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Case Study:

The Land Reform in Lesotho: - Will it lead to poverty reduction in rural areas?

by

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ABSTRACT

The Kingdom of Lesotho is ranked amongst the poorest Nations of the World; therefore poverty reduction is one of the priorities in the Government's development objectives. In recent years the focus of Land Reform in Lesotho was on creating a favourable environment for agricultural development and economic investment. The success of agricultural development and economic investment will alleviate poverty for rural population. The case study reviews the on going land reform process in Lesotho in view of ascertaining whether the reform will have the desired effects of reducing poverty in the rural areas.

The proposals for the National Land Policy and legislation are assessed in light of the possible effects on rural agro-economy, thus poverty alleviation. Will these seemingly innocent policy proposals (like the provision of land rights to women who are the key role players in agricultural production; introduction of land markets to the rural economy; rural land management; land registration; land use controls and planning; range management; etc.) bear the positive or negative results in poverty reduction strategy? And how are these perceived in the ongoing development of Poverty Reduction Strategy Paper and other policy documents?

1. Background information

The background information highlights the general details about the country with specific focus on rural poverty and the role of good land management as a major foundation for poverty reduction. The economic data sources have been drawn mainly from documents of World Bank Group and the Economist Intelligence Unit (EIU) with cross-referencing to documents of the Central Bank of Lesotho.

1.1 Economical and political framework

The Kingdom of Lesotho is a constitutional monarchy with a democratic government. It is a land locked country, totally surrounded by the Republic of South Africa. It is a mountainous country with a rugged terrain pattern, cold and dry winters and erratic rainfall in summer. Of the total area of 30,340 km², only one quarter is classed as lowlands above 1.500 m above sea level, three quarters are classed as foothills and mountains. 9% of the total surface of the country are suitable as arable land, most of which are found in the lowlands (Kingdom of Lesotho 1998). Increased competition on the most fertile land takes place mainly between agriculture on the one hand and settlements and other land developments on the other. Lesotho has an estimated population of 2.2 million people (2000 estimate) of which 73% lives in rural areas with a population growth rate estimated at 2.2% (EIU 2002).

The Kingdom of Lesotho maintains diplomatic relations with more than 70 countries around the world. It is a member of the United Nations (UN) and the Organisation of African Unity (OAU) that has been reconstituted as African Union (AU) in 2002. It

has ratified, amongst others, international conventions on human rights, environment and economic development. Lesotho is an active member of the Southern African Development Community (SADC), Southern African Customs Union (SACU) and of the Common Monetary Area (CMA).

Economically, Lesotho depends to a high degree on the surrounding South Africa. Income from migrant mine workers in South Africa still accounts for a large share of the GNP and over 85% of the imports originate from this country. Another major source of income is generated by the royalties out of the Lesotho Highlands Water Development Project, the cost of which surpasses Lesotho's Gross National Product (GNP) (EIU 2002). The following tables show the development of some key economic ratios, the distribution of sector shares in the Gross Domestic Product (GDP) and some comparative economic indicators for Lesotho and other Southern African countries.

Key economic ratios

	1991	2000	2001
Gross domestic product (GDP) (US\$ billions)	0.69	0.90	0.80
Gross domestic investment/GDP	64.1	33.5	35.7
Export of goods and services/GDP	15.7	27.8	42.0
Current account balance/GDP	-42.5	-19.2	-12.2
Interest payment/GDP	1.4	2.3	2.6
Total debt/GDP	64.9	80.2	92.1

Table 1: Key economic ratios (World Bank Group 2002)

Gross domestic product by sector (millions of Maloti)

	1998	1999	2000
Agriculture	774.7	873.9	939.0
Mining and quarrying	3.8	4.8	5.2
Manufacturing	775.6	850.8	989.5
Electricity and water	225.3	304.9	336.7
Building and construction	713.0	929.8	1002.2
Wholesale and retail trade	408.1	425.4	449.4
Government and services	1500.3	1644.1	1781.1

Table 2: Gross domestic product by sector (EIU 2002)

Comparative economic indicators, 2001

	Lesotho	Botswana	South Africa	Namibia	Swaziland	Zimbabwe
GDP (US\$ billions)	0.81	5.68	110.7	3.04	1.17	9.33
GDP per head (US\$)	365	3348	2491	1639	1199	757
Real GDP growth (%)	2.6	4.3	2.0	3.0	1.2	-7.5
Consumer price inflation (%)	6.9	6.6	5.8	9.3	7.5	74.8
Merchandise exports fob (US\$ m)	250	2462	31829	1245	702	1935
Merchandise imports fob (US\$ m)	720	1919	27712	1445	850	1428
Current account balance (US\$ m)	-140	443	87	107	-60	-295

Table 3: Comparative economic indicators 2001 (EIU 2002)

The tables show that Lesotho, compared to its neighbours, still is in a weak position. However, the economic situation has improved in the last 10 years, mainly due to recent developments of the manufacturing industry. This, together with the building and construction sector and agriculture, can be seen as the economic backbone of the country, whereas the major share of the GNP is still held by governmental services.

1.2 Stakeholders in economic and rural development

Lesotho is characterised by a low degree of decentralisation. Key administration and political decision-making functions are focussed on central institutions. The Local Government Act, which provides for decentralised local authorities, was gazetted in 1997, but its implementation only commenced in 2001. Democratic local government elections are scheduled for 2003.

With the exception of rural towns, the rural economy is highly concentrated on and around agriculture and homesteads, either providing products and services for agricultural and domestic activities or using and processing agricultural products. Agriculture is dominated by subsistence farming on one hand, where only households classified as "wealthy" or "better off" do not suffer from at least 1-2 months of food shortage per year (Care 2001). On the other hand, livestock production and grazing are pre-dominant wherever land cannot be utilised for crop farming. Overstocking and "unproductive cattle" are a common feature due to cultural reasons (Kingdom of Lesotho 2001a). Intensive crop and livestock production or processing of agricultural products for domestic and external markets rarely takes place. In recent years, tourism has been seen as a potential development priority area by Government (Kingdom of Lesotho 2000b).

The following table shows the major stakeholders in rural development (the list is not exhaustive), their main level(s) of intervention and their main interests in or contributions to rural economic development.

Stakeholders in rural development

Stakeholder	Level	Main interests / contributions
1. Government and administration		
Ministry of Agriculture	Central, district, local	Support to farmers (training & advice, distribution of subsidies, marketing); divestiture of state enterprises
Various Government institutions (farmers support services)	District, local	Veterinary services, provision of agricultural implements, lending of machinery, provision of mechanised services (partly subsidised)
Ministry of Local Government	Central, district	Development planning, land allocation and administration, collection of ground rent and taxes
2. Civil society		
Traditional chiefs	Local	Land allocation, control of development activities
Cooperatives and associations	Local (production) central, district (services)	Sharing of means of production, specialised and profit oriented production of crops and livestock
NGOs	All	Support to specific target groups
3. Private sector		
Small scale farmers (subsistence & commercial)	Local	Production of crops and livestock (products and income mainly for own consumption)

Medium scale commercial farmers (few)	Local	Profit-oriented production of crops and livestock
Local private entrepreneurs (farmers support services)	District, local	Veterinaries, lending of machinery, provision of mechanised services and agricultural implements (profit oriented), basic food processing (few advanced)
South African private entrepreneurs (farmers support services)	Foreign cross-border business	Lending of machinery, provision of specialised services and agricultural implements (high investment costs like combined harvesters or agricultural aeroplanes)

Table 4: Stakeholders in rural development (based on Kingdom of Lesotho 2002a)

1.3 Core problem and major constraints

The rural economy is mainly focussed on agriculture, whereas agricultural productivity (crops and livestock) in Lesotho is generally low due to the difficult edaphic and climatic conditions but also to poor land management. Land tenure and land use rights arrangements are insecure, land is unequally distributed, land parcels are fragmented and landlessness is increasing (Kingdom of Lesotho 2000a). These factors, amongst others, hamper needed investments in the increase or at least maintenance of agricultural productivity.

There is no doubt that the issue of women's poor access to land rights (based on customary tenure arrangements) is a major contributor to rural poverty, since women are the key producers in rural economy. Women headed households are dominating the set up in many villages, characterised by two major groups: Widows and divorced women on one side and women whose husbands are migrant labourers on the other side. Both groups are highly disadvantaged because they are not entitled to take decisions on land issues.

Potentially good land for agricultural purposes is a scarce resource, concentrated in areas with high potential also for non-agricultural development. The need for land for settlements and businesses in those areas on one hand and the low degree of application of intensive farming methods on the other hand increase the pressure on land, especially in the lowlands. At the same time, labour force required for both, intensive agriculture and non-agricultural activities, is lacking due to a high degree of migration from rural to urban areas and from Lesotho to South Africa. This labour migration is again induced by a lack of employment opportunities in the rural areas. This problem area is aggravated by the absence of rural finance facilities. The motivation to invest in the intensification and thus modernisation of the agricultural sector and therewith the ignition of a process of developing related economic activities is very low.

In the peri-urban areas and along the main lines of communication, unplanned and uncontrolled land developments have gained an alarming level. The stopping and future prevention of encroachment of settlements and other land developments in agricultural land has become a Government priority (Kingdom of Lesotho 2002c). These uncontrolled land developments have created a vicious circle for rural development: On one side, people invest in land developments, which creates (short term) employment opportunities and stimulates further economic activities. On the other side, illegally constructed buildings are being demolished without compensation as Government's reaction to the problem. This does not only destroy already

invested funds but also brings further developments to a standstill without providing for economic alternatives.

The current problem of unlawful conversion of agricultural land to other uses, especially settlements, is one of the many outcomes of prolonged mal-administration and mismanagement of the land. The Land Policy Review Commission of 2000 attests that the encroachment of settlements on prime agricultural land is one of the major land management problems in Lesotho (Kingdom of Lesotho 2000a).

2. Strategic approaches

2.1 Key facts

The land reform process is initiated, guided and implemented through Lesotho's Agricultural Policy and Capacity Building Project (APCBP). It is a project within the Ministry of Agriculture, with its Land Management Component being implemented by the Ministry of Local Government. The component's objective is to facilitate the land policy review process, the legal and administrative reform and to strengthen the capacity of the people and institutions for more effective land management. External support is provided by the World Bank, the British Department for International Development (DFID) and the Government of Germany through German Technical Cooperation (GTZ).

2.2 Approaches and strategies

The main strategy to address the core problem by a comprehensive land reform is based on an approach that simultaneously interlinks the National, District and Local levels. Land reform in Lesotho also means a holistic approach, dealing simultaneously with land policy and legislation, land administration and -information systems and land related planning. The structure of components is as follows:

Component	Output
Land Policy and Legislative Reform	Land users and institutions dealing with land are guided by a consistent national land policy and related legislation
Land Administration	The land administration system has the capacity to determine, record and make accessible land-related information and to regulate allocation and use of land
Land Information Systems	A national system for acquiring, processing, storing and distributing land-related information is operational
Land Use Planning	The capacity of population and institutions in planning of land use is improved and contributes to a sustainable use of land

Table 5: Structure of components of the land reform approach

The project's interventions include the support to the Land Policy Review Commission (a commission of inquiry on land related issues in Lesotho), which started the review process in February 2000 and submitted a report in September 2000. The process included verbal and written submissions by individuals, submissions in public gatherings throughout the country and international study tours to bring in international experiences and best practices.

The Land Policy Review Commission's recommendations were synthesised into different versions of draft white papers on national land policy and presented to Cabinet in several informal sessions. These drafts provide a framework of policies and actions designed to establish and thereafter ensure the maintenance of a system of land tenure and land management that will facilitate:

- All citizens having the opportunity to beneficially occupy and use land
- The efficient, effective and economically viable operation of a land market
- The appropriate regulatory arrangements for the efficient, sustainable and equitable occupation and use of land.

As part of the implementation strategy, the next step is to develop a Land Sector Strategic Plan once government has adopted the National Land Policy and / or legislative drafts. This plan will define the implementation phases cognisant of the resource requirements in order to avoid developing over-ambitious structures while the resources are limited. Further steps are a systematic review of all other land related legislation and the development of implementation regulations including a reform of land management institutions and procedures. This will be followed by public sensitisation campaigns and intensive capacity building in people and institutions. This process does not only include Government institutions, but also all sectors of civil society.

2.3 Impact of interventions up to date

As a first impact of the project interventions, there are increasing discussions on land related issues that can be observed in political circles as well as in the public, indicating enhanced awareness of the importance of land reform for rural development. Delays in the process of an official debate on land policy and legislative issues have shown that the implementation of the land reform will require more time than anticipated during the project's design. This delay has led to a need for short-term emergency interventions because of the relatively high speed of unplanned developments in the conversion of land uses and the issuing of land rights, compared to the speed of the land reform process. A recent example of such interventions is a Cabinet's Directive to stop illegal settlements, encroaching into agricultural land (Kingdom of Lesotho 2002b).

Another impact is the implementation of part of the envisaged institutional reform. All institutions directly involved in land management are now under the roof of the Ministry of Local Government and therewith also closely linked to the process of decentralisation of Government services to local authorities.

A direct impact on rural development cannot be measured up to date. Nevertheless, the achievements reached so far build a solid foundation for the land reform, as it

was originally required as a pre-condition during the project design (World Bank 1998).

3. Lessons learned

3.1 Experiences

Rural poverty and the degradation of natural resources (which form the major basis of rural livelihoods in Lesotho) are closely related, as discussed in section 1.3. However, in the time frame of the implementation of the project (about two years) local experiences on the ground have not been assessed. The experiences with the creation of conditions favourable for a comprehensive land reform are discussed in section 2.3. However, the development of the scheduled land sector strategic plan for the implementation of further steps in land reform, requires a broad perspective based on experiences with implemented approaches and strategies (best practices) relating rural economic development and land issues.

3.2 Expected further improvements

Properly operating land markets will also include regulating and securing short-term traditional leasing and sharecropping practices leading to more fields being used productively. The concept of treating land as a commodity is foreign to most African traditions, yet the economic environment and globalisation dictates that these beliefs should be reassessed. The reality is that there are already extra-legal transactions where agricultural land is subdivided and sold for residential developments especially in peri-urban areas. A negative impact of such land transactions occurs where fields are sold under duress to meet the cost of HIV/AIDS-related medical expenses, which leads to the remaining orphans, being landless. The provision for properly operating land markets in the policy guidelines is a step in the right direction to safeguard the basis for economic activities for the people affected by this process.

Laws and practices discriminating against women will be abolished. However, government should note that the removal of certain legal clauses would not change cultural and social behaviour. Therefore, there will be strong sensitisation and training campaigns, especially in the rural areas.

Improved land tenure security, combined with improved access to rural based services will lead to more efficient land use practices. This, together with improved land management and administration by Government institutions and the delegation of responsibilities for the design and implementation of land use and development plans to local authorities will have a strong positive impact on the motivation and ability of people in the rural areas to invest in agriculture and agro-linked businesses, however small these investments may be under the given conditions. As in the near future, agriculture and agro-linked businesses (including the various forms of "eco-tourism" propagated by Government) will remain the motor for rural economic development, the expected positive impacts will lead to poverty reduction in the rural areas. The scope of poverty reduction will mainly be determined by the scope of attraction of investments from outside the rural areas (both, national investors from the urban centres and foreign investors) in this sector.

3.3 Replicability and sustainability of the approach and policy recommendations

Land reform should not be undertaken in isolation by government excluding other stakeholders. It should be a consultative process with participation of all levels of communities, NGOs, local government structures, the private sector and the donor community. It is common for governments to overlook this important requirement of a participatory land reform process; therefore it is essential to develop strategies to address the deliberate or accidental oversight on the part of government. This involves creating capacity in Community Based Organisations and Non Governmental Organisations through regional and international networks that should avail support in terms of relevant materials, studies and technical support.

Regionally there are a number of land reform programmes being implemented in SADC countries and beyond SADC such as Botswana, Lesotho, Malawi, Tanzania, South Africa, Swaziland, Uganda and Zimbabwe. There are lessons and experiences to be shared amongst these countries, such as the need for policy adoption before development of legislation; methods in the consultative processes; open dialogue between government and stakeholders and the role of development partners as facilitators of the process not imposing imported perceptions. However, it would be futile to assume that a workable solution in one of these countries will automatically function in another country. There are subtle diversities amongst these countries that require carefully analysis before making conclusions.

Sustainability of the land reform process in Lesotho is also questionable. The process could come-up with the best policies and laws, but if the country lacks institutional capacity and will to implement the proposals, the efforts will come to nothing. The issue of ownership of the land reform process amongst the Basotho has not been achieved at this juncture. The previous and current land legislations have failed because they were not known beyond the capital city, Maseru; therefore sensitisation should be high priority. Procedures for advocacy and follow-up should be developed. A ministry dedicated to land issues would prioritise the implementation of the land reform and seek the necessary resources at higher levels. Continuity of the process would be ensured through the establishment of a Land Reform Commission, which would oversee the implementation and make amendments as and when necessary.

The need for participatory land reform process cannot be overemphasised, but due to sensitivity of the issues under discussion the tendency is to do a selective consultation at the risk of failure during implementation.

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