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SECURITY COUNCIL
Thirty-fifth year

ASSISTANCE TO LESOTHO

Report of the Secretary-General

1. In its resolution 34/130 of 14 December 1979, the General Assembly requested the Secretary-General, *inter alia*, to continue his efforts to mobilize the necessary resources for an effective programme of financial, technical and material assistance to Lesotho, to keep the situation in Lesotho under constant review and to submit a report on the progress achieved in time for the matter to be considered by the Assembly at its thirty-fifth session.
2. In pursuance of that resolution, the Secretary-General arranged for a review mission to visit Lesotho in June 1980 to consult with the Government. The report of the review mission, which is annexed hereto, describes the economic and financial situation of the country and summarizes the progress which has been made in implementing the projects included in the special economic assistance programme.
3. In paragraph 13 of resolution 34/130, the General Assembly invited a number of specialized agencies and organizations to bring to the attention of their governing bodies, for their consideration, the special needs of Lesotho and to report the decisions of these bodies to the Secretary-General by 15 August 1980. The responses of the agencies and organizations will be reproduced in a report of the Secretary-General covering Lesotho and the other countries for which the General Assembly has requested the Secretary-General to organize special economic assistance programmes.

* A/35/150.

ANNEX

Report of the fourth review mission to Lesotho
(3-11 June 1980)

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I. INTRODUCTION

1. Previous reports of the Secretary-General on assistance to Lesotho a/ listed various resolutions adopted by the Security Council, the General Assembly and the Economic and Social Council and the reports submitted to them by the Secretary-General on assistance to Lesotho.
2. On 14 December 1979, the General Assembly adopted resolution 34/130 on assistance to Lesotho, in which it endorsed fully the assessment and recommendations contained in the report of the Secretary-General b/ and called upon the international community to provide financial, material and technical assistance to Lesotho. The General Assembly also requested the Secretary-General to arrange for a review of the economic situation in Lesotho and the progress made in organizing and implementing the special economic assistance programme for that country in time for the matter to be considered by the Assembly at its thirty-fifth session.
3. The Secretary-General arranged for a mission to visit Lesotho from 3 to 11 June 1980 to consult with the Government on the economic situation of the country and the progress made in implementing the special economic assistance programme. The fourth review mission was composed of staff members from the Office for Special Political Questions.
4. The mission was accorded an audience by Her Majesty the Queen of Lesotho. The mission met with the National Co-ordinating Committee and was briefed by the Minister for External Affairs in his capacity as Chairman of the Committee. The mission met also with senior officials of the Ministries of External Affairs, Finance and Development Planning, Agriculture, Works, Transport and Communications, Water, Energy and Mining, Education, Interior, Health and of the Food Management Unit. Discussions were held with the Chargé d'Affaires of the United Kingdom High Commission to Lesotho. The mission also held talks with representatives of the United Nations system in Maseru and of non-governmental organizations in Lesotho.
5. The mission wishes to record its appreciation of the full co-operation which it received from the Government of Lesotho and the office of the United Nations Development Programme (UNDP) in Maseru in all aspects of its work.

a/ Official Records of the Security Council, Thirty-second Year, Supplement for January, February and March 1977, document S/12315; A/32/323. For the printed text, see Official Records of the Security Council, Thirty-second Year, Supplement for October, November and December 1977, document S/12438; A/33/112 and Add.1; A/34/393. For the printed text, see Official Records of the Security Council, Thirty-fourth Year, Supplement for June, July and August 1979, document S/13485; see also A/34/556.

b/ A/34/393. For the printed text, see Official Records of the Security Council, Thirty-fourth Year, Supplement for June, July and August 1979, document S/13485.

II. CURRENT SITUATION

6. The unique set of difficulties with which Lesotho has to contend were described in the report c/ of the mission that visited the country in January 1977, hereafter referred to as the "principal report". Completely surrounded by South Africa, Lesotho's geopolitical situation renders it subject to external economic and political pressures. A small, mountainous, land-locked country, deficient in resources, with less than 15 per cent of the land suitable for crop production and suffering from extensive soil erosion, Lesotho is classified by the United Nations as a least developed and most seriously affected country. The economy is highly dependent on South Africa: remittances of migrant workers constitute about 40 per cent of gross national product, while receipts from the Southern African Customs Union constitute over 70 per cent of Government revenue.

7. Against this background, the Government of Lesotho has striven since independence to strengthen the country's social and economic infrastructure. National endeavours, supported by international assistance, have resulted in discernible progress. Lesotho's Third Five-Year Development Plan, which will cover the period 1980-1981 to 1984-1985, includes among its objectives the reduction of the country's vulnerability to external economic and political pressures through sustainable economic growth and diversification. The Plan aims at the creation of new employment opportunities within Lesotho, the protection and exploitation of the country's land and water resources, and the improvement of the social welfare of the population. The continued support of the international community will be of vital importance in the achievement of these objectives.

8. Some salient features of Lesotho's economic and social development in the 12-month period under review are indicated below.

A. Economic growth and financial balance d/

1. Gross national product

9. The latest estimates indicate that, measured in real terms, Lesotho's gross national product (GNP) has grown at an average annual rate of about 9 per cent in recent years. The public sector and the construction industry have been important contributors to the economy's expansion. The private sector is beginning to show modest growth. Agricultural output has been on the decline, owing to adverse weather conditions as well as the persistent problems of poor cultivation practices, overstocking and erosion.

c/ Ibid., Thirty-second year, Supplement for January, February and March 1977, document S/12315.

d/ All statistical and other economic data in this report are based on information made available by the Government.

2. Government finances

10. On 12 January 1980, a new unit of national currency, the Maloti (M) was introduced at par with the Rand. Conversions for the period under review in this report have been made at the rate of 1 M = \$US 1.23.
11. The report of the third review mission to Lesotho (document A/34/393-S/13495, table 1) showed actual Government finances for 1975/76 and estimates for 1977/78 and 1978/79. The actual over-all deficit for 1977/78 was reported to the fourth review mission as M 11.5 million, substantially greater than the R 7.3 million previously estimated. Final figures for 1978/79 were not available, but revised estimates indicate that the over-all Government accounts were approximately in balance.
12. A serious concern of the Government has been the rapid increase in its current expenditures. Although final figures were not available, preliminary estimates suggest that recurrent expenditures for 1979/80 may have increased by 25 per cent as compared with the previous year. Projections for 1980/81 show a further increase of 50 per cent over the figure for 1979/80. The sharp increases in recurrent expenditures are associated with Lesotho's rapidly expanding development budget. To alleviate this burden, the Government would wish donors to consider funding the recurrent costs of projects. Furthermore, the Government would wish donors to consider financing of projects on a direct disbursement basis rather than by reimbursement which ties up scarce Government resources and foreign exchange. The Lesotho Government intends to ensure that development projects are revenue-generating, to keep recurrent expenditure under review, and to strengthen the internal audit system initiated during 1979/80.
13. The recurrent budget for 1980/81 shows an allocation of M 18.7 million to allow the Government to compensate public employees for the inroads made by inflation since the previous salary review. Certain anomalies that had arisen will also be corrected. At the same time, the Government proposes to impose a selective freeze on vacant civil service posts in 1980/81, a measure expected to realize savings of M 5.0 million.
14. The allocation by sector of Government expenditures for 1980/81 is as follows:

<u>Sector</u>	<u>Expenditure</u> (per cent)
Economic services	49.0
Social services	21.0
Financial services	5.0
Government services	9.0
Internal security	8.4
Statutory expenditure	7.7

15. Government revenue for 1980/81 is expected to increase by 14 per cent which scarcely offsets the prevailing rate of inflation. Most minor sources of revenue are not buoyant and are expected to fall in real terms. Increased revenue is expected from income tax as a result of the salary increases in the public sector, the growth in real incomes in the private sector and an increase in the basic tax rate scheduled to go into effect in January 1981.

16. While receipts from the Southern African Customs Union have been an important and growing source of revenue over recent years, the fact that they are a fluctuating source and one outside the Government's control has had a bearing on the decision to consider the imposition of some new taxes and increases in existing fees and taxes. Moreover, customs revenue is projected to decrease in 1980/81 as compared with 1979/80. In money terms, the decrease is slight - from M 71.5 million to M 71.4 million - but, in terms of contribution to Government's total domestic receipts, customs revenues are projected to decline from 74.5 per cent in 1979/80 to 65.2 per cent in 1980/81. The projected decline reflects reductions in customs surcharges and a slowdown in the rate of growth of imports into Lesotho.

17. For the capital budget, the Government intends to increase its contribution from M 14.7 million in 1979/80 to M 22.7 million in 1980/81.

3. Balance of payments

18. Lesotho's balance of payments for the years 1975 to 1978 was shown in the report of the third review mission. e/ Estimates for 1979 were not finalized at the time of the visit of the fourth review mission but available information indicates that the current account remains in severe imbalance. Although latest estimates indicate that the ratio of imports covered by exports has been rising - from 6.0 per cent in 1977 to 11.9 per cent in 1978 - there remains a very wide payments gap in visible trade. Moreover, an increase in food imports as a result of the severe drought conditions which affected Lesotho in 1979 will have an adverse effect on the trade balance.

19. The large trade deficit, which in 1978 amounted to M 210 million, continues to be financed in part by payments for services, transfer of incomes, and customs revenues. The current account reflects the country's high degree of dependency on South Africa and its vulnerability in the event of a large-scale repatriation of its migrant work force from that country or a disturbance of arrangements under the Southern Africa Customs Union. Foreign grants and loans continue to be important in the over-all balance.

e/ See foot-note b/.

B. Employment

20. A major concern of the Lesotho Government is the growth of the labour force in relation to employment prospects in the domestic and migrant labour markets. It is estimated that during the period of the Third Development Plan - 1980/81 to 1984/85 - the Government will have to find job opportunities for about 8,000 new male entrants to the labour force each year. In addition, the number of females in the 15 to 64 age group will also be rising by about 8,000 each year.

21. In the past, growth of migrant labour opportunities, especially in South Africa's mines, has helped to absorb the expanding labour force. As at mid-1979, about 152,000 Lesotho nationals were legally employed in South Africa, of which 129,000 were employed in the mining industry. About one half of the total Lesotho male labour force was employed outside the country. However, employment of Basotho in South Africa's mines has levelled off in recent years as a result of the South African Government's policy of replacing foreign migrant workers by labour recruited from the homelands. Between 1978 and 1979, the number of Basotho employed in South African gold mines rose by 2,500 to 100,000, while the number employed in the coal mines declined by about 1,700 to 14,392.

22. Furthermore, a lengthening of the average period of mining contracts has reduced recruitment. At the same time, the hiring practices adopted by South Africa's mining industry, which give preference to "experienced" workers, militate against the recruitment of young entrants to the labour force.

23. The concerns of the Lesotho Government with regard to employment are twofold. One urgent need is to create domestic employment opportunities to absorb the rapidly growing labour force. In this context, the Government will pay increased attention to technical and vocational education so as to equip Lesotho's young people for occupations in the modern sector and also to improve the level of skills in traditional occupations such as agriculture. The Government recognizes the importance of the agricultural sector as a primary means of alleviating the growing problem of unemployment, especially among young people.

24. One difficulty reported by the Government was the loss of output from the various training programmes because of the higher wages paid to skilled workers in South Africa. There is a general shortage of people to take over middle management positions and the Government has welcomed the training provided for specific jobs in some donor-funded projects.

25. The second concern of the Lesotho Government in respect of employment is to prepare a state of readiness against any sudden mass repatriation of migrant workers from South Africa. Contingency plans, which include the training of foremen and supervisors for labour-intensive projects such as road-building and soil conservation are under preparation.

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C. Agriculture

1. Domestic production

26. A major goal of the Lesotho Government is to increase the country's food production and so reduce dependency on cereal imports from South Africa. Furthermore, since 85 per cent of Lesotho's population live in rural areas, the Government is anxious to effect increases in income from cash-producing crops.

27. The natural constraints to higher levels of agricultural production have been described in previous reports. Much of the terrain is mountainous, and overgrazing has resulted in extensive soil erosion. Only 15 per cent of the total land area is suitable for crop production and climatic factors result in erratic crop output. Nevertheless, agriculture is a mainstay of the economy, contributing, on average, about 40 per cent of the gross domestic product. Year to year variations, however, can be substantial.

28. In the period under review, the legislature approved a land bill which will give more security of tenure to farmers and, it is hoped, will encourage them to invest in agricultural production.

29. Crop production in 1979/80 was affected by abnormal levels of rainfall, in both the summer and winter seasons. Precipitation in the spring/summer (October to March) was below normal, for the second successive year. Estimates indicate that, in consequence, the 1979/80 maize crop will be a further 6 per cent less than the previous year's output, which was also somewhat depressed.

30. On the other hand, above average rainfall during the winter is thought to have boosted yields of 1979/80 wheat crops. Both winter and spring wheat are grown in Lesotho. Early returns from the districts indicate an increase of 20 to 25 per cent in the output of winter wheat. The Co-operative Crop Production Programme is reported to have experienced a 50 per cent increase in output over the previous year. Part of the increase achieved by the Programme, however, was attributed to the use of fertilizer, the cost of which has been rising rapidly.

31. Production of spring wheat in Lesotho is about equally distributed between the lowlands and mountains. In 1979, above average rainfall in November was followed by a very dry period in December. Because of the different timing in the moisture-sensitive periods of growth, the 1979/80 lowland wheat crop is expected to experience good yields, while output of mountain wheat is expected to be below normal. However, since the acreage under seed is approximately the same in the two areas, the differences in production are expected to be offsetting so that spring wheat production in 1979/80 could reach about the same level as in the previous year. At most, it might be 10 per cent less.

32. Yields of sorghum, a summer crop, are not highly responsive to rainfall differentials in Lesotho. It is estimated that 1979/80 sorghum yields may be about 2 per cent less than in the previous year.

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2. Food aid and commercial imports of cereals

33. The shortfall between national consumption of wheat and maize and Lesotho's domestic production is met by commercial imports and food aid. Commercial imports of cereals, mostly maize and wheat, approximate 100,000 tonnes in a normal harvest year. The planned amounts of food aid and the actual receipts for 1979/80 and the planned amounts for 1980/81 are shown below:

<u>Year</u>	<u>Food aid</u>			
	<u>Maize</u>		<u>Wheat</u>	
	<u>Planned amount</u>	<u>Actual receipts</u>	<u>Planned amount</u>	<u>Actual receipts</u>
1979/80	13,033	10,749	16,079	9,079
1980/81	15,541		16,833	

(in tonnes)

D. Energy

1. Oil

34. The question of assuring adequate and regular supplies of oil continues to be a matter of major concern for the Lesotho Government. At present, all of Lesotho's oil supplies come from South African refineries. The petroleum products are supplied to Lesotho at prices which reflect the higher prices paid by South Africa for the ad hoc purchases of crude petroleum which it is obliged to make wherever it can. This has become a serious impediment to Lesotho's development. As a remedial measure and in an attempt to ensure independent supplies of petroleum for the country the Government has established a National Petroleum Authority.

35. During the period under review, 30,000 tonnes of crude petroleum were purchased by the Government of Lesotho with funds provided by the Federal Republic of Germany. The oil will be managed by the National Petroleum Authority. Refining of the crude is expected to be carried out in Mozambique. The Lesotho Government informed the mission that agreement had been reached with the Government of South Africa regarding the transportation of the refined products between Mozambique and Lesotho and that detailed discussions will be held with South African Railways.

36. A study of the principal factors affecting Lesotho's energy needs, commissioned by the Lesotho Government and carried out by a UNDP-financed consultant, has been completed. The consultant was also asked to assist the Government in formulating a list of priorities for the establishment and improvement of policies, institutions and administrative procedures relating

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to energy supplies. The Government intends to follow up this study with a detailed examination of Lesotho's energy needs and means of supply from conventional and non-conventional sources, including costs and benefits.

2. Hydro-electric power

37. In the medium- and long-term, the Government of Lesotho hopes to achieve a measure of self-sufficiency in energy through the use of its ample water resources in the generation of hydroelectric power. A pre-feasibility study of the proposed Highland Water Scheme (project P-1(A)) has now been completed and submitted to the Governments of Lesotho and South Africa. The Lesotho Government is proposing to carry out three further pre-feasibility studies on hydropower generation. These would examine the hydroelectric potential of the Quthing river and the Sengunyane river and the possibilities of developing small hydroelectric plants to service rural communities. Further details of these proposals are given in section IV under projects P-I(B).

E. Roads, transport and communications

38. The special economic assistance programme for Lesotho included an important programme of road construction, including feeder roads. The fourth review mission found that road construction had encountered marked cost escalation. Although the Government intends to proceed with the construction of the important Southern Perimeter road - Quthing-Lethena-Sekakes-Qacha's Nek - (projects R-1, R-3, R-4), the standards of construction will be lower than those intended earlier (see A/33/122/Add.1). The cost estimates of the Taung Mokhotlong Sani Pass road (project R-10) have also been revised upwards. On the basis of the engineering study, the interested donor Government has decided not to proceed with the project.

39. With food for work as an important component, the strengthening of feeder roads (project R-11) has progressed very satisfactorily. However, small simple tools - barrows, shovels, picks, etc. - as well as training and supervisory support are urgently required to increase the output and effectiveness of this programme.

40. Good progress has also been made with the establishment of a national road haulage fleet and additional maintenance centres. In addition, substantial technical assistance has been provided to the Ministry of Works.

41. Lesotho's geopolitical situation has made it necessary for the Government to assign high priority to the development of air and telecommunication links with other countries of Africa and the rest of the world. The fourth review mission found that considerable progress had been made in obtaining donor funding for the various projects proposed in these areas. Close to \$34 million has been provided or pledged towards the construction of a national airport; the improvement of air

strips in mountainous regions has now attracted donor funding; the project to improve Maseru airport has been completed; and the civil aviation fleet has been strengthened by the addition of two twin Otter aircraft. Donor funding has been approved for the development of an earth satellite station which will provide Lesotho with international telecommunication links.

F. Commerce, industry and tourism

42. Although still small, these sectors are considered important by the Government for their potential in creating cash incomes and providing job opportunities for Lesotho's rapidly expanding work force.

43. Considerable progress has been made with recommended projects to promote industrial activity. The extension of Maseru Industrial Area has been completed. Funds have been approved for the construction of factory shell buildings and plans are underway to start soon on the construction of two artisan industrial centres. Mineral exploration is proceeding and a stone-crushing plant has gone into operation at Ha Foso, near Maseru.

44. For the important wool and mohair industry, the Government is proposing to establish a marketing centre at Maseru and it is hoped that eventually wool can be sold by auction from there instead of in South Africa.

45. The Government considers that tourism could make an important contribution to the creation of income and employment in Lesotho. At present, about 1,200 people are employed in the sector.

46. In 1979, about 140,000 tourists visited the country. South Africans accounted for 95 per cent of this total. However, the Lesotho Government informed the mission that a systematic campaign was being conducted through the South African media to discourage people from visiting Lesotho. Furthermore, it was stated, South African investment was promoting competitive tourist attractions in the homelands.

47. To reduce the country's high dependency on tourists from South Africa, the Lesotho Government wishes to diversify its tourist sources. To effect this, the Government believes a strong marketing and promotional campaign would be necessary. In addition, the Government is considering undertaking feasibility studies on three tourism projects, one involving a game park and another which would establish a year-round resort, offering skiing facilities in winter and boating and other sports in summer.

G. Education

48. Progress continues to be made with the Government's programme of up-grading and expanding Lesotho's educational facilities. Donor funding has been provided to up-grade two vocational schools and technical assistance has been provided to train vocational school-teachers. A mathematics/science crash course has been instituted, but a related need still to be fulfilled is for a hostel to accommodate those students living outside Maseru who wish to take this course.

49. It was also reported to the mission that the problem of a general shortage of qualified teaching personnel in Lesotho had been exacerbated by the return of a number of teachers to Zimbabwe.

50. The problem created by the enrolment in Lesotho schools of children of Basotho parents domiciled in South Africa has been referred to in previous reports. The Lesotho Government informed the mission that such enrolments were now being made in secondary schools as well as in primary schools. The Government has requested the services of a UNDP-financed consultant to investigate the extent of the problem and the numbers involved. On the basis of the consultant's report, it will be possible to determine more accurately the nature and amount of assistance required by the Government to lighten this particular burden.

H. Health

51. No new health problems were reported to the review mission. Good progress is being made with most of the recommended health projects. The construction of the new hospital at Qacha's Nek is under way and the construction of rural clinics at Matebeng and Dilli-Dilli is about to begin. At present, 64 trainees from Lesotho are receiving training abroad. A variety of courses is being followed, ranging from paramedical to medical specialist.

52. The problem of a high incidence of gastro-enteritis, especially among young children, and the related inadequacy of rural water supplies have been a subject of special efforts. In presenting his budget for 1980/81, the Minister for Finance proposed the allocation of M 500,000 in Government funds for the immediate implementation of some of the village water projects which lack finance. He reported that rural populations had themselves contributed voluntarily over M 50,000 towards the securing of safe water supplies in their villages.

53. A UNDP-financed consultant has completed a report to the Government on the subject of low-cost water supply and sanitation.

I. Participation of women in Lesotho's development

54. The specially significant role of women in the economy of Lesotho, where family life is disrupted by the migrant system, was described in the report of the third review mission.

55. In the period under review, the Lesotho Government has undertaken further action to promote the participation of women in the economic, social and cultural life of the country. Steps have been taken to assist rural women engaged in self-help programmes through the formation of a national organization called "Lesotho Women in Self-Help". The organization, which will have a legal status, will have a grass-roots base in the villages, with village committees and operational sub-committees on various aspects of development, including commerce, education, health, sports, culture and youth. Above the village committees are co-ordinating committees which will report to a Central Executive Committee. A Bureau of Women's Affairs, with a mandate to co-ordinate matters relating to women's affairs, has been established in the Office of the Prime Minister. The Bureau is actively engaged in assisting rural women in self-help to organize themselves in accordance with the structure described above.

56. The Government's efforts to make more effective use of women in the development process have been supported by some donor countries and agencies. The mission was informed that agreement had been reached with the Swedish International Development Agency (SIDA) whereby some of the savings effected from assisted projects could be utilized for projects oriented towards women. SIDA has also undertaken to provide some funds for projects designed to afford employment to women. The Government welcomes all support of this nature.

III. INTERNATIONAL RESPONSE TO THE UNITED NATIONS
SPECIAL ECONOMIC ASSISTANCE PROGRAMME FOR
LESOTHO

57. The information provided by the Government of Lesotho to the fourth review mission indicated that, as at 31 May 1980, the international community had provided or pledged \$160,110,000 under the United Nations Special Economic Assistance Programme for Lesotho. As compared with May 1979, this total represents an increase of \$37,346,000 provided or pledged under the Special Programme. Details of contributions for individual projects as well as the names of donor countries and agencies concerned are provided in table 1 below.

58. The review mission found that a number of smaller projects in the programme had been completed. These are indicated in table 1. A number of the larger projects have now received substantial amounts of funding. Among these are important projects in the area of transport and communications. The project to construct a national airport has now attracted close to \$34 million in international funding. The civil aviation fleet has been strengthened through donor support. Donor funds have also been made available to carry out improvements to airstrips in mountainous areas. A new project to establish an international communications system via satellite has attracted donor support.

59. In the area of agriculture, construction of the Lesotho Flour Mills complex, with silo storage and railway facilities, was completed with international assistance and the mill is operating very profitably. The new fertilizer and seed project is at an advanced stage of negotiation for a soft loan. Should the negotiations reach a successful conclusion, the contribution will appear in the report of the next review mission. In the period under review, additional funds were pledged for the Agricultural Development Bank. The recommended project to improve the livestock marketing infrastructure has been fully funded and the Government is planning to proceed with the establishment of a livestock procurement system in connexion with a new abattoir to be constructed. The project to expand poultry production and processing is partially funded.

60. Projects to establish food reserves have elicited very good response. Donations of maize have enabled food reserve to be established for the mountain region and proceeds from sales of donated wheat have allowed additional food storage space to be constructed. Donations of wheat have been used by the Government to establish a national strategic reserve. Negotiations are under way whereby further wheat donations can be sold and the proceeds used for development purposes.

61. The Special Programme recommended for Lesotho attached particular importance to road construction, as being a prerequisite for the social and economic development of the country and for alleviating the problems that had arisen in the border areas. The mission which visited Lesotho in June 1980 found that there had been a marked escalation in the cost of road construction. In view of the most recent cost estimates and the amount of available funds, the Government

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intends to proceed with the construction of the Qacha's Nek to Quthing portion of the southern perimeter road but on standards which will be lower than those previously envisaged. Earlier plans had aimed at constructing large portions of the road to bitumen I standard.

62. On the basis of the engineering study, the Government of the United Kingdom of Great Britain and Northern Ireland has decided not to proceed with the construction of the Mokhotlong-Taung-Sani Pass road, but has indicated that the funds previously earmarked for this project could be applied to other economically feasible projects. The Government of Lesotho has the matter under consideration. On the other hand, international funding in increased amounts became available in the period under review for the Mafeteng to Mohale's Hoek road. Furthermore, the strengthening of feeder-roads has proceeded very well with substantial donations of food for the food-for-work component of the project.

63. In the field of health, donor funds have made it possible for the Government to begin implementation of the Qacha's Nek Hospital project. The construction of rural clinics at Matebeng and Sixondo is about to begin now that a precondition for the release of donor funds has been met.

64. Progress has been made also with educational projects. Donor funds have now been made available to up-grade two vocational schools. However, international assistance is required for the construction of a hostel in Maseru in connexion with the mathematics/science crash programme.

65. Donor funding has also been forthcoming for projects designed to promote industry. The extension of the Maseru industrial area has been completed. The advance factory buildings project is now fully funded. Donor funding has been provided for two of the four proposed artisan industry centres. The project to establish a stone-crushing plant elicited international support and the plant has gone into operation.

66. With a view to lessening the country's dependence on South Africa, the Lesotho Government has put forward new proposals related to the original programme. These include extension of the road haulage fleet, further development of the wool and mohair industry, the strengthening of livestock marketing and the establishment of small plants for the generation of hydroelectric power in rural areas. Details of progress with individual projects in the programme and of new, related proposals are given in the appendix.

Table 1

International response to the United Nations Special
Economic Assistance Programme for Lesotho

Contributions provided or pledged as at 31 May 1980

(Based on information provided by the Government of Lesotho to
the fourth review mission)

Project a/ Number	Title	Latest cost estimate	Contribution	Status of contribution delivered or pledged	Donor
(thousands of United States dollars)					
<u>1. Emergency programme</u>					
R-1*	Spot improvements, Sekakes to Qacha's Nek Road	1 150	1 840	Grant	European Development Fund
R-3) R-4)	Quthing-Sekakes-Lethena- Qacha's Nek Road	63 000	26 000	Grant pledged	United States Agency for International Development
R-2*	Road Haulage fleet	1 500	(306 2 760	Grant Grant	European Economic Commission Federal Republic of Germany
R-5	Thaba-Tseka to Mpiti Road	18 000	18 080	Grant pledged	Canada
R-6*	Three Ministry of Works maintenance centres	3 040	170 <u>b/</u>	Grant	European Development Fund
R-7	Strengthening the technical capacity of the Ministry of Works	930	Technical Assistance	Grant	Ireland
C-1*	Strengthening the civil aviation fleet				
	(a) Aircraft	2 300	2 460	Grant	Canada
	(b) Technical assistance		(870 25	Grant Grant	European Development Fund Ireland
C-2*	Improvement of Maseru airport	50	228	Grant	Federal Republic of Germany
C-3	Improvement to five airstrips in mountainous areas	9 500	1 600	Grant	Federal Republic of Germany
C-4	National airport	46 000	(5 070 4 200 800 6 000 10 400 3 000 4 500	Grant pledged Loan pledged Loan pledged Loan pledged Loan pledged Loan pledged Loan pledged	European Development Fund Kuwait Abu Dhabi Arab Bank for Economic Development in Africa African Development Bank OPEC Saudi Arabia

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Project a/ Number	Title	Latest cost estimate	Contribution	Status of contribution delivered or pledged	Donor
(thousands of United States dollars)					
A-1	Mountain region food reserve	3 600	(1 440 1 600)	Grant Grant	European Economic Commission World Food Programme - Catholic Relief Services - Food and Agriculture Organization of the United Nations - Norwegian Agency for International Development
A-4	Modernized crop production	11 600	-	-	-
A-5*	Grain processing self-sufficiency	4 700	(1 200 1 600)	Grant Loan	United Kingdom OPEC
A-6	Wool and mohair marketing	2 870	(962 63)	Grant Grant	United Kingdom Ireland
A-7	Agricultural Development Bank	Technical co-operation	1 086	Grant pledged	Federal Republic of Germany
A-13	Supply of wheat and strategic reserve	d/	1 400	Grant	World Food Programme
H-1	Stockpile of drugs etc., and extension of medical stores	1 735	(522 400 100 1 580)	Grant Grant Grant Grant	Netherlands Japan Korea Netherlands
H-2	Qacha's Nek Hospital	613	495	Grant	Denmark
H-3	Rural clinics at Matebang and Sixondo	178	118	Grant pledged	Netherlands
P-4*	Qacha's Nek Diesel generator	-	e/	Grant	Federal Republic of Germany
L-1	Labour intensive development programme		(2 664 1 600 330)	Grant pledged Loan pledged Grant	Swedish International Development Agency International Development Agency (World Bank) United Kingdom
		Total	105 469		

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Project <u>a/</u> Number	Title	Latest cost estimate	Contribution	Status of contribution delivered or pledged	Donor
(thousands of United States dollars)					
2. Accelerated development programme					
R-8	Mafeteng to Mohale's Hoek Road	14 760	(3 690 (1 200 (850 (3 900	Grant pledged Grant Grant Loan pledged	European Development Fund Netherlands United Kingdom Arab Bank for Economic Development in Africa
R-9	Quthing-Mohale's Hoek Road	29 000	f/		
R-10	Taung-Mokhotlong-Sani Pass Road				
	(a) *Feasibility and engineering study	520	520	Grant	United Kingdom
	(b) Construction	33 400	g/	-	-
R-11	Strengthening of feeder road programme	13 510	4 500 h/	Grant	World Food Programme - Catholic Relief Services
A-8	Modernized crop production - continuing development	10 480	-	-	-
A-9*	Strengthening of livestock marketing	412	412	Grant	United Kingdom
A-10	Irrigated vegetable production	1 300	246	Grant pledged	United Kingdom
A-11	Poultry production and processing	5 000	(1 610 (129	Grant pledged Grant pledged	Netherlands Unitarian Service Committee for Canada
A-12	Fresh-water fish production	988	253	Grant pledged	United Kingdom
A-14	Silo storage for strategic maize reserve	6 950	-	-	-
A-15	Fertilizer and seed project	3 000	-	-	-
P-1*	Identification of hydro- electric site or sites to be developed and preparation of feasibility study	1 150	1 000	Grant pledged	Canada
P-1(a)	Highland water scheme Feasibility study	6 150	f/	-	-

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Project a/ Number	Title	Latest cost estimate	Contribution	Status of contribution delivered or pledged	Donor
(thousands of United States dollars)					
P-1(b)	(i) Small-scale hydroelectric plants for rural areas. Pre-feasibility study	307	-	-	-
	(ii) Quthing river hydro-power generation. Pre-feasibility study	307	-	-	-
	(iii) Jodane multi-purpose project. Pre-feasibility study	307	-	-	-
E-1	Upgrading of four vocational schools	2 260	235	Grant	Netherlands
E-2*	Training of vocational school teachers	140	Fellowships		Ireland
E-3	Mathematics/science crash programme	460	157	Grant	United Kingdom
H-4	National referral and general hospital (phase 1)	3 690	872	Loan pledged	African Development Bank
H-5	Training of medical personnel	230	Fellowships		Various
I-1*	Maseru industrial area extension	980	2 070	Grant	European Development Fund
I-2	Advance factory buildings	2 850	2 850	Loan pledged	African Development Bank
I-3	Artisan industry centres at Qacha's Nek, Quthing, Butha-Buthe and Mokhotlong	1 150	1 265	Grant pledged	United Kingdom
M-3	Stone-crushing plant, Ramorakane	690	(230 (33 (319	Grant Equity loan) Loan)	Austria International Finance Corporation (World Bank)
M-4	Sandstone quarry and stone-dressing works	170	-	-	-
T-2	International communications via satellite	6 700 <u>i/</u>	6 700	Grant pledged	Federal Republic of Germany
	Total		<u>33 041</u>		

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Number	Project <u>a/</u> Title	Latest cost estimate	Contribution	Status of contribution delivered or pledged	Donor
(thousands of United States dollars)					
3.	<u>Contributions not for specific projects</u>		115	Grant pledged	India
			5	Grant pledged	Pakistan
			<u>21 480</u> <u>g/</u>	Grant pledged	United Kingdom
	Total		<u>21 600</u>		
Total contributions provided or pledged					
	up to 31 May 1980 (1 + 2 + 3)		<u>160 110</u>		

a/ An asterisk (*) placed after the project number indicates that the recommended project has been completed. However, in some instances the Lesotho Government has decided to develop the project more extensively.

b/ Additional funding was provided under road projects R-1 and R-5.

c/ The differential between the capital cost and the total of contributions was met by the Government of Lesotho.

d/ The requirements are for 20,000 tonnes of wheat grain for a strategic reserve and 90,000 tonnes of grain for milling over a four-year period.

e/ Funds provided under R-2.

f/ The Government of Lesotho has tentatively earmarked funds to be provided by the European Economic Community under the Lomé II Convention in the following amounts: for R-9, \$11.50 million; for P-1(a), \$6.15 million.

g/ On the basis of the engineering study, the United Kingdom Government found that the project was not economically feasible. However, the United Kingdom Government has indicated that the funds which it had previously pledged for this project could be applied to other projects which were considered economically feasible. The Lesotho Government has the matter under consideration.

h/ Approximate value of food aid.

i/ Excludes technical assistance requirements.

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APPENDIX

Progress report on individual projects in the special economic
assistance programme

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Progress report on individual projects in the special economic
assistance programme

1. Emergency programme

(a) Road transportation

R-1, R-3, R-4: Southern perimeter road

(revised cost estimate: \$63 million)

1. These projects, including project R-9, the Quthing to Mohale's Hoek road, were estimated to cost \$46 million. The provisional cost estimate of the above three projects is now \$63 million. USAID has pledged \$26 million and the Government of Lesotho has allocated \$5 million from its own resources. A grant of \$1,840,000 by the European Development Fund (EDF) has already been utilized for project R-1.

2. The establishment of a construction team under the Ministry of Works for implementing the project with the available funds, is under consideration.

R-2: Road haulage fleet

(original cost estimate: \$1.5 million)

3. The Lesotho Freight Service Corporation, a parastatal company, has been established and is in full operation. Four experts provided by the Federal Republic of Germany are at their posts. Ten trucks provided by EEC, together with 20 trucks given by the Federal Republic of Germany, are fully utilized for freight haulage. The terminal at Qacha's Nek has been completed. The terminal and service station at Quthing as well as the terminal, workshop and office accomodation at Maseru are nearing completion. These are being financed with \$2.76 million received from the Federal Republic of Germany and \$306,000 received from EEC.

4. Owing to the closing of the traditional outlet through south-eastern Lesotho to the Wool Board Market at Durban in South Africa because of the establishment of "Transkei", wool will have to be transported to Mohale's Hoek to link with the South African rail services. It is, therefore, considered essential to expand the existing fleet for which about \$2 million will be needed. A sum of \$500,000 is also required for the construction of a warehouse at Maseru. Negotiations are in progress with the Federal Republic of Germany for funding of the two schemes.

R-5: Thaba-Tseka to Mpiti road

(cost estimate: \$18 million +)

5. The Canadian International Development Agency (CIDA) has already completed a

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feasibility study, at a cost of \$70,000, and its findings will be available shortly. The prefeasibility studies had estimated the cost of the project to be in excess of \$18 million. The project is under negotiation with the Canadian Government and it is understood that the provisions of funds will be on a grant basis.

R-6: Three Ministry of Works maintenance centres

(original cost estimate: \$3.04 million)

6. Two maintenance workshops at Mphaka and Qacha's Nek have been completed, under project R-1, with assistance from EDF. The third maintenance workshop located at Thaba-Tseka and started with United Kingdom financing, will be expanded through an IDA loan under the Third Highway Project.

R-7: Strengthening the technical capacity of the Ministry of Works

(original cost estimate: \$930,000)

7. Staff recruitment for technical co-operation is expected to come from bilateral and multilateral sources. The Irish Government has provided three architects and five engineers. EDF has been requested to provide an engineer. Further assistance under an IDA loan for the Third Highway Project is also expected.

(b) Civil aviation

C-1: Strengthening the civil aviation fleet

(original cost estimate: \$2.3 million)

8. The Lesotho Airways Corporation received two Twin Otter aircraft and spare parts at a cost of \$2.46 million in May 1979 from the Canadian Government. EDF is funding, at a cost of \$870,000, a five-person management team; Ireland has provided \$25,000 for short-term training of staff of the Lesotho Airways.

C-2: Improvement of Maseru airport

(original cost estimate: \$50,000)

9. The project has been completed with aid received from Federal Republic of Germany.

C-3: Improvement of airstrips in mountainous areas

(revised cost estimate: \$9.5 million)

10. The project aims at upgrading the airstrips at Qacha's Nek, Semongkong, and Mokhotlong and improvement of the airstrips at Sehonghong, Nkau's, Sehlabathehe, Lesobeng and Quthing. Fencing of some airfields and complementary measures are

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also planned. Further, it is proposed to extend the Maseru airport hangar to enable indoor servicing of two larger planes of the Lesotho Airways. The Federal Republic of Germany has provided \$1.6 million for the project. Additional funds are urgently required.

C-4: National airport

(revised cost estimate: \$46 million)

11. The African Development Bank (ADB) has earmarked \$10.4 million and the Arab Bank for Economic Development in Africa, \$6 million, EDF, \$5 million, Saudi Arabia, \$4.5 million, Kuwait, \$4.2 million, OPEC, \$3 million and Abu Dhabi, \$800,000. Additional funds are needed for this important and high priority project.

(c) Agriculture, livestock and food

A-1: Mountain region food reserve

(revised cost estimate: \$3.6 million)

12. A reserve of 5,000 tonnes of maize from WFP has been established to provide a readily available supply for people living in inaccessible mountain areas in case of disruption of normal supplies. Grain stored in the mountains, which is recycled by sales to the public, also provides a readily available source of food at reasonable prices in these areas.

13. In order to assist in maintaining the level of the reserve, WFP will contribute 430 tonnes of maize as compensation for each recycling of stock.

14. A total additional storage area of 83,120 square feet is planned for 32 new and extended stores buildings, of which 28 will be in the mountains and 4 at the borders in the lowlands. It is also intended to upgrade 14 existing substandard stores throughout the country.

15. Funding has been provided by the World Food Programme (WFP), the Catholic Relief Services, the Food and Agriculture Organization of the United Nations (FAO) and the Norwegian Agency for International Development (NORAD). The proceeds of the sale of the EEC wheat donations for 1978-80 are also being utilized for financing the project. It is planned to complete the programme by 1981-1982.

A-4 Modernized crop production

(original cost estimate: \$11.6 million)

16. The Government continues to accord priority to this important project and remains convinced that yields can be increased under normal conditions. The Government itself made available \$7.2 million from 1976/1977 to 1979/1980 for this project.

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17. After poor results in 1977/1978 and 1978/1979, yields improved last year and surpassed the initial 1976/1977 level. No donor has been identified yet, and the problem of inadequate technical assistance in planning and supervision persists.

A-5: Grain processing self-sufficiency

(revised cost estimate: \$4.7 million)

18. The Lesotho Flour Mills with their silo storage and railway facilities have been completed and in operation since April 1979. There is a maximum storage silo capacity of 30,000 tonnes with a normal operational capacity of 25,000 tonnes. The mills have a normal annual production capacity of 39,000 tonnes of flour and 7,150 tonnes of by-products from the milling of 46,150 tonnes of wheat.

19. The total capital cost of \$4.7 million, including the railway facilities, has been funded by an OPEC soft loan of \$1.6 million, a United Kingdom grant of \$1.2 million and the balance by the Lesotho Government. The United Kingdom is also financing engineering, management and training with a management team of nine for a period of two years.

A-6: Wool and mohair development

(original cost estimate: \$2.8 million)

(1) Wool and mohair marketing

20. In order to channel wool and mohair marketing through Maseru, the Government has decided to construct four collecting sheds, instead of seven district bulking stores as proposed in the original project, at Mokhotlong, Qacha's Nek, Mohale's Hoek and Leribe. These sheds will be of the same design as the bulking stores except that checking, reclassing and bulking operations will be excluded. These operations will now be performed at a marketing centre to be established in Maseru. The British Government had approved a grant of \$679,000 for the original project. It has now approved the revised project and has correspondingly reduced its grant to \$257,000. Negotiations are also in progress with the United Nations Capital Development Fund.

21. It is proposed to expand Maseru bulking centre storage facilities since all wool and mohair in the country will be processed through Maseru. Transportation from collecting points to Maseru will also be required. The proposal is under study and cost estimates will be available soon.

22. Under the present marketing system farmers have to wait for a long time - sometimes for one year - for payment of the proceeds of their product. This causes hardships especially to small farmers. In order to alleviate this difficulty, it is proposed to establish a revolving fund of \$1.2 million. The estimated cost of this project, including technical assistance and training, is \$1,530,000. a/

a/ New proposal.

(2) Eradication of sheep scab

23. This project is making good progress with a grant of \$550,000 provided by the United Kingdom. The disease is under control though not totally eradicated. By the end of 1979, the total expenditure and commitments amounted to \$545,000. The United Kingdom has been requested to provide an additional grant of \$255,000.

24. The Government now proposes to construct nine district depots to make vaccines and drugs readily available in all parts of the country for the total eradication of the disease. Transport will also be required for the delivery of drugs. The estimated cost, including training, is \$392,000. a/

(3) Programmes to provide veterinary drugs, vaccines and stock lick

25. A grant of \$155,000 was approved by the United Kingdom in January 1978 to supplement funding for the existing Livestock Industry Revolving Fund in order to allow the purchase of drugs, vaccines and stock licks. All receipts from sales to farmers are paid into the Revolving Fund. Total expenditure and commitments on this project amounted to \$110,000 on 31 December 1979.

A-7: Agricultural Development Bank

(originally listed for technical co-operation only)

26. The Bank began its full operations in March 1980. The Federal Republic of Germany has earmarked \$1.1 million, subject to project appraisal.

A-13: Supply of wheat and strategic reserve

27. The National Strategic Reserve of 20,000 tonnes of wheat is being established. It will be held in the silos of the Lesotho Flour Mills and will be recycled through normal commercial operations.

28. An initial donation of 7,000 tonnes of wheat by WFP arrived in May 1980. Negotiations are in progress with WFP for a further contribution to the reserve.

29. In addition to the wheat reserve, the Government continues to receive wheat for sale for development purposes. EEC has provided 1,500 tonnes as its 1978 donation and 3,000 tonnes for 1979. Another 3,000 tonnes is expected as donation for 1980. Proceeds from the sale of 1978 donation, amounting to \$240,000, are being used for the construction of the first phase of the much needed storage for the Food Management Unit in the border areas. The proceeds of the 1979 and 1980 donations, amounting to \$1.2 million, will be utilized for the same purpose. Negotiations are in progress with EEC for further wheat donations in subsequent years and the proceeds of their sales will be used for agricultural development.

30. USAID has been requested to donate 90,000 tonnes of wheat and the request is under consideration. It is proposed to receive this donation in four years, at the rate of 22,500 tonnes a year, to be put in Lesotho Flour Mills silos. This could replace commercial purchases from South Africa.

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(d) Health sector

H-1: Stockpile of drugs and other medical supplies and extension of medical stores

(revised cost estimate: \$1,735,000)

31. The Lesotho Dispensary Association has built a factory to start local manufacture of drugs with an assistance of \$522,000 from the Government of the Netherlands. The Government of Japan has provided drugs valued at \$400,000. The Government of the Netherlands has provided a grant of \$1,580,000 and the Republic of Korea a grant of \$100,000.

32. A storage room and offices have been completed. The national drug stockpile was scheduled to start providing services from 1 April 1980 and all hospitals in the country are expected to get their pharmaceutical and medical supplies from that source. Under this programme, there will also be training of personnel for managing the drugs stockpile.

H-2: Qacha's Nek Hospital

(revised cost estimate: \$713,000)

33. The project provided for improvement of the old hospital and construction of a new hospital. The Danish International Development Agency (DANIDA) has provided \$495,000 towards the implementation of this project which commenced in July 1979.

34. Additional assistance is needed for management of the project, for which Denmark has been approached. Furthermore, equipment and funds are also needed for the new hospital. The United Nations Fund for Population Activities (UNFPA) is being requested to contribute \$40,000 towards the costs. Donation of \$178,000 is still needed.

H-3: Rural clinics at Matebang and Sixonde

(revised cost estimate: \$178,000)

35. The Netherlands had pledged a grant of \$118,000, i.e., \$59,000 for each clinic, subject to the completion of the access roads to these clinics. The roads have now been completed. \$60,000 is required to complete the project.

(e) Power supply

P-3: Emergency electricity supply

(estimated cost: \$9 million)

36. The project has been cancelled in view of the escalating oil prices and the unpredictability of the political situation in the region.

/...

P-4: Qacha's Nek diesel generator

37. Two 250 KVA diesel generating sets have been purchased with funds provided by the Federal Republic of Germany under project R-2 (Road haulage fleet). Funds have also been provided for reticulation and implementation of the project is in hand.

(f) Creation of employment

L-1: Labour-intensive development programme

38. The Government has assigned high priority to the creation of labour-intensive work throughout the country. The Labour-Intensive Construction Unit (LCU) has completed two road projects and one soil conservation project at Ratau using the grants provided by the United Kingdom and SIDA. With funds provided under a loan from IDA, work will also continue under the regravelling programme. LCU has completed the regravelling of the road from Lithabaneng to Ramorkana.

39. It is expected that work on the Seaka to Nohana road will start at the beginning of the 1980/81 financial year. Work will also continue with the regravelling programme under the IDA loan.

(g) Staffing

D-1: Development staff reinforcement and training

40. Technical assistance and training in some areas is still urgently required by the Government for effective implementation of projects in the assistance programme. Particulars may be obtained from the Ministry of Finance and Development Planning, Maseru, Lesotho.

2. Accelerated development programme

(a) Road transport

R-8: Mafeteng to Mohale's Hoek road

41. Funds for this project are being provided on a grant basis by EDF, amounting to \$3.69 million, the Netherlands, amounting to \$1.2 million, and the United Kingdom, amounting to \$850,000. The Arab Bank for Economic Development of Africa (BADEA) has pledged a soft loan of \$3.9 million. A five-kilometres section of the road, financed by the United Kingdom, has been completed and the construction of the road sections financed by EDF and the Netherlands will start soon. Additional funds are needed for completion of the project.

R-9: Mohale's Hoek to Quthing road

(cost estimate: \$29 million)

42. This project was formerly with R-1, R-3 and R-4 projects. It has now been

separated because of the shortage of funds. The preliminary estimated cost of the project is \$29 million. The Government has earmarked \$11.5 million in funds expected to be provided by EEC under the Lomé II agreement. Additional funds are urgently required.

R-10: Taung-Mokhotlong-Sani Pass road

(revised cost estimate: \$33.4 million)

43. This project includes two sections of road, Mokhotlong to Taung and Mokhotlong to Sani Pass, involving a total road length of 132 kilometres. The United Kingdom Government had agreed to provide a grant of \$22 million for the feasibility and engineering studies and the construction of the road. However, on the basis of the engineering study, financed at a cost of \$520,000, the United Kingdom did not regard the road as economically feasible. It has indicated that the funds which it had previously pledged could be utilized for other economically feasible projects. New funding is therefore sought.

R-11: Strengthening of feeder road programme

(revised cost estimate: \$13.51 million)

44. The original project has been completely revised and a project identification document was prepared with the assistance of USAID. The project will concentrate on village feeder-roads and access tracks in the southern mountain area and include construction of bridle paths and foot bridges across mountain streams. It is planned to complete the project from 1981 to 1987 at a cost of \$13.51 million.

45. The existing programme engages some 14,500 self-help workers on a basis of work for food donated by WFP and Catholic Relief Services. It is intended to increase work force to at least 20,000 by 1981. The USAID-supported component of the programme will be in addition to the existing programme.

46. The food committed by WFP and Catholic Relief Services has been increased from 10,000 tonnes in 1979/1980 to 12,400 tonnes in 1980/1981 in order to meet the needs of the feeder roads programme in the emergency areas. Additional supplies have been requested for subsequent years.

47. The United Nations is being approached for technical assistance for the preparation of additional programmes particularly for the border and mountain areas. Requests have also been made to USAID and WFP for training, tools and supervisory support.

48. The food stores, built under project A-1, will facilitate the distribution of food-for-work in mountain and other emergency areas and enhance the effectiveness of this project.

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(b) Agriculture and livestock

A-8: Modernized crop production and storage - continuing development

(original cost estimate: \$10.48 million)

49. See A-4. This project, in substance, forms part of project A-4.

A-9: Strengthening of livestock marketing

(revised cost estimate: \$412,000 +)

50. A grant of \$412,000 was approved by the United Kingdom Government for the establishment of a livestock procurement system for the new abbatoir to be erected on the outskirts of Maseru. The project includes the establishment of 30 cattle saleyards and 17 resting points in the mountain areas. The project is now under implementation, but the available funds are not sufficient to cover the whole country.

A-10: Irrigated vegetable production

(original cost estimate: \$1.3 million)

51. A project document is being finalized for funding by the United Kingdom up to a ceiling of \$246,000 during the three-year programme 1979/80 to 1981/82. Additional funds are needed.

A-11: Poultry production and processing

(revised cost estimate: \$4.5 million)

52. The project is divided into five components as follows:

(i): Egg and poultry production (\$2 million)

53. The Netherlands has pledged \$1.6 million for this component.

(ii): Poultry and slaughter plant (\$438,000)

54. CEBEMO, a central organization dealing with co-operative financing of development programmes, located at the Hague, has indicated its willingness to fund this component of the project.

(iii): Hatchery and breeding (\$1,230,000)

55. A donor has still to be identified for this component.

(iv): Staff, offices, housing and transport (\$786,640)

56. A donor has to be identified for this component.

/...

(v): Marketing outlets (\$129,000)

57. The Unitarian Service Committee of Canada will fund this component.

A-12: Fresh-water fish production

(revised cost estimate: \$988,000)

58. In view of the higher estimated cost of this project and a rapid increase in the cost of fish feed, a revised project is under formulation. The United Kingdom Government had provided \$253,000 towards a feasibility study.

A-14: Silo storage for strategic maize reserve and integrated maize mill and animal food-stuffs factory

(revised cost estimate: \$9.45 million of which donor finance: \$6.95 million)

59. This is an integrated project for the establishment of silo storage, a maize mill and an animal food-stuffs factory next to the Lesotho Flour Mills in Maseru. It is proposed to construct a silo storage for 30,000 tonnes - 7,500 tonnes to be located at Maputsoe next to the present maize mill and 22,500 tonnes to be located at Maseru next to the wheat mill. Part of the storage will be utilized for the National Strategic Reserve of 15,000 tonnes of maize, and the rest for storing of food-for-development. Yellow maize donations will be sold to the animal food-stuffs factory and the proceeds used to purchase white maize for the Reserve and to provide resources for an Agricultural Development Fund.

60. The estimated cost of the silo storage, the maize mill and the animal food-stuffs factory is about \$5.6 million. The maize for the National Strategic Reserve would cost about \$3.85 million. Donor funding will be required for silo storage (cost: \$3.1 million) and grain supplies (cost: \$3.85 million). Commercial finance will be sought for the maize mill and the animal food-stuffs factory.

A-15: Fertilizer and seed project b/

(cost estimate: \$3 million)

61. This project is designed to provide the necessary support to the agricultural sector, while the Government is restructuring the modernized crop production programme (projects A-4 and A-8). The project aims at increasing agricultural output and achieving greater self-reliance in food production. It includes the provision of fertilizer and seed for cultivation of wheat, potatoes, beans, maize and sorghum.

62. The project is now at an advanced stage of negotiations with the International Fund for Agricultural Development (IFAD) which are expected to be concluded in September 1980.

b/ For details see A/34/393, annex, paras. 83-84.

(c) Hydroelectric power

P-1 (A): Highland water scheme c/

63. This scheme is designed to provide Lesotho with a measure of self-sufficiency in power generation and delivery of water to South Africa. A pre-feasibility study has been completed and the document is under consideration of the two Governments.

P-1 (B): Feasibility and design of internal hydropower generation projects

64. In addition to the Highland water scheme, the Government proposes to develop smaller projects on catchments not affected by that scheme.

(i) Small scale hydroelectric plants for rural areas: pre-feasibility study

(estimated cost: \$307,000)

65. The Government of Lesotho attaches great importance to the development of its water resources for generating power. It proposes to conduct a study for examination of the demand for power of rural communities that can be satisfied economically from the national grid. Secondly, it will identify suitable sites for power generation and the civil works. The terms of reference of the study have been drawn up and it will be completed in nine months. Funds in the amount of \$307,000 are required for the study.

(ii) Quthing river hydropower generation: pre-feasibility study

(estimated cost: \$307,000)

66. Quthing river springs from the Southern Drakensburg. The topography of its upper catchment, which receives an annual rainfall of about 1,000 mm, is believed to be suitable for storage and power generation. It is proposed to carry out a pre-feasibility study to assess the value of developing the hydroelectric power potential of the river. The estimated cost of the study is \$307,000 for which funds are needed.

(iii) Jordane multipurpose project: pre-feasibility study

(estimated cost: \$307,000)

67. A pre-feasibility study is needed in order to determine the value of developing the potential of the Senqunyane river and the impact of this development on the national power supply. The study is estimated to cost \$307,000 for which funds are needed.

c/ Ibid. para. 85.

P-5: Diesel generator at Mokhotlong

68. In view of the rising costs, this project has been cancelled.

(d) Education

E-1: Upgrading of four vocational schools

(original cost estimate: \$2.26 million)

69. In order to alleviate the shortage of skilled workers in various fields, it is proposed to upgrade four vocational schools located in Leribe, Mophale's Hoek, Maliele and Qacha's Nek. The schools urgently require teaching equipment, laboratories, hostels for students and adequate housing for teachers.

70. The Government of the Netherlands has provided \$235,000. Additional funds are required.

E-2: Training of vocational school teachers

(original cost estimate: \$140,000)

71. This project is complementary to project E-1. The Government of Ireland has provided fellowships and the schools funded by the International Development Agency are training eight teachers.

E-3: Mathematics/science crash programme

(original cost estimate: \$460,000)

72. This project was aimed at further expansion of a crash programme to upgrade pupils in mathematics and science for entry into the National University. The first phase of the project was funded by a grant of \$157,000 from the United Kingdom. Funding is required for the second phase which includes construction of additional classrooms, laboratories, and student and staff accommodation.

(e) Health sector

H-4: National referral and general hospital (phase 1)

(original cost estimate: \$3.69 million)

73. The provisional cost estimate provided by consultants totalled \$24 million. The project is still under review. After completion of the review, assistance will be sought from the international community.

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H-5: Training of medical personnel

(original cost estimate: \$230,000)

74. Training of medical personnel has made a notable progress. At present, 64 trainees from Lesotho are receiving instruction abroad. Of these, 4 are in specialized courses in medicine, 27 in general medicine and 9 in pharmacy.

75. A one-year laboratory training course started in October 1979. Moreover, the Government proposes to give further training to qualified nurses to enhance their skills in diagnosis and treatment of common diseases in the clinics. Preparatory work for the establishment for the Faculty of Health Sciences at the National University of Lesotho is under way. The university will also offer an 18-month diploma course in pharmaceuticals, starting from September 1980.

(f) Industry

I-1: Maseru industrial area extension

(original cost estimate: \$980,000)

76. The Maseru Industrial Estate Extension is complete except for the resurfacing of roads. The Thetsane Industrial Estate, an integral part of the project, is nearing completion. The European Development Fund contributed \$2,070,000 for the project.

I-2: Advance factory buildings

(revised cost estimate: \$2.85 million)

77. The African Development Bank has approved \$2,850,000 for the project.

I-3: Artisan industry centres at Qacha's Nek, Quthing, Butha-Buthe and Mokhotlong

(original cost estimate: \$1.15 million)

78. The United Kingdom Government has agreed to provide \$1,265,000 for the centres at Leribe and Mohale's Hoek and construction is scheduled to start in 1980. Funds are required for other centres.

(g) Minerals, mining and quarrying

M-1 and M-2: Acceleration of exploration for diamonds and uranium

(original cost estimate: \$500,000)

79. An expert uranium geologist has been recruited to strengthen the UNDP mineral exploration project. New radiometric equipment for the exploration of uranium was

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purchased with UNDP funds at a cost of \$30,000. A gravity survey of the whole country was completed by the United Kingdom Institute of Geological Sciences and the United Kingdom Directorate of Overseas Surveys is printing the geological maps produced by the UNDP geological survey team. The International Atomic Energy Agency has also made available the services of an expert for uranium exploration.

80. The Government of Lesotho has allocated \$1.23 million for the implementation of the project.

M-3: Stone-crushing plant, Ramorakane

(original cost estimate: \$690,000)

81. The International Finance Corporation provided an equity of \$33,000 and a loan of \$319,000 for quarry operations. The plant at Ha Foso, 13 kilometres from Maseru, faced some difficulty in operating recently, but full operations are expected to resume shortly.

M-4: Sandstone quarry and stone-dressing works

(original cost estimate: \$170,000)

82. Funds are still needed for this project.

(h) Telecommunications

T-2: International communications via satellite

(cost estimate: \$6.7 million)

83. A project to develop an "Earth Satellite Station - Standard B" has been adopted, towards which the Federal Republic of Germany has approved a sum of \$6.7 million. The project is due to come into operation early in 1982.

84. Donors have been approached for training and technical assistance for the project but no positive response has been received yet. It is estimated that 480 work-months of technical assistance and seven trainees will be needed.
