

Policy implications

The evidence provided by the four-year impact evaluation indicates that the CT-OVC Programme represents an excellent investment by the Government of Kenya in terms of the welfare and development of orphans and vulnerable children in poor households. The CT-OVC Programme greatly improved the life chances of young people in the target population by facilitating their healthy and safe transition into adulthood. For other African countries with large numbers of OVC and high HIV prevalence, the results demonstrate that a scaled-up social cash transfer programme such as the CT-OVC Programme can improve the life chances of young people, thus fulfilling both an economic development objective and a social equity objective – a 'win-win' in terms of public policy. The results from the study suggest the following in terms of policy implications:

1. Cash transfer programs, such as the CTOVC in Kenya achieved significant impacts for children and adolescents in beneficiary households, including poverty reduction, improved dietary diversity, as well as increased access to education and health services.
2. Cash transfer programmes can also have impacts beyond their immediate objectives. In Kenya, the CT-OVC Programme delayed sexual debut, reduced risky sexual behaviour and vulnerability to HIV, delayed first pregnancy and improved the psychosocial status of 15 to 20 year olds, impacts which were not included in the original results framework of the programme but which are extremely important in improving the life chances of poor children. **These 'social development spillovers' should be accounted for when assessing the benefit of the programme to Kenyan society.**
3. The CT-OVC Programme appears to have had an inter-generational effect. The programme improved access to preventive care and reduced diarrhoea incidence among this age group after four years. **This underscores the need**

for continuity and sustainability in cash transfer programmes. The government should therefore progressively increase resource allocation to this and other cash transfer programmes.

4. The results for impacts on psychosocial status primarily concentrated on young men. **Impacts on female psychosocial well-being need to be explored to improve this outcome for young women.**
5. Cash transfers not only help vulnerable households avoid the worst effects of severe deprivation, they also contribute to economic and social development. **Since cash transfer programmes impact the livelihoods of beneficiary households, articulation with other sectoral development programmes in a coordinated strategy for rural development could lead to synergies and greater overall impact.**
6. Similarly, complementary measures to maximize the positive spillover effects of the income multiplier generated by the CT-OVC Programme should be targeted not only at beneficiary households, but also at non-eligible households that provide many of the goods and services in the local economy.
7. A word of caution is necessary – the potentially productive impact of the CTOVC Programme is sensitive to its implementation, and in particular delays and irregularities in payment can reduce effectiveness in terms of helping households invest and manage risk. Further, local perceptions of targeting errors can potentially undermine the positive impacts on social networks. **It is imperative that policy-makers and implementers redouble efforts to strengthen programme operational systems and structures.**



Cash transfers in Kenya achieve a broad range of positive impacts

Cash transfers in sub-Saharan Africa

Cash transfer programmes have become an important tool of social protection and poverty reduction strategies in sub-Saharan Africa. Many of these programmes target the ultrapoor, labour-constrained, and/or those caring for orphans and vulnerable children. They seek to improve food security and health, nutritional and educational status, particularly of children. Cash transfer programmes can have a broad range of impacts, even beyond immediate programme objectives. These include effects on sexual behaviour and mental health, beneficiary livelihoods and the local economy where the programme is implemented.

The CT-OVC Programme

The Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme, implemented by the Government of Kenya with the support of UNICEF, the World Bank and DFID, is one of the flagship programmes in Kenya's Vision 2030 and a core part of the government's National Safety Net Programme. The objective of the CT-OVC Programme is to strengthen the capacity of the poor to care for and protect OVC, to encourage their fostering and retention within their families and communities, and to promote their human capital development. The programme is targeted at ultra-poor households with OVC up to 17 years of age with at least one deceased parent, or a chronically ill parent, or whose main caregiver is chronically ill.

By December 2012 the government had succeeded in providing regular bi-monthly cash transfers of KSh4 000 to over 150 000 households nationwide across 47 districts.

Figure 1 shows trends in government financing to the programme from 2005 to 2012.

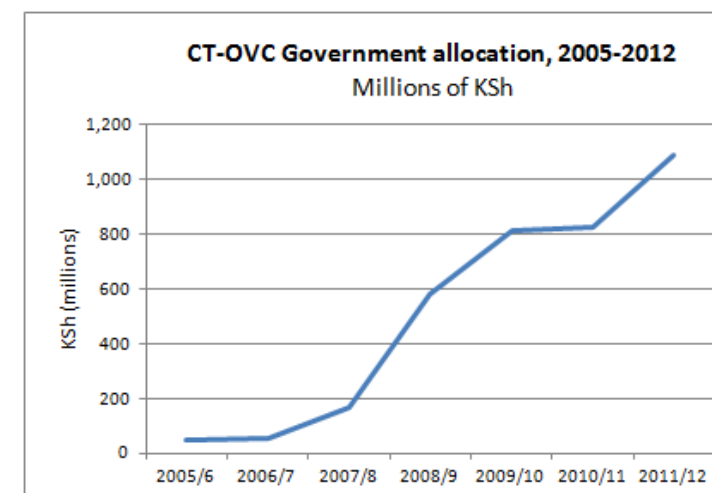


Figure 1: Government allocation to the CTOVC Programme

Key messages

CT-OVC Programme achieved significant impacts on poverty, dietary diversity, secondary school enrolment, access to health, reduced child labor, sexual debut among adolescents, as well as generated significant income multipliers in the local economy

- **Poverty Reduction:** The CT-OVC Programme produced a 13 percentage point reduction in the share of households living on less than one dollar a day, as well as with increased consumption and dietary diversity.
- **Child Labor:** The programme led to a reduction in child labour on farm, particularly for boys.
- **Access to health:** As a result of the Programme, there was a reduction in the incidence of diarrhoea, as well as an increase in children accessing preventive health,
- **Access to secondary school:** Children between 13 and 18 years of age residing in beneficiary households were more likely to be enrolled in secondary school than those from nonbeneficiary households.
- **Adolescents' sexual debut:** Beneficiary children aged from 15 to 20 at follow up in 2011 were less likely to have engaged in sexual activity than non-beneficiary children.
- **Economic impacts:** An analysis of the CT-OVC Programme revealed income multipliers of KSh1.34 and 1.81 in the West and East regions, respectively – every KSh transferred to poor households in the East region raised local income by KSh1.81.

The value of the transfer represented an average of 14 percent of the expenditures of the beneficiary households in 2011. The fixed transfer amount was given regardless of household size and was therefore larger for smaller-sized households in per capita terms. Due to inflation, the real value of the transfer declined by 40 percent between 2007 and 2009, and by an additional 15 percent between 2009 and 2011. The transfer value was raised by 33 percent in July 2011, after data collection was finalized for the impact evaluation. Figure 2 shows the increase in number of households covered by the programme between 2004 and 2011.

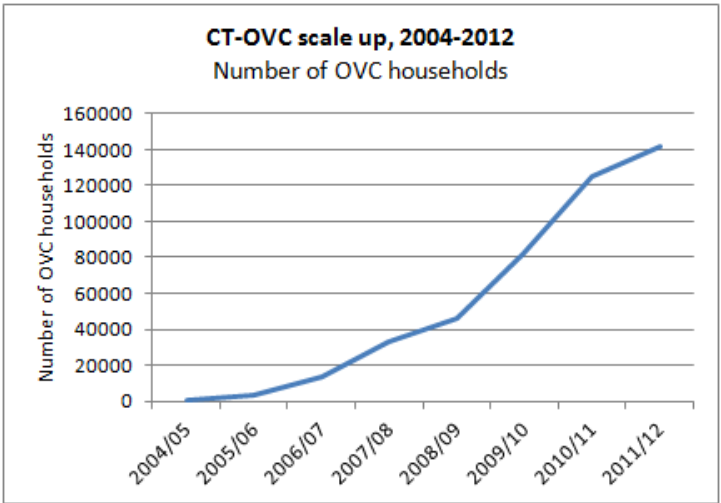


Figure 2: CT-OVC Programme scale up

The evaluation

Prior to expansion of the CT-OVC Programme in 2007, a social experiment was designed in order to track the programme impacts on a range of household welfare indicators, including child health and schooling. This policy brief is based on three rounds of household and community survey data collected from the randomized experimental evaluation conducted between 2007 and 2011. In addition to standard welfare indicators, additional data were collected during the 2011 follow-up survey on areas not initially envisioned as part of the immediate results framework. First, household survey data were complemented with a module for young people aged 15 to 25 on sexual behaviour and mental health in order to gauge the impact of the programme on psychosocial status and adolescent social behaviours that could increase vulnerability to HIV. Second, expanded modules on income generating activities were included in order to measure the impact on beneficiary livelihoods. Information was collected using qualitative fieldwork in 2008 and 2012 on beneficiary perceptions of the programme, community dynamics and social networks. The impact on the local economy was measured using a LEWIE (Local Economy-Wide Impact Evaluation) model, which was based on household survey data combined with a business enterprise survey. The LEWIE constructed for the CT-OVC Programme focused on the six rural districts included in the impact evaluation and was separated into two regions – Nyanza Province in the West and Garissa and Kwale in the East.

Results

The CT-OVC Programme had a broad range of positive impacts on beneficiary households, including poverty reduction, increases in food consumption and dietary diversity, improvement in schooling and health care utilization, and strengthening of the local economy.

Poverty reduction, consumption and dietary diversity.

Analysis of the household survey data between the baseline in 2007 and the first follow-up survey in 2009 showed a large impact of the programme on reducing poverty and increasing consumption of food and nonfood products. The programme was associated with a 13 percentage point reduction in the share of households living on less than one dollar a day. The programme had a large impact on per capita expenditure, particularly for food and health care – but the impact was much larger, and only statistically significant, for smaller-sized households. Much of the expenditure went for better quality food; the programme led to large increases in dietary diversity as well as consumption of meat, milk and other animal products.

After four years, the positive impact on food consumption appeared to have disappeared, due primarily to the eroding effect of inflation on the value of the transfer. However, the programme continued to have a positive impact on dietary diversity, there being a significant positive impact on the share of households consuming animal products such as dairy and eggs and meat and fish, and on fruit consumption. This positive impact was mainly in smaller-sized and female-headed households. In the case of household consumption of dairy and eggs, the programme led to an increase of 30 and 16 percentage points respectively. In the case of meat and fish consumption, the programme led to an increase of 14 and 7 percentage points, respectively.

Child well-being

The programme led to improved care of orphans and vulnerable children over a variety of dimensions. The study showed that fostering is strongly grounded in community norms, and that the programme helped maintain living standards for families fostering children, rather than increase fostering per se. Most importantly, the programme led to a 12 percentage point reduction in child labour on farm, particularly for boys.

After four years, the CT-OVC Programme had a positive impact on school enrolment for older children. Children between 13 and 18 years of age residing in beneficiary households were 9.1 percentage points more likely to be enrolled in school. Moreover, on average, children in this age group had half a year more of grade completion, and were 4.4 percentage points less likely to drop out of school.

The CT-OVC Programme had a significant impact on younger children, effectively “new” household members in that they were born after the baseline date. This

suggests that the programme had an inter-generational impact. The programme led to a reduction of 11 percentage points in the incidence of diarrhoea among 3 to 5 year olds living in beneficiary households, as well as an increase of 29 percentage points among those for whom care was sought if they did have diarrhoea. The programme led to an increase of 13 percentage points in the share of similarly aged children who were vaccinated against measles and a 13 percentage point increase in the share of all children under the age of five accessing preventive care.

Adolescent social and sexual behaviour

Results suggest that after four years the programme boosted the life chances of OVC by facilitating their safe and healthy transition into adulthood. Since unprotected sex and multiple partners increase HIV risk, the programme played a preventive role among young people in beneficiary households. Beneficiary children aged 15 to 20 at follow up in 2011 were seven percentage points less likely to have experienced their sexual debut. In addition, among those whose sexual debut occurred after the 2007 baseline, individuals in programme households were 11 percentage points less likely to have had unprotected sex three or more times during the previous three months. Young women whose sexual debut occurred after 2007 were also seven percentage points less likely to have had more than two sexual partners during the previous year. In addition to the effects of the CT-OVC Programme, the evidence suggests that both schooling and peer perceptions played a strong protective role in delaying sexual debut.

The CT-OVC Programme also had an impact on improving the mental health of young people. Youths, particularly 15 to 24 year old males, from beneficiary households were 15 percentage points less likely to suffer from symptoms of depression and 19 percentage points more likely to score above the median on the Hope scale, an indicator of agency and self-efficacy, in comparison with those from non-beneficiary households. In both cases the result was primarily driven by young men. In addition, the programme led to a more positive view of the future for young people living in beneficiary households. The share of youth who believed that life would be better in 1, 3 and 5 years was between nine and seven percentage points higher than the share in control households.

Finally, young women aged 12 to 24 in beneficiary households were five percentage points less likely to have ever been pregnant relative to their counterparts in nonprogramme

households. This effect was not attributable to the cash per se, but because young women in beneficiary households had higher schooling attainment. The effect was much stronger among young women who had been living in programme households during the entire four years between 2007 and 2011.

Economic activities and the local economy

The evidence from impact evaluation indicates that the CT-OVC Programme impacted some aspects of the livelihoods of beneficiaries and their communities in rural Kenya, particularly for female-headed and smaller-sized households.

Receipt of the transfer led to a 15 and six percentage point increase in the share of smaller-sized and female-headed households, respectively, owning small animals. While the study did not find consistent evidence using direct indicators of crop and animal production, such as fertilizer and land use, the study did find robust indirect evidence of impact on production. Beneficiary households, primarily smaller-sized and female-headed households, consumed a significantly larger share of dairy/eggs, meat/fish, fruit and other foods derived from their own production. This impact was substantial, reaching 20 percentage points in the case of dairy/eggs for smaller-sized households.

The programme also influenced the flexibility of beneficiary households and individuals in terms of the type of income-generating activities in which they participated, most of which involved casual or informal labour. For adults, the transfer was associated with a seven percentage point increase in participation in household-run, non-farm business enterprises for female-headed households, and a similar sized decrease was recorded for male-headed households. For those individuals (particularly women) that lived farther from markets, the receipt of the transfer helped facilitate engagement in casual wage labour activities. The programme was associated with an increase in work in casual non-agricultural wage labour (particularly for males), compared with a decrease in work in agricultural wage labour. These programme impacts on work were stronger with increasing age. However, the programme appears to have led to a reduction in the intensity of casual wage labour. The study was unable to determine, however, whether individuals increased time spent on domestic chores or child care, as this information was not collected in the surveys.

The CT-OVC Programme increased social capital and strengthened informal safety nets and risk-sharing arrangements. In addition, for even the poorest households, transfers contributed to increased self-esteem and increased ability to engage in community and religious activities. These positive effects on trust-based reciprocity within communities may be undermined due to jealousy of similarly poor non-beneficiary households and the perception of targeting errors.

When beneficiaries spend the cash transfer they transmit the impact to others inside and outside the local economy, more often to households not eligible for the cash transfer, which tend to own most of the local businesses. The regional LEWIE for the CTOVC Programme revealed income multipliers of KSh1.34 and 1.81 in the West and East regions, respectively – that is, every KSh transferred to poor households in the East region raised local income by KSh1.81. These income multipliers, however, are potentially limited by poorly functioning labour, capital and land markets that may constrain the supply response of local producers.