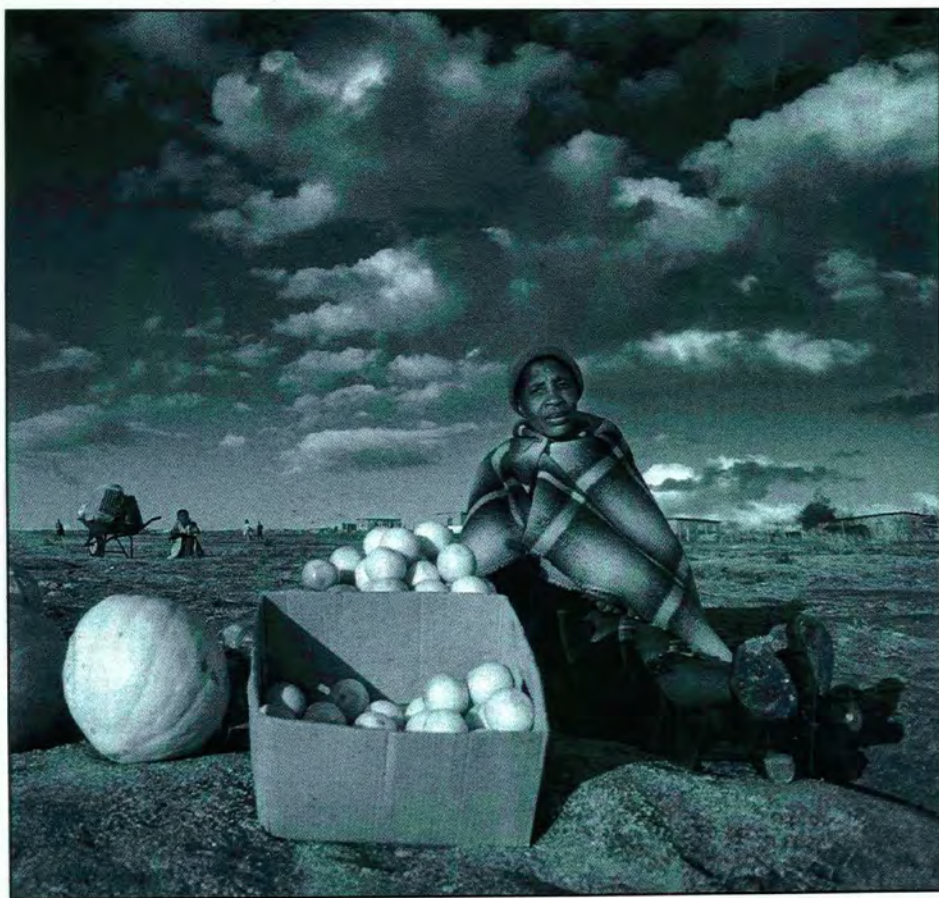


SUPPORT AGAINST APARTHEID

*An Evaluation of 28 Years
of Development Assistance to Lesotho*



BY TYRELL DUNCAN
FRANK BAFFOE
KARIN METELL

Authors: Tyrell Duncan, Frank Baffoe and Karin Metell

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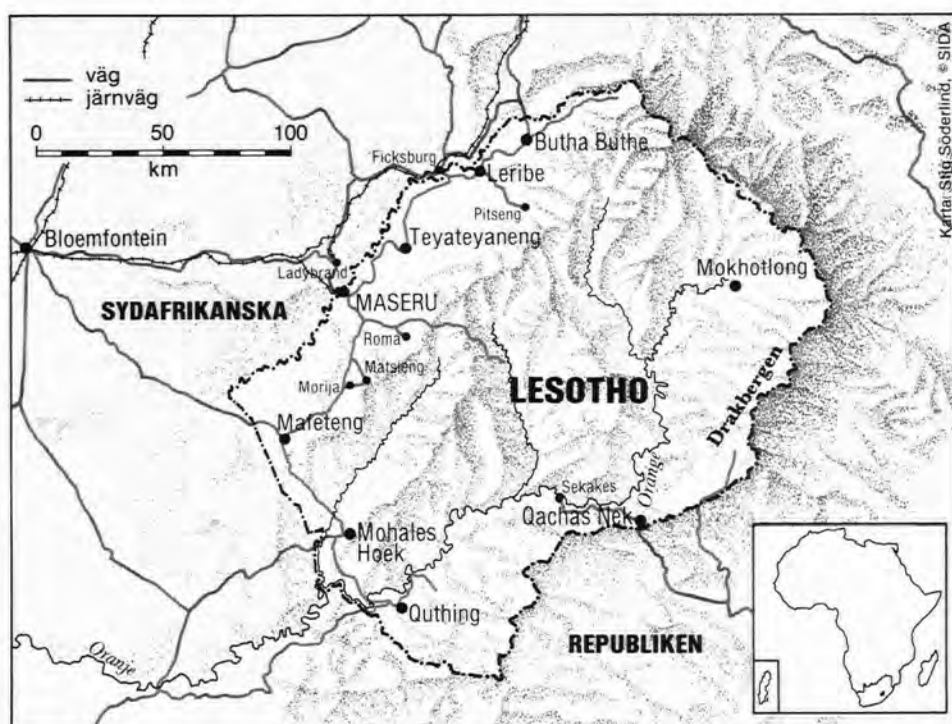
Support against Apartheid

SIDA Development Assistance
to Lesotho, 1966-93

Final Report – August 1994

**By
Tyrell Duncan
Frank Baffoe
Karin Metell**

MAP OF LESOTHO



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ACRONYMS AND ABBREVIATIONS

BCP	Basotholand Congress Party
BNP	Basotholand National Party
BoS	Bureau of Statistics
DLSP	Department of Lands, Surveys and Physical Planning
ELMS	Environment and Land Management Sector (SADC)
FISC	Farm Improvement with Soil Conservation
FTP	Forestry Training Programme
FYP	Five Year Development Plan
GDP	Gross Domestic Product
GNP	Gross National Product
GoL	Government of Lesotho
ILUP	Institute of Land Use Planning
LAC	Lesotho Airways Corporation
LCU	Labour Construction Unit
LEC	Lesotho Electricity Corporation
LHWP	Lesotho Highlands Water Project
LNDC	Lesotho National Development Corporation
LTC	Lesotho Telecommunications Corporation
M	Maloti
MDP	Management Development Programme (under MoPS)
MoA	Ministry of Agriculture
MoF	Ministry of Finance
MoPS	Ministry of Public Service
MPEMD	Ministry of Planning, Economic and Manpower Development
MWEM	Ministry of Water, Energy and Mining
NGO	Non-Governmental Organisation
NUL	National University of Lesotho
OAG	Office of the Auditor General
PMIS	Personnel Management Information System (under MoPS)
PTC	Production Through Conservation (under MoA)
SACU	Southern African Customs Union
SADC	Southern African Development Community
SADCC	Southern African Development Co-ordination Conference
SEK	Swedish Krona
SIDA	Swedish International Development Authority
SNAP	Support for National Programme (under MoA)

UNDP United Nations Development Programme
USAID United States Agency for International Development

Notes:

(a) The fiscal year of the Government of Lesotho is from 1 April to 31 March.

(b) The currency of Lesotho is the Loti (plural Maloti). It is tied to the South African Rand at parity and the Rand also remains legal currency. The average exchange rate per US\$ was approximately M0.71 in 1971; M1.11 in 1983; and M2.57 in 1990. In April 1994 the exchange rate was M3.40 per US\$.

EXECUTIVE SUMMARY

Background

Sweden has been providing development assistance to the Government of Lesotho since Lesotho's independence in 1966. The assistance was in the form of grants to projects and programmes as well as technical assistance. At the end of 1991 the cumulative disbursements of development assistance exceeded SEK 500 million.

This evaluation examines the results and experiences of the Swedish assistance between 1966 and 1993. It also provides an opportunity to review the objectives and approach of Sweden's assistance to Lesotho in relation to recent political changes in South Africa.

Three main issues are covered: the *relevance* of Swedish assistance through SIDA, the *effectiveness* of the various programmes and projects; and the *long-term impact* of Swedish interventions.

The project

The main projects and programmes under the country frame were for: public administration; agriculture, forestry and conservation; telecommunications; labour intensive construction, and; civil aviation. Support through regional funding included assistance to SADCC's secretariat for conservation of land and water resources; and support to civil aviation and rural electrification. Other aspects of Swedish support included emergency aid, assistance to NGOs, support for human rights/democracy and providing financial support to the South African liberation movements.

Main findings Relevance

Sweden's support to Lesotho was guided by the political objectives of opposing apartheid and assisting Lesotho to retain its political independence. Yet it was difficult to identify development cooperation activities that could be pursued to directly attain these objectives. In practice, most of Sweden's support through projects and programmes focused on the objective of improving Lesotho's economic independence.

From an early stage in the cooperation Sweden and government recognised that greater economic independence would require domestic employment creation and economic growth, as well as greater efficiency in the public sector. This provided the basis for most of Sweden's support, especially labour intensive construction, agriculture development and strengthening of public administration.

The types of activities supported by Sweden were modified only partly in relation to changing perceptions of needs. Initially most of the activities were intended to address the immediate technical assistance and basic infrastructure needs of newly independent Lesotho. From the mid-1970s onwards there was a shift in emphasis towards activities to promote economic independence and to raise the living standards of ordinary people. Some aspects of public sector reform were also introduced.

By the mid-1980s Sweden came to accept that economic independence from South Africa was not realistic. However, economic independence remained a leading objective of Sweden's development cooperation. The idea of promoting greater economic cooperation with South Africa only became an acceptable option for Sweden when apartheid had ended.

The commitment of Sweden and other donors to the anti-apartheid objective tended to obscure how they responded to the political and economic issues of the day in Lesotho. In other circumstances Sweden would have been less prepared to accept the poor standards of governance and the disappointing outcomes of many of the assisted activities. Its commitment to the anti-apartheid struggle outweighed its willingness to take Lesotho to task over poor use of development assistance.

Effects and achievements of objectives

In relation to its political objectives of opposing apartheid and standing by Lesotho's political independence, Sweden's support was quite successful. Lesotho's sovereignty remains intact and the apartheid threat is finally over. Together with other donor countries, Sweden, undoubtedly contributed to these successful outcomes.

Swedish support did not succeed in improving Lesotho's economic independence. Lesotho's economy has remained weak, depending heavily on external transfers, including migrant workers remittances, revenues from SACU and foreign aid.

Sweden had both too much and too little influence on Lesotho's national policies. Over most of the period of support, Sweden's policy dialogue with government was infrequent and limited in content. This was partly because the government was weak and lacked a popular mandate. Faced with weak and inefficient planning and economic management, Sweden often provided technical expertise to assist in the formulation of programmes and projects. This sometimes meant that development activities became "donor-led" and lacked the local legitimacy needed for them to be sustainable.

Sustainability

Lesotho attracted unusually high levels of aid per capita, both because of its status as a least-developed country and in relation to international opposition to apartheid. In overall terms the level of aid exceeded Lesotho's capacity to make good use of it.

Many of the SIDA funded activities had limited impacts and have not been sustainable. The difficult overall setting in terms of domestic politics and economic management meant that assisted activities did not fit within a coherent overall national development strategy. There was also a lack of institutional capacity to prepare and implement good projects and programmes. This was exacerbated by the high rates of staff turnover and attrition in the civil service.

Lessons learned

The evaluation illustrates the pitfalls for development cooperation when overall or leading objectives cannot be implemented; are contradictory; or are compromised by a political imperative to maintain the level of aid. It confirms the need for Sweden to be both candid and demanding in its dialogue with recipient governments regarding the importance of sound development policies and plans and of good governance. Lesotho's experience also provides a reminder that donor funding and technical assistance rarely succeed unless they are complemented by the necessary level of interest, participation and "ownership" from both the recipient government and the intended beneficiaries.

Recommendations

The ending of apartheid has offered a new hope for sustainable development in Lesotho – through the strengthening of economic ties with South Africa. There can be no good reason for Lesotho to delay facing its major economic and political problems and seeking to establish a realistic longer term framework for raising the living standards of all Basotho. In facing its problems, Lesotho will need the support of Sweden and other donors, as much as it ever did in the past.

Sweden needs to establish a new and meaningful dialogue with the government, as a matter of urgency. Preferably this should be undertaken in collaboration with Lesotho's other donors. The outcome of this dialogue should be the formulation of realistic national objectives for the post-apartheid era and a revised set of principles to guide Swedish support to Lesotho. This will require the re-establishing of some form of SIDA presence in Lesotho. Until the government shows itself to be willing and able to pursue sound national development activities, it would be appropriate for Sweden to adopt a transitional policy of *less now with more later* with respect to the level of financial support it is willing to offer.

INTRODUCTION

1.1 Background

Sweden has been providing development assistance to the Government of Lesotho (GoL) through SIDA since Lesotho gained independence in 1966. The assistance was initially provided as part of programmes of support coordinated by UNDP, but from 1983 onwards the main Swedish support was provided on a bilateral basis. SIDA assistance has been in the form of grants to projects and programmes as well as technical assistance. The main areas have been public administration; labour intensive employment; infrastructure provision, and; agriculture and conservation.

Sweden is one of Lesotho's major bilateral donors. The present development cooperation agreement amounts to SEK30 million over the year ending in June 1994. In connection with general cuts in Swedish development aid, the Swedish Government reduced its support to Lesotho by SEK5 million in 1993/94.

1.2 Purpose and timing of the evaluation

During the 28 years of development cooperation between Lesotho and Sweden, both Lesotho and the nature of the Swedish assistance have changed considerably. It is therefore felt necessary to summarise results and evaluate the role of the Swedish bilateral assistance in Lesotho's development process. This evaluation also provides an input for the discussions on the future size and content of Swedish development assistance to Lesotho.

The purpose of the evaluation is to assess the effects of Swedish development assistance to Lesotho and to summarise results and experiences from the projects and programmes supported by Sweden. The evaluation covers the entire period of Swedish assistance through SIDA between 1966 and 1993.^{1/}

The evaluation was carried out in three main phases between February and May 1994. The first phase provided an overview of the various SIDA-financed projects and programmes, based on documents in SIDA archives in Stockholm.

^{1/} Assessment of the conflict that broke out between the military and the government in early 1994 was beyond the scope of the evaluation.

The data and analysis from the overview have been used in chapter four of this report.

The second phase was a country study, reviewing and analysing Lesotho's development since independence. The main findings of the country study are included in chapters three and four of this report. Because of the limited time available, the country study was confined to identifying major trends and explanations of Lesotho's development, particularly those which have had relevance to Swedish assistance.

The third phase was the evaluation. Field work was carried out in Lesotho between 11 April and 4 May 1994. Preparations for phases two and three were made during a short visit to Lesotho by the team leader in March 1994.

1.2.1 Evaluation team

The evaluation was conducted by a team of three consultants, namely Mr Tyrrell Duncan, team leader (Maendeleo-Botswana); Mr Frank Baffoe, social scientist (Baffoe & Associates); and Ms Karin Metell, economist, consultant to SIDA.

1.2.2 Method

The general approach to the evaluation is outlined in the terms of reference (see Annex A). There were three main aspects of approach:

- compilation and discussion of findings from previous evaluations, reviews and other studies and documentation available at SIDA headquarters in Stockholm;
- analysis of trends in Lesotho's political, economic and social development during various periods in relation to the composition and volume of Swedish development assistance;
- interviews, discussions, field visits and other research in Lesotho with government officials, representatives of NGOs and donor agencies, SIDA consultants and employees in SIDA-supported programmes and projects.

Three main issues were examined: the *relevance* of Swedish assistance through SIDA; the *effectiveness* of the various programmes and projects; and the *long-term impact* of Swedish interventions.

The work of reviewing and analysing past Swedish funded projects and programmes was used to develop an understanding of how the Swedish support performed in overall terms over the years. No attempt was made to separately evaluate the individual projects and programmes. Similarly, although the evaluation team took the opportunity to review a great many past evaluations and studies of the SIDA-funded activities, it did not necessarily agree with or adopt all of their conclusions.

LESOTHO'S DEVELOPMENT

2.1 Introduction

Lesotho is a small, mountainous country completely surrounded by South Africa. Its geopolitical location is the result of historical conflicts and wars between the British colonialists and Boer trekkers on the one hand; and between the Boers and the Basotho, on the other.

The development and growth of Lesotho's economy and society have been substantially influenced by certain key factors. First, Lesotho's economy is substantially integrated within the much larger and more industrialised economy of South Africa.

Second, until the general elections of March 1993, the internal political system of rule has been characterised by extensive personalization of power, denial of fundamental human rights, widespread corruption in high places and the prevalence of unelected and unaccountable governments which had little or no legitimacy. The government structures were frequently been subjected to arbitrary changes (cf. G. Hyden & M. Bratton 1992, p.23).

Third, Lesotho's population has grown rapidly. This has had serious ramifications for urbanisation, land ownership and social services such as health, education and housing. The ultimate consequence has been that large numbers of people have been living in poverty, especially in the rural areas. Pressure on land has intensified the level of landlessness.

Fourth, the associated growth in the labour force has outstripped the capacity of the economy to provide jobs, resulting in rising unemployment. This situation has been exacerbated by the retrenchment of migrant labourers working in the South African mines. Slow economic growth over much of the period since independence has also made it extremely difficult to generate sufficient domestic employment opportunities to absorb the unemployed.

The newly elected government faces a daunting series of challenges. Those that have been recognised in the party manifesto include initiating meaningful measures to realise sound economic management, greater accountability of public funds, promotion of Basotho-owned businesses, reappraisal of agricultural institutions (including the land tenure system), and better provision of

banking and credit facilities (BCP Manifesto 1993 Elections, Maseru, October 1992).

2.1.1 The country

Lesotho is one of the few monarchies in Africa. It was founded by Moshoeshoe I in 1863. The country attained formal political independence from British colonial rule on October 4, 1966. Until then Lesotho was known as Basutoland, a British Protectorate, and, together with Botswana (then known as Bechuanaland) and Swaziland, constituted the High Commission Territories.

2.1.2 Geography

The Kingdom of Lesotho is a mountainous country with a total land area of 30,355 square kilometres. It lies between longitude 27 degrees and 30 degrees east and latitude 28 degrees and 31 degrees south.

Lesotho is divided into four major regions or zones in terms of its geographical and topographical features, as well as vegetation and agricultural activities: the lowlands, the foothills, the mountains and the Orange River Valley. The lowlands are on average 1500 metres above sea level and cover the western part of the country constituting the main crops farming region. The rest of the county is traversed by the Maloti Mountains which constitute part of the Drakensberg range. The Maloti Mountains reach heights of more than 3000 metres above sea level. They are the source of Lesotho's "White Gold" – water – which is in abundance. One of the largest rivers of southern Africa, Senqu or the Orange River, originates from the Maloti Mountains.

Lesotho lies within the summer rainfall area of Southern Africa with more than 85 per cent of precipitation occurring between October and April. The country has a temperate climate and four distinct seasons. The spring, which is the planting season for summer crops, occurs in the months of August and October. The most rainy season is Autumn which covers the months of February to April. Winter runs from May to July and there is usually heavy snow on the Maloti Mountains throughout the season.

One characteristic feature of Lesotho's geography is the problem of soil erosion which is regarded as unparalleled in Africa. Even though climatic factors are not the main cause of the soil erosion, they are partly responsible. To contain soil erosion, steps have been taken to introduce conservation measures, such as range management, tree planting and destocking of livestock.

2.1.3 History

The Basotho did not emerge as a nation until early in the nineteenth century when Moshoeshoe I gathered together the remnants of various clans from different tribes that had been fleeing from the raids of the Zulu and Ndebele during the

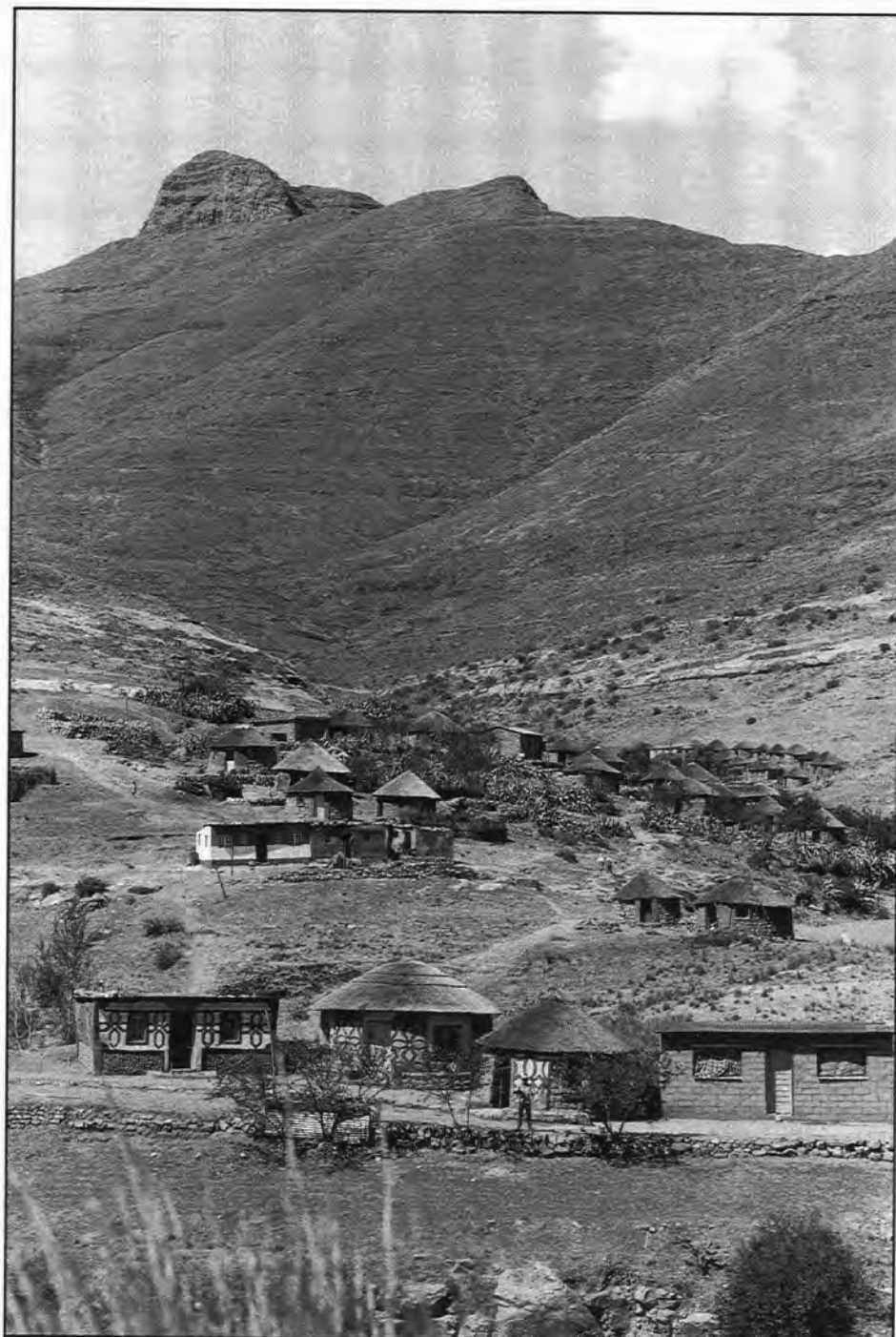


PHOTO: NIEL COOPER

Lesotho is a small, mountainous country completely surrounded by South Africa. Its geopolitical location is the result of historical conflicts.

Lifaqane. Moshoeshoe was the first Paramount Chief of Lesotho and a symbol of national unity.

Moshoeshoe's fledgling United Basotho nation was also attacked by the emigrant Boers of the Great Trek. The Boers forcefully occupied Basotho territory but showed no willingness to accept Moshoeshoe's authority.

The young Basotho nation fought a series of wars with the Boer republics of the Orange Free State between 1856 and 1868 and in the process lost much land. During this period, Moshoeshoe made several appeals to the British Government for protection against Boer occupation. This culminated in Lesotho becoming a British Protectorate. In 1871 it was annexed to the Cape Colony, without the consent of Moshoeshoe. The country was placed under direct British rule in 1884.

On attainment of formal political independence, the Paramount Chief at that time, Moshoeshoe II, became the constitutional monarch. In accordance with traditional custom and law, the function of the constitutional monarch is to preserve the unity and character of the nation.

2.1.4 The people

Basotho are a homogenous ethnic group speaking one common language – Sesotho. Although Moshoeshoe built the nation out of several clans stemming from a number of different tribes, the Basotho cherish a common heritage in terms of marriage, family structures, and other traditional practices. The original tribal groupings were the Matebele, Bathapu and the Batlokoa. These have since become the homogenous clans of Bakoena, Bataung, Bafokeng and Baphuthing of modern times.

Tribalism is generally unknown in Lesotho. The majority of Basotho are confessed Christians. A significant number of the population maintains traditional beliefs and practices. There are also a small number of Islamic believers, especially among people of Asian origins.

Sesotho and English are the two official languages of Lesotho. They are both taught and used at all levels of the education system in Lesotho.

2.2 Political development

The starting-point of Lesotho's decolonization process was the consolidation of anti-colonial forces to wrestle political power from the colonial administration. The main aim of the nationalist leadership was to enter the "political kingdom" as a necessary condition for achieving other goals.

As was the case with other African countries, Lesotho's nationalist leaders ushered in their independence in a spirit of great nationalistic excitement. But in all the joyous moments of celebration, one critical question remained unanswered: what was the economic and social role of the new state?

Lesotho's nationalist leaders believed in a patrimonial state with centralised

authority under the monarch. In their view was of greater importance than government's role in maintaining law and order, increasing the level of domestic wealth and income generation, or improving the general social and material welfare of the governed. By the same token, the vital question was not posed: who can best promote economic development and provide social services to the populace?

A dominant feature of Lesotho's political development has been the persistent constitutional crisis emanating from the lack of clarity and, indeed, controversy over the constitutional powers of the Monarch, in terms of powers of intervention in the political process at the legislative and executive levels. The historical root of the conflict is that traditionally, the Paramount Chief was considered to be the head of government and the state. This contradicts the principles of representative democracy.

Chief Leabua's effort was to establish a framework for political interaction between the traditional power structures and the constitutional power structures. After failing in this process, he then turned to mobilising populist loyalty to his leadership rather than accountability to the electorate. Government positions were filled with individuals on the basis of their loyalty and not on principles of efficiency and performance. There ensued a drift towards arbitrary leadership and a denial of democracy. The leadership became increasingly isolated from the general population. Perceived threats to the leadership were crushed, sometimes ruthlessly. It was a time of patronage and mediocrity; and of unfilled hopes and expectations.

The process of Lesotho's political development can be discussed in terms of four main phases:

- Constitutional Conflicts (1966-1970);
- Democratic Arrested (1970-1979);
- Heightened Legitimacy Crisis (1980-1985);
- Military Rule (1986-1993).

At the time of preparing the current evaluation in mid-1994, Lesotho had entered a further phase of political development, namely the return to a fragile democracy, amid political change in South Africa. This most recent phase has been referred to in the current evaluation, but detailed analysis and conclusions are not provided. These would be beyond the scope of the evaluation; and premature in that the new democratically elected government had only been in power for one year.

2.2.1 Traditional system of chieftainship

The characteristic feature of Lesotho's political development is the vital position of the chieftaincy system with the King as the head. The united Basotho nation under Moshoeshe I, the Founder of the Nation, gave substantial powers to the

chiefs. Historically, chieftainship in Lesotho has been a traditional institution on which the country's development and administrative activities depend. The responsibilities and duties of the chiefs were pronounced in the Chieftaincy Act of 1968. The 1986 Development Council Order No.9 and the subsequent Order No.18 of 1991 further elaborated on the role of chiefs in community development.

For example, the system of *mafisa* has been traditionally deployed by chiefs as an administrative and political instrument to seek and maintain allegiance and loyalty from the beneficiaries. In such a situation, traditional structures and identities have tended to conflict with bureaucratic procedures and rules necessary for the efficient functioning of administration, business, and other modern formal organisations, and thus reduce their effectiveness.

In view of the above observation, civil society in Lesotho does not actively interact with the state but through personalities, the King, at the head of the traditional structure and the Prime Minister, at the head of government. This has fostered the process of personalising power which, in turn, serves as a modicum for organising particularistic, autonomous economic and social interests. The link between economic accumulation and political power is solely instrumental in the pursuit of specific group interests.

In essence Lesotho's modern party politics began with the founding of the Basutoland Congress Party by Dr. Ntsu Mokhehle in 1952. Later in 1959, the late Chief Leabua Jonathan founded the Basotho National Party. These two parties have ever since dominated Lesotho's political scene. The personalities of the leaders of the two political parties have exerted much influence on the formation of the state in Lesotho. The third protagonist was Moshoeshoe II, the Paramount Chief who became King.

2.2.2 Constitutional conflicts (1966-70)

The root cause of Lesotho's constitutional conflicts has emanated from the Constitutional position of the Monarch. The Constitutional Commission's Report of 1963 and the London Independence Conference of 1964 both attempted to address this issue. Chief Leabua Jonathan's position had been that "the Paramount Chief should be a Constitutional Ruler." At the Independence Conference at Lancaster House in London he clarified the position as follows:

".... Perhaps I should emphasise the Government's attitude in regard to the position of the Paramount Chief. You will recall, Mr Secretary, that in Section 11 of Command Paper 2371, the British Government undertook that it would not seek to amend the provisions of the Constitution relating to the status and functions of Motlotlehi except at the request of the Parliament of Basutoland. This matter was debated at length in Parliament recently and all amendments proposing that the Paramount Chief should have greater discretionary powers were defeated. My Government would not wish to depart from this position, both in

the interests of stable Government in Basutoland and in the interest, let me emphasise, of the Paramountcy itself."

This problem is historical and structural. It has had links with the colonial legacy, in that Britain had established the administrative structures that were used by the authoritarian Lesotho state. The BNP government patrimonialized the structure.

The constitutional conflicts in Lesotho must be understood in the context of patrimonial administration whereby most problems (including law and adjudication) become problems of administration. In this sense, any distinction between administrative and judicial functions is generally blurred. As Max Weber wrote of the patrimonial administration: *"the patrimonial office lacks above all the bureaucratic separation of the 'private' and the 'official' sphere. This derives from the treatment of the office as a personal right and not, as in bureaucratic state, from impersonal interests – occupational specialisation and the endeavour to provide legal guarantees for the ruled."* (Max Weber: 1978 pp. 1028-1031).

It is within this context of patrimonial administration that the conflicts between the Monarch, who seeks more interventions, and the BNP as well as the Military governments have raged. These leaders have attempted to reinforce and extend central power and control over the ruled through state-corporatist structures. These structures did not accommodate pluralism or any form of opposition. Accordingly the situation was characterised by the following features: personalistic staff selection; direct dependence of the staff at all levels on the ruling party; supervision of the staff on the basis of personal preference and loyalty; fusion of private and official affairs and resources; tendency toward appropriation of office and official resources; and arbitrary, personalised administration based on personally motivated discretion (T M Callaghy 1987).

Thus the Lesotho state became an instrument of domination and organisation or "an authoritarian organisation of domination" – against all forms of dissent. The state served the interests of the ruling elites.

2.2.3 Democracy arrested (1970-79)

At independence, the King was the constitutional Monarch. Legislative authority was vested in parliament and executive powers were exercised by the government. After Chief Leabua had removed his political opponents, the BCP leadership, from the country's political scene, he entered into open conflict with Moshoeshe II. In the process the King was exiled to the Netherlands in the mid-1970s.

The first general election held on April 29, 1965 was won by the BNP. Chief Jonathan did not win the election in his constituency, but was enabled to enter parliament through a by-election caused by the calculated resignation of Mothepu in the Mpharane constituency. The first Prime Minister of Lesotho, under a Westminster Model of Constitution was Chief Sekhonyana Maseribane.

The general election in 1970 highlighted the fragility and insecurity of the

Westminster-type constitution in Lesotho. When the then Prime Minister, Chief Jonathan, realised that the results were clearly leading to election victory for the BCP, he aborted the elections, declared a state of emergency, suspended the constitution and continued in office without electoral legitimacy. Dr Mokhehle and other leaders of the BCP were arrested. Chief Jonathan then ruled by decree until 1973, when an interim National Assembly was appointed to draw up a new constitution. Dr Mokhehle and the other BCP leaders were eventually released and fled into exile – mainly to Botswana and Zambia – thus beginning a lengthy period of opposition resistance from outside the country.

After the arresting of democracy in 1970 Chief Jonathan turned to distributing political and economic favours within the framework of authoritarian practices. As the authoritarian practices increased, basic human rights were flaunted, corruption at high places became rampant, and public accountability and political legitimacy disappeared. Civil society became a disillusioned and disinterested onlooker. To sustain and preserve itself, the BNP government maintained a friendly position with apartheid South Africa which itself had become a pariah in international relations.

Under the above conditions, the policy decisions of Lesotho after 1976 reflected the effects of two major political developments in South Africa. The first was the June 1976 students uprising and the second was South Africa's policy of Constellation of South African States (COSAS). These two developments were themselves the consequences of the heightened pressure of the South African liberation struggle and the sympathetic support from the international community against apartheid.

The 1976 students uprising resulted in the influx of a large number of South African students into Lesotho, generally to transit to other countries for military training or to enter the National University of Lesotho to study. South Africa treated all those who had fled to Lesotho as terrorists and thus enemies of that State. The South African government put enormous political and other pressures on the Lesotho government to deport the South African refugees.

Within the context of the policy of the Constellation of Southern African States, South Africa declared the independence of the Transkei bantustan in October 1976. Lesotho's refusal to recognise the "independence" of Transkei resulted in South Africa closing its southern borders with Lesotho. South Africa also withdrew the subsidies on wheat and maize which had been provided to compensate the rural Basotho for their forced dependence on South Africa's milling industries.

By February 1977 the conflict between Lesotho and South Africa had become so serious that the United Nations sent a mission to assess the situation. The mission recommended emergency measures in the form of: (a) strategic stockpiling of food to reduce Lesotho's dependence on South African sources of supply; and (b) acceleration of strategic projects initially planned for later implementation.

2.2.4 Heightened legitimacy crisis (1980-85)

From the mid-seventies, the previous friendly relationship between the BNP government and the South African Government was transformed into open animosity. As the liberation struggle intensified, Lesotho became a strategic conduit for the freedom fighters and South Africa unleashed its destabilizing forces against Lesotho and other countries in the region. South Africa's argument was that these countries were harbouring terrorists who aimed to destroy the South African state.

South Africa conducted a large raid on Maseru on 9 December 1982 and killed 42 people, most of whom were not connected with the liberation struggle. In a second raid on Maseru in 1985 a further 9 people lost their lives. Soon after the raid South Africa closed its borders with Lesotho. This created serious social and economic hardships for the Basotho, especially in the urban centres, since the country was a net importer of foodstuffs and depended entirely on imports of petroleum, petroleum products and electricity. South Africa also threatened to deport a large number of Basotho migrant workers from South Africa.

During this period, Lesotho received substantial assistance from the international community. Assistance was also received to provide transit accommodation for the growing number of South African refugees as well as financial and material resources to provide for the refugees' welfare.

The United Nations opened an office for the UN Secretary-General's Political Observer to report on a regular basis any infringements on Lesotho's sovereignty by South Africa. It was during this period that Chief Leabua expanded diplomatic contacts to the then Eastern Block communist countries whose governments openly supported the liberation movements. All these steps intensified South Africa's aggressive and covert measures against Lesotho. Such measures exposed the weaknesses of the BNP government to defend the general economic interest of the populace. The people were not only unhappy about the BNP government's policies of open confrontation with South Africa, but they began to challenge the legitimacy of the government that ruled the country with iron fists since 1970.

It was also during this period that the military arm of the BCP, Lesotho Liberation Army (LLA), began to engage the government militarily. LLA members were clandestinely based in Botswana and Zambia, with most moving to South Africa in the early 1990s. LLA's combat activities highlighted the weaknesses of the BNP government and engrossed it a heightened legitimacy crisis. The government sought to contain the crisis by initiating a Bill of Rights in 1983, but this remained a matter of legislative rhetoric since arbitrary arrests were continued.

Another ploy was to offer the population a general election. However, the conditions and procedures for submitting candidates were so stringent and undemocratic that all other political parties, apart from the ruling BNP, failed to register candidates; and they withdrew their participation. The result of the

election was that the BNP won without a contest; it did not, however, gain legitimacy. This only demonstrated once again that the BNP government was out of touch with the general public and had turned public matters into private issues. Through the results of the election the BNP leadership made a mockery of their pronouncements about accountability and legitimacy.

The results of the four general elections conducted in Lesotho since 1965 are depicted below.

Table 2.1: Lesotho general election results, 1965-1993

Political party	Year			
	1965	1970	1985	1993
<i>Number of seats</i>				
BNP	31	23	65	0
BCP	25	36	0	65
MFP	4	1	0	0
<i>Percentage of votes (%)</i>				
BNP	41.6	42.2	100	23
BCP	39.6	49.9	0 a/	75
MFP	16.6	7.3	0 a/	2

a/ Because of stringent and undemocratic procedures for registering nominated candidates, the 1985 election was boycotted by all political parties other than BNP.
Source: General election returns.

2.2.5 Military rule (1986-93)

Since the authoritarian practices of the Jonathan government had prevented public debate and political opposition, when dissatisfaction with the government reached a peak, it was left to the armed forces to stage a coup. This took place on 20 January 1986. Major-General Justin Metsing Lekhanya, who led the coup, established a Military Council headed by himself. The National Assembly was dissolved and both the legislative and executive powers were vested in the King, Moshoeshoe II, who acted on the advice of the Military Council. The main explanation was that most members of the Military Council were royalists and had roots in the traditional power structures and norms.

Even though Basotho greeted the military takeover with jubilation, the issues of public accountability and legitimacy remained unresolved and civil society was at bay as far as the state was concerned. However, at this time civil society was beginning to become increasingly vocal in its desire to see change. The result was that in April 1988 five political parties appealed to the Commonwealth, the Organisation of African Unity (OAU), and the South African government to assist in the process of restoring civilian rule in Lesotho. These domestic institutional

dynamics have their external and historical dimensions which are discussed below.

Soon after the appeal for external intervention, Dr Mokhehle who had been in exile for fourteen years, was invited to return to Lesotho for peace talks. He came with other BCP leaders.

The military government faced rising demands to establish greater legitimacy through a general election. Because of this General Lekhanya promised the Basotho that a return to civilian rule would take place in 1992. A few months later, a National Assembly was set up to draft a new constitution. This consisted of 108 members, and including representatives of the Military Council, Council of Ministers, all Principal Chiefs and politicians. The National Assembly was advised to use the 1966 independence constitution as the basis of its deliberations. The National Assembly completed its assignment and the Draft Constitution was given to an appointed Constitutional Commission whose duties were to assess public reactions to the document, through *pitso*s, before its adoption. The Commission held several well-attended public meetings throughout the country and received a number of verbal and written submissions. The views received were taken into account in the finalisation of the new Constitution which was eventually published in February 1993.

Prior to reaching a political settlement as indicated above, in 1990 a conflict between the Military Council and the King, Moshoeshoe II, became public knowledge and once again the tenuous relationship between the state and traditional structures, norms and identities heightened. Moshoeshoe II was sent into exile and subsequently deposed. His son and heir to the throne, Prince Mohato, was sworn into office in November 1990 as King Letsie III (under the office of King Order No. 14 whose main function is to preserve the unity and character of the Basotho Nation).

The process of political development in Lesotho has, since independence, been decisively impacted upon by the role of the monarchy, as seen by the state on one hand and as seen by the former King on the other. The state has sought to imbue the monarchy with ceremonial functions while the former King has consistently sought to expand his power and functions through political manoeuvring. Jonathan's government faced the same problem as did Lekhanya's and Ramaema's, Military Council when they took over the reins of government. This conflict still remains, representing the major source of political instability in Lesotho.

The urgency of resolving the conflict has been highlighted in various recent speeches in Parliament by the Prime Minister, Dr Mokhehle. The former King's continued determination to return to the throne has created a potentially explosive situation, involving various factions among politicians and in the army.

2.2.6 Lesotho's human rights experience

It was discussed earlier that Lesotho's system of government has been that of patrimonial state administration within which maintenance of law and order was

substantially affected by the interests of the ruling elite. Most problems of law and adjudication were consequently seen as problems of administration.

Against this background, citizens' political, civil and economic rights have also been defined and promoted within the same framework of the patrimonial state. For example, since independence many instances of power abuse by the state and political killings have remained unresolved through the judiciary system because the law enforcement machinery has failed to perform its functions, either by default or design.

In 1983 the BNP government enacted the Human Rights Act which incorporated the African Human Charter on Human and People's Rights. This was the period of legitimacy crisis and the government was attempting to diffuse the crisis. The Act was an element in the failed process of democratisation which resulted in the rigged general elections of 1985.

In 1992 a group of prominent lawyers in Lesotho established the Lesotho Human Rights Alert Group, with the aim of investigating and publicising abuses against citizens and human rights in all forms: illegal arrests, police assaults on suspects and prisoners, conditions of detainees, state of infants and pregnant women in jail, etc. The group has been active in creating public awareness of human rights issues.

2.2.7 Local government and decentralisation policy

Lesotho's bureaucracy is essentially organised along vertical and largely technical lines, with planning and budgeting functions being centralised. Parallel to this bureaucratic structure is the traditional structure of authority based on the system of chieftainship. There are 24 Principal and Ward Chiefs; about 660 chiefs and headmen; and over 1100 subordinate chiefs and headmen. The chiefs perform their duties and exercise the powers of their offices under the authority of the Chieftainship Act 1986, Land Act 1979 (as amended 1986 and 1992) and other statutory legislation.

Lesotho has no elective local government system. Consequently the relationship between central government and local communities has remained diffused and in some cases non-existent.

The village has been viewed as the basic political and administrative unit. Consequently, past governments have encouraged the development of village voluntary committees as the grassroots organisation for consultation and action. It has also been accepted that the most appropriate structure for ensuring the effective participation of all members of a village may vary with local conditions. This position has created the "policy" of decentralisation, but this has remained a largely hypothetical model in the absence of an integrative legal and political system of local government based on an electoral system. In practice there has been little progress in the implementation of decentralisation measures.

The challenge is to integrate the central government bureaucratic system with the traditional structure of community based or chieftainship authority. This task calls for firm and committed action to transform the chieftainship system to achieve functional structures capable of performing planning and budgetary functions at both the village and district levels. Central government must relinquish some aspects of planning and budgeting while institutional capacities must be developed at the district and village levels to undertake these functions. The new government faces a major task of evolving a local government act to address these problems.

2.2.8 The legal system

Lesotho operates a dual legal system consisting of a customary or traditional law and a Roman-Dutch or common law. The primary aim of the legal system is to provide an efficient and speedy machine for the administration of justice which has remained one of the principal objectives of all past development plans.

The most constraining factors against the process of providing efficient and speedy machinery for the administration of justice are the dualistic structure of the system of courts and the inadequacy of personnel and facilities. The structure of the courts renders the speedy administration of justice difficult because litigants must take their cases before local courts, central courts, Judicial Commissioners' courts, Magistrates' courts, and the High court before eventually reaching the court of Appeal, the highest tribunal. The local, central and Judicial Commissioners' Courts deal primarily with customary law, common law and statutes. The Magistrates' Courts deal with cases involving common law and statutory law. The task is to integrate the two systems into a unitary system to facilitate rationalisation and speedy administration of justice.

Law enforcement is another problem facing the legal system. The personnel for the courts and the police are inadequate in terms of quantity and quality. The result is an increasing number of cases remaining uninvestigated and unprosecuted. The courts are unable to cope with the volume of cases.

2.2.9 Lesotho's future relations with South Africa

Lesotho's socio-political and economic relations with South Africa substantially impacted on the country's development. Historically, it was closely related to the discovery and economic exploitation of diamonds and gold in South Africa at the turn of the century. South Africa created the migratory labour system to sustain an efficient flow of cheap labour from Lesotho's reserve army of labour. Institution-alisation of the migratory system was political, social, legal and economic, with very pervasive effects on Lesotho's economy and society.

South Africa has always, by necessity, taken keen interest in all the political

events of Lesotho. The general elections of 1965, 1970, 1985 and, most recently, 1993 have always commanded the attention of South African politicians and business.

Lesotho's geographical position within South Africa made it of strategic importance to the opponents of the South African state, especially during the intensified armed struggle waged by the liberation movements in the 1970s and 1980s. For instance, the 1976 student uprising in South Africa created a flow of radical refugees into Lesotho. The political stance of the Jonathan government in the 1980s called for open hostility between the two states. When Jonathan attempted to internationalise the conflict by establishing diplomatic ties with the then Eastern Block countries (East Germany, Cuba, USSR, People's Republic of China), South Africa responded by instituting restrictive measures against Lesotho at all border crossings. The military overthrow of the Jonathan government is known to be partly a result of South African border restrictions which caused great hardships to the Basotho.

2.2.10 Future outlook

The General Elections of 27 March 1993 created a potential basis for trust and legitimacy from the public. This is the first time the state has had a broad-based constituency through a free and fair election. However the government faces formidable challenges. A first set of challenges involves understanding the logic of the institutions, policies, strategies and the personnel systems they have inherited. The resistance of the public institutions to change – and to accountability to political leaders and the electorate – needs to be appreciated. There is clearly a need for strong and effective leadership.

But the new government has been slow to build political coalitions with the civic groups (business, intellectual, religious, traditional structures, trade unions etc.) that favoured change under previous regimes. It has also done little to adopt a more open, consultative style for obtaining the compromise and consensus building that is needed. There are also uncertainties associated with how the new order will affect different interest groups. The situation is made more difficult by the relative inexperience of many of the politicians and civil servants in their new roles.

2.3 Economic development

At independence in 1966 Lesotho was one of the world's poorest and least developed countries. Colonial rule under Britain had been characterised by neglect, with little effort having been made to develop the country and to establish communications and infrastructure (e.g. there were only 5 km of tarred roads). Apart from abundant water, there were few exploitable natural resources. Although the mission schools had helped to achieve literacy among about half of the

population over five years old, education was very poorly developed beyond primary level; less than two per cent of the population had post-primary education and only 180 resident Basotho had university degrees. Apart from two small printing works employing about 100 people there was no industry. Most of the resident population lived in rural areas, engaged in traditional agriculture. But conditions for agriculture were unfavourable, with shortages of cultivable land (only 15 per cent of land was believed to be cultivable); poor soils; susceptibility to both frosts and periodic droughts; land fragmentation arising from the traditional land tenure system; and overgrazing and soil erosion. As a result of the dearth of economic opportunities and economic strength of neighbouring South Africa, about 120,000 of the country's *de jure* population of 969,634 were absent in South Africa as migrant workers, including about 100,000 or more than 20 per cent of all males. Migrant labour had become established more than a century before² and remittances from migrants had long represented an important source of households incomes and of gross national product (GNP).

For more than a decade after independence (1966-1978) Lesotho's economic development was characterised by *faltering attempts to build a national economy*. The country began the period using a transitional national development plan prepared by the former British colonial authorities (Ministry of Overseas Development, 1966) but by 1971 the government established its first five-year development plan. The period saw the establishing of the basic institutions of government, and public investment in infrastructure that was seen as pre-requisite for economic growth, but growth in employment and improvements in agriculture proved slow. A development of considerable importance was the re-negotiation of the Southern African Customs Union (SACU) agreement in 1969, resulting in a substantial increase in Lesotho's share of the SACU customs revenues. Largely as a result of this the government was able to finance its recurrent expenditures from domestic revenues for the first time in the 1973/74 fiscal year. With the ending of the need for recurrent deficit grants from Britain, this afforded Lesotho a measure of greater economic and political independence. However, the rise in significance of SACU revenues meant that Lesotho's reliance on its former colonial ruler had been traded for a further dependence on its powerful neighbour, apartheid South Africa.

By the late-1970s the modest hope offered by Lesotho's first attempts at economic planning and patient national building proved fragile in relation to emerging political factors. The suspension of democracy in Lesotho in 1970 gradually heralded the decline of popular participation in development; the closing of the South African border in 1976 brought hardship and fuelled a rise in anti-apartheid rhetoric that made Lesotho's position even more precarious.

² The 1946 national census in South African recorded 200,000 persons resident in South Africa but born in Lesotho (Cobbe, 1983).

Lesotho was entering a decade of *weak economic management and policy drift* (1979–87), when the early hopes of creating jobs and developing agriculture would prove optimistic.

Freed of accountability to the national electorate, the government's approach to economic management was neither rigorous nor cautious, and Lesotho embarked on an attempt to directly promote rapid development in the productive sectors without carefully considering the constraints and the modalities for success. The deteriorating political situation in South Africa exacerbated these difficulties, while providing justification for escalating foreign aid inflows that the government was ill-equipped to use wisely. With the steady weakening of economic management, the failure to establish meaningful forms of cooperation and consultation with the rural population and the increasing tendency for economic policy to be subjugated within political manoeuvring, the domestic economy stagnated. With an increasingly isolated and unaccountable bureaucracy, the machinery of government deteriorated such that by the mid-1980s many of the basic public accounts and records were no longer available or were years out of date. There was an accompanying loss of financial discipline and a rise in official corruption.

At the time of the military coup in 1986 Lesotho was experiencing serious macroeconomic imbalances. These were closely linked with past weaknesses in public sector administration, economic planning and budgetary control. Many of the most basic systems of government had collapsed or were subject to unacceptable levels of abuse and mis-management (Santho, 1993). The immediate consequences included mounting budget deficits, deterioration in the balance of payments and the threat of rising external indebtedness. Little or no progress had been made to address the fundamental economic challenges of employment creation, land reform and improving the performance of agriculture.

But the military government had neither the expertise nor the commitment to set about addressing such problems. By 1987/88 the growth in public expenditure had swollen the budget deficit to around ten per cent of GNP. Faced with the prospect of the budget deficit going out of control, and under pressure from donors and the international community to take action, the military regime turned for advice and assistance to the World Bank and the IMF. Lesotho had now entered a period of *structural adjustment with difficult challenges ahead* (1988–93). To government's credit the implementation of the structural adjustment programme was sufficiently successful that the budget deficits were eliminated by the early-1990s. However, by the mid-1990s structural adjustment³ was running into difficulties. Although the problem of budget deficits was under control, government had not made much progress in implementing the fundamental structural reforms that were supposed to prepare the economy for sustainable growth and enhanced job creation in future. It had been intended that these would include major reform of the civil service as well as land reform and changes in the financial and industrial policies.

This was also a period when the massive Lesotho Highlands Water Project entered the implementation stage, offering the country a substantial source of future revenues from water sales to South Africa, as well as domestic hydroelectric power and a variety of economic and employment spin-offs. By the early 1990s the prospect of a democratic government in South Africa had brought a sea-change in political economy within the Southern African region, raising important questions and challenges for Lesotho about the future prospects for Basotho migrant workers employed in South Africa and for Lesotho's revenues from SACU; as well as the overall issue of whether the interests of the state of Lesotho would best be served by some form of political and economic integration with its powerful neighbour.

2.3.1 Development objectives and strategies

Lesotho's basic economic constraints and the objectives for national development planning have been set out in the country's successive five-year plans (FYPs). The overall constraints were identified as the country's lack of domestic resources and its dependence on South Africa for employment and income. The four main development planning objectives have been economic growth, maximising domestic employment, economic independence and social justice. In practice economic growth and employment creation have generally been seen as the critical objectives, since economic independence and social justice were expected to be largely contingent on these. From the first FYP onwards, it was foreseen that unless the domestic economy and domestic employment could be developed, Lesotho would remain a "labour reserve for South Africa".

Lesotho's first FYP, 1970/71-1974/75, was not formulated until 1971, five years after independence. In recognition of the country's inexperience and the degree of difficulty associated with attaining its development objectives, this plan was presented as a cautious, exploratory plan and featured numerous surveys and investigations which were hoped would lead to the uncovering of economic opportunities. The majority of public investment was to be directed towards providing the essential economic and social infrastructure – including transport, communications, health and education facilities – that would be needed to enable development of the economy. Substantial funding was also to be provided for agriculture development, including a major effort to improve prospects in agriculture through reforms of the land tenure system. A further aim was to end the country's reliance on recurrent grants from Britain and thereby improve its financial and hence political independence. As mentioned above, this was eventually achieved in 1973/74 as a result of windfall increases in SACU revenues.

³ The original IMF/World Bank structural adjustment facility which covered the period 1988/89-1990/91 was extended into the enhanced structural adjustment facility for the period 1991/92-1993/94.

While the strategy of investing in infrastructure was comparatively easy to implement, it did not offer many immediate prospects for economic growth and job creation. Moreover, given the country's limited financial resources, the pace of infrastructure improvement under the first FYP was modest. With regard to the considerably more complex and difficult challenges of economic growth and employment creation, the plan was unable to offer coherent strategies for implementation; such strategies also did not evolve over the course of the plan. In particular, land reform was largely abandoned when faced with the political realities involved; and effective means of introducing improved agricultural techniques and creating large numbers of non-agricultural jobs were not found.

By the second FYP, 1975/76–79/80, caution began to be replaced by more daring ideas, notably regarding technological transformation in agriculture and bringing about a sharp rise in non-agricultural production. These aims were partly a reaction to the poor performance of the previous plan regarding economic growth and creating employment, as was evident from the continuing rise in numbers of Basotho men going to South Africa as migrant workers. However, the second FYP offered little in the way of strategies for achieving its aims. It stated that more than half of public investment was to be directed towards productive activities – mainly in agriculture and industry – but offered little explanation about how this would be accomplished and what would determine success. Moreover, by shelving plans for land reform, it abandoned one of the cornerstones for addressing the difficulties of the traditional agriculture. In practice, political events had a substantial impact on the outcome of the second FYP, since South Africa closed the border when Lesotho refused to recognise the independence of the Transkei homeland. As a result the emphasis of the plan was quickly revised back towards infrastructure provision and to, often vague, ideas about reducing dependency on South Africa in areas such as health services, transport, electricity and food.

The third FYP, 1980–85, and the draft fourth FYP, 1986/87–1990/91, demonstrate the difficulties associated with economic planning under conditions of political instability. The third FYP was prepared during the period of entrenched undemocratic rule at home and heightened tensions with South Africa. The previous lack of development strategy was not seriously addressed and instead the flavour of development planning took on ideas of self-reliance, community participation and introduction of appropriate technologies. Although worthy in terms of intention, these ideas were not accompanied by careful consideration of how they could be implemented. In practice, over this period there was a serious deterioration in public administration and public accountability and many of the plans did not materialise or ended in failure. The fourth FYP was prepared in draft form under the military regime. Although the draft was to some extent brought into use within the civil service, a final version was never published. This plan returned to more conservative ideas about development, but again offered little in the way of strategy and, particularly in the early years, failed to check the

deterioration of the public administration. In practice, by this time the use of FYPs for guiding development activities had largely collapsed. In their place government was using the Public Sector Investment Plan (PSIP), a budgetary framework which was used for expenditure control purposes – rather than as a tool of development planning. By the commencement of IMF/World Bank sponsored structural adjustment in 1988, the PSIP took precedence over the draft fourth FYP. Between 1988 and 1993 no new five year plan was prepared, so that government functioned without any overall plan or strategy for its national development activities.⁴

The degree of difficulty associated with providing economic improvements in Lesotho is enormous. While it is easy to be critical of past efforts at national development planning it is extremely difficult to offer solutions and convincing strategies regarding how to overcome the country's economic weaknesses and its dependence on South Africa. But because of this difficulty the importance of sound planning and periodic review is even greater. What has been all too evident is the gradual drift, over the 1970s and 1980s, towards a general breakdown in development planning and an unwillingness or hopelessness within the bureaucracy about how to face the country's economic challenges.

Economic development in Lesotho has been made much more difficult by the absence of a strong, diversified private sector. Over the post-independence period the government has generally espoused the idea that the private sector should be in charge of most production activities in the economy and that the role of the public sector should be to create conditions that are conducive to private sector growth. But government has lacked a strategy for enabling a private sector to emerge. At independence the local private sector was minuscule and there was little entrepreneurial tradition. Since then the private sector has grown but not on a sufficient scale. Much of private investment has been by foreign companies rather than by citizen investors. Much of it has been in low-skill, low-wage activities, such as garment manufacturing; many of which offer little in terms of raising the commercial and industrial capabilities of the country.

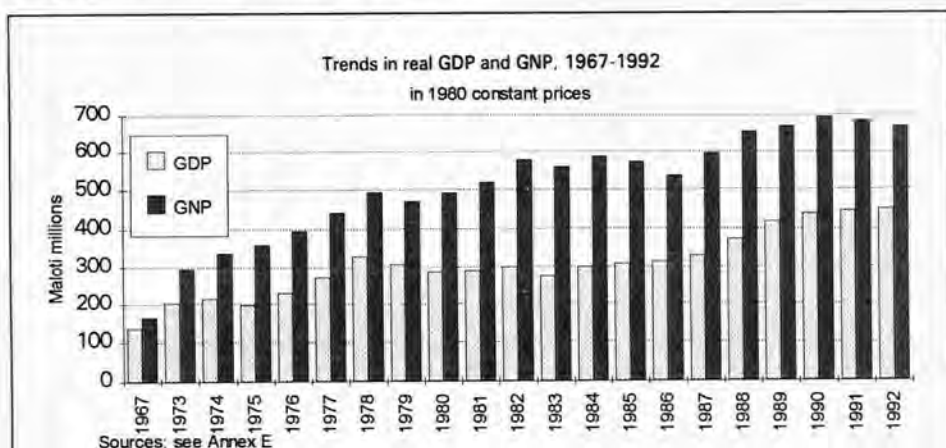
2.3.2 Macroeconomic performance

Over the period from 1967 and 1992 Lesotho's GDP grew at an average annual rate of about 4.9 per cent and the GNP grew at 5.6 per cent. Economic growth can be characterised by four main periods: little or no growth from 1967 to 1971; favourable growth between 1972 and 1978 (GDP grew at an average annual rate of nearly 7 per cent and GNP grew at around 11 per cent); return to low growth between 1979 and 1988; and resumption of growth in GDP from 1988 to 1992, although with comparatively low growth in GNP because of declining employment of Basotho migrant

⁴ In mid-1994, at the time of the time of undertaking the present evaluation study, a new five year plan was reportedly under preparation.

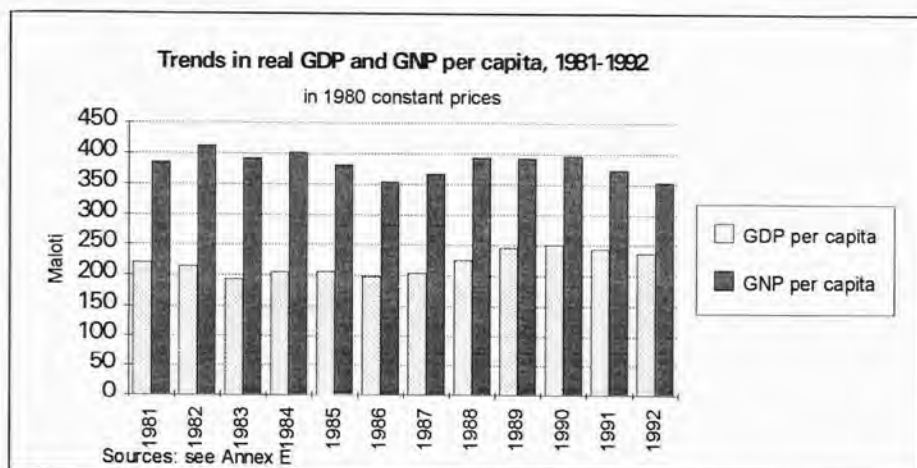
workers in South Africa and declining real wage rates for such migrants.

A striking feature of Lesotho's economy has been the importance of migrants' remittances within GNP, and the associated wide gap between GNP and GDP. The share of GDP within GNP has fluctuated between 50 and 70 per cent over the post-independence period, with the remaining 30 to 50 per cent being largely accounted for by migrants' remittances. During much of the 1970s and 1980s this key structural gap widened, although it then narrowed somewhat during the early 1990s. More than any other indicator the gap confirms Lesotho's continuing economic dependence on employment in South Africa, and shows that Lesotho has not been successful in developing its domestic economy to offer alternative employment to the South African mines.



Taking into account population growth, there was virtually no improvement in per capita GDP over the 1980s and early 1990s. Because of the declining trend of migrant labour in South Africa, the average GNP per capita actually declined over the period.

The most significant change in the sectoral composition of GDP has been the steady decline of the agriculture sector, from more than 40 per cent of GDP in 1967 to only 10 per cent in 1992. Over this period the absolute value of agricultural production declined in real terms. The major source of economic growth was building and construction which rose from 2 per cent of GDP in 1967 to 22 per cent in 1992, reflecting the development of public and commercial infrastructure during the 1970s and 1980s; and most recently due to the massive construction activities associated with the Lesotho Highlands Water Project (LHWP) during the later 1980s and early 1990s. The manufacturing sector also grew in importance over this period, especially between 1967 and 1994 when it rose from 2 to 10 per cent of GDP. Since the mid-1980s there has been only relatively modest further growth in manufacturing, raising doubts about the capacity of the sector to become the major source of economic growth and employment creation.



Lesotho's currency, the Loti, is fixed at parity with the Rand, which remains legal tender. Lesotho has also remained a member of the Rand Common Monetary Area. Thus while Lesotho has had its own currency it was not able to pursue monetary or exchange rate policies independently of South Africa. The value of the Loti has consequently mirrored the decline of the Rand, from The M0.71 per US\$ in 1971; to M1.11 in 1983; M2.57 in 1990; and M3.40 in April 1994.

Table 2.2: Sectoral composition of GDP at factor cost, 1967-1992

Sector	1967	1977	1984	1988	1992
Agriculture	41.0%	36.8%	19.5%	19.0%	10.1%
Mining and quarrying	2.5%	2.1%	0.5%	0.3%	0.5%
Manufacturing	2.1%	1.9%	10.0%	13.2%	13.8%
Building and construction	2.2%	9.4%	10.7%	11.7%	21.7%
Wholesale/ retail	12.8%	12.2%	8.5%	8.1%	8.2%
Central government	16.3%	13.4%	13.4%	11.7%	11.1%
Other/ services	23.1%	24.2%	37.4%	36.0%	34.6%
TOTAL	100%	100%	100%	100%	100%

Sources: Five Year Development Plans; Central Bank of Lesotho.

Because of membership of the CMA – and since the majority of goods in use in Lesotho are imported from South Africa – the pattern of inflation has been largely determined by changes in price levels in South Africa. Over the post independence period this has meant that Lesotho has had to accept annual inflation rates of between 10 and 15 per cent.



PHOTO: CHARLOTTE THEGE

It has been very common for Basotho men to go to South Africa as migrant workers, mainly in the mines.

2.3.3 Employment and migrant labour

Perhaps the single most disappointing aspect of Lesotho's economic performance has been the very slow growth in formal sector employment. In 1969 only 7 per cent of male employment was in the domestic formal sector (Kingdom of Lesotho, 1971), with 48 per cent engaged in traditional agriculture and 45 per cent absent working in South Africa.

Because of the lack of domestic employment opportunities it has been common for Basotho – especially men – to go to South Africa as migrant workers, mainly in the mines. At independence in 1966, such absentees accounted for about 98,000 or 20 per cent of males and a further 20,000 females.

The first FYP had set a target of creating 10,000–15,000 new jobs, mainly in non-agricultural activities, but only 6,000 jobs materialised (Kingdom of Lesotho, 1976). During the remainder of the 1970s and 1980s there was some growth in employment, mainly through expansion of the public sector and the emergence of low-paid jobs in manufacturing and in building and construction. Public sector jobs accounted for 48 per cent of formal sector employment in 1986. However, in only 65,000 people were employed in the formal sector – equivalent to only nine per cent of the labour force. In contrast, some 40 per



cent of the male labour force continued to be migrant workers in South Africa.

The labour market reflects a two-tier system, with skilled labour in relatively short supply and unskilled labour in abundance. The lack of skilled labour also represents an important constraint to expansion of the economy.

By the early 1990s the deficit between the estimated 25,000 new labour market entrants each year and the rate of job creation of around 6,000 jobs per annum – along with the slowly declining trend in employment of Basotho migrant workers in South Africa – meant that Lesotho was experiencing a serious and increasing problem of unemployment, with the average rate of unemployment believed to be between 35 and 40 per cent; and youth unemployment rates being much higher. The high levels of unemployment represented an important threat to Lesotho society in general and, in particular, to law and order.

The combination of continuing dependence on migrant labour and the high and growing domestic unemployment represent key overall questions concerning the viability of the Lesotho economy. These issues have assumed even greater importance in the context of the possible eventual phasing-out of employment of migrant labour in South Africa. In the worst scenario the forced return of up to 100,000 Basotho migrant workers would reduce Lesotho's GNP (and disposable incomes) by about 40 per cent and swell the unemployment rate to between 50 and 60 per cent. While debate on this issue is probably only beginning, it has been argued that labour mobility is so essential to the future well-being of Basotho that Lesotho may eventually be forced to try to negotiate some form of economic and political integration with South Africa. At the other extreme, another possible scenario is that for reasons of efficiency South Africa might decide that it was impossible to replace the experience and expertise of the Basotho miners over the short and medium term, and therefore might permit them to stay on in South Africa on a permanent basis and even permit them to bring their families to live with them in South Africa.

It is expected that the South African Chamber of Mines would favour retaining the Basotho miners since this would be better for mining profitability.

2.3.4 Government budget

The composition of government revenue has reflected the overall dependence of the economy on South Africa and foreign aid. Throughout the post-independence period more than half of domestic revenue has been from Lesotho's share of the SACU customs revenues. Over most of the period domestic revenues have offered little in the way of surpluses after meeting recurrent expenditure requirements, such that development expenditures have been largely financed from foreign aid grants and official borrowing (generally on concessionary terms) and modest government counterpart financing contributions. Throughout the period since 1966 income taxes and company taxes have provided only a relatively minor share of government revenue.

It is difficult to provide a complete analysis of the significance of donor funding on a basis compatible with government's recorded annual development expenditures. One reason is that there have often been considerable delays between the time that development expenditures are incurred and when re-imbursements from donors are requested by GoL. Additionally, Lesotho's public accounts only reflect the portion of foreign aid that passes through the Treasury, yet it is known that a substantial share of donor funding is paid directly by donors and by-passes the Treasury. It is also difficult to provide accurate estimates of the additional development funding provided each year through new official loans. Nevertheless, it is generally accepted that foreign aid – in one form or another – has financed most of Lesotho's development expenditures in almost all years since independence.⁵

One of the dangers of Lesotho's limited sources of revenue was that lapses in financial discipline regarding control over government expenditure could not be addressed by attempting to raise more revenues from taxes and could therefore contribute quite quickly to substantial budget deficits being incurred. As economic policy and financial management began to drift during the 1980s, so there was a rapid growth in budget deficits. By 1987 the deficit was equivalent to roughly ten per cent of GNP. This, in turn, contributed to yet another major external influence on policy, in the form of the IMF and World Bank designed structural adjustment programme that was introduced in the late 1980s to try to reduce the chronic deficit.

It may be argued that Lesotho's structural dependence on SACU and foreign aid – and its reliance on migrant workers' remittances – have impeded the establishing of the sense of fiscal responsibility and financial accountability that is needed for there to be good governance.

⁵ UNDP estimates that net external assistance to Lesotho (after debt service) amounted to US\$83.9 million in 1991, equivalent to M230 million at 1991 exchange rates. According to the Ministry of Finance, government capital expenditure for 1991/92 was M192 million.

Table 2.3: Government revenue and expenditure (Maloti millions), 1967/78-1992/93

Item	1967/8	1973/4	1981/2	1987/8	1992/3a
SACU customs revenue b/	2	13	71	157	548
Company, income and other tax	3	8	40	84	212
Sales tax	-	-	-	58	124
Non-tax revenue	-	-	-	-	136
Total domestic revenue	5	21	111	299	1020
Recurrent expenditure	11	16	117	303	724
Recurrent surplus/(deficit)	(6)	5	(6)	(4)	296
Recurrent deficit grants c/	6	-	-	-	-
Development expenditure d/	3	5	67	168	361
Development grants/aid e/ f/	3	4	14	11	142
Overall surplus/(deficit) g/	-	4	(59)	(161)	77

a/ Provisional; b/ apportionment of 1973/74 domestic revenue between SACU and taxes is approximate; c/ British funding was needed to meet recurrent deficits until 1973/74; d/ sharp rise in development expenditure in 1992/93 was due to LHVP; e/ data on foreign grants/aid for 1967/68 is based on rough estimates; f/ foreign grants/aid shown are exclusive of donor funds not channelled through the Treasury and official loans for development purposes; when these are included, it is expected that grants/aid would amount to more than 90 per cent of annual development expenditure; g/ excluding debt service.

Sources: Five Year Development Plans; Central Bank of Lesotho.

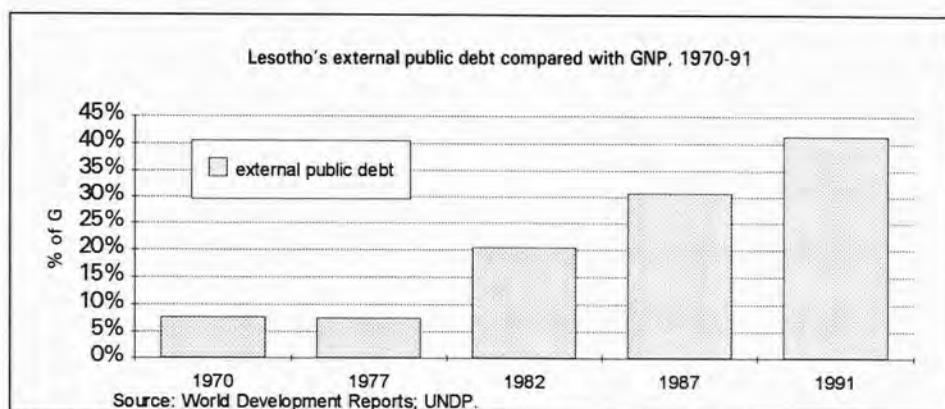
In overall terms government recurrent expenditure has been constrained by the rate of domestic revenue growth; development expenditure has depended largely on donors. The composition of recurrent expenditure has remained remarkably stable over the post-independence period. General government services and community and social services have together accounted for around 70 per cent of recurrent spending. Within these categories, education and health have typically accounted for between 25 and 30 per cent of recurrent expenditure. Economic services to assist agriculture and transport and communications have together accounted for around 10 per cent. About one fifth of recurrent spending has been devoted to defence and public order, perhaps reflecting the cost in terms of law and order of maintaining undemocratic government for so many years; as well as problems associated with controlling expenditure by the army and the threat to law and order posed by high levels of unemployment.

Table 2.4: Analysis of government recurrent expenditure (Maloti millions), 1967/78-1992/93

Item	1969/70	1974/75	1985/86	1987/88	1992/93a/
General government services	5	6	55	115	265
of which: General services	3	2	23	56	131
Defence/public order b/	2	4	32	59	134
Community and social services	3	7	60	95	298
of which: Education	2	5	36	53	169
Health	1	1	13	22	69
Economic services	2	3	23	55	107
of which: Agriculture	1	2	11	18	41
Transport & comms.	1	1	10	30	43
Other	1	2	30	38	54
TOTAL	11	18	168	303	724

a/ Provisional estimates; b/ Mainly for the army and the police force.

Sources: Central Bank of Lesotho; Second Five Year Development Plan. Exports 4 13 47 95 311



2.3.5 Balance of payments

Lesotho's balance of payments has been largely determined by its dependency on imported goods and services, principally supplied from South Africa, which have been paid for from the proceeds of workers remittances and SACU revenues. To some extent this shows how Lesotho's economy is effectively part of the South African economy, with each of the main foreign transactions being largely determined or financed in South Africa. There has been some trend towards a greater proportion of Lesotho's small volume of exports being sold to destinations outside Southern Africa (notably in Asia) but in overall terms there remains an exceptionally high dependence on South Africa.

Table 2.5: Balance of payments (Maloti millions), 1967/78 - 1992/93

Item	1967	1977	1980	1987	1992 a/
Current account	(20)	21	(9)	(22)	10
Exports	4	13	47	95	311
Imports	(24)	(163)	(343)	(955)	(2,768)
Migrant workers remittances	5	141	205	719	1,299
Other goods, services & incomes	(5)	11	(2)	(37)	13
Unrequited transfers b/	-	19	84	156	1,155
Long term capital (net) c/	14	2	29	79	127
Errors, omissions and other d/	-	(22)	14	(75)	125
Overall balance	(6)	-	34	(18)	262

a/ Provisional estimates; b/ mainly consisting of SACU revenues; c/ long term capital has consisted mainly of foreign aid and official long-term loans on a concessionary basis; d/ including net short term capital.
Sources: Central Bank of Lesotho.

Unlike much of Sub-Saharan Africa, Lesotho has not suffered from serious debt problems. Although external debt as a proportion of GNP grew from 8 per cent in 1970 to around 40 per cent in 1991, more than 80 per cent of the outstanding debt was on concessional terms and debt service payments amounted to only about four per cent of exports of goods and services.

2.3.6 Public sector management

To provide for economic management and coordination, the Central Planning and Development Office (CPDO) was established in 1967 as a unit of the Prime Minister's office. In 1974 it was transferred to the Ministry of Finance (MoF) and in the early 1980s the economic planning function was assigned ministry status as the Ministry of Economic Planning (MoEP), although MoEP and MoF continued to be under a single Minister.

The main responsibility of the CPDO and MoEP has been to coordinate national development activities and manage the donor aid programmes on behalf of government. According to the first FYP a budgetary and economic planning commission was to take charge of financial management and a national planning and consultative council was to ensure popular participation in the national development process. The first and second FYPs also referred to various plans to develop the capacity of these various coordinating agencies. The CPDO was to establish capacity for coordination of the development activities of the line ministries; a manpower plan was to be developed, along with a technical assistance and training plan, and; an apparatus for ongoing monitoring of the FYPs was to be established.

In practice the institutional capacity of the CPDO and MoEP was never

systematically built up, nor was enough attention given to the development of a professional and experienced cadre of national staff. During the early years there was heavy reliance on technical assistance, mainly supplied by UNDP. In the later years many different donors were providing expertise and technical assistance to assist in key public sector management functions. The level of expatriate involvement remained high, not least because of the high rates of attrition and transfers among national staff.

Without the necessary institutional capacity and continuity for development planning and coordination, Lesotho did not develop a coherent policy framework and development planning became a reactive process devoid of real strategies, initiative and control. This was an important explanation of the weak economic management and policy drift of the 1980s.

In spite of these serious problems, there were still some success stories in the public sector at line ministry level. While line ministries and departments could not do much to improve overall planning and coordination, they could choose to pursue improvements within their sectoral sphere of activity. One example is the Ministry of Education and Culture which has prepared detailed education sector development plans that are generally well regarded. There are many other examples, although in overall terms they represent the exception rather than the norm.

The overall weaknesses in planning and coordination have contributed to the problem that government has tended to accept foreign aid with critically assessing whether it has the absorptive capacity to put it to good use. Similarly, too little attention has been given to planning the human resource development and training needed to make development activities work and for them to be sustainable. This has contributed to the problem of unsatisfactory rates of disbursement of allocated donors funds. It also provides part of the explanation for poor project performances and for the common problem of lack of sustainability, especially in terms of having appropriately qualified and experienced national staff to take over from donor-funded experts.

From 1970 onwards, undemocratic rule and problems of political instability undermined the performance and morale of the bureaucracy. There was a general malaise in the bureaucracy and a lack of transparency in governance. Continuity was weakened by the high frequency of staff transfers and resignations, especially among senior officials. Over much of the period the lack of accountability meant that malpractice by officials went unpunished. The net result of such factors was that the work culture of the government bureaucracy was damaged and the principles of defending and advancing the public interest were compromised and in some instances completely subverted.

The loss of economic and financial discipline during the 1980s was related to the lack of democratic politics, lack of adequate accountability and the absence of capacity for sound economic management. A key feature was the failure to prepare

proper annual statements of public accounts for the entire period from 1982 to 1989 and the corresponding collapse of the normal system of checks and balances through the auditing of the accounts by the Auditor General and the convening of the Public Accounts Committee to critically examine them (Kingdom of Lesotho, 1993). It is generally believed that during this period there were serious problems of officials disregarding the financial regulations and abusing public funds.

2.4 Social development

In spite of the considerable resources that have been spent on development, Lesotho still remains one of the poorest countries in the developing world. The average per capita income is less than M500, and the distribution of income is extremely skewed.

The 25 per cent of the population with the lowest income incomes survive on only 1.5 per cent of the country's total cash income, while the 25 per cent with the highest incomes receive 61 per cent of the total cash income. An estimated 35 per cent of the economically active population were unemployed in 1993. If one accepts that the most valuable asset of a society and economy is its human resources and its effective development and utilisation is critical to national development then Lesotho has so far performed poorly in its developmental efforts.

2.4.1 Population

Lesotho's population has been growing rapidly. It is estimated that the population is expanding at the rate of 2.6 per cent per annum.

Population density per square kilometre is high by African standards, increasing from 53 in 1986 to 62 in 1991. Rural-urban migration is also growing at the rate of 5.5 per cent per annum.

Like in most developing countries, the population of Lesotho is young. About 40 per cent of the population is below the age of 15 years. Adults over the age of 60 years make up 8.1 per cent of the population and women of child-bearing age (between 14 and 49 years) constitute 45 per cent of the female population.

The young age structure indicates a high dependency ratio. This constrains the ability of the economy to provide sufficient resources to the productive sectors; instead resources have to be diverted to social services such as schooling, health services, etc. There is a need to pursue deliberate family planning policies.

2.4.2 Sources and dimensions of poverty

A major development policy objective stated by all past governments has been that of social justice, through the enhancement of the quality of life for all Basotho, especially the rural communities who have been marginalized in development programmes. In practice, however, past activities to help the poor have generally

been limited to distribution of food aid and the provision of limited social services.

There has not been a sharp widening of the opportunities for participation in productive employment, education and training, health and other social services.

Lesotho's inability to feed itself is not primarily due to the persistent droughts. It is the result of the combined effects of many different factors, including rapid population growth, unemployment, the decline in arable land, reduction in the fertility of the soil, increase in erosion and desertification, low agricultural production and productivity, poor range management and farming systems, and ineffective policy measures. All these factors have inhibited the country's capacity to create adequate incomes and wealth in the economy.

Lesotho remains free from many of the diseases that are common in tropical Africa, such as malaria, yet diseases associated with poor sanitation, lack of safe drinking water and poverty are widespread, especially in the rural areas. Social and economic inequalities regarding access to social services and income and wealth reflect dimensions of poverty in Lesotho. The most affected are the population in the inhospitable mountain areas where the traditional agricultural subsistence base has been eroded over the years but few alternative source of subsistence have grown up in its place. The most vulnerable group have been children and women with young children. There is a link between poverty, school failure, employment status and perpetuation of disadvantage from generation to generation in a vicious cycle of poverty.

2.4.3 Legal status of women

Lesotho operates a dual legal system, that of customary or traditional law and that of Roman-Dutch or common law. These two laws are administered separately and at times lead to conflicting results in resolution of issues, particularly relating to the status of women.

Under traditional law a woman remains a minor all her life. Before a woman marries she is her father's responsibility and upon marriage she becomes her husband's responsibility. When her husband dies she becomes the responsibility of her husband's heir, normally her eldest son. Under common law a woman is a minor until she attains the age of 21 years. She is also a minor if married but acquires majority status if single or widowed. Under these conflicting conditions, most women cannot legally own or run property or businesses, sign contracts, buy so called "unnecessary" goods or obtain a passport or one for her children without the husband's consent. The only condition that limits the husband's powers is when a woman marries by ante-nuptial contract.

Marriage in Lesotho can be consummated under either customary law by the payment of *bohali* or under common law. In practice, however, many marriages involve both systems: payment of *bohali* and a civil wedding. This leads to problems later if a divorce situation arises. A customary law divorce requires the return of

bohali and the return of the woman to her home with only her personal possessions. If the woman takes the children they then become the responsibility of her family. Under common law, divorce normally means that the estate is divided and the husband has the obligation to help maintain the children. Under both systems divorce becomes extremely difficult to obtain. First, civil marriages can only be dissolved in the High Court which is time-consuming and expensive. On the other hand, under customary law parents are reluctant to pay back *bohali*. Consequently, marriage separation rates are much higher than divorce rates.

Regarding inheritance, customary law stipulates that the eldest son inherits his father's property. If there is no son then the widow may inherit. She is, however unlikely to be able to leave as she would wish without permission from her dead husband's relatives. Under common law the widow inherits any property if there is no will left by the husband who could leave property to any beneficiary. A married woman can make a will if married under common law. The conflict between these two systems creates problems for the courts. Women have sought to maintain their independence in marriage through common law by ante-nuptial contract.

The legal status of women in Lesotho is vital for their full participation in society and the economy. This remains an unresolved issue facing policy makers.

2.4.4 Land tenure issues

Most of Lesotho's land areas is covered by a rugged range of mountains (the Malutis) whose foothills descend to a narrow plateau along the western parts of the country. At independence about 15 per cent of the country's land area was suitable for arable farming. Most of this land was found in the lowlands and major river valleys. Over the 1980s estimates were revised downwards to 13 per cent of the land area. The Land Policy Commission of 1987 indicated that over the ten-year period, 1976–1986, the arable land area of 13 per cent declined to 9 per cent.

The main causes of the trend were soil erosion and encroachment by human settlements. If 3 per cent of arable land could be lost every ten years, and the factors behind this loss are not effectively combated, then in less than 30 years from 1986 there will be no more arable land in Lesotho.

Traditional practices of land ownership and allocation are predominant in Lesotho. The male head of a household, who offers allegiance to the chief having jurisdiction, is entitled to the use of sufficient land to provide subsistence for his family and dependants. This system had an in-built equity principle but was also subject to abuse through patronage.

Rapid population growth and shrinkage of the land area base have resulted in dramatic increase in the number of persons per hectare of arable land from 478 persons per square kilometres in 1986 to 707 in 1992. It was estimated in 1986 that the average amount of arable land available to each household nationally was about 0.9 hectares. This figure is expected to drop, on current trends, to 0.5

hectares per household in 2001. The problem of landlessness in Lesotho has been growing.

The objective of land reform was identified and subsequently shelved over the first decade after independence. It was not until 1979 that government again took up the land reform seriously, under pressure from donor agencies. The Land Act of 1979 (as amended in 1986 and 1992) allowed land to be held under a 99-year lease so long as ground rent was paid. Land also became an exchangeable commodity and thus it could be used as security on loans. Women could also hold the lease on a piece of land and they could both will it to whom they chose and inherit it.

The Land Act aimed to ensure security of tenure in the hope that this would encourage small farmers to invest more in the improvement of land and thus increase agricultural production and productivity. The Act has, however, not been effectively enforced, partly because people were not willing to pay the ground rents, and partly because it was unpopular with the chiefs who said it undermined their traditional powers of allocation.

The chief's concern was addressed through the establishment of Land Allocation Committees chaired by the chiefs. But the functioning of these committees has been controversial and the full implementation of the Land Act is still outstanding. The result has been that the land reforms embodied in legislation have not been implemented to a significant extent and that most land remains effectively subject to traditional practices. The threat of soil erosion continues largely unchecked.

2.4.5 NGOs and social services

Lesotho has dualistic educational and health delivery systems. In the area of education the churches have, since the arrival of the first missions, operated their own schools and provided training, often with finance and facilities provided from external sources. The churches have played a vital role in the educational sector in Lesotho. With control over their own budgets, the churches have a lot of flexibility to determine, within Government's educational sector policy framework, the actual operational content of their educational systems. Compared with many other African countries, government has performed less of a role in the direct provision of education services and facilities; although it is the main provider of tertiary education, through the National University of Lesotho (NUL) and various other further education and training institutions.

In health provision government has again performed only a limited role compared with many other countries, leaving much of the provision of health services and facilities to NGOs. Health care facilities are provided both by the Private Health Association of Lesotho (PHAL) and by the Ministry of Health. The facilities provided under the PHAL are financially supported by church-associated



PHOTO: NIEL COOPER

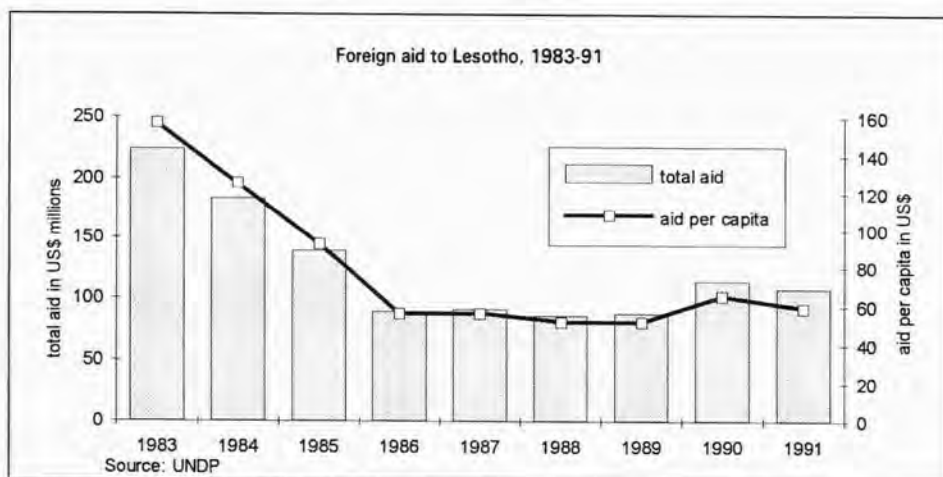
Despite the observed difficulties in health care and need of government subsidies, nurses find the time to pay housecalls.

sources. In recent years the staffing and funding requirements of PHAL have not been properly met and they now need government subventions. Despite these observed difficulties health care facilities at PHAL hospitals and clinics have been extremely effective because the principles of cost-effectiveness have been observed.

FOREIGN AID TO LESOTHO

3.1 Overview

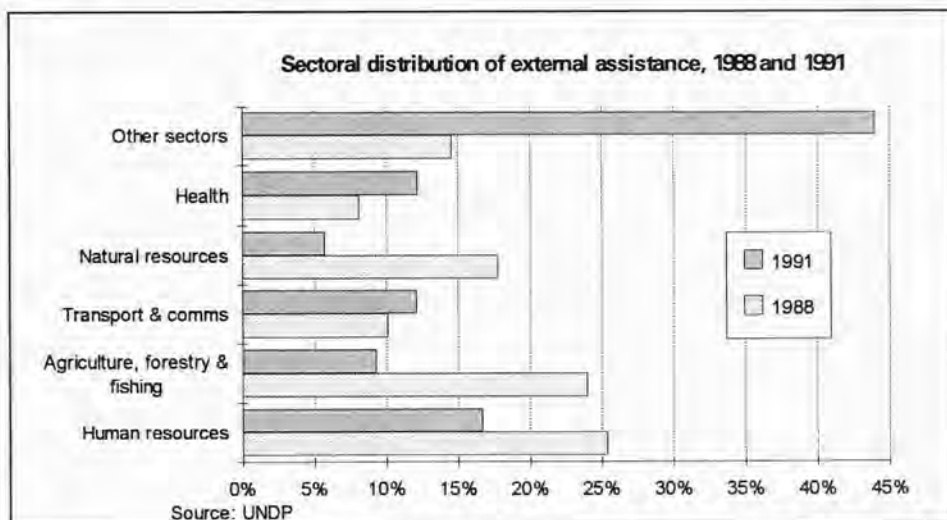
Because of its economic weakness Lesotho depended almost entirely on foreign aid for financing of national development activities over the three decades since independence. In 1966 the sources of foreign aid to Lesotho were limited to Britain, the World Bank (through IDA) and various UN agencies, with Britain being the largest donor. By 1981 these donors had been joined by substantial additional bilateral aid including from SIDA and other Nordic countries, USAID, the EEC, West Germany, Ireland and numerous smaller donors. According to World Bank this was the main explanation that Lesotho's annual growth rate of gross domestic investment was 18.5 per cent between 1960 and 1970 and 24.4 per cent from 1970 to 1979, representing the second highest rates in Africa. Much of this aid money was used for the development of physical infrastructure including roads, bridges, public buildings, telecommunications and airfields (Cobbe, 1983).



Between the early 1980s and the early 1990s the level of aid to Lesotho declined – from US \$170 per capita in 1983 to US \$60 in 1991 – but aid per capita remained more than double the average level received by low income developing countries in Sub-Saharan Africa. In 1991 foreign aid continued to be a major factor in the economy of Lesotho. According to UNDP it was equivalent to 18 per cent of GDP, 32 per cent of total government expenditure and 95 per cent of gross domestic public investment (UNDP, 1993).

3.2 Sectoral distribution of aid

Since foreign aid has been the source of financing for most development activities in Lesotho, it has covered all sectors and sectoral trends in the distribution of aid have accordingly been similar to the trends in national development expenditures. During much of the 1960s and 1970s the leading sectors for donor aid were transport and communications, agriculture, human resources and health. During the 1980s these sectors continued to be important, and were joined by support to natural resources, enterprise development and integrated area development activities. By the early 1990s donors were decreasing their direct involvement in productive activities and infrastructure provision, with a shift to the social sectors and a variety of activities linked to economic management and civil service reform.



3.3 Development capital versus technical assistance

During the late 1960s and 1970s most donor aid provided composite packages of development capital and technical assistance to assist what were generally seen as "pioneering" efforts to introduce basic national infrastructure, institutions and

economic activities⁶. Lesotho was suffering from chronic shortages of development capital and technical and administrative personnel and it was expected that this situation would persist for many years until long term efforts to improve education and training began to change the country's human resource capabilities. While it is difficult to obtain detailed statistics of the composition of aid during the early years, it appears that development capital accounted for the greater proportion of aid, mainly because of the emphasis on investment in infrastructure and the high costs associated with this.

Over the 1980s donor support was increasingly provided in the form of technical assistance. By 1991 some 55 per cent of external aid was technical assistance (largely on a free-standing rather than investment-related basis); and 87 per cent of bilateral aid was technical assistance. The emphasis on technical assistance reflects several important factors, notably the persistence of human resource shortages and staff retention problems in the Lesotho public sector; an increasingly wary attitude on the part of donors towards financing of investment projects, partly as a result of often unsatisfactory outcomes in the past; as well as changes in the global policies of donors which have brought a shift in emphasis from "hardware" to "software" support.

3.4 Bilateral and multilateral donor support

Both the multilateral and bilateral donors have contributed substantial aid to Lesotho. During the 1960s and 1970s most support was on a multilateral basis, mainly through UNDP. During the late-1970s and 1980s more substantial levels of bilateral aid were provided as many foreign governments sought to provide development assistance in Lesotho. By 1989 the share of external assistance provided multilateral donors was 66 per cent, that of bilateral donors was 32 per cent and the remaining 2 per cent was provided by NGOs. In 1990 and 1991 the share of the multilaterals declined to 56 per cent, with bilaterals providing 44 per cent and NGOs contributions having fallen to less than one per cent. By the 1980s and 1990s the majority of multilateral funding was through World Bank (IDA), World Food Programme (food aid), African Development Bank and EEC.

Most bilateral support has been provided in the form of grants, as has most technical cooperation support through multilateral donors. The remainder of the multilateral support has generally been provided through official loans on a concessionary, "near-grant" basis, such as World Bank funding through IDA. In overall terms, in 1991 the some 69 per cent of total external assistance was provided as grants and 31 per cent was in the form of official loans.

⁶ UNDP project documents covering proposed SIDA-funded support for the period between 1973/74 and 1975/76 anticipated total SIDA support of R2.4 million, including R0.5 million for general UNDP/SIDA technical assistance to the civil service, with the remaining R1.9 million representing a fairly balanced distribution between development capital and technical assistance for various investment schemes covering infrastructure provision and agriculture and industry development (UNDP, 1973).

The aid programmes of Lesotho's major donors have tended to retain continuity of sectoral emphasis for periods of a decade or more, although with some shifts between sectors as a result of reassessments of the effectiveness of the assistance. During the first decade after independence aid was provided in fairly equal proportions to capital investment and technical assistance. Since the late-1970s it has been a notable feature that most donor support has been provided in the form of technical assistance. This was in spite of the fact that the country continued to rely on donors for development capital. This is partly because of the shortages of qualified Basotho personnel and problems in retaining such people. A further reason is that donors are now less receptive towards proposals for assisting capital investments, particularly as a result of disappointing experiences with large investment projects in the past. The features of the aid programmes of some of Lesotho's major donors are summarised below:

- *Sweden* began providing aid on a small scale in 1966 through UNDP, and established a development cooperation office in 1984. SIDA's overall aims have been to increase Lesotho's economic and political independence, particularly in relation to South Africa. Assistance has been concentrated in public administration, telecommunications, agriculture and forestry, and social welfare; as well as smaller involvements in water, electricity supply and rural enterprise development. Until the late 1980s the SIDA supported included substantial components of both capital aid and technical assistance; since then support has been in the form of technical cooperation.
- *Britain* began aid to Lesotho at independence in 1966, providing substantial technical assistance to the civil service, capital aid and, until the mid-1970s, recurrent deficit grants. During the 1980s Britain narrowed the focus of its aid, with a sectoral focus on public sector finance management, water and sanitation and secondary education; concentrating mainly on institution building rather than capital aid and shifting from providing technical assistance contract staff to providing experts as advisers.
- *United States* began support to Lesotho in the mid-1970s. Much of USAID support has been for education, agriculture and private sector development; as well as various investments in infrastructure. Until recently the support was spread over numerous projects, involving provision of more than 50 advisers. By the early 1990s it was decided that aid would be more effective if concentrated in a small number of key sectors with fewer advisers. The focus is now on primary education and natural resource management.
- *Germany* has been assisting Lesotho since soon after independence. Support has included a diversity of activities, mainly through capital financing of projects and associated technical assistance. Over the past two decades major projects have covered regional rural infrastructure, area-based agriculture

development, technical training, satellite telecommunications, water supply, support for the LCU and technical and financial support to the Lesotho National Development Corporation (including a 10 per cent shareholding).

- **Ireland** began providing aid to Lesotho in 1975, as one of four developing countries it selected for support. Aid has focused on four main sectors: agriculture and rural development; education and training; health, water and sanitation, and; institutional support. In recent years support has shifted towards the health sector and away from agriculture. The general approach has involved providing packages of capital and technical assistance to discrete project-based activities that Ireland had particular expertise in. Ireland is currently expanding its aid programme in Lesotho.
- **UNDP and other multilateral agencies**, including World Bank, EEC and African Development Bank have provided continuing support to Lesotho since independence. UNDP's role has mainly been to provide technical assistance; during the 1960s and 1970s it provided large numbers of experts to support the civil service and coordinated the aid of various bilateral donors, including SIDA. World Bank has been involved in large infrastructure and regional development projects and in the design and management of structural adjustment.

3.5 Aid management

One of the major problems regarding foreign aid to Lesotho is that the government has been unable to establish an effective way of managing aid. During the decade following independence much of the role of coordinating aid was undertaken by UNDP on behalf of government. During this period UNDP helped to arrange various financing requests to the international community, and prepared development funding programmes to coordinate both multilateral and bilateral support. By the early 1980s many of the individual aid programmes had grown substantially, and various donors had established their own resident offices in Maseru and now chose to negotiate their aid directly with government. Such negotiations were ostensibly with the Ministry of Planning, Economic and Manpower Development (MPEMD), which was responsible for coordinating and monitoring foreign aid. However, it appears that MPEMD often did little more than provide formal approval and conduct subsequent administration for aid activities determined by the particular government agency responsible for implementation and/or the donor agency itself. MPEMD appears to have often had little guiding influence over aid, such as through formulating or negotiating of aid programmes.

In practice government has not developed the strategies and modalities to

manage aid effectively. Without these it was unable to set the agenda with the donors. Instead it was often the donors who set the agenda and provided the ongoing criticism and evaluation of the achievements of the aid. This was particularly true of the years of weak overall economic management and policy drift during the 1980s. Two main families of explanation can be suggested for this important weakness:

- ***Inadequate development planning.*** The standard and overall coherence of Lesotho's five year development plans (FYPs) has generally been poor, not least because of the general malaise within the bureaucracy (see chapter two). The FYPs did not offer realisable plans or strategies for addressing Lesotho's problems and opportunities. The project proposals that these contained were often little more than an assortment of ad hoc ideas, and certainly did not together represent an overall development programme that donors could have confidence about. The FYPs were also largely divorced from the annual government budget process and therefore did not provide an overall medium-term framework for public spending. These various weaknesses meant that technical departments were able to propose "shopping lists" of projects whose purpose, scope and prospects of success had often not been clearly thought through. Often the task of preparing more detailed formulations and plans of operation was left to the donors and donor-funded consultants.
- ***Weaknesses and contradictions on the part of donors.*** Because of its least-developed status and its politically threatened position surrounded by South Africa, Lesotho presented a strong case for development aid. The fact that the system of aid management was weak may initially have been difficult to distinguish from the acute human resource shortages and the difficulty associated with finding "viable" development opportunities in a country with few resources, dependent on South Africa. In their zeal to assist Lesotho, donors may therefore have been slow to realise that aid management was flawed. Moreover, from the mid-1970s until the early-1990s much of the donor aid was dual purpose. It was intended both to assist the development of Lesotho *and* to maintain a significant international presence in Lesotho as part of the international community's opposition to apartheid South Africa. Whereas elsewhere donors often responded to poor aid management by strongly criticising the recipient government and cutting back on aid⁷, in Lesotho there appears to have been an unusual and extended tolerance, because donor governments considered the anti-apartheid objective to be of compelling importance. It

⁷ During the 1980s the donors increasingly adopted this kind of punitive response when developing country governments were seen to be failing to manage development wisely, for example in Kenya, Zambia and Sudan.

would seem that such attitudes on the part of donors exacerbated the problem of poor aid management in Lesotho.

Poor aid management and associated weaknesses in planning have been detrimental both to Lesotho and to the performance of foreign aid. While there are exceptions, these weaknesses have nevertheless been common and need to be clearly appreciated as part of any overall review of development cooperation in Lesotho. A first and fundamental consequence has been that government has often not had enough of a sense "ownership" over the donor-funded activities. This has meant that government has not always taken responsibility for ensuring that such activities were appropriate to the needs of the people or done enough to ensure their success. A second problem has been that weak aid management has meant that coordination of support from different donors has been poor, leading to familiar problems of duplications and blindspots between the donor-funded activities⁸. Although UNDP continued to have notional responsibilities for coordination of the different donor agencies, this has not been effective and, in the opinions of some donors, may even have added a further layer of bureaucracy that makes coordination even more difficult. Resident donor representatives have apparently tried over the years to strengthen coordination by arranging informal monthly donor coordination meetings. According to various of the donor representatives these meetings have had only limited success, particularly because government has been unwilling to take part on a regular basis and to use such meetings as a tool for beginning to address problems in aid management.

A third consequence is that donors have steadily compromised the principle that aid should generally be provided through the recipient government's treasury and aided-expenditures should be subject to government's normal procedures for procurement and accounting for expenditure. Under pressure to show success from their development cooperation – and frustrated by the government's weakness in aid coordination and management – many donors began to by-pass the Treasury in favour of direct payments, often using aid-funded consultants to take charge of disbursement, procurement and accountability. This made it even more difficult for the government to plan, control and account for its overall development expenditure programme; undermined government procedures for tendering and procurement; and established potentially compromising or inefficient relationships involving donor funded consultants and the officials in aided government departments. In this way donors and the bureaucracy have flaunted the principle transparency in government activities, and often with the accompa-

⁸ Lack of coordination between donor-funded information technology projects has led to a plethora of incompatible systems. This has also made the task of establishing domestic capacity for running and maintaining the systems much more difficult.

nying result that their projects and programmes failed to obtain the popular participation and support needed to be successful.⁹

3.6 Trends in donor support

Lesotho has experienced many of the general trends in donor support that have affected aid in other developing countries. So, for example, during the 1980s the emphasis of donor funding included institution building; structural adjustment; the environment; and promotion of private enterprise. As the political situation in South Africa improved during the early 1990s donors in Lesotho began to focus on various more sensitive themes, notably good governance, poverty and reduction in defence spending. Due to poor project performances in the past many of the donors were trying to shift their from project spending into strategic support and long term capacity building (e.g. civil service reform and primary education).

Many of Lesotho's major bilateral donors have decided to close their resident offices in Lesotho and in future to administer their support to Lesotho from new regional offices in South Africa (generally in Pretoria). SIDA and Canada have recently closed their development cooperation offices; the Germany Embassy is to close at the end of 1994, and; USAID will re-locate to Pretoria at the end of 1995. According to the donors this reflects concern over cost-effectiveness, with most donors currently seeking to reduce their overhead expenses associated with running resident offices and seeking to rationalise such operations by establishing regional rather than national offices.

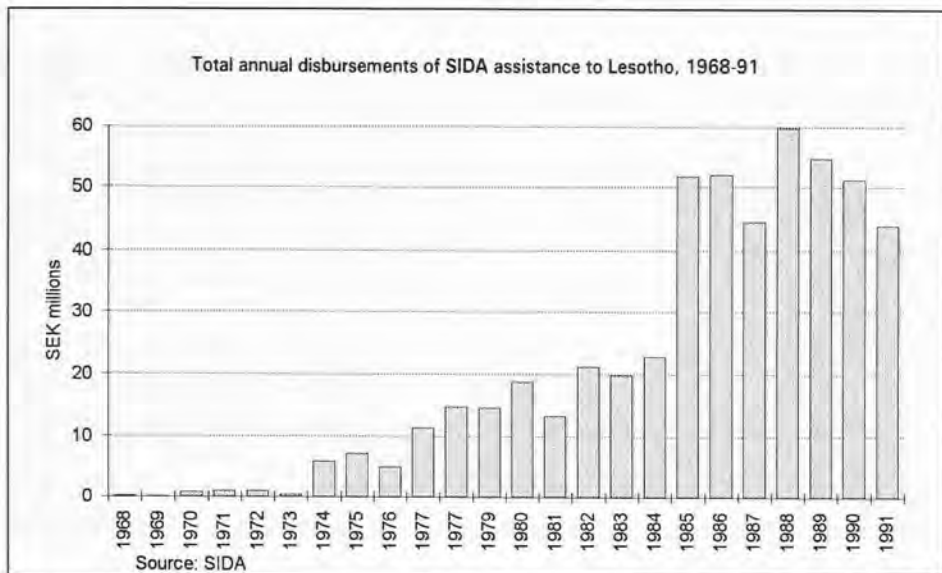
However, in Lesotho's case, there are further possible explanations of the impending departure of many of the country's donors. With the ending of apartheid, much of the donors' original rationale for their aid in Southern Africa has been drastically revised, particularly for donors who were assisting Lesotho partly as a means of opposing the apartheid regime. By mid-1994 most, if not all, donor governments were making preparations for establishing large aid programmes to assist democratic South Africa, probably at the expense of lowering of aid programmes for its neighbours, including Lesotho. Now that many of Lesotho's donors no longer have compelling political reasons for assisting Lesotho to preserve its independence from apartheid South Africa, many have been taking stock of the achievements of their past aid programmes in Lesotho and taking a more critical view of the sincerity and competence of the government in its pursuit of development cooperation activities.

* "The anti-politics machine: 'development', depoliticisation and bureaucratic state power in Lesotho" (Ferguson, 1990) provides a particularly critical account of the problems associated with donor-funded development projects in Lesotho, focusing on the failures of the Canadian-funded Thaba-Tseka integrated rural development project.

SIDA DEVELOPMENT ASSISTANCE TO LESOTHO

4.1 Swedish assistance to Lesotho

Swedish development assistance to Lesotho started on a very modest scale in 1966. Support was initially given to several small projects to assist schools and rural development, and without any long-term commitments. In 1974, a more formal programme in cooperation began with the UN agencies, covering both rural development and support to public administration. Support for Lesotho telecommunications also began in that year. Following the first bilateral agreement in 1983, a Swedish Development Cooperation Office was established in Maseru in 1984. At this time it was decided that assistance was to be



concentrated in three areas, namely public administration, soil conservation and labour intensive construction. Activities in these fields are today still the main subject for Swedish development assistance. The Development Co-

Table 4.1: Summary of main SIDA funded activities

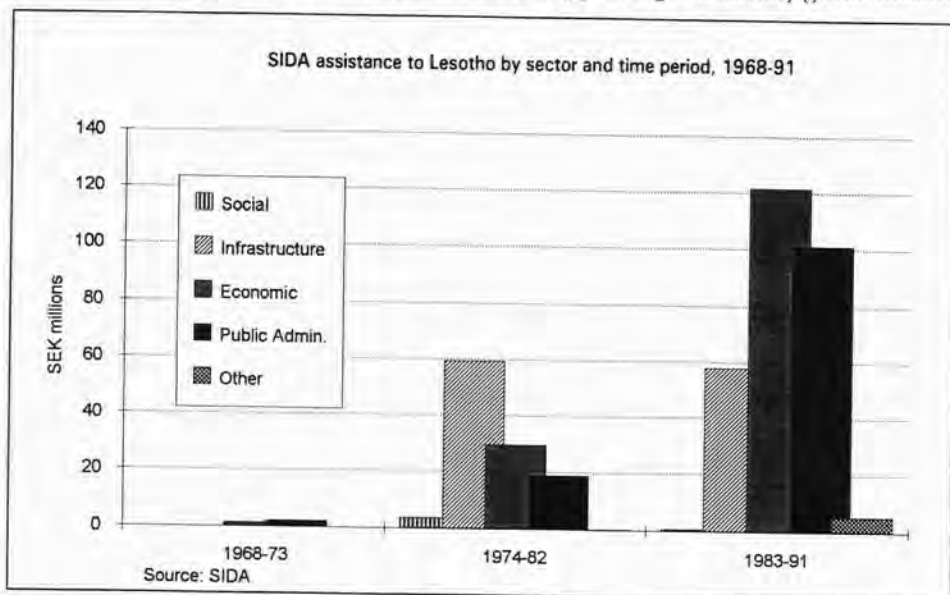
Project/programme	Duration	Agency	Disbursements (SEK'000s)	Year when evaluated
Agricultural College	1966-1972	MoA	169	not known
Thabana-li-Mele	1971-1978	various	3499	1976
Khomokhoana	1974-1978	MoA	13207	1977
Fertilizer	1976-1979	MoA	1999	not known
Moshoshoe II High School	1974-1975	MoE	485	not known
Water Reconnaissance Study	1975-1977	MoE/WA	1589	1988
Industrial Study	1974-1975	MoTC	218	not known
OPAS	1970-1984	MoPS	25323	not known
Telecommunications	1974-1988	MoTC/LTC	56654	1983; 1986; 1989
LCU	1978-1993	MoW/LCU	101015	1981; 1985; 1992
Women's Bureau	1980-1983	MoPM/WB	2130	none
Public Administration	1983-1993	see below	113503	1992
-Management Development	1983-1992	MoPS	— b/	1992
-Physical Planning	1985-1992	MoI/PPD	— b/	1992a; 1992b
-Statistics	1985-1993	BoS	— b/	1990,1992
-Financial Management/Audit	1988-1993	MoF/OAG	— b/	1992,1993
Forestry/FAO	1979-1988	MoA	19114	1993
Land Use/FAO	1980-1988	MoA	21510	1984
FISC/PTC	1985-1991	MoA	50476	1987,1992,1993
Civil Aviation	1988-1990	MoTC/LAC	11927	none
Reconstruction of Roads & Bridges	1988-1990	MoTC	10013	none
Personnel and Consultancy	1988-1993	various	7880	none
Regional support	1985-1994	see below	105653	see below
-SADC-ELMSCU	1985-1993	MoA	— b/	1987,1990
-Civil Aviation/SADC	1985-1987	MoTC/LAC	— b/	none
-Rural Electrification/SADC	1985-1988	MoEM	— b/	1988
Assistance outside country frame	1978-1991	n/a/	27631	see below
-Food Aid	1985-1990	n/a	10069	none
-NGO	1978-1991	n/a	3759	none
-Emergency	1982-1991	n/a	6385	none
-Miscellaneous	1989-1990	n/a	7418	none
TOTAL			515895	

a/ The table may contain some minor inaccuracies; b/ no separate disbursement breakdown available for sub-components of public administration and regional support.
Source: SIDA

istration; infrastructure and the economic sector (such as small scale industry and handicraft production). According to the agreements on development cooperation with Sweden and to some extent in the national development plans, the Lesotho government has attached priority to these sectors. The choice of sectors is also consistent with SIDA's overall development objectives of aiming to increased incomes and employment for the majority of ordinary people.

Project components have, as in most developing countries, changed over time from "hardware" to "software" with emphasis today almost entirely aimed at capacity building through technical assistance.

Over the years the volume of Swedish aid has sometimes been revised because of changes in domestic policies within Lesotho, but this has not been pursued in a clear or consistent way by Sweden. After the coup in 1970 no new projects were initiated for some years. Then, when the support was resumed, it was steadily increased, even though a non-democratic regime was in power. Another problem arose when the military regime took over in 1986. This was probably the main explanation why the country frame was maintained at the same level for several years – reflecting Sweden's discomfort about supporting the military government.



4.4 Sector co-operation – history and results

4.4.1 Thabana-li-Mele

Swedish support to the Thabana-li-Mele handicrafts centre started in 1968. The Swedish church was already providing support for establishing buildings, providing equipment and some running expenses. A local village industrial development

organisation was also involved. The activities were intended to develop the production of local handicrafts, including through providing support for training, product development and marketing. Production was aimed at both the domestic and export markets. The overall objective was to create income-generating activities for the rural population. The original project memorandum indicated that there was potential for generating substantial employment and incomes. Unfortunately, the centre was closed down when the internal disturbances began in 1970.

SIDA support to Thabana-li-Mele resumed in 1972 as part of multilateral assistance through ILO. SIDA financed the salaries of three staff members, vehicles and some operating costs. An extension of the agreement provided continued support for 1975-1976, with a slight expansion of activities. The construction of facilities took longer than expected; and by 1976 the expansion of production was less than had been planned. Support for these activities was terminated at the end of fiscal year 1978/79.

A revised form of SIDA support to the centre was provided for 1982-1985. By this time the activities of the centre had changed. The support was to assist its work as an education centre, offering an opportunity for women to obtain alternative sources of income. The support was channelled through the Bureau of Women.

Evaluation

An evaluation of Thabana-li-Mele was conducted in 1976. It found that the project was self-sustainable to the extent that income almost covered local costs. Although no market or feasibility assessment was prepared, the evaluation suggested that there were favourable prospects for becoming economically sustainable. It recommended that a cooperative expert be employed to assist in development activities and provide training in enterprise administration.

4.4.2 Moshoeshoe II High School

A bilateral agreement providing two years of support to Moshoeshoe II High School was concluded in 1974. The school was situated in Matsieng, forming part of an integrated village development project. The project sought to introduce practical training in secondary education, using Moshoeshoe II High School as a model school. Subjects to be introduced included carpentry, metal works, technical drawings, weaving and sewing, housekeeping and agriculture. Swedish support covered the costs of providing buildings, work-shops and teacher's houses; as well as equipment and exercise material. Disbursement was completed in April 1976.

4.4.3 Agricultural support

Support for agriculture has concentrated on soil conservation, forestry training and improved land use. Support began on a fairly small scale soon after independ-

ence and has grown over the three decades since then to become a sector programme, operating at district and national level.

Agricultural Training School. Support for the agricultural training school began in 1966, in cooperation with FAO. Swedish funds were used to meet identified needs for class-rooms and housing.



PHOTO CHARLOTTE THEGE

Sweden has provided support to the agricultural sector through activities to assist forestry and land use. Above afforestation of a hillside in Lesotho.

Fertiliser Programme. Swedish support was provided for a regional fertiliser programme for Botswana, Lesotho and Swaziland. Support covered an initial period of five years and an extension until March 1975. A second phase of support was provided for a three-year national fertiliser programme for Lesotho; drawing upon the experience gained from the regional programme, and offering a higher level of fertiliser inputs and more technical support to the Ministry of Agriculture (MoA) to address administrative weaknesses. The project was run by FAO personnel in cooperation with related ministries.

The main objective was to contribute increased agricultural production. This was to be achieved through: increased and more efficient use of fertilisers; education and training to provide agricultural counsellors; and making production more profitable by addressing issues such as crop rotation, storage and credit needs.

The main activities consisted of field experiments, training and demonstration activities, development of a credit scheme and storage possibilities on village level. It was agreed that the project would be taken over by MoA after the three year period of SIDA support. Swedish support was terminated in 1977/78.

Khomokhoana is a district that received Swedish assistance between 1974 and 1979, as part of an integrated agriculture project under FAO. The objectives were to increase agricultural production and improve soil conservation. The production component of the project consisted of cultivation, livestock-raising and soil conservation. These were supported by service programmes covering training, credits and marketing for agricultural products, mechanisation and monitoring and evaluation of production results. The Khomokhoana project was completed at the end of 1978 and responsibility was handed over to MoA.

Khomokhoana and other area – based projects had made it more obvious that land use issues needed to be addressed at national level if there were to be prospects of introducing more efficient and environmentally sustainable approaches to land use.

Sweden has provided support for the agricultural sector through activities to assist *forestry* and *land use*. These began in 1981 for an initial period of three years and were implemented by FAO. The support for forestry aimed at the establishing of a sound national forestry administration and training of forestry advisers. Support for land use planning sought to establish the administrative infrastructure necessary for the Ministry of Agriculture to be able to coordinate activities at village level and thereby contribute to a better land use. However the projects involving FAO suffered delays in implementation, particularly because of lack of appropriate staff, and were extended until 1983/84 without additional funds. The projects were then gradually taken over from FAO by Sweden within the bilateral agreement.

Through the forestry and land use projects Swedish bilateral support for agriculture has evolved to include a component for farm improvement with management with conservation components.

The Forestry Training Programme (FTP) has been implemented in cooperation with FAO. It has two components, namely support for the diploma course at Lesotho Agricultural College in Maseru, and; a partial input at the LAC extension at Leribe covering the forestry element of a certificate course. Diploma holders are later employed as Forest Development Officers within the Ministry of Agriculture. Swedish assistance to TFP was terminated at the end of fiscal year 1991/92.

Support to Land Use Planning. The Institute of Land Use Planning (ILUP) was established in 1981 in cooperation with FAO and has been supported bilaterally by Sweden since 1985. Apart from the construction and equipment of offices, the training of staff has been the main target.

Farm Improvement with Soil Conservation (FISC) was started in 1985. It was originally based on a model of conservation linked to production that had been used in Kenya. Project preparation was financed from a special vote for energy and soil conservation. The project has focused on local land use activities in the Mohale's Hoek district, including such as planting and construction of terraces. It has recently been extended to cover two more neighbouring districts.

In 1989 the FTP, ILUP and FISC projects were formed into a sector support programme, Production Through Conservation (PTC). The overall sector goal was to improve living standards for small scale farmers by helping them to achieve a sustainable increase in production, involving popular participation in the planning and implementation. The activities were also supposed to be targeted especially to landless women and families. The sector objectives were set out in the Specific Agreement of 1992: to support farming communities in acquiring the technical and managerial skills required to manage their communal resources and their sustainable production; to support the District Agriculture Offices in developing a partner relationship with the communities and their members in order to increase sustainable production; to help the District Agricultural Offices in improving their operational procedures so as to give optimum support to the farming communities.

A national training programme called Support to National Programme (SNAP) was initiated as part of the PTC in 1991 with experience gained from FISC. It has had widespread use in the different projects all over the country. This programme received increased support and attention during the second agreed period, 1991/92-1993/94.

Evaluations

The Khomokhoana project was evaluated in 1977. The evaluation found that each of the separate project activities was performing satisfactory but they had not been integrated to become an overall rural development programme.

An evaluation of the Land Use Planning Project was conducted in 1984. The evaluation found that the project had not achieved many of its targets. The project had not been staffed to a reasonable level and project costs were high. Institution building and training components were criticised for having been undertaken on a central level with no impact at village level. It was recommended that four districts instead of ten should be targeted by the project support.

A joint evaluation of the ILUP and FISC programmes was prepared in 1987. The ILUP support was found to have been implemented in accordance with its objectives, but its outputs (e.g. number of plans produced) had been less than planned. This was mainly because government had not provided enough staff. The FISC project was found to have succeeded in building up popular participation but its technical packages were unable to bring enough improvements in farming. Soil conservation techniques were found to be appropriate.

The first evaluation to examine all components of the PTC programme was conducted in 1992. The evaluation again pointed out that lack of national personnel was the main constraint for a sustainable continuation of all components of the programme. It found instances when the PTC programme had been able to influence policy decisions in the Ministry of Agriculture. The integration of the projects into the PTC programme has had helped to bring about better

conceptualisation about how agricultural production through conservation should be conducted. The evaluation was critical of the performance of the FTP. That component of the programme has since been discontinued.

There was a further, informal evaluation of PTC in 1993. It found that the programme had been making good progress. This was most apparent at Mphahle's Hoek, the region that had longest experience of FISC. Decentralisation and participatory village planning were found to be preconditions for the successful implementation of the PTC approach.

4.4.4 Water reconnaissance study

Water is one of Lesotho's few natural resources. Proposals for large-scale exploitation of the water resources have mainly focused on exporting to South Africa. After negotiations between the two countries broke down in 1972, SIDA was asked to finance an investigation on future domestic use of water resources.

The purpose of the study was to give the government a sound basis for long term planning of investment in the water sector, taking account of projected water consumption and an array of possible investment projects. It was also to identify possible water projects that could be implemented during the coming five years.

At a general level the more efficient use of Lesotho's water resources was considered to be important both politically and economically, as it would decrease dependence on imported energy and food and create possible sources of employment within small scale industry and intensive agriculture.

A Swedish consultancy firm commenced work on the study in 1975. The contract was originally for a period of 13 months, but was extended until the beginning of 1977. It is believed that the study was of a satisfactory standard and that it did contribute to long term planning in the water sector; although the extent of its influence is difficult to ascertain.

4.4.5 Public administration

The objective of the support for public administration has been to strengthen the public administration and enable it to make better use of resources. At its commencement in 1976, the SIDA assistance was distributed through UNDP and was linked to related to the overall objective of strengthening the UN presence in the country.

The UNDP programme involved providing technical assistance to strengthen the functioning of the civil service. Government paid the experts national-level salaries and SIDA and the other donors paid the experts "topping up". This programme lasted for almost 18 years and in total employed some 30 UN officials. A scholarship component was introduced in 1980, enabling nationals to study abroad. Sweden provided ten scholarships, mainly to support the telecommunications sector.

From the early 1980s onwards, SIDA also provided considerable support for public administration outside of the UNDP programme. Swedish funds were used to finance expatriate personnel at key positions within the administration. For example SIDA provided experts in the positions of Director of the Central Bank and Co-ordinator for the Labour Intensive Construction Unit.

Since the first bilateral agreement in 1983, public administration was chosen as one of the three main areas for Swedish assistance. It was felt that a more efficient public administration could help Lesotho to decrease its weakness and dependence in relation to South Africa. The main emphasis has been on capacity building and institutional strengthening to assist key public administration activities. Within this sector four main activities have remained important: management development; physical planning; statistics; and financial management.¹⁰ Much of the support for these four activities has been in the form of consultancy services, on both a long and short term basis; usually provided through institutional cooperation with a Swedish institution. Funding has also been provided for procurement of goods, notably as part of computerisation.

The support to public administration is described by SIDA as a dynamic process where the initial support to management development, directed to senior officials, later helped to generate insight and willingness necessary to implement structural reforms within the public administration sector. This SIDA assistance is seen as an integral part of the civil service reform programme that started in 1988 under the coordination of UNDP. This programme was officially approved by the government. The impact of the Swedish assistance has also depended to a considerable extent on progress with the other structural reforms within the overall public administration sector.

Management Development and Personnel Administration. Sweden provided long term and short term consultants from the Swedish Institute for Societal Organisation (ISO) to assist the the Ministry of Public Service with specific projects. The management development programme (MDP) focused on providing courses to assist senior officials in a range of subjects of public administration. Three public training institutions were involved in the design and performance of the training programmes.

Another component was the Personnel Management Information System (PMIS). This was developed to provide a basis for better planning and decision making about human resources in the public service. Support to the PMIS ended in June 1991 and the MDP one year later.

Physical Planning support was aimed mainly at strengthening the Physical Planning Division (PPD) within the Department of Lands, Surveys and Physical

¹⁰ The different components of the support were intended to form a coherent overall entity for addressing critical areas of public administration.

Planning at the Ministry of Interior. The overall aim was to "strengthen the administrative, legal and physical planning function needed to guide and support urban and rural development that is viable from an economic, social and environmental perspective". The work consisted of elaborating physical plans both for capital and district environment and a national settlement policy plan and providing on-the-job training. A Swedish consultant, Swedepan with experience of similar work in Botswana, was engaged to undertake the support. Cooperation began in 1985 with a first phase until 1988/89. A second agreement provided further support until June 1994.

Statistics. Cooperation has been directed both to a UN supported programme for socio-economic surveys, the so-called National Household Survey Capability Programme (NHSCP) and support the strengthening of the capacity to prepare adequate economic statistics. Support has also been given for data processing, training and equipment. Most of the SIDA support has been or services provided by the Swedish Bureau of Statistics (SCB), which provided one long-term consultant and several short-experts. The first agreement was made for three years between 1985/86-1987/88; it was then extended. A so called 'phasing-out' period was agreed for 1989/90-1991/92 and later extended until the end of fiscal year 1993/94.

Financial Management. This project was included in the overall sector agreement in 1985, having started later than the other public administration activities. It covered two components: auditing and financial management. Both components were initially contracted to ISO but in 1988 they were separated following GoL's decision to transfer the function of the former Inspector General (encompassing value for money audit) to the Office of the Auditor General. Since then ISO has continued to undertake the financial management component in the Ministry of Finance. The performance and financial auditing component has involved cooperation between the Office of the Auditor General and the Swedish National Audit Bureau (RRV). The objective of the two financial management components are respectively to: develop and implement an efficient financial management system, including systems development, institution building and education and training, and; to develop an independent and efficient performance and financial auditing function, including management development. In supporting core financial management systems, the financial management components have formed part of the package of donor-assisted institutional strengthening and capacity building measures under Lesotho's successive structural adjustment programmes. In supporting core systems of the economy, the financial management components have formed part of the package of institutional strengthening measures associated with Lesotho's successive structural adjustment programmes.

Evaluations

A 1981 evaluation of the UNDP programme recommended that the UN officials should have a counselling position instead of an executive one and that counterparts should be employed accordingly in order to develop the training.

An evaluation of the support for physical planning was made at the end of the second agreement. The report found that the overall objective of building capacity had not been fulfilled. Training had been too shallow; there was a high turn-over of staff; and there were problems due to the lack of decentralisation and devolution. However, various short and medium term objectives, such as production of physical plans, had been performed somewhat better. The evaluation recommended that extension of support should be conditional upon GoL providing a clear commitment to find ways of retaining PPD staff and proceeding with decentralisation.

An extensive evaluation report of the support to statistics was prepared in 1990. The evaluation indicated shortcomings in the approach to computerisation and the use of SCB short-term missions. Support in these areas has therefore not been as effective as they could have been. The amount of studies required in relation to the capacity of the BOS was considered to have exacerbated its dependence on the Swedish consultants.

The two financial management components were evaluated in 1993. The evaluation found that progress had been severely affected by frequent domestic political changes. Nevertheless significant improvements had been realised. The most obvious achievements were that the public accounts and audit reports were again being produced. Considerable improvements had also been introduced into the budget process, computerisation and systems development. The evaluation considered that the programme was still dependent on expatriate support and recommended prolonged support during the current period of political changes and democratic process.

An overall evaluation of the public administration sector support was conducted in 1992. This evaluation found that management development activities had achieved few tangible outcomes in terms of increased use of improved management methods; and recommended that this support should be discontinued. The PMIS was found to have provided a technical capability to store and analyse personnel data but the system was still not sustainable due to the incomplete and unreliable data provided by other ministries. The physical planning project was found to have substantially fulfilled its objectives, although lasting improvements in physical planning capacity had not yet been achieved. With regard to the support for BOS, the evaluation found that the deficiencies pointed out in the previous evaluation had been addressed, although there were still uncertainties about governments long-term statistical requirements. The support

for financial management was found to have been adequate and technically sound but technically somewhat in advance of the local skills available. The evaluation recommended continuation of training for a number of years. Support to the Office of the Auditor General was found to have been properly managed and implemented. The office was still far from a desired sustainable capacity. Future assistance should concentrate on financial auditing techniques and follow-up of the impact of performance audits in line ministries.

4.4.6 Unit for labour intensive construction

This project originates from a World Bank study that proposed activities to create more employment within Lesotho, particularly for miners returning from South Africa and for youth entering the job market. Among the recommendations of this study was the establishing of a unit for labour intensive construction.

SIDA began providing support to the labour construction unit (LCU) in 1978. The purpose of the support was to establish the necessary capacity to run the unit and for the unit to develop expertise and experience in the implementation of labour intensive projects, to enable later application of labour intensive techniques on a larger scale throughout the country. Swedish support was used for providing long term experts, consultants, on-the-job training, a revolving fund and support pilot housing projects using labour intensive techniques.

Many other donors, including Germany, EEC and Ireland, have been involved in the programme as they are financing, generally by providing funding for a group of labour intensive construction activities. ILO has been responsible for overseeing implementation and monitoring. In 1988, government assigned responsibility for road maintenance to the Unit and since then maintenance has become an increasingly significant part of the LCU's activities.

The Unit did not manage to increase the use of labour intensive methods in activities other than road construction. While GoL took a policy decision in 1989 to give preference to labour intensive methods and in 1989 prepared a 20-year plan for LCU activities within many sectors, the emphasis of the project activities has remained that of road maintenance activities. By this time SIDA had modified and narrowed its objective for this cooperation. The project was now to ensure that Lesotho could maintain its roads in future at a low cost.

Direct employment has been less than 2,000 persons a year which is less than was originally planned. This represents one half of one per cent of the total labour force in Lesotho. A large variance over the year in LCU labour force has also caused irregular strain on the administration capacity.

Swedish assistance has taken the form of technical assistance to the Central Planning Unit and a technical training centre in Teyateyaneng. SIDA also financed construction and organisation of this centre and one regional office.

Evaluations

The first SIDA evaluation of the LCU was carried out in 1981. It found that the LCU had fulfilled the goal of providing gainful and efficient employment for Basotho. Although its overall contribution to the economy was small, it could serve as a model of efficiency for other GoL organisations. The evaluation found that the LCU had performed poorly regarding training of engineers and supervisors.

The LCU was again evaluated in 1985. Although the evaluation found that the production activities were generally of acceptable standard and cost, it was critical of the failure to promote large scale employment in activities other than road construction. Training and lack of local staff was again found to be serious problems. A further problem was that recruitment of workers had been found to suffer from problems of favouritism, often linked to people's political affiliations.

A further evaluation of the LCU was carried out in 1992. This showed that the different project participants had different objectives. ILO/SIDA had intended to support the development and dissemination of labour-intensive techniques, leading to more general application throughout Lesotho. Government had been more concerned with the immediate work of running the LCU. The main weakness of the LCU was its continued dependence on expatriate technical assistance. Although the LCU had constructed roads that were of good quality and well maintained, it was not possible to prove if these roads were cost-effective because of information collection and monitoring and been inadequate.

4.4.7 Telecommunications sector support

SIDA support for the telecommunication sectors started in 1972. A Swedish consultant, Swedtel, prepared a study of the needs of the telecommunication sector in Lesotho. Swedtel's recommendations became part of the national plan for developing the telecommunications sector, including development of the internal network; and improving international communications by construction of a direct connection with Nairobi. The latter connection was seen as an important enhancement of Lesotho's political independence, providing for international communications without having to route via South Africa.

A first three-year agreement was concluded in 1974. SIDA support was provided for procurement and installation of equipment, financing of key-positions in the telecommunication administration and for consultant services. An important task was to assist in removing the telecommunications administration from the civil service and establish telecommunications on a more autonomous and commercial footing. The link to Nairobi was partly financed with Swedish support and was performed by a UN agency. Swedish support between 1976/77 and 1979/80 consisted mainly of financing of procurement costs associated with the country's second telecommunications development programme. The Swedish aid covered half of the costs of the entire programme. An additional agreement in 1978 allowed

for continued institutional support to the telecommunications administration. By 1980 the bulk of SIDA assistance was concentrated on providing technical assistance. Nevertheless a Swedish state guaranteed credit of SEK 11 million was provided in 1982 for purchase of material from LM Ericsson.

Education and training have been recognised by SIDA as the weakest part of the programme. There was, for example, no plan for replacing expatriate experts within the administration with national staff, until SIDA requested this in 1982 as a condition for continued support. During the period 1982/83–1983/84, 14 persons from Swedtel were employed in the Lesotho Administration. The agreement for 1983/84–1984/85 envisaged the gradual phasing out of telecommunication support. Assistance continued until 1988/89, but for the two last years this was limited to providing four Swedish consultants as technical assistance. The total amount of Swedish support to telecommunications has been SEK56 million, out of which SEK22 million was for equipment and the remaining SEK34 million was for technical assistance.

Evaluations

The support for telecommunications was evaluated in 1983, 1986 and 1989. The 1983 evaluation judged that the project was proceeding well in improving the network and in organisation development. Identified weaknesses included lack of continuity and training as well as problems of expatriate staff finding it difficult to adapt to working in Lesotho. The 1986 evaluation reported that the support had overcome some of the weaknesses in training and had completed some major investment projects, both for local and international telecommunications. The 1989 evaluation found that the physical expansion of LTC's activities had been satisfactory. New technology introduced under the project was being well operated and maintained. There had also been considerable progress in replacing expatriates with national staff. The long term sustainability of the Corporation depended very much on both financial and human resource considerations. Measures to address both aspects had been included in plans prepared by the Swedish experts. However, by 1989 this situation was not improving. Both billing and collection had become major problems; retention and training of staff was neither subject to coherent planning nor given high priority by the management.

4.4.8 Civil aviation sector

Support to Lesotho Airways is first mentioned in SIDA's records in relation to a visit to Sweden by Lesotho's foreign minister in 1983. The reason for the request was the increased difficulties Lesotho was experiencing in international aviation as a result of having to operate all air services through Johannesburg. The request sought support for procurement of an aircraft with capacity to provide direct connections with other SADC countries.

There were also strong political aspects in the decision to give Swedish support

to the purchase of an aircraft. The many South African refugees that lived in Lesotho were believed to have become a security risk, and it was therefore considered necessary to arrange for them to be transported to third countries. This need became even greater during the period of heightened political tension with South Africa over the early and mid 1980s.

Following a review by a Swedish consultant of the type of aircraft needed, a second-hand Fokker F-27 was purchased in September 1985, along with necessary training, technical assistance and spare parts. Within eight months regular flights were introduced, although initially to Johannesburg only; by 1986 direct connections were introduced to link Maseru with Maputo, Manzini and later Harare. Between 1985 and 1987 approximately twenty flights were made to transport refugees out of the country, mainly to Lusaka.

At the same time, Lesotho Airways was experiencing heavy losses. Over the later part of the 1980s Swedish support focused mainly on providing technical assistance, regular controls and marketing. ScanAvia AB, was contracted in March 1986 to review the SIDA-supported activities every six months. As the regional political situation became less tense at the end of the 1980s, LAC claimed that regular flights to destinations other than South Africa were unprofitable and would only continue to be performed on conditions of increased and prolonged support.

In October 1988 a review was made of Lesotho's plans for how to use the aircraft and for the overall development of air traffic. LAC proved to be inundated with problems, notably its very weak commercial position and lack of institutional capacity. SIDA's support had been undermined by LAC's decision to purchase a second-hand Boeing 707, for which there was neither an identified market to serve nor the necessary operational capacity.¹¹ By this stage, SIDA restricted its support to those activities solely connected with the SIDA-financed F-27.

The technical operation of the F-27 has been reported to be satisfactory. Training of pilots has been completed, although this took much longer than had been anticipated. Only one out of eight trained mechanics has received a license for the Fokker F-27. Swedish support was terminated after the fourth agreement ended in 1989/90.

The support to civil aviation has not been evaluated through SIDA.

4.4.9 Personnel and consultancy fund

Since 1986 the country frame has included a specific provision, the Personnel and Consultancy Fund (originally referred to as 'Studies and Reports'), for financing such activities as studies, reports and scholarships. This provided a more flexible way of using short term personnel assistance and consultants, when the

¹¹ In practice the purchase of the Boeing 707 proved to be misguided. It was never brought into commercial operation and became a source of considerable embarrassment to LAC.

main objective was production of reports and studies. This fund amounted to approximately SEK1 million to SEK2 million annually. Among the main activities financed were:

- a study of SACU with the purpose of giving Lesotho a better bargaining position in future SACU negotiations;
- support for cooperation between the National University of Lesotho and the University of Växjö;
- contributions to an international conference in Maseru on "Training and Research for Integrated Rural Development";
- grants for Basotho to participate at an international course on "Conflict Resolution" at Uppsala University;
- evaluation of the rural electrification project;
- extension of technical assistance to telecommunication project.

An important function of the Personnel and Consultancy Fund has been to provide support for human rights/democracy (e.g. seminars during the early 1990s to provide a forum for discussing Lesotho's transition to democracy). Much of the support has been for seminars and courses. The fund was also used to assist the establishing of the electoral register and to support the 1993 elections. Although relatively small in financial terms, Sweden has consistently regarded its support for human rights/democracy as an important feature of its development assistance to Lesotho.

4.4.10 *Support outside the country frame*

Support under SADCC. SADCC was established in 1980 by nine countries in Southern Africa to development regional cooperation to decrease economic dependence from on South Africa. As part of its ongoing sectoral programme SADCC assigned Lesotho with responsibility for establishing a secretariat to support regional cooperation in the field of conservation of land and water resources. In 1984, following a consultancy study, SIDA agreed to finance the establishing of the secretariat. Support was in the form of technical assistance and a fund for project identification and preparation. A consulting company, Swedforest, was engaged by SIDA to support the secretariat. This originally involved provision of two consultants but later increased to five.

The purpose of the secretariat is to: assist the governments of the member countries to improve their land and water conservation efforts; promote exchange of experience between the countries; identify, develop, and implement associated training activities; and assist member countries in formulation of project proposals.

The main work has been training of officials from relevant institutions in SADCC member countries in soil conservation. Work has involved seminars,

courses, special programmes for environmental supervision, legislation and economic aspects of soil conservation. Other activities supported have been regional meetings, a journal on environmental issues and publishing of reports and studies.

Evaluations. Evaluations were conducted in 1987 and 1990. The first evaluation indicated that the work performed, coordinating and training had been satisfactory, but that Lesotho not had contributed sufficiently with personnel, and that the project had not been successful regarding preparation of project proposals. The second evaluation was more critical. It expressed concern about the reliance on consultants rather than national personnel, and the lack of support provided to the national institutions in the region. In spite of the observed weaknesses in attaining the intended objectives, the evaluation indicated that there was potential to be more successful in future and recommended continuation of support.

Civil aviation. The support to civil aviation (see section 4.4.8 above) in 1985 was financed under the SADCC regional support. This amounted to SEK42 million. The remaining support for civil aviation was financed under the country frame.

Rural electrification. Support to a rural electrification programme under MWEM was initially in the form of concessionary credit for procurement of SEK33 million of goods and services from the Swedish companies, ASEA and Transelectric. This covered approximately half of the construction costs.

A second phase of support was financed bilaterally by Sweden together with support from Norway. Between 1985/86 and 1987/88 SIDA provided SEK7 million from the country frame and SEK14 million from SADCC regional funds. This covered strengthening and extension of the existing network. Strengthening the system was regarded as a necessary condition for extension to new areas. Nearly all the funding was used for investment costs, mainly for four transformation stations, 130 km of transmission lines and a remote control system. Swedish consultants were responsible for administration of the project. SIDA also financed consultant services provided by a Norwegian company.

A third phase was considered but not proceeded with. This was mainly due to uncertainties about prevailing national investment plans and indications that other donor were going to assist.

Evaluation. One evaluation was conducted of the SIDA support rural electrification.¹²

Emergency Assistance. This has included financial support for the Swedish Red Cross to build an office in Lesotho and towards the costs of providing one Swedish co-worker; provision of Swedish vegetable oil, hospital equipment and medicines to assist during drought; a consultancy study on strategic storage of oil in 1983/84; contingency planning regarding the consequences for Lesotho of an international embargo against South Africa.

¹² The evaluation of rural electrification could not be obtained for review under the current evaluation.

Miscellaneous. Especially during the 1980s Sweden consistently provided support for the South African liberation movements in Lesotho.

Small-scale support was provided for cultural activities in 1988 to a total amount of 144,000 SEK; support has also been given to the museum in Morija and the Machabeng Art Festival.

In cooperation with WHO, SIDA has been financing an AIDS prevention programme in Lesotho since 1990, under its special fund for AIDS related projects.

Only modest levels of special support to women have been provided. This has generally been financed outside the country frame. One project covering gender issues was channelled through the Women's Office at the Ministry of the President. Between 1982 and 1985 SIDA contributed to a credit fund and to activities targeted at women at the Thabana-li-Mele education. In 1987/88 SIDA financed a study of non-governmental organisations and women's organisations. Since the late 1980s many of the sector agreements for SIDA support have earmarked some funds for gender related activities.

RELEVANCE OF SIDA-SUPPORTED PROGRAMMES AND PROJECTS

5.1 The regional political context re-visited

It is not possible to adequately understand the relevance of Swedish support to Lesotho between 1966 and 1993 – or the congruence and appropriateness of the objectives of Sweden and those of Lesotho – without an appreciation of the regional political situation in Southern Africa over the period. The first two decades of Lesotho's independence were the time of "grand apartheid" in South Africa, when the South African regime held uncompromisingly to its racist policies in spite of growing isolation in relation to the international community. South Africa illegally occupied Namibia, ruling it as a fifth province of South Africa, and subjected its people to the same apartheid policies. It was a time of very real military threats, when the South African Defence Force (SADF) was at war in many parts of the region. Over much of the 1970s and 1980s the SADF was operating deep into southern Angola – several thousand kilometres from Pretoria – before eventually being pushed back by a combination of Angolan and Cuban forces, and finally withdrawn as part of the agreement over Namibia's independence.

This was a period of considerable threats and instability for South Africa's neighbours. From the very beginnings of their national independence, the neighbouring countries of Lesotho, Swaziland and Botswana (1966), and Mozambique and Angola (1975), were the victims of South Africa's political bullying and military destabilisation; of contriving and sponsoring of dissident resistance groups and banditry; of punitive SADF commando raids, and trade and transport embargoes, to discourage these *front line states* from opposing South Africa and, above all, from permitting the activities and safe passage of the African National Congress (ANC), Pan African Congress (PAC) and the other South African nationalist resistance organisations. According to SADCC, the costs of the South African destabilisation of the front line states between 1980 and 1990 amounted to more than US\$60 billion, equivalent to twice the combined GDP of the entire SADCC region (SADCC, 1991).

In the midst of this catastrophe – completely surrounded by South Africa and with a deep economic dependence upon it – lay tiny Lesotho. Its relations with South Africa deteriorated sharply after 1976, when Lesotho refused to recognise the Transkei, a new South African "homeland". As the anti-apartheid struggle intensified, South Africa began conducting raids into Lesotho, charging that Lesotho was harbouring members of the ANC. On 9 December 1982 a South African raid on Maseru killed 42 people, many of whom had no connection with the ANC. In late 1985 another South African raid in Maseru killed nine people.

The actions of apartheid South Africa, both domestically and within the region, led to unprecedented opposition and ostracism from the international community. Opposition to South Africa became a major task of the United Nations, the Commonwealth and the Organisation for African Unity. In most western countries large anti-apartheid movements were formed as an expression of the resistance of ordinary people to apartheid – and to pressure their own governments into tougher measures against South Africa. Sweden and the other Scandinavian countries were in the forefront of the anti-apartheid movement. It was within this political context that Sweden and other western countries considered it relevant to finance anti-apartheid measures and to assist the victims of apartheid. The basis for such support was political, namely:

- ***To oppose South Africa:*** including providing support for the South African liberation movements and to South African refugees and exiles; establishing trade and financial sanctions; isolating South Africa from the international community, such as through sporting and cultural boycotts; and symbolic acts of resistance, including the maintaining of a diplomatic presence in Lesotho and other front line states;
- ***To support the front line states:*** including efforts to try to militate against South African aggression; providing financial and other support to individual countries to help them to try to become more independent of South Africa; supporting activities to strengthen regional ties among South Africa's neighbours, including transport, communications and trade links and various forms of regional cooperation under the auspices of SADCC with the aim of further reducing dependence on South Africa.

5.2 The balance of objectives: political versus economic and social

In the context of the anti-apartheid struggle it is understandable that over the period 1966-1993 the leading objective of the Swedish support to Lesotho was political. However, in only a small minority of cases – notably the support to LAC – were the SIDA funded programmes and projects of an essentially political nature. While SIDA supported the objective of increasing Lesotho's political independ-

ence, it was difficult to identify activities that could achieve this. Instead, most of the SIDA-funded activities focused on economic and social aspects, often drawing upon the justification that greater economic independence and social improvements would provide for greater political independence.

There were important contradictions between Sweden's political, economic and social objectives. Sweden considered it imperative to engage in the anti-apartheid struggle and to stand by Lesotho against the apartheid threat, but this tended to obscure how Sweden and other donors responded to the political and economic issues of the day in Lesotho. In other circumstances Sweden would surely have been less prepared to support the succession of undemocratic regimes in Lesotho between 1970 and 1993; or to be as patient with weak or bad governance. Moreover, if it had not been for the anti-apartheid imperative Sweden would surely have been more vocal and critical about the poor outcomes of many SIDA-supported development activities.

The political objective also made it impossible for Sweden to raise the most fundamental question about the long term development of Lesotho: is Lesotho capable of attaining a sufficient measure of economic and political independence from a post-apartheid South Africa or would its long term future be better served through some form of dispensation with a democratic South Africa. Because of the politics of the day that question was unspeakable.

5.3 Lesotho objectives and Swedish objectives – did they meet?

A review of Lesotho's five year development plans since independence indicates that the overall national development objectives have been economic growth, creation of domestic employment, economic and political independence, social welfare and social justice. As discussed in chapter two, the most fundamental objectives have been employment creation and economic growth, since it was expected that only by creating more jobs and improving the performance of the economy, particularly in agriculture, could Lesotho hope to reduce its considerable reliance on migrant labour working in South Africa. Only if this could be achieved could there be prospects for Lesotho to attain a greater measure of economic and political independence from South Africa and improve the quality of life for its people.

As SIDA and GoL documents of the 1960s, 1970s and 1980s make clear, there was considerable similarity between Lesotho's stated objectives and Sweden's objectives. Clearly both countries attached great importance to Lesotho's political and economic independence. Over much of the period, the major areas assisted under Swedish development cooperation closely reflected the government's development objectives: rural and agricultural development; employment creation; and provision of facilitating economic and physical infrastructure.

5.4 The right support at the right time?

Drawing on the findings of the preceding chapters, a rough comparison has been prepared of the stages in Sweden's support to Lesotho between 1966 and 1993 as compared with the main stages in Lesotho's development over the period (also see the chart at the end of this chapter).

It is only partly true that the Swedish support evolved in relation to Lesotho's changing needs over the period. The choice of development cooperation activities was again greatly influenced by Sweden's political stance. There was no way of knowing what form of political change in South Africa might be possible or how long such change would take or at what cost. This meant that any attempt to support Lesotho could have no clearly foreseeable time frame or end-point.

During the first decade Sweden's support was mainly channelled through UNDP as part of international efforts to support the fledgling Lesotho state. Much of this support was in the form of technical assistance and provision of essential infrastructure. Such activities were generally well-chosen in relation to Lesotho's needs at that time. But by the second and third decades there was a heightening of the apartheid struggle in South Africa, and Lesotho was suffering under an extended period of undemocratic rule and poor economic management. What would the right support have been at that time? Sweden's main approach was to try to support employment creation, agriculture and rural development and public administration, in the hope that these activities would lead to improvements in the lives of ordinary people, particularly in rural areas. However, with the benefit of hindsight it appears that the right support over this period would have involved first taking a much more critical look at how the government and economy of Lesotho were run and how well they served their people.

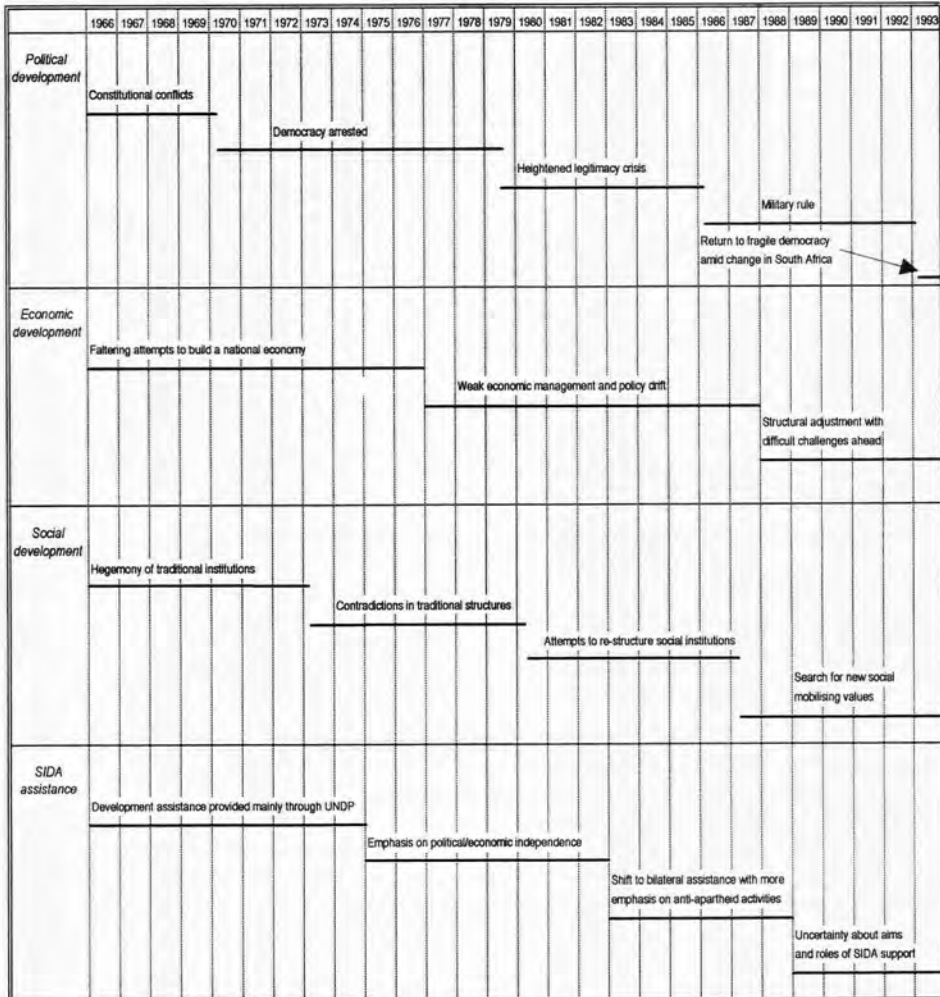
5.5 Formulating the activities to meet the objectives

An important problem that has recurred throughout the period of SIDA support has been that, after agreeing on general objectives, all too often it was left to SIDA and SIDA-funded experts to formulate the specific programmes and projects to be undertaken by Lesotho. The reasons included lack of trained national staff, failure to establish necessary institutional capacity – especially for national development planning – and the persistently high rates of staff attrition and staff transfer. This has been a general problem of foreign aid in Lesotho, with too many activities being "donor driven". It was the case in many and probably most of the SIDA-assisted activities. Regardless of good intentions, SIDA contributed to the problem that Basotho often did not establish the essential sense of "ownership" and responsibility over the SIDA-supported activities. In such circumstances the prospects for accomplishing stated development objectives in a sustainable manner are likely to be diminished from the outset.

5.6 Changes in objectives due to political change in South Africa

With the ending of apartheid during the early 1990s, some of the past objectives of SIDA support to Lesotho have quickly become uncertain or redundant. There is no longer a need to resist apartheid or to try to offer Lesotho protection from it. Nor is SIDA as prepared as in the past to ignore fundamental issues of democracy, good government and the geography of inter-dependence in Southern Africa.

STAGES IN LESOTHO'S DEVELOPMENT AND SIDA SUPPORT, 1966-93



Note: estimated timings for the various stages shown are approximate.

EFFECTIVENESS OF SIDA DEVELOPMENT ASSISTANCE – OUTCOMES IN RELATION TO OVERALL OBJECTIVES

6.1 Political independence

Lesotho is dependent on South Africa as the focus of regional transport and communications, an importer of unprocessed goods and cheap migrant labour and as the major source of supply for goods and services. This dependence is not a natural phenomenon nor is it simply the consequence of a free enterprise system. Historically, Lesotho was deliberately incorporated into the economic and political structures which were generally centred around South Africa.

Within the context of the anti-apartheid struggle for genuine political independence, Lesotho's own political interests were recognised by SIDA in its assistance to the country. The types of assistance that Sweden offered were primarily to enhance Lesotho's political independence which was constantly threatened by South Africa's destabilisation policies. The presence of SIDA personnel and the Swedish mission and other donors – as well as the UN Secretary-General's Special Political Observer in Lesotho – all served to caution South Africa that any attempt to encroach on the political independence of Lesotho would be viewed seriously by the international community. In this sense, SIDA's direct assistance and its indirect support through multilateral organisations helped Lesotho to retain some degree of political independence. Without international support it seems likely that South Africa would have illegally occupied Lesotho and brought its fragile political independence to an end.

It must be noted, however, that neither SIDA assistance nor the multilateral assistance prevented South Africa from carrying out raids in Lesotho in December 1982 and in late 1985. Lesotho's subsequent appeal to the United Nation did, however, bring some pressure to bear on South Africa's aggressive stance against the sovereignty of Lesotho.

Over much of the period since independence Lesotho's political independence and integrity have been additionally threatened by its failure to establish a representative, democratic form of government. Years of arbitrary and sometimes dictatorial rule served to suspend many of the processes of nation building, with the result that many aspects of the process of forging a strong, popular national identity have still to be undertaken. Unfortunately one of the side-effects of the many years of anti-apartheid support from the international community, including Sweden, was to tolerate and perhaps even prolong bad governance and undemocratic politics in Lesotho. Sweden was generally aware of this problem but considered that there was only limited 'room for manoeuvre' if its anti-apartheid objectives were to be pursued.

6.2 Economic independence

Over the 28 years of Swedish support there has been comparatively little improvement in Lesotho's economic independence. As we mentioned in chapter two, the major success was that from 1973/74 onwards the government ceased to depend on British grants to meet the costs of its recurrent budget. However, this gain was largely illusory, since it was achieved through increases in Lesotho's share of SACU revenues, which meant an increasing dependence on South Africa. At the same time, Lesotho has remained almost entirely dependent on foreign aid to meet the costs of development expenditures. On this basis, by far the majority of the overall government budget has remained dependent upon external sources – and has been determined by those sources.

Dependence on South Africa has also remained high in relation to the employment of migrant workers in the South African mines and in terms of providing much of Lesotho's income through the migrants' remittances (nearly half of GDP). Lesotho has so far failed to find ways of providing more domestic employment to offer the migrants opportunities to work at home. Moreover, most goods and services used on Lesotho have continued to be supplied from South Africa, including during the years of international sanctions.

Tale 6.1: Indicators of Lesotho's economic dependence

Indicator	1966	1981	1992
% of recurrent revenue from external sources	67 a/	63 b/	54 b/
Foreign aid as % of development expenditure	73	91	95 c/
Migrant workers remittances as % of GDP	21	45	49

a/ Recurrent deficit grants from Britain; b/ SACU revenues; c/ Rough estimate.
Sources: Cobbe (1983); Central Bank of Lesotho Annual Reports.

Sweden's approach to trying to support economic independence was based on strengthening the capacity of the economy and the administration. There can be no doubt that many SIDA-funded activities in these areas were useful and had potential for success or appeared to do so at the outset. However, as we discuss in chapter nine below, all too often there were problems with sustainability; not least because of trained personnel choosing to take their skills to South Africa.

With the ending of apartheid in South Africa and the establishing of a democratic government there, the question of preserving Lesotho's economic independence appears now to have lost much of its meaning. It is now clear that, in the past, the enforced experiment to increase Lesotho's economic independence had little success and that its economy is highly integrated within that of South Africa. There are few good economic reasons to continue pursuing the objective of economic independence. Prospects for the future depend on making the most of economic integration, and may perhaps necessitate a long, hard look on the part of the Lesotho Government at the related and perhaps conditional issue of some form of closer political integration.

6.3 Growth

Few SIDA supported activities in Lesotho can be said to have contributed to economic growth at macroeconomic level. The main forms of direct SIDA support for productive activities have either not been successful or have failed to be replicated on a large scale. These include the support for handicrafts production through Thabana-li-Mele, the various agricultural and forestry development programmes and the Labour Construction Unit.

SIDA support for the development of infrastructure has helped to provide the potential for economic growth, notably through the development of telecommunications; possibly through rural electrification. But it is evident from the decline of the agricultural sector and the relatively narrow growth of the manufacturing sector that the potential for growth has not yet been realised. Evidently there are other constraints to economic growth that remain to be overcome.

6.4 Equity

Relative to its unquestionably meagre resources, Lesotho has been able to provide a reasonable level of welfare for the majority of its people. The largest areas of deficit are militated by the hostile and very difficult terrain which makes some communities in the remote mountain areas difficult to reach with social services. Provision of primary education has a wide coverage and, while it is not free, it is accessible at modest cost to most people. Primary health care services are accessible to most communities at government clinics and hospitals on a highly subsidised basis. Credit for these achievements is shared between

government and the mission and other voluntary schools and health facilities.

During the first two decades of its support, SIDA helped in the provision of clean drinking water to the rural communities, along with other donors. Through the labour intensive construction unit, SIDA not only helped to create income earning opportunities for the people employed, but also created road infrastructure needed to open up rural areas for the development of agriculture and other income-earning activities.

In the productive sectors, SIDA's involvement in soil conservation activities and support for handicraft production sought to create opportunities for a better life for the most disadvantaged groups in Lesotho society. However, in many instances the activities that were supported were unable to achieve these outcomes.

While the overall task of establishing a more equitable society in Lesotho is much greater than SIDA could have hoped to accomplish through its resources alone, SIDA's contribution has often helped towards focusing the attention of national policy makers on the importance of providing for social equity in development programmes. Given the shortcomings of the past administrations in Lesotho, it is likely that efforts of SIDA, other donors, local church-based organisations and other NGOs have together played an important role in influencing government to give attention to social issues.

6.5 The objectives in long and short term perspective

Although SIDA has consistently stressed the objectives of political and economic independence it has had considerable difficulty in identifying projects that could directly contribute towards these objectives. Moreover, there have been few encouraging trends, at any time during the Swedish support, to suggest that there were realistic prospects for success.

These objectives can now be understood for what they were: well-intended reactions to the apartheid threat, that bore little relation to Lesotho's economic and political potentialities. During the apartheid years this could be justified in relation to the unacceptable alternative of surrendering Lesotho to the hostile South African state. But as the case of SIDA support to LAC sorely demonstrates, many of the expediences of the apartheid era have lost most of their purpose and meaning now that the apartheid threat has finally been removed.

6.6 Other issues

The objectives of environmentally sustainable development and the principle of gender awareness have not always been explicitly provided for in SIDA documents but these are nevertheless important cross-cutting objectives of SIDA support and have been considered below.

6.6.1 Gender

There are two main strategies used by SIDA in order to contribute to the overall goal of improving the situation of women through development assistance. First, to ensure that women as well as men can participate in and benefit from all SIDA assistance, and second, to support special inputs for women where necessary.

The situation of women in Lesotho is not as clear-cut as in many other African countries. It is estimated that over 50 per cent of Basotho households are headed by women. The reason is the large number of migrant workers giving a de facto ratio of 84 men to every 100 women. This has led many women into decision making positions especially in family matters. At village level, men are traditionally the decision-makers and constitute a majority of the chiefs and headmen. Again the migrant system has forced women into the public arena on village level, wives of absent or incapacitated chiefs acting as de facto chiefs and an estimated majority of members of Village Development Committees being women (Gill, 1992). The female population is also better educated than males. 70 per cent of the adult women have basic literary skills compared with only 40 per cent of the male population. Employment opportunities, especially in the urban areas, have tended to favour women, particularly in lower status, lower paid jobs such as garment in manufacturing.

Regarding the legal aspects of women, both under customary and common law, women are not treated equally to men. Under customary law a woman is a minor all her life. Under common law a woman is a minor until she is 21 and remains a minor if married. Most women cannot legally own or operate property, sign contracts or obtain a passport without their husband's consent. Discrimination is still reflected in politics and in senior management positions.

The main areas of SIDA assistance – including public administration, soil conservation, land use planning and labour intensive construction – include women's participation, mainly because the majority of rural people are women rather than by project design. Nevertheless, there are no doubt that women participate in and benefit from project activities equally or even more than men.

Funds earmarked for gender purposes within the country frame have mainly been linked to the ongoing sector programmes. The purpose of these earmarked funds has not always been understood by project officials, reflecting possible gaps in gender awareness. Gender aspects have been covered in most of the SIDA evaluations since the mid – 1980s.

A Woman's Bureau was set up in 1979 and later integrated within the Department of Youth and Women's Affairs. It appears that it was not able to exert much influence over government policy. The Bureau was closed down by the present government. This has meant that the task of promoting women's issues is now left to a variety of women's NGOs. SIDA has provided some direct support to these

NGOs. This support is particularly important regarding efforts to address legal discrimination against women.

6.6.2 Environment

The importance of environmental issues was identified at an early stage within SIDA bilateral assistance. Land degradation is the main constraint affecting agricultural production. The main attempts to deal with this have involved trying to set up national institutions for land use planning and implementing soil conservation projects at local level. The decision to integrate land use planning at project level has resulted in the PTC programme which has evolved into a participatory approach from the village population. This has involved a shift in emphasis from soil conservation to land husbandry. But the PTC activities have not yet been replicated to any large extent around the country and government has not yet made a sufficiently firm policy commitment to addressing the soil erosion problem. The overall environmental impact of SIDA support has therefore been limited. However, the support should be seen as an input into a learning process which has not yet come to its end.



PHOTO: CHARLOTTE THEGE

Land degradation is the main constraint affecting agricultural production. This has involved a shift in emphasis from soil conservation to land husbandry.

INFLUENCE OF SIDA DEVELOPMENT ASSISTANCE

Almost all of the projects and programmes financed by Swedish development assistance has been evaluated and assessed individually over the years. The outcomes and impacts of each project have thus been fairly well documented.

The overall influence of Swedish development assistance is most certainly not just the total output of each single project. SIDA assistance should be seen in its relation to government spending patterns and other donor assistance. While it is not possible to precisely measure the impact of Swedish aid, it is of interest to examine how Swedish and other donor assistance in Lesotho has influenced planning and policy decisions through government spending and revenue patterns.

7.1 Development assistance and fungibility

In theory one can assume that the recipient country holds a "list" of more or less urgent needs to be funded, either through donor contributions or through domestic financing. If the donor chooses an item that is high on the list, that most probably would have been financed by the government itself, the contribution is said to be fungible. It enables the government to expand its spending to activities of less priority that are lower on the list. The actual impact of the external contribution is thus to allow the implementation of activities of lower priority. However, if donor funds are used for items that would not have been financed otherwise the contribution is said to be additional. A contribution may also be partly fungible (and partly additional), as a project could include items that would have been financed even if the donor had refrained from supporting the project.

Another aspect of fungibility is the impact of foreign aid on government spending and planning on macro level. If donor funds are of a permanent nature and are used by the recipient government in long term planning, then it is most likely that foreign aid is influencing policy decisions on recurrent spending and revenue raising as well – and hence having structural impacts. Similarly, if the

recipient government incorporates a steady flow of external revenue in its budget, this *might* have a detrimental effect on own revenue raising efforts. The impact on recurrent spending arises from the fact that the recipient government is often supposed to finance running costs of a project. The development budget, if financed to a large extent from external revenues, is therefore also partly determining government spending on recurrent costs. The long term-impact on recurrent costs will depend on government commitments and its ability to incorporate the project whenever the development phase has come to its end.

7.1.1 Relevance of the planning system of Lesotho

Government revenues in Lesotho depend mainly on two sources: income from SACU and development assistance. Many different donors have been willing to provide Lesotho with development funding, such that nearly all gross domestic public investment is financed from donor sources (see chapter three). The lack of sound national development planning to provide firm guidance for development activities and expenditures has left the public service without clear direction regarding how best to use the development assistance. Any project or programme that is going to be implemented is, of course, subject to an official bilateral agreement. Apart from that there is no assurance that the project is designed or appraised in order to fit into an overall national or sectoral plan. Each ministry may work on the basis of their own plans or try to coordinate their own development activities, but eventually their efforts are undermined by the absence of the necessary national development framework, coordinated at central level.

This lack of planning has had widespread effects both on project and policy level in Lesotho. Many of the projects has been "donor driven", both in design and implementation. Differing intentions between donors have not been coordinated and have thus resulted in duplication, overlap and confusion of project objectives. For example, inefficiencies and distortions of this kind affected the SIDA-support for rural electrification and agricultural development. Resident donors have indicated that many attempts have been made to establish a more active and co-ordinated dialogue with the government. Support has also been provided through well-intended sectoral masterplans, data provision projects and technical assistance within the different ministries. A recent trend among donors has been to assist in capacity building within the public administration, providing systems for data collection and processing as a way to improve planning. But unless such information is actually wanted and used by the senior policy makers, these attempts will not prove to be sustainable.

7.1.2 Conclusions about fungibility

In the absence of government initiatives in development planning it might be easy to conclude that the impact of every individual donor project could be easily

measured and judged in terms of its direct contribution. The scope for the government to reshuffle the budget according to its own preferences is constrained by the fact that the domestic contribution to the development budget is so small. Although some attempts have been made to reform and increase the efficiency of the tax collection in recent years, the scope for raising additional government revenue is small because of the narrow domestic tax base. In the absence of a significant surplus for development expenditure, a withdrawal of SIDA support would probably have led to an equivalent reduction in total development spending. However the scope for fungibility on project or programme level are greater since, in the absence of Swedish assistance, another donor would often have offered its assistance to the government for a similar activity (although without increasing their overall country allocation for Lesotho).

7.2 Influence on policy

The process of policy formulation is largely influenced by the nature of the political administration that is in power. In an environment where unelected, unaccountable political leadership is being advised and served by bureaucrats appointed on the basis of loyalty rather than meritocracy, there is limited opportunity for an interactive approach to policy formulation. The tendency and temptation is then to generate resource deployment ideas that respond to relatively arbitrary and unrepresentative agendas rather than prioritising over the use of scarce resources on the basis of socio-economic cost – benefit considerations. This has been a problem that SIDA and other donors have had to contend with in Lesotho.

To minimise the negative impact on progress SIDA provided substantial funding for technical expertise. In this way many of Lesotho's donors played a leading role in formulation of programmes and projects, within the framework of the broad national objectives. This approach had its own dangers in spite of the generally good intentions. The most notable danger was that of programmes being formulated within a policy framework that lacked legitimacy because it was not subjected to sufficient debate and consultation and lacked sufficient support at grassroots level from their intended beneficiaries. This has been an important obstacle to the sustainability of development activities supported by all donors, including SIDA.

A major area of policy consensus between SIDA and successive governments in Lesotho has been with regard to minimising the country's vulnerability to the apartheid system of South Africa. Because of this consensus, in programme activities that were designed specifically to address this threat the process of policy formulation was often rapid and project planning was conducted within a policy framework that generally had wide acceptance. Sweden's speed and flexibility in this regard was appreciated by successive Lesotho governments.

The weak and inefficient policy framework in Lesotho has meant that donor assistance has had both too much and too little impact on national policies. For example, SIDA assistance in the MDP has shown no concrete results in terms of evolving efficient management systems that enhance clear policy objectives and measures beyond the articulation of project ideas.

7.3 Structural effects

The impact of development assistance on recurrent expenditure in Lesotho is difficult to assess. In theory, development assistance leads to subsequent recurrent contributions from the recipient government – thus committing some of the country's recurrent expenditure. When the project is completed its level of sustainability will depend on those commitments. So far development projects in Lesotho appear to have had a lesser impact on recurrent costs, because in many cases they have not been continued after the initial development phase. In the cases of some infrastructure investments, such as telecommunications, there appear to have been exceptions – such that the developments have been incorporated and well maintained within recurrent activities.

EFFICIENCY OF SIDA DEVELOPMENT ASSISTANCE

8.1 Costs of donor imposed constraints

A common constraint imposed by donors concerns procurement rules whereby recipient countries have to source project materials from the donor country. This is usually done regardless of cost – effectiveness in terms of price, serviceability and sometimes even quality.

Due to Sweden's support for sanctions against apartheid South Africa, it was a matter of policy that SIDA funds could not be used for procurement from that country. This was a constraint, although not an easy one to quantify. Lesotho's geographic and economic integration with South Africa would have certainly made it more cost-efficient to procure from that country; however, the political impact of sanctions was probably sufficient justification for this policy.

The majority of SIDA development cooperation has been in the form of technical assistance. This has largely been for experts recruited from Sweden. Where possible SIDA has tried to make use of consultants based in Lesotho, although the variety and level of consultancy expertise available in Lesotho is quite limited. A comparative analysis of the 1994 costs of consultants from different countries, as shown below, suggests that if such expertise had been available and recruited locally or regionally, substantial cost savings might often have been realised. More development activities could have been undertaken within the annual financial ceiling defined by SIDA's Lesotho country frame.

Table 8.1: Comparison of costs of professionals from different countries, 1994 (Maloti)

Country source	Monthly fee	Other costs a/	Fees plus other costs
Lesotho	24,000	-	24,000
South Africa	37,000	9,000	46,000
International	44,000	9,000	53,000
Sweden - short term	49,000 b/	9,000	67,000
Sweden - long term	33,000 b/	9,000	50,700

a/ Estimated 'other costs' include subsistence allowance to cover accommodation and meals but exclude travel expenses and other add-ons such as children's education allowances.
b/ The monthly fees for Swedish consultants are based on the actual charges of SIDA-financed consultants assisting the public administration sector in Lesotho. However, it is likely that higher fee rates are charged by some other disciplines.
Sources: Association of Basotho Consultants; Lesotho Highlands Water Authority; GoL, SIDA.

Now that sanctions against South Africa are over, there will be opportunities to improve the efficiency of SIDA development assistance throughout Southern Africa by procuring more of the associated goods and services from South Africa.

It is understood that SIDA is now assigning more responsibility to recipient countries in terms of recruitment of technical expertise financed by SIDA in order to maximise benefits.

SIDA's aid has seldom involved counterpart financing requirements from Lesotho, as is the case with many other donors. Such requirements can impose serious constraints on recipient countries. Unlike multilateral aid agencies, SIDA does not have lengthy procedures that delay approval and implementation of projects and can render them less cost effective. However, SIDA's more flexible approach has not been able to ensure that assisted activities obtain sufficient resources when the development stage comes to an end and continuation depends on allocation of resources within the recurrent budget.

8.2 Benefits of active donor involvement

Active donor involvement in a programme can create an opportunity for the recipient country to be exposed to a rich mix of international expertise. If all experts were recruited from traditional sources at free will by the recipient this opportunity would be lost. The experience brought by the donor funded experts would take years to build in the recipient country and if used effectively it can bring enormous savings in capacity building investment.

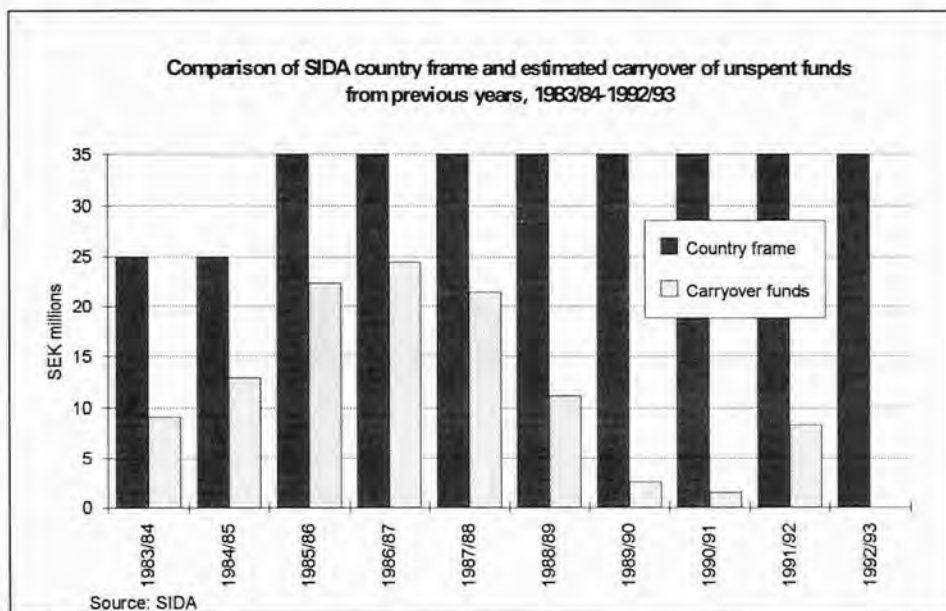
But too much donor involvement and too many donors was also detrimental, particularly given that Lesotho lacked the essential institutional

capacity and framework for policy and planning that were needed to be able to manage and coordinate foreign aid wisely. As we explained in chapters two and three, too many aided activities became "donor driven" and failed to establish sufficient involvement of national staff to be successful. Coordination and policy formulation were often made even more difficult because of differences and conflicts of approach among the succession of advisers and technical experts provided by numerous different donors.

8.3 Disbursements

In many years the amount of SIDA funds given to Lesotho has not been in accordance with its absorptive capacity. There have often been discrepancies between the funds allocated under the SIDA country frame and actual level of expenditure. The implementation of projects has often been delayed, leading to large balances of unused funds from previous years, sometimes amounting to as much as half of the allocated country frame. A further problem has been that there have sometimes been delays in on the part of the Government of Lesotho in requesting reimbursement for expenditures that it has incurred on SIDA-financed activities. Since SIDA's procedures for reimbursements are relatively simple, such delays have generally been due to poor aid coordination and financial management on the part of government.

The problem of spending money is related to lack of planning. Projects have often been delayed and implemented at a slower pace than originally anticipated. In many instances this has been linked to a failure by government to



provide necessary counterpart staff. The programmes of the last ten years have to a large extent focused on capacity building activities. Such activities can involve greater difficulty in planning and execution compared with physical investment projects.

A comparison has been prepared of the country frame and the estimated annual levels of unspent SIDA funds carried over from previous years, over the period 1983/84–1992/93. This is shown below. The comparison indicates that carryovers often amounted to as much as half of the country frame, especially during the early and mid-1980s.

IMPACT AND SUSTAINABILITY

9.1 Introduction

This chapter examines the overall issues of impact and sustainability of development assistance to Lesotho. It provides an assessment, in overall terms, of the impact and sustainability of the SIDA-supported activities in Lesotho. Sustainability is examined from the perspectives of financial and operational performance, as well as in terms of the adequacy of human resources and institutions.

9.2 Overall development management constraints

9.2.1 *Economic management and planning*

As discussed in chapter two, probably the greatest overall constraint to the impact and sustainability of projects and programmes in Lesotho has been the unfavourable overall setting in terms of national economic management. This arose partly because of the domestic political situation. There has been long term neglect of the policy framework and of planning. There has similarly been little recognition of the vital role of democratisation, decentralisation and widespread consultation; the need for realistic assessments of political and economic constraints; and the evolution of development plans and strategies that are capable of being implemented.

Past experience in many countries, including Lesotho, has shown that national development plans are rendered virtually meaningless unless they are firmly linked to the annual budget process and to human resource allocation, and are used to provide a binding medium-term expenditure framework within which all project activities and other demands on public resources are required to conform. Without these factors in place, there was not a sound basis for preparing projects and programmes capable of contributing towards real national development, or for prioritising between different activities. Instead projects and programmes became *ad hoc* attempts to build activities and improve conditions in isolation for overall conditions in the country and without adequate coordination between the various activities.

Over much of the period since independence, SIDA and other donors were aware of these overall constraints. They tried to encourage government to take necessary action to improve economic management and planning but when the government failed to do so they did not withdraw or reduce their support because that support was so closely related to the political objective of opposing the apartheid regime in South Africa.

9.2.2 Institutions

Part of the problem of Lesotho's weak development management was that the government did not make a concerted effort to develop the essential institutional capacity for financial and economic management and planning, and to carefully build up a strong cadre of professionally qualified and experienced national staff. The long term impact of this failing is a policy and planning vacuum. This vacuum has become a further impediment to efforts to improve the situation. The task of addressing the lack of institutional capacity ought to merit the utmost priority since there can be little hope of successful national development in Lesotho without it.

9.3 Overall human resource constraints

Over the 28 years since independence, Lesotho has invested substantially in human capital, often with the assistance of donors and cooperating partners. Given the small size of the country, it might have been reasonable to expect that by the 1990s the country's absorptive capacity would have increased considerably due to the influx of better quality managerial talent developed over the years. This has not been the case. The country has remained in a situation of perpetual shortage of managerial skills.

The first reason that contributed to the problem of poor retention of trained personnel was political. Many talented and skilled people who had been trained and afforded the opportunity to gain valuable experience – often at considerable expense – have been the victims of periodic political purges of the civil service, and have been removed from their positions at the peak of their productive capacity. Such people then tended to migrate to South Africa, especially to the homelands, in order to find a means of earning their livelihood. This has obviously been both damaging to the civil service and extremely wasteful in terms of use of Lesotho's scarce resources.

The second reason that has created a low level of skills retention in more recent times is the uncompetitive salary package and associated terms that have been available in Lesotho compared to South Africa. With the political liberalisation in South Africa and a gradual move to implement affirmative action programmes, the problem of losses of trained staff to South Africa has become even more serious for Lesotho. A further factor is that there may be pressure in South Africa to improve incentive packages to attract the professionals needed for major national development activities there.

Human resource development in Lesotho cannot be considered in isolation from the problem of "brain drain" to South Africa. South Africa has not trained enough of its people as a result of the apartheid policy which totally neglected the training of the majority of its people. Loss staff to South Africa includes not only managerial cadres, but also the technical skill and vocational areas and professional areas such as nurses, doctors and teachers.

A third and related reason is that the general malaise of the civil service (see chapter two) has meant that morale and job satisfaction have often been low, so that many of the more talented and motivated staff prefer to leave for more challenging jobs in the local private sector or in South Africa.

The outcome of these various factors is that while the country is currently suffering from very high unemployment, there continues to be a deficit in the skills needed to meet the present needs of the economy.

9.3.1 Gap-filling/advisor/counterpart

Various donor funded projects are being implemented through engagement of expatriate advisors working with local counterparts. There have been many cases where this solution has been ineffective as counterparts are not always easy to find or they leave for better paid jobs elsewhere once they have acquired a recognised qualification or level of responsibility. This has often resulted in the contracts for the advisors being extended more than once and in the advisors being drawn into "gap-filling" instead of advising roles. In some cases the training of counterparts has not been well planned or of a suitable nature, such that the counterparts have been unable to acquire the necessary expertise and experience to be capable of taking over.

It has always been government policy to localise positions as quickly as was feasible. Within the context of the persistent staff retention problem, it has therefore been common for people to be promoted to senior economic management positions before they were ready to take on the associated responsibilities. This has contributed to the tendency for donor-funded foreign experts taking a disproportionate share of the initiative for running the economic development programme as compared with national staff.

The sustainability of almost all donor-supported programmes in Lesotho has been known to have been seriously constrained by weak implementation and monitoring capacity, including the non-availability of counter-parts to understudy the foreign technical personnel. As a result, foreign experts have sometimes remained in line positions for several years without a Mosotho counterpart. This weakness has impaired the effectiveness of most donor-supported human resource development activities.

9.3.2 Training capacity in Lesotho

Training and investment in human capital has always received high priority in Lesotho. Historically, Lesotho provided training capacity serving not only national needs but also the needs of other countries in Southern Africa, including Zimbabwe, Botswana and Namibia. The strength of the education system has been in the area of the arts and social sciences; with weaker capacity in vocational training and technical education.

Training in engineering, specialised agronomic areas, professional services such as medicines have always had to be acquired externally, at great expense. In-service training is available at regional and country level through the Institute of Development Management, Lesotho Institute of Public Administration and Centre for Accounting Studies. The National University of Lesotho provides training in the arts, commerce and agriculture. There are three vocational training institutes that teach some craft skills.



One form of support is agriculture, aid began on a fairly small scale soon after independence. Above students get to use their skills.

While there are gaps and weaknesses in training capacity, the greatest problem regarding human resource development has been the failure to provide a conducive economic setting for putting the country's human resource investments to good use. Although it has been common for successive governments to make statements about the importance of human resource planning, little has been done in the way of establishing capacity for such planning at national level. Without such capacity, and in view of the general problems of weaknesses and lack of coordination in the civil service, the selection of training activities has not been sufficiently linked to the needs of the economy. Moreover the critical problem of

staff attrition has not been addressed, with the result that staff often leave government after completing their training; often to take up jobs in fields different to those they trained in; often in South Africa.

9.4 Impact and sustainability of SIDA-supported activities

9.4.1 *Rough indicators of impact and sustainability*

While it is not the purpose of the current evaluation to provide separate assessments of each of the past SIDA-assisted projects and programmes in Lesotho, it is nevertheless important to draw out broad findings and explanations about how projects and programmes have performed. The extended timeframe of the evaluation offers a useful opportunity to review what became of projects long after the SIDA support ended, and therefore to determine whether they were sustained. One of the most basic indicators of sustainability can be simply whether the activities that were supported through development cooperation in the past were still in operation at the time of the evaluation.¹³

In consultation with the assisted government ministries and departments the evaluation team prepared a tentative assessment of various indicators of the impact and sustainability of some of the main SIDA-financed programmes and projects. In some cases it was not possible to obtain sufficient information and the respective activities could not be analysed. Nevertheless, the assessment of indicators, as presented at the end of this chapter, provides a useful illustration of the experiences of SIDA support to Lesotho in terms of their impacts and sustainability.

The indicators provide broad support for impressions gained about impacts and sustainability during the other work of the evaluation. Key aspects are summarised below:

- *Impacts were often less than originally planned:* major long term programmes, such as the LCU and the various land use, soil conservation and forestry activities, have tended to lower their aims with the passing of time. The original ideas of having countrywide impacts that would provide major boosts to employment and agricultural incomes have not been achieved; even if the project concepts were or are sound, it has not proved possible to disseminate these widely enough and have them widely taken up – or, at least, not yet;
- *In spite of the difficulties involved, there were some notable successes:* the support to LTC appears to have had generally favourable impacts, both in terms of the growth of a reliable telecoms system run by a reasonably capable telecoms corporation, and through ending the reliance on expatriate staff. Recently PTC has helped to promote important changes of approach – from soil

¹³ The extended timeframe also has disadvantages in that it is sometimes difficult to obtain information and opinions about activities that were ended many years ago.

conservation to land husbandry and community participation – and these may offer better prospects for wider application in future. In the case of Thabana-li-Mele, more than a decade after the original handicrafts project ceased operations, the various SIDA-financed facilities are now being used to house non-formal education of rural youth who missed out on schooling opportunities, and may even have found the local leadership and initiative that undermined project success in the past. However, among these various successes it is difficult to discern a common reason for the success – other than perhaps that it is easier to support sectoral ministries and peripheral agencies which have simple well-defined functions than to address the more complex and inter-related problems of overall management and institution building within the civil service;

- *Activities sometimes diminished or ended once SIDA support was ended:* this was evident in the handicrafts production at Thabana-li-Mele and the management development programme. In the case of support to LAC, after the political imperative for having independent air links had diminished, but long before the ending of apartheid, Lesotho resorted to using the aircraft for services via Johannesburg. This represented a sharp policy reversal compared with original rationale of seeking an alternative to air services via Johannesburg. LAC's services, including those using the SIDA-funded Fokker F-27, have been highly unprofitable and depend almost entirely upon government subsidies;
- *Many of the activities that Sweden has supported are still not sustainable:* many of the surviving past and present SIDA-funded activities continue to rely on significant numbers of expatriate personnel and funding and would often fail if these were withdrawn. In some cases, such as LCU and PTC, this is after a great many years of support and numerous proposals and undertakings to strengthen national capacity as part of the support. This aspect is particularly evident in the various activities of the support to public administration, where it can be observed that lack of sustainability is closely related to Lesotho's failure to address problems of institutional capacity, retain its trained staff and establish good working practices and morale in the public sector. Some past evaluations of SIDA-funded activities have promoted the idea that localisation was 'just around the corner' and then later proved to have been optimistic.¹⁴

¹⁴ The evaluation of the LCU in 1992 offered hope that national staff would soon be in a position to take over from expatriates, but by 1994 the present evaluation team found the prospects for this to be uncertain.

9.4.2 Institution building aspects

Most the SIDA-assisted projects and programmes have included components to strengthen the existing institutions concerned. For example, the support for LTC involved the preparation and implementation of an overall strategic plan for institutional strengthening; the work of the PTC has involved revising the "mission statement" for the PTC within MoA, and piloting more decentralised approaches to natural resource based development, emphasising community participation. SIDA-funded activities to support financial management and personnel administration have focused significantly on improving the institutional setting for the activities, often by trying to introduce more efficient approaches and structures. The support to LCU has also featured significant elements of institution building. In view of the general weakness of many of the government institutions (see chapter three), SIDA's focus on attempting to strengthen institutions was appropriate.

While it has not been possible to carry out an investigation of all the institution building activities that SIDA has been involved in, it appears that the SIDA support has generally been useful. However, its impact has often been diluted because of the overall problems that many of Lesotho's institutions have faced. Within the civil service key overall problems have included the lack of a clear policy framework and sound strategies for civil service reform; low staff morale, and; the high rate of attrition for qualified staff, especially in decision-making decisions. Such problems have meant that only in a minority of cases of Swedish support, notably LTC, is it possible to discern institutions that could be described as "strong". More typically the SIDA support for institutional strengthening has continued longer than was originally planned and has often suffered from the lack of a sufficiently serious and sustained commitment from government. Many of the assisted institutions, including LAC and LCU, have been supported for many years but are still institutionally weak. Measures such as the MDP and PMIS had potential as important tools for institutional strengthening through introducing improved work planning practices and improving personnel data systems. However, it is not believed that many of the MDP trainees put their training into practice in the work place; the PMIS has continued to cover only part of the civil service; and GoL lacks in-house capacity for maintaining and modifying the computer software that was installed under SIDA support.

9.4.3 Human resource aspects

As we explained in chapters two to four, Lesotho had a paucity of educated and skilled personnel at independence. This was an outcome of colonial neglect of Lesotho's development in terms of education and training. It meant that over Lesotho's first two decades there were overall shortages of able candidates for training. Moreover, when Lesotho stepped up its human resource develop-

ment activities during the 1970s and 1980s, it did not address key problems in the civil service, such as remuneration issues. Hence when training outputs expanded there was a high rate of attrition to both the local private sector and to South Africa. It has been common for people to leave the civil service soon after completing their training (when they have become more marketable).¹⁵

As is evident from the tendency to retain expatriates in many key technical and decision-making positions, these problems with training and human resource development have been common to virtually all SIDA-supported activities (see the assessment of indicators at the end of this chapter). Numerous examples of such human resource problems were mentioned to the evaluation team, including at the LCU, MoF and the Bureau of Statistics.

In general, SIDA included human resource development within the activities it supported, recognising that without adequate human resources there could be no prospect of sustainability. However, at least by the 1980s, it should have been (and probably was) clear to SIDA that isolated training and capacity building measures at sectoral level were likely to falter unless complimented by overall reforms of terms, conditions and management methods in the civil service. If all the attrition of trained staff had been merely lost to the local private sector it might be possible to argue that this was at little or no cost to the national economy. But for the many that take up jobs in South Africa much of the past investment in human resource development is lost to Lesotho.

9.4.4 Financing aspects

Throughout Lesotho's history, public expenditure has depended on foreign sources of revenue for both recurrent and development activities. The recurrent budget has largely depended on the level of SACU revenues and there has been only limited scope for expansion of recurrent spending to take on activities that had previously been launched using donor funds under the development budget. By the late-1980s and early-1990s the scope for recurrent expenditure growth was further constrained by the need for austerity as a result of the structural adjustment programmes. As a consequence, it has been quite common for donor-funded development activities, including those assisted by SIDA, to be discontinued after the original period of development funding came to an end. This might be expected to be the case for many of the ongoing SIDA activities. Under such circumstances there is a need both for structural change so that the more promising activities can more easily replace or reduce the less useful established recurrent activities; and for development projects to be designed and imple-

¹⁵ The evaluation team learned that it has been quite common for people to apply for training courses that would be of little or no relevance to their present job, but would be expected to improve their job prospects in the private sector or South Africa.

mented with the aim of trying to minimise the recurrent costs of long term continuation (e.g. by becoming self-financing).

9.4.5 SIDA efforts to sustain core and strategic systems

In view of the weak and deteriorated state of the bureaucracy in Lesotho, a further dimension of sustainability refers to efforts to preserve core and strategic systems of administration and control. Such systems include the public accounts and the auditing of the public accounts. These represent basic tools for the functioning, management and accountability of the public sector and will be critically important when Lesotho embarks in earnest on the overall reform and strengthening of government.

Under the public administration sector SIDA has provided important support to help restore the functioning and auditing of the public accounts and other basic systems of financial management. Admittedly this support has suffered from imperfections and weaknesses, but nevertheless it has so far been successful in reviving and then retaining these essential systems. These core systems currently depend on SIDA experts and there are no indications that dependency will be reduced in the near future. However, if SIDA were to terminate this support the systems would probably collapse, making it much harder or perhaps impossible for a reformist government to finally try to address the malaise within the public sector.¹⁶ This could return the government to the situation that prevailed over much of the 1980s, when proper public accounts were not kept and audits of the use of public funds could not be undertaken. Moreover, the limited gains and successes that Lesotho has been able to achieve would be even more threatened if order within the public sector were to be further eroded.

¹⁶ Since SIDA is not the only donor assisting core and strategic systems of financial management, it could be argued that the systems might not collapse if SIDA were to pull out. However, in our opinion such systems are sufficiently important that risk of collapse should generally be avoided altogether. Moreover, at present the other donors (e.g. ODA) are dealing with other aspects of the core and strategic systems and would probably not be in a position to immediately take over the SIDA-funded components. It is not known whether other donors would be prepared to take over or how long this would take.

SOME ROUGH INDICATORS OF IMPACT AND SUSTAINABILITY OF MAIN SIDA-FINANCED PROJECTS AND PROGRAMMES

Project/ Programme	Agent	Duration	Overall objective	First Indicator						Second Indicator							
				Indicator	Year	Status	Year	Status	Year	Status	Indicator	Year	Status	Year	Status	Year	Status
Public Admin: Audit	AG	1986-	Capacity building	Audit report current	1985	No	1989	No	1992	Yes a/	Expat./national prof. staff	1985	4/8	1990	5/19	1994	8/20
Public Admin: Fin.Mgt.	MoF	1985-	Strengthen fin. mgt. system	Public accts. current	1985	No	1989	No	1994	Yes a/	Swedish/expat./national staff	1985	1/...J...	1990	1/...J59	1994	2/5/86
Public Admin: Mgt. Dev. Prog.	MoPS	1983-	Improve skills of sr. mgt.	Senior mgt. trained	1987	22	1992	710	1994	0	Managers using action plans	1991	33 b/	1992	10	1994	... c/
Public Admin: Pers.Mgt.Info.Sys.	MoPS	1983-	Provide effective PMIS	% staff on PMIS d/	1989	45%	1991	55%	1994	56%	Staff with software expertise	1989	0	1991	0	1994	0
Public Admin: Statistics	BoS	1983-	Improve stats/capacity bld.	Expat./nat.prof.staff	1985	1/38	1990	2/28	1994	1/33							
Telecoms	LTC	1972-88	Improve overall telecoms	No. tel. lines	1973	1635	1983	5182	1994	14600	No. expat. staff	1973	0	1983	18	1994	0
Civil aviation	LAC	1985-90	Independent air services	Non-SA air links	1984	0	1987	3	1994	1	Refugee transp. flights	1984	0	85-87	20	1994	0
Rural electrification	MWEM	1986-88	Extend rural electricity	Kms of 33KW	1984	400	1987	800	1994	700	No. towns with 33KW	1984	15	1987	20	1994	21
Labour Construction Unit	MoW	1978-	Provide viable job creation	Av. labour force	1978	350	1989	1,526	1994	1,568	Expat./nat. engineers	1978	3/0	1989	6/2	1994	11/5 e/
Land use, soil conserv. & forestry	MoA	1974-	Conservation/agric. dev.	Expat./nat. prof. staff	1985	7/18	1990	6/20	1994	4/16							
Thabana-li-Mele handicraft centre	TLM	1968-85	Raise women's incomes	Use of facilities	1974	Crafts	1984	Training women	1994	Training youth	Income exceeds op. costs	1974	Yes	1984	... f/	1994	... f/

a/ Although subject to a disclaimer by the Auditor General, the public accounts for FY 1990/91 were the first to be produced and audited since the mid-1970s. As of April 1994 the 1991/92 accounts were said to be near to finalisation.

b/ 33 managers participated in seminar, but only 17 prepared action plans; c/ No follow-up conducted; d/ Number of staff on PMIS compared with total public administration payroll;

e/ 4 national engineers are serving as counterparts and are planned to replace 4 expatriate engineers by the end of 1994; f/ The Thabana-li-Mele handicrafts enterprise had ceased trading.

Sources: Evaluation team interviews; GoL; evaluation reports.

LESSONS LEARNED

The overall political and economic setting is the basic starting point for the design of successful national development activities.

For much of the 28 years of SIDA support to Lesotho, both SIDA and the government chose not to face the daunting overall political and economic constraints associated with Lesotho's considerable level of integration with South Africa. This was because of the exceptional circumstances of the apartheid struggle – and was justified for this reason. However, now that apartheid has ended, these economic and political fundamentals remain as the starting point for a development strategy capable of addressing Lesotho's needs.

The overall objectives of development cooperation must be realistic, achievable and compatible.

Lesotho's experience shows how development activities may not achieve their potential outcomes when the policy framework is weak and there are contradictions between development objectives.

Competent national development planning and prudent economic management are pre-requisites for successful development cooperation.

Lesotho's prospects for development have been greatly weakened by the absence of meaningful national development plans and a capable national institutional capacity to manage and coordinate national development activities.

Recipient governments – and not donors – must set the agenda for development co-operation.

Partly because of the lack of development planning capacity, Lesotho allowed SIDA and SIDA financed experts (as well as other donors and other foreign experts) to exert enormous influence over the selection, design and implementation of projects. In many cases this meant that the projects lacked sufficient involvement from Basotho to be appropriate to the countries needs or to have prospects of becoming sustainable.

When donors by-pass normal government procedures for disbursement and procurement, they are undermining the longer-term viability and sustainability of those procedures, with potentially disastrous consequences.

For reasons of short-term expediency, SIDA and other donors diverted some of their support outside of the normal channels for government accounting. This

rarely leads to lasting improvements in the speed or performance of implementation.

A key factor in the success of development assistance is the existence of frank, meaningful and transparent policy dialogue, on a regular basis between SIDA and government.

Over much of the period of support, the level of dialogue between SIDA and the government was quite weak. In large part this was because of the weakness of the government itself. It was also hampered by the contradictions between Sweden's economic and political objectives and the fact that SIDA was not prepared to terminate its support to Lesotho during the apartheid years, even when it knew the government of the day to be unrepresentative, irresponsible or worse. Without sufficient dialogue SIDA had insufficient leverage to persuade government to address the problems that arose.

The interests of Sweden and the countries that receive its development aid are best served by ensuring that decisions and practices affecting SIDA development assistance remain fully transparent to all parties concerned. If SIDA is not satisfied with how a recipient government spends its development assistance, then it should raise the issue squarely with the government. If the government does not correct the deficiencies or appears to be insincere then SIDA should impose necessary conditions on its support. If conditions do not work SIDA should reduce its support or suspend support until government has decided in earnest to deal with its shortcomings. While this may be to the detriment of some ongoing development projects and programmes over the short term, it offers much better prospects for assisting the well-being of the people of the recipient country over the medium and longer term.

It is essential to carefully assess needs as part of project or programme preparation.

If development projects and programmes are to have good prospects of success they must be planned and designed in relation to clearly identified needs, taking full account of how these will fit within broader sectoral activities and recognising both sectoral and overall constraints and other factors that may affect performance. Ideally assessments of these aspects should have already been conducted by the recipient governments as part of their overall national development planning activities and should be included as part of their submissions for SIDA support. When national or sectoral planning is known to be deficient, the importance of critical prior assessments is even greater.

Periodic short evaluations by visiting SIDA missions cannot represent an alternative to proper prior assessment. Such evaluations often only have time to check whether implementation has proceeded according to the original agreement and generally cannot hope to conduct a thorough assessment of needs. Reliance on periodic evaluations can mean that projects and programmes never converge on what is really needed.

Development should be seen as a learning process whereby beneficiaries improve their understanding of and capabilities for improving their situation, sometimes in ways that could not have been originally foreseen.

It has been common for SIDA and other donor assisted activities to turn out very differently from the original plans. This has often been because it takes time and a process of evolution for beneficiaries to come to terms, in their own circumstances, with the additional resources and opportunities donors may provide. As the experience of Thabana-li-Mele demonstrates, it may take many years before beneficiaries find ways of learning to make good use of what has been provided through development cooperation. Yet, eventually, they may do so.

As compared with SIDA project documents and planning cycles, the timeframes for development are often much longer than originally expected and the nature of outcomes that could be considered successful may be different.

It has been rare for projects to fit to the definitions and timings of SIDA project documents and planning cycles. While this has been partly due to the weakness in planning and implementation in Lesotho, it also reflects the need for SIDA and other donors to be flexible in their conception of the development process.

The efforts of SIDA and SIDA-financed experts can never be a substitute for the leadership and full participation of recipient governments and intended beneficiaries at "grass-roots" level, and when SIDA fails to recognise this the result will generally be failure and waste.

Apart from a few "stand-alone" projects of infrastructure provision, the majority of SIDA supported activities have depended far too much of Swedish experts and have consequently had a much diminished prospect of gaining popular support or becoming sustainable. SIDA must make sure that there is enough local involvement at all stages of assisted activities, particularly at the stages of design and conception, and must have confidence that nationals will take over within a foreseeable timeframe.

When there exist local or regional suppliers of technical assistance of the requisite quality and standards, procurement tied to Swedish suppliers may often be cost-inefficient.

Now that sanctions against South Africa have been ended it is apparent that procurement from local and regional sources may often offer Lesotho and other countries in Southern Africa more cost-effective ways of using SIDA funding.

When countries depend for an extended period on donor funding of their development activities, this dependence is likely to be self-perpetuating unless checked.

After 28 years of dependency on donors, the Lesotho Government has become much too accustomed to relying on donors. The task of trying to reverse this dependency will now be difficult and painful.

CONCLUSIONS

Context of past SIDA support

The experience of Lesotho, a tiny country set amid the apartheid struggle in South Africa, represents a unique and confounding chapter in history. Over its first quarter-century of independence, national political and economic development were overshadowed by the threat, dominance and deep uncertainties posed by apartheid South Africa; and by the struggle against apartheid by the South African resistance movements, by Lesotho itself and the other "front-line" states of Southern Africa, and by the international community. This imposed insurmountable difficulties on the tasks of nation building in Lesotho, both in relation to establishing stable, representative domestic politics and building a domestic economy that could offer a better life for Basotho.

Then the overall context changed. In 1990 the opposing political groups in South Africa embarked upon the process of negotiated political change that resulted in the country's first democratically elected government in May 1994. This process lifted the shadow of apartheid, bringing with it enormous changes of outlook regarding the future of South Africa, its regional role and, with this, its significance for Lesotho. Within Lesotho, after 23 years of undemocratic and sometimes dictatorial rule, a democratically elected government came to power in 1993. This offered hope that – as in South Africa – democracy could provide the basis for future political stability and economic improvement.

The process of building necessary democratic institutions and the tasks of addressing the many legacies of undemocratic rule – not least the decay of the civil service – will take many years. In mid-1994, at the time of preparing the current evaluation, Lesotho's democratic government had been in power for only one year. It was still struggling to overcome lack of expertise and experience of running government; and only beginning to grapple with the implications of the sea-change in political economy in Southern Africa. It was much too early to judge whether democratisation,

reform and renewal would be successful in Lesotho, or how long this might take. But it was obvious that if it was to be successful Lesotho would need all the help it could get from its friends in the international community.

SIDA's objectives

Sweden's past support to Lesotho has been determined in overall terms by the political objectives associated with opposition to apartheid South Africa; and by standing by Lesotho and assisting it to retain its political independence. There has been considerable agreement between the government and SIDA over these objectives.

Alongside the political objectives, the other overall objective of SIDA support was to improve Lesotho's economic independence. Lesotho depended heavily on South Africa for employment and earnings through migrant labour, SACU revenues and supply of most goods and services. From an early stage both SIDA and government interpreted this to mean development of the national economy, especially through expansion of domestic employment and development of agriculture. The types of economic development activities that SIDA supported were generally believed to offer scope for strengthening the domestic economy and addressing key constraints and needs.

But there were contradictions between the political and economic objectives. The overbearing political significance of the apartheid issue tended to obscure how Sweden and other donors responded to the political and economic issues of the day in Lesotho. In other circumstances Sweden would surely have been less prepared to support successive undemocratic regimes in Lesotho; or to be as patient with weak or bad governance; or to accept the poor outcomes of many SIDA-supported activities; or to postpone answering the fundamental economic question of whether Lesotho is capable of attaining a sufficient measure of economic and political independence from South Africa or whether its long term future would be better served through some form of dispensation with a democratic South Africa.

Another problem was that too often it was left to SIDA and SIDA-funded experts to formulate the programmes and projects that followed from the overall objectives. This has been a general problem of foreign aid in Lesotho, with too many activities being "donor driven". Regardless of good intentions, SIDA contributed to the problem that Basotho often did not establish the essential sense of "ownership" and responsibility over the SIDA-supported activities.

With the ending of apartheid, some of the past objectives of SIDA support to Lesotho have become uncertain or redundant. There is no longer a need to resist apartheid or to try to offer Lesotho protection from it. Geography and Lesotho's continuing economic dependence on South Africa suggest that economic inde-

pendence is not a feasible option. The opposite objective – economic integration – seems to offer better prospects. Both the government and SIDA need to re-think the objectives for development activities in Lesotho. Past experience has shown the folly of pursuing objectives that cannot be realised.

Effectiveness

Along with other members of the international community, Sweden can share some credit for the ending of apartheid. This change has long been seen as a prerequisite for sustained development in Southern Africa. Moreover, during the apartheid years Lesotho was not taken over by South Africa – so Sweden can similarly claim to have assisted Lesotho in retaining its political independence. A minority of SIDA-funded projects directly helped to bolster the country's political independence. The support to LAC shows that some such efforts were of vital political importance at the time, and that cost-effectiveness was rightly not the prime consideration. But in the changed circumstances of the 1990s the imperative for such projects no longer exists and they are generally not economically sustainable.

Efforts to increase Lesotho's economic independence have not been successful. Some SIDA-funded projects, including support for LTC and road-building, provided facilitating infrastructure and institutions that represent long-term contributions towards a more supportive general setting for economic activities. But Lesotho's poor economic record shows that other critical constraints remained. Many of SIDA's attempts to directly support production, such as through agricultural development, soil conservation and handicrafts production, did not lead to economic expansion; both because of difficulties and weaknesses of approach and because the overall situation regarding resources and institutions was unfavourable. Some production activities, such as the LCU, helped to provide limited additional jobs and incomes, but their contribution was not significant in national terms.

SIDA-funded projects and programmes have demonstrated that the timeframes for development in Lesotho are often much longer than those typically used in SIDA planning cycles and that outcomes are often quite different from those originally expected. Development can be misunderstood, distorted and subjugated if it is subjected to rote packaging according to static and insufficiently informed objectives, development cooperation agreements and aid administration procedures.

Women have participated and shared in the benefits arising from SIDA support. However, problems of gender bias in the law and in social organisation continue to represent overall impediments to women's full participation in Lesotho's economy and society.



PHOTO: NIEL COOPER

Women in Lesotho play an important role in the economic and social development of the country. Legislation is however still an overall impediment to women's full participation in society.

Influence and efficiency

Since government has not been able to generate significant surplus revenues for development purposes, the SIDA support was in overall terms not fungible. Withdrawal of SIDA support would probably have led to an equivalent reduction in total development spending. However, at the level of individual projects and programmes, there was more scope for fungibility since government might often have sought support from other donors if SIDA-funding had not been available.

The inadequacy of national development planning has meant that SIDA has had both too much and too little influence over the pattern of development activities. Without sound development plans, policies and strategies to provide a sound basis for projects and programmes, the government was often prepared to accept the suggestions of SIDA and SIDA-funded experts, even when these were not well conceived or formulated. Equally, in most instances where SIDA support was discontinued it is difficult to identify any lasting influence on policy.

Long term dependence on foreign aid and aid-funded experts probably meant that government did not give enough thought to exploring alternative ways of providing the resources needed for development, such as through stricter prioritising of expenditures, trimming the composition of projects and devising ways of making them self-funding. Give the relatively low level of employment and

income, it is doubtful that there was much scope for government to introduce major new sources of revenue, although with the benefit of hindsight it could perhaps have introduced sales tax earlier.

The high costs of procurement tied to Swedish suppliers were justified by Sweden's support for sanctions against South Africa, and in view of the lack of locally established suppliers. Now that sanctions have ended, there will be opportunities for cost savings through procurement from South Africa. SIDA needs to review whether Swedish firms or developing countries are the main intended beneficiaries of development cooperation, and to clarify its procurement policy accordingly.

Nevertheless most assisted government agencies have expressed satisfaction with the performances, flexibility and personal attitudes of the SIDA-funded experts. Numerous officials have indicated that Swedish experts were especially good at relating to the national staff, in a way that made the experts more easily accepted and more effective in their work.

Government often fell far behind in requesting SIDA to reimburse agreed expenditures incurred on SIDA-assisted activities. This provides an indication of the laxity in planning, budgeting and financial administration.

Faced with problems over slow disbursement and disappointing results from projects and programmes, SIDA and other donors resorted to diverting some development cooperation funds away from the Treasury and outside of the normal government procedures for expenditure and procurement. Such funds were usually channelled directly to the implementing agencies, often by assigning responsibility for accountability and procurement to SIDA-financed experts and suppliers. When the aggregate impact of these practices is considered, SIDA and other donors have undermined the very systems of accountability, tendering, budgetary control and participation and responsibility of national staff that they are now so rightly critical about. It is no surprise that the aggregate performances of SIDA disbursements, projects and programmes do not seem to have improved as a result of such actions.

Impact and sustainability

Many SIDA-funded activities had limited impacts and have not been sustainable. This was sometimes due to problems of inappropriate objectives and design. Many of the activities suffered from lack of sufficient motivation and direction from government and national staff. Many were intended to develop activities that could later be replicated and disseminated nationwide, but most did not proceed beyond experimentation or small-scale operation. The LCU and PTC activities have been subject to some degree of wider dissemination but neither programme yet has established a proven model that can be said to be sustainable.

The main reason was that the overall setting, in terms of Lesotho's national

economic management and the domestic political situation, was unfavourable. There was long term neglect of the policy framework and of planning, and an associated failure to build the necessary institutional capacity in these areas. This made it more difficult to prepare projects and programmes capable of contributing towards real national development.

An important constraint to sustainability has been the difficulties associated with training and retaining sufficient numbers of national staff to take over from SIDA-funded experts. This has been a serious problem for most SIDA-funded activities – as SIDA evaluations have repeatedly pointed out. Most ongoing SIDA-funded activities would become much less effective – and, in some cases, collapse – if the SIDA experts were to leave.

It was inevitable that Lesotho would require many years to overcome the deficit in educated and trained personnel at independence. However, as trained staff have become available over the three decades since then, the resulting level of improvement has been disappointing. There has been a very high rate of staff attrition. Once staff become trained with marketable skills they often leave government for better-paid jobs in South Africa and in the local private sector. A further reason for staff turnover is low morale within the civil service. This has been exacerbated by the frequency of staff transfers between different parts of government. Transfers have been especially common for officials in senior positions, with the result that overall continuity within ministries and departments has been badly impaired. While loss of staff to South Africa is difficult to eliminate, much more effort could and should have been made to provide sufficient incentives and to improve morale, so as to retain more of the key professional and technical staff. Without retention of such staff there can be little prospect of establishing the minimum capacity government needs to address the challenges ahead.

Through its support for core and strategic systems of administration and control, SIDA has performed an important role in preserving basic tools for the functioning, management and accountability of the public sector. These will be critically important when Lesotho embarks in earnest on the overall reform and strengthening of government.

Need for development cooperation in future

Most of Lesotho's population are still poor – among the poorest in Africa. This was and is a compelling argument why Lesotho should be assisted by rich nations such as Sweden. As Sweden and other donors rush in to assist the people of South Africa, they should not forget those other people in South Africa, the Basotho. Only if there were no prospect of Lesotho eventually making better use of the Sweden's support would there be a good case for terminating support.

In the past much of the Swedish support was motivated by political objectives, having in mind the ultimate ideal of there being a democracy in South Africa,

which would bring peace and economic opportunity to Southern African region. At the time of preparing this evaluation in mid-1994, South Africa's first democratic elections had just taken place and the post-apartheid era in Southern Africa was only just beginning. In Lesotho, after two decades of undemocratic rule, the new democratic government had been in power for only one year. The task of overcoming the undemocratic legacies of the past and trying to establish a better, more responsible approach to government in Lesotho was just beginning. For many years Sweden has been prepared to assist undemocratic, dictatorial and military regimes in Lesotho; so it would be surprising if it did not now join in the struggle to make democracy and development work.

There can now be no good reason for Lesotho to delay facing its major economic and political dilemmas and seeking to establish a realistic longer term framework for achieving improvements in living standards for all Basotho. This is a task that must be undertaken by Lesotho – not by donors. The process of change will also have to face major constraints in terms of the general political instability, weak institutional capacity and the lack of a clear and consistent policy framework. The following steps are considered essential in addressing these challenges and constraints:

- **Strategic review:** an important first step will be for government to prepare a strategic review of its overall economic, political and social objectives in the post-apartheid era, and in particular reassessing the merits of pursuing economic and political independence from South Africa as compared with pursuing greater integration. In this context, and in view of the experience of past development cooperation, *the objectives and the entire approach of Sweden's support to Lesotho will need to be re-thought.*

- **Policy dialogue:** Sweden and other donors should not under-estimate their potential to encourage the Lesotho Government to proceed now and in earnest. This will require a commitment to an extended and continuing policy dialogue between Sweden and the government. The design of the approach to the dialogue should be the immediate focus of Swedish missions to Lesotho in the near future and should be the subject of dialogue with the various levels of government, including both the political leaders and representatives of key agencies within the civil service. *Sweden needs to examine how such a dialogue can be established; how it can be given continuity and be used as a catalyst for bringing about and monitoring change; and what the criteria should be for the dialogue;*

- **SIDA presence:** In view of the recent closure of the development cooperation office it will be necessary to *make special arrangements for SIDA personnel to re-establish a skeletal or part-time presence in Lesotho*, either using staff from SIDA headquarters or from its development cooperation offices in Southern Africa.

• ***Less now with more later:*** *It will be necessary for Sweden, in liaison with other donors as much as is practically possible, to adopt a transitional policy towards Lesotho of less now with more later, with a view to eventually making government realise that development funding will be reduced or terminated altogether unless it takes proper charge of its responsibilities. In the past this might not have been possible because Lesotho was receiving more aid than it could absorb and could more easily substitute one donor with another. According to current trends the total volume of aid to Lesotho is declining quite sharply, so in future the withholding of support by Lesotho's remaining donors may become a much more powerful tool.*

TERMS OF REFERENCE

I Background

Sweden has supported the Government of Lesotho (GoL) through bilateral development assistance through SIDA since Lesotho's independence. The assistance has been in the form of grants to projects and programmes as well as technical assistance. The main areas have been public administration, telecommunications, agriculture and forestry and social welfare.

Sweden is a comparatively large bilateral donor to Lesotho. The present agreement amounts to 30 million SEK over one year and ends in June 1994. In connection with the general cuts in development aid in Sweden, the Swedish Government has proposed a reduction of 20 million SEK during the last year of the agreement.

1.2 Reasons for the evaluation

The development cooperation between Lesotho and Sweden has existed for 25 years. During this period of time both Lesotho and the Swedish assistance have changed considerably. It is, therefore, felt that it is necessary to summarise results and evaluate the role of the Swedish bilateral assistance in Lesotho's development process. This evaluation will also be an important input into discussions on the future size and content of Swedish development assistance to Lesotho.

2 Scope and focus

The evaluation shall cover the whole period of Swedish assistance through SIDA i.e. 1968-1993. It shall focus on three topics: the relevance of Swedish assistance through SIDA, the effectiveness of the various programmes and projects, and the long-term impact of Swedish interventions.

2.1 Relevance of Swedish assistance

The relevance of Swedish assistance shall be assessed against Lesotho's needs as they have been expressed in National Development Plans and other planning documents deemed relevant.

Among issues that should be discussed are the congruence between various

stages of Lesotho's development compared to the content and volume of Swedish assistance and the original reason and goal for support to Lesotho – strengthening of her independence – and how this has been reflected in the selection of programmes and projects.

When considering this topic the evaluation shall also describe and discuss the Swedish assistance in relation to development assistance by other bilateral and multilateral agencies, e.g. their emphasis, volume, reasons for assistance to Lesotho.

2.2 Effectiveness of programmes

The effectiveness of the programmes and projects in relation to their specific objectives shall be reviewed. This evaluation shall not go into details, but mainly rely on previous evaluations and other relevant documents. However, the evaluation team must try to update existing information and form its own opinion on how successful the various interventions are or have been.

2.3 Long-term impact

The evaluation shall also assess the long-term impact of Swedish development assistance with regard to Lesotho's development process, emphasising on the overall goals for the assistance, as well as impact of individual programmes and projects. In discussing this the team shall take into account present prospects for Lesotho's future development.

2.4 Conclusions

The evaluation report shall present conclusions about Swedish development assistance to Lesotho that may guide decision-making in future Swedish assistance. They may cover both general lessons to be learned and specific areas where Sweden has been involved.

3 Methodology

The evaluation will be carried out in three separate studies:

- an overview of Swedish development assistance to Lesotho;
- a description and analysis of Lesotho's economic, social and political development since independence; and
- the evaluation itself, i.e. main study.

3.1 The overview

The first study will be an account of programmes and projects in Lesotho with Swedish support. The emphasis will be on bilateral activities, but support through multilateral channels will be included in order to give a full picture of the Swedish engagements in Lesotho. The study will be largely descriptive, but it will also point out main

characteristics and changes in emphasis and differences in performance of Swedish support. It will be based on documents, mainly in SIDA's archives. This study shall be ready by the end of March.

3.2 Lesotho's development

The analysis of Lesotho's development, not only in economic terms, but also from social and political points of view, will be essential for the evaluation. This "country study" will be an integral part of the main study. The analysis shall focus on changes that may have had relevance for Swedish development assistance in the past. It shall also discuss development in the social, economic and political fields that may have implications for future assistance.

3.3 Main study

The main study will build on the two previous parts. Through documents and interviews in Lesotho and Sweden, and visits to selected projects, the team will collect and analyse data which is pertinent to the scope and focus of the evaluation.

A draft report shall be ready not later than 15 May 1994.

4 Evaluation

The team for the main study should comprise the following expertise: a team leader with experience of evaluations, a good knowledge of development issues and of the social and political situation in Southern Africa, an economist or social scientist with good knowledge of Lesotho's economic and social development, an economist/scientist with good knowledge of Swedish assistance administration and development assistance evaluation. One member of the team should be from Lesotho.

5 Time plan and reporting

For the overview a maximum of four person weeks will be required.

The main study will take place in April and May with an estimated duration of three to four weeks in Lesotho. In total it is estimated to require 20-25 person weeks.

It is advisable that one of the members of the main team pay two visits to Lesotho in order to collect data and prepare for the main phase. SIDA's Evaluation Unit will co-ordinate the evaluation and also commission the first part, the overview. The results for the overview shall be presented in a separate draft report. The contents in this report will be summarised in the main report.

A draft report from the main evaluation phase shall be ready by 15 May 1993. The final report shall be delivered to SIDA in Stockholm not later than three weeks after comments have been received from the Government of Lesotho and from SIDA.

Annex B

PRINCIPAL PERSONS CONSULTED

Mr D M Lepitikoe	Auditor General	Acting Auditor General
Mr P Gärestad	Auditor General	Adviser (SIDA funded)
Mr U Ivarsson	Auditor General	Adviser (SIDA funded)
Mr M S Ntsala	Auditor General	Head of Ministerial Audit
Mr P O'Connor	British High Commission	Second Secretary, Aid
Mr L L Phamotse	Bureau of Statistics	Director
Ms M Morojele	Bureau of Statistics	Chief Statistician
Mr M Mokhahlane	Bureau of Statistics	SIDA Project Coordinator
Mr G Isacson	Bureau of Statistics	Adviser (SIDA financed)
Mr J N Mohapi	Bureau of Statistics	Principal Statistician (Agric.)
Mr H Tvilde	CARE	Programme Coordinator
Mr Matela	Central Bank of Lesotho	Research Officer
Mr P H Curran	Consulate General of Ireland	Consul General
Mr P McEvoy	Consulate General of Ireland	Programme Officer
Mr E K Mpasa	Department of Youth Affairs	Sr. Planning Officer
Mrs R M Ntsonyana	Department of Youth Affairs	Deputy Director
Mrs J M Khia	Department of Youth Affairs	Principal Extension Officer
Mr J J Zuidberg	EEC Commission	Head of Delegation
Mr W Moser	German Embassy	German Ambassador
Mr D M Rantekoa	Lesotho Electrical Corporation	Management Director
Mr A Moghali	Lesotho Telecomms. Corporation	Chief Engineer
Ms M Mosala	Lesotho. Nat. Council of Women	Director
Mr G Shone	Ministry of Agriculture	Principal Tech.Adviser, PTC

Mr J E Carlsson	Ministry of Agriculture	Training Adviser, PTC
Ms N Mimota	Ministry of Agriculture	Chief Conservation Officer
Mr T Mokitimi	Ministry of Agriculture	PTC Coordinator
Ms N Mota	Ministry of Agriculture	Conservation Officer
Mrs M Makhakhe	Ministry of Economic Planning	Director of Ec. Cooperation
Mr Ncholu	Ministry of Economic Planning	Deputy Permanent Secretary
Ms L Mokitimi	Ministry of Economic Planning	Economic Planner
Ms S Lepheana	Ministry of Economic Planning	Economic Planner
Mr S Makhoalibe	Ministry of Energy, Min. & Water	Director Water Affairs
Mr B Kanetsi	Ministry of Energy, Min. & Water	Director Energy Division
Mr D T Lekoetje	Ministry of Energy, Min. & Water	Deputy Director
Mr K Munther	Ministry of Finance	Sr.Fin.Mgt. Adviser (SIDA funded)
Mr T Nyepetsi	Ministry of Finance	Budget Controller
Ms C Brottare	Ministry of Finance	Fin Mgt Adviser (SIDA funded)
Mr K Letsie	Ministry of Labour & Employment	Sr. Economic Planner
Ms L Makhele	Ministry of Labour & Employment	Economic Planner
Mr Lefosa	Ministry of Labour & Employment	Labour Representative
Ms. O Lerotholi	Ministry of Labour & Employment	Asst. Economic Planner
Mr Mohafa	Ministry of Natural Resources	Dep. Principal Secretary
Ms A Rasethuntsa	Ministry of Natural Resources	Economist
Mrs M Mokoko	Ministry of Public Service	Acting Principal Secretary
Ms T Taoana	Ministry of Public Service	MDP Coordinator
Mr Tsosoeynyana	Ministry of Public Service	Employee Relations
Ms M Ramaema	Ministry of Transport & Comms	Acting Principal Secretary

Mr R E G Smith	Ministry of Transport & Comms.	Transport & Comms. Adviser
Ms Pama	Ministry of Works	Director, LCU
Mr B Leleka	SADC/Environment	Director, Conservation & Forestry
Mr A Bengtsson	SIDA, Division of Public Admin.	Programme Officer
Mr P Lundell	SIDA, Division of Public Admin.	Head of Division
Ms E Nauckhoff	SIDA, Southern Africa Division	Head of Division
Mr S A Danielsson	Swedish Consulate	Consul
Mr M A Mahlaha	Thabana-li-Mele	Acting Principal
Mr R U Cheng	UNDP	Ag. Resident Representative
Mrs S Shine	UNDP	Programme Officer
Mr R Diaz	UNICEF	Resident Representative
Dr T H Selassie	UNICEF	Programme Coordinator
Mr F G Towery	USAID	Director

Annex C

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Annex D

SWEDISH DEVELOPMENT COOPERATION WITH LESOTHO: LIST OF PROJECTS AND PROGRAMMES

<i>Agreement a/</i>	<i>Duration of Agreement</i>	<i>Amount (SEK millions)</i>
Labour Intensive		
Construction Unit (LCU)	1978/79-1979/80	2.8
LCU II	1979/80-1981/82	5.5
LCU III	1981/82-1983/84	11.7
Amendment	1982/83-1983/84	5.0
LCU IV	1984/85-1986/87	24.0
Extension	1987/88	9.5
LCU V	1990-1992	21.0
LCU V	1993-1994	19.5
Civil Aviation SADCC	1985-1987	42.0
Civil Aviation	1987-1988	10.0
Civil Aviation	1988/89-1989/90	10.0
Extension	1990	2.2
Water Reconnaissance Study	1974/75-1975/76	1.8
Extension	-1977	0 b/
Rural electrification/bilateral	1985/86-1987/88	7.0
Rural electrification/SADCC	1985/86-1987/88	14.0
Telecommunication I	1974/75-1975/76	3.2
Telecommunication II	1976/77-1979/80	16.0
Addendum	1978/79-1979/80	3.8
Telecommunication III	1979/80-1981/82	11.5
Telecommunication IV	1982/83-1983/84	10.0
Telecommunication V	1984/85-1985/86	6.5
Telecommunication VI	1986/87-1987/88	3.0

Amendment No 1	not available	not available
Amendment No 2	Aug1989-Feb1990	0.364
Thabana-li-Mele		
handicraft centre I	1968-1970	1.0
Thabana-li-Mele II	1972/73-1974	1.0
Thabana-li-Mele III	1975-1976	1.3
Thabana-li-Mele IV	1977/78-78/79	1.4
Moshoeshoe High School	1974/75-1976/77	0.485
Women's Bureau/ILO	1982/83-1983/84	2.1
Fertilizer Demonstration & Pilot Credit	1975/76-1977/78	2.3
Extension	-1974/75	0.22
Khomokhoana		
Agriculture Development	1974/75-1978/79	11.5
Amendment	-1979	2.24
Land Use Planning/FAO	1980/81-1982/83	10.14
- construction/bilateral	1980/81-1982/83	2.04
Extension/FAO	-1983/84	0 b/
Land Use Planning	1985-1987	12.3
Extension	-1988/89	0 b/
Forestry Training		
Programme (FTP)/FAO	1980/81-1982/83	5.8
Extension	-1983/84	0 b/
-construction/bilateral	1980/81-1982/83	1.9
Forestry Training	1984/85-1988/89	14.8
Soil Conservation	1984-1987	13.0
- special fund	1984-1987	3.0
Extension	-1988/89	2.0
Agric.& Forestry Prod. thru' Conserv.(PTC)	1989/90-1991/92	40.0
PTC II	1992/93-1993/94	27.0
SADCC Environment and Land Management Sector		
Coordination Unit	1984/85-1985/86	6.5
ELMS CU	-1986/87	8.5
ELMS CU	1988/89-1990/91	28.0
Extension	-1991/92	14.2
ELMS CU	1992-1995	49.0
Studies and Reports	1985/86-1986/87	4.0
Extension	-1988/89	0 b/

Personnel and		
Consultancy fund (PC fund)	1989/90-1991/92	11.0
PC fund II	1992/93-1993/94	2.0
Amendment	-1993/94	1.0
Public Administration/		
UNDP (OPAS) I	1977/78-1979/80	5.5
UNDP (OPAS) II	1980-1982	9.0
Amendment	1980-1982	1.5
UNDP (OPAS) III	1983-1984	3.0
UNDP (OPAS) IV	1984/85-1985/86	2.0
Public Administration/ bilateral I	1983/84-1984/85	2.0
Publ. Adm. II	1985/86-1987/88	26.0
Extension	-1988/89	17.0
Publ. Adm. III	1989/90-1991/92	40.0
Amendment	1989/90-1991/92	2.6
Publ. Adm. IV	1992/93-1993/94	27.6

Notes:

a/ This list is believed to cover nearly all agreements over the period.

b/ Agreement extended without increase in SIDA financing.

Total annual disbursements of SIDA assistance to Lesotho, 1968 - 91

Year	SEK'000s
1968	114
1969	99
1970	750
1971	955
1972	986
1973	457
1974	5,911
1975	7,172
1976	5,058
1977	11,421
1978	14,705
1979	14,506
1980	18,677
1981	13,306
1982	21,178
1983	19,748
1984	22,766
1985	51,707
1986	52,048
1987	44,560
1988	59,835
1989	54,658
1990	51,158
1991	43,917
TOTAL	515,692

Note: figures refer to disbursements from all sources including the country frame, regional and miscellaneous sources.
Source: SIDA

Swedish Development Assistance to Lesotho 1966 – 1991: Annual disbursements under the country-frame, by sector

	(SEK'000s)					
	social a/	Infrastructure b/	Economic c/	Public Admin.	Other	Total
1968	0	0	114	0	0	114
1969	0	0	99	0	0	99
1970	0	0	0	750	0	750
1971	0	0	205	750	0	955
1972	0	0	407	579	0	986
1973	0	0	457	0	0	457
Sub-total	0	0	1,282	2,079	0	3,361
Share	0%	0%	38%	62%	0%	100%
1974	350	968	3,275	1,318	0	5,911
1975	1,038	1,548	3,803	783	0	7,172
1976	389	794	3,175	700	0	5,058
1977	297	6,040	5,084	0	0	11,421
1978	0	8,707	2,564	3,390	0	14,661
1979	0	9,191	155	5,110	0	14,456
1980	32	12,366	3,201	3,028	0	18,627
1981	(2)	7,771	3,915	1,562	0	13,246
1982	1,450	12,015	4,399	3,000	263	21,127
Sub-total	3,554	59,400	29,571	18,891	263	111,679
Share	3%	53%	26%	17%	0%	100%
1983	650	6,147	4,781	4,268	19	15,865
1984	0	11,358	5,709	4,396	(244)	21,219
1985	0	15,106	5,771	5,018	(370)	25,525
1986	0	1,197	19,660	12,060	0	32,917
1987	0	2,140	20,085	15,816	0	38,041
1988	0	10,264	17,143	16,909	951	45,267
1989	0	11,203	13,721	17,241	1,418	43,583
1990	0	604	20,516	13,644	1,339	36,103
1991	0	0	13,991	11,904	2,272	28,167
Sub-total	650	58,019	121,377	101,256	5,385	286,687
Share	0%	20%	42%	35%	2%	100%
OVERALL						
TOTALS	4,204	117,419	152,230	122,226	5,648	401,727

Notes: a/ social consists of education, water and sanitation, other
b/ Infrastructure consists of transport and communications
c/ Economic sectors consists of agriculture, industry and mining
d/Negative amounts shown refer to adjustments.

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AN EVALUATION OF 28 YEARS OF DEVELOPMENT ASSISTANCE TO LESOTHO

This evaluation examines the experiences of Swedish development assistance to Lesotho between 1966 and 1993. The main focus is on the relevance, effectiveness and long-term impact of Swedish support.

Swedish support is shown to have been guided by the political objectives of opposing apartheid and assisting Lesotho to retain its political independence.

It was difficult to formulate development cooperation activities that could directly achieve these political objectives. Most of the projects and programmes were instead focused on the objective of strengthening Lesotho's economic independence. Many of these activities were not sustainable. Eventually Sweden came to accept that economic independence from South Africa was not realistic, but the idea of promoting greater economic cooperation with South Africa did not become an acceptable option until apartheid was abandoned.

In general, Sweden's commitment to the anti-apartheid struggle is found to have outweighed its willingness to make Lesotho accountable for its use of development assistance. Basic problems included the overall weakness and lack of capacity of the Lesotho government. These contributed to an over-reliance on donors and undermined the sustainability of development assistance.

The evaluation argues that Lesotho needs continued Swedish support but that such support should be based on a process of establishing realistic national objectives for Lesotho and revised principles for Swedish support to Lesotho.

Sweden's bilateral development cooperation, administered by SIDA since 1964, encompasses 19 programme countries: Angola, Bangladesh, Botswana, Cape Verde, Ethiopia, Guinea Bissau, India, Kenya, Laos, Lesotho, Mozambique, Namibia, Nicaragua, Sri Lanka, Tanzania, Uganda, Vietnam, Zambia and Zimbabwe.

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