

UNITED NATIONS



GENERAL ASSEMBLY  SECURITY COUNCIL

Distr.
GENERAL

A/34/393
S/13485
22 August 1979

ORIGINAL: ENGLISH

GENERAL ASSEMBLY
Thirty-fourth session
Item 12 of the provisional agenda*
REPORT OF THE ECONOMIC AND SOCIAL COUNCIL

SECURITY COUNCIL
Thirty-fourth year

Assistance to Lesotho

Report of the Secretary-General

1. In its resolution 33/128 of 19 December 1978, 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-fourth session.
2. In pursuance of the resolution, the Secretary-General arranged for a review mission to visit Lesotho in May 1979 to consult with the Government. The report of the review mission, which is annexed hereto, describes the economic and financial position 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 8 of resolution 33/128, the General Assembly invited a number of United Nations specialized agencies and organizations to bring to the attention of their governing bodies the assistance they were rendering to Lesotho and to report the results of that assistance to the Secretary-General in time for consideration by the Assembly at its thirty-fourth session. Furthermore, in paragraph 9, the appropriate specialized agencies and organizations of the United Nations system were requested to report periodically to the Secretary-General on the steps they had taken and the resources they had made available to assist Lesotho. The responses of the agencies and organizations will be reproduced as an addendum to the present report.

* A/34/150.

ANNEX

Report of the third review mission to Lesotho

(10 to 16 May 1979)

CONTENTS

	<u>Paragraphs</u>	<u>Page</u>
I. INTRODUCTION	1 - 10	3
II. CURRENT SITUATION.	11 - 70	4
A. The economic situation	15 - 33	5
1. Gross national product	15	5
2. Government finances.	16 - 17	5
3. Balance of payments	18 - 19	6
4. Employment	20 - 33	7
(a) Migrant employment	20 - 25	7
(b) Domestic employment	26 - 33	8
B. Agriculture	34 - 48	10
1. Efforts to increase self-sufficiency in food production	34 - 38	10
2. New projects to increase self-sufficiency in food production	39 - 43	10
3. Impact of drought on 1978/79 crop production	44 - 48	11
C. Energy	49 - 55	12
1. Oil	49 - 53	12
2. Water resources.	54	13
3. Coal	55	13
D. Transport and communications	56 - 60	13
E. Education	61 - 65	14
F. Health	66 - 67	15
G. The participation of women in Lesotho's development	68 - 70	16

/...

CONTENTS (continued)

	<u>Paragraphs</u>	<u>Page</u>
III. SUMMARY OF INTERNATIONAL ASSISTANCE	71 - 76	16
International response to the United Nations Special Economic Assistance Programme for Lesotho:		
Table 3. Contributions provided or pledged as at 11 June 1978		18
Table 4. Contributions provided or pledged between 12 June 1978 and 15 May 1979		21
Table 5. Status of projects as at May 1979 based on information provided by the Government of Lesotho		22

APPENDICES

I. Progress report on individual projects	1 - 94	27
II. Technical assistance requirements		51

I. INTRODUCTION

1. In pursuance of Security Council resolution 402 (1976) of 22 December 1976, the Secretary-General dispatched a mission to Lesotho in January 1977. In its report, contained in a note by the Secretary-General on assistance to Lesotho, a/ the mission recommended a programme of international assistance totalling about \$113 million. Of this sum, \$66 million was for 20 projects in an emergency programme and \$47 million for 24 projects in an accelerated development programme.
 2. On 25 May 1977, the Security Council adopted resolution 407 (1977) in which it endorsed the assessment and recommendations in the mission's report and the Secretary-General's appeal to all States based on the report, b/ and requested the United Nations and the organizations and programmes concerned to assist Lesotho in the fields indicated.
 3. On 29 July 1977, the Economic and Social Council adopted resolution 2096 (LXIII) in which the Council expressed its full understanding of the problems faced by Lesotho as a result of its decision not to recognize the so-called independent Transkei, concurred with the assessment and recommendations in the mission's report and expressed appreciation for the actions taken by the Secretary-General. The Council also, inter alia, requested the Secretary-General to continue his efforts to mobilize resources for assistance to Lesotho, to ensure that adequate arrangements were made for co-ordinating the assistance and to arrange for a review of the economic situation in Lesotho in time for the matter to be considered by the General Assembly at its thirty-second session. A first review mission visited Lesotho from 8 to 11 September 1977. Its report was contained in a note by the Secretary-General. c/
 4. On 13 December 1977, the General Assembly adopted resolution 32/98 in which it requested the Secretary-General, inter alia, to arrange for a review of the economic situation of Lesotho in time for the matter to be considered by the Economic and Social Council at its second regular session of 1978, to keep the situation under constant review and to report on the question to the Assembly at its thirty-third session.
 5. On 22 February 1978, the Permanent Representative of Lesotho to the United Nations transmitted to the Secretary-General a message from the Ministry of Foreign Affairs of Lesotho concerning new demands being made by the authorities of the
- a/ Official Records of the Security Council, Thirty-second Year, Supplement for January, February and March 1977, document S/12315.
- b/ Ibid., Supplement for April, May and June 1977, document S/12325.
- c/ A/32/323. For the printed text, see Official Records of the Security Council, Thirty-second Year, Supplement for October, November and December 1977, document S/12438.

/...

so-called independent Transkei on citizens of Lesotho travelling to and from South Africa. At the request of the Government of Lesotho, the Secretary-General arranged for a mission to visit Lesotho in March 1978 to consult with the Government on the situation. The findings and recommendations of the mission are contained in a report of the Secretary-General (A/33/112).

6. In further pursuance of General Assembly resolution 32/98, a second review mission visited Lesotho from 8 to 11 June 1978 to carry out a review of the economic situation. The findings and recommendations of the mission are contained in a report of the Secretary-General (A/33/112/Add.1).

7. On 19 December 1978, the General Assembly adopted resolution 33/128 in which it requested the Secretary-General, inter alia, to arrange for a review of the economic situation of Lesotho and the progress made in implementing the special economic assistance programme for that country in time for the matter to be considered by the Assembly at its thirty-fourth session.

8. In compliance with the resolution, the Secretary-General arranged for a mission, led by the Under-Secretary-General for Special Political Questions, to visit Lesotho from 10 to 16 May 1979.

9. The mission was accorded an audience by Her Majesty the Queen of Lesotho. The mission was also received by the Right Honourable Chief Leabua Jonathan, Prime Minister of Lesotho. During its stay, the mission had meetings with the Ministers for Foreign Affairs, Finance and Development Planning, Water, Energy and Mining, Education, Interior, Health, Information and Broadcasting, and the Acting Minister for Commerce and Industry as well as with senior government officials. The mission also had talks with members of the diplomatic corps in Lesotho.

10. The mission wishes to record its appreciation of the full co-operation which it received from the Government and the Office of the United Nations Development Programme (UNDP) in Maseru in all aspects of its work.

II. CURRENT SITUATION

11. Lesotho's geopolitical and economic situation as well as its physical characteristics are described in the report of the mission that visited the country in January 1977, a/ hereafter referred to as the "principal report". In brief, Lesotho is not only classified as a least-developed and most seriously affected country but is also land-locked, entirely surrounded by the territory of South Africa.

12. As noted in the principal report, the economy of Lesotho is a fragile one, highly dependent upon South Africa, and vulnerable to external pressures from and events in South Africa. This situation is a matter of deep concern to the Government. Lesotho's high degree of dependency on South Africa is reflected in its employment situation, the composition of the national income, the balance of payments, and the food and energy situations, to name but a few of the areas. These and other aspects of Lesotho's economy are discussed below.

/...

13. In addition to its precarious economic situation, Lesotho has also to contend with political problems arising from the creation on its borders of the Transkei bantustan as well as with other adverse consequences that have resulted from South Africa's apartheid policy. Furthermore, there have been increasing acts of violence on its borders in which several of its citizens have been shot by South African police and farmers.

14. A principal aim of the Government in its Second Five-Year Development Plan, now under implementation, and in the Third Five-Year Development Plan (1980-1985), now in its final stages of preparation, is to reduce the dependency of Lesotho on South Africa and to promote a greater degree of self-sufficiency.

A. The economic situation d/

1. Gross national product

15. According to preliminary estimates, Lesotho's gross national product (GNP), measured in real terms, appears to have grown by about 11 per cent in 1978/79, matching the average rate of real growth in GNP over the previous four years. A principal contributing factor to GNP growth in Lesotho over the past five years has been the very rapid rise in migrant remittances. These constitute the most important single source of income to Lesotho, being equivalent to almost 40 per cent of GNP. Thus, while per capita GNP in 1977 amounted to \$230, per capita gross domestic product amounted to \$140.

2. Government finances

16. As a result primarily of marked increases in receipts from the Southern African Customs Union and inflows of foreign grants and loans on concessional terms, the volume of financial resources available to the Government rose appreciably in fiscal years 1977/78 and 1978/79, making possible expansion of government operations in these years. At the same time, the over-all budget deficit was reduced in 1977/78 and preliminary estimates indicate that it was eliminated in the year ending March 1979. However, the Government informed the mission that Customs Union revenue, which now represents over 70 per cent of domestic government revenue (i.e., excluding foreign grants) is expected to decline in real terms in 1979/80, partly as a result of the reduction and expected removal of the surcharge on imports into South Africa. The Government also informed the mission that the continuation of present Customs Union arrangements is itself open to question.

17. The Government is concerned that the decline in Customs Union receipts will occur at a time when the recurrent costs implicit in its accelerated infrastructure programmes, and other expanded capital expenditures which are now being implemented, begin to be felt.

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

Table 1
Government finances a/
 (In millions of rand)

	<u>1975/76</u> (Actual)	<u>1976/77</u>	<u>1977/78</u> (Revised estimate)	<u>1978/79</u>
Total receipts	32.4	32.8	59.7	101.1
Of which: Customs Union receipts	(15.2)	(14.1)	(35.3)	(56.1)
Grants	(3.9)	(2.2)	(7.6)	(21.1)
Current expenditure	29.2	28.1	40.0	56.7
Current deficit (-) or surplus	3.2	4.7	19.7	44.4
Net lending and advances	0.3	-	7.3	11.1
Capital expenditure	12.1	15.1	19.7	33.0
Over-all deficit (-) or surplus	-9.2	-10.3	-7.3	0.3
External financing (net)	3.7	2.7	6.8	6.8
Domestic financing (net)	-	4.0	2.7	3.4
Change in Treasury balances b/	5.5	3.6	-2.2	-10.5

a/ Fiscal year April to March.

b/ An increase in balances is indicated by a minus sign.

3. Balance of payments

18. Significant increases in receipts from the Customs Union and in foreign grants to Lesotho in 1977 and 1978 were primarily responsible for a turnaround in the over-all balance of payments, which moved from deficit in 1976 into equilibrium in 1977 and showed a small surplus in 1978. The improvement in the over-all balance was achieved despite a widening of the deficits in the trade balance and the balance on current account.

19. In the visible trade balance, exports of diamonds from Lesotho have gained in importance, having doubled in value between 1977 and 1978, but are still only equivalent to 13 per cent of the value of imports. In services, migrants' remittances rose only very slightly in 1978 as compared with 1977, and receipts from tourism declined in 1978 from the previous year's level.

/...

Table 2

Balance of payments
(In millions of SDRs*)

	1975	1976	1977	1978
Exports, f.o.b.	10.3	14.6	12.0	27.8
Imports, c.i.f.	-123.2	-166.0	-183.8	-209.5
Balance of trade	-112.8	-151.4	-171.8	-181.7
Services (net)	78.3	81.4	92.7	84.7
Of which: net earnings of Basotho working abroad	(78.0)	(79.0)	(88.0)	(88.2)
Private transfers	4.9	6.5	8.1	8.8
Current account balance	-29.5	-63.5	-71.0	-88.2
Official transfers	10.7	13.0	18.1	29.2
Capital account <u>a/</u>	16.4	42.6	53.0	61.5
Of which: government capital	(21.6)	(19.2)	(33.4)	(52.4)
Over-all balance	-2.4	-7.9	0.1	2.5
<u>Conversion factor:</u> SDR per rand	1.1253	0.9961	0.9850	0.9168

* Special drawing rights.

a/ Including net errors and omissions.

4. Employment

(a) Migrant employment

20. As already noted, migrants' remittances make an important contribution to Lesotho's economy. About 160,000 of Lesotho's citizens are currently employed in South Africa - 100,000 in the gold mines, 30,000 in the collieries and 30,000 in other types of work. Recent trends and developments in South African mine employment have given the Government of Lesotho cause for concern.

21. In South Africa's coal mines, the total volume of employment fell by 3 per cent between 1977 and 1978, but the number of Basotho employed in these mines fell much more steeply - by over 14 per cent. The reduction of colliery employment particularly affected the south-eastern area of Lesotho.

/...

22. Over-all, the number of Basotho employed in the mines of South Africa declined by 3.9 per cent or about 5,000 persons between 1977 and 1978. The decline is due primarily to increased mechanization in the collieries and to the South African Government's policy of replacing foreign migrant workers by labour recruited from the homelands.

23. Recruitment of Basotho for the mines of South Africa has fallen even more sharply than the level of employment. In the first nine months of 1978, recruitment was 17 per cent lower than in the corresponding period of 1977. At the same time, the average length of contract has grown; by 1978, it was almost 13 months. This development has serious implications for income distribution in Lesotho. Furthermore, since the management of South Africa's mines have recently instituted a policy of employing only recruits furnished with "re-employment certificates", it is virtually impossible for novices to be recruited. This development exacerbates the Government's problem of finding jobs for the rapidly growing number of young people entering the labour force.

24. The sharp reduction in recruitment to the mines of South Africa is seen by the Government as foreshadowing a serious reduction in rural income unless remedial action is taken. It underscores the emphasis which the Government places on the creation of work opportunities on a massive scale in Lesotho.

25. Moreover, there remains always the risk of a sudden large-scale repatriation of Basotho from the mines of South Africa. A committee has been set up to undertake contingency planning in case such an eventuality becomes a reality.

(b) Domestic employment

26. With employment in South Africa's mines declining and about 20,000 persons - 10,000 males and 10,000 females - now entering Lesotho's labour force every year, a major goal of the Lesotho Government is to create employment opportunities at home. To this end, its efforts extend to virtually every sector of the economy. Labour-intensive methods are being carried out in road programmes, under the Ministry of Works and Rural Development, and in soil conservation and afforestation, under the Ministry of Agriculture. The Government would welcome the participation of donor agencies in the formulation of policies directed towards employment creation.

27. Although a large proportion of the population must, for some time to come, continue to rely on subsistence agriculture for support, the expansion of handicraft, industrial and commercial activities, as well as the promotion of tourism, will, in the Government's view, make an important contribution to the long-term solution of Lesotho's employment problem. Some progress has been made in these areas. Work on the 47-acre extension of the Maseru industrial area is expected to be completed in late 1979 and the construction phase of the development of the Tetsane industrial area was scheduled to begin in June 1979 (appendix I, paras. 70-71, project I-1). A crushed stone factory has been established at Ramorakane (appendix I, para. 77, project M-3) and a brick factory

/...

is about to go into operation. Funding negotiations are in progress with a donor regarding assistance for advance factory buildings (appendix I, para. 72, project I-2) and the support of another donor has been requested to enable the establishment of employment-creating activities in artisan industrial centres (appendix I, para. 73, project I-3). The Government has set up a shopping centre at Maputsoe and wholesale outlets at Qacha's Nek and Quthing, which are operating successfully.

28. On the institutional side, the Lesotho National Development Corporation (LNDC) has been the subject of review and, following its reorganization, it has attracted more international support. The Government has taken steps to secure both funds and assistance in training and organization for the Building Finance Corporation. Moreover, the Government hopes that, once Lesotho begins the issue of its own currency on 4 October 1979, the banking system will be able to provide a greater measure of support to industry and commerce through the provision of medium-term financing.

29. The National Employment Service is working in close co-operation with the Lerotholi Technical Institute and other schools to develop procedures which would assist in placing both graduates and drop-outs in appropriate employment. The Opportunities Industrialization Centre addresses the employment problem by offering training in a number of skills, including carpentry and bricklaying, and by placing trainees. Expansion of apprenticeship programmes would be helpful in providing work opportunities to the young.

30. In the area of manpower planning, the Government has made detailed projections of its manpower needs and resources, in which it has been aided by the results of the 1976 population census. In addition, following a mission to Lesotho in early 1978, the Job and Skills Programme for Africa (JASPA) prepared a report on the manpower situation. Furthermore, with UNDP financing, a manpower adviser is working with the Government to establish national long-term manpower utilization objectives.

31. The Government is contending with a number of difficulties in the manpower situation. One consequence of the departure of male Basotho to work in the mines of South Africa at the age of 18 is that the younger boys have to carry out many of the agricultural chores. This results in a relatively high rate of drop-outs from the school system and lack of training for this group.

32. Another problem for the Government is that the higher wages being paid in South Africa are attracting away from Lesotho a number of its skilled and trained personnel. e/ The Government informed the mission that it is giving serious consideration to means of stemming the loss of manpower from government-financed training in technical schools.

e/ In 1977, the Deutsches Institut für Entwicklungspolitik produced a report entitled: "Migration of qualified technical manpower from Lesotho to the Republic of South Africa".

33. Despite the employment problem presented by Lesotho's rapidly expanding labour force, the Government stated that refugees in Lesotho enjoy equal employment opportunities with nationals and are absorbed in both the private and public sectors of the economy.

B. Agriculture

1. Efforts to increase self-sufficiency in food production

34. A major goal of the Government is to increase Lesotho's self-sufficiency in food production and reduce its imports of wheat and maize from South Africa. The Government informed the mission that, in April 1979, the Government of South Africa had announced price increases of 25 per cent for grain and of 21 per cent for maize flour.

35. To the natural constraints to increased food production in Lesotho, namely, unfavourable climatic conditions, limited cultivable land and soil erosion, must be added the traditional land tenure system, migration and the high cost of fertilizer.

36. Measures being adopted by the Government to increase food production include the strengthening of the capacity of the Ministry of Agriculture, the implementation of the Basic Agricultural Service Programme (BASP) and the bulk purchase of agricultural machinery. In addition, the mission was informed that a land tenure bill which would give more security of tenure to farmers and encourage them to invest in agricultural production was about to be submitted to the legislature.

37. In the Government's view, the commercial nature of the Livestock Marketing Corporation and the Produce Marketing Corporation has tended not to encourage increased production. Consequently, a draft bill was to be presented to the current session of Parliament which would replace these corporations by an advisory Marketing Board accountable to the Minister of Agriculture.

38. The Government stated that, although it was too early to discern the impact of the various agricultural projects included in the programme of assistance, there was certainly a raised consciousness as a result of them. There had been some noticeable impact from the sheep scab eradication programme (project A-6); on the other hand, the wheat mill (project A-13) had just started operations.

2. New projects to increase self-sufficiency in food production

39. The Government is seeking international assistance for two new agricultural projects, both designed to increase self-sufficiency in food production.

/...

40. The first project (A-14) involves the establishment of silo storage for a strategic maize reserve and an integrated maize mill and animal feed-stuffs factory at the site of the wheat mill in Maseru. The factory would use the by-products of both mills. Details of the project are given in appendix I below, paragraphs 79 to 82.

41. The second new agricultural project (A-15) involves the provision of fertilizer and seed to support agricultural production while the modernized crop production project (A-4) undergoes reorganization. Details of the new project are given in appendix I, paragraphs 83 and 84. The Co-operative Crop Production Programme (CCPP) which emphasized mechanized and modernized methods of grain cultivation has not attracted donor support and is being reviewed within the context of the Third Five-Year Development Plan. Nevertheless, the Government considers that an important factor in crop production is timeliness in operations, especially in the planting and harvesting stages, and that mechanization could make a valuable contribution in supplementing traditional methods of cultivation.

42. One problem in farm mechanization, however, has been a shortage of trained mechanics and skilled personnel to service tractors. Although the Government offers mechanical training within BASP, it has encountered difficulty in attracting candidates because of the higher wages being offered in South Africa.

43. The mission recommends that the international community lend its support to the two new agricultural projects.

3. Impact of drought on 1978/79 crop production

44. As a result of the drought which affected southern Africa in the crop year 1978/79, Lesotho's summer crops, namely, summer wheat, maize, beans and sorghum, were well below normal levels in 1979.

45. Estimates made by the Government at the time of the mission's visit indicated that the 1979 summer wheat crop, normally harvested in the period March to May, would be about 30 per cent lower than normal. About 29,000 tonnes were expected to be harvested as compared with a normal production of about 41,000 tonnes.

46. On the other hand, according to early estimates, yields of winter wheat in 1978/79 may have been slightly better than normal and output may have reached 18,000 tonnes as compared with an actual production of 16,584 tonnes in 1977/78.

47. With an estimated total wheat crop in 1978/79 of 47,000 tonnes, the Government estimated that, in the absence of new food aid pledges, about 70,000 tonnes of wheat would need to be imported commercially in 1978/79, an increase of about 17,000 tonnes over the previous year.

/...

48. The maize harvest in 1978/79 was also expected to be 30 per cent lower than average, with a yield of 62,000 tonnes. However, since the maize harvest of 1977/78 had been a record one (143,000 tonnes), it was not found necessary to increase commercial imports of maize in 1978/79. The Government expected that the lower maize production in 1978/79 would, after a time lag, necessitate an increase in commercial imports.

C. Energy

1. Oil

49. The Government stated that the most pressing issue that had arisen since the mission's last visit was the question of energy. At present, all of Lesotho's oil supplies come from South African refineries. Following the imposition of sanctions by Iran, South Africa has been obliged to buy ad hoc supplies of crude petroleum wherever it can. Between January and May 1979, the price charged by South Africa for oil supplies to Lesotho increased three times, by a total of 10 cents per litre. The higher prices for petroleum products had a particularly grave impact on the rural communities where kerosene is widely used for cooking and lighting.

50. Part of the price increase was attributed by the Government of South Africa to the extra expenses incurred in obtaining crude oil. Lesotho had also been asked to contribute to an equalization fund which had been established by South Africa to help finance SASOL III, the process by which oil is extracted from coal.

51. Confronted by this situation, the Lesotho Government has sought alternative sources of supply. In this connexion, it has had talks with the Government of Mozambique with a view to obtaining refined oil from that country. It would be necessary, however, to obtain the co-operation of the Government of South Africa for the transit of the oil.

52. The Lesotho Government would like to establish a strategic fuel reserve equivalent to a three to four months' supply, but no donor has been found. One donor has shown interest in the provision of storage facilities for refined petroleum should a source of supply be procured. Another donor has undertaken to send a consultant to look into the question of petroleum storage facilities.

53. In connexion with the repercussions upon Lesotho of the oil sanctions imposed upon South Africa, the Government drew the mission's attention to the statement made by its Foreign Minister to the General Assembly at its thirty-third session: "Our preparedness to support the United Nations Charter and our readiness to meet our obligations in terms of United Nations Security Council resolutions, however, must be matched by the readiness of the international community to meet its commitments in terms of Article 50 of the United Nations Charter." In that statement, the Foreign Minister recalled the words of his Prime Minister: "The international community has an obligation to countries such as mine in the event

/...

that embargoes are imposed on South Africa ... I should like to remind the international community that it is its duty to safeguard the basic interests of countries such as Lesotho which will inevitably be affected should action against South Africa become unavoidable as a result of her continuing denial of basic human rights" (A/33/PV.28, p. 66).

2. Water resources

54. Looking to the longer term, Lesotho is planning to achieve, by 1992, a measure of self-sufficiency in energy through the use of its ample water resources in the generation of hydroelectric power. Details are given under two new proposed projects, P-1 (A) and P-1 (B) (appendix I, paras. 85-86).

3. Coal

55. Exploration for coal deposits in Lesotho has been carried out by the Canadian International Development Agency (CIDA). On the basis of exploration to 1,400 feet, the Agency did not consider that further exploration was economical. However, the Government wishes to continue exploration activities.

D. Transport and communications

56. As noted in the principal report, Lesotho's geopolitical situation causes the Government to attach considerable importance to the development of air and telecommunication links with neighbouring countries of Africa and the rest of the world. Moreover, the planned social and economic development of the country necessitates the construction of a road network including feeder roads. The imposition in February 1978 of new travel restrictions on Lesotho nationals entering South Africa, which affected the population of the south-eastern region of Lesotho in particular, made improvements in transport and communications both within the region and between the region and the rest of the country even more imperative (see A/33/112).

57. The mission found that considerable progress had been made in the road and air transport projects. More than 80 per cent of the road programme has been funded. As compared with the situation described in paragraph 75 of the principal report, two district capitals in the mountain area, namely, Qacha's Nek and Thaba-Tseka, can now be reached by road. However, funds are still required to complete the construction of the important southern perimeter road (see appendix I, paras. 1-2) and the Mafeteng to Mohale's Hoek Road (see appendix I, para. 49).

58. In air transport, one more route has been opened up. This is an air service between Lesotho and Mozambique provided by Mozambique Airways. Some international assistance has been provided for the construction of a national airport, on which

/...

the Government places a high priority, but more is required (see appendix I, paras. 16-17). Progress has been made in strengthening the civil aviation fleet and, with international assistance, improvements to Maseru airport have been carried out (see appendix I, paras. 10-11). Unfortunately, no donor has been found to help finance improvements to the five air strips in mountainous areas (see appendix I, paras. 12-15). The Government considers that, without such improvements, the safety of the operations of the two Twin Otter aircraft which Canada is supplying (see para. 10) cannot be assured.

59. In the area of telecommunications, a project for an international communications service via satellite is under consideration by a prospective donor (see appendix I, para. 89, project T-2).

60. As a result of a new act regulating road transport which was put into effect by the Government of South Africa early in 1978, the transit situation for Lesotho is somewhat changed as compared with the situation described in paragraph 78 of the principal report. Under the new act, no permit is required for operations for paid hire within a 40-kilometre radius and for carriage on own account for an 80-kilometre radius from the base point of operations. In addition, the transport of farm products and requisites by individual farmers and transport of certain exempted goods can be carried out without a permit.

E. Education

61. The Government continues its efforts to up-grade and expand Lesotho's educational facilities. With donor assistance, the crash mathematics/science programme has proved successful and, with further assistance, the Government intends to extend it. Non-formal education will be made available to adults using the facilities of a proposed education resource centre which will also cater for refugees. However, international assistance is urgently sought to expand and improve facilities at the four vocational schools located in Leribe, Mohale's Hoek, Maliele and Qacha's Nek (see appendix I, para. 65, project E-1).

62. A serious problem confronting the Government is the pressing need to increase the number of available places in the secondary school system. Only 38 per cent of the children who complete primary school in Lesotho can be placed in secondary schools. Because of this situation, many of Lesotho's youths have received a scanty education and have had to occupy themselves in tending livestock or have sought employment in the mines of South Africa. However, since the new policies being implemented by the management of South African mines make it virtually impossible for inexperienced workers to be hired, the youth of Lesotho can no longer expect to be placed in mine employment. There is therefore an urgent need to equip the young people of Lesotho with post-primary education and training. This will require an expansion of appropriate educational facilities. The problem is being studied in the context of the Third Five-Year Development Plan which will provide details of needs and targets.

/...

63. The problem of providing Lesotho's young people with secondary education has been exacerbated by the presence in Lesotho's schools of large numbers of children of Basuto parents normally domiciled in South Africa. The authorities explained that, as an alternative to "Bantu education", parents living on the South African side of the border had resorted to enrolling their children in Lesotho schools under the name and sponsorship of relatives living in Lesotho. The Government said that it was not possible to supply precise figures on the number of pupils currently involved. However, a sample survey of 20 primary schools in Maseru and its vicinity, conducted in 1977, indicated that there were at that time at least 4,000 such pupils within the primary school system.

64. The mission agrees with a proposal by the UNDP representative that his organization make available the services of an educational planning consultant to look into the problem and suggests that this is a matter on which the Office of the United Nations High Commissioner for Refugees (UNHCR), UNDP and the Government co-operate. On the basis of the consultant's report, it will be possible to have a more precise idea of the number of pupils from South Africa who are enrolled in Lesotho schools and the amount of assistance that will be required to lighten the burden being borne by the Government.

65. Another problem which is emerging is the loss of members of the university teaching staff because of the higher salaries offered by the new university colleges which are being established, with financial help from South Africa, in the black homelands. One member of the Lesotho's university teaching staff has already been recruited for a bantustan college and others have been approached.

F. Health

66. Despite limited resources, the Government continues, with international assistance, to make progress in the provision of health care for the people of Lesotho. It has carried out immunization programmes and instituted training of medical and paramedical personnel. Distribution of medicines to local centres from the national stockpile has been effected (see appendix I, paras. 36-37, project H-1). Following the completion of a design proposal for a hospital at Qacha's Nek, a team is expected to arrive shortly (appendix I, paras. 38-40, project H-2). A revised design study of the national referral and general hospital is to be carried out (appendix I, para. 68, project H-4).

67. With donor support, the Government has embarked upon a programme for expanding village water supplies. A matter of deep concern to the Government is the high incidence of gastro-enteritis which is attributed to the inadequacy of rural water supplies. In 1977/78, gastro-enteritis topped the list of communicable diseases in Lesotho, with 16,522 reported cases. Most of these were young children under four years of age. To assist in the co-ordination of efforts being directed towards overcoming this problem, the Government requires the services of a full-time consultant for a period up to three months. The UNDP representative undertook to

/...

give attention to this need. The mission hopes that, in view of the gravity of the situation, increased assistance will be forthcoming from the international community to enable the Government to deal effectively with this health problem.

G. The participation of women in Lesotho's development

68. Partly as a result of the family disruption caused^G by the migrant labour system, about 60 per cent of households in Lesotho are headed by a woman. Moreover, women constitute a significant proportion of the work force in a number of important economic activities. These include farm management, the sorting and grading processes in the mohair industry, the preparation of woodlots - an activity in which 99 per cent of the workers are women - and road construction, with about 20,000 women per month being employed on food-for-work projects preparing rural feeder roads. Women also constitute a large proportion of the work force engaged in poultry-raising, horticulture and handicrafts.

69. Recognizing the important role played by women and the need for a special focus on women in its development planning, the Government has created a special post for this purpose within the Ministry of Rural Development. The setting-up of a women's development secretariat is under discussion. Furthermore, assisted by the Economic Commission for Africa, the Government is preparing a training centre for women. A UNDP-financed pilot rural development project which was scheduled to begin at Thabana-Morena in July 1979 is to include a woman planner established in the training of women.

70. A number of development programmes focusing on women are already being implemented by the Government. On the social welfare side, they include mother and child health care, education in nutrition and health and improved access to rural water supplies. The economic programmes relate primarily to activities in agriculture and small-scale industry. However, much more could be done to harness the abilities and energy of Lesotho's women to the country's development needs.

III. SUMMARY OF INTERNATIONAL ASSISTANCE

71. The information provided by the Government to the third review mission indicated that, as at 15 May 1979, the international community had provided or pledged \$122,764,000 f/ under the United Nations Special Economic Assistance

f/ The national currency unit is the rand. The exchange rate used in the present report to convert contributions provided or pledged in the period 12 June 1978 to 15 May 1979 is 1 rand to \$US 1.1764. The same rate was used to convert cost estimates made in this period. The exchange rate used in previous reports relating to periods prior to 12 June 1978 was 1 rand to \$US 1.15.

Programme for Lesotho. In the period under review - from 12 June 1978 to 15 May 1979 - contributions amounting to \$23,482,000 were provided or pledged under the Special Programme. Details of contributions for individual projects as well as the names of donor countries and agencies concerned are provided in tables 3 and 4 below. Table 3 shows the position as at 11 June 1978; table 4 shows the contributions provided or pledged in the period from 12 June 1978 to 15 May 1979.

72. The international assistance provided or pledged in the period under review includes important support for Lesotho's road programme, the construction of the national airport, the establishment of a road haulage fleet and the extension of Lesotho's labour-intensive development programme. It also includes, under the emergency programme, support for the mountain region food reserve, the construction of rural clinics and the development of the wool and mohair industry as well as the provision of trained personnel for the civil aviation fleet. Under the accelerated development programme, the national referral and general hospital has attracted donor support, as have also fresh-water fish production and the extension of the Maseru industrial area.

73. The support provided by the international community since the initiation of the Special Programme in February 1977 has enabled the Government to proceed with the implementation of a substantial number of projects important to the development of the country. The current status of the projects which were recommended for international assistance in the mission's principal report is shown in table 5 below.

74. The same table provides information with regard to ongoing projects which are only partially funded and for which assistance is urgently sought for their completion. They include the construction of the important southern perimeter road, as well as the road from Mafeteng to Mohale's Hoek and the strengthening of the feeder road programme. International assistance is also sought for the mountain region food reserve and for self-sufficiency in grain processing. Other important projects in need of funding include the construction of the national airport, the national referral and general hospital, the proposed hospital at Qacha's Nek and a variety of projects designed to promote artisanal, industrial and commercial activities.

75. Table 5 also enumerates six new projects for which the Government requires international assistance.

76. A progress report on the individual projects in the Programme is provided in appendix I. Appendix II enumerates the Government's requirements for technical assistance.

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

Table 3

Contributions provided or pledged as at 11 June 1978

(Based on information provided by the Government of Lesotho to the
 first and second review missions)

<u>Number</u>	<u>Project</u>	<u>Title</u>	<u>Contribution</u>	<u>Status of contribution a/</u>	<u>Donor b/</u>
			(thousands of United States dollars)		
	<u>1. Emergency programme</u>				
R-1)					
R-3)	Qacha's Nek-Sekake-Lethena-				
R-4)	Quthing-Mohale's Hoek Road	.....	( 1 840	G/AD	EDF
R-9)			(26 000	G/FP	USAID
R-5	Thaba-Tseka to Mpti road	.....	18 080	G/FP	Canada
R-6	Three Ministry of Works maintenance centres	.....	170	G/AD	EDF
C-1	Strengthening the civil aviation fleet	.....	2 460	G/FP	Canada
C-2	Improvement of Maseru airport	.....	228	G/AD	Federal Republic of Germany
C-4	National airport	.....	( 3 500 (4 100 (750 (6 000	G/FP SL/FP SL/FP SL/FP	EDF Kuwait Abu Dhabi BADEA
A-1	Mountain region food reserve	.....	800	G/FP	WFP
A-5	Grain-processing self-sufficiency	..	(1 840 (1 035	SL/AD G/FP	OPEC United Kingdom
A-6	Wool and mohair development	.....	( 1 162 (63	G/AD G/AD	United Kingdom Ireland
A-7	Agricultural Development Bank	.....	700	SL/FP	Federal Republic of Germany
H-1	Stockpile of drugs and other medical supplies and extension of medical stores	.....	( 100 (400	G/FP G/FP	Republic of Korea Japan
H-2	Qacha's Nek Hospital	.....	495	UA/AD	Denmark
	Total		69 723		
	<u>2. Accelerated development programme</u>				
R-8	Mafeteng to Mohale's Hoek road	.....	( 3 500 (1 200 (805	G/FP G/FP G/FP	EDF Netherlands United Kingdom

/...

Table 3 (continued)

Number	Project Title	Contribution (thousands of United States dollars)	Status of contribution a/	Donor b/
R-10 (a)	Mokhotlong to Taung road)	(520	G/FP	United Kingdom
(b)	Mokhotlong to Sani Pass)	(15 640	G/FP	United Kingdom
R-11	Strengthening of feeder road programme	107	G/AD	United Kingdom
A-9	Strengthening of livestock marketing	403	G/FP	United Kingdom
A-10	Irrigated vegetable production . . .	230	G/FP	United Kingdom
A-11	Poultry production and processing . .	1 610	G/P	Netherlands
A-12	Fresh-water fish production	253	G/FP	United Kingdom
P-1	Identification of site or sites to be developed and preparation of feasibility study	1 000	G/FP	Canada
E-2	Training of vocational school teachers	Fellowships		Various
E-3	Mathematics/science crash programme .	276	G/AD	United Kingdom
H-5	Training of medical personnel	Scholarships		
I-1	Maseru industrial area extension . . .	2 070	G/AD	EDF
I-3	Artisan industry centres at Qacha's Nek, Quthing, Thaba Tseke and Mokhotlong	1 265	G/FP	United Kingdom
M-3	Stone-crushing plant, Ramorakane . . .	(230 (31 (299	G/FP EQ/FP SL/FP	Austria IPC
	Total	<u>29 439</u>		
	3. <u>Contributions not for specific projects</u>	115	G/FP	India c/ Pakistan c/
	Total	<u>5</u> <u>120</u>	G/FP	
	Total contributions provided or pledged up to 11 June 1978 (1 + 2 + 3)	<u>99 282</u>		

(Foot-notes to table 3 on following page)

/...

(Foot-notes to table 3)

a/ G = grant

SL = soft loan

UA = contribution to the United Nations Special Account

AD = aid already handed over

FP = firmly pledged

P = pledged

EQ = equity.

b/ Abbreviations used:

BADEA = Arab Bank for Economic Development in Africa

EDF = European Development Fund

IFC = International Finance Corporation

OPEC = Organization of Petroleum Exporting Countries

USAID = United States Agency for International Development

WFP = World Food Programme.

c/ For purchase of Lesotho's requirements from the donor country.

/...

Table 4

Contributions provided or pledged between 12 June 1978 and 15 May 1979

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

Project Number	Project Title	Contribution	Status of contribution a/	Donor b/
(thousands of United States dollars)				
<u>1. Emergency programme</u>				
R-2	Road haulage fleet	306) 2 394)	G/AD G/AD	EEC (special aid) Federal Republic of Germany
C-1	Strengthening the civil aviation fleet	870 25		EDF Ireland
C-4	National airport	2 500) 3 000)	SL/FP SL/FP	ADB OPEC
A-1	Mountain region food reserve	227) 93)	G/AD G/AD	EEC CRS
A-6	Wool and mohair development	46	G/FP	United Kingdom
H-3	Rural clinics at Matebeng and Sixondo	118	G/FP	Netherlands
L-1	Labour-intensive development programme	2 664) 1 600) 330)	G/FP SL/FP G/AD	SIDA IDA United Kingdom
	Total	14 173		
<u>2. Accelerated development programme</u>				
R-10	(a) Mokhotlong to Taung road) (b) Mokhotlong to Sani Pass)	5 840	G/AD	United Kingdom
R-11	Strengthening of feeder road programme	1 737	G/AD	United Kingdom
A-12	Fresh-water fish production	374 78	G/FP G/FP	United Kingdom United Kingdom
H-4	National referral and general hospital	872	SL/FP	ADB
I-1	Maseru industrial area extension	408	G/AD	EDF
	Total	9 309		
	Total contributions provided or pledged between 12 June 1978 and 15 May 1979 (1 + 2)	23 482		
	Total contributions provided or pledged up to 11 June 1978 (brought forward from table 3)	99 282		
	Grand total	122 764		

a/ G = grant

SL = soft loan

AD = aid already handed over

FP = firmly pledged.

b/ Abbreviations used:

ADB = African Development Bank

CRS = Catholic Relief Services

EDF = European Development Fund

EEC (special aid) = European Economic Community

IDA = International Development Agency

OPEC = Organization of Petroleum Exporting Countries

SIDA = Swedish International Development Agency.

c/ For purchase of Lesotho's requirements from the donor country.

/...

Table 5

Status of projects as at May 1979 based on information provided
 by the Government of Lesotho

(Emergency programme* and accelerated development programme)

(In thousands of United States dollars)

Number	<u>Project</u> Title	Latest cost estimate	Assistance provided or pledged
<u>I. Completed projects</u>			
C-2*	Improvement of Maseru airport	50	228
P-1	Identification of hydroelectric site or sites to be developed and preparation of feasibility study	1 150	1 000
E-2	Training of vocational school teachers	140	Fellowships
<u>II. Ongoing projects fully funded</u>			
R-2*	Road haulage fleet	1 500	2 700 a/
D-6*	Three Ministry of Works maintenance centres	3 040	(170 (- (Funding complete
C-1*	Strengthening the civil aviation fleet	2 300	3 355
R-10 (a)	Mokhotlong to Taung road)	22 000 b/	22 000
(b)	Mokhotlong to Sani Pass }		
I-1	Maseru industrial area extension	980	2 478
M-1 and M-2	Acceleration of exploration for diamonds and for uranium	320) 180)	UNDP
R-7*	Strengthening the technical capacity of the Ministry of Works	930	Funding complete

/...

Table 5 (continued)

Number	<u>Project</u> Title	Latest cost estimate	Assistance provided or pledged
<u>III. Ongoing projects partially funded</u>			
R-1*, R-3*, R-4* and R-9	Quthing-Lethena-Sekakes- Qacha's Nek road and Mohale's Hoek to Quthing road	46 000 <u>b/</u>	27 840
R-5*	Thaba-Tseka to Mpiti road . . .	18 000+ <u>b/</u>	18 080
C-4*	National airport	34 700 <u>b/</u>	19 850
A-1*	Mountain region food reserve . .	690	1 120
A-5*	Grain-processing self- sufficiency	7 500	2 875
A-6*	Wool and mohair development . .	2 870	1 271
A-7*	Agricultural Development Bank .	-	700
H-1*	Stockpile of drugs and other medical supplies and extension of medical stores	1 735 <u>b/</u>	500
H-2*	Qacha's Nek Hospital	1 610	495
H-3*	Rural clinics at Matebeng and Sixondo	150	118
P-4*	Qacha's Nek diesel generator . .		Funds provided under R-2
L-1*	Labour-intensive development programme . . . . .	...	4 594
D-1*	Development staff reinforcement and training . . . . .	...	Technical assist- ance and training
R-8	Mafeteng to Mohale's Hoek road .	10 340 <u>b/</u>	5 505
R-11	Strengthening of feeder road programme	2 100 <u>b/</u>	1 844

/...

Table 5 (continued)

Number	<u>Project</u> Title	Latest cost estimate	Assistance provided or pledged
A-9	Strengthening of livestock marketing	350	403
A-10	Irrigated vegetable production	1 270	230
A-11	Poultry production and processing	4 104 <u>b/</u>	1 610
A-12	Fresh-water fish production	988 <u>b/</u>	705
T-3	Mathematics/science crash programme	471 <u>b/</u>	276
H-4	National referral and general hospital (phase I)	3 690	872
H-5	Training of medical personnel	230	Scholarships
I-3	Artisan industry centres at Qacha's Nek, Quthing, Butha-Buthe and Mokhotlong	1 150	1 265
I-3	Stone-crushing plant, Ramorakane	690	560
	Total		<u>122 644</u>
IV.	<u>Contributions not for specific projects</u>		<u>120</u>
	Grand total		<u>122 764</u>
V.	<u>Planned projects awaiting funding</u>		
C-3*	Improvement of five airstrips in mountainous areas	586 <u>b/</u>	
A-4*	Modernized crop production	Under revision	
A-13*	Supply of wheat and strategic reserve	<u>c/</u>	
P-3*	Emergency electricity supply	9 000	

/...

Table 5 (continued)

Number	Project Title	Latest cost estimate	Assistance provided or pledged
A-8	Modernized crop production and storage	Under revision	
M-4	Sandstone quarry and stone-dressing works	170	
E-1	Upgrading of four vocational schools	2 260	
I-2	Advance factory buildings	690	
VI. <u>Cancelled projects</u>			
A-2*	Offset to removal of grain subsidies	2 400	
A-3*	Strategic reserve of maize with storage <u>d/</u>	4 300	
P-2	Detailed engineering design of hydroelectric power	2 300 to 6 900	
E-4	Non-formal education of adults .	90	
T-1	Doubling the capacity of the radio link to Nairobi	460	
VII. <u>Proposed new projects</u>			
A-14	Silo storage for strategic maize and integrated maize mill and animal feedstuffs factory	8 596	
A-15	Fertilizer and seed project . . .	3 000	
P-1 (a)	Highland water scheme		
P-1 (b)	Feasibility and design of internal hydropower generation projects		
P-5	Diesel generator at Mokhotlong .	176	

/...

Table 5 (continued)

Number	<u>Project</u>	Title	Latest cost estimate	Assistance provided or pledged
P-5	Diesel generator at Mokhotlong .		176	
T-2	International communications via satellite			

a/ Includes partial funding for project P-4.

b/ Revision of original estimate.

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

d/ Integrated with project A-14.

/...

APPENDIX I

Progress report on individual projects

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

<u>Project number</u>	<u>Title</u>	<u>Paragraphs</u>
	1. <u>Emergency programme a/</u>	
R-1, R-3, R-4	Quthing-Lethena-Sekakes-Qacha's Nek road)	1 - 2
R-9 b/	Mohale's Hoek to Quthing road)	
R-2	Road haulage fleet	3 - 5
R-5	Thaba-Tseka to Mpiti road	6
R-6	Three Ministry of Works maintenance centres .	7 - 8
R-7	Strengthening the technical capacity of the Ministry of Works	9
C-1	Strengthening the civil aviation fleet . . .	10
C-2	Improvement of Maseru airport	11
C-3	Improvement of five airstrips in mountainous areas	12 - 15
C-4	National airport	16 - 17
A-1	Mountain region food reserve	18 - 20
A-4	Modernized crop production	21 - 23
A-5	Grain-processing self-sufficiency	24 - 26
A-6	Wool and mohair development	27 - 30
A-7	Agricultural Development Bank	31

a/ Projects A-2 and A-3 have been cancelled and appear under the heading "Cancelled projects" below.

b/ Originally in accelerated development programme.

/...

<u>Project number</u>	<u>Title</u>	<u>Paragraphs</u>
A-13	Supply of wheat and strategic reserve	32 - 35
H-1	Stockpile of drugs and other medical supplies and extension of medical stores	36 - 37
H-2	Qacha's Nek Hospital	38 - 40
H-3	Rural clinics at Matebang and Sixondo	41
P-3	Emergency electricity supply	42
P-4	Qacha's Nek diesel generator	43
L-1	Labour-intensive development programme	44 - 47
D-1	Development staff reinforcement and training	48
2. <u>Accelerated development programme c/</u>		
R-8	Mafeteng to Mohale's Hoek road	49
R-9	Mohale's Hoek to Quthing road	50
R-10 (a)	Mokhotlong to Taung road)	51
(b)	Mokhotlong to Sani Pass)	
R-11	Strengthening of feeder road programme	52
A-8	Modernized crop production and storage - continuing development	53
A-9	Strengthening of livestock marketing	54 - 55
A-10	Irrigated vegetable production	56
A-11	Poultry production and processing	57 - 62
A-12	Fresh-water fish production	63

c/ Projects P-2, E-4 and T-1 have been cancelled and appear under the heading "Cancelled projects" below.

<u>Project number</u>	<u>Title</u>	<u>Paragraphs</u>
P-1	Identification of hydroelectric site or sites to be developed and preparation of feasibility study	64
E-1	Upgrading of four vocational schools . . .	65
E-2	Training of vocational school teachers . .	66
E-3	Mathematics/science crash programme	67
H-4	National referral and general hospital (phase I)	68
H-5	Training of medical personnel	69
I-1	Maseru industrial area extension	70 - 71
I-2	Advance factory buildings	72
I-3	Artisan industry centres at Qacha's Nek, Quthing, Butha-Buthe and Mokhotlong	73
M-1 and M-2	Acceleration of exploration for diamonds and for uranium	74 - 76
M-3	Stone-crushing plant, Ramorakane	77
M-4	Sandstone quarry and stone-dressing works .	78

3. Proposed new projects

A-14	Silo storage for strategic maize reserve and integrated maize mill and animal feedstuffs factory	79 - 82
A-15	Fertilizer and seed project	83 - 84
P-1 (A)	Highland water scheme	85
P-1 (B)	Feasibility and design of internal hydropower generation projects	86
P-5	Diesel generator at Mokhotlong	87 - 88
T-2	International communications via satellite	89

/...

<u>Project number</u>	<u>Title</u>	<u>Paragraphs</u>
	4. <u>Cancelled projects</u>	
A-2 <u>d/</u>	Offset to removal of grain subsidies	90
A-3 <u>d/</u>	Strategic reserve of maize with storage . .	91
P-2 <u>e/</u>	Detailed engineering design of hydroelectric power	92
E-4 <u>e/</u>	Non-formal education of adults	93
T-1 <u>e/</u>	Doubling the capacity of the radio link to Nairobi	94

d/ Under emergency programme.

e/ Under accelerated development programme.

/...

1. Emergency programme

(a) Road transportation

R-1, R-3, R-4. <u>Quthing-Lethena-Sekakes-Qacha's Nek road</u>)	\$46,000,000
R-9. <u>Mohale's Hoek to Quthing road</u>)	

1. These road projects together make up the nation's southern perimeter road. The cost of constructing the road to Bitumen 1 standard has been estimated at \$46 million. Of this amount, a sum of \$26 million has been provided by the United States and \$5 million by the Government of Lesotho. A balance of \$15 million is required to complete the project.

2. Under the Government's present programming, the engineering design of the two sections of the road, namely, Quthing to Qacha's Nek (155 km.) and Mohale's Hoek to Quthing (60 km.) is scheduled for completion in February 1980. The construction of the Quthing to Qacha's Nek section is scheduled for the period from May 1980 to August 1982. The construction of the Mohale's Hoek to Quthing section is pending, awaiting the provision of the necessary funds.

R-2. Road haulage fleet (original cost estimate: \$1,500,000)

3. A bill establishing the Lesotho Freight Services Corporation was to be presented to the current session of parliament. To date, 10 trucks have been delivered and paid for with funds amounting to \$306,000 from the European Economic Community (EEC) special aid programme. The Federal Republic of Germany has also provided funds to cover the provision of 20 trucks and workshops, which, together with two diesel generators for Qacha's Nek, total \$2,394,000.

4. The construction of a freight terminal and a workshop in Maseru and of a terminal at Qacha's Nek has commenced. Construction of a workshop and terminal at Quthing will begin shortly.

5. An expert responsible for the workshops and maintenance of the vehicle fleet has been provided by the Federal Republic of Germany and has already assumed his duties.

R-5. Thaba-Tseka to Mpiti road (revised cost estimate: \$18,000,000 +)

6. There have been delays in obtaining funds for this project, which pre-feasibility studies estimated at a cost in excess of \$18 million. The project is under negotiation with the Canadian Government. The terms of reference for the feasibility and engineering studies for the road have been agreed and the Canadian International Development Agency (CIDA) will send their team in the very near future. It is understood that the provision of funds will be on a grant basis.

/...

The Government's tentative seven-phase programme for the development and construction of the 160-kilometre length of road, extends over a period of approximately six years.

R-6. Three Ministry of Works Maintenance centres
(original cost estimate: \$3,040,000)

7. The maintenance workshops at Qacha's Nek and Mphaki have been financed under project R-1 with grant assistance from the European Development Fund (EDF) and the Lesotho Government. The workshop at Mphaki is nearly complete and work is in progress on the one at Qacha's Nek. The services of a consultant architect to produce working drawings are needed at Qacha's Nek.

8. The maintenance workshops at Thaba-Tseka will form part of the Third Highway Project which will be financed by an International Development Agency (IDA) loan of \$11.2 million, of which \$2.2 million is from the EEC Special Action programme.

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

9. Finance for the housing and equipment will be provided partly under the IDA-funded Third Highway Project. It will cover maintenance facilities at Leribe, Thaba-Tseka and Mphahlele's Hoek. Staff recruited through the project are expected to come from a variety of sources, both bilateral and multilateral. To date, one roads engineer provided by the Commonwealth Fund for Technical Co-operation (CFTC) has assumed his duties. It has been observed that, in view of the acute shortage of houses throughout the country, the inclusion of a housing component in a project facilitates the recruitment of staff and tends to expedite implementation of the project.

(b) Civil aviation

C-1. Strengthening the civil aviation fleet
(original cost estimate: \$2,300,000)

10. The Lesotho Airways Corporation is to receive two Twin Otter aircraft as well as spare parts from Canada at a cost of \$2.46 million. Delivery was expected to be made in June 1979. EDF has provided \$870,000 for a four-person management team for Lesotho Airways, including a commercial manager, for a three-year period. The Government of Ireland has provided \$25,000 for short-term training in Ireland of staff of Lesotho Airways.

C-2. Improvement of Maseru airport
(original cost estimate: \$50,000)

11. Improvements to the airport, including runway lighting, were completed in 1978 with funding from the Federal Republic of Germany.

C-3. Improvement of five airstrips in mountainous areas
(revised cost estimate: \$586,000)

12. The object of the project is to improve five airstrips located at Qacha's Nek, Semonkong, Sehonghong, Mashai Store and Sehlabathebe at an estimated cost of \$506,000. An additional \$246,000 is needed for improvements to airstrips at Sekake and Nkai and for passenger shelters to be constructed at Semonkong and Qacha's Nek.

13. First, priority must be given to improvements at Qacha's Nek and Semonkong, two of the most important airfields in the country outside of Maseru, with Qacha's Nek having the only other bitumen-surfaced runway. The need at this stage is for resurfacing at Qacha's Nek and for first surfacing at Semonkong; both places are experiencing severe drainage problems. Without these improvements and associated fencing and markings, the safety of operations, especially in the case of the Twin Otters to be provided by the Government of Canada, cannot be assured.

14. Secondly, the improvements needed for Sehonghong, Mashai Store and Sehlabathebe airstrips are regrading and gravel surfacing with associated fencing and markings. The present condition of the airstrips is dangerous, and without these improvements it is possible that services will have to be suspended. Unlike the work needed at Qacha's Nek and Semonkong, the work on these strips can be undertaken by a Labour-intensive Construction Group.

15. Improvements to the airstrips will allow the south-eastern part of the country to be integrated into the Lesotho air transport system at an enhanced safety level. So far no donor has been found to finance the project. In order to proceed with urgent aspects of the project, the Government has arranged for its Labour-intensive Construction Unit to commence work on those improvements which do not require the use of heavy machinery.

C-4. National airport (revised cost estimate: \$34,700,000)

16. The Government places a high priority on the realization of this project. At the time of the mission's visit, the Government was reviewing the latest estimates which had put the cost of the project at \$34.7 million and it was hoped that this figure could be reduced by effecting economies. In this respect, the Government has been consulting with experts provided by the International Civil Aviation Organization (ICAO) and the African Development Bank (ADB).

17. According to information provided by the Government, the contributions to date are as follows: Kuwait, 1.2 million K. dinars (\$4.1 million); Arab Bank for Economic Development in Africa (BADEA), \$6 million; EDF, 3 million EUA f/ (\$3.5 million); Organization of Petroleum Exporting Countries (OPEC), \$3 million.

f/ European unit of account.

In addition, ADB has undertaken to provide \$2.5 million; a reply to a request for an additional amount is being awaited. Furthermore, the Government has submitted requests to Saudi Arabia and to Japan for assistance and is awaiting replies. The Lesotho Government has provided a sum of \$3 million towards the completion of the project.

(c) Agriculture, livestock and food

A-1. Mountain region food reserve (original cost estimate: \$690,000)

18. The Government stated that, in addition to the 5,000 tonnes of whole maize donated by the World Food Programme (WFP), of which approximately 3,500 tonnes had been received, it had requested WFP for a donation to maintain the level of stocks in the food reserve. This proposal includes the provision of 430 tonnes of maize per year over a four to five year period to cover small-scale emergency issues, as well as normal losses and necessary sales at subeconomic prices. It also includes provision of a further 360 tonnes to cover the initial cost of transport. The value of the maize requested is estimated at \$441,000.

19. Adequate storage space remains a major constraint on implementing the mountain region food reserve. Additional storage, totalling 21,650 square feet, will be constructed at Quthing, Tosong, Qacha's Nek, Sekakes, Thaba-Tseka and Mohale's Hoek, partly with funds totalling \$93,000 provided by the Catholic Relief Services. Agreement is being sought from the Food and Agriculture Organization of the United Nations (FAO) and the Norwegian Agency for International Development (NORAD) for the balance required to be met from funds provided to the lowlands food-storage project.

20. In addition, there is need to construct 18 more stores in the mountain areas at an estimated cost of \$756,000. Following an agreement with EEC that its 1978 donation of 15,000 tonnes of wheat be sold to finance development projects, the Government proposes to use the proceeds of the sale of this wheat, estimated at \$227,000, towards the cost of additional storage space. A request for a further 3,000 tonnes of wheat has been made to EEC which, if approved, will provide the required balance of \$529,000.

A-4. Modernized crop production (original cost estimate: \$11,600,000)

21. No major donor assistance was received during the period under review. The Government, however, has proceeded to implement the project, although on a reduced scale, and has provided funds totalling \$5,610,000. The Government is convinced that yields can be increased under normal conditions. However, because of inadequate technical assistance in planning and supervision as well as unfavourable climatic conditions in some areas of the country during critical states of cultivation, average yields were low in the last two seasons. In areas where weather conditions were normal, yields were nearly double the national average.

/...

22. The Government is currently revising the project in the context of the Third Five-Year Development Plan; the revision is scheduled for completion by the end of 1979. The Government hopes that donors will support the revised project.

23. Meanwhile, the Government urgently requires fertilizer and seed. A new project has been formulated to cover these needs (see project A-15, paras. 83 and 84 below). A request for assistance totalling \$3 million has been submitted to the OPEC Special Fund.

A-5. Grain-processing self-sufficiency (milling and silos)
(original cost estimate: \$7,500,000)

24. Construction of the flour mill/silo complex in Maseru (which is to be known as the Lesotho Flour Mills) has been completed. Milling operations started in March 1979. The complex will provide 60,000 tonnes of annual milling capacity, a maximum silo capacity of 30,000 tonnes and appropriate drying facilities. Railway facilities serving the complex became operational on 16 May 1979. Deliveries of wheat already made have included 1,500 tonnes from EEC and 3,000 tonnes from the local winter wheat crop.

25. The total capital cost (including the railway facilities) is \$4,588,000, towards which OPEC has made available a soft loan of \$1,840,000 and the Government of the United Kingdom has provided a grant of \$1,035,000. The balance of funds was provided by the Lesotho Government. The sum required for initial operating and working capital is \$3,647,000, towards which the Government of Lesotho has provided \$1,882,000. The balance of \$1,765,000 remains to be funded.

26. The Government of the United Kingdom will provide engineering, management and training support, with a management team of 10 for a period of two years. The Lesotho Government is to provide five houses and five flats rent-free to the mill management staff.

A-6. Wool and mohair development (original cost estimate: \$2,870,000)

27. The project has been divided into three components, namely, wool and mohair marketing; sheep scab eradication; and a programme to provide veterinary drugs, vaccines and stock licks.

(a) Wool and mohair marketing

28. A grant of R 552,057 was approved by the United Kingdom Government in February 1978, for the erection of seven district bulking stores and five woolsheds. In the light of a decision by the Government of Lesotho to channel wool and mohair marketing through Maseru, it was decided to replace the seven district bulking stores in the above project with four collecting sheds situated at Mokhotlong, Qacha's Nek, Mohale's Hoek and Leribe. Approval was obtained from the United Kingdom Government to make these changes. As explained in section II above, livestock marketing is currently under review by the Government.

/...

(b) Sheep scab eradication

29. A grant of R 458,674 was approved by the United Kingdom Government in February 1978, for the control and eradication of sheep scab in Lesotho. The programme is making good progress towards the eradication of the disease. As at 28 February 1979, the total of expenditure and commitments on this project was R 304,338. With regard to the provision of technical assistance for the programme of eradication, it was pointed out that some difficulties had arisen with some of the personnel concerned. These were due to a number of factors, including the need to work in harsh mountainous conditions, and in part to the nature of the work involved. It was suggested that the Government discuss the matter further with the donors concerned.

(c) Programme to provide veterinary drugs, vaccines and stock licks

30. A grant of R 128,700 was approved by the United Kingdom Government in January 1978 to provide additional capital funding to the Livestock Industry Revolving Fund in order to allow for the purchase of drugs, vaccines and stock licks. All purchases made by the fund are for direct resale to Basotho farmers, and all receipts are paid into the revolving fund.

A-7. Agricultural Development Bank (originally listed for technical co-operation only)

31. The operation of the Agricultural Development Bank has been delayed by problems relating to organizational structure, recruitment and negotiations with donors. A local candidate with good managerial experience has been selected as managing director of the Bank and his name is to be announced shortly. The Government of the Federal Republic of Germany has provided an agricultural manager who is currently working with the BASP Division of the Ministry of Agriculture to establish field services for the credit unit in BASP.

A-13. Supply of wheat and strategic reserve

32. The original programme envisaged 10,000 tonnes of wheat flour as a basis for a strategic reserve (project A-2). Because of the difficulties in storing flour, the Government decided to establish a strategic reserve of wheat of 15,000 to 20,000 tonnes which it considered would be adequate to meet the country's needs in the event that supplies from South Africa were interrupted. It is estimated that four to six months would be required to obtain supplies from overseas.

33. The wheat reserve will be stored in the 30,000-tonne silo facilities which have already been established at the flour mill/silo complex at Maseru. It will fall under the responsibility of the Government Food Management Unit, but it will be operated by the management of the flour mill/silo complex, which will keep separate accounts for it. To avoid undermining the commercial viability of the flour mill, it has been agreed in principle that any costs arising out of keeping and administering stocks of wheat over and above normal milling requirements

/...

(i.e., 5,000 to 7,500 tonnes, depending on whether the mill operates on two or three shifts), will be provided by the Lesotho Government.

34. The Government has requested WFP to provide an initial instalment of 7,500 tonnes of wheat as a contribution towards building up the strategic reserve. It is understood that this request has been approved. It is hoped that the international community, either through WFP or on a bilateral basis, will contribute the remaining quantities needed to build up the reserve to the target level of up to 20,000 tonnes.

35. It should be noted that, parallel to the wheat reserve, the Lesotho Government is negotiating with the United States Agency for International Development (USAID) for a grant of 30,000 tonnes of wheat per year over the next three years under the U.S. PL480 Title III Programme. It intends to use the net proceeds from the sale of wheat to create a fund for accelerating food and agricultural development.

(d) Health sector

H-1. Stockpile of drugs and other medical supplies and extension of medical stores (revised cost estimate: \$1,735,000)

36. Medicines worth R 220,000 have been received from Japan and have been distributed to all Lesotho health centres, private and government. The Lesotho Dispensary Association hopes to start the local manufacturing of drugs in June/July 1979. The bulk of their machinery has now been installed. The national drug stockpile is expected to benefit greatly from this development, which is co-sponsored by the Government of the Netherlands.

37. The Netherlands Government has also been requested to provide the following assistance to the national drug stockpile at an estimated total cost of R 1,475,000: funds amounting to R 990,000 to create additional stocks of pharmaceuticals and medical supplies and to establish a revolving fund for the replenishment of the national stockpile; R 160,000 for the purchase of vehicles and telecommunications equipment; R 285,000 to provide additional buildings in Maseru and the outlying districts to house the stockpile; and R 40,000 for additional training necessary to establish the stockpiles and to improve inventory control in hospitals and clinics.

H-2. Gacha's Nek Hospital (original cost estimate: \$1,610,000)

38. Funds amounting to \$282,000, representing part of a contribution of \$495,000 pledged by Denmark, have been received through transfer from the United Nations Special Account.

39. A design proposal for the hospital has been completed. Two experts from the Danish International Development Agency (DANIDA), one a project supervisor and the other a technical supervisor, are expected to arrive shortly in Lesotho. It is estimated that, following their arrival, the construction phase will be completed in 18 to 20 months.

/...

40. The United Nations Fund for Population Activities (UNFPA) has been requested to provide R 40,000 for the construction of Mother and Child Health/Child Spacing facilities within the outpatient department of the hospital.

H-3. Rural clinics at Matebeng and Sixondo
(original cost estimate: \$150,000)

41. The mission sent by the Netherlands Government in March 1978 to assess the feasibility of the project reported that completion of the necessary road construction was a prerequisite for release of funds pledged for construction of the two clinics. The road to Dilli-Dilli has since been completed by the Ministry of Rural Development. Grant funds pledged by the Netherlands Government total \$118,000, i.e., \$59,000 for each clinic. As the total estimated cost remains at \$171,000, the balance of funding required is \$53,000.

(e) Power supply

P-3. Emergency electricity supply (estimated cost about \$9,000,000)

42. Negotiations are in progress with the Federal Republic of Germany, which has agreed in principle to give the project favourable consideration.

P-4. Qacha's Nek diesel generator

43. The project calls for the installation of two 250 KVA diesel generating sets, a power-station building, and transformers, networks and low voltage reticulation. The Federal Republic of Germany has included funds for the purchase of two 250 KVA generators under project R-2 (Road haulage fleet). It has also indicated interest in funding the power-station building, for which a cost estimate has been submitted. No donor has been identified to provide funding for the transformers and networks.

(f) Employment creation

L-1. Labour-intensive development programme

44. The Government has assigned high priority to the creation of labour-intensive work throughout the country. However, because of financial constraints, the Government must rely on international assistance to maintain the programme by providing funds to meet the cost of labour materials and other requirements. Grant funds of 2.8 million Swedish kronor have been contributed by the Swedish International Development Agency (SIDA). A further sum of 9 million Swedish kronor has been pledged by the same agency for continuation of the project over a three-year period. In addition, funds totalling \$1.6 million over a three-year period have been made available by IDA under the Third Highway Project.

45. A major component of the programme comprises the Government's Labour-intensive Construction Unit which has now reached a planned strength of approximately 500. Projects completed by the Unit to date include 31 kilometres of the

/...

Mazenod-Msitsupeli road with funds of \$272,000 provided by the United Kingdom, and minor improvements on 13 mountain airstrips with funds of \$58,000 also provided by the United Kingdom. Projects in progress include 34 kilometres of all-weather gravel road and two river crossings on the Masite Nek-Ha Makintane road funded by SIDA at a cost of \$545,000, and conservation works at Ratau involving access tracks, fishponds and soil conservation at a cost of \$118,000, also funded by SIDA. The Lesotho Government has provided \$33,000 for labour-intensive road maintenance works during 1978/1979.

46. The Government is currently undertaking the structuring and expansion of the Labour-intensive Construction Unit. A unit headquarters will be established in Maseru and two Labour-intensive Construction Groups will be formed with Group headquarters in district centres to co-ordinate site work in their regions. It is expected that each Group will employ 700 men by 1980/1981. Full details of the projects planned as well as other relevant information are available from the Ministry of Works.

47. The Government has prepared a contingency plan to provide emergency employment in the event of a radical curtailment of mine employment in South Africa. The plan, which is designed to provide employment for 10,000 men in the Labour-intensive Construction Unit, identifies necessary projects in addition to road maintenance and conservation work.

(g) Staffing

D-1. Development staff reinforcement and training

48. Technical assistance and training in some areas is still urgently required by the Government for effective implementation of projects in the assistance programme. Requirements are enumerated in appendix II below.

2. Accelerated development programme

(a) Road transport

R-8. Mafeteng to Mohale's Hoek road (revised cost estimate: \$10,340,000)

49. Funds for this project include EUA 3 million provided by EDF, R 1 million by the Government of the Netherlands and R 700,000 by the Government of the United Kingdom. As donor assistance has been provided on the basis of the 1976 planning estimate, a shortfall in funding of \$4,235,000 has resulted. Construction of the first five kilometres of road to Bitumen 1 standard is in progress and a programme of construction to complete approximately 22 of the total 41 kilometres of road by May 1981 has been scheduled, utilizing the assistance funds provided. The Government requires the sum of \$4,235,000 to finance the remaining section of road.

R-9. Mohale's Hoek to Quthing road (original cost estimate: \$6,460,000)

50. As part of the southern perimeter road, this project has been incorporated with projects R-1, R-3 and R-4 (see paras. 1-2 above).

R-10 (a) Mokhotlong to Taung road) (revised cost estimate: \$22,000,000)
(b) Mokhotlong to Sani Pass)

51. This project includes two sections of road, Mokhotlong to Taung and Mokhotlong to Sani Pass involving a total road length of 132 kilometres. The Government of the United Kingdom has agreed to provide a grant of R 18,700,000 (\$22,000,000) for the feasibility and engineering studies and the construction of the road. The feasibility study has been completed and the engineering design is now in progress. Construction is scheduled for completion in January 1983.

R-11. Strengthening of feeder road programme
(revised cost estimate: \$2,100,000)

52. The United Kingdom has provided additional grant funds of \$1,737,000 for upgrading work to be carried out by the Ministry of Works on the Ramats'eliso's Gate and Sehlabathebe roads. It should be noted that the Food-for-Work Programme is an important component in the construction of feeder roads and that its effectiveness has been impaired by a grave shortage of food storage facilities. The Government hopes to remedy this shortage using the proceeds from the sale of wheat requested from EEC.

(b) Agriculture and livestock

A-8. Modernized crop production and storage - continuing development
(original cost estimate: \$10,480,000)

53. This project in substance forms part of project A-4. The comments under A-4 are equally applicable to this project.

/...

A-9. Strengthening of livestock marketing (original cost estimate: \$350,000)

54. Funds provided under the previously reported United Kingdom grant of \$412,000 will be used for the provision of a livestock procurement system, involving 30 cattle sale-yards and 17 resting points, located mainly in mountain areas, and a holding compound adjacent to the abattoir to be located near Maseru. A project manager has still to be appointed.

55. The Government requires assistance to establish a revolving fund for the purchase of animals. It was suggested to the mission that any funds provided could be deposited with the Agricultural Development Bank for its capitalization. The funds could also be used for the purchase of wool and mohair. In view of the importance of this project to the economy of Lesotho, the mission hopes that a donor will provide a soft loan for this purpose.

A-10. Irrigated vegetable production (original cost estimate: \$1,270,000)

56. The Government informed the mission that a project document is being negotiated for funding by the United Kingdom during the three-year programme 1979/80 to 1980/82.

A-11. Poultry production and processing (revised cost estimate: \$4,104,000)

57. The Government has recently revised the cost estimates for this project, providing for total funding of \$4,104,000, and in order to enhance donor interest has divided the project into five components available for discrete funding. The breakdown of costs together with identified donors is as follows:

(i) Egg and poultry production (\$1,633,000)

58. This component is to be funded by the Netherlands Government which will also provide a financial controller.

(ii) Poultry slaughter plant (\$419,000)

59. It is reported that CEBEMO ^{g/} (Netherlands) have indicated their willingness to fund this component of the project.

^{g/} A central organization, located at The Hague, dealing with co-operative financing of development programmes.

(iii) Hatchery and breeding component (\$1,176,000)

60. This project will meet all Lesotho's requirements of broiler and layer chickens. It is a commercial proposition and negotiations are proceeding on the identification of a commercial partner. A donor has still to be identified.

(iv) Staff, offices, housing and transport component (\$752,000)

61. The Governments of Ireland and Israel have been contacted for the provision of senior management staff. Funds will be required to finance the cost of offices, housing and transport.

(v) Marketing outlets (\$124,000)

62. A request for funds to erect and equip 10 marketing outlets for eggs has been made to the Unitarian Service Committee of Canada.

A-12. Fresh-water fish production (revised cost estimate: \$988,000)

63. The Government of the United Kingdom has approved a grant of \$659,000 and has indicated its willingness to allocate a further \$118,000 during the period from 1979/80 to 1981/82, thus providing a sum of \$777,000 potentially available for phase I of the project. The United Kingdom Government has also approved a grant of \$78,000 to fund a feasibility and design study for a new dam at Ts'akholo to supply water for later stages of the project. A revised cost estimate of \$988,000 for phase I of the project, resulting in a funding shortfall of \$211,000, has occasioned a request for a new project document which is now under preparation for the donor.

(c) Hydroelectric power

P-1. Identification of hydroelectric site or sites to be developed and preparation of feasibility study
(original cost estimate: \$1,150,000)

64. The identification of sites envisaged under this project has been completed. It has resulted in two new projects, namely, the "Highland water scheme" and "Feasibility and design of internal hydro-power generation projects". These are treated as separate projects (P-1 (A) and P-1 (B)) and described below in paragraphs 85 and 86.

(d) Education

E-1. Upgrading of four vocational schools (original cost estimate: \$2,260,000)

65. Funding is still required to upgrade the four vocational schools located in Leribe, Mohale's Hoek, Maliele and Qacha's Nek. These schools, which are at a

/...

rudimentary level, are important for the communities they serve in that they provide instruction in home economics, carpentry, metalwork and agriculture. The proposed improvements envisage the provision of hostel facilities for the boys and girls who come from outlying villages as well as adequate housing for teachers. The schools urgently require teaching equipment, laboratories and recreational facilities. An element of staff training is also included in the project.

E-2. Training of vocational school teachers
(original cost estimate: \$140,000)

66. Funds for this project are no longer needed. The National Teacher Training College co-operates with the Lesotho Technical Institute and the Agricultural College for the training of secondary school teachers of elementary technology, agriculture, and home economics. Fellowships are available for specialized study abroad.

E-3. Mathematics/science crash programme (revised
cost estimate: \$471,000)

67. This mathematics/science programme is designed as a follow-up to the programme made possible by a grant from the United Kingdom and now operating in its second year. In view of that programme's achievements to date, the Government wishes to expand its programme at the mathematics/science centre in Maseru. Funding is therefore requested for the provision of staff and student accommodation, teaching space and laboratory facilities at an estimated cost of \$471,000.

H.4. National referral and general hospital, phase I
(original cost estimate: \$3,690,000)

68. The provisional cost estimates provided by consultants totalled \$24 million and incorporated a faculty of health sciences. These costs will be reduced in a revised design and the Government is currently identifying a team to undertake such revision. ADB has pledged funds of \$872,000 which will be used to cover design costs and expansion of the nursing school hostel. When specifications of the revised design and corresponding cost estimates are determined, the necessary assistance will be sought from the international community.

H.5 Training of medical personnel (original
cost estimate: \$230,000)

69. Thirty-six medical students, doctors and paramedical personnel are currently being trained under donor-supported programmes. In view of the constraints imposed by insufficient candidates with the requisite training in science subjects, the Government is arranging for candidates to undertake intensive training at the mathematics/science centre (project E-3). When the faculty of health sciences envisaged under project H-4 begins operation, domestic facilities will be available for training all major categories of health personnel. The Government is also implementing a nurse-clinician training programme with assistance from USAID, which will increase the annual output of nurses for work in rural areas by 20 to 25.

/...

(f) Industry

I-1. Maseru industrial area extension (original cost estimate: \$980,000)

70. Work on the Maseru industrial estate, which covers an area of 47 acres, is expected to be completed in late 1979. This has been made possible by a grant of \$2 million from FDF. Associated with the development of this area is the provision by the Government of a road and railway to the newly constructed wheat silos and flour mill.

71. EDF has also provided funds for the development of the Tetsane industrial area. The construction was scheduled to start in June 1979 and is expected to take 18 months to complete.

I-2. Advance factory buildings (original cost estimate: \$690,000)

72. There has been some procedural delay in the funding negotiations reported by the previous mission. It is hoped that ADB will give favourable consideration to the Government's application for \$616,000 towards the cost of the project,

I-3. Artisan industry centres at Qacha's Nek, Quthing, Butha-Buthe and Mokhotlong (original cost estimate: \$1,150,000)

73. The Government of the United Kingdom has been requested to consider the provision of a capital grant in the coming triennium to enable the establishment of employment-creating activities in artisan industrial centres. In this connexion, two amendments should be made to the list of centres previously reported. Butha-Buthe should be included in the list. Thaba-Tseka should be deleted from the list as a wide range of activities are already supported in this area by CIDA.

(g) Minerals, mining and quarrying

M-1 and M-2. Acceleration of exploration for diamonds and for uranium (original cost estimate: \$320,000 and \$180,000)

74. With respect to diamond exploration, the Government informed the mission that, in the period under review, one kimberlite pipe and one blow had been discovered and evaluated. The purchase of kimberlite testing equipment had enabled three bulk-sampling units to be assembled, and at Koalabata a 30-metre shaft had been sunk, permitting the initial testing of unweathered "blue ground". The Government expected that definitive findings would be available within six months.

75. With respect to uranium exploration conducted in association with diamond exploration, the Government informed the mission that funds had recently been received for the purchase of uranium exploration equipment, and that a uranium geologist was undertaking an examination of economic exploration during a three-month consultancy mission which they wished to be extended.

/...

76. The Government indicated that it was encouraged by the progress made under this UNDP project, especially as it enabled the Government, inter alia, to pursue the possibilities of exploitable mercury deposits which issued from recent indications of mercury mineralization.

M-3. Stone-crushing plant, Ramorakane (original cost estimate: \$690,000)

77. The International Finance Corporation (IFC) has provided equity capital of \$31,000 and a loan of \$299,000 to the Lesotho National Development Corporation for the development of quarrying operations in the Maseru area. The plant, located 13 kilometres from Maseru at Ha Foso, includes a stone-crusher purchased from Austria and installed in March 1979. When work on the new national airport commences, the plant will be moved to Mokunuthung, a site more accessible to that project.

M-4. Sandstone quarry and stone-dressing works
(original cost estimate: \$170,000)

78. There has been no further progress on this project since the report of the last mission. The project is currently being reviewed by the Government.

3. Proposed new projects

(a) Agriculture, livestock and food

A-14. Silo storage for strategic maize reserve and integrated maize mill and animal feedstuffs factory (estimated cost: \$8,596,000)

79. The concept of establishing a strategic reserve of maize for storage was first proposed when the initial programme of assistance for Lesotho was drawn up in February 1977. The project envisaged the erection of silo storage facilities at Maputsoe (north-west Lesotho), adjacent to an existing maize mill. Because of a lack of response the project was shelved, even though conditions calling for a maize reserve remained valid.

80. New developments have made it necessary for the Lesotho Government to revive the maize reserve project, but with some modification. Thus, instead of locating all the maize reserve at Maputsoe, it is considered advisable from an economic point of view to locate only part of the silo storage at Maputsoe (say 10,000 tonnes) and the other part (say 20,000 tonnes) at the Maseru flour mill/silo complex.

81. There are a number of reasons which justify these changes:

(a) Maseru, being more centrally located, is in a better position than Maputsoe to cater for the country as a whole, both in terms of the supply of raw material (locally produced and imported) and in terms of the distribution and marketing of the final product (mealie meal).

(b) Since the Maputsoe maize mill cannot meet the country's growing needs for mealie meal, the Government plans to establish a second modern maize mill at Maseru. Space has already been allocated for this new facility at the recently established wheat flour mill/silo complex. The two mills will be able to share common infrastructure, handling equipment, maintenance and, possibly, marketing facilities.

(c) The adjacent location of a maize mill and a wheat mill would justify the establishment of an animal feedstuffs factory in the same area in order to process the by-products of the two mills i.e., wheat bran and maize bran (hominy chop). The country currently imports animal feedstuffs at a cost of R 1 million per year and demand for the product will greatly expand when the feedlot project is implemented.

(d) The existence of an integrated storage, milling and by-products processing complex such as the one described above would also help to overcome the problem of white maize supplies. The existence of these facilities will enable the Government to sell donated yellow maize to the animal feedstuffs factory at commercial prices and to use the proceeds for the purchase of white maize or to accelerate livestock production.

/...

82. The estimated costs of the proposed project are as follows:

	<u>Thousands of rand</u>	<u>Thousands of United States dollars</u>
30,000 tonnes maize	3,300	3,882
Silo storage, including civil works and equipment and one dryer	2,242	2,637
Maize mill of 10 tonnes per hour capacity, including civil works and equipment	1,003	1,180
Animal feedstuffs factory of 10 tonnes per hour capacity, including civil works, equipment and infrastructure which includes a power substation	762	896
Total	<u>7,307 a/</u>	<u>8,596</u>

a/ Based on February 1979 pricing with a price inflator and provision for contingencies.

A-15. Fertilizer and seed project (estimated cost: \$3,000,000)

83. This project is designed to provide the necessary support to the agricultural sector while the Government is restructuring the modernized crop production programme (projects A-4 and A-8) within the framework of its Third Five-Year Development Plan. Its purpose is to increase agricultural output and achieve greater self-sufficiency in food production. The project involves the provision of fertilizer and seed for cultivation of wheat, potatoes, beans, maize and sorghum. It forms an integral part of the Government's Basic Agricultural Services Programme, which provides fertilizer, seed and a variety of agricultural extension services to small-scale farmers.

84. Assistance is requested to cover the working capital component of the project over a three-year period. Details are provided in the table below. The first-year (1979) requirements of the project amount to \$2,033,000, comprising \$1,451,000 for 6,000 tonnes of fertilizer, \$317,000 for 880 tonnes of seed and \$265,000 to cover handling costs. Additional input is required in 1980, estimated at \$428,000, and in 1981, estimated at \$515,000. The Government has applied to OPEC for assistance to cover the total project cost of \$3,000,000.

/...

Fertilizer and seed requirements for 1979

Crop	Fertilizer		Seed		Handling costs (US dollars)
	Tonnes	Value (US dollars)	Tonnes	Value (US dollars)	
Winter wheat	2,100	511,560	315	73,719	87,790
Potatoes	70	12,208	200	61,534	11,061
Beans	1,375	334,950	248	112,947	67,183
Maize	1,200	292,320	88	37,858	49,525
Sorghum	1,230	299,628	29	31,182	49,532
Total	5,975	1,450,666	880	317,240	265,091

(b) Power supply

P-1 (A). Highland water scheme

85. This scheme is designed to provide Lesotho with a measure of self-sufficiency in power generation and to divert water from the upper Malibamatso river for export to the Vaal area in South Africa. Current programming, which provides for the completion of the first phase in 1992, involves generation of 43 MW of electricity for Lesotho's use as well as the delivery of water to South Africa at the rate of 7.5 cubic metres per second. The joint consultants have identified and costed the most favourable layouts in their final report, and negotiations between the two Governments will commence shortly on a mutually acceptable scheme.

P-1.(B). Feasibility and design of internal hydro-power generation projects

86. While the Government, in recognition of the need for future energy independence, has given priority to the Highland water scheme, it is also concerned with the development of smaller projects on catchments not affected by that scheme. Three sites have been identified and conceptual studies carried out yielding tentative cost estimates. The sites are Mohlakaneng on the Orange river and Jordane on the Senqunyane river; the third is to be located on the Quthing river. Assistance is requested for funding of feasibility and design studies.

/...

P-5. Diesel generator at Mokhotlong (estimated cost: \$176,000)

87. Mokhotlong is an important administrative centre located near the country's eastern border in an area which is difficult to reach at certain times of the year.

88. At present, there are a number of small diesel generators installed in various premises at Mokhotlong. In order to cater for the electricity requirements in this location for some years, it is proposed to install a 250 KVA diesel generator and the necessary networks in the town, in accordance with government policy of providing electricity to important rural centres of administrative or economic importance. The estimated cost of providing a diesel generator and the necessary buildings and reticulation is R 150,000 (\$176,000).

(c) Telecommunications

T-2. International communications via satellite

89. This project, which supersedes project T-1, proposes the provision of international communication by earth satellite. It is under consideration for funding by the Federal Republic of Germany.

4. Cancelled projects

(a) Agriculture, livestock and food

A-2. Offset to removal of grain subsidies (original cost estimate: \$2,400,000)

90. In relation to wheat, the project has been cancelled and, in effect, has been superseded by project A-13 (Supply of wheat and strategic reserve).

A-3. Strategic reserve of maize with storage (original cost estimate: \$4,330,000)

91. This project has been incorporated in the new project A-14 (see paras. 79-82 above) entitled "Silo storage for strategic maize reserve and integrated maize mill and animal feedstuffs factory".

(b) Hydroelectric power

P-2. Detailed engineering design of hydroelectric power (original cost estimate: \$2.3 million to \$6.9 million)

92. This project has been cancelled from the assistance programme.

/...

(c) Education

E-4. Non-formal education of adults (original cost estimate: \$90,000)

93. It is now intended to operate this adult education programme through the facilities to be provided under a proposed educational resource centre which will also cater for refugees (see A/34/345, paras. 47-48).

(d) Telecommunications

T-1. Doubling the capacity of the radio link to Nairobi (original cost estimate: \$460,000)

94. The original project has been superseded by a proposed alternative involving the provision of an international communications service via satellite. A new project (T-2) has been formulated (see para. 89 above).

APPENDIX II

Technical assistance requirements

	<u>Type of expertise</u>	<u>Number required</u>
A.	<u>Ministry of Transport and Communications</u>	
	Roads engineers (maintenance)	2
	Training officers (maintenance)	2
	Foreman/trainer	1
	Chief mechanics	3
B.	<u>Department of Mines and Geology</u>	
	(a) Trained:	
	Mining technicians	6
	Geology technicians	7
	Laboratory technicians	4
	Drillers	3
	Draftsmen	3
	(b) Training provision for the following areas:	
	Geology	12
	Mining engineering	6
	Ceramic engineering	3
	Metallurgical engineering	4
	Mineral economics	2
C.	<u>Labour-intensive development programme; Labour-intensive Construction Unit</u>	
	Project manager/engineer	1
	Planning and field engineer	1
	Administrator	1
	Labour-intensive Engineers for Construction Groups	2
