KINGDOM OF LESOTHO
MINISTRY OF
SOCIAL DEVELOPMENT

POLICY BRIEF - COUNTRY SERIES

THE BROAD RANGE OF IMPACTS OF THE CHILD GRANT PROGRAMME IN LESOTHO

THE PROGRAMME

The **Lesotho Child Grants Programme (CGP)** is an unconditional social cash transfer targeted to poor and vulnerable households. The objective of the CGP is to improve the living standards of Orphans and Vulnerable Children (OVC) so as to reduce malnutrition, improve health status, and increase school enrolment among OVC. Households are selected through a combination of proxy means testing and community validation and registered in the National Information System for Social Assistance (NISSA).

The programme is run by the Ministry of Social Development, with financial support from the European Commission and technical support from UNICEF-Lesotho. As of March 2014, the CGP reached 19 800 households and provided benefits for approximately 65 000 children across 10 districts in Lesotho. Since 2009 the nature of the CGP has been transformed. From an exclusively donor-supported pilot, the CGP has developed institutional and operational systems for roll-out at a national scale. Funding has been taken over by the government, which is now considering nationwide expansion of the CGP and the NISSA, with the latter serving as a platform for better harmonizing social protection interventions in the country.

At the time of baseline data collection for this study in 2011, households received quarterly a flat rate of M360. Effective April 2013, the transfer was indexed to the number of children in each household, ranging from M360 for households with 1-2 children, M600 for households with 3-4 children, to M750 for households with 5 children or more. While beneficiaries received the total intended amount of funds over the study period, the intended payment schedule was not followed and transfers were often made in more lumpy disbursements than expected – particularly the last payment before the follow up survey. Moreover, a short term humanitarian intervention was linked to the CGP. The Food Emergency Grant was disbursed to CGP households in 2012 and 2013, with a M400 top-up provided at least two times to each beneficiary household, and up to four times for some.

THE EVALUATION

The impact evaluation of the CGP employed a mixed-methods approach. The quantitative analysis, implemented by Oxford Policy Management (OPM) and Sechaba Consultants, was based on a randomized controlled trial (RCT) design. Within 10 Community Councils selected for the Phase 1 – Round 2 expansion of the programme, half of all 96 Electoral Divisions were randomly assigned to be covered by the pilot (treatment), while the other half were to be covered after the end of the evaluation study (control). Electoral Divisions were assigned to either group in public lottery events. The study took place in five Districts: Qacha's Nek, Maseru, Leribe, Berea and Mafeteng.

Baseline and follow-up panel surveys collected information for a sample of CGP-eligible and –non eligible households in treatment and control communities. The baseline survey fieldwork took place between June and August 2011, comprising around 3000 households. The follow-up survey fieldwork took place in 2013 at the same time of the year to avoid seasonality bias.

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The impact on the local economy was simulated using a LEWIE (Local Economy Wide Impact Evaluation) model. The model was based on the baseline household survey data combined with a business enterprise survey that accompanied baseline data collection. The LEWIE constructed for the CGP focused on the five districts included in the quantitative impact evaluation. Qualitative field work, conducted in villages of four Community Councils in the districts of Mafeteng and Leribe, collected information using participatory methods and in-depth case studies on beneficiary perceptions of the programme impact on household decision-making, community dynamics and social networks. Finally, a costing study reviewed the historical costs of the CGP until December 2012, simulated the likely future cost of the programme, and assessed the programme's affordability under the current fiscal environment.

RESULTS

The CGP has led to a broad array of impacts. The programme has had positive impacts in areas related to programme objectives, particularly child-well being, but also in outcomes not related to original programme objectives.

Increase in spending on children

The messaging of the programme – that the CGP funds should be used in the interest of children – was strictly followed by beneficiary households. The CGP contributed to a large increase in expenditures on schooling, school uniforms, clothing and footwear for children, including a 26 percentage point increase (from a base of 46 percent) in the share of pupils (ages 6-19) with uniforms and shoes. The impact is particularly large for young boys and girls (ages 6-12), with increases of 35 and 27 percentage points, respectively. The direct impact of the CGP on the amount spent per pupil since the beginning of the academic year was M83 (from a base of M60) for children ages 6-12. This impact, relatively larger than that observed for similar programmes in the region, is a clear result of programme messaging.

Increase in birth registration and child health

The CGP led to an increase in birth registration by 37 percentage points amongst children ages 0-6 (from a baseline of 14 percent). This is an anticipated effect of the programme, as there is a requirement for beneficiary children to have a birth certificate within six months of enrolment in the CGP. The study shows no significant increase in the proportion of children (0-17) that consulted a health care provider. However, the CGP contributed to a 15 percentage point reduction (from a baseline of 39 percent) in the proportion of both boys and girls ages 0-5 who suffered from an illness (generally flu or cold) in the 30 days prior to the survey. One possible cause of this reduction may be due to households buying more clothes and footwear for children, which in turn may be associated with a reduction of respiratory infections.

Increase in school enrolment

The CGP led to an increase in the proportion of children who are currently enrolled in school. The CGP contributed to retaining children ages 13-17 in primary school, particularly boys who would have otherwise dropped out, with enrolment rates six percentage points higher for this group. The effect seems to be concentrated on late learners who are still enrolled in primary school despite being older than 13 years of age.

The programme did not have any noticeable impact on other important dimensions of school progression (early enrolment, repetition, primary completion and enrolment in secondary). Despite some improvement over time, in the follow-up survey around 70 percent of pupils aged 6-19 showed some delay with respect to regular school progression, meaning that they were not in the grade they should be in given their age. The proportion of children ages 13-19 who completed primary school was less than 45 percent. In some of these areas results could not be expected given the short term of the evaluation and the nature of the CGP, and the study shows the severity of challenges with service supply in the education sector.

Increased protection against food insecurity

Food security is a serious issue in Lesotho; beneficiary households experienced some degree of food shortage in 8.5 months out of the 12 months prior to the follow-up survey. The CGP improved the ability of beneficiary households to access food throughout the year. The programme reduced by 1.5 the number of months during which households experienced extreme food shortage, and the proportion of CGP households that did not have enough food to meet their needs at least for one month in the previous 12 months decreased by five percentage points.

This translated into food security gains for both adults and children in beneficiary households. The proportion of children aged 0-17 that had to eat smaller meals or fewer meals in the three months previous to the survey because there was not enough food decreased 11 percentage points. The proportion of adults who went to bed hungry because there was not enough food decreased seven percentage points.

No impact of the CGP was found on overall household consumption (except when controlling for spatial price differences), nor on poverty status, which is measured via consumption. Similarly, no impact was found on total or disaggregated food consumption or dietary diversity during the week prior to data collection. Qualitative evidence suggest that the effects on food consumption and dietary diversity were mainly concentrated around pay dates, the last of which had taken place three months prior to follow-up data collection. The lack of a significant impact on overall food consumption or dietary diversity can be explained by the short recall period used in the consumption expenditure module and relative unpredictability and lumpy nature of payments.

Impact on household livelihoods

The CGP impacted household livelihoods, especially agricultural activities. The programme increased the share of households using and purchasing, and expenditure on, crop inputs. This included, for example, an eight percentage point increase in the share of households using pesticides (base of 12 percent). The programme led to a large increase in maize output – overall an increase of 38 kg from a base of 37 kg. In addition, the programme led to an increase in sorghum production and contributed to increasing the frequency of garden plot harvest among beneficiary households. The Food Security Grant may have also played an important role in these productive impacts, as the resource was provided with the message to buy seeds and increase production.

On the other hand, there is no clear evidence that the CGP had an impact on the formation or operation of nonfarm businesses. Further, the qualitative field work found that some beneficiaries reduced the amount of piece work/casual labour around pay dates. The quantitative analysis found a reduction in the intensity of paid labour for adults in CGP households, but otherwise the impact of the CGP on adult labour activity and child labour and time use was mixed and inconclusive. The programme had little discernible impact on the accumulation of productive assets, with the exception of the ownership of pigs. The programme also had no impact on household savings or borrowing.

Overall, beneficiary households seem to be more resilient to shock as they were less prone to engage in asset-depleting risk coping strategies. The study suggests that CGP beneficiaries were better equipped to deal with unanticipated shocks and less likely to engage in disruptive coping strategies, such as sending children to live elsewhere, sending children to work and to take children out of school or to reducing spending on health in response to shocks.

Positive impact on social networks

The CGP had a significant impact in strengthening the informal sharing arrangements in the community, particularly around food. While beneficiary households saw a reduction in the amount of private cash transfers they received from non-resident members living abroad and other family members, the CGP was associated with an increase in the share of beneficiary households receiving informal in kind support from other family members, friends or neighbours. At the same time the CGP had a significant impact on the probability of beneficiary households providing support to the rest of the community, both in terms of cash and in-kind support. This change in the nature of reliance was also observed in the qualitative work, and over time has the potential to boost beneficiaries' self esteem and sense of self worth. This is consistent with the existence of strong reciprocity bonds in the communities where the programme operates.

Potentially positive impact on the local economy

When beneficiaries spend the cash transfer, they transmit the impact to others inside and outside the local economy, more often to households not eligible for the cash transfer, who tend to own most of the local businesses. This occurs through increased purchases of goods and services which stimulates demand and increases sales and profits for businesses. The LEWIE model for the CGP found that, if households spend the transfer as they spend other cash, the transfers would lead to relatively large income multipliers. Every Loti transferred to poor households has the potential to raise local income by M2.23. Eligible households would receive the value of the transfer plus an extra M.15, for a total of M1.15. Ineligible households would receive the bulk of the indirect benefit, or M1.08 for each Loti given to beneficiary households.

However, if land and capital constraints limit the supply response, higher demand for local commodities may put upward pressure on prices, which would

result in a real-income multiplier that is lower than the nominal multiplier. While no evidence of CGP-induced price increases was found, if they do occur, the real income multiplier of the programme could be as low as M1.36. Complementary programmes that increase the supply response (such as access to credit to invest in capital and access to agricultural services) could increase the real-income and production impacts of a well-functioning programme.

Cost and Affordability

Assessment of current and future costs of the programme suggest the CGP to be affordable under the current macroeconomic framework in the medium term (2014/15 – 2017/18) and - with significantly less certainty about macroeconomic assumptions - in the year beyond that (2018/19 – 2020/21).

The total cost of the programme during its initial phase of implementation stood at M82 million between October 2007 and December 2012, of which 38 percent was transferred to beneficiaries. Costs related to design and roll-out of the programme combined with institutional management and coordination accounted for the majority of the non-transfer costs. Once the initial investments costs were taken into consideration the share of administrative cost was substantially reduced: for every Loti given to beneficiaries the programme spent 50 Lisente.

The likely costs of the programme in the future were explored under a number of scenarios and estimated at M50-M58 million in 2014/15 and increasing to M91-M311 in 2020/21. These costs represent 0.2 percent GDP in 2014/15 and 0.2 percent – 0.8 percent of GDP in 2020/21.

POLICY IMPLICATIONS

Six key issues arise from the results of the impact evaluation in the short term.

1. The CGP's messaging has been very successful in terms of increasing spending on children. As the programme is expanded, should the CGP broaden its message, or continue to focus on spending for children?
2. The irregular payment cycle, together with the quarterly nature of transfer, does not appear to allow households to smooth their consumption in between payments. Should the programme explore the possibility of new payment technologies, increase transfer frequency and/ or make the payment schedule more flexible?
3. In terms of synergies with other programmes, focus could be given to strengthening linkages with the other complementary programmes to improve schooling and health outcomes, or to encourage sustainable livelihood improvements.
4. Finally, improved support in programme implementation, particularly at the community level, has the potential to considerably improve programme impacts.
5. To protect against the eroding effects of inflation, index the value of the CGP transfer in the same fashion as the social pension.
6. CGP programme can be affordably expanded to all vulnerable households in the 10 districts without affecting public finance fiscal sustainability.

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FOR MORE INFORMATION

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PtoP

The impact evaluation of the Lesotho Child Grant Programme was implemented by Oxford Policy Management, with technical and financial support and under the supervision of UNICEF-Lesotho and the From Protection to Production (PtoP) team at the Food and Agriculture Organization of the UN (FAO). The PtoP team is part of a larger effort, the Transfer project, joint with UNICEF, Save the children and the University of North Carolina, to support the implementation of impact evaluations of cash transfer programmes in sub-Saharan Africa.

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