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Amid lucrative exports of natural resources, Basotho overwhelmingly feel left out

Afrobarometer Dispatch No. 394 | Mamello Nkuebe

Summary

The export of diamonds, water, mohair, and other wools is an important source of revenue for Lesotho, contributing 9.4% of gross domestic product (GDP) in 2012 (Sawe, 2019). Despite these riches, Lesotho is classified as one of the least developed nations in the world (United Nations, 2018), and more than half of Basotho (51%) live below the national poverty line (Callander, 2017).

The diamond mining industry, largely foreign-owned, has been pivotal in boosting Lesotho's export earnings and foreign reserves since the reopening of the mines a decade ago (Central Bank of Lesotho, 2012), accounting for 22% of total exports in 2019 (Trading Economics, 2019). Lesotho exports water to South Africa, receiving royalties and hydroelectric power in return (World Bank, 2008). And Lesotho produces 14% of the world's mohair, second only to South Africa (Mokhethi, Bahta, & Ogundeji, 2015).

These natural resources mainly come from the mountain districts of Mokhotlong, Thaba-Tseka, Leribe, and Butha-Buthe, where most people live in poverty as subsistence farmers in isolated rural communities (Tript, 2014). Mobilized by associations, citizens have staged demonstrations against the diamond mines and the gigantic Lesotho Highlands Water Project to protest environmental degradation, unsatisfactory compensation for their land, and a lack of local hiring (Maluti Community Development Forum, 2019; Motsoeli, 2020). Producers of wool and mohair successfully campaigned against the government's decision to ban their exports to South Africa via a South African brokerage company (Ntaote, 2019).

The most recent Afrobarometer survey shows that citizens overwhelmingly believe that the export of diamonds, water, and wool does not benefit ordinary Basotho. Indeed, though rich in natural resources, the country's mountainous areas also record higher lived poverty and poorer access to basic infrastructure than other regions. These findings suggest that new approaches to the exploitation and sharing of the country's natural resources are needed.

Afrobarometer survey

Afrobarometer is a pan-African, nonpartisan survey research network that provides reliable data on African experiences and evaluations of democracy, governance, and quality of life. Seven rounds of surveys were completed in up to 38 countries between 1999 and 2018, and Round 8 surveys are currently underway. Afrobarometer conducts face-to-face interviews in the language of the respondent's choice.

The Afrobarometer National Partner in Lesotho, Advision Lesotho, interviewed a nationally representative, random, stratified probability sample of 1,200 adult citizens of Lesotho in February-March 2020. A sample of this size yields country-level results with a margin of error of +/-3 percentage points at a 95% confidence level. Previous surveys were conducted in Lesotho in 2000, 2002, 2005, 2008, 2012, 2014, and 2017.

Key findings:

- About two-thirds of Basotho say they went without enough food (65%) and clean water (60%) at least once during the previous year. On average, lived poverty in Lesotho has increased since 2017.
- The country's mountainous areas, home to many of its natural resources, experience higher lived poverty and worse access to basic electricity, water, and road infrastructure than the foothills and lowlands.
- Nine out of 10 Basotho say ordinary people do not benefit "much" or "at all" from the export of diamonds (89%) and water (88%).
- More than three-fourths (77%) say ordinary Basotho do not benefit from the export of wool.

Lived poverty and access to services

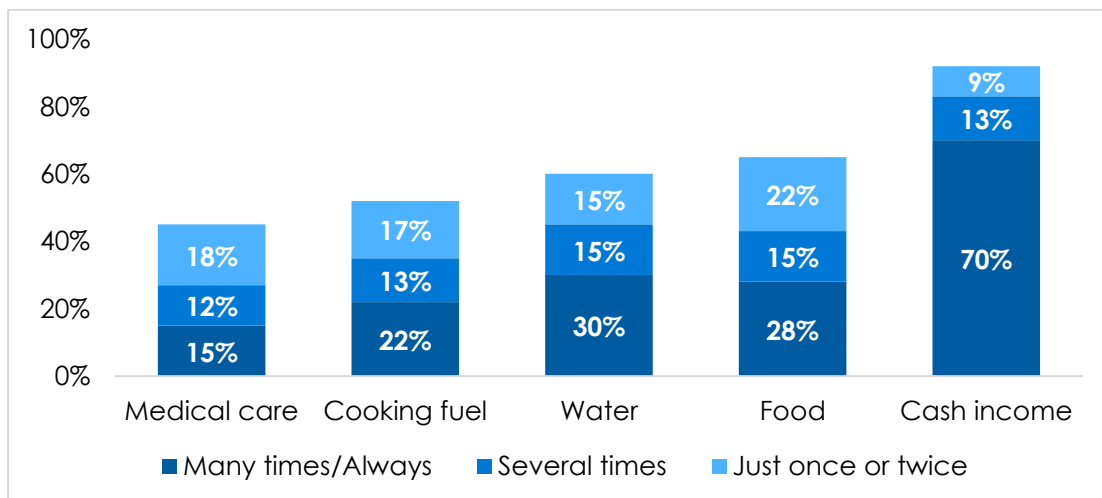
Afrobarometer assesses respondents' economic situation by asking them how often, during the previous 12 months, they or members of their family went without five basic life necessities: enough food and clean water, medicines or medical treatment, enough cooking fuel, and a cash income.

In Lesotho, about two-thirds of respondents say they went without enough food (65%) and clean water (60%) at least once during the previous year, including about three in 10 who suffered these deprivations "many times" or "always" (Figure 1). Almost half (45%) went without needed medical care at least once, and twice as many (92%) went without a cash income.

Averaging these responses to calculate a Lived Poverty Index (LPI) score, which can range from 0 (no lived poverty) to 4 (a constant absence of all basic necessities), we find that Lesotho's LPI score has increased modestly, from 1.43 in 2017 to 1.55 in 2020 (Figure 2).

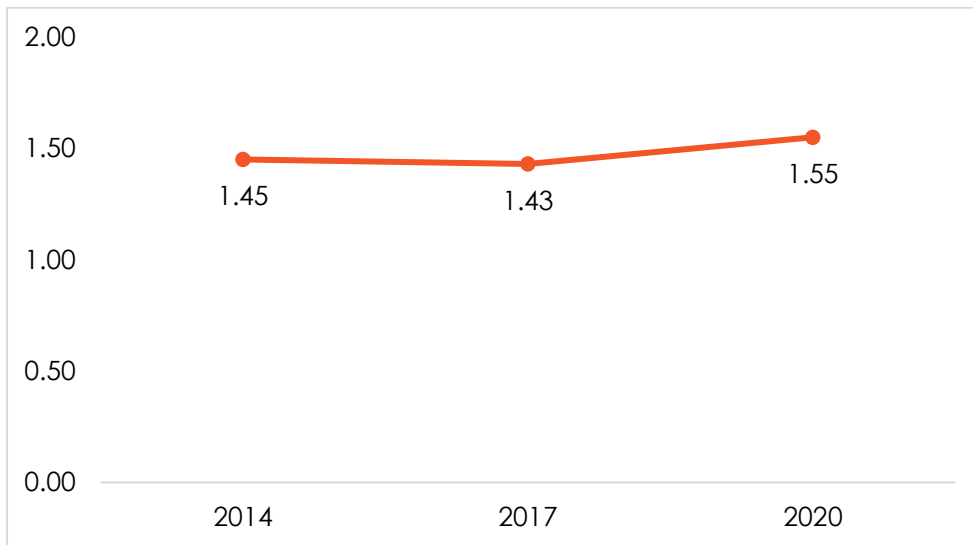
Moderate and high levels of lived poverty are particularly common among Basotho living in rural (74%), peri-urban (75%), and mountain (76%) areas. They are more prevalent among less educated citizens (81% and 75% of those with primary or no formal education, respectively) and among women (73%) compared to men (66%) (Figure 3).

Figure 1: Lived poverty | Lesotho | 2020



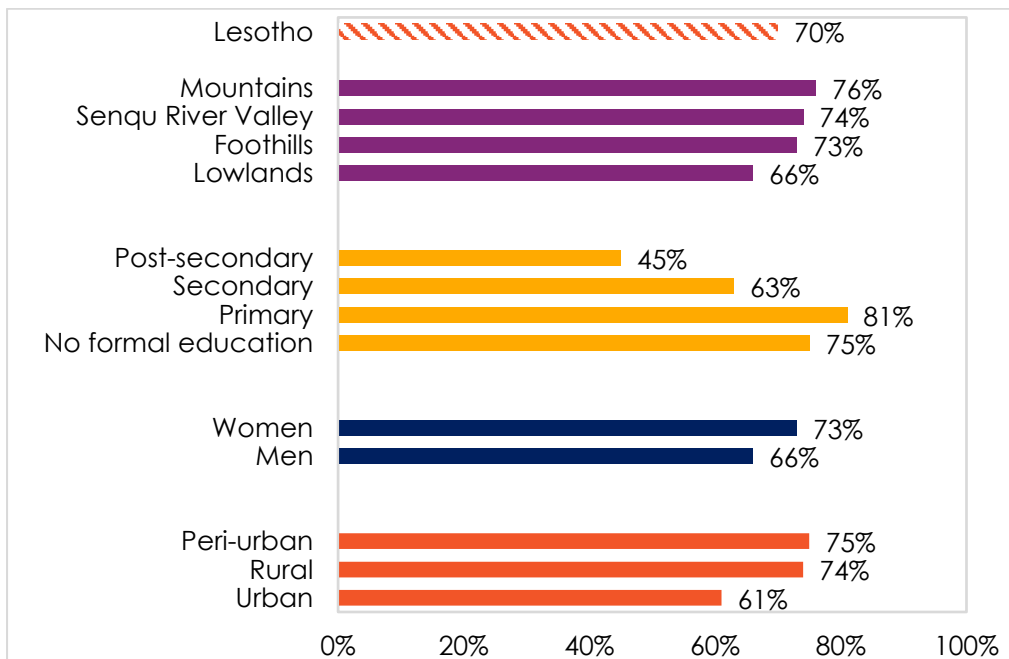
Respondents were asked: Over the past year, how often, if ever, have you or anyone in your family gone without: Enough food to eat? Enough clean water for home use? Medicine or medical treatment? Enough fuel to cook food? A cash income?

Figure 2: Lived Poverty Index | Lesotho | 2014-2020



Lived Poverty Index (LPI) scores reflect average deprivation of five basic necessities on a scale of 0 (no deprivation) to 4 (constant absence of all basic necessities).

Figure 3: Prevalence of moderate or high lived poverty | by socio-demographic group | Lesotho | 2020



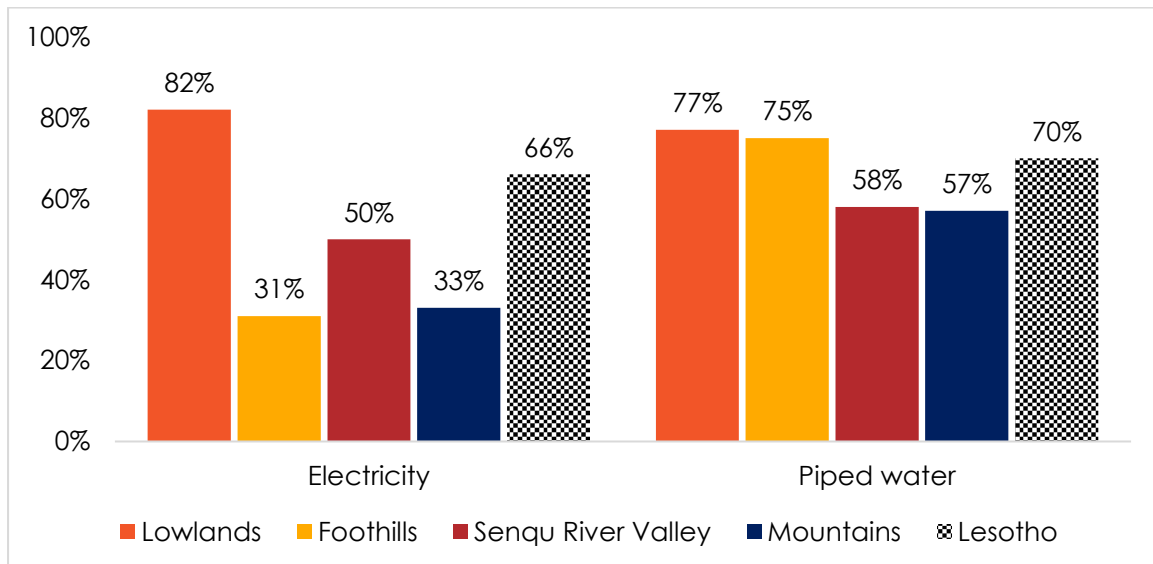
Respondents were asked: Over the past year, how often, if ever, have you or anyone in your family gone without: Enough food to eat? Enough clean water for home use? Medicine or medical treatment? Enough fuel to cook food? A cash income?

The mountain areas, where lived poverty is highest, also have less access than other parts of the country to basic services such as electricity, piped water, and good roads. Based on systematic observations by Afrobarometer survey enumerators, one-third (33%) of respondents in mountain areas live in zones served by an electric grid, half the national average (66%) (Figure 4).

More than half (57%) of mountain residents are served by a piped water system, but that is well below the levels found in the lowlands (77%) and foothills (75%).

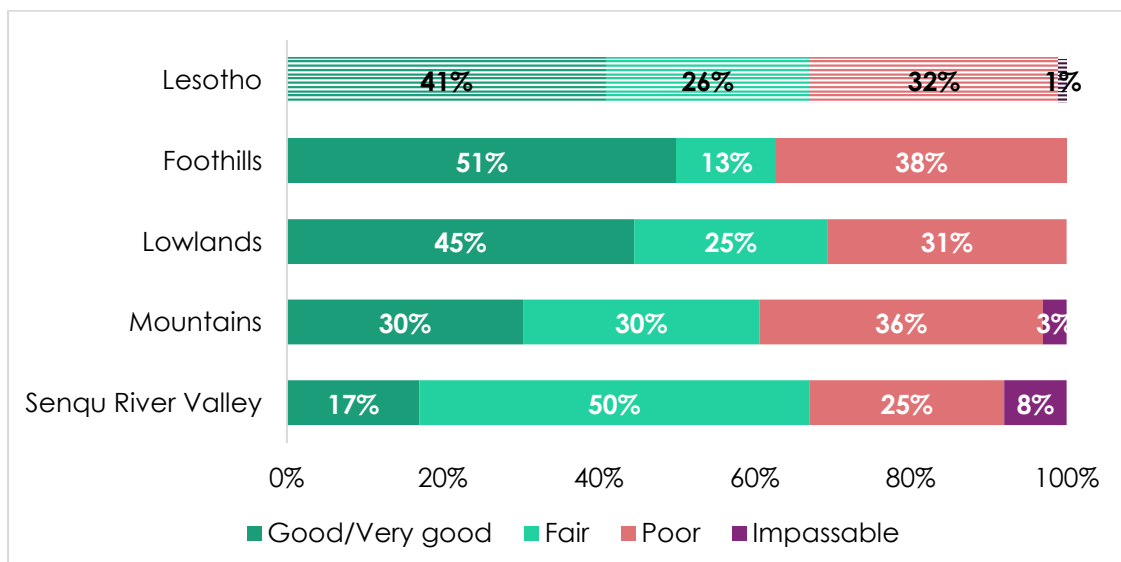
Similarly, based on survey enumerators' observations, more roads in the mountain areas are classified as "poor" or "impassable" (39%) than in the lowlands (31%) (Figure 5).

Figure 4: Access to electricity and piped water | by ecological zone | Lesotho | 2020



Survey enumerators were asked to record: Are the following services present in the primary sampling unit/enumeration area: Electricity grid that most houses can access? Piped water system that most houses can access? (% "yes")

Figure 5: Road access | by ecological zone | Lesotho | 2020



Survey enumerators were asked to record: Thinking of the journey here, what was the condition of the road in the last 5 km before reaching the start point of the primary sampling unit/enumeration area? Was the road in excellent or good condition and easy to traverse, or was it in poor or very poor condition, that is, difficult to traverse due to potholes, waterlogging, or other issues, or was it impassable at any point (e.g. due to a collapsed bridge, fallen tree, flooding, etc.)?

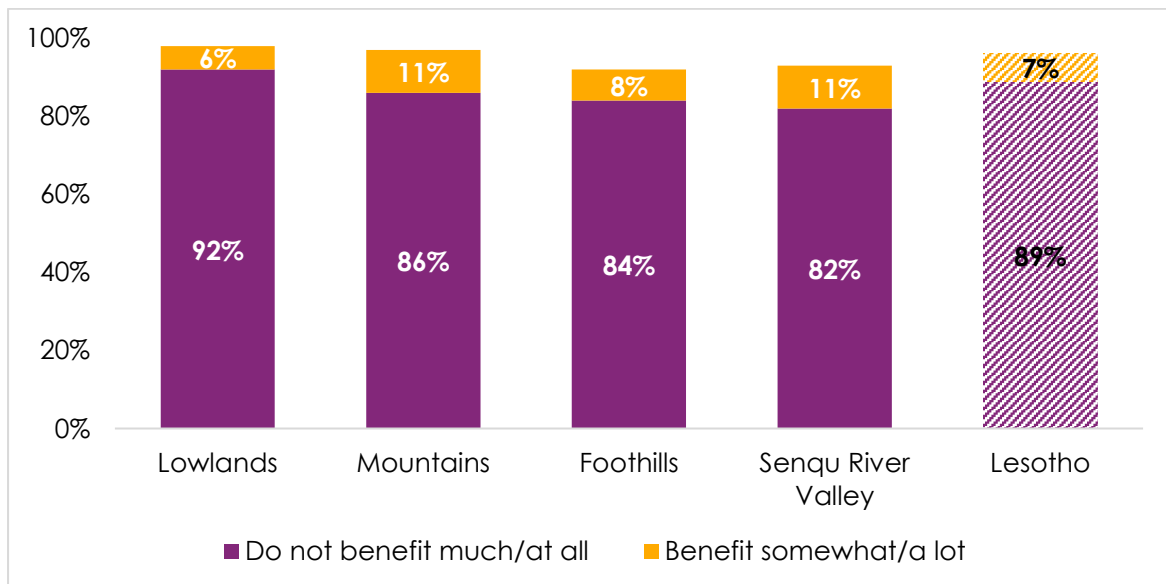
Views on diamond exports

Most of Lesotho's high-value diamond mines are in the Maluti Mountains in the Mokhotlong district and are operated by foreign companies, including Gem Diamonds and Firestone Diamonds (both headquartered in England), Lucapa (Australia), and Storm Mountain Diamonds, a subsidiary of Namakwa Diamonds (South Africa). The Lesotho government owns a minority stake in some mines and derives royalties and dividends from diamond exports (Tript, 2014). As a sweetener to local communities, mine operators set aside money to fund projects to improve local living standards, such as education scholarships, roads, footbridges, sports competitions, and health facilities (see, for example, Letšeng Diamonds, 2014).

Critics, however, describe these efforts as a mere drop in the ocean as local Basotho plunge deeper into poverty, and in 2013 formed the Maluti Community Development Forum to advocate on behalf of marginalized communities around mining locations. The Maluti Community Development Forum (2019) has protested the alleged failure of mines to hire local community members and environmental degradation caused by mining operations, including heightened dust and noise levels that scare off livestock and wild animals and the destruction of wetlands along the Khubelu River, which feeds into the Polihali Dam planned as part of the multi-billion-dollar Lesotho Highlands Water Project (Mpaki, 2017).

Afrobarometer survey results confirm that most Basotho do not see diamond exports as beneficial: Nine out of 10 respondents say ordinary Basotho “do not benefit at all” (84%) or “do not benefit much” (5%) from the diamond trade (Figure 6). Fewer than one in 10 (7%) see at least some benefit to ordinary citizens. Lowlands residents (92%) are even more likely than mountains residents (86%) to see little or no benefit.

Figure 6: Do ordinary Basotho benefit from diamond exports? | by ecological zone | Lesotho | 2020



Respondents were asked: Let us now talk about the exportation of some natural resources of this country. In your opinion, do you think ordinary Basotho benefit from the export of these natural resources or not: Diamonds?

Views on water exports

Lesotho's geographic location, high altitude, and pristine mountain areas position the country as “the water tower of southern Africa” (Government of Lesotho, 2014). The Mokhotlong district, in particular, is renowned as the source of the great Lesotho river

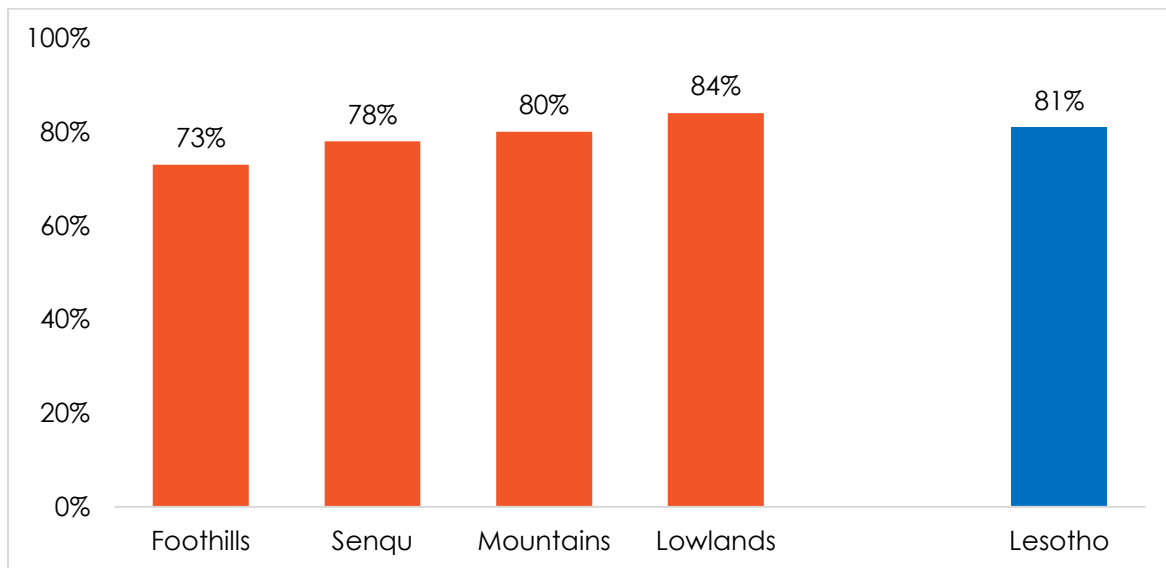
tributaries. Water from the Senqu and other rivers is harnessed through tunnels and dams for export to meet the growing demand in South Africa's industrial and population centers under the 1986 Treaty on the Lesotho Highlands Water Project (LHWP).

A World Bank (2008) study found that in Phase 1 of the LHWP, which was completed in 2002, Lesotho incurred environmental and social costs while receiving royalties, hydropower benefits, and multiplier effects from the economic activity and infrastructure, but none of the benefits from water use,

In 2014, the Lesotho Long-Term Water and Sanitation Strategy (Government of Lesotho, 2014) laid out a vision of ensuring that the country's plentiful water resources contribute to economic development and improved livelihoods of present and future generations. Among other things, the strategy calls for increased investment in water and sanitation services for citizens.

But while Lesotho derives some royalties from water sales to South Africa, a vast majority of citizens say that ordinary Basotho do not benefit "at all" (81%) or "much" (7%) from exporting water. The perception of "no benefit at all" is strong in all three ecological regions of the country, ranging from 73% in the foothills and 80% in the mountains to 84% in the lowlands (Figure 7).

Figure 7: 'No benefit at all' from water exports | by ecological zone | Lesotho | 2020



Respondents were asked: Let us now talk about the exportation of some natural resources of this country. In your opinion, do you think ordinary Basotho benefit from the export of these natural resources or not: Water? (% who say "do not benefit at all")

Views on wool exports

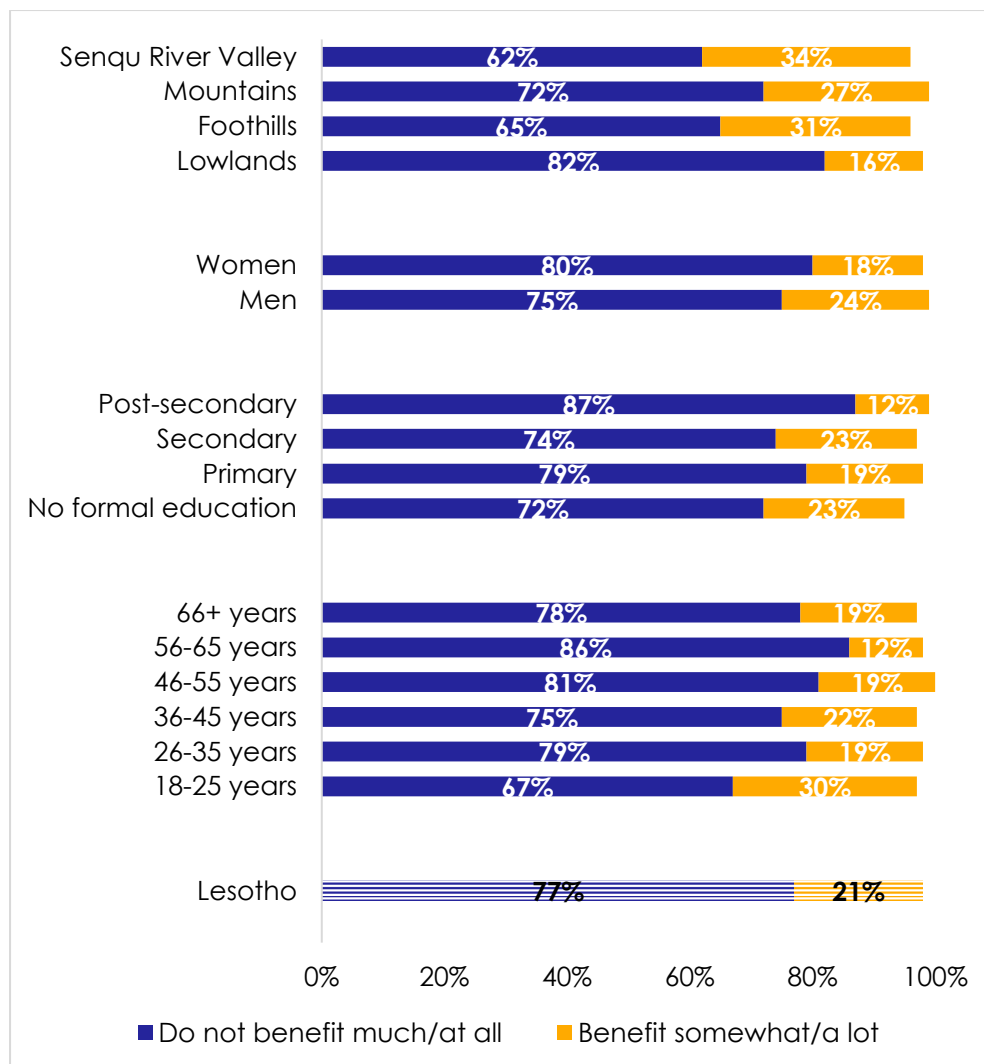
In Lesotho's largely rural and poor mountainous areas (Callander, 2017), the main source of income is raising sheep and goats for wool, high-quality mohair, and meat. For 40 years, Basotho sold their wool and mohair by sending them to Port Elizabeth and Durban for marketing by the South African brokerage company Boeremakelaars Koöperatief Beperk (BKB) (Mokhethi et al., 2015).

In 2018, the government of Lesotho enacted regulations banning the export of locally produced wool and mohair unless they are prepared, brokered, traded, and auctioned in Lesotho. A Chinese-owned company, Lesotho Wool Center, was given a monopoly to auction Lesotho's wool and mohair. This move caused an uproar in the country, including protests by 40,000 members of the Lesotho National Wool and Mohair Farmers Association.

The farmers were not happy because instead of prompt, high returns on their products promised by the government, many experienced delayed or reduced payments. In the face of repeated protests, the government reversed the ban in November 2019 and allowed people to sell their wool and mohair to the places of their choice (Government of Lesotho, 2019; Emecheta, 2020).

As shown in Figure 8, more than three-fourths (77%) of Basotho say they do not benefit “much” or “at all” from the export of wool, while only 21% see at least some benefit. Lowlands residents (82%) and respondents with post-secondary education (87%) are most likely to see wool exports as being of little or no benefit for ordinary citizens.

Figure 8: Do ordinary Basotho benefit from wool exports? | by socio-demographic group | Lesotho | 2020



Respondents were asked: Let us now talk about the exportation of some natural resources of this country. In your opinion, do you think ordinary Basotho benefit from the export of these natural resources or not: Wool?

Conclusion

In Lesotho, ownership of mineral and water resources is held in trust by the government, as they are for the good of all. Yet an overwhelming majority of Basotho do not see themselves as benefiting from the export of their natural resources. This challenges the government to

identify and pursue ways of using these finite resources that their ultimate owners – the people – will recognize as fair.

With regard to wool and mohair farmers, the government will have to work hard to restore confidence that was eroded when it imposed policies without inclusive consultations.

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Mamello Nkuebe is an advocate at Advision Lesotho, Afrobarometer's National Partner in Lesotho. Email: mamello.nkuebe@gmail.com.

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