RELATING GOVERNMENT SOCIAL CASH TRANSFERS AND ECONOMIC GROWTH IN KENYA

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DECLARATION

The study at hand is my original document and has not been submitted by anyone for examination in any other university.

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D61/85110/2016

This research project has been submitted for examination with my approval as the University supervisor

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DEDICATION
To my parents and family especially my children, to whom I dedicate this project for their support and prayers. I would not have achieved much.
ACKNOWLEDGMENT

I would like to recommend the immense support I received from my supervisor Dr. Kennedy Okiro, for his encouragement and guidance during my research and finalization of my project. His patience and input, criticism contributed a big role in the completion of my project as it outlined the value of the study.

I am profoundly grateful to the University of Nairobi, School of Business for enabling and allowing me to proceed with this project. My sincerest gratitude goes to my family; their support has been unwavering and their prayers have guided me throughout this journey.

Above all, I thank God, my strength, for the good health and the ability he bestowed me to do this project.
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ABSTRACT

The study sought to investigate the impact of government social cash transfers to economic growth in Kenya. Government social cash was the independent variable it includes orphans and vulnerable children cash transfers, aged people cash transfers and individuals with severe disabilities cash transfers, the dependent variable was the economic growth while inflation rate was the control variable. The goal of this study is to determine the impact of government social money transfers to economic growth in Kenya. The study was premised on a conceptual framework which in argues that cash transfers have an effect on economic growth in Kenya by increased protection of assets and encourage investment among other issues. Three theories were used in the study’s theoretical framework. The three were the Public choice theory of distribution, neo-classical theory and social capital theory. Secondary data used was obtained from the relevant ministries. There was data collection and analysis by using descriptive and inferential statistics. Data was obtained and analyzed for the period between 2010 and 2017. The effects revealed that there was an overall strong and positive relationship (R= 0.721) between the government social cash transfers variables and economic growth. The result of the study further indicates that the value of the adjusted R-squared was 0.520. This implies that the government social cash transfers variables can account for 52% of the changes in economic growth. In relation to the study findings which indicate a positive effects of social money transfers remittance on economic growth, the Government is required to create an environment that will reassure the increase CT to the needy. This can be acquired through creation and implementation of policies that favors the increase in remittance inflows comprising of low taxation charged on remittances and effective and cost effective on transfers of these resources.
CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Increasingly recognized social protection is a critical plan for poverty reduction and growth inclusively. It plays a role in fight against poverty and segregation and also component of resilience building. Recently, Social protection (SP) recognized as an active vehicle to help the poor and vulnerable widely through directing material resources to people living in scarceness. In the recent years in Sub-Saharan Africa (SSA) there has been a widespread popularity of the Social Cash Transfer (SCTs) programs. (Adato and Bassett, 2017). They have now relevant in many countries because they are components of government’s social assistance pillar and also can be seen as a straight investment into social justice.

Due to continued economic crises in many countries of SSA putting into consideration the strain on the fiscal envelope of their governments is key. Therefore, the importance of considering the effects of SCTs on the economy hence building the economic case for investments in these programs. Taking center stage in the use of social cash transfer (SCT) programs by Africa is for the purpose of combat extreme poverty and vulnerability. Both governmental and non-governmental institutions have been responsible for the implementation of many cash transfer initiatives in sub-Saharan Africa. (Garcia & Moore, 2012). The function of these programs is increasingly formation of formal government social protection systems and choose from small pilots to national, domestically financed large-scale initiatives. These programs share the same basic approach but tend to vary in detail: cash distribution transfers are usually absolute to individuals in ultra-poor
households and, most often, to women. Determination of eligibility income for SCTs is typically through proxy means testing and/or community-based for affluence rankings. Additional eligibility criteria for some programs, such as the existence of orphans and vulnerable children (OVC) and disabled adults in the household. Thus, household’s benefits often for both asset and labor poor.

As per the Kenya Social Protection Review Report (2012), money transfer programs are new mediations which are executed in Kenya. Instances of this projects incorporate the following: The Hunger and Safety Net Program (HSNP), The Cash Transfer initiative for the Elderly and Disabled Persons and The Orphans and Vulnerable Children Cash Transfer (OVC-CT) program. The contributor and improvement accomplices works together with the administration to run these projects. In spite of the fact that the contributor and advancement organizations give specialized help to the programs the government still performs the implementation role.

**1.1.1 Social Cash Transfers**

Investing has become one of the international trends on the social security in poor nations come to by sub-Saharan Africa, on taking new urgency, for example, HIV/AIDS connection with different drivers of poverty to momentarily destabilize livelihood framework, family and community wellbeing nets. Social exchanges are steady and predictable exchanges, regularly as money which the state gives as a major aspect of an implicit agreement with its residents. They incorporate kid support stipends, orphan consideration awards, incapacity gifts, social annuities, and exchanges to poor families,
among others. The objectives of the social cash exchange are to diminish neediness, arrangement of social insurance, or decrease of monetary powerlessness. Some money exchanges might be unlimited or contingent, in light of the point of advancing specific practices. Which incorporates: school participation or regular wellbeing checkups.

For over 50 years, money exchanges have assumed a key job in diminishing poverty in industrialized countries. Cash exchanges were believed to be exorbitant or difficult to convey in poorer nations until the previous decade. Since 1990s, there has been propelling of the huge scale money move plots in a developing number of creating nations. Progressively, the privileges of citizenship are apparent because of the developing of yields in these plans to tackle hunger, enhancement of instruction and wellbeing and increment of expectations for everyday comforts by the poorest families.

The proof for the potential effect of money exchange projects to fortify families in their broad survey, Adato and Bassett (2017) contended in that money exchanges can shape a focal piece of social assurance methodology for families influenced by HIV and AIDS since it has been turned out to be flexible potential for the decrease of neediness and reinforcing of kids' training, wellbeing, and nourishment. As one of the numerous issued.

1.1.2 Economic Growth

Economic growth is characterized as the development of the economy. The physical subsystem of our reality made up of load of population and riches, and the stream of generation and utilization is alluded to as economy (Daly, 2010). It is additionally
characterized as, contrasting periodic time, starting with one timeframe then onto the next to increase in the limit of an economy for generation of products and ventures. As characterized by Abbas (2005) Economic Growth is an expansion in the production and utilization of products and services. It is typically estimated regarding Gross Domestic or Gross National Product (GNP) and fundamentally alluded to national economies.

The most key determinant of Economic Growth distinguished by both neoclassical and endogenous development models is speculations. (Podrecca and Carmeci, 2001). Nonetheless, As the endogenous development models professes to have progressively changeless impacts, the neoclassical model of speculation has affect on the transitional period. There has been gigantic measure of exact investigations analyzing the connection among speculation and Economic Growth because of the importance joined to venture by these hypotheses. (Easterly, 2002 and Bond, 2002). Nevertheless, findings are not convincing. This Economic Growth can either be positive or negative. Expansion an economy is elucidated by the positive Economic Growth while negative shrinking of the economy is clarified by the negative Economic Growth. Association of the negative growth is as a result of economic recession and economic depression. Gross National Product is occasionally used as other measures to Gross Domestic Product. For comparison purposes in multiple countries, the statistics may be based on either fundamental exchange rates or purchasing power parity or quoted in a single currency. Nominal or current figure is the comparison of countries with diverse populace sizes, the Per Capita figure is cited.
1.1.3 Social Cash Transfers and Economic Growth

The role of cash transfer is viewed differently either to have negative or positive ascription in the society; despite the fact that it is accepted as an instrument of social protection. According to While Son (2008) brought out the positive attribution according to his observations of the GCT programs which were gradually seen as a way or instrument for poverty elimination, also Hilou and Soares (2008) in his studies noted the that Sub-Saharan African countries have a rooted belief about the handouts responsible for averting resources from investment in infrastructure, health and education. Farrington et al. (2007) stressed examples of negative attitude towards SCT, he noted there was the fears of dependency among the Sierra Leone on discussions around cash transfers. Likewise, Sumsorn (2009) observed that, social cash transfer will create dependency due to the frequency of the policy-makers.

Todd, Winters and Hertz (2010) also noted negative attitudes to exist towards cash transfers. Todd et al. noted that that this criticism of SCTs focus on evading the intergenerational spread of poverty rather than successful productivity of poor adults believed that despite the fact that money is provided to alleviate poverty, it does not eradicate poverty fully.

1.1.4 Government Cash Transfers in Kenya

Implementation of a series of cash assistance programs by the Kenyan government have been inform of emergency programs, sustenance help in drought stricken areas, and school bursaries for needy youngsters. The commitment of the Kenyan government to pad its
vulnerable children from social-monetary shocks is the reception of money move programs in Kenya to the rising destitution levels, enormous pay variations, joblessness and change in Kenya's constitution. (Ikiara 2009).

Presentation of cash exchanges as a type of social help programs, isn't the main social help programs started by the administration another is Core Poverty programs (CPPs). The fundamental objective of these projects is to guarantee joining of the provincial poor in availability of social civilities included thinking about wellbeing and instruction which isn't insufficient. The capacity of CPPs is for upgrading the poor's ability to take an interest in beneficial exercises. Consideration of the Constituency Development Fund (CDF) , the Arid and Semi-Arid Land program (ASAL) by CPPs was with the end goal of the accompanying reasons, supporting neediness easing in poor pastoralist territories, forcing of minimal effort lodging plans, Free Primary School Education, ghetto up evaluating, the National Social Security Fund, Free Day Secondary Education and the National Health Insurance Fund (Ikiara, 2009).

According to The Kenya CT-OVC Evaluation Team in 2012, the OVC-CT which is currently the largest social assistance program in the coutry, was introduced by the government of Kenya as a result of increase in the number of orphans in Kenya who are as an outcome of HIV/AIDS plague. According to them, provision of regular stipend to orphans homes and vulnerable children (OVCs) is their main goal for the program implementation. This is for the purposes of encouraging retention, fostering help and OVCs breakage from the viscid cycle of poverty. This program was started in the year 2004 and
the main target of the program was for inclusion of 500 OVCs from the district of Garissa, Kwale and Kisumu. The beginning of the second program phase was in the year 2006 which was aimed to target 30000 OVCs in seven districts. In 2008 the third program was implemented targeting 300,000 OVCs in 10 areas and generally focused on 30 percent of the hard core poor in the majority of the pre recognized location. By mid-2009, the Orphans and Vulnerable Children Cash Transfer (OVC-CT) program was at that point in 47 regions. The Hunger Safety Net program (HSNP) as a type of unequivocal money exchange focused on right around 40 percent of the poorest family units in the North Eastern area of Kenya. The abatement of money exchange, is for the poor family units which has the accompanying qualities: helpless offspring of underneath the ages of 13 or those with constantly sick or crippled individuals, elderly people ladies and men and families with many denied.

1.2 Research Problem

Poor financial development is named as one of the center basic reasons for neediness and craving. Destitution decrease is idealistically made by arrangement of an upgrade monetary development which is anticipated by social exchanges. Unsurprising money exchanges empower family units with low acquiring influence to take part in neighborhood showcase movement. Expanded neighborhood interest for merchandise and ventures thusly invigorates nearby makers and specialist co-ops to build generation and utilize more individuals. Besides, the more prominent buying power in remote provincial zones holds the possibility to rejuvenate nearby economies. This neighborhood advertise 'multiplier' impact can rejuvenate nearby economies even in remote rustic regions. Duplicated the
nation over, it can turn into a motor for more extensive monetary development. In spite of the monetary development in Kenya, around 17 million individuals (45.6%) live beneath the national neediness line (not exactly Kshs. 134 every day) while 19% live in outrageous neediness (World Bank, 2015). Creating nations like Kenya put resources into social help program that objective the poorest and most defenseless on the grounds that the dangers that individuals confront are connected stages in the lifecycle, as well as exposed to related dangers, for example, dry seasons, surges and monetary subsidences (Sen, 1999).

Most effect investigation of money exchanges has concentrated on contingent money exchanges (CCTs) and their transient effects on consumption and access to administrations and potential long haul impacts through training and wellbeing results. In any case, some ongoing proof (Miller, 2009) point to the imperative job of exchanges on salary development and nearby improvement, which would yield medium-term impacts on destitution decrease and expanded family unit prosperity. These effects come through changes in family unit conduct and through effects on the neighborhood economy of the networks where the exchanges work. Mostly given these empowering results, money exchanges with various degrees of contingency are making progress as devices of social insurance and destitution decrease methodologies in low salary nations. Worries about reliance traps and medium-term monetary manageability of these projects make it vital to comprehend the full scope of their effects in order to build nearby political help for these intercessions.
Most social money exchange programs likewise work in conditions inclined to advertise disappointments, where families take generation and utilization choices mutually and in this way it is conceivable that programs affect family unit speculation choices and help lift a portion of the limitations (Duflo 2000) in viable interest, liquidity and credit markets at the network level. In country zones, worker families expand a different target utility capacity including sustenance utilization, advertise buys and home time (Ellis, 1988). An intercession on the utilization side may change the general weights of market and possess nourishment utilization, the overall estimation of youngsters' and ladies' time and will impact choices about intra-family unit work allotment on and off ranch and selection of exercises. It might likewise impact cooperation in informal communities (interests in social capital, common protection) since the fragmented markets both produce and reflect social connections, which outline families choices.

Furthermore, money exchanges add to their long haul prosperity and to more extensive societal objectives of consideration, value, social equity and strengthening (Sabates-Wheeler and Devereux, 2008). Study led by (Haushafer and Shapiro, 2013) presumed that money exchanges had critical effect on psychosocial prosperity of recipients. Accepting money exchanges essentially decreased despondency and stress particularly in ladies when contrasted with male beneficiaries. Druza (2015) contends that money exchanges enable recipients to take an interest more in network exercises, expands their entrance to data and informal organizations, and improves the implicit understanding and individuals' association with the state.
Interest in social assurance is a fundamental part of a fruitful and feasible market economy and a scope of creating nations are currently contributing a critical extent of national riches in social insurance.

Kenya is right now contributing 0.3% of its GDP on social assurance charge financed programs (World Bank, 2016). Studies led (OPM, 2016) demonstrated that customary long haul genuine money exchanges to poorest and most defenseless families in poorest Arid provinces of Turkana, Wajir, Marsabit and Mandera, not just had positive effect on the work of individual families, yet in addition the more extensive network through nearby economy more extensive impacts. In HSNP2 (2013-2018), by August 2017, a combined aggregate of Kshs. 12billion has been dispensed to 98,736 normal family units and Kshs. 3.1billion for dry spell crisis scale ups to extra family units over the four Counties. In HSNP, ladies, who are the most powerless in provincial remote pastoralist networks, establish 60% of every essential beneficiary of ordinary families. They utilize a bit of the money exchanges to fire up little scale organizations to supplement their family units' pay. In this manner, HSNP money exchanges are monetarily engaging powerless ladies over the four Arid and poorest Counties of Wajir, Mandera, Marsabit and Turkana. The examination tries to connect this hole by noting the inquiry: 'What is the connection between social money exchanges and monetary development in Kenya? The study sought to bridge this gap by answering the question: ‘What was the relationship between social cash transfers and economic growth in Kenya?'
1.3 Research Objectives

The study seeks to determine the relationship between social cash transfers and economic growth in Kenya.

1.4 Value of the Study

This study was vital to a few partners. To researchers and academicians; this investigation expanded collection of learning of social money exchanges and its effect on Economic Growth in the Kenyan Market. It was likewise proposing territories for further research with the goal that future researchers can get these regions and concentrate further. Moreover, the examination was critical to the Government, particularly the Ministry of Finance in settling on arrangement choices with the general goal to impact the dimension of monetary action and oversee open fund. At long last, there was a noteworthiness of this examination for financial specialists in the security advertise; the discoveries educated them on the components prompting the floatation of government bonds and how that influences monetary improvement of the nation.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter conducts a review of the literature on the relationship between social cash transfers and economic growth as established by other scholars. Specifically, this study enumerates the theoretical framework on which it is grounded before presenting empirical literature by various scholars seeking to establish the relationship between the two variables. Section 2.2 examines theoretical literature on social capital and economic growth. Section 2.3 reviews the determinants of economic growth while section 2.4 discusses empirical literature review. Section 2.5 is the conceptual framework and section 2.6 is the summary.

2.2 Theoretical Literature Review

Over the years, the theory of economic growth has evolved from simplest models to complex economic modeling techniques. Numerous nations, paying little regard to their social and political frameworks have sought after financial development by applying distinctive techniques dependent on hypotheses that are reasonable to their economic conditions.

2.2.1 The Public Choice Theory of Distribution

The leading argument that is elucidated in the public choice theory of distribution is the relevance of cash transfer for the purpose of aiding resource dispersal in countries that have massive level of income differences. (Fiszbein et al., 2009). Blaug (2007) affirms that the
first fundamental welfare economic theory states a competitive market economy is the one which provides efficient means of resource allocation of arriving at Pareto optimal allocation it includes certain omissions such as, public goods, economies of scale, externalities and imperfect information. Therefore, it explains that allocation encompasses making an economic agent worse for the purpose of its betterment.

The theory supports Adam Smith’s hypothesis of the invisible hand which states that in case of lack of interferences from the market allocations resources there will be upcoming of market allocation at Pareto efficient. According to Arrow and Debreu (1954), for a market to be perfect it must ensure that there is efficient allocation outcome. The allocation of resources to every economy by the market prices, has maximized the welfare economic agent. Therefore, improvement of the total wellbeing of the society existence is hindered.

2.2.2 The Neo Classical Utility Theory

Neo Classical Utility Theory explains provision of a minimum consumption floor and means of encouraging human capital accumulation through education for the reasons of using the cash transfer programs. (Akresh et al., 2013). Assumption behind the Neo Classical Utility Theory is maximization of individual’s utility based on their income constrains. This statement means that, high level of poverty is ascribed due to lack of income, hence income constrains. (Akresh et al., 2013). A family unit is faced with a choice of a different of utilization packages to such an extent that the family picks between the training of their kids and different groups of merchandise. These could incorporate pay producing achievements for the kid to supplement family income.
2.2.3 Social Capital Theory

The study was based on Robert Putman’s 1995 theory of Social Capital. According to Bourdieu (1986) Becoming a promising structure of examination over the previous decades, Social capital hypothesis has noticed that the idea of social capital is seemingly a standout amongst the best fares from human science to other sociologies and to open talk (Portes ,2000) there has been extension of the concept of social capita in education, economics, anthropology, political science and business. This is because social capita has a provision of analysis of an exclusive framework and understanding the reasons for multiplicity in accumulation capital kinds via the process of network development. Social capital gives a clear description of an individual’s, for the contribution of their lives in definite ways. A critical example is given for people living in big city in comparison of those living in a small city in terms of knowing each other. It is noted that, those in the small city tend to know each other more than those in the big city. This is because of their frequent bonding over commonalities. In this case, the town people, have acquired relevant social capital which is responsible for strengthening the community. A good example is the relevance of a CEO of an enormous corporation whom is believed to have substantial amount of social capital due to the fact that they have a great and influential social network, which are the networks that they have made through their career.

The hypothesis of social capital despite the fact that it existed as an unclear idea in the mid-to-late nineteenth century in crafted by specific rationalists and social critics, insightful theories about social capital were not a territory of solid scholarly concentration until the late 1980s and mid 1990s. The driving idea driving the hypothesis of social capital is that
a man's situation inside a specific gathering gives certain advantages that work further bolstering their advantage. From the point of view of the social researchers, social capital stresses shared characteristic to reinforce networks (Lin 2001).

2.3 Determinants of Economic Growth

An extensive variety of studies has researched the elements basic financial development. Utilizing contrasting calculated and methodological perspectives, these investigations have put accentuation on an alternate arrangement of informative parameters and offered different bits of knowledge to the wellsprings of financial development.

2.3.1 Investment

Investment is the most focal determinant of financial improvement perceived by both neoclassical and endogenous advancement theories. Regardless, in the neoclassical model endeavor has influence on the transitional period, while the endogenous advancement models fight for progressively enduring effects. The essentialness joined to theory has incited a monster proportion of exploratory examinations investigating the connection among venture and monetary development Nevertheless, discoveries are not convincing. Money exchanges have as of late assumed a significant job of internationalizing monetary movement and it is a fundamental of advancement trade and monetary improvement. The observational composition taking a gander at the impact of cash trades on improvement has given essentially solid revelations admitting a vital positive association between the two (Lensink & Morrissey, 2006).
2.3.2 Macroeconomic Variables

Financial arrangements and macroeconomic conditions have, additionally, pulled in much consideration as determinants of monetary execution (Barro & Sala-I-Martin, 1995), since they can set the structure inside which monetary development happens. Financial strategies can impact a few parts of an economy through interest in human capital and framework, enhancement of political and legitimate establishments.

When all is said in done, a stable macroeconomic condition may support development, particularly, through decrease of vulnerability, though macroeconomic may negatively affect development through its consequences for profitability and venture (e.g. higher hazard). A few macroeconomic components with effect on development have been recognized in the writing, yet extensive consideration has been set on swelling, financial strategy, spending deficiencies and taxation rates.

2.3.3 Political Factors

Interest in the connection between political variables and monetary performance was raised by Lipset (1959) setting off the conduction of various investigations which reason that the political condition assumes an imperative job in financial development (Lensink 2001). Researchers more often than not survey the political condition utilizing factors, for example, political steadiness and level of vote based system. At the most fundamental shape, political soundness would diminish vulnerability, empowering speculation and in the long run progressing financial development. The level of majority rules system is likewise connected with financial development, however the connection is considerably
more intricate, since popular government may both retard and improve monetary development relying upon the different channels that it goes through (Alesina & Perotti, 1996).

Political condition assumes a huge job in financial development (Kormendi & Mcguire, 1985) political strength reduces vulnerability boosting venture and in the long run advancing monetary development however the connection is substantially more intricate, since majority rules system may defer or upgrade financial development relying upon the different channels it goes through.

2.4 Empirical Literature Review
Zezza, de la Briere and Davis (2010) observed that the evidence of social cash transfer programs was suggested to foster broader economic development effects via household behavior changes and through local economy impacts of the community. The positive effects of cash transfer on households results to the following. Different household members tend to change their labor supply, increase in the beneficiary household’s revenue in generation capacity due to investments in productive activities and prevention of detrimental risk-coping strategies. FAO (2011) noted cash transfers to have positive impacts on recipients of emergency relief, being able to insert cash into local markets, which has multiplier effects that can motivate the local economy and help it improve.
To look at the effect of worldwide remittances on poverty in Africa Anyunwu and Erhijakpor, (2010) utilized an informational index on universal remittances, imbalance, and destitution from 33 African nations. Having a solid, statistically huge effect on decreasing destitution in Africa were a portion of the key discoveries of global settlement. The accompanying outcomes were noted in the wake of instrumenting for the conceivable endogeneity of worldwide settlements, 10 percent expansion in authority universal settlements as a level of GDP drove, all things considered, to a 2.9 percent decrease in the offer of individuals living in destitution. There was arrangement of a solid, extreme proof of effects of universal settlement to Africa's neediness decrease. Salary disparity seems, by all accounts, to be the most grounded factor fuelling every one of the three proportions of destitution in the landmass as Per capita GDP firmly lessens all proportions of neediness in Africa.

Anjum et al, (2011) found out that there is a positive and relevant relationship between the real GPD, total consumption, workers’ remittance and private investments which suggests that poverty reduction is a results of high remittance which are associated with high economic growth. However, there are some alarming that remittances would not assist the poor for the betterment of their living conditions.

Jongwanich, (2007) argues that the poor households tend to generate inequality for the purpose of increase in poverty since the poor households cannot benefit from the international migration remittance. This is because, international migration can be an
exclusive venture for the better-off households whose capability is producing migration and sending remittance.

Alowa et al, (2013) comparison between non remittance households and households receiving remittances in Nigeria asserts the effect of remittances on poverty. Positive impacts were noted though it was found that on average, in comparison, households that receives remittances had elder household heads, smaller family size. In non-remittance households, they have more family size, less instructed heads, highest offer of nourishment use with low normal expenditure, and thus they are genuinely poorer. On the other hand, the family units accepting settlements from abroad are relatively more extravagant.

Jongwanich, (2007) an expansion in remittances results directly to destitution decrease this is by utilizing a poverty condition. Different things being equivalent, an expansion in remittances by one percent came about to a decrease in the poverty rate by 2.8 percent. This outcome demonstrates that remittances can specifically expand pay of needy individuals, smooth family unit utilization and straightforwardness capital imperatives. The examination likewise discovered settlements to indirectly affect poverty decrease since they influenced financial development and human capital the two of which are key determinants of destitution. In any case, there is worry that remittances could actuate salary imbalance. This is on the grounds that the global relocation can be a costly endeavor with the goal that it will be the happier family units will's identity progressively equipped for delivering movement and sending settlements. While poor family units would not get the
advantage from such settlement streams, they will in general produce imbalance with the goal that destitution could in the long run increment.

A study was carried out by Mariara and Ng’ang’a (2013) to examine the effect of social assistance programs on asset accretion by women, enterprise development and education in Kenya. The findings from the study indicated enhancement of school enrolment and attendance as a result of cash transfer. Evaluation of how households responded to income changes was done.

(Haushofer and Shapiro, 2016) by carrying out an assessment by means of randomized experiment approach and through dissimilarity in different econometric estimators. According to the findings that the study was addressing, it was evident that the remittance did not influence health or education despite the fact that cash transfer had a direct impact on food security and women empowerment at the village level.

The study by Oboka (2013) discovered that greater part of caregivers utilized the cash they got from Orphans and Vulnerable Children Cash Transfer to address instructive issues of the youngsters; the program had added to great relations inside the recipient family units, yet had prompted crisis of profound desire against recipient families; and, the program had positive impact on monetary prosperity of recipient family units, however had not expelled the recipient families from outrageous neediness. The examination prescribed that instruments be acquainted with give chance to youngsters in families to take an interest in
settling on choice on utilization of cash exchanged to families and in assessment of the program to improve shields against conceivable abuse of assets via guardians.

Kabubo and Kiriti (2013) investigated the effect of cash transfers on enterprise development and asset accumulation by vulnerable households and women in Kenya. They found that cash transfers have important implications for household welfare in that they help to raise the standards of living and provide resources for the poor and vulnerable households to cater for basic needs (food, health, and education); and facilitate asset accumulation and enterprise development. They noted that most beneficiaries thrived on informal financing as a result social protection from the cash transfers.

2.5 Conceptual Framework

![Conceptual Framework Diagram]

**Figure 2.1: Conceptual Framework**
2.6 Summary of Literature Review

Effects of cash transfers on economic development from empirical literature yield mixed results. First the results across the countries are different, given the heterogeneity in the cash transfer programmes run by different governments in their respective countries. This therefore implies that the generalization of findings in one country to the rest of the countries could lead to a substantial degree of bias. In addition the available data in Kenya is also conflicting.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This section presented the research methodology that is adopted in this study. The chapter is organized as follows. First research design is presented in section 3.2, section 3.3 analyses the population and sample size while section 3.4 presents data collection methods. Section 3.5 presents data analysis.

3.2 Research Design

The investigation embraced a descriptive research structure. Mugenda and Mugenda (2003) depicts descriptive research plan as a deliberate, empirical inquiring into which the analyst does not have an immediate control of response variable as their appearance has just happened or on the grounds that the inherently cannot be controlled. Descriptive investigations are worried about the what, where and how of a wonder henceforth progressively set to fabricate a profile on that phenomenon (Mugenda and Mugenda, 2003). Descriptive exploration design is progressively proper in light of the fact that the examination tries to construct a profile about the connection among residential and external obligation and economic development.

3.3 Data Collection

The investigation utilized secondary information gathered from the Kenya National Bureau of Statistics and the National treasury to break down social cash exchanges. Information on monetary development will be gathered from the Kenya National Bureau of Statistics.
The information was gathered utilizing information accumulation sheet which was altered and cleaned. The investigation time frame incorporated the period from 2010 to 2017. This period was picked on account of the numerous adjustments in government arrangements that happened inside the economy that had broad ramifications on the macroeconomic factors in Kenya. The investigation utilized quarterly information since Government Budgets are drawn every year and the shortfalls and surplus which are key determinants of acquiring are then created.

3.4 Data Analysis

The study used MS Excel’s analysis tool pack to aid in data analysis. The coefficients show the relationship between the independent variables and the dependent variables. R square indicates how the percentage of variation in the dependent variable. The analysis used a 0.05 level of significance.

3.4.1 Analytical Model

The model is in display of a regression model where every one of the markers of economic development were relapsed against social cash exchanges. The model is a different linear regression of the form;

\[ Y = \]

Where:

\( Y = \) Economic Growth (Measured in percentage of the GDP in Kenyan shillings)

\( X_1 = \) Orphans and Vulnerable Children Cash Transfers- OVC (measured by the natural logarithm of the total value in Kenyan shillings)
X2 = Older Persons Cash transfers- OP (measured by the natural logarithm of the total value in Kenyan shillings)

X3 = Persons with Severe Disabilities Cash Transfers- PWSD (measured by the natural logarithm of the total value in Kenyan shillings)

X4 = Inflation rate (as a percentage increase in the price level from one year to the next)

partial coefficients of GDP with respect to X1, X2 X3 and X4 respectively

= Stochastic error term

= Constant term

3.4.2 Test of Significance

In order to test the model significance in estimating the connection between social cash exchanges and economic development, the investigation led an Analysis of Variance (ANOVA). On separating the ANOVA insights, the specialist took a gander at the noteworthiness esteem. The investigation tried the factors at 95% certainty level and 5% significance level. The model is significant in explaining a relationship when the significance F is less than the critical value.
CHAPTER FOUR
DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction
This chapter presents the findings of the study, analysis of the findings, interpretations and conclusions drawn from the findings as well as recommendations on policy changes and for further study. The purpose of the study was to assess the effect of social cash transfers on economic growth in Kenya.

4.2 Data Analysis
Analysis of data was by the means of descriptive statistics and the utilization of charts in order to understand the sample under consideration. The statistical methods applied assumed that variables were normally distributed. It was supposed that the combination of variables followed a multivariate normal distribution thus multivariate statistics were adopted. Being that there was a direct test for multivariate normality, each variable was tested individually and the assumption was that if they are individually normal, the multivariate was normal.

4.2.1 Descriptive statistics
The study used descriptive measures such as the mean, maximum, minimum, standard error of estimate, skewness and kurtosis. The mean, is normally used to portray the most common value in an arrangement of values. The standard error to gauge the precision inside the arrangement of values got. Skewness is a proportion of symmetry. A dispersion, or informational collection, is symmetric in the event that it appears to be identical to one side
and right of the inside point. Kurtosis is a proportion of whether the information are crested or level with respect to an ordinary dispersion (Cooper & Schindler 2008). The mean and the standard deviation of different social cash transfers for the period under consideration is in the following Table 4.1

Table 4.1: Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>32</td>
<td>1.05</td>
<td>1.88</td>
<td>1.37</td>
<td>0.17</td>
</tr>
<tr>
<td>Inflation Rate</td>
<td>32</td>
<td>3.33</td>
<td>19.19</td>
<td>7.63</td>
<td>3.93</td>
</tr>
<tr>
<td>OVC(’000)</td>
<td>32</td>
<td>521,966</td>
<td>2,264,411</td>
<td>1,260,355</td>
<td>647,234</td>
</tr>
<tr>
<td>OP(’000)</td>
<td>32</td>
<td>132,500</td>
<td>3,401,878</td>
<td>1,212,829</td>
<td>1,060,199</td>
</tr>
<tr>
<td>PWSD(’000)</td>
<td>32</td>
<td>2,500</td>
<td>300,000</td>
<td>184,375</td>
<td>106,388</td>
</tr>
</tbody>
</table>

Source: Research Findings (2018)

The study found out that GDP registered a growth rate averaging to 1.37% over the period of the study. During the same period, inflation rates recorded an average of 7.63% while OVC recorded an average of Kshs 1,260,355,000.00. Further, OP and PWSD recorded averages of Kshs 1,212,829,000.00 and 184,375,000.00 respectively. The standard deviation indicated that GDP, inflation rates, OVC, OP and PWSD varied over the study period. The greatest variation was recorded by OP at Kshs 1,060,199,000 followed by by OVC at Kshs647,234,000. Inflation had a variation of 3.93%.

4.2.2 Gross Domestic Product

In this section, the study sought to determine the quarterly GDP rates period 2010-2018, measured using GDP growth rate. The table below presents analysis results
Figure 4.1: Gross Domestic Product

![GDP growth rate (%)](image)

Source: KNBS (2018)

Figure 4.2 indicates that the rate of inflation has a high variation as compared to the GDP for the study period. The rate of GDP growth has been constant for most of the period. The inflation rate has been highest in the period of 2011 and lowest in the last quarter of 2010.

Figure 4.2: GDP and Inflation Rate

![GDP and Inflation Rate](image)

Source: KNBS (2018)
4.2.3 Inflation Rate

The rate of inflation has been varying for the period of study and it has been lowest in the third quarter of 2010 and highest in the second quarter of 2010. The rate has been about constant in the period of 2013 to 2016.

Figure 4.3: Inflation Rate

![Inflation rates (%)](image)

Source: KNBS (2018)

4.2.4 Social Cash Transfers

As indicated in figure 4.4 payments for older persons has been rising steadily during period the highest and being in the last quarter of 2016 and in the first quarter of 2017. Payments for orphans and vulnerable children have also been rising steady but stabilized to towards the end of 2016. Payment to persons with severe disabilities as been high as compared to the other two and it has been a bit stable.
4.3: Correlation Analysis

The Pearson product-moment correlation analysis was used by the researcher to test whether the study variables were correlated. A p-value of 0.05 or less was used to indicate significant correlations. Table 4.2 was used to show the results of the study.

It was discovered that there was a positive and statistically significant correlation ($r = .920$, $p = .000$) between OVC and OP. The study also found out that there was a positive significant correlation between OVC and PWSD as evidenced by ($r = .903$, $p = .000$) and also a positive significant relationship between OP and PWSD ($r = .813$, $p = .000$). The relationship between the social cash transfers and inflation rates has been negatively significant for OVC, OP and PSWD at $r=-.635$, $r=-.579$, $r=-.786$ respectively with $p<.05$.

However the study found a negative significant relationship between social cash transfers and economic growth i.e for OVC, OP and PSWD at $r=-.115$, $r=-.109$, $r=.198$ respectively.
with \( p < 0.05 \). The study also found a negative relationship between inflation rates and GDP at \( r = -0.236 \), \( p < 0.05 \).

However, the study never recorded any significant correlation among the independent variables. This implies that there was not Multicollinearity among the independent variables and therefore they can be used as determinants of economic growth in Kenya.

Table 4.2: Correlation Analysis

<table>
<thead>
<tr>
<th></th>
<th>OVC</th>
<th>OP</th>
<th>PWSD</th>
<th>I</th>
<th>GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>OVC</td>
<td>Correlation</td>
<td>1</td>
<td>.920**</td>
<td>.903**</td>
<td>-.635**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.529</td>
</tr>
<tr>
<td></td>
<td>N.</td>
<td>32</td>
<td>32</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>OP</td>
<td>Correlation</td>
<td>.920**</td>
<td>1</td>
<td>.813**</td>
<td>-.579**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.001</td>
<td>.553</td>
</tr>
<tr>
<td></td>
<td>N.</td>
<td>32</td>
<td>32</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>PWSD</td>
<td>Correlation</td>
<td>.903**</td>
<td>.813**</td>
<td>1</td>
<td>-.786**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.277</td>
</tr>
<tr>
<td></td>
<td>N.</td>
<td>32</td>
<td>32</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>I</td>
<td>Correlation</td>
<td>-.635**</td>
<td>-.579**</td>
<td>-.786**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.001</td>
<td>.000</td>
<td>.193</td>
</tr>
<tr>
<td></td>
<td>N.</td>
<td>32</td>
<td>32</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>GDP</td>
<td>Correlation</td>
<td>-.115</td>
<td>-.109</td>
<td>.198</td>
<td>-.236</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.050</td>
<td>.043</td>
<td>.027</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N.</td>
<td>32</td>
<td>32</td>
<td>32</td>
<td>32</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Research Findings (2018)
4.4 Regression Analysis

Economic growth rate was regressed against four predictor variables; vulnerable children and orphans cash transfers, older persons and persons with disabilities cash transfers and inflation rate. The regression analysis was undertaken at 5% significance level. The study obtained the model summary statistics as revealed in table 4.3 below.

Table 4.3: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.721a</td>
<td>.520</td>
<td>.449</td>
<td>2.91948</td>
</tr>
</tbody>
</table>

a. Predictors: (Const.ant), I, OP, PWSD, OVC

Source: Research data (2018)

The study set out to establish the influence of government social cash transfers on economic growth in Kenya. The results revealed that there was strong positive correlation of (R= 0.721) between the government social cash transfers variables and economic growth. The results further indicated that the value of the adjusted R-squared was 0.520. This implies that the government social cash transfers variables (vulnerable children and orphan cash transfers, older person’s cash transfers, persons with disabilities cash transfers and inflation rate) can account for 52% of the changes in economic growth. A Durbin-Watson statistic of 1.526 indicated that the variable residuals were not serially correlated since the value was more than 1.5.
4.4.1 Analysis of Variance

The study was seeking to confirm goodness of fit of the regression model through the ANOVA statistics. Study outcomes are given in Table 4.4 below.

Table 4.4: Analysis of Variance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>249.186</td>
<td>4</td>
<td>62.296</td>
<td>7.309</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>230.131</td>
<td>27</td>
<td>8.523</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>479.317</td>
<td>31</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), I, OP, PWSD, OVC

b. Response Variable: GDP

Source: Research data (2018)

Based on the above ANOVA statistics, it was determined that the regression model had a significance level of 0.0% which indicates that the model was ideal for predicting the effect of government social cash transfers and economic growth because the value of significance (p-value) was less than 5%. This means that the model is fit for the data.

4.4.2 Coefficients of Determination

Coefficients of determination were used as indicators of the direction of the relationship between government economic growth and social cash transfers in Kenya. The p-value under sig. section was connected to demonstrate the importance of the connection between the response and the predictor factors. At 95% certainty level, a p-estimation of under 0.05
was deciphered as a proportion of factual significance. As such, a p-value above 0.05 shows a statistically insignificant relationship between the dependent and the independent variables. Table 4.7 gives the results

Table 4.5: Coefficients of Determination

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>9.243</td>
</tr>
<tr>
<td></td>
<td>OVC</td>
<td>-3.962</td>
</tr>
<tr>
<td></td>
<td>OP</td>
<td>.715</td>
</tr>
<tr>
<td></td>
<td>PWSD</td>
<td>4.640</td>
</tr>
<tr>
<td>1</td>
<td>I</td>
<td>1.616</td>
</tr>
</tbody>
</table>

a. Response Variable: GDP

**Source: Research data (2018)**

Based on results above, it is evident that government cash transfers of OP and PWSD produced positive and statistically significant values for this study (high t-values (.566 and 4.411, p < 0.050 and p.000) respectively. Inflation rate produced positive and statistically significant values for this study as evidenced by (t=.530, p= 0.041). OVC produced negative statistically significant values for this study as evidenced by (t= -3.844, p= 0.001).

The following regression equation was estimated:

\[ Y = 9.243-3.962X_1+.715X_2+4.640X_3+1.616X_4 \]

Where,

\[ Y = \text{Economic Growth (Measured in percentage of the GDP in Kenyan shillings)} \]
X₁ = Orphans and Vulnerable Children Cash Transfers- OVC (measured by the natural logarithm of the total value in Kenyan shillings)
X₂ = Older Persons Cash transfers- OP (measured by the natural logarithm of the total value in Kenyan shillings)
X₃ = Persons with Severe Disabilities Cash Transfers- PWSD (measured by the natural logarithm of the total value in Kenyan shillings)
X₄ = Inflation rate (as a percentage increase in the price level from one year to the next)

On the estimated regression model above, the constant = 9.243 shows that if government social cash transfers (vulnerable children and orphan cash transfers, older persons cash transfers, persons with disabilities cash transfers and inflation rate) were rated zero, the economic growth rate would be 9.243. A unit increase in OVC would result a decrease in GDP growth rate by 3.962. A unit increase in OP and PMSD would result an increase in GDP growth rate by .715 and 4.640 respectively.

4.5 Discussion of Research Findings
This research sought to determine whether there was an association between economic growth and government social cash transfers in Kenya. The researcher investigated various indicators of social cash transfers in so far as they related to the beneficiaries. The findings of the research were based on the secondary data that were collected from KNBS. The key indicators of government social cash transfers include vulnerable children and orphan cash transfers, older person’s cash transfers and persons with disabilities cash transfers
Policies that set out to advance financial development are probably going to be progressively compelling in decreasing poverty if they complemented with arrangements which stretch out chance to the slightest advantaged. Through social exchanges and social assurance, growth generates and opportunities are generated no matter how you look at it (Bourguignon, 2004). In 2007, the urgency to address the tirelessness of extraordinary poverty in Kenya drove strategy producers to expand the prior territorial program on a national premise. The program furnished moves to family units in poverty with offspring of school age, contingent on children going to class all the time. The expansion of the advantages of monetary development, to one side behind and social security can likewise add to the support of social union. For social exchange projects to manufacture social union it is thusly important that they have a solid dimension of help crosswise over society, specifically from the individuals who bear the taxation rate.

The developed financial infrastructure in Kenya is an enabling environment to use SCTPs as a tool to effectively promote economic growth and development. According to Hashemi and Montesquiou (2011), SCTPs through the graduation model has significantly improved beneficiary’s assets base through credit access and implied conversion of savings into assets. Such approaches could be emulated by SCTPs in Kenya to promote sustainable economic development.
CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter presents the study summary, discussions and conclusions. Major limitations of the study are also presented as well as the recommendations for both the research and for the policy and practice.

5.2 Summary of Findings

The study was premised on a conceptual framework which in argues that cash transfers have an effect on economic growth in Kenya by increased protection of assets and encourage investment among other issues. The main thrust of this framework was to indicate possible effects of cash transfers both to the individual and the economy as a whole. Three theories were used in the study’s theoretical framework. The three were the Public choice theory of distribution, neo-classical theory and social capital theory. The social capital theory emphasizes that poverty reduction programmes should go beyond mere consumptions, but address the elements of livelihoods and establish independence of the once vulnerable members of the community.

Existing literature indicates that the effectiveness of cash transfers does not only depend on how the money issued but also encompasses the modalities of the process on the side of the implementers. Modalities include but are not limited to targeting, amount of money and how it is disbursed. These have a bearing on the overall effectiveness of the program. Literature also highlights that the probability of investing using cash transfer amounts is
determined by households’ currently prevailing position in as far as basic needs are concerned if a household is managing to meet most of its basic needs, it stand better chances of investing the money either in income generating projects or in education as human capital investment.

The study was seeking to determine the impact of government social cash transfer programs on economic development in Kenya. The social cash transfer programs were include orphans and vulnerable children cash transfers, older person’s cash transfers and persons with disabilities cash transfers. Regression analysis was applied in testing the correlation between the variables based the study objectives. The goodness of fit of the analytical model was tested using ANOVA. The findings were presented in tables and figures.

The researcher carried out diagnostic tests on the collected data with a null hypothesis that the secondary data was not normal. Both Kolmgorov-Smirnova and Shapiro-Wiilk tests recorded p-values greater than 0.05 which implied that the research data was normally distributed and thus the null hypothesis was rejected. The data was therefore considered appropriate and was used to conduct parametric tests such as Pearson’s correlation, regression analysis and analysis of variance. The study revealed that government social cash transfer programs on economic development in Kenya during the study period (2010-2017).
The researcher carried out Pearson product-moment correlation analysis to test whether the study variables were correlated. The study sought to establish the influence of government social cash transfers on economic growth in Kenya. The results revealed that there was a strong positive correlation of ($R=0.721$) between the government social cash transfers variables and economic growth. The result of the study further indicates that the value of the adjusted R-squared was 0.520. This implies that the government social cash transfers variables (orphans and vulnerable children cash transfers, older person’s cash transfers, persons with disabilities cash transfers and inflation rate) can account for 52% of the changes in economic growth.

It was discovered that there was a positive and statistically significant correlation ($r=.920$, $p=.000$) between OVC and OP. The study also found out that there was a positive significant correlation between OVC and PWSD as evidenced by ($r=.903$, $p=.000$) and also a positive significant relationship between OP and PWSD ($r=.813$, $p=.000$). The relationship between the social cash transfers and inflation rates has been negatively significant for OVC, OP and PSWD at $r=-.635$, $r=-.579$, $r=-.786$ respectively with $p<.05$. However the study found a negative significant relationship between social cash transfers and economic growth i.e for OVC, OP and PSWD at $r=-.115$, $r=-.109$, $r=.198$ respectively with $p<.05$. The study also found a negative relationship between inflation rates and GDP at $r=-.236$ $p<.05$. 
5.3 Conclusion

In conclusion, social money exchanges may produce critical economic changes among poor communities, particularly if the sum is sufficiently enough to relieve a portion of the strong liquidity requirements confronting poor families. The investigation looked at the effects of the Kenya OVC, OP and PWSD Cash exchanges somewhere in the range of 2010 and 2017. The two projects focused on poor people, utilizing community based focusing on supplemented with a proxy-means test on account of Malawi. The poor were contacted by the program, particularly with the Kenyan CT program which connected with among the most dejected. Recipient family units in Kenya were observed to be more seasoned, littler however with higher reliance proportion.

The majority of the community-level were randomized and the families in charge and mediation communities, comparative as far as poverty as estimated by family unit consumptions, vary deliberately on different results of interests in Malawi, most likely due to the non-uniform utilization of the focusing on criteria at the network level. The examination planned to research the adequacy of money exchanges which are managed by the service of Ministries of Social Welfare however also to generally wary Ministries of Finance and Economic Development.

While poor economic development is one of the principle fundamental reasons for destitution and hunger, Predictable social exchanges can give a boost to financial development which makes work, raises earnings and accordingly makes an idealistic cycle of neediness decrease. Cash exchanges can be utilized to empower families with low
acquiring influence to take part in local market activity and increase their possibility to provide food for lodging needs. At the point when the market movement goes up, there is an overflow impact on the neighborhood interest for merchandise and enterprises thusly invigorating nearby makers and specialist co-ops to build generation and utilize more individuals. Besides, the more noteworthy buying power in remote rural territories holds the possibility to renew nearby economies. The local showcase 'multiplier' impact can rejuvenate nearby economies even in remote country zones. Repeated the nation over, it can turn into a motor for more extensive financial development.

The moderately little estimation of individual advantages and the way that social exchanges are dispensed all the time (typically month to month) guarantees that such instruments do not create inflation (although this might be where there are serious market supply issues).

All things considered, developed nations dispense far more substantial wholes in social advantages without stimulating inflation. Unsurprising social exchanges move spending power from upper income gatherings to poor people. On the off chance that the poor spend more on labor intensive merchandise, this redistributive impact may expand the interest for work, advancing employment creation. Further advantages to local economies emerge on the grounds that the poor are bound to spend on locally delivered as opposed to imported products.
5.4 Policy Recommendations

Developing nations are described by unavoidable poverty, low future, frail financial development and very skewed wealth dissemination. There is expanding proof that anticipated cash exchanges not only diminish poverty among direct recipients and their families, and enhance wealth circulation, yet in addition that they create financial development inside neighborhood networks.

There are four fundamental financial effects of unsurprising social exchanges: lessening poverty, advancing equity, stimulating development and saving fiscal assets. Taken together, these effects can convert into considerable improvements in the expectations for everyday standards of poor people and most defenseless, in the meantime as creating national financial development. The immediate aim of social exchanges is to lessen poverty through the arrangement of social help to poor people.

Remembering the pervasiveness and seriousness of poverty, an extensive program which conveys even a moderately little exchange can significantly affect the prosperity of the recipients and the predominance of destitution inside the nation. In any case, predictable social exchanges give more than straightforward welfare to poor people. Proof demonstrates that recipients utilize social transfers for a scope of purposes past gathering their quick utilization needs. Transfers gave on a customary and predictable premise enable recipients to oversee hazard better. They diminish recipients' vulnerability to allow them and their need to resort to the offer of advantages. They additionally empower them to
make investments, consequently enhance their employments and remove them from the cycle of poverty.

To address the issues of targeting that would result in errors of inclusion and exclusion, the Ministry should institutionalize the involvement of communities to identify deserving beneficiaries. Similarly the Ministry should embrace an electronic payment system with more security features, using biometric data and two factor authentication.

To further improve the management of the Programmes, the Ministry should has developed a comprehensive Single Registry bearing all the necessary beneficiary details and linked to the National Registration Bureau. This will enhance transparency and accountability as well as reduce wastage of resources.

5.5 Recommendations

In Kenya a larger part of the population is battling with abnormal levels of destitution. The rural zones of Kenya, add to the nation's poverty rates making them adamantly high. Something like 60% of the population in Kenya is living in neediness. Then again, settlements have been picking up force as a source of pay for most developing economies such as Kenya. Settlements have been recognized as a critical piece of the utilization income that is utilized in family utilization consumption and private investment by their beneficiaries.
The expanding role of settlements, particularly their capacity to stay strong amid times of monetary and financial emergencies, has impelled an interest for development specialists who wish to comprehend the nature, potential advancement effect, and policy ramifications of settlement inflows. In Zambia, Remittance inflows have been expanding and keep on rise while poverty rates stay high and diminishing at a marginal rate.

Following the outcome of this investigation that demonstrate a positive effect of social money exchanges settlement on economic development. I suggest that the Government of Kenya makes a situation that will urge and increment CT to the destitute. This should be possible by making and actualizing strategies that favors increment in remittance inflows including low tax collection charged on settlements and viable and low cost of exchanges of these assets.

There is need for the government as well as the private sector to increase its commitment to the noble cause of poverty alleviation in communities. More will be achieved if the fight against poverty is to be tackled from a variety of angles. Poverty should be viewed as a social problem and a threat to the country, thus attracting more players to it. The amount issued is inadequate and needs to be supplemented by other organizations ‘input as well.

5.6 Limitations of the Study
The examination was constrained to information, as the information is acquired only from the KNBS. The decision of the study time frame is subject to information accessibility on settlement income and utilization pay of households in the survey. Because of information
limitations, the examination is limited on the receipt of settlement inflows by the household as opposed to the kind of individual getting the settlements. Further, the information got from KNBS does not separate Internal and global settlements. The figure of settlements comprise both home and worldwide settlements.

The fundamental restriction of this study is the utilization of information that is 10 years old. Therefore, there are conceivable outcomes that it is not illustrative of the present province of affairs. Remittances do exclude non-financial settlements and in-kind settlements which are obtained from the household and universal communities. The consideration of in-kind remittances is essential since it prompts an increasingly exact proportion of the actual CT.
REFERENCES


Daly, H. (2010), Two Meanings of “Economic Growth. Center for the Advancement of a Steady State Economy.


FAO (2012). From Protection to Production: the role of cash transfer programmes infostering broad-based economic development in sub-Saharan Africa. 
http://www.fao.org/fileadmin/user_upload/p2p/Documents/


## APPENDICES

### Appendix I: Data Collection Form

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## Appendix II: Social Cash Transfers Data

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### Appendix III: Growth Rate and Inflation Data

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