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Foreword

The UNDP Country Office feels a sense of accomplishment, after a long break, in finally releasing another in this series of its flagship country-level reports, which is one of UNDP's major advocacy tools. The preparation of this *National Human Development Report (NHDR) 2006*, as some of you may recall, began late 2002, with initial inputs contributed by several researchers commissioned from both within Lesotho and South African Universities. The initial report drafting process, which involved in-country resource persons from both the UN and the Government, was subsequently stalled and ultimately halted by more pressing emerging national exigencies to which the relevant participants in the report drafting process in both UNDP and Government have had to respond.

The latter include responses to the ongoing severe food and humanitarian crises affecting six countries (including Lesotho) in the Southern Africa sub-region, beginning late 2001. These necessitated conducting several joint assessments of the food situation and related humanitarian needs, drafting series of reports based on response programmes proposed by resident UN agencies on behalf of the Lesotho Government, in support of the several Consolidated Appeals (CAPs) that the United Nations System in the sub-region issued to the international community on a semi-annual basis between mid-2002 and end-2004.

Meanwhile, during this period a consensus was emerging in the development community that the on-going humanitarian crisis was due to the nexus of chronic and deepening poverty, compounded by the effects on productive capacity of the pervasive prevalence of HIV and AIDS, as well as weakened governance capacities for service delivery. Consequently, the focus of the original NHDR was modified to ensure that the linkages among HIV, Poverty and Food Insecurity would be adequately examined in the report drafting process. Thus, when the report drafting process resumed late 2004, it became necessary to shift away from its original focus on poverty, inequality and social exclusion. The present focus of this Report is on **the nexus of HIV, poverty and food insecurity**. The completion of the resumed report drafting process was further affected by the delayed release of the results of the 2002/03 Household Budget Survey, on which relatively more recent poverty indicators were based.

Every effort has been made to use the most recent information on other socioeconomic indicators to supplement poverty indicators which are based on the 1986/87, 1994/95 and 2002/03 Household Budget Survey reports, in order to present a robust analysis of how HIV, poverty and food insecurity are mutually reinforcing one another in Lesotho, and threatening to thwart its progress towards achieving the Millennium Development Goals (MDGs).

The Report also presents a brief summary of the current situation regarding the status of Lesotho's progress towards its achievement of the Millennium Development Goals (MDGs). As most of our readers may recall, in September 2000, at the 55th United Nations General Assembly (GA) Session (the Millennium Summit) which ended the last century, the Heads of State and Governments of UN Member Countries made a commitment (the Millennium Declaration) to strengthen the environments for peace, development and human rights, and to improve the United Nations' ability to act on behalf of human priorities. The next year, at its 56th Session dubbed the "Follow Up to the

Millennium Summit”, the GA in September 2001 adopted the Millennium Development Goals (MDGs). By this the World Body committed itself to eight goals to be attained by 2015. The following year, at the Monterrey International Conference on Financing Development, held in Mexico, a significant step for translating the MDGs into concrete action was taken, when the developed countries pledged to support the developing countries with increased aid resources towards the achievement of the MDGs by 2015.

It is worth noting that, as part of Lesotho’s preparations for the Millennium Declaration+5 UN Summit in September 2005, in-country review processes related to the MDGs had taken place during the period this Report was under preparation. Thus, it became opportune for the Report’s authors, who had also led the MDG-related national review process, to incorporate a summary of the findings from that review exercise in this Report. In short, this Report concludes that the impacts of the nexus of pervasive HIV, chronic structural poverty, and food insecurity in Lesotho can be addressed by pursuing the achievement of the MDGs through focusing on the critical MDG-related activities outlined in the country’s two key frameworks for addressing the ongoing humanitarian crises. These are: the Poverty Reduction Strategy (PRS); and, the National HIV Strategic Framework (currently under revision).

Given the wealth of information in this Report on the current status of Lesotho’s socioeconomic indicators, the sources of its current humanitarian crises, as well as the robust analysis of the linkages among, and the mutually reinforcing nature of, these sources of the crises, this Report is very timely. I therefore wish to recommend it to all of Lesotho’s development partners, development practitioners, politicians, public servants, academics, researchers and civil society organizations, as one of the useful evidence-based advocacy tools and reference sources to employ in their individual and collective efforts to find solutions to Lesotho’s development challenges.



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The first draft of the full report was put together by the UNDP SPU from written contributions of chapter drafting teams listed in the *Team for the Preparation of the NHDR 2006*, who were contracted by UNDP to provide specific research contributions. These teams benefited from inputs provided by our counterparts in the respective sector Ministries and Departments, to each of whom we extend our gratitude. Given the long lag between the receipt of these original research inputs and the completion of the Report Project, some of these research inputs have been modified by the Report's authors.

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While this is a UNDP publication, the findings and views expressed herein are solely those of the authors and relevant expert research consultants cited, and do not necessarily reflect the official views of UNDP or the Government of Lesotho. In this vein, the usual caveat applies, that any remaining errors or deficiencies are solely those of the authors.

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EXECUTIVE SUMMARY

Human Development for attaining the MDGs

Human development, or its more all-embracing *sustainable (human) development* variant, involves the enlargement of people's choices by processes aimed at building capabilities for satisfying the needs of the present generation without sacrificing the needs of future generations. In terms of this conceptualization, promoting human development implies inclusive, participatory, and equitable growth processes aimed at many of the Millennium Development Goals (MDGs).

For instance, sustainable human development targets the development of capabilities for *poverty eradication* (through interventions related to equitable and affordable access to basic social infrastructural services for *healthy living*, *education* and training for employable skills acquisition, as well as *gender-balanced* employment and livelihoods creation for income generation). It also targets *environmental sustainability*, in a proactive effort to ensure intra-generational as well as inter-generational equity in the use of natural resources.

Regarding poverty eradication, for instance, empirical evidence from many countries suggests that broad-based, equitable, accessible and affordable education and skills training have contributed to improving the employment and income potentials for many otherwise poorer segments of societies.

With regard to the way environmental conditions relate to poverty, it is empirically accepted that poor people's livelihoods tend to be most dependent on natural resources, and are, therefore, the first to suffer when these resources are degraded. They also suffer most, in terms of health, when water and air are polluted. In a third dimension, poor people are the most vulnerable in terms of exposure to environment-related conflicts and other such hazards, and are the least capable of coping when they occur.

Regarding the way poverty and HIV as well as other debilitating diseases are mutually reinforcing, the following have been empirically observed. First, poverty reduces the ability of affected households to cope with HIV. Second, HIV/AIDS generates new poverty, as people lose employment and housing tenure. Third, household incomes fall, owing to loss of wage earners and increased spending on medical care and funerals.

The Scorecard on Poverty and HD Trends

The scorecard on poverty trends showed: that the incidence, depth and severity of poverty have improved between 1994 and 2002; and, that the poor spend almost half of their Income on food. Regarding the geographical distribution of poverty, it showed: that though poverty declined substantially in the rural areas, poverty is still highest in these areas; that mountain areas have higher incidence compared to lowland areas; and, that poverty is most severe in Butha-Buthe and Molepolole districts. On the demographic characteristics of the poor, the scorecard revealed that: larger households tend to be poor; women-headed households are poorer than male-headed households; and, households with older heads are poorer.

With regard to the socio-economic characteristics of the poor, the scorecard showed that: educational attainment is lower among the poor; homemakers and the unemployed are poorest; livelihood patterns have shifted away from migrant labour; while, subsistence farmers are more likely to be poor. On household assets and poverty, the scorecard revealed that: poor households are more likely to rely on agricultural assets; poor female-headed households own less agricultural assets; and, poor households in general are less likely to own domestic assets. Regarding access to basic services, the scorecard showed that access to safe drinking water and sanitation have improved on the whole, while access to health facilities has improved only for some.

The Report's analysis has also revealed that, overall, inequality has decreased; that the richest ten percent consume half of national output; and, that inequality has increased more in rural areas. In addition to and consistent with these, Human Development Index (HDI) trends are worsening; while, Human Poverty Index (HPI) trends have also worsened.

The Scorecard on Progress towards the MDGs

The 2004 Lesotho MDG Progress Report notes that HIV has a woman's face. As already discussed, 56 percent of the reported HIV infections in 2005 were women. Among the younger age groups of 15-29 years, almost 75 percent of all reported cases of AIDS are women in 2005. One of the most disturbing features of the HIV pandemic is the disproportionate effect it has on children. Nearly 10 percent of all new HIV cases in 2001 were among children less than four years of

age. In addition, children are increasingly being relied on as caregivers for sick family members, and are often burdened with the additional responsibility of caring for younger siblings or sick parents. The number of children under 15 years of age, who have either lost their mother or father, or both, is estimated at 180,000. Despite this alarming picture of the HIV epidemic in Lesotho, reported AIDS cases and new infections among those aged 5 to 14 are very low. These are children who were born at a time when the risk of mother-to-child transmission was relatively low and are unlikely to have yet become sexually active. These children constitute a “window of hope” for an AIDS-free generation in Lesotho.

On progress towards eradicating extreme poverty and hunger, it is noted that the vast majority of Basotho live in deepening poverty, deprived of incomes that can cover basic necessities such as food, shelter and clothing. Between 1995 and 2003, the percentage of the population below the national income poverty line has significantly changed (from 66 to 56 percent). Furthermore, there is a distinct gender aspect to income poverty, with poverty incidence being higher among households that are headed by women. Widows with an average age of 56 years head two-thirds of these latter households.

Regarding efforts to eradicate extreme hunger, Lesotho, along with several other countries in the sub-region, has been going through a severe food crisis since late 2001. It was estimated that some 760,000 people – a third of the total population received targeted food aid in 2003. Of these, more than 200,000 were children under 5 years of age. The 2007 targeted food aid requirements stood at 10,810MT. The immediate causes for the humanitarian emergency in Lesotho are the combined effects of reduced agricultural output and steep increases in prices for staple foods that have excluded vulnerable households from bridging the food gap through market channels by weakening their purchasing power. The underlying causes are a reflection of the country's extreme vulnerability to shocks, compounded by a weak economy and high levels of poverty. The persistent food insecurity of the Basotho has severe effects on the nation's children. In 2006, 18.4 percent of children under the age of five were underweight. In addition, 37 percent were stunted (too short for their age) and 2.4 percent were wasted (too thin for their height). Since 1992, the share of underweight children has increased by more than one third. In 2000, boys appeared to be more susceptible to being undernourished than girls, while in recent years this seems to have changed.

Regarding progress towards the achievement of Universal Primary Education, under the Free Primary Education (FPE) programme (introduced in 2000), 153 new schools were constructed, while 873 new classrooms were installed, in addition to the supply of more than one million textbooks and other teaching materials to 1,300 schools. Consequently, net primary school enrolment increased to 83.1 percent in 2005.

With regard to progress towards gender equality and women's empowerment, despite the relatively high education levels of women, the overwhelming majority of political and decision-making positions are dominated by men. Females account for almost two-thirds of professional, technical and related positions in the formal sector. However, when it comes to administrative and managerial positions, women account for just one-third of all positions. Overcoming the gender equality deficit will be critical to fighting poverty, HIV, gender-based violence, infant and maternal mortality, as well as unemployment in Lesotho.

With regard to progress towards the reduction of child mortality, it is noted that more than half the population is under 18 years of age and about one in four is under 14. Since 2001, child mortality (the probability of dying between the ages of 1 and 5) has decreased significantly from 35 per 1,000 live births to 24 in 2004. This suggests that the 2015 target of 10 per 1,000 survivors to age one is within reach, if current trends continue.

On the MDG related to improving maternal health, the most recent estimate of maternal mortality rate for Lesotho is 762 deaths per 100,000 live births in 2004. The percentage of deliveries attended by health care providers in Lesotho stood at 68.8 percent in 2004, compared to 60 percent in 2001. There are great geographical disparities in the availability of skilled health personnel. The poor mountain districts of Thaba Tseka and Mokhotlong are most disadvantaged.

Access to safe drinking water improved from an estimated 62 percent of Lesotho's population in 1996 to 74 percent in 2002/03. In 2002/03, 8 percent of the urban population had no access, compared with 34 percent of the rural population. The overall gains between 1996 and 2002 appear exclusively attributable to better coverage in rural areas.

Implications for Policy and Programme Interventions

The discussions in this Report have implications for policy and programme interventions. Some of these have been identified by a recent national review of the MDGs process in Lesotho. They can be grouped under three broad areas. These are: (a) implications for

scaled-up response to HIV; (b) implications for scaled-up response to poverty; and, (c) implications for a global partnership for achieving the MDGs. In addition, this Report drafting process has identified two other areas of concern. These have policy and programme

intervention implications: (d) for enhanced monitoring tools and structures; and, (e) for improved data systems. These policy and programme implications are discussed in the last chapter of this Report.



The HIV and AIDS challenge confronts Basotho of all walks of life. A
(Teresa Wyndham)

“ pitso ” in one of the remote mountain districts of Lesotho

CHAPTER 1

1. Human Development, Poverty, Inequality and Food Insecurity

This Report discusses the state of human development in Lesotho at the turn of this new millennium. Almost seven years into this century, Lesotho has been faced with a combination of problems that do not seem to be amenable to easy solution, and that threaten to hold back, even reverse, its socio-economic progress. The nexus of the mutually reinforcing effects of chronic poverty, inequality and food insecurity is being compounded by the impact of the pervasive and growing HIV epidemic. At present, most of the components of Lesotho's Human Development Index (a composite indicator of quality of life used by UNDP to rank countries in terms of overall social progress) have shown downward trends.

Life expectancy at birth, which measures the capability to live a long, healthy and productive life, has declined drastically, from 50 years in 1975 to 35 years in 2004 (UNDP, HDR, 2006). School attendance, a major sub-component of the educational attainment sub-index, is being threatened by daily survival concerns due to poverty and food insecurity. These have forced some segments of the rural population to withdraw their children from school to eke out daily subsistence as part of some households' coping mechanism (LVAC, 2003:20). Furthermore, in the face of the nexus of chronic poverty and pervasive HIV, average incomes, the third component of the human development index (HDI), have also been falling over the years. As a result of all these, Lesotho's HDI values have fallen from 0.565 in 1990 to 0.510 in 2001 (UNDP, HDR, 2003), and 0.494 in 2004 (HDR 2006).

The *Lesotho National Human Development Report (NHDR) 2006* explores some of the factors underlying the current state of affairs. The Report is organized into six chapters. Chapter 1 sets the conceptual framework for the subsequent discussions. It summarizes the techniques for measuring the various indicators of poverty and human development employed in this Report, in addition to briefly discussing the conceptual links among poverty, inequality, food insecurity and HIV. In Chapter 2, the socioeconomic, natural resource and environmental situation is presented. It features the state of the economy; progress in social development; natural resource trends and environmental quality. Chapter 3 presents the scorecard on human development, featuring poverty profile, incidence and trends; inequality trends; as well as the role of HIV in declining HDI scores.

Chapter 4 then presents the detailed analysis of the multiple crises of HIV, poverty and food insecurity in the country. The chapter features, among other issues: the threat of HIV

to the achievement of other Millennium Development Goals (MDGs); and the incidence, growth trends and factors fuelling the spread of HIV. It also discusses the incidence and depth of food insecurity; as well as current responses to the HIV, poverty and food insecurity crises. In Chapter 5, the links between human development and the MDGs are explored, in addition to summarizing the scorecard on Lesotho's progress towards the achievement of the MDGs. Chapter 6 concludes with highlights of the report, as well as a discussion of the policy implications of various key findings.

1.1 Human Development as a Measure of Quality of Life

Development means different things to different people. However, for most people, the concept of development evokes powerful pictures of economic growth; social progress in a rapidly modernizing environment; individual dignity and welfare within a progressive political system; and collective security. The concept has, however, come to assume changing meanings over time. For example, it was common in the past to assume that development goals could be addressed within the framework of specific projects and delivered through social engineering, with the State as the only actor. The latter was expected to diagnose the development problem, prescribe the solution and mobilize the resources for responding to the problem.

Since the end of the Second World War, developing countries of the South became obsessed with leapfrogging over the development divide between them and the more developed countries of the North. The modalities for achieving this shaped both development thinking and practice. In those early years, the principal emphasis was placed on building physical infrastructure, and only peripherally were skills and individual capacity development considered essential to this process. On those rare occasions when this was the case, human development was interpreted in terms of human resource development. As such, the relevant projects were conceptualized in terms of building more schools and hospitals (Banuri et. al., 1994:15).

The current advocacy by the UNDP for the adoption of the (sustainable) *human development* concept is a response to the perceived inadequacy of previous development approaches. Therefore, a brief summary of the evolution of two broad conceptualizations of

development will place this HD paradigm in perspective. It is noteworthy that this summary is not intended to be exhaustive, but to give some overview of the many variations and dimensions of development strategies that have been advocated and tried with varying degrees of emphasis and success over the years.

1.1.1 Growth -focused development

After World War II, preoccupied with finding the mechanisms for facilitating development in the Third World, development economists conceptualized and defined development in terms of economic growth. This was interpreted as increasing the national incomes of those countries by, among other things: transforming traditional subsistence production activities into modern manufacturing processes; closing the technological gap between the less developed South and the more developed North through “turn-key” projects; and, adopting large-scale, often capital-intensive methods of producing goods. This approach called for concentrating and raising the rate of savings in the hands of an entrepreneurial class that would invest in production plants intended to generate employment for the rising number of non-agricultural labourers. In this way, the benefits of the growth process were expected to “trickle down” to the rest of the population.

By the mid-1960s, development planners began to review the disappointing results of the process of development in the Third World. This was largely symbolized by big dams for big irrigation and electrification schemes, as well as capital-intensive, industrialization packages, with little regard for community social structures and/or participation. Against the background of those reviews, development planners and scholars began to question the adequacy of the growth-focused modernization paradigm of development, which was largely promoted in the developing regions of Africa, Asia and the Pacific, as well as Latin America and the Caribbean.

1.1.2 Human Welfare -focused Development

The review of the performance record of the economic growth-focused development approach was not limited to scholars and development practitioners. The United Nations was concerned about avoiding the many social ills experienced by the North in the course of their earlier industrialization processes. These included deserted farmsteads; dirt-choked slums spawning debilitating diseases which served as dwellings for the working class; dehumanizing working and living conditions which contributed to alcoholism, other substance abuse, and prostitution; as well as the exploitation of children whose parents could not afford adequate livelihoods to support them. The UN could not overlook the replication of these

social ills in the new independent countries of the Third World.

The then Social Affairs Bureau of the UN's Economic and Social Council (ECOSOC), therefore, issued the first UN Report on the *World Social Situation* in 1952, documenting social and living conditions world-wide. The latter included, among others, the problems associated with social stratification in Latin America; the plight of the Middle Eastern nomad; insecurity and destitution in South and South-east Asia; the conditions of migrant workers; and, the social aspects of improving nutrition everywhere (UN/DPI, 1995:2).

The Bureau later recommended a development approach that emphasized areas such as community development, land reform, social security systems, housing, urban planning and the training of professionals in all areas related to social welfare. This recommendation was aimed at creating a mutually-reinforcing synergy between economic growth and improvements in human welfare. It was based on the assumption that economic progress would facilitate increased social justice, in terms of a healthier, better-educated and better-housed working class. The latter, it was conceptualized, would in turn contribute to increased productivity and economic growth, thereby generating higher savings and further investment (UN/DPI, 1995:2).

Building on these beginnings, in the late 1970s and early 1980s, human development came to be equated with human resource development (HRD). In policy and programme terms, this translated into investments in human skills, which were considered as critical cooperating inputs necessary for obtaining maximum productivity from investments in physical capital (Banuri et. al, 1994:16). This approach had two shortcomings, it was argued. First, focusing too much on HRD to the neglect of economic goals could lead the State into bankruptcy (UN/DPI, 1995:9). Second, it concentrated more on preparing people to serve development rather than placing development at the service of people's total well-being (Banuri et. al., 1994:16). As the next section shows, these concerns have guided the evolution of subsequent conceptualizations of quality of life indicators such as “poverty” and “human development”.

1.2 The Concepts of Poverty and Human Development

In an attempt to strike a balance between economic growth and social concerns, in the 1970s and early 1980s a number of UN programmes, funds and specialized agencies advocated the goal of fulfilling the “basic needs” of the growing numbers of the world's poor. The latter, it was argued, had by then failed to benefit from the growth

focused model of development. This renewed emphasis on the social and distributional dimensions of development and growth processes was partly occasioned by the growing evidence that small landholders (most of them women) did not benefit from even the food security gains of the so-called Green Revolution in agricultural production (UN/DPI, 1995:9). Basic needs were defined by the International Labour Organization (ILO) as adequate nutrition, housing, clean water, health services and employment. The definition also included the participation of people in making decisions that affect them through organizations of their own choice (UN/DPI, 1995:9). But, who are the “poor”, what distinguishes them from other segments of the population, and what is the link between addressing poverty and promoting human development? These are explored in the next few paragraphs.

1.2.1 The Concept of Poverty

Poverty is an individual state of deprivation whereby the opportunities and choices most basic to human development are denied. It can involve not only the lack of the necessities of material well-being but also the denial of opportunities for living a tolerable life. As a result, life can be prematurely shortened; made difficult; or rendered hazardous, painful and precarious. By denying people such opportunities, their lives can also be deprived of knowledge and communication, as well as dignity, confidence and self-respect (UNDP, HDR 1996: 109-110). As the final Copenhagen Declaration at the end of the 1994 World Summit for Social Development defined it, “absolute poverty is a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to social services” (UNDP Evaluation Office, *Essentials*, No. 10, May 2003:1).

The traditional measurement of poverty focuses on the concept of “income poverty”. However, there are other variants of the poverty concept, such as “capability poverty” (UNDP, HDR, 1996) and “human poverty” (UNDP, HDR, 1997). Box 1.1 summarizes the variants of poverty concepts employed in this Report. These and related concepts of “human development” category are just amplifications on the conceptual foundations of the various dimensions of human deprivation that constitute “poverty”. The most rudimentary dimension of these deprivations is chronic food insecurity. This is why the term “poorest of the poor” (the “ultra-poor” or the “indigent”) is applied to those who cannot afford the bare minimum caloric intake of food required for physical survival.

Absolute poverty measures vary according to the variables considered important. These variables include characteristics of commodities, needs and requirements

considered basic by a given culture or society. Alternatively, it includes the income or expenditure levels considered adequate to satisfy these basic needs. Thus, typically, a poverty measure starts from a notion of (basic) needs, such as nourishment, and translates those needs into commodity bundles (foodstuff, etc.) directly or indirectly, through the characteristics of such commodities (daily requirements of calories, protein, etc). In multiplying the quantities of needs by their appropriate prices, a measure is derived in terms of the income or expenditure level associated with the specified quantity and quality of such basic needs. This level then defines the particular poverty line in reference to the specified needs.

Having defined a poverty line, the problem of identifying the “poor” involves measuring the resources available to a household. Once this is accomplished, all households with incomes or expenditures below the level required to afford the specified basic needs (the poverty line) are labelled as poor. A different method for deriving an absolute poverty measure is the *dissatisfaction of basic needs* approach. Here, a number of indicators of basic needs are identified. This method is less sensitive to price fluctuations, but it does not allow for substitution among different needs.

Box 1.1: Three Perspectives on Poverty

- ✦ *Income perspective*. A person is poor if, and only if, his/her income level is below the defined poverty line. Many countries have adopted income poverty lines to monitor progress in reducing poverty incidence. Often the cut-off poverty line is defined in terms of having enough income for a specified amount of food.
- ✦ *Basic needs perspective*. Poverty is deprivation of material requirements for minimally acceptable fulfillment of human needs, including food. This concept of deprivation goes well beyond the lack of private income: it includes the need for basic health and education and essential services that have to be provided by the community to prevent people from falling into poverty. It also recognizes the need for employment and participation.
- ✦ *Capability perspective*. Poverty represents the absence of some basic capabilities to function – a person lacking the opportunity to achieve some minimally acceptable levels of these functionings. The functionings relevant to this analysis can vary from such physical ones as being well nourished, being adequately clothed and sheltered and avoiding preventable morbidity, to more complex social achievements such as partaking in the life of the community. The capability approach reconciles the notions of absolute and relative poverty, since relative deprivation in incomes and commodities can lead to an absolute deprivation in minimum capabilities.

1.2.2 The Human Development Concept

The current sustainable human development conceptualization has shifted the global development debate towards placing *human* (people) at the centre of all development efforts. This paradigm, introduced by UNDP in 1990, builds on the earlier approaches to promoting growth and development. It is the paradigm that is being advocated through UNDP's global and national human development reports (HDRs). While broader than poverty reduction, this conceptualization of development is built around the poverty challenge. This is guided by the philosophical premise that the development challenge is (or should be) fundamentally a search for ways to alleviate human misery caused by abject poverty or the denial of access to basic necessities.

The basic tenet of the human development concept, therefore, is its view of development as a process of enlarging people's choices, which can be infinite and can change over time (UNDP, HDR, 1995: 11). This view of development sees income as certainly an important need, but does not see it as constituting the sum-total of human capability. This view sees human development as having two sides: (i) the formation of health, knowledge and skills; and, (ii) the use people make of their acquired capabilities (e.g., for productive purposes, for leisure, or for being active in social, cultural or political affairs). It argues that the absence of a balance between these two sides can result in much human misery (UNDP, op. cit.). Box 1.2 summarizes the family of *human development* concepts and their related indicators, some of which have been employed in this NHDR. In addition, *inequality*, which is another dimension of poverty employed in this report, is discussed in the next section.

1.3 Inequality and Poverty

In the real world, income levels are bound to be unequal. However, the degree of inequality is what has concerned socio-economists and decision-makers for a long time. If all citizens received equal incomes, then income distribution would be such that 20 percent of incomes would accrue to 20 percent of the population and **x percent** of total national income would accrue to **x percent** of the total population (for all values of x). The degree to which the distribution of incomes in a given society deviates from this ideal is the measure of income inequality. The latter is measured in terms of the **Gini coefficient**. If incomes are equally distributed, the value of this inequality measure will be **zero**. However, if all incomes accrue to only one individual, the value of the Gini coefficient will be **unity**. Thus, the Gini coefficient varies between **0.00** and **1.00**.

Income and wealth inequality affect the growth potentials of an economy when large segments of the population are

unable to work or engage in self-employment, cannot save and invest, and cannot afford the cost of essential social services. Income inequality can be traced to differential initial endowments of household wealth. These include lopsided distribution in endowments of land and other economic assets (cattle, small ruminants, etc), social assets (houses, vehicles, etc), financial assets (savings, holdings of stocks and bonds), human capital assets (educational attainment and skill levels). The lopsided concentration of society's wealth can lead to an unequal power relationship between social classes, which can express itself in an exploitative relationship. This in turn results in widening income and wealth inequalities as the more powerful and better-endowed class amasses more wealth at the expense of the less powerful working class, in the growth process.

But more pertinent to the subsequent discussions in this Report is the association between wealth inequality and differential vulnerability of households during shocks, such as drought, crop failure, terminal illness, and/or the death of the breadwinner. It is generally accepted that those who have some assets, no matter how modest, stand a better chance of coping with such unforeseeable shocks. On the other hand, the lack of any form of asset can turn a small temporary economic setback in the household's livelihood arrangement into a long-term or even permanent crisis from which it may never recover.

From the empirical literature on poverty, distributional equity and sustainable development, some key issues have been considered germane to the attainment of growth with redistribution. These include such direct measures as land redistribution, reforms in housing programmes, and improved access to other related socio-economic services critical for human capital formation. They also include indirect measures for minimizing income inequality and reducing poverty, such as equitable access to credit.

Inequality may have negative effects on a country's development and growth processes. Because of this consideration, the UNDP paradigm of human development treats **equity** as one of its four main components (UNDP, HDR, 1995:12). The other components are *productivity*, *sustainability* and *empowerment*. When viewed from the standpoint of productivity, economic growth then becomes a subset of the human development model. This is because, in order to contribute to income growth, people must be enabled to increase their productivity and participate fully in the process of income generation and remunerative employment.

Box 1.2: A Family of Human Development Concepts***The Human Development Index***

Since 1990, the Human Development Report has presented the human development index (HDI) to capture as many aspects of human development as possible in one simple composite index and to produce cross-country rankings of human development achievements. The HDI is a composite indicator of achievements in basic human capabilities in three fundamental dimensions: a long and healthy life; knowledge; and a decent standard of living. Three variables have been chosen to represent these three dimensions – life expectancy; education attainment; and, income.

The HDI value for each country indicates how far it has to go to attain certain defined goals: an average life span of 85 years, access to education for all, and a decent standard of living. The HDI reduces all three basic indicators to a common yardstick by measuring achievement in each indicator as the relative distance from the desirable goal. (For further details, see Technical Notes in the Appendix)

Refinements and Related Measures of the HDI

There have been several refinements of both the human development concept and its related composite indices. The dimensions of human progress included in the HDI have been revised and improvements on the HDI have covered the introduction of other related measures. The latter include: the gender-related development index (GDI), and the gender empowerment measure (GEM), both introduced in 1995; and the capability poverty measure (CPM), which was introduced in 1996. The human poverty concept, with its related measure, the human poverty index (HPI), was introduced in 1997.

The Gender-related Development Index (GDI)

The gender-related development index (GDI), introduced in the Human Development Report 1995, attempts to capture human development achievements through the same set of basic capabilities included in the HDI – life expectancy, educational attainment and income – but adjusts the HDI for gender inequality. A value of 1.0 reflects maximum achievement in basic capabilities with perfect gender equality (see Technical Notes for details)

The Gender Empowerment Measure (GEM)

The gender empowerment measure (GEM), also introduced in the Human Development Report 1995, concentrates on participation, measuring gender inequality in key areas of economic and political participation and decision making. It thus differs from the GDI, an indicator of gender inequality in basic capabilities (see Technical Notes for Details).

The Capability Poverty Measure (CPM)

The 1996 Report introduced the capability poverty measure (CPM), a multi-dimensional measure of human deprivation. The CPM considers the lack of three basic capabilities. These are: the capability to be well nourished and healthy (represented by the proportion of children under five who are underweight); the capability for healthy reproduction (proxied by the proportion of births attended by trained health personnel); and, the capability to be educated and knowledgeable (represented by the rate of female illiteracy). For each country, these measures are added up and divided by three to get a simple arithmetic mean. The lower the average, the less the capability poverty (see Technical Notes for details).

The Human Poverty Index for developing countries (HPI -1)

The 1997 HDR introduced the concept of human poverty. Its related human poverty index (HPI -1) measures deprivation in the three essential elements of human life already reflected in the HDI. The first deprivation relates to survival, namely: vulnerability to death at an early age. This is captured in the HPI -1 by the percentage of people expected to die before age 40. The second deprivation relates to knowledge, namely: being excluded from the world of reading and communications, as measured by the adult literacy rate. The third deprivation relates to a decent standard of living: the lack of access to overall provisioning, as measured by the unweighted average of two indicators, the percentage of the population without sustainable access to an improved water source and the percentage of children below age five under weight for age.

The *equity* dimension emphasizes the need for access to equal opportunities for all people to participate in and benefit from the income generation and growth processes. This can be achieved through the removal of all barriers to economic and political opportunities. Furthermore, the development process can only be deemed *sustainable* if access to such equal opportunities is guaranteed for both the current and future generations. This can be achieved through the conservation and replenishment of all types of capital (physical, human, social, environmental, etc.). Finally, *empowerment* emphasizes the view that development must be *by the people and not only for the people*.

1.4 Poverty, Food Insecurity, Inequality and HIV

Lesotho is among six Southern African countries that have been hit by a multiple crisis of persistent food insecurity. This was occasioned by the successive drought-related crop failures and compounded by the conjunction of chronic poverty and HIV. Earlier attempts to respond to the crisis adopted the traditional premise that food aid was the most immediate solution to prevent starvation, while agricultural input support would lead to recovery in farm production. Subsequent analysis of the continuing crises has led to the emerging consensus among the development community that the nexus of chronic poverty and the impact of HIV are thwarting efforts aimed at agricultural output and general livelihood recovery.

Unfortunately, without such recovery, the food insecurity crisis will continue for the following reasons. Household food security derives from three principal sources. These are: own-production for both consumption and income-generation; incomes from paid employment and benefits earned by household members; and, income transfers from relatives and friends working outside the household. Households without any of these avenues for assuring their daily sustenance will need to depend on food aid or risk starvation.

Moreover, chronic poverty and the impacts of HIV seem to complicate the problem. As hypothesized earlier in the discussion of inequality and poverty, lack of some measure of wealth (poverty) makes it difficult, sometimes impossible, for households to recover from a temporary shock, such as crop failure. When such shocks are combined with other shocks that constrain the household's only other asset (namely, its capacity to utilize physical labour), then its coping capacity becomes severely constrained. When we add to this scenario the likelihood of exhausting even income transfers from outside the household on HIV-related medical expenses

and funerals, the full picture of the extreme vulnerability for such households begins to emerge.

Furthermore, these problems are mutually reinforcing. Chronic food insecurity emanating from poverty can also lead to very risky coping mechanisms that may perpetuate the spread of HIV. For example, young girls and women could trade sex in return for food in order to provide for their survival. The complete breakdown and exhaustion of coping strategies traditionally available to farm households may also lead to rural-urban drift in search of jobs. This may result in living in overcrowded and substandard housing facilities in the urban factory townships that easily render the new migrants vulnerable to risky sexual encounters that may fuel the HIV epidemic further.

This Report analyzes some of the sources of vulnerability in the ongoing crises in the Southern Africa region, from the Lesotho perspective.

1.5 Safeguarding the Sustainability of Development in Lesotho

As stated earlier in this chapter, HIV is one of the factors compounding the chronic food insecurity situation in some Southern African countries. According to the UN Office for the Coordination of Humanitarian Affairs (OCHA), HIV is fuelling the vulnerability seen in the region, by attacking the core of people's lives and livelihoods. It notes that because of HIV, decades of development gains have been lost and efforts to reduce poverty and improve living standards have been severely undermined. In addition, it suggests that fighting chronic food insecurity is now even more of an uphill task at a time when the number of HIV orphans is soaring while the number of farmers, rural workers and agricultural extension workers is fast declining (UN/OCHA, *Regional Consolidated Appeal*, 2003:1).

Lesotho is characterized by low levels of average income, a high level of open unemployment (24.3 percent, CWIQ 2002), a high degree of inequality, as well as severe land and soil degradation, which constrains agricultural potential (see, for instance, UN, Common Country Assessment of Lesotho, 2004:5). The resultant chronic poverty has been identified as the underlying cause of severe vulnerability to food insecurity, which was compounded by the HIV epidemic. The shocks of the erratic weather patterns since 2000 have only magnified the cumulative effects of these structural factors, by plunging the nation into a severe food crisis (LVAC, *Third Round Assessment Final Report*, 2003:6).

The Prime Minister, the Right Honourable Pakalitha Mosisili, declared a *State of Famine* early 2002. In the follow-up response by the UN to requests from regional governments, several assessments (including by FAO and WFP) were carried out in April/May 2002. Against these assessments, an initial 450,000 people (over 20 percent of the entire population) were targeted for food assistance under General Food Distribution (GFD) within the framework of a WFP Regional Emergency Operational Plan (EMOP). After the Lesotho Vulnerability Assessment Committee (LVAC) assessment during July and August, this initial number was subsequently estimated to rise to about 600,000 by December 2002 and to 650,000 by February 2003. The Second Round Assessment conducted by the LVAC in November/December 2002 raised this estimate even further to about 760,000 (or nearly 35 percent of the entire population). The FAO/WFP Crop and Food Supply Assessment Mission (CFSAM) report estimated that 948,300 people would require food assistance in varying amounts in 2004/05 (nearly 43 percent of the entire population). In spite of prospects being better in 2005 compared to previous years, levels of vulnerability have remained high, especially in the chronically vulnerable areas of Southern Lowlands and the Senqu River valley. In these areas, it has been found out that the income/food deficits range between 20 percent and 45 percent of total food requirements (LVAC, 2005). The 2006 FAO/WFP CFSAM estimates that around 400,100 people will require food assistance during the course of the year, underpinning the chronic nature of the food insecurity problem.

The pervasive and growing impact of HIV does not only affect agricultural and rural livelihoods but also the overall employment situation and the livelihoods of the most productive populations in general. The public sector's service delivery capacity is also under serious threat from the HIV epidemic. According to OCHA (op. cit.), the short-term scenario is troubling, but the longer-term is even more alarming and can hardly be overestimated. This is because the possible decimation of social services could cause massive school drop-outs, the collapse of the already weak and overburdened health system, and the complete loss of the nation's tax base and much of its functioning bureaucracy, if the epidemic is not halted soon and ultimately reversed.

The rest of this Report is devoted to shedding more light on the current state of human development in Lesotho. It analyses the underlying challenges that must be addressed if this rather frightening scenario is to be avoided. It also discusses some of the policy implications of these challenges, which will determine the effectiveness of the country's efforts towards the achievement of the MDGs.



HIV and AIDS Bill Consultations (Teresa Wyndham)

CHAPTER 2

2. The Socio-economic, Natural Resource and Environmental Situation

Lesotho is a landlocked, mountainous country, completely surrounded by the Republic of South Africa (RSA). About 30,355 square kilometres in area, the country's total population is estimated to be 1.88 million (BoS 2006). Three-quarters of the country popularly known as the "Kingdom in the Sky" is made up of highlands, rising to nearly 3,500 metres in the Drakensberg/Maluti Mountain range. The remaining one-quarter of the country is lowland, with altitudes varying between 1,500 metres and 2,000 metres. The mountains are endowed with the bulk of the natural resources. These include abundant water resources, critical biodiversity and gemstones. However, environmental degradation over the years has been attributed to over-exploitation of the natural resources, most especially grazing lands. Because the mountainous topography presents difficult terrain, only 10 percent of the land is arable.

The climate is harsh, with temperatures varying from -10 degrees (in winter) to 30 degrees Celsius (in summer) in the lowlands. In the highlands, winters are more severe, with heavy snowfalls that often cut off access to most of the mountain settlements, depriving them of basic essentials that can only be procured from outside.

2.1 The Economy

In this Section, the main features of and recent trends in Lesotho's economy are presented. These include: the pattern of growth; sectoral composition; livelihoods and employment trends; investment trends; as well as external trade performance.

2.1.1 Economic Characteristics and the Pattern of Growth

Agriculture, livestock production, manufacturing and remittances from migrant labourers employed in South Africa have been the mainstay of the Lesotho's economy. Lesotho is geographically surrounded by South Africa; hence its economy is inextricably linked to that of its larger neighbour. The vast majority of its

inhabitants subsist on farming or migrant labour earnings, primarily from the South African mining sector. The lowlands constitute the main agricultural zone and almost 50 percent of the population earn some income through crop cultivation or animal husbandry. Lesotho is not richly endowed with natural resources. Water is the major natural resource and is being exploited through the 30-year, multi-billion dollar Lesotho Highlands Water Project (LHWP), which was initiated in 1986. It is envisaged that by the completion of the project, the country will be self-sufficient in the production of electricity as well as earn substantial sums of income from royalties and electricity sales to South Africa.

Some mineral deposits exist in Lesotho. However, attempts at exploiting them have been limited due to lack of investment. Known deposits include diamonds, uranium, base metals, high quality stone and clay. Recent policy initiatives are aimed at encouraging greater private sector participation in the mining industry. To date interest has mainly focused on diamonds. The Lesotho Geological Survey has identified 33 kimberlitic pipes and 140 dykes, of which 24 are diamondiferous. The Let'seng-la-Terae mine, owned by the Let'seng Diamond Company, in which the Government of Lesotho (GoL) has a 24 percent shareholding, has been reopened and is currently operational. Reserves of coal and bituminous shale have also been identified in several areas of the country (SADC Review, 2006).

Historical trends of Gross Domestic Product (GDP) growth indicate that Lesotho has performed relatively well over the past two decades, except for 1998 when civil unrest practically brought the country to a standstill. GDP growth has averaged 3.4 percent in the last decade while Gross National Income (GNI) has only averaged 0.8 percent. Figure 2.1.1 shows the trend in GDP growth patterns.

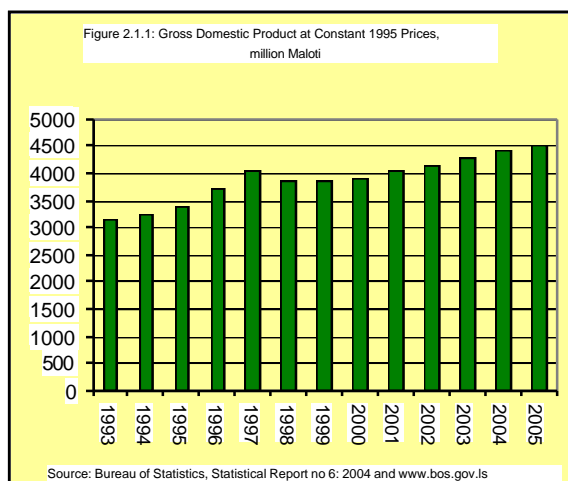
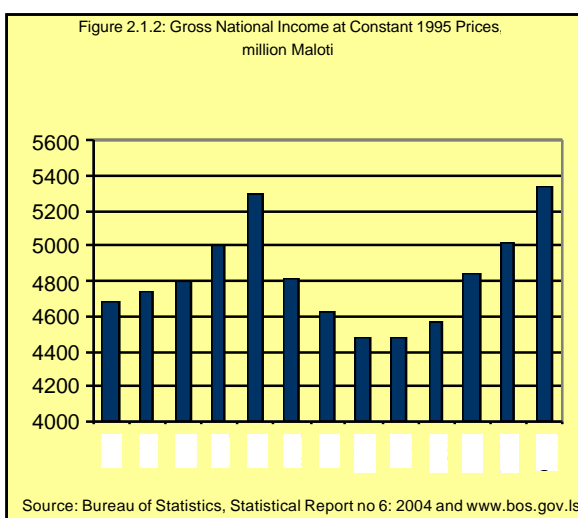


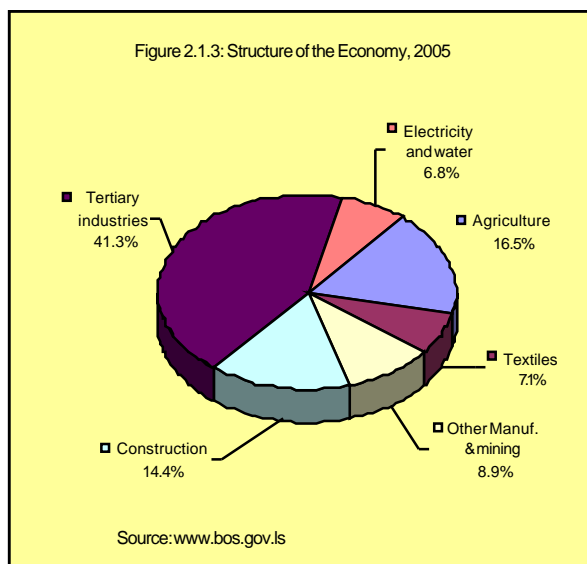
Figure 2.1.2 gives the growth pattern of Gross National Income between 1993 and 2005. Gross National Income (GNI) grew steadily from 1993 onwards and peaked in 1997. The political disturbances of 1998, compounded by the decline in remittances from migrant workers in South Africa, disrupted this growth, and GNI declined further in 2001 and 2002. The prospects for recovery have been compromised by the phasing out, in 2005, of the Multi-Fibre Agreement (MFA) which governed global textile trade under a quota regime, and the strength of the South African currency, the rand (to which the Loti is pegged) which makes Lesotho's exports uncompetitive on the world market. The new developments in the African Growth and Opportunity Act (AGOA) present an opportunity for Lesotho to strengthen the garment sector. AGOA significantly liberalises trade between the U.S. and 37 designated Sub-Saharan African (SSA) countries, Lesotho being one of them. The Act originally covered the 8-year period from October 2000 to September 2008, but amendments signed into law by U.S. President George



Bush in July 2004 further extended AGOA to 2015. At the same time, a special dispensation relating to apparel was extended by three years to 2007.

2.1.2 Sectoral Composition of the Gross Domestic Product

Most of the GDP emanates from agriculture, construction and manufacturing, averaging 17, 14 and 16 percent of total GDP respectively. Tertiary industries, in total, contribute around 41 percent of GDP, though their individual contributions are minimal, underpinning the low levels of activity in these sectors. Agriculture has been declining since the early 2000s, though it grew marginally between 2003 and 2004. Manufacturing and services have had notable growth, especially starting from the early 1990s, but this growth deteriorated during 2001 to 2005. Figure 2.1.3 shows the sectoral structure of the economy in 2005.



In the mid-1990s, economic growth was driven, to a large extent, by the construction sector, and in particular, the Lesotho Highlands Water Project (LHWP), which was designed to exploit the Orange/Senqu river system by exporting water to South Africa and providing hydroelectricity to the domestic market. The LHWP is a 5-phase inter-basin water project developed and financed jointly by Lesotho and South Africa, with some modest participation by the World Bank. The project has generated about 9,000 jobs in Phase 1 alone, and has brought in royalty payments of around 6 million Maluti per month at a fixed rate, plus a variable amount depending on the quantity of deliveries. The developments in the construction sector in the mid-1990s have induced increases in the demand for services supporting infrastructural development. Table 2.1.1

gives the contribution of the various sectors to GDP from 2001 to 200 5.

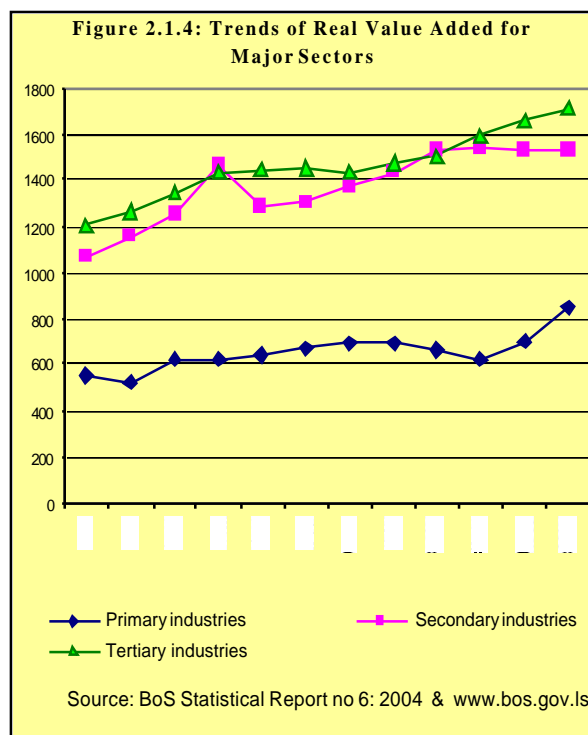
Table 2.1.1: GDP by Activity, Percentage Contribution					
Industry	2001	2002	2003	2004	2005
Agriculture	17.0	16.5	17.1	17.1	16.5
Crops	11.0	9.7	9.9	10.0	9.7
Livestock	5.3	6.0	6.6	6.5	6.2
Services	0.7	0.7	0.6	0.6	0.6
Mining and quarrying	0.2	0.2	0.2	2.3	5.2
Primary industries	17.2	16.6	17.3	19.4	21.7
Manufacturing	17.9	20.8	20.1	18.5	15.9
Food products and beverages	6.2	6.7	5.9	5.6	5.1
leather	8.1	10.4	10.7	9.2	7.1
Other manufacturing	3.6	3.7	3.5	3.7	3.7
Electricity and water	6.2	5.3	4.9	5.0	6.8
Construction	18.0	16.4	15.7	14.7	14.4
Secondary industries	42.1	42.5	40.7	38.1	37.1
Wholesale and retail trade, repairs	9.3	9.8	10.9	10.9	9.8
Hotels and restaurants	1.4	1.6	2.1	2.1	2.2
Transport, and communication	3.6	4.3	4.8	4.7	4.9
Transport and storage	2.2	2.3	2.3	2.3	2.3
Post and telecommunications	1.4	2.0	2.6	2.5	2.6
Financial intermediation	4.6	5.3	5.5	5.3	5.3
Real estate and business services	5.9	5.7	5.5	5.4	5.2
Owner-occupied dwellings	4.3	4.0	3.7	3.6	3.3
services	1.6	1.8	1.8	1.8	1.8
Public administration	8.1	7.6	7.2	7.5	7.7
Education	8.6	8.2	7.8	7.6	7.4
Health and social work	1.8	1.7	1.7	1.7	1.6
Community, social and personal ser.	1.1	1.2	1.2	1.1	1.1
Financial services indirectly measured	-3.8	-4.6	-4.5	-3.9	-4.0
Tertiary industries	40.7	40.9	42.0	42.5	41.3

Source: www.bos.gov.ls

The contribution of Agriculture (17 percent) to total GDP gives an indication of the nature of the economy in general and the sector in particular. Agriculture constitutes the main activity for well over 80 percent of the population but only contributes 18 percent of GDP, underpinning the fact that it is predominantly subsistence, with most farmers cultivating less than half a hectare of land. This is corroborated by the fact that only between 7 to 10 percent of the total land area of the country is arable.

In manufacturing, the textiles, clothing and footwear sector has witnessed impressive growth in the last decade, contributing around 9.9 percent to total GDP in 2002 compared to only 5 percent in 1992. This growth reflects increased output in the garments sector resulting from export opportunities to the United States under the preferential treatment provided by the African Growth and Opportunity Act (AGOA) of the United States of America. Accompanying the growth in manufacturing

are the services necessary to facilitate industrial activity. The growth in manufacturing induces demand for services such as financial intermediation, real estate as well as transport, communications and trade. It can be seen from Figure 2.1.4 that the growth paths for manufacturing and services are almost similar. The agricultural sector on the other hand seems not to be affected by events in the rest of the economy, reflecting its subsistence nature.



2.1.3 Livelihoods and Employment Trends

Migrant labourers' remittances have played a critical role in providing household incomes over a long period of time. Remittances from Basotho migrant labourers in South Africa have allowed households to reduce their dependence on agriculture and make investments to supplement their farming activities. The migrant labour system covers a number of sectoral activities in which Basotho are employed in South Africa. These are predominated by diamond and gold mining and agricultural labour on commercial farms mostly in the Free State Province of South Africa. Recent restructuring measures in South African mines, changing South African immigration policies and falling gold prices have led to a marked decline in the number of Basotho employees engaged in South Africa (Table 2.1.2).

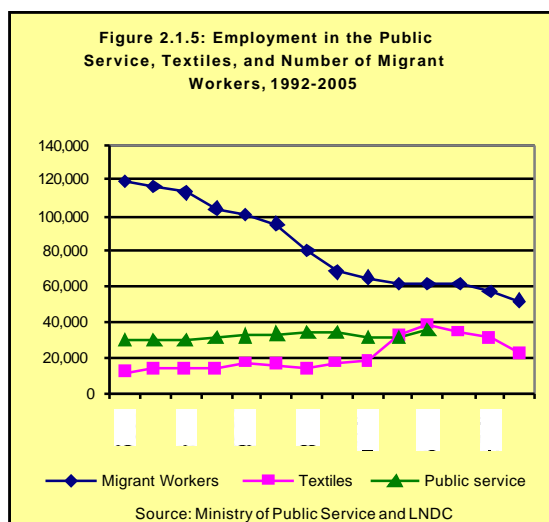
Year	Number of Workers	Year on Year Change (percent)	Average * Earnings (million rand)	Year on Year Change (percent)
1992	119,596	-2.1	12,440	-
1993	116,129	-2.9	13,359	7.4
1994	112,722	-2.9	14,562	9.0
1995	103,744	-8.0	16,801	15.4
1996	101,262	-2.4	19,186	14.2
1997	95,913	-5.3	21,193	10.5
1998	80,445	-16.1	24,678	16.4
1999	68,604	-14.7	27,657	12.1
2000	64,907	-5.4	30,131	8.9
2001	61,412	-5.4	32,030	6.3
2002	62,158	1.2	35,326	10.3
2003	61,415	-1.2	38,513	9.0
2004	57,989	-8.24	42,116	9.4
2005	52,450	-6.93	46,117	9.5
2006	51,341	-	-	-

Source: Central Bank of Lesotho Annual Report 2005

*These include overtime payments & repatriation allowances

Retrenchments have had far reaching repercussions on household welfare through income losses in urban and rural areas. Further, migrant labour income remittances to family members in Lesotho have influenced agricultural production in terms of input purchases. Retrenchments and the resultant loss of the ability by the affected households to purchase inputs has adversely affected agricultural production and, indeed, other sectors as well.

Whereas migrant employment in South Africa has sharply declined, the domestic economy has experienced some increase in employment levels, particularly in the textiles industry, which until recently employed around 50,000 people.



Employment levels have not changed much in the public service, ranging between 30,000 and 35,000 workers over the last ten years. The end of the Multi-Fibre Agreement in December 2004 has, however, led to the closing of some textile factories, as a result of loss of export market access in the face of increased competition from Asian exporters. It is estimated that about 10,000 jobs have been lost in the Lesotho textile industry between late 2004 and mid 2005.

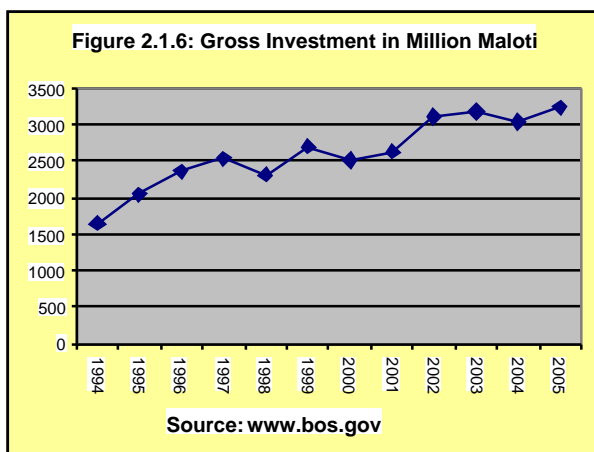
2.1.4 Investment Trends

The Lesotho Poverty Reduction Strategy Paper recognises that employment creation is crucial for achieving sustained reductions in the level and depth of poverty. Investment normally takes advantage of a country's socioeconomic and political climate as well as its abundant resource. Lesotho's major natural resource is water. Between 1995 and 1997, the intense construction activities involving the Lesotho Highlands Water Project resulted in an impressive economic performance. The related real GDP growth rate made Lesotho one of the top ten performers in Africa during that period. The completion of the hydro-electric power facility at Muela in January 1998 opened the door for the sale of water to South Africa, generating royalties that have become an important source of income for Lesotho. The positive impact of the water project and the small but rapidly growing manufacturing sector contributed to the spurt in economic growth. The lessening economic contribution of the project as it nears completion will be more than offset by royalty payments from South Africa.

The country's industrial development has been characterized by a concentration in a booming textiles sector. Lesotho has become the largest exporter of textiles and clothing in sub-Saharan Africa. Lesotho's textiles industry grew rapidly from the early to mid 1980's, when East Asian entrepreneurs moved factories and production lines from South Africa to Lesotho to avoid international sanctions imposed on apartheid South Africa. Growth was spurred on by preferential market access to the European Union (EU) provided under the then Lomé Convention (now Cotonou Convention) and to the United States under the Generalized System of Preferences (GSP). The provision of fiscal incentives and infrastructure, as well as the availability of a relatively well educated work force and the relative political stability facilitated the process. Investment promotion efforts of the Lesotho National Development Corporation (LNDC) also played a pivotal role at this time.

Textile exports had, until recently, continued to register an impressive growth (around 24 percent a year). In the process, new investments are being attracted, leading to

additional growth in production and employment, especially after the political upheavals of 1998. This growth was possible largely on account of the duty - and quota -free access to the U.S. market that the African Growth and Opportunity Act (AGOA) has provided since 2000. The Act offers tangible incentives for African countries to intensify their efforts at opening up their economies and building free markets. African countries that qualify for AGOA receive 'Less Developed Country' (LDC) status treatment. The LDC status provision expired in 2004, though AGOA itself will remain valid until 2015 following an extension by the US Government in 2004.



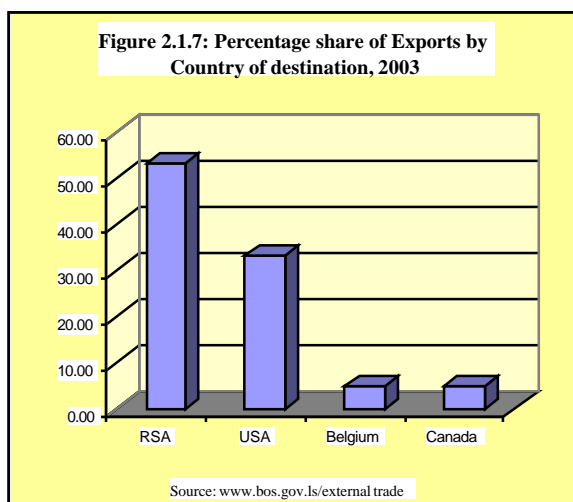
With the phasing out of the quota regime under the Multi-Fibre Agreement (MFA) which governs global textiles exports at the beginning of 2005, Lesotho has begun to experience intense competition in the global textile market, particularly the European and U.S. markets, from low -cost regions, particularly Asian countries. It will have to adjust its investment portfolio in order to compete in a changing international environment as well as diversify into new products while improving its investment climate. Figure 2.1. 6 above shows the trends in gross investment from 199 4 to 200 5.

2.1.5 External Trade Performance

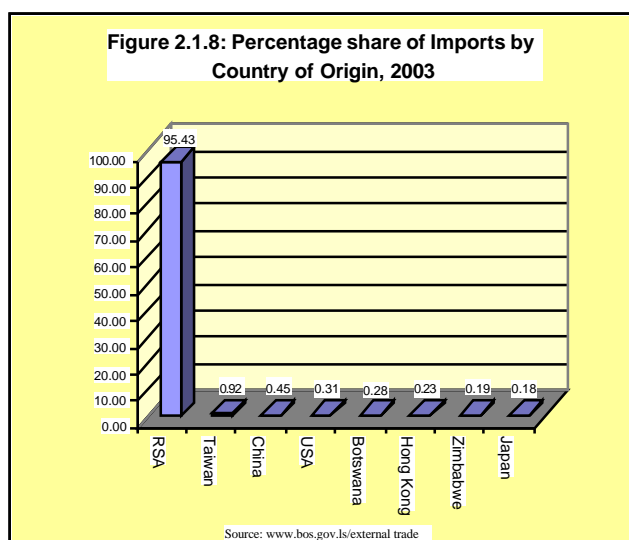
In spite of the slowdown in growth, partly owing to the decline in the LHWP investments as the project nears completion in 2007, local construction and manufacturing have been growing at 12 and 8 percent respectively. Most of the manufacturing firms are foreign -owned and are geared towards the export market, especially in the garment industry, thanks to the MFA and AGOA.

Exports and Imports

South Africa still accounts for purchasing more than half of the exports from Lesotho, while the United States, under the AGOA and the MFA, accounts for around 33 percent (figure 2.1.7). Canada and Belgium purchase around 5 percent each of the exports from Lesotho, underpinning the narrow export market facing Lesotho .

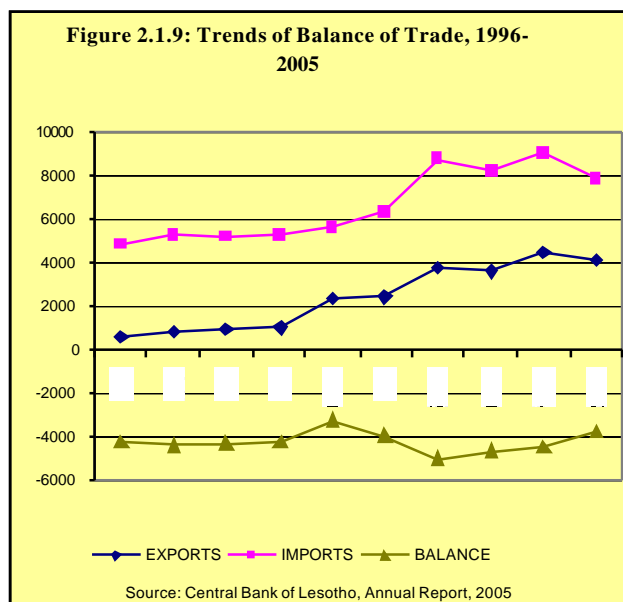


Due to its geographical location within the Republic of South Africa, Lesotho is totally dependent on its larger neighbour for all its imports. Over 95 percent of its import requirements are supplied from South Africa, while the rest of the world only supplies 5 percent of its import requirements (Figure 2.1. 8).



Trade Balance

Owing to the small size and structural composition of its export base, Lesotho has historically been a net importer of most of its needs. The value of its imports exceeds that of its exports by far (Figure 2.1.9). This is also a result, to a large extent, of the contribution that South Africa makes to the total import requirements.

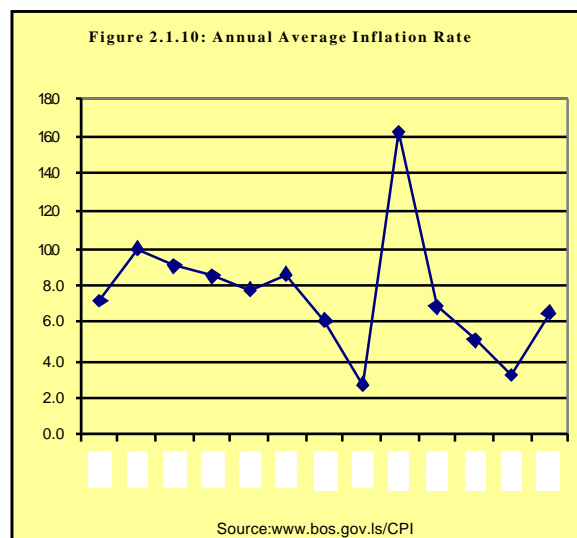


2.1.6 Aggregate Price Trends

Owing to its geographical location, exchange rate regime and its total dependence on South Africa for most of its marketed commodity supply, Lesotho's consumer prices are inextricably linked to the rate of inflation in South Africa. The loti is pegged at exact parity with the South African rand. Recent gains in the strength of the rand/loti reduced the cost of imported products, in particular fuel, thereby helping to improve domestic inflation figures. The large interest rate differential between South Africa and its major trading partners attracted capital inflows to exploit high yields and in turn strengthened the rand. Inflationary pressures have further been subdued because of low inflation rates in industrialized countries as well as continued prudent monetary policy, which is equally determined by occurrences in South Africa. Figure 2.1.10 shows trends in the annual average inflation rate based on January, April, July and October consumer price indices.

Between 1994 and 2001, annual inflation was below 10 percent, reaching as low as 3 percent in 2001. It rose sharply to 16 percent in 2002 owing to the drought induced severe food shortage, which led to the sudden

sharp rise in food prices. Currently, owing to the strength of the South African Rand and the rate of inflation in neighbouring South Africa, the annual average inflation rate has remained between 3 percent and 6 percent since 2003 as shown in figure 2.1.10. Recent positive developments in the price of gold have strengthened the Rand quite significantly resulting in the stabilisation of the month on month inflation rate to an average of 4.5 percent between March 2004 and June 2005.



2.2 Progress in Social Development

2.2.1 Education

The Government of Lesotho is committed to expanding educational opportunities to all school-age girls and boys, as demonstrated in its commitment to the Education for All (EFA) Dakar Framework for Action, the Convention on the Rights of the Child (CRC), the Southern African Development Community (SADC) Protocol, and the recommendations of the SADC Technical Committee on Basic Education.

Steps in the development and implementation of programmes that increase access to and active participation in education are evident in the implementation of Free Primary Education (FPE) and the preparation of an Education Sector-wide Strategic Plan. Lesotho, through the Ministry of Education and Training (MoET), is also one of the countries in Sub-Saharan Africa (SSA) implementing the regional education programme referred to as the African Girls' Education Initiative (AGEI), which will contribute to ensuring that girls continue to have equal access to schooling and that they are provided with education of good quality.

Budgetary allocations to education

In Lesotho, the education sector's share of Government budget has seen an increasing trend in recent years. Its share of the recurrent budget rose from 18 percent in 2003/04, to 22 percent in 2004/05. It now stands at 25.7 percent of the recurrent budget for the 2007/08 fiscal year. (Estimates of Revenue and Expenditure from 2005/06 and 2007/08 budget speech)

Enrolment

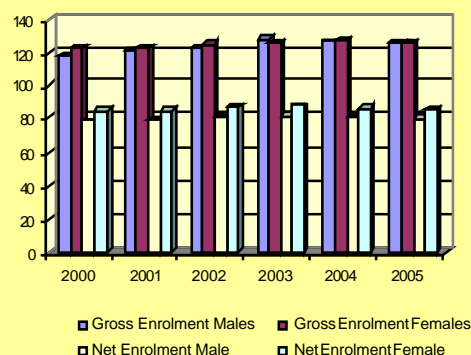
The EFA assessment of 2000 indicated that Lesotho is in a unique position in Sub-Saharan Africa (SSA) for having higher enrolment and completion rates for girls than boys in schools. However, the rates of gross enrolment (GER) and net enrolment (NER) are yet to reach 100 percent. Traditionally, boy's education is not accorded much importance in Basotho society. There is more emphasis on herd boys, who are seen as primary earners for the family's livelihood. Girls on the other hand, are sent to school if their help is not needed at home. In addition, many boys, especially those in the mountain regions, do not have equal opportunities when it comes to attending school because they are expected to look after cattle, the society's mainstay for wealth. With deepening poverty, the impact of HIV and the current humanitarian crisis in the country, enrolment and completion rates for girls in both primary and secondary schools have been severely affected.

Girls' enrolment rates have fallen by an estimated 25 percent in the last ten years, particularly due to the impact of HIV, deepening poverty and the current food crisis. As 60 percent of active Basotho male labour force has been retrenched from the South African mines and quarries, girls are increasingly being pulled out of school to look after ailing parents/guardians and family members, or must find work to supplement family income. Many young girls face abuse and exploitation in trying to support their families.

With the introduction of Free Primary Education (FPE) in 2000 the Gross Intake Rate (GIR) was estimated at over 105 percent, indicating easy accessibility as shown through the Gross Enrolment values in Figure 2.2.1.

This figure obviously includes both "under-age" and "over-age" entrants to Grade One – ranging between 4 to 5 years of age. The Government of Lesotho (GoL) is also making efforts to work through a sector-wide approach through the second Education Sector Development Programme (ESDP II) and the Sector-Wide Strategic Plan, to ensure a concerted effort towards the elimination of gender disparities. Vision 2020

Figure 2.2.1: Gross and Net Enrolment by Sex



Source: Ministry of Education and Training,
Education Statistical Bulletin 2005

provides a national framework, under which the education sector operates and links closely with the Poverty Reduction Strategy (PRS). The annual budgetary allocation to education has been increasing at a rate of 5 percent above the inflation rate, as has been highlighted in the PRSP (2004). This reflects the importance that the GoL places on FPE in the fight against poverty. The strategic goals of the FPE policy include:

- Improving access, enrolment and retention to Standard 7
- Developing equality of opportunity and equity of achievement
- Improving the quality of teaching/learning and the nature of classroom interactions
- Developing a curriculum and models of assessment which ensure human, practical and vocational relevance
- Decentralizing the existing infrastructure and developing the human resource base supporting primary education
- Creating appropriate linkages between primary education and other sub-sectors in order to ultimately establish sector-wide planning.

Only 37 percent of girls enrolled complete primary education and an estimated 35 percent enrol at secondary level. A significant number also drop out during secondary education, in part due to the high teenage pregnancy rates in Lesotho. However, on average slightly more boys drop out of school than girls (5.5 percent for girls compared to 8.6 percent for boys). The underlying reason for the large number of boys dropping out of school at early stages is that boys are considered as potential bread-winners in the mines of South Africa

so the opportunity cost of keeping them in school is outweighed by the potential to earn an income in the short-run. The overall net enrolment rate at primary level is estimated at 72 percent, with 51 percent being girls and 49 percent boys. Gender parity has not necessarily increased. However, owing to the current humanitarian crisis, enrolment for girls has drastically declined and enrolment for boys has only slightly increased by an estimated 10 percent, compared to the decrease for girls (estimated at 25 percent) over the last ten years.

The school age population of 13 to 17 year olds (official appropriate age for secondary level) in Lesotho was projected at approximately 287,338 (144,861 male, and 142,477 female) in 2004. Only 30 percent of this age group were in secondary schools in 2004. Fifty-six percent of the students enrolled in secondary schools were girls and 44 percent were boys. The situation has not changed much in 2005 (Table 2.2.1).

District	Enrolment by gender		Total	% Of Girls
	Boys	Girls		
Butha Buthe	3,109	3,887	6,996	55.6
Leribe	8,339	10,879	19,218	56.6
Berea	5,424	6,134	11,558	53.1
Maseru	10,684	12,954	23,638	54.8
Mafeteng	4,818	6,369	11,187	56.9
Mohale's Hoek	2,686	3,335	6,021	55.4
Outhing	2,354	2,756	5,110	53.9
Qutha-Nek	1,268	1,993	3,261	61.1
Mokhotlong	1,194	1,935	3,129	61.8
Thaba-Tseka	1,210	1,768	2,978	59.4
Total for 2005	41,086	52,010	93,096	55.9
Total for 2004	38,915	49,227	88,142	55.8

Source: Education Statistics 2005, Ministry of Education and Training - Planning Unit

At the tertiary level, a typical scenario is exemplified by the situation at the National University of Lesotho (NUL). Table 2.2.2 below indicates enrolment at the National University of Lesotho in the 2006-2007 academic year, by faculty and by gender. There were more female students enrolled at the National University of Lesotho (52 percent) compared to the male (48 percent). The enrolment by faculty takes a gender dimension. While there were more female students enrolled in the faculties of Education (65 percent), Humanities (65 percent), Social Sciences (51 percent) and Health Sciences (66 percent) compared to the males, more male students were enrolled in 'traditionally prestigious'

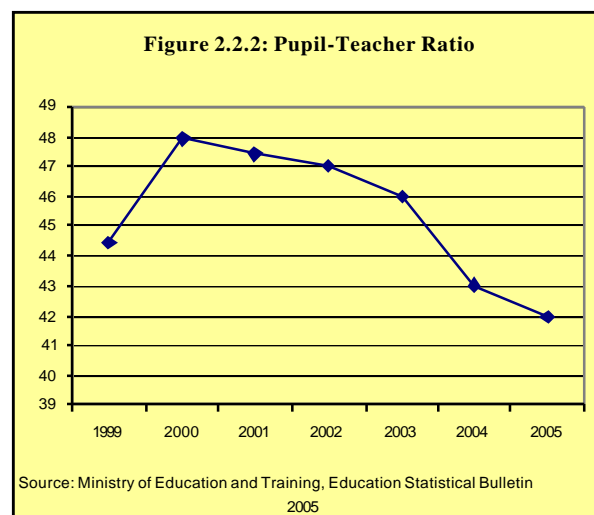
faculties like Science (77 percent) and Agriculture (60 percent).

Faculty	Gender	
	Male	Female
Agriculture	60	40
Education	35	65
Health Sciences	34	66
Humanities	35	65
Law	50	50
Science	77	23
Social Sciences	49	51
Total	48	52

*Both Certificate/Diploma and First Degree Students
 Source: Students Record, National University of Lesotho

Pupil/Teacher Ratio

With the introduction of FPE, the pupil/teacher ratio has slightly worsened in the period between 1999 and 2002 from 44.4 pupils per teacher in 1999 to 47.9 in 2000, as shown in Figure 2.2.2. However, efforts to recruit more teachers have begun to pay off and a decrease in the ratio is being noticed (42 pupils per teacher in 2005).



Gender dimensions

The gender audit on the education sector conducted in early 2003 also shows that there is no policy to re-admit girls who drop out once they have had babies. The audit has also led to a review of the FPE strategic plan, the Sector-wide Strategic Plan and national curriculum, to

ensure gender responsiveness and sensitivity and the inclusion of life skills to address the HIV pandemic and poverty. This process will also cover the review of textbooks for gender biases and insensitivity through the “Abstain, Be faithful, or use a Condom” (ABC) campaign, of gender analysis and also of the pedagogical skills for imparting knowledge. Young persons are not equipped with skills to improve their lives and protect themselves from the devastating effects of poverty and HIV. Teenage pregnancy rates and the infection rates among young persons, particularly girls, is a clear manifestation of this reality.

Issues of personal security to and from school, as well as within the school environment, also affect the quality of education provided. Children walk very long distances to school: girls are often harassed on the way to school. Reports of rape are rife, particularly in the mountainous regions. Boys who drop out of school after initiation and herd boys are notorious for harassing girls, even within school compounds, in some cases.

2.2.2 Health Care

Throughout the 1980s and the first half of the 1990s, Lesotho witnessed steady reductions in infant and under-five mortality. These gains, however, started to slip at the close of the last century. Infant mortality, which had hitherto shown impressive declines from 103-122 per 1000 live births in 1976 to 72 per 1,000 live births in 1996, increased to 81 per 1,000 survivors to age 1 in 2001. During the same period, the under-five mortality rate increased by 14 percent from 99 to 113 per 1,000 live births.

Life expectancy was reduced from 60 in 1989 to 54.7 in 1999 (BOS –Demography Survey 2001). Immunization coverage, which had shown a steady increase from 50 percent in the mid-1980s to 90 percent in the mid-1990s, stagnated at levels of 70-75 percent (2000 EMICS). Maternal mortality, which is considered a good indicator of the status of the health system, has remained high, with an estimated 419 maternal deaths per 100,000 live births, in spite of the reported high rate of deliveries (60 percent) being supervised by a qualified medical personnel. The major causes of illness and death are: AIDS, tuberculosis (either alone or in combination with AIDS), diarrhoea, meningitis, chronic debilitating diseases such as hypertension (prevalence of 38 percent), overweight (prevalence of 46 percent) and diabetes (prevalence of 2 percent according to the 2003 Epidemiological Bulletin, Ministry of Health and Social Welfare (MOHSW)). The latter non-communicable diseases are reported to contribute 10-15 percent of institutional deaths. Pregnancy-associated deaths, especially among the teenagers, and trauma are also

significant contributors to morbidity and mortality. In children, the major killers remain prematurity (including lower birth weight), Acute Lower Respiratory Infection (ALRI), pneumonia, malnutrition and diarrhoea.

The health care service delivery system in Lesotho consists of a network of hospitals, clinics and health centres which provide basic facilities throughout most of the country. The Ministry of Health and Social Welfare (MOHSW), in conjunction with various non-governmental and private agencies, as well as development partners, maintains an integrated health system. The technical aspects of health services cover research and laboratory work, the maintenance of professional standards, disease control, environmental health and health education. The Department of Pharmaceutical Services is responsible for the provision of drugs to all hospitals and health centres, while the National Drug Services Organization is responsible for the procurement and distribution of drugs throughout the health system. A parastatal corporation handles manufacturing and testing.

The structured institutional arrangements for the delivery of health care services in Lesotho are Health Service Areas (HSA). The country is divided into a number of such health service areas, each based on a government or mission hospital. The central hospital in each HSA services a number of village health centres with resident nurses or nurse practitioners, as well as clinics, which receive regular visits from doctors or nurses. It also trains community health workers from individual villages, thus extending health care throughout the whole service area.

Lesotho's health care comprises curative, preventive and rehabilitative services, and is organized around the following levels:

- ✦ A village network of over 5,000 volunteer community health workers
- ✦ Clinics/health centres, where teams serve from 6,000 to 10,000 people
- ✦ Health Service Areas, with teams operating from referral hospitals.

The health infrastructure is well developed, with 20 hospitals and 192 health centres/posts and operated by the government (52 percent) and CHAL (48 percent). Member churches of the Christian Health Association of Lesotho (CHAL) provide nine general hospitals (each serving a large geographical area), and over 70 health centres, clinics and outposts (mainly in rural areas).

However, a skewed distribution seems to contradict this claim that infrastructure is well developed, with populations in the mountainous parts of the country having to trek distances well beyond the WHO recommended 5 -10 kilometres to access health services. This situation has resulted in the Ministry organizing a flying doctor service to specific remote areas for health provision. The Lesotho Flying Doctor Service provides more than an emergency medical service to the remote mountainous areas of the country. It has also initiated rural health care programmes and brings in essential supplies, including fuel and vaccines, to areas in distress using Cessna 206 single engine planes, equipped with stretchers and first aid kits, each able to accommodate six passengers and visit clinics once every three weeks. The visiting health team currently includes a doctor, a dentist, a pharmacy technician and a public health nurse. Pilots for the flying doctor service, on duty seven days a week for scheduled and emergency flights, are provided by the Mission Aviation Fellowship, which operates 130 planes in 30 countries. Patients needing a specialized medical treatment not available in Lesotho are referred to hospitals in neighbouring South Africa.

Apart from the village health workers, there are various other categories of community-based health workers. These include traditional birth attendants, distribution agents and water minders. This broad-based support for the health sector has been instrumental over the past decade in the decline of certain diseases, such as polio, and the success of certain programmes. Health centres or local clinics are responsible for immunization of children, ante and post natal services, family planning consultations and basic curative services. With the shortage of nurse clinicians, it is hoped that over time sufficient numbers of health assistants will reinforce health work at field level. Health centres are staffed by clinicians who are able to diagnose and prescribe, or by nurses or nursing assistants. Construction of filter clinics in Maseru has been ongoing, to relieve pressure on the outpatient department of the national referral centre, the Queen Elizabeth II Hospital.

The World Health Organization (WHO), a specialized UN agency, plays a key role in directing, coordinating and supporting a wide spectrum of health related activities in Lesotho. These include the strengthening of health planning and management, development of human resources, programmes such as AIDS control, mental health, school sanitation, disaster preparedness, community participation and family health, including safe motherhood. Numerous other agencies and international organizations have supplied technical and financial assistance, while private and public organizations are also largely responsible for health services in Lesotho.

Care for the Child

The SOS Children's Village Association of Lesotho is a full member of SOS -Kinderdorf International. The principal purpose of the association is to provide new and permanent homes for abandoned, orphaned or destitute children in a caring family environment. SOS raises such children to adulthood with a very high standard of care. This is possible because of the association's principled, long-term perspective, and because of the assistance of organizations and individuals around the world. One such project is situated at Lithabaneng on the outskirts of Maseru, and children, admitted from any age, may remain until they are self-sufficient. The free development of the individual personality and the aptitude of every child are promoted. A number of associated facilities, including a modern SOS kindergarten and a small primary health care clinic, serve primarily to prepare children and adolescents for adulthood.

Furthermore, under the management of a representative central committee, Lesotho Save the Children receives donor support and works closely with other organizations. The Organization advocates improvements in children's rights, and aims at improving the quality of life for both the child and their families. Among its activities are provision of housing for destitute children, assistance for disabled children, a community care programme for disadvantaged children, and assistance with primary school fees. A training centre at Masite helps young people to acquire agricultural skills.

Family Planning

Complementing the Ministry of Health in the provision of family planning services and information, the Lesotho Planned Parenthood Association promotes family planning through clinics, publicity material, and the promotion of community-based distribution of services. The policies applied lead to the improvement of the wellbeing and health of women of child-bearing age, youth and those in underserved communities.

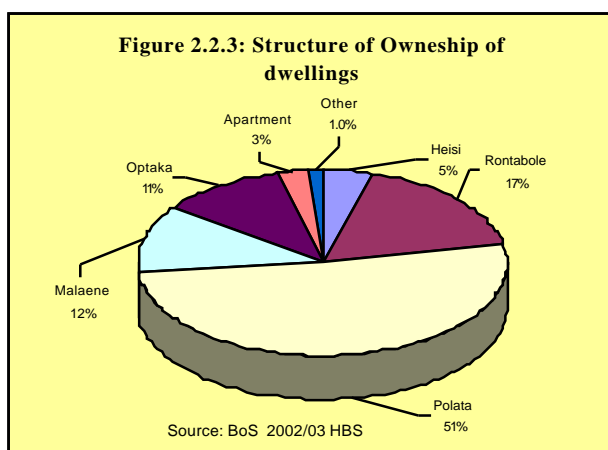
Other Important Programmes

Drought, as part of the climate of Lesotho, can be severe and often prolonged, while incidents of crop-destroying frost as well as flash floods have also been experienced. The Cabinet approved a national disaster management plan during 1996. Food and funding for the 'vulnerable household' feeding programme has been received from the WFP and FAO, to name a few. Other development partners provide highly significant assistance and support during drought-induced emergencies.

The government accords high priority to the control of the spread of HIV. The National AIDS Programme is an integrated approach towards the prevention and control of this devastating disease, with countrywide activities involving all government ministries and non-governmental organizations. This multisectoral project is executed by WHO and coordinated by the Ministry of Health, and it involves the oversight of the UN Theme Group on HIV. The National AIDS Commission has now been established to lead and coordinate the national response to the pandemic, underscoring the GoL's commitment to reverse the trends in infections and prevalence.

2.2.3 Housing

Lesotho has a very high rate of home ownership, though the quality of these dwellings is very poor and lack basic amenities such as pipe-borne water, toilet facilities and electricity. Three types of dwellings exist in Lesotho. The predominantly rural traditional type of dwelling comprises the *Rontabole* which is a round hut and *Heisi* - rectangular hut - while the modern type of dwelling consists of the *Polata* (rectangular with corrugated iron sheet) and *Optaka* (rectangular detached with corrugated iron sheet). The *Polata* is predominant both in urban and rural areas. The third type is the commercial type of dwelling comprising the *Malaene* (rented lined houses) and apartment houses that are mainly constructed for renting purposes in urban areas. The "other" category comprises temporary housing structures such as shacks and caravans. This type of housing is found mainly in urban areas.



The *Polata* type of housing was more prevalent with 42.9 percent in 1994/95 and 51.6 percent in 2002/03. The proportion of households living in rented type of housing increased by one percentage point between 1994/95 and 2002/03. The renting of houses is predominantly in urban areas. In 2002/03 it was

concentrated mainly in "Maseru Urban" and "Other Urban" areas. Figure 2.2.3 shows the structure of ownership of dwellings in Lesotho in 2002/03.

Region	Year	Rontabole	Heisi	Polata	Malaene	apartment	Optaka
Maseru Urban	1994	1.5	0.3	47.2	32.1	1.9	16
Maseru Urban	2002	0.1	0.4	53.5	29.5	3.7	11.1
Other Urban	1994	1.1	4.5	50.1	30.2	5.6	7.9
Other Urban	2002	2.1	2.2	56.3	20	4.1	14.1
Rural	1994	11	11.5	60.5	0.7	2.8	12.8
Rural	2002	14	9.8	62.9	0.5	2.3	10.1
Rural	1994	29.4	13.5	42	1	5.7	6.8
Rural	2002	36	8.9	43.5	0	1.6	8.7
Rural	1994	72.8	5.5	14.1	0	0.4	6.6
Rural	2002	66.2	3.7	25.1	0.2	0.2	4.0
RSV	1994	47.5	5.1	34.4	0	2.2	10.4
RSV	2002	28.5	5.9	50.1	0.3	1.5	13.6

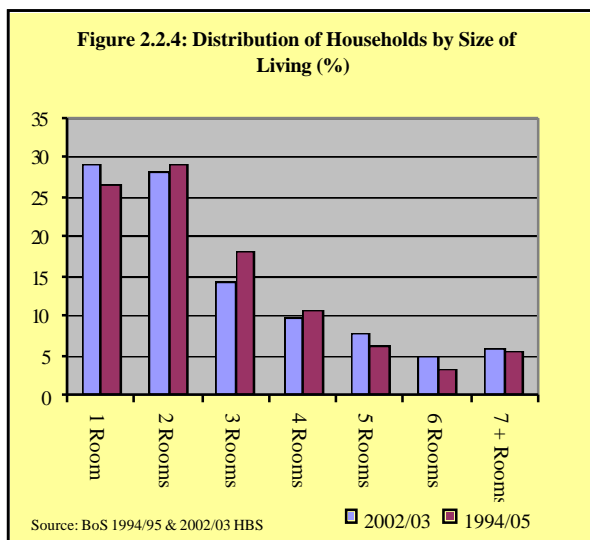
Source: BoS 1994/95 & 2002/03 HBS

The level of home ownership is lower in urban areas because the urban population is relatively more transient than that in rural areas (Table 2.2.3 a). This consists largely of newly arrived migrants, who take time to settle and own landed property, therefore relying on rented accommodation. In addition, in-migration and employment opportunities in the urban areas stimulate housing demand which, in turn, encourages the construction of private dwellings for rent or lease. This, accompanied by the requirements of standards, quality and location as stipulated in various planning regulations and by-laws, makes own-account construction of housing more problematic for urban dwellers.

Living Space

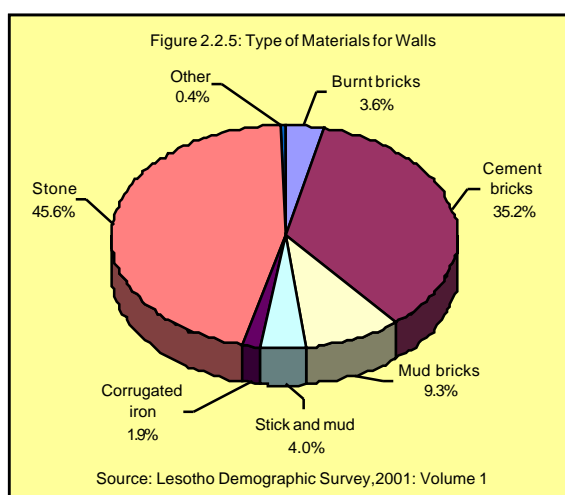
The number of rooms at the disposal of a household determines the quality of living space, and when used in conjunction with household size, can provide information on overcrowding. 'Rooms' are defined here to include only rooms used for living purposes and exclude bathrooms, toilets, agricultural rooms and garages, unless these are used for sleeping or living purposes. Figure 2.2.4 shows that in 2002/03, 60 percent of the households in Lesotho had 2 or less rooms for living purposes, while only 14 percent had 3 rooms for living purposes.

There was a decline of 4.2 percentage points from 1994/95. Between ecological zones, Maseru Urban and Other Urban experienced an increase in the number of households occupying 2 rooms from 24 and 20 percent in 1994/95 to 30 and 25 percent in 2002/03 respectively.



Building Materials

Lesotho is well endowed in sand stone. Most of the dwellings in rural areas used stone for constructing walls while in urban areas, the predominant material used for constructing walls is cement bricks. Nationally, nearly one in two dwellings (45.6 percent) is built of stone, while cement bricks account for more than one in three dwellings (Figure 2.2.5). Corrugated iron sheets accounted for 72.2 percent of all roofing materials in 2002 compared to 66 percent in 1994. This is followed by thatch or straw, which accounted for around 30 percent in 1994 and 21 percent in 2002. Roofing tiles are still insignificant, accounting for only 2.4 percent (brick tiles) and 0.3 percent (metal tiles) of the dwelling units (Table 2.2.3b).



Type of Roofing	1994/95	2002/03
Thatch grass	29.3	21.3
Corrugated iron	65.6	72.2
Brick Tiles	1.4	2.4
Asbestos sheets	1.3	0.6
Wood	-	0.4
Metal Tiles	-	0.3
Other	2.4	0.1

Source: Bos 1994/95 & 2002/03 HBS.
Note: Information on wood & metal tiles was not collected in 1994/95

2.2.4 Water and Sanitation

Important indicators to measure the well-being and health of a population are access to safe drinking water and good sanitation facilities. Improvements in both public sanitation and drinking water supply are closely linked because the lack of sanitation precludes the proper treatment of human waste, which is, in turn, one of the main sources of unsafe water. Indeed, world-wide, water-borne diseases contribute to the death of at least 3.4 million people every year, and at least 4,000 children die of waterborne disease every day (WHO, 2005). A major threat to safe drinking water is the increasing pollution of fresh water sources by untreated household sewage, industrial effluent, agricultural run-offs and inappropriate land-use patterns. Because of this close link between safe water and personal and public sanitation, this section presents not only the sources of water for households but also the methods of disposal of human and household waste.

According to UN standards, access to safe water is measured by the proportion of the population with access to an adequate amount of safe drinking water located within a convenient distance from the user's dwelling. The critical elements of the water indicator are 'adequate', 'safe' and 'convenient or reasonable distance' to the source of the water. Although some of these critical components were specifically not investigated in the Lesotho Household Budget Survey of 2002/03, the type of source can be used to assess whether or not the water is safe.

According to the 2002/03 Household Budget Survey, there is reasonable access to safe drinking water in Lesotho. At least seven out of every ten households (74 percent) have access to treated piped water (Table 2.2.4). This is made up of about one in nine households (15.3 percent) with access to piped water from within their dwellings, and close to two in three households (58.7 percent) that access pipe-borne water from a public facility.

Table 2.2.4: Percentage of the population with access to safe drinking water 2002/03				
Location	Number	Type of Access to "safe water"		
		Access1	Access2	Access3
Lesotho	384126	74	87	86
Districts				
Butha Buthe	24081	76	85	89
Leribe	62890	71	84	86
Berea	43589	75	85	90
Maseru	82156	81	91	89
Mafeteng	41760	47	70	76
Mohale's Hoek	24483	75	89	85
Quthing	22355	76	92	82
Qacha's Nek	22618	81	96	84
Mokhotlong	28326	81	85	95
Thaba Tseka	31867	83	95	88
Rural/Urban Residence				
Rural	281549	68	84	83
Urban	102577	92	94	95
Ecological Zone				
Maseru Urban	38803	92	93	95
Other Urban	63774	92	94	96
Rural Lowland	146042	62	79	82
Rural Foothill	45932	82	91	91
Rural Mountain	73930	66	87	78
RSV	15645	89	97	92
Notes: 'Access' does not take into account distance to source of water, as the survey did not collect this information.				
Access 1: Access to piped water in one's dwelling or from a public pipe				
Access 2: Access to piped water and water from a borehole (Access 1 plus borehole)				
Access 3: Access to piped water, borehole and water from a covered spring (Access 2 plus covered spring)				

Next to piped water, water from boreholes is among the safest due to the depth of the boreholes and their protection from contamination by users and surface runoff. Thus, in addition to the 74 percent of households with access to piped water, a further 6 percent has access to reasonably safe water, making a total of four in five households with access to safe water.

However, for the 2002/03 HBS, access to the drinking water source was measured by time taken to reach the source, while in 1994/95 it was in terms of distance travelled to reach the nearest source. The 1994/95 HBS indicates that 82 percent of the total households travel 500 metres or less to reach the nearest water supply. A higher proportion of rural households travelled more than 1000 metres to reach the nearest source of drinking water. The 2002/03 HBS reveals that 90.4 percent of the total households, on average, travelled 29 minutes or

less to reach the nearest source of drinking water. Only 2 percent of households travelled 60 minutes or more to reach the nearest source of drinking water. Likewise, a higher proportion of rural households seem to have travelled a longer period of time than those in urban areas to the nearest source of drinking water.

While water from wells could be of reasonably good quality, it is important to know if the well is 'covered' or 'uncovered'. This is because whether or not a well is covered has implications for the hygiene associated with the usage of the well as well as implications for the cleanliness of the water in the well. Depending on the depth of the well and the filtration capacity of the soil where the well is situated, water from a covered well might be cleaner and safer than that from an uncovered well, as the latter might be exposed to contamination from debris, including dust, leaves, insects, and from children who tend to throw dirt into wells.

Spring water is usually collected at the foot of mountains and is considered safe because of the natural filtration it would have undergone through various layers of filtration material inside the mountain. It could however be contaminated while being collected, since individual collectors do so with their own receptacles. In 2002 households whose main source of water was from uncovered spring constituted 8.9 of the total households, an improvement from 15.9 in 1994.

2.3 The Environment

The most notable feature of Lesotho's environmental degradation is the extensive soil erosion, with gullies (or dongas) and surface sheet erosion being wide-spread. This is not only attributable to natural factors, such as the rugged mountainous terrain, erodible soils and erratic rainfall, but also to structural factors: overstocking and overgrazing of rangelands; poor agricultural practices, such as mono-cropping; biomass removal; and, road construction in environmentally sensitive areas such as wetlands. This is exacerbated by population growth, which is putting pressure on arable land, reducing average land holdings, and increasing landlessness. Poverty is also encouraging the use of inappropriate farming methods, the removal of shrubs, as well as the use of cow dung as sources of fuel. During the 1990s, the number of formal conservation areas in Lesotho increased from two to seven, but only an exceedingly small percentage of land area (0.4 percent) remains protected. In addition to these gazetted areas, Lesotho also has 'sustainable use' areas, which occupy 6.9 percent of total land area and include the *mabobella* regime and Range Management Areas, which are grazing schemes designed to promote the sustainable use of rangelands.

2.3.1 Land resources and quality

The mountain zone in Lesotho covers approximately 65 percent of the total land area, at elevations ranging between 2,300 and 3,480 metres above sea level. This land is mostly characterised by steep slopes with fragile soil formations that are not suitable for agriculture but more suitable for livestock grazing. Most of the rural inhabitants keep livestock for their livelihoods and these graze freely on communal land. This system does not encourage people to practice environmentally friendly grazing patterns such as rotation. Animals are allowed to overgraze areas, leaving the land bare and vulnerable to wind and sheet erosion during heavy rains. Only 9 percent of Lesotho's land is arable and over 80 percent of this is found in the Lowlands, where it is not used for agriculture but for other purposes such as housing. Most of the poor rural population is forced to plough on marginal steep slopes which have resulted in soil erosion that has seen Lesotho lose about 40 million tonnes of top soil per year. This has resulted in gullies being the normal part of Lesotho's land pattern rather than the exception.

2.3.2 Water resources

Lesotho is known to have abundant water, some of which is being sold to neighbouring South Africa through the Lesotho Highlands Water Project. However the distribution of water in the country is disproportionate, owing to rainfall and other physical factors. The highlands of Lesotho receive more rain than the Lowlands, where most of the people now reside because of urbanisation.

Surface water occurs in dams, springs, rivers and wetlands. Groundwater is also an important source of water particularly for rural and peri-urban areas that are not connected to Water and Sewage Authority's reticulation system which is concentrated in urban areas. Rural water supply systems in Lesotho are typically hand pumps or small-piped systems which use water from springs and boreholes.

Wetlands are among the most important ecosystems in the country as they act as groundwater recharge points, control floods and erosion and most importantly contribute to the maintenance of the required water quality and quantity in streams and springs. In addition to these, a variety of plants useful for medicinal purposes and grass used for roofing also grow around wetland.

2.3.3 Biodiversity

There is limited information relating to trends in biodiversity in Lesotho. However, it is assumed that the

number of threatened (red data) species, may have increased over time. In a current study on Southern African red data lists, the Southern African Botanical Diversity Network (SABONET) put the number of red data species at ninety-four with eight (8) of them being critically endangered; four (4) endangered, fourteen (14) vulnerable, while data on majority of the species (60) are not sufficient (Golding, J. (ed.), 2002). Government, in collaboration with key stakeholders, has responded to the problems by initiating a number of conservation projects, with the biggest one being the Maloti-Drakensberg Transfrontier Conservation and Development Project. This is a bilateral project between Lesotho and South Africa. It focuses on, among others, conservation of biodiversity in the North-eastern Highlands, and poverty reduction through nature-based tourism.

Some old and antiquated laws have also been reviewed by the National Environmental Secretariat between 2000 and 2005. For example, the list of protected flora under the Historical Monuments, Relics, Flora and Fauna Act of 1967 has also been increased from thirteen (13) in 1969 to thirty-one (31) in 2004. The new list was based on species that are already threatened or are being used by individuals for economic gains. There were plans in the 2005/06 financial year to increase the list in order to include some of the species in the Convention on International Trade in Endangered species. The percentage of protected areas and sustainable use areas is currently estimated at 6.9 percent of Lesotho's land area. This figure is likely to increase to 12.6 percent of the country's land area by 2015 as a result of the establishment of new protected areas within the Maloti-Drakensberg project area (e.g., Phofung/Senqu).

2.3.4 Energy resources

Energy resources can be classified into three categories: the non-renewable; the potentially renewable; and, renewable ones. The former group mainly consists of fossil fuels such as coal, gas, paraffin and other hydrocarbons. The second group includes resources which depend on the management practices in place, and have the potential of being in constant supply. An example of this is biomass. The latter group includes resources which are in constant supply, like hydroelectricity, solar and wind energy.

The capability of the country's potentially renewable natural resources to meet household energy demands has been drastically reduced through human and animal pressure, forcing households to rely more on dung and crop residues, and to increasing use of imported fossil fuels such as paraffin for lighting, cooking and heating. Domestic energy needs are however still being largely

met from sources that lead to further deforestation and environmental degradation, especially in the rural areas.

In the case of renewable energy, Lesotho now produces electricity through the recently constructed Muela Hydro Power Station. At present, only about fourteen percent of the households in Lesotho have access to electricity, with most (59 percent) of these being located in urban areas (2002/03 HBS). It is estimated that only one percent of rural households have access to electricity.¹

The mountainous terrain of the country and the sparsely distributed settlements are the main limiting factors to nation-wide grid expansion to cover most of the rural areas of the country. Under these conditions, isolated stand-alone systems or mini-grids powered by renewable energy sources or fossil fuels, become the only options to consider. However, a number of barriers, which limit the adoption of renewable energy-based technologies, have been identified and require to be taken into consideration in further initiatives based on these energy carriers.

The Government of Lesotho (GOL) considers the provision of modern energy services, especially electricity, as key to increasing rural productivity and improving living conditions in rural areas. The GOL is therefore, through its energy policy and Poverty Reduction Strategy (PRS), promoting rural electrification (RE) as a means of facilitating rural economic development and alleviating poverty.

Environmental conservation concerns

Lesotho has achieved much in creating the enabling environment for the integration of the principles of sustainable development into policies and programmes. This has been made possible through the adoption of a number of frameworks. These include: Environmental Impact Assessment (EIA); Strategic Environmental Assessment (SEA); and environmental monitoring and auditing. In terms of the Environment Act, 2001, all proposed developments are required to be subjected to EIA. Although the Act is not explicit on SEA, it does make reference to EIA for policies, plans and programmes, which is essentially SEA. Since 2002, about 50 environmental assessment reports (project briefs, Environmental Management Plans and EIA reports) have been submitted to National Environment Secretariat (NES) for review. It is also important to note that about 55 percent of the developments are driven by the private sector. This clearly shows the level of commitment from that sector. In the case of SEA reports, only one physical plan was subjected to SEA,

namely, Maseru South West (MASOWE). While SEA is much more effective in incorporating sustainable development issues into policies and programmes, it is yet to be popular in the country, given the fact that, to date, only one plan has been subjected to SEA.



The mountainous terrain of the country and the sparsely distributed settlements are the main limiting factors to nation-wide grid expansion to cover most of the rural areas of the country

¹ Ministry of Natural Resources, 2003

CHAPTER 3

3. The Status of Human Development in Lesotho: The Scorecards

3.1 The Scorecard on Poverty Trends, 1994/95 and 2002/03

Monitoring poverty trends is an important element in the analysis of poverty. However, because of the unavailability of recent data, this task was undertaken for Lesotho for the only two periods with comparable poverty information, using rather old data sets. Therefore, the following trend analyses are based on results of the 1994/95 and 2002/03 Household Budget Survey (HBS) information.

3.1.1 The Incidence, Depth and Severity of Poverty have Improved

Data collected for the 1994/95 Household Budget Survey shows that 66.61 percent of Lesotho's population were living in households categorized as being poor in 1994/95, while 36.4 percent lived in those categorized as very poor (Table 3.1.1). All the poverty measures show that poverty had altered significantly by 2002/03. About 56.61 percent of the population were poor, a reduction of 10 percentage points from 1994/95. More importantly, there was a corresponding downward trend with regard to the percentage of households that were very poor. About 3.4 percent of the population were very poor in 2002/03, a decline of 2.8 percentage points from 1994/95.

Table 3.1.1: Incidence, severity and depth of poverty (1994/95 and 2002/03)				
	Poverty Line (PL) *		(½PL)	
	1994/95	2002/03	1994/95	2002/03
Incidence	66.61	56.61	36.4	33.6
Depth	37.85	28.97	15.7	11.2
Severity	25.89	18.73	10.9	8.6

*Poverty line was 83.13 in 1994/95 & 149.91 in 2002/03

Source: BOS estimates based on the 1994/95 and 2002/03 HBS

The poverty gap, an indicator of the depth of poverty, was moderately high, and decreased from 37.85 percent in 1994 to 28.97 percent in 2002/03. This implies that those that were poor were on average nearer the poverty line in 2002/03 than was the case in 1994/95.

Table 3.1.1 also indicates that the severity of poverty decreased as well between 1994/95 and 2002/03 for both the poor and ultra-poor households. This, together with a decrease in the depth of poverty, confirms that those households categorized as poor and very poor were substantially better off in 2002/03 than was the case at the time of the earlier survey.

3.1.2 Economic Growth and Poverty

Researchers have often measured the income elasticity of poverty in order to determine the poverty-reducing impact of economic growth. Broadly, this approach looks at the percentage change in the incidence of poverty that will result from a one percent change in per capita GDP (Box 3.1). This elasticity has been found to vary systematically according to the degree of income inequality in a country. Low income-inequality countries have been found to have a poverty elasticity of -1.5 while high income-inequality countries have a poverty elasticity of -0.5 (Hammer and Nascho ld, 1999). According to the latter, a one percent increase in GDP per capita resulted in just a 0.5 percent decline in the incidence of poverty in the latter group of countries. Using the Lesotho data on GDP per capita and the incidence of poverty between 1994 and 2002, a partial poverty elasticity of -0.579 was estimated. In other words, a one percent increase in GDP resulted in a 0.6 percent decline in the incidence of poverty.

Box 3.1
Poverty Elasticities

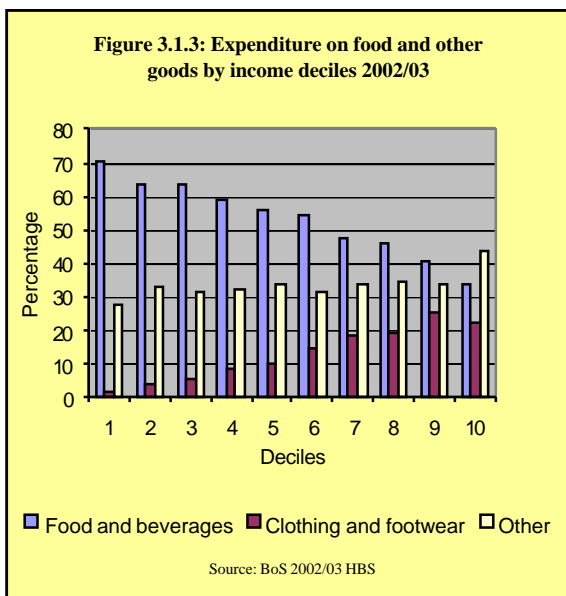
Two approaches are conventionally adopted when measuring poverty elasticities. The analytic method uses the cumulative distribution function for per capita expenditure and the poverty line to produce point elasticity. It estimates changes in poverty resulting from changes in per capita expenditure with an unchanged expenditure distribution. The econometric method regresses the poverty headcount measure on per capita expenditure and is more suitable for projections. In common with the limited number of studies that have calculated poverty elasticities, this paper, has used the analytic method whereby

$$\eta_p = \frac{\Delta y}{\Delta p_0}$$

Where Δy is the annualised growth rate in GNP per capita, Δp_0 is the annualised rate of change in the headcount ratio, and η_p is the poverty elasticity. As more data points become available, this approach can be refined.

3.1.3 The Poor spend more Income on Food

Figure 3.1.3 shows the percentage of consumption expenditure in 2002 that was spent by each decile of the population on food, clothing and footwear and on other goods, mostly consumer durables.



In 2002/03, households in the lowest six income deciles purchased or grew food items for themselves. In addition, they allocated between 55 and 70 percent of

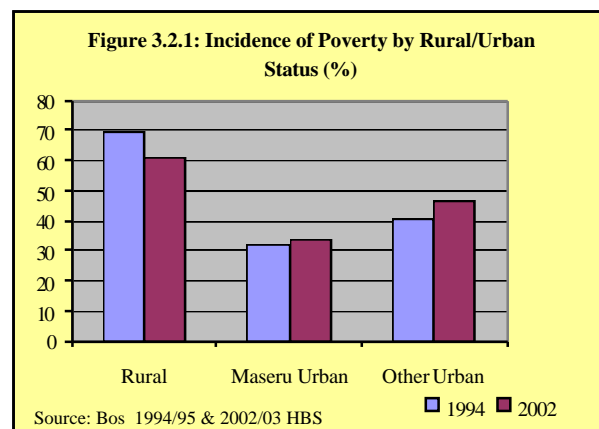
their total expenditure to food and beverage items. This in itself is an evidence of being poor and is in marked contrast to households in the highest income decile who spent about 30 percent of their income on food. A different pattern emerges for clothing and footwear and other goods (mostly consumer durables), to which wealthier households consistently allocate a large proportion of their income.

3.2 Geographic Distribution of Poverty

Three geographic classifications have commonly been used in Lesotho. Firstly, poverty has been mapped in terms of “Maseru Urban”, “Other Urban” and “Rural”. Secondly, it has been mapped in terms of four ecological zones, and finally, in terms of the ten administrative districts of Lesotho. The results are discussed in the next few sub-sections.

3.2.1 Poverty has increased in Urban Areas

The reported national figures conceal striking geographic differences in all of the measurements of poverty as well as in the general trend. Figure 3.2.1 below compares the incidence of poverty between 1994/95 and 2002/03. It shows that the proportion of individuals living in households categorized as being poor had improved in the case of rural areas while those in “Maseru Urban” and in “Other Urban” areas had worsened between 1994/95 and 2002/03.

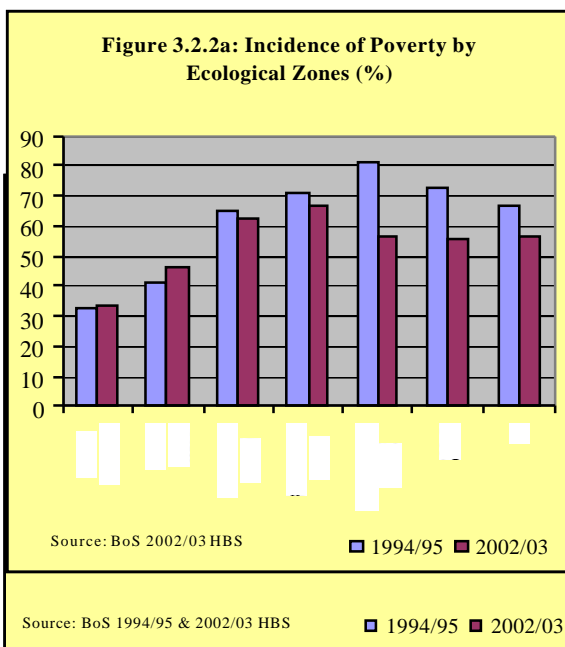
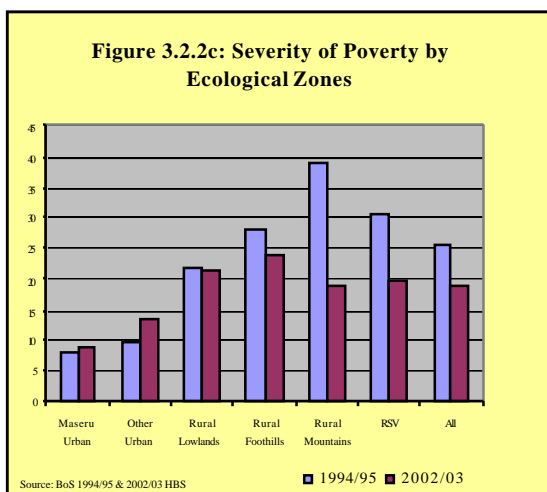


Almost 70 percent of households in rural areas were poor in 1994/95 and by 2002/03 the incidence of poverty had decreased to 61 percent. In addition, the depth and severity of poverty has significantly improved in these areas. In contrast, the incidence, depth and severity of poverty in both the “Maseru Urban” and in “Other Urban” areas increased over this same period. For instance, the incidence of poverty in “Other Urban” areas and in “Maseru Urban” increased from 40.4

percent and 32.3 percent of households respectively to 46.3 percent and 33.7 percent respectively in 2002/03.

3.2.2 Rural Areas Have Higher Incidence of Poverty

Disaggregating poverty status according to ecological zones further shows the varied geographical distribution of poverty in Lesotho. The rural areas were found to be poorer than the urban in terms of incidence, depth and severity of poverty (Figures 3.2.2a, 3.2.2b, and 3.2.2c). For both 1994/95 and 2002/03, an estimated 20 percent of the poor lived in Maseru compared to 80 percent of households in other districts, this implies that high proportion of the poor live mostly in Mountain areas.



Poverty is commonplace, severe and deep

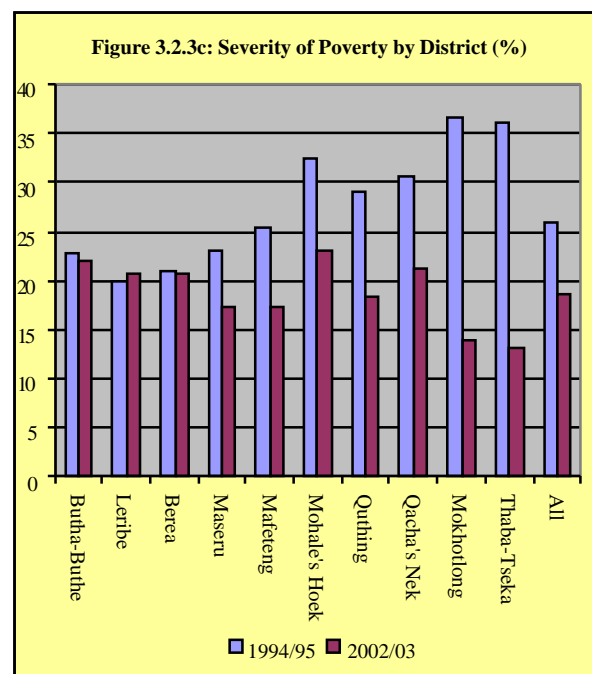
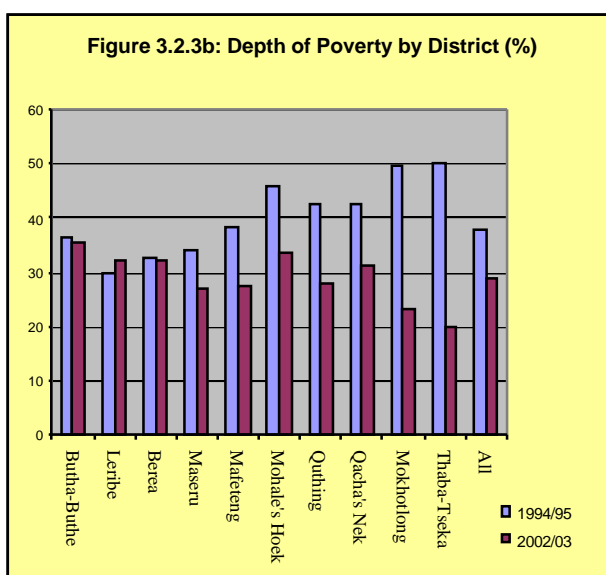
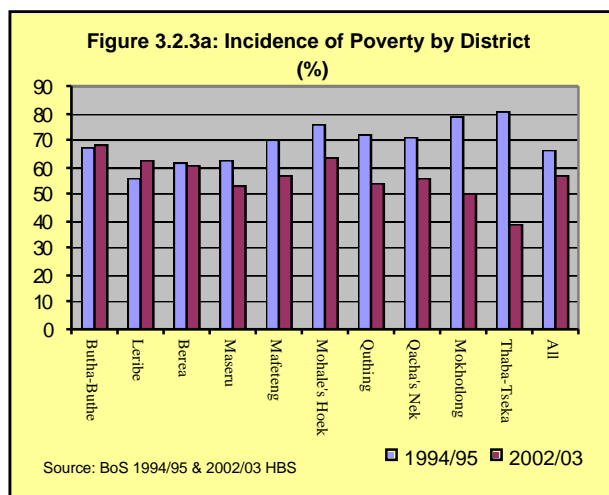
The incidence, depth and severity of poverty has decreased substantially in the Rural Lowlands, Foothills, Mountain and Senqu River Valley zones between 1994/95 and 2002/03. The implication of this is that not only did a greater share of households become less poor in these regions, but the general well-being of these poor households, as measured by a shortfall in consumption below the poverty line, improved. In contrast, all the three measures of poverty in Urban Maseru and Other Urban areas increased over the period even though the measures fall below the national average.

3.2.3 Poverty is most severe in Butha-Buthe and Mohale’s Hoek

Of the ten administrative districts, the incidence of poverty in 2002/03 was found to be highest in Lowland districts. These are: Butha-Buthe (68.43 percent), followed closely by Mohale’s Hoek (63.25 percent) and Leribe (62.44 percent), as shown in Figure 3.2.3 a. The depth and severity of poverty are also high in the same districts. Conversely, the incidence, depth, and severity of poverty were generally below the national average in mountainous districts, especially in Thaba-Tseka where only 7.5 percent of households were poor. This was different compared to 1994/95 where poverty was generally high in mountainous districts. Although poverty had increased in the lowlands in 2002/03, Maseru has recorded low levels of poverty for all the three measures.

Changes in poverty measures between the survey periods are important for policy. Figures 3.2.3 a, 3.2.3b, and 3.2.3c show that all the districts have experienced improvement in all the poverty measures, except for

Buthe-Buthe where incidence of poverty has increased and Leribe that recorded an increase in all the three measures of poverty over time.



3.2.4 Comparative Findings on the Geography of Poverty

The findings derived from the Bureau of Statistics' 1994/95 Household Budget Survey (HBS) with regard to the geographic distribution of poverty in Lesotho are generally consistent with other poverty research undertaken during the 1990s. For instance, the 1995 World Bank Poverty Assessment (PA), which made use of 1993 Sechaba data, also found that poverty is greater, deeper and more severe in rural relative to urban Lesotho. There is also agreement, for all three poverty measures, between the HBS data and the PA results with regard to the concentration of poverty and ultra-poverty in the Mountain and Senqu River Valley zones, which are Lesotho's most poorly endowed zones.

Similarly, the Sechaba Poverty Mapping Exercises (1991, 1993, and 1999) revealed that the poor are concentrated in the Mountains, with the lowest incidence of poverty occurring in Maseru. At the district level, the predominantly mountainous districts tended to be the poorest in both the PA and HBS analyses, with minor variations in ranking. In both cases, poverty was generally below the national average in the predominantly Lowland/Foothill districts of Leribe, Berea, and Mafeteng, with Maseru having the lowest levels of poverty. This does not mean that there are no differences between the studies. As an example, while the PA indicates that the incidence of poverty is lowest in urban areas outside of Maseru, the HBS analysis shows that urban areas in Maseru have the lowest

incidence. The World Bank study (1995) also shows the Mountains to be slightly worse off than the Senqu River Valley (SRV), whereas the opposite is true according to the HBS findings. These minor differences may be due to differences in sampling as well as methodologies used in the two studies.

Table 3.3.1: Demographic Characteristics of Basotho Households by Poverty Status (%)

	All Lesotho		Income Group					
			Non -Poor		Poor		Very poor	
	1994	2002	1994	2002	1994	2002	1994	2002
Household size	4.9	5.0	4.4	4.3	5.1	5.5	5.7	6.0
Age dependency ratio ^a	0.78	0.67	0.76	0.71	0.86	0.88	0.95	0.90
Average no. of children below 16 yrs.	1.99	1.69	1.68	1.37	2.09	1.94	2.41	2.20
Average no. of adults above 59 yrs.	0.42	0.37	0.34	0.30	0.44	0.43	0.54	0.47
Average age of household head	52	49	48	47	53	51	55	52
% of households headed by women ^{b/}	28.9	33.8	29.5	36.3	30.3	34.3	31	35.6

Source: BCS 1994/95 and 2002/03 HBS

Notes: a/ The number of dependents (aged below 16 & above 64 years) as a ratio of the number of household members aged 16 to 64. b/ Refers only to households officially headed by women (not including households headed by absent men)

3.3 Demographic Characteristics of the Poor

While it has already been shown that the level and trends of poverty for Basotho households differ substantially by location, it is important to recognize that certain types of households are also likely to be relatively more disadvantaged irrespective of the region, district or zone in which they are situated. This section examines the extent to which demographic factors, such as household size and composition together with characteristics of the household head, are related to poverty classification in Lesotho.

3.3.1 Larger households tend to be Poorer

Table 3.3.1 reveals that very poor households in Lesotho are somewhat larger than poor households, which in turn tend to be larger than non-poor households. Similarly, there is a positive relationship between poverty status and age dependency ratios. The ranking by household size has not changed that much when comparing the 1994/95 survey results with those of 2002/03, though the average values show modest increases for each of the three income groups. With regard to dependants, very poor households have, on average, approximately one more child under 16 relative to non-poor households, and nearly twice as many adults of retirement age (aged

60 and above). As a result, 66 percent of children younger than 6 years of age are to be found in poor households, as are 65 percent of children of school-going age, while 71 percent of the elderly live in poor households.

Though poverty seems to have decreased in the rural areas in 2002/03, rural households are predisposed towards having on average both a larger number of members and a higher dependency ratio. For instance, since 1994/95 dependency ratio increased in rural areas while it declined in Maseru Urban. Accordingly, rural households also tend to have a higher average number of children and persons of retirement age. In 1994/95 larger households were concentrated in rural SR V, while in 2002/03 larger households were observed in rural mountains where 6 to 7 members were within a household. The smallest average household size was found in Maseru Urban (4.3) and Other Urban (4.5) in 2002/03.

3.3.2 Women headed households are Poorer

In 1994/95, an estimated 29 percent of households were officially headed by women who were single, divorced, widowed, or abandoned by their spouses. These households are referred to as being *de jure* female headed households.

By 2002/03, this figure had increased to 34 percent, which is higher than in many other Sub-Saharan African countries (Lampietti and Stalker, 2000). Poor and very poor households tend to have a higher percentage of *de jure* female-headed households than non-poor households. Generally, though two in three households were headed by men, the proportion has shown a decline (4.9) between the two survey periods. Observed female-headed households are found mostly in urban areas especially in Other Urban area.

Table 3.3.2 gives a more detailed picture of poverty by gender of the household head. In 2002/03 *de jure* female-headed households had a lower incidence of poverty than either *de facto* female-headed or male-headed households. Nonetheless, the difference in the percentage of *de jure* female-headed households and male-headed households is marginal. This could be attributable to a decline in the poverty rate of the male-headed households relative to a much smaller decrease for *de jure* female-headed households.

For each of the three poverty measures, *de facto* female-headed households are consistently worse off than households headed *de jure* by women or those headed by men. The higher levels of poverty for *de facto* female-headed households could as be explained by the fact that

the survey revealed poverty to be worse in the urban areas where it has also been found that female headed households dominate. The worsened poverty levels may be due to the effect that mine retrenchments in South Africa are beginning to have. This may also raise some concern about the extent to which this comparative prosperity is sustainable in the medium to longer term (Turner, 2001).

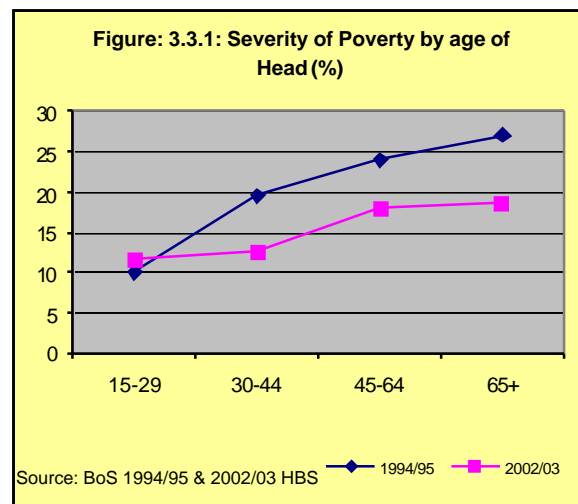
The survey data reveals that aging widows typically head these households, and may have lost the assets that they possessed and only struggle to secure cash income. In 1994, approximately 67 percent of *de jure* female heads were classified as widows and their average age was 56, which exceeds the average for resident male heads by 5 years and *de facto* female heads by 11 years. This finding reaffirms what has been found by other studies that looked at the relationship between poverty and type of headship. For instance, Gustafsson and Makonnen (1993) found that female heads are particularly vulnerable to poverty and that widowhood due to the high incidence of early mortality among miners was a key determinant. Turner and others (2001) arrived at similar conclusions.

	Incidence	Depth	Severity
	2002/03	2002/03	2002/03
<i>de facto</i> headed by women *	70.18	32.7	20.11
<i>de jure</i> headed by women	49.09	24.78	15.9
Headed by men	49.96	24.58	15.54
All	56.61	28.97	18.73

Source: BoS 2002/03 HBS
 * There is no information on this section in the 1994/95 HBS

3.3.3 Households with older heads are poorer

Mapping the age of household heads against poverty severity measure shows that higher age groups are consistently associated with more severe poverty, and that the line for 1994/5 lies above that for 2002/03. This implies that the severity of poverty increased for almost all age groups (Figure 3.3.1).



Before 2004, the lack of social security and adequate pension systems in Lesotho made age a crucial factor for welfare policy considerations. Figure 3.3.1 clearly illustrates how vulnerable older heads are to poverty. Comparing the poverty indices for this group with the indices for the entire Lesotho, it becomes immediately apparent that elderly household heads are particularly prone to poverty. Shifting focus to the other age cohorts, there is a tendency for the incidence, depth and severity of poverty to be lower the younger the household head.

Drawing on 1993 data from Sechaba Consultants, the World Bank (1995) also added a further dimension to the discussion on poverty and the age factor. It found that households headed by an older person are especially vulnerable to poverty in instances where they do not have access to pensioned income from past employment in the mines or from other formal sector jobs in Lesotho.

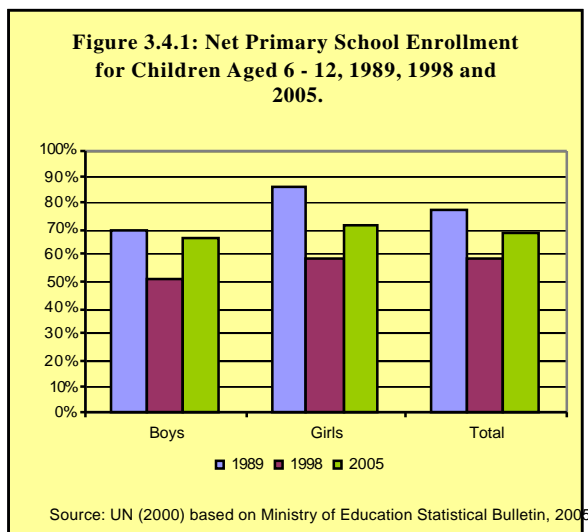
Evidence from the above exploration of some of the demographic characteristics associated with poor households in Lesotho suggests that household size and composition, gender and type of household head, in addition to the age of the head, are important factors in determining the risk of being poor. These characteristics of poor households further point towards the lack of a discernable life-cycle component to poverty, which may be aggravated by the fragility of the family structure caused by male labour migrancy. From a policy perspective, interventions that take account of life-cycle events could make a significant contribution towards alleviating the high levels and detrimental consequences of poverty in Lesotho (World Bank, 1995).

3.4 Socio-Economic Characteristics

In addition to the demographic characteristics of those who are poor, socio-economic characteristics can also help to identify target groups and show some of the causes of poverty. Educational attainment and occupational status are important components of the poverty profile of Lesotho.

3.4.1 Educational Attainment is lower among the poor

In 1990 the Government of Lesotho adopted the Jomtien *World Declaration on Education for All*, thereby committing itself to the international development targets of universal access and completion of primary education and reducing adult illiteracy by half before 2015. Yet, in spite of this, school enrolment has shown a worrying downward trend since the late 1990s.

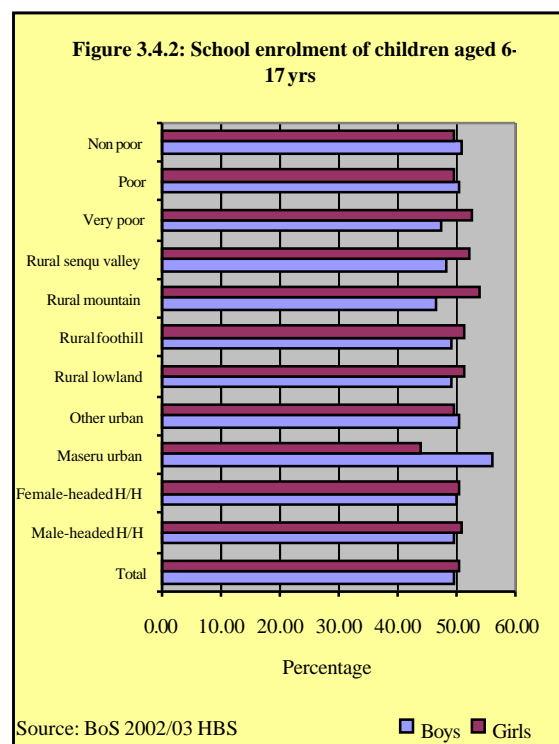


The observed tendency for girls to have higher school attendance rates than boys (Figure 3.4.1) is widely acknowledged as being primarily attributable to the traditional involvement of young Basotho boys in the herding of livestock. Other contending explanations for this trend include the inability of parents to afford school fees and the possibility that parents view working in South African mines as the most promising job prospect for Basotho men, and deemphasize boys' education as irrelevant for such mining work (Sechaba, 2000; World Bank, 1995). As a result, Lesotho's experience contrasts with that of many other developing countries, where efforts are aimed at eradicating discriminatory practices against girls gaining access to education.

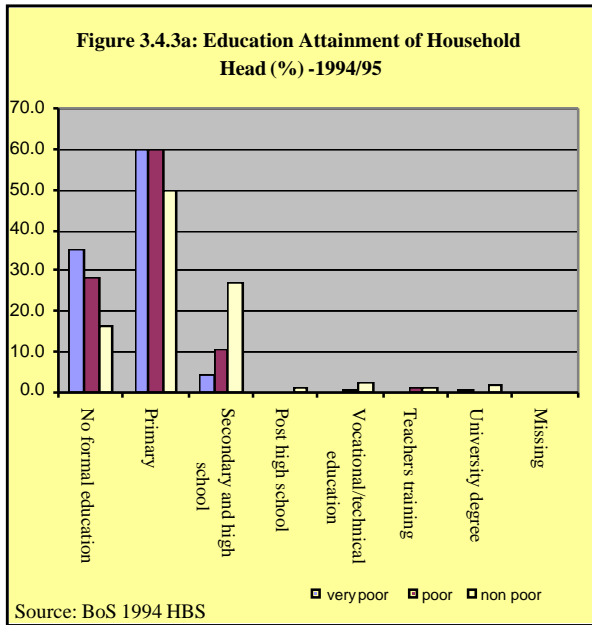
Figure 3.4.2 examines the differential in enrolment rates for boys and girls aged between 6 and 17, disaggregated

by poverty status, location, ecological zone and gender of the household head. In accordance with the Ministry of Education statistics, it reveals that in 2002/03 boys generally had lower school enrolment levels than girls. Among 6 to 17 year olds, 73 percent of girls attended school compared with only 66 percent of boys. The Figure clearly demonstrates lower school enrolment for boys in very poor households and almost the same values for other poverty groupings. Boys in rural areas were much less likely than girls to attend school relative to other urban areas outside Maseru, where the differential was marginal. On the contrary, a greater percentage of boys than girls aged 6 to 17 were found to be enrolled in school in Maseru urban.

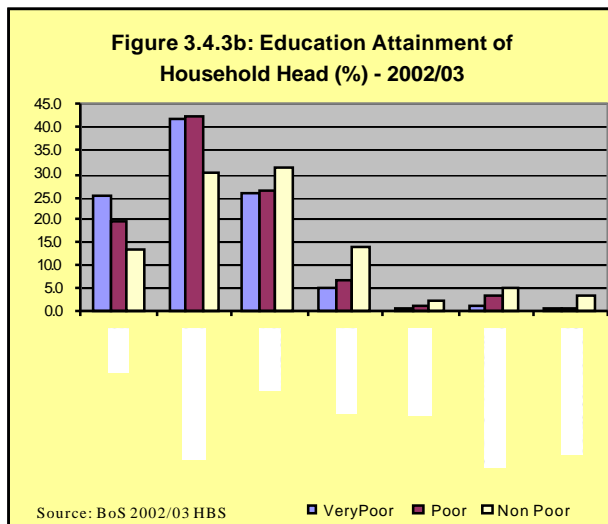
This lends credence to the assertion that the herd boy phenomenon has a negative effect on boys' school enrolment levels, since livestock tending in Lesotho is more prevalent in rural than urban areas. This is further corroborated when examining enrolment patterns by ecological zone. The greatest disparity between boys and girls is to be found in the herding-oriented Mountain and Senqu River Valley zones. In the former, approximately 30 percent more girls than boys attend school, while in the latter the disparity is nearly 20 percent. Finally, the differential in attendance between boys and girls tends to be larger in male-headed households than female-headed households.



A negative relationship is found between the educational attainment of the head of household and poverty status in Lesotho, such that households with less educated heads are more likely to be poor (Figure 3.4.3a and 3.4.3b).

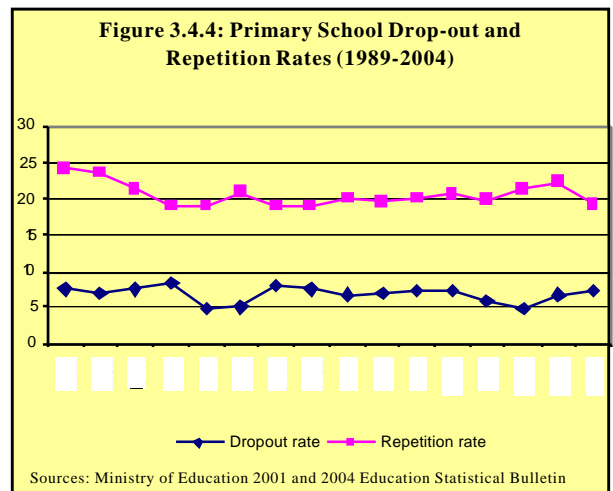


In 1994/95 an estimated 28 percent of heads of poor households and 35 percent of the heads of very-poor households had no formal education at all, as compared with 17 percent of heads from non-poor households. Moreover, about one-third of the heads of non-poor households had completed secondary school or higher, in contrast to only 10 percent in poor households and 4 percent in very-poor. Figure 3.4.3b clearly shows that the education-poverty relationship in 2002/03 remained largely unaffected in that the heads of poor households continue to exhibit lower levels of education.



The World Bank (1995:35) study further revealed substantial geographic differentials in education data. Almost two-thirds of residents aged 16 and older in the mountains had either no formal schooling or did not complete primary education. Urban areas had the highest levels of education, with 61 percent of Maseru residents and 65 percent of other urban residents having completed primary school or above. A review of existing literature reveals that various structural barriers beleaguer Lesotho's educational system. While a comprehensive review of these is beyond the scope of this chapter, some of the more salient obstacles to human capital accumulation in the country are examined here.

Apart from the worrisome trend of declining school enrolment figures, there are a substantial number of school dropouts and repeaters (Figure 3.4.4). With the exception of a slight decline between 1993 and 1994, the primary school dropout rate has remained near the ten percent level throughout the 1990s. More disturbing is the reality that, despite laudable efforts to increase and improve teaching staff and physical facilities since the 1980s and the increasing share of public resources being devoted to primary education, high repetition rates persist. Admittedly, there was a decline in the average primary school repetition rate between 1989 and 1992, but since then it has stagnated at an estimated 20 percent and increased to 22 percent in 2002.



According to Sechaba (1995), the principal cause for children dropping out of school is financial, most especially at the post-primary level. While most of the schools in Lesotho are church-owned, the government

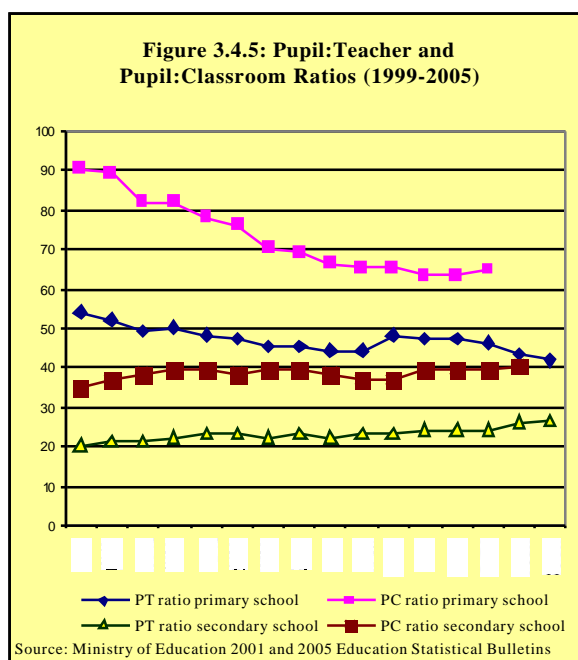
⁵ / Various views are provided by Case and Deaton, (1998) who note that pension incomes are not spent any differently from any other kind of income, Klasen and Woolard (1999) discuss the impact on pensions of household structure while Barrientos (1998) looks at the gender impact in the case of Chile.

subsidizes formal education in Lesotho, mainly through the payment of teachers' salaries, the provision of administration and other services, which in turn keeps fees lower than they would otherwise be if schools had to pay for such services themselves. However, despite this, poor households with insecure income are unlikely to be able to shoulder the burden imposed by even the already subsidized fees, hence the observed pattern that children from low-income households tend to drop out of school more readily than children from higher income households (Sechaba, 2000).

The introduction of Free Primary Education in January 2000, which was planned to phase out education fees and charges by 2006, had gone some way towards redressing the problem of affordability and inequitable access to schooling. However, this does not address other factors that explain the disjuncture between increased government spending on education and improved primary education. The United Nations' Common Country Assessment for Lesotho (2000:35) identifies these factors as including, *inter alia* :

“weak school management, inadequate school facilities and teaching materials, overcrowded and understaffed classrooms and, in general, a tendency of the government to focus on quantity rather than quality in its design and implementation of educational sector policies.”

Although the situation with regard to primary school pupil-teacher and pupil-classroom ratios has shown signs of improvement since the late 1980s, the figures remain exceedingly high (Figure 3.4.5).



By 2003, the pupil-teacher ratio was 4.5 in primary schools, while there was on average 65 children to a classroom. In secondary schools, the situation was not as dire. In 2004, the pupil-teacher ratio was 2.6, with an average of 40 children to a classroom. Lesotho's education system also suffered from a dearth of qualified teachers. An estimated two-thirds of teachers had less than the primary teacher's certificate that is issued by the National Teacher's Training College, while 22 percent of primary school and 17 percent of secondary school teachers had no qualification at all (United Nations, 2000). Teachers were also poorly paid. This, together with the severe overcrowding and teacher shortage, contributed towards low morale amongst teachers (Sechaba, 1995).

It is important to note also that, in common with many other indicators discussed in this chapter, there are strong geographical disparities with regard to the problems associated with the education system. For instance, there is evidence suggesting that the poorer, mountainous regions of the country are disproportionately burdened, especially with regard to educational infrastructure, unqualified teachers, higher pupil-teacher ratios and repetition rates (World Bank, 1995; Sechaba, 1994, 2000; BOS - UNICEF, 2001, 2003).

3.4.2 Homemakers and the Unemployed are Poorest

While the primary occupation of the heads of poor households in 1994/95 exhibited certain differences compared to their counterparts in non-poor households, by 2002/03 they had developed a more distinct disparity between the different poverty groupings. In 1994/95, most of the poor and very-poor lived in households headed by either regular wage or salary earners or unpaid family workers and unemployed. Similarly, the two main activities of heads of non-poor households were found to be regular wage or salary employment or housewives. Nonetheless, wage/salary employment was a substantially more significant occupation than housewives for non-poor household heads. In 2002/03 the situation did not change much in terms of occupation of household head and the different poverty groupings. For instance, most of the poor and very-poor households were headed by regular wage or salary earners and housewives. Another distinct group of household heads were subsistence farmers in 2002/03. (Figures 3.4.6a - d)

It is worth a mention that there were slight discrepancies in the categories of main occupation of household head between the 1994/95 & 2002/03 surveys; therefore the categories may not be directly compared.

Figure 3.4.6a: 2002/03 Employment status: Poor

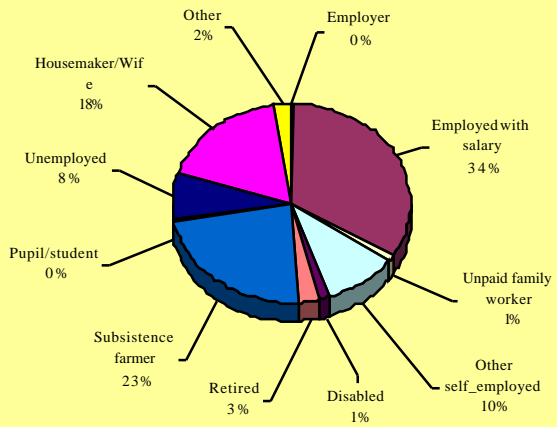


Figure 3.4.6b: 2002/03 Employment status :Non Poor

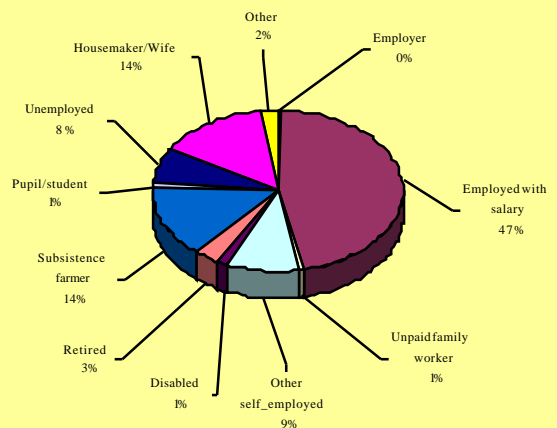


Figure 3.4.6c: Employment Status 1994/95: Poor

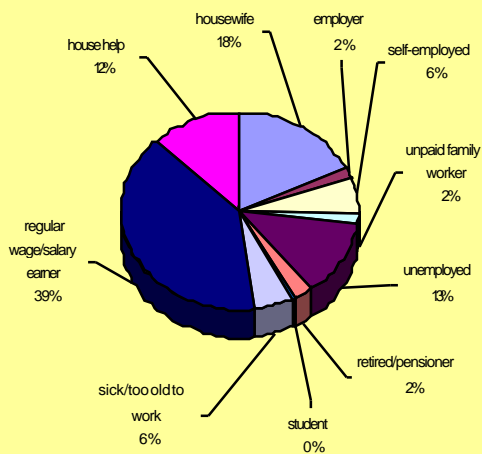
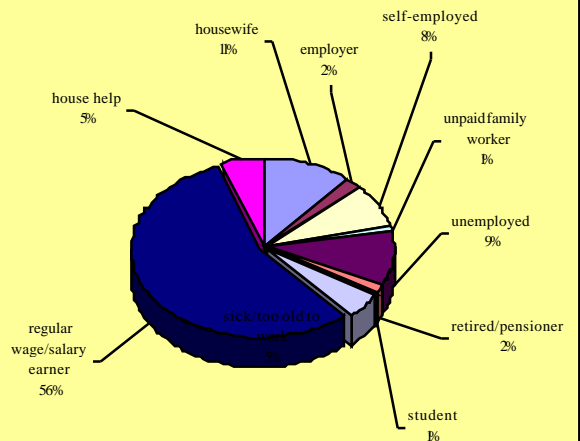


Figure 3.4.6d: Employment status 1994/95 : Non poor



In 1994/95, the incidence of poverty was highest among the unpaid family workers: 77 percent of households headed by unpaid family workers were poor (Table 3.4. 2). Other occupations that tended to correspond with high levels of household poverty included, in descending order, were: Sick or too-old-to-work household heads; housewives/homemakers; unemployed; and, pensioner or retired person. The depth and severity of poverty in 1994/95 was also highest among the same occupational categories, particularly for sick and unemployed heads. The only occupations that were associated with lower-than-average levels of poverty were regular wage or salary earners, employers and students. It should be noted, however, that with the exception of regular wage or salary earners, these categories form a very small percent of all poor households (0.5 percent combined).

By 2002/03, the incidence, depth and severity of poverty had become the highest among the disabled and subsistence farmers. The next highest levels of poverty were found in households headed by housewives, unemployed persons, and pensioners or retirees. Resembling the situation in 1994/95, those occupations with lower-than-average levels of poverty were regular wage or salary earners, employers and students.

	Incidence (P0)		Depth (P1)		Severity (P2)	
	1994	2002	1994	2002	1994	2002
	Housewife/homemaker	71.2	57	40.1	30.3	26.4
Regular wage earner	52.2	37.9	25.7	16.2	16.2	9.47
Unemployed	69.8	52.2	42	27.5	29.5	17.6
Employer	52	47.3	31.2	29.7	22.3	21.2
Self-employed	45.7	-	22.3	-	14.5	-
Unpaid family worker	76.8	51.4	34.1	25.3	18.8	15.7
Retired/pensioner	68.1	52	33	24.2	19.9	14.8
Student	15.8	20.9	5.13	12.5	2.24	8.86
Sick/ton old to work	75.6	-	44.1	-	30.9	-
Disabled	-	62.9	-	40.5	-	29.4
Subsistence Farming*	-	59.6	-	31.3	-	20.5
Other	74.6	57.9	45.2	30.9	31.7	20.4
All	66.5	56.6	37.7	28.9	25.8	18.7

Source: BoS 1994/95 & 2002/03 HBS

Note: There were slight discrepancies in the categories of main occupation between the 1994/95 & 2002/03 surveys, hence the inclusion of a "-" in some instances

*In 1994/95 HBS subsistence farming was not captured as an independent activity like in 2002/03

When one relates the distribution of poverty by occupational status of the household head to the relative weight of each category in the sample population, it becomes readily apparent that the most vulnerable groups in 1994/95 were households headed by housewives/homemakers and the unemployed, since not only was the incidence of poverty the highest amongst these occupations, but a high percent of all poor and very-poor households in Lesotho were headed by persons falling into either of these two occupations. In

2002/03, the vulnerable groups remained the same, namely those households headed by housewives/homemakers and the unemployed. Households headed by unpaid family workers, pensioners/retirees and disabled, despite their high incidence of poverty, did not represent a common occupation.

3.4.3 Livelihood Patterns have shifted Away from Migrant Labour

The 1994/95 household budget survey recorded a notable shift in the principal source of household income (Table 3.4. 3a). The relative importance of remittances from migrants had significantly diminished, a situation that is most probably (and plausibly) explained by depressed developments in the South African mining sector. In 1994/95, the most significant source of income for Basotho households was subsistence farming (Table 3.4. 3a). Also, 28 percent of households stated that "wages and salaries" was the primary source of income, followed by remittances from mine workers (17 percent) and income from informal household business (7 percent).

	Very poor	Poor	Non Poor	Total
Subsistence Farming	46	34.71	19.05	30.7
Cash Crop	2.76	1.58	2.01	2.17
Sale of Livestock	4.33	2.25	1.18	2.39
Sale of Eggs	0	0	0.14	0.07
Sale of Poultry	0.59	0.71	0.41	0.52
Wages & Salaries (Excl. mine workers)	13.7	22.41	39.21	27.8
Remittances Mine Workers	14.46	18.3	18.36	17.1
Remittances Non Mine Workers	6.92	5.71	5.89	6.18
Pension & Inheritances	0.58	0.91	1.53	1.11
Income from Informal Household Business	5.7	7.1	7.79	6.98
Income from Formal Household Business	1.28	1.92	1.84	1.67
Other	3.46	3.47	2.12	2.81
Information Missing	0.22	0.94	0.48	0.48

Source: BoS 1994/95 HBS

In 1990, the number of Basotho migrant mineworkers in South Africa began to decline, and by 1994/5, this downward trend had begun to gain momentum. During the remainder of the 1990s, employment in South African mines fell precipitously. Estimates from the first half of 2000 reveal that only 65,000 Basotho mineworkers remain employed in the mines, less than half the number recorded a decade earlier. With declining remittances from migrant workers, households appeared to have become increasingly dependent on subsistence agriculture for their livelihoods, with 31 percent of households declaring it as their main source of income.

The principal sources of income vary substantially between poorer and better-off households. In 1994/95,

the main source of income for very-poor and poor households was subsistence farming (46 percent and 35 percent respectively). If cash cropping and livestock-related activities are included, these figures rise to 50 percent and above for both groups. The other notable main sources of income in very-poor and poor households were remittances from mine work and wage employment in Lesotho. The same pattern is also observed for non-poor household s. By 2002, a high proportion of very-poor and poor households were engaged in farming (not stated whether subsistence or not) as a main source of income. The relative importance of migrant remittances was also prevalent in 2002, followed by waged/salaried employment from both public and private sector and other household business income (Table 3.4. 3b).

Source	Very Poor	Poor	Non Poor	Total
From public sect	5.39	9.37	17.6	13
From private sec	19.71	25.27	31.5	27.3
Farming	39.29	29.3	17.8	25.4
Other HH business	7.37	9.31	9.78	9.09
Pensions	2.03	2.18	2.48	2.31
Remittances	11.23	11.96	10	10.7
Other	14.96	12.6	10.8	12.2

Source: BoS 2002/03 HBS

Note: There were slight discrepancies in the categories of main source of income between the 1994/95 & 2002/03 surveys; therefore the categories cannot be directly compared.

The picture of the main source of livelihood for non-poor households in 2002 revealed that farming, employment in public and private sector were the primary source of livelihood. As with their poorer counterparts, other household business income had started to become an increasingly important livelihood strategy for non-poor households.

3.4.4 Subsistence Farmers are more likely to be Poorer

As mentioned earlier, the 1994/95 HBS did not provide detailed breakdown of the economic activities as did the 2002/03. Table 3.4. 4 shows that the biggest group among poor households were headed by subsistence farmers (or cash-cropping/livestock sales as the primary source of income) in 2002/03 while in 1994/95 the biggest group was among salary earners. The highest proportion of household heads engaged in subsistence farming was found in the rural areas, especially rural mountains and rural lowlands. Contrary to this, a high proportion of salary earners was found among the in Maseru urban and other urban areas.

	Headcount ratio		Percentage of the poor	
	1994	2002	1994	2002
Housewife/homemaker *	2.47	1.33	20.90	19.82
Regular wage/salary earner	1.09	0.61	34.66	24.05
Unemployed	2.31	10.9	14.16	8.44
Employer	1.09	1.05	1.88	0.33
Self-employed	0.84	0.81	3.39	6.11
Unpaid family worker	3.30	0.90	1.20	0.53
Retired/pensioner	2.13	1.08	2.08	2.83
Student	0.19	0.26	0.04	0.20
Sick/too old to work	3.09	-	7.45	-
Disabled	-	1.70	-	1.84
Subsistence Farming	-	1.48	-	33.70
Other	-	1.41	-	2.14
All	1.64	1.01	100	100

Source: BoS 1994/95 & 2002/03 HBS

Note: There were slight discrepancies in the categories of income source between the 1994/95 & 2002/03 surveys, hence the inclusion of a “-” in some instances

*In 1994/94 house help & house maker were different categories. Male HH heads were categorized as house help while female HH heads were categorized as house wife. In 2002/03, these were combined to form the category house maker/wife.

3.5 Household Assets and Poverty

Poverty analysis has highlighted the importance of assets in determining well-being. Attempt to identify the various assets that the poor have is an important exercise, since an increasing body of literature is revealing that the ownership of assets can serve as an effective means of empowering the poor by “increasing their incomes, reserves against shocks, and choices to escape from harsh or exploitative conditions” (IFAD, 2001:5). Therefore, the more assets that individuals or households accumulate, the less vulnerable they are likely to be, while the greater the erosion of an individual’s or household’s asset base, the greater their susceptibility to risk and insecurity (Moser, 1996).

This section focuses explicitly on certain types of physical assets possessed by sampled households in the two household budget surveys. More specifically, it aims to explore the ownership of productive assets (land, livestock, tools and equipment) and household assets (household goods and utensils). It also enables us to understand how these differentiate according to poverty status, geographical location, and type of household head as well as over time.

3.5.1 Poor households are more likely to rely upon agricultural assets

With respect to productive asset, poor and very-poor Basotho households were found to be more likely to own both livestock and fields relative to non-poor households (Table 3.5. 1). Poverty was higher, deeper and more severe in both 1994 and 2002 for those who stated that they owned fields compared with those who did not.

Given the limitations of the questions asked in the surveys, it is not possible to discern whether it is ownership itself or the number or size of the productive asset that influences the poverty status of households.

Table 3 .5.1: Productive Assets by Poverty Status (% of Households with assets)

Assets	Poverty Status							
	Very poor		Poor		Non poor		Total	
	1994	2002	1994	2002	1994	2002	1994	2002
Fields/land	75.1	53.7	63.6	49.1	45.7	35.2	58.6	42.5
Cattle	51.6	35.1	47.9	33.6	34.1	25.7	42.4	29.6
Sheep	32.7	12.5	28.3	15.0	20.5	12.0	25.9	12.7
Goats	33.8	16.8	25.2	16.5	16.2	10.8	23.6	13.4
Horse	27.2	10.5	20.7	9.0	15.6	8.4	20.3	9.0
Donkey	32.8	19.4	25.4	17.8	19.4	12.5	24.9	15.2
Scotch - cart	9.6	9.7	11.1	9.8	10.6	6.7	10.4	8.1
Sewing machine	11.4	9.3	16.1	13.7	21.0	16.0	17.0	13.9
Ok - implement	30.9	43.2	25.8	44.9	19.3	41.7	24.3	42.7
Tractor - implement	2.0	3.8	2.3	2.1	2.3	2.5	2.2	2.7

Source: BoS 1994/95 & 2002/03 HBS

Box 3.2: The ‘Bovine Mystique’ Illustrated

“In the rural economy of Lesotho, livestock [including cattle, sheep, goats, horses and donkeys] is a category of property not freely inter convertible with cash. Cash is freely converted to livestock through sale only as a last resort in the face of dire need” (Ferguson, 1985:653)

In understanding why this may be the case, Ferguson (1985) goes on to explain that livestock is very closely associated with the migrant labour system, in that the money used to purchase animals and many of the reasons for purchasing them derive from migrant labourers in South Africa. A typical example of rural livestock practices follows:

“A man builds up his herd during the years he works in the mines, during which time the animals are of use to the man’s family and many others in the village, and structurally ‘holds his place’. After leaving the mines, the man returns to the village to ‘scratch about on the land’ (Murray, 1987:337) and to try somehow to survive. This is the point at which livestock begin to be sold, in response to absolute shortages of minimum basic necessities such as food and clothing...Livestock is thus acquired when working and used up when laid off – a sort of special ‘retirement fund’ for migrant labourers” (Ferguson, 1985:661).

With regard to ownership of farm tools/ equipments, non-poor households do not differ much from poor and very - poor households during both 1994 and 2002 HBS. The levels of ownership for both carts and tractors were low. The slightly higher levels of ownership of the

tools/equipment among poor and very-poor households were probably due to their greater propensity to be engaged in subsistence farming. Table 3.5.2 indicates that the extent, depth and severity of poverty for those households that either owned or had free access to arable land in both 1994/95 and 2002/03 was notably worse than those that did not.

The fore going discussion raises an interesting and important finding that poorer and more geographically excluded households tended to have higher ownership of land and livestock, and were able to use these ‘productive’ assets to reduce their poverty between 1994 and 2002.

Regarding those households owning livestock in 1994/95 and 2002/03, the heads were mostly resident men. Between the two surveys, the main activity of these heads shifted from being regular wage/salary earners to homemakers in both poor and very-poor livestock -owning households, though regular employment still featured prominently in non -poor livestock -owning households. With regard to the main source of income for these households, in 1994 subsistence farming was important for livestock -owning households who were both poor and very -poor. By 2002/03, public and private employment had become the most significant source of income for poor and very -poor livestock -owning households.

Table 3.5.2: Poverty Indices by Ownership of Productive Assets

	Incidence		Depth		Severity	
	1994	2002	1994	2002	1994	2002
	Fields /land *:					
Owned	67.43	56.33	37.93	28.29	25.66	18.14
Free Access	65.07	-	38.02	-	26.57	-
None	48.15	-	23.37	-	14.37	-

Source : BoS 1994/95 & 2002/03 HBS

* There was a change in the question of ownership of assets between the 1994/95 & 2002/03 surveys. In 2002/03 HH were asked if they own land not fields; therefore the categories may not be directly comparable.

Shifting focus to why owning land may not benefit the poor in Lesotho, in terms of experiencing a reduction in poverty over the 1987 -1995 period, firstly it has to be recognised that Lesotho has a poor natural resource endowment that is characterized by a mountainous topography, limited arable land, unreliable climate, and serious soil erosion (World Bank, 1995). Additionally, an estimated one -fifth of the arable land in the country remains fallow or uncultivated due to lack of financial resources by the poor landholders (United Nations, 2000). Further explanatory factors include the unsuitability of the climate for the production of traditional food crops (wheat and maize), including poor

quality soils and the frequent occurrence of droughts or temporary dry spells, and overgrazing. Combined, these factors are, amongst others, likely to militate against poor households reducing their poverty through the ownership of, or free access to, arable land.

3.5.2 Poor female headed household own less agricultural assets

Female-headed households were found to be less likely to own agricultural equipment than their male counterparts, with 55 percent of resident male heads owning livestock compared to 35 percent of *de jure* female heads. One reason for this may be that according to customary law, women in Lesotho are treated as perpetual minors, whose guardianship is passed from fathers to husbands or a male relative (United Nations, 2000:56). This imposes significant barriers and restrictions on Basotho women, especially *de jure* female heads, with regard to accessing land and credit. This is a likely explanation as to why *de jure* female-headed households rely more on wage employment and informal economic activities, such as subsistence agriculture, as their main source of household income. However, while this type of household head is less likely to own the productive assets mentioned above, the fact that 55 percent owned cultivatable land in 1994/95 meant that the obstacles imposed by customary law regarding women owning land are at least partially being overcome in practice.

3.5.3 Poor households are less likely to own domestic assets

In contrast to what was observed with regard to productive assets, there is a negative relationship between domestic assets and poverty, such that non-poor households are relatively better endowed with these assets than poorer households. This section examines this relationship.

A greater proportion of non-poor households tended to own a radio and television than poor and very-poor households for both 1994/95 and 2002/03 HBS (Table 3.5.3). Radios were generally a more common asset than television sets, a situation that was undoubtedly influenced by access to electricity in Lesotho. Nonetheless, the share of all households that owned a radio had decreased considerably in the eight-year interval between the surveys, while that of television sets had increased. Refrigerators were also not widespread in Basotho households, especially in poor and very-poor households. Non-poor households were more likely to own refrigerators and, as with television ownership, there was a notable increase between 1994/95 and 2002/03. Finally, a small share of households owned a

business in 1994/95, irrespective of poverty status. By 2002/03, there was an increase for all three groups, most especially for non-poor households.

Households in Urban Maseru were marginally more likely to own a radio than other urban households, although the difference between these two categories of households and rural households remained distinctly large. The ownership of televisions was almost non-existent in rural households in both 1994/95 and 2002/03, though it had become an increasingly common asset in urban areas during the period between the surveys, especially in households residing in urban Maseru. The same trend was evident with regard to the ownership of refrigerators. With regard to the ownership of sewing machines, the pattern was not as clearly differentiated.

In 1994/95, while households in urban Maseru remained the most likely group to be in possession of a sewing machine, a higher share of rural households owned this asset than households in urban areas other than Maseru. By 2002/03, this ranking had altered such that other urban households had the greatest probability of owning a sewing machine, followed closely by urban Maseru households. This could be attributed to extension of textiles industries to other urban areas of Lesotho (Mafeteng for instance). Rural households were least likely to own a sewing machine. Lastly, the ownership of a business was more common in urban households (both Maseru and other urban) than in rural households.

Table 3.5.3: Ownership of Household Assets by Poverty Status (% Owning)

	Year	Very Poor	Poor	Non - Poor	All Lesotho
Radio	'94/5	53.7	67.8	81.7	70.1
	'02/03	49.1	58.3	67	60.8
TV	'94/5	3	8.6	24.4	14.5
	'02/03	10.4	16.9	28.1	24.5
Fridge	'94/5	4.4	9.2	22.4	14.1
	'02/03	8.8	13.6	23.8	18.1
Sewing machine	'94/5	11.4	16.1	21	17
	'02/03	9.3	13.7	16	13.9
Car*	'94/5	1.3	2.1	7.3	4.4
	'02/03	-	-	-	-
Business	'94/5	9.7	13.7	16.4	13.7
	'02/03	14.9	18.9	20.3	18.4

Source: BoS 1994/95 & 2002/03 HBS.

*Durable goods such as motor vehicles considered as irrelevant to the household welfare & were not considered in this case for 2002/03.

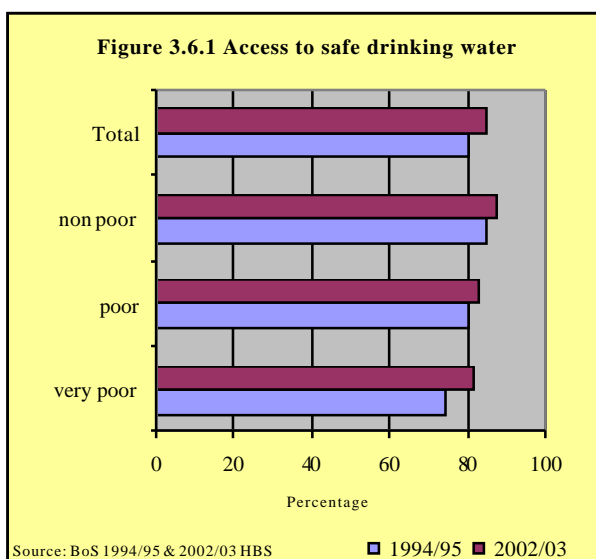
At the ecological zone level, the tendency with regard to most of the examined household durables was for the households in the lowlands to have the highest reported levels of ownership, while households in the mountainous zones appeared, with the exception of radios, to be poorly endowed with regard to this category

of assets . This ranking tended to correspond with the poverty ranking of the various zones, as examined earlier. At the district level, possession of household durables appeared to be contrary to poverty status. Households in the high incidence of poverty have the highest levels of ownership of radios, televisions and refrigerators in both 1994/95 and 2002/03 (with the exception of Maseru district), while they had the second highest recorded levels of ownership of sewing machines and businesses in 1994/95

3.6 Access to Basic Services

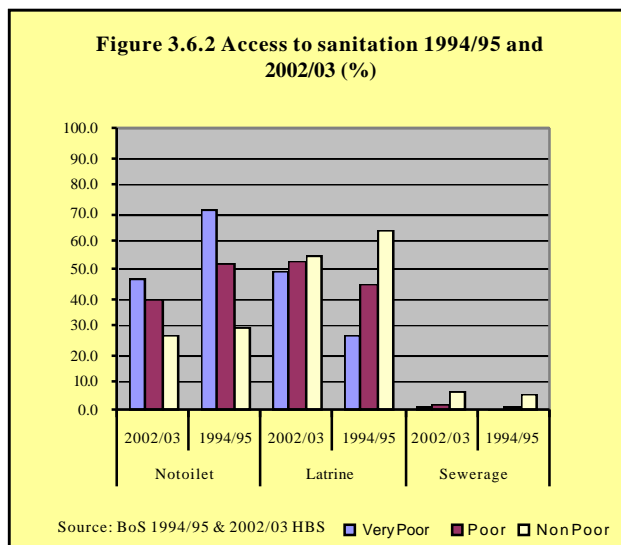
3.6.1 Access to Safe Drinking Water has improved

Access to safe drinking water is one of the fundamental needs of every human being, as unsafe sources can be very harmful to human health. In this analysis, safe drinking water is described as just those using piped water (either inside the house, outside on the premises or the village water supply). Overall 85 percent of the population had access to drinking water in 2002 (Figure 3.6.1). On the other hand, in 1994 the total population that had access to drinking water was 81 percent . The rate of improving the access of the population to safe water seemed to be prominent in both non-poor and poor households . In 1994 and 2002 , more households had access to safe water in “Maseru Urban” and “Other Urban” areas than in “Rural” areas . A similar trend was observed in the case of access by the population to latrine. The situation was still relatively better in urban areas compared to rural areas .



3.6.2 Access to Sanitation has Improved

Access to sanitation also improved between the two years that were surveyed, with 53.3 percent of households in 2002/03 having access to a latrine (inclusive of both pit latrines and Ventilated Improved Pit (VIP) latrines), compared to only 48.5 percent in 1994/95. Nevertheless, as Figure 3.6.2 demonstrates, despite these gains, not only did a significant proportion of households remain without sanitation, but there existed a sizeable disparity between non-poor households and poor/very-poor households. For poor and very-poor households, the percentage without sanitation improved substantially between 1994/95 and 2002/03. This change appeared to be related to improved access to latrines as demonstrated by the figure. Proper flush toilets were virtually non-existent in both poor and very-poor households, with only 8 percent of non-poor households possessing access to this form of sanitation.

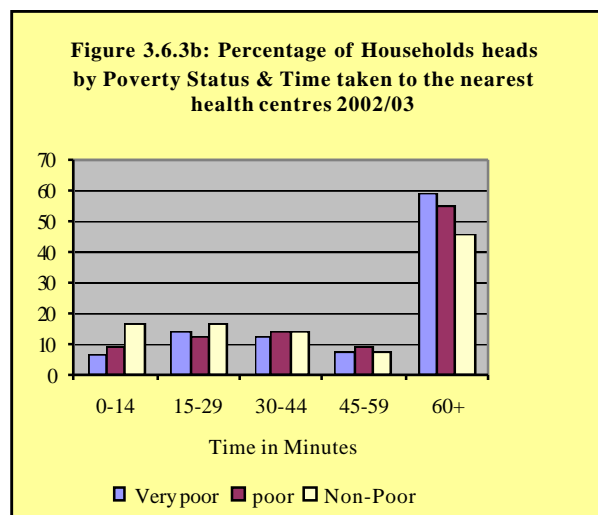
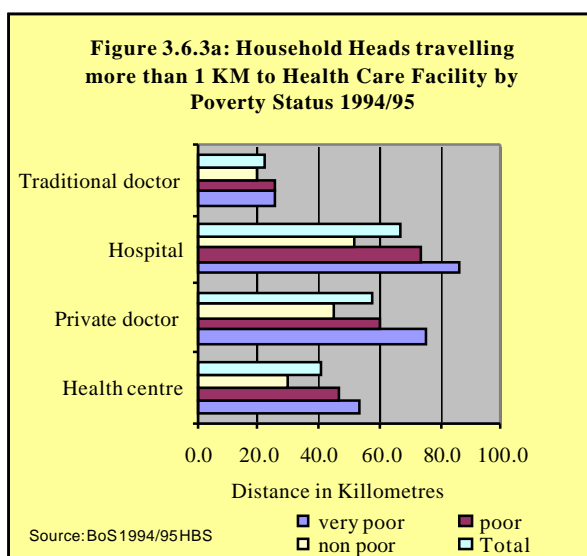


At the locational level, access to a latrine was highest in “Other Urban” areas (66 percent) in 2002/03, followed closely by “Maseru Urban” (64 percent). During the period between 1994/95 and 2002/03 all the ecological zones experienced a decline in the percentage of households without sanitation and a subsequent increase in access to latrines. In the mid-to-late 1980s, Lesotho was faced with serious environmental health problems, especially since inadequate disposal of human excreta is associated with various diseases, including diarrhoeal diseases and polio. The first efforts to improve rural sanitation began in 1983, when the Ministry of Health launched a programme to promote the construction of Ventilated Improved Pit latrines (VIPs) through hygiene education and the training of local builders in Maseru. In 1987, a National Rural Sanitation Program was

launched, implemented by district sanitation coordinators (senior health assistants) and assisted by technical officers and other staff of the Ministry of Health. By 1992, the programme was operating in all districts, except Thaba -Tseka, owing to staff problems (World Bank, 1995). Regardless of the progress that these programmes appear to have produced, the geographic disparity underlying these beneficial changes is cause for concern and has notable public health implications.

3.6.3 Access to health facilities has improved for some

As revealed by figure 3.6.3a, in 1994, most people, both poor/very poor (approximately 74 and 85 percent respectively) and non-poor (approximately 50 percent), had to travel more than 1km to get to main hospitals. This could be due to the fact that there are not enough hospitals in the country. A similar situation holds for 2002 in terms of the time taken by households to the nearest health facility regardless of their poverty status. Figure 3.6.3b reveals that high proportions of households (60 percent of very poor, 55 percent poor and 45 percent non-poor) travel led 60 minutes or more to reach the nearest health facility in 2002/03.



3.7 Shared Characteristics of those in Poverty: A Summary Perspective

The descriptive data presented thus far provide clues concerning characteristics of those most at risk of being in poverty. The 1994/95 and the 2003/03 HBS data reveal that households in rural areas were more likely to be poor than those in urban areas. Also, households with heads that were more than 64 years of age were more likely to be poor than those in which the heads were younger than 24 years of age. Subsistence farmers and households in which the principal source of income was from wages were also found to be poorer. Finally households with no toilet facility were poorer than those with a sewerage system.

3.8 Inequality

There are many ways of measuring inequality, the most popular being: **shares of aggregate income** received by households (or other income recipient units such as families); and, **indices of income concentration** (e.g. Gini coefficients). These two approaches were adopted for the analysis that follows.

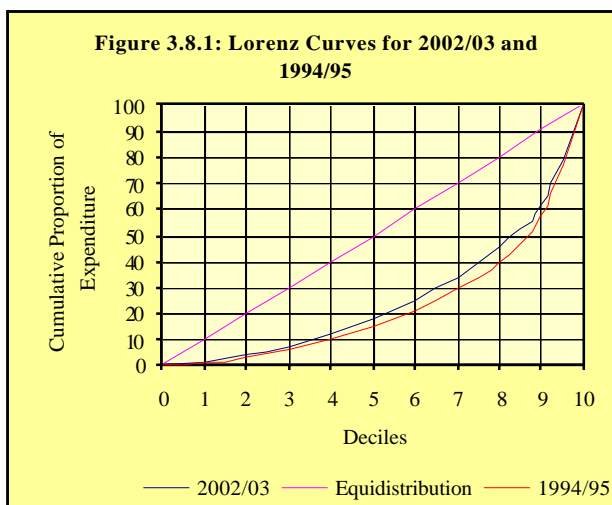
In the **shares approach**, households are ranked from lowest to highest on the basis of income/expenditure and then divided into equal population groups, typically fifths (quintiles) or tenths (deciles). The aggregate income of each group is then divided by the overall aggregate income to derive shares which can be compared.

The **Gini index** incorporates the more detailed shares data into a single statistic which summarizes the dispersion of the income shares across the whole income distribution. The Gini coefficient may be expressed as a

proportion or as a percentage. The Gini coefficient will be equal to 0 when the distribution is completely equal. If the society's total income accrues to only one person/household unit, leaving the rest with no income at all, then the Gini coefficient will be equal to 1, or 100 percent.

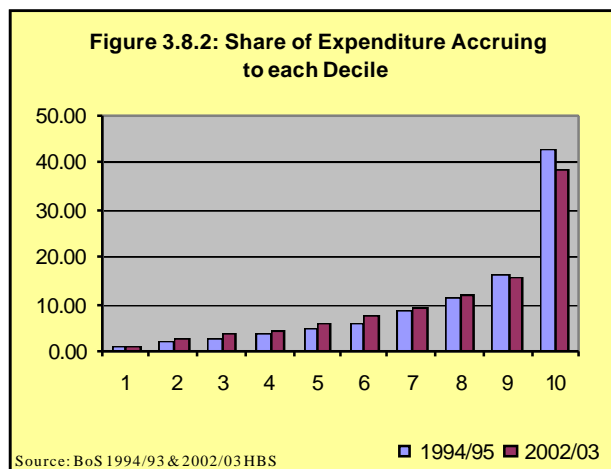
3.8.1 Inequality has decreased

The Gini index is also easily understood with the use of the Lorenz curve. In the Lorenz curve, the proportion of the population ranked from poorest to richest is plotted on the x-axis and the percentage of income accruing to the bottom z percent of the population is shown on the y-axis. Figure 3.8.1 shows the Lorenz curve for Lesotho, using household per-adult-equivalent expenditure data for 1994/95 and 2002/03. Everyone is ranked according to income, and the cumulative income is plotted against these ranks. The straight (45° degree) line is the “line of perfect equality”. In other words, if everyone had exactly the same income, then the Lorenz curve would coincide with this straight line.



3.8.2 The richest Income Decile Consume Half of National Output

Figure 3.8.2 depicts the share of expenditure accruing to each decile. It shows that in 2002/03 the poorest decile accounted for only 0.12 percent of total expenditure, compared to the richest 10 percent of households which accounted for almost a quarter (38 percent) of total consumption. This was also the case in 1994/95; the rich households enjoyed a high share of the total expenditure (44 percent). However, the figure shows that inequality has improved between the two survey periods.



3.8.3 Inequality has increased in rural areas

While the Gini coefficient is not decomposable, it is the most widely quoted inequality statistic and is, therefore, recorded here. Gini coefficients were calculated on the basis of per-adult-equivalent expenditure for the two survey periods, by district, and region/locale. As shown in Table 3.8.1, the overall Gini coefficient declined from 0.57 in 1994/95 to 0.52 in 2002/03. This shows that inequality, though still high, is declining. At the district level, the Gini coefficient has declined in all districts except for Quthing, where it increased to a Gini of 0.51 in 2002/03 from 0.45 in 1994/95. Of the ten districts, inequality is seen to be highest in Maseru district for both survey periods. In 2002/03, five districts (Mafeteng, Qacha's Nek, Butha-Buthe, Leribe and Berea) had Gini coefficients below 0.50 and they were nearer to achieving income equality.

District	1994/95	2002/03
	Gini Coefficient per Adult equivalent	Gini Coefficient per Adult equivalent
Butha -Buthe	0.49	0.49
Leribe	0.56	0.49
Berea	0.54	0.49
Maseru	0.59	0.55
Mafeteng	0.57	0.48
Mohale's Hoek	0.57	0.53
Quthing	0.45	0.51
Qacha's Nek	0.54	0.48
Mokhotlong	0.56	0.52
Thaba -Tseka	0.55	0.5
All	0.57	0.52

Source: B oS 1994/95 & 2002/03 HBS

While Table 3.8.1 shows that Maseru district experienced a high inequality (0.55), this is not true for Urban Maseru (Table 3.8.2). There was a significant decline in inequality among the urban residents of the

capital, and also in the other urban areas (0.57 to 0.52 and 0.52 to 0.51 respectively). The decrease in the overall Gini coefficient could be attributed to decreased inequality among those in the rural areas and urban areas.

Locale	1994/95	2002/03
	Gini (per adult equivalent)	Gini (per adult equivalent)
MaseruUrban	0.57	0.52
Otherurban	0.52	0.51
Rural Lowlands	0.52	0.52
Rural Foothills	0.56	0.52
Rural Mountains	0.55	0.52
RSV	0.51	0.53
Lesotho	0.57	0.52

Source: BOS 1994/95 & 2002/03 HBS

3.9 Implications for Policy on Poverty and Inequality

In sum, the incidence and severity of poverty were greater among a number of social groups, female headed households, people living in rural areas, especially in the foothills and mountainous areas of Lesotho, the elderly, children, those who rely upon agricultural production and agricultural assets, and those living in Butha - Buthe and Mohale's Hoek.

Although there had been an improvement in the incidence, depth and severity of poverty between 1994/95 and 2002/03, as did the level of inequality, inequality may well be higher than in neighbouring South Africa. The two periods of survey also allowed for the calculation of poverty elasticity, the percentage change in the incidence of poverty brought about by a one percent growth rate in GNP. This shows Lesotho has been highly inefficient in terms of turning economic growth into improvements in the well being of the poor, and that part of the reason for this may lie with the high levels of inequality in the country. The implication is that significant poverty reduction is unlikely without substantial and structural reforms in Lesotho's economy. At this stage, it is important to re-emphasise that consumption poverty does not constitute the only form of deprivation. For instance, there are critical capability related measures, such as access to services and employment, which could be considered in conjunction with the conventional money metric measures of poverty. In the period between the two household budget surveys, there was a substantial improvement in the delivery of services, especially with regard to safe water provision. This progress is laudable and should be strongly encouraged. Nonetheless, with regard to creating livelihoods, some more dramatic action is

needed, given the disturbing trends outlined earlier in the chapter.

The data analyzed provided few clues as to how poverty can be reduced to any significant extent without some form of direct transfer. Agricultural assets are limited, job opportunities outside of Lesotho are extremely limited, with insufficient growth taking place in the South African economy, and while opportunities within Lesotho are beginning to emerge through niche export markets, these are not adequate in the light of the overwhelming poverty incidence and severity. Direct transfers have tended to be dismissed as being unsustainable, as carrying undesirable incentive effects, and as not reaching the poor. However the empirical evidence for claims is at best ambiguous and analysis of the South African pension system suggests that some transfers may be not only feasible, but also bring positive second-round effects. That is to say, they will result in benefits not just to the immediate beneficiary, but also permit investment in a micro-enterprise or the well being of children, facilitate mobility for job-search, and provide a source of steady income, thereby releasing households from risk-constrained behaviour⁵.

Box 3.3 Criteria for Choosing Poverty Programs

Grosh (1995) suggests that there are five criteria for choosing between poverty programs:

- Administrative feasibility
- Political feasibility
- Second round effects
- Targeting ability
- Ability to tailor the solution to the problem

3.10 The Scorecard on Human Development Indicators

3.10.1 Overview

The Human Development Index (HDI) is a measure of average achievement in basic human capabilities. The HDI is based on indicators of longevity, educational attainment and a decent standard of living. Longevity is measured using the life expectancy index; educational attainment is measured using the education index; and a decent standard of living is measured using the GDP index. The results are presented in Tables 3.10.1 through 3.10.3. As stated earlier, the figures for life expectancy at birth (used to estimate life expectancy index) were computed with and without taking into account HIV.

Table 3.10.1. Human Development Index (HDI) by District – 2000/2001						
District	Life expectancy index	Life expectancy index	Education Index	GDP index	HDI (no AIDS)	HDI (with AIDS)
	(no AIDS)	(with AIDS)				
Butha -Buthe	0612	043	0547	022	046	0399
Berea	0585	0408	06	0313	0499	044
Leribe	0603	0417	0586	0298	0496	0434
Maseru	0615	0423	056	0376	0517	0453
Mafeteng	0585	0407	0636	0269	0497	0437
Mohale's Hoek	0575	0402	0626	0245	0482	0424
Quthing	0535	0362	0677	0241	0484	0427
Qacha's Nek	0537	0363	067	0247	0485	0427
Mokhotlong	0532	0367	0533	0204	0423	0368
Thaba Tseka	056	0383	0603	0225	0463	0404
Lesotho	058	0403	0585	0296	0487	0428

Note: The education index is based on the 1996 adult literacy rate and the 2000 combined gross enrolment ratio

Table 3.10.2. Human Development Index (HDI) by District – 1996						
District	Life expectancy index	Life expectancy index	Education Index	GDP index	HDI (no AIDS)	HDI (with AIDS)
	(no AIDS)	(with AIDS)				
Butha -Buthe	0.605	0.478	0.531	0.247	0.461	0.419
Berea	0.598	0.453	0.613	0.339	0.517	0.468
Leribe	0.578	0.467	0.592	0.325	0.498	0.461
Maseru	0.608	0.477	0.537	0.402	0.516	0.472
Mafeteng	0.578	0.453	0.651	0.296	0.508	0.467
Mohale's Hoek	0.568	0.447	0.622	0.272	0.487	0.447
Quthing	0.527	0.403	0.654	0.267	0.483	0.441
Qacha's Nek	0.53	0.405	0.639	0.273	0.481	0.439
Mokhotlong	0.525	0.403	0.472	0.231	0.409	0.369
Thaba Tseka	0.553	0.423	0.503	0.252	0.436	0.393
Lesotho	0.573	0.445	0.539	0.323	0.48	0.436

Table 3.10.3: Human Development Index (HDI) by District – 1986				
District	Life expectancy index	Education Index	GDP index	HDI
Butha -Buthe	0.535	0.54	0.294	0.46
Berea	0.528	0.846	0.32	0.57
Leribe	0.51	0.616	0.311	0.48
Maseru	0.538	0.615	0.359	0.5
Mafeteng	0.51	0.636	0.297	0.48
Mohale's Hoek	0.5	0.617	0.279	0.47
Quthing	0.462	0.651	0.286	0.47
Qacha's Nek	0.465	0.632	0.236	0.44
Mokhotlong	0.46	0.474	0.29	0.41
Thaba Tseka	0.487	0.507	0.263	0.42
Lesotho	0.505	0.566	0.31	0.46

Note: The education index is based on the 1996 adult literacy rate and the 1987 combined gross enrolment ratio

Both set of values were used for the computation of HDI (see the last two columns). The life expectancy at birth without HIV component would be erroneous but was suitable for international comparison purposes (with those countries which do not consider HIV when estimating the life expectancy at birth). The life expectancy at birth with HIV component is a better estimate only at national level. This is because the district estimates are based on national adult HIV prevalence rate, and it is unlikely that it will apply in all districts.⁶ Therefore HDI at district level need to be interpreted with caution. However, they can be used as an approximate gauge to show the district differentials in development. The education index measures a country's relative achievement in both adult literacy and combined gross primary, secondary and tertiary enrolment. It was possible to measure the change over time of gross enrolment ratios using data from the Ministry of Education. But, the adult literacy rate was based on the 1997 National Literacy Survey. As stated above, there is evidence that the adult literacy rate has not changed dramatically in Lesotho during the 1990s. Therefore this assumption need not create a serious bias.

The gross domestic product (GDP) index serves as a proxy for all the dimensions of human development not reflected in a long and healthy life and in knowledge. It is estimated using the gross national product (GNP) per capita. This is because the assessment done in 1998 showed that GNP is a better measure of income for Lesotho (UNDP, 1998).

3.10.2 Human Development Index Trends are Worsening

The estimated HDI in 2000/2001 was 0.487 (without AIDS) and 0.428 (with AIDS). These figures are not very different from the HDI based on GNP in 1997 of 0.425 (UNDP, 1998). However, the impact of HIV epidemic on development is evident. The HDI was lower by 12 percentage points in 2000/2001 when taking AIDS deaths into account. This gap was 9 percent in 1996. Based on these results, one can conclude that the HIV epidemic has serious impact on human development in Lesotho. The same tendency towards deteriorating human development has been observed in many African countries which are hardest hit by the HIV epidemic.

⁶ The estimates of adult HIV prevalence rate at district level were not available for 1986, 1994 and 2001. Currently, HIV prevalence rates by district are available.

3.11 The Scorecard on Human Poverty Indicator (HPI) Trends

3.11.1 Overview

The Human Poverty Index (HPI) was introduced for the first time in 1997 to measure deprivations in basic human development in the same dimensions as the HDI, in addition to aspects of participation or social inclusion (Jahan, 2000). It has been recommended that the developed countries' HPI (HPI -2) should be derived differently from the HPI (HPI -1) for the developing countries (UNDP, 2001). For HPI -1, the deprivation in long and healthy life is measured by percentage of people born today, but who cannot survive to age 40, deprivation in knowledge by adult illiteracy rate, and deprivation in economic provisioning by the percentage of people lacking access to health services and safe water and percentage of children under five who are malnourished. The computational procedure is summarized in the Appendix.

3.11.2 Human Poverty Index Trends Have Worsened

The results of HPI -1 for Lesotho are presented in Tables 3.11.1 through 3.11.3. The main factor contributing to the Human Poverty Index in Lesotho is adult illiteracy rate; followed by the probability that a new born child will not survive to age 40. In other words, efforts geared towards raising adult illiteracy rate, which is estimated to be around 39 percent, will be an important step in reducing HPI -1. The government of Lesotho is very much committed in this aspect (Ministry of Economic Planning, 1997). However, creative measures need to be in place in order to succeed in this initiative.

All in all, the indices used to measure HPI -1 suggest that during the period 1986 -2000, there was not much improvement. The probability that a new -born baby will survive up to age 40 remained almost constant (around 20 percent). The combined index of the population not using improved water sources and underweight children under five was also constant around 20 percent. This makes the HPI -1 for Lesotho to be 14 percent. Some districts like Quthing and Mafeteng are doing well in terms of having low HPI -1, whilst Mokhotlong and Butha-Buthe have the highest figures. The conclusion for all districts is that there is room to improve the situation.

Table 3.11.1: Estimates of Human Poverty Index – 2000/2001

District	P ₁	P ₂	P ₃	HPI -1
Butha -Buthe	18.1	50	17.8	17.2
Berea	21.0	34	19.6	12.8
Leribe	19.6	39	20.4	14.1
Maseru	18.9	45	15.7	15.6
Mafeteng	21.0	32	14.1	11.8
Mohale'sHoek	21.7	31	29.9	13.5
Quthing	24.7	25	25.2	12.0
Qacha'sNek	24.5	33	17.0	12.7
Mokhotlong	24.8	50	36.7	19.2
ThabaTseka	22.8	42	27.5	15.8
Lesotho	21.4	39	20.5	14.2

Note:

- P₁ Probability at birth of not surviving to age 40 (times 100)
- P₂ Adult illiteracy rate, P₂ for the year 1996 was used
- P₃ Unweighted average of population not using improved water sources and underweight children under age five.
- P₃₁ Population without access to safe water
- P₃₂ Population without access to health services and,
- P₃₃ % underweight children under 5

Table 3.11.2: Estimates of Human Poverty Index - 1996

District	P ₁	P ₂	P ₃	HPI -1
Butha -Buthe	19.6	50	18.1	17.2
Berea	22.2	34	15.7	12.6
Leribe	20.0	39	13.1	13.7
Maseru	19.3	45	13.1	15.5
Mafeteng	22.2	32	13.7	12.0
Mohale'sHoek	22.1	31	23.0	12.5
Quthing	25.2	25	19.4	11.3
Qacha'sNek	25.0	33	16.9	12.8
Mokhotlong	25.3	50	24.9	18.0
ThabaTseka	23.2	42	25.7	15.7
Lesotho	21.8	39	19.7	14.2

Table 3.11.3: Estimates of Human Poverty Index - 1986

District	P ₁	P ₂	P ₃	HPI -1
Butha -Buthe	24.5	50	26.6	18.0
Berea	26.5	34	24.2	13.9
Leribe	25.1	39	20.0	14.5
Maseru	24.4	45	22.5	16.3
Mafeteng	26.3	32	20.1	13.0
Mohale'sHoek	26.6	31	24.2	13.2
Quthing	30.0	25	27.0	13.2
Qacha'sNek	30.1	33	22.6	14.0
Mokhotlong	30.1	50	24.2	18.3
ThabaTseka	28.3	42	27.3	16.3
Lesotho	26.8	39	22.9	15.0

Note: P₂ for the year 1996 was used

3.12 Summary Perspective on Human Development Trends

This chapter has presented the results of the derived Human Development Index (HDI) and Human Poverty Index (HP I-1). The main hurdle experienced in this exercise is unavailability of data and poor quality of some of the available data. This made it difficult to accurately capture the trends in and geographical differentials of Human Development and Human Poverty. There are, therefore, some limitations regarding underlying assumptions of some of the results presented above, because of making use of indirect techniques of estimation or using data available from previous time periods because they are not available for the specific year considered. The Government of Lesotho and other partners are encouraged to make effort in collecting relevant quality data so that they can assist in understanding developmental issues.

There are various other points to consider from this analysis. One of them is the impact of the HIV epidemic on development. The analysis has shown that HIV has negative consequences on mortality by reducing significantly the life expectancy at birth. Owing to lack of data, it was not possible to estimate the impact of HIV on other indicators. But, there is evidence that the epidemic will affect negatively education and income indicators, just to mention a few (Whiteside and Sunter, 2000). The question to pose is what should be done to fight the HIV epidemic in Lesotho? No simple answer to this question is adequate. The most important thing to note is that the Government of Lesotho is aware of this problem and is making effort to combat it. For instance, the establishment of the Lesotho AIDS Programme Coordinating Authority (LAPCA), and subsequently the National AIDS Commission (NAC) have been major steps in scaling up the fight against HIV. Practical programmes intended to reduce the spread of HIV that are specific to different segments of the population have been initiated. However, there is still a need to scale up programmes that can address the change of sexual behaviour, especially for youths. Chapter 4 presents further details on the national response to HIV in Lesotho.

Adult literacy is another issue which needs closer scrutiny. In 2001, according to the Lesotho Demographic Survey, the proportion of the adult population who reported that they could read and/or write a simple sentence was 96.5 percent for females and 81.1 percent for men. However, when functional literacy (completion of full primary education) is taken into account, only 66.8 percent of the adult females and 43.8 percent of the adult males can be considered to be literate. This is a challenge to the Ministry of Education and Training, and

in particular, to the Distance Teaching Centre and other relevant bodies.



Educating the young is critical to improving most of the indicators of Human Development

CHAPTER 4

4. The Crises of HIV, Poverty and Food Insecurity in Lesotho

This chapter presents detailed analysis of the mutually reinforcing impacts of HIV, chronic poverty and food insecurity. It begins by discussing the inter-relationships among HIV, poverty and food insecurity, and the threat that the high prevalence and continuing spread of HIV poses to the achievement of the other seven MDGs. These are followed by analyses of factors related to the spread of the epidemic; the incidence and depth of food insecurity; as well as an assessment of prospects for recovery from food insecurity-related vulnerabilities. It then summarizes the responses to the multiple crises to date, and suggests some measures towards a more comprehensive response to these crises.

4.1 The Interrelationships among HIV, Poverty and Food Insecurity in Lesotho

There is a critical two-way relationship between HIV and food insecurity in Lesotho. The effects of chronic poverty and inequality are currently aggravating these two crises. By definition, poverty implies occasional vulnerability to food deprivation, especially for the ultra-poor. However chronic poverty has resulted in perpetual vulnerability for those poor households who have exhausted their coping strategies. The internal dynamics and the coping mechanisms of a household will change when it is affected by HIV and AIDS. Those with the highest risk of infection are most frequently the productive members of the household. With the onset of illness, the productivity of infected individuals decreases, thereby reducing the ability of the household to generate income.

Concurrently, resources and assets are diverted from productive uses to treatment and care for the sick. Tapping into savings and taking on more debt to pay for medical treatment or funeral costs is usually the first recourse of households. As debts increase, precious assets, such as livestock, savings, and sometimes even land are sold. In order to increase the coping capacity of the household and to reduce costs, children are often taken out of school, boys for their labour and income-generating potential, and girls to care for the sick and undertake household chores. Thus affected households are pushed deeper into poverty; have decreased livelihood opportunities (e.g., through lack of education); and, experience increased vulnerability to the

disease, as household members seek survival strategies which usually force them to engage in risky behaviour.

4.2 The Threat of HIV to the Achievement of Other MDGs

The joint Government of Lesotho/United Nations process of systematic monitoring of the MDGs has highlighted the fact that the HIV epidemic represents the single most important threat to attaining all the other MDGs. HIV strips the family of assets and income earners through illness and death and lowers the productivity of those who fall ill, further impoverishing the poor. The loss of income, mounting medical bills and funeral expenses collectively push affected households deeper into poverty, through the diversion of scarce resources away from basic needs.

HIV poses a potentially major threat to food security and nutrition. It tends to erode the traditional methods by which households can cope with food insecurity. It also reduces the capacity to produce and purchase food, depletes household assets and exhausts social safety nets. As household income and productivity decline, so does the availability of, and access to, food. Decreases in subsistence agricultural productivity on account of the disease leads to increased food insecurity, especially for women and children.

HIV also has a negative impact on the human resource capacity of line Ministries engaged in servicing the food production industry, through absenteeism, low productivity and deaths. Trained and experienced extension workers are lost at an alarming rate, thus reducing the effectiveness of extension services. Loss of experienced staff is affecting agricultural production at a time when food security is essential to reduce the morbidity and mortality of infected individuals and improve the survival of affected households.

As the number of AIDS cases increases, more and more children drop out of school, either to forage and help provide for the household, or as a result of the inability to pay for the costs of education. School dropout rates have already risen, and will continue to be aggravated by the HIV pandemic. Young women are increasingly dropping out of school, as they are expected to assume additional responsibilities in the household, in terms of

caring for the sick as well as generating additional income. This exposes them to greater risks of contracting the disease themselves, as they sometimes have to engage in risky sexual activities to raise the much needed income to sustain their households.

HIV affects savings/investment relations. Expenditure to mitigate the impact of HIV at both the household and public-sector level is likely to reduce the amount of capital available for more productive investment. It is, therefore, possible that as the proportion of care financed from savings increases, the larger will be the adverse impact on growth, which could lead to a reduction of available jobs within the formal economy. The HIV pandemic could also negatively impact foreign direct investment, thereby reducing future growth prospects and job creation. No foreign investor desires to risk investing in a market with a sick labour force.

The impact of HIV disproportionately affects young women. Not only are they more susceptible to infection, but they are also expected to care for the sick and orphaned, often sacrificing their own education in the process.

The increasing mortality rate of newly-born babies during the 1990s in the most affected countries is a direct result of the adverse effects of the transmission of HIV from HIV-positive mothers to their children during pregnancy, birth or breast-feeding.

The recent boom in the textile sector in Lesotho as a result of AGOA has led to increased rural-urban migration of predominantly female workers who are leaving behind their traditional social networks. These migrants represent a source of, as well as victims of, further HIV transmission, just as the Basotho migrant miners in the South African mining industry have proven to be. On a positive note, globalization also provides opportunities for combating the epidemic through transfer of knowledge, skills and drugs, as well as through increased financial assistance (e.g. through the Global Fund for AIDS, Malaria and TB).⁷

4.3 The Incidence and Growth Trends of HIV in Lesotho

The HIV epidemic in Lesotho has attained levels that threaten to erode decades of reasonably stable progress in human development. While the goals articulated at the Millennium Declaration are strongly interrelated and mutually reinforcing, none appears more critical for progress in human well-being than the goal of stopping

and reversing the spread of HIV. Effectively combating HIV will yield tremendous benefits in poverty eradication, reducing maternal and child mortality, and improving food security.

4.3.1 National Prevalence

Recent estimates suggest that since the first case of AIDS was reported in 1986, Lesotho has experienced a dramatic escalation in the HIV epidemic, in common with several other neighbouring countries in Southern Africa. The HIV prevalence rate for adults between 15 and 49 years of age rose from 4 percent in 1993 to around 23.2 percent in 2005 (UNAIDS and National AIDS Commission 2005). The Kingdom of Lesotho recognised the threat posed by HIV to its very existence even before the pandemic had reached these levels. It declared HIV a national disaster, drew up and launched a National AIDS Strategic Plan (NASP), and established a National AIDS Commission (NAC) to oversee implementation of the NASP. In 2003, a new comprehensive strategy was developed by Government with the assistance of the UN System and the Expanded Theme Group on HIV, leading to the publication of a strategy document “*Turning a Crisis into an Opportunity: Scaling Up the National Response to HIV*”. This strategy document has now been adopted by the Government of Lesotho as its official policy document, in line with the “three ones” principle, which advocates the following:

- **One** agreed HIV Action Framework that provides the basis for coordinating the work of all partners.
- **One** National AIDS Coordinating Authority, with a broad-based multisectoral mandate.
- **One** agreed country-level Monitoring and Evaluation System.

In line with recommendations from the strategy document, LAPCA has been disbanded and a more encompassing National AIDS Commission has been put in place to spearhead the national response to the pandemic.

4.3.2 Distribution of Prevalence by Rural-Urban Residence

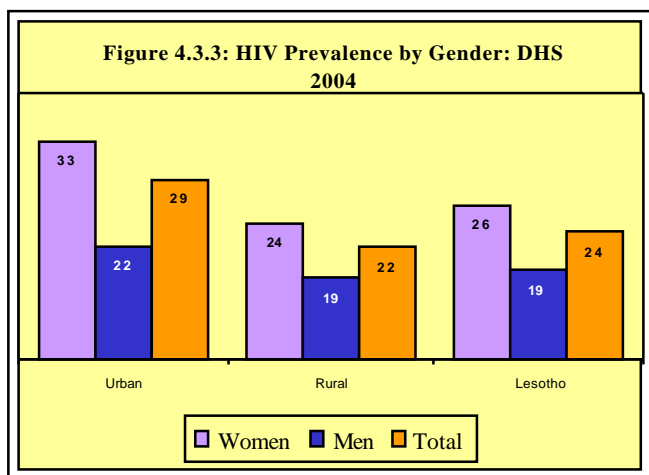
Geographically-based data on HIV prevalence comes from antenatal surveys in four sentinel sites. These data show that HIV is disproportionately concentrated in urban areas. In Maseru district, HIV prevalence among women in antenatal care clinics increased from 5.5 percent in 1991 to 37.2 percent in 2005, whereas in the

⁷ Government of Lesotho/UNDP, 2004, Millennium Development Goals Status Report 2004

district of Quthing, the comparable figures are 0.7 per cent and 22.6 per cent. The projected values for the whole country for 2005 are 28.8 percent urban and 21.7 percent rural. It is clear that despite these differences, the prevalence rates for both urban and rural areas are significantly high, showing that HIV has taken root throughout the country⁹.

4.3.3 Gender Distribution of Prevalence

HIV is predominantly affecting individuals in their sexually reproductive and economically productive years. Of the total number of adults living with HIV in 2005 (DHS 2004), it was estimated that 41 percent were male and 57 percent were female (Figure 4.3.3). The male-to-female disparity is even more pronounced among youth 15-29 years old, whereby young women account for 75 percent of all reported AIDS cases. Similarly, 55.4 percent of the nearly 26,000 new cases reported in 2005 were female. Estimates for the 15-24 age group show that 38.1 percent of these young women have HIV infection, whereas men in the same age group



have an infection rate of 17.4 percent.

Earlier in 2001, nearly 10 percent of all new cases were among children less than four years old who had contracted the virus through Mother-To-Child-Transmission. Sentinel surveillance carried out in six sites (Mafeteng, Leribe, Quthing, Maluti, Maseru and Mokhotlong) indicate a steady upward trend in the proportion of individuals testing HIV-positive, especially in the 20-39 year age group.

4.3.4 HIV Growth Trends

⁹ Kimaryo et al (2004). Turning a Crisis into an Opportunity: Strategies for Scaling Up the National Response to the HIV Pandemic in Lesotho

The growth of HIV in Lesotho has followed an almost exponential growth pattern, rising from 4 percent for the 15-49 year olds in 1993 to 23 percent in just one decade. The bulk of these infections have been primarily through heterosexual contact. Transmission of HIV from a mother to her child during pregnancy, at the time of birth, or through breastfeeding accounts for approximately 10 percent of new transmissions¹⁰.

The Government of Lesotho recognizes that HIV is a health as well as a development issue. In 2003, the Government announced that it was forming a new National AIDS Commission to coordinate its response to the pandemic. A key milestone in the national response was the adoption, in 2003, of a document titled "Turning a Crisis into an Opportunity: Strategies for Scaling Up the National Response to the HIV Pandemic in Lesotho" as the official Government Strategy on HIV, the establishment of the National AIDS Commission, and the Lesotho Network of People Living with AIDS (LENEPWA).

4.4 Factors Related to the Spread of HIV

Social and economic inequalities are the major underlying causes of the spread of HIV in Southern Africa. Generalized poverty, gender inequality and gender-based violence, multiple concurrent sexual relationships for both married and unmarried men and women, intergenerational sex, early sexual debut and social dislocation resulting from migrant labour are some of the key drivers of the HIV epidemic. HIV in Lesotho is predominantly heterosexually transmitted.

4.4.1 Income Inequality and Poverty

The vast majority of Basotho live in abject structural poverty, with recurring food crises and high unemployment, and are thus denied opportunities for earning regular incomes that can cover basic necessities such as food, shelter and clothing. In addition to lack of basic resources, extreme poverty dehumanizes the individual to a point where issues of self-esteem and morality become secondary. Many young girls are forced into prostitution because of poverty. In a socio-cultural study on factors fuelling the spread of HIV in Lesotho conducted in 1998, commercial sex workers interviewed stated that whereas a clerk earns 500 Rands per month, they are capable of earning that much in just a weekend¹¹.

¹⁰ UNAIDS (2005)

¹¹ Otti P.N., and Rasekoai M., 1998, "Factors influencing the spread of HIV in Lesotho", 1998

Poverty compromises the ability of households and communities to withstand the onslaught of HIV, with the burden falling disproportionately on women and girls. With the onset of disease, households fall under intense pressure to feed and care for their families, and in the case of women and girls, this often leads them into falling prey to exploitation and abuse, feeling they have no choice but to exchange sex for basic needs.

4.4.2 Gender Inequality and Male attitudes to Heterosexual Relationships

Their minority status, religious/cultural beliefs and adverse economic conditions negatively impact the health status of most Basotho women. This status makes it difficult for women to negotiate safe or protected sex. As a consequence, women face increased chances of contracting sexually transmitted infections (STIs), HIV or having undesired pregnancies. Gender-based violence and gender inequality are increasingly cited as important determinants of women's HIV risk. Women with violent or controlling male partners are at increased risk of HIV infection. Of the 29.4 million HIV-positive people in sub-Saharan Africa, about 58 percent are women and girls, according to UN estimates.

Many Basotho women, like their counterparts in some other African countries, are often subjugated in marriages, with no economic or legal independence. Vulnerability to HIV is heightened by cultural perceptions of women's sexual and reproductive obligations. Payment of a bride price gives men the impression that they 'own' their wives. Furthermore, unequal property and child rights make it almost impossible to leave an abusive marriage. The fear of violence or abandonment by partners is one other factor that contributes to the spread of the disease. Women have the inherent fear of being 'left' by their partners if they demand safe sex in marriage; even if they know that their husbands do engage in risky sexual behaviour outside of marriage.

4.4.3 Migrant Labour Conditions and Population Dynamics

Labour mobility has had a profound effect on the spread of the HIV virus. Traditionally, a large proportion of Basotho working population work in South African mines and farms. Mine workers are typically housed in single-sex hostels, around which a vibrant sex industry has emerged (Kimaryo et al., 2003). Though there are inadequate data to establish the HIV prevalence rate among Basotho migrant workers, it is widely believed that their prevalence rates are disproportionately higher than rates for other segments of the population. Migrant workers, by virtue of their being away from families for

extended periods of time and living in squalid single-sex hostels, are more likely to have multiple sexual partners, and are, therefore, at higher risk of contracting the disease. Upon their return home, they are likely to infect their spouses if they had contracted the virus.

Similarly, many women find themselves far from home, compelled by poverty to search for poorly paid work as domestic servants. Separated from partners and families for prolonged periods, economic migration cuts off the social support networks that act as a deterrent to unsafe sexual behaviour. When husbands return home on rare visits, women are likely to face an elevated risk of HIV infection, made worse by the reluctance to confront the family breadwinner on the sensitive issue of using a condom¹². It is estimated that between 60 percent and 80 percent of women currently infected with HIV in Sub-Saharan Africa have had only one sexual partner¹³. Pressures of isolation and poverty on wives of migrant workers force them into risky sexual behaviour. There is a growing number of women who get infected before their husbands. Meanwhile, female migrant workers who travel far from home, or cross national boundaries in search of factory jobs, farm labour or domestic employment, often find themselves the victims of abuse and exploitation.

4.4.4 The Culture of Silence Insufficient Behaviour Change

Despite the high prevalence rate of HIV in Lesotho, the high incidence of illnesses and deaths associated with AIDS, and the large number of "AIDS-orphans" estimated at 97,000 (UNAIDS 2005) created over the past few years, there has not been sufficient behaviour change. Sex remains shrouded in taboo for girls especially. Parents are reluctant to discuss it with their children, and both boys and girls remain largely ignorant of the risks of transmission.

Knowledge of HIV and how it is transmitted is very high, however. About 93 percent of sexually active Basotho have heard of HIV and AIDS; about three in four (77 percent) know it is a sexually transmitted infection, while a little under three in four (72 percent) know the mode of transmission of HIV. Despite the large proportion of individuals with knowledge about HIV and AIDS, only about one in three sexually active Basotho are taking effective measures to protect themselves from infection.

¹² UNAIDS, 2004, Fighting the Future Together: SG's Report on Women, Girls and HIV in Southern Africa

¹³ UNDP, 1999, Gender and the HIV epidemic, Dying of sadness: gender, sexual violence and the HIV epidemic

Part of this lack of sufficient behaviour change may be due to the fact that although knowledge of HIV and AIDS is very high, there is insufficient competence or knowledge of the science surrounding HIV and AIDS, how they are transmitted and how they can be avoided. In fact, less than one in two sexually active Basotho (48.2 percent) were able to determine their chances of infection with HIV from their sexual behaviour. To an illiterate person, immunosuppression is an incomprehensible concept. The myriad diseases which eventually cause death among AIDS patients do not make the situation any clearer. The perception of the common man is that if one person dies of chronic diarrhoea, another of cough, and yet another of meningitis, they all could not possibly have suffered from the same condition, namely AIDS. (Lesotho Demographic Survey, 2001)

4.4.5 The Newly -Developed Industries Factor

An increasing number of female migrants are flocking to urban centres to seek employment in the newly developed industries, especially in the textiles and garments sub-sectors. It is estimated that, until recently, garment manufacturers in Lesotho have employed almost 45,000 workers, most of whom are young women. Their average earnings are usually not sufficient to cover family obligations as well as individual livelihoods. To augment their income, many resort to part-time prostitution thus putting themselves at very high risk of contracting HIV. Available data show that some 70 percent of these workers had sexually transmitted infections – a high risk factor – in 2002 (Kimario et al, 2003). International evidence shows that a person already suffering from a sexually transmitted infection is much more susceptible to contracting HIV. The advent of newly -developed industries has attracted large numbers of mobile, vulnerable and unaccompanied women who end up in precarious socioeconomic circumstances. Prostitution becomes the most likely way out, and the vicious cycle of HIV transmission is thus perpetuated.

4.5 The Incidence and Depth of Food Insecurity in Lesotho

Geography plays a critical role in the challenge to address food insecurity in Lesotho. More than 80 percent of the population live in rural areas, and depend, to a large extent, on agriculture for their subsistence. Moreover, three-quarters of the country is made up of highlands which rise to nearly 3,500 meters in the Drakensberg/Maluti Mountain range. The remaining one quarter of the country is 'lowlands' with altitudes between 1,500 and 2,000 meters. The Ministry of Agriculture and Food Security considers less than 10

percent of Lesotho's 3,035,500 hectares of land arable, and classifies another 66 percent as grassland and pasture, implying an availability of less than a hectare of arable land per rural family. Thus, the country seems to be placed at a natural disadvantage, since most of the rural dwellers are very vulnerable in terms of their access to food, given the topography, which does not favour farming.

The average area cultivated is estimated at 1.3 ha, and only 11 percent of households cultivate more than 3 ha, according to the Ministry of Agriculture. The availability of arable land is an important constraint on agricultural production, and the intensive use of the land that is available has contributed to its degradation. Population pressures have also led to the cultivation of marginal areas and to overgrazing, further contributing to the depletion of already fragile soils. The Ministry of Agriculture estimates that 600 ha of arable land is lost to wind and water erosion each year. Clearly, the available cultivable land is simply not adequate for the teeming rural population, with adverse implications for food security.

4.5.1 National Incidence of Food Insecurity

Lesotho's domestic food production accounts for approximately 30 percent of the total food required to feed its population in a normal year. This means that 60 percent of the annual cereal requirement has to be imported at the going regional market price. Household purchasing power therefore plays an important role in normal household food access. In the Mountains, for example, 'poor' households purchase approximately 60 percent of their total annual food requirements. On the other hand they access only 15 percent of their annual food requirements through crop production. This in effect means that such households are probably more vulnerable to increases in the price of maize than they are to low crop production as a result of erratic weather patterns. In spite of this, many households still depend on agricultural production for their livelihoods.

Since 2000, depressed employment opportunities, poor agricultural production, rising staple food prices in the rural areas and the effects of HIV have continued to undermine rural food security. In the 2003/04 season, late and unreliable rains in most parts of Lesotho between October and December 2003 had a serious impact on agricultural production. However, much improved rains between January and March 2004 did allow households to plant in January although this was generally too late for planting maize. Most households, especially in the lowlands, took advantage of the late rains to plant more vegetables but the negative effect was that households have not been able to secure

markets for the high volume of vegetables produced. The prospects of regional maize shortages have been an area of concern for Lesotho, where maize imports constitute 60 percent of the annual cereal requirement. Crop production for the 2004 harvest season suggested considerably low production in most districts (in the range of 3 – 55 percent of the long term average production for eight districts). The 2006 estimates of national cereal production stood at 172,953 MT (LVAC 2006), which was 53,953 MT above the 2005 levels. The crop production for 2007 showed a remarkable decline (40 percent) from 2006 production. The decline is even more serious at the livelihood zones when compared to the baseline year 2004/05 production.

The price of maize in the South African market has increased by over 300 percent since 2005. However, the retail price increase in Lesotho is low at 100 percent over 2005 prices. The price of maize is expected to increase further given the SAFEX future prices (LVAC, 2007). Several factors affecting the vulnerability of Basotho underlie the current crisis situation. Household incomes have been severely affected since the mid-1990s with the significant laying-off of Basotho employed in South Africa as the decade progressed. The reduction of incomes and remittances in Lesotho has had significant implications for the ability of many households and communities to purchase food and other essential household items as well as access basic social services. In addition, the reduced disposable incomes of families have resulted in fewer casual employment opportunities being offered for the less well-off members in the communities. Livestock conditions have been poor for several years, the overall numbers have been declining because of poor grazing conditions and water availability, and the animals have had very little chance to recover their condition after each shock has hit.

The chronically poor areas of the Southern Lowlands, the Mountains and the Senqu River Valley experienced severe food/income deficits in 2007 compared to other zones (Figure 4.5.2). About 228,800 people in the Southern Lowlands are likely to experience income/food

deficits in the 2007/08 season that can be covered by cash equivalent to M60,225,280, while in the Mountains roughly 164,000 people would be experiencing income / food deficit that can be covered by M43,069,426 (LVAC, 2007).

4.5.2 Distribution of Food Insecurity Incidence by Locality

The Lesotho Vulnerability Assessment Committee projects found that a total of 533,335 people are to face food and/or income deficits of varying amounts in 2007/08, and that approximately 26,389 tonnes of food will be needed to meet the entire deficit for the whole population for the entire year. The Table below shows the number of poor people in each zone estimated to be in need of assistance.

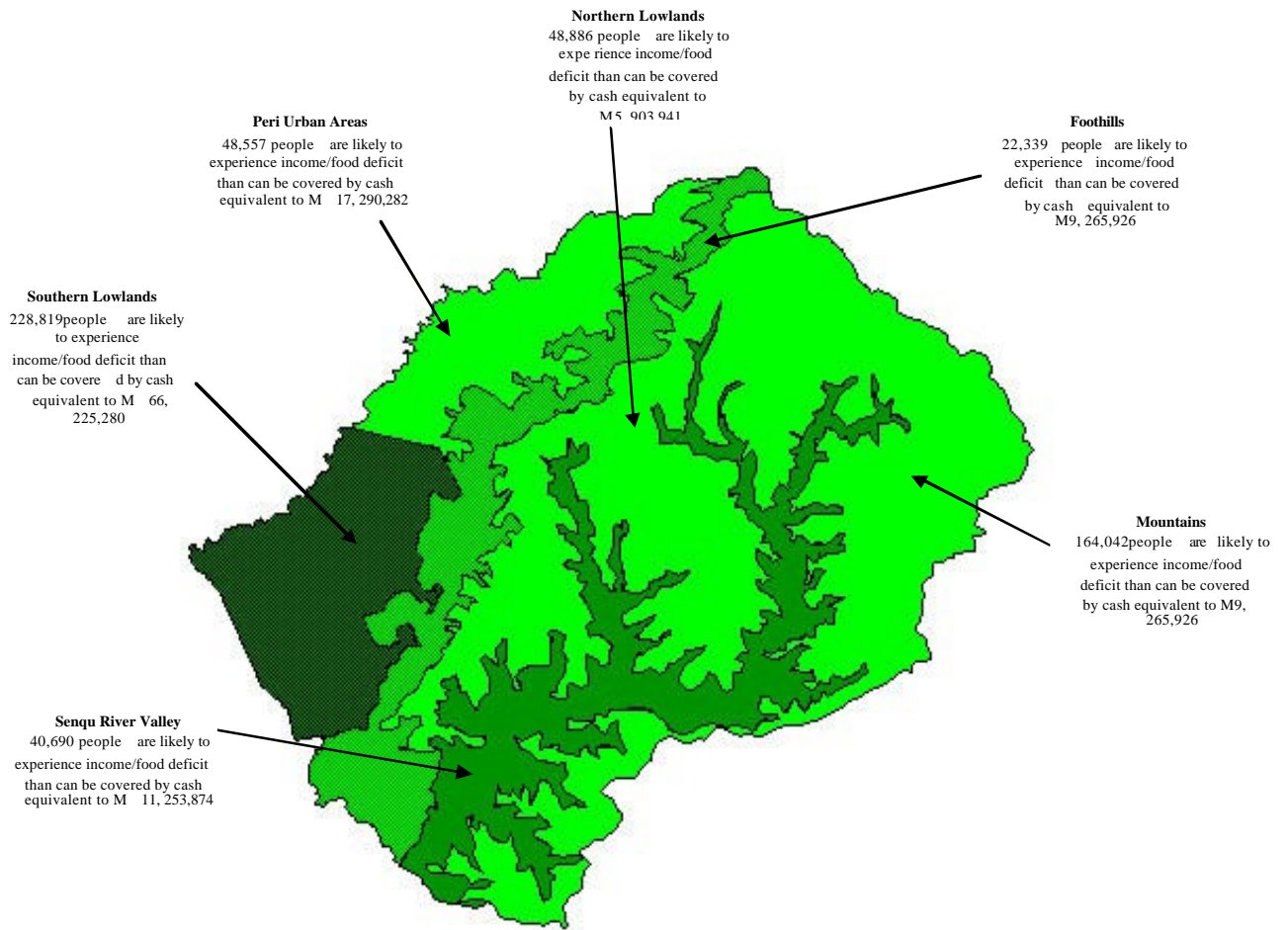
Table 4.5.1: Lesotho Food aid requirements by live livelihood zones

Zone	Poor population affected	Very poor population affected	Deficit (tonnes)
Southern Lowlands	152,034	76,787	10,528
Northern Lowlands	-	48,886	245
Foothills	-	22,339	1,812
Mountains	123,514	40,528	7,720
Senqu River Valley	29,982	10,708	2,042
Peri-urban	34,075	14,482	4,042
Total	339,605	213,730	26,389

Source : LVAC 2007.

The worst hit ecological zones are the Southern Lowlands, the Mountains and the Senqu River Valley. The Northern zone is the least affected area. However, households in this zone have substantial expenditure deficit such that they forgo essential expenditures, such as medical, in order to buy food.

Figure 4.5.2: Incidence of Food Insecurity in Lesotho 200 7



Source: LVAC: Lesotho Vulnerability Assessment Report, June 200 7.



Food distribution plays a significant role in mitigating the effects of severe food shortages

4.5.3 Distribution of Food Insecurity Incidence by Agro-ecological Zones

Food insecurity incidence is to a large extent the product of the socio-economic status of each affected household. The characteristics of households vary according to agro-ecological zone¹⁴.

Households from the Lowlands predominantly rely on home-grown food crops, paid employment, cash crops and livestock for their food consumption and income. The north is characterized by the most productive and best-watered arable lands in the country. The poor are predominantly dependent on purchases that account for 48 percent of the total number of possible food sources. They are also highly dependent on local wage employment and petty trade as a source of income, and they generally do not own any livestock. The better-off, on the other hand, earn 70 percent of their incomes elsewhere, often in South Africa. They rely mainly on their own food crops and their own milk/meat products, which provide them with up to 70 percent of their total food needs.

In 2004, in the Northern Lowlands, better-off households owned a substantial number of cattle, sheep and goats. In the Foothills, livelihoods were more agriculturally-oriented since movement is limited by time and/or cost, households in this zone had their own food crops, and meat/milk consumption comprised a large part of households' total food. The better-off obtain 75 percent of their food from their own farms, whereas the poor remained dependent on purchases. Of all economic groups, the poor relied most on local wage employment as a source of income. The better-off households earn 70 percent of their income through formal employment, usually in South Africa (LVAC, 2004).

The households in the Senqu River Valley depend on food crops, paid employment, cash crops and livestock for their livelihoods. As with the other zones, the poor in this zone generally relied on purchasing their food (in fact, 60 percent of their total food requirements is purchased). They derived less than 20 percent of their cash income from cash crops and livestock sales, and their main cash earning activities focused equally on trade, non-food production and employment. Another important source of food has been food assistance and community welfare systems, especially for the poorer households. The better-off earned more than 60 percent of their income from cash crops and livestock sales (LVAC 2004).

Crop production (including cash crops) in the Southern Lowlands decreased by 60–80 percent in the 2004/05 season compared to the output in 2003, while production of maize improved slightly by 13 percent in the 2004/05 season (LVAC, 2005). The 2006/07 season experienced dry spells and heavy rains which disrupted planting patterns. In most zones, with the exception of Northern Lowlands, the normal planting time (September) was affected and most planting started late. The prolonged drought and heavy rains resulted in poor germination and the zones experienced considerable crop loss, reduction in food as well as cash income from agricultural labour (LVAC 2006). Compared to the baseline situation, the 2006/07 season experienced significant changes in the price of maize and livestock. For instance, price of maize increased by 20 percent in the Mountains and Peri-Urban zones and 25 percent in the rest of the zones. Likewise, livestock price increases were observed in all the zones: for cattle price increase of 7–15 percent were observed, 10–15 percent for goats; 10–25 percent for sheep; and, 10–25 percent for pigs and piglets.

The 2007/08 season is expected to be relatively worse as all the zones will suffer crop deficits (Figure 4.5.2). The season experienced insufficient rainfall and this affected crop yields, opportunities for agricultural labour and cash income. Compared to 2005/06 season, at the national level, the crop production failure in 2006/07 is 40 percent. Price increases (for both cereals and livestock) seriously affected poor households which rely more on purchased food than home-grown. For instance, price of maize in all zones, except the Peri-Urban, has increased by 100 percent. In the Peri-Urban zone, price of maize increased by 75 percent. With regard to livestock, price increases of 30–45 percent for cattle were observed in all zones: 30–40 percent for sheep; 15–40 percent for goats; 15–50 percent for pigs; and, 20–40 percent for chickens.

The most affected zone in terms of decreased crop production is the Southern Lowlands, where 30 percent of the poor live. Unlike other zones, the Northern Lowlands is significantly better this season and both poor and very poor households rely on own production for food.

¹⁴ FAO/WFP (July 2004) Crop And Food Supply Assessment Mission To Lesotho

4.6 Prospects for Recovery from Vulnerability to Food Insecurity

Lesotho's ability to feed its people will always be compromised by its relatively small size, the vagaries of weather, as well as the continuously eroding socio-economic situation emanating from various factors, such as reduced remittances from migrant workers in South Africa, and the devastating impact of HIV. The agricultural sector in Lesotho is facing a long-term decline from soil erosion, land degradation, lack of proper land maintenance and cropping practices, inefficient use of improved seeds, lack of inputs and inefficient extension services. The 2007 vulnerability assessment shows that the levels of vulnerability remain extremely high, particularly in remote areas (LVAC, 2007). While cattle are not traditionally kept for consumption, the three consecutive years (2002 through 2004) of bad agricultural production and food insecurity have resulted in an increase in animals being slaughtered for food and social obligations such as funerals. Thus important assets are being depleted, including animals for draught power. The most vulnerable households and those living in remote and inaccessible parts of the country have exhausted their coping capacity as they have already been experiencing similar food insecurity circumstances for several years.

One crucial issue, however, is the lack of physical and economic access to food for certain segments of the population. These people do not have the purchasing power to buy food even if it is available in the market. Agricultural activities remain the main source of income for nearly 60 percent of households. But more than 95 percent of these households cannot produce adequate food for their own requirements. Even for those with enough land, home-grown food often lasts for fewer than five months of the year, even in good years. To address this problem, a recent government initiative, "Block Cultivation", encourages the grouping together of farmers' fields and the streamlining of labour, so as to facilitate input and output distribution, and allow for mechanized, high-input production, to boost crop yields and rural incomes¹⁵.

4.6.1 The Poverty Factor

In responding to the link between poverty and food insecurity, the Government of Lesotho, through the Poverty Reduction Strategy (PRS), has committed itself, over the next three years, to begin systematic implementation of the most important priorities described in the PRSP which are based on a three-year

consultative and participatory process involving communities and stakeholders nationwide. Box 4.1

Box 4.1

Broad Goals and Approaches of Lesotho's PRS

The overarching development goal of the PRS is *to provide a broad based improvement in the standard of welfare for the current generation of Basotho, without compromising opportunities for future generations*. By 2020, such improvements should be manifested in reduced incidents of poverty, longer life expectancy, better and more appropriate educational standards, rehabilitation of the environment, and a more diversified and integrated economy with greater ownership by Basotho.

The PRSP is built on three interconnected approaches

- § **Rapid employment creation** through the establishment of an operating environment that facilitates economic growth;
- § **Delivery of poverty-targeted programmes** that empower the poor and vulnerable and enable them to secure access to income opportunities; and
- § **Ensuring that policies and legal framework are conducive** to the full implementation of priorities, that bureaucratic constraints are removed, and that the productivity of the public sector improves

summarizes the broad goals and approaches of the Lesotho PRSP.

It is hoped that some of these measures will begin to yield positive results and reduce the vulnerability afflicting the majority of the population.

4.6.2 The HIV Factor

It is no coincidence that the Southern African countries most affected by food insecurity also invariably have high prevalence of HIV. This underpins the finding that HIV erodes traditional methods of households to cope with food insecurity through reducing their capacity to produce and purchase food. It also forces households to deplete or de-cumulate their assets in order to meet HIV-related imperatives. Safety nets, on which a vast majority of the population depends, are easily exhausted with high HIV prevalence rates. There is a very great danger in Lesotho that the ongoing food crisis might intensify and prolong the HIV epidemic, as women and children

¹⁵ FAO/WFP (July 2005) Crop And Food Supply Assessment Mission To Lesotho

are being forced to exchange sex for jobs, food and other basic essentials.

Against this background, the Government of Lesotho, with the assistance of its development partners, has established two strategic imperatives within the HIV realm, which will improve the prospects of recovery.

- ✦ Those who test negative remain negative. This is premised on rolling out a programme of Universal Voluntary Counselling and Testing.
- ✦ Those who are already infected are assisted to live long and productive lives – through programmes such as the “3 by 5” campaign of the World Health Organisation and other anti-retroviral therapy (ART) programmes

These measures will ensure that the productive base, upon which food security depends so much, will be sustained. The current strategy for HIV mitigation rests upon the premise that some of the negative implications of the pandemic can be prevented if certain decisions and actions are taken immediately, and the right support mechanisms put in place while existing structures are streamlined for more effectiveness, flexibility and accountability.

4.6.3 *The Land Use and Land Degradation Factor*

Only 9 percent of Lesotho’s land is suitable for arable agriculture and over 80 percent of this is found in the Lowlands, where it is not used for agriculture but for other purposes, such as housing. Most of the poor rural population is forced to plough on marginal steep slopes, which has resulted in soil erosion that has seen Lesotho lose about 40 million tonnes of top soil per year and gullies being more the normal feature of Lesotho’s land pattern rather than the exception.

The districts of Maseru, Quthing, Butha Buthe and Qacha’s Nek have the highest population density-to-arable-land ratio. In Qacha’s Nek, for instance, the overall population density is quite low (at 3–4 persons per square kilometre). However, the population density per square kilometre of arable land is the highest (at between 680 – 876 persons). The same applies to Quthing and Mokhotlong, and to some degree Butha Buthe. The implication of this is that in these highland districts, the shortage of arable land is critical, and prospects of food production and food security are highly fragile.

Population growth (1.8 percent, 2006 Census) in the face of limited livelihood options is a major factor exacerbating poverty and food insecurity in the country. Once a community or household is subjected to poverty, there is a vicious poverty-environment cycle that is

difficult to break. The expansion in the cultivation of marginal and sensitive land, including mountain slopes and wetlands, has become a common practice, particularly in the highlands and foothills. This practice contravenes the *Laws of Lerotoli*, the Land Act 1979, the Environmental Policy of 1998, and the Environment Act of 2001.

Increasing human population, coupled with declining agricultural production and high rate of land degradation in most parts of the country, further compounds the problem of poverty and undermines food security in the country. As the number of people increases, so does the demand for energy. The poor depend on biomass, namely, forests, shrubs, crop residues and cow dung, for their energy requirements. The removal of vegetation, in turn, results in increased soil erosion and reduces the amount of suitable land left for food production. In combination with other problems (such as poor farming methods), all these adversely affect agricultural productivity, thereby worsening the food security situation in the country.

Lesotho’s environment is very fragile and is characterised by rugged and steep slopes and fragile soil formations. Soil erosion has resulted in the formation of gullies and dongas. It is estimated that 0.25 per cent of the total arable land and 39.6 million tons of soil is lost annually through soil erosion (State of the Environment Report, 1997). The direct consequence of soil erosion is the decline in agricultural production, thus further exacerbating the problem of food shortage and poverty in the country.

In order to make environmental management more poverty-focused, there is need for policy and institutional changes that cut across sectors located mostly outside the control of environmental institutions. More integrated and inclusive approaches are needed to build on the experiences and priorities of the poor, thus effectively engaging all stakeholders and addressing the key drivers behind environmental degradation.

4.6.4 *The Gender Inequality Factor*

The distribution of land for agriculture is biased towards males. The current law on land matters (the Land Act of 1979) is gender neutral in its provisions. However, the common practice (especially in the rural areas) is to allocate land to married men based on customary practice. According to these attitudes, a family is headed by a man, and he has control over family property, including land, which must be in his name. This implies that women’s access to land is mainly through men. Furthermore, the status of married women as legal

minors requires that immovable property should be registered in the name of the husband or a male relative.

In terms of agriculture and food security, women access land for farming, farming implements and livestock generally through men (1986/87 Household Budget Survey). Therefore, while women may have access to land and other farming assets, they do not have control over these resources. And this may have implications for food security, as an increasing number of women are becoming primary household heads and are thus expected to meet household food needs.

4.7 Responses to the HIV, Poverty and Food Insecurity Crises

The overarching development challenge facing the country is the ongoing humanitarian crisis centred around the nexus of HIV, chronic poverty and food insecurity. Chronic poverty has, among other factors, been caused predominantly by the slow pace of job creation compounded by the continued decline in migrant labour remittances from the mines in the Republic of South Africa. The HIV pandemic has evolved to become the single most important obstacle to the development of Lesotho, threatening to erode and reverse decades of gains in socio-economic and human development in the country. The Kingdom of Lesotho recognises this and has instituted a number of responses to this triple threat.

4.7.1 The HIV Response

The frightening consequences of not responding to the HIV cannot be overemphasised. It is very likely that without drastic remedial intervention, most of the people of Lesotho currently living with the virus will die between the next five to ten years while many more will have been infected.¹⁶ The national response has thus been to:

- ✦ Make all Basotho well-informed about HIV and provide them opportunities to know their HIV status
- ✦ Keep those who are not yet infected free from infection.
- ✦ Assist those who are infected to live longer, productive and better quality lives
- ✦ Main-stream HIV into all policies and programmes such as the Vision 2020, the PRSP, the MDGs, sector and other policies, plans and budgets
- ✦ Accelerate transformational change in society, particularly building on the gains made through the highly successful May 2002 general elections

¹⁶ Kimaryo et. al., Turning a Crisis into an Opportunity: Strategies for Scaling Up the National Response to the HIV Pandemic in Lesotho, 2003

- ✦ Make a commitment to e-governance as a core strategy to enable Government deliver on its development commitments and respond favourably to an increasingly globalized electronic world
- ✦ Strengthening existing development and management arrangements and mechanisms in order to underpin the setting of priorities and targets for achieving stated national goals as stipulated in the National Vision 2020 and the Millennium Development Goals.

4.7.2 The Poverty Response

Through the Lesotho PRSP, it is envisaged that poverty will eventually be reduced to acceptable levels as envisioned in the National Vision 2020. The PRSP recognises that all the priorities established through stakeholder participation are intertwined and can, therefore, not be looked at in isolation. The proportion of the population below the poverty line stood at around 66.61 percent in 1994 and 56.61 in 2002. When half of the poverty line is considered as characterising the welfare level of the “very poor”, about 34 percent of the population in 2002/03 falls into this category.

The Government of Lesotho has given serious attention to the challenge of addressing chronic poverty since the beginning of this millennium. With the collaboration and support of its development partners, it has embarked upon an elaborate process of diagnosing the root causes of poverty and designing policies and strategies for reducing it. The response involves nine interrelated interventions which are listed in Box 4.2 below:



HIV and AIDS, Poverty, and Chronic Food Insecurity are inextricably linked.

Box 4.2**Priorities of Lesotho's PRS**

- § **Employment Creation** through facilitating increased foreign direct investment and domestic investment; building investment and entrepreneurship related capacities; increasing support to small, micro and medium enterprises (SMMEs); developing the mining industry; and improving the environment and infrastructure for tourism development.
- § **Food Security** focusing on facilitating the transition of farmers from subsistence to commercial farming, wherever possible; increasing the production of field and horticultural crops; improvement in livestock production; improving the marketing of agricultural products; and, developing range (grazing land) management systems.
- § **Deepening Governance, Safety and Security** through increasing safety and security; decentralizing power and services to the local level; improving governance; and, reducing the backlog of court cases.
- § **Infrastructure Development** through creating access to basic services; increasing access to water and sanitation; developing communication infrastructure; expanding rural electrification; upgrading urban and peri-urban infrastructure; and, improving the availability of commercial fuels in rural areas.
- § **Promoting Access to Quality Essential Health Care and Social Welfare Services:** This goal will be pursued through: promoting access to basic health care; as well as, strengthening and expanding health education programmes.
- § **Improving the Quality of and Access to Education** through promotion of Early Childhood Care and Development (ECCD); increasing access to ECCD; ensuring universal access to complete and quality basic and secondary education; as well as, developing and expanding technical and vocational education and training (TVET).
- § **HIV Pandemic:** Measures for translating the strategy of **combating the spread of HIV and mitigating its impact** include: strengthening the related legislative, policy and institutional frameworks; intensifying prevention measures; mitigating its impact on orphans and vulnerable groups; improving community home-based care (CHBC); mobilizing related financial and human resources; as well as, improving care and support in hospitals, clinics and at home.
- § **Environmental Conservation:** The multi-sectoral strategy for **protecting and conserving the environment and natural resource base** will include strengthening the management of solid and water wastes; strengthening capacity related to environmental education; developing legislation aimed at reducing loss of bio-diversity; enhancing environmental health and safety; conserving the environment for improved farming; and, supporting programmes to combat soil erosion.
- § **Improvement of Public Service Delivery:** A Public Sector Improvement and Reform Programme (PSIRP) will be used as the vehicle for pursuing this goal. The first of its two components is aimed at **improving efficiency, effectiveness and accountability in the public sector**. This will be pursued through: improving financial management and accountability; improving public service management; and, decentralizing service delivery. The second component will focus on **improving the services of the Immigration Department**. Related interventions will include: speeding up the processes related to the issuing of travel documents; decentralizing the services of the department; and, improving personnel capacity in the department.

4.7.3 The Food Crisis Response

In the early 1960's Lesotho was nearly self-sufficient in cereal requirements. However, the share of food requirements met by local production has since declined substantially. Through the late 1970's, increasing imports largely filled the gap left by declining per capita production. Since then, however, recorded per capita food availability has fallen steadily. In the 1980's the Government, driven by political considerations, pursued policies aimed at achieving food self-sufficiency. These efforts were frustrated by the limited availability of land and by other factors, and agricultural production has failed to keep pace with population growth. Thus Lesotho has been a net importer of food crops, especially cereals, over the past decades.

Achieving sustainable national food security is a key challenge to the development agenda of Lesotho. The country is beset by a wide range of mutually reinforcing constraints, which include, among others, declining rangeland conditions; excessive soil erosion; periodic drought; poor tillage methods; mono-cropping; livestock theft; and poor extension services. It also faces the damning perils of a labour force emaciated by the scourge of HIV.

These constraints are mutually reinforcing and, consequently, have to be addressed simultaneously, by focusing attention on both short and long-term concerns. The national response to the food security crisis is articulated in the PRSP, and advocates the following strategies:

- Adoption of appropriate farming practices and timely access to inputs;
- Development of appropriate irrigation systems;
- Strengthening and decentralising extension services at area level within all districts;
- Ensuring an efficient and standardised land tenure system;
- Improving livestock and fodder production; as well as,
- Enhancing the marketing of agricultural production.



CHAPTER 5

5. Human Development and the Millennium Development Goals in Lesotho

The United Nations System has always been a force for advocating desirable standards and best practices that promote the highest collective values of its member countries for the attainment of a decent and standard quality of life for all humankind. In the 1990s, these global agendas were articulated at a series of global UN conferences and summits that addressed one theme or another of great mutual concern to all nations. Table 5.1 highlights some of these global summits and conferences and their intended objectives. All the summits ended with declarations which the participating countries were expected to be strongly committed to attaining.

In order to track the progress made towards the achievement of these goals at the country level, the UN agencies have, in the past, reported on aspects that fell within the purview of agency-specific mandates and/or their respective spheres of activity. In September 2000, the UN convened a special (Millennium) session of the General Assembly, during which it adopted the Millennium Declaration, committing member nations to stronger global efforts to reduce poverty; improve health; and, promote, peace, human rights and environmental sustainability (UNDP, HDR 2003:15).

The so-called Millennium Development Goals (MDGs) collectively have eighteen (18) targets and forty-eight (48) corresponding indicators for tracking country-specific progress towards their achievement. The eight (8) MDGs, and the commitments of rich and poor countries to achieving them by 2015, were affirmed in the Monterrey Consensus at the March 2002 UN Conference on Financing for Development, held in Mexico, as well as at the September 2002 World Summit on Sustainable Development, held in Johannesburg, South Africa.

These MDGs are briefly discussed here for perspective on their links with human development. Unless otherwise specified, each goal is to be achieved by 2015.

Goal 1: Eradicate extreme poverty and hunger. Under this goal, the target is to halve the proportion of people living on less than a dollar a day and those who suffer from hunger.

Goal 2: Achieve universal primary education. The target of this goal is to ensure that all boys and girls complete primary school.

Goal 3: Promote gender equality and empower women.

The dual targets for this goal are: to eliminate gender disparities in primary and secondary education by 2005; and, eliminate them at all levels by 2015.

Goal 4: Reduce child mortality. The target for this goal is to reduce by two-thirds the mortality rate among children under five.

Three other goals cover maternal health; HIV, malaria and other diseases; as well as, environmental sustainability. These are:

Goal 5: Improve maternal health. The target is to reduce by three-quarters the ratio of women dying during childbirth.

Goal 6: Combat HIV, malaria and other diseases. The aim here is to halt and begin to reverse the spread of HIV and the incidence of malaria and other major diseases.

Goal 7: Ensure environmental sustainability: This goal has three targets: (i) to reduce by half the proportion of people without access to safe drinking water; (ii) to reverse the loss of environmental resources by 2020; and, to achieve significant improvement in the lives of at least 100 million slum dwellers by 2020. The last MDG, which calls for a global partnership for development, has six targets, summarized below.

Goal 8: Promote a global partnership for development.

The six targets are: (i) to develop and further an open trading and financial system that includes a commitment to good governance, development and poverty reduction, nationally and internationally; (ii) to address the LDCs' special needs, and the special needs of landlocked and small island states; (iii) to deal comprehensively with developing countries' debt problems; (iv) to develop decent and productive work for youth; (v) to provide access to affordable essential drugs in developing countries, in cooperation with pharmaceutical companies; and, to make available the benefits of new technologies, especially ICT, in cooperation with the private sector.

The remainder of this chapter summarizes the inter-relationships between human development (HD) processes, on the one hand, and the processes required for the achievement of some of the Millennium Development Goals (MDGs), on the other. This way, it presents the case for promoting human development by pursuing policies and programmes for the achievement of the MDGs.

Table 5.1 Global UN Summits and Conferences

Conference/Summit	Conference Objective	Where Held	Month Of Summit	Year Of Summit
The World Summit for Children	To create the condition for facilitating child survival, protection and development.	New York, USA	Sep.	1990
The UN Conference on Environment and Development (UNCED)	To address and pledge commitment to intergenerational equity in the use of natural resources.	Rio de Janeiro, Brazil	Jun.	1992
The International Conference on Nutrition	To advocate the elimination of hunger and malnutrition in a just and safe world.	Rome, Italy	Dec.	1992
The World Conference on Human Rights	To promote respect for fundamental human rights.	Vienna, Austria	Jun.	1993
The International Conference on Population and Development (ICPD)	To advocate the promotion of linkages between population and development issues.	Cairo, Egypt	Sep.	1994
Global Conference on the Sustainable Development of Small Island Developing States (SIDS)	To Forge partnerships for sustainable development of Small Island Development States	Bridgetown, Barbados	April - May	1994
The World Summit for Social Development (WSSD)	To promote the creation of conditions for reducing the incidence of poverty.	Copenhagen, Denmark	Mar.	1995
The Fourth World Conference on Women (FWCW)	To advocate the empowerment of women and the elimination of gender-based barriers to their full participation in society.	Beijing, China	Sep.	1995
The Second UN Conference on Human Settlements (Habitat II)	To facilitate the provision of adequate shelter for all.	Istanbul, Turkey	May – Jun.	1996
The World Food Summit	To launch a coordinated campaign for the eradication of hunger.	Rome, Italy	Nov.	1996
The UN GA Special Session on Small Island Developing States	To Follow -up to the implementation of the Barbados Plan of Action (1994)	New York, USA	Sep.	1999
The UN GA Special Session, "World Summit for Sustainable Development and Beyond: Achieving Social Development for All in Globalized World".	To facilitate the eradication of poverty, address unemployment and promote social integration	Geneva, Switzerland	Jun.	2000
The Millennium Summit	To advocate and pledge universal commitment to achieving eight (8) major goals of development (the Millennium Development Goals) by 2015.	New York, USA	Sep.	2000
The Third UN Conference on the Least Developed Countries	To advocate for the eradication of poverty in the world's poorest countries and to the improvement of the quality of lives of the more than 600 million people living in them.	Brussels, Belgium	May	2001
The World Conference Against Racism, Racial Discrimination, Xenophobia and Related Intolerance	To advocate and pledge universal commitment to the total elimination of racism, racial discrimination, xenophobia and related intolerances.	Durban, South Africa	Aug. – Sep.	2001
The International Conference on Financing for Development	To advocate support and pledge resources for financing the MDGs.	Monterrey, Mexico	Mar.	2002
The World Summit on Sustainable Development	To advocate and pledge universal commitment to the integration of poverty, social and environmental concerns into all development efforts.	Johannesburg, South Africa	Aug. – Sep.	2002

Source: UN Common Country Assessment of Lesotho 2004

5.1 The Links between Human Development and the MDGs

Human development, when conceptualized in a more all-embracing form as sustainable (human) development, involves the enlargement of people's choices by processes aimed at building capabilities for satisfying the needs of the present generation without sacrificing the needs of future generations. In terms of this conceptualization, promoting human development implies inclusive, participatory, and equitable growth processes aimed at achieving many of the MDGs. For instance, sustainable human development targets the development of capabilities that can lead to **poverty eradication** (through interventions related to equitable and affordable access to basic social infrastructural services for **healthy living**). This can also lead to the acquisition of necessary skills through **education** and training, as well as **gender-balanced** employment and livelihoods creation for income generation. It also targets **environmental sustainability**, in a proactive manner that will ensure intra-generational as well as inter-generational equity in the use of natural resources.

In particular, the human development goal of building and sustaining human capabilities for healthy living entails: efforts to ensure freedom from avoidable debilitating diseases (such as **HIV, malaria and tuberculosis**); ensuring capabilities for healthy procreation (freedom from **maternal mortality**); and increasing life expectancy at birth (freedom from **child mortality**). Thus, it can be demonstrated, both conceptually and empirically, that sustainable human development can be promoted through the pursuit of interventions aimed at the achievement of the MDGs. The foregoing paragraph has already laid down the framework for demonstrating the conceptual linkages among HD processes and the pursuit of the MDGs. The next paragraphs will discuss these linkages at the empirical level.

Regarding poverty eradication, evidence from many countries suggests that broad-based and equitable access to affordable education and skills training have contributed to improving the employment and income potentials for many otherwise poorer segments of societies. Even in South Africa, despite the long period of apartheid practices (which discriminated against Blacks in all spheres of national life), it has been shown that some level of education made a difference (for some Blacks) between employability and being trapped in a low-level poverty equilibrium, other things being equal (Nicolaou and Allvillar, In Ohiorhenuam and Wayem, eds, *Challenges of Growth with Equity in South Africa*, (UNISA Press, 2005).

Another example of the said inter-relationships is the way environmental conditions relate to poverty. In terms of livelihoods, it is empirically accepted that poor people tend to be most dependent on natural resources, and are, therefore, the first to suffer when these resources are degraded. They also suffer most, in terms of health, when water and air are polluted. In a third dimension, poor people are the most vulnerable in terms of exposure to environment-related conflicts and other hazards, and are the least capable of coping when they occur (UNDP, South Africa HDR 2003, SUMMARY:7)

Regarding the way poverty and HIV as well as other debilitating diseases are mutually reinforcing, it has been extensively discussed in other chapters that HIV contributes to the rise in poverty. Furthermore, AIDS could generate new poverty cycle, as people lose employment and housing tenure. Similarly, household incomes fall, owing to loss of wage earners and increased spending on medical care and funerals. Finally, poverty tends to reduce the ability of the affected households to cope with HIV (UNDP, South Africa HDR 2003, *ibid*).

With regard to the influence of global market access and the benefits of globalization on poverty reduction, the evidence is that even large and growing economies (such as Brazil, China, India and Mexico) contain regions of intense poverty that have failed to benefit from overall national growth. In addition, economic and social progress often seem to bypass ethnic and racial minorities (even majorities in some cases, especially girls and women) who suffer gender bias in access to schooling, public services, employment opportunities and private property (UNDP, HDR 2003:16). Yet, there can be no sustainable human development without addressing these challenges directly. However, it is gratifying to note that by focusing policy and programme interventions on the achievement of the MDGs, developing countries will be promoting sustainable human development directly, because of these mutually reinforcing inter-relationships.

5.2 Promoting Human Development by Pursuing Achievement of the MDGs

This section presents the reasons why Lesotho should promote sustainable human development by focusing on efforts to achieve the MDGs. Lesotho is currently experiencing a multiple crisis of food insecurity, aggravated by the nexus of pervasive and increasing incidence of HIV and chronic poverty. The 2004 Lesotho Progress Report on the MDGs singled out HIV as the overarching challenge that must be addressed if the other MDG targets are to be achieved. To strengthen the arguments behind this bold assertion, it is necessary

to highlight the pair-wise linkages between HIV and the other MDGs, within the Lesotho context.

Regarding extreme poverty, HIV is drastically reducing household incomes through illness and death; lowering the productivity of those who fall ill; and diverting scarce household resources away from basic needs to cater for medicine, care and funerals. On the other hand, chronic poverty and high income inequality in Lesotho have made the country more vulnerable to increasing incidence of HIV.

With regard to extreme hunger, HIV is eroding the traditional methods by which the Basotho have coped in the past with food insecurity. It is leading to reduction in the capacities of households to produce their own food or sustain meaningful livelihoods to earn income for purchasing food. Similarly, it is depleting household assets and exhausting social safety nets. The food crisis, in turn, threatens to intensify and prolong the epidemic, since, for instance, women and girls may be forced to barter sex for jobs, food and other basic essentials for survival, thereby rendering them vulnerable to HIV infection.

Concerning the goal of universal primary education, the increasing incidence of HIV is forcing young women and girls to drop out of school, to assume additional responsibilities in affected households, in order to care for the sick and generate additional earnings to supplement household incomes. Other children, including boys, are leaving school to forage for food or find work in order to survive. In 2003, there were 92,000 orphans in the country, by 2006 this number stood at 180,000 out of which 97,000 were HIV orphans (WFP, DMA, 2003 and MOHSW 2006).

Related to the goal of gender equality and women's empowerment, it is worth noting that HIV disproportionately affects young women. Females account for 56 percent of the affected adults in the 15-49 age categories. Not only are women more susceptible to the infection (and, therefore, have a higher infection rate), but they also assume the responsibility of being the principal care-givers in affected households. Many have sacrificed their education in the process, thereby undermining the foundations for future gender empowerment and equality. Furthermore, traditional sexual practices and rights are unequally weighted against women in the Basotho cultural setting, where women are perpetual legal minors.

Regarding child mortality, HIV has over time led to significant increases in infant mortality as a result of deaths due to mother-to-child-transmission. These children are infected by their HIV-positive mothers

during pregnancy, childbirth or breastfeeding. Most of these babies never reach their fifth birthday. It was only in 2003 that anti-retroviral drugs were being introduced to some pregnant women, owing to the allocation of US\$12 million to Lesotho from the Global Fund for AIDS, Tuberculosis and Malaria (GFATM).

Concerning maternal mortality, it has been noted that complications associated with pregnancy, delivery and induced abortion tend to be more prevalent and severe among HIV-positive women. Pregnancy may also serve to increase the rate at which the infection progresses to full-blown AIDS among HIV-positive women. HIV, in combination with other indirect causes of morbidity (such as anaemia and tuberculosis) is, therefore, becoming a serious source of maternal mortality in the country.

With regard to global market access (under the goal of developing global partnerships), it is noted that the recent boom in the textile sector (Lesotho is the single largest beneficiary from Africa with access to the US market under the AGOA), has led to increased rural-urban migration. The textile sector employed 26,475 workers in 2006 a decline from 45,000 workers in 2003/04 (BoS 2007). Out of these internal migrants, over 85 percent are predominantly semi-literate female workers, have left behind their close social ties and networks of support in the rural areas. They have, therefore, become vulnerable to social and health risks, since they are only able to afford sub-standard, overcrowded accommodation facilities in the factory townships in the urban areas.

Furthermore, it is being argued that these migrants represent a source of further HIV infection and transmission, similar to the case of the Basotho migrant workers returning from the South African mining townships. On the positive side, it is noted that globalization and global partnerships provide opportunities for combating the epidemic through the transfer of knowledge, skills and drugs, as well as through increased financial assistance. The Global Fund for AIDS, TB and Malaria (GFATM), for instance, now makes it possible for Lesotho to introduce anti-retroviral drugs for the prevention of mother-to-child transmission of the virus.

In what follows, the scorecard on Lesotho's progress towards the achievement of the MDG targets is summarized. Doing this also aided a more comprehensive evaluation of the hypothesis that sustainable human development can be promoted by a vigorous pursuit of the MDGs. This summary is based on the *Lesotho Millennium Development Goals Status Report 2004*.

5.3 The Scorecard on Progress towards the MDGs in Lesotho: A Summary

This section summarizes the status of Lesotho's progress towards the achievement of the MDGs. It begins with a general overview of the Government's assessment of the likelihood of meeting each of the nationally -adapted

MDG targets considered most critical within the Lesotho context. Table 5.2 highlights the status of progress towards the achievement of these MDGs.

Goal	Target	Will the Goal/Target be met? (probably, potentially, unlikely, no data)	State of Supportive Environment (strong, fair, weak but improving, weak)
Combat HIV and AIDS and TB	Have halted and begun to reverse the spread of HIV by 2015	Potentially	Strong
Eradicate extreme poverty and hunger	Halve, between 1990 and 2015, the proportion of people below the national poverty line	Potentially	Fair
	Halve, between 1990 and 2015, the proportion of people who suffer from hunger	Unlikely	Fair
Achieve universal primary education	Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	Probably	Strong
Promote gender equality and empower women	Eliminate gender disparity in primary and secondary education preferably by 2005 and in all levels of education by 2015	Probably	Strong
Reduce child mortality	Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	Potentially	Weak
Improve maternal health	Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio	Unlikely	Weak
Ensure environmental sustainability	Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources	Potentially	Weak but improving
	Halve, by 2015, the proportion of people without sustainable access to safe drinking water	Potentially	Fair
	Halve, by 2015, the proportion of people without sustainable access to sanitation	Potentially	Weak but improving
Develop a global partnership for development	Develop further, an open, rule-based, non-discriminatory trading and financial system	Probably	Weak but improving
<p>Note: The determination of whether the goal/target will be met is based on a linear extrapolation of current trends. In determining the state of the supportive environment, five basic areas are considered: (1) Does the Government have a policy in the area? (2) Is there a coordinating body? (3) Does it have the capacity to implement? (4) Is funding available; and (5) Is the goal/target a Government of Lesotho priority?</p>			

Source: Lesotho MDGs Status Report 2004

Table 5.2 suggests that, out of nine targets of the seven nationally -adapted MDGs, one target (universal primary education by 2007) will *probably be met*, while another 6 targets will *potentially be met*. The latter targets relate to: halting and reversing HIV by 2008; cutting in half the proportion of people living below the poverty line and reducing by half the proportion of under weight children below five years by 2015; achieving equal access to education for boys and girls and increasing female participation in development by 2015; cutting infant mortality by two -third by 2015; and, reversing the loss of environmental resources by 2015.

The assessment of whether a goal or target will be met has been based on a linear extrapolation of current trends, as well as an evaluation of the state of the supportive environment for achieving the goal or target. The latter evaluation is based on whether: (a) there is government policy in that thematic area; (b) there is a coordinating body; (c) there is capacity for implementing related interventions; (d) adequate funding is available; and, (e) the goal or target is a national priority.

Against these yardsticks, it has been determined that the supportive environment is *fair* for achieving 6 out of nine targets assessed. These six targets cover the MDGs related to: HIV; extreme poverty and hunger; gender equality; and, environmental sustainability. There is a **strong** supportive environment for achieving the universal primary education goal; while the supporting environment for achieving the goals related to child mortality and maternal mortality have been rated as *weak but improving*.

The rest of this section briefly summarizes the salient features of the **scorecard on Lesotho's progress towards the achievement of the MDGs**, based on the *Lesotho MDGs Status Report 2004*.

5.3.1 On the War Against HIV

The 2004 Lesotho MDGs Status Report notes that HIV has a woman's face. As already discussed, 55 percent of the nearly 4,000 new cases reported in 2001 were women. Among the younger age groups of 15 -29 years, almost 75 percent of all reported cases of AIDS are women. In 2005, out of 266,000 infected adults, 149,000 (56 percent) were women and 117,000 (44 percent) were men. There are many reasons for the higher risk of young women acquiring HIV. These include girls becoming sexually active early in life, and patterns of sexual intercourse where young girls tend to have sex with older men.

With regard to projections about life expectancy in the light of the HIV prevalence and expected trends, the

2004 MDG Progress Report suggests that while life expectancy has fallen from 59 years in 1990 to 35.2 in 2004, the national goal is to raise this to 63 and 67 years for males and females respectively by 2015. It, therefore, calls on development partners to play the critical role of leveraging all available resources to fight the epidemic. In this regard, the priorities include strengthening institutional capacities for coordinating the national response as well as developing structures at the local and grassroots levels for a scaled-up response to the pandemic.

5.3.2 On Eradicating Extreme Poverty and Hunger

The MDG Progress Report notes that the majority of Basotho live in deepening poverty, deprived of incomes that can cover basic necessities such as food, shelter and clothing. Between 1994 and 2003, the percentage of the population below the national income poverty line stood at about 56.61 percent. With slowing economic growth since 1998 and increased retrenchment of migrant workers in the South African mining industry, it is expected that poverty might have deepened even further in more recent times. One of the key features of the poverty situation is the inequality with which incomes are distributed.

Regarding extreme hunger, Lesotho, along with several other countries in the sub-region, has been going through a severe food crisis since late 2001. In 2003, about 760,000 - a third of the total population - received targeted food aid. Of these, more than 200,000 were children under 5 years of age. The 2007 targeted food aid requirements stands at 10,810MT (LVAC 2007). The immediate causes for the humanitarian crisis in Lesotho are the combined effects of reduced agricultural output and sharp increases in prices of staple foods that have excluded vulnerable households from bridging the food gap through market channels.

On the supportive environment for responding to these challenges, the MDGs Status Report notes that the development of the PRSP has established a comprehensive framework for fighting poverty in all its complex dimensions. It also forms the basis for the government's response to the immediate and longer term priority needs of the Basotho, by ensuring the framework for transparent and efficient resource allocation

5.3.3 Towards the Achievement of Universal Primary Education

Under this goal, the Report notes that enrolment in primary schools has fallen since the mid-1980s (to 76 percent in 1990 and further to 51 percent in 1999). In 2000, the Government embarked on a programme of

Free Primary Education (FPE), intended to be introduced gradually over a 7-year period, beginning with Standard 1. Under the FPE programme, 153 new schools were to be constructed, with 873 new classrooms. It was also expected that more than one million textbooks and other teaching materials would be required for the expected 1,300 schools. Consequently, primary school enrolment increased to 69 percent in 2005.

The level of primary school enrolment for girls continues to be higher than for boys, according to the MDGs Status Report. In the past, this unique situation was attributed to the fact that in Lesotho the tradition has been that boys from young ages tend to herd the herds of livestock and later in life migrate to take up work in the South African mining industry. However, this report (together with the Household Budget Survey of 2002/03) notes that the advantage of girls over boys in primary education and education in general has narrowed.

It will be recalled that this is the only MDG that has been assessed by Lesotho as *probably achievable* (Table 5.2). This is because the supportive environment has been rated as **strong**. This supportive environment includes the consideration of access to education as a basic human right enshrined in the Constitution; the introduction of the FPE programme in 2000; the increasing budgetary allocations to education; and, the provision of scholarships to the most needy and poor learners by various organisations.

The main priority for development assistance is to persuade development partners to continue to provide support to the national initiative of making high-quality primary education free and accessible for all. Measures that will retain both boys and girls at the secondary and tertiary levels will need to be put in place, within the framework of the PRSP and the FPE programme.

5.3.4 Towards the Achievement of Gender Equality

With regard to gender equality and women's empowerment, the MDGs Status Report has discussed the paradoxical situation facing Basotho women. It notes that despite the relatively high education levels of women, the overwhelming majority of political and decision-making positions are dominated by men. Females account for almost two-thirds of professional, technical and related positions in the formal sector. However, when it comes to administrative and managerial positions, women account for just one-third of all positions. Overcoming the equality deficit will be critical to fighting poverty, HIV, gender-based violence, infant and maternal mortality, as well as unemployment.

The key challenges in this area include: addressing the increasing school drop-out rates among girls within the context of the HIV epidemic; taking urgent measures to prevent violence and other injustices against women; and mainstreaming gender issues across all levels of government, to reinforce the national Gender and Development Policy. Others include ensuring equal representation of women and men in decision-making structures, including reaching the target of 30 per cent representation of women in the National Assembly; facilitating affirmative processes that support the advancement of women in political organisations, the civil service and the private sector; as well as promoting women's control over productive resources such as land and livestock, and their access to credit. Furthermore there is the need to repeal and/or reform all laws and change traditions, socio-cultural values and practices that tend to subject women to discrimination and disadvantage, and hinder the full development of the potential of boys and girls.

Regarding the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW) concerted efforts must be made by development partners to support the implementation of the Gender and Development Policy, as well as the review of the country's reservation to certain clauses in the CEDAW, and the local adaptation of international gender and development protocols.

5.3.5 Addressing the Challenge of Child Mortality

With regard to *the reduction of child mortality*, since 2001, child mortality (the probability of dying between the ages of 1 and 5) has decreased significantly (from 35 per 1,000 live births to 24 in 2004). Therefore, the 2015 target of 10 per 1,000 survivors to age one is within reach, by current trends. This improvement is attributed to the Government's Primary Health Care strategy, which, since 1979 has embodied national immunization and nutritional programs.

However, infant mortality has increased over the same period from 81 to 91 per 1,000 live births, mainly because of the increase in the transmission of HIV from mother to child during pregnancy, child-birth or breastfeeding. The rate of under-5 mortality differs by geographical zones, rural/urban residence and the mother's education. Mortality is significantly higher in the mountains compared to the foothills and lowlands. It is also higher in rural areas relative to urban areas. Similarly, the rate is higher for boys than girls. Moreover, there is a clear and obvious link between high levels of infant mortality and poor sanitation and unsafe drinking water.

The main challenges with regard to the reduction of infant mortality, according to the MDG Status Report, include: improving children's access to basic health care services, both curative and preventive; addressing the HIV and food crises, which expose children to greater risk of malnutrition and disease; and implementing effective and cheap methods for reducing mother-to-child transmission. Others include recruiting and training effective management and planning experts in the health sector; increasing financial and material resources; and reducing common childhood illnesses. The rest are: increasing access to clean water and sanitation to reduce incidences of infectious and parasitic diseases; and , scaling up the immunization and nutrition programmes.

5.3.6 On Reducing Maternal Deaths

Related to the goal of *improving maternal health*, the MDG Report discusses several issues. It notes that the most recent estimate of maternal mortality rate for Lesotho is 762 deaths per 100,000 live births in 2004. The percentage of deliveries attended by health care providers in Lesotho stood at 68.8 percent in 2004, compared to 60 percent in 2000. There are great geographical disparities in the availability of skilled health personnel. The poor Mountain districts of Thaba Tseka and Mokhotlong are most disadvantaged. In 2000, 85 percent of women aged 15-49 received antenatal care from skilled personnel at least once during pregnancy.

Adolescent women are more vulnerable to pregnancy-related complications, and, consequently at greater risk of dying during pregnancy or childbirth, than women that are in their twenties and early thirties. In Lesotho, the first sexual encounter usually occurs at a very young age, with 34 percent of women aged 12-19 reporting having had sexual intercourse and 9 percent having been pregnant.

The main challenges facing the achievement of this MDG, include: improving access to, and the quality of, reproductive health services, especially in relation to family planning services, antenatal care, skilled attendants to oversee childbirth and post-natal care; ensuring the presence of skilled birth attendants and improving health-care workers' employment conditions; and, ensuring and facilitating male involvement in reproductive health issues. Others include implementing policies aimed at educating women, their families and communities about the importance of reproductive health, including the special care needed during pregnancy and childbirth; promoting HIV-related services and drugs for improving maternal health; and approving and implementing the draft Reproductive Health Policy. The rest are: supporting HIV-positive

pregnant mothers at community level; and , introducing and enhancing emergency obstetric services.

5.3.7 Towards the Achievement of Environmental Sustainability

Two separate trend analyses were presented for the MDG on *environmental sustainability*: one relates to *natural resource and environmental degradation*; and the other to *safe drinking water and basic sanitation*. Regarding the first, it was noted that the most tangible features include: extensive soil erosion, with widespread prevalence of gullies (or dongas) and surface sheet erosion, due to the rugged mountainous terrain, erodible soils and erratic rainfall in this country. Other factors include: overstocking and overgrazing of rangelands, poor agricultural practices, such as mono-cropping, biomass removal, and road construction in environmentally sensitive areas such as wetlands, exacerbated by population growth, reducing average land holdings, and increasing landlessness.

It also notes that despite its natural abundance, seasonal water shortage problems persist because of the inadequate development of the water distribution network, institutional and management constraints. There also exists the problem of serious water pollution that results from the activities of large-scale industries, many of which are reliant upon water as an input. The other sources of water pollution include agricultural chemicals (pesticides, herbicides, etc.), pit latrines, uncontrolled urban drainage, and landfill sites.

The little air pollution that does occur, according to the Report, is mostly attributable to industrial emissions, exhaust fumes, the use of coal and animal waste as domestic fuel, and the burning of waste products. This form of pollution occurs mainly in the urban areas, due to industrial concentration, more vehicular movements, intensive use of coal for cooking and heating, and where solid waste is commonly burnt to reduce the volumes of waste. Of the country's total greenhouse gas emissions, 90 percent are in the form of carbon dioxide (CO₂) emissions. From a global perspective, these emissions are rather low.

On safe drinking water and basic sanitation, it was noted that access to safe drinking water improved (from an estimated 62 percent of Lesotho's population in 1996 to 74 percent in 2002/03). On the other hand, in 2002/03, 8 percent of the urban population had no access to safe drinking water, compared with 32 percent of the rural population. It was also highlighted that the overall gains in access to safe drinking water between 1996 and 2002 appeared exclusively attributable to better coverage in rural areas. Improved rural access was predominantly the

result of the introduction of community standpipes, and protected wells/ springs.

It was highlighted that while 77 percent of households in Lesotho lacked access to adequate sanitation in 1986/87, impressive progress was made by 1994/95 and 2002/03, with lack of access having declined to 47.4 and 33.9 percent respectively. The number of households with access to adequate sanitation had more than doubled in the intervening period. Despite these remarkable gains, a slight worsening was observed in the early 2000s, particularly in urban areas. This downturn could be attributed to the increased urban population and uncontrolled urban growth, which made it difficult to provide essential services.

The main challenges confronting the achievement of targets under this MDG include: coordinating the fragmented nature of previous policy initiatives, programmes and laws that have been developed to address land degradation and the lack of sustainable use of the natural resource base; identifying appropriate interventions that will address poverty and reduce the pressure being exerted on the fragile environment; and creating environmental education and increasing awareness on harmful practices amongst community and other stakeholders. Other challenges include: increasing public involvement in natural resource management; strengthening human capacity to enforce environmental legislation; as well as, strengthening capacities for collection and analysis of environmental statistics and establishing targets for policies.

5.3.8 *Towards a Global Partnership for Development*

Regarding the MDG on forging *a global partnership for development*, the key features of the Lesotho economy were discussed, in order to emphasize the importance of external factors in the country's growth and development. For instance, it was noted that more than half of Government revenue comes from transfers from the SACU pool of revenues administered by South Africa, which also happens to be the country's main trading partner and the main beneficiary of the water exports generated by the Lesotho Highlands Water Project. Moreover, for decades, Basotho have migrated to work in South Africa as professionals, farm workers, and most notably as miners. While in the late 1980's about half of the male labour force in Lesotho was employed in the South African mining industry, the recent and ongoing retrenchment of Basotho migrant miners has become one of the greatest contributors to deepening levels of poverty and the deepening HIV epidemic.

On the positive side, the boom in the garment sector in recent years as a result of the extension of trade preferences to Lesotho under the US Government's African Growth Opportunities Act (AGOA) was highlighted. The sector provided 45,000 jobs, predominantly for women between 2003-2004, and this surpassed the public sector as the largest formal employer in the country. The expansion of the garment sector has been fuelled by Foreign Direct Investments (FDI) from East Asia. Private capital inflow thus became a significant factor in financing the country's development process in the wake of reduced miner remittances and significant decline in official development assistance during the 1990s.

It was also noted that the key challenges and opportunities for developing this global partnership, include: improving the financial management and restructuring of government revenues and expenditures, including adjusting to the expected reduced levels of revenues from the SACU pool; promoting sustainable investment and trade strategies, building on current preferential arrangements; and diversifying exports away from a heavy reliance on garments and promoting exports to other SADC markets and the European Union (in order to reduce dependency and economic vulnerability). Others include: mobilizing additional grant resources, and strengthening the effectiveness and coordination of official development assistance; building on the three pillars of the National Vision, namely the PRS, the Public Sector Improvement and Reform Programme and the National AIDS Strategic Plan; pursuing strategic economic relations with South Africa to exploit the proximity of Lesotho to the largest and most advanced economy on the African continent; and, targeting retrenched miners and female textile workers, and their families, for special initiatives to combat the spread of HIV.

The rest of the challenges include tapping international best practices in key strategic areas such as: Public-Private Partnerships, Information and Communication Technology, tourism development and the response to HIV; pursuing partnerships to improve access to essential drugs, especially those that can assist in the fight against HIV; and strengthening national capacities to provide an enabling environment for private sector growth and to strengthen linkages between FDI and the local economy to maximize backward linkages and impact on sustainable human development.

CHAPTER 6:

6. Conclusion

This Report has, thus far, focused on analyzing the intricate links among the various, mutually reinforcing sources of the ongoing humanitarian crises in Lesotho. The latter is characterized by protracted food insecurity, which is driven by the effects of erratic and inadequate rainfall since 2001, compounded by the effects of pervasive HIV prevalence (which has reduced farm productivity) and chronic structural poverty (which has constrained incomes necessary for food access). The first part of this concluding chapter presents a succinct summary of the Report, while the second segment discusses some of the implications of the Report for policy and programme interventions.

6.1 Highlights of the Report

This segment of the concluding chapter presents the main highlights of the Report. First, it reiterates the Report's hypothesis that human development in Lesotho, in its broadest sense, can only be achieved by focusing on pursuing the achievement of the Millennium Development Goals (MDGs). In the second subsection, it revisits the scorecard on socioeconomic progress in the country since the beginning of the new millennium. The third subsection of this segment summarizes Lesotho's progress towards achieving the MDG targets, while the last subsection repeats the Report's main thesis, that HIV is the single most critical factor that constrains all development efforts in the country.

6.1.1 Human Development through Achievement of the MDGs

Human development, or its more all-embracing variant, sustainable (human) development, involves the enlargement of people's choices by processes aimed at building capabilities for satisfying the needs of the present generation without sacrificing the needs of future generations. In terms of this conceptualization, promoting human development implies inclusive, participatory, and equitable growth processes aimed at many of the Millennium Development Goals (MDGs). For instance, sustainable human development targets the development of capabilities for *poverty eradication* (through interventions related to equitable and affordable access to basic social infrastructural services for *healthy living, education* and training for employable skills acquisition, as well as *gender-balanced* employment and livelihoods creation for income generation). It also

targets *environmental sustainability*, in a proactive effort to ensure intra-generational as well as inter-generational equity in the use of natural resources.

In particular, the human development goal of building and protecting human capabilities for healthy living entails: efforts to ensure freedom from avoidable debilitating diseases (such as *HIV, malaria and tuberculosis*); ensuring capabilities for healthy procreation (freedom from *maternal mortality*); and increasing life expectancy at birth (freedom from *child mortality*). Thus, it can be demonstrated, both conceptually and empirically, that sustainable human development can be promoted through the pursuit of interventions aimed at the achievement of the MDGs. Regarding poverty eradication, for instance, empirical evidence from many countries suggests that broad-based, equitable, accessible and affordable education and skills training have contributed to improving the employment and income potentials for many otherwise poorer segments of societies.

Another example of the said inter-relationships is the way environmental conditions relate to poverty. In terms of livelihoods, it is empirically accepted that poor people tend to be most dependent on natural resources, and are, therefore, the first to suffer when these resources are degraded. They also suffer most, in terms of health, when water and air are polluted. In a third dimension, poor people are the most vulnerable in terms of exposure to environment-related conflicts and other such hazards, and are the least capable of coping when they occur. Regarding the way poverty and HIV as well as other debilitating diseases are mutually reinforcing, the following have been empirically observed. HIV contributes to the rise in poverty (see subsequent sections of this chapter). Moreover, AIDS generates new poverty, as people lose employment and housing tenure. Besides, household incomes fall, owing to loss of wage earners and increased spending on medical care and funerals. Furthermore, poverty reduces the ability of the affected households to cope with HIV.

With regard to the influence of global market access and the benefits of globalization on poverty reduction, for instance, it is known that even large and growing economies (such as Brazil, China, India and Mexico) contain regions of intense poverty relieved little by overall national growth. In addition, economic and social

progress often bypasses ethnic and racial minorities (even majorities, especially girls and women) who suffer gender bias in access to schooling, public services, employment opportunities and private property. Yet, there can be no sustainable human development without addressing these challenges directly. But, it is gratifying to note that by focusing policy and programme interventions on achievement of the MDGs, developing countries will be promoting sustainable human development directly, because of these mutually reinforcing inter-relationships.

6.1.2 *The Scorecard on Socio-economic Progress in Lesotho*

The scorecard on poverty trends showed: that the incidence, depth and severity of poverty have improved between 1994 and 2002; and, that the poor spend almost half of their income on food. Regarding the geographical distribution of poverty, it showed: that though poverty declined substantially in the rural areas, poverty is still highest in these areas; that mountain areas have higher incidence compared to lowland areas; and, that poverty is most severe in the Butha-Buthe and Maseru's Hoek districts. On the demographic characteristics of the poor, the scorecard revealed that: larger households tend to be poor; women-headed households are poorer than male-headed households; and, households with older heads are poorer.

With regard to the socioeconomic characteristics of the poor, the scorecard showed that: educational attainment is lower among the poor; homemakers and the unemployed are poorest; livelihood patterns have shifted away from migrant labour; while, subsistence farmers are more likely to be poor. On household assets and poverty, the scorecard revealed that: poor households are more likely to rely on agricultural assets; poor female-headed households own less agricultural assets; and, poor households in general are less likely to own domestic assets. Regarding access to basic services, the scorecard showed that access to safe drinking water and sanitation have improved on the whole, while access to health facilities has improved only for some.

The Report's analysis has also revealed that, overall, inequality has decreased; that the richest ten percent consume half of national output; and, that inequality has increased more in rural areas. In addition to and consistent with these, Human Development Index (HDI) trends are worsening; while, Human Poverty Index (HPI) trends have also worsened.

6.1.3 *Lesotho's Performance on the MDG Targets*

The 2004 Lesotho MDG Progress Report notes that HIV has a woman's face. As already discussed, 56 percent of the reported HIV infections in 2005 were women. Among the younger age groups of 15-29 years, almost 75 percent of all reported cases of AIDS are women in 2001. One of the most disturbing features of the HIV pandemic is the disproportionate effect it has on children. Nearly 10 percent of all new HIV cases in 2001 were among children less than four years of age. In addition, children are increasingly being relied on as caregivers for sick family members, and are often burdened with the additional responsibility of caring for younger siblings or sick parents. The number of children under 15 years of age, who have either lost their mother or father, or both, is estimated at 180,000. Despite this alarming picture of the HIV epidemic in Lesotho, reported AIDS cases and new infections among those aged 5 to 14 are very low. These are children who were born at a time when the risk of mother-to-child transmission was relatively low and are unlikely to have yet become sexually active. These children constitute a "window of hope" for an AIDS-free generation in Lesotho.

On eradicating extreme poverty and hunger, the MDG Progress Report notes that the vast majority of Basotho live in deepening poverty, deprived of incomes that can cover basic necessities such as food, shelter and clothing. Between 1995 and 2003, the percentage of the population below the national income poverty line has significantly changed (from 66 to 56 percent). One of the key features of the poverty situation is the inequality with which incomes are distributed. The poorest 10 percent of the population account for less than two percent of the total national income while the richest 10 percent have 38 percent of the total income. This inequality is particularly reflected in a rural-urban divide. Income poverty in Butha-Buthe is worse than that in Maseru, the capital district. Furthermore, there is a distinct gender aspect to income poverty, with poverty incidence being higher among households that are headed by women. Widows with an average age of 56 years head two-thirds of these latter households.

Regarding extreme hunger, Lesotho, along with several other countries in the sub-region, has been going through a severe food crisis since late 2001. It was estimated that some 760,000 people – a third of the total population received targeted food aid in 2003. Of these, more than 200,000 were children under 5 years of age. The expected 2007 targeted food aid requirements stands at 10,810MT. The immediate causes for the humanitarian emergency in Lesotho are the combined effects of reduced agricultural output and steep increases in prices

for staple foods that have excluded vulnerable households from bridging the food gap through market channels by weakening their purchasing power. The underlying causes are a reflection of the country's extreme vulnerability to shocks, compounded by a weak economy and high levels of poverty. The persistent food insecurity of the Basotho has severe effects on the nation's children. In 2006, 18.4 percent of children under age five were underweight. In addition, 37 percent were stunted (too short for their age) and 2.4 percent were wasted (too thin for their height) (LVAC 2007). Since 1992, the share of underweight children has increased by more than one third. In 2000, boys appeared to be more susceptible to being undernourished than girls, while in recent years this seems to have changed.

Regarding the achievement of Universal Primary Education, the Report notes that under the Free Primary Education (FPE) programme (introduced in 2000), 153 new schools were to be constructed, while 873 new classrooms were installed, in addition to the supply of more than one million textbooks and other teaching materials to 1,300 schools. Consequently, net primary school enrolment increased to 83.1 percent in 2005. It also points out that the level of primary school enrolment for girls continues to be higher than for boys. This unique situation is attributed to the fact that in Lesotho the tradition has been that boys from young ages tend the herds of livestock and later in life migrate to take up work in the South African mining industry. It however notes that the advantage of girls over boys in primary education narrowed recently, stressing that the overall decline in net primary enrolment over the past 15 years can almost exclusively be explained by a decline in the enrolment of girls. This is partly because, with the high incidence of HIV, girls are expected to take increased responsibilities in the household, in terms of caring for the sick. The other factor influencing school dropout among girls is insufficient financial resources.

The Report also suggests that the efficiency of the primary schooling system has improved gradually over the past decades, with fewer children dropping out of school or repeating classes. It will be recalled that this is the only goal that has been assessed as *probably achievable*. This is because the supportive environment has been rated as *strong*. This supportive environment includes the consideration of access to education as a basic human right enshrined in the Constitution; the introduction of the FPE programme in 2000; the increasing budgetary allocations to education; and, the provision of scholarships to the most needy and poor learners by various organizations.

With regard to gender equality and women's empowerment, the report discussed the paradoxical

situation facing Basotho women. It notes that despite the relatively high education levels of women, the overwhelming majority of political and decision-making positions are dominated by men. Females account for almost two-thirds of professional, technical and related positions in the formal sector. However, when it comes to administrative and managerial positions, women account for just one-third of all positions. The Report also laments the limited access that women have to the most influential posts in society, namely, their low representation in Parliament. The Report, therefore, views the prevailing gender disparities in Lesotho as a real obstacle to their effective participation in the socio-economic and political development of the country, noting that effective development strategies in which women play a central role have been lacking. Overcoming the gender equality deficit will be critical to fighting poverty, HIV, gender-based violence, infant and maternal mortality, as well as unemployment.

With regard to the reduction of child mortality, the Report notes that more than half the population is under 18 years of age and about one in four is under 14. It states that since 2001, child mortality (the probability of dying between the ages of 1 and 5) has decreased significantly from 35 per 1,000 live births to 24 in 2004. It, therefore, suggests that the 2015 target of 10 per 1,000 survivors to age one is within reach, by current trends. It attributes this improvement to the Government's Primary Health Care strategy, which, since 1979 has embodied national immunization and nutritional programs.

However, infant mortality has increased over the same period from 81 to 91 per 1,000 live births, mainly because of the increase in the transmission of HIV from mother to child during pregnancy, child-birth or breastfeeding. The rate of under-5 mortality differs by geographical zones, rural/urban residence and the mother's education. Mortality is significantly higher in the mountains compared to the foothills and lowlands. It is also higher in rural areas relative to urban areas. Similarly, the rate is higher for boys than girls. Moreover, there is a clear and obvious link between high levels of infant mortality and poor sanitation and unsafe drinking water.

On the MDG related to improving maternal health, the Report discusses several issues. It notes that the most recent estimate of maternal mortality rate for Lesotho is 762 deaths per 100,000 live births in 2004. The percentage of deliveries attended by health care providers in Lesotho stood at 68.8 percent in 2004, compared to 60 percent in 2001. There are great geographical disparities in the availability of skilled health personnel. The poor mountain districts of Thaba

Tseka and Mokhotlong are most disadvantaged. In 2000, 85 percent of women aged 15–49 received antenatal care from skilled personnel at least once during pregnancy. It further notes that adolescent women are more vulnerable to pregnancy-related complications, and, consequently a greater risk of dying during pregnancy or childbirth, than women that are in their twenties and early thirties. In Lesotho, the first sexual encounter occurs at a very young age, with 34 percent of women aged 12–19 reporting having had sexual intercourse and 9 percent having been pregnant.

Two separate trend analyses have been presented for the MDG on environmental sustainability: one related to natural resource and environmental degradation; and, the other related to safe drinking water and basic sanitation. Regarding the first, the Report notes that the most tangible features include: the extensive soil erosion, with widespread prevalence of gullies (or dongas) and surface sheet erosion, on account of the rugged mountainous terrain, erodible soils and erratic rainfall. Other factors include: overstocking and overgrazing of rangelands, poor agricultural practices, such as monocropping, biomass removal, and road construction in environmentally sensitive areas such as wetlands, exacerbated by population growth, reducing average land holdings, and increasing landlessness.

It also notes that despite its natural abundance, seasonal water shortage problems persist because of the inadequate development of the water distribution network, institutional and management constraints, leading to serious pollution. The latter arises from the activities of large-scale industries, many of which are heavily reliant upon water as an input into production. As a result, they are becoming a major source of surface water pollution. This is due to the release of industrial effluents into the water. The other sources of water pollution include agricultural chemicals (pesticides, herbicides, etc.), pit latrines, uncontrolled urban drainage, and landfill sites.

The little air pollution that does occur, according to the Report, is mostly attributable to industrial emissions, exhaust fumes, the use of coal and animal waste as domestic fuel, and the burning of waste products. This pollution is mainly found in the country's urban areas, where industry is concentrated, motor vehicles are more prolific, coal is more intensively used for cooking and heating, and where solid waste is commonly burnt to reduce volumes of waste. Of the country's total greenhouse gas emissions, 90 percent are in the form of carbon dioxide (CO₂) emissions. From a global perspective, these emissions are rather low, according to the Report.

On safe drinking water and basic sanitation, the Report notes that access to safe drinking water improved from an estimated 62 percent of Lesotho's total population in 1996 to 74 percent in 2002/03. In 2002/03, 8 percent of the urban population had no access, compared with 34 percent of the rural population. It notes that the overall gains between 1996 and 2002 appear exclusively attributable to better coverage in rural areas. Improved rural access is predominantly the result of the introduction of community standpipes, and protected wells/springs, to a more limited extent. It also notes that while 47.4 percent of households in Lesotho reported they have no toilet facility in 1994, impressive progress was made by 2002, with lack of access dramatically reducing to 33.9 percent. Despite these remarkable gains, a slight worsening occurred in the 2000s. It suggests that this downturn appears predominantly attributable to urban areas, and is a reflection of the rapidly increasing urban population and uncontrolled urban sprawl, which makes it difficult to provide essential services.

Regarding the MDG on forging a global partnership for development, the Report recaps the key features of the Lesotho economy, in order to underscore the importance of external factors in the country's growth and development. For instance, it notes that more than half of Government revenue comes from transfers from the SACU pool of revenues administered by South Africa, which is also the country's main trading partner and the main beneficiary of the water exports generated by the Lesotho Highlands Water Project. Moreover, for decades, Basotho have migrated to work in the RSA as professionals, farm workers, and most notably as miners. While in the late 1980's about half of the male labour force in Lesotho was employed in the South African mining industry, the recent and ongoing retrenchment of Basotho migrant miners has become one of the greatest contributors to deepening levels of poverty and the accelerating HIV epidemic.

On the positive side, it notes the veritable boom, until recently, in the garment sector as a result of the extension of trade preferences to Lesotho under the US Government's African Growth Opportunities Act (AGOA). The sector at one point had provided 45,000 jobs, predominantly for women, and had surpassed the public sector as the largest formal sector employer in the country. The expansion of the garment sector had been fuelled by Foreign Direct Investments (FDI) from East Asia to the tune of around USD 50 million annually. Private capital had then become a significant factor in financing the country's development process in the wake of reduced miner remittances and the significant drop in official development assistance during the 1990s.

6.1.4 The HIV Factor: A Drag on Development Efforts

The joint Government of Lesotho/United Nations process of systematic monitoring of the MDGs has highlighted the fact that the HIV epidemic represents the single most important threat to attaining all the other MDGs in Lesotho. HIV strips the family of assets and income earners through illness and death and lowers the productivity of those who fall ill, further impoverishing those already poor. HIV poses a potentially major threat to food security and nutrition, mainly by eroding traditional methods of households to cope with food insecurity by reducing the capacity to produce and purchase food, depleting household assets and exhausting social safety nets. As household income and productivity decline, so does the availability of, and access to, food. Decreases in subsistence agricultural productivity on account of the disease leads to increased food insecurity, especially for women and children. As the quality of diet impacts survival, decreased nutritional status precipitates the onset of full-blown AIDS and death.

HIV also has a negative impact on the human resource capacity of line Ministries engaged in servicing the food production industry, through absenteeism, low productivity and deaths. Trained and experienced extension workers are lost at an alarming rate, thus reducing the effectiveness of extension services. Loss of experienced staff is affecting agricultural production at a time when food security is essential to reduce the morbidity and mortality of infected individuals and improve the survival of affected households.

The decrease in the quality and supply of labour, the rise in absenteeism, the loss of skills and experience, the decline in productivity, and the increase in the cost of training and benefits also affect profitability in the private sector. As a result, HIV will reduce or halt macro-economic growth and increase levels of poverty and income disparities. Since the HIV pandemic is particularly prevalent in the labour force, the most economically active sector of the population is in danger of being completely decimated, with far-reaching consequences for poverty incidence. HIV results in a high level of staff turnover, leaving the active labour force unskilled and less marketable. As a result it becomes a difficult decision for employers to invest in a labour force which is so unstable. Lesotho's economy is also dependent on the considerable inflow of money from migrant workers in South Africa. This is declining, as migrants become ill and return home. Additionally, recruitment of new miners is affected as the labour pool shrinks.

As the number of AIDS cases increases, more and more children drop out of school, either to forage and help provide for the household, or as a result of the inability to pay for the costs of education. School dropout rates have already risen, and will continue to be aggravated by the HIV pandemic. Young women are increasingly dropping out of school, as they are expected to assume additional responsibilities in the household, in terms of caring for the sick as well as generating additional income. This exposes them to greater risks of contracting the disease themselves, as they sometimes have to engage in risky sexual activities to raise the much needed income to sustain their households.

Furthermore, HIV affects savings and investment decisions. Expenditure to mitigate the impact of HIV at both the household and public-sector level is likely to reduce the amount of capital available for more productive investment. It is, therefore, possible that as the proportion of care financed from savings increases, the adverse impact on growth will be larger, which could lead to a reduction of available jobs within the formal economy. The HIV pandemic could also negatively impact foreign direct investment, thereby reducing future growth prospects and job creation. No foreign investor desires to risk investing in a market with a sick labour force.

The increasing mortality rate of newly-born babies during the 1990s in the most affected countries is a direct result of the adverse effects of the transmission of HIV from HIV-positive mothers to their children during pregnancy, birth or breast-feeding. Most children infected never reach their fifth birthday. Complications associated with pregnancy, delivery and induced abortion tend to be more prevalent and severe among HIV positive women. Pregnancy may also serve to increase the rate at which HIV-positive women develop AIDS. HIV combined with other indirect causes of maternal morbidity, including anaemia and tuberculosis, can also have dire consequences for maternal mortality.

The recent boom in the textile sector in Lesotho as a result of AGOA has led to increased rural-urban migration of predominantly female workers who are leaving behind their traditional social networks. These migrants represent a source of further HIV transmission, just as the Basotho migrant miners in the South African mining industry have proven to be.

6.2 Implications for Policy and Programme Interventions

The discussions in this Report have implications for a number of policy and programme interventions identified by a recent national review of the MDGs process in Lesotho (see the relevant sub-sections of Chapter 5). While these so-called areas for resource mobilization have been presented under each of the MDGs, they can be grouped under three broad areas. These are: (a) implications for scaled-up response to HIV; (b) implications for scaled-up response to poverty; and, (c) implications for a global partnership for achieving the MDGs. The next three sub-sections of this segment summarize these policy and programme intervention implications. The final two subsections will then present the Report's policy and programme intervention implications: (d) for enhanced monitoring tools and structures; and, (e) for improved data systems.

6.2.1 Implications for Scaled-up Response to HIV

It must be noted that, given the pervasive pairwise linkages between the HIV challenge, on one hand, and many of the challenges addressed by the other MDGs (such as universal education, gender inequality, maternal mortality, and child mortality), the policy and programme implications of the Report's findings regarding many of the challenges can be discussed under the ambit of the response to HIV. The summaries of areas identified for resource mobilization by the recent MDG-related national review process are presented here. Details can be found in the *Lesotho MDGs Status Report 2005*.

The key areas identified for directly addressing HIV include: a new, fully costed National HIV Strategic Framework, clearly identifying gaps; one agreed AIDS action framework as basis for coordinating all partners; one national AIDS coordinating authority, with multi-sectoral mandate; and, one agreed country-level monitoring and evaluation system. Other identified policy and programme interventions that will indirectly facilitate scaled-up response to the impact of the HIV challenge include: support to the implementation of the Maternal and Neonatal Health (MNH) Roadmap; support to the finalization and implementation of the Reproductive Health Policy and the decentralization of the health system; support to accelerating the implementation of the Prevention of Mother-to-Child Transmission (PMTCT) programme and the Integrated Management of Childhood Illnesses (IMCI) programme; as well as, expanding financial assistance to the Health Sector Reform Programme and allocating more resources to health programmes in rural and mountainous areas.

The rest include: support to promoting rights to reproductive health; support to the implementation of the National Gender and Development Policy; support to the implementation of the Sexual Offences Act (2003); support to the implementation of the Legal Capacity of Married Persons Act (2006); support to the establishment of one-stop facilities and shelters for survivors of gender-based violence; support for the monitoring of the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW); as well as, support to the implementation of National Programme on Women, Girls and HIV.

6.2.2 Implications for Scaled-up Response to Poverty

The key areas identified for directly addressing the chronic structural poverty challenge include: operationalising and implementing the Poverty Reduction Strategy (PRS), including its Monitoring and Evaluation (M&E) component; support for developing the country's social and physical infrastructure; support for the implementation of the national Medium Term Investment Programme and the National Action Plan for Food Security; and, support for incorporating recurrent food crises into medium term planning. Because of the relevance to poverty reduction of the broad functional literacy level of an educated and skilled labour force (critical for employability and rising incomes), the other areas identified as requiring policy and programme interventions include: support for the Free Primary Education programme; support for increasing access to quality education for all children; support for strengthening mechanisms to combat child labour and sexual exploitation; and, increasing the number of qualified teachers at a pace matching the toll of HIV on the teaching cadre.

Finally, given the intricate link between environmental sustainability and poverty reduction, other (environment-related) areas identified for policy and programme intervention that will reinforce the effectiveness of responses to the poverty challenge include: support to establishment of protected areas within the Maloti-Drakensberg Conservation Development Project (MDTP) area; support to the ex-situ propagation of highly-threatened species; support to the control of alien invasive species; support to the development of integrated waste management and pollution control policy; support to the establishment and management of an Environmental Information System (EIS); support to strategic approach to implementation of multilateral environmental agreements; support to empowerment of local communities regarding environmental conservation; support to the establishment of a national environmental monitoring system; as well as, support to the integration of the Johannesburg Plan of

Implementation (JPOI) and Agenda 21 into the PRS and other relevant sectoral programmes .

6.2.3 Implications for a Global Partnership for Pursuing the Achievement of the MDGs

The Report notes that the key challenges and opportunities for developing this global partnership, include: improving the financial management and restructuring of government revenues and expenditures, including adjusting to the expected reduced levels of revenues from the SACU pool; promoting sustainable investment and trade strategies, building on current preferential arrangements; and diversifying exports away from a heavy reliance on garments and promoting exports to other SADC markets and the European Union (in order to reduce dependency and economic vulnerability).

Others include: mobilizing additional grant resources, and strengthening the effectiveness and coordination of official development assistance; building on the three pillars of the National Vision, namely the PRSP, the Public Sector Reform Programme and the National AIDS Strategic Plan; pursuing strategic economic relations with South Africa to exploit the proximity of Lesotho to the largest and most advanced economy on the African continent; and, targeting retrenched miners and female textile workers, and their families, for special initiatives to combat the spread of HIV .

The rest include tapping international best practices in key strategic areas such as: Public-Private Partnerships, Information and Communication Technology, tourism development and the response to HIV ; pursuing partnerships to improve access to essential drugs, especially those that can assist in the fight against HIV ; and strengthening national capacities to provide an enabling environment for private sector growth and strengthening linkages between Foreign Direct Investment (FDI) and the local economy, to maximize backward linkages and impact on sustainable human development.

6.2.4 Implications for Enhanced Monitoring Tools and Structures .

The key challenge in reporting on Human Development rests in creating a robust monitoring structure capable of identifying who the poor are, what their characteristics are, and where they are on a regular basis. This National Human Development Report has been compiled with dated information in many instances. This clearly demonstrates the need for better monitoring tools and systems to be able to inform policy formulation more meaningfully. Efforts have been put in place to establish

a Poverty Monitoring System in Lesotho as a follow-up to the completion of the Poverty Reduction Strategy. The various impacts of Government's policies and programmes will need to be tracked over time to determine the usefulness of specific initiatives, and to inform the implementation of remedial measures in cases of policy failure. The report has also highlighted the need for gender-based and age-based analysis of development interventions in reporting on Human Development. The Government of Lesotho has opted for a capabilities notion of poverty reduction, implying that no single indicator can be used to measure or monitor poverty, recognising that poverty itself is multi-dimensional in nature. The monitoring mechanisms should be viewed from a systems approach perspective, which tracks all aspects of interventions, from inputs that are made into the system, through the outputs and outcomes that result, to the impacts that are eventually achieved (actual changes in indicators of quality of life, such as improved educational attainment or reduced mortality rates). The Government of Lesotho recognises that effective monitoring cannot be undertaken in isolation from other information and management processes.

6.2.5 Implications for Improved Data Systems

Although Lesotho has had a long track record of research and data gathering, the existing environment is one in which data is neither trusted nor adequately analysed and utilized. A lot of information is collected with reasonable frequency on macroeconomic variables such as inflation, budget revenues and expenditures, monetary variables, external trade and so on. Little information is collected, however, on welfare indicators that capture the human dimension. Indeed censuses are conducted once every ten years, and, Demographic Surveys, Reproductive Health Surveys, Core Welfare Indicators Questionnaire and Household Budget Surveys are not carried out frequently enough . The implication is that current policy development in Lesotho shows little sign of being evidence based. In the absence of good information, choices may result in incorrect targeting, inefficient use of resources, and contradictory or less than optimal outcomes (MoFDP: Towards a Poverty Monitoring System in Lesotho, 2001). Strengthening the Bureau of Statistics is a critical element of a poverty monitoring system for Lesotho. This calls for the rapid implementation of the Statistics Act, the establishment of the Statistics Council, as well as concerted efforts in enhancing human and material resource capacities in the Bureau of Statistics.

Technical Notes

Technical Appendix A: Constructing the Poverty Line

In attempting to construct a reasonable poverty line for the analysis of the Household Budget Survey data for 1994/95 and 2002/03, Adult Equivalent Units (AEUs) are used to account for the differences in food requirements between household members. This is because in some cases households of the same size may be different depending on the age and sex composition of the members. Calculation of AEUs is shown in Annex A Table 1 below.

Annex A Table 1: Calculation of Adult Equivalent Units

Gender	Age (Years)	Energy Need Kcal/Day	Adult Equivalent
All	0-0.5	690	0.26
	0.5 -1	945	0.35
	1-3	1300	0.48
	4-6	1700	0.63
	7-10	2400	0.89
Male	11-14	2700	1.00
	15-18	2800	1.04
	19-22	2900	1.07
	23-50	2700	1.00
	51-75	2400	0.89
	76+	2050	0.76
Female	11-14	2200	0.81
	15-18	2100	0.78
	19-22	2100	0.78
	23-50	2000	0.74
	51-75	1800	0.67
	76+	1600	0.59

Source: 1994/95 and 2002/03 HBS Analytical Report

Per ADULT Equivalent (PAE) Based Food Poverty Line

The first step in specifying PAE -based food poverty line is to examine the consumption patterns of the poor. Deflated food consumption Per Adult Equivalent aggregates are ordered in ascending order and the deciles are computed. Only households in the second to the fifth decile are used in the computation of PAE for the 1994/95 and 2002/03 Household Budget Surveys¹⁷. The food items are subsequently ranked according to the frequency of households consuming them as well as their value (consumption PAE). Having done this, the first 20 food items are selected for inclusion in the basket of goods to be used for calculating the poverty line. The items included in the baskets are shown, in no particular order, in Annex A, Table 2.

¹⁷ The bottom decile of the distribution is discarded to avoid possible data errors.

Annex A, Table 2: Twenty Items Comprising the Basket of Food and Beverage Items

2002/03 food basket		1994/95 food basket	
whole milk	Potatoes	maize meal	tinned fish
wheat meal	Mutton	cabbages	Potatoes
tomatoes	maize meal	sugar	Beef
sugar	green peas	chicken	Tomatoes
sorghum meal	Eggs	cooking oil	Salt
Samp	edible oil	wheat meal	sterilized milk
Salt	dried beans	bread flour	Rice
rice	Cabbage	eggs	Beans
Preserved Mil	Bread	fresh milk	sorghum meal
poultry	bread flour	bread	cooking fat

Focusing exclusively on the consumption of households in the lower deciles ensures that expensive, luxury food items are not heavily represented in the baskets. Moreover, by basing the composition of the basket on existing consumption patterns, the combination of food and beverage items included in the basket is consistent with local tastes and preferences.

Accommodating Non-food Consumption

Even though having sufficient resources within the household to meet food requirements is critical in terms of determining the threshold below which households are classified as poor, there is a strong argument that states that this alone is not adequate to define the poverty line. Households that can afford to meet the food requirements of all its members but who lack the resources to purchase clothing and shelter, for example, are likely to be considered deprived in a very basic sense. Recognising this, non-food expenditure has been included in the derivation of the Lesotho poverty line.

In calculating a non-food poverty line, non-food items were itemized and, following the Ravallion approach, a poverty line was determined for the non-food component. The Ravallion approach examines household expenditures when their total consumption is just equal to the food poverty line.

The median non-food contribution was estimated by determining the consumption for households around the total Per Adult Equivalent consumption in a small interval (plus or minus one percent) around the food poverty line. Successively larger intervals were selected, (five times) and a simple average was taken of the five observations of median non-food PAE consumption around the food poverty line (Annex A, Table 3). This process is undertaken due to the strong possibility that none or very few of the households in the survey sample are likely to have PAE consumption exactly equal to the food poverty line. The amount derived from the process is then added to the food poverty line to yield the final poverty line.

Annex A, Table 3: Computing the median non-food PAE (2002/03)

	Lower Limit	Upper Limit	Median consumption non-food
1%	85.26	83.57	67.41
2%	86.10	82.73	65.05
3%	86.95	81.88	66.04
4%	87.79	81.04	64.23
5%	88.63	80.19	64.73

In 2002/03, the average of the five median values of non-food PAE came to M65.49 whilst the final food poverty line was estimated at M84.41. The complete poverty line is computed by adding the M65.49 PAE to the food poverty line, yielding a final poverty line of M149.91 PAE per month in 2002/03 prices. For 1994/95, the average of the five median values of non-food PAE came to M40.21 while the food poverty line was M42.92. Summing the two gives the final poverty line of M83.13 PAE per month in 1994/95 prices.

Technical Appendix B:

Weights used in Analysis

It is important to document, for the record, the weights that were applied to the data for both the 1994/95 and 2002/03 Household Budget Surveys. The household -level weight values presented in the table below were derived by dividing the household per district in 1996 by the sampled household per district in the HBS.

Annex B, Table 1: Households Weight s by District 1994/95 & 2002/03

District	Weighted Households				Unweighted Households			
	2002/03		1994/95		2002/03		1994/95	
	No.	Percent	No.	Percent	No.	Percent	No.	Percent
Butha Buthe	21036	5.7	21036	5.7	567	9.5	158	4.2
Leribe	60739	16.4	60739	16.4	848	14.2	462	12.2
Berea	49337	13.3	49337	13.3	620	10.3	444	11.7
Maseru	83961	22.6	83961	22.6	1069	17.8	1522	40.2
Mafeteng	41393	11.2	41393	11.2	656	10.9	330	8.7
Mohale's Hoek	37050	10.0	37050	10.0	536	8.9	275	7.3
Quthing	23060	6.2	23060	6.2	514	8.6	177	4.7
Qac ha's Nek	12929	3.5	12929	3.5	341	5.7	127	3.4
Mokhotlong	16901	4.6	16901	4.6	410	6.8	115	3.0
Thaba Tseka	24566	6.6	24566	6.6	431	7.2	174	4.6
Total	370972	100	370972	100	5992	100	3784	100

The individual weight values presented in the table below were s imilarly derived by dividing the population per district in 1996 by the sampled population per district in the HBS

Annex B, Table 2: Individual Weights by District 1994/95 & 2002/03

District	Weighted Individuals				Unweighted Individuals			
	2002/03		1994/95		2002/03		1994/95	
	No.	Percent	No.	Percent	No.	Percent	No.	Percent
Butha Buthe	109192	5.9	109185	5.9	3006	10.9	974	4.8
Leribe	300160	16.3	300177	16.3	3970	14.3	2531	12.4
Berea	240754	13.1	240111	13.0	2861	10.3	2509	12.3
Maseru	385869	20.9	386147	21.0	4808	17.4	7498	36.7
Mafeteng	212044	11.5	211884	11.5	2884	10.4	1857	9.1
Mohale's Hoek	184034	10.0	183981	10.0	2384	8.6	1497	7.3
Quthing	126342	6.9	126325	6.9	2398	8.7	1038	5.1
Qacha's Nek	71665	3.9	71656	3.9	1735	6.3	718	3.5
Mokhotlong	85580	4.6	85658	4.7	1775	6.4	705	3.4
Thaba Tseka	126353	6.9	126337	6.9	1857	6.7	1122	5.5

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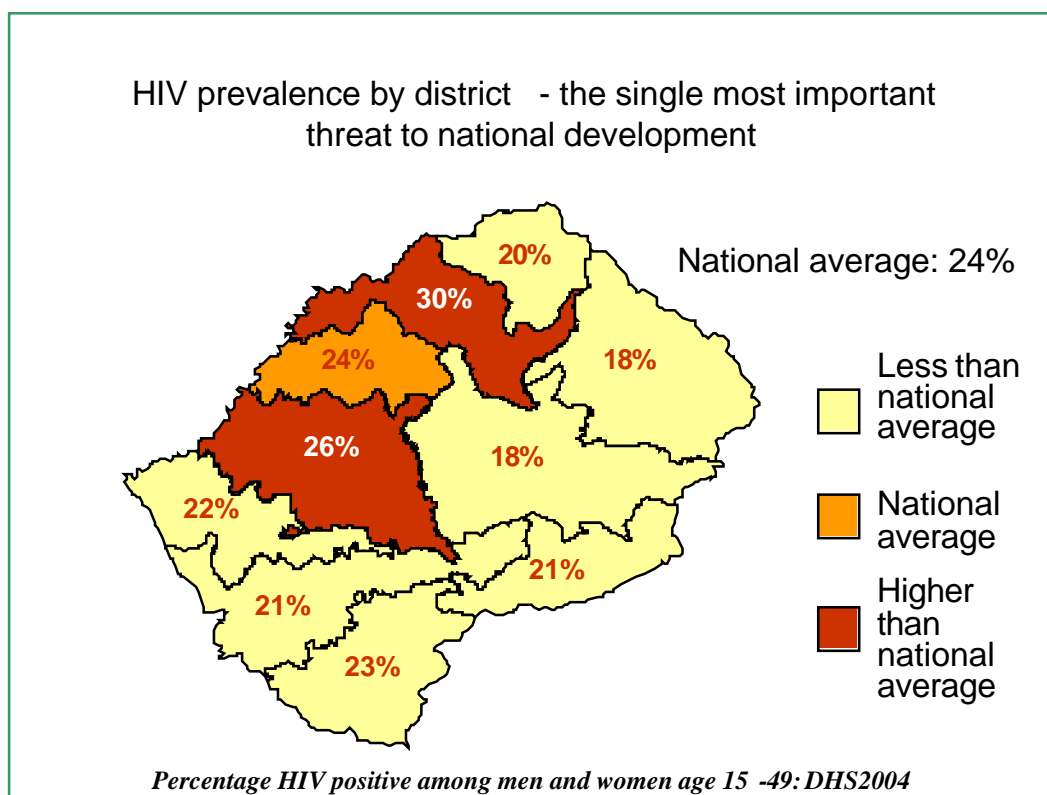
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Indicator Tables

Key Development Indicators			
Indicator	Value	Year	Source
Population Size (<i>de jure</i>)	1,880,661	2006	BOS 2007
Population Urbanised (%)		2006	BOS 2007
Life Expectancy at Birth	35.2	2004	HDR 2006
GDP (1995 constant prices) Maloti million	4529.3	2005	BOS 2007
GDP per capita (Purchasing Power Parity USD)	2,619	2004	HDR 2006
GDP (1995 constant prices) Maloti per capita (US\$)	2408.4 (\$379)	2005	BOS 2007
GNI (1995 constant prices) Maloti million	5349.0 (\$841)	2005	BOS 2007
GNI (1995 constant prices) Maloti per capita (US\$)	2,844.2 (\$447)	2005	BOS 2007
External Debt as % of GNP	43.5	2005	CBL 2005
Population below poverty line (%)	56.7	2002/3	BOS 2007
Adult (15 -49) prevalence of HIV (%)	23.2	2005	NAC/UNAIDS
Underweight children under 5 years (%)	19.8	2004	LDHS 2004
Infant Mortality Rate (per 1000 live births)	91	2004	LDHS 2004
Under Five Mortality Rate (per 1000 live births)	113	2004	LDHS 2004
Maternal Mortality Rate (per 100,000 live births)	762	2004	LDHS 2004
Net Primary School Enrolment Rate for Boys (%)	80.6	2004	MoET 2004
Net Primary School Enrolment Rate for Girls (%)	85.9	2004	MoET 2004
Adult Literacy Rate (%)	82	2002/3	MFDP
Infants with low birth weight (%)	13	1998 -2005	UNICEF
Human Development Index Rank (out of 177 countries)	149	2004	HDR 2006
Area (square km)	30,355	-	BOS 1996
Population using improved drinking water sources (%)	79	2004	LDHS 2004
Population using adequate sanitation facilities (%)	37	2004	LDHS 2004
Orphans, Children (0 -7 years) due to AIDS	97,000	2005	UNICEF
Orphans, Children (0 -7 years) due to all causes	150	2005	UNICEF
Crude birth rate per 1,000 population	28	2005	UNPD
Crude death rate per 1,000 population	26	2005	UNPD
Total fertility rate	3.4	2005	UNPD
Average annual rate of inflation (1990 -2005)	9	1990 -2005	MFDP
% of population urbanised	18	2005	UNPD
Skilled attendant at delivery (%)	55	1990 -2005	LDHS 2004



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