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CGP IMPACT EVALUATION (UNICEF/FAO)

Targeting and baseline evaluation report

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NOT FOR CIRCULATION

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Preface / Acknowledgements

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Executive summary

Introduction

The Child Grants Programme (CGP) is an unconditional cash transfer targeted to poor and vulnerable households in Lesotho. The primary 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. In order to do so, it provides a regular transfer of M360 (roughly $45) every quarter to poor households with children, selected through a combination of an objective proxy means test (PMT) and community validation.

The program is run by the Department of Social Welfare (DSW) at the Ministry of Health and Social Welfare (MHSW), with financial support from the European Commission (EC) and technical support from UNICEF-Lesotho. In the pilot stage technical assistance to the implementation has been provided by Ayala Co. and World Vision (WV).

This independent evaluation – commissioned by UNICEF and undertaken by OPM – covers Round 2 of the CGP pilot, which was launched in the last quarter of 2011, with payments starting in September. Round 2 covers roughly 2,288 beneficiary households in 48 Electoral Divisions within 10 Community Councils spread across 5 Districts (Berea, Leribe, Mafeteng, Maseru and Qacha's Nek). This report presents the baseline findings of the evaluation.[1]

The purpose of the evaluation is to establish the *efficacy* and *efficiency* of the CGP programme. In particular, it has two core objectives:

- to evaluate the welfare and economic impacts of the pilot amongst those who benefit from it;

- to evaluate the operational effectiveness of the pilot programme, particularly the extent to which it reaches those in greatest need (targeting effectiveness).

Thanks to additional financial support from FAO and the Transfer Project, the evaluation was extended to include a further objective:

- to evaluate local welfare, social and economic impacts of the pilot in the community where it operates, beyond those who directly benefit from it;

This baseline report presents the results of the first year of quantitative and qualitative fieldwork for the evaluation. The report includes information on the situation of CGP eligible and non-eligible households from the evaluation areas of the programme, before any payment was made to the households. It also provides a detailed analysis of the targeting effectiveness of the programme. Subsequent rounds of fieldwork will generate data on the impacts of the CGP transfers on beneficiary households and communities, and will be presented in follow-up impact evaluation reports.

The evaluation methodology

The evaluation is being conducted via two main activities: a quantitative survey of households, communities and enterprises and qualitative data collection. The first phase of the evaluation plan

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[1] Earlier in 2011, OPM had also undertaken a rapid assessment of the impact of the CGP Pilot in Round 1A (OPM, 2011).

– that concludes with this report – consisted in designing the overall evaluation strategy, collecting a baseline household, community and enterprise survey, and undertaking a qualitative assessment of the targeting process.

Quantitative Evaluation Design

The core of the quantitative evaluation is to assess the impact of the programme on the recipients by comparing them with a group of controls – similar households and children who do not benefit from the programme. Following a community-randomised controlled trial design, all Electoral Divisions (EDs) within the 10 Community Councils of Phase 2 of the CGP pilot were first assigned to either the program group or the control group via public lotteries.

In treatment EDs the Programme implemented the targeting process, selected recipients and proceeded to enrolment, while in control EDs the Programme implemented the targeting process and selected recipients who should receive the transfer but did proceed to enrolment. The baseline contains information of households who fulfil the targeting criteria (eligible households) and households who don't fulfil the targeting criteria (non-eligible households) in both treatment and control areas.

Within treatment and control areas a representative sample of households were interviewed before the CGP transfer began - as part of the baseline survey that is presented in this report - and will be interviewed again after it has been operating for a sufficient time. The impact will be assessed by comparing changes in the welfare of CGP recipients, who should have improved as a consequence of the programme, to any changes in the control eligible households. The information on the control areas is used to allow for any other changes that may be happening in the population in general and have nothing to do with the programme.

The information from non-eligible households is used for the targeting analysis. One would expect that, if the CGP targeting design and process is appropriate, eligible households should look poorer than non-eligible households.

The baseline quantitative survey fieldwork took place over a period of 9 weeks between the 14th of June and the 15th of August 2011 in the five CGP districts. The baseline fieldwork was undertaken by Sechaba Consultants under the supervision of OPM.

Qualitative Targeting Evaluation Design

The qualitative targeting assessment consisted of interviews with programme officials in Maseru and fieldwork in two selected community councils (Tebe-Tebe and Makheka/Rapoleboea). In Maseru, semi-structured interviews were conducted with officials from the Ministry of Health and Social Welfare (MHSW) and staff from World Vision (WV) and Ayala Co. In two villages within each community council, focus group discussions were conducted with CGP eligible and non-eligible households and key informant interviews were conducted with chiefs, councillors, members of the Village Assistance Committee (VAC) and CGP eligible and non-eligible households.

This report

The analysis of baseline information achieves four main objectives: 1) refine and agree a set of indicators that reflect the theory of change of the programme and will constitute the basis for the impact analysis when changes are measured through the follow-up survey; 2) test the soundness of the evaluation design by comparing pre-programme characteristics between households in treatment and control groups; 3) examine differences in the main indicators of interest between CGP eligible households and non-eligible households, to see whether eligible households look

more "needy" than non-eligible households; 4) undertake a full qualitative and quantitative targeting analysis to determine whether the targeting design and process is appropriate and effective. When not otherwise stated the figures reported refer to the whole study population (eligible and non-eligible households, in treatment and control areas).

Characteristics of households in the programme areas

The sample of household is predominantly rural and spread across 5 Districts (Berea, Leribe, Mafeteng, Maseru and Qacha's Nek). Roughly half of the households sampled live in the lowlands, around 40% in the foothills and the remainder either in the mountains or in the Senqu River valley.

Demographic Characteristics

Overall, the study population is fairly young, with a mean age of 27 years and the average household size is 5. A high proportion of children (over 20%) are single orphans. Moreover, more than half (60%) of household members can be classified as dependents (children, elderly, chronically ill or disabled), and in almost 25% of households there are not any able-bodied adult members (potential breadwinner). Similarly, a high proportion of households have a chronically ill (around 40%) or elderly (also around 40%) member.

There are a number of differences in the demographic characteristics of individuals from CGP eligible and non-eligible households, some of them due to programme targeting, others to socio-economic factors. Because of the design of targeting (only households with children are eligible to enrol in the CGP), on average individuals in eligible households are younger (with a mean age of around 24 years) than non-eligible individuals. Moreover, almost half of individuals in eligible households are children below the age of 18 years and eligible individuals are more likely to be female and to be widowed. The proportion of eligible households with single orphans (35%) and double orphans (28%) is also significantly higher than in non-eligible households.

Interestingly, adults in eligible households are almost 20 percentage points less likely to have a valid passport (restricting their mobility and participation in the South Africa's labour market) and children in eligible households almost 10 percentage points less likely to have birth certificates (which may result in lower access to certain rights and services).

Health

Around 15% of the total population was either *chronically ill, self-reportedly HIV positive or disabled*. Unsurprisingly, this proportion was significantly higher amongst the elderly. High blood pressure was the most commonly reported chronic condition (30%) followed by TB and arthritis (over 10% of cases).

Overall, a majority of both adults and the elderly faced *financial barriers* to healthcare treatment. However, this problem was particularly pronounced for eligible households. The proportion of adults 18-59 that had too little money to access healthcare treatment at some point during the 3 months prior to the survey was higher in eligible households (around 70% against 56%), while a lower proportion spent money on healthcare. This pattern was just as marked for the elderly (55+) where the average expenditure on healthcare was also significantly lower than in non-eligible households.

These findings were similar for children. The proportion of children unable to access healthcare because of financial constraints was higher in eligible households than in non-eligible households (12% rather than 9%), reflected in fewer children for whom any money was spent on healthcare in the three months prior to the survey (8% against 12%).

Healthcare providers consulted by the study population aged 18+ were mostly government health centres (almost 40%) and government hospitals (almost 30%). Private hospitals or clinics were only consulted in 10% of cases, most likely as a result of the financial barriers. These results mirrored findings for children.

Regarding *children's illnesses*, around 40% of children below the age of 7 suffered from an illness in the 30 days prior to the survey, averaging at around 6 and a half days per child per episode. The most commonly occurring illnesses were flu/cold (just under 50% of occurrences) and fever (just over a quarter of occurrences). Less common was diarrhoea (less than 10%). Interestingly, the proportion of children with a *'Bukana'* (health card) was still high but significantly lower for eligible individuals (around 95% compared to 99%), confirming that they may be more marginalized with respect to institutional access.

Using the information reported in the '*Bukana'* card it is possible to determine whether children are under or over weight according to international standards.[2] The estimates indicate that around 20% of children aged 0-12 months were underweight when last recorded at the health centre. Conversely, slightly more than 7% were recorded as overweight.

Education

Focusing on all household members and not just children, it is interesting to note that *primary school completion rates* are at around 45% for the 13-17 age cohort (partially because of problems with school progression), peak at 73% for the 18-25 age cohort and lower gradually as the age cohorts increase (slumping at just over 10% for those aged 55+). Primary completion rates are consistently and significantly higher amongst females, peaking at 86% for the 18-25 age cohort.

Importantly, however, individuals from eligible households exhibit significantly lower primary school completion rates for all age cohorts (except for 55+). This suggests that eligible households are more disadvantaged and have historically faced higher barriers in accessing education. The 25-35 and 35-45 year cohorts show the biggest discrepancy between individuals who came from eligible and non-eligible households (approximately 15 percentage points).

As expected, *secondary school completion rates* are lower and show less variation across age cohorts. They show however a similar pattern, with education levels falling significantly as age increases (from almost 15% to just 2%). As with primary school, secondary completion rates are lower in eligible households than in non-eligible households across all age cohorts. The discrepancy is widest (9.6 percentage points) for the 18-25 year cohort and decreases as the age cohort increases.

Coming to *enrolment in school*, almost all children 6-19 have ever enrolled in primary school, but this drops to only a third of children 13-19 for secondary school. As above, there is a significant difference between eligible and non-eligible households in terms of school enrolment, with 97% against 98.5% of 6-19 year olds having ever been enrolled in primary school and 22.5% against 37.3% of 13-19 year olds having ever been enrolled in secondary school. The most common reason for never being enrolled (apart from being too young) and for dropping out is lack of funds, with a higher percentage of eligible households citing this as an issue. While a significant fraction

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[2] The Bukana Card reflects the standard design of a Road to Health Card, where weights in kilograms forms the vertical axis and the age of the child (up to 60 months) is the horizontal axis. Two curves are pre-printed on the chart and delimit the "road to health" zone. The upper one represents the median value for the reference population (50the percentile of the National Center for Health Statistics standards for boys) and the lower one represents the NCHS third percentile for girls.

of learners (roughly 28%) lack either uniforms or shoes for school, this is significantly higher for children in eligible households (53%).

Observing the distribution of the current grade 6-19 year olds are enrolled in, it is clear that children face many problems of *delay in school progression*. Estimates from the study show that more than 90% of children aged 6-19 show some delay with respect to regular school progression, meaning that they are at least one academic year below the grade they should be in (had they enrolled in grade 1 in the year they turned 6 and passed every year).

Three main reasons contribute to creating delays in school progression. In order of importance these include: late enrolments (affecting around 65%), repetition (affecting almost 55%) and temporary drop-out from school (just over 5%). While these three factors affect an equal proportion of children in eligible and non-eligible household, the length of delay in school progression that they create is longer in eligible households: i.e. children in eligible households enrol even later (on average when they are around 8), repeat more academic years (almost 1 on average), and stay away from school for a longer time (before enrolling again).

Findings on these issues showed that:

- Failing exams or poor grades are by far the main reason for male and female learners *repeating* school (roughly 70% of cases).

- The main reasons for having ever been *out of school for an academic year* for children aged 6-19 who are currently enrolled in an educational institution include lack of money for fees, uniforms and supplies (between 30 and 50% of cases), followed by illness (around 15% of cases).

School attendance is another important indicator to be taken into account when observing children's education. The proportion of children who missed school for at least one day over the 30 days prior to the survey (when school was in session) is high (20% on average and 22% for eligible households). On average children missing school skipped between 3 and 4 days over a 30 day calendar period, a significant fraction of overall class time. Girls seem to be missing school in lower proportion than males, possibly because they are less involved in activities such as herding. Illness was the most common reason for missing school (30-40% of cases). A common reason was also the inaccessibility of schools, which may be largely related to weather conditions and infrastructure (e.g. distance to facilities).

The vast majority of learners attend government schools (almost 60%), followed by confessional (church) schools (around 40%). The proportion that attends private or confessional schools is higher (almost 50%) for secondary school students, as government secondary school are less widely spread. Importantly, children in households eligible to participate in the CGP are less likely to attend confessional or private school, reflecting more stringent budgetary constraints.

Livelihood strategies and labour supply

A majority of households own and cultivate land, and also run some kind of household enterprise such as a home brewing or petty trading. Around a third earn some cash income from casual labour, and around a fifth receive some remittances.

Adult labour supply

In the 12 months prior to the survey just under 80% of adults (those aged over 17 years) were involved in some form of labour activity. The most common activities were own crop production (more than half of respondents involved), own livestock production and paid work outside of

households (both of which had around a third of adults involved). Only a few adults (less than 10%) were involved in their own non-farm business activities.

Adult paid work

Irregular work - generally referred to as "piece-job" in Lesotho - is by far the principal form of engagement in the labour market for adults in the study population. It generally consists of work in agriculture or construction that is paid on a per-day basis, either in kind or in cash.

Of those adults (older than 17 years) that were engaged in paid work in the 12 months prior to the survey, most were engaged in irregular work (about 70%), with slightly more than 15% in permanent work and slightly less than 15% in temporary work. The median equivalent yearly wage is between M800 and M1000, but it is on average twice as large (between M1800 and M2000) for those engaged in permanent work.

When disaggregated by eligibility, only 7% of adults from eligible households were involved in permanent work as opposed to 20% of adults from non-eligible households, and more were involved in occasional work (80% as opposed to 65%).

Non-agricultural business and self-employment

While these types of businesses are not very widespread (only 1 in 5 households runs one) and do not currently constitute one of the major sources of income of respondent households, the analysis of non-farm enterprise is a key focus of this evaluation and an area where change is expected once the cash transfer is introduced.

Overall, the most common enterprises found for households in this study are home brewing and petty trading. Enterprises are mostly relatively new and small, with no or very few employees and average profits are 600M per month. Moreover, while inputs for the business are sourced quite widely, including from neighbouring towns (20%), Maseru (10%) and South Africa (8%), outputs are almost all sold locally (over 80% of sales are within the village) to individual consumers (over 95% of cases).

Farming activities: crop and livestock production

As the 2009 Lesotho Living Conditions report states, *agriculture* is the main sector in Lesotho's economy, "though the type of agriculture in practice is subsistence with minimal commercial farming" (CMS, 2009). This situation was reflected in the survey, where the vast majority of households (almost 90%) owned some kind of plot, which was typically small (less than 2 acres) and used to cultivate crops (mostly maize, sorghum and beans) and vegetables for home-consumption. For example, almost all of the maize planted was used for internal household consumption, as only about 1% of households sold or bartered any of the harvest. It should also be noted that one third of households suffered from complete crop failure of the three most common crops (maize, sorghum and beans) in the last harvest – a worrying indicator.

Regarding *inputs for crop production*, in the 12 months prior to the survey just under half (44%) used organic fertiliser, around 27% used inorganic fertilizer and 18% used pesticides. Around half of households spent money on crop inputs and for those that did, the average amount spent was extremely low, at 12M. Differences were also visible between eligible and non-eligible households, with eligible ones 10 percentage points less likely to have purchased any inputs and spending less on average. Providers of crop inputs were mostly merchants/businesses (over 50%) and cooperatives or associations (25%), situated in the closest town (over 40%), Maseru (20%) or the village (15%).

Only a small proportion of households hired any *labour for crop production* (9% on average). Most external work was focussed on land preparation and planting, or pre-harvest work, rather than harvesting, possibly related to the bad harvest.

Besides household farming for self-subsistence, *livestock herding and production* has traditionally been the main livelihood strategy in Lesotho. This was confirmed by findings in this survey, which showed that just under two thirds of households have a household member who owned some livestock/animals in the 12 months prior to the survey. Specifically, 40% of households owned cattle/oxen, a third owned chicken/turkeys/ducks, 20% owned donkeys and 20% owned sheep – though percentages were consistently lower for eligible households.

In the 12 months prior to the survey, only around 5% of households had bartered or bought livestock, but over 15% have sold livestock, possibly as a result of financial need. Similarly, while animals are an important asset (and insurance) for households, very few (just over 10%) benefited from a steady source of income by selling or bartering by-products obtained from livestock. Most by-products were used for internal consumption. Mohair and wool was sold by about 10% of households herding any livestock, whereas milk or eggs were only transacted in the market by less than 1%.

Child work and time use of children

Lesotho's Labour Code of 1992 establishes the minimum age for employment at 15 years. Nevertheless, this survey confirms that child work is still a coping strategy adopted by many households. Around a third of children 6-17 were involved in some form of labour activity in the 12 months prior to the survey, much of which was in the form of either household crop (23%) or livestock production (20%, though percentages were higher among boys). However, very few were involved in paid work (2%) or non-farm business activities (1%). Importantly, moreover, there were no significant differences in children's labour activities between eligible and non-eligible households.

As for children's *time use*, children attending school spend just over an hour travelling to and from school on average, around 6.5 hours in school and half an hour on homework. When also including those not in school anymore, children spent just under an hour helping with household tasks, half an hour helping with family business/agricultural activities and practically no time in paid activities.

Consumption and food security

The average monthly consumption expenditure of CGP eligible households is M700 of which more than 65% on food. Aggregate, per capita and per adult equivalent consumption expenditure levels are significantly lower amongst eligible households than in non-eligible households. The CGP provides a regular transfer that represents on average around 23.5% of the monthly per adult equivalent consumption of eligible households (on a real basis). Due to the fact that the transfer value is the same whatever the size of the household, the value of the per capita transfer for large size households is much smaller than for households with few members. This has potential negative consequences on the progressiveness and effectiveness of the programme.

Food security was a serious problem across all of the sampled households, with 70% of households reporting that they did not have enough food to meet their needs at least for one month in the 12 prior to the survey. Food insecure households reported that they had sufficient food for only 2 to 3 months in the last year, and had an extreme shortage of food for 4 to 5 months.

Moreover, across the sample, high proportions of households reported adults having to eat smaller meals (62%), fewer meals (61%) or going to bed hungry (31%) at least once over the three months

prior to the survey. While these indicators were lower for children, they were still at a worrying level.

Most importantly, differences across eligible and non-eligible households were at their highest when it came to food insecurity, with the proportion of households that did not have enough food to meet their needs at least for one month in the 12 months prior to the survey being as high as 88% and all other indicators reported above around 20 percentage points higher than for non-eligible households. These large differentials between eligible and non-eligible households, among all other indicators, are the ones that most convincingly point at a good targeting of the benefit to the poorest and most vulnerable households.

Physical, financial and productive assets

Distinctive differences are found between eligible and non-eligible households when it comes to key *housing characteristics and assets*, which is unsurprising given that the PMT was designed to select eligible households on the basis of their assets (in addition to demographic characteristics). Eligible households are less likely to have good quality floors, walls, roofs, heating, toilets, and an electricity connection.

Another important factor highlighted by the data was the *remoteness* of many of the households in the sample. On average it took all households over 2 hours to get to the nearest health clinic and about an hour to get to public transport or to a market for food. Even in this respect, eligible households tended to take longer to reach these locations, partly linked to the fact that poverty is often correlated to physical exclusion. Both eligible and non-eligible households take an average of 90 minutes to reach the furthest plot that they cultivate, and 30 minutes to reach the nearest source of drinking water.

An interesting area of analysis was also around households' *financial behaviour*. While only 1 in 5 households reported being able to save any money during the 12 months prior to the survey, formal and informal insurance (mainly burial plans) was much more widespread than pure saving. Large numbers of households (50%+) paid money into some form of insurance mechanisms over the same time period, with the most prevalent instrument being the burial society (which 40% of households added money to), followed by formal burial insurance plans.

Borrowing was also prevalent amongst both eligible and non-eligible households, with over 70% of households having borrowed over the year prior to the survey. Most households (55%) borrowed money from friends or family, but also from micro lenders (more than 15%) or community groups (around 7%). An additional 35% of households bought groceries on credit, a form of implicit borrowing.

Additional questions designed to assess respondents' 'risk aversion' and 'financial patience', showed that respondents tend to have high or extreme risk aversion and have high or extremely high discount rates when it comes to managing their finances. Confirming trends in the overall analysis and reflecting well on the targeting of the programme, eligible households were significantly more risk averse and less patient than non-eligible households (as would be expected from poorer households).

Vulnerability, mechanisms of support and coping strategies

Households were affected by a range of economic shocks over the 12 months prior to the survey, the most common being crop failure and death or injury of a household member. Overall, no significant differences between eligible and non-eligible households emerged.

Coverage of government social transfers was generally low. Pensions had the highest coverage of the individual government social transfers, almost 15% overall. Other government social transfers such as the social welfare benefit, public assistance or smaller schemes were received by slightly more than 2% of households, and the coverage of non-governmental cash transfer programmes was negligible (de facto zero) in the study areas.

On the contrary many households relied on informal support from non-resident household members (29%) and other family members friends, and neighbours. 70% of support from non-household members is received in cash, 70 % in food (or in kind), 40% in the form of tools, inputs, animals or equipment and 13% in the form of free labour. Most of these forms of support are provided in the context of reciprocal sharing arrangements. Interestingly, eligible households were remarkably more likely to receive in kind (food) support and to use others' tools, animals or equipment on their fields, possibly due to their vulnerability status and lack of productive assets.

Targeting Analysis

Introduction

An essential component of the evaluation was a review of the effectiveness of targeting. This aims to check whether the programme's targeting criteria and application process effectively targeted the poorest households.

The targeting analysis conducted for this report was based on the integration of qualitative and quantitative methods. This mixed methods approach allowed the measurement of targeting performance in terms of standard measures such as inclusion and exclusion errors, while also collecting in depth information on households' involvement in the targeting processes and overall perceptions.

The targeting for the CGP followed several steps, each of which affected the overall targeting effectiveness. Following phases of community mobilisation and formation of Village Assistance Committees (VAC), a door-to-door census was conducted to collect information that would inform a first stage of selection: using a PMT to discern among five different poverty groups (from poorest to richest, called NISSA1 to NISSA5). Some categorical filters were also added at this stage, including the requirement that only households with children 0-18 be included in subsequent targeting steps. The next phase included sharing lists of all households registered in the census with the VAC and asking them to validate the poorest households. The intersection between PMT-eligible households and validated households was used to generate the final list of selected households.

Overall targeting effectiveness

The quantitative targeting analysis was based on a comparison of consumption expenditure levels and poverty rates between households eligible for CGP and those not eligible.

When targeting is successful, it is expected that consumption levels should be significantly lower for the eligible households compared to the non-eligible. This was found to be the case. Households eligible through the CGP targeting process are shown to be significantly more likely to be poor (74%) than those not eligible (43%), and this is also reflected in significantly lower mean consumption expenditure levels.

Moreover, two standard measures of targeting effectiveness are *inclusion and exclusion errors*. In the evaluation areas, the poverty rate was 50%, but programme coverage was only 22% of the total number of households. Therefore it is inevitable that not all poor households are covered by

the programme, leading to high exclusion errors. This was in fact the case, with analysis showing that 67% of poor households were not included in the programme.[3] This is not only an issue of financial constraints: roughly half of the poorest households with children that could have been covered with the available budget were missed by the programme.

Nevertheless, inclusion errors were not excessive (26%), meaning that most eligible households were actually poor. This is also unsurprising, given that households had to pass two criteria (the means test and the community validation) to be eligible for the programme, minimising inclusion error.

Importantly, benchmarked against international performance, the targeting of CGP's resources on the poorest was similar to that of other cash transfer in the region, but does leave room for substantial improvement.

Effectiveness of targeting design

Overall, while both the means test and the community validation were effective in increasing the focus of resources on the poorest, there was only a limited overlap between the two criteria.

The main difference between PMT and validation targeting is in terms of coverage (i.e. proportion of households indicated as eligible). Partly as a result of problems and limitations with the design of the statistical model the PMT method led to identifying as poor as many as 60% of households with children. Had the targeting process been based on the PMT only, coverage would have been much larger (around double of current volumes), with significant implications for the budget. On the contrary only 1 in 3 households with children were indicated as poor by the VAC. The most significant implication of the validation mechanism was to bring down coverage to 29% of households with children.

According to the original targeting design, the process should have led to the identification of about 10,000 eligible households across the 10 Community Councils (CCs) of Phase 2 of the CGP pilot, of whom around 5,000 potential beneficiaries in treatment areas. As a consequence of limited control over the targeting process, and particularly low coverage of validation, once implemented the targeting process produced a much smaller set of eligible households, about half of what originally envisaged (a bit less than 2500 beneficiaries).

The PMT and the NISSA scoring system

According to the PMT design level 1 and 2 of the NISSA were supposed to cover respectively the poorest and second poorest 15% of households. On the contrary the distribution of NISSA levels across all households in the MIS (Table 4.7) highlights a higher prevalence of NISSA 1 and NISSA 2 households in the population. They represent 36% and 23% respectively of the total distribution, leading to much higher coverage than planned.

There are possibly multiple reasons explaining the poor performance of the PMT formula when applied in practice:

- The PMT model was estimated on nationally representative data, and is not designed to reflect local differences in the poverty profile.

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[3] 16% of poor households do not contain any children, and therefore were not covered by the CGP by design.

- The dataset used for the estimation of the model (HBS 2002/03) was outdated and the quality of the data was reported as poor, with inconsistencies, outliers, and difficulties in data processing.
- Partly as a consequence of poor data quality, a series of discrete models rather than a continuous model was implemented to predict correlation with consumption expenditure, leading to a significant loss of information and precision in the estimation.
- The micro dataset used for the estimation of the model did not contain information about key assets or income flows (e.g. pensions).

In terms of targeting effectiveness, if the PMT scoring system were effective then poverty rates should be highest in NISSA group 1 and lowest in NISSA 5. While this was shown to be mostly the case, across NISSA groups 1 and 2 combined the poverty rate is 62%, implying that if targeting was based purely on the NISSA scoring system there would be high inclusion error (38%).

Community validation

Unlike community targeting models implemented elsewhere, in the case of the CGP there was no predetermined quota to be identified as poor in each community, and households were not ranked in relative terms according to poverty level but rather classified as poor or not poor. As a result of this specific design of the community validation process, there was a great deal of variation in the outcome of community validation across villages. In most villages VAC members indicate as poor between 10 and 40 % of village members, but there are also cases in which the proportion of validated poor is well above 50%.

Regarding the targeting efficacy of the community validation, if the validation process were effective, we would expect to only have households in the lowest two consumption quintiles to be validated by the community process. However, though validation rates fall by quintile, the validation rate is surprisingly high in the top quintile (17%) and as high as 27% in the fourth quintile. Moreover, a validation rate as low as 52% in the bottom quintile implies that community validation and 'objective' poverty assessment based on consumption expenditure do not necessarily match. While this may be partly due to elite capture, it may also be linked to the criteria that VACs were given to select households and the way these were applied in the decision-making process (see Box 4.2 in the main body of the report).

Beyond different levels of coverage, the correlation between PMT outcome and validation outcome, although positive, does not appear to be particularly strong. Especially in the case of NISSA levels 3, 4 and 5 some households that had been 'rejected' by the PMT model were instead validated by the community (15%, 22% and 14% for each respectively). This could be related to a badly designed PMT (that did not accurately predict the poorest of the poor as perceived by community members), to biased selection on behalf of the VAC (favouring their networks, etc.), or to a combination of the two.

Effectiveness of targeting implementation

While the analysis of targeting design looks at how targeting criteria affect outcomes, sometimes targeting effectiveness is also affected by implementation issues. For example, some of the households selected for the programme may not end up enrolling and some households that are not eligible for selection according to the MIS may be enrolled. For the CGP, these issues were limited but not inexistent, with 123 eligible households (5% of all eligible households) not enrolled and 112 households (5% of beneficiary households) being wrongly enrolled.

Targeting process and perceptions of targeting effectiveness

Both quantitative and qualitative research suggested that although most households did not have a good understanding of the detail of the selection process (only 9.7% of the quantitative survey respondents overall declared they knew how programme beneficiaries were chosen), they were with a few exceptions generally happy that it was a fair and transparent process.

Nevertheless, qualitative research did highlight a few problems in the targeting process, starting from insufficient community mobilisation and hasty data collection in the census stage, leading to some villages and households being left out of the process entirely, and as a result, left out of the CGP. Issues were also found with the validation process, with VACs rarely entirely present and often dominated by leading figures in the community (as well as minor issues with the criteria proposed for validation).

The lack of appointments with villages prior to community census epitomised the general poor communication and sensitisation of key stakeholders across all stages of the programme. Although the importance of an effective communication strategy was highlighted in both CGP manual and the Public Information Campaign (PIC) strategy, this was not fully designed or implemented by the programme officials. This resulted in households ultimately having very limited and often incorrect or confused understanding of the programme and process of targeting.

The research also showed that the enrolment process was undertaken efficiently and in a coherent manner. However, errors when generating beneficiary lists resulted in some households who were not selected by the targeting process being given certificates for enrolment. Some of these households were enrolled in the programme and others were turned away during the enrolment event. This resulted in distrust in and a loss of credibility of the programme and also created unnecessary tension and resentment at the community level.

This notwithstanding, tensions in community relations related to the CGP were still at a nascent stage and had not fully played out in the communities visited. This is because community members were still trying to understand the purpose of the programme and process of selection. Moreover households were of the belief that beneficiary selection was done randomly and by a computer without the influence of other community members. We expect the community relations to be further challenged once the first payments are made and once households fully understand the implications of having been selected or not.

Finally there were no case management systems set up for the programme at the time of research. Households felt that setting up of a complaint mechanism would be useful and suggested the use of existing local dispute resolution mechanisms as a means of addressing this.

Conclusions and recommendations

The conclusions and recommendations based on the analysis outlined here are presented in the last section of the report

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5 Conclusions and Recommendations

This report presents findings from quantitative and qualitative evidence collected as part of the CGP baseline evaluation. The baseline study fulfils four main objectives: a) characterize the study population and analyse livelihoods and living conditions to inform improvements of the programme design; b) refine a set of indicators that reflect the theory of change of the programme to constitute the basis for the impact analysis when changes are measured through the follow-up survey; c) test the soundness of the evaluation design by comparing pre-programme characteristics between eligible households in the treatment and control areas; d) assess the targeting effectiveness of the programme and propose means to improve the targeting design and process.

This section outlines some overall conclusions and recommendations by area of application.

5.1 On the evaluation design

The baseline evaluation survey collection confirms the overall soundness of the evaluation design. The sample is well distributed across strata and sample losses have been minimal, the overall quality of the data collected for the quantitative baseline is good. More importantly, the randomization design and process appears to have been effective in ensuring comparability between groups. Eligible households in treatment and control areas look similar in most dimensions, and only few indicators present differences in averages across treatment status significant at conventional statistical levels.

CGP Recommendation 1: Maintain the current evaluation design. Undertake necessary steps so that the follow-up data collection can take place in the same period of the year of the baseline survey (June to August) to avoid seasonality bias. If possible maintain a sample of non-eligible households in the follow-up survey, in order to test the existence of spill over effects. To allow for attrition consider the possibility of increasing the sample size of eligible households within Electoral Divisions (EDs).

5.2 On the CGP in general

The section on programme targeting in this report has highlighted several issues that should be addressed in future stages of the CGP pilot roll-out, and to the extent it is possible should also be considered in on-going piloting stages.

5.2.1 Nature of the CGP

Some elements of the CGP pilot design need to be reconsidered in the perspective of a scaled-up programme and at the light of political economy and fiscal implications. This policy debate goes beyond the limits of this specific evaluation assessment. However few elements can be offered for discussion and further analysis.

Two features of the programme architecture appear to be best grounded and justified by the socioeconomic and institutional context: a) the focus on children, as a way to ensure protection and promotion of future generations in Lesotho; b) the emphasis on building social protection interventions in a systemic rather than silos based manner – hence the attempt at integrating the GCP as the first building block of a comprehensive system of social protection (NISSA).

Other aspects need to be further clarified:

- What would be the optimal coverage of a scaled-up CGP? Does Lesotho have the financial capacity and political will to achieve a (almost) universal child grant?

- If targeting is a forced option due to financial constraints or political acceptability, what is the most adequate target, and consequently what is the policy rationale of the intervention? Should the CGP be conceived as unconditional social assistance to households who cannot provide their own livelihoods or as a safety net to households with residual productive capacity to boost (human and productive) investment in the long run? Can these two objectives be complemented? Can they coexist?

The role that the CGP is intended to play along these alternatives is not completely obvious, but each of the two options comes possibly with a different set of design and implementation consequences: targeting, transfer value and frequency, complementarity with other interventions, etc.

In the first case a scaled-up CGP would target only households without residual labour capacity (with children). Such a transfer could be conceived as a measure of last resort to provide a minimum living standard to households who would otherwise only rely on family and community support, particularly protecting children's well-being. This transfer would ideally need to be calibrated to cover the gap between incomes and expenditure needs.

In the second case a scaled-up CGP would cover non-labour constrained households. The transfer could be considered as a means to protect and increase physical and human assets, so to stimulate further productive investment in the future, strengthen coping mechanisms and reduce vulnerability to shock. In this case the transfer component could be coupled with specific capacity building dimensions (financial literacy, money management) and coordinated with other interventions, e.g. projects aimed at improving livestock and agriculture productivity. Opportunities for sustainable productive investment seem to be rather limited in the context of rural Lesotho, hence further analysis would be required on the viable pathways that can produce significant multiplier effects around the CGP. A stronger inter-institutional coordination would be required to bring the issue of the linkages between social protection and the broader development agenda to the attention of a larger set of stakeholders and sectors (health, education, agriculture).

As discussed in the report the programme is currently targeted on poverty only, and reaches a combination of households with residual labour capacity (roughly 75%, of whom 20% female headed) and labour constrained (25%). The decision to move away from the categorical definition of OVCs and target on the basis of poverty is extremely positive, as it acknowledges that vulnerability is complex and hits transversally across demographic categories. This at the same time implies that the programme is currently targeting some very heterogeneous groups of households.[106]

CGP Recommendation 2: Undertake an assessment of the political economy, fiscal space and capacity for a scaled-up CGP. This should be aimed at clarifying the nature, policy objectives, targets, institutional arrangements and funding for the CGP in the next decade. The exercise should be tailored specifically for key stakeholders within the Government.

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[106] If the objective of the CGP was more oriented towards social assistance (see above) it would be necessary to narrow down the poverty eligibility criteria, by combining poverty targeting with some ways to identifying households without able bodies (or at least with a particularly high dependency ratio). As the targeting becomes finer, however, the programme may achieve a smaller critical mass, which may in turn jeopardize the process of scaling up both from an implementation and political economy standpoint (focussing on disability and illness may be a trap that social protection takes a long time to escape, as it has been the case in other sub-Saharan countries).

5.2.2 CGP within an integrated social protection system

Further steps should be taken to ensure alignment and integration of the CGP with other social protection programs operating in Lesotho (particularly pensions and social assistance).

In line with the spirit of the NISSA initiative, the CGP should aim at putting in place national and local systems (involving payment mechanisms, case management systems, communication, MIS), that can be integrated to other existing and future social protection interventions. Inter-institutional coordination is essential, both at the national and at the local level, as synergies have to be sought to build a unified systems and processes.

In order to strengthen the integration of the CGP into a nationwide social protection system synergies with other projects could be explored. At this stage, with some revisions (see below), the CGP can form the basis of a credible and effective targeting mechanism that can be used to align other social protection measures in the public and semi-public sector.

CGP Recommendation 3: Disseminate information about the targeting effectiveness of the CGP and explore the possibility of using the CGP targeting approach to deliver other interventions, particularly in the area of social protection. For instance: use the same targeting channel to allocate secondary school bursaries provided by MoE; couple the transfer with distribution of uniforms and school shoes provided by various NGOs.

Moreover, there seems to be a lot of potential for better integration of the CGP design and implementation systems with other existing social protection measures, particularly the old age pension and social assistance.

CGP Recommendation 4: Review CGP eligibility rules for beneficiaries of other social protection transfers and the possibility to cumulate different types of transfers. Elaborate a plan to articulate CGP with other social protection measures. In particular, examine the possibility that the CGP exploits some of the systems (for payment, case management, information management) already in use for Pension and Social Assistance, or contributes to strengthening these existing systems, rather than building new ones.

5.2.3 Local management system

It is important to devote a significant amount of time and resources to setting up institutions and system for programme implementation at the local level. In this respect the involvement of Department of Social Work in the process at the local level is a key ingredient to ensure sustainability of the pilot.

CGP Recommendation 5: Set up within DSW a task force for the implementation, follow-up and case management of the CGP (in coordination with other social protection programmes) at community level. Improve communication between VACs, local DSW offices and DSH headquarter.

5.3 On CGP targeting

The section on programme targeting in this report has highlighted several issues that should be addressed in future stages of the CGP pilot roll-out, and to the extent it is possible should also be considered in on-going piloting stages.

5.3.1 General targeting approach

The integration of PMT and community validation combines two important policy objectives: a) establishing a uniform and standardized mechanism that can be implemented across regions as part of a national targeting system; b) relying on community level knowledge to minimize inclusion errors and create a sense of ownership – hence acceptability – of the programme. In this sense the mixed targeting method appears to be fully justified.

The analysis of the results of the targeting assessment shows that each criteria taken independently was less effective at identifying the poorest households than the combination of the two. This would point in the direction of sustaining the coupling of the two.

The biggest question is *whether the coupling of the PMT and the validation is a cost effective approach to targeting.* We believe the highest driver of cost is the census approach undertaken to carry out the PMT analysis. Part of the justification of this cost is the use of the NISSA database as a future MIS for all social protection in Lesotho. If this were to be the case, this cost would not have to necessarily be attributed to the PMT component of targeting itself.

Moreover, it will also be important to analyse further why both, taken singularly, are outperformed by similar exercises undertaken in other countries (see below).

CGP Recommendation 6: Undertake a revision of the cost of the different elements of the targeting design and process, analyse the relative cost of the two targeting methods, in order to analyse the cost effectiveness of the mixed targeting approach.

5.3.2 Targeting coverage

One of the main inconsistencies of the targeting approach tested in the pilot phase evaluated here is that the PMT and validation produced very different coverage outcomes. About 60% of households with children were eligible according to the PMT, while only 30% were according to the validation process (with only partial overlap across the two criteria). The overall targeting effectiveness could have significantly improved had the two mechanisms been fine tuned to provide a similar coverage level.

The problem originates from the fact that the PMT and validation mechanisms do not permit any control over the level of coverage that will be obtained in the field when rolled out. This led to the paradoxical situation for which the programme was expecting to enrol around 5,000 beneficiaries for the current pilot, and only managed to identify some 2,500.

Instead, the level of coverage that the programme is willing to achieve should be defined ex-ante as it is a key feature of the programme design (see above). Of course coverage does not need to be homogenous across locations, and can vary on the basis of where poor households are mostly concentrated. However the programme must be in the conditions to control the final number of beneficiaries who receive the transfer.

CGP Recommendation 7: Revise the design of PMT and validation mechanisms to: a) permit the manipulation of final coverage; b) align the coverage levels of PMT and validation. In practice: for the PMT this can be obtained via revisiting the current modelling approach (see below); for validation this can be obtained by either introducing a predefined "quota" of poor to be identified in each community, or by undertaking a relative, rather than absolute poverty ranking.

5.3.3 NISSA Census

Ensuring that the NISSA census is fully comprehensive and that no households, especially the more vulnerable, are excluded from it is essential towards consolidating its use as a unified registry for access to social protection programs in Lesotho. The qualitative targeting analysis has indicated the risk that villages and households within a village may have been missed in the census, for a variety of reasons.

CGP Recommendation 8: Urgently addressed potential gaps in the NISSA census coverage by putting in place a series of measures including: a) increase effort in dissemination and communication about the NISSA census and the importance that all households are registered in it; b) explore the possibility of creating mechanisms for inter-institutional coordination to cross-check NISSA with other institutional administrative databases; c) establish a simple and rapid mechanisms of inclusion in the NISSA for households who need to register; d) undertake ad-hoc re-registration campaigns in areas where coverage has been much lower than expected, after assessing village per village coverage in collaboration with village chiefs and local representatives ; e) establish the frequency with which the NISSA census will be uploaded/re-collected and re-targeting will be performed.

5.3.4 PMT design

The PMT showed overall poor performance with respect to other similar hard-data driven targeting mechanisms implemented in the region and elsewhere. This is largely a result of data constraints and data quality, though the modelling approach could possibly also be improved. A hard-data driven targeting component is a necessary ingredient for the scaled-up version of the GCP, particularly in the context of an integrated NISSA. PMT may not be the best option if the quality of national representative household datasets continues being poor in Lesotho. Alternative options could be sought along the lines of simpler hard targeting approaches based on demographic characteristics (e.g. dependency ratio) or an assets index (delinked from consumption) that could be calculated on census/application data only. The final word on targeting must come from the clarification of the nature and role of the programme (see discussion above).

CGP Recommendation 9: Undertake a revision of the current PMT model, design and cut-offs; this should involve simulating the targeting effectiveness of an optimal PMT design determined on the basis of household data collected for the baseline evaluation survey. Verify the availability of the most recent HBS data to update the national PMT model.

5.3.5 Community Validation

The *community validation* was also shown to have several problems in its implementation which most probably led to lower effectiveness in identifying the poor. Among others, as outlined extensively in the report, these included a disorganised communication strategy, disagreement by community members on validation criteria, last-minute meetings for validation where VAC members were not always present, the absence of an external and independent member in the validation process, and, at times, unbalanced VACs dominated by powerful people in the community.

It should also be noted that there are some *pending questions* in the background of the whole targeting process, including the level to which community validation should be transparent and accountable and the level to which it should use "relative" criteria established by each community. Regarding the first point, the explicit choice for the CGP was for VAC members to be elected as people that will 'facilitate the process' of targeting, without it ever being made explicit that they would be directly involved in validating beneficiary lists. This choice of 'non-transparency' was

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made so as to protect them from community members' anger in cases where their decisions were not accepted. It also most probably had positive effects in terms of allowing the VAC's choices to be made independently from local pressures as almost all people were convinced beneficiaries were being selected by a "machine" in Maseru. Nevertheless, it does risk undermining the accountability of the whole targeting process. Coming to the second point, VAC members are currently being given a set of criteria that they are asked to apply when choosing the "poorest of the poor". However, complaints were made that these criteria did not reflect "Basotho culture" and were not relevant locally. In other countries, similar community-based targeting processes allow communities to define their own validation criteria. The question therefore is, to what extent would this be possible and appropriate in Lesotho?

CGP Recommendation 10: The inclusion of two nominated VAC members by the public was meant to diffuse elite capture. However as mentioned above in many cases the VAC team validating the NISSA list were comprised of two or three of the five member team and often in the presence of the local chief or councillor who were more likely to influence the decision of the team. Two actions recommended for mitigating the influence of people with strong standing are: a) Presence of an outsider (operational team member, Ministry of Health and Social Welfare) who is not affected by the local political process and dynamics as an observing member during the validation exercise; b) Provision of separate validation sheets for selection of deserving households and verification of this list through majority vote and by the outsider.

5.3.6 Public Information Campaign and Case management system

Another issue which added to the problems above was also the lack of an adequate *information campaign* for the CGP. Although the importance of an effective communication strategy was highlighted in both the CGP manual and the Public Information Campaign (PIC) strategy, this was not fully designed or implemented by the programme officials. This resulted in households ultimately having very limited and often incorrect or confused understanding of the programme and process of targeting.

CGP Recommendation 11: Spend more time on the PIC design and ensure a variety of tools are used to enhance the effectiveness of the flow of information and understanding of the programme by targeted populations.

The problems identified above were compounded by the current lack of adequate *case management systems and redressal mechanisms*, meaning that households that happened to be excluded from the census, for example, never stood a chance of entering the programme.

CGP Recommendation 12: While the issue of setting up a comprehensive and integrated *case management system* is being addressed, its fundamental importance should be acknowledged and investments in this component further reinforced – especially if NISSA is to become the national MIS for social protection in Lesotho.

5.4   On key programme design features

5.4.1 Value and frequency of transfers

The way in which a cash transfer is provided can affect the impact of the transfer itself, evidence from around the region confirms. In the case of the CGP, the current set-up – particularly the quarterly payments of M360 – may not necessarily be the best to achieve the desired outcomes of the programme, including sustaining the poorest and most vulnerable households containing children. Evidence from the evaluation baseline has in fact highlighted that there may be scope for tailoring the CGP to the needs of eligible households in several areas.

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First, there may be an argument for linking the value of the transfer to household demographic composition, so to achieve a higher value of per-capita or per-child transfer in large households, and avoid the transfer dilution within households' overall expenditure. This will contribute to improving the progressiveness of the instrument, and is likely to have negligible effects on fertility rates, as demonstrated by international and regional experience with this type of programs.

CGP Recommendation 13: Revise the payment scale to move from a flat per-household amount to a variable amount indexed to the number of children in the recipient household. Introduce a mechanism to index the value of the transfer to reduce erosion by inflation. One possibility would be to link increases in the CGP amount to increases in the social pension amount that are decided on a yearly basis by MoF on the basis of the fiscal framework.

Second, evidence on respondents' financial preferences (including high risk aversion and very low 'patience') suggests that the payment of a quarterly transfer may not guarantee the level of predictability needed for recipient to smooth their consumption. The *frequency of the transfer could be increased* to tackle this issue. At the same time, if the amounts were to be reduced as a result of increasingly frequent transfers, this might make it harder to spend on costly items (such as uniform), since transfers are not saved, and transaction costs will be higher both for the programme and for recipients. Increased frequency, therefore, should be carefully considered along with the desired objectives of the programme (spending on recurrent or 'lumpy' items). This distinction could be mitigated with more saving, or with a larger lump-sum in some periods (e.g. at the start of the school year) and smaller more regular payments throughout the rest of the year (see below). Increasing the frequency of payment may also affect administrative costs depending on the used payment modalities.

CGP Recommendation 14: Estimate the additional administrative costs that would be associated with increasing the frequency of the transfer from quarterly to bimonthly. Explore possibilities of using new technologies in the area of payment modalities to reduce costs, integrate payment systems with other social protection interventions (pensions) and introduce some flexibility in the payment schedule across the year (higher transfer at the beginning of the year for school expenses, and in high food-insecure months – see below).

5.5 On key dimensions of households characteristics and well-being

5.5.1 Poor physical infrastructure and basic services

One of the elements that emerges from the general characterization of the study population is the very poor condition of physical infrastructure (for instance roads and water supply), and the weakness of the system of public provision of health and education services. In this context it is evident that the main policy priority to improve children's living standards in a country like Lesotho must coincide with improving infrastructure, production technologies and access to basic social services. Social protection measures can complement this principal effort by sustaining households' capacity to demand for goods and services if and when they become physically available at the community level.

CGP Recommendation 15: Reorient the main indicators and targets in the logframe of the CGP to reflect realistically the type of changes that can be achieved in a context of very poor physical infrastructure and service supply. The data collected for the baseline survey for the impact evaluation could be used for instance to simulate ex-ante the magnitude of expected changes in the main outcomes of interest.

5.5.2 Lack of documentation

One of the most policy-relevant findings, regarding household demographics, was the *extremely high proportion of adults and children with no adequate documentation*. As highlighted in the report, 44% of adults and 92% of children did not possess a valid passport, with higher percentages for eligible (and therefore poorer) households.

Even more worryingly, around 80% of children aged 0-36 months did not have a birth certificate (with only 6% of children that age in the process of getting one). The findings, moreover, are confirmed by other nationwide data sources. According to the 2009 Living Conditions report, of all children 0-5 years old in Lesotho, less than one in four has a birth certificate. In over 75% of cases, this was due to lack of adequate information. Conversely the vast majority of children (98%) have a *Bukana* Health Card for growth monitoring. The policy implications of this lack of registration are wide, affecting mobility on one side and access to basic services on the other, and should be studied further and addressed by policy-makers.

CGP Recommendation 16: Reinforce guidelines to ensure that unregistered children can be enrolled in the CGP, while at the same time putting in place mechanisms to incentivize their prompt registration. One idea, for example, could be to link the CGP information campaigns to campaigns on national identification and registration (with mobile units travelling around remote areas to offer an almost door-to-door service). Support processes of integration of birth certification with attendance to health facilities for growth monitoring checks. Exploit the fact that most children are registered at the health facility via *Bukana* Health Cards to set up ex-post registration campaigns.

5.5.3 Food security and seasonality

A second important finding of this study was linked to unveiling the *trends and seasonality of households' food security*. All in all, findings showed that food security was a serious problem across all households, but particularly amongst eligible households. On average, almost 70% of households reported that they did not have enough food to meet their needs at least for 1 month in the 12 months prior to the survey. Food insecure households reported that they had sufficient food for only 2 to 3 months in the last year, and had an extreme shortage of food for 4 to 5 months, mostly spanning from January to May, with peaks in April and May.

While these issues are not easy to address and beneficiary households will most probably be positively affected by the CGP cash transfer, it would be important to make sure efforts are made to support households in the hardest months, before the harvest. Given the high level of seasonality of expenditure patterns which was found in this study, there may be a case for *adapting the value of the transfer to households' specific seasonal needs.* To address these problems, the CGP could increase the value of the transfer in these key months, mirroring households' needs.

CGP Recommendation 17: The CGP could consider increasing the transfer amount during the 'peak' food insecurity months of April and May. Similarly, the timing of other government programmes could be scheduled to support households in those months especially. It should be noted that this is particularly important given the short financial time-horizon and high risk aversion of households in the area, as also uncovered by this study. Additionally/alternatively the transfer could be integrated with interventions aimed at improving the financial literacy of recipients and encouraging greater financial use of the transfer: i.e. building precautionary savings for lean times or lumpy expenditures.

5.5.4 School progression

A third set of findings that should be noted by policy makers regard *education*, and specifically *children's trends in school progression*. Overall, it was noted that primary school completion rates were at around 45% for the 13-17 age cohort (partially because of problems with school progression), and over 70% for the 18-25 age cohort, with numbers decreasing drastically for secondary school completion. Moreover, the most worrying result was that over 90% of children aged 6-19 presented some form of delay in school progression. These problems were mostly linked to late enrolments (affecting around 65% of children 6-19), repetition (affecting almost 55%) and temporary drop-out from school (just over 5%), which in turn were due to children failing exams and having poor grades as well as to financial problems (lack of money for fees, shoes, uniforms, etc.). Importantly, moreover, such problems were particularly acute for children in eligible households.

Within this context, it is clear that there are wider problems to tackle in order to guarantee children's right to schooling than a cash grant can address.

CGP Recommendation 18: The CGP grant could be designed so as to increase the transfer amount in the month of January (at the beginning of the school year), when most educational expenses are sustained[107]; or as previously mentioned combined with financial literacy training to encourage financial planning and consumption smoothing. Explicit conditionality mechanisms do not seem to be realistically implementable in Lesotho at this stage, given the poor state of systems of information and supply of public education services in general.

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[107] Note that there is a limit to the amount of variations to the payment schedule that it is advisable to introduce. Varying the amount of the transfer at different times of year might put some strain on the administration and would also risk confusing recipients, particularly if the amount varies by household size and is adjusted by inflation.

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