Cora Coffey
Manhattan High School
Manhattan, KS USA
Lesotho, International Trade
September 1st, 2026

Lesotho: Agricultural Trade Liberalization

Introduction:

The food insecurity issue spans across the globe and Lesotho is no exception. Lesotho is affected by environmental, political, health, and economic issues. The government has tried to improve its economy for decades but continues to neglect their large rural population and the environment (World Bank). Lesotho lacks a strong private sector and the ability to trade, both of which are critical to continue development and improve food insecurity for all Basotho (plural term for people from Lesotho) people. However, with the proper use of economic programs and community focused collaboration, economic growth and improved access to food at the local and national level is possible.

Country and Family:

Lesotho is a landlocked enclave surrounded by South Africa. Lesotho's main protection from encroachment is its abundant mountainous region separating it from three main South African provinces (Britannica). The country houses a population of about 2.1 million people with 70% of the population living in rural areas without proper sanitization, electrical, or road systems (WHO). The lack of centralized urban areas and a larger rural population is partly due to political conflict both in the past and present. Lesotho gained independence from Great Britain in 1966 but has been ruled by a constitutional monarchy since, slowing economic growth (Britannica). Despite ongoing political tensions and the small private sector, the average Basotho family is able to subsistence farm, many attend primary school for free, and maintain staples within their diets such as sorghum and beans (WHO). While families benefit from free primary education and the ability to subsistence farm, 22% of Besotho people still experience acute food insecurity and the national unemployment rate remains high at 16% (Laws). The population is largely affected by poor working conditions within mining and garment making industries, one-fourth of the population has HIV, and the population lacks access to centralized food markets and medical care because of the country's rural nature (WHO). Despite serious health, environmental, and nutritional concerns, Basotho families maintain strong cultural ties within cooking practices, traditional clothing, and community focused living. The official languages of Lesotho are Sesotho and English, the widespread use of English is largely because of deep rooted British, Christian influences and the religion's prevalence in the country today. (Lesotho Consulate). Within religious and political institutions, the country operates in a patriarchal hierarchy focused on respecting elders and communal living (Banda).

Challenges and Impact:

The current monarchy in Lesotho restricts trade and private sector growth, contributing to food insecurity and economic concerns. Lesotho is highly economically integrated with South Africa, receiving 85% of their imports from South Africa for final consumption (ITA). Lesotho has become more open to foreign investment over time but still has high levels of restrictions in place. The country follows World Trade Organization regulations on free trade and is a member of the South African Customs Union (SACU), making the country exempt from tariffs when exporting to other SACU countries (ITA). The country's focus on macroprudential policy and use of loti currency provides some economic stability by being concurrent with South African rand and mitigating financial risk (ITA). Currently, the majority of Lesotho's relatively low GDP comes from exports. The majority of Lesotho's exports are garments, diamonds, water, and wool. The large disparity in Lesotho's exports causes majorly different effects on urban and rural communities (ITA). Urban communities, especially women, benefit from garment factories and have experienced economic growth related to a demand for jeans and other labor intensive clothing items (IFAD). In contrast, rural communities rely heavily on producing wool, subsistence farming, and mining remittance. The majority of Basotho live in rural areas, being disproportionally affected by high poverty rates and food insecurity due to the limited agricultural exports and climate-sensitive job options (IFAD). In recent years, the country has experienced severe flooding and droughts,

negatively impacting the agricultural and mining industries. Additionally, rural communities' access to clean water is largely affected by unstable rainfall patterns (Berkeley). Despite experiencing issues with access to clean water and export supply, Lesotho is required to export water to South Africa because of the Lesotho Highlands Water Project, providing some economic growth but mostly causing severe environmental damage and decreased quality of life for Basotho people (Berkeley). The lack of safe, stable jobs, water, and political relationships amplify the effects and causes of the food security issue, which is why its important to improve the accessibility of trade and inadvertently make safe water, food, and jobs more accessible

Environmental and export issues are related to border congestion and high input costs associated with economic growth in the region. The country's participation with SACU causes Lesotho to face tariffs of 30% or more on goods outside the region. Additionally, the United States of America placed an import tax of 50% on textiles and diamonds in 2025, severely impacting Lesotho's economy (ITA). Apart from barriers placed on Lesotho by other countries, Lesotho requires a minimum of seven documents and typically over 30 days to import or export goods, making it incredibly difficult to trade across regions (U.S. Commercial Service). The SACU also requires Lesotho to utilize a permit system for imports from non-SACU members, increasing the difficulty to import goods (ITA). The country's lack of expansive, effective trade is a leading cause for the minimal job market. Additionally, the jobs available are often unhealthy such as poorly managed factories or environmentally dangerous mines (UN Trade and Development). The need for accessible trading practices, a stronger private sector, and more environmentally conscious economic choices is prevalent. If countries and businesses are unable to import goods to Lesotho, people could be left without the components of diverse, nutritious diets. Additionally, the lack of a stable income can make food unaffordable, especially, when the food supply is scarce or unstable due to the lack of trade.

Exploring Solutions:

There have been numerous efforts to improve Lesotho's economy, private sector, and international trade relationships. Currently, the government has a heavy focus on streamlining direct foreign investment through the Lesotho National Development Corporation (LNDC). The program provides a heavy focus on improving the environmental stability of agricultural production, improving infrastructure, and improving the country's public image (LNDC). The LNDC is mainly looking for an increase in available jobs by investing more into Lesotho's main export goods. Additionally, the World Bank's Private Sector Competitiveness and Economic Diversification Project (PSCEDP) has supported the LNDC through the implementation of a moveable asset registry, increasing the accessibility of financial investments (LNDC). While the program has been successful, there isn't a strong incentive for foreign investment in a politically and environmentally unstable country. Lesotho's focus is to productively improve the country's economy long term which is showcased in the programs they participate in, many of which involve internal growth and strengthened trade access, not specialized aid. For example, to increase foreign investment and exports, Lesotho utilizes the African Growth and Opportunity Act (AGOA) (Marie-Nelly). The AGOA was proving to be a competitive, useful method to increase competition in the textile industry and export goods to the U.S., however, after high tariffs were placed on Lesotho by the U.S., the country's export vulnerability was exposed and much of the textile production in the country halted (ITA). While the World Bank has made similar efforts, without increased development in the financial sector and improved health conditions, efforts have limited success (Marie-Nelly). While limited levels of success could discourage efforts at increasing trade, according to the World Economic Forum, maintaining diverse, interchangeable trade partners and investment opportunities is proven to have a positive association with the affordability of healthy and diverse diets (Singh). Finding the correct balance between open trade and self-sufficiency is difficult but building a country's resilience to trade shocks,

domestic supply issues, and other complex international issues, is imperative to protecting the food supply and increasing food security (Singh).

Unique efforts like the Lesotho Highlands Water Project (LHWP-II) have been made but ultimately create issues due to extreme corruption in the region. The LHWP-II has increased economic activity through water sales to South Africa, but the economic growth is at the cost of rural communities (World Bank). The World Bank does recognize for Lesotho to continue growing the private sector through programs like LHWP-II, low cost business and trade reform must happen apart from South Africa. Lesotho should continue to align with regional agreements like the African Continental Free Trade Area, while breaking down the urban-rural divide to promote widespread, sustainable growth (World Bank). Corruption has a large impact on projects similar to LHWP-II with overly involved public officials and widespread embezzlement both in Lesotho, and surrounding countries. In response to the deep-rooted corruption, the Directorate on Corruption and Economic Offenses (DCEO) received approximately $4.2 million USD to increase investigations into high-profile and public sector corruption. While there has been some success in decreasing corruption, there has been little prosecution of influential figures and citizens still lack access to accurate information on government decision making (Transparency International). Corruption heavily impacts the public and private sector but is incredibly difficult to combat through aid. When considering improvements for Lesotho, the corruption within the government and surrounding governments must be recognized as both impactful, and difficult to alter.

Recommendation:

It is difficult to consider the extreme food insecurity experienced by Basotho people, and the need to grow the economy quickly while preserving the environment. Currently, Lesotho is focused on their textile and mining industries, both of which are environmentally harmful (ITA). Instead, Lesotho should consider protecting portions of their environmentally diverse, mountainous region to implement the Lesotho Environmental Trade Initiative (LETI). Once environmental areas, likely the northern highlands of Lesotho, are protected, foreign, private companies can pay Lesotho for carbon credits or biodiversity credits derived from the protected region. Not only will LETI improve the environment for individuals living in rural areas, it will also introduce foreign funding unaffected by corruption. LETI would be a self-sustainable, development program partnered with the World Bank Group. The World Bank Group would be the best program to partner with to limit corruption and continue the strong relationship Lesotho has with the organization. The investment program would place the funds from the sold carbon credits into farmer cooperatives. Currently, the average Basotho family has a farm of 1.3 hectares and is unable to directly export goods because individual farms produce at such low quantities (WHO). By implementing LETI, farmers could bring goods together in bulk to a farmer cooperative, increasing export quantities. Additionally, farming cooperatives create a low-cost, community focused way to build the private sector. The concept of a cooperative would blend well with Basotho people because of their heavy reliance on subsistence farming and community living (Bada). Over time, the self-funded farming co-operatives could potentially allow for expansion into advanced farming technology, continue to bridge the gap between rural and urban communities, and decrease food insecurity rates. To track the impact of LETI, measurements like the World Bank Group's "Prevalence of moderate or severe food security in the population" index could be used (World Bank Group). By comparing pre-implementation data to five years post implementation, it would be clear how effective the cooperatives are at increasing food security in the short term. Additionally, specialized surveys could be conducted in the regions where cooperatives are being placed, providing insight into both the impact of LETI and if the program should spread to other regions. Specialized surveys also allow insight into issues not directly impacted by LETI. For example, many Besotho people suffer from HIV and other diseases as much as they suffer from food insecurity. Families are often too far away to access healthcare or lack the funds to afford proper healthcare. When families have increased access to food, jobs, and stabilized income, healthcare becomes increasingly

accessible as well (McMaughan). Surveys would make it easy to track the potential LETI has to grow the private sector and increase access to food, healthcare, and jobs.

Implementing LETI would require two areas of funding. First, a carbon credit system would need to be created with consultants, compensation for individuals managing the area, and all carbon credits would need to be verified. This would cost around $2.6 million USD when compared to a carbon sink program created in Kenya which had similar start-up costs (Olingo). After the implementation of the carbon credit program, phase two of LETI would begin. In this phase, the majority of the profit from the carbon credit program would be used to set up the cooperative, including but not limited to, banking technology, salaries for contracted workers, salaries for government officials, and new infrastructure. When compared to similar efforts conducted by the United States Department of Agriculture, first year start-up costs end up being $400,000 USD or more, per cooperative (Lawless). If the program started with three main cooperatives, the carbon credit program could cover the estimated cost of $1.2 million USD. Additional funding would be needed to focus on training citizens, non-infrastructure costs associated with implementing the cooperatives, and salaries for any staff maintaining the cooperatives. Furthermore, the cooperatives would be nationally connected, requiring a different level of communication and unique costs related to staffing and technology that are difficult to calculate. The first year of the program would cost roughly $4 million USD. However, the $2.6 million USD investment from the World Bank Group would be the only cost not expected to be covered cyclically, through LETI. The program's main focus would be to increase farmers' ability to export goods without putting the environment or people's health at risk. Additionally, as private, foreign businesses become involved with Lesotho economically, the country will improve their political and trade relationships, potentially lowering tariff and trade costs over time. To ensure LETI is improving trade efficiency, there are a variety of metrics that could be measured pre and post implementation. Firstly, the World Integrated Trade Solution (WITS) tracks the value of Lesotho's exports, imports, and trade balance (WITS). Utilizing WITS data before the implementation of LETI and five years post implementation would allow a look into monetary improvements happening in congruence with LETI. Additionally, the World Bank Group tracks the percentage of exports and imports for Lesotho (World Bank Group). Comparing export percentages pre implementation and five years post implementation would show whether or not LETI was helping foster the sustainable balance between diverse trade partners and domestic production necessary for food security (Singh). If successful, LETI would pay for itself and allow for additional income to spread into communities and out of the government. LETI should increase the value of exports, the sustainability of import relationships, and access to safe, nutritious food in Lesotho.

Conclusion:

While implementing programs with multifaceted focuses is difficult, it is important to consider all issues and people when tackling a nation-wide issue. By implementing a program like LETI, Basotho people could experience relief from severe poverty conditions related to HIV, environmental issues, and high acute food insecurity (WHO). Trade has the potential to connect Lesotho with democratic countries, improved healthcare, and improved agricultural technology. Additionally, as countries grow in wealth and utilize the cooperatives to connect across the nation, there will be less reliance on corrupt water policy for funding, road and electrical systems will have to spread, and medical care could begin to expand to rural areas. While trade will help connect Lesotho across borders, it can also help connect Basotho communities and resources within the border, ultimately, improving the food insecurity issue (McMaughan).

Works Cited

Bada, Ferdinand. “The Culture of Lesotho.” WorldAtlas, WorldAtlas, 14 Aug. 2019, www.worldatlas.com/articles/the-culture-of-lesotho.html.

“Climate Crisis, Displacement, and the Right to Stay.” Lesotho Case Study | Climate Refugees | Othering & Belonging Institute, belonging.berkeley.edu/climatedisplacement/case-studies/lesotho.

Exports of goods and services (current LCU) - Lesotho. (2026a). World Bank Group. https://data.worldbank.org/indicator/NE.EXP.GNFS.CN?view=map&locations=LS

Exports of goods, services and primary income (BoP, current US$) - Lesotho. (2026b). World Bank Group. https://data.worldbank.org/indicator/BX.GSR.TOTL.CD?locations=LS

“Home - Lesotho National Development Corporation.” Lesotho National Development Corporation - Together We Build Sustainable Industry, 16 Feb. 2026, lndc.org.ls/.

“The Kingdom of Lesotho Consulate.” History & Culture | Lesotho High Commission in Malaysia, www.lesothoconsulate-thai.or.th/culture.htm.

Lawless, Greg, and Anne Reynolds. “Keys to Success for Food Co-Op Start Ups in Rural Areas.” USDA, Oct. 2005, www.rd.usda.gov/sites/default/files/RR208.pdf.

Laws, Athene, and Ann-Alice Ticha. “Unleashing Private Sector Job Creation: Challenges and Opportunities for Lesotho.” IMF, 21 Aug. 2025, www.elibrary.imf.org/downloadpdf/view/journals/018/2025/021/018.2025.issue-021-en.pdf.

Lephole, Maleabua, and Mamotena Khaketla. Lesotho Food Composition Table.Tif, 2006, www.fao.org/fileadmin/templates/food_composition/documents/Lesotho_1-127_pages.pdf.

“Lesotho”, IFAD, 2022, www.ifad.org/en/w/countries/lesotho

"Lesotho - Import Tariffs." International Trade Administration | Trade.Gov, www.trade.gov/country-commercial-guides/lesotho-import-tariffs.

"Lesotho - Marketing Overview." International Trade Administration | Trade.Gov, Aug. 2025, www.trade.gov/country-commercial-guides/lesotho-market-overview.

"Lesotho | Population, Size, Capital, Map, Language, People, & Flag | Britannica." Britannica, www.britannica.com/place/Lesotho.

Lesotho Trade at a Glance: Most Recent Values. (2024). World Integrated Trade Solution. https://wits.worldbank.org/countrysnapshot/en/LSO/textview

"Lesotho - Trade Barriers." Lesotho - Trade Barriers | Privacy Shield, www.privacyshield.gov/ps/article?id=Lesotho-Trade-Barriers#:~:text=To%20import%20goods%20into%20Lesotho%2C%20importers%20need,prices%20*%20Import%20permits%20*%20Inefficient%20bureaucracy.

Marie-Nelly, Marie, and Gracelin Baskaran. "Revitalizing the Competitiveness of Lesotho's Export Manufacturing Sector." World Bank Blogs, blogs.worldbank.org/en/africacan/revitalizing-competitiveness-lesothos-export-manufacturing-sector#:~:text=Already%2C%20the%20government%20has%20worked,make%20investments%20to%20be%20competitive.

McMaughan, Darcy Jones, et al. "Socioeconomic Status and Access to Healthcare: Interrelated Drivers for Healthy Aging." Frontiers in Public Health, U.S. National Library of Medicine, 18 June 2020, pmc.ncbi.nlm.nih.gov/articles/PMC7314918/.

"New Report: Private Sector-Led Growth and Public Sector Reforms Can Create More Jobs and Grow Lesotho's Economy." World Bank, Apr. 2025, www.worldbank.org/en/news/press-

release/2025/04/07/new-report-private-sector-led-growth-and-public-sector-reforms-can-create-more-jobs-and-grow-afe-lesothos-economy.

Olingo, Allan. “Kenya Launches a Carbon Registry to Boost Climate Finance and Credibility.” AP News, AP News, 17 Feb. 2026, apnews.com/article/carbon-registry-climate-kenya-aad670f79c992c61422d2384c75bdbb4.

“Overview of Corruption and Anti-Corruption in Lesotho.” Transparency International Knowledge Hub, knowledgehub.transparency.org/helpdesk/overview-of-corruption-and-anti-corruption-in-lesotho.

Prevalence of moderate or severe food insecurity in population (%) - Lesotho. (2023). World Bank Group. https://data.worldbank.org/indicator/SN.ITK.MSFI.ZS?end=2023&locations=LS&start=2018&view=chart

Singh, P., & Ferguson, J. (2026, August 7). How strategic trade could strengthen food system resilience. World Economic Forum. https://www.weforum.org/stories/supply-chains-and-transportation/strategic-trade-strengthens-food-systems/

“Trade, Employment and Development.” UN Trade and Development (UNCTAD), 22 July 2020, unctad.org/topic/trade-agreements/trade-employment-and-development.