

Poverty & Equity Brief

Sub-Saharan Africa

Lesotho

April 2020

49.7 percent of the population of Lesotho lived below the national poverty line in 2017. This represents a modest reduction since 2002, where the poverty rate stood at 56.6 percent. Poverty in Lesotho is concentrated in rural areas, which have limited income opportunities, high costs of service delivery, and are more vulnerable to environmental shocks. Urban areas recorded strong poverty reduction between 2002-2017 (from 41.5 to 28.5 percent) while 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. The stagnation of rural poverty was driven by a fall in remittances from South Africa and a contraction in agricultural output due to the El Niño phenomenon.

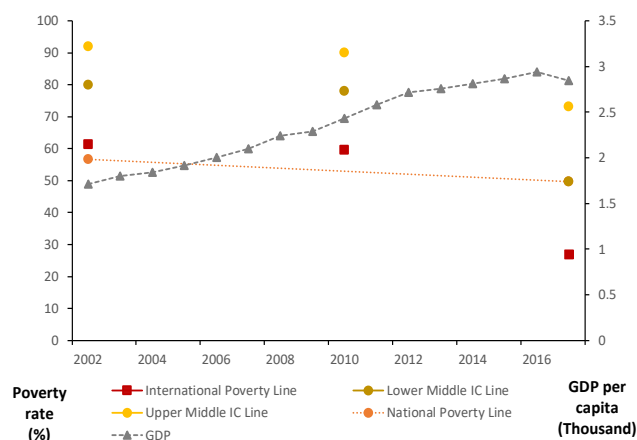
The modest decline in the national poverty rate masks a notable decline in food poverty and inequality. Propelled by expansions in social protection, food poverty declined from 34.1 to 24.1 percent between 2002 and 2017. This occurred because consumption growth between 2002 and 2017 was inclusive for the poorest segments of the population, leading to a reduction in the Gini index of nearly 7 points. Although Lesotho is now more equal than its neighbors, with a Gini index of 44.9 in 2017, it remains one of the 20 percent most unequal countries in the world. The still high inequality is driven by a large public-private wage gap as well as a growing urban-rural divide.

COVID-19 threatens to reverse the positive gains the country has made in poverty reduction in recent years. The poor and vulnerable groups lack the productive capacity to deal with and recover from the adverse socio-economic impacts of the crisis. COVID-19 is expected to increase the poverty rate by between 0.2 to 0.9 percentage points in 2020. The crisis has an even stronger toll when current projections are compared to the pre-crisis projection. While all areas are estimated to be adversely impacted by COVID-19, the most significant increase in poverty in 2020 is expected in the Senqu region and in mountainous areas.

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	563.1	26.9	2017
Lower Middle Income Class Poverty Line 17 in Lesotho loti (2017) or US\$3.20 (2011 PPP) per day per capita	1,039.2	49.7	2017
Upper Middle Income Class Poverty Line 29.2 in Lesotho loti (2017) or US\$5.50 (2011 PPP) per day per capita	1,529.4	73.1	2017
Multidimensional Poverty Measure		36.4	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		2.14	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 February 2020, and Global Monitoring Database for the rest.

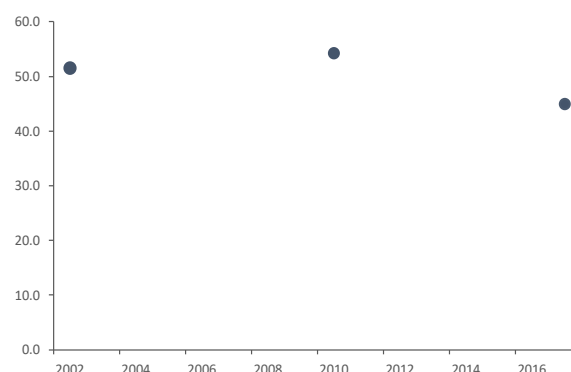
POVERTY HEADCOUNT RATE, 2002-2017



Source: World Bank using CSMHBS/SSAPOV/GMD

INEQUALITY TRENDS, 2002-2017

Gini Index



Source: World Bank using CSMHBS/SSAPOV/GMD

KEY INDICATORS

	International Poverty Line(%)		Relative group (%)		Multidimensional Poverty Measures (% of people):	2017
	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	26.9
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

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

POVERTY DATA AND METHODOLOGY

The Bureau of Statistics (BOS) administers the Household Budget Survey (HBS) which is used for both national and international poverty estimation. The BOS recently completed the 2017/18 wave of the Household Budget Survey (HBS) in conjunction with the Continuous Multipurpose Household Survey (CMS). Although national poverty estimates are available from this recent wave, international poverty estimates still rely on the previous wave, conducted in 2010-11. 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.