

# Direct Income Support in Lesotho brings benefits to the whole family

## Background

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Lesotho is characterized by deepening poverty and rising vulnerability. In 2007, the country was ranked 157 out of 182 on the UN Human Development Index, with 56 per cent of the population living below the poverty line.

In 2004 the Government introduced a universal non-contributory pension for all citizens aged 70 years and above - set at UGX 56,000 per month (equivalent). In taking this step Lesotho became one of the poorest countries in Africa to introduce a social pension. The pension is fully funded out of domestic revenue with no technical or financial support from donors. Due to its popularity across all sections of society, after the 2007 general election, the government announced an increase in the income support of 20 per cent, in inflation adjusted terms <sup>1</sup>.

## Impact

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The pension had a significant effect on the welfare of the entire household. Surveys revealed that giving people direct income support made a household 27 per cent more likely than a non-pension household to move out of poverty <sup>2</sup>. Seventy six per cent of recipients said they were using the income support to buy more food for the household <sup>3</sup>.

Pensioners reported that a substantial number of their households included dependent children and 20 per cent of beneficiaries in one study reported that they were providing direct educational support for children within the household. This included buying uniforms, books and stationery for grandchildren. Beneficiaries also reported that they were supporting the health costs for household members in addition to spending on their own health care needs <sup>4</sup>.

### How do Households spend Direct Income Support?

Evidence from around the world finds that households receiving Direct Income Support typically spend their money on food, health, education and productive investments (seeds and tools, etc.).

For this reason, Direct Income Support, and other social transfers are consistently shown to increase the food security, nutritional status, school attendance of children, and medical access across the household.

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<sup>1</sup> Regional Hunger and Vulnerability Programme, REBA Case Study Brief, No. 3, 2007

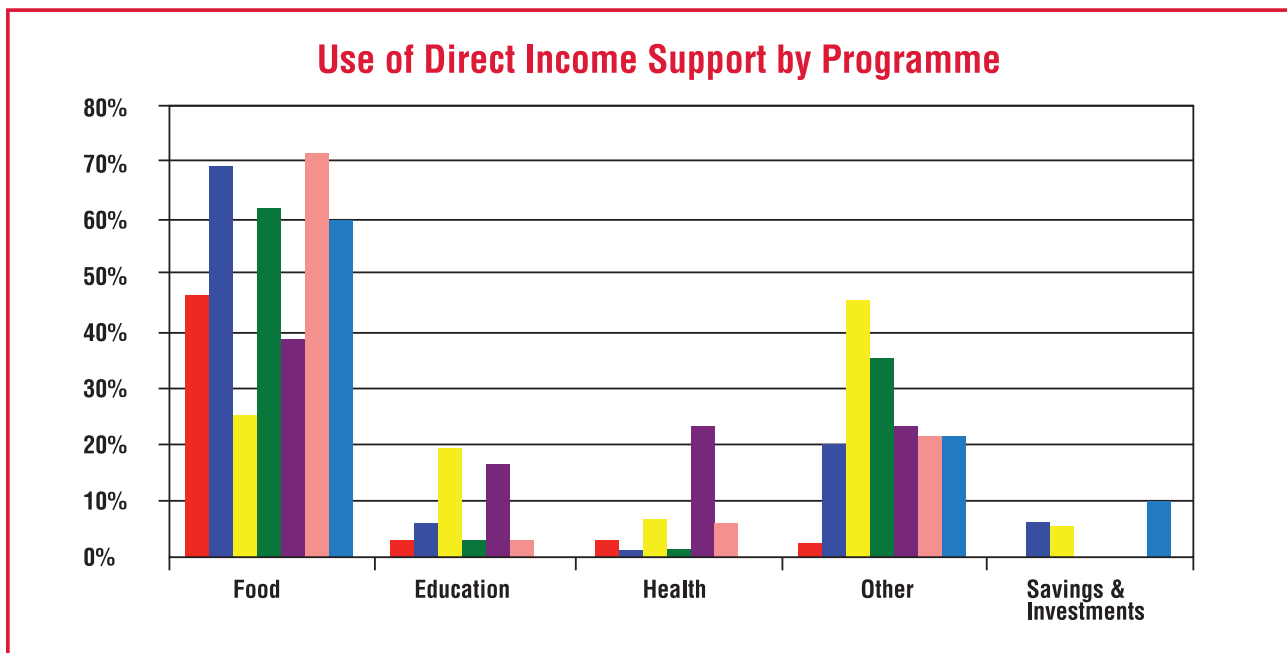
<sup>2</sup> An evaluation of the poverty reduction impact of the non-contributory old age pension scheme in Lesotho: The case of Manonyane, National University of Lesotho, 2007, cited in EPRI Social Transfers Evidence Base V3z

<sup>3</sup> The Economic and Social Impacts of the Old Age Pension on the Protection of the Basotho Elderly and their Households, National University of Lesotho, 2007, cited in EPRI Social Transfers Evidence Base V3z

<sup>4</sup> Ibid

These results are consistent with findings for Direct Income Support across the world. For example, in South Africa evidence suggests that children living with a beneficiary have significantly improved nutrition and are 3-4 centimetres taller than children not living with a beneficiary <sup>5</sup>. In Namibia one quarter of Direct Income Support is spent on food for the household while half is spent on investments in grandchildren <sup>6</sup>.

Beneficiaries report that while they spend 14 per cent of their grants on health care for themselves in many cases, their income also covers health spending for the entire household <sup>7</sup>.



*Source: Adato and Hoddinott (IFPRI) (2008)*

**For more information go to:**

[www.socialprotection.go.ug](http://www.socialprotection.go.ug)

<sup>5</sup> Barrientos and Lloyd-Sherlock, 2002, cited in EPRI Social Transfers Evidence Base V3z

<sup>6</sup> Social Protection: Facts and Figures, HelpAge International, 2006, cited in EPRI Social Transfers Evidence Base V3z

<sup>7</sup> Devereux, 2001, cited in EPRI Social Transfers Evidence Base V3z