FOOD AID, FOOD PRODUCTION AND FOOD MARKETS IN LESOTHO

An Analytical Review

Baker Mukeere; Food Security Economist, Economic Analysis & Development Policy Unit (PDPE)

Simon Dradri; Regional Food Market Specialist, ODAN (SENAC)/Southern Africa Regional Bureau ODJ

Rome/Lusaka, January 2006
Table of Contents

Acknowledgements 4
Table of Contents 2
Table of Figures 4
Acronyms 5

Executive Summary 6

PART I: INTRODUCTION

1. Introduction 11
   1.1. Background to the Review 11
   1.2. Objectives of the Review 13
   1.3. Methodology and Scope of the Review 13

PART II: OVERVIEW OF COUNTRY SITUATION

2. Overview of Country Background 15
   2.1. Socio-Economic Conditions 15
   2.2. Agricultural Sector 16
   2.3. National Food Security Policy and Strategies 17
   2.4. Government’s Policy on Utilisation of Food Aid 18
   2.5. Domestic Food Production and Food Imports 19
   2.6. Domestic Food Markets and Infrastructure 20
   2.7. Market Structure for Maize 21
   2.8. Analysis of Price Trends for Maize 22

3. National Food Security & Food Aid 24
   3.1. Food Security Situation 25
   3.2. Food Assistance Programmes 25
   3.3. WFP’s Activities in the Country 26
PART III: MAIN FINDINGS

4. Stakeholder Perspectives
   4.1. Stakeholder Perceptions & Emerging Issues on Food Aid
   4.2. Stakeholder Perceptions & Emerging Issues on Food Production
   4.3. Stakeholder Perceptions & Emerging Issues on Food Markets

5. Analysis of Impact of Food Aid
   5.1. Impact on Local Food Production
   5.2. Impact on Local Food Markets

PART IV: CONCLUSIONS & RECOMMENDATIONS

6. Concluding Remarks and Recommendations
   6.1. Operational Recommendations
   6.2. Policy Recommendations

References

Annex I List of Interviewees and Stakeholders consulted
Annex II Establishing Food Market Intelligence Systems
Annex II Terms of References for the Review
Acknowledgements

The authors are very grateful to the WFP Country Office in Lesotho and more especially to the staff in Sub-Offices for the assistance provided during the mission. Special thanks go to the in-country stakeholders for the knowledgeable insight provided on the subject during consultations. The authors also extend their appreciation to all those that kindly commented on the draft of this report.

Table of Figures

Box 1: “Donor/GOL Interventions have often created a dependency syndrome” 19
Table 1: Domestic Cereal Balance Sheet 20
Figure 1: Market Structure for Maize in Lesotho 22
Figure 2: Price Variations for Maize Meal and Maize Grain by District 23
Figure 3: WFP Food Aid Deliveries vs Assessed Food Aid Requirements in Lesotho between 2001-2005 32
Figure 4: WFP Total Cereal Food Aid Deliveries and Local Purchases in Lesotho between 2002-2005 34
LIST OF ACRONYMS

AGOA African Growth Opportunity Act
AIDS Acquired Immunodeficiency Syndrome
BOS Bureau of Statistics
CFSAM Crop and Food Supply Assessment Mission
CSAFE Consortium for Southern Africa Food Emergency
DA District Authority
DFID Department for International Development
DMA Disaster Management Authority
FA Food Aid
FAO Food and Agriculture Organization
GDP Gross Domestic Product
GoL Government of Lesotho
Ha Hectare
HIV Human Immunodeficiency Virus
Kg Kilogram
LFP Local Food Purchases
LHWP Lesotho Highlands Water Project
LVAC Lesotho Vulnerability Assessment Committee
MFA Multi Fibre Agreement
MoAFS Ministry of Agriculture and Food Security
MoFDP Ministry of Finance and Development Planning
MoTICM Ministry of Trade, Industry, Cooperatives and Marketing
MT Metric Tonnes
NGO Non-Governmental Organization
ODAN Needs Assessment Unit (WFP Operations Department)
PDPE Economic Analysis & Development Policy Unit (WFP Policy Dept)
PRRO Protracted Relief and Recovery Operation
SACU Southern Africa Customs Union
SAFEX South Africa Futures Exchange
SENAC Strengthening Emergency Needs Assessment Capacity (ODAN project)
UNAIDS The Joint United Nations Programme on HIV/AIDS
UNDP United Nations Development Programme
UNICEF United Nations Children's Fund
USA United States of America
USAID United States Agency for International Development
US$ United States Dollar
WFP World Food Programme
EXECUTIVE SUMMARY

The analytical review of food aid, food production and food markets in Lesotho was undertaken on the request of the WFP Country Office in Lesotho in response to a long running debate that food aid was disrupting markets and creating disincentives to production, often with specific reference made to WFP assistance programmes. The review aimed at establishing if, and to what extent, food aid is negatively affecting domestic food markets and food production in Lesotho.

The review entailed analysis of secondary information; and primary data collection through consultations, interviews and focus group discussions with stakeholders and key informants. Field visits were conducted in areas of food production as well as areas in which food assistance programmes are being implemented.

Lesotho is a landlocked country with a population of about 1.8 million. The country has an open market economy that is closely linked to the South African. The 2005 UNDP Human Development Report ranks Lesotho 149th out of 177 countries. It has a GDP per capita of US$ 635 (equivalent to US$ 2,561 in purchasing-power parity terms). About 60% of Lesotho’s population depends on agriculture as their major source of income although the sector only contributes about 15% to the total Gross Domestic Product.

Lesotho’s mountainous topology makes its ecology fragile with limited vegetative cover that exposes the soil to erosion. Agricultural production is predominantly subsistence and rain-fed. The latter makes production susceptible to fluctuations in weather patterns. Given the country’s terrain, only about 13% of the land is suitable for agricultural production. The main agricultural products include maize, sorghum, wheat and livestock. Maize is the predominant agricultural produce and food staple of the country. Domestic food production covers just about 30% of the national food requirements thus making Lesotho a net-food-importing country. The national strategy for food security primarily bases on ensuring adequate food imports to cover the deficit, measures to increase household incomes to guarantee their access to food and improvement of agricultural production. Food imports in Lesotho are duty free.
Adverse weather conditions in recent years have caused significant seasonal food insecurity. FAO and WFP estimates put the figure of people vulnerable to food insecurity in the country at 549,000 constituting about 30% of the total population. Under such conditions, Government’s policy is to utilise food aid in bridging deficit gaps that cannot be covered through commercial food imports. During crisis periods like adverse weather conditions that compound the effects of unemployment and HIV/AIDS pandemic, domestic food deficit exacerbates beyond capabilities of being solely covered through commercial food imports. It is in this context that WFP’s interventions in the country are needed.

WFP’s current activities in Lesotho are under two categories; a four-year School Feeding Programme, and the two-year Protracted Relief and Recovery Operation (PRRO). The school feeding programme is implemented to support the country’s free primary education programme. It is planned to benefit 285,300 schoolchildren over a 4-year period at a total cost of about US$14.5 million to WFP. The PRRO is implemented in the wider regional framework as WFP’s assistance to populations in Southern Africa that are vulnerable to food insecurity and the impact of HIV/AIDS. Its overall goal is to contribute to “improved food security, livelihoods and productive capacity among the vulnerable poor, including HIV/AIDS infected and affected people in five southern African countries”.

In the course of assessing possible food aid impacts on the domestic food market and food production, the mission gathered opinions from stakeholders consulted during meetings and interviews. The gathered opinions were not facts per se, but represented a variety of views about food aid (both positive and negative) that range from perceptions to facts based on logical deductions, observations and experiences. Views and opinions that related to food aid included;

- Consensus among all stakeholders that food aid is still relevant in Lesotho to address food needs of the most vulnerable
- Strong views on the need to change the approach in utilising food aid
- Drought, low production, unemployment and HIV/AIDS viewed as main factors for food insecurity in the country
- Role of food aid in national development strategies unclear
- Lack of a common tracking system of food aid flows in the country
- More food aid distributed in the country than required
- Lack of uniformity in targeting criteria of agencies involved in food distribution
• Food aid causing dependency among beneficiary households
• Food aid programming often subject to political influences
• Food-for-work disrupts the culture of community self-help initiatives and
• Mixed views on utilisation of cash as an alternative to in-kind food aid

Stakeholder views that related to food production in the country included:
• Food aid causing disincentives to food production
• High production costs for maize (staple food)
• High producer prices rendering domestic farm produce uncompetitive
• Low productivity in agriculture due to poor land management practices,
inappropriate farming practices, small and fragmented land holdings, and a land
tenure system that hampers efforts to increase land productivity
• Inadequate on-farm storage capacities and
• Inadequate capacity for effective agricultural extension

Stakeholder views that related to domestic food market included:
• Food aid causing a displacement of food markets
• Liberalised/open food market (lowering domestic consumer food prices & raising
pressure on competitiveness of domestic producers)
• Large share of domestic cereal gap (78%) covered through commercial cereal
imports; food aid covers about 14%
• Farm inputs costly and contribute to high production costs and
• WFP and other donors are not procuring enough food aid locally to support
domestic food markets

To determine the impact of food aid on Lesotho’s food production and food markets
the mission analysed stakeholder perceptions and other emerging issues outlined
above against the background of field factual findings and mission observations. The
major conclusions of the analysis were that:
• A large domestic cereal gap, drought, impact of HIV/AIDS and reduced
employment opportunities have necessitated provision of food assistance to the
most vulnerable to address food insecurity
• Given the reasonably well functioning food markets, food insecurity in Lesotho
appears to be more linked to inaccessibility to food rather than to food unavailability
• Easy availability of food in the country suggests a case for alternative forms to in-kind food aid such as cash/vouchers. However, expressed reservations about the high possibility of cash diversion (among others), call for caution and further research before implementing the idea.

• The national system to coordinate food aid flows in the country requires further strengthening to avoid possibilities of actual food aid deliveries exceeding assessed food aid requirements and thereby causing a displacement on domestic food markets and creating disincentives to food production.

• Lack of clear articulation of the role of food aid in national development strategy contributes to misconceptions and possible failure to tap into potential developmental benefits of food aid interventions.

• WFP’s recent experiences with improved beneficiary targeting mechanisms provide an excellent framework for food distribution agencies in the country to improve their respective targeting mechanisms.

• Due to exogenous influences and lack of harmonisation of targeting criteria among food distribution agencies, targeting of food aid by some agencies remains problematic leading to possible inclusion/exclusion errors.

• The perception that WFP doesn’t procure food locally in spite of significant local procurement points to poor knowledge about WFP’s activities in the country. WFP local purchases increased significantly from 25% of total deliveries in 2002 to 71.3% in 2003 and 79.6% in 2004. For 2005 the proportion currently stands at 51.7%.

• Widespread perception that food aid has created dependency and loss of community self-help initiatives appears to be founded on the 2004 in-country food aid flows that exceeded the requirements. However, the ending of general food distribution by WFP last year and WFP’s re-targeting of assistance this year appears to be addressing the problem.

• Although liberalised, the domestic cereal market still experiences oligopolistic tendencies with the largest player controlling about 60% of the market [i.e. market liable to price fixing (e.g. SAFEX Oct 2005 white maize price 831 Maloti while domestic producer price 643 Maloti)] and

• Low productivity and high production costs have made domestic farm produce uncompetitive thereby hindering local food purchases benefiting domestic producers.
Based on the analysis and the conclusions above, the following recommendations were made to address both short-term problems that emanate from operational aspects of food assistance activities and the medium to long-term structural problems that largely emanate from policy aspects of food security planning.

Operational recommendations include:

- Need for improved targeting mechanisms (targeting the neediest) to avoid market distortions and disincentives to food production. WFP should share her experiences on targeting with other stakeholders.
- Need to strengthen community self-help initiatives and support capacity building, income generating and other food-based development projects prioritised by the communities. MOAFS, WFP, FAO and District authorities should further strengthen similar initiatives currently being piloted.
- Under conditions where food availability is not the major determinant of food insecurity, other options like utilisation of cash/vouchers to boost household purchasing power should be explored to complement in-kind food aid interventions supporting households food security and
- Need for WFP to explore possibilities of a tendering process that accommodates more local potential suppliers.

Policy recommendations include:

- Need to strengthen an effective coordination and monitoring system for all food aid flows in the country. Donors should support capacity building for DMA to take effective lead.
- Need to improve collaboration among stakeholders on food security matters and harmonise targeting mechanisms among other issues.
- Need to streamline food aid interventions in the country into national poverty reduction strategies to contribute towards prioritised Government development goals.
- Need to establish a policy framework that would enable surplus food producers in the country benefit from WFP’s and other food aid agencies’ local food procurement and
- Need for Government to take necessary measures (land reform, agricultural extension, farm support etc.) to enable domestic farmers raise their productivity and improve their competitiveness in the longer-term.
PART I  INTRODUCTION

1.0 Introduction
This report presents the findings of an ‘analytical review of food aid and food markets’ in Lesotho that was conducted between the 13th and 26th of October 20051. The Economic Analysis & Development Policy Unit (PDPE) and ODAN (SENAC)/Southern Africa Regional Bureau jointly undertook the Review on the request of the WFP Country Office in Lesotho in response to a long running debate that food aid was disrupting markets and creating disincentives to production, often with specific reference made to WFP assistance programmes.

Stakeholders in Government departments, parastatals, the private sector, food aid agencies as well as farmers, traders and processors have widely discussed these perceptions on food security issues. In light of this, the WFP Country Director requested for technical assistance in the form of an analytical review to shed light on the situation and to develop strategies to address the perceptions.

The report structure gives a background review of the issues followed by a discussion of the objectives, the methodology and scope of the review. The rest of the report is organised into three parts (II-IV). Part II gives the Overview of Country Situation, which consists of the socio-economic country background and national food security & food aid including discussions on the food security situation, the role of food aid, food assistance programmes and WFP’s activities in the country. Part III features the Main Findings separated into Stakeholders’ Perceptions and Analysis of Impact. The first section in Part III summarises the main perceptions on the impacts of food aid while the second provides the analysis of these perceptions in the light of the evidence from the consultations and fieldwork. The last part (Part IV) presents the main Conclusions and Recommendations of the review.

1.1 Background to the Review
The use of food aid in non-emergency operations has often generated debates that have questioned its appropriateness on grounds of its potential negative impact on domestic food production and food markets. The broad thrust of the argument is that large amounts of food brought into a country raise the aggregate food supply on domestic markets, depress domestic prices and thereby create a disincentive to

1 The Terms of Reference for the Review are presented in Annex III
trade in and to produce food. Resultant distortions in prices make it unprofitable for traders to move food from surplus to deficit areas, hold food stocks and take risks that would ensure supply in locations and periods of potential scarcity. In the long-term, this can also presumably cause disincentives to domestic food production and changes in consumer tastes.

It is in the context of this debate that the WFP Country Office in Lesotho requested for an analytical review of domestic food production and food markets in order to assess the impact of WFP's food assistance. Perceptions raised in the actual debate in Lesotho about negative effects of food aid rest on basic explicit and implicit assumptions some of which are outlined below. One of the key issues for this review has been to establish the degree to which these assumptions hold true for the case advanced in Lesotho. Examination of these assumptions can shed some light and help establish the validity (or the degree) of the issues in the debate. The principal assumptions include the following:

- Total amount of flow of food aid into the country is significantly large enough to raise aggregate supply and thereby depress local prices;
- The country has combined production and commercial import capacities high enough to meet domestic requirements; import of food aid beyond a certain threshold would disrupt the supply-demand balance;
- Markets for food are well developed and function well, and are therefore capable of moving food from surplus to deficit regions and address food access concerns; and that
- Household recipients of food assistance ordinarily purchase a large proportion of their food requirement; distribution of ‘free food’ would therefore result in reduction in market demand and thereby affect prices.

On the other side of the debate, food aid is often regarded useful for meeting the needs of households that would not normally afford food through markets. It is also argued that food aid can help to stabilize or moderate prices and ensure access by poor households. A review of 34 recent studies on disincentives, distortions, displacement and dependency effects of food aid failed to find strong empirical evidence in support of the hypothesis that food aid significantly displaces domestically produced food on recipient country markets (Awudu Abdulai, 2005). It is also argued that in sub-Saharan Africa where balance of payments and working capital constraints are binding at macro and household levels, it is plausible that food
aid’s contemporaneous displacement of food purchases might foster productive investments that generate significant dynamic gains from food aid.

1.2 Objectives of the Review
The main objective of the review is to establish if, and to what extent, food aid is negatively affecting domestic food markets and food production in Lesotho. Specifically, it seeks to analyse the national structure, practices and policies of food production, food marketing/trade and food aid, and the nature and practice of food assistance programmes in the country.

The findings of the review intend to shed light on potential or real impact of food aid that would help galvanise a shared approach by stakeholders to address relevant issues. It is hoped that this will lead to:

- Improving WFP’s strategic planning of food aid interventions in the country;
- Clarifying concerns of any negative impact of food aid;
- Identifying approaches of food assistance that minimise negative impacts; &
- Strengthening of WFP Country Office’s market intelligence and food situation analysis

1.3 Methodology and Scope of the Review
The approach entailed a combination of a review and analysis of secondary information; and primary data collection through consultations, interviews and focus group discussions with stakeholders and key informants. This also included field visits in areas of food production as well as areas in which food assistance programmes are being implemented. The latter also included visits to retailers, food traders and farmers.

Desk Review: The starting point was a review of background information on the issues in the debate and literature on matters relating to food aid assistance in the country was researched. Literature reviewed included Government documents on policies and strategies for national food security, WFP documents, and media reports.

Stakeholder Consultations/Debriefing: Meetings and interviews were held with key stakeholders that included; DMA, BOS, MOTICM, MOFDP, MOAFS, LVAC, WFP, DFID and the Lesotho Flour Mills ltd. Central to the discussions was the
establishment of the need to get a general understanding of the food security situation in the country and perceptions on the role of food aid, and its practice in the country. The discussions were cast within the framework of each institution or agency’s function or mandate.

Field Level Consultations: Interviews were held at field level with beneficiaries of food assistance programmes, farmers, agricultural inputs traders, WFP field monitors, staff of WFP’s implementing partners and food retailers in a number of locations. The interviews were based on a checklist adapted to different stakeholders aimed at getting specific information. The districts visited included Maseru, Leribe, Berea, Quthing, Mohale’s Hoek, and Mafeteng.

At the end of field level and stakeholder consultations, the mission team compiled a preliminary report on its findings. The report was presented at a debriefing meeting that was convened by the WFP Country Director. A cross-section of stakeholders was represented and preliminary findings exhaustively discussed.

Scope & Limitations of the Review: The Mission received support from the Country Office and more especially from the Field Staff, who made detailed arrangements to meet district officials, agricultural input and food traders, extension staff and farmers’ cooperatives. The meetings, interviews and focus group discussions were very candid and constructive. Stakeholders freely expressed their feelings and perceptions as well as engaged in open discussion on alternative viewpoints.

However, like most studies and reviews, there were some limitations. This included the short duration for the review, with field visits undertaken only in three days. Consequently, there were fewer interviews with beneficiaries and farmers, lasting shorter periods than would have been desirable. The geographic coverage was also limited. These have limitations for the extent to which the findings can be used to draw firm conclusions on the overall situation in the country.
PART II OVERVIEW OF COUNTRY SITUATION

2.0 Overview of Country Background

Lesotho regained independence from the United Kingdom in 1966. From then on until 1986, the country had a multi-party democracy form of government, which was interrupted in 1986 by a military regime take-over. The military regime ended in 1993 when democracy was restored under a multi-party system. Lesotho is a constitutional monarchy with an executive Prime Minister as the head of Government and the King as titular Head of State.

Based on the Human Development Index, the 2005 UNDP Human Development Report ranks Lesotho 149th out of 177 countries. The country is classified under the low human development category of countries and has a GDP per capita of US$ 635 (equivalent to US$ 2,561 in purchasing-power parity terms) that is about the same as the sub-Saharan average GDP per capita of US$ 633. The adverse weather conditions in recent years have caused significant seasonal food insecurity. Recent estimates by the FAO and WFP put the figure of people vulnerable to food insecurity in the country at 549,000 constituting about 30% of the total population of 1.8 million. The significant proportion of Lesotho's population vulnerable to food insecurity reflects the high Gini-coefficient of 63.2% that indicates high income-inequality in the country2.

2.1 Socio-Economic Conditions

Lesotho is a small landlocked country that is predominantly mountainous. The mountainous topography makes its ecology fragile with limited vegetative cover that exposes the thin soils to erosion. The increasing pressure on land from human activity and livestock have increased gulley erosion, eroded agricultural productivity, and raised serious environmental problems.

The country is entirely surrounded by South Africa and its open economy is strongly linked to the Southern African Customs Union (SACU) that brings together Botswana, Lesotho, Namibia, Swaziland and South Africa into an economic zone with duty free trade and a common external tariff on imports from outside the zone. Lesotho's national currency (Loti) is pegged at par to the South African Rand. Over

---

2 UNDP Human Development Report, New York, 2005. A value of 0 represents perfect equality, and a value of 100 perfect inequality.
85% of Lesotho’s imports originate from South Africa and the economic bond between the two countries was further strengthened with the implementation of the Lesotho Highlands Water Project (LHWP) that exports water to Gauteng province in South Africa.

With the introduction of the African Growth Opportunity Act (AGOA) by the USA, Lesotho diversified its export base to reduce reliance on SACU and other traditional export destinations. Foreign textile manufacturers invested in the country to take advantage of the preferential terms Lesotho enjoys under AGOA. This turned the garment industry into the single largest employer. However, recent developments in global trade negotiations about phasing out of quotas under the Multi Fibre Agreement (MFA) are already starting to show a negative impact on the sector and the country’s economy at large. The country’s economy has also for a long time been heavily dependent on remittances from migrant workers in South Africa, whose numbers though have been on the decline lately.

Lesotho is one of the countries worst affected by the HIV/AIDS pandemic. The 2005 Human Development Report indicates the HIV prevalence among the population to be 29%. In a population of about 1.8 million people, this equals 522,000 people. Infection rates among the sexually active adults (aged 19-49 years) are estimated to be higher. The impact of the pandemic is presumed to be significantly affecting the country’s food security in combination with severity of weather and other factors.

2.2 Agricultural Sector

About 60% of Lesotho’s population depends on agriculture as their major source of income, but the sector only contributes about 15% to the total Gross Domestic Product (GDP). The soil erosion due to population pressure and poor land practices coupled with drought and erratic rains in recent years are significantly affecting agricultural output in the country. Agricultural production is predominantly subsistence with low productivity rates. Its rain-fed character makes agricultural production very susceptible to fluctuations in weather patterns. Given the country’s terrain, only about 13% of the land is suitable for agricultural production. Government is currently preparing a National Irrigation Master Plan to counter negative impacts of weather vagaries on agricultural production.

Lesotho’s main agricultural products include maize, sorghum, wheat and livestock, which provide a significant proportion of rural income. Maize production remains the
predominant agricultural produce and food staple of the country. To boost agricultural productivity in the country, the Ministry of Agriculture and Food Security is laying emphasis on commercialising production and encouraging introduction of block farming system to merge smaller land holdings into larger acreages for ease of mechanisation and increased economies of scale. Average land holdings per household are about 2.5 Hectares. Efforts are also underway to reform the current land tenure system, which does not give a guarantee of ownership to the majority of subsistence farmers. Agricultural productivity has of late been affected by increasing stock thefts and poor range management practices.

2.3 National Food Security Policy and Strategies

Lesotho is traditionally a net-food-importing country. Because of declining productivity, loss of productive land through soil erosion and unfavourable weather conditions, domestic food production covers just about 30% of the national food requirements. During the consultative process in developing the country’s Poverty Reduction Strategy, over 60% of the communities involved in the process mentioned “lack of food” as a defining feature of poverty. Throughout the country, people described how their communities have progressively become more and more food deficient since the 1970s.

Government has abandoned the goal of achieving self-sufficiency in food production, as it is not realistically achievable. Henceforth, its strategy towards national food security bases primarily on ensuring adequate food imports to cover the deficit and measures that increase household incomes to guarantee their access to food. For the latter, Government emphasises alternative income generation and employment schemes in addition to cash-based safety net programmes for the most vulnerable. Under the safety-net programme, Government introduced a cash system through the Ministry of Health and Social Welfare entailing 150 Maloti per month for pensioners above 70 years of age and the same amount of money per month for child-headed households.

Lesotho’s National Poverty Reduction Strategy prioritises implementation of the following activities for improvement of agricultural production and addressing food insecurity:

---

4 An equivalent of about US$ 23 at the current exchange rate of 6.5 Maloti per 1US$
• Adopting appropriate farming practices. The focus here is on crop diversification and substitution; encouragement of field crops in areas that are agro-ecologically suitable; exploring opportunities for block farming, especially in the lowland areas; promotion of commercialisation of agriculture; and introduction of improved agricultural technologies;

• Developing appropriate irrigation, especially low-cost, gravity-fed systems that the poor can sustain, while at the same time exploring opportunities for larger scale irrigation;

• Incorporating agro-forestry practices into all scales of farming systems;

• Strengthening and decentralising extension services in all districts;

• Ensuring an efficient and standardised land tenure system;

• Encouraging appropriate animal husbandry and fodder production. This includes introduction of milk goats and indigenous poultry and promotion of fodder. In areas better suited to extensive animal husbandry, the focus is on improving range management through community associations, and improved veterinary services;

• Enhancing marketing by improving response to regional/international market opportunities and facilitating the marketing of fresh produce locally; and

• Improving disaster preparedness for emergency food distribution to most vulnerable groups.

2.4 Government’s Policy on Utilization of Food Aid

In his speech to the United Nations General Assembly in New York in September 2005, the Right Honourable Prime Minister of Lesotho stressed the need for food aid in the country to address the needs of the ultra-poor in the country who lack means to earn an income and cannot afford to buy food. Government’s policy on utilisation of food aid is purposely aimed to bridge deficit gaps that cannot be covered through commercial food imports especially during crises. In crisis periods like adverse weather conditions that wreak havoc on crops and livestock compounded by the effects of HIV/AIDS pandemic on labour force, the domestic food deficit is exacerbated beyond capabilities of being covered solely through commercial food imports.

In utilising food aid, Government is also wary of potential negative repercussions of poorly programmed food aid interventions on domestic food production and food markets. It is against this background that a number of Government institutions and
private sector entities ignited the debate to express their concern about levels of food aid deliveries into the country in relation to actual needs. Along the same lines, the National Poverty Reduction Strategy Paper states as follows:

**Box 1**

Donor/GOL Interventions have often created a dependency syndrome

The prospects for increasing staple food production are not good. Despite massive efforts by both Government and donor agencies, Lesotho remains highly dependent on cereal imports. Indeed, to a certain extent, it is likely that the interventions themselves may have limited increased productivity as they raised expectations and created dependencies that the state has been unable to address in a consistent manner. Erratic subsidies and emergency interventions, which vary from one year to the next, have often been counterproductive in the long run as families often wait to see what will be available from Government, and then miss critical planting dates.  

2.5 Domestic Cereal Production and Cereal Imports

The three main cereals grown in Lesotho are maize, wheat and sorghum. At over 77% of country production, maize is the major cereal produced. For this reason, the analysis is based on maize, which reasonably captures well the status of cereal food flows in the country.

Although maize production in the country has been on the decline in recent years, it remains the country’s staple food, constituting over an estimated 80% of the rural diet. More is produced in the lowlands and least in the mountain areas where most of the wheat is produced. Leribe, Maseru, Mafeteng and Berea in the west are the three leading districts in maize production. Jointly they constitute about 75% of the total national production. The majority of maize farmers are small-scale subsistence farmers with very low productivity and average yields of less than 1MT/Ha. Inputs for maize production (hybrid seeds, fertilizers, pesticides, etc.) are imported from South Africa. They are significantly more costly in Lesotho than in South Africa thereby raising production costs to Basotho farmers and lowering their competitiveness against cheaper maize imports from South Africa. In addition to being more expensive than imports, domestic maize production is very low even during good years covering just about 30% of the total national consumption requirements.

---

According to data in Table 1 (referring to 2002/03 to 2004/05 agricultural seasons) Lesotho’s cereal domestic production averaged a lowly 80,000MT\(^6\). This corresponds to just 19.2\%\(^7\) of the country’s estimated annual cereal requirements of 416,000MT. Lesotho has an open economy allowing free flow of goods and services across its borders with South Africa. This has greatly facilitated the vital role of commercial imports in bridging the food deficit gap. Commercial cereal imports continue to dominate the coverage of the domestic cereal gap, averaging 78\% of the domestic cereal gap and about 63\% of the national cereal requirement. A significant proportion of the Net Cereal Balance is believed to be covered by the informal cross-border imports (conducted on a private and small-scale individual basis) and other food aid imports through other channels like religious based organisations and occasionally Government-to-Government bilateral arrangements.

<table>
<thead>
<tr>
<th>Table 1: Domestic Cereal Balance Sheet</th>
<th>Annual Average Estimates (2002/03-2004/05)</th>
<th>Quantity / MT</th>
<th>Percentage Total Requirement</th>
<th>Percentage Domestic Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cereal requirement</td>
<td>416,000</td>
<td>100.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic cereal production</td>
<td>80,000</td>
<td>19.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic cereal gap</td>
<td>-336,000</td>
<td>80.8%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Commercial cereal imports</td>
<td>262,000</td>
<td>63.0%</td>
<td>78.0%</td>
<td></td>
</tr>
<tr>
<td>WFP cereal food aid deliveries(^8)</td>
<td>29,067</td>
<td>7.0%</td>
<td>8.6%</td>
<td></td>
</tr>
<tr>
<td>Net cereal balance</td>
<td>-44,933</td>
<td>10.8%</td>
<td>13.4%</td>
<td></td>
</tr>
</tbody>
</table>

**Source**: FAO/WFP Crop and Food Supply Assessment Reports 2002-2005 and WFP Lesotho CO Data 2005

2.6 Domestic Food Markets and Infrastructure

The liberalisation of the food market in Lesotho since 1997 helped in lowering food prices. It also significantly contributed to increased commercial and informal food imports and boosting food availability in the country. However, accessibility to food by the vulnerable and poor in Lesotho is still largely determined by purchasing power. In an environment where access to food is determined through market forces, the role of establishing functional safety nets to address food needs of the vulnerable becomes paramount. Results from the DMA/WFP targeting exercise show that the

\(^6\) The figure given here could be much lower than annual production averages in good years as the period considered (2002/03 – 2004/05) was plagued with a series of droughts and erratic rains that significantly hampered production to below average levels

\(^7\) ibid

\(^8\) Does not include deliveries from other food aid sources like Church organisations & other NGOs (CSAFE) and Government bilateral arrangements (e.g. contributions from China and India in 2004)
The majority of poor and very poor households depend on own production/purchase (30.8%), Gifts (39.2%), casual employment (14.0%) and food aid (13.4%) as their primary sources of food.

Significant price variations for the country’s major staple food maize were observed during field visits between deficit regions on one side and urban and surplus regions on the other. In some cases, price variations reach up to almost 100% as the example in Figure 2 shows where maize grain cost about 1.5 Maloti in Butha Buthe in comparison to 3.0 Maloti in Quthing. Such price variations of both maize grain and flour (meal) to some extent reflect the state of market connectivity and infrastructure. Although the road infrastructure linking major towns and administrative centres is adequate, some far-flung areas in the mountains still lack adequate connectivity to agricultural markets. Apart from an access route to Mokhotlong and Mohale dam, there are few all-weather roads linking towns in mountain areas. Lack of adequate transportation capacity and the high fuel costs have also compounded the problem by raising transportation costs. All these factors together contribute to the significant price variations between surplus (and urban) areas on one side and deficit areas on the other. Urban areas benefit from lower consumer prices largely due to adequate market infrastructure.

2.7 Market Structure for Maize

Figure 1 shows the structure of maize marketing in Lesotho. The amount of local produce from maize farmers is very low as compared to grain imports from South Africa. In a discussion with the largest milling company in the country (Lesotho Flour Mills), it was revealed that up to 95% of maize grain used by the said miller is imported from South Africa. Although the food market in the country is liberalised, the grain-milling sector is largely dominated by a few big millers. The Lesotho Flour Mills that is co-owned by Seaboard International (51%) and the Government of Lesotho (49%), controls a 40% market share of maize meal. However, the number of local milling companies is growing and there is stiff competition from maize meal imports from South Africa by both consumers and flour retailers. On visiting retail-shops in the field, the mission observed well over seven brands of maize meal on the shelves in different areas visited.
2.8 Analysis of Price Trends for Maize

As indicated in Figure 2, there are price variations between urban areas with efficient market infrastructure and maize surplus areas on one side, and the rural areas in food deficit regions on the other side. Although food markets in the country appear to be working relatively well, the regional price variations are largely attributed to low transportation capacity, high transportation costs and inadequate road access to very remote areas in the highlands.
Figure 2 indicates that in all areas monitored, (except Leribe) Maize grain prices were significantly higher than processed maize meal (flour) prices. This rather abnormal phenomenon is believed to be the result of the fact that locally retailed grain is largely of domestic origin. As referred to earlier, domestic maize production is comparatively more expensive than in neighbouring South Africa hence rendering domestic grain more expensive. Most of the maize meal marketed in the country is either imported directly from South Africa or produced largely from imported South African grain that is much cheaper than local maize grain. The abnormal phenomenon also reflects a possible de-linkage of domestic maize grain market from that of maize meal. There seems to be two parallel markets for maize grain and maize meal in the country with minimal integration. This abnormality is presumably perpetuated by the oligopolistic tendency in the milling sector [currently dominated by two big companies; Lesotho Flour Mills (40%) and Lesotho Milling Company (30%)]. The two have a very significant influence on market setting of domestic wholesale prices for grain (a presumably unhealthy development)\(^9\).

---

\(^9\) The domestic wholesale price (set by millers for domestic procurement) for white maize grade I during October 2005 was Maloti 605/MT. The SAFEX October 2005 quotations for the same produce was Maloti 831/MT.
3.0 National Food Security and Food Aid

Lesotho’s natural endowments, location and economic situation delineate its national
food security situation. Its mountainous topography means less than 13% of the land
area is arable. This limits the country’s physical ability to increase the share of food
that can be produced domestically. The food security situation in Lesotho is further
compounded by recurrent droughts, erratic rainfall, soil erosion, weak agricultural
extension services, declining soil fertility, inadequate agricultural investments,
 extreme poverty characterized by unemployment and the HIV/AIDS pandemic.

Even in good production years, domestic production of the country’s staple food
( maize) covers just about 30% of domestic cereal requirements. The cost of
production of maize is estimated to be double that in South Africa where yields are
over 9MT/Ha i.e. over 4 times the average yields in Lesotho. Maize yields in Lesotho
have declined from 1,500kg/ha in the 1970s to a mere 450kg/ha in 2005. A
combination of these factors has rendered maize production in the country
uncompetitive.

Food marketing was deregulated in Lesotho in 1997, and has since led to increased
food imports thereby lowering consumer prices. Food imports into Lesotho are duty
free. The general outcome of the food market deregulation has been increased
physical availability of maize on Lesotho’s domestic market. Because of a well
functioning food import market, the Government of Lesotho prefers to hold financial
reserves as opposed to physical strategic reserves for emergency purposes.

However, due to the following factors (among others), food insecurity remains a
problem for many poor households in Lesotho;

- 60% of the population is classified as poor (living on less than a dollar a day);
- Lesotho has high prevalence of HIV/AIDS that has created special categories
  of people who must be assisted (orphans, the ill, etc.);
- The HIV/AIDS pandemic has contributed to the decline in agricultural
  production through its effect on labour supply in the sector and significantly
  reduced household food security of the infected and affected;
- Recent setbacks on the country’s labour market with rising unemployment
  due to job-cuts in the South African mines and domestic textile industry
  meaning decreased remittances and household incomes respectively; &
- Rising stock theft that has led to loss of assets and affected ploughing
3.1 Food Security Situation

The Annual Vulnerability Monitoring Report, prepared by the Lesotho Vulnerability Assessment Committee in May 2005, established that food insecurity remains a problem, with food deficits of between 20% and 45% since 2003. In 2005, the Southern Lowlands and Senqu River Valley areas were amongst the most affected areas. Over 80% of the population in the Southern Lowlands are believed to experience a mean income shortfall of 13-20%. In Senqu River Valley, a similar proportion of the population is believed to experience 14-17% mean income deficit. In comparison, the proportion of affected population in the Foothills is significantly lower at 10-30% with an estimated income deficit of about 4-5%.

Food availability in the country has been improved by the liberal import policies of the Government that imposes no restrictions on food imports and does not tax them. However, prices of maize meal in the rural areas are significantly higher than in urban areas. For example, during the review, 1kg of maize meal cost 2 Maloti in Maseru and about 4 Maloti in some food deficit areas in remote mountain regions. This complicates accessibility to food by the most vulnerable households that cannot afford it through market channels. The closure of garment industries has led to thousands of job losses, impacting negatively on food security situation of affected households. In addition, Lesotho has one of the highest HIV/AIDS prevalence in the world. According to UNAIDS, at least one in three adults is believed to be infected.\textsuperscript{10} This is having direct and indirect impacts on food security situation at the national and household levels.

The north-western Lowlands generally produce surplus maize, but farmers are failing to sell their crops due to low prices. The competition from South Africa has exposed the low productivity and high cost-production, and prices that are on offer therefore tend to be below the actual cost of production in Lesotho in these places.

3.2 Food Assistance Programmes

The Disaster Management Authority (DMA) is the government body in charge of coordinating assessments to determine whether food assistance is needed in the country and recommend necessary amounts. The Lesotho Vulnerability Assessment Committee (LVAC) was established in 2001/02 with a membership comprising

\textsuperscript{10} Turning a Crisis into an Opportunity: Strategies for scaling up the National Response to the HIV/AIDS Pandemic in Lesotho (2004).
government departments, UN agencies and NGOs. It is responsible for the technical assessments to determine the need for assistance.

In the past Lesotho has received food assistance from various sources, which according to Government records include WFP, USAID and NGOs. In-country management of food aid flows is through the government’s Disaster Management Agency, WFP and NGOs (most notably CSAFE). Church organisations also distribute some food aid. Total inflow of food aid into Lesotho has been generally low, averaging about 5% of food imports between 1996 and 2002.

3.3 WFP Activities in the Country

WFP’s current activities in Lesotho are under two categories; a four-year School Feeding Programme, and the two-year Protracted Relief and Recovery Operation (PRRO). The school feeding programme is implemented to support the country’s free primary education programme. It is planned to benefit 285,300 schoolchildren over a 4-year period at a total cost of about US$14.5 million to WFP. Its immediate objectives include:

- reducing drop-out rates between grades from 10–15 percent to 5 percent and achieve minimum attendance of 80 percent on all school days by primary day-schoolchildren, particularly in higher grades and among herd boys and orphans; and
- establishing basic infrastructure for sustainable implementation of the free primary education programme, particularly the school meal component

The PRRO is implemented in the wider regional framework as WFP’s assistance to populations in Southern Africa that are vulnerable to food insecurity and the impact of HIV/AIDS. Its overall goal is to contribute to “improved food security, livelihoods and productive capacity among the vulnerable poor, including HIV/AIDS infected and affected people in five southern African countries”. The objectives of the operation are defined under four thematic areas: food security, HIV/AIDS, health and nutrition, and education. They include:

- increased household food access and ability to manage shocks;
- reduced impact of HIV/AIDS on food security among vulnerable populations in high-priority districts for HIV/AIDS;
- nutrition needs of vulnerable groups met; and
- sustainable increase in school enrolment, attendance and ability to learn and concentrate, while reducing gender disparity.
PART III: MAIN FINDINGS

4.0 Stakeholder Perspectives
This section represents a summary of opinions that were expressed by individuals/ institutions consulted during the meetings/interviews. They include people in Government departments, local authorities, parastatals, the private sector, food agencies as well as farmers, traders and processors. A variety of views about food aid (both positive and negative) is represented, ranging from perceptions or hearsays to facts based on logical deductions, observations and experience. Central to these perceptions are issues relating to inclusion errors in food distribution. The purpose here is to document them as a starting point for analysis in the next chapter where they will be examined in detail in the light of available evidence. The perspectives are grouped and discussed under three categories: food aid, food production and food markets. They overlap and should not be viewed in isolation.

4.1 Stakeholder Perceptions & Emerging Issues on Food Aid
There was overwhelming opinion from the interviews and discussions that food aid is necessary in Lesotho to meet food needs of the households that face food insecurity. Identified households include those affected by drought, reduced incomes due to loss of jobs in mines and textile industry, HIV/AIDS, and poverty. These conditions are widely recognised to cause food insecurity.

In the discussion with district authorities in Leribe, the view was that ‘food aid is necessary, but needs better targeting’. It was argued that ‘the problem is not with food aid, but with how it is targeted’, and political influence in targeting of food aid was cited as one of the sources of the problem. In their words, they suggested to ‘take the politicians out’ and channel food through ‘community councils’. It was recognized that orphans, the elderly and disabled should receive food, but those who can afford to buy it should not be targeted.

District authorities, farmers and cooperative representatives reaffirmed the key factors necessitating food aid, including the impacts of drought, low level of domestic production, unemployment and HIV/AIDS. There were some views that there was lack of a common tracking system of food aid flows in the country. In reference to 2004, Government officials, district authorities and farmers/cooperative representatives expressed a belief that more food aid was distributed in the country
than required. Food aid inflows in 2004-05 amounted to about 70,000MT and this was significantly higher than the CFSAM's estimate of requirements of 44,000MT.

Another set of views was about the lack of uniformity in targeting criteria used by agencies involved in food distribution. This was in some cases linked to arguments that food aid programming by some institutions was subject to political influences and opinions that food aid was causing dependency among beneficiaries.

Resentments were also expressed about food-for-work programmes, especially from district authorities. The main argument was that food-for-work programmes disrupt the culture of community self-help. As a number of officials put it, 'people want to do community work for payment' and 'when food stops, the work stops'! This was likened to Government’s social funds. Other officials pointed to the contribution of food-for-work programmes in creating rural accessibility through feeder road projects.

There were mixed views on the use of cash as an alternative to in-kind food aid. DFID officials raised this as an issue that should receive attention. Some government officials expressed the view that this would be helpful for alleviating other constraints, such as payment of school fees, likening it to some of the uses of pension funds for the elderly. This also received some support from some beneficiaries and the majority of interviewed food traders. There were also strong opinions against substituting in-kind food with cash for the neediest households; like the District Agriculture Officer who tersely stated: “for me, food is ‘food’ and not ‘cash’”.

District authorities in Berea observed that production was insufficient to feed the population, but also noted that many fields were lying fallow, and productivity on cultivated fields was low. The factors identified included; continued dominance of traditional system of production, low adoption rates of new farming techniques, use of poor quality seeds and non-use of fertilisers. The authorities also pointed out that in a recent consultation with farmers, the farmers identified land ownership, high land rentals and high cost of inputs as their key constraints.

Negative impact of food aid on production was raised by many of those consulted or interviewed, pointing mainly to the lack of commitment to production by able-bodied beneficiaries. In the vexed words of one District Administrator, “drought doesn’t warrant food aid and does not explain good field sitting next to poor field”.

28
At the same time, poor prices for farm produce were blamed, where a 70kg bag of maize is allegedly selling at 40-45 Maloti while production cost is 80 Maloti. Politicisation of food aid was also mentioned. Another issue cited in relation to prices was a comparison of the price offered by Lesotho Highland Water to resettled farmers. The Authority had entered an agreement with farmers displaced by the project to buy maize from these farmers. Although the open market price in 2004 was 60-70 Maloti per 70kg of maize, the Authority offered just 44 Maloti per 70kg.

4.2 Stakeholder Perceptions & Emerging Issues on Food Production

In Mafeteng District, the authorities pointed out that the district was facing food shortages due to drought. In the lowlands, it was estimated that about 70% of the land was not planted. These factors imply a need for food assistance, but the authorities were weary that food aid would make farmers neglect their responsibilities. One district official described an incident where farmers ran away to an arriving food truck when extension agents were addressing them. Most of those interviewed expressed their belief that WFP does not buy food within Lesotho. One official argued that ‘WFP should help those who can produce to help those who can not’ by buying food from those surplus producers. There were also commendations from districts on the role of food aid and the activities of WFP. District authorities in Mafeteng thought WFP programmes in the district were good: ‘We need food, more than food aid, we also need guidance’. Other issues raised that are relevant, but not directly pertinent to food aid are: High production costs for maize (staple food)

- High producer prices rendering domestic production uncompetitive
- Low productivity in agriculture
- Poor land management
- Inappropriate farming practices
- Small and fragmented land holdings
- Land tenure system hampers efforts to increase land productivity
- Inadequate on-farm storage capacities; and
- Inadequate capacity for effective agricultural extension

4.3 Stakeholder Perceptions and Emerging Issues on Food Markets

There was widespread perception that food aid was causing a displacement on food markets. According to one of the directors at the Ministry of Agriculture and Food Security (MoAFS), there are areas of the country that produce surpluses that require marketing and questioned if it is not possible for WFP to purchase food locally. One
official lamented that WFP and other donors are not procuring enough food aid locally to support domestic food markets.

One of the officials from MoAFS asserted that claims that food aid was causing disruption of markets are not realistic because people are too poor to purchase food. Lesotho Flour Mills, from whom WFP has purchased substantial quantities of food did not believe that food aid had any impact on the business, since the quantity of food aid was not very significant in comparison to the entire domestic maize and cereal market¹¹.

The DA in Mohale’s Hoek pointed out that there are 1340 traders in the district; 1040 of them were selling food and therefore affected. However, he conceded that the quantities sold tend to be small, concluding that the impact on markets was not a serious problem in the district. A trader in the district who sells clothing, food and other consumer goods did not have any problems with the food aid, and noted that it had favourable effect on his business. He argued that the provision of food aid enabled households to spend money they would have spent on food to buy other essential items.

Most of the views on markets focused on the liberalisation of food markets. The opening up of food market in Lesotho was regarded favourably with respect to the lowering of domestic consumer food prices. However, farmers and district officials in the productive districts resented it, because of the stiff competition from imports that has rendered surplus producers unable to recover their production costs. It was pointed out that many farmers are unwilling to sell grain to Lesotho Flour Mills because prices they offer are very low.

Farm inputs were seen to be very costly and to contribute to the high production costs and uncompetitiveness of production in Lesotho. In Leribe, commercial farmers who used to sell to villages and millers have been affected. The main factor for this is the depression of prices by cheaper imports from South Africa. At the same time, some input suppliers are closing down their stores in a number of places, further compounding the situation.

¹¹ A very large share of domestic cereal gap (78%) is covered through commercial cereal imports and food aid covers about 14% of this gap
5.0 Analysis of Impact of Food Aid

To determine the impact of food aid on Lesotho’s food production and food markets, the mission analysed stakeholder perceptions and other emerging issues (given in chapter 4) on the subject against the background of field factual findings and mission observations. Although factors like unfavourable weather continue to hamper national efforts to boost local production, domestic food markets and food imports into the country appear to be working well. This fact makes the problem of food insecurity in Lesotho of being more of inaccessibility to food rather than food unavailability. Government’s introduction of cash-based safety net for pensioners above 70 years of age and child-headed households is a step in the right direction to addressing food inaccessibility for the vulnerable.

The fact that inaccessibility to food is the predominant factor for food insecurity in Lesotho, food assistance agencies in the country ought to review their approaches in utilising in-kind food aid to address food insecurity in the country. Since the beginning of 2005, WFP is already taking steps in this direction in refining its targeting mechanisms. WFP should share its experiences with other food assistance entities in the country to minimise or avoid possible negative repercussions of their interventions.

Outcomes of the discussions with stakeholders on food security matters in the country and field interviews conducted with farmers, food traders, agricultural input suppliers and food aid beneficiaries, confirmed the consensus on the need for food aid in Lesotho. Justifications hereto included; a growing domestic cereal gap, recurrent droughts with erratic rains, the impact of HIV/AIDS and the reduced employment opportunities. These factors among others continue to necessitate provision of food assistance to the most vulnerable to address food insecurity in the country.

During the consultation process some stakeholders proposed that since food availability in Lesotho is relatively good, alternative forms to in-kind food aid such as cash or voucher system should be studied for consideration. A considerable number of stakeholders within Government and the UN system expressed their reservations about the feasibility of the idea especially when trying to specifically address household food consumption and not the general household income problems. They indicated the high possibility of cash diversion (among other problems) and called for caution and further research on the feasibility of the idea before implementing it.
5.1 Impact on Local Food Production

Although the overwhelming evidence points to structural and weather related factors as the primary causes for the declining maize production in Lesotho, approaches of some food assistance institutions, especially during 2004, could have resulted into negative effects on domestic food production. Table 1 shows that although WFP is not the single food aid entity operating in the country, its cereal food aid alone averaged a significant 8.6% of the total domestic cereal gap and 7% of the total cereal requirements between 2002/03 and 2004/05 agricultural seasons. By aggregating all cereal food aid deliveries into the country, this amounts to a too significant a figure, which if not well targeted it could significantly influence domestic food flows and negatively impact on food production.

Figure 3 shows the trend of WFP food aid deliveries into the country as compared to assessed food aid requirements in the country between 2002 and 2005. The food needs were assessed jointly by WFP, FAO and partner Government institutions.

Figure 3: WFP Food Aid Deliveries vs Assessed Food Aid Requirements in Lesotho, 2001 - 2005

According to Figure 3, WFP’s food aid deliveries into the country in 2004 were sufficient to cover Lesotho’s assessed food aid needs. However, during the same year more food aid was delivered into the country, including 20,000MT of cereals from China and 10,000MT from India to the Government. Faith-based organisations also delivered food into the country in that same year. Therefore, it was not a coincidence that 2004 saw the intensification of the debate about possibilities of food
aid in Lesotho negatively affecting food production and domestic food markets. It is estimated that during 2004 over 35,000MT of more food aid was delivered into Lesotho than required. It is on this basis that the mission concluded that during 2004, the sheer quantity of food aid deliveries and the mode of targeting used then (general food distribution) might have led to disincentives among domestic food producers through the after-effects of a distorted food market resulting from excessive food aid supplies.

The case for 2004 clearly demonstrates the need to boost the national coordination mechanism on food aid flows into the country. This is an urgent necessity to avoid similar possibilities in the future of actual food aid deliveries exceeding assessed food aid requirements to the detriment of domestic food markets and food production. To be able to boost food production in the country, policy makers need to look beyond the possible negative effects of food aid and concentrate on addressing structural problems that still affect domestic food production even much more than food aid. These include:

- Improving the land tenure system to motivate farmers to invest more in it for improved productivity;
- Increased investments in irrigation systems and other water management systems to counter effects of drought and erratic rains on national food production;
- Introducing drought tolerant crops to reverse drought effects on household food production especially in the drier parts of the country; and
- devising measures/policies that would boost domestic agricultural productivity and thereby raise competitiveness of domestic produce against cheaper food imports from South Africa and elsewhere

Lesotho’s poverty reduction strategy lacks a clear articulation of the role of food aid in supporting national development priorities. This contributes to misconceptions against food aid as a resource that lead to failures by policy makers to tap into potential development benefits of food aid interventions.

5.2 Impact on Local Food Markets
In a free market like that of Lesotho, the impact of food aid on domestic food production is channelled initially through food aid effects on domestic food markets. If negative food aid effects can be stemmed at the market level, its ultimate impact on
production will also be greatly reduced. The possible negative macro effects of food aid on domestic food markets resulted largely from excess deliveries into the country above the assessed food aid needs limit. On the micro level, food aid can influence localised food markets due to either exogenous (political) influences and lack of harmonisation of targeting criteria among food distribution agencies that distort targeting of food aid and lead to inclusion/exclusion errors. Inclusion errors produce a market displacement effect as people that are capable of buying food are provided with free food aid.

The widespread perception that food aid affected food markets and created a dependency among beneficiaries appears to be founded on the 2004 phenomenon where food aid flows exceeded the requirements. However, ending of the general food distribution by the WFP towards the end of 2004 and WFP’s efforts in 2005 to re-target its activities and fine-tune its targeting mechanisms appears to be addressing any problems that might have resulted from the 2004 phenomenon.

![Figure 4: WFP Total Cereal Food Aid Deliveries and Local Purchases in Lesotho, 2002 - 2005*](image)

As Figure 4 demonstrates, it is worth noting that a significant proportion of WFP’s food aid is sourced locally. The perception that WFP does not procure food locally in spite of significant local food procurement, points to the poor knowledge about WFP’s activities in the country. WFP local purchases increased significantly from 25% of its total food aid deliveries into Lesotho in 2002 to 71.3% in 2003 and 79.6% in 2004. By the time of the review in October 2005, WFP had procured 51.7% of its food aid...
deliveries locally. Although WFP’s suppliers externally source most of the grain used to produce the maize flour that WFP procures, WFP’s local food procurement still significantly contributes to provision of business to domestic suppliers that in turn pays taxes into the treasury, and create jobs for domestic employment.

Although Lesotho’s food market is fully liberalised, the domestic cereal market, especially the milling sector, still experiences oligopolistic tendencies. The oligopoly does not allow for healthy competition that would benefit domestic grain producers. On the flour consumers’ side, the dominant millers face stiff competition from low priced importations from South Africa. For the domestic grain producers the tendency is different. Maize grain wholesale prices tend to be fixed by the two big millers and quite often at levels well below the SAFEX price\textsuperscript{12}. This creates a double jeopardy for the domestic producers of grain whose production costs are much higher than the South African and at the same time have to sell their produce at prices much lower than in South Africa! This case ought to be looked into by policy makers in the country if domestic farmers are to be supported.

Low productivity and high production costs for domestic maize producers have rendered locally produced maize uncompetitive thereby hindering local food purchases that directly benefit domestic farmers. Policy makers ought to look at alternatives approaches that would integrate domestic farmers well into the maize market without compromising the current free trade in food in the country.

\textsuperscript{12} The domestic wholesale price fixed by the largest milling company in the country (partly co-owned by the Government of Lesotho) for white maize grade 1 during October 2005 was Maloti 605 per MT. The SAFEX October 2005 quotation for the same produce was Maloti 831. Reasons for this form of price setting were not clear to the review mission. It is an issue that could be researched by policy makers to find possible merits.
6.0 Concluding Remarks and Recommendations

Basing on data on food aid flows in Lesotho during 2004, it is evident that more food aid (predominantly cereal and estimated to be over 74,000MT) was delivered into the country than what was actually required (about 43,000MT). Food aid deliveries then constituted about 22% of the 4-year average domestic cereal gap of about 336,000MT. This proportion is sizeable enough to influence the domestic cereal market if food aid is not appropriately targeted.

However, it should be acknowledged that the declining trend in maize production in the country is much older than food aid's probable negative impact on production. The two major factors that largely affect food production in Lesotho include the unfavourable weather conditions that directly affect physical production and the declining productivity in the country's agricultural sector. Any possible negative implications of food aid on food production are short term in nature and can be addressed likewise. The deep-seated problems to e.g. raise farmers' productivity and boost their competitiveness against cheaper imports, would require over-arching long-term policy measures to boost domestic food production and improve national food security.

For clarity, recommendations are separated into operational aspects of food assistance activities to address short-term problems and the policy aspects of food security planning to address the medium to long-term structural problems.

6.1 Operational Recommendations

- Food aid institutions and agencies need to improve their targeting mechanisms to ensure that only the neediest, who lack access to food, are targeted. This will stem market displacement and distortion and other potential disincentives to food production will be avoided or minimised. As WFP has already taken a lead on this aspect, it should endeavour to share her experience with other food aid institutions and implementing partners in the country;

- In planning and implementing food assistance programmes stakeholders need to strengthen community self-help initiatives and support capacity building, income generating and other food based development projects that are prioritised by the communities. The MOAFS, WFP, FAO and District authorities should make further efforts in strengthening similar initiatives currently being piloted;
There is a need to conduct research on alternative approaches to utilising in-kind food aid to address food insecurity in certain circumstances. Under conditions where food availability is not the major determinant of food insecurity, other options like utilisation of cash/vouchers to boost household purchasing power should be explored to complement in-kind food aid interventions supporting households’ food security;

To improve its publicity in relation to the impact that it is already making on the domestic food processing industry, WFP needs to explore possibilities of a domestically-based tendering process that would also accommodate for more local potential suppliers.

**6.2 Policy Recommendations**

- Government needs to take necessary measures (in relation to land reform, agricultural research and extension, farm support, etc…) to enable domestic farmers raise their productivity and improve their competitiveness in the longer-term vis-à-vis the cheaper imports from South Africa and afar.

- There is an apparent need to strengthen an effective coordination and monitoring system for food aid flows into the country. This should be done to avoid repetition of the 2004 phenomenon. Lesotho’s Development Partners should strongly support capacity building for the Disaster Management Authority for it to take a more effective lead of food assistance matters;

- All stakeholders in the country on food security matters need to improve their collaboration and make effort to harmonise their targeting mechanisms among other issues.

- Food aid interventions in the country need to be mainstreamed in the country’s poverty reduction strategy with clear indications on how they are to contribute towards achievement of national prioritised goals;

- To be able to link domestic food producers effectively to domestic cereal markets, Government needs to establish a policy framework that would enable surplus maize producers in the country benefit from WFP’s and other food aid agencies’ local food procurement. Currently the benefits largely flow to the millers, factory workers and the national treasury as the grain used to produce the maize meal is predominantly imported.
REFERENCES

Abdulai A.; Review of Recent Studies on Food Aid (prepared for WFP), Rome 2005

Abdulai A., Barret C. & Hoddinott J.; Does food aid really have disincentive effects? New evidence from sub-Saharan Africa, New York, Washington, Kiel, June 2004

Bureau of Statistics; Lesotho Agricultural production Survey, Crops 2001-2004

Economist Intelligence Unit; Lesotho Country Profile 2005, London, 2005


FAO/WFP; Lesotho Crop and Food Supply Assessment Mission Reports, Rome 2002-2005


Lesotho Vulnerability Assessment Committee: Annual Vulnerability Monitoring Report. Maseru May 2005

Lesotho Flour Mills: Maize Meal Wholesale & Retail Price Lists (weekly) October 2005


WFP; Protracted Relief and Recovery Operation – Southern Africa Region 10310.0 Assistance to Populations in Southern Africa Vulnerable to Food Insecurity and the Impact of AIDS, Rome September 2004

WFP; Development Project Lesotho 10266.0, Support to Free Primary Education, Rome April 2003

WFP Lesotho Country Office; Facts and Figures, Operational Highlights July-Sept 2005

World Bank; World Development Indicators database, Washington August 2005
# ANNEX I

## LIST OF INTERVIEWEES AND STAKEHOLDERS CONSULTED

<table>
<thead>
<tr>
<th>Name</th>
<th>Institution/Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Techeste Zergaber</td>
<td>WFP Lesotho, Country Director and Representative</td>
</tr>
<tr>
<td>Mr. Mads Lofvall</td>
<td>WFP Lesotho Deputy Country Director</td>
</tr>
<tr>
<td>Mr. Simon Clements</td>
<td>WFP Lesotho, Programme Office</td>
</tr>
<tr>
<td>Mr. Mohale G. Sekoto</td>
<td>Deputy Principal Secretary MOAFS</td>
</tr>
<tr>
<td>Mr. Ron Mills</td>
<td>Managing Director, Lesotho Flour Mills ltd.</td>
</tr>
<tr>
<td>Mr. Mahao Morienyane</td>
<td>Executive Sales &amp; Marketing Manager, Lesotho Flour Mills ltd</td>
</tr>
<tr>
<td>Mr. Abdul Naeem Allarakha</td>
<td>Director, Humera Investments (Pty) ltd</td>
</tr>
<tr>
<td>Ms. Mpho Tuoane</td>
<td>Marketing Officer, Lesotho Flour Mills ltd</td>
</tr>
<tr>
<td>Ms. Diana Webster</td>
<td>Deputy Programme Manager &amp; Head of Field Office, DFID</td>
</tr>
<tr>
<td>Mr. Tlelima Phakisi</td>
<td>Programme Officer, DFID</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>Disaster Management Authority</td>
</tr>
<tr>
<td>Chief Economic Planner</td>
<td>Disaster Management Authority</td>
</tr>
<tr>
<td>Senior Economic Planner</td>
<td>Disaster Management Authority</td>
</tr>
<tr>
<td>Ms. Elsie Molatoli</td>
<td>Agriculture &amp; Environment Statistics Division, Bureau of Statistics</td>
</tr>
<tr>
<td>Ms. Khaliliso Mokati</td>
<td>Economics Statistics Division, Bureau of Statistics</td>
</tr>
<tr>
<td>2 Directors</td>
<td>Ministry of Trade, Industry, cooperatives and Marketing</td>
</tr>
<tr>
<td>2 Commissioners</td>
<td>Ministry of Trade, Industry, cooperatives and Marketing</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>Department of Development Planning MOFDP</td>
</tr>
<tr>
<td>Chief Economic Planner</td>
<td>Department of Development Planning MOFDP</td>
</tr>
<tr>
<td>Senior Economic Planner</td>
<td>Department of Development Planning MOFDP</td>
</tr>
<tr>
<td>Assistant Economic Planner</td>
<td>Department of Development Planning MOFDP</td>
</tr>
<tr>
<td>Principal Secretary</td>
<td>Ministry of Agriculture and Food Security</td>
</tr>
<tr>
<td>Director</td>
<td>Ministry of Agriculture and Food Security</td>
</tr>
<tr>
<td>2 Commissioners</td>
<td>Ministry of Agriculture and Food Security</td>
</tr>
<tr>
<td>Mr. Peter Muhangi</td>
<td>Advisor, Lesotho Vulnerability Assessment Committee</td>
</tr>
<tr>
<td>Ms. Mapelesa</td>
<td>Chairlady, Lesotho Vulnerability Assessment Committee</td>
</tr>
<tr>
<td>District Administrator</td>
<td>Leribe District</td>
</tr>
<tr>
<td>District Agricultural Officer</td>
<td>Leribe District</td>
</tr>
<tr>
<td>District Administrator</td>
<td>Berea District</td>
</tr>
<tr>
<td>District Agricultural Officer</td>
<td>Berea District</td>
</tr>
<tr>
<td>Cooperatives Field Coordinator</td>
<td>Berea District</td>
</tr>
<tr>
<td>5 Farmers</td>
<td>Berea District</td>
</tr>
<tr>
<td>District Administrator</td>
<td>Mohale’s Hoek District</td>
</tr>
<tr>
<td>District Agricultural Officer</td>
<td>Mohale’s Hoek District</td>
</tr>
<tr>
<td>District Trade Officer</td>
<td>Mohale’s Hoek District</td>
</tr>
<tr>
<td>Village Chief</td>
<td>Beneficiary Community Mohale’s Hoek District</td>
</tr>
<tr>
<td>9 Beneficiaries</td>
<td>Beneficiary Community Mohale’s Hoek District</td>
</tr>
<tr>
<td>Name</td>
<td>Institution/Location</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------------------------------------------</td>
</tr>
<tr>
<td>Manager</td>
<td>Village Supermarket, Quthing District</td>
</tr>
<tr>
<td>Deputy District Administrator</td>
<td>Mafeteng District</td>
</tr>
<tr>
<td>Acting District Agric Officer</td>
<td>Mafeteng District</td>
</tr>
<tr>
<td>Cooperatives Officer</td>
<td>Mafeteng District</td>
</tr>
<tr>
<td>Marketing Officer</td>
<td>Mafeteng District</td>
</tr>
<tr>
<td>Trade Officer</td>
<td>Mafeteng District</td>
</tr>
<tr>
<td>Irrigation Officer</td>
<td>Mafeteng District</td>
</tr>
<tr>
<td>Animal Production Officer</td>
<td>Mafeteng District</td>
</tr>
<tr>
<td>Crop Production Officer</td>
<td>Mafeteng District</td>
</tr>
<tr>
<td>Field Staff</td>
<td>WFP Sub-Office Mohale’s Hoek</td>
</tr>
<tr>
<td>Field Staff</td>
<td>WFP Sub-Office Maseu</td>
</tr>
<tr>
<td>Field Staff</td>
<td>WFP Sub-Office Qacha’s Neck</td>
</tr>
</tbody>
</table>
ANNEX II

Establishing Food Market Intelligence Systems for Food Situation Analyses in Country Offices

In the context of food aid interventions, the purpose of assessing food markets is to determine the current significance and magnitude of influence that food-marketing systems have on the prevailing food security situation. To assess food markets, Country Offices need to have information on the key aspects of domestic food markets for which a market intelligence system is required. The key aspects include; supply, demand, prices and the market system/functioning.

The suitable approach to gather such data should therefore involve use of food market surveys and monitoring systems (which WFP uses to generate qualitative and quantitative primary data) and the use of secondary data from sources like market research reports, regulatory and technical agencies (Ministry of Agriculture, FAO, World Bank, etc…), industry periodicals, statistical departments, commodity trader organisations and companies.

The following table entails a wide range of aspects for data collection that one would require in a comprehensive market analysis. However, given the varying levels of human and financial resources in WFP’s field operations, Country Offices may opt for prioritisation and limit their data collection to those aspects that relate most to their urgent needs. The table also provides guidance to Country Offices that intend to improve or establish comprehensive on-going market intelligence systems.

<table>
<thead>
<tr>
<th>Food Production and Supply</th>
<th>Demand</th>
<th>Market Prices</th>
<th>Market Systems and Linkage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic food production</td>
<td>National consumption estimates</td>
<td>Price setting mechanisms (free market or controlled)</td>
<td>market structure (small scale individual traders, farmers’ associations / cooperatives or big companies)</td>
</tr>
<tr>
<td>Areas of production</td>
<td>Per capita consumption (by crop)</td>
<td>Farm-gate prices (nominal)</td>
<td>market concentration (monopoly/monopsony, oligopoly, or free)</td>
</tr>
<tr>
<td>Production cycles / Annual seasons</td>
<td>Local tastes/food preferences</td>
<td>Wholesale prices (nominal)</td>
<td>Retails banking interest rates</td>
</tr>
<tr>
<td>Crop yields/hectare</td>
<td>Annual deficit/surplus levels (by crop)</td>
<td>Retail prices (nominal)</td>
<td>Food processing industries</td>
</tr>
<tr>
<td>Production structure (large, medium, small scale farmers)</td>
<td>Annual commercial food imports and exports</td>
<td>Import parity prices (for internationally tradables)</td>
<td>Market connectivity and accessibility (integration)</td>
</tr>
<tr>
<td>Average post harvest losses</td>
<td></td>
<td>Price variations among markets</td>
<td>Transportation costs (by commodity/MT)</td>
</tr>
<tr>
<td>Average on-farm consumption</td>
<td></td>
<td>Monthly consumer price indices</td>
<td>Average storage capacities with traders</td>
</tr>
<tr>
<td>Level of national stock reserves (if available)</td>
<td></td>
<td></td>
<td>Limiting regulations (trade barriers)</td>
</tr>
<tr>
<td>Average on-farm storage capacities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farm input prices (seeds, fertilisers, implements, labour)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The food situation analysis should aim to understand the extent that local markets can meet the demand for food now and in the foreseeable future. What are the constraints, if any, that inhibit market functioning? What contingencies could enhance or inhibit the capacity of markets to meet the demand? If markets are functioning properly, they will respond to effective demand - i.e. the purchasing power to buy food - and increase supply as prices rise. However, as prices rise, this may reduce access to food for vulnerable households. In practice, markets may not function properly if there are trade barriers, significant damage to infrastructure or high insecurity, or if domestic markets are not well integrated and competitive. Any deficiencies in market systems/functioning would contribute to increased food gap between what is needed and what the market is able to supply.
ANNEX III

Terms of Reference for the Analytical Review of Food Aid and Food Markets in Swaziland and Lesotho

1. Introduction

WFP Country Offices in Lesotho and Swaziland have requested analytical review of the food market and national food security strategy of the two countries. This is intended to assess the impact of WFP food assistance on food markets and to provide guidance to programming to maximise the benefits from food assistance and minimize potential negative impacts to traders and producers.

2. Background/Context

The use of food aid in non-emergency operations has often generated debates that have questioned its appropriateness on grounds of its potential negative impact on domestic food production and food markets. The broad thrust of the argument is that large amounts of food brought into a country raises aggregate food supply on domestic markets, depresses domestic prices and thereby creates disincentive to trade in and to produce food. It is believed that the distortions in prices make it unprofitable for traders to move food from surplus to deficit areas, hold food stocks and to take risks that would ensure supply in locations and periods of potential scarcity. It is also argued that this can lead to long-term displacement of domestic food production and changes in consumer tastes.

The above arguments are based on a number of underlying assumptions (some below) that would expect to vary from country to country and are crucial to the review.

- Total amount of flow of food aid into the country is significantly large enough to raise aggregate supply and thereby depress local prices.
- The country has combined production and imports capacities high enough to meet domestic requirement; import of food aid beyond a certain threshold will disrupt the supply-demand balance.
- Markets for food are well developed and function well, and therefore capable of moving food from surplus to deficit regions and address food access concerns.
- Household recipients of food assistance ordinarily purchase a large proportion of their food requirement; food aid would therefore result in reduction in market demand and thereby affect prices.

On the other hand, food aid is regarded useful for meeting the needs of households that would not normally afford food through the markets. It is argued, the presence of food aid can

---

13 The initial requests were made to the Economic Analysis and Development Policy Unit (PDPE) in 2004. This now involves the Strengthening Emergency Needs Assessment Capacity (SENAC) unit in ODAN that is carrying out related work.
help to stabilize or moderate prices and thereby ensure access to poor households. A review of recent studies (34) on disincentives, distortions, displacement and dependency effects of food aid prepared by Awudu Abdulai (2005) for WFP failed to find strong empirical evidence in support of the hypothesis that food aid significantly displaces domestically produced food on recipient country markets. Particularly in sub-Saharan Africa where balance of payments and working capital constraints are binding at macro and household levels, it is plausible that food aid’s contemporaneous displacement of food purchases might foster productive investments that generate significant dynamic gains from food aid.

3. Purpose/ objective of the review
The purpose of the review is to assess the impact of WFP’s food aid on domestic food markets and national food security in general. The findings of the reviews are expected to:

- Provide a useful background for formulating strategy for WFP’s food aid interventions in Swaziland and Lesotho.
- Clarify concerns/ perceptions of negative impact of WFP’s food assistance on production and markets in the two countries.
  - Identify measures/ approaches to food assistance that minimise any potential negative impact of food aid and/or promote effectiveness of local food markets - including identifying the potential for WFP local purchases.
  - Enable Country Offices to establish/ strengthen their systems of market intelligence and food situation analyses, to guide management decisions on appropriate food aid interventions.

4. Intended users of findings
Primary users will be WFP COs in Swaziland and Lesotho and their partners (NGOs and Governments); ODJ; PDPE and ODAN. The findings also expected to provide useful information/lessons for other units in WFP, COs and partners.

5. Key issues for consideration in the analysis
For the analytical review to provide meaningful results, there will be a need to combine issues pertinent to food ‘availability’ at the macro level with those relating to food ‘access’ at the micro (household) level. The following are some of the issues suggested for the analytical review:

- National food security policies and strategies, including policies on food aid for emergency and development programmes
- National food balance sheet and its constituent components (production, stocks, consumption, and net exports or imports)
- Trade and agricultural policies, the links with and impact on national food security
- Food market systems, structures pricing systems and price trends (consumer, wholesale and farm-gate prices) and their effect on household consumption
- Market infrastructure and storage facilities, including capacity and utilisation
- Food quality standards and implications for marketing
- Main food crops, levels, regional and seasonal of production and implications for local purchases for food aid
- Forward and backward linkages and the role of private sector in input supply, transport, storage, cleaning, drying and processing facilities and capacity utilization; and market social capital (market information, trade networks between surplus and deficit areas, intra-regional trade)
- Nature and magnitudes of programmes implemented by WFP in the country
- Poverty levels – household incomes, consumption, etc.
- Historical profile of food aid

6. Methodology/ Approach
The review will broadly include (but not limited to) the following:
- Desk review of available literature on country situations with particular focus of food aid assistance
- Interviews/meetings (semi-structured interviews) with key informants and stakeholders (including WFP; Government; farmers/producers; traders; food processors; consumer households; and recipients of food assistance)
- Visits to key food markets (in surplus & deficit areas) – to assess market conditions, gather prices and interview traders (wholesalers, retailers) and consumers
- Analysis and synthesis of findings from the reviews, interviews and visits

7. Expected outputs
The following will be the expected outputs form the review:
- Reports of the main findings with clear recommendations. There will be one report for each country. Draft reports will be circulated to the Country Offices, Regional Bureau (ODJ), PDPE and ODAN (SENAC) for review/comments before being finalised.
- Presentation of preliminary findings to WFP and stakeholders in each country after the completion of the fieldwork.
- The final report will be serialised in PDP’s Issue Papers as part of the “Pass-It-On” knowledgebase.
- Information/findings from the review will also be used as input to the SENAC project theme on ‘impact of food aid on markets’ and for updating the Emergency Food Security Assessment Handbook.

8. Team composition for the review
The analytical review will be jointly undertaken by the PDPE, ODAN (SENAC) and Country Offices with technical support from the Food Security Economist (PDPE) and the Regional Food Market Specialist (ODJ/ODAN).

- The approach to the fieldwork can either be phased (one country followed by another) or simultaneous (two teams). The former has the advantage of the same team working together and thereby uniformity of approach. On the other hand, the latter will expect the process to proceed faster.

9. Time-line for the reviews

The proposed timeframe suggested for the analytical review is as follows:

- Preparation: 1 week of preparation/ literature review & development of tools
- Country/ field visits (data collection and preliminary report):
  - Swaziland: 1½ -2 weeks
  - Lesotho: 1½ -2 weeks
- Analysis & report writing: 2 weeks
- Comments from CO, ODJ, PDPE & ODAN/SENAC: 2 weeks
- Final report: 1 week