

Country Food Security Options Paper No 1



www.odi.org.uk/food-security-forum

Consultation Draft

**Maize, mines or manufacturing?
Options for reducing hunger in Lesotho**

November 2004

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Acronyms

AGOA	African Growth and Opportunities Agreement
ASIP	Agricultural Sector Investment Programme
CFW	Cash for Work
CMA	Common Monetary Area
DMA	Disaster Management Authority
FAO	Food and Agriculture Organisation
FDI	Foreign Direct Investment
FEWS	Famine Early Warning System
FFSSA	Forum for Food Security in Southern Africa
FFW	Food for Work
FNCO	Food and Nutrition Coordination Office
GAM	Global Acute Malnutrition
GDP	Gross Domestic Product GIEWS
GNI	Gross National Income
GoL	Government of Lesotho
HVC	High Value Crops
IFAD	International Fund for Agricultural Development
LFCD	Lesotho Fund for Community Development
LHWRF	Lesotho Highlands Water Revenue Fund
NGO	Non governmental organisation
NRP	Natural Resource Perspectives
PLWHA	People Living with HIV/AIDS
PPT	Pro Poor Tourism
PRSP	Poverty Reduction Strategy Paper
RNFE	Rural Non-Farm Economy
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAFEX	Southern African Futures Exchange
SMME	Small Micro and Medium Enterprise
UN	United Nations
UNAIDS	The Joint United Nations Programme on HIV/AIDS
UNDP	United Nations Development Programme UNICEF
VAC	Vulnerability Assessment Committee
WFP	World Food Programme
WHO	World health organisation

Preface and acknowledgements

This paper discusses the food security situation in Lesotho over the last twenty years and potential policy options for strengthening food security in the lights of the findings to date of the Forum for Food Security in Southern Africa across the region as a whole. Please send comments to foodsecurity@odi.org.uk

The Forum aims to contribute to analytical and strategic thinking on longer term food security options in Southern Africa following the 2001–03 crisis, by providing a platform for improved linkages between food security analysis, policy making and implementation in the Southern Africa region.

The Forum is a consortium of international and regional institutions committed to achieving food security for all in Southern Africa. To find out more about the work of the Forum for Food Security in Southern Africa, the consortium, or to access full versions of the Forum's Country Issues Papers, Theme Papers, and other information products, visit:

www.odi.org.uk/food-security-forum

This paper and other information produced by the Forum are intended to stimulate informed debate about issues and options for food security policy in the countries of Southern Africa. They do not necessarily represent the views of all Forum consortium members and funders.

We particularly wish to acknowledge our grateful thanks for the contributions made to the work of the Forum for Food Security by Matseliso Mphale, Emmanuel Rwambali and Sechaba Consultants, especially their contributions to the Lesotho country issues paper <http://www.odi.org.uk/Food-Security-Forum/docs/LesothoCIP.pdf>

In addition, each Country Food Security Options Paper has benefited from consultations with a wide range of stakeholders in each country and across the region during 2004.

The citation for this paper is:

Forum for Food Security b. (2004) 'Maize, mines or manufacturing? Options for reducing hunger in Lesotho?' *Country Food Security Options Paper No. 1*, Forum for Food Security in Southern Africa www.odi.org.uk/food-security-forum

1. Introduction

In the first half of 2002 it became clear that Southern Africa was at risk of a food and humanitarian crisis. Between February and April 2002 the governments of Lesotho, Malawi, and Zimbabwe declared emergencies, while in Mozambique an emergency plan to combat the effects of drought was begun. Subsequently in July 2002 the UN issued a consolidated appeal for US\$611 million to address the crisis in the six countries most affected: Lesotho, Malawi, Mozambique, Swaziland, Zambia and Zimbabwe.

At the height of the crisis, in late 2002 and early 2003, nearly 15 million people, fully 25% of the population of the six countries, were considered food insecure. In response large amounts of additional food were shipped into the region, including food aid provided by donors.

These events prompt three sets of questions, namely:

- What exactly took place during the crisis?
- What were its causes? And,
- What policy lessons are there to be learned to prevent or mitigate similar occurrences in future?

Addressing these questions is the purpose of the Forum for Food Security in Southern Africa (FFSSA). Food security problems in Southern Africa have arisen due to what combination of lack of food, inability to access plentiful food, or food utilisation problems? Why are there such divergent narratives concerning the causes of food insecurity in the region and appropriate policies to strengthen long-term food security? Why has there been a pre-occupation with food production at the expense of other components of food security? Why has the policy process, and the political will and institutions that drive it, not received the attention it deserves?

The Forum has tried to take a broad approach, looking beyond the immediate concerns of emergency relief to embrace longer-run issues, and beyond a narrow focus on food supplies to wider considerations of food security and vulnerability. In particular, the Forum has sought the views of a wide range of stakeholders in each country and across the region, with a particular focus on soliciting the views of civil society.

Annex 1 sets out and discusses various terms and concepts relating to food security and vulnerability used in the publications produced by the Forum.

1.1 Food security in Southern Africa 2001–03

What did happen from 2001 onwards in the region to provoke the crisis seen? The immediate facts are not in doubt. Food supplies faltered owing to harvest

failures in some countries in 2001 and in most countries in 2002. Stocks were run down, so food prices soared upwards. The poor would not be able to afford food, and so would go hungry or even starve; they might also fall into destitution – both lives, it was thought, and livelihoods were at risk. Hence the declarations of national emergencies and the organisation of large-scale international relief effort.

In the event, the worst consequences were averted. Deaths were limited, mercifully extremely so. On the face of it, the relief effort succeeded. But did it?

Despite disruptions to the food aid pipeline that eventually meant that no more than three-quarters¹ of the food considered to be necessary was delivered in time, rates of malnutrition did not increase to emergency levels, except in what proved to be isolated locations. People, it seemed, coped better than expected with the crisis. Or perhaps the degree of need was exaggerated. Or a combination of the two.

Two points however are reasonably clear, one well understood amongst the policy community of governments, donors and NGOs in the region; the other less widely appreciated.

First, the crisis was a shock to all concerned: the immediate triggers, the climatic variability in the cropping seasons of 2000–01 and 2001–02, were not that bad and the subsequent harvests were not that poor. In 1991–92 the region had suffered a much harder blow. Yet the current crisis has been more severe than that event. It seems that the population of the region has become more food insecure, probably as a result of a widespread increase in vulnerability to bad weather and economic and social trends. If this is the case, development efforts over the last decade have clearly failed on a considerable and worrying scale.

Second, a look at child nutrition statistics – and it has to be said that the collection and analysis of nutritional data has lagged behind assessments of needs and programming of relief efforts – reveals another dimension to food security in the region. As Table 1 shows, child nutrition is poor in the region, with several countries having rates of stunting similar to that seen in Ethiopia.

¹ No more than 77% of estimated food aid needs had reached beneficiaries by end of March 2003, and probably and perhaps substantially less (MSU 2004).

Table 1. Nutritional status of children under five years of age, by percentages

Country	Survey date	Stunting	Wasting	Underweight
Malawi	2000	49.0	5.5	25.4
Zambia	2001-02	46.8	5.0	28.2
Zimbabwe	1999	26.5	6.4	13.0
<i>Ethiopia</i>	<i>2000</i>	<i>51.2</i>	<i>10.7</i>	<i>47.1</i>

Source: Demographic and Health Surveys, most recent years <http://www.measuredhs.com/>

Notes: Stunting compares height against age; wasting, weight against height; and underweight, weight against age. The percentages record those who had indices more than two standard deviations below the median for the population.

Surveys of the nutrition of adults, however, do not show the same kinds or rates of malnutrition. Indeed, in Southern Africa there appear to be more adults overweight than underweight. There are two interpretations possible of this data: either children suffer from specific conditions of nutrition that are different to those of their elders; or, conditions are deteriorating.² The second possibility does not correspond with historical nutrition data: the adults of today were not significantly better nourished when they were five years or younger. That leaves the first proposition.

Could it be that while adults are reasonably well fed, children are not? This is hard to believe: parents, and mothers in particular, take great pains to feed their children. To be sure, there are problems with the energy density of weaning foods, but are they so large? A more likely explanation for the divergence lies in health and sanitation conditions. Young children are much more susceptible to the problems of poor sanitation, contaminated water, and to diseases such as malaria and measles. If this is correct, then there is a continuing, chronic problem – perhaps a crisis – of child health in the region.

One of the major implications of the evidence accumulated by the Forum for Food Security, as we shall explain in more detail later, has been that the 2001–03 crisis in Southern Africa was a manifestation of an *expansion in food insecurity*, not temporary hunger of the kind traditionally addressed by international humanitarian response. Around 8 million individuals across the countries of Southern Africa are food insecure year in year out (CARE SWARMU, 2003). For many other households, however, food insecurity can occur when they are unable to cope with a particular hazard or combination of hazards. It is this latter group that appeared to be expanding significantly during 2001–03, as a result of localised climatic events *in combination with* longer-term economic trends and the HIV/AIDS epidemic: in Southern Africa as a whole, by late 2002 doubling the number of food insecure people to approaching 16 million.

² Yes, child nutrition statistics in Southern Africa have worsened of late – but since 1998 or so. For much of the 1990s there was improvement in these statistics, albeit slow improvement. **UNICEF Nutrition Fact Sheet June 2004**

at: <http://www.reliefweb.int/w/rwb.nsf/0/d85614da7e2f75fbc1256ee4004bb76f?OpenDocument>

Current thinking suggests that the root causes of food insecurity lie in poverty (lack of social capital as well as physical assets) and negative physical, economic and social trends, rather than in unpredictable shocks. Failure to access food, because of lack of income or access to social welfare as well as problems with own-account production, and to utilize it effectively, are major problems over and above harvest shortfalls. The negative influence of vulnerability on households' livelihood decisions is increasingly recognised: persistent vulnerability can produce extreme risk aversity (seen, for example, in high levels of livelihood diversification amongst poor people) and sale of assets. These may allow households to cope over the short term, as they did in Southern Africa in 2001–03, but jeopardise investment by the household for the longer term. These problems occur at the level of individuals and households and persist regardless of the availability of food at national level.

Better policies and stronger and better governed institutions have a major role to play in strengthening access to food. Strengthening food security is likely to be achieved only through a combination of production, market, and consumption-based interventions: a long-term commitment to social protection for those who are unable to feed themselves, and more productive agriculture for subsistence, and more efficiently functioning markets. Not only responding to temporary hunger, which can conflict with effectively addressing high levels of food insecurity over the longer term. Food insecurity – and the fear this induces – can be a major determinant of coping strategies, producing a downward spiral for affected households. The necessary public policy response is to attempt to address the underlying factors contributing to the risk of food insecurity.

1.2 Food security policy arena

All this implies that strengthening food security in Southern Africa requires action across a broad front. Figure 1 shows how the Forum has conceptualized the policy arena for strengthening food security. A number of points are worth emphasising:

- this scheme promotes equal attention to the three components of food security;
- it shows the importance of longer-term policy options as well as short-term response to food crises, as may apply widely across Southern Africa;
- it shows clearly the wide range of policies that can have a significant impact on components of food security. Many of these policies may have primary objectives unrelated to strengthening food security, and yet impact on a number of components.

A full discussion of this conceptualization is included in the Forum *Synthesis Paper* (FFSSA, 2004).

We have used this conceptualization as the basis for highlighting potential policy options for strengthening food security within selected countries in

Southern Africa and across the region as a whole. Appropriate policy objectives and activities will, of course, vary significantly between countries according to underlying causes: our analysis for Lesotho, Malawi, Mozambique, Zambia and Zimbabwe is presented in these Country Food Security Options Papers.

Figure 1. Policies affecting food security



Source: FFSSA (2004).

1.3 FFSSA Country Food Security Options Papers

The purpose of these Country Food Security Options Papers is to discuss food security in particular countries of Southern Africa over the last twenty years or so; and, based on this, to identify public policy options for strengthening food security in the light of emerging findings across Southern Africa as a whole.

The Papers are *not* intended to be prescriptive. Rather, they are intended to make observations for consideration by policy-makers, drawing on the best of

the considerable good practice in the Southern Africa region and internationally, and the views of civil society. The Papers have benefited from contributions from a wide range of stakeholders in each country and across the region during 2004. A number of countries in the region have put in place mechanisms for conducting thorough reviews and overhaul of policies for supporting food security, and a number will be re-examining policy in connection with mid-term PRSP reviews in the immediate future. Notably in Lesotho, this includes the development of a multi-sectoral food security strategy that is currently underway. Both these provide ideal opportunities for standing back and re-assessing what we know about food security and how better food security can be strengthened by effective public policy in the future.

The papers follow a common format. Following this Introduction, Chapter 2 provides a historical perspective on the food security situation within the country, presenting information on food availability, access and utilisation going back two decades where data permit, to put in context the events of and response to the 2001–03 crisis. In particular, we have attempted to identify key factors which appear to affect food availability, access, and utilisation in each country. These vary significantly between countries and thus critically influence appropriate policy response.

Chapters 3 and 4 set out the main components of the policy response to food insecurity over the last twenty years and in response to the 2001-03 crisis and the events that have contributed to the outcomes seen. These Chapters also discuss aspects of how policy affecting food security has been made, because issues to do with political will and implementation capacity are critical determinants of policy response.

The final Chapter 5 concludes with observations on the policy response to date, commenting on fit of response to the identified key factors affecting food security in each country, and on policy implementation issues, including discussion of the similarities and contrasts between the specific case and other countries in the region. Chapter 5 draws on the findings to date of the Forum for Food Security to make observations about potential policy options in each country for strengthening long-term food security.

2. Food Security in Lesotho

In April 2002 the Government of Lesotho was the first of six countries in Southern African to declare a national food security emergency³. In May 2002, out of a total population of 2.2 million, it was projected that 9% of the rural population in Lesotho would be in need of food assistance. By November/December of the same year this figure had significantly increased to 42% (LVAC 2002). Compared to Malawi, Zambia and Mozambique, where estimates were later reduced, estimates of those in need of assistance in Lesotho have remained high through to 2004.

The cropping season 2002-2003 saw an increase in the number of people requiring food aid. The crisis was triggered by the devaluation of the Rand which is tied to Lesotho's Maloti, leading to a loss of purchasing power and rising maize prices (as shown in Figure 3); a decline in national production due to variable weather in 2001-2002 including hailstorms, localised flooding and untimely rains; and regional supply concerns (especially those arising from concern about Zimbabwe) (van den Boogaard *et al.* 2004: 22). However, it has been suggested that Lesotho's situation in 2003 was not significantly different from recent years.

Access to food for many households in Lesotho, through own production or purchases, remains a year-on-year problem. The Lesotho Emergency Food Security Assessment Report stated in September 2002 that nearly half of the surveyed households had already run out of cereal stocks (Abbot 2003: 115). Purchasing food via incomes is one of the main strategies to obtain food in Lesotho, given that more than 95 percent of households engaged in agriculture cannot produce sufficient food to meet requirements (FAO/WFP 2004). Large food imports of maize, wheat and sorghum are in no way unusual, as Lesotho only produces one-third of its total food needs in a 'normal' year (Slater 2004b). However, food security in Lesotho is not dependent on availability alone. Even when food is available, declining incomes and increased prices are meaning that many households cannot afford to buy sufficient food to meet their requirements.

The causes of the 2002 food crisis must be understood in the context of longer-term poverty and vulnerability in Lesotho. The *underlying* causes of the crisis have been identified as households' declining purchasing power (mainly arising from the loss of income resulting from retrenchments from the South African mines over the last decade and exacerbated by recent devaluations); the impact on households of the HIV/AIDS pandemic; and the limited capacity of agricultural production alone to achieve sustainable livelihoods (van den Boogaard *et al.* 2004: 22). Thus, there are significant linkages between poverty and food insecurity. It is important to question whether events in Lesotho in 2002-2003 represented a transitory food crisis or a broader poverty crisis (Slater 2004b).

³ The five countries are Lesotho, Malawi, Mozambique, Swaziland, Zambia and Zimbabwe. See Forum for Food Security Southern Africa Synthesis Report for findings across the region as a whole, at www.odi.org.uk/Food-Security-Forum/

2.1 Key Nutrition Indicators in Lesotho

Whilst measurements of the wasting of children under 5 in Lesotho do not indicate a famine in 2001-03, the proportion of stunting amongst children (Table 2) demonstrates long term poverty and chronic vulnerability.⁴

A nutritional survey by CARE International (2002) found:

- stunting was lower in the lowlands area than the mountains, foothills and Senqu River Valley; wasting was higher in the lowlands and in the mountains.
- children over 12 months are significantly more wasted than those under 12 months who are protected from wasting, to some degree, by breastfeeding;
- there were no significant differences in nutrition indicators between girls and boys.

Whilst the depth of undernourishment is less in Lesotho than other countries in Southern Africa, with approximately 2,230 Kcal/person/day available (FAO, 2003) compared to a calorie need of 2,500 Kcal/person/day (higher than FAO average because of Lesotho's cold climate), there has been hardly any reduction in the proportion of undernourished people in the last decade (Table 3).

Table 2. Nutritional Status of Children Under 5 in Lesotho

	% Underweight	% Stunted	% Wasted
1995 ⁵	16	33	2
1995-2002	18	46	

Sources: FAO (1999) and UNDP (2003) (DHS data under preparation)

Table 3. Food availability and depth of undernourishment

Year	Total Population (millions)	Number of people undernourished (millions)	Proportion of undernourished in total population
1990-1992	1.7	0.5	27
1995-1997	1.9	0.5	26
1999-2001	2.0	0.5	25

Source: FAO, 2000

2.2. Food availability

In normal years, domestic agricultural production contributes about 30% of the total food needs, and Lesotho relies on private sector imports and food aid to fill the gap.

2.2.1 Domestic Agricultural production

Challenges in the agricultural sector identified in the draft PRSP include:

⁴ See CARE International 2002 for analysis of stunting and wasting by region.

⁵ Refers to results of national surveys conducted from 1987 to 1998

- Excessive dependency on cereal imports and food aid, and inconsistent policy – for example, erratic subsidies and emergency interventions have resulted in late plantings or disincentives to plant;
- Declining investment in inputs, particularly due to loss of migrant labour income from South African mines;
- A growing number of landless households and declining size of holdings amongst poorer households;
- Declining soil fertility due to unsustainable farming techniques including cultivation on marginal lands;
- Declining income from livestock due to stock theft and falling productivity that results from overstocking, uncontrolled grazing and the associated decline in range conditions;
- Limited or no access to formal rural credit or crop insurance with implications for investment incentives;
- Thin and poorly integrated rural markets and wide variations in pricing; and
- Declining labour productivity resulting from HIV/AIDS.

There are significant debates underway in Lesotho about trends in agricultural production and thus the realistic future role for agriculture in poverty reduction and economic growth.

In part these debates arise from contested data: Table 4 illustrates the very significant variation in production figures produced by different agencies (the table shows these disparities in cells marked ^a and ^b). For example, official government statistics for 2000/2001 put the total cereal production in Lesotho at 281,600 tonnes, in comparison with the FAO/WFP Crop and Food Supply Assessment figure of 80,300 tonnes and the Lesotho Early Warning Unit figure of 159,000 tonnes (FAO GIEWS 2003) (Slater 2004b).

Whatever the debates over precise production figures, it is clear that agricultural production in Lesotho is highly variable, in part due to high variation in the amount and timing of precipitation (Slater 2004b). There is also evidence that maize yields have fallen from 1,400 Kg per hectare in the mid 1970s to a current 450-500 Kg per hectare (LVAC 2004).

But the causes and consequences of this situation are hotly debated. Factors including shortage of arable land, overgrazing, population pressure (average holding sizes are now just 0.48 ha), soil erosion, declining fertility are mentioned as possible causes (LVAC 2004: 11).

In terms of consequences, on the one hand it is argued that national crop production is in decline. On the other hand it is argued that although there is a gradual decline in per capita production, the total area planted to crops is not falling and total national production is increasing (Turner 2003).

The fact that population growth appears to be outstripping increases in food production has serious implications for the supply of food. In the mid to late 1970s, Lesotho was able to provide 50-60 percent of its total food requirements; but by the 1984 production season, it met only 40 percent of its total food supply from domestic production (Mphale et al 2003).

Table 4: Cereal Production; Food Supply and Access in Lesotho

	Production Year (April to March)					
	1995/1996	1996-1997	1997-1998	2000/1	2001/2	2002/3
Domestic cereal production ^a	254100		178500	281600	142100	113900
Domestic cereal production ^b	178000	108800		80000	53800	89100
Production as % increase or decrease on previous year ^b				-55%	-33%	
Production as % increase or decrease on 5 years average				-60%		
Domestic cereal supply (production plus opening stocks)	183000	136000	185000	112000	74000	118200
Area (hectares)				172300	133600	178300
Area (% of normal)					60%	84%
Area (% increase / decrease on previous year)					-22.4	+ 33

^a Based on estimates by the Department of Crops

^b Based on FAO / WFP CFSAM

(in Tonnes)	Marketing year (April to March) ⁶					
	1996/1997	1997-1998	1998-1999	2001/2002	2002/2003	2003/2004
Consumption requirement	396000	396000	373000	441000	412000	438900
Required imports	213000	260000	188000	329000	338000	320700
Projected commercial imports	175000	165000	188000	324000	191000	288700
Cereal gap	38000	95000	0	5000	221000	32000
Food aid	0	4000	6000	5000	-	12000
GAP after planned food aid	-38000	- 91000	+ 6000	0	- 147000	-20000

As regards the future potential of agriculture in Lesotho, some see agriculture as a disaster, others recognise potential for increasing productivity. Reporting on their crop and food supply assessment mission in 2002, FAO/WFP stated that 'agriculture faces a catastrophic future; crop production is declining and could cease altogether over large tracts of Lesotho if steps were not taken' to address problems in agriculture (FAO/WFP 2002:

http://www.wfp.org/newsroom/in_depth/Africa/sa_lesotho020705.htm). Others argue that 'the data do not suggest any sort of national crisis in agriculture, although of course they do not tell us how the production or related benefits are distributed among Basotho households' (Turner 2003: 45).

These conflicting perceptions of the future role of agriculture in Lesotho have major implications for current and future approaches to food security (see Chapters 4 and 5).

⁶ Marketing year 2004-2005 draws on crops from production year 2003-2004.

2.2.2. Imports and Food Aid

Due to the relatively small contribution domestic production makes to total food needs, large amount of cereals are imported from South Africa and a smaller proportion received as food aid (Figure 1). In some years the government imports maize (via Lesotho Flour Mills) but most is imported commercially via South African retail chains, South African millers and Lesotho Flour Mills. The market for importing maize is not perfect but, largely because both South Africa and Lesotho are part of SACU, the transactions costs and risks for importers are significantly lower than in, for example, Malawi. Volumes of commercial imports fluctuate in parallel with highly variable domestic production.

Smoothing out exceptional Southern Africa-wide drought years (1992, 1993, 1995), the data in figures 2 and 3 suggest that cereal donations to Lesotho have declined through the 1990s. This may be an indication that the benefits of economic growth in Lesotho in the 1990s enabled greater purchasing power and effective demand so any cereal gap was met by commercial imports. However, the 2002-3 crisis certainly pushed this figure up again (a total of 36 000MT was estimated for the period September 2002 to March 2003 cited in Abbot 2003: 115) and subsequent years have seen similar requirements for food aid to meet food needs.

Figure 2. Lesotho cereal imports: commercial and food aid, 1987/88 – 1997/98

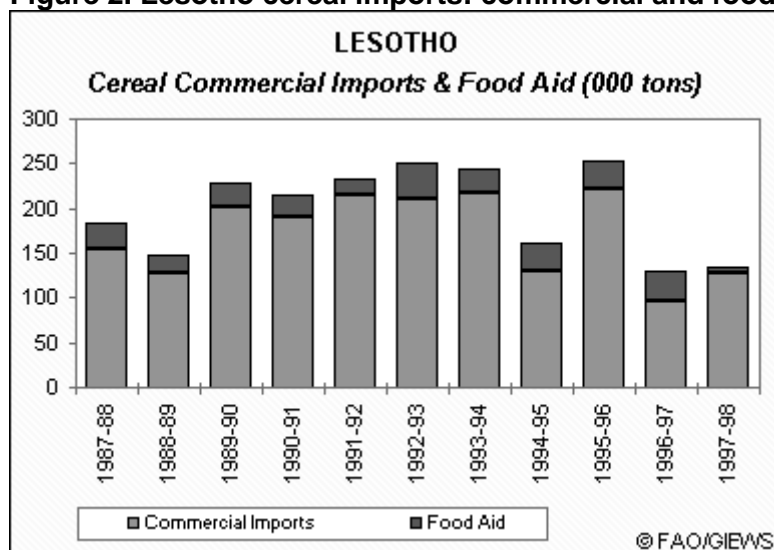
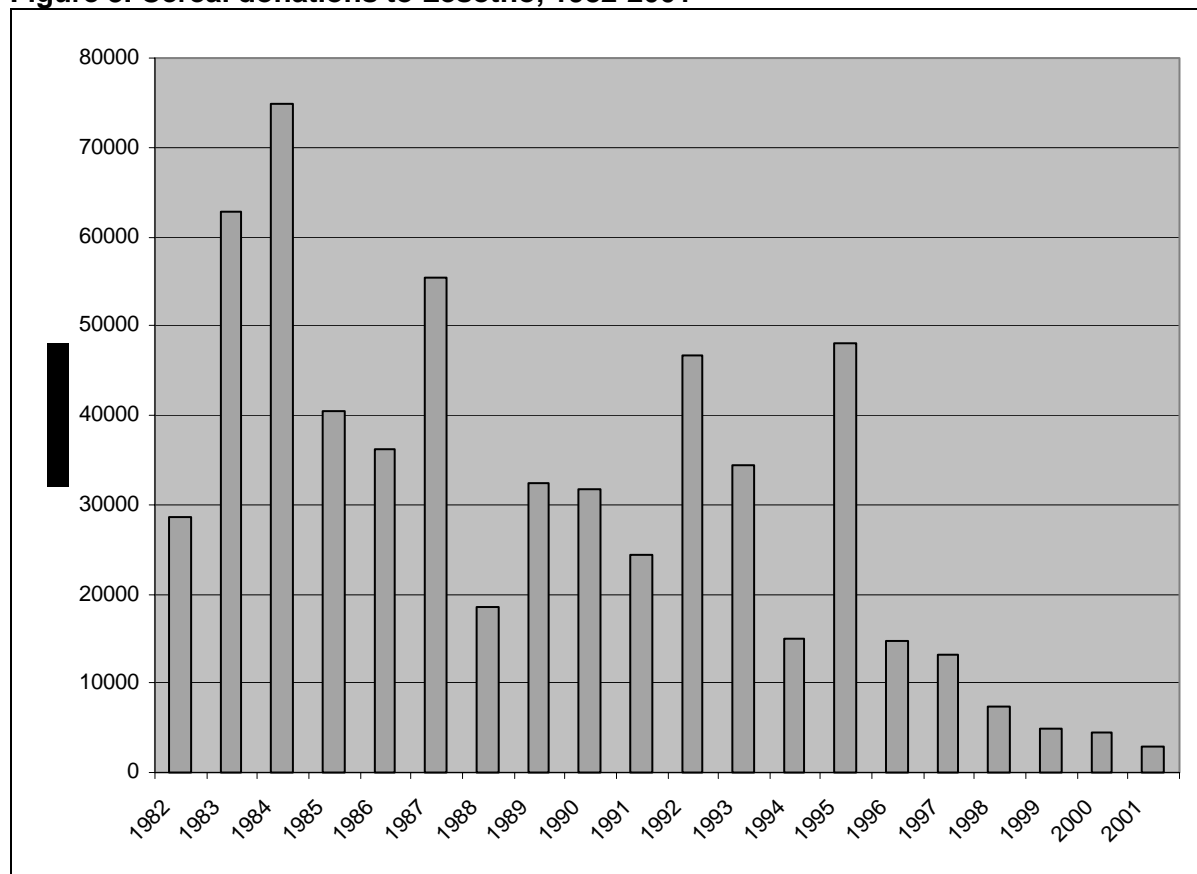


Figure 3. Cereal donations to Lesotho, 1982-2001

Source: FAO 2003

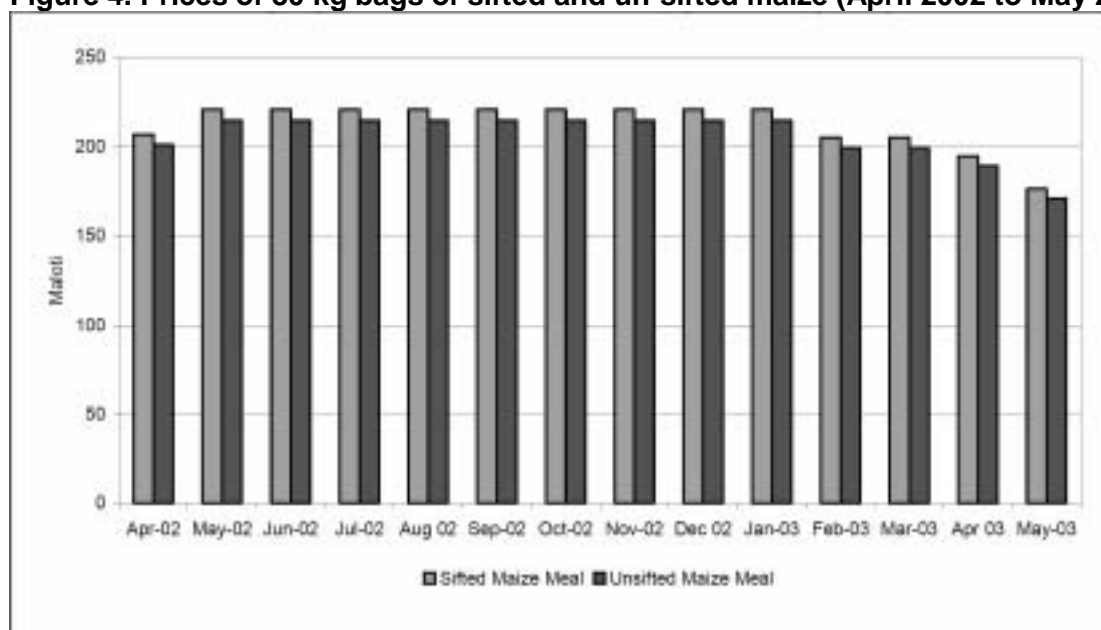
2.2.3 Food Prices

There is a 20% subsidy on unsifted maize through the normal marketing channels (SADC FANR cited in van den Boogaard *et al.* 2004). Nonetheless, the devaluation of the Rand and increase in maize prices in 2002 has eroded people's ability to buy food. The price of mealie meal rose from M1.3/kg in 2000 to M3.6/kg in 2002 (Abbot 2002), although it has since declined (Turner 2003: 10). The impact of prices on food security is highlighted by Abbot (2003) who notes:

“Shoppers make a 50kg bag of maize meal now last 5-6 weeks rather than a monthwith obvious impacts on the nutritional status of family members (Abbot 2003: 117).⁷

Unusually compared to many other countries in Southern Africa, government figures show limited intra-seasonal variation in maize prices, for example of about 20% in marketing year 2002-2003 (Figure 4) (FFSSA 2003a).

⁷ Whilst the increases in food prices were severe by Lesotho standards, it is worth noting that, compared to the other countries that declared emergencies in 2002-2003, the increases were much less severe. To some extent Lesotho is buffered by the strength of the South African economy.

Figure 4. Prices of 80 kg bags of sifted and un-sifted maize (April 2002 to May 2003)

Source: Marketing Section, Ministry of Agriculture, Lands and Cooperative

2.3 Access to Food: Livelihoods and Purchasing Power

2.3.1 Sources of livelihood and regional differences

Income in Lesotho is closely connected to the cash economy and urban labour markets in Lesotho and South Africa. Agriculture is less important as a source of livelihood than in many other countries in Southern Africa. For more on livelihoods, see Box 1.

There are very significant differences between different geographical and economic zones. Lesotho's Lowlands support more than half of the national population, constitute 70% of the limited arable land, and provide most of the available non-agricultural employment. Maseru and other peri-urban areas are located in the Lowlands. The Northern Lowlands are the most agriculturally productive and receive more reliable rainfall. In contrast, the Highlands areas are sparsely settled, arable land is scarce and communities are much more isolated from urban services and markets.

Box 1: Livelihoods in Lesotho⁸

Agriculture

The **poorest households** generally own no land aside from small home garden plots where vegetable gardening is common (Turner 2003).

Households who do have fields often struggle to cultivate them owing to lack of labour, implements, inputs, draught animals and/or because of ill health, disability and old age (LVAC 2004). Few **poor households** own large livestock though they may have small stock. For poor households, yields are generally poor. Maize and sorghum are common field crops but do not last more than a few months.

Those categorised as '**middle households**' have fields and the means (implements and inputs) to produce food crops, and some engage in commercial production. However, even middle income groups may not produce enough field crops for home consumption to last the whole year.

Sharecropping is an important livelihood strategy for all farming households in Lesotho. Poor households practice sharecropping, but in general receive fewer shares because they can only supply land as a result of a lack of farming inputs (such as seed, fertiliser, money to hire out tractors etc.), and/or draught power and labour. For those middle and better off households (with land and those without), sharecropping is still an important strategy, and they can afford inputs as well as owning draught power and farming implements.

Much farming is done by women (Gill 1994 cited in Turner 2003).

Income

Migration, mainly to mines in South Africa, has been the central livelihood strategy for both rural and urban Basotho for over a century. Historically, remittances have provided Basotho households' main income source, provided capital for investment into agriculture and for building up household assets in the long term.

Retrenchments from the mines in the last decade mean that households are experiencing a decline in incomes and there is increased urbanisation as rural households migrate to towns in Lesotho in search of work opportunities.

In terms of regional variation, petty trade is particularly important in the Southern Lowlands. The poor are highly dependent on local wage employment throughout Lesotho. In the Mountains (and Senqu River Valley) trade and non-food production are of the same importance as wage employment and provide the main sources of income. Overall, trade is limited though because of isolation and distance from markets (LVAC 2004).

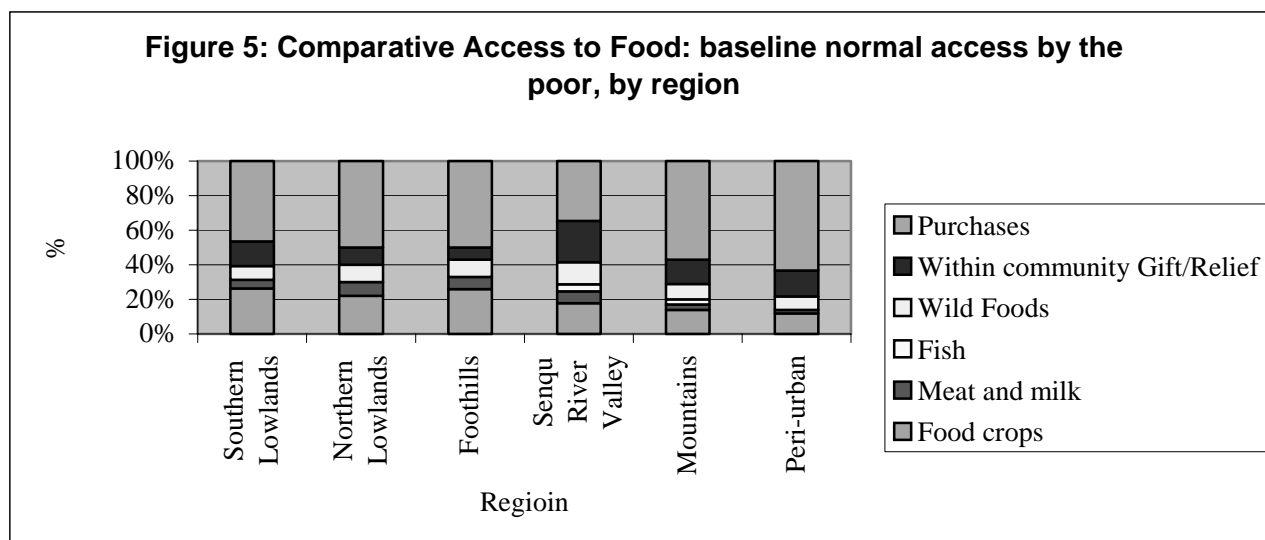
There is also **income from surplus food production and livestock sales**. This is more important for the Northern Lowlands and Foothills, and contributes a small percentage (less than 20%) for poor households in the Senqu River Valley and Mountains. Livelihoods are more agriculturally orientated in the Foothills as movement is limited by time or costs (LVAC 2004).

Figure 5 illustrates the relative contributions of different strategies poor households use for accessing food. Even in rural areas where households are heavily involved in agriculture, most households are net consumers of grain and depend more on income to buy food than on subsistence production. Across all regions, the poor are the most dependent on *purchasing* food, though households in the Lowlands produce more food from their own crops, and are therefore slightly less dependent on buying food than those in the Highlands and in peri-urban areas. Across all regions, wild

⁸ This section is based on Turner 2001 and LVAC 2004.

foods and inter-community gifts also contribute a significant proportion to poor households' access to food.

Amongst the poorest and most vulnerable households, those that face the greatest threat of hunger are child headed, sick and disabled, and elderly households with no income (LVAC 2004).



Adapted from LVAC 2004

2.3.2 Changing poverty in Lesotho

Poverty levels are high in Lesotho, with approximately one third of the population living below \$1 a day, and over half live below \$2 (Table 5). Even more than this live below the Lesotho national poverty line of M80 per month per member (Table 6). Across Lesotho, the poor are characterised by their lack of surplus food or cash, and very limited ownership of livestock holdings and other capital assets. Two thirds of the poor live in destitution with barely enough cash income to satisfy basic food needs (Sechaba Consultants 2000: viii, cited in Turner 2003: 51).

Estimates of the poor (defined by wealth) from the LVAC (2004) include, by region, 46% in the Lowlands, almost 60% in the mountains, foothills and river valley, and 41% peri urban. With such a high percentage of poor households dependent on purchases (see Figure 5), household level food shortages are closely correlated with income poverty.

Table 5: International Poverty indicators

Population living below \$1 a day, 1990-2002	36.4%
Population living below \$2 a day, 1990-2002	56.1%

Source: Human Development Report 2003

Table 6: Proportion of population under local poverty line

Year	1990	1993	1999
Percentage of population below M80 per month poverty line	49%	71%	65%

Source: Turner 2001

Table 7: Household income and savings, 1993 and 1999/2000⁹

Maloti per US dollar in 2000 – 6.94

Sex of household	Livelihood qu	Income per household r per month (M)		Household savings (M)	
		1993	1999/2000 (adjusted)	1993	1999/2000
Male	Lowest 20%	15	16	37	17
	20-40%	45	31	198	95
Female <i>de facto</i>	Lowest 20%	17	38	14	0
	20-40%	51	48	99	58
Female <i>de jure</i>	Lowest 20%	21	17	47	14
	20-40%	34	42	51	11
Total	Lowest 20%	17	17	40	15
	20-40%	42	36	132	63

Source: Adapted from Turner 2003: 106 based on Sechaba consultants (1994, 2000)

Poverty indicators over time suggest that many poor households have become poorer in the last decade (Table 7). 'The poorest quintile showed no increase in incomes and much decreased savings, while the second poorest quintile seems to have suffered a drop in incomes and to have more than halved its savings.' (Turner 2003: 48). There has been some reduction in poverty in Maseru District and the northern lowlands and foothills, probably owing to the growth of garment industries as a result of AGOA (see Chapter 3) which has increased employment from 2,500 in 2000 to 40, 000 in 2003 (Gibbon n.d). However, most of the poor in Lesotho have not benefited from recent periods of economic growth (Sechaba Consultants 2000: viii, cited in Turner 2003: 51).

Poor households are suffering for a number of reasons:

- A growing number of households do not even own fields – over a third of all rural households do not own land (Moeti et al. 2003 cited in Turner 2003).
- Stock theft in the mountain regions is a significant cause of households falling into poverty.
- Reduced migrant labour opportunities in South Africa have hit many households and the economy hard, as those who have lost the direct remittance income, and those whose labour was employed on the farms generated by migrant money, have few alternative income sources to turn to. This reduction is the result of decline in the South African mining sector (see Figure 6) and changing South African foreign policy which has reduced migrant labour opportunities for Basotho in South Africa in sectors beyond mining, such as agricultural and domestic labour.

⁹ In order to use these data for a 1993 –1999/2000 comparison, it was necessary not only to adjust for inflation but also to exclude certain types of income from the 1999/2000 amounts so that a direct contrast with 1993 incomes would be possible (Turner *et al.*, 2001: 106).

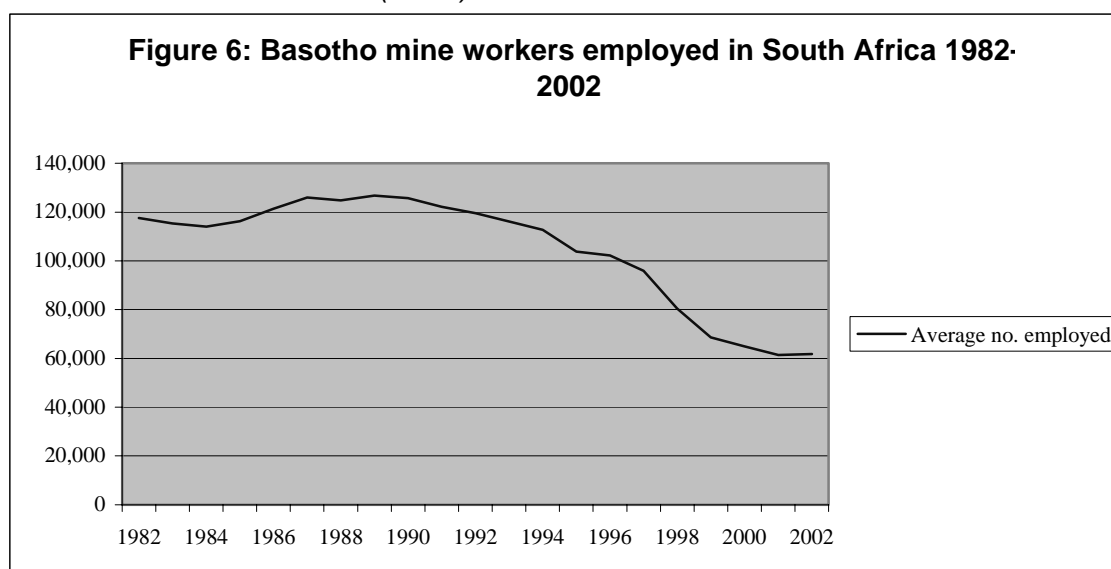
- Unemployment is approaching 30% (CARE International 2002), but this rate is even higher for many retrenched miners (mainly men) who cannot find work on their return to the villages (Ibid).
- Subsidy cuts on basic food stuffs and inflation have increased food and other prices (CARE International 2002). See section 2.2.3).

The poorest households spend disproportionately more on food, and are particularly vulnerable to food insecurity arising from the increases in prices and declines in incomes and agriculture (CARE International 2002).

A recent study has found that child wasting is more likely in poor households, and that wasting is more closely associated with low incomes than cereal stocks/gaps. The study indicates that:

Households of wasted children anticipated an average cash remittances over the crop year of less than one-fourth the cash value of remittances than the households of children who are not wasted. Wasted children's households have less than half the cash or anticipated cash for food expenditures than households of more normally nourished children; they also had much less cash income from casual labour and formal employment ... While wasted children's households appear to have larger anticipated cereal gaps from August 2002 to March of 2003, the difference is not statistically significant. Other analytical efforts to associate cereal stocks with wasting show similar results, suggesting the overriding importance of the cash economy in securing livelihood and access to food.

CARE International (2002): 22



Source: Adapted from Central Bank of Lesotho, 1993:22; 2002(b): 48; 2002(c): 95 cited in Turner 2003: 33

2.3.3 Gender and poverty

Women provide household labour and are responsible for home gardens, and also work in agriculture, small businesses and informal income generating activities. Due

to the nature of migration among men, women have taken advantage of educational attainment (Gill 1994 cited in Turner 2003), and have set up their own businesses, although without a legal basis (women own over 70% of informal businesses in Lesotho (Gill 1994 cited in Turner 2003)). However, women continue to be viewed as minors in customary and common law relating to asset and natural resource ownership, and inheritance.

Although women are the main contributors to household finances in 38% of rural households and 35% of urban households, men tended to monopolise available income (Wright cited in Turner 2003: 15). Male control over income has major implications on the way that household income is spent and prioritised on food.

De facto female-headed households¹⁰ are typically better off than male-headed households in terms of income, mainly as a result of migrant remittances, but *de jure* female-headed households are some of the poorest in Lesotho. They lack both assets and income. Turner (2001) concludes that *de jure* female-headed households experience more deaths per household member than other households, and have the worst sanitation facilities. Children from female-headed households are less likely to go to school.

It is not clear why the real income for the poorest 20% of *de facto* female-headed households increased so significantly between 1993 and 1999-2000 (see Table 7). It may reflect increased income from the garment industry where mostly women are employed. It is important to note, however, that savings have declined amongst the same group to nil.

2.3.4 Mechanisms for coping

Coping mechanisms formerly used in emergencies, such as beer brewing, are increasingly becoming regular livelihood strategies for earning income. Other coping measures include reliance on less popular and cheaper foods, reduction in the number of meals consumed a day, and smaller portions¹¹ (CARE International 2002). These strategies have negative nutritional impacts, highlighted in section 2.4.

Other common forms of coping include selling assets such as livestock, and community-based safety nets such as borrowing from neighbours and sharecropping. Sharecropping systems include:

- ‘mafisa’ which constitutes the loaning of cattle from richer to poorer households in return for milk and use of by-products like cow dung for fuel and the ploughing of fields;
- ‘matsema’ (working parties) involving cooperative work amongst households of varying wealth during labour-intensive periods;

¹⁰ *De facto* and *de jure* distinguishes households headed by absent men (eg for employment) and households legally headed by women (Peters, 1988).

¹¹ In July/August (three months after the harvest) 2002, even in this relatively good time of year 64% of very poor households relied on less preferred, less expensive foods; 71% reduced the number of meals a day; 66% limited the portion at meal times; 54% had skipped whole days without eating. See CARE, 2002 for more on food coping strategies.

- and the provision of labour for traditional leaders fields where the harvest from which is used to feed destitute households in the community.

Many very poor households depend on cash gifts, or in some cases, food handouts. Although it is common for relatives to bring up some children of the destitute, with the increasing prevalence of HIV/AIDS orphans, contributing to increasing levels of livelihood failure of poorer groups, there is an increasing pressure on communities to absorb orphans and support the vulnerable. Their capacity to cope is declining (LVAC 2004: 5).

2.4 HIV/AIDS

The incidence of HIV/AIDS (Table 8) in Lesotho is the highest in the Southern African region, and the third highest in the world (UNAIDS 2002). Migrant labour is a main cause of the rapid spread of the disease, and a lack of awareness and understanding of HIV/AIDS continues to fuel the epidemic in the country (Barnett and Blaikie, 1992). Women are more likely to be infected (because of physiology and lack of control on protection methods), but men tend to die before women, increasing the number of *de jure* female-headed households. Female *de jure* and child-headed households are likely to be amongst the most vulnerable households, together with aged-headed households without income sources, and HIV/AIDS affected households (van den Boogaard *et al* 2004). The number of child-headed households and orphans is steadily increasing (WFP/UNICEF Nutrition Review, 2004), and the number of orphans (0–14) from AIDS has risen from 73 000 (2001) to 93 000 (WFP/UNICEF Nutrition Review, 2004), with a total population of 137 000 orphans in the country (FAO/WFP 2002). The VAC in April-May 2003 found that households with chronically ill members are found mainly in the highlands, followed by the foothills, lowlands and the Senqu River Valley (Ibid.)

Table 8: Prevalence of HIV/AIDS (%)

Country	2001
Lesotho	31.0
Malawi	15.0
Mozambique	13.0
Zambia	21.5
Zimbabwe	33.7
Low-income average	8.4

Source: UNAIDS 2002

HIV/AIDS adversely affects household labour supply both in terms of the loss of the output of the sick individual, but also in terms of the opportunity cost of caring responsibilities of other household members. It also increases pressure on household resources by increasing dependency ratios. In addition, community productivity is also adversely affected where other individuals and households spend time and money assisting affected households and attending funerals. HIV/AIDS not only adversely impacts on food availability owing to reduced household labour, but also impacts on other household resources where resources are spent in the pursuit of cash income (for example on health care, funeral expenses) and lead to the

divestment of assets and increased indebtedness. Reduced resources also decrease households' ability to purchase food from the market and this is compounded by reduced ability to draw on reciprocal labour arrangements with neighbours. This is potentially leading to the erosion of social capital assets. For more on the relationship between HIV/AIDS, vulnerability and food insecurity see Slater (2004a) and Harvey, 2004.

2.5 Food utilisation and nutrition

The under 5 mortality rate in Lesotho is estimated at 87 per 1000 live births, and the infant mortality rate (under 1) at 64 per 1000 live births (UNICEF 2004), considerably lower than for many other countries in Southern Africa. In general the main causes of infant and child morbidity and mortality are acknowledged as diarrhoea, acute respiratory infections and malnutrition (Lesotho National Plan of Action for Nutrition 1997: 20).

There has been consistent improvement in access to safe water and in sanitation with potential positive implications for nutrition and food utilisation (Table 9), but other utilisation problems remain.

Table 9: Ownership of latrines and access to clean water 1990-1999

	1990 %	1993 %	1999 %
Households with a latrine	31	39	49
Households with access to clean water	52	64	73

Source: Sechaba Consultants, 2000: 95 (cited in Turner 2003: 48)

Women are believed to be breastfeeding for a shorter duration of time, especially in urban areas, and children are usually introduced to weaning foods at the age of three months. A nutrition survey in 1992 found that young children were often not fed enough and that protein foods and specific nutrients were often inadequate in the diet (Ibid.).

Although diets in Lesotho normally include cooking oil, roots, tubers, and vegetable sources, diversification of foods may be declining. Cereals supply¹² only approximately 1500-1600 Kcals/person-day where the requirement for the country is estimated at around 2500 Kcals/person-day, given its cold climate, HIV/AIDS prevalence rate and energy consumption required for hillside farming. Many households today are overly dependent on maize to supply their calorie needs which may have negative effects on nutritional needs and actual intake, for example a shift to heavier dependence on maize without attendant sources of niacin could lead to outbreaks of pellagra, which has already been anecdotally observed by nutritionists in isolated pockets. And if roots and tubers begin to dominate the diet, edematous malnutrition or kwashiorkor may become a serious health condition among children under five (CARE International 2002: 39).

¹² Taking the lower of the two national requirement estimates

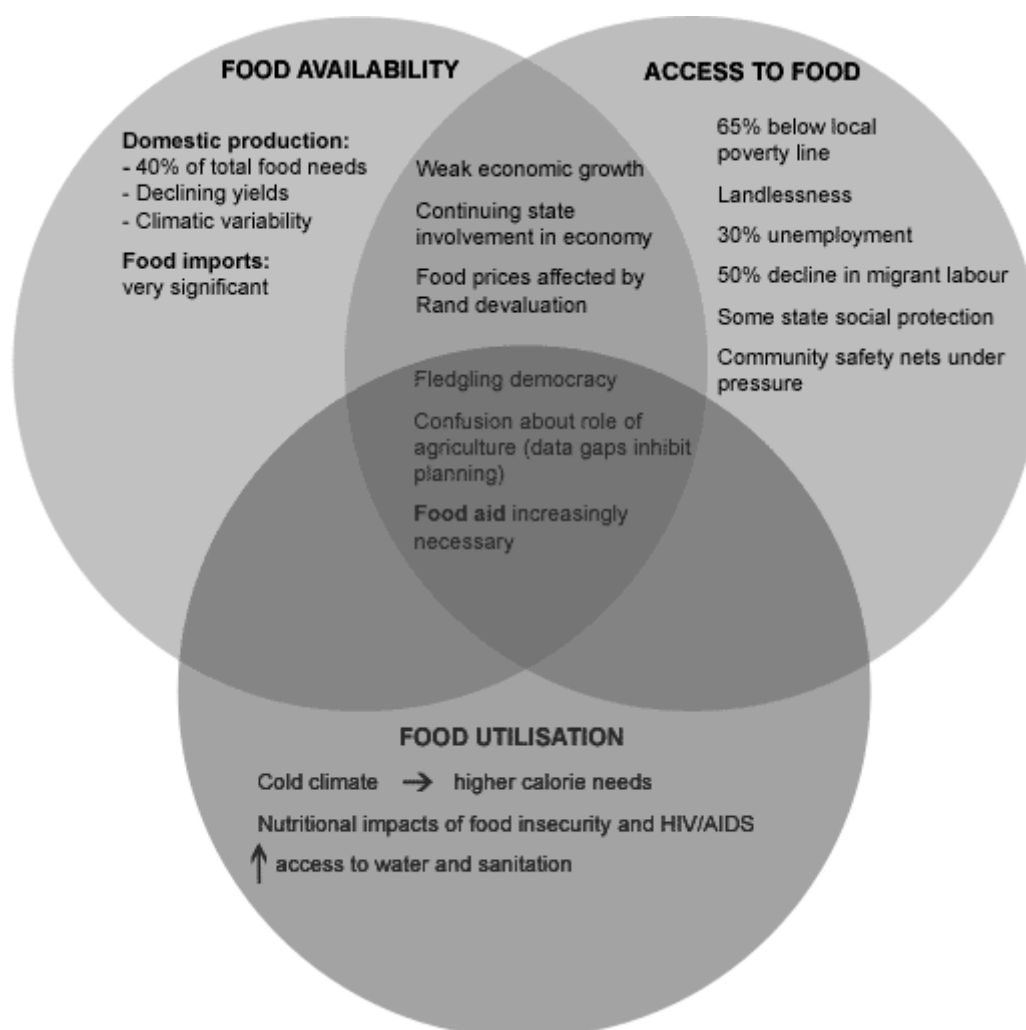
HIV/AIDS has implications for nutrition. Although specific information is incomplete, it is important to consider the differences in needs between HIV/AIDS infected people (Slater 2004a). For example, HIV-negative people with poor diets are more susceptible to infection, HIV-positive people with poor diets develop AIDS more quickly, and people with AIDS have increased nutritional requirements (Gillespie and Haddad 2002). Adults with AIDS need approximately 15% more calories each day to prevent wasting, and children with AIDS need even more in order to grow (WHO 2003, Slater 2004a). Given the prevailing food insecurity situation in Lesotho, this poses an additional threat to meeting nutritional requirements. Also, in Lesotho, the calculations for food aid are higher than elsewhere in the region because it is so much colder in the winter.

More research needs to be done to know what kind of nutritional interventions have the best impact on different PLWHA. Significantly, gaps in knowledge affect the intervention, particularly what food and nutrition support programmes should do differently because of HIV/AIDS – for example, there are strong arguments for increasing ration sizes, but less is known about fortification and micronutrients from supplements (Slater 2004a). More information is also needed on intra-households allocations of food.

2.6 Conclusions

Although nutritional indicators for Lesotho are less bad than for many other countries in Southern Africa, the proportion of under-5's who are wasted has increased over the last decade, indicative of increasing long-term malnutrition. Lesotho is one of the countries in Southern Africa where the difference between food availability and effective economic access to food is most marked: commercial imports are easily accessible, but the double whammy of declining incomes, stemming from a marked reduction in remittance incomes coupled with lack of domestic employment opportunities, and increasing food prices arising from Rand devaluation mean that adequate food is becoming less and less accessible to many households. Agriculture plays a much smaller role in contributing to food availability and to incomes than in many other countries in the region. Typical diets may be becoming less diverse, and the severe HIV/AIDS crisis in Lesotho is increasing the need to address utilisation issues.

Figure 7. Key factors affecting food security in Lesotho



3. Existing policies for food security in Lesotho¹³

Food security policies have emerged in Lesotho in the context of a rise and subsequent fall in economic growth in recent years.

Lesotho's GDP grew at an annual average rate of 6.3 percent during the period 1988–1997. Growth resulted from the construction of the Lesotho Highlands Water Project which supplies water to South Africa, and a small but rapidly growing manufacturing sector. These gains were dampened by the steady decline in remittances from South Africa mines. A turnaround in the performance of the economy followed the political crisis of 1998 when civil unrest led to widespread looting of businesses and job layoffs. This reduced investor confidence and GDP contracted by 5.4 percent that year (FAO/WFP 2004). The growth rate has recovered gradually, from 0.2% in 1999 to 3.2% in 2001 (Government of Lesotho 2004: 33).

Despite this growth, as was described earlier, poverty levels in Lesotho have remained high, partly due to the devaluation of the Maloti (Ibid.). In the early 1990s nearly 50% of Lesotho's GNI came from remittances from the South African mines but by 1997-1998 this had decreased to 36%. In the last two decades there has been little growth in primary activities of agriculture and mining, but the textile industry has contributed significantly to the rapid growth in the secondary sector expanding from 25% of GDP in the early 1980s to 42% in 2002.

More recently, Lesotho's PRSP – still not formalised at the time of writing - is built on three inter-connected approaches: rapid employment creation; delivery of poverty-targeted programmes; and ensuring that policies and legal framework are conducive to the full implementation of priorities. Its second goal is to increase food security. However, the actions identified for achieving food security are solely associated with improving agricultural production and resonate with the self-sufficiency approach of recent decades. The strategy has very ambitious aims for agriculture, especially given the prevailing situation of HIV/AIDS, increasing marginalisation of land and land tenure issues. Whilst employment generation is the first goal of the PRS, it does not explore in detail the links between food security and strategies to increase income and employment, nor does it reflect on the importance of the need for a multi-sectoral food security strategy and the need to strengthen the role of information networks, early warning systems etc.

3.1 Policy Processes

Lesotho is a fledgling democracy. The first democratic elections for many decades took place in 2002 and garnering votes doubtless had an impact on government food security policy and humanitarian response. There remains an uncomfortable mixture of traditional leadership and political parties in the country, with implications for, to give one example, land ownership, titling and tenure. Lesotho is a sovereign state and the influence of unelected officials remains strong. In some ways, experience in

¹³ This section draws heavily on the FFSSA Lesotho Country Issues Paper produced in April 2003 (Mphale et al 2003).

Lesotho reflects the notion of neopatrimonialism – where patrimonial practices coexist with a modern state bureaucracy. The civil service is large and inefficient, civil society is weak and marginalised, and power is concentrated in a complex weave of democratic and traditional power structures that depend on the close relationship between paramount chief and Prime Minister.

A large part of the actions recommended in the interim PRSP focus on dealing with accounting irregularities and corruption in government, notably payments to ghost-employees, and establishing more transparent auditing procedures to account for public spending.

There have been a number of times in recent years when the views of civil servants and technocrats within government have been at odds with cabinet and elected officials and when neo-patrimonialism appears to have infiltrated policy processes. Decision-making regarding tariff levels on imports from South Africa appear to entrench the vested interests of the powerful. Perhaps the most pertinent examples come from the Government's response to the humanitarian emergency of 2002-2003. A decision to carry out a large subsidised inputs loans programme was taken at cabinet level. A reluctant Ministry of Agriculture, Cooperatives and Land Affairs was forced to carry out the subsidies programme, most debtors defaulted on their inputs loans, and the Ministry spent millions of Maloti collecting debts.

The relative roles of state and private sector in economic activity are important to note. Privatisation in Lesotho has been patchy and slow compared to other countries in Southern Africa and the government is still responsible for many activities within the agricultural sector. Heavy intervention in agriculture was justified in the past as part of the Government's quest for national self-sufficiency during the apartheid era. The Ministry of Agriculture and Food Security remains the main distributor of inputs and maintains that options for private sector inputs provision are constrained by topography in Lesotho.

More broadly, in spite of some steps towards liberalisation, state involvement and protection still exists, sometimes affecting food security negatively. For example, the state has banned the import of potatoes from South Africa, which has more than doubled prices – although beneficial for local producers, at the expense of poor and urban consumers (Mphale et al 2003). There are also restrictions limiting participation of traders in domestic marketing – they require licences to deal with agricultural commodities, and involvement in dairy processing and trade in raw milk is prohibited. This de-motivates prospective dairy traders who would otherwise seek to take advantage of the higher milk prices in Lesotho compared to South Africa, thus negatively affecting nutrition status and food security (Mphale et al 2003: 18).

Whilst Lesotho shares many similarities with its larger neighbour, strong civil society is not one of these. Civil society did play a significant role in the development of the PRSP: the Lesotho PRSP has been widely quoted as the most participatory in the world, with approximately one in every two hundred people consulted. Consultations were, however, heavily biased with little opportunity for participation by urban dwellers. Some NGOs do influence policy processes and forge innovative partnership to respond to the challenges of food insecurity and vulnerability in a creative way.

Other NGOs, however, continue to uncritically support the view that the most effective response to chronic food insecurity is food aid.

3.2 Agriculture

Historically, the policy framework governing food security in Lesotho has focused on the agricultural sector and agricultural production, at the expense of addressing access and utilisation issues. Responsibility for implementing food security initiatives has lain with the Ministry of Agriculture, Cooperatives and Land Reclamation¹⁴ and the National Disaster Management Authority. During the 1970s and 80s, Lesotho adopted a strategy of national self-sufficiency, aimed to alleviate dependence on food imports from South Africa, given the uneasy political relationship between the two countries under apartheid, and to decrease its high dependence on migrant labour over which the country had little control. Through agriculture, Lesotho aimed to secure its economy by producing more of its own food and provide a reliable alternative source of income to migrant labour (van den Boogaard *et al.* 2004: 20). Self-sufficiency was never achieved, in part due to the limitations imposed by land availability (see Box 2).

Box 2. Access to land in Lesotho

Over a third of all rural households do not have access to land (Moeti et al. 2003 cited in Turner 2003), and those that do typically have inadequate holdings for achieving household food self-sufficiency with current agricultural practices (Turner 2003). The 1999/2000 Agricultural Census recorded an average holding size of 0.48 ha (GOL, n.d. (b): 16 cited in *Ibid.*). Most rural households do have space for small homestead gardens (Turner 2003), but are the focus for potentially increasing household access to food.

In the 1990s, policies shifted towards commercial and export-led agriculture, with accompanying processes of liberalisation and privatisation. Both these processes have been only partial. The most recent policy document on agriculture (MoAFS 2004) focuses on supporting homestead production for own consumption and intensifying this sufficiently to produce surpluses to sell, in addition to promoting commercialisation of high value crops. The promotion of homestead production aims to improve 'productivity through proven methods of intensified organic agriculture on land surrounding homesteads, and promoting low-cost livestock systems for the poor' (Government of Lesotho 2004). However, not all households are interested in creating such gardens.

Specific past policies and projects included:

- The **Food Self-Sufficiency Project** started in 1970 and run until the late 1980s, based on cereal production. A few large area-based projects were selected and extension support to farmers provided in terms of capital, large-scale technology, and technical knowledge. The farmers went into a share

¹⁴ In 2003 the Ministry of Agriculture, Cooperatives and Land Reclamation was renamed Ministry of Agriculture and Food Security, and land is now dealt with elsewhere in government.

cropping agreement with the government, with the latter supplying all the inputs whilst farmers contributed their land. In order to recover the costs of production the government took 70% or more of the outputs. Security at the household level was neglected, it was expensive, and excluded farmers from participation.

- **Agricultural diversification** was adopted in the late 1980s to promote production of high value crops and livestock for export and to earn foreign exchange. This strategy still runs today, but faces a number of problems, not least that it tends to reach relatively wealthy farmers. The high-value crops are export-oriented but Lesotho has no competitive advantage in the international market on them. Additionally, some of the crops, for example asparagus, are not part of the food culture of Basotho, and their potential contribution to food security in the event of export failure is limited.
- **Large-scale irrigation** projects were also initiated in the 1980s and 1990s as part of the diversification strategy nation-wide, forcing a change in production from cereal crops to vegetables. However, farmers were not involved in the top-down decision making process, and the vegetables suffered from competition with those imported from South Africa. Most of the irrigation projects now have been abandoned and the sale of water to South Africa is the subject of considerable debate.
- **Liberalisation**, was adopted from 1988. Government expenditure on agriculture has, historically, been high as it provides support services and applied heavy subsidies to the sector. Liberalisation was only partial in the 1990s and the state rolled back much less radically than Zambia, Mozambique and Malawi. More recently, government support, through subsidies on veterinary services, co-operatives for input and credit supply, are all being commercialised and farmers will bear the full cost. It remains to be seen whether input markets will emerge via the private sector.
- **Privatisation** has, or will be, put into place to all agro-public enterprises such as the Masianokeng Cannery, Maluti Dairy, and the National Abattoir. Full privatisation is also taking place on basic agriculture services. For proponents of liberalisation, Lesotho represents a good example of a partial liberalisation where the state does not fully withdraw and the incentives for the private sector to enter input markets is limited.
- Government of Lesotho started to promote **commercial agriculture** through high value crops, livestock production and off-farm activities under the Agricultural Sector Investment Programme (ASIP). The focus was on: efficient delivery of the core support services to the farmers; institutional and policy reforms; price and market liberalisation; and decentralisation and restructuring of the Ministry of Agriculture (Mphale et al 2003: 11). Under the same ASIP framework, the Sustainable Agricultural Development Programme for the Mountains Areas was initiated in 1997 funded by IFAD.

More recently, the overall strategy of the agricultural sector (of which food security is one of its three policy goals¹⁵) focuses on six inter-related sub-strategies to achieve this (NES, 1999), including:

- Further development of market reforms;
- Privatisation and deregulation to curtail direct state involvement in production, pricing, processing and marketing of agricultural commodities;
- Land reform and improvement of the natural resource base;
- Diversification of the agricultural base entailing a shift into higher value horticulture crops, intensive livestock production and promotion of rural non-farm activities such as agricultural related small-scale input production and or product processing;
- Re-orientation of agricultural support services towards sub-sectors where Lesotho has a comparative advantage as well as outsourcing extension and research activities to the private sector, and
- Capacity building programmes (Mphale et al 2003).

In an effort to operationalise these changes, the Department of Policy Analysis has been established and it is involved in the monitoring and evaluation of the Agricultural Policy and Capacity Building Project whose purpose is to change the environment within the sector and make it conducive for a longer term Agricultural Sector Development Programme.

3.3 Off-Farm Income and Employment Generation/Poverty alleviation

Various initiatives have aimed to initiate broader economic growth in the rural non-farm sector with limited success. Nationalised agro-businesses aimed to provide employment in the agricultural sector. For example, the canning industry was established in 1980 to can asparagus, beans, peas and peaches for local consumption and especially export to the European Union. About 500 women were employed by the firm and earned income for their households, whilst about 20 farmers produced asparagus under contract farming. Poor management led to its collapse and privatisation led to job cuts.

- The Ministry of Finance oversees rural finance enterprises which seek to provide financial support to small micro and medium scale enterprises (SMMES) in the rural areas through the promotion of credit groups and small scale enterprise credit, and through the provision of institutional support to all credit initiatives.

¹⁵ Including poverty alleviation and employment creation

Under AGOA Lesotho has seen rapid growth and employment in the urban textile industries.

3.4 Commercial Imports, Markets and Trade

Lesotho is a member of SACU (Southern Africa Customs Union) which agrees on the free trade of goods between member countries. There are no controls on pricing (SADC FANR cited in van den Boogaard *et al.* 2004) and farmers sell produce at their own price. There is a 20% subsidy on unsifted maize through the normal marketing channels (*Ibid.*). There are also some tariffs in place for goods imported from South Africa. Interviews carried out as part of the review of the Government's emergency response suggested there may have been political criteria for establishing tariffs on certain goods, related to the interests of richer producers more than on the needs of consumers (van den Boogaard *et al.* 2004).

3.5 Food Aid

Food aid is used as a measure against malnutrition by the GoL, and as part of the disaster relief strategy in emergencies. WFP work includes collaboration with the DMA in the formulation of food security humanitarian assistance policies, and soliciting funds to finance local food aid programmes especially during severe food security situations.

Food aid is also used as a longer term strategy through Food-For-Work, Primary School Feeding, Post Primary Education and Institutional feeding Programmes, Mountain Emergency Food Reserves, Food for Capacity Building and Health and Nutrition (Tola 1988; Ministry of Development Planning 2000, cited in Mphale *et al.* 2003).

3.6 Social protection policies

Social protection constitutes more than the safety nets provided by food aid and other transfers and can include both formal government and NGO instruments and those employed at community-level. The Government of Lesotho has initiated a number of policies in the last few decades that with potential for risk reducing, mitigating, coping and recovery. Many of them have not, however, been designed with risk management in mind, but have had different policy objectives. There has not been a clear framework for responding to risk and many instruments have failed to reach the most vulnerable people, particularly in rural areas.

Transfers are the most direct form of social protection. In Lesotho, these include cash transfers from the Department of Social Welfare giving financial support to destitute persons. This is accompanied by training in income generation skills, particularly for disabled people. A significant new policy - a pension for people over 70 years of age - is being introduced for elderly people over 70 years of age (Mphale *et al.* 2003). There are hopes that this will support households that support a large number of HIV/AIDS orphans and vulnerable children (OVCs).

There are also forms of social protection that are aimed at OVCs directly, such as School Self-Reliant Feeding Units which link agricultural education with income generation. Children receive hands-on training; produce from poultry, horticulture, pig production etc., is used for feeding students; and the surplus is sold to generate income (Mphale et al 2003). The GoL and WFP also continue to run conventional school feeding programmes. A national school-feeding programme (implemented through the Ministry of Education from the early 1970s) was integrated in late 1990s into the framework of a food aid policy through WFP aimed at promoting local food production, employment generation and development of infrastructure (Lesotho National Plan of Action for Nutrition 1997).

Consumer subsidies on foodstuffs, such as the 20% subsidy on unsifted maize, are aimed explicitly at addressing vulnerability by protecting vulnerable households from volatile and high food prices. However, consumer subsidies benefited all consumers and, in the most part, were stopped in 2002 in line with liberalisation policies. As a result prices shot up drastically so that poor households could barely afford to buy maize meal. Subsidies were also previously provided on petroleum products to protect against escalating prices, particularly cooking fuel (Mphale et al 2003).

In agriculture, subsidies also been applied, but with the aim of kickstarting or boosting production rather than protecting vulnerable households. Subsidised fertiliser and seeds have been widely distributed, including as part of the 2002-2003 humanitarian response. However, they have rarely benefited poor people and tend to be captured by elites and traders, including those from South Africa (van den Boogaard *et al.* 2004). When inputs have aimed to help people recover from food crisis, their late delivery has tended to compound rather than alleviate the crisis. Late delivery has resulted in late planting or not planting at all). Other forms of subsidised inputs aimed at increasing agricultural production have included provision of machinery, including tractors, but these are badly distributed, and again, captured by the elite.

Other policies with a risk reduction function in the agricultural sector include the protection of marketing and markets (for farmers) which has included the provision of basic marketing infrastructure (e.g. organised supply and demand of products through egg circles for poultry farmers, the national feedlot and abattoir) and prohibiting some food imports (such as potatoes) to protect local farmers' price for products.

Support to community gardens is used to promote food security and poverty reduction at the grassroots level, through the provision of materials and training (Mphale et al 2003).

Subsidised infrastructure, free training and access to credit by SMMES are provided by the Ministry of Trade and Industry for the poor. Free and subsidised training for self-employment skills are provided to high school graduates, and primary school graduates (but these are only in two locations in Lesotho – Mohale's Hoek in the Lowlands, and Maseru (Mphale et al 2003: 55). Access to credit is particularly poor in Lesotho and market-determined interest rates have done little to make credit more accessible to poor people and have introduced a greater level of interest rate volatility.

Funding for social protection measures is limited in Lesotho, particularly given the small tax base and competition for government funds. One source of funding is the Lesotho Highlands Water Revenue Fund (LHWRF) which was initiated in 1990 to use income from the Lesotho Highlands Water Project to support poor rural communities. The LHWRF provides employment on community projects in return for monthly payments. The Lesotho Fund for Community Development was started after the LHWRF and continues to pay participants on a rotational basis, but also encourages group formation for direct funding of group income generation projects. In neither case are these public works initiatives targeted and they often fail to reach the marginal and vulnerable social groups.

3.7 Utilisation

The National Plan of Action for Nutrition (1997) includes a number of programmes aimed at enhancing vulnerable people's access to required nutrients and a balanced diet:

- 'Improving Infant and Young Child Feeding' by supporting breastfeeding and appropriate child feeding practices at the early stages of child development;
- 'Caring for the Socio-economically deprived and Nutritionally Vulnerable' aimed at individuals within households, such as pregnant women, disabled people, the elderly through providing equitable access to economic resources and basic requirements such as clean water, sanitation and education.

However, many of the proposed programmes have never actually been implemented.

Food aid that is distributed by WFP and its implementing partners is fortified with micro-nutrients, though the jury is still out on the precise additional micronutrients that are required by PLWHA. Fortification can only be done by large millers with implications for the local sourcing of food aid and the operations of smaller scale millers.

4. Looking ahead: strengthening food security in Lesotho

In November 2003, the Government of Lesotho, in partnership with a multi-stakeholder taskforce including donors and government, began a review of the response to the humanitarian crisis that began in 2001 and continues in 2004. The review (see van den Boogaard et al 2004) highlighted the need for a long-term multi-sectoral food security strategy for the country and this process is now underway in Lesotho. The strategy will focus on appropriate policies within government rather than the wider food security response. The policy options explored here seek to complement and support the development of a multi-sectoral strategy.

4.1 Role of the state

Visions of the relative roles of the state and private sector in Lesotho are central to decisions about policy options for food security. The patchy and slow privatisation and liberalisation to date may in part be related to the political process in Lesotho, as it is in a number of other countries in Southern Africa, in which patronage resources play an important role (Bird et al, 2003).

In agriculture the private sector is not as well developed in Lesotho as in other countries in Southern Africa. The ongoing privatisation of Ministry of Agriculture activities in production, marketing and processing is seen as a positive step. But many agricultural products have low returns and a major additional challenge to private sector involvement in Lesotho is that many areas are particularly inaccessible (Mphale et al 2003). The government expresses concern that state withdrawal could result in 'missing markets' where it is not profitable for the private sector to reach remote rural areas. The fact that South African consumer goods and high value products such as herbal medicines do reach the more remote areas is sometimes cited as proof of private sector potential, but these are not comparable to agricultural produce or inputs which are bulky, perishable, and in the case of inputs also have extremely high inventory costs.

Beyond agriculture, local markets in Lesotho are weak and thin due to the dominance of South African goods. The scale of production, diversity of goods and prices offered are such that it has been impossible for domestic production to compete with South African imports (Turner 2001). Options such as perishable, locally-produced items which have a comparative advantage over South Africa, and for which economies of scale can be achieved, are being investigated. The state can play an important role in supporting projects that have potential, by providing technical support and subsidies in the initial stages.

4.2 Macro-economic policies

Pro-poor market-based economic growth in countries like Lesotho is dependent on the generation of market opportunities, on access to resources for investment, and on reasonable returns from investment and acceptable risks. Based on experience

elsewhere, this depends critically on a stable and conducive macro-economic environment; provision of basic infrastructure; clear and enforceable property rights and contracts; and providing credit opportunities and business training services (Poulton and Dorward, 2003).

As the most powerful member of SACU and CMA (Common Monetary Area), South Africa's macroeconomic policies largely determine the trade, exchange rate and monetary policies of member countries such as Lesotho. Given that SACU member economies, particularly South Africa and Botswana, have outperformed the rest of Southern African in the last two decades, and they remain relatively stable in terms of interest rates and currency value, there would appear to be a case for Lesotho remaining a member of the union.

The current system of property rights in Lesotho, in which communal tenure prevails, is seen as a major disincentive to private sector investment. The changes that are required to encourage investment are hotly debated. Historically, land reform in the region has focused on titling and private ownership, but some observers in Lesotho maintain there is not enough evidence that commercialisation of land stimulates growth in rural areas (Turner 2001; 71). Alternative approaches may provide sufficient security and flexibility to stimulate investment (Deininger 2003), as well as allowing the growing number of households living with HIV/AIDS to use the land resources at their disposal more effectively (for example, by permitting labour short households to rent out land). The main government response to date has been to change the institutional home of land administration, so that the selection of land for both residential and agricultural production purposes has been separated from the Ministry of Agriculture.

As discussed earlier, financial services in Lesotho are weak and farmers and entrepreneurs do not have good access to credit. Micro-finance could help poorer households enter markets and business opportunities at relatively little risk, but financial services would need to be complemented by other services, including information, skills and business networks (Dorward and Poulton, 2003). There is already considerable interest in Lesotho in individual credit and women's credit groups and CBOs, and in mobile banking (Turner 2001).

Savings schemes could also be explored – especially more flexible and less risky forms of savings for HIV/AIDS affected households. Community savings (e.g. rotating credit associations) can provide sources of money for poorer households, although associated behavioural risks need to be considered (Slater 2004a). Insurance could play a significant risk-reducing role, for example in the livestock sector: in Lesotho, stock theft is a major cause of households slipping into poverty. However, there is also a need for government to address the problem of security at a national level.

Based on the experiences of pro-poor growth elsewhere in the developing world, it is essential that the state provide basic infrastructure (for more on this, see Dorward NRP). Whilst much progress has been made in Lesotho in distribution of and access to water, it is widely recognised that Lesotho risks losing private investment due to a shortage in water provision for industrial use. Increasing the provision of roads to remoter areas of Lesotho is also seen as vital. Until now, water and road infrastructure has been mainly concentrated in the lowlands, where it is cheaper to

provide than in the more remote mountainous regions (Government of Lesotho 2004).

4.3 Food Availability

Historically, Lesotho has depended for food supplies more on commercial imports (which are relatively cheap and reliable from neighbouring South Africa) than on domestic agricultural production. It appears the more important constraint to strengthening food security is not availability of food but poverty and lack of purchasing power. Given that imports come from close by, and agriculture in Lesotho suffers from low yields and marked climatic variability, it is not clear that domestically produced food would be significantly cheaper than imports.

4.3.1 Domestic Agricultural Production

It would appear that there are three main challenges facing agricultural production in Lesotho: fertility and sustainability; access to inputs and services; and HIV/AIDS.

Technologies for increasing fertility and sustainability of production

Increasing the contribution of domestic agricultural production to food availability, if this is seen as an appropriate policy objective, will depend on stemming the decline in productivity arising from land degradation, declining soil fertility and increasing use of marginal land. Lesotho's PRSP (2004: 53) sees this as an important objective, and sees sustainable agriculture technologies and organic farming as having an important role to play:

“With effort and the right combination of crops and organic farming principles, a family *can* live off a small piece of land in its possession and generate a surplus for sale...[agriculture] has the potential to play an even greater, and much more fully integrated, role in the economy.”

To achieve this, appropriate land management and water harvesting/conservation techniques would have to be adopted on a much wider scale than at present (for more on choice of technology, see Poulton and Dorward, 2003). There has been considerable success with Conservation Farming approaches in Zambia, but much depends on ensuring the adaptation of technologies to local conditions. It would also require a shift in cropping patterns. Maize is not well suited to the cool and variable climate in Lesotho, but wheat and sorghum, which are better suited, are in decline (Turner 2003). Crop diversification can also contribute to sustainable agriculture, and opportunities have been identified in wool and mohair, vegetables and fruits, poultry and meat, and dairy, which also have the advantage of being higher value and in some cases more nutritious products (Mphale et al 2003: 21). However, Lesotho's PRSP does not link agricultural sustainability to crop diversification and instead envisages an increase in all three cereals up to 2006.

Beyond technology for increasing productivity, policies that reduce pressure on land by encouraging livelihood diversification into non-farm activities are crucial. These options are discussed in Section 4.4 on strengthening effective economic access to food.

Economic coordination

Given that, as elsewhere in Southern Africa, many farmers in Lesotho are poor and markets are thin, making private sector inputs expensive and unreliable, can subsidised inputs contribute to increased productivity?

International evidence on the benefits of input subsidies is mixed: on the one hand, there were high returns to fertiliser subsidies in India, for example, in the early stages of economic development; on the other hand, returns decline rapidly over time, large scale subsidies can be fiscally difficult to sustain and may crowd out the private sector under certain circumstances, but withdrawing subsidies is politically very difficult (for more on this, see Dorward et al 2004). The relevance of using input subsidies for improving food security in Lesotho (note there can be other objectives) is probably limited: imported food is relatively cheap and accessible; demand-side constraints to increasing production (lack of purchasing power for available food) need investigating more thoroughly before attempting to stimulate supply; and, based on past experience, default on credit for inputs has been high, and a significant proportion of subsidised inputs have found their way across the border and been sold in South Africa where prices are higher.

It is often the case that input subsidies have multiple, shifting or unclear objectives. In Lesotho, objectives have included increasing productivity to enable growth in agriculture; encouraging farmers to experiment with different crops and varieties (by reducing the risk associated with adopting new varieties); and increasing purchasing power (Oxford Policy Management 2002). But inputs programmes that are meant to mean all things to all people are unlikely to succeed. Rather, the use of input subsidies should be focused on farmers that can be expected to make productivity gains in cereals production, and nearly always need to be accompanied by effective research and extension support. (There are other, more appropriate, ways of improving the purchasing power of poor rural households that are discussed in the subsequent section).

Agricultural policies for PLWHA

The challenges posed by HIV/AIDS for agricultural production and productivity are well understood qualitatively, if not quantitatively (FFSSA 2004b, Slater 2004a). Appropriate policy options for households living with HIV/AIDS in the agriculture sector include encouraging cropping systems that minimise labour, are compatible with care and treatment responsibilities, and provide food with proven nutritional value in combating HIV/AIDS. Changes in land policy that enable more flexible rental and sharecropping arrangements are also important and can enable labour-constrained households to keep their land under production and earn an income.

The scope for addressing HIV/AIDS within agriculture is, however, limited and other policies (discussed in subsequent sections) are also necessary.

4.3.2 Food imports, trade and stocks

Even if domestic agricultural production increases, Lesotho is unlikely to become self-sufficient in food. In terms of policy, maintaining an efficient and cost-effective mechanism for importing food will depend on the continued membership of Lesotho

in SACU, which reduces barriers to the movement of cereals between South Africa and Lesotho and reduces cereal costs due to the economies of scale achieved across the border. This relatively cheap and reliable access to imported food is a significant advantage for Lesotho compared to a number of other countries in Southern Africa.

While strategic grain reserves may be suitable elsewhere in Southern Africa, especially in land-locked countries where the costs of importing are high, Lesotho's access to South African grain means that the costs of maintaining a strategic reserve, which might be used only once every decade or so, is likely to far outweigh the benefits.

Food aid has not formed a major component of food supplies in Lesotho until the 2001-03 crisis and no evidence has been collected in Lesotho on the impact of food aid distribution on grain markets Lesotho. However, there is evidence from elsewhere that the expectation food aid will arrive can distort household's livelihood strategies (see, for example, Scott and Mufwambi, 2004). There is some evidence from Lesotho that incentives to plant (and especially the incentive to make risky investments in fertiliser) are reduced when food aid is anticipated (Slater 2004b). This, together with wider international evidence (see for example, Clay and Stokke, 2000) of the negative impacts of internationally procured food aid, implies that there are significant risks associated with reliance on food aid for a significant proportion of food supplies.

4.4 Access to food

People's access to food arises from their own food production, from transfers but also critically from selling their produce or labour to generate cash to purchase food (Dreze and Sen, 1989). In most areas of Lesotho, poor households buy over 50% of their food, so policies to support access to food via income or exchange are of critical importance. Increasing employment opportunities and wage rates in agriculture; in rural non-farm activities; and in industry and services should thus be an essential objective of policies to support access to food in Lesotho.

Lesotho, like many of the countries of Southern Africa, faces a "double whammy" of extensive poverty and poorly functioning internal markets. Potential policy action to address this relates to three areas: agricultural technologies to reduce production risk; economic coordination in the food sector to build effective market institutions and reduce risks to sellers and purchasers (both these were discussed in the previous section); and support for the development of markets for both (diversified) agriculture and non-farm activities (Poulton and Dorward, 2003).

Because the scope for increasing employment opportunities in agriculture and other natural resource-based livelihoods appears to be limited in Lesotho, the non-farm economy (both small-scale informal and formal large-scale enterprises) is likely to be the most significant growth driver by default. Fortunately, Lesotho already benefits from a relatively stable macro-economy – a key requirement for sustained private sector employment generation - thanks to its membership of SACU and CMA.

For those who are unable to work, social protection instruments provide a range of potential options but must be assessed in the context of government financial and administrative capacity, burgeoning long-term welfare needs resulting from the HIV/AIDS pandemic, and donor willingness to commit to recurrent budgets for protecting livelihoods.

These are addressed in turn below.

4.4.1 Employment

Increasing employment opportunities is the prime objective of Lesotho's PRSP, not least to cope with the impact of reduced migrant labour opportunities in South Africa. In principle, there are various sectors in which this might be attempted, including agriculture, mining, tourism, RNFE and manufacturing.

Government efforts to increase employment focus on three main areas:

- attracting foreign direct investment and domestic investment;
- increasing support to local businesses and SMMEs (Small Medium and Micro-Enterprises); and
- continuing to draw on the natural resource base to generate opportunities in agri-business, tourism and mining
(Government of Lesotho 2004)

Employment in the Natural Resources sector

For reasons discussed earlier, it appears that policy options for increasing employment and incomes by utilising Lesotho's agricultural base are constrained. Whilst there are prospects in and support for fruit, vegetable and mohair production, it seems unlikely that agriculture will be the driver of growth and provide significant numbers of jobs – though there are linkages with the wider economy both upstream and downstream from agriculture.

In agriculture, the policy options identified in the previous section to improve the availability of food could also improve access to food by keeping prices low, and might contribute to creating employment and increasing wage rates through increased productivity. This has been the experience in Bangladesh, for example, where the agriculture sector has continued to provide income and employment, through improvements in input-output ratios, despite consumer prices halving over the last two decades.

Other policy options for generating employment in agriculture include commercialisation and diversification into non-traditional and tradable crops. As regards commercialisation, in places where there are factories, local gardeners are already successfully selling large quantities of fresh vegetables to workers. The challenge ahead will be to strengthen and expand such opportunities. One way to do this that is being proposed on a pilot basis is through the creation of rotating markets where both buyers and sellers know that on a given day sales of fresh produce will

take place, supported by essential services (such as a mobile post office or bank) to attract people and further stimulate sales (Government of Lesotho 2004).

For commercial farmers, a major challenge in Lesotho relates to getting economic prices for their products. Currently, farmers sell their produce at low prices to Lesotho milling companies (recently privatised); and transport costs are high to urban areas where produce has to be sold due to lack of depots in rural parts of the country (Mphale et al 2003: 15). Under Lesotho's food security agricultural framework, the Government aims to facilitate links between farmers who start producing on a larger scale (through block farming, for example) and buyers looking for particular products. While larger farmers may not be amongst the poorest they do have the potential to generate employment and stimulate the economy (Dorward and Poulton, 2003).

Other opportunities include tourism and mining. The likelihood of discovering significant reserves of minerals in Lesotho is limited. Potential in tourism is greater. The tourism sector has, however, shrunk since the end of apartheid in South Africa when the Republic became an acceptable destination for international tourists, and it is unlikely that Lesotho will be a tourist destination in its own right. Rather it must focus on tapping into the large numbers of tourists that visit the north-eastern Free State highlands route and the Drakensburg mountains in South Africa. Lesotho has a rich cultural and historical heritage and there are good prospects for walking and riding holidays. For more on pro-poor tourism, see <http://www.odi.org.uk/rpeg/PPT/index.html>

Non-farm employment

The non-farm economy in Lesotho ranges from large manufacturing industries in the main towns, to micro-scale informal activities. At whatever scale, it is vital that employment in the non-farm sector grows, to absorb retrenched miners and to reduce pressure on agricultural land. The greatest potential is likely to be in sectors which complement or compete effectively with South African enterprises, as even with several years of strong economic growth, the domestic market in Lesotho - as in many countries in Southern Africa - is unlikely to provide sufficient demand to stimulate rapid expansion.

Small Medium and Micro- Enterprises (SMMEs)

Both demand and supply-side policies are important for stimulating employment in SMMEs. On the supply side, these include improving local institutions' training capacity; and encouraging the use of appropriate technologies. On the demand side, focussing support on those enterprises that complement or compete with South Africa will be necessary, as discussed above.

Retrenchment from South African mines has had a demoralising effect on many Basotho men. After earning relatively large salaries in South Africa, some of them are reluctant to get involved in informal sector activities, which tend to be small-scale, low-return and located in rural areas. Furthermore, over 70% of existing informal businesses are owned by women. There is increasing internal migration as men seek work in towns: although most of the emerging formal sector employment opportunities are for women. Thus there are

significant challenges to encouraging men to invest in and start up small businesses.

Investments in education and training are critical, but Lesotho risks losing well-trained entrepreneurs to South Africa and elsewhere where returns are higher (although this can bring gains in the form of remittances).

Industry and manufacturing

Encouraging foreign direct investment (FDI) is considered to be crucial for expanding industry and manufacturing in Lesotho, as is negotiating extensions to AGOA beyond 2007 to maintain existing investment by foreign firms in Lesotho. It is not clear whether, when and if AGOA ends, foreign interests will choose to remain in the country. Unreliable water supply and insecure tenancy arrangements are further barriers to continued foreign investment in industry and manufacturing, as described earlier.

Preferential trade agreements like AGOA have been widely criticised for promoting 'low investment, cheap labour, low skills and short term benefits' (Gibbon, n.d). Under AGOA, garments stitched in Lesotho get preferential access to US markets. Unless Lesotho can develop alternative markets for garments, it risks losing foreign investment when AGOA rules change. It is also highly dependent on imported fabric: at present all knitted fabric is imported (knits account for 40% of garment exports), although some denim (which accounts for 60% of garment exports) is now woven locally.

4.4.2 Social protection

Social protection can directly provide or facilitate access to food to allow households to cope with food security arising from short term shocks. In the long run, social protection can help to maintain access for vulnerable groups who cannot engage in market activities. There may also be a need for more social protection provided by the state as community social protection mechanisms break down due to the increasing prevalence of HIV/AIDS and increasing vulnerability.

When targeting for social protection policies, interventions should distinguish households that are chronically vulnerable and cannot engage in the productive economy; those who could potentially engage in the productive economy but are in danger of becoming chronically vulnerable; and those who could be more fully engaged in the productive economy. Social protection also needs to be flexible - households are not static entities, but move in and out of different levels of vulnerability. The recent food crisis may even have deepened vulnerability as coping strategies such as sale of assets reducing resilience and capacity to recover from shocks.

One of the major challenges to implementing social protection policies in Lesotho is overcoming the politicisation, corruption and nepotism that are apparent in existing forms of social protection (see earlier section on policy processes). This limits the capacity of social protection to reach the very poorest and the contribution

appropriate social protection can provide to participation in economic growth. Universal targeting can save some costs but results in enormous inclusion errors.

Cash-for-work/Food-for-work (CFW/FFW) are beneficial to households with labour, and these strategies can promote the construction or maintenance of public or community assets (a good example in Lesotho is the highlands water project) as well as integrating training and skills development. Both can be self-targeting (rich people will not work for lower than market wage rates or non-preferred foods such as yellow rather than white maize) but this throws up ethical questions (Cromwell and Slater 2004). Households that are labour constrained cannot benefit from either CFW or FFW – a key consideration in the context of the increasing prevalence of HIV/AIDS. FFW also limits choice in livelihood investment, and with both FFW and CFW there is potential for misappropriation. The timing of employment schemes should be carefully considered, for example, in terms of when labour is available and when food/cash is most needed (van den Boogaard *et al.* 2004).

Voucher systems are an alternative to simply food or cash aid, and can be flexible to different households needs. Vouchers can provide options in both protection and investment by offering the choice to households, and misappropriation of funds through cash can be overcome. However, the long term success of the voucher scheme rests on well-functioning markets, which are lacking in many parts of Lesotho (van den Boogaard *et al.* 2004). There is also some evidence that voucher systems can be liable to distortion and misappropriation (see for example the experience with different forms of direct welfare transfer in Malawi reported in Nyasulu and Kuyeli (2002)).

Free inputs programmes, such as Starter Pack in Malawi (see http://www.rdg.ac.uk/ssc/workareas/development/mala_fip.html), are sometimes promoted as an instrument for social protection. Whilst such schemes do provide seed and fertiliser directly to households with land, they are probably an inefficient way of supporting households with labour constraints (unless, for example, they were to provide inputs for crops that are specifically beneficial to PLWA). Labour-constrained households either have to hire labour to cultivate their land, or more likely sell their inputs packs – usually at a considerable discount. The main success of Starter Pack appears to be in years when it is not directly targeted to poorer households, through its positive impact on national food availability and therefore on food prices. This is more relevant in countries like Malawi where formal imports of food are more than double the cost of domestically produced maize.

Cash transfers are growing in popularity across Africa. Hanlon (2004) concludes, based on Mozambique experience, that cash transfer schemes have considerable potential: people used the money prudently, the money stimulated the rural economy, and administrative costs were lower than in other aid projects. Harvey (2004) reaches similar conclusions based on a multi-country study of cash and vouchers, although he points to the potential inflationary risks if adopted on a wide scale in very poor economies. In Lesotho, the impact of the newly established old age pension should be monitored closely; if it appears to be positive, it might be constructive to consider a wider system of cash transfers, for example using income from the Highlands Water project or from taxation.

Education and training concerning **HIV/AIDS** may have as great an impact on food security as other forms of social protection. It is also vital to challenge the spread of the disease and the social stigma associated with it. Options include awareness raising about methods of infection and protection which could be integrated into other programmes; improving nutrition through improving understanding of dietary requirements and supplemented with micro-nutrition programmes; and life skills for orphans to enable them to deal with challenges they may be facing normally associated with adult life, such as sanitation, hygiene etc., and to transfer agro biodiversity and indigenous knowledge (Slater 2004a). Appropriate support given the situation context of HIV/AIDS may include cash-transfers and the distribution of non-food items (van den Boogaard *et al.* 2004).

Control over food prices is another potential form of social protection. However, whilst in countries with less open borders there may be potential for controlling prices in the short term through producer and/or consumer subsidies, there is less scope in Lesotho because of its open trade relationship with South Africa. Inputs subsidies slip across porous borders and, whilst providing guaranteed prices for farmers may have some impact on farmers' incomes, this is difficult to justify if agriculture is not a major source of income for poor people, most poor people are net consumers, and food can be bought cheaply from South Africa.

4.5 Food utilisation

Food utilisation issues have received little attention in food security policy, though there should be significant links with health and education policy issues. It is only with the advent of the HIV/AIDS epidemic that food utilisation is starting to be taken seriously in policy in Lesotho. Much of the discussion in this section focuses on HIV/AIDS but other issues, including links to availability and access, and health and safety are also highlighted.

Whilst utilisation of food is largely about nutrition, it is also linked to both food availability and food access. In poor households the purchase of food takes up a much larger proportion of the household budget than in richer households. Lower prices through appropriate agricultural policies, or increased income through appropriate social protection, do not just increase the likelihood of poor households being able to meet their calorific requirements – they enable people to buy a wider range of foods and spend more money on other items that are central to good nutrition (clean water, sanitation, education and health etc.).

Agricultural production policies have a strong influence on what crops are grown, with implications for nutrition, particularly amongst those living with HIV/AIDS. Crops that are most appropriate for food and nutrition security in Lesotho can be identified on the basis of various factors (diversification to reduce risk, suitability to climate and environmental sustainability) but at the heart of this is the need to respond to the nutritional needs of children and adults, and those affected with HIV or AIDS.

Within Government there is recognition of the need to ensure land around people's homes is made as productive as possible. Ending government support to community gardens through subsidised materials and training left many households unable to

access the vegetables that they used to grow due to lack of resources (Mphahlele et al 2003: 49). The focus on homestead production by the GoL is especially important for food insecure poor and vulnerable households as many do not have access to agricultural land (Government of Lesotho 2004: 53). Homestead food production is being promoted as appropriate for households affected with HIV/AIDS as it favours gardening methods requiring less (heavy) labour. A focus on the production and dissemination of appropriate and robust seed varieties, for staples and vegetables, which are more resistant to climatic variation and which are currently not supplied through commercial seed marketing systems is thought to be helpful (Abbot 2003: 118).

Policy concerning food utilisation in Lesotho is hampered by lack of information. The idea of developing and disseminating Food-based Dietary Guidelines for Lesotho has been promoted, that can inform the selection and promotion of appropriate homestead crops for the chronically ill and for improved child nutrition (Abbot 2003: 188). However, the government institution charged with addressing nutrition in Lesotho, the Food and Nutrition Coordination Office, has limited human and administrative capacity to put in play such a process.

There are strong arguments for fortifying maize-meal within Lesotho to improve nutrition but the implications for small millers and importers of grain are not well understood. Policies around fortification may, therefore, have conflicting outcomes. Fortification may directly improve nutrition by improving the vitamin content of the staple food but indirectly worsen nutrition by increasing costs and disrupting local supply and distribution systems.

Access and utilisation are also linked. Whilst employment opportunities in the garment industries (and previously in the mines) have increased access to food through increased incomes, there are also associated health and safety issues associated with working in the factories that affect utilisation of food. For example, women employees in the factories report that they have to work frequent overtime in order to earn enough money to buy food but then are rarely at home in order to ensure that their children are fed, and there is some evidence of a reduction in length of time children are breastfed.

5. Conclusions

In Lesotho, the 2001-03 food and humanitarian crisis manifested itself in a dramatic increase in food prices, as it did in a number of other countries in Southern Africa, but the price increase was the result of currency devaluation as much as harvest failure: more than half Lesotho's food supplies are imported from South Africa.

As elsewhere in the region, there has been a marked reduction over the last decade in the ability of Basotho to cope with such hazards, arising from growing poverty and one of the highest incidences of HIV/AIDS in the world. Sadly, from a situation in the early 1990s considerably better than a number of other countries in Southern Africa, Lesotho now finds itself on a par or exceeding its neighbours in terms of incidence of poverty and malnutrition. There is little prospect of spontaneous improvement in any of the factors that acted as triggers and underlying causes of the crisis in Lesotho in 2001-03: Lesotho is increasingly characterised by widespread food insecurity, solutions to which must lie in a fundamental re-assessment of the policies being pursued to support food security.

The main points of policy learning from Lesotho's experience of the 2001-03 crisis appear to be as follows.

In terms of macro-economic management and regulation, international evidence suggests a focus on good governance, macro-economic stability, and enforceable property rights must underpin all attempts to stimulate pro-poor economic growth. Lesotho's membership of SACU and CMA – and through this its links to the relatively stable South Africa economy - brings it clear advantages over other countries in Southern Africa affected by the 2001-03 crisis in terms of macro-economic stability.

However, this is unlikely to be sufficient without accompanying changes in national economic management. In particular, a more complete withdrawal of the state from direct involvement in production and marketing in favour of increased state support for economic coordination (clear and transparent regulations, provision of basic infrastructure, etc).

Although the data on which to base agricultural policy decisions is lacking (for example, estimates of the cereal gap vary by over 300%), it appears that agriculture is unlikely to be the main driver of growth in Lesotho, given the constraints imposed by land pressure and climatic variability. If this is the case, this implies the recent emphasis on employment creation outside agriculture should be maintained, which will depend in large measure on emphasising macro-economic stability as above. So far, Lesotho has relied heavily on AGOA to compensate for the 60,000 jobs lost to Basotho in the South African mining sector over the last two decades. AGOA has brought 40,000 jobs in the last three years, although these are primarily low paid and targeted at women, which generates concerns about nutrition impacts; and it is not clear how sustainable these jobs are should AGOA end or change significantly. International evidence suggests other sectors with potential to create employment include tourism, although it is not clear how much this has already been investigated in Lesotho.

Gender issues are particularly visible in Lesotho: partly arising from the historical pattern of male migration, women have taken considerable advantage of educational opportunities, operate 70% of informal businesses, and are the main contributors to household income in over a third of households. And yet they are still viewed as minors in customary law and common law relating to asset and natural ownership and inheritance. Studies indicate that men tend to monopolise available income: this has major implications for the way household income is spent and prioritised on food.

The low wage rates, coupled with the very high incidence of HIV/AIDS in Lesotho, imply that social protection will need to increase significantly in scale and scope, possibly using resources such as the Lesotho Highlands Water Revenue Fund and savings in other areas of the government budget such as agricultural producer subsidies. Whilst conventional social protection instruments such as cash for work may be appropriate for the able-bodied unemployed, the proportion of households that are labour constrained through the impact of HIV/AIDS is likely to increase significantly over time. Alternative instruments that provide cash transfers will be more relevant for this group, and have been used with some success elsewhere. Experience from South Africa suggests that old age pensions will provide an important source of support and security for orphans and vulnerable children. Over the next few years, other countries in the region may be able to learn from Lesotho's experience in this regard. Policies in a wide range of other areas, for example, land rights, agricultural technologies, and micro-credit, will also need to incorporate a greater responsiveness to the particular needs of HIV/AIDS affected households, and indeed can make substantial contributions to reducing and mitigating the amount of risk facing vulnerable households more generally.

If a substantial proportion of basic food supplies can be accessed from South Africa, this implies agriculture could be re-focussed on strengthening access to food (via job creation) and on nutrition. The former implies production of easily transportable high-value and labour-intensive products in which Lesotho has a comparative advantage within the commercial sector, to create jobs and maximise returns. A larger proportion of the population need sustainable employment opportunities and greater access to regional and international markets (via South Africa) than is the case in many other countries in the region.

The latter implies a greater emphasis on the diversity and nutritional quality of home garden production amongst smaller, poorer rural households. For both these strategies, government's economic coordination role is important: providing basic infrastructure, and market and technical information. Government provision of infrastructure is also important for tackling another cause of malnutrition, namely disease arising from unsafe water and lack of sanitation. Although considerable progress has been made in this over the last decade (nearly 75% of households now have access to clean water, for example), the fact that the incidence of stunting remains higher in the primarily rural mountain areas indicates there is further progress to be made.

In short, the available evidence suggests that subsidised inputs for maize production are not the most effective use of budget resources in support of food security in the context of Lesotho. Nor is direct participation in production and marketing by the

state, which is best left to the private sector, possibly through forms of cooperation and contracting which serve to reduce risk.

Nutrition education will also be important, and Lesotho has an advantage in relatively high levels of literacy. However, education about later weaning, diet diversification, and support for families to use less nutritionally compromising coping strategies will be difficult to deliver given the current institutional weaknesses in the FNCO.

Lesotho's experience of close economic integration with its neighbours through SACU and CMA offers some important lessons for countries attempting to address chronic food insecurity in the context of regional economic integration. Consumers benefit from easy, relatively low cost access to food from South Africa, and food price smoothing. Other benefits to Lesotho include potential for import-dependent industries (because exchange rates are not over-valued) and potential for exports. On the negative side, Lesotho has little authority over macro variables (especially because it has little control over the exchange rate). As a result all macro policy manipulation has to be concentrated on money supply, which reduces control over inflation. This implies the implications of chosen policies for inflation need to be a major factor in decision making. This is particularly relevant in relation to policies designed to stimulate consumer demand, which will need careful ex ante consideration of supply side constraints if the risk of fuelling inflation is to be avoided.

Annex 1 : Food security and vulnerability – key definitions

Defining food security

'Food security' exists when:

'all people at all times have physical, social and economic access to sufficient safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life.'¹⁶

Some propose that, in addition, the definition includes that people do not fear loss of food security (Maxwell 1996). In this sense, reliability becomes as important as overall level of food intake: dramatic fluctuations in any component of food security, either because of an unexpected shock or during particular periods of the year, can have significant impacts on overall food security status.

Food security may be seen to have three basic components:¹⁷

- **Food availability:** the sum of domestic production, imports (both commercial and food aid) and exports, and changes in national food stocks;
- **Food access:** people's entitlement¹⁸ to food, namely the amount they can produce, purchase or obtain through transfers from kin, community or state;
- **Food utilisation:** effective preparation and consumption of food, and the biological capacity of individuals to absorb and utilise nutrients in the food that they eat, that in turn depends in large part on their health.

Institutions are important for food security because they influence people's ability to source food, for example through markets, government channels, and community networks.

The concept of food security can be applied at various levels: for individuals, households, nations and ultimately at global level. Food security is sometimes confused with concepts of food self-sufficiency, particularly at national level. To clarify, it is not necessary that a country produce all its own food to be food secure – think for example, of Finland, Kuwait or Singapore; countries where food insecurity barely exists, but which import much of their food. In similar vein, food availability at national level does not imply food security at individual level.

¹⁶ www.fao.org/WAICENT/FAOINFO/ECONOMIC/ESA/fs_en.htm

¹⁷ www.ifad.org/gender/thematic/rural/rural_2.htm

¹⁸ Entitlements are the basis of access to food: 'The mere presence of food in the economy, or in the market, does not entitle a person to consume it' (Dreze and Sen, 1989: 9).

A1.1 Types of food insecurity

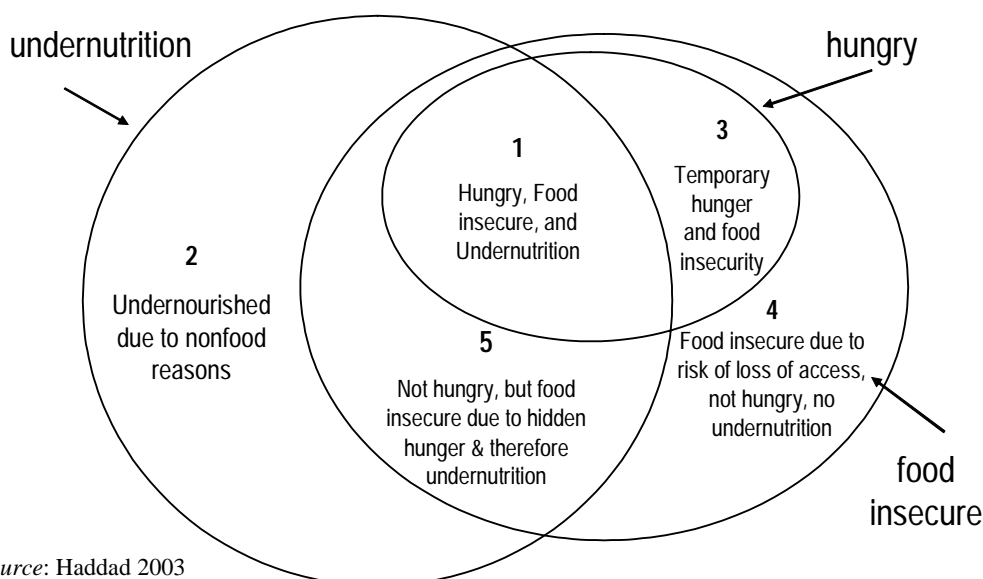
For those living in or close to poverty, food insecurity can often be seasonal. Typically in the period leading up to the harvest, some smallholder households run out of their basic food supplies and enter the food market, pushing up food prices and thus making access to sufficient food difficult for those living below the poverty line. Not for nothing, this period is often called the 'hungry season'.

Food insecurity can be a chronic, on-going condition, usually closely associated with the poverty of those affected – usually a minority of the population. But there can be more short-lived episodes of food insecurity in which much larger numbers of people become temporarily food insecure, in reaction to a shock to the food system. In the case of Southern Africa, the combination of harvest failures in 2001 and 2002 and the consequences of policies on storage, food trading and land redistribution, were shocks that plunged large numbers of people into food insecurity.

Large-scale temporary food insecurity is clearly of great concern in its own right; but what may be even more worrying is that people may have become more vulnerable to shocks than in the past, and thus at greater risk of falling into such temporary food insecurity. If so, it may take only small shocks in future to condemn many to hunger. When severe problems are experienced by large numbers of people, and especially if they have suffered an abrupt decline in food intake, only then may the situation may be described as 'famine'.

Concepts of hunger, food insecurity and undernutrition overlap, see Figure A1.1.

Figure A1.1. The overlapping concepts of hunger, food insecurity and undernutrition



Source: Haddad 2003

The five possible states identified are as follows (after Gillespie & Haddad 2004):

1. Hungry, food insecure and undernourished owing to inability to access the food or to use it well, usually owing to problems of health and sanitation;
2. Food intake sufficient, but undernourished due to a lack of non-food inputs such as clean water and sanitation;
3. Not undernourished, but food insecure and hungry;
4. Neither hungry nor undernourished, but food insecure since they run a significant risk of losing access to food; and,
5. Not hungry, but food insecure and undernourished — they get enough calories to stave off hunger, but not enough variety in their diet and so are likely to have micronutrient deficiencies ‘hidden hunger.’

A1.2 Measuring food insecurity

Unfortunately, indicators for measuring food insecurity are not well developed. Food balance sheets based on crop estimates, plus data on exports, imports and stores, have historically formed the basis of assessing food security in many countries, but these are indicative only of likely food availability, not the other important components of access to food and effective utilisation of food. There is a well developed international protocol for assessing malnutrition through anthropometric measurements, described below, and this is the conventional route for identifying “emergencies” warranting international humanitarian response.

However, many food emergencies are ‘slow-onset’ and critical months have been lost by the time food insecurity is manifest in actual malnutrition. The essential difficulty is in identifying meaningful indicators of the *risk* component of food insecurity that can be used to measure the probabilities of food insecurity for different population groups. We return to this issue below, after setting out the various measures of malnutrition which still form the basis for much international debate on food insecurity.

There are two commonly used ways of assessing undernourishment.

- One is by inferring access to food by individuals, and then comparing this against a benchmark of typical minimum requirements for energy – defined by FAO as *on average* 2,100 kcal per person per day. To do this, FAO take a balance sheet of food available in a country, and then make judgments about the distribution of income so as to infer the average amount of food likely to be accessed by different fractions of

the population.¹⁹ This is then compared to the benchmark, and the numbers estimated not to have enough food are expressed as a percentage of the population.

- The other is by directly observing nutrition status by measuring people ('anthropometry'). Most frequently surveys are made of children aged under five years, since they are most sensitive to malnutrition. Children are weighed, their height measured, and their age recorded.²⁰ From these three sets of information, three statistics are usually computed:
 - Weight for height ('wasting') is indicative of *acute* malnutrition;
 - Height for age ('stunting') is indicative of *chronic* malnutrition;
 - Weight for age is a combination of the two.

All are measured against norms for the reference population as a whole: more than 2 Standard Deviations under the median is regarded as "moderate" malnutrition, and more than 3 Standard Deviations is classed as "severe". Demographic Health Surveys are generally considered to be the most accurate source of nationally comparable under-5's data²¹.

The standard indicator used to identify emergencies – Global Acute Malnutrition (GAM) – measures weight for height (wasting). Levels of 10% of under-5's more than 2 Standard Deviations below the median weight for height within the reference population are generally considered to indicate levels of malnutrition in the population at large warranting universal supplementary feeding of children under five. Levels between 5% and 10% are considered to be of concern and warranting close monitoring of the population.²²

To sum up, the quality of data used to measure malnutrition is often contested, but in any case malnutrition indicators are not necessarily accurate guides to levels of food insecurity within population groups. This distinction is highly important because, as we shall see in the next section, the risk of food insecurity – and the fear this induces – can be a major determinant of coping strategies, producing a downward spiral for affected households. The necessary public policy response is to attempt to address the underlying factors contributing to the risk of food insecurity.

¹⁹ The method depends heavily on the quality of the data on food supplies, and on the assumptions about the distribution of food. Although FAO take great pains to make their estimates, the results have been criticised as unreliable.

²⁰ When time is pressing, as in emergencies, a short cut is to measure the upper-arm circumference (MUAC) of children.

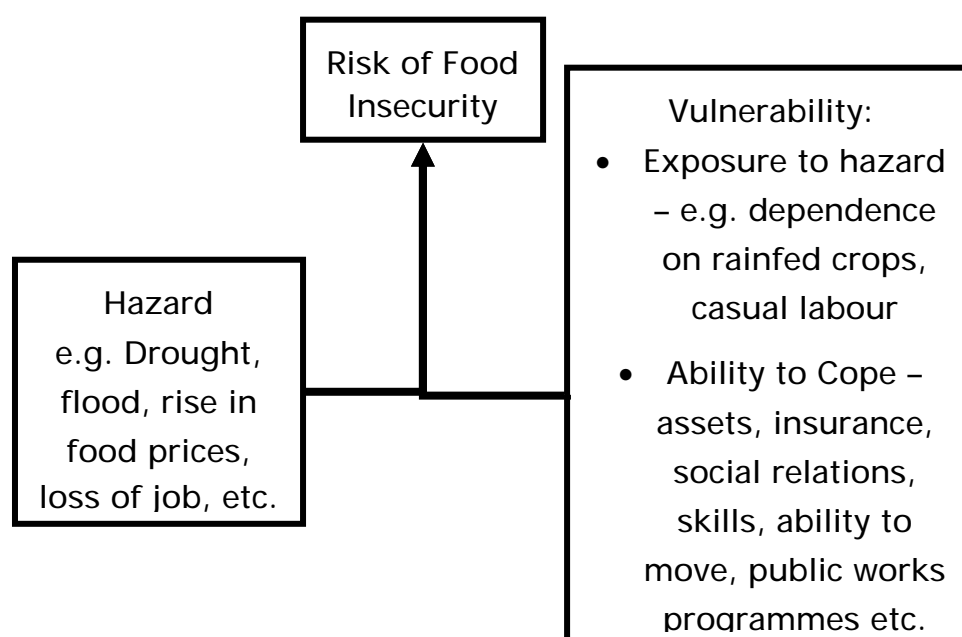
²¹ <http://www.measuredhs.com/>

²² This is not to ignore those children who are malnourished: when levels of GAM in the population are under the 10% trigger level, children identified as wasted are, ideally, referred for individual therapeutic feeding.

A1.3 Vulnerability and food insecurity

Vulnerability may be seen as a combination of the degree to which a person or household is exposed to a hazard, and the extent to which they can cope with the effects of the hazard. The combination of vulnerability and hazard produces the risk of a particular outcome, such as food insecurity. These relations can be captured in a diagram, as seen in Figure A1.2.

Figure A1.2. Risk of food insecurity, hazards and vulnerability



Hazards may be natural, political, economic or social/human in nature; they may be unpredictable shocks, or longer-term trends. The latter, including, for example, weak economic growth and failures in democratic consolidation, can be as damaging for food security as sudden natural disasters or conflict. Hazards that affect individuals, such as old age, illness or being orphaned, are additional threats to food security for affected individuals, over and above economy-wide hazards.

Box A1.1. Common food security hazards

	Natural	Political	Economic	Social
Trend	Land shortage Soil degradation	Weak governance	Market failure Inflation	Old age Childhood
Shock	Drought Flood Earthquake	Civil conflict	Devaluation Border controls	Motherhood Accidents Ill-health

NB HIV/AIDS and other pandemic diseases – as distinct from ill-health – are both trends and shocks, and there are political aspects, social aspects, economics aspects etc in terms of impact (see Slater, 2004)

For the chronically poor, the land, labour and capital they have at their disposal may be so inadequate that they are food insecure even in the absence of a significant hazard. This appears to be the case for around 8

million individuals across the countries of Southern Africa year-in year-out (CARE SWARMU, 2003). For many other households, however, food insecurity can occur when they are unable to cope with a particular hazard or combination of hazards. It is this latter group that appeared to be expanding significantly during 2001-03, as a result of localised climatic events *in combination with* longer-term economic trends and the HIV/AIDS epidemic: in Southern Africa as a whole, by late 2002 doubling the number of food insecure people to 16 million.

The concern in Southern Africa is that more people are at risk of food insecurity than in the past. As Figure A1.2 suggest, this can arise in three ways, thus:

- Increased exposure to hazards, since some households find their range of livelihood options curtailed and are forced to depend on risky activities, such as rainfed cropping;
- Reduced ability to cope. A key element is possession of assets, such as savings or livestock. But if these have been already been liquidated to cope with a previous hazard, future coping will be undermined. Inability to move and find additional work in times of stress may similarly reduce coping capacity: those living with HIV/AIDS are often in this situation. Coping is also affected by social relations: some fear that HIV/AIDS may weaken community mechanisms to help the weak cope. This is particularly important for food security because, as we explained above, the ability to generate income or to source food through community transfers is very important, not just the ability to grow it. Coping is also a function of formal provision of social protection by government, such as public works schemes or cash transfers.
- Increased frequency or severity of hazards. Climate change may be a threat in this respect, but equally so might be increasingly unstable food markets in which the price of maize fluctuates violently.

A feedback loop could operate as well: households that have seen either their ability to cope reduced, or the hazards they face increased, may then try to limit their exposure by undertaking less risky activities – but at the expense of forgoing income opportunities that would allow them to rebuild their assets and thus cope better. For example, farmers in drylands might plant millet rather than take the risk, arising from drought, of growing cotton or maize for which there is the chance to earn cash from surpluses. In relation to food security, livelihood strategies, in combination with livelihood outcomes themselves (i.e. in terms of poverty reduction and food security), can set up **virtuous or vicious circles** of asset accumulation and social integration, which have a critical impact on households' ability to reduce, mitigate or cope with hazards threatening food security over the longer term.

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