



EXTENDED NATIONAL STRATEGIC DEVELOPMENT PLAN II

2023/24 – 2027/28



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LIST OF ACRONYMS

AfDB	African Development Bank
AfriPI	Africa Intellectual Property Rights and Innovation
AGOA	African Growth and Opportunity Act
AIDS	Acquired Immunodeficiency Syndrome
ARIPO	African Regional Intellectual Property Organisation
AU	African Union
AUSC	African Union Sport Council
CBMS	Central Budget Management System
CCI	Creative Cultural Industry
CDC	Centres for Disease Control and Prevention
CGP	Child Grant Programme
CHAL	Christian Health Association Lesotho
CNAP	Comprehensive National Agriculture Policy
COVID-19	Corona Virus Disease - 2019
CoW	Commissioner of Water
CSE	Comprehensive Sexual Education
CSO	Civil Society Organisation
DCEO	Directorate on Corruption and Economic Offences
DDPR	Directorate of Dispute Prevention and Resolution
DMA	Disaster Management Authority
DP	Development Partners
DRM	Disaster Risk Management
DT	Digital Transformation
ECCD	Early Childhood Care and Development
EU	European Union
EU-EFPA	European Union Economic Partnership Agreement
FDI	Foreign Direct Investment

GDP	Gross Domestic Product
GoL	Government of Lesotho
HIV	Human Immunodeficiency Virus
ICT	Information and Communication Technology
ICM	Integrated Catchment Management
IDUL	Independent Democratic Union of Lesotho
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMF	International Monetary Fund
IOM	International Organization for Migration
IT	Information Technology
KPA	Key Priority Area
kW	Kilowatt
LCA	Lesotho Communications Authority
LCN	Lesotho Council of Non-Governmental Organizations
LCTE	Lesotho Clothing and Textile Enterprises
LESCOSAA	Lesotho Copyright Society of Authors and Artists
LFDS	Lesotho Flying Doctor Service
LHLDC	Lesotho Housing and Land Development Corporation
LHWP	Second Lesotho Highlands Water Project
LNDC	Lesotho National Development Corporation
LPPA	Lesotho Planned Parenthood Association
LTDC	Lesotho Tourism Development Corporation
LTEA	Lesotho Textile Exporters' Association

M&E	Monitoring and Evaluation
MAFSN	Ministry of Agriculture, Food Security and Nutrition
MCC	Millennium Challenge Corporation
MDA	Ministries, Departments and Agencies
MGYSD	Ministry of Gender, Youth, and Social Development
MICSTI	Ministry of Information, Communications, Science, Technology and Innovation
MoET	Ministry of Education and Training
MoH	Ministry of Health
MoU	Memorandum of Understanding
MTR	Mid-Term Review
MTSAC	Ministry of Tourism, Sports, Arts, and Culture
MW	Megawatt
NACTWU	National Clothing Textile and Allied Workers Union
NCC	National Consultative Committee
NGO	Non-Governmental Organization
NSDP	National Strategic Development Plan
NUL	National University of Lesotho
OAP	Old Age Pension
OVC	Orphans and Vulnerable Children
OVC-B	Orphan and Vulnerable Children Bursary
PA	Public Assistance
PAC	Public Accounts Committee
PCGF	Private Capital Growth Fund
PEMANDU	Performance Management and Delivery Unit
PEPFAR	President Emergency Plan for Aids Relief

PFM	Public Financial Management
PICSA	Participatory Integrated Climate Services for Agriculture
PIH	Partners in Health
PPD	Public-Private Dialogue
PPP	Public-Private Partnership
PSD	Private Sector Development
PSIC	Public Sector Investment Committee
SACU	Southern African Customs Union
SADC	Southern African Development Community
SADP	Smallholder Agriculture Development Project
SDG	Sustainable Development Goal
SOP	Standard Operating Procedure
STI	Science, Technology, and Innovation
SWOT	Strengths, Weaknesses, Opportunities, Threats
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNITE	United Textile Employees
US	United States
WASH	Water, Sanitation, and Hygiene
WBG	World Bank Group
WHO	World Health Organisation
WLSA	Women and Law Southern Africa

The Extended National Strategic Development Plan II (NSDP II) builds upon the foundation of the previous plan, continuing to address Lesotho's core development goals while adapting to emerging challenges and opportunities. This extension aims to address previous implementation gaps and drive sustainable and inclusive economic growth, focusing on updated strategic priorities while maintaining the overarching goals of the original plan.

KEY STRATEGIC GOALS

The plan emphasises enhancing inclusive and sustainable economic growth through private sector-led job creation. Key Priority Area I (KPA I) now focuses on agriculture, manufacturing, tourism, creative industries, and mining. The inclusion of mining as a primary sector underscores its growing importance to the economy, while Technology and Innovation are now considered part of the cross-cutting issues.

Strengthening human capital remains critical, with continued investments in education and health services to develop a skilled and healthy workforce essential for economic progress. Efforts are concentrated on improving the quality and accessibility of education, aligning it with market needs, and enhancing healthcare services to ensure a healthy population capable of contributing to and benefiting from economic growth.

Key Priority Area III includes the development and maintenance of essential infrastructure to support economic activities and improve citizens' quality of life. This encompasses transport, energy, water, sanitation, hygiene, and waste management infrastructure. The aim is to create a sustainable and resilient infrastructure base that facilitates business operations, enhances connectivity, and ensures the provision of essential services to communities.

Key Priority Area IV focuses on strengthening public institutions, enhancing service delivery, and promoting good governance. This involves improving public finance management, ensuring effective oversight, decentralising services to improve accessibility and efficiency, and strengthening the rule of law and security to create a stable and conducive environment for development.

The cross-cutting issues addressed in the plan are Environment and Climate Change, Youth, Gender, Vulnerable Groups, Disaster Risk Management, and Technology and Innovation. These issues are integrated into all strategic goals to ensure a comprehensive approach to sustainable development. Environmental and climate change initiatives aim to promote sustainable resource management and enhance climate resilience. Youth programs focus on empowering young people to harness their potential for driving economic growth. Gender equality is promoted through policies and programs that

ensure equal participation in all sectors and address gender-based violence. Support for vulnerable groups is provided through inclusive development strategies and social protection measures. Disaster risk management focuses on enhancing preparedness, response, and recovery capacities. Technology and innovation are integrated as cross-cutting issues to drive efficiency, improve productivity, and foster innovation across all sectors.

The key outcomes and targets of the Extended NSDP II include achieving a higher economic growth rate, significantly reducing poverty, and creating a substantial number of jobs annually across key sectors, particularly in mining. The focus on technology and innovation as cross-cutting issues highlights their role in supporting all strategic goals, while climate resilience and sustainability measures are integrated across development activities to ensure long-term environmental and economic stability. The extension continues to focus on the goals shown in the schematic below:



GLOBAL AND REGIONAL DEVELOPMENT AGENDAS

The NSDP II is aligned with the 2030 Agenda for Sustainable Development, the African Union Agenda 2063, and the SADC Regional Indicative Strategic Development Plan. It emphasises the interrelatedness of SDGs, aiming to address issues such as climate change, poverty, inequality, and gender equality through integrated and comprehensive strategies.

The Extended NSDP II represents a renewed commitment by the Government of Lesotho to overcome past implementation challenges and achieve sustainable development through strategic planning, effective implementation, and continuous monitoring. This comprehensive approach aims to create a resilient, inclusive, and prosperous economy for all Basotho.

The Extended (NSDP II) is a comprehensive strategic roadmap that guides Lesotho's development. It results from extensive strategic thinking that aims to reposition the country on a sustainable development path. Building upon NSDP II 2018/19-2023/24, the Extended NSDP II seeks to transform Lesotho from a consumer-based economy to a producer-based economy, aiming to promote inclusive growth and create employment through the private sector to reduce poverty. The primary objective of the extended plan is to establish a concise strategic framework with well-defined, implementable goals. This approach will enable the efficient allocation of resources to achieve the desired outcomes.

PREPARATORY PROCESS

The Extended NSDP II reflects the results of a participatory process involving the ministries, departments and agencies (MDA) under each KPA. Stakeholder consultations were held with each sector, to realign strategic objectives and to prioritise strategic initiatives using a prioritisation matrix. These were followed by validation workshops where members of each sector for all the KPAs participated. The consultations were augmented by an extensive desk review of the successes and challenges faced during the implementation period of the outgoing NSDP II 2018/19-2023/24, followed by a review of global trends to ensure that Lesotho follows the best practices and is aligned to the global developmental frameworks.

RATIONALE

The National Strategic Development Plan (NSDP) has undergone significant evolution over time to address the country's critical development challenges while aligning with its long-term vision of becoming "a stable democracy, a united, and prosperous nation at peace with itself and its neighbouring countries" by 2020.¹ The first NSDP was implemented from 2012/13 to 2016/17, focusing on achieving sustained and broad-based economic growth as the most effective route for poverty reduction through private sector growth. The second NSDP was implemented from 2018/19 to 2022/23 and aimed to grow employment in the private sector that could be maintained beyond seasonal or informal activities. The NSDP II aimed to achieve this by focusing on four key priorities: enhancing inclusive and sustainable economic growth and private sector-led job creation; strengthening human capital; building enabling infrastructure; and strengthening national governance and accountability systems.

However, these development plans did not fully realise their goals for various reasons. For instance, the Mid Term Review revealed that the NSDP II could not be fully implemented because it was too ambitious

¹ GOL. 2022. Mid-Term Review of the National Strategic Development Plan II

given the context of Lesotho. The plan was not fully aligned with the limited financial and non-financial resources available in the country, making it challenging to implement all identified priorities effectively. Furthermore, the Plan had too many strategic interventions and priorities, leading to a complex and extensive framework that did not align with the available resources in Lesotho. The review further highlighted that the lack of a comprehensive Monitoring and Evaluation (M&E) framework in the previous NSDP I contributed to difficulties in planning and monitoring progress, potentially leading to an overly ambitious NSDP II.

External factors such as the COVID-19 pandemic and the Russian-Ukraine war negatively impacted the progress made towards employment creation and poverty reduction. The COVID-19 pandemic caused "deep economic regression, significant loss of productivity, and job losses with the shutting down of factories and mines in Lesotho and South Africa, worsening inequalities for a country that relies heavily on remittances.² The war between Russia and Ukraine has led to a substantial increase in the prices of energy and food. Fuel and food shortages caused by the war are exacerbating post-pandemic inflation that had already reached multi-decade highs in most economies.³ In Lesotho, the inflation rate for 2022 was 8.27% and slightly decreased in February 2024 to 7.30%.⁴ These global events have had a significant impact on several economies, including Lesotho. This has resulted in increased inequalities, with a spike in fuel and food prices and job losses. The country has had to endure budget cuts, leading to a delay in implementing strategic initiatives across various sectors. These setbacks have necessitated a revaluation of the NSDP II's strategic objectives and initiatives to align them with the current realities such that they are implementable.

AMENDMENTS

The Extended NSDP II includes several adjustments, including reassigning sectors to Key Priority Areas (KPAs) based on their potential to yield more value. The Mining sector has shifted to KPA I, which focuses on Productive Sectors. The government intends to leverage the mining sector's potential, particularly diamond mining, to generate employment and support economic diversification, as the sector has positioned itself to be a growth accelerator and a productive sector.

The Finance, Technology and Innovation Sectors are now part of the cross-cutting sectors as these are all pertinent to the implementation and growth of all strategic objectives. The budget limitations and financial constraints impacted the ability to effectively implement strategies and activities outlined in the NSDP II, hindering progress towards the planned outcomes. Moreover, expectations of regression in

² United Nations Development Programme (UNDP). 2022. [The Impact of the War in Ukraine on Sustainable Development in Africa.](#)

³ International Monetary Fund (IMF). 2022. [The Long-Lasting Economic Shocks of War.](#)

⁴ Trading Economics. 2024. [Lesotho Inflation Rate.](#)

poverty alleviation post-COVID-19 indicated a potential setback in addressing socio-economic challenges due to limited financial resources and the inability to adequately fund key sectors like healthcare and social development.⁵ On the other hand, technology and innovation go hand in hand with digital transformation which are essential to optimal growth and service delivery. Embracing digital technologies fosters innovation, agility, and adaptability in implementing the NSDP II, allowing for quick responses to changing circumstances and emerging challenges across all KPAs. For these reasons, finance, technology, and innovation are now part of the Cross-Cutting issues. The last addition is the inclusion of vulnerable groups (children and older people) in cross-cutting themes.

Another amendment is the reduction of strategic objectives and interventions. Each sector within a KPA has a maximum of three (3) Strategic objectives and five (5) prioritised interventions. This will improve the efficiency of implementing strategies outlined in the Extended NSDP II, leading to more effective outcomes.

LESSONS LEARNT

The NSDP II brought forth several valuable lessons, both positive and negative, that are worth noting. The availability of adequate resources is a pivotal factor in realising development goals. This is exemplified by the positive impact of well-resourced projects, such as the Smallholder Agriculture Development Projects (SADP I & II) in the agricultural sector. A notable lesson to be learned is the necessity for efficient data collection and monitoring. The lack of monitoring data is a significant challenge that demands a tailored training approach, specific to ministry needs, alongside the development of a robust Monitoring and Evaluation (M&E) framework for effective implementation. Furthermore, stakeholder engagement is critical in evaluating the relevance, efficiency, and effectiveness of the NSDP II in guiding strategic plans and activities. Finally, a comprehensive and unambiguous M&E framework with clearly defined indicators, data collection mechanisms, and a management information system is imperative for monitoring progress, identifying gaps, and ensuring accountability in achieving NSDP II goals. Some of the significant achievements and challenges that emerged from the Plan are outlined below:

⁵ GOL. 2022. Midterm Review of the National Strategic Development Plan II

NSDP II ACHIEVEMENTS

CHALLENGES

KPA I



Sports and recreation policy was developed and launched. Lesotho also hosted the AU Sports Council region 5 games.

Business licensing and Registration Act, 2019 Business licensing and Registration Regulations, 2020 have been enacted. It provides for 47 sectors reserved businesses for indigenous Basotho.



Challenges encountered

1. Some of the interventions required substantial funding and funding mechanisms were limited.

KPA II



The Disability Grant Programme and the second National Social Protection Strategy (NSPS II) were launched in the 2022/23 financial year.



MoET has adopted the Lesotho qualifications framework which caters for competencies based education at all levels. LQF prescribes outcome-based programmes and it is also oriented towards competencies.



Challenges encountered

1. Stigma towards TVET institutions.
2. Declining investment in tertiary sub-sector.
3. Slow uptake of migration of curricula to distance or online learning.

KPA III



Energy Infrastructure : Positive progress was noted in the energy sector, indicating advancements in energy infrastructure development and potentially improved access to reliable energy sources

ICT Infrastructure: Progress was observed in the Information and Communication Technology (ICT) sector, suggesting enhancements in ICT infrastructure that could contribute to digital connectivity and technological advancement in the country.



Challenges encountered

1. Resource Constraints: Limited financial resources and budgetary constraints may have hindered the full realisation of the planned objectives.

KPA IV



Implementing clear communication and accountability measures around the 30-day supplier payment policy.



Development of a Public Private Partnerships (PPP) Policy to enhance collaboration between the public and private sectors and move towards an economy with increased private-sector participation.



Challenges encountered

1. Corruption Perception Index: Lesotho experienced a regression in governance and accountability metrics, as indicated by a decrease in the Corruption Perception Index score and Overall Governance Score, highlighting persistent challenges related to corruption and weak governance practice

CROSS- CUTTING



THE GoL has taken significant strides towards achieving gender equality.

1. Reviewed Gender and Development Policy.
2. Enacted the Counter Domestic Violence Act of 2022 and launched the Nokaneng application.



GoL launched 'ReNOKA', and ICM initiative aimed at rehabilitating degraded catchments across the country, protecting natural resources, and engaging unifying and inspiring communities to protect and restore land and water resources.



Challenges encountered

1. low political will.
2. Lack of appreciation of gender equality by the civil service



DEVELOPMENT CONTEXT



Lesotho, nestled in the heart of Southern Africa, is a landlocked nation enveloped by South Africa, sharing an extensive 1,106 km border with its larger neighbour.⁶ Its geographical identity is defined by the Maloti Mountains, home to Southern Africa's tallest peak, Thabana Ntlenyana, towering at an impressive 3,482 meters above sea level.⁷ The demarcation of Lesotho's borders primarily follows the contours of rivers and watershed divisions, with prominent features such as the Makhaleng River, Orange River, Tele River, Caledon River, and the Drakensberg Mountain range all contributing to its geographical boundaries.⁸ This rugged, mountainous terrain endows Lesotho with a unique topography, with over 80% of its landmass soaring above the 1,800-meter mark, marking it as the only independent nation entirely elevated beyond 1,000 meters.⁹



DEMOGRAPHIC PROFILE

The current population of Lesotho stands at approximately 2.31 million people.¹⁰ Over the past 62 years, the population has surged by 175.4%, with a current growth rate of 0.76 %.¹¹ Notably, Lesotho boasts a youthful demographic profile, characterised by a significant proportion of young and working-age individuals.¹² The Basotho people constitute the predominant ethnic group, accounting for 99.7% of the population, while other ethnicities, including the Xhosa, Asian, and European communities, comprise the remaining 0.3% .¹³ The official languages spoken within the country are Sesotho and English.

In terms of urbanisation, approximately 30% of the population resides in the capital city, Maseru, indicating a moderate level of urban development. Projections by the United Nations suggest a further

⁶ <https://www.loc.gov/item/98681209/>.

⁷ Ibid.

⁸ <https://sovereignlimits.com/boundaries/lesotho-south-africa-land>.

⁹ Ibid.

¹⁰ <https://www.migrationpolicy.org/country-resource/lesotho>.

¹¹ <https://www.worlddata.info/africa/lesotho/populationgrowth.php>.

¹² Ibid.

¹³ Ibid.

rise in urbanisation, reaching 33.4% by 2026 and 46.7% by 2050.¹⁴ This upward trend in urban living has highlighted the pressing issue of housing, characterised by both quantitative and qualitative deficits in urban areas, as well as housing deterioration in rural regions.¹⁵ Rapid urbanisation poses multifaceted challenges for Lesotho, notably where water provision is concerned.¹⁶ The burgeoning urban population has heightened demand for water services, exacerbating the strain on freshwater resources and presenting a formidable obstacle to sustainable water management.¹⁷ Migration has long been a significant livelihood strategy in Lesotho, with a historical trend of emigration, particularly to neighbouring South Africa.¹⁸ The primary drivers of migration from Lesotho include limited employment opportunities and poverty. Basotho women, predominantly younger, often find employment as domestic workers, while a substantial portion of migrants from Lesotho seek work in South Africa's mining sector, constituting approximately 60% of the workforce in this industry.¹⁹ In recent years, Lesotho has witnessed an influx of immigrants, notably Asian residents, particularly Chinese nationals. However, admitting and integrating immigrants faces various challenges, including the need for enhanced institutional coordination and the absence of a universal identification and registration system.

To address these issues, the government of Lesotho has implemented various measures to leverage migration for both human and economic development. These measures include the enactment of new legislation to combat human trafficking and smuggling, the issuance of passports and national identification cards, and ongoing reviews of relevant legislative frameworks, such as the Aliens Control Act of 1966. Moreover, Lesotho has forged bilateral agreements with South Africa, focusing on labour cooperation and access to social security benefits for Lesotho migrants, as well as facilitating cross-border movement between the two nations.

POLITICAL CONTEXT

Lesotho operates under a parliamentary representative democratic constitutional monarchy, with the Prime Minister exercising executive power as head of government.²⁰ Conversely, the King serves as a ceremonial head of state without executive or legislative authority.²¹ The legislative branch comprises the National Assembly and the Senate, reflecting a multi-party system.²² However, political instability has plagued Lesotho, characterised by periods of undemocratic rule and military intervention between 1970 and 1993, and again from 1986 to 1993.²³ Despite significant changes following the 2022 election,

¹⁴ <https://africapolis.org/en/country-report/Lesotho>.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ 'Migration, Remittances and Development in Lesotho', T. Green, C. Leduka. 2010.

¹⁹ Ibid.

²⁰ The Constitution of the Kingdom of Lesotho, 1993.

²¹ Ibid.

²² http://archive.ipu.org/parline-e/reports/CtrlParlementaire/2181_F.htm.

²³ <https://core.ac.uk/reader/286041970>.

Lesotho continues to grapple with political instability. Addressing socio-economic challenges is crucial to restoring faith in democracy and fostering peace to mitigate further instability.²⁴

The legal system in Lesotho operates under a dual framework, incorporating traditional customary law, *Molao oa Lerotholi*, alongside common law.²⁵ The judiciary functions independently from the executive and legislative branches, with customary law administered by traditional courts to handle matters predominantly concerning family law and land use rights.²⁶ While instances of political interference have been noted, recent years have seen improvements. Notably, the legal system shares close ties with South Africa, with key justice sector positions often filled by South African judges.²⁷

Public administration in Lesotho faces challenges concerning corruption, transparency, and service delivery efficacy.²⁸ The World Bank's Country Governance Profile underscores the imperative for enhancing governance, including the effectiveness of assistance for good governance.²⁹ Despite these challenges, progress is underway, driven by collaborative efforts involving diverse stakeholders, including civil society organisations and international partners like UNDP and EU.³⁰ Emphasizing political stability, transparency, accountability, and efficient service delivery reflects a concerted commitment to effecting positive change and tackling longstanding governance issues in Lesotho.³¹

SOCIAL STRUCTURE

Lesotho's social structure is intricately shaped by its unique geographical features, historical context, and rich cultural heritage. The education system encompasses primary, secondary, and tertiary levels, contributing to a relatively high literacy rate of 83.2% as of 2021.³² However, challenges persist in accessing education, especially in rural areas. Efforts by the government to address this include school construction and scholarships for tertiary education. Yet, obstacles such as teacher shortages, limited resources, and high dropout rates remain prevalent.³³

The healthcare system in Lesotho, comprising both public and private services, grapples with significant hurdles. Remote villages often lack access to health facilities, compounded by infrastructure issues. Lesotho has one of the world's highest HIV prevalence rates, with an estimated 23.6% of the population living with HIV in 2021.³⁴ Moreover, there is a shortage of highly qualified healthcare professionals, with

²⁴ <https://www.eisa.org/storage/2023/05/2015-journal-of-african-elections-v14n2-free-elections-political-instability-lesotho-eisa.pdf>.

²⁵ https://brill.com/view/journals/ajls/6/1/article-p49_3.xml?language=en.

²⁶ Ibid.

²⁷ Ibid.

²⁸ https://upjournals.up.ac.za/index.php/strategic_review/article/view/238/186.

²⁹ <https://www.transparency.org/en/countries/lesotho>.

³⁰ Ibid.

³¹ Ibid.

³² <https://www.worldbank.org/en/country/lesotho/overview>.

³³ Ibid.

³⁴ <https://www.unaids.org/en/keywords/lesotho>.

only 20 doctors, nurses, and midwives per 10,000 people.³⁵ To address these challenges, the government has collaborated with organisations like Partners in Health (PIH) and received support from the U.S. Government's PEPFAR program to combat the HIV epidemic. The Millennium Challenge Corporation (MCC) is also planning investments in digital health systems, including primary healthcare equipment and infrastructure.³⁶

The social welfare system in Lesotho has undergone significant evolution, transitioning from traditional welfare approaches to comprehensive social development initiatives. Considerable investments have been made in social protection programs to assist vulnerable groups and combat poverty and food insecurity. These efforts have been intensified in response to challenges such as frequent droughts and the global COVID-19 pandemic. Social protection initiatives encompass various programs aimed at supporting vulnerable individuals and households across their life cycle. These programs cover areas such as old-age pensions, school feeding, and tertiary education bursaries. Collaboration with development partners such as the European Union (EU) and UNICEF has been instrumental in strengthening the governance of social protection and ensuring alignment with national development plans and international cooperation frameworks.

ECONOMIC STRUCTURE

Agriculture stands as a foundational pillar in Lesotho's economic landscape, not only providing sustenance for its populace but also serving as a significant source of livelihood, particularly in rural areas. However, recent years have witnessed the sector grappling with various challenges, notably adverse weather conditions that have hampered agricultural production. As highlighted in the Central Bank Outlook, these challenges have led to contractions in output, raising concerns about food security and economic stability. This decline in agricultural production underscores the urgent need to prioritise resilience-building measures within the strategic framework. Investment in irrigation infrastructure, adoption of climate-resilient agricultural practices, and provision of support for smallholder farmers should be central tenets of agricultural policy under the NSDP II. By addressing these challenges head-on, policymakers can mitigate the sector's vulnerability to weather fluctuations and ensure its continued contribution to national development goals.

Moving to the manufacturing sector, particularly textiles, Lesotho has long relied on this industry as a cornerstone of its industrialisation efforts. However, as highlighted in the Central Bank Outlook, recent trends paint a sobering picture of decline. High material and input costs, coupled with dwindling orders

³⁵ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9131109/>.

³⁶ <https://www.pwc.com/gx/en/healthcare/publications/assets/pwc-health-system-innovation-in-lesotho-complete-report-pdf.pdf>.

from key export markets like the US, have led to contractions in output and widespread job losses. For the Extended NSDP II, diversification emerges as a critical imperative for the manufacturing sector. Lesotho can build a more resilient industrial base by reducing reliance on traditional industries like textiles and fostering innovation in emerging sectors. Policies aimed at attracting investment in non-traditional manufacturing sectors, enhancing technological capabilities, and fostering skills development will be instrumental in driving industrial growth and promoting job creation.

In the mining and quarrying sector, diamond mining has historically been a significant revenue generator for Lesotho. Despite global price fluctuations, the sector has shown resilience, with some mines experiencing increased prices per carat. However, challenges persist, particularly concerning environmental sustainability and revenue diversification. Within the context of Lesotho's development plan, there is a pressing need to strike a balance between economic exploitation and environmental preservation in the mining sector. Policies promoting responsible mining practices, enhancing value addition, and exploring opportunities in other mineral resources beyond diamonds should feature prominently in the strategic framework. By prioritising sustainability and diversification, Lesotho can ensure the long-term viability of its mining industry while maximising its contribution to national development goals.

Lastly, the services sector, encompassing tourism, arts, and culture, holds immense potential for Lesotho's economic growth. The Central Bank Outlook projects positive growth trajectories for the services sector, buoyed by infrastructure projects like the Lesotho Highlands Water Project (LHWP II). This highlights the need to prioritise investment in infrastructure development and tourism promotion to unlock the sector's full potential. By enhancing connectivity, preserving cultural heritage, and expanding tourism offerings, Lesotho can capitalise on the services sector's growth opportunities, thereby fostering sustainable economic development and broad-based prosperity.

Regional and global geopolitical dynamics influence Lesotho's economic landscape. Political stability, regional cooperation, and diplomatic relations shape the country's access to markets, investment flows, and development assistance. Lesotho can leverage its geopolitical position to strengthen partnerships, foster stability, and capitalise on emerging opportunities for trade, investment, and development cooperation.

Lesotho's development landscape is shaped by a combination of challenges, threats, and opportunities that have significant implications for the implementation of the Extended National Strategic Development Plan II (NSDP II). Stakeholder consultations have highlighted key issues and emerging trends that will influence the country's socio-economic progress from 2023/24 to 2027/28.

DEVELOPMENTAL CHALLENGES

Economic Vulnerability and Dependency

Lesotho's economy remains highly vulnerable due to its heavy reliance on a narrow range of sectors, particularly textiles and remittances from Basotho working abroad. This economic concentration exposes the country to external shocks such as global market fluctuations and changes in trade policies. Diversification efforts have been insufficient, necessitating a renewed focus on broadening the economic base to enhance resilience.

High Unemployment Rates

Lesotho continues to grapple with persistently high unemployment rates, driven by structural and economic factors. The country's economy remains undiversified, with limited industrial development and low levels of Foreign Direct Investment (FDI), resulting in a narrow employment base. Over-reliance on the public sector for job creation further compounds the problem, as government employment cannot absorb the growing labour force or meet rising demand for jobs. Consequently, much of the working-age population remains unemployed or engaged in precarious, low-paying informal work.³⁷

Compounding these challenges is a misalignment between labour market needs and workforce composition. Specific sectors, such as public administration and basic services, are oversaturated with job seekers, while others—like manufacturing and technology—remain underdeveloped and unable to absorb available labour. For example, data from the Lesotho Labour Force Survey (2019) indicate that wholesale and retail trade employ only 13% of the workforce, while industries like ICT remain marginal. Meanwhile, agriculture employs over 40% of the population but contributes less than 10% to GDP, reflecting its low productivity and limited capacity to drive economic growth.³⁸ This sectoral imbalance restricts job creation, as high-potential industries fail to expand and absorb labour.

Another critical issue is the insufficient focus on value chain development within key industries. For instance, while Lesotho has a well-established textile sector, limited linkages within the value chain

³⁷ UNDP. (2021). Lesotho National Human Development Report. Maseru: United Nations Development Programme.

³⁸ Bureau of Statistics (BOS). (2019). Labour Force Survey 2019. Maseru: Government of Lesotho.

reduce its capacity to generate jobs across related sectors, such as logistics or high-value apparel production.³⁹ Weak integration into regional and global markets further constrains industries' scalability, impeding their ability to create sustainable employment opportunities. Tackling these issues will require a dual strategy of stimulating sectoral growth and rebalancing labour market dynamics.

Healthcare and Education Deficiencies

Despite progress, access to quality healthcare and education remains uneven, particularly in rural areas. Inadequate healthcare facilities and educational resources in these regions hinder human capital development, limiting the country's ability to harness its demographic dividend for economic growth. Continued investment in healthcare infrastructure, improving education quality, and expanding access are essential for building a healthy and skilled workforce.

Infrastructure Gaps

The inadequacy of infrastructure, including transport, energy, and water systems, continues to pose a significant barrier to economic development. Poor infrastructure limits market access, reduces efficiency, and increases operational costs for businesses and individuals. Addressing these gaps is crucial for improving competitiveness, attracting investment, and supporting economic activities.

Climate Change and Environmental Degradation

Lesotho faces increasing impacts from climate change, with erratic weather patterns, prolonged droughts, and severe storms posing risks to agricultural productivity, water security, and environmental sustainability. These challenges are compounded by financial and technical constraints that limit the country's ability to mitigate and adapt effectively. Droughts in 2019 and 2021, for example, severely reduced water availability, straining agricultural systems and threatening food security in a nation reliant on subsistence farming.⁴⁰ The rugged terrain further amplifies environmental vulnerability, particularly in the highlands, where overgrazing accelerates soil erosion and reduces land productivity. Dependence on wood for fuel and unsustainable farming practices contribute to deforestation, destabilising ecosystems and increasing susceptibility to climate impacts.^{41,42} Weak enforcement of environmental regulations and insufficient investment in climate-resilient infrastructure further undermine sustainable development efforts.⁴³

³⁹ World Bank. (2019). Lesotho: Country Partnership Framework FY2019–FY2024. Washington, D.C.: World Bank Group.

⁴⁰ FAO. (2018). Lesotho and Drought Resilience: Impacts on Agriculture and Food Security.

⁴¹ UNEP. (2019). Africa Environment Outlook: Soil Erosion in Lesotho.

⁴² Ministry of Forestry, Range, and Soil Conservation. (2017). Lesotho National Soil Erosion Control Strategy.

⁴³ UNDP. (2021). Lesotho Climate Change and Vulnerability Report.

These environmental challenges disproportionately affect rural communities, women, and youth. Declining agricultural yields and loss of arable land exacerbate poverty, increase migration pressures, and reduce income-generation opportunities. Lesotho's heavy reliance on agriculture underscores the urgency of addressing these issues to prevent further socioeconomic inequalities.⁴⁴⁴⁵ In addressing these issues, key priorities should include adopting climate-smart agricultural practices, reforestation initiatives, and improved water resource management. Additionally, strengthening governance, enforcing environmental regulations, and securing international financial and technical support are vital to building resilience and protecting livelihoods.

Lack of Political Will and Limited Financial Resources

A recurring theme during stakeholder consultations was the lack of political will and limited financial resources, which are major impediments to the effective implementation of development initiatives. These issues hinder progress and undermine efforts to achieve strategic goals. Strengthening political commitment and securing adequate funding are critical for successful implementation.

Limited Skills and Capacity

Limited skills and capacity within various sectors pose a significant challenge to development. The skills gap affects productivity and the ability to implement and sustain development projects effectively. There is a pressing need for capacity-building initiatives to address these gaps, enhance skills through targeted training programs, and improve institutional capacities.

THREATS

Political Instability

Political instability and governance challenges pose significant threats to development. Frequent government changes, political fragmentation, and weak institutional frameworks undermine policy continuity and implementation. Ensuring stable and effective governance is crucial for sustained development, necessitating political consensus and strengthened governance structures.

Health Crises

The COVID-19 pandemic underscored Lesotho's vulnerability to health crises. Future pandemics or health emergencies could severely impact public health and economic activities, stressing the need for

⁴⁴ World Vision Lesotho. (2022). Impact of Climate Change on Rural Livelihoods.

⁴⁵ Lesotho Vulnerability Assessment Committee (LVAC). (2021). Annual Vulnerability Assessment.

robust health systems and emergency preparedness. Investing in healthcare infrastructure and enhancing emergency response capabilities are critical for mitigating the impact of health crises.

Global Economic Shifts

Changes in the global economic landscape, such as trade tensions, shifts in foreign direct investment flows, and technological advancements, can profoundly affect Lesotho's economy. Strategically navigating these shifts is essential to safeguarding economic interests and capitalising on opportunities. Adapting to global economic trends and fostering economic resilience are necessary for maintaining stability.

Socio-Economic Inequalities

Persisting socio-economic inequalities, including gender disparities and the marginalisation of vulnerable groups, threaten social cohesion and inclusive development. Addressing these inequalities through targeted policies and programs is vital for sustainable growth. Promoting social inclusion and equity is essential for fostering a cohesive and prosperous society.

JOB CREATION OPPORTUNITIES

Economic Diversification

There are significant opportunities to diversify Lesotho's economy by developing sectors such as agriculture, tourism, creative industries, and mining. Leveraging its natural resources, cultural heritage, and strategic location can attract investment and stimulate growth in these areas. Diversification efforts can enhance economic resilience and create new job opportunities, contributing to overall economic stability.

Harnessing Technology and Innovation

Technology and innovation offer immense potential to transform various sectors, improve productivity, and create new economic opportunities. Investing in digital infrastructure, fostering a culture of innovation, and promoting tech-driven solutions can enhance competitiveness and drive sustainable development. Embracing technological advancements can also improve service delivery and governance, leading to more efficient and effective public services.

Regional Integration

Strengthening regional integration and leveraging trade agreements can open new markets and enhance economic cooperation. Regional integration can facilitate infrastructure development,

harmonise policies, and promote mutual benefit, improving economic growth and development. Fostering regional cooperation and collaboration can lead to shared prosperity and stability.

Youth Empowerment

With a significant proportion of its population being young, Lesotho has the opportunity to harness its youth's energy, creativity, and potential. Investing in education, skills development, and entrepreneurship programs can empower young people to contribute to economic growth and social development. Engaging the youth in development initiatives can foster innovation, drive sustainable growth, and build a future-ready workforce.

Environmental Sustainability

Embracing sustainable practices and green technologies can position Lesotho as a leader in environmental stewardship. Initiatives to conserve natural resources, promote renewable energy, and enhance climate resilience can attract investment and create sustainable livelihoods. Prioritising environmental sustainability can ensure long-term economic and social well-being, securing a better future for the nation.

The Extended NSDP II aims to address these challenges and threats while capitalising on the opportunities to foster a resilient, inclusive, and prosperous economy.



MEDIUM-TERM FISCAL FRAMEWORK



MEDIUM-TERM FISCAL FRAMEWORK: OVERVIEW

Lesotho's macroeconomic framework is anchored in its long and medium-term national priorities and development agenda, as stipulated in the country's Vision 2020 and the National Strategic Development Plans, in conjunction with the UN's Sustainable Development Goals (SDGs).

The targets and intermediate outcomes of the Extended NSDP II are based on the assumption that Lesotho will maintain macroeconomic stability and sound macroeconomic policy management. During the NSDP II extension period, the primary objective is strengthening macroeconomic resilience for inclusive growth and job creation.

To achieve this, the country will focus on enhancing its potential value-added output by expanding its production capacity. This will require emphasis on growth in capital stock through additional investments in high-value productive assets.

The interrelationship between capital stock, labour and total productivity is crucial to sustainable economic growth and employment creation. Investment in productive capital not only boosts the capital stock, but also requires labour input, influencing potential employment levels. This underscores the importance of investment volume and efficiency in driving both value-added production and employment growth. Thus, growth and employment strategies should be designed to maximise the productive use of capital and labour resources.

A key component of the strategy will be maintaining low and stable inflation rates, which are essential not only for national competitiveness but also for protecting the incomes of vulnerable groups. In addition, fiscal policy will focus on sustainable public spending that supports both public services and private sector development. Aggregate public spending growth will be kept below the expected economic growth rate to facilitate fiscal consolidation, thus providing space for reforms and essential public services.

Lesotho will strive to maintain healthy levels of gross international reserves to safeguard the Loti-Rand exchange rate peg, especially considering the volatility in SACU receipts. The country will emphasise strengthening domestic resource mobilisation as well as enhancing tax collection efficiency, while at the same time implementing tax and expenditure policies designed to protect the income of vulnerable groups and promote equitable wealth distribution.

DOMESTIC DEVELOPMENTS

Real Sector Developments

The COVID-19 pandemic had a dire impact on Lesotho's economy, disrupting both the demand and supply chains during 2020/21. However, with the gradual rollout of vaccines and easing of restrictions in 2021/22, the country began to experience some recovery in economic activity.

Prior to the COVID-19 pandemic, the economy was already confronted with significant challenges, with corrosion in economic growth since 2017/18. This deterioration in economic activity was driven by factors that negatively affected the primary industry, such as prolonged droughts, unfavourable global diamond prices, and a slowdown in synthetic diamond production. Additionally, wage disputes in 2018 contributed to the temporary shutdown of the textile firms in 2019, further hindering economic activity. Economic activity is projected to grow at 2.5 percent in 2024/25, primarily driven by the Lesotho Highlands Water Project II (LHWP II), with construction expected to grow by 22.5 percent, benefiting other sectors like services.

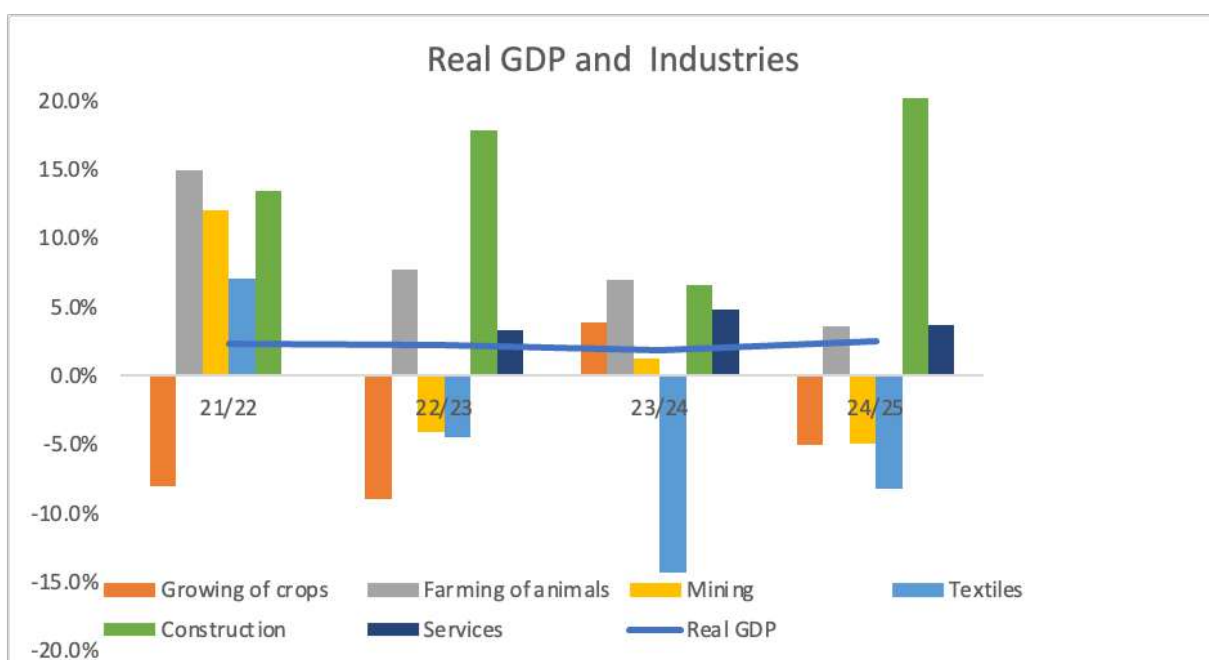


Figure 1: Real GDP and Industries

FISCAL DEVELOPMENTS

Revenue

Tax revenue, encompassing income tax, property tax, taxes on goods and services, and other taxes, constitutes the second largest government revenue source after receipts from the Southern African Customs Union (SACU). In 2021/22, total tax revenue amounted to M7,756.5million, and rose to M8,784.7million in 2022/23, reflecting an uptick in economic activity.

Tax revenue is expected to continue its recovery in 2023/24, reaching M9,244.7 million. It is further projected to grow significantly to M10,028.0 million in 2024/25. This positive trend is largely attributed to the anticipated economic boost from implementing major projects in Lesotho.

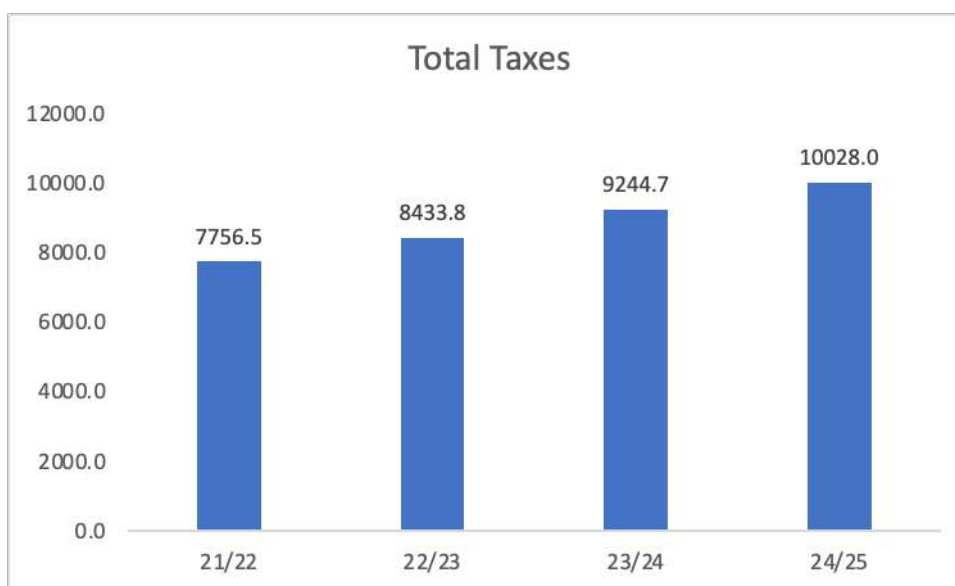


Figure 2: Total Taxes

Non-Tax Revenue

Non-tax revenue contributed 8.8 percent and 8.9 percent to GDP in 2021/22 and 2022/23, respectively, with a projected increase to 13.6 percent of GDP in 2024/25, largely due to higher water royalties. The Lesotho Highlands Development Authority (LHDA) is anticipated to collect M2,976.3 million in 2024/25, marking a significant increase from M1,987.7 million in 2023/24. This has come because of revisions made to the formula for Water Royalties.

SACU Revenue

Revenues from the Southern African Customs Union (SACU) declined to M5,399.5 million in 2022/23, down from M6,008.0 million in the preceding year. This reduction was largely attributable to the lingering effects of the global financial crisis and repayments into the SACU Common Revenue pool. The deterioration in SACU receipts places significant pressure on government finances, necessitating prudent budget management. SACU revenue is known to be highly pro-cyclical, resulting in large fluctuations in revenue during economic booms and slumps.

Expenditure

In 2021/22, total expenditure (recurrent and capital) accounted for 52.0% of GDP. Recurrent spending is projected to rise in 2024/25, with compensation of employees being the largest expenditure category, followed by goods and services and social benefits. On the other hand, Development spending has remained relatively low over the past four years, averaging 10.6% of GDP, indicating insufficient funding for key development plans. However, capital spending is expected to increase to 11.3% of GDP in 2024/25, indicating renewed investment efforts.

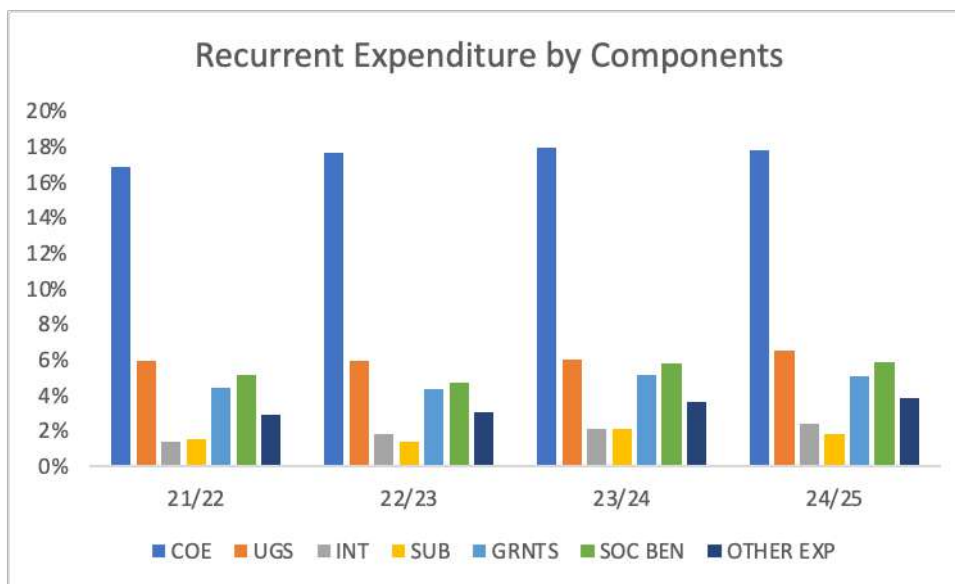


Figure 3: Recurrent Expenditure by Components

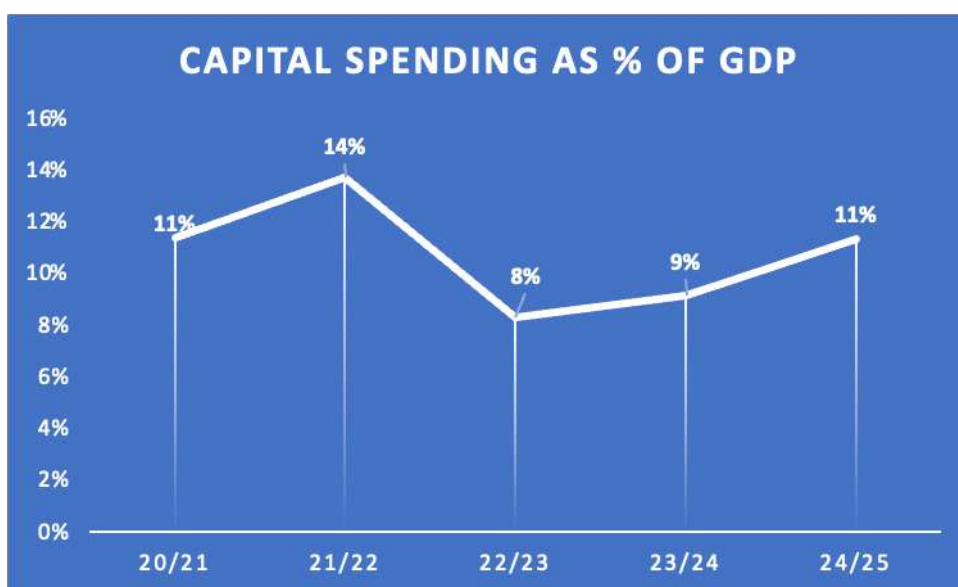


Figure 4: Capital Spending as Percentage of GDP

MACROECONOMIC OUTLOOK

Medium-Term Real Sector Outlook

The extended National Strategic Development Plan II forecasts three different growth scenarios: baseline (2.1%), moderate (4.5%) and desired growth (5.5%). Currently, Lesotho suffers from low potential output growth primarily, due to inefficiencies in investment, reflected in an Incremental Output Capital Ratio (IOCR) of 0,055, signifying that each Loti invested generates just 0.055 cents in added value. To achieve higher growth targets, the country will need to significantly enhance the efficiency of its investments.

Baseline (2.1% Growth) Scenario

Table 1: Baseline (2.1% Growth) Scenario

	IOCR	Propensity	Growth rate of potential output baseline	TGVA at constant prices	TGFCF at constant prices	Inflation SA IMF WEO	Deflator TGFCF	TGFCF at current prices
2023				18882	7863		1.409	11077
2024	0.055	41.9	2.3	19318	8103	4.7	1.475	11951
2025	0.055	42.4	2.3	19768	8373	4.5	1.541	12902
2026	0.055	41.2	2.3	20216	8326	4.5	1.610	13407
2027	0.055	39.6	2.2	20656	8180	4.5	1.683	13764
2028	0.055	37.9	2.1	21087	7988	4.5	1.758	14046

Moderate (4.5% Growth) Scenario

Table 2: Moderate (4.5% Growth) Scenario

	IOCR	Propensity	Growth rate of potential output 4.5% scenario	TGVA at constant prices	TGFCF at constant prices	Inflation SA IMF WEO	Deflator TGFCF	TGFCF at current prices	Growth rate of potential output baseline	Additional growth
2023				18882	7863		1.409	11077		
2024	0.055	41.9	2.3	19317	8102	4.7	1.475	11950	2.3	
2025	0.068	42.4	2.9	19873	8418	4.5	1.541	12970	2.3	0.55
2026	0.083	41.2	3.4	20555	8466	4.5	1.610	13631	2.3	0.55
2027	0.100	39.6	4.0	21373	8464	4.5	1.683	14241	2.2	0.55
2028	0.120	37.9	4.5	22341	8463	4.5	1.758	14881	2.1	0.55

Desired (5.5% Growth) Scenario

Table 3: Desired (5.5% Growth) Scenario

	IOCR	Propensity	Growth rate of potential output 5.5% scenario	TGVA at constant prices	TGFCF at constant prices	Inflation SA IMF WEO	Deflator TGFCF	TGFCF at current prices	Growth rate of potential output baseline	Additional growth
				18882	7863		1.409	11077		
2024	0.055	41.9	2.3	19317	8102	4.7	1.475	11950	2.3	
2025	0.074	42.4	3.1	19921	8438	4.5	1.541	13002	2.3	0.8
2026	0.095	41.2	3.9	20704	8527	4.5	1.610	13730	2.3	0.8
2027	0.119	39.6	4.7	21683	8587	4.5	1.683	14448	2.2	0.8
2028	0.146	37.9	5.5	22882	8668	4.5	1.758	15242	2.1	0.8

Employment growth is closely linked to value-added and productivity growth. In the baseline scenario, employment is projected to grow at 0.8% per year, with unemployment remaining high (around 31%). In higher growth scenarios, employment could increase by 1.7% and 2%, respectively, significantly reducing unemployment. This underscores the critical importance of economic growth in improving employment levels and reducing unemployment in the country.

Baseline Scenario

Table 4: Baseline Scenario

	GDP in million M.	EMP	Total Productiv ity in M.	TGVA average annual growth rate	EMP average annual growth rate	Total Productiv ity average annual growth rate	Labor Force	Unemploy ment rate in %
1996	10482	438642	23896				573064	23.5
2006	14497	513016	28257	3.3	1.6	1.7	551989	7.1
2016	19970	569220	35083	3.3	1.0	2.2	656809	13.3
2019	18981	521445	36401	-1.7	-2.9	1.2	672711	22.5
2024	19271	549722	35056	0.3	1.1	-0.7	786298	30.1
2025	19720	554460	35566	2.3	0.9	1.5	795232	30.3
2026	20167	559108	36070	2.3	0.8	1.4	804267	30.5
2027	20606	563613	36561	2.2	0.8	1.4	813405	30.7
2028	21035	567958	37037	2.1	0.8	1.3	822647	31.0

Moderate Scenario

Table 5: Moderate Scenario

	GDP in million M.	EMP	Total Productiv ity in M.	TGVA average annual growth rate	EMP average annual growth rate	Total Productiv ity average annual growth rate	Labor Force	Unemplo yment rate in %
1996	10482	438642	23896				573064	23.5
2006	14497	513016	28257	3.3	1.6	1.7	551989	7.1
2016	19970	569220	35083	3.3	1.0	2.2	656809	13.3
2019	18981	521445	36401	-1.7	-2.9	1.2	672711	22.5
2024	19271	549722	35056	0.3	1.1	-0.7	786298	30.1
2025	19826	555579	35686	2.9	1.1	1.8	795232	30.1
2026	20506	562629	36447	3.4	1.3	2.2	804267	30.0
2027	21322	570914	37347	4.0	1.5	2.5	813405	29.8
2028	22288	580482	38396	4.5	1.7	2.9	822647	29.4

Desired Scenario

Table 6: Desired Scenario

	GDP in million M.	EMP	Total Productiv ity in M.	TGVA average annual growth rate	EMP average annual growth rate	Total Productiv ity average annual growth rate	Labor Force	Unemplo yment rate in %
1996	10482	438642	23896				573064	23.5
2006	14497	513016	28257	3.3	1.6	1.7	551989	7.1
2016	19970	569220	35083	3.3	1.0	2.2	656809	13.3
2019	18981	521445	36401	-1.7	-2.9	1.2	672711	22.5
2024	19271	549722	35056	0.3	1.1	-0.7	786298	30.1
2025	19874	556088	35740	3.1	1.2	2.0	795232	30.1
2026	20655	564173	36612	3.9	1.5	2.5	804267	29.9
2027	21632	574046	37684	4.7	1.7	3.0	813405	29.4
2028	22828	585791	38970	5.5	2.0	3.5	822647	28.8

MEDIUM-TERM FISCAL OUTLOOK

For the fiscal year 2025/26, total revenue is projected at M29,815.4 million, representing 67.1% of GDP. Tax revenue is expected to rise, while SACU receipts are anticipated to remain volatile. Water royalties are forecast to significantly contribute to revenue, increasing from 7.2% of GDP in 2024/25 to 11.1% in 2025/26. These projections highlight the importance of revenue diversification, particularly through non-tax revenue sources such as water royalties, to support sustainable government spending and economic growth.

In 2025/26, expenditure is expected to remain at 70.0% of GDP, with both recurrent and capital spending forecast to decline as a percentage of GDP over the medium term, due to anticipation of lower SACU receipts. Conversely, investment spending is projected to increase, driven by both government and donor funding. This projected decline in government spending as a proportion of GDP may require prudent budgeting and expenditure prioritisation to ensure sustainable fiscal policy and continued economic growth.

Table 7: Medium-Term Fiscal Framework for the Fiscal Year 2023/2024 – 2027/2028

MEDIUM TERM FISCAL FRAMEWORK FOR THE FISCAL YEAR 2023/2024 - 2027/2028					
Budget Item	Actual 2023/24	Projection 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28
REVENUE	23 327,2	27 247,9	29 815,4	30 533,8	31 634,4
Tax revenue	9 244,7	10 028,0	11 203,3	12 129,6	13 236,9
Grants	1 024,1	1 701,1	3 459,4	2 914,1	1 771,1
Other revenue	2 909,9	3 969,6	5 972,9	5 426,4	5 375,1
SACU	10 148,5	11 549,2	9 179,9	10 063,7	11 251,3
EXPENSE (Statutory + Non Statutory + Sa	16 919,1	18 155,6	20 396,5	22 101,3	23 359,0
Compensation of Employees	7 075,0	7 380,0	8 184,3	8 960,8	9 594,5
Use of goods and services	2 381,4	2 695,9	4 583,4	4 651,2	4 878,0
Interest Payments	821,0	1 006,8	1 084,0	1 150,3	1 196,3
Subsidies	817,1	749,8	518,9	544,4	570,0
Grants to international organisations	71,7	197,5	53,4	187,6	190,9
Grants to other general government units	2 039,4	2 097,3	1 981,3	2 269,5	2 398,8
Social benefits	2 278,8	2 432,4	2 506,9	2 669,5	2 794,9
Other expense	1 434,7	1 595,7	1 484,5	1 668,1	1 735,5
Capital Budget	3 615,9	4 697,8	10 574,9	7 628,0	7 193,0
GoL	1 807,3	1 305,9	4 202,6	2 545,7	3 332,9
Donor Grants	692,4	1 437,8	3 054,6	2 499,7	1 346,9
Donor Loans	1 116,2	1 954,1	3 317,6	2 582,5	2 513,2
CASH SURPLUS / DEFICIT	2 792,2	4 394,6	-1 156,0	834,5	1 082,4
% GDP	7,1%	10,6%	-2,6%	1,8%	2,2%
GDP	39514,4	41 561,7	44 439,0	47 005,0	49 515,4

RISKS TO THE MACROECONOMIC OUTLOOK

- **Geopolitical Tensions:** The ongoing conflicts in Russia-Ukraine and Gaza-Israel may further increase food, energy, and transportation costs.
- **US Policy Changes:** Suspension of US-funded projects, including MCC II and PEPFAR, could disrupt funding.
- **AGOA Renewal:** Uncertainty surrounding the renewal of AGOA post-2025 could affect investment and employment opportunities.
- **Climate Change:** Ongoing risks to agriculture and infrastructure from climate change.
- **Utility Connections:** Delays in utility connections at Tikoe and Belo estates may hinder growth in the textile industry.
- **Synthetic Diamonds:** The rise of lab-grown diamonds poses a risk to the mining sector.



GROWTH & EMPLOYMENT STRATEGY



GROWTH AND EMPLOYMENT STRATEGY: OVERVIEW

Economic growth is the change in economic activity indicated by the amount of goods and services a country produces at a given period. Lesotho has experienced fluctuating growth over time as a result of activities in the key sectors, including manufacturing, mining, agriculture, construction, and business services. The extended NSDP II endeavours to achieve inclusive and sustainable economic growth through private sector-led job creation. Deliberate measures are needed to induce growth in key economic sectors and resolve and tackle eminent impediments to growth.

During the NSDP II 2018/19 - 2022/23 implementation, the GoL's desired economic growth rate was 5%. However, during the Plan's implementation period, the average annual real Gross Domestic Product (GDP) growth rate stood at -1.48%. The lowest recorded growth rate reached -7.5% in 2020/21, largely attributed to the impact of the Covid-19 pandemic. The highest recorded growth rate was 1.9% in 2021/22, mainly due to the resuscitation of economic activity. This was mainly a recovery in construction, mining, and manufacturing following the adverse effects of the COVID-19 pandemic. Growth slowed to around 1.1% in 2022/23 due to the Russo-Ukraine war, which started in February 2022. Russia and Ukraine are grain exporters, while Russia is also a major oil exporter; this war caused supply disruptions and increased food and energy prices.

The creation of employment plays a vital role in eliminating poverty and serves as another significant measure of economic growth. As per the Labour Force Survey (LFS) 2019 report, Lesotho's unemployment rate is 22.5%. The Lesotho Economic Labs, initiated by the Government of Lesotho as a mechanism to implement the National Strategic Development Plan II (NSDPII), projected 30,021 new direct jobs formed by the identified productive sectors. The target for this initiative was never met due to financial constraints within the private sector and the inefficiency of the government in providing services.

THE DESIRED GROWTH

Table 8: 5.5% Growth Target by 2028

Years	Incremental Capital Output Ratio	Marginal Propensity to Invest	Growth rate of potential output 5.5% scenario	Growth at constant prices	Total Gross Fixed Capital Formation (TGFCF) at constant prices	Inflation	Deflator TGFCF	TGFCF at current prices	Growth rate of potential output baseline	Additional growth
				18882	7863		1,409	11077		
2024	0,055	41,9	2,3	19317	8102	4,7	1,475	11950	2,3	
2025	0,074	42,4	3,1	19921	8438	4,5	1,541	13002	2,3	0,80
2026	0,095	41,2	3,9	20704	8527	4,5	1,610	13730	2,3	0,80
2027	0,119	39,6	4,7	21683	8587	4,5	1,683	14448	2,2	0,80
2028	0,146	37,9	5,5	22882	8668	4,5	1,758	15242	2,1	0,80

The required investment will rise to slightly above 15 billion M by the end of the Plan period

This plan continues to tackle the persistent high rates of poverty, inequalities, and unemployment by promoting a sustainable and inclusive economy. The targets for Extended NSDP II are to boost economic growth from 1.1% in 2022 to 5.5% in 2028, as shown by the table above and create 36889 jobs, thus decreasing the unemployment rate from 30.1% in 2024 to 28.8% in 2028, as indicated by the table below. To achieve these targets, GoL will have to increase its investment by M4,165 million by the end of the Plan period.

Table 9: Potential Output at 5.5% by 2028

	GDP in million M.	EMP	Total Productivity in M.	TGVA average annual growth rate	EMP average annual growth rate	Total Productivity average annual growth rate	Labor Force	Unemployment rate in %
1996	10482	438642	23896				573064	23,5
2006	14497	513016	28257	3,3	1,6	1,7	551989	7,1
2016	19970	569220	35083	3,3	1,0	2,2	656809	13,3
2019	18981	521445	36401	-1,7	-2,9	1,2	672711	22,5
2024	19271	549722	35056	0,3	1,1	-0,7	786298	30,1
2025	19874	556143	35736	3,1	1,2	2,0	795232	30,1
2026	20655	564299	36603	3,9	1,5	2,5	804267	29,8
2027	21632	574260	37670	4,7	1,8	3,0	813405	29,4
2028	22828	586111	38949	5,5	2,1	3,5	822647	28,8

Potential growth will converge to 5.5%; employment will gradually grow to 2% on a yearly basis. The unemployment rate will converge to 28.8%.

GROWTH CONSTRAINTS

Lesotho's impediments to achieving this growth are a mixture of long-standing issues cutting across the economic sectors, which, when dealt with, will induce growth generation and accelerate private sector participation in economic growth and employment creation.

Underdeveloped Private Sector

Lesotho's private sector is deemed underdeveloped, as evidenced by its limited participation in economic production and employment creation. The private sector in Lesotho is characterised by mostly unregistered Micro, Small and Medium Enterprises (MSMEs) and a few bigger entities that employ more people. Limited access to finance and credit for the private sector is generally challenging, inhibiting their potential growth. The private sector is uncompetitive, concentrates on limited non-diverse economic activities, and is unable to participate in global markets. There is also inadequate infrastructure for operations and an unfavourable business environment.

Low-Quality Education and Poor Skills

Quality education and skills contribute to sustainable economic growth. The Government of Lesotho's expenditure on education is high relative to GDP per capita. This, however, has not led to desirable education and skills outcomes. There is low access to education due to the inequitable distribution of educational opportunities and limited infrastructure. The education system is unable to produce skills that spur innovation, increase productivity, and match the prevailing job market needs. There is also limited skills transfer despite high foreign direct investment (FDI).

Poor Health Outcomes

The Extended NSDP II regards human capital as a crucial enabler of productivity and economic growth. A productive workforce requires good health and well-being to contribute meaningfully to the economy. Poor health is costly as it reduces labour productivity due to high absenteeism and the replacement of sick workers. Despite high government expenditure on health initiatives in the country, there are still high HIV/AIDS and tuberculosis (TB) incidences. These continue to be the major causes of poor health outcomes, mainly affecting the productive ages.

Stunting, on the other hand, is high, especially in the rural areas of Lesotho, impeding the development of future generations. Stunting remains a development concern for the country as the cognitive abilities of under-nourished children become impaired, and their chances of performing well at school, acquiring employable skills, and contributing to the economy as adults are lessened.

Limited Access to Finance

Limited access to finance has been identified as a major constraint to private sector investment. Lesotho's private sector, the bulk of which entails MSMEs, continues to face challenges in accessing finance for their business ventures. There is, generally, limited uptake of other diversified financing sources such as leasing. There is a lack of collateral as required by commercial banks, limited financial information access, and low literacy.

Inadequate and Low-Quality Infrastructure

Infrastructure development is the backbone of sustainable economic development. Infrastructure development geared towards enhancing the productive sectors is key to achieving the goals of the Extended NSDP II. Private sector participation and foreign direct investment (FDI) attraction hinge on sustainable infrastructure availability in all its forms. There is limited infrastructure that serves potential development projects in key sectors such as tourism and agriculture. There is generally poor management of infrastructure by designated bodies. Poor maintenance is a leading cause of dilapidated infrastructure, such as buildings and roads. Energy sources are inadequate; there is inadequate water distribution and access, especially in the rural areas.

Lack of Advanced Technology and Innovation

Digital transformation is a critical factor in enhancing economic growth. Innovation and use of advanced technology lead to efficient service delivery and product development. Developing ICT capabilities is essential in boosting the country's competitiveness in the global economy.

In Lesotho, there is low internet usage and accessibility due to unaffordability and unavailability of internet to some segments of the population. Limited digital skills across sectors also hamper technological advancements in product development and service delivery. There is also underdeveloped institutional capacity for research and development, directly impacting advancement and innovation.

Poor Governance and Accountability Systems

The state of legal, political, social, and economic institutions in any economy dictates and affects the economic growth rate. Good governance and accountability ought to be imperative. Low contract enforcement, the absence of robust and well-regulated financial systems, the lack of independence of the oversight bodies, and high corruption are some of the deterrents to attaining a conducive environment for private sector participation and FDI attraction, as well as sustainable economic growth in Lesotho.

SECTOR-SPECIFIC CONSTRAINTS

As highlighted earlier, the implementation of this plan will be centred around four key sectors: agriculture, manufacturing, mining, tourism and creative industries. These sectors have been identified as highly productive due to their potential to generate employment, create inclusive growth, leverage comparative advantages, have high multiplier effects, and foster value-chain development. However, these sectors face multiple constraints.

Agriculture

The majority of Basotho depend on agriculture for both food and income. This sector has the potential to grow and ensure food security, reduce rural poverty, create jobs, and end malnutrition. The sector depends on the genetic resources to flourish. Challenges or threats to these resources cause a major vulnerability and disruption to the whole sector and livelihoods, especially for people living in rural areas. Social, economic, and environmental factors induce these challenges. Major threats include land use management, migration, pollution, diseases, pests, climate change and low adaptation to modern technologies.

The challenge to access land rights for agriculture is caused by regulatory hassles and the bureaucratic red tape of registering and administering land rights. Furthermore, agricultural land remains largely underdeveloped and large parcels of land remain under the control of people who do not use it optimally, often, the land remains fallow. There is also poor land use management and physical planning, which has affected private sector investment in agriculture.

Poor access to financial services and low integration into supply chains makes the sector uncompetitive. The lack of national quality standards to ensure hygiene and safety and the lack of irrigation and storage infrastructure also contribute to the uncompetitive agricultural sector. The problem for small business start-ups is the deficiency of collateral and bankable proposals and capacity for long-term investments and market access. Lesotho faces chronic food insecurity and malnutrition, undermining the overall population productivity. Lastly, the other constraint is low prices for raw products, mostly due to minimal value addition.

Manufacturing

The manufacturing sector has contributed to the country's economic growth and job creation over the past 10 years. However, in recent years, the textile industry in Lesotho has been facing stiff competition in the international market and has consequently decreased its export volumes. The manufacturing sector's competitiveness is affected by the fact that Lesotho has few products to sell and few markets to export to. Furthermore, there is a lack of business linkages, which can improve the industry's competitiveness. This sector, particularly MSMEs, suffers from limited access to finance, low

productivity, limited access to technology, poor marketing, limited capacity (entrepreneurship skills), and limited industrial and logistical infrastructure.

Bureaucratic government regulations make it difficult to register a business. The processing and packaging facilities, quality assurance and accreditation are lacking, making it challenging to penetrate regional and foreign markets. There is limited legislation to enhance the investment climate and foster both domestic and foreign direct investments. There is also a lack of integrated data between government agencies to enable effective collaboration.

Tourism Creative Industries and Sports

The tourism sector, creative industries as well as sports have great potential to boost growth and create employment. However, these sectors have been facing challenges which have halted their growth. The challenges include a lack of community awareness about the preservation of heritage sites, the lack of community participation within tourism value chain advancement and limited funding to preserve heritage sites. The deficiency of proper environmental legal frameworks leads to the deprivation of natural resources and can affect the attractiveness of tourist sites. There is a lack of capacity among stakeholders to attract tourists and market and promote tourist events. There is limited diversification of tourism products, which leads to short stays. There is limited infrastructure due to poor synergy between the tourism sector and other sectors. There is also a lack of reliable and timely statistical information to strengthen product development and marketing initiatives. Lack of appropriate policy framework which could encourage investment in this sector and create conditions for sustainable tourism in the long run. There is a need for monitoring and management solutions to supervise the gambling industry.

In culture and creative industries, there is a lack of government support, low capacity, funding, poor advocacy, and market access for creative professionals. Structural challenges within these industries include fragmentation and limited copyright protection, which discourage artists and creators from fully benefiting from their work. Limited distribution channels and marketing platforms also restrict the visibility and reach of artists to access regional and international markets.

Lesotho lacks modern sports facilities and infrastructure. The lack of well-equipped stadiums, sports halls, and training centres hampers the development of athletes and the promotion of various sports. The sports sector in Lesotho often suffers from limited funding and resources and limited sponsorship from the private sector. There is poor governance for sport and recreation. The availability of qualified coaches and trainers is limited, particularly in remote areas, hindering skills development.

Mining

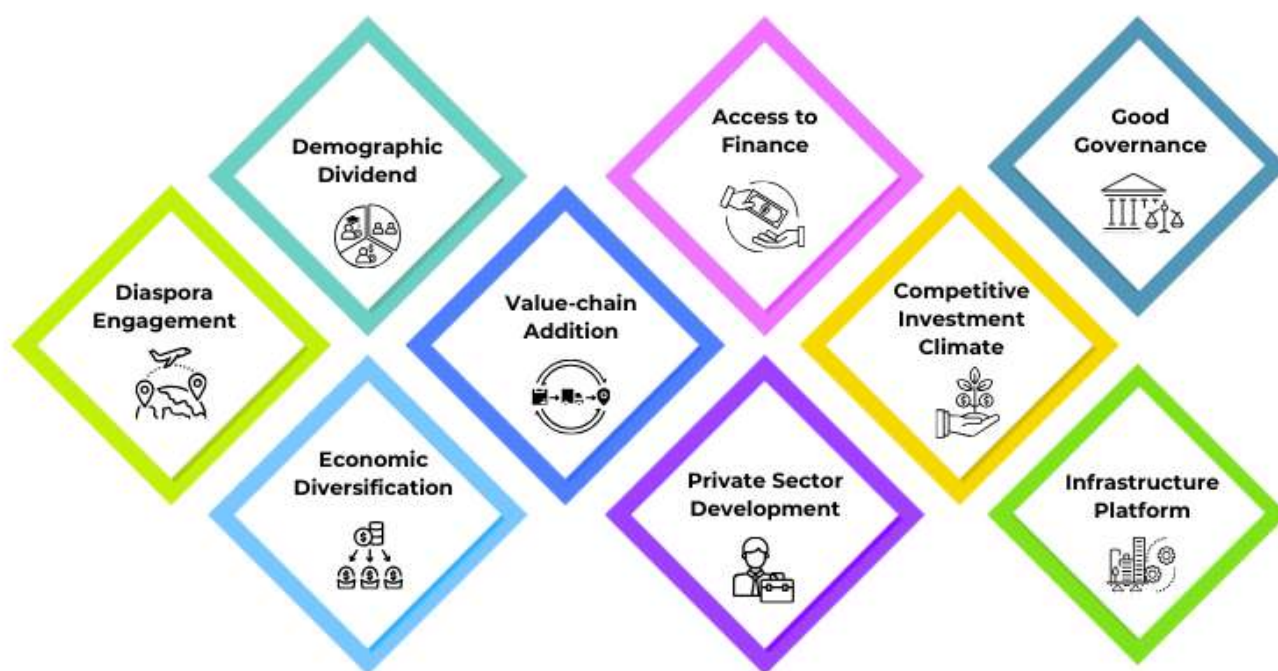
Like other sectors in the economy of Lesotho, the mining sector faces many challenges that hinder investment opportunities and the sector's development. The geological mapping and mineral exploration are inadequate, leading to insufficient knowledge of the mineral resource's endowments in the country.

There is also a lack of policy on artisanal and small-scale diamond mining that prioritises Basotho-owned enterprises in mineral exploitation. There are adverse environmental effects, ranging from water pollution and noise to house cracks and air pollution. The benefits of mining companies' employment and social responsibility are considered insufficient by community members. There is also an absence of industrial clusters for adding value to the mining extracts.

According to the Mining Policy 2015, the existing legal and regulatory framework is fragmented and mostly outdated. It does not promote good governance characterised by transparency, accountability, and inclusiveness in the mining sector. There is also an absence of mining and business skills, financing, technology, and marketing skills. The sector faces many threats, such as the proliferation of synthetic diamonds, illicit diamond trade, illegal mining, and high staff turnover.

Growth Drivers

The growth is anticipated to be driven by the following drivers.



Diaspora Engagement

The NSDP II extension highlights the diaspora as a vital factor in driving economic growth through channels such as capital, knowledge, and remittances. Diaspora engagement offers opportunities to attract investment, facilitate trade, and foster cooperation with advanced economies through knowledge transfer. Leveraging this potential is essential for achieving inclusive and sustainable economic growth and private sector-led job creation in Lesotho.

To capitalise on these opportunities, Lesotho should develop policies in collaboration with diaspora businesses and the government to create attractive investment conditions. Institutions and business organisations must identify and address administrative barriers that hinder investors. Strategic focus should be placed on water, textiles, diamonds, horticulture, and related industries. Additionally, the academic diaspora remains an underutilised source of knowledge transfer, offering significant potential for business development, research, and innovation. Successful diaspora engagement will require consistent policy frameworks and close collaboration among stakeholders to align foreign policy with national economic priorities.

Harnessing the Opportunities of the Demographic Dividend

Lesotho's changing population structure presents an opportunity to achieve the demographic dividend—accelerated economic growth driven by a larger working-age population (15 to 64 years) resulting from reduced mortality and fertility rates. To realise this potential, Lesotho must prioritise voluntary family planning by ensuring accessible information and services, particularly in rural areas, and addressing women's diverse needs. Investments in child survival and health programs, such as reducing under-five mortality, can foster a preference for smaller, healthier families, laying the foundation for economic growth. Additionally, reproductive health services for both married and unmarried youth, alongside initiatives to end child marriage, delay first pregnancies, and space births, are essential.

To fully harness the benefits of the demographic dividend, Lesotho should invest in secondary education to equip young people with the skills and confidence to thrive in the labour market. Enhanced youth participation in the workforce will enable the country to reap the economic rewards of this transition and achieve sustainable development.

Economic Diversification and Value Chain Development

The view to increasing productivity and creating jobs that provide the base for sustained poverty reduction and economic growth can be attained through trade, qualitative upgrading, and sectoral diversification. The productive sectors have untapped opportunities that, if diversified, can assist in achieving the economic transformation goal of NSDII extension. Lesotho needs to develop appropriate incentive frameworks and ensure key backbone infrastructure services are provided. Develop investment and policy reforms that reduce trade costs, ensure policies that support adjustment and reallocation of resources to new activities (declining sectors, informal sectors, etc.) and lastly, ensure government interventions that target specific market, policy and institutional failures.

Apart from economic diversification, the development of value chains can also bring opportunities that stimulate economic growth in Lesotho. Productive and enabling sectors' value chains are integral in achieving inclusive and sustainable economic growth. Lesotho needs to develop policies on the general

business environment, access to finance, labour skills, openness, availability of quality infrastructure, private services and regulation, red tape, customs and other border procedures. These policies, if well implemented, can provide ease within which value chains can be developed and assist in realising the goal of NSDP II extension.

Competitive Investment Climate

For Lesotho to achieve her aspiration of inclusive and sustainable growth that creates jobs, the country must rigorously engage the private sector. However, a conducive business environment should be provided for the private sector. Lesotho has committed to creating a transparent, stable, predictable investment climate with proper contract enforcement and respect for property rights embedded in sound macroeconomic policies and transparent, stable, free, and fair competition.

Macroeconomic and political stability, traditions and culture, physical infrastructure, availability of resources and capital, institutional policy and regulatory factors, and return on capital investment require a major uptick in the country's competitiveness. Lesotho will need to overcome challenges related to these issues to realise the inclusive growth and creation of jobs.

Dynamic Private Sector Development

The NSDP II recognises the private sector as a key driver of job creation, inclusive growth, poverty reduction, service delivery, climate change mitigation, and environmental sustainability, while also contributing to government revenue through taxes. The NSDP II extension reiterates that significant development requires the private sector to play a central role. A productive partnership can emerge when the government provides strong institutions, appropriate regulation, and the rule of law, enabling the private sector to drive productivity, innovation, investment, and strengthened human capital.

To support economic transformation, the Government of Lesotho (GoL) should foster openness for knowledge transfer and market access, ensure macroeconomic stability with stable prices, and encourage private sector investment. Public investments in infrastructure, health, and education are critical, alongside strong leadership and efficient administration that implement policies and regulations promoting sustained economic growth.

Provision of Infrastructure Platform

A strong infrastructure platform is essential for any economy, offering both immediate and long-term benefits. Investments in infrastructure support employment and sustain businesses while enhancing an economy's productive capacity. For Lesotho, infrastructure development can drive employment through construction, attract private sector investment, and modernise essential assets, including digital infrastructure like national high-speed broadband, which has become increasingly important post-COVID-19.

In the transport sector, Lesotho should prioritise the development and maintenance of roads, diversify transport infrastructure, and strengthen regional connectivity through expanded rural and urban networks. Air transport should also be improved for domestic and international use, alongside implementing necessary reforms. Additionally, the country should focus on maximising water production, storage, and access through integrated water resource management and capacity building, while protecting wetlands and groundwater. Enhancing reliability, efficiency, and sustainability is key, to ensuring households, businesses, and institutions benefit from a secure and accessible energy supply.

Good Governance

One of the ingredients of inclusive and sustainable economic growth is the practice of good governance. Respect for human rights, adherence to the rule of law, and accountable institutions are imperative in achieving economic development. Efficient service delivery, regional integration and cooperation are vital to sustainable development. Proper planning and coordination through effective policies, plans, and disciplines in implementation and rigorous monitoring and evaluation also play a pivotal role in enabling growth. Lesotho should ensure that effective strategies that promote good governance and accountability systems are put in place if the country aims to realise inclusive growth.



STRATEGIC FRAMEWORK



The Extended NSDP II is designed around four Key Priority Areas (KPAs) that are integral to Lesotho's economic growth and social transformation. To enhance inclusive and sustainable economic growth and private sector-led job creation, KPA I serves as the growth driver.

The support sectors are grouped amongst the three remaining KPAs, which include Strengthening Human Capital (KPA II), Building Enabling Infrastructure (KPA III), and Strengthening National Governance and Accountability Systems (KPA IV). The three KPAs play a pivotal role in creating an environment conducive for the productive sectors within KPA I to flourish. The sectors collectively contribute to the enhancement of Lesotho's socio-economic landscape by fostering a skilled and healthy workforce, establishing robust physical and digital infrastructure, and promoting transparent and accountable governance. Their synergistic operation, in conjunction with cross-cutting issues, is instrumental in achieving Lesotho's economic growth and social transformation goals. This provides a comprehensive framework that enables the productive sectors to thrive and prosper. The following schematic illustrates an overview of the Key Priority Areas:

DIGITAL TRANSFORMATION

The government recognises the immense potential of digital technologies in driving economic growth, enhancing public service delivery, and improving the overall quality of life for its citizens. As such, digital transformation remains a critical component of the country's economic policy direction. To date, Lesotho has made significant strides in implementing digital transformation initiatives, including the national digital ID, near-complete 2G and 3G network expansion, and initial steps toward developing a national payment switch. However, the digital transformation ecosystem in Lesotho faces challenges, with many digital initiatives being underused. The Extended NSDP II, therefore, aims to address these challenges and harness the power of digital technologies for economic growth and social transformation.



PRIVATE SECTOR PARTICIPATION

The Government of Lesotho recognises the importance of the private sector as a key partner in achieving the nation's development goals. Therefore, the Extended NSDP II aims to create a conducive environment for private sector development, with a focus on improving the business environment and supporting economic diversification. The Plan includes strategies to foster private sector competitiveness and economic diversification. These strategies aim to address the challenges facing the private sector, such as access to finance, regulatory constraints, and skills gaps. The plan also emphasises the need for strong public-private partnerships to drive economic growth and social transformation.



KEY PRIORITY AREA I

**Promote Inclusive and Sustainable
Economic Growth and Private
Sector-led Job Creation**

Promote Inclusive and Sustainable Economic Growth and Private Sector- Led Job Creation

KPA I focuses on leveraging the momentum of the main growth drivers in Lesotho, the productive sectors, to promote inclusive and sustainable economic growth and private sector-led job creation.

Agriculture, Manufacturing, Tourism and Creative Industries and Technology and Innovation had been



earmarked within the NSDP II as the country's productive sectors. At this time, the majority (37.8%) of those aged 15 to 19 were employed in the agricultural sector, while the manufacturing sector had the highest proportion of employees in the 20 to 24, 30 to 34, 35 to 39, and 40 to 44 age ranges, with 15.1, 14.7, 15.1 and 13.5% respectively. In light of Lesotho's youth bulge, these sectors had the most substantial potential to drive the country's economic growth – as is the case today. In the same manner, Lesotho faced numerous macroeconomic challenges, such as an expansionary fiscal policy that depleted fiscal buffers and diminished economic sustainability.

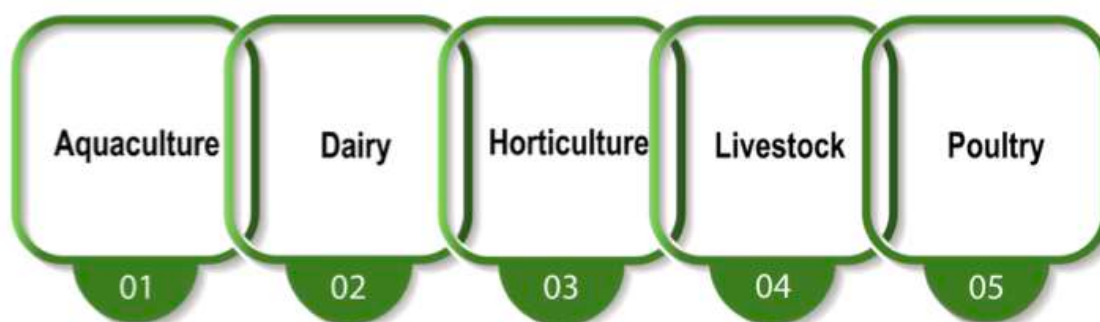
This situation made Lesotho's transition into a highly efficient economy the best avenue for mitigating the high levels of poverty and unemployment in the country. Within Lesotho's Voluntary National Review (VNR) on the Implementation of the 2030 Agenda, it was also determined that applying technology and innovation effectively to meet societal needs was critical to realising the outcomes of KPA I. The effective adoption of technology and related innovations was significant in developing the Tourism and Creative Industries and had been assigned as a priority for stimulating local jobs given the industry's LSL5 941.4 million contributions to Lesotho's GDP in 2018 – representing 15.5% of the total economy and a 5.1% year-on-year increase. During the period 2023/24 - 2027/28, Agriculture, Manufacturing,

and Tourism and Creative Industries continue to retain their allocation within KPA I.

AGRICULTURE

SECTOR OVERVIEW

Agriculture in Lesotho sustains the livelihoods of 71% of Lesotho's population residing in the rural areas and directly generates employment for 41% of this population, although on an informal basis, with women making the largest share of the labour force. Agriculture's contribution to Gross Domestic Product (GDP) remains low (about 6.1%) in 2022, declining from 15.2% in 1984. The Ministry of Agriculture, Food Security and Nutrition (MAFSN) is mandated by the Comprehensive National Agriculture Policy (CNAP) 2022-26 to promote commercialisation and diversification within the agricultural sector, ensuring economic growth and uplifting livelihoods for all. The Ministry strives to accomplish this objective by creating agriculture and food systems-related employment and developing inclusive value chains for smallholder farmers.⁴⁶ Lesotho's agricultural sector comprises five main industries, as illustrated below:



“

Promote commercialisation and diversification within the agricultural sector, ensuring economic growth and uplifting livelihoods for all.

”

MAFSN primarily works with the Ministries of Environment and Forestry, and Natural Resources, Development Partners (DPs), local authorities, the private sector, and civil society to realise this mandate. MAFSN is chiefly responsible for formulating policies and coordinating agricultural activities, with close support from the line ministries. Similarly, DPs such as the World Bank Group (WBG) and the International Fund for Agricultural Development (IFAD) provide the financial support required to promote agricultural development in-

country. The private sector, civil society and local government authorities also play a crucial role in facilitating the implementation of agricultural initiatives at the grassroots level, thus ensuring the success of projects through ownership by all the stakeholders involved.

⁴⁶ African Union. 2023. Lesotho: Country Food and Agriculture Delivery Compact. Available: https://www.afdb.org/sites/default/files/documents/publications/lesotho_country_food_and_agriculture_delivery_compact.pdf

PROGRESS

During the NSDP II implementation, the following progress was made over the past five years:

- Developed the Contract Farming Bill to establish sub-sectoral value chains.
- Conducted a feasibility study on beef production, leading to guidelines for red meat production under feedlot systems.
- Began developing guidelines for private extension agents and traders.
- Constructed Climate-Smart Infrastructure and trained 2323 individuals on PICS technology for climate-smart agriculture.
- Revitalised two national breeding centres and developed a National Breeding Program.
- Increased commercial fish production to 1943 tons/year and smallholder fisheries to 200 tons/year; constructed eight dams stocked with 4470 fingerlings.
- Procured 1,476 sheep through the National Elite Stock Program, increasing average wool production yield from 2kg to 6kg per animal.
- Awarded 240 grants in 2020 to promote climate-smart and efficient resource infrastructure.
- Constructed 22 additional climate-smart shearing sheds, improving hygiene and providing clean water for both people and animals.

SITUATIONAL ANALYSIS

CHALLENGES

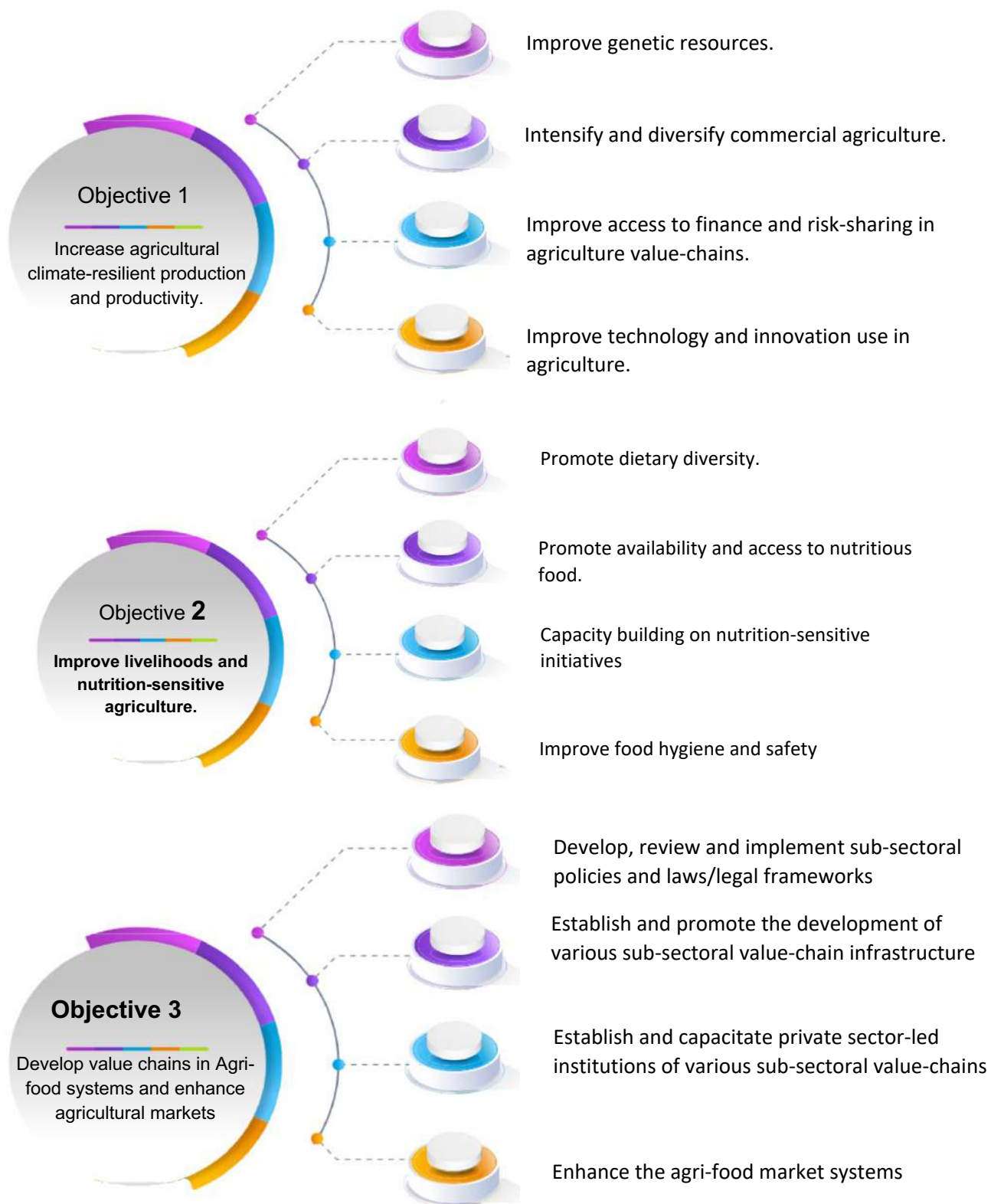
- **Regulatory and Legislative Gaps:** Weak regulatory oversight, quality control issues, and inadequate standards undermine sectoral competitiveness and sustainability.
- **Weak Private Sector Engagement:** Limited institutional capacity and involvement hinder agricultural innovation and entrepreneurship, constraining the sector's adaptability and growth potential.
- **Climate Change Risks:** Unpredictable weather patterns, droughts, floods, and extreme temperatures threaten agricultural productivity and sustainability.
- **Land and Environmental Degradation:** Soil erosion, loss of fertility, and habitat destruction pose threats to agricultural productivity and ecosystem health.
- **Malnutrition, Poverty, and Limited Access:** Widespread malnutrition and poverty, exacerbated by limited access to vulnerable communities, threaten food security and socio-economic stability.

OPPORTUNITIES

- **Abundant Water Supply:** Utilizing ample water resources for irrigation and livestock offers opportunities to boost agricultural productivity and resilience.
- **Technological Innovation:** Advancements in technology enable improved soil quality, enhanced production methods, and innovative agricultural practices, fostering sustainability.
- **Market Expansion and Skills Development:** Expanding markets and enhancing farmers' business skills drive productivity, market penetration, and economic growth in agriculture.

STRATEGIC DIRECTION

For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:



MANUFACTURING

SECTOR OVERVIEW

Lesotho's manufacturing sector holds the most weight in the macroeconomic landscape. In the last five years, the industry has encountered its fair share of fluctuations economically and socially. However, this sector has proven to be the most resilient in the country, owing to its ability to attract private sector participation at a larger scale. The following industries are covered by the manufacturing sector:



The Ministry of Trade, Industry and Business Development is vital in shaping policies for Lesotho's manufacturing sector. Lesotho National Development Corporation (LNDC) promote investment into the



Promote industry and product diversification and deepen manufacturing business linkages for regional and international markets



country while the Basotho Enterprise Development Corporation provides capacity for Micro, Small and Medium Enterprises (MSMEs) who participate in light manufacturing. There are also employers and labour associations who looks after the interests of the employees and the employers. Lesotho leverages regional and international agreements, such as AGOA, AfCFTA, SACU, SADC and EU-EPA to expand manufacturing and trade, with South Africa being the

top export destination in 2023.

Over a five-year period to 2022, Manufacturing industry averaged 16.6% as contribution to GDP which was mainly from the textile subsector with average contribution of 15.2%. Manufacturing registered an average growth of 2.9% with the highest growth of 14.1% in 2018 and a contraction of 9.1% in 2020 due to stringent restrictions imposed to curb the spread of the COVID-19 pandemic. This sector is the largest formal employer in Lesotho, with a significant proportion of its workforce (60%) comprising of women accounting for more than 40 000 jobs and has had a direct and indirect positive impact on 13% of Lesotho's population.

PROGRESS

During the NSDP II implementation, the following progress was made over the past five years:

- Facilitation of ministerial discussions to encourage bilateral and multilateral investment agreements, revitalising the manufacturing sector.
- Implemented collaborative business development initiatives providing financial aid and capacity building for women and youth, supported by the NUL Innovation Hub.
- Prioritised export diversification guided by the AGOA Response Strategy and Lesotho Trade Facilitation Strategy, aiming to elevate manufacturing sectors.
- Enhanced high-value and supply chain development in agro-processing sectors (Wool and Mohair, Beekeeping, Leather, and Footwear manufacturing) through government support and capacity building.
- Integrated technology across industrial hubs, including automated business registration processes and IT infrastructure improvements.
- Enacted the Competition Act of 2021 and Business Licensing and Registration Act of 2019, along with related regulations, to facilitate market entry opportunities and strengthen the regulatory environment for Basotho entrepreneurs.
- Constructed 22 additional climate-smart shearing sheds, improving hygiene and providing clean water for both people and animals.

SITUATIONAL ANALYSIS

CHALLENGES

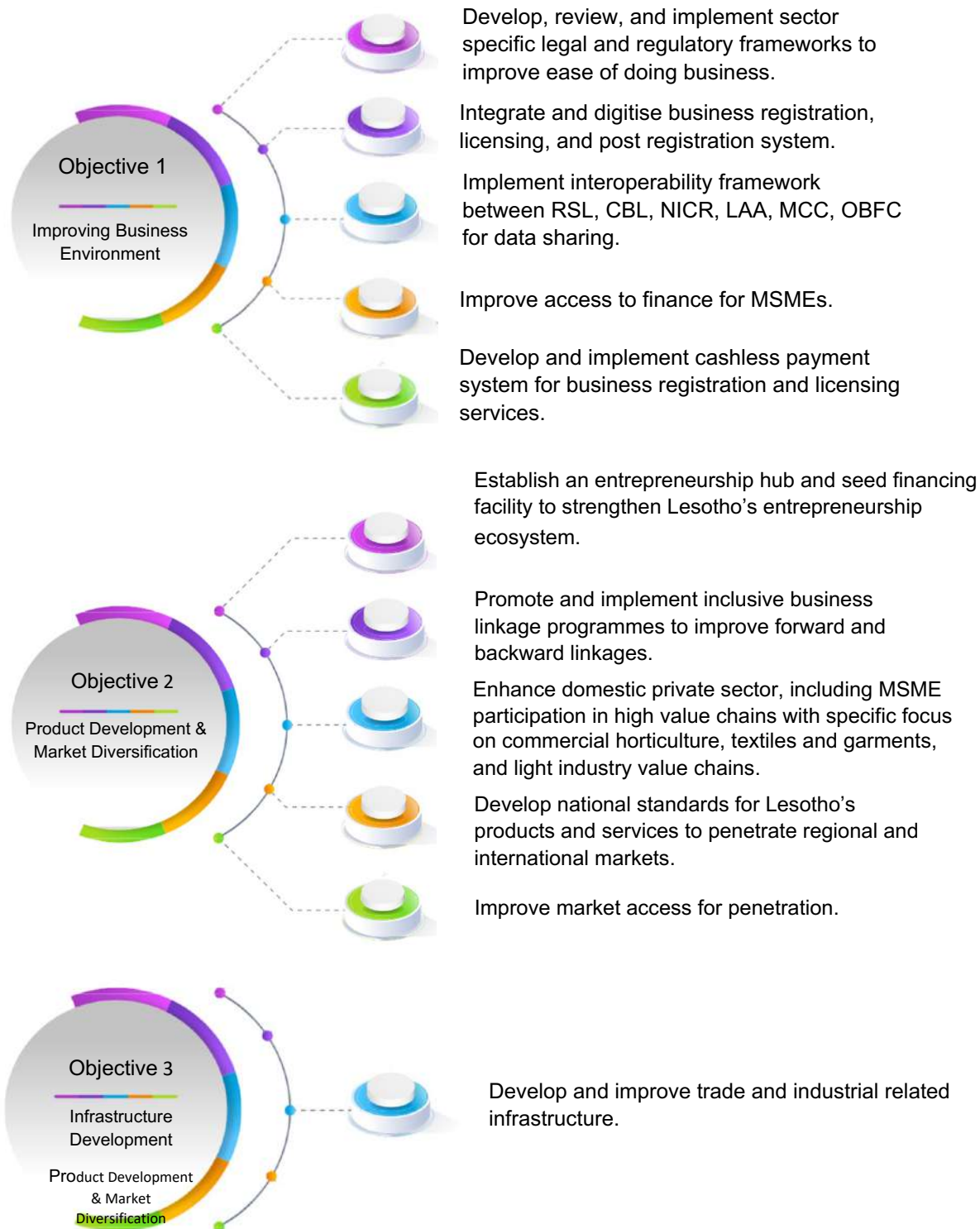
- **Knowledge Gaps:** Insufficient knowledge of industry standards and a lack of accredited in-country testing and certification facilities hinder product quality and compliance.
- **Textile Industry Dependence:** Over-reliance on the textile industry limits diversification and exposes the sector to market fluctuations.
- **Limited Policy Harmonisation:** Lack of inter-sectoral policy alignment impedes cohesive and efficient industry development.
- **Political and Geopolitical tensions:** National and global political instability, along with geopolitical tensions, could disrupt policy implementation, affect industry growth, and cause market instability and commodity price fluctuations.
- **Trade and Logistical Barriers:** Lesotho's landlocked geography, non-tariff barriers, and dependence on preferential trade agreements create logistical challenges, increase trading costs, and make the sector vulnerable to changes in trade policies.
- **International Competition:** Intense competition from low-cost producing countries threatens the competitiveness of Lesotho's manufacturing sector.

OPPORTUNITIES

- **Incentives and Infrastructure Development:** Government incentives and the development of factory shells in industrial hubs are creating new growth opportunities for the manufacturing sector.
- **Market Access and Diversification:** Existing trade agreements and efforts to diversify markets offer significant potential for expanding market access and increasing exports.
- **Green Manufacturing:** investing in green manufacturing can boost productivity, innovation, and sustainability in the sector.

STRATEGIC DIRECTION

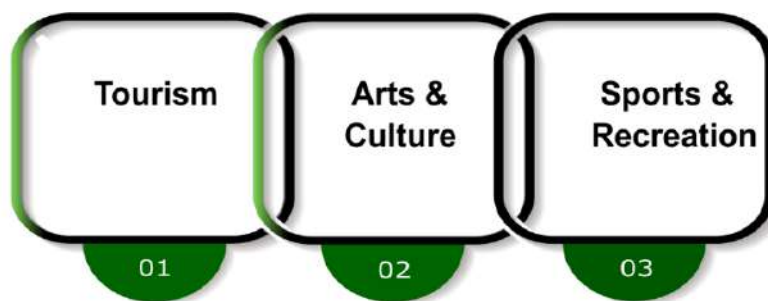
For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:



TOURISM, CREATIVE INDUSTRIES, SPORTS AND RECREATION

SECTOR OVERVIEW

Lesotho's tourism, creative industries, sports, and recreation sectors stand as an untapped market with vast growth potential and investment opportunities. Throughout the implementation of the NSDP II, this diverse sector has demonstrated resilience and commitment. It encompasses three main industries: tourism, highlighted by 4-star hotels in Maseru and serene destinations, governed by relevant authorities with support from key organisations; creative industries, driven by educational programs and protected by regulatory bodies, alongside initiatives from various entities; and sports and recreation, supported by entities contributing to sports development and recreational opportunities nationwide.



The Ministry of Tourism, Sports, Arts, and Culture (MTSAC) Provides policy and regulatory framework for the sectors. Stakeholders such as the Lesotho Hotel and Hospitality Association, Lesotho Council



To accelerate the improvement of diversified products within the tourism and creative industries to attract investment and market participation in the industries



for Tourism, Lesotho National Development Corporation (LNDC), and Lesotho Tourism Development Corporation (LTDC) collaborate to promote the tourism industry. Similarly, in the creative industries, regulatory bodies such as the Lesotho Copyright Society of Authors and Artists (LESCOSSA) and various Creative Cultural Industry (CCI) associations, along with organizations like AfriPI, ARIPO, and the Sound Connects Fund, contribute

significantly to the sector's development⁴⁷. Additionally, stakeholders in sports and recreation, including the Lesotho Sports and Recreation Commission (LSRC) and sports clubs and academies, play crucial roles in promoting sports development and enhancing recreational opportunities across the country.

⁴⁷ AfriPi. 2022. Press Release: A Promising Future for the Creative Sector of the Kingdom of Lesotho

PROGRESS

During the past five years of NSDP II implementation, the following progress was made:

- Lesotho successfully hosted the African Union Sport Council (AUSC) Region 5 games, positioning itself to host international games at the Setsoto Stadium.
- A new Sports and Recreation Policy was formulated and launched, demonstrating progress in legislative frameworks aimed at promoting local youth participation and empowerment within the sports sector.
- The Department of Sports and Recreation has identified niche sports codes and initiated programs to support and facilitate engagement. Additionally, the rollout of a Physical Education program at NUL is nearing completion, promising enhanced awareness and education within the sports industry.
- The government constructed the Semonkong Visitor Centre, Staff housing and access road to enhance the tourism potential of Maletsunyane falls and Semonkong attractions.
- The construction of Maseru Tourist Information and Crafts Centre was also completed.
- Development of the Sustainable Tourism Strategy for the Maloti Drakensberg Park (MDP) World Heritage Site (SNP and Ukhahlamba Park), Developed Community Management of Protected Areas Conservation Programme (COMPACT) Strategy for MDP, the Tourism Development Strategy under Mats'eng Biosphere Reserve (Bokong -Ts'ehlanyane Nature Reserves),
- Development of the National Tourism Master Plan and tourism investment feasibility studies for the TDAs.
- Establishment of the tourism business cluster to enhance sustainable ecotourism within the tourism development areas.
- Lesotho introduced the Tourism Levy Act, of 2006 in October 2022 for specific travel and tourism services offered in Lesotho and its 50 % will be used for the development and maintenance of the tourism industry.

SITUATIONAL ANALYSIS

CHALLENGES

- **Knowledge and skills gaps:** Limited technical skills among professionals
- **Data Mapping:** Insufficient data mapping capabilities.
- **Civic Education:** Lack of civic education and public awareness.
- **Laws and Regulations:** Outdated legal frameworks.

OPPORTUNITIES

- **Sports Tourism and Youth Engagement:** Leveraging Lesotho's natural landscapes and sports events to attract tourists, while simultaneously engaging and empowering youth through sports initiatives.
- **National Marketing and Promotion:** Expanding domestic marketing efforts to raise awareness and interest in local tourism, creative industries, and sports.
- **Collaboration with Local Brands and Textile Creatives:** Forming partnerships with local brands and textile creatives to promote indigenous craftsmanship and products.

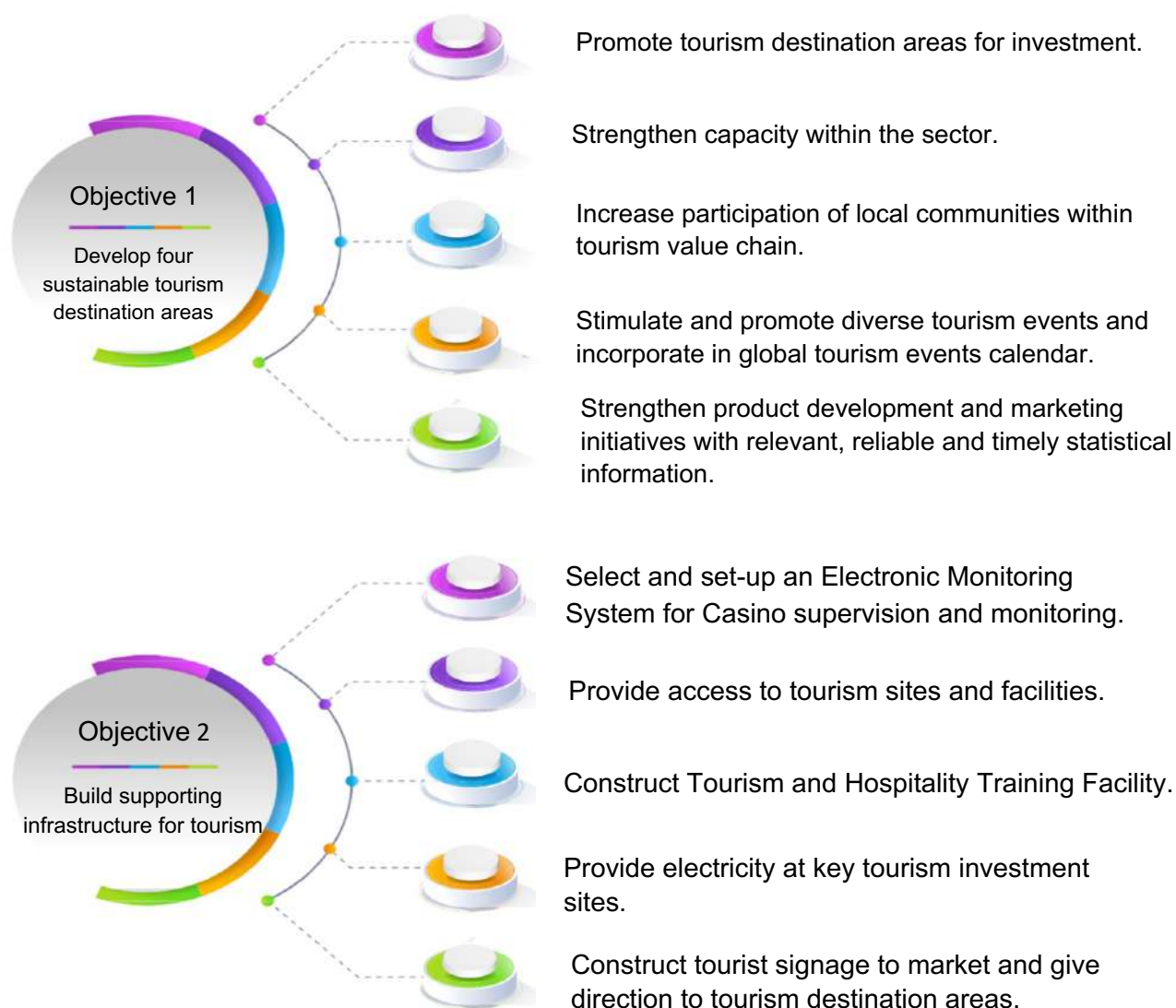
- **Resource Constraints:** Infrastructure, funding, and institutional support limitations.
- **Promotion and Exposure:** Limited promotion and exposure of talents and products.
- **Cultural Perceptions:** Negative cultural perceptions towards sports.

- **Untapped Raw Talent:** Identifying and nurturing untapped talent within the country to drive innovation and creativity across various industries.
- **Geographical Advantage:** The country's diverse topography offers favourable conditions for various sports activities, providing athletes with natural training grounds and competitive advantages.

STRATEGIC DIRECTION

For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which seek to address the aforementioned challenges and opportunities:

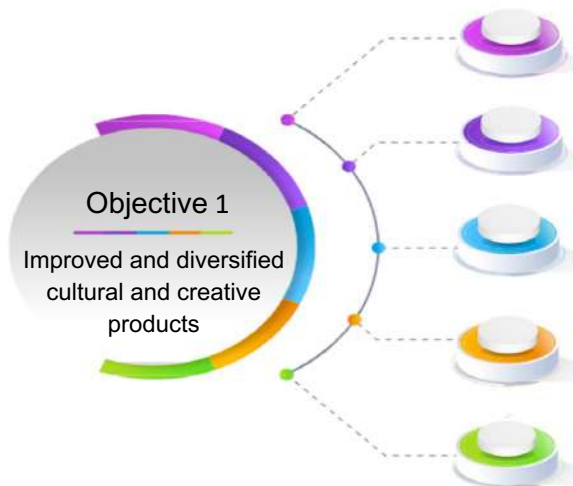
Tourism





Improve legal frameworks for tourism sector

Creative Industries



Review legal and policy frameworks for management of cultural heritage and creative sector.

Improve awareness strategies for cultural heritage and creative sectors.

Operationalise existing heritage sites and creative facilities.

Improve capacity in the cultural heritage and creative sectors.

Promote investment for creative industries.

Sports & Recreation



Improve infrastructure for sports and recreation.

Enhance inclusive and recreational programs

Improve sports and recreation institutional capacity

Promote sports for business

MINING

SECTOR OVERVIEW

The Minerals and Mining Policy of 2015 is the basis upon which the Ministry of Natural Resources seeks to deliver sustainable socio-economic development gains in Lesotho.⁴⁸ The Ministry capitalises on Lesotho's endowment in mineral resources, working to effect socio-economic development by creating jobs, especially in the diamond mining industry. The mining contribution to GDP has averaged 6.7% from 2013 to 2022. As expected, due to its capital intensity, the contribution to employment is smaller and is estimated at 3000 employees in 2022 where 98% were Lesotho national and 2% expatriates.

Operations within the mining sector are also steered by the guidelines set within Section 36 of Lesotho's Constitution, the Land Act of 2010, the Mines and Minerals Act of 2005, the Environmental Act of 2008, and the Southern African Development Community's (SADC) Mining Protocol and Policy Harmonisation Framework.⁴⁹ In Lesotho, the main extractive operating industries are:



“
The Ministry capitalises on Lesotho's endowment in mineral resources, working to effect socio-economic development by creating jobs, especially in the diamond mining industry
”

Following the Mining and Minerals Act of 2005, The Ministry of Natural Resources has been tasked with overseeing the mining-related administration. The Ministry carries out its work with support from the Commissioner of Mines and the National Mining Board.⁵⁰ Similarly, the Ministry with other national Ministries, Departments and Agencies (MDAs), such as the Department of Environment and the National Environment Council, to ensure compliance with and effectively tackle any environmental matters that may arise.⁵¹ Moreover, civil society organisations

⁴⁸ Government of Lesotho. 2015. The Minerals and Mining Policy 2015. Available: <http://www.mining.gov.ls/legislation/Minerals%20and%20Mining%20Policy.pdf>

⁴⁹ Ibid

⁵⁰ Webber Newdigate Attorneys. 2022. Lesotho. Available: <https://lexafrica.com/wp-content/uploads/2023/01/Lesotho-Mining-2022.pdf>

⁵¹ Ibid

(CSOs), the media and the public play a critical role as independent guardians of the sector, ensuring that mining activities are inclusive and transparent for all the relevant stakeholders.

PROGRESS

During the past five years of NSDP II implementation, the following progress was made:

- The Mine Minerals Act of 2005 was amended to facilitate artisanal diamond mining.
- Phase 1 of developing the mineral cadastre has been completed, providing valuable information to attract investment in the mining sector.
- A total of 400 kimberlite bodies have been discovered, with 40 of them confirmed to contain diamonds.
- Water, Sanitation, and Hygiene (WASH) laws have been developed to enhance social and environmental protections within the mining sector.
- The health and safety legal framework were revised to improve the safety and security in the mining sector.
- The mining companies undertook their corporate social responsibility initiative by investing in community development projects.

SITUATIONAL ANALYSIS

CHALLENGES

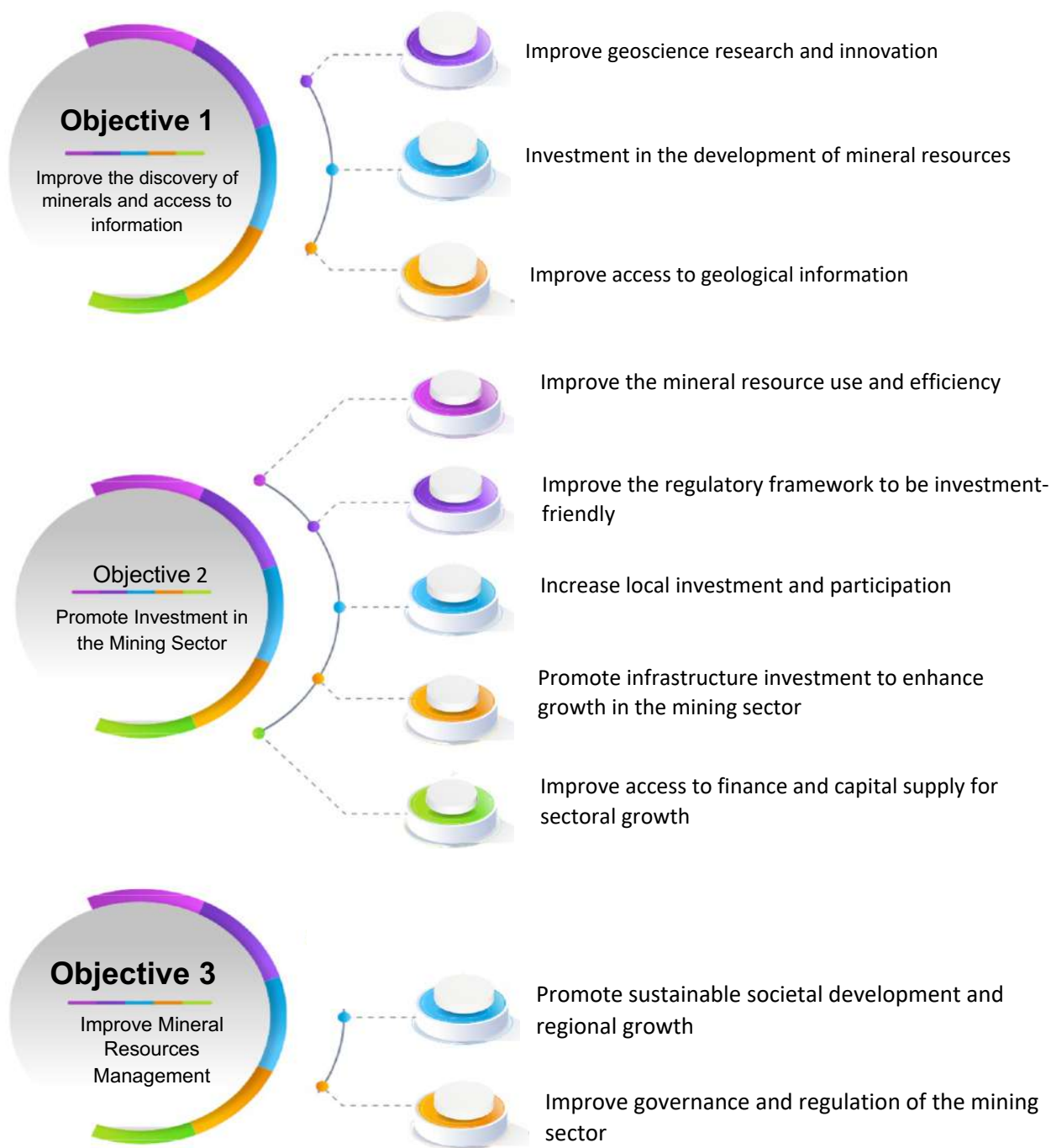
- **Limited Research:** Insufficient geo-scientific data hampers mineral resource understanding and strategic planning.
- **Legislative Gaps:** Inadequate laws and outdated policies hinder governance, investment, and sectoral growth.
- **Information Constraints:** Lack of comprehensive data impedes informed decision-making and strategic planning.
- **Policy uncertainties:** Continued regulatory uncertainties and legal gaps deter investors and hinder operational planning
- **Underinvestment:** Insufficient funding from both public and private sectors hampers sectoral growth, job creation, infrastructure development, and technology adoption.
- **Resource Depletion:** Poor management may lead to depletion and environmental damage.

OPPORTUNITIES

- **Diamond Extraction:** Discovered kimberlite bodies offer opportunities for expanded diamond mining and revenue generation.
- **Market Partnerships:** Collaborations with investment agencies support local businesses in major investments.
- **Investment Potential:** Improved regulations and mineral wealth can boost investment, job creation, and infrastructure.

STRATEGIC DIRECTION

For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:





KEY PRIORITY AREA II

STRENGTHENING HUMAN CAPITAL

KPA OVERVIEW

Strengthening Human Capital



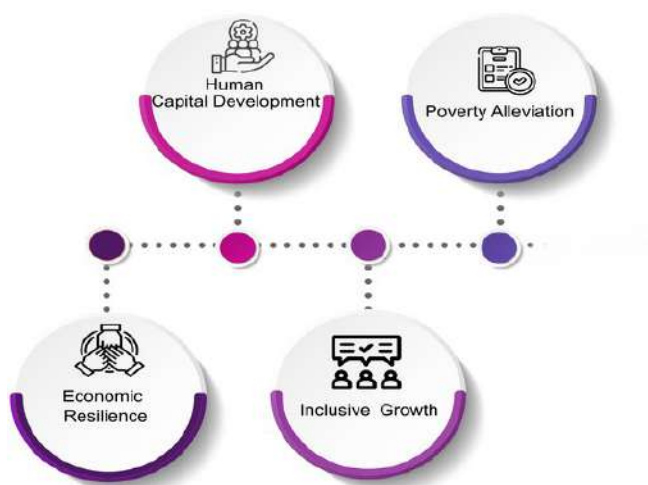
The Extended NSDP II acknowledges that human capital is a crucial driver of productivity and economic growth. In this regard, Key Priority Area (KPA) II plays a pivotal role in supporting productive sectors that contribute to the nation's advancement. These sectors encompass Education, Health, Social Protection, Migration, and Diaspora.

This section provides an overview of the status of the KPA II sectors, highlighting the challenges these sectors face and the measures taken to address them. In 2019, Lesotho experienced a decline in foreign direct investment (FDI), which significantly impacted the government's capacity to invest in critical sectors, such as education, healthcare, and social protection. Efforts to address this decline involved intervention in the European Union (EU) through the Multi-Annual Indicative Programme 2021 – 2027. The programme focused on strengthening human capital through investment in health, nutrition, skills development, and social protection, indicating a recognition of the need for investment in these sectors. In

addition, The COVID-19 pandemic widened the educational and digital access divide, impacting long-term health and education outcomes and further exacerbating existing inequalities. Moreover, Due to COVID-19-related border closures, a significant number of Basotho migrants were forced to return to Lesotho. Many returnees from South Africa lost their jobs and expressed concerns about their loss of

employment and survival income. Support from International organisations such as the International Organisation for Migration (IOM) played a pivotal role in strengthening diaspora engagement. The organisation further facilitated the reintegration of migrants through various initiatives, such as the establishment of the Basotho diaspora association and the expansion of return and reintegration support for displaced migrants. The sectors are all interdependent, and

each contributes to the country's economic development in the following ways: Through nurturing education and skills, fortifying social safety nets, embracing the opportunities within migration, and fortifying healthcare systems, KPA II stands resolute in fostering a society where every individual's potential flourish.



HEALTH AND NUTRITION

SECTOR OVERVIEW

Lesotho's health and nutrition sector lays a critical foundation for human capital development and national prosperity. The country's healthcare delivery is structured across a three-tier system comprising primary, secondary, and tertiary levels, which enables the provision of essential services throughout the country.⁵²

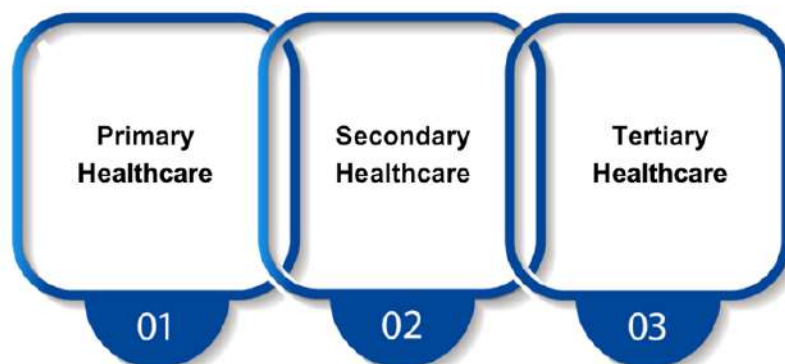
Primary healthcare facilities, including health centres and health posts, are the first point of contact for most Basotho and provide essential services such as immunisation, maternal and child healthcare, family planning, and treatment of common illnesses.⁵³ These facilities are supported by Village Health Workers and Nurse Clinicians who play a pivotal role in community-level outreach and basic nutrition interventions.⁵⁴ District hospitals offer secondary-level care, while more complex cases are referred to the national referral hospital and three specialised tertiary facilities three specialised hospitals; Mohlomi Mental Health Hospital, Bots'abello Leprosy Hospital, and Sankatana Oncological Centre. For

⁵² Government of Lesotho. 2017. [National Health Policy 2017](#)

⁵³ UNICEF. 2021. [Health Sector Budget Brief 2021/2022](#)

⁵⁴ *ibid*

specialised treatment unavailable domestically, patients are referred to facilities in South Africa for quaternary care.⁵⁵



“

Provide accessible, affordable, and high-quality healthcare services to the population

”

Significant progress has been made in strengthening partnerships and collaboration across the health sector. The Ministry of Health (MOH), in close collaboration with the Christian Health Association of Lesotho (CHAL), has improved service delivery coordination and policy direction. The Lesotho Flying Doctor Service (LFDS) continues to enhance access to services in remote and hard-to-reach areas, demonstrating innovation and a commitment to equitable healthcare

access.⁵⁶ Private sector and development partners also support health institutions, including Irish Aid, Global Fund, the United States Government, CDC/PEPFAR, Millennium Challenge Account, European Union, Gates Foundation, Gavi Vaccine Alliance, UNDP, UNAIDS, UNFPA, UNICEF, WHO, World Bank, and World Food Program. NGOs and private healthcare providers, such as the Lesotho Planned Parenthood Association (LPPA), Red Cross Society, Partners in Health (PIH), and Mission Aviation Fellowship, are also key collaborators in delivering health services.

On the nutrition front, Lesotho has laid the groundwork for a comprehensive, multisectoral response to the country's evolving nutritional needs. It brings together the health, agriculture, water and sanitation, education, and social protection sectors to promote food and nutrition security, especially among vulnerable populations.⁵⁷ These efforts are centrally coordinated by the Food and Nutrition Coordinating Office (FNCO) under the Office of the Prime Minister.⁵⁸

⁵⁵ UNICEF. 2021. [Health Sector Budget Brief 2021/2022](#)

⁵⁶ *ibid*

⁵⁷ Food and Nutrition Coordinating Office. 2019. [Lesotho Food and Nutrition Strategy and Costed Action Plan](#).

⁵⁸ Africa Research Connect. 2017. [Food and Nutrition Coordinating Office](#).

The country has made commendable efforts in scaling up key nutrition interventions, including growth monitoring, micronutrient supplementation, infant and young child feeding (IYCF) promotion, and nutrition education. As a result, national awareness of nutrition's importance has improved, and efforts to reduce stunting and micronutrient deficiencies are becoming more targeted and data-driven.⁵⁹

Moving forward, the Government of Lesotho is committed to building on these achievements by investing in primary healthcare systems, strengthening the capacity of health workers, expanding integrated nutrition services, and improving health and nutrition outcomes for all Basotho.

PROGRESS

During the past five years of NSDP II implementation, the following progress has been made:

- Lesotho has made significant strides in the fight against HIV/AIDS, surpassing the UNAIDS 90-90-90 targets, which aim for 90% of people living with HIV to know their status, 90% of those diagnosed to be on antiretroviral therapy, and 90% of those on therapy to achieve viral suppression.
- The Lesotho National Health Strategic Plan (2017-22) and National Health Policy guide efforts to improve health and achieve universal coverage.
- Advances include administering chemotherapy at Sankatana Oncology Clinic, cervical cancer screenings for women, and community-based care for diabetes and hypertension.
- Policy and Strategic Frameworks: Development and adoption of the Lesotho Food and Nutrition Policy and the 2019–2023 Costed Action Plan.
- Institutional Integration: Mainstreaming of nutrition interventions in ministerial policies, strategies, and regulations.
- Operational Planning: Introduction of a five-year integrated operational plan to guide sectoral planning and budgeting.
- Community-Based Interventions: Establishment of nutrition clubs across all districts to promote nutrition education and behaviour change
- Food Fortification: Enforcement of regulations has increased availability and consumption of fortified wheat flour and maize meal.
- School Feeding: Scaling-up of the home-grown school feeding programme to improve child nutrition and support local agriculture.

⁵⁹ The World Bank. 2021. [Project Information Document \(PID\), Lesotho Nutrition and Health System Strengthening Project](#)

SITUATIONAL ANALYSIS

CHALLENGES

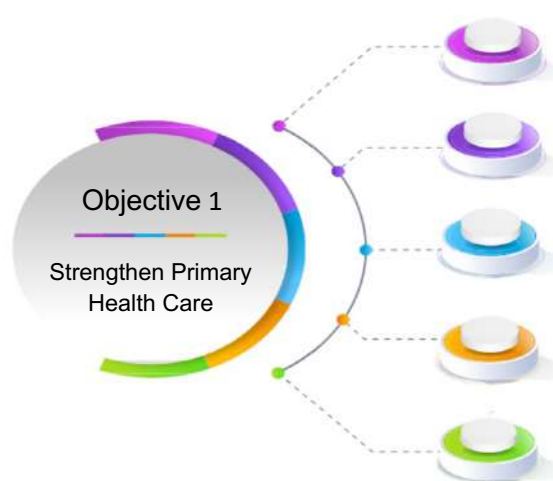
- **Regulatory Frameworks:** Limited and outdated regulatory legal frameworks, including the absence of key bills and regulations.
- **Infrastructure:** Inadequate medical facilities in public hospitals and community health centres.
- **Coordination and organisational Structures:** Lack of coordination between ministries and outdated organisational structures.
- **Health Financing:** High out-of-pocket expenditure due to limited health financing systems.
- **Persistent Budget Constraints** at ministerial level resulting in reduced nutrition programming and service delivery.
- **Global Pandemics:** Potential impacts of global pandemics.
- **Political Landscape:** Changing political landscape affecting health policies.
- **Brain Drain:** Emigration of skilled workforce.
- **Rising Malnutrition Rates:** Driven by weak coordination, fragmented organizational and operational structures, and limited cross-sector collaboration.

OPPORTUNITIES

- **Diaspora Skills:** Utilisation of skills from health professionals in the diaspora, leveraging the newly gazetted dual citizenship law.
- **Digitisation:** Establishment of care and health data management systems.
- **Regulatory Improvement:** Promulgation of the Medicines . Medical Devices Control Bill
- **Agricultural Potential:** Availability of arable land for the production of diverse and nutritious foods.
- **High-Level Recognition:** Lesotho benefits from increased visibility and support due to His Majesty King Letsie III's role as the African Union Nutrition Champion.

STRATEGIC DIRECTION

For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:



Strengthen health education and promote environmental health services.

Reduce maternal and peri-natal morbidity and mortality.

Strengthen community engagement and empowerment on health services.

Reduce incidences and prevalence of communicable and non-communicable diseases.

Improve rehabilitative services

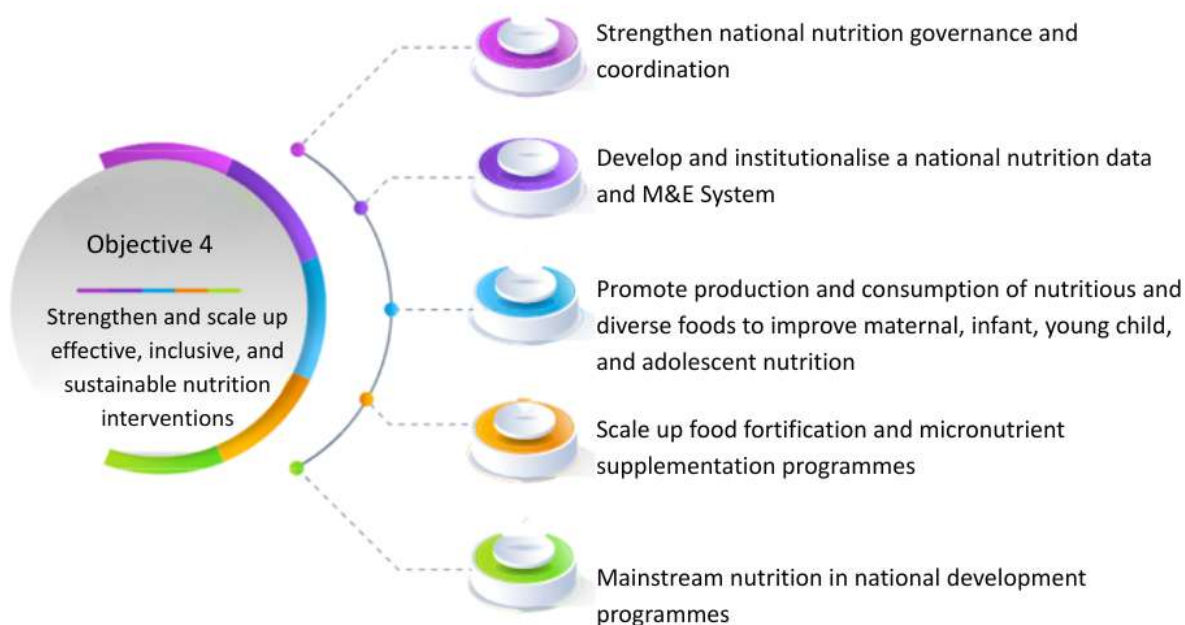


Strengthen emergency prevention, preparedness and response.

Strengthen total quality management systems.

Strengthen bio security, bio safety and patient safety.

Strengthen health research

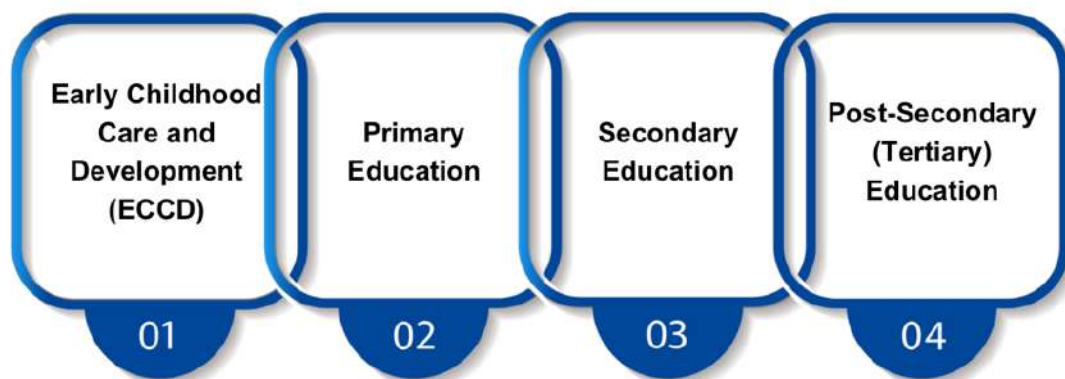


EDUCATION

SECTOR OVERVIEW

The education sector in Lesotho plays a crucial role in the country's development by providing a foundation for growth and human resource development. The education system consists of a hybrid of central and decentralised approaches based on the degree of education. Due to the proliferation of educational institutions, lower levels of education are decentralised, whereas post-secondary education is offered through a centralised management method. Lesotho has a well-defined education system,

divided into four stages: early childhood care and development (ECCD), primary, secondary, and post-secondary education.



To provide effective delivery of education services, governed by policies that aim to reflect Lesotho's development



This system strives to provide comprehensive educational programs catering to the requirements of individuals between the ages of 3 and 24. Furthermore, two alternative educational pathways constitute tertiary education, namely formal and non-formal. This stage caters to children who may not conform to the conventional and customary education primarily offered by primary and upper secondary schools. In addition, Lesotho has 'special-needs' schools in four districts,

namely Maseru, Berea, Leribe, and Butha-Buthe. These schools cater to students with diverse disabilities, including those with visual and hearing impairments. The Ministry of Education and Training (MoET) is tasked with developing policies, while program management and monitoring are conducted at the community and district levels. Various public and private entities, such as the government, church, and community, offer education in Lesotho.

PROGRESS

During the past five years of NSDP II implementation, the following progress was made:

- MOET has developed an operational plan for 2022-2023, which provides a framework for continuous development of the national education system by identifying priority investment areas to improve learning outcomes and increase educational relevance for a globally competitive Lesotho workforce.
- The Ministry of Education and Training (MOET) has aligned its education sector strategic plan (2016-2026) to NSDP II and Sustainable Development Goals (SDGs)

SITUATIONAL ANALYSIS

CHALLENGES

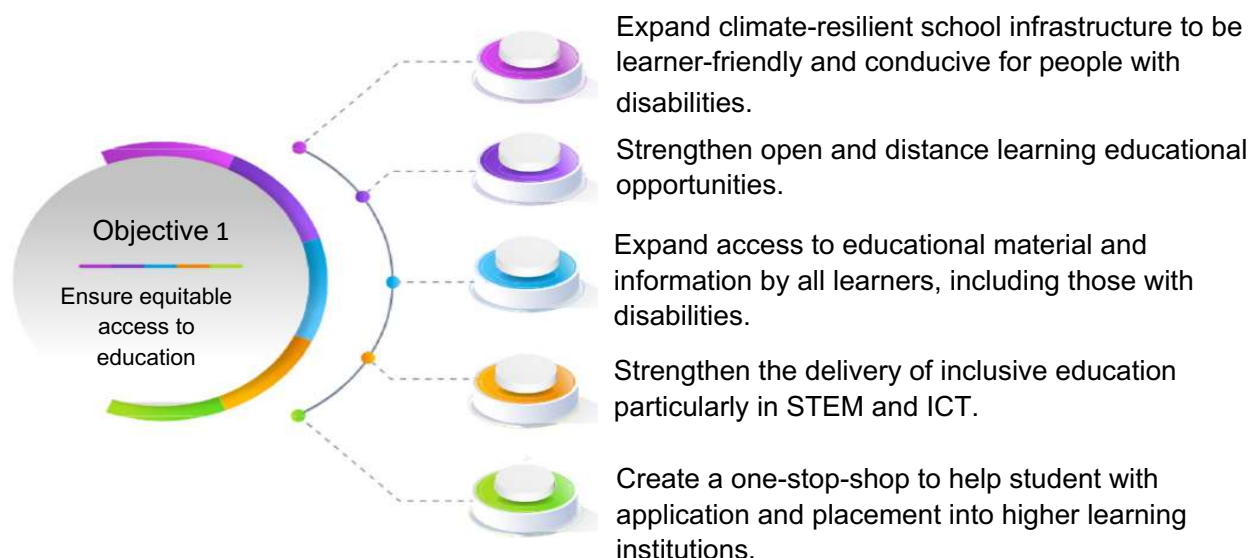
- **Coordination and Policy:** Lack of inter-ministerial coordination and comprehensive policy.
- **Human Resources and Skills:** Insufficient personnel and misaligned skills development programs.
- **Infrastructure and Inspection:** Outdated infrastructure and lack of educational inspections.
- **Obsolete Programs:** Obsolete and unaccredited programs hinder international participation and job creation.
- **External Funding Dependence:** Dependence on external funding makes the education sector vulnerable.

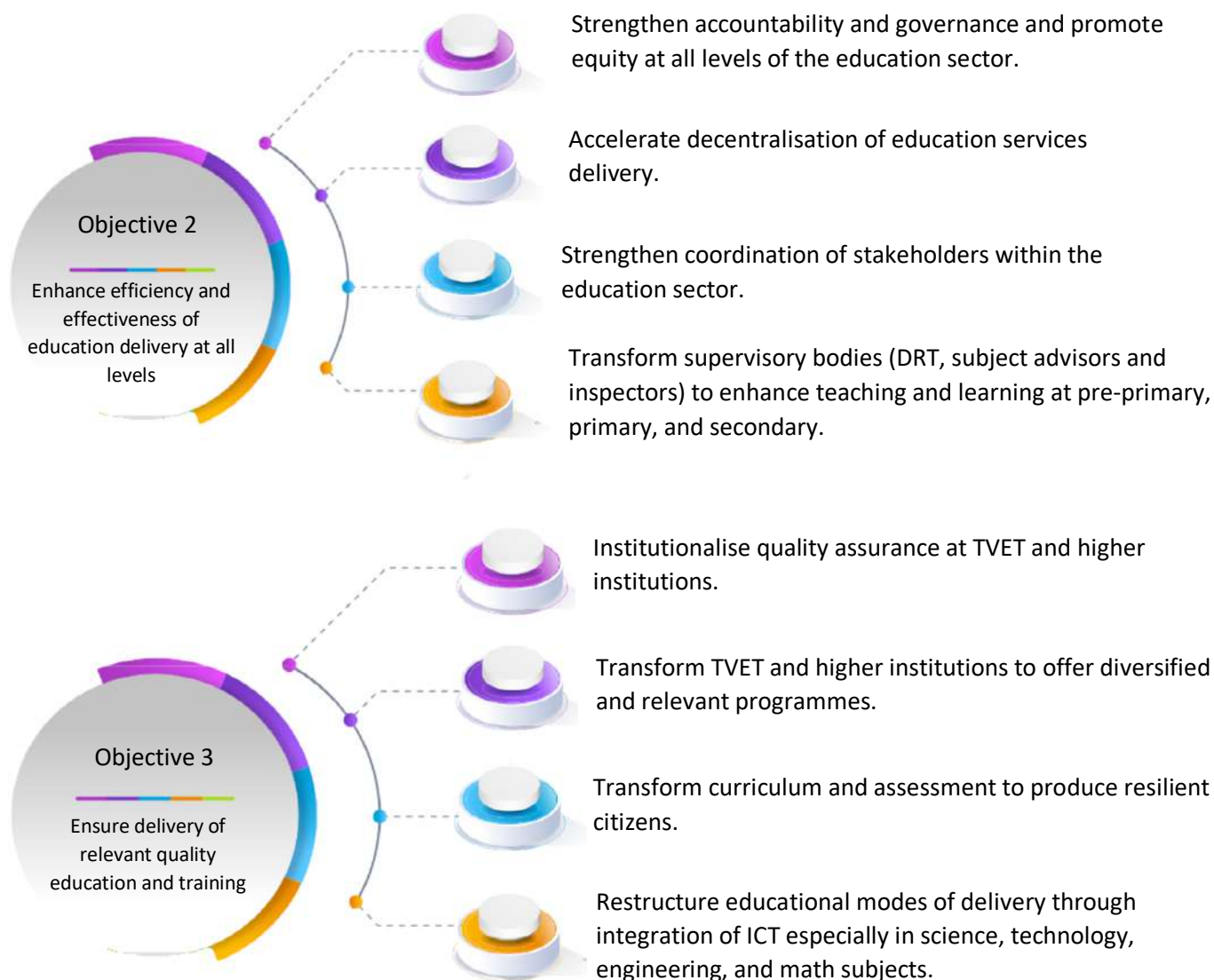
OPPORTUNITIES

- **Dual Learning:** Implement programs for industry experience during education.
- **Distance Learning:** Utilize LDTC for diverse and accessible education.
- **Non-formal Education:** Strengthen alternative learning methods.
- **Community Involvement:** Increase involvement from communities and the private sector.

STRATEGIC DIRECTION

For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:





MIGRATION AND DIASPORA

SECTOR OVERVIEW

Lesotho's migration and diaspora sector plays a critical role in the country's development and governance. The government has developed frameworks and policies to manage migration and engage with the diaspora, recognising the potential of migration for human and economic development. These policies include the Migration and Development Policy, which aims to provide a framework of action to address the challenges and opportunities related to migration and development. The policy reflects themes in 13 domains within the sector. These are migration policy, legal and institutional framework, migration data management, labour migration, diaspora engagement, remittances, skills development and retention, informal cross-border trade, migration and health, migration and gender, irregular

migration, human trafficking and smuggling, cross-border management, internal migration, and access to social security benefits for Migrants and their Dependants.



“

Address emigration challenges, ensuring the protection of migrant workers

”

The former Ministry of Home Affairs, Ministry of Labour and Employment, and Ministry of Foreign Affairs and International Relations have jointly led migration governance efforts in Lesotho. Guided by the National Consultative Committee (NCC) on Migration and Development, these ministries collaborate to ensure comprehensive management of migration, including immigration, labour mobility, policy development, consular services, and international cooperation. Key

stakeholders include Lesotho natives abroad, citizens, foreign nationals connected to Lesotho, government agencies, NGOs, international organisations, and development partners. The International Organization for Migration (IOM), International Labour Organization (ILO), and United Nations High Commissioner for Refugees (UNHCR) play pivotal roles in supporting effective migration management, safeguarding migrant rights, and engaging the diaspora in Lesotho's socio-economic development.

PROGRESS

During the past five years of NSDP II implementation, the following progress was made:

- Comprehensive Diaspora policy has been developed and approved by the cabinet.
- Implementation of a Diaspora investment strategy has commenced, aimed at harnessing the potential of diaspora contributions to Lesotho's development.
- Introduction of digital work permit applications and upgraded data management systems to improve migration processes.
- Directorate has been established to focus on diaspora affairs

- Drafted recruitment guidelines
- Adopted a comprehensive labour migration policy
- The amendment of the Trafficking in Persons (TIP) Act in 2018

SITUATIONAL ANALYSIS

CHALLENGES

- **Synergies and Accountability:** Lack of synergies and accountability.
- **Implementation Plans:** Lack of implementation plans for Conventions and Protocols; policies exist but are not implemented.
- **Data Integration:** Weak integration of data sharing systems.
- **Uncoordinated Systems:** Lack of interface on migration (VISAS, residence permits, border management etc.)
- **Lack of Infrastructure:** No holding centres for irregular migrants, No safe houses for male victims of trafficking.
- **Diaspora Contribution:** While it's an opportunity, the dependency on the diaspora for national development can also be seen as a threat if it overshadows domestic development efforts.

OPPORTUNITIES

- **Diaspora Contribution:** Leverage the contribution of the diaspora to national development.
- **Policy Development:** Develop policies that support internally displaced persons.
- **Integrated and joint issuance of Visas under Home Affairs.**
- **The Immigration and Citizenship review is currently undergoing the final stages of drafting.**
- **Piloting SADC guidelines on the Portability of social security benefits:** through the Enactment of the social security Bill, drafting of social security regulations to implement the Act, Establish and operationalise the National Security Organisation.

STRATEGIC DIRECTION

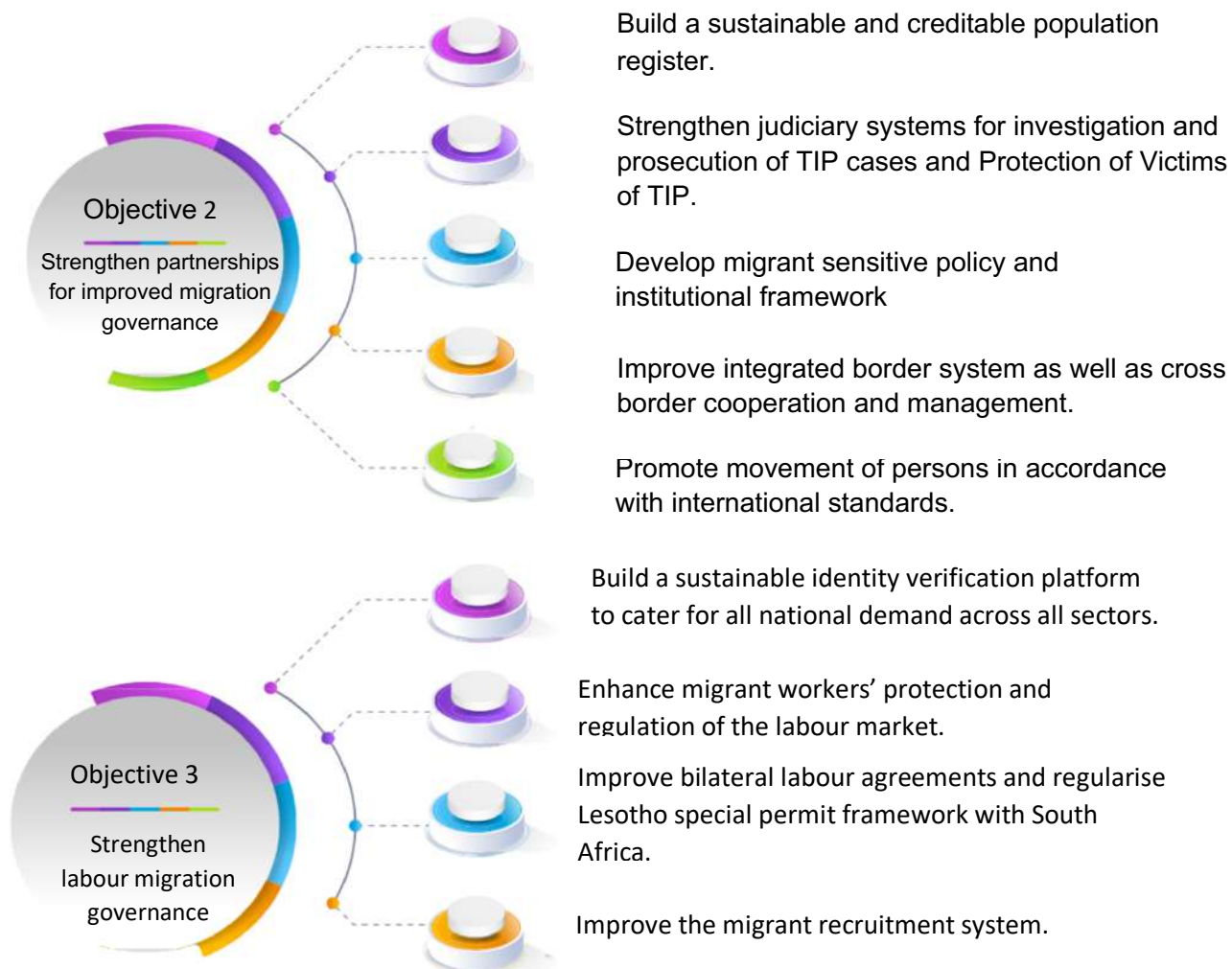
For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:



Leverage diaspora resources for human and economic capital (investment, skills transfer and sending of remittances)

Operationalise diaspora mobilisation policy and legal frameworks.

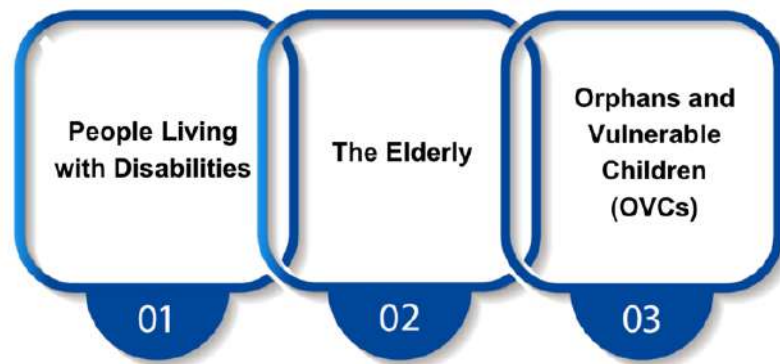
Strengthen Diaspora Engagement coordination mechanisms.



SOCIAL PROTECTION

SECTOR OVERVIEW

The Social Protection sector is an integral component of Strengthening Human Capital. Its primary aim is to enhance the well-being of individuals and communities, thereby empowering them to contribute meaningfully to the nation's economic growth. The sector implements various programs, policies, and initiatives to support, assist, and safeguard vulnerable populations. Mainly, vulnerable populations include the following groups: People living with disabilities, the elderly (60 years and above), and vulnerable children. Programmes and initiatives that have been implemented within the sector include the Child Grant Programme (CGP), Public Assistance (PA), Orphan and Vulnerable Children Bursary (OVC-B), and Old Age Pension (OAP), and the Seasonal Employment/Public Works program among others.



Strengthen social protection systems to prevent and reduce the economic and social disadvantages



The sector primarily comprises the Ministry of Gender, Youth and Social Development, the Ministry of Education and Training, and the Ministry of Health, who collaborate on specific areas of social development and welfare. The government, through the Ministry of Gender, Youth and Social Development, takes on leadership in policy formulation, resource allocation, and governance in the sector. In addition, the sector relies on the contributions of various stakeholders,

including civil society organisations, international development partners, non-governmental organisations, beneficiaries, and communities. By working collaboratively and coordinating their efforts, these stakeholders ensure the effective implementation and sustainability of social protection initiatives in Lesotho.

PROGRESS

During the past five years of NSDP II implementation, the following progress was made:

- Reviewed implementation of the National Social Protection Strategy I (NSPS I) and developed NSPS II in 2021.
- The Child and Disability Grants were increased.
- Increased coverage of Orphans and Vulnerable Children (OVCs) receiving bursaries
- Implemented the disability grants in Leribe and Butha-Buthe,
- Extended the Cash Transfer Program (Child Grant)
- Continuing the National Schools Feeding Program and old age program.
- Drafted a social assistance policy.

SITUATIONAL ANALYSIS

CHALLENGES

- **Misalignment and Limited Prioritisation:** Misalignment and limited prioritization of social protection initiatives.
- **Lack of Coordination:** Lack of coordination in the provision of social protection services, contributing to households struggling to 'graduate' out of poverty.
- **Inadequate Funding:** Insufficient grants/funding to address issues of people living below the poverty line, reflecting capacity limitations and limited resource management.
- **Vulnerability to External Shocks:** Increased vulnerability due to external shocks such as COVID-19.

OPPORTUNITIES

- **Legislative Development:** Enhance social assistance coordination through new legislation.
- **Coordination Improvement:** Strengthen coordination mechanisms to aid poverty reduction.
- **Advocacy:** Increase government support through advocacy efforts.

STRATEGIC DIRECTION

For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:





KEY PRIORITY AREA III

BUILD ENABLING INFRASTRUCTURE

KPA OVERVIEW

BUILD ENABLING INFRASTRUCTURE



Infrastructure development is fundamental to long-term sustainable economic growth in any country. Adequate investment in enabling infrastructure creates new job opportunities, reduces production and transportation costs, and fosters linkages within strategic economic sectors and vital social activities. This, in turn, leads to infrastructure development for economic growth, climate change resilience, regional equality and inclusive transportation networks.

The Extended NSDP II recognises infrastructure development as a catalyst for private sector stimulation and a platform for productive sectors to thrive and become competitive. Lesotho, being a landlocked and mountainous country, encounters considerable challenges with its infrastructure. The rugged terrain has resulted in unreliable basic infrastructure in numerous areas, particularly peri-urban and rural regions. A substantial investment is imperative for the provision, enhancement, and maintenance of existing infrastructure and the improvement of access to fundamental services such as water and energy.

The review of the outgoing NSDP II indicates that, despite some advancements, infrastructure remains a formidable challenge. Although a few urban centres have achieved universal coverage for basic infrastructure services, including electricity and piped water, and several have demonstrated significant progress during the previous planning period, less than one in five citizens have access to these essential services in certain regions. Approximately half the population also resides in areas without tarred or paved roads. Sewerage and waste management services are particularly scarce and accessible to less than one in three citizens, and minimal progress has transpired over the past decade in expanding access to these crucial services.

Further, the NSDP II review underscored that inadequate infrastructure development and maintenance significantly impede business operations, resulting in productivity losses comparable to those stemming from corruption, political instability, and financial market constraints. Given the production and transaction cost constraints, energy, water, and access roads were identified as among the most challenging areas for productive sectors to grow. Beyond fostering socio-economic growth and firm-level competitiveness, improved infrastructure plays a pivotal role in achieving the Sustainable Development Goals.



The impact ranges from enhancing human capital through safe drinking water to improving health and education outcomes due to increased access to affordable, reliable, and sustainable energy. Additionally, improved incomes result from integrating farmers into markets and value chains while fostering innovation and sustainable industrialisation facilitated by well-maintained and resilient roads. Therefore, the construction of sustainable and resilient infrastructure is a crucial developmental factor for any country, including Lesotho.

Lesotho faces vulnerability to the impacts of climate change. Considering potential risks associated with climate change is imperative, as they threaten the structural integrity and service reliability of critical public infrastructure. Conducting vulnerability risk assessments of existing public infrastructure is also imperative, facilitating the integration of climate resilience and addressing associated hazards in the conceptualisation of future projects. This comprehensive approach ensures that Lesotho can proactively manage climate-related risks and continue its path towards sustainable and resilient infrastructure development.

TRANSPORT

SECTOR OVERVIEW

The transport sector in Lesotho primarily focuses on road transport, which plays a vital role in addressing the country's transportation needs. This sector is responsible for the construction, maintenance, and management of road networks, ensuring connectivity between urban and rural areas, as well as neighbouring countries. It facilitates the movement of people, goods, and services, supporting economic activities, trade, and tourism within the country. Additionally, the sector oversees public infrastructure projects related to bridges, airports, and other transportation-related facilities, contributing to the overall development and functionality of Lesotho's transportation system.



To maintain a dynamic and effective environment for the sustainable development of transport and construction.



Housed within the Ministry of Public Works and Transport, the sector's mandate is to formulate and monitor the implementation of appropriate, comprehensive, and robust transport and construction sectors. The ministry aims to maintain a dynamic and effective environment for the sustainable development of transport and construction. Essential collaborators in achieving this mandate include the Ministry of Local

Government, Chieftainship, Home Affairs and Police, which is particularly involved in rural road construction. Further to this, external collaborators also include the World Bank and the International Development Association. Collectively, these stakeholders synergise their efforts to propel the development and enhancement of Lesotho's public works and transport sector.

PROGRESS

Over the past five years of NSDP II implementation, the following progress was made:

- Finalised Lesotho National Transport Masterplan
- Established One-Stop Shop Traffic Services at Ha-Foso
- Construction of Ha Mpti to Sehlabathebe route and Marakabei to Monont'sa border road.
- Developed National Transport Sector Policy

SITUATIONAL ANALYSIS

CHALLENGES

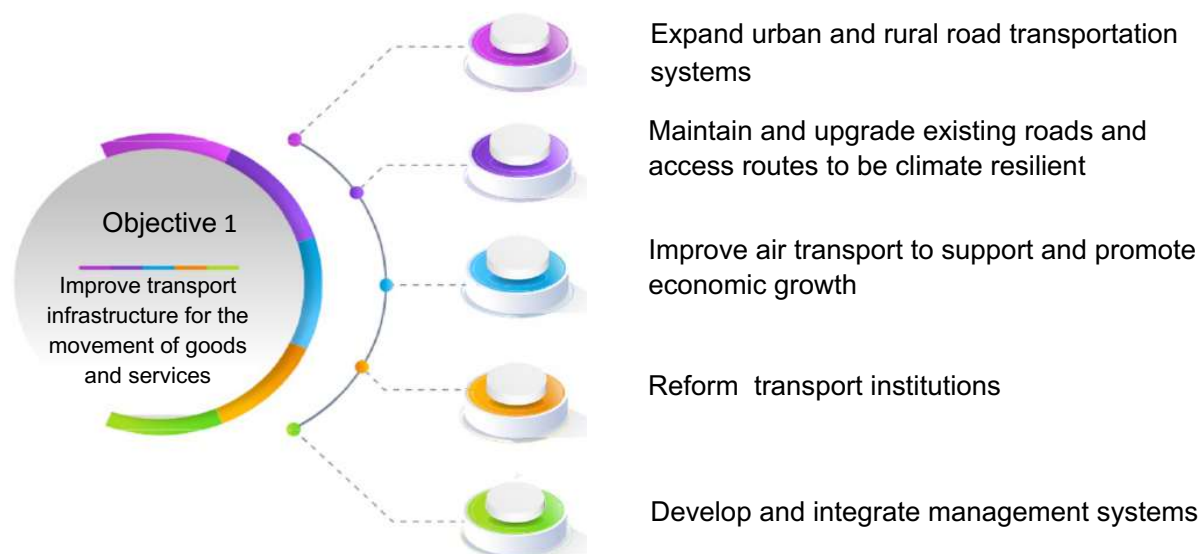
- **Air Transport Limitations:** Inadequate air transport infrastructure may restrict connectivity and accessibility to remote areas, potentially limiting economic opportunities and development.
- **Infrastructure Deficiencies:** Aging and poorly maintained road networks, along with insufficient access routes, hinder efficient movement of goods and services., causing bottlenecks and transportation inefficiencies.
- **Governance Issues:** Inefficient management and governance of road transportation institutions may hinder effective planning, implementation, and maintenance of transport infrastructure.
- **Environmental Factors:** Climate change and environmental challenges may impact infrastructure resilience and sustainability, posing risks to transport operations and infrastructure integrity.

OPPORTUNITIES

- **Availability of Local Institutions Providing Technical Skills:** Leveraging local institutions offering technical skills presents an opportunity to maximize human capital in infrastructure development.
- **Climate Resilient Infrastructure:** Embracing resilient design and construction practices presents an opportunity to address environmental challenges, enhancing infrastructure sustainability and resilience to climate change.
- **Promoting Local Participation:** Implementing policies that encourage increased local involvement can create a competitive procurement landscape, stimulating local economic growth and development.
- Leverage current political will towards infrastructure development.

STRATEGIC DIRECTION

For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:



WATER, SANITATION, AND HYGIENE

SECTOR OVERVIEW

The Water, Sanitation, and Hygiene (WASH) sector in Lesotho plays a pivotal role in the country's socio-economic development and public health outcomes. As a landlocked nation with a predominantly rural populace, Lesotho faces unique challenges in ensuring equitable access to clean water and adequate sanitation facilities. With a primary focus on enhancing access to safe drinking water, promoting hygiene practices, and combating waterborne diseases, the WASH sector is instrumental in safeguarding the well-being of the population. Through concerted efforts in infrastructure development, community outreach, and policy initiatives, Lesotho strives to improve living standards and foster sustainable development across its diverse landscapes.





Lesotho faces unique challenges in ensuring equitable access to clean water and adequate sanitation facilities



Within the Ministry of Natural Resources, Lesotho's water sector comprises a network of key stakeholders dedicated to addressing the nation's water needs. These stakeholders include the Ministry of Natural Resources, which is responsible for overseeing water-related policies and initiatives; the Commissioner of Water (CoW); and the Department of Water Affairs, which play integral roles in water management and regulation. Additionally, the sector benefits from the

involvement of various development partners and organisations like World Vision and the African Development Bank, which contribute resources and expertise to support water, sanitation, and hygiene projects nationwide. Through collaborative efforts, these stakeholders work synergistically to provide strategic direction, coordinate activities, and secure funding to implement vital water infrastructure and programs, ensuring sustainable access to clean water for all communities in Lesotho.

PROGRESS

During the past five years of NSDP II implementation, the following progress was made:

- Lesotho has recently initiated the implementation of the Lesotho Lowlands Water Supply project aimed at addressing water supply challenges in the lowlands.
- The Lesotho Highlands Development Project Phase 2 has also been launched.

SITUATIONAL ANALYSIS

CHALLENGES

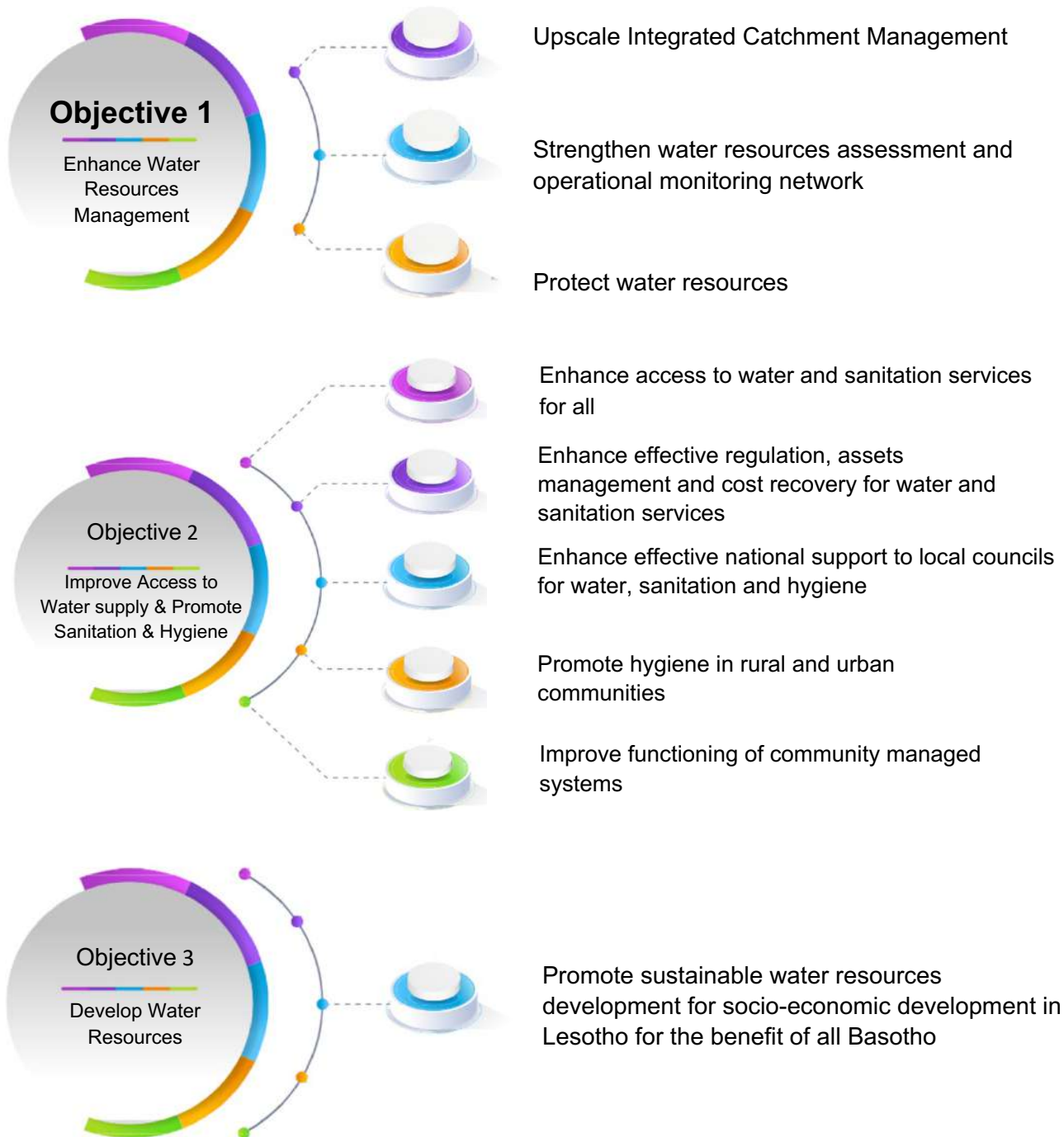
- **Infrastructure Deficiencies:** Inadequate water harvesting infrastructure, distribution services, and the need for sewerage system expansion.
- **Inefficient Project Planning:** Inadequate ROI due to inefficient planning of projects.
- **Water Resource Management:** Weak water resource management.
- **Climate Change:** Droughts and floods induced by climate change threaten water availability and infrastructure resilience.
- **Urban Migration:** Rapid migration to urban areas.

OPPORTUNITIES

- **Hydropower Generation:** Potential for hydropower generation.
- **Resource Recovery:** Opportunities in resource recovery.
- **Integrated Catchment Management:** Upscale integrated catchment management programs, benefiting both Lesotho and downstream countries.
- **Partnership and Funding:** Collaboration with development partners and organizations like Climate Fund Facility and Carbon Fund to address sector challenges and seize opportunities

STRATEGIC FRAMEWORK

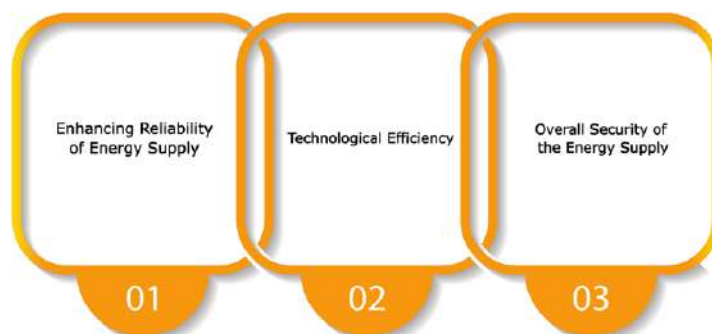
For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:



ENERGY

SECTOR OVERVIEW

The energy sector in Lesotho is entrusted with the vital task of meeting the nation's requirements for petroleum, electrical, and thermal energies, while also enhancing the reliability, technological efficiency, and overall security of the energy supply. This sector is pivotal for economic development, supporting industries, households, and public services with the necessary energy to function effectively. A key focus of Lesotho's energy strategy is the diversification of energy sources to include renewable energies, such as hydroelectric power, solar, and wind. The Lesotho Highlands Water Project is a notable initiative, harnessing the country's water resources to generate electricity and support both local and regional power needs. Efforts are also being made to expand the national grid, improve rural electrification, and promote energy efficiency measures.



Housed under the Ministry of Energy, the sector encompasses key stakeholders such as the Department of Energy, which is responsible for policy development and energy planning; the state-owned Lesotho Electricity Company, which oversees electricity supply; the regulatory body Lesotho



A key focus of Lesotho's energy strategy is the diversification of energy sources to include renewable energies.



Electricity Authority, which regulates and supervises sector activities. Additionally, the Rural Electrification Unit focuses on rural electrification. Additionally, the Lesotho Petroleum Fund is responsible for ensuring the security of petroleum product supply in the country and creating investment opportunities for Basotho in the petroleum sector. The Lesotho Highlands Water Project (LHWP) emerges as a key player in the landscape, presenting opportunities for substantial

hydropower developments. In a concerted effort to reduce reliance on fossil fuels, the private sector entities, also forming part of the key stakeholders, have been actively involved in renewable energy investments and projects.

PROGRESS

During the past five years of NSDP II implementation, the following progress was made:

- Developed and published renewable energy potential maps, shedding light on areas with optimal conditions for harnessing solar, wind, and hydro resources.
- Constructed Ramarothole (30 MW) solar power plant.
- Constructed mini grids at Matsoaing and Ha Makebe (IPP).
- Noteworthy studies, such as the one funded by the African Development Bank for a pumped-storage hydropower plant at Monont'sa, have been conducted.

SITUATIONAL ANALYSIS

CHALLENGES

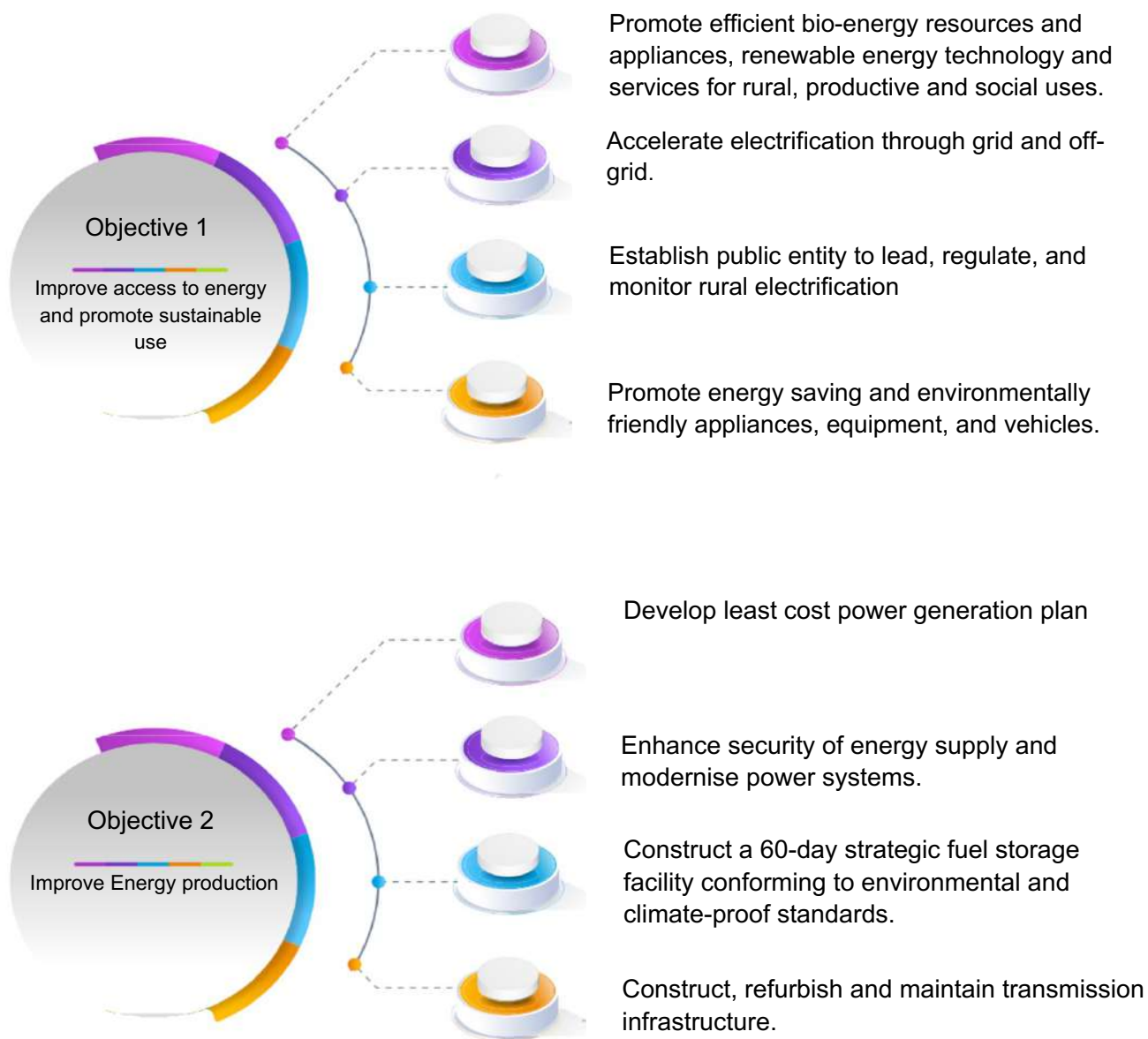
- **Infrastructure and Electrification Gaps:** Insufficient electricity infrastructure and inadequate rural electrification initiatives limit access to electricity in many areas
- **Policy and Legal Framework Constraints:** delayed approval of policy frameworks and institutional structures for energy planning and regulation.
- **External Supply Disruptions:** Vulnerability to disruptions in external energy supply.
- **Climate Change:** Changing climate patterns could affect the viability of hydropower projects and other renewable energy sources, posing a risk to energy production consistency
- **Vandalism:** Risk of vandalism affecting energy infrastructure.
- **Technological Adoption Barriers:** The slow adoption of new and efficient technologies due to limited capacity could hinder progress in modernising the energy sector.
- **Fuel storage capacity:** Lack of storage capacity to ensure the security of petroleum products supply and wider access to end users.

OPPORTUNITIES

- **Expanding Electrification:** Opportunities to increase electrification access in rural areas (off grid)
- **Support from Development Partners:** Potential for assistance and funding from development partners.
- **Investment and Partnerships:** Potential for new investments and partnerships in the energy sector to harness Lesotho's abundant solar, wind, and hydro resources.

STRATEGIC DIRECTION

For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:



BUILT ENVIRONMENT

SECTOR OVERVIEW

The built environment sector in Lesotho plays a crucial role in promoting sustainable development by shaping the physical and spatial frameworks within which people live and work. This sector encompasses urban planning, architecture, and civil engineering, focusing on planning, designing, constructing, and maintaining buildings and infrastructure. It aims to establish regulatory bodies to enforce standards and guidelines that guarantee the safety, functionality, and sustainability of built structures. The Extended NSDP II underscores the significance of the built environment in achieving national development goals, emphasising integrated planning, public-private partnerships, and the adoption of modern construction technologies. The sector also prioritises building codes that promote energy-efficient practices and resilience against environmental challenges.



“This sector encompasses urban planning, architecture, and civil engineering, focusing on the planning, design, construction, and maintenance of buildings and infrastructure.”

The sector encompasses a multitude of diverse stakeholders. The construction industry, a major player in the sector, encompasses various interrelated fields and involves interdependent stakeholders such as the client, government authorities, and professional bodies. The Government of Lesotho, through its Ministry of Public Works and Transport, and The Ministry of Local Government play a pivotal role in the development and maintenance of infrastructure, while the Lesotho

National Development Corporation (LNDC) is instrumental in promoting and facilitating investment in the sector. Together, these stakeholders strive to enhance the quality of life for Lesotho's citizens, stimulate economic growth, and ensure development is both environmentally sustainable and socially inclusive.

PROGRESS

During the past five years of NSDP II implementation, the following progress was made:

- Implemented construction and design regulations and certifications.
- National Spatial Planning and Development Framework concept note approved.
- Local Area Plans that aim for well-planned and serviced human settlements.
- Lesotho Urban Agenda
- Completed the Rental Housing Situational Analysis progresses subsidiary housing laws.
- Maseru Urban Master Plan (Maseru 2050 Urban Plan)

SITUATIONAL ANALYSIS

CHALLENGES

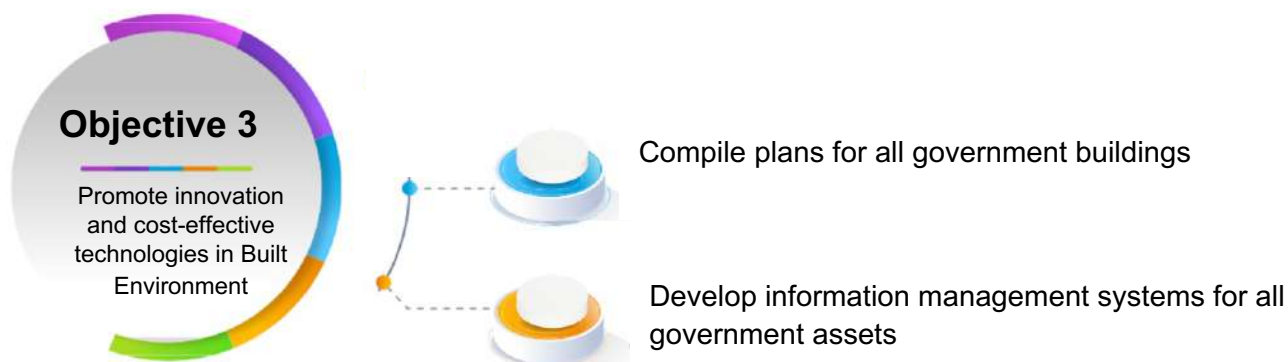
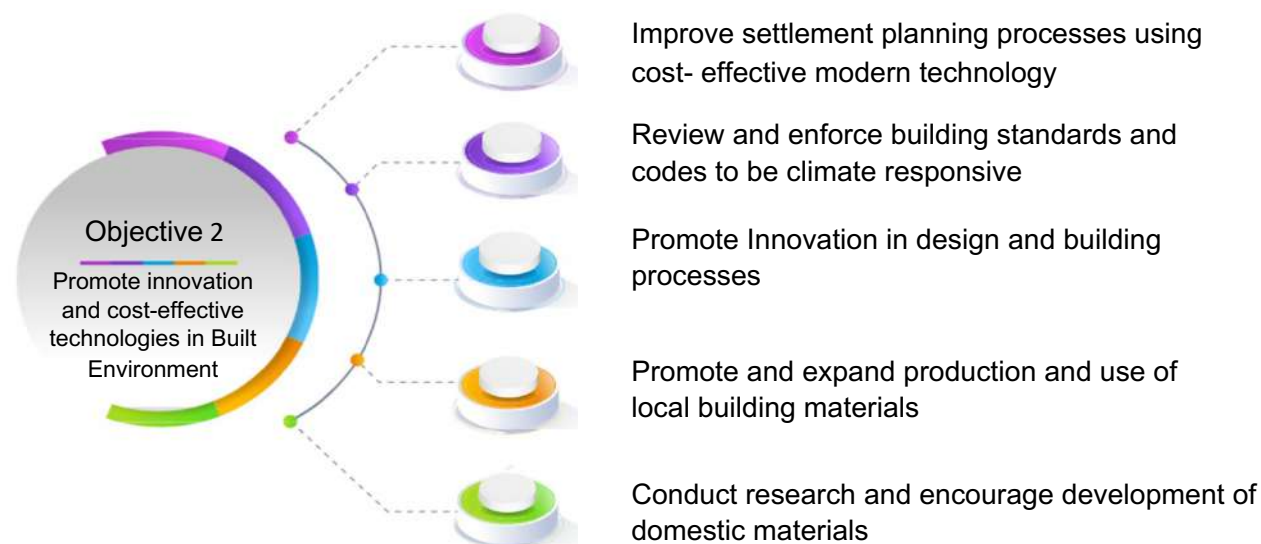
- **Climate-Responsive Building Standards:** Failure to enforce climate-responsive building standards leads to infrastructure vulnerability and risks of damage from extreme weather events.
- **Institutional Capacity and Planning:** Insufficient institutional capacity for urban development and ineffective land use planning mechanisms result in unsustainable growth and urban sprawl.
- **Affordable Housing:** Inability to provide affordable housing for low-income families leads to the establishment of informal settlements.
- **Economic Volatility:** Fluctuations in investment and construction activities due to economic uncertainties impact project financing and timelines.
- **Urbanisation:** Rural-urban influx presents overpopulation threats, straining infrastructure and resources.

OPPORTUNITIES

- **Technical Expertise and Skills Transfer:** Opportunities for partnerships and investments in building technologies and renewable energy projects.
- **Tourism Infrastructure:** Potential for construction companies to capitalize on the expansion of tourism infrastructure and services.
- **Legal Framework Advancements:** Further advancement in legal frameworks, such as the Maseru Urban Master Plan, Housing Bill, and Built Environment Act.

STRATEGIC DIRECTION

For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:



SOLID WASTE MANAGEMENT

SECTOR OVERVIEW

The Solid Waste Management sector in Lesotho is tasked with tackling challenges related to waste generation, disposal, and recycling. It is pivotal in addressing indiscriminate dumping in public spaces and markets and advocating for proper waste management practices to safeguard human health and the environment. This sector is essential for maintaining the cleanliness and aesthetic appeal of urban and rural areas, thereby improving the quality of life for residents. In addition to managing waste disposal, the sector is responsible for establishing and enforcing regulatory measures to mitigate the impacts of waste disposal and encourage proper waste management practices in urban and rural settings.



The Ministry of Local Government, Chieftainship, Home Affairs, and Police assumes a pivotal role in

“

Production of approximately
300,000 tons of solid waste
annually

”

overseeing Lesotho's Solid Waste Management sector. It spearheads the formulation and implementation of policies and regulations essential for effective waste management practices nationwide. Municipalities play a crucial role in managing daily waste collection, transportation, and disposal, ensuring compliance with local waste management regulations to maintain cleanliness and environmental sustainability. Moreover, the Ministry of Public Works and Transport

plays a key role in waste management, aiding in the development of infrastructure for waste treatment and partnering with local municipalities. Private sector entities, along with non-governmental organisations like the Lesotho Council of Non-Governmental Organisations (LCN), actively engage in waste management services and community mobilisation. Additionally, development partners and educational institutions contribute technical expertise and financial support, fostering a collaborative effort to establish sustainable waste management practices in Lesotho.

PROGRESS

During the past five years of NSDP II implementation, the following progress was made:

- Developed National Solid Waste Management Policy
- The recent launch of the cleaning campaign - 'Hloekisa Lesotho'

SITUATIONAL ANALYSIS

CHALLENGES

- **Infrastructure:** Insufficient infrastructure for effective solid waste management.
- **Public Engagement:** Insufficient engagement and involvement of the public in waste management efforts.
- **Human Resource Constraints:** Limited human resources incapacitate effective solid waste management at the grassroots level.
- **Government Priority:** Solid waste management is not considered a priority from government level to grassroots level, hindering implementation.
- **Climate Change:** Increasing frequency and intensity of extreme weather events can disrupt solid waste management systems, leading to waste accumulation and environmental hazards

OPPORTUNITIES

- **Buy-back Centres Development:** Development of buy-back centres in urban areas with support from development partners like UNEP.
- **Indigenous Waste Management Systems:** Utilize traditional methods for sustainable and culturally appropriate waste management practices, fostering community involvement and ownership.
- **Development Partner Support:** Existing support from development partners can foster skills transfer and sharing of best practices within solid waste management.

STRATEGIC DIRECTION

For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:





KEY PRIORITY AREA IV

**PROMOTE GOOD GOVERNANCE &
ACCOUNTABILITY SYSTEMS**

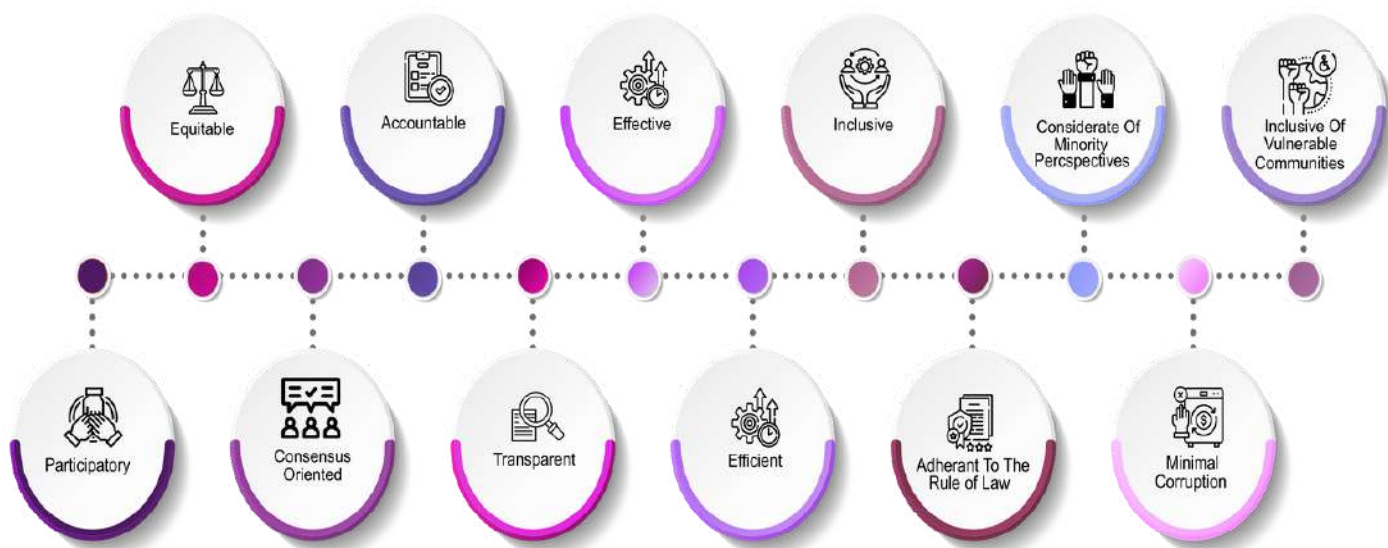
KPA OVERVIEW

Promote Good Governance & Accountability Systems



Contemporary development literature has marked good governance as one of the core ingredients for sustainable economic growth and social development. The holistic consideration of human rights, adherence to the rule of law, and transparent and accountable processes and institutions are central to a country's governance as it strives to reach its growth and developmental aspirations.

In addition, good governance carries the benefit of proliferating investment momentum and fostering a favourable environment for the advancement of the private sector. The development of the private sector equally requires a functional public sector. To operate optimally to support the former, the public sector should be structured and efficient. Public sector reforms should be well-positioned to guarantee the efficient and effective provision of public sector goods and services. The Extended NSDP II acknowledges the critical nature of strengthening national governance and accountability systems. It also recognises that the materialisation of this goal is contingent on systems and processes that enable national governance to bear the characteristics illustrated on the next page.



While the country has experienced setbacks, it has also been making progress towards attaining good governance. The Ibrahim Index of African Governance (IIAG) defines governance as a provision of the political, social, economic and environmental goods and services that citizens have a right to expect from the state, and the state's responsibility to deliver to its citizens. On the measure of overall governance, Lesotho stood at 17 out of 54 African countries in 2022. The scoring comprises four categories of governance: security and rule of law, participation, rights and inclusion, foundation for development and human development. Concerning security and rule of law, Lesotho is in recovery, ranking 16th out of 54 African countries. The Extended NSDP II seeks to mainstream good governance and improved accountability systems into its development agenda.

Lessons learned from the NSDP II indicate a need for improved public sector management that is consumer-centric and adequately buttresses the goal of transforming the country into a producer and export-driven economy.

PUBLIC FINANCE MANAGEMENT

SECTOR OVERVIEW

Public Finance Management comprises a set of laws, rules, systems and processes used by governments to mobilise revenue, allocate public funds, undertake public spending, account for funds and audit results. Improved public finance management promotes economic prosperity, contributes to the enhanced usage of available resources, and encourages sustainable development. The Ministry of Finance and Development Planning highlights in the PFM Reforms Programme that effective public finance management is also essential in “restoring the public’s confidence in the government’s financial

management system.”⁶⁰ PFM, as practised by most governments, is anchored on legal and institutional frameworks that provide the platform for addressing the following:



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Restoring the public's confidence in the government's financial system

”

By the Extended NSDP II, it is recognised that for improved Public Finance Management, reduced misuse of public funds, and equitable resource distribution, accountability ought to be prioritised, alongside strong compliance measures, as a management tool. In this regard, groups with potential impact on the management of the sector include the Ministry of Finance and Development Planning, Central Bank of Lesotho, Revenue Services Lesotho, the

Ombudsman, the Auditor General, the Directorate on Corruption and Economic Offences (DCEO), and the National Assembly's Public Accounts Committee. The PFM involves several stakeholders that include state and non-state actors such as academia, civil society and political parties.

⁶⁰ Ministry of Finance and Development Planning (2024) Public Financial Management Reforms, finance.gov.ls. Available at: <https://www.undp.org/sites/g/files/zskgke326/files/migration/ls/Lesotho-Development-Assessment-Report.pdf>

PROGRESS

During the past five years of NSDP II implementation, the following progress was made:

- Implemented of performance-based budgeting
- Designed programs that map the NSDP II to national funding with the development goals and objectives
- Linked procurement and cash plan modules to the national budget.
- Aligned with the Addis Ababa Action Agenda by integrating the SDGs into financial development planning.
- Developed PFM reforms
- Developed Public Private Partnerships (PPP) Policy
- Developed Central Budget Management System (CBMS).

SITUATIONAL ANALYSIS

CHALLENGES

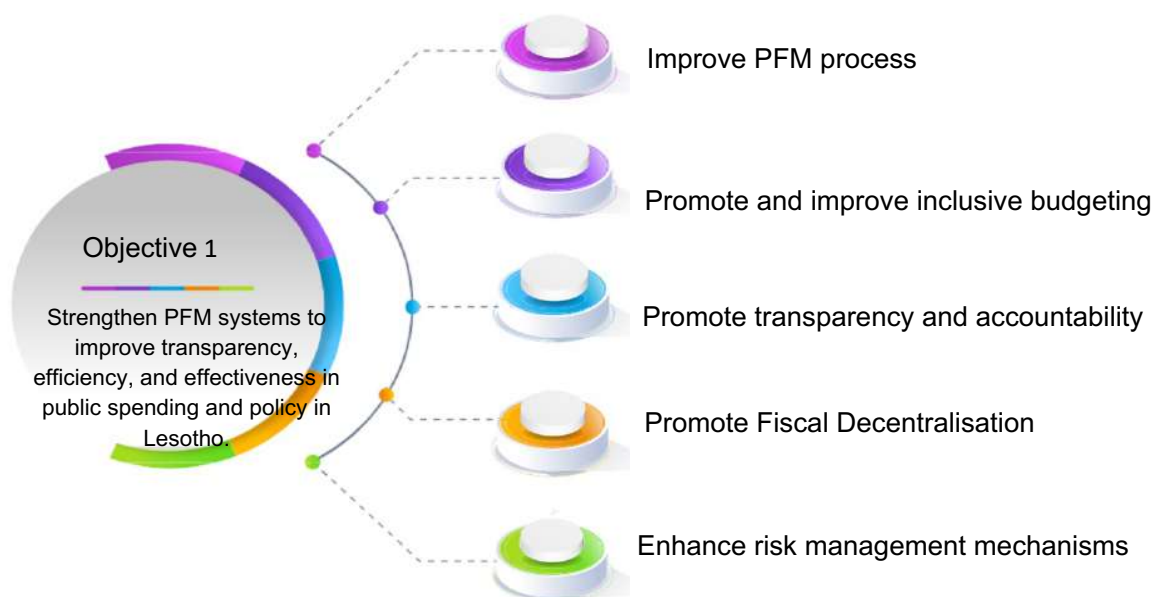
- **High Public Debt:** Volatile financing flows and high public debt, primarily from concessional loans, strain fiscal stability and economic growth.
- **Inefficient Budgetary Processes:** Lack of efficient mechanisms for citizen participation in budgetary processes limits transparency and public trust.
- **Coordination Issues:** Lack of coordination across departments and ministries hampers effective policy implementation and resource allocation.
- **Governance Challenges:** Persistent political instability and governance issues can undermine reform efforts and economic progress.
- **Volatile Financing and Public Debt:** Continued volatility in financing flows and high public debt levels could exacerbate fiscal instability and limit development efforts.

OPPORTUNITIES

- **Gender-Responsive and Climate-Responsive Budgets:** Implementing budgets that address gender and climate issues can enhance social equity and environmental sustainability.
- **Digital Technologies in PFM:** Leveraging digital technologies can improve efficiency, transparency, and accountability in public financial management.
- **Enhanced Collaboration:** Public-Private Partnership (PPP) policies enhance collaboration between the public and private sectors, potentially increasing private-sector investments.

STRATEGIC DIRECTION

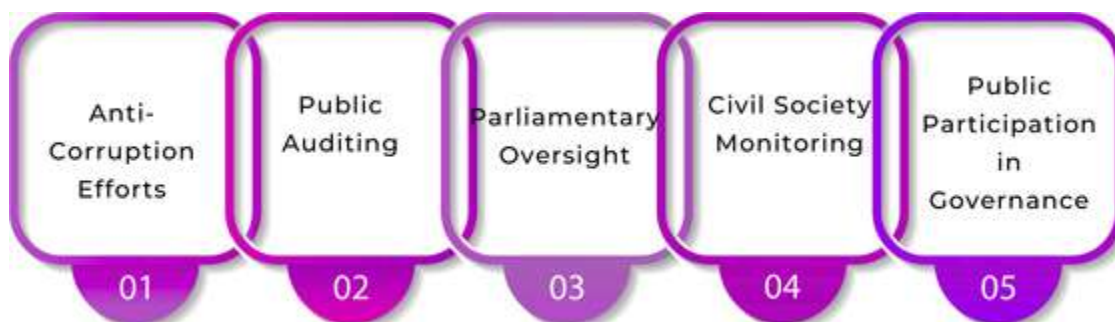
For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:



ACCOUNTABILITY AND EFFECTIVE OVERSIGHT

SECTOR OVERVIEW

Accountability and effective oversight are the fundamentals of good governance in Lesotho. Accountability is crucial for the functioning of institutions as it improves public services and protects human rights. Effective oversight ensures that institutions are accountable and that mandates are delivered effectively, efficiently, and transparently. The sector aims to strengthen the capacity of public institutions to enhance transparency, reduce corruption, and foster trust in government processes. This sector works towards building a robust governance framework by implementing rigorous monitoring and evaluation mechanisms, promoting the rule of law, and encouraging civic engagement.



“

Ensures that institutions are accountable and that mandates are delivered effectively, efficiently, and transparently

”

In the past decades, the GoL established oversight bodies to oversee the private and public sectors. These bodies include the Office of the Ombudsman, the Police Complaints Authority, the Directorate on Corruption and Economic Offences, the Office of the Auditor General, the Human Rights Commission, the National Assembly's Public Accounts Committee, and other supporting civil society organisations. The presence of these offices increases accountability and good

governance in the public and private sectors.

PROGRESS

During the past five years of NSDP II implementation, the following progress was made:

- Office of the Auditor General gained independence.
- Collaboration between Public Accounts Committee (PAC), Directorate on Corruption and Economic Offences (DCEO), and Lesotho Mounted Police Service (LMPS) to address corruption.
- The office of the Ombudsman holds an end-of-year workshop for members of Parliament on good governance principles.
- "Taking the Parliament to the People" campaign launched for civic education and accountability promotion
- PAC framework established for monitoring Auditor General's recommendations under public financial management reform project
- Institutions are undertaking staff capacity building on fraud and corruption.
- Communication strategies are available for external stakeholders.

SITUATIONAL ANALYSIS

CHALLENGES

- **Resource Constraints:** Limited financial, human resources, and technical expertise hinder the operational capacity of oversight bodies.
- **Lack of Autonomy:** Oversight bodies often lack full autonomy and independence, undermining their effectiveness.
- **Implementation Gaps:** Recommendations from oversight bodies are often not implemented.
- **Political Interference:** Political interference can undermine the independence and effectiveness of oversight bodies.
- **Lack of Transparency:** Resistance from various sectors to increased accountability and transparency measures.
- **Corruption Within Oversight Bodies:** Presence of corruption within the oversight bodies themselves.

OPPORTUNITIES

- **Technological Advancements:** Leveraging technology to enhance oversight processes and transparency.
- **Civic Engagement and Participation:** Increased civic engagement and participation in oversight activities.
- **Partnerships and Collaborations:** Opportunities for partnerships and collaborations with regional and international bodies to strengthen oversight functions.

STRATEGIC DIRECTION

For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:



Promote independence (e.g financial, legal, and operational) of oversight institutions and ensure enforcement of oversight bodies' recommendations.

Enhance capacity of oversight bodies to ensure compliance to the principles of good governance.

Develop Policy/Memorandum of Understanding for improved stakeholder collaboration and institutionalise mechanisms for consultation and dialogue.

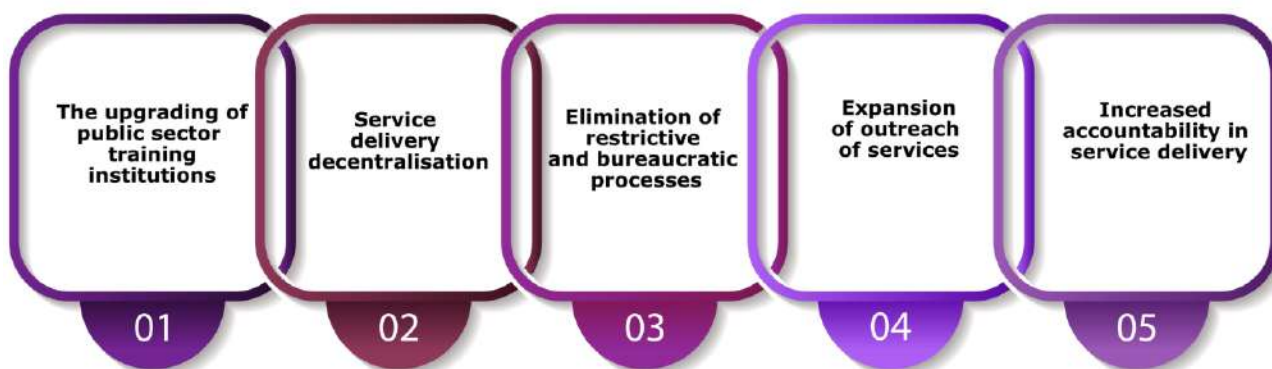
Promote civic education to stimulate demand for accountability.

Enhance capacity of Police Complaints Authority and the Ombudsman to deal effectively with Human Rights Violations by members of the Police (LMPS).

SERVICE DELIVERY AND DECENTRALISATION

SECTOR OVERVIEW

To support the successful delivery of the Extended NSDP II's goals, the GoL is determined to transform public service to become more efficient and effective for the private and public sectors, and the citizenry to flourish.⁶¹ The efficient delivery of public goods and services further buttresses a more fertile environment for private sector activity and subsequent socio-economic development. Furthermore, there is limited access to public goods and services since their management and delivery are highly centralised around Lesotho's urban areas. Planning towards improved public service delivery necessitates the following:



“

Efficiency in Public Service Delivery enables the citizenry to flourish

”

The transformation of public service calls for rationalising public sector institutions for greater productivity and performance by reducing overlapping roles and functions among agencies. Improved service delivery also requires the empowerment of and promotion of cross-collaboration between related ministries and agencies. The realisation of this goal is the shared responsibility of the MDAs.

⁶¹ Government of Lesotho (2018) *National strategic development plan II - government of Lesotho, gov.ls*. Available at: <https://www.gov.ls/wp-content/uploads/2021/06/National-Strategic-Development-Plan-II-2018-19-2022-23.pdf>

PROGRESS

During the past five years of NSDP II implementation, the following progress was made:

- The Performance Management Policy has been reviewed and public officers have been trained on performance management.
- Capacity building of public officers on the new Performance management system tools.
- A system used to collect and store data of public servants, was acquired and implemented, and public officers were trained its use.
- "Taking the Parliament to the People" campaign launched for civic education and accountability promotion
- Adopted Poverty Reduction Strategy is to improve access to social welfare services
- Created four Ministerial committees under which all ministries work together to achieve greater coordination in public service delivery under the NSDP II.

SITUATIONAL ANALYSIS

CHALLENGES

- **Resource Constraints:** Limited resources for public service delivery hamper the ability to meet public needs effectively.
- **Compatibility Issues:** Limited compatibility between development initiatives and implementation efforts leads to inefficiencies.
- **Synergy Deficits:** Lack of synergy between development programs and projects affects overall progress in service delivery.
- **Politicisation:** Politicisation of the public service and governance challenges can undermine reforms and service delivery improvements.
- **Coordination Challenges:** A persistent lack of synergy and coordination across government departments could lead to fragmented efforts and inefficiency.

OPPORTUNITIES

- **Enhanced Service Delivery Initiatives:** Implementation of performance management systems and e-governance can improve service delivery.
- **Economic Recovery:** Better public service delivery contributes to Lesotho's economic recovery by building a stronger workforce and addressing skills shortages.
- **Technology Integration:** The use of technology can enhance the effectiveness and accountability of public service provision.

STRATEGIC DIRECTION

For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:

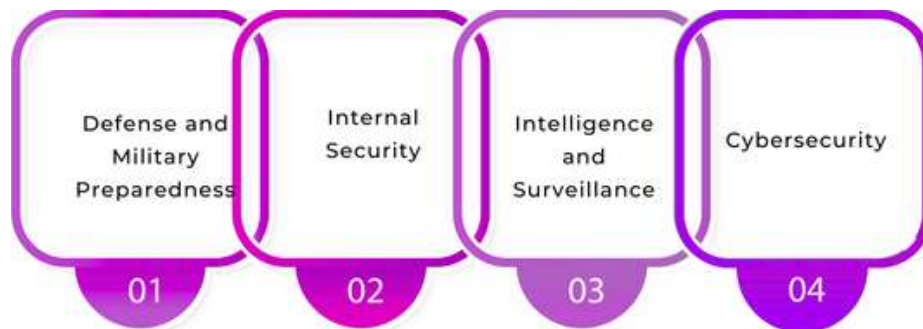


SECURITY

SECTOR OVERVIEW

The national security sector in Lesotho is a crucial component of the nation's governance and stability. It encompasses the Lesotho Defence Force, the National Security Service and the Lesotho Mounted Police Service, which play significant roles in maintaining peace and order within the country. The primary mandate of this sector is to protect Lesotho's territorial integrity and sovereignty and assist in preserving life and property. In addition, it provides and maintains essential services, upholds law and

order and complies with international obligations like peacekeeping support operations and regional military cooperation. Key aspects of the security sector include:



The National Security Policy aims to ensure long-term peace by addressing political instability and reducing political influence in the security sector



Key stakeholders in the National Security sector include the Ministry of Defence and National Security, the Ministry of Local Government, Home Affairs, Police and Chieftainship Affairs. International partners, such as the United Nations Development Programme (UNDP), also play a role in enhancing collaboration in the sector.

PROGRESS

During the past five years of NSDP II implementation, the following progress was made:

- An inclusive national dialogue aimed at transforming the country into a stable, prosperous, and united nation was undertaken.
- Implemented a toll-free number (112) to report crime.
- Initiated programs such as the boot camp and youth development programmes dedicated to high school students.
- Introduced the cyber security unit, human trafficking unit, disability unit and higher learning institutions desk
- Constructed and rehabilitated police stations/posts
- Established satellite posts in hotspot areas.
- Lesotho deployed troops in Mozambique in 2021 under SADC Mission in Mozambique to fight terrorism.

SITUATIONAL ANALYSIS

CHALLENGES

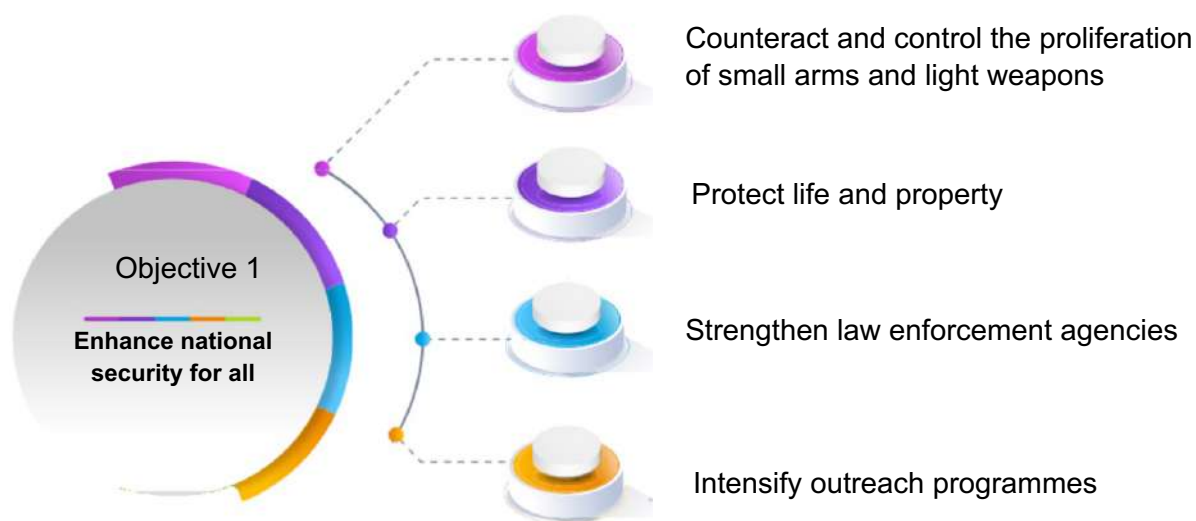
- **Resource Constraints:** Limitations in funding, equipment, and personnel hinder effective security operations.
- **Outdated Legal Frameworks:** Limited and outdated legal and regulatory frameworks do not address contemporary security challenges.
- **Lack of Inter-Agency Cooperation:** Poor cooperation and collaboration among security agencies hinder effective implementation of security measures.
- **Human Rights Violations:** Reports of violations by law enforcement can erode public trust and invite international criticism.

OPPORTUNITIES

- **National Reforms:** Ongoing national reforms can transform the security sector and address existing gaps.
- **Technology Integration:** Implementing modern technology can improve efficiency and effectiveness in national security operations.
- **Partnerships:** Collaboration with regional and international bodies can provide additional resources and expertise to strengthen national security.

STRATEGIC DIRECTION

For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:

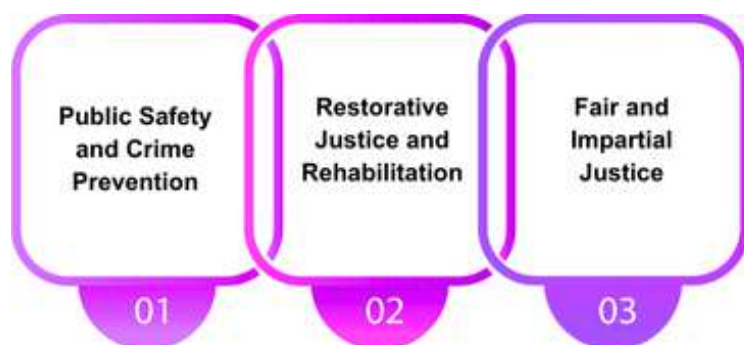




LAW ENFORCEMENT AND ADMINISTRATION OF JUSTICE

SECTOR OVERVIEW

The Law Enforcement and Administration of Justice sector in Lesotho is a fundamental pillar of the nation's governance structure. It encompasses the country's law enforcement agencies and judicial system, which are tasked with upholding the rule of law, ensuring justice, and protecting human rights. The sector operates under the principle that everyone should be ruled by the law and obey it and that the law should be such that people will be willingly guided by it. The judicial system is independent and impartial, with open justice, and the law is capable of being known by everyone, and all comply with it. The principles of law enforcement and administration of justice are upheld by a commitment to the following:



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The sector operates under the principle that everyone should be ruled by law, obey it, and that the law should be such that people will be willingly guided by it.

”

Key stakeholders in this sector include the Ministry of Justice, Human Rights and Correctional Service and Ministry of Local Government. Home Affairs, Police and Chieftainship Affairs oversees the country's law enforcement agencies and judicial system. International partners, such as the United Nations Development Programme (UNDP), also play a role in enhancing collaboration in the sector. The constitution of Lesotho gives citizens the right to participate in public

affairs.

PROGRESS

During the past five years of NSDP II implementation, the following progress was made:

- An inclusive national dialogue aimed at transforming the country into a stable, prosperous, and united nation was undertaken.
- Created an interactive website that provides a platform for the judiciary to interact with the citizenry on its mandate.
- Developed a new case management system to improve the efficiency of the judicial system.

SITUATIONAL ANALYSIS

CHALLENGES

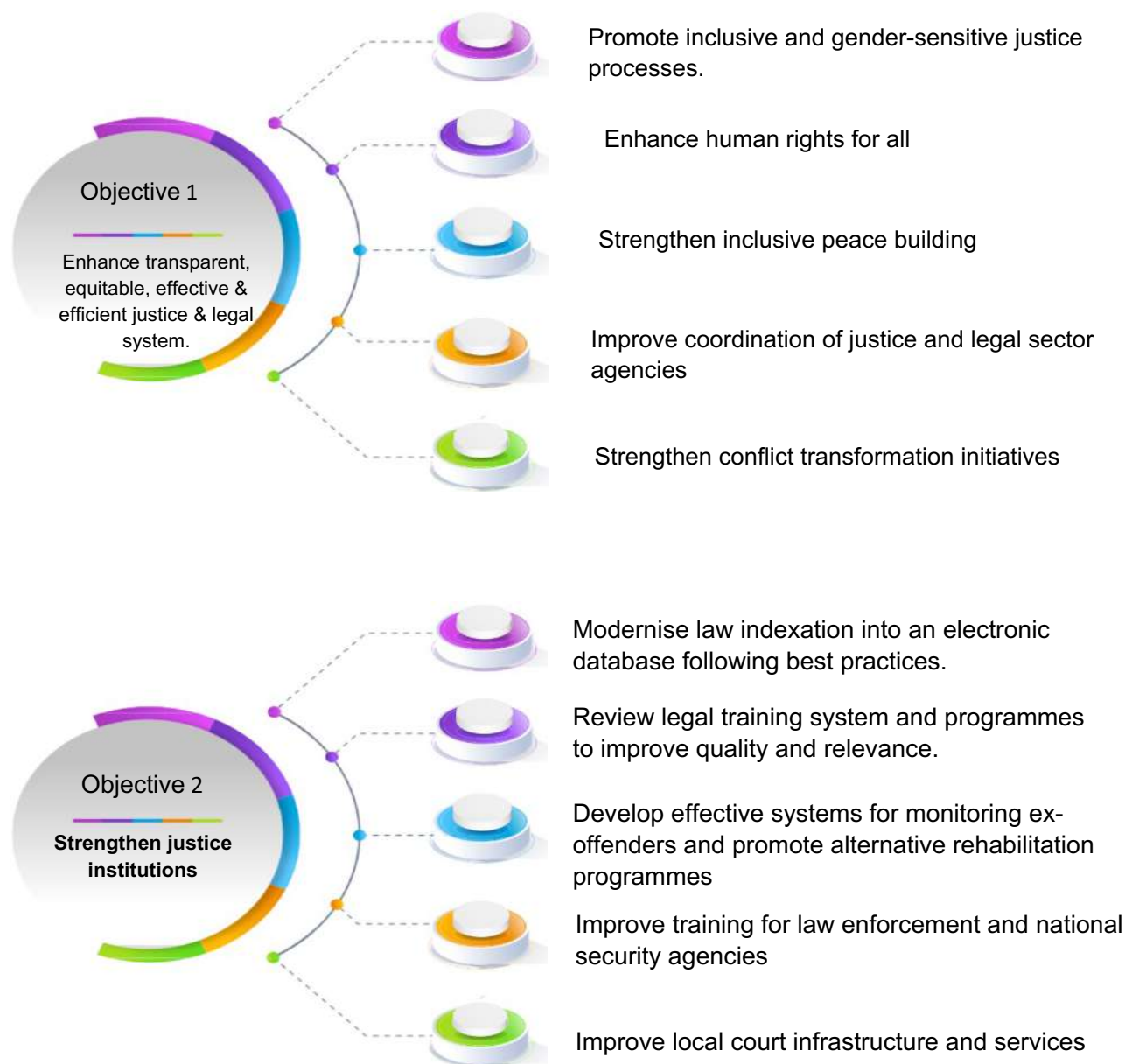
- **Resource Constraints:** Limited resources, including funding, equipment, and personnel, hinder the efficiency and effectiveness of law enforcement and judicial processes.
- **Outdated Laws:** Existing laws are outdated and do not account for contemporary justice issues.
- **Justice Inaccessibility:** Low capacity for the provision of justice, especially for vulnerable groups such as disabled persons.
- **Human Rights Violations:** Reports of human rights violations can erode public trust and invite international criticism.

OPPORTUNITIES

- **Judicial Reforms:** Ongoing judicial reforms can attract external support and bridge current gaps.
- **Public Awareness:** Promoting public awareness and civic education about legal rights and processes can empower citizens and improve accountability in the justice system.
- **Technology Integration:** Implementing modern technology in law enforcement and court systems can improve efficiency and transparency.

STRATEGIC DIRECTION

For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:



GOVERNANCE OF LABOUR MARKETS AND SOCIAL DIALOGUE

SECTOR OVERVIEW

Lesotho's effectiveness and success depend significantly on the quality of its labour force. The country aspires to cultivate well-functioning, stable labour markets with a competitive, adaptable, healthy, and skilled labour force. Lesotho has endorsed 22 international labour standards, encompassing those related to freedom of association and non-discrimination. This commitment ensures that both men and women work under conditions that uphold fundamental human rights. Adherence to international labour standards establishes a normative framework for market governance, employment practices, and social policies.



“

The country aspires to cultivate well-functioning, stable labour, markets characterised by a competitive, adaptable, healthy, and skilled labour force.

”

The Ministry of Labour and Employment oversees labour markets and employment matters, with the Directorate of Dispute Prevention and Resolution (DDPR) focused on resolving employer-worker disputes. Key stakeholders include workers' unions like the Independent Democratic Union of Lesotho (IDUL) and the National Clothing Textile and Allied Workers Union (NACTWU), which advocate for labour rights, and employers' associations such as the Association of

Lesotho Employers and Business (ALEB), representing employer interests. International organisations like the International Labour Organization (ILO) and development partners such as the United Nations Development Programme (UNDP) provide technical and financial support. The private sector also plays a crucial role in ensuring compliance with labour standards and fostering collaborative labour market governance.

PROGRESS

During the past five years of NSDP II implementation, the following progress was made:

- An inclusive national dialogue aimed at transforming the country into a stable, prosperous, and united nation was undertaken.
- Developed the Draft Labour Bill has been.
- Developed National Social Security Policy and a Draft National Social Security Bill.
- Conducted The Labour Force Survey in 2019.
- Ongoing development of web-based labour market information system.
- Developed draft Occupational Health and Safety Bill.
- Conducted a National Skills Audit Baseline Study.

SITUATIONAL ANALYSIS

CHALLENGES

- **Resource Limitations:** Insufficient resources and capacity within labour administration inspection and dispute resolution mechanisms.
- **Informal Sector:** A large informal sector where labour laws are often not enforced, leading to exploitation and poor working conditions.
- **Lack of Awareness:** Limited awareness among workers and employers about their rights and obligations under labour laws.

OPPORTUNITIES

- **Economic Diversification:** Economic diversification can create new jobs and improve working conditions across different sectors.
- **International Support:** Leveraging international support and partnerships for improving labor governance and social dialogue practices,
- **Bilateral Cooperation:** Job opportunities for youth due to agreements with other countries.

STRATEGIC DIRECTION

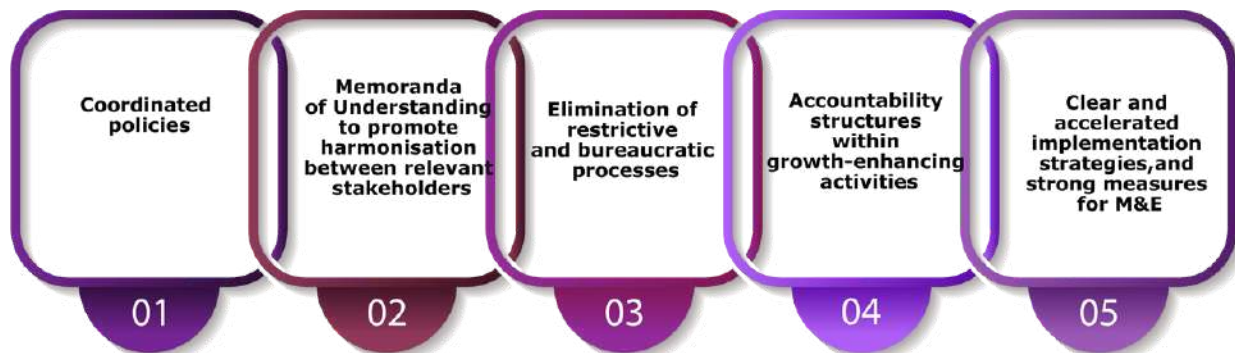
For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:



DEVELOPMENT PLANNING

SECTOR OVERVIEW

Development planning is summarised as the strategic, measurable goals an institution/organisation plans to realise within a certain period. For a country to realise socio-economic development, it is imperative that it design and implement a vivid economic and social growth trajectory. The sector involves mapping the development direction using data-driven mechanisms, thorough statistical analyses, policy formulation, project development and appraisal, resource mobilisation and effective and efficient monitoring and evaluation efforts. Development Planning remains paramount in the Extended NSDP II as it prioritises the National Development Strategy of transforming the country into a “producer and export-driven economy”.⁶² Addressing existing challenges in development planning calls for:



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Development planning has a stark impact on the country's developmental outcomes, social transformation and economic growth objectives

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The Ministry of Finance and Development Planning is Lesotho's key government body overseeing development planning. The Department of Development Planning oversees it and includes the Bureau of Statistics, which provides critical data for planning and analysis, and the Department of Finance, which collaborates on resource mobilisation and budget allocation. Additionally, International

organisations such as the World Bank, the African Development Bank, and the United Nations Development Programme (UNDP) offer technical assistance and financial support. Local governments,

⁶² Government of Lesotho (2018) *National Strategic Development Plan II - government of Lesotho, gov.ls*. Available at: <https://www.gov.ls/wp-content/uploads/2021/06/National-Strategic-Development-Plan-II-2018-19-2022-23.pdf>

private sector entities, and non-governmental organisations (NGOs) also play crucial roles in implementing development projects and ensuring community involvement.

PROGRESS

During the past five years of NSDP II implementation, the following progress was made:

- Numerous assessments were made to determine data gaps.
- Increased alignment with development frameworks such as the SDGs and Agenda 2063.
- Build capacity for PSIC members on appraisal techniques.
- Reviewed partnership policy and CSO policy
- Developed planners' manual and policy formulation guidelines.

SITUATIONAL ANALYSIS

CHALLENGES

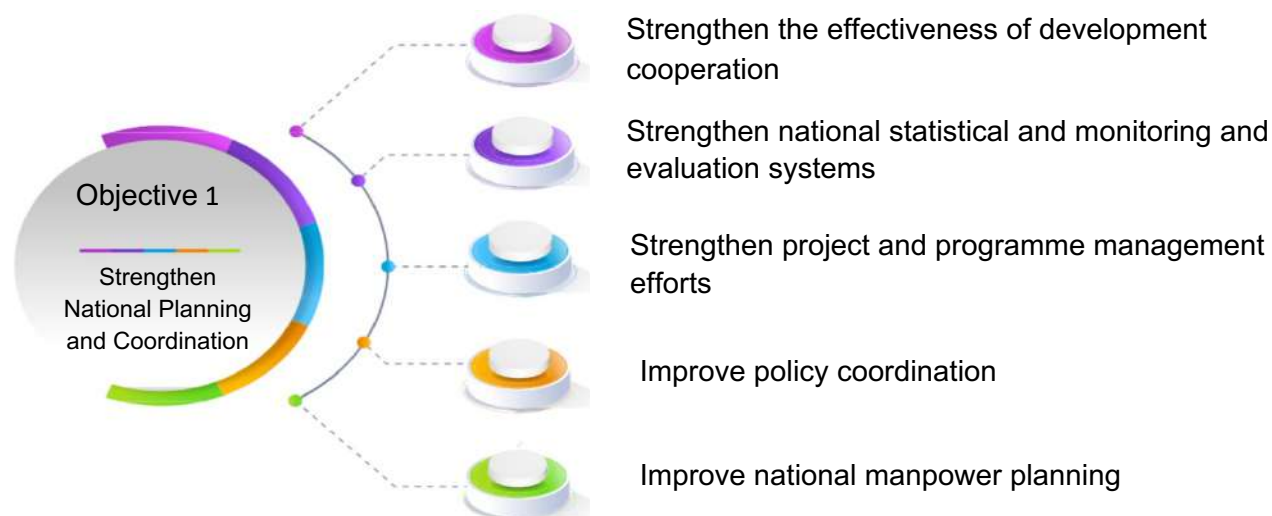
- **Regulatory and Legal Frameworks:** Limited regulatory and legal frameworks to govern the sector.
- **Data Management:** Inadequate access, management, and research of data.
- **Monitoring and Evaluation:** Ineffective monitoring and evaluation systems.
- **Technological Vulnerability:** Limited readiness on advancing technologies and exposure to external digital threats.

OPPORTUNITIES

- **Donor Support:** Leveraging donor support to assist in the implementation of initiatives.
- **Technological Advances:** Utilizing technological advancements to improve planning and implementation processes.
- **Global Development Alignment:** Aligning with global development frameworks to enhance strategic planning and attract international support.

STRATEGIC DIRECTION

For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:



REGIONAL INTEGRATION AND INTERNATIONAL COOPERATION

SECTOR OVERVIEW

Lesotho aims to be an integral player in the regional and global arena by being a member of several regional and global alliances, including the Southern African Development Community (SADC), the Southern African Customs Union (SACU), and the African Union (AU), United Nations (UN) and Commonwealth. Lesotho cooperates with other nations on an array of issues, including trade, development, security and politics. This is significant in developing the required capacity to participate effectively in negotiations on regional integration and international cooperation agreements and partnerships.



“

Lesotho is committed to deepening its engagements on the regional and global stage to drive sustainable economic growth and strengthen governance.

”

Furthermore, Lesotho's active participation in these regional and global alliances has led to the implementation of various regional integration frameworks, such as the United Nations Agenda 2030, the African Union Agenda 2063 and the SADC Regional Indicative Strategic Development Plan (RISDP). These frameworks cover key dimensions of regional integration and international cooperation, including economic, social and political integration. The Ministry of Foreign Affairs and International Relations and the Ministry of Finance and Development Planning collaborate closely with international and regional organisations to promote regional integration, international relations, and cooperation.

PROGRESS

During the past five years of NSDP II implementation, the following progress was made:

- Improved presence in international organisations, creating 25 additional jobs for Basotho nationals.
- Established diaspora directorate and implemented diaspora policy.
- Conducted three diaspora outreach forums in South Africa.
- Conducted diplomatic and negotiations capacity training for officials.
- Forged relations with NUL to establish a diplomacy training program.
- Negotiated and signed a bilateral agreement with Saudi Arabia for development assistance.
- Participated in regional and international inter-ministerial committees.

SITUATIONAL ANALYSIS

CHALLENGES

- **Limited Diplomatic Capacity:** Inadequate capacity for managing international negotiations and diplomatic engagements affects foreign policy effectiveness.
- **Professional Expertise Deficit:** Lack of professional expertise and training in diplomacy limits the effectiveness of Lesotho's international cooperation efforts.
- **Lack of Coordination:** Poor coordination results in effort duplication, and corruption, including mismanagement of funds and lack of accountability, hampers progress.
- **Politicisation:** Internal political conflicts undermine efforts in regional and international cooperation.
- **Economic Vulnerabilities:** Dependence on neighboring economies, particularly South Africa, makes Lesotho vulnerable to external economic changes and policies.
- **Corruption:** Mismanagement of funds and lack of accountability can erode trust and hamper regional integration efforts.

OPPORTUNITIES

- **New Agreements and Policies:** Potential to negotiate new labor and trade agreements and tailor regional policies to Lesotho's specific needs.
- **Streamlined Movement Initiatives:** Efforts to facilitate easier movement of people and goods through improved coordination and infrastructure with neighboring countries.
- **Enhanced Global Memberships:** Increased participation in regional and global organizations can foster trade, market access, and development cooperation.

STRATEGIC DIRECTION

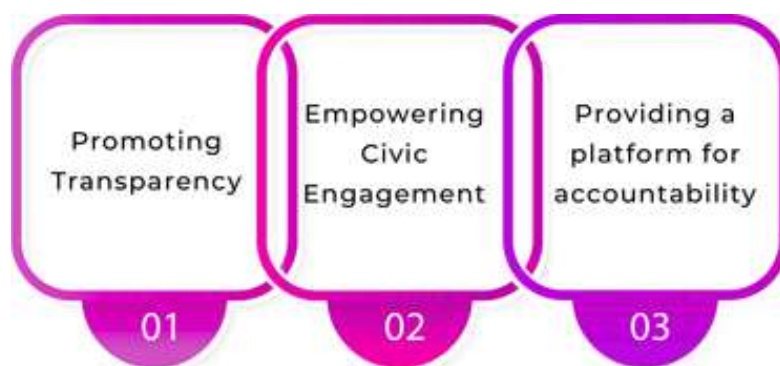
For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:



MEDIA AND ACCOUNTABILITY

SECTOR OVERVIEW

The media sector is a cornerstone of democracy and public accountability, playing a critical role in informing the public, fostering civic engagement, and promoting transparency within government and private institutions. The sector comprises a diverse mix of traditional platforms—such as radio, television, and print media—as well as emerging digital outlets that offer new avenues for reaching the public. Radio, in particular, remains the dominant medium due to its accessibility, even in rural areas. However, the growing influence of social media and online news platforms has also reshaped how information is disseminated, creating both opportunities and challenges in the fight for accountability. The media serves as a key conduit for exposing corruption, monitoring government actions, and providing civil society a voice to engage in policy discussions.



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Media in Lesotho is a vital component for accountability, fostering civic engagement and public dialogue.

”

The media landscape in Lesotho is primarily housed under the Ministry of Information, Communications, Science, Technology, and Innovation, which plays a vital role in shaping media policy and promoting press freedom. Central to this ecosystem are journalists and media professionals, who investigate and report on governance, transparency, and public interest issues, serving as the frontline defenders of accountability. Public and private media houses are responsible for

producing and disseminating news, influencing public discourse and civic engagement. The Lesotho Communications Authority (LCA) regulates media operations, ensuring compliance with broadcasting standards and protecting the rights of journalists. Additionally, civil society organisations (CSOs) and non-governmental organisations (NGOs) collaborate with the media to advocate for policy reforms and highlight accountability issues, thus enhancing the media's role in fostering transparency and citizen participation.

PROGRESS

During the past five years of NSDP II implementation, the following progress was made:

- Adopted The media policy in 2021,
- Professionalised the media sector.
- Ratified and adopted media instruments promoting freedom of expression
- Strengthened the legal framework for media operations.
- Affiliated with Southern African Broadcasting Association (SABA).
- Implemented an open infrastructure that supports both public and private media, enhancing accessibility and collaboration within the sector.

SITUATIONAL ANALYSIS

CHALLENGES

- **Regulatory Limitations:** The Lesotho Communications Authority (LCA) regulates broadcasting but excludes print media, leaving the latter unregulated which can lead to misinformation and a lack of accountability in print journalism.
- **Insufficient Distribution and ICT Infrastructure:** Inadequate distribution channels and limited information and communication technology (ICT) infrastructure hinder the media's ability to reach broader audiences. This limitation affects the dissemination of critical information necessary for civic engagement and accountability.
- **Lack of Fact-Checking Mechanisms:** The absence of established fact-checking mechanisms and tools poses a challenge to media credibility.

OPPORTUNITIES

- **Convergence of Media Platforms:** The blending of various media platforms enhances the dissemination of information, allowing for broader outreach and engagement with the public. This convergence supports a more informed citizenry, facilitating accountability and civic participation.
- **Advancement of Technology:** Technological innovations, such as automated fact-checking processes and advanced content creation tools, provide new mechanisms for ensuring the accuracy of information. These advancements can enhance the reliability of news sources, promoting accountability within the media sector.
- **Capacity Building Opportunities:** The ratification of regional and international media policies offers capacity-building opportunities for local media organisations, which can lead to improved journalistic standards and practices, fostering a more robust environment for accountability and transparency in governance.

STRATEGIC DIRECTION

For the Extended NSDP II period, the sector seeks to pursue the objective below and subsequent interventions, which aim to address the aforementioned challenges and opportunities.



Enhance media sector capacity and expand media coverage.

Ensure content is accurate, objective, sensitive (fair), and responsible.

Establish communication framework and procedures for media interaction with GoL, policymakers, and other state actors to improve access to accurate information.

:



CROSS-CUTTING THEMES

**PROMOTE INCLUSIVITY, BUILD
RESILIENCE AND ACCELERATE
GROWTH**

CROSS-CUTTING OVERVIEW

Promote Inclusivity, Build Resilience and Accelerate Growth



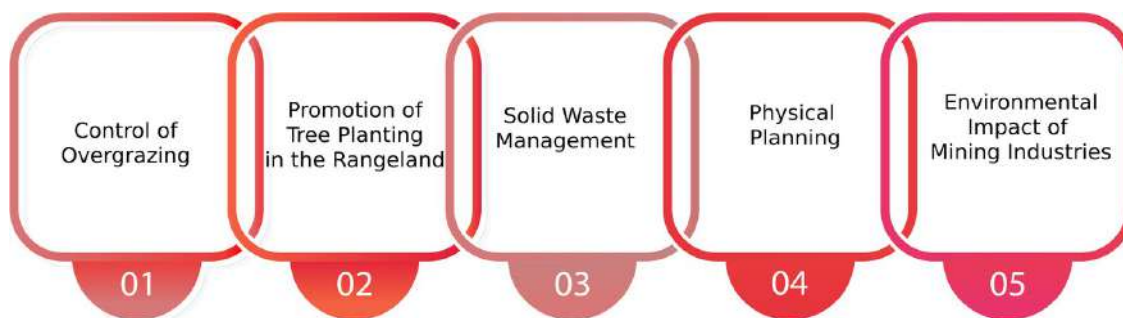
Cross-cutting themes are integral components that permeate all aspects of Lesotho's socio-economic fabric. They are significant because they influence all key economic, social, and environmental systems, either positively or negatively, thereby affecting inclusive economic growth and private sector-led job creation. These themes are considered cross-cutting because they are not confined to a single sector but span across multiple sectors, affecting and being affected by all other sectors. Their issues and concerns permeate all aspects of society and the economy and thus need to be considered in all areas of policymaking and implementation.

The thematic areas aim to promote inclusivity, strengthen resilience, accelerate growth, and ensure sustainable development, resulting in a more holistic and integrated approach to development. This approach aligns with Lesotho's commitment to achieving inclusive growth, which emphasises the interconnectedness of social, economic, and environmental sustainability.

ENVIRONMENT AND CLIMATE CHANGE

SECTOR OVERVIEW

Lesotho's Climate and Environment sector encompasses a wide range of activities to safeguard the country's natural resources and mitigate environmental degradation. It focuses on managing ecosystems, conserving biodiversity, combating climate change, and promoting sustainable development practices.⁶³ Additionally, the sector is responsible for implementing policies and strategies to address environmental challenges such as deforestation, soil erosion, water pollution, and biodiversity loss. This sector serves as a critical pillar in Lesotho's broader development agenda, aligning with Key Priority Area I to enhance productivity through the sustainable utilisation of environmental resources.⁶⁴ Key components of the Climate and Environment sector include:



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Safeguarding the country's natural resources and mitigating environmental degradation.

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Key stakeholders involved in this sector include the Ministry of Environment and Forestry, which is the lead agency for environmental management. Other government entities, such as the Lesotho Meteorological Services and the Disaster Management Authority, also play significant roles. International development partners like the United Nations Development Programme (UNDP) collaborate with the government to help farmers adapt to climate change

and become more resilient. Additionally, non-governmental organisations contribute to the sector by

⁶³ 'RE NOKA', an Integrated Catchment Management initiative, Government of Lesotho, 2021.

⁶⁴ Lesotho's Nationally Determined Contribution [NDC] 2017

implementing projects and initiatives to improve the country's resilience to climate change and promote sustainable development.

PROGRESS

During the past five years of NSDP II implementation, the following progress was made:

- Rehabilitated rangeland
- Protected wetlands
- Developed a grazing management plan
- Reduced Vulnerability from Climate Change through the implementation of Foothills Project, Lowlands and Lower Senqu Project
- Planted exotic forest trees
- Launched 'RE NOKA' project to rehabilitate the degraded catchments across the country, protect natural resources, and engage, unify, and inspire all communities to act together to protect and restore land and water.

SITUATIONAL ANALYSIS

CHALLENGES

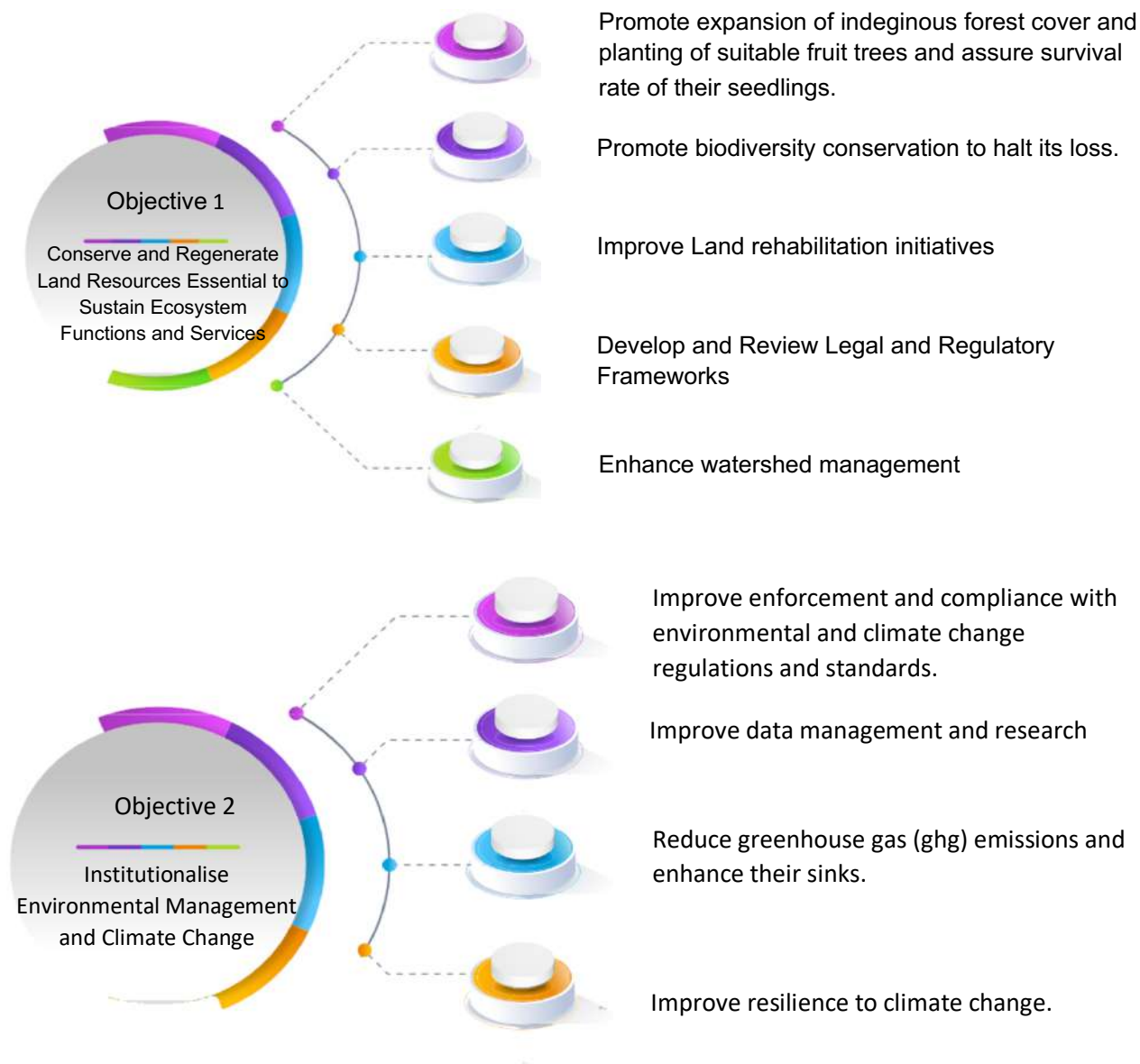
- **Environmental Degradation:** Land degradation, desertification, drought, and biodiversity loss due to unsustainable agricultural practices, over-grazing, deforestation, and soil erosion.
- **Governance Issues:** Inadequate environmental governance, lack of enforcement of existing regulations, and limited climate change adaptation measures.
- **Harmonisation of Legal Frameworks:** Limited harmonisation of legal frameworks related to environment and climate change, leading to fragmented efforts and inefficiencies.
- **Economic Pressures:** The tendency to prioritise short-term economic gains over long-term sustainable practices, leading to potential over-exploitation of natural resources.

OPPORTUNITIES

- **Increased Funding:** Potential for increased international funding and partnerships to support large-scale environmental and climate resilience projects.
- **Sustainability Awareness:** Growing awareness and educational campaigns geared towards sustainable development practices among the population.
- **Community-Led Rehabilitation Programs:** Opportunities to expand community-led initiatives for rehabilitation and sustainable land management.

STRATEGIC DIRECTION

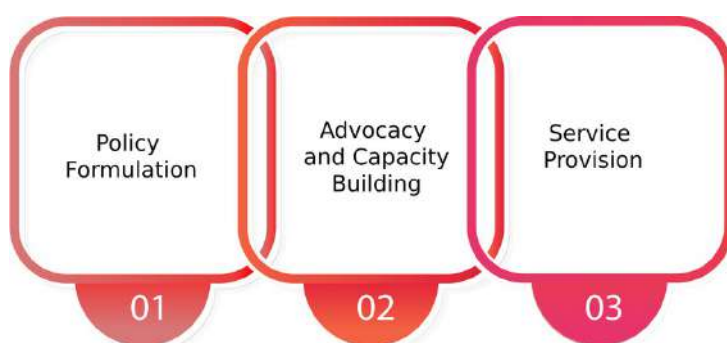
For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:



GENDER

SECTOR OVERVIEW

Within the context of the extended NSDP II, Gender is addressed as a fundamental concept that ensures equality of all opportunities between women, men, girls, and boys.⁶⁵ The sector is characterised by its unwavering focus on addressing gender disparities and promoting the rights and welfare of women and girls. It aims to ensure that development efforts are inclusive and have an equitable impact on all gender-related issues. Through various initiatives and policies, the Gender sector strives to create a society where gender equality is not only recognised but actively pursued, fostering a more just and equitable environment for all. It encompasses a wide range of activities including:



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The sector aims to ensure that development efforts are inclusive and have an equitable impact on all gender-related issues

”

Key stakeholders in this sector include the Ministry of Gender, Youth, Sports, and Recreation (MoGYSR), the lead actor in coordinating efforts to prevent and respond to Gender-Based Violence (GBV) in Lesotho. Other significant players include the Ministry of Health (MoH), Ministry of Justice, Human Rights & Correctional Services (MoJHRCS), Christian Health Association of Lesotho (CHAL), and Lesotho Red Cross (LRC). In addition

to these government entities, the sector includes several non-governmental organisations and associations such as Women and Law in Southern Africa (WILSA), Federation of Women Lawyers, She-Hive, and Gender-Links Lesotho. Development partners contribute significantly to the sector.

⁶⁵ UN Women. (n.d.). Country Profile: Lesotho. Retrieved February 6, 2024, from <https://data.unwomen.org/country/lesothoy8>

²UN Women Data Hub. (n.d.). Country Fact Sheet | UN Women Data Hub Lesotho Africa

PROGRESS

During the past five years of NSDP II implementation, the following progress was made:

- Reviewed gender and development policy
- Undertook gender assessment as well as the economic costs of GBV in Lesotho
- Piloted gender audits in the public sector
- Enacted the counter domestic violence Act of 2022.
- Launched the Nokaneng application and SMS solution to help raise awareness on GBV.
- Harmonised the rights of the customary widows with the legal capacity of married persons Act of 2022.

SITUATIONAL ANALYSIS

CHALLENGES

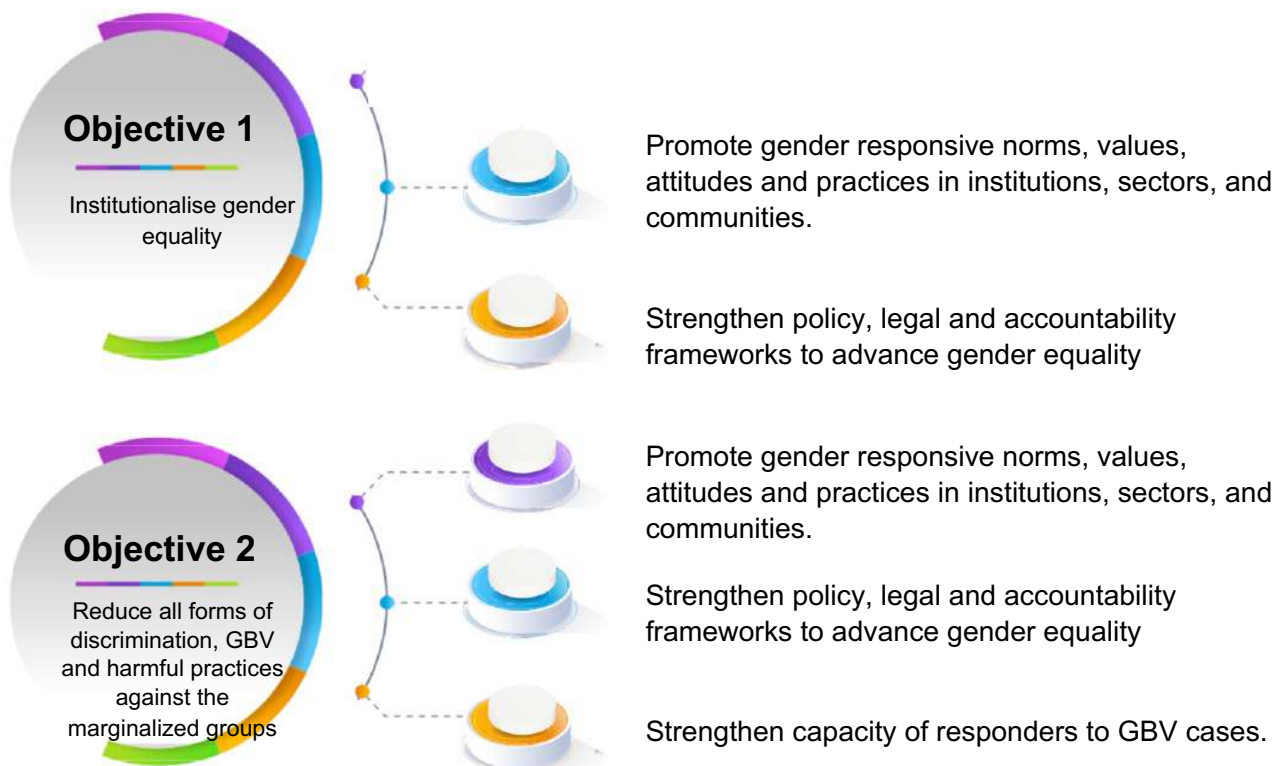
- **Gender Inequalities:** Persistent gender inequalities and a high prevalence of GBV undermine women's rights and opportunities, hindering their socio-economic empowerment.
- **Gender Disparities:** Limited representation and participation of women in power and leadership positions impede their involvement in decision-making processes, perpetuating gender disparities.
- **Harmful Cultural Norms:** Socio-cultural norms that perpetuate gender discrimination limit women's participation in economic and social activities, posing barriers to gender equality.
- **Legal Frameworks:** Inadequate legal frameworks and enforcement mechanisms to protect women's rights and address gender-based issues hinder efforts to achieve gender equality and women's empowerment.

OPPORTUNITIES

- **Digital Solutions:** Increasing exposure of women to digital solutions presents opportunities for leveraging technology to address gender disparities and empower women.
- **Gender-Responsive Policies:** The opportunity exists to develop and implement gender-responsive policies that promote women's rights and address gender-based issues across various sectors.
- **International Support:** Support from the international community for gender equality initiatives provides opportunities to enhance efforts towards achieving gender parity and women's empowerment.

STRATEGIC DIRECTION

For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:

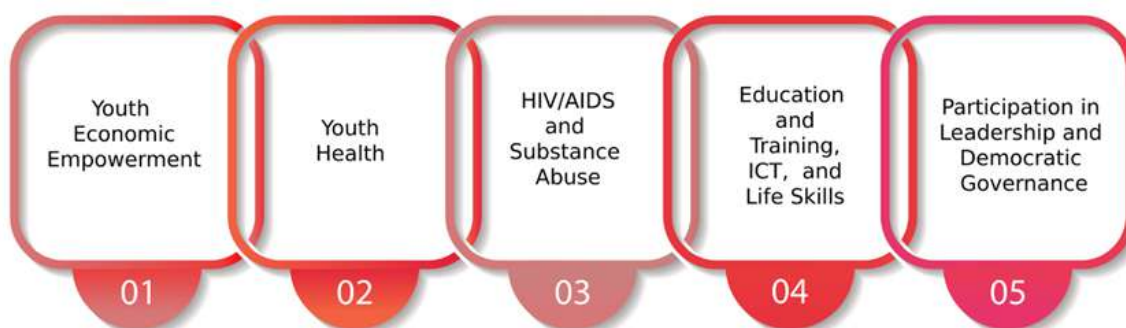


YOUTH

SECTOR OVERVIEW

The youth sector in Lesotho plays a crucial role in the nation's development and future prosperity. With a demographic representation of about 30% of the total population, youth are a vital asset in driving social, economic, and political progress.⁶⁶ The Lesotho National Youth Policy 2017-2030 provides a strategic framework to address the needs, aspirations, and challenges faced by young people aged between 15-35 years old. This policy aims to empower youth through education, skills development, employment opportunities, and active participation in decision-making processes. Additionally, the youth sector seeks to promote youth entrepreneurship, innovation, and leadership, fostering a generation of empowered and engaged citizens capable of contributing to the sustainable development of Lesotho.

⁶⁶ United Nations in Lesotho. (2020). Lesotho Annual Country Report.



“

With a demographic representing about 30% of the total population, youth are a vital asset in driving social, economic, and political progress.

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In addition to the Department of Youth in the Ministry of Gender, Youth, and Social Development (MGYSD), key stakeholders in the youth sector include youth-led organisations, community-based youth groups, and educational institutions such as universities and vocational training centres. These organisations play a vital role in providing youth with opportunities for skills development, capacity building, and civic engagement.

Furthermore, civil society organisations, non-governmental organisations (NGOs), and youth-focused initiatives supported by international development partners contribute to youth empowerment, advocacy, and program implementation. The sector aims to address the multifaceted needs of young people and create an enabling environment for their holistic development and meaningful participation in national development processes.

PROGRESS

During the past five years of NSDP II implementation, the following progress was made:

- Implemented Lesotho National Youth Policy.
- Enacted the new National Youth Development Act.
- Reserved youth-led enterprise quotas in the Government Procurement Act.
- Initiated private sector engagements for youth support.
- Provided training and mentorship for youth enterprises.
- Lobbied for a youth fund with Development partners.
- Integrated Comprehensive Sexual Education (CSE) into the curriculum

SITUATIONAL ANALYSIS

CHALLENGES

- **Youth Unemployment:** High youth unemployment rate, around 27%, which limits economic opportunities and can lead to social unrest.
- **Limited Opportunities:** Limited opportunities for education, skills development, and employment, particularly in rural areas.
- **Entrepreneurship Barriers:** Barriers to youth entrepreneurship, such as limited access to funding, mentorship, and business networks.
- **Economic Marginalization:** Exclusion of youth from economic and decision-making processes, leading to marginalisation and discontent.
- **Societal Problems:** Issues such as substance abuse, mental health issues, gangsterism, and teenage pregnancy hamper youth development in Lesotho.
- **Skills Mismatch:** A mismatch between the curriculum and market needs, leading to underemployment and skill underutilisation among youth.

OPPORTUNITIES

- **Support for Enterprises:** Support for youth enterprises and risk shielding for high-potential projects through targeted funding and mentorship programs.
- **Employability Initiatives:** Increased youth employability initiatives, including vocational training and internships, to bridge the skills gap.
- **Technological Advancements:** Technological advancements create additional work and learning opportunities for the youth.

STRATEGIC DIRECTION

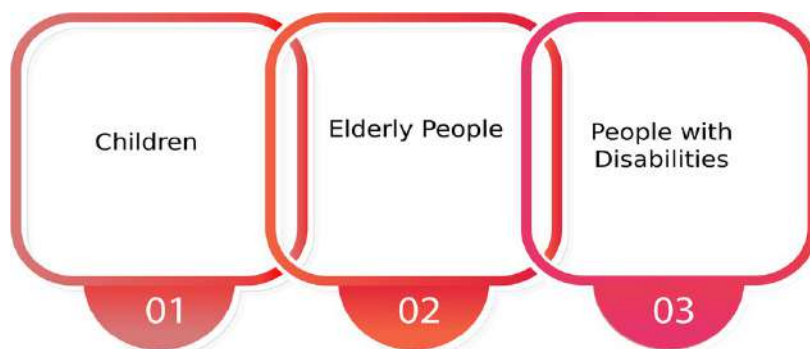
For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:



VULNERABLE GROUPS

SECTOR OVERVIEW

Vulnerable groups in Lesotho are identified as groups that are at a higher risk of needing humanitarian assistance and protection due to specific characteristics that make them vulnerable. The government of Lesotho has identified vulnerable groups as children, people with disabilities, and elderly people, and is committed to addressing their barriers and improving their lives. This sector encompasses children, who represent about 36% of the total population; the elderly, who constitute 8.6 % of the general population; and people living with disabilities, who make up 2.5 % of the population.^{67 68 69} The sector focuses on creating and implementing policies and programs to protect the rights and well-being of vulnerable groups. It ensures access to essential services like healthcare, education, and social protection, promotes inclusive education for children with disabilities, provides social security for the elderly, and offers specialised support for people with disabilities.



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The government of Lesotho has identified vulnerable groups as children, people with disabilities, and elderly people

”

Key stakeholders in this sector include the Ministry of Gender, Youth, and Social Development, responsible for the welfare of these vulnerable groups. Civil society organisations such as the Transformation Resource Centre and Christian Council of Lesotho have been instrumental in promoting trust, tolerance, and cooperation, and strengthening peacebuilding efforts in the country. Development partners such as the UN and

WBG also contribute significantly to the sector, supporting the government's efforts in developing social protection programs as part of the commitment to protecting vulnerable groups.

⁶⁷ Springer Link. (n.d.). Lesotho. Retrieved from <https://www.springer.com/gp/book/9783319760568>

⁶⁸ United Nations. (n.d.). Lesotho. Retrieved from <https://www.un.org/en/sections/issues-depth/ageing/>

⁶⁹ Lesotho National Federation of Organisations of the Disabled. (n.d.). About Us. Retrieved from <http://www.infod.org.ls/>

PROGRESS

During the past five years of NSDP II implementation, the following progress was made:

- Developed National Disability Mainstreaming Plan 2020-2025.
- Enhanced legal protection for persons with disabilities through the Persons with Disability Equity Act of 2021.
- Improved access to inclusive education through the Inclusive Education Policy, 2018.
- Improved identification and support of children with special needs through the Disability database.
- Developed Strategic plan for older persons.

SITUATIONAL ANALYSIS

CHALLENGES

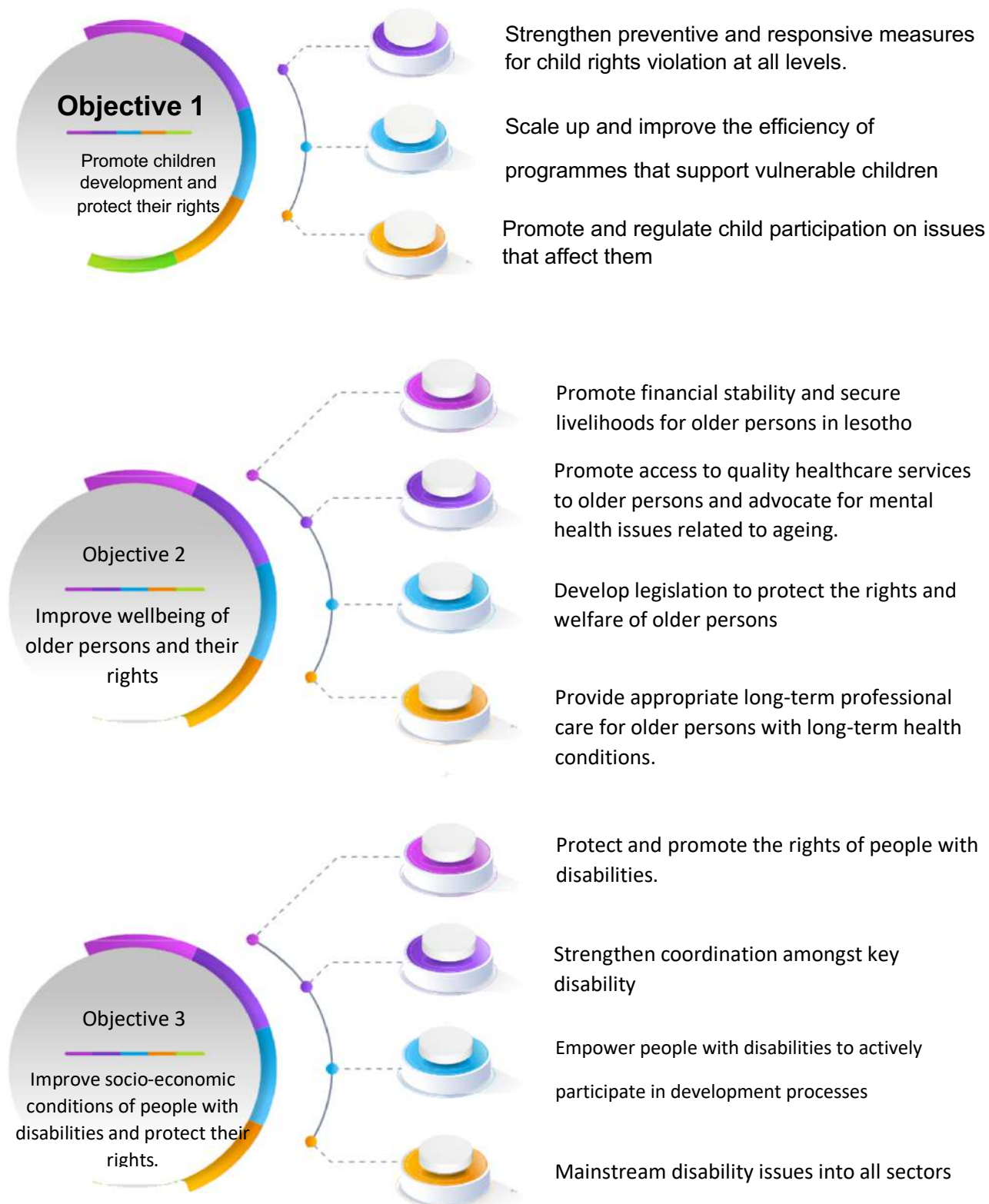
- **Financial Instability:** Limited financial stability and livelihood opportunities for vulnerable groups, especially older persons aged 60-69.
- **Limited Access to Basic Social Services:** Inadequate access to quality social support services such as education and healthcare, particularly in rural areas.
- **Legislative Gaps:** Absence or inadequacy of legislation that protects the rights and welfare of vulnerable groups.
- **Economic Challenges:** Economic challenges affecting the funding and sustainability of social protection programs.
- **Social Exclusion:** Continued societal exclusion and discrimination against vulnerable groups, leading to marginalization and limited opportunities.
- **External Shocks:** Inadequate capacity to address the needs of vulnerable groups, especially during crises (healthcare, climate change, and extreme weather events).

OPPORTUNITIES

- **Strengthening Measures:** Strengthening of social protection measures and programs to provide better support and coverage.
- **Targeted Legislation:** Development of targeted legislation to safeguard the rights and welfare of vulnerable groups.
- **Global, Regional, and National Collaborations:** Increased international collaboration and funding for support programs aimed at vulnerable groups.

STRATEGIC DIRECTION

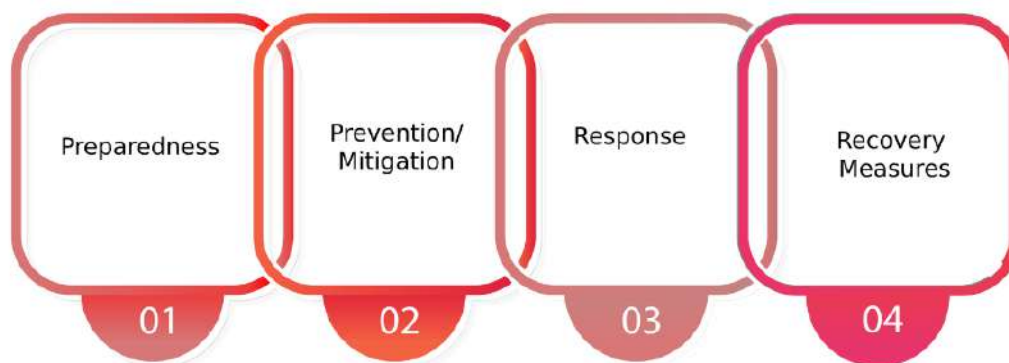
For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:



DISASTER RISK MANAGEMENT

SECTOR OVERVIEW

Disaster Risk Management (DRM) in Lesotho involves a systematic process that applies disaster risk reduction policies and strategies to prevent new disaster risks, reduce existing disaster risks, and manage residual risks. These measures are designed to address the country's vulnerability to climate hazards such as drought, heatwaves, and floods, thereby strengthening resilience and reducing disaster losses. The scope of DRM in Lesotho is broad, encompassing areas such as the application of early warning systems, the development of risk reduction strategies, and the implementation of preparedness and response measures. Additionally, DRM in Lesotho focuses on building institutional capacities, enhancing community awareness and participation, and integrating disaster risk reduction into national development planning. The key areas of focus are outlined below:



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prevent new disaster risks,
reduce existing disaster
risks, and manage residual
risks.

”

The Disaster Management Authority (DMA), established under the Disaster Management Act 2 of 1997, is the primary government institution responsible for DRM in Lesotho. The DMA operates under the office of the Prime Minister. Key development partners in this sector include the Africa Risk Capacity, World Vision International Lesotho, and the European Union Humanitarian Aid Operations. Other key stakeholders include various social development agencies and Non-

Governmental Organizations. Collaborative efforts with international organisations, local communities, and government agencies are crucial in creating a comprehensive and effective DRM framework that ensures sustainable development and minimises the impact of disasters.

PROGRESS

During the past five years of NSDP II implementation, the following progress was made:

- Drafted national disaster risk reduction strategy.
- Signed MoU and the integrated policy framework between agencies (social development and DMA)
- Signed MoU between the governments of Lesotho and The Republic of South Africa and established areas of cooperation on disaster management.
- Drafted disaster risk management bill (2020).
- Drafted early warning strategy (2020), early warning manual and action plan
- Signed a treaty on Africa Risk Capacity

SITUATIONAL ANALYSIS

CHALLENGES

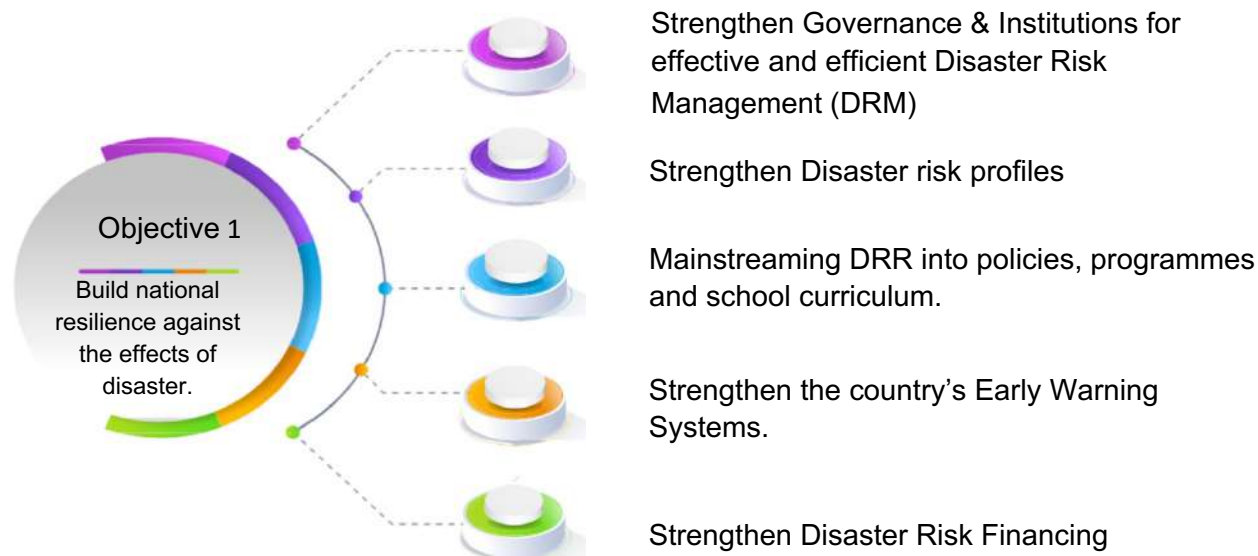
- **Infrastructure:** Inadequate infrastructure for effective disaster risk management.
- **Limited Resources:** Insufficient human, financial, and technical resources for mitigation, preparedness, disaster response, and recovery.
- **Public Awareness and Advocacy:** Limited public awareness and preparedness for disasters, coupled with limited advocacy for enhanced political will on disaster risk reduction issues.
- **Coordination Issues:** Maintaining effective coordination and response mechanisms during disasters is challenging, compounded by cultural norms that may hinder the integration of technological advancements and the need to mainstream disaster risk reduction into policies and programs.

OPPORTUNITIES

- **Infrastructure Enhancement:** Improvement of disaster risk management infrastructure and capabilities through investment and development projects.
- **Community Programs:** Implementation of community-based disaster risk reduction programs to enhance local resilience.
- **Increased Funding:** Support from international partners for disaster risk management projects and initiatives, along with potential private sector participation and involvement of academia for consistent research.

STRATEGIC DIRECTION

For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:



FINANCE

SECTOR OVERVIEW

The financial sector in Lesotho, dominated by the banking industry, plays a crucial role in the country's economic growth and sustainable development. It is identified by the presence of various industries, including banks, investment companies, insurance companies, and real estate firms. With total assets constituting 67.1% of the sector, the four licensed commercial banks are the largest players in the financial sector, with their joint assets estimated to be over 40 % of GDP.^{70 71} Financial services provide different types of finance through various credit instruments, financial products, and services. These services assist citizens to save money, guard against uncertainties, build credit, enable start-up businesses, increase efficiency, expand, and compete in domestic and global markets. The sector focuses on:

⁷⁰ Central Bank of Lesotho. (n.d.). About Us. Retrieved from <https://www.centralbank.org.ls/>

⁷¹ World Bank. (n.d.). Lesotho. Retrieved from <https://www.worldbank.org/en/country/lesotho/overview>



“

Commercial banks dominate the sector, with their joint assets constituting 67.1% of the sector.

”

Key stakeholders in this sector include the Ministry of Finance and Development, responsible for developing and implementing policies and programs that support the financial sector in Lesotho. The Central Bank of Lesotho regulates and supervises the financial sector. Other stakeholders include microfinance institutions, insurance companies, brokers, and money transfer institutions. Development partners, including the World Bank, International Monetary Fund (IMF), and African

Development Bank (AfDB), provide crucial technical assistance, funding, and policy support to enhance the resilience and inclusivity of Lesotho's financial sector.

PROGRESS

During the past five years of NSDP II implementation, the following progress was made:

- Increased use of digital platforms for financial transactions for ease of access and efficiency.
- Introduced mobile payments to redress the challenge of terrain and improve financial inclusion.
- On-going Provision of subsidies and guarantees by the government to enhance the sector's financial stability.
- Developed and implemented pilot projects to promote Basotho's participation in capital investment initiatives.
- Reviewed and expanded Private Capital Growth Fund (PCGF) to cover all sectors, promoting investment and growth.
- Developed and approved the Consumer Protection Act to safeguard the interests of consumers.
- Formulated the Microfinance policy to promote financial inclusion and stability.
- Established financial inclusion strategy to ensure access to useful and affordable financial products and services

SITUATIONAL ANALYSIS

CHALLENGES

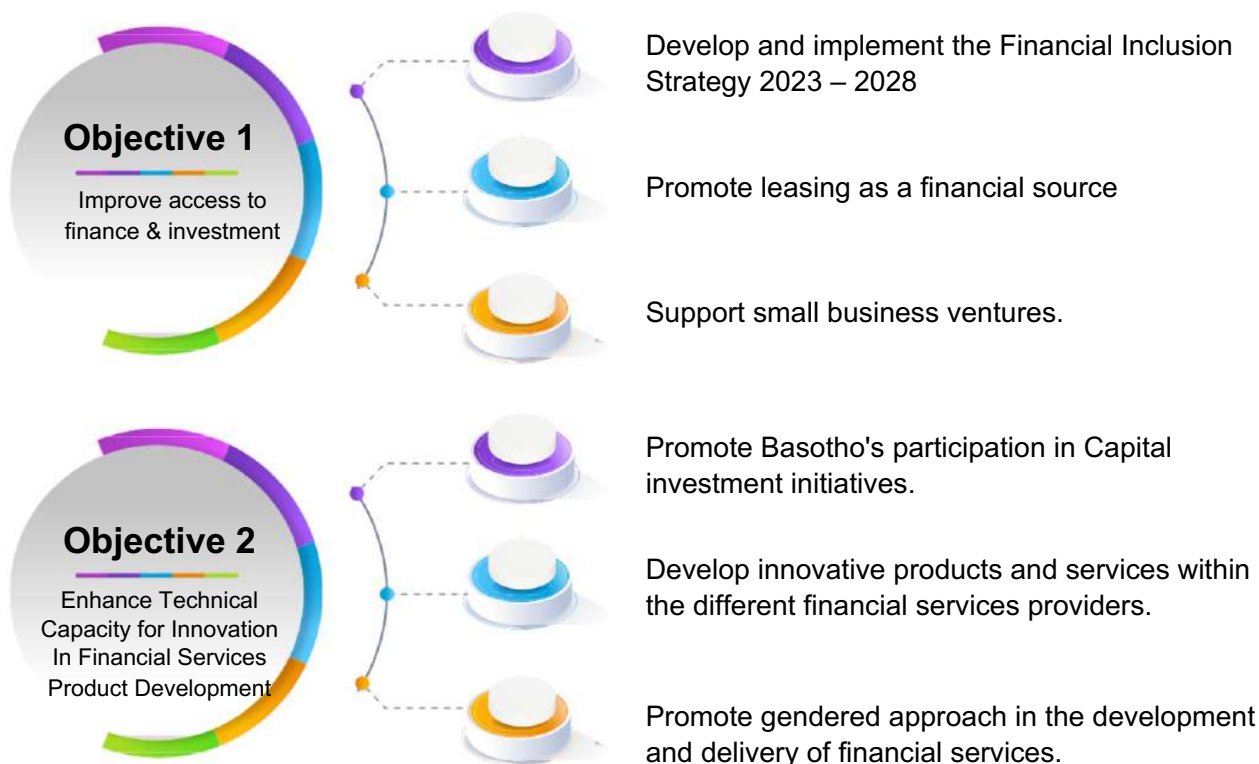
- **Limited Access to Finance and Investment Opportunities:** Insufficient financial services and investment opportunities, particularly for underserved and marginalized populations, impede economic growth and development.
- **Lack of Technical Capacity for Innovation:** Inadequate technical expertise within financial services providers to develop and offer innovative products, restricting the sector's ability to meet evolving market demands.
- **Limited Competition:** High reliance on a few major commercial banks, which can limit competition and innovation within the sector.

OPPORTUNITIES

- **Digital Transformation:** Technology can support the creation of innovative financial products tailored to specific sectors, enhancing service delivery and market responsiveness.
- **Alternative Financing:** Promotion of leasing, microfinance, and other alternative financial sources to diversify financial services and support small businesses.
- **Private Capital Growth Fund:** Expansion of the Private Capital Growth Fund to cover all sectors, fostering investment and economic growth.

STRATEGIC DIRECTION

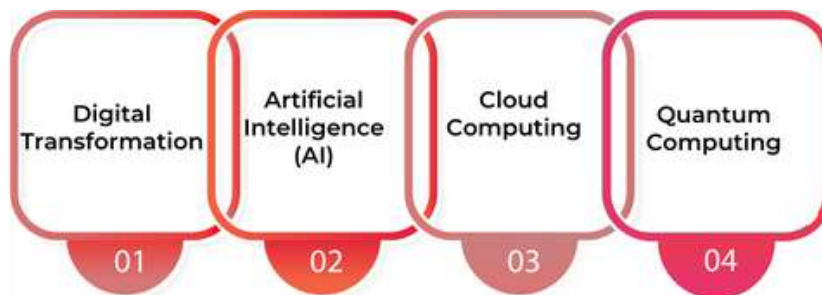
For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:



TECHNOLOGY AND INNOVATION

SECTOR OVERVIEW

The Technology and Innovation sector in Lesotho is a domain within the country's economic structure that focuses on the development, application, and diffusion of new and advanced technologies and innovative practices. As a cross-cutting theme, it accelerates the delivery of services to citizens by the government, opening up new possibilities for effective service delivery.⁷² Innovations in this sector not only enhance how services are delivered but also rethink what services are delivered. Technology and Innovation aims to transform the country from a consumer-based economy to a producer and export-driven economy through structural transformation of the following productive sectors: Agriculture, Manufacturing, Mining, and Tourism.^{73 74} It encompasses a wide range of activities and entities, including but not limited to the following:



“

Development, application, and diffusion of new and advanced technologies and innovative practices.

”

Key stakeholders in this sector include the Ministry of Information, Communications, Science, Technology and Innovation (MICSTI), which is responsible for developing and implementing policies and programs that support the technology and innovation sector in Lesotho. Other stakeholders include the National University of Lesotho, the Department of Science and Innovation of South Africa, and the Academy of Science.

⁷² Launch of the Lesotho Technology Needs Assessment Report Kicks Off. (n.d.). Retrieved from <https://www.un.org/development/desa/en/news/technology/lesotho-technology-needs-assessment.html>

⁷³ Lesotho government Ministry of communications, science and technology. (n.d.). Retrieved from <http://www.gov.ls/ministries/ministry-of-communications-science-and-technology/>

⁷⁴ Lesotho Digital Economy Diagnostic - World Bank. (n.d.). Retrieved from <https://www.worldbank.org/en/country/lesotho/publication/lesotho-digital-economy-diagnostic>

PROGRESS

During the past five years of NSDP II implementation, the following progress was made:

- A call for research and development projects that have the potential to boost private sector competitiveness was made and is ongoing.
- Introduced National High-Performance Computer Centre.
- Enacted the Science and Technology law.
- Developed Cybersecurity, computer crimes, e-transactions, and commerce bills.
- The Innovation policy is underdevelopment.
- Developed a data centre that has provision to accommodate private sector infrastructure.
- Connected government ministries, schools, and health centres to the Internet
- All the ministries are connected to a single domain.
- A draft for digital economy uptake is being developed.
- Developed 19 e-Services and are on the Government of Lesotho web portal.
- Established Cooperation between the National University of Lesotho and the Government of Lesotho to develop a proposal for a product development laboratory.
- Reached an agreement with the Department of Science and Technology of South Africa to enable ease of access to their research facilities.
- Set up the Academy of Science to facilitate collaboration among all scientists in the country and the diaspora

SITUATIONAL ANALYSIS

CHALLENGES

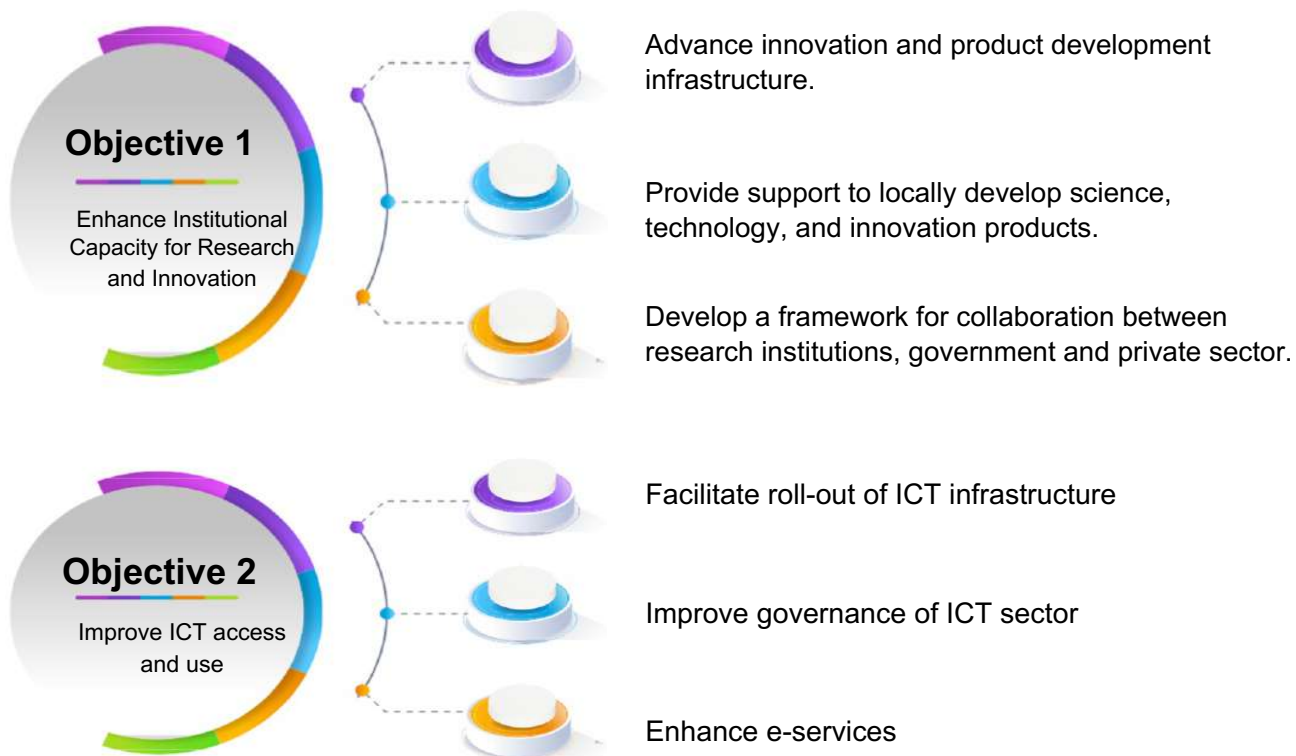
- **Technical Capacity:** Limited technical capacity and infrastructure hinder widespread technological adoption and innovation.
- **Lack of Research and Development:** Inadequate curriculum in schools and lack of research initiatives stifle technological progress.
- **Limited Legal Frameworks Support:** Insufficient legal and regulatory frameworks to govern the Science, Technology, and Innovation sector, including lack of policy harmonization between government and private sector policies.
- **Brain Drain:** Loss of skilled professionals to other countries reduces local capacity and innovation potential

OPPORTUNITIES

- **International Partnerships:** Increased funding and support for tech initiatives from international partners and organizations.
- **Tech Hubs:** Promotion of tech entrepreneurship and innovation hubs to foster creativity and business development.
- **Skilled Youth:** Presence of a skilled youth population eager to engage in tech entrepreneurship and innovation.

STRATEGIC DIRECTION

For the period of the Extended NSDP II, the sector seeks to pursue the below objectives and subsequent interventions, which aim to address the aforementioned challenges and opportunities:





IMPLEMENTATION, MONITORING, & EVALUATION

IMPLEMENTATION ARRANGEMENTS

The implementation of the Extended NSDP II will be guided by a structured framework designed to ensure coordination, resource alignment, and accountability. This framework will define the roles and responsibilities of stakeholders, institutional arrangements, and processes for integrating the Plan's priorities into national and sectoral strategies, as well as operational tools like budgets and annual workplans.

Institutional Arrangements

1. Prime Minister's Office (PMO):

- The Prime Minister will chair annual reviews of the Plan, ensuring high-level oversight and political commitment. These reviews will assess implementation progress, address barriers, and provide strategic direction for the upcoming fiscal year.
- To foster an inclusive and participatory approach, development partners, the private sector, and civil society organisations will be invited to these reviews.

2. NSDP Technical Secretariat:

- The Technical Secretariat will coordinate the overall implementation of the Extended NSDP II.
- It will produce the Annual Implementation Monitoring Report, consolidating data from sectoral ministries, the Monitoring and Evaluation Department, and the Bureau of Statistics.
- The Secretariat will organise review meetings, ensuring timely and transparent sharing of results and decisions with stakeholders.

3. Sectoral Ministries:

- Ministries will align their Medium-Term Expenditure Framework (MTEF), annual budgets, and operational workplans with the Plan's objectives.
- Each ministry will identify focal points for tracking progress and reporting on reforms, programs, and projects.
- Regular progress reports will be submitted to the Technical Secretariat to ensure consolidated and accurate reporting at the national level.

4. Private Sector:

- Private sector actors will actively identify business opportunities in areas aligned with the Plan's strategic focus areas, such as water, textiles, diamonds, and horticulture.
- Through dedicated public-private dialogue platforms, barriers to investment will be identified and addressed collaboratively.

- Private sector investments will be monitored for alignment with the Plan's growth and job creation objectives.
5. Development Partners:
 - Development partners will align their support programs with the Extended NSDP II priorities.
 - Technical and financial assistance will be coordinated through periodic consultations led by the Ministry of Finance and the Technical Secretariat.
 6. Civil Society Organizations (CSOs):
 - CSOs will participate in identifying gaps in service delivery and implementation.
 - They will monitor specific sectors, providing recommendations to improve social outcomes and governance.
 7. Academia and Research Institutions:
 - Academic institutions will contribute through research, innovation, and capacity-building initiatives that support evidence-based policy implementation.

Implementation Processes

1. Alignment of Policies and Plans:
 - The NSDP II objectives will be incorporated into national policies, sector strategies, and regional frameworks, ensuring consistency across different levels of governance.
 - Ministries and agencies will adapt their Annual Workplans to reflect the Plan's priorities.
2. Resource Allocation:
 - The Ministry of Finance will allocate resources to programs and projects based on their alignment with the NSDP II's strategic objectives.
 - Quarterly expenditure reports will track the financial utilisation of allocated resources, ensuring transparency and accountability.
3. Public-Private Partnerships (PPPs):
 - Strategic partnerships with the private sector will be fostered to mobilise additional resources and expertise for priority sectors.
 - PPP frameworks will outline the roles, responsibilities, and risk-sharing arrangements between public and private entities.
4. Capacity Building:

- Training programs will be organised for government officials, private sector actors, and CSOs to enhance their capacity to implement, monitor, and evaluate Plan-related activities effectively.

5. Addressing Barriers:

- Administrative and regulatory barriers identified by stakeholders during implementation will be addressed through joint task forces led by relevant ministries and supported by the Technical Secretariat.

6. Annual Implementation Review Meeting:

- This meeting, scheduled for September or October of each fiscal year, will bring together all stakeholders.
- The meeting will evaluate progress using the Annual Implementation Monitoring Report, discuss key achievements and constraints, and develop actionable recommendations for the following year.

MONITORING AND EVALUATION

A monitoring and evaluation mechanism is essential to measure and evaluate the performance of the actions set out in the Extended NSDP II.

To ensure its effectiveness, the Extended NSDP II conceives of this mechanism as an institutional working framework, bringing together various stakeholders and using techniques (methods, procedures, and tools) to monitor and evaluate the sectoral or thematic actions of the Extended NSDP II at the various administrative levels.

The monitoring and evaluation mechanism is presented here through the following points: (i) the technical monitoring component; (ii) the technical evaluation component; and (iii) performance support.

Technical monitoring component

The technical monitoring component aims to collect and analyse data on an ongoing basis to assess the progress made in implementing reforms and programmes and the results achieved. It comprises two components: (i) monitoring of reforms, programmes, and projects implementation and (ii) impact monitoring.

The annual report on the Extended NSDP II implementation will provide information on the results obtained in comparison with the expected results and the resources allocated, the main achievements, the constraints, the risks identified and the recommendations and outlook.

This annual report will include the following sections:

- i. level of achievement of objectives (general and specific) and results by axis, comparing planned and achieved targets, and analysis of variances;
- ii. summary of the main reforms and activities explaining performance;
- iii. Functionality of the monitoring and evaluation mechanisms, both technical and institutional;
- iv. analysis of the risks and difficulties associated with the implementation of the Extended NSDP II;
- v. recommendations and outlook for the coming fiscal year.

Each fiscal year, the NSDP Technical Secretariat will draw up a programme to organise a meeting to review the Extended NSDP II implementation. The annual monitoring report will serve as the basis for this meeting, which will take place in September or early October of each fiscal year and will bring together all the partners in the Extended NSDP II (government, DPs, civil society and the private sector).

The Annual Review provides a framework for assessing progress in implementing the Extended NSDP II about the development objectives defined at the beginning of the year. Its purpose is to: (i) approve the assessment of implementation during the previous year, (ii) assess the impact of actions carried out in previous years and validate those to be carried out in subsequent years.

Technical evaluation component

Two types of evaluation are envisaged as part of the Extended NSDP II: mid-term and final evaluations. The mid-term review provides a progress report on the Extended NSDP II to adjust or refocus the implementation of the reforms, programmes and projects included in the Plan. It consists of analysing the extent to which resources have been used, the effectiveness and efficiency of actions and their socio-economic consequences.

The mid-term evaluation also makes it possible to identify the factors that have contributed to the success or failure of implementing actions. This could take place at the end of 2026. The final evaluation of the Extended NSDP II is an ex-post evaluation in that it takes place at the end of the process. It provides an overall assessment of the Plan in all aspects of its implementation. It is used to analyse whether the results obtained (in terms of effects and impacts) can be considered positive at the end of the Plan.



ANNEXURE

MONITORING AND EVALUATION FRAMEWORK



EXTENDED NSDP II MONITORING AND EVALUATION FRAMEWORK

ANNEX 1: EXTENDED NATIONAL STRATEGIC DEVELOPMENT PLAN II MONITORING & EVALUATION FRAMEWORK							
HIGH-LEVEL CORE INDICATORS							
GOAL: "INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH THROUGH SECTOR LED JOB CREATION"							
KPA	Goal Level Indicators	Unit of Measure	Baseline	Ext. NSDP II Target	Frequency	Data Source/ Methodology	Responsibility for Data Collection
			2022/2023	2027/2028			
KPA I	Indicator Eight: Share of Agriculture to GDP	%	6 (2022)	7	Annually	Agriculture Survey Report	BOS, MAFSN
	Indicator Nine: Share of food Imports to total value of imports	%	19	15	Annually	Foreign Trade Statistics Reports	BOS, MTIBD
	Indicator Ten: Proportion of population with reliance on agriculture	%	70	80	Annually	Agricultural report	BOS, MAFSN
	Indicator Eleven: Prevalence of food-insecure population	%	25,1	15	2 Years	LVAC Report, Food Insecurity Experience Scale (FIES)	DMA
	Indicator Twelve: Agricultural Area under irrigation (Ha)	%	28,8	30%	Annually	Agriculture Census Report	BOS, MAFSN
	Indicator Thirteen: Debt Service to Revenue Ratio	%	7.3 (2023/2024)	6.1 (2025/2026)	Annually	National Monetary Fund Report 2024 (Article IV)	MFDP/Debt Dept.
	Indicator Fourteen: Debt-to-GDP Ratio	%	61,5	60,49	Annually	IMF e-library	MFDP/Debt Dept.
	Indicator Fifteen: GINI Coefficient	Ratio	0.448 (2017)	0,4	Annually	BoS HBS	BOS
	Indicator Sixteen: Net Foreign Assets: Months of import coverage	Months	4,3	5,8	Annually	PEFA Self-Assessment Report 2025	MFDP/BOS

						Budget report 2025/2026	
	Indicator Seventeen: Fiscal Balance/GDP at current market price	%	-5,5	1,8	Annually	PEFA Self- Assessment Report 2025	MFDP/Macro Dept.
	Indicator Eighteen: Proportion of public wage bill to GDP	%	17,9	17,2	Annually	IMF Reports	MFDP/Macro Dept.
	Indicator Nineteen: Net Official Development Assistance (ODA) as a proportion of GNI	%	5.4 (2022)	4,9	Annually	World Bank Development Reports	MFDP/Debt Dept.
	Indicator Twenty: Real GDP Growth	%	2,4	5,5	Annually	CBL Report	MFDP/Macro Dept.
	Indicator Twenty-One: Government Capital spending as a proportion of National Budget	%	28.6 (2022)	30	Annually	Government Budget Estimates Book	MFDP Budget Department
	Indicator Twenty-Two: Unemployment rate (LU 1), by sex	%	30.1 (2024) 29.5 - Males 30.7 - Female	29	2 years	Labour Force Survey Report	BOS
KPA II	Indicator One: Literacy rate	%	82.01 (2022)	85	Annually	School Bulletin / BoS Report	MOET/BOS
	Indicator Two: Maternal Mortality Rate	Rate	1024/100 000 (LDHS 2014)	453/100 000	Four Years	Lesotho Demographic Health Survey	MOH
	Indicator Three: Under Five Mortality Rate	Rate	86/1000 live births (LDHS 2014)	31/1000	Four Years	Lesotho Demographic Health Survey	MOH
	Indicator Four: Life expectancy at birth	Age	61.6(2021) - BoS	65	Annually	Lesotho Demographic Survey Report	MFDP/BOS

	Indicator Five: Proportion of population below the international poverty line	%	49.7 (2023/24)	45	2 years	Human Development Report	UN
	Indicator Six: Proportion of population living below the national poverty line, by sex and age	%	32.4 (2023/24)	28	2 years	HD report	UN
	Indicator Seven: Dependency ratio	Ratio	50.4 (2019)	49	2 years	Labour Force Survey	BOS
KPA III	Indicator Twenty-Nine: Percentage of households that use safe drinking water source	%	79	90	Annually	Census, LDS	BOS/WASCO/DWRS
	Indicator Thirty: Population with access to electricity	%	52	58	Annually	LEC Consumption Report Energy Report	BOS, Energy
KPA IV	Indicator Twenty-Four: Labour Force Participation Rate, disaggregated by sex	%	52.0 57.1 - Male 47.4 - Female	53,68	2 Years	Labour Force Survey Report	BOS, MoLE
	Indicator Twenty-Five: Corruption Perception Index	Index	37(2022)	40	Annually	Transparency International Secretariat Report	DCEO
	Indicator Twenty-Six: National Security Score	Score	71.0	80	Annually	Ibrahim Index for African Governance (IIAG).	MOJL
	Indicator Twenty-Seven: Rule of Law Index	Score	59.1	65	Annually	Ibrahim Index for African Governance (IIAG).	MOJL
	Indicator Twenty-Eight: Human Rights score	Score	58.9	69	Annually	Ibrahim Index for African Governance (IIAG)	MOJL

CROSS-CUTTING	Indicator Twenty-Three: Youth Unemployment Rate (15-35)	%	38.9 37.1 - Male 40.8 - Female	31	2 years	Labour Force Survey Report	Department of Youth/Labour
	Indicator Thirty-One: Disaster Risk Management Index	Index	57,5	68	Annually	Disaster Management System/portal	DMA
	Indicator Thirty-Two: Wetlands condition index	Index	0.73 (2023)	0,8	2 years	Mapping invasive species in wetlands	Water Affairs
	Indicator Thirty-Three: Proportion of land restored	%	33	35	Annually	Environment reports	MEF

OUTCOME LEVEL INDICATORS

KPA I: PROMOTING INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH AND PRIVATE SECTOR-LED JOB CREATION						
NSDP II KPA Level Results/Outcome Indicators	Unit of Measure	Baseline	Ext. NSDP II Target	Frequency	Data Source/ Methodology	Responsibility for Data Collection
		(2022/2023)	(2027/2028)			
Indicator One: Sector Share of GDP-	%			Annually	National Accounts	BOS
Agriculture		6,1	7,4			
Mining		7,4	7,1			
Manufacturing		15,4	15,4			
Tourism and creative industry		0,6	4,3			
Indicator Two: Proportion of employment, by type	%	72.1 - Informal 27.9 - Formal	65 - Informal 35 - Formal	2 Years	Labour Force Survey	MoLE
Indicator Three: Proportion of employment, by sector						
Agriculture	%	17.4 - Male 7.6 - Female	20.5 Males, 11.3 - Females	2 years	Labour Force Survey	MoLE
Mining	%	8.3 - Male 0.6 - Female	10.9 - Males, 2.1 - Females	2 years	Labour Force Survey	MoLE

Manufacturing	%	7.5 - Male 18.3 - Female	7.5 - Male 18.3 - Female	2 years	Labour Force Survey	MoLE
Tourism	%	1.3 - Male 6.0 - Female	5.7 - Males, 11 - Females	2 years	Labour Force Survey	MoLE
OUTCOME 1.1: IMPROVED SUSTAINABLE COMMERCIAL AGRICULTURE AND FOOD SECURITY						
Indicator 1.1.1: Volume and Value of Agricultural Exports (Wool & Mohair)	USD	241million	255 million	Annually	Trade Statistics	MAFS/MTIC
Indicator 1.1.2: Proportion of commercial farmers who were granted loans out of those who applied.	%	76.7 (2019/2020)	89	Annually	2019/2020 Lesotho Agricultural Census Volume III: Commercial Farming	MAFS/BOS
Indicator 1.1.3: Proportion of Farmers Linked to Formal Markets	%	15	22	Annually	Annual reports	MAFS/MTIC
OUTCOME 1.2: IMPROVED ACCESS TO MARKETS						
Indicator 1.2.2: Proportion of Imports to GDP	%	106	75,22	Annually	National Accounts	MTIC/BOS
Indicator 1.2.3: Proportion of Exports to GDP	%	30	45,16	Annually	National Accounts	MTIC/BOS
Indicator 1.2.4: Number of diversified products	#	4	7	Annually	Annual reports	MTIC/BOS
OUTCOME 1.3: OPTIMISED MINERAL RESOURCE EFFICIENCY						
Indicator 1.3.1: Revenue collected in the mining sector as a proportion of total government revenue	%	3 (2023/24)	3,9	Annually	Budget Book	MFDP, Budget Dept.
OUTCOME 1.4: IMPROVED AND DIVERSIFIED TOURISM						
Indicator 1.4.1: Number of Tourist Arrivals	#	541 134	1 300 000	Annually	Arrivals and Accommodation Report	MTSC, LTDC
Indicator 1.4.2: Length of stay within the country by international tourists	Days (#)	3	7	Annually	Arrivals and Accommodation Report	MTSC, LTDC
OUTCOME 1.5: INCREASED ACCESS TO SUSTAINABLE SPORTS FACILITIES AND OPPORTUNITIES FOR ALL						

Indicator 1.5.1: Participation in International Competitions	#	1 AUSC	2	Annually	Annual Reports	MTSC
Indicator 1.5.2: Number of sports career programmes	#	2	5	Annually	Annual Reports	MTSC
OUTCOME 1.6: IMPROVED CREATIVE INDUSTRIES						
Indicator 1.6.1: Proportion of Tourists interested in cultural heritage and creative industry out of total tourists	%	83	85	Annually	Annual Reports	MTSC
KPA II: STRENGTHEN HUMAN CAPITAL						
NSDP II KPA Level Results/Outcome Indicators	Unit of Measure	Baseline	Ext. NSDP II Target	Frequency	Data Source/ Methodology	Responsibility for Data Collection
		(2022/2023)	(2027/2028)			
OUTCOME 2.1: INCREASED ACCESS TO AFFORDABLE AND HIGH-QUALITY HEALTHCARE SERVICES						
Indicator 2.1.1: Adult Mortality Rate by sex	Rate	470.6 per 1000 - Male Adults 371.61 per 1000 Female Adults	330 per 1000 - Males 290 per 1000 - Females	Annually	Vital Statistics Report	BOS
Indicator 2.1.2: Neonatal Mortality Rate	Rate	34 per 1000 live births (LDHS 2014)	25 per 1000	Annually	Lesotho Demographic Health Survey	MOH
Indicator 2.1.3: Infant Mortality Rate	Rate	91 per 1000 live births (LDHS 2014)	24 per 1000	Annually	Lesotho Demographic Health Survey	MOH
Indicator 2.1.4: Under five Mortality Rate	Rate	86 per 1000 live births (LDHS 2014)	31 per 1000	Annually	Lesotho Demographic Health Survey	MOH
Indicator 2.1.5: TB incidence rate	Rate	614 per 100 000 population	75% reduction by 2030	Annually	Lesotho Demographic Health Survey	MOH
Indicator 2.1.6: HIV incidence rate	Rate	3.2 per 1,000 population in 2022(BOS report)	1.42 per 1,000 population in 2027/28	Four Years	Lesotho Demographic Health Survey	MOH
Indicator 2.1.7: Cancer cases reported	#	3 973	2973	Annually	Lesotho Demographic Health Survey	MOH

OUTCOME 2.2: REDUCED MALNUTRITION IN ALL FORMS						
Indicator 2.2.1: Prevalence of stunting	%	33 (LDHS 2014)	18	Four Years	Lesotho Demographic Health Survey	MOH
OUTCOME 2.3: A RESPONSIVE, INCLUSIVE, AND HIGH-QUALITY EDUCATION AND TRAINING SYSTEM.						
Indicator 2.3.1: Net Enrolment disaggregated by Sex, ECCD, Primary and Secondary	%	ECCD Total = 26.7 Male = 26.5 Female = 26.9	35,7	Annually	Education Statistics Bulletin	MOET
	#	Reception = 4999 (2023)	10000			
	%	Total Primary=82.7 Male = 83.7 Female = 81.7	86,5	Annually	Education Statistics Bulletin	MOET
	%	Total Secondary=48.6 Male = 40.1 Female = 57.2	63,55	Annually	Education Statistics Bulletin	
Indicator 2.3.2: Transition rate disaggregated by sex, From Grade 7 to 8 and From Grade 10 to Grade 11	%	Grade 7 to 8 Total = 81.7 Male = 78.8 Female = 84.3	87,4	Annually	Education Statistics Bulletin	
		Grade 10 to 11 Total = 57.5 Male = 53.5 Female = 60.4	81,8			MOET
Indicator 2.3.3: Enrolment rates at TVET institutions by sex (for inclusivity)	#	Total = 4,584 Female = 57.7 Male = 42.3 (2019)	7991	Annually	Education Statistics Bulletin	
Indicator 2.3.4: Number of schools with a conducive environment for pupils with Disabilities	#	5	7	Annually	MOET Reports	
OUTCOME 2.4: IMPROVED WELLBEING OF VULNERABLE GROUPS (CHILDREN, ELDER PEOPLE, DISABLED ETC)						
Indicator 2.4.1: Proportion and number of vulnerable population covered by social protection programmes by category	%/#	CGPM I = 0%	50%	Annually	Annual Report	MGYSD
		CG = 20%	100%			
		SEGCP = 12,325	61 625			
		CGTU = 50%	100%			
		OAP = 100%	100%			

		DG = 50%	100%			
		SRPPA = 65,000	65 000			
OUTCOME 2.5: IMPROVED MIGRATION MANAGEMENT						
Indicator 2.5.1: Migrant workers remittances as a percentage of GDP	%	24,12	30	Annually	Administrative records/ Stakeholders quarterly report	Central Bank/ MFDP, MoHA
Indicator 2.5.2: Number of human trafficking cases reported per 100 population	Rate	0,2	0,08	Annually	Crime Statistics Report	BOS, MoHA

KPA-3: BUILDING AN ENABLING INFRASTRUCTURE						
NSDP II KPA Level Results/Outcome Indicators	Unit of Measure	Baseline	Ext.NSDP II Target	Frequency	Data Source/ Methodology	Responsibility for Data Collection
		(2022/2023)	2027/2028			
OUTCOME-3.1: ENHANCED SUSTAINABLE QUALITY TRANSPORT NETWORK						
Indicator 3.1.1: Road network condition index (VCI)	Index	55 - Fair (2022)	60	Annually	Lesotho Road Management System (LRMS) Report	Roads Directorate
Indicator 3.1.2 Road Network Gravel Index (VGI)	Index	25 - Very Poor	50	Annually	Lesotho Road Management System (LRMS) Report	Roads Directorate
Indicator 3.1.3: Number of road deaths (Jan-Dec)	Number	288	180	Annually	Administrative report	Road Safety
Indicator 3.1.4: Number of road injuries (Jan-Dec)	Number	1542	1166	Annually	Administrative report	Road safety/LMPS
OUTCOME 3.2: IMPROVED SUSTAINABLE PRODUCTION AND USE OF WATER RESOURCES						
Indicator 3.2.1: % of households that use safe drinking water source	%	79	90	5 Years	Census, LDS, DHS, State of Water Resources reports	BoS/ /WASCO/DWRS
Indicator 3.2.2: Proportion of population using improved sanitation services, including a hand-washing facility with soap and water	%	43.6 - Urban	80	5 Years	DHS/State of Water Resources report	BoS/WASCO/DWRS
		52.63 - Rural		5 Years	DHS/State of Water Resources report	BoS/WASCO/DWRS/COW
OUTCOME-3.3: IMPROVED SUSTAINABLE ENERGY PRODUCTION AND USE						

Indicator 3.3.1: Total electricity supply	GWH	989	1054,83	Annually	BOS Energy Report	Energy, LEC, BOS
Indicator 3.3.2: Total electricity consumption	GWH	860,18	933,21	Annually	LEC annual report, DOE Energy Balance	LEC, DOE, BOS
Indicator 3.3.3: Renewable energy share in energy and electricity consumption	%	8,2	10	Annually	Environment and Energy Statistics Report, Energy Balance	BOS, Energy
Indicator 3.3.4: Population with access to electricity	%	50	67	Annually	LEC Consumption Report	BOS, Energy
Indicator 3.3.5: Proportion of households with access to energy resources (disaggregated by sources of energy)						
Solar	%	9	15	Annually	LEC Consumption Report, Energy Stats report, HECS Report	Energy, BOS
LPGas	%	17	22	Annually	HECS	DOE, BOS
Biomass	%	82	66	Annually	LEWA	DOE, BOS
Indicator 3.3.6: Net Electricity import dependency	%	120	52	Annually	Energy Statistics report	BOS, LEC, DOE
Indicator 3.3.7: Energy intensity measured in terms of primary energy to GDP	%	0,0268	0,0154	Annually	DOE, BOS	DOE, BOS
Indicator 3.3.8: Proportion of population with primary reliance on clean fuels and technology	%	80.6 (2024/25)	90	Annually	Annual Reports	MOE
OUTCOME 3.7: IMPROVED QUALITY OF CLIMATE-RESILIENT BUILT ENVIRONMENT						
Indicator 3.7.1: Proportion of urban population living in slums, informal settlements or inadequate housing	%	25,6	18	Annually	UN Habitat Reports	Local Government
OUTCOME 3.8: IMPROVED SUSTAINABLE SOLID WASTE MANAGEMENT						
Indicator 3.8.1: Solid waste safely disposed	Tonnes	224 286	448 572	Annually	Local Government Reports, Environmental Reports	Local Government, BOS

KPA-4: STRENGTHENING GOVERNANCE AND ACCOUNTABILITY SYSTEMS						
Indicators	Unit of Measure	Baseline	Ext. NSDP II Target	Frequency	Data Source/ Methodology	Responsibility for Data Collection
		(2022/2023)	2027/2028			
OUTCOME 4.1: IMPROVED PUBLIC FINANCIAL MANAGEMENT AND ACCOUNTABILITY						
Indicator 4.1.1: Variance between actual primary expenditure and the originally budgeted primary expenditure.	%	29	0	Annually	National Budget	MFDP, Budget
Indicator 4.1.2: Proportion of revenue collection by source						
Tax	%	49,1	39,65	Annually	Budget Book	MFDP
Grants	%	6,7	4,39			
SACU	%	31,4	43,53			
Other Revenue	%	12,8	12,42			
Indicator 4.1.3: Net International Reserves	% of M1	131	120	Annually	Annual Reports	MFDP
Indicator 4.1.4: Budget Credibility	%	72	100	Annually	National Budget	MFDP, Budget
Indicator 4.1.5: Student Loan Recovery Rate	%	1	7	Annually	NMDS Annual Reports	MFDP
OUTCOME-4.2: INDEPENDENT OVERSIGHT INSTITUTIONS						
Indicator 4.2.2: Number of cases brought before the courts by oversight bodies	#	25 (2023)	TBD	Annually	Administrative records	DCEO, Ombudsman, Judiciary
Indicator 4.2.3: Cost of assets/money seized or recovered by anti-corruption agencies and other law enforcement agencies out of total	%	40 of 50 (2022) 700,000 (2022)	100	Annually	Law Enforcement Agencies and Oversight Bodies reports	DCEO, Police
OUTCOME-4.3: IMPROVED SERVICE DELIVERY						
Indicator 4.3.1: Number of services decentralised (ministries)	#	5	20	Annually	MGCHAP Reports	MLGCHAP
Indicator 4.3.2: Number of Executed Services charters	#	5	26	Annually	Annual Reports	MPS, OPM-Delivery Unit
OUTCOME-4.4: IMPROVED LIVING WITHOUT FEAR OR DISRUPTION (TRANQUILLITY)						

Indicator 4.4.1: Number of murder cases by sex and age	Number	930	709	Annually	Crime Statistics Report	BOS
OUTCOME 4.5: IMPROVED ACCESS TO RULE OF LAW						
Indicator 4.5.4: Percentage of detainees on remand as a proportion of overall corrections population	%	79	7	Annually	Correctional Services Statistics Report	BOS, LCS
Indicator 4.4.4: Proportion of murder cases prosecuted	%	66,4	80	Annually	Case Mgmt. System	MOJL
OUTCOME-4.6: IMPROVED WORKER WELLBEING (STABLE LABOUR MARKETS)						
Indicator 4.6.1: Proportion of resolved workplace cases (Harassment @ Workplace/ Exploitation, Unfair dismissal etc.)	%	74	90	Annually	Administrative reports	OMBUDSMAN/MPs
Indicator 4.6.2: Workplace Safety Audits undertaken for conducive and safe working environment	#	39	50	Annually	Administrative reports	Ministry of Labour & Employment
OUTCOME-4.7: IMPROVED PLANNING AND COORDINATION						
Indicator 4.7.1: Proportion of capital budget allocated to projects approved by PSIC	%	27,1	50	Annually	National Budget Brief	MFDP, PCM, Budget
Indicator 4.7.2: Number of current Ministerial strategic plans aligned to the national Strategic Plan	#	5	All ministries (22)	Annually	MFDP Reports	MFDP, PSP
OUTCOME- 4.8 IMPROVED COOPERATION AND RELATIONS BETWEEN LESOTHO AND OTHER NATIONS						
Indicator 4.8.1: Number of Bi-Lateral and Multi-Lateral Agreements signed between Lesotho and other Countries	#	27	32	Annually	MFA Annual Reports	MFA
Indicator 4.8.2: Number of Projects and Programmes under Joint-Bilateral Commission of Cooperation Frameworks rated Satisfactory	#	4	6	Annually	MFA Annual Reports	MFA
Indicator 4.8.3: Number of flagship projects with regional dimension	#	2	4	Annually	DRI Annual Reports	MFDP
OUTCOME- 4.9: WELL INFORMED NATION						

Indicator 4.9.1: Media Coverage - Radio Listenership- Television viewership	%	Total = 70 Radio = 57.9 Television = 38.7	Total = 90 Radio = 65 Television = 50	Annually	LCA Reports	MCSTI
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CROSS-CUTTING: ENVIRONMENT, YOUTH, FINANCIAL SECTOR, ICT & GENDER						
Indicators	Unit of Measure	Baseline	Ext. NSDP II Target	Frequency	Data Source/ Methodology	Responsibility for Data Collection
		(2022/2023)	(2027/2028)			
OUTCOME 5.1: REVERSED ENVIRONMENTAL DEGRADATION						
Indicator 5.1.1: Rehabilitated Area affected by Soil Erosion	Ha	62 000	600 000	Annually	Environment Report	MEF
Indicator 5.1.2: Soil Carbon Stocks	Tonnes/Ha per Year	64 (2021)	78	Annually	Environment Report	MEF
Indicator 5.1.3: CO2 emissions (kg per Capita)	Gigagrams (Gg) of CO2 equivalence	5,660.44 Gg CO2e (2017)	1,689 Gg CO2eq (2030)	Annually	NDC (2024)	MEF
OUTCOME 5.2: AN EMPOWERED AND ACTIVELY ENGAGED YOUTH POPULATION						
Indicator 5.2.1: Number of youth-led and focused organisations and initiatives that meet agreed upon standards for leadership and participation	#	3	5	Annually	MGYSD Annual Reports	MGYSD
Indicator 5.2.2: Number of seats held by youth in parliament	#	4	15	Annually	MGYSD Annual Reports	MGYSD
Indicator 5.2.3: Proportion of youth not in education, employment or training (NEET)	%	50 Male 51.3 Female 48.7 (2024)	45	Annually	MGYSD Annual Reports	MGYSD, MOLE
OUTCOME 5.4: REDUCED DISASTER-RELATED LOSSES						
Indicator 5.4.1: Number of deaths, missing persons and directly affected persons attributed to disasters per 100,000 population	#	116 (2021)	20	Annually	DMA Annual report	DMA
OUTCOME 5.5: STABLE AND EFFICIENT FINANCIAL SECTOR						
Indicator 5.5.1: Private sector credit as percentage of GDP	%	30	35	Annually	CBL Financial Report 2023	MFDP, PSD, CBL

Indicator 5.5.2: Use of Digital Financial services	%	66 (2021)	85	Annually	Lesotho Fin-Scope CS Report	PSD, CBL
OUTCOME-5.6: IMPROVED IT ACCESS AND USE						
Indicator 5.6.1: Percentage of Broadband coverage(Mobile)	%	69,1	100	Annually	LECC Report	MCSTI, LCA, LECC
Indicator 5.6.2: Proportion of individuals and businesses using internet	%	58.4% - Individuals 10% (Business)	80% - Individuals 20% - Businesses	Annually	LCA Annual reports	MCSTI, LCA
Indicator 5.6.3: Global Cybersecurity Index (GCI) position.	Rank	164th (2020)	97th	Annually	ITU Reports	MCSTI, ITU
OUTCOME 5.8: REDUCED GENDER INEQUALITY						
Indicator 5.8.1: Proportion of women and girls subjected to physical, sexual or psychological violence in the previous 12 months by age and place of occurrence	%	3.4 Never married 18.7 Married (2018)	8	Annually	MGYSD Reports	BOS, MGYSD
Indicator 5.8.2: Proportion of seats held by women in Parliament	%	34 (National Assembly - 23.3 and Upper House -24.2)	44	Annually	MGYSD Reports	IEC, BOS, MGYSD
Indicator 5.8.3 Proportion of women aged 20-24 who were married or in union before the age of 18	%	18,2	8	Annually	MGYSD Reports	BOS, MGYSD
Indicator 5.8.4: Proportion of children aged 7 to 16 years engaged in child labour by sex	%	30,1	0	Annually	MGYSD, MOLE Reports	BOS, MOLE