

Poverty & Equity Brief

Africa Eastern & Southern

Lesotho

October 2020

In 2017 close to half (49.7 percent) of the population of Lesotho lived below the national poverty line down from 56.6 in 2002. Poverty is concentrated in rural areas, where income opportunities are limited, costs of service delivery high, and environmental shocks more common. Urban areas recorded strong poverty reduction between 2002-2017 (from 41.5 to 28.5 percent) while in rural areas poverty levels stagnated (from 61.3 percent to 60.7 percent), adding to an already large urban-rural divide. The decline in urban poverty was driven by higher formal wage and self-employment income as well as increases in educational attainment. By contrast, a fall in remittances from South Africa and a contraction in agricultural output due to the El Niño phenomenon drove the stagnation of rural poverty. Close to 30 percent of the population live below the US\$1.90/day international poverty line and this rises to 50 percent when the lower middle-income poverty line is used, not commensurate with the country's middle-income status.

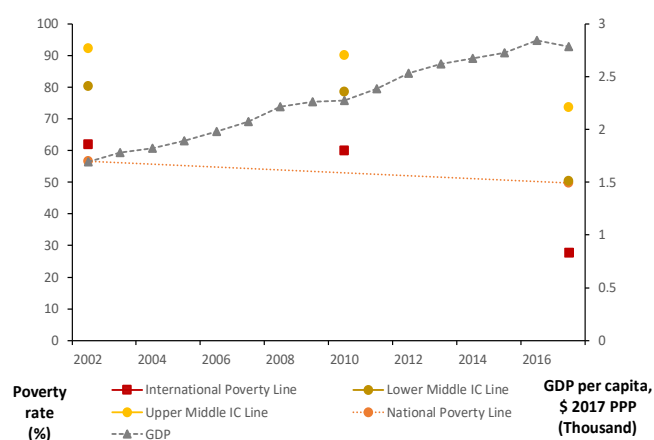
Progress in reducing poverty was accompanied by improvements in shared prosperity. Consumption growth between 2002 and 2017 was inclusive for the poorest segments of the population, leading to a reduction in the Gini index of nearly 7 points to 44.9. Although Lesotho is now more equal than its neighbors, it remains in the 20 percent most unequal countries in the world with the high inequality driven by a large public-private wage gap and a growing urban-rural divide.

The COVID-19 pandemic is unfolding in a context of high poverty, high vulnerability, and unemployment. The poor and vulnerable groups lack the productive capacity to deal with, and recover from, the adverse socio-economic impacts of the crisis. Job opportunities are scarce, with an unemployment rate of 23.9 percent in 2018. There is, therefore, the risk of a reversal of the progress the country has made in poverty reduction in recent years. Projections suggest the \$1.90/person/day international poverty rate will increase from 27.7 percent in 2019 to 30.5 percent in 2020.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	1,039.4	49.7	2017
International Poverty Line 10.1 in Lesotho loti (2017) or US\$1.90 (2011 PPP) per day per capita	581.9	27.8	2017
Lower Middle Income Class Poverty Line 17 in Lesotho loti (2017) or US\$3.20 (2011 PPP) per day per capita	1,052.9	50.3	2017
Upper Middle Income Class Poverty Line 29.2 in Lesotho loti (2017) or US\$5.50 (2011 PPP) per day per capita	1,540.4	73.7	2017
Multidimensional Poverty Measure		37.1	2017
SHARED PROSPERITY			
Annualized Income or Consumption Growth per capita of the bottom 40 percent		N/A	N/A
INEQUALITY			
Gini Index		44.9	2017
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		N/A	N/A
GROWTH			
Annualized GDP per capita growth		2.74	2013-2016
Annualized Income or Consumption Growth per capita from Household Survey		N/A	N/A
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		N/A	N/A

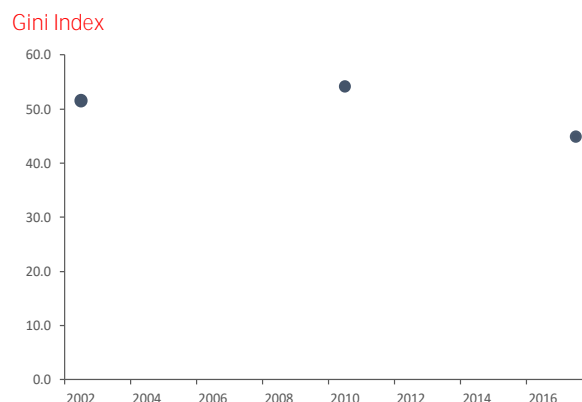
Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of September 2020, and Global Monitoring Database for the rest.

POVERTY HEADCOUNT RATE, 2002-2017



Source: World Bank using CSMHBS/SSAPOV/GMD

INEQUALITY TRENDS, 2002-2017



Source: World Bank using CSMHBS/SSAPOV/GMD

KEY INDICATORS

	International Poverty Line(%)		Relative group (%)		Multidimensional Poverty Measures: 2017	(% of population)
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population				N/A	Monetary poverty (Consumption)	
Rural population				N/A	Daily consumption less than US\$1.90 per person	27.8
Males				N/A	Education	
Females				N/A	At least one school-aged child is not enrolled in school	4.8
0 to 14 years old				N/A	No adult has completed primary education	18.1
15 to 64 years old				N/A	Access to basic infrastructure	
65 and older				N/A	No access to limited-standard drinking water	N/A
Without education (16+)				N/A	No access to limited-standard sanitation	N/A
Primary education (16+)				N/A	No access to electricity	N/A
Secondary education (16+)				N/A		
Tertiary/post-secondary education (16+)				N/A		

Source: World Bank using CSMHBS/SSAPOV/GMD

Source: World Bank using CSMHBS/SSAPOV/GMD

Notes: N/A missing value, N/A* value removed due to less than 30 observations

POVERTY DATA AND METHODOLOGY

The Lesotho Bureau of Statistics (BOS) administers the Household Budget Survey (HBS) which is used for both national and international poverty estimation. Six rounds of HBS have been conducted to date as follows: 1972/1973, 1986/1987, 1994/1995, 2002/2003, 2010/2011, and the most recent in 2017/18 in conjunction with the Continuous Multipurpose Household Survey (CMS). For the 2010-11 survey, numerous problems with the data were identified due to significant changes in questionnaire design and survey logistics. As a consequence, the consumption data from the 2010-11 CMS/HBS survey were not directly comparable to those of the 2002-03 HBS, and the data was determined inadequate for analytical purposes. Attempts to establish a trend have been utilized relying on survey-to-survey imputation methods.

HARMONIZATION

The numbers presented in this brief are based on the SSAPOV database. SSAPOV is a database of harmonized nationally representative household surveys managed by Sub-Saharan Team for Statistical Development. It contains more than 100 surveys covering 45 out of the 48 countries in the SSA region. The four countries not covered in the database are Eritrea, Equatorial Guinea, and Somalia. Terms of use of the data adhere to agreements with the original data producers.