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SPECIAL ECONOMIC AND DISASTER RELIEF

ASSISTANCE: SPECIAL PROGRAMMES OF  
ECONOMIC ASSISTANCE

SECURITY COUNCIL

Thirty-seventh year

Assistance to Lesotho

Report of the Secretary-General

1. In its resolution 36/219 of 17 December 1981 on assistance to Lesotho, 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-seventh session.
2. In pursuance of that resolution, the Secretary-General arranged for a review mission to visit Lesotho in June 1982 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 36/219, the General Assembly invited a number of specialized agencies and other organizations of the United Nations system to bring to the attention of their governing bodies the special needs of Lesotho and to report to the Secretary-General by 15 August 1982 on the steps they had taken. The responses of the 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/37/150.

ANNEX

Report of the sixth review mission to Lesotho  
(2-5 June 1982)

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## I. INTRODUCTION

1. Previous reports of the Secretary-General on assistance to Lesotho (S/12315, A/32/323-S/12438, A/33/112 and Add.1, A/34/393-S/13485, A/35/432-S/14153 and A/36266-S/14497; see also A/34/556, A/35/497 and A/36/599) 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 17 December 1981, the General Assembly adopted resolution 36/219 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/36/266-S/14497) and called upon the international community to provide financial, material and technical assistance to Lesotho. The Assembly 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-seventh session. The Assembly also requested the Secretary-General to consult with the Government of Lesotho on the question of migrant workers returning from South Africa and report on the type of assistance the Government requires in order to establish labour-intensive projects to deal with their absorption into the economy.
3. The Secretary-General arranged for a mission to visit Lesotho from 2 to 5 June 1982 to consult with the Government on these matters. The sixth review mission was led by the Joint Co-ordinator of Special Economic Assistance Programmes in the Office for Special Political Questions.
4. The mission was briefed by the Minister to the Prime Minister, the Honourable Evaristus R. Sekhonyana, responsible for Planning, Employment and Economic Affairs, and had two meetings with the National Co-ordinating Committee. The mission also had meetings with senior officials of the Cabinet Office and the Ministries of Foreign Affairs, Planning, Finance, 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 resident 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.

## II. ECONOMIC AND FINANCIAL SITUATION

### A. Overview

#### 1. Production

6. Adverse economic and climatic factors have seriously affected production in various sectors of Lesotho's economy in the period under review. As a result of drought and early frost, the 1981/82 crop harvests were less than had been anticipated. Diamond mining was halted at Letseng in May 1982, operations having become unprofitable as a result of the sharp decline in the world market for diamonds; exports of diamonds will therefore decline sharply during the next year. Activity in the construction industry has slackened, partly due to shortages of construction materials and the resulting costly delays in implementation. Furthermore, the Government informed the mission that the incentives and subsidies being provided by the Republic of South Africa for new investment in the bantustans had adversely affected the level of private investment and construction activities in Lesotho.

7. These developments have directly affected incomes in both the rural and urban areas of Lesotho. In addition, the closing of the diamond mine resulted in the loss of 750 jobs. This, together with a similar decline in employment opportunities in the construction industry, has exacerbated Lesotho's serious unemployment situation.

#### 2. Growth

8. Although detailed figures were not available, government estimates indicated that the economy had continued to grow in real terms since 1979/80 but at a lower rate than in the preceding period. During the period 1972/73 to 1979/80, the economy of Lesotho had expanded, in real terms, at an annual average rate of 8.5 per cent as measured by gross domestic product (GDP) and at 11.2 per cent as measured by gross national product (GNP).

9. The economic growth that Lesotho has experienced in the past few years has been stimulated by ever higher levels of government expenditure in real terms. The continued economic growth through 1980 and 1981 has been reflected in increased real consumption expenditures over the period.

#### 3. Inflation

10. The rate of domestic inflation has abated appreciably. Over the 12-month period ending April 1982, the retail price index for Lesotho rose by 10.1 per cent. The comparable increase in the 12 months ending April 1980 was 24 per cent. However, the Lesotho Bureau of Statistics estimated that the import price index had risen by 20 per cent between April 1981 and April 1982 and the mission was informed

that the rate of cost increase in the construction industry was between 20 and 25 per cent over the same period.

#### 4. Exchange rate

11. In the period under review, Lesotho's national currency - the loti\*, which is at par with the rand, depreciated sharply against the United States dollar. At the time of the mission's visit (June 1982), the loti/dollar exchange rate was 1 loti to \$0.92. This compared with 1 loti to \$1.29 in March 1981.

#### B. Budget

12. The emergence of deficits in the domestic budget is a matter of prime concern to the Government. Whereas the domestic budget showed a surplus of 3.7 million maloti in 1979/80, a deficit of M 33.0 million was recorded in the budget out-turn for 1980/81. Provisional estimates indicate that the deficit will rise to M 51.9 million in 1981/82 and to M 53.8 million in 1982/83 (see table 1).

13. The budget for 1980/81 and 1981/82 show that government expenditures, both recurrent and capital, increased at rates which outstripped the rate of increase in government revenues.

14. The principal source of revenue in Lesotho is receipts from the revenue-sharing arrangements under the Southern African Customs Union. These receipts have fallen off slightly in nominal terms in recent years. In real terms, however, the reduction in customs revenues has been appreciable.

15. The Lesotho Government attributed the decline to defects in the Customs Union revenue-sharing formula. The defects are related to the sharp increases in oil prices, the abolition of import surcharge, the introduction of a General Sales Tax and the resulting reduction in the importance of import and excise duties, the success of import substitution policies in South Africa, import control, the devaluation of the rand and other protective and restrictive devices.

16. The question was studied by a technical study group composed of representatives from each partner state in the Customs Union and, although most of its recommendations were accepted by the Customs Union Commission, the recommendations were rejected by the Government of South Africa. The Lesotho Government hopes to pursue negotiations with the Government of South Africa concerning the unsatisfactory features of the formula.

17. The increased government expenditures have been directed towards growth of government services to meet the needs of the population, to rising defence and security requirements, to parastatals and public utilities in the form of subsidies and subventions and to servicing the rising public debt. Outlay on debt servicing

is rising very rapidly. In 1982/83, expenditure on public debt servicing is expected to be about eight times the level of 1979/80. The Government attributed the rise in the public debt primarily to the needs of the development programme, which have involved not only the financing of counterpart contributions but also the financing of donor obligations pending completion of reimbursement procedures. Cash liquidity problems have necessitated some costly short-term borrowing.

18. The Government is anxious to restore budgetary balance as soon as possible. It hopes that Customs Union receipts will increase substantially in 1983/84 as a result of successful negotiation of a revised formula. In that year also, it hopes that a reduction in public debt servicing can be effected from the previous year's level. Sharp reductions in government-funded development expenditures are envisaged for 1982/83 and 1983/84. In the meantime, the Government would welcome assistance from the international community by way of rescheduling of loans and the provision of interim financing to permit the Government to convert high-interest commercial loans into longer-term ones. The usefulness of food aid for sale as a means of meeting part of the budget deficit was stressed by the Government.

19. Donors to Lesotho's development programme could assist by introducing greater flexibility in their accounting and reimbursement procedures, thus alleviating the constant cash flow problems which result from delays in reimbursement. It would also be most helpful if donors would meet the recurrent costs of an assisted project, at least for an initial period until the project becomes self-supporting.

Table 1. Central Government budget 1979/80 to 1982/83  
 (Millions of maloti)

Budget	<u>1979/80</u>	<u>1980/81</u>	<u>1981/82</u>	<u>1982/83</u>
	Estimated	Actuals	Provisional out-turn	
Total recurrent expenditure	<u>67.9</u>	<u>99.4</u>	<u>116.3</u>	<u>146.8</u>
Public debt	5.0	8.0	19.4	39.0
Personal emoluments	36.2	58.0	62.4	66.0
Operation	26.7	33.4	34.5	41.8
Government-funded development expenditure	<u>22.5</u>	<u>35.9</u>	<u>37.9</u>	<u>27.9</u>
Administrative Account expenditure	<u>2.0</u>	<u>2.0</u>	<u>5.3</u>	<u>17.6</u>
Total expenditure	<u>92.4</u>	<u>137.3</u>	<u>159.5</u>	<u>192.3</u>
Total revenue	<u>96.1</u>	<u>104.3</u>	<u>107.6</u>	<u>138.5</u>
Customs	71.5	71.4	70.8	76.7
Surplus or deficit	3.7	-33.0	-51.9	-53.8

Source: Government of Lesotho.

C. Balance of payments

20. Detailed balance-of-payments figures for Lesotho for years subsequent to 1979/80 were not available at the time of the mission's visit. Balance of payments estimates for 1975/76 to 1979/80 are provided in document A/36/266-S/14497, table 2.

21. Lesotho's balance of payments has traditionally been characterized by a very substantial trade deficit, which has been covered for the most part by migrant remittances and, to a lesser extent, by grants-in-aid and other government transfers. Over the past two years, the trade gap has widened, with the value of imports rising by 8 per cent in 1980/81 and again in 1981/82 over the previous year's level while export earnings experienced two successive years of decline. The percentage of imports covered by exports, which had been rising during the late 1970s, fell back to 9.5 per cent in 1980/81 and to 8.4 per cent in 1981/82 (see table 2).

22. The marked reduction in the value of exports in 1980/81 compared with the previous year resulted primarily from a decline in earnings from diamonds associated with the depressed world diamond markets in 1980 (see table 3). The future outlook for export earnings and the trade gap is even less favourable. Following the cessation of diamond mining operations in Letseng in May 1982, Lesotho's diamond output in the immediate future will be based only on ore already mined and some surface mining; diamond exports can therefore be expected to decline sharply. Since diamond exports accounted for 60 per cent of Lesotho's total exports in 1980, a sharp reduction in this trade will reduce the percentage of imports covered by exports to a fraction of its present low level.

23. Nor is the outlook favourable for the two principal balancing items in Lesotho's external accounts. Migrant remittances, mostly from Lesotho nationals working in the gold mines of South Africa, could be adversely affected by the employment policies of the Government of South Africa as well as the decline in world gold prices. Aid flows could fail to grow or could even decline as a result of economic recession in major donor countries.



Table 2. Trade balance a/  
 (Thousands of maloti)

	1978/79	1979/80	1980/81	1981/82 <u>b/</u>
Imports (c.i.f.)	255 672	333 347	377 534	409 207
Exports (f.o.b.)	<u>-28 218</u>	<u>-42 370</u>	<u>-35 831</u>	<u>-34 429</u>
Trade balance	227 454	290 977	341 703	374 778
Percentage of imports covered by exports	11.0	12.7	9.5	8.4

Source: Bureau of Statistics, Lesotho.

a/ The figures shown represent revisions of the external trade data shown in document A/36/266-S/14497, table 2.

b/ Provisional.

Table 3. Exports of diamonds 1971-1981

	Weight	Value	Average Price
	(carats)	(maloti)	(maloti per carat)
1971	6 815	212 044	31.11
1972	9 019	195 723	21.70
1973	8 587	255 314	29.73
1974	11 798	091 524	76.41
1975	3 466	482 793	139.29
1976	7 051	455 127	64.55
1977	14 977	1 248 639	83.37
1978	67 222	16 695 447	248.36
1979	64 886	21 244 279	327.10
1980	105 245	24 726 238	234.94
1981	....	18 168 873	....

Source: Bureau of Statistics, Lesotho.

### III. SPECIAL FEATURES OF THE ECONOMY

#### A. Agriculture

##### 1. Production

24. As a result of drought and frost, the 1981/82 crop harvest in Lesotho will be considerably less than anticipated. Maize, sorghum and wheat, as well as beans, peas and other crops have been adversely affected. However, although climatic conditions were unfavourable, yields in those areas under intense cultivation within the Government's Agricultural Self-Sufficiency Programme were several times higher than yields in areas cultivated under traditional methods. Nevertheless, output in the high-yield areas was considerably less than might have been expected had climatic conditions been favourable.

25. In the second year of the Agricultural Self-Sufficiency Programme, about 73,000 acres were planted as compared with 15,000 acres in the first year of the Programme. The Ministry of Agriculture does not intend to increase the acreage in the next crop year.

26. The principal crop planted under the Programme was maize, but sorghum, beans, peas and other crops were also cultivated. Despite the drought, which set in after planting time, and the early winter frosts, which affected the summer harvest in February 1982, maize yields averaged 25 bags per acre as compared with the yield of 5 bags per acre that might have been expected from traditional methods under favourable weather conditions. Given favourable climatic conditions, the Ministry of Agriculture estimates that, with dense planting, high inputs of fertilizers and the implementation of other procedures, the maize yield could be as much as 40 bags per acre.

27. As a result of the effects of drought and early frosts on the 1981/82 crop harvest, considerable shortfalls are expected in Lesotho's production of basic food grains for human consumption, as indicated in table 4. Grain requirements for 1982/83 are estimated at 360,749 tonnes of which 146,284 tonnes are available from domestic production, leaving a shortfall of 214,465 tonnes to be met by commercial imports or food donations. Of this amount, the shortfall that has arisen as a result of drought and early frosts is estimated at 90,148 tonnes. Additional food aid will therefore be important for Lesotho in the coming year, especially in view of present budgetary and balance-of-payments deficits.

Table 4. Grain production 1981/82 and shortfall 1982/83  
 (Tonnes)

	Maize	Sorghum	Wheat	Total
Consumption requirements <u>a/</u>	195 753	70 574	94 422	360 749
1981/82 production (gross)	<u>91 289</u>	<u>41 594</u>	<u>13 401</u>	<u>146 284</u>
1982/83 shortfall against consumption requirements	104 464	28 980	81 021	214 465
7-year average of imports and donations	<u>77 148</u>	<u>5 689</u>	<u>41 480</u>	<u>124 317</u>
Additional shortfall in 1982/83	<u>27 316</u>	<u>23 291</u>	<u>39 541</u>	<u>90 148</u>

a/ Based on 7-year average adjusted to 1982 population.

## 2. Policies

28. Following a Multi-Donor Agricultural Sector Conference held in Maseru from 20 to 24 October 1980, agreement was reached between the Government and donors that a "blueprint" would be formulated which would be used to strengthen the agricultural sector of Lesotho as well as its economic and social development. The document produced, entitled Agricultural Development - A Blueprint for Action, represents a joint endeavour by both the Government and donor agencies and supercedes the agricultural chapter appearing in the third Five-Year Development Plan.

29. The objectives, priorities and strategies set out in the Blueprint for Action are as follows:

- (a) To secure the commitment of the people;
- (b) To increase agricultural production;
- (c) To expand employment opportunities in agriculture;
- (d) To rehabilitate and stabilize the land base;
- (e) To provide efficient support services;
- (f) To mobilize financial resources.

30. The Blueprint for Action identifies projects and programmes for which assistance is required. Traditional donors have copies of the document. Interested potential donors may obtain copies from the Government of Lesotho.

31. The Government of Lesotho continues to pursue the goal of self-sufficiency in food production so that food cannot be used as a political weapon against the country. The Agricultural Self-Sufficiency Programme is predominantly financed by the Lesotho Government. In view of the budgetary difficulties being experienced at present, the Government would find it helpful if concessionary funds could be made available to the Lesotho Agricultural Development Bank to enable it to make short-term loans to farmers and co-operatives.

#### B. Employment

32. The seriousness of the employment situation in Lesotho has been stressed in all previous reports. The situation is critical from two aspects in particular: one is the very rapid growth in the number of Lesotho nationals who leave school each year and seek employment; the second concern is the ever-present possibility of a large-scale repatriation of the large number of Basotho workers employed in South Africa, predominantly in gold mines, but also in collieries and other industries.

33. The most recent studies of manpower in Lesotho indicate that approximately 77,400 working-age Basotho of both sexes will enter the labour force between 1980 and 1985. Of these, 39,000 are males. The bulk of the new entrants will have to be absorbed into the agricultural and traditional sector, since the modern sector currently employs only about 40,000 persons, of whom 27,000 are employed by the Government.

34. The Lesotho Government aims to create employment in industry, construction, commerce, and tourism during the period of the third Five-Year Plan, but the number of new jobs created will at best be small in relation to the 15,000 new entrants to the labour force each year. The Government seeks donor support in expanding activities in the modern sector.

35. The possibility of enforced repatriation of large numbers of Basotho at present working in the Republic of South Africa adds to the Government's concern. About 120,000 Lesotho nationals are engaged in South Africa's mines. In addition, large numbers of Basotho are employed in service and other occupations in South Africa. A sudden enforced repatriation of workers in such large numbers could swell the present labour force from its current level of 640,000 to around 800,000.

36. Furthermore, as a result of mechanization in mines and agriculture and policies adopted by the South African authorities, by which foreign migrant workers in the mines are gradually being replaced by labour recruited from the homelands and experienced miners are given preference in employment over novices, new entrants to the labour force cannot look to South Africa's mining industry for employment.

37. One important initiative taken by the Lesotho Government both to meet its critical employment situation and as a means of dealing with any emergency situation that would result from large-scale worker repatriation was the establishment of labour-intensive public work schemes. Such programmes not only provide employment but contribute to the country's development through the construction of access roads and dams, soil erosion control and afforestation. In particular, a functioning public works programme would provide a base for rapid expansion of employment should this prove necessary in an emergency.

38. With assistance from the World Bank, a Labour-Intensive Construction Unit (LCU) was established within the Lesotho Ministry of Works in 1977 and has received the support of some donors. Between 1980 and 1981, the numbers employed by the Unit increased from 411 to 1,265, with the number of labourers, masons and other similar types of workers rising from 365 to 1,154.

39. According to the 1981 Annual Report of the LCU, "it is believed that there will be sufficient civil works appropriate and economic for LCU operation to keep a Unit of 2,500-3,500 people fully occupied for the next 10 years at least. The 2,500 labour strength represents the current estimate of base demand for LCU work and 3,500 represents a likely seasonal or demand peak that will occur from time to time".

40. In view of its potential in employment generation, the Government seeks continued and expanded donor assistance for the Unit.

41. In the period under review, Lesotho's unemployment problem was exacerbated by the loss of 750 jobs as a result of the closing of the diamond mine at Letseng. About the same number of jobs were lost as a result of the declining construction activity and the bankruptcy of one major construction company. Expansion in the modern sector did not compensate for these reductions.

42. Lesotho's women are already employed in large numbers in the traditional sector. Most agricultural activities in the country, such as dairy and pig farming, poultry, horticulture and small agro-industries such as wool and mohair handicrafts, are predominantly run by women. However, many of these activities are in need of capital, especially to strengthen input supply and marketing facilities if the potential contribution of women's labour to national output is to be realized.

43. Lesotho's women are also engaged in the construction of feeder roads, supported in the main through food-for-work programmes. These programmes could be expanded if additional food aid were forthcoming.

#### C. Food aid and food-for-work programmes

44. Food aid plays a key role in the economy of Lesotho. As indicated in section A of this chapter, food donations are important to cover the shortfall between

domestic food production and consumption. As a result of the drought and early frosts which affected the 1981/82 crop, Lesotho will require an additional 90,000 tonnes of food in 1982/83 to meet the needs of its population (see table 4).

45. Donated food also helps to meet the needs of vulnerable groups in the country. The beneficiaries of a World Food Programme (WFP) scheme for Lesotho to help vulnerable groups are: 248,700 children attending primary school, 28,000 boarders and students in secondary schools, 2,400 hospital patients, 400 student nurses and 1,200 students in the Agricultural Training Centres.

46. Food donations have allowed the Government to establish reserves of maize and to construct storage facilities in the mountain region (project A-1). The Government hopes to establish a 20,000-tonne national strategic reserve of wheat (project A-13) in order to strengthen the country's food security. It should be noted that in the event of a cessation of imports from South Africa, it would take from 9 to 12 months for supplies from alternative sources to reach Lesotho. A donation of 7,000 tonnes of wheat from WFP has enabled the Government to take the first steps towards establishing the reserve. Further donations are sought.

47. Donations of food which can be sold allow the Government to use the proceeds for development. 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. A further donation of 6,000 tonnes of wheat is expected from EEC in 1982. The 1978-1981 contributions were sold to the Lesotho Mills and the proceeds used for the construction of storage facilities for the Food Management Unit.

48. An especially valuable type of assistance is food donated for food-for-work programmes. These programmes help to support the labour-intensive schemes administered by the Labour Construction Unit (LCU) as well as the employment of women in the construction of feeder roads under the country's rural development programme.

49. In view of Lesotho's critical need to generate work opportunities for its rapidly growing labour force, the Government is most anxious to expand these programmes. Unfortunately, the number of persons who benefited from the programmes decreased sharply during 1982, as shown in table 5.

Table 5. Beneficiaries under World Food Programme and Catholic Relief Services food-for-work programmes

	World Food Programme	Catholic Relief Services	Total
1981, 4th quarter	10 500	7 950	18 450
1982, 1st quarter	8 500	7 950	16 450
2nd quarter	7 500	7 950	15 450
3rd quarter	5 600	7 950	13 550

50. As a result of a reduction in the contribution from WFP, the total number of beneficiaries under the two programmes will decline by close to 5,000, or over 26 per cent, between the fourth quarter of 1981 and the third quarter of 1982.

51. The cut-backs in the WFP programme have affected almost all of the activities supported by food-for-work programmes, as shown in table 6.

Table 6. Distribution of workers under the WFP food-for-work programme, by activity

	1982	
	1st quarter	2nd quarter
Roads	5 000	4 500
Conservation	1 350	1 200
Woodlots	800	750
Thaba-Tseka agricultural project	500	500
Other agricultural projects	500	400
Other rural development projects	350	150
<b>Total</b>	<b>8 500</b>	<b>7 500</b>

52. The Government is most anxious to reverse the contractionary trend in the food-for-work programme and to expand the programme to reach at least 20,000 beneficiaries. The Government recognizes that a vital requirement for the success of the programme is technical and administrative expertise within the ministries concerned. The Government informed the mission that there had been a marked improvement in this area over the past six months, that additional technical assistance has been obtained and that efforts will be made to effect further improvements.

53. The planned amounts of food aid under various headings and actual receipts in 1981/82 and the planned amounts for 1982/83 are shown in table 7.

Table 7. Food aid  
(Tonnes)

Year		Maize		Wheat	
		Planned amount	Actual receipt	Planned amount	Actual receipt
1981/82	General food aid	17 330	18 418	7 951	7 594
	Grain reserves	4 030	-	13 000	-
	Wheat for sale for development	-	-	13 200	8 200
	<b>Total</b>	<u>21 360</u>	<u>18 418</u>	<u>34 151</u>	<u>15 794</u>
1982/83	General food aid	22 000	-	12 865	-
	Grain reserves	15 000	-	13 000	-
	Wheat for sale for development	-	-	38 000	-
	<b>Total</b>	<u>37 000</u>	<u>-</u>	<u>63 865</u>	<u>-</u>



D. Refugees

54. Previous reports have emphasized the heavy burden carried by the Lesotho economy as a consequence of providing refuge for people leaving the Republic of South Africa. Detailed information on refugee programmes in Lesotho is given in the annual report of the United Nations High Commissioner for Refugees; the special programme of assistance for student refugees in southern Africa, initiated following the Soweto riots in June 1976 and co-ordinated by the High Commissioner is to be the subject of a separate report of the Secretary-General in response to General Assembly resolution A/36/170.

55. Although the special programme for student refugees in southern Africa has received generous support from the international community, it covers only a small part of the total number of people who have entered Lesotho in recent years. For example, many of those who do not register as refugees. In particular, there is the problem, referred to in previous reports, created by the enrolment in Lesotho schools of the children of Basotho parents domiciled in South Africa. Furthermore, a growing number of non-Sesotho-speaking children have been arriving in the past three years. A report, financed by UNDP, on the problems of school-age refugees has been prepared by a consultant from the United Nations Educational, Scientific and Cultural Organization (UNESCO).

56. The consultant estimated that the refugee population in Lesotho exceeded 26,000 in early 1981, and the Government informed the mission that between 30 and 35 people have been seeking asylum each month during the past year. These estimates suggest that refugee programmes cover less than 5 per cent of the total number who have entered Lesotho from the Republic of South Africa.

57. The large number of people who are not covered by refugee programmes are a direct burden on the economy of Lesotho. They participate on an equal footing with nationals in education, health and other essential services, compete for the few available jobs and add to the nation's food deficit. Indeed, even those refugees whose costs are covered by refugee programmes constitute a significant burden on the government budget as, in most cases, payments for education, health and other services made available to refugees are well below true costs.

58. The Government prefers to integrate refugees into the life of the community rather than create separate or isolated centres or projects specifically designed for refugees. It therefore seeks international assistance for national projects and programmes from which refugees will benefit in return for guaranteed access by refugees to the national services. This general approach is becoming increasingly necessary as the opportunities for resettlement of refugees in other countries are becoming more and more limited. In this connexion, the Government informed the mission of its deep concern that the international donor community had not responded adequately to the special needs of African countries at the International Conference on Assistance to Refugees in Africa (ICARA) held at Geneva in April 1981.

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

59. In resolution 36/219, the General Assembly requested information on the progress made in implementing the special economic assistance programme for Lesotho.

60. Based on information provided by the Government to the sixth review mission, additional assistance provided or pledged towards the projects in the special assistance programme since March 1981 amounted to \$32,513,000. The major projects for which the additional assistance was pledged and the sources of funding are shown in table 8.

61. In summary, 14 projects have been completed towards which some \$27 million has been provided (table 9, sect. A) and assistance amounting to some \$124 million has been pledged for projects that are now fully funded (table 9, sect. B).

62. Nearly \$47 million has been pledged towards projects that are partially financed (table 10). In addition, some \$3.5 million in commercial credit was utilized for the project on modernized crop production.

Table 8. Pledges of assistance since March 1981

(Thousands of United States dollars)

Project	Pledges a/	Donors
R-6 Ministry of Works maintenance centres	441	EEC, United Kingdom
R-11 Feeder roads	930	WFP
C-1 Strengthening the civil aviation fleet Special Fund	1 200	Organization of Petroleum Exporting Countries
C-4 International airport Finnish Aid)	19 500	(Saudi Fund, EEC, Kuwait,
A-4 Modernized crop production	200	Commercial loan
A-6 Wool and mohair marketing	290	United Kingdom, EEC
A-14 Silo storage and grain reserve African Development Bank (ADB)		1 000
H-1 Stockpile of drugs; medical stores	100	Korea
H-2 Qacha's Nek Hospital	252	Danish International Development Agency (DANIDA), United Nations Fund for Population Activities (UNFPA)
L-1 Labour-intensive development programme	2 800	Swedish International Development Authority (SIDA)
P-1(A) Highland water scheme: feasibility study	5 500	EEC
I-2 Advance factory buildings	<u>300</u>	United Kingdom
Total	<u>32 513</u>	

(foot-note to table on following page)

(Foot-note to table)

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a/ Pledges over and above amounts shown in previous reports. It should be noted that pledges are converted into United States dollars at the exchange rate ruling at the time the pledge is known. There are thus variations in the figures reported from year to year as a result of exchange rate fluctuations and figures are not always comparable with those produced in previous reports. In addition, as detailed negotiations proceed after a pledge has been made, funds may be diverted from a particular project to some other use as circumstances warrant. Detailed information on pledges towards projects as known at that time (converted at the then ruling exchange rate) was provided in table 4 of document A/36/266.

63. Projects that have been completed and ongoing projects that are fully funded are listed in table 9, sections A and B. Information on sources of funding were provided in table 4 of document A/36/266, complemented by information in table 8 of the present report.

Table 9. Completed and ongoing projects that are fully funded  
 (Thousands of United States dollars)

Title	Assistance provided
<u>A. Completed projects</u>	
R-1	Spot improvements, Sekakes to Qacha's Nek Road
	1 840
R-2	Road haulage fleet
	3 537
R-6	Three Ministry of Works maintenance centres
	1 012
C-1	Strengthening the civil aviation fleet
	6 523
C-2	Improvement of Maseru airport
	228
A-5	Grain processing self-sufficiency
	2 800
A-9	Strengthening of livestock marketing
	642
A-12	Fresh-water fish production
	520
H-1 a/	Stockpile of drugs; medical stores
	2 800
H-2	Qacha's Nek Hospital
	885
P-1 (B)	Feasibility and design of internal hydropower generation
	921
I-1	Maseru industrial area extension
	2 070
I-2	Advance factory buildings
	2 650
M-3	Stone-crushing plant, Ramorakane
	<u>550</u>
	<b>Total</b>
	<u><u>26 978</u></u>

Title	Assistance provided
<b>B. <u>Projects that are fully funded</u></b>	
R-3/R-4	Quthing to Qacha's Nek Road 34 000
R-7 <u>a/</u>	Strengthening the technical capacity of the Ministry of Works 930
R-8	Mafeteng to Mohale's Hoek Road 10 000
C-3 <u>a/</u>	Improvement of five airstrips in mountainous areas 6 600
C-4 <u>b/</u>	New international airport 51 500
A-1	Mountain region food reserve 3 802
A-15 <u>c/</u>	Fertilizer and seed project 1 300
P-1 (A)	Highland water scheme: feasibility study 5 500
T-2 <u>b/</u>	International communication via satellite <u>10 300</u>
<b>Total</b> <u><u>123 932</u></u>	

a/ Although the original project was funded, there is a continuing need for support of this project.

b/ Although the funds appear sufficient, there may be a financing gap due to tender negotiations and cost overruns.

c/ The project has been revised and parts of the original requests are now included in projects A-4, A-7 and A-17.

64. Detailed information is provided in table 10 on contributions made by the international community and on the projects for which funding is still required.

Table 10. Projects for which funding is still required

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

Key: ... = not available

Project Number	Project Title	Latest cost estimate	Contribution	Type of contribution	Donor
(Thousands of United States dollars)					
A. <u>Emergency programme</u>					
R-5	Thaba-Tseka to Mpiti road	14 880	-	-	-
R-12 (new)	Ministry of Works maintenance centre at Mokhotlong (extension of R-6)	300	-	-	-
A-4	Modernized crop production	24 180	(3 500) <u>a/</u>	Loan	Commercial source
A-6	Wool and mohair marketing	2 800			
(i)	Bulking sheds and vehicles		526 63 65	Grant Grant Grant	United Kingdom Ireland EEC
(ii)	Eradication of sheep scab		1 082	Grant	United Kingdom
(iii)	Funding of Veterinary Revolving Fund		155	Grant	United Kingdom

Project Number	Project Title	Latest cost estimate	Contribution	Type of contribution	Donor
(Thousands of United States dollars)					
A-7	Lesotho Agricultural Development Bank	6 500	335 5 925	Grant Soft Loan	United Kingdom International Fund for Agricultural Development (IFAD)
A-13	Supply of wheat and strategic reserve	60 200	5 800 1 700	Grant Grant	WFP, EEC EEC
H-3	Rural clinics at Matebeng and Dilli-Dilli	203	188	Grant	Netherlands
L-1	Labour-intensive development programme	9 515	5 464 330	Grant Grant	SIDA United Kingdom, SIDA
<b>B. Accelerated development programme</b>					
R-9	Mohale's Hoek to Quthing road	27 390	7 784 6 744	Grant Grant	European Development Fund (EDF) United Kingdom
R-10	Taung-Mokhotlong- Sani Pass road	20 747	-	-	-
R-11	Strengthening of feeder roads	31 300	5 800 930	Grant in kind	WFP, Catholic Relief Services (CRS) WFP
A-10	Irrigated vegetable production	465	-	-	-



Project Number	Project Title	Latest cost estimate	Contribution	Type of contribution	Donor
(Thousands of United States dollars)					
A-11	Poultry production and processing	5 706			
	(i) Marketing outlets	126	120	Grant	Unitarian Service Committee of Canada
	(ii) Hatchery and breeding facilities	5 580	-	-	-
A-14	Silo storage for strategic maize reserve and maize supply	10 230	1 000	Loan	ADB
A-16	Fresh-water fish production-expansion of A-12	140	-	-	-
A-17	Seed multiplication project (second phase of A-15)	awaiting feasibility study	-	-	-
P-5 (A)	Small-scale hydroelectric plants for rural areas: feasibility study of nine sites (second phase of	...			Norway France Federal Republic of Germany
P-5 (B)	Jordane multipurpose	500	-	-	
(new)	project: feasibility study P-1 (B))				

Project Number	Project Title	Latest cost estimate	Contribution	Type of contribution	Donor
(Thousands of United States dollars)					
E-1	Upgrading of four vocational schools	800	235	Grant	Netherlands
E-2	Training of vocational school teachers	300	175	Grant, technical assistance	Ireland
E-3	Fellowships for mathematics/science crash programme	755+	157 Technical assistance	Grant	United Kingdom Free University of Amsterdam/ EEC
H-5	Training of medical personnel	8 296	1 500 Technical assistance fellowships		UNDP Federal Republic of Germany Various
H-6 (new)	Consultancy for a national referral hospital	1 395	-	-	-
I-3	Artisan industry centres	1 860	786	Grant	United Kingdom
I-4 (new)	Infrastructure development for Maputsoe and Maseru	3 556	-	-	-
I-5 (new)	Feasibility study on tourism development in Qeme area	...			

Project Number	Project Title	Latest cost estimate	Contribution	Type of contribution	Donor
(Thousands of United States dollars)					
M-4	Sandstone quarry and stone-dressing works: feasibility study	170	-	-	-
	Total		<u>46 864</u>	a/	

a/ Total excludes commercial loan for project A-4.

V. REPORT ON INDIVIDUAL PROJECTS IN THE SPECIAL ECONOMIC ASSISTANCE PROGRAMME

A. Emergency programme

1. Road transportation

R-5: Thaba-Tseka to Mpiti Road

(revised cost estimate: \$14.88 million)

65. The feasibility study financed by the Canadian International Development Agency (CIDA) on a grant basis has been completed and is at the moment under consideration by the Government of Lesotho. On the basis of the recommendations of the feasibility study three alternatives were suggested. The revised cost is based on the least expensive solution, which proposes the construction of 160 kilometres of roads and bridges over a period of six years. As the Canadian Government has indicated that it will not finance the actual construction, the Government of Lesotho is looking for other donors for this project. The feasibility study will be made available to interested parties.

R-12: Ministry of Works maintenance centre at Mokhotlong (new project - extension of R-6)

(cost estimate: \$300,000)

66. After having completed three maintenance centres at Mphaki, Qacha's Nek and Thaba-Tseka under project R-6, the Government is considering an additional maintenance centre at Mokhotlong because of intensive road activities in the area. Originally it was planned to enlarge the Thaba-Tseka maintenance depot (project R-6 of the previous report (A/36/266, annex)) under the provision of the remainder of an International Development Association (IDA) loan, but the Government would like to make use of the remaining IDA funds to start the maintenance depot at Mokhotlong. Additional funding will be needed.

2. Agriculture, livestock and food

A-4: Modernized crop production

(revised cost estimate: \$24.18 million)

67. As indicated in the report of the previous review mission (A/36/266, annex, sect. IV), the programme has been supported by the Government through yearly budgetary allocations and loans. During the planting season 1981/1982 about 73,400 acres were covered. The ultimate aim is that, with increasing yields per acre, more efficient operations and improved technology, the programme will become self-financing by 1986.

68. Although experience in the past two years has shown that yields could be substantially increased and that crops covered by the project are less vulnerable to climatic factors such as drought and frost, the financial viability of the programme has still to be fully assessed. It is the Government's intention not to expand the acreage during 1982/83, but to concentrate on increasing efficiency. It is obvious, however, that the programme will continue to require additional funds for the next few years. The cost estimate for the period 1982-1985 is \$24.18 million.

A/6: Wool and mohair marketing

(cost estimate: \$2.8 million)

(i) Bulking sheds and vehicles

69. Construction of four buildings sheds has been completed. Vehicles were purchased and handed over to the Livestock Products Marketing Services. Furthermore, one more shed is to be added to the Maseru Building Centre, which has been found too small to cater to the current volume. This is in addition to the recent construction of an extra store, which has not solved the capacity problem.

70. In order to finalize the programme, working capital of \$930,000 is sought for the purchase of wool and mohair.

(ii) Eradication of sheep scab

71. Based on the Government's decision to introduce a dipping levy by 1983 to cover the cost of chemicals, dipping chemicals have been purchased for the year 1982/83 by an outside donor. There is, however, an urgent need to construct nine depots for local storage of dipping chemicals and veterinary drugs. The amount required, for which so far no donor has been identified, is \$20,000.

(iii) Funding of Veterinary Revolving Fund

72. In order to reach an adequate inventory of veterinary supplies, the established Revolving Fund which at present has a capital of \$55,000 would need additional funding of \$150,000 to bring it to the stage of self-financing.

A-7: Lesotho Agricultural Development Bank

(revised cost estimate: \$6.51 million)

73. The purpose of the project is to provide working capital and technical assistance to the Bank, which primarily assists small farmers with short-term credit through the co-operative movement. A revision of project A-7 is needed as a result of a number of difficulties which have been experienced. At the formulation stage of the original project, an agreement was reached under which the International Fund for Agricultural Development (IFAD) would provide some M 3.5 million. The funding provided by IFAD has proved very difficult to use, however, except for the technical assistance grant (M 370,000) and the relatively small amount (M 600,000) available for short-term seasonal loans, and some components of the loan have not so far been drawn upon. The Government is attempting to negotiate the terms to make the resources more accessible. However, to provide working capital for short-term loans, some M 7 million is needed for the Bank's lending programme over a period of five years beginning in 1982/83.

A-13: Supply of wheat and strategic reserve

(cost estimate: \$60.2 million)

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

74. There has been little progress with project A-13 (i) over the past 12 months. WFP made a contribution of 7,000 tonnes of wheat in 1980 and the Government is still looking for a donor to provide the balance of 13,000 tonnes. Additional silo storage at an estimated cost of M 2 million is required so that the normal commercial operations of the Lesotho Flour Mills are not jeopardized for lack of storage and turnover of stock.

(ii) Wheat for sale for development

75. Since 1978, EEC and WFP have provided wheat donations which have been sold to the Lesotho Flour Mills, the proceeds being used to construct storage for the Food Management Unit, and for technical support of food-for-work road projects. The Lesotho Government has also entered into discussions with the United States Agency for International Development (USAID), and has requested 90,000 tonnes of wheat under the food-for-sale development programme. It is estimated that 30,000 tonnes a year could be stored over a period of three years, which could replace commercial purchases from the Republic of South Africa and thus reduce Lesotho's dependency on that country. To date, however, there has been no response to this request.

3. Health

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

(cost estimate: \$203,000)

76. There have been some delays in the construction of the clinic at Matebeng. It is estimated that construction will be completed by December 1982.

77. The clinic at Dilli-Dilli has been built, but is not functioning because the water supply system has not yet been constructed owing to funding problems. Additional funds amounting to \$15,000 are needed for the water system at Dilli-Dilli and for equipment at the two clinics.

4. Creation of employment

L-1: Labour-intensive development programme

(cost estimate: \$9.515 million)

78. As indicated in the report of the fifth review mission (A/36/266, annex, sect. IV), the programme has received assistance from the Swedish International Development Authority (SIDA) and the United Kingdom. SIDA is continuing its financial and technical assistance over the next two years with a grant of some \$2.8 million (SKr 16.2 million). The programme which runs throughout the third Five-Year Development Plan (1980-1985) will include soil conservation works as well as road construction. It is anticipated that the various components of the programme will give employment to more than 2,200 labourers for a period of one year, 355 for a period of three years, and 250 for a period of five years. The Labour-Intensive Construction Unit (LCU), which will be the executing agency, has already commenced the programme, and employment for more than 2,000 labourers is being provided at present. In view of the high unemployment rate, the Government wishes to expand the programme, which is an extremely important part of the contingency plans, to absorb any massive return of migrant labour from the Republic of South Africa.

B. Accelerated development programme

1. Road transportation

R-9: Mohale's Hoek to Quthing road

(revised cost estimate: \$27.39 million)

79. This project was initially part of another project in the emergency programme, but, because of a shortage of funds and to allow commencement of work on other sections, the project was separated and revised. More than half of the financing for this 50-kilometre road has been arranged through contributions by the European Development Fund (EDF) (M 8.37 million) and the United Kingdom (M 7.252 million). The Lesotho Government continues to look for a donor for the shortfall of M 13.83 million.

R-10: Taung-Mokhotlong-Sani Pass road

(revised cost estimate: \$20.747 million)

80. The Government of the United Kingdom funded a feasibility study and an engineering study but decided not to proceed with the loan for which funds had been earmarked in principle. Full funding is therefore sought for this project to which the Lesotho Government attaches great importance. This road would link mountain areas with lowlands and serve a considerable number of disadvantaged people.

R-11: Strengthening of feeder roads

(cost estimate: \$31.3 million)

81. The Lesotho Government attaches high priority to this project, which will give access to outlying areas, stimulate agricultural production and make agro-based industrial development feasible. Currently, some 2,400 kilometres of feeder roads are being built in different parts of the country. The labourers on these roads get half a loti per day in addition to food rations made available by the Catholic Relief Services (CRS) and WFP. In order to reinforce the feeder roads programme, WFP was asked to donate 4,000 tonnes of wheat; this was sold and the proceeds were made available to the Ministry of Rural Development for hand tools, construction materials and equipment. Despite the additional input, progress has slowed down, with a decline of employment by about 30 per cent over the past six months for both the CRS and WFP portions.

82. Furthermore, reinforcements have been made to the programme by USAID and WFP/UNDP, which provided a chief engineer and a training engineer, respectively. The additional personnel is expected to assist in the design and construction of 1,600 kilometres of roads still outstanding. The Lesotho Government has recently approached the African Development Bank (ADB) for support for a feeder-road

programme of 1,000 kilometres. ADB has agreed to send a mission to examine the request.

2. Agriculture, livestock and food

A-10: Irrigated vegetable production

(revised cost estimate: \$465,000 + technical assistance)

83. This project is directly linked to one of the main sectoral objectives in agriculture, namely, to introduce farming techniques so that self-sufficiency in vegetable production will be reached. An original donation of \$250,000 was deferred and was applied to another project. Assistance is therefore required for the total amount of the project.

A-11: Poultry production and processing

(revised cost estimate: \$5.706 million)

(i) Marketing outlets

84. Four of the originally envisaged six egg-marketing outlets have been constructed and a fifth is to be built soon. For the sixth market outlet, at Qacha's Nek, no funds are available. Additional assistance of M 42,000 will be required to complete this component of the project.

(ii) Hatchery and breeding facilities

85. This component is intended to be a complete package covering various aspects ranging from production and distribution to marketing. Furthermore, it includes construction of office buildings and staff housing, and extension services. Upon completion, the project is expected to meet the country's requirements for broiler and layer chickens. No funds have been pledged for this component. However, ADB has agreed to send a mission to examine poultry development in Lesotho.

A-14: Silo storage for strategic maize reserve and maize supply

(revised cost estimate: \$10.23 million)

86. This project aims to provide storage capacity for some 90,000 tonnes of maize, including a strategic reserve of some 15,000 tonnes. Attached to the silo will be a mill to produce maize meal and an animal-feed manufacturing plant. The cost for construction and equipment is estimated at M 7 million. The strategic reserve of 15,000 tonnes will cost M 4 million. In view of the importance of this project the Lesotho Government is considering the use of a balance-of-payment's support loan from OPEC to meet part of the costs. In principle, ADB has indicated it could provide \$1 million towards the total cost. A donor is sought for the balance of the funds required.



A-16: Fresh-water fish production

(cost estimate: \$140,000)

87. The original project, which was financed by the Government of the United Kingdom, is almost completed. Under that project, a total of 24 rural fish-pond schemes covering an area of 30 hectares have been established. It is intended to establish more ponds covering an additional 40 hectares during the coming three years. The amount needed for this second phase is estimated at M 150,000.

A-17: Seed multiplication project

(cost estimate: to be determined)

88. This is a continuation of project A-15 which included a feasibility study for seed multiplication. Terms of reference have been proposed and submitted to IFAD and the World Bank. Interested consultants have been invited to tender for the work. Cost estimates will be available only when the study is completed.

3. Hydroelectric power

P-5: Feasibility and design of internal hydropower generation projects  
(second phase of P-1 (B))

(cost estimate: to be determined)

P-5 (A): Small-scale hydroelectric plants for rural areas: feasibility study  
of nine sites

89. With the completion of the pre-feasibility study, the original project P-1 (B) has been completed. Under the new project, financing for a feasibility study of the identified sites in mountain areas is sought. The Lesotho Government has requested the Government of France to carry out the feasibility study, design and construction on three sites. The Government of Norway will be approached with respect to five other sites and the Government of the Federal Republic of Germany for the remaining site. However, no firm donor commitment has been received so far.

P-5 (B): Jordane multipurpose project: feasibility study

90. The pre-feasibility study has now been completed. The Lesotho Government intends to follow up with a feasibility study as it believes that the development of the Jordane project has the potential to provide power on a regional basis and at the same time ensure a supply of clean water to Maseru as well as allow for irrigation. A source of finance is sought for this project.

4. Education

E-1: Upgrading of four vocational schools

(revised cost estimate: \$800,000)

91. Of the four vocational schools, the Leribe Craft Centre and part of the Bishop Allard School were funded by the Netherlands (\$235,000). In order to complete the school at Qacha's Nek, and to construct additional facilities at the St. Elizabeth and Bishop Allard vocational schools a further M 600,000 is needed.

E-2: Training of vocational school teachers

(revised cost estimate: \$300,000)

92. As new vocational centres are opened the demand for qualified teachers increases rapidly. This project is to be funded by the Government of Ireland throughout 1982. In order to ensure adequate training for some 20 students over the coming two years an additional amount of M 50,000 is needed.

E-3: Fellowships for mathematics/science crash programme

(revised cost estimate: \$775,000+)

93. The Free University of Amsterdam and the National University of Lesotho have launched this programme to enrol about 670 students over the period 1982-1986. The programme focuses on the training of students specifically in mathematics and science subjects to prepare them for university entrance qualifications. In 1982, 103 students have been enrolled at a cost of M 1,000 per student. Funds have been provided by EEC and the University of Lesotho for teachers and lecturers. The scholarship component, however, needs to be funded.

5. Health sector

H-5: Training of medical personnel (revised)

(revised cost estimate: \$8.296 million)

94. The original focus of this project, the training of medical personnel through fellowships, has been supported by USAID, Ireland and the Federal Republic of Germany. The Lesotho Government intends to establish a faculty of Health Sciences at the National University of Lesotho and to continue training nurse clinicians and pharmacy technicians. The revised project will require the expansion of existing facilities and the construction of new units (bio-medical science unit, medico-social and health-research unit) and accommodation for teachers and students. The project, however, will utilize, as much as possible, the existing facilities at Queen Elizabeth II hospital and the University of Lesotho.

H-6: Consultancy for a national referral hospital (new project - replaced old H-4)

(cost estimate: \$1.395 million)

95. The present Queen Elizabeth II hospital is overcrowded and not in a position to provide proper medical facilities. Patients have to be referred to hospitals in the Republic of South Africa at considerable cost. The Lesotho Government, therefore, wishes to carry out a consultancy study on the expansion of the existing facilities, including upgrading the Queen Elizabeth II hospital, providing improved support facilities and expanding the hospital from 350 to 600 beds. When completed, the new facility will form an important part of the programme to train health personnel locally. Funding for the feasibility study is sought.

6. Industry

I-3: Artisan industry centres

(revised cost estimate: \$1.86 million)

96. This project seeks finance for the construction of five industrial centres at Mohale's Hoek, Leribe, Mafeteng, Quthing and Buthe-Buthe. The Government of the United Kingdom has approved funding (M 508,000) for the construction of the industrial centre at Mohale's Hoek; it is expected that the Mohale's Hoek centre, where construction has commenced, will be fully operational by October 1982. Funding has not been obtained for the other centres.

I-4: Infrastructure development for Maputsoe and Maseru (new project)

(cost estimate: \$3.556 million)

(i) Expansion of the industrial area at Maputsoe

97. The existing industrial park at Maputsoe is fully occupied. Many export-oriented firms prefer to locate at Maputsoe because of the shorter distance to rail and port facilities. By developing a new industrial area, additional employment opportunities can be provided. Under this component of the project, the development of 20 additional hectares of industrial land and 5 hectares of land for a craft centre is envisaged. In total, M 3.6 million is needed for the development and provision of basic infrastructural facilities.

(ii) Construction of additional factory shells at Maseru

98. The Government of the United Kingdom has financed two factory shells in Maputsoe which were completed in 1981. A need for two more factory shells at Maseru has arisen and the Lesotho Government would like financial assistance in the amount of M 324,000.

I-5: Feasibility study on tourism development in Qeme area (new project)

(cost estimate: to be determined)

99. The accelerated programme of infrastructural development will bring easier access to the interior of the country and will make possible the rapid growth and wider spread of the tourist industry. An inventory of Lesotho's assets for tourism carried out by the European Investment Bank showed that at the moment three areas have good development potential. One area in particular, Qeme, which is close to the planned new international airport, appeared promising, but it would be necessary to carry out a financial feasibility study of this possible project. Assistance is required for the study. If possible, another prospective project at Sehlabathebe should also be examined.

7. Minerals, mining and quarrying

M-4: Sandstone quarry and stone-dressing works

(cost estimate: \$170,000)

100. Assistance is sought for a feasibility study of a sandstone quarry and stone-dressing works. It is hoped to establish six such sandstone plants, depending on the outcome of the study. The six sandstone quarries were included in the list of projects submitted by the Government at the Solidarity Meeting organized by the United Nations Industrial Development Organization held at Maseru in June 1982, with a view to interesting possible investors.

Note

\* The plural form of the currency unit is maloti (M).