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Effect of cash transfers on households' investment amongst the vulnerable population in Awendo Sub-County.

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ABSTRACT

Cash transfers like funds for the elderly and orphans are forms of social and economic protection strategies extended by the governments to secure better livelihoods amongst the vulnerable population. The protection strategy is anchored on economic theory that it enhances investments of vulnerable populations. However, in the current body of knowledge, some studies agree with the economic principle of a positive effect, other scholars disagree while a few observe that there is no relationship between cash transfers and investments of vulnerable households. Consequently, there is the need to provide further scientific empirical evidence. In Kenya, cash transfers programme targeting the elderly and orphans was launched in 2008/09 financial year. The target group constitutes 4.1 million people (9.13%) of the country population. The purpose of the programme is to increase households' investments. Despite the national cash transfer programme, poverty rate among the Kenyan population is still high at a prevalence rate of 48.9% in 2016 up from 45% in 2008 when the programme was introduced. The poverty prevalence is disproportionately spread across the 47 counties and sub-counties. In Awendo sub-county, poverty prevalence rate is 49.8 % in 2018 which is higher than the national figure prompting this empirical study. The purpose of this study was to analyze the effect of cash transfers on investment among vulnerable households in Awendo Sub-County. The study was anchored on accelerator theory of investment. The study used a correlational design to aid the determination of relationship and association between cash transfers and status of household and investment. Using stratified sampling method, a total of 390 respondents were selected. However, the response rate was 98.7 %. Cronbach's alpha coefficient was estimated to test for reliability and the value was 0.782 which was greater than the threshold of 0.7. The study used multiple linear regression models which indicated that, there is a positive significant effect of cash transfer on investment ($\delta_1=0.420;p=0.005$). In conclusion, cash transfer is an important factor determining levels of investment of the vulnerable population in Awendo Sub-County. The study recommends for policy to enhance allocations among the vulnerable population in Awendo and Kenya in general. The study provides empirical evidence on the current body of knowledge for researchers and policy makers.

INTRODUCTION

The Accelerator Theory of Investment

The accelerator was developed by J. Maurice in 1917, the principle of the theory states that an increase in the rate of output of a firm will require a proportionate increase in its capital stock. The capital stock refers to the desired or optimum capital stock, K. Assuming that capital-output ratio is some fixed constant, v, the optimum capital stock is a constant proportion of output so that in any period t, $K_t = \sum_V Y$

Where K_t is the optimal capital stock in period t, v (the accelerator) is a positive constant, and Y is output in period t.

Any change in output will lead to a change in the capital stock. Thus

$$K_t - K_{t-1} = v(Y_t - Y_{t-1}) \quad \text{.....1}$$

And

$$I_{nt} = v(Y_t - Y_{t-1})[I_{nt} = K_t - K_{t-1}) = v\Delta Y_t \quad \text{.....2}$$

Where $\Delta Y_t = Y_t - Y_{t-1}$, and I_{nt} is net investment.

In the above equation, the level of net investment is proportional to change in output. If the level of output remains constant ($\Delta Y = 0$), net investment would be zero. For net investment to be a positive constant, output must increase.

These Theories are relevant in this study since they explain the consumption spending, savings and investment on human capital and welfare participation, the theories are therefore relevant to this study.

LITERATURE REVIEW

Cash transfers and households' investment

Maluccio (2007) examined the effects of CCT program, *Red De Proteccio'n Social* (RPS) in Nicaragua on consumption, productive investments, and labour allocation. RPS targeted poor households in rural Nicaragua and was designed to supplement income in a household for three years. Other objectives of RPS were to boost food expenditures, reduce primary school dropout rates, increase healthcare, and reduce malnutrition for children below five years. Conditionality of RPS was checking for households to confirm if their children were attending schools and visiting protective health care givers. Households lost their eligibility if they failed to fulfill these commitments. The study relied on data collected from 1764 randomly selected households (42 per locality in 42 localities) which comprised both program beneficiaries and non-beneficiaries.

These households were interviewed both before program implementation (in 2000) and in three consecutive years after its implementation (i.e., in 2001, 2002 and 2003). The results from the double difference estimation showed evidence of small increases in investments in economically productive activities and negative effects on Labor supply among beneficiary households. This study targets poor households and beneficiary households receive cash in condition of satisfying certain behavioural conditions Thus, there was compelling need for a similar but area specific study to be conducted in Awendo Sub- County.

Attanasio and Mesnard (2006) assessed the short-term impact of Colombian CCT program, *Familias en Acci'on* on consumption and its components. This program was administered by Colombian government, and it targeted poorest households in chosen areas of rural Colombia.

If related households share the conditional cash transfer among each other, then this transfer may be used both for insurance and investment purposes. Specifically, the network members may pool resources to undertake an investment that each individual household could not undertake on its own. To test this hypothesis, we consider the investment in secondary education. Unlike primary school enrolment, which is almost 100 per cent also in the absence of the cash transfers, secondary school enrolment is only about 65 per cent, partly because of poverty and the need for child Labor. While the cash transfer provides a subsidy to education, it covers only about two thirds of the full cost of secondary education, including forgone wages (Schultz, 2004). Therefore, some households without sufficient resources may not be able to increase their children's secondary school enrolment despite the cash transfer's partial subsidy. However, if these households can pool resources within their extended family network, they may be able to increase their children's schooling even in the absence of a full subsidy.

The program aimed at nurturing human capital accumulation. The execution of this program began in 2002 and by 2003 the program was fully operational in all targeted 627 communities. This program offered diverse endowments conditional on certain types of behaviour. For instance, recipient households received monthly nutritional worth about 15US$ if their children aged five years and below and when mothers took part in the program health component. Moreover, mothers received disbursement of about 5.5US$ for every child registered and attending on a regular basis primary school. Mothers also received 11US$ for every child in secondary school. This study relied on a sample of 11,500 households who lived in 122 towns (whereby 57 of these towns were benefiting from this program while 65 were not). Data collection from these respondents was done twice, that is in 2002 before treatment and in 2003 when the program had been in existence for a year. A combination of both difference in difference approach (DID) and method of controlling observable difference at town level and individual was used in

evaluating the program participation effect on consumption.

On the human capital development by (Adato, 2000), the study found that México social programs have recognized that mothers play a critical role in the households investments reduction and livelihood security for the poor. The deliberate decision to give transfers directly to mothers was motivated by growing evidence that resources controlled by women are more likely to manifest improvements in child health and nutrition than resources placed in the hands of men. As a secondary effect, the research also found out that by increasing the control of resources, women's bargaining power within the family increases which have been shown to have positive impact on children education and livelihood for future generation.

According to a study done by Skoufias (2005), the study offered a static partial equilibrium model of child human capital investment with the interaction of the co-responsibilities from a CCT where parents choose the time allocation of their children. It is supposed that human capital is produced by a technology that requires time and other goods. The production function of human capital depends on the time allocation of children and parents, purchased goods that include books and medical care, child characteristics and biological factors. Skoufia's model allowed a better understanding of the household behaviour when the government gets involved in it by establishing a CCT intervention. The researcher further allows the intervention of a CCT by the interaction of the parental decision on the human capital formation of their children combined with the compliment of the co-responsibilities. He includes the restriction on the cash transfers with the aim of boosting the investment in human capital. The marginal cost of the investment in human capital increases as parents comply with the conditions of the programme. However, this study also intended to examine how cash transfer by government affect human capital development in terms of schooling, enrollment and completion.

According to a study done by Baland and Robinson (2000), dynamic model of household investment in children's human capital is adapted and expanded. The researchers' model focuses on the parental decision on the allocation of children's time to work and schooling in a context in which parents face liquidity constraints and capital markets are imperfect. Liquidity constraints imply that households in households' consumption, savings and investments are severely restricted in their capacity to save or bequeath. The imperfections of the capital markets prevent poor households from buffering the reduction in the consumption levels due to the investment in child human capital. Households' consumption, savings and investments and imperfect capital markets force altruistic parents to choose inefficient high levels of child labour. A CCT intervention may modify this choice and lead the households to cope with these constraints considering that its effect is not constant over time. Adapting the model to include the features of CCTs provides a dynamic framework to examine the length of exposure and the associated longer-term effects.

According to a study by Shadrack (2014) using qualitative data in Homabay County on the effect of cash transfer programme on human capital development of orphans, the research found out that the cash transfer for the orphans and vulnerable children was a major form of investment in the human capital of the orphans and vulnerable children in Homa Bay Town Sub-County of Homa Bay County. The cash transfer for the orphans formed the main source of income to most beneficiary households and is being used to meet the basic needs of the OVC including food, health, clothing, shelter, and education, thus empowering OVC and building their human capital.

Indirectly, the cash transfer contributes to OVC human capital through increased household income resulting into better living conditions for OVC. The increased income is invested in agriculture or small business enterprises to boost the household income. The household heads have also acquired a status of financial trust that allows them to borrow either money or essential goods from the local shops to pay later. The findings also show that the CT – OVC has helped to mitigate OVC related shocks that may hinder the proper development of OVC human capital such as child labour, child prostitution, hunger, school dropouts, street life, drug abuse and orphan-hood related conflicts and stigma.

Tying cash transfers to human capital investments in children is argued to help break intergenerational poverty transmission. Systematic reviews of evidence on the impacts of cash transfer programmes indicate that they are effective in improving education attendance (Baird et al. 2012), immunization coverage (Gaarder et al. 2010), and health facility use (Lagarde et al. 2009) and child nutrition (Manley et al. 2012).

In the 1980s, the Latin American socioeconomic context was framed by crisis of debt and inflation. The structural adjustment programs promoted by the World Bank and the International Monetary Fund required, in general terms, a reduction of public expenditure, and privatization of public industry, price liberalization, and trade reform (Manmohan Agarwal and Dipankar Sengupta, 1999). In the 1990s, the social policies were changed from a "universal" approach in which social programs are considered as rights and therefore all the population is qualified to benefit, to a "targeting" approach in which beneficiaries are eligible by a selection process (Mkandawire, 2005). These new policies not only were aimed at identifying vulnerable groups to improve public expenditure efficiency, but also to provide subsidies to families in households investments without, or with less, "bureaucratic" intermediation (Aramburu 2009). The latter implies increasing the expenditure of vulnerable groups through public cash transfers.

Since their inception in 1997, conditional cash transfer (CCT) programs have been used as a social policy tool

to reduce intergenerational poverty. These programs are designed to target vulnerable groups, by providing direct cash transfers to the selected families, which are then subjected to some requirements related to investment in human capital. These cash transfers are also temporary subsidies, which imply an expectation of graduation from the program after a period (Alcazar 2010).

In general, the CCT programs' objectives can be categorized into two groups. The first objective is to increase school attendance and use of the formal educational system. The second objective is to improve the benefited families' access to health and nutritional services. Additionally, in countries such as Nicaragua, Mexico, and Honduras, the CCT programs allocated part of their budget to reinforce the supply of health and educational services in benefited areas (Rawling et al. 2003). Thus, an accurate identification of the group of interest and an efficient targeting and coverage of CCT programs are crucial elements to guarantee the achievement of their objectives.

The study conducted by Cardoso and Souza (2003) on funds for the orphans using 2000 census data looked at the effects of the Bolsa Escola program in Brazil on children's education and work patterns. The study discovered significant differences in boys' school attendance among Bolsa Escola participants and non-participants. Transfers reduced the percentages of children who worked to the exclusion of any schooling or who neither worked nor went to school. It propagated the percentage of those who multitask between work and school. The results for girls were nearly the same except that there was a small positive effect on child labour, presumably due to girls who neither work nor go to school at the beginning of the program started to work and go to school at the same time. The effect of transfers was greater among most children.

A similar study conducted in Nicaragua by Del Carpio and Marcours (2009) using panel data on funds for the orphans established that the program had three components among which were: basic CCTs to all eligible households, a vocational training scholarship for a third of the selected households and lastly a grant for productive investments. The study then established that the program reduces child labour within participating households, with a significant greater reduction for boys than girls. Additionally, Del Carpio (2008) established that in Nicaragua child labour especially on orphans initially increased with income and then reduced. The reduction in girls' active participation in work began at lower levels of income than boys.

Dammert (2009) examined the effect of the RPS program in Nicaragua, using time series data. The research established that the RPS program increased school enrolment by 18 percent for boys aged 7–13 in 2001 compared to 12 percent for girls who were the orphans. The decline in possibility of engaging in market activities and hours worked was also greater for boys. Dammert (2009) found that the focus of the survey was on market work, where boys predominated, rather than non-paid domestic work, accompanied with girls. A wider definition of work may have resulted in the decline in gender differential in work-related effects. Older children, who earned more, encountered smaller effects in terms of both school and work. The size of the effect also varied in line with the variables that led to the reduction in the margins for improvement: more educated household heads, households headed by males, and children in bigger households were all more likely to be in school already and less likely to work. Children living in more impoverished localities experienced greater effect in terms of their schooling in 2001 compared to other children but a smaller effect in 2002.

Critics pointed out that only a small minority of children living in children's homes have been fully orphaned or permanently abandoned by immediate family (Tolfree, 1995). This was a direct pointer that majority of the orphans who faced serious challenges regarding their welfare needed provision still suffered unprecedented levels. Further, it was argued that orphanages failed to address the root causes of reduced households' consumption, savings and investments and were an expensive way of responding to children and families living in acute poverty. Another limitation of orphanages is that even if they are designed to meet emotional needs of children, they were still not the best solution for orphans. A major constraint of orphanage was that their costs tended to be very high while their capacity to absorb orphans was very low. Orphanages by their very nature were always more expensive that foster or community-based approaches (Lusk, Huffman & O' Gara, 2000).

The study conducted in Latin America and Caribbean on special funds for the orphans and elderly by Rawlings and Rubio (2003), using a quasi-experimental evaluation method, found out that CCTs programs are effective means of promoting human capital accumulation among poor households. The study found that there was clear evidence of success in increasing enrolment rates, improving preventive health care and raising household investment. However, despite this promising evidence, many questions remained unanswered about the effects of conditional cash transfer programs including their effectiveness under different country conditions and sustainability of the welfare effects. A similar study in Mexico conducted by Skoufias (2001) using randomized control trial found out that the grants at the secondary level are higher for females to provide an added incentive for reversing a pattern of unequal gender participation in secondary education externalities that accrue as they raise families of theirs.

On the other hand, similar study in Jamaica and Tanzania conducted by Masunzu (2013) using a quantitative method found that the targeting strategies used in these programs are inadequate since some of the most vulnerable children were not living with families. However, since donor driven programs led to

weak implementation, for the programs to maintain sustainability, both countries should increase social protection budgets and involve communities to full participation from the beginning to the post completion follow up to ensure quality service is delivered. Also, the study found that the provision of Conditional Cash Transfers enabled poor families to increasingly enrol their school going children as well as paying visits to health centres. However, these results could not sufficiently explain the final outcomes (achievements) in schools. For instance, the capacity of children to get high scores and proceedings to the next class and their health status could have been explained by other factors other than the CCTs.

A study was conducted on socio-economic wellbeing of the households in Bungoma County by Oboka (2013) using descriptive research design. The study focused on the orphans and their caregivers and found that majority of caregivers to the orphans use the cash transfer they received on behalf of the orphans for education purpose. Through this, the vulnerability of the orphans was reduced, and this meant that the orphans were able to acquire the knowledge which would improve their skills and employability. This therefore implied that they were able to secure better jobs after school and thus be able to cope with challenges of life.

Despite numerous efforts towards increasing households' investments among the orphaned children, the number was still on the rise. Therefore, the study seeked to find a lasting solution to this problem where despite huge funding from government and non-governmental organizations, households' investments among the orphans were still on the downward trajectory especially in Awendo Sub-County.

METHODOLOGY

Research Design

The study used a correlational design which allows for measurement of statistical relationship between two or more variables and to determine the direction of association. The correlational research design was appropriate because it aided the determination of relationship and association between cash transfers and status of households' investments among the vulnerable population in Awendo Sub-County. The study focused on Awendo Sub-County in Migori County which covers approximately 262 square kilometres with a population of approximately 108,913 and out of this, population of 14960 persons as the vulnerable group (KNBS,2019) had been enrolled in the programme both benefiting and non-beneficiaries in Awendo Sub-County according to 2019 data. The sample was calculated using Yamane's formula as below $n = \frac{N}{1 + N e^2}$, where N is the population, n is the sample size and e is the margin of error.

$$= 14{,}960 / 1 + 14{,}960(0.05) * (0.05)$$

$$= 389.5$$

=390 registered both benefiting and non-beneficiaries

Stratified sampling technique was used to ensure representative sample from each ward. The primary data both qualitative and quantitative data were collected using structured questionnaire that were self-administered to the target respondents in this study. Data analysis was based on binary multiple regression where the dependent variables were continuous while two of the independent variables were binary.

The functional relationship was.

$$Inv = f(Be, Age, Sav, C, Oc) \quad \text{.....1}$$

Where, Inv- is investment, Be- is beneficiary of cash transfers, Age- is age of the respondent, Sav- is savings and C- is the consumption level and Oc- is the occupation of the respondent.

$$Inv_i = \beta_0 + \beta_1 Be_i + \beta_2 Age_i + \beta_3 Sav_i + \beta_4 C_i + \beta_5 Oc_i + \varepsilon_{i2} \quad \text{.....2}$$

$Be = \begin{cases} 1 \\ 0 \end{cases}$ 1 if respondent is a cash transfer beneficiary, 0 if non-cash transfer beneficiary.

$\Pr = \begin{cases} 1 \\ 0 \end{cases}$ 1 if respondent has primary level education, 0 if no education at all

$Se = \begin{cases} 1 \\ 0 \end{cases}$ 1 if secondary level education, 0 if no education at all

$Ter = \begin{cases} 1 \\ 0 \end{cases}$ 1 if tertiary level education, 0 if no education at all

$$G = \begin{cases} 1 \\ 0 \end{cases}$$ 1 if male, 0 if female

Where.

Sav_i- is savings of individual vulnerable households, Age_i- is age of the respondent, Sav- is savings and ε_{12}- is the error term which is assumed to be identically independently distributed with

FINDINGS

A total of 14,960 households' in Awendo Sub-County are enrolled in the cash transfer programme. However, not all enrolled households are so far benefiting from the programme. From the 385 participants as in Table 4.2 and Figure 4.1, a total of 247 were benefiting from government cash transfer that translated to 64.2% while 138 households translated to 35.8% are yet to start benefiting from the programme. This 64.2% coverage although above average, was an indication that more vulnerable groups and the elderly (35.8%) were still suffering because they could not benefit from the cash transfer program. This called for increased budgetary allocations by the government from Kshs. 1.3 million to Kshs. 2 million so that the non-benefiting persons can also be reached if the goal of increasing households' investments was to be realized.

Table 1: Cash Transfer Beneficiaries

Beneficiary	Frequency (n)	Percent (%)	Cumulative Percent (%)
Yes	247	64.2	64.2
No	138	35.8	100.0
Total (N)	**385**	**100.0**	

Period Benefited from Cash Transfer Programme

Results in Table 1 and Table 2 on the period that the beneficiary has benefited from cash transfer indicated that out of the 247 cash transfer beneficiaries, 5 (2.0%) had benefited for less than one year, 187 (75.7%) between 1 to 5 years, 46 (18.6%) between 5-10 years and 9 (3.6%) had benefited for more than 10 years. The findings indicate that majority at 192 (77.7%) have benefited from the program for less than 5 years. This might be attributed to the fact that initially the program was meant for those who were very needy but recently expanded to cover anybody at the age of 70 and above.

Table 2: Period Benefited from Cash Transfer

Education Level	Frequency	Percent (%)	Cumulative Percent (%)
Below one year	5	2.0	2.0
Between 1-5 years	187	75.7	77.7
Between 5-10 years	46	18.6	96.4
Above 10 years	9	3.6	100.0
Total	**247**	**100.0**	

The objective of study was to investigate the effect of cash transfers on household investments amongst the vulnerable populations in Awendo Sub-County, Kenya. This was based on the null hypothesis that cash transfer does not have an effect on investments amongst the vulnerable populations in Awendo Sub-County, Kenya. The study discussed the effect based on descriptive statistics, correlation analysis and binary linear regression with reference to demographic characteristics of age, gender, occupation, household position, education, and ward of residence.

Investment Correlation Analysis

In Table 3 Correlation analysis results indicated correlation coefficients with p-values in parentheses between investment, Age, cash transfer benefit, savings, and occupation (businessperson) of -0.359 (0.000) for age, -0.140 (0.044) for consumption, 0.074 (0.049) for beneficiary, 0.473 (0.030) for savings and 0.380 (0.000) for occupation. This suggests that 35.9% decrease in investment is significantly associated with increase in the age of the individual, 14% decrease in investment is associated with consumption of individuals. On the other hand, a 7.4% increase in investment is associated with cash transfer benefits, 47.3% increase in investment is associated with individual savings and a 38% increase in investment is associated with occupation of the individual.

The findings therefore led to the rejection of the null hypothesis that cash transfer does not have an effect on household investment amongst vulnerable populations in Awendo Sub-County, Kenya. These results may be a pointer to the fact that cash transfer provides some capital for investment opening investment opportunities.

The findings given p-value of less than 0.05 indicated that there was a significant positive association between; cash transfers, savings, and occupation with investments at 5% level of significance while there was a significant negative association at 5% level of significance between savings with age and consumption. However, it was noted that consumption expenditure, gender, position in household, education and ward of residence had an insignificant association with investments at 5% level of significance given p-values greater than 0.05. This implied that increased cash transfers, increased savings and involvement in business offer an increased investment opportunity to beneficiaries while increased consumption and advancement in age reduces amount available for investment.

Table 3: Investment Binary Regression Analysis Results

Model		Unstandardized Coefficients		Standardized Coefficients	T statistic	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	18043.904	3860.615		4.674	.000		
	Age	-60.991	14.874	-.342	-4.101	.001	.657	1.521
	C	-2.368	.723	-.700	-3.273	.005	.549	1.823
	Oc.	622.853	169.145	.120	3.682	.003	.718	1.393
	Sa.	6.034	1.253	1.013	4.817	.000	.567	1.765
	Be.	342.360	39.104	.066	8.755	.000	.764	1.308

a. Dependent Variable: Investment

**Indicate statistical significance at 5% level of significance where p-value < 0.05. Source; author (2020)*

Given the binary relation where 1 denotes cash transfer beneficiary and 0 denotes non-cash transfer beneficiary, 1 denotes business person and 0 denotes a peasant farmer, a coefficient of -60.991 and -2.368 with a p-value of 0.001 and 0.005 that are less than 0.05 for age and consumption respectively indicated that age and consumption had a negative and statistically significant relationship with investment at 5 % level of significance such that an increase in age by 1 year and an increase in consumption by Ksh.1 leads to a decrease in investments by Ksh.60.99 and Ksh.2.37 for age and consumption respectively.

The findings therefore led to the rejection of the null hypothesis that cash transfer does not influence household investment amongst vulnerable populations in Awendo Sub-County, Kenya. These results may be a pointer to the fact that cash transfer provides some capital for investment opening investment opportunities. The investment will act as a financial security to the beneficiaries, and this will greatly contribute to the reduction of poverty prevalence among the vulnerable population in Awendo Sub-County.

Investment Binary Regression Model goodness of Fit and Diagnostics

A coefficient of determination (R^2 = 0.444) in Table 4 with an F-statistic 3.391 having a p-value 0.033 <0.05 showed that the model is statistically significant at 5% level of significance and changes in the independent variables of cash transfer, expenditure on food, healthcare and school fees explain 44.4% of changes in investment of the participants.

VIF values of < 10 as in Table 4, a Durbin-Watson statistic of 1.975~2.0 in Table 4.22 showed that there was no problem of multicollinearity and autocorrelation. Further, Figure 4.7 plotting the distribution of residuals showed that residuals are normally distributed while Figure 1 plotting residuals against predicted values of the dependent variable showed no regular patterns as residuals were scattered all over an indication that heteroscedasticity was not a problem.

Table 4: Investments Model Summary Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.666[a]	.444	.313	2045.52025	1.975

a. Predictors: (Constant), Healthcare for the family, Food items, have you benefited from the cash transfer by government, School fees for children

b. Dependent Variable: How much on average do you invest annually? Kshs.....

Table 5: Investment ANOVA Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	56753033.891	4	14188258.473	3.391	.033[b]
	Residual	71130602.473	17	4184153.087		
	Total	127883636.364	21			

a. Dependent Variable: How much on average do you invest annually? Kshs.....

b. Predictors: (Constant), Healthcare for the family, Food items, have you benefited from the cash transfer by government? School fees for children

SUMMARY OF FINDINGS

The third objective of this study was to investigate the effect of cash transfer on household investments amongst the vulnerable populations in Awendo-Sub-County, Kenya. It was based on the null hypothesis that cash transfer does not have an effect on household investments amongst the vulnerable populations in Awendo-Sub-County, Kenya. Out of a total of 385 participants who were both cash transfer beneficiaries and non-beneficiaries a paltry 22 (5.7%) invest annually. Correlation analysis results indicated that investments and cash transfer had a significant positive association at 5% level given a correlation coefficient $r = 0.074$ with a p-value 0.049 < 0.05. Besides cash transfer it was also noted that age, consumption, savings, and occupation had a significant association with investments.

Binary regression revealed that if a participant is a cash transfer beneficiary, he/she has Kshs. 342.360 more to invest in comparison to a non-cash transfer beneficiary that was statistically significant at 5% level of significance given p-values 0.000 < 0.05. For instance, a non-cash transfer beneficiary who is a peasant farmer invests Kshs. 17,986.56 annually compared to an average of Kshs. 18,328.94 invested by a cash transfer beneficiary who is a peasant farmer. Furthermore, a beneficiary of cash transfer who is a businessperson invests an average of Kshs. 18,951.15 annually. The finding implied that the investment rate for beneficiaries of cash transfer is higher by Kshs. 342.360 in relation to their non-cash transfer beneficiary counterparts which conform to a priori expectation. These results reveal that cash transfer may be providing some additional capital for investment hence opening investment opportunities.

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