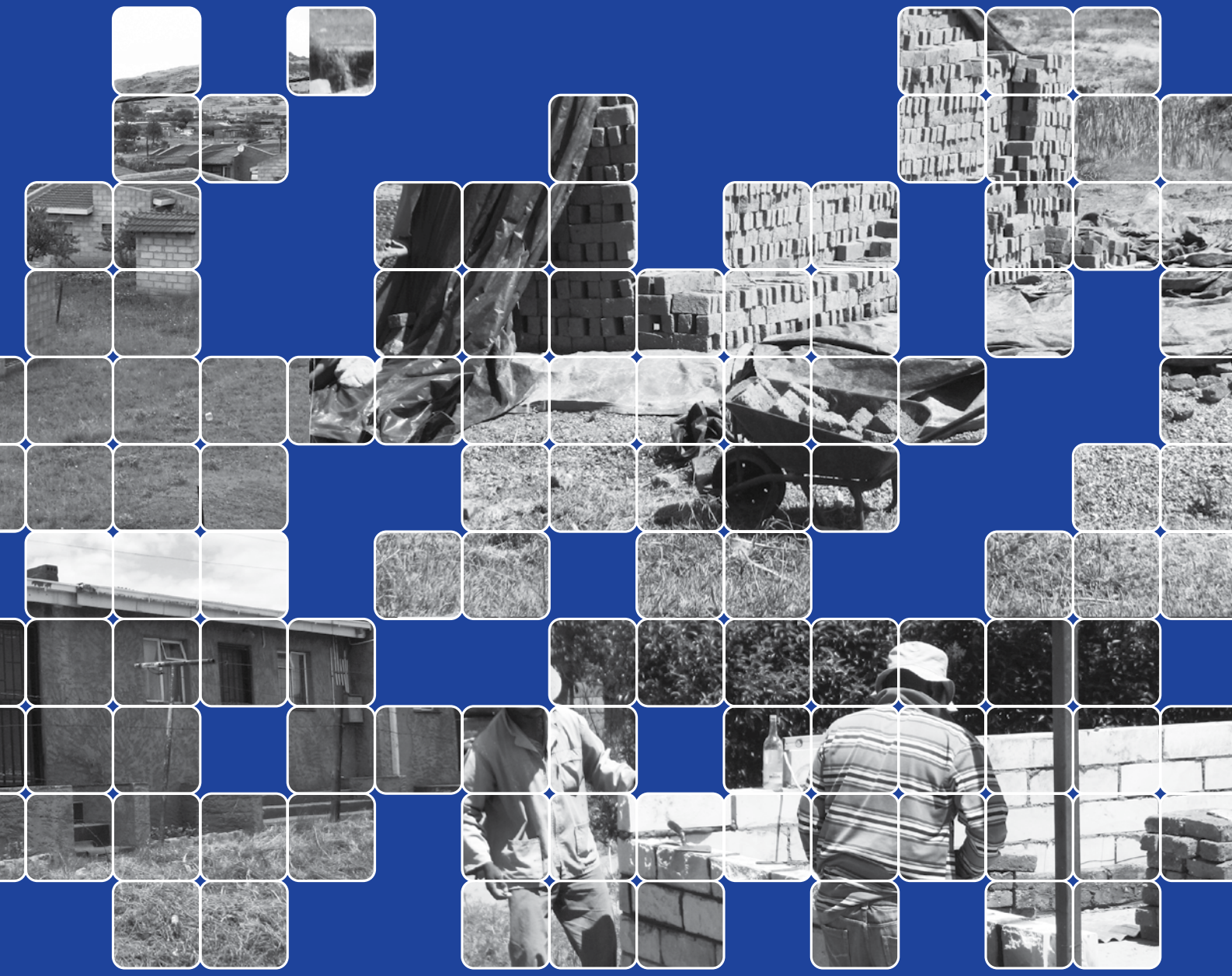
LESOTHO
HOUSING PROFILE



UN HABITAT
FOR A BETTER URBAN FUTURE

LESOTHO
HOUSING PROFILE

UN-HABITAT

LESOTHO HOUSING PROFILE

Prepared by Graham Tipple in collaboration with the Housing Department of the Ministry of Local Government, Chieftainship and Parliamentary Affairs

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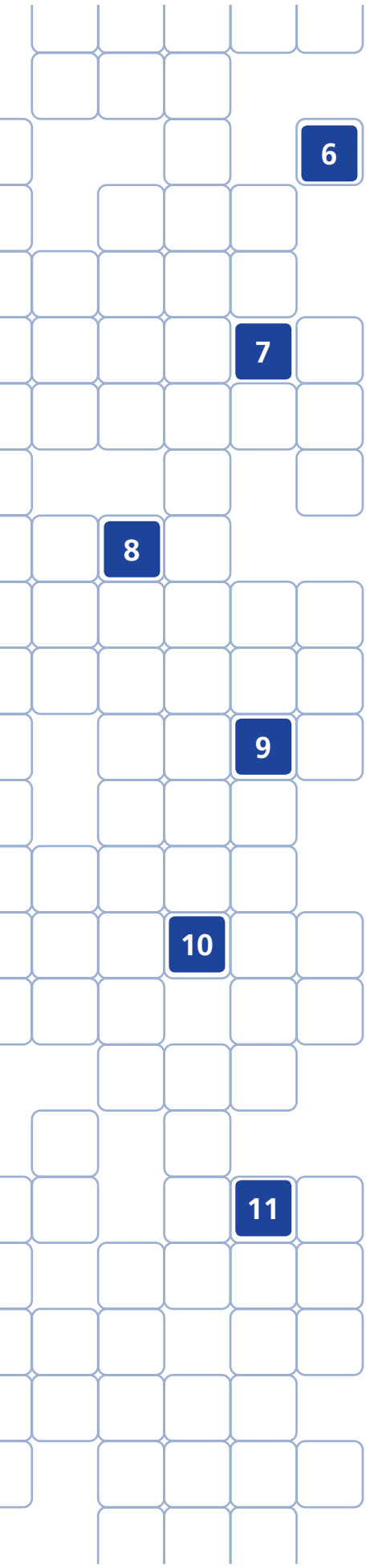

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ACRONYMS AND ABBREVIATIONS

AfDB	African Development Bank
CAHF	Centre for Affordable Housing Finance in Africa
CARE	Christian Action Research and Education
CBEP	Council for Built Environment Professions
CBL	Central Bank of Lesotho
CBO	Community-Based Organisation
CEDAW	Convention on the Elimination of all forms of Discrimination Against Women
CI	Corrugated iron (often used of all corrugated metal sheets)
CIA	Central Intelligence Agency (USA)
CIDA	Canadian International Development Agency
CMPS /CMS	Continuous Multi-Purpose Survey
CPI	Consumer Price Index
DLSPP	Department of Lands, Surveys and Physical Planning
DRWS	Department of Rural Water Supply
FY	Financial Year
GDP	Gross Development Product
GNI	Gross National Income
HBS	Household Budget Survey
HFHL	Habitat for Humanity Lesotho
HIV/AIDS	Human Immunodeficiency Virus? Acquired Immuno-Deficiency Syndrome
ID	Identity
IFC	International Finance Corporation
ILFS	Lesotho Integrated Labour Force Survey
ILO	International Labour Organisation
IMF	International Monetary Fund
ITT	IT Transport Ltd
LAA	Land Administration Authority
LAA	Land Administration Authority
LARP	Land Administration Reform Project
LCIC	Lesotho Construction Industry Council
LDHS	Lesotho Demographic and Health Survey
LEC	Lesotho Electricity Company
LEHCO-OP	Lesotho Housing Corporation
LEWA	
LHC	Lower Income Housing Company
LHDA	Lesotho Highlands Development Authority
LHLDC	Lesotho Housing and Land Development Corporation
LHWP	Lesotho Highlands Water Project
LPB	Lesotho Postal Bank
LPG	Liquid Petroleum Gas
LSAD	Land Set Aside for Development

LSPP	Directorate of Lands, Surveys and Physical Planning
M	Maloti (tied to the Rand at par): Singular = Loti
MCA	Millennium Challenge Account
MCAL	Millennium Challenge Account
MDWSP	Metolong Dam and Water Supply Programme
MFI	Micro-Finance Institution
MGC	Matekane Group of Companies
MMC	Maseru Municipal Council (formerly Maseru City Council, MCC)
MOLGC	Ministry of Local Government, Chieftainship and Parliamentary Affairs
MoW	Ministry of Works and Public Transport
MUP&T	Maseru Urban Planning and Transport Study
N	The number of cases within a (sub)sample
NDP	National Decentralisation Policy
NDP	National Decentralisation Policy
NGO	Non-Governmental Organisation
OVCs	Orphans and vulnerable children
Ppr	Persons per room
PRS/PRSP	Poverty Reduction Strategy (Paper)
PSD	Private Sector Development
ROSCAs	Rotating Savings and Credit Associations
RSCG	Rural Savings and Credit Groups
SACCO	Savings and Credit Co-operatives
SACU	Southern African Customs Union
SDA	Selected Development Area
SLB	Standard Lesotho Bank
SMMEs	Small, medium and micro enterprises
TVET	Technical and Vocational Education and Training
UK	United Kingdom of Great Britain and Northern Ireland
UN	United Nations
UNCDF	United Nations Capital Development Fund
US$	United State of America Dollar
VDC	Village Development Council
VIP	Ventilated Indirect Pit (latrine)
WASCO	Water and Sewerage Company formerly the Water and Sewerage Authority (WASA)
WHO	World Health Organization
WILSA	Women in Law, Southern Africa

FOREWORD

UN-Habitat has welcomed the initiative of the Government of Lesotho to undertake a National Housing Profile, one of the most successful practical tools for housing policy making which has been conducted in more than fifteen countries in Latin America, Africa and Asia since 2010.

A Housing Profile is the first step within the overall framework of UN-Habitat Global Housing Strategy which aims to reposition housing at the centre of national and urban development, as an imperative for a future of economic, environmental, cultural and socially inclusive cities.

The Housing Profile is instrumental towards assisting countries to formulate national housing policies, as it improves the understanding of housing sector challenges and the capacity of governments to seize opportunities and provide responses.

The Housing Profile of Lesotho brings a holistic depiction of the factors influencing housing provision in the country - from housing finance, land and construction to institutional, regulatory and cultural settings. It provides decision-makers with the right information for effective policy development. The Profile also puts forward clear recommendations in all core areas governing housing provision, particularly on land. There is a need to revise land tenure systems and harmonizing regulations and laws in order to facilitate land acquisition and access to serviced land for housing at the scale needed. A stronger policy and institutional frameworks are needed to address this and other issues preventing housing sector development. The Profile highlights the needs to review for a new the National Housing Policy and points to ways in which the sector will be enabled by the creation of dedicated Ministry of Housing in Lesotho.

I am confident that the housing sector stakeholders in Lesotho have now have a fundamental tool in their hands to continue working towards the realization of the right to adequate housing for the all. The Lesotho Housing Profile will be a fundamental tool in influencing the development of sustainable and inclusive urban and housing development strategies as well as to contribute to poverty reduction efforts in the country.

I wish to express my appreciation and gratitude to all those who have contributed to this report, and my recognition for the commitment of the Government of Lesotho.

As we head towards the third United Nations Conference on Housing and Sustainable Urban Development, Habitat III, the steps made by Lesotho to improve access to adequate housing will sum up to the efforts of UN-Habitat and partners at the global level to reposition housing at the centre of the New Urban Agenda for the 21st century.

Joan Clos
Under-Secretary-General and Executive Director
United Nations Human Settlements Programme
(UN-Habitat)

MINISTER'S MESSAGE

Increasing urbanization and population growth have made housing one of the most crucial challenges facing the kingdom of Lesotho in terms of housing shortage particularly in the urban areas and deterioration throughout the country. The importance of housing in the economy cannot be over emphasized. Housing is seen as the total social, economic and cultural and physical environment in which people live and grow and develop. In the light of these widely recognized benefits housing becomes an important element of poverty alleviation strategy.

The Government of the Kingdom of Lesotho developed the National Housing Policy in 2009. This policy will be reviewed this year to consider the relevance of its provisions and challenges. In the last years there have been advances in housing delivery concepts and technologies as well as new ideologies on governance and sustainable development which all contribute to the need for policy review. This review will be guided by this housing profile, who's primary goal is to understand the functioning and structure of Lesotho's housing sector in urban areas and to identify who does what, when, how, etc

The process of developing this profile has not been the responsibility of a single agent as the state is not perceived as the provider of housing rather than to create the enabling environment for the housing sector to work. The Lesotho's National Habitat Committee (NHC) has been crucial during the process of elaborating the National Housing Sector Profile. The committee has been involved at all stages of the process and has provided the necessary technical guidance and supported data collection. I am informed that at a later stage the NHC should be heavily involved in monitoring and evaluation of the National Housing Policy and Strategy.

I acknowledge the involvement of UN-Habitat and UNDP in this process. Having realized how successful UN-Habitat has been in supporting other African countries such as Malawi, Ghana, Zambia and Liberia in developing housing profile, it challenged us to approach this partner to also assist us to develop the Lesotho urban housing sector profile. We further approached UNDP to partner with us in a process. I am delighted that today we form a tripartite which radiates how significant housing is to all of us.

I wish to impress therefore to all key stakeholders involved to continue our concerted efforts to make the review of the National Housing Policy and the development of a strategy an equal success.

KHOTSO, PULA, NALA!

Honourable Dr. Pontšo 'Matumelo Sekatle
Minister of Local Government and Chieftainship

EXECUTIVE SUMMARY

GENERAL

Lesotho has had relatively stable economic performance in the recent past which has been a great asset. Exposure to South African economic variations, however, such as changes in customs duties and fluctuations in the value of the Rand, could be a problem from which Lesotho's housing sector might need protection. Housing tends to be built with simple materials and labor-intensive technologies; this has great potential for building the economic growth looked for in Vision 2020. The depletion of human resources implicit in the HIV/AIDS pandemic and the brain-drain of educated Basotho to South Africa and elsewhere endanger the efficient growth of the economy.

THE INSTITUTIONAL FRAMEWORK FOR HOUSING

The institutional framework for housing has many of the necessary components, such as respect for the home and limitation of state procurement of property, enshrined in law and the constitution. The PRS is committed to appropriate urban policies and suggests public-private partnerships going forward. The regulations controlling housing development, however, are outmoded and ready for recasting to be relevant to the housing affordable by ordinary Basotho rather than to a small elite. Regulations allow *malaene* as well as the main dwelling which is very pro-poor and a route into increasing density and the supply of truly affordable housing.

Housing has a relatively lowly place in government structures having no dedicated ministry. Local authorities have many housing-related functions delegated to them and will have even more as the National Decentralisation Policy is implemented. They do not, however, have the resources to fulfil these functions unless revenue streams can be activated and the central government money allocated to these functions can be devolved to the districts. There is a need to form a more focused approach to housing supply, bringing functions together under one dedicated ministry. Local authorities should only be expected to perform functions for which a revenue stream is evident.

HOUSING SUPPLY

The formal private sector concentrates on housing at the very top of the market leaving the majority unserved by formal housing supply. As in other countries in Sub-Saharan Africa, however, the great majority of housing in Lesotho is built in the informal sector by small contractors in partnership with individual owners. The Profile argues that informal stock should be the focus of policy intervention to enable it to be more efficient without raising its cost. In parallel, any policies which hinder informal housing supply are unhelpful.

The current housing stock is dominated by the two traditional house types known as *malaene* and *polata*. Both are simple dwellings with suites of one or two rooms opening off the outside world. There is a growth in the bungalow, especially in Maseru, but there is little that is beneficial to the poor in this change. Most housing in urban Lesotho is built of permanent materials though more have mud floors or thatched roofs in the towns than in Maseru.

Owner occupation is the main tenure in towns but renting is as common as owning among households in Maseru; the provision of rooms or suites of rooms on owner-occupied plots is an important housing supply in urban Lesotho.

The small formal supply has been led by LHLDC and government building employer housing. Private contractors have difficulty building for anyone but the rich elite and expatriates.

HOUSING NEED

Housing need will be driven by the need to maintain and improve the existing stock and to add sufficient new stock to accommodate 60,000 new urban households between the 2006 Census and 2025. There are no data on how many dwellings existed in the 2006 census data or to estimate how many have been added since then. The need for housing has been calculated for the need to supply housing by 2025. The housing stock needed to encourage reductions of overcrowding in the towns. The major need for housing is in the one to three room range. Only in some towns are larger dwellings needed in any

significant percentages of the stock to accommodate large households.

The capital cost for housing affordable to the mean low-income households seems to be about M90,000 ($8,200). This is too little to afford much in the formal sector but could easily pay for a dwelling in the informal sector. Renters with income close to the mean for the low-income population could afford a room in a *malaene* or *polata*. This also points to ways forward which encourage the informal construction sector using simple labor-intensive technologies.

LAND

Plots in Lesotho are very large but this is offset to some extent by the regulations allowing more than one dwelling (one dwelling plus *malaene* rooms up to the same area). Recent reforms over the length of time and transaction costs involved in obtaining land for housing have so revolutionized it that Lesotho has risen 69 places in the World Bank's ranking of ease of obtaining a registered plot. The Land Reforms seems to be very good news for housing production.

There is still little gender equality in land ownership potential. Despite being in the majority in urban areas, women do not have fully equal rights to own and inherit land.

The potential of property taxation is being ignored by local authorities who remain underfunded. Chiefs are still active in land allocation even though they have no legal powers. Customary land has been allocated in a non-transparent way through backdated Form Cs.

The land needs for the need for housing by 2025 can be greatly reduced by making optimum use of plots or cutting down on their size. Encouraging owners to add *malaene* rooms up to the maximum that they are allowed could save considerable amounts of land.

HOUSING FINANCE

The main finance for housing in Lesotho is a small mortgage-granting sector which grants about 400 loans per annum to Basotho earning more than $900 a month. Qualification criteria limit them to salaried workers who can prove a household monthly income of 2.5 to three times their proposed loan repayments. Finance is needed for the majority, however, at around US$2-5,000 on loans of only a few years duration.

Almost all owners either built or inherited their dwellings, very few bought them. Existing financial thought in Lesotho seems to be based on the idea that a household that can finance the incremental building of a home through the informal sector can afford to buy a formally-built and financed home. Housing micro-finance is in its infancy in Lesotho but MFIs are playing a small role in housing supply.

Households tend to pay about 17 per cent of their total expenditure on housing and services. It is likely that they might be willing to pay 20 per cent to afford, at the mean, a dwelling costing M90,000 ($8,200) as owners or to rent (at market rents) housing costing M30,000 ($2,700) to build. Housing supply and housing finance supply arguments in the Profile concentrate on these affordability levels.

INFRASTRUCTURE

Infrastructure has improved considerably in the last decade with far more urban households having access to water and improved sanitation. There is still, however, a servicing deficit, mainly in peri-urban areas. Labour-based infrastructure installation has been found to be particularly viable in Lesotho; It offers many benefits for jobs in installing and managing infrastructure for housing through labour-based technologies and activities.

There are considerable differences in infrastructure between Maseru and the towns where services are much less well-provided. Where water is provided it is usually on or near the plot rather than in public standpipes. Sanitation is mainly by VIP and pit latrines, again close to homes rather than as a public facility. The activities of LEWA in ensuring that tariffs for electricity and, more recently, water, meet the needs of the providers as well as customers bodes well for an improvement in coverage and sustainability of services.

Solid waste is poorly handled, there is much dumping to be seen in the urban environment. There is great potential in improving labour-based collection and management of solid waste and introducing more recycling. The markets of South Africa provide some potential for recycling.

Electricity is provided to most of Maseru and towns in Leribe but not in the other towns where many still use wood and LPG for cooking. It may also be that such households have power in the dwellings but choose to cook with other fuels.

CONSTRUCTION INDUSTRY

Construction in Lesotho is very heavily influenced by its surrounding neighbour, South Africa, with construction and materials supplies companies and many building materials imports originating in South Africa. The informal sector is the major provider of housing in Lesotho but there are issues over its employment conditions. There are virtually no dwellings built of junk in Lesotho, cement block and burnt-brick construction predominates. This should be taken as a positive sign of the general affordability of simple housing in conventional materials. Incremental development is often layer by layer rather than room by room. This tends to underuse land for many years until construction is complete.

There is a brain-drain of skilled construction workers out of Lesotho. If the housing supply system is streamlined to supply all the dwellings needed by 2025, it should provide many jobs which may attract Basotho skilled workers to stay in the country. There are no professional registration institutions in Lesotho for professionals involved in housing.

HOUSING MARKET

There is little housing market information in Lesotho. Most owners and renters find out about their plot or rented accommodation from their own networks, few through real estate practitioners. There is no registration or regulation institution for real-estate professionals in Lesotho; their services are quite expensive.

As in most of SSA, most Basotho would not think of selling their dwelling so policy must not assume that owners will sell smaller housing and use the proceeds to buy larger accommodation.

WAYS FORWARD

Ways forward will be driven by the need to maintain and improve the existing stock and to add sufficient new stock to accommodate 60,000 new urban households between the 2006 Census and 2025. Housing supply and housing finance supply policies should concentrate on housing costing M90,000 ($8,200) for owner-occupation or M30,000 ($2,700) to build for renting (the equivalent of *malaene* or *polata* housing). Owner-occupier housing should be supplied to the median price of M90,000 ($8,200) rather than to an artificially-set standard of construction. Supply policies should focus on housing with three rooms or fewer, particularly in Maseru. Current owners should be encouraged to add more rooms to their dwellings.

The informal stock should be the focus of policy intervention to enable it to be more efficient without raising its cost. Policies which hinder informal housing supply should be resisted. The idea of housing as a marketable good should not be the basis of housing policy for a majority of Basotho households.

Finance is lacking for the majority; its supply should be a focus of policy in the future. Amounts of around US$2-5,000 on loans of only a few years duration might be suitable. Infrastructure supply should focus on closing the supply deficit and supplying infrastructure to the new housing as it is built at costs affordable to the occupants. There is great potential in improving labour-based infrastructure provision and management.

01 INTRODUCTION

INTRODUCTION TO LESOTHO

Lesotho is a small, landlocked state, covering 30,350sq. km completely surrounded by the Republic of South Africa. Known as the Kingdom in the Sky, Lesotho is a constitutional monarchy with a bi-cameral parliament based in the capital Maseru. It is a small area of plentiful rain-fed rivers within a region marked by a shortage of water. Over the last century, it has been a recruiting ground for men to go and work on the mines of South Africa and Zimbabwe. It now has a thriving garment industry manufacturing clothing for export world-wide.

According to the Bureau of Statistics,[1] the estimated population of Lesotho in 2014 is 1,920,000 of whom 510,000 (27 per cent) are in urban areas. Lesotho has one of the lowest levels of urbanisation in the Southern African Development Community (SADC) region.

In 2012, the country's GDP growth was a modest 3.8 per cent as drought reduced agricultural production. Major contributors to the growth were the diamond mining industry and increased construction. In 2012/13 and through the medium term, growth is only expected at an average of 3.4 per cent per annum.

"Construction activities related to the Metolong Dam, the Millennium Challenge Compact, and Phase 11 of the Lesotho Highlands Water Project, coupled with other government investments in infrastructure development, are expected to contribute to growth in GDP through the medium term".[2]

The internationally-published key indicators for Lesotho are shown in Table 1.

KEY INDICATORS

TABLE 1 Key indicators

	Value	Source
Total Population	**2,100,000**	**NDP (2014)**
National Population Growth rate/annum	1.1%	NDP (2014)
Males to 1,000 females	970	2014 est CIA
Inflation rate (consumer prices)	5%	2013 est CIA
Unemployment	25.3%	2008 ILFS
Literate (tested)	89.6%	2010 CIA
Infant mortality (<5s deaths per 1,000 births)	50.48	2014 CIA
Maternal mortality per 100,000 live births	620	201 CIA
Total Fertility Rate (TFR)	2.78	2014 est CIA
Net migration rate	-7.62 per 1,000	2014 CIA

Urban population	27.6%	2011 CIA
Urbanisation rate per annum	3.57%	2011 CIA
Life Expectancy at birth (For the total)	52.65	2014 est CIA
Life Expectancy at birth (Females)	52.75	2014 est CIA
Life Expectancy at birth (Males)	52.55	2014 est CIA
National Development Index	0.461	2012, NDP
GDP real growth rate	4.1%	2013 est CIA
Aid per capita (US$)	96.4	NDP (2014)
GNI per capita (PPP US$)	2,210	2012 NDP
GDP per capita (US$)	1,963	NDP (2014)
GDP at PPP (US$)	4.265 billion	2013 est CIA
Food Poverty Line	M 84.41	2002/03 HBS
Poverty Line	M 149.91	2002/03 HBS
Corruption Perception Index	55/175	2013, NDP

CIA = Central Intelligence Agency (USA) Fact Book.[3]
HBS= Household Budget Survey[4]
ILFS = Lesotho Integrated Labour Force Survey. [5]
NDP = National Decentralisation Policy.[6]

Gender statistics

A marked feature of the population of Lesotho is the greater number of females than males. This is less owing to migration than might be expected as, in the census, Basotho are taken to be resident in their household home unless there has been no contact with them for three years. The differences are likely caused by higher infant mortality of males and risky lifestyles (including sport, dangerous work environments, etc.).

TABLE 2 Sex of head of household in 2013

	Male		Female		Total	
Location	Number	%	Number	%	Number	%
Urban	82,521	61.7	51,243	38.3	133,764	100
Rural	163,575	65.7	85,358	34.3	248,933	100
Total	**246,095**	**64.3**	**13,6601**	**35.7**	**382,697**	**100**

Source: CMPS[7]

Following from the greater number of females in the population, the proportion of female-headed households is quite large but not untypical for the region. According to UN Statistics, it is higher than Zimbabwe's 33 per cent and lower than South Africa's 41 per cent.[8] These are both countries with a tradition of male migrant labour which also characterises Lesotho. There might well be even more female-headed households as many migrants are still regarded as living in the family home in Lesotho even though they are away for most of the year.

Economy

Annual inflation reduced from 12.2 per cent in 1981 to reach single figures by 1998 (8.6 per cent) and about 5 per cent in 2013. Much of the inflation in Lesotho is an indirect consequence of importing more than 80 per cent of its consumables from South Africa where prices fluctuate.[9]

The local currency is the Loti (plural Maloti) which is tied to the Rand at par.

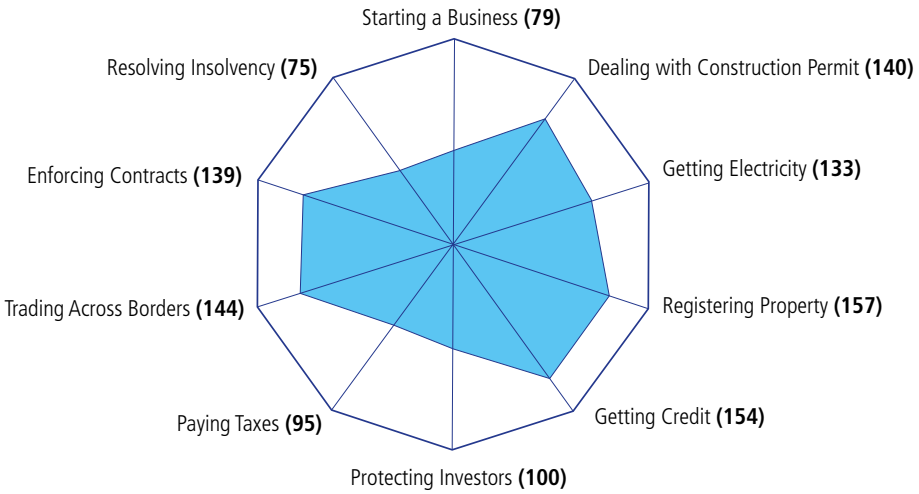
TABLE 3 Key Indicators for the Moderate Growth Scenario, 2010/11– 2016/17

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Real GDP (Million Maloti)	15,572	16,534	17,771	18,006	19,169	21,132	21,890
Real GDP (per cent annual change)	6.2%	7.5%	1.3%	6.5%	10.2%	3.6%	
GDP (Million Maloti, current prices)	15,572	17,175	19,800	21,071	23,390	27,117	29,375
Formal Employment (000s)	213.0	215.6	230.6	233.7	231.7	243.0	252.2

Source: IMF.[10]

The moderate growth scenario predicts a virtual doubling of GDP at current prices between 2010 and 2017 but an average household income increase of only 2.4 per cent from M46,000 in FY2010/11 to M53,000 in FY 2016/17.

FIGURE 1 Ease of doing business in Lesotho



Source: *World Bank*[11]

Of the co-ordinates of the diagram showing ease of doing business in Lesotho (Figure 1), the four poorest are housing related (Dealing with construction permits, Getting electricity, Registering property and Getting credit). Since the World Bank data above was gathered, the Land Administration Reform Projects (see chapter 5) has so streamlined registering land that Lesotho has been lifted 69 places to rank 88th in 2014.

Governance

Lesotho is divided into 10 districts, each with its main urban centre, and 129 community councils. Maseru is the only city; it has Municipal status. There are urban councils for the eponymous district towns in the districts of Botha-Bothe, Berea, Mafeteng, Mohale's Hoek, Quthing, Qacha's Nek, Thaba-Tseka and Mokhotlong. In addition, Hlotse and Maputsoe in Leribe district and Semonkong in Maseru district are also towns. The district councils are generally inadequately funded with only 2.5 per cent of the recurrent budget allocated to them during 2007/08 to 2012/13.[12]

Government policy in development and service provision can be found in two policy documents, the Lesotho Vision 2020[13] and Poverty Reduction Strategy (PRS).[14] These have recently been joined by the National Decentralisation Strategy.

Priorities in government policy are:

- rapid employment creation,
- delivery of poverty-targeted programmes, and
- ensuring that policies and legal frameworks operate within a coordinated environment.

The details of the Poverty Reduction Strategy that pertain to housing are discussed in chapter 2.

Vision 2020

Vision 2020 presents a broad perspective of how Basotho, through their representatives, would like to see their country by the year 2020. It stipulates that 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, and its environment and technology will be well managed.

These main tenets of Lesotho Vision 2020 include housing in at least two concerns, economy and environment as a strong economy, a prosperous nation and a well-managed environment are all assisted by housing-related investments. Housing, as such, is not regarded as a core concern even though it specifies that, in 2020, people will observe regulation and requisite building standards and will make optimal use of available space for housing in urban areas. There is a great deal to be done in the housing sector in the next six years if these aspects of Vision 2020 have any hope of coming into being.

Poverty

Despite plans for prosperity, poverty is still a real issue in Lesotho and has come under government scrutiny in recent major policy publications.

Poverty Reduction Strategy

The Poverty Reduction Strategy has set the goal of developing a national housing policy as well as streamlining procedures to stimulate the growth of a mortgage and property development market, reviewing the National Settlement and Shelter Policy and establishing a National Housing Authority to ensure the planned settlement of peri-urban areas. Access to land for private sector housing development is to be facilitated and individual access to housing development loans improved. In recent years there has been an increase in property development companies, who are constructing residential and commercial buildings in urban areas, especially in the capital city of Maseru.

Experience elsewhere has shown, however, that private sector property development companies cannot work at a level which benefits more than a few thousand households at the top of the market.[15] It is likely to be more effective if the household supply sector, i.e., households linked to small-scale contractors) is the focus of collaboration with government.

Current poverty perspective

Lesotho's national productivity has been in severe decline, especially in the agricultural sector, which used to be the most important. This has been accompanied by increasing redundancies among emigrant mineworkers and the remittances they send back from South Africa and Zimbabwe. From 126,000 in 1990, these had reduced to only 46,000 by the end of 2007.[16]

The average household size increased from 4.9 in 1994/95 to 5.0 in 2002/03 but the level of dependency[17] declined from 0.78 in 1994/95 to 0.67 in 2002/03. There has been some improvement in the reduction of poverty, probably linked to the reducing dependency ratio. According to the 1994/95 and 2002/03 household budget surveys, 67 per cent of population lived below the total poverty line in 1994/95 but this improved to 57 per cent in 2002/03. This represents a 10 per cent decline in the level of poverty with a comparable improvement in welfare.[18]

There has only been limited progress on narrowing the gap between the rich and the poor. The Gini-Coefficient improved slightly from 0.57 in 1994/05 to 0.52 in 2002/03. At the same time, poverty increased slightly in the urban areas from 32.3 per cent in 1994/95 to 33.7 per cent in 2002/3.[19]

Population distribution

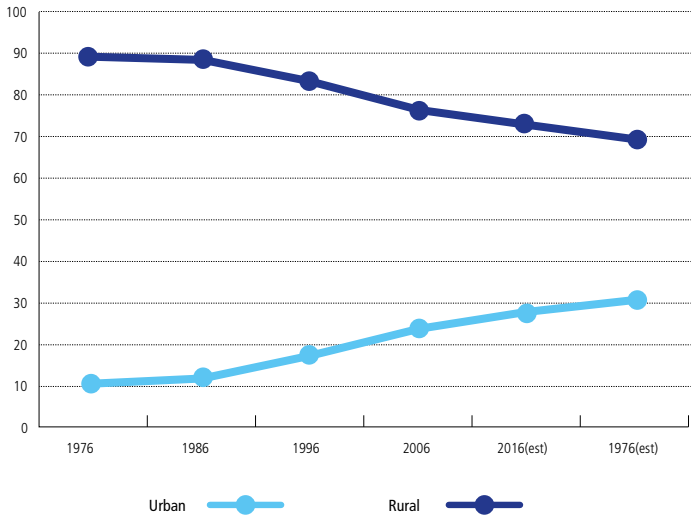
TABLE 4 Percentage distribution of the de jure population by urban and rural residence: 1976-2026

	1976	1986	1996	2006	2016 (est)	2026 (est)
Urban	10.5	11.8	16.9	23.8	27.4	30.3
Rural	89.5	88.2	83.1	76.2	72.6	69.7

Sources: Lesotho Bureau of Statistics[20]

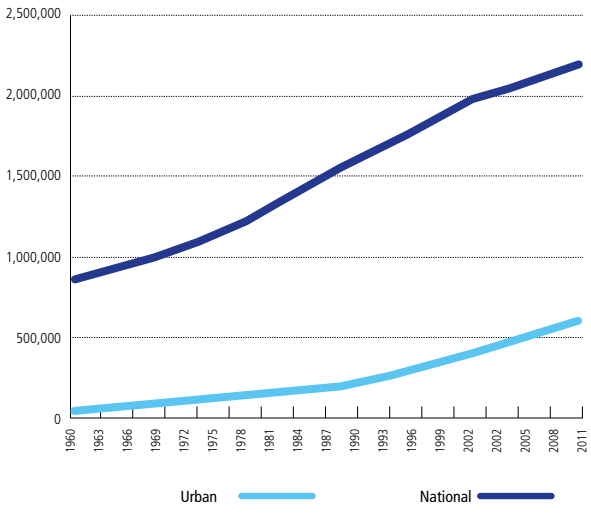
Note: *The de jure population includes absent migrants as long as they have been in touch with their household in Lesotho in the last three years. Thus it is probably an overestimation if more urban residents migrate and an underestimate if more rural residents migrate.*

FIGURE 2 Trends of urban and rural population (percentages, 1976-2026)



It is evident from Figure 2 that Lesotho is still predominantly rural, with only about one quarter of the people currently living in urban areas. Even by 2026, it will only be about 30 per cent urban. Figure 3 shows that both national and urban populations have grown substantially over the last 50 years. In the National Decentralisation Policy,[21] the government accepts the potential of urbanisation to transform economic development and promises to formulate urban strategies and policies to organise urban areas, ensure their capable leadership and management, and establish fiscal and technical support for urban areas' particular needs.

FIGURE 3 National and urban populations, 1960 to 2011



Source: *Index Mundi*[22]

URBAN AREAS

Lesotho has no history of indigenous settlements that were large enough to qualify as towns. It was only with the arrival of missionaries that population concentrations began to appear in the vicinity of mission stations, especially Morija (Paris Evangelical Missionary Society) and, later, Roma (Roman Catholic Church). Other relatively concentrated settlements were typically confined to areas around the residences and courts of the most important chiefs. With few exceptions, contemporary urban centres in Lesotho are British colonial creations that were meant for the exclusive occupation of colonial magistracies and police. These settlements were spatially set apart from the rest of the countryside as colonial 'government reserves that were directly controlled by British District Commissioners.[23]

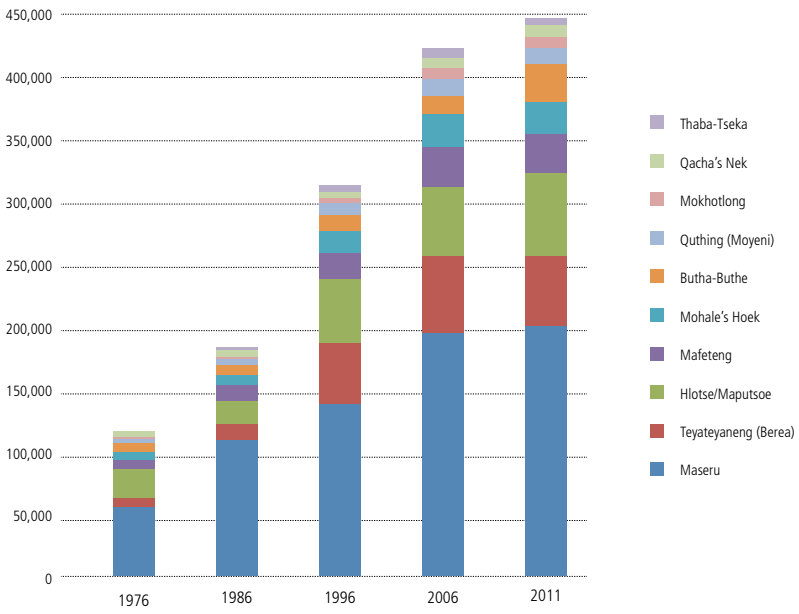
There are eleven settlements that are designated as urban (10 towns, one city) in Lesotho. The Land Act, 2010, section 24(4) states that the "minister shall, by notice published in the gazette, define the boundaries of each urban area". There is no provision or description as to what minimum characteristics (economic, density, population size or settlement pattern that such an area must meet in order for it to be declared urban. In 1996, the two settlements of Roma (where the University of Lesotho is located) and Morija were de-gazetted and dropped from the list. The 1996 Population and Housing Census[24] classified as urban "all administrative headquarters and other settlements of rapid growth, with facilities which tend to encourage people to engage more in non-agricultural activities."[25]

According to Leduka,[26] it is very difficult to estimate Lesotho's urbanisation rate with any degree of certainty. The Department of Lands, Surveys and Physical Planning (DLSPP), which is responsible for town and regional planning, regards urban areas as those areas over which there is a legal proclamation. The Bureau of Statistics population censuses, however, define urban areas as all administrative district headquarters and other settlements of rapid growth where people are predominantly engaged in non-agricultural activities. The Water Resources Management survey of 1996, on the other hand, defined urban centres as concentrated settlements of at least 2,500 people with a density of at least 1,000 persons per square kilometre.

At independence in 1966, the level of urbanisation was estimated to be 7 per cent but, by 2006, it was 23 per cent. UN-Habitat[27] estimates the level of urbanisation at nearly 27 per cent in 2010 and then future levels of urbanisation are likely to be 34 per cent by 2020 and nearly 60 per cent by 2050.[28]

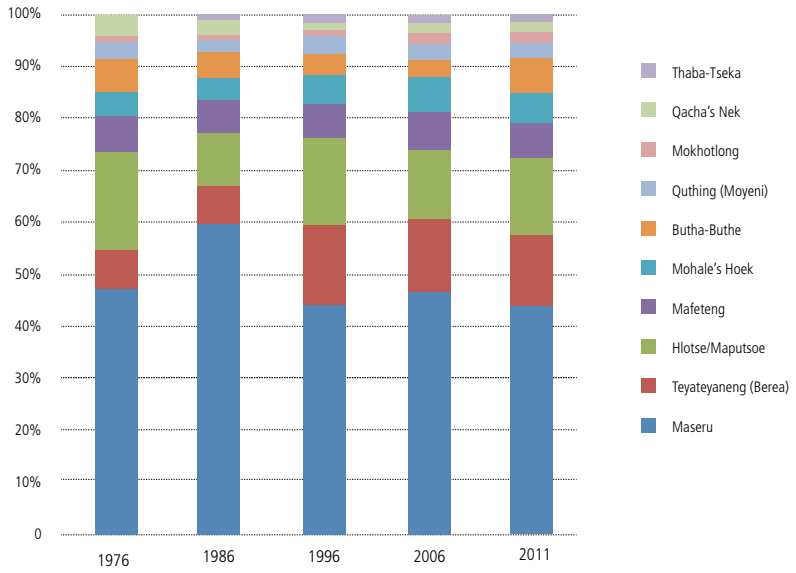
The Bureau of Statistics is aware that there are problems with current definitions of 'urban' and the need to be more realistic about peri-urban areas where much of the urban growth occurs. It is likely that there will be a consequently greater urban growth in the current inter-censal period owing to redefinitions for the 2016 census.

FIGURE 4 Urban Population in Lesotho (1976, 1986, 1996, 2006 and 2011)



Source: *Leduka and National Population Projections*[29]

FIGURE 5 Urban Population in Lesotho as percentages (1976, 1986, 1996, 2006 and 2011)



Source: *Leduka and National Population Projections*[30]

Figure 5 shows the urban population of the districts, not of contiguous urban areas differentiated from rural areas. Maseru district has easily the largest urban population, with 196,000 in 2011 (of which 180,000 is Maseru itself), constituting 44 per cent of Lesotho's urban population of 448,000. It is losing ground as a percentage from a high of 55 per cent in 1986. The urban populations of Teyateyaneng (Berea) and Hlotse together are about one quarter of the urban population but much of the urban area in the former is the north-eastward spread of Maseru city. This could mean that the built-up area of Maseru has about 260,000 people, almost 60 per cent of the urban population. The urban populations of Botha-Bothe, Quthing (Moyeni), Mokhotlong, Qacha's Nek and Thaba-Tseka together only constitute 15 per cent of the country's urban population.

TABLE 5 UN population projections for Lesotho and urban Lesotho (2000-2030)

	2000	2010	2020	2030
National Population (thousands)	1,964	2,171	2,395	2,566
Urban Population (thousands)	392	583	817	1,051
Percentage urban	19.96	26.85	34.11	40.96

Source: *The State of African Cities Report, 2014: 263 & 265*[31]

TABLE 6 Local population projections for Lesotho, rural and urban Lesotho (2006-2026)

	2006	2016	2026	Additional population since the 2006 Census
National Population (thousands)	1,878	1,933	2,055	177
Urban Population (thousands)	426	529	622	196
Rural Population (thousands)	1,449	1,404	1,433	-16

Source: *National Population projections: table 5*[32]

It is evident from Table 6 that the local projections for population growth based on detailed projection of mortality, fertility, etc., show lower growth rates than the UN-Habitat data in Table 5. Indeed, it predicts lower national population in 2026 than the UN-Habitat data predicts for 2010. This Profile will use the BoS[33] projections to calculate housing need.

HIV/AIDS

The LDHS[34] shows that, in 2009, 23 per cent of adults aged 15-49 in Lesotho were infected with HIV (27 percent of women age 15-49 and 18 per cent of men age 15-49). This is almost the same HIV prevalence as in 2004 (26 percent for women and 19 percent for men). The prevalence of infection increased with age to peak at age 35-39 for women (43 and 42 percent, respectively) and at age 30-34 for men (41 and 40 percent, respectively).

HIV/AIDS is depleting the human resources of institutions at all levels, from the ranks of labourers and skilled artisans to the providers of governance and services. At the same time, the spread of HIV/AIDS is exerting overwhelming pressures on government and its service agencies and reducing the trust of the public in the service providers. Furthermore, the extended family is overcome by the need to support orphans which threatens to break the very social fabric upon which communities survive. As such support systems are severely stretched by poverty; the increasing pressure imposed by the HIV/AIDS pandemic is threatening to destroy traditional and community support systems.[35]

THE PROFILE SAMPLE SURVEY

As part of the Profile process, the local team carried out a sample survey in Maseru and urban centres in Leribe and Mohale's Hoek districts. The team decided to add two more areas for the survey which were representative of the highlands namely Mokhotlong and Thaba Tseka. The selection of survey areas was based on the income of the neighbourhood (high, middle, and low) and urban and rural areas (the latter are not included in this analysis). The initial sample size was 400 but, with the addition of Mokhotlong and Thaba Tseka districts, the sample size increased to 500. The rural villages surveyed were removed for the analysis used in the Profile.

TABLE 7 Selected urban neighbourhoods for the Profile Sample Survey

Town	Sampled neighbourhoods
Maseru	Qoaling, Ha Thetsane, Matala, Khubetsoana, Hoohlo, Ha Abia, Sekamaneng, T'sosane, Koalabata
Leribe towns	Amerika, Ha Tlai-tlai, Ha Mathata, Temong
Mohale's Hoek	Ha Mapotsane, Mohlakeng
Mokhotlong	Ntlholohetsane, Toropong (Matamong).
Thaba-Tseka	Ha Bereng

Maseru

Maseru is the capital city of Lesotho; it is the largest urban area and the only city in Lesotho. The name Maseru supposedly means "place of the red earth" after the sand stone called Leseru. Established as a police camp and assigned the capital town status after Lesotho became a British protectorate in 1866, Maseru is right on Lesotho's western border with the Republic of South Africa, the frontier being the Caledon River (Sesotho: Mohokare). It is the main border crossing point on the road that leads to Ladybrand and then on to other parts of South Africa. Maseru has most industries and commercial activity in the country; Government offices area all headquartered there. It has many buildings from colonial time, most of which are preserved.

Much of the city's current expansion is into the Berea District to the North East which explains why the city's population is projected to be greater than the district's.

TABLE 8 Projected population growth of urban Maseru, 2000 - 2025

Year	Maseru	Maseru District
2000	265,000	
2005	342,000	
2010	454,000	453,571
2015	599,000	480,274
2020	782,000	508,605
2025	1,010,000	539,654

Source: *Maseru, Molapo (2005): table 3.2; Maseru District from the National Population projections*[36]

Towns in Leribe

Hlotse is the capital (camp) town for Leribe district. Founded in 1876, it is named after the river on which it is located. It is known for good agricultural production both within the town and in the areas surrounding it. In the 1970s, it was the seat of an agricultural project, known as Leshoele vegetable and grain production. It also retains some of the colonial buildings such as the District Administration offices and the colonial army watch tower.

On the main road to the north east from Maseru and also on the Mohokare (Caledon) River, Maputsoe is a border town across the border bridge from the Free State town of Ficksburg, which gives access to the Durban to Bloemfontein road. Founded after independence to be an industrial hub outside and second to Maseru, it is named after the village of Ha Maputsoe. It is renowned for many industries ranging from textiles to packaging of agricultural products. It has highly productive red soils. With an estimated population of about 36,000, Maputsoe is the largest town in Lesotho not to be a camp town.

Mohale's Hoek town

Mohale's Hoek was founded by the Baphuthi tribe in 1795 as it moved to areas south of the town, in to what is now Quthing district. The area was then settled by Basotho under Mohale, the younger brother of Moshoeshoe I. The original area they settled in is known as old Hoek, just outside the present urban areas of Mohale's Hoek. The village was destroyed during the Siqiti war. When Lesotho was proclaimed a British protectorate in 1869, the town had an assistant commissioner.

Mokhotlong town

Mokhotlong is the capital (camp) town of Mokhotlong district. It was founded as a police fort in 1905. It developed into a training centre for the people living in the Highlands. An air strip and a gravel road were built to link Mokhotlong with rest of Lesotho as it was once very remote with no communication channels with the rest of the country. It was named after the Southern Bald Ibis (Geronticus calvus), known in Sesotho as "Mokhotlo". It is the place where the Polihali dam, that will supply water to South Africa, is to be built. Mokhotlong town is on the road to Sani pass (2,865m), an important tourism area that also includes the highest mountain in Southern Africa. It is known for animal production (sheep) and for the clean water in many rivers associated trout fishing.

Thaba-Tseka town

Thaba-Tseka was founded in 1975 to break the remoteness of the highlands areas of Lesotho. It is the capital (camp) town for the Thaba-Tseka district with a population of around 6,000. Like the other highlands towns, it is known for agricultural production particularly wool, mohair and potatoes, Connectivity of Thaba-Tseka to Mokhotlong and Qacha's Nek remains rudimentary but road improvements are planned for the coming years.

END NOTES

1. *Kingdom of Lesotho (2010b).*
2. *Centre for Affordable Housing Finance in Africa (CAHF) (2013)*
3. *CIA (2014).*
4. *Bureau of Statistics (2003)*
5. *Bureau of Statistics (not dated, 2010?).*
6. *Kingdom of Lesotho (2014).*
7. *Kingdom of Lesotho (2013a): appendix table 4*
8. *UN-HABITAT (2005a): table B4.*
9. *Maleleka (2009).*
10. *International Monetary Fund (2012): table 3.2.*
11. *World Bank (2013)*
12. *Kingdom of Lesotho (2014).*
13. *(Kingdom of Lesotho, 2000).*
14. *International Monetary Fund (2012).*
15. *UN-HABITAT (2012a); UN-HABITAT (2012b).*
16. *Maleleka (2009).*
17. *Dependency ratio is a measure of the number of dependants to the number of economically active people.*
18. *Maleleka (2009).*
19. *Maleleka (2009).*
20. *Maleleka (2009): table 5 and Kingdom of Lesotho (2010b).*
21. *Kingdom of Lesotho (2014).*
22. *http://www.indexmundi.com/facts/lesotho/urban-population accessed 25 April, 2014*
23. *Duncan (1960); Machobane (1990) in Leduka (2012).*
24. *Bureau of Statistics (not dated).*
25. *Silitshena et al. (2005).*
26. *Leduka (2012).*
27. *UN-HABITAT (2010b)*
28. *Leduka (2012).*
29. *Leduka (2012) and Kingdom of Lesotho (2010b).*
30. *Leduka (2012) and Kingdom of Lesotho (2010b).*
31. *UN-HABITAT (2014): 263 & 265*
32. *Kingdom of Lesotho (2010a): table 5.*
33. *Kingdom of Lesotho (2010a).*
34. *Kingdom of Lesotho (2010a).*
35. *Mphale et al. (2002).*
36. *Maseru, Molapo (2005): table 3.2; Maseru District (Kingdom of Lesotho, 2010a).*

02

THE POLICY AND INSTITUTIONAL FRAMEWORKS IN THE HOUSING PROCESS

INTRODUCTION

In this chapter, the main issue that presents itself is that Lesotho has most of the institutional context and documentation for inclusive and orderly urban development, apart from a housing policy, but most development occurs outside of their influence. The absence of a sustainable and inclusive framework for urban development in Lesotho has been largely attributed to the lack of a national housing policy. This profile serves as an inception study for the development of a comprehensive national housing policy and strategy that will address the current shortcomings of the role of the current government with respect to ensuring adequate housing for its citizens.

According to data given to Habitat for Humanity's Audit of Housing Policy in Lesotho, 70 per cent of supply is informal. Informal development occurs very rapidly in Lesotho but, as in formal development, plots are very large; too large to be provided with infrastructure in a sustainable way. This is mitigated by the Planning Standards (1990; see below) allowing more than one household on a plot through the development of *malaene*[1] in addition to the main dwelling. This not only increases density but also provides income for the owners and cheap accommodation for the renters.

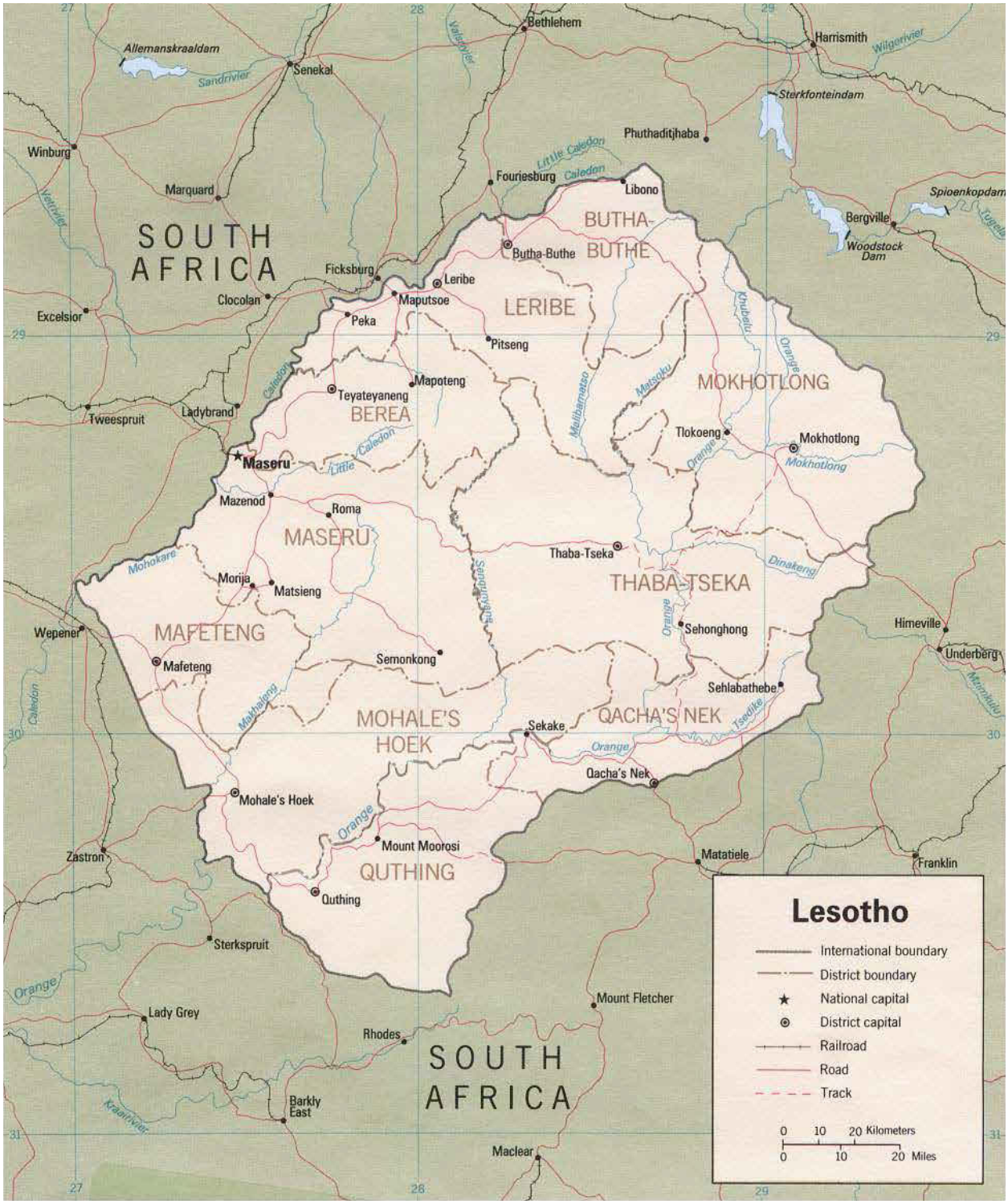
THE LEGAL AND REGULATORY FRAMEWORK RELATING TO HOUSING

Lesotho is a unitary state which has retained, from colonial days, the Westminster type of two-tier parliamentary system which has a National Assembly (Lower House with 120 members), the main law-making organ of the state, and a Senate (Upper House) of 22 Principal chiefs and 11 other appointees, responsible for overseeing the work of the Lower House.[2]

The country is divided into 10 districts, each with a main urban and business centre. Each of the 10 district councils has a number of community councils, 129 in all.

Prior to the 2005 elections, local authorities were mainly agents of central government. Various forms of decentralisation have been tried between 1966 and 1986. Because it deprived the community of the power to make decisions, the abolition of District Councils in 1969 had stifled local development and led to little trust in government institutions and poor involvement in development activities at local level.[3] The establishment and democratisation of local government structures through the 2005 local government elections was an important development in Lesotho bringing to an end the trial and error period of decentralisation.[4]

FIGURE 6 Map of Lesotho showing districts



During the one-party rule between 1970 and 1986, Village Development Councils (VDCs) were established as nominated structures generally serving the interests of the ruling party. Traditional leaders (chiefs) only served on councils as ex-officio members. In addition, Interim Community Councils were introduced in 2002. The institutionalisation of forms of local government helped in facilitating local level, community-based development. Communities can prioritise their own issues and enable government interventions in them. According to Mattes *et al.*,[5] local government structures are seen to be more responsive than central government and inspire greater popular confidence.[6] Unfortunately, though the local institutions are in place, they mostly do not have the capacity to perform as required in housing supply issues.

Lesotho does not have a current housing policy. There was a national housing policy produced in the late 1980s, but it was never implemented apart from the formation of the LHLDC. There is also a draft National Shelter Policy which included a market driven shelter delivery approach, advocated transparent, efficient and consistent delivery systems, and set out the development of an effective regulatory framework towards equitable access to shelter delivery. It also sought to recognise, support and integrate all sectors of the economy, including the informal sector, into shelter delivery, and to localise housing solutions.[7]

Housing rights in the Constitution of Lesotho

The Principles of State Policy in the Constitution provide that the state should fulfil a number of policy principles. Article 34 of the Constitution of Lesotho requires the state to adopt policies that encourage its citizens to acquire property, including land, houses, tools, and equipment, as far as economic conditions allow. Such principles, however, are not enforceable by the Constitution. As a consequence, a direct and enforceable right to housing does not exist in Lesotho. The Bill of Rights in the Constitution provides for the "right to respect for private and family life", which provides that,

> "every person shall be entitled to respect for his private [and] family life in his home unless these conflicts with the interest of defence, public safety, public order, public morality or public health."

The Constitution also indirectly protects against eviction. It prohibits "arbitrary seizure of property" except when "provision is made by a law applicable to that of full compensation". Property may only be acquired by the state in the interests of

> "defence, public safety, public order, public morality, public health, town and country planning or the development or utilisation of any property in such manner to provide public benefit."[8]

National Strategic Development Plan

Housing is one of the top MOLGC medium term priorities within its Strategic Plan (2009-2013). It aimed to facilitate the provision and delivery of affordable housing and shelter for all Basotho. Chief among the deliverables is the development of the National Housing Policy as the main framework to guide housing development in the country. The preparation of this Profile is a stage in the process of formulating a National Housing Policy.

National Strategic Development Plan (2012/13)-(2016/17)

The National Strategic Development Plan is the GoL's Medium Term Plan to achieve accelerated and sustainable economic and social transformation. It recognises the importance of housing; suggesting that the government intends to put important enabling systems into place including facilitating some of the components of the right to adequate housing; basic infrastructure provision, improving the quality and safety standards of housing and ensuring their enforcement. It also suggests encouraging local construction, promoting increasing densities and regularising property markets, developing housing finance, land markets and property development capacity, and identifying appropriate housing solutions especially for low income households and industrial workers.[9]

Strategic objectives and actions for the Housing Sector are:

- "Develop well planned and serviced human settlements;
    - Identify appropriate and cost-effective ways of re-planning and accelerating integrated infra-structure roll-out to human settlements.
    - Promote urban densification both by reducing the average size of plots as this will make housing more affordable by cutting capital costs and bring people closer to essential

infrastructure and social services, and by constructing more multi-storey residential buildings.

- Improve access to and quality of housing;
  - Facilitate acquisition of land parcels for housing developments and a well-developed land and housing market.
  - Facilitate access to housing finance (e.g., establish a low-income housing fund, encourage financial institutions to design instruments for different segments of the market and develop a housing resource mobilisation strategy).
  - Establish effective monitoring and control measures to improve standards.
  - Evaluate and empower the public housing development agencies (such as Lesotho Housing and Land Development Corporation (LHLDC)) and explore ways of increasing private participation in housing development.
  - Regularise the housing rental market.
- Promote and expand production of local building materials
  - Conduct research and encourage development of domestic materials and promote their use.
  - Train and capacitate local producers in entrepreneurial, managerial and competitiveness skills and enable them to improve quality of products.

These are a reasonable set of priorities for any country but their respective usefulness and focus, e.g., establishing a low-income housing fund, will be addressed within the Profile.

The Lesotho United Nations Development Assistance Plan – LUNDAP 2012

Within its Governance and Institutions cluster, this document aims to promote peace, democratic governance and build effective institutions. Its outcomes would be that, by 2017, national and local governance structures would deliver quality and accessible services to all citizens, respecting the protection of human rights, but there is no direct reference to housing. This is one of the signs that housing has not been a priority policy issue in Lesotho for many years.

Millennium Challenge Account (MCA) 'compact'

There is a Millennium Challenge Account (MCA) 'compact' between the US and the Lesotho government. Land administration reform is part of the private sector development component of the MCA 'compact' as a component aiming to achieve improvement in the land laws and policies, in people`s awareness of land rights, especially women's land rights, and in the efficiency of issuing of land leases to people in urban areas, starting with Maseru. In order to enhance land administration and land administration services, the MCA supported the establishment of the Land Administration Authority (see chapter 5).[10]

The legislative and institutional reforms that have taken place to date include the Land Administration Act and the Land Act, both of 2010, the Land Regulations and Land Court regulations of 2011, and the Draft Sectional Titles Bill of 2011. The main challenge that remains is access to land for poor people (see chapter 5).[11]

National Decentralisation Policy[12]

The objectives of the new decentralisation policy are,

- Increasing citizens' access to services;
- Ensuring quality (sic) and accountable service deliver at local levels;
- Increasing participation of citizens and non-state organisations in governance and service delivery;
- Promoting equitable economic development;
- Promoting livelihood and economic security;
- Enhancing local autonomy; and
- Promoting national values, identity and unity by re-positioning and empowering the chieftainship.

Many of these are relevant for this Profile. In addition, as would be expected, in a decentralisation strategy, it is committed to subsidiarity; the principle that decisions should be made at the lowest level commensurate with efficiency. This is accompanied by an aim to create greater autonomy in decision-making for local governments and an intention to support local governments in their efforts to raise and collect revenues. These are extremely relevant to housing when conditions in the districts are different from those in the capital. Unfortunately, there is insufficient institutional capacity for local authorities to perform as needed in housing and infrastructure supply issues.

THE POVERTY REDUCTION STRATEGY'S (PRS) POLICY ON SHELTER

The PRS[13] recognises problems that need to be addressed as including lack of access to finance and housing development solutions that enable households and entrepreneurs to own or rent at acceptable terms. It sees a need to regularise property rental markets, especially to ensure safety and orderliness, and to improve access to water, sanitation and roads. There is also a perceived need to reduce urban sprawl.

Further expansion of the housing sector is seen to have economic potential for the development of Lesotho. It creates jobs in both construction and materials production, and property can serve as collateral for households seeking loans to establish business ventures.[14]

In response, the PRS[15] contains strategic objectives and actions focusing on housing and related issues. It commits to

- Improving and developing well-planned and serviced human settlements. The process suggested in the PRS includes rolling out planning and infrastructure provision to unplanned settlements in appropriate and cost-effective ways.
- Developing a national land-use plan and implementation strategy;
- Reviewing and/or developing town and area physical plans and implementation strategies
- Promoting increased densities in urban areas both by reducing the average size of plots and by constructing more multi-storey residential buildings. Both of these are seen to make housing more affordable by cutting capital costs and bringing people closer to infrastructure and other services.[16]

The PRS seeks to improve access to and quality of housing through making acquisition of land for housing easier and facilitating access to housing finance. In these, it is seen as important to have a well-developed land/housing market and to encourage financial institutions to design instruments for different segments of the market and develop a housing resource mobilisation strategy. One of the financial tools suggested is a low income housing fund.

The PRS calls for National Settlement and Shelter policies.[17] The former is in need of revision and the latter is being developed with this Profile and a first step. The PRS suggests establishing effective monitoring and control measures to improve standards. It proposes empowering the public housing development agencies (such as Lesotho Housing and Land Development Corporation (LHLDC)) and exploring ways of increasing private participation in housing development. This is a standard way forward proposed in several Sub-Saharan African countries but tends only to provide housing at the top of the market. This will be seen in more detail later in the Profile.

PRS recognises a need to regularise the housing rental market; to promote and expand production of local building materials; and improve training for builders to enable them to improve quality of products.

Housing development is also linked with the Physical and Economic plans to develop growth poles and with the medium to long-term budget and financing strategies.[18]

The PRS also recognises that there are some vulnerable groups including those in slums/squatter settlements, elderly and OVCs and the poor, that need to be assisted to live in decent dwellings. Many of these issues are dealt with in this Housing Profile.

Planning for housing

There are legal and regulatory instruments in place to enable forward planning and control development. They are, however, outdated and inappropriate for current urban conditions.

Town and Country Planning Act, 1980

This 34 year old act is the most recent to control planning in urban Lesotho. It aims to ensure orderly development of land in urban areas. It established planning boards, declared planning areas and set out procedures for the preparation of physical plans. Silitshena et al[19] declare that, despite its existence, no visible sign can be found that town and country planning has been practised. Everyone does as they like.

Planning: Development Control

The aim of the Town and Country Planning Act 1980 is to promote orderly development of land and improvement of the amenities thereof (Figure 7). It is augmented by various regulations, as follows:

- The Development Control Code, 1989;
- The Development Regulations, 1991 which regulate land use and building use classes;
- The Planning Standards, 1990 which sets minimum standards for development;
- The Building Control Act, 1995 and its Regulations 1999.

FIGURE 7 Planned development of a mixed-class neighbourhood in Maseru

The Physical Planning Department of the Ministry of Local Government, Chieftainship and Parliamentary Affairs (MLGCPA), is responsible for orderly planning overall but Development Control is delegated to councils. Applicants pay a fee of one per cent of the project cost for development control. Through the Environment Act, the Ministry of Environment shares responsibility for Physical Planning.

In order to allow small-scale development to be relatively straightforward, Lesotho has a permitted development clause in the planning law. Development of less than 10 per cent of a site requires no planning permission. Additionally, a rondavel and/or a boundary wall up to two metres high can be built without permission.

There is a general lack of capacity to enforce planning and development control regulations in urban Lesotho. In addition, institutional problems in the planning system have contributed to creating uncertainty. There is no direct linkage between physical planning activities and the Land Administration Authority (LAA). In areas with planned layouts, the LAA has regularised sites which contradict local planning intentions. For example, leases have been granted to sites which block a road in the layout. Better liaison is essential in the future.[20]

Under the Development Control Order, setbacks are stipulated for plots; five metres at the front and 3.5 metres on the other sides. The Development Control Code, which sets out the regulations, stipulates that, normally, only one dwelling is allowed per plot except for the addition of *malaene* rental units to an area not exceeding that of the main dwelling

Under the Building Control Act, 1995, local authorities are given the duty of controlling buildings in their jurisdiction, through a building control officer. The building authority must approve all buildings before construction is started and may disallow their

building on the grounds of unsightliness or danger to life or property. Approval only lasts for twelve months if the construction work has not started by then and 24 months if not finished by then. The building authority may also grant exemption from permission for small developments. The authority must grant a certificate of occupancy before the building can be occupied.[21]

The building permit is issued after inspection and approval of the building plans and diagrams. The following documents are necessary: lease (if applicable), building plans, and drawings along with a duly completed application form. A lack of resources and capacity constrains the municipality's ability to carry out inspections during the construction phase.[22]

Planning: Standards

Promulgated in 1990, the planning standards[23] establish the regulatory aspects of planning and set minimum standards below which developments should not fall. Developed by Swedish consultants in very much the prevailing style of the day, they set out regulations for housing and other uses. In relation to housing, they support the "inestimable value" of a plot large enough to grow vegetables on and the productivity of urban gardening in comparison to arable land. At the same time, it poses the issue that large plots may force lower ambitions for infrastructure provision and longer cost-recovery times. In response to the above, it sets a minimum plot size of 375m^2, and a normal range of 375 to 1,000m^2. Where septic tanks are to be used, 600m^2 should be a minimum. The densities resulting are 26 plots per Ha for the smaller plots and 10 plots per Ha for the larger. At 50 per cent of land used for residential, this gives grow densities of only between five and 13 plots per Ha.

Silitshena et al[24] attempt to take this further by calculating that at a (then) mean household size of 4.38 persons, a 375 m^2 minimum plot generates a maximum legal density of 85.6m^2 per person (117 person per Ha.). This seems to be in error as the Development Control Code[25] allows for the addition of *malaene* rental units (above) which could increase density by at least a factor of two. As the Profile points out below, this ability to build additional *malaene* is an important feature for the provision of affordable housing supply in the future.

Infrastructure for water and sanitation appear in the standards for residential provision. Water should be provided for low income households through public standpipes (tap stands) at a rate of one per 20 households or plots, within 100 m and not across a main road. Refuse tips should be provided at 0.5m^3 per person per year.

The standards are unaffordable for Basotho households so it is no surprise that they are largely ignored.

The draft National Shelter Policy

In preparation for many years and running to at least three different draft reports, the National Shelter Strategy is still in draft form, awaiting approval by the cabinet, but will need to be rewritten in light of this profile.

In 2009, MLGCPA produced a Background Report[26] which covered some of the ground covered in this Profile. It relied on national data, rather than urban, and ended with findings (from focus group discussions) that most households would like a bungalow with two rooms with all services. The problems of keeping communal facilities and areas were highlighted by those currently sharing.

In addressing the likely number of dwellings, the Background Report[27] argued that there is one household per dwelling and, therefore, the number of dwellings is equal to the population divided by mean household size (then 4.6).

The Sectional Titles Bill

This piece of legislation, which is in its final stages towards approval, is eagerly anticipated by many stakeholders as a way of allowing multi-storey development for sale rather than just for rent as is currently done. LHLDC, among others, intends to develop flats as soon as the Bill becomes law.[28]

KEY PLAYERS IN HOUSING

Public Sector

There are several public sector players with interests in housing and infrastructure supply whose functions are not clearly demarcated and which do not appear to co-operate very effectively.

Ministry of Local Government, Chieftainship and Parliamentary Affairs (MLGCPA)

The ministry with housing as part of its remit is the Ministry of Local Government, Chieftainship and Parliamentary Affairs. Not only is housing only allocated a small part of a ministry, as is common

to the other countries for which a profile has been written, but the ministry in question does not even contain the name of Housing in its title. In addition, the same ministry is responsible for land. The Department of Housing within the MLGCPA is meant to have a complement of a Director, a Chief Housing Officer, two Housing Officers and four Assistant Housing Officers. The Department of Housing decides policy direction and passes it on to LHLDC (which is an older organization by far) and other relevant stakeholders. It has recently built 17 low-income dwellings at Linakotseng in peri-urban Maseru. They are currently nearly complete but have been given to LHLDC to finish them off. The MLGCPA is charged with supporting local councils, promoting effective land management and administration, facilitating the delivery of affordable formal housing in planned neighbourhoods, and supporting chieftaincy.[29]

FIGURE 8 Low-income housing at Linakotseng being built by the MLGCPA

Other ministries involved

The Ministry of the Public Service is responsible for provision of good quality and effective human resources management services to the Government Ministries and Agencies. It is also charged with overseeing the performance of the line Ministries and their compliance to the laws and regulations governing the Public Service. Through its Remuneration and Benefits department, the Ministry of Public Service processes applications for housing loans and government housing.[30]

The Ministry of Works and Transport has responsibility for promoting the construction industry.[31]

The Ministry of Social Development is charged with enabling the regulatory and institutional environment for those who assist the poor and vulnerable groups.[32] Other government agencies join the ministries mentioned above in housing some of their staff through the government's housing stock and drawing a small percentage of their salary at source. The government builds a few houses and issues tenders for time to time for their construction projects.[33]

The Lesotho Housing and Land Development Corporation (LHLDC)

LHLDC is a state-owned developer, which was established following the National Housing Policy of 1987, as a provider of housing for all. It was a merger of the Lesotho Housing Corporation (LEHCO-OP), a government-supported provider of low-cost housing set up in 1975 and the Lower Income Housing Company (LHC), set up in 1971 with the support of CIDA and the World Bank. The merger took place to maximize resources, and the new organization has three broad mandates:

- to develop serviced sites,
- to provide rental accommodation, and
- to provide home ownership.

The operational activities performed by the LHLDC include the development, upgrading and servicing of land and housing. Initially, LHLDC took up the projects that were still outstanding from both and completed them by 1989. From LHC it inherited some rental housing which is mostly occupied by expatriates and a home-ownership scheme of 42-55m^2

housing for ownership that was under construction. In addition, it took on the MCC project in Thetsane.

Earlier schemes inherited from LEHCO-OP incorporated the building of dwellings either by aided self-help or (increasingly with time) contractors in Mohalalitoe co-operative (1976-78) and Khubetsoana site and service scheme (1981-83).

FIGURE 9 Aerial view of Mohalalitoe showing triangular plots and greatly extended housing

FIGURE 10 Khubetsoana showing higher original density and extensive extension activity

At Khubetsoana, LEHCO-OP had provided serviced sites of 190 m^2 meant for owner occupation through assisted self-help. The houses were built to a simple plan, first by guided self-help but later by contractors, with pit latrines and gravel roads. The dwellings followed a simple form, known as *polata* in Lesotho, that were sited on one side of the plot so that they could be extended out from the main side façade.

FIGURE 11 Original LEHCO-OP housing at Khubetsoana, Maseru

FIGURE 12 An original LEHCO-OP cement-block two-roomed dwelling (right) and a later transformation into a high-income villa in Khubetsoana

Between 1989 and 2006/7 financial year, LHLDC concentrated on providing serviced sites for different income groups. By 2010/2011, the LHLDC had delivered 9,519 serviced sites, mostly in Maseru. The different income groups' housing is differentiated by the amount of servicing provided up-front. The lowest cost plots have basic servicing consisting of gravel roads and water mains along the roads with a connection in the front of plots. Middle income housing has street-lighting in addition. High income plots are fully serviced including a septic tank sanitation system.[34] They have been provided on the basis of full cost recovery with a profit. The purchasers of plots had to use cement blocks and corrugated metal sheet roofing. LHLDC has launched a project for 400 dwellings for middle income ownership (Figure 14), costing M480,000 each in 2006, but the institution continues to concentrate on providing serviced plots, with 60 per cent of them intended for low-income households.[35] Because of its need to remain financially sustainable, it has shifted away from any intention to focus on low-income households to those of high net worth who can pay cash up front; access to its plots is based exclusively on affordability,[36] as have its equivalents elsewhere in Sub-Saharan Africa.

FIGURE 13 Khubetsoana (left) is clearly higher density than its neighbours

TABLE 9 Distribution of LHLDC plots provided before 2005

Estate	Number
Thetsane Phases 1 & 2	2,075
Matala Phases 1 & 2	888
Masowe Phases 1 & 2	1,458
Total Maseru	**4,431**
Mafeteng	334
Mohale's Hoek	84
Quthing	293
Teyateyaneng	1,125
Hlotse	116
Total	**6,374**

Source: *Silitshena et al, table 4.3.*[37]

LHLDC has a few rental apartments inherited from LHC which it manages. It has a few flats in central Maseru let for M4,000 to M6,000 (Figure 14) and is planning to build 50 apartments for first-time buyers. The forthcoming Sectional Titles Act will assist in this type of development for sale to occupiers.

In 2009, a loan of M12 million was offered to the LHLDC by Kenya-based Shelter Afrique to co-finance the construction of Phase II of the Masowe III project. Phase I involved the construction of 34 units.

FIGURE 14 LHLDC middle income housing

Phase II consisted of 81 units situated at Phomolong, Maseru South Urban, on 1,650 hectares of land. The loan, which was to be repaid over three years, including a grace period of 18 months, represented 59 per cent of the total project cost estimated at US $2.3 million.[38] The balance was to be funded from the developer's equity. It was not taken up by LHLDC.

Although the Corporation has improved in recent years, it is still inadequately equipped to address the needs of low income groups.[39] In this it is similar to the state agencies charged with housing supply in Malawi, Ghana and Zambia.[40]

FIGURE 15 LHLDC flats in central Maseru

Local authorities

Local government was established under the Urban Government Act of 1983 and then again by the Local Government Act of 1997, which came into operation in December, 2001. The Act established three types of local government; 128 Community Councils, 10 District Councils (consisting of two nominees from each community council) and only one Municipal Council, for Maseru. In April 2005, they were elected. Customary chiefs can be elected as councils members but they are not there as ex-officio chairpersons as they were in the past.[41]

Under the MLGCPA, and by the Land Act 2010, land allocation and planning falls under the responsibilities of the Local Authorities. They lack funding and efficient systems of financial management and accountability, however, and rely mostly on central government for revenues, collecting hardly any revenues in their own areas.[42]

Maseru Municipal Council (MMC)[43]

MMC was first established as Maseru City Council (MCC) in 1989 by the Urban Government Act (UGA) of 1983. The City Council's responsibilities included the collection of waste, provision and maintenance of streets and access roads, and the management of the city.[44]

Set up in 2005, five years after the dissolution of the chaotic Maseru City Council by the Military regime, MMC has inherited many problems from its previous incarnation. These are related by Leduka[45] as:

- The Urban Government Act [1983] does not clearly define MCC's management control and responsibilities;
- Central Government seems to lack political commitment in resolving management problems of Maseru City Council;
- Central Government has not transferred the authority and legal powers to provide of services and enforcement of regulations;
- The Council is poorly resourced to carry out all its functions and responsibilities both financially and in human resources, so it does not perform well and level of services are very poor;
- The Council's top management is weak and ineffective;
- Key departments (finance, personnel and purchasing) are poorly managed so their key functions are not being effectively performed;
- Pay and conditions are too poor to attract professionals of the right calibre;

There is poor staff morale and the public has little confidence in the MCC.[46]

Although the MMC is the authority for forward planning in Maseru, it has to seek approval of its plan from the MLGCPA. Development control was allocated to the MCC under the Town and Country Planning Act, 1980. Contrary to this, the Local Government Act 1997, as amended in 2007, however, gave the MMC power for forward planning. Under the Land Act 2010, local authorities can allocate land and conduct planning functions without reference to the MLGCPA.

The zoning of land in Maseru, made through development plans developed by MCC, has been allowed to lapse through lack of quinquennial review of the plans. This has led citizens to feel free to ignore zoning and develop informally.

Major Employers

Major employers provide housing for their employees. There are large estates for personnel of the forces, prison service and police. Indeed, Maseru started as a police post. Many government employees are housed by their ministries and pay a small amount of their salary as rent. Thus, most institutional housing is tied to employment.

FIGURE 16 Basic police housing. Note the very low density

FIGURE 17 Higher income police housing (Matekane Group HQ is in the background)

PRIVATE SECTOR

Private developers

The formal real estate market is poorly developed and private sector developers are discouraged from providing housing because of difficulty of obtaining land. The strong demand for property expressed by the expatriate and high income community has recently resulted in construction of a few relatively high density, enclosed real estate developments, similar to those in South African cities. One actor in this is the locally owned Matekane Property, part of the Matekane Group of Companies (MGC). It has developed Mpilo Estate of 20 luxury three-bedroom units and Hilton Estate, with 15 units to be built to order, is in the planning phase.[47] The Mpilo estate was intended as a place where owners would have their own dwellings designed and then Matekane would build them. When only a few plots were developed in this way, MGC developed the remainder for sale.

Households with small contractors

The main housing supply mechanism in Sub-Saharan Africa is the myriad of households who decide to have their own dwelling and engage a local, informal sector contractor to build it. The householder must save or borrow the money, obtain land, gather together the materials, and enter into a relationship with a contractor or carry out the work themselves by self-help. Even in so-called self-help housing, contractors are often engaged for parts of the work. The close relationship that residents of cities in Sub-Saharan Africa have with the local construction process is partly evidenced by the universal awareness of the price of cement. Everyone one might ask in Maseru knows how much cement costs per 50kg bag; something which is unbelievable to people from Western Europe.[48]

The contractors are usually artisans who have a set of other workers upon whose services they can call to implement the parts of the building work they cannot or do not want to do themselves. So, a mason/bricklayer will have friends who are carpenters, plumbers, plasterers, electricians, etc. They tend to work together on labour-only contracts with the householder providing the materials and paying them at the end of a phase, or daily or weekly rather than by the job. Contractors may not to have access to front-end finance so cannot supply materials or pay labour themselves. In addition, they use very low technology and locally available materials.

The contractors will build any type of dwelling but the majority are either *'malaene'* (rows of single or double interconnecting rooms, sometimes with a kitchen, constructed mainly for renting) or bungalows of various standards.

This supply chain, with its very low overheads and basic levels of technology, finishes, and equipment, generates very cheap housing, often at a small fraction of the cost of formal housing of similar size. Prices may depend as much on the perceived wealth of the client as the cost of doing the job. Most of this development is beyond any official control and tends to develop slowly, consuming large areas of land for long periods before development is complete (Figure 18 and Figure 19).

FIGURE 18 Low-density informal development of various standards of housing, peri-urban Maseru.

FIGURE 19 Low-density informal development, Mafiteng

TRADITIONAL LEADERS AND CUSTOMARY LANDOWNERS

Customary chiefs

Chiefs are referred to in the National Decentralisation Policy (NDP)[48] as "the fulcrum of Basotho nationalism and governance." Though their land allocation powers have been removed from them,

> "As Kapa (2005), Shale (2005), Leduka (2006) and Quinlan and Wallis (2003) all note, in the absence of local government, chiefs have remained useful and respected symbols of grassroots authority and attempts to remove them from local policy matters in the past have rarely paid dividends".[49]

Until 1980, land allocations in peri-urban neighbourhoods were controlled by local chiefs using customary land tenure rules. Under the Land Act of 1979, however, the right to manage land was taken away from the chiefs and replaced with local land administration institutions.[50] Customary tenure is now also abolished by the Land Act, 2010.

Despite this loss of legal power from the hands of customary chiefs, housing land can easily be bought informally or extra-legally from sub-divided fields (masimo). Chiefs have encouraged their subjects to subdivide their masimo because without it they could lose it to state appropriation with compensation that is very low. The chiefs have issued 'Form C' certificates to those who bought the plots and backdated them to before June 1980, because the law allows the conversion of 'Form C' certificates from then into formally registered leaseholds.[51] Thus, the chiefs retain some of their powers.

The NDP recognises that the role of chiefs should be reviewed as they can contribute greatly to local governance and efficient development, and can carry out helpful conflict-resolution and bring land into the urbanisation process within a context of social cohesion rather than antagonism.[52]

NON-GOVERNMENT ORGANISATIONS

There is a strong NGO presence in Lesotho but most are focused on rural issues, especially concerning women's rights and response to the HIV/AIDS pandemic.

Habitat for Humanity Lesotho (HFHL)

HFHL is a non-profit, Christian charity which started work in Lesotho in 2001. Seeking to eradicate poverty housing, it combines housing improvement with community development. It is an affiliate of Habitat for Humanity International, largely funded through donations from churches and other organisations and individuals. Its method of operation includes a measure of international volunteering to help educate

people in Europe and North America to the realities of poverty.

In Lesotho, HFHL projects target orphans and vulnerable children (OVCs) and their households which may be a child-headed household, and/or include an elderly grandparent, disabled caregiver or an abusive parent. HFHL has provided a safe and decent shelter through the construction of 354 two-roomed dwellings suitable for a household of five people (Figure 20) but its construction programme is now suspended. Each dwelling is constructed in cement block or brick with corrugated iron roofs and range from a single-room addition to three-roomed dwellings. All houses have a detached ventilated pit latrine and access to safe drinking water, by providing water tanks where needed. The recipient households and over 100 others have received training on house maintenance and basic hygiene and are in possession of land ownership documents. There is also training on inheritance rights & security of tenure to beneficiary OVC households to reduce the vulnerability of their children.

By working in partnership with other NGOs, CBOs, government bodies and the local communities, HFHL ensures an all-round response to the needs of the recipient households. OVCs can maintain familiar home environment with close access to extended family and/or familial support networks.

Increasing community knowledge of inheritance and property rights has been a focus for HFHL, through training and advocacy campaigns, registering wills and enabling the training of 60 paralegals by the Master of the High Court to train communities in inheritance rights and security of tenure. Community engagement and participation is high on HFHL's agenda as is job creation through use of local labour to provide construction skills that can be used for local economic development.

FIGURE 20 Habitat for Humanity dwelling in Lesotho

TABLE 10 HFHL's activities

Intervention	Cost
Two roomed dwellings of 7.2m x 3.6m (26m^2) with concrete floors and plastered interior walls.	US$5,000
Ventilated Improved Pit (VIP) latrines constructed with concrete and/or corrugated iron with appropriate ventilation.	US$800
Water tanks ranging from 500 litres to 5000 litres.	US$800 to US1,000
Repairs and Rehabilitation - A solution offered to OVC households living in unsafe shelter that improves it with minor repairs.	US$800
Inheritance Rights and Security of Tenure Training and Home Maintenance and Hygiene Training (minimum of 10 persons per training).	US$25 per training

Source: *Presentation at the Stakeholders' Workshop, January, 2014*

BRIEF HISTORY OF URBAN HOUSING IN LESOTHO

The Lesotho Housing and Land Development Corporation (LHLDC) is the agency charged with assisting government in meeting the shelter needs of all Basotho by providing a variety of housing sites as well as home ownership and rental accommodation options to cater for a wide spectrum of income levels in the most cost effective manner available.

An assessment of the housing sector undertaken a few years ago revealed that most housing is provided informally, constructed by the owner, and financed by the individual savings.

Foreign donors have been a major element in the evolution of housing strategies and supply in Maseru. In the immediate post-independence period the UK continued to assist in constructing civil service housing, much of it for expatriate personnel. Later, the UK government was involved to a small extent with funding the initial survey and design work for the Mabote project (Devas, 1989).

The UN's Capital Development Fund (UNCDF) assisted the first housing project aimed at lower income groups, the housing cooperative project at Mohalalitoe built by the Lower Income Housing Company. The pioneering approach of this project interested other donors so that both the Canadian International Development Agency (CIDA) and the World Bank assisted in follow-up projects undertaken by LEHCoop, including Khubetsoana.[53] The World Bank's involvement was part of a wider strategy of

urban development which included the upgrading of a large area of 'informal housing' called Thamaes and setting up the Municipal Council for Maseru. The Bank's involvement is continued through a Second Urban Project to upgrade further areas in Maseru South and to develop a large sites and services programme at Thetsane.[54]

Mohalalitoe housing co-operative scheme (1976-8) was aimed at households with incomes below the median level. It involved laying out 300 m^2 plots and servicing them with water and sewerage connections; the construction of 270 dwellings (in the first phase) and the provision of some community facilities. Groups of households were expected to collaborate to construct their dwellings. The buildings were of high standard with brick walls, asbestos sheet roofing, concrete floors and internal sanitation. The standard plan was for an L-shaped, three-roomed dwelling plus sanitary core, capable of extension. Plans, materials and technical supervision were provided by LEHCo-op which set up the necessary Technical Services Organization.[55]

There was a single mortgage to the housing co-operative for which beneficiaries would repay the costs of on-site infrastructure, building materials and direct technical assistance for construction. The costs of land, off-site infrastructure and overheads would be absorbed by the donor and the Lesotho government. In practice, the eventual subsidy element was considerably greater than had been intended. Its pioneering approach not surprisingly led to problems, especially with certain aspects of cooperative management, such as collaboration between households in construction and the development of community facilities. Much of the construction work was carried out by LEHCo-op's skilled workers. There was a high rate of default in payments but the project provided good quality housing for a number of lower-middle-income households.[56]

Khubetsoana followed on from the Mohalalitoe project in 1981, although without the co-operative approach. Its dwelling price had to be drastically reduced to make the project affordable by lower-income groups without the large but hidden subsidy involved in Mohalalitoe. CIDA and the World Bank assisted with finance and they both insisted on reductions in standards to help with both affordability and full cost-recovery. Service standards were cut to pit latrines and public standpipes (although plot connections were also available). Plot sizes were reduced to 190 m^2 and simple two-room, extendable dwellings were built in blockwork instead of bricks. LEHCo-op provided the plans and supervised construction.[57] As is common in sites and services projects, most construction was done by private builders hired by the plot owners.

Applicants were selected from those having incomes at about the median for Maseru. Loans were available from a revolving fund with an interest rate of 9 per cent to cover on-site infrastructure, building materials, construction labour and technical assistance. The land and off-site infrastructure (such as it was) were financed by the donors and the government. Despite better efforts at collection and the eviction of a number of long-standing defaulters, arrears were a problem.[58] The plots at Khubetsoana are now considered to be too small and alien to Basotho tradition.

Although these two schemes were innovative, they provided only a fraction of the housing required for the growing urban population at the time and had little influence on housing outside their boundaries. Most of the increasing population had been accommodated informally, either within existing informal settlements or by new ones in the peri-urban area. In 1984, the World Bank started an upgrading scheme for many of the informal areas in Maseru. It involved a rationalisation of the road network with main routes being covered with tarmac; provision of a water reticulation network with public standpipes and the opportunity for private connections; street lighting; and a refuse collection service. Loans were offered for the construction of improved dwellings and the newly-developed VIP latrines. A number of serviced plots were also made available on vacant land within the areas. The work was carried out through a special Project Coordination Unit attached to the Ministry of Interior and financed jointly by the World Bank and the government; this unit was later incorporated into the newly established Maseru Municipal Council.[59]

Although the World Bank upgrading intended to regularise land tenure rights by replacing existing traditional rights with formal leases issued by the government, most people regarded their existing titles to be adequate and the necessary survey was too expensive. Thus it was only those who wished to obtain a mortgage or to sell their plots who were interested in obtaining the new titles. The project envisaged cost recovery through a plot development charge, but it was never collected. Anyway, many of the poorer households could only have paid it if they sold and moved out![60]

Housing development began in the Mabote area following the Khubetsoana project close by as field holders sold their land to all-comers. Plots tended to be 30mx30m (900m^2) with some buyers joining together up to four (3,600m^2) but development was sparse and chaotic. With help from the UK, the Lesotho government established a Mabote project team in 1985 to survey and draw up a development plan for the 630 Ha site including plots, some servicing, road lines and open spaces. With some difficulty owing to competing claims to land and disputes over plot boundaries, a rational layout was established and reduced further unauthorised allocations by field-holders. Although this project guided the pattern of development and provided some services, it has not benefited the poor significantly, as the plots were quite expensive in the first place. There were a total of 3,600 plots demarcated between 1986 and 1990 accommodating 4,400 households (18,600 people).[61] Only about one-third of occupants at the end of the 1980s were below the median of the Maseru income distribution[62].

Thetsane, quite a conventional site and service scheme, benefited from the experience of Mabote by ensuring that field owners did not feel compelled to sell before they could lose their land to government without reasonable compensation. It covers 180 Ha and was designed for 1,500 serviced sites in a variety of sizes and service standards to serve low-, middle- and high-income groups. A system of cross-subsidies was planned to ensure that about half the plots are affordable by those with incomes below the median. Plot holders could obtain loans from the Building Finance Corporation for the construction of housing and assistance with materials and supervision.

Since these relatively active times in the 1970s and 1980s, Lesotho housing supply policy and performance has settled into the orthodoxy of the late 20th Century, provided by the enabling approach encouraged by UN-HABITAT and the World Bank. Lesotho has, in common with many other countries in Sub-Saharan Africa, fulfilled one side of enablement without intervening in the other. So, while the government and its agencies withdrew from direct interventions in housing supply, as advised by the enabling approach, it has not formulated and implemented the policies to reduce bottlenecks in the land, finance, infrastructure, construction and building materials sectors. Thus, formal housing initiatives have largely disappeared.

Fortunately, perhaps, the informal sector has taken over as the major supplier of housing, even though much of it is unserviced, and the low-income population has been largely provided for by home-owners constructing and renting out *malaene* on their plots. This is specifically allowed for in the 1980 Town and Country Planning Act. In this way, the number of dwellings seems to have kept pace with need.

There was a National Housing Policy produced in 1987, but it was never implemented apart from the formation of the LHLDC from LEHCo-op and LHC. A National Shelter Strategy has been in preparation for many years, running to at least three different draft reports. It is not influencing policy at present and copies are very difficult to find.

Between 1989 and 2007, LHLDC concentrated on providing serviced sites for different income groups of which it has delivered 9,519, mostly in Maseru. The lowest cost plots have basic servicing while high income plots are fully serviced including a septic tank sanitation system. They have been provided on the basis of full cost recovery with a profit. LHLDC has recently built 400 dwellings for middle income ownership (Figure 14), costing M480,000 each in 2006. Because of its need to remain financially sustainable, it has shifted to building for customers of high net worth who can pay cash up front.

MLGCPA is currently building a few low-income dwellings at Linakotseng on the periphery of Maseru but they are likely to be too costly for most low-income households.

CAPACITY NEEDS ASSESSMENT

It is clear that, although many of the necessary institutions and legislation are in place, the regulatory framework and capacity of the actors in the process are inadequate to respond to the scale of housing need in urban Lesotho. As an example of how government institutions need more capacity to carry out the required activities in enabling housing supply over the next decade or so, the Department Planning and Development in MMC is short of the following staff; about half its total complement:

> The two most senior positions in Planning are vacant as is the Chief Valuer's job. There are vacancies for three out of six senior planners, four out of four planners. In the Lands Office, the lands officer, the valuations officer and four assistant planner/land economist posts are vacant.

The main capacity challenges facing housing in Lesotho is for there to be sufficient capacity within the institutions to encourage well located and efficient development (however it occurs) and discourage poorly located and inefficient development of housing. The presence of a housing policy may help this but it must enable a workable collaboration between public and household activity. The task of the institutions in the future is more likely to be one of encouragement, enablement and promotion of multiple households' housing supply efforts rather than directly developing a few thousand dwellings. Staff needs are likely to be moving away from technical professions to those of promoting the activity of others towards positive housing outcomes.

BRIEF CONCLUSIONS

Lesotho has most of the necessary institutional and regulatory framework in place for secure ownership of property and systematic planning of urban development, but much of it is inefficient, obsolete or no longer effective in its intended sphere. Major government documents show the right intentions on housing-related issues but action is less forthcoming. There is no dedicated housing ministry, nor one with housing even in its title. No formal institution is affecting the housing supply for the majority except through providing small quantities of relatively high-cost housing but greater quantities of infrastructure and land registration. As elsewhere in Sub-Saharan Africa, estate developers have a small effect on housing stock but the majority of housing is provided by the households in informal contracts with local small-scale builders.

Customary chiefs have no rights over land allocation any more but their presence, significance and activity are fundamental to the current housing process. The almost ubiquitous backdated Form Cs give a perceived security to many householders in the informal areas of urban Lesotho.

END NOTES

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3. *Maleleka (2009).*
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5. *Mattes et al. (2000).*
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7. *Centre for Affordable Housing Finance in Africa (CAHF) (2013).*
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9. *Centre for Affordable Housing Finance in Africa (CAHF) (2013).*
10. *Centre for Affordable Housing Finance in Africa (CAHF) (2013)*
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30. *http://www.mps.gov.ls.*
31. *http://www.gov.ls/works/*
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33. *Centre for Affordable Housing Finance in Africa (CAHF) (2013)*
34. *Septic tank sanitation system was partly provided in one of the projects because house owners moved in before WASCO serviced the area. LHLDC has successfully worked with WASCO to see that projects are sewered (Personal communication, MLGCPA).*
35. *Stakeholder interview, LHLDC.*
36. *Leduka (2012)*
37. *Silitshena et al. (2005).*
38. *http://www.lesothoreview.com/construction.htm*
39. *Centre for Affordable Housing Finance in Africa (CAHF) (2013).*
40. *UN-HABITAT (2010a); UN-HABITAT (2012a); UN-HABITAT (2012b).*
41. *Leduka (2012).*

42. *Kingdom of Lesotho (2014).*
43. *The authority will be referred to as (the old) MCC or (the new) MMC depending on what date is being referred to in the context.*
44. *Leduka (2012).*
45. *Leduka (2012).*
46. *From IDM (Institute of Development Management) Consultants (1996) cited by Leduka (2012): 15.*
47. *Centre for Affordable Housing Finance in Africa (CAHF) (2013).*
48. *The international consultant in this report, who lives in UK, has no idea of the local price of a 50kg bag of cement.*
49. *Kingdom of Lesotho (2014): 6.*
50. *Leduka (2012): 15; citing Kapa (2005), Shale (2005), Leduka (2006) and Quinlan and Wallis (2003)*
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03

CURRENT HOUSING STOCK

HOUSING CONDITIONS

There seems to be very little numerical housing shortage in urban Lesotho but there is a considerable backlog of servicing. Most housing is built in the informal sector through an incremental system that works in layers (all the foundations and floor slabs, followed by all the walls, then the roof and, finally, the finishes) rather than room by room. This is a time-consuming method with a result that there are many unfinished structures around the towns and cities and more urban sprawl than there needs to be.

It is traditionally expressed that all male Basotho feel they have the right to own a house before they die. According to data given to Habitat for Humanity's Audit of Housing Policy in Lesotho, 70 per cent of supply is informal. Although there are no data on the percentage of urban housing built in poor quality materials, Basotho are proud of the fact that their cities are relatively free of the very poor quality housing found in many countries in Sub-Saharan Africa and even in surrounding South Africa. There are virtually no dwellings built of corrugated metal or recycled materials.

There are no data on how many households live in or near hazardous conditions, in slums, or in squatter settlements.

Housing typology and materials

Concepts in housing policy in Lesotho are defined in the enumerator's manual used during the 2006 Population and Housing Census.

A dwelling unit is defined as the housing accommodation appropriate for occupation by one household. Thus, a dwelling unit may be a whole house or a part of a house, or a flat or an apartment. Internationally, this is normally referred to simply as a dwelling and the Profile will use that term.

The term "housing unit" is used as in the US Census for a house, an apartment, a mobile home, a group of rooms, or a single room occupied, or intended for occupancy, as separate quarters. This seems identical to the "dwelling unit" above.

A household is defined as a person or a group of people who live together and have common catering arrangements, whether or not they are related. This is the "eating from the same pot" definition common in Sub-Saharan Africa. In Lesotho, a household member who has migrated but has been in touch with home in the last three years is counted as part of what is known as the 'de jure' household even though they do not share catering arrangements.

Housing unit types are quite specific in Lesotho, as follows:

Malaene (formerly li-line)

This is a rectangular building, normally of concrete blocks or local bricks, and with a shallow single pitched corrugated iron roof. It normally comprises rows of single rooms (roughly 4m x 4m) or two-roomed suites, rented to households (Figure 21 to Figure 25). The front façade usually shows a door and one or two windows depending on the number of rooms; the standard of external and internal finish is highly variable. The norm is to combine living, cooking, eating and sleeping all in a single room. *Malaene* is the Sesotho rendering of 'line'. Leduka [1] claims that *malaene* have eased the pressure on the public sector to provide housing for the urban poor. They are developed as an investment opportunity and their informality allows a pace of development that far outstrips the formal supply. Very little is known about the owners of *malaene* or whether they are good investments. Some obviously live in the main dwelling on the plot but some are probably absent. Mapetla[2] mentions an owner living in Bloemfontein. They comprise just over 40 per cent of all dwellings[3] and dominate urban house forms built to rent. They are actually mentioned in the Planning Standards 1990 as being allowed to be built on a plot along with a main dwelling for rental income. They are particular predominant in the areas close to the garment factories.

FIGURE 21 *Malaene* close to the Thetsane garment factories (Google Earth)

FIGURE 22 Clothing factories in Maseru with *malaene* close by

FIGURE 23 A line of *malaene* showing a door and one window for each one-roomed dwelling

FIGURE 24 A longer line of basic malaene

FIGURE 25 Malaene around a communal open space

Polata

This is also a rectangular building with three or fewer rooms and a shallow single pitched roof. *Polata* is a Sesotho rendering of 'flat'. The walls of concrete blocks, sandstone, rubble, burnt or mud bricks are topped by a corrugated iron roof. The flooring is earth or concrete covered by linoleum or may be covered in vinyl tiles; ceilings are either not installed or of decorated plaster board. It may be rendered and decorated externally. In the Development Control Code of 1989, a 'flat' is regarded as the same as a*malaene*. Indeed, it can be said that when a *polata* is attached to another, they become *malaene*. Comprising 38 per cent on its own, the *polata* is the second most common urban house form and, combined with *malaene*, these two rectangular single-room deep house forms provide almost 80 per cent of all urban housing (Table 11).

FIGURE 26 Polata in Maseru

Bungalow

This is a villa of a single or multiple storeys with either flat or double-pitched roof (Figure 27 and Figure 28). Walls may be of sandstone, first grade brick or rendered and decorated concrete block. The roof covering can be corrugated iron sheets, tiles or thatch. The internal finishes normally include cement flooring and plaster board ceiling. They constitute about 8 per cent of urban housing (Table 11) though they are evidently much more common in Maseru.

FIGURE 27 An expensive bungalow

FIGURE 28 Bungalows of varied size and quality

FIGURE 29 An optak in Mohale's Hoek

Optak or opdak

This is a single storey house with a double-pitched roof normally with five or fewer[4] habitable rooms (Figure 29). Walls are normally of sandstone, rubble, brick or concrete blocks; the roof covering is corrugated iron sheets or thatch. Internal finishes are highly variable. About 6 per cent of urban housing is in optak form (Table 11)

Apartment building or town house

This is a single or multi-storey complex of self-contained dwellings built of modern construction materials such as concrete block or first-grade brick with single shallow-sloping or double-pitched roof, of corrugated iron sheets or tiles. These housing units are normally rented out. The factor, which distinguishes the apartment/town house units from *malaene*, is the number of habitable rooms and the level of services. Although some policy-makers see them as the future housing form, they currently only constitute less than 3 per cent of urban housing (Table 12)

Heisi

This is also a rectangular building with three or fewer rooms (0). Its roof is usually thatched and walls are sandstone, rubble, mud, sand, cement, brick and render. There are very few in urban areas

Rontabole

This is a round building (elsewhere called a Rondavel) with a conical roof. There is normally no ceiling. Floors are normally earth but can also be cement. The roof may be thatched, tiled or covered in corrugated iron; walls will consist of local materials such as sandstone, rubble or mud brick and render. The stone rontabole with thatched roof is the traditional rural dwelling (Figure 30). Very uncommon in urban areas, the rontabole type constitutes almost 28 per cent of the national stock (Table 11).

FIGURE 30 Rontabole near Mafeteng

Temporary Structure

Temporary structures tend to be built from cardboard, plastic sheeting or pre-used roofing materials.[5] While they were common enough for Mapetla[6] to mention them, they are now quite uncommon in urban Lesotho. If an observer sees a corrugated iron-clad building it is much more likely to be a retail kiosk than a residence.

TABLE 11 Percentage distribution of housing units by type of housing unit, all Lesotho, 2006

Type	Urban Percentage	National	
		Percentage	Number
Malaene	41.4	8.4	57,666
Polata	38.0	44.9	309,773
Bungalow	7.8	4.5	30,895
Optak	6.0	7.2	49,623
Apartment	2.7	0.7	5,023
Temporary	2.2	0.8	5,636
Rontabole	1.5	27.9	192,517
Heisi	0.8	5.6	38,285
Total number	**95,456***	**100**	**689,418**

Source: *2006 Census* [7]

Note: **This is derived from 22.6 per cent of households that are urban and one dwelling per household*

Urban housing is almost equally divided among *Malaene*, *Polata* and Rontabole types, with Bungalows and Optak being less common. Apartments are very rare. There is very little housing recorded as temporary in Lesotho. More than one type may occur on one plot. The number of bungalows in Maseru seems to be increasing and they may be a far larger proportion of housing types there than in urban Lesotho generally.

Building materials

There are no separate urban data on the building materials used in the nation's housing stock so the Profile will use the data from its own sample survey to give an indication of the existing conditions.

TABLE 12 Wall materials used (percentage frequencies)

	Maseru low income	Maseru Middle and high income	Leribe	Mohale's Hoek	Mokhotlong	Thaba-Tseka
Brick/ cement blocks	75.0	87.4	65.7	71.4	37.5	47.1
Mud-adobe	4.6	0.8	14.3	17.3	54.2	50.
Mortar	3.9	7.1	18.1	0.0	8.3	0.0
Other	16.4	4.7	1.9	11.2	0.0	2.9

Source: *Profile Sample Survey*

Permanent wall materials are dominant in much of urban Lesotho (Table 12) although less so in Mokhotlong and Thaba-Tseka than elsewhere. Mud housing is uncommon in Maseru, Towns in Leribe and Mohale's Hpek but more common in the mountain cities. The 'other' category includes stone housing which is common in some locations, especially close to quarries. Around some border posts, a few households have built corrugated iron shacks.

TABLE 13 Floor materials used (percentage frequencies)

	Maseru low income	Maseru Middle and high income	Towns in Leribe	Mohale's Hoek	Mokhotlong	Thaba-Tseka
Ceramic/vinyl tiles	39.7	71.1	52.8	35.4	22.9	14.7
Concrete	36.5	22.7	32.1	26.3	33.3	41.2
Carpet	17.3	5.5	0.0	10.1	2.1	0.0
Mud	6.4	0.8	15.1	28.3	41.7	44.1

Source: *Profile Sample Survey*

In the Profile's sample survey, it is evident that most dwellings in the Maseru middle and high income and towns in Leribe samples have tiled floors, with most of the remainder having concrete screed flooring. In the towns, mud flooring is still quite common (Table 13).

TABLE 14 Roof materials used (percentage frequencies)

	Maseru low income	Maseru Middle and high income	Leribe	Mohale's Hoek	Mokhotlong	Thaba-Tseka
Corrugated iron	88.5	41.4	56.6	85.0	24.5	42.9
Tiles	7.1	54.7	34.0	9.0	24.5	8.6
Grass	3.2	2.3	9.4	6.0	51.0	48.6
Other	1.3	1.6	0.0	0.0	0.0	0.0

Source: *Profile Sample Survey*

Table 14 shows how the dwellings in the Profile's Sample Survey are mainly roofed in corrugated iron in the larger cities but grass thatch is still common in small cities. Tiles cover half the dwellings in middle and high income areas of Maseru, one third in towns in Leribe, and one in four dwellings in Mokhotlong.

These data show that there is almost no housing built of poor quality materials or scrap in the urban areas of Lesotho.

Occupancy and Tenure

There is no occupancy information in the 2006 Census.[8] It shows the tenure of the land held by the owner of the house; it does not show how households acquire rights to occupy the rooms they live in. The PRSP[9] asserts that "owner occupied dwellings dominate the sector" but it is unlikely that a majority of households own the structure in which they live.

The Profile sample survey shows a mean of 3.03 and a median of two rooms occupied by households in Maseru with a mean of 3.5 for owners and two for renters.

TABLE 15 Tenure (percentage frequencies)

	Maseru low income	Maseru Middle and high income	Leribe	Mohale's Hoek	Mokhotlong	Thaba-Tseka
Own	38.7	63.6	86.0	89.1	83.7	88.6
Rent	61.3	36.4	11.2	5.9	14.3	5.7
Sub-rent	0.6	0.0	1.9	4.0	2.0	0.0
Other	0.0	0.0	0.9	1.0	0.0	5.7

Source: *Profile Sample Survey*

The Profile Sample Survey found most households are owners in the small cities while there is a general balance in Maseru between owners and renters; half the households in Maseru are renters although renters dominate in low-income areas and owners in middle and high income areas. Renting is much less common in the smaller towns at between six and 14 per cent. There is very little sub-renting or any other tenure (Table 15).

The MUP&T study[10] shows that more than half of the Maseru housing stock was rented while 45 per cent was owner-occupied. Small percentages were occupied free or through other means. Most rental housing is in the form of *malaene*. In some parts of Maseru, especially around the areas where the garment factories are located, tenancy rates can be as high as 72 per cent.[11]

It is evident from Table 16 that most owners built their dwellings while a minority inherited them. This inheritor minority is largest in low-income areas of Maseru when fully one in four owner households inherited. Buying a dwelling is relatively rare, as it is in most of Sub-Saharan Africa.

Most low-income households will probably continue to rent single rooms or two rooms in privately provided *malaene* (rows of single or double interconnecting rooms popularly constructed for renting) or their equivalent.[12]

Table 17 shows that the Profile's sample population pay median rents of between M400 and M500 (between US$36 and US$45) in Maseru, Leribe and Mohale's Hoek. Means are higher throughout but especially high in Maseru Middle and high income areas where some very expensive rental property is found. The sample sizes for renters in some small cities are very small, e.g., two in Thaba-Tseka.

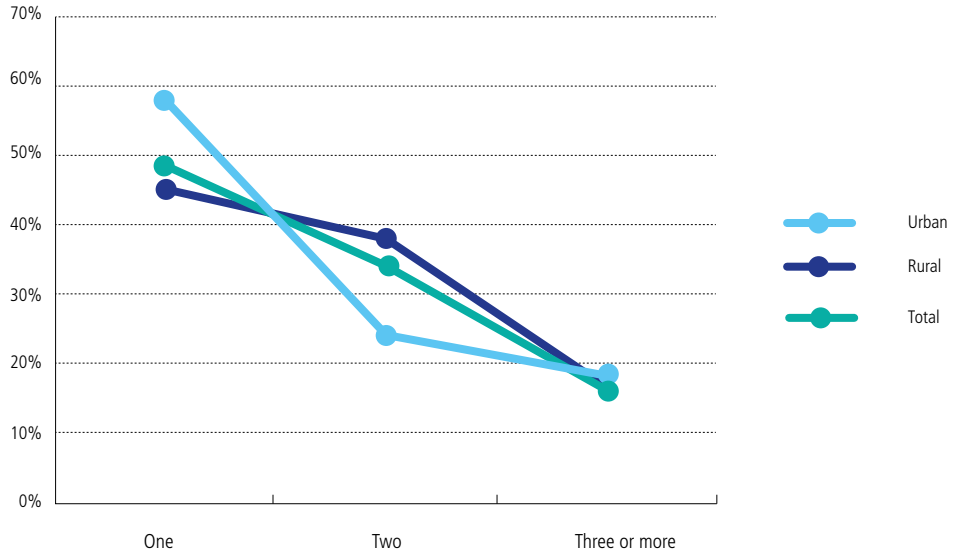
ROOMS OCCUPIED

TABLE 18 Rooms used for sleeping[13]

	Urban	Rural	Total
One	46.4	39.2	41.3
Two	19.5	33.0	29.0
Three or more	14.3	14.3	14.3
Missing	19.8	13.5	15.4

Source: *LDHS[14]*

FIGURE 31 Rooms occupied for sleeping (valid percentages)



Source: *after LDHS[15] with missing values removed.*

As evidenced from Figure 31, which is data from Table 18 with the missing values removed, almost 60 per cent of urban households only have a single room for sleeping. The Profile's sample survey (Table 19) shows more rooms occupied with only Thaba-Tseka having more than half its households in single rooms and a mean of less than two rooms per household. Both towns in Leribe and Maseru middle and high income neighbourhoods have few households in single rooms. The difference between the different income-group areas in Maseru is quite marked with a mean of only 2.3 rooms in the low income areas and 4.1 in the higher income areas.

TABLE 19 Rooms occupied (percentage frequencies)

	Maseru low income	Maseru Middle and high income	Leribe	Mohale's Hoek	Mokhotlong	Thaba-Tseka
1	37.2	10.5	12.6	24	30.6	51.4
2	35	18.5	11.7	26	22.4	28.6
3	14.6	16.1	26.2	18	12.2	11.4
4	4.4	14.5	16.5	18	20.4	2.9
5	6.6	12.9	16.5	8	4.1	5.7
6	0	12.1	6.8	4	8.2	0
7	0.7	6.5	6.8	1	0	0
8	0.7	5.6	1	0	0	0
9	0.7	1.6	1	0	0	0
10+	0	1.6	1	1	2	0
Mean	2.19	4.12	3.79	2.83	2.86	1.83
Median	2	4	3	2.5	2	1

Source: *Profile Sample Survey*

The household size distributions from the Profile's sample survey (see chapter 4) show a consistent pattern of most grouped fairly tightly around four persons apart from Mokhotlong, where there is a very steady percentage of household sizes up to seven persons, and Maseru low income areas where households are at least one person smaller than the others with a focus around two to four persons.

TABLE 20 Occupancy rates (percentage frequencies)

	Maseru low income	Maseru Middle and high income	Leribe	Mohale's Hoek	Mokhotlong	Thaba-Tseka
0-1.0	32.8	59.7	41.7	28.0	26.6	31.4
1.01-2.0	40.2	30.6	37.9	13.0	10.2	25.7
2.01-3.0	15.3	6.5	8.7	23.0	16.3	20.0
3.01-4.0	7.3	0.8	7.8	11.0	4.1	22.9
4.1+	4.4	2.4	3.9	7.0	22.4	14.3
Mean	2.0	1.3	1.6	2.2	2.7	3.3
Median	1.6	1.0	1.3	2.0	2.0	2.5
Percentage overcrowded at 2ppr	27.0	9.7	20.4	41.0	42.8	57.2

Source: *Profile Sample Survey*

Occupancy rates are relatively low in urban Lesotho in relation to other countries in Sub-Saharan Africa with a majority of households living at two persons per room or less, at least in Maseru and towns in Leribe, which have mean occupancy rates of less than 1.5 people per room. Crowding is greater in the towns where occupancy rates above two people per room are more normal. Owners and renters seem to live at very similar levels of crowding, both having means of 1.9 persons per room in the Profile's sample survey.

HOUSING PRODUCTION

In line with Table 16, the CAHF report[16] points out that a significant proportion of housing is owner-constructed and owner-financed. By this, it acknowledges the main supply process in Sub-Saharan Africa which is that the prospective owner decides to engage a local small-scale contractor to build a house for him/her. In addition, some build the house through their own labour. The next stage, in the urban and peri-urban areas, is often to add rented rooms in the form of one or more rows of *malaene* in front of the main house. Indeed, the Planning Standards specifically mention this as a permitted addition to the single dwelling allowed on the plot (see chapter 2).

The CAHF report[17] estimates that 23% of households live in homes they built themselves, and 20% inherited their houses. The finance is raised through earnings, windfall gains (such as retirement gratuities) and loans from family and friends. The majority of people in Lesotho depend on family networks and/or inheritance to acquire housing (see chapter 6). Owners often anticipate the eventual build by collecting materials over time (see Figure 32) and build their houses after most or all of the building materials have been assembled. CAHF[18] estimates that it normally takes a minimum of three years for a household to gather the materials before they can begin construction. Construction costs may be further spread by building additional layers or rooms as and when possible (see chapter 8). Infrastructure tends to follow later, often years after construction, if at all (chapter 7)

FIGURE 32 Block saving on the plot ahead of construction

Formal housing supply

LHLDC is the major state-owned developer of serviced sites, rental accommodation and to homes for ownership. It is entirely self-financing, receiving no government subvention. By 2010/2011, the LHLDC had delivered 9,519 serviced sites. Nearly 52 per cent of serviced plots and 76 per cent of dwellings delivered by LHLDC's projects have been in Maseru. LHLDC has, however, made little mark on the rental market for low-income groups; it has a rent-to-purchase scheme which was developed as a means of improving the chance to sell some of its new stock. The occupier can pay a monthly sum of which half is rent and half is repayment over the first ten years. The rental half builds a deposit, for five years, than the deposit is transferred to bank.

Down payments are the major problem for LHLDC's buyers (hence the rent to purchase scheme), especially outside Maseru. There is also a saturation of the market at the highest price levels so it now concentrates on two bedroom units selling for M450-500,000 to keep out of the price bracket above M600,000. It tries to reduce costs by reducing standards a little through, for example, using steel window frames instead of aluminium.

Going forward, LHLDC faces several general problems;

- It does not have very much financial muscle; it must recover costs on one phase or project before starting another. Under its law, which is outdated, it cannot borrow sufficiently. There is the hope that it will be able to pledge its properties and raise money on them.
- It lacked a Board of Directors for a long time until April 2014, and has carried some problems over from that time.
- The up-front cost of servicing is costly to carry while the projects are being implemented.
- Land price rises in Maseru are seen as a problem for competitive pricing.[19]

Many government departments have built housing for their staff in the past (Figure 34 and Figure 35). The government undertakes limited housing development, and issues tenders for time to time for the construction of residential buildings.[20] Employees pay a percentage of their salary as rent.

FIGURE 33 Houses in LHLDC's gated Friebel Estate, central Maseru

FIGURE 34 Housing for senior police in Maseru

FIGURE 35 Prison officers' housing, central Maseru

The ministry responsible for housing, MLGCPA, is currently building a small estate of 17 low-income dwellings of about 42m^2 each, at Linakotseng in the periphery of Maseru. For some of the three-roomed dwellings, it is using hydraform blocks as an alternative to cement blocks (see chapter 8). The project is currently at a stand awaiting private contractors' taking over the completion of the dwellings.

FIGURE 36 One of the MLGCPA dwellings at Linakotseng

PRIVATE DEVELOPERS

Some private developers are focusing on high-density gated residential estates in inner Maseru in significant enough numbers to be considered as a 'property boom'.[21] They are too small at present to qualify as the self-contained gated community development that is common in South African cities but they are fully serviced, unlike the peri-urban informal neighbourhoods. Fortifications around dwellings, in the form of high security walls and/or fences (sometimes electrified) sometimes with 24-hour security guards and surveillance gadgets, are increasingly found around middle and high-income dwellings whose occupants perceive danger from crime. They pose new challenges to urban planning as their security fences are often higher than the 2m allowed by the Development Control Code.[22]

Developers evidently encounter numerous challenges in acquiring land and registering it, which cause long delays in the issuing of titles. This is seen by CAHF[23] as a factor discouraging developers to enter the market. When enquiries are made into the problems, one is stated that developers are delayed in their bid to buy land by land-holding agencies. What from the developers' side appears to be prevarication, however, is often an issue that public-sector land holders cannot part with the land on the promise of money coming from partners in a few months' time.[24] Leduka[25] doubts whether there is the demand for as much high-income housing as is being developed in Maseru (and Lesotho), especially given that foreigners cannot own property.

One actor in this process that has learned the truth of this the hard way is the locally owned Matekane Group of Companies (MGC) which is involved in mining, transport and property.[26] The company is diversifying into residential real estate in a limited way and for high-net-worth buyers. It has developed Mpilo Estate, with luxury three-bedroom units for sale, while the Hilton Estate, with 15 units to be built to order, is in the planning phase.[27]

FIGURE 37 The retaining wall at Mpilo

The Mpilo estate was built on SDA land (see chapter 5) for which MGC paid M525,000 (US$47,500) for a steeply sloping site very close to the Parliament building. It involved major engineering work including a retaining wall (Figure 37), so it was not an easy site to build on. Nevertheless, MGC developed some dwellings to owners' own designs (Figure 38) and then developed the remainder of the site, the lower part, with 20 dwellings on 500 m^2 plots (Figure 39). Only a few of them have been bought as customers are put off by the 'small' plots which leave only a thin strip of land around each dwelling. The cost is between M1.5 and M2.6 million to purchase and between M15,000 and M25,000 per month to rent (US$1,350 to $2,260).[28] They are still not all sold in September, 2014.

FIGURE 38 Dwellings built by MGC to clients' own designs at Mpilo

FIGURE 39 Speculatively-built MGC dwellings at Mpilo

Habitat for Humanity Lesotho (HFHL)

HFH's former international policy was to provide similar dwellings, wherever it worked, to households co-operating together and paying for them through repayments based on the cost of two bags of cement. HFHL has moved on from this in the new international policy of collaborating with other actors in the housing process in other types of interventions which provide the poor with housing-related assistance, often in less tangible ways than building dwellings. HFHL has concentrated its provision of completed dwellings on the needs of OVC's households. It has supplied 354 two roomed dwellings of 7.2m by 3.6m (26m^2) with concrete floors and plastered interior walls costing US$5,000 each.

INFORMAL SECTOR STOCK AND SUPPLIERS

Probably a large majority (90 per cent) of households in urban Lesotho live in the informal sector. Their dwellings are built, on land allocated by chiefs and masimo-owners, by small-scale contractors employed on labour-only contracts to build single dwellings or rows of *malaene*. The informal neighbourhoods are poorly serviced but of reasonable physical condition. Some recent mass provision of pit and VIP latrines has occurred. Densities are low (Figure 40 and Figure 41).

FIGURE 40 Informal development in the periphery of Maseru at Foso

FIGURE 41 Low density informal sector housing in peripheral Mafeteng

As will be described in more detail in chapter 8, the dwellings are built incrementally, usually in three layers, all the foundations, all the walls to lintel or roof level, and the roof and finishing. These are the same type of increments used in Ghana[29] but not in Malawi or Zambia[30] where room by room incremental building is more the norm. To increase the time available for funding the building, it is common to stockpile materials before construction starts (Figure 32).

BRIEF CONCLUSIONS

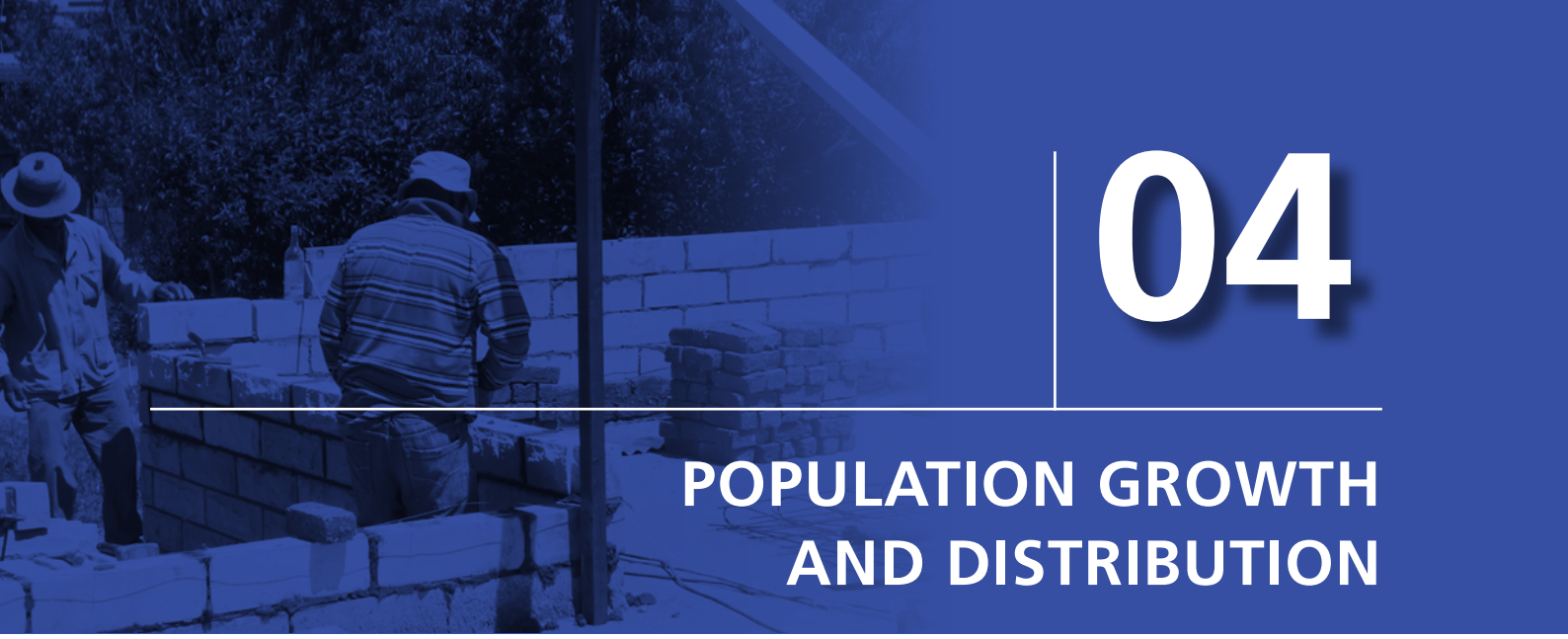
Housing in urban Lesotho seems to be both in good condition and largely sufficient for the population. There is crowding, in that many households occupy one too few rooms for their household size, but it is not as much a feature of housing in Lesotho as it is in, say, Ghana.[31] There is very little housing built of temporary materials.

Housing in Lesotho is classified into a typology but little seems to be made of the rise or fall in popularity of particular types. In general, however, a rise in bungalows is seen as "a good thing" from the modernisation point of view. This Profile will differ in that the house forms relevant for the need estimated are likely to be simpler types. The main form of housing for low-income households (79 per cent between them) are the *malaene*, rows of rooms, with shared services, or the single roomed *polata*, added to the main dwelling on a plot. In them is probably found the future of housing for the majority in urban Lesotho. Most households have at least two rooms.

The main formal sector suppliers, chief of which is LHLDC, have supplied a minority of the stock and cannot target the low-income majority because of the cost of their well-built and serviced housing. As in many other Sub-Saharan African countries, private developers only deal with the top of the market. Poor servicing and sprawl are major issues which must be faced as need for urban housing increases over the next decade.

END NOTES

1. *Leduka (2012).*
2. *Mapetla (1996).*
3. *Kingdom of Lesotho (2009a).*
4. *"Three or less" in the Development Control Code, 1989*
5. *Kingdom of Lesotho (2009a): 1-2.*
6. *Mapetla (1996).*
7. *Kingdom of Lesotho (2009a).*
8. *Kingdom of Lesotho (2009a).*
9. *International Monetary Fund (2012).*
10. *Ministry of Works and Public Transport (2010).*
11. *Hall (2002).*
12. *Leduka (2012).*
13. *Rooms for sleeping are the equivalent of habitable rooms (Stakeholder interview, BoS, January, 2014).*
14. *Kingdom of Lesotho (2010a): table 2.9.*
15. *Kingdom of Lesotho (2010a): table 2.9.*
16. *Centre for Affordable Housing Finance in Africa (CAHF) (2013).*
17. *Centre for Affordable Housing Finance in Africa (CAHF) (2013).*
18. *Centre for Affordable Housing Finance in Africa (CAHF) (2013)*
19. *Presentation by MD of LHLDC at the Stakeholders' Workshop, January 2014*
20. *Centre for Affordable Housing Finance in Africa (CAHF) (2013).*
21. *Lesotho Times, November 12th 2010, cited in Leduka (2012).*
22. *Leduka (2012).*
23. *Centre for Affordable Housing Finance in Africa (CAHF) (2013).*
24. *Insights shared at the Second Stakeholders' Workshop, September, 2014.*
25. *Leduka (2012).*
26. *http://www.matekaneproperty.co.ls/index.php/en/services.*
27. *Centre for Affordable Housing Finance in Africa (CAHF) (2013).*
28. *Stakeholder interview, MGC, 24 January, 2014.*
29. *UN-HABITAT (2012a).*
30. *UN-HABITAT (2010a); UN-HABITAT (2012b).*
31. *UN-HABITAT (2012a).*



04

POPULATION GROWTH AND DISTRIBUTION

This chapter uses the Government of Lesotho's own figures on population growth and distribution between urban and rural. Although the numbers are not large, Lesotho's urban population is growing quickly and will impose significantly greater housing needs by 2025 than it did in 2006. These will include services and infrastructure, they will impact affordability, habitability, accessibility, location and security of tenure, which are all components of the right to adequate housing.

Thus, the need for housing is likely to be a significant increment to Lesotho's urban housing stock (about a 100 per cent increase in 19 years) and constitute a production rate of many dwellings per thousand people.

URBAN POPULATION

There are two estimates of national and urban population which should draw the Profile's attention. The Continuous Multi-Purpose Survey (CMS) for the 1st quarter of 2011/2012[1] and the Bureau of Statistics population projections until 2026. In the CMS, the urban population in 2011/12 is given as 448,383, 27.5 per cent of the national population of 1,627,859.

TABLE 21 Proportion of Households and Household Population by Residence and Average Household Size - CMS 2011/2012

	Total Households	Percentage	Total Population	Percentage	Average Household Size
Urban	130,673	34.9	448,383	27.5	3.4
Rural	244,065	65.1	1,179,476	72.5	4.8
National	574,737	100.0	1,627,859	100.0	4.3

Source: *CMS*[2]

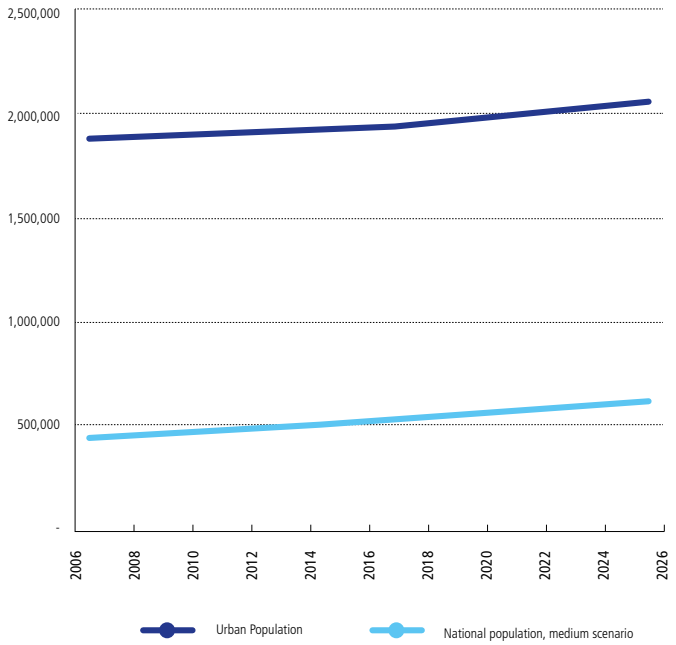
The population in Figure 42 is much lower than the Chapter 1 figure for Maseru 453,571 in 2010 would suggest.

In 2006, the census counted 120,468 urban households but has not published any numbers of dwellings. In its absence, this Profile assumes one household per dwelling (there are 472,371 dwellings nationally).[3] The 2006 census figures are the latest national count of households so the Profile will use it as the starting point for the calculations of how much new housing is required by 2025.

In 2011-12, CMS[4] estimates 130,700 urban households with a total population of 448,400. Because urban households are smaller at the mean (at 3.4 persons) than total households (at 4.3 persons), the proportion of urban households is greater than urban population (Table 21).

On the other hand, the Bureau of Statistics has estimated population forward until 2026 under three scenarios.[5] As decided in the first stakeholder workshop, the Profile uses its medium scenario as the basis for its housing need estimates (Figure 42 and Table 22).

FIGURE 42 National and urban population projections for Lesotho



Source: *Lesotho 2006-2026 Projections*[6]

TABLE 22 Population projections for Lesotho and urban Lesotho (thousands; 2010-2025)

	2010	2015	2020	2025
National Population	1,892	1,924	1,973	2,039
Percentage urban	24.8	27.0	28.7	30.0
Urban Population	470	520	566	612
Growth in urban population since 2006	41	91	137	183
Percentage growth since 2006	9.6	21.2	31.9	42.7

Source: *Lesotho 2006-2026 Projections*[7]

TABLE 23 Number of households projections for urban Lesotho using CMS household sizes (thousands; 2010-2025)

	2010	2015	2020	2025
National households at 4.3 p/hh	440	447	459	474
Urban households at 3.4p/hh	138	153	166	180
Growth in urban households since 2006	18	33	46	60
Percentage growth since 2006	15.2	27.5	38.7	50.0

The data from Table 22, it is evident that urban growth is quite slow in Lesotho but it is quicker than national growth. Starting with the 2006 Census households, and predicting the number of urban households by dividing urban population by household size of 3.4,[8] the number of urban households will grow by 15 per cent by 2010, 28 per cent by 2015, and 50 per cent by 2025. Thus, the urban areas would have 60,000 more households in 2025 than in 2006.

TABLE 24 Number of households projections for urban Lesotho using LDHS household sizes (thousands; 2010-2025)

	2010	2015	2020	2025
National households at 3.9p/hh	485	493	506	523
Urban households at 2.9p/hh	162	179	195	211
Growth in urban households since 2006	42	59	75	91
Percentage growth since 2006	35.1	49.4	62.6	75.9

The data from Table 24 uses the much smaller LHDS[9] urban household size of 2.9 which, naturally, generate a larger number of urban households. It shows that, in this case, the urban households will have grown by 42 per cent between 2006 and 2010, 59 per cent by 2015, 75 per cent by 2020, and 91 per cent by 2025. The urban areas would have 76,000 (50 per cent) more households in 2025 than in 2006. The initial growth between 2006 and 2010 of 42 per cent in four years is unlikely, however, so it might be more helpful to use the CMS household sizes but recognize that they might be giving an artificially low estimate. In addition, the Profile's sample survey points towards a mean household size close to 3.4.

Thus, the Profile uses the projection in Table 23 that the urban population will be 2.04 million in 2025 comprising 180,000 households; 60,000 more urban households than found in the census of 2006 and a household size of 3.4 as more feasible than 2.9.

HOUSEHOLD SIZE AND HOUSING NEED ACCORDING TO LDHS

TABLE 25 Household head by gender

Household headship	Urban	Rural	Total
Male	62.9	64.0	63.7
Female	37.1	36.0	36.3
Total	**100.0**	**100.0**	**100.0**

Source: *LDHS.*[10]

About 37 per cent of urban households are headed by women.[11] This is quite a high proportion of women-headed households even for a region where they are common. This reflects the over-representation of women in Lesotho, the absence of out-migrant males (who are mostly counted in the household sizes), and the frequency of in-migrant women working in the garment factories in Maseru.[12]

The household sizes include any household member who has migrated elsewhere as long as there has been contact with them in the last three years. Thus, many households will have a de facto size of at least one fewer adult.

Although 77 per cent of all urban males live in their normal place of residence, migration for work is so common in Lesotho that only about 60 per cent of men in the working age groups live in their household's place of residence. The migrants are about equally divided between elsewhere in Lesotho and in South Africa but fewer of the younger working age groups are in South Africa. The absence of some of the members of the de jure households included in the occupancy distributions suggests that the reality is even less crowded than the data suggest.

TABLE 26 Household size distributions (percentage frequencies)

No. of people	Urban	Rural	Total
1	26.9	15.1	18.6
2	20.5	14.8	16.5
3	19.2	18.1	18.4
4	15.2	17.3	16.6
5	9.1	13.5	12.2
6	4.5	8.6	7.4
7	2.3	5.4	4.5
8	1.1	3.1	2.6
9+	0.7	3.6	2.7
Mean size of households	2.9	3.9	3.6

Source: *LDHS*[13]

In the first Stakeholders' Workshop, January 2014, the delegates discussed the choice of a crowding threshold. Taking into account the small room size in housing such as *malaene* and the propensity for Basotho to live much of their home life within the rooms, it was decided to adopt the two person per room threshold for calculations of housing need both now and in the future.

TABLE 26 Need for rooms at 2 persons per room (percentage frequencies)

Rooms needed	Urban	Current supply (bedrooms)
1	47.4	57.86
2	34.4	24.31
3/3+	13.6	17.83
4	3.4	-
5	0.7	-
6 +	1.74	1.68

Source: *LDHS*[14]

FIGURE 43 (Bed)rooms supplied and rooms needed at 2ppr (LDHS data)

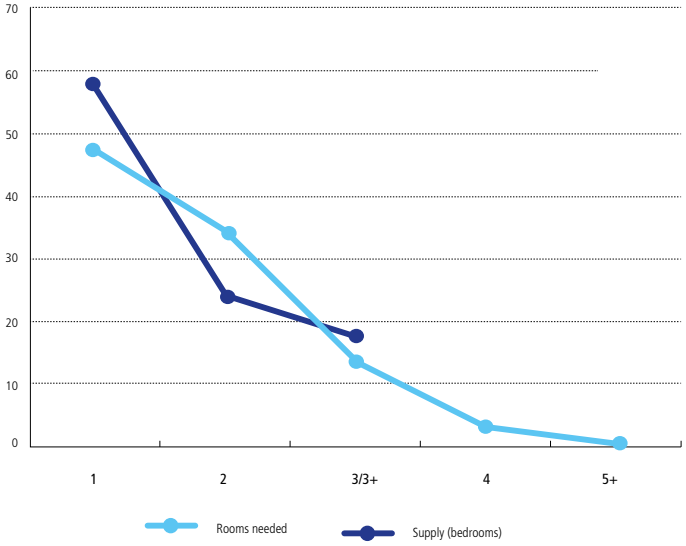
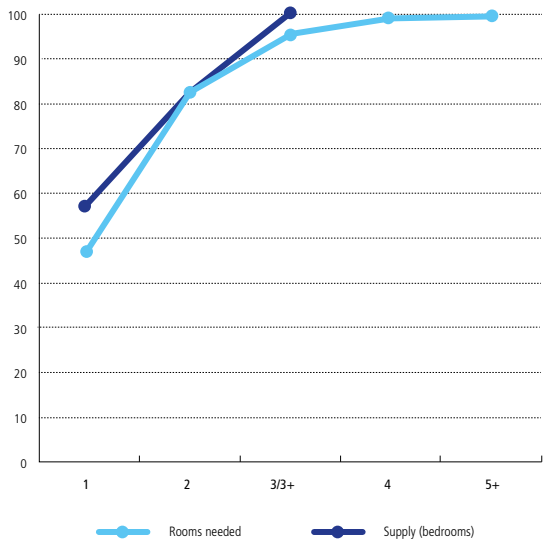


FIGURE 44 Cumulative need for rooms at 2ppr crowding threshold with current supply added (percentage)



The LDHS data [15] show that, if 'bedrooms' include all rooms, there are slightly too many urban households occupying single rooms. If the bedrooms data means that some households have at least one other, living room, most households are adequately housed at 2 ppr. Those that do not have an additional living room are likely to be among the poorest households. The Profile's sample survey adds some regional variation to this but also counts rooms, whether bedrooms or living rooms, equally. Thus, in its data, the number of rooms occupied is more accurate as a measure of crowding but it has only a limited sample size. The Bureau of Statistics should be asked to tabulate data on rooms occupied in the next Census.

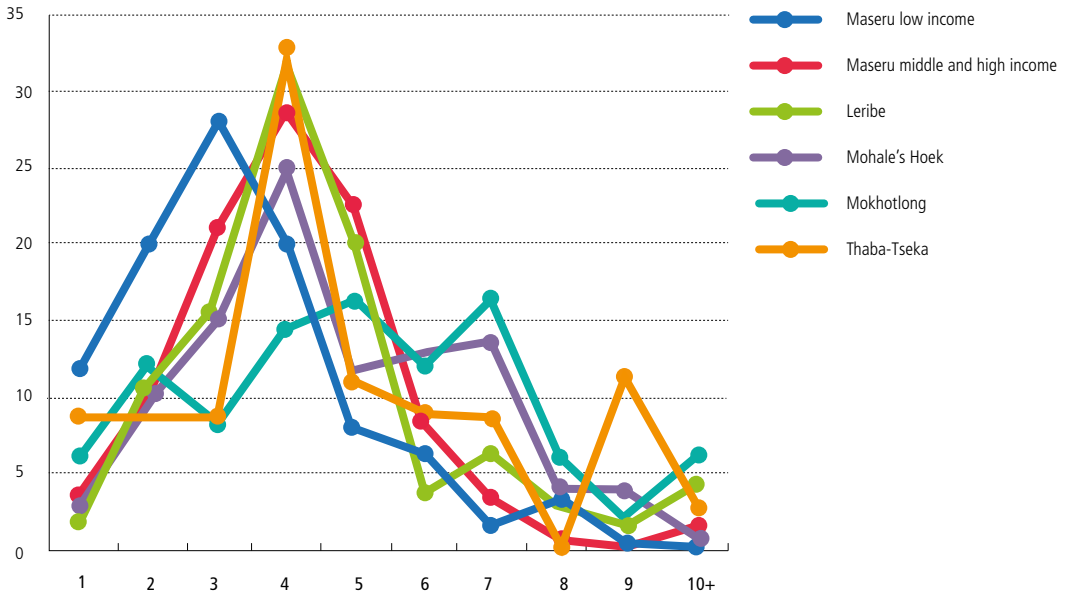
HOUSEHOLD SIZE AND HOUSING NEED ACCORDING TO THE PROFILE SAMPLE SURVEY

TABLE 27 Persons per household (percentage frequencies)

Persons per household	Maseru low income	Maseru Middle and high income	Leribe	Mohale's Hoek	Mokhotlong	Thaba-Tseka
1	11.9	3.9	1.9	3	6.1	8.6
2	20	10.1	10.3	9.9	12.2	8.6
3	28.1	20.9	15.9	14.9	8.2	8.6
4	20	28.7	31.8	24.8	14.3	31.4
5	8.1	22.5	20.6	11.9	16.3	11.4
6	6.3	8.5	3.7	12.9	12.2	8.6
7	1.9	3.1	6.5	13.9	16.3	8.6
8	3.1	0.8	2.8	4	6.1	0
9	0	0	1.9	4	2	11.4
10+	0.6	1.6	4.5	1	6.1	2.9
Mean	3.39	4.12	4.58	4.78	5.2	4.8
Median	3	4	4	4	5	4

Source: *Profile Sample Survey*

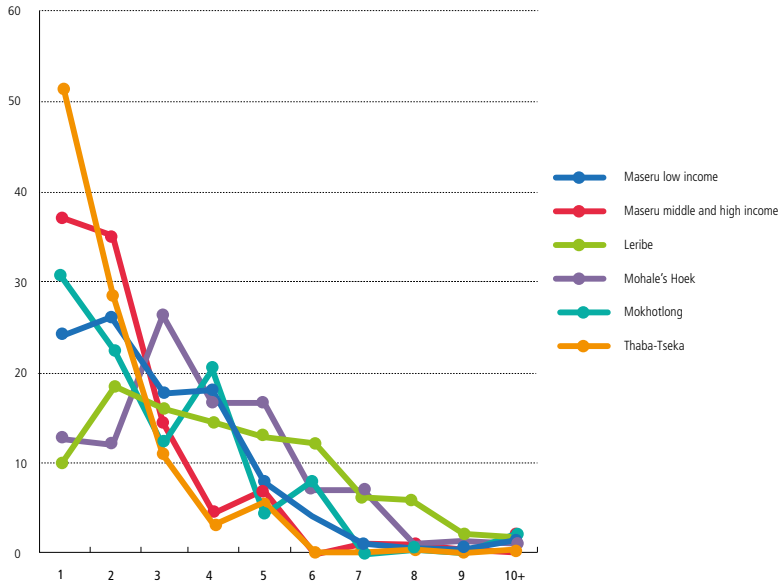
FIGURE 45 Persons per household (percentage frequencies)



Source: *Profile Sample Survey*

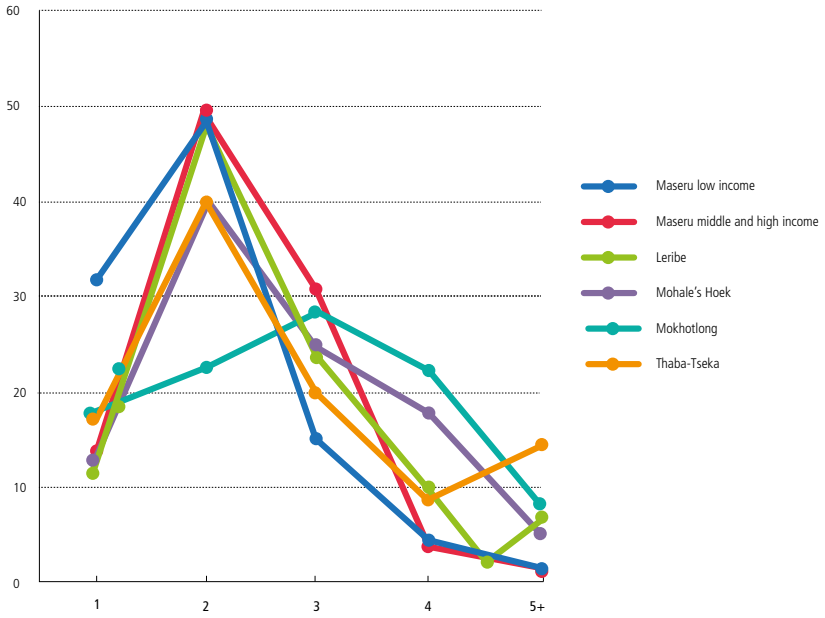
The household size distributions from the Profile's sample survey show a consistent pattern of most grouped fairly tightly around four persons apart from Mokhotlong, where there is a very steady percentage of household sizes up to seven persons, and Maseru low income areas where households are at least one person smaller than the others with a focus around two to four persons (Table 28 and Figure 45).

FIGURE 46 Rooms occupied



Source: *Profile Sample Survey*

FIGURE 47 Rooms needed at 2 people per room



Source: *Profile Sample Survey*

Figure 46 shows the distribution of rooms per household in the four towns included in the Profile's sample survey. It shows a very different distribution between the low income neighbourhoods in Maseru, where almost all households have only one or two rooms, and the middle and high income neighbourhoods where there is quite an even distribution between one and six rooms. Many needed four, five or six rooms. When this graph is compared with Figure 47, which shows number of rooms needed, we can see that need for one room is lower than the supply except in low income neighbourhoods in Maseru, while the need for two rooms is greater than supply everywhere. Three rooms

are needed by more households than have them except in low income Maseru. Only in Mokhotlong and Mohale's Hoek are four or more rooms needed by significant numbers of households.

A change from 1.68 rooms per household to 1.74 rooms per household (Table 27) would require an additional 7,850 rooms on the current stock, enough to make 4,500 dwellings at 1.74 rooms per dwelling. Thus the current housing shortage to reduce crowding to where each household has two persons per room or less can be expressed as 7,850 rooms or 4,500 dwellings. As chapter 3 shows that crowding tends to be more prevalent in the towns than it is in Maseru, this component of growth in the housing stock to mitigate current crowding should be concentrated in the towns.

At 1.74 rooms per household and almost 60,000 extra urban households between 2006 and 2025, there would be a need for 104,000 extra rooms. To these must be added the 7,850 rooms needed to reduce crowding. It is also advisable to build in a factor to avoid obsolescence in the current stock, which is in quite good condition overall, but needs constant renewal. It would be reasonable to renew three per cent of the stock annually; this assumes that the technology used in Lesotho lasts about 33 years before it needs to be replaced or renovated to such an extent that it is similar to replacement. Over 19 years (2006-25), this translates to 34,200 dwelling equivalents. Policy decisions can be taken about this and the percentage changed up or down.

Together, these give a total new room requirement of 170,00 rooms equivalent to about 99,000 dwellings. This means that 5,200 new dwellings are needed every year between 2006 and 2025 or one every half hour of the working day (Table 29).

TABLE 29 Need for new urban housing, expressed as rooms and dwellings, by 2025

	Rooms	Dwellings
Needed to reduce crowding to 2 ppr	7,850	4,511
Needed for extra households by 2025	104,400	60,000
Needed to replace obsolete stock @ 3 per cent of 120,000 per annum	57,456	34,200
Total needed by 2025	**169,706**	**98,711**
Needed per year	8,932	5,195
Needed per week	179	104
Needed per day	30	17
Needed per hour	3.7	2.2
Minutes to build one	16.1	27.7

INCOME AND ABILITY TO PAY

In the national statistics, including rural households, the Monthly CPI gives only 2.5 per cent of expenditure on rentals for housing. It is likely that this is higher in urban areas but there is no detailed breakdown that way.

TABLE 30 Monthly Consumer Price Indices by COICOP Divisions – August 2013

		Index numbers			Changes	
Divisions	Weight	August 2012	July 2013	August 2013	Monthly change %	Yearly change %
Overall CPI	100.0	112.45	117.39	118.40	0.9	5.3
01. Food & Non-alcoholic beverages	38.1	119.63	125.43	125.46	0.0	4.9
02. Alcohol and Tobacco	1.2	116.59	122.81	123.20	0.3	5.7
03. Clothing & Footwear	17.4	102.87	104.37	104.43	0.1	1.5
04. Housing, Water, Electricity, Gas and Other Fuels	10.6	120.16	133.62	140.92	5.5	17.3

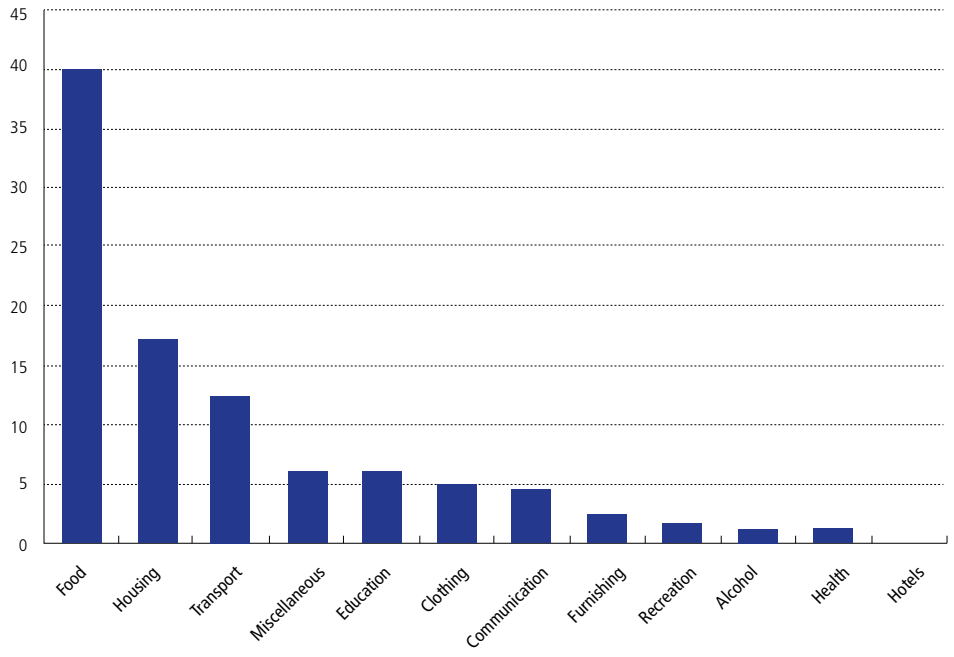
04. 1 Actual Rentals for Housing	2.5	105.69	106.36	106.90	0.5	1.1
04. 3 Maintenance and repair of the dwelling	1.4	108.88	111.85	112.11	0.2	3.0
04. 4 Water and miscellaneous services relating to dwelling	0.6	114.37	117.68	117.68	0.0	2.9
04. 5 Electricity, Gas and other fuels	6.1	129.14	151.12	163.46	8.2	26.6
05. Furnishings, Household Equipment and Routine Maintenance of the House	9.4	108.06	111.34	111.69	0.3	3.4
06. Health	1.9	102.73	103.40	103.43	0.0	0.7
07. Transport	8.5	110.38	111.53	111.74	0.2	1.2
08. Communications	1.2	101.14	101.14	101.14	0.0	0.0
09. Recreation and culture	2.4	104.79	105.51	105.41	-0.1	0.6
10. Education	2.7	101.81	115.42	115.42	0.0	13.4
11. Restaurants and Hotels	0.7	105.69	107.16	107.24	0.1	1.5
12. Miscellaneous goods and services	5.8	106.33	108.84	109.00	0.1	2.5

Source: *Statistical Report No. 19*[16]

Note: *COICOP = Classification of Individual Consumption according to Purpose*

There is a remarkable lack of official data on incomes and expenditures. Nearly 70 per cent of the households in Silitshena et al. (2005)'s survey earned less than M1,000 per month. Such low household incomes disqualified them from receiving loans from commercial banks. They had mainly acquired their plots through savings, or loans from relatives and friends. The cost of building a formal dwelling and obtaining services is beyond most households in Lesotho.[17]

FIGURE 48 Annual consumption expenditure, urban Lesotho, 2011/12



Source: *Kingdom of Lesotho (2013a): table 20*

Measures of ownership affordability

LDHS[18] splits the urban population into quintiles but the amount of money at the boundary or centre of each quintile is not stated, so these data are not helpful for the Profile. Centre for Affordable Housing Finance in Africa (CAHF) (2013) reports that nearly 70 per cent of Basotho households earn less than M1,000 (about US$99) per month and cannot easily afford to purchase formally developed dwellings.

Concerning how much households can afford as the capital cost of a dwelling to own or rent at market rents, the Stakeholders' workshop decided to use a house cost to household expenditure ratio of 4:1. Thus, the nearly 70 per cent of Basotho households who earn less than M1,000 (about US$99) per month can afford a dwelling costing M48,000 (almost US$4,400). It is important to qualify this in that some households might feel that they can build something larger and more expensive so that they can rent out some of the rooms for income. In this case, it is the proportion of the dwelling that they occupy that should be counted as costing what they can afford. With relatively small household sizes (an urban mean of 2.9),[19] single roomed dwellings with shared services are common accommodation.

In the CMS (table 5.3), mean consumption expenditures within the main report only show the percentage distribution of each type of expenditure within household expenditure, but no amounts in Maloti are stated. Thus, we know that urban households spend 17 per cent of their expenditure on housing.[20] In the annex of the CMS, table 20[21] shows what appear to be amounts in Maloti even though the title claims percentages.

TABLE 31 Annual consumption expenditure, urban Lesotho, 2011/12

	Maloti	US$	Per cent
Food	9,415	870.15	40
Alcohol	347	32.07	1.5
Clothing	1,176	108.69	5.1
Housing	3,965	366.45	17.3
Furnishing	573	52.96	2.5
Health	283	26.16	1.2
Transport	2,886	266.73	12.6
Communication	1,057	97.69	4.6
Recreation	397	36.69	1.7
Education	1410	130.31	6.1
Hotels	18	1.66	0.1
Miscellaneous	1,423	131.52	6.2
Total	**22,952**	**2,121.26**	**100**

Source: *Statistical Report No. 19*[22]

If mean annual expenditure on housing in urban Lesotho is $366, housing is being provided for $30 per month at the mean. The housing total seems to include services as they are traditionally linked in CPIs and they appear nowhere else. This might make little differences to the majority of households who have few services. If households are paying a mean of 17 per cent for their accommodation in the current housing stock, it is not impossible that they would pay 20 per cent or $35 per month. A more detailed but similar story emerges from the Profile's sample survey.

Currently, mortgages are offered at 2 per cent above prime rate. This varied around 10 per cent so the mortgage rate is about 12 per cent. At 12 per cent interest over 20 years, payments of US$35 per month would pay for a loan of about US$3,200 with a 20 per cent deposit this represents an owner-occupied dwelling costing US$4,000.

The Profile's sample survey encourages policy-makers to cosider slightly more costly housing for households at the median. Table 32 shows that median household expenditures in most urban areas are between 10,000 and 20,000 Maloti per annum (US$900-1,700).

Means are not far from the mean in Table 31 so seem to be reasonable representations of reality. The middle and high income areas of Maseru show much higher means and medians (about three times higher).

TABLE 32 Total household expenditure per annum (Maloti)

	Maseru low income	Maseru middle and high income	Leribe	Mohale's Hoek	Mokhotlong	Thaba-Tseka
Mean	24,100	82,900	25,900	16,900	14,700	9,697
25%	10,800	24,400	7,900	3,300	4,100	4,458
Median	18,900	52,400	19,200	9,900	10,500	6,492
75%	29,700	87,200	34,200	19,000	21,700	12,660

Source: *Profile Sample Survey*

From these sample households, willingness to pay for loan payments (Table 33) was asked and the answers show that median households are willing to pay between M700 and M2,000 per month (US$64 and US$182) to own a dwelling. At 12 per cent interest over 20 years, this would allow the repayment of loans of US$6,000-16,500. Adding a 20 per cent deposit, this would pay for housing costing US$7,500-20,650. Maseru's low income population can afford a median of only M1,000 per month leading to an affordable loan amount of M90,000 (US$8,200).

TABLE 33 Willingness or renters to pay for loan payments (Maloti)

	Maseru low income	Maseru middle and high income	Leribe	Mohale's Hoek	Mokhotlong	Thaba-Tseka*
Mean	1,520	2,820	2,350	717	1,790	2,000
25%	500	1,000	1,500	250	563	2,000
Median	1,000	2,000	2,000	700	825	2,000
75%	2,250	3,250	3,000	1,200	3,980	2,000

Source: *Profile Sample Survey.*

Note *: *n=2 for renters in Thaba-Tseka*

Using data from the housing row in Table 31 and renters' willingness to pay for loans in Maloti data from Table 33 converted into US$, Table 34 shows the range of affordabilities generated by the above analysis. They span more than $16,000 of capital cost, four times the lowest estimate of only $4,000. It is important that these are treated as medians worked out in different ways or for different populations. As such, 50 per cent of each population cannot afford as much as this and 50 per cent can afford more.

TABLE 34 Estimates of median dwelling affordability (US$)

	Monthly payments	Loan total at 12% over 20 years	Dwelling capital cost including 20% deposit
Statistical Report No. 19, Continuous Multi-Purpose Survey, 2013; current housing payments	35	3,200	4,000
Centre for Affordable Housing Finance in Africa (CAHF), 2013	30 per cent of households could afford		4,400
Profile's sample survey lower range	64	6,000	7,500
Maseru's low-income neighbourhoods	91	8,200	10,250
Profile's sample survey upper range*	182	16,500	20,650

Measures of rent affordability

Given that median annual rents in the Profile sample survey are M5,000 to M6,000 (US$450 and US$550) (see chapter 3), affordability of rents seems to be 25-30 per cent of household expenditures. If rent represents the amount needed to pay the room's cost over 12 years, this could dictate a mean capital cost of dwellings to rent at about US$2,700 (M30,000). If it is the amount need to service a loan at 12 per cent over 20 years, this would point to a dwelling costing about $4,000. Thus, housing needs to be provided for about $3,000-4,000 capital cost; by general agreement in the Stakeholders' Workshop, the housing that costs only US$3,000-4,000 in Maseru is a single roomed *malaene*.

BRIEF CONCLUSION: ESTIMATING HOUSING NEEDS

This chapter demonstrates that there is likely to be a need for 99,000 dwellings (or 170,000 rooms) extra in 2025 over the supply in 2006. This represents an annual rate of building of almost 9,000 rooms or 5,200 dwellings. Of these, 60,000 are needed to cope with the urban population growth between 2006 and 2025. The cost of this housing needs to have a mean of about US$2,700 (about M30,000) per household as a capital cost, which is only one-third of the minimum mortgage offered by the banks.

The scale supply of housing since 2006 is unknown. Whatever it is, it will reduce the overall figure required and it may well be close to the 5,200 dwellings required per year as the Profile's sample survey found such low occupancy rates. These dwellings are likely to be built whether government enables them or not as the informal sector will generate the dwellings to cope with need or demand. To the extent that government wants to be involved or to influence the standard of the accommodation required, it must develop policies that enable dwellings to be built in the most efficient way and for the maximum benefit for all concerned.

END NOTES

1. *Kingdom of Lesotho (2013a).*
2. *Kingdom of Lesotho (2013a).*
3. *This assumption is essential as BoS does not report number of dwellings in the Census.*
4. *Kingdom of Lesotho (2013a).*
5. *Kingdom of Lesotho (2010b).*
6. *Kingdom of Lesotho (2010b).*
7. *Kingdom of Lesotho (2010b).*
8. *From CMS (Kingdom of Lesotho, 2013a).*
9. *From LDHS (Kingdom of Lesotho, 2010a).*
10. *Kingdom of Lesotho (2010a): table 2.2.*
11. *Kingdom of Lesotho (2010a).*
12. *Mapetla (1996).*
13. *Kingdom of Lesotho (2010a): table 2.2.*
14. *Kingdom of Lesotho (2010a): table 2.2.*
15. *Kingdom of Lesotho (2010a): table 2.2.*
16. *Kingdom of Lesotho (2013b): table 1.*
17. *Maleleka (2009).*
18. *Kingdom of Lesotho (2010a).*
19. *The number present in the household is often reduced further by the absence of at least one person counted as living there but actually migrant.*
20. *Higher than the 10.6 per cent in Table 29.*
21. *The second of two table 20s.*
22. *Kingdom of Lesotho (2013a): table 20.*

05

LAND FOR HOUSING[1]

INTRODUCTION

Land has great significance in Lesotho as it is said that every male Basotho aims to own his own house on a large plot before he dies. Recent reforms to reduce transaction costs of land administration have made this much easier to achieve.

Land in Lesotho is vested in the Basotho nation and is held in trust by the King. The power to allocate land, to grant title to land and to terminate a lease is vested in the King. Once allocated, these rights are enjoyed in perpetuity unless certain breaches are committed. In the past, land had no price or value and was freely allocated to any Basotho through the chiefs. This system of tenure gave free access to land for housing. As can be seen below, however, Basotho who have leased land feel it is theirs to dispose of so they will sell leases on it before it is taken off them.

As government has treated land as free to the previous 'owner' and has assumed it can take over the use of it for free so it is probably not surprising that Basotho do not feel they should pay for land or pay taxes on land.

The Land Act 2010 has proposed land tenure security with a view to promoting efficiency in land services and enhancing the use of land as an economic asset in Lesotho. This secured tenure will encourage people to develop their properties and use them as economic assets. A residential lease shall not be granted for a term exceeding 90 years.

Space around the house is important for Basotho household for vegetable growing and room for expanding the house. Nowadays, many house owners build one or many lines of *malaene* to incur rental income for them. The minimum plot size of 375 m^2 is large by Anglophone Sub-Saharan Africa standards but few Basotho would agree to its diminishment. It results, however, in a very spread-out city and even lower density peri-urban areas under sporadic development. This might not matter too much if infrastructure could keep pace, if more than one household live on most plots and, more importantly, perhaps, if there was abundant fertile land in mountainous Lesotho.

There is a perceived scarcity of cultivable land in Lesotho (9 per cent of the land); it is also estimated to be decreasing. It is partly owing to the location of growing towns standing on prime agricultural land. Thus, government and its partners have felt the need to find solutions for informal peri-urban growth and ribbon development along major roads. The absence of formal land markets, tenure security and the disorderly sub-divisions sanctioned by the customary chiefs are seen as problems dogging peri-urban areas.[2] In response to the sprawl, policy-makers are talking about increasing densities through the development of high-rise (up to four storeys) but there is a great potential for increasing densities using existing single storey forms before multi-storey living need become more than just a small component in the housing stock.

FIGURE 49 Land subdivisions are marked with a simple metal post and wire fence

RECENT LAND REFORMS

Lesotho is notable for a major new initiative in the form of the Land Act 2010 and the institutional framework that has come into play through it. The reforms were assisted by the Millennium Challenge Corporation (MCC) which was established by the USA in 2004 to manage the USA's foreign aid in a new way that focuses on eradicating poverty through sustainable economic growth.

The Millennium Challenge Corporation's assisted Land Administration Reform Project (LARP)

The implementing agency in Lesotho is the Millennium Challenge Account-Lesotho (MCAL). The funding agreement (called 'the Compact') was endorsed in September 2008 for five years until September 2013. The priority sectors in Lesotho were health, water and private sector development (PSD). As part of the PSD, the Land Administration Reform Project (LARP) aimed to:

- Improve land laws and policies;
- Improve people's awareness of land rights, especially women;
- Enhance the efficiency of issuing lease titles to people in urban areas of Lesotho, beginning with Maseru; and
- Support the establishment of a Land Administration Authority (LAA) for the purpose of providing improved land administration services.[3]

Improved land administration services were intended to help reduce land-related transaction costs and inefficiencies and so unlock markets in leasehold land. They appear to have been so effective that the World Bank has lifted Lesotho a huge 69 places between 2013 and 2014 to rank 88th in terms of registering property, for 2014.[4]

A series of new Acts (and draft bills), and the establishment of a new Land Administration Authority, have demonstrated significant legislative and institutional change. The new Acts include:

- The Land Administration Authority Act 2010;
- The Land Act 2010;
- The Land Regulations 2011;
- The Land Court Regulations 2011; and
- The Sectional Titles Draft Bill 2011.[5]

Lesotho Land Administration Authority Act

Set up under the Land Administration Authority Act 2010, the Land Administration Authority (LAA) has merged all the work of government departments that dealt with cadastre, national mapping and deeds registration into a new parastatal agency. Thus, the office and duties of the Commissioner of Lands, the Registrar of Deeds and the Chief Surveyor all come under the LAA.[6] It has a statutory mandate from the Ministry of Local Government and Chieftainship and Parliamentary Affairs but has a great measure of autonomy in how it fulfils that mandate. It has a Director General who reports to a Board of Directors, which in turn reports to the Minister of Local Government, Chieftainship and Parliamentary Affairs. In addition to the Commissioner of Lands, it has two other statutory posts, Registrar and Chief Surveyor. The responsibilities of the LAA cover:

- the land registration system;
- surveying and mapping;
- land administration;
- complaints and disputes relating to registration and cadastre;
- collecting ground rent, fees and issue notices;
- advising the government on changes and additions to land administration laws and policies;
- co-operating with government and private bodies on all matters relating to land administration.[7]

Thus it almost forms a one stop shop for land matters. The only function that it does not have is allocation which is still vested in the Ministry of Local Government, Chieftainship and Parliamentary Affairs through the local councils.

The LAA has reduced costs and time by large margins. The registering of title, that used to take between

six and 10 years, now takes 11 days with a 90 year lease issued in a month. Many bottlenecks have been removed. The cadastral survey has been outsourced and is now much cheaper. It is proposed that it should be free for housing below M100,000 in value as a pro-poor measure. There are many arguments for not using cadastral surveys for low-income housing plots as they are relatively expensive and more accurate than is normally needed for residential purposes. In a stakeholder interview, however, the Commissioner of Lands assured the profile team that the cadastre was a requirement because Basotho are more prone than most people to encroach on a neighbours' land and the cadastral survey is cheaper than litigation. Litigation on land is not particularly common and most is between relatives.[8]

This reform of land administration from being a major problem has restored faith in the registration system and generated a positive attitude to the land regularising process. In the latter, 45,000 parcels have been registered out of the 55,000 in the pilot project.[9]

While it is mandated to work for the public good, the LAA is intended to be self-sustaining by 2019 from its fee income. Cost recovery from ground rents on leases, survey fees and the sale of maps and data should enable this in ten years.[10] The proposed revenue sources of the LAA's mean that it is in its interest systematically to regularise informal land holdings.

Land Act 2010

The main objectives of the 2010 Land Act are:

- to modernise land administration;
- to regularise peri-urban land and settlements;
- to facilitate investment, including foreign investment and create land markets; and
- to abolish customary land tenure in rural areas.

The purpose of the Act is to

> "… repeal and replace the law relating to land, provide for the grant of titles to land, the conversion of titles to land, the better securing of titles to land, the administration of land, the expropriation of land for public purposes, the grant of servitudes, the creation of land courts and the settlement of disputes relating to land; systematic regularisation and adjudication; and for connected purposes"[11].

The Act has also taken powers over land allocation away from rural chiefs. As urban development extends beyond city boundaries, rural chiefs become important partners for city authorities. This extending the removal of customary land allocation powers to rural chiefs may, thus, have a deleterious effect on city growth. While they have legal powers to allocate land, chiefs can be recruited as collaborators in the urban planning process. As suggested in the Ghana Profile,[12] for example, the collaboration between land-holding chiefs and planning authorities could ensure rational planning of their allocations so that servicing can follow and the macro-planning of the city can continue through their land (road reserves, land reserves for city uses such as industry, hospitals, schools, etc.). When the chiefs are not acting legally, they can hardly be partners in the development process with local authorities. The partnership needed may now be with the Community Councils.

Land Allocation Committees

Under the 2010 Land Act, Local Authorities have appointed Land Allocation Committees consisting of councillors and officers to fulfil the function of the former Urban Land Committees in allocating land both through regularising customary titles and for first-time registrations. When an applicant wishes to regularise a plot, (s)he approaches the committee through the local chief and the officer responsible for the committee. The committee may visit the site and talk to the local chief to verify the site. The applicant is then invited to attend the committee's meting along with three witnesses and the chief. Rural Form Cs, which continued to be valid until 2005, are particularly problematic and need a field visit to verify the claim. The committee in Maseru makes about 60 verifications per month. In formal areas, the committee grants land without needing verification.

Systematic regularisation

In the past, World Bank upgrading in the 1980s sought to regularize land tenure rights by

replacing existing traditional rights with new-style, transferable leases issued by the government. They required a cadastral survey (expensive) and were believed to be liable to ground rent in the future. Thus, only those who wished to obtain a mortgage and those who wished to sell their plots were interested in obtaining the new leasehold titles.[13] This is very similar to the response to land regularization in Malawi.[14]

A very significant innovation of the 2010 Land Act is a new regularisation of title provided under Part XI and the Systematic Regularisation Regulations, 2010 which facilitates retrospective regularisation of informal land allocations. Since 1990, when an amendment to the 1979 Land Act took land allocation powers away from the chiefs in urban areas, they have issued customary titles (Form Cs) backdated to before the 1979 act came into force in 1980. This has caused a great deal of difficulty to the urban authorities although it has been seen as a reasonable reaction by chiefs at the removal of their customary powers over their communities' land.[15] The Act has removed the efficacy of backdating Form Cs as land holders can now regularise their plots relatively freely and quickly.

Regularisation is defined in the Act to mean one or both of the following:

- the process of surveying, planning, adjudicating and registering the boundaries and rights associated with a parcel of land informally occupied or;
- readjustment of boundaries for the purpose of town planning.[16]

This regularisation is free except for a minimal stamp duty fee. Although the 2010 Act stipulates that the preparation of a lease should take a maximum of three months, the LAA currently claims a turn-round of one month from the date of application for a lease to its issuance, assuming that matters are generally in order. Johnson and Matela[17] report broad support from peri-urban communities to the regularisation process as it is being implemented.

There were few disputes in the pilot phase, mainly between family members and mostly dealt with through mediation. A little land hoarding and speculation was found and efforts are made to identify the claimants; land belonging to untraceable people will revert to the state. The pilot project also found some informal transfers and exchange of formal property titles and rights without following the legal processes.[18]

Minister's consents

The condition that transactions involving leases in Lesotho have to be approved by the Minister responsible for land has delayed transactions for months or years and has become a major drag on the leasehold market and mortgage lending. The requirement for consent was originally included to protect unsuspecting land owners from unscrupulous land transactions.

The Land Act 2010 abolishes ministerial consents to most transactions in leased land rights, and those concerning transfers (Part VI) have been delegated to the Director of Lease Services in the LAA. In these cases, the 2010 Act imposes a 30 day limit on consents.

Land ceilings

Part VII of the 2010 Act (detailed in Regulation 31 of the Land Regulations 2011) continues the provision for a maximum residential plot size of 1,000m^2 and that no-one can hold residential land in excess of 5,000m^2 in any town. There are exceptions for parastatals or where, even in the case of individuals, the Minister for Land grants consents for the ceiling to be exceeded.[19]

Sectional titles

Sectional titles enable separate ownership of a section or sections of a building, and separate from owning the land. This allows apartments to be owner-occupied. They are provided for under Section 9(1) of the 2010 Act, but there is now a separate and more detailed Sectional Titles Bill 2011, similar to South African legislation as financial institutions there are accustomed to the South African sectional titles practice. Furthermore, Lesotho courts often follow South African court judgments as established precedents.[20] The bill is currently in the final stages of approval.

Leduka (2012)[21] accepts that, there are clearly effects of significant reforms in land administration. Land management, however, remains largely as it was under the Land Act of 1979 because attention has been concentrated on land administration mainly the issuance of leases within the shortest possible time. It was expected that many plots would become available from spontaneous subdivisions and sale of newly regularised plots, and that the improved security of tenure would bring many second-hand plots to the market. There is little evidence showing a growth in the second-hand market although the market for new plots seems to be more fluid since the Act came into force.[22]

Property Taxes

Very few property owners pay property taxes. Only a small area of central Maseru is gazetted (Figure 50) and can have taxes levied thereon. So difficult is it to collect the tax, that MMC concentrates on properties

in the central business district. Even taxes that are collected are quite low. Government institutions do not pay tax on their properties.

Administration of ground rent is guided by section 77 of the Land Act 2010 which states that ground rent is payable to the Commissioner of Lands but any citizen of Lesotho is entitled to occupy one plot for his/her own residential use free of ground rent. It must be paid on extra plots, however. This effectively removes ground rent as a major source of funding for urban development in Lesotho. Administration of the property tax is guided by the Property Rating Act of 1980.

Ground rent can be raised by MMC and the other local authorities from registered plots in gazetted areas. It is paid on any empty plot but only on occupied plots if they are over 1,000m^2, at a rate of M0.29 per m^2 per year (US$26.20 for 1,000 m^2) in the prime area falling to only M0.12 per m^2 per year (US$11 for 1,000m^2) in less prime areas. In theory local authorities can also collect property taxes on plots of M4,000 (US$360) per annum for high cost plots, M2,000 (US$180) per annum for medium cost plots, M1,000 (US$90) per annum for low cost plots. Very few householders seem to pay rates as they are not asked (Stakeholders' workshop discussion, 28 January 2014).

FIGURE 50 Gazetted areas of Maseru (in purple) in which property tax is levied

FIGURE 51 Very low densities are usual in peri-urban Maseru

FIGURE 52 Intensive vegetable gardening, Khubetsoana

FIGURE 53 Huge plots with poor servicing at Mabote

LEGAL AND REGULATORY FRAMEWORK GOVERNING LAND SUPPLY REMAINING FROM BEFORE THE LAND ACT 2010

Deeds Registry

There is a deeds registry system in Lesotho similar to the one in South Africa. It is laid down in the Deeds Registry Act 1967.[23] The cost of administering land recording, through the cadastre and plot registration, is too expensive for many households. The background paper to the unpromulgated National Housing Policy[24] states that cadastral survey cost a maximum of 400 Maloti when carried out by the survey department staff but at least M1,200 when surveyed by a private surveyor. In 2004, a Land Bill attempted to rectify some of the problems and to introduce different types of leases to help poorer people gain formal access to land. Johnson and Matela (2011)[25] describe it as a reform too far and it did not become law.

Formal land holdings

Formal land titles are leases in Lesotho; there are no new freeholds. The 2006 census reports that a few households have an old freehold.[26] The leasehold gives lessees exclusive possession and enjoyment of land for 90 years for residential use, subject to statutory conditions that could be attached. In urban areas, 13 per cent of homeowners have leasehold land.[27]

Land can also be obtained from government. Leduka (2004) demonstrates that wealthier urban residents have been the main beneficiaries from state land allocations. The poor are mostly left to fend for themselves in the informal settlements that soak up over 80 per cent of the demand for urban land in Maseru.

Between 1980 and 1985 (civilian rule), a committee acted as the granting agency, making about 400 grants of plots per year. It was the policy at that time to service the plots before advertising them, thus making it clear how much they would be charging for the servicing. In addition, a Selected Development Area (SDA) designation could be given to land by which earlier interests in the land could be extinguished and the Minister could allocate the land.[28] This category is a sort of force majeur; it had been conceived to allow government to gain title over land for specific policy objectives, such as the development or reconstruction of existing built-up areas (upgrading); construction or development of new residential, commercial or industrial areas; readjustment of town boundaries for purposes of town planning and, later, the correction of defective titles.[29]

During the military rule, someone discovered that SDA powers could be used to grant land to virtually anyone as long as a 'public interest' declaration was made. As this was left to the sole discretion of the Minister for Lands to define, it gave government powers to allocate land to whomever it chose.

Leduka[30] shows that those who gained access to land from government agencies through the years tended to use patronage, elite networks and wealth to obtain access to government land for housing. In the government-allocated neighbourhoods of Hillsview and Maseru East, most of the recipients of free state land were in the higher income groups. Many had used their knowledge of political systems, contacts and being able to afford corrupt payments to gain the land.

Following the extension of Maseru's area in 1980, great use was made of SDAs. One was an unsuccessful attempt to order development in the Mapeleng/Maqalika Reservoir resettlement.[31] Leduka[32] also refers to the case of Mabote which was declared an SDA in 1984. The deployment of false documentation on plots, such as the backdated Form Cs, chiefs' rent-seeking behaviours, their allocating land under cover of darkness or over the weekends and public holidays, and council officers' connivance with chiefs in sub-division led to such chaos that the UK government withdrew its sponsorship of the infrastructure element from the development. Devas (1989)[33] argues that, by working with, rather than against existing property interests, the Mabote Project was eventually successful in ensuring a rational layout of plots.

Under the Land Act, 2010, SDAs have been transformed into Land Set Aside for Development (LSAD) but the same rules seem to apply and the same abuse is probably possible.

URBAN LAND TENURE

Four per cent of households have housing on land acquired from government agencies. Of this small portion, the majority of households acquired their land from Lesotho Housing (84.2 percent) while another 10.9 per cent obtained land through the Mabote Project. 'Lesotho Housing' includes the LHC and LEHCO-OP separately and their successor the Lesotho Housing and Land Development

Corporation (LHLDC). Maseru City Council provided 4.9 per cent.[34] Only seven per cent of owners nationally have bought the land on which their house stands from a private individual or firm. 67 per cent have had it allocated by chiefs and 20 per cent have inherited it. Maseru and Berea have higher proportions of households with leasehold (8.6 and 5.7 percent respectively) than with an old freehold title deed (3.1 and 2.3 percent respectively).[35]

Analysis of urban data in the Maseru Urban Planning and Transport Study[36] showed more or less similar land access in Maseru. Most households in Maseru (53 per cent) had acquired land from customary chiefs, 19 per cent had purchased land from others, 13 per cent from government agencies, and only 9 per cent by inheritance, Six per cent had gained land from other unspecified sources. Thus, the delivery of land by government and its agencies has been minimal compared to other actors in housing delivery. In contrast, 70-80 percent have acquired their land from or with the assistance of customary chiefs, especially in peri-urban neighbourhoods.[37] The larger proportion of leases may be testament to the recent land reforms.

The MUP&T study[38] shows that 68 per cent of households then had Form Cs; 16 per cent had leaseholds; 3 per cent had deeds of title and 13 per cent had no title. Clearly, therefore, the chiefs and their Form Cs have been the most predominant ways to access land tenure in urban areas. Indeed, the legality of the Form C is never questioned by the authorities. (Leduka, 2012).

According to the 2006 Census, in urban areas in general in 2006, 64 per cent of land-holders had Form C, 13 per cent had leasehold and 3.5 per cent had a title deed from an old freehold. Only 16.5 per cent have no title.[39] It is clear from the Profile's sample survey (Table 35), however, that owners in Maseru have better security (through leases) and more documentation generally, especially in the low-income areas, than owners elsewhere. While a lease is held by the majority of the Maseru owners in the sample, especially in low-income areas, very few had one elsewhere. For those elsewhere who have documentation, Form C is the norm, showing the pivotal position of the chiefs there, despite the removal of their powers by the Land Act of 1979. The relative scarcity of Form Cs in the low-income neighbourhoods of Maseru is a surprise; the greater percentage of leases in Maseru generally and in the low-income areas in particular, seems to stand testament to the success of upgrading schemes in the past and the recent Land Reforms.

Owners lacking any documentation are a significant minority across urban Lesotho but are uncommon in Maseru. When asked if they would like a lease, the great majority of owners replied positively. Of the minority who have tried to obtain a lease, the sample survey found that bureaucracy at central or local government level is the main problem.

TABLE 35 Land holding documentation (percentage frequencies)

	Maseru low income	Maseru middle and high income	Leribe	Mohale's Hoek	Mokhotlong	Thaba-Tseka
Lease	77.6	61.5	18.2	6.9	5.1	0.0
Form C	15.5	38.5	48.9	50.6	46.2	50.0
No documents	3.4	9.8	27.3	27.6	35.9	43.3
Title Deed	1.7	0.0	3.4	14.9	0.0	0.0
Other	1.7	1.2	2.3	0.0	12.8	6.7

Source: *Profile Sample Survey*

Informal Land holdings

Customary Land

In Lesotho, land is regarded as both a national and social asset to be utilized for the benefit of the people. The traditional system of land tenure in Lesotho is such that the King holds the land in trust for the nation while individuals could gain rights of use. In the past, chiefs or headmen allocated the right of use of land to men under the customary land system. The rights could be inherited by their sons. Under the Land Act of 1979, however, the right to manage land was taken away from the chiefs and replaced with local land administration institutions.[40] This was re-enacted in the Land Act 2010 which also abolished customary land allocation in rural areas. Thus, in theory, there is no customary land in Lesotho.

Arable land in Lesotho is laid out in fields (masimo) with narrow uncultivated strips as boundaries. Despite having no legal status, customary chiefs, masimo-owners and their clients have been, until recently, the most significant actors in land allocation in urban Lesotho. Until June 1980, land outside the former colonial 'urban' reserves was managed by customary chiefs, headmen and individual masimo-owners. When the towns expanded onto their land, customary chiefs became involved in determining the way peri-urban areas grew. Whereas chiefs were accustomed to providing land to their own people and to a limited number of newcomers, peri-urban growth brought in strangers who wanted land from the chiefs and this led to their exchanging land rights for money.[41]

According to Leduka,[42] it was known that individual field-owners were being encouraged by their local customary chiefs to sell their fields or face state appropriation without compensation. In turn, chiefs issued certificates of allocation—the Form Cs—to plot buyers, for a fee, and backdated the certificate to before June 1980, when the Land Act 1979 came into force. In urban areas, 64 per cent have Form C titles;[43] about 30 per cent have no title. In response to the chiefs continuing to have an active role in urban land allocation though Form C issuance after 1980, customary tenure was (again) abolished by the Land Act, 2010. In the Profile's sample survey, about 50 per cent of all owners in the towns had Form C titles; 20 per cent in Maseru.

The allocations made in customary areas was the right of surface user (usufructuary right). The Land Act, 1979, allowed the rights under an allocation to be inherited, in contrast to 'customary' law under which allocations were not inheritable, reverting to the community on the death of the surface user. The allocating authority could revoke an allocation on thirty days written notice or when the land is required for public purposes; compensation is payable for lawful improvements on the land but not the land itself.[44]

Inheritance rules in Lesotho follow male primogeniture; the senior male inherits everything. However, a person can nominate any successor before they die if they wish. Thus, there is nothing to prevent women from inheriting if enough forethought is given before death.

Squatters

Because of an active and ever-present chieftaincy system, to which Basotho give much deference, it is commonly held that there are no squatters in Lesotho. Mapetla[45] is almost alone in referring to informal neighbourhoods as 'squatter settlements' but is probably more influenced by their haphazard layout than by a detailed assessment of their tenure in doing so. On closer observation, however, it appears as though very many householders are, technically, squatters as they hold Form Cs from chiefs who, at the time, had no right to issue them. Such backdated Form Cs are not like the permits given by chiefs in Ghana[46] as their rights are intact. They are more like the invalid tenure sold by ruling party's local chairmen to squatters in Zambia in the 1970s.[47] Thus, the regularisation process is also referred to as an 'amnesty' a term used in relation to being forgiven for an illegal act.

KEY PLAYERS IN LAND FOR HOUSING

TABLE 36 From whom did owners obtain land (percentage frequencies)

	Maseru low income	Maseru middle and high income	Leribe	Mohale's Hoek	Mokhotlong	Thaba-Tseka
Individuals	32.2	32.9	30.4	5.7	4.9	10.0
Inherited	40.7	4.9	11.1	20.5	50.0	50.0
LHLDC	1.7	40.2	2.8	0.0	0.0	0.0
Chief	22.0	8.5	13.9	43.6	37.5	50.0
LSPP	3.4	9.8	0.0	12.8	0.0	0.0
Council	0.0	2.4	11.1	10.3	0.0	0.0
Other	0.0	1.2	2.8	7.7	12.5	0.0

Source: *Profile Sample Survey*

It is evident from the Profile's sample survey (Table 36) that, as shown by the frequency of Form Cs in the small cities, chiefs are still the source of land for housing there. In towns in Leribe and Maseru, however, about one third of owners obtained the land for their dwellings from individuals. Inheritance is an important land allocation mechanism in Sub-Saharan Africa. In urban Lesotho, about one in four owners in the Profile's sample survey inherited the plot, more among relatively low-income owners. LHLDC has been a source of land for housing for 40 per cent of land-owners in Maseru middle and high income neighbourhoods (see below) but almost no-one elsewhere. Its direct building and sites and services programmes have made a significant contribution to Maseru's housing land,[48] greater than of similar institutions in Malawi[49] or Zambia.[50] LSPP and Councils are very small providers though almost one in four between them in Mohale's Hoek.

The Land Administration Authority (LAA)

The Land Administration Authority (LAA) forms a one-stop shop for land matters (see above) except for allocation.

Directorate of Lands, Surveys and Physical Planning (LSPP)

The LSPP, headed by the Commissioner of Lands, was established in 1974. It was responsible for titles to land, recording land transactions, surveying and mapping, physical planning and development control, and collecting land revenue on leasehold property as well as development charges. The Commissioner of Lands was the land and planning authority for Lesotho as a whole, including Maseru. Given its pivotal position in land administration, it is surprising that so few of the Profile's survey samples had received their land through it (Table 35).

Maseru Municipal Council (MMC)

The Maseru City Council (MCC) was and (now as MMC) is the only municipal council in Lesotho but it was not a land authority until 1992, when the MCC gained responsibility for acquisition, servicing and disposal of land through sale. However, much of the formal land acquisition process remains the responsibility of the Department of Lands, Surveys and Physical Planning (LSPP).[51]

The city authority's main involvement in land delivery has been to help agencies, such as the Lesotho Housing and Land Development Corporation (LHLDC), to acquire land for servicing and development by others. When it has been involved in land subdivision, servicing and allocation, the scale has been quite trivial but has been controversial. For example, the city imposed criteria for land allocation such that priority was given to applicants who were citizens of Maseru and not already having a plot of land elsewhere. They should also have cash to pay for the plot.

Leduka[52] estimates that between 1992 and 2003, the MCC released only 256 plots (an average of 23 plots per year) with water supply and gravel roads into the market; first priority was given to the council employees. The absence of vacant land within council boundaries and lack of finance to pay compensation for acquiring land are its main constraints. Under the Land Act, 2010, MMC has a Land Allocation Committee which allocates land through the city council.

District and community councils

Under the Local Government Act, 1997, one of the most significant functions of district and community councils is the allocation of land in both rural and urban areas. Land allocation in smaller towns was the responsibility of community councils. Under the Land Act, 2010, the local authorities now have Land Allocation Committees which allocate land through the local council.

Minister of Local Government, Chieftainship and Parliamentary Affairs

Part IX of the 2010 Land Act provides that the minister can acquire and expropriate land for public purposes, which continues the same powers available under the SDA clause of the Land Act 1979. Some of the key stakeholders interviewed by Leduka[53] argued that these powers are continually misused to grant plots to individuals favoured by the minister. Such land, set aside for purposes of 'public interest', is not advertised and its availability for development is, therefore, not widely known.[54] As the MCA's land reform focuses on titling rather than the supply of new land, the flawed systems of land supply that existed under the Land Act of 1979 have not been reformed and the minister continues to have the discretion to award plots to anyone in favour.

Lesotho Housing and Land Development Corporation (LHLDC)

Like most state housing providers,[55] LHLDC benefits from formal land allocation by the state (LSPP) and has its own internal allocation criteria necessitated by its need to be financially self-sufficient. It receives land through a process in which it asks local authorities for land and then pays for it at a valuation per square metre according to location. The field owners are paid what may seem like enormous amounts of money, more than they have ever imagined seeing, let alone owning. Conscious of this, LHLDC staff members advise them on prudent ways of investing and using the windfall gains.

FIGURE 54 Expensive housing on LHLDC fully-serviced plots in Thetsane

By 2010/11, the LHLDC had delivered 9,519 serviced sites. Formal title is given to plot beneficiaries following a cadastral survey which costs between M600 and M1,000 (US$55-92) per plot. A separate cadastral survey is done for each plot to minimise litigation. LHLDC tried fitting full services for plots aimed at middle to high-income households at Thetsane but they took years to sell as they were initially very expensive; only 10 years or so of inflation took over to allow their eventual sale.[56]

As is common in Sub-Saharan Africa,[57] government agencies' contribution to urban land supply has been very small in number of plots though may occupy large areas. It focuses on the provision of large, owner-occupied, self-contained dwellings for the rising middle class or its own workers. It provides no significant avenues for the development of rental housing. Hall[58] shows that the aggregate of land delivery by all government agencies, including the MMC, could meet barely 10 per cent of the demand for urban land in Maseru alone. At a similar period, Leduka[59] estimated that all the formal land-supply systems combined could only meet about 30 per cent of the potential demand for urban housing. Allocation criteria also favour the well-off as they include providing evidence of income from regular employment which limits the allocations to a very small proportion of the urban population. The LHLDC has slightly improved the supply of serviced land but not by much in comparison to the population growth.[60]

Plot sizes

According to the Planning Standards of 1990, the minimum plot size at present is 375m^2 except for special types of housing such as 2-3 storey terraced housing which could be on smaller plots. The normal range of plot sizes should be 375 to 1,000m^2 with a minimum of 600m^2 where septic tanks with soak-aways are used.[61] LEHCO-OP experimented with 190m^2 in Khubetsoana. In addition, a relatively small part is to be built on: from a high of 30 per cent for the 400-600m^2 plots to only 25 per cent for the 800-1,000m^2 plots (Table 37). The argument for large plots in urban Lesotho is based around the use of the yard for farming.

Mapetla[62] noted that most of the plots occupied by the women in her survey were very spacious but not used for vegetable growing as all the rhetoric in favour of large plots suggests. In 2014, the impression that not all Basotho are keen vegetable growers is affirmed by observation. Mapetla[63] avers that her beer-brewing women sample may not grow vegetables because they are renters without the security of a growing season and that there was rampant theft in those days.

The 375m^2 should give 26 plots per hectare and the 1000m^2 plots should give 10 plots per hectare net density. This should be halved for gross or town density.

TABLE 37 Relationship between plot sizes and coverage in residential plots

Plot size m^2	400	500	600	700	800	900	1,000
Max plot coverage %	30	30	30	27	25	25	25
Max size of dwelling m^2	120	150	180	190	200	225	250

Source: *Development Control Code, 1989*

These regulations are set down with specific comments on the use of the plot for gardens, parking spaces, daylighting and air circulation. Also, on the larger plots, 800m^2 and above, "buildings should be sited so as to facilitate later subdivision as part of future densification."

Setbacks are set as five metres to the front and 3.5m at the sides, unless they are for terraced houses, and the back. The Development Control Code of 1989 sets out that, normally, only one dwelling is allowed per plot except for the addition of *malaene* rental units to an area not exceeding that of the main dwelling. They should have one toilet between two.

PRICES OF LAND IN THE FORMAL AND INFORMAL SECTORS

There is also virtually no information on the sale prices of land; this makes it difficult to establish reasonable 'market' prices.[64] There is a perception that land is expensive as the price of a 30mx30m (900m^2) plot may be an appreciable proportion of the development cost.

CAPACITY NEEDS ASSESSMENT

There are major issues about plot sizes for the future of urban areas in Lesotho.

As the need for new housing can be expressed as both rooms (170,000) and dwellings (99,000), so land release might vary considerably depending on the proportion of the new dwellings that are built on new plots and how many are added on existing plots. In this, plot sizes have major implications; the 400m^2 only take up 40 per cent of the space occupied by the 1000m^2 plots.

Unusually in Southern Africa, the development of more than one dwelling on a plot is allowed in Lesotho. The ability to add ranges of (rented) rooms to the main dwelling is a major resource for increasing density and reducing land take in future. If it is used to increase the coverage of residential accommodation on plots, it can mitigate many of the effects of large plots so prevalent in Lesotho.

TABLE 38 Calculation of space per household under the planning standards of one dwelling plus *malaene* up to the floor area

	Plot sizes in square metres						
	400	**500**	**600**	**700**	**800**	**900**	**1,000**
Max plot coverage %	30	30	30	27	25	25	25
Max size of dwelling m^2	120	150	180	190	200	225	250
Area of main dwelling m^2	60	75	90	95	100	112.5	125
Number of *malaene* rooms at 12m^2 allowed*	5.0	6.3	7.5	7.9	8.3	9.4	10.4
Number of dwellings**	3.5	4.1	4.8	5.0	5.2	5.7	6.2
Area per dwelling	114	121	126	141	155	158	161
Area required for 99,000 dwellings calculated by area per dwelling (hectares)	1,128	1,196	1,247	1,394	1,528	1,562	1,590

Note: ** Assuming half of the maximum size is the main dwelling and half is the malaene rooms.*

*** Assuming that two rooms are used by each household (two-roomed dwellings)*

Table 38 shows that maximising coverage and number of *malaene* rooms (let out in pairs) on each plot size gives between 114 and 161 square metres of space per household on plots between 400 and 1,000m^2 in area. Looked at another way, maximising the number of dwellings per plot this way would require between 1,128 and 1,590 hectares between 2006 and 2025. The difference between the land take for 1,000m^2 plots developed to their full potential (1,590 hectares) and that for the same plots with only one main dwelling and one *malaene* dwelling thereon (5,000 hectares) shows the potential for reducing land take. By encouraging large plots with one plus one households on them at one end of the scale and, at the other end, encouraging home-owners to provide *malaene* up to the allowed scale, the scale of land saving ranges from 50 per cent to more than 75 per cent. There must be large amounts of space within existing plots that are not efficiently used that could also make space for much of the new housing needed (Figure 56).

FIGURE 55 Space for infilling on the Maseru-Berea boundary

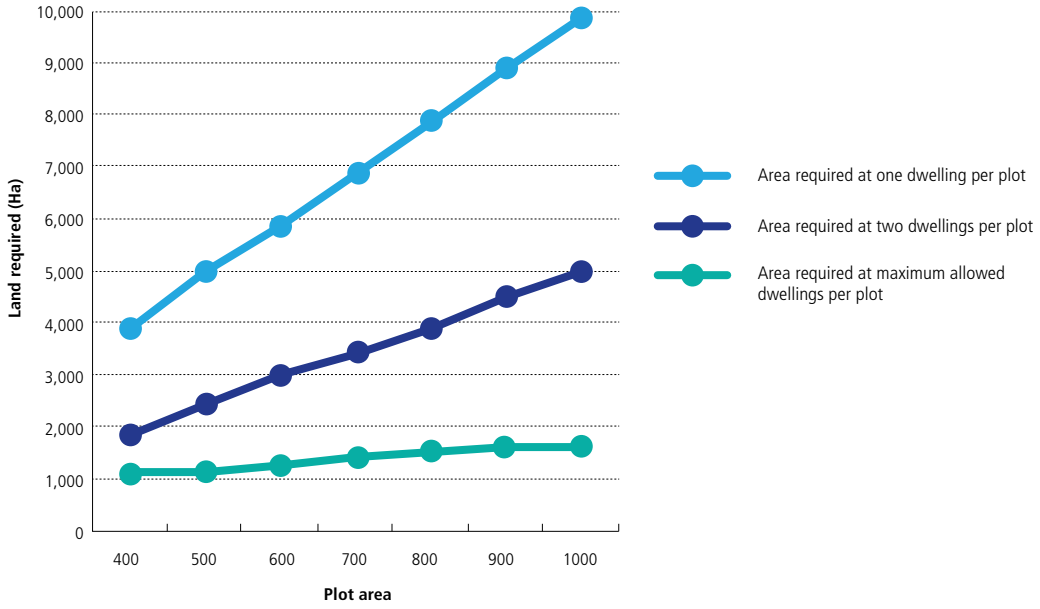


FIGURE 56 Area required for new housing against three development scenarios

There is some discussion at present about the potential for increasing density when the forthcoming Sectional Titles legislation allows multi-storey apartments to be built. It should be noted that such housing is likely to be attractive to the relatively small aspiring middle class but may be unsuitable for the majority of households. The above has shown that there is great potential for increasing densities in existing residential areas and manipulating the land-take for new development before it is necessary to build more expensively in three- to four-storey blocks or higher.

BRIEF CONCLUSIONS

Land is very important in Lesotho; fertile land is in short supply and subject to being built on as urban areas grow. There has recently been a major change in the land administration system in Lesotho which has made huge cuts in the time taken and, therefore, the transaction costs involved in registering land and receiving a valid lease. A forthcoming act to enable sectional titles is eagerly anticipated. Formal land allocation still discriminates in favour of the middle and high income households, however, and men rather than women. The legacy of the abolition of customary leases and the spuriously back-dated Form C leases is a proliferation of neighbourhoods which have no legal title but in which residents feel confident of their security. Plot sizes are very large and jealously guarded by officials as necessary for Basotho lifestyles. Potential savings in land take are, however, possible by using the allowance to construct *malaene* rooms of an equal area to the main dwelling. There is great potential for increasing densities in existing developments to absorb some of the growth likely in the coming years and reduce urban sprawl on scarce fertile land.

END NOTES

1. *This chapter draws heavily on a very comprehensive study of land by Clement R. Leduka for Urban LandMark, Pretoria.*
2. *Leduka (2012).*
3. *Leduka (2012).*
4. *http://www.doingbusiness.org/data/exploreeconomies/lesotho/.*
5. *Leduka (2012).*
6. *Johnson and Matela (2011).*
7. *Section 5(2), Land Act 2010.*
8. *Interview with Clement Leduka, 22 January, 2014.*
9. *Stakeholder Interview, Lands Commissioner, 22 January, 2014.*
10. *Leduka (2012).*
11. *Land Act, 2010: 387.*
12. *UN-HABITAT (2012a).*
13. *Devas (1989).*
14. *UN-HABITAT (2010a).*
15. *Devas (1989).*
16. *Land Act 2010: Part I.*
17. *Johnson and Matela (2011).*
18. *Leduka (2012).*
19. *Leduka (2012).*
20. *Leduka (2012).*
21. *Leduka (2012)*
22. *Stakeholder interview, RE/MAX, 22 January, 2014.*
23. *Johnson and Matela (2011).*
24. *Kingdom of Lesotho (2009b).*
25. *Johnson and Matela (2011).*
26. *Kingdom of Lesotho (2009a): 3.*
27. *Kingdom of Lesotho (2009a).*
28. *Section 44 of the LA 1979 provides that:*

    Where it appears to the Minister in the public interest so to do for purposes of selected development, the Minister may, by notice in the Gazette declare any area of land to be a selected development area and, thereupon all titles to land within the area shall be extinguished but substitute rights may be granted as provided under this Part.

    Section 49 provides that:
    Titles to land within a selected development area shall be granted by the Minister and shall be evidenced by a lease, which shall be prepared by the Commissioner and executed in the manner prescribed.
29. *Leduka (2004).*
30. *Leduka (2004).*
31. *Mosaase (1982): cited in Leduka (2004b).*
32. *Leduka (2004).*
33. *Devas (1989).*
34. *(Kingdom of Lesotho, 2009a: 6).*
35. *(Kingdom of Lesotho, 2009a: figure 1.2).*
36. *(Ministry of Works and Public Transport, 2010).*
37. *Leduka (2000); Leduka (2004).*
38. *(Ministry of Works and Public Transport, 2010).*
39. *Extrapolated from Kingdom of Lesotho (2009a): figure 1.1.*
40. *Kingdom of Lesotho (2009a)*
41. *Leduka (2012).*

42. *Leduka (2004).*
43. *Kingdom of Lesotho (2009a).*
44. *Leduka (2012).*
45. *Mapetla (1999).*
46. *(UN-HABITAT (2012a)).*
47. *(UN-HABITAT, 2012b).*
48. *But mainly for middle and high income households.*
49. *UN-HABITAT (2010a).*
50. *UN-HABITAT (2012a);*
51. *Leduka (2012).*
52. *Leduka (2012).*
53. *Leduka (2012).*
54. *The Lesotho Times of September 1-7 and 8-14, 2011, calls on the former Minister of Local Government to explain the land (stands/plots) that she had recently granted to nine government ministers, judges and senior civil servants (but to no ordinary Basotho) in prime areas in Maseru (Leduka, 2012).*
55. *For example, the State Housing Company in Ghana (UN-HABITAT, 2012a) and the National Housing Authority in Zambia (UN-HABITAT, 2012b).*
56. *Stakeholder interview, LHLDC, 22 January 2014.*
57. *UN-HABITAT (2010a); UN-HABITAT (2012a); (UN-HABITAT, 2012b).*
58. *Hall (2004).*
59. *Leduka (2004).*
60. *Leduka (2012).*
61. *In this case, it is stated that 120m2 would not be suitable for vegetable growing.*
62. *Mapetla (1996).*
63. *Mapetla (1996).*
64. *Leduka (2012).*

06

FINANCE FOR HOUSING

INTRODUCTION

There are two major challenges in Lesotho insofar as housing finance is concerned;

- There is a lack of housing finance for most of the households in the urban areas;
- The formal financial systems exclude most households despite the best intentions of bankers to be inclusive.

These are inter-related and similar to the issues found in the other Profiles in Sub-Saharan Africa.[1] They hinge on the issues of affordability and the transaction costs attached to lending what, for bankers, are relatively small sums over long periods.

It is evident from the Profile's sample survey (Table 39) that, as in most of Sub-Saharan Africa, savings (cash and money held in the bank) are overwhelmingly the main source of housing finance in urban Lesotho. Loans from banks and financial institutions are used by only a very few households for financing their housing, especially in middle and higher income areas of Maseru.

TABLE 39 Most important source of housing finance (percentage frequencies)

	Maseru low income	Maseru medium and high income	Leribe	Mohale's Hoek	Mokhotlong	Thaba-Tseka
Cash and bank balance	82.1	62.9	80.0	73.2	82.9	96.3
Banks and financial institutions (mortgages)	0.0	23.1	8.6	7.2	8.6	0.0
Friends and relatives	2.5	2.6	8.6	3.6	2.9	0.0
Sale of assets	7.8	0.0	0.0	0.0	2.9	0.0
Private money lenders	2.5	1.3	0.0	3.6	0.0	0.0
Insurance/Pension fund	0.0	0.0	2.9	3.6	0.0	0.0
Other	5.1	10.3	0.0	8.9	2.9	3.7

Source: *Profile Sample Survey*

THE FINANCIAL SECTOR

Because Lesotho had several years of economic stability and a history of fiscal surpluses, it was in a better position than many countries to cope with unfavourable external developments. It has, however, been affected by the recent financial crisis and the subsequent economic problems as there has been a decline in revenue from the Southern African Customs Union (SACU). This has been its most important source of foreign reserves, recently contributing more than half of government revenues. Despite this, Lesotho's banks are still well-capitalised, profitable and liquid. There are, however, vulnerabilities in the system owing to weak supervision of Non-Bank Financial Institutions (NBFIs). The government's Medium-Term Macroeconomic Programme (MTMP) for 2010-2013 was aimed at strengthening the financial sector while enhancing access to financial services. Its reforms include improving the supervision of banks and non-bank financial

institutions, improving access to credit, reducing transaction costs, and increasing the participation of women in the economy.[2]

Borrowing money is common in Lesotho; 57 per cent of adults over 25 years of age report that they had a loan in the year to 2011. Despite this, there are not many mortgages (Table 39). Access to formal credit is limited in Lesotho. Only 3.5 per cent of adults had a loan from a financial institution and only 6.1 per cent had a loan from a private lender. Lesotho ranks 154th out of 185 countries for ease of obtaining credit (see chapter 1) according to the World Bank's 2013 Doing Business indicators.[3]

According to the World Bank's Global Financial Inclusion Database (Global Findex), 14.5 per cent of rural and 36.2 per cent of urban Basotho over 15 years of age have an account with a formal financial institution. Very few have an outstanding loan to buy a home: 0.8 per cent of the top 60 per cent of income earners and 1.2 per cent of the bottom 40 per cent of income earners. Loans to build a home are slightly more common but still very scarce: 2.1 per cent of the top 60 per cent of income earners had one, and 0.8 per cent of the bottom 40 per cent of income earners.[4]

The prime bank lending rate in Lesotho is relatively low for Sub-Saharan Africa. It has been 9.75 per cent or thereabouts for a few years. This stability owes much to the Loti (plural, Maloti) being tied to the Rand at par. According to a study in 2010,[5] 19 per cent of households receiving remittances, had spent some money on house-building materials (from table 25). These households estimated that 90 per cent of their housing expenditure was met by remittances.

INSTITUTIONAL, LEGAL AND REGULATORY FRAMEWORKS GOVERNING HOUSING FINANCE

The Central Bank of Lesotho (CBL)

The Central Bank of Lesotho is the national regulatory banking institution. In August 2000, the law was revised so that the Bank's sole and primary objective is the achievement and maintenance of price stability in the economy.

While the bank has its own budget for its operations, the paid- in capital is subscribed and held exclusively by the government of Lesotho. Its Governor and two Deputy Governors (Executive Posts) are all appointed by the King, under the advice of the Prime Minister, and hold office for a (renewable) term of 5 years. Other members of the Board of Governors hold Non-Executive posts; they are appointed by the Ministry of Finance and serve for a (renewable) term of 3 years.

The Bank has reserve requirements for the commercial banks which are:

- Minimum local asset requirements such that 10 per cent of domestic deposits and balances, other borrowings, paid-in-capital, and reserves must be maintained locally;
- 25 per cent liquid assets in the form of total currency held, surplus funds at the Central Bank, deposits with local banks, and government securities;
- Capital requirements of M10 million or 8 per cent of risk-weighted assets in line with Basel conventions;
- Cash reserves amounting to 3 per cent of deposit liabilities.[6]

The Central Bank supervises commercial banks, money-lenders, and insurance companies (which are the non-banking financial institutions in the country).

The CBL has established a Credit Bureau which is operated by COMPUSCAN, a South African company, but it is awaiting the necessary data on credit histories to help commercial banks to determine the credit worthiness of a customer. Its absence was earlier cited by commercial banks as being one of the main obstacles to credit extension.

In 2010, CBL set aside M50 million (US$450,000) to create a Credit Guarantee Facility to give SMMEs access to credit and training.[7]

There are three commercial banks, Standard Lesotho Bank, Nedbank, and the First National Bank. There is also a PostBank owned by the government designed for people who would normally not be able to borrow from a commercial bank. Its motto "Affordable, accessible, anytime" augers well for its purpose.

FINANCING PRIVATELY-SUPPLIED HOUSING

Commercial Banks

Lesotho's small banking sector is dominated by three commercial banks (Table 40) and one Post Bank. They only have 40 branches between them, of which 27 are outside Maseru. They are currently limiting

their operations in urban and semi-urban areas. Their target clientele is the formal sector, mainly medium and large corporate enterprises and salaried employees in and around urban areas.[8] Like other commercial banks in Sub-Saharan Africa, they have focused on high net-worth clients, or on those who have long business relationships with them. Recently, however, all three have shown interest in financing micro, small and medium enterprises by establishing a dedicated department for them.[9] These commercial banks are the main source of housing finance. According to CAHF,[10] they are likely to increase their mortgage business as land titling, through the Land Act 2010 (see chapter 5), is opening up more opportunities to borrow for housing against the value of the newly-registered plot.[11]

Table 40 Co mmercial banks in Lesotho

Name of bank	Number of branches	Distribution
Standard Lesotho Bank	16	In all 10 districts
Nedbank	7	
First National Bank	3	

Mortgages can be obtained for building a dwelling, home improvement, home purchase and equity release. The banks try to reach lower-income groups, that would normally be beyond mortgages, through pension-backed loans which use the accruing pension fund as the collateral. In some workplaces, there are agreements with banks to stop money from salaries at source for loan repayments. Where such agreements exist, workers can raise mortgages up to 100 per cent of the house value up to M750,000 (US$68,000) or 90 per cent above M750,000.

Granting mortgages has recently been rendered much easier through the Land Administration Authority's work in promoting registration; many more dwellings are now registered and, therefore, 'bankable'. Being able to register a mortgage bond in a week, and not having to await ministerial consent, is a great improvement for mortgagors. Their lending is on a rising trajectory with mortgage loans increasing by over M294 million (US$29.2 million), or more than 149 per cent, between 2010 and 2012, to M492 million (about US$48.8 million) by 31 March 2013.[12] Standard Lesotho Bank (SLB) has doubled its mortgage book since 2009. SLB grants about 350 mortgages per annum of which about 200 are to civil servants from whom a lien on salary can be taken. It has 1,100 outstanding mortgages.[13] Nedbank grants about 12 mortgages per year between M750,000 (US$68,000) and M4 million (US$360,000) and to borrowers with more than M10,000 (US$900) per month income.[14]

Many customers have difficulties raising the 20 per cent deposit required unless the mortgage is a pension-backed loan. In addition, job insecurity holds some households back from committing to a mortgage. There is quite a low default rate in Lesotho but there is also a fairly high tolerance of default as the transaction costs of repossession are very high and the likely price received through a Court's 'forced sale' at the end will probably only cover a fraction of the value of the asset. There is also a reluctance to tarnish the name of the bank by this activity.

The banks are trying to relax the conditions for mortgages so that people with lower incomes than are currently eligible can raise mortgage finance. Currently, M300,000 (US$27,000) is the lower limit for a mortgage and they hope to reduce this to M200,000 (US$18,000), but it is likely that the transaction costs will be so high that they would need some subsidy to avoid making a loss. In the pension fund-backed loans, aimed at lower income workers, the lower limit for a loan is M100,000 (US$9,000) with payments of up to M1,500 ($136) per month and up to 40 per cent of household salaries. Banks are also becoming pro-active in giving front-end finance to developers with whom they have done business before.

On its website,[15] SLB advertises mortgages for a minimum loan of M100,000 over a maximum of 20 years. The applicant is required to take out home-owners insurance on the home loan or cede an existing policy with the value equivalent to the amount of the loan. The interest rate is linked to Prime lending rate and based on the applicant's risk profile; as the prime interest rate changes, so repayments can change over the life of the loan. The normal rate is Prime Rate plus two per cent and the loan can be for 20 years or as long as the client has until retirement (if less).[16] The exceptions to this are generally two-fold;

- Civil servants qualify for a rate of Prime minus two per cent (with a minimum of 10 per cent).[17]
- In pension-backed pension schemes, 60 to 70 per cent of the pension may be used but all other qualifications above are removed.[18]
- Applicants must:
- have been permanently employed for a period of not less than two years;

- earn a minimum net monthly income so that the payments are up to 35 or 40 per cent of joint incomes;
- be a bank customer in good standing;
- be a citizen of Lesotho aged between 21 and 55 years;
- provide all the documentation required (Table 41)

TABLE 41 Documentation required for a mortgage with SLB

Personal	Identity document; proof of income; bank account details; employment details; any existing Standard Lesotho Bank home loan details, if applicable.
Building	Lease; Plan; Deed of Sale drawn by the Attorney; Building Permit; Contractor's quotations (Contractor must submit the following: traders licence, licence from Ministry of Works, Income tax clearance certificate, references).
Financial	Proof of Income; Identification; Ministerial consent to mortgage from LSPP; Down payment; Where the arrangement is "turn -key", the builder should provide an audited set of accounts and credit reference if necessary.

Source: *SLB.*[19]

While banks may provide incremental financing for homeowners, generally to finance the cost of adding a room, such loans are not relevant for the house purchase market where prices of dwellings in the formal sector (with land registration) are upwards of M300,000 (US$27,000). Only 9.8 per cent of households in Lesotho purchased their houses and half of these were financed with savings or with work-related loan guarantee schemes.[20]

Insurance companies

The insurance industry in Lesotho is monitored and supervised by the Insurance Supervision Department of the Central Bank of Lesotho which also acts as Insurance Commissioner.

The six insurance companies operating in Lesotho in 2008 were as follows:

- Lesotho National General Insurance Company;
- Lesotho National Life Assurance Company;
- Alliance Insurance Company Ltd;
- Metropolitan Insurance Company;
- Sentinel Insurance Ltd;
- Prosperity Insurance Company.

Under the Insurance Act, 1976, the Central Bank required capital reserves of M65,000 (US$6,500) for insurance companies and M5,000 (US$500) trust deposit for insurance brokers. The Insurance Act of 2014 will soon repeal this and ask for a more realistic M4 million as capital reserves. Other financial institutions consist of money lenders, of which there are more than 50. There are no specific capital requirements for money lenders[21] but their interest rates are meant to be pegged at 25 per cent per annum. It is not surprising that they do not comply with this rate.

Other Types of Finance/Financial Market

The credit market is being opened up to more actors through the Credit Reporting Bill. This will set up a credit bureau to be used by credit providers and the Central Bank of Lesotho, a requirement to register and regulatory procedures for credit providers.[22] It will help financial institutions to assess credit-worthiness by establishing a credit information point on borrowers.[23] The ID card system will help in the establishment of a credit bureau.[24]

Micro-finance

Non-mortgage housing microloans are available in Lesotho. There are no Grameen Bank-style institutions but Ozer and Kamat[25] found several lending institutions in Lesotho in 2008. Blue Financial Services provides loans, insurance, and other financial services primarily to government employees or large corporate employees. Boliba Savings and Credit is like a credit union mostly used by rural people. Borrowers usually have to have maintained an account with Boliba for several months through monthly deposits. Basotho Enterprises Development Corporation (BEDCO) is a government-affiliate that provides technical and business training for Basotho entrepreneurs who wish to improve their education. BEDCO used to include small business loans and microfinance activities but it has abandoned them as too many people defaulted on their loans. Ozer and Kamat[26] suggest that the failure of Basotho to work in groups was the reason for large default rates

in what is usually a group-based sector. Christian Action Research and Education (CARE) has linked its work with women and orphans affected by HIV/AIDS with helping them establish Rotating Savings and Credit Associations (ROSCAs).[27]

Select Management Services started operations in Lesotho in 2007 and disbursed loans to the value of US$15.7 million to almost 7,700 clients (a mean of US$2,040 each) through branches in Maseru, Mafeteng and towns in Leribe. In 2011, it left the country owing to the government's suspension of deductions against government employees' salaries for the repayment of loans. It re-entered in 2013 under the brand "Lesana" with a credit-only licence. Its target market is to grant loans to salaried employees against stringent criteria so that the borrower will not be over-stretched. Repayments are deducted from salaries. [28]

UNCDF has a programme to Support Financial Inclusion in Lesotho[29] aimed at improving and expanding access to sustainable financial services in urban and rural areas by low income households, particularly by lending to women, between 2010 and 2013. Its partners are UNCDF, UNDP and the Government of Lesotho. Its total project cost is US$4,085,000.

The overall emphasis is on services for salaried (and specifically government-employed) individuals who tend to be urban-based. Although many Basotho resort to the services of the semi-formal and informal financiers, mainly money-lenders and SACCOs, Rural Savings and Credit Groups (RSCGs), ROSCAs ('stokvels' or 'makholisano') and burial societies, their capacity is very limited. There may be a role for them in housing-related expenditures such as adding a room or improving a dwelling if members realised that this was possible.[30] The key players in the delivery of finance in Lesotho are summarized in Table 42.

TABLE 42 Formal and semi-formal financial institutions operating in Lesotho in 2010

Institutional type	No.	Licensed by	Supervised by	Permitted range of services
Banks	4	CBL	CBL	Savings and credit
Insurance companies	6	CBL	CBL	Life and non-life insurance
Insurance brokers	12	CBL	n/a	Products
Moneylenders	51	CBL	n/a	Credit only
NGO	1	Ministry of Justice	n/a	Credit only
Savings and Credit Cooperatives (SACCos)	141	Commissioner for Cooperatives	Commissioner for Cooperatives	Savings and credit Deposit from both members and non-members
Rural Savings and Credit Groups, Village savings and Loan Associations (VSLAs)	Not known	Ministry of Justice	n/a	Savings and credit Deposit from members only

Source: *SUFIL*[31]

It was estimated that, by the end of 2008, there were 141 SACCOs totalling 34,000 members. The loan balance as at the end of 2009 was estimated to be at US$7.7 million with almost the same amount of savings.[32]

Knowledge about appropriate finance for housing is also poor. In their survey in Matala, Tsolo and Foso in Maseru, Akindele and Rakuena[33] found that most of the householders there were not aware of micro-finance and they did not have a formal lease which would have made their housing project bankable even in microfinance. Form C is not good enough to make a house or plot bankable.

Neighbourhood money lenders charge 30-35 per cent per month or part of a month.

Housing funds and government subsidies

The only funds specifically set apart for housing in Lesotho are those of ministries to build housing for their (usually fairly senior) staff members. Thus, there are no special government funding lines available to developers of housing, e.g., government banks dedicated to offering housing loans, nor is there access to pension funds for housing.

LHLDC has received land from the government through the Department of Lands and Physical Planning in the MLGCPA. This has been either free or at much lower than a market price would have been and constitutes a supply-side subsidy to subsequent plot owners.

Resource mobilisation and savings systems

The cooperative sector has been dormant and therefore the exact number of SACCOs is not known but it was estimated that, by the end of 2008, there were 141 SACCOs totalling 34,000 members with loans at the end of 2009 of about US$7,720,000 and almost the same in savings. In 2010, Lesotho Postal Bank (LPB) had 70,000 savers with over US$20 million saved despite only recently being issued with a licence to provide credit as well.[34] ROSCAs exist in Lesotho. They work by giving members, in turn, a windfall gain of the monthly savings of all members. The members sometimes expect to see a substantial benefit to be shown by the 'winner' that month. Savings are mobilised for housing partly through the incremental building of housing. Although some incremental building is the room by room kind, most is by stages; foundations, wall to lintel level and roof.

Capacity needs assessment

The banking sector is far too small and too concentrated in the higher echelons of society to be useful for anything other than a niche supplier of funds for new housing development of the scale required in the next decades. As housing registration increases through the regularising process under way, it should be possible to borrow money on more housing plots than in the past. In order to enable the provision of 5,450 dwellings per annum, large amounts of funds should be made available at market interest rates (to reduce rationing) but in fairly small quantities.

Taking the affordability medians in chapter 4, the median cost of dwellings should be in the range from US$4,000 each to US$20,650. This is a very wide range within which to calculate the need for finance.

TABLE 43 Need for finance according to different median affordability calculations, 2006-2025 (US$)

Source of affordability median	Dwelling capital cost including 20% deposit	Total loans required for 99,000 dwellings (millions)	Total investment	Loans per year (millions)	Investment per year (millions)
Statistical Report No. 19, Continuous Multi-Purpose Survey, 2013; current housing payments	4,000	316.8	396.0	26.4	33.0
Centre for Affordable Housing Finance in Africa (CAHF), 2013*	4,400	n/a	435.6	-	36.3
Profile's sample survey lower range	7,500	594.0	742.5	49.5	61.9
Maseru's low-income neighbourhoods	10,250	811.8	1,014.8	67.7	84.6
Profile's sample survey upper range*	20,650	1,633.5	2,044.4	136.1	170.4

***Note** * This is not a median but a 70th percentile point.*

Table 43 shows that there is a huge variation in how much loan finance and total investment required for the housing needed between 2006 and 2025. Currently, the smallest mortgage offered by SLB is M100,000 or just under US$9,500 which would demand payments of about US$100 per month. This is almost exactly three times as much as the affordability calculations give for the mean dwelling cost. It is doubtful whether any formal bank would be willing to transact mortgages of only US$3,000 so it is not mortgage finance that is required for the new housing. As Basotho householders tend to build incrementally in layers, finance for one or two thousand US dollars per layer is required, with relatively short payback periods of, say, five years, secured on the value of the plot.

Currently, SLB grants about 350 mortgages per annum.

CROSS-CUTTING ISSUES: GENDER, DISABILITY, HIV-AIDS, YOUTH

Low life expectancy in Lesotho, partly from HIV/AIDS, reduces the powers of lenders to grant loans to adults who may not live a full span. Prospective clients who are HIV positive are unlikely to be able to raise a life insurance which is a precondition of having a mortgage granted.

SLB has been involved in financing for building homes for orphaned and HIV-AIDS infected children in conjunction with Habitat for Humanity

BRIEF CONCLUSION

The housing finance sector is small in Lesotho and currently, despite its best intentions, only assists a few households at the top of the market and civil servants who have preferential treatment and subsidised loans. The qualification criteria for mortgages, which safeguard the banks' investment, exclude the great majority of Basotho households. The granting of mortgages to those who qualify has been made much easier recently by the work of the LAA. A few organisations grant housing micro-loans but mainly to salaried employees, again a niche market.

The needs of the majority, for small amounts of money (one or two thousand dollars) over short borrowing periods (a few years at most) are hardly addressed. The need for new housing in the next decade will place demands on the financial system to address the needs of many thousands of households who need less than US$10,000 for building and extending dwelling for their own occupation and renting out.

END NOTES

1. *UN-HABITAT (2010a); UN-HABITAT (2012a); UN-HABITAT (2012b).*
2. *Lesotho Review (2011).*
3. *Centre for Affordable Housing Finance in Africa (CAHF) (2013). 1 is easiest, 185 is most difficult to obtain credit.*
4. *Centre for Affordable Housing Finance in Africa (CAHF) (2013).*
5. *Crush et al. (2010).*
6. *Coppock et al. (2013).*
7. *Ozer and Kamat (2008).*
8. *Centre for Affordable Housing Finance in Africa (CAHF) (2013).*
9. *Centre for Affordable Housing Finance in Africa (CAHF) (2013).*
10. *Centre for Affordable Housing Finance in Africa (CAHF) (2013).*
11. *Given that few dwellings are likely to be sold, it is difficult to see how the value of property will increase except as a means of raising collateral against a loan, if owners are willing to do this. The last cannot be taken for granted.*
12. *Centre for Affordable Housing Finance in Africa (CAHF) (2013).*
13. *Email discussion with Azael Makara, SLB, February, 2014.*
14. *Stakeholder interview, Nedbank, 23 January, 2014.*
15. *http://www.standardlesothobank.co.ls/Lesotho/Personal-banking/Borrowing/Home-loans.*
16. *Retirement ages vary; Army/ police = 55, Civil service = 60, teachers/ nurses = 65, academics =70.*
17. *On the grounds that the bank has lower transaction costs on loans to civil servants.*
18. *Stakeholder interview, Standard Lesotho Bank.*
19. *http://www.standardlesothobank.co.ls/Lesotho/Personal-banking/Borrowing/Home-loans*
20. *Centre for Affordable Housing Finance in Africa (CAHF) (2013).*
21. *Coppock et al. (2013).*
22. *http://www.parliament.ls/senate/index.php?option=com_content&view=article&id=171%3Acredit-reporting-bill&catid=37%3Acommittee-reports&Itemid=63*
23. *Centre for Affordable Housing Finance in Africa (CAHF) (2013).*
24. *Ozer and Kamat (2008).*
25. *Ozer and Kamat (2008).*
26. *Ozer and Kamat (2008).*
27. *Ozer and Kamat (2008).*
28. *Centre for Affordable Housing Finance in Africa (CAHF) (2013) and http://www.selectafrica.net/select_africa_countries_lesotho.html*
29. *Kingdom of Lesotho et al. (2010).*
30. *Insights offered at the Second Stakeholders' Workshop, September, 2014.*
31. *Kingdom of Lesotho et al. (2010).*
32. *Kingdom of Lesotho et al. (2010).*
33. *Akindele and Rakuena (2005).*
34. *Kingdom of Lesotho et al. (2010).*

07

INFRASTRUCTURE FOR HOUSING

BASIC URBAN INFRASTRUCTURE PROVISION IN A NUTSHELL, ACTORS AND SERVICE PROVIDERS

The right to adequate water and sanitation at an affordable price is implicit and acknowledged in various international declarations, covenants, conventions and statements.[1] The main services to residential areas are provided by public authorities under the oversight of regulators such as LEWA (in the case of electricity, water and sewerage). Developers complain of the lack of coordination among service agencies, even for large scale developers, servicing may be late. When services are provided as part of a formal sector layout, the developer may engage the service agencies to supervise its installation. Some formal layouts are laid out without services, apart from access and standpipe water supplies, but the purchase and development of plots creates the demand for their installation.[2] Some formal layouts are laid with basic services, such as gravel roads and either full or partial water reticulation. However, water connections are normally fitted later as demand for them depends on the development of the plots themselves.

As in many countries in Sub-Saharan Africa, urban areas tell two stories on servicing. The old and formal city is well serviced but may suffer from stoppage of supply. The periphery, especially where informally developed, is poorly serviced, reliant on public facilities.

However, there has been major improvements in access to servicing in the last few years. Whereas Mapetla[3] was able to report appalling lack of services, hardly any toilets and little clean water, such conditions are not evident now. More evident are the myriad of corrugated metal toilet cubicles and the sturdy VIP latrines in evidence all over peri-urban Maseru and evident in towns such as Mohale's Hoek.

FIGURE 57 In the periphery of Maseru, a household provides water storage and toilet, and has a satellite dish for television

Institutional, legal and regulatory frameworks governing infrastructure provision

In 2010, the human right to water and sanitation[4] declared that supply should be

- Sufficient and continuous for personal and domestic uses providing between 50 and 100 litres of water per person per day.
- Safe, free from micro-organisms, chemical substances and radiological hazards that constitute a threat to a person's health under World Health Organization (WHO) Guidelines for drinking-water quality.
- Acceptable in colour, odour and taste; facilities and services must be culturally appropriate and sensitive to gender, lifecycle and privacy requirements.
- Physically accessible within, or in the immediate vicinity of the household or within 1,000 metres of the home and collection time should not exceed 30 minutes.
- Affordable, in that water costs should not exceed 3 per cent of household income.[5]

Two public authorities manage the provision of water in Lesotho;

- the Water and Sewerage Company (WASCO) in urban areas, i.e., in Maseru and fifteen other gazetted urban centres in Lesotho (TAMS Consultants & Associates, 1996) and
- the Department of Rural Water Supply (DRWS) in rural areas.

Lesotho Electricity and Water Authority (LEWA)

Set up by the Lesotho Electricity Authority Act, 2002, LEWA is the regulator for electricity and, since 2013, urban water supply and sewerage in Lesotho. The infrastructure supply companies apply for tariff review and LEWA publicises the application for public comments. Following set procedures, LEWA decides on the new tariffs and informs the supplier and the public simultaneously. There is no government intrusion in the tariff decisions. The first tariff review of Water and Sewerage is due in 2014.

Through a clear and transparent process of reviewing the cost of all the components of infrastructure supply (including bulk costs, depreciation of plant, labour costs, returns on investments, and maintenance), LEWA tries to ensure good value for money while maintaining the sustainability and improving the efficiency of the infrastructure suppliers.[6]

The Water and Sewerage Company

The Water and Sewerage Company (WASCO) – formerly the Water and Sewerage Authority (WASA) – is responsible for supplying adequate potable water and safe wastewater disposal services in Lesotho's urban areas. Maseru's water comes from the Mohokare (Caledon) River and the Maqalika Dam. Treated water production for Maseru is 40 mega litres per day. The other 14 urban centres rely on surface water and wells.[7]

In the urban centres across Lesotho, WASCO provides safe drinking water to around 47,600 billed connections, plus approximately 400 public standpipes. More than 3,050 domestic customers use prepaid systems and there are over 3,370 communal prepaid card holders.[8]

WASCO also provides sewerage mains for over 5,000 customers and operates a sewage tanker service providing an emptying service for septic and conservancy tanks in areas that have mains water but do not have access to piped sewerage; serving more than 8,000 registered customers in all urban areas. The tankers are also used to empty Ventilated Improved Pit (VIP) latrines.[9]

Where housing has internal plumbing and sewer connections, the average consumption is approximately 120 litres per capita per day (l/c/d). This reduces to about 80l/c/d where the supply is to an outside tap, and to 40l/c/d for standpipe users.[10]

There is a fixed charge within water bills but not for public standpipes. The system loss of water is somewhere between 30 and 40 per cent, quite low when the minimum is thought to be about 25 per cent.[11]

The threshold of responsibilities between WASCO and DRWS appears to be the boundaries of the legally defined urban areas so the peri-urban areas of Maseru and other towns are the province of DRWS.[12] The two water authorities cannot provide sufficient potable water for all their clientele.

Maseru Wastewater Project

Around 100,000 of Maseru's inhabitants are expected to benefit from WASCO's Maseru Wastewater Project which is intended to expand and rehabilitate wastewater and sanitation facilities in the Maqalika catchment area. Funding for the M290 million project comes from the European Union, the Lesotho Government and the European Investment Bank (EIB).[13]

Through a modern and environmentally friendly system of waste water collection and treatment, the project should increase sanitation coverage in the city from 49 to 85 per cent. Taking account of the income levels of the beneficiaries, there are different levels of service available from connection to the central sewer network to the construction of low-cost onsite toilets.[14] The data collection part of the project has begun at the time of writing.

Maseru Peri-Urban Water Supply

Following a feasibility study in 2002, the Maseru Peri-Urban Water Supply,[15] began with Phase I which covered the peri-urban areas of Ha Leqele, Matala, Ha Abia, Lithoteng and Masianokeng. Phase II, which began in 2007, involved a 267-kilometre pipeline and two reservoirs to supply water to the peri-urban areas north-east and south-west of Maseru, supplying about 5,000 households. This supplied Khubetsoana, Mabote, Bobojane, Tšosane, Sekhutlong, Tšiu and Tšenola, in the north-east, and Ratjomose, Tsolo, part of Ratšoana, Chala and Seleso in the south-west.

The Millennium Challenge Account is active in Urban and Peri-Urban Water Networks to extend and rehabilitate the urban and peri-urban water network, including extending the networks to Semonkong and augmenting supply to Mazenod. Other towns targeted are Mafeteng, Mohale's Hoek, Quthing, Qacha's Nek, Butha-Buthe, Hlotse, Teyatenyaneng, Semonkong and Mokhotlong.[16]

Roads

Created in response to reform of the roads sub-sector, the Roads Directorate of the Ministry of Public Works and Transport is primarily for delivery and management of the road network. It is responsible for construction, upgrading, rehabilitation and maintenance of primary, secondary, tertiary and other roads.[17]

Electricity

The Lesotho Highlands Development Authority (LHDA) is the main generator of electricity in Lesotho. It sells power to the monopoly transmitter, the Lesotho Electricity Company (LEC) which distributes and supplies power to consumers.

Lesotho Electricity Company distributes power to106,000 households and other customers across the country.[18] Owing to the shortfall in local generation capacity, LEC buys power from neighbouring South Africa and from Mozambique.

Labour-based infrastructure installation

Islam and Majeres (2001)[19] show that a labour-based infrastructure installation option was 37 per cent less expensive in Lesotho than the equipment-based option, even though minimum wages were then relatively high for Sub-Saharan Africa at US$4.9 per day. The break-even wage rate for Lesotho, i.e., the wage level up to which the labour-based was more competitive than equipment-based methods, was US$14.50 per day, which is exceptionally high.[20] The large margin arises from the high mobilisation costs and difficulty in operating equipment in the highlands of Lesotho. As the large-scale Lesotho construction sector depends almost entirely on foreign contractors, a local labour-based industry could be very competitive.[21]

Based on investments already planned for the subsequent five year period, and assuming that labour-based methods would be adopted where they were technically feasible, Islam and Majeres[22] estimated that the equivalent of 8,271 full-time jobs per annum, which was equal to 18 percent of the total formal sector jobs, could be created in infrastructure implementation.

Poverty Reduction Strategy (PRS)

The PRS[23] recommends that Lesotho should maximise the benefits of physical infrastructure through integrating its planning and applying sufficient recurrent resources to maintain and expand the networks, especially in areas with high growth potential. It recognises that funds need to be allocated on a multi-year basis so that assets can be acquired and maintained. The growth of the garment industry is seen as an important reason to maintain and improve water supply to Maseru and its surroundings. Additional investments to the residential distribution network will also be needed to serve new households in peri-urban areas. It has increased urban migration, creating additional demands for reliable residential supplies. The Metolong Dam and Water Supply Programme (MDWSP) has been identified as the least-cost, long-term solution for bulk supply to Maseru and the surrounding lowlands areas. It should make available 75,000 m3 of treated water per day by 2014, enabling Maseru to meet domestic and industrial requirements for at least the next 40 years.[24] The project will also supply additional water for domestic and industrial needs in Maseru, Teyateyaneng, Roma, Mazenod and Morija.

The strategic objectives of PRSP include:

- Developing water infrastructure for communities that have no access to water, including installation of communal taps and protection of the wells;
- Developing financing instruments to speed up connections to water and sanitation infrastructure;
- Enforcing standards for construction of Ventilated Improved Pit (VIP) latrines;
- Building sanitation mains infrastructure;
- Reviewing the institutional framework to improve co-ordination and accountability among the Rural Water Supply, WASCO, Ministry of Natural Resources and other agencies;
- Facilitating the development of household and community level water harvesting.

INFRASTRUCTURE FINANCE

Infrastructure agencies are encouraged to borrow to extend their networks and services.

At the plot level, the price of land serviced by LHLDC covers the services provided but with a level of cross-subsidy; high cost plots are charged a premium so that low-cost plots can be cheaper.

LEWA allows both electricity and water and sewerage suppliers to borrow money to extend their systems. The cost of servicing the loans are included in the 'return on investment' category in LEWA's assessment of tariffs. LEC has a M20 million levy per year on its tariffs to extend the network. WASCO has no levy at present.

SUPPLY AND COVERAGE OF INFRASTRUCTURE NETWORKS

Water supply

Lesotho is home to one of southern Africa's principal water catchment areas. Thus, water is Lesotho's most valuable and abundant natural resource; it is the most abundant resource as well as being the largest single source of foreign exchange earnings since the implementation of the Lesotho Highlands Water Project (LHWP). It lies in the wetter and uppermost part of three main river systems, the Senqu, Mohokare/Caledon and Makhaleng.[25] Rainfall together with winter snowfalls generate about 5.5 billion cubic metres of water per year and renewable groundwater resources of around 340 million cubic metres per year.[26] All this makes Lesotho a relatively water-abundant country in the middle of the water-stressed area of Southern Africa. As water is a key determinant of economic growth in Lesotho, its management is an essential part of sustainable development. The water crisis affecting urban Lesotho is not an issue of scarcity but of unequal access. In addition, harmful substances from waste generated by human activity affect water quality in the sources.[27] Between one and 1.2 million kilolitres of water are treated per month for Maseru and district.[28]

A private individual or their building contractor who wants a water connection must contact WASCO who conduct a survey (which costs M50) to check whether there is a water main within 150 metres. The customer pays the full cost of the connection either initially or in instalment over one year. A refundable fee of M75 is payable for setting up the account.[29]

During construction, the contractor might have a temporary connection but would then request a final one with the meter on completion. Both temporary and final connection should take around a month. Compared to other service providers, water connection is fairly quick. Some stakeholders, however, suggest that connection can take up to 6 months, and constant follow-up with the water authority is required.

WASCO asks developers to make sure every plot is within 15 m of a water main; LHLDC runs a water main along in front of each of its plot but leaves the new plot owner to have the connection made.[30] Large numbers of connections are just a waist-level tap coming up out of the ground inside the front fence of the plot.

FIGURE 58 Water standpipe just inside a plot for sharing among *malaene* residents

TABLE 44 Source of drinking water, urban, 2009 and 2010/11 (percentage of households)

Characteristic	LDHS 2009	CMS 2010/11
Improved source	91.1	96.1
Piped water into dwelling	58.9	55.2
Piped water into yard/plot		8.5
Piped water into someone else's yard/plot		16.8
Public tap/standpipe	24.3	8.4
Tube well or borehole	5.2	2.4
Protected dug well	0.8	
Protected spring	1.8	4.0
Rainwater	0.1	0.8
Non-improved source	4.1	3.8
Unprotected dug well	2.3	
Unprotected spring	1.2	3.5
Tanker truck/cart with small tank	0.4	0.1
Surface water	0.1	0.2
Bottled water, improved source for cooking/washing	0.1	
Other	4.7	0.1
Missing	0.0	
Total	**100.0**	**100.0**

Source: *LDHS[31] and CMS[32]*

There are different versions of the state of water supply in recent official documents (Table 44) but they tell similar stories. The great majority have access to piped water. Two thirds (2009) to 80 per cent (2010/11) of urban households have a piped water supply on the plot or at a neighbour's house. The remainder mainly have access to improved water through public taps, boreholes and protected ground water sources.

TABLE 45 Main source of water (percentage frequencies)

	Maseru low income	Maseru middle and high income	Leribe	Mohale's Hoek	Mokhotlong	Thaba-Tseka
Tap in the house	9.6	54.3	31.1	4.0	6.1	0.0
Tap on the plot	69.4	42.6	22.3	20.2	34.7	0.0
Own Borehole	1.9	0.8	7.8	2.0	0.0	0.0
Communal Public tap	7.0	0.0	17.5	52.5	51.0	54.3
Public Borehole or Spring	4.5	0.0	17.5	14.1	8.2	45.7
Water Vendor	7.6	1.6	1.0	2.0	0.0	0.0
Other	0.0	0.0	2.9	5.1	0.0	0.0

Source: *Profile Sample Survey*

Table 45 shows that there are quite marked differences in the access to water within the urban sector which are hidden in the urban data in Table 45. The respondents in the Profile Sample Survey show the quite marked difference in water supply between Maseru and the rest of urban Lesotho. In Maseru, 80 per cent of households have a tap on the plot or in the dwelling while, elsewhere, only towns in Leribe in the sample has a majority with water on the plot or in the dwelling. Elsewhere, the majority rely on public water supplies through taps, boreholes or springs. Thaba-Tseka is particularly badly served with water supplies. There is evidence from the sample survey that considerably more renters have water supply on the plot or in the dwelling than owners.

TABLE 46 Round trip time to obtain drinking water (percentage of households)

	Urban	Rural	Total
Water on premises	63.4	5.5	22.6
Less than 30 minutes	27.6	61.9	51.8
30 minutes or longer	8.9	31.5	24.8
Don't know/missing	0.2	1.1	0.8

Source: *LHDS.*[33]

The closeness of the urban supply to the households is demonstrated by the few households (about 9 per cent) who take more than thirty minutes for a round trip to fetch water (Table 46).

TABLE 47 Person who usually collects drinking water (percentage of households)

	Urban	Rural	Total
Adult-female-15+	24.6	67.9	55.1
Adult-male-15+	8.8	17.4	14.9
Female-child-under-age-15	1.7	6.6	5.2
Male-child-under-age-15	1.2	2.1	1.9
Other	0.3	0.3	0.3
Water-on-premises	63.4	5.5	22.6
Missing	0.0	0.1	0.1

Source: *LDHS.*[34]

Fetching water is mainly an adult duty, usually falling on women (Table 47). Thus, improvements to supply are likely to improve the lives of women the most.

TABLE 48 Water treatment prior to drinking (percentage of households)*

	Urban	Rural	Total
Boiled	14.5	5.4	8.1
Bleach/chlorine	0.6	0.3	0.4
Strained through cloth	0.2	1.4	1.0
Ceramic, sand or other filter	0.1	0.1	0.1
Other	0.1	0.6	0.5
No treatment	85.0	92.5	90.3
Percentage using an appropriate treatment method†	14.9	6.7	9.2

Source: *LDHS.*[35]

** May have more than one method so table adds up to more than 100.*

† Appropriate water-treatment methods include boiling, bleaching, straining, filtering, and solar disinfecting.[36]

More than four in five urban households do not treat their water before drinking it (Table 48). As most receive a piped supply, they are left open to the bacterial load in the piped supply but not the worse organisms which would be found in untreated water.

The tariffs for water supply are shown in Table 49.

TABLE 49 Urban water tariff structure in Lesotho, April 2013

Category	Consumption per month (m^3)	Charge (M) per 1000 litres	
		Old rate	New rate
Standing charge for domestic customers	Band A	20.51	21.93
	Other Bands	34.31	36.68
A	0–5	3.36	3.59
B	5.1–10	5.68	6.07
C	10.1–15	9.98	10.67
D	>15	13.76	14.71
Standpipe standing charge		0	0
Standpipe customers		4.55	4.86

Source: *WASCO.*[37]

For the minority of the population that use metered domestic supplies, tariffs have been revised at regular intervals. Before LEWA took over the regulatory role, the government has interfered in pricing, resulting in WASCO subsidising the supply over many years.[38] WASCO regards up to 10m^3 per month (10,000 litres or 333 litres per day)[39] as a reasonable consumption and (formerly) more than 23 m^3 (770 litres per day) as luxury.[40] Molapo's[41] work showed that households with in-house water supply used an average household consumption of 500 litres per day, those with in-yard supply used about 330 litres per day, while public standpipe users used an average of 43 litres per day. The per capita amounts represented here are often well below the WHO minimum of 30 l/c/d.

FIGURE 59 Water tank in newly developing area

FIGURE 60 Water tank for roof run-off

Molapo [42] argues that there has been an apparently contradictory policy that aims to provide services at affordable rates for the poor while trying to achieve full cost recovery and, therefore, the ability to expand. But this policy, including the inequity of a standard standing charge, has not been able to achieve either. Instead it has benefited the high income users.

As the tariff is low in areas dominated by low-income users, there is less incentive from WASCO to extend the reticulation there than into higher income areas. In the same way, repairs in or upgrading of the network serving areas where consumers only pay M3.59 per 1,000 litres are likely to be a low priority. On the other hand, when consumers have to turn to water vendors because of lack of piped supply, they always pay more per litre.[43]

The payment from government to WASCO for the free water used at public standpipes has not always been readily forthcoming so WASCO carried the cost for a time, reducing its ability to maintain or expand the system.[44]

Water quality in urban areas is affected by pollution from many sources including:

- the sheepskin tannery,[45]
- stonewashed denim factories,[46]
- the abattoir in Maseru;
- manufacturing and processing industries in Maseru, Maputsoe, Mafeteng and Butha-Buthe, including mines, canneries, pharmaceutical companies, breweries, ice-cream factories, flour mills, fertiliser blenders and packagers, and clothing manufacturers; and
- run-off from waste dumping sites, sewage works and agriculture.[47]

The WASCO treatment plant in Maseru produces around 24 million litres per day, with a seasonal peak of 30 million litres per day but this is now less than customer demand.[48] In areas beyond the reach of mains water or where supply is intermittent, house-owners are fitting tanks (Figure 59 and Figure 60).

Sanitation

As is well known, a poorly managed sanitation system can create a number of environmental problems including wind-blown faecal matter and generation of liquid leachate in the ground soil posing serious health risks, mostly among the poorer communities.[49]

TABLE 50 Distribution of households and de jure population by type of toilet/latrine facilities (percentage of households, 2009)

Type of toilet/latrine facility	Urban	Rural	Total
Improved, not shared facility	26.3	22.1	23.5
Flush/pour flush to piped sewer system	2.7	0.1	0.9
Flush/pour flush to septic tank	2.9	0.2	1.0
Flush/pour flush to pit latrine	0.2	0.0	0.1
Ventilated improved pit (VIP) latrine	7.5	8.0	7.8
Pit latrine with slab	11.9	11.8	11.9
Composting toilet	1.1	2.0	1.8
Non improved facility	68.7	32.3	43.1
Any facility shared with other households	34.5	5.6	14.2
Flush/pour flush not to sewer/septic tank/pit latrine	0.6	0.0	0.2
Pit latrine without slab/open pit	33.5	26.7	28.7
Bucket	0.1	0.0	0.0
No facility/bush/field	4.4	44.9	32.9
Other	0.5	0.5	0.5
Missing	0.0	0.1	0.1

Source: *LDHS.*[50]

WASCO water customers who have a sewerage connection pay 85 per cent of the water consumed on the grounds that WASCO estimates that 85 per cent of water drawn is discharged down the sewer. Non-waterborne sewerage is charged at 60 per cent of water consumed. Where there is no sewerage system, septic tanks, conservancy tanks and VIPs are emptied at M385 per load. Where they are in sewered areas, they are charged M557.75 per load. In Maseru, the emptying is done by private contractors, in the districts the councils empty them.

In order to obtain a sewer connection, WASCO must conduct a survey (for which the prospective customer pays M50) to find if there is a sewer main within 90 metres. The connection is than charged at cost.[51]

There is evidence that the projects to improve urban sanitation have been effective. The changes in access to VIPs between the 2009 LDHS[52] (Table 50) and the Statistical Report on access to solid waste and sanitation services[53] (Table 51) are quite dramatic. From 7.5 per cent with access to VIPs in 2009, the increase to 47 per cent in 2011 is very commendable and demonstrated by the numbers of VIPs which are seen around the urban areas. Table 51 shows 35 per cent with pit latrines in 2011 down from the LDHS[54] (Table 50) which shows about 45 per cent (in two categories of pits) in 2009. Not only have pits been improved by stronger shelter structures (Figure 61), but the reliance on them has been reduced in favour of VIPs (Figure 62).

FIGURE 61 Mass provision of toilet shelters above pit latrines

FIGURE 62 VIP toilet showing vault at the rear. Most ventilation pipes are white instead of the recommended black so that they would be hot.

TABLE 51 Percentage distribution of households by type of toilet, 2011

Toilet facility	Urban	Rural
VIP	47.0	18.0
Pit latrine and lavatory	35.0	30.0
No toilet	9.0	50.0
Sewerage system	6.0	1.0
Septic tank/soak away	1.0	0.0
Public toilet	1.0	1.0
Total	**100.0**	**100.0**

Source: *CMS.*[55]

The two official versions of the distribution of toilet facilities tell very different stories (Table 50 and Table 51). The 2011 survey[56] shows 47 per cent of urban households with VIP toilets (Figure 62) whereas the 2009 figures,[57]show only 7.5 per cent. Public toilets are not a feature of life for most Basotho. Septic tanks in Lesotho's cities tend not to operate in the conventional way, letting relatively clean water out into a leaching area. Instead, they seem to operate as conservancy tanks simply storing excreta and liquids until they can be emptied by privately-operated vacuum trucks. LHLDC provide such septic tanks on parts of their layouts[58] though some of their older developments had sewerage reticulation. In one of their projects the LHLDC provided septic tanks to the first few houses built as the sewer reticulation was delayed and beneficiaries wanted to move in. The planning regulations stipulate a minimum of 600 m^2 for plots with septic tanks which use leaching trenches and assumes that 120m^2 of the plot will be unsuitable for vegetable growing as a result.

TABLE 52 Toilet facilities (percentage frequencies)

	Maseru low income	Maseru middle and high income	Leribe	Mohale's Hoek	Mokhotlong	Thaba-Tseka
VIP Latrine	51.0	27.1	35.3	38.1	49.0	65.7
Ordinary Pit Latrine	40.1	14.7	28.4	39.2	30.6	17.1
Septic Tank	5.1	26.4	23.5	3.1	4.1	0.0
Sewerage	2.5	31.0	4.9	2.1	0.0	0.0
None	0.6	0.8	7.8	13.4	16.3	17.1
Ecological Sanitation	0.6	0.0	0.0	2.1	0.0	0.0
Other	0.0	0.0	0.0	2.1	0.0	0.0

Source: *Profile Sample Survey*

As Table 52 shows, the Profile's survey sample shows very similar access to toilets as Table 51 with a predominance of VIP latrines in Maseru low income and Thaba-Tseka, probably as a result of recent NGO activity. It is clear that Maseru middle and high income and towns in Leribe have more use of septic tanks than elsewhere. Sewerage is very rare, only a major provider in the richer parts of Maseru. It is a problem that, in several small cities, e.g., Mohale's Hoek, Mokhotlong and Thaba-Tseka, more than ten per cent of households have no access to sanitation. Renters seem to have more access to VIPs than owners.

Waste disposal

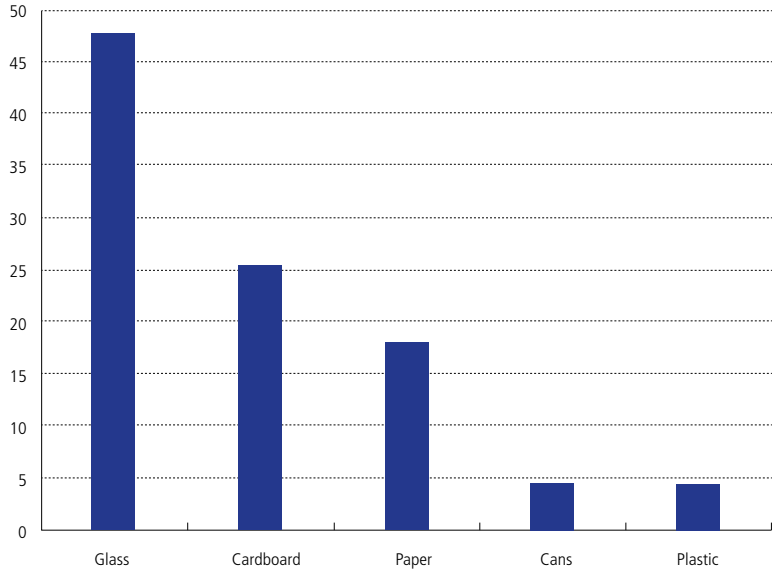
In Lesotho, waste is defined as "any substance that may be prescribed as waste or any matter, whether liquid, solid, gaseous, or radio-active, which is discharged, emitted or disposed [of] in the environment in such a volume, composition or manner as to cause an alteration of the environment".[59] Where solid waste is poorly managed, it poses a risk to human health and the environment. Uncontrolled dumping and inadequate waste handling cause problems including contaminating water, attracting insects and rodents, and increasing flood risk owing to blocked drainage canals or gullies.[60]

Figure 64 shows the composition of solid waste collected in Maseru for the year 2012. It is surprising that there is no large component of organic waste. Indeed, Table 53 shows that garden refuse and kitchen waste are significant proportions of all domestic waste generated. They are particularly high in high income areas.

FIGURE 63 Latrine of original LEHCO-OP house.

Lesotho benefits from the larger surrounding market of South Africa to be able to sell recycled materials such as plastic and glass bottles, paper and cardboard, and metal of all kinds. A total of 4,700 tonnes of scrap metal waste was collected in Maseru in 2012. Households generate only a small percentage of total waste quantified in Maseru (only 3 per cent in 2006). The great majority is generated by commercial activities and small scale enterprises. Many of the latter will be in residential areas.[61]

FIGURE 64 Solid Waste collected in Maseru for the year 2012 (percentage frequencies)



Source: *Data from Welcome Transport.*[62]

TABLE 53 Urban households by type of solid waste disposal in 2011

Solid Waste Disposal	Number	Percentage
Own refuse dump	104,300	77.4
Regularly collected	13,600	10.1
Communal refuse dump	6,000	4.5
No rubbish disposal	5,500	4.1
Burn	2,500	1.8
Irregularly collected	2,300	1.7
Other	60	0.5
Total	**134,300**	**100.0**

Source: *LDHS, 2009.*[63]

Refuse dumping is generally handled within the plot by dumping or burning. Only 4.5 per cent use communal refuse dumps and only 10 per cent have regular refuse collections (Table 53).

FIGURE 65 Dumping within the beautiful environment on the periphery of Maseru

ENERGY

The Utilities Reform Programme (2002-2007), jointly funded by the World Bank and the African Development Bank (AfDB), restructured the energy sector to be commercially viable. This led to more households being connected to the grid. It also resulted in the formation of the Lesotho Electricity Authority (LEA) in 2004, now the Lesotho Electricity and Water Authority (LEWA) with a mandate to balance the interests of all electricity (and water) sector stakeholders.[64]

The Lesotho Highlands Development Authority (LHDA) is the main generator of electricity in Lesotho. It sells power to the monopoly transmitter, the Lesotho Electricity Company (LEC) which distributes and supplies power to consumers. Half of LEC's M600 million running costs are purchase of electricity in bulk.[65] Lesotho generates 72 Megawatts (MW) per hour from Muela hydro-electric power station. In summer, it exports electricity but in winter it imports about 67 MW, 40 MW from Mozambique and 27 MW from South Africa. Household access to electricity is estimated at 20% and concentrated in the lowlands and Senqu river valley. 77 per cent of Basotho use biomass as the main source of energy.[66]

The established potential of about 6,000 MW of wind power and 4,000MW of pumped storage, plus 80 MW of conventional hydropower present great opportunities to export electricity to the region in future in order to increase and reduce imports of alternative sources of energy. This will increase energy security and allow the promotion of electricity use in sectors that require high consumption of fuel.

TABLE 54 Sources of energy for cooking (percentage frequencies)

	Maseru low income	Maseru medium and high income	towns in Leribe	Mohale's Hoek	Mokhotlong	Thaba-Tseka
Electricity	68.2	85.3	77.9	27.7	34.7	2.9
Liquified Petroleum Gas	14.6	7.8	10.6	28.7	10.2	34.3
Paraffin	7.0	1.6	5.8	16.0	14.3	22.9
Coal	1.9	3.9	0.0	0.0	0.0	0.0
Fuel wood	2.5	7.8	5.8	24.5	34.7	40.0
Cow Dung	0.0	0.0	0.0	3.2	6.1	0.0
Other	5.7	1.6	0.0	0.0	0.0	0.0

Source: *Profile Sample Survey*

It is clear from the Profile's sample survey that cooking with electricity is dominant in Maseru and Leribe, but less common in the small towns (Table 54). A varying minority of households use LPG, paraffin and fuel wood, in varying percentages according to local circumstances. In each of the sampled cities, greater percentages of renters had access to electricity than owners. Most urban households have access to electricity but many choose not to use it for cooking.

Domestic tariffs approved for 2013/14 are 15 per cent up on 2012/13 to M1.0345 per Kilowatt hour.[67]

ROADS

Provision of road networks within the residential areas is mainly a physical planning function performed through Local Councils. The design of roads and their ancillary works is guided by the planning regulations. Once a layout is approved, it is sent to the surveyors to survey the plots, and to mark plot boundaries and road reserves as they appear in the plan.

The construction of the road network is an entirely different process controlled mainly by Engineering Department of the MLGCPA. Roads to be constructed are selected by communities and the officials of the Ministry. Tenders are invited for detailed design and supervision of the proposed road networks. In the following financial year, the MLGCPA requests resources from the Consolidated Fund for construction of these roads. Contractors will be selected to undertake construction based on their tenders assessed within the requirements set out by MLGCPA's engineer.

Because of lack of coordination between the planners and the engineers, most of the road networks are not implemented up to the standard within which they were planned. Within low and middle income areas, roads are generally gravelled and have narrow carriageways; they tend to lack street lighting, pedestrian walkways and side drains.

In high income and few middle income areas, roads are tarred and minimally serviced but still do not have reserves according to standards. Upgrading and maintenance of roads is mainly the responsibility of the Local Councils with funding from the Consolidated Fund.

Where roads are merely graded ground without engineered surfaces, drivers must negotiate their way slowly and with many challenges to their vehicles' suspension (Figure 66 to Figure 68).

The roads sector has been a very good context for trying out labour-based infrastructure provision. Many roads contractors started as small and were used in labour-based contracts in the past. Many are still used. Labour-intensive road construction is seen as time consuming but it should be used for its local developmental benefits.[68]

FIGURE 66 Roads through sandy ground in Khubetsoana

FIGURE 67 Typically poor quality road in a rapidly developing peri-urban area of Maseru

FIGURE 68 Stony side road in Mohale's Hoek

CAPACITY NEEDS ASSESSMENT

The provision of infrastructure for 60,000 new dwellings and catching up on shortfalls for many tens of thousands of others will put a severe strain on the infrastructure agencies. In addition, If housing policy insists on fully-serviced single household dwellings, the number of connections will be substantially more than if shared services among a group of households is required. The low affordability for housing makes it necessary for services to be provided at a cost of US$300 - 2,600 per household (10 per cent of the dwelling cost). This really dictates shared services and dry toilet systems.

BRIEF CONCLUSION

Infrastructure supply in Lesotho is mainly in the hands of government ministries and agencies. While servicing in the urban areas of Lesotho still leaves much to be desired, there have been great strides recently in improving access to improved water supply and sanitation. The proliferation of new water meters and VIP or pit latrines within plot boundaries is evidence of great efforts recently to improve servicing in urban Lesotho. The use of labour-based supply techniques have been shown to be particularly effective in Lesotho and could point to an important nexus for job creation and improved services as increased housing supply is rolled out. The abundance of water in Lesotho, in the midst of a dry region, is one of its main natural resources, even to exporting it to South Africa.

Infrastructure providers are one of the main losers when large plots lead to urban sprawl. The cost of servicing should encourage more efficient planning of urban space. The monitoring of supply and costing by LEWA should encourage a balance between institutional viability and affordable servicing costs.

Uncontrolled dumping is one of the main servicing failures even in Maseru. Its closeness to South Africa's recycling markets should encourage a local commercial collection and recycling industry.

Electricity is only available to a minority of urban households; many still rely on burning carbon-based materials for fuel. Hydro- and wind power have great potential in Lesotho.

The huge demand that is likely in the next decade creates a need to service dwellings for between US$300 - 2,600 per household (10 per cent of the dwelling cost). This points towards non-sewered sanitation as the norm.

END NOTES

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6. *Stakeholder Interview, LEWA, 22 January, 2014.*
7. *http://www.lesothoreview.com/water_energy.htm.*
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08 CONSTRUCTION

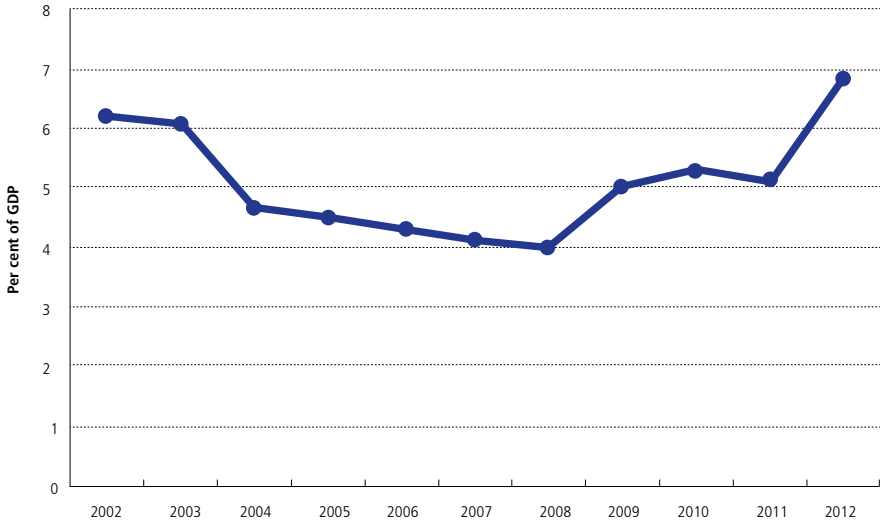
THE CONSTRUCTION SECTOR IN A NUTSHELL INCLUDING THE INFORMAL SECTOR

Most national construction industries in Sub-Saharan Africa are characterized by the "missing middle" in which there are a few large construction companies, many thousands of single artisans who may work in groups, and nothing in between in the middle-sized category. This seems to be not the case in Lesotho as there are firms of all sizes; even those in the small-scale, labour-intensive sector can tackle significant construction projects (). Indeed, there are telephone numbers for 36 construction contractors listed in the Maseru section of the Yellow Pages, quite a large number for a small city in Sub-Saharan Africa. As in many other parts of Africa, stakeholder interviews reveal a growing Chinese presence. Construction in Lesotho is very heavily influenced by its surrounding neighbour, South Africa. Many construction and materials supplies companies and many building materials imports originate in South Africa. Consumers of formal sector housing expect South African standards of housing in Lesotho[1] but it costs roughly twice the price of similar housing in Ladybrand, the nearest South African town to Maseru.

Lesotho is graded 145th out of 188 by IFC and The World Bank[2] on ease of getting a construction permit.

FIGURE 69 Simple, labour-intensive construction is used even for large dwellings

FIGURE 70 Construction as percentage of Gross domestic Product



Source: *National Accounts*[3]

Reaching its peak at 11 per cent of real GDP in 1996, at which time it was a top performer in Africa, construction in Lesotho lost much of its place in the economy over the first years of the twenty-first century.[4] From 10-11 per cent in 1999 and 2000, almost the same as manufacturing, it had fallen to only 4 per cent by 2008 while manufacturing had risen to 17 per cent (and had reached about 20 per cent in 2002-04) (Figure 70). The construction sector grew by 7.7 per cent in 2008 and 7.9 percent in 2009, mainly because of major construction projects whose impact of development is substantial and sustained.[5]

INSTITUTIONAL, LEGAL AND REGULATORY FRAMEWORKS GOVERNING THE CONSTRUCTION SECTOR

According to ITT,[6] Basotho are well placed to obtain good jobs in South Africa for which local candidates are hindered by the former 'Bantu education system' which held back the education of the majority of South Africans. Thus, many educated Basotho are not working in Lesotho, and this affects the construction sector as well as other sectors.

As in the other countries in Sub-Saharan Africa for which Profiles have been produced, e.g., Ghana and Zambia, there is a problem of supervision on site. This is exacerbated in Lesotho by a lack of official supervision of work on site through inspections from the local building control function. There are only three building inspectors employed by MCC. Both of these factors are influential in a lack of good finishing work in construction projects. The Ministry of Works and Public Transport is responsible for work on the government sites. The local authority building inspectors are only involved at the permission stage before it goes to site.

According to ITT,[7] the construction industry in Lesotho is fragmented and unco-ordinated. There is a poor institutional and regulatory environment which hinders the development and growth of the industry. The work available in Lesotho fluctuates so that its leading companies must look to South Africa to sustain a continuous workload. Smaller firms depend largely on sub-contracting and work provided by households.

There is no professional registration and regulation in Lesotho, though some firms register in South Africa. Indeed, ITT recommends the establishment of two independent bodies;

- the Lesotho Construction Industry Council (LCIC) to establish and maintain a registration system for contractors; and
- the Council for Built Environment Professions (CBEP) to establish and maintain a system for training accreditation and conduct of key built environment professionals.[8]

In order to sustain the LCIC and improve training and development in the industry, ITT[9] proposes the raising of a small levy (0.5 per cent) on all large construction projects.

There are no national Procurement regulations locally or best practice guidelines because of the lack of a Contractors' Association but there is also a professional registration issue in that tenderers for contracts in construction and related professions must be registered in South Africa if they are to attest their qualification. Local professional bodies are required to remove the unfair advantage to foreign contractors and professionals.

Large construction jobs, such as formal estate developments, can be held up for many months or a year awaiting planning permission from local authorities because they lack the institutional capacity to act quickly, especially when technical details are involved. Builders complain that even MCC does not have the capacity to assess technical details of applications. This increases delays and imposes high transaction costs on would-be formal developers.[10]

Officially, Local Councils should carry out several inspections during construction including for excavation work, foundation work, concrete work, steel work for slabs, frame, damp-proof course, drainage, timber scaffolding, and electrical. After completing the final inspection, the council should issue a certificate authorising use, which can take up to 4 weeks, but it is rarely issued.[11]

There is an influx of Chinese contracting companies who use Chinese labour and materials. This is seen by local contractors as a threat to their local industry.

The building regulations in Lesotho are inherited from the British colonial authorities. Oversight from building inspectors is random and sporadic owing to understaffing.

A large and unregulated informal construction sector inevitably allows some poor construction to occur (Figure 71) but it should not be assumed that informal and poor construction necessarily go together. In addition, the idea of a formal-informal dichotomy is less accurate than a formal-informal continuum with both formal and informal contractors working on the same projects.

FIGURE 71 Poor construction occurs occasionally

Box 1: Requirements for a Building Permit application

An applicant must submit the following documents to the Building Control Office

1. An application on the prescribed form obtained from the building control office of the Maseru City Council.
2. Documentary evidence of the ownership of the land or the right of occupancy such as a copy of Lease/Title deed or similar legally valid documentation, two copies.
3. Four copies of a Block Plan extracted from the cadastral map obtainable at Land Survey and Physical Planning (LSPP) clearly marking the location of the proposed site for development and directions to site.
4. Four copies of the Site Plan drawn to scale which should clearly indicate the following:
   (a) The site boundaries and their measurements with beacon number if any;
   (b) The registered number or other designation of such site;
   (c) Dimensioned position of any building line, position and width of any servitude or right of way to which the site is subject;

(d) The direction of north;

(e) The existing and intended point of access from any public street, and the position, width and name of any street relative to such access;

(f) The position of any service line and any connection point thereto, and of any sewer, storm water drain or surface channel existing upon such site;

(g) The details of any existing or proposed boundary wall/fencing, gate(s) such as material specification and height(s), etc.;

(h) The position and external dimensions of any existing and or proposed building(s), structures such as conservancy tank, soak pit, sewer line, manhole chambers, etc.

5. Four sets of Architectural Drawing(s) showing dimensioned floor plan(s) indicating usage of each room, section(s), elevations, roof, drainage plan, details of staircase(s), details of windows, doors, openings, material specifications, etc. Electrical layout may be incorporated in the floor plans unless separate electrical drawing is furnished.

6. Three sets of Drainage Plan indicating the following:

(a) The position, size, gradient of pipes and any connecting point to any drain in relation to a datum established on the site and the level of the ground relative thereto;

(b) The position of any point of access to the interior of the drain;

(c) The position of any trapped gully;

(d) The position and detail of any septic tank, conservancy tank, soak pit, French drain, etc.;

(e) The position and size of any soil pipe, water pipe, ventilation pipe or device;

(f) The position of any well, borehole or water course on the site which may be affected by any proposed septic tank or French drain.

7. Two sets of Structural Engineering Drawings, one set of Design Calculation and Certificate of Supervision in the prescribed form duly signed by a qualified Structural Engineer.

8. Four sets of Fire Protection Plan.

9. Payment Receipt of plan scrutinising fee as assessed by the Building control Office and obtained from the Treasury of Maseru City Council.

All drawings should also indicate the name of work, scale, date of drawing, by whom drawn and the signature with name of the applicant/owner, and Architect/Engineer. For single storey residential building, documents mentioned in 7 and 8 may not be required. Without information in steps 3, 4 and 5, a permit may not be issued to the applicant.

Source: *MCC Building Control office.*

ORGANISATION: ACTORS, SUPPLIERS, CONTRACTORS AND SERVICE PROVIDERS

There is no equivalent of a National Construction Council in Lesotho although one has been recommended in the IT Transport consultancy report.[12] Registration of contractors, monitored by the Ministry of Works and Public Transport, is not adequately administered with no proof of competence required from the applicant. The MoW used to provide the technical expertise for all government construction works. Following decentralization and procurement reform, however, there is now a lack of cla rity in roles between the MoW and the line ministries who are involved in particular developments.

The informal construction process in Lesotho is incremental, but not all in the same way. At least some have used the room-by-room construction so common in East and Southern Africa, but most use the layer-by-layer incremental building. It is generally financed by savings and uses small contractors paid in stages in a labour-only contract. In urban areas, owners tend to collect materials and build their houses after all the materials have been assembled.[13] The stages are not unusual; foundations, walls to lintel level, and complete. There may be a conventional architect's drawing or just rule of thumb construction design. In a survey in Matala, Tsolo and Foso in Maseru, Akindele[14] found a mean of three years as the construction time.

FIGURE 72 Developing area with a house finished to lintel level awaiting the final stages

FIGURE 73 Informal construction using high quality materials; machine cut stone and local bricks

Formal contractors not surprisingly find difficulty in constructing housing which is to be sold at less than M300,000 (US$27,000). Formal private sector developers are discouraged from housing provision because of difficulties experienced in obtaining land.[15] The lack of infrastructure to potential building sites is a problem for the construction industry which contributes to inflating building costs. As infrastructure is expected only after the development is complete, contractors add 38 per cent to their price to cope with fitting it when it is available.[16]

There is a very successful incursion in the market from Chinese contractors who are said to bring in Chinese workers. The local contractors cannot compete on price and are expecting a shrinking of their business.

As much as possible, LHLDC uses local artisans for its infrastructure works.

Banks are also becoming pro-active in giving front-end finance to developers with whom they have done business before.

Suppliers of materials

Construction materials suppliers fall into several categories. There are several branches of large South African chains of suppliers, such as Cash Build, whose buyers are based in South Africa and dealing mostly with their stores there. The Lesotho branches are treated in the same way as their South African branches. They receive the standard set of materials from the usual suppliers except for a few local products such as Loti and Majara bricks; Lesotho Brick and Paving's cement bricks, blocks and paving slabs; and AfriSam cement.[17] There is also a set of Lesotho-based suppliers which deal mainly in South African products but are also on the lookout for local replacements. Thus, they will sell locally-made window and door frames, steel grilles, concrete lintels, nails and paint (just starting) in addition to cement, bricks and sandstone.[18] Further down the supply scale are the many small retailers of a particular type of product such as aluminium doors and windows. Sometimes these are attached to the manufacturer. In the absence of local wholesalers, even large construction companies buy from companies such as Cash Build and only benefit by a few per cent for being large customers.

Imported materials are taxed at 14 per cent.[19]

BUILDING MATERIALS: TRADITIONAL AND INDUSTRIALISED PRODUCTION

Sandstone

The traditional dwelling in Lesotho is the stone-built rondavel with a thatched roof. This is locally available and won both by medium-sized and large-scale concerns. There are enough sandstone deposits to quarry for building stone to make it a common material. It is produced by major suppliers (Smart

Stone) and small ones. It is traditionally used as dressed and coursed rubble (Figure 74) but there is now an abundant supply of machine-cut blocks for all purposes (Figure 75). It is often used as a facing for dwellings, often pointed with a dark coloured mortar for contrast.

FIGURE 74 Stone-built *malaene* are common

FIGURE 75 Machine-cut stone stacked on a building site

Burnt bricks

These are locally manufactured (formally) in Maseru at Loti Brickworks (Figure 76 and Figure 77), Majara Bricks, and Lesotho Brick and Paving using local clay deposits.

Small-scale, labour-intensive manufacture of burnt bricks takes place in several sites where clay is plentiful. They are made with clay from the site mixed with a little ash, moulded by hand in a wooden mould (perhaps four at a time), and turned out to dry.

They are piled into a clamp of many thousands which is plastered with clay and then fired for about a week (Figure 78 and Figure 79). They are sold from the site for M1 each for first grade, M0.90 for second grade, and M0.80 for third grade.[20] Local bricks are used extensively in low-cost housing (Figure 80).

FIGURE 76 The entrance to Loti Brickworks and the AfriSam cement packing plant in Thetsane, Maseru

FIGURE 77 Advertising the range of Loti bricks outside its Maseru factory

FIGURE 78 Bricks ready for burning by an informal manufacturer, Maseru East

FIGURE 79 A clamp of about 12,000 bricks during their burning, Maseru East

FIGURE 80 Local burnt brick used in *malaene*

Cement

Cement is imported in bulk from PPC in South Africa and bagged in Maseru by AfriSam which manufactures 42.5 strength cement, retailed at M86 (US$8) per 50kg bag. South African PPC cement of the same strength is also sold in Lesotho. 32 grade is also available at about M10 less per bag.

Cement blocks

As is common in Sub-Saharan Africa, hollow cement blocks and other cement-based components are made in enterprises of all sizes around the urban areas. Much of the informal housing in urban and rural areas alike is built in cement blocks (Figure 81 and Figure 82).

FIGURE 81 Cement block bungalow

FIGURE 82 Cement block housing by MLGCPA

FIGURE 83 Complete experimental Hydraform block dwelling built by MLGCPA

FIGURE 84 Hydraform blocks are laid without mortar

FIGURE 85 Corner and base detail of hydraform under construction

Other wall materials: hydraform blocks

Although only introduced experimentally into Lesotho, an M7MI Hydraform block making machine has been used by MLGCPA to make its stabilised interlocking blocks for a few dwellings (Figure 83). The blocks are shaped on the top and bottom and ends to interlock so they can be laid without mortar (Figure 84) although the builders are pointing them for appearance sake. Because the blocks have a contoured end for interlocking, corners tend have alternate rows of straight (block side) and rebated (block end) surfaces and are, thus, more vulnerable than conventional rectangular blocks. To create a smooth corner, the blocks are covered in a thick sand-cement screed; this leaves the walls looking as if they have a concrete frame with brick infill (Figure 85).

Roofing sheets

CI roofing sheets are readily available in 3m and 6m sheets but there also steel strips coated to look like clay tiles, clay and other tiles, and profiled steel roofing finishes available, almost all imported from South Africa.

Gypsum

Gypsum ($CaSo_2H_20$) is a soft sulphate mineral used as a main constituent in many forms of plaster. In Lesotho, it is imported from South Africa in the form of plasterboards, known as Rhino-board, and internal and decorative plasterwork. Gypsum-based Anhydrite or Alpha-Hemihydrate screeds are used in the production of self-levelling floor screeds.

Sand

Sand is produced in Lesotho for domestic consumption. It is locally sourced from river banks by local suppliers and individuals.

Aggregates

Aggregates in the form of crushed stone and gravel are mined locally from quarries. Gravel is used for filling and compacting after the foundation has been made. Crushed stone is mixed with cement to make concrete for cement blocks, frame construction and floor slabs.

Timber

There is virtually no commercial timber in Lesotho. Sawn timber and poles are imported from South Africa. Timber is used in roofing, doors, windows and finishes in up-market housing.

Fitments and fittings

Most of these are imported from South Africa and, more recently, China.

BUILDING MATERIAL COSTS

Building materials and components are sold in large outlets based in South Africa, such as Cash Build, Builders' City and CTM. There are also medium-sized and small enterprises selling materials either in general or specialising in one type, such as aluminium windows. There is no wholesale market. Prices of selected materials are provided in Table 55).

TABLE 55 Cost of selected building materials

Material	Type	Unit	Cost (Maloti)
Cement	Ordinary Portland Cement 42.5	50kg	82.50
	White cement	5kg	51.50
Aluminium Corrugated Roofing sheets	0.4/33 x6metres	each	211.69
	0.27/0.610x 3metres		72.95
Crushed Stones	Hand crushed	6 cubic metre	
	Machine crushed		1850.00
Sand	Rough	6 cubic metre	800.00
	Smooth		800.00
Wawa (soft wood)	1"x10"	14 foot piece	
Timber	38x114 mm	6.6 metres	114.90
	50x76 mm		432.00
Steel rods	12x6000 mm	Each	68.00
	6x6000 mm		18.00
Plywood	18 x1220 x2440mm	Each	420.00
	20 x1220 x 2440mm		520.00
Ceramic Tiles	35x35 cm	Square metre	74.90
	20x30 cm		69.90
	43x43 cm		79.90
	50x50 cm		99.90
	60x60 cm		139.9
Paint	Emulsion	20 litre	217.95
	Enamel	20 litre	789.95
Plumbing	Water closet	each	700.00
	Shower pan		764.95
	Bath tub		789.00
	Kitchen sink		479.95
	Double sink		934.95
	110mm pvc pipe	6metre	160.00
	50mm pvc pipe	6metre	74.95
Electrical	Single switch	each	70.95
	Double switch		118.95
	AC circuit panel box (six breakers)		145.00
	Energy saving light bulb (11w)		19.90

SKILLS TRAINING

Lesotho has a good network of technical and vocational training institutions. There appears to be no shortage of skilled workers for the construction industry; indeed, Lesotho exports skilled workers. Entry level to training schools is Cambridge School Certificate. Contractors may take interns from the training courses to give them hands-on experience.

Technical and Vocational Education and Training (TVET)

TVET in Lesotho is regulated by the TVT Act, no. 25 of 1984 and a 2003 Draft Policy. There are 35 registered TVET institutions in Lesotho. An example is Lerotholi Polytechnic in Maseru. It has courses in building science, civil engineering, electrical and electronic engineering, mechanical engineering and commercial studies, among others. TVET in Lesotho is said to be poorly organised and not necessarily delivering the right combination of learning for the skills needed.[21] The Government of Lesotho (GoL) has been hoping to increase access to existing TVET institutions by 80 per cent from 2003 to 2015 through the construction of additional workshops and classrooms; by involving the private sector to assist the expansion of existing centres and establishing new ones. This does not seem to have been implemented.

There is a strategy to target disadvantaged groups by removing entry barriers (poverty, gender, educational, physical) and overcoming negative attitudes towards supply and delivery of TVET. The institutional barriers have been recognised as including insufficient fiscal capability, the use of a foreign language (English) as a medium of instruction, inappropriate curricula and insufficient staff competence, inadequate infrastructure and technology. Barriers to TVET-graduates' obtaining work have been identified as restricted opportunities for participating in the labour market, poor economic conditions, and the inadequacy of TVET to meet the needs and demands of enterprises.[22]

The proposed Council for Built Environment Professions (CBEP) would, among others, promote appropriate standards for education and training; accrediting courses that fulfilled its standards and help design suitable courses in Lesotho's TVET system.[23]

CAPACITY NEEDS ASSESSMENT

The PRS predicts that employment in construction will be quite buoyant in the 2010 decade through major projects such as the Metolong Dam and Lesotho Highlands Phase II, which will create 11,000 new jobs in the 2015 to 2019 period. It then predicts a fall of 1,600 jobs in construction in FY 2019/20 as they are completed. Given the brain-drain of trained Basotho to South Africa,[24] this may seriously impinge on the industry's ability to supply the 5,200 dwellings needed per year (10 urban dwellings per thousand urban people).[25]

The building of 99,000 dwellings can generate many jobs; it is possible to calculate how many by using experience in Ghana in the early 1980s in which a formal dwelling was found to generate 17 work months while and an informal dwelling generated 2.9 work months.[26] They tend to have very different standards of finish and be different sizes. If the split of formal to informal continues at 30 : 70, the formal housing will generate 42,000 work- years while the informal dwellings will generate 17,000 work years. The total of 59,000 work years will provide over 3,100 jobs per year over 19 years, an addition of almost ten per cent on construction employment as counted in the 2006 Census.

BRIEF CONCLUSION

Although Lesotho appears to have no missing middle in the construction industry, the majority of housing is built by single artisans and teams of artisans working in the informal sector. The formal construction industry is very reliant on South Africa for standards, registration, materials and firms, but local action could reduce this in the future. The need for large amounts of housing could have a major beneficial effect on the industry, especially if the small-scale labour-based contractors were involved to the full and received some help in improving their efficiency. The production of local building materials could also be labour-based and generate large numbers of jobs.

END NOTES

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16. *Standard Lesotho Bank representative at the first stakeholders' workshop, January 2014.*
17. *Stakeholder interview, Cash Build, 23 January 2014.*
18. *Stakeholder interview, Khotso Build, 23 January 2014.*
19. *Brenda Martins, RE/MAX.*
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09 HOUSING MARKET

INTRODUCTION

There is a consistent issue in Anglophone countries in Sub-Saharan Africa that the formal housing market is way beyond the affordability of the majority[1]. Whatever housing market there may be tends to be divided into a formal sector for expatriates in which prices are comparable with Europe, a formal sector for locals in which prices are very low internationally but much too high for most local households, and an informal sector in which prices are very much lower than the formal sector and which can be afforded by most households, if only as rooms to rent. Lesotho seems to follow this trend.

According to CAHF,[2] nearly 70 per cent of Basotho households earn less than M1,000 (about US$99) per month; they cannot afford to purchase the least expensive formally developed houses.

TABLE 56 How owners found out about their plot (percentage frequencies)

	Maseru low income	Maseru middle and high income	Leribe	Mohale's Hoek	Mokhotlong	Thaba-Tseka
Family	48.3	9.1	26.4	21.2	26.8	33.3
Network of contacts	32.8	37.7	29.7	11.8	2.4	13.3
Chief	15.5	3.9	34.1	45.9	53.7	43.3
Media	3.4	44.2	2.2	2.4	4.9	0.0
Council	0.0	2.6	6.6	4.7	2.4	3.3
Real estate agents	0.0	1.3	0.0	0.0	0.0	0.0
Others	0.0	1.3	1.1	14.1	9.8	6.7

Source: *Profile Sample Survey*

As can be seen in Table 56, the formal methods of finding land (the media, the council and real estate agents) are used by very few households in the Profile's sample survey in urban Lesotho. Only in Maseru were they used by almost half of owners. Elsewhere, they are hardly used. Real estate agents are almost absent in the market for plots. The family and networks of contacts are the main means in Maseru, while the chiefs are the most important source in the towns.

THE STRUCTURE AND FUNCTIONING OF THE MARKET

In common with many other countries in Sub-Saharan Africa, there is only a very small market in used housing. MoW,[3] Aliber et al.[4] and Leduka [5] all conclude that there is virtually no active formal property market in Lesotho.

For most Basotho, it is unquestionable to sell real property; the question "Would you sell your house" is met with scorn! The lack of a market has a negative impact on the ability of banks to regain their assets if a mortgage defaults on their loan payments. Conversations with both Standard Lesotho Bank and Nedbank officials elicited the same difficulties in treating defaults with repossession. The gist is that if the house is valued at M500,000 by the mortgage valuer, it could realise only, say, M100,000 in the event of a 'forced' sale on repossession, accompanied by significant transaction costs. While one would expect some discount in a repossession sale, such a large loss of value suggests that there is very little demand for used housing.

TABLE 57 Circumstances under which owners would sell their dwelling (percentage frequencies

	Maseru low income	Maseru middle and high income	Leribe	Mohale's Hoek	Mokhotlong	Thaba-Tseka
None	86.4	84.0	75.0	60.2	89.7	75.9
Purchase better house	10.2	7.4	20.2	18.1	5.1	10.3
Retirement/going back to the village	1.7	2.5	2.4	2.4	2.6	0.0
Resolve debt burden	1.7	2.5	1.2	2.4	0.0	0.0
Family disputes	0.0	0.0	0.0	6.0	2.6	13.8
Other	0.0	3.7	1.2	10.8	0.0	0.0

Source: *Profile Sample Survey*

It is evident that the owners in the Profile's sample suvery overwhelmingly reject the idea of selling their dwelling under any circumstances (Table 57). Interestingly, more of the owners interviewed in towns in Leribe, Mohale's Hoek and Thaba-Tseka are willing to sell than those in Maseru if it is for financing a better home.

The renters interviewed in the Profile's sample survey would tend to look into the national media to find a dwelling to buy. Personal networks are also a common method proposed.

FORMAL AND INFORMAL HOUSING MARKETS

The International Monetary Fund estimates that real estate accounts for 9% of Lesotho's GDP, with an annual growth of just above 1%.[6]

Box 2 Small size of the Lesotho real estate market

Aliber et al[7] compared property transfers in Lesotho and Botswana in 1993. They show that in Lesotho,[sic] less than 170 properties were transferred per year between 1993 and the first quarter of 2003, compared to over 3 300 property transactions that were recorded with the Deeds Registry office in Botswana in 2001 alone. Their analysis of property transfer data and values for 2001 and the first quarter of 2003 shows that the total value of property transfer was approximately M6 million in Lesotho, which was 80 times less than the value of property transferred in Botswana in the same year.

RE/MAX Casa Blanca Realty, reported CAHF[8] that there is an active formal property, market at the high end, with exponential growth recorded in some areas over the past few years. This has been pushed along by the demand from staff of foreign NGOs and diplomatic missions which has increased the demand for high quality property and inflated prices at the top of the market.

TABLE 58 Monthly rental prices - current rental contracts

Price in Maloti/ month	Percentage of total	Nationalities
1,900 - 2,500	40	Basotho
2,501 - 5,000	12	Basotho
5,001 - 7,500	16	Basotho / Expatriates
7,501 - 10,000	4	Expatriates
10,001 - 12,500	8	Expatriates
15,001 - 17,500	16	Expatriates
25,001 - 27,500	4	Expatriates

Source: *RE/MAX, January 2014*

FIGURE 86 For sale notice on new property

For the majority, however, the property market is not a viable investment. The cost of property is beyond most households but also transactions costs can be very high. According to CAHF,[9] registering a property in Lesotho required six procedures, took 101 days and costs 7.9 per cent of the property. During 2013, however, owing to the activities of the Land Administration Authority, the number of procedures has reduced to four taking 43 days and costing 8.7 per cent of the property value.[10] Thus, the World Bank ranks Lesotho 88th out of 157 countries in terms of registering property, for 2014, a huge 69 places rise since 2013 according to the World Bank.[11]The desired outcome of the MCA-L land administration reform is to enable a more active market in housing and allow occupants to borrow against their land. In this way, Johnson and Matela[12] see it as leveraging the 'dead capital' in property to create jobs and other wealth, following De Soto.[13]

Some rudimentary data on urban land market activity has been put together by the consultants on the Maseru Urban Planning and Transport Study.[14] They show that, beyond the colonial reserve, the property market seems to exist only in isolated areas and that the land values in the city in general are relatively low, with those on the urban fringe being described as 'merely symbolic'. This is probably because there is little viable commercial agriculture which could have created agricultural use of known value against which urban land uses would have to compete.[15]

FIGURE 87 Very high-cost housing

HOUSING MARKET REGULATIONS

The formal sector estate agents tend to follow South African practice as most are branches of firms from there. Charges are made for their services as follows:

TABLE 59 Commission charged by estate agents

For the management of a rental property	10 per cent of monthly rental
For finding a tenant only	The first month's rent
For selling a single property	Negotiated between 7 and 10 per cent
For selling in a new development	Between 2.5 and 3 per cent

Source: *Brenda Martins, RE/MAX.*

Transfer costs are quite high; stamp duty is set at 2 per cent of selling price and conveyancing fees are 7 per cent. According to Swedesurvey[16]transfer of a property valued at M1 million would cost about M73,000, while to register a mortgage of the same amount would cost M30,000.

ACTORS AND MARKET INSTITUTIONS

There are a few estate agents operating in Maseru, letting property and selling new housing at the top of the market. Some are local and others branches of South African firms. Developers which build estates of high-end dwellings may sell them themselves or engage an agent. The demand for dwellings for expatriate and high-net-worth Basotho may be showing signs of fulfilment. MGC's foray into the housing market has been problematic as it is finding that clients are not easily found for its dwellings at Mpilo. Only nine out of 20 are sold and several have been bought by Basotho living abroad.

Both formally- and informally-developed housing is mostly built for a known customer who pays for the work before the completion of the project. There is thus no sales process involved in most new housing. In the rental market, most informal dwellings are let without involving any agent; there is virtually no informal sales market but Aliber et al[17]. report some growth in numbers of informal estate agents, from a very low base, but most are likely to be untrained.

The housing market in Lesotho, such as it is, has been part of a larger market in housing extending seemingly seamlessly into the neighbouring parts of South Africa. In the recent past, local residents could cross the Lesotho-South Africa border at Maseru Bridge without having their passport stamped. This has changed recently so that cross-border commuters soon fill up their passports. This has led to those who continue to commute only crossing the border at weekends. It is also likely to have effects on the price of housing in Lesotho as the buying in cheaper South Africa and commuting is no longer convenient.

FORMAL AND INFORMAL HOUSING PRICES

Prices for dwellings can only be averred from advertisements. At the time of the first Stakeholders' Workshop (January, 2014), a two-bedroom dwellings in Ha Pita was for sale on the internet at M1.2 million (US$112,000) and similar dwellings there for rental at M2,000 to M4,500 (US$188-422) per month. In Maseru West, a one-bedroom share-block[18] dwelling is advertised for a monthly rent of M7,480 (US$700) and a three bedroom, two-storey flat is demanding a rental of M13,200 (US$1,238).[19] At the top end of the market, the buy-to-let market or building for renting out has experienced considerable growth, with mid to high level income earners becoming landlords to expatriates. One feature of this is for rich Basotho to build a luxurious retirement home and let it out to an expatriate until they retire and move in. and show two rental properties being advertised by RE/MAX at the time of the first Stakeholder Workshop in January, 2014.

Leduka[20] argues that house prices in new private housing developments in Maseru may have been influenced by those in South Africa's metropolitan areas and neighbouring towns. According to Brenda Martins at RE/MAX, however, high-end property in Maseru is twice the price of that in Ladybrand, over the border in South Africa, owing to its scarcity in relation to demand.

FIGURE 88 A two bedroom dwelling at Moshoeshoe II for renting at M4,500 per month

FIGURE 89 A three bedroom dwelling at Hillsview for renting at M15,000 per month

The high-end market segment begins with dwellings with prices over M500,000 (US$45,000) per unit, while the middle segment comprises houses ranging between M100,000 (US$9,000) and M500,000 (US$45,000).[21] The Land Act 2010 has produced a surge in sales by wealthy owners as they can regularise their customary tenure. There is great demand around the M400,000 (US$37,000) capital cost mark which is not being met by any of the formal-sector providers. Where dwellings are particularly marketable, the agent will help with the regularisation process including the survey.[22]

Rents in the informal sector are M45 to M150 per month (US$4.25-14.00).[23]

CAPACITY NEEDS ASSESSMENT

The market in housing for sale is quite small and concentrated at the top end of the price range. Given the response in the Profile's small sample survey, it is unlikely that a market will be routinely operating across the price ranges in ten years' time.

As housing starts increase in number as growing urban populations are catered for, there may be increased need for housing market regulation, especially to ensure fairness and good information across the population. It is likely that households will continue to be reluctant to sell and to tend to have their own dwelling built without the need for marketing on completion. The involvement of agents in renting could improve efficiency if there can be some control of the charges they demand for their services. The recent tightening of border crossings is likely to have some upward effects on the prices in Maseru and may increase demand for high-end housing.

BRIEF CONCLUSION

There is a very small housing market in Lesotho which is mainly at the top end of prices. It operates in international contexts with overlaps into South Africa and globally on the internet. The effect of the new border controls, limiting travel to and from Ladybrand daily, is likely to affect the market in some way but only time will tell. Costs charged by estate agents are very high.

The remainder of the housing stock is not subject to a market except in terms of rents.

END NOTES

1. *UN-Habitat (2010a); UN-Habitat (2012a); UN-Habitat (2012b).*
2. *Centre for Affordable Housing Finance in Africa (CAHF) (2013).*
3. *Ministry of Works and Public Transport (2010).*
4. *Aliber et al. (2003).*
5. *Leduka (2012).*
6. *http://www.imf.org/external/country/LSO/index.htm. Accessed 24 September, 2014.*
7. *Aliber et al. (2003).*
8. *Centre for Affordable Housing Finance in Africa (CAHF) (2013).*
9. *Centre for Affordable Housing Finance in Africa (CAHF) (2013)*
10. *Cost as a percentage of property value assume a value of fifty times per capita income. Only legally payable costs are recorded http://www.doingbusiness.org/data/exploreeconomies/lesotho/.*
11. *World Bank (2013) http://www.doingbusiness.org/data/exploreeconomies/lesotho/.*
12. *Johnson and Matela (2011).*
13. *De Soto (2000).*
14. *Ministry of Works and Public Transport (2010).*
15. *Leduka (2012).*
16. *Swedesurvey (2006).*
17. *Aliber et al. (2003).*
18. *In the absence of a current Sectional Title in Lesotho, sharing the title among a group of householders has allowed developments similar to condominiums. Each receives a share certificate as their ownership document.*
19. *http://www.remax.co.za/.*
20. *Leduka (2012).*
21. *Centre for Affordable Housing Finance in Africa (CAHF) (2013).*
22. *Stakeholder interview, RE/MAX, 22 January 2014.*
23. *Stakeholders' Workshop discussion.*

10

CROSS-CUTTING ISSUES

THE RIGHT TO ADEQUATE HOUSING

The right to adequate housing is a component of the right to an adequate standard of living, as contained in Article 25 of the Universal Declaration of Human Rights and in Article 11 of the International Covenant of Social, Economic and Cultural Rights. Signatories to the Covenant agree to respect, protect and fulfil the right to an adequate standard of living, including the right to adequate housing.

The obligation to respect requires States not to interfere directly or indirectly in the enjoyment of the right to adequate housing. For example, States should not carry out forced evictions or demolish homes; they should not deny security of tenure to particular groups; limit women's access to and control over housing, land and property; infringe on the right to privacy and protection of the home; deny housing, land and property restitution to particular groups; or pollute water resources.

The obligation to protect requires States to prevent third parties from interfering with the right to adequate housing. They should adopt legislation or other measures to ensure that private actors, e.g., landlords, property developers, landowners and corporations, comply with human rights standards. For instance, states should regulate the housing and rental markets, the availability of housing finance, and the provision of infrastructure in ways that do not jeopardize their availability, continuity, accessibility, acceptability and quality. States should prevent discrimination against women in their inheritance of, access to, and control over housing, land and property. States should ensure that landlords do not discriminate against particular groups and ensure that private actors do not carry out forced evictions.

The Land Act, 2010, protects women, children, youth, other vulnerable groups from forced eviction but existing legislation does not control the circumstances under which evictions may be carried out. Evictions are a court matter in Lesotho; any remedy is through court action. The Land Act 2010 provides security of tenure to occupiers of houses and land, but only to lease holders whose numbers have grown rapidly recently in Maseru but are still a small minority in other towns. About 46 000 home-owners were involved in registration project over the past 3 years. There are no data on the percentage of women with titles to urban land or property in urban areas.

The Ministry of Law, Human Rights and Constitutional Affairs is the institution to handle cases on breaches of human rights, but none have yet been brought. Habitat for Humanity Lesotho, Women in Law, Southern Africa (WILSA) are active in the promotion and protection of the right to adequate housing.

The legislation on security of tenure (Land Act, 2010) does not grant equal inheritance for women but the Legal Capacity of Married Persons Act allows a woman to buy and register immovable property in her own name. The Master of the High Court protects minors but there is no legislation.

Evictions are a court matter in Lesotho.

The obligation to fulfil requires States to adopt appropriate legislative, administrative, budgetary, judicial, promotional and other measures to realise fully the right to adequate housing. States should formulate a national housing policy or plan.

A National Housing Policy should:

- define the objectives for the development of the housing sector, with a focus on disadvantaged and marginalized groups;
- identify the resources available to meet these goals;
- specify the most cost-effective way of using them;
- outline the responsibilities and time frame for the implementation of the necessary measures;

- monitor results and
- ensure adequate remedies for violations.

Within their available resources and progressively, states must also:

- prevent and address homelessness;
- provide the infrastructure required for adequate access to electricity, safe drinking water, adequate sanitation, refuse collection and other essential services; or
- ensure adequate housing, through housing subsidies and other measure, to individuals or groups who are unable to enjoy the right to adequate housing.[1]

Lesotho has ratified the International Covenant on Economic, Social and Cultural Rights; the African (Banjul) Charter on Human and Peoples Rights; the Universal Declaration on Human Rights; and the Optional Protocol to the Convention on the Elimination of Discrimination against Women. In addition, the right to adequate housing is reflected in the Constitution which came into effect in 1993. In the following, however, it is evident that the Government of Lesotho has not yet fulfilled its obligations within the right to adequate housing.

GENDER BALANCE AND AGE DISTRIBUTION

The gender balance in institutions in Lesotho is quite unusual for Sub-Saharan Africa. Many of the senior officers in government and related agencies are women. In the Stakeholder Workshops in other countries, there has been a heavy preponderance of men. In Lesotho, though, the majority there were women.

Lesotho has a young population and low life expectancy (see chapter 1). About 45 per cent of the population of Lesotho is under 20, 31 per cent is between 15 and 30 years old. About 37 per cent of urban households are headed by women.[2] This Profile focuses on the need for housing but there is a concomitant need for productive work in the next fifteen years or so. It also means that there are likely to be many households, with or without children, in which the adults are in early stages of their careers and, therefore, have comparatively low incomes. This indicates a high demand for small rented accommodation which tends currently to be provided in *malaene* and their equivalent.

The National Decentralisation Policy[3] recognises the inequalities in gender and age which virtually exclude women and youth from decision-making despite their numbers in decision-making positions (49 per cent of local councillors) and it calls for improvements in their inclusion.

The construction industry has a particularly important link with young workers as it is very easy to enter as a labourer. It is important that there should be training for young entrants so that they can become skilled and have a career trajectory.

ACCESS TO HOUSING AND LAND

In housing projects and sites and services schemes carried out by government and its agencies, there has been a more or less explicit assumption that recipients would be couples rather than singles. This has discriminated against women living without a male partner.[4]

When an employee dies of HIV/AIDS related conditions, the remainder of the household is likely to suffer if they occupy employment-tied housing. This would also happen if the employee was dismissed for other reasons. In general, policy should not encourage employment-tied housing.

WOMEN AND LAND

Article 4(1) of the Constitution of Lesotho spells out that all people, and this must include women and men, are entitled equally to a whole list of rights and freedoms and Section 18 commits the government not to make any law that discriminates against any either gender. To protect women's rights, the international community has created legal foundations which are brought together in the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW) to protect and promote the rights of women in particularly vulnerable areas. Regionally there are the African Charter on Human and Peoples' Rights, 1981, and the Southern Africa Development Community Declaration on Gender and Development, 1997.[5]

CEDAW, to which Lesotho is a signatory, obliges states to ensure equal treatment between men and women in land reform. It requires that marriage and inheritance laws on land should be based on equal rights. CEDAW also implies that land tenure reform must ensure women's property rights during marriage, or at the end of marriage whether by divorce or the death of the husband.[6]

The Constitution of Lesotho provides for equality of all people in its section 19, but in its section 18(4) it deliberately exempts customary law which still discriminates against women.[7]

> "This is indicative of the property laws, which with one hand give women powers to access resources and with the other take them away." [8]

In Basotho customary law, women do not have the right to own and control land; indeed, are treated as minors and, therefore, cannot be allocated land, inherit it or make decisions about its management and use. Women are not treated as equal partners in marriage. Upon divorce, a woman is not entitled to any of her marital home's fixed property including land but has to leave and go back to her own family. Daughters cannot inherit their father's land; where there are no sons such land reverts to the chief for reallocation. The Land Act of 1979 is gender neutral; it does not specifically set land rights for women. Thus, following customary law, married women are unable to acquire land unless consent of husbands is acquired because they are regarded as minors. The Deeds Registry Act 1967 empowers the Registrar to refuse to register a land deed in favour of a married woman who cannot register land in her individual capacity.

Under the Legal Capacity of Married Persons Act a woman can buy and register immovable property in her own name. Under the Land Act, 2010, married persons including women may hold land and women can also inherit land. In the case of an unmarried person less than the age of 18 years, a duly authorized trustee or guardian shall hold the title until the person is 18.

These limitations on women seem particularly inappropriate in a country in which women are very strongly represented in the governance structures.

The government is promoting affirmative action to encourage women to register at TVET institutions for engineering and related fields.[9]

Infrastructure affects women and children more than men; not only is their need for a clean environment and person greater but they also usually bear the burden of fetching water, cleaning in the household, and removing wastes. While distances to water, sanitation and garbage collection points tend to be quite small in urban Lesotho, time and energy is taken up in accessing the infrastructure for those who do not have services on their own plots and this is usually borne by women and children. The inconvenience is greater in the smaller towns than in Maseru.

PEOPLE AFFECTED BY HIV/AIDS

The impact and effects of HIV/AIDS are greater on women and children than on men. Widows and children of male AIDS victims often do not have the right to inherit his land even though access and ownership of land is fundamental to basic livelihoods in much of Lesotho. This makes it a violation of women's human rights.[10]

One major impact of the HIV/AIDS epidemic is the increase in vulnerability of women, children and poor households to property grabs by patrilineal kin on the death of a male household heads. In Lesotho, the traditional authorities play a role in helping to protect the land rights of widows and orphans but are not always effective in enforcing their decisions when relatives grabbed land.[11] Land rights of women need further protection.[12]

Though Mphale et al.[13] worked in an agricultural context, it is reasonable to translate their findings into the urban milieu. HIV/AIDS strips households of their income both by sapping earners' ability to work hard enough to cover household expenses but also by absorbin g income and savings for treatment and, eventually, funeral expenses. By the time of the victim's death, any savings they had are usually used up. Land is rarely sold to defray expenses, however, as it is seen as an ultimate source of security for children if their parents die. Women's land rights are not always protected even though they are clearly stipulated in law. The situation of widows is worsened by perceptions in the community that they are somehow to blame for husbands' deaths by AIDS.[14]

AIDS orphans are often very young as HIV/AIDS mainly affects young adults. Thus, many children will grow up without the guidance of their parents. Men's groups generally told Mphale et al.[15] that orphans are treated fairly but women's groups told them that orphans were sometimes cheated out of their heritage by their paternal uncles. While tradition dictates that the extended family takes care of orphans, the impact of growing poverty, growing numbers, and the fear and stigma attached to HIV/AIDS, this system is breaking down and orphans are being abandoned. If AIDS orphans are raised in institutions or by their maternal family, they lose their land benefits and rights.[16]

The old land administration system was not responsive to the effects of HIV/AIDS, especially for child-headed households. Currently, however, a minor's rights to land following their parents' deaths can be secured by an official known as the Master of the High Court. The local chiefs should report the deaths of parents in their role as the overseer of the neighbourhood or village and should always take the children's side against marauding uncles. Minors and widows still lose land and dwellings to uncles and other relatives of a dead husband but the police can now be brought in to assert the children's rights through the Master of the High Court.

Low life expectancy in Lesotho, partly from HIV/AIDS, reduces the powers of lenders to grant loans to adults who may not live a full span. Prospective clients who are HIV positive are unlikely to be able to raise a life insurance which is a precondition of having a mortgage granted.

ORPHANS AND VULNERABLE CHILDREN (OVCS)

The PRS[17] recognises that there are some vulnerable groups including those in slums/squatter settlements, elderly and OVCs and the poor that need to be assisted to live in decent dwellings. Habitat for Humanity Lesotho (HFHL) has concentrated much of its efforts on the households of OVCs. It helps that HFHL can obtain 100 per cent grants from donors for its programmes with OVCs. It is important to provide an environment for OVCs in a familial context rather than in a "home". The ability of OVCs and their carers to keep deceased fathers' families from commandeering their homes is being assisted by HFHL's training courses for 60 paralegals to work with the Master of the High Court and to train communities in inheritance rights and security of tenure. SLB has been involved in financing for building homes for orphaned and HIV-AIDS infected children in conjunction with HFHL.

DISABILITY ISSUES

Disabled people are said to be only 3.7 per cent of the population in Lesotho but this is likely to be an undercounting. The World Health Organisation's "World Report on Disability" estimates that 15 per cent of the world's population are disabled of whom 2 to 4 per cent have significant difficulty functioning.

In the same way that male mortality is higher than female in Lesotho, so the risk of disability seems to be higher for males than for females, and as age increases. This is partly because of the type of games and activities which appeal to males, and the type of work they do. Important causes of disability in Lesotho include mine accidents, fights or assaults, sport, and animal-related accidents, all of which are more prevalent among males than among females.[18]

Disabled people should be taken into account when making housing policy. Disabled people are especially affected by distance to shops, work, services, etc. As cities spread, distances increase and disabled people are further adversely affected. Increased city densities are likely to improve the quality of life for disabled people.

ENVIRONMENTAL ISSUES

Urban areas tend to spread across fertile land which constitutes only 9 per cent of Lesotho's land surface. This sets up conflicts between those concerned with food growing and those who see urban expansion as necessary for the country's development. This should lead to strategies to minimise the growth of the urban footprint but Basotho are still wedded to their large plots; indeed, most conversations about housing futures hinge on obtaining a plot "30x30" – in other words, 900 square metres of land for one household. In addition, the layer-by-layer incremental development leaves land unoccupied for much longer periods than the room-by-room incremental development used in much of Sub-Saharan Africa.

FIGURE 90 Sprawl on fertile land owing to large plots

Composting sanitation developed elsewhere, some with separation of urine, are being promoted in Lesotho by their makers. There is currently not been much use of composts from human waste as there is a taboo issue. There is some NGO activity[19] in changing attitudes with some success. The experimental uses of toilets which separate urine and faeces, with the urine used to irrigate vegetable patches and the latter

to be composted for later soil treatment, show good preliminary results. In addition, some designs include lining the pit with concrete panels to minimise leaching into ground which might be part of the water table used by nearby wells.

Most cooking in urban areas is not done using carbon-based local coal, charcoal or wood. As elsewhere in Sub-Saharan Africa, there has been some development of stoves which burn more efficiently. Many households that have an electricity connection in smaller towns do not use it for cooking, instead relying on Liquified Petroleum Gas (LPG), paraffin or wood. There is some education on how to harvest firewood while not damaging the trees and to prevent practices such as grubbing up roots to burn to mitigate land erosion, which is a serious issue in some districts.

Heat and cold, often both on the same day over the dry season, pose particular issues of insulation and energy use. Single-leaf walls of cement blocks are likely to be particularly poor insulation. Cement blocks have a very low thermal capacity so they do not retain heat for long into a cold night. Stone is seen as a viable local material with good insulation qualities. Heating then poses a problem with respect to energy use, especially when carbon-based. The installation of insulation is likely to be too expensive for most households and, thus, fuel will continue to be the main defence against cold nights.

Wastes into urban streams have not been much of a problem except from commercial and industrial units. The infamous 'blue river' problem arising from denim manufacture has been cleaned through end of pipe technology in the factories.

Increasing plot use may affect vegetable growing less than the perception among policy-makers as the proportion of plot used for vegetable cultivation is usually quite small and the remainder of the plot is left fallow.

Since the beginning of global warming, storms are more prevalent and more violent. This is likely adversely to affect housing built in earth if they are not well roofed and on water resistant foundations and skirtings. It also increases the erosion likely to result from removal of trees for construction and contributes to reducing usable life of roads, many of which lack adequate drainage to keep the water of their surfaces.

There was once a day set aside once for planting saplings of trees to increase their supply in a country which has very tree cover.

BRIEF CONCLUSION

It is clear that, with respect to the right to adequate housing, Lesotho is making progress, particularly in the improvements in land registration, the spread of improved water and sanitation, and the generally good physical quality of housing. But still has a way to go.

Despite the presence of many women in positions of influence and power, the rights of women to inherit and own property are still not secure or plainly evident. The HIV/AIDS pandemic is affecting Basotho very severely with a high death rate, low life expectancy and many implications for housing; especially the remaining years' life people might have in which to gather resources for house-building or pay off a mortgage loan. The loss of a major earner can also plunge households into poverty.

Under-counting disabled people is unacceptable and measures should be taken to do better. Because there is a link between numbers present and the application of beneficial policies, denial of the presence of many disabled people reduces the likelihood of measures to help them obtain housing.

The improvements in sanitation and water supply are likely to have beneficial effects ion the environmental sustainability of urban Lesotho. The insistence on large plots, however, coupled with the layer-by-layer development of housing is likely to increase the urban footprint more than is necessary as urban populations grow. Reducing the sprawl, along with reductions in reliance on scarce wood for cooking, could have major effects on the sustainability of Lesotho through reducing the loss of fertile land through development and from erosion.

END NOTES

1. *UN-Habitat and UNHCHR (2014)*
2. *Kingdom of Lesotho (2010a).*
3. *Kingdom of Lesotho (2014)*
4. *Mapetla (1996).*
5. *Mutangadura (no date).*
6. *Mutangadura (no date).*
7. *Mutangadura (no date).*
8. *Mapetla (1996): 150.*
9. *Tsiame (2008).*
10. *Mutangadura (no date).*
11. *Drimie (2003).*
12. *Mutangadura (no date).*
13. *Mphale et al. (2002).*
14. *Mphale et al. (2002).*
15. *Mphale et al. (2002).*
16. *Mphale et al. (2002).*
17. *International Monetary Fund (2012).*
18. *Kingdom of Lesotho (2009a).*
19. *Notably by Technology for Economic Development.*

11

CONCLUSIONS AND WAYS FORWARD

GENERAL

Relatively stable economic performance is a great asset but exposure to South African economic variations could be a problem. Establish ways in which Lesotho's housing sector is protected from cross-border issues, such as changes in customs duties, and fluctuations in the value of the Rand.

Housing built with simple materials and labour-intensive technologies has a great potential for building the economic growth looked for in Vision 2020. This should be the focus of supply policies.

The depletion of human resources implicit in the HIV/AIDS pandemic and the brain-drain of educated Basotho to South Africa and elsewhere endanger the efficient growth of the economy. Encourage career opportunities in construction and housing-related professions within Lesotho.

THE INSTITUTIONAL FRAMEWORK FOR HOUSING

In light of the absence of the right to adequate housing in the Constitution, the government of Lesotho should ratify relevant international treaties and transpose these into national legislation including the constitution as appropriate.

The institutional framework for housing has many of the necessary components. Respect for the home and limitation of state procurement of property are enshrined in the constitution. The PRS is committed to appropriate urban policies and suggests public-private partnerships going forward. But the regulations controlling housing development are outmoded and ready for recasting. Regulations should be relevant to the housing affordable by ordinary Basotho rather than to a small elite.

Regulations allow *malaene* as well as main dwelling. This is very pro-poor and should be used as a route into increasing density and the supply of truly affordable housing.

Housing has a relatively lowly place in government structures having no dedicated ministry. Local authorities have many housing-related functions delegated to them and will have even more as the National Decentralisation Policy is implemented. They do not, however, have the resources to fulfil these functions unless revenue streams can be activated and the central government money allocated to these functions can be devolved to the districts. There is a need to form a more focused approach to housing supply, bringing functions together under one dedicated ministry. Local authorities should only be expected to perform functions for which a revenue stream is evident.

HOUSING SUPPLY

The formal private sector concentrates on housing at the very top of the market leaving the majority unserved by formal housing supply. It should not receive government subsidies of any form. Instead, it might be a source of marginal funding for low-income housing assistance.

As in other countries in Sub-Saharan Africa, the great majority of housing in Lesotho is built in the informal sector by small contractors in partnership with individual owners. The informal stock should be the focus of policy intervention to enable it to be more efficient without raising its cost. Policies which hinder informal housing supply should be resisted. Helping informal developers/contractors to perform more effectively is the key way forward for housing in Lesotho.

The current housing stock is dominated by the two traditional house types known as *malaene* and *polata*. Both are simple dwellings with suites of one or two rooms opening off the outside world. There is a growth in the bungalow, especially in Maseru, but there is little that is beneficial to the poor in this change. Assisting the development of *malaene* and *polata*, or their equivalents, may be the most effective way of keeping up with housing need.

Most housing in urban Lesotho is built of permanent materials though more have mud floors or thatched roofs in the towns than in Maseru. Ensuring that the supply of these materials keeps up with the need for housing is probably more important than searching for other, supposedly cheaper, materials.

Owner occupation is the main tenure in towns but renting is as common as owning among households in Maseru. Rental housing must be encouraged, especially through the provision of rooms or suites of rooms in owner-occupied housing.

The small formal supply has been led by LHLDC and government's own employer housing programme. Private contractors have difficulty building for anyone but the rich elite and expatriates. The problems facing private contractors in building estates of dwellings should be removed as a part of improving housing supply.

HOUSING NEED

Housing need will be driven by the need to maintain and improve the existing stock and to add sufficient new stock to accommodate 60,000 new urban households between the 2006 Census and 2025. It is important to find out from the 2006 census data how many dwellings existed then and to estimate how many have been added since then. The balance of the need can then be calculated for the need to supply housing 2015-2025.

The housing stock needed to encourage reductions in crowding should be concentrated in the towns. Owners there should be encouraged to add more rooms to their dwellings.

The major need for housing is in the one to three room range. Only in some towns are larger dwellings needed in any significant percentages of the stock to accommodate large households. Supply policies should focus on housing with three rooms or fewer.

Renters with income close to the mean for the low-income population could afford a room in a *malaene* or *polata*. Such housing should be the focus of supply for renters going forward.

The capital cost for housing affordable to the mean low-income households seems to be about M90,000 ($8,200). This is too little to afford much in the formal sector but could easily pay for a dwelling in the informal sector. This also points to ways forward which encourage the informal construction sector using simple labour-intensive technologies.

LAND

Plots in Lesotho are very large but this is offset to some extent by the regulations allowing more than one dwelling (one dwelling plus *malaene* rooms up to the same area). Ways should be found to encourage owners to add *malaene* rooms (or their equivalent) up to the maximum that they are allowed.

Recent reforms over the length of time and transaction costs involved in obtaining land for housing have so revolutionized this that Lesotho has risen 69 places in the World Bank's ranking of ease of obtaining a registered plot. Continuing progress in the Land Reforms seems to be desirable to increase housing production.

There is still little gender equality in land ownership potential. Women should have fully equal rights to own and inherit land. Whatever conflicting messages are being given by the laws on land should be ironed out in favour of women's rights to own land equally to men.

The potential of property taxation is being ignored by local authorities who remain underfunded. All local authorities should introduce and maintain property tax procedures commensurate with the built cost of housing, the area of plots, and the level of infrastructure provided.

Chiefs are still active in land allocation even though they have no legal powers. A way should be found to gain their collaboration on peri-urban land development.

Customary land has also been allocated in a non-transparent way through backdated Form Cs. As public land allocations should be transparent and traceable, so should customary land transactions.

The land needs for the need for housing by 2025 can be greatly reduced by making optimum use of plots or cutting down on their size. Encouraging owners to add *malaene* rooms up to the maximum that they are allowed will save considerable amounts of land.

HOUSING FINANCE

The main finance for housing in Lesotho is a small mortgage-granting sector which grants about 400 loans per annum to Basotho earning more than $900 a month. Qualification criteria limit them to salaried workers who can prove a household income of 2.5 to three times their proposed loan repayments. Finance is needed for the majority, however, and it should be a focus of policy in the future. Amounts of around US$2-5,000 on loans of only a few years duration might be suitable.

Almost all owners either built or inherited their dwelling, very few bought it. The idea that a household that can finance the incremental building of a home through the informal sector can afford to buy a formally-built and financed home is likely to prove a fallacy and should not be the basis of housing policy for a majority of Basotho households.

Housing micro-finance is in its infancy in Lesotho. It is doubtful that MFIs can play a great role in housing supply but they might find a profitable niche market in loans for the extension of existing housing.

Households tend to pay about 17 per cent of their total expenditure on housing and services. It is likely that they might be willing to pay 20 per cent to afford, at the mean, a dwelling costing M90,000 ($8,200) as owners or to rent (at market rents) housing costing M30,000 ($2,700) to build. Housing supply and housing finance supply policies should concentrate on these affordability levels.

INFRASTRUCTURE

Infrastructure has improved considerably in the last decade with far more urban households having access to water and improved sanitation. There is still, however, a servicing deficit, mainly in peri-urban areas. Infrastructure supply should focus on closing the supply deficit and supplying infrastructure to the new housing as it is built at costs affordable to the occupants.

Labour-based infrastructure installation has been found to be particularly viable in Lesotho. Focus should be put on installing and managing infrastructure for housing through labour-based technologies and activities.

There are considerable differences in infrastructure between Maseru and the towns where services are much less well-provided. Infrastructure for the towns should be a priority.

Where water is provided it is usually on or near the plot rather than in public standpipes. Sanitation is mainly by VIP and pit latrines, again close to homes rather than as a public facility. Water and sanitation on or near plots should be the way forward rather than public standpipes and toilets.

The activities of LEWA in ensuring that tariffs for electricity and, more recently, water, meet the needs of the providers as well as customers bodes well for an improvement in coverage and sustainability of services.

Solid waste is poorly handled, there is much dumping to be seen in the urban environment. There is great potential in improving labour-based collection and management of solid waste and introducing more recycling. The markets of South Africa provide some potential for recycling.

Electricity is provided to most of Maseru and towns in Leribe but not in the other towns where many still use wood and LPG for cooking. It may also be that such households have power in the dwellings but choose to cook with other fuels. The extension of electricity in towns, however, should be a priority.

CONSTRUCTION INDUSTRY

Construction in Lesotho is very heavily influenced by its surrounding neighbour, South Africa, with construction and materials supplies companies and many building materials imports originating in South Africa. Reducing the exposure of the construction industry to South Africa might be a good idea.

The informal sector is the major provider of housing in Lesotho but there are issues over its employment conditions. Improvement should be made to informal sector work conditions through gradually introducing the ILO 'decent work agenda' altering the most serious breaches of labour regulations first, e.g., workers' rights to protection from injury, and gradually working up towards full compliance. This should be done gradually to avoid robbing the informal sector of its advantages in cost and flexibility as the first tenet of 'decent work' is that there should be enough work for everyone.

There are virtually no dwellings built of junk in Lesotho, cement block and burnt-brick construction predominates. This should be taken as a positive sign of the general affordability of simple housing in conventional materials.

Incremental development is often layer by layer rather than room by room. If people can be encouraged to build room by room, instead, less land would stand idle and improved housing conditions could follow more quickly.

There is a brain-drain of skilled construction workers out of Lesotho. If the housing supply system is streamlined to supply a dwelling every half-hour of the working day, it should provide many jobs which may attract Basotho skilled workers to stay in the country.

There are no professional registration institutions in Lesotho for professionals involved in housing. Local institutions should be fostered.

HOUSING MARKET

There is little housing market in Lesotho. Most owners and renters find out about their plot or rented accommodation from their own networks, few through real estate practitioners. The rental market could benefit from better availability of information but estate agents are currently very expensive in a regional context.

FIGURE 91 Group discussions on the Performance Constraints Matrix at the Second Stakeholders' Workshop.

There is no registration or regulation institution for real-estate professionals in Lesotho. A local institution should be established.

As in most of Sub-Saharan Africa, most Basotho would not think of selling their dwelling so policy must not assume that owners will sell smaller housing and use the proceeds to buy larger accommodation. There should be no attempt to introduce a market artificially, nor should the lack of a market be thought to be a backward position which will disappear as the country 'develops'.

The following matrixes have been developed from the text of the Profile and also from the Second Stakeholders' Workshop held in September, 2014 (Figure 91). They set out the constraints encountered when housing development is to be done and priority actions to deal with them. They are set out by sector.

TABLE 59 Housing Sector Performance Constraints Matrix

	Land	Housing Finance	Infrastructure	Building Materials & Construction Sector
Institutional & organisational Framework	Poor implementation of planning policies. Lack of co-ordination and communication between ministries and departments within them, and with stakeholders. Too many actors in the process, e.g., chiefs and councils. Chiefs are still active in land allocation even though they have no legal powers and they are disregarded. Disregard of and outdated land use plans. Lack of co-ordination among relevant disciplines involved in the land process.	Threshold for borrowing is too high. Micro-lenders do not offer housing loans. No Basotho-owned bank.	Lack of coordination of service providers hinders provision of basic services. Lack of a body responsible for housing comprising of all relevant stakeholders. Lack of political will to follow set priorities Lack of consistent standards among stakeholders.	Land acquisition process impedes development process for contractors. Local authorities lack capacity to process development applications and building permits. Slow financial dealings through banks. Poor co-ordination between formal and informal sectors.
Regulatory & Legal Framework	Legislation is contradictory, outdated, e.g., Town and Country Planning Act, and often not followed in management and administration of land. Laws and institutions in land administration and management are not co-ordinated and some conflict. Plots are too large for servicing. No ministry wholly responsible for housing and land.	Out-dated financial institutions. Stamp duty is too high at 7 per cent. Co-operative banks do not have resources to finance housing	Lack of compliance with and enforcement of existing standards. Work bound by foreign standards. Lack of coordination in standards among different departments. Outdated Laws and Regulations. Tenders for infrastructure provision are concentrated at year-ends.	No Construction Council to regulate the industry or professional registration institutions in the country. Current regulatory system lacks capacity.
Supply	There is still little gender equality in land ownership potential. Women do not have fully equal rights to own and inherit land. Land for housing is mainly taken on the fertile land as other areas are too rugged for formal development. Compensation rates are too low for field owners to release land to government. Land acquisition is cumbersome and expensive; too much so to accommodate urban growth. Multiple plots can be allocated to one person.	Qualification criteria for mortgages limit them to Basotho earning more than $900 a month, salaried workers, with incomes 2.5 to three times their repayments. Limited outreach for financial institutions. Current finance only favours the rich. Poor market information.	Though greatly improved recently, there is still a servicing deficit, mainly in peri-urban areas and small towns. Limited funding for infrastructure works. Lack of local production of energy leads to importation and high prices, Connection costs are too high owing to importing almost every component needed. Lack of innovation and enabling environment hinders provision of services. Electricity is poorly provided in the small towns where many still use wood and LPG for cooking.	Private contractors have difficulty building for anyone but the rich elite and expatriates. More housing more has mud floors or thatched roofs in the towns than in Maseru. The great majority of housing in Lesotho is built in the informal sector by small contractors in partnership with individual owners. Importation of most materials increases cost of construction. Customs regulations not consistently applied. Poor supply of local materials.

	Land	Housing Finance	Infrastructure	Building Materials & Construction Sector
Demand	Land is perceived to be expensive compared to earnings. Acquisition processes hinder housing development. Informal allocation may overlap formal.	The formal private sector concentrates on housing at the very top of the market leaving the majority unserved by formal housing supply. Households are probably willing to pay 20 per cent of their expenditure to afford, at the mean, a dwelling costing M90,000 ($8,200) as owners, or to rent housing costing M30,000 ($2,700) to build. Low demand for housing finance. People tend to have other debts so have limited capacity for mortgages even if they qualify. A household that can finance the incremental building of a home through the informal sector probably cannot afford to buy a formally-built and financed home.	Demand is high for infrastructure but affordability is a constraint. No education on renewable energies and green technologies.	Housing need will be driven by the need to maintain and improve the existing stock and to add sufficient new stock to accommodate 60,000 new urban households between the 2006 Census and 2025. The major need for housing is in the one to three room range. Formal construction is too expensive for most people. Difficulty of maintaining standards in building. Lack of statistics and other information.
Policy	Poor policy direction, no land use policy. Former lack of political will for policy development and adoption	No finance policy including housing. Credit bureau has yet to be inaugurated.	Lack of implementation of draft national policies hinders service provision Non-co-ordination of policies also hinders provision of services.	Lack of policy on housing construction or governing the construction sector.
Implementation arrangements & instruments	No clear implementation directions. Lack of implementation of city plans. Lack of co-ordination between formal and informal suppliers. Each developer interprets rules in their own way. Subsidised land reaches the better-off but not the poor. Customary land has been allocated in a non-transparent way through backdated Form Cs. The potential of property taxation is being ignored by local authorities who remain underfunded.	The financial arrangements in place are functioning but do not allow for a spread of credit through the population	Lack of consistency in implementation and co-ordination of provision of services. Lack of continuity of programmes and projects. Poor commitment from employees in different institutions. Solid waste is poorly handled, there is much dumping to be seen in the urban environment.	Construction in Lesotho is very heavily influenced by South Africa. Incremental development is often layer by layer rather than room by room. Lack of information. Lack of innovation in construction.

	Land	Housing Finance	Infrastructure	Building Materials & Construction Sector
Institutional capacity	Lack of political will and capacity for planning, monitoring and implementing plans. Lack of resources and technical support to physical planners, especially in the districts.	Limited capacity in financial institutions, especially in the districts and outskirts of Maseru.	There is human resource capacity but there is lack of other capacities. Hierarchical structures and lack of team work in institutions, where the senior officer does not fully utilise the expertise of junior colleagues.	Lack of capacity in regulating authorities and in issuing building permits. The housing supply needed to 2025 should provide many jobs which may attract Basotho skilled workers to stay in the country. Training institutes do not seem to be training the right skill-set; not addressing the demand from builders The depletion of human resources implicit in the HIV/AIDS pandemic and the brain-drain of educated Basotho to South Africa and elsewhere endanger the efficient growth of the housing supply.
Affordability & price-to-income issues	Land for formal housing is expensive compared with incomes. Developers and financiers set standards according to international norms rather than local needs and affordability.	Most people cannot afford housing loans through low incomes. Assisting the development of the equivalent of *malaene* and *polata* may be the most effective way of keeping up with housing need.	Ineffective dissemination of information on services. Lack of Recognition for Consumer Protection Unit.	Low wages. Lack of research into appropriate materials for Lesotho.

TABLE 60 Housing Sector Priorities for Action MATRIX

	Land	Housing Finance	Infrastructure	Building Materials & Construction Sector
Institutional & organisational Framework	Integration of planning. Institutional reforms, especially establishment of a Ministry of Land and Housing. A way should be found to gain the collaboration of chiefs on peri-urban land development.	Financial institutions should improve their flexibility in dealing with borrowers outside the richest few. This might include threshold charges/incomes. Post Bank could have potential for housing loans so should be authorised to offer them CBL to work with micro-lenders for a way to offer housing loans.	Establish a sustainable infrastructure co-ordinating body.	Establish a Ministry of Housing. Reduce the land acquisition process in line with improvements in registration. Improve capacity of building control sections in councils. Adopt recommendations of previous studies on construction. Improve service delivery.
Regulatory & Legal Framework	Harmonisation of regulations and laws.	Stamp duty should be reduced. Examine the potential for laws encouraging housing co-operatives. Enable micro-finance institutions in offering housing loans.	Enforce existing standards but review existing laws and formulate appropriate standards for Lesotho at the earliest possible opportunity	Establish a Construction Council to regulate the industry and registration institutions for construction-related professions. Establish a locally appropriate Bureau of Construction Standards.
Supply	Revise land tenure system to facilitate and accelerate land acquisition for housing. Increase density in inner city areas and infill. Regulations allow *malaene* as well as main dwelling. Encouraging them should be used as a route into increasing density and the supply of truly affordable housing. The land needed for housing by 2025 can be greatly reduced by making optimum use of plots or cutting down on their size. Revisit compensation rates. Improve higher ground to bring more into development for housing.	More financial institutions should be able to offer housing finance. Formal sector housing supply should not receive government subsidies of any form. Instead, it might be a source of marginal funding for low-income housing assistance.	Infrastructure supply should focus on closing the supply deficit and supplying infrastructure to the new housing as it is built at costs affordable to the occupants. Encourage Public-Private Partnerships and Public-Community Partnerships in infrastructure provision. Given that more than one dwelling can be built on a plot, servicing should recognise that several households may need supply from each connection. The extension of electricity in smaller towns should be a priority	Ensuring that the supply of common materials keeps up with the need for housing is probably more important than searching for other, supposedly cheaper, materials. If people can be encouraged to build room by room, instead of layer by layer, less land would stand idle and improved housing conditions could follow more quickly. Owners should be encouraged to add more rooms to their dwellings. Supply policies should focus on housing with three rooms or fewer. The equivalent of *malaene* or *polata* housing should be the focus of supply for renters. Encourage use of locally-produced/ manufactured materials and components for construction. Establish a dedicated branch in the Lesotho Revenue Authority to deal with construction imports and exports. Improve information on availability of local materials and components.

	Land	Housing Finance	Infrastructure	Building Materials & Construction Sector
Demand	Equitable and sustainable land acquisition processes. Whatever conflicting messages are being given by the laws on land should be ironed out in favour of women's rights to own land equally to men.	Housing supply and housing finance supply policies should concentrate on housing costing M90,000 ($8,200) for owner-occupation or M30,000 ($2,700) to build for renting. Finance for the majority should be a focus of policy in the future. Amounts of around US$2-5,000 on loans of only a few years duration might be suitable. Do not base policy on the idea of housing as a marketable good. Examine the potential for housing co-operatives with joint loans. Encourage a culture of saving. Encourage rental housing, especially through the provision of rooms or suites of rooms in owner-occupied housing.	Education on renewable energies and green technologies might reduce cost of services.	It is important to find out from the 2006 census data how many dwellings existed then and to estimate how many have been added since then. The balance of the need can then be calculated for the need to supply housing 2015-2025. Focus on building within M90,000 ($8,200) per dwelling. Gradual improvement of the informal sector through introducing the ILO decent work agenda. Improve information supply and dissemination. It is vital that MLGCPA staff liaise with the Bureau of Statistics for collection and analysis of appropriate housing data in the 2016 census.
Policy	National Land Use Policy and settlements policy are needed to guide, monitor and evaluate development and the relationship between formal and informal land development.	Implement the Credit Bureau to allow lenders to examine clients' creditworthiness. Establish a financial sector regulatory body.	Alignment of policies to each other and to new standards (above)	The informal stock should be the focus of policy intervention to enable it to be more efficient without raising its cost. Policies which hinder informal housing supply should be resisted. Helping informal developers/contractors to perform more effectively is the key way forward for housing in Lesotho. Formulate construction components in the proposed housing policy, including ways for the formal sector to mentor informal contractors.

	Land	Housing Finance	Infrastructure	Building Materials & Construction Sector
Implementation arrangements & instruments	Improve local authorities' capacity to manage land. Implement existing strategies for land. All local authorities should introduce and maintain property tax procedures commensurate with the built cost of housing and the area of plots. As public land allocations should be transparent and traceable, so should customary land transactions. Subsidised land should only be used for households below the median income or the full value of subsidies should be paid by those above median income.	Consider a dedicated institution for housing micro-finance. Improve information on loans available.	Labour-based infrastructure installation has been found to be particularly viable in Lesotho. Focus should be put on installing and managing infrastructure for housing through labour-based technologies and activities. Water and sanitation on or near plots should be the way forward rather than public standpipes and toilets. Encourage continuity and commitment in infrastructure organisations and local councils. There is great potential in improving labour-based collection and management of solid waste and introducing more recycling. The markets of South Africa provide some potential for recycling.	Reducing the exposure of the construction industry to South Africa might be a good idea Encourage labour-based construction. Improve knowledge dissemination in construction.
Institutional capacity	Increase local authority capacity to cope with land issues as called for in the Decentralisation Policy.	Improve consumer knowledge of credit and its implications.	There is a brain-drain of skilled construction workers out of Lesotho. Promote and encourage teamwork.	Improve co-ordination between WASCO, LEC, local authorities, etc. Provide a way of sharing skills with the informal sector and the public. Recast the curricula of TVET institutions to meet construction-sector needs. Encourage career opportunities in construction and housing-related professions within Lesotho.
Affordability & price-to-income issues	Land should be available in small enough plots to be available without subsidies or market revisions.	Examine consolidated or shared loans.	Empower LEWA as a regulator across infrastructure provision and a consumer protection unit.	New initiatives should focus on using local materials and technologies in labour-intensive construction. Build to the median price of M90,000 ($8,200) rather than to an artificially-set standard

END NOTES

[1] *According to the ILO (1999), 'decent work' has the following characteristics:*
- there should be sufficient work for all to have full access to income-earning opportunities;
- it generates an adequate income;
- workers' rights are protected in it;
- it is productive, not just existing as 'work for work's sake';
- it provides adequate social protection. (ILO, 1999).

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