

25. Country profile: Lesotho



1. Development profile

Lesotho is a small enclave of South Africa with a population of about 2 millions. The country was ruled by Leabua Jonathan from independence in 1966 from United Kingdom to 1986, where he was out thrown by a military coup; the first of a total of four military coups in the country's history.¹

Lesotho is not significantly blessed with natural resources and only has a small production and export base. The most important sector is subsistence agriculture, primarily livestock, but droughts have caused a decline in agricultural activity. The importance of agriculture comes clear when looking at employment since 86 percent of the resident population are engaged in subsistence agriculture.² One of the concerns regarding Lesotho is the high unemployment rate at 45 percent.³

Lesotho has had some years of strong growth, but the real GDP growth rate declined in 2009 because of the global economic crisis. One of the industries affected most by the crisis is the textile industry which is large source of employment in the country. The dominant sector in the economy is the service sector counting for nearby 60 percent of GDP. Another important feature of the country's economy is foreign aid and remittances, where for example remittances equalled 5 percent of household income in 2009 which were a significant decrease from 11 percent in 2009.⁴

It is estimated that 352,000 people (approximately 17 percent) of the population is food insecure and that 43 percent of the population lives below the poverty line,⁵ with the UN describing 40 percent of these people as "ultra-poor". The country suffers from a very high HIV/AIDS prevalence of 24 percent, the third highest in the world, which has had a negative influence on human development.⁶

¹ *Country Brief: Lesotho*. (2010, November). Retrieved from World Bank:
<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/LESOTHOEXTN/0,,menuPK:356039~pagePK:141132~piPK:141107~theSitePK:356029,00.html>

² *The World Factbook: Lesotho*. (2010, November). Retrieved from United States Central Intelligence Agency:
<https://www.cia.gov/library/publications/the-world-factbook/geos/lt.html>

³ *Country Brief: Lesotho*. World Bank.

⁴ *Countries: Southern Africa: Lesotho*. (2010, November). Retrieved from African Economic Outlook:
<http://www.africaneconomicoutlook.org/en/countries/southern-africa/lesotho/>

⁵ *Countries: Lesotho*. (2010, April). Retrieved from United Nations Development Programme:
<http://hdrstats.undp.org/en/countries/profiles/LSO.html>

⁶ *Countries: Southern Africa: Lesotho*. African Economic Outlook.

Regarding MDGs, Lesotho is on track of achieving universal primary education and partly on track when it comes to child and maternal mortality. Primary school is free and the enrolment rate has increased from 57.7 percent in 1999 to 84 percent in 2009. At the same time, there has been a considerable decline in the number of children per teacher.⁷

Although the Government has showed that it is committed to social protection policies, such as a scholarship fund for students, “the main source of social assistance- primarily cash in emergency situations- is still from family and neighbourhood networks.”⁸

| Socioeconomic indicators ⁹ | |
|--|---|
| Population (millions) | 1.9 |
| GNI per capita, PPP (current USD) | 1,950 |
| GDP (current USD) (billions) | 1.76 |
| GDP Composition by sector (%) | Agriculture - 7 Industry- 35 Services- 58 |
| GDP growth rate (%) | 2.1 |
| % Below Poverty Line (%) | 49 |
| Inflation (%) | 7.16 |
| GINI index | 63.2 |
| Adult literacy rate (%) | 89.5 |
| Life expectancy (years) | 45 |
| Child dependency ratio | 67.9 |
| Elderly dependency ratio | 8.4 |
| HIV Prevalence (%) | 23.2 |
| Overseas development aid per capita (current USD) | 65 |
| Net official development assistance (USD Millions) | 143 |
| Remittances as % of GDP | 28.7 |
| 2009 Human Development Index (HDI) ranking | 156/182 |

⁷ Ibid.

⁸ *Making Cash Count: Lessons from Cash Transfer Schemes in East and Southern Africa for Supporting the Most Vulnerable Children*. (2005). Retrieved from HelpAge International: www.helpage.org/Resources/Researchreports/Makingcashcount

⁹ World Bank. *Country Data*: <http://www.worldbank.org/data/countrydata/countrydata.html>
The World Factbook: Lesotho. United States Central Intelligence Agency.

2. Vulnerability analysis

2.1 External shocks

The global crisis is affecting Lesotho through the following channels:

- “Textiles, due to the economic slowdown in the United States which is Lesotho’s main export destination for garments and the resulting job losses.
- Mining, including weak prices for diamonds and reduced production and export of diamonds.
- Drop in SACU revenues due to the economic slowdown in the South African economy.
- Reduction in worker remittances due to the weakening of the South African economy and the contraction of the mining sector and related job losses in South Africa.
- Decline in Foreign Direct Investment and Official Donor Assistance, due to tighter budget (and liquidity needs) and increased risk aversion in advanced economies.”¹⁰

2.2 HIV/AIDS

Lesotho has one the highest HIV prevalence rates in the world of 23.2 percent in 2007, only declined slightly from 23.9 percent in 2001. The prevalence differs significantly among gender; 14.9 percent of young women are infected compared to only 5.9 percent among young men. Another issue is the rising number of orphans due to AIDS, from 37,000 in 2001 to 110,000 orphans in 2007, an increase of more than 195 percent.¹¹ A 2009 report from the National AIDS Commission states that the rate of new infections and the number of deaths related to HIV/AIDS both have declined while the number healthy children born of HIV positive mothers have increased. This implies that there has been some progress due to the treatment programme, but there is still a long way to go to “arrest the spread of the pandemic”.¹²

Currently, 85,000 people are in need of antiretroviral therapy, but only 26 percent are receiving the treatment. Even though this is still a low coverage, the antiretroviral therapy coverage has increased significantly since 2004, where only 4 percent of people needing the treatment actually received it.¹³

2.3 Foreign aid and remittances

It is estimated that 12.7 percent of the population lives outside of the country with the major part being men (84 percent men and only 16 percent women).¹⁴ South Africa is the primary destination country for emigrants, counting 99.8 percent, the majority of which functions as mine workers.¹⁵

¹⁰ *The Global Economic Downturn: Economic Implications for Lesotho*. (2009, January). Retrieved from Central Bank of Lesotho: www.centralbank.org.ls/publications

¹¹ *Epidemiological Fact Sheet on HIV and AIDS: Lesotho*. (2008, September). Retrieved from World Health Organization: http://apps.who.int/globalatlas/predefinedReports/EFS2008/full/EFS2008_LS.pdf

¹² *Lesotho*. (n.d.). Retrieved from National AIDS Commission: <http://www.nas.org.ls/home/>

¹³ *Epidemiological Fact Sheet on HIV and AIDS: Lesotho*. World Health Organization.

¹⁴ *Migration and Remittances*. (n.d.). Retrieved from World Bank: www.worldbank.org/prospects/migrationandremittances

¹⁵ *Migration, Remittances and Development in Southern Africa*. (2006). Retrieved from Southern African Migration Project: <http://www.queensu.ca/samp/sampresources/samppublications/>

Lesotho depends on remittances for 28 percent of national income, and thereby plays an important role in the country's economy. Another important aspect of the economy is overseas development assistance (ODA) that represents about 8 percent of GDP.¹⁶ ODA is an important factor in financing development projects within the areas of agriculture, health, road infrastructure and education and thereby functions as a safety net for many vulnerable groups¹⁷ According to the latest available data from OECD, in 2005, Lesotho received an ODA of 69 million USD, which translates to 38 USD per inhabitant.

3. Monitoring and evaluation

No current information available.

4. Social assistance programmes overview

*All Currency Conversions are based on:

- LSL = 0.1309 USD
- 1 GBP = 1.57 USD
- 1 EUR = 1.36 USD.¹⁸

| | | |
|-----------------------------|--|--|
| Programme# 1: cash transfer | Programme name | Non-Contributory Old Age Pension¹⁹ |
| | Programme overview | <ul style="list-style-type: none"> ▪ Non-contributory old age pension. |
| | Programme Components | <ul style="list-style-type: none"> ▪ Non-contributory pension for all citizens aged 70 years and older. ▪ M300 (39.25 USD) per month (2009/2010 budget speech). ▪ Older citizens must register with the district administration and present a passport, voter's registration card or affidavit as proof of age. |
| | Programme duration | <ul style="list-style-type: none"> ▪ Established in November 2004. |
| | Programme coverage | <ul style="list-style-type: none"> ▪ 69,046 direct beneficiaries – 60% women. |
| | Beneficiary determination process | <ul style="list-style-type: none"> ▪ Age 70 and older. |
| | Finance | <ul style="list-style-type: none"> ▪ The pension is entirely funded out of domestic resources with no technical or financial support from donors. |

¹⁶ Country data: Lesotho. World Bank.

¹⁷ The Global Economic Downturn: Economic Implications for Lesotho. (2009, January). Retrieved from Central Bank of Lesotho: www.centralbank.org.ls/publications

¹⁸ Currency Converter. (n.d.). Retrieved from OANDA: <http://www.oanda.com/currency/converter/>

¹⁹ Table text from Nyanguru, A. (2007). *The Social and Economic Impacts of the Old Age Pension in Lesotho*. Retrieved from University of Pretoria: web.up.ac.za/UserFiles/A%20Nyanguru%20paper.pdf; and Table text from *Making Cash Count: Lessons from Cash Transfer Schemes in East and Southern Africa for Supporting the Most Vulnerable Children*. (2005). Retrieved from HelpAge International: www.helpage.org/Resources/Researchreports/Makingcashcount

| | | |
|--|----------------------------------|---|
| | | <ul style="list-style-type: none"> ▪ In 2009/2010 the government expect to spend M288 million (37,699,691.81 USD) on the old age pension which is 2.88% of expenditure. ▪ Budget of M124,286,400 (16,268,764.33USD) and admin of M3,000,000 (392,692.14USD). |
| | Legal framework | <ul style="list-style-type: none"> ▪ Lesotho Old Age Pension Act, passed in January 2005, which applied in retrospect from November 2004. |
| | Administrative framework | <ul style="list-style-type: none"> ▪ Older citizens must register with the district administration and present a passport, voter's registration card or affidavit as proof of age. ▪ The Ministry of Finance has subcontracted the cash delivery to the post office so that the payments could be made at existing and very familiar local post offices and the postal agencies that are based in shops in rural villages. ▪ The Ministry of Finance makes the policy for pensions dealing with subsequent changes in the roll of registered pensioners and calculating how much should be transferred in aggregate to the post office to pay out each month. By delivering through the established mechanisms of the post office the delivery could be priced closed to marginal costs, rather than having to bear the fixed costs of setting up of a new agency ▪ The delivery charges have been about 8 percent of the value of the pension cash paid. |
| | Monitoring and evaluation | <ul style="list-style-type: none"> ▪ The Lesotho Pensions Impact Group undertook an evaluation of the old age pension scheme in April 2006 and April 2007. This is a multi-disciplinary research consortium including twelve of the Departments and Institutes of the University of Lesotho. The Institute of Southern African Studies, the research arm of the National University of Lesotho, manages the Group. |

| | | |
|------------------------------------|-----------------------------|---|
| Programme# 2: cash transfer | Programme name | The Lesotho Child Grants Programme²⁰ |
| | Programme components | <ul style="list-style-type: none"> ▪ It comprises a quarterly cash input of M360 (\$47.08 USD) which aims to supplement the income of the poorest of the poor households caring for orphans and other vulnerable children (OVC) to invest in children's nutrition, health, education, protection and development. ▪ The grant is gradually being complemented by other services such as food support through the World Food Programme (WFP), and psycho-social support for families and children affected by HIV. |
| | Programme duration | <ul style="list-style-type: none"> ▪ The programme was initiated in 2007 and began being implemented in 2009. |
| | Programme coverage | <ul style="list-style-type: none"> ▪ The programme is aiming to reach 60,000 children to ensure they attend school, have access to services and receive counselling and nutritional support. ▪ Currently over 750 household and 2,000 OVCs are benefiting from the grant. |

²⁰Table text from *Lesotho: Flying Cash to the Most Inaccessible and Vulnerable Children*. (2009, October). Retrieved from Relief Web: <http://www.reliefweb.int/rw/rwb.nsf/db900sid/VVOS-7WZL2T?OpenDocument>

| | | |
|--|---------------------------------|---|
| | Finance | <ul style="list-style-type: none"> Financial support from the European Union (EU) through UNICEF is 12 million Euros (\$16,329,971 USD) for 5 years (2007-2011) for the governments broader social protection programme for OVC. |
| | Legal framework | <ul style="list-style-type: none"> Constitution of Lesotho Child Protection and Welfare Bill (2004) Education Policy. |
| | Administrative framework | <ul style="list-style-type: none"> Helicopters have been used to fly funds into isolated communities. UNICEF have been developing high-quality data and information systems in order to ensure that the most needy families and children are reached and that the programme results in a integrated package of family-centred services. |

| | | |
|---------------------------------------|-----------------------------|---|
| Programme# 3: in-kind transfer | Programme name | Free Primary Education Programme²¹ |
| | Programme overview | <ul style="list-style-type: none"> The Ministry of Education and Training (MoET) has undertaken to progressively assume financial responsibility for books, stationery, maintenance, and utility costs at the primary level, a responsibility that was assumed in 2000, beginning with Standard 1 and adding a Standard each succeeding year, thus, completing the process is 2006 |
| | Programme objective | <ul style="list-style-type: none"> The programme is aimed to ensure an increase in access and equity and enhance quality and efficiency of primary education. It also addresses the needs of vulnerable children. |
| | Programme components | <ul style="list-style-type: none"> Construction of additional facilities in existing schools and establishment of new schools where needed. Provision of teaching and learning materials including textbooks and stationery. Training and recruitment of additional teachers. Provision of school meals. |
| | Programme coverage | <ul style="list-style-type: none"> The programme has benefited 19 primary schools in some rural mountainous areas of Lesotho. |
| | Finance | <ul style="list-style-type: none"> The cost of the Free Primary Education programme for 2009/2010 is budgeted to be 409,136 (M1 000) (\$53,506,099.38 USD). The bulk of the financing has come from the Government of Lesotho. Development partners who provided valuable assistance are the International Development Agency, The African Development Fund, the Development Cooperation Ireland, the United Nations Children Fund, United Nations Education, Social and Cultural Organisation and the World Food Programme. |
| | Legal framework | <ul style="list-style-type: none"> Education Act No. 10 of 1995. |

²¹Table text from *Free Primary Education in Lesotho*. (n.d.). Retrieved from United Nations Educational, Scientific and Cultural Organization: portal.unesco.org/ios/fileadmin/33C3/PDF/WINFreeprimaryED.pdf

| | | |
|--|----------------------------------|--|
| | Administrative framework | <ul style="list-style-type: none"> Under FPE, participating schools (more than 90 percent of the targeted schools) shall not charge school fees for those Standards whose non-teacher costs were being supported by the Ministry of Education and training. In addition, the Ministry will continue with school feeding for as many children as resources may allow, prioritising the most vulnerable children, particularly OVCs. The additional support from the Government would come in the form of goods, services and professional support. |
| | Monitoring and evaluation | <ul style="list-style-type: none"> The intention was that the FPE policy shall be reviewed every two years to ensure that it is responsive to evolving socio-economic and demographic realities of Lesotho as well as the resource conditions at the disposal of the Government and its main stakeholders in education services provision at this level. It is unclear whether this review has taken place. |
| | Programme Barriers | <ul style="list-style-type: none"> One of the challenges for Lesotho is the difficulty the average child from a poor family faces with respect to the transition from primary to secondary school. Only 73% of pupils who complete the primary cycle proceed to secondary education. The Government has established that the cost of both primary and secondary school access has in the past inhibited enrolment of children from poorer families. The Government is equally concerned about the generally poor quality of education that is being delivered, a phenomenon that is explained principally by the high pupil-teacher ratios; inadequately trained teachers; weak and over centralised school management systems; etc. More devastating, the education sector has been severely impacted by the HIV and AIDS. |

| | | |
|---------------------------------------|-----------------------------|--|
| Programme# 4: in-kind transfer | Programme name | Support Access to Primary Education²² |
| | Programme overview | <ul style="list-style-type: none"> The Government has reiterated its commitment to take over school feeding from WFP after 2010 as part of its long-term education strategy for free and compulsory primary education. WFP will help ensure that the required structures and capacities will be in place. |
| | Programme components | <ul style="list-style-type: none"> The proposed project aims to provide food assistance to 80,000 primary school children mainly in the remote and economically-disadvantaged highlands and mountainous regions to retain them in school, improve their attendance and attract more disadvantaged children to school. |
| | Programme duration | <ul style="list-style-type: none"> Began in 2008. |

²² Table text from *Strategic focus of the WFP Development Project: Support Access to Primary Education*. (n.d.). Retrieved from World Food Programme: <http://www.wfp.org/content/strategic-focus-wfp-development-project-support-access-primary-education>

| | | |
|--|----------------------------------|---|
| | Programme coverage | <ul style="list-style-type: none"> ▪ In the first year of the new project (2008), 80,000 school children in the remote areas of the mountain region will receive two school meals for 180 days per year. ▪ WFP will reduce its assistance to 65,000 school children in 2009 and to 50,000 students in 2010 by reducing the number of schools under the WFP-assisted programme. |
| | Finance | <ul style="list-style-type: none"> ▪ The World Food Programme is covering the cost in the first two years. WFP food cost: \$ 2,722,181 USD. ▪ Total cost to WFP: \$4,674,623 USD. |
| | Legal framework | <ul style="list-style-type: none"> ▪ Part of the Government of Lesotho's Free Primary Education strategy. |
| | Administrative framework | <ul style="list-style-type: none"> ▪ The MoET will continue to be responsible for all aspects of project implementation and will chair the Project Management Unit, of which WFP and other implementing partners are members. ▪ The MoET will recommend the schools to be included in the WFP-assisted project according to their enrolment and retention rates and the remoteness of the schools. ▪ The Food Management Unit (FMU) will be responsible for transporting and delivering the food to the schools, and the MoET will cover the cooks' salaries and provide them with basic training. |
| | Monitoring and evaluation | <ul style="list-style-type: none"> ▪ Monitoring will be carried out jointly with the MoET, FMU and WFP. ▪ Monitoring and reporting on attendance, food stocks and distribution will be done through monthly reporting forms from schools, monitoring checklists and Advanced Research and Global Observation Satellite terminals. ▪ The WFP country office has developed a database to capture all information from the monitoring and evaluation (M&E) system in place. The management and maintenance of this database will be gradually handed-over to the MoET. |

| | | |
|--|---------------------------|---|
| Programme# 5: Cash and in-kind transfer | Programme name | Cash and Food Transfers Pilot Project²³ |
| | Programme overview | <ul style="list-style-type: none"> ▪ The Cash and Food Transfers Pilot Project (CFTPP) was designed and implemented as World Vision's contribution to the humanitarian response to the 2007/08 food crisis in Lesotho. This crisis was triggered by Lesotho's worst drought in 30 years, which reduced maize yields by 42% and left an estimated 553,000 people (approximately 25% of the national population) in need of emergency assistance. ▪ A feasibility study was commissioned by World Vision which concluded that, since 70% of Lesotho's food requirements are imported even in good years, food markets are well-functioning and resilient, so cash transfers would be an appropriate intervention. |

²³ Table text from Devereux S. and M. Mhlanga. (2008, July). *Cash Transfers in Lesotho: An Evaluation of World Vision's Cash and Food Transfers Pilot Project*. Retrieved from Institute of Development Studies: <http://www.ids.ac.uk/index.cfm?objectid=834F9FB3-DB2D-BE23-62582A9118BD6510>

| | | |
|--|--|--|
| | Programme objective | <ul style="list-style-type: none"> The objectives of the CFTPP were to provide access to basic food for vulnerable households through the 2007/08 “hunger period” until the next harvest, and to build World Vision’s capacity in cash transfer programming and learn lessons for World Vision in Lesotho and elsewhere. |
| | Programme components | <ul style="list-style-type: none"> The CFTPP delivered cash and/or food transfers to 9,172 households, or 41,200 beneficiaries, every month for six months from December 2007 to May 2008. Of these, 3,824 households received “cash only” while 2,676 households received a “cash plus food” combination – equivalent to a full food ration, half in food (cereals, pulses and cooking oil) and half in cash (enough to buy the same commodities in local markets at November 2007 prices). A further 2,672 households received full food rations and acted as a control group against which to compare impacts. |
| | Programme duration | <ul style="list-style-type: none"> 6 months. |
| | Programme coverage | <ul style="list-style-type: none"> 9,172 households or 41,200 beneficiaries. |
| | Beneficiary determination process | <ul style="list-style-type: none"> Targeting was implemented at two levels: <ul style="list-style-type: none"> The first was geographic: three constituencies in each of two districts were selected The second level was beneficiary identification: for which official Disaster Management Authority (DMA) Targeting Guidelines were followed. <ul style="list-style-type: none"> The DMA guidelines involved communities in identifying the poorest 20% of households, based on a wealth ranking score following selected criteria. |
| | Finance | <ul style="list-style-type: none"> In the six months ending May 2008, the CFTPP spent US\$2.3 million, or 75% of the project’s budgeted funds, reaching 29,366 beneficiaries in 6,539 households (Table 15). This translated to an average cost of US\$78.46 per beneficiary or US\$352.35 per household over the six-months. |
| | Administrative framework | <ul style="list-style-type: none"> Cash transfers were provided by World Vision and food rations were provided by the World Food Programme (WFP). |
| | Monitoring and evaluation | <ul style="list-style-type: none"> To enable the evaluation team to effectively capture the scope of the evaluation, a multi-pronged approach was adopted. This involved documentary analyses, beneficiary interviews (including a small sample of non-beneficiaries for comparison), key informant interviews, stakeholder interviews, focus group discussions, and case studies. |
| | Programme barriers | <ul style="list-style-type: none"> Cash transfer payments were set at a level sufficient to purchase a full food ration at the local prices prevailing in November 2007. But food prices in Lesotho increased steadily throughout the project period, until the next harvest in April/May 2008 boosted supplies and brought maize prices down. Average retail prices of maize increased by 12-17% in five months, eroding the purchasing power of CFTPP cash transfers and forcing a belated upward adjustment of 25%, to compensate cash recipients for their declining market access to food. Combining the wealth ranking with a quota created two problems. First, applying the 20% cut-off universally did not allow for variations in average wealth levels across communities. Second, since a baseline survey had concluded that 61% of households in the project area were vulnerable, the 20% quota meant there was serious under-coverage or exclusion error. Beneficiary preferences for different assistance packages shifted during the project period. “Cash plus food” was preferred by 41% of respondents to the |

| | | |
|--|-----------------------|--|
| | | <p>pre-project baseline survey, but rose to 52% in the post-project evaluation survey. Second choice was “cash only”, which increased only slightly, from 30% to 35%. Least preferred was “food only”, chosen by only 19% pre-project but falling to 13% post-project.</p> <ul style="list-style-type: none"> ▪ The main reported advantage of the “cash only” package was that it met a diverse range of household needs, while the main advantage of the “food only” package was that it was sufficient to sustain a household. |
| | Socioeconomic impacts | <ul style="list-style-type: none"> ▪ All cash recipients spent much or all of their transfer income on purchasing staple food (maize) and other food commodities (e.g. vegetables). Cash transfers were also used by most recipients to finance non-food basic needs (groceries, clothing, education, health care, housing, burial society contributions). Next on the priority list was investment in livelihoods (farming, small businesses), asset accumulation (durable goods, livestock), with ‘extravagant’ spending (alcohol and cigarettes) admitted by only a few respondents. ▪ Food transfers contributed to the primary humanitarian objective of restoring food security to drought-affected households, though not to meeting non-food needs – no food recipients admitted to selling any of this food to raise cash for other priorities. The “cash plus food” combination came closest to meeting both food and non-food needs directly. ▪ Wholesale and retail prices of most food items increased substantially during the project period. Monitoring data found that retail maize prices were 80% higher in January 2008 than in January 2007. The main drivers of this price inflation were the poor harvest of April-May 2007, and rising food and fuel prices globally, which raised the transport costs and wholesale prices of all imported commodities, including food ▪ Impacts on communities were both positive and negative. <ul style="list-style-type: none"> ○ Positive impacts included lower reported levels of begging, crime and distrust in project communities, and increased sharing of food between beneficiaries and non-beneficiaries. These impacts imply enhanced social cohesion. ○ Negative social impacts included resentment and envy towards beneficiaries by their excluded neighbours. |