Lesotho Food Security Monitoring System Quarterly Bulletin

2nd Quarter 2010  May 2010

Summary for 2nd Quarter 2010

- In April 2010, the Monetary Policy Committee (MPC) of the Central Bank of Lesotho convened. The Committee discussed economic and financial developments with the goal of formulating and monitoring implementation of monetary policy of achieving price stability.
- Increasing unemployment levels as a result of financial distress faced by some textile firms. In February 2010, one textile firm closed business causing loss of 2,700 jobs.
- Lesotho Meteorological Services (LESMET) has indicated that during winter season, below normal to normal rainfall is expected. However, the temperatures are expected to range from normal to above normal.
- Since January this year, fuel prices have been increasing gradually. Between January and April, petrol prices increased by 10 percent; while diesel and paraffin increased by 6 percent.
- March 2010 CHS results show that by livelihood zone, the Southern Lowlands had the highest percentage of households with poor consumption at 11% followed by Mountains and Peri-Urban at 4% each.
- In addition, households in the Northern Lowlands had the highest monthly per capita expenditure (M 227), followed by, the Senqu River Valley (M 163), and Peri-Urban (M125).
- The Oct-Dec 2009 NNSS Bulletin found the overall prevalence of underweight ranged from 10.7% to 12.6 percent. The highest prevalence of underweight was in December in Qacha’s Nek (24.0%) while the lowest prevalence was in October in Maseru (3.3%).
- A joint proposal of the United Nations and the government of Lesotho to tackle malnutrition was prepared. The Lesotho Integrated Action Against Malnutrition aims to address immediate, underlying and basic causes of malnutrition in an integrated manner.

Update on Policy

- Timothy Thahane, the Minister of Finance, presented the annual budget speech on February 12th, noting a dramatic decline in domestic revenue as a result of decreased SACU payments. As a result, the government plans to cut recurrent expenditure.
- In February 2010, the African Development Bank and Lesotho signed a protocol agreement on the Lesotho Poverty Reduction Support programme which aims at promoting transparency and accountability in management and prudent use of public resources. The fiscal policy focus is to protect the poorest and increase overall revenues.
- Consultations on the World Bank Country Assistance Strategy (CAS) were held in March 2010. The CAS provides a framework for World Bank Group support to Lesotho for the five years 2010–14. The CAS comes at a difficult time as Lesotho confronts macroeconomic and fiscal challenges arising from the global economic crisis and a projected sharp decline in fiscal receipts. The crisis highlighted the country’s economic vulnerabilities and its slow progress in building the foundations for economic competitiveness and export diversification.
- On April 6, 2010, the Monetary Policy Committee (MPC) of the Central Bank of Lesotho convened. The Committee discussed economic and financial developments with the goal of formulating and monitoring implementation of monetary policy of achieving price stability.
- UNDP is organizing a consultancy to assess the impact of the current global economic crisis on Lesotho’s economy with particular focus on its implications for the achievement of MDGs. It will include an analysis of the impact of dwindling revenues on programmatic interventions for the poor and vulnerable groups in order to propose ways of mitigating the impact. The analysis will be grounded in the overarching principles of human rights, gender, equity and Vision 2020.
Annual inflation rate registered 4.2% in December 2009, the lowest inflation rate since December 2005. The low inflation rate in recent months was driven by slowing food price inflation which settled at 3.2% in December from a high of 18.5% in January 2008. The low domestic inflation is in line with trends in the region where CMA member countries have seen falling inflation rates in recent months. South Africa’s Inflation rate reached 6.3% in December 2009. (Central Bank of Lesotho, February 2010). As indicated in the chart, consumer inflation dropped in 2010 to nearly the 2008 levels but is still much higher than previous years.

Employment in the textiles and clothing firms has been volatile in the past three years, but overall showing a negative linear trend and approximately 4,560 jobs lost. Employment in 2009 closed the year at its lowest since 2005 at 38,437. In February 2010 one big textile and clothing firm closed its operations resulting in a further 2,700 job losses. (Central Bank of Lesotho, Economic Review, January 2010)

### Economic Conditions

<table>
<thead>
<tr>
<th>Projected % Change</th>
<th>2010</th>
<th>2011</th>
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<tbody>
<tr>
<td>Real GDP</td>
<td>3</td>
<td>2.8</td>
</tr>
<tr>
<td>Consumer Prices</td>
<td>5.9</td>
<td>5.7</td>
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</tbody>
</table>

Source: World Economic Outlook, April 2010

### Agricultural Production

- The chart below shows that production of maize has been decreasing since 2004/05 season; however, the 2009/10 production appears to be an increase over the past 5 seasons (BoS, 2009).
- Information from the BoS indicates 122,808 ha of land had been planted to crops by end of December 2009. This represents a decrease of 18,778 ha (13%) over the previous season. However, yield per hectare for maize was 90% higher than last season. Overall, there was a 72% increase in maize production, 177% increase in sorghum and 117% increase in wheat production.
- Government has instituted a 30-50% subsidy on seed and fertiliser, while FAO availed a range of inputs for 22,551 vulnerable farming households.
- LESMET has indicated that during winter season, below normal to normal rainfall is expected. However, the temperatures are expected to range from normal to above normal.
- Winter crops (wheat and peas) are likely to benefit from occasional passage of cold fronts that will result in enough soil moisture supply to sustain agriculture.
Food Consumption

Findings from the March 2010 CHS are presented in the chart on the right. Mohale’s Hoek had the highest percentage of households with poor consumption at 10%, followed by Maseru (7%) and Quthing and Thaba-Tseka at 4 percent. Households in Leribe were the most likely to have acceptable consumption (98%), followed by those in Mafeteng (86%), Mokhotlong (83%) and Berea (80%).

By livelihood zone, the Southern Lowlands had the highest percentage of households with poor consumption at 11% followed by Mountains and Peri-Urban at 4% each. Northern Lowlands and Foot-Hills had the lowest proportion of households with poor consumption at 1 percent.

By analysing the type of the food consumed in the past 7 days, cereal was found to be the mostly likely to be consumed on daily basis by 85% of the households, followed by oil (68%), fruit (65%), vegetables (58%), sugar (32%), and beans (3%). (March 2010 CHS). The high consumption of fruits can be attributed to the peach season in March.

Markets and prices

WFP monitors prices of basic food stuffs in rural and town shops on monthly basis. When analyzing price changes of 12.5kg maize meal between January and May 2010, it is noted that prices fluctuated slightly but were fairly stable. The cost of 12.5kg maize meal ranged from M27-38 in the north (depending on the brand) to M42-70 in other districts. In May, prices increased slightly from the previous month. On average, urban prices increased by 2 percent; while rural prices increased by only 1 percent. However, on an annual basis, a decrease of 7 percent in rural shops and 4 percent in town shops from last May 2009 was noted. Between May 2009 and February 2010, there was a 5 percent drop in wholesale prices. (WFP Price monitoring).

Between June 2009 and June 2010, petrol prices increased by 4 percent; diesel by 9 percent; and paraffin increased by 8 percent. When June prices are compared to January this year, there is an increase of 7 percent in the price of petrol; 8 percent in diesel prices and 7 percent in paraffin prices. However, between May and June there is a drop of 4 percent in petrol, 2 percent in diesel and 3 percent in paraffin.

Livelihoods

The March 2010 Community and Household Surveillance (CHS) covered nine districts and collected information on main livelihood sources. Reliance on casual labour as a main source was most common in Leribe and Quthing by 48% of the households, while Mafeteng and Mohale’s Hoek were the least likely (13%) to rely on casual labour. The Northern Lowlands livelihood zones had the highest proportion of households relying on casual labour (40%).

Households in Butha-Buthe district were the most likely to rely on food and cash crop production/sales as a main livelihood activity (49%), followed by households in Mokhotlong (32%), while households in Quthing were the least likely (3%). By livelihood zone the Southern Lowlands had the highest percentage of households relying on crop production as a main livelihood activity (40%), followed by the Mountains and Northern Lowlands (22%) while Peri-Urban (9%) livelihood zone had the least.

Households in Leribe had the highest total monthly per capita expenditure (M 240), while Masu was the lowest at M 70. By livelihood zone, households in the Northern Lowlands had the highest monthly per capita expenditure (M 227), followed by, the Senqu River Valley (M 163), and Peri-Urban (M 125). Mountains (M 145), Foothills (M 121), while households in the Southern Lowlands (M 74), had the lowest.
LESOTHO—Key Facts

<table>
<thead>
<tr>
<th>Metric</th>
<th>2008</th>
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<tbody>
<tr>
<td>Population, total (millions)</td>
<td>2.02</td>
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<tr>
<td>Population growth (annual %)</td>
<td>0.5</td>
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<td>GDP (current US$) (billions)</td>
<td>1.6</td>
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<td>GNI per capita, Atlas method (current US$)</td>
<td>1,080</td>
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<td>External debt stocks (% GNI)</td>
<td>33.7</td>
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<td>Surface area (sq. km) (thousands)</td>
<td>30.4</td>
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<tr>
<td>Agricultural land (% of land area)*</td>
<td>76.9</td>
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<tr>
<td>Life expectancy at birth, total (years)*</td>
<td>43</td>
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<tr>
<td>Mortality rate, under-5 (per 1,000)*</td>
<td>84</td>
</tr>
<tr>
<td>Malnutrition prevalence, weight for age (% US)*</td>
<td>17%</td>
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<tr>
<td>Prevalence HIV, total (% pop aged 15-49)*</td>
<td>23.2</td>
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<tr>
<td>School enrolment, primary (% net)*</td>
<td>72.4</td>
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</tbody>
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Source: World Development Indicators
*Most recent data available, 2001-2008

Health and Nutrition

- HIV and AIDS have devastated sub-Saharan Africa. Lesotho has the third highest prevalence rate (23.2%) in the world after Swaziland and Botswana, and it is estimated that of a total population of 2.02 million, approximately 2,100 Basotho die from AIDS every month. Furthermore, more than 180,000 children have been orphaned and made highly vulnerable by HIV and AIDS (LSGPR, 2008-2012). In 2000, His Majesty King Letsie III declared HIV and AIDS a national disaster, highlighting the seriousness of the epidemic and the government’s commitment to dealing with the impacts.

- Malnutrition can occur even when access to food and healthcare is sufficient and the environment is reasonably healthy. The social context and care environments within the household and the community also directly influence nutrition. Factors influencing nutritional status include feeding practices, maternal hygiene, morbidity and HIV and AIDS.

- Nationally, for children 6-59 months 2.3% are wasted or suffering from acute malnutrition and 14% underweight as found in the November 2007 National Nutrition Survey. By district, the highest prevalence is in Mafeteng (3.8%) while the lowest prevalence is in Berea (1.1%) (NNS, 2007).

- Stunting or chronic malnutrition was found to be around 42 percent stunting from the 2007 National Nutrition Survey. In addition, Global stunting prevalence is above 40% in the mountain districts and Berea with the highest global stunting found in Thaba Tseka at 54.9 percent (NNS, 2007).

- The Oct-Dec 2009 NNSS Bulletin found the overall prevalence of underweight ranged from 10.7% to 12.6 percent. The highest prevalence of underweight was in December in Qacha’s Nek (24.0%) while the lowest prevalence was in October in Maseru (3.3%). Maseru had the lowest prevalence of underweight (below 5%) throughout the reporting period while Qacha’s Nek had the highest prevalence which averaged above 20% for the reporting period. Since 2007, Qacha’s Nek has consistently recorded the highest underweight prevalence.

- The overall prevalence of low birth weight ranged from 11.0% to 12.5% with the highest prevalence found in Qacha’s Nek (18.3%) during the month of December. This is considered high according WHO thresholds for low birth weight.

- There were 84 overall admissions due to severe malnutrition from October to December. Of these cases admitted, 25 resulted in deaths. There has been a decrease in the number of admissions as compared to the last reporting period, where there were 108 admissions for severe malnutrition. The month of December had the highest admissions (30 cases) and November had the highest number of deaths; a total of 11 out of 25 admitted cases. Mohale’s Hoek reported the highest admissions in this reporting period while Maseru reported highest number of deaths; 13 deaths out of 20 cases admitted which is likely due to the fact that it is a referral hospital.

The Spanish Government is providing financial support for the strengthening of Food Security Monitoring Systems in Southern Africa.