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28 Years, 200 Doctors, One Commitment: China and Lesotho's Health Partnership




By: Seipati Matobo

China and Lesotho share a deep and enduring partnership in health — one

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SADC New Guidelines Chart Path for Democratic Stability...a vital tool to ensure democratic stability across Lesotho and Southern Africa

By: Staff Reporter

The Southern African Development Community (SADC) has unveiled its revised Principles and Guidelines Governing Democratic Elections (2021), a comprehensive framework designed to enhance electoral integrity and promote democratic practices throughout the region. Adopted in mid-2021 in Botswana, this updated document reinforces the bedrock of fair and transparent elections, with a notable historical connection to Lesotho's pivotal role in shaping SADC's electoral oversight mechanisms. The revised version, the 2021 revision, builds upon the initial 2004 guidelines which reflect the evolving regional and global contexts. It underscores the community's unwavering commitment to democratic values, the rule of law and human rights as enshrined in the SADC Treaty. The updated principles now incorporate specific guidelines for conducting elections under public health emergencies, a direct and timely response to lessons learned from the recent global pandemic. This forward-looking approach aims to ensure that democratic processes can



continue uninterrupted and safely, even amid unforeseen crises. For Lesotho, the document holds particular historical significance. Section 1.3 of the revised guidelines explicitly states that the decision to establish the SADC Electoral Advisory Council (SEAC) – a key institutional mechanism for electoral observation – “emanated from recommendations of a stakeholder workshop held in Lesotho.” This highlights the country's foundational contribution to the region's commitment to robust electoral observation, demonstrating a legacy of proactive engagement in promoting democratic governance within SADC. This historical grounding places Lesotho in a unique position to champion and exemplify some principles

which call upon all member states to a stringent set of standards including full citizen participation, legally prescribed elections, voter empowerment and condemnation of unconstitutional change among others. As Lesotho navigates its own electoral cycles, these guidelines provide a clear benchmark for evaluating fairness and credibility. The emphasis on robust voter education, timely accreditation of observers and efficient dispute resolution mechanisms will be critical. Given the country's past political complexities, strict adherence to these principles, particularly those ensuring judicial impartiality and the independence of electoral institutions, will be paramount for fostering public confidence and ensuring peaceful

electoral outcomes. For Lesotho, inclusion of provisions for elections during public health emergencies is particularly pertinent in the current global climate. This means involving key stakeholders in developing risk mitigation strategies, exploring the use of virtual platforms for certain phases of the electoral process and considering wider access to special voting mechanisms to reduce congestion at voting stations. However, SADC warns that this new dimension requires careful planning and significant collaboration between the EMB, health authorities and all political stakeholders to maintain both electoral integrity and public health security. The statement by SADC said Lesotho's ongoing commitment to democratic principles will be measured by its ability to fully integrate and implement these revised guidelines. This presents both a challenge and an opportunity to the country to further strengthen its democratic institutions and processes, drawing on regional best practices and its own historical role in advocating for robust electoral oversight. The success of future elections in Lesotho will therefore depend on the collaborative efforts of the government, EMB, political parties, civil

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Lesotho Tribune

By: Staff Reporter

BUSINESS ECONOMY

Capital Trapped in Amber: How Lesotho's Financial System Became Profitable Without Becoming Useful

A stable banking sector, flush with liquidity and insulated from risk, has quietly become one of the most consequential obstacles to Lesotho's economic transformation. The question is no longer whether the system works, but who, exactly, it works for.

A Lesotho Tribune [two part series](#)

Core argument

Lesotho's banks are stable and profitable, but the structure of lending remains too narrow, too liquid, and too risk-averse to meaningfully finance enterprise growth.

Lesotho's Banking Sector: Stable, Profitable... and Failing the Real Economy

There is a quiet contradiction at the heart of Lesotho's financial system. On paper, the sector is sound, liquid, and profitable. In practice, it is failing to finance the very economy it is meant to serve.

That contradiction is now becoming impossible to ignore, and its consequences extend far beyond the balance sheets of four commercial banks in Maseru. For a country navigating the twin pressures of declining SACU revenues and persistent structural unemployment, a financial sector that does not intermediate between capital and productive enterprise is not a neutral inconvenience. It is an active drag on national development. The architecture of lending, the culture of risk aversion, and the absence of long-term finance are not technical anomalies. They are the logical outcome of a system that was never truly designed for growth.

Understanding why requires more than a reading of the Central Bank's stability reports. It requires a reckoning with the structural incentives, colonial inheritances, and institutional gaps that have shaped Lesotho's financial landscape and continue to define its limits.

LCA Takes Action on Airtime Credit for Minors and Illegal Radio Use

By: Lemohang Botsane

The Lesotho Communications Authority (LCA) has taken measures to protect young people and ensure compliance in the telecoms sector. Starting April 1, 2026, minors under 18 won't be able to access Airtime Advance Services from both the two local network service providers. This means they won't be able to borrow airtime or credit. However, if they already have outstanding balances, their parents are still expected to pay them back.

LCA's Thato Poonya says this move aims to safeguard young users from financial risks and promote responsible borrowing habits. "We want to protect our young people from getting into debt they can't manage," he said.

On the other hand, the LCA is also warning against using radio communication equipment without a license as unregulated frequencies can disrupt important services like security systems, transport, and emergency responses. Also



Businesses in sectors like postal and courier services, are urged to get the right licenses to avoid disruptions and penalties. This also assist people who might lose their belongings.

"Licensing helps businesses operate smoothly and contributes to Lesotho's economic growth," said LCA officials. They're encouraging everyone to comply with

the regulations.

The LCA is working with network service provider companies to ensure these changes are implemented smoothly. This move is part of efforts to improve consumer protection and regulation in Lesotho's telecoms sector.

The authority is committed to making sure Lesotho's telecoms sector works for everyone, with a

focus on protecting vulnerable groups like minors. By taking these steps, the LCA aims to create a safer and more responsible telecoms environment.

Residents are encouraged to check with their service providers for more information on the changes. The LCA is also urging businesses to get their licenses in order to avoid any issues.

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Table 1. Headline indicators framing the contradiction

Indicator	Latest figure / status	Why it matters
Commercial banks	4	Confirms how concentrated the sector is
Financial sector share of GDP	13.9% at end-2023	Shows the sector has become economically significant
Formal financial inclusion	87% in 2021, up from 60% in 2011	Access has expanded sharply
Overall financial inclusion	91% in 2021, up from 81% in 2011	Inclusion gains are real
Maseru Securities Market equity listings	1	Shows how thin capital markets remain

Source: FSDS II 2025-2030; IMF 2025.

A Stable System That Doesn't Lend

Lesotho's banking sector is small and highly concentrated. Just four commercial banks dominate the market, most of them subsidiaries of South African institutions, a legacy of the country's deep economic integration with its larger neighbour. The IMF's 2025 assessment describes the sector as shallow and highly concentrated, and says it is dominated by four commercial banks, three of them subsidiaries of South African banks, with lending primarily directed at salaried individuals through payroll-based personal loans.

Central Bank of Lesotho oversight has ensured stability, and by most regulatory metrics, the system is functioning as intended: capital adequacy ratios remain above the regulatory minimum, stress tests show resilience, and the industry's liquidity position remains strong. In the 2023 Financial Stability Report, the CBL notes that the minimum capital adequacy requirement is 8 percent and that the banking sector remained above that prudential threshold in 2023. It also reports that under severe stress scenarios no bank would have required recapitalisation relative to the capital adequacy ratio requirement.

But stability is not the same as usefulness.

According to the IMF, the sector is shallow and highly concentrated, with lending overwhelmingly directed toward salaried individuals rather than businesses. The credit profile of Lesotho's banking system reads less like an engine of investment and more like a consumer finance operation with a banking licence.

This matters enormously. It means the system is optimised for consumption, not production.

Payroll-backed loans, extended against the predictable income streams of civil servants and formal sector employees, dominate the lending portfolio. SME financing remains marginal. Agricultural lending is almost negligible, despite the sector's role in rural livelihoods. Entrepreneurial risk, the kind that generates jobs and diversifies the economy, is largely avoided. Banks extend credit where repayment is easiest to guarantee, not where capital is most needed.

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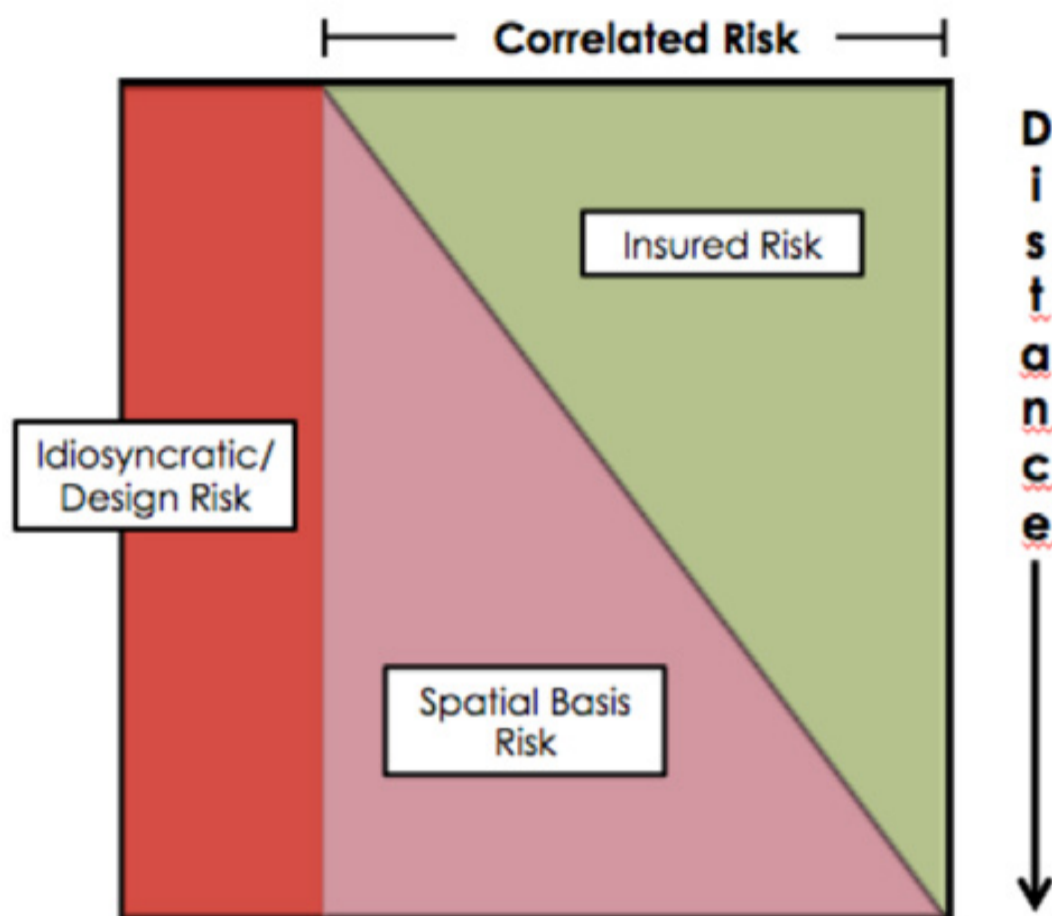
By Staff Reporter

More than 70 percent of Lesotho's population relies on agriculture for their livelihoods. Yet the sector remains one of the country's most fragile. Rain-fed agriculture faces mounting risks from climate variability, and recurrent droughts and floods have severely impacted food security and rural livelihoods. For smallholder farmers who make up the backbone of the rural economy, a single bad season can mean more than a failed harvest. It can mean the collapse of an entire household.

The question is no longer whether Lesotho's farmers need protection from climate risk. The question is what kind of protection is both practical and affordable. Increasingly, the answer points to a relatively young but promising

FARMERS CORNER

Index Insurance: The Financial Tool That Could Transform Lesotho's Farming Future A Nation Built



financial instrument: index insurance.

What Is Index Insurance? Traditional crop insurance works by sending an assessor to a farm after a loss event to verify damage and calculate a payout. These assessments are difficult and time-consuming to execute in remote rural areas, while smallholder farmers, particularly women, often need their payouts right away due to the demands of the crop cycle.

Index insurance works

differently. It bases payouts on an easy-to-measure index of factors such as rainfall levels or average regional yields that predict individual losses. Rather than verifying each farmer's specific damage, the insurer monitors an agreed-upon indicator. If the insurance index drops below a set threshold, signaling poor crop development conditions, a payout is issued to the farmer. There is no farm visit, no lengthy claims process, and

no waiting months for a decision.

This makes index-based coverage an excellent option for smallholders in developing countries, precisely the demographic that conventional insurance has long failed to serve.

Breaking the Low-Risk, Low-Reward Trap

The consequences of having no safety net are more far-reaching than they might appear. Small-scale farmers in low- and

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Lesotho Tribune

By: Staff Reporters

The Lesotho Highlands Development Authority (LHDA) on Thursday held a graduation ceremony in Katse for participants in its Skills Testing and Accreditation Programme and Community-Based Tourism training initiative.

The programmes are aimed at equipping community members in project-affected areas with certified skills while promoting sustainable tourism development linked to the Lesotho Highlands Water Project. Speaking on behalf of LHDA Chief Executive, Mr. Nts'oli Maiketso described the Skills Testing and Accreditation Programme as an important driver of sustainable development and job creation. He said the initiative addresses the gap where many individuals possess practical skills but lack formal certification, limiting their

ESG Lens

LHDA Certifies Community Members in Skills and Tourism Programme



access to employment opportunities.

Mr. Maiketso reaffirmed LHDA's commitment to inclusive growth and long-term community empowerment, encouraging graduates to use their newly acquired qualifications to improve their livelihoods and contribute to national development.

LHDA representative Mr. Limpho Moeko said the ceremony was held to recognise individuals who successfully completed training and skills assessments in various trades. He explained that the

programme, introduced in 2025 in partnership with the Technical and Vocational Education Department (TVED) under the Ministry of Education and Training, is designed to improve employability among youth and adults in project areas.

Mr. Moeko noted that many participants previously lacked formal certification despite having practical experience, and the initiative allows them to be assessed and recognised based on existing skills. On behalf of the Ministry of Education and Train-

ing, Mr. Thabang Mokotjo from the TVED department said the vocational sector remains underdeveloped despite its strong potential to create jobs. He said increased investment, skills development programmes and supportive policies are needed to strengthen the sector, reduce unemployment and promote sustainable economic growth. Participants who successfully complete the programme receive nationally recognised certificates, which are also valid across the SADC region.

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Table 2. Stability is not the problem

Prudential indicator	What official reporting shows
Capital adequacy	Above the 8% minimum requirement in 2023
Liquidity stress test	No bank exhausted liquidity under major depositor-withdrawal scenarios
Solvency stress test	No bank fell below the minimum CAR under severe shocks

Source: Central Bank of Lesotho, 2023 Financial Stability Report.

The result is predictable. Growth stalls not because money is absent, but because it is misallocated. Capital circulates in safe, narrow channels, from payroll to consumer goods, from consumption to imports, without ever touching the productive base of the economy.

Liquidity Without Purpose

One of the more striking features of Lesotho's banking system is excess liquidity. Banks are sitting on cash. And yet, that liquidity is not being deployed locally.

A significant share of bank assets is effectively parked outside the domestic economy, often held in South African financial instruments. This is partly a function of the loti's peg to the South African rand under the Common Monetary Area, which makes cross-border capital flows structurally easy. It is also a reflection of the limited domestic investment opportunities that banks consider creditworthy. The CBL's 2023 stress-testing tables show a baseline liquid-assets-to-short-term-liabilities ratio of 69.9 percent in December 2023 and a liquid-assets-to-total-assets ratio of 57.7 percent, far above the 25 percent hurdle used in the liquidity stress test. Even under a top-five-depositors withdrawal scenario, no bank exhausted liquidity.

The paradox is stark: banks have money, businesses need money, and the two rarely meet.

This is not purely a story of individual banks behaving badly. It is a structural problem. Lesotho's financial architecture was never fully designed to intermediate between capital and productive enterprise. It was built around stability, compliance, and consumption lending, adequate for a system serving as a satellite economy, but inadequate for one attempting autonomous development. The IMF now says plainly that the sector is characterised by excess liquidity, limited competition, and a narrow product offering.

The consequences are visible in investment data. The World Bank previously noted private credit to GDP at about 19 percent at end-2019, while the IMF's more recent work still describes Lesotho's financial sector as shallow, with few funds directed toward private sector firms. Fixed capital formation continues to depend more on government, donors, and foreign investors than on domestic financial intermediation.

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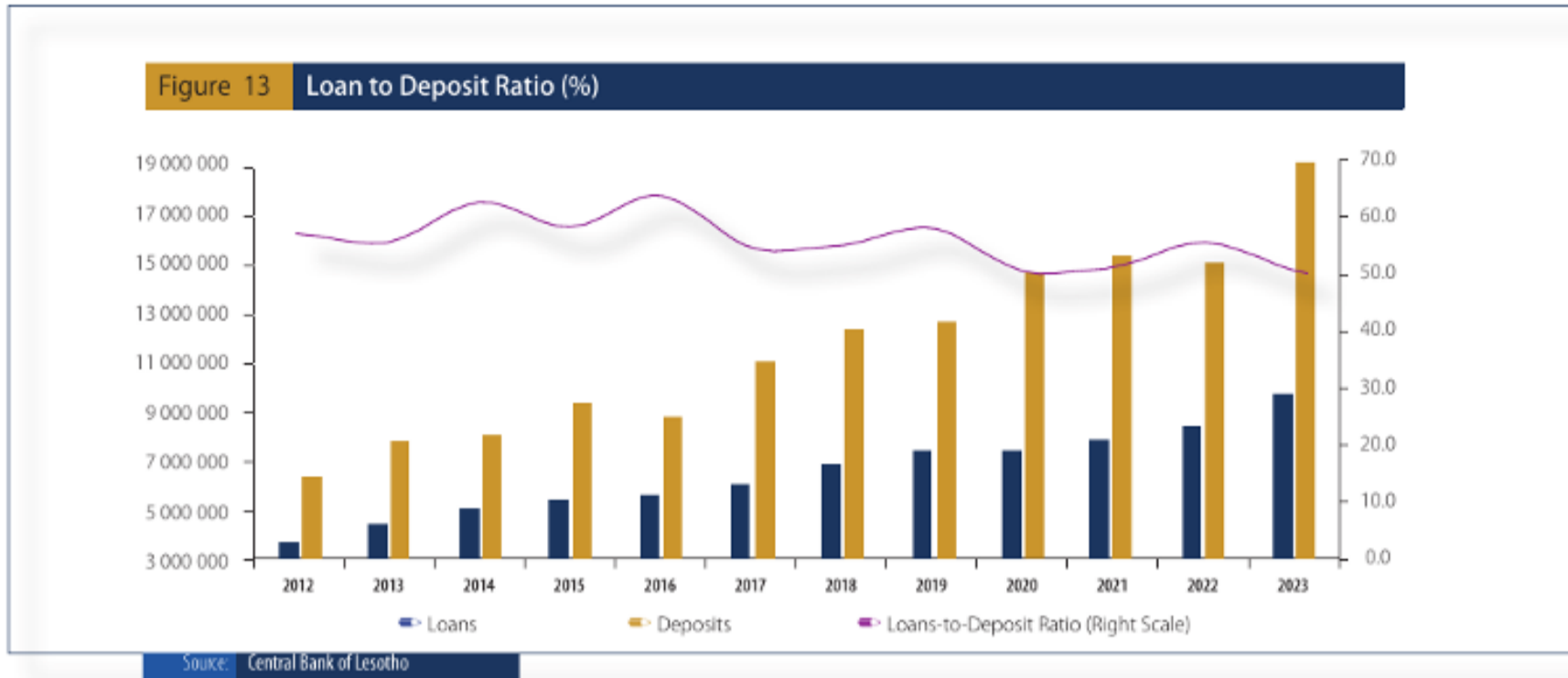
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Figure 1. Loan-to-deposit ratio, 2012-2023

crisis due to illiquid assets and short-term maturities of liabilities.



Reproduced from the Central Bank of Lesotho, 2023 Financial Stability Report, Figure 13.

Financial Inclusion Is Rising... But Superficially

There is genuine good news. Financial inclusion has improved significantly in recent years, largely driven by mobile money and digital services. The FSDS II says overall financial inclusion rose from 81 percent in 2011 to 91 percent in 2021, while formal inclusion rose from 60 percent to 87 percent over the same period, driven primarily by mobile money. It also notes that access to banking itself remained relatively unchanged at 39 percent of the adult population.

More Basotho now hold formal or semi-formal financial accounts than at any point in the country's history.

But inclusion is not the same as empowerment. And access is not the same as finance.

A mobile wallet enables transactions. It allows a household to receive remittances from a migrant worker in South Africa, pay a utility bill, or purchase airtime. These are genuine gains, and their social value should not be dismissed. But mobile money does not solve the deeper structural problem: the lack of access to capital for business formation and investment.

A subsistence farmer in Butha-Buthe can now receive a digital payment from a relative in Johannesburg. She cannot get a working capital loan to expand her vegetable plot. A young entrepreneur in Maseru can pay suppliers via mobile transfer. She cannot access the growth financing she needs to hire staff or purchase equipment.

Financial inclusion, as currently configured, addresses the transactions layer of the economy. It leaves the investment layer almost entirely untouched. And it is in the investment layer, the financing of enterprise, the extension of credit to the productive economy, that Lesotho's banking sector has most conspicuously failed.

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Lesotho Tribune

By Lesotho Tribune

There is a paradox at the heart of artificial intelligence, and it is not a technical one. It is economic, social and, increasingly, political. AI promises efficiency. That part is clear. It writes, analyses, predicts, designs, optimises. It compresses hours into seconds. For businesses, that is a breakthrough. For economies, it sounds like growth. But efficiency has a shadow. It reduces the need for labour. That is the paradox. The same technology that can expand output can also shrink opportunity. And for countries like Lesotho, where unemployment is not an abstract concern but a lived reality, the stakes are not theoretical. The Productivity Trap

SCIENCE & TECHNOLOGY

Confronting the AI Paradox: Efficiency Without Employment, Intelligence Without Understanding

As artificial intelligence accelerates productivity, it quietly raises a harder question for economies like Lesotho: what happens when growth no longer needs as many people?



In classical economic thinking, productivity gains are unambiguously good. When workers produce more in less time, incomes rise, costs fall, and economies expand. AI disrupts that sequence. It allows firms to increase output without proportionally increasing employment. In some cases, it allows them to reduce it. A small team, equipped with the right

tools, can now perform tasks that once required entire departments. For a media company, AI can generate drafts, edit videos, analyse audiences and optimise distribution. For a law firm, it can review documents in minutes. For a marketing agency, it can produce campaigns at scale. The result is not just efficiency. It is substitution. And substitution, if unmanaged, creates dis-

placement. Intelligence Without Understanding There is a second layer to the paradox, one that is often misunderstood. AI systems, including those developed by companies like OpenAI and Google, are extraordinarily capable. They can simulate reasoning, generate language, and identify patterns at a scale no human can match. *Continues in Page 19*

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middle-income countries often safeguard against future losses by choosing to cultivate crops with stable but low yields, and may limit their upfront investments in profitable technologies like fertilizer. As a result, their standard risk-reducing options can lead to a cycle of low-risk and low-return agricultural production.

Index insurance has the potential to break this cycle. It can help small-scale farmers increase their resilience to weather shocks like drought or flood while encouraging investments in productivity that, in good years, create a pathway to prosperity. When farmers know that a catastrophic season will not wipe out everything, they are more willing to invest in better seeds, fertilizer, and modern farming techniques. With some sort of failsafe in case of crop failure, farmers can be more strategic in their production planning, applying inputs, and making investments. Research backs this up. In studies testing whether offering weather index insurance alongside drought-tolerant seed varieties had advantages over offering only the seed variety, farmers were more willing to make risky production decisions when the seed variety was combined with weather index insurance.

Lesotho Takes Action
Lesotho's government has begun to take this idea seriously. A feasibility study conducted in the Mafeteng, Maseru, and Berea districts assessed the potential for implement-

ing agricultural insurance and e-voucher mechanisms aimed at enhancing the resilience of smallholder farmers. The study was commissioned through the Ministry of Agriculture, Food Security and Nutrition in collaboration with the World Food Programme and the Second Smallholder Agriculture Development Project.

Just this week, momentum continued. The Ministry of Agriculture, in collaboration with the World Food Programme, hosted a stakeholders' meeting on crop insurance aimed at promoting smart subsidies and agricultural insurance to boost agricultural investment. Agricultural insurance was described as a safety net to protect farmers from losses caused by natural disasters, with ongoing digital transformation in the ministry expected to improve service delivery.

Researchers presenting the feasibility study highlighted weather index-based insurance as particularly well suited to Lesotho's circumstances. Such mechanisms provide farmers with timely payouts when weather conditions meet predetermined thresholds, offering financial protection against crop losses.

The Challenges Are Real
Enthusiasm for index insurance must be tempered by an honest accounting of the hurdles ahead. Major barriers to the adoption of insurance in Lesotho include limited access to information, financial constraints, and inadequate infrastructure.

A representative from the World Bank noted at the

recent stakeholders' meeting that agricultural insurance in Lesotho remains complex due to the country's highly variable climate and terrain. Farmers must carefully consider the risks they wish to insure against, such as drought, excessive rainfall, or hail, as well as the cost implications, since broader coverage results in higher premiums.

There is also the issue of "basis risk," the gap between what the index measures and what a specific farmer actually experiences. Index insurance will always carry basis risk, since an index of average conditions in an area will not necessarily capture conditions on each individual plot. A farmer whose crops were destroyed by a highly localized flood may receive nothing if the regional index does not reflect the severity of their personal loss.

Research also shows that farmers are generally unwilling to pay market prices for weather index insurance. Uptake at full cost tends to be low, suggesting that government subsidies or integration into broader social protection programs may be necessary to achieve meaningful scale. **What Success Looks Like Elsewhere** in the world, well-designed programs offer a roadmap. In Nepal, a partnership between a microfinance institution, an insurance technology company, and the UN Capital Development Fund enabled over 15,000 smallholder farmers, primarily low-income rural women, to receive insurance coverage protecting their rice yields against frost, exces-

sive rainfall, heatwaves, hail, flood, drought, pests, and diseases.

The lesson from such programs is consistent. Index insurance works best when it is embedded within a wider support system. Broader climate adaptation strategies, including improved agricultural practices and infrastructure development, are essential to complement insurance efforts and enhance the overall resilience of Lesotho's agricultural sector. Insurance to farmers is critical to boosting productivity, but there must be a strategy in place on how to reach farmers at scale. That means addressing digital literacy, rural accessibility, and the need for products tailored to the specific crops and risk profiles of different communities across Lesotho's varied terrain.

A Window of Opportunity
The convergence of government intent, international partnership, and growing evidence for what works makes this a genuine moment of opportunity for Lesotho's agricultural sector. Index insurance is not a silver bullet. But as a tool for stabilizing farm incomes, encouraging productive investment, and building resilience against a climate that is only becoming more unpredictable, it deserves a central place in the country's agricultural development strategy. For the millions of Basotho whose lives depend on what the land produces each season, the stakes could hardly be higher, and the promise of a financial safety net has rarely been more urgent.

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Ministry of Agriculture and WFP Meet to Boost Crop Insurance

By: Lemohang Botsane

The Ministry of Agriculture, Food Security and Nutrition, together with the World Food Programme (WFP), held a meeting with stakeholders to weigh in on crop insurance and smart subsidies. The aim is to back farmers, especially smallholders, and help them deal with climate change and other challenges.

Director of Field Services, Thabo Sekhonyana, explained that the smart subsidy programme will be more targeted and use data to make it fairer and more efficient. This will help smallholder farmers get the resources they need. He also mentioned that agricultural insurance will protect farmers from losses due to natural disasters. Sekhonyana added that the ministry is working on digital transformation to improve services. The meeting looked at past farming seasons to identify gaps and gather recommendations. He emphasized that collaboration among stakeholders is key to building a strong agricultural sector. Nancy Chawawa from WFP said the meeting



aimed to update stakeholders on the project's progress since August 2025, including successes and hurdles. The project is part of efforts to promote agricultural investment and make farming more resilient. The meeting showed that stakeholders are committed to working together to support farmers. By providing insurance and smart subsidies, the government and WFP hope to help farmers

overcome challenges like climate change and improve food security. The initiative is expected to benefit smallholder farmers, who are vital to Lesotho's agricultural sector. With better insurance and subsidies, farmers can invest more in their farms, leading to increased productivity and food security. The Ministry of Agriculture and WFP are working together to make sure the project is a success.

They believe that with the right support, farmers can thrive and contribute to Lesotho's economic growth. The meeting wrapped up with stakeholders agreeing to continue working together to address the challenges facing farmers. They are positive that with collaboration and the right strategies, Lesotho's agricultural sector can become more adaptable and productive.

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EDITORIAL

Lesotho's Health MoU Critics Are Undermining Lives With Conspiracy Thinking and Anti-American Paranoia



15

Lesotho Tribune

By: Editorial

There is a habit in small states and Lesotho is hardly unique in this, of dressing up irrational suspicion in the language of constitutional principle. The controversy surrounding the 2025–2030 U.S.–Lesotho health Memorandum of Understanding is a masterclass in this genre. Strip away the legalese and the sovereignty rhetoric and what you find underneath is something far less sophisticated: utopian fantasy, procedural obstruction and a barely concealed ideological hostility toward the United States that is costing Lesotho lives while its critics congratulate themselves on their principles.

Let us begin with the most dishonest move in the critics' playbook: the pretense that this MoU represents some unprecedented intrusion into Lesotho's data sovereignty. It does NOT. Lesotho has been sharing health data with external partners for decades. With WHO, it reports surveillance data, outbreak notifications, national health indicators, and technical information.



With the Global Fund, it opens its books entirely, programme records, procurement data, financial accounts, facility-level information, under audit regimes that are, frankly, far more intrusive than anything described in this MoU. With PEPFAR and CDC, Lesotho has already built the very digital systems now being treated as sacred national assets: DHIS2, eRegister, patient-level data linkage, interoperability platforms, strategic information architecture. These were not built by Basotho taxpayers in isolation. They were built with American money, American technical assistance, and American institutional knowledge. So when critics howl about data sovereignty and specimen-sharing, they are performing outrage about a situation that has existed for years. The data is already flowing. The systems are already integrated. The partnerships

are already deep. The only honest question is whether Lesotho formalises and improves that relationship with clear timelines, co-investment benchmarks, and mutual accountability or whether it retreats into sovereignty mythology while its HIV and TB programmes slowly unravel for lack of sustained support.

The answer, to any serious observer, is obvious. And yet the critics prefer mythology.

What drives this mythology? Two things, primarily. The first is a species of utopian thinking that imagines Lesotho could, if only it refused American partnership, build an entirely self-sufficient, domestically-financed, nationally-controlled health system untouched by foreign leverage.

This is a fantasy so detached from fiscal reality that it barely deserves engagement. Lesotho's own sustainability roadmaps

acknowledge the yawning gap between what the state can finance and what the health system requires. The critics offer no alternative financing. They offer no substitute for PEPFAR's antiretroviral coverage, no replacement for CDC's laboratory systems, no funding stream to maintain the digital infrastructure they are now suddenly so concerned to protect. Their sovereignty argument is sovereignty for its own sake, a position so abstract it can only be held by people who will not personally suffer when the funding stops.

The second driver is uglier: a deranged, baseless hostility toward the United States that masquerades as principled anti-imperialism. Critics of this MoU are not, in the main, applying neutral constitutional scrutiny to all of Lesotho's international agreements. They are not publishing lengthy analyses

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SENTIMENT TRACKER

Fuel Security Fears Reveal

When asked whether the government could manage a global supply shock, nearly three quarters of Basotho said no. That verdict deserves careful attention.

By Lesotho Tribune

There is something revealing about how people respond to hypothetical crises. Not the technicalities of geopolitics or the distant calculations of oil markets — but the simpler, more personal question beneath all of it: do you trust your government to protect you? In the latest Lesotho Tribune Sentiment Tracker, Basotho were asked whether the government could ensure fuel security if a prolonged conflict involving the United States, Israel, and Iran were to disrupt global supply chains. The results are not just decisive. They are stark. Nearly three quarters of respondents said no. That is not skepticism. That is

a collapse of confidence. A Crisis That Has Not Arrived — But Already Feels Real The scenario remains hypothetical. Tensions in the Middle East have raised concerns about disruptions to global oil flows, particularly through the Strait of Hormuz. For Lesotho, the risk is indirect but real: the country does not import fuel from the Gulf, but it depends

entirely on South African supply chains whose pricing and stability are shaped by global shocks. What the poll measures is not a technical assessment of those supply routes. It captures public intuition. And that intuition is blunt: if a shock comes, people do not expect the system to hold. The Confidence Gap Only 11 percent of respondents expressed full confidence in the govern-

ment's ability to manage such a crisis. Even when combined with the five percent who said "somewhat," the total share willing to extend any degree of confidence reaches just 16 percent. "Confidence is not a soft variable. It is a stabiliser. And right now, it appears to be in short supply." LESOTHO TRIBUNE — SENTIMENT TRACKER

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of the Global Fund's grant conditions, which are genuinely tough, explicitly audit-heavy, and tied to performance benchmarks. They are not staging parliamentary dramas over WHO's engagement with Lesotho's health information systems. They reserve their outrage specifically, selectively, and conspicuously for the American agreement. That selectivity is not principle. It is prejudice. It is the reflex of people who have decided in advance that American involvement in anything must be resisted, regardless of the evidence, the alternatives, or the human cost. The 25-year data and specimen-sharing arrangement that critics find so alarming is not a colonial imposition. It is a long-term planning horizon for a country dealing with a generational HIV and TB burden. Specimen-sharing and genetic sequence data are the tools of modern outbreak response. Every serious public health actor in the world, including WHO, advocates for rapid specimen-sharing and genomic surveillance precisely because slow, territorially-jealous responses cost lives. Lesotho's critics want to treat a biosecurity cooperation framework as if it were a corporate espionage operation. The paranoia required to sustain that position is its own kind of public health hazard. The constitutional argument, that the Tenth Amendment required parliamentary approval before the MoU was signed, deserves more respect than the anti-American conspiracy thinking, but not as much as its proponents claim. The MoU's own text says explicitly that it is not an international agreement and does not create legal rights or obligations under international or domestic

law.

The critics dismiss this as a legal trick. But that dismissal cuts both ways. If the document is not legally binding, then the parliamentary approval requirement, designed for binding treaties and international agreements, is not obviously triggered. The critics want to have it both ways: they want to use constitutional procedure to block the agreement while simultaneously arguing that the agreement is so substantively consequential that its legal self-description must be ignored. That is not rigorous constitutional analysis. It is strategic proceduralism in service of a predetermined conclusion. Meanwhile, what is actually happening while this performative debate continues? Lesotho's health system remains dependent on external financing that is not guaranteed beyond current cycles. The HIV epidemic is not pausing for parliamentary review. TB continues to kill. Laboratory systems need maintenance. Health workers need salaries. The transition from donor dependency to domestic sustainability is exactly as difficult as it sounds, and it does not become easier by antagonising the one partner that has consistently shown up with both resources and technical capacity. The MoU's provisions on technology preference, tax exemptions, and regulatory alignment draw particular criticism, but this too collapses under scrutiny. U.S. technologies built the systems Lesotho currently depends on. FDA approval standards are internationally recognised benchmarks that many countries rely on, formally and informally, because maintaining entirely parallel regulatory infrastructure is expensive and often redundant for small states. Tax

exemptions for aid-funded programmes are standard in development finance, the Global Fund and World Bank operate under similar arrangements in Lesotho and across Africa. The critics present these provisions as revelations of sinister intent. They are, in fact, the ordinary mechanics of how large-scale external health financing operates everywhere. The procurement preference clause is the provision with the most legitimate basis for scrutiny tied aid is a real issue in development economics, and preference clauses can favour donor-country vendors over potentially cheaper or better-suited alternatives. That is a fair point and worth negotiating. But it does not transform a health cooperation agreement into an imperial project. It makes it an agreement with one flawed clause that should be addressed at the negotiating table, not grounds for wholesale rejection driven by reflexive anti-Americanism. The critics who blocked or delayed this agreement should be asked, plainly and without diplomatic softening: what is your plan? Not your constitutional theory. Not your sovereignty principle. Your plan. Which partner will replace U.S. financing for laboratory systems? Which country will provide technical assistance for DHIS2? Who will fund the antiretroviral treatment for Basotho living with HIV if PEPFAR coverage is reduced during a period of no formal agreement? Where does the domestic budget line for specimen transport, cold chain maintenance, and health information system upgrades come from? The silence in response to these questions is not principled. It is the silence of people who have elevated ideological purity over

practical governance, who have mistaken obstruction for sovereignty, and whose utopian resistance to American partnership is, in the most literal sense, a luxury that Lesotho's patients cannot afford. Saving lives is not a noble end used to smuggle in policy concessions. Saving lives is the policy. The critics have confused themselves so thoroughly with their own rhetoric that they can no longer tell the difference between cooperation and dependency, between partnership and colonialism, between a long-term health agreement and a conspiracy against the Basotho people. Lesotho's constitutional reforms are real and worth defending. But defending them does not require manufacturing a constitutional crisis out of a health cooperation framework that builds on decades of existing partnership. Parliament has a legitimate role. That role is to scrutinise, improve, and where necessary amend the terms of agreements — not to indulge the anti-American fantasies of critics who would rather perform sovereignty than govern a functioning health system. The MoU is imperfect. All complex agreements are. But imperfect cooperation with a committed partner is infinitely preferable to principled isolation dressed up as constitutional virtue. Lesotho's people deserve better than the conspiracy thinking, the utopian obstruction, and the deranged hostility toward the country that has, whatever its faults, consistently been there when the health system needed support. Fix the flawed clauses. Sign the agreement. Get back to saving lives. AMERICA remains the only true friend to Lesotho and this anti American sentiment is worrying!

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This gap matters in practical terms. In times of crisis, perception shapes behaviour. Businesses that expect shortages begin to stockpile. Transport operators that anticipate price spikes adjust fares in advance. Households that believe supply will tighten change consumption patterns before any shortage actually occurs. These responses can turn a manageable disruption into a self-fulfilling one.

Why the Distrust Has Structural Roots

It would be tempting to read this result as reflexive pessimism. But the sentiment reflects real and observable conditions. Lesotho faces a set of structural vulnerabilities that any honest accounting must acknowledge:

The country does not control its own fuel import infrastructure, relying entirely on South African logistics and pricing mechanisms.

Strategic fuel reserves — if they exist at the required scale — have not been communicated publicly in any meaningful way.

There is no visible contingency planning framework for prolonged supply disruptions, at least none accessible to the public.

Government communi-

cation on energy security has been largely absent, leaving citizens to form their own assessments. In this environment, trust cannot be assumed. It must be built — through transparency, through communication, and through evidence of preparedness. Without these, assumptions fill the vacuum. And assumptions, as the poll demonstrates, are rarely generous.

The Undecided Ten Percent

One in ten respondents said they were not sure. This group is easily overlooked, but it matters. It represents a segment of the population that has not yet formed a settled view — and that means they remain persuadable. In a different information environment, with credible government communication about reserves, planning, and coordination with South Africa, this group could shift toward confidence. In the current vacuum, the more likely direction is toward deeper skepticism. Silence, from institutions, tends to push uncertainty toward doubt.

This Poll Is About More Than Fuel

Energy security is the lens. But what this poll actually measures is something broader: the public's assessment of the state's capacity to

manage risk, coordinate a response, and communicate under pressure. Fuel is simply the vehicle through which that judgment is expressed.

The verdict, in this snapshot, is uncomfortable. And it arrives before any crisis has materialised — which, in some ways, makes it more significant. When confidence collapses in advance of an emergency, the emergency itself becomes harder to manage.

The Question for Government

This poll does not de-

mand immediate answers to a scenario that may never fully develop. But it does raise a more fundamental question, one that no amount of technical contingency planning can substitute for: What would it take for that 74 percent to change its mind?

Because until that question is seriously addressed, the real vulnerability may not lie in the Strait of Hormuz. It may lie in the far shorter distance between the state and the public it is supposed to serve



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But they do not understand in the human sense. They predict. They do not comprehend.

This distinction matters. Because it creates a false sense of reliability. Outputs can appear authoritative, even when they are flawed. For businesses and governments, this introduces a new kind of risk. Decisions may be informed by systems that are powerful, but not accountable in the way human institutions are. In smaller economies, where regulatory capacity is often limited, this risk is amplified.

Lesotho's Position: Consumer or Creator?

The global AI race is largely being driven elsewhere. The United States, China and parts of Europe are investing heavily in infrastructure, talent and research.

Lesotho is not competing at that level. That much is obvious.

The more relevant question is whether Lesotho becomes a passive consumer of AI technologies or an active participant in shaping how they are used locally.

At present, the trajectory leans toward consumption.

Businesses adopt tools developed abroad. Governments explore digital systems built elsewhere. Data flows outward more easily than value flows inward.

This creates a dependency dynamic. One where the benefits of AI are partially captured, but the under-

lying economic value is not fully retained.

The Labour Question
If AI reduces the need for certain types of labour, what replaces them?

This is where the conversation often becomes vague. There is talk of "new jobs" and "reskilling," but the transition is rarely smooth.

In Lesotho, where youth unemployment remains high, the margin for disruption is thin. If entry-level roles in sectors like media, administration and customer service are automated, the ladder into the formal economy becomes narrower.

At the same time, AI creates demand for new skills. Data analysis, prompt engineering, digital strategy, AI oversight. But these roles require training, infrastructure and, importantly, access. Without deliberate intervention, the risk is a bifurcated labour market. A small group of highly skilled individuals benefiting from AI, and a larger group excluded from its gains.

Opportunity Hidden in the Paradox

And yet, the paradox is not purely negative. AI lowers barriers to entry in ways that are difficult to ignore.

A small business in Maseru can now access tools that were once available only to large corporations. Content can be produced at scale. Data can be analysed without large teams. Markets can be reached digitally.

For entrepreneurs, this is

not trivial.

A media platform, for instance, can use AI to expand coverage, personalise content and optimise distribution. A farmer can use AI-driven insights for weather and pricing. A logistics company can optimise routes and reduce costs.

The technology, in that sense, is an equaliser. But only for those who can access and use it effectively.

Governance in an Age of Algorithms

There is also a governance dimension that cannot be ignored.

AI systems increasingly influence decisions. From credit scoring to hiring, from content moderation to public service delivery. Who audits these systems? Who ensures fairness? Who is accountable when they fail?

In larger economies, these questions are already shaping regulation. In smaller states, the frameworks are still emerging. Lesotho will need to confront this sooner rather than later. Not necessarily by building complex regulatory regimes overnight, but by establishing principles. Transparency, accountability, data protection.

Without these, the adoption of AI risks outpacing the ability to manage it. Confronting the Paradox
The AI paradox does not resolve itself.

It requires choices.

Policy choices about education and skills development. Business choices about how technology

is integrated into operations. Societal choices about what kind of economy is being built.

There is a temptation to view AI as inevitable, as something that simply arrives and reshapes everything in its path. But that framing is incomplete.

AI is a tool. Powerful, yes. Transformative, certainly. But still shaped by how it is deployed.

For Lesotho, the challenge is not to compete with global AI giants.

That is neither realistic nor necessary.

The challenge is to ensure that as AI reshapes the global economy, it does not leave local realities behind.

A Quiet Reckoning

The paradox, ultimately, is this.

AI can make economies more productive, while making societies more unequal.

It can expand capability, while narrowing opportunity.

It can simulate intelligence, while lacking understanding.

Confronting that paradox requires more than adoption. It requires intent.

And perhaps that is where the real question lies. Not whether Lesotho will use AI. It already is, in small ways. But whether it will shape its use in a way that expands opportunity rather than constrains it. Because in the end, technology does not determine outcomes.

Choices do.

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France Is Betting Big on African Creativity — And Only 50 Made the Cut

A competitive new incubation programme is repositioning cultural industries as serious economic players, and Lesotho has secured a seat at the table

By Staff Reporter

There is a tendency, still, to treat the creative industries as decoration. As something that sits alongside the economy rather than inside it. But the announcement of the 50 entrepreneurs selected for the second edition of Création Africa quietly challenges that assumption. This is not a celebration of culture. It is a calculation. Backed by the French Ministry of Europe and Foreign Affairs, the Embassy of France to South Africa, Lesotho and Malawi, and the French Institute of South Africa, Création Africa 2 is one of the more serious attempts to formalise and scale creative businesses across the region. It is not a grant programme. It is closer to an investment pipeline, one designed to take ideas that are often informal and insert them into systems of capital, mentorship and market access.

From 340 applications, only 50 ventures made it through. That ratio alone signals something. But what it signals more precisely is this: the creative economy is no longer just being celebrated. It is being filtered, ranked and, for the first time in meaningful numbers, treated as investable.

Structure Over Sentiment Création Africa 2 is built around a seven-week intensive mentorship phase



beginning in February 2026. This is not light-touch support. Participants enter a structured environment combining business development training, strategic advisory and direct access to investor networks.

Implementation is being driven by UVU Africa through its CAPACITI platform, which focuses on what the organisation calls enterprise readiness. That phrase matters more than it might seem. One of the most persistent failures

in creative sector support has been the gap between talent and structure, between the ability to make something and the ability to build a business around it.

Ziyad Cassim, CEO of UVU Africa, put it plainly: the creative economy sits at the intersection of entrepreneurship, innovation and cultural expression. It is not just about art. It is about jobs, scalability and sustained economic participation.

So why now? Why the

growing institutional appetite for creative industries? Part of the answer is numerical, even if the numbers are rarely reported clearly. Cultural and Creative Industries span film, fashion, gaming, publishing, design and digital media.

They generate employment, attract investment and shape how economies present themselves to the world. But there is also a more strategic dimension. Cultural industries car-

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ry narrative power. They shape identity, influence perception and, in some cases, determine how countries are positioned globally. France, through this programme, appears to understand that intersection rather well.

From Mentorship to Market

The programme does not end with mentorship. After the initial phase, participants pitch to a panel of judges. Only 15 will advance to a deeper incubation stage running from April to October 2026, and that second phase is where the programme becomes genuinely consequential.

Finalists gain access to sector specialists, funding pathways and investor networks. In other words, this is where creative ventures begin to resemble scalable enterprises.

The narrowing funnel is deliberate. It reflects an uncomfortable but necessary reality: not every creative idea can scale. But those that can, if properly supported, can become significant economic actors.

A Diverse Cohort, A Shared Constraint

The 50 selected entrepreneurs span a wide range of sectors.

In design and craft, ventures like Pinda Furniture and NETA Studio reflect growing interest in a distinctly African design language. In fashion, brands including Ntwana and Africarise are attempting to build recognisable labels beyond local markets. Gaming and interactive media, frequently overlooked in policy discussions, are represented

by studios such as Vetkoek Studios and Glitch Portal. Film, visual arts, music, publishing and digital media all appear in the cohort.

Among those selected is Phafane Nkotsi, founder of Bohlokoa Media Company, representing Lesotho. His inclusion places a local media enterprise within a regional cohort that spans

fashion houses, gaming studios, design collectives and digital platforms. It is a recognition, sometimes overlooked, that media itself sits within the creative economy rather than at the edge of it. Media businesses in smaller economies tend to operate under compounding constraints: limited advertising markets, fragmented audiences and weak capital access. To position such a business within this pipeline reflects a broader and more accurate understanding of what a scalable cultural enterprise actually looks like.

What connects all these ventures is not only creativity. It is constraint.

Capital access remains uneven. Markets are fragmented. Digital and physical infrastructure is inconsistent across countries. And yet the volume and quality of applications points to something real: the pipeline of creative entrepreneurship is expanding even where the ecosystem has not caught up.

Ambassador David Martinon described the applications as exceptionally strong. Allow for some diplomatic inflation, but the underlying point holds. The question is no longer whether the talent exists. The question is whether the structures around it will keep pace.

The Strategic Case
Policy circles tend to prioritise what is easy to measure. Mining, agriculture, manufacturing. These sectors fit neatly into economic models and produce quantifiable outputs.

Creative industries are harder to tidy up. Their value is often intangible, especially early on. But intangible is not the same as unreal.

Globally, the creative economy has been among the faster-growing sectors. It is labour-intensive, particularly for young people. It is exportable, especially in digital formats. And it carries cultural capital that compounds over time, shaping how a country is perceived long after any single product has been consumed.

For economies like Lesotho, which face structural limits in more traditional sectors, the creative economy offers an alternative pathway. Not a replacement for what already exists, but a serious complement to it.

That pathway is not automatic. It requires infrastructure, policy clarity and, perhaps most fundamentally, a shift in how creativity is understood. Not as a hobby that occasionally earns money, but as a business that can be built, scaled and exported.

What Comes Next

The immediate path is defined. Fifty entrepreneurs enter the mentorship phase. Fifteen will advance to deeper incubation.

From there, the outcomes will begin to speak for themselves.

But the broader implications extend beyond any single cohort.

If Création Africa 2 de-

livers, it could establish a replicable model for how creative industries are supported across the continent: structured mentorship, clear capital pathways and deliberate integration into economic planning. If it falls short, it will likely reinforce the existing scepticism, that creative industries are too informal to fund, too fragmented to scale and too soft to take seriously.

For Lesotho, the stakes are more immediate. Participation is a start, not a result. The real measure is whether this exposure produces something tangible: revenue growth, new markets and a sustainable business built inside a constrained domestic economy.

That is where the story will actually be decided.

A Quiet Signal

It would be easy to file this away as another programme announcement.

Another shortlist. Another round of structured support that may or may not produce lasting change. But something quieter may be underway.

The creative economy is being taken seriously, not just rhetorically but structurally. It is being filtered, tested and positioned as a legitimate economic sector.

That shift does not arrive with the urgency of a fiscal crisis or the noise of a political dispute. But it may prove just as consequential. Because in the long run, economies are not built only on what they extract or manufacture. They are built, too, on what they imagine, create and send into the world.

In that sense, Création Africa 2 is not just a programme. It is a signal worth paying attention to.

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Lesotho's government annual borrowing plan for the year 2026/27

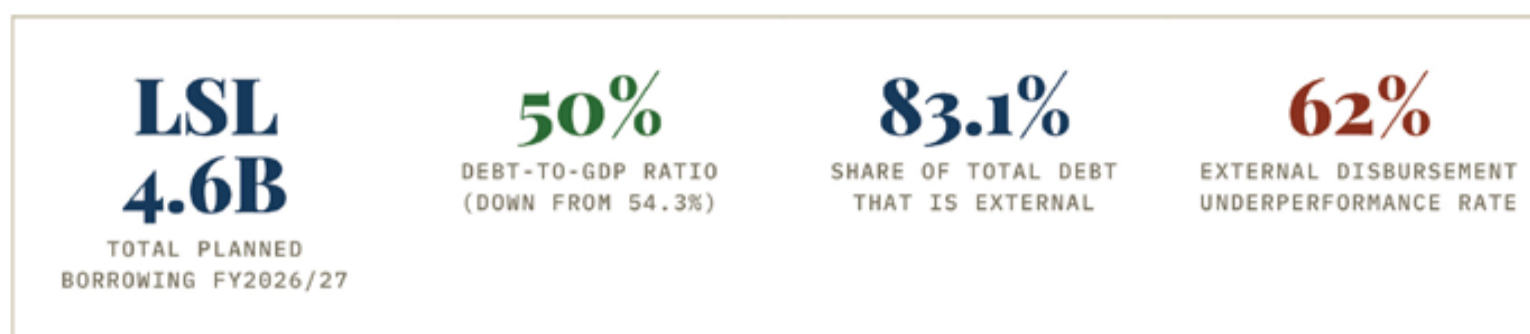
BANKING & FINANCE · GOVERNMENT DEBT ANALYSIS · FEBRUARY 2026

Lesotho's government has published its Annual Borrowing Plan for FY2026/27, a constitutionally mandated document that reveals both the scale of the state's fiscal ambitions and the structural constraints that continue to define its borrowing options.

For the first time under a constitutional requirement, the Ministry of Finance and Development Planning has laid out in public how it intends to borrow LSL4,638.8 million in the coming financial year. The document is not just a borrowing schedule. It is a window into the fiscal condition of the state, the risks it is managing, and the investments it is betting will define the next decade of national development.

The FY2026/27 Annual Borrowing Plan, published in February 2026, was prepared under the Tenth Amendment to the Constitution of Lesotho, which requires the Minister of Finance to present a borrowing plan alongside the annual budget for parliamentary approval. The plan is anchored in the 2026/27–2028/29 Medium Term Debt Strategy and provides the most granular public accounting of government borrowing in the country's recent history.

What it reveals is a government that has made meaningful progress on debt reduction, but which remains heavily dependent on external concessional financing and faces real structural risks in its domestic debt operations, project implementation capacity, and exposure to South Africa's economic performance.



Debt Has Declined — But the Structure Remains Fragile

The headline improvement is genuine. Total government debt as at end January 2026 stood at LSL22,717.5 million, equivalent to 50 percent of GDP, down from LSL23,385.4 million and 54.3 percent of GDP at the end of FY2024/25. This represents a reduction of LSL667.2 million, or approximately 3 percent of the debt stock, achieved through a combination of repayments, currency parity gains on external debt, and fiscal restraint.

The external debt portfolio, which accounts for 83.1 percent of total debt, declined from LSL19,790.8 million to LSL18,875.3 million. Domestic debt moved in the opposite direction, rising modestly from LSL3,594.6 million to LSL3,842.2 million, as the government issued bonds to manage cash flow requirements and domestic arrears.

DEBT COMPOSITION — THREE-YEAR COMPARISON (LSL MILLIONS)

INDICATOR	2023/24	2024/25	2025/26 ABP
External debt	19,588.9	19,790.8	18,875.3
Domestic debt	4,008.2	3,594.6	3,842.2
Total debt	23,597.1	23,385.4	22,717.5
Total debt as % of GDP	59.5%	53.0%	50.0%
External debt as % of total	83.0%	83.8%	84.6%

Concessional external debt share	86.4%	88.4%	88.4%
Source: Ministry of Finance and Development Planning, ABP FY2026/27			

A critical context for the debt reduction is that Lesotho has recently graduated from IDA low-income to low-middle-income status. While this reflects economic progress, it also means the country faces hardened borrowing terms from international financial markets – the concessional financing that has underpinned the debt portfolio's relatively low cost becomes harder to access as income thresholds rise.

ANALYTICAL NOTE • COST STRUCTURE OF THE DEBT PORTFOLIO

One of the most counterintuitive findings in the borrowing plan concerns relative borrowing costs. Despite domestic debt constituting less than 20 percent of the total portfolio, the government pays more in annual interest on domestic debt than on its far larger external debt stock. This reflects the high yield environment in the domestic bond market compared to the highly concessional rates (1.25 to 2 percent) available from multilateral creditors.

The implication is that every additional loti of domestic borrowing is materially more expensive than equivalent external concessional financing. The Medium Term Debt Strategy's target of maintaining domestic debt between 15 and 20 percent of the total portfolio is not just a debt management preference – it is a cost imperative.

The Borrowing Plan: LSL4,638.8 Million in Two Streams

The FY2026/27 borrowing plan is structured around two distinct financing

streams, each serving a different fiscal purpose.

Domestic borrowing of LSL1,500 million through bond auctions will finance the budget deficit of LSL1,386.1 million (3 percent of GDP) and include LSL992 million to clear outstanding domestic arrears. External borrowing of LSL3,138.8 million in disbursements from existing concessional loan commitments will finance infrastructure and social sector projects across government ministries.

MACROECONOMIC PROJECTIONS UNDERPINNING THE PLAN (% OF GDP)

INDICATOR	2024/25 ACTUAL	2025/26 PROJ.	2026/27 BUDGET	2027/28 FORECAST
Nominal GDP (LSL millions)	44,134.8	45,297.5	46,178.3	47,224.9
Revenue & grants (% GDP)	62.8%	59.9%	64.1%	67.8%
Expenditure (% GDP)	53.3%	56.7%	69.4%	64.7%
Primary balance (% GDP)	11.4%	5.6%	-3.4%	5.1%
Net lending / borrowing (% GDP)	9.4%	3.2%	-5.3%	3.1%

Source: Ministry of Finance and Development Planning, ABP FY2026/27

The macroeconomic projections show a sharp deterioration in the primary balance in 2026/27, swinging from a surplus of 5.6 percent of GDP in 2025/26 to a deficit of 3.4 percent. This swing is driven largely by a significant projected increase in expenditure to 69.4 percent of GDP, up from 56.7 percent, reflecting the capital investment ambitions built into the budget. The projections anticipate a return to surplus in 2027/28, suggesting the deficit is structured as a deliberate investment-driven fiscal expansion rather than a structural deterioration.

The Problem with External Disbursements

The most operationally significant concern in the plan is the persistent underperformance of external loan disbursements. Against a budget target of LSL3,317.6 million for FY2025/26, actual disbursements reached only LSL2,040.6 million – a shortfall of approximately 62 percent in disbursement of committed funds.

"This underperformance continues to reflect implementation challenges surrounding capital projects due to lack of capacity in the local project implementation units."

MINISTRY OF FINANCE AND DEVELOPMENT PLANNING · ABP FY2026/27

The ministry acknowledges this as an improvement on the previous year's 50 percent disbursement rate, but the improvement is marginal. Lesotho has secured significant concessional loan commitments from multilateral partners. The constraint is not access to finance – it is the institutional capacity to deploy it. Project implementation units across ministries lack the personnel, procurement expertise, and project management systems to draw down committed funds within the financial year.

The consequence is compounding: undisbursed funds carry commitment fees, committed capital sits idle while development needs go unmet, and the credibility of future borrowing requests to multilateral partners is quietly undermined by delivery failures.

INDICATOR	2023/24	2024/25	2025/26 ABP
Disbursed outstanding debt	19,588.9	19,790.8	18,875.3
Disbursements received	1,438.0	2,074.0	1,109.0
Principal repaid	1,090.8	1,051.1	900.4
Interest paid	260.2	263.6	182.1
Total debt service	1,351.0	1,314.7	1,082.6

Source: Ministry of Finance and Development Planning, ABP FY2026/27

Domestic Bond Auctions: Performance and the 2026/27 Calendar

On the domestic side, the picture is more encouraging. Treasury bond auctions in FY2025/26 were oversubscribed, raising LSL513.6 million against a target of LSL500 million. The domestic investor base, comprising commercial banks, insurance companies, and other financial institutions, has demonstrated consistent appetite for government paper.

The government's strategy is to issue exclusively long-term instruments, with a minimum tenor of seven years, to reduce refinancing risk. Treasury bills are no longer issued for fiscal purposes. Four auctions are planned for FY2026/27, targeting a total of LSL1,500 million.

PROPOSED DOMESTIC DEBT ISSUANCE CALENDAR FY2026/27		
17 JUNE 2026	16 SEP 2026	16 DEC 2026
7-Year Bond	15-Year Bond	7-Year Bond
LSL 500 million	LSL 150 million	LSL 300 million
New issuance · Matures June 2033	Re-opening · Matures Feb 2041	Re-opening · Matures June 2033



A notable innovation signalled in the plan is the government's intention to issue a diaspora bond, designed to broaden the domestic investor base by accessing remittance flows and savings held by Basotho living abroad. The feasibility of this instrument will depend on the regulatory framework and the government's ability to offer competitive terms to diaspora investors.

Concessional External Borrowing: Who Lesotho Borrows From and at What Cost

External loan contractions in 2026/27 will be restricted to concessional sources. The major creditors are the International Development Association (World Bank), the African Development Fund, IFAD, the OPEC Fund for International Development, and the Export-Import Bank of China. The terms are markedly favourable compared to commercial market rates.

BORROWING TERMS BY CREDITOR – FY2026/27 EXTERNAL LOANS

IDA (WORLD BANK)

Maturity: 25 years
Grace: 5 years
Rate: 1.25%
Service: 0.75%

ADF

Maturity: 25 years
Grace: 5 years
Rate: 1.25%
Service: 0.75%

EXIM CHINA

Maturity: 20 years
Grace: 5 years
Rate: 2.0%
Commitment: 0.5%

IFAD / OFID

Maturity: 20 years

Grace: 5 years

Rate: 2.0%

Commitment: 0.15%

Where the Money Goes: The Project Disbursement Budget

The LSL3,138.8 million in projected external disbursements for 2026/27 is allocated across 14 active projects spanning eight government ministries. The largest single allocation is to the natural resources sector, reflecting the scale of Lesotho's water infrastructure commitments.

PROJECT DISBURSEMENTS BUDGET BY MINISTRY – FY2026/27 (LSL MILLIONS)		
PROJECT	MINISTRY	LSL (M)
Lesotho Lowlands Water Supply Scheme	Natural Resources	615.6
Lesotho Lowlands Water Development Project Phase III	Natural Resources	750.8
Ramarothole 70MW Solar Generation Project	Energy	199.3
SREP: Lesotho Renewable Energy & Energy Access Project	Energy	331.7
Smallholder Agriculture Development Project 2	Agriculture	221.7
Wool and Mohair Value Chain Competitiveness (WomCoP)	Agriculture	140.3
Lesotho Integrated Transport, Trade & Logistics (LITTLP)	Public Works	205.3
Lesotho Competitiveness and Financial Inclusion	Trade &	140.2

Project	Industry	Value
Lesotho Public Sector Foundations for Service Delivery	Finance	116.5
Regeneration of Landscapes and Livelihoods (ROLL)	Environment	120.8
Lesotho Education Improvement Project	Education	126.2
Lesotho Nutrition and Health System Strengthening	Health	68.6
Pathways to Sustainable Livelihoods (PSLP)	Gender & Youth	62.3
ISPDEM – Debt & Expenditure Management Support	Finance	30.4
TOTAL DISBURSEMENTS BUDGET		3,138.8

The water sector alone accounts for LSL1,366.4 million, or 43.5 percent of the total disbursement budget. This reflects the continuing scale of Lesotho's water infrastructure commitments, particularly the Lowlands Water Development Project Phase III, which at LSL750.8 million is the single largest project in the plan. Energy is the second-largest sector at LSL531 million, spanning the Ramarothole solar project and the SREP renewable energy initiative.

New Commitments: LSL292 Million to Be Signed in 2026/27

Beyond disbursements on existing loans, the government plans to sign a significant pipeline of new project agreements during 2026/27. The new commitments total approximately USD292 million in new loan commitments, spanning energy, education, agriculture, digital infrastructure, transport, and social development.

NEW PROJECTS TO BE SIGNED FY2026/27 – BY CREDITOR

WORLD BANK – IDA

Accelerating sustainable & clean energy access transformation	USD 50m
Multisectoral Nutrition Project	USD 15m
New Education Project (TVET & Skills focus)	USD 25m
TVET Acceleration Project	USD 30m
Pathways to Sustainable Development	USD 10m

AFRICAN DEVELOPMENT FUND

Digital-ICT Infrastructure	BUA 11m
Additional financing – Urban Distribution & Transport Rehabilitation	BUA 6m
Additional financing – Lowlands Water Development Phase III	USD 10m
ADF17 Multi-Country Allocation (MCA)	USD 36m

IFAD & OPEC

Additional financing – Wool and Mohair (WAMCOP)	USD 11m
Additional financing – Integrated Transport and Logistics	USD 40m
IFAD Multi-Country Allocation (MCA)	USD 22m

EXPORT-IMPORT BANK OF CHINA

Safe City Project	USD 30m
Ramarothole Solar Power Generation Phase II (15MW storage addition)	USD 58m

Two education projects from the World Bank targeting TVET and skills development, totalling USD55 million, represent the most significant new commitment in the social sector. The Ramarothole Solar Phase II project, which will expand the Mafeteng solar farm from 30MW to 80MW and add

15MW of battery storage, is the largest single new commitment at USD58 million. A Safe City project financed by EXIM Bank China at USD30 million will be implemented through the Lesotho Mounted Police Service.

Three large projects with funders not yet identified – a 132kV transmission line from Ha Mofoka to Qacha's Nek (USD86 million), construction of the Tsoeneng landfill (USD70 million), and the Thaba-Tseka to Mokhotlong road upgrade (USD136 million) – represent a combined USD292 million pipeline that remains unfunded. Securing creditors for these projects will be a significant task for the ministry in the coming year.

Five Risks the Government Is Managing

IDENTIFIED RISKS TO THE BORROWING PLAN AND MITIGATION MEASURES	
AUCTION UNDER-PERFORMANCE	<p>RISK</p> <p>Undersubscription in bond auctions could worsen domestic arrears if funding shortfalls emerge. Mitigation includes a planned diaspora bond, transparent issuance calendars, and a stabilisation fund as a contingency buffer.</p>
REFINANCING RISK	<p>RISK</p> <p>Variability in yield rates on rolling domestic debt creates uncertainty. The government is exploring a 20-year bond to extend beyond the current 15-year benchmark and smooth the redemption profile.</p>
EXCHANGE RATE RISK	<p>RISK</p> <p>Depreciation of the loti against major currencies raises the local-currency cost of external debt service. The government is exploring hedging options for a portion of the external portfolio at current relatively favourable rates.</p>

SOE CONTINGENT LIABILITIES	RISK Underreporting of state-owned enterprise debt creates off-balance-sheet fiscal risk, particularly in the utilities sector. New legislation establishes borrowing and guarantee ceilings with mandatory financial audits.
MACRO DETERIORATION	RISK Lower-than-projected SACU revenues and spillovers from South Africa's economic performance could weaken the fiscal position. The government will conduct regular assessments and retain the option of liability management operations to protect debt sustainability.

The Larger Picture: What the Plan Reveals About Lesotho's Development Model

Read in full, the Annual Borrowing Plan is not merely a borrowing schedule. It is a document that reveals the shape of Lesotho's development model and its current constraints.

The model is heavily dependent on external concessional finance, which is both rational given the cost differential over domestic borrowing, and structurally risky given Lesotho's graduation to lower-middle-income status and the resulting tightening of concessional access over time. The domestic financial system, as the companion banking series in this publication has documented, is not yet capable of filling that gap.

The project disbursement underperformance — 62 percent of committed funds not drawn — points to a capacity problem that no amount of additional borrowing will resolve on its own. Infrastructure ministries, particularly those managing large water and energy projects, require

investment in procurement systems, project management capability, and staffing to translate loan commitments into physical assets and services.

TRIBUNE ASSESSMENT

The publication of the Annual Borrowing Plan under constitutional mandate is itself a meaningful step toward fiscal transparency. A document of this detail, released publicly alongside the budget, enables the scrutiny that accountability requires. Parliament, civil society, and the press now have a baseline against which the government's borrowing and disbursement performance can be tracked through the year.

The plan's ambitions are clear. The constraints are equally clear. Closing the gap between committed finance and deployed capital will determine whether the infrastructure investments outlined here translate into the growth, employment, and service delivery that the underlying macroeconomic projections assume.

Lesotho Tribune

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