Impacts of COVID-19 Lockdown on Agriculture and Food Security Sector in Lesotho: A Rapid Assessment

Study

Commissioned

by

Lesotho National Farmers Union (LENAFU)

Final Submission

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Executive Summary

Lesotho National Farmers Union (LENAFU) is an apex body in the country created solely to function as the eyes, ears and mouthpiece of the farmers' interests in Lesotho. Its membership was initially composed of 10 district farmers' unions (DFUs), which were set up to facilitate the creation of the national body. It was later joined by the National Wool and Mohair Growers Association, which has been the major and oldest commodity-based national farmer's organization in the country. Agriculture in Lesotho is one of four (4) top priorities in the second National Strategic Development Plan 2019-2023. Unfortunately, the noble initiatives that inspired joint collaboration of stakeholders in agriculture to support farmers for the effective and meaningful contribution on food production are now suppressed by COVID-19 pandemic. All efforts are now focused on mitigating the negative impacts of COVID-19 including national lockdown with restricted movement and gatherings in the country. This has impacted agricultural sector negatively given that not only extension support services as well as markets for agricultural commodities were affected but also some changes on normal agriculture protocols were observed implying that farmers have suffered severely from the unforeseen and unprecedented pandemic. Farmers and other actors in the agricultural supply chain, through different platforms such as social media, radios and newspapers presented how the lockdown has affected them.

Therefore, LENAFU perceived a need to conduct a study on the impact of COVID-19 pandemic on agriculture. The purpose of the study was to assess the impacts of the COVID-19-induced lockdown on agriculture value chain and establish lessons learned from the national lockdown. The study adapted PSE and ESA guidelines to collect the primary data, including key questions for four proposed tools used in this study as attached. The Statistical Package for Social Sciences (SPSS 21) was employed to reveal and validate the data from households survey into information that can be used for planning and development.

The production chains have been adversely affected. Specifically, green maize has lost marketing window because the harvest period coincided with the lockdown period. Bean production also decreased due to spoilage in the field as at first declaration of national lockdown, farmers were not allowed to access their fields. Winter cropping was also negatively affected as it converged with delayed summer crop harvesting. The production vegetables was good, however the produce spoiled due to closed markets and attack by weeds, pests and diseases.

COVID-19 lockdown was announced at the onset of shearing of wool and mohair hence, farmers could not start shearing animals because woolsheds were closed but had to wait until agriculture was announced as essential service. This delay led to a decrease in quality and quantity of the two commodities.

Procurement of chicks and veterinary services in the poultry industry are under normal circumstances dependent on import of drugs from South Africa where farmers would normally cross the border to purchase required inputs. Since the border crossing was not possible under the lockdown, access to such services was not possible hence productivity was negatively impacted by COVID-19 lockdown. The layer market was affected by school closures because the school feeding programme account for a significant share of egg sales from the farm gate.

Milk production was partially affected however, cattle were attacked by diseases since veterinary services and package feeding materials were inaccessible. These diseases together with poor feeding compromised the health of the cattle including quality and quantity of milk production which significantly decreased. The lockdown also affected access to artificial insemination services, hence their breeding cycles were disrupted.

The food value chains are dependent on the interconnection of processes of essential services within the agricultural sector where COVID-19 lock down holistically affects all stages in the process. The processing and marketing of agricultural commodities was affected negatively as the primary producers could not hand over the produce to the next stage in the food value chain. Marketing of agricultural commodities from primary producers was difficult because the markets were closed.

The main livelihood sources of the respondents are agriculture and agriculture-related activities which were negatively affected by the lockdown. Consequently, an automatic coping strategy is a food related behaviour change manifested by eating less-preferred food stuffs. Majority of the farmers reportedly still had enough food to eat with their families. In the advent of food crisis, one coping strategy is to cutting food quantities per meal and /or reduce the number of meals per day. A quarter of the households project that with time; all Basotho will be bound to reduce the number of meals.

Most extension service centres were not fully operational and innovative virtual platforms have not been developed to bridge the innovation gap between the extension workers and the

farmers. From the extension cadre point of view, the office in fractures does not allow use information communication technology (ICT) platforms.

The containment measures included developing and implementing variety of policies, laws and regulations that sought to curb the negative impact of COVID-19 on agriculture and food security, with a predominant focus on ensuring immediate needs (access to food, income stabilization, livelihoods protection), and ensuring the continuity of the critical food supply chain for the most vulnerable populations and areas that are fundamental to the food systems. However, these policies were not transparent as they favoured only progressive farmers and foreign traders who were able to buy in bulks from South Africa.

Restrictions on the movement of people, goods and services, as well as containment measures have negative affected agricultural sector in Lesotho. It recommended that should any crisis like COVID-19 arise, that can cause the national lockdown, agriculture should be given the first priority and supporting regulatory frameworks.

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Disclaimer

The report does not in any way reflect the views and opinions of IFAD and EU, but those of the consultant that was engaged by Lesotho National Farmers Union (LENAFU) to support the development of this report.

List of Acronyms

AU	African Union
CBL	Central Bank of Lesotho
COVID-19	Coronavirus disease 2019
DAO	District Agricultural Officer
FAO	Food and Agriculture Organisation
FGDs	Focus Group Discussions
FSC	Food Supply Chain
FSN	Food Security and Nutrition
GDP	Gross Domestic Product
GDP	Gross Domestic Product
GIEWS	Global Information and Early Warning System
HLPE	High-Level Panel of Experts on Food Security and Nutrition
ICT	Information and Communication Technology
IPC	Integrated Food Security Phase Classification
LENAFU	Lesotho National Farmers Union
LVAC	Lesotho Vulnerability Report Committee
MAFS	Ministry of Agriculture and Food Security
NGOs	Non-Governmental organizations
SCM	Supply Chain Management
SDGs	Sustainable Development Goals
SMS	Subject Matter Specialist
SPSS	Statistical Package for Social Sciences
TT	Test and Treat
WHO	World Health Organization

Contents

1.0 Introduction

1.1 International Context and COVID-19 Pandemic

The COVID-19 pandemic has brought the world partially to a standstill. Movement of people and goods is seriously hampered at domestic and cross-boundary levels. Currently, governments have imposed various degrees of lock-downs affecting billions of people worldwide. This has severe consequences for many sectors including the agricultural sector. Farmers and agricultural enterprises across the globe are likewise heavily affected by the current restrictions in their respective countries. The measures taken to avoid the spread of the COVID-19 pandemic affect local as well as global agricultural value chains and food systems by creating disruptions in the food systems and value chains through both, up- and downstream blockages. Consequently, farmers are not able access markets anymore, and in many cases also do not have access to storage or cooling facilities thus are forced to dump their produce. While globally, imposed export and import restrictions lead to limited exports of produce and potentially food shortages in import depending countries.

Subsistence farming families normally combining farming with off-farm income are among the ones most severely affected as also opportunities for earning off-farm daily wages are cut off. Thus measures to enhance the resilience of the agricultural sector against external shocks induced by the pandemic crisis are desperately needed. This could entail more circularity and autonomy in local based production systems; increased availability of and access to processing and storage facilities or; creating food banks and emergency stocks at decentralized levels.

Whereas the COVID-19 pandemic is a health crisis at the core and challenges medical supply chains, the sufficient provision of foodstuffs is a global priority. However, as with pharmaceuticals, a combination of complex value chains and variations in produce makes for challenging supply chain management. In the developing world, there are essentially two commodity types for foodstuffs: staple crops, such as wheat, maize and sorghum; and high-value crops such as fruit and vegetables. While staple crop production can be capital intensive, high-value commodity production is labour intensive. Therefore, agriculture-producing markets are faced with a two-fold dilemma. Supply chain challenges for staple crops centre

around logistics, whereas the challenge of maintaining high-value agricultural commodity value chains requires stakeholders to address potential labour shortages as well as the logistical challenges, given that these products have high levels of perishability.

The joint meeting of G20 agriculture ministers, the UN Food and Agriculture Organisation (FAO), the International Fund for Agricultural Development, the World Bank and the UN World Food Programme in April 2020 issued a joint statement on the impact of Covid-19 on food security and nutrition: **"Agriculture and its food-related logistic services should be considered as essential. Increased efforts are needed to ensure that food value chains function well and promote the production and availability of diversified, safe and nutritious food for all."** The matter is further complicated by the fact that the pandemic's emergence has coincided with autumn in the Southern Hemisphere, which is the main harvest time for two of the most prominent producers of staple crops – Brazil and Argentina. The latter is the world's largest producer of soymeal livestock feed and the third-largest soybean producer after the US and Brazil. This negatively affects the supply and demand balance in all grain-importing nations which are dependent on this quarter's supply before the US releases its autumn harvest onto global markets in the second half of this year. Despite its importance, maintaining undisrupted food-related logistic services e.g. transport logistics and costs have proved challenging in producer countries. Moreover, there have been disputes with labour unions due to demanded or forced quarantine periods for shipments entering the import countries. Such bottlenecks created a sharp reduction in the amount of grain leaving the plants for export, creating a supply shock to global grain markets. However, given that food demand is expected to remain strong, prices for staple crops have not experienced the same decline felt by some commodities – such as oil – as a result of the economic fallout of the pandemic.

In fact, some agriculture-focused emerging economies could stand to benefit from the spikes in demand experienced across some global food value chains. Africa – a net food importer – has seen a slight rise in agricultural trade as countries across the world have moved to maintain their food stockpiles. More broadly, as the value of currencies in many emerging markets – including those in Africa – falls, countries across the continent may move to introduce import substitution for some products, including chicken, that many African countries import. Covid-19, therefore, has the potential to realign and regionalise Africa's food value chains. However, this will likely depend on maintaining strong supply chains across the continent through international cooperation and strong logistics capabilities.

On April 16 the African Union (AU) and the FAO released a joint declaration that committed all member states to minimise "disruptions to the safe movement and transport of essential people, and to the transport and marketing of goods and services". It also committed them to keeping borders open on the continent for the food and agriculture trade. The success of such a strategy will also depend on countries bolstering logistics capacity and simultaneously agreeing to adopt more permissive border policies for essential agricultural goods. In line with the joint AU and FAO statement, some countries on the continent have adopted border policies that prioritise movement of goods over movement of people. Such is the arrangement between Lesotho and the Republic of South Africa. However, should the continent embrace more intra-regional trade, technology and innovation may be needed to avoid logistics bottlenecks.

While shocks may result in short-term changes to supply chains, some evidence points to the likelihood that the current pandemic may lead to more long-lasting structural shifts. According to some predictions, China could lose its central position in many global supply networks to Brazil, Mexico and certain emerging markets in South-east Asia. The reasons for this are two-fold: the initial shock from China-centric supply chains, caused by the wide scale industrial shutdown across the country in February and March; and secondly, the US-China trade war, which had already pushed some companies to look elsewhere. Globally, Covid-19 has accelerated the trend of companies looking to realign supply chains while also diversifying them to reduce future exposure risk by relocating operations in space.

1.2 National Context and COVID-19 Pandemic

The first cases of COVID-19 were reported in November 2019 in the province of Hubei, China and by January 2020 the city of Wuhan was put under a total lockdown. Quite soon afterwards, other areas of the world adopted very strict measures to contain the spreading of COVID-19. On 11th March 2020, the World Health Organization (WHO) declared the outbreak of COVID-19 a "pandemic" and within weeks COVID-19 has spread to 186 countries worldwide (HLPE, March 24th 2020)[1]. The pandemic had a delayed onset in the Kingdom of Lesotho due to the enclaved nature of the country within South Africa hence the initial containment measures imposed by South Africa especially on cross boarder movement is thought to have contributed

[1] Interim Issues Paper on the Impact of COVID-19 on Food Security and Nutrition (FSN) by the High-Level Panel of Experts on Food Security and nutrition (HLPE)

to the lag in the onset of COVID-19 into Lesotho. In fact the first wave of the pandemic into Lesotho were associated with cross-boarder infections although currently the nation is experiencing the second wave of local transmissions. The first case of COVID-19 infection was announced by the Ministry of Health on the 13th May 2020 and was attributed to travellers from South Africa and Saudi Arabia (MoH Press Release, 13th 2020).

The sample size for the July analysis are n = 4431, 5659, 5849, 6861, 7300, 7468. The trend during the month of July 2020 show an exponential infection rate which is aligned as announced by NACOSEC. The rate of reconfirmed death curve for the same period is increasing in a linear way. From the initial cases, the country recorded an exponential increase of the positive tests irrespective of the measures taken to prevent the spread of the virus e.g. enforcing legal frameworks and education protocols on the virus (Fig. 1).

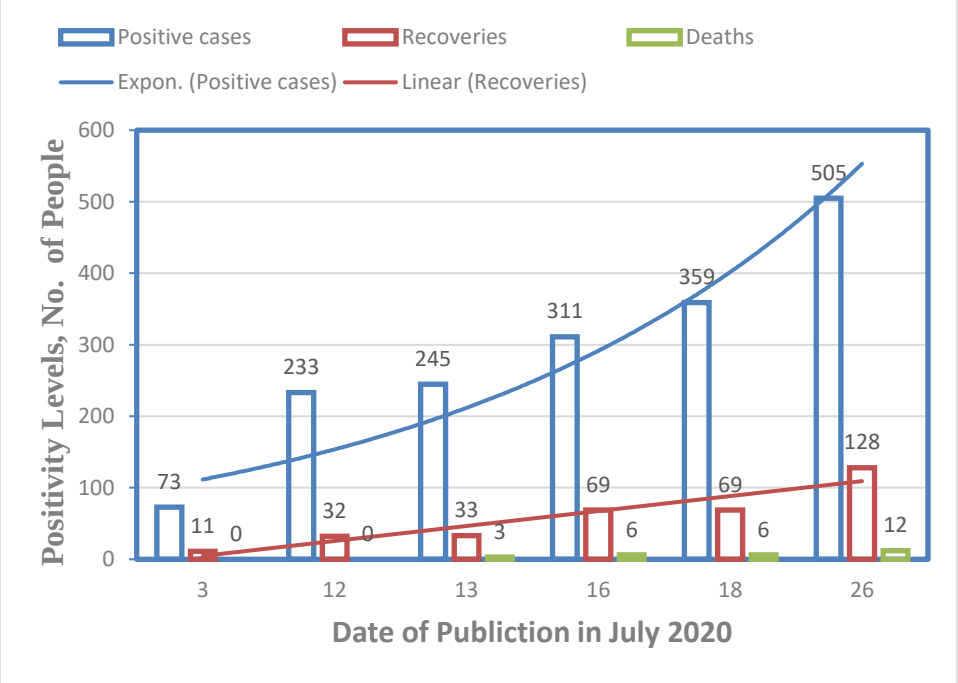

Fig. 1. COVID-19 Trends for Lesotho since the First Incidence.

Within the same period, however, Lesotho recorded 36 recoveries and six fatalities. Statistics show that the incidence of COVID-19 in Lesotho has gone from bad to worse. In his address to the nation on July 18th 2020 the Right Honourable Prime Minister announced that the rate of infection is spiralling out of control ($2 \leq Ro \leq 2.5$). This calls for Basotho and the government of Lesotho to enforce the preventative pre-cautions and harmonization of the environment and policies for more testing and treat, where Test and Treat (TT) can be taken as a major tool, while not neglecting the prevention measures which is one more cost effective

tool against the spread of the virus. This is critically important because "one life counts" because Lesotho depends on the human capital for its economic development. Further, Agricultural sector in Lesotho is labour intensive hence it is imperative to save lives.

1.3 Rapid Review of Overall Economic Impact of COVID-19 Pandemic

1.3.1 African Context: World Bank Analysis

The COVID-19 pandemic is testing the limits of societies and economies across the world, and African countries are likely to be hit particularly hard (Ghanem, 2020)[2]. Growth in Sub-Saharan Africa has been significantly impacted by the ongoing coronavirus outbreak and is forecast to fall sharply from 2.4 percent in 2019 to -2.1 to -5.1 percent in 2020 (Africa's Pulse, World Bank, 2020). This will mark the first recession in the region over the past 25 years. The World Bank has prioritized actions to help countries meet people's immediate health and survival needs while also safeguarding livelihoods and jobs in the longer term – including calling for a standstill on official bilateral debt service payments which would free up funds for strengthening health systems to deal with COVID-19 and save lives, social safety nets to save livelihoods and help workers who lose jobs, support to small and medium enterprises, and food security. The emerging challenge is for African policymakers to focus on saving lives and protecting livelihoods by focusing on strengthening health systems and taking quick actions to minimize disruptions in food supply chains, implement social protection programs, including cash transfers, food distribution and fee waivers, to support citizens, especially those working in the informal sector.

According to the World Bank, COVID-19 will cost the region between $37 billion and $79 billion in output losses for 2020 due to a combination of effects. These include trade and value chain disruption, which impacts commodity exporters and countries with strong value chain participation; reduced foreign financing flows from remittances, tourism, foreign direct investment, foreign aid, combined with capital flight; and through direct impacts on health systems, and disruptions caused by containment measures and the public response. While most countries in the region have been affected to different degrees by the pandemic, real Gross Domestic Product (GDP) growth is projected to fall sharply particularly in the region's three largest economies – Nigeria, Angola, and South Africa— as a result of persistently weak growth and investment. The region's tourism sector is expected to contract sharply due to

[2] World Bank Vice President. Press Release No.: 2020/099/AFR. 9th April 2020.

severe disruption to travel. The COVID-19 crisis also has the potential to spark a food security crisis in Africa, with agricultural production potentially contracting between 2.6 percent in an optimistic scenario and up to seven (7) percent if there are trade blockages. Food imports would decline substantially (as much as 25% or as little as 13%) due to a combination of higher transaction costs and reduced domestic demand (World Bank, 2020)[3].

Several African countries have reacted quickly and decisively to curb the potential influx and spread of the coronavirus, very much in line with international guidelines. However, the report points out several factors that pose challenges to the containment and mitigation measures, in particular the large and densely populated urban informal settlements, poor access to safe water and sanitation facilities, and fragile health systems. Ultimately, the magnitude of the impact will depend on the public's reaction within respective countries, the spread of the disease, and the policy response. And these factors together could lead to reduced labor market participation, capital underutilization, lower human capital accumulation, and long-term productivity effects. "In addition to containment measures in responding to COVID-19, countries are opting for a combination of emergency fiscal and monetary policy actions with many central banks in the region taking important actions like cutting interest rates and providing extraordinary liquidity assistance, (Zeufack, 2020)[4]. However, it is important to ensure that fiscal policy builds in space for social protection interventions, especially targeting workers in the informal sector, and sows the seed for future resilience of our economies (Zeufack, 2020). Due to the COVID-19 pandemic, economic circumstances within countries and regions are fluid. The World Bank Group is taking broad, fast action to help developing countries strengthen their pandemic response, increase disease surveillance, improve public health interventions, and help the private sector continue to operate and sustain jobs. It is deploying up to $160 billion in financial support over the next 15 months to help countries protect the poor and vulnerable, support businesses, and bolster economic recovery.

1.3.2 National Context[5]

In recent years, Lesotho's economic performance has been negatively affected by sluggish global economic growth amid a major downturn in both emerging markets and advanced economies. Furthermore, sustained political instability in the country, coupled with slow

[3] World Bank Press Release No.: 2020/099/AFR. April 9th 2020. COVID-19 (Coronavirus) Drives Saharan Africa Towards First Recession in 25 Years.

[4] Chief Economist for Africa at the World Bank.

[5] Based on the World Bank Analysis. 10th May 2020

economic growth in the South African economy, also contributed to slow economic performance. Real GDP growth rate is estimated to have averaged 1.6 percent (2015–2019) with a projected average decline of 0.6 percent (2019–2021), largely attributed to the expected negative impact of COVID-19 (coronavirus). However, In the medium-term, economic growth is expected to be boosted by construction-related projects including construction works associated with the second phase of the Lesotho Highlands Water Project (LHWP II), the Lesotho Lowlands Water Development Projects (LLWDP -I and-II), and government roads. The water and electricity subsectors are expected to be boosted by green energy projects, while the tertiary sector is envisaged to be supported inter alia by government initiatives to reinforce financial inclusion.

Unemployment remains high at 23.6 percent in 2018 coupled with high inequality and poverty. The national poverty rate declined from 56.6 percent (2002) to 49.7 percent (2017). Urban areas registered strong poverty reduction of 13 percentage points, while rural areas poverty rates levels decreased marginally by 0.6 percentage points, leading to wider urban-rural inequality. Over the same period, extreme poverty declined from 34.1 to 24.1 percent while the poverty gap declined from 29.0 to 21.9 percent leading to a lower Gini coefficient, hence the narrowing in the income inequality in the country. As such, Lesotho is more equal than its neighbors, with a Gini coefficient of 44.6. However, it remains one of the 20 percent most unequal countries in the world.

COVID–19 poses some challenges to global health systems as well as social and economic prospects at large. This has spill over effects onto Lesotho by way of slower economic activities and risks to vulnerable people. Lesotho's economy is significantly open to global trade. COVID-19 is expected to impact supply chains, thus hampering trade, as most textiles and apparel firms in Lesotho source raw materials from China, which is the epicenter of the COVID-19. Furthermore, commodity exports to major economies such as Euro Area and the United States are most likely to be negatively affected. The tourism sector is also expected to be negatively affected by the advent of COVID-19.

High HIV/AIDS prevalence and tuberculosis remain Lesotho's greatest health challenge. The HIV prevalence rate in Lesotho is 25 percent in the adult population (15-49 years), the second highest in the world. The incidence of TB stands at 611 cases per 100,000, according to the World Health Organization's Global TB report 2019. While high health costs exert more pressure to the fiscal burden, high HIV/AIDS and TB rates continue to contribute to persistently

high inequality and poverty. These statistics will compound the impact of COVID-19 in Lesotho.

The COVID-19 pandemic has taken place within the 2019/20 growing season. In Lesotho this growing season started in October 2019 with primary land preparation operations and planting taking place between October and November in a normal season in the lowlands. However, the growing season sets in early in the foothills and where farming operations (ploughing and planting) take place as early as August into September. The COVID-19 lockdown in Lesotho was initially imposed at the end of March 2020. The potential impact on agriculture and agricultural services largely depends on the commodity sector in question although the subsistence farmers in Lesotho are generalists rather than specialists in terms of their commodity production cycles.

This year the likelihood of poor harvest is predicted to be high because many farmers did not plant their fields (LVAC 2020)[6]. At the time of the assessment, the maize crop (staple) ranged from tasseling and grain-filling stages and temperatures were beginning to reduce creating the increased likelihood of frost and therefore crops not reaching full maturity. This was compounded by drought conditions in the early season where the country experienced drought in October-November 2019. The October precipitation was recorded at 80 percent below normal rains although the vegetation cover indices were normal to 10 percent below normal[7]. Although there was late onset of rains, overall the country received normal to above rains from December 2019 to March 2020. In October/November, usually the peak of the planting season in the lowlands, the country experienced dry spells, and this led to non-planting by most farmers who rely on long-season seed varieties because they are more affordable than short-season varieties. The rains were received in December when the planting season was almost closing for main crops. The assessment findings (LVAC 2020) indicate that 61 percent of the farming households (59 % male and 41% female headed) planted crops in the 2019/20 growing season. Maize as a staple food was the most planted crop (94 %) followed by beans (35%) and sorghum (13%). The planting participation in other crops was wheat (5%), peas (2%) and potatoes (4%).

[6] LVAC Report 2020. 2020 Rapid Assessment Report. March 2020.
[7] FAO Global Early Warning System. http://ww.fao.org/giews/earthobservatio/index.jsp.

2.0 The Scope of the Study

Agriculture in Lesotho is one of four (4) top priorities in the second National Strategic Development Plan 2019-2023. This has inspired joint collaboration of stakeholders in Agriculture to support farmers for the effective and meaningful contribution on food production. Unfortunately, the noble initiatives are now suppressed and /or threatened by COVID-19 pandemic. The government of Lesotho, the Development Partners and the Non-Governmental organizations (NGOs) are now focusing on novel Corona disease pandemic and seeking strategies prevent the disease and manage its impacts on the national health and economic sectors with specificity to food and nutrition security. In an effort to mitigate the disease outbreak in the country, the government of Lesotho had declared the national lockdown with restricted movement and gatherings in the country. This has impacted negatively in the agricultural sector as the extension support services were affected as well as markets for agricultural commodities. Every one, except the essential services were encouraged to stay home. While the country is putting much effort to control the spread of the Corona virus pandemic, this has on the other hand brought about the indirect negative effects on agricultural sector as whole. The national lockdown has brought some changes on normal agriculture protocols and farmers have suffered severely from the unforeseen and unprecedented pandemic. Farmers and other actors in the agricultural supply chain, through different platforms such as social media, radios and newspapers presented how the lockdown has affected them. From the strategic point of view, these opinions may be very beneficial for future arrangements of similar measures (national lockdown) if they can be organized.

Lesotho National Farmers Union (LENAFU) has, therefore, identified a need to organize the analysis study on the impact of COVID-19 pandemic on agriculture. These are actually the consequences of lockdown on normal agricultural protocols in Lesotho. The general objective (s) of the study were to: i) conduct a rapid assessment of the impacts of the COVID-19 induced lockdown on agriculture; and to ii) Analyse the data to establish lessons learned from the national lockdown. The study further sought to address the following specific objectives:

a) Assess the impact of the farmers' access or lack of therein to extension support services during the lockdown period;
b) Evaluate the lockdown impacts on the operational movement of farmers to and from to access their farms especially cross-district boarder movements;

c) Evaluate the impact of the lockdown on farmers' access to agricultural production inputs;
d) Evaluate the impact of the lockdown on farmers' access to the markets (where farmers normally sell their produce);
e) Establish the views of other actors on how the lockdown has affected service delivery by the relevant government institutions, NGOs and the development partners;
f) Establish the views of traders of agricultural commodities (fruits and vegetables and agro-dealers, butcheries, street markets and others on the impacts of the COVID-19 lockdown.

3.0 The Conceptual Framework

3.1 Introduction

Currently, COVID-19 is spreading in Africa with considerable consequences to health and livelihoods. Governments are enforcing preventative measures such as 21-day national lockdown. Lesotho has to date (July 27th 2020) reported 505 positive cases with 12 confirmed fatalities. The enclaved geographical status of Lesotho, is imposing pressure on Lesotho to take precautionary measures in protecting its nation - Basotho, economy and its environment. Given the precarious livelihoods of many Basotho, agriculture, food security, and safety net policy and program responses are critically required, actions and reforms are needed. Lesotho has been proactive in preventing and limiting the spread of COVID-19, the state of emergency was declared in March 2020.

Given the alarming statistics of infection in the neighbouring South Africa, the government of Lesotho has to plan both for imported infections especially through the unofficial border crossing as well as the potential internal spread of infections and impact on social, economic and political spheres. In Lesotho, about 63 percent of the population depends directly on agriculture based livelihoods with no additional opportunities for employment. The Kingdom of Lesotho imposed stringent measures including a complete shutdown of economic activities except essential services in the form of restrictions of local and cross border movement. The latter affects the economy of Lesotho since the country depends on imports from South Africa and export of some production to other countries from its industries that bear significant revenue additions to Gross Domestic Product. Thus, impacts on the Lesotho economy and agricultural activities affect not trigger massive job losses and rising of food insecurity as the supply chain is affected.

The affected agricultural supply chain simply means that economic shock will be severe for Basotho as the economy was already slowing down, compounding existing problems of unemployment, low incomes, rural distress, malnutrition, and widespread inequality. Furthermore, the large informal sector is particularly vulnerable because almost three quarters of the workforce is lacking regular salaries or incomes. These means agriculture, migrant labour, and other informal workers would be hardest-hit during the COVID-19 lockdown period. Hence, it is imperative to focus on agriculture, supply chains, food and nutrition security and livelihoods as it affects significant number of the population.

3.2 Agriculture Supply and Value Chain Analysis

Supply chain analysis entails the flow and movement of goods from the producers (primary stage) to the consumers as end users (final stage). It includes, new product development, marketing, operations, distribution, finance and customer service. It engages agribusiness, supply chain management (SCM) which implies managing the relationships between the businesses responsible for the efficient production and supply of products from the farm level to the consumers to meet consumers' requirements reliably in terms of quantity, quality and price. The fundamental goal of SCM is to achieve efficient fulfilment of demand, drive outstanding customer value, enhance organizational responsiveness, build network resiliency, and facilitate financial success.

To significantly converse the point of quantity, quality and price have to result a in value chain. This normally refers to the whole range of goods and services necessary for an agricultural product to move from the producer to the consumer. Supply chain collaboration contributes to improving overall performance through increasing sales, refining forecasts, reducing inventory costs, and improving customer service. In order to be efficient and cost effective, total costs have to be minimized across the entire supply chain. Collaboration efforts run into many practical challenges exacerbated by the COVID-19 pandemic in Lesotho.

COVID-19 is disrupting some activities in agriculture and supply chains. There are disruptions in supply chains because of transportation problems due to prevention of movement particularly on Level one of Lock down. Even though the agricultural sector was declared an essential service, movement was shut down and limited during the lockdown, this led to shortage of labour and falling of prices and demand slowed down. It is further critical for the government to keep supply chains functioning as this is crucial for food security, if not well

managed a significant number of people will suffer food and nutrition insecurity. Producers, as farmers, should be protected against market fluctuations due to dollar volatility that affects prices and demand for agricultural products and capital for agriculture and thus, leads to economic recess. Farmers and agricultural workers should be included in the government financial assistance and social protection programs. Farmers have to move from customer contact selling to being digital and practice e-commerce. Also, more focus has to be made in promoting trade by avoiding export bans and import restrictions.

The lockdown due to COVID-19 has obstructed almost all economic activity leading to the widespread loss of jobs and incomes for informal sector workers and the poor who are mostly farmers in Lesotho. As previously indicated, about 63 percent of the working population in the country lives on farming which contributes to about 10 percent on GDP. It is, therefore, imperative to indicate that, measures exercised by the government of Lesotho in preventing and controlling the spread of COVID-19 will have a ripple effect of long lasting negative impact on informal workers and the poor, who lead precarious lives facing hunger and malnutrition hence the need to employ social safety nets extensively to stabilize Basotho lives with food and cash. To this effect, the government has announced some relief strategies including those on agriculture though this may not be enough to respond to the enormous scale of agricultural affects.

In addition to its drastic impact to human health globally, the COVID-19 pandemic is having a devastating impact on economies globally and notably at national levels. Lesotho, like other African countries, has taken various measures to contain the spread of such as lockdowns, curfews, closure of borders and other movement restrictions including quarantines and roadblocks and closing of markets. Early indications suggest that the impact on agriculture and food security, livelihoods and on poverty and malnutrition can also be significant if urgent actions are not taken. The impact can take place through two distinct but related channels. First are the direct and secondary effects of the sickness and mortality, which lead to an increase in health care costs and loss of the workforce, which impacts economic activity because some infected people become sick. Second are the impacts associated with people's perception or fear of the virus and disease, and measures taken by governments to control the spread of the infection. The impacts of self-isolation and social distancing measures on economic wellbeing are yet to be realized. They could have tremendous effects, notably among the poorest and most vulnerable, with many households potentially falling deeper into poverty

or becoming further nutrition and food insecure. Historical infectious disease outbreaks show that the impacts associated with the control measures contribute to almost 80 to 90 percent of the total economic impacts of the epidemic.

The COVID-19-induced pandemic can affect the entire food system, on both the supply and demand side but felt at different points in time. The pandemic may affect all elements and stakeholders of the food system, from primary supply and production, to processing, to trade as well as national and international logistics systems, to intermediate and final demand. The impacts of the COVID-19 along agri-food chains translates into the loss of livelihoods, loss of income, and loss of household capacity to purchase food. Reduction in the availability of food or access to markets translates into impacts on food and nutrition security. It also affects factor markets, namely labour and capital, and intermediate inputs of production. This means risks of job loss and incomes, typically affecting the poorest the hardest. The channels of transmission into food and agricultural demand include numerous macroeconomic factors, notable fluctuations in exchange rates, energy and credit markets, global financial assistance, and, most importantly, the expected surge in unemployment and the contractions in overall economic activity. Africa's food system is more vulnerable than any other region to the COVID-19 pandemic due to the impact of several ongoing food crises which have weakened national coping capacities due to their reliance on commodity export and food import, the weakness of social protection and safety net programs across the continent.

This study seeks to make a rapid assessment of COVID-19 impacts and responses on food systems, agriculture and food security in Lesotho. Our conceptual approach in this study adapts a number of existing global frameworks to our regional and national specificities. In particular our methodology draws on the following guidelines developed at FAO HQ level (FAO 2020)[8]: i) COVID-19 and Food Crises Contexts: Monitoring, Anticipation and Assessment Guidelines developed by SP5 and PSE; ii) The DPI/World Bank guidelines on COVID-19 impact on food systems and priority response actions; and iii) The FAO/WFP Joint Guidelines Crop and Food Security Assessment Missions. In addition we have drawn on guidelines developed for other regions such as the RAP methodology guide for COVID-19 country assessments of impacts and response options on food systems, food security and nutrition, and livelihoods.

[8] FAO 2020. RAF Methodology Guide for COVID-19 Country Assessments of Impacts on Agriculture, Food Security and Nutrition.

Thus the outcome of this assessment should inform government and sectoral stakeholders on appropriate responses to the crisis and putting in place policies and actions to minimize the disruptions on food supply chains, trade, and on demand for food, income, and livelihoods, especially of the poor and vulnerable segments of the population. The primary purpose of the assessment is to provide a rapid assessment of the extent and severity of COVID-19 induced disruptions and food insecurity, existing or expected, in the country so that timely and appropriate actions can be taken by the government and the international community to minimize the impact of the crisis on affected populations. It is designed to be a rapid appraisal using and possibly relying on existing analysis to produce actionable proposals to mitigate the impact of the COVID-19 crisis on agriculture and food security in the country.

We used a combination of phone or live interviews to engage a wide range of key informants including government officials, agribusiness associations as well as market operators, farmers, input dealers, civil society organizations including youth associations, and the private sector. At the macro-level, the team analyzed the impact of COVID on the overall economic situation, agricultural production and distribution, market conditions, and the aggregate supply and demand situation for staple foods including staple food import requirement. At the micro level, the assessment provides evidence on the impact of the crisis on the local economy and more specifically on household impacts, including access to food and changes in diet, changes in employment, incomes, and the assistance that is required by different groups (including smallholder farmers, pastoralists, rural workers in informal and formal markets, children and youth especially young girls and women). The two levels of analyses were combined to make recommendations on the assistance needed to mitigate the impact on population groups.

Key informants at the country level included:

- Key government agencies and departments, including the Ministry of Agriculture and Food Security (Crop and Livestock Departments); Ministry of Health, Ministry of Trade; These also include local and districts governments and departments of various lines ministries, including technical staff such as local crop and livestock extension agents.
- Businesses including agro-food industries, including agricultural inputs and agro-food services, food commodity and trade associations, producer organizations, small and medium enterprises, and youth agri-preneurs.

- NGOs, CSOs, national farmer, livestock organizations, women council representatives or women processors organizations.
- Urban and rural households, including farmers and herders.
- Representatives development partners.
- Wholesale and other market operators.

We have adapted PSE and ESA guidelines to collect the primary data, including key questions for four proposed tools to be used in this study: i) A Household questionnaire (for rural and agricultural households); ii) A Key Informant questionnaire (for crop and livestock extension agents); iii) An agro-inputs vendor questionnaire; and iv) A Food trader questionnaire. The questionnaires have been aligned to a framework of risk factors, key questions and indicators (Appendix 1).

4.0 Methodology and Approach

While the study was initially designed to cover only three districts, due to resource limitations, in the final analysis, the team leveraged telephonic networks to extend across all 10 districts of Lesotho. A detailed national (LVAC, 2020), regional and global literature on the COVID-19 pandemic was conducted in accordance with the conceptual framework of the study. Key informant interviews using interview instruments, meetings and telephonic interviews with farmers and other relevant stakeholders such as government ministries, Non-Government Organizations, Development Partners, Agro dealers and the agricultural markets (sellers of agriculture produce). The interviews and discussions were guided by questionnaires (Appendix 2) and focus group discussions (FGDs) (Appendix 3). Stakeholder specific questionnaires were developed compliant with the international guidelines for COVID-19 assessment studies on agriculture (FAO 2020). For household survey components statistical analysis, we employed the Statistical Package for Social Sciences (SPSS 21) to reveal and validate the data into information that can be used for planning and development.

5.0 Results and Discussions

5.1 Impact of COVID-19 Lockdowns on Production Chains

5.1.1 Crop Production Analysis

The study sought to assess potential disruptions in the factors of production, which could result in a decline in agricultural output and potential food deficits in the country. The assessment

further aimed to identify the effects of COVID-19 and related containment measures on agricultural production and food supply chains which could limit access to and availability of food, possibly resulting in the adoption of negative coping strategies and deterioration of food security conditions among the most vulnerable people. Focus group discussion (FGDs) indicated that cereal production, specifically of summer crops (green maize and beans) has been badly affected by the novel COVID-19 lockdown causing an estimated 10 percent decrease in pulses (beans) and 24 percent decrease in the staple crop of maize (Fig. 2).

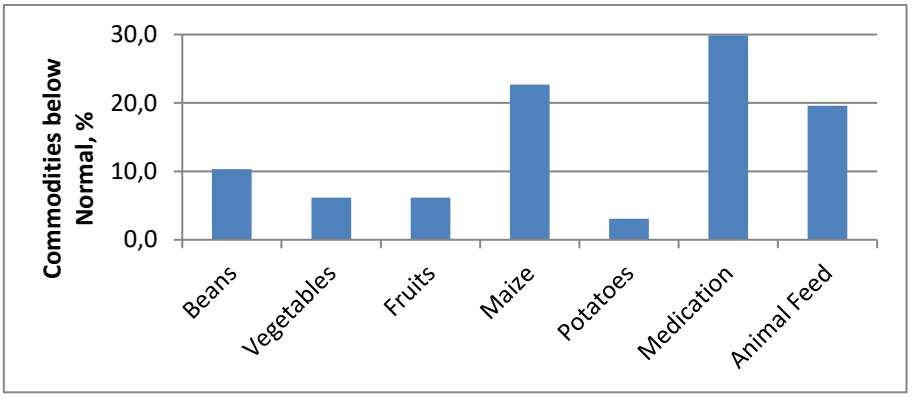

Fig. 2. Perception of respondents on the decrease of produce and production inputs in the market during the lockdown period.

Farmers in particular lost the green maize marketing window because the harvest period coincided with the lockdown period. Bean harvests, on the other hand, were also reportedly affected by the initial lockdown when farmers were barred from accessing their farms before the restrictions were lifted on agricultural operations. The initial phase of the lockdown did not recognize agricultural operations as an essential service and farmers could not go to the farms. Consequently, the quality and yield of the bean crop in particular was negatively affected by spoilage in the field. This was compounded by incidence of heavy rains in the advent of lockdown in the country, negatively affecting the quality of beans in particular. As such, beans ripped and spilled on the fields and by the time agriculture was announced as an essential service, damage had already been done which led to drastic decrease in quantity and quality. Moreover, summer crops were attacked by early frost and increased theft was encountered. The latter was revealed to have been caused by delayed harvest and shortage of commodities in the market manifesting in household food shortages and starvation. This was tantamount to lack of labour force to assist with harvesting due to restrictions on movements and fear of labourers to expose themselves to critical situations of COVID-19 which translated into more working days.

Respondents also indicated that they could not prepare for winter cropping (peas and wheat) on time for lack of availability of seeds since both local and international agro-dealers were closed. Thus, delay in harvest of summer crops converged with planting activities of winter crops particularly in the districts located in mountains.

The findings pertaining to vegetable production indicated that production was good. This was as a result of farm operations such as weeding and irrigating being conducted accordingly for some farmers since vegetable production was done in the home yard. However, for majority of farmers, the produce spoiled due to closed markets. The findings further revealed that labour force to assist with farming operations was limited hence weeds, pests and diseases affected the production. It was also revealed that seeds, pesticides, herbicides and fertilizers were inaccessible since agro-dealers were closed because of the lockdown. Commercial and semi-commercial farmers reported loss of produce in crops like green pepper and tomatoes and that was associated with the closure of their usual informal marketing channels. This revealed a critical gap in the processing stage of the value chain because some of the crops could have been saved by proper storage and /or processing for value addition on the raw materials e.g. to produce sources and pastes.

5.1.2 Crop Production: Commentary Analysis[9]

In general the harvesting of maize and other crops is driving food security improvements across much of Lesotho. Well distributed rainfall over the last half of the season improved production prospects, though overall yields are still expected to be below-average. Harvest labor opportunities for poor households are likely to be slightly below average; middle and better off households will have increased incomes in the coming months through crop sales. Dry season vegetable production is expected to increase in June, but slow down over the winter months. According to the FAO, from June to August, it is expected that poor households will experience stressed (IPC Phase 2) outcomes as local grain supplies improve and household dependency on market purchases of maize meal declines. While poor households likely have access to sufficient food to meet their basic needs, they will not be able to adequately cover essential non-food needs. Marginal food gaps are expected to remain for some very poor households.

A week after relaxing COVID-19 control measures on May 6, Lesotho recorded its first confirmed COVID-19 case on May 13. As of July 26th 2020, Lesotho has to date confirmed

[9] FAO. Global Information and Early Warning System (GIEWS) Country Brief: Lesotho 10th May 2020 and 10th July 2020

505 COVID-19 positive cases out of 7468 cases tested (July 26th Update – MoH). This makes an infection rate of approximately 6.8 percent and recovery rate of 25 percent and spate of fatality growing gradually at the rate of two percent. The government has declared that the current stage of infections have reached very critical stage ($(2 \leq Ro \leq 2.5)$ and some of the containment measures of the lockdown will be reinstated. In the meantime, South African borders with Lesotho remain closed except for the movement of goods and cargo but food imports from South Africa have not been impacted and most markets remain stocked with staple foods. However, the flow of remittances from South Africa has slowed due to its lockdown limiting income earning opportunities. The remittances, contribute roughly 20-40 percent of poor household incomes, are expected to remain below-average for the medium to long term[10]. The food insecure population in the urban district centers is expected to be higher than average year due to the impact of COVID-19 related restrictions that limited access to income.

As the harvesting of the 2020 main season cereal crops comes to a close, production is anticipated to recover from the drought-reduced output in 2019, but remains below the five-year average level. The production upturn mostly reflects an increase in yields compared to the reduced levels of 2019. Despite early rainfall deficits, increased precipitation since December 2019 until May 2020 replenished soil moisture reserves and helped lift yields to near-average levels. However, the late onset of conducive seasonal rains and the constrained access to agricultural inputs limited some farmers' capacity to expand the sown area and, consequently, the area planted to cereals is estimated to be just under the five-year average level.

FGD analysis above indicates that planting operations, which normally take place in May, were delayed due to the COVID-19 pandemic-induced movement restrictions and stricter sanitary measures that impeded normal access to imported seeds and fertilizers. According to the FAO, aggregate 2020 cereal production, including an estimated average output of winter crops to be harvested at the end of the year, is forecast at near-average level of 98 000 tonnes. Maize production is forecast at 70 000 tonnes, nearly double the 2019 output, but still slightly below the five-year average, while production of sorghum is anticipated at an above-average level of 20 000 tonnes.

[10] Short term (or near term) (1-2 months); medium term (3-6 months); long term (>6 months).

5.1.3 Livestock Production

a) Wool and Mohair Hair Production Value Chains

COVID-19 lockdown was announced at the onset of shearing of wool and mohair hence, farmers could not start shearing animals because woolsheds were closed but had to wait until agriculture was announced as essential service. This delay led to a decrease in quality and quantity of the two commodities. Since, shearing commenced during winter months in the highlands, there was high mortality rate especially of pregnant ewes. The findings further revealed that there was high prevalence of sheep scab which negatively affected the quality and quantity of wool. This is because the dipping process was hindered by the lockdown. High prevalence of diarrhoea in lambs was evident and this could be attributed to lack of access to veterinary services.

b) Poultry Production Value Chains

The COVID-19 impacts were variable in the poultry industry depending on the type of enterprise and stage in the production cycle. In some instances of poultry rearing, however, the chickens in the production process suffered a high mortality rate attributed to the prevalence of water belly, which was exacerbated by the lack of access to veterinary services. Veterinary services in the poultry industry are under normal circumstances dependent on import of drugs from South Africa where farmers would normally cross the border to purchase required inputs. Since the border crossing was not possible under the lockdown, access to such services was not possible hence productivity was negatively impacted by COVID-19 lockdown.

However, in some instances, farmers could not procure chicks because of the disruptions in the supply chains. This study established the effects of a vicious cycle caused by lack of markets for those who had market ready pullets leading to poor sales due and losses hence even when chicks were available, farmers could not afford the restocking costs. In some instances farmers reported prolonged feeding costs because they could not sell off the stocks due to the COVID-19 induced disruption of the usual marketing channels in particular the closure of the informal street market of roasting broiler meat and/or selling of boiled eggs. These had a knock on effect to the income loss of the people who run such informal street businesses.

The layer market was in particular affected by school closures because the school feeding program accounted for a significant share of the eggs sales from the farm gate. Farmers also complained that the supermarkets are only willing to buy local produce at a very low prices. Other market outlets affected by lockdown was that informal bakers could not buy eggs because they were also not operating under the lockdown situation. Overall the total lockdown where there was no passenger movement negatively affected the informal marketing channels.

c) Dairy Production Value Chains

The dairy industry is amongst the most organized across the country especially in the lowlands because of their coordinated collection of milk into local cum district depots for onward transmission to the central depot in Maseru. This production to market conduit was not affected by the lockdown because permits for transport of milk were arranged and secured for the farmers from the centre. However, dairy farmers indicated that the cattle were heavily attacked by diseases since veterinary services were inaccessible. These diseases together with poor feeding compromised the health of the cattle including quality and quantity milk production significantly decreased. The lockdown also affected access to artificial insemination services. Consequently, the farmers could not regulate the mating process hence their breeding cycles were disrupted. In places like Mohale's Hoek, the lockdown also disrupted breeding programs for upgrading dairy indigenous with exotic breeds as they could not choose specific bull qualities hence farmers had to use what was within their means. The greatest impact of the lockdowns on livestock production was reportedly lack of animal feeds and access to veterinary services (Fig. 3). The latter was also affected by disruption of cross-border travelling into South Africa for purposes of procuring veterinary drugs.

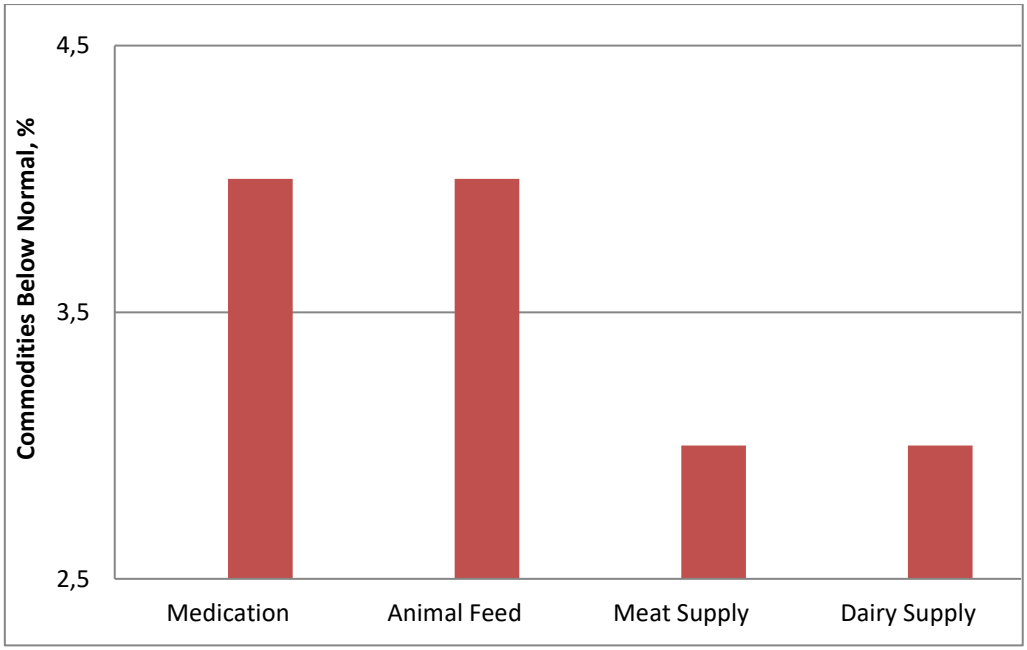

Fig. 3. Estimate of input shortages along the livestock value chains

Furthermore, restricted operating hours and lack of transport implied that it was difficult to access animal feeds from local towns even where feed stocks were available. However, it has been widely reported that even where feeds were available in the local market, the prices increased beyond normal levels. As a result, the feeding programs could not be sustained hence stunted growth of the animals especially pigs and broilers leading in turn to low quality of carcass. For the dairy industry, however, the central office supplied dairy meal concentrates adequately during the lockdown but greatest shortage still remained in the maintenance feeding rations. Experienced also was high mortality rate in lambs, because of lack of supplementary feeding. With regard to poultry, production ceased due to closure of the borders to South Africa where they buy chicks.

5.2 Impact of COVID-19 Lockdowns on Processing and Marketing Chains

5.2.1 Production and Processing Chains: Food Value Chain

Agriculture in Lesotho accounts for < 10 percent of Gross Domestic Product (GDP) and makes 62 percent of Agricultural GDP, while it absorbs employment of about 63 percent of the Basotho which covers more than three quarters of the rural population. Basotho get much of their subsistence food primarily on cattle, sheep, goats, pigs and poultry. Producers pointed out that, animals serve different purposes that complete the cycle of their basic needs. For example, cattle are raised for meat, cultural activities, milk, and skins, fuel (cattle dung) and market. Goats and sheep are raised for meat, wool and mohair, skins, hides, market and cultural

activities. Some animals like pigs are not kept in large quantities comparative to cattle, sheep and goats, as they are mostly meant for consumption. However, there is a strongly emerging commercial piggery industry in Lesotho supported by health considerations for white meat and the popular pork roasting business in the informal sector across the country.

Generally, Basotho rear animals for consumption and market. Thus the COVID-19 Lock down had a serious impact on the food value chains and consequently food security . The indigenous Merino sheep and Angora goats are well adapted and contribute to the high income earning. Livestock farming in particular for wool and mohair contribute significantly to the food and nutrition security as well as the economic development of Basotho. Well managed range lands, protected wetlands and recharge water resources provide a viable sustenance of the livestock industry especially in Lesotho. However, farmers spelt out clearly that, they still need to buy food supplements which are mostly imported. On the same note, Farmers revealed that they are striving for self-sufficiency in beef production but with COVID-19 lock down, they anticipate a long term impact on food or meat shortage within a shortest significant period of time where the country will experience limited capacity in food production value chain (Fig. 4). This shows the interconnection of processes of essential services within the agricultural sector where COVID-19 lock down holistically affects all stages in the process. At primary stage is where livestock and crop production is realized, lock down at this stage affected in that, there was shortage of supplementary food and medication which also caused increase in prices. Agri-business had to source cross border permits as they fell in the section of essential services, but still COVID-19 lock down negatively affected this sector in that, due to restriction on movement production was negatively affected, which further exerted pressure on demand and supply.

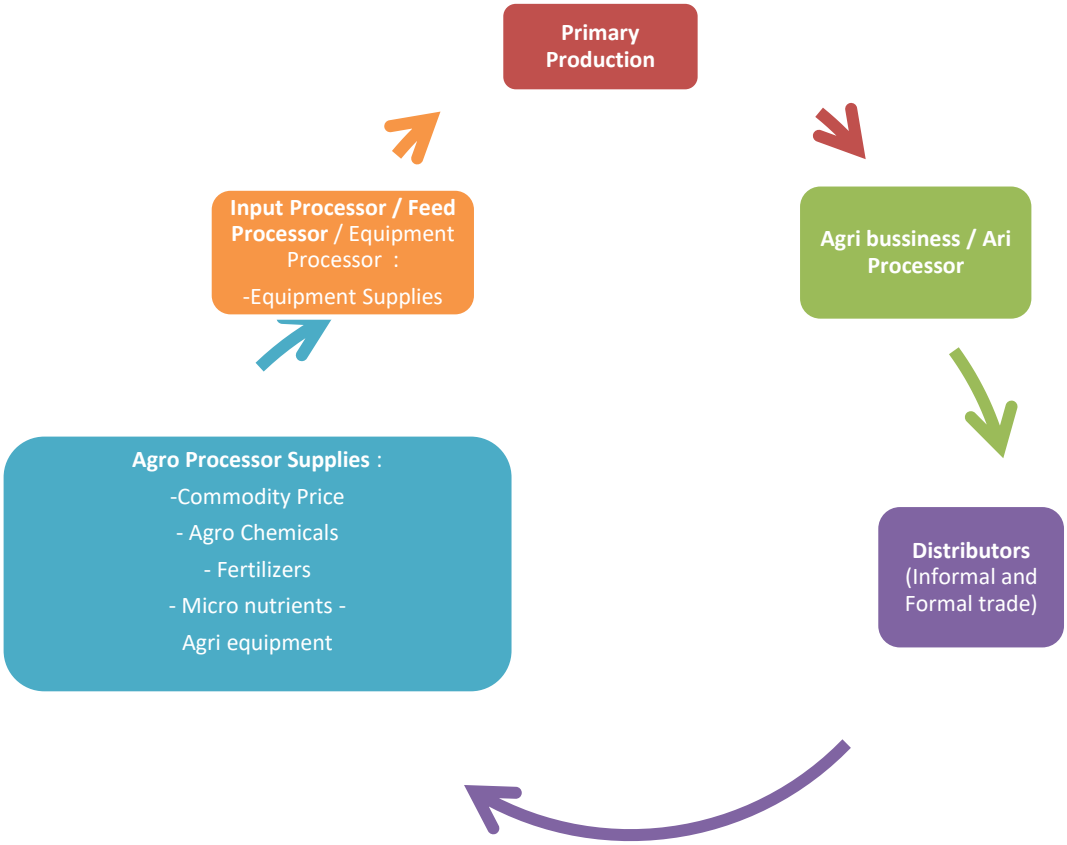

Fig. 4. Indicative Production Process

Distribution points were also affected as COVID-19 regulations restricted a certain number of imports and a number of people going in and out of the country. Within the country, it affected market (buying and selling) of animals in that, demand drastically dropped as buyers could not travel to farmers, also buying power condensed as customers did not have enough money to buy as articulated by farmers. Agro business processor and input processor as secondary stage still experienced the negative impact in that, some of the production industries were closed in South Africa which affected the production capacity. Farmers could not get the inputs in time and in required quantities. Reduced access to markets of agricultural inputs and tools due to restrictions on movement were rife during the lockdown period.

The Central Bank of Lesotho's (CBL) Macroeconomic Outlook of June 2019 (covering the 2019-2021) was made without the anticipation of COVID-19 existence. The document states that the Agriculture, Forestry and Fishing sector in Lesotho will contract by 0.6 in 2019, from growth of 1.6 percent in 2018. The CBL document maintains that the sector will expand going forward, with growth of around 2.8 percent expected in 2020 and 2.9 percent in 2021. COVID-19, according to Farmers, has made negative short term and long term impact on this sector's

growth. Therefore, this does not only affect economic growth but even the Food Value Chain. Reduced availability of agricultural inputs and tools due to disruptions in supply chains and restrictions in transport has played a significant impact. Generally, from the Primary stage to Input stage, there have been unanticipated challenges that have negatively affected demand and supply chain that has further affected the Food Value Chain and thus Food Security.

According to the GIEWS Country Brief of July 2020, in the 2020/21 marketing year (April/March), cereal import requirements are estimated at an above-average level of 230 000 tonnes. The import requirement for maize is estimated at 120 000 tonnes, nearly 40 percent above the previous five-year average. The high volume reflects the country´s need to bolster supplies, following the reduced harvest in 2019 and a consequent drawdown in stocks, while also benefiting from lower prices in South Africa, the country's main trading partner. Imports of wheat are expected to remain stable at an average level of 80 000 tonnes.

Prices of bread and cereals were stable between January and March 2020, mainly reflecting an adequate supply situation and generally constant prices in South Africa. In April, prices of bread and cereals started to increase and were about 13 percent higher on a yearly basis. Some of the increase is partly attributed to an uptick in consumer demand as the effects of pandemic-related lockdown measures took hold and consumers sought to purchase in bulk in preparation of the movement restrictions.

5.3 Impact of COVID-19 Lockdowns on Processing and Marketing

The FGD findings showed that slaughtering of animals was difficult as the butcheries were closed. As a result, this led to prolonged feeding of animals that have reached maturity and were ready for market which in turn led to increased cost of production. With the same sentiments, vegetables could not be processed since the main focus of farmers was primarily production. However, this exposes a gap in the processing chains especially for dry vegetables since farmers could not dry large quantities for lack of appropriate equipment implying that much of the produce spoiled. Furthermore, the findings reveal a significantly reduced access to markets of agricultural inputs and tools due to restrictions on movement and hampered production. Moreover, there was reduced availability of agricultural inputs and tools due to disruptions in supply chains and restrictions on transport. On the other hand, reduced possibility to transport food from rural to urban areas due to restrictions on transport also hindered production and perishable goods (vegetables, meat, fruits) were more susceptible to spoilage.

Reduced availability of food in local markets (including diversity of food) due to disruptions in supply chains and impact of restrictions on agricultural production has resulted in localized food price increases. There was also increased price of agricultural inputs and tools due to reduced availability in local markets. Farmers indicate that, information on medication, animal feed weather forecasting information accounted for 33 percent of the agricultural information required were not accessed hence, they were not well informed on access of most inputs (Fig. 5).

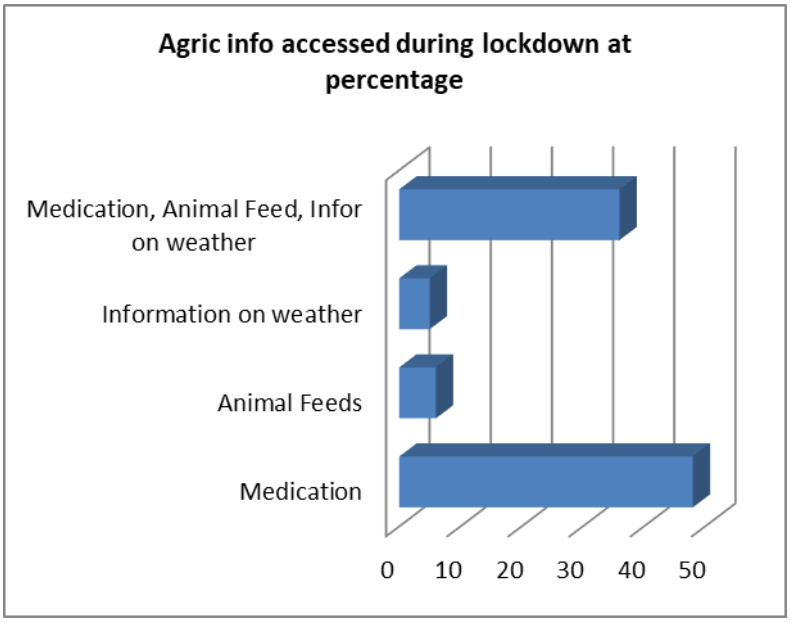

Fig. 5. Agricultural Information Accessed during the Lockdown

Food demand decreased due to impacts on the economy, purchasing power and physical access to food markets due to restrictions. The disruptions of the schools, mines, catering companies and hotels offset (in case of closure) was the main challenge regarding selling of the agricultural commodities. The fact that usual markets were disrupted is a clear indication that farmers were forced to sell at farm gate with reduced prices particularly to avoid wastage of perishable products. Generally, sales were very low for all the commodities and low sales for honey since they mostly sell to South Africa.

5.3.1 Market Chains

a) Buying and Selling

Lesotho like many developing countries faces challenges that require significant action if the risk of poor agricultural performance and food shortage are to be mitigated. It is imperative to bear in mind the existing infrastructure, available policies, legal measures and trade links as

the government responds to shocks and hazards like COVID-19. Farmers and Agri business pointed out that: Policies, legal and political frameworks have to be harmonized to allow demand and supply chain to function even under critical conditions. For example, food supply chains, keep logistics open and reduce trade barriers while avoiding a complete closure of movement and travel but rather a regulated movement and travel. They also engage better hygiene practices and operate with reduced capacities, sufficient controls and security measures. These practical actions will keep demand and supply chain active while reducing the impact of COVID-19. Further, more funding support is needed from Development Partners and investors to capacitate the producers and provide resource support where disaster has been experienced. While the world is moving fast, producers do understand that, it is time that Lesotho engages in Food technology and Agri technology as they play a significant role in improving efficiency in demand and supply chain. For example, more investment on agri-technology will give farmers an opportunity to use pesticides, water and fertilizers more efficiently and reduce operating cost and be more environmentally sustainable.

The process of market (buying and selling) depends on the harmonized environment for production processes. Farmers and Agri-business acknowledged their interdependence. There is need for policy implementation processes that make it easy for production and legal frameworks to communicate with the market policies on the ground and political frameworks that favour implementation of market flow from primary producers to distributors in a feasible and effective manner. For example, during COVID-19 lockdown, there was a need to come up with legal frameworks that allow easy but safe movement like reducing the capacity of movement and traffic, increase time and make available more transport. Without the proper logistical planning, producers fail to produce needed goods in time, which means production quantity is reduced due to strict movement. When goods are in high demand and supply is very low, product prices increase and exert pressure on the buying power of consumers. Consequently, the end products become very expensive to cover market demand and loss made in the production process due to lack of time in the production process.

b) Supply and Demand

One of the legal practices, taken as a measure to combat COVID-19, is social distancing. This implies reducing both social and physical proximity amongst and between people. This was popularized by slogans like lead “stay at home, be safe”. In practice this meant that, labour in the production process was locked down and in some areas reduced to a point of creating

demand for production. This economically caused both a supply and demand shock. A supply shock is anything that reduces the economy's capacity to produce goods and services at a given time for a given price. On the same hand, a demand shock is a situation where the consumer's ability or willingness to buy / purchase goods and services is significantly reduced for one reason or the other. Currently, COVID-19 has created a demand shock in that, with reduced production, there is high demand which exerts pressure in the increase of prices. In this kind of demand and supply shocks, government policies and legal regulations have to provide for the consequences. Conventional monetary and fiscal policies have to compensate types of aggregate demand shocks and be more appropriate to counter supply shocks. If this is not attended properly, apart from shocks that the economy or production faces, it further means that, labour is reduced as some people lose jobs and income, automatically production is more reduced with time. Therefore, availably in quantity and access of the products is affected.

The demand and supply curves (Fig. 6) clearly articulates the demand and supply shocks as stipulated by the wholesalers and retailer in the production process on buying and selling.

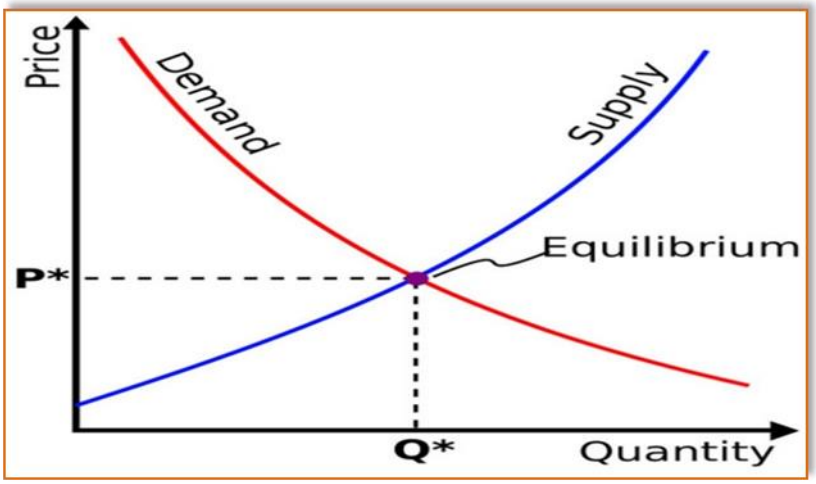

Fig. 6. Illustration of the Supply /Demand Curve

The vertical axis (Y-axis) shows an increase in the price of products (P) i.e. how much to pay for one kg of meat while the horizontal axis (X-axis) shows the quantity (Q) i.e. the rate of production that is affected by lock down e.g. meat production. The point where the two lines cross marks the equilibrium point (P and Q cross). This is the point where the Price balances with the quality and quantity. Anything over the equilibrium point means that, prices of goods and services have increased due to shortage of labour, lack of time for produce due to lock down regulations, or any other reason that creates a shock for demand and supply. Therefore, wholesalers and retailers pointed out that, in the initial period of lock down, consumers made

"panic buying" where they ran out of stock and suddenly the demand for stock skyrocketed. This effectively led to increased prices since supply did not meet the demand. In Botha-Bothe a livestock feed outlet left with 50 bags of broiler mill, literally became an auction to the highest bidder and consequently the price per bag near doubled against the legal price. This occurred exactly as the government was announcing that it was illegal to raise prices of goods in the market during the lockdown. Those supply stores, retailers and wholesalers who sought to abide by the government call not to increase prices, had to set the upper limits on purchase of certain goods e.g. dairy meal or broiler meal. The impact was to send a shock wave across the consumer landscape resulting in more panic buying.

5.3.2 Coping Strategies

a) Changes in Dietary Diversity

In light of the pandemic, an automatic coping strategy is a food related behaviour change manifested by eating less-preferred food stuffs. About 74 percent of the farmers reportedly still had enough food to eat with their families. However, in the light of the COVID-19 restrictions on movement and cross border closure, they predict that within a short period of time, there would be high shortage of food for them and family members. As a coping strategy, about 26 percent reported to be already planning ahead to eat less preferred food as a strategy to store some food for the longer period of time. This also entailed reductions in dietary diversity i.e. reducing meat and milk consumption rather eat alternative food. They also mentioned buying lower quality medication for the animals just to keep them healthy. This further relates to price increase in food commodities and dietary or nutritional changes as the elasticity of demand has to change. They can also use the already available wild domestic plants and medication for their animals or have increased intake of wild or seasonal fruits and vegetables.

b) Adjusting Quantities and Frequency of Meals

In the advent of food crisis, one coping strategy is to cutting food quantities per meal and /or reduce the number of meals per day. About 23 percent of farmers pointed out that, most of the animals were still in the transhumant cattle posts (M*etebong/ Meraka*) hence they have to send food to the herders. With the lockdown restrictions, they were bound to reduce the quantity of food they use to send to herd boys and simultaneous reduced the food consumption in their own families. Thus, herders are forced to cut the quantities of food they use to consume and the number of times they use to eat. For example, they are now forced to eat in the morning

and evening. On the same note household interviewed (n=23) reported that, apart from eating less preferred food, they are now forced to reduce the quantity of food and eat at least two times a day (morning and evening). Some households observed that they have a delayed breakfast so that they would not have to eat lunch. This further means that food elasticity demand due to inaccessibility and prices will reduce. Therefore, people will only eat what they can afford to produce not what they can buy and supplement their food or feeding for the animals. In fact the FGDs revealed that they adopted to buy less or no fruits and meat.

c) Reducing the number of home-cooked meals

In a long run, if movement restrictions continue, it means some of Basotho will end up not having food or go without food for a whole day. About 25 percent of the households interviewed and completed by FGD indicated that with time; all Basotho will be bound to reduce the number of meals. The reduction in the number of meals per day is correlated with total food intake. For the rural areas, the Lesotho topography, inhabitants at 36 percent will face food challenges due to the fact that they depend on agriculture as the source of employment and economic livelihood. While in the urban areas of Lesotho which covers about 40 percent of the topography, 74 percent of the inhabitants will face increase in the incidence of street food eaten outside the home due to increased food prices. This will further lead to health problems when food is prepared under poor sanitary conditions and thus worsening nutrition status**.**

5.4 Impact of COVID-19 Lockdowns on Extension Services

5.4.1 Farmers Perceptions on Extension Services

Ordinarily, Lesotho farmers are experiencing an increasing poor quality of extension services both at the national, district and resource centre levels in the country. Very little, if any at all, extension services were offered during the novel COVID-19 lockdown. Most extension service centres operated with skeletal staff taking turns to man the offices. A few district extension officers indicated that they used social media platforms to interact with their resource centre level staff. However, both farmers and resource centre officers have consensus that there has been a total lack of innovation to reach farmers during the COVID-19 lockdown crisis. Farmers bemoaned that even though whole families were home at the height of the lockdowns, there was no innovative attempt to use the media (Radio and TV) and social media to activate the extension outreach. Consequently, livestock production suffered due to absence of veterinary

services and winter cropping delayed partly because of lack of information as articulated (Fig. 6).

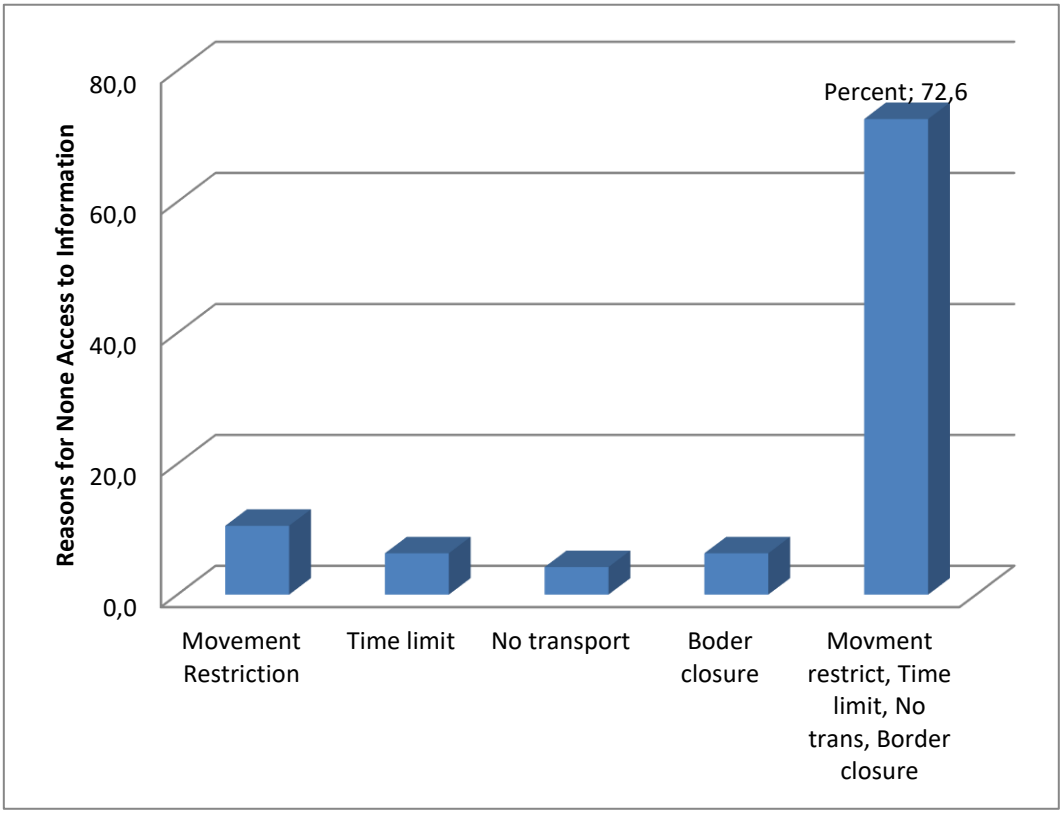

Fig. 7. Reasons for not accessing Agriculture Information during the Lockdown

Thus, there were no effective channels of communication such as radio and television programmes between farmers and extension officers. The already existing programmes on these channels were offered ordinarily without considering additional agricultural programmes and the relevant content dependent on the season on which lockdown was imposed. Extension workers failed to exploit use of information and communication technologies (ICTs) applications and features to reach out to farmers without physical contact.

Farmers were not able to hold regular meetings where they exchange ideas because of restricted movements and large gatherings. However, some (those who are associations) attempted to make use of ICT applications but could not effectively exchange information as other farmers did not have gadgets that allow easy participation. In general, the information needs of farmers are not met and this has affected production negatively.

5.4.2 Perceptions of Extension Services Cadre

The role of District Extension Officers is reportedly to provide coordination of extension service providers (such as NGOs, resource centres, SMS and agricultural projects) to strengthen their capacity in service delivery and avoid duplication of efforts. They also have to train the frontline extension services at resource centre levels and equip them with knowledge and skills on agricultural activities. The officers cadre also acknowledged that their normal services were negatively affected by the lockdowns. The bemoaned their inability to hold training workshops and demonstrations, as they required physical meetings. However, the national extension services as a whole has not designed any innovative approach (information and communication technology systems) to mitigate the impact of COVID-19 on service delivery. The finding also indicated that the office infrastructure does not favour the use of information and communication technology platforms due to the fact that there is no appropriate infrastructure in place. According to the extension service cadre, winter cropping was delayed by insufficient quantities of the seeds (wheat and peas) as they are purchased in South Africa. The respondents anticipate that summer cropping is not going to be successful, for lack of agricultural inputs that are purchased in South Africa.

The extension service cadre further observed that their service delivery was negatively affected by lockdowns because they could not access breeding stocks (rams and ewes from South Africa as well as supplementary feeds like Lucerne bales, pellets, vaccines and supplementary salts. In addition there were no livestock auctions during the lockdown. Further they observed that restrictions on goats shearing affected the quality of mohair due to contamination by weeds during grazing in the fields. Furthermore, considerations for social distancing in the shearing sheds restricted the number of shearers thus prolonged the shearing period affecting farmers' product entry into the international market.

Nutrition officers observed that their services were also affected by the lockdowns resulting in inability to provide training on income generating activities, inability to reach targets for households with malnourished children because they could not meet the groups. Further house to house demonstrations for individual gardening could not be undertaken. In addition, they could not meet targets for constant checks on babies clinical attendance follow ups.

Crop extension officers observed that lockdowns affected their ability to source production inputs from South Africa e.g. seeds, fertilizers, herbicides /pesticides. Their extension visits

to farmer groups were also restricted including all other activities involving travel and consequently no extension services were extended during the period in question..

5.5 Impact of COVID-19 Lockdowns on Livelihoods

The main livelihood sources of the respondents are agriculture and agriculture-related activities which were negatively affected by the lockdown. Livelihoods and high risk groups are being widely disrupted by the pandemic: subsistence and small-scale producers; agricultural labourers (landless farmers, labourers along the rural-urban food value chain), vulnerable communities (child-headed households, orphans and vulnerable children) and households deriving their income from remittances, as well as from the informal economy. Generally, farmers are unable to meet their household needs and some are already experiencing food insecurity.

The findings related to the coping strategies suggested that the alternative means used by the farmers to cope with the negative effects of the pandemic on their livelihoods were not profitable. These strategies included selling of livestock to compensate for the disrupted shearing season, which did not yield good returns. Farmers also attempted to save their vegetables from spoilage by drying, but the lack of equipment and the right technique posed another challenge. Farmers are preparing to diversify farming to improve livelihoods. Other coping strategies that are not agricultural were also affected as the tenders in these sectors are not fairly awarded.

Food and nutrition security is at the eternal challenge of all communities in rural and urban settings in Lesotho. Prior to the outbreak of the COVID-19 pandemic, about 433 000 people in rural areas were estimated to be in IPC Phase 3: “Crisis” and Phase 4: “Emergency” in the October 2019- March 2020 period (GIEWS Country Brief, July 2020). This figure was nearly 60 percent higher than the number of food insecure in the same period in 2018/19, reflecting the impact of the 2019 reduced cereal harvest and higher food prices.

Notwithstanding the positive effects of the recovery in cereal production in 2020 on rural households’ food availability and access, the COVID-19 pandemic is anticipated to trigger an increase in the prevalence of food insecurity from the third quarter of 2020 to early 2021 (GIEWS, Country Brief July 2020). Accordingly, the effects of the pandemic on rural household’s livelihoods, who are heavily dependent on causal labour, remittances and petty trade, are foreseen to be primarily channelled through a reduction in economic activities and associated income losses. As a measure to provide relief to households, the government

launched an economic mitigation package, which includes LSL1.2 billion (about USD 58 million) for emergency assistance and the expansion of social protection programmes, such as the Child Grant Programme. The World Food Program has also allocated a transfer value of M830 per household per month to vulnerable households without survival means. The COVID-19 impacts was presumably harder on already vulnerable groups. The FAO is also intervening with a package of seeds and inputs for the winter season to alleviate the impact of the COVID-19 crisis on the vulnerable households.

5.6 Impact of COVID-19 Containment Policies and Regulations

The majority of Basotho are dependent on agriculture for subsistence and employment. That notwithstanding, the announcement of agriculture as an essential service seemed to have come as an afterthought. In Lesotho, like most countries, containment measures included developing and implementing variety of policies, laws and regulations that sought to curb the negative impact of COVID-19 on agriculture and food security, with a predominant focus on ensuring immediate needs (access to food, income stabilization, livelihoods protection), and ensuring the continuity of the critical food supply chain for the most vulnerable populations and areas that are fundamental to the food systems. However, these policies were not transparent as they favoured only progressive farmers and foreign traders who were able to buy in bulks from South Africa.

Even upon the announcement of agriculture as an essential service, farmers were not informed about the availability of movement permits and how they are accessed. Majority of respondents were not aware of the availability of movement permits that were issued at the Ministry of Agriculture and Food Security (MAFS) by District Agricultural Officer (DAO) and those who were aware indicated that they were not easily accessible. This was a result of complex procedures that one had to go through before accessing them and the fact that they were issued at central district offices which are located in towns at the time when transport was limited and farmers could not access them (especially those from remote areas). Moreover, respondents stated that the offices were not always opened and farmers could return without accessing services. In general, equity was not observed with regard to these legal frameworks. The exceptions to this general observation were only in the dairy industry where the commodity organization seemed to have intervened on behalf of the farmers and procured permits for all dairy farmers.

Domestically, the lockdown in April 2020 which resulted in closing of non- essential services

means that a number of businesses potentially suffered losses which could lead to retrenchments and /or cash flow problems that lead to permanent closure after the lockdown is lifted, if measures are not taken to support such businesses. Subsequently, the Government of Lesotho resolved to protect vulnerable groups and the informal sector as well as to build resilience and strengthen capacity of the private sector through introduction of: fiscal and tax relief measures, monetary and financial sector policies, food security and emergency support, Promoting digitisation and e-commerce and plan for the turn-around of the economy (Appendix 3).

6.0 Conclusions and Recommendations

6.1 Conclusions

Due to time and resource constraints, this study was designed to reach a limited sample of the potential population. Thus during the post publication discussions, a number of other stakeholders will contribute their experiences since this discourse is by nature evolving. Almost all the interviewees recommended that, the government of Lesotho should make pro-active strategies and measures that are cohesive in addressing the shocks that some have short term impact and some have long impact. They further articulated that time for action is significantly important against resources available to avoid shortage of food, malnutrition, and hunger and food insecurity. This was made on the basis that Annual Vulnerability Assessment in Lesotho revealed that more than 700,000 Basotho are vulnerable to hunger and are food insecure.

a) The Potential Impacts of Covid-19 on Agricultural Supply and Value Chains

Restrictions on the movement of people, goods and services, as well as containment measures have negatively affected agricultural supply chains in Lesotho. This will definitely have detrimental effects on the GDP growth for 2020. While the economic impact of COVID-19 on Lesotho's economy is being carefully monitored and assessed, at the moment little is known about the impact of the outbreak on other "non-economic" sectors such as development. COVID-19 will definitely be detrimental to the achievement of the Sustainable Development Goals (SDGs), particularly on SDG 2: food security locally, regionally and globally. Considering that the agricultural sector contributes significantly to GDP in Lesotho, the impact of COVID-19 on overall economy would equally affect the agricultural and food security

sector. In this regard, we can anticipate a shorter-term, or immediate, impact, and a longer-term impact with serious national economic consequences.

In the short-term, the restrictions on the movements of people and the factory closures implemented have had an impact on the circulation, and thus availability, of food and agricultural products, and have also interrupted several supply chains, with a potential impact on prices. Counterintuitively, however, what has been observed so far is that, despite the limited circulation of food, the food supply has overall remained stable, and – with limited exceptions where vendors illegally implemented price increases as strongly expressed by all respondents – food prices in the country have overall remained stable as well. This can probably be attributed to the large availability of food stocks at the time of the outbreak, when movement restriction measures began to be implemented.

However, the longer the situation persists and the longer the restrictive measures which have been reinstated continue, the more stress will be exerted on the whole system. If the circulation of people is further restricted for the impending scenario ($2 \leq R_o \leq 2.5$) in Lesotho, food stocks are destined to decline, and prices to increase. Obviously, the most impacted would be the rural and peri-urban poor and the most vulnerable segments of the population, who have less capacity to deal with the prolonged negative effects of the restrictive preventive measures, especially those affecting labour/wages and production and – ultimately – household income.

Beyond the short-term impact of these measures on the food supply, if the situation persists and restrictions on movements continue, there is a risk that agricultural production would be impacted, with consequent longer-lasting and deeper impacts on food availability, prices and – ultimately – overall food security. March was in fact the beginning of the winter planting season in Lesotho. Indications are that the planting season was delayed and /or affected negatively, hence this year's production would likely suffer, internal food demand would likely not be met, and pressure on agricultural imports would increase – with consequences for demand of global food import availability and food prices. In the worst case, the preparations for the next growing season (2020/21) will be affected as was already indicated by extension service cadres. The risk of ending up facing a food, although currently remote, is a possibility not to be completely overlooked. The government is aware of the potential risk and are prioritizing the early resumption of winter agricultural production and initiate preparations for the summer cropping.

As the global pressure for countries to restart their economy come to bear – including the food industry, from production to distribution, Lesotho is entering a critical phase since the onset of the pandemic. The impending constraints on the movement of people and goods need to be monitored, so that farming can restart and the food supply chains can be re-established without major delays for the 2020/21 cropping season. The Government of Lesotho is under pressure to legislate resumption of lockdown protocols, particularly in the light of the upward spiral in infection rates and people directly affected by the outbreak. However, the government is facing a dilemma: on the one hand, the need to restart the economy; on the other hand, the risk of an increased rates of infection which could catapult the country into the red zone of its traffic light model.

Second, Lesotho needs to put in place a safety net system to reduce the impact of the outbreak on the most vulnerable segments of society. These groups of people may have suffered disproportionately from prolonged reductions in income, increased health costs and limited access to food. Measures may include paying for health care; extending the terms for payment of loans, bills and taxes; providing paid sick leave; and providing other forms of economic support, such as one-time cash transfers to affected people over a three months period. The foregoing are already allowed for in the National COVID-19 Policy Paper. Obviously, Lesotho would have limited fiscal space to implement safety nets that could reduce the impact of COVID-19 on the most vulnerable, thus increasing their exposure to the impacts of COVID-19 – including the possibility of limited access to a sufficient quantity of affordable food. As a result, the potential impact of COVID-19 on food security in Lesotho could be higher. Hence, these challenges underscore the importance of investing on the poorest and most vulnerable people, notably the rural poor, strengthening their resilience and enhancing their capacity to cope with shocks, and budgetary support by development partners in anticipation of the impacts of COVID-19.

b) Potential Impacts of COVID-19 on Food Supply Chains

Lesotho is in the brink of the worst phase of the pandemic. The following hypotheses about the likely effects of COVID-19 on food supply chains (FSCs) in developing regions (Reardon et al., 2020) are likely to apply in Lesotho:

i) Direct impacts will overwhelmingly be felt post-farm. Namely, the "midstream" (e.g., wholesale, logistics, and processing), and "downstream," in food-service enterprises.
ii) The impacts are likely to be largest in dense urban and rural peri-urban areas. Given the properties of the novel coronavirus, which is transmitted most easily via human contact, greater population densities tend to facilitate its spread.
iii) Effects will be strongest in the downstream segments of retail and food service. These downstream firms are mostly informal-sector SMEs, and are thus labor-intensive with high densities of workers in small spaces. They have little control over the hygiene practices of their product suppliers or customer habits.
iv) Retail and food service firms in modern FSCs face fewer problems. They are far less vulnerable to mandatory business closures, and also face a lower risk of clients and employees contracting the disease. The least affected are likely to be supermarket chains. Their stores can enforce the flow of entering customers and social distancing measures. Supermarkets and fast-food chains also have more control over the food safety and hygienic practices of their FSCs, as they typically vertically coordinate with contracts and private standards (Swinnen 2007).
v) Direct impacts on farm population and farm production will be much smaller than on the FSC downstream and midstream. This is because most small farmers in developing countries rely on family labor. The farm sector, however, will be affected indirectly by COVID-19 through the disruption of input supply chains, and of consumer demand due to lost income and other economic impacts of the pandemic.
vi) COVID-19 is likely to increase food prices, both as a cause and consequence of food shortages. Restrictions on FSC logistics will increase transaction costs and thus consumer prices. Speculative hoarding may occur and trigger price increases. Higher food prices are, in turn, likely to signal impending shortages. These effects can compound each other in a vicious cycle likely to cause social unrest (Bellemare, 2015).
vii) COVID-19 responses will create economic hardship. Enforcing social distancing and limits on internal and external logistics in FSCs, will transform health risk problems into income and employment risks, and political risks.

c) Implications, Strategies and Policies

Clearly, the whole FSC in Lesotho is most vulnerable to COVID-19 impacts. This will present significant challenges for the people working in them and likely lead to broader economic and

operational changes going forward. As most of these FSCs are in the "transitional" stage, they are composed mostly of informal sector SMEs, with employees lacking formal registration and safety nets such as unemployment insurance. Thus in the short term, these businesses will face lower foot traffic, lower incomes, and substantial unemployment. The general strategy for Lesotho must be two-pronged: Implement robust public health measures to slow the spread of disease; and address food security impacts, particularly the potentially enormous effects on income and employment.

d) Challenges and Coping Strategies in Vulnerable Communities

When it comes to a highly contagious disease, being in a rural area sounds better than being in a busy city, but that is a deceptive impression because smallholder farmers often are older than average and hence more vulnerable to the virus, and they have less access to health services. They also depend on field laborers that are not able to travel from surrounding villages to help with planting, weeding and harvesting. To process crops, smallholder farmers need to transport crops to processing from fields to villages and onwards to urban centres, which may be closed, as are the markets where they obtain agricultural inputs or sell farm products.

Most farmers also depend on non-farm and off-farm activities for their livelihoods, as they may be field laborers for other farmers, work in the processing industry or work in construction. Interrupted transportation and closures pose serious challenges to maintain safe business continuity throughout the formal and informal rural and urban economy. The risk is not only that immediate rural production, food deliveries, exports, employment and incomes will collapse, but also that planting for next year's crops will be disrupted. It is imperative for Lesotho and her development partners including local and international humanitarian organizations to sustain and scale up critical livelihood saving programs in communities coping with protracted crises or pre-existing high levels of food insecurity especially in vulnerable rural populations. In addition, to improving data gathering and analysis to inform decision-making, there is an urgent need to stabilize incomes and access to food as well as preserving livelihoods. This means providing smallholder farmers and herders with seeds, tools, livestock feed and other inputs, along with animal health support, so they can continue to produce food for their families and communities and generate income. The FAO is already committed to distributing seeds and home gardening kits, food storage systems, and poultry and other small stock to improve household nutrition and diversify incomes.

The menu of potential interventions include social protection schemes. This will require sustained engagement with governments, local organizations and others to look at ways to scale up existing systems, especially in hard-to-reach rural areas. One key way to stabilize families' purchasing power will be through injections of cash, so they can meet critical household needs without selling off their assets as the WFP is already doing. All partners must work to ensure the continuity of the food supply chain including between rural, peri-urban and urban areas by supporting through various activities the functioning of local food markets, value chains and systems. It is however, equally critical to make sure that people along the food supply chain are not at risk of COVID-19 transmission, by raising awareness about food safety and health best practices.

6.2 Recommendations

The following recommendations were advanced:

- The government has to make available most of the imported products / inputs available and services to the farmers and be accessible. For example, animal medication has to be found in resource centres where it can be easily accessible for farmers.
- In the period of COVID-19 lock down, the government has to support the farmers with supplementary feeding and supplements for the animals since it is at this time difficult for farmers to cross the border for animal medication.
- Provision of permits to farmers in their respective groups will work well, i.e Provide cross boarder permit for commodity groups so that associations buy in bulk for others.
- Harmonisation and legalisation of market, where there is price regularisation by the government to protect the consumers from the wholesalers who fluctuate prices and take opportunity on the challenges brought about by restrictions on movement.
- Borders have to be opened to allow international trade, enforce and strengthen hygiene measures in the cross borders to minimise if not eliminate the spread of COVID-19 into the country. This will further protect food supply chain. For example, acquiring inputs such as seeds and medication to assuring small holder farmers have access to markets to sell their produce without challenges.
- There is also need to strengthen information sharing on inputs, climate conditions and weather in time. Farmers pointed out that, information is not shared in time so that they prepare themselves against unfavourable climate / weather conditions or any unforeseen circumstances.

- Livestock Farmers pointed out that, the government has to review its policy on the payment for the mohair production.
- The government has to employ social protection programmes such as cash transfers and focus on the most vulnerable groups in the production process. This will contribute to the sustaining the domestic food supply value chains and agricultural supply chains.
- Since agriculture absorbs much of employment in Lesotho, it is imperative for the government to maintain agricultural activities as essential services.
- Lesotho is characterised by high numbers of people below poverty line and hunger, there is need to scale up nutritional support, social protection programs, support prevention of malnutrition and adjust school feeding programs and procure food sources from Basotho.
- After strengthening local produce and domestic trade, there is need to facilitate a harmonised environment for trade between Lesotho and South Africa. That is, avoid imposition of measures that restrict trade and mobility of commodities especially those that are critical on agricultural production. This will keep food and feed supplies chains active to reduce the shocks by COVID-19.
- For a feasible and effective planning and distribution of resources, it would be best for consistent monitoring visits to the producers and consumers to monitor the impact of COVID-19 to avoid the disasters that maybe experienced. This will further inform Policy makers on good planning, resilience and policy implementation as they will be well positioned to anticipate challenges, strategize and draw up adaptive measures for response and avoid such shock experiences for the future.

7.0 Appendices

7.1 Appendix 1: Conceptual Framework of Analysis

COVID-19 Related Risk Factors	Key Questions	Indicator (s)
Agricultural Production		
Reduced access to cropland and grazing land due to restrictions on movement	Is food production susceptible to decrease due to reduced access to cropland and grazing land?	➢ % of farmers and herders unable to access cropland and grazing lands, especially at critical stages of production. ➢ % of agro inputs suppliers slowing down their activity ➢ Unemployment rates among formal and informal agricultural labourers ➢ % of food processors slowing down their activity ➢ Probability of occurrence of extreme events ➢ % cropland not cultivated in 2020-2021 ➢ % of households who dropped their activity in the food chain
Reduced access to markets of agricultural inputs and tools due to restrictions on movement	Is food production susceptible to decrease due to reduced access to cropland and grazing land?	
Reduced availability of agricultural inputs and tools due to disruptions in supply chains and restrictions in transport	Is the food production capacity susceptible to decrease due to disruptions in the inputs supply (animal feed, seeds, fertilizers, tools etc.)? What alternatives have been found by producers?	
Increased price of agricultural inputs and tools due to reduced availability in local markets.	Is the food production capacity susceptible to decrease due to seasonal / migrant workforce shortages? What alternatives have been found by producers?	
Increased price of fuel due to supply disruptions in rural areas	Have the food processing stakeholders been affected by the crisis (e.g. supply or demand disruption, shutdown, employees temporarily laid off)?	
Reduced availability of agricultural labour force due to restrictions on movement	Has the price of agricultural inputs, tools, fuel increased compared to the previous month (and compared to the same month last year)?	
Increased interest rates and reduced farmers' access to credit.	Did farmers engage or do they plan to engage in the first cropping season after the outbreak?	
Reduced cultivated area due to to impacts on access to land, input availability and/or change in profitability of agriculture	Have some workers along the food chain plans to change their activity?	
Food availability (markets)		
Reduced access to food markets due to restrictions on movement	➢ What are the main staple foods in the area? Are they locally produced, supplied from other regions or imported? ➢ Is access to food markets limited by restrictions on movement? ➢ Is enough food available in local markets to satisfy demand? ➢ Have people changed dietary habits because of reduced availability of certain types of food in local markets? ➢ What is the level of national & local food stocks? Can we observe shortages or below-normal availability of specific commodities? ➢ What are the national and local food storage capacities? ➢ Have the food safety processes been affected by the crisis (e.g. additional protocols, non-functional services)?	➢ Food import dependency ratio ➢ # months of food stocks ➢ # markets with decreased availability of staple foods
Reduced availability of food in local markets (including diversity of food) due to disruptions in supply chains and impact of restrictions on agricultural production. Perishable goods (vegetables, meat, fruits) are more susceptible.		
Reduced possibility to transport food from rural to urban areas due to restrictions on transport.		

COVID-19 Related Risk Factors	Key Questions	Indicator (s)
	➢ Have there been any disruptions in the transportation of food from rural to urban areas?	
Food Demand		
Reduced food demand due to impacts on the economy and purchasing power	Are there areas where livelihoods depend on value chains driven by the demand from the tourism industry? What are the alternatives in terms of employment and food marketing? Have retailers (from petty traders to SME) experienced difficulties to sell food items?	% of population working directly or indirectly in the tourism sector % of variation in weekly food produce sales
Food Access		
Localized food price increases due to reduced availability Reduced physical access to food markets due to restrictions Social inequalities in the access to markets	➢ Are the prices of domestically-produced and imported food items increasing? ➢ Are there significant variations of the market prices responses between areas or between formal and informal markets? ➢ Are there measures taken to ensure price stability and avoid hoarding? ➢ Are the prices of domestically-produced and imported food items increasing? ➢ Are there significant variations of the market prices responses between areas or between formal and informal markets? ➢ Are there measures taken to ensure price stability and avoid hoarding? ➢ Are households able to access sufficient nutritious food? What are the main reasons households cannot access sufficient nutritious food? Is this situation likely to improve or worsen in the future? ➢ Have the households changed their food sources (e.g. other markets, home delivery, local distribution networks)? ➢ What was the share of the household budget allocated to food expenditure before the crisis? How is it now? Has the weight of other cost items (health, education, transport) significantly changed?	➢ Retail price of key staple foods ➢ Terms of trade ➢ Food Consumer Price Index ➢ Distance to markets (or other food suppliers) for food items ➢ Food Insecurity Experience Scale3 (FIES), using a 30-day reference period ➢ % food expenditure in the household budget
Food Consumption		
Deterioration of food security and nutrition due to effects of COVID-19 on agri-food systems	➢ What is the level of household food stocks? ➢ What is the impact of the crisis on food consumption patterns (energetic intake, diet diversification)?	➢ Food Insecurity Experience Scale ➢ Reduced Coping Strategies Index

COVID-19 Related Risk Factors	Key Questions	Indicator (s)
	➢ Which individuals within households and which livelihood groups have been most impacted? ➢ Has the consumption of specific foods increased or decreased due to sanitary concerns and restrictions (e.g. meat, street food)? ➢ Did vulnerable households start adopting negative coping strategies related to food consumption?	➢ # weeks of HH food stocks ➢ Food Consumption Score ➢ Household Diet Diversity Score
Livelihood changes and individual behaviours		
Increased adoption of negative coping strategies due to erosion of livelihoods.	➢ Which coping strategies have been deployed by the different livelihood profiles? ➢ What are the losses for the farmers inserted in value chains severely affected by falling international prices and how do they cope with these? ➢ Have some farmers, fishermen or processors sold or given away their productive assets (seeds, tools, livestock, machinery, vehicles etc.)? ➢ Have households got into additional debts? From which creditors? ➢ What are the challenges in accessing credit? ➢ Have changes in remittances flow been witnessed?	➢ % of unemployment rise Change in dependency ratio ➢ % of casual jobs depleted
Increased unemployment in agriculture, and reductions in wages due to overall impacts on economy	➢ How many workers have been newly affected with unemployment? ➢ Did the opportunities for casual labour decrease, including in the agricultural and market sectors? ➢ Have the wages been impacted (permanent and casual jobs)?	➢ % of wage drop
Reduced average incomes due to overall impacts on economy	➢ What has been the impact of the crisis on monthly net incomes? ➢ What could be the annual loss of incomes if the current circumstances were to persist?	➢ Range of % of change in household incomes
Migration		
Disruptions in traditional livestock migratory patterns (e.g. transhumance) due to restrictions on movement and border closures	➢ Is transhumance disrupted because of restrictions on movement? ➢ Is there an increasing number of people reaching assistance centres? ➢ Is there an increase in migratory flows from rural to urban areas (or vice versa)?	➢ Number of people reaching assistance centres ➢ Number of people migrating from rural to urban areas (and vice versa)
Increased movements of people in search of assistance		
Increased migratory flows from urban to rural areas (or vice versa)		

COVID-19 Related Risk Factors	Key Questions	Indicator (s)
Humanitarian Assistance		
COVID-19 Related Risk Factors	**Key Questions**	**Indicator (s)**
Reduced availability of funds due to negative effects on global economy and possible revision of donor commitments and/or reallocation of funds. Reduced capacity to deliver assistance due to restrictions on movement (for in-kind support) and limited alternative delivery options (e.g. limited access of beneficiaries to technology for mobile cash transfers Increased number of people requiring humanitarian assistance due to effects of COVID-19 on livelihoods and food security. Increased cost of humanitarian assistance due to restrictions on movement and transport, and disruption in supply chains	➢ Did funds for humanitarian assistance reduce since the start of the COVID-19 emergency? ➢ Did restrictions on movement affect the delivery of support to vulnerable households? ➢ Are there any alternative delivery options to reach beneficiaries under these exceptional circumstances? ➢ Has there been an increase in the costs of humanitarian assistance (e.g. costs of procured goods and services, cost of transport).	➢ Funding flows of humanitarian assistance ➢ Number of people in need of humanitarian assistance ➢ Average cost of procured goods and services for humanitarian assistance interventions

7.2 Appendix 2: Research Tools Used in the Assessment

Part 1: Farmers and Farming Households

A. Socio-economic Characteristics of Respondents

1. Sex: Male ( ) Female ( )

2. **Marital Status:**

Single ( ); Married ( ); Widowed ( ); Divorced ( )

4. Household Size: _____ (people)

6. **Employment Status:**

Unemployed ( ); Self-employed ( ); Employed ( )

7. **What was the share of the household budget allocated to food expenditure before the crisis?**

a) <M1000.00

b) M1000.00 – M2000.00

c) M2001 – M3000.00

d) M3001 – M4000.00

e) > M4000.00

8. **How is it now?**

a) <M1000.00

b) M1000.00 – M2000.00

c) M2001 – M3000.00

d) M3001 – M4000.00

e) > M4000.00

9. Has the weight of other cost items (health, education, transport) significantly changed? Yes ( ) No ( ).

10. Did your household experience the following during lockdown?

a) Did you worry that your household would not have enough food?

Yes ( ) No ( )

b) Were you or any household member not able to eat the kinds of food you preferred because of a lack of money?

Yes ( ) No ( )

c) Did you or any household member eat just a few kinds of food day-after-day owing to a lack of money? Yes ( ) No ( )

d) Did you or any other household member eat food that you preferred not to eat because of a lack of money? Yes ( ) No ( )

e) Did you or any household member eat a smaller meal than you felt you needed because there not enough? Yes ( ) No ( )

f) Did you or any other household member eat fewer meals in a day because there was not enough food? Yes ( ) No ( )

g) Was there ever no food at all in your household because there was not money to get more Yes ( ) No ( )

h) Did you or any household member go to sleep at night hungry because there was not enough food? Yes ( ) No ( )

i) Did you or any household member go a whole day without eating anything because there was no food? Yes ( ) No ( )

Part 2: Farmers and Farming Households
The Impact of the Lockdown on Farmers' Access to Extension Support Services

A. Did Have need for Agriculture-related information required during the lockdown Yes No

If Yes kind provide the list _____

B. Did you access any Agriculture-related information accessed during the lockdown Yes No

i) If Yes Please specify which information was accessed.

C. Give reasons for the services that have not been accessed during lockdown

……
……
……
……

Part 3: Lockdown Impacts on Operational Movement of Farmers to and From their Farmers especially across District Boarders

A. In which phase of the crop cycle were you during the lockdown?

1. Land preparation
2. Planting
3. Crop on the farm: Applying inputs, weeding
4. Harvesting
5. Selling
6. None of the above (off season)

B. Relative to the same season in the last year, how many days did you and your household members spend on this phase on your farm/field?

1. I was not allowed to go to the farm this year
2. Much fewer days, lowest number of days in past 5 years
3. Fewer days
4. About the same
5. More days
6. Many more days, highest number of days in past 5 years

C. Relative to the same season in the last year, how many days did you hire workers to work on this phase on your farm?

1. I was not allowed to hire other people on my farm this year.
2. Much fewer days, lowest number of days in past 5 years
3. Fewer days
4. About the same
5. More days
6. Many more days, highest number of days in past 5 years

D. Relative to the same season in the last year, how many days did you and your household members spend on this phase on other people's farms (including plantations)?

1. I was not allowed to work on other people's farm this year
2. Much fewer days, lowest number of days in past 5 years
3. Fewer days
4. About the same
5. More days
6. Many more days, highest number of days in past 5 years

Part 4. The Impact of the Lockdown on Farmers Access to Agricultural Production Inputs

4.1 Were you able to purchase any key agricultural inputs from the local agro-dealer or market during the lockdown?

1. Yes
2. No

If yes in 4.1, which key inputs have you purchased during the lockdown?

1. Fertilizer
2. Seeds
3. Pesticide
4. Other, please specify.

4.2 Were you able to purchase any key agricultural inputs from the internationally agro-dealer or market during the lockdown?

1. Yes 2. No

If yes in 4.3, which key inputs have you purchased during the lockdown?

1. Fertilizer
2. Seeds
3. Pesticide
4. Other, please specify.

4.3 Relative to the last time you purchased, how does the price compare?

1. Much lower, lowest price in the last 5 year.
2. Lower
3. About the same
4. Higher
5. Much higher, highest price in the last 5 years

4.4 **Were you able to access the quantities that you have planned to use?**

Yes ( ) No ( ).

If No in 4.6, give reasons

……
……
……
……

Part 5. The Impact of the Lockdown on the Farmers' Access to the Markets

5.1 Farmer's Access to the Markets	**Yes**	**No**
1. Is the supply to food markets limited by restrictions on movement?		
2. Have there been any disruptions in the transportation of food from rural to urban areas?		
3. Were you able to supply enough produce in local markets to satisfy demand?		
4. Did you observe shortages or below-normal availability of specific commodities?		
If yes in 4, which commodities were below normal availability in the markets?		
5. Are the selling prices increasing because of lockdown?		
6. Are there significant variations of the market prices responses between formal and informal markets?		
7. Were you able to sell your produce in the locations/markets where you usually sell it?		
If no in 7, give reasons		

Part 6: Impact of COVID 19: View of Public, NGOs, Private and Development Partners

6.1 The Views of Other Actors on How the Lockdown Has Affected Service Delivery by The Relevant Government Institutions, NGOs and the Development Partners.

6.1.1 Which institution do you work for?

a) Government institution……

b) Private institution…….

c) NGO…….

d) Other…… Please explain ……

6.1.2 Which agricultural-related services does your institution offer?

a) _____

b) _____

c) _____

d) _____

6.1.3 How is your service delivery affected by the lockdown?

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Part 7: Impact of COVID 19 on Trade and Agribusiness Activities

7.1 The Views of Traders of Agricultural Commodities (Fruits and Vegetables and Agro-Dealers, Butchers, Street Markets and Others) on the Impacts of the COVI 19 Lockdown

7.1.1 What are the sources of agricultural commodities your organization is dealing in?

a) Local produce [ ]

b) Imported produce [ ]

7.1.2 Is access to agricultural commodities limited by restrictions on movement?

Yes ( ) No ( )

7.1.3 Are the level s of national & local food stocks sufficient?

Yes ( ) No ( )

7.1.4 Do you observe shortages or below-normal availability of specific commodities?

Yes ( ) No ( )

If yes, which commodities are below normal availability

a) _____

b) _____

c) _____

d) _____

e) _____

7.1.5 Have the quality of agricultural commodities been affected by the crisis?

Yes ( ) No ( )

If Yes, Please explain how?

_____

_____

_____

7.1.6 Have the prices of locally produced food items increased during the lockdown?

Yes ( ) No ( )

7.1.7 Have the prices of imported food items increased during the lockdown?

Yes ( ) No ( )

7.1.8 Are there significant variations of the market price responses between formal and informal markets?

Yes ( ) No ( )

Please explain:

……..……..

7.1.9 Were you able to sell during the lockdown?

Yes ( ) No ( )

If No, Explain why:

……

……

……

7.1.10 Was there a decrease in sales during the lockdown?

Yes ( ) No ( )

If Yes, why?

……

……

7.1.11 Was there an increase in sales during the lockdown?

Yes ( ) No ( )

If yes, why?

……

……

7.1.12 Was there any food spoilage as a result of the lockdown?

Yes ( ) No ( )

If Yes, why?

……

……

……

7.3 Appendix 3: Guiding Questions for Focus Group Discussions

1.0 Impact of COVID-19 Lockdown on Production Cycles

1.1 Cereal production

1.2 Vegetable production

1.3 Poultry production

1.4 Dairy

2.0 Impact of COVID-19 Lockdown on Marketing Processes

2.1 Getting own produce to markets

2.2 Impact on prices

2.3 Access to usual market channels

2.4 Quality and quantity of products

3.0 Processing of Products

3.1 Harvesting

3.2 Threshing and storage

3.3 Slaughtering of poultry

3.4 Transporting milk to collection points

4.0 Impact of COVID-19 Lockdown on Extension Services

4.1 Access to extension services

4.2 Own accessibility to extension meetings

5.0 Impact of COVID-19 on Livelihoods

5.1 Agriculture and natural resources based livelihoods

5.2 Other complimentary livelihood strategies

6.0 Lockdown policies

6.1 Accessing permits for movement

6.2 How the regulations affected agriculture

6.3 Fairness and equity of regulations

7.4 Appendix 4: Policy Measures to Mitigate Impact of COVID-19

7.4.1 Introduction

COVID-19 is showing its impact on the already fragile Lesotho's socioeconomic landscape. In general, the pandemic upsets development through broken global value chains, foreign financial flows, domestic capital: human and financial, and transport and tourism. The broken global value chains affect textile and apparel industry that employs about 40,000 people. Imports of raw and intermediary materials have been significantly delayed and therefore exports of the final products to the main markets, the United States in particular, cannot take place. On tourism, Lesotho had more than 1.1 million international tourists with total receipts of US$24 million in 2018. The numbers will decline significantly. Financial flows through workers remittance will also decline due to returning Basotho people and slowdown in economic activities outside Lesotho.

Domestically, the lockdown in April 2020 which resulted in closing of non- essential services means that a number of businesses, especially of MSMEs, will suffer losses which may lead to retrenchments, cashflow problems that lead to permanent closure after the lockdown is lifted, if measures are not taken to support such businesses. Abrupt lockdowns across the globe and in the region have caused the flow of imports, including essential consumer goods from SA to be disrupted and prices of food and essential goods seem to escalate very quickly.

Subsequent to the above, the Government of Lesotho resolved to protect vulnerable groups such as children, women, people with disability, the elderly and the informal sector as well as to build resilience and strengthen capacity of the private sector through introduction of: fiscal and tax relief measures, monetary and financial sector policies, food security and emergency support, Promoting digitisation and e-commerce and plan for the turn-around of the economy.

7.4.2 Problem Statement

The lockdown was launched to effectively prevent human-to-human transmission of COVID-19, including reducing secondary infections, preventing transmission amplification events, and international spread. The closure of businesses and limited movement of people is also expected to result in economic slow-down and for a country like Lesotho, it accentuates deep-seated social challenges, particularly food insecurity, malnutrition and poverty as means of earning a living and unemployment increases. Many businesses experience cash flow problems and some are even unable to pay monthly rental and salaries

The economy is projected to contract by 1.2 percent due to COVID-19 shock. The key growth sectors, namely tourism, manufacturing, mining and agriculture will be hard hit as well as

transport, retail and services sectors, which are dominated by MSMEs. This happens against a backdrop of a 3- year real growth contraction of 0.3 percent on average between 2017/18 and 2019/2020. Growth will continue to be held back in 2020 through the medium term by the weak agriculture and industry sectors coupled by COVID-19 induced global recession.

To this end, it is expected that domestic revenue without SACU will take a knock from these developments with an expected loss of revenue amounting to M1.2 billion. Consequently, the overall fiscal deficit has worsened to 11.8 percent of GDP against 4.7 percent of GDP projected during 2020/21 budget speech. Debt stock service will surge to 60.7 percent of GDP from 53.7 percent. This limits the capacity of the GoL to contract new debt in the future to finance domestic developmental budget, without compromising macroeconomic stability. Should a need arise to extend the lock down, the knock- on effect on the economy will be deeper.

On the social side, food insecurity is also estimated to increase from 74,000 to 179,000 households in urban areas and from 433,000 to 720, 000 in urban areas. Gender based violence and neglect of vulnerable people is likely to increase and access to reproductive health services may also be hampered. Academic year may need to be extended, especially for institutions of higher learning to cater for the lost time in covering the curriculum, despite on-line learners programmes that are implemented by schools.

7.4.3 Policy Measures

Since WHO declared COVID-19 as an epidemic and later a pandemic, a lot of focus was put on clinical and public health prevention and mitigation of COVID-19. The Government recognises that it is critical to compliment such measures with economic relief programmes and strengthen and expand social protection systems in order to lessen the depth and duration of the negative effects on livelihoods and the economy. There is need to support vulnerable groups to meet basic needs; Provide liquidity support to businesses for retaining jobs, maintain financial stability and access to finance and stimulate investment and economic growth. The following economic relief and social protection measures are proposed:

7.4.3.1 Fiscal Measures

Establish the COVID-19 Private Sector/Economic Relief Fund, starting with M500 million contributed by the Government, in addition to the Disaster Relief Fund, which has a budget of M698 million.

a) In supporting MSMEs liquidity, clear all arrears (estimated at M1 billion) which have been outstanding for more than 30 days within 1 month and negotiate payment schedules with big companies.
b) Create fiscal space for the COVID-19 response through reprioritizing expenditures, rescheduling low-priority projects or activities and mobilizing

additional resources.

c) Mobilise development partner support:

i) World Bank : M4.5 million COVID project and explore the possibility of Budget support
ii) IMF: BoP support
iii) EU: 4 Million Euro for SMME support
iv) DFID, Arab Funds (lines of credit) and Request bi-lateral support through the Ministry of Foreign Affairs, UN, USA and PEPFA, SADC, SACU, AU.

7.4.3.2 The Tax Relief Measures

The Tax Compliant Businesses will receive two forms of relief; namely, a tax related relief measures and an administrative relief measure. The tax relief measures being proposed by the LRA are largely underpinned by deferment; payments of specified taxes will be paid at the later date through payment plans. Taxes covered under this relief measures are Company Income Tax (**CIT**), Pay As You Earn (**PAYE**), and Value Added Tax (VAT). The tax relief measures will allow businesses to have the much need cash by easing on cash flow problems faced by businesses during the trying times.

7.4.3.3 Company Income Tax (CIT)

a) Income Tax Filing season will be extended to end of September 2020, and
b) The LRA will defer quarter 1 and quarter 2 instalments for Large, Medium and Small Taxpayers.

7.4.3.4 Simplified Business Taxation (SBT)

- For the non-essential services (public transport), SBT payable during the nationwide lockdown will be remitted.

7.4.3.5 Pay as You Earn (PAYE) and Value Added Tax (VAT)

- For non-essential services April, May and June PAYE and VAT payments will be deferred.

7.4.3.6 Administrative Relief Measures

Further to the tax relief measures, the LRA will issue administrative measures which will assist

Clients meet their obligations with ease while promoting social distancing:

a) Additional Taxes, Penalty fees and Storage fees accrued as a consequence of unavoidable effects of the lockdown will be remitted.
b) Clearance of all imported essential goods and goods imported for relief of COVID – 19 will be expedited.
c) To promote social distancing to the extent possible, the LRA will make provisions for remote access service channels which will be used by the LRA Clients.

7.5 Food Security and Emergency Support – M1.2 billion

a) Provide M100 million for agricultural subsidies to increase food production and nutrition situation and household food security, whilst maintaining the right level of grain reserves.
b) Accelerate the uptake of matching grant schemes to increase production and product diversification (100 Million).
c) Take regular stock of available agriculture produce country-wide and organise district pick-up points for supply to retailers

7.6 Social Protection

Food insecure population in urban areas has increased to 179,000 and 720,000 in rural areas, since March 2020.

a) **Vertical expansion**: Increase the cash benefit amount for existing beneficiaries (top-ups) especially child grant support (CGPs)
b) **Horizontal expansion** for public assistance (M900): for 3 months, Add new beneficiaries of vulnerable groups including children, elderly (60 - 70), people with disability, those in the informal sector, to benefit only during the pandemic to ensure they do not fall into poverty trap, whilst ensuring that food and other essentials stocks are available across the country, especially in hard to reach areas
c) **School feeding** – monthly rations to vulnerable children as identified by schools and communities
d) **Under-five feeding** – MOH to continue with the therapeutic feeding
e) **Salary subsidy** for industrial workers (45,000)
f) **Provision of stipend** for affected students abroad, (China, Cuba, India, others) for 3 months
g) **Grants for vulnerable stud**ents enrolled in institutions of higher learning, if the lockdown extends beyond April/May

M 150 million humanitarian assistance that was budgeted for in 2019/20 will still be availed under humanitarian assistance relief

7.7 Comprehensive Private Sector Support

a) Expand Credit Guarantee Facilities, LNDC (350) and Ministry of Small Business (100) of M45**0** Million and open participation to other financial institutions

b) Revise credit-risk sharing, from 50:50 between the GoL and financial institutions to 75:25 - Relax collateralisation - Review eligibility criteria and level of guarantee to be based on at least 2 years performance, number of jobs retained and viable business turn-around strategy

c) Launch Quick disbursing time bound (3months) **matching grant** (80:20) scheme of 50 Million for MSMEs initially targeting tourism, including hotel and restaurants, transport and food sectors and MSMEs with the scope to expand as impacts of COVID-19 emerge, to be administered by Private sector competitiveness project:

   i) Provide up to M20,000 matching grant with number of employees between 1 and 50, conditional on maintaining of workforce and should be registered with LRA and OBFC for at least 2 years;

   ii) All other MSMEs registered with relevant authorities will be eligible for once-off matching grants of up to M5,000. With 85 percent of Lesotho's MSMEs unbanked, grants could be delivered through bank accounts, which could be facilitated through launching an online system for account enrolment, as well as opening e-wallets online.

d) Provide rental subsidy scheme

   - LNDC rental holiday for 1 month - Municipal and Local Authorities rental holiday for 2 months - Provide 1month rental subsidy for SMMEs

e) Facilitate access to capital and IPRs where necessary for the cosmetic and pharmaceutical producers' to increase production of essential items (hand soap, sanitizers, protective equipment)

f) Engage with utility companies to negotiate utility payments schedules for MSMEs

7.8 Monetary Policy Measures

7.8.1 Reduction of the key policy rate

The Bank reduced the key policy rate (the CBL rate) by 100 bases points from 6.25 percent to 5.25 percent per annum and ordered commercial banks to implement a similar reduction in their prime lending rates. This lightens borrowing costs while it also provides relief to interest payments of existing loans.

7.8.2 Offer Liquidity Support to commercial banks in need

In a bid to counteract any liquidity crunch that may halt or restrict credit extension, CBL shall; a. Postpone the implementation of the Basel II.5 accord so that funds that were being set aside for capital conservation buffers in compliance can now be made available to advance credit and other customer needs that may arise. b. Make available liquidity facilities to commercial banks at reduced rates to be determined. c. Allow banks to submit applications for assessment and possible exemptions should credit demands exceed the limits stipulated in the Financial Institutions Act 2012 for large exposures.

7.9 Other Financial Sector Policies

7.9.1 Commercial Banks

a) Repayment Holidays

The CBL has directed commercial banks to grant three (3) months payment holidays to clients/borrowers whose financial positions will be negatively affected with a condition that the arrangement shall not place the borrower at a worse-off position at the end of the holiday period.

b) Reduction of transaction fees and charges

Reduction of transaction fees and charges for transacting on electronic platforms (EFT and Internet and Mobile Banking)

7.9.2 Insurance Sector

a) Flexibilities

The Insurance Sector shall exercise the following flexibilities meant to reduce the burden on policy holders;

i) **Insurance**
ii) **Premium Holidays**

Insurance premium holidays of up to three (3) months shall apply where in insurance policies will not lapse if premiums are not paid for a period of three (3) months. Such premiums shall be deferred for payment later.

iii) Continuation of Claims Processing

Insurance companies shall continue to honour insurance claims during this time.

iv) Allowance of Delayed Policy Renewals

Delays in policy renewals shall be permitted during this period up to a maximum of three (3) months.

7.9.3 Mobile Network Companies

a) Lower transaction charges

Mobile network companies have lowered fees for certain classes of transactions on their platforms (Mpesa and Ecocash).

b) Higher Daily and Monthly Transaction Limits

Daily and monthly limits of transaction on Mpesa and Ecocash have been increased for certain groups of users for a limited period of time.

7.9.4 Provide support to institutions dealing with gender-based violence

To facilitate reporting of cases and ensure follow up

7.9.5 Reproductive health and Family planning services:

Ensure that family planning consultation services could be accessed on-line and telephonically and ensure that distribution of commodities is not disrupted.

8.0 Conclusion

It is important to note that if the country contains the situation in 2-3 months such that public health measures work – adherence to protocols and compliance by the public, the economy is expected to recover slowly in the next 3-6 months. The rebound will be higher, if the global economy, and particularly developed economies that are our key export markets and sources of raw materials also recover. There is need to

- Restore macro-fiscal stability,
- Maintain peace and stability,
- Take the opportunity to develop the digital economy
- Draw economic recovery plans for different sectors
- Establish mechanisms to start- social insurance fund

The Total Costs

- Food Security and Social Protection – 1.2 billion
- Current Base Expansion Agricultural subsidy Clearing Arrears – 1 billion
  Revenue foregone due to tax exemptions and deferments:

  - ✓ Credit Subsidy/Grants – 50 +50 Million (SADP and LEAP)

✓ Contingent Liability (Guarantees) – M450 million