The Kingdom of Lesotho, “the land of people who speak Sesotho,” is a beautiful, small, mountainous country, entirely surrounded by South Africa. With its lowlands starting at 1400 meters and 80 percent of the country above 1800 meters, Lesotho is considered the “highest country in the world.” Snow is abundant in the winter months. Yet the very geography that makes the landscape so magnificent also complicates its economic and social conditions.

Of the 1.8 million people living in Lesotho (e.g., the Mosotho), about 44 percent live under the poverty line and depend on subsistence farming, yet less than 10 percent of the land is suitable for agriculture. Two-thirds of the Mosotho live scattered across the mountains, which makes the delivery of social services and healthcare arduous. To deliver medicine and health care, for example, NGOs fly to health posts every few days. Families must then walk to the health posts, some for as long as three hours, to receive treatment. The delivery of adequate healthcare is of grave concern for Lesotho, given that its HIV/AIDS prevalence is the third highest in the world. Further impeding families from accessing care is the harsh winter climate with temperatures that dip below freezing point and the snow and rain that make the few existing roads impassable. Moreover, Lesotho’s economy is both directly and indirectly dependent on that of South Africa’s. Lesotho receives remittances from migrant workers who are mainly employed in South African mines and earns profits from selling water to South Africa. Most notably, Lesotho earns revenues through its membership in the South African Customs Union (SACU). SACU is the world’s oldest customs union that aims to maintain free movement of manufactured products among member countries and share revenues from customs duties and excise tariffs.

Within Lesotho, there are limited employment opportunities. The country has a small and fragile private sector. For some time, garment manufacturing provided a main source of private sector employment, however, the industry has begun to decline. The public sector is the country’s main industry and employer. In 2008 to 2009, public sector spending was 64.7 percent of GDP. Labor costs consume 70 percent of the country’s total public expenditures. Lacking private sector employment opportunities and steady revenue from sources other than South Africa, Lesotho is highly susceptible to economic volatilities. When SACU generates good profits and labor demand in South Africa is high, Lesotho benefits, and its surplus can help pay for high levels of public expenditures including numerous subsidies that assist families. However, when SACU profits decrease such as with this recent economic crisis, or when demands for labor decline in mining, as has been the trend since 1990, the entire country suffers. The country has begun to rethink its strategies for economic growth including reviewing its reliance on the public sector.

Lesotho is currently at a crossroad regarding two of its goals: employment and poverty reduction. The country must decide how to push the economy forward and at the same time promote the well-being of its population who live under extreme physical, social and economic conditions. To plan an effective roadmap to reach these two goals, reliable information on the labor market and employment opportunities is critical. It is also necessary for the country to understand how economic crisis affects the labor force. Furthermore, given the high HIV/AIDS prevalence and the average life expectancy below 45 years of age, Lesotho’s workforce is young and vulnerable. Special attention needs to focus on how the crisis is affecting younger groups.

The World Bank’s Rapid Social Response Program is providing support to assess the impact of the economic crisis on income and education of the labor force, especially the youth, throughout Lesotho. This
A comprehensive study will interview household members, including youth, employers, and skills training providers. iv

First, the project will conduct a survey of 1,500 households in all 10 districts of Lesotho. Every household member will be interviewed in order to capture how the crisis may be affecting each one differently. For example, a loss of a father’s job, and thus a decrease in household income, may affect his children’s education. If extra household income is needed, it is common to pull children from school to earn income, particularly boys. Pulling children from school has long-lasting negative consequences, however, and during an economic crisis, this practice could jeopardize educational and future employment opportunities for youth across Lesotho.

To complement the household study, this project will interview employers and skills training providers to grasp how the economic crisis is affecting education and youth. More specifically, the project will first survey 300 employers that represent different types of private companies and public organizations in terms of size, type of industry or service, ownership, and urban or rural location. Second, the project will conduct needs assessments with training providers to find out the desired skills of potential employers and the role of education for supporting skills development and employability.

To develop appropriate policy recommendations, this study will analyze patterns of labor force groups. These groups include: recently dismissed workers; students who have recently dropped out of school; students who are currently enrolled in basic and secondary education; and, workers who have recently completed training courses both in Training Centers and at the Lesotho Polytechnic and are in the job market.

This project will be completed by July 2012. Policy makers, civil organizations, and employers will use the findings to develop appropriate employment and skills training policies that can produce a well-skilled workforce and mitigate the negative effects of the economic crises. This information is expected to play a crucial role in assisting the Kingdom of Lesotho to develop an effective roadmap that can improve the economic and social conditions of its people.

Written by Andrea L. Robles, March 22, 2011; Photos by Hana Yoshimoto

This article does not necessarily reflect the views of the World Bank Group, its Executive Directors or the governments they represent. Rapid Social Response Program (RSR) is part of the World Bank’s response to the Food, Fuel and Financial Crisis. Its mission is to help the World’s poorest countries become better prepared to cope with systemic and unpredictable shocks like sudden increases of food and fuel prices and financial crises. RSR has been generously supported by the governments of Russia, Norway and United Kingdom. For further information, please visit http://www.worldbank.org/rsr.

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i The SACU members include Botswana, Lesotho, Namibia, South Africa and Swaziland, and signed their first agreement in 1910. SACU aims to maintain: 1) a common external tariff on all goods imported into the Union from the rest of the world; a common pool of customs duties as per the total volume of external trade; and excise duties based on the total production and consumption of excisable goods; 2) free movement of SACU manufactured products within SACU, without any duties or quantitative restrictions; and, 3) a revenue-sharing formula (RSF) for the distribution of customs and excise revenues collected by the union. (www.sacu.int)


iii The work financed by RSR is integrated in a broader analytical study on the role of education for skills development employability in Lesotho financed with funds from the World Bank budget and Norwegian Program Education Fund.

iv The World Bank team leader for this project is Cristina Isabel Panasco Santos (Senior Education Specialist, Human Development Department, Africa Region)