

Oxford Policy Management

Evaluation of the Kenya Hunger Safety Net Programme Phase 2

Qualitative Impact Evaluation
Round 3 – Special study on lump
sum payments

March 2018



This evaluation has been carried out by Oxford Policy Management. The project manager and team leader is Fred Merttens. The other team members are: Roger Pearson, Caroline Riungu, Alex Hurrell, Clare O'Brien, Vandi Hill, Professor J. Edward Taylor, Karen Thome, Dr Michele Binci, Dr Patrick Nolen, Marta Marzi, Molly Scott, Hanna Laufer, Alastair Haynes, Dr Ramla Attah, Sope Otulana, Chris Hearle, Dr Emma Jones, Virginia Barberis, Shweta Bahri, Andrej Kveder, Martina Garcia Aisa, Andres Arau, Madhav Vaidyanathan, Lilli Loveday, Daniella Davila, Alexandra Doyle, Claire Gardner, Dr Rachel Sabates-Wheeler, Dr Sebastian Silva-Leander, Judith Sandford, Hendrik Lourens Van Nieuwenhuyzen, and Laura Giles. For further information contact **fred.merttens@opml.co.uk**.

The contact point for the client is Tim Waites **T-Waites@dfid.gov.uk**. Call down reference number: PO 6711; Framework reference number: PO 5859.

Oxford Policy Management Limited	Level 3, Clarendon House 52 Cornmarket Street Oxford, OX1 3HJ United Kingdom	+44 (0) 1865 207 300 Fax +44 (0) 1865 207 301 Email admin@opml.co.uk Website www.opml.co.uk
Registered in England: 3122495		

Acknowledgements

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.

These 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, who are much appreciated for their engagement and assistance; James Odour, Chief Executive Officer, and Sunya Orre, Director of Technical Services of the National Drought Management Authority (NDMA); the Impact Evaluation (IE) Peer Review Panel—Ben Davis of the 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, Liz Drake, Anthony Njage, Jonas Heirman, and Dorothy Shihemi of DFID; Research Guide Africa, in particular the research field teams who undertook the data collection for this study; and last, but definitely not least, all the respondents who generously gave of their time and opinions for the interviews.

The authors are Lilli Loveday, Daniella Dávila Aquije, Alexandra Doyle, Caroline Riungu, Emma Jones, and Fred Merttens. All opinions expressed, and any mistakes, remain the responsibility of the authors.

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.



Photography by Santiago Arau ©

Report design by Anthony Huggins, infographic design by Christian Tate on behalf of the Slow Journalism Company

Suggested citation: Merttens *et al.* (2017) *Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Qualitative Impact Evaluation Round 3 – Special study on lump sum payments*, Oxford Policy Management.

Executive summary

Introduction

HSNP provides regular, unconditional cash transfers (CTs) to poor households in four counties in northern Kenya—Mandera, Marsabit, Turkana, and Wajir—and is part of the National Safety Net Programme (NSNP). The first phase of HSNP ran from 2009 to 2013, and the second phase (HSNP2) ran from July 2013 until March 2018.¹

Oxford Policy Management (OPM) is undertaking an independent evaluation of HSNP2, comprising four core elements, one of which is an IE. The IE assesses the performance and impact of HSNP2 and adopts a mixed methods approach, including qualitative research intended to study the context within which HSNP is being implemented and how this context mediates programme impacts. In each round of the evaluation, the qualitative research has responded to key emerging issues; this third round comprises a special study on the dynamics and potential impacts of lump sum payments paid to HSNP2 beneficiaries after they failed to receive on-time payment of the regular HSNP2 transfers.

The special study looks at the experience of the households that have received lump sum payments in terms of the processes surrounding receipt of those lump sum payments; the uses to which the payments have been put; and the impacts they are perceived to have had. The study's objectives are to understand the different factors that have influenced household decisions or plans for how lump sum payments have been or will be used; and to understand if and how lump sum payments have influenced or contributed to wider changes and dynamics observed at household and/or community level.

Background to lump sum payments under HSNP2

The design of HSNP2 involves regular (two-monthly) small payments (Kenyan shillings (KES) 5,400) to Group 1 beneficiary households, and emergency monthly payments (KES 2,700) to Group 2 beneficiary households during periods of severe or extreme drought. However, issues with timely enrolment of beneficiaries and problems with payments mean that beneficiaries have sometimes missed out on payments to which they were entitled. To rectify this, the beneficiaries received one or more lump sum payments to bring them up to date with their entitlements.

Leaving aside the large number of lump sum payments

that were made due to delays at the start of HSNP2's¹ implementation (which affected all households) the vast majority of lump sum payments constitute back payments to late entrants in the programme, or back payments to households that had their accounts frozen at some point.

The lump sum payments were randomly distributed throughout the population of HSNP recipients across all four counties, there being no pattern to who received lump sum payments across the target areas. They occurred periodically, although in some months there were 'spikes' in the number of households receiving lump sum payments.

Methodology and limitations

The study used three main research methods: household case studies (HHCSs), focus group discussions (FGDs), and key informant interviews (KIIs). Respondents included a sample of recipients of lump sum payments and recipients of routine HSNP2 transfers, together with community leaders, programme officers (POs) and managers, and pay agents. The study was carried out in a sample of sub-locations. The study sample is not statistically representative, either of the lump sum recipient population or of the wider population of the HSNP counties; our findings are hence not generalisable. The perceptions of the impact of lump sum payments presented in this report are subjective and do not provide a robust estimate of the impact of lump sum payments.

Findings

Formal and informal processes relating to lump sum payments

Information about the lump sum payments was shared through formal channels (chiefs and assistant chiefs using barazas, notice boards, and radio announcements) and informal channels (recipients' informal networks). Information sharing was a challenge, partly due to the dispersed nature of the population. Lump sum households were usually unaware of the amount they were to receive until they went for collection.

Almost all respondents were aware of the reasons for lump sum payments (money was accumulating in people's accounts due to delays in their enrolment or problems with previous payments) and considered them to be what the households concerned were entitled to.

¹ At the time of writing the HSNP Phase 2 was in the process of being extended until March 2019.

This may account for the little to no tension or jealousy regarding the payments. Some perceptions of unfairness did arise, but these were related to HSNP's general registration and targeting strategy (particularly the perceived unfairness of the targeting of routine versus emergency recipients).

Most respondents incurred significant travel and accommodation costs when collecting their lump sum payments, due to long distances to pay points and having to make multiple trips due to poor information about payment dates or liquidity constraints at the pay point. Lack of information and low literacy levels reduced recipients' ability to check the amount of money received against what was due. A number of recipients reported being subjected to illicit fees at the point of collection. Some respondents felt insecure carrying around large amounts of money; although only one respondent reported theft of the HSNP transfer, others were aware of cases of robbery in the community. Some recipients even felt anxious at home, as it was known in the community that they had received a lump sum. When presented with different payment options, lump sum recipients, routine recipients, and key informants expressed a general preference for smaller routine payments, which they saw as better able to secure their basic needs and avoid the risks associated with lump sum payments.

In the HSNP communities, with their strong systems of reciprocal sharing and exchange, receipt of lump sum payments has helped households to fulfil their social obligations, strengthening informal safety nets and spreading the benefits of HSNP more widely. However, the burden of social obligations are greater for recipients of lump sum payments than for others—sometimes to the extent that their payments are in danger of being completely exhausted.

Regarding impact on recipient households' social status and influence, the HSNP routine payments and lump sum payments are both seen to increase households' ability to contribute to reciprocal exchange, as well as to improve households' welfare status, thus benefiting recipients' social status. However, where social positions are not 'obtained' but passed down by familial relation, lump sum payments are seen to have a limited impact in this regard.

Recipients' use of lump sum payments

Recipients' use of the lump sum payments was strongly guided by their vulnerabilities and the desire to assuage the effects of poverty: spending was primarily to satisfy basic needs (food and housing), and also to finance education, which is highly valued. Regarding investments, recipients generally dedicated a large portion of their transfer to purchasing livestock, due

to the social status value of livestock, the recipients' familiarity with pastoralism, and the ways in which livestock functions as an investment, a saving, and a form of insurance. In a few cases, recipients decided not to purchase livestock due to the associated risks (raids, droughts, livestock illness), but instead to invest in businesses. Recipients expected to use the increased profits they gained from these investments to better meet their basic needs and further invest in their livelihoods. Some lump sum recipients also saved their transfer through M-Pesa, in cash, or by joining community savings groups.

Lump sum and routine payment recipients tended to spend in the same areas, although in differing amounts. When lump sum recipients were asked how they would have spent their transfer had they received half the amount, they referred to the same areas of consumption and investment. When regular payment recipients were asked how they would spend a lump sum transfer, their areas of expenditure and investment were the same—but they noted they would have more disposable income to do more, and to save.

In terms of decision making and planning, lump sum recipients generally suggested not having planned what to do with the funds, as they did not expect to receive them. Importantly, they acknowledged that they had insufficient financial and business literacy to make decisions about such large amounts of money and suggested this shortcoming was an important factor in their preference for routine payments over lump sum payments, given the risks associated with the latter. Recipients expressed a strong desire for training to help them make the most out of their investments and the HSNP2 transfers. They noted that they could tap into other opportunities if they had more know-how. Despite this, when making decisions on spending, they did not rely on guidance from community leaders or chiefs, nor did they seek help from individuals with entrepreneurial knowledge and experience. Instead, they relied on their own experience and made decisions with the guidance of immediate family members.

The data suggest that gender did not have a significant influence on the uses to which lump sum payments were put.

Impacts of lump sum payments on welfare and livelihoods

Most lump sum recipients were able to invest a portion of their money in businesses rather than using it all for consumption, thus boosting their household income and expenditure (particularly on food, school fees, and helping relatives).

Given the way in which many recipients have diversified their sources of income, it is likely that the lump sum

recipients will enjoy greater income security. In a context where the most common coping mechanism in the face of shocks is selling livestock, most lump sum recipients reported being able to move away from reliance on livestock towards additional alternative sources of income and/or savings as forms of insurance against shocks. However, the local economies in which these households live remain vulnerable to extreme climatic shocks and structural deficits, which pose continued threats to income security. It is perceived that the gains recipients made are not sufficient for them to cope independently of HSNP (or some other form of government support).

In general, lump sum recipients were viewed (and viewed themselves) as better off than routine HSNP transfer recipients. They pointed to their improved welfare across a number of material and psychosocial dimensions, including improved dwellings, greater food security and dietary diversity, improved livelihoods, reduced stress, increased resilience and capacity to cope with shocks, and greater social status.

Implications and considerations for policy

The study findings yield a number of implications and considerations for social protection policy in the HSNP counties and beyond:

Communications

- Blanket communication platforms, such as radio and barazas, should not be used to publicly disclose lists of lump sum recipients, which increases both perceived and actual insecurity for recipients.
- Communications should never publicly disclose the amount recipients expect to receive into their account each pay cycle.
- To ensure all recipients are informed about payments or future entitlements, and to ensure that recipients only travel to the pay point once, targeted communications should include clear and accurate information regarding the date of payments.
- While communications should not discourage recipients from saving their transfers in their accounts (which some have done), they should be adequately sensitised regarding any safeguarding policies in place to protect accounts from becoming dormant.
- Use of lump sum payments
- When considering the application of lump sum payments under HSNP, the social dynamics of the HSNP counties should be borne in mind. Consideration should be given to: i) the fact that the

potential of lump sum payments to impact positively on a household's livelihood may be undermined by social obligations to share; and/or ii) the fact that the potential creation of different and more individualistic social behaviours may undermine existing social support mechanisms, with broader (potentially negative) social effects in the longer term.

- The study found that lump sum payments carry significant or heightened risks in comparison to smaller routine payments, such as the risk of investments not paying off and households being left without continued support, and the risk that lack of financial literacy or business acumen may mean households fail to make the most of investments. If lump-sum payments are to be considered as a model moving forward, policymakers should therefore consider either targeting them at households with the business skills necessary to profit from them, or providing those skills as part of a package of support (see below). However, it is important to note that such forms of targeting could create envy or bitterness, given that those with the requisite business capacity are likely to be already better off.
- The study identified a strong desire on the part of recipients to receive training to improve their financial literacy and business acumen. Such training could increase recipients' abilities to pursue other ventures that are not so reliant on climatic conditions, which might be more sustainable in the medium to long term. Policymakers could therefore consider providing such training as part of the same package of support, or linking transfers to training provided by others. Coordinating different forms of support would be important in such a case, and responsibility for coordination would need to be established. The HSNP Management Information System (MIS) provides a potential mechanism to coordinate different forms of support in the HSNP counties.
- Recipients' preference for routine payments stems from a desire for a continuous source of income they know how to manage and that can be used to secure basic needs and invest in livelihood activities to help them better meet needs in the future. Thus, in the absence of structural development of local economies and labour markets, the continuance of routine HSNP payments is vital. Nevertheless, so long as routine payments remain in place, options for other modalities of support (including lump sum payments) can be usefully explored.
- When making decisions regarding using lump sum transfers as a social protection mechanism, policymakers should consider the similarities of, and differences between, lump sum and routine HSNP payments:

Differences	Similarities
<ul style="list-style-type: none"> • Lump sum payments enable larger single investments. However, an absence of financial support following these investments increases the risk of failure. • Lump sum payments enable larger-scale investments in livelihoods, but with bigger risks. • Regular payments enable incremental investments in livelihoods and other (non-productive) assets, such as housing. • Lump sum payments enable larger-scale investments in housing, which can increase social status commensurately. • Lump sum payments enable larger single investments in education. However, without support from continued routine payments, the risk that such investments cannot be sustained is bigger. • Regular payments provide more stable income security to meet basic needs. • Lump sum payments better enable saving. 	<ul style="list-style-type: none"> • Both modalities improve food security, allowing for more regular and diverse consumption of food. • Both modalities support reciprocal sharing practices. However, lump sum payments may create stronger demands to support others. • Both modalities improve the ability to respond to shocks. However, if business investments lead to increased income, lump sum recipients may be more able to respond to shocks than routine payment recipients. • Both modalities improve psychosocial wellbeing. • Both modalities improve social status.

Table of contents

Acknowledgements	1	4 Invest, consume, diversify? How people use their lump sum payments and why	34
Executive summary	2	4.1 Expenditure	34
Introduction	2	4.2 Savings and investments	35
Background to lump sum payments under HSNP2	2	4.3 Planning the use of the transfer	39
Findings	2	5 Looking to the future: impacts of lump sum payments on welfare and livelihoods	42
Implications and consideration for policy	4	5.1 Changes in household income, expenditure, and livelihoods	42
List of figures, tables and boxes	7	5.2 Changes in welfare	44
List of abbreviations	7	5.3 Coping with future shocks	47
1 Introduction	8	5.4 Dependence or independence from HSNP?	49
1.1 Overview of HSNP	8	6 Conclusions	52
1.2 Overview of the research	8	6.1 Summary of findings	52
1.3 The lump sum thematic study	8	6.2 Implications for policy	53
1.4 Overview of the analytical framework	11	Bibliography	56
1.5 Structure of the report	14	HHCSs	57
2 Methodology	16	Mandera	57
2.1 Research methods	16	Marsabit	61
2.2 Sampling	17	Turkana	63
2.3 Data collection	18	Wajir	66
2.4 Data analysis	18		
2.5 Limitations to the research	18		
2.6 Ethics	19		
3 Formal and informal processes relating to lump sum payments	20		
3.1 Who benefits from lump sum payments, and why?	20		
3.2 How recipients collect their lump sum	24		
3.3 Social dynamics and the effects of lump sum payments	29		

List of figures, tables, and boxes

Figure 1:	Number of lump sum payments by county and in total (2014–2017)	10
Figure 2:	Average value of lump sum payments (2014–2017)	10
Figure 3:	The Sustainable Livelihoods framework	11
Table 1:	Characteristics of lump sum versus routine recipients	9
Table 2:	Key research questions	13
Table 3:	HHCSs, FGDs, and KIIs completed in all four counties	16
Table 4:	Sub-locations visited	17
Table 5:	Similarities and differences between lump sum and routine HSNP payments	55
Box 1:	Communication about the lump sum	21
Box 2:	Understanding the reasons for the lump sum allocation	21
Box 3:	Accumulation as a deliberate strategy	22
Box 4:	Perceptions regarding the routine amount versus emergency payment	23
Box 5:	An example of corruption	27
Box 6:	With more money comes more obligation...	28
Box 7:	The influence of the HSNP transfer on social interactions and relations	29
Box 8:	The potential social impacts of a targeted lump sum approach	32
Box 9:	The importance of housing	35
Box 10:	Harsh natural conditions	36
Box 11:	The importance of livestock	36
Box 12:	The importance of diversification of investments	37
Box 13:	Growing income	38
Box 14:	Savings for lump sum recipients	38
Box 15:	Financial literacy training	40
Box 16:	Perception of lump sum recipients	44
Box 17:	Alternative coping mechanisms	48
Box 18:	Broader impact of HSNP	50
Box 19:	Mandera HHCS 1	57
Box 20:	Mandera HHCS 2	58
Box 21:	Mandera HHCS 4	60
Box 22:	Marsabit HHCS 3	61
Box 23:	Marsabit HHCS 4	62
Box 24:	Turkana HHCS 2	63
Box 25:	Turkana HHCS 3	64
Box 26:	Turkana HHCS 4	65
Box 27:	Wajir HHCS 1	66
Box 28:	Wajir HHCS 2	68
Box 29:	Wajir HHCS 3	70

List of abbreviations

CT	Cash Transfer	LEWIE	Local Economy-Wide Impact Evaluation
DFID	UK Department for International Development	MIS	Management Information System
FGD	Focus Group Discussion	NDMA	National Drought Management Authority
HHCS	Household Case Study	NSNP	National Safety Net Programme
HSNP	Hunger Safety Net Programme	OPM	Oxford Policy Management
HSNP2	Hunger Safety Net Programme Phase 2	PO	Programme Officer
IE	Impact Evaluation	RGA	Research Guide Africa
KES	Kenyan Shillings	VCI	Vegetation Condition Index
KII	Key Informant Interview		

1. Introduction

1.1 Overview of HSNP

HSNP provides regular, unconditional CTs to poor households in four counties of northern Kenya—Mandera, Marsabit, Turkana, and Wajir.

It forms the NSNP together with other CT programmes. The first phase of HSNP ran from 2009–2013, and the second phase ran from July 2013 until March 2018.² HSNP is implemented by the NDMA and funded by the Government of Kenya and DFID. The World Bank provides funding to the NSNP under its Programme for Results.

1.2 Overview of the research

OPM is undertaking an independent evaluation of the second phase of HSNP, comprising four core elements (IE; operational evaluation; continuous monitoring; and policy analysis). The IE adopts a mixed methods approach, comprising a local economy-wide IE (LEWIE) and a quantitative IE (founded on household survey data), alongside qualitative research. The IE demonstrates the performance and impact of HSNP2 for implementers, funders, and other stakeholders interested in CTs, as well as feeding into ongoing programme operations and programmatic decisions. The qualitative component of the IE is intended to study the context within which HSNP is being implemented and how this context mediates programme impacts.

The qualitative research responds to issues across four categories: perceptions of wellbeing at individual, household, and community levels; vulnerability and resilience; livelihoods and local markets; and informal institutions and social relations.

The qualitative research has been designed to be iterative, responding to key issues emerging from each round of the evaluation, as well as responding to further research needs and questions emerging from the other IE components. The first round of qualitative research yielded ample data, which sufficiently answered the key research questions about the impact of HSNP2 as proposed in the evaluation matrix.³ For this reason, as well as to take a ‘deep dive’ into specific issues emerging from the quantitative data, the second round

of qualitative research comprised a special thematic study on youth opportunity and social exclusion. This study sought to answer two questions. The first was to understand the different dimensions and drivers of youth opportunities and exclusion in the four northern counties; the second was to understand if (and how) HSNP mediates these drivers. In line with the overall emphasis of the qualitative research retaining flexibility to respond to ‘emerging questions,’ this third round comprises a special thematic study on lump sum payments.

1.3 The lump sum thematic study

HSNP2 is designed to provide regular small payments (currently worth KES 5,400) to around 100,000 households across the four counties every two months. These are known as ‘Group 1’ households. It is designed to scale-up during periods of severe or extreme drought to cover up to 75% of the household population in drought affected areas with single monthly payments (KES 2,700) for each month a specific location is measured to be in drought by the national Vegetation Condition Index (VCI). These are known as ‘Group 2’ households. Payments to both Group 1 and Group 2 households are made into fully-functional bank accounts with the possibility of making withdrawals at any time from any bank branch or registered pay agent.

The vast majority of Group 1 and Group 2 households were registered in a single mass registration event that took place between December 2012 and June 2013 and was intended to be a census of the population of the four counties.⁴ It was then intended to enrol all households at the start of Phase 2. The majority of them were, but a number of Group 1 households were not enrolled immediately for one reason or another and so joined the programme at various later stages. These late enrolling Group 1 households are entitled to receive all HSNP payments dating back to July 2013. Households that have at any time experienced problems receiving payments for other reasons, such as a faulty

² At the time of writing, HSNP Phase 2 was in the process of being extended until March 2019.

³ See inception report (July 2015).

⁴ Some settlements were missed from the registration, but it is not known precisely how many households or individuals were missed. There is a plan to register all the missed communities in the next registration exercise.

bank card or problems with their account, may also have accumulated multiple payments. Hence, some households that enrolled late or encountered problems with payments for whatever reason have received one or more larger or smaller lump sum payments, depending on when they joined the programme or resolved their issue. This has been followed by the routine amount in each subsequent pay cycle.

Table 1: Characteristics of lump sum versus routine recipients

	Lump sum recipients
Household size	6.0
Male head of household	59.6%
Age of head of household	53.2
PMT score	455.5

Notes: (1) Significance levels: *p<0.1, **p<0.05, ***p<0.001. (2) All indicators are calculated using IE survey data, except for the PMT score, which is from the MIS data.

Analysis of the IE survey data and MIS data shows that lump sum recipient households and routine recipient households are very similar in terms of basic characteristics (see Table 1), indicating that the lump

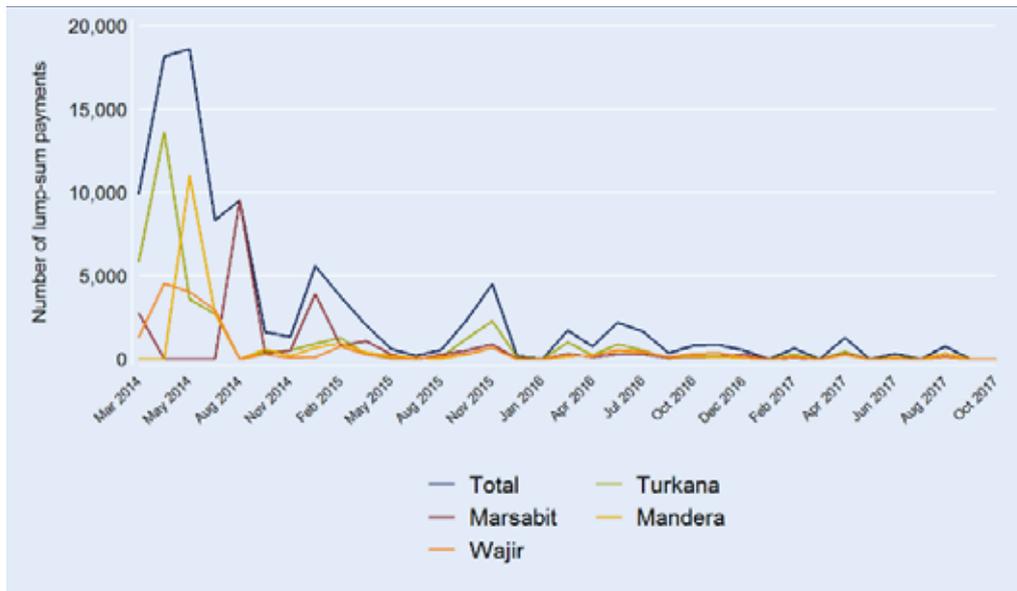
sum payments were randomly distributed throughout the population of HSNP recipients rather than targeted to certain types of households. While the PMT score of lump sum recipients is slightly and significantly higher than that of routine recipients, this significance is due to the large number of observations in the MIS data,⁵ which mean that even very small differences that are more or less negligible in real terms are statistically significant.

The March 2014 to September 2017 HSNP payroll data show that lump sum cash payments (i.e. not including the routine bi-monthly payments) were made periodically across all four counties. In total, 99,038 lump sum payments were made, with the highest proportion of these (37,320) made in Turkana. However, the data indicate that the first couple of payment rounds comprised lump sum payments to all households due to delays to the implementation of payments at the start of Phase 2. The entire first routine payment run (in March 2014) was for KES 18,400, and the median payment value for the second payment run was KES 23,000 (see Figure 2). If we exclude the first two rounds of lump sum payments, the total number of households that received a lump sum payment is reduced significantly. The fact that only 24 households have ever received more than one lump sum payment indicates that the vast majority of lump sum payments constitute back payments to late entrants in the programme, or back payments to households that have had their accounts frozen at some point for one reason or another.



⁵ There are 17,305 lump sum recipients (defined as households who have received a lump sum payment after October 2015) and 84,856 routine recipients in the MIS data.

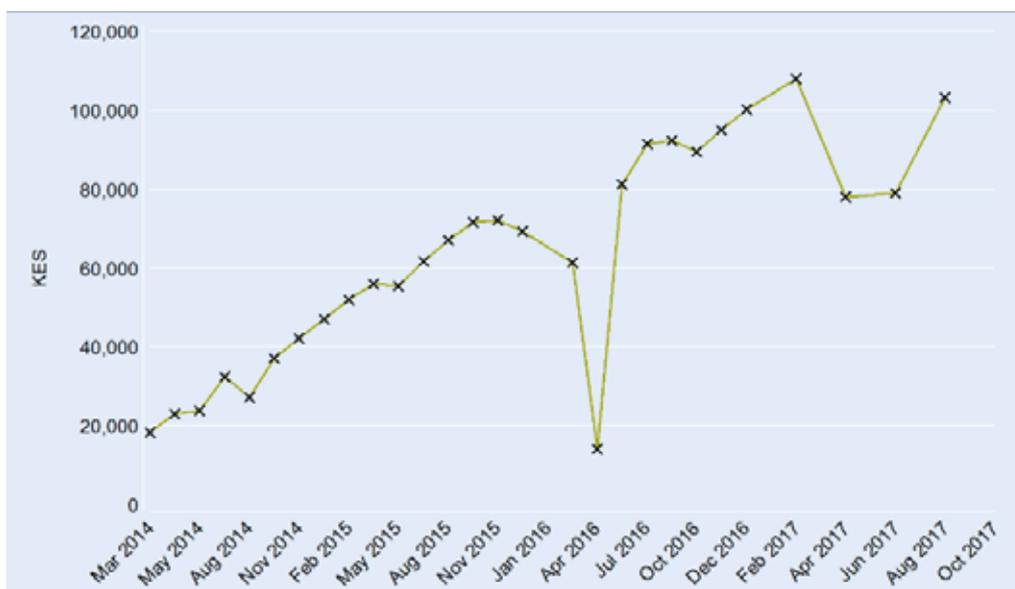
Figure 1: Number of lump sum payments by county and in total (2014–2017)



Although the number of lump sum payments made by HSNP has been decreasing over time (see Figure 1), the value of lump sum payments has increased (see Figure 2). This is due to the rule of entitlement, whereby those enrolling on the programme late receive their full entitlement dating back to July 2013. While this increase in the lump sum amount is not completely uniform (with a reduction between December 2015 and April 2016, and an anomalous dip in April 2016), it is nevertheless significant that at some points in time (notably February and August 2017) lump sum recipient households

received pay-outs of over KES 100,000. Further, as can be identified in Figure 1, there appear to have been various ‘spikes’ in the number of households receiving lump sum payments, notably in February 2015, November 2015, June/July 2016, April 2017, and August 2017 (to varying degrees of intensity). There has also been fairly limited variation in the value of the lump sum payments received at any one point in time between households, meaning that households receiving lump sum pay-outs at any particular time have tended to receive similar amounts.

Figure 2: Average value of lump sum payments (2014–2017)



Because some HSNP households received lump sum payments of different amounts and at different times, it was agreed that the final round of qualitative research would focus on the dynamics and potential impacts of lump sum payments as a special theme. The research was designed to shed light on factors affecting how lump sum payments are used, and to what effect, including an exploration of any unexpected impacts. The findings from this study are then considered in relation to the results from the quantitative IE and the first round of qualitative research—which sought to understand the impact of the routine and predictable CT amounts, which were of comparably low value. The purpose of this study is to explore the particular issue of lump sum payments, thereby contributing to ongoing policy and programmatic discussions around HSNP and social assistance more broadly, both in Kenya and beyond.

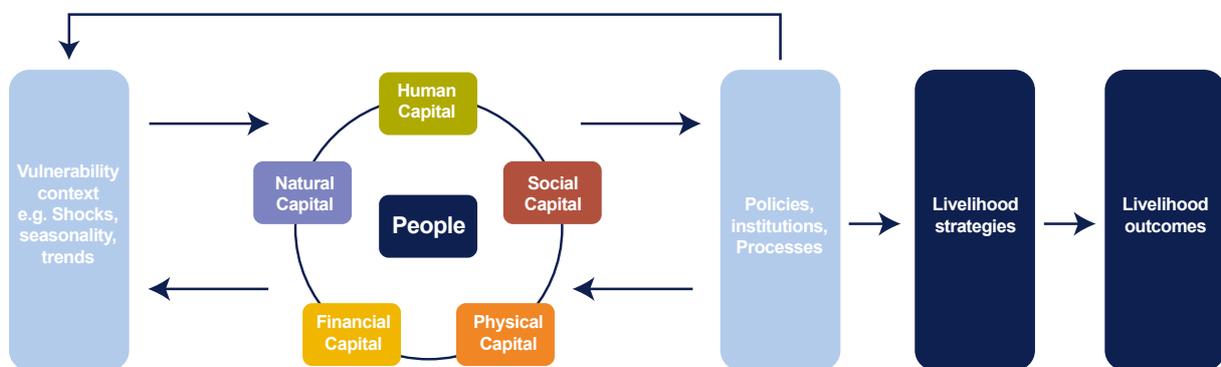
1.4 Overview of the analytical framework

This research is situated within the wider framework of the Sustainable Livelihoods approach. This approach provides a way to understand the livelihoods of the poor,

the factors that affect their livelihoods, and the way in which these factors interact. Livelihoods are defined as ‘capabilities, assets (stores, resources, claims and access) and activities required for a means of living: a livelihood is sustainable which can cope with and recover from stress and shocks, maintain or enhance its capabilities and assets, and provide sustainable livelihood opportunities for the next generation; and which contributes net benefits to other livelihoods at the local and global levels and in the short and long term.’⁶

Within the livelihoods framework (see Figure 3), people are placed at the centre—close to the resources and assets they are able to access and use. Importantly, these resources include human capital, social capital, natural capital, physical capital, and financial capital. People are able to combine assets to achieve their goals, using various livelihood strategies, but access is influenced by the context in which people operate, and which therefore also affects their livelihood strategies. This framework thereby aims to provide a holistic picture of the ways in which people construct their livelihood strategies. It is not linear but dynamic, and links the micro and macro contexts in which people operate.⁷

Figure 3: The Sustainable Livelihoods framework



⁶ See Krantz, L. (2001) 'The Sustainable Livelihood Approach to Poverty Reduction: An introduction', www.sida.se/contentassets/bd474c210163447c9a7963d77c64148a/the-sustainable-livelihood-approach-to-poverty-reduction_2656.pdf.

⁷ ODI. 1999. 'Key sheets for sustainable livelihoods: Sustainable livelihoods and poverty reduction'. Available at: <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/3219.pdf>.



Through the lens of this framework, the lump sum payments are viewed, not in isolation, but in terms of how they relate to and/or are influenced by other resources/assets available to the household. External events, including shocks such as drought or ill-health, are also considered in the influence they may have on the use of lump sum payments. We also consider the constraints and/or opportunities people face in terms of their livelihoods, and how lump sum transfers impact their livelihood strategies (e.g. whether there has been investment or diversification).

The two objectives of this study can thus be summarised as:

1. to understand the different factors that have influenced household decisions (or plans) for how lump sum payments have been/will be used;
1. and to understand if (and how) lump sum payments have influenced or contributed to wider changes and dynamics observed at household and/or community level, and in what ways.

Table 2 describes the specific areas of the livelihoods framework this research focuses on.

Table 2: Key research questions

Research area	Key research question
Vulnerability context	<ul style="list-style-type: none"> • What are the sources of vulnerability for households? • How do vulnerabilities influence decision making and livelihood choices? • Did the receipt of a lump sum affect household vulnerabilities and decisions?
Human capital	<ul style="list-style-type: none"> • How well-equipped are households to make decisions about the use of lump sum payments? What human capital factors influence the type of decisions [invest, consume, save] the use of lump sum payments? • Were there any benefits, in terms of human capital, as a result of the lump sum payments? • What were the perceptions of human capital benefits?
Natural capital	<ul style="list-style-type: none"> • How does natural capital influence decisions about the use of lump sum payments? • Do investments have any influence on natural capital?
Social capital	<ul style="list-style-type: none"> • Does a household's social capital influence decisions about the use of lump sum payments? • How has social capital been influenced by the receipt of lump sum payments? What role does jealousy towards lump sum recipients play on wider social capital networks?
Physical capital	<ul style="list-style-type: none"> • Does a household's asset base influence decisions about use of lump sum payments? • Has a household's asset base been changed by the receipt of a lump sum payment? • Has asset management been changed by the receipt of a lump sum payment?
Financial capital	<ul style="list-style-type: none"> • Does a household's existing financial capital influence decisions about use of lump sum payments? • Did the amount of lump sum received influence decisions that were made? • Has the lump sum payment influenced financial capacity (in terms of income, earning potential, literacy, access) within the household? • Has there been any influence more widely across the community? How?
Policies, institutions, processes	<ul style="list-style-type: none"> • Do the processes surrounding the distribution of lump sum payments influence how the lump sum was used? How and why? • Do processes surrounding the distribution of the lump sum payment influence wider effects within the community?
Livelihood strategies	<ul style="list-style-type: none"> • How has the receipt of a lump sum payment influenced livelihood strategies among recipient households? How? • Did the lump sum payments influence livelihood strategies across the community?
Livelihood outcomes	<ul style="list-style-type: none"> • What is the perception of the injection of cash for household's livelihoods and welfare outcomes? • What do people consider are the factors that influence whether a lump sum influences people's welfare in the longer term?

1.5 Structure of the report

The remainder of this report is structured as follows. Section 2 provides a summary of our methodology, including research methods, sampling strategy, data collection, and how the analysis was conducted. In Section 3, we discuss the processes, policies, and institutions that governed the receipt of the lump sum transfer. In particular, this section focuses on the information sharing, distribution mechanisms, and social dynamics surrounding the lump sum. Section 4 discusses the way in which recipients used the lump sum transfers, and explores how these decisions were made with a particular focus on influencing factors. Section 5 looks at the livelihoods outlooks of lump sum recipients by examining the impact of the lump sum on recipients' income, expenditure, and wellbeing, as well as the coping strategies households use in response to shocks. Section 6 provides a summary of the research and draws conclusions.



Methodology

This section sets out the methodology used for this research, including the research methods, the sampling protocol for site and respondent selection, the data collection process (including training and fieldwork), the data analysis process, the limitations of the study, and ethical considerations.

Research methods

The three main research methods were HHCSs, FGDs, and KIIs. There was a fairly even balance of men and women interviewed (Table 3).

Table 3: HHCSs, FGDs, and KIIs completed in all four counties

Method	Respondent type	Number conducted (total)	
		Male	Female
Case studies	Lump sum recipients	7	9
FGD	Routine payment recipients	4	4
	Community leaders	4	
KII	Includes chiefs and other community leaders, POs, programme managers, and pay agents	11	

Case studies were conducted with household heads who had received the lump sum CTs, providing an in-depth consideration of factors influencing how the lump sum was used and to what effect across a range of household contexts. These detailed conversations provided much of the data for analysis and triangulation and covered all areas of the livelihood activities undertaken by the household. The case study interviews lasted approximately two and a half hours each.

FGDs were conducted with routine HSNP recipients (i.e. those who received smaller routine payments rather than lump sums), as well as with a group of community leaders. The FGDs lasted approximately three hours each and involved the following participatory tools.

- The FGD with routine payment recipients included a tool asking respondents to identify the proportion of the population that was either a) non-recipient; b) routine payment recipient; or c) lump sum recipient.

They were then asked about the characteristics of these different populations in terms of their households, livelihoods strategies, and different factors that may influence these livelihoods strategies (specifically drawing from the Sustainable Livelihoods framework) to understand how lump sum recipients are perceived in the community.

- The second participatory tool was used during the FGD with community leaders, and entailed creating a community timeline of events that had occurred since 2012, just before HSNP started. The timeline facilitated a discussion around contextual factors that may have influenced (or been influenced) by the receipt and use of lump sums (such as shocks, market linkages, social dynamics, and social institutions, as well as events that have affected the communities visited and the perceived impact of HSNP CTs—in particular lump sum payments—in the eyes of the community at large).



KIIs were held with the PO in each sub-location to understand the operational processes related to lump sum payments. Additionally, programme managers, pay agents, chiefs, and community leaders were interviewed where available and relevant.

Discussions were recorded, subject to participants providing informed consent (there were no incidences of refusal).

Sampling

The fieldwork took place in all four counties. In each county, one sub-location was selected from those sub-locations where there was higher clustering of households receiving lump sum payments over different periods.

2.2.1 Location sampling

Our approach to the selection of sub-locations took as first priority the availability of households that had received lump sum payments. The pool of these households generally reflected a relatively small proportion of the overall number of households, making it unfeasible to select some sub-locations where the sampling would have been too small. Additionally, we

took security into consideration, and sub-locations in Wajir and Mandera were replaced to ensure the safety of the researchers. For the fieldwork plan to be feasible, we required a certain degree of household concentration to allow for replacement of selected households in the event that some of the sampled households were not available to participate at the time of the research (e.g. because the household members had moved).

Stage 1: sub-locations were initially selected based on 1) the overall number of households receiving lump sums, and 2) locations where there were a sufficient number of households over time. We identified an initial list of sub-locations for each county where there were more than 120 households that had received payments over a series of quarterly periods dating back to October 2015.

Stage 2: from the shortlist, we considered proximity to urban centres as a proxy for market integration, given that this is likely a key determinant of economic opportunity as well as risk. We selected sub-locations across counties with the aim of reflecting diversity along this continuum (rural/urban).

The selected sub-locations are listed in Table 4.

Table 4: Sub-locations visited

County	Sub-location	Constituency name	Rural or urban
Wajir	Dadajabula	Wajir	Rural
Mandera	Gither	Mandera West	Urban
Turkana	Loritit	Turkana West	Rural
Marsabit	Loiyangalani	Laisamis	Urban

2.2.2 Respondent sampling

To identify the respondent households in the selected sub-locations, we pulled together available data from the HSNP MIS. Initially, we considered household poverty and, whenever possible, sampled households at the top and bottom of the PMT distribution in their community, because the PMT is a composite measure of different factors that are likely to affect how a household uses the lump sum payment as well as its impact. In addition, respondent sampling was also guided by the year in which recipients received their lump sum transfer. It was important to sample recipients who had received the transfer long enough ago to have spent it and to have seen any potential impact from it. We generally sampled respondents who had received the lump sum between July 2016 and April 2017, although (depending on respondent availability) we had to select households who received the lump sum outside this time range on a few occasions. Other features were also considered in the sample selection, such as household size and gender, to get as much diversity across these characteristics as possible.

This approach was designed to allow for exploration of what, beyond the factors that influence all households more or less similarly (e.g. contextual factors such as market access and experiences of covariate shocks), are the idiosyncratic factors that determined how lump sums were used (e.g. the gender of the registered recipient) and the impacts they had.

For focus groups with routine recipients, we also used the HSNP MIS data, choosing respondents randomly. Community leaders were asked to help mobilise these respondents.

2.3 Data collection

A five-day training workshop was held for 16 researchers. The training incorporated a one-day pilot exercise that took place during the training week, with teams testing the research instruments. This informed the training debrief, which enabled us to refine the tools. Each team comprised one OPM lead researcher, a lead researcher from Research Guide Africa, a team supervisor, and two researchers. All the researchers spoke local languages in the sub-locations that we were visiting. The teams spent one week in each county between 21 and 26 January 2018. Following fieldwork, an analysis workshop was held with each county team in Nairobi to bring together emergent findings. Each research team then produced a county report summarising the key research findings.⁸ All case studies, FGDs, and KIIs were voice recorded and subsequently transcribed for coding and analysis

(see below). However, researchers also took comprehensive field notes. The research team took notes on the discussions, and noted occasions when participants disagreed or when one participant's opinion was particularly strong. Where possible, they included any thoughts on why differences are emerging. Finally, the team captured the diagrams produced by participants, using digital photography where appropriate.

2.4 Data analysis

Analysis of the data started in the field. Debrief sessions were held at the end of each day, focusing on an in-depth discussion of the day's findings. As fieldwork proceeded, each day's findings were considered in light of the overall findings from the fieldwork to date to triangulate the data. On the final day of fieldwork, the teams reflected on all the case studies, FGDs, and KIIs and began to draw preliminary results. These daily debriefing process formed the basis for an overall county field report submitted by each team at the end of fieldwork.

At the end of the fieldwork, a one-day workshop was held in Nairobi to discuss the key findings from each county and to begin the main analysis in relation to the Sustainable Livelihoods framework. This workshop was attended by the international research team and the Research Guide Africa (RGA) team leads from each county. Transcripts and notes from the research, as well as relevant secondary data, were coded using NVivo 11, a software that facilitates the analysis of qualitative data. Following coding, the core research team held a one-day workshop in Oxford to discuss emergent findings based on the coding. The final stage of analysis and write-up followed this workshop.

2.5 Limitations to the research

Any research risks response bias and social desirability bias can be of particular concern when respondents interpret a question to have a correct answer. To mitigate this, the research has triangulated the data within each tool and, to some extent, between respondents. Additionally, several researchers were involved in the analysis, which should help minimise the risk of over-emphasising answers that may have been given as a result of social desirability bias.

Our sampling strategy does not result in a sample that is statistically representative either of the lump sum recipient population or of the wider population of the four HSNP counties; our findings are hence not generalisable. The sampling of study sites was done

⁸ For more details about fieldwork, see 'Qualitative Research Data Collection Report—Special study on lump sum payments' (February 2018)

purposefully, as was the selection of key informants and respondents for FGDs. In addition, case study respondents were selected as knowledgeable respondents to shed light on decision making processes, so lump sum recipients who were unaware of how their money had been spent were not considered. The findings are therefore indicative of how some recipients perceive lump sum payments.

This is not an IE, but rather a special thematic study; these data do not, therefore, provide a robust estimate of the impact of lump sum payments. The perceptions of the impact of lump sum payments presented in this report are just that—subjective perceptions of the various different respondent types consulted for this research. This report focuses on contextual issues and special themes of interest that are not covered by the quantitative component.

Finally, it is important to note that cash is fungible. We enquired what recipients spend their HSNP transfers on, and endeavoured to disentangle how lump sum versus routine transfers are spent. Respondents were also asked about their perceptions of the impacts of the programme in relation to the receipt of lump sum payments in particular. However, because cash is fungible, even if recipients report spending money on one type of goods, the actual impact of the programme may be felt elsewhere as cash is freed up to make expenditures they might not actually have made in the absence of receiving HSNP. Furthermore, as cash is invested in businesses, linking the impact of the HSNP transfer directly to other outcomes becomes more difficult. As far as possible, these qualitative data are thus triangulated against the findings from the quantitative study⁹ to try to disentangle the impact of the lump sum payment versus the routine payment.

2.6 Ethics

A number of ethical issues were considered in planning and facilitating this research. The research teams considered cultural and community norms in the selection of respondents, and sought permission for the research through consultation with both the direct participants and local community officials. Furthermore, the selection of respondents was facilitated by a local guide. Our research teams clearly communicated the parameters of each research activity to respondents—the purpose, the procedures, and the length of the interview. Participants were also informed that at any point during the activity they had the right to decide not to participate. Respondents' answers were kept confidential and not shared outside the research team. We recognise that respondents are possibly vulnerable. We thus took steps to carry out research activities with full respect, diminishing the power differential between community members by sitting at the same level as respondents, and arranging respondents in a circle where possible. Post-fieldwork, we ensured respondents' right to privacy by maintaining anonymity in record keeping and report writing. In the case of key informants (such as chiefs and POs), this was done by ensuring quotes could not be traced back to specific counties, as these respondents would then be easily identifiable.

⁹ The quantitative household impact evaluation looks at the aggregate impacts of the HSNP routine payments, but does not look specifically at the impacts or issue of lump sum payments. See Merttens *et al.* (2017) 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Impact evaluation final report', Oxford Policy Management and Merttens *et al.* (2017) 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Quantitative Household Impact Evaluation Technical Report', Oxford Policy Management.

3 Formal and informal processes relating to lump sum payments

Main findings

This section considers the processes by which recipients were informed about and collected the lump sum, and how social dynamics are affected by (and affect) the process of receiving and collecting these amounts.

Information about the lump sum payments was shared through both formal and informal channels. In most cases, lump sum households were unaware of the amount they were to receive until they went for collection. Information sharing was a challenge, in part due to the fact that people lived across wide areas. However, there was awareness that the lump sum was received as a result of money accumulating in people's accounts, and it was considered to be what households were entitled to. While there were limited indications that it had generated tension or jealousy across the research sites, perceptions of unfairness were related to HSNP's general registration and targeting strategy (particularly the perceived unfairness around the targeting of routine versus emergency recipients).

Most recipients incurred significant travel and accommodation costs when collecting their lump sum payments, mainly due to having to make multiple trips due to poor information about payment dates or liquidity constraints at the pay point. Lack of information and low literacy levels reduced recipients' ability to check the amount of money received against what was due. Concerns were also raised about the risks of theft/robbery, especially while in transit.

When presented with different payment options lump sum recipients, routine recipients and key informants generally expressed a preference for smaller, routine payments. These were considered to enable them better to secure their basic needs, as well as to avoid the various risks associated with lump sum payments.

Receipt of lump sum payments has helped households to fulfil social obligations, strengthening informal safety nets, and spreading the benefits of HSNP more widely. However, respondents also indicated that social obligations for recipients of lump sum payments are greater than for others, sometimes to the extent that their payments are in danger of being completely exhausted.

The evidence regarding whether lump payments impact recipient households' social status and influence is mixed. Lump sum payments are seen to increase households' ability to contribute to reciprocal exchange and improve their welfare status, with benefits for social status. However, where social positions are not 'obtained' but passed down by familial relations, lump sum payments are seen to have limited impact on social status and influence.

3.1 Who benefits from lump sum payments, and why?

3.1.1 Communication and information sharing

Information regarding lump sum payments was disseminated both formally and informally, with chiefs and assistant chiefs taking the formal role of notifying both the direct recipients and the wider community. Often, this was done alongside HSNP staff, notably pay agents and POs, but in some cases also through the engagement of Rights Committees. In Turkana, information about the lump sum payments was communicated by the PO to the chief and pay agent in the same way as for routine payments. In Marsabit, the chief received an 'inventory' of lump sum recipients, which was then disseminated.

While some lump sum recipients were announced publicly in community *baraza* meetings (e.g. in Mandera and Wajir) or through public notice boards (e.g. Marsabit), others were informed individually. In one research site, this was part of a deliberate strategy to protect the privacy of recipients: *'We are security conscious; it is better for people to be informed privately and that they receive in private'* (chief).

Barazas were a mechanism used both to share information about the lump sum payments and to encourage how the money should be spent, as was the case in Turkana.

In another research site, radio was considered an effective mechanism for sharing information, given the challenges of reaching recipients who often live over a

dispersed area: *'We send the information mostly through radio, which is the best means to reach a large group of people'* (PO).

Despite the formal efforts to provide information about who was receiving lump sum payments and when, we found indications that information was sometimes problematic, with recipients of the lump sum either not receiving the information in good time or receiving incorrect information about whether the amount was in their account: *'I never expected to receive the lump sum. I heard that the chief and elders had held a baraza announcing some list of beneficiaries. At the time, I was not in town, but when I came back and asked if I was on the list, I was told that I wasn't by the people who attended the baraza'* (male lump sum recipient, HHCS 2, Mandera).

Box 1: Communication about the lump sum

'The pay agent and committee did the communications and there was also a communication from the chief. The list was shared by NDMA and this information was shared with the Rights Committees and the chief held a baraza to disseminate. The chiefs would call their relatives if they don't find them to inform them of the payment. For those without network, a motorcycle was sent with a copy of the lump sum recipients' (community leader, Mandera).

Whether publicly or individually, lump sum recipients were not made aware of the specific amount they were to be paid ahead of collection:

'No one knows what the other gets. It's the agent's secret and the customer's' (former chief).

'Communication is by public baraza. They say there are people with the lump sum, but they don't disclose the amount' (male routine recipient, Mandera).

Despite this, the wider community were generally aware of the types of amounts people had received, citing figures between KES 20,000 and up to KES 120,000 (e.g. Wajir and Marsabit FGDs with male routine recipients). In all cases, this information was said not to have been made public through official channels, but through informal information sharing as a result of community interactions:

'There is also no one to ask. Sometimes we talk among recipients to see how much everyone gets, so that's how we know' (female routine recipient, Marsabit).

In many cases, it was said to be evident that people had received large amounts of money because of the ways they had invested it (see Section 5.2).

3.1.2 Local perceptions of the factors explaining lump sum payments

There was strong awareness across counties of the reasons why people had received lump sum payments. There was a clear understanding expressed among the wider community (as well as by the lump sum recipients themselves) that this was generally because of accumulated amounts in people's accounts due to late enrolment or late access to the programme for other reasons:

'All people in the community are aware of beneficiaries of the lump sum and the reasons they got the lump sum. Some had ID problems, and some had their names written wrongly on the ATM card. Cash accumulated as they could not access it, so some had KES 80,000, or KES 100,000, or KES 110,000' (male routine recipient, Wajir).

The reasons cited for this included issues with registration, problems with ATM cards and bank accounts, and problems with IDs (see Box 2).

For households who had received the lump sum, the payment was also often the first they had received from HSNP: *'Yeah, it was the first time because they [HSNP routine payments] had accumulated, and that is why I collected KES 100,000'* (female lump sum recipient, HHCS 1, Marsabit).

Box 2: Understanding the reasons for the lump sum allocation

'Some people were given ATM cards, but they were not receiving their money, so they found that the money had accumulated. Some lost their IDs, so they received their money as a 'boom' amount, as a lump sum. ... The money they are getting is theirs. The ones receiving the lump sum didn't have an ID before, that's why they got this payment. The reaction [to this by others] is normal, because you will find that the ones who receive KES 5,400 once had received KES 24,000–30,000 before, so they have no reason to complain about other people's amounts. This scenario in the Loritit village or even Turkana at large is that [the lump sum] is believed to be luck and not a must' (community leaders, Turkana).

However, as explained in Box 3, in some cases accumulation was considered to be a deliberate strategy by the recipient, or was combined with the fact that people lived far from the collection point and were

either unable to make regular trips or did not receive information. At one research site, the PO stated: *‘The other problem that leads to people having a lump sum is lack of information. After registration, people go their separate ways.’* In Marsabit, female routine recipients explained: *‘Information hardly reaches us.’*

that there was a perception that receipt of the lump sum money was linked to ‘exiting’ from routine payments. However, the basis for this understanding was not understood, and all HHCS respondents reported that they had continued to receive the routine HSNP payments after receiving their lump sum payments.

Despite the perception that accumulation is deliberate, none of the HHCSs interviewed reported that they had done this. In Mandera, community leaders indicated

Box 3: Accumulation as a deliberate strategy

‘If one receives KES 100,000 as an accumulated amount, which I have seen, it becomes a big thing for that person. The PO comes and asks: ‘Why are you not collecting your money?’ But this person does this intentionally. Some want the money to accumulate in their accounts so that they can buy some animals; they have a target. When this person buys these animals, his/her life has definitely improved. HSNP officials may come to people to tell them to collect the cash. The PO comes to people, but they want to leave it there to accumulate, and it becomes a bit of an issue. Some people do this thing deliberately’ (chief).

‘At first we all used to receive KES 5,000, but then you get KES 10,000 if you wait. Those who get the lump sum are those whose money has accumulated for a long time, so it depends on how long you did not get the money for. If the lump sum is KES 100,000, you can get it bit by bit. People rely on information from the agent, who tells them when the money has come’ (female routine recipients, Marsabit).

3.1.3 Expectations about and reactions to the lump sum payments

The understanding of the reasons why some people received lump sum payments contributed to a strong sense across locations that lump sum recipients were not selected or targeted, but that the money was received as a matter of right or entitlement. This contributed to a general perception that this was a positive thing for lump sum recipients, and that there was had been no ‘special consideration’ of those households compared to those receiving the amount routinely: *‘For me, I see this money is all the same. For those who receive the lump sum and we the routine recipients, we are all the same’* (female routine recipient, Marsabit).

household directly receiving it. In Mandera, female routine recipients stated: *‘They are happy for the lump sum recipients because they are of our community. The money benefited our economy because they opened up businesses’* (see Section 5.4).

There were some indications that the receipt of lump sum money by some households was considered unfair, but these opinions were peripheral and did not emerge across all research sites. Where expressed, issues were also raised in relation broader perceptions of the registration and enrolment process not including all those who others felt should have been included as routine recipients:

The fact that routine recipients could also adopt a deliberate strategy and accumulate the money was seen as reason to consider the lump sum recipients as having received what was theirs, rather than something to cause envy:

‘Random registration left the most vulnerable in the society excluded. There was a case of someone with 100 camels getting KES 100,000, while someone with no livestock only got KES 2,500 once in five years of HSNP’ (chief).

‘There is no reason to regret why I have not received the lump sum and I should not regret why you got it. That lump sum is a portion of what you get every two months. If you want you should also keep yours and take after two months or more cycles’ (chief).

Another broader concern mentioned by many was the misunderstanding around the routine versus emergency payments, and how people had been registered. This was raised in relation to the lump sum payments, with people who were recipients of the emergency payment thought to be the ones that would more likely have negative perceptions about the lump sum: *‘Those in Group 2, who hardly receive KES 2,700 ... could be the ones feeling unlucky or discriminated against’* (community leaders, Turkana; also see Box 4).

More broadly, there was a perception that the lump sum amount was beneficial to the wider community, bringing benefits beyond those experienced by the

There was also a strong sense that non-recipients had unfairly 'lost out' from the outset, and there was concern

as to why some had not received anything during HSNP, with some reports of the exclusion of specific groups.

Box 4: Perceptions regarding the routine amount versus emergency payment

'After the introduction of Group 2, we (HSNP) are praised minimally ... because people say we favour other groups, and that I use the money on my relatives. [Group 1 recipients] don't have complaints because they have an understanding even about the lump sum. But people don't understand why some others receive KES 5,400 and others receive KES 2,700. [Group 2] is diminishing HSNP's image. This is affecting everything because they are envious—you are the ones who are lucky because you are getting. The perception is that it is me practising nepotism while others' perception is that the people who received the lump sum, it is rightfully theirs' (PO).

Among households that received a lump sum payment, although they knew they were registered by HSNP and generally had an understanding of why the amount had accumulated, there was still a strong perception that enrolment was a result of 'luck' or because of God's will. In Mandera, one male lump sum recipient stated:

'I don't know where the money came from. I think everyone was registered. So, I think it is through luck that people got the HSNP lump sum. It is God's gift, that is why. ... I never expected the lump sum. It was by stroke of luck that I got the HSNP lump sum' (HHCS 2).

This sentiment was echoed across other households, including in Wajir where one respondent indicated: *'[My mother] got it by God's grace. ... God gave her the money' (female lump sum recipient, HHCS 2);* as well as in Marsabit: *'I never expected this kind of money. God was so great to send the people who wrote my name among the beneficiaries' (male lump sum recipient, HHCS 2).*

Recipients expressed happiness and gratitude for the amount: *'I was not even afraid. ... I was extremely happy. I thanked God and the government, because they saw my suffering and that is why they gave me the money. ... I thought my problems have been solved' (female lump sum recipient, HHCS 4, Marsabit).*

In other cases, recipients expressed surprise at actually receiving the money, and there was a general sense that households were awestruck at the amount they had received. In some cases, this went alongside concern about robbery/theft, as well as about raising questions regarding the money, with potential associated challenges for accountability and fairness:

'I have not asked anyone anything, because if you ask they may see you as a fool or also some people may con you. ... [I was afraid to ask] because there was no one who told me anything, I just went straight to pick the money and then came back home' (male lump sum recipient, HHCS 2, Marsabit).

Although households that had received the lump sum payment already generally understood why the lump sum had been received, there was an expectation, often expressed as a hope, among most of them that they would receive it again: *'Yes, in fact I am waiting [to receive] a large amount again' (male lump sum recipient, HHCS 1, Wajir).* More broadly, there was an expectation among those who had not received a lump sum payment that they would be allocated a similar amount: *'There are people who get the emergency payment and they think that they will someday get the lump sum and there are others with ID issues and mismatch of names who also think that they will receive lump sum' (male routine recipient, Mandera).* Others, however, attributed the same 'divine' reasoning used to explain why some people had received the lump sum to explain, also, how no one could anticipate what would happen in future: *'Nobody knows if this money will come again. We don't know about the lump sum in that way. ... We just see it as the luck from God' (male routine recipient, Turkana).* Although HSNP recipients generally seemed to understand the reasons why some people received a lump sum, this did not appear to prevent some of them from holding the contradictory belief that receipt of such a sum was down to luck (from God), and that they may get another, or that others may benefit in the same way despite not being routine HSNP beneficiaries.

3.2 How recipients collect their lump sum

3.2.1 Distances to collection

In general, lump sum payments are collected in similar ways to the routine HSNP transfers, with similar operational challenges related to collection.¹⁰ However, some operational challenges were experienced by lump sum recipients specifically. The limitations of information sharing (as outlined in Section 3.1.1) and delays in money reaching people's accounts led to some households reporting that they had gone a number of times to collect the lump sum, only to find the money had not yet reached their account. In Marsabit, one householder explained:

'We went yet another day [to Equity], and we were told that account had not been opened. We went back to Marsabit, and that involved a money debt from someone. ... I went to Marsabit four times, and the fourth time was when we got [the lump sum]' (female lump sum recipient, HHCS 1).

Although most beneficiaries (around three-quarters) are within one hour's walk from their nearest pay point, many are located further, and some have to travel via vehicle. This incurs costs. For those travelling this way, costs tend to be between KES 50 and KES 400, although they can of course be larger for very remote beneficiaries. In our research site in Marsabit, for example, routine recipients informed us that the cost of reaching Marsabit town was around KES 1,000, with travel there also requiring an overnight stay. Indeed, distance to pay points—especially to bank branches—was significant across counties and sub-locations, requiring households to source money to cover costs associated with collection, which, considering the uncertainty regarding the amount they were due to receive and whether it would be in the account, was a source of concern. In Mandera, one male lump sum recipient indicated: *'I sold two goats and used the proceeds of KES 5,800 to travel to Moyale to see if I was among the [lump sum] beneficiaries. Luckily I was paid KES 93,000'* (HHCS 2). Others, however, noted that knowing you were collecting a large amount of money eased the 'strain' associated with travel costs (female lump sum recipient, HHCS 1, Marsabit).

Distance was generally indicative of limited penetration by financial institutions in each of the research sites,

which had implications, not only for accessibility, but also for people's saving habits and financial capital (see Section 4.4.4). Distance issues were made explicit in Wajir, where the PO stated: *'The lack of a local Equity branch in Wajir South means people in Dadajabula have to go to Dadaab, but it doesn't serve the HSNP clients and it is a big challenge for beneficiaries.'*¹¹

3.2.2 Amounts collected and discrepancies

A number of lump sum recipients we spoke to were specifically directed to the bank to collect their lump sum payments (e.g. in Mandera and, more frequently, Turkana). However, lump sum recipients also accessed their money from pay agents, who were located closer to the sub-locations in which they live. Pay agents collected the money from banks in nearby towns and distributed it to recipients (e.g. in Wajir, the pay agent collected money from Dadaab and Wajir Town).

At times, the cash reserves held by the pay agents were exhausted, and this had implications for both routine and lump sum payments; it took time for the pay agent to access more money. This led to frustration among recipients in some cases:

'Because of anger/hunger and the needs of the community, there can be an outcry ... when the pay agent pays out available money and takes time to go get more money from Kakuma' (chief).

The issue of liquidity seemed to also affect banks, with one household receiving their lump sum payment in four instalments:

'I asked if that was the whole amount or whether there was anything else left. I was told that this was the only money available then, but in case of anything else they would call me' (male lump sum recipient, HHCS 4, Turkana).

There were a number of reports of both pay agents and bank staff misusing their position to gain a portion of the HSNP funds. Both routine and lump sum recipients reported pressure to give a portion of the CT to the pay agent *'for his troubles'* (female routine recipient, Mandera). Some informants in Turkana and Marsabit explained that pay agents forced recipients to take items of food 'on credit' from their shops. These arrangements were not exclusive to the lump sum recipients, however, although for lump sum recipients the one-off amount was sometimes significant. When lump sum funds were

¹⁰ See O'Brien, C., Riungu, C., and Scott, M. (2017) 'See Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Operational monitoring—Synthesis report', Oxford Policy Management.

¹¹ Our operational monitoring study, conducted live throughout Phase 2 during each pay cycle, found that at any one time only around three-quarters of the Equity bank agents listed as participating in the programme were actually active, with participation in the programme by particular agents oscillating up and down each pay cycle as agents wrestled with technical issues with point-of-sale payments devices, liquidity, the costs of providing the service, or other commitments. Some agents have never begun operating for varying reasons; others drop out temporarily; still others drop out permanently. See O'Brien *et al.* for more details.

also collected from banks, there were instances where recipients incurring illicit 'charges'. For example, some were asked to pay bank staff to fast-track their service, or to pay security guards to get to the front of the queue.

Low literacy among recipients limits their ability to check or question whether or not the amount received was correct: *'It was written on the paper, I have the receipt, but I am not learned, so I just took the amount'* (female lump sum recipient, HHCS 1, Marsabit). This problem was compounded by people not being informed of the amount prior to receipt, as outlined above, as well as

by their sense that this was 'luck' and, therefore, not something that could be queried or challenged:

'I was told I was to receive KES 103,000 and I received KES 100,000. I was told the bank deducted the rest as a withdrawal fee. I never commented anything. I haven't got no time to complain about it, provided my luck came knocking' (female lump sum recipient, HHCS 3, Turkana).

Mandera HHCS 3

Issack* is head of his household and 42 years old. He has two wives. His second wife, aged 32, is registered as an HSNP recipient, and she has four children aged between 18 months and 12 years. His first wife is 39 years old and has four children aged between four and 14; she is pregnant with a fifth. Issack supports two other people: his brother (who lives far away) and his mother with her four grandchildren (aged 12, 8, 6, and 4).

HSNP MIS data indicate that Issack's second wife was credited with KES 103,800 in the period of October to December 2016. He received KES 98,000 in January 2017, but was aware of the amount he should receive, saying that he did not understand why KES 5,000 had been deducted: *'They claimed that I collected the KES 5,000 earlier [two years' before] without an identification card.'* His household was informed by an 'officer of the programme', accompanied by the assistant area chief, who read out a list of who should collect the money. He felt happy, but questioned whether the money was *halal* or *haram* in line with Islamic conditions. Transport to Mandera was very costly, and he also paid the security guard at the bank KES 1,000 because he wanted to skip the queues. He has since been receiving KES 5,400 every two months and does not expect to receive a lump sum again: *'There is no way I can accumulate and become a lump sum recipient like before, unless something happens.'*

Issack did not consult his wives about the use of the money: *'All my wives respect me as the head of the household, and the decision I make about the use of cash no one questions.'* He chose to invest in the construction at the home of his second wife, and spent KES 85,000 building a room. In addition, he spent KES 3,000 on transport and bought three goats (one for KES 4,000, one for KES 3,000, and one for KES 2,000).

Issack suggests that changes to his household's living standards have been limited. There is no one living in the room he constructed, and the purchased livestock have not reproduced. Issack also says the investment has not led to any increase or change in income-producing activities. However, the livestock are a valuable form of saving (*'If they are not there, then I am without anything'*) and could be sold if there is need. Issack also claims that the routine payments can reduce the need to sell goats. No money was saved and Issack said he wished he had been able to purchase at least 20 goats or had a higher amount to invest in business. There has been no change in expenditure, and the household would rely on the HSNP regular transfer in future: *'The stomach feels happy when it's fed regularly.'*

*Name changed for confidentiality.

3.2.3 Risks with lump sum collection

Receiving the lump sum was considered to carry specific, and higher, risks than obtaining the routine amount. In some reported instances, lump sum recipients were left vulnerable to significant cases of corruption or theft. There were explicit concerns raised around using banks, and cases where individuals had not received the amount due to them (see Box 5).

Among the lump sum recipients interviewed, one female reported that the money she had withdrawn had been stolen in its entirety while she was on her way home (Turkana, HHCS 2).¹² Cases and concerns were reported by males and females, although women more frequently expressed concern about theft and being targets once they had received the money, whereas men expressed that women (and in particular older women) should be accompanied when collecting. Indeed, risks related to theft while 'in transit' were considered to be significant, and older people were especially vulnerable, with recommendations that they be accompanied by a younger person (both for protection, and to ensure they were not exposed to any corruption/fraud):

'Someone might follow you at night time and you get robbed of the money. ... We even advise them to board trusted motorists who ferry them to their desired points of withdrawal' (Turkana, community leaders).

Fear of robbery was on many people's minds and a source of anxiety when collecting their lump sum:

'Of course, it came to my mind then that I had a lot of money and it might, or could be, stolen. I just prayed to God for protection, and it was in my pocket all the way home, even when I left Wajir' (female lump sum recipient, HHCS 2, Wajir).

There was also risk of theft once the lump sum recipient had returned the money to their home—and while this also affected routine recipients, there was greater reason to target those who had received a large lump sum amount (see also Section 4.4.4):

'Many people's HSNP amounts get stolen. Someone comes in and they take everything from a metallic box, where people have the cash and the ID cards, and then they go and search for the money' (chief).



¹² In this case study, it was unclear what amount had been received from the bank, although the lady reported KES 10,400.

Box 5: An example of corruption

'People do not trust the bank, and they do not trust the pay agents either. The issues are normally with lump sum amounts. ... There was a time when I was dealing with a case, maybe I overreacted, but I took him (the agent) to the police, the officer commanding station. The old lady was supposed to get around KES 70,000 or KES 77,000 and the man gave her KES 30,000 and the other amount was being withdrawn by someone else. The old lady came to me to confirm because I had told her and I followed this up to the bank and asked for the withdrawal slips. It happened that there was someone who was withdrawing the money from her account. I wondered how they withdrew the money without the ATM. I later found out they had introduced someone else into the account and she was withdrawing for her. So, after that, the old lady's money was being given to the bank manager and she used to take it from him. I was hoping to catch the person withdrawing the money, but I have never succeeded' (PO).

When presented with three different payment modality options by the researchers (1) receive a one-off payment now of KES 100,000, then no further payments over a three-year period; 2) receive a one-off payment now of KES 50,000, then payments every two months of KES 2,700 for the next three years; or 3) receive KES 5,400 every two months for the next three years, but no one-off payment now), a range of preferences were expressed.¹³ In most cases, these related to wider considerations regarding individual appetite for risk, as well as other motivations and livelihoods factors.¹⁴ For example, many respondents (both lump sum and routine recipients) expressed a preference for taking a smaller amount more regularly and/or receiving a smaller lump sum. This preference often reflected livelihood needs and reliance on receipt of a regular amount of money to meet regular and necessary consumption needs.¹⁵

Considerations related to these preferences are discussed further in Sections 4.3 and 5.4 of the report, as they relate to factors influencing decision making and livelihoods outlooks. However, two interesting points emerged in respondent discussions about the single lump sum as it was presented in the options presented by the researchers (i.e. receiving a one-off payment of KES 100,000 over a three-year period). While the sampled households that had received the lump sum generally considered the amount to have been beneficial for their living standards, they generally did not opt for the single lump sum as a preferred future transfer

modality. Wider community members shared the same concerns, which related to risks associated with lump sum amounts and concerns regarding the potential risk of both targeting (in terms of social dynamics) and not targeting (in terms of 'likely effectiveness'), which are discussed below.

Some of the risks associated with large lump sum payments, as discussed above, are considered to be significant and relate to security, such as the potential for fraud, robbery, and theft. However, worries were also expressed relating to the risk of misuse (if a recipient mis-invests their single lump sum payment, they will have no future support to fall back on) and to the heightened expectation of support for the recipients' wider family and/or community members (see Box 6). Routine recipients in Wajir expressed the fear that, if people receive a single lump sum, some will spend it all at once and tend to misuse the money, thereby remaining stressed. Smaller routine payments were thought to provide a more reliable amount for planning and usage.

¹³ The question was asked across research activities, with the objective of considering respondent preferences between different modalities and the reasons for those preferences.

¹⁴ Evidence from the wider literature also suggests that entrepreneurial skills are intrinsically linked to the potential to utilise a lump sum payment: Beazely, R., and Farhat, M. (2016) 'How can lump sum cash transfers be designed to improve their productive potential?', www.opml.co.uk/publications/how-can-lump-sum-cash-transfers-be-designed-improve-their-productive-potential.

¹⁵ This has also been evidenced in other studies, including a study of a CT programme in Ghana (LEAP), which found that not all households have a preference for bigger, less frequent payments. Recipients who chose the lump sum did so because of the investment potential, while those that used the transfer for consumption and subsistence spending preferred smaller, more frequent payments. This was also the case in a study in Niger state, where households opted for larger windfalls to enable investment. See OPM (2013) 'Qualitative research and analyses of the economic impacts of cash transfer programmes in sub-Saharan Africa', www.fao.org/fileadmin/user_upload/p2p/Publications/Ghana_qualitative.pdf. Similarly, evidence from the Highlands Water project indicates that only a small number of households actually chose lump sum payments as a preferred modality when given the option between a routine CT, a food transfer, or a lump sum payment. See Slater, R., and Mphale, M. (2009) 'Compensation, Welfare and Development: One-off lump sum and routine transfers in the Lesotho Highlands Water Project', www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/5747.pdf.

Box 6: With more money comes more obligation...

'There is a risk of misusing the money and high expenditure in supporting relatives. So, I prefer the routine payments to pay for urgent needs in the family, like paying school fees. I usually have to send the money to relatives that are far away.' (female routine recipient, Marsabit)

'Routine is better because it is easily accessible and you get it more frequently. There are many challenges for lump sum recipients. You have more expenditure the more money you get (i.e. spending it on relatives).' (community leader, Marsabit).

'Understand that KES 100,000 will never be beneficial to those households because of the sharing nature of the community. For example, if the beneficiary starts a business, the relatives and other community members will be asking for help, and this will lead to business collapse. You may find that the beneficiary getting this money will even die. They cannot sustain it. Everyone will flock there because there is something happening there and their intention is to finish this money' (chief).

In discussing the different payment options presented, a number of key informants also suggested that, for a lump sum modality to be successful, it would require a different sort of targeting than what is used to identify routine HSNP beneficiaries (who are supposed to be the poorest and most vulnerable). They indicated that should a 'targeted' lump sum model be introduced (rather than arising, as it has to date, from delayed enrolment/accumulation), there was a need to identify households on which it would have greater impact: *'I think the lump sum is better for someone who is wise, one who can change their lives once and for all. One who can diversify because he can afford to'* (PO). In another research site, the chief made a similar point regarding the need to identify households with a sufficient financial base to 'take risks' with the lump sum amount, should this be implemented as a targeted payment modality in future:

'I myself would choose a lump sum for KES 100,000 within three years; one payment. Why do I say so? You know, it depends on the standards of a person because for me I will be comfortable, I am earning, I know I have money from other sources to complement what I can get. ... But for a household which has no other means [like those included in HSNP], for that mama, they will always prefer routine payments.'

These findings help frame consideration of the impact of the lump sum on social dynamics, which we discuss below in Section 3.3. They also, however, introduce a broader question of how/why the lump sum payment as it was received (and in combination with subsequent routine payments) influenced decision making and livelihoods activities, which we discuss in Sections 4.3 and 5.4.

FORMAL AND INFORMAL PROCESSES RELATING TO LUMP SUM PAYMENTS



3.3 Social dynamics and the effects of lump sum payments

3.3.1 The social obligations of sharing and reciprocal exchange

Across all our research sites, social dynamics are centred around reciprocal processes of sharing and exchange (see for example Box 6 above). These dynamics are partly underpinned by religious obligations (especially in Muslim communities in Mandera and Wajir), alongside other social institutions and cultural norms. Within communities, the significance of strong kinship ties is emphasised: *'The community's togetherness is their strength'* (PO).

As evidenced by other studies conducted for this evaluation of HSNP,¹⁶ the receipt of cash through the routine transfer has tended to strengthen inter-household relations and support mechanisms, providing households with a resource they are then able to give out/exchange. This positive influence of HSNP on the process of sharing and support was again corroborated across locations by this study: *'With HSNP, most beneficiaries also support the less advantaged neighbours in the community'* (male routine recipient, Wajir). The data collected for this research indicates that the flow of money is facilitating social interactions within communities and contributing to enhanced social cohesion through the improvement social relationships: *'[HSNP] has improved friendships, since you may borrow from beneficiaries and pay later. So, it is very good'* (male routine recipient, Mandera; see also Box 7).

Box 7: The influence of the HSNP transfer on social interactions and relations

'The relationship is good between people because of the money, and there are good relationships within families. Money brings good relationships and, as soon as people receive the money, they share. ... There is more cohesion in the family, especially those who directly or indirectly benefit from the money' (chief).

'The CT programme has a positive contribution to the social living of this community. I told you, because sharing of the money is among people, they start mutual relationships among themselves. Among people in the community when the CT is given, there is dancing and there is much interaction. People now share the experience [and say]: "I received it, it came at the right time when my child was in the hospital, I can pay school fees. Oh, it came to me at the right time, I can eat..." This [conversation and talk] even now becomes an interactive session between people' (chief).

¹⁶ See Merttens *et al.* (2017) 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Impact evaluation final report', Oxford Policy Management.



Similarly, the receipt of lump sum payments is considered to enable households to fulfil their social obligations in terms of exchange of resources, thus providing informal safety nets to others and spreading benefits more widely (see also Section 3.3.3). Community members reported that social dynamics had largely been strengthened through receipt of the lump sum because of the underlying sharing dynamics and the fact that ‘what one gets, everyone gets’: *‘Everyone is the same because the money will be spent by everyone; they will help their friends and relatives (male routine recipients, Turkana). Again, this was emphasised by male routine recipients in Wajir, who stated: ‘The lump sum is seen as bringing more love and unity, because the recipients must share food and also money depending on different situations in the community.’* In some cases, lump sum recipients had been able to contribute more significant amounts than those normally distributed by routine beneficiaries. For example, in one research site, there was reference to lump sum recipients donating KES 10,000 to the very poor (chief), and in Mandera it was reported that *‘the lump sum households make bigger contributions to the community. There was a house that burnt down and they contributed money’* (male routine recipients, Mandera).

Accompanying this, however, was a sense that those who received lump sum payments were met with greater demands, potentially to the extent that their payments may be exhausted:

‘People have a lot of dependence. Once people receive their money in lump sum, they will distribute to a lot of people who were sharing with them their regular amounts and they only remain with a small amount’ (community leaders, Turkana).

There were a few cases where the perception of the community was that this increased pressure had affected the social behaviour of lump sum recipients:

‘Those who get money, they hide from the community so that they are not asked for money’ (community leaders, Mandera).

Rather than engaging in the ‘expected’ social behaviours surrounding reciprocity and exchange, households that had received the lump sum were thought to have attempted to ‘protect’ it and act secretly, or individually, to minimise their obligations to share. Although we found no cases where this had directly affected social relations or led to tension/ conflict or social dissolution among the households interviewed, this discussion gives rise to two important considerations: i) the potential of a lump sum payments to impact positively on a single household’s livelihood may be undermined by social obligations to share; and/ or ii) the creation of different and more individualistic social behaviours undermines those mechanisms with broader, and potentially negative, social effects in the longer term.

Case study 1 (see Section 4), from Turkana, demonstrates how expectations from others were at times challenging for households to manage.

Marsabit HHCS 2

Echakan*, 27, and his immediate family, including his wife and four children (three boys and a girl), moved to a small village two hours' walk outside Loiyangalani five years ago after a raid, in which he lost his cattle as well as his older brother. Many of his relatives live in Loiyangalani and the surrounding areas. Echakan helps them when he has the means, as well as supporting his late sister's son in going to school. He received HSNP support only once, when he received the KES 108,000 lump sum in February 2017. While he was shocked at the amount, as he had not been informed about what he would receive, he was also *'happy, because at least someone remembered me, so I thought it was from the government.'* However, despite returning to Marsabit several times since February 2017, he has not received the routine payments and has given up checking for them.

He bought 30 goats and a pregnant donkey to replace the livestock he lost in the raid, having discussed how to use the money with his wife. Being able to share with relatives was important: *'I only had one idea in mind, which was to buy more goats, and also to give some money to my wife so she could start a small business at least, and also to share the money among my relatives.'*

The investment is also an important coping strategy to deal with shocks or lumpy expenses such as school fees, as he is able to sell the livestock when he needs money.

Echakan also bought a net and rope for fishing and gave his wife KES 10,000 to start a fish business. His wife now works as a fishmonger, using the money to buy fish, which are then transported and sold in other towns. Additionally, he used the lump sum to buy a small solar charger, which he uses to charge his own phone and up to four other phones per day for a small fee. The solar charger cost KES 3,000, and each charge is sold at KES 20. Finally, he bought a large sack of sugar with the money and, although his family mostly uses it, his wife has sold small amounts of it.

Besides investing in income-generating activities, he bought tents to keep the leaks out of his house. Ultimately, however, his dream is to *'build a better house'* of his own.

Following his plan, and to meet his social obligations, he used some of the money to support his family, who came to seek help once they heard about it. However, he reiterated throughout the interview that he would have liked to open a shop or canteen if *'I wasn't supporting many homes.'*

Echakan feels the money has earned him respect and that, by extension, his family is also respected. His family is no longer hungry, as they eat from the lake and buy food with the profits of his businesses. They are able to eat three meals per day instead of just one, and have diversified their food from maize and *ugali* to include rice, beans, and *chappati*.

While providing food for his dependents previously caused him stress, he now says *'I am happy'* as the money has helped solve most of his problems and increased his leisure time. Echakan feels he is able to socialise more frequently and, when he has the money, *'I can take KES 1,000 to have fun with my friends in town.'* He feels more confident, more independent, and better able to cope in case of emergencies, such as illness, because he *'can now handle [his] financial problems without asking for help'*, as he has savings.

*Name changed for confidentiality.

3.3.2 The influence of lump sum targeting on social dynamics

Considering the social dynamics surrounding lump sum payments is especially significant given that lump sum payments were received only by a relatively small, arbitrary sub-set of the HSNP beneficiary population and wider community. Significantly, and with the above two considerations in mind, the fact that lump sum payments were considered to have positive effects (from a broader social perspective) is very much tied in with people's understanding of why some received the lump sum and

others did not (as discussed in Section 3.1.2 above). Indeed, the understanding that the lump sum payment was something that households who received it were entitled to—rather than being something for which they had been specifically selected—contributed to the lack of bad feelings or social tension towards those who received them: *'It has not changed any interactions, as people in this region believe that your fate has been written for you by God'* (male routine recipient, Mandera).

Interestingly, however, while discussions around payment modalities suggested that more specific targeting would be necessary to improve the effectiveness of the lump sum as a payment modality (see Section 3.2.4 above), respondents expressed anxiety that this might cause envy. This was explicitly discussed in Turkana (see Box 8), where respondents highlighted that complaints and social tensions could arise if the lump sum were allocated based on selective targeting rather than through accumulation, as was the present case. Indeed, respondents feared there was potential for social tensions to emerge as a result of notions of favouritism in the selection process.

Suggestions that lump sum amounts might trigger envy were also connected to the fact that people were ‘bitter’ if people had already received money prior to getting the lump sum. As discussed in Section 3.1.2, the lump sum was understood primarily to have been received as an accumulated amount, and thus to have been the first

payment. Therefore, if someone had previously received (or had previously been receiving) an amount, it affected how people understood the reason for receiving the lump sum in a negative way:

‘Yesterday, I heard something a bit bitter coming from someone, asking “Why have some people been receiving money, and now we see them again getting the lump sum? Why?” I cannot answer the question. I just keep it in my heart’ (key informant (anonymised), Turkana).

There were, however, no explicit statements to this effect at other research sites, nor were any explicit statements or experiences of tension reported by the lump sum recipient households sampled in the study, which indicates this sentiment was not prominent at the four sites visited.

Box 8: The potential social impacts of a targeted lump sum approach

‘Those who hardly receive the cash [will] have some hidden strange motives towards those who receive the lump sum at once; like, there is a scenario whereby one of the beneficiaries is killed to stop the show-off thinking they are the only ones who can be lucky’ (community leader, Turkana).

‘In terms of the people who receive KES 100,000 compared to KES 20,000, they will think they are being favoured more than others. Those who receive KES 5,400 are a bit bitter; they think the lump sum recipients are being favoured by the programme’ (key informant (anonymised), Turkana).

‘Some people are bitter about them; they question why these people are the only ones that get such money, and not everybody else. They feel like there was favouritism’ (female routine recipient, Turkana).

3.3.3 Social status and influence

There were mixed indications across our research communities regarding whether receiving the lump sum was thought (by others) to have impacted on a household’s social status. As discussed above, both the HSNP routine payments and lump sum payments were seen to increase a household’s ability to contribute to reciprocal exchange.

In terms of holding formal positions of influence within the community, none of the lump sum recipients reported gaining such a position as a result of receiving the lump sum (as often these were passed down through familial relation rather than being ‘obtained’): *‘The lump sum [recipients] have not gained influence, because social networks are not gained that way’ (female routine recipients, Mandera).*

Informal spheres of influence, however, did appear to increase among the households who received the lump sum payment. Indeed, lump sum recipients improved

several dimensions of wellbeing, such as housing conditions and investment in education. These factors were then considered to have benefited lump sum recipients’ social status and influence. This potential for increasing the wealth and connections of a household through investment activities was mentioned specifically in some cases:

‘A lady in Dadajabula had a butchery and, later, after [she received] the lump sum, encouraged women to join her in butchery business. She has gained higher status in the society, [because] in the community there are times the business community is asked to bring contributions. She has also created employment for the men who slaughter and distribute the meat, so she has influence in the community’ (PO).

The ways in which people used their money further contributed to households gaining social status, with investments in dwellings and land being of importance

in this regard: *'Those who have established their homes and have plots are well respected'* (female routine recipients, Marsabit). Those who used the money to improve their dwellings sent a clear signal to the rest of the community:

'I can say that my reputation has changed, and the house is a clear sign that I have benefited from this programme. Those who pass by can even say that money really did something for you, unlike the rest, who just spent it with no plans' (female lump sum recipient, HHCS 1, Turkana).

A few recipients felt there had been a change in terms of how they were perceived in the community:

'People respect you. I knew that if had many animals, people would respect me. People love you when you have something, but will run from you when you lose wealth' (female lump sum recipient, HHCS 4, Marsabit).

4 Invest, consume, diversify? How people use their lump sum payments and why

Main findings

This section explores the way in which recipients used the lump sum transfers and how these decisions were made, with a focus on influencing factors.

Lump sum recipients tend to spend their transfer primarily on satisfying basic needs: food and housing. Additionally, they spend their transfer on education, as this is highly valued by the communities served by HSNP2.

Regarding investments, lump sum recipients generally dedicate a large portion of their transfer to purchasing livestock. There were a few cases where individuals decided not to purchase livestock due to the risks associated with this investment (such as raids, droughts, and livestock illness). However, the importance of livestock as a status symbol in the community and as an insurance mechanism for dealing with shocks in future was consistently raised. Lump sum recipients also invested in business. This was generally done in an attempt to diversify risk, recognising the disadvantages of relying entirely on livestock. Lastly, lump sum recipients also saved their transfer, either through M-Pesa, in cash, or by joining community savings groups.

Both lump sum and routine payment recipients tended to spend in the same areas. The only difference was in the amount they spent. When lump sum recipients were asked how they would have spent their transfer had they only received half the amount, the answers focused on the same areas of consumption and investment on which they were spending their lump sum. When regular payment recipients were asked how they would spend a lump sum transfer, again, their areas of expenditure and investment were the same—they just noted they would have more disposable income to do more, and to save.

In terms of decision making and planning, lump sum recipients generally suggested not having planned what to do with the funds, as they did not expect to receive them. They also acknowledged insufficient financial and business literacy to make decisions about such large amounts of money. Despite this, they did not rely on guidance from community leaders or chiefs, nor did they seek help from individuals with entrepreneurial knowledge and experience. Instead, they relied on their own experience and made decisions with the guidance of immediate family members.

INVEST, CONSUME, DIVERSIFY?

4.1 Expenditure

The main factor guiding decisions on the use of the transfer is vulnerability. The primary areas of expenditure are food and housing. The first round of qualitative research conducted for this IE showed that the primary use of HSNP2 transfers was to purchase food, both staples and what would be considered luxury food items¹⁷ that helped diversify the respondents' diet.¹⁸ This was confirmed by the current round of research, and lump sum recipients reported that the priority for the use of the transfer was food. Additionally, respondents reported using HSNP2 transfers for healthcare, purchases of basic household items (such as plates and mugs), and to pay off debts.

Housing was also raised as a significant area of expenditure. Given the difficult weather conditions experienced in the northern counties, adequate housing that was resistant to heavy rains, could accommodate all household members, and meet recipients' basic needs was a priority:

'Because of the HSNP money, I now have a place to sleep and I have a toilet. Before the HSNP money, there was a rift in my household. Now the relation between me and my kids is better. ... At least they now have a toilet. ... I remember my children complaining that we should have a toilet of our own' (male lump sum recipient, HHCS 2, Mandera).

¹⁷ Such as rice, beans, and *chappati*.

¹⁸ See 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', Oxford Policy Management.

Improvements in housing were noted by many of the lump sum recipients. Households improved their homes by enlarging them, using superior building materials, building toilets, and adding iron sheets or canvas tents to protect their homes from leaks during the rainy season and the sun during the dry season. Iron sheets, in particular, are considered an important status symbol.

It was noted by routine payment recipients that those who had received the lump sum were better able to make these improvements, as building materials are often very expensive. Additionally, respondents noted that having physical evidence of their investment was socially important because *'you have an asset that is seen and valued'* (male routine recipient, Marsabit).

Box 9: The importance of housing

'The issue of building a house had been nagging me for a very long time. I can't say that I specifically planned for the HSNP lump sum to pay for the house, but before the lump sum I always thought I would build a house, a one-room house, if I got the money' (male lump sum recipient, HHCS 2, Mandera).

Regarding education, virtually all respondents raised its importance and the way the transfer had helped them to alleviate education-related expenses, such as books and uniforms, which had previously prevented the children in the household from attending school: *'When I received the money, I was happy. I knew I would have livestock, my relatives would have food, and my child would go to school'* (female lump sum recipient, HHCS 4, Marsabit).

Although spending on education and housing was common to both routine and lump sum recipients (as was additional food expenditure), the difference is that lump sum recipients were able to spend more. This said, respondents were prone to acknowledge that the main use of the money was to cover necessities and to alleviate immediate vulnerabilities. This explains why (as discussed in Section 3.2.4) respondents tended to prefer receiving the transfer as a routine payment rather than as a lump sum. The routine payment model offers the certainty, continuity, and cash flow to satisfy their immediate needs.

Finally, sharing was another important area of expenditure, as discussed in more detail in Section 3.3.1.

4.2 Savings and investments

Lump sum respondents suggested three areas of investment: 1) livestock; 2) business activities; and 3) education. Savings are both a fourth form of investment and an insurance mechanism.

The climate in the HSNP counties is characterised by frequent, prolonged drought. When rains come they can cause floods, resulting in damage to property and infrastructure and temporarily cutting off areas. When discussing the main events that had affected the different communities since the start of HSNP2, community leaders consistently brought up climatic events. These were also raised in discussions with lump sum and routine payment recipients, who had had to migrate or whose livestock had died due to drought. Additionally, very little agricultural land is available as these areas are predominantly arid:¹⁹ *'The only trees here do not support the existence and nutrition of animals. Unless this guy walks for long distances to access greener pastures'* (female lump sum recipient, HHCS 3, Turkana).

¹⁹ There are pockets of agricultural land scattered across the four counties, either rain-fed (such as on the Marsabit plateau) or irrigated (as in parts of Turkana). However, we did not visit any such areas for this research, and for the most part the four counties are very arid.

Box 10: Harsh natural conditions

'There are no farms or agricultural activity here and we can't grow crops. This would be helpful as an alternative way of living and source of food, but we do not have agriculture here' (female routine recipient, Marsabit).

Only grazing land (which is generally communal) is available for households to use, which offers the possibility of investing in livestock, but not to pursue agriculture. In the case of Marsabit, the community was situated on the shores of Lake Turkana, which offered the option of fishing and other related activities (e.g. fishmongering) as alternative income-generating activities. However, in informal discussions with fishermen around the lake and with respondents, the research team learned that over-fishing had become a problem.²⁰ People in Turkana have turned to charcoal burning, but this is also becoming a problem, as small shrubs are becoming endangered, and the activity has been banned (see also Section 5). The natural environment in the counties has therefore created a context that lacks sustainable income-generating opportunities due to the risks and vulnerabilities caused by the severe climate conditions.

livestock is a symbol of wealth and is important in the community. You can use livestock to pay dowries' (female routine recipient, Marsabit). Livestock signals that a household can contribute to the community, especially in times of emergencies: *'If you don't have livestock, you have no value'* (male routine recipient, Marsabit). Second, livestock provides a form of saving: *'[The benefit of livestock] is that I can sell them whenever I lack cash. ... They also reproduce very fast within a short period, so you are sure your herd will multiply'* (male lump sum recipient, HHCS 3, Mandera). As one respondent put it: *'Livestock acts as a bank'* (male routine recipient, Marsabit). Finally, livestock is an investment with which people are very familiar. Given that recipients often engage in pastoralist activities, they invest in livestock because they understand this activity and the risks and benefits involved.

Given that the dominant livelihood activity in HSNP counties is pastoralism, the most significant area of investment was livestock, including goats, camels, and donkeys. Livestock therefore holds high value in the communities interviewed. First, it raises the status of households in the community: *'A good number of*

Box 11: The importance of livestock

'Livestock is the only asset in this community and the community values livestock for the status it gives them. There are many opportunities linked to livestock, and it is not bad to buy a lot, but there is always the risk of a drought and famine that can wipe them all out and this is the main challenge we face. When this happens, animals migrate due to the lack of pastures elsewhere, and there is competition for scarce resources. People risk their lives to migrate with their livestock. They expose themselves to attacks from neighbouring communities' (chief).

²⁰ The recent drought crisis of 2017 has contributed to this by diminishing the water level of Lake Turkana, but the primary cause appears to be the development of dams and plantations in Ethiopia's lower Omo Valley. Based on publicly available data from the United States Department of Agriculture, Lake Turkana's water levels have dropped by approximately 1.5 meters since January 2015. The drop has affected the shoreline of the lake, which has receded as much as 1.7 kilometres in Ferguson Gulf (a critical fish breeding area) since November 2014. See www.environmentnigeria.com/worry-ethiopia-kenya-lake-turkana-water-level-falls/; www.hrw.org/news/2017/02/14/ethiopia-dams-plantations-threat-kenyans; www.theguardian.com/global-development/2015/jan/13/ethiopia-gibe-iii-dam-kenya; and https://en.wikipedia.org/wiki/Lake_Turkana [accessed 04 April 2018].

Again, livestock was suggested as an important investment by both lump sum and routine payment recipients. Lump sum recipients did suggest that their transfer had enabled them to replace livestock lost due to drought or raids,²¹ but many recipients claimed they had subsequently lost their (re-)acquired livestock after investing their lump sum in it. Given the risks associated with livestock, one recipient decided not to make such an investment:

'Before I moved here all my cattle died [due to] illness and drought. ... No, I would never buy animals. ... I prefer to use the money to pay my children's madrassa and school fees' (female lump sum recipient, HHCS 2, Wajir).

However, livestock can also be a form of saving, despite the risks associated with it:

'Investing in livestock acts as a cushion because in case other livelihood strategies fail, you can sell the livestock' (female routine recipient, Mandera).

The vulnerabilities associated with livestock led recipients to diversify their investments (see Box 12).

Other forms of diversifying risk include investing in retail and other services: *'The diversification of livelihoods [like] putting up kiosks is important, because that is*

where [people] can get more profit' (female routine recipient, Mandera). One lump sum recipient built two rooms and rented one of them; another bought a solar panel and used it to charge phones in his community. Two others invested in the *boda boda* (motorcycle) business. Many recipients showed entrepreneurship with their investments, and although they frequently commented that they preferred smaller routine payments because *'we don't know how to invest'* (female lump sum recipient, HHCS 3, Wajir), their investments were often deliberate and strategic. The objective of these investments was to gain profit and to use it to meet their needs and improve their living conditions: *'If you become focused on the [business], it changes ... something in your life and takes away problems, as you keep your profit'* (female lump sum recipient, HHCS 1, Turkana).

Respondents then used this profit and the savings they were able to make from it for emergencies: *'The lump sum beneficiaries buy motorcycles or open shops. It is these business savings that help them during the drought'* (male routine recipient, Mandera). Only one lump sum recipient interviewed had not made any investments or started a business. Her son managed the lump sum and he preferred to keep his job as a machine operator at the borehole rather than to start a business (son of female lump sum recipient, HHCS 2, Wajir).

Box 12: The importance of diversification of investments

'I learned many lessons after the raid. That is why I did not invest all the money buying goats only, because I knew maybe something may happen again and I might lose all of them. That is why I Invested in the fish business and also selling sugar, because those two can never be raided' (male lump sum recipient, HHCS 2, Marsabit).

The value of education in the communities served by HSNP2 was another significant factor influencing decisions on the transfer. Communities highlighted the importance of education for the wellbeing of both the household and the community, not just the children:

'If you have a learned community, then that community is enlightened [and] they are better off in terms of their way of living [compared to] an unlearned community' (chief).

One respondent, who was the son of a lump sum recipient and manager of the transfer she had received, commented that his first priority was to pay for his son's school fees, and being able to contribute to this had

made him happy (son of female lump sum recipient, HHCS 3, Wajir). Investment in education was also seen as a long-term investment, as educated children would be able to access employment and reward their parents once they finished school:

'Schools are the eye of everything. A child gets educated, gets a job, and then later the child becomes the supporter of the family, unlike before, when girls were sold into marriage for money' (female routine recipient, Marsabit).

Respondents explained that their communities had realised the importance of educating girls, as all children can contribute to the welfare of their families and their

²¹ This was not the case for emergency recipients, who tended to use the transfer to secure immediate needs such as food, and for whom the value of the emergency payment was too small to cover livestock losses due to severe or extreme drought. See Farhat *et al.* (2017) 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Emergency payments deep dive study', Oxford Policy Management.

communities if they are literate. This emphasis on education and its long-term benefits at the household

and community levels was the primary motivator behind the use of the transfer to send children to school.

Box 13: Growing income

‘HSNP money is the game changer. ... Unlike before, when people had no capital to start a business, HSNP has reached a large number of people in these pastoral communities. People have started small businesses to increase their income, and some have gone large scale’ (PO).

Lastly, some respondents saved their lump sum funds in M-Pesa accounts, rotating savings groups, or as loose cash in their households. As one recipient explained: *‘When we receive the money, we use KES 3,000 to buy food and save the rest for the future’* (female lump sum recipient, HHCS 3, Turkana). Another respondent kept his savings in his M-Pesa account *‘to be used in case an eventuality arises’* (female lump sum recipient, HHCS 1, Marsabit).

However, other recipients explained they had saved nothing, as there was no *‘culture of saving [and because of] low literacy levels’* (chief).

While the areas of investment were common to both routine and lump sum recipients, saving was not.

Routine recipients reported they did not have enough to save, and only lump sum recipients could save for the future:

‘The lump sum households can save the money. If they get KES 150,000, for example, it will be gaining profit; after, they can withdraw it and it will be more. So that person will do things—many things—with the money’ (male routine recipient, Turkana).

This finding corroborates results from both qualitative and quantitative studies previously conducted for this IE.²²

Box 14: Savings for lump sum recipients

‘The lump sum [recipients] have a lot of money, so they cannot spend it all at once, and they can still save, so what they do is they know there is still something left to survive on after starting businesses. Some save money after financial education; some save—that’s what we emphasise during barazas. Not that they take money to the bank, but you can advise them to leave some money [aside]’ (PO).

These areas of investment seemed to be of importance to both male and female lump sum recipients, with no apparent differences across gender regarding the reasons why these investments were considered a priority.

²² See Merttens et al. (2017) ‘Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Impact evaluation final report’, Oxford Policy Management.

4.3 Planning the use of the transfer

Turkana HHCS 1

Asuru* is a female recipient of a lump sum payment. She lives with her husband and their wider family in a two-room house on the outskirts of Latea (the centre of the sub-location, Loritit).

Asuru sells sugar, which can earn her around KES 200–300 profit in a day, and she is also involved in charcoal burning, supporting her husband in their joint business. The household owns a motorbike, which was bought using the profit from transporting charcoal with their pushbike for sale nearby. She also borrows and cultivates a small area of land. However, production is not reliable, as it depends on rain.

Asuru received the HSNP CT for the first time in 2016. She and her husband were very deliberate with their investment of the lump sum money, using it to build a house (two bedrooms), which they also intended to use as a shop. However, the remainder of the lump sum after the house was built was not enough for Asuru and her husband to stock the shop. Their income is thus small and they rely on the routine payments to satisfy their needs. The charcoal burning is also not sustainable (Asuru complained she was not able to continue with this activity due to her health). Nevertheless, she is ambitious and committed to improving the living conditions of the household. She initially saved KES 5,000 from the lump sum, which is now accumulating, and which she plans to add to and invest in future. She explains that, with these savings, she is able to get access to credit (although has not received any to date) through group savings schemes, providing a ‘safety net’ should she or her household encounter challenges in the future.

Asuru said that the overall situation of the household has improved, especially in terms of hunger. She used to only prepare supper, but now they eat breakfast and supper, using the regular CT to purchase items such as oil, rice, and beans. However, she still limits food consumption, and does not prepare lunch to avoid shortages. She anticipates that if regular HSNP support stops, ‘hunger will strike back again,’ and in considering a payment preference she would rather have a regular amount alongside a lump sum because her problems do not all go away.

* Name changed for confidentiality.

Recipients sometimes lacked confidence in their ability to manage large funds, which helps explain their general preference for routine rather than lump sum payments. Thus, recipients consistently voiced a desire to receive financial training to help them determine how to invest the transfer: *‘The lump sum recipients need training, especially [around] planning and budgeting, and on how to save money because in a day they [could] spend KES 10,000’* (chief).

A pay agent also suggested that low levels of literacy among recipients was a factor preventing them from investing their resources in business activities, because they were risk-averse. As Box 15 shows, respondents believed that having more knowledge would open more opportunities for the use of their transfer; at present, their investments are primarily guided by what they know how to do (e.g. pastoralism).

Box 15: Financial literacy training

'I would have loved to get training. Training will "open" our eyes because we are [illiterate] people. ... I would have used [the transfer] differently [if I had received training], because training would have opened my eyes to starting a business' (male lump sum recipient, HHCS 2, Mandera).

Only a few respondents in Marsabit and Turkana highlighted having received financial training, and this was provided by groups outside of their community.²³ Community leaders in Turkana also commented that they had offered guidance to recipients, often advising community members to invest and save:

'We are advising the community ... on how to spend and utilise the cash, instead of spending it carelessly. ... We also advise them to join welfare and savings groups to be active in production and development' (community leaders, Turkana).

Although most lump sum recipients explained they had not planned what to do with the transfer—'*How can you plan for something you don't know if you will get?*' (male lump sum recipient, HHCS 2, Mandera)—their consumption and investment decisions were both deliberate and strategic: '*After receiving the money, we ask ourselves questions [about what we need], then we buy food, then save the rest*' (female lump sum recipient, HHCS 4, Turkana).

Some recipients had ideas on how they would spend their money even before knowing they were due a lump sum. One recipient, for example, had wanted to purchase a motorbike as he thought the *boda boda* business was '*a booming [and] profitable venture*' (male lump sum recipient, HHCS 1, Mandera). Another recipient had started purchasing stones to build a house, and the transfer allowed him to complete the construction (female lump sum recipient, HHCS 2, Wajir).

Those who did not have any plans either made decisions on their own—'*I did not consult anyone. I am an old person now, I have seen many things in life and I definitely know what is wrong and what is right*' (male lump sum recipient, HHCS 2, Mandera)—or consulted their immediate family, such as their spouse, parents,

and children. In a few cases, particularly in Mandera and Wajir, male recipients did not consult their wives, claiming that the wives respected them as the decision makers of the household. In Marsabit, however, one recipient noted he had included his wife in the financial decisions of the household since receiving the lump sum. When asked what business he would choose for the family to depend on, he replied: '*I can't really choose one since maybe my wife may have a different opinion and idea. ... The final decision is between me and my wife*' (male lump sum recipient, HHCS 2, Marsabit).

Small networks of decision makers were therefore sometimes used to determine the use of the HSNP2 lump sum transfer. Lump sum recipients did not connect with individuals who had business expertise or had access to larger business investment opportunities and could have offered guidance on their own investments. Nor was there any indication that they sought guidance from the chief or other community leaders, or from individuals beyond their immediate circle. As the quote above shows, chiefs and POs offered some guidance on the usage of the lump sum transfers, but these were not referenced as important factors in planning by lump sum recipients.

²³ In Marsabit, CARE International and a non-governmental organisation called BOMA offered training on savings, particularly targeting women (Marsabit, KII Programme Officer). In Turkana, a group offered training in January 2017 on how to handle the HSNP money and save. The group, led by a woman known to a neighbour of the respondent, had not returned to the community since (Turkana, HHCS 1).



5 Looking to the future: impacts of lump sum payments on welfare and livelihoods

Main findings

This section considers the extent to which the ways in which the lump sum was used have impacted on income, expenditure, and wellbeing. It considers the future outlooks of households, including considering the coping strategies households use in response to shocks.

Most lump sum recipients have been able to invest a portion of their money in businesses rather than using it all for consumption. As such, they have been able to boost their household income and expenditure, particularly on food, school fees, and helping relatives. It is likely that the lump sum recipients we spoke to have improved their income security. However, the local economies in which these households live remain vulnerable to extreme climatic shocks and structural deficits, which pose continued threats to income security.

In general, lump sum recipients were viewed (and viewed themselves) as better off than routine recipients of the HSNP transfer. Lump sum recipients assessed their improved welfare across a number of material and psychosocial dimensions, including improved dwellings, greater food security and dietary diversity, improved livelihoods, reduced stress, increased capacity to cope with shocks, and greater social status.

The HSNP counties are vulnerable to extreme climatic conditions including drought, flooding, conflict, and disease. The most common coping mechanism in the face of unexpected expenses or losses is to sell livestock, but most lump sum recipients we spoke to reported moving towards alternative sources of income and/or savings as forms of insurance against shocks.

It is perceived that the gains lump sum recipients made are not sufficient for them to cope independently of HSNP (or other forms of government support) given the vulnerabilities households face, despite evidence to suggest that lump sum recipients used their transfers strategically to increase their incomes.

5.1 Changes in household income, expenditure, and livelihoods

As discussed in Section 4.2, the majority of lump sum recipients made investments in starting or growing businesses. Unlike the majority of routine recipients, lump sum recipients were able to invest a portion of their money in businesses rather than use it all for consumption. As one recipient noted: *'I use money to make money, unlike before'* (male lump sum recipient, HHCS 2, Marsabit). Lump sum recipients, in general, noted they had experienced an increase in their income from engaging in more profitable or a greater number of income-generating activities, although this was relatively small for some. However, they struggled to quantify how their income had changed. This was in part because households' monthly income remains variable and unpredictable, and in part due to low levels of literacy and numeracy among respondents.

A few lump sum recipients remarked that their increased income had come from investing in livestock. Milk from goats, cattle, and camels could be consumed or sold, and animals could also be slaughtered and sold as needed. However, Section 4.2 clearly indicates that most recipients made a conscious effort to diversify

their sources of income using the lump sum payment, particularly towards 'drought-proof' activities, to ensure they would have a more constant source of income. Prior to receiving the lump sum, households were predominantly involved in casual labour such as collecting firewood, sweeping compounds, or washing clothes to earn money. This meant they were dependent on others to provide them with employment: *'In the past, I used to struggle and depend on other people for help and casual jobs, but now I am independent and ready to do be productive'* (female lump sum recipient, HHCS 3, Marsabit). Many recipients were able to open small businesses and move away from this reliance on casual labour towards increased independence and income.

Those who continued to engage in casual labour were able to make these jobs more reliable and more profitable, for example by buying a donkey cart to facilitate firewood and water sales. *'Before I used to pay for transport to bring firewood [and] water home, but after I bought the donkey cart with the lump sum I no longer pay for such expenses'* (male lump sum recipient, HHCS 4, Mandera).

Given the way in which recipients have reduced the vulnerability of casual jobs and diversified their income

sources, it is likely lump sum recipients will enjoy greater income security in the future compared to other households. This should, however, be understood within the context of frequent climatic shocks and a generally small local economy, both of which pose challenges to income security. Drought remains a particularly significant threat, and loss of livestock can substantially reduce the welfare of households, even those with other sources of income. For communities reliant on fishing, particularly in Lake Turkana, over-fishing (coupled with other problems—see Footnote 18 above) remains a threat to fish stocks and dependent businesses. For households whose businesses are based in the local economy, profits depend on the amount of cash circulating in the economy at a given moment, as well as on demand within the local economy.²⁴

All the sampled lump sum recipient respondent households were able to increase their monthly expenditure, particularly on food (see Section 5.2.1). Households gained additional income from a number of sources, including profits from businesses, payment for labour, or cash derived from freeing up resources previously spent elsewhere (see HHCS 4 in Wajir as an example of saving money on rent). Following an increase in additional income (or the reduction of expenditures elsewhere), lump sum recipients reported their household expenditure had increased, with respondents particularly recalling spending more on food, school fees, and helping their relatives since receiving the lump sum payment. However, it is not possible to disentangle whether this increase in expenditure can be attributed to receipt of the lump sum or to access to HSNP payments in general.



²⁴ See 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Local Economy-Wide Impact Evaluation Report'.

Wajir HHCS 4

Halima* lives in Dadajabula with her husband (the household head), her three children, her elderly mother-in-law, her mother-in-law’s son, Hassan*, and two brothers-in-law. Her husband works on the bus, cutting tickets for people and loading and offloading the vehicle, while she works in a shop selling clothes and cooking food. Before receiving the lump sum, she had three goats. She is also responsible for caring for the children and cleaning the house. Halima is part of a rotating savings group and periodically receives KES 30,000, which she most recently used to buy sugar for her shop. She has not been to school, but her husband reached Class Seven. Hassan refused to go to school, despite the family insisting, and instead helps in the house, taking care of the calves and fetching firewood.

Halima, who initially did not have a national identity card, reported receiving a lump sum payment of KES 98,000 in 2014 after an initial payment of KES 5,000. She spent the money by herself, although she discussed her decisions with her extended family, and stated that she *‘didn’t give out money to anyone, even my husband, because I had received that money when I was broke.’* She used the money to open a shop, build a house, and buy five goats. Her business earns her a profit, but business fluctuates as *‘our people are herdsman sometimes they are out of town looking for greener pastures,’* especially in periods of drought. She bought shares in a tractor and used the money to sell fuel at a profit, although she no longer does this. She was also able to use the money to help a neighbour whose son was held hostage and required KES 4,500 to free him.

Halima feels the money has had a great impact on their life. She noted that her relationship has improved, as she and her husband no longer argue about providing for the family. Her stock of goats, which has grown to 20, provides milk for the family and a safety net that can be sold if she is in need of money. Furthermore, having built her own house, the family no longer has to pay rent and has more disposable income. Halima has dreams of being rich, and commented that if she had received double the lump sum amount, she would have built two houses, a toilet, and bought a taxi.

* Name changed for confidentiality.

5.2 Changes in welfare

5.2.1 Material welfare

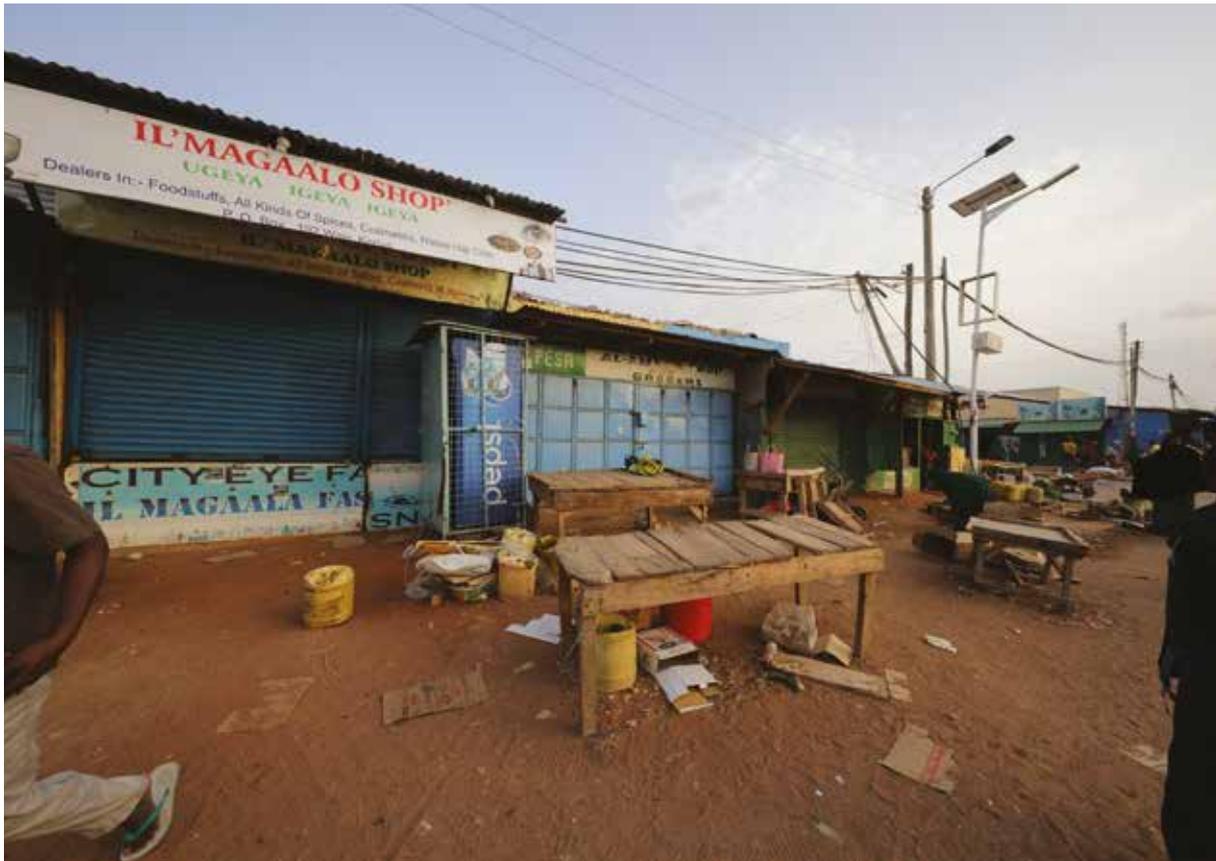
In general, lump sum recipients were viewed (and viewed themselves) as better off than routine recipients

of the HSNP transfer. Box 16 provides a somewhat exaggerated perception²⁵ of lump sum recipients illustrating how they are considered role models to others in terms of how they have been able to improve their lives using the lump sum transfer.

Box 16: Perception of lump sum recipients

‘They have cars, they have good houses, they have children going to school that will later come back to help the family from what they do and what they are successful in. People are becoming an example to the rest. People want to emulate them and live the way they live. Money has changed people. There were no cars around here, now we have cars. They have built houses and bought livestock. Now we see them as good examples that we need to emulate. When you are given this money, you need to spend it in a good way so that it can benefit you—build a house, buy a motorcycle, take my children to school. I then become a man who has achieved his goals’ (male routine recipient, Turkana).

²⁵ While some lump sum recipients in the sample had used the money to purchase motorbikes and donkey carts, there was no evidence that any of the respondents we spoke to used the money to purchase cars.



Lump sum recipients assessed their improved wellbeing across a number of dimensions. As the case studies illustrate (see Wajir HHCS 4), many lump sum recipients used the money to improve their dwellings (see also Section 4.1) and now live in better homes that provide improved shelter and comfort and, in some cases, better protection from wild animals (e.g. Wajir, HHCS 3).

Increased expenditure on food has contributed to greater self-reported food security, and households recalling fewer instances of sleeping hungry. The majority of households reported that they now ate at least two or three meals per day, whereas before receiving the lump sum most reported eating only once per day. Most households noted they rarely had to go hungry now, attributing this to the routine transfer and additional income associated with the transfer: *'Hunger is no longer a problem because [the money] feeds me'* (female lump sum recipient, HHCS 1, Turkana).

On top of an increase in the quantity of food, households also reported increasing the diversity and quality of the food they consume. Before receiving the lump sum, households mostly ate *ugali*, but many households now include rice, beans, vegetables, pasta, even meat and *chapatti* in their diet. While it seems that lump sum recipients are better able to meet their food needs during times of stability, the threat of drought remains a risk to food security in terms of physical and economic access to food.

Lump sum recipients seemed to be in a better position to protect their livestock, and therefore their wealth and status, in the case of a drought, reporting trying to prevent death of livestock by purchasing fodder. They differed from other households (including routine recipients and non-recipients of HSNP) in this regard: *'During the dry season, they will purchase fodder and water for their animals so [the lump sum recipients] cope differently'* (chief). Despite these efforts, almost all households reported having lost livestock at some point, indicating the fragility of this investment.

5.2.2 Psychosocial welfare

Receipt of the lump sum appears to have had a positive impact on people's psychosocial wellbeing. In general, the money was said to have eased stress for many of the recipients, particularly relating to providing food for their families, and many respondents spoke of feeling a sense of relief. Unforeseen medical expenses were also said to be associated with increased stress but, in households where they had been able to save small amounts of cash (see Section 4.2), they were better able to pay for these expenses as they arose, thus relieving the stress associated with them.

The extent to which the lump sum was able to reduce respondents' stress nevertheless depends on their circumstances (see Marsabit HHCS 1).

Marsabit HHCS 1

Amunah*, a 60-year-old woman who is deaf, is the registered HSNP recipient in her household. According to her 20-year-old daughter, Sylvia*, Amunah is emotionally distressed, particularly given the recent death of her brother. Amunah depends entirely on Sylvia, who does not live in the same compound, and a neighbour to cook for her, bathe her, and take care of her basic needs. Sylvia therefore managed the HSNP lump sum money. Sylvia did not receive an education, and does not have a job at the moment. Although she used to travel to Nairobi to do housekeeping or casual work and sent some of her earnings to her family in Loiyangalani, she no longer does so. Amunah is unable to work.

In June 2017, the household reported receiving KES 100,000, which they collected (at substantial cost) in Marsabit. They have not received any subsequent routine HSNP payments, as Sylvia explained she faces difficulties in getting her mother to Marsabit to check whether she is entitled to more funds because Amunah refuses to go.

The lump sum enabled Sylvia to repay the debts undertaken to travel to Marsabit. She also used the money to help her brothers and sisters in their rural home. The rest of the money she put in an M-Pesa account or used to buy food and goats, and invested in the milk business. However, the business *'is not picking up'*. She additionally bought domestic items, such as cups, lamps, and plates. Sylvia expressed that she would like to receive education on business to ensure she is making the right decisions with her investments. She also expressed that she would like to get business guidance from an older woman with more experience than her. The money she has saved she plans to use for emergencies, such as to treat her mother's ailments or when *'the family gets into problems.'* She also plans to use those funds to help her child go to school when he reaches the appropriate age.

The lump sum money has had a positive effect on the household. While before they could only eat evening meals or sometimes slept hungry, they can now afford two meals a day. Sylvia also uses the funds to support her siblings, who live in a different household. Her siblings were often sent home from school as they did not have books or uniforms, but she is now able to buy them what they need with the lump sum money. Additionally, she was able to use the funds to fix the walls in her mother's house, which were cracked and let water in when it rained. She sees herself as the breadwinner of the family, and says her family now looks at her differently, with more respect. Despite this, she noted that her stress is only partially reduced because, while she can access her savings to help her family, she still faces pressure in caring for her mother and child. However, the money has allowed her to stay in Loiyangalani rather than needing to travel to Nairobi for work, which is more difficult with a child. Ideally, she would also like to join her family in their rural house, where her mother can be taken care of and she can manage the business.

* Name changed for confidentiality.

Most lump sum recipients gave little indication that the way they spend their leisure time has changed since receiving the money. One thing respondents spend their leisure time on is attending community celebrations. They did this prior to receipt of the lump sum, but there was a feeling that they were now better able to contribute gifts, such as sugar or soda, when attending such events (such as weddings). A few respondents noted they were able to afford marriage now they had more money. At the community level, one chief noted: *'if you can see people dancing and marrying, you see that at least now it is a satisfied community'* (chief), indicating that the mood of the entire community had been lifted after the advent of HSNP.

The impact of the lump sum on households' social standing in the community is mixed, but lump sum recipients generally felt better respected (see Section 3.3.3).

Finally, routine recipients described lump sum recipients as dressing better and being in better health. These findings are supported by the IE, which found that routine recipients also felt their standing in the community had improved and that they were now consulted on community issues and invited to community functions. Similarly, routine recipients were found to be wearing better clothes and to have access to better hygiene products.²⁶

²⁶ Merttens et al. (2017) 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Impact evaluation final report', Oxford Policy Management.

5.3 Coping with future shocks

The most pervasive and serious risk that households in the HSNP counties face is drought. As the effects of climate change are felt more, it is likely these climatic shocks will become more frequent and increasingly extreme.²⁷ In each of the case studies, households recounted the devastating impact of prolonged periods of drought on their welfare. Community leaders and FGD participants also noted that, as water sources become dirty and dry, people suffer poor health and there is an increased spread of diseases. In some cases, households also face famine. Other climatic risks (such as flooding) are less common, but can also be devastating for households and communities.

When faced with risks and shocks stemming from climatic conditions such as drought, many households choose to migrate with their livestock to find pastures and water. This, however, exposes people to conflict between communities, and conflict periodically affects the HSNP counties as communities clash over scarce resources.

Cattle raiding is another source of insecurity, and one lump sum recipient in Marsabit (a victim of cattle raiding) recounted how he lost his brother and his cattle during a raid (see Marsabit HHCS 2).

In Wajir and Mandera, households noted that wild animals, such as cheetahs, occasionally killed their livestock.

Other shocks that affect communities include disease outbreaks, such as the cholera outbreak experienced in Wajir in 2015.

At the household level, loss of household members, especially the household head or main breadwinner, constitutes a significant shock (see Marsabit HHCS 3).

Given the prevalence of these different types of risk, the ability of households to cope with shocks is a central tenet of HSNP2, where provision of a regular source of income is expected to support households to smooth

their consumption and build resilience to negative shocks. We expect this effect to be even stronger for households that received lump sum payments (and subsequently routine transfers), given that many of those recipients now claim to earn a higher income as a result of investing in businesses and diversifying away from especially climate sensitive livelihoods such as livestock production (see Section 4.2).

Households have different ways of coping when they face unexpected expenses. When people require cash quickly to solve an urgent problem, the most common and traditional coping mechanism is to sell livestock. Lump sum and routine recipients both thus reported selling livestock in the past for school fees, health expenses and food, describing livestock as *'our guardian'* (male routine recipient, Marsabit). However, households would prefer to use alternative sources of income to meet these needs rather than deplete the size of their herds: *'I want my goats to increase in number so I use [selling firewood] as means of getting my daily income'* (male lump sum recipient, HHCS 1, Wajir). While this might be partly due to the fact that herd size is related to social status, it is also because distress sales of livestock in periods of drought do not allow households to retrieve the full value of their animals as prices are usually depressed by many animals being in poor condition at the time of sale.

The majority of the lump sum households have been able to move away from sole reliance on livestock sales to cope with shocks towards alternative sources of income or savings (see Section 4.2). Households that have been able to save or increase profits from businesses do not have to sell as many animals, if any, to deal with unexpected expenses. Some households had consciously saved small amounts of money for use in case of emergency to avoid selling livestock: *'I do save the little that I get from the business ... when emergency arises I use the savings to tackle the problem'* (male lump sum recipient, HHCS 2, Marsabit). Others noted that, because they have saved money since receiving the lump sum, they are able to borrow money from *ayuto* or merry-go-rounds²⁸ to deal with unforeseen expenses.

²⁷ This contention appears to be corroborated by analysing the Kenya VCI satellite data collected by the NDMA and analysed in Taylor *et al.* (2018) 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Emergency payments local economy-wide impact evaluation study', Oxford Policy Management.

²⁸ Rotating savings groups.

Box 17: Alternative coping mechanisms

'In terms of coping with shocks, the people who do business will avoid the shocks from the drought. That's why it is good to start business. Obviously, the drought will destroy the livestock, but that's why it is good to share this money into two. The drought will kill all of the livestock, but then the household can fall back on their business activities and this will help them. The lump sum amount will help during a drought because it will support with the buying of food when there are no grains. Even it will help the lives of the people. Why we save, and build houses and those other things, is because the drought is there. If you invest in the small animals, then when drought comes you will sell, and you will sell the money you received. Then, afterwards, when the drought ends, you will start again' (male routine recipient, Turkana).

Additionally, households are able to lean on relatives and their social networks for support when times are tough. Findings from the IE²⁹ indicate that social networks are a common strategy for coping with various types of household-specific shocks, with respondents asking relatives and neighbours for help. As discussed in Section 3.3.1, social dynamics and these informal safety nets have been strengthened by HSNP in general. While lump sum households were able to call on relatives and neighbours in times of need as a last port of call, lump sum recipients more often than not played a supportive role for other households. Across our research sites, respondents noted that they have had to take up this role more frequently since receiving the lump sum payments, as they now have more money and income. Some even feared it may exhaust their resources.

Lump sum recipient respondents also noted that their livelihood activities changed during droughts, when they moved away from livestock and focused on casual labour and business.³⁰ At these times, there was an increase in the number of people selling charcoal (particularly in Turkana) and firewood, and (in Marsabit) fishing: *'When the drought strikes, I can easily alternate to charcoal burning and if that fails, I can also do cultivation. And when the drought ends, I switch back to livestock rearing'* (female lump sum recipient, HHCS 3, Turkana). These alternative livelihood activities served as means to rebuild their lives and herds after a period of drought. However, these alternative livelihood activities are themselves sometimes threatened, for example due to depleting fish stocks in Lake Turkana, or the banning of charcoal burning by the Turkana county government due to the decreasing number of trees and shrubs.³¹

Overall, and considering the findings from elsewhere in this IE, it seems that lump sum households have been able to improve their resilience when faced with shocks.

They have also been able to help other households by sharing their resources, thus contributing to resilience within the community. However, the IE finds that routine recipients of the CT have been able to respond to negative shocks in similar ways—with evidence to suggest they have also been able to move away from distress sales of livestock to some degree—and it therefore seems that routine recipients and lump sum recipients have both increased their resilience. The IE found that routine recipients had increased access to credit, allowing them to smooth consumption during a negative income shock. Similarly, as discussed in Section 4.4.4, lump sum households reported the ability to borrow from kiosks and shops as well as from relatives to facilitate consumption smoothing, although they expressed reluctance to take formal credit or loans from financial institutions (again, similarly to routine recipients). It is not clear, however, whether their ability to buy goods on credit was related to receipt of the lump sum payments or to the routine payments once they gained access to these.

²⁹ See Merttens *et al.* (2017) 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Impact evaluation final report', Oxford Policy Management.

³⁰ Findings from the impact evaluation indicate that routine recipients of the HSNP CT were able to diversify away from highly-climate sensitive livelihoods, but that this was generally only an option for households that had already been able to meet their immediate consumption needs. For more, see Merttens *et al.* (2017) 'Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Impact evaluation final report', Oxford Policy Management.

³¹ See www.the-star.co.ke/news/2015/03/27/turkana-bans-charcoal-to-save-rare-shrubs_c1092869.

5.4 Dependence or independence from HSNP?

The degree to which lump sum recipients remain reliant on HSNP payments depends on how the lump sum payment was used and invested. As Section 4.3 argues, there is evidence to suggest that lump sum recipients used the money in deliberate and strategic ways, with little to suggest misuse among the case study respondents. However, not all households spent the money on income-generating investments (although non-productive investments, for example in housing, may have in turn freed up resources for investment). In cases where the lump sum was used to meet urgent basic needs such as shelter, food, paying school fees, or repaying debts (see Manderā HHCS 2 and Wajir HHCS 3), respondents expressed that they still relied on HSNP as these investments did not generate a means of complementing any pre-existing sources of income:

'I prefer the HSNP payment, because if I keep on selling my livestock it will ultimately get finished. The other sources [of income are] occasional, although they are all equally important because the HSNP routine payment is not enough, but the HSNP one is most important because it is the only regular source of income' (male lump sum recipient, HHCS 2, Manderā).

As the case studies indicate, however, most lump sum recipients used their money to invest in opening a business, usually diversifying away from livestock as the sole source of their income. As discussed in Section 5.3, in general, these households are better able to cope with shocks by using increased profits from their businesses or savings (rather than sales of livestock) to meet unexpected expenses. However, the scale of these businesses tends to be quite small and, although lump sum recipients are able to use the profits to pay for their expenses, this is not always enough. Even in the case of a household in Turkana that was able to build and stock a large shop (albeit with limited stock—see Turkana HHCS 1), the profits they earn are not enough to sustain them on a month to month basis. The respondent noted that, if routine HSNP payments were to end, *'hunger will strike back,'* explaining that

'This programme is the one that is really helping. The sugar business, the little profit will be what we will depend on, and maybe we can finish it faster and I might not be able to go back to the charcoal business because of my health. So, that's why hunger will strike this home' (female lump sum recipient, HHCS 1, Turkana).

While lump sum recipients appear to have greater income security (Section 5.1), households in the four HSNP counties live in a harsh and unpredictable

environment and continue to face covariate shocks such as drought, which result in reduced wealth for all households. While lump sum recipients might be able to rely on alternative businesses (such as fishing, selling sugar, or offering *boda boda* services during good times), there is a strong sense among recipients that they are not yet resilient enough to cope completely by themselves during or after a drought. Most lump sum recipients noted that their problems would never end, particularly referring to recurring occurrences of drought and disease, and therefore, despite having made some material improvements to their lives, they do not feel adequately equipped (financially speaking) to deal with these issues.

To a large extent, also, the success of their businesses are linked to the state of the local economy. Since the start of HSNP, kiosks and businesses have opened, and local leaders in Marsabit remarked that you could see a marked different in the number of businesses operating in town. The results of the IE and LEWIE indicate that activity in the local economy is influenced by the money from HSNP. For example, the IE found that local markets are very active on HSNP payment days when people have money to spend. The results of the LEWIE indicate that, for every shilling injected into the local economy by HSNP, up to an additional KES 0.93 is generated by the spur to economic activity this money provokes. This is because recipients spend their money on local goods and services, thus circulating cash throughout the economy and thereby passing on benefits to other households and businesses. The cash also spreads to other households through informal support systems and the social obligation to share with households in need (see Section 3.3.1).

In summary, this economy-wide boost means that the impact of HSNP accrues, not only to the recipients, but to everyone in the area (as Box 18 illustrates). This suggests that, although perhaps relatively small in comparison to the overall size of the HSNP county economies, activity within those economies is influenced by HSNP. If HSNP were to end, therefore, consideration would need to be given to the impact on recipients of the CT and to the broader impacts on the local economy as a whole.

Box 18: Broader impact of HSNP

'Everybody is perceived to benefit. Myself, I am not a beneficiary, but I benefit indirectly, because if I am selling something, I can have something in return. If I visit your family, I can have tea at people's houses because they have something to offer' (chief).

'HSNP has had an important impact. Sometimes I try to imagine: where would the community be without HSNP? That's my personal thinking. Because the indicator that supports my thinking is that once the money has been delayed, you will find that the community is almost becoming lifeless' (chief).

When asked about their dreams for the future, the majority of lump sum recipients noted they would like to open a business or shop, invest in their dwelling, send their children to school, and buy more livestock. However, they were not able to articulate a clear plan for achieving these goals, and their answers always specified or implied that they would need another lump sum payment to achieve their dreams, which required large outlays of cash. In contrast, respondents highlighted that routine payments were important to continue meeting recurrent expenses, such as food purchases. Apart from reliance on the lump sum, many respondents emphasised that improving their lives and achieving their goals depended on educating their children, who would look after them in the future:

'Life [in the future] is going to change, because our children will have finished school and will have got jobs. Poverty will therefore be reduced. They will provide everything and therefore the family will expand. The children will support us the same way we used to buy them soap, books, and pocket money' (female routine recipient, Turkana).

This reliance on HSNP was reiterated in the discussions about modality preferences (see Section 3.2.4). Despite the finding in Section 5.2.1 that lump sum recipients considered themselves to be better off than others and

were viewed as better off by the community, the majority of lump sum recipients expressed a preference for routine payments. In the face of limited opportunities for employment in the sub-locations, HSNP was viewed as one of the few regular sources of income and the most reliable. Additionally, lump sum recipients highlighted that the lump sum's period of support will end rather than continue to sustain them in a context of persistent problems, such as drought and disease. *'Because the 100,000 will eventually come to an end and I will remain helpless and my problems will still be there, but this routine KES 5,400 will help me solve some emergency' (female lump sum recipient, HHCS 4, Turkana).*

There was a view among routine recipients that lump sum recipients were *'helping themselves'* and that, should routine recipients also receive a lump sum payment amount, they would be able to sustain themselves (male routine recipients, Turkana). While a community leader in Turkana acknowledged that, should routine recipients want to receive a lump sum payment, they could deliberately not withdraw their payments, there was no evidence to suggest that routine recipients adopted this strategy for long periods of time. This is most likely because the majority of routine recipients rely on the money to meet their basic needs and cannot forego this income for long enough to allow the money to accumulate substantially.



Conclusions

HSNP beneficiary households registered in the Phase 2 mass registration exercise, but which were for whatever reason enrolled late in the programme, are entitled to receive all payments dating back to July 2013.

Similarly, beneficiary households that experienced problems in receiving payments for other reasons—such as faulty bank cards or problems with the account—are also entitled to accumulate any missed payments. Hence, some households that enrolled late or encountered problems with payments have received one or more lump sum payments, followed by the routine amount each subsequent pay cycle. This report has looked at the experience of these households in terms of the processes around the receipt of their lump sum payments, the uses to which they have been put, and the impacts they are perceived to have had. Below, we summarise these findings, before drawing out their implications for HSNP and broader social protection policy in Kenya moving forward.

6.1 Summary of findings

6.1.1 Formal and informal processes relating to lump sum payments

Information about lump sum payments was formally communicated by chiefs and assistant chiefs using a variety of channels, including *barazas*, notice boards, and radio announcements. While these communications seemed to have reached a number of people, some did not receive the messages and instead relied on informal networks for information.

Almost all respondents were aware of the reasons some households have received lump sum payments. This is because of accumulated amounts in people's accounts due to delays in their enrolment or problems with previous payments. The general clarity around the reasons some households had received lump sum payments meant there was little to no tension or jealousy in the communities, as lump sum recipients were considered to be entitled to their money. Some perceptions of unfairness did arise in our discussions with respondents, but these were in relation to HSNP's general targeting strategy, and particularly the perceived unfairness of the targeting of routine versus emergency payments.

Recipients faced a number of challenges in receiving their lump sum payments. These included travelling

long distances to pay points and the consequent travel and accommodation costs incurred, and multiple trips to pay points due to poor information about payment dates or liquidity constraints at the pay point. In addition, due to lack of information and low literacy levels, some recipients reported struggling to check the amount of cash they were given against what they were due, and a number also reported being subjected to illicit fees at the point of collection. Once they had received their money, some recipients noted they felt insecure carrying such large amounts of money. Although only one of our respondents reported having had her HSNP transfer stolen, other respondents raised known cases of robbery in the community. Some recipients even continued to feel anxious at home, as it was known in the community that they had received a lump sum.

When asked whether they preferred smaller routine payments, lump sums, or a mixture of the two, respondents expressed a range of preferences, reflecting wider considerations around individual appetite for risk as well as other motivations and livelihood factors. In general, the preference was for smaller routine payments, as people felt these better enabled them to secure their basic needs and avoided the various risks associated with lump sum payments.

HSNP communities are characterised by strong systems of reciprocal sharing and exchange. These are underpinned by religious obligations (especially in Muslim communities in Mandera and Wajir), as well as broader social and cultural traditions. As with the routine payments, receipt of lump sum amounts helps households fulfil such social obligations and thus strengthens informal safety nets, as well as spreading the benefits of HSNP more widely. However, these social dynamics and exchange processes also imply high levels of interdependence between households. This often leads to a sense that those who receive lump sum payments are met with greater demands, potentially to the extent that their payments may be exhausted.

There were mixed indications as to whether receipt of lump payments impacted households in terms of their social influence. The HSNP routine payments and lump

sum payments are both seen to increase households' ability to contribute to reciprocal exchange, as well as to improve households' welfare status, thus benefiting recipients' social status. However, where social positions were not 'obtained' but passed down by familial relation, lump sum payments were seen to have limited impact in this regard.

6.1.2 How lump sum payments are used

As with routine HSNP recipients, lump sum recipients reported using their transfer to first meet basic needs such as food and housing. They also reported education as an important expenditure. The difference was that lump sum recipients have been able to set aside larger amounts for these needs. In this way, recipients' use of the HSNP2 transfer is strongly guided by their vulnerabilities and the desire to assuage the effects of poverty.

In terms of investment, lump sum recipients tend to focus on livestock. This is mainly due to the value of livestock in their communities as a status symbol, the knowledge recipients have of pastoralism as a livelihood, and the ways in which livestock functions as an investment, a saving, and a form of insurance. However, given climate-related and other forms of risk associated with livestock production, lump sum recipients also generally sought to invest in other livelihood activities, as a means of diversification. Recipients expected to use the increased profits they gained from these investments to better meet their basic needs and further invest in their livelihoods.

One factor identified as a constraint by lump sum recipients was low levels of education and financial literacy. Recipients expressed a strong desire for training to help them make the most out of their investments and use of the HSNP2 transfers. They noted that they invested in livelihood activities they knew well, but were conscious of other opportunities they might tap into if they had more know-how.

Low financial literacy was also an important factor influencing preferences for routine payments over lump sum payments, given the risks associated with the latter. However, it is important to note that, although lump sum recipients were not overly confident in their ability to manage large sums of money, their investment decisions were usually deliberate and strategic, and there was no indication of misuse of funds.

Although gender was considered in the analysis, the data do not suggest that gender played a significant role as an influencing factor on the uses to which lump sum payments were put.

6.1.3 Impacts of lump sum payments

In general, lump sum recipients were viewed (and viewed themselves) as better off than routine recipients

of the HSNP transfer. Lump sum recipients assessed their improved welfare across a number of material and psychosocial dimensions, including improved dwellings, greater food security and dietary diversity, improved livelihoods, reduced stress, increased capacity to cope with shocks, and greater social status.

The majority of lump sum recipients have been able to invest their money to boost their household income and subsequent expenditure, in particular on food, school fees, and helping relatives. Given the way in which many recipients diversified their sources of income, it is likely that the lump sum recipients we spoke to have improved their income security. This said, the local economies in which these households live remain vulnerable to extreme climatic shocks and structural deficits, which pose continued threats to income security.

The HSNP counties are vulnerable to the extreme climatic conditions that negatively impact welfare and livelihoods. The most pervasive threat is drought, but others include flooding, conflict, and disease. Households have different methods of coping when they face unexpected expenses due to shocks. Generally, the most common coping mechanism is to sell livestock, but most lump sum recipients we spoke to reported being able to move away from reliance on livestock towards alternative sources of income and/or savings as forms of insurance against shocks. Lump sum recipients were also able to lean on social networks for support when needed.

The degree to which lump sum recipients remain reliant on HSNP payments depends on how the lump sum payment was used and invested. There is evidence to suggest that lump sum recipients used their transfers strategically to increase their incomes. However, it is perceived that the gains they made are not sufficient for lump sum recipients to cope independently of HSNP (or some other form of government support).

6.2 Implications for policy

6.2.1 Communications

Our findings have a number of implications for the way that communications around lump sum payments take place.

While blanket communication platforms such as radio and *barazas* are able to reach large numbers of people, they should not be used to publicly disclose lists of lump sum recipients. Making such information public increases insecurity (both perceived and actual) for recipients. To minimise the risk of fraud and theft, communications should also privately disclose the amount recipients should expect to receive into their account each pay cycle.

For all recipients to be aware of their entitlement, clear and targeted communications are necessary to ensure all recipients are informed about payments or future entitlements. Communications should include clear and accurate information regarding the date of payments to ensure that recipients only travel to the pay point once. This re-emphasises the value of having a consistent pay date in each pay cycle that is never missed for any reason. If large volumes of lump sum payments are expected to be delivered at any one time, the programme should liaise with the bank branches and pay agents in those areas in advance to ensure liquidity does not become an issue.

Finally, some recipients saved their transfers in their accounts deliberately, while others did not receive the information that they had been paid. The former should not be discouraged from saving, but should be adequately sensitised regarding any safeguarding policies in place to protect accounts from becoming dormant. The latter should be clearly and accurately informed about payment dates, as mentioned above. Policy options for lump sum payment modalities

In the context of HSNP2, lump sum payments are not a conscious policy decision but a contingent issue resulting from accumulated payments due to delays in enrolment or problems with receipt of previous payments. However, if HSNP or other programmes wish to explore lump sum payments as a legitimate payment modality, the following considerations may be useful.

Social dynamics in HSNP counties present potential areas of risk around lump sum payments due to obligations to share, which might be made more demanding for recipients of especially large transfer values. Additionally, a recipient's potential response to these demands may provoke changes in behaviour that undermine the social relationship within communities. With regard to lump sum transfers specifically, therefore, two considerations are important in the context of HSNP counties: i) the potential of lump sum payments to impact positively on a household's livelihood may be undermined by social obligations to share; and/or ii) the potential creation of different and more individualistic social behaviours may undermine existing social support mechanisms, with broader (potentially negative) social effects in the longer term.

There is also the question of how best to target lump sum payments. Respondents to this study repeatedly raised concerns that lump sum payments carried significant or heightened risks in comparison to smaller routine payments. These included the risk of investments not paying off and households being

left without continued support, as well as the lack of financial literacy or business acumen to make the most of such investments. For example, a recipient may invest in livestock that may subsequently be lost to drought, whereupon the recipient is left with nothing and no further form of support. For these reasons, some respondents wondered whether programmes providing lump sum payments should not be targeted at households with the necessary business skills to profit from them, while others considered that such forms of targeting would create envy or bitterness, given that those with the requisite business capacity were likely to be already better off.

With regard to the above, recipients also expressed a strong desire to receive training to improve their financial literacy and business acumen. Recipients of lump sum amounts could therefore usefully be given such training as part of the same package of support, or linked to such training provided by others. This raises the importance of coordinating different forms of support, including who (or which institution) is in charge of such coordination, and where they are situated (e.g. at central or county level). Currently, the HSNP MIS provides a potential mechanism to coordinate different forms of support in the HSNP counties,³² although it is not as well known or as well used as might be possible. If other users of this system were more aware of existing and future recipients of lump sum payments, they could target supplementary forms of support accordingly.

Finally, we would note that, as beneficiaries of HSNP, respondents to this study (and to other studies conducted as part of this evaluation) showed a strong desire to improve their lives. Their conscientious use of the HSNP transfer and their strategic objective to invest in businesses that increase their incomes signal a commitment to improving their own welfare. However, the context in which they live makes sustaining these efforts difficult. This can perpetuate dependence on HSNP and other forms of government and non-government support, despite efforts by recipients to achieve the opposite. Making financial and other training available could increase recipients' confidence in the ways they utilise their HSNP transfers in the context of sustained vulnerability. This training could also increase recipients' abilities to pursue other ventures that are not so reliant on climatic conditions, and which might thus be more sustainable in the medium to long term. In this regard, the recipients' preference for routine payments stems from a desire for a continuous source of income they know how to manage and that can be applied to multiple purposes, including securing basic needs and investing in livelihood activities that will help them better meet those needs by themselves in future.

³² Acknowledging the various limitations associated with the HSNP MIS. See 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', Oxford Policy Management.

In the absence of structural development of these local economies and labour markets, the continuance of routine HSNP payments is vital. Alongside these payments, options for other modalities of support,

including lump sum payments, can be usefully explored. Table 5: Similarities and differences between lump sum and routine HSNP payments

Table 5: Similarities and differences between lump sum and routine HSNP payments

Differences	Similarities
Lump sum payments enable larger single investments. However, an absence of financial support following these investments increases the risk of failure.	Both modalities improve food security, allowing for more regular and diverse consumption of food.
Lump sum payments enable larger-scale investments in livelihoods, but with bigger risks.	Both modalities support reciprocal sharing practices. However, lump sum payments may create stronger demands to support others.
Regular payments enable incremental investments in livelihoods and other (non-productive) assets, such as housing.	Both modalities improve the ability to respond to shocks. However, if business investments lead to increased income, lump sum recipients may be more able to respond to shocks than routine payment recipients.
Lump sum payments enable larger-scale investments in housing, which can increase social status commensurately.	Both modalities improve psychosocial wellbeing.
Lump sum payments enable larger single investments in education. However, without support from continued routine payments, the risk that such investments cannot be sustained is bigger.	Both modalities improve social status.
Regular payments provide more stable income security to meet basic needs.	
Lump sum payments better enable saving.	

Bibliography

Beazely, R., and Farhat, M. (2016) *How can lump sum cash transfers be designed to improve their productive potential?*, available at www.opml.co.uk/publications/how-can-lump-sum-cash-transfers-be-designed-improve-their-productive-potential.

Farhat *et al.* (2017) *Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Emergency payments deep dive study*, Oxford Policy Management.

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*, Oxford Policy Management.

Krantz, L. (2001) *The Sustainable Livelihood Approach to Poverty Reduction: An introduction*, available at www.sida.se/contentassets/bd474c210163447c9a7963d77c64148a/the-sustainable-livelihood-approach-to-poverty-reduction_2656.pdf.

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

O'Brien, C., Riungu, C., and Scott, M. (2017) *Evaluation of the Kenya Hunger Safety Net Programme Phase 2: Operational monitoring—Synthesis report*, Oxford Policy Management.

ODI (1999) *Key sheets for sustainable livelihoods: Sustainable livelihoods and poverty reduction*, available at: <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/3219.pdf>.

OPM (2018) *Qualitative Research Data Collection Report—Special study on lump sum payments*

OPM (2015) *Hunger Safety Net Programme Evaluation of HSNP Phase 2: Inception Report*, available at <https://www.opml.co.uk/files/Publications/a0013-evaluation-kenya-hunger-safety-net-programme/hnsp-phase-2-evaluation-inception-report.pdf>

OPM (2013) *Qualitative research and analyses of the economic impacts of cash transfer programmes in sub-Saharan Africa*, available at www.fao.org/fileadmin/user_upload/p2p/Publications/Ghana_qualitative.pdf.

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*, Oxford Policy Management.

Slater, R., and Mphale, M. (2009) *Compensation, Welfare and Development: One-off lump sum and routine transfers in the Lesotho Highlands Water Project*, available at www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/5747.pdf.

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*, Oxford Policy Management.

HHCSs

Mandera

Box 19: Mandera HHCS 1

Household composition and capital base: this HSNP recipient has five children, three male and two female, aged between 2 and 10 years old. He also lives with his mother and brother, who has a disability. He is the sole provider of the household.

This recipient owns a motorcycle and has a *boda boda* business, which he funded with the lump sum money. Aside from this and the HSNP routine CTs, he does not have any other source of income. He used to own five goats, bought with the lump sum, but they died from illness. He also lost two camels during the drought, as these left unaccompanied searching for water or pasture. He still owns four camels and six sheep that he inherited from his father. Additionally, he owns the plot where his family lives, but this is not agricultural land. The grazing land is communal.

Processes and receipt of the money: this recipient faced some difficulties during the registration process as his wife did not have an identification card. Her ID was then changed to his name and they were able to receive the lump sum of KES 133,000 in August 2017. He was informed that his household was eligible for a lump sum during a *baraza* organised by the chief, who then published a list of lump sum recipients. He had to sell one of his goats to pay for transport to Mandera, where he collected the money. He was not content with having to do this, as *'livestock in our culture is a source of wealth and recognition.'* This recipient was happy to receive the lump sum but afraid that someone would follow him and steal his money.

Use of the money and decision making: this recipient used the lump sum to buy a motorcycle. He chose to invest in the *boda boda* business, as he believes it is a *'profitable venture'* and *'booming business'* in the area. He also used the money to build a room, as previously he, his wife, children, and mother were all sleeping in one small room. With the lump sum, they were able to purchase materials to build the room. He also purchased five goats, which died from livestock illness.

Livelihoods outlook: the lump sum has allowed this recipient's livelihood to change. Prior to receiving the lump sum, the recipient relied on casual labour as a source of income. He has since left casual labour to dedicate himself to the *boda boda* business.

Additionally, the household is more comfortable, as there is more space for the five children and four adults living in the recipient's house. They are also able to afford medication whenever someone gets ill, although it is unclear if this is mainly thanks to the profits from the *boda boda* business or from the routine payments received. The children are now in *duksi* and *madrassa*, but they do not go to school as it is far.

The recipient expressed that he was stressed before receiving the lump sum but now feels relieved as he is able to spend more time at home and is not concerned about providing for his family. He is also able to afford three meals a day for his family, whereas before they only used to eat once a day.

This recipient plans to invest the profits from the *boda boda* business on small livestock, so these multiply and he can start a business. He commented that the only barrier to realising his hopes and dreams was lack of financial capital. He stressed that the *boda boda* business and the HSNP routine payments are his only sources of income, and that he is opposed to taking loans for religious reasons.

Box 20: Mandera HHCS 2

Household composition and capital base: this HSNP recipient is a 58-year-old male who lives with his eight children, ranging in age from 8 to 20 years old. He lost his first wife and married a second, who is 25 years old. One of his son is adopted, as he was the son of his first wife with another husband. No one in his household has a disability.

The recipient owns 30 goats, five camels, four sheep, and one donkey. He sells his livestock when the need arises. For instance, in December 2017, he sold two goats and received KES 2,000 for each. The household has access to grazing land, which is communal. He also sells milk, particularly during rainy season. He sells between 3–5 cups a day at KES 30 the cup. His wife is not involved in any income-generating activity, and they do not receive remittances or any financial support from relatives or other community members. The recipient owns the land he lives on, and a motorcycle his son uses to check on the livestock.

Processes and receipt of the money: the recipient has been receiving HSNP payments for the last three years. The first payment he received was a lump sum of KES 93,000. He has received routine payments of KES 5,400 every two months since.

The recipient commented that he did not expect the lump sum: *'It was by a stroke of luck that I got the HSNP lump sum.'* He found out the chief was holding a *baraza* to announce the list of HSNP lump sum recipients. However, he was away at the time and was told he was not a recipient by the people who attended the *baraza*. However, he decided to travel to Moyale to *'try [his] luck'* and see if he was among the recipients. He noted that he was happy and overjoyed when he found out he would get a lump sum. He was not nervous, nor did he have any questions about the lump sum, even though he did not know where the money came from: *'I didn't have question why I received the money. If you are given money will you ask why? Definitely I didn't ask any questions, since a lot of people were getting the lump sum.'* He attributed receiving the lump sum to luck.

To access the lump sum disbursement, he sold two goats for KES 5,800 and travelled to Moyale. He did not experience any difficulty in receiving the lump sum, except for lack of information.

Use of the money and decision making: given he did not expect the lump sum, he had no plans on what to do with the funds. However, he had wanted to build a house for a long time, and had even bought wood prior to receiving the lump sum. He used the lump sum to build his house (KES 76,000) and to build a toilet (KES 14,000), and the rest of the money was used to buy clothes, food, and other subsistence items.

He was the sole decision maker on the finances of his household. He did not seek any advice from anyone: *'I did not consult anyone. I am an old person now, I have seen many things in life and I definitely know what is wrong and what is right.'* However, he did indicate that he was not educated, and he would have loved to receive financial training to get better guidance on how to use the lump sum to start a business.

The recipient takes care of his mother, and sends her funds whenever he receives his HSNP routine payments. Indeed, he commented that he preferred routine payments to lump sum payments, as these can be used to satisfy basic needs, including helping his mother, buying clothes, paying school fees, paying for *duksi*, and purchasing food.

Livelihoods outlook: the recipient commented that his life has improved thanks to HSNP: 'Because of the HSNP money, I now have a place to sleep and I have a toilet. Before HSNP, there was a rift in my household because there was no money, but now things are better, especially between me and my wife.' He also explained that the relationship with his children has also improved because they no longer complain about not having a toilet.

His livelihood activities and sources of income have not changed, as he did not invest in businesses with HSNP funds. He notes that his present sources of income are important, but that selling livestock is finite, and selling milk is not sufficient to sustain the household. Additionally, these are 'occasional' sources of income. He also explains that, while the HSNP routine payments are not enough to help him provide for his family alone, 'HSNP is the most important [source of income] because it is the only regular [one].'

The recipient's eating habits have also changed thanks to the lump sum. While before they ate once a day, they now eat twice a day and consume more vegetables. He also said he was better able to pay for her children's education, buying books and uniforms, and paying for school fees. Further, he noted feeling less stressed thanks to the routine payments, as he has a predictable source of income. He uses this money to help his friends, sometimes buying them airtime.

The recipient hopes he will get the lump sum again in the future: 'If God says yes, I will get [a lump sum], since HSNP is ongoing. I also hope I will still continue to get the routine payment.' He explained that he is an old person and can no longer do manual labour, so the HSNP CT really helps him survive. With that money, he would like to marry a second wife, purchase more livestock, start a business of his own, support his wife in starting a business, and attend the pilgrimage to Mecca.

Box 21: Mandera HHCS 4

Household composition and capital base: the household head is a 70-year-old man, living with his wife (60 years old, and the registered recipient of HSNP) and their five children aged 17, 15, 13, 10, and five. The recipient and his wife also have two grandchildren living in the house, and they provide support to their daughter-in-law, who has three children but lives elsewhere. In terms of livelihoods base, the household is reliant mainly on the recipient's work as a casual labourer making wooden bells for camels and also crafting wooden chairs. However, this work is irregular. Alongside this, he uses his donkey cart (see below) to transport firewood, sand, and water for sale, and he rents two rooms in a building that belongs to him. The recipient said drought has not affected the household in some years, and they have been able to keep their 15 goats with the CTs from HSNP facilitating him to make *'unexpected'* purchases. His older son looks after the livestock.

Processes and receipt of the money: MIS 93,000 between July and September 2016: the recipient's household had withdrawn KES 130,000 four months previously (in October 2017). He was informed that the money was in his account by *'people I think from the government,'* and he provided his details and had his photograph taken when the money was delivered. The recipient is not literate, so asked a relative to check that the amount he received matched what was recorded. He said that he received an *'exact match'*. According to MIS data, the household was credited the accumulated amount covering the period from July to September 2016 to a value of KES 93,000, so it is likely that the cash continued to accumulate over the subsequent months. The money was considered as *'God's gift'*, and although the recipient was happy, he also felt nervous and concerned to ensure that the money had not reached him through any *'bad ways'*. He used savings from his own pocket to cover the cost of his trip to Mandera, which is far, to collect the money (around KES 2,500 in total).

Use of the money and decision making: the amount was spent on a combination of investment and consumption options, which the recipient had planned for even before he knew about the lump sum. He decided to invest KES 50,000 in a donkey cart (which he is now using as a business, but which is also used by the family during migration and to transport household items). He also invested in school fees and associated costs (KES 20,000), purchased food for the household and clothes for his children, and bought food/tea for others. He had hoped to marry a second time and also to help his neighbours more, but the recipient said his money ran out. For the majority of the decisions, the recipient made these with his wife; the donkey cart, however, was a decision made by him alone. If the amount had been double, the recipient says he could have invested in a business and established a food and clothes shop or planned to invest and enter the livestock industry.

Livelihoods outlook: the lump sum and the routine amount received subsequently have relaxed the need for the household to sell their livestock to meet needs. However, the household is still eating two meals a day and *'managing'*. The recipient stated that, with the regularity of the KES 5,400, it is possible to obtain credit because both you and the credit-lending institutions know you will pay it back. He also said the ability to share and purchase sugar and tea for people has increased the household's friendships and made people happy. He hopes that, in future, the family will be able to eat three meals a day and *'be in a better place'*.

Marsabit

Box 22: Marsabit HHCS 3

Household composition and capital base: the recipient in this household is female. She was unable to tell the research team her age, as she said she was not educated. She lost her husband two years ago and continues to struggle emotionally because of that. She has five children, although two do not live with her. She was also unable to indicate their ages. In addition to the children, her parents are also dependents as they are unable to take care of themselves. She helps them although they do not live with her. One of the two children, who lives away, has a hearing disability.

Her livelihood activities are diverse. She is a fishmonger, although it requires a lot of effort and time to visit the lake and she is only able to make this activity profitable when she has enough funds to buy ‘a good number of fish’. She also has a small business, selling bags of sugar and *posho*, and collects firewood to sell it to people in the community. The land she lives on is communal.

Processes and receipt of the money: this recipient’s husband used to receive routine payments from HSNP. They started receiving these payments three years ago. She became the recipient after her husband passed away. She only received a lump sum payment of KES 100,000 once (although does not remember when exactly). Since then, she has continued to receive routine payments of KES 5,400 every two months.

She was informed she would receive the lump sum payment by HSNP representatives. The recipient was tempted to throw her identity card away, but was advised to be patient as the HSNP payments would come. She received the lump sum a month after being informed she was a recipient. When she was informed of the lump sum, she was scared and overwhelmed. Although she had been told she would receive a lump sum, she did not know how much she was entitled to, and feared getting robbed.

Use of the money and decision making: she has mainly used the routine payments to attend to immediate needs, such as paying for school fees and buying food. She has used the lump sum payment to help her child attend school. Additionally, she bought stones to build a house and made improvements to it, such as building a toilet. She also boosted her business as a fishmonger by buying three fishing nets and four rafters, and purchased six goats, although these were all killed by the drought. Although she knew of the risk of getting goats, livestock is important because it is ‘physical’ and it could help in sorting existing debts, while also providing milk and meat.

She did not save any money and, even though she knows about M-Pesa, she does not know how to use her phone. She used to make business decisions with her husband, but now makes all the decisions on her own.

Livelihoods outlook: the livelihood activities in the household have changed. While before the recipient depended on the help of others to survive, she has been able to invest in business ventures that allow her to earn an income. She feels more independent and is happier managing her businesses than doing casual jobs. She is also now able to fund her son’s education, paying his school fees and purchasing uniforms and school materials for him. In terms of diet, the HSNP lump sum has had a positive impact. While before she was only able to buy *posho/Unga* and porridge for her children and ate once a day or not at all, she now also buys rice and potatoes and eats twice a day. The HSNP funds have also allowed her to rest. She commented that, in the past, it was ‘taboo’ to rest unless she was ill.

However, she now has free time and can relax, as she is not stressed about how to feed her family.

She plans to continue investing the HSNP routine payments in her business and the education of her children, and would also like to repair her ceiling, which leaks whenever it rains.

Box 23: Marsabit HHCS 4

Household composition and capital base: the HSNP recipient is female. She has eight children, two male and six female. She lives with her husband, and although no one in her household has a disability, her co-wife is blind. She used to own livestock, but many died as a result of the drought. Sometimes she gets hired to build and repair houses or fenced for other people. However, other than that, she stays home.

Processes and receipt of the money: this recipient received KES 150,000 in May 2017. She has received KES 5,400 every two months since mid-2017. She was told that those who had registered and were eligible for HSNP but had not yet collected any money would receive larger amounts. However, she did not know the exact amount she would receive. The recipient was not afraid when she was told she would receive a large sum of money. She was extremely happy as she knew she would be able to buy livestock, provide food for her family and relatives, and send her children to school. She also did not encounter any difficulties when collecting the transfer.

Use of the money and decision making: the recipient had planned for a long time to start a business, and the lump sum enabled her to open a shop selling sacks of sugar, rice, beans, cooking oil, powdered milk, washing detergents, and soap. She also bought 20 goats. However, the drought killed 18 of them. She also used the lump sum to purchase rams and grass for her goats. She remarked that the money she received has not just been used for consumption and to buy food, but has been invested in business.

Livelihoods outlook: this recipient reported a better livelihoods outcome thanks to the HSNP CTs. She noted that she expects to continue receiving the transfer in the future, and hopes that the amount increases. The HSNP CTs have allowed her to spend more money on food. While before she used to eat only once a day, and her diet consisted mainly of maize or ugali without salt or oil, she now eats three meals a day and is able to purchase rice and meat in addition to ugali. Further, she has expanded one of her huts and bought polythene canvas to prevent leakages. Before, her house was submerged in floodwater due to leaking roofs. In terms of her leisure activities, the recipient noted that she used to attend weddings empty-handed but can now carry some sugar from her business to offer as a present. Additionally, her stress levels are now low. Before receiving the lump sum, her stress ‘[had] almost killed [her].’

Turkana

Box 24: Turkana HHCS 2

Household composition and capital base: the recipient is a woman, the head of her household, and the recipient of HSNP transfers (recorded as being aged 54 at the time of HSNP registration). There are four other people living in the household alongside the recipient: an elderly man (who is blind), her two sons, and a daughter, although the house is far from the centre of Latea and difficult to access as it is located on the opposite side of a seasonal river. Her main economic activity is charcoal burning, alongside general household responsibilities such as cooking and making traditional cooking items (such as calabashes). However, she is elderly and confused and not able to undertake activities as well she used to. Her second eldest son, Daudi, keeps a 'modest' number of livestock, which he purchased with money saved from working for the Somalis in the Kakuma refugee camp. However, drought has killed many of the household's animals, and they do not do any farming. Daudi supports the household by transporting charcoal to Kakuma for sale using his pushbike.

Processes and receipt of the money: the recipient experienced significant issues with collecting her HSNP money. Daudi explained that his mother's ATM card had been stolen, which was reported to the police; they subsequently received a replacement from the HSNP PO. She said she then received an amount of KES 10,400, although Daudi explained that they did not receive any information from anyone and, because he did not see the money, he does not know the exact amount. However, MIS data indicate that the household should have been credited KES 93,000 in the period between July and September 2016.

When the recipient collected the money, she went alone and was asked to pay KES 5,000 to the bank. The rest was reportedly stolen while she was on the way home: *'They wanted to steal because they were following me all the way until they finally saw an opportunity to steal my money.'* Her son was very sad when he realised the money had gone: *'I cried in pain. I cried a lot. ... I asked myself why my mother had never told us about this money. How can all of this money that could have helped us go unused?'*

Use of the money and decision making: there was no decision making process, since the money had reportedly been stolen. However, the son said that if the household received such an amount of money in the future, he would like to purchase more livestock and invest in a motorbike so that he can travel easily to Kakuma. He said: *'I have been working hard ... and now I want to get this money and relax like other people through doing lighter jobs.'*

Livelihoods outlook: the lump sum money has not influenced the livelihoods outlook because it was reportedly stolen, and it seems that any amount from HSNP has not been significant. Daudi said: *'People don't know I ever received anything, because they have not seen any improvement in my life. They haven't seen me set up businesses or anything to convince them that I received such an amount of money.'* He said there is a lot of hunger in the household because they are unable to afford food and they only eat once a day.

Box 25: Turkana HHCS 3

Household composition and capital base: the household is located in the village of Esanyanait, approximately 15 kilometres from the sub-location centre of Latea along a sand track. The registered HSNP recipient (and household head) is a female, with a total number of nine people (four males and five females), including three young children, living in the household (the ages of the household members were not known). The household is pastoralist but, in recent years, the drought has reduced livestock numbers, and a raid has also seen the loss of their camel. Charcoal burning is an increasingly important activity and source of income, and the household has undertaken some agricultural activity (although with limited success because of the climate conditions). The income from charcoal is used immediately to meet consumption needs. The education levels of the household are low and few have attended school. The household provides support to neighbours, but experienced criticism because of *its 'worsening situation.'* No one in the household has savings, or has ever saved, nor has anyone received financial training.

Processes and receipt of the money: the lump sum was the first payment received from HSNP, following issues with registration. While HSNP payroll data indicates that the household received KES 103,800 in the period from October to December 2016, the household head reported receiving KES 100,000. The remaining amount was deducted as a withdrawal fee. The household head did not raise any questions about the difference because receiving the money was considered to be *'luck'*. Her illiteracy also meant she was unable to check whether the amount matched what she was meant to receive. In total, the household has received six payments through HSNP, with a regular amount of KES 5,400 received subsequently.

Use of the money and decision making: the amount of the lump sum (compared to the regular amount) enabled the household to make investments and *'boost everything.'* The lump sum money was used on a number of different investments, including a motorbike (which reportedly cost KES 53,000), 10 lines of beads for the lady's daughter (at KES 1,000 per line), clothes (KES 700), and livestock medicine (KES 500 and KES 600). The remaining amount was used to purchase goats (the number purchased varied from five to ten) and to cover daily food costs. People (wider community and relatives) advised on the use of the money (both lump sum and routine), with the lady expressing that there is a common sense approach that HSNP money is not only for food but also for investments. Beyond this, the livelihoods orientation and *'traditions'* of the pastoralist way of life, as well as *'status'* considerations, were influencing factors for the household in their decision making. The motorbike provided a valuable business opportunity and profit-making venture, but the household head expressed that the cash generated would quickly be spent. Livestock, however, were an investment for the longer term, as well as being a sign of their wealth. The lady indicated that, if she were to receive money again, she would spend it on livestock.

Livelihoods outlook: while, overall, the money received from HSNP is considered to have had a positive effect on the household, the wider vulnerability context is significant in limiting the extent to which the household is food secure and able to meet consumption needs. The household was able to purchase more goats because they had been receiving payments from HSNP, and the motorbike business brought in additional income (being used for food, as well as transport for access to health and other facilities). In terms of the future, there is an expectation that money from HSNP will continue to come and is necessary because the household's problems have not disappeared. *'Striking hunger'* is still experienced, and the household relies on other support (such as the Food for Work initiative) to cover needs between HSNP CTs. Charcoal burning provides an important coping mechanism for the household, and a vital livelihood activity in the context of recurrent drought. Socially, things are reported to have changed (as a broader result of HSNP, not specifically because of the lump sum), with people starting social groups. However, some people only approach these groups because they know they have access to money. The household is committed to changing its status through hard work and diversified business ventures, but there is limited commitment to education (only for children willing to work hard).

Box 26: Turkana HHCS 4

Household composition and capital base: the registered recipient of the HSNP CT is an elderly lady living in a household with her grandson (aged 23), his wife, and their two children (aged four and two). Her grandson is responsible for taking care of the household and providing food. His mother provides additional support, but she does not live in the household—she looks after livestock away from the sub-location. The recipient's grandson primarily keeps livestock, although his family are engaged in charcoal burning and his wife also sells consumables from a small shop in the compound. Livestock is the preferred livelihood option because it has the potential to be more profitable. The grandson left school as soon as he was old enough to look after the livestock, and is not able to read or write.

Processes and receipt of the money: the recipient's grandson received the lump sum on his grandmother's behalf in a series of instalments: first they received KES 30,000 three times, then they received KES 25,000 (totalling KES 115,000). This money was received between the end of 2016 and the beginning of 2017. Towards the middle of 2017, his grandmother received the routine payment of KES 5,400. According to MIS data, the household should have received KES 103,800 between October and December 2016. The grandson did not receive any information about the amount of money they were receiving, but the chief informed him there was an accumulated amount in the account. He said his grandmother had lost her ID card early on, which meant they were not able to collect. When he travelled to Kakuma to the bank, he asked whether the whole amount had been received or whether there was anything remaining. He was told the bank would call if anything was remaining, and this was what they had available. The distance to Kakuma was long and he said he had to *'carry my own burden'* in terms of covering the cost.

Use of the money and decision making: the recipient's grandson, in discussion with his grandmother, mother, and sister, decided to invest a portion (KES 15,000) of each of the instalments in livestock and use the remaining amount primarily to cover food costs (maize, beans, oil, and other items). He and his family apply the same approach to using the routine payment.

Livelihoods outlook: the recipient's grandson said there has been a significant difference in terms of the household's food security: *'Hunger has really reduced ... and poverty has reduced a little. I am now able to feed the whole family.'* the use of the money is supporting the household to meet consumption needs. The household would sell livestock if a drought were to hit in future. However, although he has been able to maintain his livestock mostly by restocking through use of the lump sum tranches, his herd has still suffered because of drought. Many animals have died and he has sold livestock to cover costs, although he says this has affected him less than has previously been the case (*'we reduced the rate of selling our goats'*), with HSNP transfers contributing to the household's ability to meet regular consumption needs. He considers his household to be reliant on the routine payments received through HSNP, indicating the challenges facing people in the region: *'We Turkanas have a lot of problems that not even KES 100,000 will solve. There is hunger, there is disease. I might take the money now and immediately a problem arises, and all the money is spent.'*

Wajir

Box 27: Wajir HHCS 1

Household composition and capital base: the recipient is a 48-year-old male who migrated to Dadajabula four days ago. He is a herdsman, keeping 45 goats, 10 cattle, five camels, and a donkey. The family regularly migrates at times of drought in search of food for the family and greener pastures for the livestock, which he describes as *'troublesome, but we do it out of helplessness.'* The recipient lives with his two wives, 12 of his 14 children (8 boys and four girls), and his mother. In total, there are 22 household members, as he lives with two other families (his brother's and that of his uncle, who has a disability), and they share everything, including money and food. The recipient went to a *madrassa*, but none of the other adults in the family are formally educated. In his immediate family, two of his sons are enrolled in school locally and one in Wajir; some children are in *madrassa*, and the others help him with herding.

Processes and receipt of the money: the recipient received a lump sum payment of KES 100,000 in January 2016 as a result of an incorrect ID number. The equity agent informed the respondent that, if he corrected his ID, he would receive a lump sum payment, although he was not aware of the amount. However, the respondent *'did not bother [to check] because I did not count on it,'* and, only six months after correcting his ID, walked to the pay agent to collect the money. The respondent struggled to recall other times he had received HSNP payments, but thought he had received KES 5,000 twice since receipt of the lump sum.

Use of the money and decision making: the recipient, after consultation with his family, used the money to pay off debts, buy food, and invest in goats, sheep, a camel, and a donkey and donkey cart (KES 35,000). He uses the donkey cart to transport his uncle, who has difficulty walking, as well as to fetch and sell water and firewood, as he wants to generate his *'daily income'* from sources other than selling his livestock. He also used the money to pay school fees (KES 15,000) for his children, an expense that previously caused him a lot of stress. He prioritised paying school fees to *'secure their future. Being educated is everything in the world that we live in now, and later in life they will help me.'* He spent the remainder of the money on family members and relatives.

Livelihoods outlook: if he had more money, he would also have bought his wives clothing, opened a shop to generate disposable income and savings, started to build a *'house made of iron sheets'* on his plot to protect his family from the cold, and (if given another lump sum) he would go on the *Haji*. His dream is to be rich, and he believes that, through hard work and educating his children, they will be able to improve their lives. He is able to sell goats to meet immediate and unexpected needs, although he recently lost three to a cheetah, making this a precarious coping mechanism.



Box 28: Wajir HHCS 2

Household composition and capital base: the HSNP recipient is an older woman (it is unclear what her age is; the son commented: *'She is 80 or 100 years old'*). Her son manages her HSNP fund, as she is unable to do this herself. Her son is 45 and has nine children, six male and three female. His wife also lives in the house, as well as his daughter's child, making the number of family members in the household 13. The recipient is blind.

The recipient's son, who manages the HSNP funds, is a machine operator at the borehole. No one else in the household provides any income. The household owns the land they live on but does not own any animals. The main source of livelihood is the son's employment at the borehole. In rainy seasons, he is paid between KES 500 and KES 700 a day. When there is a lot of work and he is required to stay at the borehole extra hours, he can make around KES 1,500.

Processes and receipt of the money: the recipient received KES 100,000 in 2016. After that, she has received routine payments of KES 5,400 every two months. The recipient and her son believe they got the lump sum *'by God's grace.'* They were very happy and excited when they learned the mother would be entitled to the HSNP funds, because that might help the mother build a house. They learned this information from a relative who works in Wajir, but are not sure how he got hold of the information himself. Neither the recipient nor the son had any questions about the money they had received: *'God gave [my mother] the money.'*

Although they did not encounter many problems accessing the funds, the journey to Wajir was difficult as the recipient is blind. Because of her condition, she and her son were unable to take the lorry and had to hire a taxi for KES 22,000 for the return trip. The son used the lump sum funds to repay the loan he got for this from a relative. Although he was scared the money would get stolen, he prayed to God for protection. He did not put the money in M-Pesa and transported it all the way from Wajir in his pocket.

Use of the money and decision making: the recipient's son managed the funds and made decisions on what the funds should be spent on. Given that he did not have a house and his children were sleeping in an open space, he decided to use the funds first and foremost to build a house (costing a total of KES 45,000). He also used the funds to pay his bills and provide for his family. He paid for his mother's hospital bills (KES 10,000, which covered a check-up for malaria and pneumonia) and the schools fees for her sons (KES 15,000). The remaining amount was used to cover the cost of food and meet other basic needs (approximately KES 8,000). He did not save any of the funds his mother received, and the decisions he made were the result of consultations with his father and wife.

When asked whether he would invest in livestock, he commented: *'No, I would never buy animals because they are taken to the outskirts, so I prefer to use the money to pay my children's madrassa and school fees.'* He had owned cattle before moving to Dadajabula, but they all died due to illness and drought. This may explain his hesitation to invest in livestock. He also pointed out that he did not want a business, but would rather invest the money in a bigger and *'more beautiful'* house. Thus, he was content keeping his job at the borehole.

The son did remark that he preferred to receive routine payments rather than a lump sum transfer. His wife agreed: *'I prefer the 5,400 [routine payments] because I am a mother and I might receive the money when I really need it and pay my bills, buy my children milk, and pay their madrassa. It is something I can rely on and plan for.'* The son also explained: *'Both the KES 100,000 and the KES 5,400 [are] your money and you can use it whichever way you want. But the entire sum in one go is just a loss and you will misuse it, unlike money you know you will get every two months. You know your children's food and other needs are covered in case anything happens.'* The recipient's son seemed to prefer routine payments because it offered him and his family a sense of certainty and predictability. Given that the lump sum was a large amount received in one go, they did not seem comfortable managing and planning around a disbursement that was unpredictable.

Livelihoods outlook: the recipient's son was very supportive of education and said he wanted his sons to be educated so they could have better lives when they grew up. He also mentioned that he wanted to provide his children with mobile phones. Although he recognised that he was idle and, before receiving the HSNP transfer, 'had nothing,' he would not want to invest in a business.

In terms of changes to the recipient's and her family's life, her son indicated that they used to eat one meal a day but can now afford three. Before, they used to drink tea and only ate ugali, but now they eat Somali anjero, rice, and beans. Additionally, the children were going to school but were unable to meet all the school requirements. The HSNP funds have allowed the son to buy uniforms, school shoes, and books for his children. He also indicated that he is now relieved and does not feel as stressed as he did before about providing for his family.

He hopes his mother will receive another lump sum to build another house.

Box 29: Wajir HHCS 3

Household composition and capital base: the recipient is a 39-year-old woman who describes herself as a housewife living in Dadajabula with her three sisters, her husband and five children. The recipient is responsible for fetching water, collecting firewood five or six times a month, and cooking for her family; sometimes she sells milk. Her husband, who is uneducated, collects firewood for use at home or, occasionally, for sale. Given that both income sources are occasional, she sometimes *'borrows money from relatives to ensure my family's food is on the table.'* Her two young siblings are enrolled in school, one in Class Two and another in Class Six, while three of her children attend *madrassa*.

Processes and receipt of the money: the recipient's mother was the registered recipient of HSNP and initially had problems with her fingerprints and photograph. The recipient was informed by the PO that her household would receive a lump sum payment and knew it was a lot of money because she was on the same list as others who received large amounts. However, she noted that the specific amount people received depended on *'luck.'* When she went to the local pay agent, she received KES 90,000 *'some years back'* and has subsequently received routine payments of KES 5,000. She was happy to receive the money, stating that *'any poor person who receives money will be happier.'*

Use of the money and decision making: according to her plan, which she discussed with her husband and eldest son, the recipient used the lump sum to construct a house out of mud (as they had nowhere to sleep), pay her son's school fees, pay her debts, and buy food for her family. The house, in particular, she built for her mother, who was ill but passed away after receipt of the lump sum. While they appreciate the lump sum, both the recipient and her husband prefer to receive routine payments for fear of misuse and because *'we don't know how to invest.'* When asked if she might have spent the money differently had she had any financial training, she answered that *'with training or not, we would have spent the money with the family's opinion and ideas depending on the current situation or needs at home.'* If she were to receive another lump sum, she would buy a bed and mattress, a mat, and a donkey cart to enhance her firewood business, while her husband would like to start selling milk or open a grocery store to make a profit and buy food for the family. Ultimately, her dream is to live a good life by starting a small retail shop, buying goats, and educating her children.

Livelihoods outlook: the family was able to build a more permanent house, upgrading the building from grass to one that is partly mud with an iron roof, keeping the cold and rain out, sheltering them from the sun, and protecting the family from wild animals. They reported eating three meals per day now, but it is not always enough to ensure their stomachs are full. The family says they are better able to pay for expenses and no longer have to sell their sheep to do so, although their herd was reduced due to the drought. However, in dealing with shocks, the recipient noted they still take loans from relatives and friends to pay for things like unforeseen medical expenses.



Oxford Policy Management

