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SECURITY COUNCIL
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Assistance to Lesotho

Report of the Secretary-General

1. In its resolution 35/96 of 5 December 1980, 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-sixth session.
2. In pursuance of that resolution, the Secretary-General arranged for a review mission to visit Lesotho in March 1981 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 35/96, the General Assembly invited a number of specialized agencies and organizations to bring further to the attention of their governing bodies the special needs of Lesotho and to report to the Secretary-General by 15 August 1981 on the steps they have taken. The responses of the agencies and organizations will be reproduced in a report of the Secretary-General covering Lesotho and other countries for which the General Assembly has requested the Secretary-General to organize special economic assistance programmes.

* A/36/150.

ANNEX

Report of the fifth review mission to Lesotho
(16-19 March 1981)

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I. INTRODUCTION

1. Previous reports of the Secretary-General on assistance to Lesotho ^{a/} listed the 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 5 December 1980, the General Assembly adopted resolution 35/96 on assistance to Lesotho, in which it endorsed fully the assessment of the situation contained in the annex to the report of the Secretary-General (A/35/432-S/14153) and called upon the international community to provide financial, material and technical assistance to Lesotho. The 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-sixth session.
3. The Secretary-General arranged for a mission to visit Lesotho from 16 to 20 March 1981 to consult with the Government on the economic situation of the country and the progress made in implementing the special economic assistance programme. The fifth review mission was led by the Joint Co-ordinator of Special Economic Assistance Programmes in the Office for Special Political Questions.
4. 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 Cabinet office and the Ministries of Finance and Development Planning, Agriculture, Works, Transport and Communications, Water, Energy and Mining, Education and Health and with staff of the Food Management Unit. Discussions were held with members of the diplomatic corps represented in Lesotho. The mission also held talks with representatives of the United Nations system in Maseru.
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-S/12438 (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-S/13485 (idem, Thirty-fourth Year, Supplement for July, August and September 1979, document S/13485); and A/35/432-S/14153; see also A/34/556 and A/35/497.

II. CURRENT SITUATION

A. Economic and financial situation b/

1. Growth

6. Lesotho's gross domestic product (GDP) and gross national product (GNP) have failed to keep pace with inflation rates. Real GDP in 1979/80 is estimated to have been 6 per cent less than in 1978/79, while real GNP declined by 3 per cent over the two years. The major components of GDP, namely agriculture and construction, have shown declines. Agricultural output was severely reduced as a result of drought, while construction work has been retarded by bottlenecks, such as shortages of building materials. For the people of Lesotho, this has meant declines in employment and income, especially in the rural areas.

2. Inflation

7. The rate of inflation has accelerated. Measured by the consumer price index, prices in Lesotho were 24 per cent higher in April 1980 than 12 months earlier. The sharp rise in the index is attributed primarily to increases in the cost of food, petroleum imports, and housing. This development has not only adversely affected the purchasing power of the population at large, but has contributed to cost overruns in project implementation. The Government believes that speedier implementation of projects would help to cut down cost overruns.

3. Government finances

8. The outcome of the Government's budget for 1979/80 showed a surplus of M 22.7 million c/ on current account, which covered a deficit of M 15.2 million in the capital account and left the Government with a positive balance of M 7.6 million.

9. At the time of the mission's visit, data on the outcome of the 1980/81 budget were available only for the nine months ending December 1980. These showed revenues collected amounting to M 74.4 million or 71.6 per cent of appropriations (excluding borrowing through the Treasury and compulsory savings by civil servants). Capital expenditure amounted to M 27.46 million (32.9 per cent of appropriation).

b/ The economic data provided in this report are based on information made available by the Government.

c/ At the time of the mission's visit, the exchange rate of the national unit of currency, the loti, against the United States dollar was 1 loti = \$1.29. The plural form of the currency unit is maloti (M).

The Government stated that the latter figure reflected not only the level of the country's absorptive capacity but was also related to rigid disbursal procedures on the part of some aid donors which, because of delays in payments, often resulted in a deficit in the Government's finances.

10. The appropriations for 1981/82 proposed to the National Assembly by the Minister for Finance in March 1981 total M 265,664,800, an increase of M 74,147,510 (or 38.7 per cent) over the previous year's appropriations. The budget proposals for 1981/82 are shown in table 1. The figures shown do not include directly funded projects worth M 31,811,810, largely in the form of food aid.

11. The development budget for 1981/82 of M 135,709,420 is 62.5 per cent greater than the previous year. The proposed major sectoral shares are as follows:

	<u>Percentage</u>
Public works	26.4
Agriculture	15.8
Transport and communications	14.2
Water, energy, mining	12.2
Non-institutional buildings	7.2
Commerce and industry	6.1

12. A major focus of the proposed development budget is infrastructure, with expenditures on construction and building in all sectors totalling over M 86 million, or 64 per cent of the budget for development. The Government considers infrastructure as the necessary springboard from which to launch a productive investment programme.

Table 1. Government finances 1981/82
(Maloti)

A. <u>Appropriations 1981/82</u>		
1.	For the consolidated revenue account	126 502 380
	(a) Recurrent expenditure	107 596 220
	(b) Statutory expenditure	18 906 160
2.	For the consolidated administrative account	3 453 000
3.	For the consolidated capital account	135 709 420
	(a) Lesotho Government	53 085 190
	(b) Bilateral grants	41 176 060
	(c) Multilateral grants	10 396 320
	(d) External loans	31 051 850
	Total	265 664 800
B. <u>Revenue 1981/82</u>		
	Lesotho Government resources	214 092 420
	Development grants	51 572 380
	Total	265 664 800

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4. Balance of payments

13. Lesotho's balance of payments continues to be characterized by a very substantial trade deficit, which is covered for the most part by migrants' remittances, and, to a lesser extent, by aid grants (see table 2). In 1979/80, exports represented 11.6 per cent of imports. However, after account was taken of income from services as well as transfers, the current account was in deficit by over M 18 million in 1979/80.
14. The increase in the value of imports in 1979/80 over 1978/79 resulted in part from an increase in the volume of imports associated with the country's development programme but also reflected marked increases in import prices.
15. The notable increase in the value of exports beginning in 1978/79 was due mainly to diamond exports from the mine at Letseng. However, the short-term outlook in the world market for diamonds is extremely uncertain at present. Although prices received by Lesotho for its diamond exports have held up until now, both the price and the quantity of Lesotho's diamond exports in the near future are far from certain.
16. Migrants' remittances have tended to stagnate in recent years, reflecting the declining employment opportunities offered to Lesotho nationals in the coal-mines of South Africa, a trend which is only partly offset by increased employment and earnings in that country's gold-mines. Of further concern to the Lesotho Government is the uncertainty which is attached to this source of revenue. Within its planned programme of development, it is the aim of the Lesotho Government to reduce the dependency of Lesotho on South Africa, mainly through the creation of diversified employment opportunities in the country and the achievement of self-sufficiency in food production.
17. The outlook for the over-all balance of payments in 1980/81, the Government believes, will depend largely upon the level of aid grants. The trade deficit is expected to grow further; migrants' remittances may increase but only very little and, because of the present formula for their calculation, revenues from the Southern African Customs Union are expected to fall in the immediate future. The Lesotho Government is negotiating with the Government of South Africa regarding this matter.

Table 2. Balance-of-payments estimates
1975/76-1979/80
(Millions of maloti)

	1975/76	1976/77	1977/78	1978/79	1979/80
Exports, f.o.b.	10.6	14.0	12.2	30.4	33.5
Imports, c.i.f. <u>a/</u>	-127.0	-177.5	-180.2	-209.5	-289.8
Trade balance	<u>-116.4</u>	<u>-163.5</u>	<u>-168.0</u>	<u>-179.1</u>	<u>-256.3</u>
Travel (net)	3.9	5.3	3.1	4.9	5.5
Investment income (net)	0.6	0.6	-1.3	-1.0	-1.2
Remittances (net)	98.0	113.1	145.2	145.1	154.1
Income from services	<u>102.5</u>	<u>119.0</u>	<u>147.0</u>	<u>149.0</u>	<u>158.4</u>
Private transfers	5.2	5.2	4.7	4.9	4.9
Grants-in-aid	8.7	12.3	13.7	24.4	48.8
Other government transfers	6.0	7.5	11.1	17.8	25.8
Total transfers	<u>19.9</u>	<u>25.0</u>	<u>29.5</u>	<u>47.1</u>	<u>79.5</u>
Current account balance	<u>6.0</u>	<u>-19.5</u>	<u>8.5</u>	<u>17.0</u>	<u>-18.4</u>
Short-term capital inflow	-8.1	0.5	-7.3	-13.1	-2.3
Direct investment <u>b/</u>	4.8	22.3	2.7	-2.9	14.0
International Monetary Fund Trust Fund	-	-	-	2.1	5.4
Capital account	<u>-3.3</u>	<u>22.8</u>	<u>-4.6</u>	<u>-13.9</u>	<u>17.1</u>
Allocations of special drawing rights (SDR)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1.6</u>	<u>1.5</u>
Movement of reserves <u>c/</u>	-2.7	-3.3	-3.9	-4.7	-0.2

Source: Data provided by the Lesotho Government.

a/ Includes food donated to the value of M 4.9 million, M 4.6 million, M 4.0 million, M 4.0 million and M 4.0 million for the years 1975/76, 1976/77, 1977/78, 1978/79 and 1979/80, respectively. Imports are net of duty and taxes.

b/ Includes net errors and omissions.

c/ A minus sign denotes an increase in reserves.

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B. Agriculture

1. Domestic production

18. Agriculture constitutes about 40 per cent of Lesotho's GDP, and the Government is at present preparing a blueprint for agricultural development which it expects to present to donors in 1982. A number of developments are taking place relevant to this sector: the decentralization of government services through the appointment of 10 district co-ordinators of government services (of Deputy Permanent Secretary rank, reporting directly to the Secretary to the Cabinet); a policy of support of rural growth centres to encourage village consolidation and thus the optimal delivery of government services; and the continuation of the basic Agricultural Services Programme (BASP) d/ designed to bring greater profits to cultivators of basic food-stuffs through the timely provision of inputs and improved marketing facilities.

19. Following a year of relatively poor crops in 1979/80, the 1980/81 crops have also been adversely affected by climatic conditions. A drought between April and December 1980 delayed plowing with the result that the traditional "hungry" season (October to January) was particularly severe and prolonged. The Prime Minister declared a food emergency in late December 1980. As a result of rains in December 1980 and January 1981, good maize and sorghum crops can be expected in certain districts, but the southern mountain region did not benefit.

20. In the case of wheat, both the winter and summer crops have been adversely affected by the timing of drought and rain and 1980/81 wheat harvests may be only 25 per cent of the 45,000-tonne yield of the previous year.

21. Cereal production in the country is also being adversely affected by the poor condition and insufficient number of draught animals, the quality and timing of field operations under traditional methods of cultivation, and declining soil fertility. Furthermore, there is evidence to suggest that a number of farmers have switched from cereals to other crops.

22. The net effect is that severe food shortages continue to be experienced, especially in a number of remote areas. The mission was informed that recent nutrition surveillance had revealed an increase in the number of emaciated children in mountain areas such as Semonkong.

d/ Six blocks have so far been designated for BASP, and five of these have commitments of support from the United Kingdom of Great Britain and Northern Ireland, Federal Republic of Germany, the European Economic Community (EEC), the International Development Association (IDA), and the Anglo-American Corporation. One block, requiring \$1.9 million over three years, needs donor support.

23. With a view to achieving self-sufficiency in food production, the Lesotho Government is giving strong support to mechanized crop production and the application of modern production techniques. With external assistance, the Government embarked in 1980 on pilot schemes of mechanized production. Rainfall in the selected sites has been favourable and yields are expected to be as much as 10 times as high as yields obtained under traditional methods of cultivation.

2. Food aid

24. The shortfall between national consumption of wheat and maize and Lesotho's domestic production is met by commercial imports - about 100,000 tonnes in a normal year - and food aid.

25. Food aid plays a key role in the development of Lesotho. Donated food not only helps to meet the needs of vulnerable groups in the country, it also supports the Government's important food-for-work programmes. Through labour-intensive programmes in road construction, afforestation, soil conservation and self-help activities the Government is seeking both to provide employment for the people and promote the development of the country. Additional donations of food would allow the Government to expand these programmes. Furthermore, labour-intensive works are important to Lesotho's contingency planning against any large-scale repatriation of Lesotho nationals working in South Africa. It is hoped that donors will support these programmes by substantially increasing their donations of food.

26. Through donated food the Government has established reserves of maize, with storage, in the mountain regions (project A-1). An initial donation of 7,000 tonnes of wheat from the World Food Programme (WFP) has enabled the Government to take the first steps towards establishing a 20,000-tonne national strategic reserve of wheat (project A-13). Unfortunately, the balance of wheat required to complete the reserve has not been secured. The mission was informed that the Government was in touch with a potential donor which might contribute through WFP. The national strategic reserve of wheat is important to Lesotho's food security since, in the event of a cessation of imports from South Africa, it would take from nine months to one year for supplies from alternative sources to reach the country.

27. Donations of food which can be sold allow the Government to use the proceeds for development purposes. The main contributor of this kind of assistance has been the European Economic Community (EEC) with donations of wheat in the period 1978-1981 totalling 11,500 tonnes with a value of \$2.3 million.

28. The planned amount of food aid and the actual receipts in 1980/81 and the planned amounts for 1981/82 are shown below:

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Table 3. Food aid

Year		Maize		Wheat	
		Planned amount	Actual receipt	Planned amount	Actual receipt
(in tonnes)					
1980/81	General food aid	11 907	10 129	6 833	7 157
	Grain reserves	3 634	2 951	20 000	6 827
	Wheat for sale for development	-	-	3 000	2 984
	Total	<u>15 541</u>	<u>13 080</u>	<u>29 833</u>	<u>16 968</u>
1981/82	General food aid	17 330	-	7 951	-
	Grain reserves	4 030	-	13 000 <u>a/</u>	
	Wheat for sale for development	-	-	13 200 <u>b/</u>	4 200
	Total	<u>21 360</u>	<u>-</u>	<u>34 151</u>	<u>4 200</u>

a/ This represents the amount requested from a potential donor in 1980/81 but not received.

b/ Includes 5,000 tonnes as the first consignment of 90,000 tonnes requested over five years from the United States Agency for International Development (USAID).

C. Employment

29. The creation of employment opportunities for the rapidly expanding work force continues to be a matter of prime concern to the Government of Lesotho.

30. Migrant labour opportunities for Basotho males - mostly in the mines of South Africa - are not increasing. Indeed, the number of Lesotho nationals employed in the coal-mines of South Africa has declined in recent years as a result of mechanization and the South African Government's policy of replacing foreign migrant workers by labour recruited from the homelands. Furthermore, recruitment to the mines has been reduced by a lengthening of the average period of mining contracts. At the same time, opportunities for Lesotho's young males to obtain employment in

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South Africa's mines have decreased as a result of the hiring practices adopted by South Africa's mining industry by which preference is given to "experienced" workers.

31. The Government is therefore urgently concerned to create domestic employment opportunities and to provide technical and vocational training that will equip Lesotho's young people for occupations in the modern sector and raise the level of skills among those engaged in traditional occupations such as agriculture. Total domestic employment in the formal sector is about 40,000 at present, out of a potentially economically active population of about 655,000. In the planning of all projects, it is the Government's intention to consider carefully the relationship between labour and capital equipment.

32. Training programmes are especially needed in Lesotho because of the loss of skilled workers to South Africa, where wages are higher. The Government therefore welcomes the inclusion of a training component in donor-assisted projects.

33. The matter of Lesotho's future manpower needs is receiving the attention of the Government. A National Manpower Secretariat has been set up and a Manpower Plan for the 1980s is being prepared.

34. With Lesotho's migrant labour force numbering 165,000, the Government is also concerned to be in a state of readiness to deal with any sudden mass repatriation of workers from South Africa. As a first line of defence against such an eventuality, the Government plans to expand its labour-intensive programmes. The support of donors through food donations for food-for-work projects would be crucial to the Government's ability to deal with the situation.

D. Energy

1. Oil

35. Lesotho's total dependence upon South Africa for its supply of petroleum products has been a matter of concern to the Government, which wishes to assure adequate and regular supplies to meet the country's needs. Furthermore, the prices paid by Lesotho for its oil imports reflect the higher prices paid by South Africa for the ad hoc purchases which it is obliged to make.

36. The petroleum purchased by Lesotho with international assistance has been refined and stored at Maputo, but the difficulties in negotiating the passage of the refined products over South African Railways have not yet been resolved. Negotiations continue with the Government of South Africa.

37. Within the regional transportation plans of the Southern Africa Development Co-ordination Conference (SADCC) there is a project element for the provision of Lesotho-owned rail tanker-wagons to move petroleum products from Maputo over the

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South African track; this, however, will not solve the immediate question of moving the refined products now in storage.

38. The previous report of the Secretary-General reviewed the steps being taken by the Government for an over-all review and examination of Lesotho's energy balance. The Government intends to pursue the studies in this area.

2. Hydroelectric power

39. In the medium term and the long term, the Government of Lesotho hopes to utilize the country's ample water resources to achieve a measure of self-sufficiency in energy through the generation of hydroelectric power. The Government therefore attaches a high level of importance to the Highland water scheme (project P-1(A)) - a large-scale project to be phased over the next two decades - which would provide power for Lesotho and deliver water to South Africa. In operation, the scheme would lessen Lesotho's dependence on South Africa for power supplies and, because of its revenue potential, reduce Lesotho's dependence on migrants' remittances.

40. Planning and implementation of three pre-feasibility studies on hydroelectric power in other areas, not easily served by the national grid, are progressing satisfactorily, and are described under project P-1(B).

E. Roads, transport and communications

41. Generally satisfactory progress is being maintained in the road construction and road transport projects in the emergency programme. However, while some of the road construction projects in the accelerated development programme have obtained funding, significant gaps remain. About \$28.8 million is needed for the Taung-Mokhotlong-Sani Pass road (project R-10), to which the Government attaches great importance as it will be important in linking the mountain areas and the lowlands. A balance of \$4.9 million is required to fund the Mohale's Hoek to Quthing road (project R-9).

42. The programme to strengthen the rural feeder-road system is of central concern to the Government in view of the extent to which many social and economic development projects depend on access to rural areas. The programme urgently requires additional support through food donations for the food-for-work component and simple hand-tools such as picks, shovels and barrows.

43. Good progress is being made with the projects related to air transportation (projects C-1, C-2, C-3 and C-4), and the project to develop an earth satellite station (project T-2) has been fully funded and is being implemented.

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F. Commerce, industry and tourism

44. These sectors are particularly important because of their potential for creating cash incomes and providing diverse job opportunities.

45. The Maseru Industrial Area development and advance factory buildings (projects I-1 and I-2) have made good progress, but additional funding is needed for artisan industry centres at Qacha's Nek, Quthing, Butha-Buthe and Mokhotlong (project I-3).

46. Although the wool and mohair industry has experienced some problems related to the quality of the wool, it is expanding. A central bulking centre and storage facility at Maseru (project A-6) is being studied, and the Government expects to be able to present cost estimates to interested donors in the near future.

47. While the flow of tourists, primarily from South Africa, appears to have held up reasonably well in 1980, the Government is - for reasons reported in the previous report of the Secretary-General - concerned about this sector. It has therefore entered into discussions with the European Investment Bank concerning feasibility studies on three new tourism projects.

48. The Government feels that the development of Lesotho's road network is crucial if the tourism potential of the country's scenic beauty is to be exploited.

G. Education

49. As indicated in section C above, the Government is anxious to strengthen vocational education. Trained personnel are urgently required not only for public works, water, energy and mining but also for accounting and financial control. While donor support has been forthcoming to allow some upgrading of the three vocational schools identified in project E-1, funding is sought for the vocational school at Qacha's Nek.

50. Funding is also sought for additional educational facilities and student and staff accommodation in connexion with the crash programme in mathematics and science (project E-3).

51. 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. A UNDP-financed educational consultant has completed a report on the extent of the problem. The report is now being studied by the Government. The consultant's findings indicate that the number of students involved is considerably higher than that previously estimated by the Government.

H. Health

52. No new health problems were reported to the review mission. The Government is continuing to carry out a programme of vaccination of children against communicable diseases.

53. The new hospital at Qacha's Nek is under construction and some additional facilities are planned (see project H-2). Construction of the rural clinic at Dilli-Dilli has now begun (see project H-3).

I. Participation of women in development in Lesotho

54. With a large number of the able-bodied males of Lesotho employed in the mines of South Africa, the role of women in the economy of Lesotho is especially important.

55. A Bureau of Women's Affairs has been set up within the Prime Minister's Office. The Government is preparing to submit a request to the Swedish International Development Agency (SIDA) to finance a Planning Officer to be attached to the Women's Bureau for a period of two years to assist in the formulation of projects oriented towards the employment of women.

56. UNDP has signed an agreement with the Government of Lesotho to finance a project out of the Voluntary Fund for the United Nations Decade for Women. The project, which amounts to \$124,000 over a two-year period, will aim to develop the skills of women in the rural areas.

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

57. Based on the information provided by the Government to the fifth review mission, total international assistance to Lesotho provided or pledged, related to the special assistance programme, amounted to \$202,583,000 as of March 1981. This reflects an increase of \$42,473,000 since May 1980. Details of contributions for individual projects and the sources of funding are provided in table 4 below.

58. The generous response of the international community to the special economic assistance programme for Lesotho has been most encouraging and has permitted the implementation of a substantial portion of the programme. Some of the projects have been fully funded, others have been financed in part. However, attention is drawn to a number of remaining needs for which financing is sought.

59. In the emergency programme, eight projects have been completed, including three out of eight road projects and two out of four air transport projects. Of the remaining emergency programme projects, the most important needs, not being discussed at present with potential donors, are:

(a) Support for the construction of a wool and mohair central bulking centre and storage facility at Maseru (not yet costed);

(b) Additional assistance for the sheep-scab eradication programme: dipping chemicals for the 1982/83 season (\$366,000), and the construction of nine more district depots for dipping chemicals and veterinary vaccines (\$511,000);

(c) Additional financing of \$65,000 for the Livestock Industry Revolving Fund, for the purpose of increasing the stocks of veterinary supplies to an adequate level;

(d) Additional financing of up to \$1.07 million to maintain the central stock of drugs at Mafeteng medical stores at a minimally adequate level in the face of the escalation of procurement costs;

(e) An additional \$145,000 for Qacha's Nek hospital for the construction of a tuberculosis ward, a paediatric unit and an incinerator;

(f) A final \$15,000 to fully fund the construction of a rural clinic at Matebeng.

60. In the accelerated development programme, three projects have been completed and several others are near to full funding and implementation. The most important remaining needs, not being discussed at present with potential donors, are:

(a) A balance of \$4.9 million for the Mohale's Hoek to Quthing road;

(b) Full funding of the Taung-Mokhotlong-Sani Pass road, approximately \$28.8 million;

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(c) Donations of food for food-for-work projects and hand-tools for the rural feeder-road programme (see description of project R-11 in paras. 98 to 104 below);

(d) Support for the irrigated vegetable production programme (\$1.3 million);

(e) Funding for the hatchery (\$1.3 million) and the staff-housing (\$830,000) components of the poultry production and processing project;

(f) Construction of silo storage for the strategic maize reserve (\$3.6 million), and the purchase of maize for the reserve (\$4.4 million);

(g) Funding for the purchase of seed under the fertilizer and seed project (\$1.0 million for 3 years);

(h) Additional funding for upgrading vocational schools (\$900,000+);

(i) Technical assistance for teaching vocational subjects (about \$100,000);

(j) Funding for the second phase of the mathematics/science crash programme (\$323,000 plus student scholarships);

(k) Support for the Faculty of Health Sciences at the National University of Lesotho (\$8 million), and for the establishment of facilities for a national referral hospital (estimated \$37 million);

(l) Financing of four artisan industry centres;

(m) Funding for a feasibility study on a sandstone quarry and stone-dressing works (\$170,000).

61. Details of the requirements listed above are given in the progress report on the individual projects which follows:

Table 4

International response to the United Nations special
economic assistance programme for Lesotho

Status of project costs and contributions as at mid-March 1981

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

Project a/ Number	Title	Latest cost estimate	Contribution	Status of contribution	Donor
		(thousands of United States dollars)			
<u>A. Emergency programme</u>					
R-1*	Spot improvements, Bekakes to Qacha's Nek Road	1 840	1 840	Grant	European Development Fund (EDF)
R-2*	Road haulage fleet	3 537	2 760	Grant	Federal Republic of Germany
			471	Grant	Federal Republic of Germany
			306	Grant	EDF
R-3) R-4)	Quthing to Qacha's Nek Road	41 000	34 000 b/	Grant	United States Agency for International Development
R-5	Thaba-Tseka to Mpitl Road	27 800	70	Grant	Canadian International Development Agency (CIDA)
			27 800	Grant pledged	CIDA
R-6*	Three Ministry of Works maintenance centres	1 300	170 c/	Grant	EDF
			401	Grant	United Kingdom
R-7	Strengthening the technical capacity of the Ministry of Works	930	Technical assistance	Grant	Ireland, United Kingdom, USAID, Federal Republic of Germany, India, UNDP, Commonwealth Fund for Technical Co-operation
C-1*	Strengthening the civil aviation fleet				
	(a) Aircraft	2 460	2 460	Grant	Canada
	(b) Technical assistance		870	Grant	EDF
			1 740	Grant	EDF
			25	Grant	Ireland
C-2*	Improvement of Maseru airport	228	228	Grant	Federal Republic of Germany
C-3	Improvements to five airstrips in mountainous areas	8 600	7 847	Grant	Federal Republic of Germany
C-4	National airport	46 000	5 070	Grant pledged	EDF
			1 080	Loan	Abu Dhabi
			8 000	Loan	Arab Bank for Economic Development of Africa (BADEA)
			10 400	Loan	African Development Bank
			3 000	Loan	Organization of Petroleum Exporting Countries (OPEC) Fund
			4 500	Loan	Saudi Arabia

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Number	Project a/ Title	Latest cost estimate	Contribution	Status of contribution	Donor
A-1	Mountain region food reserve				
	(a) 32 warehouses	2 538	1 891 483 164	Grant Grant Grant	EDF Catholic Relief Services (CRS) Norwegian Agency for Inter- national Development/FAO
	(b) 5,000-tonne maize reserve	1 819	1 264	Grant	World Food Programme (WFP)
A-4*	Modernized crop production	11 600	3 300	Loan	Commercial source
A-5*	Grain processing self-sufficiency	4 700	1 200 1 600	Grant Loan	United Kingdom OPEC
A-6	Wool and mohair marketing	2 537			
	(i) Bulking sheds and vehicles		526 63	Grant Grant	United Kingdom Ireland
	(ii) Eradication of sheep scab		550 301	Grant Grant	United Kingdom United Kingdom
	(iii) Funding of veterinary Revolving Fund		155	Grant	United Kingdom
A-7	Agricultural Development Bank	6 260 <u>d/</u>	335	Grant	International Fund for Agri- cultural Development (IFAD)
			5 925	Soft loan	IFAD
A-13	Supply of wheat and strategic reserve				
	(i) National strategic reserve (20,000 tonnes)	5 500	1 700	Grant	WFP
	(ii) Wheat for sale for development	54 700	2 800 1 300	Grants Grant	EEC WFP
H-1	Stockpile of drugs; extension of medical stores	2 700+	522 1 580 400 100 100	Grant Grant Grant Grant Grant	Netherlands Netherlands Japan Republic of Korea India
H-2	Qacha's Nek Hospital	1 100	495	Grant	Danish International Development Agency (DANIDA)
			0.5 2 135.5	Grant Grant Grant	Cyprus Philippines Interest on special account
H-3	Rural clinics at Matebeng and Dilli-Dilli	203	188	Grant	Netherlands
P-4*	Qacha's Nek diesel generators	<u>e/</u>	<u>e/</u>	Grant	Federal Republic of Germany
L-1	Labour-intensive development programme	-	2 664 330	Grant Grant	SIDA United Kingdom, SIDA
	Subtotal		143 112		

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Number	Project a/ Title	Latest cost estimate	Contribution	Status of contribution	Donor
B. Accelerated development programme					
R-8	Mafeteng to Mophale's Hoek road	14 760	900 1 300 3 900 3 900	Grant Grant Grant Soft loan	United Kingdom Netherlands EDF BADEA
R-9	Quthing to Mophale's Hoek road	37 800	f/ 17 540 g/	Grant	EEC (Lomé II Convention) United Kingdom
R-10	Taung-Mokhotlong-Sani Pass Road				
	(i) Feasibility study*	520	520	Grant	United Kingdom
	(ii) Construction	28 800			
R-11	Strengthening of feeder roads	31 300	4 500 1 300	Grant in kind Grant in kind	WFP/CRS WFP/CRS
A-9*	Strengthening of livestock marketing	642	412 230	Grant Grant	United Kingdom United Kingdom
A-10	Irrigated vegetable production	1 300	-		
A-11	Poultry production and processing	4 500	120	Grant	Unitarian Service Committee of Canada
A-12	Fresh-water fish production				
	(i) Feasibility study*	154	154	Grant	United Kingdom
	(ii) Implementation	366	366	Grant pledged	United Kingdom
A-14	Silo storage for strategic maize reserve and maize supply	8 000	-		
A-15	Fertilizer and seed project	3 000	2 000 h/		IFAD
P-1 (A)	Highland water scheme: feasibility study	6 500			Amount currently under negotiation with a potential donor
P-1 (B)	Feasibility and design of internal hydropower generation projects				
	(i) Small-scale hydroelectric plants for rural areas: pre-feasibility study	300 i/	300 314 j/	Grant Grant Grant pledged	France Austria Norway
	(ii) Quthing River hydropower generation: pre-feasibility study*	300	300	Grant	Bilateral donor
	(iii) Jordane multipurpose pro- ject: pre-feasibility study	307 i/	307	Grant	Federal Republic of Germany

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Number	Project a/ Title	Latest cost	Contribution	Status of	Donor
		estimate		contribution	
(thousands of United States dollars)					
E-1	Upgrading of four vocational schools	2 260	235 573	Grant Soft loan	Netherlands IDA
E-2	Training of vocational school teachers	250	150	Grant Technical assistance	Ireland Ireland
E-3	Mathematics/science crash programme	480	157 Technical assistance	Grant	United Kingdom Free University of Amsterdam
H-5	Training of medical personnel	230	Fellowships		Various
	(i) Phase I: Faculty of Health Sciences	8 000	-	-	
	(ii) Phase II: Facilities for a national referral hospital	37 000	-	-	
I-1*	Maseru industrial area extension	2 070	2 070	Grant	EDF
I-2	Advance factory buildings	2 850	1 920 430	Loan Grant	African Development Bank (ADB) United Kingdom
I-3	Artisan industry centres	1 150	786	Grant	United Kingdom
M-3*	Stone-crushing plant, Ramorakane	582	230 319	Grant Equity loan Loan	Austria World Bank (International Finance Corporation (IFC)) World Bank (IFC)
M-4	Sandstone quarry and stone-dressing works	170	-	-	
T-2	International communications via satellite	10 300	10 300	Soft loan	Federal Republic of Germany
	Subtotal		55 566		
C.	<u>Contributions not for specific projects</u>		3 900 g/ 5	Grant pledged Grant pledged	United Kingdom Pakistan
	Subtotal		3 905		
	Total of contributions as at March 1981 (A + B + C)		202 583		

(Foot-notes on following page)

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(Foot-notes to table 4)

a/ An asterisk (*) placed after the project number indicates that the project has been completed.

b/ The Lesotho Government is providing the balance of \$7 million.

c/ The balance of \$729,000 was provided by EDF under funding allocated to project R-1.

d/ Originally the project was listed as requiring technical co-operation only.

e/ Funded within grant to project R-2.

f/ \$15,350,000 has been allocated to this project from EEC funds to be provided under the Lomé II Convention.

g/ These funds had earlier been earmarked for R-10 (b); \$17.54 million was applied to R-9 when the British Government judged that the former project was not economically feasible, and \$3.9 million remains to be earmarked.

h/ Provisional.

i/ The pre-feasibility portion of the project has been implemented. However, funding is now needed for feasibility studies, design, and construction. Cost estimates for these are not yet available.

j/ Amount to be determined.

IV. PROGRESS REPORT ON INDIVIDUAL PROJECTS IN THE SPECIAL
ECONOMIC ASSISTANCE PROGRAMME e/

A. Emergency programme

1. Road transportation

R-2: Road haulage fleet

(revised cost estimate: \$3.5 million)

62. With the provision of an additional six trucks by the Federal Republic of Germany, the project has been fully implemented. In sum, the Lesotho Freight Service Corporation has now been provided with 37 trucks with a payload of 6 to 12 tons; one mechanical horse with a 16.5-ton semi-trailer; four 10-ton trailers; offices, workshops and terminal buildings in Maseru and Quthing; and a terminal building in Qacha's Nek. The Federal Republic of Germany has also provided technical assistance and discussions are under way to continue this support. Project P-4 (Qacha's Nek diesel generators) has also been funded under this project.

R-3, R-4: Quthing-Qacha's Nek road

(revised cost estimate: \$41 million)

63. These two projects are now being implemented in three sections, namely, Quthing to Mt. Moorosi, Mt. Moorosi to Mphaki, and Mphaki to Qacha's Nek. The first and last sections will involve upgrading only, for which a contract will be awarded in the second quarter of 1981. For the central section the Ministry of Works will itself undertake the construction, which is expected to begin in the third quarter of 1981. In order to reduce costs it has been decided that the road will be of gravel 3 standard, rather than the gravel 1 standard previously envisaged.

64. The revised cost also includes funds for the rehabilitation and strengthening of the Seaka Bridge, west of Quthing.

65. USAID has increased its contribution to this project from \$26 million to \$34 million (of which \$4 million was for feasibility study and design), and the Government will itself fund the balance of \$7 million.

R-5: Thaba-Tseka to Mpiti road

(revised cost estimate: \$27.8 million)

66. Following the completion of the CIDA-financed feasibility study (\$70,000), the construction cost estimate has been revised upward from \$18 million to \$27.8 million. This road is to be constructed to gravel 3 standard. Negotiations continue with the Canadian Government; it is expected that funding will be forthcoming on a grant basis, and that construction will begin in May 1982.

e/ This report covers projects that have still to be completed or were completed in the period under review.

R-6: Three Ministry of Works maintenance centres
(revised cost estimate: \$1.3 million)

67. The third maintenance centre, at Thaba-Tseka, has now been completed, utilizing United Kingdom grant funds of \$401,000. The project is therefore completed, the centres of Mphaki and Qacha's Nek having been built earlier with EDF funding totalling \$904,000, of which all but \$170,000 fell under allocations given to project R-1.

68. Additional funding is under negotiation with IDA, in the context of the Third Highway Project, to further expand the Thaba-Tseka workshop at a cost of \$238,000, and also to construct additional workshops at Leribe and Mohale's Hoek.

R-7: Strengthening the technical capacity of the Ministry of Works
(cost estimate: \$930,000)

69. In addition to several experts provided by Ireland and the United Kingdom prior to the current reporting period, 16 more technicians have been provided in the last year: these have come under the assistance programmes of USAID, Ireland, the United Kingdom, the Federal Republic of Germany, India, UNDP, and the Commonwealth Fund for Technical Co-operation. Meanwhile, 52 Basotho are currently undertaking technical training courses abroad in relevant disciplines.

2. Civil aviation

C-1: Strengthening the civil aviation fleet
(revised cost estimate for aircraft: \$2.6 million)

70. As previously reported, the Canadian Government has supplied two Twin Otter aircraft. Further to technical assistance previously reported, \$1,740,000 has been received from EDF, which will enable the Lesotho Airways management contract with Aer Lingus to be extended for a further three years. In addition, eight pilot training fellowships have been funded by UNDP and two by the Federal Republic of Germany. Additional fellowships are needed.

C-2: Improvement of Maseru airport
(revised cost estimate: \$228,000)

71. Additional work, to be funded by the Federal Republic of Germany under project C-3, will be undertaken to extend the hangar at Maseru airport.

C-3: Improvements to five airstrips in mountainous areas
(revised cost estimate: \$8.6 million)

72. This project now entails the upgrading of airstrips at Qacha's Nek, Semongkong and Mokhotlong to regional airports; improvements to the airstrips at Sehongkong,

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Nkau, Sehlabathebe, Lesobeng, Quthing and Seshote, including fencing where necessary; and the extension of the Maseru hangar. The Federal Republic of Germany has increased its grant to \$7.8 million, and construction will begin in late 1981; it is expected to take three years.

C-4: National airport

(estimated cost: \$46 million)

73. Funding amounting to \$32.05 million has now been negotiated, and all agreements except that with EDF - which will provide equipment and navigational aids - have been signed. The balance of funds will be provided by the Government as bridging finance until increased donations have been negotiated; a donor group meeting is expected to be held in October 1981. Construction is scheduled to begin in late 1981 and to be completed in 1984.

3. Agriculture, livestock, and food

A-1: Mountain region food reserve

(revised cost estimate: \$4.36 million)

74. With an additional contribution of \$555,000 from the Government, the 5,000-tonne maize reserve has been functioning and has already been drawn on for snow and drought emergencies. Pending the completion of the warehouses, 1,500 tonnes is being held in reserve at Maputsoe and 1,500 tonnes is being temporarily recycled for use in food-for-work programmes. Five of the 32 warehouses are now completed, 8 are at present under construction, and the remainder will be completed by 1983.

A-4: Modernized crop production

(cost estimate: \$11.6 million)

75. The Government's support to this programme increased to \$10.3 million in 1980, thus meeting the original magnitude of this project. In addition, a commercial loan of \$3.3 million was secured, and the project was also supported by bilateral technical co-operation. About 15,000 acres of maize and 500 acres of sorghum have been planted for the 1980/81 season. A manifold increase in the yield of both crops is expected; for example, the net increase in maize production in 1981 is estimated at about 20,000 tonnes, equivalent to 10-15 per cent of Lesotho's food deficit. The Government is planning to make the programme self-supporting through a revolving fund for the farmers concerned.

A-5: Grain processing self-sufficiency

(cost estimate: \$4.7 million)

76. With the successful implementation of this wheat-milling project, the Government is now reviewing the possibility of establishing a maize mill, possibly with commercial financing.

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A-6: Wool and mohair marketing
(revised cost estimate: \$2.5 million)

(i) Bulking sheds and vehicles

77. The four bulking stores, at Mokhotlong, Qacha's Nek, Mohale's Hoek, and Leribe have now been constructed and will be run by a reorganized Livestock Marketing Corporation. The Lesotho Marketing Corporation (LMC), when its current reorganization has been completed, will be needing assistance to establish its working capital (the precise requirements are at present under study). In addition to assistance for the construction of the four bulking sheds, the British Government has also funded the construction of seven woolsheds and the purchase of five trucks, at a total cost of \$526,000.

78. The expansion of the Maseru central bulking centre and storage facility is under study, and the cost estimates are therefore not yet available.

(ii) Eradication of sheep scab

79. The British Government has provided an additional \$301,000 for the purchase of chemicals for the 1981/82 dipping season, in addition to the \$550,000 provided in support of the eradication programme in previous years. Further assistance amounting to \$366,000 f/ will be needed for the purchase of dipping chemicals for the 1982/83 season. After 1983, it is expected that a dipping levy will be in force to cover the cost of chemicals.

80. Some district depots for local stocking of dipping chemicals and veterinary vaccines and drugs were earlier established with British funding, but additional funds, now estimated at \$511,000, f/ are still required for nine more depots in order to achieve minimally adequate coverage.

(iii) Funding of veterinary Revolving Fund

81. The Livestock Industry Revolving Fund, which finances stocks of veterinary supplies, requires an additional \$65,000 f/ (in addition to \$155,000 provided earlier by the British Government) in order to reach an adequate inventory level and become self-financing.

A-7: Agricultural Development Bank
(originally listed as technical co-operation only)

82. The Lesotho Agricultural Development Bank began agricultural credit operations in March 1980 and has so far loaned some \$5.2 million, primarily short-term, to small farmers through the reorganized co-operative movement. Negotiations are under

f/ New proposal.

way with IFAD for a soft loan of \$5.9 million, plus a grant of \$335,000 for training and research activities at the African Development Bank (ADB). One million dollars of the loan will be for direct support to co-operatives, and \$4.9 million will be for funds for the Bank. Discussions are currently under way with the Canadian Government for technical assistance to the Bank.

A-13: Supply of wheat and strategic reserve

(i) National strategic reserve of wheat (20,000 tonnes)

83. WFP made a contribution of 7,000 tonnes of wheat in 1980, valued at \$1.7 million. Negotiations continue with the United States to provide the balance of 13,000 tonnes with an estimated value of \$3.8 million.

(ii) Wheat for sale for development

84. In the period 1978-1981 a total of 11,500 tonnes has been received from or committed by EEC, with an approximate value of \$2.8 million. Proceeds have been used for building storage for the Food Management Unit in the emergency border areas and the mountain areas, and in 1981/82 some of the funds will also be used for the construction of food stores and kitchen facilities for the WFP primary school feeding programme.

85. In 1981 WFP gave 4,200 tonnes of wheat, valued at \$1.3 million, the proceeds from the sale of which will be used for technical support of food-for-work road projects (purchase of hand-tools, equipment, vehicles, training of supervisors, etc.).

86. Discussions are under way with USAID to provide 5,000 tonnes in 1981/82 and 21,250 tonnes per year for the four subsequent years, totalling 90,000 tonnes by 1986, valued at \$45.2 million at current prices.

4. Health sector

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

(revised cost estimate: \$2.7 million +)

87. In addition to the previously reported grants from the Netherlands, Japan, and the Republic of Korea, India has contributed drugs valued at \$100,000 as well as fellowships.

88. The central storage and office facilities at Mafeteng are operational, and the training of local personnel to manage the medical stores will begin in September 1981.

89. The Lesotho Government is providing \$1.07 million during 1980-1981 to maintain a minimum level of drugs in stock, and requests additional assistance f/ to meet the unexpectedly high cost owing to rapidly increasing use and rising drug prices.

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H-2: Qacha's Nek Hospital

(revised cost estimate: \$1.1 million)

90. In addition to the previously reported Danish donation of \$495,000 through the United Nations special account for Lesotho, donations from Cyprus and the Philippines through the special account plus interest earned on the account has permitted the transfer of a further \$138,000 from the special account to this project. Negotiations are under way with the United Nations Fund for Population Activities (UNFPA) for \$40,000 towards the completion of a maternal and child health (MCH) wing. However, there remains a shortfall of some \$145,000 which the Government is seeking to finance the construction of a tuberculosis ward, a paediatric unit, and an incinerator.

91. Negotiations are also under way with the Danish Red Cross for a donation of \$286,000 for the purchase of hospital equipment and the construction of staff housing.

H-3: Rural clinics at Matebeng and Dilli-Dilli

(revised cost estimate: \$203,000)

92. Owing to cost escalation there is a funding shortfall of \$15,000. The Netherlands' contribution, which has been increased by \$70,000 to \$188,000, permitted a start to construction of the clinic at Dilli-Dilli in October 1980, and as soon as arrangements are in hand to fund the final \$15,000, construction will begin at Matebeng.

5. Power supply

P-4: Qacha's Nek diesel generators

(funded under project R-2)

93. The two diesel generators, funded by the Federal Republic of Germany as part of project R-2 (Road haulage fleet) have not yet been installed owing to delays in site preparation. Project completion is expected in mid-1981.

6. Creation of employment

L-1: Labour-intensive development programme

94. Since its inception in 1977, the Labour-Intensive Construction Unit (LCU) has completed two road projects and several soil conservation works, carried out maintenance work on mountain airstrips, and initiated a three-year regravelling programme. It has also trained supervisors for labour-intensive works in other ministries. SIDA has provided \$2,664,000 (discussions are under way for additional funding) and the British Government has contributed \$330,000. The involvement of the International Labour Organisation (ILO) in the programme is under discussion.

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B. Accelerated development programme

1. Road transportation

R-8: Mafeteng to Mohale's Hoek road

(revised cost estimate: \$7.75 million up to Tsoloane, \$7 million beyond Tsoloane)

95. The first 5-kilometre section, financed by the United Kingdom (\$0.9 million), has been completed and construction of the second 18-kilometre section, financed by the Netherlands (\$1.3 million), EDF (\$3.9 million) and the Lesotho Government, is about to begin (as soon as the successful bid has been approved by EDF). This will bring the road up to Tsoloane, half way from Mafeteng to Mohale's Hoek. The final 25-kilometre section from Tsoloane to Mohale's Hoek will in part be financed by a soft loan from the Arab Bank for Economic Development of Africa (BADEA) of \$3.9 million; the Government is discussing with BADEA the possibility of raising the amount of the loan to cover the complete cost of this section.

R-9: Mohale's Hoek to Quthing road

(revised cost estimate: \$37.8 million)

96. Much of the financing for this 50-kilometre road has now been arranged, with \$15.35 million to be provided by EEC under the Lomé II Convention and \$17.54 million by the United Kingdom, but implementation has not yet begun. This will be a bitumen standard road. The balance of \$4.9 million requires funding.

R-10: Taung-Mokhotlong-Sani Pass road

(revised cost estimate: \$28.8 million)

97. Following the completion of the feasibility study, costing \$520,000 and financed by the United Kingdom, the United Kingdom decided to switch its previously pledged contribution to project R-9. Full funding is therefore now sought for this project, to which the Government attaches great importance since it is part of the network that will open up the mountain areas by linking them to the lowlands.

R-11: Strengthening of feeder roads

(revised cost estimate: \$31.3 million over seven years)

98. Following the technical assistance provided by USAID in 1980, a project in support of the national access-track programme was developed to construct 550 kilometres of access track, 150 kilometres of bridle paths and 30 foot-bridges, largely in the southern mountain area.

99. This project is of the greatest importance to other rural development projects, for example, project A-6, as well as for social reasons such as access to schools.

100. So far, this project is being implemented by 7,750 workers employed on a food-for-work basis (nationally there are now 18,600 such workers on all projects). The project needs another 4,000 such workers.

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101. To support the present 7,750 workers, \$19.4 million is needed for food, or the equivalent in food donations, over the next seven years, plus \$1.7 million (or the food equivalent) per year for the additional 4,000 workers (a total of \$11.9 million).

102. As indicated in the previous report, 10,000 tonnes of food valued at \$4.5 million had been donated by WFP and the Catholic Relief Services (CRS). A further 4,000 tonnes valued at \$1.3 million was received in 1980, the proceeds from the sale of which were used to develop the governmental infrastructure of the food-for-work programme.

103. During 1981/82 the Government expects to expand the over-all food-for-work programme to 21,900 workers (excluding the additional 4,000 for this project), requiring some 15,700 tons of food which is expected to be donated by WFP/CRS. Support is urgently required for the R-11 project component of the food-for-work programme, as well as for the programme as a whole.

104. An ILO mission is expected to visit Lesotho in 1981 to review and assist in the implementation of the food-for-work programme.

2. Agriculture and livestock

A-9: Strengthening of livestock marketing

(revised cost estimate: \$642,000)

105. In addition to its initial grant of \$412,000, the British Government has given \$230,000 for the establishment of a livestock procurement system for the new abattoir. The project will be completed in 1981.

A-10: Irrigated vegetable production

(cost estimate: \$1.3 million)

106. This project has not attracted donor funds. The donation of \$246,000 from the United Kingdom envisaged in the previous report was applied to other uses. Assistance is required.

A-11: Poultry production and processing

(revised cost estimate: \$4.5 million)

107. This project comprises:

- (i) Egg and broiler production (\$1,790,000): For technical reasons, the Dutch funds for this component have not yet materialized;

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- (ii) Broiler slaughter plant (\$460,000): No funding has been forthcoming, but if Dutch financing for the first component becomes available, another donor may be willing to finance this component;
- (iii) Hatchery (\$1.3 million): Assistance required;
- (iv) Staff housing (\$830,000): Assistance required;
- (v) Marketing outlets (\$130,000): Funding has been provided by the Unitarian Service Committee of Canada.

A-12: Fresh-water fish production
(revised cost estimate: \$366,000)

108. The feasibility study, costing \$154,000 and financed by the United Kingdom, was not favourable to the project as originally conceived (it included the construction of a small dam). It is now expected that the United Kingdom will provide some \$366,000 to support the ongoing production of fish in village ponds.

A-14: Silo storage for strategic maize reserve, and maize supply
(revised cost estimate: \$8 million)

109. This project has been scaled down by eliminating the integrated maize mill and planning for commercial financing of the animal food-stuffs factory. Therefore, only the silo storage (capacity 30,000 tonnes), which will also provide storage of food-for-development and grain for other purposes for the strategic maize reserve (\$3.6 million) and the strategic maize supply of 15,000 tonnes (\$4.4 million) remain in the project. Assistance is required.

A-15: Fertilizer and seed project
(cost estimate: \$3 million)

110. Negotiations have been concluded with the International Fund for Agricultural Development (IFAD) to fund the fertilizer component of this project. Assistance is sought for the seed component. (See document A/34/393-S/13485, para. 84, for types and quantities required.)

3. Hydroelectric power

P-1 (A): Highland water scheme: feasibility study
(revised cost estimate: \$6.5 million)

111. The pre-feasibility study has been completed and has been accepted by the two contracting Governments. With the technical co-operation of the Commonwealth Fund for Technical Co-operation (CFTC), a dossier for the full feasibility study has been prepared and this is at present under consideration by a potential donor. The donor's decision concerning the financing of Lesotho's \$6.5 million share of the cost of the feasibility study is expected in July 1981. Another potential donor

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is also studying the dossier in connexion with the Government's request that it provide a management team to implement the feasibility study. It is hoped that the feasibility study will begin in early 1982, and it is expected to be completed in about 20 months.

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

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

(revised cost estimate: \$300,000)

112. A pre-feasibility study of sites for hydroelectric plants in mountain areas, which cannot economically be connected to the main domestic grid, has been undertaken with assistance from the Government of France at a cost of \$300,000. The study identified nine sites; the Norwegian Agency for International Development (NORAD) is undertaking full feasibility studies of the six most promising ones, and has also indicated that it will design three of these. The work sponsored by NORAD is expected to begin later in 1981. The Government of Austria has recently announced a grant of \$314,000 and the Lesotho Government is now discussing with Austria the allocation of these funds towards unmet needs beyond the pre-feasibility stage.

113. Originally specified as a pre-feasibility study, the subproject has been completed. However, additional funding of feasibility studies, design, and construction are required.

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

(revised cost estimate: \$300,000)

114. It is anticipated that there is a potential for up to 10 megawatts of power from the Quthing River. A bilateral donor will undertake a pre-feasibility study, beginning in mid-1981, costing approximately \$300,000.

(iii) Jordane multipurpose project: pre-feasibility study

(cost estimate: \$307,000)

115. The generating potential of the upper Senqunyane River is estimated to be up to 20 megawatts, and secondary benefits are expected in terms of agricultural development and water supplies. The Federal Republic of Germany is funding a pre-feasibility study, which is now near completion. Additional funding from the Federal Republic of Germany for a full feasibility study is expected.

4. Education

E-1: Upgrading of four vocational schools

(cost estimate: \$2.26 million)

116. The Leribe Craft Centre has received \$164,000 from the Government of the Netherlands, and the Netherlands is also providing \$71,000 for phase I at the

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Bishop Allard Vocational School at Madiele; an additional \$252,000 is required for phases II and III. St. Elizabeth Vocational School at Mohale's Hoek will receive \$573,000 through the IDA education project "Training for Self Reliance". The vocational school at Qacha's Nek, which needs approximately \$645,000, does not yet have any funding. The project as a whole, therefore, requires substantial additional funding.

E-2: Training of vocational school teachers

(revised cost estimate: \$250,000)

117. By the end of 1981, 18 fellowships will have been completed under assistance valued at about \$150,000, from the Government of Ireland. In addition, Ireland has provided technical assistance at the National Teachers Training College and the Lesotho Technical Institute. Subject to the preparation of a more detailed elaboration of the vocational training plan, it is expected that additional fellowships as well as technical assistance for the teaching of vocational subjects will be needed. The cost of such additional assistance may be about \$100,000.

E-3: Mathematics/science crash programme

(revised cost estimate: \$480,000+)

118. The first phase, with United Kingdom funding amounting to \$157,000, has been completed. The facilities provided under the first phase are in full use for upgrading pupils in mathematics and science subjects.

119. A second phase, to include the construction of additional class-rooms, laboratories and student and staff accommodation, requires funding of about \$323,000. A commitment for technical assistance for the second phase, beginning in late 1981, has been made by the Free University of Amsterdam.

120. In addition, funding is also required for student scholarships to the programme.

5. Health sector

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

This project is now encompassed within project H-5.

H-5: Training of medical personnel

(revised cost estimate: \$45 million)

121. The original focus of this project, the training of medical personnel through fellowships, has been largely implemented in terms of the cost magnitude originally envisaged. The revised project now has a different focus, namely, phase I, the establishment of a faculty of Health Sciences at the National University of Lesotho (NUL), including teaching and clinical facilities, and phase II, facilities for a national referral hospital.

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(i) Phase I: Faculty of Health Sciences

(estimated cost: \$8 million)

The proposed faculty of health sciences at NUL will train medical and paramedical personnel and will involve the establishment of laboratories, lecture rooms and administrative facilities; upgrading of certain of the present facilities for teaching purposes; and accommodation for staff and students. Plans for the faculty are at an advanced stage, and it is hoped that the first student intake will be within the next year. The Government urgently seeks funding for this subproject.

(ii) Phase II: Facilities for a national referral hospital

(cost estimate: \$37 million)

122. This project is still under study and development. It is likely to involve the upgrading of selected facilities at existing hospitals so as to provide a network of specialized referral centres.

6. Industry

I-1: Maseru industrial area extension

(revised cost estimate: \$2.07 million)

123. This project is for all practical purposes completed; the remaining work is a water reservoir at Thetsane, which will be constructed within the budget.

I-2: Advance factory buildings

(cost estimate: \$2.85 million)

124. The loan agreement with the African Development Bank for \$1.92 million has been signed, but the transmittal of funds has been held up for technical reasons. The British Government has contributed \$430,000 for the construction of two multipurpose extendable factories; their design is being undertaken now and construction will begin soon.

125. The European Investment Bank has expressed interest in financing additional advance factories.

I-3: Artisan industry centres

(cost estimate: \$1.15 million)

126. The British Government has provided \$786,000, inclusive of technical assistance, for the establishment of two artisan industrial centres at Leribe and Mohale's Hoek.

127. Feasibility studies also indicate that Qacha's Nek, Quthing, Buthe-Buthe and Mokhotlong are attractive sites for artisan industry centres, and financing for these four is sought.

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7. Minerals, mining and quarrying

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

128. In addition to the \$828,000 provided by UNDP under the indicative planning figure (IPF) for Lesotho, the Government has allocated \$1.23 million to this programme. The regional survey was completed in 1980, and the mapsheets have now been written up. Fifteen out of 24 geological maps have been printed. Geochemical data has been studied to establish target areas for further base metal investigations. Uranium exploration continues to be actively pursued, and a separate uranium project will be undertaken with the support of the International Atomic Energy Agency.

M-3: Stone-crushing plant, Ramorakane

129. This project has been taken out of the accelerated development programme as a result of its having been sold to private interests. The sale recovered, inter alia, the value of the International Finance Corporation loan and the Austrian donation of a stone crusher. The project remains in table 4 because of the assistance earlier received.

M-4: Sandstone quarry and stone-dressing works

(cost estimate: \$170,000)

130. No progress has been made. Funding is required for a feasibility study.

8. Telecommunications

T-2: International communications via satellite

(revised cost estimate: \$10.3 million)

131. The Federal Republic of Germany is providing a soft loan of \$10.3 million which fully covers the following requirements of this project: a Standard B Earth Satellite Station at Ha Sofonia (including civil engineering and access tracks); a 20-kilometre microwave link from Ha Sofonia to Maseru; a new combined international/national telephone transit centre within the existing telephone exchange at Maseru; and technical assistance and training.

132. Preparations for the execution of the project were scheduled to begin in October 1980 and the expected completion date is April 1984. No further funding is sought.
