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LESOTHO VISION 2020: THE WAY FORWARD

In pursuance of a policy decision by Government to formulate a national vision to the year 2020, various stakeholders, including the civil service, academia and business sector were once again brought together at the National Convention Centre...

Background

Most developing countries, especially those at an embryonic stage of economic development have embarked on formulating national visions that represent their long-term plans. It is, thus, believed that formulation of these long-term development plans will result in both sustainable economic growth and development. Malaysia, Ghana, Uganda and Malawi are amongst those developing nations in the process of formulating their own visions into the year 2020. Similarly, in the year 2000, Lesotho took a policy decision to formulate a National Vision 2020 aimed at providing a long-term perspective within which short to medium-term plans could be made. Subsequent to the National Dialogue held in 2000, whereby the Vision statement was agreed upon, a Lesotho Vision 2020 document was compiled through a participatory approach. The Vision document was officially accepted as a representation of the developmental aspirations of Basotho in 2004. Therefore, it is important to review the main components of 2020, highlight some of its strengths and weaknesses, and provide some recommendations.

Lesotho Vision 2020

At the first National Dialogue held in 2000, more than five hundred key stakeholders from various sectors of the economy participated and came up with the following vision statement:

“By the year 2020, Lesotho shall be a stable democracy, a united and prosperous nation at peace with itself and its neighbours. It shall have a healthy and well-developed human resource base. Its economy will be strong, its environment well managed and its technology well established.”

Description of the Vision

A Stable Democracy

It is envisaged that by the year 2020, Lesotho shall be a stable democracy where the principles of good governance will be anchored on the respect for human rights, the rule of law, political openness, political participation and tolerance. This form of governance will be based on five pillars of democracy that encompass: supremacy of the will of people, transparency, a devoted and efficient public service, justice for all and efficient chieftainship.

A Nation at Peace with itself and its Neighbours

According to the National Vision 2020, it is also envisaged that Basotho shall be a united nation with cherished norms and values that will enhance a sense of belonging, identity, and pride in every Mosotho. In addition, Basotho will share common goals based on their cultural heritage. They will also continue to show respect for their national symbols such as the national anthem and flag. Lesotho will be characterised by sustained political stability, political tolerance and, peaceful political contestations. And Lesotho shall be a peaceful nation living in harmony with its neighbours.

A Healthy and Well Developed Human Resource Base

It is further envisaged that Basotho shall be a healthy nation with a well-developed human resource base. The country will have a good quality health system with facilities and infrastructure accessible and affordable to all Basotho, irrespective of income, disabilities, and geographical location and wealth. Health personnel will provide quality health service and patient care. All Basotho will be conscious of healthy lifestyles and will engage in sporting and recreational activities. There shall be no new HIV/AIDS infections.

A Strong Economy and Prosperous Nation

It is envisaged that Lesotho shall be known for the good economic policy that will render the country prosperous for many centuries to come. Its vibrant economy with a strong industrial base will fully exploit the potential for locally available natural resources. All the citizens will enjoy the benefits that will accrue from utilising the natural assets such as water, sandstone and other minerals. The products of the country will compete well in international markets. Productivity too will be enhanced to world standards. Opportunities for full employment will be abundant, and Lesotho will be a magnet retaining its people to jobs in the country. The country will in addition have well-developed entrepreneurial culture.

Lesotho will network and collaborate with other countries in trade, investment and economic advancement in general. The financial intermediation will be diverse and highly responsive to customer demands and needs. Access to credit and good loan management and repayment mechanisms will be the cornerstones for development and promotion of the Small Medium Micro Enterprises (SMME) and informal sectors.

A Well Managed Environment

By the year 2020, Lesotho shall be renowned for its environmental management. The country's diversity of life systems will be supported and protected by a nation which is environmentally conscious and whose people are in balanced existence with the natural environment. Basotho will be empowered in designing and managing biodiversity conservation projects relevant to their own communities. Environmental education will be integrated at all levels of learning. There will be institutional and legal frameworks to promote and protect a healthy and sustainable environment. Every development in the country will be subjected to an intensive environmental impact assessment to gauge its environmental friendliness.

A Well Advanced Technology

By the year 2020, Lesotho will have solid foundation for technological research and development. The school curricula shall be strong in science and technology, which will lead to increased enrolment in sciences and technical programmes. The nation will expand its usage of applied technology in all aspects of life. Ninety percent of Basotho will have access to electricity and telephones, thereby to communication and development technology.

Strengths of the Vision

Vision 2020 is one of the most comprehensive and integrated long-term national development frameworks. The Vision covers virtually all sectors of the economy to make it sustainable (e.g. economic, social and political). In assessing the development prospects of Lesotho in the long-term, the Vision provides for the environment within which the development process will evolve in the future and possible scenarios. It further provides for several strategy actions and steps to be undertaken by different stakeholders in achieving the ultimate objectives. It is consistent with some of the development programmes that the nation has already embarked on, such as the Poverty Reduction Strategy Paper (PRSP). It is going to build on the foundation that has already been laid by the PRSP and other short-term programmes

Weaknesses of the Vision

Nonetheless, the aspirations outlined in the Vision are deficient in some regards. Some of those weaknesses have been outlined as follows;

- The concept of implementing the development programmes within the framework of long term is relatively new, as the previous development planning efforts were either short or medium term. Furthermore, previous development plans were not fully implemented over their intended timeframes i.e. due mainly to unforeseen problems. It may therefore be necessary to improve the country's projects' implementation capacity.
- The Vision 2020 document highlighted the development strategic challenges to be undertaken. However, there is a need to explore further options available to achieve the set objective. For instance, in the Vision document it is indicated that one of the challenges to achieving a strong economy will be through exploring alternative sources of revenue and creating job opportunities to absorb the labour force. In order to achieve this objectives a

detailed analysis of how best to increase revenue, and understanding the alternative options to reduce unemployment in Lesotho is essential.

The vision put more emphasis on social and political issues and less on the economy. For instance, the financial sector is currently under-developed. The number of financial institutions and their instruments are limited. Access to credit and financial services is also very limited. Alternative approaches to addressing the challenges should have been highlighted.

It appears that majority of the nation is aware that there is Vision 2020; however, there is need to disseminate the information to the general public, highlighting their role in the implementation of the vision. Therefore, for enhanced-shared vision more education campaigns or workshops are encouraged to inform the entire community.

Conclusions and Recommendations

Although the Lesotho-Vision 2020 is comprehensive and addresses the key concerns of the nation, certain areas of the Vision statement still have to be revisited or rather polished. The Vision should have discussed some of the bottlenecks to economic growth and try to come up with the solutions to such deficiencies. To develop the financial sector, more depository corporations should be established and a wider range of financial instruments be encouraged. Some lessons can also be learned from the three-year PRGF programme entered into by the GoL in consultation with the International Monetary Fund (IMF). The country can consider the reasons that led to failure to achieve some structural benchmarks such as the civil service, agricultural reforms and the trade policy. The Vision should also be reviewed frequently in line with some of short or medium term programmes to ensure that there is progress. Last, since the Vision will require a lot of funds to finance its implementation, monitoring and enforcement, the Government should seek concessional external financing. In addition, the country can seek funding available under the Millennium Challenge Account (MCA), as Lesotho has just been approved eligible for funding.

Table 1. Monetary and Financial Indicators+

	April	May	June
1. Interest rates (Percent Per Annum)			
1.1 Prime Lending rate	12.5	12.5	12.5
1.2 Prime Lending rate in RSA	11.5	11.5	11.5
1.3 Savings Deposit Rate	2.31	2.31	2.31
1.4 Interest rate Margin (1.1 – 1.3)	10.19	10.19	10.19
1.5 Treasury Bill Yield (91-day)	9.21	9.36	8.80
2. Monetary Indicators (Million Maloti)			
2.1 Broad Money (M2)	2225.5	2294.0	2353.47
2.2 Net Claims on Government by the Banking System	-786.7	-693.6	-539.52
2.3 Net Foreign Assets – Banking System	4090.6	3962.7	3858.72
2.4 CBL Net Foreign Assets	3267.0	3070.6	2831.31
2.5 Domestic Credit	-186.1	-89.6	73.98
2.6 Reserve Money	324.1	326.2	289.522
3. Spot Loti/US\$ Exchange Rate (monthly average)	6.5920	6.7844	6.4476
4. External Sector (Million Maloti)	2003	2004	
	Q4	Q1	Q2
4.1 Current Account Balance	-299.8	-193.2	-161.64
4.2 Capital and Financial Account Balance	320.0	-23.5	181.73
4.3 Reserves Assets	-156.6	257.5	-251.39

+These indicators refer to the end of period. Prime and deposit (savings) rates are averages of all commercial banks' rates

operating in Lesotho. The Statutory Liquidity Ratio in Lesotho is 25 percent of commercial banks' short-term liabilities.

Table 2. Selected Economic Indicators

	2000	2001	2002	2003
1. Output Growth(Percent)				
1.1 Gross Domestic Product – GDP	1.3	3.2	3.5	3.3
1.2 Gross Domestic Product Excluding LHWP	0.0	3.5	3.3	3.2
1.3 Gross National Product – GNP	-3.2	0.2	1.6	6.3
1.4 Per capita –GNP	-5.2	-1.9	-0.4	4.1
2. Sectoral Growth Rates				
2.1 Agriculture	2.8	0.5	-4.2	-1.9
2.2 Manufacturing	4.4	7.8	6.9	5.2
2.3 Construction	9.7	1.4	6.9	4.3
2.4 Services	-0.9	2.2	2.2	4.4
3. External Sector – Percent of GNP Excluding LHWP				
3.1 Imports of Goods	-64.384	-68.180	-82.797	-74.519
3.2 Current Account	-21.262	-17.436	-24.466	-21.112
3.3 Official Reserves (Months of Imports)	8.9	11.7	6.4	5.5
4. Government Budget Balance (Percent of GNP)	-4.9	-1.0	-2.7	-2.5