,000 per month monthly (about 11.5 Euro); it was considerably expanded in 2009 and reached thin but nationwide coverage by 2013. In the following year, it was consolidated with other cash transfer programs under the name of Inua Jamii Cash Programme. Also in 2014, selected households participating in this programme started to benefit from a fully subsidised health insurance programme administered through the National Hospital Insurance Fund (NHIF), which was undergoing massive reform at the time of writing in January 2024. The announced nation-wide scaling up of this health insurance programme has not yet been implemented. However, in 2017, government announced the introduction of a tax-financed and thus non-contributory social pension for all persons aged 70 or older. Introduced in 2018 under the name

⁴ Several pension schemes try to include workers outside formal sector employment. One notable example is the Mbao Jua Kali Pension Scheme, a public-private partnership of the Retirement Benefits Authority launched in June 2011 (Künzler 2016). Remarkably, it requires higher monthly contributions from workers (Sh 500) than the NSSF. However, these can be paid by mobile phone transfer, either daily (*mbao* is slang for the daily contribution of Sh 20), weekly, monthly, or even annually. Contributors can draw their savings as a lump sum payment after as little as one year. More recently, the newly elected president Ruto announced that 5% of the micro credits granted within the framework of the new government 'Hustler Fund' scheme introduced in December 2022 will be used as mandatory pension savings in the NSSF and topped up with government contributions.

of Inua Jamii Senior Citizens' Programme, this programme is intended to gradually replace the OP-CT whose beneficiaries are supposed to be automatically enrolled as soon as they reach the age threshold. There is a draft policy to lower this threshold to 65 and later to 60 years, but this has not been implemented yet. In any case, there is currently a gap between the official retirement age and the age thresholds of these cash transfers and in that gap, there is no government support.

These gaps in provision for old age are well known. A more meaningful picture emerges if we turn to the population groups that are usually described as privileged in terms of old age provision. According to Palacios and Whitehouse (2006), civil servants and other employees of the public sector (e.g. military, teachers, parastatal companies) were among the first groups of workers to be covered by pension schemes, often with the aim to secure their independence and make a career attractive. These separate schemes introduced under colonialism tended to persist after independence, tended to be more generous compared to other schemes and were, especially in former British colonies, non-contributory. What is the situation in Kenya? This will be discussed below, first regarding civil servants and then teachers who, according to British tradition, are not civil servants. Both groups often consist of internal migrants. Teachers are deployed to different places of work, including remote rural areas. Deployment is to a certain extent also common with civil servants, who, however, tend to be concentrated in larger cities.

Civil servants and teachers

Towards the end of the colonial period, the so-called Lidbury Report recommended – not particularly to the delight of the white settlers – that all forms of racial discrimination within the Kenyan civil service, including inequality of salary, be abolished and an expatriate allowance paid where the lack of skilled workers justified the employment of an expatriate civil servant (Clayton/Savage 1974: 375-376). Towards the end of formal colonialism and in the first decade after formal independence, there was a massive growth of Kenyans employed in the civil service. This was further fuelled by three tripartite agreements between government, trade unions, and the Federation of Kenya Employers that allegedly tackled unemployment by considerably raising not only private but also government employment in return for a wage freeze and a waiver of strikes. Especially in the 1970s, the civil service grew as much as 10% per year; during the 1980s its growth was also above population growth (Cohen 1993). The erstwhile peak of civil service employment came in the early 1990s when roughly half of Kenyans in formal employment worked in the civil service or other parts of the public sector (Cohen 1993; Simson 2020). However, economic problems put government under pressure and, after initial refusal, made it accept cuts in government employment and salaries as demanded by the Bretton Woods institutions (Cohen 1993; Ikiara 1998). In the following years, there have been repeated recruitment freezes alternating with phases of recruitment. Since the implementation of devolution – the Kenyan form of decentralisation – in 2013, there has been a growth of public sector employment in the new county administrations. Until now, employment in the civil service and teaching force has entailed regular transfers to different places of work and thus regular internal migration.

In terms of wages, civil servants were among the top earners in the country in the 1960s (Simson 2020). However, in the 1970s, real earnings began to fall. This continued until the early

1990s, and many public sector-headed households diversified their income by turning to farming or business until real public sector wages began to recover in the 2000s. It is, however, important to bear in mind that an increasing share of civil servants earns comparatively low salaries. Opportunities for civil servants to fight for higher salaries were somewhat limited by a legal ban on unions that lasted until 2002 and by growing general unemployment that reduced the leverage of collective action. Strike threats and strikes are much less frequent compared to among teachers. Nevertheless, civil servants enjoy quite regular salary increments, not least in electoral years. In addition, there are a number of allowances, including a housing allowance, and a special medical scheme introduced in 2012 with wider benefit packages than the ordinary NHIF package.

Regarding pensions, Kenya follows the British model of a non-contributory pension scheme (Palacios/Whitehouse 2006: 10). As with salaries, racial discrimination in pension systems was also abolished shortly before independence, and a unified non-contributory pension system for colonial civil servants was introduced which, however, saw a pension not as a right but as a reward (Kpessa 2010). Shortly after independence, Kenya introduced the Civil Service Pension Scheme that included teachers in addition to civil servants (Künzler 2016).⁵ It was non-contributory and offered defined benefits in relation to years of service and the final basic salary. The pension could go up to 75% of the final basic salary after 30 years of service. The number of retired civil servants and the costs of the scheme have grown considerably, already costing government the equivalent of 1% of GDP in 2010. Over the years there have been attempts to curb this financial burden. The increase in retirement age from 55 to 60 years in 2009 was only effective in the short term. This measure was in the interest of Kenyan civil servants. Since at least 2008 there have been attempts to convert the Civil Service Pension into a scheme with defined contributions. The Public Service Superannuation Act No. 8 of 2012 introduced such a contribution of 7.5% of the civil servant's pensionable emoluments, matched by a government contribution of 15%. Besides a pension, the scheme comes with life insurance and disability benefits. The implementation of this act was announced several times, but it started only in 2021 after the IMF apparently exerted pressure. At the time of writing, it is still contested which private companies will manage this pension fund. In any case, pensioners on the Civil Service Pension Scheme are not entitled to the OP-CT described below. It is estimated that 4% of all older persons receive a Civil Service Pension Scheme (Chirchir/Tran 2019: 4) and that about 20,000 civil servants and a little more than 30,000 teachers retire each year. However, reliable figures on the number of pensioners are hard to come by, and it is common knowledge that there is a substantial number of ghost pensioners.

According to the Kenya National Bureau of Statistics (2022: 57), in a country with a population of close to 48 million people, there are 350,000 teachers. The number of teachers grew considerably with the introduction of Free Primary Education (2003) and Free Secondary Education (2018) and is most likely to grow further. In some ways, teachers have more bargaining power than civil servants. In the last decade, especially around exams and before the

⁵ Workers for parastatal companies generally have contributions to their pension schemes deducted from their salaries. However, struggling parastatal companies have not always remitted these contributions to the pension scheme. To avoid having to bail out parastatal companies, the Treasury is currently considering the introduction of a new contribution system that directly remits them to the pension scheme.

start of new school terms, there have been strike threats almost every year to fight for improvements (salaries, promotions, the hiring of more teachers, improvements of the privately managed medical scheme). In some cases, they have been won; in others not. The most spectacular case goes back to 1997 when the Kenya National Union of Teachers (KNUT) staged a fairly long strike before the elections to force the incumbent president to massively raise their salaries. There was an agreement with KNUT to implement the pay raise over five years, and the first increase was granted. However, despite several court orders, teachers are still waiting for the rest of the pay increase and for the resulting increase in their pensions. Teachers are part of the Civil Service Pension Scheme. KNUT and their rival union KUPPET supported this scheme, not least because teachers can withdraw their savings plus interest rates already before their stipulated retirement age.⁶ As mentioned above, the amount of the pension depends on the salary and the length of contributions. Even though lump sum payments and monthly pensions are difficult to compare, it is clear that even the lowest paid teacher receives several times more after retirement than a formal sector employee gets from the NSSF after the same length of employment. This gap is smaller for the lowest paid civil servants as this job group earns much less than the lowest paid regular teachers. Civil servants with comparable qualifications started to earn more than teachers after independence until the recent salary harmonisation (Misoro 2020).

However, there are also state-affiliated enterprises where bargaining power has been completely lost and pensions are much lower. One of the clearest examples of this is the railways. During the colonial period, it was for a while the largest public employer (Clayton/Savage 1974). In the early decades of the 20th century, workers – but not their unions – had bargaining power and repeatedly went on strike for better employment conditions (Singh 1969). Some demands, e.g. those related to housing and casual leave with paid travel, reflect the fact that most railway workers are migrant workers. In the latter years of the Second World War, the railways became the “leading paternalist in the country” (Clayton/Savage 1974: 298) and started to provide better pay, housing, food, education, and health care services to its employees and increasingly also their families. The railways also replaced its Provident Fund in 1954 with a Pension Fund that provided a monthly pension of half the last basic salary (Grillo 1973: 24-25). There were almost no strikes after 1947, and the railways had a high average length of service. However, by the mid-1980s, the railways had serious economic problems and were finally broken up after two decades of struggles and partly franchised out to a South African based firm in 2006 (Hornsby 2012). Thousands of workers were laid off, and current workers thus have little bargaining power. In 2006, the Kenya Railways Staff Retirement Benefits Scheme was created to administer the retirement benefits for approximately 9,500 railways pensioners and some two thousand active workers at that time. To cover the pension liabilities, government transferred real estate assets worth more than 90 million euros to the pension scheme in 2006. This represents a relatively large fortune, but because most of the land yielded little income, there was soon no money to pay pensions. Pension payment delays became frequent and attempts to sell some plots to generate income were marred by corruption and legal disputes. The Board of Trustees of the retirement scheme and its inflated administration were

⁶ Teachers seem to be happy with the current retirement age and attempts by union officials in 2022 to raise it to 65 years failed to win the support of union members. Attempts to lower it to 50 years to tackle youth unemployment also stalled.

increasingly criticised, on the one hand by the supervisory authority (Retirement Benefits Authority RBA), and on the other by several court rulings that aimed to enforce pension payments.

It is important to emphasise once again that railway workers are a relatively privileged group in terms of old-age security. Nevertheless, they irregularly receive a pension below the poverty line. Remarkably, responding to this situation, the Trustees' managing director Anthony Kilavi was cited in the newspaper as blaming the retirees for "marrying second wives and starting new families after retirement instead of moving to the rural areas" (Okoth 2017: n.p.). While this reference of retirement mobility to rural areas was reminiscent of colonial discourses, empirical research has described this return as an actual strategy for railway workers (Grillo 1973: 48; Sandbrook 1975: 100). Is this generally a strategy for retired formal sector workers? And what are other strategies? These are the questions addressed in the next section.

Buying rural land and returning after retirement as strategies in the face of insufficient pensions

The literature on the emergence of permanent formal sector employment mentioned earlier not only emphasises the importance of labour migration, but also repeatedly points to the importance of access to land. In the early decades, formal sector employment made it possible to save money and buy land – or whatever else was considered important – and was abandoned as soon as enough money was saved (Stichter 1982: 102-103), long before retirement. This could happen after a relatively short time, but also longer periods of employment were often accompanied by the purchase of land. Formal sector employment opportunities for women were rare. One of the economic opportunities available to them was prostitution (White 1990), which existed in a variety of forms. One form involved the sale of various domestic services that were usually part of a marriage. Besides sex this could include the provision of food, water, or conversation. Some of the women used the money earned through prostitution to provide cattle for their fathers' households or to support their families' farms and later return to the rural area. Others bought urban land and became landlords (White 1990).

Land continued to be valued after independence. Various studies in the 1960s suggested that about half of urban formal sector workers owned land back home (Stichter 1982: 145). Land ownership correlated significantly with income (Leys 1975: 180-181; see also Kitching 1980). Migrant workers, their (sometimes multiple) wives and children formed multi-spatial households, where members moved between the town and the rural plot depending on the needs of (agricultural) production, consumption, and reproduction (Stichter 1982; Oucho 1996). In this kind of arrangement, the gendered division of labour adapted, and women assumed new roles (Oucho 1996: 115). In the case of lower-paid workers, chances were high that their families did not own the rural plots they were living on.

The rural land was frequently considered of insufficient size. However, money was more often remitted to improve the existing rural home as only some of the better paid workers – 15% of middle-income workers according to one study – were able to buy new land in the home area (Stichter 1982: 147-148). Around 1970, the better paid jobs that could potentially finance the buying of rural land were generally in the civil service, whose higher-level jobs had been

africanised after independence (Kitching 1980). Creating and expanding a rural business was easier for civil servants and teachers deployed near their home region than for workers living in distant cities. While the creation of a rural business was a widespread aspiration of those buying land, for most “security upon retirement and social ties seem to be the main return” (Stichter 1982: 148). Similarly, Collier and Lal (1986: 268) present evidence that high-income urban households buy land “both with a view to its speculative return as well as for somewhere to retire”. Data from Nairobi also shows that “retirement to rural areas of older, more successful urban workers” is one form of outmigration besides the return of women after marriage and the return of much younger low-income workers after some years of employment (Collier and Lal 1986: 250). In his empirical study, Oucho (1996: 119) found that nine out of ten urban workers interviewed were planning to retire in their home district in or near their location of origin. Accordingly, two thirds intended to build a new house or upgrade an existing one, while one third intended to buy farmland, with 15% already having done so. Clearly, the ownership of a house and land in the home district is key to these migrant workers’ plans for rural retirement, and parts of remittances are used for this purpose. Oucho (1996) also points to other forms of investment such as the purchase of livestock in rural areas and investments in urban housing and additional income-generating activities. These findings from older surveys are confirmed by more recent surveys conducted by the regulatory authority RBA (2019). Besides paying school fees, most pensioners invested their lump sum payment in building or buying a house to live in, farming, starting a business, and buying land or real estate. Accordingly, three quarters of the pensioners interviewed had income from one or several of these activities. Remarkably, almost two thirds of the respondents stated that children should not be expected to assist their retired parents (for this change in the intergenerational contract, see also Kroeker 2020: 147). Indeed, a similar earlier survey showed that the family was quite a negligible source of income after retirement (RBA 2005: 8). Asked what amount of pension they would need to be comfortable in retirement, the amounts ranged from Sh 21,000 (about 120 Euro) to above Sh 100,000 (about 575 Euro) (RBA 2019: 25). This is considerably more than the average pension. It is also more than the Sh 2,000 (about 11.5 Euro) provided monthly by the cash transfer for the elderly or the Sh 3,000 (about 17 Euro) mentioned above as the minimum pension reported. With the end of formal sector employment, health care insurance was no longer provided by the employer. However, many pensioners seem to be willing to pay for themselves, and over three quarters of the respondents had a medical insurance, mostly the NHIF.

Newer ethnographic research also points to the need for additional sources of income not only during employment but also after retirement also for most middle-class Kenyans apart from higher civil servants (Neubert 2019; Kroeker 2020; Simson 2020). This need is partly explained by the expectation of economic independence and self-reliance. Official retirement generally does not mean the end of economic activities, and in that respect the term is misleading. “Investments in land, a home, and the regional sociality” are a crucial “part of private social security arrangements” for these middle-class Kenyans (Kroeker 2020: 144). With the discontinuation of the regular income from formal employment after retirement, life in the city might become unaffordable. Consequently, this research also points to the importance of post-retirement migration: “One element of the preparation for retirement is that many people

return to their villages of birth or the closest semi-urban place that provides amenities familiar to the middle classes” (Kroeker 2020: 146). Similarly, according to Neubert (2019: 9), returned pensioners “can live in the village without paying rent, and benefit from an agricultural income and the lower costs of living in a rural area”. These studies have focused on the middle class, a group that is not congruent with teachers and civil servants. While reliable studies with a particular focus on teachers and civil servants are lacking, their situation could be quite similar to other middle-class Kenyans (Musila/Masinde/Maithya 2019).

Even quite privileged secure formal sector employment is thus no guarantee for a decent life during employment and after retirement. Simson (2020) presents empirical data that show the declining share of public sector employment in the top income group, while the share of private sector and entrepreneurs is increasing. Voigt (2018) points to the loss of prestige of public sector employment and reports the impression that Kenyans give up stable employment for entrepreneurship. This loss of prestige is also mentioned by Spronk (2014), who argues that younger professionals in the private sector actively avoided public sector careers, even when they were children of mid-level public sector employees themselves. Furthermore, they have considerably fewer links to rural areas than their parents, who frequently were second generation migrants. There is no information on their retirement plans, but outmigration to rural areas seems quite unlikely. This declining importance of rural ties is found by Stoll (2017: 52) in what he calls the Social Climbers middle class milieu, in contrast to the Neo-Traditional middle-class milieu, in which strong connections to the rural home are important for their future plans.

Conclusion and outlook: Strategies to cope with privileges that are not enough in Kenya and elsewhere

There are more than 2.7 million Kenyans aged 60 years, and above and their share of the total population has increased from 3.6% in 1979 to 5.8% in 2019 (KNBS 2022: 434). While reliable figures are difficult to come by, it is safe to state that the vast majority of the working population below 60 years – most estimates that circulate mention a figure of around 80% – is not part of a formal retirement plan. This contribution focused on the minority of Kenyans covered by such formal retirement plans and had a special focus on a privileged group within this privileged group: civil servants. Kenyans in formal sector employment are privileged in the sense that government spends more on this numerically quite small group than on social assistance for the much larger group of poor people, raising questions of social justice. Civil servants are particularly privileged because until very recently they didn’t have to pay contributions for their social insurances. Paradoxically, for many former formal sector employees and also for many civil servants and teachers, this privilege is not enough to live a decent life, as pensions in many cases are below the poverty line. Part of the problem is that they are tied to former earnings, but not adjusted for inflation; thus by default they are unable to maintain some standard of living.

What strategies have formal sector employed developed to deal with this? Land acquisition was an important goal of early labour migration and has gained importance in the following decades, often with the explicit intention of return migration after retirement. Owning one's own home is seen as a way of avoiding the expensive rental costs in the cities where most formal

sector workers live. Agricultural activities are also seen as a way to reduce the cost of living. They are also seen as a way to generate additional income, similar to investments in other businesses or real estate that can be rented out. These types of activities are often developed in parallel with formal sector employment. It is unlikely that pensions will in the foreseeable future increase to a level that will allow a decent life. However, the Kenyan state could consider promoting people's strategies. One way of doing so would be to allow that the capital accumulated in retirement schemes can be used as collateral to build a house or purchase land, as suggested by the research department of the regulatory authority RBA (Chirchir 2006). Another way is to allow employees to withdraw parts of the capital accumulated – particularly from employer contributions – before reaching retirement age to buy a residential house. Regarding this issue, there has been a back and forth in the last few years. In November 2022, the High Court prohibited the implementation of regulations that came into force in 2020; consequently, early withdrawal of capital is not allowed at the time of writing. Furthermore, there is less capital available for investment as the accumulated capital is no longer fully paid as a lump sum after the introduction of monthly pensions. Workers seem to be aware that a full lump sum payment is susceptible to being squandered (Grillo 1973: 49; RBA 2004: 8). What is less discussed is that what happened to the Kenya Railways Retirement Scheme might also happen to individual pensioners: capital in the form of land might not necessarily mean that there is cash when it is needed. Moreover, land is increasingly scarce, and the high demand for it pushes up the price and carries the risk of land fragmentation, which undermines the economic potential of land ownership. A growing and ageing society can rely less and less on this solution.

Nevertheless, this strategy also seems to be followed by Kenyans who do not work in the formal sector of the economy, as scattered evidence suggests. A study among slum residents in Nairobi – some of whom could be formally employed – revealed that “[a]lmost all study participants, reflecting on their personal lives, viewed return-migration to rural areas as the preferred and ideal migration move for an older person in an urban area” (Chepngeno/Ezeh 2007: 70). However, the majority felt unable to realize this wish because of the costs of moving, lack of access to land, severed ties with the rural family and the customary inheritance and lineage system. A growing number of slum residents are stuck in the city in old age, and their children are even more likely to be so. Cash transfers to poor people might offer an unintended solution to certain financial obstacles. According to some bureaucrats interviewed by Neumark (2020: 142), some beneficiaries showed photos of the houses they had built in their rural homes. The formal criterion of fixed local residency to receive cash transfers should therefore be reconsidered as it undermines the potential to maintain relevant social networks or reconnect with them. However, access to the Inua Jamii Senior Citizens' Programme or other cash transfers is not (yet) a right. Anyhow, buying land with a view to future return migration seems to be a strategy that non-formal sector workers share with formal sector workers.

In both cases, we know little about how often this intention is put into practice. The only certainty is that there is still considerable out-migration from the cities, which in some cases goes hand in hand with the end of formal employment. But there is a need for more research on this, as well as on how returnees fare. There is evidence that internal return migration is also a strategy to deal with other shocks besides the attainment of retirement age, e.g. loss of formal

employment during the Covid-19 lockdowns. Regarding these strategies, their implementation and effects, there is also a need for further research. Gender inequalities are also massively under-researched. While formal pensions also support widows to some extent, it is often less certain that they also benefit from the land and houses acquired by their deceased husbands, as the customary land tenure system in Kenya generally discriminates against women in terms of ownership and inheritance. Separation or divorce also denies access to the pension capital or land acquired by the formally employed husband during marriage. There is also a lack of research on the independent strategies of women in formal employment regarding their old-age social security. Existing research often also neglects the less privileged migrant workers, who were not able to invest in access to land in the region of origin and also do not systematically benefit from the newly created citizen social pensions.

This contribution has confirmed that it is important to look not only at international migration and its relationship to social policy, but also at internal migration. Internal labour migration was closely linked to the emergence of male-dominated formal sector employment in Kenya. Buying land with a view to future return migration that could be termed retirement migration is a frequently mentioned strategy of formal sector workers. There is evidence that this is also the case for non-formal sector workers. This is certainly not limited to Kenya, but rather the case across sub-Saharan Africa (see e.g. Oucho 1996: 19-20). There is thus need for comparative research, especially with regard to differences in potential access to land and, when looking at non-formal employment, differences regarding cash transfers.

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