

Lesotho

Country Overview

1. Country Context

Lesotho is a small landlocked country in Southern Africa, surrounded by the Republic of South Africa, with a population of 2.2 million people. Most of this population live in rural areas as only about 28% of the current population resides in urban areas. Lesotho is a lower-middle-income country, with a Gross Domestic Product (GDP) of \$1.844 billion (2020), and experiences volatile growth rates, as its growth is highly influenced by South Africa.

The country's 30,355 km² land area has a topography characterized by a rugged terrain with elevations ranging from 1,388 m to 3,482 m. Only 10% of the land area is considered arable. The geography and location of Lesotho exposes it to climatological patterns from both the Indian and Atlantic Oceans, resulting in significant variability in temperatures. Lesotho is highly vulnerable to climate change impacts – recurrent droughts, floods, extreme temperatures, frost, strong winds and heavy snowfall.

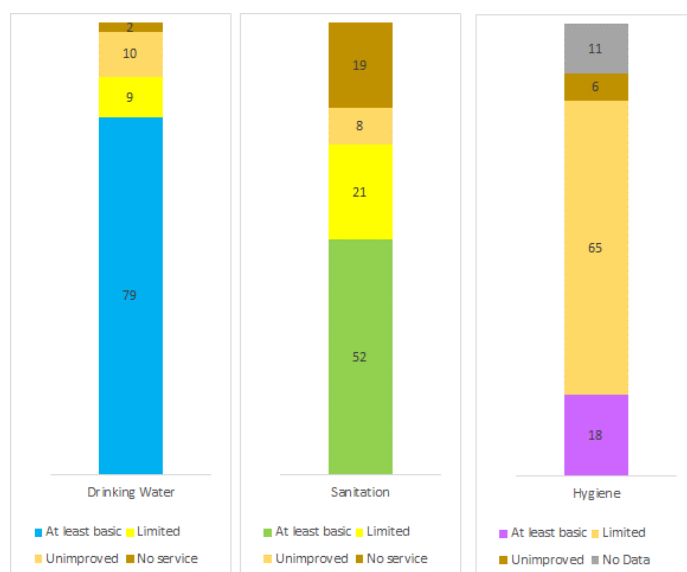
Lesotho is renowned for its relatively abundant water resources and constitutes one of Southern Africa's principal water catchment areas, capturing approximately 50% of the total catchment run-off. Lesotho's high altitude and geographic proximity to major demand centers in southern Africa, makes water one of the country's most valuable renewable and sustainable natural assets. This water resource plays a critical role in supporting and advancing socio-economic development and supporting the country's ecosystem integrity. The Lesotho Highlands Water Project provides water to the Gauteng Province, South Africa and Lesotho's ability to export water remains a significant contributor to its GDP; estimated to contribute approximately 10% in 2018.¹

2. Lesotho's Vision and Targets for the WASH Sector

Lesotho envisions to achieve the SDG WASH targets by 2030. Figure 1 shows the current WASH status in the country as per the Multiple Indicator Cluster Surveys (MICS) estimates. Overall, the country continues to have a high access to basic drinking water services (79 per cent basic, 88 per cent improved), though rate of change since 2000 is rather minimal (less than 2 per cent), mainly because of recurrent droughts in the region. While only about half of the population has access to basic sanitation services, the sector has had significant progress in the last decade. The greatest challenge now is with hygiene services, with hand-washing with soap and water being practiced by less than 20 per cent of the population. However, this proportion may have increased due to high investments over the COVID-19 period.

¹ Climate Risk Profile Lesotho (2021): The World Bank Group.

The government and partners are investing heavily to accelerate access to WASH services in Lesotho in all settings – households, schools, health care facilities etc. A key highlight is the Lesotho Lowlands Water Project Phase II.



Text Box 1: Lesotho Lowlands Water Development

The Lesotho Lowlands Water Development Project Phase II (LLWDP II) is the second phase of the Lesotho Lowland Water Supply Scheme (LLWSS). The overall LLWSS aims at improving the climate resilience and security of potable water access in the Lowlands of Lesotho. The LLWDP II objective is to provide improved secure access to domestic and industrial water supply service and access to improved sanitation services to four priority geographical zones of the Lowlands, corresponding to four main towns and surrounding small towns. To achieve this goal, it will increase reliable potable bulk water supply and sanitation services, and strengthen institutional capacity to operate and maintain the infrastructure.

The project is expected to convey treated water to about 300,000 persons in the Lowlands (accounting for 15% of the country's population) who currently do not have access to piped water. Moreover, it will enable the national water operator to more than double its annual water sales and provide low-scale sanitation and hygiene measures.

The project is estimated at EUR 200 million. The project blends financing from four main sources. An EU grant of EUR 41 million is complemented by a loan from the European Investment Bank (EIB) of EUR 82 million. The Government of Lesotho contributes EUR 10.2 million to the project and the World Bank contributes a loan amounting to EUR 67.1 million loan.

3. Climate and the Water Sector² in Lesotho

According to the country's Climate Risk Profile³, Lesotho has a high degree of risk to natural hazards, including floods, drought, frost, strong winds, and heavy snowfall. Drought is a recurring hazard, which results in disasters for communities and the wider economy. Key impacted sectors include agriculture and livestock, water, tourism, and health. Impacts of extreme rainfall events on

² Water Sector in Lesotho includes water and sanitation

³ Climate Risk Profile Lesotho (2021): The World Bank Group.

public and private infrastructure has resulted in costly repairs, road closures, limited or no access to electricity, and complete failures of sewage and storm water systems. The country is projected to become generally hotter and drier. This will likely result in adverse environmental impacts for soil erosion, deforestation, recurrent droughts, desertification, land degradation, and the loss of biodiversity including wildlife. Key sectors such as, agriculture and livestock, health, water resources, and tourism are increasingly vulnerable. Climate change-induced effects on Lesotho are expected to have a far-reaching regional impact on both the national and regional freshwater resources as the country forms major source of fresh water and drainage areas extending into the Atlantic basin through South Africa, Namibia and Botswana. Effectively, the impact will be detrimental to national and regional water supplies, dependents, ecosystems, and socio-economic activities.

Lesotho submitted its Nationally Determined Contribution (NDC) in 2017. The NDC outlines the country's efforts to realize its development goals and increase its adaptive capacity to climate change. Lesotho is focused on implementing adaption mechanisms to improve and diversify livelihoods in view of current and future climate risks. Climate change strategies are increasingly being integrated in the country's development strategies in support of plans to eliminate poverty and eradicate inequality. The NDC for Lesotho is consistent with the country's overall goals of achieving medium-term economic development, poverty reduction, and longer-term sustainable development. Key areas of focus include the sustainability of the environment, water resources, sustainable land management, agriculture, energy, and health sectors.

Safeguarding the long-term management of its water resources is a priority for the Government of Lesotho, which is committed to improving water resource adaptation mechanisms through a variety of actions, including, rehabilitation of degraded wetlands; development of clear, environmentally sustainable policies that will improve pastures and grazing land and would protect wetlands from persistent degradation and land use mismanagement; and decentralization, which aims to relieve urban centers of increasing population that exerts pressure on water resources. The government has committed to implementing integrated catchment conservation and management programs, expand rainwater harvesting, water storage and conservation techniques, water re-use, water-use, and irrigation efficiency. Support is also committed to expanding the construction of dams and to enhance water storage. Planning and adaptation strategies for water resources should also be included within development strategies for agriculture, infrastructure, and energy sectors.⁴

A key highlight intervention is the Integrated Catchment Management (ICM) project, as in Text Box 2.

⁴ Lesotho (2017). Nationally Determined Contributions

Text Box 2: Lesotho Integrated Catchment Management

The goal of the ICM project is the sustainable management of land and water resources in Lesotho. It is aimed at combatting land degradation and the depletion of water catchments in the country. The successful implementation of the programme is expected to: protect and conserve water resources in the country, preserve Lesotho's vast wetlands and ecosystems, reduce soil erosion and desertification, rejuvenate agricultural lands, and improve the resilience of Basotho and their livelihoods. This project will specifically address the objectives of the National Strategic Development Plan II (NSDP II) on water and sanitation, agriculture and the rural economy. Building upon the 'water-energy-food security' nexus, the action will contribute to improving the environment while furthering food security, adaptation to climate change in Lesotho and utilizing opportunities of the green economy.

Direct target beneficiaries include agricultural producers (commercial and subsistence crop and livestock farmers) as well as rural and semi-urban populations whose livelihoods depend on natural resources provided by the land (including water, wood for heating, cooking). It is expected that at least 20,000 persons will benefit through increased income. The Action will ensure that women can benefit meaningfully from ICM. Women already play a pivotal role in natural resource management on a household level. Their engagement and participation in measures will be fostered. At least 2,000 women will directly benefit from access to improved and increased economic activity. All SADC member states are indirect beneficiaries that have the potential to benefit from this intervention. Through embedding the ICM approach in Lesotho in the basin-wide and regional agenda and strategies, important lessons from ICM Lesotho will be made available to decision makers and practitioners in the SADC Member States as learning experiences.

The project cost is EUR 39 million. It is financed by The Government of Lesotho (EUR 5 million), European Union (EUR 28 million) and Joint co-financing by Germany's Federal Ministry for Economic Cooperation and Development (BMZ) through GIZ (EUR 6 million)

4. Sector Financing and Investment Needs

On Financing, the recent Global Analysis and Assessment of Sanitation and Drinking-water (GLAAS) report indicated that the total WASH expenditure per capita was US\$ 26 (in 2018), while the total WASH expenditure as a percentage of GDP was 2.3 per cent⁵. The report also indicated that the country set a target of 5% of disposable household income to be spent in urban areas on drinking-water by 2020.

The country continues to allocate significant resources to the water sector. Table 1 shows the budgetary allocations to the water sector in recent years. The total allocated capital budget is projected to increase from 710 million LSL in the 2021/22 financial year to 894 million, 938 million and 985 million in the subsequent years.

⁵ Source: GLAAS 2018/2019 country survey.

Table 1: Budgetary allocations to the Ministry of Water in Lesotho (Source: Ministry of Finance)

Budget for Water Affairs (Million LSL)					
	Recurrent Budget	Capital Budget			
		GoL	Donor Grant	Donor Loans	Total
2019/20	147	173.9	40	204	417.9
2020/21	141.7	173.9	10.1	191.7	375.7
2021/22	145.3	300.9	214.3	194.8	710

The country has not conducted a comprehensive assessment on the sector financing and investment needs to meet SDGs. However, a quick assessment done in the strategic investment plans for rural and peri-urban areas indicate that approximately US\$ 300 million⁶ is needed to invest in WASH to reach the SDG 6 targets. For rural sanitation alone, estimates in the Rural Financing Strategy shows that the country will need US\$ 30 million to have universal access to basic drinking water services⁷. Very substantial investments will also be needed in urban areas in improving water services to the level of safely managed services and in sewerage and sanitation investments.

The topmost priority is to conduct a comprehensive financial needs assessment for SDG 6 and develop a national resource mobilization strategy to address the financing gaps in the sector to accelerate achievement of SDG6. The Government, through the Ministry of Water is also working towards developing a cost-effective sanitation strategy with a mix of government subsidies for vulnerable households and owner financed investments for households that can afford the sanitation facilities. This would need to include a multi-sectoral comprehensive hygiene and sanitation promotion programme involving the Ministries of Health, Social Development, and Education as well as support and promotion from the highest level of political leadership.

Specific sector priority actions include:

- Policy and Strategy: Finalization of the National Water, Sanitation and Hygiene Policy and related implementation strategies; Finalizing the Rural Sanitation Strategy and Investment and the Water and Sanitation Service Bill
- Financing and Budgeting: Develop a national resource mobilization strategy to address the financing gaps in the sector to accelerate achievement of SDG6.
- Planning, Monitoring and Review: Develop a sector monitoring and evaluation system, aligned to SDGs.

Actions to reduce financing gap:

- Explore climate financing to comprehensively address drought related water scarcity

⁶ Concept Note for RWS Project, Ministry of Water, November 2018

⁷ Lesotho's strategy for financing rural sanitation (2020). Hydroconseil and NHA consultants for DRWS

- Advocacy for increased funding in the sector from the current 2-3 per cent level to over 5 per cent
- Better targeted interventions to enhance equity in the sector – targeting interventions to populations most in need.

5. Lesotho SWA Commitments

Lesotho has been an active member of SWA since 2010. Table 2 shows the commitments and progress made

Commitment	Progress
Increase access to basic WASH services in schools and health care facilities to 50% by 2023.	While not fully quantified, there has been significant progress in the WASH Sector in the last few years, even so with huge investments made due to COVID-19
Continuous advocacy for increasing the funding for the water sector 2019/20 budget vs 2018/19.	Continued advocacy has led to increased funding from the water sector
Increase national budget for the WASH sector by 5% (or US\$) by 2023 to accelerate progress towards achieving SDG 6.	Water sector allocations have more than doubled since 2019/20 financial year. Allocation projections show a more than 10% increase in sector funding of capital expenditure
End population practicing open defecation by 2030 and improve hygiene practices in schools, health facilities and selected rural communities	Every water project has a strong sanitation and hygiene component for communities and institutions. A lot of progress has been made

6. Contacts

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