

Oxford Policy Management

# **Evaluation of the Kenya Hunger Safety Net Programme Phase 2**

Impact evaluation final report

March 2018



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## Acknowledgements

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The authors would like to thank all the individuals who have contributed to the undertaking of the Hunger Safety Net Programme (HSNP) Phase 2 evaluation to date, and to producing this report. They include: the HSNP management team, for their support and cooperation throughout the life of the evaluation (in particular, Ric Goodman, Carrie Ndoka, Naseer Khan, Johnson Mwambanga, Peter Thirikwa, Nathan Kivuva, and Mercy Kiogora, for their engagement and assistance); James Odour, Chief Executive Officer, and Sunya Orre, Director of Technical Services, of the National Drought Management Authority; the Impact Evaluation Peer Review Panel, Ben Davis of the United Nations Food and Agriculture Organization, Anna McCord of the Overseas Development Institute and Conor Doyle of the UK Department for International Development (DFID); Tim Waites, Nina Hissen, Mercy Odour, Liz Drake, Anthony Njage, Jonas Heirman, and Dorothy Shihemi of DFID; Research Guide Africa (and in particular the research field teams who undertook the various rounds of data collection for this study); and last, but definitely not least, all of the respondents, who generously gave of their time and opinions for the interviews.

All opinions expressed, and any mistakes, remain the responsibility of the authors: Fred Merttens, Michele Binci, Molly Scott, Virginia Barberis, Edward Taylor, Karen Thome, Ramla Attah, Sope Otulana, Chris Hearle, Emma Jones, Alastair Haynes, Hanna Laufer, and Johanna Wallin.

This project was funded with UK aid from the UK government.

This material has been funded by UK aid from the UK government; however the views expressed do not necessarily reflect the UK government's official policies.



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Suggested citation: Merttens et al. (2017) *Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Impact evaluation final report*, Oxford Policy Management.

## Executive summary

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### Introduction

The HSNP is an unconditional cash transfer (CT) programme targeted toward vulnerable households living in the four northernmost counties of Kenya: Mandera, Marsabit, Turkana, and Wajir.

HSNP aims to alleviate extreme poverty across these arid and semi-arid lands by providing regular CTs direct into beneficiaries' bank accounts every two months. HSNP also makes 'emergency scale-up' payments to additional households that are affected by extreme weather events, such as drought. HSNP Phase 2 (HSNP2) runs from July 2013 to March 2018. The programme provides 100,000 households across this region with regular CTs, worth 2,700 Kenyan shillings (KES) per month (approximately £22/\$27). Emergency beneficiaries receive a single month's transfer (i.e. KES 2,700) if the area where they live is deemed to be subject to severe or extreme drought in any given month.

An independent evaluation of HSNP2 has been commissioned by DFID; it consists of four components:

- a mixed-methods impact evaluation (IE);
- routine operational monitoring;
- a selection of policy analyses; and
- a communications and learning workstream.

This report summarises the findings from the IE.

### IE methodology

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The IE of HSNP2 uses a mixed-methods approach that combines different qualitative and quantitative methods to address the evaluation questions. The quantitative component consists of a household-level IE and an assessment of impact at the local economy level through an innovative 'LEWIE' (local economy-wide impact evaluation) model. The qualitative component of the evaluation employs multiple rounds of data collection, using participatory methods each of which focuses on different themes and topics. While each individual component of the IE represents a valid independent source of standalone evidence, the various methods have been designed with synthesis in mind. The purpose of the mixed-methods approach is to provide a nuanced assessment of the programme that brings both more depth and breadth of understanding than any single approach could deliver by itself.

### IE findings

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- HSNP2 generates considerable positive 'spill-over' effects that reach beyond its immediate beneficiaries and serve to increase overall incomes in the local economy. For every KES 1 injected into the economy by HSNP2, overall income rises by an additional KES 0.93 to 0.38.
- HSNP2 effectively fulfils its function as a safety net, supporting vulnerable households to improve their wellbeing and alleviate the worst effects of poverty. HSNP2 transfers lead to increased food expenditure, increased ownership of livestock, a modest improvement in food insecurity, and an improvement in household creditworthiness. Beneficiary households also report significant improvements in non-monetary measures of wellbeing.
- The impacts of HSNP2 on supporting livelihoods, building resilience, and facilitating investment in assets are more piecemeal and are not experienced by all households. Wealthier households appear more likely to benefit in this regard, indicating that routine CTs have diverse impacts for different kinds of household.
- The impacts of HSNP2 vary between routine and emergency beneficiaries, in line with the different objectives that the two transfer types were designed to address. Emergency beneficiaries are more likely to spend their CTs solely on meeting immediate household needs, and are less likely to make investments in productive assets or business enterprises. The reasons for this difference include the lower value of emergency CTs (a single month's payment rather than a bi-monthly payment) and the fact that they are less frequent and less predictable than routine payments.
- HSNP2 transfers act as a supplement to household income sources, but, while being significant in terms of the share they contribute to average

total household income, they are too small in real terms to meet all household needs throughout the payment cycle. The majority of the transfer is typically spent on the day of payment and the days immediately after, with households still needing to rely on alternative forms of income and support once CTs have run out.

## Implications for policy

- The fact that HSNP2 is having significant positive spill-over effects on the local economy suggests significant value for money, which should be acknowledged when assessing the overall cost of the programme. HSNP2 is shown to be benefiting the local economy as a whole, and so one question for future research is the extent to which the local economy is being made more resilient to adverse economic fluctuations as a result of HSNP2.
- Many of the beneficial effects of HSNP2 identified by this IE rely to a large extent on the reliability and predictability of the payments. It is vital that the programme sustains its payments delivery record if the objectives of the programme are to continue to be met and the important positive impacts it has achieved are to be sustained.
- If the positive impacts of the emergency payments are to be sustained and improved, there is a need to improve the predictability and reliability of those payments. This means continued investment to sustain and improve the underlying system infrastructure that enables the emergency payments to function (such as the 'social registry' that the HSNP management information system (MIS) effectively constitutes), as well as evolving the relevant design parameters of the policy.
- The impact findings show that for most households, and especially the poorest, the HSNP2 transfers are overwhelmingly spent on propping up basic household needs, such as food consumption. HSNP2 aims to reach the poorest households but multiple successive assessments of programme targeting performance conducted by this evaluation and its predecessor show just how challenging this endeavour is in a context of extremely high levels of generalised poverty. There is thus a requirement to continue to develop the HSNP2 targeting protocol within the harmonised targeting protocol currently being evolved by the National Safety Net Programme (NSNP).
- Despite being significant in terms of the share they contribute to average total household incomes, the HSNP2 transfers are too small in real terms to meet all household needs. Moving forward, it is crucial that HSNP engage with the NSNP regarding the frequency of inflation adjustments, in order to achieve an appropriate balance between ensuring the objectives of the NSNP can be fulfilled and the sustainability of the programmes.
- On the basis of the IE findings there remains a need both to keep developing HSNP within the broader policy framework of the NSNP and to lobby for greater financing from government to expand coverage of HSNP, both within and beyond the current HSNP counties, due to the breadth and depth of poverty in these areas.

## Table of contents

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<b>Acknowledgements</b>	<b>1</b>
<b>Executive summary</b>	<b>2</b>
<b>List of figures, tables, and boxes</b>	<b>5</b>
<b>List of abbreviations</b>	<b>6</b>
<b>1 Introduction</b>	<b>7</b>
<b>2 Background to HSNP and its evaluation</b>	<b>8</b>
2.1 HSNP	8
2.2 The HSNP2 IE	12
<b>3 IE methodology</b>	<b>14</b>
3.1 Quantitative component	14
3.2 Qualitative component	15
3.3 Approach to mixing methods	20
3.4 Limitations	22
<b>4 IE findings</b>	<b>24</b>
4.1 Local economy and livelihood impacts	25
4.2 Poverty and wellbeing	32
4.3 Food security and dietary diversity	40
4.4 Resilience and coping strategies	44
4.5 Financial inclusion	52
4.6 Social norms and relations	53
<b>5 Conclusions and implications</b>	<b>58</b>
5.1 Summary of impact findings	58
5.2 Implications for policy	59
<b>References</b>	<b>61</b>

## List of figures, tables, and boxes

---

<b>Figure 1</b>	Map of the HSNP counties	9
<b>Figure 2</b>	Overview of HSNP	10
<b>Figure 3</b>	Visualisation of the sample for RD estimation	16
<b>Figure 4</b>	Visualisation of actual vs nominal beneficiaries in the RD sample	17
<b>Figure 5</b>	Timeline of evaluation research activities	21
<b>Figure 6</b>	LEWIE	26
<b>Figure 7</b>	Nominal and real income multipliers from HSNP2 transfers	28
<b>Figure 8</b>	The HSNP2 impact on the household probability of owning any productive asset	29
<b>Figure 9</b>	How people use their HSNP CTs	34
<b>Figure 10</b>	The HSNP2 impact on household food expenditure per adult equivalent	36
<b>Figure 11</b>	Wellbeing categories in the HSNP counties	38
<b>Figure 12</b>	The HSNP2 impact on household food security	41
<b>Figure 13</b>	Frequency of consumption of different food groups, by FCS	42
<b>Figure 14</b>	Shocks faced by households in the HSNP counties	46
<b>Figure 15</b>	The HSNP2 impact on the household probability of purchasing any livestock during the last 12 months	49
<b>Figure 16</b>	Changing social relations and norms in HSNP counties	56
<b>Table 1</b>	Evaluation questions addressed by the IE	12
<b>Table 2</b>	Qualitative data collection approaches	19
<b>Box 1</b>	Lump sum payments vs. regular payments	30
<b>Box 2</b>	Understanding production multipliers	31
<b>Box 3</b>	HSNP, negative shocks and livelihoods diversity	50
<b>Box 4</b>	The impact of HSNP2 emergency payments	51

## List of abbreviations

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<b>CT</b>	Cash transfer
<b>DFID</b>	UK Department for International Development
<b>FCS</b>	Food Consumption Score
<b>FGD</b>	Focus group discussion
<b>HHS</b>	Household Hunger Scale
<b>HSNP</b>	Hunger Safety Net Programme
<b>HSNP2</b>	HSNP Phase 2
<b>IE</b>	Impact evaluation
<b>KES</b>	Kenyan Shillings
<b>KIHBS</b>	Kenya Integrated Household Budget Survey
<b>KII</b>	Key informant interview
<b>LEWIE</b>	Local economy-wide impact evaluation
<b>MIS</b>	Management information system
<b>NSNP</b>	National Safety Net Programme
<b>OPM</b>	Oxford Policy Management
<b>PMT</b>	Proxy means test
<b>PSM</b>	Propensity score matching
<b>QPS</b>	Qualitative panel study
<b>RD</b>	Regression discontinuity

# 1 Introduction

## HSNP is an unconditional CT programme targeted toward vulnerable households living in the four northernmost counties of Kenya: Mandera, Marsabit, Turkana, and Wajir.

HSNP aims to alleviate extreme poverty across this region by providing regular CTs directly into beneficiaries' bank accounts every two months. HSNP2 also makes 'scale-up' payments to additional households that are affected by extreme weather events, such as drought. The first phase of HSNP ran from 2009 to 2013. HSNP is now in its second phase, which runs from July 2013 to March 2018. An independent evaluation of HSNP2 has been commissioned by DFID to provide evidence on the impact of the programme for beneficiary households and the local economies in which they live and work. This evaluation consists of the following core components:

- A **comprehensive, mixed-methods IE** to understand the impact of the programme for the households supported by it, and the wider economies in which they live.
- Routine **operational monitoring**, to assess how well HSNP is being run, highlight best practice, offer recommendations for improvement, and consider the implications of operational processes for the programme's overall efficiency.
- A selection of **policy analyses** to review the core objectives of HSNP2 within the context of the broader social protection agenda in Kenya, assess how effectively HSNP2 transfers are being targeted toward the most vulnerable households, and analyse the fiscal space for social protection in the country.
- A dedicated **communications and learning** workstream to disseminate the results and lessons from the evaluation to the programme implementers and other stakeholders.

This report presents a summary of the findings from the IE component of this evaluation. The IE consists of three sub-components: qualitative research conducted over multiple rounds; a quantitative household IE based on a single round of data collection; and a LEWIE to assess the effects of the CTs at the local economy level. These components have been designed to shed light on different dimensions of HSNP2 to provide a comprehensive understanding of the impacts it has had and why these arose.<sup>1</sup>

The intended audiences for this report include policy makers and implementers, funders, and other non-specialist stakeholders, as well as those interested in CTs more generally. This report is written primarily for a non-technical audience.<sup>2</sup>

The remainder of this report is structured as follows. Section 2 provides some background to HSNP2 and its IE, including the objectives and key questions that the IE has been designed to address. Section 3 presents the methodology and data sources for the IE, including the approach to the mixed methods used in this report. Section 4 explains our key findings, drawing across all components of the mixed-methods IE. Section 5 contains a short discussion of our results and its implications for future programming.

<sup>1</sup> The individual reports that this summary assessment report draws on are as follows: Merttens et al. (2017) 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Quantitative Household Impact Evaluation Technical Report', Oxford Policy Management (OPM); Otulana, S., Hearle, C., Attah, R., Merttens, F. and Wallin, J. (2016) 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Qualitative Research Study – Round 1', OPM; and Taylor, J.E., Thome, K. and Filipski, M. (2016) 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Local Economy-Wide Impact Evaluation Report', OPM.

<sup>2</sup> The technical detail for the various studies the results of which this report summarises and synthesises can be found in the individual study reports cited above.

## 2 Background to HSNP2 and its evaluation

### 2.1 HSNP



BACKGROUND TO HSNP 2

HSNP is a government-led unconditional CT programme that aims to relieve extreme hunger and vulnerability for poor households living in its target counties. The first phase of HSNP ran between 2008 and 2013 and it is now in its second phase. Payments under HSNP2 began in July 2013 and the phase is due to end in December 2018.

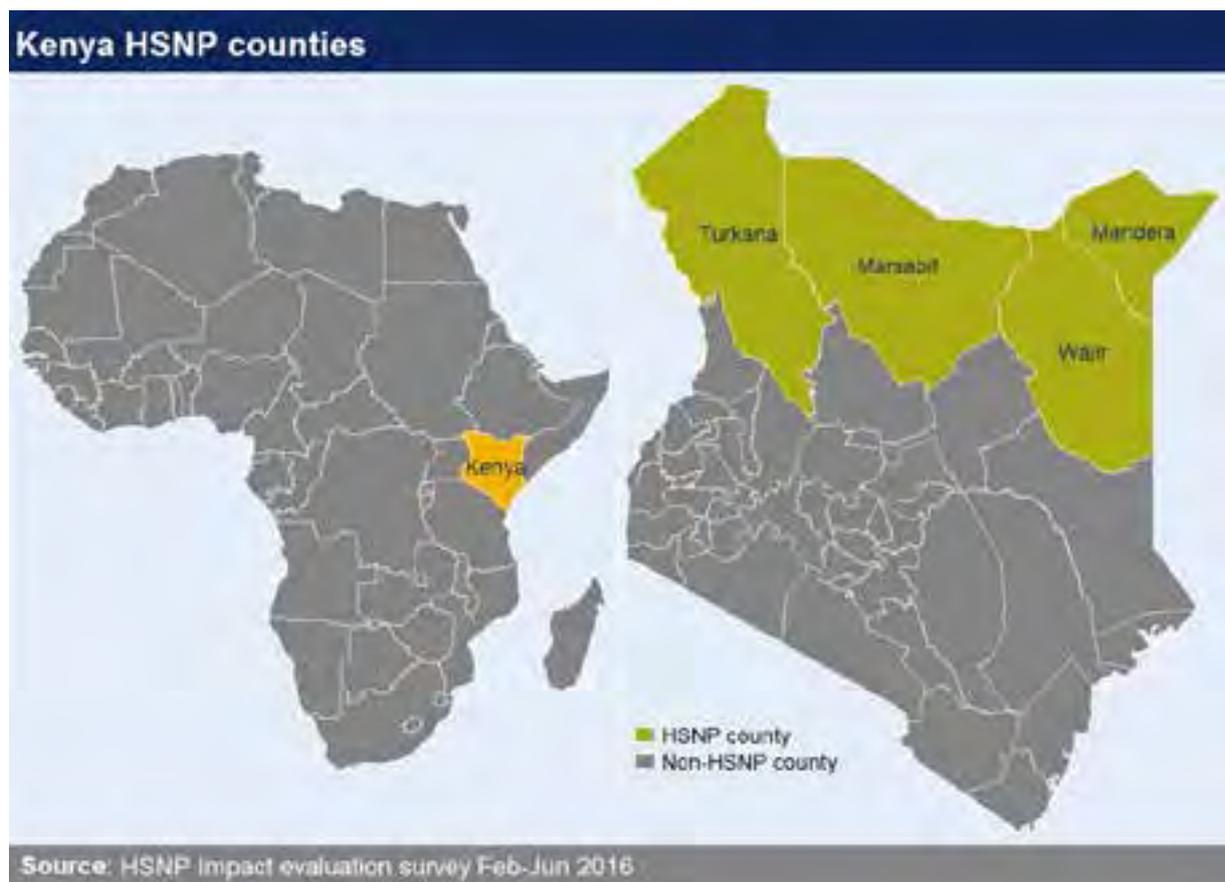
HSNP operates in the four northernmost counties of Kenya: Marsabit, Mandera, Turkana, and Wajir (Figure 1). According to the Kenya Integrated Household Budget Survey (KIHBS) 2005/06, these counties are the poorest in the country.<sup>3</sup> They are located in a region of the country known as the arid and semi-arid lands, which

have experienced successive drought over many years. Within the context of these droughts, food insecurity is high and the principal livelihood activity, livestock production, has been negatively affected. When rains do come, floods can damage infrastructure and temporarily cut-off areas.

HSNP2 aims to provide the poorest 100,000 households across these four counties with regular CTs, worth KES 2,700 per month (approximately £22/\$27). The transfers are paid directly into beneficiaries' bank accounts every two months.

<sup>3</sup> At the time of the survey, Turkana was the poorest district in the country (with a poverty rate of 94% and an extreme poverty rate of 83%), Marsabit the second poorest (with a poverty rate of 92% and an extreme poverty rate of 64%), Mandera the third poorest (with a poverty rate of 88% and an extreme poverty rate of 61%), and Wajir the fourth poorest (with a poverty rate of 84% and an extreme poverty rate of 58%). (At the time of KIHBS 2005/06 the counties were classified as districts, with Moyale a distinct district from Marsabit. When the administrative classifications were changed from districts to counties in March 2013, in line with restructuring the national administration to fit with the devolved government system brought in by the 2010 Constitution, Moyale district was incorporated into Marsabit County. The 2005/06 poverty rate for Moyale was 67% and the extreme poverty rate 30%.)

Figure 1 Map of the HSNP counties



HSNP2 also has a facility to reach up to an additional 180,000 households with periodic emergency payments to help mitigate the effects of adverse climate shocks, such as drought. Emergency beneficiaries receive a single month's transfer (i.e. KES 2,700) if the area where they live is deemed to be subject to severe or extreme drought in any given month. The expectation is that the provision of CTs will support households to reduce extreme hunger and vulnerability, by smoothing their consumption and avoiding negative coping strategies, such as the sale of productive assets.

In this report we refer to the recipients of regular HSNP2 CTs as 'routine beneficiaries', and to households who have received any emergency payments as 'emergency beneficiaries'.<sup>4</sup>

The key features of the HSNP2 programme are described in Figure 2 below.

<sup>4</sup> Within the programme nomenclature, these two groups are known as 'Group 1' and 'Group 2' respectively.

Figure 2 Overview of HSNP

# The Hunger Safety Net Programme

## What is the Hunger Safety Net Programme (HSNP)?

The HSNP is an unconditional cash transfer programme that focuses on households living in extreme poverty in four arid counties of Northern Kenya. It is currently in its second phase. The pilot phase took place between 2007-2013. Phase 2 will run from 2013-2017.

## Who implements the HSNP?

HSNP is implemented by the Government of Kenya, with support from the UK Department for International Development. Within the government of Kenya, the National Drought Management Agency (NDMA) is responsible for leading on Phase 2 of HSNP.

## Where does HSNP operate?

HSNP operates in Mandera, Marsabit, Turkana and Wajir.



Average regional temperature 28.3C°



Average regional rainfall 500mm per annum

### Turkana

71,598 km<sup>2</sup>



Population 855,399



Households registered for HSNP 137,534

Poverty level 93%



Households targeted to receive routine HSNP payments 39,918

### Marsabit

66,923 km<sup>2</sup>



Population 291,166



Households registered for HSNP 55,701

Poverty level 80%



Households targeted to receive routine HSNP payments 20,346

## How do people collect their money?

Recipients are issued bank cards. Transfers are paid straight into households' bank accounts on the fifth day of the first month of each payment cycle. To access the cash beneficiaries have three options:



1. Use their bank card at Equity payment agents based in local shops. This is by far the most common.



2. Use ATMs at any bank



3. Collect their money over the counter at the nearest Equity branch

## How does HSNP work?

All households in the four counties have been registered for bank accounts with Equity Bank. The HSNP provides regular cash transfers to 100,000 households, which represents about 25% of households in the region. The transfers are worth 5,100 Ksh and are paid every two months. NDMA monitors drought conditions by satellite. If these reach severe levels in any given month, an additional 25% of households in drought-affected areas receive a one-off 'emergency' payment. If conditions worsen to extreme levels, then coverage increases to 75% of all households.



### Wajir

55,841 km<sup>2</sup>

Population  
**661,941**

Households registered for HSNP  
**96,288**

Poverty level  
**85%**

Households targeted to receive routine HSNP payments  
**19,201**

### Mandera

25,798 km<sup>2</sup>

Population  
**1,025,756**

Households registered for HSNP  
**85,283**

Poverty level  
**87%**

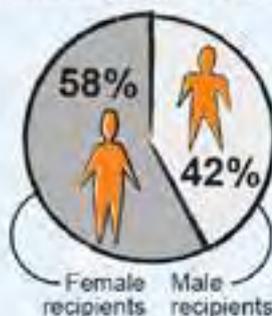
Households targeted to receive routine HSNP payments  
**22,231**



Currently, HSNP covers about 31% of the population in these counties, or around 620,000 people

Population figures from 2009 census  
Poverty headcount from KIPPRA, 2013

## Who are HSNP beneficiaries?



Average size of recipient households: **6.9 people**

Average size of households nationally: **3.9 people**

Source: HSNP MBS and Kenya DHS 2014

## 2.2 The HSNP2 IE

The objectives of the IE are to assess what the impacts of HSNP2 are for targeted households and the communities in which they live, as well as to understand how and why these effects arise. The specific evaluation questions that the IE is designed to address are shown in Table 1.

**Table 1 Evaluation questions addressed by the IE**

Evaluation question		Evaluation approach		
		Quantitative	Qualitative	LEWIE
1	What are the overall effects of the CTs in terms of consumption, poverty, asset retention/ accumulation, nutrition (dietary diversity), financial inclusion (saving, borrowing, and credit), subjective wellbeing, social networks, conflict/social tension?	✓	✓	
2	For which sub-groups are effects most pronounced (taking account of poverty status, household size, family composition, geographic location, livelihood base, gender, and disability)?	✓	✓	
3	How do CTs impact on women’s control of cash within their (often polygamous) households and their wider empowerment?		✓	
4	How do the effects of predictable transfers compare with those of short-term transfers triggered in response to acute shocks?		✓	
5	How do the larger one-off transfers some households will receive due to the later than anticipated start of the programme impact on those households?	✓	✓	
6	Does the combination of CTs and wider livelihoods activities open up new livelihoods opportunities/income-generating activities for poor households? How?	✓	✓	✓
7	What kinds of multiplier effects are found in local economies?			✓
8	Is there evidence of the programme having an impact on community relations – both within and between communities?		✓	
9	Do the new payment platform and expansion of financial services provide benefits for beneficiaries and non-beneficiaries?	✓	✓	
10	Do the reliable CTs build people’s resilience to climate variability?		✓	✓



### 3 IE methodology

The IE of HSNP2 uses a mixed-methods approach. This means that we combine different qualitative and quantitative approaches to address the evaluation questions.

The quantitative component consists of a household-level IE and an assessment of impact at the local economy level through an innovative LEWIE model. The qualitative component of the evaluation employs multiple rounds of data collection, using participatory methods, each of which focuses on different themes and topics.

While each individual component of the IE represents a valid independent source of standalone evidence, the various methods have been designed with synthesis in mind. The purpose of the mixed-methods approach is to provide a nuanced assessment of the programme that brings more depth of understanding than any single approach could deliver by itself. In Sections 3.1 and 3.2 we briefly describe each component of the IE. We then outline our approach to mixing methods in Section 3.3.

#### 3.1 Quantitative component

##### 3.1.1 LEWIE

A LEWIE is an evaluation method for estimating the impact or ‘multiplier effect’ of a programme on the local economy. Our LEWIE is used to estimate the multiplier effect arising from HSNP2. This multiplier effect arises as HSNP2 beneficiaries spend their CTs, thereby spreading cash, and potentially other effects, into the surrounding economy. Estimating the multiplier effect implies answering the question ‘For every shilling injected into the local economy through the HSNP, how much more money is generated by the local economy as a result?’ The ability to assess what these ‘local economy effects’ are is crucial to understanding the overall impact of HSNP2.

Multiplier effects can be positive and potentially substantial. If CTs are spent on goods and services produced within the local economy it will lead to higher incomes for both the local businesses that supply them and the households that provide labour and other inputs to these businesses. In other words, the transmission of cash from beneficiary households to other economic actors within the local economy can lead to a positive income effect that extends beyond the HSNP2 beneficiaries themselves. This results in overall income levels in the local economy increasing by more than the value of the initial injection of cash given by HSNP2.

The presence of such effects on households not directly targeted by CTs is known as a positive ‘spill-over’.

However, the extent of these positive spill-over effects to non-beneficiary households may be dampened if some portion of HSNP2 CTs are spent on goods and services that are produced outside the local economy. Spending that takes place outside the local economy causes cash to ‘leak’ outside, rather than being passed on to other households within the economy. For example, if many local retailers purchase stock from large wholesalers who are based outside the HSNP counties (such as in Nairobi or other commercial trading hubs), then this would represent a leakage of HSNP2 cash from the local economy. Moreover, if the supply of local goods and services does not increase in response to the additional demand and expenditure by HSNP2 beneficiaries, then the introduction of CTs will have an inflationary effect. Price inflation would serve to diminish the programme’s real benefits, by making it more costly for households to increase their consumption and purchase assets.

There are, consequently, numerous possible local economy effects of HSNP2, depending on the nature of the local economy and the actors, interactions, and production factors that define it. Understanding these dynamics is essential for situating the results of the other components of the IE, such as the qualitative and quantitative household-level IEs. For example, if the LEWIE finds that the HSNP2 does induce positive benefits for non-beneficiary households, then we would need to bear in mind that the measured impact at the household level (found by comparing beneficiaries with non-beneficiaries) only partially captures the total impacts of the programme.

The LEWIE analysis is based on building a model of the local economy, which is used to simulate how cash injections are transmitted within and outside it. For the purposes of this evaluation, ‘the local economy’ is defined as the four HSNP counties together – Marsabit, Mandera, Turkana, and Wajir. The model is designed to represent the inputs, outputs, consumption, and production of economic actors within the economy. These actors are a mixture of households and

businesses. The aim is to characterise how these actors are linked, by modelling where and from whom they obtain their inputs, and where and to whom they sell or deliver their outputs. Crucially, the model needs to identify the points of leakage where money exits the local economy.

By understanding these interlinkages and resource flows for a representative sample of all the key actors in the local economy, the LEWIE model is able to estimate the multiplier effect produced when a given intervention (in this case the HSNP CT) injects a given amount of cash or other resource into that local economy. It is also able to simulate what happens when other parameters of the local economy, such as local prices, are altered.

The LEWIE model for this study was developed using data from a bespoke household, business, and livestock producer survey (see Section 3.1.3 for a description of the data sources used for the quantitative component).

### 3.1.2 Quantitative household IE

The methodology for assessing impact at the household level is based on a combination of 'quasi-experimental' IE approaches that seek to estimate programme impact by constructing a suitable comparison group for the households that received CTs through HSNP2. The two approaches we use are a regression discontinuity (RD) approach and a propensity score matching (PSM) analysis. These methods were selected to best respond to both the needs of the IE and the practical complexities of the environment in which HSNP2 is being implemented.

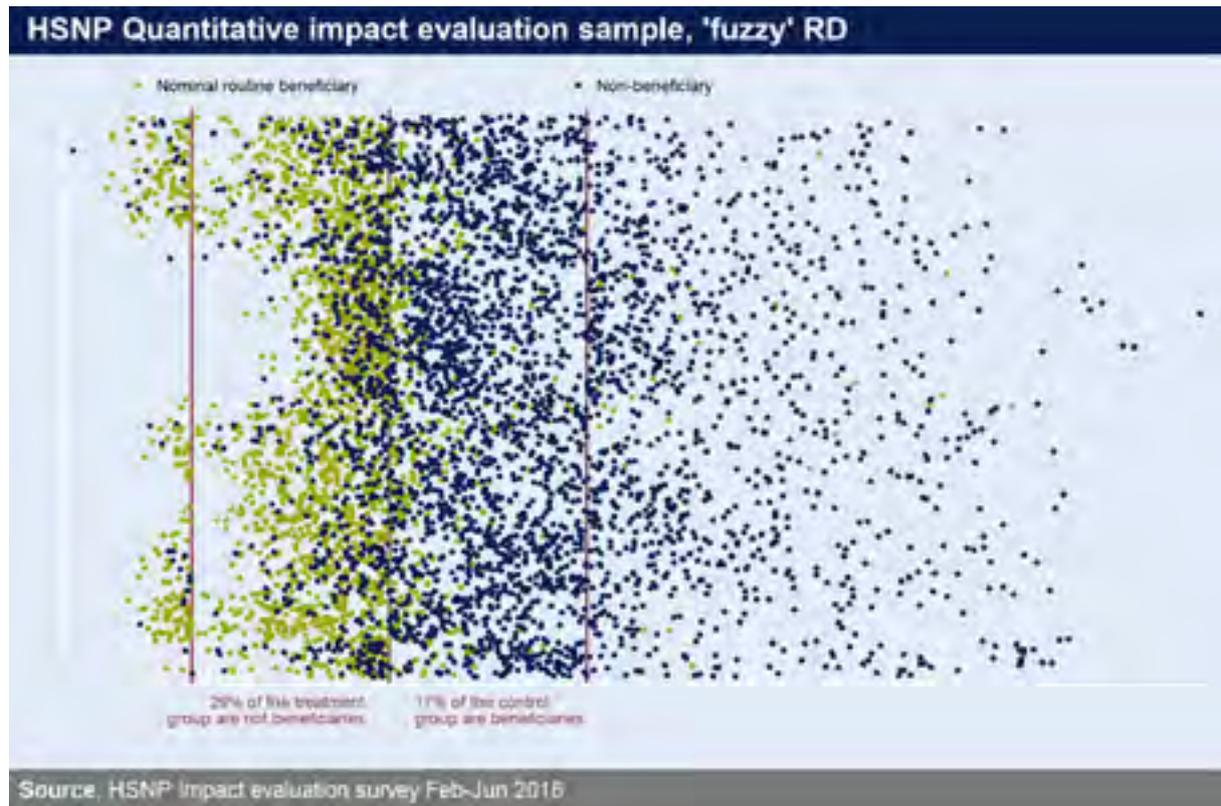
### The RD approach

The RD methodology exploits the targeting mechanism used to select which households will receive routine CTs. The targeting for HSNP2 is based on a combination of a proxy means test (PMT) and a community-based wealth ranking exercise, in which local communities ranked the households in their community according to vulnerability. The inclusion of a PMT element means that there is a 'cut-off' score that partly determines whether or not a household is selected to be a programme beneficiary. The intuition behind RD is that households with PMT scores immediately either side of this eligibility cut-off should be very similar to one another in all respects apart from in their exposure to transfers. This means that they should be comparable, and any differences observed between them after HSNP2 has been implemented can be causally attributed to the impact of the CTs.

The application of RD in this setting is not straightforward. The addition of a community-based element in the programme's targeting means that PMT scores do not perfectly predict which households receive support through HSNP2. This results in what is known as a 'fuzzy' RD model. The distribution of routine HSNP CT beneficiaries and non-beneficiaries around the PMT eligibility cut-off is shown in Figure 3. PMT scores are represented on the bottom axis (x axis), with red lines illustrating the eligibility cut-off score; the margin either side of this cut-off defines the intervention and comparison groups for the RD estimation. Figure 3 shows that the cut-off score does not perfectly determine which households were actually assigned to receive CTs and which were not, since there is a mixture of both nominal routine beneficiaries (green dots) and non-beneficiaries (blue dots) around the cut-off.



Figure 3 Visualisation of the sample for RD estimation

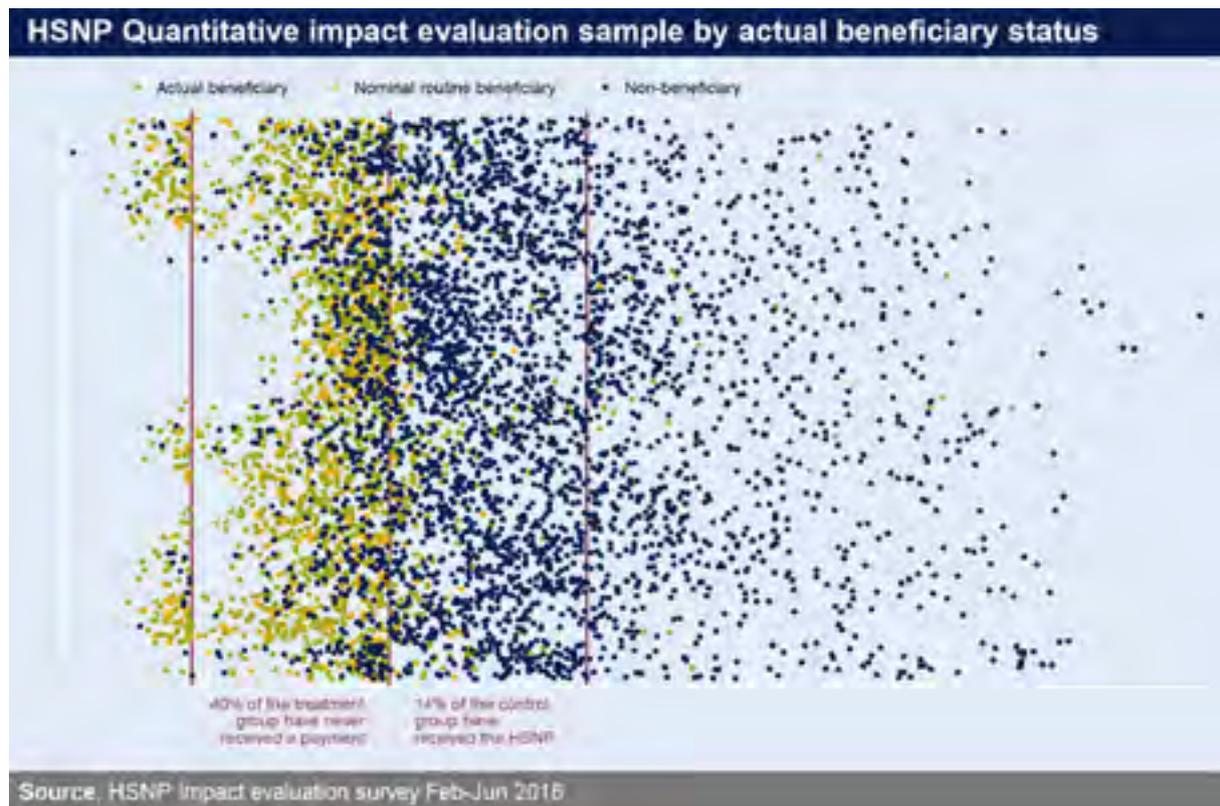


Further complicating matters is the fact that due to some issues in implementation, not all of the households assigned to receive routine payments ended up receiving them by the time of data collection. While Figure 3 shows that 29% of the treatment group for the RD model were not ever targeted to be HSNP2 routine beneficiaries, Figure 4 shows that a full 40% of our treatment group were not actually receiving routine payments at the time of interview.

A final complication is that nearly three-quarters of households who do not receive routine HSNP2 CTs have received emergency scale-up payments through the HSNP2.<sup>5</sup> This means that many households that are in the control group for our impact estimation have in fact received some support from the programme, and this may have affected their outcomes.

<sup>5</sup> Source: HSNP2 MIS data, programme payroll. 74% of households identified as Group 2 emergency beneficiaries had actually received an emergency payment up to February 2016.

Figure 4 Visualisation of actual vs nominal beneficiaries in the RD sample



Despite this fuzziness and complexity, the RD analysis still delivers an unbiased estimate of the impact of the programme. This means that it does not systematically over- or underestimate the size of the programme's impact. However, the risk is that impacts may be estimated imprecisely using this methodology due to the complexities described above. This means that the impact estimates may be estimated with a large margin of error, and the method may not be able to reliably distinguish effects due to HSNP that are statistically significant from those which are not. This is something we consider in Section 4 when interpreting the results of the RD estimation model.

#### The PSM approach

In view of the limitations associated with the RD model in this context (described above), we also implement a targeted PSM model to estimate the impact of HSNP2. PSM works by seeking to identify non-beneficiary households that resemble beneficiary households as closely as possible in terms of their observed characteristics before HSNP2 started, and 'matching' them to beneficiary households so that they can be compared. The PSM model is 'targeted' in the sense that it involves comparing actual recipients of CTs with non-recipients, whereas the RD methodology estimates the impact on nominal beneficiaries (some of whom did not ultimately receive routine CTs due to implementation issues). This means that the PSM approach is likely to

uncover larger estimates of impacts than the RD model. This again is something we consider carefully when interpreting the results.

#### Descriptive analysis

In addition to assessing the impact of the CTs on beneficiary households through the RD and PSM models, we conduct descriptive analysis of households in our sample to understand what characteristics they have. We also use the descriptive analysis to consider certain disaggregations of interest, such as comparing the outcomes of poorer households to those of households that are less poor, or those of smaller households to those of households that are bigger. This descriptive analysis helps us to interpret and contextualise our findings.

### 3.1.3 Data sources for the quantitative component

The quantitative household IE and LEWIE model both draw on data from a large-scale household and business survey conducted between February and June 2016 across the four HSNP counties. This survey consisted of three instruments:

- a household questionnaire;
- a business questionnaire; and
- a livestock trader questionnaire.

This survey covered a representative sample of the HSNP counties. The household questionnaire was administered to 5,980 households in total, including both HSNP2 beneficiaries and non-beneficiaries. It gathered information on a range of topics, including basic information about the household and its members, livestock, assets, food and non-food consumption, food security, and livelihoods activities. The business and livestock trader questionnaires were carried out in main commercial centres in the HSNP counties. In total, we interviewed 276 business owners and 48 livestock traders.<sup>6</sup>

## 3.2 Qualitative component

### 3.2.1 Objectives of the qualitative component

The qualitative IE is designed to complement the quantitative research through the following objectives

1. providing an understanding of the context within which the programme is operating, and how this affects and is affected by the HSNP CT;
2. helping to understand experiences and processes that produce outcomes of interest to the evaluation;
3. enabling an assessment of impacts that are difficult to measure quantitatively (such as social cohesion and inter- and intra-household relations);

4. providing complementary data on some of the topics covered by the household survey, thereby triangulating, validating and providing depth to the quantitative findings; and
5. giving an insight into longer-term impacts, which the quantitative evaluation component cannot provide.

The qualitative IE makes use of three rounds of data collection, focusing on different themes each time. For the first round, the qualitative research focused on the following areas to address the objectives outlined above:

- perceptions of wellbeing<sup>7</sup> at individual, household, and community levels;
  - risk, vulnerability,<sup>8</sup> and resilience<sup>9</sup>;
  - livelihoods and local markets; and
  - informal institutions and social relations (inter- and intra-household relations, gender relations, and social cohesion).
- Note that this summary assessment report draws only on the results from the first round of the qualitative IE. The second round covers a more specific topic area than is directly relevant for this overall summary assessment of HSNP impact (an exploratory study of opportunities and risks for youth).<sup>10</sup> The third round of qualitative research, focusing on beneficiaries that have received lump-sum payments, took place in early 2018.

<sup>6</sup> The quantitative household-level IE also uses secondary data from the HSNP MIS. Under HSNP2, 374,806 households across the four counties have so far been registered in the MIS. The registration exercise took place between December 2012 and June 2013, and was intended to be a census of the population of the four counties (it is known that some settlements were missed from the registration, but not precisely how many households or individuals were missed; a second registration exercise started in July 2016 and it planned to register all communities using a revised 'rolling' implementation model). This data contain basic demographic and beneficiary status information for all households across the four counties. It was used for the quantitative IE as a source of covariates for analysis, as well as forming the initial sample frame from which the respondents for the household survey were selected.

<sup>7</sup> We define wellbeing as 'a state of being with others, where human needs are met, where one can act meaningfully to pursue one's goals, and where one enjoys a satisfactory quality of life.' (McGregor, 2008) This definition is holistic and incorporates emotional, social, and relational elements of what it means to live well.

<sup>8</sup> This is the exposure to uninsured risk leading to a socially unacceptable level of wellbeing (Hoogeveen *et al.*, 2004).

<sup>9</sup> Resilience is the ability of countries, communities, and households to manage change, by maintaining or transforming living standards in the face of shocks or stresses – such as earthquakes, drought, or violent conflict – without compromising their long-term prospects. See DFID (2011).

<sup>10</sup> See: Attah *et al.* (2017) 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Qualitative Impact Evaluation Round 2 – Exploratory study on youth opportunities and exclusion', OPM.

### 3.2.2 Data collection methods and participatory tools

For the first round of qualitative research, data collection was carried out across the HSNP counties in August 2015 using a range of participatory methods: household qualitative panel studies (QPSs), focus group discussions (FGDs), key informant interviews (KIIs) and direct observation. Within the FGD and QPS activities we incorporated the use of the following participatory tools: social and vulnerability mapping, wellbeing ranking, and household income and expenditure analysis. We chose to use these tools to encourage debate and interaction during the discussions and to engage respondents in the analysis process. For example, using beans to show proportions during the community mapping exercise provided reference

points for respondents that helped them to assess and challenge each other's assertions.

We also incorporated the use of transect walks and informal conversations at community level. Transect walks involve walking through a community with a key informant who points out places of social significance, dwelling areas of different groups, shared resources, etc. The walk and the accompanying conversation allow us to triangulate information about the community collected in FGDs. Engaging in informal conversations also provides spontaneous information and generates data that community members may not divulge in a more formal discussion context.

Table 2 below provides further detail about the qualitative data collection approaches used.

**Table 2 Qualitative data collection approaches**

Approach	Description
Household QPSs <sup>1</sup>	QPSs are a form of data collection in which the same households are interviewed using semi-structured instruments over multiple rounds of research. This gives an in-depth understanding of household behaviours and dynamics over time, how and why changes occurred, and the influence of social, cultural and contextual processes on individual outcomes. QPSs also allow for flexibility in the research design, as repeated household visits will allow for an iterative evolution of research questions.
FGDs	FGDs are held in a group setting, within which people with similar backgrounds or experience discuss a topic of interest. We split FGDs between men and women and conducted them with routine and emergency beneficiaries, as well as with community elders. The FGD is guided by a moderator who introduces topics and facilitates discussion among the participants. FGDs stimulate debate and explore differences in attitudes and perceptions within and between members of a group. Their purpose is not to gather 'collective' views or experiences, but rather to allow participants to agree or disagree and provide insight into a range of opinions, experiences, and perspectives relating to a particular issue.
KIIs	In this research KIIs were semi-structured, one-to-one interviews with key individuals in the community who have an in-depth knowledge of specific issues. Key informants included people such as teachers, traders, or religious leaders. With their particular contextual understanding and experience, KIIs respondents can provide an insight into the nature of certain problems or trends.

Notes: (1) The panel studies may be implemented in different months of the year. The purpose is to understand a process of change rather than to measure outcomes. The QPSs in this study also allow for a deeper and more nuanced understanding of household experience and the context within which change is experienced as a result of being a HSNP beneficiary.

### 3.3 Approach to mixing methods

The methods described in Sections 3.1 and 3.2 have been designed to fit together within an overall mixed-methods framework to respond to the complex needs of this evaluation. In this section we outline the approach to mixing methods throughout the evaluation process, from initial design through to data collection, analysis, and reporting.

The design of the mixed-methods IE is based on the principle that there is no leading method within our suite of approaches. We consider each evaluation method to have its own qualities, strengths and limitations, with different methods being relatively more or less suitable for answering different kinds of question. The mixed-methods design is guided by an understanding of which approaches can help to address which of our evaluation questions (as shown in Table 1 above). The intention is to incorporate mixed methods in such a way as to build on their respective strengths and acknowledge their limitations, in order to deliver a more comprehensive and balanced assessment of HSNP2 than any single method could provide on its own.

To implement the evaluation we used a sequenced approach, where the quantitative and qualitative components were conducted in turn. The first round of the qualitative IE occurred before the quantitative survey was implemented, with the second and third rounds occurring afterward. This sequencing was intended to allow each strand of research to build on the emerging themes, hypotheses and findings of the strand that preceded it, and to inform subsequent evaluation activities. In particular, the findings of the first round of the qualitative IE fed into the questionnaire design for the quantitative household survey, by providing initial insights and hypotheses that the quantitative component could then seek to investigate further. The analysis of the quantitative data then produced fresh insights and also highlighted areas where further evidence was needed, either to fill evidence gaps or to help explain unexpected findings. The second and third rounds of the qualitative IE could then be leveraged to respond to some of these emerging issues and questions, alongside their primary research focus.

For data analysis and reporting, we have produced both standalone reports for each separate research component, as well as this summary report, which seeks to synthesise and triangulate findings from across all components. To integrate these methods during analysis in a way that adds meaningfully to the quality of inference, rather than bringing confusion by introducing too many divergent elements, it is important to establish a consistent conceptual framework for combining multiple sources of evidence. Our approach to doing this draws on recent literature, and in particular

on the typology proposed in Onwuegbuzie and Johnson (2006). Our starting point was to consider which evaluation approaches provide evidence to address which of our evaluation questions. Some evaluation questions are answered primarily by one method alone: for example, assessment of income multipliers within the local economy is primarily answered by the LEWIE.

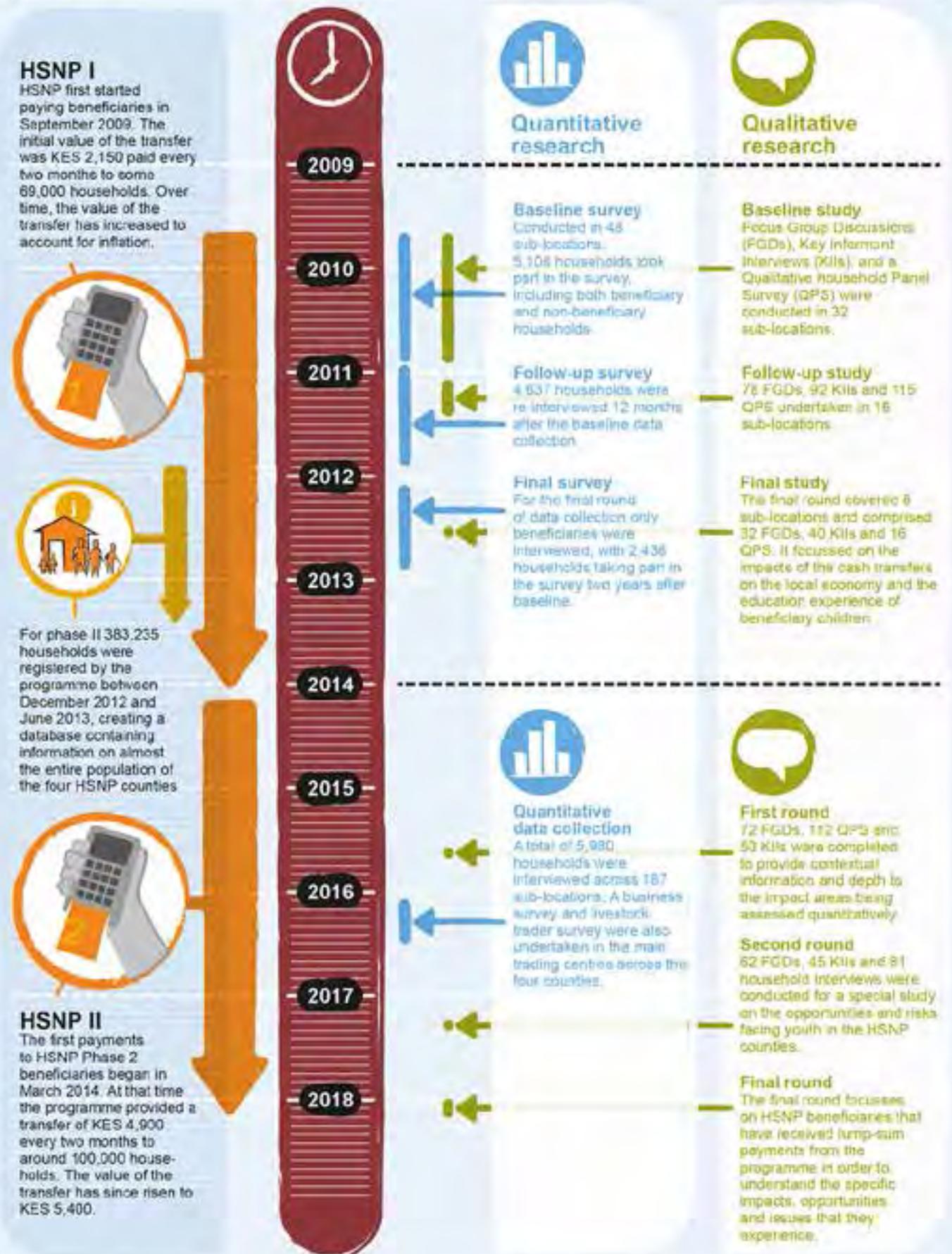
For other questions there may be multiple methods that provide relevant evidence, and therefore there is a need to triangulate those sources. Onwuegbuzie and Johnson (2006) suggest appraising different evidence sources in terms of their 'trustworthiness' with regard to the question at hand. Viewing evidence through the lens of 'trustworthiness' recognises that there are limitations inherent in all evaluation approaches, with some being more suitable to answering certain questions than others. Considering evidence sources according to this typology represents a shift away from traditional conceptualisations of evidence strength in terms of 'validity'. The authors argue that 'validity' is largely an attribute of quantitative data that does not have a meaningful interpretation in qualitative research.

In the light of our mixed-methods approach, we have thus organised our evaluation questions into broad themes and structured this report by theme. For each theme we consider which, if any, of the IE approaches provides the most trustworthy and detailed evidence in relation to that theme. This decision was made on the basis of the evaluation team's judgement and discussion between our quantitative and qualitative researchers. We use evidence from the chosen evaluation approach to build the primary results narrative of impact for the theme in question. This is then complemented by additional evidence from other methods, as relevant, to add depth and nuance to the findings.

The triangulation of different methods sometimes produces apparent inconsistencies in the findings. Where this occurs, we have sought to review all evidence together and, where possible, to posit an explanation for the inconsistencies observed.

Figure 5 Timeline of evaluation research activities

# Timeline of the Hunger Safety Net Programme impact evaluation



### 3.4 Limitations

While the analytical approach outlined above has been designed to provide a comprehensive assessment of the impact of HSNP2, there remain a number of methodological limitations that should be kept in mind when interpreting our results:

**1. Quantitative impact estimation at the household level is likely to be underestimated.**

Findings from our LEWIE model show that the programme has had considerable indirect benefits for non-beneficiary households, in the form of raised incomes. We also know that many households that do not receive routine payments have nonetheless received emergency payments through HSNP2 (see Section 3.1.2). This means that if HSNP2 had a positive impact on household-level outcomes, this may be underestimated due to the fact that benefits also accrue to non-beneficiaries.

**2. The RD estimation is likely to provide imprecise estimates of programme impact.**

Our RD estimates are derived by comparing households either side of an eligibility cut-off score for receiving the programme. However, this cut-off does not perfectly determine who receives the programme CTs, and we find a considerable proportions of household below this cut-off who have *not* received any transfers, as well as those above the cut-off who *have* (see Section 3.1.2).<sup>11</sup> This mixture of actual CT recipients and non-recipients around the cut-off that the RD method exploits means, in practice, that although our results will not be systematically over- or underestimated, they may be estimated *imprecisely*. This implies that the RD approach risks not being able to distinguish between genuine lack of impact at the household level from an inability of the methodology to detect impact with statistical significance.

**3. Qualitative data are not statistically representative of the HSNP counties or the HSNP2 beneficiary population**

Sampling for the qualitative IE was designed to select research sites and informants based on specific attributes of interest, rather than being driven by considerations of statistical representativeness. The sample sizes are also not large enough to provide precise statistical estimates in a quantitative sense – and are not intended to.

**4. The results of the LEWIE estimation may be model-dependent.**

The LEWIE analysis is based on estimating a model of the local economy in the HSNP counties, parameterising the model using real data, and validating these parameters by observing how the model performs over multiple repetitions of the same simulations after making new draws from all the underlying parameter distributions.<sup>12</sup> The LEWIE model we developed was found to perform extremely well in these tests and is not sensitive to small changes in the specification of the model. We were thus able to obtain precise estimates of the model's parameters from the data, lending further credibility to the simulation results. However, we note that the LEWIE results, like those from any model, are nonetheless dependent on the particular model calibrated and parameter values estimated for it, and we note that the model of the economy we construct is necessarily a simplification.

<sup>11</sup> This is due to the nature of assignment to CTs, which combines the PMT score with a community-based targeting mechanism. It is also due to some issues in programme implementation, which meant that transfers were not delivered to all intended recipients. Altogether, we find that 71% of those in our sample for RD estimation with PMT scores below the cut-off have actually received routine CTs, compared with 17% of those above the cut-off.

<sup>12</sup> A Monte Carlo method developed for this purpose.



## 4 IE findings

In this section we describe the key results of the HSNP2 IE. The aim of this report is to present a summary of the IE findings and main messages.

A more in-depth description of the findings from the respective sub-components can be found in the separate reports produced under each sub-component.<sup>13</sup> The results presented in this section thus combine evidence from across the qualitative and quantitative components. In line with our approach to mixing methods (see Section 3.3 above), some sections draw more closely on the qualitative results and others more closely on the quantitative findings, with an effort made throughout to integrate methods where appropriate.

To situate these findings, we note that our results often show a clearer narrative emerging from the qualitative findings than the quantitative. The quantitative findings are mixed. For a few domains this evidence does present a clear picture, but for others the results are ambiguous and less easy to interpret. In general, we observe that the RD approach (which estimates impact for households targeted to receive transfers, regardless of whether or not they actually did so) does not return evidence of programme impact for most indicators. But the PSM approach, which considers the impact on actual HSNP2 beneficiaries who are receiving transfers, does tend to find evidence of stronger programme impacts. These PSM findings are broadly in line with the qualitative results for the indicators for which we find an impact.

In the results section below we present all the key findings, whether positive, negative, or inconclusive. In particular, where our quantitative results present a mixed picture, or effect sizes that are smaller than the qualitative results suggest, we note this and present an explanation. When interpreting our quantitative results, we also consider both the inherent complexities in the methodology and the possible influence of 'spill-overs' accruing to non-beneficiary households on our results.

Some key quantitative results are presented in graphs to illustrate the separate RD and PSM results. When these estimates of impact are statistically significant, this is visually represented in the graph with the use of asterisks reflecting different significance levels: \* *Significant at the 10% level*, \*\* *Significant at the 5% level*, and \*\*\* *Significant at the 1% level*. In technical terms, the significance level is the probability of rejecting the null hypothesis when it is true. In our case, a significance level of 0.05 attached to an estimate indicates a 5% risk of concluding that HSNP2 had an impact on the outcome indicator of interest when there was no actual impact.

In line with the key objectives of HSNP2, we present our results against the following key domains:

- local economy and livelihood impacts;
- poverty and wellbeing;
- food security and dietary diversity;
- resilience and coping strategies;
- financial inclusion; and
- social norms and relations.

<sup>13</sup> Qualitative Round 1 report: Otulana, S., Hearle, C., Attah, R., Mertens, F. and Wallin, J. (2016) 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Qualitative Research Study – Round 1', OPM. Quantitative household IE report: Mertens, F., Binci, M., Haynes, A., Laufer, H., and Scott, M. (2017). 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Quantitative Household Impact Evaluation Technical Report', OPM. LEWIE report: Taylor, J. E., Thome, K. and Filipowski, M. (2016) 'Evaluating Local General Equilibrium Impacts of Kenya's Hunger Safety Net Programme, Phase 2'.

## 4.1 Local economy and livelihood impacts



### Key findings

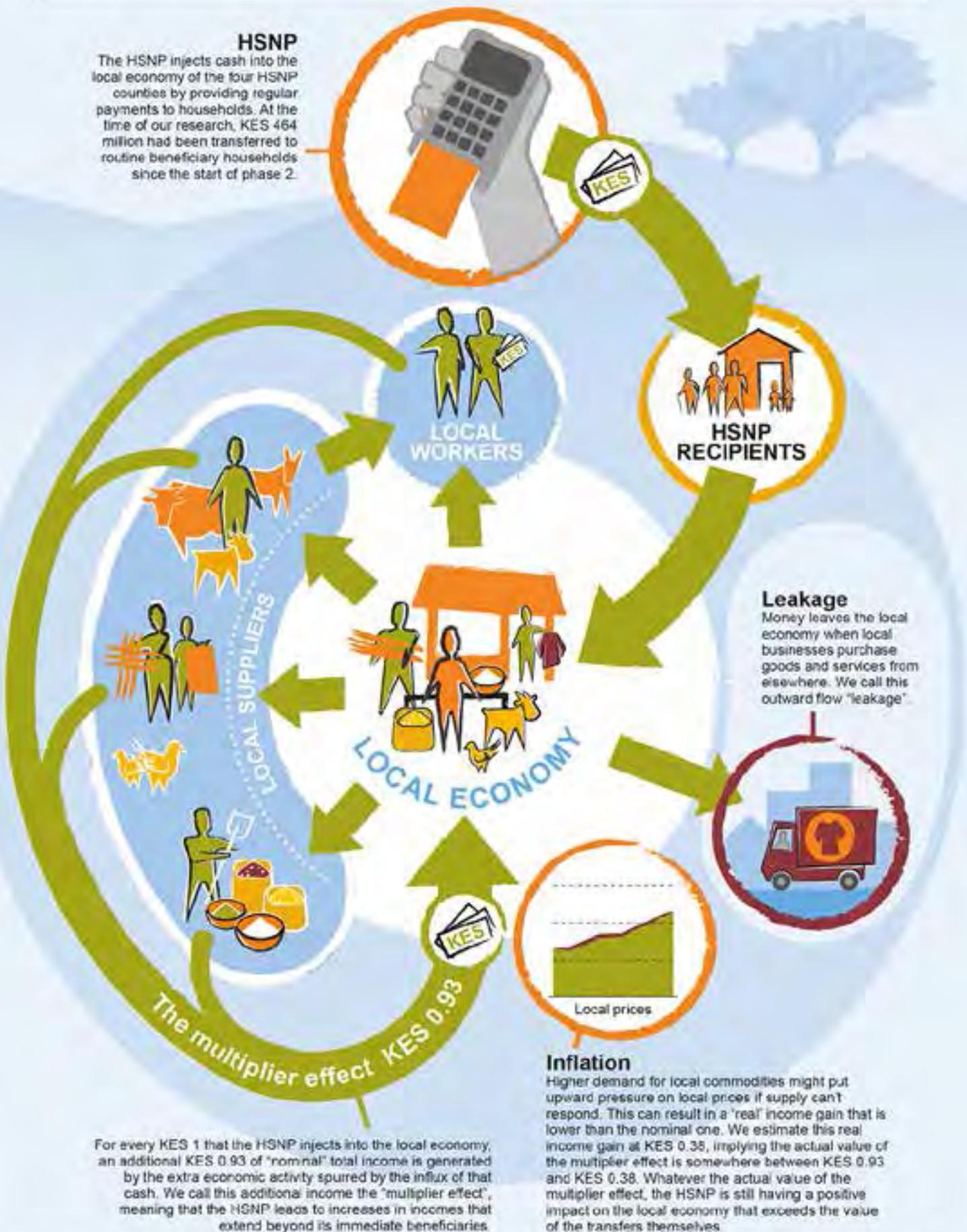
HSNP2 transfers led to a considerable positive spill-over effect within the four HSNP counties. This means that the impact of CTs on incomes extends beyond the immediate beneficiaries of routine transfers. This is a significant result. Our findings show that HSNP2 causes the total income in the local economy to increase by almost double the amount of money initially injected into the economy directly through the CTs. The mechanism for this striking result is the fact that beneficiaries spend their CTs within the local economy, thereby causing the cash and other effects to be spread to other actors.

The value of an HSNP2 CT is not large enough to cover all basic household needs. Beneficiaries still require other sources of income to support their households. There is some evidence that HSNP2 enables some households to diversify and expand their livelihoods activities, but these effects appear to mainly accrue to wealthier households.

HSNP injects a significant volume of cash into the local economy, with close to 100,000 routine beneficiaries receiving KES 5400 in each payment cycle. As described in Section 3.1.1, this cash can have effects within the local economy that extend beyond the households that directly receive the transfers. As routine beneficiaries spend their CTs, the cash can circulate through the economy and spread to other households and businesses. Beneficiaries may also use a portion of their transfers to invest in productive activities, such as businesses, potentially stimulating local livelihoods.

In this section we assess the effects of HSNP2 on household businesses and livelihoods activities, as well as its impact at the local economy level, focusing on spill-over effects on non-beneficiaries.

# Local Economy-Wide Impact Evaluation (LEWIE)



For every KES 1 that the HSNP injects into the local economy, an additional KES 0.93 of 'nominal' total income is generated by the extra economic activity spurred by the influx of that cash. We call this additional income the 'multiplier effect', meaning that the HSNP leads to increases in incomes that extend beyond its immediate beneficiaries

#### 4.1.1 HSNP income multiplier

We find that HSNP2 leads to increases in incomes that extend beyond its immediate beneficiaries. The LEWIE model shows that each KES 1 of HSNP transfer that enters the local economy generates an additional KES 0.93 of total income. This is a striking result as it means that the overall impact of HSNP2 on incomes is almost double the value of the transfers themselves. The existence and extent of this income multiplier indicates that CTs are predominantly spent on goods and services purchased within the HSNP2 counties, rather than outside. The qualitative IE provides support for this view, highlighting that HSNP2 'pay days' often coincide with lively local market days, with vendors and traders gathering around pay points, and beneficiaries spending a large portion of their CT as soon as they receive it. Therefore, local trade is stimulated around pay days, enabling the HSNP2 transfers to confer indirect benefits on local suppliers and producers, which leads to the overall income multiplier effect that we observe.

*I personally benefit because once they receive it [the HSNP CT], they come to eat here, since if they get the money they must eat. Even if I don't receive the money [the HSNP CT], they buy food from me and thus I benefit.*

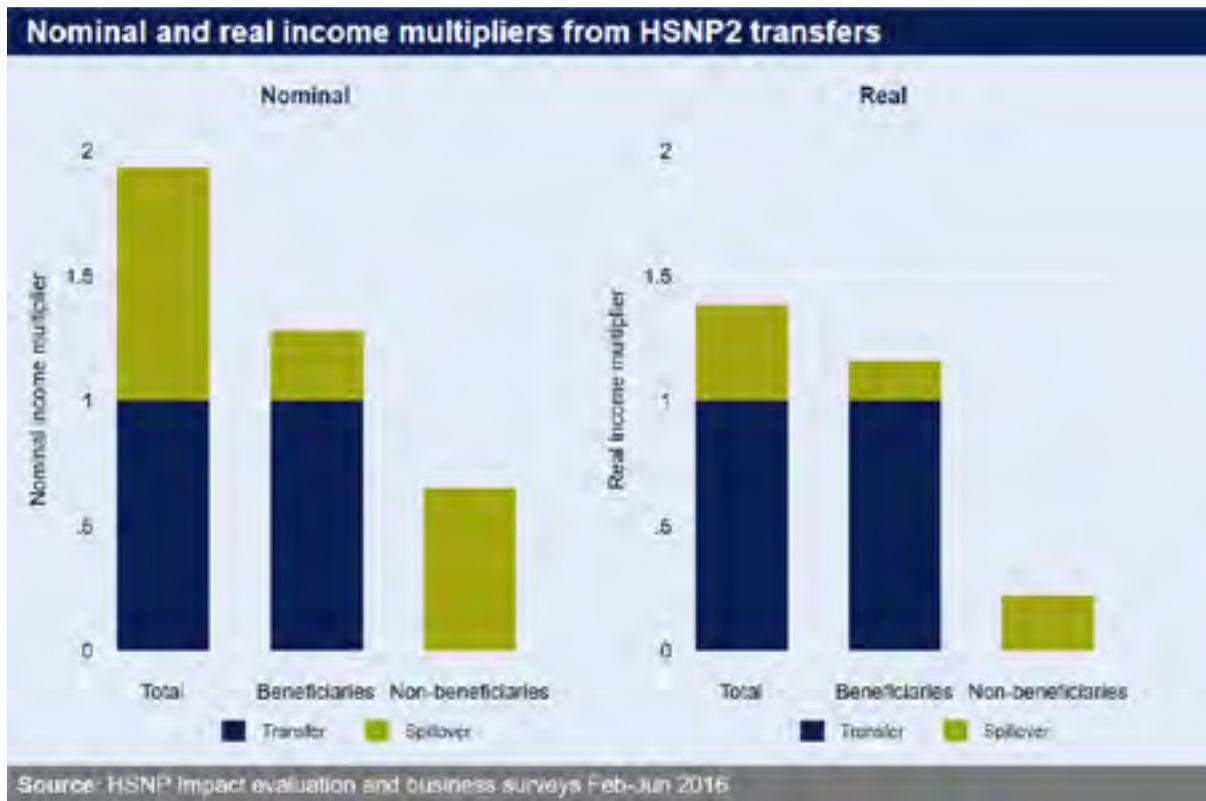
—Trader in Lodwar Town, Turkana

The extent of this multiplier is not the same everywhere across the HSNP counties. The qualitative IE highlights that experiences often vary between market traders in urban areas or within the vicinity of paypoints, compared to those in more remote locations. Traders in towns are more likely to highlight that they are making a profit, while those in more rural areas are more likely to indicate that they only just meet their costs or are 'working for the landlord'. We also find that increases in profits tend to occur within the first week of pay day, when beneficiaries spent most of their CTs. More moderate increases in sales then occur over the rest of the pay period, often financed through the steady purchase by HSNP beneficiaries of small items on credit.

The local economy effects of the HSNP2 do not appear to be wholly benign, as the LEWIE model also finds evidence of a possible inflationary effect of the transfers. Local prices within the HSNP counties are predominantly determined by external forces: for example, the prices that retailers pay for stock are generally determined outside the local economy. However, local dynamics between supply and demand can nonetheless have an influence on local prices: for example, through shaping the price mark-up that retailers may apply to wholesale goods, or by pushing up prices of non-tradables (such as prepared meals) and wages. This effect is captured by the real income multiplier, which, at 1.38, is lower than the nominal income multiplier. This indicates that some of the real benefits of HSNP2 transfers in regard to income could be partially eroded by increased prices. Nonetheless, even the real income multiplier still significantly exceeds 1, showing that HSNP2 transfers lead to real benefits in regard to incomes that exceed the amount of the transfer initially transferred, even after possible inflationary effects are considered.

Figure 7 below illustrates how the real and nominal income multipliers arising from HSNP2 are divided between routine beneficiary households and non-beneficiaries. The distribution of benefits across beneficiaries and non-beneficiaries is shaped by the types of commodities purchased, the relative proportion of beneficiaries in the local population, households' access to land and other assets, and the structure of local markets. From the LEWIE model, we find that the nominal income multiplier (displayed in the left-hand panel), is nearly twice as large as the transfer amount itself. Most of this multiplier effect occurs in the form of indirect effects for non-beneficiary households, with a small additional multiplier occurring for beneficiary households in excess of the transfer amount itself. The corresponding distribution of real income multipliers is shown in the right-hand panel, where we observe a similar pattern, with a slightly reduced multiplier size relative to the initial transfer amount.

Figure 7 Nominal and real income multipliers from HSNP2 transfers



In cash terms, one can say that the KES 464 million transferred to households each routine pay cycle increases local incomes by somewhere between KSH 856 and 945 million in nominal terms, and by between KES 624 and 661 million in real or inflation-adjusted terms.

Although the income effects of HSNP2 at the local economy level are significant, they do not imply that the transfer value is sufficient to meet all household needs. On average, the monthly transfer value accounts for around 43% of household monthly food expenditure, and 32% of total expenditure per month.<sup>14</sup> The qualitative IE shows us that HSNP2 transfers act primarily as a safety net to support household income and insulate households from the worst effects of

negative income shocks, but are too small in value to wholly replace traditional sources of income.

*The [amount] given every two months is not enough and can't cater for everything; maybe items like sugar, milk, tea leaves and so on. It prevents someone from hustling... [but] you need to still rely on your old ways of getting income.*

—Community leader, Mandera

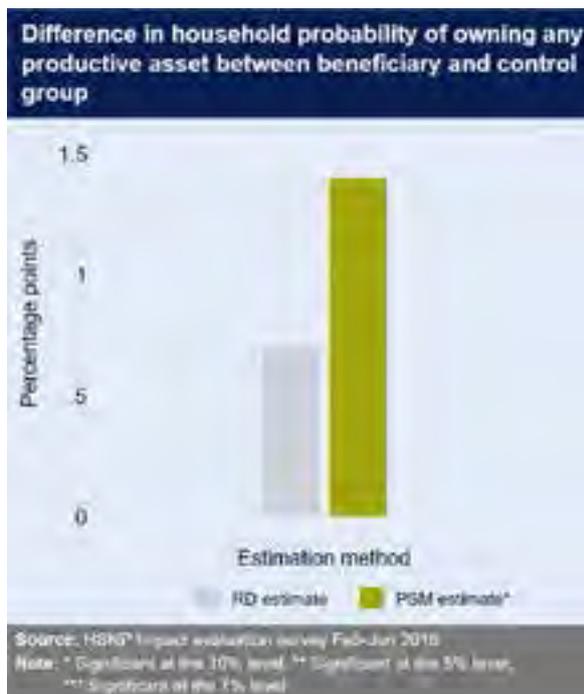
<sup>14</sup> Source: OPM quantitative household survey. These figures represent the monthly transfer amount (2,700 KES) normalised to the per adult equivalent amount, as a proportion of total monthly expenditure and food expenditure, per adult equivalent.

#### 4.1.2 Impact on productive investments and livelihoods activities

The dominant livelihood activity in the HSNP counties is pastoralism, in which households raise livestock for produce and sale. Other common forms of livelihoods activity include casual labour, such as construction work, and small-scale household businesses, such as basket weaving, collecting firewood for sale, and petty trading. In terms of the influence of HSNP transfers in supporting household livelihoods, we find that longer-term investments in production and livelihoods activities are therefore less common. This is because HSNP transfers are primarily spent on food and meeting basic household needs

.Nonetheless, once households are able to meet their immediate needs, there is evidence that some do make small investments in productive assets and livelihoods activities. The quantitative household survey reveals a significant impact of HSNP on ownership of productive assets,<sup>15</sup> as measured by the PSM approach.

**Figure 8 The HSNP2 impact on the household probability of owning any productive asset**



<sup>15</sup> For this analysis we considered productive assets to be the following: animal cart, water tank/ drum, plough, wheelbarrow, sickle, hoe, sprayer, spade, sewing machine, fishing line/net, boat, spinning/weaving machine, chisel/hammer, brick mould, grinding mill, planter, tractor, hand cart, yoke, spear, and anvil.

The PSM model also finds an impact on whether households reported purchasing any productive assets in the past 12 months. However, this result is not conclusive, since the RD model returns a negative impact in this domain, albeit this appears to be spurious, as it is driven largely by distortionary effects of the characteristics of the beneficiary households that are just above the eligibility cut-off.

There are some differences in the effect of HSNP2 transfers between emergency and routine beneficiaries in terms of supporting livelihoods and production activities. The qualitative IE suggests that HSNP2 routine beneficiaries are more likely to be able to choose preferred types of livelihoods, or diversify their livelihoods. This is because having access to an increased and more predictable income base enables some households to switch away from strenuous or non-preferred livelihood activities toward more preferred or potentially riskier but higher paid forms of work. By using the transfers as a complementary source of

income upon which further investment can be built, some routine households have been able to diversify their livelihoods. This is especially the case for relatively wealthier households among the beneficiary population, who can experience greater benefits from combining their transfers with other income sources. In contrast to routine beneficiaries, emergency beneficiaries are less likely to report that HSNP has induced any changes in their livelihoods, due to its low value, irregularity, and unpredictable nature.

Beneficiaries who enrol late in the programme (for example, due to delays in programme implementation or in households meeting the necessary identification requirements) receive their full entitlement to date in a single lump-sum payment. Beneficiaries who receive these larger lump-sum payments appear to be more likely to invest money in business ventures than those who receive their transfer in regular instalments. The differences between lump-sum and regular payments is explored in Box 1 below.

### Box 1 Lump-sum payments vs. regular payments

Yakub\* is a beneficiary of the routine HSNP transfer living in Mandera County. His household is poor, and depends on the transfer as a major source of income. Due to delays and administrative issues, when Yakub received his first payment the total amount came to KES 30,000, nearly six times the normal payment. Taking advantage of an unusually large infusion of cash, Yakub used the HSNP transfer to purchase five goats and a donkey cart. The goats have since reproduced and become a small herd, and Yakub's family drink the milk they produce instead of buying milk. The family use the donkey cart to make domestic chores easier, and are able to help the neighbours with activities such as collecting firewood or fetching water, for a small fee. The donkey cart has also become an important part of the family's coping strategy in the face of drought. Yakub explained that when there is a severe drought in his area, he depends on the cart as a way to travel to areas that have been less affected, in the hope that food, water, and household goods might be more readily available for purchase. Yakub now receives the regular transfer amount every two months. Budgeting the smaller amount means he has to have clear priorities. Most important to him is being able to buy food for his family, ensuring that his children can eat well. Like other families we spoke with, Yakub's family enjoys the treat of a special meal on pay day. 'When we get the HSNP money, we compare ourselves with the rich men who have big stomachs.' The rest he uses on school fees and meeting basic household needs.

Notes: \* Name changed for confidentiality.

#### 4.1.3 Impact on new business enterprises

There is some evidence that HSNP2 has enabled some households to set up new business ventures. We know from the quantitative IE that HSNP2 has had a large impact on improving access to credit for routine beneficiaries (discussed further in Section 4.5.2 below). This increased access to credit, combined with the increase in income delivered by the CT, has helped some households (and especially women) to access the start-up capital needed to establish businesses.

The businesses set up by HSNP2 beneficiaries tend to be small-scale activities in areas with low barriers

to entry, such as selling vegetables and small food items in villages. There are considerable differences in the kinds of businesses undertaken by men and women. Businesses started by women often consist of some kind of raw food vending, especially rice, sugar, beans, and vegetables. We do find examples of women starting other kinds of business, such as new clothing businesses or kiosks selling cooked food, but these are less common. Generally, there is a greater diversity of business types reported by male HSNP2 beneficiaries, including boda-boda (motorcycle) taxi services, welding businesses, hardware kiosks, and livestock trading. Even when men and women report working in the

same type of household business, there are differences in the nature of their involvement, with men more likely to participate at the wholesale level and women more commonly involved at retail or vendor level. The implications of these differences are that, if successful, the size and profitability of men's businesses generally outpace those of women.

The new businesses started by HSNP2 beneficiaries do not introduce more diversity into the market. In our qualitative IE, HSNP2 beneficiaries, traders, and community informants all agreed that these businesses are 'selling the same vegetables', rather than introducing new products or services to the local economy. We also find some indication that new businesses have resulted in increased competition for more mature businesses. A businesswoman in Majengo, Marsabit, described the situation, stating: '*Since HSNP everyone wants to become a trader!*', and reported that the shops opened up by beneficiaries have drawn away some of her customers, resulting in falling profit. The increased pressure on existing businesses may be particularly acute in places where local businesses were already struggling. This indicates that the nature of local markets before HSNP2 was introduced, in terms of their level of development and the extent of competition, is a key influence on the impact of HSNP2 on the economy.

Nevertheless, we find that, overall, HSNP2 has had an impact on the profitability of businesses in the local economy. The LEWIE model points to positive and significant impacts of the HSNP2 on the gross output of businesses in most sectors, captured in the form of 'production multipliers'. A production multiplier estimates the change in the output of an industry or sector brought about by the changes in local supply and demand due to HSNP2 (Box 2 contains more detail on what production multipliers measure and how they are calculated). Across the four HSNP counties we find the largest productivity gains occur in the retail sector. For each 1 KES injected into the economy by HSNP2, the LEWIE shows that the retail sector generates an additional 0.46 KES in the value of production. Across other sectors we also find several positive production multipliers, with each 1 KES of HSNP transfer increasing the value of production in the livestock and crop sector by 0.03 KES, petty trading by 0.16 KES, food processing by 0.07 KES, and the services sector by 0.4 KES. However, we do not find a significant production multiplier impact on other forms of production, and we also observe a slight negative effect on transport (-0.03).

## Box 2 Understanding production multipliers

A production multiplier represents the increase in gross output in a particular sector that is generated by increases in aggregate demand caused by the transfers. Production multipliers capture both direct and indirect effects on output, from both the production and consumption side.

Direct effects on output are brought about by changes in demand for the goods or services produced by that sector. There are then a proliferation of indirect effects on production, which arise through the combined effects of changes in other parts of the economy. For example, suppose that an agricultural producer expands production. To do so, it may demand additional inputs, such as fertiliser, machinery, additional labour, or transport services. This stimulates production in the businesses that supply these inputs, causing what is known in the LEWIE terminology as a 'backward production linkage'. In turn, the increased production of crops from the agricultural producer may generate effects in other sectors that use these crops as intermediate inputs – such as a restaurant business. This is a 'second order' effect of increased agricultural production. There may then be a 'third order' effect through the expansion of the restaurant sector generating more demand for other sectors. These effects thereby ripple throughout the economy, before eventually becoming small enough that they cease entirely.

## 4.2 Poverty and wellbeing

### Key findings

HSNP2 transfers are predominantly spent on food and other basic needs, with most beneficiary spending from the transfer occurring very soon after the payment day. There is more variety in how routine beneficiaries spend their CTs than how emergency beneficiaries do so (the latter tend to spend transfers almost exclusively on basic needs). These differences may be due to the specific context to which emergency payments are targeted, as well as the fact that they are smaller in value and less predictable than routine payments.

HSNP2 leads to increases in food expenditure and education expenditure. We also find a small but tangible impact on poverty. The small magnitude of this measured impact may be due to the extent of the spill-over effects that CTs generate on overall incomes within the economy. The qualitative research also points to a meaningful improvement in the subjective wellbeing of HSNP2 recipients.

The central aim of HSNP2 is to reduce poverty and disadvantage for households living in extreme poverty. The programme is designed to respond to a context in which many households experience multiple vulnerabilities and high levels of food insecurity, compounded by the effects of successive droughts. Alleviating this situation is the primary goal of HSNP2. In this section we assess the impact of the programme on various dimensions of poverty and wellbeing. This includes household wellbeing, consumption, poverty level, and perceptions of material and psychological wellbeing.

#### 4.2.1 Uses of the HSNP transfers

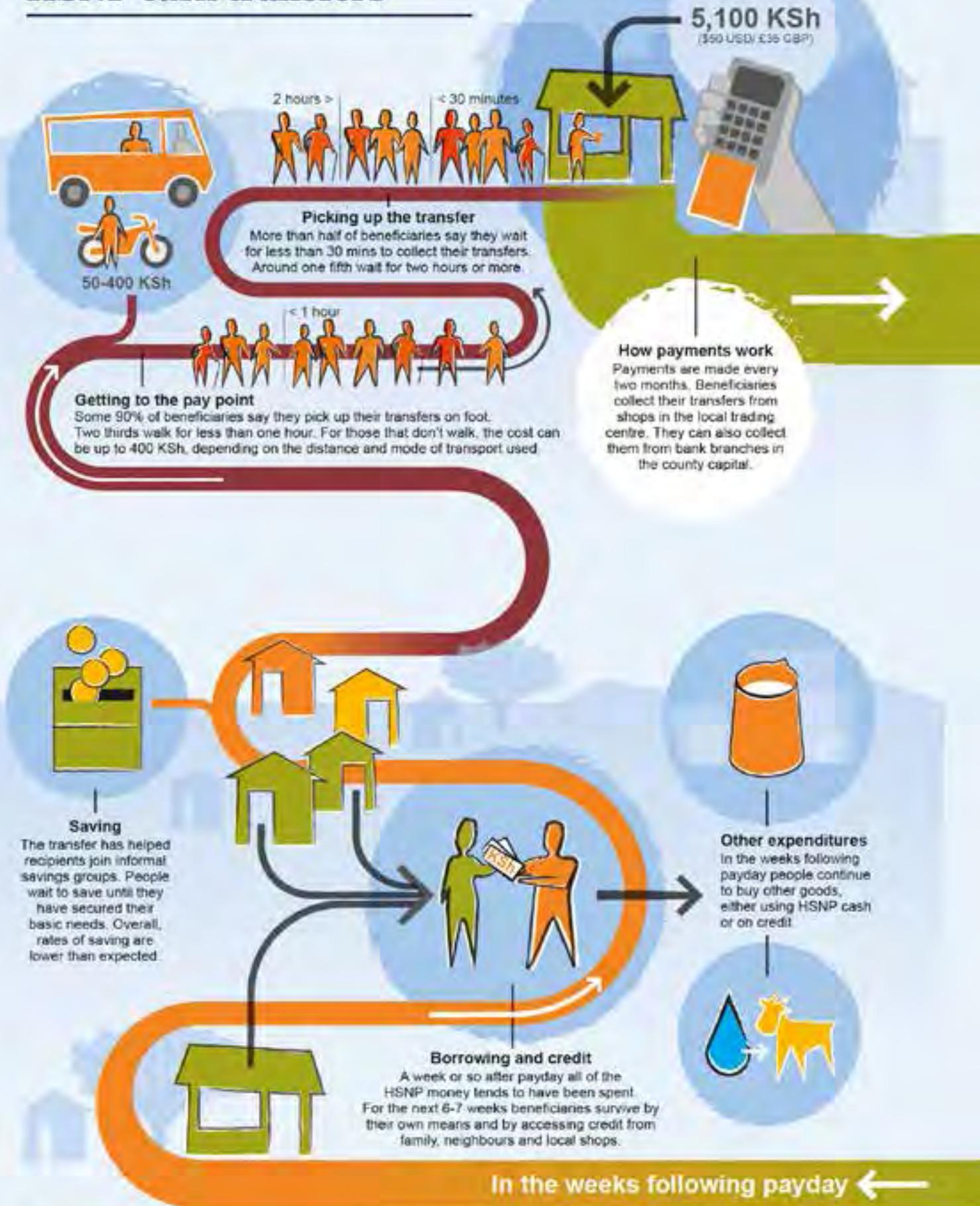
The primary use of HSNP2 transfers is to purchase food, including both staples and small amounts of luxury food items that households do not regularly consume. Other common uses of cash include paying off debts, making small business investments of the kind described in Section 4.1.2, securing other basic household needs, and making other irregular expenses, such as education costs and home improvements. Less common uses of the transfers include the payment of medical expenses and saving.

The majority of spending tends to occur on pay day itself, with many beneficiary households stocking up on food and making contributions toward debts that they owe soon after receiving their transfers. The remainder of spending from the CTs then occurs gradually over the rest of the payment period. These spending patterns are illustrated in Figure 9 below.



Figure 9 How people use their HSNP CTs

# How people use their HSNP cash transfers



This graphic was produced as part of an independent evaluation of the HSNP

### Luxury food

On payday people splash out on luxury foods, such as meat, vegetables, milk, sugar and rice. These are not bought in large quantities, just enough for the household to eat well that day.



*'We eat very nice food with the kids and everyone else at home. However, that doesn't last long because the following day the money is finished..'*

### Staples

People tend not to continue to buy meat after the first day. Subsequently, HSNP helps them with their purchases of staples (with cash and on credit), such as maize and beans, waiting until the next payday for those other luxury foods



→ **Most spending occurs on payday**

### Debt

On payday people also pay off their debts to shops and other people in their community.



### Other basic needs

HSNP beneficiaries commonly use the transfer to buy personal and household items such as clothes, pots and pans, stools to sit on and hygiene products.



← **Payday spending continued**

### Education expenditures

Nearly all the women we spoke to reported spending HSNP money on schooling for their children. This was much less frequently mentioned by men.



### Livestock

When buying livestock with HSNP money, beneficiaries typically purchase goats or sheep. The cost of a single goat is around 2000-3000 KSh.

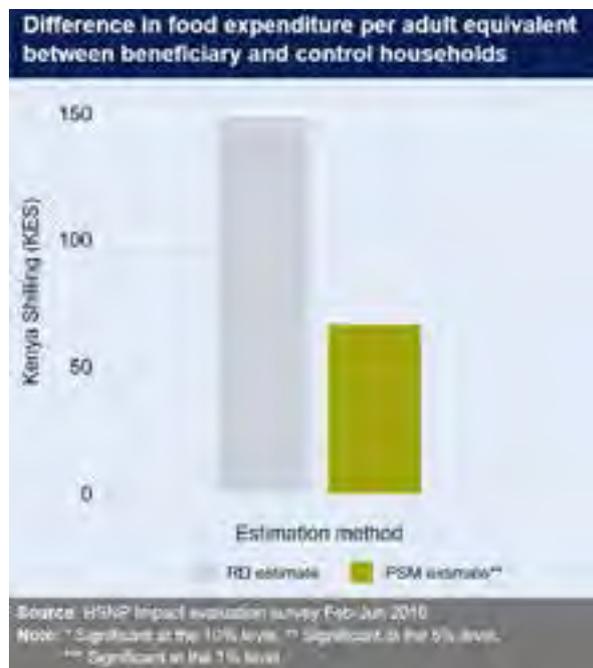
Over time the transfer can help people build up their herds, both through the purchase of more animals and breeding of animals bought. Households that have received larger 'lumpy' payments are enabled to make bigger productive investments in larger or more valuable animals.



The kinds of expenditures that households make using the transfers differ between routine and emergency beneficiaries. The qualitative IE finds that some emergency beneficiaries use the transfers almost exclusively for food, whereas there appears to be more diversity in the kinds of expenditure made by routine beneficiaries. Our quantitative PSM findings show that HSNP leads to positive impacts for routine beneficiaries' expenditure, not only on food, but also on livestock and productive assets purchases in the past 12 months, as well as a small positive impact on education-related expenditure (of around KES 28.45 per child per month)

These differences in spending patterns between routine and emergency beneficiaries are not surprising. Emergency payments are disbursed in response to adverse climate shocks, when recipient households will often be facing specific, immediate challenges that they need to use the CT to alleviate. The sporadic disbursement of emergency transfers may also make it difficult for emergency recipients to plan ahead for productive investments or longer-term expenses, making it more likely that CTs will be used exclusively to meet immediate needs during shocks.

**Figure 10 The HSNP2 impact on household food expenditure per adult equivalent**



In relation to the purchasing of productive assets we find some differences between male and female beneficiaries. Households with a male HSNP beneficiary are more likely to own productive assets and livestock, and the qualitative findings suggest that decisions over whether to purchase livestock continue to reside primarily with men. However, the qualitative FGDs indicated that both men and women widely report using the transfers for purchasing small livestock, and the quantitative results in fact suggest that female beneficiaries are more likely than male beneficiaries to have purchased livestock in the past 12 months. This issue is discussed further in Section 4.6.3 below, in relation to women's empowerment.



#### 4.2.2 Material wellbeing

The qualitative research shows that, overwhelmingly, HSNP beneficiaries consider themselves better off as a result of receiving the CTs. The extent of the impact on material wellbeing, as self-reported by respondents, appears to be moderate but nonetheless important. We find that the HSNP has not led to beneficiaries becoming very wealthy in terms of cash or assets. However, the transfers have enabled some (generally routine) beneficiaries to achieve a standard of living more comparable to what they describe as ‘middle class’. This means that they enjoy more frequent and diverse

meals, diversified livelihood options, higher resilience to shocks, a greater ability to invest in and start small businesses, and improved creditworthiness. We find that effects on self-reported material wellbeing appear to be less pronounced for emergency beneficiaries than routine beneficiaries. Yet even emergency beneficiaries consider themselves better off for having received the emergency transfers. The wealth groups that are perceived by communities to exist within the HSNP counties and the role of HSNP CTs in shaping household material wellbeing are illustrated in Figure 11.

Figure 11 Wellbeing categories in the HSNP counties

# Poverty and wellbeing in HSNP counties

## There are 4 major wealth/wellbeing categories

Communities usually perceive four broad wealth categories, whose wellbeing can differ greatly across different dimensions: the very poor, the poor and needy, the middle class and the rich. The rich are a small, sometimes non-existent minority, who in some places have migrated away from villages completely.

"People in the middle class are sometimes known locally as..."

### The middle class (around a quarter of the population, including HSNP recipients)

### 'Those who shine'



### HSNP seen to help recipients improve their wellbeing status

The transfer is felt to enable recipients to achieve a standard of living more comparable to what they described as middle class: more frequent and diverse meals, diversified livelihood options, resilience to shocks, investing in and starting small businesses, and improved creditworthiness.

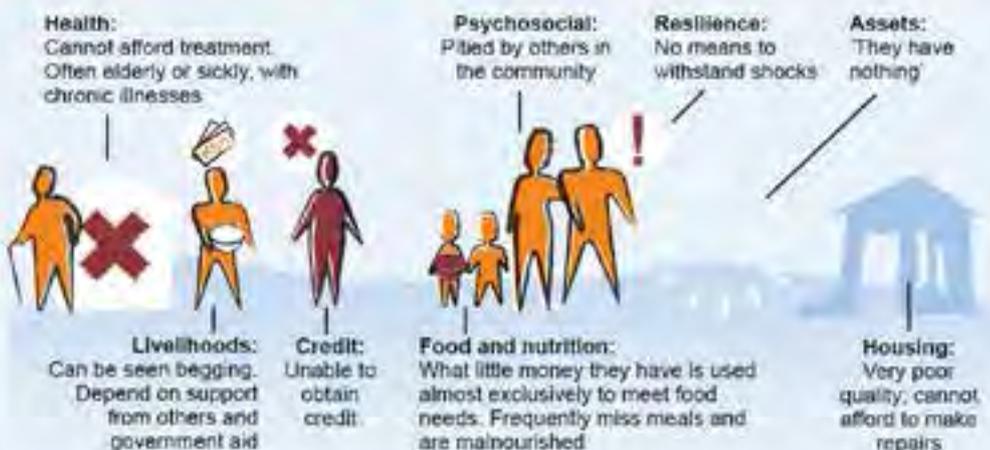
### The poor/needy (the majority of people, including HSNP recipients)



### The transfer has improved recipients' psychosocial wellbeing

Poverty negatively affects people in non-material ways. HSNP appears to be reducing those types of negative experiences, improving what we call 'psychosocial wellbeing'.

### The very poor (a small but visible minority, including HSNP recipients)



The evidence from the quantitative IE on HSNP's impact on material wellbeing is more mixed. We use consumption expenditure as our primary measure of household welfare, and find little difference in average total consumption expenditure between routine beneficiaries and non-beneficiaries. We do observe a modest positive impact of around KES 66 in monthly food expenditure per adult equivalent.<sup>16</sup> This points to small improvements in consumption expenditure due to HSNP2, although the magnitude of the impact is not as large as testimonies from the qualitative research would indicate. This disparity may be partly due to the presence of spill-over effects within the HSNP2 local economy, which create indirect benefits for non-beneficiaries that the quantitative impact estimation at the household level cannot account for.<sup>17</sup>

#### 4.2.3 Consumption poverty and the consequences of poverty

We find a small impact of HSNP on reducing household poverty. In the quantitative IE we measure poverty by comparing household consumption expenditure against certain poverty lines, (developed to reflect different kinds of poverty).<sup>18</sup> We find no quantitative impact on the overall poverty rate measured by total consumption expenditure, but we do find a small positive impact of the programme on reducing the food poverty rate by three percentage points.<sup>19</sup> There is also a small and significant impact of one percentage point on the poverty gap, which measures the distance between household consumption and the poverty line, as well as on our measure of poverty severity.<sup>20</sup>

These impacts are small in magnitude, but we believe they likely represent underestimates of the true decrease in poverty experienced as a result of HSNP2. The reason for this is that we know from the LEWIE that there are significantly large increases in overall income in the HSNP2 counties, which not only exceed the value of the transfers themselves, but also largely accrue

to non-beneficiaries, and the quantitative household IE methodology cannot take into account the benefits that non-beneficiaries have experienced through the programme. To the extent that outcomes have improved for non-beneficiaries as well as beneficiaries, comparing their results means that our quantitative estimation will underestimate the true programme effect. Given the scale of spill-overs that the LEWIE model finds, the evidence provided by the qualitative research presented below, and other factors (see footnote 17), we believe this to be the case, though this cannot be established for certain.

The qualitative IE provides support for the claim that HSNP2 has effectively reduced the consequences of household poverty. Households report that receipt of CTs has helped to ease some of the negative effects of poverty experienced by the poor and very poor, such as insufficient daily food intake, inability to pay for education costs, and inadequate living conditions. In the sites visited, discussions about the prevalence and nature of poverty with community leaders and members (including HSNP2 beneficiaries) often began with the narrative that *'we are all poor here'*. However, as a male routine beneficiary in Marsabit explained, HSNP allowed a simple change in his household that made him feel as though his family was now better off:

*There is a big difference. We even have enough cups at home now. Unlike previously, when we used to drink our tea in shifts. Some of us now even sleep on mattresses.*

— Male routine beneficiary in Marsabit

Despite the positive effects that HSNP is reported to bring, many respondents from poorer wellbeing groups re-iterated that the transfers are not enough to meet all the needs of every household member, and thus poverty persists.

<sup>16</sup> A per adult equivalent scale represents the number of adult males that the household is equivalent to containing, in terms of consumption needs. This scale helps to ease the comparability of consumption patterns between households of different size and demographic composition.

<sup>17</sup> Another possible explanation for this result could be due to the way that consumption data are gathered in the quantitative household survey. The survey uses different recall periods to ask about consumption items, depending on the frequency with which they are generally purchased. Food consumption tends to represent a high proportion of total household expenditure (74% on average) and data on this are gathered using a seven-day recall period. Our research suggests that a high proportion of the CTs are often spent on food, immediately on, or around, payday. In order to capture that impact through the quantitative survey, one would need to conduct the data collection within seven days of the payment date. However, the quantitative household survey was collected continuously over a 19-week period (covering two pay cycles in total), so it is possible that much of this additional food expenditure was not captured.

<sup>18</sup> For the technical detail and methods used for all our poverty and other analyses, see Merttens *et al.* (2017) 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Quantitative Household Impact Evaluation Technical Report', OPM.

<sup>19</sup> Food poverty is measured by the proportion of households whose monthly food expenditure per adult equivalent, adjusted for regional price differences, is lower than a poverty line set at KES 1,779.3. This definition is in line with how poverty is measured in the KIHBS, a national survey that is used to collect data on household welfare and poverty levels.

<sup>20</sup> Poverty severity measures the squared distance between total household consumption per adult equivalent (adjusted for regional price differences) and the poverty line.

**4.2.4 Psychosocial wellbeing**

Turning to non-material dimensions of poverty, our qualitative IE finds that beneficiaries widely report that the HSNP transfer has had a considerable positive impact on their psychosocial wellbeing. Across counties we heard numerous descriptions of how the transfers have buoyed beneficiaries’ spirits, reduced stress, and increased overall happiness.

them to contribute to reciprocal support structures, and even improved their physical appearance through new clothing and use of hygiene products. Routine beneficiaries explained that they are now consulted on community issues more often, and are invited to more community functions. They felt that this was due to the relative increase in their wealth. Some women have also experienced increased status in the community.

For some, being an HSNP beneficiary has also improved their standing in the community. It has enabled

**4.3 Food security and dietary diversity**

**Key findings**

Both routine and emergency beneficiaries interviewed for the qualitative research indicate that HSNP2 has enabled their household to increase the number of meals eaten per day and reduce levels of food insecurity. However, the quantitative results on food security present a less positive picture. The overall evidence of impact on the ability of households to achieve food security is consequently mixed.

In terms of dietary diversity, the findings show that HSNP2 does support households to achieve more varied diets. However, this effect is mostly only sustained for the first few days after the CT, after which most of the transfer has generally been spent.

In the context of successive droughts and harsh climatic conditions, households in the HSNP counties have experienced pervasive food insecurity over many decades. Alleviating this situation is among the main objectives and core rationale for the HSNP2 programme. In this section we discuss the impact HSNP2 has had on nutrition and dietary diversity.

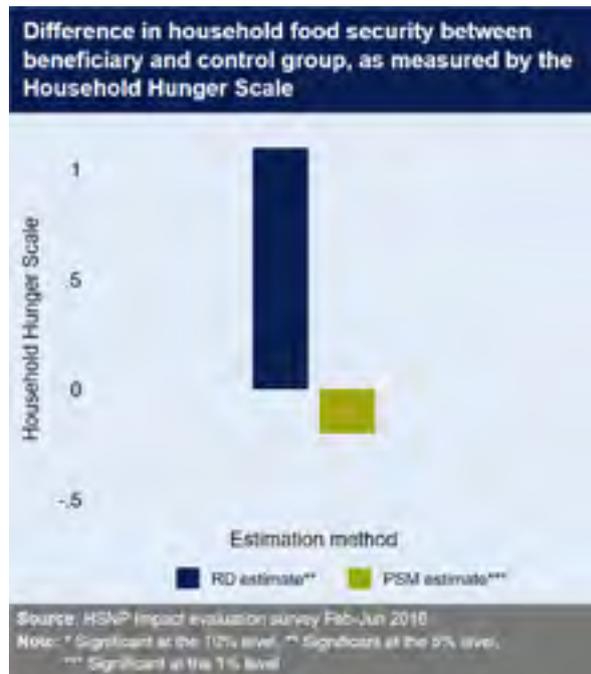
**4.3.1 Food security**

The quantitative IE produces mixed findings around the impact of HSNP2 on food security. We measure food insecurity using the Household Hunger Scale (HHS). The HHS is a score ranging from 0 to 6 that captures the ability of a household to access sufficient food over the past 30 days, and can be used to categorise

households into three groups: ‘little to no household hunger’, ‘moderate household hunger’, and ‘severe household hunger’, with lower scores indicating less household hunger. The quantitative findings show that the average HHS score among HSNP beneficiaries is on the borderline between being classed as ‘little to no household hunger’ and ‘moderate household hunger’. The results from the PSM model show a significant reduction of 0.16 in beneficiaries’ food insecurity, as measured by the HHS. The RD model, however, returns a positive and significant coefficient of 1.1, suggesting a worsening of access to food. This adverse result appears to be due to a distortionary effect of households immediately distributed above the eligibility cut-off.

IE FINDINGS

**Figure 12 The HSNP2 impact on household food security**



However, the qualitative IE presents a different story. Both routine and emergency beneficiaries report that transfers have helped to increase the number of meals eaten per day. Many beneficiaries report purchasing 'bulk' quantities of staples (oil, beans, rice, spices, tea leaves, rice, and maize/maize flour) on pay day, and then making smaller purchases from local vendors during the weeks that follow. Some of this spending after pay day is financed through credit. We find some beneficiaries report that the CTs have enabled them to access credit for the purchase of basic staples from neighbours and local markets once the transfer cash has run out, thereby enabling them to smooth consumption over the payment period. This is in line with the strong finding from the quantitative IE that HSNP2 has improved credit access (see Section 4.5 below).

*Before, maybe they [beneficiaries] lived on maize only, but now they can supplement their meals. They buy some rice and some other foodstuffs and also they can now afford to eat three meals a day.*

—Teacher, Marsabit.

Taken together, the qualitative and quantitative results thus present a mixed picture of the impact of HSNP2 on access to sufficient food, with the qualitative findings giving a more positive impression than the quantitative results. The difference between the two could be due to the positive 'spill-overs' to non-beneficiary households, as well as the way food consumption data are gathered (see footnote 17 above), which we suspect may lead to the quantitative results underestimating impacts on this outcome.

The risk that households in the HSNP counties experience food insecurity at particular points in the year remains high. Around one-third of households in the quantitative survey report having experienced food insecurity in the worst recent food shortage period. We also find an unexpectedly positive and significant quantitative impact on the proportion of households found to be food insecure in the worst recent food insecurity period. This unusual result may be again explained by examining the distribution of households receiving regular HSNP2 payments distributed just to the right of the cut-off, who are found to perform significantly better than non-beneficiary households. This results in a higher average outcome emerging for the comparison group, but one that is largely driven by this peculiarity in the performance of the RD model for this outcome.<sup>21</sup>

<sup>21</sup> This is also exaggerated by the use of triangular weights in our preferred RD model (triangular weights gives these distorting observations near the cut-off greater weight). The magnitude of this impact decreases when uniform weights are used in the RD model.

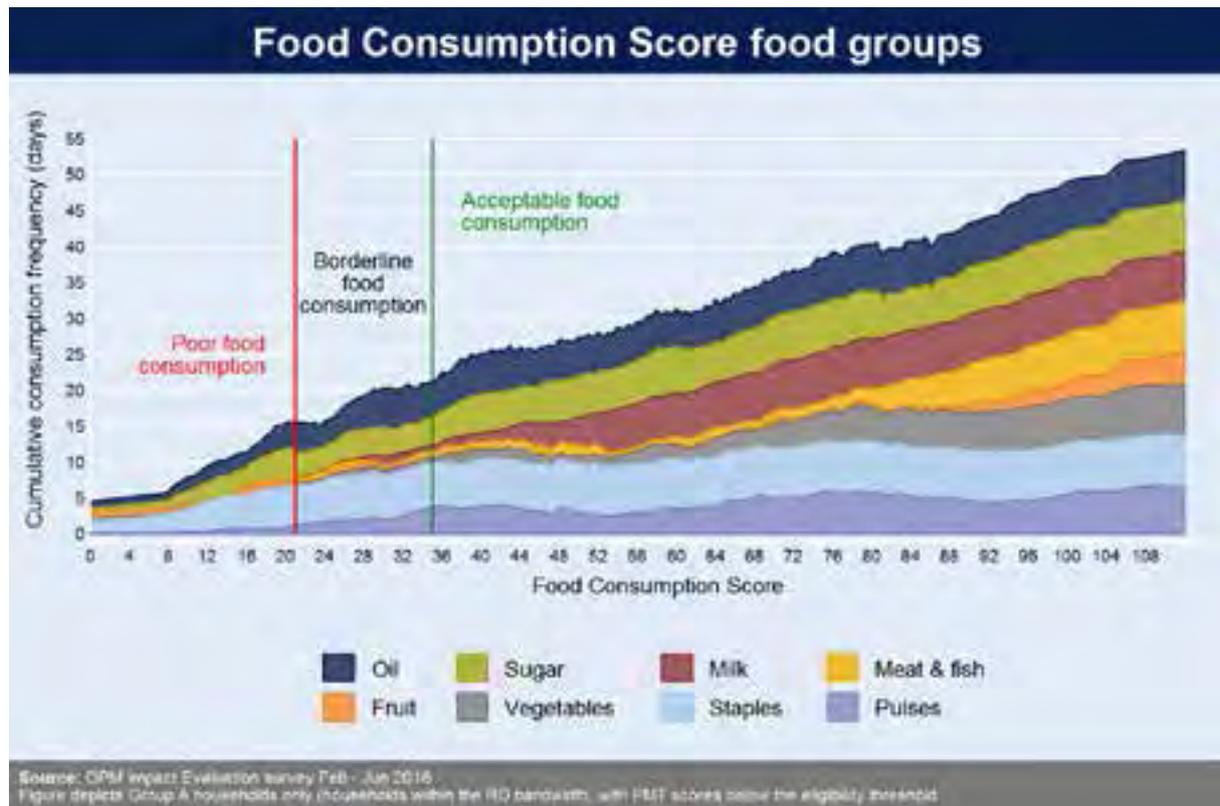
### 4.3.2 Dietary diversity

We find that HSNP2 helps to improve dietary diversity in the days just after payment. Generally, this improvement seems to largely fade during the remainder of the payment cycle, although there is some evidence of smaller, more sustained, improvements in dietary diversity in the longer term.

Figure 13 illustrates how the variety of food groups eaten by households varies with the Food Consumption

Score (FCS) measure of dietary diversity. The FCS captures the ability of the household to access diverse foods in the seven days preceding the survey. It shows that households with low dietary diversity consume mainly staple foods, with other food groups, such as oil, milk, pulses, vegetables and sugar, being introduced to diets as overall diversity increases. Fruit and meat and fish are only consumed by households with the most varied diets.

Figure 13 Frequency of consumption of different food groups, by FCS



The majority of the CT that is spent on food is generally reserved for staple food items. However from our qualitative FGDs both routine and emergency beneficiaries report being able to make 'luxury' purchases of meat and vegetables after getting their CTs. These items are not routinely part of household diets and add to the diversity of the food groups consumed. However they are only purchased in small quantities: just enough for beneficiaries to enjoy them for one or two days.

*We eat very nice food with the kids and everyone at home. However, that doesn't last long because the following day, the money is finished.*

—Emergency beneficiary, Mandera

Thus, the improvements in dietary diversity experienced around the first few days after payment do not appear to last beyond this. The quantitative evidence does not show any evidence of impact of HSNP2 on dietary diversity as measured by the FCS (in either the RD and PSM models). We interpret the lack of quantitative impact in this domain as being reflective of the short-lived nature of improvements in dietary diversity reported by beneficiaries in the qualitative IE. Given that the FCS measures dietary diversity only with reference to the previous seven days, if increased dietary diversity only arises in certain periods it may not be picked up by our survey (see footnote 17 above). The pay cycle occurs every two months and our quantitative survey covered a four-month period, therefore a large number of households were interviewed in the middle of the payment cycle rather than in the days immediately



following it. It is thus likely that our survey would not have picked up additional food expenditure that only occurs within a few days of the payment window. Nonetheless, even in the longer term, the qualitative research does provide evidence of modest, but more sustained, improvements to dietary diversity. For example, many female beneficiaries (especially in Mandera and Wajir) explained that HSNP2 has enabled them to buy milk for the period between payments (either with cash or on credit).

*When I took [the HSNP transfer], I set aside KES 800 for the purchase of milk... I purchased two cups per day... I have not purchased milk for five days now, but will take goods on credit from the shops around here.*

—Female beneficiary, Wajir

It may be that these more enduring improvements are either not meaningfully large enough to result in a measured quantitative effect, or that spill-over benefits to non-beneficiaries of routine CTs cause the quantitative estimation to underestimate the true magnitude of the impact on dietary diversity.

## 4.4 Resilience and coping strategies

### Key findings

HSNP2 is supporting households to increase their resilience to negative shocks, such as drought, when they arise. In particular, we find a large and significant impact on beneficiary households' creditworthiness. This enables households to better maintain consumption levels in the event of a negative income shock, financed through purchases on credit.

However, HSNP2 does not appear to improve the ability of households to prepare in advance for shocks (such as by saving money or planting drought-resistant crops). These 'insurance' strategies generally remain unavailable for very poor households, who are focused on securing their day-to-day needs. We also find some evidence that HSNP2 reduces the need to sell productive assets to cope with shocks, although the quantitative findings here present a mixed picture.

By providing households with a regular source of income, HSNP2 is expected to support households to smooth their consumption and build resilience to negative income shocks, such as drought or the loss of livestock. This section reports the impact of HSNP2 on households' ability to mitigate risks and cope with shocks when they do arise.

#### 4.4.1 Shocks faced by households in the HSNP counties

Figure 14 summarises the different kinds of shocks that households in the HSNP counties are exposed to. The most serious and frequently occurring risk that households in the HSNP counties report facing is drought. The HSNP counties are part of a region of Kenya that is particularly susceptible to drought, with respondents in the qualitative IE reporting that droughts have become even more frequent and severe in recent times.<sup>22</sup> Prolonged or successive drought has severe consequences for communities. Livestock activities are negatively affected through the death of livestock, crop failures, and loss of fish in Lake Turkana. As boreholes dry up and vegetation is depleted, drought can lead to poor health, increased susceptibility to illness, and, in extreme cases, famine. While the hardships brought by drought are experienced by all households regardless

of wealth, the consequences are particularly devastating for the poorest. Poor households tend to have limited savings and few material assets or informal support networks with which to protect themselves from the effects of such shocks.

The HSNP counties are also periodically affected by conflict, which can equally have devastating consequences. Many respondents used the word 'fear' to describe how they feel during conflict. In the qualitative IE this was mentioned mainly by community leaders in Wajir, Marsabit, and particularly Mandera. During periods of conflict livelihoods activities may be negatively affected, leading to economic exclusion and forcing some members to migrate. In some cases conflict has also resulted in houses being burnt down, causing people to be made homeless or forced to flee. Migration separates families and removes people from their communal support networks. The incidence of drought can also raise the risk of conflict breaking out, as well as compounding its effects by exacerbating competition over resources such as food and water. Inflation (especially during droughts), unemployment, and flooding were also mentioned during the qualitative research as negative shocks, but to a lesser extent than drought and conflict.

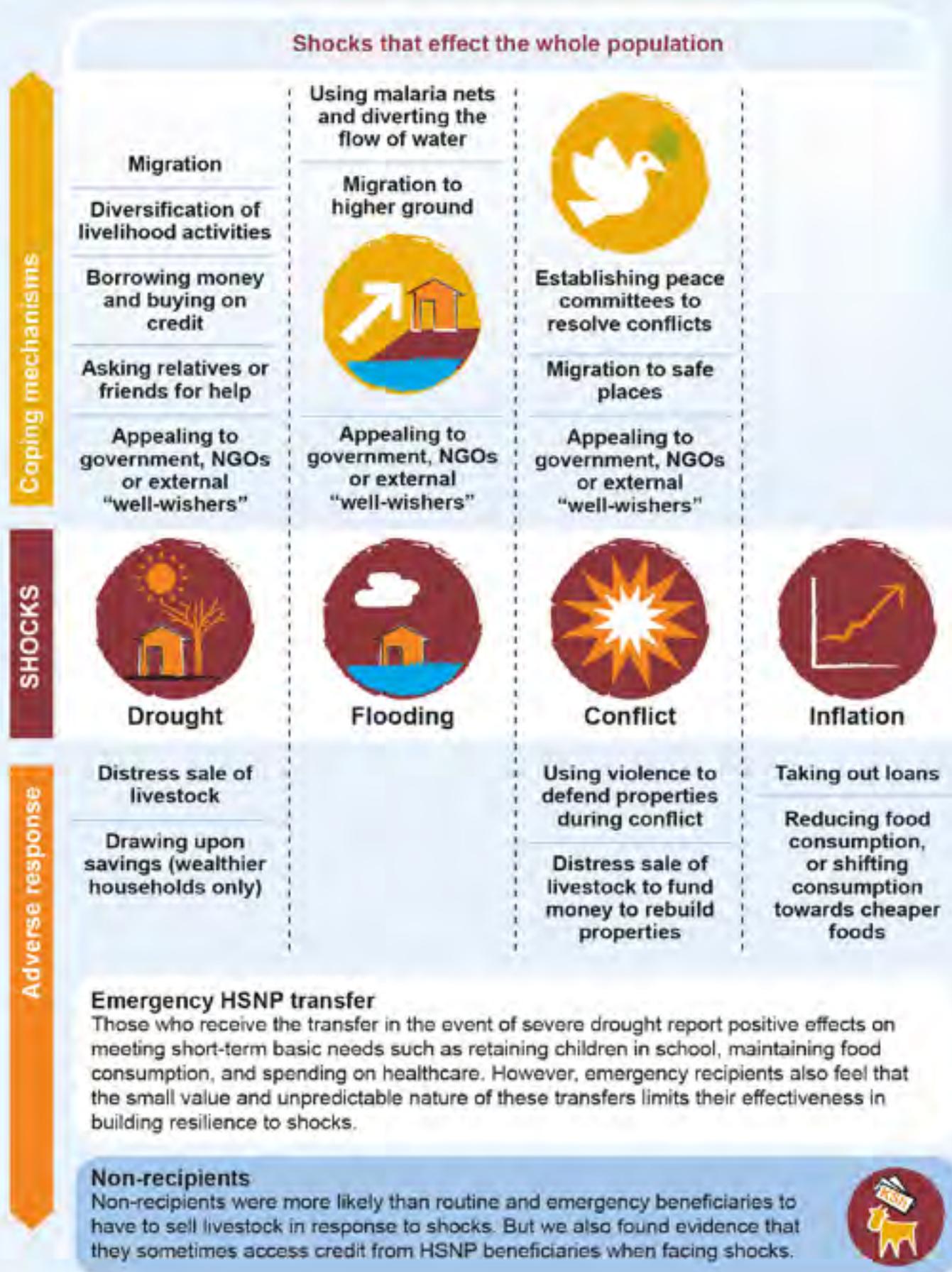
IE FINDINGS

<sup>22</sup> This perception is supported by analysis of the Vegetation Condition Index over time. The index is gathered by the National Drought Management Authority, and is used by HSNP to assess whether there is an extreme or severe drought in the HSNP counties.



Figure 14 Shocks faced by households in the HSNP counties

# Risk and vulnerability in HSNP counties



## Shocks that affect individuals



Asking relatives or neighbours for help

Asking relatives or neighbours for help

Buying on credit



Sickness

Continue working even though they are sick



Unemployment

Children dropping out of school and engaging in child labour



Distress sale of livestock

Take out loans

Taking herbal medicine



Reducing food consumption, or shifting consumption towards cheaper foods

Coping mechanisms

Adverse response

### Effect of routine HSNP on coping mechanisms:

For routine recipients who receive regular payments every two months, HSNP is considerably strengthening their ability to cope with shocks.

Some have started businesses which diversify their livelihoods away from climate-sensitive livelihoods, others have used the transfer to increase livestock assets.

HSNP has allowed recipients to purchase on credit, as traders know that they will be paid back on payday.

A few wealthier households had saved, stocked up on food, or had bought water tanks to cope during droughts.



### Effect of routine HSNP on adverse responses:

HSNP has decreased the likelihood that routine recipients sell livestock in distress, in order to satisfy immediate cash needs.

Many routine recipients report using the cash on school fees and are thereby less likely to remove their children from school as a way to lower household costs.

HSNP helps prevent people from skipping meals as a strategy for lowering household costs.

Impact on household resilience has been greater for poorer routine beneficiaries, including female-headed households and looking after orphans, the elderly and the sick.

4.4.2 Coping strategies and resilience

Respondents in the qualitative IE research described a number of different coping strategies used to weather the effects of negative shocks when they arise. Social networks are frequently mentioned as a strategy for coping with various types of shock, with respondents asking relatives and neighbours for help. However, support from social networks is less forthcoming when the community faces a shared shock, such as drought or flood, as opposed to when shocks affect only individual households, such as ill health or death of a family member. The most commonly mentioned coping strategy for shocks affecting the whole community are appealing to the government, non-governmental organisations, or external 'well-wishers' for assistance.

Livestock and productive asset ownership is high across the HSNP counties (over 80% of households report owning livestock, and 60% own a productive asset). Sale of these assets serves as a key form of insurance against shocks, especially climate-related shocks. This was particularly mentioned by non-beneficiaries and emergency beneficiaries. A male non-beneficiary in Hafare, Marsabit stated that his livestock was the 'backbone for survival'. Selling livestock is the traditional way that local people cope with shocks, but it is considered to be a negative coping strategy; households tend to try to keep animals for as long as they can, even if they cannot afford to feed them sufficiently. This means that if they do feel compelled to sell animals, they often do so at the point when animals are weak and thin, and therefore worth less.

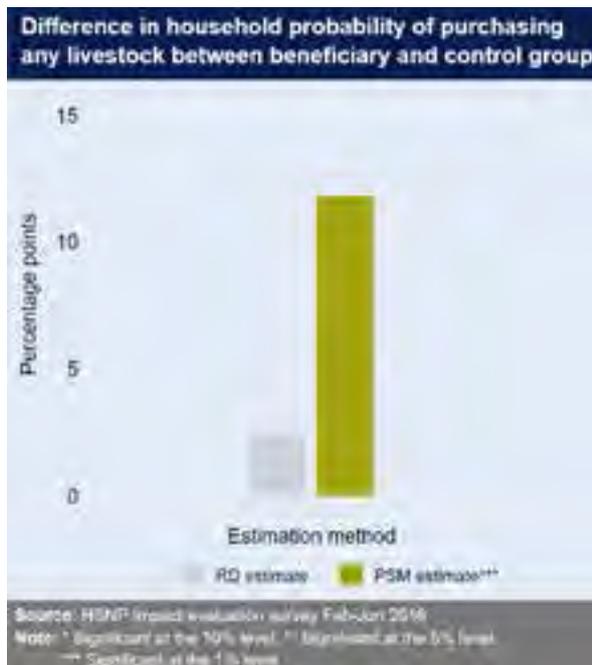
While households are generally able to report a variety of strategies that they can make use of to cope with shocks when they arise, advance preparation for possible future shocks is not found to be a priority for the poor, who mainly concentrate on day-to-day survival. Wealthier households are more likely to have the means to effectively prepare for and mitigate risks. The strategies that households do report adopting to prepare for future drought include planting drought-resistant crops, feeding maize to goats to make them more able to withstand drought, preserving pasture for animals, selling livestock or adding to savings to build up an income base to sustain the household through drought, and buying food stocks.

The evidence nonetheless does provide indications that HSNP has served to strengthen the resilience of beneficiaries to cope with shocks when they arise. Both the qualitative and quantitative results show that HSNP2 has increased beneficiaries' creditworthiness and ability to borrow from friends and neighbours. This ability to access credit has consumption-smoothing effects, and builds resilience to shocks. We discuss this result further in Section 4.5.2. We also find evidence of a positive impact on asset accumulation. From the quantitative IE, the PSM results show a 4.5 percentage point improvement in households' ownership of livestock, and a small increase in productive assets ownership of 1.4 percentage points (from a very high base), though the RD results for these indicators are not significant. The apparent impact on livestock ownership seems to be driven by increases in livestock purchases during the last 12 months of around 12%, rather than a decrease in sales, for which the quantitative IE finds no impact.

IE FINDINGS



**Figure 15 The HSNP2 impact on the household probability of purchasing any livestock during the last 12 months**



to a negative shock faced in the past 12 months, the quantitative evidence shows a small difference between actual routine HSNP beneficiaries and non-beneficiaries in regard to whether the household reported selling livestock to cope with the shock, but this difference was not statistically significant. The qualitative IE, however, does find some testimonies of households reporting that the HSNP CTs have allowed them to reduce the need to sell productive assets as a coping strategy. It may be that this effect is present but not large enough to translate into an overall impact that is detectable quantitatively. Overall, the findings seem to suggest that the impact of HSNP on resilience in terms of asset accumulation is through facilitating increased productive investments, rather than reducing distress sales.

Diversification away from highly climate-sensitive livelihoods provides another means of building resilience to drought. This kind of investment through HSNP2 CTs is, however, generally only available to households that have already been able to meet their immediate consumption needs. Reliance on savings to finance consumption during periods of shock is not found to be widespread in the HSNP counties, and has not been affected by HSNP2. This is discussed further in Section 4.5.1 below.



### Box 3 HSNP, negative shocks and livelihoods diversity

Mohammed\* is a senior chief in Mandera County. He explains that most people in the region are pastoralists, and as such depend on their livestock. When the drought season hits and animals die, HSNP money helps sustain their livelihoods. Before HSNP, people were entirely dependent on their few livestock, but now this dependence has shifted more to the transfers. Poor families in the area are doing better and the number of livestock owned by most families has increased. Even those without animals are depending on the transfers to survive. They have helped some people start their own businesses and families are more food secure. This all means that even during drought, when animals die, they can still survive based on their other activities.

Notes: \* Name changed for confidentiality.

As noted above, the means to build resilience to prepare for future shocks may only be available to relatively wealthier households, who face less pressure to secure their basic day-to-day needs. The qualitative IE finds that for poorer beneficiaries, the capacity to use HSNP2 CTs to invest in resilience is more limited. This is supported by the quantitative IE, which finds that poorer beneficiaries are significantly less likely to report having purchased a productive asset or any livestock in the past 12 months than less poor beneficiaries.<sup>23</sup>

Similarly, effects are less pronounced for emergency beneficiaries compared to routine beneficiaries. The

infrequency and lower monetary value of the emergency transfers mean that they are again more likely to be used to meet basic needs rather than for investment in productive assets to enhance coping mechanisms. The transfer amount is insufficient to be able to prepare for shocks, and rather it is used to mitigate against them as and when they come. That said, we do find that emergency transfers are used by beneficiaries to support increased food consumption and medical-related expenses. In this respect, they are able to mitigate some of the negative effects of drought by smoothing household consumption.<sup>24</sup>

IE FINDINGS

<sup>23</sup> For this analysis we determine poverty status by the poverty score assigned to the household in the HSNP MIS data.

<sup>24</sup> In 2017 we carried out an additional study exploring experiences of emergency payments during the protracted drought period that affected the HSNP counties from late 2016. See: Farhat, M., Riungu, C. and Merttens, F. 'HSNP Phase 2: Emergency Payments Study', OPM.

### Box 4 The impact of HSNP2 emergency payments

The scaling up of emergency CTs to additional households affected by climate-related shocks is a novel feature of HSNP2, designed to build resilience and reduce vulnerability to drought emergencies. All non-routine beneficiary households are eligible to receive emergency payments if their sub-county enters a drought. Within targeted sub-counties, emergency payments are scaled up to households selected from HSNP's MIS using the existing wealth ranking scores.

Coverage of emergency payments under HSNP2 has been wide. Up to February 2016, 208,174 Group 2 households had been paid at least one emergency CT, amounting to almost 75% of all non-routine beneficiary households across the HSNP counties. The largest emergency payment cycle occurred in October 2015, when 186,796 households were paid in preparation for El Niño floods (two-thirds of all emergency beneficiary households).

The emergency payments component of HSNP2 has been designed to respond to a slightly different set of objectives than routine payments. While routine CTs are primarily designed to mitigate the consequences of household poverty, emergency CTs are a rapid, shock-responsive mechanism expressly targeted toward households in the aftermath of a negative climate event. In line with this, our evidence shows that there are differences in practice between how routine and emergency beneficiaries respond to CTs. Emergency beneficiaries are more likely to spend their CTs almost solely on meeting immediate household needs, and less likely to make investments in productive assets or business enterprises. The reasons for this difference are due in part to the lower value of emergency CTs (equal to one month's worth of a routine CT), and the fact that they are received less frequently and less predictably than routine payments. This irregularity of emergency payments may make it more difficult for households to factor CTs into their spending plans. Emergency beneficiaries will also tend to have short-term spending priorities related to the climate shock that take precedence over longer-term investment plans.



## 4.5 Financial inclusion

### Key findings

Relatively few households in the HSNP counties keep savings and there is limited evidence of increases in saving behaviour due to HSNP2. This may be because the value of the transfer is too small to permit excess money to be saved after it has been used to secure basic needs. HSNP2 also does not have an impact on the proportion of households taking out loans. Borrowing is relatively uncommon in a context where relatively few households can raise sufficient collateral against which to secure loans.

There is a strong impact on households' ability to purchase items on credit. Improved creditworthiness enables households to smooth their consumption levels through purchasing on credit, reducing their vulnerability to income fluctuations.

Households in the HSNP counties have (had) a limited ability to access formal financial services, such as banks and loans, due to low and volatile incomes. HSNP2 has sought to raise financial inclusion for poor households by conducting a mass registration exercise to open bank accounts with the Equity Bank for all households across the HSNP counties (that is, not only the routine beneficiaries). By providing households with a regular source of income, the programme also seeks to raise the creditworthiness of households and their ability to save. This section outlines the impact of HSNP2 in relation to these financial inclusion indicators of access to savings, borrowing, and credit.

#### 4.5.1 Saving

Saving behaviour is not widespread in the HSNP counties, with only around 14% of households reporting having any cash savings. While we observe that a higher proportion of households that receive HSNP2 transfers report having any savings, compared to households that do not, this does not translate into a statistically significant impact when estimated using the RD or PSM models. The qualitative research shows that beneficiaries tend to wait until they have secured their basic needs and purchased small livestock before they begin saving, and widely report that the transfer amount and frequency is insufficient to accomplish much more than that. Unsurprisingly, emergency beneficiaries are less likely to save any of their transfer than routine beneficiaries.

*I don't save the money because you know very well that you cannot keep cash inside the house and yet you are hungry, when you could use the money to buy a sack of rice or flour.*

—Female routine beneficiary, Turkana

In the qualitative IE, the few households who reported that they have saved some of the transfer only do so in very small amounts, around KES 100–200 (US\$ 1–2). However, we noted that beneficiaries who described themselves as being better off (for example, owners of successful businesses or many livestock) reported saving larger amounts (KES 1,000–5,000), and were saving much sooner than other, poorer beneficiaries.

#### 4.5.2 Borrowing and purchasing on credit

There is clear evidence from both qualitative and quantitative sources that HSNP2 improves credit access for beneficiary households. Quantitative results show that beneficiaries are 23.6 percentage points more likely to purchase on credit, with 71% of routine beneficiary households reporting having bought something on credit in the past three months. This finding is the result of the increased creditworthiness of HSNP2 routine beneficiaries. The HSNP transfers are widely recognised



as a regular and dependable ('guaranteed') source of income, which raises confidence that beneficiaries will be able to repay credit debts. The traders we interviewed for the qualitative IE reported that HSNP beneficiaries tend to repay debts almost immediately after receiving their transfer, and do so without being prompted. Yet these results are stronger for routine beneficiaries. Emergency beneficiary households do not know if or when they will receive a payment again and so are less likely to obtain credit from traders, who have no guarantee that money will be paid back.

There are indications that being able to purchase goods on credit has increased both routine and emergency beneficiaries' confidence as consumers. Many report using credit to buy things they had not been able to purchase before, and in larger quantities.

*Before, I used to only buy half of something. Now I buy the full size and pay off my debt for the other half.*

—Male emergency beneficiary, Mandera

HSNP has not had any impact on whether households have borrowed money in the last 12 months. This is not surprising in a context in which borrowing significant sums is uncommon, given that most households cannot raise collateral to secure larger loans: only around 16% of routine beneficiaries report having done so in the past 12 months. The qualitative data indicate that among households who do borrow, many beneficiaries use their transfer to repay debts, rather than taking up new loans.

## 4.6 Social norms and relations

### Key findings

According to its beneficiaries, HSNP2 has led to greater peace and unity within households and communities. At the community level these changes are partly attributed to a strengthening of informal support networks, as routine beneficiaries are better able to support relatives and neighbours in times of need. We do find some reports of disputes relating to the CTs, but these are rare.

There is limited evidence of improvements in female empowerment due to HSNP2, within a context where norms relating to traditional gender roles and decision making are entrenched. There is some evidence of more incremental changes in women's empowerment, such as greater participation in livelihoods activities by women, and increased autonomy for female HSNP beneficiaries in female-headed households.

The focus of HSNP2 is on poverty alleviation and raising household wellbeing, and as such it does not have specific objectives around social norms and community dynamics. Nonetheless, the introduction of cash within communities has the potential to generate or contribute toward changes in relations, both within households and within communities. In this section we consider to what extent HSNP2 may influence changes in social norms, while noting that these are often both slow to change and subject to many complex and longer-term influences beyond HSNP2.

#### 4.6.1 Intra-household relations

The vast majority of routine beneficiaries and other key informants feel that HSNP has created more peace and unity, not only in the community but also within households. There is less stress to earn money, which has meant there is less conflict within households generally.

*Previously a wife and husband would be at loggerheads because of the poverty at home, since the family has nothing to eat. But now this isn't the case at all.*

—Male routine beneficiary, Mandera County

However, a small number of routine beneficiaries spoke of domestic disputes over the HSNP money. One manner in which this issue was raised was via a few male respondents who claimed that women have become disrespectful to their husbands because of HSNP:

*There are women who have become stubborn...*

*Yes, let the truth be told! They have gone against our culture and now they are not obedient to their husbands just because of this money.*

—Social worker, Eldas, Wajir

Though we found such cases to be rare, where they occur there can be a ‘war of words’ (female routine beneficiary, Majengo, Marsabit), and even reported incidents of physical violence toward women (‘wife beating’). This was reported in Majengo, Hafare, and Kulaaley, with someone apparently ‘meeting death in this money’ (Mixed gender community leaders, Lodwar Town, Turkana).<sup>25</sup> A number of divorces were also reported in urban areas across the sample (e.g. Goromuda and Majengo in Marsabit, as well as in Lodwar Town, Turkana), although, again, only to a very small extent. These issues are further contextualised in Section 4.6.3 below.

Emergency beneficiary households have not experienced as much relief from the strains of poverty, nor did they report much tension caused in the household by the transfers. These findings were attributed to the lower value and intermittent nature of the payments that they receive.

#### 4.6.2 Inter-household relations

The qualitative IE does not find that HSNP2 has had a significant impact on changing existing control, ownership, and decision making structures in communities. Across the counties, many local committees exist for the management of communal resources. Committee members are mainly elected by the community and community leaders said that those most likely to be elected are seen as ‘effective’ and ‘active’; though men remain far more likely to be committee members than women. Ownership and control of community resources also generally depends on who has financed construction. For example, in Mandera and Turkana, elders explained that religious buildings (mosques and churches) belong to the community since they raised the finance to build them. In contrast, buildings financed by the government (such as schools, hospitals, and the chief’s office) are perceived as belonging to the government. With community members’ income rising as a result of HSNP, and more cash in circulation in the local economy, it could be that in the future beneficiaries will gain in status and strengthen their social ties in the community. Moreover, with the increased respect that beneficiaries are reported to be receiving, we may find that beneficiaries (especially men) increasingly take up leadership positions in the community, such as through committees. However these effects are not yet apparent.

HSNP2 appears to have strengthened inter-household support networks, easing tension and conflict. Respondents report a variety of ways in which they support other households in their community, with this kind of support generally being greater in rural areas. This is particularly true of routine beneficiaries, for whom the frequency and predictability of the transfer more readily permits some of the money to be shared with others. In contrast, for most emergency beneficiaries, the ad hoc, single month’s worth of transfer is not large enough to allow them to share part of it with others.

Expectations of reciprocal support for routine beneficiaries provide households with informal safety nets. Reciprocal assistance includes providing food, money/credit, water, and firewood; digging graves; constructing houses; lending or giving of animals; and offering advice or consolation. Where HSNP has reduced tension, this was often explained as being the result of beneficiaries sharing the transfer with needy non-beneficiary households, resulting in generally reduced financial stress. The sharing of money is thus seen to have strengthened inter-household relationships and contributed to a sense of peace and unity.

*The hatred that was there before was due to poverty. People used to steal some time ago because they are poor. But today, this money has improved people’s living standards.*

—Male routine beneficiary, Goromuda, Marsabit

#### 4.6.3 Women’s empowerment and control of CTs

Despite women becoming increasingly involved in income-generating livelihoods since receiving the transfer, the division of labour activities across gender lines is quite pronounced in northern Kenya and appears to be unaffected by HSNP2. Social norms dictate that women are responsible for household chores and much of the unpaid work, while men are mainly responsible for income generation. Many respondents explained that this is intended by nature and God.

This gendered division of labour affects how household members relate to one another and the power relations between them. Almost universally, those in male-headed households state that the man of the house makes the main decisions, though they may consult with their wife. This is especially true of decisions about larger household purchases, such as livestock. For example, a male routine beneficiary in Kalemunyang, Turkana stated: ‘Her work is to cook and to serve me and the kids. That is her job.’ Women make decisions when their husband is away, or when they reside in female-headed households. In some female-headed

<sup>25</sup> Beyond the testimony of the respondents, we could not verify if someone indeed did die as a result of a domestic dispute, or what the actual cause was.

households, decisions may be jointly made with the eldest son. However, there were a few hints from women acknowledging the imbalance of power in relations between the sexes and some men also recognised the heavy burden of labour put on women:

*There are times I tell my wife to wash my clothes and she tells me she is tired, so I do understand her.*

—Male non-beneficiary, Turkana

This strongly gendered manner of decision making is unlikely to be shifted significantly in the short term as a result of HSNP2. However, some women report that their role in household decision making has increased in recent years. Testimonies indicate that civil society organisations have made explicit attempts to empower women. Since many women are targeted as HSNP2 beneficiaries, HSNP2 is seen as contributing to the local discourse on women's empowerment. As one female routine beneficiary from Mandera put it:

*People believe that single women like me can't survive, but we can survive.*

—Female routine beneficiary, Mandera

A few men voiced unease about how HSNP2 was shifting definitions of household head and the increased power that it has brought their wives:

*Gender equality has brought a lot of problems. Gender equality is the European way. A long time ago we made our own decisions and ordered them [women] to follow instructions.*

*But nowadays we must share with them. Even if we sell plots or animals, it must involve them because otherwise it will bring domestic violence.*

—Male emergency beneficiary, Goromuda, Marsabit

Decisions on the use of HSNP2 transfers are affected by whether the beneficiary is a male-headed or female-headed household, who the named beneficiary is, and whether they are a routine or an emergency beneficiary. In general, beneficiaries in female-headed households are the sole decision makers in regard to how the transfer is spent, regardless of whether they are routine or emergency. This has increased their autonomy and the respect that others show to them. In male-headed households, there is a more complicated picture, with some households making a joint decision and in others men taking sole responsibility. The qualitative IE suggests that where both husband and wife are HSNP beneficiaries, the use of the transfer tends to reflect gendered household norms. The wife's transfer is found to be more likely to be used for basic household needs (food, school fees, clothing, etc.), while the husband's transfer is more likely to be used for investments such as acquiring assets.

There were some disagreements between men and women about how the transfer should be spent, although the named beneficiary has more leverage in these decisions, including when that is a woman. For emergency beneficiaries, we find that female named beneficiaries do not generally consult with their husbands because the amount is small.



## Changing social norms and relations in HSNP counties



### Gender Relations

Patriarchal cultural and social norms prevail in the four counties. However, HSNP is contributing to emerging notions of women's empowerment.

There is a clear division of labour in northern Kenya. Women are in charge of household chores and perform much of the unpaid work, while men are mainly responsible for income generation and decision-making.

Awareness of women's rights is growing, encouraged by NGOs. HSNP contributes to women's empowerment by increasing women's purchasing power and improving their status within their household.

Many men feel threatened by new forms of female empowerment.

*"Women are busy with family issues, like taking care of the kids. Men have been mandated to be our leaders by our religion"*  
- Female HSNP beneficiary, Wajir

*"A long time ago we made our own decisions, women followed instructions. But nowadays we share decisions with them"*  
- Male HSNP beneficiary, Marsabit

*"Women are concerned with decision making because they have heard of these so-called 'women's rights'. They even want to rule us now!"*  
- Male HSNP beneficiary, Wajir



*"The husband decides how money is spent. We women just follow and agree on what they say"*  
- Female HSNP beneficiaries, Turkana

*"People believe that single women like me cannot survive. But we can survive"*  
- Female HSNP beneficiary, Mandera

*"My wife is just at home mostly. She holds no leadership position anywhere"*  
- Male Routine Recipient, Turkana



## Community

By easing some of the negative effects of poverty, HSNP strengthens the social support networks that exist in communities.

Most HSNP beneficiaries share the transfer with their neighbours and relatives, often supporting those that previously supported them

*"The relationship between me and my friends has changed since this money began. They now respect me. They know that I can help them"*

– Male HSNP beneficiary, Mandera

*"Everyone is happy about this programme because even if you are not a beneficiary your neighbour assists you"*

– Female HSNP beneficiary, Mandera

*"I give support to others when they face problems because I might require assistance one day"*

– Female emergency payments recipient, Mandera



## Households

HSNP has created more peace and unity within the household

With less pressing need to earn money, there is generally less stress in the household

*"My wife and I love each other more and more because we get this HSNP money"*

– Male HSNP Beneficiary, Mandera

*"HSNP has installed happiness in the family, as we are now able to meet needs that we couldn't before"*

– Male Emergency Recipient, Mandera

*"All is well. Because of the money people receive from HSNP, there are no more conflicts due to inadequate food in the home"*

– Sub-location chief, Marsabit

## 5 Conclusions and implications

The core aim of HSNP2 is to reduce poverty and disadvantage in four northern counties of Kenya. This is an ambitious objective in a context where poverty is deeply entrenched and has multiple complex causes.

Overall, our mixed-methods IE of HSNP2 shows that the programme has achieved meaningful success in meeting this primary aim. We find that the CTs serve as an effective safety net for the poorest, helping households that have very few other means of protecting themselves to alleviate the worst effects of poverty. The ability of this programme to support households to achieve a certain minimum level of consumption is a significant result given the scale of the challenge. We also find a substantial 'spill-over' effect of HSNP2, causing its impact to extend beyond its immediate beneficiaries and to raise incomes in the local economy as a whole.

Nonetheless, this evaluation also reveals a nuanced set of results. HSNP2 has not unequivocally achieved all its aims, and poverty remains an endemic issue throughout the HSNP counties. HSNP is not going to solve the problem of poverty by itself. Rather, it is one crucial part of a platform of interventions that will be required to combat this entrenched and structural challenge in northern Kenya. Our results suggest that HSNP is most effective as a means of helping households to meet their immediate consumption needs, with the impact on supporting a longer-term transition toward more sustainable livelihoods and resilience being more limited. In the environment where HSNP2 operates households continue to face ongoing, complex challenges in their daily lives in spite of receiving CTs, though these are making a real and tangible difference to the quality of those lives.

As NSNP programming continues to develop and scale up across Kenya, there are a number of implications that we can draw from these findings to inform future programming. The rest of this section summarises the key findings from the evaluation and sets out the implications of these results for future programming.

### 5.1 Summary of impact findings

**The impact of HSNP2 reaches beyond its immediate recipients. The programme generates a considerable positive 'spill-over' effect that serves to increase overall incomes in the local economy.**

The provision of routine of CTs to roughly 100,000 beneficiaries every pay cycle, plus periodic emergency CTs to additional households, represents a significant injection of cash into the local economy. This leads to a significant nominal income multiplier due to HSNP, of between 1.93 and 1.38 KES, meaning that for each 1 KES injected into the economy by HSNP2, overall income rises by an additional 0.93 to 0.38 KES.

The finding that overall incomes rise by up to almost as much as the initial amount of cash provided by HSNP2 again is a striking result. It shows that the benefits of the CTs extend widely through the HSNP counties. This phenomenon occurs through the spending of CTs by beneficiaries, which in turn causes cash and other benefits to be spread to other households and businesses within the local economy.

**HSNP2 effectively fulfils its function as a safety net, supporting vulnerable households to improve their wellbeing and alleviate the worst effects of poverty.**

The core objective of HSNP2 is to mitigate extreme poverty and vulnerability for the poorest households. Our evaluation shows that HSNP2 has been largely effective in doing so. The results show that the provision of regular and predictable HSNP2 transfers leads to increased food expenditure, increased ownership of livestock, and a modest improvement in some indicators of food insecurity (although the findings around food insecurity are somewhat mixed). Crucially, HSNP also enables households to improve their creditworthiness. This is significant because the ability to combine cash spending with purchases on credit allows beneficiaries to better sustain consumption levels throughout the payment cycle. Finally, beneficiary households also report an improvement in subjective wellbeing, indicating that HSNP2 also has important effects on non-monetary measures of wellbeing.

**The impacts of HSNP2 on supporting livelihoods, building resilience, and facilitating investment in assets are more piecemeal and are not experienced by all households. Wealthier households appear to be more likely to benefit in this regard, indicating that routine CTs have diverse impacts for different kinds of household.**

The largest impact of HSNP2 CTs at the household level is to support beneficiaries to increase consumption and meet their immediate needs. We find that it is less common for beneficiaries to use CTs to help finance longer-term investments in productive assets or livelihoods activities. Such productive expenditures (for example, contributing to the purchase of livestock or stock for a household business) generally remain unavailable for the very poorest households, who tend to focus on securing their day-to-day needs. The relatively small value of HSNP2 CTs does not permit much more than this for households with few other means.

This means that, first and foremost, HSNP2 functions most effectively to provide social assistance for households living in extreme poverty. There is also evidence that HSNP does enable some households to move on to a more sustainable livelihoods path in the longer term, by diversifying their sources of income, investing in productive assets, and building their resilience to future shocks. However, these impacts are not experienced by all beneficiaries. We believe it is not a reasonable expectation for a programme of this type to facilitate such a transition for all beneficiaries, given the relatively modest size of transfers in relation to the scale of deprivation, the multiple vulnerabilities faced by the population, and the structural challenges with the labour market in this context. However, by supporting aggregate demand and incomes in the local economy and enabling a base level of consumption to be sustained by a significant proportion of the population, HSNP is and can remain a key element in a broader package of interventions that together are aimed at addressing this complex challenge.

**Impacts of HSNP2 vary between routine and emergency beneficiaries, in line with the different objectives that the two transfer types were designed to address.**

The emergency payments component of HSNP was conceived to respond to the specific challenges households face in the event of a negative climate shock. In line with these differences in the objectives of the emergency transfers, compared to those of the routine transfers, our evidence shows that the impacts of the two kinds of transfers differ in practice. Emergency beneficiaries are more likely to spend their CTs almost

solely on meeting immediate household needs, and are less likely to make investments in productive assets or business enterprises.

The reasons for this difference include the lower value of the emergency CTs (equal to one month's worth of a routine CT), and the fact that they are less frequent and less predictable than routine payments. This irregularity of the emergency payments, and the fact that households cannot anticipate in advance who may be eligible, makes it more difficult for beneficiaries to factor CTs into their spending plans. Given that emergency payments are also paid out in situations of climate shock, emergency beneficiaries also tend to have short-term spending priorities that take precedence over longer-term investment plans.

**HSNP2 transfers are not sufficient to meet all immediate household needs and do not replace existing sources of income.**

The CTs act as a supplement to household income sources, but, despite being significant in terms of the share they contribute to average total household incomes, they are too small in real terms to meet all household needs throughout the payment cycle. The majority of transfers are spent on the day of payment and the days immediately after, with households still needing to rely on alternative forms of income and support once CTs have run out.

## 5.2 Implications for policy

The fact that HSNP2 is having significant positive spill-over effects on the local economy suggests significant value for money, which should be acknowledged when assessing the overall cost of the programme. Another study conducted as part of this evaluation provides a detailed assessment of programme costs;<sup>26</sup> however, the wider benefits of the programme beyond its immediate recipients are not included in the calculation of the metric used by that study (and commonly used in assessments of costs of social assistance programmes of this type) to measure cost efficiency. HSNP is shown to be benefiting the local economy as a whole, and so one question for future research is the extent to which the local economy as a whole is being made more resilient to adverse economic fluctuations as a result of HSNP.

Many of the beneficial effects of HSNP2 identified by this IE depend to a large extent on the reliability and predictability of the payments. Results from other studies conducted as part of this evaluation show that the positive reputation the programme has built up over time vis-à-vis delivering payments regularly and on time is

<sup>26</sup> Bahri, S. and O'Brien, C. (2016) 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: HSNP Phase 2 Cost-Efficiency Analysis', OPM.

now at risk.<sup>27</sup> It is vital that the programme gets back on track and sustains its payments delivery record in order that the objectives of the programme can continue to be met and the important positive impacts it has achieved can be sustained.

The impact findings show that for most households, and especially the poorest, the HSNP2 transfers are overwhelmingly spent on basic household needs, such as food consumption. HSNP2 aims to reach the poorest households but multiple successive assessments of programme targeting performance conducted by this evaluation and its predecessor show just how challenging this endeavour is in a context of extremely high levels of generalised poverty.<sup>28</sup> However, this same context of broad and deep rates of poverty mean that providing support to these needy populations, whose need is exacerbated by the frequent climatic shocks they face, is crucial. There is thus a requirement to continue to develop the HSNP targeting protocol within the harmonised targeting protocol currently being evolved by the NSNP.

The different impacts of the HSNP2 emergency payments from the routine payments results from the different objectives and varying operational processes of the two components of the programme. In short, the fact that the emergency payments are less reliable and predictable means that emergency beneficiary households cannot plan for HSNP2 transfers in their expenditures, and consequently almost exclusively use those transfers to support immediate basic needs. This is further compounded by the context of the shock in which the emergency payments are made – recipient households are likely to have more pressing immediate needs that supersede longer-term investment plans. Numerous other studies conducted as part of this evaluation assess the impact, operational processes, and system infrastructure associated with the emergency payments in more detail.<sup>29</sup> However, the evidence presented here nevertheless also highlights that, if the positive impacts of the emergency payments are to be sustained and improved, there is a need

to improve the predictability and reliability of those payments. This means continued investment to sustain and improve the underlying system infrastructure that enables the emergency payments to function (i.e. the effective ‘social registry’ that is the HSNP2 MIS) as well as developing the design parameters of the policy.

Despite being significant in terms of the share they contribute to average total household incomes, the HSNP2 transfers are too small in real terms to meet all household needs. This real value would be further diminished over time due to inflation if HSNP did not have a policy of periodically increasing the value of the transfer in response to increases in general prices. This policy decision is rational in order to protect the achievement of the core programme objectives. However, it also represents an important difference with respect to the policy implemented for the other CTs under the NSNP, which, to date, have adjusted their values far less frequently and currently transfer a lower value to recipients each pay cycle. Moving forward, it is crucial that HSNP engage with the NSNP in this policy debate to achieve an appropriate balance between ensuring that the objectives of the NSNP can be fulfilled and ensuring the sustainability of the programmes.

In addition, while the sustainability of HSNP within the NSNP is a crucial consideration, especially as programme financing is increasingly taken over by the Government of Kenya, at the same time there is a recognised need to expand the coverage of HSNP, both within and beyond the current HSNP counties (e.g. to other regions of the arid and semi-arid lands), due to the breadth and depth of poverty in these areas. Again, while other studies conducted as part of this evaluation have discussed the implications regarding the strategic policy agenda and fiscal space for social protection in Kenya that arise from these considerations,<sup>30</sup> the point to emphasise on the basis of the IE findings is that there remains a need both to keep developing HSNP within the broader policy framework of the NSNP and to lobby for greater financing from government.

<sup>27</sup> See O'Brien, C., Riungu, C. and Scott, M. (2017) 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Operational monitoring—Synthesis report', OPM; Gardner et al. (2017) 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: The legacy of HSNP Phase 2: systems, practices and lessons learned', OPM; and Scott, M; Riungu, C; Merttens, F; Chege, J (2018) 'Operational Monitoring Report January 2018, Hunger Safety Net Programme: Phase 2 Evaluations', OPM.

<sup>28</sup> See: OPM and IDS (2011) 'Kenya Hunger Safety Net Programme Monitoring and Evaluation Component HSNP Targeting Effectiveness Evaluation Report', OPM; Silva-Leander, S. and Merttens, F. (2016) 'Assessment of Programme Targeting report', OPM; and Merttens et al. (2017) 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Assessment of the National Safety Net Programme Harmonised Targeting Methodology Pilot in Turkana', OPM.

<sup>29</sup> OPM (2016) 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2 – Drought Emergency Scale-up Payments Process Review Final report', OPM; O'Brien, C., Riungu, C. and Haynes, A. OPM (2017) 'HSNP Special Theme Report: Emergency Payments - Hunger Safety Net Programme Phase 2 Evaluations'; O'Brien, C., Riungu, C. and Scott, M. (2017) 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Operational monitoring—Synthesis report', OPM; and Farhat et al. (2017) 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Emergency payments deep dive study', OPM.

<sup>30</sup> See Sandford, J., Merttens, F., Pearson, R., Riungu, C. and Sabates-Wheeler, R., (2016) 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Strategic Policy Review', OPM; and Álvarez, L. G. and Van Nieuwenhuyzen, H. (2016) 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Study on fiscal space for social protection in Kenya', OPM.

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