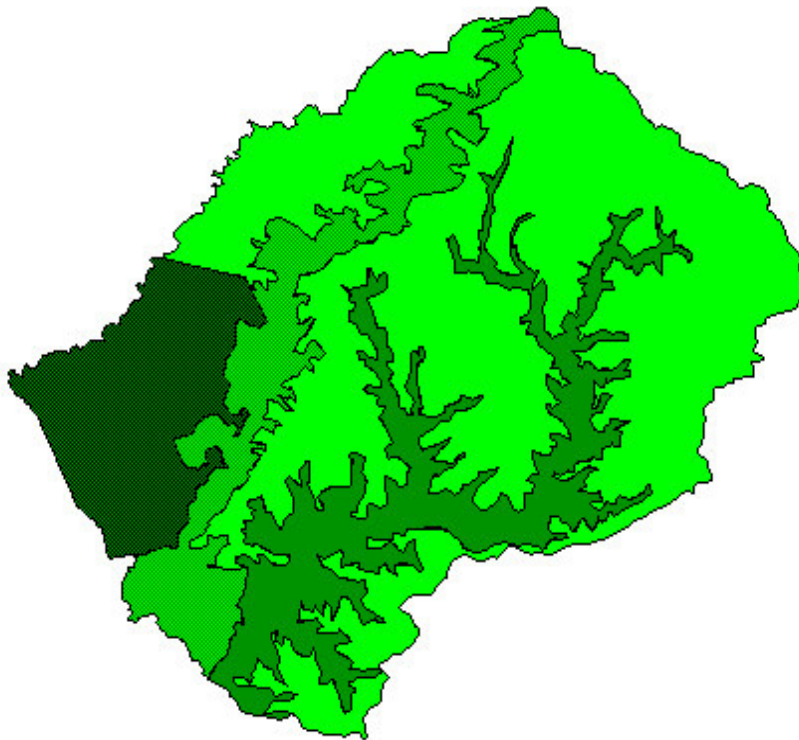




LESOTHO
Vulnerability
Assessment Committee

**Lesotho Vulnerability Assessment Committee (LVAC)
Annual Vulnerability Monitoring Report
May 2005**



July 12, 2005.

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Acknowledgements

After an initial planning phase on 28th – 30th April, the Lesotho Vulnerability Assessment Committee (LVAC) 2005 annual Vulnerability assessment begun on 2nd May and was completed by 12th May. The assessment involved a number of phases of activity and a number of people have been involved.

It began with a refresher course/orientation on hazard monitoring for the field teams responsible for the nation-wide focused group interviews (FGI's) with communities. In all, the field assessment, analysis and report writing has been restricted to a period of six weeks. The analysis and report writing stages have been supported the SADC FANR RVAC (Gary Sawdon) and an independent consultant (Jeremy Jackson.).

The nation-wide focused group interviews (FGI's) with communities were carried out by a team of 14 people drawn from Disaster Management Authority, Food and Nutrition Coordinating Office, Ministry of Agriculture and Food Security, Ministry of Finance and Development Planning, World Food Programme, World Vision, Lesotho Meteorological Services, Ministry of Local Government, Ministry of Health and Social Welfare, Ministry of Industry, Trade and Marketing and FEWSNET.

We would like to thank the numerous District and Central Government officials for responding to our questions, providing reports and information and their judgments on the current situation.

Special thanks go to DMA, FNCO, MoAFS and WFP who provided transport for the entire exercise

We would also like to thank DFID Lesotho without whose financial support, this assessment could not have taken place. CARE Lesotho also kindly assisted with the administration of the finances for this assessment.

Above all, special thanks are due to all the women and men from the 60 villages who took part in the discussions. We hope to have represented them accurately in this report.

'Mapalesa Mothokho
Chair, LVAC
June 2005

Highlights:

Current estimates of national cereal production are 119,000MT (CFSAM 2005 Report) – that is 16,000 MT above the outturn for 2003-04. The crop production situation is therefore much less problematic this year and represents approximately 85% of the previous 5 year average. In spite of the prospects for this year being better than last year and close to the previous 5 year average, levels of vulnerability remain extremely high. The areas most affected are southern Lowlands and Senqu River valley where significant populations are at risk to food insecurity. For these areas longer term approaches are needed to address the predictable hunger that affects them year after year. Since 2003 the LVAC assessments have found these populations to be facing income/food deficits ranging between 20% and 45% of total annual food requirements.

The chronically poor areas of Southern Lowlands and the southern portions of the Senqu River Valley are likely to experience significant Food/Income deficits in 2005/06. The repeated identification of these areas in various assessments suggests that they have strong elements of chronic vulnerability. This tendency of chronic vulnerability needs to be better understood and supported through a range of social protection and disaster risk reduction measures.

The Foothills indicate some modest degree of vulnerability and the situation should therefore be monitored.

The need for support to chronically vulnerable groups (nation-wide) has not been adequately factored into the current assessment. The current profiles of the “poor” in each livelihood zone may not sufficiently reflect the situation of the chronically vulnerable groups and their needs. Future livelihood profiles need to pay much more attention to the situation of the ‘very poor’ and the ‘destitute/near-destitute’.

South African white and yellow maize prices have fallen (35-40%) in since December 2004. Moreover, future prices – through to March 2006, are not expected to increase much above the current price of R600 per metric tonne. While potentially beneficial for consumers, this situation is affecting the farm gate prices and the viability of maize production in Lesotho. Moreover, the producers are facing the effects of growing informal cross - boarder trade of maize and maize meal from South Africa.

The price of maize in the rural areas continue to be unreasonably high compared to the prices in the urban areas especially Maseru (in most villages assessed the price of maize meal is double the retail price in Maseru!). It is highly likely that that this is a result of inefficiencies in the food market retail system or exploitation by the retail traders with extraordinarily high markups.

Given the above food price scenario, LVAC recommends that issues around food markets be investigated with a view to use the current low price of maize to reduce the food access burden on the poor rural populations.

Summary Outcomes:

NB. The reference to Metric Tonnes (MT) Cereals here is not a prescription for food aid. It is used as an indicator of the degree of magnitude of shocks to livelihoods - albeit reduced to a common term. The Income/Food gap can easily be expressed in the cash equivalent and can be addressed through a range of livelihood provisioning, protection and promotion interventions. About 60-70% of all food access in Lesotho is based on exchange entitlements.

Southern Lowlands - 80-100% of the population (223-279,000 people) are likely to experience a 13-20% mean income/food deficit equivalent to 5,000 – 10,700 MT cereals

Northern Lowlands – no residual deficits after coping strategies

Foothills - 10-30% of the population (36-109,000 people) are likely to experience a 4-5% mean income/food deficit equivalent to 0-670 MT cereals

Senqu River Valley - 80-90% of the population (282-353,000 people) are likely to experience a 14-17% mean income/food deficit equivalent to 7-9,000 -MT cereals

Mountains - no residual deficits after coping strategies

Peri Urban Areas - no residual deficits after coping strategies.

Observations & Recommendations:

The Lesotho VAC cautions program managers and decision-makers in responding to the findings presented in the report. All proposed responses and interventions (be they developmental or humanitarian) should be informed by more detailed local-level assessments and appraisals. This rapid assessment cannot be expected to provide sufficient detail for programming decisions. The quantification and scenarios presented below, is based on limited information and reasoned assumptions. Figures are used to indicate orders of magnitude of possible effects. The existing national baseline livelihood profiles are derived from rapid rural appraisals in which the role of cash savings & food stocks in livelihoods are unknown. The analysis is based on 'judgments' about the effects of shocks and hazards on proximate and typical patterns of livelihoods. NB. Lesotho experiences a high degree of error in estimates of production. There is therefore a lot of uncertainty attached to basic estimates in critical areas. The rapid assessment methodologies employed are constrained by time & resources – for example the yield estimates of the 2004/05 FAO/MOAFS/LVAC production forecast was based on 135 interviews with farmers.

- Food prices have stabilised in 2004-05 & regional (SA) availability is secure. Since December 2004 the price of maize grain in South Africa has dropped from R1000/MT to R600/MT and this has a positive impact on Lesotho food access given that over 60% of maize consumed is imported from South Africa.
- There is an opportunity to use lower staple maize prices (projected to be in effect until March 2006) to reduce vulnerability. A theoretical analysis by LVAC assuming a 20% drop in price of maize in Lesotho show that the number of people currently facing income/food deficits could be significantly reduced and the shortfall reduced by approximately 50%.
- Low price maize from South Africa is turning into a livelihood shock for 'big' maize producers in Lesotho. Due to the high production costs in Lesotho, farmers can only sell at a higher price if they are to realise profits but with the low price maize from South Africa available in the Lesotho markets, these

farmers have to hold onto their stocks and eventually stop producing maize for commercial purposes.

- Growing informal cross border trade in maize and maize-meal undermines the credibility of National food balance statements - there should be enhanced monitoring of informal cross border trade.
- Food markets need more investigation – given the negative effects of high price mark ups and apparent inefficiencies in domestic food markets. The price of 1kg of maize meal in Maseru is R2 and at the village level even for lower grade maize, the price is on average R4.
- Depressed employment opportunities & HIV/AIDS continue to affect vulnerability and the impact needs to be better understood through special impact studies.
- Closure of garment industries affected thousands of workers in 2004-05. This has serious impacts at household level but increased lay – offs will in addition, negatively impact on the secondary economic activities associated with the thriving garment industries.
- Food aid and Protracted Relief and Recovery operations (PRRO) have brought in approximately 70,000MT of cereals in 2004-05. This was against an estimated requirement by the CFSAM of 44,000MT. This calls for effective management of food aid imports and to establish audit mechanisms to allow for assessing humanitarian responses versus assessed needs. The Lesotho Food Security Policy identifies effective management of commercial food imports and food aid as one of the strategies in the implementation of the Food Security Policy.
- There is a need to better understand chronic vulnerability – through the use of better tools and broader partnerships. The assessment tools currently employed by LVAC cannot adequately identify the chronic populations. In addition, broader partnerships will assist to enrich vulnerability analysis given that vulnerability is a cross cutting issue.
- Strengthening of information systems with reference to livelihoods, vulnerability and hazards should be a priority. The analytical depth of LVAC reports depend to a large extent on the quality and timeliness of information coming from various information providers. In the past and during the recent LVAC analysis vital information has been either lacking or insufficient thus impacting of the quality of the LVAC report. A case in point is that national crop production estimates by the National Early Warning Unit (NEWU) and Bureau of Statistics (BOS) are not ready at the time of writing this report. LVAC has therefore relied on CFSAM estimates which are not derived through a process as rigorous as the NEWU – BOS production estimates.
- Innovative interventions such as public transfers and cash vouchers need to be further explored especially for the zones that show signs of significant chronic vulnerability. The Southern Lowlands and Senqu river valley have clear patterns of chronic vulnerability and predictable hunger and it would be inappropriate to respond to the food security problems of such areas with only food aid.

1 Introduction

This report provides information and an overview of patterns of vulnerability that are likely emerge as a consequence of the impacts of current year (2004-05) shocks and hazards on rural Lesotho livelihoods. In terms of cereal production, the 2004-05 summer agricultural season has turned out to be about 10-15% below a long-term normal. Sub-nationally the southern lowlands and the southern portions of the Senqu River Valley are likely to experience significant income/food deficits. There could also be some pockets of problems in the foothills - which should therefore be monitored. Total domestic cereal production (being composed of about 80% Maize, 10% Sorghum and 10% wheat) is anticipated to be around 119,000 MT. This is about 16,000 MT higher than the 2003/04 harvest.

Even with better prospects for this year compared to the previous 3 – 4 years, levels of vulnerability remain extremely high. The economy of Lesotho remains performing poorly and we continue to witness a situation of failing livelihoods and loss of household assets especially in the rural areas.

Added to the production and supply conditions above, are the effects of seasonally depressed employment opportunities in agriculture in some locations plus the ongoing and nationwide impact of HIV/AIDS on livelihoods. The localized effects of lay-offs and factory closures are likely to have interrupted or reduced remittance flows to dependents in rural areas. It is important to recognize that Lesotho has a very significant number of chronically vulnerable – near destitute people that are probably not represented in the typical livelihood profiles of the poor as used by the LVAC. Chronic vulnerability is therefore not being adequately assessed.

Key findings in previous LVAC assessments have not been addressed thus the country has remained in 'emergency mode' with delivery of food aid as the main mechanism.

The analytical approach and methods used in this assessment are set out in Appendix 2. The descriptions of the livelihood zones and livelihood profiles are available in previous LVAC documents and remain unchanged in this 2004-05 assessment. Baseline population figures have been adjusted to factor in a year of growth.

2 Hazards & shocks - current year analysis

2.1 Crop Production:

Total levels of rainfall and the pattern of rainfall distribution within the growing season are very important in their effects on the agricultural components of rural livelihoods. Both the southern and northern lowlands experienced significantly low rainfall cumulative departures between 1st September and the 30th November. Late planting and poor growing conditions during the initial establishment phase is expected to have depressed national production prospects in these two main cereal-producing regions. A more detailed picture of the rainfall situation in 2004-05 and its implications for production are presented in Appendix 3.

2.2 Maize production estimates and contributions by district

Current estimates of national maize production are 92,130 MT – that is 11,130 MT above production levels last year. The LVAC has carried out a District-level estimate of the percentage deviation from 'normal' summer production in 2004-2005 by comparing 2004-2005 production estimates to the thirteen-year mean 89/90 to 01/02 (See Table 1). NB. This analysis is based on CFSAM estimates for 2005 and will need to be revised when BOS results become available.

Table 1/Appendix X

2004-2005 District Maize production Tonnes - compared to the Thirteen-year mean 89/90 to 01/02

District-level estimate of % deviation from 'normal ' summer production in 2004-2005

	Year	District										Lesotho Total
		1 Butha Buthe	2 Leribe	3 Berea	4 Maseru	5 Mafeteng	6 Mohale's Hoek	7 Quthing	8 Qacha's Nek	9 Mokhotlong	10 Thaba Tseka	
1	89/90	11689	34869	31893	28015	25616	10153	11100	2157	5669	10415	171576
2	90/91	2471	12964	7557	7085	6984	2820	2052	1764	2664	2557	48918
3	91/92	1521	14083	9068	7886	10932	4393	3012	1907	2865	5406	61073
4	92/93	9518	25629	11068	28346	1558	1124	609	2030	4034	7889	91805
5	93/94	5356	38137	26591	22517	15125	12646	6626	3437	6203	12424	149062
6	94/95	8213	15845	14301	8191	406	2011	1191	914	4375	7998	63445
7	95/96	8774	35828	29610	38579	26232	13060	5607	3065	12252	15482	188489
8	96/97	7500	23862	21003	32035	15869	16123	5294	3587	6376	10401	142050
9	97/98	8409	2399	20251	21404	7178	18753	6958	1474	13860	17993	118679
10	98/99	7125	31384	16801	27552	5746	9722	6495	1120	5990	12614	124549
11	99/00	11063	?	35622	26042	14492	7560	9527	3416	4638	10841	
12	00/01	4846	28167	28387	31586	19619	17919	7236	2871	8122	9436	158189
13	01/02	3220	31140	22964	19402	16386	5395	1668	2948	2931	5151	111205
14	Sum	89705	294307	275116	298640	166143	121679	67375	30690	79979	128607	1E+06
15	13 year Mean	6900	24526	21163	22972	12780	9360	5183	2361	6152	9893	109926
16	Estimate 02/03	1900	9800	20100	12900	4300	3300	2600	900	1300	4300	61400
17	Estimate 03/04	4880	22157	9440	14413	10389	6389	3125	258	3840	6111	81002
18	Estimate 04/05	4271	21488	8386	19446	8911	5965	2941	1839	4592	14292	92131
19	Forecast 04/05 as % of 13-year Mean	62%	88%	40%	85%	70%	64%	57%	78%	75%	144%	84%

Source:

1. Lines 1-13 Lesotho Agricultural Situation report 2000/01 & 2001/02 MOAFS & BOS Lesotho

2. Line 16 - FAO/WFP CFSAM Estimates May 2003

3. Line 17 - BOS - Production outturns 2003/04

4. Line 18 – CFSAM 2005

2.3 National cereal balance sheet - the latest figures for 2005

Cereal Supply: The total cereal requirement for the 2005/2006 marketing year stands at 354,500 tonnes. Meanwhile, the total domestic cereal availability is 177,300 tonnes, meaning that at least 177,200 tonnes of cereals have to be imported to cover the domestic shortfall. Total planned cereal imports by the commercial major grain handlers and food aid during this marketing year stand at 199,500 tonnes. The planned imports of cereals should therefore be able to cover any deficits. (For a breakdown by commodity see Appendix 4).

2.4 Grazing Conditions

Except for the southern half of the southern lowlands (where grazing conditions are 'poor' to 'very poor') conditions elsewhere are judged to be 'normal' to 'a bit below normal'. This is mainly attributed to the fact that though the start of rains was delayed, once the rains commenced, pasture conditions improved and even with the uneven rainfall patterns, the overall pasture performance was good. In addition no major disease outbreaks were reported outside of then 'normal' livestock diseases.

2.5 Cash crops

Large-scale (cash cropping) maize producers are experiencing difficulty in finding a market at prices that are acceptable to them. In preparation for the storage of the anticipated 2005 harvest and in order to compete with growing supplies of maize and maize meal arriving through informal cross – boarder from South Africa, there are reports of some farmers selling off old stock of maize at loss. This issue of reduced viability for maize producers however, cuts across all wealth groups and signals a greater dependence on purchase/market – based access to staple foods in the next few years. This will certainly place pressure on the need for efficient wholesale and retail marketing systems. It could also put a greater proportion of the population at risk of various forms of market failures. Production of vegetables as cash crops has been on the raise in most parts of the Country though this has resulted in problems marketing the produce. Vegetable gardening has been promoted through several programmes including the MoAFS – CARE Livelihoods Recovery through Agriculture Programme. In addition to vegetable growing providing improved nutrition at household but also increase household incomes. The marketing aspects of such programmes will need to be stepped up.

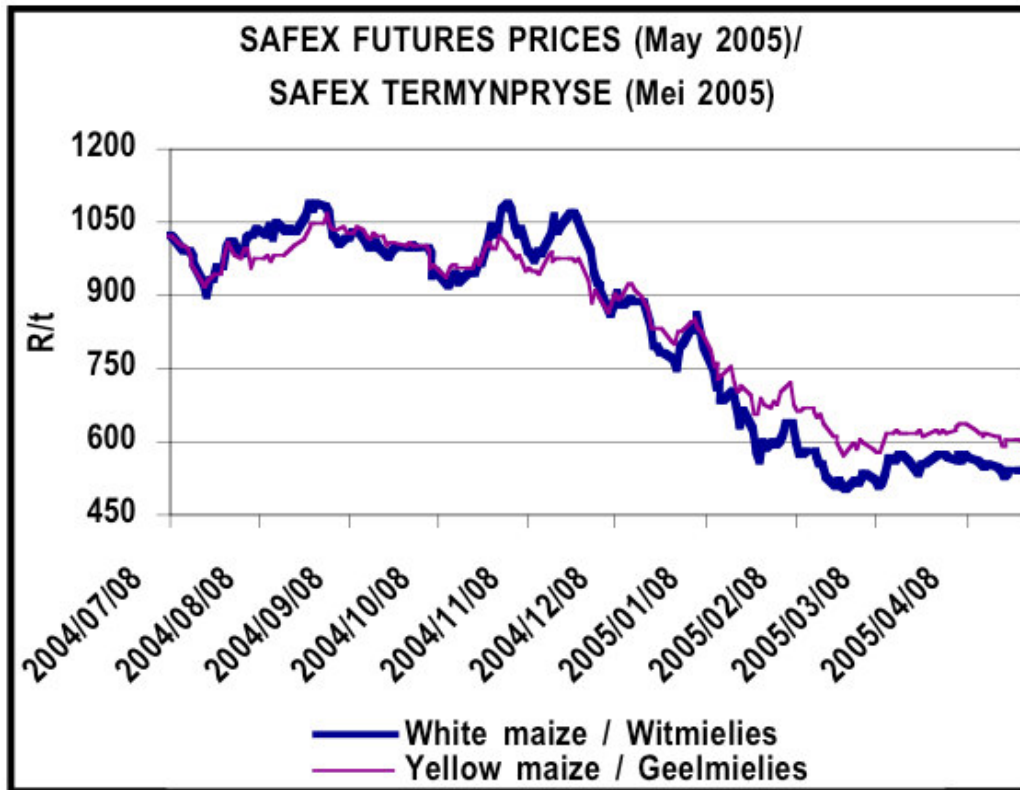
2.6 Price Changes

Weekly monitoring by the South African Grain Information Service (SAGIS) highlights a significant fall in white and yellow maize prices since December 2004. Domestic prices for maize have fallen from around R1000/MT to just under R600/MT in April 2005 (See Figure 7). Moreover, maize future prices are not expected to increase much above the 600 Rand figure - right through March 2006. This latter prediction needs to be monitored in the light of the regional production shortfalls in Mozambique, Malawi, Tanzania, Zambia and Zimbabwe.

Lesotho uses South Africa as its main supplier for commercial imports. The current and future prices for maize therefore provide a potential windfall and opportunity to soften the burden of the current year outcomes and generally support livelihoods. For this to work the benefits of lower cost imports must be passed on to the consumer. The mechanisms to ensure this should therefore be explored. They should be adapted to the specifics of the situation in Lesotho. If needed – the overall costs of procuring any food aid in the region should be much

reduced. Lower prices for consumers via low cost imports imply that cost-effective technologies and production systems need to be promoted in order to keep Lesotho maize producers competitive. Recent reports suggest that at the current low prices most commercial maize producers in South Africa are not viable. Without changes to the economics of production, incentives to produce maize in Lesotho will become very depressed. Smaller-scale producers are likely to focus on production for own consumption.

Figure 1



Source: SAGIS Weekly Bulletin 18 0505 – 2005/05/03.

National Maize price situation: It is clear that market factors and local price variations can play a large role in determining food security. The possibility of a 20 -25% fall in wholesale prices of maize meal would be most welcome in 2005 - 06. High costs, high profit margins plus inefficiencies in the rural retail trading arrangements could undermine the potential benefits of cheap imports on livelihoods and welfare. These are important issues needing further investigation. It is clearly evident from the assessment findings that rural maize – meal prices are on average double the prices at Maseru markets (price of 1 kg maize – meal in Maseru is M2 while at village level the average price is M4. Although it is appreciated that retailers transporting the food to rural areas will incur costs and have to make profits, the margins appear to be unacceptable in normal marketing terms.

2.7 HIV/AIDS

HIV/AIDS continues to have major impacts on household food security and livelihoods. The LVAC assessment did not specifically investigate impacts of

HIV/AIDS on livelihoods, but a recent study by FAO and MoAFS on impact of HIV/AIDS on rural food security and livelihoods in Lesotho suggests heavy impacts on rural livelihoods. It is hoped that once the final report is released it will provide further insights into the impacts of HIV/AIDS on rural livelihoods. Even as the analysis of the study is yet to be completed, tendencies of affected households having their productive land left fallow, and reduction in numbers of meals are evident.

A major implication of the high HIV/AIDS prevalence in Lesotho is the decline in life expectancy from 60 in 1991 to 52 in 2001 and currently at 35 years of age. Increasing numbers of orphans from an estimated 73,000 (UNAIDS 2001) to nearly 92,000 (GOL – WFP 2003) and currently at 100,000 (UNAIDS 2004) is closely associated with HIV/AIDS and will, without doubt, lead to increased levels of vulnerability in the Country.

2.8 Employment

Employment in Lesotho is mainly categorised as; Farm employment, rural non – farm employment, home enterprise and small business, informal sector and the formal sector waged employment. The biggest employers in the formal sector are government and the garment industry employing approximately 80,000 people. The recent closure of some garment industries poses significant threats to household food security for the affected households but will also have impacts on the secondary economic activities. Indeed having over 50% of all formal sector employment dependent on the fragile garment industry creates a new form of vulnerability in Lesotho. At the rural level, farm and off-farm employment continued to be affected by weather variations and reduced incomes from remittances that would normally be used to employ labour.

3. Problem specification

3.1 Production and supply changes.

Following the pattern of much of the rest of southern Africa, Lesotho experienced a late start to the rainy season, however, for the three months Jan-March 2005, total rainfall was in the range 75-125 of normal (See Appendix 3).

The FAO and WFP in collaboration with MOAFS and other partners carried out a rapid assessment of current season agricultural production in mid March 2005. In reviewing the agricultural context, the weather conditions, supply of agricultural inputs, area planted and yield estimates, the report indicates an agricultural (Summer Crop) production of 77-80% of national production when compared to the mean of 1999/00 to 2003/04. The critical indicators are 92% of normal area cultivated and 84% of normal yields. NB. The comparison is however made against a five-year series that included at least three "poor" years. Moreover it should be noted that the yield estimates are based on a very small number (n=135) of household interviews. The statistical validity is therefore very low. The area estimates used are likely to be much more accurate - being based on BOS survey evidence and the March assessment findings. The VAC has been able to share some preliminary exchange of information with the 2005 CFSAM.

NB. The CFSAM estimates of production indicate a similar picture of about 84% of normal maize availability – when compared to an alternative thirteen year (89/90 - 01/02) mean of district production (See Table 1). Total domestic cereal production (being composed of about 80% Maize 10% Sorghum and 10% wheat) is therefore anticipated to be around 119,000 MT.

Information from community level interviews was more pessimistic than both the FAO/WFP pre – harvest assessment and the CFSAM estimates. The LVAC has therefore sought to arrive at a compromise problem specification - triangulating findings from the above secondary sources (with their limitations) and an interpretation of community level perceptions. Overall the crop production situation is much less problematic this year.

Own Food Crops

Own food crops make an important contribution to total food access for all wealth groups. The middle and better off groups are much more successful in self-provisioning through own food crops. The percentage contribution of own food crops to total food access for the poor is 5-30%. For the middle-income group it is in the range 20-50% and 30-60% for the better off. Production and supply changes for own food crops are estimated to be 40-60% for the southern lowlands, 50-60% for the northern lowlands, 50-60% for the foothills, 40-60% for the Senqu River Valley, 90-100% for the mountains and 50-60% for the Peri-urban areas.

Cash Crops

Depending upon livelihood zone, cash crops are made up of a combination of a number of crops, whose rank order (in terms of significance), vary from location to location. They include: Vegetables, Beans, Peas, Potatoes, Sunflowers, Paprika, Maize, Sorghum, Wheat, Dagga and Pumpkin. The assessed production and supply changes for cash crops are 20-40% for the southern lowlands, 60-80% for the northern lowlands, 40-60% this and for the foothills, 40-60% for the Senqu River Valley, 40-60% for the mountains and 60-80% for the Peri-urban areas.

Livestock and grazing conditions

The overall situation has been judged to be - 40-50% in the southern lowlands, 100% in the northern lowlands, 80-90% in the foothills, 60-70% in the Senqu River Valley, 100% in the mountains and 60-80% in the Peri-urban areas.

Supply of wild foods

The supply of wild foods as been depressed to 40-60% in the southern lowlands, 100% in the northern lowlands, 100% in the foothills, 80-90% in the Senqu River Valley, 80-90% in the mountains and 80-100% in the Peri-urban areas. While wild foods only account for 0-5% of total food access for the better-off, the poor in all areas secure between 5-15% of their food from wild foods.

Supply of within-community relief/gifts

The baseline profiles on this source of food indicate that gifts/relief is insignificant for the better-off. However, for the poor, they are a significant part of total food access. For example, in the Senqu river valley area they make up 20-25% of their normal food access. In the other five areas, normal food access (for the poor) from gifts/relief is in the range 5-20%. Clearly, reductions in normal access to gifts and relief will affect the poor in all areas of Lesotho. Based mainly on the evidence coming out of the community level interviews access to gifts and relief are assessed to be as follows: 20-40% of normal in the southern lowlands, 80-100% in the northern lowlands and foothills and 60-80% in the Senqu river valley, 20-40% in the Mountains and 80-100% the Peri-Urban areas.

3.2 Changes in normal market access

The ability to source cash incomes in any year is very much affected by changes to normal market access. This can affect total cash flows from employment and remittances, livestock and livestock product sales, cash crops sales, non-food production incomes and income from trading activity. The contribution of employment and remittance incomes to total family cash incomes is important for all wealth groups in Lesotho. There are some important differences. Generally employment incomes are much more important for the poor. They are very high in the case of the Peri-Urban areas – 50-75% of the total. In the countryside, employment and remittances contribute to between 25-60% of total cash income for the poor. The middle and better off wealth groups are less dependent on employment and remittances as they have more diversified sources of cash income.

Access to employment markets is judged to be 50-75% of normal for the southern lowlands, 75-100% for the northern lowlands, foothills, mountains and Peri-Urban areas. The situation in the foothills and Senqu River Valley is more depressed at 50-75% of normal.

Changes in access to livestock and livestock product markets: The significance of livestock and livestock product sales to household income is very much a function off the wealth status of the household. In the case of the poor the range is from 0-10% while for the better-off the range varies between 10-50%. The middle-income group indicates a range of 5-40%. Access to livestock and livestock product markets is judged to be normal in the Peri-Urban areas. It is depressed to a level of 75-100% of normal for the Southern Lowlands, Northern Lowlands, Senqu River valley and Mountains and 50-75% of normal in the Foothills.

Changes in normal market access cash crops: Cash crops are an important source of income for all wealth groups in Lesotho. Cash crops incomes are more important for the wealthier than the poorer groups. The percentage contribution of cash crops to total cash income for poor households is in the range 5-30%. For the middle-income group it falls between 15-35% and for the better-off it is within the range 20-45%. Access to cash crops markets is judged to be 75-100% of normal in the northern lowlands, foothills, Senqu River Valley and Peri Urban areas. It is judged to be 50-75% of normal in the Southern Lowlands and mountains.

Changes in access to non-food production markets: The percentage contribution of non-food production to normal total cash income is in the range 0-10% for the rich. It is much more important for the poor and falls in the range 10-40% and for the middle group in the range 5-30%. Access to non-food production markets is considered to be normal in the northern lowlands. It is considered to be 75-100% of normal in the southern lowlands, foothills Senqu River Valley and Peri-Urban areas. It is judged to be 50-75% in the mountains.

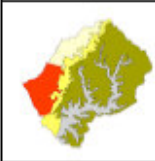
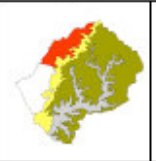
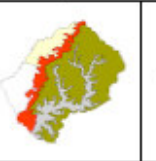
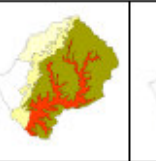
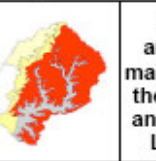
Changes in access to other trade markets: Trade as a contribution total household cash income is most important for the better off and contributes 10-45% of all income for this group. It contributes between the 0-30% for the poor and 5-30% for the middle-income group. The LVAC assesses that other trade markets are normal in the northern lowlands, but depressed to 75-100% of normal in the southern lowlands, foothills, and Peri-Urban areas and is more depressed to 50-75% of normal in the Senqu river valley and mountains.

Changes in access to food purchase markets: Access to food purchase markets were considered to be normal across the country.

Changes in food prices: Based on the community level interviews carried out by the LVAC in the May assessment, food prices are in the range 90-110. Changes in normal prices are measured against an index of 'normal' = 100. The problem specification has defined the change in food price at 105 for the Southern Lowlands, at 105 for the Northern Lowlands, 90 for the foothills, 105 for the Senqu River Valley, 100 for the Mountains and 110 for the Peri-Urban areas. Food prices have stabilised in 2004-05 & regional (SA) availability of maize is secure.

Figure 2

Problem Specification for the Lesotho May 2005 Assessment

Agro Ecological Zone Food Economy Zone No.	1	2	3	4	5	6
Location						Located around the main towns in the Southern and Northern Lowlands
Food Economy Zone Name	Southern Lowlands	Northern Lowlands	Foothills	Senqu River Valley	Mountains	Peri Urban
Production/Supply Changes	Changes in "normal" production and supply conditions Index 100=Normal (Index range 0-300)					
Food Crops	40-60	50-60	50-60	40-60	90-100	50-60
Grazing	40-50	100	80-90	60-70	100	60-80
Wild Foods	40-60	100	100	80-90	80-90	80-100
Relief/Gifts	20-40	80-100	80-100	60-80	20-40	80-100
Cash Crops	20-40	60-80	40-60	40-60	40-60	60-80
Access to Markets	Changes in "normal" market access - Index 100=normal (or one of 5 categories of depressed market access 75-100, 50-75, 25-50, 0-25 and 0)					
Employment	50-75	75-100	75-100	50-75	75-100	75-100
Livestock	75-100	75-100	50-75	75-100	75-100	100
Cash Crops	50-75	75-100	75-100	75-100	50-75	75-100
Non-food Production	75-100	100	75-100	75-100	50-75	75-100
Other Trade	50-75	75-100	100	50-75	50-75	75-100
Food Purchase	100	100	100	100	100	100
Change Food Price	Changes in "normal" Food Price - Index 100=Normal (Index range 40-200)					
	105	105	90	105	100	110

3.3 The process of analysis

In Figure 2, changes in normal production and supply conditions for food crops, grazing, wild foods, relief/gifts and cash crops are presented as estimates of the likely outcomes for this year against an index of normal = 100. A figure of 20-40 therefore represents an estimate of 20-40% of normal production or supply. In relationship to the main income sources in the baseline livelihoods, estimates of changes in normal market access have been assessed for 2004-05. These are as elaborated above. As is the case with the information in the database on livelihoods, estimates of shocks and hazards are imprecise and the data is realistically entered as a range. Following the calculations the results are presented at the Livelihood Zone (LZ) level in terms of – the percentage of the population with an income/food deficit; the mean deficit as a percentage annual food needs, and, the area level deficit expressed in Metric Tonnes Cereals. Secondly, the report present estimates of the impacts of the assessed shocks/hazards on the three (typical) livelihoods profiles in each LZ (Appendix 5).

For each Livelihood zone and each wealth group, the results are calculated in two broad stages. The first presents the calculation of the deficits (or surpluses) in each area/population which is likely to result from the problem or change in the context as specified in Figure 2. The first stage of calculation yields an initial deficit or crude deficit. The second stage of the calculation is to assess the likely ability of the population to be able to cover the deficit calculated in stage one given their food stocks and cash reserves; and their ability to expand their levels of employment, livestock, trade and non-food production; and the practice (or not) of the population to redistribute available food within the population in time of crisis. This yields a final deficit after taking into account possible coping strategies and their effects on the initial deficit.

Although a computer program is used for these calculations, the estimation of the deficit/surplus is calculated arithmetically. For example, if the normal contribution to the economy from food crops is 50% (of all normal food supply), and the problem entered is a 50% reduction in food production, then the deficit in that case would be 25% of normal food supply ($0.5 \times 0.5 = 0.25$). If the area normally produces a food surplus above normal consumption, this is used to weight the deficit calculation. In the case of the wealthier sub-groups in any one area, normal surplus production can often completely offset the effects of a shock on crop production. Deficits in cash income are calculated similarly, the deficit being used to calculate resulting reduction in normal food purchasing power. Changes in market access and increases in food prices are used (again by simple arithmetic) to diminish the relevant source of cash income. Additional production (over and above normal levels) entered as part any problem/context specification is used to reduce any deficit accumulated from shocks to other components of production or income.

In order to assess the ability of the area/population or wealth groups to compensate for the assessed deficit, a series of steps and judgments are used to model their ability to overcome the assessed deficit. It is assumed that food stocks (if any) would be consumed. Normal levels of food stocks (as per the baseline assessments) could therefore be used to make up part or all of deficit that is estimated in stage one. Where it is assessed to be possible and incorporated into the baseline profiles, recourse to additional use of wild foods can be a means to offset the deficit. A simple algorithm is used to estimate the contribution of additional access to wild fruit in offsetting the deficit. The estimate of expandability of wild food in the baseline is defined in terms of an index in the range is 0-4. If there is a deficit, this is reduced in proportion to the wild foods index number. Eg. Where the index is zero there is no reduction to the

deficit. Given an index 1 additional use of wild foods reduces the deficit by 20% and so on to a maximum of 80% at index level=4. In the case of the latter, wild foods would have to be a very abundant part of normal total food access. NB. The baseline information on cash savings is non-existent. We have no credible estimates of typical levels of cash savings by wealth groups. This type of information requires much more detailed baseline livelihood profiles. Clearly, the actual level of household savings in combination with assessed food prices will limit the amount of food acquired and the degree to which the assessed deficit is reduced

The assessment of the ability of households to compensate for the initial deficit proceeds with the assumption that household will attempt to sell more labour, livestock, engage in expanded levels of other trade and sell more non-food production. Using settings for supply elasticity, prices of marketed commodities are adjusted by the computer simulation with each successive transaction in order to simulate the likely effects of increase supply of livestock, labour or other commodities on the likely prices and hence the ability of these strategies to off-set the deficit.

Finally, and where the baseline surveys have indicated this to be the case, it's assumed that the population would redistribute on non-market terms, any available surplus from surplus to deficit population, according to the assessed redistribution index supplied in the database. The quantity of surplus available for redistribution is calculated as a percentage (Index Number x 20) of the surplus and is redistributed in proportion to the deficit in each affected decile (10% groups) of the population.

Starting with the Southern Lowlands and proceeding through each subsequent livelihood economy zones to the Peri-Urban Corridor – the figures and attached graphs in Appendix 4, present the baseline normal patterns of access to food in comparison to the assessed situation in 2004-05 for each wealth group. The differences between the assessed situation in 2004-05 and the baseline are used to define the initial or crude deficit. Analysis at this level enables one to understand how the impacts of shocks/hazards at an area level vary according to the livelihood profiles of the relative wealth groups. The tables in Appendix 4 estimate the effects of the possible coping strategies on the initial deficit. The result yields a final deficit (or not) for each wealth group.

It is important to recognize that the ability to seek additional employment and recourse to the additional livestock sales may both be adversely affected by the HIV/AIDS epidemic. Illness may simply prevent potentially economically active persons from seeking additional employment. Within many families, the costs of dealing with illness and funeral expenses may have already depleted available livestock assets. We have to recognize that Livelihood profiles may have been changing rapidly.

4. Results

4.1 National Level

Two scenarios have been generated to compare the actual situation resulting from the VAC analysis, to a theoretical scenario of maize prices being 20% lower.

Under Scenario 1 - the overall MT equivalent of income/food deficit for all affected Livelihood Zones is about 13,600-19,000 MT. In the southern lowlands between 80-100% of the population are likely to experience a 13-20% income/food deficit. In the Senqu River Valley between 80-90% of the population are likely to experience a 14-17% income/food deficit. And, in the foothills, between 10-30% of the population are likely to experience a 4-5% income/food deficit.

Table 2: Scenario One – Current price changes 2004-05

	Best Case		Worst Case	
	% Population affected	Mean deficit as % of annual food needs	% Population affected	Mean deficit as % of annual food needs
Southern Lowlands	80%	13%	100%	20%
Senqu River Valley	80%	14%	90%	17%
Foothills	10%	4%	30%	5%

Table 3 : Scenario Two – Prices @ what if 20% less than 2004-05?

Under Scenario 2 the overall MT equivalent of the assessed income/food deficit is reduced to 5,400 -15,000 MT. This represents a major reduction in the final deficit of up to 40 %.

	Best Case		Worst Case	
	% Population affected	Mean deficit as % of annual food needs	% Population affected	Mean deficit as % of annual food needs
Southern Lowlands @ 2004/05 prices	80%	13%	100%	20%
Southern Lowlands @ What if 20% Less?	30%	6%	100%	16%
Senqu River Valley @ 2004/05 prices	80%	14%	90%	17%
Senqu River Valley @ What if 20% Less?	50%	7%	80%	12%

For the two most affected areas (The southern lowlands & the Senqu River Valley) the effects of a 20% theoretical fall in prices for end consumers brings about a reduction in the percentage population likely to be affected and a reduction in the severity of the assessed deficits. In the southern lowlands the percentage population likely to be affected under scenario 1 falls from 80% to 30%, while the assessed income/food deficit falls from 13% to 6%. In the Senqu River Valley the percentage population likely to be affected under scenario 1 falls from 80% to 50% of the population while the assessed income/food deficit falls from 14% to 7%.

The presence of cheaper and more affordable foods could reduce the levels of deficits and the extent of vulnerability. This illustration highlights the need for marketing reforms and marketing developments, to benefit consumers and the poor in Lesotho given the wide disparities in prices found in different locations around the country. The current lower price of maize in South Africa provides a clear opportunity to support livelihoods and reduce vulnerability in the outlook period June 2005 to May 2006. These illustrative results indicate how efficiencies in marketing system might help eliminate income/food deficits in the marginally affected areas of the country.

4.2 Livelihood zone and Wealth-Group level

Appendix 5 presents the full results of the household economy simulation for the six livelihood zones - broken down by wealth groups. The readers are reminded that this analysis is based on judgments about the effects of shocks and hazards on proximate and typical patterns of livelihoods. These profiles may not adequately cover the situation of 'chronically' vulnerable groups. As much as the final deficits are of interest it is important to identify the role played by coping responses in each context. These need to be taken into account in thinking through the policy implications for livelihood provisioning, protection and promotion.

The Southern Lowlands

For the Southern Lowlands 'poor', the assessment suggests a loss of 12% of their total food access to reduced food crop production, a 5% loss due to reduced supply of meat and milk products, a 5% loss of access to wild foods, a 10% reduction in their access to within community gift/relief transfers and a 17% reduction in total food access due to their loss of income and hence ability to purchase food. The net effect is a total initial deficit of 49%. The use of additional employment (+14) and additional livestock sales (+9%) enables the poor to reduce their initial deficit of 49% down to a total of 26% of their annual food/income needs.

For the 'middle' group the assessment suggests a loss of 19% of their total food access due to reduced food crop production, a 8% loss due to reduced supply of meat and milk products, a 2% loss of access to wild foods, a 3% reduction in their access to within community gift/relief transfers and a 13% reduction in total food access due to their loss of income and hence ability to purchase food. The net effect is a total initial deficit of 45%. In this particular case coping strategies are assumed to reduce their deficit to 14%.

For the 'better-off' the assessment suggests a loss of 16% of their total food access due to reduced food crop production, a 6% loss due to reduced supply of meat and milk products and a 1% reduction in total food access due to their loss of income and hence ability to purchase food. The net effect is a total initial

deficit of 23%. The use of additional employment (+8) and additional livestock sales (+6%) enables this group to reduce their initial deficit down to a total of 9%.

The Northern Lowlands

For the Northern Lowlands 'poor' the assessment suggests a loss of 9% of their total food access due to reduced food crop production, a 1% reduction in their access to within community gift/relief transfers and a 6% reduction in total food access due to their loss of income and hence ability to purchase food. The net effect is a total initial deficit of 16%. The use of additional wild foods (+1%) and additional employment (+9) and additional livestock sales (+1%) and additional redistribution (+2%) enables the poor to reduce their initial deficit down to a total of 3%.

For the 'middle' group the assessment suggests a loss of 11% of their total food access due to reduced food crop production and a 1% reduction in total food access due to their loss of income and hence ability to purchase food. The net effect is a total initial deficit of 12%. The use of additional employment (+7) and additional livestock sales (+3%), additional other trade (+1%) and additional non-food production (+1%) enables the middle to reduce their initial deficit down to zero.

The 'better-off' are judged to experience no deficit.

The Foothills

For the 'poor' in the Foothills, the assessment suggests a loss of 12% of their total food access to reduced food crop production, a 1% loss due to reduced supply of meat and milk products, a 1% reduction in their access to within community gift/relief transfers and a 5% reduction in total food access due to their loss of income and hence ability to purchase food. The net effect is a total initial deficit of 19%. The use of additional employment (+9) and additional livestock sales (+3%) enables the poor to reduce their initial deficit of 19% down to a total of 7% of their annual food/income needs.

For the 'middle' group the assessment suggests a loss of 9% of their total food access due to reduced food crop production, a 1% loss due to reduced supply of meat and milk products and a 1% reduction in total food access due to their loss of income and hence ability to purchase food. The net effect is a total initial deficit of 11%. The use of additional employment (+6) and additional livestock sales (+5%) enables the middle to reduce their initial deficit of 11% down to zero.

For the 'better-off' the assessment suggests a loss of 7% of their total food access due to reduced food crop production, a 1% loss due to reduced supply of meat and milk products. The net effect is a total initial deficit of 27%. The use of additional employment (+6) and additional livestock sales (+13%) enables this group to reduce their initial to zero.

The Senqu River Valley

For the 'poor' in the Senqu River Valley, the assessment suggests a loss of 11% of their total food access to reduced food crop production, a 3% loss due to reduced supply of meat and milk products, a loss of 1% to reduced consumption of wild foods, a 7% reduction to within community gifts/relief and a 13%

reduction in purchases. The net effect is an initial deficit of 35%. The use of additional employment (+6) and additional livestock sales (+4%) enables the poor to reduce their initial deficit of 35% down to a total of 25% of their annual food/income needs.

For the 'middle' group the assessment suggests a loss of 14% of their total food access due to reduced food crop production, a 5% loss due to reduced supply of meat and milk products, a loss of 1% to reduced consumption of wild foods, a 3% reduction in their access to within community gift/relief transfers and an 8% reduction in total food access due to their loss of income and hence ability to purchase food. The net effect is a total initial deficit of 31%. The use of additional employment (+5) and additional livestock sales (+14%) enables the middle to reduce their initial deficit of 31% down to a total of 12% of their annual food/income needs.

For the 'better-off' the assessment suggests a loss of 6% of their total food access due to reduced food crop production, and a 3% loss due to reduced supply of meat and milk products. The net effect is a total initial deficit of 9%. The use of additional employment (+4) and additional livestock sales (+5%) enables this group to reduce their initial deficit down to zero.

The Mountains

For the 'poor' in the Mountains, the assessment suggests a loss of 1% of their total food access to reduced food crop production, a loss of 2% to reduced consumption of wild foods, an 11% reduction in their access to within community gift/relief transfers and a 19% reduction in total food access due to their loss of income and hence ability to purchase food. The net effect is a total initial deficit of 33%. The use of additional wild foods, additional livestock sales and additional employment reduce the deficit to zero.

For the 'middle' group the assessment suggests a loss of 2% of their total food access due to reduced food crop production, a loss of 1% to reduced consumption of wild foods, a 1% reduction in their access to within community gift/relief transfers and an 7% reduction in total food access due to their loss of income and hence ability to purchase food. The net effect is a total initial deficit of 10%. Recourse to other (un assessed) coping strategies is assumed to reduce the initial deficit to zero.

The 'better-off' incur no deficits.

The Peri-Urban Areas

For the 'poor' in the Peri-Urban areas, the assessment suggests a loss of 6% of their total food access to reduced food crop production, a 1% loss in access to meat & milk, a 2% reduction in their access to within community gift/relief transfers and a 10% reduction in total food access due to their loss of income and hence ability to purchase food. The net effect is a large total initial deficit of 19%. The use of additional employment (+11) and access to redistribution (+2%) enables the poor to reduce their initial deficit of 19% down to 6% of their annual food/income needs.

For the 'middle' group the assessment suggests a loss of 10% of their total food access due to reduced food crop production, a 3% loss due to reduced supply of meat and milk products and an 5% reduction in total food access due to their loss of income and hence ability to purchase food. The net effect is a total initial deficit of 18%. The use of additional employment (+11) enables the poor to

reduce their initial deficit of 18% down to a total of 5% of their annual food/income needs.

The 'better-off' incur no deficits.

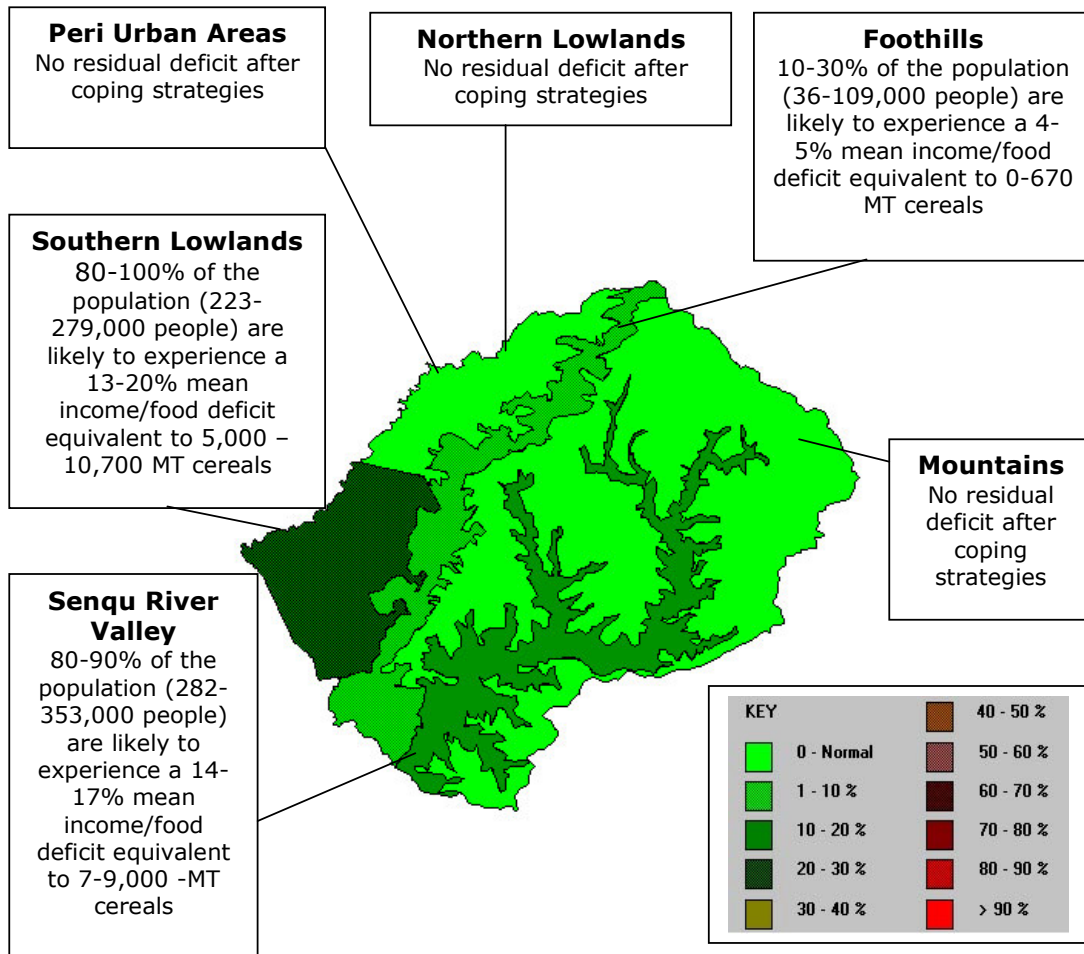
5. End Note

This is the rapid nationwide assessment provides a broad-brush picture. The Lesotho VAC recognises a need for much more detailed work on livelihoods and enhanced types of analysis. Improved basic information on livelihoods should be able to improve both development and humanitarian responses. More in-depth information will also better inform responses to the differing needs of chronic and transitory vulnerability. The main findings coming out of this assessment are presented in the section on highlights, observations and recommendations.

The LVAC also acknowledges the fact that given the focus of the assessment and the current tools employed, it is not possible to identify special vulnerable groups outside of the wealth groups/ social economic groups. For instance although the assessment results tell us most livelihood zones in the country will not face significant deficits during the outlook year, this should not be interpreted to mean no vulnerable groups exist in these areas. HIV affected poor households, malnourished children, poor orphans etc will certainly be present and appropriate support should continue to be targeted to them. Therefore, in addition to the caseload identified by the LVAC analysis, additional support may be required to support the vulnerable groups and care should be taken to ensure that the interventions are the most appropriate given the circumstances of the vulnerable groups.

Earlier in the report it was mentioned that Key findings in previous LVAC assessments have not been addressed thus the country has remained in 'emergency mode' with delivery of food aid as the main mechanism. It is hoped that this time the necessary policy actions will be taken to ensure that appropriate and sustainable interventions aimed at addressing livelihood vulnerability in the long term are implemented.

Appendix 1: Mean Income/Food Deficit as a Percentage of Annual Food Needs



Appendix 2: Analytical approach

The Lesotho VAC livelihoods-based-approach remains as previously elaborated. An analysis of local livelihoods is essential for a proper understanding of the impacts of hazards at household level. Livelihood patterns clearly vary from one area to another according to local factors such as climate, soil and access to markets. Where a household lives is one factor determining its options for obtaining food and generating income and another is wealth, since wealth determines access to the means of production and/or additional income generation.

Lesotho is largely a mountainous country surrounded entirely by South Africa. It is divided into four agro-ecological Zones - Lowlands, Foothills, Mountains, and the Senqu River Valley. Lesotho's semi arid climate faces severe weather variability characterised by drought, heavy rainfalls, frosts, snow, hailstorms and even tornadoes. Due to acute shortage of arable land, the mountainous terrain, overgrazing, population pressure, soil erosion and declining fertility, national crop production has been steadily declining. Maize yields have fallen from 1400 Kg per hectare, in the mid - 70's to a current 450-500Kg per hectare.

The country is administratively divided into ten districts - Butha-Buthe, Leribe, Berea, Maseru, Mafeteng, Mohale's Hoek, Quthing, Qacha's Nek, Thaba -Tseka and Mokhotlong. The Lowlands support more than half of the national population. They monopolize 70% of the limited arable lands and provide most of the available nonagricultural employment. They are serviced by an extensive network of roads linking Maseru to the major national towns in the North and South. This road network is the gateway to South Africa. The Northern lowlands are the most agriculturally productive and experience more reliable rainfall. The Southern Lowlands are generally hotter and dryer. By contrast, the mountainous eastern side of the country is much less densely settled, arable land is scarce and communities are much more isolated from urban services and markets.

The Livelihood Zones (LZ) have been constructed to coincide with the agro ecological regions. The Lowlands have been further divided into two parts - the more productive Northern part and the dryer/hotter Southern section. Small pockets of Peri-urban areas surrounding some of the main towns in the lowlands form a sixth Livelihood zone. Where a household lives, is one factor determining its options for obtaining food and generating income. Another is wealth, since wealth determines access to the means of production and/or additional income generation. Wealth groups are typically distinguished from one another by differences in land holding, extent of cultivation, livestock holding, financial and physical capital, education, skills, labour availability and/or social capital. Defining the different wealth groups in each zone is the second step in a food economy / livelihoods analysis, the output from which is a socioeconomic breakdown. Detailed summaries for each LZ are available from the LVAC.

The Lesotho VAC livelihood zone map and livelihood profiles define six areas and 18 livelihood profiles ('poor', 'middle' and 'better-off' wealth groups in the: Northern Lowlands, Southern Lowlands, Foothills, Senqu River Valley, Mountains and Peri-Urban areas).

Using established (baseline) livelihood profiles; analysis can be made of the likely impact of a shock or hazard in a bad year. The objective is to investigate the effects of a hazard/shock (e.g. drought or price increase in staples) on future access to food and income, so that decisions can be taken about the most appropriate types of intervention to implement. The rationale behind the approach is that a good understanding of how people have survived in the past provides a sound basis for projecting into the future.

Three types of information are combined; information on normal or baseline access to food and income, information on hazards (i.e. factors affecting access to food/income, such as crop production or market prices) and information on response strategies (i.e. the sources of food and income that people turn to when exposed to a hazard). The approach can be summarised as follows: Baseline + Hazard + Response = Outcome.

Methods and process in 2005

The LVAC annual vulnerability assessment commenced towards end of April with a two day orientation programme for the assessment teams. Unlike last year when a full one week training was organised to cater for people whose were new to the assessment tools, this year the selected team members had previous experience with assessments and there was no need for a detailed training programme.

Prior to the LVAC assessment, FAO and WFP led a rapid pre- harvest crop in March to get an early estimate of the crop production prospects for the year 2004/2005. Participants to this rapid assessment were drawn from key line Ministries and departments such as Ministry of Agriculture, Bureau of Statistic, Disaster management Authority and LVAC. The report from this assessment informed the VAC vulnerability analysis.

Following the refresher training 6 teams were organised to engage in community focused group interviews (FGIs) interviews between 2nd and 12th of May 2005. They used semi structured interview guides to identify:

- current production shocks (food/cash crop production, livestock productivity, fishing, trade, non-food production, livestock/grazing condition)
- changes in access to markets (employment, cash crops, livestock, trade, non-food production, food availability)
- changes in prices of food stuffs and livestock

Written reports followed shortly thereafter. An initial synthesis of information and discussion of the vulnerability context by livelihood zone took place between 24th and 26th of May 2005.

The RiskMap computed programme Version 1.2 has been used to simulate the impact of (and judge) the possible likely effects of fall in staple maize prices on the 2005-06 outlook consumption year.

Preliminary result were presented to LVAC stakeholders on 30th May with the aim of building consensus on key issues in the report as well as generating comments that

would further inform the report. WFP indicated at this meeting that it was already preparing to respond to the situation of dealing with the 'chronically vulnerable' and that future assessments need to take into account these chronically vulnerable groups. These include the people living with HIV/AIDS/TB, orphans and vulnerable children and malnourished pregnant mothers. LVAC clarified at this presentation that its methods of assessment cannot 'pick out' such categories of vulnerable households because the LVAC method focus on area level vulnerability as well as social economic level of vulnerability. In this case it is not possible during the LVAC assessment to identify a household with malnourished children for example, and it envisaged that the Government Departments and agencies who have been identifying and supporting such households will continue to do so even in areas depicted by LVAC as having no food deficits in the year 2005/06.

A presentation of the LVAC report to National stakeholders took place on 2nd June and was well attended by Government and agency staff. Some considerable time was spent discussing the policy implications of the report. These included possible interventions in the food markets to ensure poor people in the remote areas can purchase food at reasonably low prices. Currently the price of maize meal in the villages is as much as double the prices in Maseru, suggesting high levels of inefficiencies in the markets or unreasonably high mark ups for the local traders.

The other policy issue discussed was the negative impact of low maize prices in South Africa on local maize producers in the context of a fully liberalized grain market in Lesotho. Maize imported from South Africa is much cheaper than locally grown maize and this will constitute a new type of vulnerability for the local maize producers.

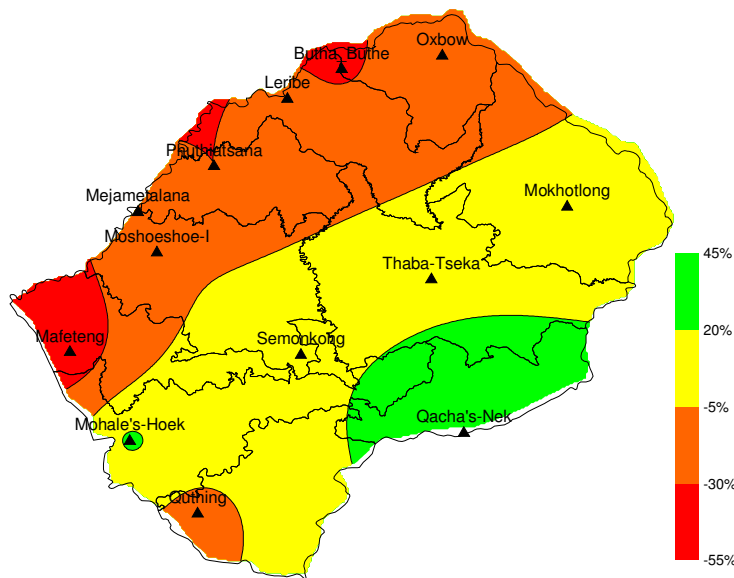
Issues concerning inadequate information systems were also discussed and ideas for improvement suggested. One key suggestion was for donors and agencies to support government information units such as the National Early Warning Unit to function properly rather than resort to other means of getting the same information such as conducting pre- harvest assessment missions and the Crop and Food Supply Assessment Mission. Such missions collect information that should be within the remit of the national institutions such as BOS and NEWU to collect.

Appendix 3: Rainfall 2004-05

Following the pattern of much of the rest of southern Africa, Lesotho experienced a late start to the rainy season, however, for the three months Jan-March 2005, total rainfall was in the range 75-125% of normal.

The 2004/05 agricultural season is the latest in a string of years that has seen far below optimal rainfall patterns in much of the country. This year's drought was almost exclusively an early-season drought that did not allow many farmers to prepare and sow their land until well after their optimal planting dates. This pattern was predominately observed in the productive lowlands (Figure 3). The situation became so severe that on the 20th of December the Lesotho Meteorological Services, in their Ten-Day Bulletin, warned of a "Drought Condition". They stated that 'due to erratic rains the entire Lowlands was severely affected'...and that...'a small fraction of the fields planted in the Lowlands are performing adequately'.

Figure .3: Cumulative rainfall departure from normal since 1st September to 30th November 2004.

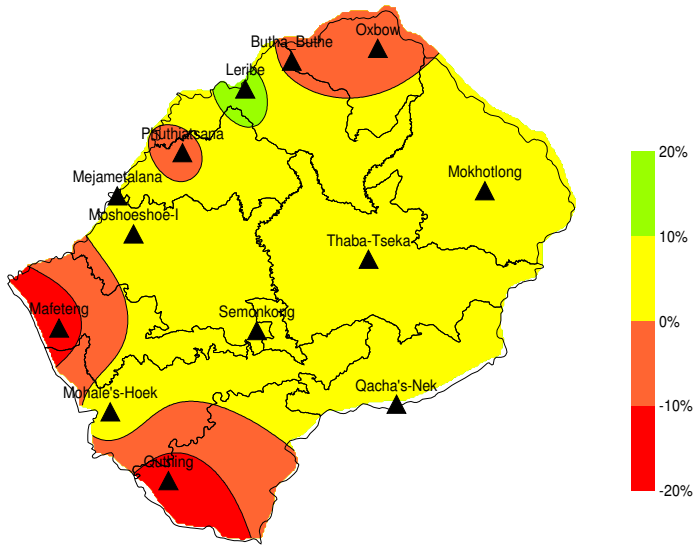


Source: Lesotho Meteorological Service

As of the end of February the Lesotho Meteorological Services characterized the seasonal rainfall and crop situation as near normal to normal through out the Country.

By March cumulative rainfall totals for much of the country were deceptively near normal (Fig 4) though damage to agricultural season had already been done by the late onset of good rains. Usually late planting exposes the crop to severe frost attack especially in the Mountains but this year there were no significant early frost attacks.

Figure 4: Cumulative rainfall percentage departure from normal from 1st September 2004 to 20th March 2005



Source: Lesotho Meteorological Service

**Appendix 4: National Cereal Balance Sheet for the 2005-06 Marketing Year.
Table A3.1**

<u>ANNUAL CEREAL BALANCE FOR THE 2005/06 MARKETING YEAR</u>				
Annual Balance Sheet as at 1st April 2005				
	<u>Maize</u>	<u>Wheat</u>	<u>Sorghum</u>	<u>Total</u>
-				
<u>1. Domestic Availability</u>	116.964	37.582	22.800	177.346
1.1 Opening Stock (01/April/2005)	31.764	25.582	0.000	57.346
Formal (Monitored)	31.764	25.582	0.000	57.346
On Farm (Unmonitored)	0.000	0.000	0.000	0.000
1.2 Gross Harvest	85.200	12.000	22.800	120.000
<u>2. Total Domestic Requirements</u>	242.140	89.230	23.170	354.540
2.1 Domestic Consumption Requirements	242.140	89.230	23.170	354.540
3. Domestic Shortfall/Surplus	-125.176	-51.648	-0.370	-177.194
<u>4. Total Planned Imports</u>	132.785	66.710	0.000	199.495
4.1 Commercial Imports	78.140	66.710	0.000	144.850
4.2 Food Aid - Agencies	54.645	0.000	0.000	54.645
4.3 Food Aid - Government	0.000	0.000	0.000	0.000
<u>5. Imports Received</u>	12.268	9.613	0.000	21.881
5.1 Commercial Imports Received	6.210	9.613	0.000	15.823
5.2 Food Aid Received - Agencies	6.058	0.000	0.000	6.058
5.3 Food Aid - Government	0.000	0.000	0.000	0.000
<u>6. Expected Imports</u>	120.517	57.097	0.000	177.614
6.1 Commercial Imports Expected	71.930	57.097	0.000	129.027
6.2 Food Aid Expected - Agencies	48.587	0.000	0.000	48.587
6.3 Food Aid - Government	0	0	0	0
7. Uncovered shortfall/Import Gap	7.608	15.062	-0.370	22.300
8. Current Stock Level 30th April 2005	19.569	21.352	0.000	40.921

All Cereals

Domestic Availability/Total Requirement

Total Domestic Cereal Availability for the 2005/2006 Marketing Year is estimated at 177,346 tonnes, comprising of a production forecast of 120,000 tonnes and Opening Stock of 57,346 tonnes. Meanwhile, the Total domestic cereal requirement for the country stands at 354,540 tonnes.

Domestic Shortfall/surplus

A Domestic Shortfall of 177,194 tonnes of cereals is therefore projected. This is as a result of 177,346 tonnes of domestic availability against 354,540 tonnes of total requirement. The major importers have planned to import at least 199,495 tonnes of cereals (planned commercial imports at 144,850 tonnes and Food Aid imports at 54,645 tonnes over the 2005/2006 Marketing Year. In theory, this will be 22,300 Tonnes in excess of domestic shortfall assuming the domestic production forecast is accurate.

Imports Received

A total of 21,881 tonnes have been received as imports over the marketing year 2005/2006. The figure includes 15,823 tonnes of Commercial Imports and 6,058 tonnes of Food Aid. The National Millings Companies are under no obligation to purchase maize from local producers before import purchases. Given the low maize price in South Africa, it is likely that local maize producers will not be able to sell their produce to the milling companies, who will opt to purchase from South Africa only.

Appendix 5 - Simulation Results 2005

Southern Lowlands

	Sources of food - % of total					=	Totals	Possible coping strategies and effects on deficit - % of total						Final Deficit	26	
	Food Crops	Meat & Milk	Fish	Wild Foods	Within community Gift/Relief			Purchases	+ Food Stocks	+ additional wild foods	+ additional employment	+ additional Livestock sales	+ additional other trade			+ additional non-food production
Poor																
Baseline 'Normal' Access to food	26	5	0	8	14	46	99	0	0	14	9	0	0	0	0	23
Assessed Situation in 2004-2005	14	0	0	3	4	29	50									
Total Deficit (no coping strategies)	12	5	0	5	10	17	49									

Middle																
Baseline 'Normal' Access to food	36	16	0	4	4	41	101									
Assessed Situation in 2004-2005	17	8	0	2	1	28	56									
Total Deficit (no coping strategies)	19	8	0	2	3	13	45									

NB assessed by interpolation (it was not possible to use the simulation programme for this group)

Better-off																
Baseline 'Normal' Access to food	49	18	0	0	0	33	100									
Assessed Situation in 2004-2005	33	12	0	0	0	32	77									
Total Deficit (no coping strategies)	16	6	0	0	0	1	23									

Northern Lowlands

		Sources of food - % of total							Possible coping strategies and effects on deficit - % of total									
		Food Crops	Meat & Milk	Fish	Wild Foods within community	Gift/Relief	Purchases	=	Totals									
Poor	Baseline 'Normal' Access to food	22	8	0	10	10	50	=	100									
	Assessed Situation in 2004-2005	13	8	0	10	9	44	=	84									
	Total Deficit (no coping strategies)	9	0	0	0	1	6	=	16	Less	+ Food Stocks	+ additional wild foods	+ additional employment	+ additional Livestock sales	+ additional other trade	+ additional non-food production	+ redistribution	Totals
											0	1	9	1	0	0	2	13
											Final Deficit 3							
Middle	Baseline 'Normal' Access to food	48	13	0	4	2	33	=	100									
	Assessed Situation in 2004-2005	37	13	0	4	2	32	=	88									
	Total Deficit (no coping strategies)	11	0	0	0	0	1	=	12	Less	0	0	7	3	1	1		12
											Final Deficit 0							
Better-off	Baseline 'Normal' Access to food	55	11	0	2	0	32	=	100									
	Assessed Situation in 2004-2005							=	100									
	Total Deficit (no coping strategies)							=	0	Less								0
											Final Deficit 0							

Foothills

Wealth Group

Sources of food - % of total

Possible coping strategies and effects on deficit - % of total

Poor

Baseline 'Normal' Access to food
Assessed Situation in 2004-2005
Total Deficit (no coping strategies)

Food Crops	Meat & Milk	Fish	Wild Foods	Community Gift/Relief	Purchases	=	Totals
26	7	0	10	7	50	=	100
14	6	0	10	6	45	=	81
12	1	0	0	1	5	=	19

Less

+ Food Stocks	+ additional wild foods	+ additional employment	+ additional Livestock sales	+ additional other trade	+ additional non-food production	+ redistribution	Totals
0	0	9	3	0	0	0	12

Final Deficit 7

Middle

Baseline 'Normal' Access to food
Assessed Situation in 2004-2005
Total Deficit (no coping strategies)

42	13	0	10	0	35	=	100
33	12	0	10	0	34	=	89
9	1	0	0	0	1	=	11

Less

0	0	6	5	0	0	0	11
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Final Deficit 0

Better-off

Baseline 'Normal' Access to food
Assessed Situation in 2004-2005
Total Deficit (no coping strategies)

54	26	0	2	0	18	=	100
47	25	0	2	0	18	=	92
7	1	0	0	0	0	=	8

Less

0	0	4	4				8
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Final Deficit 0

Senqu River Valley

Wealth Group

Sources of food - % of total

Possible coping strategies and effects on deficit - % of total

Poor

Baseline 'Normal' Access to food
Assessed Situation in 2004-2005
Total Deficit (no coping strategies)

Food Crops	Meat & Milk	Fish	Wild Foods	Within community Gift/Relief	Purchases	=	Totals
18	7	4	13	24	35	=	101
7	4	4	12	17	22	=	66
11	3	0	1	7	13	=	35

Less

+ Food Stocks	+ additional wild foods	+ additional employment	+ additional Livestock sales	+ additional other trade	+ additional non-food production	+ redistribution	Totals
0	0	6	4	0	0	0	10

Final Deficit 25

Middle

Baseline 'Normal' Access to food
Assessed Situation in 2004-2005
Total Deficit (no coping strategies)

32	16	4	8	8	32	=	100
18	11	4	7	5	24	=	69
14	5	0	1	3	8	=	31

Less

0	0	5	14	0	0	0	19
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Final Deficit 12

Better-off

Baseline 'Normal' Access to food
Assessed Situation in 2004-2005
Total Deficit (no coping strategies)

33	26	0	2	2	37	=	100
27	23	0	2	2	37	=	91
6	3	0	0	0	0	=	9

Less

0	0	4	5	0	0	0	9
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Final Deficit 0

Mountains

Wealth Group

		Sources of food - % of total							Possible coping strategies and effects on deficit - % of total								
		Food Crops	Meat & Milk	Fish	Wild Foods	Within community Gift/Relief	Purchases	=	Totals	+ Food Stocks	+ additional wild foods	+ additional employment	+ additional Livestock sales	+ additional other trade	+ additional non-food production	+ redistribution	Totals
Poor	Baseline 'Normal' Access to food	14	3	3	9	14	57		100								
	Assessed Situation in 2004-2005	13	3	3	7	3	38		67								
	Total Deficit (no coping strategies)	1	0	0	2	11	19		33	Less	0	12	6	15	0	0	0
										Final Deficit							
										0							
Middle	Baseline 'Normal' Access to food	42	19	2	3	2	32		100								
	Assessed Situation in 2004-2005	40	19	2	2	2	25		90								
	Total Deficit (no coping strategies)	2	0	0	1	0	7		10	Less	0	?	?	?	0	0	0
										Final Deficit							
										0							
Better-off	Baseline 'Normal' Access to food	55	27	0	2	0	16		100								
	Assessed Situation in 2004-2005	55	27	0	2	0	16		100								
	Total Deficit (no coping strategies)	0	0	0	0	0	0		0	Less	0	0	0	0	0	0	0
										Final Deficit							
										0							

Peri Urban

Wealth Group

Sources of food - % of total

Possible coping strategies and effects on deficit - % of total

Poor Baseline 'Normal' Access to food
Assessed Situation in 2004-2005
Total Deficit (no coping strategies)

Food Crops	Meat & Milk	Fish	Wild Foods	Within community Gift/Relief	Purchases	=	Totals
12	2	0	8	15	64		101
6	1	0	8	13	54		82
6	1	0	0	2	10		19

Less

+ Food Stocks	+ additional wild foods	+ additional employment	+ additional Livestock sales	+ additional other trade	+ additional non-food production	+ redistribution	Totals
0	0	11	0	0	0	2	13

Final Deficit 6

Middle Baseline 'Normal' Access to food
Assessed Situation in 2004-2005
Total Deficit (no coping strategies)

32	12	0	2	2	52		100
22	9	0	2	2	47		82
10	3	0	0	0	5		18

Less

0	0	11	0	0	0	2	13
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Final Deficit 5

Better-off Baseline 'Normal' Access to food
Assessed Situation in 2004-2005
Total Deficit (no coping strategies)

37	24	0	0	0	40		101
37	24	0	0	0	40		101
0	0	0	0	0	0		0

Less

0	0	0	0	0	0	0	0
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Final Deficit 0

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