

**INFLUENCE OF CASH GRANTS INITIATED PROJECTS ON COMMUNITY LIVING  
STANDARDS. A CASE OF NGOs IN IGEMBE SUB-COUNTIES, MERU COUNTY,  
KENYA**

**BY**

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## **DECLARATION**

This research project report is my original work and has not been presented in any other university for a degree.

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## **DEDICATION**

This work is dedicated to my wife, Julie Mungai and our two daughters; Gloria and Michelle for their moral support and encouragement during the entire period of my studies.

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## **ABBREVIATIONS AND ACRONYMS**

<b>ADESO</b>	:	African Development Solutions
<b>AIDS</b>	:	Acquired Immunodeficiency Syndrome
<b>CBO</b>	:	Community Based Organization
<b>CCT</b>	:	Conditional Cash Transfer
<b>CT</b>	:	Cash Transfer
<b>DFID</b>	:	Department for International Development
<b>EMPOS</b>	:	Emergency Programmes
<b>FBO</b>	:	Faith Based Organization
<b>GDP</b>	:	Gross Domestic Product
<b>GNDI</b>	:	Gross National Disposable Income
<b>HHs</b>	:	House Holds
<b>HHHs</b>	:	House Holds Head
<b>HIV</b>	:	Human Immunodeficiency Virus
<b>IALS</b>	:	International Adult Literacy Survey
<b>IFAD</b>	:	International Funds for Agricultural Development
<b>IFC</b>	:	International Finance Corporation
<b>IGAs</b>	:	Income Generating Activities
<b>ILO</b>	:	International Labour Organization

<b>IMF</b>	:	International Monetary Funds
<b>INFE</b>	:	International Network on Financial Education
<b>KIPPRA</b>	:	Kenya Institute of Planning and Policy
<b>NGO</b>	:	Non-Governmental Organization
<b>NREGS</b>	:	National Rural Employment Guarantee Scheme
<b>OECD</b>	:	Organization for Economic Co-operation Development
<b>OVCs</b>	:	Orphans and Vulnerable Children
<b>PSNP</b>	:	Productive Safety Net Programme
<b>SMEs</b>	:	Small and Medium Enterprises
<b>SSA</b>	:	Sub-Saharan Africa
<b>ToC</b>	:	Theory of Change
<b>UNESCO</b>	:	United Nations Educational, Scientific and Cultural Organization
<b>UNICEF</b>	:	United Nations Children's Funds

## ABSTRACT

Developing countries all over the world are giving greater attention to social protection. These programmes include social insurance, social assistance (cash and in-kind transfers) and active labour market programs. Amongst the different types cash transfer has been identified as the most popular social protection tool and as such it has been identified as the most successful tool in poverty eradication. Most of evaluations done were done on cash transferred and its influence on households and not on the whole project of cash transfer. It is of such that this study was geared to assess the influence of the cash grant initiated projects on the community living standards. The objective of the study was to determine the influence of demographic factors, type of businesses established and skills training acquired through the cash grant initiated projects on community's living standards. The study was limited to the Igembe Sub-Counties of Meru County and to the cash grants issued before January 2014. It was also limited to two CBOs and one FBO within the 3 Sub-Counties. Descriptive research design was used. The target population was 390 beneficiaries drawn from the three organizations. The sample size which was 117 respondents was established which was 30 percent of the total population. This is as advanced by Kothari (2009) that 10 – 30 percent is a good representation of the target population. Stratified sampling method was employed where each of the organization was a stratum. Structured questionnaires were used to collect the data which was later analyzed through descriptive statistics which included frequencies and percentages. The findings of the study includes: Majority of the respondents were women 77 percent and were of primary education. Majority were aged between 35 – 60 years with 4.5 percent being child-headed household and 18.1 percent of the households were headed by people over the age of 61 years. Majority of the respondents had received skills training once and only 3.6 percent had received training on entrepreneurship. Majority of the respondents indicated that the training was effective and had highly influenced their living standards. Even though the region is well known for the Miraa business only 7.3 percent of the respondent invested their money in Miraa trade. 55.5 percent of the respondents had invested in small business/trade and majority of these had begun Food Kiosks. 57.3 percent of the respondents were earning over shillings 3,000 per month; this is an estimate of 1USD per day. 86.4 percent of the respondents were consuming over shillings 5,000 per month an indication that majority of the respondents consumes more than their monthly income. The study concludes that the cash grant initiated projects are geared towards beneficiaries initiating IGAs to improve their income and this it has achieved; therefore the cash initiated project influences the community living standards. The study recommends that due to limited education background of the beneficiaries more skills training are required to improve the beneficiary's productivity. Training on entrepreneurship which challenges individual creativity, innovation and to realize the business potential around them is essential. Due to the identified child-headed households and elderly (grandparents) care givers, different mode of cash grant provision is required; a one off cash grant provided by organization may not be sufficient because these group may not manage to venture into IGAs, and therefore a monthly cash transfer is required for this group.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background to the Study**

Traditionally response to humanitarian crisis has been through in-kind assistance. This approach has been to provide the victims with items to replace what they have lost or what they need. In this approach the victims did not have choice or participate in deciding what to buy and when to buy it. In the 90s cash grants – cash based approach – was introduced as a response to emergency and as a social protection tool to complement the in-kind assistance. According to DFID policy development report (2011) cash grants are direct, regular and predictable non-contributory cash payments – both in-kind and cash, including cash for work and public work programmes – that aims to protect and prevent individuals and households from being affected by shocks of poverty and calamities. It supports individuals and households to accumulate human, social and financial assets.

The primary purpose of cash grant projects is to respond to humanitarian crisis, reduce poverty and foster economic and social inclusion; but further evidence has shown that they have potential to contribute directly or indirectly to a wider range of development outcomes – improved level of education, nutrition uptake and in gender equality. As a social protection tool or methodology cash transfer targets the poorest households and the most vulnerable – old people, people with disabilities and children; and as such it has been termed as one of the most successful tool in fight against poverty. Through evaluation of conditional cash transfers it has been proved that cash transfer can reduce inequality and the severity of poverty, in addition to improving health and education to curb the cycle of poverty (DFID, 2011).

The emergence of large-scale social transfer programs in developing countries has been swift. Rough estimates suggest that currently between 0.75 and 1 billion people are reached by social transfers. Most large-scale social transfer programs have emerged in middle-income countries, but there are also examples from low-income countries. The Minimum Living Standards Scheme in China reaches 24 million households in urban areas, and a rural equivalent currently under implementation reached 46 million households in 2010; the National Rural Employment

Guarantee Scheme (NREGS) in India reached 48 million households in 2009/10; a Safety Net program in Indonesia is expected to reach 6.5 million households in extreme poverty; Bolsa Familia reaches a further 12 million households. The Progresar/Oportunidades in Mexico reaches one quarter of all the households in Mexico (Barrientos, 2012)

In Africa social protection project is slowly being adopted by different countries as a means of tackling poverty. A good example is Ethiopia's Productive Safety Net Programme (PSNP) that reaches 1.7 million households and South Africa, social assistance grants which reaches one half of the households (Barrientos, 2012). In low-income countries the growth has been slower, but noticeable. This is as a result of government and policy maker fear of creating dependency among the beneficiaries, limited resources and the concentration of funding infrastructures that will address poverty at a larger level rather than addressing individual poor households. But even with such limitation it is evidenced that social transfer programs have the potential to make a significant contribution to global poverty reduction

In Kenya, the budget of the year 2013/2014 as depicted by Kenya Economic Survey (2014) indicated that only 164,000 households headed by elderly people and 135,000 households of Orphans and Vulnerable children were targeted. This is a small number compared to the 20.1 million poor people in the country. It is of such that NGOs and other development partners have taken up to support the government address the issues of poor households in different regions some through cash grant projects. As it will be depicted in chapter two – Literature review – there is limited knowledge on how cash transfer graduates individual poor households to an income secure household or to a household that has and can build their own assets both human and capital. In the evaluations done on CT there is a consensus that CT can reduce poverty but there is limited knowledge on the process of change and on what goes on to realize the change. Understanding some of the factors that might influence change was the key drive of this research project. The factors identified included: demographic factors, skills training and the choice of business. It was hypothesized that these three factors influence the way cash grants can transform a poor household to an asset secure household.

### **1.1.1 Demographic factors**

Demography is the study of human populations – their size, composition and distribution across place – and the process through which populations change. Births, deaths and migration are the ‘big three’ of demography, jointly producing population stability or change. A population’s composition may be described in terms of basic demographic features – age, sex, family and household status – and by features of the population’s social and economic context – ethnicity, religion, language, education, occupation, income and wealth. The distribution of populations can be defined at multiple levels (local, regional, national, global) and with different types of boundaries (political, economic and geographic). Demography is a central component of societal contexts and social change (Thomson, 2007)

Understanding the human population size, composition and distribution influence the countries planning and distribution of resources. Globally the population is turning to about 7 billion and continues to grow with about 79 million annually. The majority of these new growths are in the developing world where poverty is continuously increasing. Several risks and development obstacles arise from high population growth for example, lack of food security, pressure on the health and education systems, overburdening of the infrastructure or scarcity of resources. All of this ultimately results in larger conflict potential.

33 of the least developed countries are located in sub-Saharan Africa and at the same time, this region stands out with the highest birth rates in the world. By the year 2050, the number of people in sub-Saharan Africa may double and by the end of the century it may quadruple. This will be a great hindrance to economic development (Sippel, Kiziak, Woellert & Klingholz, 2011).

In Kenya the population according to the Kenya Population and Housing Census (2009) is 38,610,097 people. And currently, Kenya is adding one million people yearly to its population. This high rate of population growth has adverse effects on spending in infrastructure, health, education, environment, water and other social and economic sectors. The Igembe district is among the ten most populated districts according to the census with a total population of 482,756. The 2009 census indicated that Eastern province where Igembe falls had the highest

number of primary going pupils but the transition to secondary school and then later to university was very minimal. During the census 1,509,526 were in primary school, 268,751 were in secondary while 13,645 were in university. According to the KIHBS (2005/6), distribution of population by sex shows that there are more females (50.7 percent) than males (49.3 percent). Kenya's sex ratio stands at 97 males per 100 females while the age dependency ratio stands at 84 persons for every 100 people in the working-age population. Kenya has a mean household size of 5.1 persons. Overall, seven out of every ten households are headed by males. Nationally, 63.5 percent of household heads are married into monogamous unions. Results on orphan-hood show that 5 percent of children aged below 18 years have lost their fathers while, 1.2 percent have lost both parents.

### **1.1.2 Skills Training**

An Australian report AWP (2013) indicates that productivity is the prime determinant in the long run of a nation's standard of living, for it is the root cause of per capita national income. The capacity to be highly productive also allows a nation's firms to meet stringent social standards which improve the standard of living, such as in health and safety, equal opportunity and environmental impact. In order to prosper in today's economy, local communities increasingly need to ensure that they adequately invest in education and skills.

Higher level skills, such as the ability to analyze and process complex information, be creative and communicate effectively, are all increasing in importance in the context of the knowledge-based economy. It is more and more likely that future jobs will demand higher skills levels, as low-skilled jobs are lost and redefined in the current restructuring process.

There are new ways of doing things and individual household heads need to understand what trend is selling and making money. Understanding the market dynamics is believed to help individuals in making decisions that improve their lives and becomes more competitive. There is a belief that a more educated society may translate into higher rates of innovation, higher overall productivity through firms' ability to introduce new and better production methods, and faster introduction of new technology.



Personal choice and differences in the nature of skill demand can lead to skill acquisition, skill maintenance or significant skill loss in adulthood. The International Adult Literacy Survey (IALS) data indeed suggest that a significant skill loss in adulthood can occur — losses that may be related to low levels of skill demand at work, at home and in the community. Skill loss represents a serious problem for individuals, social institutions and governments because it erodes the economic and social return on educational investments and hampers productivity and economic growth (OECD, 2005).

Investment in education and skills helps to pivot an economy towards higher value added activities and dynamic growth sectors. Skills development is central to improving productivity. In turn, productivity is an important source of improved living standards and growth. Inadequate education and skills development keep economies trapped in a vicious circle of low education, low productivity and low income (ILO, 2008).

Financial literacy is a core life skill for participating in modern society and poor financial decisions can have a long-lasting impact on individuals, their families and society. Supporting financial education can be viewed by the main public, private and civil stakeholders as a critical long-term investment in human capital (INFE, 2012). According to IFC (2011) lack of education and training opportunities and too little access to finance, often lead to high levels of unemployment, under-employment, and poverty and especially among women. It is of this that financial management training that includes the source, how to spend, when and for what reason is essential if people have to get out of poverty.

The MasterCard foundation from Canada indicates that financial training is the process of introducing people to the knowledge, skills, and attitudes required for responsible earning, spending, saving, borrowing, and investing. It includes building skills to use financial products and services, and promotes attitudes and behaviours that support more effective use of economic resources (Monique et al, 2011).

A higher saving rate means less consumption, but it could also result in more capital investment and, ultimately, a higher rate of economic growth (Thornton, 2009). It is common knowledge

that the savings of the population are closely connected to their well-being and are the main source of investment resources. There is a general consensus on the positive role of investments in the acceleration of the economic growth and that a high level of saving leads to high level of investments. It is defined that incomes of people are considered as the main determinant of savings.

In a report of the Republic of Azerbaijan it is indicated that the level of incomes directly influences the amount of savings, and also increases the propensity to save. Increase of incomes of households will lead to an increase of the investment potential and the increase of the size of the income will be accompanied by even higher increase of savings. Savings of people as one of the indicators of living standard depend on the well-being of the population (Nagi & Vassilis, 2010).

The KIPPRA report (2013) indicates that Kenya's labour force has relatively low education attainment compared to middle-income countries. About 65 percent of the population has only primary or incomplete secondary education, while another 10 percent has never attended school. It is of such beneficiaries that cash grant project provides resource to improve their livelihood.

### **1.1.3 Types of businesses**

Sustainable enterprises are a principal source of growth, wealth creation, employment and decent work. The promotion of sustainable enterprises is, therefore, a major tool for achieving decent work, sustainable development and innovation that improves standards of living and social conditions over time. A market survey – demand and supply – and the choice of business that responds to the local demand is believed to be a business that will make profit and in process improve the household's income.

Globally SMEs, by number, dominate the world business stage. Although precise, up-to-date data are difficult to obtain, estimates suggest that more than 95 percent of enterprises across the world are SMEs, accounting for proximately 60 percent of private sector employment (Edinburgh, 2014). Employment is a key driver of poverty reduction; but their contribution to

well-being goes beyond the earnings they provide. Jobs are the most important determinant of living standards around the world. For the vast majority of people, their work is the main source of income, especially in the poorest countries (Worldbank, 2013)

In an evaluation done on the Mexican Cash transfer program (Oportunidades CCT) by (Gertler, Martinez & Rubio-Codina, 2012) it was found that beneficiary households increased ownership of productive farm assets, such as farm animals and land for agricultural production, significantly faster than non-beneficiary households; that agricultural production in terms of both crops and animal products increased faster for beneficiary households than non-beneficiary households; and that this resulted in significantly higher agricultural income.

In Kenya SMEs provides one of the most prolific sources of employment creation, income generation and poverty reduction. In the SME sector, owner-manager is normally identified as the entrepreneur, because of his/her role in starting the venture, running the business, and being responsible to a large extent for its failure or success. This suggests that the fate of an SME is inextricably linked to the personality, capability, skills, and motivation of the entrepreneur in charge. The SME sector is considered as one of the major contributors to the economy by providing income and employment to a significant proportion of the population (Ngugi & Prof. Bwisa, 2013)

In Igembe region Miraa (Khat) is an outstanding cash crop, very profitable to farmers as it is grown for the local market as well as for the export market. As a cash crop it provides employment to many people; farmers, middle men, businessmen, and transporters. It is of this that some of the beneficiaries in the cash grant project venture into doing.

#### **1.1.4 Living Standards**

Measuring relative wealth or living standards of people in developing countries presents many challenges, especially since income data are often not available (Gunnsteinsson et al, 2010).

The World Bank refers income to be the earnings from productive activities and current transfers. It can be seen as comprising claims on goods and services by individuals or households

(WorldBank, 2008). The amount of money received during a period of time in exchange for labor or services, from the sale of goods or property, or as a profit from financial investments. In the research income will be limited to the wage paid, self-employed income, income from the supply of land and in money transferred by NGO and government.

The living standards or wealth of a household can be measured through how and what it consumes both in quantity, quality and frequency. As the World Bank defines consumption refers to resources actually consumed. Although many components of consumption are measured by looking at household expenditures, there are important differences between the two concepts. The challenge is that expenditure excludes consumption that is not based on market transactions. Given the importance of home production in many developing countries, this can be an important distinction (worldbank, 2008)

In Kenya there was a 30.5 percent increase in poverty levels through 1996 to 1999. As at 2002, 50 percent of Kenya's population was below the poverty line and this did not even get better because in 2007, 49 percent of Kenyans were categorized as absolutely poor.

## **1.2 Statement of the problem**

Even though with good monitoring and evaluation of cash transfer programmes in Latin America and Asia and best practices being shared with the Low-Income Countries of Sub-Saharan Africa little is known of the effect of the cash transfer programs in these countries. Less is known about some instruments or methodology of cash transfer and their outcomes in certain regions of sub-Saharan Africa (DFID, 2011).

The Chronic poverty research Centre report (2009) indicates that deep poverty is as a result of multiple overlapping poverty traps and therefore asset-building interventions need to be multi-faceted to be truly effective. There is an increasing volume of research into how cash transfers might support 'graduation' from poverty for those of working age. Evidence from Bangladesh and Ethiopia suggests that transfers are unlikely to achieve graduation without complementary interventions (e.g. skills training or agricultural extension) to promote livelihoods DFID (2011).

In developing countries the concerns of policy makers and civil servants, particularly in Africa, is about dependency and fiscal liabilities and this restrict the adoption of cash transfer programming as a social protection instrument. The questions raised include: who is the target? How long will we provide cash transfer? Where will the funds come from? This calls for a closer look at the demographic factors of the target beneficiaries of cash transfer project and how this may affect the living standards.

The methodology of implementing the cash grant initiated project depends on the NGO, CBO, FBO or the development partner implementing the project. This therefore means that there is no standard approved method of providing the cash grant. The criteria of identifying the beneficiaries, the level and size of household, skills required and provided to the beneficiaries, the choice of livelihood activities all these varies from organization providing the grants and to individual beneficiary. The evaluation and reports presented are of cash grant or transfers and not necessarily of the cash grant projects that entails other activities other than cash provision. Skills training and choice of livelihood activity has been identified as key measures to improve the beneficiaries output and it is of such that the research was geared to assess on the influence of demographic factors, skills training and type of business on community living standards.

### **1.3 Purpose of the Study**

Cash transfer is a social protection instruments that is envisioned to improve, protect living standards and promote creation of wealth but this has to be done by addressing poverty in a holistic manner, that is, by equipping the beneficiaries with human, social and financial skills. This approach and impact is not well researched especially in the developing countries. It is of this that this research was undertaken with the purpose to assess the influence of cash grants initiated projects on community living standards of the Igembe Sub-County of Meru County.

## **1.4 Research Objectives**

The objectives of this study were:

- i. To establish how demographic factors identified by the cash grant projects influences the community living standards in Igembe Sub-Counties of Meru County
- ii. To assess how skills training provided through cash grant project influences community living standards in Igembe Sub-Counties of Meru County
- iii. To establish whether type of business funded by the cash grant projects influences the community living standards in Igembe Sub-Counties of Meru County

## **1.5 Research Questions**

The study sought to answer the following research questions:

- i. How does demographic factors identified by the cash grant projects influence the community living standards in Igembe Sub-Counties of Meru County?
- ii. How does skills training provided through cash grant projects influence the community living standards in Igembe Sub-Counties of Meru County?
- iii. How does the type of business funded by the cash grant projects influence the community living standards in Igembe Sub-Counties of Meru County?

## **1.6 Significance of the Study**

It is hoped that the findings of this research will be beneficial to the NGOs, CBOs, FBOs and the relevant government ministries in understanding the impact of cash transfers projects. The study will help the NGOs, CBOs, FBOs and the government on identifying the target beneficiaries. It will give some insight on the one off provision of cash grant to initiate Income Generating Activities (IGAs). It may be used to advice stakeholders on the scaling up of the project to benefit more people. The study will be used to assess the impact of financial skills training and choice of IGAs in improving or otherwise of community living standards. It will also be used by the beneficiaries in order to know how best they can use available resources in the creation of businesses and improve the quality of their lives.

### **1.7 De-limitation of the Study**

The study was limited to the Igembe Central Sub-County of Meru County. It only concentrated on cash grants/transfer projects initiated by Two CBOs and one FBO within this region and therefore did not involve cash transfers provided by the government. The study was limited to three key variables: demographic factors, skills training and on the type of IGAs and how these influence the living standards. On the living standard the research was limited to income and consumption generated by the business. The cash transfer is a one off payment to beneficiaries and is limited to beginning an IGA that will generate income for the household and only for beneficiaries who received the grants before January 2014.

### **1.8 Limitations of the Study**

The study was limited by the number of resource materials done on the same area in Kenya. The researcher was limited by time being a full time employee with often visit outside the research region. Majority of the community members interviewed were semi-illiterate and therefore needed interpreters on questions that they did not understand therefore taking longer time with one respondent than it was anticipated. Majority of respondents expected that research is donor fund proposal but the purpose was clearly stated to create a leverage level of understanding.

### **1.9 Assumptions of the Study**

The study assumed that the sample population chosen voluntarily participated in the study and that the respondents were honest in their reporting and in answering the questionnaire. It is also assumed that the respondent were able to understand the questions – even through the help of an interpreter and respond objectively and lastly that the different NGOs providing cash grant initiated projects were willing to share information of their beneficiaries.

### 1.10 Definitions of Significant Terms

**Cash Grant/Cash relief:** Giving people money as a direct grant with no conditions or work requirements. These can be grants provided in emergencies or development settings to meet basic needs and/or to protect or recover livelihoods.

**Cash transfer:** Cash transfers are direct, regular and predictable non-contributory cash payments that help poor and vulnerable households to raise and smooth incomes.

**Conditional cash transfer:** These are programmes that require that recipients undertake certain actions (e.g. ensuring children's school attendance or attending antenatal care) to receive their transfers. It also means that the donor defines how the money will be used.

**Unconditional cash transfers:** These are grants paid to beneficiaries without the beneficiary having to do anything specific to receive their transfer

**Social protection:** it is a set of public and private mechanisms that protect and prevent individuals and households from suffering the worst consequences of shocks and stresses. It is policy interventions that are intended to reduce poverty and vulnerability (including transitory poverty and vulnerability due to economic or other shocks) and to improve human welfare.

**Community living standards:** A community assurance to meet its basic needs and those of their siblings now and in the future.

### 1.11 Organization of the study

This study had five chapters. Chapter one covered the background of the study, statement of the problem and purpose of the study. This was followed by research objectives, research questions, and justification of the study, delimitation and limitation of the study, significance of the study, definition of significant terms and concludes with the organization of the study.

Chapter two covered literature review from various sources to establish work done by other researchers, their findings, conclusions and identification of knowledge gaps which forms the basis of setting the objectives and research questions of the study. Theoretical and conceptual frameworks were also explained.

Chapter three covered the research design, target population of the study, sample size and sampling procedures. This was followed by data collection procedures, data collection



instruments, validity and reliability of instruments, data analysis techniques, ethical considerations and concludes with operational definition of variables.

Chapter four covered the areas of data analysis, presentation and interpretation of findings. Chapter five covered the summary of findings, discussions, conclusions and recommendations of the study. It was concluded with suggested areas for further research.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The theoretical case for cash transfer project is not so direct. This is as a result that there is less understanding on the mechanism and pathways by which changes happens (Browne, 2013). What is evident is that low and inconstant income is central to the problem of poverty, however regular cash transfer can help households to not only have a smooth consumption but also build human capital – educating the children, providing nutrition and health, buy productive assets, and obtain access to credit on better terms. This chapter reviewed empirical literature on how cash transfer projects influence community living standards and defines the Theoretical Framework from which the study was based. The chapter also introduces the conceptual framework that defines the relationships between the different variables.

#### **2.2 Review of Empirical Literature**

Cash transfer project which is one component of social protection programmes are meant for the poor and the disadvantaged people of the society. The cash is provided to cushion individuals from shock and to build assets. For the cash transfer projects to be successful other intervention measures must be employed, selection criteria of beneficiaries and equipping them with coping and financial skills; greater decision making and engagement in the local market is paramount.

One argument in favor of cash transfers is that they give people more choice than food, and evidence from this study suggests that cash is put to a wide range of uses, from purchases of food, groceries, clothes and seeds to meeting the costs of services like education and health. Much of this spending benefits children, both directly and indirectly. This applies even to pensions targeted at older people, since grandparents are increasingly caring for orphans and other vulnerable children. Other cash transfers are targeted at the working poor, and are partly invested in farming and small enterprises. These complex spending patterns generate a range of benefits, as well as multiplier effects that stimulate the local economy (Devereux, Marshall, MacAskill, & Pelham, 2005)

Who is targeted by the cash grant projects depends on the objective of the cash transfer; whether to help meet basic needs, to help recover livelihoods, or to meet the needs of specific groups (for example orphans, separated children, AIDS-affected households). It is of this that determining the demographic factors of the beneficiaries in Igembe Sub-Counties NGOs cash grants initiated project is essential.

## **2.3 Demographic Factors**

Demography is the study of human populations – their size, composition and distribution across place – and the process through which populations change. Births, deaths and migration are the big three of demography, jointly producing population stability or change. A population's composition may be described in terms of basic demographic features – age, sex, family and household status – and by features of the population's social and economic context – ethnicity, religion, language, education, occupation, income and wealth. The distribution of populations can be defined at multiple levels (local, regional, national, global) and with different types of boundaries (political, economic and geographic). Demography is a central component of societal contexts and social change (Thomson, 2007).

Different authors have researched and discussed different demographic factors and how they influence societies/communities. Authors like Mazzarol, Volery, Doss and Thein (1999) states that demographic factors such as age, gender, education and work experience has a considerable impact on entrepreneurial intention and venture success. In their study Kristiansen, Furoholt and Wahid (2003) found a significant relationship between age of an entrepreneur and business success; they further indicated that older entrepreneurs were more successful. On the contrary, Sinha (1996) indicated that younger entrepreneurs tend to be more successful. Aardt, I. Van Aardt, Bezuidenhout and Mumba (2008) conclude that age is no barrier to entrepreneurship success.

It is of such discussion that this research will limit itself to assess the influence of three key demographic factors – age, gender and level of education of the household head – on the community living standards.

### 2.3.1 Age

Age among other factors determines experience in all sectors of human growth. It also determines expertise in doing things and in achieving results. It is out of experience individuals make decision on all issues of life. The question that arises while providing cash grants to households is on the age of the households head. The aim of determining the age is not necessarily to deny the eligible beneficiary the cash grant but it is to understand the mix of the beneficiaries. This is why the beneficiaries are drawn from child-headed household – these are households headed by an orphaned older sibling below the age of 18 years who takes care of the other siblings –, elderly adult caring for their grandchildren, or middle aged single parent who due to poverty or illness cannot manage to provide adequately for their family. With such a mix of household heads it is therefore important to assess if age of the household head could determine the way cash grant is used in creating of wealth or otherwise. According to Karugia, Oluoch-Kosura, Nyikal, Odumbe and Marennya, (2006) age of household head has a positive influence on the amount of off-farm earnings, perhaps reflecting the influence of assets accumulated overtime on current incomes.

Cash grants project focus on the poor and therefore do not consider age as a factor; but discussion and research are still on if decision making of whatever kind decrease or increase with age. If it decreases with age then this could be a good justification of why developing countries would not consider social transfer as a means of poverty eradication for it will create dependency. On the age factor and decision making two distinct stand are held; that is, there is a group of scholars who belief that decision making abilities decline with age, while others disagree with this statement (Sproten, Diener, Fiebach, & Schwieren 2010). If this is the case may be providing cash grants to grandparents taking care of their grandchildren might not be so productive because they might not invest in Income Generating Activities and therefore could depend on the cash transferred to cater for their needs and those of their families without investing creating dependency.

On the other side the final report done by Oxford policy Management (OpM) during the evaluation of the OVC cash grant pilot project in Kenya indicated that Child-headed households are rare and none were identified in the baseline survey (Hurrell, Ward, & Merttens, 2008). This

is contrary to the experience in Igembe region where due to the impact of HIV and AIDS deaths and stigma; many children are left to care for themselves or are caring for their sickly parents. The OpM OVC evaluation report (2008) continuous to point that grandparents are quite often the main caregivers for OVCs; with 18 per cent being cared for by grandparents who are over 60 years of age.

It is therefore paramount to assess if there is a difference in the way cash grants project influence different households in regards to the household head age; does a child headed household utilize the funds provided in the same manner with an elderly headed household or middle aged sickly adult.

### **2.3.2 Gender**

Globally women are traditionally seen as the main caretakers of the family and care for children, the sick, the wounded and the elderly. This position therefore restricted women to farm and house chores. In some societies women have a lower social status than men and have less power in public decision-making and in family money matters. This mentality could be carried into cash transfer project in that women are not involved in making decision on how the cash will be spent. It is of such that (ADESO, 2012) cautioned the cash grants project implementers and called for greater facilitation of women in the projects. This fear was alleviated by a Working Paper by Office of Emergency Programmes (EMPOS, 2007) that indicated that even though there were concerns raised that cash may disadvantage women because they have less say in how it is spent this have largely not been realized. Where cash has been specifically targeted at women it has sometimes given them greater control within the household. It also depicts that women will have less control over how cash is spent than over in-kind resources such as food aid, and that men may be more likely to misuse cash by buying items such as alcohol or cigarettes.

Barrientos, (2012) while discussing CT theory of change indicated that social transfers channeled through the mother or carer can ensure greater investment in children's education and health. This is because women think and invest in families and children more than men. Further to this

and according to Burkea and Beegleb, (2004) several previous researches have shown that women tend to use their resources in more child-oriented ways. They further indicate that children enrolment in schools increased when the female was the head of the house.

The incidence of female headship is believed to have increased worldwide and, in both developed and developing countries, a high proportion of these households are found to suffer poverty (Chant, 1997). Thus female-headed households have become an easily identifiable group on which to target poverty alleviation measures. Resources that women can control are widely seen as leading to better outcomes for children's well-being and household food security. Where women have been targeted specifically with cash transfers, it has been argued that they have an increased decision making authority within the household (Jaspars, Harvey, Hudspeth, Rumble & Christensen, 2007). On one hand Male-headed households hold larger volumes of informal and formal financial assets and quasi-liquid assets related to farming and business. In contrast, female-headed households have a greater concentration of short-term liquid family consumption assets such as grain and small animals. Female-headed households invest more in their homes as a long-term savings strategy. Important determinants of liquid and/or total savings include income, credit access, education, and reliance on agriculture. Savings levels in female-headed households are more significantly impacted by the number of dependents and the availability of remittances (Jaspars et al., 2007).

In Kenya and in a report Protection to Production many female headed households beneficiaries of Cash grants participates in labour and family non-farm enterprise as it is case in Zambia (Davis, 2014). This is unlike the traditionally held stand that women will engage in farming and house chores. On a different note and as depicted by IFAD (2013) Rural women are vulnerable because they do not have equal access to social and economic assets; subsistence farming is the primary source of livelihood for most of these women and therefore they don't exploit their full potential.

The question that the research needs to respond to is if beneficiaries gender influence the living standards of the household receiving the cash grant.

### **2.3.3 Level of Education**

In a definition on education given by Kumar and Ahmad, (2010) education may be defined as a purposive, conscious or unconscious, psychological, sociological, scientific and philosophical process, which brings about the development of the individual to the fullest extent and also the maximum development of society in such a way that both enjoy maximum happiness and prosperity.

In short, education is the development of individual according to his needs and demands of society, of which he is an integral part. Education has been classified in different levels and the basic one is primary, secondary, tertiary and higher education. At different level different knowledge and skills are imparted to the students. This knowledge and skills is not only aimed at helping an individual pass the examination but also learn how to interact and solve lives problems. As one moves up the level it is expected that their output in life also increases and level of intelligence increases.

Economic theory suggests that education, or human capital, is positively related to growth. A report on what level of education matters most for growth done in Portugal indicates that increasing average years of schooling has both direct and indirect, through physical investment, effects on GDP per worker (Pereira, 2004). One strand of the literature emphasizes human capital as an additional production factor, along labour and physical capital.

It is well established that the distribution of personal incomes in society is strongly related to the amount of education people have had. Generally speaking more schooling means higher lifetime incomes (UNESCO, 2005). According to Wells, (2009) it is often assumed that a more educated parent(s) or head(s) of household will give children more educational opportunities. Many studies have confirmed the notion that the education of the family or the caregiver(s) affects children's education positively. The results indicate a high return to higher education. Education is important in accessing off-farm opportunities.

The fact that different schooling levels may have different effects on growth has been addressed in a small set of recent papers, providing heterogeneity evidence. Petrakis and Stamatakis (2002)

provide evidence that primary and secondary education matter more for growth in less developed countries as opposed to more developed economies, where higher education becomes more important. Papageorgiou (2003) finds that primary education is more important in final goods production, whereas post-primary education is essentially related to technology adoption and innovation. Thapa (2007) on his part found that there is a positive association between education and small business success. The likelihood of failure was also found to be associated with the owner/manager's work experience prior to business launch and education.

As reflected by Cree, Kay and June (2012) on developing countries, school age children (especially girls) are expected to help with income producing activities or caring for younger siblings so they are unable to attend school. Illiterate parents tend to have lower expectations and aspirations regarding education for themselves and their children. Poor families often place work before education and the children of parents who have failed to complete primary education tend to do the same.

Since independence Kenya like many other countries in sub-Saharan Africa committed to fight illiteracy, disease, ignorance and poverty with a view to eradicate them and achieve sustainable development. This has never been realized. Free primary and secondary education are the recent introductions to meet the same but may have compromised quality. Adult education has not penetrated very well and majority of the uneducated adults are not willing or cannot access informal education due to other responsibilities (Mualuko, 2007). Mualuko continues to state that education is widely accepted as the main exit route from poverty. It is the backbone of growth and development of individuals and the nation. However, its achievement continues to elude many Kenyans who are poverty stricken. This has perpetuated the vicious circle of poverty so much that the gap between the rich and the poor has kept on widening as the extreme poor are denied access to education. According to KIPPRA Report (2013), Literacy levels are still low in some Counties, which call for the need to strengthen adult education programmes in the affected areas. KIHBS (2005/6) indicates that Adult literacy is the percentage of population aged 15 years and above who can both read and write a simple statement in at least one language and gives this population to be 79 percent. In rural areas the percentage is at 75.7 and it further adds that the number of male who are literate is higher than that of women.



## **2.4 Life skills training**

In a report done by OECD (2013) skills is what transform lives, generate prosperity and promote social inclusion. Without the right skills, people are kept at the margins of society, technological progress does not translate into economic growth, and enterprises and countries can't compete in today's globally connected and increasingly complex world. The report further indicates that Low-skilled individuals are increasingly likely to be left behind and it is that what people know and what they can do with what they know has a major impact on their life chances.

Beneficiaries of cash grants are the poor, elderly, OVCs and disabled this is already a special category and therefore the level of their education might not be very high. This may also mean that they also have low-skills. Exposing them to life skills may add chances in level of making decisions and in pursuing life goals.

Skills' training is part of improving the human capital to respond to the question of poverty and wealth creation. To run a successful business you need a diverse range of business management skills. This is even important for individuals who have not ventured into running a business. It is essential for it exposes individual into business language and skills if success of start-up business is expected. When cash grant beneficiaries receive the cash and venture into the business they assumes all the functions of other departments in big businesses. They assume the roles of the sales and marketing people, the accountant, the manager, the store keeper among other. It is of this it is important to equip the beneficiaries with skills to start, run, manage, save and invest for the business and for their up-keep.

Ngozi Oriaku (2012) in the article Current Challenges Facing Small Businesses: Case of Brazil and United States indicates that even though, many small businesses (SMEs) lose interest within their first five years of existence due to inadequate government support and lack of business incentive there are however, other factors that contributing to that failure. He identify the current challenges of Brazilian small businesses to include limited access to long term funds, inconsistent policies, inadequate market research, inadequate education that leads to poor managerial skills, too much concentration on domestic market, inadequate training and development that leads to inability to engage the right employees.

In his conclusion Oriaku, (2012) indicates that to have good management the small business owners must have proper education in management skills to understand how to plan the business and how to maintain working ethics with employees, customers, and other stakeholders. On the same Cant and Lightelm (2003) in a survey of small business further indicated that entrepreneurs often have good ideas and are competent but they do not have a clue on how to run a business and have no underlying appreciation of business fundamentals. Professional experience has been cited as an important factor affecting many aspects of entrepreneurial firms.

In KIPPRA Report (2013), Kenya's labour force has relatively low education attainment compared to middle-income countries. About 65 percent of the population has only primary or incomplete secondary education, while another 10 percent has never attended school. Given the above labour market challenges, government interventions to address unemployment should also give attention to skills development and training.

Cash grant project addresses two key skills for the beneficiaries who are to venture into the small businesses. These skills includes; financial literacy and saving skills.

#### **2.4.1 Financial Literacy**

Financial literacy can be broken down into topics such as earning money, spending money, getting into debt, saving and investment, and managing risk; protecting oneself from risk. The skills required in these areas are not confined to financial knowledge, but also include the ability and willingness to use those skills to solve specific problems. Financial literacy can also be defined as a combination of awareness, knowledge, skill, attitude and behavior necessary to make sound financial decisions and ultimately achieve individual financial wellbeing. Financial literacy has further been defined as the ability to make informed judgments and to make effective decisions regarding the use and management of money (Worthington, 2005).

Financial knowledge enables individuals to build their financial skills and gives them confidence to undertake financial decisions for their pension schemes (Agnew & Szykman, 2005). Greenspan (2002) argues that financial literacy helps to inculcate individuals with the financial

knowledge necessary to create household budgets, initiate savings plans, and make strategic investment decisions.

In a report done in US, asset-building strategies for low- and moderate-income families typically rely on strengthening incentives to save and invest. But market incentives already exist, and simply adding to them is not enough. Families often need help to make informed and appropriate decisions, especially in today's complex financial marketplace. Even when incentives are strong, many families spend beyond their means, too few save enough for contingencies, Even when incentives to save and invest are strong; many low- and moderate-income families lack the basic knowledge to manage their income wisely, build wealth, and avoid excessive debt (Bell & Lerman, 2005).

Financial literacy matters at many levels. From a social welfare perspective, it obviously matters greatly whether or not people are able to manage their financial affairs wisely and live within their means. But the benefits of financial literacy extend well beyond stronger household balance sheets to the promotion of a more resilient financial system and, ultimately, to the more efficient allocation of resources within the real economy (Hall, 2008).

Another study carried out in Kenya on financial literacy and access to financial services by Mwangi and Kihui (2012); found that financial literacy remains low in Kenya. Financial literacy helps in empowering and educating consumers so that they are knowledgeable about finance in a way that is relevant to their lives and enables them to use this knowledge to evaluate products and make informed decisions. Knowledge on savings and plans to save is critical for effective long term financial decision making that is relevant to pension funds (Gitari, 2012).

#### **2.4.2 Saving Skills**

The conventional economic approach to saving and consumption decisions posits that a fully rational and well-informed individual will consume less than his income in times of high earnings, and he will save to support consumption when income falls (Lusardi & Olivia, 2013).

The above is not the case especially for Sub-Saharan Africa, Latin America and Caribbean as depicted in the following statement: on average East Asia saves more than 30 percent of gross

national disposable income (GNDI), while Sub-Saharan Africa saves less than 15 percent. Regional differences have been rising: over the past three decades saving rates have doubled in East Asia and stagnated in Sub-Saharan Africa and in Latin America and the Caribbean (Loayza, Schmidt-Hebbel, & Servén, 2000).

Poor saving policy and culture, little income, market failures, and policy-induced distortions have been cited as the cause of limited or little savings. Across countries higher saving rates tend to go hand in hand with higher income growth—a fact that has been taken as proof of the existence of both virtuous cycles of saving and prosperity and poverty traps of insufficient saving and stagnation (Loayza et al., 2000).

The question of savings and economic growth has been discussed and different authors have claimed that it is high economic growth that leads to savings while others claim that it is vice versa; that is higher savings lead to economic growth. This controversy started with Solow (1956) who alleged that higher saving precedes and causes higher economic growth. In explaining the role of saving in economic growth, Dipendra and Tapen (1998) asserted that increase in saving results to increase in capital formation and investment, thereby raising the growth of national output in an economy.

In 2006, the Government of Kenya announced its Vision 2030, a development and growth strategy to transform Kenya into a middle-income country over the following two and a half decades. A key element of the plan involves financial services sector reform due to the recognition that in order to meet its growth targets, national savings must double to about 30 percent of GDP by 2030. Furthermore, a report by Austrian and Ngurukie (2009), detailing the development of youth savings products for Kenyan girls, determined that if a savings product was easily accessible and confidential, girls would indeed use them.

In a survey done in Kenya on savings the respondent stated that the main barrier to saving is the absence of regular income and lack of employment (Anjana & Tyler, 2012); and it is of this that the grant beneficiaries are provided with. They are expected to invest and draw income and from the income they are supposed to save for further and future investment. It is of this cycle of

income, savings, reinvesting that is expected to improve the economy of the community and improve the living standards of the beneficiaries.

## **2.5 Types of businesses**

According to Ozar (2008), there has been a growing interest and attention in the role that small enterprises play in the economy since the 1980s. One of the reasons for this considerable attention is that these enterprises have been found to have potential to generate employment and also to contribute to poverty alleviation in most countries. Small enterprises' importance is always viewed from the perspective of employment generation, contribution to export earnings and the Gross Domestic Product (GDP).

In industrialized countries, Small and Medium Enterprises (SMEs) are the major contributors to private sector employment. Empirical studies have shown that SMEs contribute over 50 percent of GDP and over 60 percent of total employment in high income countries. SMEs and formal enterprises account for over 60 percent of GDP and over 70 percent of total employment in low income countries, while they contribute about 70 percent of GDP and 95 percent of total employment in middle income countries (World Bank, 1977).

There is a rapid growth of the informal economy in developing countries, particularly Sub-Saharan Africa (SSA), and this is evidenced by the increasingly important contribution it has to a developing country's GDP. The informal economy is now directly linked to the main objectives of development; increased production, job creation and combating poverty. Many countries in SSA have recognized the importance of the informal economy and policies to assist it are often included in country Poverty Reduction Strategy Papers (PALMER, 2004).

In Kenya the SMEs sector is also known as informal sector or Jua Kali sector for most of the businesses are carried out in open air spaces. The Micro and Small Enterprise (MSE) sector in Kenya is an important and fast growing sector employing 42 percent of the working population, and accounting for 75 percent of all modern establishments in Kenya as at 2011 (KIPPRA Report, 2013). The sector was previously viewed by the elite as a sector for the poor catering for

their needs in terms of food, clothing and housing. However, as depicted by Nyakaana (1997) such mind has changed and today the sector caters for all categories of people and not only the poor. He estimates that services obtained from the informal sector takes about 75 percent of the poor man's budget, thus providing the market and economic basis for the informal sector enterprise (ILO, 1985).

### **2.5.1 Farming**

It is evidenced that the large majority of the poor live in the rural areas of the developing world and although some of the rural poor may be helped by transfers into cities, for most poor households any improvement in their incomes will depend on generating more and better jobs in rural areas. It is also believed that agriculture is likely to be central to rural development and rural poverty alleviation. Farming has high potential to create jobs, to increase returns to the assets that the poor possess—their labor and in some cases their land—and to push down the price of food staples, which is crucial when so many of the poor are net buyers of food (Hazell, Poulton, Wiggins, & Dorward, 2007).

To transform and translate the above into reality it therefore calls for farm business of the future to not only perpetuate the personal and business attitudes and skills that have contributed to that success in the past, but to acquire new attitudes and skills as well. Differences in farm business performance will result from differences in the management of a farm's resources and production processes. Farms are essentially manufacturing operations. Thus, careful organization and management of production will facilitate peak efficiency and, in turn, contribute to increased profitability (Boehlje, Dobbins & Miller, 2000).

New and improved methods of farming will lead to higher yield and therefore higher income which rotates around the local markets. Small-farm households spend their incomes, they tend to spend them on locally produced goods and services, thereby stimulating the rural non-farm economy and creating additional jobs.

In Kenya more than three quarters of the population lives in rural areas, and rural households rely on agriculture for most of their income. The rural economy, in turn, depends mainly on

smallholder farming, which produces the majority of Kenya's agricultural output. As captured in the Poverty Reduction Strategy Paper (PRSP, 2010) agriculture is one of the key sectors in the country with great potential for growth. Indeed, it contributes about 24 percent of the GDP, 75 percent of industrial raw materials and 60 percent of the export earnings. Of this percentage, about 26 percent earnings are indirectly linked to the sector through linkages to agro-based manufacturing, transport, wholesale and retail trade. The sector is acknowledged as one of the major employers of rural people, with an estimated 3.8 million Kenyans directly employed in farm, livestock production, and fishing while another 4.5 million were being employed in off farm informal sector activities (IMF, 2010).

### **2.5.2 Small businesses**

As well as being the major source of job creation in developed economies, small businesses are critical to driving economic growth through innovation and market expansion. There is growing evidence of the economic significance of the small proportion of businesses that exhibit high growth, which are to be found in all regions and especially in rural areas. The small business sector is recognized as an integral component of economic development and a crucial element in the effort to lift countries out of poverty (Wolfenson, 2001). Small- Scale businesses are driving force for economic growth, job creation, and poverty reduction in developing countries. They have been the means through which accelerated economic growth and rapid industrialization have been achieved (Sauser, 2005). Furthermore small scale business has been recognized as a feeder service to large-scale industries (Fabayo, 2009).

In a report given by the United State president in 1997 of the small business he said that Small businesses represent the individual economic efforts of our Nation's citizens. They are the foundation of the Nation's economic growth: virtually all of the new jobs, 53 percent of employment, 51 percent of private sector output, and a disproportionate share of innovations come from small firms. Small businesses are avenues of opportunity for women and minorities, first employers and trainers of the young, important employers of elderly workers, and those formerly on public assistance. The freedom of America's small businesses to experiment, create, and expand makes them powerhouses in our economic system (George L. Priest, 2002).

The ILO (1972) report noted that the great majority of the rural producers are part-time farmers; of the rest some are also teachers or government officials. Further, it noted that rural enterprises in Kenya have the following features: training takes the form of apprenticeship, where exact and rigid copying of the master results in lack of product differentiation and difficulty to adjust to new opportunities; low level of education for the owner, rarely beyond primary level; absence of trade certificates; capital required for start-up is low and mainly consists of buying tools; enterprises operate in a limited market; inferior quality of manufactured product; absence of stock to cater for seasonal demand; lack of business and technical knowledge causes machinery to breakdown; business premises are usually very poor, without proper roofing, floor or walls; high failure rate when the rural enterprise reaches ten employees. Scholars have also indicated that starting a business is a risky venture and warn that the chances of small-business owners making it past the five-year mark are very slim (ILO, 2005). Some researches into small-business development have also shown that the rate of failure of small scale businesses in developing countries is higher than in the developed world (Marlow, 2009).

### **2.5.3 Service in Miraa sector**

Kenya aspires to become a globally competitive country offering high quality of life to all her citizens by the year 2030. The economic, social and political pillars of the Kenya Vision 2030 are anchored on existence of a skillful, productive, competitive and adaptive human resource base. Creation of productive, decent and sustainable employment opportunities is, therefore, at the core of achieving the country's Vision (Omolo, 2012).

According to Hall (2009); while trying to understand the relationship between economic growth, employment and poverty reduction indicated that whether they are subsistence farmers, salaried workers, or self-employed entrepreneurs, poor people derive most of their income from work. This basic fact means that the level of employment, the quality of jobs, and the access which the poor have to decent earnings opportunities will be crucial determinants of poverty reduction. The intuition that jobs matter for development has not been lost on the governments of low income



countries and the vast majority of national development strategies look to employment generation as a major channel for poverty reduction.

Miraa (Khat), is a type of tree, the twigs of which can be chewed and act as a stimulant (Carrier, 2005). It is an outstanding cash crop, very profitable to farmers as it is grown for the local market as well as for the export market (Carrier, 2005). As a cash crop it provides employment to many people; farmers, middle men, businessmen, and transporters and therefore a source of livelihood for thousands of households either through production, harvesting, processing, transportation and marketing.

Because of logistical problems in transport and the risk involved, Miraa trade is dominated by rich businessmen and majority of the farmers and other people are left to work as pluckers and loaders; jobs that are lowly paying. This creates a lot of resentment among farmers who see businessmen as opportunists thriving on other people's sweat.

## **2.6 Living standards**

Living standards are the sum total of individual, household and societal welfare. The most direct and popular measures of living standards are income and consumption. In general terms, income refers to the earnings from productive activities and current transfers. It can be seen as comprising claims on goods and services by individuals or households. In contrast, consumption refers to resources actually consumed. Although many components of consumption are measured by looking at household expenditures, there are important differences between the two concepts. First, expenditure excludes consumption that is not based on market transactions. Given the importance of home production in many developing countries, this can be an important distinction. Second, expenditure refers to the purchase of a particular good or service. However, the good or service may not be immediately consumed (World Bank, 2008).

### **2.6.1 Income**

It is expected that cash grant beneficiaries will utilize their cash transfer not only on the immediate needs but also in Income generating Activities (IGAs). Through the IGAs the expectation is that they will generate income as profit that will be ploughed back to the business and spent to improve their lives.

The World Bank report (2008) indicates that income is composed of earnings from productive activities and transfers. It is customary to distinguish four main components in the measurement of income: wage income from labor services, rental income from the supply of land, capital, or other assets, self-employment income and current transfers from government or nongovernment agencies or other households.

Debate on whether to include income from farming and agriculture as productive activities is still on. For home-produced goods that are either exchanged by barter or consumed directly in the household, and for any income received in-kind, values have to be imputed (World Bank, 2008). On her part Mayer, (2004) argues that it is not the case that as most people are interested in family income because they expect income statistics to tell them something about how much families consume and their material living conditions. When real income increases, we expect consumption to increase and living conditions to improve. When real income declines, we expect consumption to decline and living conditions to deteriorate. She concludes that consumption and income are not highly correlated in the poor families and in fact expenditures and consumption often exceed income for this group.

### **2.6.2 Consumption**

As it were consumption and expenditure are two interrelated terms but consumption is a more wider term and includes even the uptake of items that are not purchased but are made locally within the household. It is therefore worthwhile to use consumption rather than expenditure as the measure of living standards especially for the rural communities whose larger part of what they use is produced and consumed locally.

In comparison with income consumption has been regarded as a good measure of living standards this is because expenditures are more stable across time than current incomes, which may fluctuate considerably, not only for groups like the self-employed and employees with temporary jobs, but also due to certain life events or other causes like running up or down savings or debt. Expenditures are thus supposed to better reflect long-term or permanent income and are from this point of view considered to be a better measure of economic well-being and respective inequalities. Mannheim, (2007) argues that if spending is maintained at a more constant level over time even while incomes are fairly volatile, it may be that spending is a better representation of an individual's average income.

Mayer, (2004) continues to add that, if one is interested in the living conditions of families, consumption is a better measure than expenditure and expenditure is a better measure than income and such a stand is held by Bruce and James, (2003) who argues in favor of using consumption rather than income to set benefit levels and to evaluate income transfer programs because consumption is better measured than income and because it is more highly correlated than income with material living conditions.

Whether consumption or income is a better tool for evaluating income transfer programs depends on the purpose of the program. It seems perfectly acceptable to evaluate an income transfer program by whether it increases income if that was the goal of the program. But policy makers should not mistake an increase in income for an increase in consumption or living standards. Therefore is it essential to put into consideration the purpose of the program when considering which measure of living standards one is to use; that is whether income or consumption.

## **2.7 Government policy**

There is no doubt that with increasing demands on the state by the citizens, the state can no longer be the sole provider of goods and services. It is also true that the support and interest in NGOs has grown as a result of the failure by state agencies to deliver services. Thus, the state and NGOs need each other. In terms of their relation with the state, Clark (2003) provides a liberalist view in terms of three options; they can complement, reform, and/or oppose the state. In their role of complementing the state, they act as the implementers of development activities.

In this case as argued by Thomas, (1992) NGOs fill the gaps left by the public service. The role of the state becomes more of an enabler rather than a provider of services. In their reforming role NGOs are seen as agents of advocacy and contribute immensely to policy dialogue. NGOs are able to represent the interests of the people they work with and in this case can ensure that policies are adaptable to real life situations. Finally, NGOs can oppose the state. They can do this by acting as watchdogs and holding the state accountable. This can be achieved through several methods including lobbying or even overtly supporting groups which are adversely affected by the policies of the government (Thomas, 2004). An example is the Survival International (SI) which is an international NGO based in the United Kingdom that supports the Basarwa in Botswana in their refusal of relocation from the Central Kgalagadi Game Reserve (CKGR).

The legal environment for NGOs and civil society in Kenya may be described as a generally enabling one, however, with serious challenges confronting stakeholders in the implementation of the laws. Until November 1999, NGOs operated in a legal vacuum, which presented considerable obstacles to their development. On 15 November 1999, NGO bureau issued Regulation 1999/22 on Registration and Operation of the Non-Governmental Organizations in Kenya, which was the first step towards setting up an institutional and legal status for the NGO sector. NGO Registration and Coordination Unit were established as an implementing mechanism for this regulation. Two years later, in September 2001, NGO bureau issued Regulation No 2001/19 on the Executive Branch of the Provisional Institutions of Self Government, which presented the legal basis for the establishing and functioning of the country's non-governmental institutions. As per this regulation, the Ministry of Public Services was responsible to assist in the administration of policies related to civil documents, vehicle registration, and NGO registration.

In July 2004, the Ministry of Public Services enacted Administrative Instruction MPS 2004/6, which established the NGO Division within the Department of Registration Services. Upon its enactment, the responsibility for NGO registration, monitoring, and coordination was handed over to national institutions. In March 2006, aiming to allot increased institutional capacities for provision of services to NGOs, the NGO Division was elevated to the Department for NGO Registration and Liaison. This law regulates the establishment, registration, governance,

operation, and termination of NGOs generally in line with European and International best practices. Furthermore, it establishes the so-called Public Benefit Status, which provides for tax exemptions and benefits for qualifying NGOs.

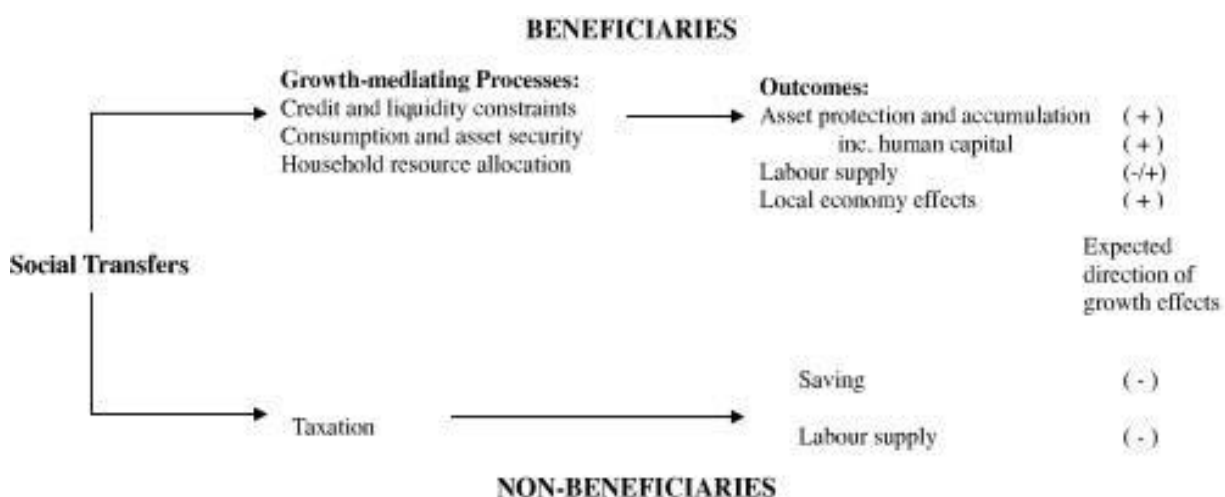
Currently, the NGO Law is undergoing an amendment procedure and the main focus is on the following issues: limiting registration of NGOs to those which pursue a public benefit purpose, the scope of the law, property and resources of NGOs, grounds for termination of NGOs, public benefit status and supervising and monitoring of NGOs. Although there is a general understanding that the legislation concerning NGOs in Kenya is moderately enabling and reflects European standards, according to a recent organizational survey conducted by an international organization with a number of active and consolidated NGOs, around 77 percent of respondents reported that their organizations faced illegitimate restriction or attack by local and/or central government (GoK 2014).

## **2.8 Theoretical Framework**

The research will be based on the theory of change. While there is a large body of literature examining social protection and cash transfers' (CT) impacts on poverty reduction and development, there is much less on understanding the mechanisms and pathways by which this happens (Browne, 2013). The theory of change tries to understand the pathways, causal relationships, and underlying assumptions about how change happens. It links the social transfer (cash transfers) to growth mediating processes and productive capacity outcomes. The ToC is mostly drawn from academic and theoretical literature rather than programme documentation this is because little has been done to analyze existing programmes and how change occurs as they are implemented. This therefore means that the literature on ToC is done retrospectively or conceptually at the existing programmes (Browne, 2013).

Different literatures written on the evaluation of CT have identified that cash transfers in combination with policies promoting growth and strengthening basic services, have the potential to make a significant difference to global poverty and vulnerability. As depicted by Barrientos (2012) framework below, cash transfers to households in poverty, influence growth-mediating

processes by lifting restrictions on their productive capacity. The impact on beneficiaries is measured in terms of program outcomes related to their productive capacity: human capital, physical and financial asset accumulation, labor supply, and local economy effects. These outcomes are expected to have positive effects on the income growth of households in poverty, except for the impact of transfers on labor supply, which can be positive or negative



(BARRIENTOS, 2012)

### Figure 1: A basic Framework of Theory of Change

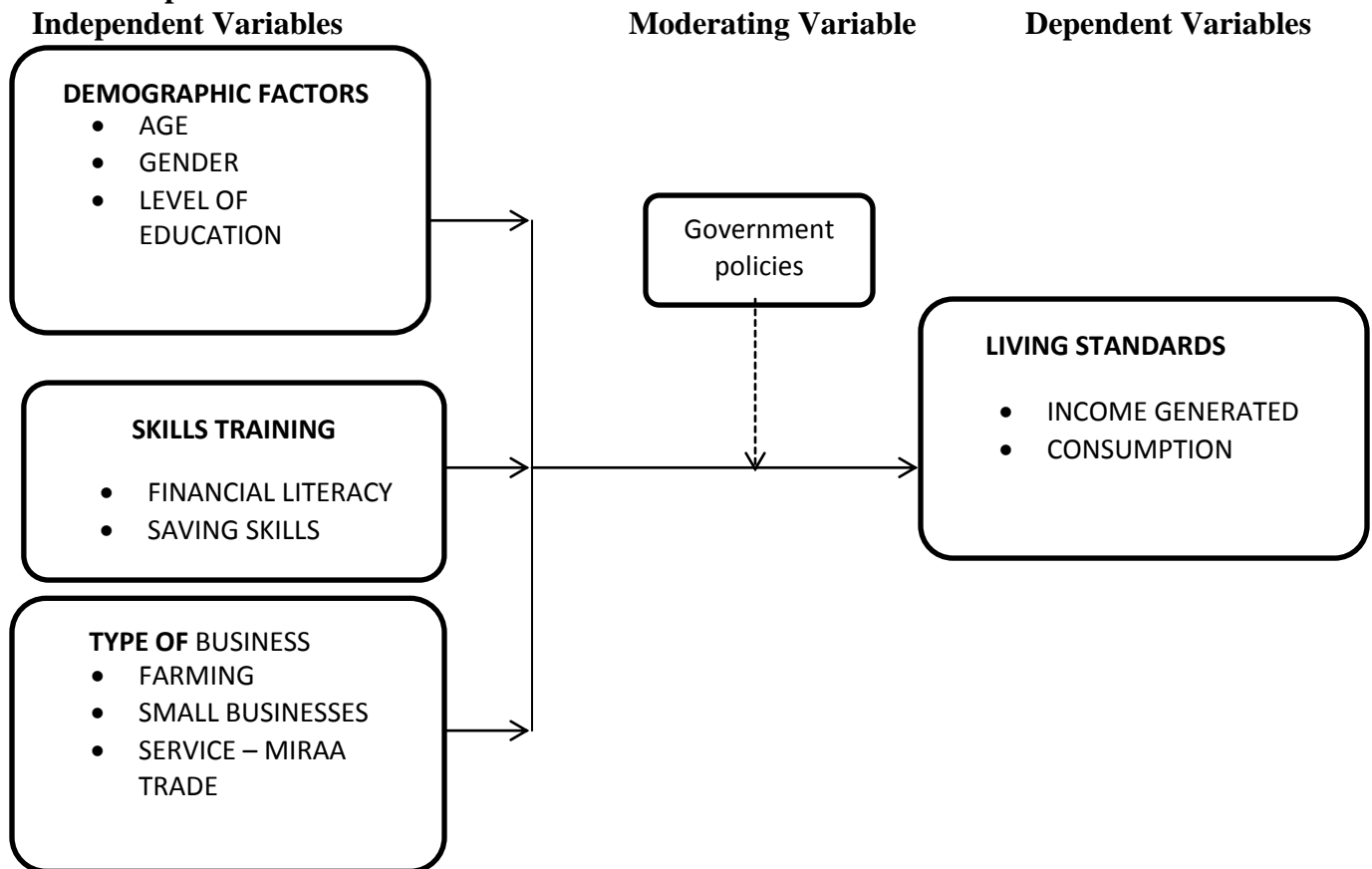
As indicated in the figure above social transfers could lift credit constraints – this is due to the fact that credit markets often exclude the poor and poorest – but it is identified that regular and reliable transfers can help overcome barriers in access to credit. This can work in two ways: through enhancing the saving capacity of poor households or through facilitating improved access to credit.

Secondly social transfers could provide greater certainty and security in consumption and thus investment outcomes. Poor households have fewer buffers to protect their consumption and their assets against hazards. Insurance services seldom reach the poor and poorest. Uncertainty and insecurity make investment especially risky and, therefore, undermine investment in productive capacity. Transfers can provide increased security and in the process make investment possible.

Finally social transfers could facilitate improved household resource allocation. Household resources allocation can be less than optimal if they experience poverty. Social transfers can help overcome cost restrictions, such as service user-fees, or migration costs. The design of social transfer programs can generate additional effects by influencing decision- making processes

within the households. These growth mediating processes suggest ways in which social transfers could generate outcomes which facilitate growth among households in poverty (Barrientos, 2012)

## 2.9 Conceptual framework



**Figure 2: Conceptual Framework**

Miles and Huberman (1994) defined a conceptual framework as a visual or written product, one that explains, either graphically or in narrative form, the main things — the key factors, concepts, or variables—to be studied and the presumed relationships among them.

Figure 2 is the conceptual framework of the study and defines three different variables; the independent, the dependent and the moderating. The independent variables are variables that may vary and if they do they may influence the dependent variable. The Independent variables in the research are demographic factors, skills training and the type of business. It is thought that

these variables determine the level in which the community living standards – the dependent variable – is experienced.

On the demographic factor; age of the household head, their gender and the level of education is presumed to have some impact on the way they utilize the cash grant and therefore influence the beneficiary's household living standards. The second variable; skills training; presume that if individuals are given the skills on financial literacy and saving skills they are better off than the untrained on the same and therefore beneficiaries may manage their income well and therefore improve their living standard. The third variable, type of business presume that different type of businesses have different levels of income and profit margin and therefore depending on the type of business we can measure the beneficiary's level of living standard.

Apart from the two variables a moderating variable – government policies – could influence the NGOs modality of providing cash grants and the way beneficiaries' carries out their businesses.

The measure of living standards will be on the household income and household consumption. These two will help determine the living standard of the household. If there is an increase in the household income that leads to improved consumption then we will define the household living standards to have improved.

## **2.10 Summary of literature reviewed**

The purpose of cash grant project apart from cautioning poor individuals, providing food and meeting other daily needs is to help beneficiaries create Income Generating Activities (IGAs); access to credit facilities and improve their human capital. The IGAs which range from Livestock and crop farming, services in the rural informal sectors and service in the Miraa business, for the Igembe communities are meant to generate income and it is expected that the Income generated will improve the living standards of the beneficiaries' household and later translate to the community.



Governments provide cash transfer to the elderly, Orphans and Vulnerable Children and Physically challenged households but hardly consider their modality of spending the money. The government provides monthly or quarterly disbursements for household consumption. Because there are no follow-up on how the money is spent by the poor household researches done and reviewed in this study reveals that cash transfer has improved poor household lives but there is little information on the process of how this change is realized. Generally from the literature reviewed it is evident that the level of education and level of life skills acquired determine to a greater extent on how people make business and life decisions, but this is not known specifically on how they influence the beneficiaries of cash grants projects.

Age and gender may influence assets ownership, especially land and on how people make decision on money matters. From the literature; households headed by female invest more in homes as long-term savings strategy, concentration of short-term liquid family consumption assets than male headed households. Female headed households will invest on children education and health than male headed households. From the literature reviewed there was no evidence of child-headed household because of the traditionally held stand of African extended family cares for their orphaned children.

The literature reviewed discusses about cash grant or cash transfers which are done on a monthly or quarterly basis; where the recipients are guaranteed to receive the amount every stated period of time. This is different from the cash grant project that is provided once by NGOs for the beneficiaries to initiate Income generating activities. This study provides information on the cash grant initiated projects that are provided once and entail provision of cash, skills and follow-up to monitor progress. It is of the above that this study will add value in understanding other components or activities that accompany cash provision and how they influence living standards.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the research design; define the target population, the sample size and the sampling procedure. It also identifies the data collection methods, the data collection method, validity and reliability and how data was analyzed. The chapter also illustrates the operationalization of variables.

#### **3.2 Research design**

As defined by Kothari (2010) research design is the plan, structure of investigation conceived so as to obtain answers to research questions and to control variance. A descriptive survey method was used to conduct this study. This method is used for collecting information by interviewing or administering a questionnaire to a sample of individuals (Kombo, et al, 2006) with an intention of describing the nature of the existing situations. It is considered most appropriate in behavioral sciences as it seeks to find out factors associated with certain occurrences, outcomes and condition of behavior (Bell & Lerman, 2005). Descriptive research describes the state of affairs as it exists in present.

#### **3.3 Target population**

The study targeted the beneficiaries of cash grants initiated project provided by two CBOs and one FBO in Igembe Sub-Counties: Kangaroo Actors 2000, ZOE International, Kenya and Laare Waumini Catholic SACCO. The three organizations provided cash grants to 390 poor Households (HHs) in the region as the Table 3.1 shows. The cash grant was provided once within the project life time and it was meant to help beneficiaries initiate Income Generating Activities and use part of the amount to meet their immediate needs.

**Table 3.1 Target Population**

No.	Organization	Type	Number of HHs reached
1.	Kangaroo Actors 2000	CBO	120
2	ZOE International - Kenya	CBO	150
3	Laare Catholic Waumini SACCO	FBO	120
<b>Total</b>			<b>390</b>

### 3.4 Sample size and Sampling Procedure

How accurately the results can be generalized from a given sample to the population depends on the representativeness of the sample. The degree of representativeness of a sample refers to how closely the sample mirrors the population (Gravetter & Forzano, 2012); therefore right determination of the sample size is very paramount. Cooper and Schindler (2003) explains that the whole idea of sampling is selecting some of the elements in a population, so the same conclusions can be drawn about the entire population. 10 – 30 percent is a good representation of the target population.

Kothari (2010), highlights the formula of sample size as  $nf = \frac{n}{(1+n) \times N}$

nf= the desired sample size

N= the estimate of population size

In this study, a sample of 30 percent was used hence a sample size of 117 out of the total population of 390. The sample was selected using stratified sampling method where each organization was used as a stratum. This is because each organization has its criteria of identifying and recruiting beneficiaries and operates within a certain region of the Sub-Counties. With the organization simple random sampling was employed from the list of beneficiaries provided. Table 3.2 presents the sample size from each organization.

**Table 3.2 Sample Size from each organization**

No	Organization	Type	Total population	Sample size
1	Kangaroo Actors 2000	CBO	120	36
2	ZOE International - Kenya	CBO	150	45
3	Laare Catholic Waumini SACCO	FBO	120	36
<b>Total</b>				<b>117</b>

### **3.5 Methods of data collection**

The data was collected through a guided well-structured questionnaire. The questionnaire contained structured and unstructured questions designed to measure the objectives of the study. The questions were administered by the researcher and two trained research assistant to avoid misinterpretation and to translate to the elderly and the semi-illiterate respondents. To avoid inconveniencing the respondent's majority were interviewed during their monthly group meetings. The questionnaire was structured to maintain the consistency, uniformity and flow of questions to all the respondents for easy analysis.

### **3.6 Validity and Reliability**

#### **3.6.1 Validity**

A research instrument is valid if it measures what it is supposed to measure (Kombo and Tromp, 2006). According to Orodho (2003), the validity of an instrument is measured by its repeated reviews by experts and field tests. Validity is of two types: Internal and external validity. Internal validity relates to the extent to which the design of a research study is a good test of the hypothesis or is appropriate for the research question (Carter and Porter, 2000). External validity, meanwhile, relates to whether or not research findings can be generalized beyond the immediate study sample and setting.

To validate the tools used, a pilot study was conducted with 12 people. This helped to test the tools ambiguity, flow of questionnaire and to remove any confusing questions. This helped to determine that all the areas of the research were covered by the questionnaire.

### **3.6.2 Reliability**

Mugenda and Mugenda (2003), explains that reliability is a measure of degree to which a research instrument yields consistent results or data after an acceptable number of repeat trials. Reliability is the extent to which measurements are repeatable –when different persons perform the measurements, on different occasions, under different conditions, with supposedly alternative instruments which measure the same thing. In sum, reliability is consistency of measurement (Bollen, 1989), or stability of measurement over a variety of conditions in which basically the same results should be obtained (Nunnally, 1978). Reliability can be improved by writing items clearly, making test instructions easily understood, and training the raters effectively by making the rules for scoring as explicit as possible (Nunnally, 1978). In this study, test-retest method was used to test reliability. 12 questionnaires were used which is equivalent to 10 percent of sample size. Pearson correlation was used to establish the reliability and a correlation coefficient of 0.835 was obtained. According to Kothari (2010) a correlation coefficient of 0.7 is acceptable for a newly developed questionnaire hence the adoption of the questionnaire.

### **3.7 Data analysis**

The raw data received from the field through the filled questionnaires was assessed for completeness and consistency. Responses in the questionnaires were tabulated, coded and processed by use of a computer Statistical Package for Social Science (SPSS) version 22.0. Descriptive statistics which included frequencies and percentages was used to analyze the data. The analyzed data was presented using tables.

### **3.8 Operationalization of variables**

This is the process of determining variables and defining how they will be measured. The table below indicates the objectives, the variables and different indicators of each variable. The table also defines how the indicators will be measured and finally on how they will be reported.

**Table 3.3 Operationalization of variables**

<b>Objectives</b>	<b>Independent Variables</b>	<b>Indicators</b>	<b>Measurement of Scale</b>	<b>Tool of Analysis</b>	<b>Types of Analysis</b>
To establish the extent to which Demographic Factors identified by the cash grant initiated project influence the community living standard	Demographic factors	Age	Ordinal	Percentage/ frequency	Descriptive
		Gender	Nominal	Percentage/ frequency	Descriptive
		Level of education	Ordinal	Percentage/ frequency	Descriptive
To assess how Skills training identified by the cash grant initiated project influence the community living standard	Skills training	Financial Literacy	Ordinal	Percentage Frequency	Descriptive
		Saving skills	Ratio	Percentage Frequency	Descriptive
To establish the extent to which Types of Business identified by the cash grant initiated project influence the community living standard	Types of Business	Farming	Nominal	Frequency/ percentage	Descriptive
		Small Businesses	Nominal	Frequency/ percentage	Descriptive
		Service in Miraa trade	Nominal	Frequency/ percentage	Descriptive
	<b>Dependent Variable</b>				
	Living Standards	Income	Ratio	Percentage Frequency	Descriptive
		Consumption	Ratio	Percentage Frequency	Descriptive
	<b>Moderating Variable</b>				
	Government policies	Influence	Interval	Percentage Frequency	Descriptive

### **3.9 Ethical Issues**

Given the sensitive nature of the enquiry, and the focus on particularly vulnerable and marginalized groups, confidentiality and anonymity was maintained. The respondents were informed before embarking into responding to the question on the nature and purpose of the study. This was further emphasized by the production of the University of Nairobi introductory letter which acted as a prove to the respondents that the research was meant for academic purposes. Informed oral consent was taken and all research participants were given an opportunity to agree which all of the respondents agreed to respond to the questionnaire. A safe space and one on one response was used to ensure confidentiality and minimal disruption to the lives of respondents.

## **CHAPTER FOUR**

### **DATA ANALYSIS, PRESENTATION AND INTERPRETATION**

#### **4.1 Introduction**

This chapter discusses the presentation, analysis and interpretation of the findings as per the data collected from the respondents. Data was analyzed in relation to the study objectives. The general objective of the study was to determine the influence of cash grants initiated projects on community living standards. A profile of data from each of the respondents was compiled and analyzed. The data was presented and classified in form of frequency tables and numerical values and percentages generated through statistical package of social science version 22.

#### **4.2 Questionnaire return rate**

The research targeted 117 respondents and issued the said number of questionnaires but only 110 questionnaires were returned which accounted for 94 percent return rate. The reasons for this response rate was attributed to the fact that some of the respondents who were issued with the instruments returned questionnaires whose most items were not filled, some of the questionnaires contained data which was deemed not useful or irrelevant and some of the subjects did not return the questionnaires at all.

#### **4.3 Demographic information**

This section sought to gather information relating to or concerning demography among the respondents targeted in the study.

##### **4.3.1 Gender distribution**

Respondents were required to state their gender. Data collected indicated that out of 110 respondents, majority (70 percent) of them were women while (30 percent) were male. The Table 4.1 represents the distribution of the gender of the respondents.



**Table 4.1 Respondent Gender Distribution**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Male</b>	33	30
<b>Female</b>	77	70
<b>Total</b>	<b>110</b>	<b>100.0</b>

**4.3.2 Age distribution**

The respondents for the study were asked to state their age category. Data collected indicated that majority (54.5 percent) of the respondents were of age category 35-60 years, 24.5 percent of the respondents were between 25-34 years, 9.1 percent were between 18-24 years, 7.3 percent were over 61 years, while the remaining 4.5 percent were people below the age of 18 years of age. The Table 4.2 represents the distribution of the ages of the respondents. It can be concluded that majority of the respondents were between 35-60 years.

**Table 4.2 Respondents by Age**

<b>Age</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Below 18 years</b>	5	4.5
<b>18 - 24 years</b>	10	9.1
<b>25 - 34 years</b>	27	24.6
<b>35 - 60 years</b>	48	43.6
<b>Over 61 years</b>	20	18.2
<b>Total</b>	<b>110</b>	<b>100.0</b>

**4.3.3 Level of education**

The respondents' level of education was considered to be very significant for the study as it would help to generally establish the literacy levels of the respondents. They were therefore asked to indicate their highest level of education. Data collected indicated that majority (89.1 percent) of the respondents had a primary education, 8.2 percent had a secondary education while the remaining 2.7 percent were of Diploma education. The Table 4.3 shows the response of

the respondents. This shows that majority of the beneficiary of the cash grants project are primary education leavers.

**Table 4.3 Respondents Level of Education**

<b>Level of Education</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Primary education</b>	98	89.1
<b>Secondary education</b>	9	8.2
<b>Diploma</b>	3	2.7
<b>Total</b>	<b>110</b>	<b>100</b>

#### **4.4 Skills Training**

This section sought to gather information on whether the respondents had received any training through the cash grant initiated project, what kind of training, their feelings on the same and if it had any effect in the community living standards. They were asked to express their opinion by placing a tick in an appropriate column that expresses what you feel.

##### **4.4.1 Response on Skills training through the Cash Grant Project**

Respondents were asked to express whether they had received any training through the cash grant. The Table 4.4 presents respondents responses to the item.

**Table 4.4: Response on Skills training through the Cash Grant Project**

<b>Respondents</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Yes</b>	106	96.4
<b>No</b>	4	3.6
<b>Total</b>	<b>110</b>	<b>100</b>

Majority 96.4 percent of the respondents indicated that they had been trained through cash grant while 3.6 percent had not been trained through cash grant project. This can be concluded that majority of the beneficiaries have been trained on how to use the cash disbursed to them through this project. On the number of trainings received, Majority of the respondents 86 percent who

were trained indicated that they had received the training once. Only 14 percent of the respondents were trained for more than once through cash grants projects.

#### **4.4.2 Type of trainings received through the cash grant project**

Respondents were asked to express their opinion on the type of trainings received through the cash grant project. The Table 4.5 presents respondents responses to the item.

**Table 4.5: Response on Type of Trainings Received Through the Cash Grant Project**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Entrepreneurship</b>	4	3.6
<b>Financial management</b>	70	63.6
<b>Budgeting and Savings skills</b>	23	20.9
<b>Record keeping</b>	10	9.1
<b>others specify</b>	3	2.8
<b>Total</b>	<b>110</b>	<b>100</b>

Majority of the respondents (63.6 percent) strongly agreed that they had been trained on financial management, 20.9 percent agreed that they had been trained on budgeting and savings while 3.6 percent of the respondents indicated that they have been trained on entrepreneurship and 9.1 percent argued that they had been trained on record keeping. Only 2.8 percent of the respondents were trained on other areas. This can be concluded that most of beneficiaries have very little knowledge on entrepreneurship, even though they are expected to initiate IGAs.

#### **4.4.3 Effective of the training received from the cash grant initiated project**

Respondents were asked to express the level of effectiveness of the training received from their partners. Table 4.6 presents respondents responses to the item.

**Table 4.6: Effectiveness of training received from the partners**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Effective</b>	88	80
<b>Neutral</b>	19	17.3
<b>Not effective</b>	3	2.7
<b>Total</b>	<b>110</b>	<b>100.0</b>

Majority of the respondents (80 percent) strongly agreed that the trainings were effective while 17.3 percent of the respondents were neutral. Only 2.7 percent argued that the trainings are not effective. This can be concluded that trainings conducted by the trainers were effective.

#### **4.4.4 Influence of skills training on community living standards**

Respondents were asked to express their opinion on whether skills training provided through cash grant projects influences community living standards. Table 4.7 presents respondents responses to the item.

**Table 4.7: Influence of skills training on community living standards**

<b>Responses</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Highly Influence</b>	80	72.7
<b>Neutral</b>	14	12.7
<b>Slightly influence</b>	16	14.6
<b>Total</b>	<b>110</b>	<b>100.0</b>

Majority of the respondents (72.7 percent) strongly agreed that training received through cash grant influenced community living standards while 12.7 percent were neutral. 14.6 percent of the respondents argued that cash grant projects slightly influenced community living standards. This can be concluded that training received through cash grant initiated project had an influence to the living standards of community.

#### **4.5 Type of business funded by the cash grant projects**

The respondents were provided with a number of business types that are funded using the cash grants projects. They were required to indicate their responses as follows and Table 4.8 presents the respondents response on the item:

**Table 4.8: Type of Business Funded by the Cash Grant Projects**

<b>Responses</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Farming</b>	34	30.9
<b>Small Business – trade</b>	64	58.2
<b>None</b>	1	0.9
<b>Service in the Miraa</b>	8	7.2
<b>Salary/casual laborer</b>	3	2.7
<b>Total</b>	<b>110</b>	<b>100.0</b>

Data collected from the respondents indicated that majority 58.2 percent of the respondents agreed that they began small businesses with the funds from the cash grant initiated project, 30.9 percent on farming while 7.2 percent on service in Miraa and another 2.7 percent of the total targeted population strongly argued that they were on salary and casual laborers. It can be concluded that the cash grant project has been invested more on small business trade.

##### **4.5.1 Response on farming practiced through the cash provided by the cash grant project**

The respondents were required to state on the type of farming practiced through the cash provided by the cash grant initiated project. The Table 4.9 presents respondents responses to the item.

**Table 4.9: Response on farming practiced through the cash provided by the cash grant initiated project**

Response	Frequency	Percentage
Goat raring	14	12.7
Crop (maize, beans)	16	14.5
Others	76	69.1
Dairy cow	1	0.9
Chicken raring	3	2.7
<b>Total</b>	<b>110</b>	<b>100.0</b>

Data collected indicated that majority of the respondents 69.1 percent indicated that they used the cash from the cash grant initiated project to ventures into other work instead of farming. 14.5 percent indicated that they used the cash to begin crop farming, 12.7 percent of the respondents argued that they ventured into goat raring, while 2.7 percent are practicing chicken rearing. 0.9 percent of the respondent which is just one person ventured into dairy cow farming.

#### **4.5.2 Response on services in Miraa trade practiced through the cash provided by the cash grant project**

The respondents were required to indicate the areas in Miraa sector that they began through the cash provided by the cash grant initiated project. Table 4.10 presents the respondents response on the item

**Table 4.10: Response on business in the Miraa sector practiced through the cash provided by the cash grant project**

Response	Frequency	Percentage
Farming	1	0.9
Picking	3	2.7
Brokering	4	3.6
Others	102	92.7
<b>Total</b>	<b>110</b>	<b>100</b>

Data collected indicates that majority of the respondents 92.7 percent did not engage in Miraa business using the amount funded through the cash grant initiated project. 3.6 percent began brokering Miraa, 2.7 percent did casual labour in picking miraa while 0.9 percent did farming. It is therefore concluded that majority of the grant beneficiaries did not use the grant in Miraa business.

#### **4.5.3 Response on type of small trade/businesses practiced through the cash provided by the cash grant project**

The respondents were required to indicate the type of businesses they ventured into through the cash provided by the cash grant initiated project and the results were as in Table 4.11:

**Table 4.11: Response on small trade/businesses practiced through the cash provided by the cash grant project**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Green grocery	17	15.5
Selling Second hand clothes	6	5.5
Food Kiosk	20	18.1
Selling Cereals	17	15.5
Livestock trading	1	0.9
Others	49	44.5
<b>Total</b>	<b>110</b>	<b>100</b>

Data collected from the respondents indicate that majority of the beneficiaries 18.1 percent of cash grant initiated business in food kiosks, 15.5 percent of the cash grant beneficiaries began green grocery shops and selling cereals. 5.5 percent began selling second hand clothes while 0.9 percent which is only 1 person ventured into livestock trading. It can be deduced from the data that 55.5 percent of the respondents began small trade/businesses using the cash granted by the cash grant initiated project and 45 percent ventured into farming or in Miraa business.

#### **4.6 Community Living Standards**

The study sought to establish how the cash grants have improved community living standards. The Table 4.12 presents respondents responses to the item:

**Table 4.12: Response on money (income) earned in a month from the business activity initiated through cash grant project**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Below 1,000.00	19	17.3
1,001.00 – 2000.00	12	10.9
2,001.00 – 3,000.00	16	14.5
3,001.00 – 4,000.00	8	7.3
4,001.00 – 5,000.00	19	17.3
Above 5,000.00	36	32.7
<b>Total</b>	<b>110</b>	<b>100</b>

Data obtained revealed that majority 32.7 percent of the respondents earns above shillings 5,000 per month and 17.3 percent earn between shillings 4,001 – 5,000. 7.3 percent argued that they earn between shilling 3,001-4,000 per month while 10.9 percent of the respondents argued that they earn between shillings 1,001 - 2,000. However, 17.3 percent of the respondents argued that they earn below shillings 1,000 per month.

#### **4.6.1: Response on whether income realized had improved living standards**

The respondents were asked to describe whether income realized has improved the living standards. The Table 4.13 presents the respondents responses to the item.

**Table 4.13: Response on whether income realized has improved living standards**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Yes</b>	63	57.3
<b>No</b>	47	42.7
<b>Total</b>	<b>110</b>	<b>100.0</b>

From the above data, majority 57.3 percent of the respondents indicated that income realized had improved their living standards while 42.7 percent of the respondents argued that income generated from cash grants projects activities had not improved their living standards. This can



be concluded that the income generated from the cash grant initiated projects has improved their living standards of slightly over a half of the respondents.

#### **4.6.2 Response on how the income earned from cash grants projects improved family consumption**

The respondents were asked to give suggestions on how the income earned from cash grants projects improved family consumption. Majority of the respondents highlighted that family consumption has not improved since the income generated is very low.

**Table 4.14: Response on money used in consumption in a month in the household**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
4,001.00 – 5,000.00	15	13.6
Above 5,000.00	95	86.4
<b>Total</b>	<b>110</b>	<b>100.0</b>

Data collected indicate that majority of the respondents 86.4 percent spend over shillings 5,000 in a month and only 13.6 percent of the respondents consume between shillings 4,001 – 5,000 per month. This can lead to conclude that majority of the respondents consumes more than they are earning in a month.

#### **4.7 Influence of Government policy on cash grant initiated projects**

This section wanted to establish whether there is government influence on the cash grants projects in Igembe, Meru County. The responses were as illustrated below.

##### **4.7.1 Satisfaction with government policy**

The respondents were required to state their level of satisfaction with the government policy governing the cash grants project and their responses were:

**Table 4.15: Response on the respondent's satisfaction with government policy**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Highly satisfied	17	15.5
Slightly satisfied	54	49.1
Neutral	21	19.1
Slightly dissatisfied	8	7.2
Highly dissatisfied	10	9.1
<b>Total</b>	<b>110</b>	<b>100.0</b>

Data collected from the respondents indicated that majority 49.1 percent of the respondents were slightly satisfied with the government policy governing the cash grants project, 15.5 percent were highly satisfied while 7.2 percent were slightly dissatisfied and another 9.1 percent of the total targeted population was highly dissatisfied. However, 19.1 percent were neither satisfied nor dissatisfied at all.

#### **4.7.2 Responses on Moderating Influence of government policy on cash grant projects**

The study wanted to establish the moderating influence of government policy on cash grant projects. The responses were as shown in Table 4.16:

**Table 4.16: Responses on Influence of government policy on cash grant projects**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Highly Influences	85	77.3
Neutral	4	3.7
Slightly Influences	21	21
<b>Total</b>	<b>110</b>	<b>100.0</b>

Data revealed that majority of the respondents 77.3 percent indicated that government policies highly influenced cash grant projects while 21 percent of the respondents indicated that government policies slightly influenced cash grant projects. However 3.7 percent of the respondents were not familiar with any influence of government policies to cash grant projects.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents the summary of the study findings, conclusions and recommendations for further research based on the investigation carried out to assess the influence of cash grants initiated projects on community living standards of the Igembe Sub-Counties of Meru County.

#### **5.2 Summary of Findings**

From the finding majority of the respondents 70 percent were women while 30 percent were male. Among the respondent 89.1 percent had a primary education, 8.2 percent secondary education while the remaining 2.7 percent had a Diploma education. Out of all the respondents 54.5 percent were aged between 35-60 years, 24.5 percent between 25-34 years, 9.1 percent between 18-24 years, 7.3 percent were over 61 years and the remaining 4.5 percent were children below the age of 18 years.

96.4 percent of the respondents indicated that they had been trained in one or more areas through cash grant and it is only 3.6 percent who indicated that they had not been trained. Majority of the respondents 86 percent who were trained indicated that they had received the training once and only 14 percent of the respondents were trained for more than once through cash grants projects. On topics trained 63.6 percent of the respondents had been trained on financial management, 20.9 percent on budgeting and savings, 3.6 percent on entrepreneurship and 9.1 percent had been trained on record keeping. Only 2.8 percent of the respondents were trained on other areas. 80 percent strongly agreed that the trainings were effective and 17.3 percent of the respondents were neutral and only 2.7 percent argued that the trainings were not effective. 72.7 percent of the respondents indicated that trainings received highly influenced community living standards while 14.6 percent argued that the trainings slightly influenced community living standards. Only 12.7 percent were neutral.

Data collected from the respondents indicated that majority 58.2 percent of the respondents had begun small businesses, 30.9 percent on agri-business/farming while 7.2 percent were on service in Miraa trade. Only 2.7 percent had sought jobs as salary and casual laborers. However, 0.9 percent of the respondents were indicated they were doing nothing. On farming, out of all the respondents 14.5 percent indicated that they used the cash to begin crop farming, 12.7 percent ventured into goat rearing, while 2.7 percent are practicing chicken rearing and only 0.9 percent begun dairy cow farming.

From the respondents it is only 3.6 percent begun brokering Miraa, 2.7 percent did casual labour in picking miraa while 0.9 percent did farming. 18.1 percent of the respondents had begun business in food kiosks, 15.5 percent in green grocery shops and selling cereals, 5.5 percent began selling second hand clothes while 0.9 percent which is only 1 person ventured into livesock trading.

Data obtained revealed that majority 32.7 percent of the respondents earns above shillings 5,000 per month and 17.3 percent earn between shillings 4,001 – 5,000. 7.3 percent earns between shilling 3,001- 4,000 per month and 10.9 percent of the respondents between shillings 1,001- 2,000. However, 17.3 percent of the respondents argued that they earn below shillings 1,000 per month. On whether the income realized had improved their living standards majority 57.3 percent of the respondents indicated that income realized had improved their living standards while 42.7 percent of the respondents argued that income generated from cash grants projects activities had not improved their living standards. This could have been because 86.4 percent of the respondents spend/consumes over shillings 5,000 in a month and only 13.6 percent of the respondents consume between shillings 4,001 – 5,000 per month.

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Data collected from the respondents indicated that majority 49.1 percent of the respondents were slightly satisfied with the government policy governing the cash grants project, 15.5 percent were highly satisfied while 7.2 percent were slightly dissatisfied and another 9.1 percent of the total targeted population was highly dissatisfied. However, 19.1 percent were neither satisfied nor dissatisfied at all. Majority of the respondents 77.3 percent indicated that government policies highly influence cash grant projects while 21 percent indicated that government policies

slightly influence and only 3.7 percent of the respondents who were not familiar with any influence of government policies to cash grant projects

### **5.3 Discussion**

#### **5.3.1 Influence of demographic factors identified by cash grant initiated project on community living standards**

Majority of the respondents were women. This might be construed to mean that there is no gender equality in the disbursement of cash grant project; but literature reviewed and especially the report by Chant (1997) indicated that the number of female headship in families has increased worldwide. The World Bank report (2008) also emphasized that female-headed households are easily target group for poverty alleviation and this is further discussed by IFAD report (2013) that households headed by female are prone to poverty due to the women vulnerability and lack of equal access to social and economic assets available.

There is a small percentage of respondents who were below the age of 18 years. This means that there were child-headed household unlike the report of Oxford Policy Management that stated that child-headed households are rare and in their 2008 report indicated that they did not encounter any child-headed household. KIHBS (2005/6) indicated that 1.2 percent of children had lost both parents. 18.2 of the respondents were elderly people who were over the age of 61 years; this is in line with the findings of OpM (2008) report which indicated that 18 percent of caregivers are grandparents.

The respondents' level of education was considered to be significant for the study as it would help to generally establish the literacy levels of the respondents. Majority of the respondents had a primary education and only a small fraction that had gone to secondary school and even smaller percentage that had a diploma education. This shows that majority of the beneficiary of the cash grants project are primary education leavers. This could confirm the findings of KPHC (2009) report that Eastern province had the highest number of primary going pupils but the transition to secondary and then later to University was very minimal. The limited level of education could have been the determining factor that exposed them to poverty. This is in line with UNESCO (2005) report that indicated that generally speaking more schooling means higher

lifetime incomes. Keeping in mind that majority were women it is evident that women in Igembe Sub-Counties are less schooled.

### **5.3.2 Influence of skills training identified by cash grant initiated project on community living standards**

Majority of the respondents argued that they have been trained in one or more areas through cash grant initiated project. On the number of trainings received, Majority of the respondents argued that they had received the training once. Majority of the respondents indicated that they had received training on financial management and on budget and saving. MasterCard Foundation of Canada indicates that financial training is the process of introducing people to knowledge, skills and attitudes required for responsible earning, spending, saving, borrowing and investing (Monique et al, 2011). This therefore means that the respondents had been equipped with skills on earning, spending, saving and investing.

From the data just a small fraction of the respondents indicated to have been trained on entrepreneurship. This can be concluded that most of beneficiaries have very little knowledge on entrepreneurship even though they are expected to use the cash from the cash grant initiated project in starting IGAs which calls for creativity and innovation. Majority of the respondents strongly agreed that the trainings even though limited – number of trainings – were effective and had highly influenced their living standards. OECD Report (2013) indicated that skills are what transform lives, generate prosperity and promote social inclusion.

### **5.3.3 Discussion on how type of business identified by cash grant initiated project influence community living standards**

Majority of the respondents had begun small trade or businesses with the cash provided by the cash grant initiated project this was followed by people who ventured into agri-business and only a small fraction that invested in the Miraa farming and trade even though the region is well known for its Miraa production and trade. This concur with the report by Carrier (2005) that indicated that due to the great control of the Miraa by rich business people there is a lot of resentments among farmers who see the business men as opportunists thriving on other peoples sweat and therefore just a few who ventured into this business. Sauser (2005) indicates that small scale businesses are driving force for economic growth, job creation and poverty reduction in

developing countries. Majority of the businesses initiated are food kiosks this is in response to a need for the many people who work in Miraa trade within the centers in the region. Due to the amount being provided by the cash grant initiated project it is only one person who have invested in dairy cow and only one who is livestock trading.

Majority of the respondents indicated that their monthly income from the venture they had begun was bringing income which was over shillings 5,000.00 per month. Slightly over half of the respondents were earning over 1.5USD a day. 42.7 percent of the respondents were earning an income of less than shillings 3,000. This is below the United Nation 1.5USD a day measure of poverty. This therefore means that 57.3 were earning over 1.5USD a day and this agree with the 57.3 percent of the respondents who indicated that the income realized had improved their living standards – improved income generation.

Even though there was improved income majority of the respondents indicated that they consumes over shillings 5,000 per month. This is an indication that majority of the respondents consumes more than their monthly income. No respondents indicated that they consume less than shillings 4,001 per month even though 50 percent of the respondents earned less than shillings 4,001 a month. This concur Mayer (2004) argument that consumption and income are not highly correlated in the poor families and in fact expenditures and consumption often exceed income for the poor. It therefore can be concluded that 50 percent of the respondents consumes more than their income.

Majority of the respondents were slightly satisfied with the government policy on NGOs and on cash grants. However majority of the respondents indicated that government policies were highly influential on the way cash grant initiated project are and should be run.

## **5.4 Conclusions**

The purpose of the study was to establish the influence of cash grant initiated project on the community living standards in Igembe Sub-Counties of Meru County. From the findings the study concludes that if income is the measure of Living Standard then 57.3 percent of the

respondents realized improved living standards but if consumption is the measure then 50 percent of the respondents consumes more than their income.

The purpose of the cash grant initiated project is essentially to initiate IGAs that in return increases the household's monthly income. It is expected that the improved household income will in turn improve the household living standards. This therefore means that the Cash grant initiated project overall realized its objective by improving monthly income of 57.3 percent of the respondents and therefore improved the community living standards.

Majority of the respondents were women and of primary Education. Gender and low level of education could have increased the respondents' vulnerability to poverty and therefore recruited into the project. If level of schooling determines the level of income then the target group requires a lot of skills development to improve their productivity more especially on the area of entrepreneurship that will improve their creativity and innovation in business venture. There are a number of child-headed household and older caregivers in the Igembe Sub-Counties and therefore other modes of cash provision are required and not a one off cash grant implemented by the two CBOs and FBO.

## **5.5 Recommendations**

To ensure sustainability of the project initiated through the cash grant initiated project and in order to improve beneficiary's income and further improve their living standards the following recommendation drawn from the findings can be made:

### **5.5.1 Recommendation for the CBOs and FBOs**

Entrepreneurship is essential for the beneficiaries to be more innovative and to ensure they have more knowledge on investment opportunities surrounding them. Therefore the research recommends there is need for more training on entrepreneurship in order for the beneficiaries to realize the potential that surrounds them and to be creative to exploit them.

The level of education for most of the respondents was primary education and therefore more life-skills training, more exposure to different modes of doing businesses are needed to realize



long term life improvement. The research recommends that the management of cash grant projects should offer advisory service to the beneficiary on profitable business opportunities.

### **5.5.2 Recommendation for the Policy makers**

There is 4.5 percent of child-headed household and 18.2 percent of individuals over the age of 61 years. This group of people may not do well in small business venture or in agri-business and therefore one off provision of cash may not be very productive and they may require a monthly or quarterly disbursement of cash transfers. The government through its social protection model and especially through cash transfer need to increase it reaches the older caregivers and child-headed households.

### **5.5.3 Recommendation for further research**

This research report was only able to capture the situation of the rural area of Igembe Sub-Counties of Meru County. This may not be the case in other Counties and may not be the case in urban areas therefore a separate survey should be conducted to ascertain whether same findings apply.

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## APPENDICES

### APPENDIX I: LETTER OF TRANSMITTAL OF DATA COLLECTION INSTRUMENT

George Gichuhi Nduru  
P.O BOX 1963,  
Thika - Kenya.

**Dear Sir /Madam,**

**RE: Letter To The respondents**

I am currently a student at The University of Nairobi pursuing degree of Master in Project Planning and Management. To meet the requirements of the programme; I am undertaking a study on ***INFLUENCE OF CASH GRANT INITIATED PROJECTS ON COMMUNITY LIVING STANDARDS BASING THE CASE OF IGEMBE SUB-COUNTIES OF MERU COUNTY, KENYA.***

Kindly provide data which I require for this study through the provided study instruments.

The data you provide will be used for research purpose only and your identity will be held confidential.

Yours Faithfully,

George Gichuhi Nduru  
L50/70035/2013

## APPENDIX II: QUESTIONNAIRE FOR ALL RESPONDENTS

This questionnaire is to collect data for purely academic purposes. You are kindly requested to answer the questions as sincerely as possible. The information you will give will only be used for research purposes and your identity will be treated with confidentiality.

Fill the questionnaire by putting (X) in the appropriate box or by writing your response in the provided spaces.

### Part A: Background Information

#### 1. Gender of the Household head

Gender	Tick (X)
[1] Male	
[2] Female	

#### 2. Age group of the respondent

Age	Tick (X)
<b>Below 18 years</b>	
<b>18 - 24 years</b>	
<b>25 - 34 years</b>	
<b>35 - 60 years</b>	
<b>Over 61 years</b>	

#### 3. What is the Highest Level of the household head

Level Of Education	Tick (X)
[1] Primary Level	
[2] Secondary level	
[3] College level	

**Part B: Influence of skills training provided through cash grant project on community living standards**

4. Have you received any training through the cash grant project?

	Tick (X)
[1] YES	
[2] NO	

If yes, how much training have you received from the partners since you were recruited as a beneficiary of the cash grant project?

Once ( )      2 times ( )      3 times ( )      More than 3 times ( )

5. What type of trainings have you received through the cash grant project?

Type	Tick (X)
[1] Entrepreneurship	
[2] Financial management	
[3] Budgeting and Savings skills	
[4] Record keeping	
[5] others specify	

How effective was the training you received from the partners?

Rating	Tick (X)
[1] Effective	
[2] Neutral	
[3] Not effective	

6. In your own opinion, how do skills training provided through cash grant projects influence community living standards?

<b>Influence</b>	<b>Tick (x)</b>
[1] Highly Influence	
[2] Neutral	
[3] Slightly influence	

**Part C: Type of business funded by the cash grant projects and its influence on community living standards**

7. What type of business or livelihood activity are you currently doing through the cash grant project?

<b>Type of business</b>	<b>Tick (X)</b>
[1] Farming	
[2] Small Business – trade	
[5] None	
[3] Service in the Miraa	
[4] Salary/casual laborer	

Other (please specify):

.....  
 .....

What type of farming are you practicing through the cash provided by the cash grant project?

<b>Type</b>	<b>Tick (X)</b>
[1] Goat raring	
[2] Crop (maize, beans)	
[3] Miraa farming	
[4] Dairy cow	
[5] Chicken raring	
[6] None	

Other specify

.....  
 .....

What type of business are you currently doing through the money provided by the cash grant project (and not in Miraa business)?

Type	Tick (X)
[1] Green grocery	
[2] selling second hand clothes	
[3] Food Kiosks – hotel	
[4] Selling cereals	
[5] Livestock trading	
[6] None	

Other specify

.....

In Miraa business which sector do you work that is as a result of cash grant project?

Type	Tick (X)
[1] Farming	
[2] Picking	
[3] Brokering	
[4] Transporting	
[5] Selling to market outside your local market	
[6] None	

Other specify

.....

**In your own opinion how does the type of business which you began through the money provided by the project influence community living standards (your income generation and how you take care and provide for your children/family)?**

- i. ....
- ii. ....

#### **Part D: Community living standards**

8. How much money are you making in a month from the business or livelihood activity initiated through cash grant project?

Amount in KSH.	Tick (X)
[1] Below 1,000.00	
[2] 1,001.00 – 2000.00	
[3] 2,001.00 – 3,000.00	
[4] 3,001.00 – 4,000.00	
[5] 4,001.00 – 5,000.00	
[6] Above 5000.00	

Has income realized improved your living standards?

	Tick (X)
[1] YES	
[2] NO	

How much money do you spend in a month for family need?

Amount in KSH.	Tick (X)
[1] Below 1,000.00	
[2] 1,001.00 – 2000.00	
[3] 2,001.00 – 3,000.00	
[4] 3,001.00 – 4,000.00	
[5] 4,001.00 – 5,000.00	
[6] Above 5000.00	

Kindly few words; describe how the income earned from cash grants projects improved your family consumption?

.....  
 .....

#### Section E: Government Policy

9. How would you rate the government policy on cash grants projects?

	Tick (X)
Highly Influences	
Neutral	
Slightly Influences	

How would you rate satisfaction on the government policy governing the cash grants projects?

	<b>Tick (X)</b>
Highly satisfied	
Slightly satisfied	
Neutral	
Slightly dissatisfied	
Highly Dissatisfied	