



Impacts of the Child Grants Programme and Sustainable Poverty Reduction through Income, Nutrition and Government Service Support in Lesotho



BACKGROUND OF THE STUDY

Social protection, included as one of the pillars of the National Strategy Development Plan (2012-2017), has been recognized as a key strategy to address poverty, vulnerability and social exclusion in Lesotho.

As a result, the Government developed the *Child Grants Programme (CGP)*, which consists of unconditional cash transfers to poor and vulnerable households registered in the National Information System for Social Assistance (NISSA). The CGP was launched in 2009, covering 1 250 households. By the end of 2016, the programme covered 40 community councils in all ten districts of the country, reaching approximately 27 000 households. In 2018, the number of beneficiary households rose to 32 100 (about one tenth of Lesotho's rural households). An impact evaluation conducted in 2011–2013 found many areas where the CGP brought about positive impacts, though it also highlighted a very limited effect on the accumulation of assets, no impact on savings and borrowing behaviour and no significant impact on standard poverty measures.

In order to strengthen the impact of the CGP on the accumulation of assets, savings and borrowing behaviour for investment purposes, and poverty, FAO Lesotho began a pilot initiative in 2013, called *Linking Food Security to Social Protection Programme (LFSSP)*,

to improve food security among poor and vulnerable households by providing vegetable seeds and training on homestead gardening to CGP beneficiaries. The CGP and LFSSP experiences encouraged UNICEF, the Ministry of Social Development (MoSD) and Catholic Relief Services (CRS) to implement a more comprehensive livelihood programme in 2015. Called *Sustainable Poverty Reduction through Government Service Support (SPRINGS)*, the programme provides support in the form of:

- a. Community-based savings and lending groups, with financial education, known as Savings and Internal Lending Communities (SILC).
- b. Homestead gardening, including support to keyhole gardens, vegetable seeds distribution and nutrition training through Community-led Complementary Feeding and Learning Sessions (CCFLS).
- c. Market clubs for training on market access.
- d. One Stop Shop / Citizen Services Outreach Days.

STUDY OBJECTIVE AND ANALYTICAL METHODS

A growing body of evidence shows that **fostering linkages between cash transfer programmes and other agricultural and rural development interventions plays a fundamental role in addressing constraints faced by households living in poverty in rural areas**. Coherence between social protection and agriculture has been associated with breaking the intergenerational transmission of poverty, promoting productive investments and stimulating sustainable transitions out of poverty (Gavrilovic *et al.*, 2016; Davis *et al.*, 2016).

To inform current efforts aimed at strengthening coordination between programmes targeting poor and vulnerable rural households, a new evaluation was commissioned to FAO by MoSD and UNICEF. This impact evaluation, carried out in 2018, adopts a **mixed-method approach** combining quantitative and qualitative methods to the analysis of the impact of CGP and SPRINGS.

Qualitative and quantitative methods have complementary roles. The quantitative method allows to quantify the size of a programme's impacts on a large set of outcomes. The qualitative method adds further depth and insights to the analysis, and contributes to interpreting the quantitative results by shedding light on the mechanisms and processes at work in a specific context. It thus complements quantitative research by broadening the understanding of impacts on different actors and capturing the types and complexity of processes leading to decisions and impacts.

In this study, the two methods have been combined into a mixed-method approach, by defining similar research questions across three areas of inquiry, following the main goals of the CGP and SPRINGS programmes, namely: their impact on beneficiary households' income and economic security through productive activities and market engagement; impact on financial inclusion and willingness to take risk; and changes in dietary practices and nutrition for adults and children from beneficiary households. Importantly, these impacts were analysed separately for households benefiting from the CGP alone, as compared to those receiving both CGP and SPRINGS. This is because a key objective of the evaluation was to inform policy makers of the extent to which **combining social protection and rural livelihood interventions yields greater impacts than the implementation of standalone programmes**.

Data collection for the **quantitative analysis** was conducted between November 2017 and January 2018. It comprised a household, a community and a business survey. FAO surveyed 1 550 households eligible for the CGP (8 212 individuals), divided in three treatment arms: beneficiaries of the CGP alone, beneficiaries of both CGP and SPRINGS, and a comparison group of

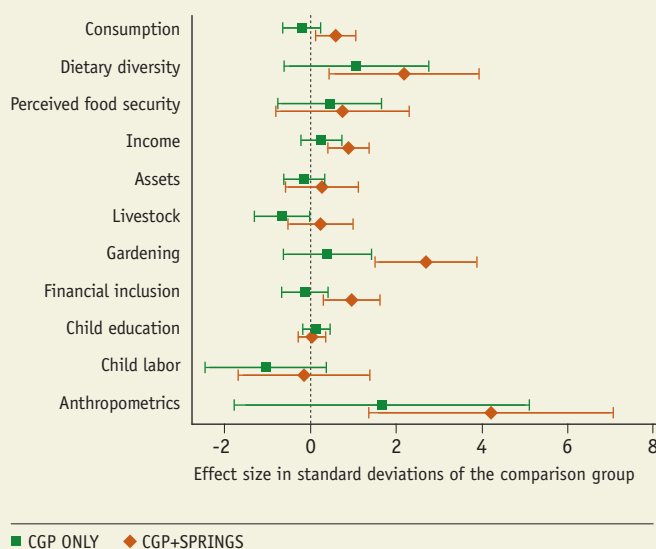
households with similar characteristics but not enrolled in either one of the programmes. The study was conducted in six districts: Berea, Butha-Buthe, Leribe, Mafeteng, Maseru and Mhale's Hoek. The main results of the quantitative analysis are summarized in the Box below.

An analysis of risk preferences was also conducted on a subsample of 457 individuals chosen from those interviewed during the field survey. The analysis was done through a technique known as field lab experiment. The experiment consisted of gathering the 457 individuals, split into the evaluation's three treatment arms, in a public space and asking them to participate in a set of choices between high-risk/high-return versus low-risk/low-return options. Since a monetary incentive was provided, it was expected that the experiment would provide a better description of willingness to take risk and risk-taking than survey questions.

The **qualitative analysis** consisted of a triangulation of methods such as focus group discussions, key informant interviews and in-depth household case studies, totalling 345 people interviewed during the study. The study was conducted in three sites, two in Leribe and one in Thaba-Tseka districts in November 2017, comparing communities receiving both the CGP and SPRINGS for different lengths of time.

Quantitative impact of the programmes in key outcomes

This graph shows a summary of all findings, by looking at the impact estimates on eleven family of outcomes. The estimates for the CGP only beneficiaries are represented by a green square. The estimates for the CGP+SPRINGS beneficiaries are represented by an orange diamond. The horizontal axis of the figure represents the size of the effect. Squares and diamonds at the right (left) of the zero line represent a positive (negative) impact on the indicators. We also report 95 percent confidence intervals. When these intervals cross the vertical line at 0, it means that the estimates are not statistically significant.



MAIN FINDINGS

The impact evaluation found that combining CGP and SPRINGS had a number of relevant and positive outcomes. Below is a summary of findings according to each thematic area:

HOUSEHOLD WELFARE, ECONOMIC SECURITY AND MARKET ENGAGEMENT

- > Reduction of poverty (12 percent reduction with respect to the poverty gap index in the comparison group).
- > Increase of non-food consumption (24 percent increase with respect to the comparison's mean).
- > Strong increase in sales of fruits and vegetables, which in turn helped boost household incomes. However, promoting household supply of vegetables risks saturation of local markets, thereby depressing prices and incomes. Local market prices were lower than in bigger markets in towns. Yet access to bigger and potentially more profitable markets was not supported by the SPRINGS market clubs.
- > Perception of stronger household income security - even if this is not reflected in an actual real increase of household income.

"I used to struggle a lot with four children. I was only able to buy them clothes once a year, but now after CGP and SPRINGS I am able to buy them clothes a few times a year and then provide them adequate food"

(male beneficiary, Mahlabatheng village)

Importantly, the qualitative analysis illustrates greater diversification of income streams – an increase of sources on income – for CGP+SPRINGS beneficiaries. This leads many households to feel a greater sense of economic security. The qualitative analysis also highlights that although receipt of CGP alone increases households' sense of income security, the impact was reduced by the inadequacy of the transfer amount and the irregularity of payments.

RISK MANAGEMENT, FINANCIAL INCLUSION AND RISK ATTITUDES

The evaluation found that the combination of the CGP and SPRINGS resulted in:

- > Strong increase in the share of households that save and borrow money (more than 100 and 82 percent increase, respectively, with respect to the comparison mean), especially for households exposed for a longer period to participation in SILC groups.
- > Increase in the amount of money saved and borrowed (more than 100 and 70 percent increase, respectively, with respect to the comparison mean).

"We were never aware we could save and borrow this easily" (female beneficiary, Top village, Menkhoaneng Community Council)

- > No improvements in financial literacy, as measured by a financial literacy index, but increased financial awareness, as evidenced in basic planning and budgeting of household expenses and income streams.



- > Reduction of negative coping strategies, such as cutting meals or engaging in daily piece work.
- > Reduction of child labour in the households that received exclusively the CGP.

The qualitative analysis also found positive impacts in terms of social cohesion, trust and reciprocity within the community of CGP+SPRINGS beneficiaries, leading to an increased sense of security and support. Beneficiaries also noted less need to turn to family members or neighbours in periods of distress.

As for risk attitudes, the impact evaluation found **an increase in the willingness to take risk in the CGP+SPRINGS beneficiaries**. For the CGP only beneficiaries the quantitative analysis shows greater risk-taking when compared to households in the comparison group. However, the qualitative analysis reports little willingness to take risk because of late and irregular CGP payments, combined with the fear of being removed from the programme if households increased their returns by undertaking riskier activities.

NUTRITION, DIETARY PRACTICES AND KNOWLEDGE

Both the qualitative and quantitative analysis show that the programmes resulted in:

- > Increased dietary diversity for CGP and CGP+SPRINGS beneficiaries, in particular due to an increase in the consumption of green vegetables, fruits, organ meat, dairy and legumes.
- > Improved nutritional knowledge and consumption patterns (more meals per day, richer and more diverse diets), combined with increased hygiene and sanitation due to the CCFLS component of SPRINGS, as reported in the qualitative analysis.

"Children are able to play when they are at school because they are eating well and they are no longer getting sick easily" (beneficiary in Menkhoaneng Community Council)

- > Strong improvements in anthropometric measures, detected in the quantitative analysis.

For beneficiaries of the CGP alone, the qualitative analysis found that diets improved only for a short period, an estimated two weeks immediately following the cash payments.

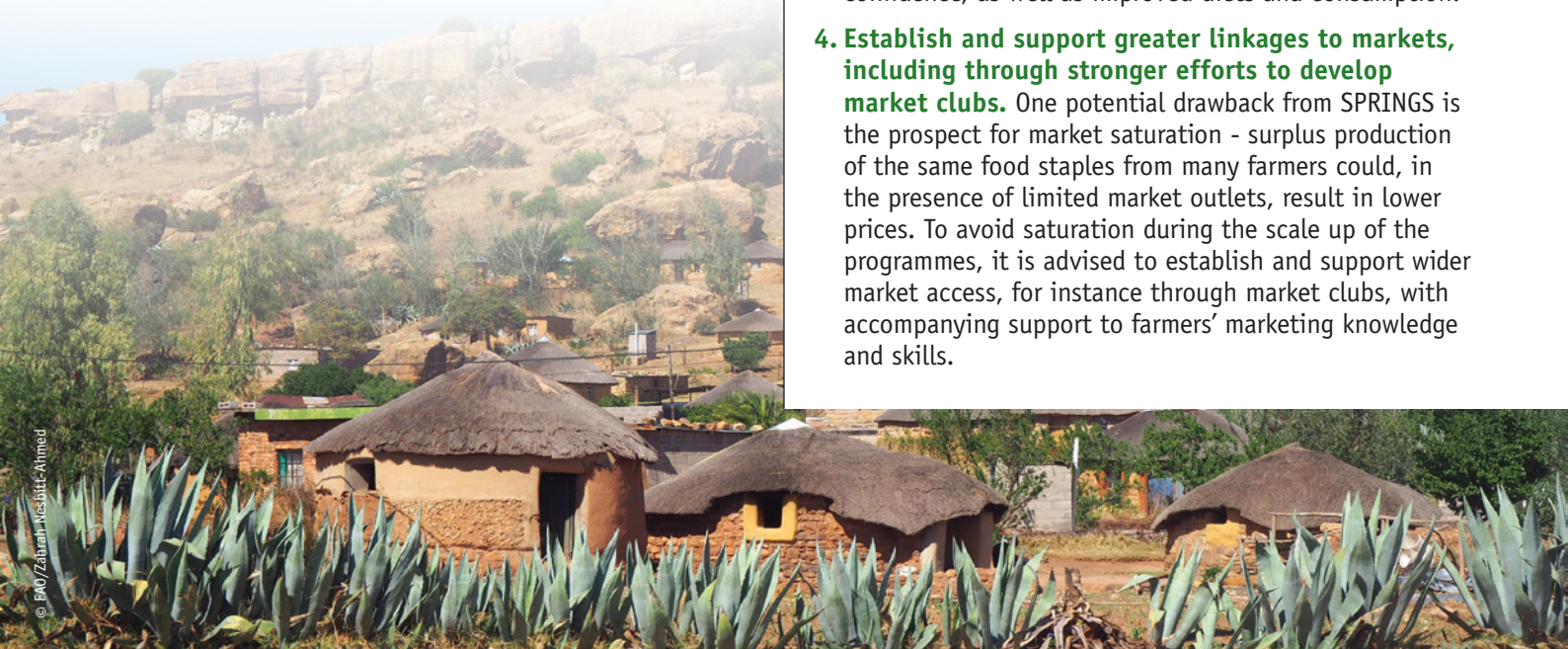
WIDER PROGRAMME IMPACTS

Critical findings regarding programme operations and overall impacts were collected through the qualitative analysis. These include:

- > Perceptions that receipt of the programmes (e.g. participation in the SILC groups) helped reduce community tension and conflict – likely because of a perception of reduced inequality in communities with CGP and SPRINGS.
- > Many households believed they could now invest beyond children's immediate consumption needs, into more productive income generating activities benefiting the entire household.
- > Impacts varied with time: the longer the duration of programme support, the stronger the impact on beneficiary households.

THE FOLLOWING RECOMMENDATIONS EMERGE FROM THE IMPACT EVALUATION:

- 1. Ensure more regular CGP payments to smoothen household consumption more effectively.** More regular payments should increase the sense of income security among beneficiaries, and could in turn affect other outcomes positively.
- 2. Encourage participation of CGP beneficiaries in SPRINGS activities.** Not all CGP beneficiaries participate in SPRINGS activities. This was largely due to unfounded fears that participation in SPRINGS could cause their removal from the CGP. Participation in SPRINGS can increase through clear messaging that CGP and SPRINGS are not competing programmes but complementary.
- 3. Actively continue to support saving and internal lending communities (SILC) to promote household savings, borrowing and accessing loans.** Participation in SILC groups is likely the most determinant driver of the positive impacts found from the combined programmes, in particular in relation to increased household economic security, resilience and risk taking due to greater confidence, as well as improved diets and consumption.
- 4. Establish and support greater linkages to markets, including through stronger efforts to develop market clubs.** One potential drawback from SPRINGS is the prospect for market saturation - surplus production of the same food staples from many farmers could, in the presence of limited market outlets, result in lower prices. To avoid saturation during the scale up of the programmes, it is advised to establish and support wider market access, for instance through market clubs, with accompanying support to farmers' marketing knowledge and skills.



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