



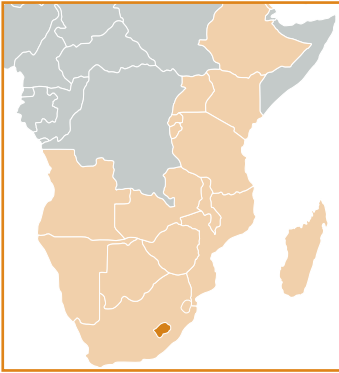
Enabling poor rural people to overcome poverty in **Lesotho**

Rural poverty in Lesotho

Poverty in Lesotho is deeply entrenched in rural areas, where about 70 per cent of the people live. More than half of rural people are poor, and more than one quarter of them are extremely poor. Poverty is closely linked to lack of income and unemployment, as well as to severe degradation of the natural resource base on which the livelihoods of many rural poor depend to a varying extent. Gross national income per capita in Lesotho is relatively high for sub-Saharan Africa, but there is a high level of inequality in income distribution.

The dramatic drop in remittances from migrant labourers in South Africa has thrust many rural households deeper into poverty. As demand for migrant labour declined and unemployed migrant workers returned to Lesotho, remittances shrank from about 60 per cent of gross domestic product (GDP) in the 1980s to about 20 per cent in 2005.

People in search of wage employment migrate from rural to urban and peri-urban areas within the country, unless they find an opportunity to work in South Africa or elsewhere. Some people, especially younger women, have been able to find



employment in the country's new industries, mainly the textile industry. But available job opportunities cannot keep up with the demand for wage employment.

The agricultural sector, which accounts for about 17 per cent of GDP, is the primary source of income, or an important supplementary source, for more than half of the population in rural Lesotho. Of the country's total land area, only about 10 per cent is classified as arable. The majority of small-scale farmers live on what they can produce from cultivating an average of less than 1.5 ha of land or from herding livestock on grazing land that is increasingly and severely degraded, or on occasional income from other sources such as casual labour or remittances. About 30 per cent of rural people live in extreme poverty. They include farmers who have less than 0.5 ha of land, people who are landless and households headed by women. People who live in the rugged mountain areas are significantly poorer than others in the country.

Most small-scale farmers do not have the labour or capital or the good access to improved technologies and support services that they need to use their land productively. Yields are low because of severe land degradation, reliance on rainfed farming and poor crop husbandry methods. The unfavourable climate (untimely and irregular rainfalls, abnormal temperature patterns, droughts, etc.), which is worsening as a result of global climate change, hinders exploitation of the agriculture sector's potential.

The lack of investment in agriculture, the decline in agricultural production, the lack of income-generating activities and degradation of natural resources are among the principal causes of rural poverty.

Poverty has deepened in rural households that have to manage without the remittance income they formerly received from migrant family members. Livestock productivity has declined, as stock theft and rangeland degradation have made animal husbandry a less attractive source of income. Many young people turn away from farming as a livelihood, yet urban areas offer few adequate alternatives. HIV/AIDS takes its toll, and rural people's scarce resources are consumed in caring for the sick, covering funeral expenses and supporting orphans.



Women in Lesotho

Women in Lesotho have a high status in society and a voice in local and national government. The country has one of the highest literacy rates in Africa. Girls have benefited from investments in education more than boys, who are often kept out of school to work as herders. With a solid education behind them, many women in Lesotho have achieved positions of influence in households and institutions.

In the past, when males went directly from herding to working in the mines, there was little incentive for them to attend school. This resulted in a significant gender difference in favour of females. The gender gap in education began to narrow when the government introduced free primary education in 2000 and school enrolment rose dramatically.

More than half of all households in Lesotho are headed by women. While education has benefited many women, there are large numbers of poor women, particularly in rural areas, who remain disadvantaged. Households headed by single mothers or women who are divorced, widowed or abandoned by their husbands are among the households with the highest incidence of poverty. Women who are heads of poor households are likely to have lost the assets they once possessed and are less likely to own agricultural assets such as livestock. They have difficulty securing the cash they need to feed and provide for their families. But households headed by women whose spouses have migrated in search of wage employment and stay away from home for considerable amounts of time, tend to be better off.

Eradicating rural poverty in Lesotho

After a three-year process of consultations and wide participation involving the people of Lesotho and representatives of the government, civil society, the private sector and development partners, the Kingdom of Lesotho presented its first Poverty Reduction Strategy for 2004/2005 and 2006/2007.

The government's strategic priorities as outlined in the Poverty Reduction Strategy included:

- creating employment opportunities
- improving agricultural production and food security by improving farming practices, irrigation systems and water supply schemes, and livestock and fodder production
- developing infrastructure, including transport, water and power supply, sanitation and telecommunications, and promoting planned settlement of peri-urban areas and affordable housing
- improving governance at national and local levels and implementing decentralization
- improving the quality of and access to essential health care and social welfare services to meet the challenges of increasing poverty, disease, and the devastating onslaught of HIV/AIDS
- increasing human resource capacity, particularly by closing the gender gap
- managing and conserving the environment, including carefully monitoring of waste water
- improving delivery of public services by overcoming factors such as lack of technology and poor management

IFAD's strategy in Lesotho

The main objectives of IFAD's operations in the country are to improve food security and family nutrition. Since 1980, IFAD has supported agricultural development by investing a total of US\$64.3 million in seven programmes and projects to reduce poverty in the country's rural areas.

Normally, Lesotho is not in a position to grow enough food to feed its growing population. Offsetting the effects on poor households of declining agricultural production, IFAD investments support the efforts of small-scale farmers to ensure food security for their families and improve their incomes. Increased productivity is a key to achieving these aims and to reducing poverty in rural areas. IFAD finances programmes and projects that encourage poor people's participation in the planning and development of income-generating activities, including microenterprises.

In harmony with the government's poverty reduction strategy, IFAD supports development programmes and projects to:

- improve food security and household nutrition and income, particularly among households headed by women
- foster local people's participation in planning and implementing development activities
- reverse land degradation and the decline in agricultural production by promoting sustainable natural resource use and management
- build local capacities in support of the decentralization process
- promote partnerships with NGOs
- improve access to financial services in rural areas

Projects: 7

Total cost: US\$64.3 million

Total loan amount: US\$46.0 million

Directly benefiting: 184,577 households

HIV/AIDS

HIV/AIDS has had a devastating impact in Lesotho, not only on people's health and living conditions, but also on agriculture, the education system and the economy. The HIV prevalence rates are among the highest in the world. About 25 per cent of the adult population aged between 15 and 49 is living with HIV. HIV/AIDS has contributed enormously to the sharp drop in life expectancy, which is now estimated at 39 and 44 years old for men and women, respectively (UNAIDS). The depletion of assets and loss of income because of the illness and death of the productive members of households have had an extremely negative impact on rural livelihoods. The number of orphans and vulnerable children is becoming a serious social issue. Under the National AIDS Policy & Strategy Plan for 2006–2011, the National AIDS Commission is now fully operational, although overall coverage of HIV-related services is still very limited, and improving access to treatment is still a major challenge. The ambitious Know Your Status campaign is considered the gateway to the national AIDS response and its aim is to make every person in Lesotho aware of their HIV status.

The first IFAD-supported project in Lesotho was the Agricultural Marketing and Co-operatives Project, which had the aim of increasing national food production and household food security in response to prolonged drought. The Local Initiatives Support Project promoted the development of simple, micro-scale gravity-fed irrigation systems owned and managed by small-scale farmers. The success of small-scale irrigation in increasing agricultural productivity in the project area led the government to support the use of inexpensive small-scale irrigation technology by farmers elsewhere in the country.

The Soil and Water Conservation and Agro-forestry Project focused on improved natural resource management, particularly through an indigenous, labour-intensive cropping technology developed by a local NGO, the Machobane Agricultural Development Foundation. The so-called Machobane farming system is based on four principles: full use of the calendar year, use of organic sources to build up and maintain soil fertility, maximization of plant arrangements, and production of cash and subsistence crops. The Rural Finance and Enterprise Support Project pioneered the development of rural savings and credit groups as viable financial intermediaries operating within the guidelines of the Central Bank.

The Sustainable Agricultural Development Programme for the Mountain Areas, which closed in 2006, provided training for local communities and assisted the government in reviewing and improving existing public accounting and budgetary systems. The ongoing Sustainable Agriculture and Natural Resource Management Programme provides support to small-scale farmers so they can increase agricultural production and productivity in a sustainable manner. The most recent IFAD-funded programme in the country, the Rural Financial Intermediation Programme aims at enabling poor rural people to access financial services that respond to their needs.

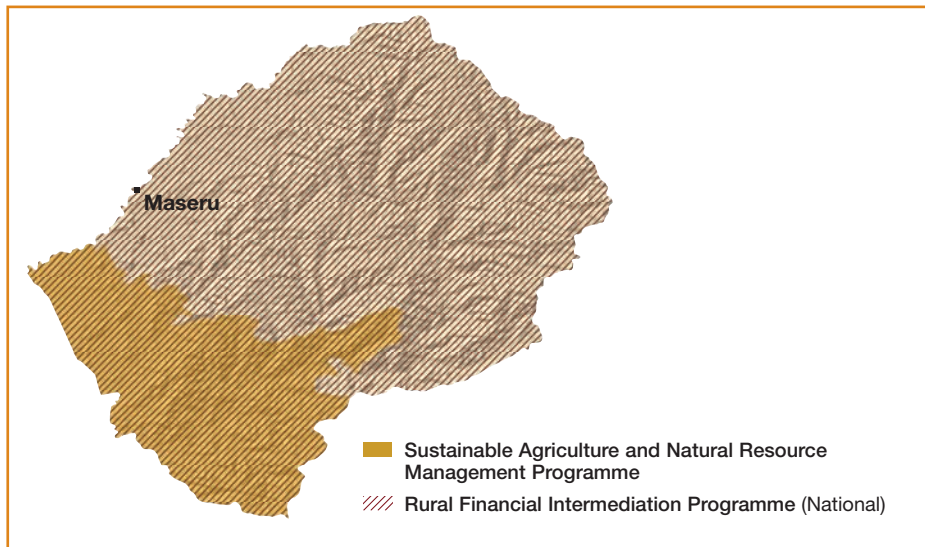
IFAD operations in Lesotho have focused on three main opportunities for reducing rural poverty:

- diversifying and intensifying agriculture
- rehabilitating and reclaiming degraded lands
- developing rural financial services to support improved agricultural production and create income-generating activities

IFAD plans to review and update its country strategy in Lesotho by 2009 in collaboration with the government and development partners.



Ongoing operations



Sustainable Agriculture and Natural Resource Management Programme

The objective of the programme is to improve household food security and family nutrition in an area where half of the people are poor and 30 per cent of them are extremely poor. About 70 per cent of the households in the area cannot produce enough food to satisfy their needs throughout the year, and about 60 per cent cannot produce enough to meet more than six months of their yearly requirement.

The programme targets landless people and small-scale and subsistence farmers. Almost 30 per cent of the households participating in the programme are headed by women.

To increase agricultural production and productivity, the programme supports investments in:

- agricultural diversification and intensification of crops and livestock with attention to sustainable natural resource use and management
- effective delivery of core support services that are responsive to the needs and priorities of rural households
- empowerment of local communities through the participatory community action planning process
- strengthening of the institutional capacity of the decentralized district governments as the focal points for programming, implementation, monitoring and evaluation

The programme area consists of three of Lesotho's ten administrative districts: Mafeteng, Mohale's Hoek and Quthing. At the central level, the main implementing agencies are the Ministry of Agriculture and Food Security and the Ministry of Forestry and Land Reclamation. District offices lead the planning and implementation of field level activities. Central to the programme approach is the focus on local capacity building and the participatory planning process through community action plans.

Total cost: US\$12.0 million

IFAD loan: US\$10.1 million

Duration: 2005-2011

Geographical area: districts of Mafeteng, Mohale's Hoek and Quthing in southern Lesotho

Directly benefiting: 25,000 households



Total cost: US\$10.7 million
IFAD loan: US\$4.3 million
IFAD grant: US\$4.3 million
Duration: 2008-2015
Geographical area: nationwide
Directly benefiting: 7,400 households



Rural Financial Intermediation Programme

The objective of the programme is to enable poor rural people to access financial services that respond to their specific needs. In Lesotho, most people do not have access to a broad range of financial services such as savings, credit, money transfer and insurance. As a result, most rural households depend on informal local groups and moneylenders. In case of need, poor rural people have few options other than borrowing money from informal local groups, relatives and moneylenders, often at exorbitant rates. As a consequence, they tend to borrow only in emergency situations and are unlikely to seek loans to develop businesses or invest in their farms. The physical distances separating them from financial institutions, and unfavourable terms and conditions such as minimum balance requirements and fees for depositing money, also make it difficult for poor rural people to access reliable and secure saving facilities.

The Rural Financial Intermediation Programme will improve access to financial services by developing member-based institutions, extending the outreach of formal networks and creating linkages with informal institutions. Among the grass-roots level member-based institutions that it will support are financial cooperatives and rural savings and credit groups, and other types of informal groups. As a formal financial institution, the Lesotho PostBank is expected to be a key player. The programme will help transform the PostBank into a professionally managed institution operating on business principles while at the same time maintaining its social mandate. In collaboration with other partners, the programme will also support the government in developing regulations and policies to encourage efficient and sustainable financial services and to promote competition.

Poor households with the capacity and opportunity for engaging in income-generating activities will be the first to benefit from the programme, through improved investment in productive activities and enhanced savings accumulation. Sources of potential income include marketable surpluses from agricultural or livestock activities, remittances and occasional employment. Very poor people with low incomes will also benefit because they, too, will be able to gradually accumulate savings and have access to a secure place in which to deposit their savings, however small they may be.

The programme is coordinated under the Ministry of Finance and Development Planning and the key implementing partners are the Central Bank of Lesotho, the Lesotho PostBank and the Department of Cooperatives of the Ministry of Trade and Industry, Cooperatives and Marketing.

Closed operations

Sustainable Agricultural Development Programme for the Mountain Areas

Total cost: US\$11.0 million

IFAD loan: US\$8.4 million

Duration: 2000-2006

Geographical area: 3 mountain districts of Mokhotlong, Qacha's Nek and Thaba Tseka

Directly benefiting: 26,270 households

Rural Finance and Enterprise Support Project

Total cost: US\$7.4 million

IFAD Special Programme for Africa loan: US\$ 4.1 million

Grant: Government of Japan (US\$900,000)

Duration: 1994-2002

Geographical area: Butha-Buthe, Leribe, Berea, Maseru and Quthing districts

Directly benefiting: 15,200 households

Soil and Water Conservation and Agroforestry Programme

Total cost: US\$8.5 million

IFAD Special Programme for Africa loan: US\$7.7 million

Duration: 1989-1997

Geographical area: lowland and foothill areas in the districts of Butha-Buthe, Leribe, Berea and Maseru

Directly benefiting: 23,300 households

Local Initiatives Support Project

Total cost: US\$7.0 million

IFAD loan: US\$4.8 million

Grants:

– Plenty Canada (US\$900,000)

– United Nations Children's Fund (UNICEF) (US\$100,000)

Duration: 1987-1996

Geographical area: Quthing district, except for the Mphaki area

Directly benefiting: 4,550 households

Agricultural Marketing and Credit Project

Total cost: US\$7.7 million

IFAD loan: US\$6.1 million

IFAD grant: US\$330,000

Duration: 1981-1988

Geographical area: lowland areas

Directly benefiting: 13,000 households



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For further information on rural
poverty in Lesotho, visit the
Rural Poverty Portal:
<http://www.ruralpovertyportal.org>



Building a poverty-free world

In 2008, IFAD marks 30 years of fighting rural poverty and hunger. IFAD was created in response to the droughts and famines that killed many millions of people in Africa and Asia in the early 1970s. World leaders at the 1974 World Food Conference decided to form a global alliance to fight rural poverty, an underlying cause of hunger and malnutrition. Their vision was a new and unique partnership between the members of the Organisation for Economic Co-operation and Development (OECD) and the Organization of the Petroleum Exporting Countries (OPEC) and other developing countries dedicated to agriculture and rural development.

IFAD is an international financial institution and a specialized United Nations agency. Since 1978, IFAD's member countries have together invested more than US\$10 billion in loans and grants, helping over 300 million poor rural women and men to grow more food, improve their land, learn new skills, start businesses, build strong organizations and communities, and gain a voice in the decisions that affect their lives. But hunger and poverty remain widespread in many countries, and poor rural people face new and daunting challenges, such as climate change. Now on the 30th anniversary of IFAD's founding, we honour our founders' vision and renew our commitment to enabling poor rural people to overcome poverty.