



# Child Grants Programme Impact Evaluation

## Follow-up Report – Executive Summary



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## Executive Summary

### Introduction

The Lesotho Child Grants Programme (CGP) is an **unconditional social cash transfer** targeted to poor and vulnerable households. It provides every quarter a regular transfer of between **M360** and **M750**<sup>1</sup> to poor households with children that are selected through a **combination of Proxy Means Testing (PMT) and community validation** and registered in the **National Information System for Social Assistance (NISSA)**.

The programme is run by the **Ministry of Social Development (MoSD)** of the Government of Lesotho<sup>2</sup>, with financial support from the European Commission and technical support from UNICEF-Lesotho.

Oxford Policy Management (OPM) was contracted by UNICEF to design and undertake an independent evaluation of Round 2 Phase 1 of the CGP pilot. The purpose of the evaluation was to establish the impact, effectiveness, efficiency and sustainability of the programme. The study comprised three main components: a) a **quantitative panel household survey** with a baseline in 2011 and a follow-up in 2013, in control and treatment locations and covering CGP eligible and non-eligible households; b) **qualitative fieldwork** to inform, explain and add to the information gathered in the quantitative survey, and to undertake further studies as required; and c) **gathering of detailed cost information** from all implementing partners involved in the implementation of the CGP pilot, to estimate financial and administrative implications of the national roll-out.

The present document summarizes the findings of the quantitative component of the evaluation, whose main objective was to assess the impacts of the CGP pilot on the **wellbeing of beneficiary children and households**. The study also sheds light on the **operational effectiveness** of the CGP pilot and provides insights on the **indirect social and economic impacts** of the pilot in the community where it operates, beyond those who directly benefit from it.

### Quantitative Evaluation Design

The analysis of the impact of the programme is based on the comparison of a **representative sample** of CGP recipients (**treatment group**) with a **control group** – similar households and children who do not benefit from the programme. Both groups were interviewed before the CGP transfer began as part of the **baseline survey in 2011**, and then interviewed again in a **follow-up survey in 2013**, after the CGP has been operating for two years. The impact is assessed by comparing changes in the welfare of CGP recipients to any changes in the control households. The information from control households serves the function of “**counterfactual**”: it reflects what would have happened to beneficiary households had they not participated in the programme. The control group captures any changes that may have happened in the population in general and have nothing to do with the CGP.

The control group was selected on the basis of a **randomized controlled trial (RCT) design**, in such way ensuring that it was fully comparable to the treatment group. Within 10 Community Councils selected for Phase 1 – Round 2 expansion of the programme, half of all the Electoral Divisions (EDs) were randomly assigned to be covered by the pilot, while the other half were only covered after the end of the evaluation study. EDs were assigned to either the treatment or the

<sup>1</sup> The transfer value for CGP was originally set at a flat rate of M120 (US\$ 12) per month per household and was disbursed every quarter. Effective from April 2013 the cash transfer has been indexed to number of children as follows: (1) Households with 1-2 children M360 (US\$ 36) quarterly; (2) Households with 3-4 children M600 (US\$ 60) quarterly; and, (3) Households with 5 and more children M750 (US\$ 75) quarterly.

<sup>2</sup> Formerly Department of Social Welfare (DSW) at the Ministry of Health and Social Welfare (MoHSW),

control in **public lottery events** that took place in each electoral division. The study took place in **five Districts**: Qacha's Nek, Maseru, Leribe, Berea and Mafeteng, covering in total **10 Community Councils** and 96 EDs.

In treatment EDs the CGP implemented the targeting process, selected recipients and proceeded to enrolment. In control EDs the CGP implemented the targeting process and selected recipients who should receive the transfer, but enrolment was delayed until after the follow-up data collection was completed.

The survey was based on a panel design and collected information for a **sample of CGP eligible households** in treatment and control communities. It also included information for households who were **not eligible** for the programme. The baseline survey fieldwork took place between June and August 2011 and comprised around 3000 households. The follow-up survey fieldwork took place at the same time of the year to avoid seasonality bias - between June and August 2013 - and covered around 2000 households<sup>3</sup>. The fieldwork data collection was undertaken by Sechaba Consultants in direct liaison with OPM.

The analysis uses a '**Difference-in-Differences**' estimation strategy: the comparison of trends over time in the programme recipients and control households' wellbeing indicators provides is basis for the analysis of CGP direct impact. Re-visiting the same households helps to adjust for any initial differences between the two groups at the time of the baseline that may have resulted, despite of the randomization.<sup>4</sup> The main results presented in the report are based on a crude 'difference-in-differences' model pooling information from all panelled households. However further robustness checks were performed for a number of alternative econometric specifications. The study also looks at the **heterogeneity of the effects across households with different characteristics**.

## Experience with the CGP transfer

Since the beginning of the evaluation **the nature of the CGP has substantially changed**. Started as a small pilot with exclusive support from donors, the CGP has developed operational systems for roll-out at much larger scale. In the span of less than 5 years the CGP has managed to **enrol almost 20,000<sup>5</sup> beneficiary households** and 50,000 children, to whom it is currently providing payments. Government ownership has increased with the creation of the new Ministry of Social Development, and a significant fraction of the **funding has been taken over by GoL** which is now considering plans for nation-wide expansion of the CGP and the NISSA. In April 2013 the average **value of the transfer was raised** to account for the number of children in beneficiary households, enhancing the potential effects of the transfer on larger and poorer household. There is also increasing emphasis on the fact that NISSA should serve as a platform to better harmonize social protection interventions in the country, and MoSD is in the process of drafting a new Social Protection Strategy.

The administrative tasks involved in the CGP have been large and largely unprecedented for MoSD, not surprisingly the programme has experienced **a number of implementation challenges**.

**Beneficiaries received over the course of the evaluation the total intended amount of funds, but the payment schedule was unpredictable and the transfers were made in more lumpy**

<sup>3</sup> Note that only half of the baseline survey for households type C and D was tracked as part of the follow-up study.

<sup>4</sup> Moreover the comparison of trends over time in non-eligible households in treatment and control communities provides insights on the indirect community level effects that the programme had on non-beneficiaries in treatment communities (local spill-over effects).

<sup>5</sup> 19,800 as of March 2014

**disbursements than expected.** The Child Grant Programme (CGP) aimed at providing a regular and predictable cash transfer that recipient households could use as a regular source of income to meet basic children and household needs. However in practice payments in the Community Councils covered by the evaluation study have been quite irregular both in terms of timing and size. The first CGP payment was done in study areas between August and October 2011, right after the baseline data collection (July/August 2011), and households received the equivalent of three payments. Out of the five subsequent payments only three were made every three months, the intended interval. Based on the administrative records, the average number of payments received per CGP beneficiary household in the sample was between 6 and 7, while based on the operational design, the intended number of quarterly payments should have been 8.

**A combination of factors led to very sizeable payments being done in April 2013, prior to the follow-up survey.** The most recent CGP payment before the follow-up survey (July/August 2013) happened in April 2013, so on average 3 months before the follow-up data collection. The vast majority (98%) of interviewed beneficiaries at follow up confirmed having received a payment between March and May 2013, with an average value of approximately 1,000 M. This corresponded to a late payment and included a double CGP payment to make up for the previous payment that had been missed.

**By providing regular transfers of 360M per quarter, according to its original design the CGP would have provided the equivalent of about 14% of the 2013 monthly consumption of an eligible households,** or about 10% of the updated poverty line. Effective from April 2013 the transfer value has been indexed to number of children, bringing it to represent on average about 21% of household monthly consumption. The April 2013 transfer (CGP component only) corresponded on average to the equivalent of one month worth of consumption.

**In addition to the CGP grant, a Food Emergency Grant was also disbursed to CGP beneficiaries in in 2012 and 2013.** As an emergency response to the poor harvest that strongly affected household livelihood and food supply in Lesotho, the Food Emergency Grant took the form of a bi-monthly top-up of 400 Maloti (200 Maloti/month) that was disbursed together with the CGP, but in a separate envelope. According to official records the Food Emergency Grant should have been paid CGP beneficiaries included in the evaluation study at least twice in the 12 months prior to the survey, and 4 times for a smaller fraction of beneficiaries (with the last payment in April 2013).

**All in all the sense of predictability of the CGP was limited amongst beneficiaries so far.** The data gathered from CGP beneficiaries in the follow-up survey shows that only 13% of the respondents were aware of the amount they would be receiving in the April payment. Interestingly, 13% of the respondents state they had no expectations in terms of amount of the transfers and 9% had no expectations in terms of timing.

**Beneficiaries' experience of the CGP payment is similar to other programmes in the region that have predominantly manual payment systems and operate in remote areas.** Respondents report spending on average around 3 hours travelling to and from the pay point on pay days (return journey on foot). Almost all the respondents walk to the pay point where they on average spend 2.3 hours waiting. On average, respondents spend 9 Maloti to collect the payment. In about 2 of 3 beneficiary households the transfer is collected by a woman. In 75% of cases decisions on expenditure are taken by the household head, who is a man in 55% of households.

**The CGP is an unconditional cash transfer: in practice respondents receive a very effective messaging that that the cash transfer should be spent on children.** Interesting, all the CGP recipient interviewed in the quantitative study report having received instructions at the pay point to spend the money on children. Qualitative research confirmed that this message was being further reinforced by the watchful social development officers, the VAC members, chiefs and the wider community who felt strongly that the money was to be used appropriately by the beneficiaries.

**There is a lack of knowledge among the CGP recipients on case management procedure** and possibly a failure of the Village Assistance Committees (VACs) in delivering the intended strategic communication and support roles. The majority of the recipients are not aware of the role of the VACs and/or think they are not active.

**The program does not have an effective system in place to gather and address complaints.** In almost a third of the communities, village representative indicated that it is common for beneficiaries to complain about the CGP. Beneficiaries' complaints are mainly associated with the size and irregularity of the payment or problems with the collection of the transfer. Non-beneficiaries are reported to complain much more (87% of the community interviews). They mostly complain about targeting process such as, not knowing why they were not selected (55%), and exclusion error in the targeting process (e.g. "not all poor households receive the payment" (70%)), inclusion errors ("some non-poor households receive the payment" (38%)) or that "beneficiaries do not use the CGP on their children as they should" (21%).

**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. While in the evaluation areas the poverty rate was estimated to be 50% of households, CGP coverage was only 22%. On the contrary, 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) in order to be eligible for the programme. Both the PMT and the community validation were effective in increasing the focus of resources on the poorest, but two elements did not reinforce each other sufficiently.

## The Impact of the CGP

**The analysis of the CGP impacts originates from a theory of change** that disentangles the different pathways along which the intervention could affect children and households' wellbeing.

Along a **first** pathway of change, by providing an injection of resources into the household economy the CGP is expected to **boost consumption expenditure of goods and services**, and contribute in this way to improving the overall wellbeing of household member and children in particular. A **second** pathway of change of the CGP is through time use and substitution of income sources. By representing an additional source of income into the household, the transfer could lead to an **adjustment of livelihood strategies**, including work habits for both adults and children, reliance on informal community support and other income generating activities. A **third** pathway of change of the CGP is through investment in productive assets. Parts of the funds made available by the programme could have been used to **increase households productivity and build assets**, also as a way to increase resilience to shocks.

## Consumption, poverty and food security

### Consumption and Poverty

**The programme contributed to increasing the levels of expenditure on schooling, clothing and footwear for children.** The unadjusted average monthly consumption expenditure of CGP eligible households was M972 (in 2013 prices), with almost 63% of household resources being spent on food, followed by fuels (12%), education (7%), household and personal care (7%), clothing (5%) and transportation (2.5%). When looking at consumption for specific groups of items, the analysis reveals that the CGP contributed to an increased expenditure in clothing and footwear (particularly for children), as well as education.

**The messaging of the programme - that the CGP funds should be used in the interest of children - was strictly followed by beneficiary households**, so for example the CGP has a remarkable effect on children's access to uniforms and school shoes. The CGP had a very large and significant impact on the proportion of pupils 6-19 with uniforms and shoes (an increase by 26 percentage points) and the impact is particularly large for young children (6-12), boys and girls increase by 35 percentage points and 27 percentage points, respectively. The impact is further confirmed by the results on expenditure on education.

**The CGP was not associated with a significant reduction in poverty rates amongst beneficiary households two years after the introduction of the pilot in the study areas, however beneficiaries' welfare has improved and trends are encouraging.** Real household consumption expenditure increased significantly for all households, with larger, significant and positive improvements in per-capita and per-adult-equivalent terms amongst CGP beneficiaries. A noticeable CGP effect on food expenditure and per capita total expenditure can be detected only when controlling for differences in prices across different locations. After receiving the CGP, a bit less than 70% of eligible households still lived under the poverty line. A significant reduction of the poverty rate (7 percentage points), gap and severity was observed in the treatment group. However it is not possible to conclude that the CGP had a statistically significant impact on poverty.

### **Food security**

**The CGP had an important protecting function by mitigating the effect of increasing food insecurity in Lesotho as it improved beneficiary households' ability to access food throughout the year.** The CGP contributed to reducing the number of months during which households experience extreme shortage of food over the past 12 months by 1.7 months. Non-CGP households continued experiencing high levels of food insecurity, which slightly worsened over time, while there was a significant improvement among CGP beneficiary households (and their children). 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 5 percentage point. Still CGP households experienced some degree of food shortage in 8.5 months out of the 12 months prior to the survey.

**This translated into food security gains for both adults and children.** The proportion of CGP beneficiaries adults, and more significantly children aged 0-17, that had to eat smaller meals or eat fewer meals in the three months previous to the survey because there was not enough food, decreased over time. The direct impact of the CGP was large and significant for children (11 percentage points reduction). The proportion of CGP beneficiaries who had to go to bed hungry because there was not enough food also decreased for adults and children. The analysis shows that the CGP contributed to a reduction of 7 percentage points for adults and possibly a similar magnitude for children.

**Qualitative evidence suggest that the effects on food consumption and dietary diversity were mainly concentrated around pay dates** with are difficult to detect in this study due to the nature of data collection and unpredictability of payments during the evaluation period. A food consumption score has been constructed looking at the diversity of the food items consumed in the 7 days prior to the survey. While no detectable impact can be attributed to the CGP, the data show a positive trend among CGP beneficiaries with a an increase in the proportion of households with acceptable food consumption levels.

The lack of a significant impact on overall food consumption and the food consumption score can be explained by two factors: the short recall period used in the consumption expenditure module and the little predictability of the CGP payments during the time of the evaluation. Respondents were asked about their food consumption during the 7 days prior to the survey. Considering that the last transfer was made on average 3 months before the survey, and after 4 months beneficiaries had not received any payment, and considering that beneficiaries had little information and experience about the regularity of the CGP payment to engage in effective

consumption smoothing strategies, it is likely that by the time of the follow-up survey the value of the CGP payment had been already spend completely, leaving little margin to still affect present food consumption.

## Children wellbeing

Through increased expenditure the CGP is further expected to affect more substantive dimensions of child wellbeing, notably in the areas of access to health services and health status, access to school and school progression.

### Child Health

**While there were no effects on access to health facilities, the CGP was associated with an important increases in the rate of child registration at birth.** The CGP contributed to increasing birth registration by 37 percentage points amongst children 0-6. This is an anticipated effect of the programme, as there is a loose requirement for beneficiary children to provide a birth certificate within six months of the enrolment into the CGP. The study shows instead no significant increase in the proportion of children (0-17) that consulted a health care provider or for which any money was spent on health care.

**The CGP contributed to a significant reduction in the proportion of children 0-5 who suffered from an illness (generally flu or cold) in the 30 days prior to the survey.** When looking at children (0-5) the CGP contributed to reducing morbidity rate by 15 percentage points. The reduction in morbidity rate was large and significant for both boys and girls depending on the model specifications used. This is a significant and large effect and requires further analysis to determine the causes that may be driving this change. One possibility is that this is associated with households buying more clothes and footwear for children, which in turn may be associated with a reduction of respiratory infections.

**Unfortunately the study did not collect anthropometric information to assess child nutrition,** due to budgetary restrictions. In CGP households around 95% of children 0-36 months had a 'Bukana' Health Card at follow up, almost unchanged from baseline. Noticeably only for 61% of these children there was any growth monitoring information recorded in their 'Bukana' Card. The records taken from the 'Bukana' card on child weight and immunization appear to be quite imprecise.

### Child Education

**There is evidence of a positive effects of the CGP on children's enrolment in school.** The CGP had a large impact on the proportion of children (6-19) who are currently enrolled in school (impact of 5 percentage points overall). The CGP seems to contribute to retaining children 13-17 in primary school, particularly boys who would have otherwise dropped out. Due to the CGP enrolment rates was 10 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. There is some indication of a similar effect also for girls (13-17).

**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% 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 age 13-19, who completed primary school was very low (less than 45%). In some of these areas results could not be expected in the short term of the evaluation, but the study show the severity of challenges with service supply in the education sector.



## Children Time Use and Work

In the case of children, a reduction of child work would be seen as a positive effect of the CGP.

**The evidence on the effect of the CGP on children time use and child work is mixed, largely non conclusive and not robust across specifications.** The results on the CGP impacts in this area need to be analysed with caution, as they are not stable across alternative econometric models and therefore require more in depth analysis.

**The CGP did not appear to have a strong impact on the way children 4-17 use their time apart from beneficiary children spending more time doing homework.** Boys enrolled in schools reported spending more time doing homework and/or studying outside school (the estimated effect corresponds to an increase of roughly 15 minutes per day, with children dedicating on average nearly 45 minutes a day to do homework and/or studying outside school).

**Evidence of a reduction in the amount of time children were involved in work related activities is limited.** Only for children 6-12 we also see a small decline in the involvement in work activities inside or outside the household. There is little consistent evidence of an impact of the CGP on rates of child work among children 6-17 as a whole. Age and gender disaggregation suggests that while boys 13-17 may have seen a reduction in the engagement in paid work outside the house (in the 12 months prior to the survey), girls have seen an increase (in the 7 days prior to the survey) due to the CGP. The hypothesis of a substitution of work between boys and girls must be analysed in more depth.

## Child deprivation and vulnerability

**It was possible to calculate an adaptation of the multidimensional index of child deprivation** developed in Gordon et al (2003) - also known as the Bristol Child Deprivation index - based on the information collected on a series of children and household indicators. The index covers 8 dimensions of severe deprivation, some of which are associated with long-term developmental outcomes on which the CGP was not expected to have an impact. Overall the analysis indicates that children in the sample were deprived on average in 3 dimensions, with the CGP having a significant effect on the reduction of food and health deprivation for children 0-5.

## Livelihoods

By representing an additional source of income into the household, the transfer could lead to an adjustment livelihood strategies in the households, including labour supply and income generating activities.

### Labour Supply

**CGP households relied on a varied range of income sources and only very few appeared to be dependent on the transfer only.** Livelihood strategies often combined piece work, own farm and livestock activities and informal support from other community members. Transfer, wage employment and self-employment (agricultural and non-agricultural) were reported to be the most relevant sources of income for CGP households. While the CGP was an important complement to such livelihood strategies, in most case it did not represent the main source of income.

**Overall, the CGP did not appear to impact labour participation either positively or negatively,** as the proportion of adults (18-59) and elderly (+59) who were active on the labour market in any activity increased marginally but significantly over time across groups. Some changes in livelihood patterns were common to households in both CGP and non-CGP

households, with the participation of adults in own agriculture and livestock activities over the year prior to the survey increasing, and the participation in non-farm family businesses decreasing. The analysis indicates that non-farm businesses operated by beneficiary households were very small scale and often operating in a sporadic way during the course of the year. If anything the CGP seems to have reduced the regularity of households engagement in non-farm businesses, particularly home-breweries.

**There is also some evidence of a reduction in the intensity of adults participation in paid occasional and irregular work, particularly piece jobs** which were generally resorted to as a last resort survival strategy in time of hardship. The CGP appeared to be associated with a reduction in the proportion of households who reported wage employment as source of income. Also at individual level the data shows a reduction in the number of weeks and hours adults are engaged in paid work. When analysing the type of paid work adults were engaged in, it is interesting to note that most adults were engaged in occasional/irregular jobs (piece jobs), and the reduction in CGP households was higher for this type of job compared to occasional or permanent/regular employment. These results are generally confirmed by qualitative evidence indicating that some beneficiaries did reduce the amount of piece work / casual labour they undertook, mainly around pay dates.

### Farming and livestock

**Households' involvement in farm activities was larger in 2013 than in 2011 and there is evidence that the CGP improved beneficiaries ability to produce food, particularly maize.** While the CGP did not affect the probability of households owning or planting land, evidence of CGP effects on farm production is twofold. On the one hand the CGP seems to have contributed to increasing the frequency of the harvest from the garden plot among CGP households, leading beneficiaries to having almost 3 harvests per year. On the one hand some CGP household seem also to have increased their total production of main staples - particularly maize - as a result of their participation in the programme. This suggests that some of the gains in food security mentioned above may have been achieved through increased self-production of food.

**The positive effects on farm production can be associated increased use of crop inputs amongst beneficiary households.** A higher proportion of households spent money in agricultural assets and inputs (pesticides and fertilisers) compared to the baseline study, with a positive and significant effect on the use of pesticides. **The Food Security Grant may have played an important role in these productive impacts**, as the resource was provided with the message to buy inputs and increase agricultural production for self consumption.

**Households' involvement in livestock activities appeared to be largely unaffected by the CGP.** A higher proportion of households that engaged in livestock activities compared to baseline also reported using and spending money on inputs (such as manufactured feeds, fodder, etc.), with no significant difference between the treatment and control groups.

### Institutional and informal support

**The introduction of the CGP significantly expanded the proportion of poor families reached by institutional support compared to the baseline level in the treatment group** (from 14% to 95%). The proportion of households receiving formal assistance in control households remained low at around 20%. Apart from the CGP grant the most common institutional transfer that eligible households benefit from was the old age pension (OAP) (about 15% of households). In-kind assistance was also received by about 1 in 5 eligible households.

**The CGP had a significant impact in strengthening the informal sharing arrangements in the community, particularly around food.** The fact of receiving the CGP may have implied a withdraw of other informal types of support to beneficiary households: the so called crowding out effect. Conversely the analysis indicates a reinforcement of solidarity within the community. On the one hand participating in the CGP was associated with an increase in the probability of beneficiary

households receiving informal in kind support from other family members, friends or neighbours (12 percentage points). 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 (also 12 percentage points). This is consistent with the existence of strong reciprocity bonds in the community where the programme operates. No significant impact was found on proportion of households who received or provided support in the form of labour or productive input. However the study highlights **a reduction in the amount of private cash transfers beneficiary households received from non-resident members living abroad and other family members**. This crowding-out effect is likely to have partly offset the potential impact of the CGP in poverty reduction and welfare enhancement in general.

## Productive Investment

The fact that the value of the transfer was increased in April 2013 and the CGP was coupled with the Food Emergency Grant, together with the irregularity in payment, meant that CGP transfers were, albeit less predictable, more sizeable than anticipated. A possibility is that this may have been conducive to investing resources, generating savings or increasing beneficiary households productivity over and beyond responding to immediate needs.

**The CGP did not have a strong effect on productive investment and asset accumulation.**

Apart from signs of increased expenditure in crop production inputs mentioned above, the only convincing result is that the CGP contributed to an increase in the proportion of beneficiary households owning pigs. It is possible that piglets were bought with funds from the CGP and Food Emergency Grant. The data also suggests that some beneficiaries may have invested in improving the quality of their roofs by buying iron sheets, but the results is not fully robust to model specifications. No noticeable impact was detected on the improvement of other house characteristics or investment in households assets.

**No detectable impact of the CGP was found on households saving behaviour.** The proportion of households that saved money in a formal or informal institution did not change significantly over time. However, as a general trend, it is worth noting that the proportion of households contributing to burial societies and burial plans increased significantly.

**Similarly, no impact were detected on households borrowing patterns** (apart from a reduction in borrowing from community groups), although the proportion of CGP households borrowing and buying on credit increased significantly. Borrowing happened mainly through informal channels: particularly around 60% of households borrow from family and friends. It is also interesting to note an increased importance of micro-lenders (both in treatment and control households) and the fact that more households reported to buy on credit (again in both groups).

**All in all, however, 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: as a result of the programme CGP households were significantly less likely to send children to live elsewhere, send children to work and to take children out of school or to reduce spending on health a measure to respond to shocks.

## Conclusions

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.

A mixed methods impact evaluation, including a randomized control trial, found that the CGP has led to a broad array of impacts. **The programme has had positive impacts in areas related to programme objectives, particularly on child wellbeing.** CGP households concentrated spending on children, especially in terms of purchasing school uniforms, clothes and shoes. **The CGP also led to a large increase in birth registration, a decrease in morbidity among small children, and an increase in school enrolment for boys amongst late learners in primary school.**

**The programme has also increased protection against food insecurity.** While the programme did not appear to have an impact on short-term food consumption and dietary diversity, indicating an inability among households to smooth consumption over the quarterly time frame of payments, the CGP did improve the ability of households to access food over the course of the year.

**Possibly also because of the combination with the Food Emergency Grant the programme led to some increased spending on crop inputs, and increased production of crop outputs.** On the other hand the programme contributed to reducing the intensity of labour participation in casual labour. There were no strong impacts on the accumulation of productive assets, no impacts on household savings or borrowing, and evidence of a decline in cash support received in the form of remittances and family support.

**All in all the CGP was not associated with a significant reduction in poverty rates in the period of the evaluation, however trends are encouraging.** The programme had a significant impact on reducing negative risk coping strategies and strengthening informal food sharing arrangements in the community.

## Programme Level Recommendations

Few programme specific recommendations emerge from the study:

- **Improve the Predictability and Frequency of Payments.** The irregular and low frequency of payment did not allow households to plan their finances around the CGP. Most beneficiary households did not have expectations as to how much and how often they would receive the grant in the future, which defeats one of the main purposes of the grant: to help poor households smooth consumption. Improving the predictability and regularity of payments is essential. Besides the ongoing efforts to integrate payment systems with other social protection interventions, it would be interesting to explore possibilities of using new technologies in the area of payment modalities to increase the frequency of the transfer (from quarterly to at least bimonthly), 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).
- **Avoid the Erosion of the Transfer Value.** An implicit effect of the indexing of the grant amount to the number of children happened in April 2013 was that the real value of the transfer increased in real terms for an average household during the period of the evaluation. It is important to establish a more stable mechanism to increase the value of the transfer to reduce erosion by inflation. One possibility would be to link adjustments in the CGP amount to increases to the value of the Ald Age Pension amount that are decided on a yearly basis by MoF on the basis of the fiscal framework.
- **Consider whether to Broaden the Message.** The CGP's messaging has proved to be very effective and successful in terms of increasing spending on children's needs. Similarly beneficiaries appear to have been receptive of the messaging delivered around the Food Emergency Grant. Even in the absence of explicit conditionality, messaging can be a powerful

instrument to strengthen the effectiveness of the grant, particularly in Lesotho. As the programme expands and beneficiaries receive support over a longer period of time, should the message be broadened to include other dimensions of the programmes objectives? One possibility could be to introduce a more structured messaging/training component that is delivered to beneficiaries together with the CGP, covering over time a wider range of issues, including child health and nutrition, food security, financial management or productive investment, etc.

- **Link the CGP with other Interventions.** It is clear from the results of the evaluation that the CGP cannot by itself resolve the major developmental challenges by which beneficiary children and households are confronted. The stimulus to the demand of social services need to be matched with substantial investments to bring the supply closer to poor households and increase its quality. The income support provided by the grant cannot lead to sustainable economic self-reliance if not accompanied by more structural efforts to transform livelihoods and increase productivity in the context of the evolving economic landscape. The only way to respond to such multidimensional challenges is to provide a more holistic response based on the principle of complementary of different interventions. Synergies and linkages should be built between the CGP and other programmes in the area of child health, nutrition and education, but also rural and micro-enterprise development, and including a better articulation with emergency response programmes.
- **Strengthen Local Case Management Systems.** Beneficiaries felt disconnected and little informed about the programme after the initial enrolment round. Strengthening the capacity of front line services to engage with beneficiaries and communities on a more regular way is essential for the programme to be able to respond more flexibly to households circumstances and needs. The creation a more comprehensive communications and case management system, has the potential not only to improve beneficiaries' experience of the programme, but also to increase its impacts, through closer monitoring, better tailored messaging and better articulation with other services.

## Policy Level Recommendations

**The role and importance of the CGP and its affordability should be assessed within the Government's Social Protection Strategy currently under development.** The CGP was originally conceived as social protection mechanism with the implicit aim of mitigating the impact of the HIV/AIDS and OVCs. The decision to move away from the categorical definition of OVCs and target on the basis of poverty acknowledges that vulnerability is complex and hits transversally across demographic categories.

At the same time it implies that **the programme is currently targeting heterogeneous groups of households.** Possibly related to this, **the impacts of the programme were spread across several dimensions of wellbeing,** with the programme having a generic poverty mitigation function, and resources being generally spent on child welfare. The nature and objectives of the CGP would benefit from being further clarified in the context of the overarching vision of social protection that will emerge from the new strategy. At least three possible scenarios emerge, each with different policy implications.

- First, if the main focus on children is confirmed, **the CGP could be turned into a sharper instrument to protect and incentivise investment in human capital.** While adding explicit conditions may not be feasible at this point—given the challenges in monitoring and in the access and quality of supply of public education services—the CGP has proven able to increase school expenditures and enrolment through messaging. Consideration would be given to reducing monetary but also non-monetary barriers that prevent children from accessing education and health services, as well as combined actions to improve the quality of supply. A

stronger inter-institutional coordination would be required to strengthen the linkages between social protection and other government social services.

- At a second level the CGP has the potential to be turned into a **protection scheme for the extreme and chronically poor**, possibly with a preferential focus on poverty relief for household with little labour capacity and/or high dependency ratios, as a complement to the Old Age Pension. 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. In this case the priority focus would be on refining the targeting and strengthening messaging around food security, as well as further developing linkages with emergency response programmes - as it has been in the case of the Food Emergency Grant.
- In a third scenario the CGP could evolve into a program which is primarily aimed at **graduating households from poverty**. The transfer could be considered as a means to protect and increase physical and human assets, stimulate further productive investment, strengthen coping mechanisms and reduce vulnerability to shock. In this case the priority would be on working with households with potential to sustainably achieve self-reliance, building linkages with productivity enhancing and asset building complementary interventions, including access to financial markets. For example the transfer component could be coupled with specific capacity building dimensions (financial literacy, money management) and coordinated with other projects aimed at improving livestock and agriculture productivity.
- Finally, as the programme also expands to urban areas it would be necessary to consider its potential role and design adaptations required to **tackle vulnerabilities that are specific to the urban poor**, particularly in the context of high youth unemployment, large levels of informality in the labour market and lack of options for private and social insurance for the vast majority of workers.