EFFECT OF CASH TRANSFERS ON CHILD LABOR AND SCHOOLING IN KENYA

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Declaration

This research paper is my original work and has not been presented for award of a degree in any other university.

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Approval

This research paper has been submitted for examination with our approval as university supervisors.

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Dedication

I dedicate this thesis to my wife, Mary Aroko, and daughter Claire Aroko, who have been a pillar in the course of writing this paper. Your encouragement and inspiration kept me on course. Above all, I dedicate this work to God Almighty for the life, knowledge and wisdom to see me through this thesis to fruition.

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I acknowledge the advice, patience and overwhelming support from my supervisors, Prof. Jane W. K. Mariara and Prof. Leopold P. Mureithi. Your guidance throughout the course of writing this thesis has been immense. I also acknowledge the efforts of my late dad Paul, mum Symphrose, brothers and sisters for their support to see me through my education to this point. I owe it all to you. To my lecturers and teachers, I thank you all for the knowledge you imparted. May God bless the work of your hands.

Abstract

The study analyzed the effect of cash transfers on child labor and schooling in Kenya. The study investigated the role of cash transfers as a social protection tool on the welfare of the orphans and vulnerable children. The study further investigated how these cash transfers affect the work and schooling patterns of the recipients. A sample consisting 200 households living in informal settlements from Kwale district in Kwale County was used. Probit models were estimated to achieve the objectives of the study.

The results of this analysis show that indeed the cash transfer to orphaned and vulnerable children increases school enrollment and participation, which is in line with the government's vision of education for all as well as the MDG goal on universal basic education. The effect on work varied from household to household, depending on which of the income or substitution effects dominates the other. The difference in the prevalence of child labor between the CT-OVC beneficiary and non beneficiary households were marginal.

This paper recommends that the government should consider an upward review of the transfer amounts to households, taking cognizance of the size of each household. The government should also direct considerable effort to adult and civic education as this paper found that the education level of the household heads significantly determined the choice between labor and school for their children.

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Acronyms

AFCIC	Action for Children in Conflict
BDH	Bono de Desarrollo Humano
CCT	Conditional Cash Transfer
CT-OVC	Cash Transfer to Orphaned and Vulnerable Children
EFA	Education for All
FDSE	Free Day Secondary Education
FPE	Free Primary Education
GoK	Government of Kenya
ILO	International Labor Organization
IRIN	Integrated Regional Information Networks
MDG	Millennium Development Goals
MICS	Multiple Indicator Cluster Survey
NGO	Non Governmental Organization
OECD	Organisation for Economic Co-operation and Development
OVC	Orphaned and Vulnerable Children
SIMPOC	Statistical Information and Monitoring Programme on Child Labour
UCT	Unconditional Cash Transfer
UN	United Nations
UNICEF	United Nations Children fund

CHAPTER ONE

1 Introduction

1.1 Background

Child labor, recognized all over the world as a major hindrance to reach the Education for All (EFA) goals, restricts the right of millions of children to access and benefit from education. Many children actively involved in labor are denied their fundamental right to attend school, while those who combine work with schooling are often unable to fully concentrate and profit from the education on offer.

Child labor, without consideration to pathological cases of child abuse and abandonment, exists because it is 'the best' response, if not excuse that people come up with in the face of intolerable circumstances. It is particularly dangerous because it involves the sacrifice of a child's future welfare in exchange for immediate benefit, and is difficult to combat because it involves questions of agency and power within households (Udry 2004).

In most cases, the primary cost of child labor is the associated reduction in investment in their human capital. This occurs chiefly because child labor interferes with schooling. However, not all work by children has this effect. For this reason, this paper defines child labor as the sacrifice of the future welfare of the child in exchange for additional current income (Udry 2004). The benefits to the household of sending a child to work are the wages of that child (or, equivalently, the increased production on the family farm), and the reduced education expenditures from not sending him/her to school. Schooling, for the purposes of this paper, strictly refers to enrolment and attendance as opposed to attainment or performance.

Many economists argue that child labor is a symptom of poverty and that its reduction can most effectively be accomplished through the alleviation of poverty. It is indeed correct that child labor is a symptom of poverty. Rarely do well-off parents sacrifice their children's education by sending them to work. However, child labor is also a cause of future poverty, so direct measures to move children from work into school can make an important contribution to poverty alleviation and to development in general.

According to United Nations Children Fund, UNICEF (2009), universal primary education remains a particular challenge not only in Kenya but in the sub-Saharan Africa region, where 46

million children were out of school in 2007. Yet, the provision of free and compulsory education of good quality up to the minimum age for entering employment has proven a key policy instrument in the fight against child labor (Statistical Information and Monitoring Programme on Child Labour, SIMPOC - 2008). The sub Saharan region, where Kenya lies geographically, also has the highest incidence of child labor in the world with up to 41% of children aged 5 to 14 years involved in the labour market (International Labour Organization, ILO - 2002)

The Republic of Kenya 1998/1999 labour force survey report on working children indicated that 17.4% of children aged 5 to 17 years were reported to have worked within 12 months preceding the survey. It also indicated that the proportion of working children to the total population of children aged 5 to 17 years was significantly higher in the rural (19.7%) than in the urban areas (9.0%) Majority of the working children (78.7%) worked as unpaid family workers in family farms or businesses. About 18.5% of these children reported to have worked for pay, while only 1.6% operated their own businesses. Poverty was found to be the major cause of child labor as 21.3% of the working children were from very poor households, with 27.5% of parents reporting that they released their children for work so as to augment household income (GoK 1999) Going by schooling indicator, child labor in Kenya was estimated at 1.3 million children at the time and this figure is believed to have changed significantly 15 years on.

There has been an overall decline in the number of children laborers worldwide. However, this overall downward trend masks the rising numbers of children engaged in economic activity in sub-Saharan Africa from 2004 to 2008 (ILO, 2010d). The problem of working children continues to grow in the sub-Saharan Africa region, despite the fact that Kenya's future, and by extension Africa's, depends on the survival, protection and development of its children (Andvig, Canagarajah and Kielland, 2001). Bass (2004) and Admassie (2002) also indicated that families in this region would send their children to work instead of school, due to the region's harsh socioeconomic environment. In a World Bank Policy Paper child labor was described as "one of the most devastating consequences of persistent poverty," (Fallon and Tzannatos, 1998). Bass (2004) and Admassie (2002) also found that child labor participation rates are highest in East Africa, Kenya included. Central Africa and West Africa follow in that order. So, is child labor all about poverty? Can children in Kenya be expected to attend school while poverty persists? And how effective can cash transfers, as a social protection tool, be used as a remedy for poverty and other shocks associated with child labor and schooling in Kenya?

This paper followed concepts of social protection as defined by Devereux and Sabates-Wheeler (2004) because it is broader, inclusive of all providers of social protection (formal and informal) and all dimensions of poverty including all initiatives that helps protect the rights of children.

> "Social protection is the set of all initiatives, both formal and informal that provide: social assistance to extremely poor individuals and households; social services to groups who need special care or would otherwise be denied access to basic services; social insurance to protect people against the risks and consequences of livelihood shocks; and social equity to protect people against social risks such as discrimination or abuse". Devereux and Sabates-Wheeler (2004)

Although social protection encompasses both public and private initiatives that address household vulnerability to shocks, what was considered in this paper is social assistance programmes provided by government, community-based organizations and non-governmental organizations specific to cash transfers designed to help orphaned, poor and vulnerable children, CT-OVC.

1.2 An overview of the current socio-economic situation in Kenya

Kenya is generally perceived to have made significant advances towards most of the Millennium Development Goals (MDGs). In comparison to other sub-Saharan African countries, Kenya appears to be making progress in realizing economic and social rights and, significantly, has adopted strong protections for economic and social rights in its 2010 Constitution. But economic gains in the past decade have been unevenly distributed and the country has faced a number of internal and external crises in recent years. While poverty levels have decreased, just under half of the population still lives below the poverty line. Further, sharp geographic and socio-economic disparities in levels of rights enjoyment suggest that the government's duty of equality and non-discrimination is not being met.

The 2005/06 Kenya Integrated Household Budget Survey, (Kenya National Bureau of Statistics, 2007) found that Kenya's urban poverty was at 33.7% and rural poverty at 49.1%, translating to an overall national poverty headcount figure of 46%. 19.1% of this population was categorized

as extremely poor or 'hard-core' poor with the respective levels for urban and rural areas approximated at 8.3% and 21.92% respectively. The Kenya's Social Protection Strategy paper defines an 'extremely poor household' (also referred to as "hard-core poor") as a household whose entire income is below food poverty line (GoK 2012, p.25)

Available data shows that one of the most vulnerable sections of the Kenya population is the orphans and vulnerable children - OVCs (Government of Kenya, 2012 p.6). As a result of rapidly growing numbers within this group, there is an ever growing need and urgency to initiate effective social protection measures to address the problem. The Kenya Social Protection Strategy (2009-2012), which was approved by the government in 2012, demonstrated the country's strong shift in favor of the use of social protection measures to address the plight of the country's most vulnerable groups. The strategy makes the case for this shift pointing out that there were strong and positive links between social protection public expenditures and a country's development of human capital. These positive links include reduction of inequality in a society which eventually reduces social and political tensions. Also included is the promotion of a more robust labor market arising from the fact that people from poor households receiving cash transfers are more likely to look successfully for work compared to poor individuals not receiving such transfers. The other is the empowerment of poor individuals to undertake investment activities.

The government introduced a number of social protection measures aimed at further reduction of poverty, unemployment and inequality. The measures included the launching of Free Primary Education (FPE) in 2003 and Free Day Secondary Education (FDSE) in 2008. This led to a sharp increase in the Government's budgeted resources for special programmes from US$ 390 million in 2002/03 to US$ 637.5 million in 2005/2006 and US$ 1.18 billion in 2006/07 (Allen, K. et al, UNICEF. 2007).

1.3 An overview of Kenya's CT-OVC programme

The Kenya CT-OVC (cash transfer to the orphaned and vulnerable children) is the government's flagship social protection programme which as of June 2010, had reached over 100,000 households and 230,000 OVC across the country. This programme was in response to a concern for the welfare of OVC, particularly AIDS orphans. Alviar and Pearson (2009) noted that there

was a rapid increase in the number of orphaned and vulnerable children in Kenya occasioned by the death of parents especially due to the HIV and AIDS pandemic, a demographic momentum that led to increased numbers of orphans. This has led to an increase in the number of child-headed households as well. An OVC is defined as a household resident between 0 to17 years old with at least one deceased parent, or who is chronically ill, or whose main caregiver is chronically ill (GoK 2011).

The CT-OVC programme was a result of many years' efforts to deal with growing numbers of orphans and vulnerable children (OVC). It started in 2004 on a pre-pilot phase. At the time, the project covered 500 OVC households in the three districts of Kisumu, Garissa and Kwale. Beneficiary households are informed that the care and protection of the resident OVC is their responsibility for receiving the cash payment. The objectives of the pre-pilot phase were to provide lessons on a number of key aspects of the planned programme including setting targets, selection procedures and estimation of implementation costs, among others. By the end of that year, the programme was in place through the initiative of the then Ministry of Home Affairs with funding and technical support by United Nations Children's Fund (UNICEF) (Bryant 2009). The CT-OVC aims to encourage fostering of OVCs and support development of their potential by strengthening the capacity of families to protect and care for them. It also aims to render and mobilize support for community based responses in the care of OVC (GoK 2008a). Procedures used require that beneficiaries are selected via a participatory process involving the Government, financing donors and grass root communities who know the beneficiaries well.

Prior to programme expansion of the CT-OVC in 2007, UNICEF and GoK designed a social experiment to track the impact of the programme on a range of household welfare indicators including child health and schooling and economic productivity. The ethical rationale for the design was that the programme could not expand to all eligible locations at the same time, so locations whose entry would occur later in the expansion cycle could be used as control sites to measure impact (Arnold et al. 2011).

The driving force behind this preference for cash injections to households is attributable to the expected ability of cash transfer programmes to meet the twin objectives of short-term poverty alleviation and human-capital building (UNDP-IPC 2008). When viewed against the 'material impacts' lens, it is hardly surprising that evaluations of the programmes have been

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overwhelmingly positive. A possible explanation is that in the context of functional market systems, impacts on beneficiary communities are significant since recipient families are able to immediately improve their welfare by directly spending the supplementary money on useful goods and services (Arnold et al. 2011). Such favourable assessments have thus led to greater appetite for adoption of cash transfer programmes by countries that have not yet done so and formed the basis for scaling up the existing ones.

1.4   Problem statement

Child labor has for a long time been a hindrance to child education. Any child, the world over, would not be able to engage in labor while at the same time fully benefit from the education on offer. Poverty remains the primary cause of child labor, thereby directly impacting on the education of the Kenyan child. Low income households almost consider it a luxury because the immediate need becomes meeting the most basic needs such as food. Orphans and vulnerable children are then left with no choice but to work in order to be able to afford food for their families, some of which they head. This responsibility, unfortunately, comes at a young age for them.

According to OECD (2009), social protection includes policies and actions which enhance the capacity of poor and vulnerable people to escape from poverty and better manage risks and shocks. Cash transfers, in that perspective, are direct, regular and predictable non-contributory payments that raise and smooth incomes with the objective of reducing poverty and vulnerability. Poverty and vulnerability have multi-dimensional aspects, research on which has made an important contribution to the development of cash transfers. Poor and near-poor households in low- and middle-income countries face risks such as crop failure, natural disaster, illness, accident, employment failure etc. These make it harder, and often impossible, to improve and sustain their standard of living over the long term. There is an established body of evidence to show that the poor are rarely able to insure themselves against such shocks and as a result cope with these shocks by selling productive assets, taking children out of school, and reducing nutritional intake (Chambers, 1989). This vulnerability affects both the non-poor, who are vulnerable to falling below the poverty line, as well as those already in poverty, who are vulnerable to falling into ever deeper destitution and chronic poverty.

Evidence of poverty and vulnerability is shown by the continued increase of street families in the major urban areas and towns in Kenya (IRIN 2003, AFCIC 2009) with very young children having to brave and get hardened by the very difficult and risky street life of begging, while others engage in criminal activities after being forced out of school. Others, who understand the importance of education, have to attend school during the day and after school proceed to the streets to either beg for petty cash or sell things such as ground nuts to passersby until very late in to the night and then brave the cold on foot to cover long distances home (Droz 2006) In the rural areas, children are often seen working in quarries and mining sites, oblivious of the risks they pose.

Cash transfers as a form of social protection, is brought about by the need to bail out the poor and the vulnerable, and would thus be very successful with the correct approach and targeting here in Kenya. It allows both poor and vulnerable families to send their children to school as opposed to sending them to work, which to them would be the 'logical option', otherwise to earn that extra shilling they so badly need.

Introduced in 2004, the Cash Transfer for Orphans and Vulnerable children (CT-OVC) in Kenya is an unconditional cash transfer (UCT) programme implemented by the government and supported by a number of donors, and is still a relatively new social protection concept in Kenya, unlike in South America where CT has been used extensively and successfully for SP. It forms a key aspect of the Kenya National Social Protection Policy (2011) which provides for basic rights to health, education and decent livelihood.

Studies on social protection in the Kenyan context, such as Omiti and Nyanamba (2007), Irungu, Ndirangu and Omiti (2009), have related several forms of social protection to economic growth or development in a general sense. Education and labor are pillars of growth and development, yet they have not been given a major focus. Education is key in the development of human capital and it is therefore imperative that the education of the Kenyan child – orphaned, vulnerable or otherwise - is given focus. This study extends the study by Kabubo-Mariara and Kiriti-Ng'ang'a (2013) to investigate the effect of cash transfers on child labor and schooling in Kwale district, Kenya. The paper attempts to answer two research questions:

  i.   What is the effect of cash transfers on child labor?
  ii. What is the effect of cash transfers on child schooling?

1.5   Objectives of the study

The general objective is to investigate the relationship between cash transfers and child labor and schooling in poor and vulnerable households in Kenya.

The specific objectives are:

   i.   Analyze the effects of cash transfers on child labor.

   ii.   Analyze the effects of cash transfers on child schooling.

  iii.   Recommend policies for enhancing child schooling and reducing child labor through social protection.

1.6   Justification of the study

An analysis of the Multiple Indicator Cluster Survey (2009) indicates that the coastal region of Kenya is one of the most hard-hit with incidents of child labor and low school attendance owing to the high poverty levels that traverses the region. It is also one of the regions in the country where the government of Kenya and other local and international humanitarian organizations have used cash transfers as a social protection tool to help households ease the shocks that low income, and by extension poverty, brings about to these vulnerable families.

This study provides insights to the stakeholders in child labor eradication as well as the stakeholders in cash transfer programmes in Kenya, since the results of its analysis of the relationship between child labor and schooling, and cash transfers as a policy intervention would assist them to determine the optimal adjustment of the transfer amounts and determine whether their objectives on the social wellbeing of the people they are meant to assist are attained.

 As the most promising cash transfer programme in Kenya, CT-OVC represents an opportunity for engaging with, and identifying the range of possible social impacts as a necessary step towards better formulation, implementation and evaluation of social protection policies which would help in reduction and if possible eradicate child labor in the society. It would also allow the vulnerable households to send their children to school.

Over and above contributing to child labor, child schooling and cash transfer literature, this study would also be an eye opener for further research with a view to making cash transfer programmes more efficient and integral in formulating policies that would help in the eradication

of child labor while at the same time enhancing school attendance among the vulnerable children for growth and development.

CHAPTER TWO

2 Literature review

2.1 Introduction

This section focuses on the theoretical review and empirical review of the literature. A lot of research has been carried out to determine the root causes of child labor. The World Bank, UNICEF and ILO have funded a number of studies, which have come up with findings that indicate a number of factors. Poverty, among others, is indicated as one of the major factors which contribute to child labor. The literature review thus focuses on the theory that this study shall be anchored upon, reasons why other authors conducted their studies, the research methodology that was used, and the conclusion(s) drawn from their findings.

2.2 Theoretical literature review

The theoretical case for cash transfers is based on the assumption that individuals can be trusted and empowered to make effective use of resources available to them to improve their living standards (Ressler 2008). Despite the fact that poverty is multidimensional, low and variable income is central to the problem. Modest but reliable flows of income from cash transfers help households to smooth consumption, enabling them to sustain spending on food, school and healthcare. Barrientos and Hulme (2008) describe as a 'quiet revolution,' the movement of cash transfers from the margins of development policy towards the mainstream in a number of global regions over the past fifteen years.

Well-designed and implemented cash transfer programmes can have a significant impact on chronic poverty and vulnerability by helping poor men and women to benefit from and contribute to growth (Chambers 1989 and Dercon 2005). Cash transfers can also help poor households overcome cost barriers that constrain their access to essential public services. This is especially critical when households undergo unusually tough economic times as it cushions them against further vulnerability, for instance disposal of assets or plunging into debt (Arnold et al. 2011).

Micro simulation modeling using the household survey data in Mexico estimates that the Progresa/Oportunidades programme reduced poverty gap by approximately 20 percent from 8.5 to 6.8 (Fiszbein and Schady 2009) whereas the child support grant in South Africa reduced the poverty gap by 47 percent, with the comprehensive system of cash grants estimated to reduce the country's Gini coefficient by three percentage points (Samson et al., 2004).

Edmonds and Schady (2009) found that increases in income could result in declines in child labor. Increases in income, including cash transfer income, could reduce the need for child labor for household self-insurance (Beegle, Dehejia, and Gatti 2006; de Janvry et al. 2006). Food, nutrition, books, pencils, notebooks, and transportation could potentially become more available with increases in income, and could increase the relative return to time in school. Beegle et al (2006) found that household income shocks were significantly related to the use of child labor. Higher income can affect changes in productivity in household based work. For example, income may induce families to specialize more, as the quality of products purchased in market may dominate the quality of products manufactured at home (Edmonds and Pavcnik 2006). That is, higher income may induce a decline in productivity in home production with implications for paid employment and schooling. Alternatively, additional income could increase productivity inside the household if it facilitates the accumulation of working capital that is complementary to child labor (Basu, Das, and Dutta 2010). The result might be less paid employment but more employment within the household.

Recent literature points out that child labor may vary depending on households' ability to respond to unexpected income shocks (Guarcello et al. 2003, Duryea et al. 2003, Beegle et al. 2006, Jacoby and Skoufias, 1997; Jensen, 2000). Households that lack formal credit and insurance markets can increase the intensity of child labor to buffer the effects of negative economic shocks, very much like they can do with sales of assets, running down savings and informal social networks of transfers and loans. Child labor allows households to partially offset income loss directly - through child wage income - or indirectly by freeing up adult labor from household work or chores. According to this hypothesis, all else equal, increases in child labor incidence and/or intensity should be associated with households that have experienced such negative economic shocks. To reduce the negative impact of economic shocks on children, government and non-government organizations including donor groups develop social

protection programs such conditional and unconditional cash transfer to the poor (Farrington and Slater, 2006).

Baland and Robinson (BR 2000) developed a theoretical framework, which emphasizes child labor explicitly with a single household decision-maker (a parent) making child labor and schooling decisions after making other household income decisions. In the model, they assume the existence of a trade-off between child labor and accumulation of human capital. They show that if savings and bequests do not equal zero, the household chooses child labor so that cost in foregone consumption today of decreasing child labor exactly equals the return to the child of foregoing child labor.

The argument is that child labor is privately efficient. However, if bequests are zero, the return to not-working is greater than the household's cost of not having the child work. Here, child labor is inefficiently high. Without bequests, children cannot compensate parents for the foregone consumption that comes from decreasing child labor. Likewise, if savings are zero, the household's marginal utility of consumption in the first period is greater than the marginal utility the household attains from increasing child well-being, and child labor is inefficiently high.

Becker (1965) concluded that a pure rise in income reduces hours of work, from labor-leisure analysis. Thus, with increased income from the social protection front through cash transfers, parents would be compelled to engage their children in more 'leisure-like' activities such as schooling and increasingly pull their children out of work, especially in instances where they relied on the child to supplement the income and subsistence of the household through paid labor.

In conclusion, therefore, child labor and child's school participation are the result of household decisions that are to a large extent influenced by poverty. These decisions could be altered to the child's advantage through regular and sufficient cash transfers to the poor households. The transfers when added to the household income should, at least, equal the household subsistence level as argued by Basu and Van (1998) so that household heads do not have a reason to send their children to work, but instead send them to school.

2.3   Empirical literature review

Several studies have analyzed the negative relationship between child labor and household income. Basu and Van (1998) reveal the "luxury axiom," indicating that households will only allow their children to work if and only if they are unable to meet their basic needs. They explain that beyond subsistence, families always opt to keep children out of work. (The luxury axiom is just a particular characterization of preferences.) The often mentioned cause of child labor is poverty. Thus, raising parents' income would allow them not to send their children to the labor market (López-Calva, 2001). Without this income, parents use child labor to tradeoff higher current income against lower future child income as it reduces children's human capital development.

Basu and Van (1998), in a multiple equilibriums model, stress an alternative mechanism in which child labor is both a cause and a consequence of poverty: in a "good" equilibrium, when market wages are high, parents choose not to send their children to work; whereas in a "bad" equilibrium, when wages are low and families are poor, parents send their children into the labor force (Kruger et al, 2007). Dessy (2000) finds that there is a critical level of adult wages below which child labor is supplied. Edmonds (2005) argues that with diminishing marginal utility of income, the value of the marginal contribution of the child's income decreases. He notes that an important part of the child's economic contribution to the family, sometimes, might be through not attending school if direct and indirect schooling costs are high.

Edmonds and Schady (2011) discussed the relationship between current family economic status and child labor in poor countries. This was basically to examine whether current economic status influences the decision to send children to work. Understanding economic influences on child time allocation is important for the political economy of child labor regulation and the design of child labor policy (Doepke and Zilibotti 2005). Doepke and Zilibotti (2005) examined child time allocation responses to experimental variation in a cash transfer programme in Ecuador where poor women with children were selected at random for an unconditional Bono de Desarrollo Humano (BDH) cash transfer equivalent to 7 percent of monthly expenditures, which translated to $15 per household per month. The transfer was greater than the increase in schooling costs at the end of primary school, but less than 20 percent of median child labor earnings in the labor market. They found out that poor families with children in school at the time of the award used the extra income to postpone the child's entry into the labor force. The students in families

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induced to take-up the cash transfer by the experiment reduced their involvement in paid employment by 78 percent and unpaid economic activity inside their home by 32 percent. These declines in economic activity were accompanied by an increase in time in unpaid household services, but overall time spent working declined. Interestingly, they found that child labor declines with the Bono de Desarrollo Humano even though the size of the transfer is less than foregone child labor earnings. Fewer than 2 percent of children in paid employment reported earning less than $15 a month and median earnings were $80 per child per month. They argued that the rigidities in hours in paid employment and in the length of the school day explained why paid employment declined despite the fact that the transfer did not cover foregone earnings.

Attanasio et al. (2008) studied the effects of Familias en Accion, a conditional cash transfer programme implemented in rural areas in Colombia since 2002, on school enrollment and child labor. They found that the programme increased school participation of 14 to 17 year old children quite substantially by between 5 and 7 percentage points though it had lower effects on enrollment of younger children by between 1 to 3 percentage points. In terms of work, the effects are generally largest for younger children whose participation in domestic work decreased by around 10 to 12 percentage points after the programme but whose participation in income-generating work remained largely unaffected by the programme. The authors also found evidence of school and work time not being fully substitutable, suggesting that some, but not all, of the increased time at school may be drawn from children's leisure time.

Significant positive impact on education indicators have been found to occur with both CCTs and UCTs (Fiszbein and Schady 2009). In Pakistan, a 2008 World Bank assessment on the impact of the female school stipend programme on public school enrolments in Punjab showed that the Punjab Education Sector Reform Program increased enrolment rates for girls aged between 10-14 years by 11 percentage points from a baseline of 29 percent (Chaudhury 2008).

de Janvry et al (2007) studied the empirical effects of a conditional cash transfer programme on school enrollment and performance in Mexico. They found that the programme had always a positive impact on school continuation, whereas for performance, it had a positive impact at primary school but a negative one at secondary school. This is a possible consequence of disincentives due to the programme termination after the third year of secondary school. Using panel data from the Progresa experience with randomized treatment, they show that short term

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shocks that take children out of school will consequently have long term consequences on their educational achievements. Idiosyncratic and covariate shocks pushed parents to take children out of school and to use child labor as risk coping instruments. Consequently they show that the conditional cash transfer help protect children from these shocks. They conclude that short-term decisions aftershocks can have long-term consequences for the children since it is very difficult to bring back to school a child who has dropped out in order to engage in work activities. Skoufias and Di Maro (2008) also found that this Mexico's Progresa programme could influence work incentives of adults, both programme participants and non-participants, which could lead to substantial reductions in poverty levels.

Malawi's social cash transfer programme shows that targeting households with children led to an increase in school enrolment of 5 percentage points among children aged 6 to 17 years. Targeting households with orphans yielded an increase of 4.2 points. (Handa and Stewart 2008; Hailu and Soares 2008). This impact evaluation from Malawi compared a control group with a group that received the transfer with conditions, and a group that received the transfer without conditions. It found that conditioned and unconditioned transfers resulted in the same gains, that is, lower dropouts and higher enrolment, with no additional incremental gain due to conditionality.

Soares et al. (2008) point out that the Paraguay's CCT programme, Tekoporã, has encouraged children to attend school, but time spent at school is complemented by time spent working. In Brazil, participants in the Bolsa Familia programme are 20 percent less likely than comparable children in non-participant households to have a one day absence from school in any given month. They are 63 percent less likely to drop out of school and 24 percent more likely to advance an additional year (Veras et al. 2007)

Barrientos and Sabates-Wheeler (2006) find that the benefits of Progresa/Oportunidades spilled over to non‑eligible households, resulting in positive consumption effects in both included and ineligible households in programme areas. Devereux and Sabates-Wheeler (2010) confirm that cash transfers enable higher levels of income growth, livestock accumulation and self-reported food security.

Ribas et al. (2008) analyzed the case of Tekopora in Paragauy, involving child labour, its relationship with school attendance, and the intra-household decisions concerning labour supply within the framework of the impact evaluation of a CCT programme. They concluded that child

characteristics such as birth order, age, etc had a relationship with child labor, especially if the decision is not jointly taken with the parents. They also argue that most of households, as well as some policymakers, believe that early labor is an important part of child development in some countries. Taking age for instance, it is expected that older children would be more engaged in labor activities (thus the positive sign) as opposed to the young ones. Because older children are involved more in labor activities, there is little or no time at all, left for school and vice versa.

Ravallion and Wodon's (2000) model tries to explain why a cash transfer may increase schooling, but not necessarily affect child labor. They test their model using data from Bangladesh's Food-for-Education programme and conclude that child labour substitutes for schooling but just a small proportion, arguing that this could be so because incentives are not sufficient to substantially affect the household decision making process. A stipend with a value considerably less than the mean child wage was enough to ensure nearly full school attendance among participants. The enrollment subsidy also reduced the incidence of child labor, an effect that accounted for only a small proportion of the increase in school enrollment. They argue that the increase could come at the cost of less leisure instead of less working.

In their study, Velásquez-Castellanos, Stiftung and Rahut (2006) found that Bolivian households increased their working days, used their savings, engaged in barter trade, sold their animals, and sought help from NGOs in order to cope with shortfalls in their income. They also found that households with higher education levels were less likely to use their savings or even sell their animals when faced with shocks. According to the study, gender of household head, household size, and rural residence also influenced the choice of coping mechanism.

Woldehanna (2009) studied the impacts of Productive Safety Net Program (PSNP) and Agricultural Extension Program (AEP) on time use between work and schooling as well as highest grade completed by 12 years old children in rural and urban Ethiopia. He found that public work programs (PWP) in rural areas increased child work for pay, reduced children's time spent on child care and household chores. They also increased girls spending on studying. The direct support programme (DSP) in rural and urban areas reduced time children spent on paid and unpaid work, and increased the highest grade completed by boys in urban areas. Agricultural extension programs (AEP) in rural areas was effective in reducing child work for pay and total work, increased time girls spent on schooling and highest grade completed by girls.

Kabubo-Mariara and Kiriti-Ng'ang'a (2013) found that social protection in the form of the Orphans and Vulnerable Children Cash Transfer and the Old Persons' Cash Transfer programmes reduced the probability of experiencing natural and economic shocks by the households. Cash transfers and informal social protection also played a significant role both in enterprise development and the promotion of enterprises that were owned or operated by women. Cash transfers favoured asset accumulation by women and enhanced children's school enrolment and attendance. The other factors that influenced household and individual welfare outcomes were urban residence and the gender, level of education, and age of the household head. Overall, the results show that cash transfers impact on standards of living and provide poor and vulnerable households with basic needs (food, health, and education).

Different studies also support the general proposition that basic education may work as the most effective tool in reducing child labour in developing countries (Fyfe 1988, 1989; Crawford 1994; Boyden 1994; ILO 1996a, 1996b, 1998; Anker & Melkas 1996; Psacharopoulos 1997 cited in Hazarkia and Bedi 2002; Lieten 2000a, 2000b).

2.4 Overview of literature

Available literatures have consistently showed that both conditional and unconditional cash transfers tend to improve school enrolments and attendance. However, decades of intensive studies have produced inconclusive results with regard to the effects of cash transfers on child labor. Some have showed a positive relationship between the two, some a negative relationship while others reveal no relationship at all as already discussed in the chapter.

Cash transfers to the poor and vulnerable families have largely been found to be spent on food. The literature reviewed suggests that cash transfers are associated with several benefits including increased household income, reduction of poverty, and increased access to food. The literature further suggests that despite the numerous benefits, cash transfer programmes are associated with certain shortcomings relating to the design, implementation and monitoring, thereby failing to align the programme outcomes to government's goal of eradication of child labor and the MDG goal on universal basic education. Conditions based on the uptake of such social services as education/schooling aim at changing behavior or creating productive infrastructure to facilitate sustainable exits from poverty (Devereux and Sabates-Wheeler, 2010)

In the Kenyan context, there are very little literature that relates cash transfers and their effects on child labor and schooling, a part from a few like Kabubo-Mariara and Kiriti-Ng'ang'a (2013) which investigates social protection and education. This study contributes to the literature by investigating the effect of cash transfers on child labor and schooling so as to draw key lessons for future cash transfer programming, strategy and policy.

3   Methodology

3.1   Introduction

This section identifies the procedures and techniques used in the collection, processing and analysis of data. The model specification which spells out the nature of the model as well as the study design and data collection; the definition and measurement of variables where the independent variables as well as their expected signs together with relevant empirical studies are illustrated; data types and sources subsection will give a description of the data to be used as well as the source of such data, including the limitations of using such data. The final sub-section will detail the limitations of the study.

3.2   Theoretical framework

The economic categorizations of goods relate consumption of a good with an individual's level of income. An individual increases the consumption of a normal good as his/her income increases. By considering education as a normal good, as the family income increases, so does the demand for education. Thus if the income effect of the programme dominates the substitution effect, it reduces child work and enhances time spent on schooling and study. In contrast if the substitution effect dominates the income effect of a household that participates in the CT-OVC programmes, they increase time spent on work and reduce time spent on schooling. The relative strength of substitution and income effects depends on the preference of household (indifference curve) for other good and schooling given their budget constraint, opportunity cost of children and other household members' time, and substitutability of adult labor by child labor or vice versa (Woldehanna, 2009)

To illustrate the income and substitution effects and how they lead to a household decision on whether to take a child to school or to work, consider Figure 3.1 and Figure 3.2, adopted from Woldehanna (2009). The vertical axis represents the quantity of other goods (denoted by X) available for consumption in the household. The horizontal axis represents time spent on schooling, study and leisure (denoted by S).

Assume that M is the total amount of budget available for the household for spending on X and S. The budget equation is thus given by

$$P_x X + P_s S = M$$

Where P_x is price of other goods, P_s is the cost of children time including direct cost of schooling and P_s/P_x the slope of the line. The total time available for children is line OT which can be used for working (W) and schooling (S). Child work is measured by T-S, schooling is measured by O-S. From the above equation, and making X the subject;

$$X = \frac{M}{P_x} - \frac{P_s}{P_x} S .$$

At a point where T-S=TL=0, S=T and child devotes his full time for schooling.

When a child spends his time both working and schooling, the household faces a budget line with negative slope representing child wages equal to P_s/P_x, indicating a tradeoff between consumption of other goods and schooling or work. The initial optimal allocation of children's time between work and schooling will be determined by the tangency of indifference curve and budget line, that is, at point A, where OS_1 unit of time is allocated for schooling and TL_1 units of time is allocated for work.

Following Woldehanna (2009) a case where income effect dominates the substitution effect is demonstrated. Initially the household is at point A, where the indifference curve is tangent to the budget line. When a household receives a cash transfer, the budget available for the household increases from M to M'. Assuming the opportunity cost of time does not change, the equilibrium point moves from point A to point B, where child labor declines from TL_1 to TL_2 and schooling time increases from OL_1 to OL_2 due to income effect. However, the household faces steeper budget line (line M'P) indicating an increase in the opportunity cost of using child time for schooling. As a result the final optimal allocation of child's time is at point C, where child labor increases to TL_3 and schooling time decreases to OS_1 due to substitution effect. Since the income effect dominates the substitution effect, child labor declines from TL_1 to TL_3 and schooling time increases from OS_1 to OS_2.
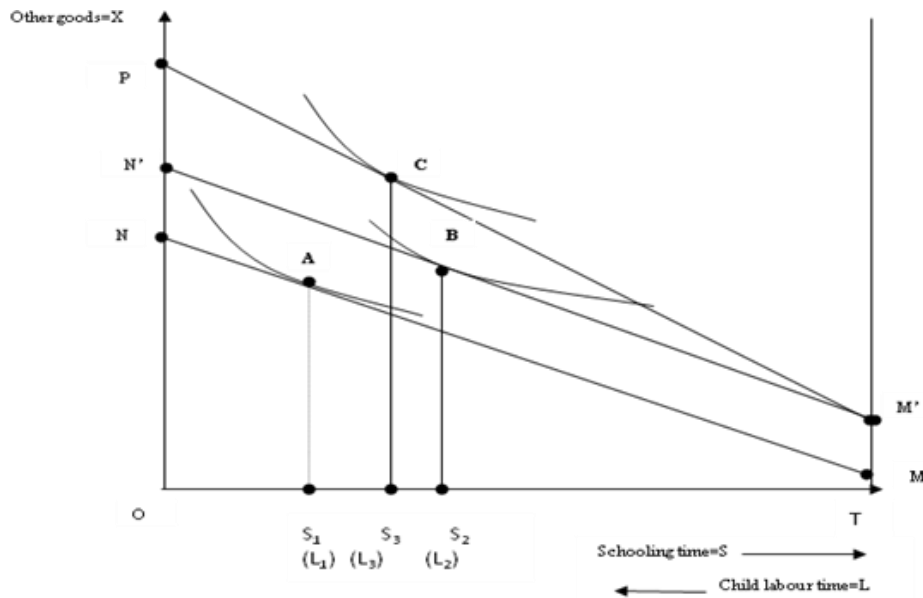
Figure 3.1 - Effects of cash transfer to a household on child work and schooling time (income effect dominates substitution effect)

Source: Woldehanna (2009)

Another scenario is a case where substitution effect dominates income effect as illustrated by Woldehanna (2009) in figure 3.2. Assume the household budget constraint before participation in the cash transfer programme is line MN, the initial equilibrium will be at point A, where the indifference curve is tangent to the budget line. When a household receives a cash transfer, the household's budget constraint shifts and then tilts upward and the new budget constraint is line PM'. Due to income effect, child labor declines from OL_1 to OL_2, and schooling increases from OS_1 to OS_2. Due to the substitution effect, child labor increases from OL_2 to OL_3, and schooling time declines from OS_2 to OS_3. Since the substitution effect dominates the income effect, the net effect is that child labor increases from OL_1 to OL_3, and schooling time declines from OS_1 to OS_3 at the final optimal point, C. (Point **D** shows the level of transfer required for households to voluntarily allocate child's full time for schooling and studying.)
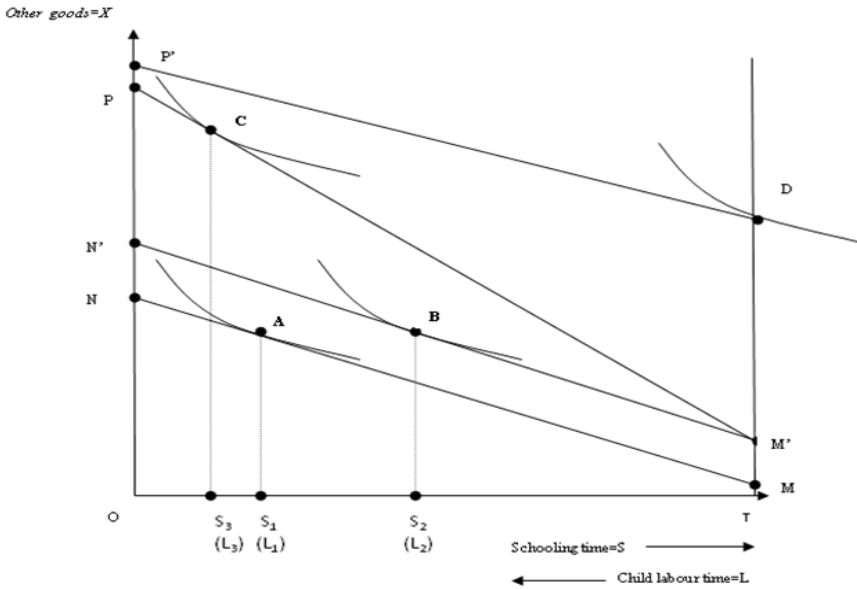
Figure 3.2 - Effect of cash transfer programmes on child labor and schooling time (substitution effect outweighs income effect)

Source: Woldehanna (2009)

3.3 Model specification

The following empirical model was used to test for the effect of cash transfers on child labor and schooling. This method was employed by Devereux and Sabates-Wheeler (2010) and also by Beegle et al (2006). The dependent variables in the model were adopted from discussions in Ribas et al (2008), Velásquez-Castellanos, Stiftung and Rahut (2006), Kabubo-Mariara and Kiriti-Ng'ang'a (2013) and Devereux and Sabates-Wheeler (2010).

Two binary probit models for child labor and child schooling will be estimated and the model will take the following functional model.

$$Y = f(X_1, X_2, X_3, \mu) \ ..... \ (i)$$
$$Z = f(X_1, X_2, X_3, \mu) \ ...... \ (ii)$$

Where,

- o Y is child labor, Z is child schooling.
- o X_1 is the child characteristics.
- o X_2 is the household characteristics.
- o X_3 is the social protection intervention through cash transfers, and is a dummy variable.

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o μ is the vector of any individual, household or community specific unobservable characteristics that may affect child's activity, which will be assumed to be independently, identically distributed with a mean equal to zero and variance of sigma squared.

3.4   Definition and measurement of variables

Table 3.1: Definition and measurement of variables

Variable	Measurement	Expected sign and literature source
X_1 (Child Characteristics)	Birth order (order of birth from firstborn to lastborn)	It is expected that the sign will be positive for child labor, and negative for child schooling. (Ribas et al. 2008 - First-born children are more likely to work because they are older than their brothers.)
	Sex (1 if male, 0 otherwise)	Boys are more likely to participate in labor than girls, a proportion almost three times that of girls. (Ribas et al 2008)
	Age (No. of completed years at last birthday)	Child work engagement increases with age – Edmonds (2007)
X_2 (Household Characteristics)	Income of the household (total amount of money from all household members in KShs.)	Negative sign is expected for child labor - Basu & Van (1998), Edmonds (2005), Lopez- Calva (2001), Edmonds & Schady (2011) Positive sign expected for child schooling – Doepke & Zilibotti (2005),
	Household size (total number of adults and children living in the household)	The bigger the household size, the more higher the incidences of child labor and school dropouts - Velásquez-Castellanos, Stiftung and Rahut (2006)

	Education level of household head (number of completed years of schooling)	Highly educated household heads are more likely to send their children to school and vice versa - Kabubo-Mariara and Kiriti-Ng'ang'a (2013), Velásquez-Castellanos, Stiftung and Rahut (2006)
X_3 (Cash Transfer)	Cash transfer (1, if recipient, 0, otherwise)	Not certain for child labor in rural areas, yet negative for urban areas - Attanasio et al. (2008), Ravallion and Wodon (2000) found a negative relationship, whereas Soares et al. (2008) found a positive relationship Positive for child schooling - Attanasio et al. (2008), Ravallion and Wodon (2000), Soares et al. (2008), Fiszbein and Schady (2009), Chaudhury (2008), de Janvry et al (2007), Handa and Stewart (2008), Hailu and Soares (2008), Veras et al. (2007).

3.5 Data types and sources

This study relied on primary data for quantitative and qualitative analysis. The data used was primary data collected from 200 households living in informal settlements in Kwale district. Kwale was one of the pilot areas for the CT-OVC programme. 100 of the households were beneficiaries of cash transfers while the remaining 100 households were not.

A fieldwork was conducted to gather the sample data necessary for the regression analysis. A stratified random sampling method was employed to ensure complete representation of the population in these informal settlements. Recipients were categorized into three strata comprising orphaned households, single parent households as well as households only regarded as vulnerable.

3.5.1   Sample size: Justification

This study applied a 95% confidence level which corresponds to a Z-score of 1.96, with a confidence interval of 5%. A standard deviation of 0.5 was assumed as it is considered balanced and so would ensure the sample size is large enough.

The sample size was computed following Magnani (1997) and Hoey & Goetschalckx (2010) as follows,

Sample size, n = {(Z-score)^2 * standard deviation(1-standard deviation)}/(confidence interval)^2

$$= \{1.96^2 * (0.5*0.5)\}/0.05^2$$
$$= (3.8416 * 0.25) / 0.0025$$
$$= 0.9604 / 0.0025$$
$$= 384.16$$
$$= 384 \text{ respondents.}$$

However, due to logistical and financial constraints, it was deemed appropriate to scale down the sample size to 200 respondents to fit the available logistical and financial budget. This was also mainly due to the homogenous nature of the demographic characteristics of the respondents and so the sample size would still enable the researcher achieve his research objectives.

4 Research findings

4.1 Introduction

This section analyzes, presents, interprets and discusses information collected from the respondents during the field work. The analysis is divided into three sections. 4.2 presents a detailed descriptive analysis of the data, 4.3 presents the effect of cash transfer on child labor and 4.4 the effect of cash transfer on child schooling.

4.2 Descriptive analysis

4.2.1 Response rate

The study is based on a sample of 200 households. 100 of these were beneficiaries of the CT-OVC programme whereas the other 100 were not. 87.5% response rate was realized. Table 4.1 below illustrates.

Table 4.1: Household response rate

Type of household	Surveys given out	Surveys received	Surveys used for the study
With cash transfer	100	89	86
Without cash transfer	100	86	86
Total	200	175	172

Source: Author's construction based on survey data

Three out of the 89 responses from beneficiary households were returned with the questionnaires mutilated or soaked hence could not be relied upon for accuracy. The study therefore considered the 86 responses from each of the household types.

4.2.2 Categories of households

The respondent households were classified into three categories. There were households with children living with both parents, those with children living with a single parent and the households with orphans, with a majority living with their grandparents. On average, each household had 4 children with about 30% of children having one parent deceased or having been abandoned by the other parent, 23% of the children orphaned and therefore living with a guardian or a relative who in most cases were the grandparents, and about 47% of the children living with both parents (table 4.2)

Table 4.2: Child status by number of children

Status of children	Number of children	Percentage
Children with both parents	322	47
Children with single parents	208	30
Orphans	158	23
Total	688	100

Source: Author's construction based on survey data

4.2.3 Age and gender of children

The children in the households aged between 5 and 18 years were categorized into two as per the table below. The total number of children in the sample households was 688.

Table 4.3: Age and gender of children

Age in years	Male children	Female children	Total children	Beneficiary households	Non-beneficiary households	Total households
5-11	291 (69%)	132 (31%)	423	56 (65%)	49 (56%)	105
12-18	99 (37%)	166 (63%)	265	30 (35%)	37 (44%)	67
Total	390	298	688	86	86	172

Source: Author's construction based on survey data

Out of the 172 households, boys outnumbered girls at 390 to 298 respectively. But when analysis is done for the respective age groups, from age 5-11 years, boys are more than girls but the figure for boys thins out in the age bracket of 12-18 years. Again, both beneficiary and non-beneficiary households seem to have more 5-11 year old children.

4.2.4 Education level of household head

Literacy levels, especially among adults, has a great influence on school attendance since educated parents or guardians who value education are likely to enroll their children in schools.

Table 4.4: Household head's level of education

Level of education	CT-OVC beneficiary households	CT-OVC non-beneficiary households	Total
CPE/KCPE	60	19	79
KCE/KCSE	13	60	73
Certificate	0	4	4
Diploma	0	2	2
Degree	0	1	1
None	13	0	13
Total	86	86	172

Source: Author's construction based on survey data

Table 4.4 shows that majority of household heads are CPE/KCPE holders at 46% followed by those with KCE/KCSE and no education at 43% and 7% respectively. The certificate, diploma and degree holders rank very low in number at 2%, 1% and 1% respectively. This study found as true the assertion that households with higher education levels were less likely to use their children for labor in order to earn extra income. Majority of the children who engaged in labor for additional household income were from households whose heads either had no education at all (92%) or were CPE/KCPE holders (92%) compared to KCE/KCPE holders (82%). As observed by Kabubo-Mariara and Kiriti-Ng'ang'a (2013) and Velásquez-Castellanos et al. (2006), highly educated household heads are more likely to send their children to school.

4.2.5 Occupation of household heads

Occupation of the household heads to some extent determines the extent to which children attend school or are involved in child labor. This study found that households whose heads were casual laborers, and who were the majority, had more of their children in labor despite being beneficiaries of the CT-OVC programme. This perhaps was due to the fact that casual labor fetches low income and is more of luck than a guarantee to get as the supply of casual labor

outweighs its demand. Child labor income thus helped to supplement parent's or guardian's income. Many children from these households therefore resorted to working besides attending school in order to supplement the household's incomes.

Table 4.5: Household head's occupation

Occupation	Beneficiary households	Non-beneficiary households	Total	Percentage
Casual labor	55	47	102	59.3
Farming	15	7	22	12.8
General business	4	11	15	8.7
Employed	0	10	10	5.8
Help around the house	5	6	11	6.4
Others	0	5	5	2.9
None	7	0	7	4.1
Total	86	86	172	100.0

Source: Author's construction based on survey data

Table 4.5 above shows that at the time of the survey, most households in Kwale were casual laborers at 59% (102) followed by farming at 13% (22) and general businesses at 9% (15). It appears that livestock production is almost nonexistent in Kwale. Parents or guardians should therefore be empowered to increase their incomes to reduce dependence on the cash transfers. One way is to encourage urban farming and livestock production. Although modest but reliable flows of income from cash transfers help households to smooth consumption (see Ressler, 2008), Barrientos and Hulme (2008), diversified sources of income should be encouraged as the cash transfers may not be sustainable due to budgetary constraints and lack of political goodwill.

4.3   Effect of cash transfer on child labor

Despite being beneficiaries of the CT-OVC programme, several households, especially those with inconsistent income flows were found to still send their children for paid labor. In fact, only 44 of the sampled children did not engage in any form of labor. Even those who fetched firewood and water did so for the household uses, and in some cases fetch more in order to sell to neighbors as well as other households.

4.3.1 Prevalence of child labor by type of work

Table 4.6 below shows that child labor is still a major problem in Kwale despite the fact that cash transfers exist in addition to support from NGOs and churches. About 37% of the children help with household chores within the family as well as other households not within the informal settlements. 31% of the children are involved in fetching firewood and water, both for family use and for sale, on average 3 hrs per day. Of greater concern is that 15% of the children were constantly employed out of the family for pay, others accompanying their parents/guardians to look for casual labor in the nearby homes adjacent to the informal settlements. Most parents had an informal agreement with households not within the informal settlements to have their children employed for pay for such activities as livestock herding, selling grocery in shops, helping around the house etc. 11% helped in very small scale family groceries which were mainly geared towards selling groceries such as onions, repackaged cooking fat, sugar etc to the informal settlement inhabitants in small scale shops. Only 6% of the sampled children were found not to have engaged in any form of labor and thus had more time to concentrate on school and their studies when at home.

Table 4.6: Prevalence of child labor

Type of work	Children from CT-OVC beneficiary households	Children from CT-OVC non beneficiary households	Total number of children	Average No. of labor hours per day
Working in family business	32	44	76 (11%)	4
Employed outside family	23	83	106 (15%)	8
Helping with household chores	159	93	252 (37%)	4
Fetching firewood and water	97	113	210 (31%)	3
Not working	20	24	44 (6%)	0
Total	331	357	688 (100%)	

Source: Author's construction based on survey data

From table 4.7 above, 106 children work full time outside the family for pay, in cash or in kind. All these children were employed outside the informal settlements either as casual laborers, herdsmen, house helps, etc. They do not attend school at all.

The survey also showed that majority girls work mainly as house helps. Majority of boys work outside their family business (63%) as compared of girls (37%). In addition, more boys are paid for work than girls.

Of the boys in the sample, 10 indicated that they had been short changed by their employers, at least once in the last three months preceding the survey, and so worked for free in essence. This represented about 15%, same percentage for the girls, who are not paid for work done. But because life is more bearable with their employer, they chose to rely on the promise to ultimately be paid, rather than go back to live with their parents.

Those paid in kind were paid in the form of food stuffs such as varying quantities of cereals which were given to their parents/guardians periodically in addition to a small amount in cash to help them sustain their families. On a need-of-cash basis, these could at times be sold elsewhere for cash to help meet other household needs.

4.3.2   Child labor within households

As indicated above, child labor is indeed widespread in the informal settlements in Kwale, whether or not a household is a beneficiary of the CT-OVC programme. It is expected that the cash transfer receipt would be a boost to the household income front. The household heads indicated that this is indeed true, but not sufficient. They were therefore forced to once in a while send their children to work for pay, either directly or indirectly. This, as already observed, could average up to 4 hours a day.

Table 4.7: Child labor within households

Type of household	Number of households used in the study	Households with children engaged in labor (employed)
With cash transfer	86	72 (84%)
Without cash transfer	86	80 (93%)
Total	172	152

Source: Author's construction based on survey data

Table 4.7 above shows the number of households in the two categories whose children are employed outside family business. The table reveals that out of the total 86 beneficiary households of the CT-OVC programme, 72 stated that they at one time or another sent their children to work, representing about 84%. 93% of the non beneficiary households reported that they had their children in employment at one time or another. Only 11% of the households did not send their children to work at all.

The difference is indeed marginal. This is perhaps because of the insufficiency of the cash transfer amount, going by the sentiments of the household heads. Majority indicated that the cash transfer amount helps them meet some of their household needs, but remains way too insufficient to have them completely rule out the possibility of sending their children to work in order to supplement the household income. Thus, the cash transfer, in the context of this study, is important to the extent that it just but marginally reduces child labor. It is indeed conceivable that this result would be different if a larger sample size was considered for this study, or if this study had realized close to 100% response rate. The government as well as other participating agencies should strive to increase the cash transfer amount for longer term impact.

4.4 Effect of cash transfers on child schooling

4.4.1 School attendance/enrollment

The literature review indicated that cash transfer is associated with better school enrollment and attendance. This section investigates this claim.

Table 4.8: School attendance/enrollment by type of household

Type of household	Number of households used in study	Households with children in schools	Households with children not in schools	Percentage of children in schools
With cash transfer	86	85	1	98
Without cash transfer	86	63	23	73
Total	172	148	24	86

Source: Author's construction based on survey data

It is evident from table 4.9 that the CT-OVC beneficiary households are sending more of their children to school (98%) compared to the non beneficiary households (73%). Peculiar about the 1 and 23 households representing beneficiary and non beneficiary households respectively whose children are not in school, is the number of children in these households. It is indeed sensible to conclude that with the number of children involved, these households are overstretched to even meet the children's basic needs, let alone their schooling requirements.

4.4.2   School absenteeism for reasons other than school holiday

There were several reasons why children failed to attend school, with own illnesses and nonpayment of school fees being reported across all households, and understandably so. Funeral/mourning was also another reason with 97% of the households reporting that a child had failed to go to school due to death of a relative. This is followed by working outside home with 89% of the households. Other reasons are working at home at 73% of the households, teacher missing at 60% of the households and caring for a sick family member at 56% of the households.

A closer interview of these households showed that most parents/guardians are not keen to follow up whether or not their children attend school, even when enrolled. Some children, who were not included in for the survey, were also seen in school uniforms just walking about within the settlements during school hours and so it was difficult to know whether their presence at home during school hours was justified.

Table 4.9: School absenteeism for reasons other than holiday

Reason why absent	Response from CT-OVC beneficiary households	Response from CT-OVC non beneficiary households	Average percentage
Own illness	86 (100%)	86 (100%)	100%
Caring for sick family member	51 (59%)	46 (53%)	56%
Working at home	58 (67%)	69 (80%)	73%
Working outside home	72 (84%)	80 (93%)	89%
Funeral/mourning	86 (100%)	80 (93%)	97%
Non payment of fees	86 (100%)	86 (100%)	100%
Teacher missing	49 (57%)	55 (63%)	60%
Not interested/lazy	50 (58%)	43 (50%)	54%
School too far from home	28 (33%)	34 (40%)	37%
Other	14 (16%)	17 (20%)	16%

Source: Author's construction based on survey data

4.4.3   Sources of assistance for schooling needs and impact to children

The survey revealed that majority of children in need get assistance from relatives and friends, implying that the government's help has not been felt so much even after introducing the free primary education. For instance, most of the children besides lacking food, cannot afford school related expenses even though school fees was abolished. Basic necessities like uniforms are still a big challenge and this could explain why children have to work to help their parents or guardians take care of their basic necessities. Family members and friends significantly contribute to the child's development even though it is evidently not enough.

Table 4.10: Impact of assistance on school attendance

Impact of assistance on school attendance and enrollment	Response from CT-OVC beneficiary households	Response from CT-OVC non beneficiary households
Improved (Av. 69%)	67 (78%)	52 (60%)
No impact (Av. 1%)	2 (1%)	5 (1%)
Worsened	0 (0%)	0 (0%)
Not sure (Av. 30%)	17 (21%)	29 (39%)
Total	86	86

Source: Author's construction based on survey data

Table 4.10 above shows that majority of the children in the households i.e. approximately 69% have shown greater attendance and completion rate after getting assistance from various sources in terms of uniform, transport, food, drink, school fees and other school related assistance over and above cash transfer (for beneficiaries). Parents, guardians and relatives play an important role in the provision of a child's schooling needs and as observed earlier, household heads with good education would ensure a higher school enrollment, attendance and completion rate.

4.4.4   Sufficiency of cash transfer

The household heads observed the need for an upward review of the cash transfer amount as shown by their responses to the question that related to the sufficiency of the transfer amount.

Table 4.11: Perceptions on sufficiency of transfers

Is CT-OVC amount sufficient?	Number	Percentage
Yes	8	9
No	78	91
Total	86	100

Source: Author's construction based on survey data

Table 4.11 above reveals the opinions of the CT-OVC beneficiary household heads regarding the question of sufficiency of the cash transfer amount. 78 out of the 86 sample household heads (91%) indicated that the transfer amount was way too insufficient, and is not enough to meet the needs of the children. Only 9% of them agreed that the amount was sufficient to supplement their incomes.

4.5   Regression Results and Discussion

This section addresses the general and specific objectives, which sought to investigate the relationship between cash transfers and child labor and schooling in poor and vulnerable households in Kenya. A multiple regression was estimated.

4.5.1   Correlates of child labor

Table 4.12 presents the probit results while table 4.13 presents the marginal effects. Cash transfer being the key explanatory variable has a marginal coefficient of -0.094, suggesting that a 1% increase in this variable marginally reduces the probability of a child engaging in labor related activities by 0.09%. The results indicate that cash transfer as a key independent variable for this model has a significant inverse relationship with child labor and therefore child labor can be reduced if the CT-OVC programme can be used extensively to cater for more poor and vulnerable households.

This inverse relationship between cash transfer and child labor is in line with the findings of Doepke and Zilibotti (2005) which found that child labor declined with the Bono de Desarrollo Humano cash transfer program in Ecuador, even though the size of the transfer was less than the foregone child labor earnings.

The age of the child was associated with a higher probability of a child engaging in labor with older children more likely to be laboring, represented by a marginal coefficient of 0.202. Child status also had a direct relationship with child labor, with a significant 0.3% child labor probability if a single parented child is unfortunately orphaned. Boys are also 0.51% likely to participate in child labor than girls. These findings are in line with Ribas et al. (2008) who found that child characteristics such as age of the child, sex of the child etc had a relationship with child labor, especially if the decision is not jointly taken with the parents.

Education of the household head was another significant factor influencing child labor with a significant coefficient of -0.156, revealing that the more educated the household head, the less likely that he/she will send a child to work for immediate financial gain. Velásquez-Castellanos et al (2006) and Kabubo Mariara (2013) found that household characteristics such as the education level of the household head significantly determined whether or not a child would labor. Children from households with many children also were more likely to labor than their counterparts from households with fewer children. This could probably be due to financial constraints faced by household heads to cater for the needs of many children.

Table 4.12: Probit regression results for child labor

Variables	Coefficients	Std. Err.	Z	P>z
Cash transfers	-0.494***	0.171	-2.89	0.008
Child status	0.304*	0.187	1.62	0.105
Education level of household head	-0.906***	0.282	-3.21	0.001
Sex of the child	-0.511***	0.083	-6.14	0.000
Age of the child	1.283***	0.413	3.11	0.002
Occupation of the household head	-0.174	0.374	-0.46	0.642
Household size	0.072***	0.029	2.48	0.028
Constant	2.892***	0.552	5.24	0.000
Number of observations =172				
LR chi-squared (7) =14.93				
Prob > chi-squared = 0.0019				
Pseudo R-squared = 0.1208				

Note: *** p<0.01, ** p<0.05, * p<0.1

Table 4.13 : Marginal effects for child labor

Variables	Coefficients	Z	P>z
Cash transfers	-0.094	-2.59	0.009
Child status	0.043	1.64	0.100
Education level of household head	-0.156	-3.30	0.001
Sex of the child	-0.059	-7.72	0.000
Age of the child	0.202	3.21	0.001
Occupation of the household head	-0.002	0.03	0.380
Household size	0.007	2.41	0.027

4.5.2 Correlates of child schooling

Tables 4.16 and 4.17 contain results of the analysis of child schooling – enrollment and attendance with respective coefficients for the explanatory variables. Cash transfer being the main explanatory variable has a significant marginal coefficient of 0.081, implying that a unit increase in this variable significantly increases the probability of a child enrolling and attending school at a confidence level of 1%.

The age of the child was associated with a higher probability of a child being enrolled in school with younger children more likely to be enrolled and attend school at 1% significance level. On child status, children with both parents were 0.62% more likely to be enrolled in school than were single parented-children. The same comparison is true for single-parented children over the orphans. Boys were also 0.16% less likely to enroll in schools than boys at a 1% significance level.

Education of the household head was another significant factor influencing child school enrolment and attendance. It revealed that the more educated the household head the more significant the probability of enrolling children in school increased at 1% confidence level. Children from households with many children were less likely to attend school than their counterparts from households with fewer children. This could probably be due to the fact that the older children with more younger siblings would likely stay at home and take care of them,

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suggesting that child labor reduces the probability of school enrollment and attendance. (Velásquez-Castellanos et al, 2006).

The positive relationship thus implies that the presence of cash transfer increases child school enrollment and attendance and that the variable is significant given its corresponding p-value. This finding is in line with the findings of Soares et al. (2008) that the Paraguay's CCT programme, Tekoporã, had encouraged children to attend school. Handa and Stewart (2008) also found that Malawi's social cash transfer programme targeting households with orphaned children led to an increase in school enrolment of 4.2 percentage points.

Table 4.14 : Probit regression results for child schooling

Variables	Coefficients	Std. Err.	Z	P>z
Cash transfers	4.282***	1.029	4.16	0.000
Child status	-0.285	0.241	-1.19	0.236
Education level of household head	0.601***	0.242	2.48	0.013
Sex of the child	-1.023***	0.186	-5.50	0.000
Age of the child	-1.204***	0.506	2.38	0.017
Occupation of the household head	-0.720	0.216	-3.34	0.241
Household size	-0.096***	0.035	-2.73	0.007
Constant	-1.432	1.365	-1.05	-0.294
Number of observations =172				
LR chi-squared (7) =43.93				
Prob > chi-squared = 0.0000				
Pseudo R-squared = 0.5188				

Note: *** p<0.01, ** p<0.05, * p<0.1

Table 4.15 : Marginal effects for child schooling

Variables	Coefficients	Z	P>z
Cash transfers	0.081	5.55	0.000
Child status	-0.063	-1.19	0.234
Education level of household head	0.113	2.94	0.003
Sex of the child	-0.161	-7.19	0.000
Age of the child	-0.227	2.64	0.008
Occupation of the household head	-0.136	-4.26	0.230
Household size	-0.017	-1.023	0.000

5   Summary, conclusions and policy recommendations

5.1   Introduction

The chapter summarizes the findings, derives conclusions and makes recommendations based on the study findings from the respondent's opinions and perceptions on the variables.

One of the logical aims of cash transfers as a form of social protection is to help the poor and vulnerable through the struggles and hardships they face. They allow them access to food, send their children to school, etc. This study therefore aimed to investigate the relationship between cash transfers on child labor and schooling in poor and vulnerable households in Kenya. The specific objectives included analyzing the effects of cash transfers on child labor and child schooling.

5.2   Child labor

The survey focused on children aged 5 to 18. 41% of children work to assist their parents in providing for basic needs (International Labour Organization, ILO - 2002). The study found that 72 out of the 86 CT-OVC beneficiary household were still sending their children to work. The study findings reveal that majority of children, regardless of the type of household, work for at least 4 hrs daily either in or outside their homes. Moreover, more male children (63%) work as compared to 37% of female children. Also, an equal percentage of male and female children are involved in unpaid labor.

In relation to the regression results, the study found that orphans and single-parented children were more likely to participate in labor than those children who live with both parents. More educated household heads were also less likely to send their children to labor. Boys were found to have a higher probability of participating in labor than girls, as were older children compared to their younger counterparts. The occupation of the household head was however found to be statistically insignificant. CT-OVC had a significant inverse effect on child labor, all other factors held constant, indicating that cash transfer is an effective tool the government can rely on to help reduce child labor. The effect could even be more significant especially if the government is able to react to the current insufficiencies especially in the transfer amount which this study

found to be insufficient as per the household responses. From the study findings, 91% of the beneficiary households indicated that the cash transfer amount is not enough and should thus be reviewed upwards. As seen in the study findings and analysis, the idea of increasing the cash transfer amount is in line with findings by Kabubo-Mariara and Kiriti-Ng'ang'a (2013) that the amount should be enhanced.

5.3   Child schooling

Child status, whether orphaned or otherwise, was found to be statistically insignificant in its effect to schooling. More educated household heads were found to be less likely to send their children to labor. Girls were found to have a higher probability of school enrollment and attendance than boys. The study also found that the younger children had a higher probability of enrollment and attendance than the older children.

The study findings reveal that CT-OVC beneficiary households have a bigger percentage (98%) of their children enrolled and attending schools as opposed to 73% for the non beneficiaries. The regression results indicate a significant direct relationship between cash transfer and child schooling. Households which are beneficiaries of cash transfer are more likely to send their child to school, all other factors held constant. The regression result implies that the government can also use the cash transfer avenue especially to the poor and vulnerable households to manage the achievement of its MDG on universal education.

5.4   Policy recommendations

The study has revealed a marginal difference in child engagement in labor between beneficiary and non-beneficiary households at 47% to 53% respectively. Perhaps the government, NGOs and other stakeholders should consider more stringent child-labor-and-schooling-based conditions for beneficiary households to help drive down the levels of child labor in Kenya.

The government and other stakeholders should also consider increasing the transfer amounts and conduct disbursements according to the number of children per household, since 91% of the beneficiary households responded that the cash transfer amount was not sufficient. Giving a fixed amount to all household irrespective of number of children skews the benefits in favor of households with fewer children.

Education of the household head is another variable which was found to be statistically significant. The government should consider other means of education, such as adult and civic education, especially to adults who for some reason did not go through proper education. This would help them appreciate the value of education in order that their children are also able to benefit from education and transmit the same behavior for the security of future generations.

The above recommendations require a deliberate effort by the stakeholders to consistently monitor and evaluate the progress of the CT-OVC programme. A well planned and coordinated monitoring and evaluation programme is thus of utmost importance to realize success in the programme.

5.5   Limitations of the study and areas for further research

The data used in this study was primary data collected from only one region in Kenya and is based on the responses of those who were interviewed. The danger of any similar study is that those responses can be misinformed or mistaken. The adjusted sample size from the optimum number could also have affected the accuracy of this research. In reading this report, it is important to keep these in mind before generalizing the results of this study to all categories of cash transfer programmes in Kenya.

This study was done using quantitative methods. Future studies in this study area should try to employ mixed methods like quantitative and qualitative methods. There are other factors which could not be captured in the study quantitatively like quality of life. In addition, interviews and observations could also be employed to improve validity and reliability.

Additionally, most past studies including this study in the area of cash transfers, child labor and schooling have been done at a particular point in time. This study recommends a time series study whereby the subjects are observed or studied over a period of time in order to assess the impact of cash transfers on child welfare outcomes.

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7   Appendix – Questionnaire

EFFECT OF CASH TRANSFERS ON CHILD LABOR AND SCHOOLING IN KENYA

I am Simon Aroko Owoko, a student at the University of Nairobi. I am doing a research on a project concerned with cash transfers, child labor and schooling here in Kwale, Kenya. I would like to talk to you about this. The results of this research will help the stakeholders administer the cash transfer programme more effectively and efficiently to ensure they attain their objectives for the programme. All the information I obtain will remain strictly confidential and your answers will never be identified.

May I start now?

7.1 Household Roster

1	2	3	4	5	6	7	8	
ID Code	NAME	Sex	Relationship of [NAME] to Household Head	Age	Current Marital Status	Highest Level of Education attained /completed	Occupation	
		1 Male 2 Female	1= Head 2= Spouse 3= Son/daughter 4= Grand child 5= Step child 6= Parent of head or spouse 7= Sister/Brother of head or spouse 8= Nephew/Niece 9= Other relatives 10= Servant 11= Non-relative	(complete Years)	1Monogamous Married 2.Polygamous Married 3. Living together 4.Divorced/ Separated 5. Widowed 6.Never married	1. None 2. CPE/KCPE 3. KCE/KCSE 4. KJSE 5. KACE/EAACE 6. Certificate 7. Public Institution Diploma 8. Private Institution Diploma 9. Degree 10. Post Graduate/Degree/Diploma 11. Others Specify	1= Farming 2= Livestock Production 3= General Business 4= Casual labor 5= Employed 6= Help around the house 7= School 8= Other (specify) 9= None	

7.2   Education module for children

Instructions: Copy the ID Code for **all** those individuals who are between the ages of 4 and 18 (from household roster) as well as any other children in school.

ID	9	10	11	12	13	14	15	16			17
	Is [NAME] currently enrolled in school?	If not why?	During the last term, have there been any days when [NAME] did not attend school (for reasons other than holiday)?	Why did [NAME] not attend school for the normal days before holiday? (Tick all applicable)	Has {Name} received any assistance for school requirements?	If yes, what kind of assistance did (Name) receive?	What was the source of the assistance?	How has the assistance impacted on (NAME's) school attendance, completion and performance in class? 1= Improved 2= No impact 3= Worsened 4= Not sure			If the assistance were to be withdrawn, would (NAMES) continue with school?
	1 = Yes →11 0 = No	1= Own illness 2= Caring for sick family member 3= Working at home 4= Working outside home 5= Funeral /mourning 6= Non-payment of fees 7= Teacher missing 8= Not interested – lazy 9= School too far from home 10= Other (specify)	1 = Yes 0 = No →13	1= Own illness 2= Caring for sick family member 3= Working at home 4= Working outside home 5= Funeral /mourning 6= Non-payment of fees 7= Teacher missing 8= Not interested – lazy 9= School too far from home 10= Other (specify)	1 =Yes 0 =No	1=Uniform 2=School Fees 3=Stationery 4. Food/drink 5=Transport 6=Other	1= Relatives and friends 2= Governments 3= Church/NGO 4= Other (specify……)	**Attendance**	**Completion**	**Class performance**	1 =Yes 0= No

7.3 Child labor

Instructions: To be administered to children in the household age 5 through 17 years. For household members below age 5 or above 17, leave rows blank.

	18	19	20	21	22	23	24	25	26
ID Code (for children 5 – 17 yrs)	8Name and age (age to give indication of order of birth for children)	During the past week, did (NAME) do any kind of work for someone who is not a member of this household? If yes: for pay in cash or kind? 1 Yes, for pay (cash or kind) 2 Yes, unpaid 3 No →Proceed to 22	If yes: Since last (day of the week), about how many hours did he/she do this work for someone who is not a member of this household?	During the past week, did (NAME) fetch water or collect firewood for household use? 1 Yes 2 No → proceed to 24	If yes: Since last (day of the week), about how many hours did he/she fetch water or collect firewood for household use?	During the past week, did (NAME) do any paid or unpaid work on family farm or in a family business or selling goods in the street? Include work for a business run by the child, alone or with one or more partners.	if yes: Since last (day of the week), about how many hours did he/she do this work for his/her family or himself/herself?	During the past week, did (NAME) help with household chores such as shopping, cleaning, washing clothes, cooking; or caring for children, old or sick people?	if yes: Since last (day of the week), about how many hours did he/she spend doing these chores?
	Name Age	Yes No Paid Unpaid	No. of hours	Yes No	No. of hours	Yes No	No. of hours	Yes No	No. of hours
		1 2 3		1 2		1 2		1 2	
		1 2 3		1 2		1 2		1 2	
		1 2 3		1 2		1 2		1 2	
		1 2 3		1 2		1 2		1 2	
		1 2 3		1 2		1 2		1 2	
		1 2 3		1 2		1 2		1 2	
		1 2 3		1 2		1 2		1 2	
		1 2 3		1 2		1 2		1 2	
		1 2 3		1 2		1 2		1 2	
		1 2 3		1 2		1 2		1 2	
		1 2 3		1 2		1 2		1 2	
		1 2 3		1 2		1 2		1 2	
		1 2 3		1 2		1 2		1 2	

7.4 Household income, cash transfer and social protection

27	28	29	30	31	32	33	34	35	36	37	38
Name of household member (children 5 – 17 years of particular interest)	What is the average monthly income from your occupation (salary/wage)	What is the average monthly income from other sources (transfer, business, etc)	In the last 12 months, has your household benefited from any financial support from you in wages paid?	Was/is your contribution to household income, plus income from other household members enough for your basic and schooling needs?	In the last 12 months, has your household received any medical support for (name), such as medical care, supplies or medicine?	Did your household receive any of this support in the past 3 months?	In the last 12 months, has your household received any material support for (name), such as the CT-OVC cash transfer programme?	Did your household receive any of this support in the past 3 months?	Were there any conditionalities agreed in the cash transfer programme?	Was/is the amount received, plus income from household members sufficient to cover your basic needs in the household and cater for (name's) school needs?	In the last 12 months, has your household received any support for (name's) schooling, such as allowance, free admission, books or supplies?
			Yes No	Yes No	Yes No	Yes No	Yes No	Yes No	Yes No	Yes No	Yes No
			1 2	1 2	1 2	1 2	1 2	1 2	1 2	1 2	1 2
			1 2	1 2	1 2	1 2	1 2	1 2	1 2	1 2	1 2
			1 2	1 2	1 2	1 2	1 2	1 2	1 2	1 2	1 2
			1 2	1 2	1 2	1 2	1 2	1 2	1 2	1 2	1 2
	Total here	Total here	1 2	1 2	1 2	1 2	1 2	1 2	1 2	1 2	1 2

Thank you for taking your time to answer the questions.