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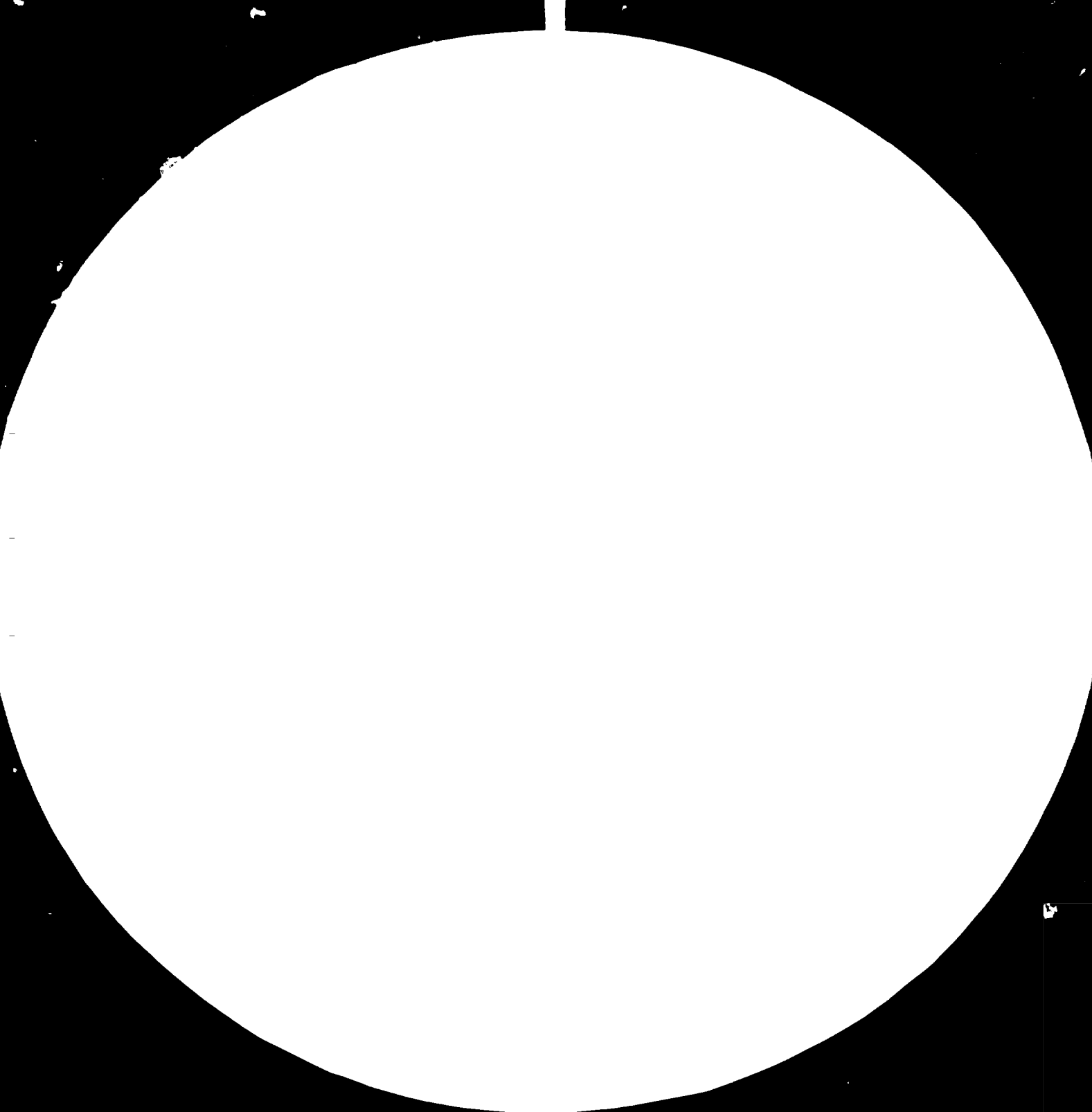
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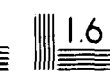
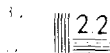
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MP-1000 Series
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11869

Lesotho.

THE POTENTIAL FOR RESOURCE - BASED INDUSTRIAL
DEVELOPMENT IN THE LEAST DEVELOPED COUNTRIES.

11869

LESOTHO

Prepared for UNIDO by
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04 June, 1982.

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ACRONYMS

- BASP - Basic Agricultural Service Programme
- BEDCO - Basotho Enterprise Development Corporation
- CPDO - Central Planning Development Office.
- CIDA - Canadian International Development Agency
- CARE - Cooperative for American Remittances Everywhere
- DDC - District Development Committee
- DANIDA - DANISH International Development Agency
- EIB - European Investment Bank
- EEC - European Economic Community
- GOL - Government of Lesotho
- IRD - Intergrated Rural Development
- LEC - Lesotho Electricity Corporation
- LBFC - Lesotho Building Finance Corporation
- LMA - Lesotho Monetary Authority
- LDB. - Lesotho Development Bank
- LADB - Lesotho Agricultural Development Bank
- LNIC - Lesotho National Insurance Corporation
- LNDC - Lesotho National Development Corporation
- LPMS - Lesotho Produce Marketing Services
- NUL - National University of Lesotho
- PMC - Produce Marketing Corporation
- RSA - Republic of South Africa
- UNIDO - United Nations Industrial Development Organization
- UNDP - United Nations Development Programme

CHAPTER I

GENERAL ECONOMIC BACKGROUND

1.1 The Country

Lesotho is completely surrounded by South Africa and this is the source of her major economic problems. Economic contact with the outside world is constrained by the fact that the country is land locked and further that under the apartheid system South Africa deliberately impedes free access to the outside world.

1.1.2 Lesotho's problems are further compounded by her narrow resource base which courses dependance on migrant earnings and customs revenues for most of her revenue. This orientation of the economy also contrains her monetary and fiscal discretion.

1.1.3 The country has been independent since 1966 and during that period it has drawn three development plans which have been helpful in guiding the economic development, albeit not that effective because of the economic constraints. Since 1976 RSA closed most of her borders with Lesotho due to the latter's refusal to recognise the Transkei. This has meant that the country has had to change its plans mid-term to take into account the new developments.

1.2 Population

1.2.1 In 1976 the de jure population of Lesotho was 2,216,815 of which 1,064,188 both men and women were present in the country and 152,627 both men and women were absent. It is estimated that the population increased to 1,33 million in 1980 assuming a growth rate of 2.3% and that it is expected to increase to 1,494,000 in 1985.

1.2.2 The population increase puts pressure on the economy in some unique ways. First, the agricultural output cannot achieve set targets because able bodied men are away working in the mines. Secondly, the dependency ratio is quite high at 0.8 due to the fact that those under 15 years old constitutes 40% of the population and those over 65 years 5% of the population. This tendency acts as a push factor to the mines. Thirdly, recruitment of new migrants is not expected to increase above current estimates of 165,000 over the next five years since RSA now tends to prefer a stable labour force and it has increased internal recruitment. Fourthly, Lesotho's absorptive capacity for returning mine workers is limited.

1.2.3 Total employment by sector is given in Table 1. The largest employer is wholesale and retail trade followed by construction and mining. Further examination suggests that the service sector contributes the most to total employment. Since value-added by manufacturing is small this clearly indicates that the service sector is dependent on imported goods.

1.3 Gross Domestic Product (GDP)

1.3.1 Gross Domestic Product increased approximately 4-fold from M46,502,000 to M163,188,000 at factor cost during the period 1967/68 to 1979/80 as can be seen in Table 2.

1.3.2 In the primary sector agriculture is the major contributor to GDP with a steady per centage share of 34% and a 4-fold increase in output for the same period of 1967/68 to 1979/80. Other sectors have shown more rapid increases. Mining showed erratic growth and declined somewhat between 1967/68 and 1972/73 before surging up in 1979/80 due to an increase in diamond output.

1.3.3 The secondary sector includes manufacturing and handicrafts; building and construction. Together these sectors increased 8-fold from M3,279,000

TABLE I
TOTAL EMPLOYMENT BY CITIZENSHIP
AND BY SECTOR 1980

EMPLOYMENT INDUSTRY	TOTAL EMPLOYMENT		
	CITIZENS (1)	NON-CITIZENS (2)	TOTAL (3)
Mining	818	72	890
Manufacturing	3831	75	3906
Utilities (electricity)	473	14	487
Construction	4397	196	4593
Wholesale and Retail Trade	8422	125	8547
Restaurants and Hotels (Tourism)	1369	91	1460
Transport and Storage	638	28	666
Bus services			
Insurance and Banking	1157	156	1313
Other Services Excluding Private Health Institutions and Non-profit Organizations	431	35	466
TOTAL	21442	796	22238

Source: National Manpower Survey, 1980.

TABLE 2

GROSS DOMESTIC PRODUCT AT FACTOR COST AND MARKET
PRICES, BY INDUSTRY: 1967/68, 1972/73 and 1979/80

INDUSTRY	-000 Maluti			- In percent		
	1967/68	1972/73	1979/80	1967/78	1972/73	1979/80
Agriculture	15,284	20,979	64,538	34,5	35,5	30,6
Mining and Quarrying	1,018	196	12,734	2,3	0,3	6,1
Manufacturing and Handcrafts	1,511	2,821	9,959	3,4	4,8	4,7
Electricity and Water	112	403	2,166	0,3	0,7	1,0
Building and Construction	1,768	2,646	19,425	4,0	4,5	9,2
Wholesale and Retail Trade	9,930	10,630	23,483	22,5	18,0	11,2
Catering	137	2,563	8,389	0,3	4,3	4,1
Transport and Communication	553	1,513	5,347	1,2	2,6	2,5
Finance, Real Estate and Business Services	6,836	8,941	26,008	15,4	15,1	12,3
Non-Profit Services	2,616	2,832	15,244	5,9	4,8	7,2
Government Services	4,033	4,985	20,545	9,1	8,4	9,8
Community and Personal services	481	607	2,814	1,1	1,0	1,3
TOTAL	44,279	59,116	210,652	100	100	100
Primary Activities	16,302	21,175	77,272	36,8	35,8	36,7
Secondary Activities	3,391	5,870	31,550	7,7	9,9	15,0
Tertiary Activities	24,586	32,071	101,830	55,5	54,3	48,3
INDIRECT TAXES	2,223	5,146	52,536			
Gross Domestic Product At Market Prices	46,502	64,262	163,188			

* Source: National Accounts of Lesotho, Maseru. World Bank/UNDP Team
June, 1981

to M29,411,000 for the period 1967/68 to 1979/80. The contribution of electricity and water is low reflecting the low development of this sector and the fact that the bulk of the needed electricity is imported. (Finance and real estate had an impressive 4-fold increase for the period under review).

- 1.3.4 The tertiary sector includes finance, retail trade, transportation and communications. This sector has shown a steady increase the period beginning in 1967/68. The retail trade has increased 2-fold since 1967/68 and its contribution to GDP is second to agriculture and is itself followed by finance, real estate and business services sector.
- 1.3.5 Tertiary activities contribution to GDP was the highest at 48% in 1979/80 followed by primary and secondary activities at respectively 38% and 15%.

1.4 Structural changes

1.4.1 The economy has undergone structural changes in that sectoral output has changed in both absolute and relative terms. That is, output by sector has increased while the contribution by sector to GDP has shifted. In 1967/68 wholesale and retail trade contributed 22.5% compared to finance and retail which contributed 15.4%. In 1979/80 the former contributed 11.2% while the latter contributed 12.3%. The primary, secondary and tertiary sectors have maintained their relative leads suggesting that structural changes have taken place only within each sector. The contribution of the tertiary declined relatively in 1979/80 - an unusual development in that this sector is normally expected to take the lead with an increase in economic development. Overall trends in the growth of the economy are as expected for developing countries.

1.5 Household Incomes and Markets

1.5.1 Compensation of employees is dominated by incomes earned in RSA as can be seen from Table 3 and 4. Households received M351.7 in 1978/79 of which 19.3% was earned in Lesotho

TABLE 3

COMPENSATION OF EMPLOYEES BY
BY TYPE OF ACTIVITY

- Million Maloti

YEAR	COMPENSATION OF EMPLOYEES IN:		ENTERPRE-NEURIAL INCOME	OTHER INCOME	TOTAL INCOME
	LESOTHO	R.S.A.			
1972/73	15,9	31,6	31,3	13,5	92,3
1973/74	19,4	44,8	44,7	12,8	121,7
1974/75	22,4	60,4	45,0	15,0	142,8
1975/76	30,3	100,4	45,8	16,8	193,3
1976/77	39,2	125,2	64,3	21,4	250,1
1977/78	53,1	146,2	77,4	22,8	299,5
1978/79	68,1	157,1	95,7	30,8	351,7
1979/80	75,2	182,9	102,0	27,0	387,2

Source: National Accounts of Lesotho. World Bank/UNDP Team. Maseru, June, 1981

TABLE 4

DISPOSABLE INCOME BY DISBURSEMENT

- Mill. Maloti

YEAR	NATIONAL DISPOSABLE INCOME	FINAL CONSUMPTION		GROSS DOMESTIC SAVING
		PRIVATE	GOVERNMENT	
1972/73	103,4	85,5	10,8	7,0
1973/74	141,1	116,0	12,1	12,9
1974/75	169,6	146,9	15,8	6,9
1975/76	222,8	183,9	23,1	15,8
1976/77	282,9	241,0	25,6	16,3
1977/78	351,4	286,5	30,5	34,4
1978/79	432,5	351,4	44,4	32,7
1979/80*	482,0	373,3	52,3	56,4

Source: National Accounts of Lesotho. World Bank/UNDP Team Maseru, June, 1981 p.23

* indicates preliminary estimates.

44.7% in RSA; and the remaining 27% and 8% was earned in Lesotho as entrepreneurial and other income respectively. This pattern has been maintained for all the years.

1.5.2 The consumption pattern in Lesotho is similar to that in RSA for the same level of income and imports are 80% of the country's needs Table 5 gives imports by major category since 1967. The imports of goods in 1978 have doubled since 1975.. The major category is that of good and industrial supplies which are mainly consumables. Capital goods imports are insignificant reflecting the low level of industrial goods. Nevertheless, this item has been increasing since 1967 indicating economic development.

TABLE 5
IMPORT OF GOODS BY MAJOR CATEGORIES
1967-1978

	1967											
CONSUMER GOODS	15908	16461	16856	15871	18235	31569	46026	60529	86138	129916	142820	169544
Food stuffs	4584	4624	5500	5982	5640	10071	16014	16962	21874	37945	43074	55370
Animal and vegetable oils and fats	154	126	89	198	277	381	465	829	1093	1561	1289	1574
Miscellaneous Manufactured articles	10307	10874	10024	8505	11052	19501	27361	39356	57988	82547	89240	100300
Beverages and tobacco	863	837	1243	11186	1256	1616	2186	3382	5183	7863	9217	12310
INDUSTRIAL SUPPLIES:	4251	3789	3248	3530	5191	6721	8229	13657	19766	29605	34649	35866
Crude materials	441	388	337	314	579	529	404	487	790	1295	2067	2097
Mineral fuels and lu lubricants	1605	1153	1399	1476	1723	2440	2836	5381	7131	11742	17636	17901
Chemicals	369	443	382	404	789	720	604	2071	3878	2810	3264	3308
Other materials	1836	1805	1130	1336	2100	3032	4385	5718	7967	13758	11682	12560
CAPITAL GOODS	2441	2468	2724	2885	3909	4682	6224	7525	11347	20092	21584	28950
COMMODITIES N.E.S.	1200	1220	1079	590	662	-	-	11	22	12	321	2645
TOTAL	23800	23938	23907	22876	27997	42972	60479	81722	117273	179625	199374	237015

1.6 Physical Infrastructure

1.6.1 The main objective of road construction is to provide adequate main and feeder roads in the low lands and foothills and all weather access roads in the mountains. The political closure of the Southern Eastern border by RSA has caused the country to develop alternative routes. During the Second Plan GOL spent M15 million on roads construction.

1.6.2 The country's record on road construction is impressive but demand for road use increases every year making GOL's efforts inadequate. Since independence there were no bitumen roads except in Maseru and since then a lot have been built. The road network consists of 243 bitumen, 15,000 gravel, 400 earth tracks. During the Third Plan GOL will build 654 km of new roads in addition to the completion of 78km started during the second plan period. It is hoped that the improvement of these roads will stimulate agricultural and industrial production and tourism.

- 1.6.3 The cost of proposed improvements is shown in Table 6.
- 1.6.4 Since the country is landlocked and mountainous it depends heavily on air transport and the country is still somewhat dependent on South Africa for external transport. The airport at Maseru is very small and can accommodate planes that are not larger than Hawker-Siddeley twin-engine turboprop. Lesotho Airways began in 1979 and it conducts daily flights to Johannesburg. The South African Airways flies three times to Lesotho.
- 1.6.5 A new and larger airport will be constructed at Mazenod 20km South of Maseru during the Third Plan. When the new airport is completed The Lesotho Airways will purchase a 1,000 km plus aircraft which will allow for direct access to other African countries.
- 1.6.6 GOL is also working to improve internal air service. Improvements on physical facilities are being made and new fleets are also being purchased. During the Second Plan period 13 airfields were improved using labour-intensive methods. Passenger shelters and radio stations were built. Non-directional beacons were provided at Maseru and Mokhotlong including airfield lighting at Maseru.

TABLE 6

THIRD PLAN ROAD CONSTRUCTION AND IMPROVEMENT PROGRAMME
(in thousands of Maloti, 1980/81 prices)

<u>ROAD</u>	<u>KM</u>	<u>COST</u>
Mohale's Hoek/Quthing/Qacha's Nek	205	35,929
Leribe/Joel's Drift and Butha-Buthe/ Caledonspoort	51	3, 67
Mokhotlong/Taung and Mokhotlong/Sani Top	121	13,479
Thaba-Tseka/Taung/Mpiti	100	4,836
Oxbow/Mokhotlong	86	9,224
Joel's Drift/Khamane/Oxbow	42	6,170
Mafeteng/Mohale's Hoek	47	7,275
Roma/Ramabanta	32	7,268
Mountain Road	147	3,420
Mphosong/Lejone/Seshote	68	3,814
Ramabanta/Semonkong/Sekake	100	4,212
Lancer's Gap Road	6	198
Kao Road		182
Third Highway Project (Road Maintenance and Depots)		8,219
Towship Roads		1,312
Food Aid Tracks		5,829
Road Improvements	169	4,375
Upgrading to Bitumen Standard	<u>161</u>	<u>4,644</u>
TOTAL		123,566

Source: Third Five Year Plan 1980-1985.

1.6.7 The target for civil aviation during the Third Plan are as follows:

- to improve 22 internal airfields
- to construct and to put the new airport into operation
- buy more planes
- expand international routes.

1.6.8 The demand for telephone services is increasing at a rate of 12%. There are 11 automatic exchanges with 41200 subscriber capacity in operation. Working lines are 2350 with 5200 telephones. There is a direct link to Nairobi with a possibility to extent the link to the rest of the world. Currently most calls are routed through RSA.

1.6.9 Internal communication is also being improved to overcome the limitations of an externally oriented system developed during the colonial era. A telecommunications corporation will be launched during the Third Plan in order to facilitate the Third Plan objectives for the sector.

- 1.6.10 Lesotho has water resources that far exceed current requirements but are currently little developed. Development of water is limited to human and animal consumption and some small irrigation schemes.
- 1.6.11 During the Third Plan water will be developed under the proposed High Lands water project and water will be used for power generation before being exported to RSA after local needs are satisfied.
- 1.6.12 Nine per cent of the total population lived in the urban areas in 1980 and trends show a rapid increase. Plans are underway to control urban settlement. The Town and Country Act will be gazetted during the Third Plan. Towns have been defined and gazetted under the Land Act of 1979. The Department of Lands Surveys and Physical Planning will be responsible for the implementation of all the enacted legislation. The three largest towns and their populations are Maseru (57,500) Teyateyaneng (9,300) and Maputsoe (9,500) in 1980.
- 1.6.13 Dissemination of information is controlled by Ministry of Information and Broadcasting. The Ministry has a Department of Information

which publishes two weekly newspapers. Lesotho Weekly in English and Mochochonono in Sesotho. The other important weekly is Leselinyana, published in Sesotho by LEO group. The daily newspapers are imported from the RSA.

1.6.14 There is no television and a Film Production Unit within the Ministry is contemplated. Currently people who own television units listen to RSA broadcasts.

1.6.15 There is one government owned radio station which broadcasts in both Sesotho and English. Commercial Radio does not exist but one is planned. Radio Lesotho uses two 50 kw transmitters and it is hoped to increase its capacity.

1.6.16 The Third Plan objectives are to increase the scope and range of information services; provide more extensive news coverage and better entertainment by radio and to train staff for broadcasting, film and newspaper production.

1.7 Central Government Organization

1.7.1 Maseru is the capital city and the seat of the central government. The country achieved independence in 1966, under a West minister style constitution which was suspended in 1970. The country is ruled under an interim arrangement by an appointed National Assembly. The ruling party is the Basotholand Nationalist Party under the leadership of Chief Dr. Leabua Jonathan as Prime Minister. The Head of state is His Majesty King Moshoeshoe II.

1.7.2 The GOL consists of ministries for Foreign Affairs, Finance, Manpower Development, Planning and Employment, Cooperatives and Rural Development, Commerce and Industry, Water, Mineral Resources and Power, Education and Health.

1.7.3 The Permanent Secretary to the Prime Minister is head of the Civil Service and Secretary of the Cabinet.

1.8 Local Government

1.8.1 Population growth in the urban and peri-urban areas in Lesotho is increasing fairly fast. as can be seen from Table 6 and 7, about 9% of the population is urbanised. Shortage

TABLE 6

DISTRICT ADMINISTRATION AND POPULATION

<u>DISTRICT</u>	<u>POPULATION¹ 1976 ESTIMATES TOTAL</u>	<u>% URBANISED IN 1976²</u>
Butha-Buthe	77,178	6.6
Leribe	206,558	11.5
Berea	146,124	7.7
Maseru	257,809	22.4
Mafeteng	154,339	3.0
Mohale's Hoek	136,311	2.8
Quthing	88,591	3.6
Qacha's Nek	76,497	2.2
Mokhotlong	<u>73,508</u>	<u>1.9</u>
All Districts	1,216,815	8.9

Source: ¹ 1976 Population Census Tables. Volume III.
Maseru: The Bureau of Statistics, 1981.

² Author's calculation.

TABLE 7
URBANISED POPULATION BY DISTRICT

DISTRICT	URBAN AREAS	1976 ESTIMATES	1980 ESTIMATES	% URBANISED 1976 ESTIMATES
Butha-Buthe	Butha-Buthe	5130	55	
Leribe	Hlotse	5480	62	
	Maputsoe	8590	9500	
	Peka	<u>4590</u>	<u>4900</u>	
		23790	26150	
Berea	Mapoteng	2729	2933	
	Teyateyaneng	<u>8530</u>	<u>9300</u>	
		11259	12233	
Maseru	Maseru	47,690	57,500	
	Thota-ea-Moli	3,670	3,970	
	Roma	3,267	3,463	
	Morija	<u>3,250</u>	<u>3,650</u>	
		57,877	68,583	
Mafeteng	Mafeteng	4,870	5,400	
Mohale's Hoek	Mohale's Hoek	3,950	4,250	
Quthing	Moyeni(Quthing)	3,200	3,300	
Qacha's Nek	Qacha's Nek	1,700	1,850	
Mokhotlong	Mokhotlong	1,400	1,550	
Thaba-Tseka	Thaba-Tseka	2,210	2,400	

Source: Third Five Year Development Plan, 1980-1985.

of housing and sanitary facilities is increasing especially in Maseru where the influx is high.

1.8.2 Plans were initiated during the Second Plan Period to cope with urban growth. These included drawing up of large scale maps for the major cities indicated in Table 7; establishment in 1977 of the Lesotho Building Finance Corporation (LBFC) which awarded housing loans amounting to M1.5 million (1977-80); the passing of the Land Act of 1979 the Town and Country Planning Act and the passing of the Urban Government Bill is contemplated. These laws will provide for better management of the land and for security of land tenure.

1.8.3 During the Third Plan GOL will introduce urban regional planning and will also implement a national housing policy. Development of urban areas will be undertaken together with the promotion of low cost housing. In addition, water supply systems for Maseru and 15 other major urban areas will be improved.

- 1.8.4 District towns will be established by upgrading the current local authorities. These will be responsible for improving services in these areas.
- 1.8.5 The administration of the rural sector will be improved by improving and strengthening bodies responsible for it. The Ministry of Rural Development will be strengthened by improving the coordinating activities of its Policy Co-ordinating and Implementing Unit and that of the District Development Committee (DDC).
- 1.8.6 Integrated Rural Development (IRD) strategy will be adopted and projects already underway at Thaba-Tseka, Thabana Morena, Siloe, Rankakala, will be strengthened. The emphasis of IRD will be in the rural and mountain areas and it will involve mass participation to the extent possible. GOL plans to spend M8 million on IRD programmes. The major categories of expenditure are on village infrastructure; introduction of appropriate technology at village level (renewable energy, rural tanneries, mohair and food preservation) and rural water and sanitation.

1.9 Other Governmental Institutions

1.9.1 The other institutions that are involved with development in varying degrees are Lesotho Monetary Authority (LMA) which acts as a central bank but has not assumed all the functions of a central bank; The three commercial banks which are the Lesotho Development bank (LDB, GOL Owned), Barclays and Standard Banks (Both foreign owned) and LDB being the most active of the three having over 18 branches throughout the country while the other two have only a handful; Lesotho Building Finance Corporation (LBFC) started in 1977 and is active in real estate; Lesotho Agricultural Development Bank (LADB); Lesotho National Insurance Corporation (LNIC). Insurance business has not yet taken a strong foothold and in 1980 70 annual licenses were given to insurance agents of foreign insurance companies to operate in Lesotho. This situation is made possible by the Insurance Proclamation of 1952 which is now obsolete. Efforts are being made through the National Assembly to upgrade this Act.

1.9.2 The trade union movement and Credit Unions play a relevant role in development including various self-help schemes instituted by GOL. LNDC and and BEDCO are treated in Chapter V,

1.10 Domestic Capital Formation

1.10.1 The major areas of capital formation are non-residential buildings and plant machinery as indicated in Table 8. The increase in non-residential buildings reflects the recent construction of supermarkets by LNDC and construction of government buildings. Growth of plant and machinery is mainly as a result of new factories and agricultural projects which tend to be capital intensive.

1.11 External Trade

1.11.1 About 99% of the country's imports come from RSA and these are about as large as GDP or greater during some years. The trade deficit increases yearly and is financed mainly by migrants earnings, compensation from SACUA and grants and loans.

1.11.2 Exports grew 6-fold from 1972/73 and reached M58 million in 1979/80. The good performance of this sector is mainly due to exports of diamonds otherwise the annual exports of live animals and food stuffs have been small and infrequent.

TABLE 8

GROSS CAPITAL FORMATION IN MANUFACTURING BY TYPE OF ASSETS

1972/73, 1979/80 (M'000)

	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80
1. <u>Gross Fixed capital Formation</u>	226	499	605	1127	1383	4874	4243	3405
(a) Residential Buildings	8	3	17	49	84	80	314	150
(b) Non-Residential Buildings	109	58	223	263	285	2150	3102	1800
(c) Other construction	3	-	-	-	-	1000	-	-
(d) Land Development	-	-	-	-	-	-	-	-
(e) Transport Equipment	11	25	94	138	467	450	-	340
(f) Plant, Machinery and Equipment	95	413	271	677	547	1194	412	1115
2. <u>Change in Stocks</u>	257	594	315	197	-	-	-	-
Gross capital Formation	483	1093	920	1324	-	-	-	-

Source: World Bank/UNDP Team, National Accounts 1967/68 - 1979/80 (June 1981), pp.47-54 in B.P. Setai and A.M. Maruping. Industrialization Climate in Lesotho. Roma, National University of Lesotho. November, 1981, p.120.

1.11.3 Imports increased 6-fold between 1972/73 to 1979/80 and reached a value of M286 million. 72% of these were consumer goods, 15% intermediate goods and 13% capital goods. These increases reflect increased earnings by migrants and GOL demand for capital goods.

1.12 Development Planning

1.12.1 The objectives of planning in Lesotho are to achieve economic growth, social justice, maximum domestic employment and economic independence. Added to these are the desire to protect natural resources and to ensure mass participation in development effort.

1.12.2 Annual plans are influenced by the speeches of the Honourable Minister of Finance and as a result, they do not always correlate with the plans. The plans are also influenced by political events in RSA. Consequently; when RSA closed her borders with Lesotho, the latter had to revise her plans to emphasise infrastructure. Planning also emphasise rural development and other measures which will help reduce dependence on RSA.

CHAPTER II

STRUCTURE OF THE INDUSTRIAL STRUCTURE SECTOR

2.1 Employment

2.1.2 The manufacturing sector contributes a small proportion to GDP and its relative contribution declined from 2.7% in 1973/74 to 1.9% in 1977/78 while its absolute contribution increased 2-fold from M73.6 million to M176.2 million as indicated in Table 1. The relative decline of this sector is mainly due to the rapid growth of other sectors such as construction and retail business.

TABLE 1
CONTRIBUTION OF MANUFACTURING TO GDP BY MARKET PRICES AND
BY PERCENTAGE

<u>YEAR</u>	<u>GDP AT MARKET PRICES</u>	<u>MANUFACTURING AS % OF GDP</u>
1973/74	73.6	2.7
1974/75	82.1	4.4
1975/76	98.5	4.3
1976/77	134.7	3.5
1977/78	176.2	1.9

Source: Third Five Year Development Plan 1980 - 1985. pp 8-9

2.1.2 The performance of the sector in terms of employment is impressive. Of the economically active population¹ it contributed 2.5% in 1976 for all workers increasing to 11.5% in 1980 taking into account skilled workers only for 1982². According to the 1980 Survey of Industrial Establishments³ this sector contributed 11% to total employment by industry. The sector ranked fourth by employment after community and personal services (44.18%); wholesale, retail, restaurants and hotels (19.50%); and construction (11.78%) as can be seen in Table 2.

¹Economically active is as defined in the 1976 population Census, Vol. III. It includes the self employed, employed for wages, unpaid workers and those actively seeking employment.

² Based on National Manpower Survey Estimates, 1980.

³ Comparisons are based on those actually employed in 1980.

TABLE 2

DISTRIBUTION OF ESTABLISHMENTS AND EMPLOYMENT
LEVELS BY INDUSTRY

Major Industry Divisions	ESTABLISHMENT		EMPLOYMENT ON 30.6.80	
	No.	%	No.	%
Agriculture, hunting, forestry and fishing	9	1.16	806	2.91
Mining	-	-	492	-
Manufacturing	62	8.01	3,033	10.95
Electricity, gas and water	15	1.94	1,018	3.68
Construction	27	3.49	3,263	11.78
Wholesale, retail trade, restaurants and hotels	291	37.60	5,400	19.50
Transport, storage and co communication	20	2.58	796	2.87
Financing, insurance, real estate and business services	41	5.30	1,143	3.13
Community and personal services	309	39.92	12,234	44.18
	774	100.00	27,693	100.00

Source: Survey of Establishments in Lesotho, 1980.
Maseru Department of Labour, 1981.

TABLE 3

MAJOR MANUFACTURING INDUSTRIES EMPLOYING
HUNDRED PEOPLE AND MORE

<u>INDUSTRY</u>	<u>NUMBER¹ EMPLOYED</u>	<u>AVERAGE MONTHLY WAGE(M)</u>
1. Grain Mill Products	466	85
2. Manufacture of Bakery Products	207	60
3. Spinning, Weaving and fishing textiles	122	150
4. Manufacture of Carpets and Rugs	171	46
5. Manufacture of wearing apparel and footwear	184	60
6. Fur dressing and dyeing industries	100	84
7. Manufacture of leather Products	137	116
8. Manufacture of Furniture	344	55
9. Printing and Allied Industries	374	73

Source: Computed from Survey of Establishments of Lesotho, 1980.
Maseru Department of Labour, 1981.

¹These figures include expatriates who are small in number and do not distort the average wage for all industries.

- 2.1.3 Table 3 shows nine major manufacturing industries that employ hundred people and more. The three largest employers are grain mill products (466 people); printing and allied industries (374) and manufacture of furniture (344). The average monthly wage is highest in spinning and weaving (150) followed by leather products (116) and grain mill products (85). (Information on production is not available).
- 2.1.4 About 65% of the establishments are in the private sector followed by parastatals with 15% and government with 20%. The largest employer is the private sector with 50% of the work force for the sector, (see Table 4). Since 1971 the private sector has generated more establishments (214) compared to the parastatal (43) and government (35). The private sector has an edge in the creation of jobs among the establishments. It created 5196 jobs compared to parastatals and government which respectively generated 2143 and 3296.
- 2.1.5 Establishments employing 5-10 people are 41% of the total and have the highest concentration. However, the largest employers are those with 200 employees and more even though they are only 3% of the total as indicated in Table 5.
- Currently, the laws seem to be well defined for

the large employers and less so for the small ones. Consequently, the latter always feel that they do not get the best there is to get. It is hoped that the findings of the informal sector and the small scale industries currently underway will help to clarify the situation.

TABLE 5

DISTRIBUTION OF ESTABLISHMENTS AND EMPLOYMENT
LEVELS BY SIZE OF ESTABLISHMENTS

	ESTABLISHMENT		EMPLOYMENT	
	NO.	%	NO.	%
Size of establishment less than 5	19	2.45	56	0.20
05 - 10 employees	320	41.34	2322	8.39
11 - 22 employees	192	24.81	2765	9.98
21 - 50 employees	127	16.41	4088	14.76
51 - 100 employees	67	8.66	4665	16.85
101 - 200 employees	25	3.23	3493	12.61
above 200 employees	24	3.10	10304	37.21
TOTAL	774	100.00	27,693	100.00

Source: Survey of Establishments in Lesotho, 1980.

Maseru: Department of Labour, 1981.

2.1.6 The distribution of establishments by districts and employment is indicated in Table 6. As expected, Maseru has the highest number of establishments at 365 followed by Mafeteng and Mohale's Hoek with 85 and 74 respectively. The largest employer is Maseru followed by Leribe and Mafeteng. Interm of demographic trends, Mafeteng is the fastest growing city.

2.1.7 The difficulties to industrial growth and hence employment are shown in Table 7 and those most cited are in order of magnitude shortage of skilled labour (27.93%); inadequate market (17.30) and government controls (14.92). GOL is making efforts to overcome these constraints. It might however, be desirable to take a closer look at government controls with a view to identifying bottlenecks.

TABLE 4

DISTRIBUTION OF ESTABLISHMENTS AND EMPLOYMENT

LEVELS BY TYPE OF OWNERSHIP

TYPE OF OWNERSHIP	ESTABLISHMENTS		EMPLOYMENT 1980	
	No.	%	No.	%
Government	153	19.77	9,336	33.71
Parastatal	119	15.37	4,413	15.94
Private	502	64.86	13,944	50.35
TOTAL	774	100	27,693	100.00

Source: Survey of Establishments in Lesotho 1980. Maseru:
Department of Labour, 1981.

TABLE 6

DISTRIBUTION OF ESTABLISHMENTS AND EMPLOYMENT
LEVELS BY DISTRICTS

DISTRICT	ESTABLISHMENTS		EMPLOYMENT 1980	
	No.	%	No.	%
Butha-Buthe	15	1.94	212	0.76
Leribe	75	9.69	2096	7.57
Berea	44	5.68	954	3.45
Maseru	365	47.16	19820	71.57
Mafeteng	84	10.85	1256	4.53
Mohale's Hoek	77	9.95	1195	4.32
Quthing	28	3.62	370	1.34
Qacha's Nek	37	4.78	576	2.08
Mokhotlong	30	3.88	469	1.69
Thaba-Tseka	19	2.45	745	2.69
TOTAL	774	100.00	27,693	100.00

Source: Survey of Establishments in Lesotho, 1980.

Maseru: Department of Labour, 1981

TABLE 7
DIFFICULTIES PREVENTING EXPANSION OF INDUSTRY

TYPE OF DIFFICULTY	Establishment reporting difficulty	
	NUMBER	% OF TOTAL
1. Lack of capital	-	-
2. Lack of raw materials	58	7.90
3. Shortage of skilled labour	205	27.93
4. Inadequate Market	127	17.30
5. Government Controls	110	14.99
6. Inadequate transport facilities	100	13.62
7. Other reasons	134	18.26
TOTAL	734	100.00

Source: Survey of Establishments in Lesotho 1980.
Maseru: Department of Labour.

TABLE 8
PRIVATE MANUFACTURING EMPLOYMENT BY
PROPRIETORSHIP IN PERCENTAGES 1977/78-1979/80

YEAR	LNDC	BEDCO	OTHER PRIVATE	TOTAL
1977/78	50.46	15.79	33.75	100%
1978/79	40.05	13.00	46.95	100%
1979/80	40.38	8.31	51.31	100%
Average Contribution	43.63%	12.37%	44.00%	

Source: Bureau of Statistics, Maseru, Lesotho, (1981) in B.P. Setai and A.M. Maruping. Industrialization Climate in Lesotho. Roma, National University of Lesotho. November, 1981. p.141.

TABLE 9
ESTABLISHMENTS BY PROPRIETORSHIP
IN 1977/78-1979/80 EXPRESSED IN PERCENTAGES

<u>YEAR</u>	<u>LNDC</u>	<u>BEDCO</u>	<u>OTHER PRIVATE</u>	<u>TOTAL</u>
1977/78	23.19	44.93	31.88	100%
1978/79	28.36	55.22	16.42	100%
1979/80	27.14	51.43	20.83	100%
Average share share	26.23%	50.53%	23.04%	

Source: Bureau of Statistics, Maseru, Lesotho (1981) in B.P. Setai and A.M. Maruping. Op.Cit. p.143.

2.1.8 Manufacturing and hotel business cited shortage of skilled manpower; lack of adequate market and government controls as their most important constraints. Community and personal services was another industry sector which felt the same constraints. The rest of the sectors had very few complaints suggesting reasonable performance.

2.1.9 Tables 8 to 11 compares the performance of the two parastatals LNDC and BEDCO with the rest of the private sector since 1977/78 to 1979/80. The average contribution of LNDC to employment was about even with that of the private sector while BEDCO was a distant third. However, it is significant to realise that the contribution of LNDC has declined over the period while that of the private sector has risen.

2.1.10 BEDCO had more establishments compared to both LNDC and the private sector but her low contribution to total employment suggests that these are small enterprises that have very few people. Infact, most of them are individually owned. Their smallness is also reflected in Table 10 where their contribution to total output is small. Net output per employee at BEDCO is competitive with that of LNDC but falls far short compared to that of the Private sector as can be seen in Table 11. However, interms of total output LNDC far outstrips BEDCO and is second only to the private sector for the year 1979/80. (see Table 11) In the earlier years LNDC had the overall lead.

TABLE 10

PRIVATE MANUFACTURING: CROSS OUTPUT
BY PROPRIETORSHIP (N,000)

<u>YEAR</u>	<u>LNDC</u>	<u>BEDCO</u>	<u>OTHER PRIVATE</u>	<u>TOTAL</u>
1977/78	15,000.8	1,299.3	6,090.4	22,390.5
1978/79	16,356.6	1,492.3	16,731.6	34,580.5
1979/90	19,225.5	1,651.0	32,678.1	53,554.6

EXPRESSED IN PERCENTAGE

<u>YEAR</u>	<u>LNDC</u>	<u>BEDCO</u>	<u>OTHER PRIVATE</u>	<u>TOTAL</u>
1977/78	67.00	5.80	27.20	100%
1978/79	47.30	4.32	48.38	100%
1979/80	35.90	3.08	61.02	100%
Average share	50.07	4.40	45.53	

Source: Bureau of Statistics, Maseru, Lesotho (1981) in
B.P. Setai and A.M. Maruping. Op. Cit.

TABLE 11

PRIVATE MANUFACTURING: NET OUTPUT BY
PROPRIETORSHIP (M,000)

<u>YEAR</u>	<u>INDC</u>	<u>BEDCO</u>	<u>OTHER PRIVATE</u>	<u>TOTAL</u>
1977/78	12,292.6	723.8	3,064.0	16,080.4
1978/79	5,693.0	809.5	4,350.6	10,853.1
1979/80	5,901.9	854.0	16,557.3	23,313.2

EXPRESSED IN PERCENTAGE

<u>YEAR</u>	<u>INDC</u>	<u>BEDCO</u>	<u>OTHER PRIVATE</u>	<u>TOTAL</u>
1977/78	76.44	4.50	19.06	100%
1978/79	52.46	7.46	40.08	100%
1979/80	25.32	3.66	71.02	100%
	51.41	5.21	43.38	

Source: Bureau of Statistics, Maseru, Lesotho (1981). in
B.P. Setai and A.M. Maruping. Op.Cit. p.144.

TABLE 11

PRIVATE MANUFACTURING REAL GROSS OUTPUT PER EMPLOYEE
BY PROPRIETORSHIP

(M)

<u>YEAR</u>	<u>LNDC</u>	<u>BEDCO</u>	<u>OTHER PRIVATE</u>	<u>TOTAL</u>
1977/78	6,746	1,868	4,096	5,082
1978/79	6,353	1,786	5,543	5,379
1979/80	5,558	2,320	7,434	6,251

PRIVATE MANUFACTURING: REAL NET OUTPUT PER EMPLOYEES
BY PROPRIETORSHIP

(M)

<u>YEAR</u>	<u>LNDC</u>	<u>BEDCO</u>	<u>OTHER PRIVATE</u>	<u>TOTAL</u>
1977/78	5,528	1,041	2,061	3,650
1978/79	2,211	969	1,441	1,688
1979/80	1,706	1,200	3,766	2,721

PRIVATE MANUFACTURING: NET OUTPUT OVER GROSS OUTPUT
BY PROPRIETORSHIP (%)

<u>YEAR</u>	<u>LNDC</u>	<u>BEDCO</u>	<u>OTHER PRIVATE</u>	<u>TOTAL</u>
1977/78	81.95	55.71	50.31	71.82%
1978/79	34.81	54.25	26.00	31.39%
1979/80	30.70	51.73	50.67	43.53%
	49.15%	53.90%	42.33%	48.91%

Source: Bureau of Statistics, Maseru, Lesotho (1981) in
B.P. Setai and A.M. Maruping. Op. Cit. p.145.

2.2 Manufacturing

2.2.1 Except for other services, value-added was highest in the mining, manufacturing and electricity sectors for the year 1978/79 followed by construction as can be seen in Table 12. The output labour ratio $\frac{O}{L}$ is about even for all sectors but declines steeply in government suggesting that the sector has many redundant workers when government and teachers are excluded, the $\frac{O}{L}$ ratio averaged R5.1 thousand (in 1978/79 prices) in 1980. Projections indicate that output will increase by 1% over the next 20 years due to an $\frac{O}{L}$ ratio of 5.6 in 1990 and 6.2 in year 2000. These projections are based on the assumption that capital stock is very small and is expected to grow at a very low rate.

2.2.2 Provisional Industrial Census data for 1977/78 indicates (see Table 13) that value-added per employee was not higher in larger firms than in smaller ones. This suggests that larger firms are not doing any better than small ones but many also be a reflection of labour intensive techniques and over staffing. Data for the

TABLE 12

SECTORAL VALUE-ADDED AND OUTPUT/LABOUR RATIO(1978/79)

	Sectoral Value-added (1978/79) (R1000)	Output/labour ratio (R1000)
Mining, Manufacturing and electricity	21,175	4.00
Construction	19,727	4.3
Transport	3,461	5.2
Other Services	68,962	5.9
Government	<u>18,964</u>	<u>1.0</u>
Total Excluding teachers	132,289	5.5
Teachers	-	-
Total, including teachers	132,289	4.7
Total, excluding Government and teacher	<u>113,325</u>	<u>5.1</u>

Source: B.M. Burke, The Outlook for labour Force and Employment in Lesotho: 1980-2000, World Bank/UNDP Team, Maseru, July, 1981 p-58 in H. Kizilyalli, Options for the Lesotho Economy in year 2000 Perspective Plan Alternatives. Maseru: CPDO, February, 1982. p.42.

TABLE 13

INDUSTRIAL SECTOR IN LESOTHOMANUFACTURING OUTPUT AND EMPLOYMENT BY SIZE OF ESTABLISHMENT(1977/78)

	1-10	11-50	51-1000	101-200	above 200	Total
Number of units	30	27	13	4	2	76
Number employed	154	648	906	546	549	2803
Gross output (in R.000's)	940	2692	3775	6861	1303	15571
Value added (in R.000's)	594 ¹ /	823	1054	645	699	3815
Value per employee (in Rs)	12227 ² /	1270	1163	1101	1273	1361

Source: Bureau of Statistics in Bernard Decaux, The Industrial Sector in Lesotho. Maseru: CPDO. 1980. p.3

period suggests that clothing and furniture factories were overstaffed. When these two factories were excluded from the calculations value-added increased. In general, the incidence of overemployment has been found to be high in the country's establishments and may therefore account for most of the low value-added.

2.2.3 Capacity utilization is very low and is estimated at 80 to 100% below local conditions in some industries. The major constraints to full capacity utilization are inadequate markets and competition with imports from RSA. Astoria Bakery operated at a low capacity of 40% in 1980 due to competition with RSA imports which are heavily subsidised. Selkol Joinery also cited similar reasons. Because of this intense competition and subsequent lack of markets the average industry shift is one for the entire country.

2.3.4 Table 14 shows production capacity of selected industries on the basis of one shift and Table 15 shows expansion plans of existing companies as of 1980. It would be desirable to encourage these companies by helping them to develop export markets and to compete with RSA products. The Ministry of Commerce has an Export Promotion Unit which was established recently and it has not reached its potential. BEDCO has a marketing unit which assists small entrepreneurs. LNDC may explore establishing a similar unit to assist LNDC affiliates.

TABLE 14

PRODUCTION CAPACITY OF SELECTED INDUSTRIES

Lesotho Milling	50,00 tens/yr maize, flour
Lesotho Flour Mills	39,000 tons/yr wheat, flour
Astoria Bakery	18,000 bread (1 kg)/day
Tapestry Weavers	400 m ² /month using 1200 kg of mohair
Gallant clothing	1,500 garments/day
Maluti Skin Products	6,000 leather auto seat covers/month
Lesotho Shoes	10,000 pairs/month
Kolonyama Candle Co.	12,000 candles/month
Lesotho Umbrella	90,000 umbrellas/month
Lesotho Stel Products	Structural steel fabrication and erecting (80% of work), windows, gates and fencing (20%)
Tranalquip	Overhead power lines (70% of work), expansion units for mining 25%, vibr vibration dampers (5%)
Thaba-Bosiu Ceramics	2.5 tons of pottery per month

Source: Individual Companies in

Bernard Decaux. The Industrial Sector in Lesotho
Maseru. CPTDC. 1980.

TABLE 15
EXPANSION PLANS OF EXISTING COMPANIES

Lesotho Milling	Maise milling plant	- R0.2 million
	Feed mill plant	- R.01 million
	Bakery project (new)	- R.03 million
Lesotho Flour Mills	Packaging, warehouse	- R0.5 million
Maluti Skin Products	Tannery expansion	- R0.15 million
Maluti Furniture	Balancing and modernization	- R0.2 million
Tranalquip	Boundry, galvanizing line	- R0.5 million ¹
Lesotho Umbrella	Expansion from 90,000 umbrellas to 150,000 umbrellas/month	- R0.1 million
Lesotho Steel Products	New workshop	- R0.1 million
Chung Hwa Trading	Expand factory building	

¹/ Expansion subject to availability of power at lower cost.

Source: Individual companies in Bernard Decaux. in Industrial Sector in Lesotho. Maseru. CPDO, 1980.

2.2.5 The major exports of the country are crude materials (wool, mohair, hides and skins) which have remained steady since 1967 as indicated in Table 16. Live animals are the second largest export earners followed by foodstuffs. Diamonds have not proved to be reliable export earners. However, the increase in the value of exports from M12.2 to M27.7 million between 1977 and 1978 was due to a sudden surge in diamond exports. The value of crude materials exports also increased by 70% over the previous year. Exports of live animals and foodstuffs decreased over the period mainly due to droughts.

TABLE 16
EXPORTS BY MAJOR CATEGORY

- mill. Maloti

YEAR	TOTAL	LIVE ANIMAL	FOODSTUFFS	CRUDE MATERIALS	DIAMONDS	OTHER EXPORTS
1972	6,1	0,9	0,6	3,2	0,2	1,1
1973	8,8	2,0	0,3	4,9	0,3	1,3
1974	9,8	1,5	0,06	5,1	0,9	2,3
1975	9,2	0,4	1,1	3,8	0,5	3,5
1976	14,6	0,2	1,8	3,8	0,5	8,4
1977	12,2	0,2	0,7	4,6	1,2	5,4
1978	27,7	0,1	0,2	7,0	16,7	2,9
1979						
1980						

2.2.6 Total imports increased from M43. million in 1972 to M237 in 1978 and this was a 6-fold increase. The major category of imports were consumer goods followed by intermediate goods. Capital goods imports were third. The consumer goods imports are increasing fairly rapidly and they have always been a high percentage of total imports. In 1973 they were 75% of total imports which is comparable to a percentage of 72% for 1978. (see Table 17)

TABLE 17
IMPORTS BY MAJOR CATEGORY

YEAR	CONSUMER GOODS	INTERMEDIATE GOODS	CAPITAL GOODS	TOTAL
1972	31.6	6.7	4,7	43.0
1973	46.0	8,2	6,2	60,5
1974	60,5	13,6	7,5	81,7
1975	86,1	19,8	11,3	117,3
1976	129,9	29,6	20,1	179,6
1977	142,8	34,6	21,6	199,4
1978	169,5	36,9	28,9	237,0
1979				
1980				

Source: Lesotho Economic Indicators 1972/73 - 1979/80.
World Bank/UNDP Team. June, 1982. p.50

2.2.7 Lesotho exports mainly to SACU and her second trading partner is West Germany as indicated in Table 18. Trade with the U.K. lost the lead in 1977 and it has been declining ever since whereas that with Germany has increased steadily.

2.2.8 Export shares by a few selected industries are shown in Table 19 South Africa is still the major export partner for these industries. Tapestry weavers have 50% share of the exports of tapestry and exports 40% to South Africa and 10% to overseas Maluti Skin Products have 95% of the export market and exports 50% of these to the RSA and 43% to Germany.

2.2.9 Table 20 gives the structure of gross fixed capital formation by economic activity in per centage terms since 1972/73. Transport is the highest for the entire period since GOL has placed an emphasis on the construction of roads in order to make the country accessible for economic development. Manufacturing started of slowly since 1972/73 but has picked up in recent years. Agriculture has fluctuated but the trend has been up ward.

TABLE 18

LESOTHO EXPORTS: BY YEAR BY DESTINATION

(M,000)

DESTINATION	YEAR		
	1977	1978	1979
Common Customs	-	-	5264
African Countries outside CCA	20.8	44.5	10.0
U.K	1,071.7	380.1	366.7
W. Germany	952.1	739.5	2,056.9
Belgium	33.1	195.1	858.0
Other Europe	898.2	1,124.0	627.1
Canada	34.8	13.0	24.5
U.S.A.	197.0	134.9	17.7
Rest of the World	633.8	208.3	58.4
	M3,841.5	2,839.4	4,019.3

N.B. Diamonds exports excluded.

Source: Department of Customs and Excise, Foreign Trade Statistics 1980, p.8, Table 1.1. in B.P. Setai and A.M. Maruping. Op.Cit

TABLE 19

SHARE OF EXPORTS IN TOTAL SALES OF SELECTED COMPANIES

	<u>EXPORT SHARE (%)</u>	<u>EXPORT MARKETS</u>
Lesotho Milling	-	-
Lesotho Flour Mills	-	-
Astoria Bakery	-	-
Tapestry Weavers	50- ¹	40% to South Africa, 10% overseas
Gallant Clothing	95	Mostly South Africa, some sales to UK
Maluti Skin Products	95	50% to South Africa, 45% to West Germany
Maluti Furniture	100	Mostly UK and Benelux
Lesotho Shoes	90	South Africa
Kolonyamaq Candle	30	South Africa
Selkol Joinery	-	-
Thaba-Bosiu Ceramics	2/	-
Tranalquip	100	South Africa Homelands
Lites	100	50% South Africa, 50% other African countries
Maseru Tyre retreading	-	-
Royal Crown Jewels	40- ¹	Switzerland, W. Germany
Lesotho Umbrella	100	West Germany
Lesotho Stell Products	-	-
Chung Hwa Trading	100	Mostly to Hong Kong, also US and Europe

Source: Individual Companies in the Industrial Sector of Lesotho by Bernard Decaux. Maseru; INDC. 1980

¹/Balance of production mostly sold to foreign tourists

2/ Indirect export through sales to foreign tourists.

TABLE 20

THE STRUCTURE OF GROSS FIXED CAPITAL FORMATION BY ECONOMIC
ACTIVITIES 1972/73 - 1979/80

- in percent; Total = 100

	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80
TOTAL	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0
Agriculture	5,7	7,5	19,0	12,6	22,3	24,9	16,8	13,7
Mining	10,1	9,1	0,4	0,0	1,5	2,0	0,7	2,7
Manufacturing	2,6	4,7	4,3	4,8	3,6	7,2	7,2	5,3
Electricity and water	5,3	2,2	1,6	2,7	8,3	2,3	2,8	4,3
Construction	10,8	8,0	10,8	7,2	5,6	3,7	3,7	4,7
Commerce	6,2	4,1	7,5	9,4	6,2	2,8	5,3	5,5
Catering	1,8	5,1	3,6	2,4	2,0	5,3	11,2	5,4
Transport and Communication	39,7	23,6	26,8	23,5	29,7	33,0	17,3	25,1
Transport	36,2	21,0	24,6	21,1	26,7	28,0	15,7	23,1
Communication	3,5	2,6	2,2	2,4	3,0	5,0	1,6	2,0
Finance and Business Services	2,0	14,4	9,9	7,7	1,9	1,1	5,6	5,4
Non-Profit Services	5,2	9,1	4,3	11,8	8,8	9,1	10,1	11,3
Community and Personal Services	0,9	4,2	2,6	2,2	1,2	0,6	0,7	0,7
Government Services	9,7	8,0	9,2	15,7	8,9	8,0	18,6	15,9

x0 = preliminary estimates

Source: National Accounts of Lesotho, 1967/68-1979/80. World Bank/UNDP Team June 1981.

2.2.10 Plans are underway to develop manufacturing.

Chapter V outlines resource based projects which are at various stages of implementation.

Available project profiles are provided in Annex I. LMDG does not have an inventory of drawn up projects due to lack of staff.

However, it does keep a list of projects that it intends to implement as it finds investors.

Among these are a ceramic products factory which will produce tiles and dinner-ware; a roses factory which will produce cut roses; a sandstone blocks factory and a blanket factory.

2.2.11 The industrial sector of Lesotho was very small and was little encouraged during the colonial period. At independence there were only 16 small establishments. The reason for neglecting its development was that the colonial power kept Lesotho as a labour reservoir for RSA mines.

2.2.12 Since independence GOL has laid greater stress on industrial development with a view to promoting employment. The industrial sector is viewed to comprise manufacturing commerce and tourism. GOL's industrial strategy is to provide incentives to the private sector so that the latter can develop manufacturing.

2.2.13 The Ministry of Commerce and Industry is responsible for industrial policy. INDC was established in 1967 as a major body to implement industrial policy. Since its establishment INDC has emphasised several policy phases. Between 1967/1973 INDC's activities were confined to handicrafts development. The rationale for this emphasis was due to lack of investment funds and the desire to take advantage of local knowhow in making pottery and handicrafts. Between 1970-1976 INDC shifted to providing infrastructure. She developed industrial Centres in Maseru and Maputsoe. During the same period she entered into diamond mining agreements (Jetsang Agreement 1974) with Rio Tinto, De Beers, LONREO. It was from this arrangement that INDC was able to generate investment funds. In 1975/76 she opted out of this arrangement and was able to get a US \$ 2.3 million grant from the World Bank. The mine continues to operate with De Beers as a major shareholder. However, it is expected to close next year and at least 700 people will lose their jobs. The reason for the closure is due to a fall in sales. INDC was also responsible for establishing Lesotho Development Bank which is one of the successful commercial banks in the country.

2.2.14 Basotho Enterprise Development Corporation (BEDCO) was established in 1975 to promote the establishment and development of small scale Basotho-owned enterprises. BEDCO was established by LNDC as a fully owned subsidiary. It became an independent corporation in 1980. BEDCO established an industrial estate at Sebaboleng Trade and Industrial Centre with the help of GOL and Canadian CIDA. BEDCO sides at Sebaboleng are fully occupied and she is contemplating starting new ones in other towns. Her operations are rated as satisfactory even though she is not yet fully self financing.

CHAPTER III

RESOURCES

3.1 Agriculture: General

3.1.1 The percentage contribution of agriculture remained at a steady 35% during the period 1967/68 to 1972/73 and dropped to 31% for the period ending in 1979/80. However, in value terms agricultural output increased from M15 million to M64 million during the same period. The contribution of crops to agricultural output has had a slight edge of about 6% over that of livestock since 1976/77 period. This trend marks a switch in government policy since independence. During the colonial era livestock had a greater share of gross agricultural output and in recent times various projects have emphasised crop production. Perhaps the government ought to rethink its policy in this regard and bring back livestock production into policy focus keeping in mind the fact that 64% of the land is suitable for grazing.

3.1.2 Agricultural land is not sufficient. Only 13% of the available land is suitable for crop production and most of it is farmed in the traditional sector. Sub-division of land is

increasing steadily and the number of arable acres held declined by 2.2% over the last two decades. The mean per capita acreage held fell by 62% and the landless households declined by 4.25% over the same period. The median per capita acreage is 0.826%.

3.1.3 There are no commercial farmers and agriculture is not the primary source of income. Most people who have land are either working in the smodern sector or in the RSA mines. This exodus of abled bodied men from the farms is a major constraint to increased agricultural output. The problem gets compounded when we take into account other constraints such as reduction in the area under cultivation, overgrazing and soil erosion, poor cultivation and management practices, inadequate transport and marketing infrastructure and vulner^eability to the weather.

3.1.4 Maize production, the country's main crop was 106.1 tons in 1979/80 this was a drop of 15% over the previous year due to drought. Similarly, sorghum production fell by 16% including wheat which fell by 13%, beans by 18% and peas by 33%. The country depends on rain fall farming and as a result, suffers serious crop failures when there is no rain.

3.2 Crops

- 3.2.1 Maize, sorghum, wheat, peas and beans are grown mainly in the western and northern parts of the country. The leading crops are maize, sorghum and wheat. Peas and beans are little developed. The maize yield is more than two times that of sorghum as can be seen in Table 1. Peas and beans together accounted for 9% of the total crop yield for the period beginning in 1976/77 and ending in 1978/79. Asparagus is fast being developed as a cash crop and a cannery was established at Mazenod for canning asparagus (180 tons in 1981) as the main product with the addition of beans in tomato sauce (60 tons in 1981).
- 3.2.2 A variety of vegetables and fruits can be developed in Lesotho on a commercial basis. These crops are grown in the traditional sector for domestic consumption and the rest of the country's needs are met through imports. The cannery imports beans and peas for canning. Aloe can also be evaluated for economic viability such as the making of soap and ropes.
- 3.2.3 The lead in maize production is because of GOL policies which currently emphasize maize output as a staple. Less emphasis is placed on sorghum a potentially high profit crop in Lesotho.

Currently, the cannery is wary to fully encourage the development of the peas and beans as one of its potential product lines because of fear of competition from big South African producers (e.g. Delmonte) which will lead to losses and low profit margins.

TABLE 1

DISTRIBUTION OF PLANTED AREA BY CROP AND DISTRICT
FOR LESOTHO (1976/77-1978/79 average)

DISTRICT	M MAIZE	SORGHUM	WHEAT	PEAS	BEANS	TOTAL
Butha-Buthe	6,161	2,833	437	181	945	10,557
Leribe	22,360	7,729	3,616	821	5,251	39,777
Berea	17,464	6,505	853	325	2,475	27,622
Maseru	18,414	8,529	9,609	1,807	1,129	39,488
Mafeteng	17,269	13,013	7,634	963	2,314	41,193
Mohale's Hoek	12,097	9,712	6,231	781	828	29,649
Quthing	4,910	3,780	4,050	612	608	13,960
Qacha's Nek	5,084	1,636	1,611	456	563	9,350
Mokhotlong	5,071	581	8,467	1,401	385	15,905
LESOTHO	108,831	54,318	42,510	7,345	14,498	227,502

Per cent of Total

Butha-Buthe	58	27	4	2	9	100
Leribe	56	19	9	2	13	100
Berea	63	24	3	1	9	100
Maseru	47	22	24	5	3	100
Mafeteng	42	32	18	2	6	100
Mohale's Hoek	41	33	21	3	3	100
Quthing	35	27	29	4	4	100
Qacha's Nek.	54	18	17	5	6	100
Mokhotlong	32	4	53	9	2	100
LESOTHO	48	24	19	3	6	100

Source: Central Planning and Finance Office, Maseru, Lesotho.

- 3.2.4 GOL stated policy on production is to achieve self sufficiency in grains during the current plan period particularly in sorghum, wheat and vegetables. It will also introduce new and high value crops and will expand production of successful crops such as asparagus.
- 3.2.5 The marketing of agricultural crops will also be improved through the merger of Produce Marketing Corporation (PMC) and Co-op Lesotho into an Apex Co-operation body. This body will be responsible for procurement of inputs, purchasing and marketing and supply of credit among its many other responsibilities.
- 3.2.6 The legislative base for the implementation of these objectives is the Land Act of 1979 complemented by subsidiary legislation. This Act provides for allocation of land by lease to competent farmers with exclusive tenure and inheritance rights but with the legal proviso that they must use their land in accordance with approved standards. Through this Act the government hopes to develop concentration of commercial farmers.

3.3 Animal Resources

3.3.1 The livestock sector is dominated by sheep and goats followed by cattle and horses as can be seen in Table 2. Mules, donkeys and pigs are also reared.

3.3.2 The production of fresh meat products are processed from the imported carcass. There are no commercial livestock farmers and cattle is owned by traditional sector households and is auctioned in the informal markets. Commercial activity by this sector is limited to trading in wool and mohair.

3.3.4 Plans are underway by LNDC to establish a wool and mohair enterprise, the purpose of which is to use locally produced wool as input.

TABLE 2
LIVESTOCK INVENTORIES AND LARGE STOCK
(GRAZING UNITS FOR SELECTED YEARS, 1935-1976)

YEAR	SHEEP	GOATS	CATTLE	HORSES	MULES	DONKEYS	LARGE STOCK GRAZING UNIT*
1935	1,235,596	432,230	352,311	79,701	1,986	18,911	691,852
1937	1,283,394	411,931	418,921	85,017	1,968	22,766	745,738
1939	1,598,812	668,687	447,763	87,960	1,165	27,360	867,660
1945	1,544,723	541,974	437,217	81,771	1,240	37,731	843,964
1947	1,702,977	647,013	429,158	108,284	1,946	51,920	916,251
1949	1,557,546	609,267	430,993	98,832	2,468	48,905	373,776
1951	1,564,001	637,065	401,221	102,903	3,089	59,188	864,669
1953	1,303,325	550,612	406,454	92,384	3,550	53,543	789,981
1955	1,330,019	654,800	408,144	102,001	4,829	48,355	824,005
1957	1,220,769	535,286	381,770	81,661	3,559	48,616	740,257
1959	1,300,657	594,395	387,769	84,874	4,220	55,813	782,576
1961	1,227,386	632,032	376,740	89,333	4,316	53,013	764,805
1963	1,431,631	791,726	366,146	85,562	2,695	44,796	821,471
1965	1,661,502	377,820	346,079	73,810	2,775	46,488	351,303
1967	1,526,442	890,628	375,709	96,894	2,654	58,945	882,872
1969	1,437,803	631,972	392,717	88,322	2,883	43,302	813,625
1970	1,655,100	973,800	551,500	109,700	4,100	89,700	1,091,098
1973	1,556,900	961,900	466,500	114,000	2,500	97,400	1,006,160
1975	1,364,000	808,000	482,000	93,000	1,800	88,000	939,900
1976	1,128,000	618,000	486,000	104,000	900	88,000	855,340

Source: Central Planning and Development Office Library open file reports under the title

"Documents Relating to Livestock Projects" (selected dates) in LASA Report No.2 p.VII-5

* Large Stock units are the sum of livestock numbers multiplied by the following: Cattle,8, horses 7, mules 6, donkeys 5, and sheep and goats 2 (CPDO ndd.)

3.4 Milk Production

3.4.1 There are no commercial milk farmers and fresh milk is imported at a market value of approximately M6 million per annum. Milk that is produced in the traditional sector is for domestic use and it too is very little. Cattle is normally taken out and away for pasture and what ever milk is produced is consumed by herdboys.

3.4.2 GOL has plans to improve milk production and it has started a pilot dairy at Botšabelo which produces 9,500 litres of milk, per day of which 8,000 litres is supplied by small farmers.

3.4.3 GOL has determined to make the country self-sufficient in milk and diary products. During the current development plan it is setting aside over M6, million to provide improved stock for sale to farmers and to encourage stallfeeding. A central dairy will also be constructed which will be supplied from various collection points which will also be established as part of improved milk production.

3.5 Pig Production

3.5.1 The consumption of pork is high but pig production is little developed. Some of the pigs are supplied by the traditional sector where at least one household owns a pig. The rest are imported.

3.5.2 The government plans to establish a pig processing plant in order to reduce imports and to increase self sufficiency. The plant will be built at a cost of over half a million maluti and will provide fresh pig meat and diversify into the production of ham and bacon.

3.6 Poultry Production

3.6.1 Good progress is being made in the production of chicken although this is not sufficient to meet market demand. The Ministry of Agriculture has established hatcheries where broiler and egg chickens are produced. These are then sold to farmers for egg and meat production. There is a large market for eggs and poultry products in the country.

3.6.2 GOL intends to establish a poultry slaughter plant during the current Development Plan. This will be at a cost of half a million maluti and will provide market outlets for broiler producers. Three slaughter plants will also be constructed at strategic market areas in the country to provide broilers to the immediate markets.

3.7 Fish Industry

3.7.1 The potential to develop fish industry in Lesotho is high and prospects for increased market demand are also good both for domestic consumption and for export. The country has plenty of water which can be used for such activity and there are plenty of rivers and village water ponds. Village ponds are not economically viable compared to the current fisheries schemes run by the Ministry of Agriculture and consequently infra-structure will be needed to broaden the base for fish production. The most favourable species for this area is trout fish and research is to be done into common carp, the silver carp and the grass carp.

3.7.2 Carp production yield more profit per hectare compared to any other activity in the agricultural sector. Consequently, the development of this industry could provide an alternative source of employment and also form a basis for a fishing industry.

3.7.3 The government has set aside 350 hectares for fish development at Tsakholo of which 40 hectares is fully funded and is already being developed. The 40 hectares were put into production initially to test market demand and prospects have proven to be good and funds are being sought to bring the

entire area under production. The remaining 310 hectares will be brought under production through the construction of a new dam, and a canal system. It is hoped that trout fishing will be developed both as a tourist attraction and for commercial purposes. As a tourist attraction, rivers would be filled with stocks that would be replenished periodically.

3.8 Woodlot Project

3.8.1 Tree planting in Lesotho was done primarily for purposes of soil conservation by the soil Conservation Division before it was taken over by the Woodlot Project in 1973. The objectives of the project are to determine a rational afforestation policy for Lesotho in terms of its ecological needs and to create a relevant and a well balanced administrative and technical infra-structure for the support and implementation of a continuing afforestation programme. It is envisaged that the project will establish small plantations throughout Lesotho for the provision of firewood and building materials, and to supply trees and grass to Conservation Division and the public for soil conservation activities.

3.8.2 The Woodlot Project will end in 1985 and is funded jointly by the Lesotho Government, British Government and Anglo de Beers Forestry Services

Lesotho (Ltd). GOL has been the second highest financier indicating her strong commitment to the Project.

3.8.3 Since its inception, the Project has planted 2599 ha. of land. More hectares could have been planted if it were not for natural impediments such as lack of rainfall during some seasons which tended to shorten the planting season. Nevertheless, this tendency was not typical for all years. According to the Projects Annual Report 1979-80 the percentage target reached for that period was 89 percent for planting. High percentages were also reached in the following categories; ploughing, pitting, planting and fencing.

3.8.4 The type of trees that have been planted up to date have been mainly of the Eucalyptus species. The other species which have been planted in limited numbers include poplars (populars) wattles (acacia) and pine (Pinus). According to experimental results on Lesotho soils, it has been found that Lesotho soils have adequate level of Potassium for tree growth and the standard application of fertilizer per tree is 10% Nitrogen and 15% Phosphorous.

3.8.5 It is reported that poor growing conditions over the past two years have adversely affected growth rates and it is becoming necessary to reassess the choice of species hitherto followed. Wattles have not done well and Eucalyptus have failed in many dry areas. Conifers are now being tried in where these have failed.

3.8.6 Land acquisition for the establishment of new Woodlots has continued to be offered at a satisfactory rate indicating the strong support it has from the people. A forestry Act was passed by Parliament in 1978 but is yet to be gazzeted. Consequently Woodlots do not have the protection of the Act.

3.8.7 Progress in afforestation over the past fifteen years has been impressive. A UNDP evaluation mission (Report of the Multi-Donor Agricultural Sector - Evaluation Mission, UNDP, Maseru, Lesotho, June 1980) points out that while the expansion of the Woodlot project is desirable some measures must be undertaken to make it more productive. First, the current 15-20 hectares on which the projects are implemented should be made smaller in order to increase the project sites. Secondly, labour-intensive techniques should be intensified to enable workers to reach steeper and rougher terrain where mechanised implements cannot reach. Thirdly, planting and tending of plants should be passed on to the villagers in order to reduce cost. The latter would help to integrate the villagers into the afforestation project. Currently the request to plant an area is initiated by the village and the supply of labour is done on a food-for-work basis.

3.8.8 According to informed opinion, there are not enough woodlots in Lesotho to justify establishing a lumber based industry. Suggestions seem to point out that this can only be possible after twenty years.

3.9 Mining

3.9.1 Mining in Lesotho is still at the initial stages and mineral potential has not been fully assessed. Several feasibility studies are currently being carried out by the Department of Mining and Geology. These, include the exploration for coal peat, oil, clay and mineral survey.

3.9.2 Initial findings suggest that even though coal bearing strata exists in Lesotho, it cannot be mined economically because it lies deep under the surface. Peat deposits are also small and can therefore not be mined economically.

3.9.3 Clay deposits have been found to be substantial and these are suitable for the production of ceramic tiles, bricks and clay bottles. Recently, a brick factory was opened at Thetsane based on this resource. The Clay Products Technical Centre is being expanded with the purpose of testing more soils and advising on their industrial uses.

- 3.9.4 Lesotho has good prospects to establish a buildings material industry based on rock-aggregate. This material is being exploited on a small scale. However, it is believed that when fully exploited the country could be self-sufficient in it. Rock-aggregate is used for the construction of roads and air-port run-ways.
- 3.9.5 Sandstone is also available in large quantities and could be commercially exploited and LNDC has shown some interest in such a project.
- 3.9.6 Lesotho clays are not suitable for the establishment of a cement factory and where suitable rocks exist, these are deep in the mountains and are therefore not within easy access.
- 3.9.7 Diamonds are being mined on a commercial basis and several new mining sites have been indentified at Letšeng-la-Terai, Kao, Lichobong and Lemphane. Letšeng-la-Terai had the largest potential compared to the rest of the sites and it began operation in 1977 and employed 1,000 people ranking as the largest employer in the private sector. This mine was expected to produce 5,000 tonnes of ore per day when it is fully operational and GOL has an equity of 25 percent in it and currently earns M1.5 million in sales taxes and M55,000 in royalties per annum. De Beers announced in early May, 1982 that it will close this mine in 1983 due to falling revenues and the instability of the diamond market. In 1981 Letšeng produced 52,921 carats compared with 53,714 carats in 1980 at an average grade of 2.80/carats/100 tons. Diamonds bigger than 10 carats constituted 12% of the mines production. 792 workers will lose their jobs.

3.9.8 Liphobong and Lemphane are the second largest mines after Letšeng-la-Terai and these are organised on a cooperative basis under the joint auspices of the Lesotho and Canadian governments. The primary aim of these mines is to generate employment and as a result, they use labour intensive technology. Both mines employ 1,000 people.

3.9.9. The choice between labour-intensive and capital intensive technology is not done indiscriminately. Where the find is of high quality, the government is willing to consider production methods that will result in high production. In other words, both methods are favoured, depending on circumstances.

3.9.10 There are indications of uranium and mercury but these are yet to be explored.

3.10 Geological survey

3.10.1 A country wide geological survey has been conducted and possibilities for commercial exploitation of mineral resources is being assessed. Preliminary assessment indicates that commercial mining of diamonds under the alluvial gravels of Senqu River can be undertaken. Bulk sampling of sands at Koalabata, Lolo and Borata is being conducted.

3.10.3 Gravity studies conducted throughout the country are being interpreted and information acquired will assist exploration of Kimberlite bodies and sedimentary sequences favourable to uranium concentration and for the accumulation of coal, gas and oil.

3.10.4 Legislation is being developed to deal with mine safety, mining concessions, and administration of explosives.

3.10.4 The objectives for the sector during the Third Plan are to:

- extend the mineral survey project for one year.
- open and operate a diamond mine at Kao..
- expand production and employment in stone crushing works.
- open three new sites for co-operative diamond digging and upgrading the existing two.
- renew exploration for coal and oil
- prepare feasibility studies for the development of any mineral deposit of economic interest.

3.10.5 Planned expenditure for improvement of mineral resources is about M3 million.

3.11 Energy Resources

3.11.1 The country imports all its energy needs and imports include hydrocarbon energy sources such as petroleum and natural gas; coal and biomass for industrial and home use. Wind driven water pumps exist on a small scale and it is hoped that when maintenance knowledge improves more will be installed. Experiments on solar heating are being undertaken in various parts of the country and results are promising. Lesotho has 300 days of sun-shine throughout the year but the major constraint to adopting this form of energy on an intensive country-wide basis is lack of technological know-how.

3.11.2 Except for every minor generating plants, Lesotho imports all of her electric power. The bulk of the consumption is for domestic use since the country has a limited industrial bases.

3.12 Hydro-Electric Plan

3.12.1 Lesotho has a high potential for hydro-electric power generation and plans are underway to install hydro-electric power generating plants throughout the country. The total potential generating capacity for Lesotho is 1250 GWh/year. There are two government bodies with responsibility

over water affairs. These are the Department of Hydrological and Meteorological Services and Department of Mines and Geology. The former collects data on water resources and assists in the design of projects with water component, and the latter assesses and aids in the development of underground water resources.

- 3.12.2 The Third National Development Plan recognises the urgency of developing the domestic sources of power. To this end, various water schemes are being drawn up with implementation envisaged to start during the Plan period. The largest of these schemes is called the Lesotho Highland Water Scheme. It is a dual water scheme intended to divert water from the upper Orange and Malibamatso Rivers for export to Pretoria-Witwatersrand area while ensuring self-sufficiency in electricity supply for Lesotho.
- 3.12.3 This Scheme will be developed in stages with the first phase envisaged to be completed at the end of 1993. Construction will start in 1988 and when completed its generating capacity will be 450 GWh/yr with a total cost of R1.5 million to be provided under both bilateral and multi-lateral agreements. Average employment during the construction period is estimated at 1,600 people expected to reach 3,000 at the peak period.

Of the 1,600, 12 percent will be in supervisory positions. Tourist amenities such as boating and trout fishing can be explored and prospects may not be that good because of the cold temperatures in the mountains. Nevertheless, it is hoped that when more is known, fishing could develop around these schemes.

3.12.4 GOL intends to make the following improvements which will cost M5 million during the plan:

- reinforce the present power generating diesel generators.
- extend reticulation in the peri-urban areas of Maseru, district towns, and rural areas
- continue to investigate alternative sources of energy.

3.13 Human Resources

3.13.1 The country's total population in 1980 was estimated at 1,333,000 assuming a growth rate of 2.3% as indicated in Table 3. The total labour force was 611,2000 of which 446,200 was employed in the domestic economy and 165 as migrants in RSA. The 1979 Census estimated that 13% of the population both men and women was absent working in the RSA.

TABLE 3

LESOTHO'S POPULATION AND LABOUR FORCE

	<u>1976</u>	<u>1980</u>	<u>1985</u>
<u>Population (de jure)</u>	1,216,815	1,333,000	1,494,000
<u>Total Labour Force</u>	426,100	611,200	688,600
Domestic	291,600	446,200	523,600
Migrant	134,500	165,000	165,000

Source: 1976 Census, Third Five Year Plan (CPDO), and
NMDS estimates in National Manpower Survey, 1980.

- 3.13.2. Labour force participation rates are higher for age group 25-64 for both male and female and the increase in labour participation is about even for both sexes as if indicated in Table 4 and 5 respectively.
- 3.13.3 There are 22,328 people employed as wage earners in both the private and parastatal sectors accounting for 3.6% of the total labour force in 1980. These sectors account for 57% of total wage employment according the recent manpower survey (1980). This survey has also identified the growth rates of several sectors as follows: social and personal services (55.3%); manufacturing (22.1%); transport and storage (19.6%), and construction (13.3%).
- 3.13.4 Wholesale and retail is the largest industry accounting for about 38% of total employment. The next largest industries are construction and manufacturing which respectively account for 21% and 18% of employment as it can be seen in Table 6.
- 3.13.5 The demand for skilled workers is concentrated around transport, sales and clerical workers as is indicated in Table 7. This structure of labour demand suggests that the level of sophistication

TABLE 4

LABOUR FORCE PARTICIPATION RATES IN LESOTHO

		<u>15-24</u>	<u>25-64</u>
SEX	<u>Male</u>	68%	94%
	<u>Female</u>	58%	86%

Source: Third Five Year Development Plan.

TABLE 5

INCREASE IN LESOTHO'S LABOUR FORCE, 1980 - 1985

	<u>Male</u>	<u>Female</u>	<u>Total</u>
<u>Total Increase</u>	39,000	38,400	77,400
Annual Average	7,800	7,680	15,480

Source. Third Five Year Development Plant.

TABLE 6 ESTIMATED TOTAL EMPLOYMENT PRIVATE AND PARASTATAL SECTORS BY CITIZENSHIP, SKILL, VACANCY RATE AND PERCENT OF LOCALIZATION

Industry	Estimated Total number of employees 1980	Employment by citizenship		Employment by Skill		Skilled Vacancy rate	Percentage of localization
		Citizens	Non-Citizens	Citizens	Non-Citizens		
1. Mining	890	818	72	420	72	0	85.4
2. Manufacturing	3906	3831	75	1378	75	2.3	94.8
3. Utilities (electricity)	487	473	14	221	14	0	98.2
4. Construction	4593	4397	196	2062	166	5.7	92.5
5. Wholesale and retail	8547	8422	125	5695	89	0.8	98.5
6. Restaurants and hotels(tourism)	1460	1369	91	603	91	0	86.9
7. Transport and Storage	666	638	28	352	28	0	92.6
8. Business Services Insurance and Banking	1313	1157	156	875	156	3.4	84.9

Table 6 (Cont.)

Industry	Estimated Total number of employees 1980	Employment by Citizenship		Employment by Skill		Skilled Vacancy rate	Percentage of localization
		Citizens	Non-Citizens	Citizens	Non-Citizens		
9. Other services excluding private Health Institutions and Non-Profit Organizations	466	431	635	327	29	5.3	91.6
TOTAL	22,328	21,442	796	11924	720	2.1	94.3

Source: Adopted from A survey of employment and manpower in the Private Sector and Parastatals Sector in Lesotho in 1980 by Kweku O.A.Appiah. Maseru: National Manpower Development Secretariat. October, 1981. p. 17.

¹Skilled is defined as occupations for which the minimum reenirement is normally three years post-primary education or training.

TABLE 7
DISTRIBUTION OF SKILLED EMPLOYMENT IN THE
IN THE PRIVATE AND PARASTATAL SECTORS BY OCCUPATION AND
CITIZENSHIP

<u>INDUSTRY OCCUPATION</u>	<u>TOTAL</u>	<u>CITIZENS</u>	<u>NON CITIZENS</u>
Professional technical and related workers	407	227	180
Administrative and managerial workers	826	633	193
Clerical and related workers	2434	2325	109
Sales workers	4250	4248	2
Service workers	499	466	33
Production and Related workers and transport equipment operators	4228	4025	203
TOTAL	12,644	1,924	720

Source: National Manpower Survey 1980. p.19.

of demanded skills must also be low. Table 8 shows that demand for labour is concentrated around high school graduates and less. People with three years of post primary education (Junior Certificate) comprise 51% of employment by skill among citizens while those with degrees comprise 0.75%.

3.13.6 The non-citizens occupy the high skill level jobs. This is due to the fact that the private sector is dominated by expatriate firms which prefer to employ their own skilled people. This is especially true for wholesale and retail business.

3.13.7 According to the Manpower Survey (1980) the level of formal employment in Lesotho accounted for 6.4% of the total available labour force in 1980 of a total 39,328 who were employed, 39,328 were accounted for by the private sector while government and education accounted for 17,000. These numbers are very small despite the impressive employment growth rate of 13% by the private and parastatal sectors in 1979/80. The survey further maintains that even if the growth rate were to be sustained during the Plan period (1980-1985) this would account only for 42% of the projected labour force increase of 77,400.

TABLE 8

DISTRIBUTION OF SKILLED EMPLOYMENT IN THE PRIVATE
AND PARASTATAL SECTORS EDUCATION AND CITIZENSHIP

<u>OCCUPATION EDUCATION</u>	<u>CITIZEN</u>	<u>NON CITIZEN</u>	<u>TOTAL</u>
Degree or equivalent or higher	90	164	254
Post - COSC Diploma or equivalent	252	202	454
C.O.S.C. Thirteen Years of High School completed	1736	248	1984
Junior Certificate	6125	90	6215
Less than Junior Certificate	3721	16	3737
TOTAL	11924	720	12644

Source: Adopted from National Manpower Survey, 1980 p.21.

3.13.8 The Survey concludes further as follows:

- About 57% of the jobs in the private sector require skilled people. However emphasis varies from sector to sector.
- The level of skills required in the private and parastatal sectors is very low. About 80% of the skilled workers required had had no more than three years of post-primary education and that only one person in every eighteen had had more than five years of secondary education.
- About 94% of the jobs in the private and parastatal sectors are localised.

3.13.9 The overall conclusion is that along with the desire to increase employment creation, GOL must also ensure that Basoto are given the experience to occupy middle level and top positions in these enterprises.

3.14 Employment Forecasts

3.14.1 The Third Plan estimates that potential labour force will have increased by 155,000 between 1976 and 1985. And that over the Third Plan (1980-1985), it will increase by 77,000 of which 39,000 will be males. Table 9 illustrates this point.

TABLE 9

INCREASE IN THE LABOUR FORCE

<u>1980-85</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
Total increase	39,000	38,400	77,400
Annual Average	7,800	7,680	15,480

Source: Third Five Year Development Plan.
1980-1985 Maseru.

3.15 Manpower Development

3.15.1 The nation has a total of 258,920 students at various levels of training. In a typical way, the majority is in primary schools and the numbers thin with time. Students in technical schools are relatively few as is indicated in Tables 10 and 11. Students studying abroad are not included.

3.15.2 Another pattern that emerges is that the number of women in school is relatively higher than that of boys - the greatest disparity being in primary and secondary schools. The numbers even up at University but trends indicate that women will soon surpass men. The implications are that female labour participation rates will soon outstrip that of males and this may influence future development trends.

3.15.3 Women are the defacto leaders of 60% of Lesotho households because most men are away in the RSA working as migrants. Consequently, BCL policy is to involve them in the economy - especially agriculture with the hope of making them more productive. The Bureau of Women's Affairs is located in the Cabinet Office to

TABLE 10
PUPILS AND STAFF AT SCHOOLS AND TRAINING
INSTITUTIONS, 1980

1. Primary Education: ³	Enrolment	235,604
	Qualified teachers	3,242
	Unqualified teachers:	1,855
2. Secondary Schools: ³	Enrolment	21,406
	Qualified Teachers	741
	Unqualified teachers	241
3. Technical/Vocational schools: ³		
	Enrolment:	1,236
	Teachers	N/A
4. National University of Lesotho: ⁴		
	Enrolment	1,027
	Degree students	960
	Non-Degree students	67

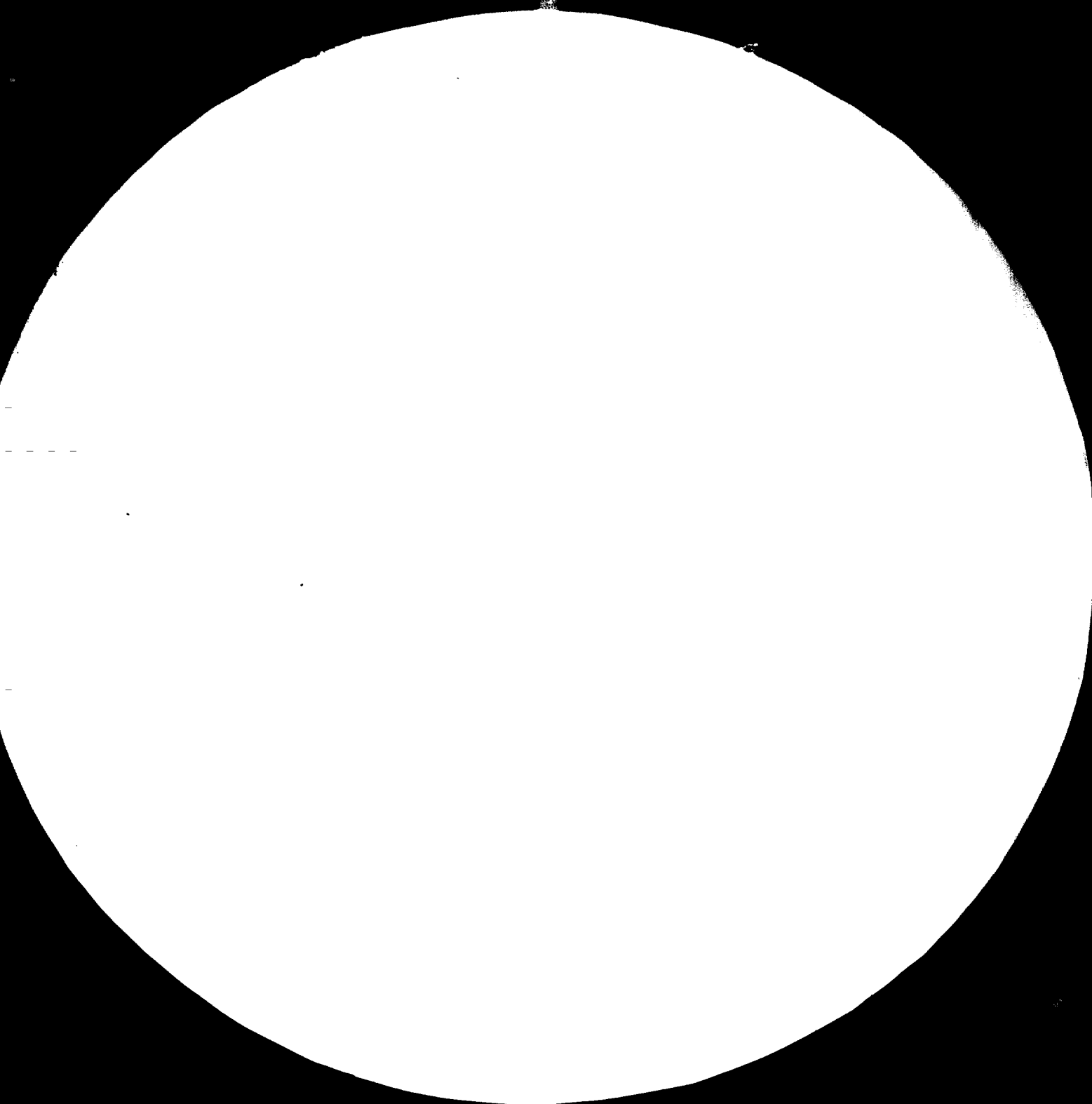
¹Excludes expatriates.

²Includes Institutes

³Ministry of Education Statistics,

⁴Second Five Year Development Plan, National University of Lesotho, Roma. 1981.

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MICROCOPY RESOLUTION TEST CHART

NATIONAL BUREAU OF STANDARDS-1963-A

TABLE 11ENROLMENT BY LEVEL OF SCHOOLING AND BY SEX

	Male	Female	Total
1. Primary Education	96,444	139,160	235,604
2. Secondary Schools	8,668	127,38	21,406
3. Technical/Vocational Schools	543	693	1,236
4. National University of Lesotho	<u>343</u>	<u>331</u>	<u>674</u> ¹
TOTAL	105,998	152,922	258,920

¹This is a 1978 figure and it includes Lesotho nationals only.

SOURCE: Ministry of Education Statistics, 1981.

ensure women's meaningful participation in the economy. It is hoped that projects involving women will be generated in the future. Some of the projects which are frequently mentioned are afforestation projects, improvement of village amenities and services, woodlot schemes, backyard cultivation to mention a few.

3.16 Domestic Sources of Funds

3.16.1 Commercial bank deposits are fairly stable except for the demand deposits (2.6 turnover) compared to savings deposits (0.07) and time deposits (0.05). The banking system relies mainly on medium - and long-term deposits for its funds as is indicated in Table 12. These deposits together account for over 70% of total term deposits.

3.16.2 The banking system is consistently liquid. Table 13 shows that liquidity or excess reserves have been well over 100% of required reserves.

3.16.3 A greater amount of commercial bank loans are made to business enterprises compared to statutory bodies as can be seen from Table 14. However, a greater proportion of the loans are given to wholesalers, retail stores, hotels and construction enterprises. A limited amount of

TABLE 12

COMMERCIAL BANK FIXED TIME AND SPECIAL
DEPOSITS BY MATURITY AS A PER CENT

Period Ended	Short-term (Less than 31 days) Per centage	Medium term (31 days to 6 months) of total	Long-term more than 6 months	Total
1977	10	38	52	100
1978	9	32	59	100
1979	12	30	58	100
1980	15	37	48	100

Source: Lesotho Monetary Authority Annual Report 1980.

TABLE 13

CONSOLIDATED LIQUIDITY OF COMMERCIAL BANKS

Period Ended	Required Reserves (M'000)	Actual Reserves (M'000)	Liquidity Surplus (+) (in percent)
1977	9843	23705	+141
1978	12162	27496	+126 +
1979	16903	42468	+151
1980	23887	56524	+136

Source: Lesotho Monetary Authority Annual Report 1980.

TABLE 14

COMMERCIAL BANK CREDIT TO STATUTORY
BODIES AND BUSINESS ENTERPRISE(M'000)

<u>Period Ended</u>	<u>Statutory Bodies</u>	<u>Business Enterprise</u>	<u>Total</u>
1977	4294	7575	11869
1978	13179	47364	60543
1979	9399	62676	72075
1980	53101	276042	329143

Source: Lesotho Monetary Authority Annual Report 1980.

loans was given to manufacturing type enterprises but there have been some improvements since 1980. The agricultural sector has received a fair amount of loans ahead of manufacturing.

3.16.4 Lesotho National Development Bank is committed to financing small scale manufacturing enterprises but is has not made a concerted effort. The bank should be encouraged to implement this commitment.

CHAPTER IV

POLICY STRATEGIES AND MACHINERIES FOR INDUSTRIAL DEVELOPMENT

4.1 Objectives

4.1.1 The objectives of industrialization policy in Lesotho as described in the Third Plan are to:

- reduce vulnerability to external economic and political pressures.
- increase domestic employment
- increase social welfare
- promote social justice
- protect the land and water resource base and exploit it to the fullest
- ensure deeper involvement and fuller participation of the community in national development.

4.1.2 Industrialization will be achieved by encouraging projects that have the following characteristics:

- labour intensive
- growth potential
- commercially viable.
- local raw material
- low water and power consumption
- use unskilled labour with potential for upgrading

- export - oriented
- linkage effect

- 4.1.3 The incentives are offered under the Pioneer Industries Act and the most commonly selected ones are the tax holiday and depreciation allowance. The training grant and the availability of loans and factory space at market rates of interest play an important role.
- 4.1.4 The effectiveness of the tax holiday and depreciation allowance is not known. However, they may influence negatively the objective of employment creation. Accelerated depreciation encourages capital intensive industries such as the Maluti Brewery which has opted for this incentive. Tax holiday encourage enterprises that use capital which depreciates fast.
- 4.1.5 The benefits of providing industrial housing utilities and transportation, training and wages are believed to be marginal. The benefits derived from actual establishment of factories are hampered by delays encountered in implementing new projects.
- 4.1.6. The industrial sector of Lesotho is very small and only started to grow in recent years. It is not complex and its linkages are insignificant.

Among its industries are food products, small metal products, furniture and printing. There is also a wheat mill, maize flour mill and a few bakeries.

4.1.6 Fears of competition with South African products constrains growth. Lesotho is a member of SACU and RMA and the purpose for joining these bodies is to alleviate the countries disadvantaged economic situation. However, while Lesotho is gaining by way of customs revenue and the use of the financial rand, she is unable to mount a bold industrial strategy under this arrangement. Technically she can impose an infant tariff but in practice this is not possible because South Africa can always point to other conflicting laws.

4.2 Institutional Infrastructure for Industry

4.2.1 The major institutions which are directly involved in industrial development are discussed below:

The Ministry of Planning, Economic Development and Employment.

4.2.2 This is the key planning Ministry and it is also responsible for drawing up the Five Year Development Plan. Recently this Ministry drew up a perspective plan to year 2000 and it is hoped that

it will be used as a guideline for the preparation of the Fourth Plan. The Ministry hopes to draw up a Manpower Plan to year 2000 during the current plan period.

4.2.3 The annual speech of the Honourable Minister of Finance is the major declaration of GOL industrial policy. As a result, annual planning is confined mainly to the capital estimates prepared by the Central Planning and Development Office (CPDO) and to recurrent budget prepared by Finance. The overall impact of the budget speeches is that estimates have had little or no relationship to the plan. And warrants to incur expenditure often deviate from estimates. The Emergency Programme of 1977 has tended to make this situation worse.

4.2.4 CPDO intends to get involved more actively in project preparation during the Third Plan. To this end, it will establish a Research Section and seek closer cooperation with the Economics Department of the National University of Lesotho (N.U.L.). It will also extend and improve computerization in order to use it effectively as a planning and management tool.

- 4.2.5. CPDO is assisted in its work by the Central Bureau of Statistics and the Computer Centre. The Budget and Development Planning Committee, the Project Review Committee play an important role of assisting CPDO with the selection and appraisal of projects.
- 4.2.6 The Ministry has a Policy Coordinating and Implementing Unit. Its major function is to coordinate the views of the community on development. It works with District Development Committees to provide feedback on project activity and to facilitate project implementation especially where bottlenecks may arise. The CPDO works closely with the Ministry of Rural Development.
- 4.2.7 The newly created district of Thaba-Tseka serves as an important forum for rural development experimentation. It is being developed within the framework of integrated rural development programme.
- 4.2.8 It is hoped that the following actions will be taken during the Third Plan:
- ensure that the Ministry of Rural Development oversees and guides all development activities in the rural areas.

- strengthen District Secretariat and make District Development Committees more effective.
- ensure co-operation among district development workers and field workers.

Ministry of Cooperatives and Rural Development.

4.2.9 The Ministry works in close contact with that of Planning and Development. During the Third Plan the Ministry will intensify its efforts to develop production oriented cooperatives. It will consolidate and strengthen existing primary societies into more economically viable units. It will also establish a Product Development Design Centre for Cooperative handicrafts and strengthen the cooperative Credit Union League.

4.2.10 In rural development the Ministry will follow a strategy of income generation and employment creation mindful of the fact that current agricultural programmes in the Plan allow for limited participation by the poor. The focus will be on the poorest of the poor who are the lowest 25% of the poor.

Ministry of Commerce, Industry and Tourism.

4.2.11 The Ministry of Commerce, Industry and Tourism is responsible for industrial policy and coordination of the activities of parastatals. Its major objective is job creation through industrialization. To achieve this aim the Ministry has the following specific objectives:

- Creation of an industrial climate conducive to the establishment of enterprises.
- promotion of foreign investment;
- encouragement of local entrepreneurship;
- increasing production of building materials;
- expansion and diversification of the economy;
- utilization of local raw materials
- promotion of agro-industries.

Lesotho National Development Corporation (LNDC):

4.2.12 The LNDC was established in 1967 as a statutory body to promote and finance investment in Lesotho. The company has a set criteria for the investments it will finance. Among other criteria, it favours investments that are labour-intensive;

have a high local resource content; produce for export and have a high export potential. The favoured manufacturing establishments include agriculture, light consumer products and electronics.

4.2.13 The LNDC has an issued share capital of R4 million owned solely by the Government of Lesotho. The authorised share capital is R10 million and the Government is seeking new partners to buy into LNDC. LNDC also attracts international finance and support. In 1977 to 1980 it received US 6,5 million dollars in credit from the International Development Association (IDA). In 1979 it again secured credit amounting to UA 2,13 million from the African Development Bank (Nigerian Trust Fund). Other LNDC sources of finance include the International Finance Corporation, The European Investment Bank (EIB), Commonwealth Development Corporation and local banks.

4.2.14 LNDC is a finance company but it also acts as a holding company. Its holding interests are under the supervision of the Operations Division which is responsible for guidance and control of all LNDC companies. These companies include

subsidiary companies in which LNDC has substantial shares; associate companies in which she has less than 25 per cent equity and operations are normally of a rental type; managed companies usually initiated by LNDC in which she has equity of 50-100 per cent. Examples of managed companies are Royal Lesotho Tapestry Weavers (PTY) Ltd., Thaba-Bosiu Ceramics, Pioneer and National Motors.

4.2.15 These companies are 26 in all and they employ some 2000 people. Of the 26 companies, 10 are manufacturing establishments, 11 are in trading and distribution, 5 are in handicrafts. The manufacturing activity includes candles and umbrellas while handicrafts include pottery, jewellery and tapestries. Clearly, these are diverse activities which require complex management.

4.2.16 The company's financial performance has been erratic but consistently in the red. In 1977 the financial losses reached an all time low of M1,335,000. The situation improved somewhat in 1980 when the group reported profits of M48,000 before taxes. Some of the companies in which LNDC has minority interests have been operating at a profit. These include Frasers Manufacturing, Lesotho Milling Company and Metro Cash and Carry.

4.2.17 LNDC losses were attributed to a high turnover in management, inadequate marketing effort, undercapitalization and poor financial management. Improvement of financial performance recorded in 1980 is a result of several policy measures taken by LNDC management. These measures include divestment from companies running at substantial losses, institution of sound financial planning and control systems, liquidation of some subsidiary companies, management consolidation and improved project appraisal.

4.2.18 LNDC started investment promotion activities in 1978 and these activities were expected to cost US 500,000 dollars by the end of 1980. Investment promotion has been in the form of preparing promotional material, conducting feasibility studies and going on visits overseas. In addition services of consultants have been engaged to assist investment promotion missions abroad. An expert has also been hired at LNDC Headquarters to help coordinate the activities of investment promotion.

4.2.19 Investment promotion might help LNDC to establish criteria for selecting companies. For example, the Company may be in a position to target firms that are in the product areas that are of interest and that also fulfill other requirements such as potential for employment creation.

4.2.20 It is desirable that LNDC should evaluate the effectiveness of its investment promotion activities. During January-April, 1981 a high powered three man delegation was sent to the far east by LNDC on investment promotion activities. The response it got is indicated in table 1.

TABLE 1

LNDC Investment Promotion Activities
(January-April, 1981)

	Jo'burg	Port Elizabeth	Hong Kong	South Korea	Kaohsiung	Taiwan (RCC)
1. Site visits	6	8	4	5	5	9
2. promised						
2. Long-term interests	13	7	1	1	23	25
3. No interest	14	5	-	-	-	-
4. Total number presentations	33					
% of success*18		40	80	83	18	26

Source: Calculated from Report for the Board on the 1st

Quarter 1981 Activities Pamphlet - undated, in B.P. Setai and A.M. Maruping. Industrialization Climate in Lesotho Roma. National University of Lesotho. November, 1981. p.84.

4.2.21 With the exception of visits to Hong Kong and South Korea the success rate is very low. It would also be interesting to know whether the promised visits were actually carried out. In fact a more fundamental question is whether success should be measured in terms of site

visits or rather in terms of actual investment?
Clearly more work is needed in this area to help
clarify investment determination for Lesotho.

Basotho Enterprise Corporation (BEDCO)

4.2.22 BEDCO is located at Sebaboleng Estate and it was established by GOL to promote the development of small-scale industrial enterprises that are owned and managed by Basotho. The BEDCO estate was established at a cost of M2.5 million and its infrastructure includes a communal workshop facility for wood and metal industries. The bulk of the financing came from CIDA supplemented by grants from DANIDA and The Federal Republic of Germany for the purchase of equipment and machinery. GOL pays for recurrent costs (1.7 to date) and since it was established, BEDCO has received M3.6 million in grants and loans for its loan scheme and capital expenditure. Currently 1,000 people are employed directly through BEDCO activities.

4.2.23 BEDCO has acquired British financing to expand its activities to Mohale's Hoek and Leribe. The first centre will be ready for occupation in 1981/82 and will hold some 11 projects on an area of 1,000 sq. metres.

4.2.24 BEDCO selects projects on the following criteria:

- Commercial viability and growth potential,
- level of participation and management o
by Lesotho citizens.
- rate of return on invested capital
- potential for job creation
- utilization of local raw materials and ability
to save foreign exchange.

4.2.25 Since 1979 BEDCO has moved away from self-owned and controlled enterprises toward independent, privately owned ones. This shift was caused by earlier management problems which caused the company to write-off up to 85% of its loans. Under the current policy the corporation is collecting up to 41% of its loan instalment with the rest being in arrears. This record is impressive for a developing country. The Corporation will do better when its recently instituted controls become effective.

4.2.26 BEDCO plans to expand its operations during the 1981/82 -1985/86 period. The expansion will take the form of developing new centres expanding current capacity and merging.

4.2.27 The expansion programme will require an investment of M2.05 million which will make it possible to finance 146 new small projects that will hire 1800 people. About M1. million of the programme will be financed internally and the rest externally. An additional M2.5 million will be needed for the development of new centres.

4.2.28 When the expansion programme is complete BEDCO expects to have created a total of 5250 jobs both direct and indirect and account for value-added of about M7 million. And sectors that are likely to benefit from this programme are clothing, furniture, fabricated steel products, building materials and food products.

4.3 Constraints

4.3.1 The Third Plan identifies several constraints to development and these are:

- limited financial resources;
- limited natural resources
- insufficient economic infrastructure;
- lack of skilled manpower
- uncertainty about future economic and political developments in Southern Africa.

CHAPTER 5

PROSPECTS FOR RESOURCE BASED INDUSTRIALIZATION

5.1 General Review

- 5.1.1. The major constraint to industrial development in Lesotho is lack of local raw material, which is exacerbated by inadequate trained manpower; inefficient industrial organization and management; shortage of working capital; poor marketing channels; unsatisfactory arrangements within SACU; monopolistic companies which tend to flood the local market with cheap finished products and the high external tariff wall around SACU.
- 5.1.2 The Pioneer Industries Act which offers among other things a tax holiday and accelerated depreciation is intended to partially overcome some of these obstacles by attracting investors to Lesotho at favourable terms. However as in many other developing countries where tax holidays are used, the effectiveness of this incentive package for Lesotho is not known. Consequently, one, cannot determine with reasonable certainty, companies which located in Lesotho because of this incentive package.
- 5.1.3 An added policy constraint is that LNDC does not always initiate development projects. Instead, she largely depends on prospective investors to come forward with offers after which she screens them for acceptability on the basis of financial accounting and not social accounting.

5.1.4 LNDC has identified several manufacturing sectors in which it would welcome investment even though it applies this guideline with flexibility. These manufacturing sectors include food and livestock products; textiles and clothing; leather and footwear; light engineering products; automobile components; building materials; chemicals/pharmaceuticals/toiletries; toys; small consumer products; leisure goods; electronic and electrical products and furniture.

5.1.5 The Ministry of Commerce and Industry is responsible for drawing up industrial policy and it coordinates activities of parastatals. LNDC sees itself purely to be implementing government policy.

5.1.6 There is a great need for research support for all industrial activity. Research support is needed to monitor and evaluate on-going projects, assess credit needs and to cater for the general improvement of the investment climate. In addition, researchers could help with the formulation of broad industrial objectives, policies and strategies, design a perspective industrial plan and propose measures to strengthen existing enterprises and to improve their productivity.

5.1.7 The Pioneer Industries Act must also be reviewed and the Industrial Licensing Board should be given a clearer mandate to enable it to control effectively the conduct of enterprises.

5.1.8 Plans should be drawn up to include local investors and manufacturers within the existing incentive packages particularly the Pioneer Industries Act. There are indications that some of the local manufacturers at BEDCO estates are ready to expand and to go independent. However, they can only do so under the incentive schemes offered to their counterparts under the Pioneer Industries Act. This will be an important measure especially in the improvement of import-substitution industries.

5.1.9 Institutional arrangements should also be streamlined so as to delineate clearly lines of authority interms of implimentation of industrial projects. The abattoir project is one example where progress was impeded because of this problem and the First Development Plan for Tourism is the other.

5.1.10 Along with the aooove measures it may be desirable that the government should articulate its industrial policy interms of inward-looking vs outward looking indistrualization policies. This

will be of great assistance to the prospective investors because they will be able to assess market potential here and elsewhere and determine techniques of production in terms of planned output. Consequently such policies will enable the government to assess the employment creation capacity of projects well in advance.

5.1.11 Trade Promotion Unit is part of the Ministry of Commerce and Industry. Its functions are to develop the export market and to diversify it. Consequently, it is involved in export market research, export advice on products and export marketing techniques. The major focus of this unit is on the marketing of wool and mohair thus suggesting the narrow export base of the economy. Export operations are not well financed and plans are under way by the Ministry to establish an export credit scheme.

5.1.12 There is a credit squeeze in the economy despite the fact that commercial banks are liquid. This may be an indication of the pessimism of these institutions caused by the major constraints. GOL will have to adopt measures to encourage commercial banks to offer more loans and some credit schemes such as the BEDCO scheme will have to be revamped to be self-financing.

5.1.13 LNDC identifies 34 projects of which six involve expansion of existing capacity. (Table 1)
Of these projects 22, are export oriented and they include umbrellas assembly, component furniture, sheepskin products (expansion), meat, handbags, scoured wool, etc. It is hoped that the first 12 projects will generate 1249 jobs.

5.1.14 UNIDO projects are 40 and of these 34 are import substitution projects and 6 are export oriented. The import substitution projects are listed in Table 2. It is expected that the import substitution industries will generate 1449 jobs at the cost of R20,193.00 per job while export industries will generate 696 jobs at the cost R6458 per job. The reason for the high cost of jobs in the import substitution industry is that the industry is capital intensive compared to the export oriented one and that it will depend a lot on imported inputs.

TABLE 1

	<u>Invest-</u> <u>ment cost</u> <u>(R000)</u>	<u>Employ-</u> <u>ment</u>	<u>Cost/job</u> <u>(Rands)</u>
<u>1. In Progress</u>			
Abattoir and meat processing	6500	250	26000
Beer and soft drinks	8500	250	34000
Dairy products (expansion)	200	18	11111
Pain manufacture (expansion)	140	15	9333
Carbonless copy paper	3850	360	10694
Bricks	1450	105	13809
Bread and confectionery	315	66	4773
Furniture, joinery(expansion)	107	na	na
Sheepskin products (expansion)	127	10	12700
Component furniture	260	25	10400
Umbrellas assembly(expansion)	85	150	567
Fruit and vegetable canning (expansion)	<u>na</u>	<u>na</u>	<u>na</u>
Total:	21534	1249	17241
<u>2. Likely projects</u>			
Tannery	na	na	na
Wool scouring	na	na	na
Ceramic tiles	na	na	na
Brakes, clutches	3200	122	28571
Concrete pipes	150	40	3750
Lead pencils	na	na	na
Home electrical appliances	na	na	na

Table 1 continued

<u>Table 1 continued</u>	<u>Invest-</u> <u>ment cost</u> <u>(R000)</u>	<u>Employ-</u> <u>ment</u>	<u>Cost/job</u> <u>(Rands)</u>
3. <u>Potential projects</u>			
Fruit juices	150	43	3488
Kettle elements	na	na	na
Brake and clutch pads	320	70	4571
Electrical switch gear	na	40	na
Home welders	na	25	na
Handbags	240	40	6000
Safety footwear	na	na	na
Nail manufacture	454	14	32429
Solar heaters	na	na	na
Bottling equipment	na	50	na
Light engineering products	na	20	na
Furniture	na	na	na
Safety equipment for mining	na	100	na
Ceramic tiles	na	na	na
Biscuits and confectionery	na	150	na

Source: INDC in the Industrial Sector in Lesotho by Bernard Deaux. Maseru. 1980. Annex, Table 27

TABLE 2

POTENTIAL IMPORT SUBSTITUTION INDUSTRIAL PROJECTS

	<u>CAPACITY</u>	<u>INVESTMENT COST (R.000)</u>	<u>EMPLOY- MENT</u>	<u>COST PER JOB (RANDS)</u>
Poultry processing	775000 chickens	780	45	17333
Animal Feed Mill	12000 tons	305	29	10417
Vegetable Oil extraction	2500 tons	800	21	38095
Bakery	3.6 milliong 1 lb loaves	950	59	16102
Biscuit making plant	5 tons/day	730	16	45625
Malt Factory	12000 tons	3230	47	68723
Cordials	50000 dozen bottles	190	11	17272
Concrete Blocks	720000	80	12	6667
Concrete poles	24000	2800	90	31111
Spun pipes and septic tanks	130000 feet	180	18	10000
Concrete roofing tiles	1.1 million	205	42	4881
Brick making plant	12 million	1400	58	24138
Sanitary ware insulators	1000 tons	1215	118	10297
Wall tiles	1440 tons	1550	78	19272
Terazzo tiles	122 million	200	31	6452

Table 2 Cont.

	<u>CAPACITY</u>	<u>INVESTMENT COST (R.000)</u>	<u>EMPLOYMENT</u>	<u>COST PER JOB (RANDS)</u>
Glass bottle making plant	9000 tons	3000	100	30000
Central workshop <u>1/</u>	-	400	20	20000
Foundry <u>2/</u>	1500 tons	820	35	23428
Electroplating workshop <u>3/</u>	750 tons	295	14	21071
Paintshop <u>4/</u>	15000 m ²	460	17	27058
Agricultural implements	6000 implements and 700 carts	120	40	3000
Exhaust silencers	1200	95	16	5938
Crown cap making plant	82 million	365	16	21813
Hot water heaters	1500	170	16	10625
Galvanized corrugated sheets	00 tons	1000	109	9174
Shirt making	na	600	100	6000
Plastic containers	340 tons	450	100	4500
Aluminium household goods	30 tons	500	81	6173
Poleythulene films and bags	30 tons	450	40	11250
Rigid pvc pipe	30 tons	2260	11	20545
Detergent powder	50 tons	35	6	5833
Washing soap	75 tons	40	4	10000
Toothbursh manufacture	230000 dozen	85	8	10625
Paper making plant	6000 tons	3500	41	85360
TOTAL		29260	1449	20193

Source: UNIDO, Industrial Development in Lesotho, April, 1979

1. Die and toolmaking, welding and heat treatment, machinery and forging,
2. Cast iron parts
3. Electroplated parts
4. Painting of parts.

5.1.15 The focus of this paper is on the prospects for resource based industries for Lesotho. Currently many such projects do not exist because LNDC does not normally initiate projects and instead it accepts them from prospective investors for evaluation. There are several projects under active consideration by LNDC and we are now proceeding to consider them sector-by-sector.

5.2 Livestock Related Industries

- 5.2.1 The Ministry of Agriculture is implementing the abattoir project which is to be managed by LNDC. Completion of the project is being delayed by construction and other technical problems. This project started in 1978 with an initial capital aid of 20 million Dkr. from DANIDA.
- 5.2.2. The abattoir will concentrate on cattle and it is expected that it will handle 100 cattle per day rising to 200 at full capacity. Small stock such as sheep and goats will all be handled.
- 5.2.3. As in the case of wool and mohair, stock will be imported from South Africa initially and eventually from within Lesotho when marketing channels have been developed. Feedlots are being developed as a first step toward this purpose.

5.2.4. The target market is Southern Africa and the EEC.

5.2.5. It would be desirable if plans could be made to start a tanning and curing plant. Discussions to this effect are taking place within GOL but definite plans have not yet been drawn. All the skins are being exported in large amounts.

5.2.6 There are currently two local enterprises that could use outputs from a local tanning plant and these are the Maluti Skins and Kabi Leather. In addition there are several shoe repairers throughout the country including a thriving leather shop in Maseru and various retail stores which carry leather goods.

5.2.7 Some of the by-products from the meat processing plant could be developed further to provide inputs for the local Maluti candle factory which is about to diversity into soap manufacturing. Excess fat could be used as an input into the manufacture of soap. Meat extracts could be used for the manufacture of glues, waxes, animal feed and fertilizers.

5.2.8. By-products from the abattoir could be supplemented with those from the proposed pig processing plant which will process meat into ham and bacon. The plant will be established during the current plan period at an estimated cost of R500,000.

5.2.9 The abattoir could diversify into meat canning. Market prospects for canned meat are good within the E.E.C. especially through the Lomé convention which provides for import duty concessions and quota arrangements for canned meat.

5.3 Textile Industries

5.3.1. The wool and mohair industry can easily develop into one of the major industries in Lesotho. Plans are underway between LNDC and BEIER Group (Pty) Ltd. of South Africa to establish a wool and mohair industry. The BEIER Group processes a substantial share of the South African Wool clip and it exports its wool and wool products to Europe, Australia, United Kingdom, Canada and the Middle East.

5.3.2 The planned project is in two phases. Phase I will involve the combing of wool and mohair and Phase II scouring and carbonising. The two processes will eventually entail sorting, scouring to clean of the fat, crease and other impurities. The scoured wool and mohair will be

blended into feeder chambers and then carded to open up the fibres and slivers. These slivers will be processed further to remove vegetable matter and other impurities.

- 5.3.3 The initial capacity of the plant is estimated at 1,000 kg/day of top and noil. This is expected to increase to 6,000 kg/day at full capacity of 3 shifts and a 7 day week.
- 5.3.4 The building will be located in Maseru and will be constructed at a cost of M230,000 by INDC and will be rented at 15% of construction cost per annum.
- 5.3.5 The raw materials for the project will be supplied locally. This will be acquired in bulk for cash from Lesotho Produce Marketing Services (LPMS) through their central warehouse in Maseru. Collection points are already being developed to enable farmers to supply LPMS with raw wool and mohair. However, in the initial stages the plant will still depend on imports of raw material from South Africa under the Lesotho^s supply lines are developed.

5.3.6 Phase I will create 50 new jobs rising to 150 upon the implementation of Phase II. Most of these will be machine operators who will be trained on the job. These jobs will add to the efforts of CARE which is currently supporting spinning projects throughout the country involving 800 rural households.

5.3.7 The target market for the product is South Africa since most of the RSA produce is exported. However, there is also a great potential to sell in the domestic market. Over 600,000 blankets are sold in Lesotho each year and each blanket takes about 1.00kg of wool. Clearly, this would account for a high proportion of plant capacity. The possibility of a blanket based on domestic demand could be explored and market possibilities within SACU investigated.

5.4 Crop-based industries

5.4.1 The existing cannery* at Mazonod originated as as a pilot plant to process and can asparagus, as part of a greater world Bank Project. Since 1977 the cannery has continued to concentrate on Asparagus (180 tons in 1981) as the main product with the addition of beans in tomato sauce (60 tons in 1981).

5.4.2 As the existing cannery was conceived as a pilot plant it lacks the facilities and standards required by a commercial food undertaking.

5.4.3 Now that the cannery is totally owned by LNDC and being operated on a commercial basis it has become necessary to improve and expand the factory.

5.4.4 Detailed plans have been prepared for this expansion which will cost a total of US \$3 1/4 million, and will incorporate the following:

1. Diversification into other fruit and vegetable products to enable the factory to be fully utilised over the full 12 months in the year, compared with the present factory's less than 50% utilisation.
2. Doubling of the present processing and canning hourly capacity will result in an annual capacity of 2000 to 25000 tons per annum
3. Construction of a new building complex which will incorporate:

* I wish to acknowledge the courtesy of LNDC Operations division for this addition.

- (a) A processing area of 2000m², compared with the existing area of 600m².
- (b) adequate storage for raw materials and finished products.
- (c) The building specifications to be at "food factory" standards with regard to food hygiene and clean working environment.
- (d) Adequate toilet and cloakroom facilities for up to 300 workers compared with the present cannery which have totally inadequate toilet facilities and no cloakroom.
- (e) Handwashing facilities to food factory

standards, the existing cannery has none; ^a canteen facilities; adequate office accommodation; and quality control laboratory; factory utilities building and improved road infrastructure.

5.4.5 In parallel with the plans for the cannery expansion, schemes are being finalised for the production of the 2500 tons/annum diversified crops required. Choice of crops will depend on harvesting times and market requirements. Climatic conditions, etc. irrigation requirements and types of soil will also have a major bearing.

5.4.6 It is proposed that up to 50% will be grown in a nucleus farm, located close to the cannery and wholly owned by LNDC. This farm will be professionally managed and use intensive farming techniques. Training of farmers will be a major responsibility of the nucleus farm.

5.4.7 The other 50% will be provided by an expansion of the existing farmers, probably organised into co-operatives.

- 5.4.8 The Ministry of Agriculture should consider developing vegetable farms. Raw and canned vegetables could then be marketed locally through the chain stores which have recently entered the Lesotho market. Such vegetable farms could do well under irrigation using water from the proposed irrigation schemes.
- 5.4.9 Lesotho needs to develop agriculture as a basis for industrialization. To this end, the government has initiated a number of schemes and measures to improve agriculture. The most recent scheme is BASP which aims to provide farmers with better seeds and fertilizers, credit facilities and adequate extension services. Marketing agencies are being developed but it will be important to adopt a sound pricing policy so as to regain the confidence of the farmers.
- 5.4.10 The Parthenon Pilot paint plant was identified in 1974 by a UNIDO expert. In 1977 BEDCO was identified as the implementing agency but could not go ahead because of lack of capital. The total cost for the plant was estimated at M330,850. UNIDO was to provide the rest for building costs and working capital.
- 5.4.11 LNDC has since taken over the project and has signed a joint venture with Plascon Evans, a South African company whose subsidiary in Lesotho is called Parthenon Paints. The joint venture agreement was signed in 1979 and it provides for a 50% share for each partner tenable at the Maseru plant. LNDC is also expected to invest the paint machinery in the project and there will be an equal number of directors from each side. The factory will operate in July/August, 1982.

- 5.4.12 Loti Bricks is another project based on local resources. The feasibility study for this project was completed in 1975/76 by UNIDO. The study determined that there were adequate clay deposits to maintain a viable brick industry. The clay reserves have been estimated in excess of 2 million tonnes. The clays are classified into Alluvial Clay. This variety of clays especially the Upper clay makes it possible to form different clay bodies such as monochromatic and polychromatic bricks which can be exploited for commercial purposes. These clays have been found to be free of any serious impurities.
- 5.4.13 The Loti Brick factory was established at Thetsane and it started operation in 1980. Its annual capacity was established at 12 million bricks per year and is expected to hire 140 people when it reaches full capacity. Loti Bricks is a German financed project and it was established at an estimated cost of R1.5 million and is aimed at producing for the local market.
- 5.4.14 New clay deposits have been found at Tsikoane and the Tsikoane Brick Project is underway.
- 5.4.15 Clays for the production of ceramics were identified in the Mafateng areas by a UNIDO team. These clays are of high quality and as a result they will be used for the manufacture of ceramic clay tiles, pottery and sanitary ware. A feasibility study to be financed by the European Investment Bank is soon to be underway.

5.5 Mineral Resources

- 5.5.1 Water is perhaps the major resource of the country but it is currently under utilised. Currently it has been provided for human and animal consumption; fish farming and small irrigation schemes. GOL has determined that the best way of utilising this water is for hydroelectric power generation and a water use plan has been drawn up, with projections up to year 2000. Included in the water use plan are irrigation schemes and fisheries development.
- 5.5.2 The mineral potential of Lesotho is not fully known. Feasibility studies are on-going to determine the commercial viability of several mineral deposits. Planned expenditure for the development of mineral resources for the current Plan period is as indicated in the table 3 below.

TABLE 3

PLANNED EXPENDITURE MINERAL RESOURCES

(In thousands of Maluti, 1980/81 Prices)

Geological Surevey	45.
Kao Diamond Mine	1040
Co-operative Diamond	
Digging	966
Coal and Oil Exploration	500
Clay Survey Testimgn(sic)	<u>18</u>
TOTAL	2,569.

5.5.3 GOL is investing a lot of money in exploration especially on the purchase of equipment because previous finds were constraint by poor equipment. In addition, it is felt that these high costs are justified in view of the increasing costs of oil and fuel.

5.6 Wildlife and Fisheries-based industries

5.6.1 There are no plans to develop wildlife and these are not envisaged within the short-run. However, It seem as if the country could accommodate wild-life development since 64% of the available land for agriculture is suitable for grazing.

5.6.2 It may be appropriate to establish a department of wildlife and national parks. The development of wildlife may lead to the establishment of wildlife based manufacturing industry and also provide jobs for people in the rural sector.

5.7 Forestry-based Industries

5.7.1 Forestry is being developed for purposes of soil conservation and production of fuel wood. GOL has a long-term programme to develop a multi-purpose forest products industry.

CHAPTER VI

SUMMARY AND CONCLUSIONS

- 6.1.1 The major development objectives for GOL during the Third Development Plan are employment creation through industrialization and rural development. These objectives are aimed at reducing dependence on RSA; increasing social welfare; promoting social justice and encouraging mass participation in the development process.
- 6.1.2 GOL will achieve these objectives by implementing well planned projects and major schemes such as the water projects and other village based schemes. The projects will be selected carefully so that they are labour intensive, have growth potential, are commercially viable use local raw materials, use little water and have low power consumption.
- 6.1.3 The major constraints to development are lack of raw materials, inadequate trained manpower, inefficient industrial organization and management, shortage of working capital, poor marketing channels; unsatisfactory arrangements within SACU; monopolistic RSA companies which tend to flood the local market with cheap finished products and a high external tariff wall around SACU against which the country has no discretion.

6.1.4 Ninety one percent of the population lives in the rural areas while nine per cent lives in urban areas. As a result GOL will implement several rural based projects around the concept\$ of Integrated Rural Development (IRD). The Ministry of Rural Development will be strengthened along with all its units to make it more effective as an instrument of rural development. About M8 million will be spend on village infrastructure, appropriate technology, renewable energy, establishment of rural tanneries and food preservation. Women participation will be strengthened.

6.1.5 The Land Act of 1979 will be enhanced by passing subsidiary legislation such as the town and country Act and similar legislation aimed at improving land utilization. The broad aims of the legislation are to consolidate agricultural land and to provide for security of land tenure.

6.1.6 GOL also plans to improve livestock, hatcheries and poultry products and fish production.

6.1.7 The formal sector projects are aimed at reducing dependence on RSA. To this end, several import-substitution and export oriented projects are contemplated. Local resource based projects are few because the resources of the country are not yet fully known. Consequently projects utilizing imported materials will be established in the first instance.

6.1.8 During the Third Plan GOL will spend M3 million on resource development. Specifically she will improve mining by conducting geological surveys and analysing information already available. Enabling legislation will be passed to make it possible to exploit resources and the Highland Water Scheme will also be implemented.

6.1.9 The Ministry of Commerce and Industry is responsible for industrial policy. LNDC implements policy embodied in the Pioneer Industries Act and the Industrial Licensing Board. The current incentive package for attracting foreign investment into the country is comparable to that of other countries using the same system. It would be desirable, however, to evaluate the effectiveness of these incentives and their competitiveness within the region. LNDC might want to consider complementing its training grant by proposing apprenticeship laws to provide for a more stable labour market. In addition, industrial land banks may be established so that industrial land is always available and is concentrated in one area.

6.1.9 LNDC should also draw-up many projects available on request to facilitate investor choice. These projects should preferably be comprehensive and should reflect all possible linkages. Accounting prices and cost benefit analysis should be introduced to help evaluate projects. The open door policy which is currently being used may not result in rational project selection.

6.1.10 The terms of reference of the Industrial Licensing Board should be extended so that it should control behaviour of enterprise to ensure that objectives are being met according to incentives given. Legislation should also be passed to ensure that the Licensing Board can mandate certain action from enterprises enjoying incentives. Currently, there are no laws that mandate enterprises to observe GOL industrial objectives. Consequently, legislation should ensure that if an enterprise is approved on the basis of labour intensive capital, such capital is used. The questions of utilization of local raw materials, training of unskilled labour must also be taken into account.

6.1.11 Concerted effort should be made to provide services to local entrepreneurs. These services should be broad and should help local entrepreneurs

with exports and expansion in the local market. BEDCO has enterprises that could produce exclusively for export and these must be assisted by extending the services of the Trade Promotion to them. In addition, means should be explored to provide some of the incentives enjoyed under the Pioneer Industries Act to promising local small scale industries.

- 6.1.12 Efforts should be made to improve the local resource base especially in the area of agro-Industries. The possibility of producing vegetables on a commercial basis exist and could be enhanced by irrigation methods using water from planned hydro-electric schemes.
- 6.1.13 GOL could consider developing wildlife and National parks for purposes of attracting tourists.
- 6.1.14 Employment opportunities for university graduates in the private sector are currently not good. About 80% of the people employed in the private sector have high school and less. Foreign enterprises normally prefer to bring their own skilled people, thus making it difficult to absorb NUL graduates. It is desirable to explore improving this situation.

6.1.15 GOL should articulate the emphasis of her industrial policy so that it is clear whether it is inward or outward looking. In this manner investors will have a clearer policy of what to expect. They might have an impression of the kind of assistance they might get if policies are geared for export or expansion in the local market.

ANNEX I

PROJECT PROFILES

Project profiles are not available in a conventional sense. However, a handful of feasibility studies and project descriptions are available for the cannery, paint plant, wool and mohair and clay brick factory. These are described below.

1. Lesotho Cannery Project

Objectives

The objectives of the project are to expand current capacity at Mazenod; to establish a dynamic production facility; to identifying a diversified range of fruit and vegetable products; to establish a good cannery/grower relationship and to increase profitability.

The plant currently cans asparagus, and beans-in-tomato-sauce. In 1978/79 the factory handled 70t producing 25,000 cases of 24 x 1 M(410 g) cans. When the new equipment is installed capacity will increase to 75,000 cases or 200t.

The current markets for the produce are the EEC and RSA. However, success with the RSA market will depend on the price structure to give the plant a competitive edge. The plant aims a getting 10% of the RSA market which is equivalent in 1978 to 1,430,000 cases or 24x 1M cans.

Asparagus

The following yields are expected following a concentrated cropping schedule.

	ESTABLISHMENT IN ha		ESTIMATED PRODUCTION FROM PRIOR ESTABLISHMENTS	
	THIS YEAR ¹	COMULATIVE ¹	ha	t
1979/80	-	-	35	65
1980/81	15	72	45	90
1981/82	25	92	57	130
1982/83	25	112	69	155

¹ Assuming a 20% failure rate throughout.

The project duration is three years and it is hoped that during this period crop behaviour will also be assessed.

2. Paint Pilot Plant

The aim of the Project is to produce paint using initially imported material while gradually substituting local ones. Labour will also be trained as the project is implemented.

The product will be standardised to make it competitive with RSA products.

The project is to be financed jointly by LNDC and UNIDO and the plant will be managed by LNDC and Plascon-Evans/Parthenon paint company of RSA. The plant is to be commissioned in July/August, 1982.

3. Wool and Mohair

This is an LNDC project to be established in collaboration with The Beier Group of RSA. Phase I of the project will involve combing of wool and mohair and Phase II scouring and carbonising.

The initial capacity of the plant is estimated at 1,000 kg/day of top and noil growing to 6,000 kg/day at full capacity with 3 shifts per day for a 7 day week. The envisaged market is RSA.

LNDC will provide the building costing M230,000., 70% of which will be financed through a loan from the World Bank and 30% by LNDC. LNDC will also give a loan of M63,210 at 13% per annum to The Beier Group.

4. Clay Brick Factory at Thetsane

The Clay Brick Factory at Thetsane started operation in 1980. It is designed to make 12 m bricks per annum on a single shift basis. The brick quality is in three grades and sell at an average of M70.00 per 1000.

The project was established at a cost of M1,351,179 of which M600,000 was a long term loan and M750,000 share holder's capital (incorporating M550,000 of the West German loan). Dividends in the range of 8 to 16% will be paid after 4 years of operation.

ANNEX 2

SOURCES OF INFORMATION

The Third Five Year Development Plan 1980-1985 is the basic source of information. It is 381 pages long diagrams and has several tables but no diagrams. The plan provides basic information on the economic conditions in Lesotho and sectoral policies and strategies. Information on projects is included in the Plan but details on agricultural projects can be found in a separate publication called Agricultural Development - A Blue Print for Action issued by the Ministry of Agriculture as a supplement to the Plan.

Information that complements data included in the plan is contained in recent studies prepared by the World Bank/UNDP Team attached to the Central Planning and Development Office. Some of these studies are as follows: Options for the Lesotho Economy in Year 2000, - Perspective Plan Alternatives by Dr. H. Kizilyalli, (February 1982); Econometric Model of Lesotho Economy by Dr. William H. Waldorf (July, 1981); National Accounts of Lesotho 1967/68 - 1979/80 by Dr. Dushan Milikovic et al (June, 1981); Lesotho Economic Indicators by Dr. Dushan Milikovic (June, 1981); Pertinent information can also be found in Kingdom of Lesotho Country Paper - United Nations Conference on Least Developed Countries, Maseru: Central Planning and Development Office. March, 1981 Employment Projections and Manpower Development in Lesotho 1975-1980. Maseru: Central Planning and Development Office. September, 1976.

Information on employment and industrial establishments can be found in A Survey of Employment and Manpower in the Private and Parastatal Sectors in Lesotho in 1980. By Dr. Kweku O.A. Appiah. Maseru: National Manpower Secretariat. October, 1981 and Survey of Establishments in Lesotho 1980 by Mr. S.S. Holda Maseru: Department of Labour; September, 1981.

The Bureau of Statistics also issues studies of interest. These include the Annual Statistical Bulletin 1980; 1976 Population Census Volumes I, II, III and IV; Livestock Statistics Census of Industrial Production 1969/70 - 1975/76. The Bureau publishes 50 surveys of varying quality on different topics.

Information on the industrial sector can also be found in a study entitled The Industrial Sector of Lesotho by Bernard Decaux prepared ^{for} for GOL by the World Bank and dated 7th March, 1980. And another relevant study is A Comparative Study of Incentives Offered to Foreign Manufacturing Investment in Lesotho and Nearby Countries. Maseru: LNDC April, 1982.



