

## Remittances in Lesotho

### (Country of Origin)

- **General information**

Lesotho covers a surface area of 30,355 km<sup>2</sup> and is entirely surrounded by South Africa. It has a population of 2,031,348 people of which 28 % lives in urban areas, while 47.5 % is poor (1). It is estimated that 12.7 % of the population lives outside of the country (2), 16 % of which are women and 84 % men. South Africa is the primary destination country for migratory flows from Lesotho (99.8 %) (3). Other very minor destinations include Botswana, Mozambique, Tanzania, United Kingdom and United States. Although remittances have continued to represent the most important source of national income in Lesotho since the end of apartheid in South Africa in the 1990s, new sources of income, such as the exportation of water and the manufacturing of textiles, have also been developed.

- **Gender**

Development index relating to gender (rank)	112/177
Development index relating to gender (index)	0.486
Gender inequality in education (female literacy rate as a % of the male rate), 2004	90.3%
Female economic activity rate (% between 15 years and more), 2004	46.3%

Source: UNDP, <http://hdr.undp.org/hdr2006/statistics/countries/>

Colonization had strong impacts on the traditional patriarchal gender relations in Lesotho. A historical analysis of the country from a gender perspective shows that the changes in power relations cannot be explained by simplistic dichotomies such as modern/traditional, conservative/progressive and men/women. Basotho women created very specific strategies that allowed them to fight against the triple pressure exercised by the colonial regime, Basotho patriarchs and new commercial relations. (4)

The migration of Basotho men to the mines, farms and industries of South Africa, organized by the English men during the colonial period, created a great demographic imbalance in terms of the distribution of the population by sex. In the 1960s, when migration was at an all time high, it is estimated that a quarter of the Basotho male population had migrated. And although women also migrated, they were much more numerous than men in Lesotho. One of the consequences of this imbalance was the high level of literacy amongst women compared with that of men- an exceptional case in Africa.

In 2004, the literacy rate for women 15 years and older was 90.3 %, while the rate for men was 73.7 %. Nevertheless, women's estimated income was (PPP) \$1,848 USD, whereas that of men was (PPP) \$3,506 USD, meaning that women earned 53 % of the male income. In addition,

women who are economically active represent 64 % of the economically active masculine population. (5)

- **Countries sending remittances to Lesotho**

Annual remittance flows in the Southern African Development Community (SADC) were estimated at approximately R6 billion (6) in 2005, of which R1,678.43 billion (about 279 million dollars) were sent to Lesotho, placing this country only second to Mozambique (7) amongst recipient countries of remittances in the region. Almost all of the remittances sent to Lesotho originate in South Africa, the majority of which come from Basotho mine workers.

#### Flujos de Remesas Intra Regionales (ZAR)

Sending countries	Receiving countries (Rm)							
	Bots-wana	Lesoto	Malawi	Mozam-bique	Africa del Sur	Swazi-land	Other SADC	Total
Botswana		2.59	3.65		29.64	0.55	51.42	87.97
Lesoto	0.61							0.61
Malawi	0.18							0.18
Mozambique								
Africa del Sur	133.28	1675.84	57.19	2241.71		432.29	1531.85	6072.15
Swaziland								0.39
Total	134.46	1678.43	60.84	2241.71	29.64	432.84	1583.27	

Sources: Genesis calculations, various

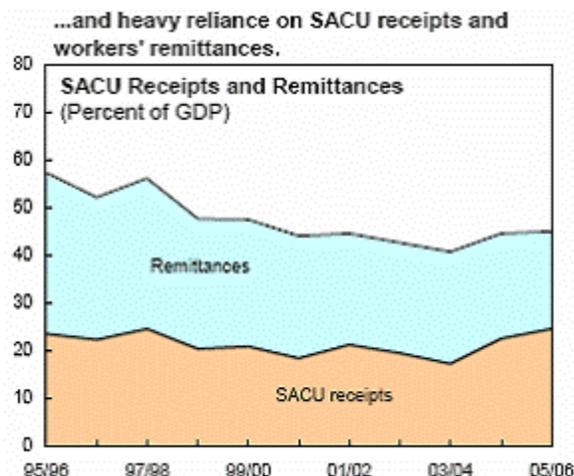
- **Evolution of remittances**

During the period between 1980 and 1990, the GNP of Lesotho was 45% greater than the GDP. The entry of remittances is the key reason for this difference. At the same time, in the national accounts and the balance of payments, remittances constituted the major article of credits and financed 60 % of the importation of goods. In 1992-93, almost half of the male workforce was employed in South Africa (8). The level of remittances was stable until, in 1990, 42 years of apartheid came to an end in South Africa. At this time, the number of mining contracts was reduced and, consequently, the flow of remittances. Nevertheless the workforce in the mines is not the only source of remittances, since men are also employed in sectors such as construction. It is also necessary to bear in mind the presence of women in the migration and their work, fundamentally, as domestic servants, cross-border merchants or in small informal businesses.

- **Lesotho's income on account of remittances and in comparison to other income received by the country**

According to information from the Central Bank of Lesotho, in 2005, remittances represented a total sum of 279 million dollars, which was equivalent to 20.4 % of the country's GDP.

The table below shows how the relative weight of the remittances was reduced from 35 % of the GDP in 1995 to 20.4 % in 2005. In 1987, remittances represented 47 % of the GDP (9) .



Fuente: IMF Country Report 06/404, Noviembre del 2004

- **Amounts and uses of remittances**

The average amount of remittances received annually is R8,308 (equivalent to \$1,168 USD). This is in addition to remittances received in kind (non-cash items, such as clothing) of an average value equivalent to \$140 USD. Migration represents a survival strategy and the remittances sent are barely sufficient to alleviate poverty, mainly through the purchase of food. Since the majority of migrants come from rural areas, part of the remittances is also used for the acquisition of agricultural tools.

- **Characteristics of remittance-receiving households**

Receiving households are very dependent on remittances. As shown in the Table 13 below, it is estimated that only 9.5% of these households receive a wage, 6.3% generate income as a result of casual work, and 6.8% live on income obtained from informal businesses. (10)

Sources of Household Incomes

	Botswana		Lesotho		Mozambique		Swaziland		Zimbabwe		Total
	N*	%**	N*	%**	N*	%**	N*	%**	N*	%**	N*
<b>Wage work</b>	516	86.9	96	9.5	232	34.3	455	46.1	402	57	1701

<b>Casual work</b>	74	12.5	64	6.3	89	13.1	25	2.5	79	11.2	331
<b>Remittances-money</b>	453	76.3	965	95.3	520	76.8	636	64.4	589	83.5	3163
<b>Remittances-goods</b>	316	53.2	203	20	439	64.8	164	16.6	480	68.1	1602
<b>Income from farm products</b>	29	4.9	27	2.7	142	21	94	9.5	50	7.1	342
<b>Income from formal business</b>	29	4.9	20	2	29	4.3	26	2.6	69	9.8	173
<b>Income from informal business</b>	55	9.3	69	6.8	153	22.6	134	13.6	117	16.6	528
<b>Pension/Disability</b>	111	18.7	6	0.6	23	3.4	23	2.3	55	7.6	218
<b>Gifts</b>	29	4.9	22	2.2	21	3.1	30	3	36	5.1	138
<b>Others</b>	19	3.2	0	0	22	3.2	11	1.1	9	1.3	61
<b>No response</b>	4	0.7	0	0	10	1.5	3	0.3	14	2	31
<b>Don't know</b>	2	0.3	7	0.7	4	0.6	5	0.5	2	2.8	38

Fuente: SAMP (2006)

\* Número de hogares

\*\* Porcentaje de hogares

(1) Informe de Desarrollo Humano del 2006, PNUD

(2) World Bank, [www.worldbank.org/prospects/migrationandremittances](http://www.worldbank.org/prospects/migrationandremittances)

(3) SAMP, "Migration, Remittances and Development in Southern Africa", 2006

(4) Eprecht Marc, "Mujeres, Género y Desarrollo en el Lesotho colonial", en Gender and history in Southern Africa: A Lesotho "Metanarrative", Canadian Journal of African Studies 30/2, 1996, pp183-213.

(5) UNDP

(6) Rand South Africa money -o ZAR-, 6 rand correspond to 1 dólar

(7) "Southern African Migration Project" (Migration Policy Series n.44), que a su vez menciona los datos de S. Truen et al. (2005).

(8) Central Bank of Lesotho, in his repor of August 2005

(9) Central Bank of Lesotho, Distribution of incomes and consumption in Lesotho, A study based on the 1986/87 household budget survey data.

(10) SAMP, Remittances and Development in Southern Africa, 2006