



**RURAL SYNERGIES**



# LESOTHO

*Building bridges between social and  
productive inclusion policies*



With the technical support of:

# Leveraging social protection to support economic inclusion in Lesotho

## KEY MESSAGES

**C**omplementarities between social protection and rural livelihood interventions can generate synergies by strategically addressing constraints faced by poor rural households. These constraints cannot be addressed by either agriculture or social protection interventions alone. The complementarities can also contribute to increasing the resilience of households in the face of external shocks or crises, an argument that is particularly relevant in contexts such as the one we are currently facing as a result of the COVID-19 pandemic.

Lesotho's Child Grants Programme (CGP) and Sustainable Poverty Reduction through Government Service Support (SPRINGS) programmes set in motion mechanisms that enhanced the income generation capacity of the poor, addressing financial, technical, and knowledge constraints. The combination of a social protection and a livelihood programme reflects the adoption of an economic inclusion approach that provides economic opportunities to the ultra-poor.

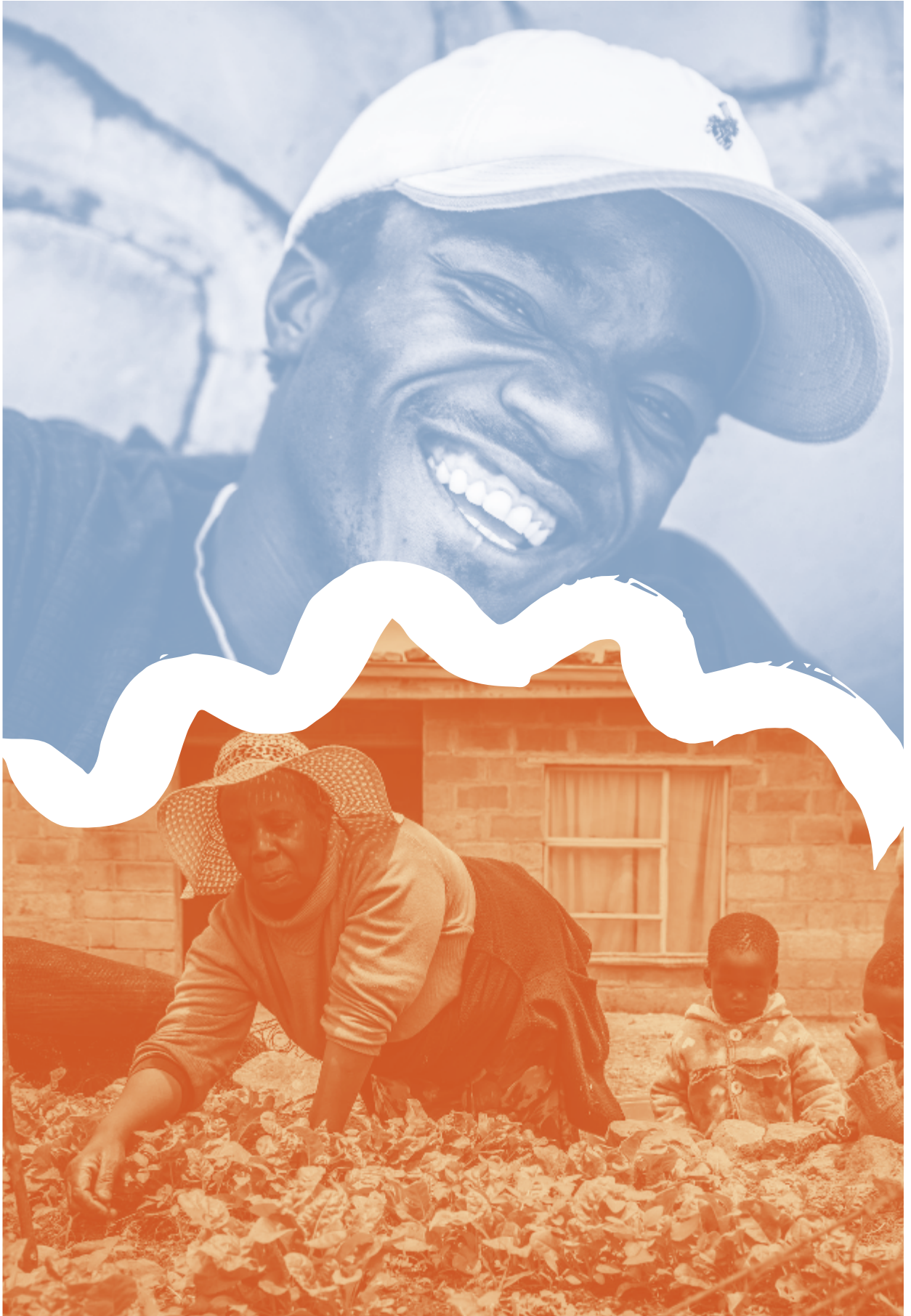
Combining the two programmes had a number of positive impacts across four key dimensions: household income and resilience, financial education, income-generating skills, and nutrition. In addition, the combination of the two programmes stimulated local demand and production, which would have an income multiplier effect in the local economy.

Technical capacity challenges, inadequate financial and human resources in the Ministry of Social Development (MoSD), high staff turnover across all Ministries, and weak inter-sectoral coordination are key obstacles to implementing complementary programmes such as CGP and SPRINGS.

Re-engage on implementing a rural livelihood programme such as SPRINGS in combination with the CGP. The Community Development Model provides an opportunity to expand and integrate complementary programmes under a programmatic framework that brings together different sectors.

Roles and responsibilities of each sector, from the central to local level, will need to be clearly spelled out in a cross-institutional coordination framework. The Ministry of Agriculture and Food security is poised to be a key partner in pursuing an economic inclusion approach within the Community Development Model.

Strengthen the technical and financial capacity of MoSD by increasing the number of auxiliary social workers on its staff and promoting on-going advocacy by senior MoSD personnel with the Ministry of Finance for planning and budgeting. The scope and scale of the Community Development Model should be designed in the context of limited technical and human resource capacity, outlining clearly how staff and comparative advantages from different government ministries will be leveraged.



**L**ESOTHO HAS DEMONSTRATED STRONG COMMITMENT TOWARDS ADDRESSING POVERTY AND VULNERABILITY THROUGH SOCIAL PROTECTION. IN 2017-18, LESOTHO'S SOCIAL ASSISTANCE EXPENDITURE WAS 5.7% OF ITS GDP, COMPARED TO ABOUT 1 TO 2% IN MOST OTHER DEVELOPING COUNTRIES. A CONCERTED EFFORT HAS BEEN TAKEN TO IMPLEMENT A COMPREHENSIVE AND COHERENT SOCIAL PROTECTION STRATEGY. THE MINISTRY OF SOCIAL DEVELOPMENT (MOSD), CREATED IN 2012, HAS BEEN LEADING THIS EFFORT. THE NATIONAL SOCIAL PROTECTION STRATEGY OF 2015 AIMS TO OPERATIONALIZE A SET OF PROGRAMMES, OPERATED BY VARIOUS MINISTRIES, THAT SEEK TO REDUCE VULNERABILITIES ACROSS THE LIFE COURSE OF INDIVIDUALS. DESPITE THESE ATTEMPTS, INTERSECTORAL COORDINATION REMAINS A CHALLENGE. IN FACT, THE BULK OF SOCIAL ASSISTANCE EXPENDITURE AND COVERAGE SITS OUTSIDE THE MINISTRY'S PURVIEW: MORE THAN 80% OF THE GOVERNMENT'S SOCIAL ASSISTANCE SPENDING GO TO THE OLD AGE PENSION, MANAGED BY THE MINISTRY OF FINANCE, A TERTIARY BURSARY PROGRAMME IMPLEMENTED BY THE MINISTRY OF DEVELOPMENT PLANNING, AND THE NATIONAL SCHOOL FEEDING PROGRAMME MANAGED BY THE MINISTRY OF EDUCATION AND TRAINING.

The MoSD's flagship programme is the Child Grants Programme (CGP), which provides unconditional cash transfers to poor and vulnerable households with children aged 0-18 years. This is done by delivering quarterly cash payments, equivalent to approximately 20% of household consumption, to eligible households. The cash is unconditional but delivered with strong messaging, focused on using the cash to meet the child's most pressing needs. Programme eligibility is based on community-based targeting and a validation done using data collected and stored in the National Information System for Social Assistance (NISSA). The CGP has been in place since 2009. As of June 2019, it covers about 41,000 households (accounting for 10% of Lesotho's population) in 64 Community Councils, in all ten districts of the country.

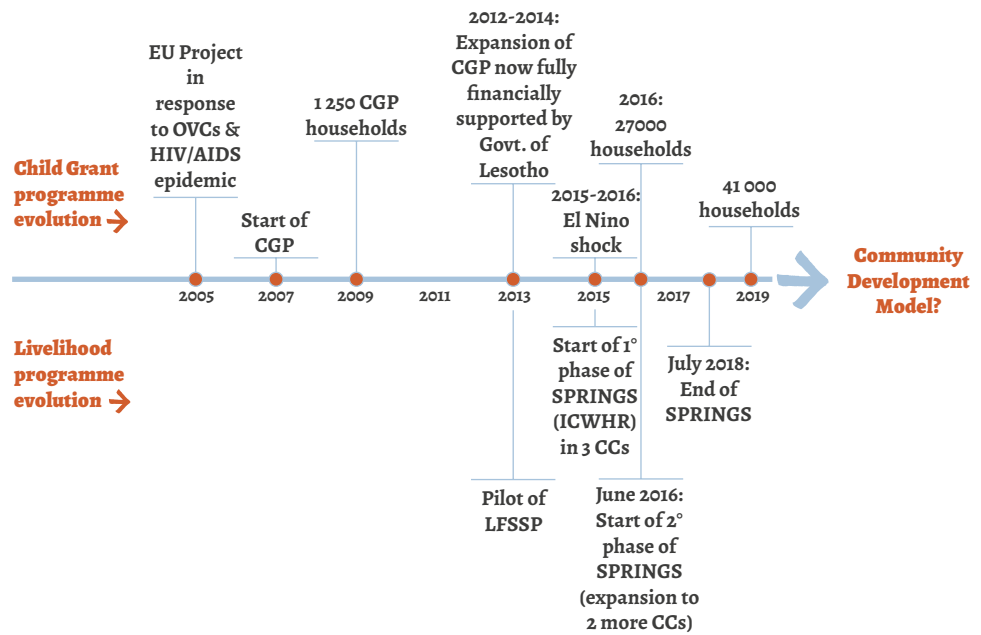
To strengthen the impact of the CGP on poverty, FAO began a pilot initiative in 2013, called Linking Food Security to Social Protection Programme (LFSSP). It sought to improve food security among poor and vulnerable households by providing vegetable seeds and training on homestead gardening to CGP participants. The results from the CGP and LFSSP impact evaluation led to the design of a more comprehensive livelihood programme in 2015, called the Sustainable Poverty Reduction through Government Service Support. SPRINGS covered about 7,000 households and targeted any community member living in five Community Councils, purposefully selected based on their participation in the CGP. It consisted of:

1. support to create and provide financial education to community based savings and loans groups,
2. formation of market clubs to promote market engagement in support of income generation,
3. homestead gardening through keyhole gardens and vegetable seeds distribution,
4. improving nutritional practices through community-led complementary feeding sessions, and
5. Citizen Service Outreach Days and One Stop Shops to enhance community access to health, nutrition, education, and child protection services.

The evolution of the CGP and SPRINGS programmes is depicted in Figure 1. Though SPRINGS ended in 2018, key stakeholders anticipated that lessons from the programme would be adopted in a wider Community Development Model (CDM), which would aim at graduating households into sustainable livelihoods by combining social assistance with livelihoods and financial inclusion. The CDM requires a programmatic framework that brings together different sectors. It is meant to adopt an economic inclusion approach tailored to trigger synergistic effects to enhance social, economic and productive impacts. The design of the new CDM was presented and ratified at a Stakeholder Review Mission in December 2018. However, this programme has not yet been operationalized due to financial constraints.



Figure 1. CGP and SPRINGS timeline



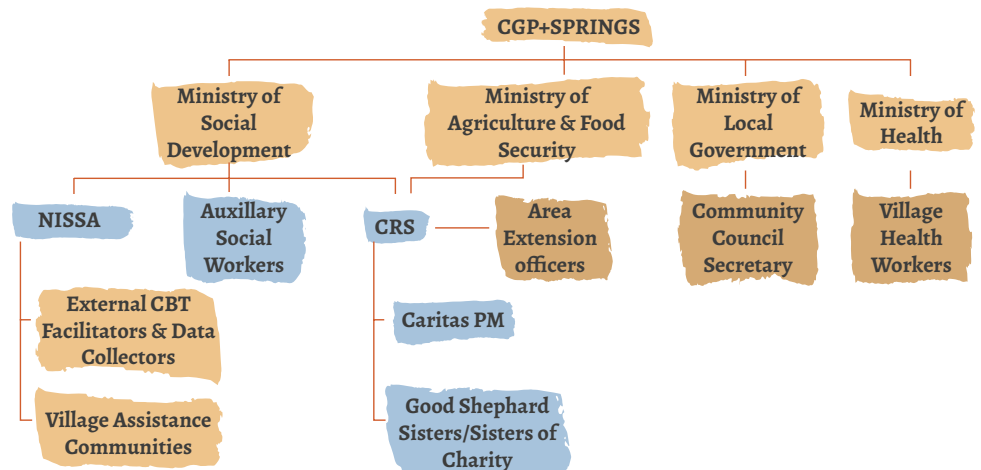
Note: The section above the horizontal timeline depicts the evolution of the CGP programme and the section below it traces the evolution of the SPRINGS Programme.

## PROGRAMME IMPLEMENTATION

While the CGP is implemented directly by the MoSD, SPRINGS was implemented by Catholic Relief Services (CRS), under the auspices of the MoSD and funding by UNICEF. CRS worked with its partner agencies for on-the-ground implementation of the different components of SPRINGS. Caritas Lesotho implemented keyhole gardens, savings-and-loans groups and income generation and marketing

activities. Good Shepherds Sisters and Sisters of Charity implemented the nutrition education sessions and provided support to the Citizen Service Outreach Days. Government staff at the Community Council level, such as Auxiliary Social Workers (of the MoSD), Agricultural Extension Workers (of the Ministry of Agriculture and Food Security), Council staff (of the Ministry of Local Government) and Village Health Workers (of Ministry of Health) played an important role in supporting CRS and its partners for on-the-ground implementation.

Figure 2. Simplified Actor Map of the CGP+SPRINGS



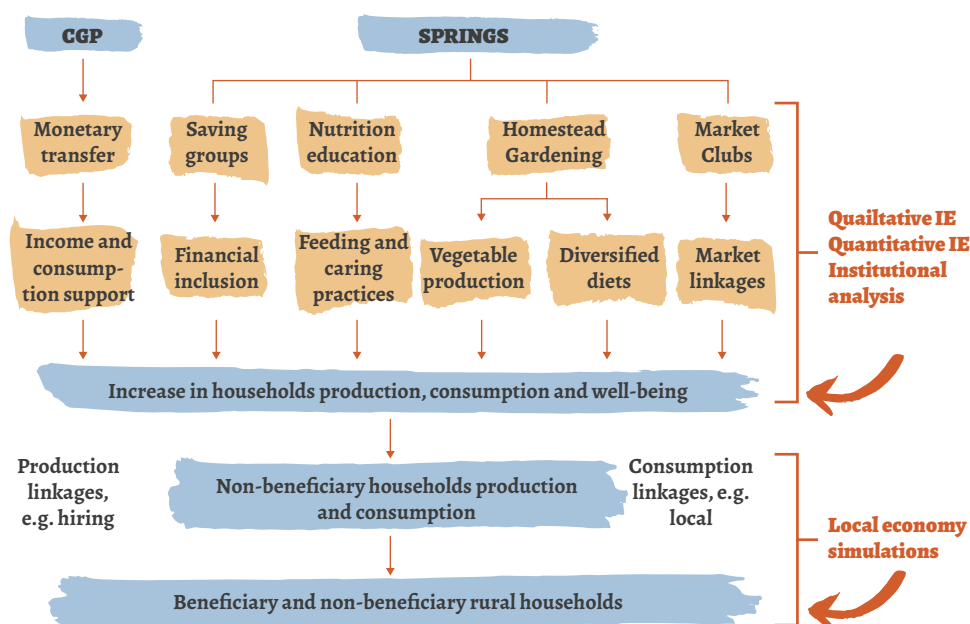


## PROGRAMME THEORY OF CHANGE

Figure 3 shows a set of mechanisms that sought to enhance the income generation capacity of the poor, by addressing financial, technical, social and productive constraints to ensure

adequacy and stability in income sources. In essence, it captures the concept of economic inclusion, which refers to the opening up of economic opportunities to the ultra-poor.

Figure 3. Simplified causal chain of the CGP and SPRINGS programmes



Note: This diagram shows how each element of the two programmes was meant to help address key constraints that poor rural households face – low income, liquidity constraints, technical inputs and knowledge, market access and nutritional knowledge. Easing each of these constraints should change households' production and consumption decisions positively. Due to production and consumption linkages, this also has an effect on non-beneficiary households' consumption and production decisions, which has an overall impact on the local economy.



## FINDINGS AND CONCLUSIONS

### 1. Evidence-based design:

Both programmes incorporated lessons learned from previous pilots. The targeting process for the CGP incorporated learnings from how the community validation was initially carried out, evolving to the situation today where it has shifted to community-based targeting, followed by census data collection. Similarly, SPRINGS was designed based on the lessons from the LFSSP and another pilot. The targeting process for SPRINGS also changed from the earlier pilots in response to how the community perceived exclusive targeting to CGP participants alone: in order to not strike discord, SPRINGS was made available to all residents within the Community Councils it operated in, rather than to CGP households only.

### 2. Targeting:

Since SPRINGS was designed as a complementary programme to the CGP, it was geographically targeted in five Community Councils in which not only the CGP was active and an adequate number of CGP participants were to be found, but where local services were being offered at a higher rate than in other Councils. Targeting for the CGP is done through the National Information System for Social Assistance (NISSA), which is a national registry system. To ensure that as many CGP participants would be reached by SPRINGS as possible, NISSA shared the list of beneficiary households with CRS. Targeting, therefore, was a key process that made articulation between the two programmes possible and effective. In fact, NISSA is poised to be the most important coordinating mechanism for management and monitoring of all social assistance programmes, both within the MoSD and across Ministries.

### 3. Local Ownership:

For the CGP, the targeting process is carried out through community-based targeting in which Village Assistance Committees play an important facilitating role. Within SPRINGS, NGOs CRS and Caritas recruited field agents locally for supporting the savings-and-loans groups, and trained lead farmers for the homestead gardening activities. Similarly, NGO Sisters for Charity collaborated with the community health workers for implementing the nutrition education sessions. Training and relying on local technical capacity implied that the NGOs had local support to carry out their activities, while the communities benefited from building local expertise even after the programme was wrapped up.

### 4. Inter-sectoral work:

Both the Ministry of Social Development (MoSD) and the Ministry of Agriculture and Food Security (MaFS) recognize that mobilization of each Ministry's strength and expertise would contribute immensely to the improvement of programmes that link social protection with agriculture. There is enthusiasm for implementing a comprehensive community-led livelihood development programme, within a programmatic framework that brings together different sectors. With support from UNICEF and the World Bank, initial groundwork for this was carried out by BRAC, an international NGO, which facilitated extensive discussions between various stakeholders, to assist the MoSD in the assessment and design of a Graduation Community Development Model (CDM). However, this programme has not yet been operationalized due to funding constraints. The time gap between the end of SPRINGS and the start of the envisaged CDM Programme is perceived as a strong setback.

## 5. Coordination:

Collaboration was intense at the Community Council and Village levels, but weak at the District and Central levels. For implementation of SPRINGS, the MoSD and CRS collaborated in the design and planning stages, but the relationship was characterized by regular reporting only during the implementation phase. Interactions between MoSD and MaFS are mostly limited to emergency situations, primarily through the Disaster Management Team. There exists a Memorandum of Understanding with the Ministry of Local Government and the MoSD, which allows for an embedded workflow between the two Ministries at the local level. Four key actors at the Council level seemingly worked well together: Auxiliary Social Workers of the MoSD, Agriculture Extension Workers of the MaFS, NGO staff of Caritas and Sister of Charity/ Good Shepherd Sisters, and the locally elected Community Council staff. At no level – Central, District or Council – were any formal coordinating mechanisms set up specifically for the CGP and SPRINGS. This would need to change should a larger livelihood development programme be rolled out.

## 6. Technical and financial capacity:

The MoSD is relatively constrained compared to other Ministries in its ability to secure financial and human resources. Stakeholders both at national, district, and community council level reported vacant posts, limited manpower and technical capacity, as well as lack of resources for implementing various programme activities. Staff constraints implied that it was not possible for an MoSD staff member to fully oversee CRS for the duration of the SPRINGS programme. This is also the reason why the MoSD is forced to work without its full cadre of key frontline workers, the Auxiliary Social Workers. With regard to financial resources, the issue of lack of vehicles to transport

government service providers to remote areas was reiterated by many as a key bottleneck. Another related issue is staff turnover, with the resultant loss of institutional knowledge and the slowdown of ongoing processes of partnership building. However, issues of low capacity affect other government agencies too. For instance, due to capacity constraints, the Ministry of Local Government was not able to organize any service days as anticipated in the design of the SPRINGS programme.

## 7. Impacts:

The mixed-method impact evaluation found positive outcomes across four key dimensions:

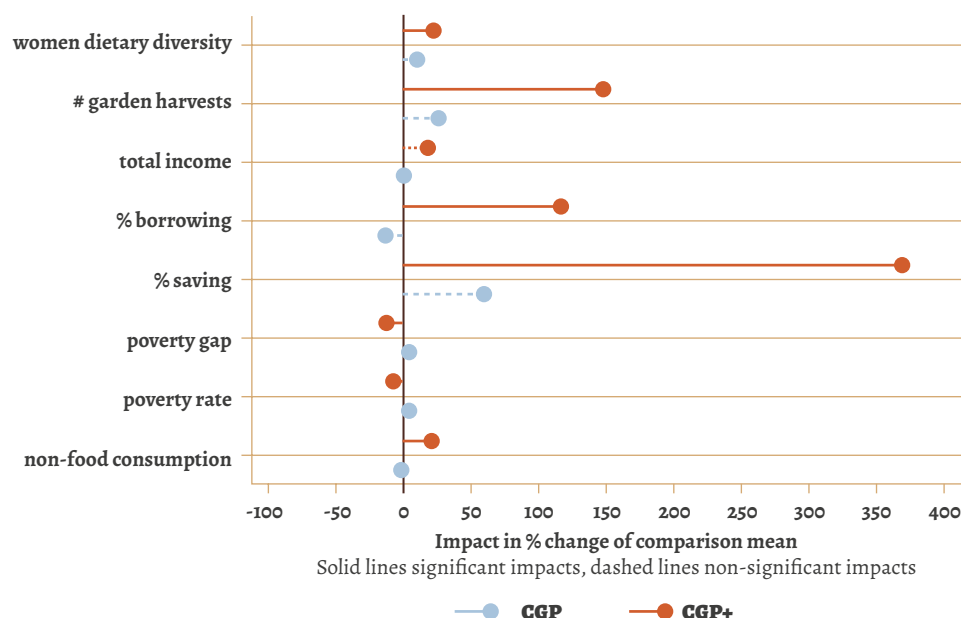
- **Household welfare and resilience:**

The combination of CGP and SPRINGS resulted in a 12 percent reduction in the poverty gap relative to the comparison group, which was mainly driven by a 22 percent increase of non-food consumption in the communities where both programmes were in place. Qualitative analysis highlights that although receipt of CGP increased households' sense of income security, the impact was reduced by the inadequacy of the transfer amount and the irregularity of payments. More positive impacts were observed in older CGP and SPRINGS sites, suggesting that continuous engagement in the programmes is important for the sustainability of impacts.

- **Financial inclusion and risk management:**

There was a significant increase in the share of households saving and borrowing money (more than 370 and 115 percent increase, respectively, with respect to the comparison mean), especially for households exposed for a longer period to participation in savings and loans groups. There was also an increase in the amount of money saved and borrowed (approximately

Figure 4. Impact in % change of comparison mean



100 percent increase for both, in relation to the comparison mean), but no improvement in financial literacy, even though participants did report an increased awareness of basic planning and budgeting of household expenses and income streams.

- **Income generating skills:** The evaluation found a strong increase in income from sales of fruits and vegetables in the group of households participating in both programmes. This result was likely driven by the large increase in homestead gardening, which was one of the core activities supported by SPRINGS. Households participating in both CGP and SPRINGS were not only much more involved in homestead gardening production (19.3 percentage points), but also produced 2.3 more vegetables, had 8 more harvests during the course of the year and were more likely to process the harvested vegetables (9.9 percentage points). However, due to local market saturation, market prices were lower than in bigger markets in towns.

- **Nutrition:** There were improvements in dietary diversity due to an increase in the consumption of green vegetables, fruits, organ meat, dairy and legumes. For CGP participants, the qualitative study found that diets improved only for a short period. The nutrition education sessions of the SPRINGS programme contributed to improving nutritional and health information, including caregiver practices concerning childcare and feeding of children aged 6-24 months. Importantly, the evaluation found strong improvements in anthropometric measures, especially a reduction in moderate and severe wasting (17 and 6 percentage points respectively), for the households in the combined CGP and SPRINGS group.

## 7. Multiplier effects:

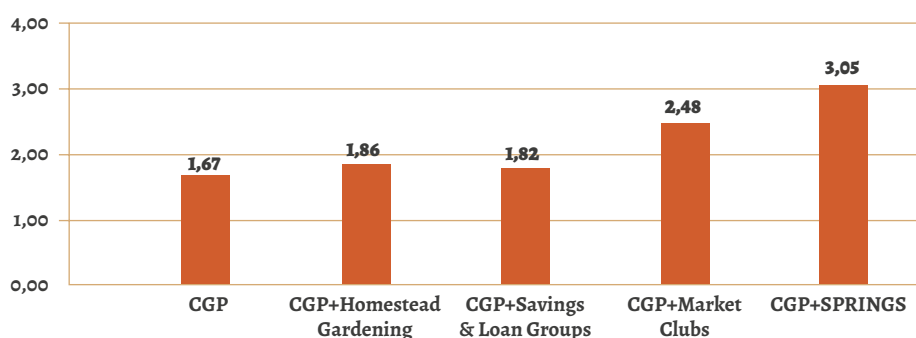
The CGP stimulates local demand, which in turn stimulates production and has an income multiplier effect in the local economy. CGP participants spend a large part of their cash on goods or services supplied by local farms and businesses. SPRINGS, in turn, aims to increase their production as local demand increases. As local production expands to meet the new demand, household production income rises, together with the demand for labour and other inputs. This generates additional rounds of spending and income growth in the local economy. As such every one Lesotho Loti (LSL) that enters the local economy gets multiplied, and the programmes generate second-round effects that benefit even households that do not participate in them, including local business owners, traders, farmers and livestock producers. If the local supply of goods and services is not responsive, increases in local demand may create inflationary pressures that reduce programme benefits and the real value of the multiplier. This is one reason why combining a social protection programme with a livelihood intervention that provides productive support to the same households is important.

FAO quantified the local income and production spillovers generated by the CGP and SPRINGS programmes, and their associated real and nominal multipliers. The study finds that:

- Each LSL transferred to poor households raises nominal or cash income in local economies by 3.11

LSL. The real or inflation-adjusted multiplier is 1.67, with a simulated confidence interval of [1.45, 1.93].

- Combining CGP with keyhole gardens and savings and loans groups, individually or in tandem, leads to higher real income multipliers. However, while there is some evidence that keyhole gardens and/or savings and loans groups strengthen real income multipliers, the difference from CGP multipliers is not statistically significant.
- Connecting local economies with outside markets through market clubs significantly increases the real income of implementing the CGP alone or jointly with SPRINGS if this results in higher crop prices for local impacts producers. However, the downside is that if outside markets transmit lower crop prices into the local economy, this will seriously reduce real income multipliers, and in some cases drive them to zero. While the market club component of SPRINGS never reached the anticipated scale (only about 72 clubs took place, comprising a mere 991 people), the FAO study suggests that their income multiplier effects have a high potential.





**8. The CGP, alone but especially in combination with SPRINGS, was cost effective.**

Cost-Benefit Analysis revealed that the CGP, alone and with all combinations of SPRINGS components, generates total discounted benefits that exceed discounted programme costs. Real income benefit-cost ratios over a time horizon of ten years, which give the economic return per LSL invested in CGP and SPRINGS, ranged from 1.49 (CGP combined with SPRINGS's saving and loans component) to 2.31 (CGP combined with the market clubs). The benefit-cost ratio from the CGP alone was 1.63, suggesting that while productive interventions can substantially increase the estimated benefit-cost ratios it is important to track costs for each element of the programme separately.





## RECOMMENDATIONS

### 1. Re-engage on implementing a rural livelihood programme such as SPRINGS, in partnership with the CGP.

Initial groundwork was carried out by BRAC in 2018/19 when the design of a Graduation CDM model was presented to MoSD and its partners. The proposed model has to be reviewed in order to strengthen inter-institutional collaboration from the onset. Engagement with MaFS needs to begin now, when discussions regarding the CDM are reinitiated. This programme could be integrated or multisectoral, with a strong emphasis on access to social protection. Roles and responsibilities of each sector, from the central to local level, will need to be clearly spelled out in a cross-institutional coordination framework, with appropriate resources dedicated to increasing delivery capacity. This should also be accompanied by an increase in capacities and resources necessary for coordination.

### 2. Ensure basic government services are available to the population in remote areas.

One-stop centres and citizen outreach days are instrumental in achieving this. Initiate a community outreach model, such as the outreach week organized by the Leribe District administrator.

### 3. Strengthen the technical capacity of MOSD and NISSA:

- Increase the number of Auxiliary Social Workers on the staff of the MoSD, not just to cover the current vacancies but also with a view to reducing the workload of its existing cadre. This is especially important as the role of the MoSD expands to other programmes.
- Strengthen the institutional capacity within MoSD to advocate for increased resource allocations in

a regular and systematic manner, which is not contingent upon changes at the helm of the Ministry. This can enable the MoSD to approach inter-sectoral coordination more effectively.

- Develop cost effective mechanisms for regularly updating NISSA data. It is important that recertification of participants is conducted periodically at agreed upon intervals. It is also important to develop a protocol that incorporates updating of NISSA data through community case management conducted by auxiliary social workers. This will help in lowering inclusion and exclusion errors.
- Ensuring confidentiality of citizen data will be key, as NISSA is increasingly used by other stakeholders.

### 4. Regularize and index CGP payments to inflation.

The 2015 National Social Protection Strategy envisaged the CGP transfer to be indexed to inflation, but this has not happened yet, thus eroding the real value of the programme, by more than 30% over the past five years.

**5. Incorporate learnings from SPRINGS into the operation of savings and loans groups,** market clubs and nutrition education sessions in any subsequent programme incorporating these elements. It is particularly important to establish and support greater linkages to markets, including through stronger efforts to develop market clubs. Market saturation was found to pose a very real risk to the economic betterment of CGP participants, whom the SPRINGS programme supported to sell the same kind of vegetables within a relatively small local community.

## TECHNICAL SHEET

### The Project

Over the past few years, the International Fund for Agricultural Development (IFAD), together with Universidad de Los Andes and the Food and Agriculture Organization of the United Nations (FAO) have been analysing the potential synergistic effects of interventions on rural households that involve social protection programmes and productive rural development projects. IFAD and the Universidad de Los Andes have implemented this project through the “Conditional Cash Transfers and Rural Development in Latin America” grant ([www.sinergiasrurales.info/](http://www.sinergiasrurales.info/)); and FAO through the project entitled “From Protection to Production: The role of Social Cash Transfers in the Promotion of Economic Development” (PtoP) ([www.fao.org/economic/ptop](http://www.fao.org/economic/ptop)). Some evidence of such synergies and complementarities has been identified, but the evidence has also raised new questions. These inquiries are related to the types of synergies and how to take advantage of them, the correct sequencing of programme rollout, the institutional reforms that need to take place and the political economy behind these options, and thus improve the results of the programmes.

To answer some of these questions, the project entitled “Improving the Coordination between Social Protection and Rural Development Interventions in Developing Countries: Lessons from Latin America and Africa” - which is being developed by Universidad de Los Andes (UNIANDES), through its Centre for Economic Development Studies (CEDE), and financed by the International Fund for Agricultural Development (IFAD) - seeks to gather evidence of the benefits of such coordinated interventions.

The goal of the project is to gather evidence for policymakers and donors of the benefits of the coordinated interventions that could provide inputs regarding the appropriate institutional and operational design, and enable

them to use these inputs as a basis for improving anti-poverty interventions targeted at rural households, thus helping smallholder farmers to take a proactive part in rural transformation.

The main objective of the project is to try to influence governmental institutions related to rural development and social protection (anti-poverty) policies, so they can take advantage of identified synergies between social protection and productive initiatives. The project was implemented in seven countries, three in Latin America and four in Africa.

### Evaluation Methods

An impact evaluation and an institutional assessment were conducted between January and July 2018 and between July and October 2019, respectively, to analyse the impact of CGP and SPRINGS and identify the institutional factors that facilitated or hindered coordination and synergy between the two programmes. The evaluation adopted a mixed-method approach combining quantitative and qualitative methods as well as a local economy simulation model to assess the spillover effects of the programmes. For the quantitative analysis, FAO surveyed 1,550 households eligible for the CGP, divided into three treatment arms: participants of the CGP alone, participants of both CGP and SPRINGS, and a comparison group of households with similar characteristics but not enrolled in either one of the programmes. The qualitative analysis consisted of a triangulation of methods such as focus group discussions, key informant interviews and household case studies, totalling 345 people interviewed for the study. An institutional assessment was also conducted. It consisted of a desk review of key policy and programme documents, a number of semi-structured interviews with ministry staff, development and donor agencies, and implementing partners, along with focus group discussions with local officials and ex-participants of the CGP and SPRINGS programmes.





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# LESOTHO



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