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Confusing counts, correlates and causes of poverty: A study of the PRSP in Lesotho

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This chapter analyses the new Poverty Reduction Strategy Paper (PRSP) of Lesotho and considers whether it can be successful in terms of poverty alleviation. The answer to this question is likely to be negative, the main reason being that the PRSP approach precludes a focus on the heterogeneous nature of poverty and its determinants. To illustrate this, the characteristics of some of the very poorest households in Lesotho are discussed and the extent to which the PRSP is likely to assist them.

Introduction

The Poverty Reduction Strategy Paper (PRSP) in Lesotho is internationally acclaimed for the intensity of the consultation that took place during its drafting (DFIDSA-Lesotho 2004: 35, Roberts 2003: 1). With up to 20,000 people consulted out of a population of 2.14 million, Lesotho has one of the most consulted PRSPs (Roberts 2003: 15). In addition, unlike other PRSPs, the Lesotho PRSP has integrated other policy initiatives, such as the national plan Vision 2020 and the Millennium Development Goals.¹

This chapter considers the extent to which the new PRSP is likely to be successful in assisting the poor in Lesotho. This assessment is based, in part, on the results of a previously unreported survey of poor women, but the methods and data used in the PRSP are also critically examined. The focus of the

¹ See Cromwell *et al.* (2005: 16) for concern that PRSPs are often inconsistent with or superseded by other national plans.

Lesotho PRSP is an attempt to establish headcounts of poverty and a limited number of poverty correlates, such as the geographic location of the poor. Parallel to this, a set of poverty-reducing policies is developed. These policies, which are remarkably similar to those advocated in the PRS papers of many other African economies, emphasize investing in education and health and encourage foreign direct investment.

This chapter argues that while these policies have some merit, they are unlikely to benefit many of those among the poor. This is because the PRSP approach precludes a focus on the heterogeneous nature of poverty and its determinants. Three things are confused in the PRSP: snapshots of the number in poverty; an identification of the characteristics of the poor; and an understanding of the causes of poverty. Instead policy makers need to understand poverty in the context of dynamic local economic forces, external labour markets and domestic social structures.

How is poverty understood in the PRSP?

World Bank and IMF guidance states that a PRSP should contain relevant, timely and credible poverty diagnostics, with a careful choice of appropriate targets and indicators. The Lesotho PRSP aims to follow these guidelines and claims support from the results of an extensive consultation process that captured popular views of the character and causes of poverty in Lesotho. During the development of the PRSP, researchers engaged in a participatory investigation of the views of people in 200 villages, mostly in the rural areas of Lesotho. In addition to consulting the public, the production of the PRSP also involved all parts of the Lesotho government as well as many NGOs and the private sector (DFIDSA-Lesotho 2004). However, we will argue that despite these consultations, the PRSP reveals only a limited understanding of poverty in Lesotho. The PRSP analysis of the prevalence and characteristics of poverty, as well as its policy proposals, are flawed.

PRSP analysis of the prevalence of poverty in Lesotho

In its attempt to quantify the prevalence of poverty in Lesotho, the PRSP uses an arbitrary poverty line, coupled with poor quality data. Interestingly, drafters made little use of the extensive consultation exercise in developing the poverty assessment section of the PRSP. In fact, the results of the consultation exercise were written up entirely separately (DFIDSA-Lesotho (2004: 21). Roberts's (2003: 29) interim review of the PRSP process came to a similar conclusion, saying that 'it is disappointing that the rich analysis of the community consul-

tations [report] (...) has not been sufficiently reflected in the poverty diagnostics chapter'.²

The poverty assessment chapter of the PRSP focuses on a money-metric definition of poverty. While earlier drafts had included district-level data on the Human Development Index, including important dimensions of poverty such as literacy and infant mortality rates, as well as the perceptions of poverty expressed by different social groups, parliamentarians, civil-society organizations and the private sector (Roberts 2003: 2), the final draft includes only national data on the Human Development Index, a brief mention of the 2002 Core Welfare Indicator Study and an even briefer mention of the multi-dimensional nature of poverty in Lesotho.

Using a calorie-based poverty line and the data from two, not strictly comparable official household surveys, the PRSP suggests that 58% of the population of Lesotho is poor, while 39% are ultra poor (Kingdom of Lesotho 2004: 9).³ The severity of poverty appears to have increased over time. The 1986/87 household budget survey calculated a headcount poverty rate of 58% with ultra poverty at 35%, while a second survey in 1994/5 found little change in the overall poverty rate but an increase in ultra poverty to 39%. The results of smaller-scale private-sector-run surveys are quoted and they appear to confirm this trend (Kingdom of Lesotho 2004: 9).

The poverty line used in the PRSP was originally developed for the 2001 UNDP Lesotho National Human Development Report and is based on estimates of the cost of achieving a per capita daily intake of 2,200 kilo-calories (May *et al.* 2002: 4). This calorie intake was converted to necessary expenditure by using Consumer Price Index survey data to calculate the amount of expenditure associated with different calorie consumption levels. Recognizing that food needs were only one component of the bundle of consumption requirements of the poor, an amount for non-food expenditure was also added. This was determined by examining the actual non-food expenditure of those individuals in the CPI survey who appeared to be at the calorie-consumption threshold. This

² However, it is important to note that the 'rich analysis' of the community consultation exercise was itself flawed in important respects. Roberts (2003: 1) argues that '[d]espite impressive nature of the consultation process, the quality and scope of the material has been negatively affected by the rather superficial knowledge of participatory techniques among some facilitators, insufficient attention to reporting protocols and analytical strategies, and the under-representation of urban areas.'

³ In many developing economies, a very high proportion of all households surveyed (50% or more) cluster around the official poverty line. This has two consequences: first, it is possible to justify a wide range of policies on the grounds that they will have an impact on 'poor' households; and secondly, a very marginal shift in the poverty line will cause huge numbers of households to move into or out of the category of 'poor' households.

exercise yielded a per capita poverty line of M124 per person per month in 2001 prices,⁴ which was then inflated by 2002 prices to arrive at a poverty line of M146 for the PRSP. The ultra-poverty line was defined, for no apparent reason, as being half this amount.

A calorie-based line has been used in Lesotho before but was set at a different and higher minimum calorie requirement per adult equivalent of 2,500 calories (Kingdom of Lesotho 1996: 8). Other lines have been used in Sub-Saharan Africa and 25 of these were surveyed by Hanmer *et al.* (1996): in 12 cases, the poverty line was based on a minimum calorie requirement that varied from a low of 1,700 calories per day in urban areas of Ethiopia to a maximum of 2,700 calories per adult equivalent in the Gambia. While these differences may be explained by a tendency to set higher poverty lines in more affluent countries, it is also clear that there were often no, or very shaky grounds, for setting the level of many of these lines.

Uncertainties about the choice of the poverty line arise for a number of reasons. First, calorie 'requirements' are based on assumptions about the desirable energy requirement for an individual, which will itself be determined by assumptions about standard (time-invariant) metabolic rates, weights and heights for particular age and sex categories. FAO (2001) data show that calorie requirements are very sensitive to both activity levels and weight. For example, FAO data (2001: 45) show that a moderately active 40-year-old woman will require 2,200 calories if she weighs 50 kg but 2,500 if she weighs 75 kg. If she weighs 50 kg and is very active (for example, as an agricultural labourer in an unmechanized environment), she will require 2,750 calories. Thus, age, gender and weight have a significant impact on the necessary calorie intake. To complicate matters further, some authors have argued that calorie minimums should be increased to take into consideration the greater illness rates faced by poor people (Svedberg 1987, Gabbert & Weikard 2001). More generally, it has been argued that the long-term energy requirement for adequate nutrition of an individual of a given age and gender and performing specified tasks 'is not a fixed number of kilocalories per day' (Srinivasan 2001: 158).

A second major difficulty with the poverty line in Lesotho is that adult equivalence scales and household economies of scale were not calculated (May *et al.* 2002: 46). As a result, no allowance is made for economies of scale and size in large households or for the reduced intake requirements of, for example, young children in relation to adults. However, such features are well known and the implications of their effects on poverty data have been measured elsewhere. For example, Székely *et al.* (2000: 17) show that poverty measures in Latin

America were highly sensitive to assumptions about adult equivalence scales, with the overall poverty rate in the Latin American region ranging from 51% to 31% depending on the assumptions made. In addition to changing overall poverty headcounts dramatically, decisions over an adult equivalence scale or household economies of size will affect policy makers' identification of the characteristics of the poorest households (Lanjouw & Ravallion 1995). Not surprisingly, with no adjustments, the original poverty work completed for the UNDP Lesotho Human Development Report found that large households (where monthly expenditure is divided by a larger number) were consistently poorer than smaller households (May *et al.* 2002: 14-15). An important group of very small and malnourished households, containing for example a single woman and her children, will then be ignored.

A third problem, which also affects economies with a much more developed statistical service than Lesotho, arises from the use of inappropriate and/or insufficiently disaggregated CPI survey data. Different households, even within the same village, pay different amounts both for the food they consume and for other basic necessities; poorer people are usually in a weak position to purchase at the lowest prices (Sender 2002: 15). Apart from such interhousehold variation in prices, there are large spatial and intertemporal variations as well.⁵ There are enormous practical and conceptual difficulties in attempting to update poverty lines through the revaluation of a given poverty bundle at prices that are specific to each household, region, district and period of time.

The problems mentioned above suggest that choices made when selecting an appropriate calorie-based line and its application will lead to considerable variation in poverty statistics. Without a disaggregated and up-to-date CPI survey, or adjustments for calorie-intake by gender, age and activity level, Lesotho's calorie-based line is hard to justify. The fact that the PRSP has established two lines, an absolute poverty line and a relative measure used to distinguish the ultra poor (defined as those living on less than half the poverty line), does little to lessen this problem. While the use of multiple lines is recommended in the World Bank's Operational Directive, as Hanmer *et al.* (1996: 6) have argued more generally, 'this is not the same as providing a motivation for the position of either line'.

In addition to the problems of defining an appropriate poverty line, there are indications that the quality of the official data is not good. The benchmark 1986/87 household survey had very high non-response rates (64% and 66%) on income for certain rural areas, despite its use of a trained survey team which

⁴ The Lesotho currency, the Moleletsi, is pegged to the South African Rand. At the

⁵ These differences raise serious questions about the common assumption in the ana-

collected information on a monthly basis (Government of Lesotho 1988: 8). The results of the 1994/95 household survey were not publicly released due to concerns about data quality. May *et al.* (2001: 37) report on a UNDP-funded assessment which found a muddling of monthly and annual data; poor quality of data on domestic consumption; and general data entry errors. While some cleaning of this data occurred to calculate the poverty statistics used in the PRSP, the extent to which these problems were rectified has not been made public.

The problems faced in the production of official statistics are also illustrated by the severe capacity constraints which prevented PRSP drafters from using the results of the more recent (2002/03) official household budget survey. The analysis of this survey had still not been completed by mid 2006. The fact that the poverty data used by the PRSP is a decade old has also been a source of criticism. Roberts (2003: 26-27) argues that the data must be considered to be significantly out-of-date and so will not represent 'a number of societal dynamics since the early 1990s', such as the continuing retrenchment of migrant mineworkers,⁶ political disturbances, the progression of the HIV/AIDS pandemic as well as several food security crises.

Given the methodological problems cited, there are reasons to be concerned about the quality of both the headcount and trend data. More fundamentally, it should be clear that the national poverty headcount in relation to an arbitrarily drawn poverty line is, in itself, a meaningless statistic (Hanmer *et al.* 1996).

Correlates and causes of poverty

After a cursory reference to the consultation exercises, which found that a poor person is someone without wage employment, skills or access to basic services (Kingdom of Lesotho 2004: 8), drafters of the PRSP use official data to discuss the concentration and causes of poverty. The PRSP states that 'the greatest determinant of variation is geography' (Kingdom of Lesotho 2004: 10), as official data and other studies show that rural and particularly mountainous areas of Lesotho are the poorest.⁷ In addition, the PRSP (*ibid.*) states that '(s)econd only to geography is gender', as the data consistently show that *de jure* female-headed households (i.e. those headed by single, divorced, widowed or abandoned women) have the highest incidence of poverty.⁸ Despite gender being mentioned in the poverty diagnostics chapter, it is not analyzed, or even dis-

⁶ In 1990 the number of migrant mineworkers from Lesotho was over 127,000; by 2003 the number had fallen to fewer than 60,000 (Cobbe 2004).

⁷ In the background study, May *et al.* (2002: 11) found that 72% of rural households were poor in 1994, compared to less than 30% in the capital Maseru.

⁸ May *et al.* (2002: 16) found that 62% of *de jure* female-headed households were poor,

cussed, consistently in the rest of the PRSP. The most detailed policy area for women is that of health and there is limited discussion of other issues, such as education and governance. Roberts (2003: 37) says 'Particularly worrying is the omission of gender in Trade, Tourism and Industry, Agriculture and Rural Development, Mining and Employment, since these have been designated as the priority economic strategies for pro-poor growth'.

Outside of the poverty assessment section, the PRSP makes descriptive reference to the important relationship between HIV/AIDS⁹ and poverty, and also vulnerability in childhood and poverty (Kingdom of Lesotho 2004: 97-98, 106). There is no appreciation of the urgency of the need to link data on seroprevalence data with socio-economic status, especially to patterns of labour market participation (Sender *et al.* 2005: 7-10). We will argue that this analysis does not assist in the design of poverty policies and appears to confuse two concepts: the correlates of poverty (i.e. selected characteristics of the poorest); and the determinants of poverty.

A central issue is that headcount approaches do not differentiate sufficiently between different types or classes of poor people, instead relying on a simple poor versus non-poor dichotomous categorization. This is particularly problematic when, as in the case of Lesotho, almost 60% of the population are considered poor.¹⁰ As Hanmer *et al.* (1996: 10-11) argue, with such a large group of the population defined as poor, poverty reduction efforts become almost indistinguishable from general development measures. The apparent homogeneity conferred on the poor is at odds with data showing that Lesotho is highly unequal. Gini coefficients for per capita expenditure drawn from the official household budget surveys discussed above suggest that the inequality is very high and rising, reaching 0.6 in 1986/87 and 0.66 in 1994/95 (May *et al.* 2002: 42). Studies that use qualitative or alternative methods to the household budget surveys confirm increasing differentiation in Lesotho (Johnston 1997: 265-292, Wright 1993: 148-180).

A better starting point would be some disaggregation of the poor. However, this requires a move away from disaggregations that rest on simple correlates of poverty to those that have a stronger analytical basis. For example, the finding that rural and particularly mountainous areas are characterized by greater poverty does not itself explain why this pattern of poverty exists. Living in

⁹ The prevalence rate of HIV/AIDS amongst adults between 15-49 years has risen in Lesotho to 31% in 2002, which is one of highest in the world (Kingdom of Lesotho 2004: xx).

¹⁰ The background study found that poverty was 'concentrated' in a wide group of people: female-headed households, people living in rural areas, the elderly, children,

mountainous areas cannot explain poverty without an understanding of the analytical factors that cause poverty. It is not living in the region *per se* that causes poverty but the barriers to mobility faced by some of those living there, combined with 'factors such as the region's remoteness, with consequent poor access to markets and services or its ecological characteristics' (Hanmer *et al.* 1996: 10). As we argue below, the finding that poverty is concentrated in rural areas does not sufficiently delineate the different groups of rural poor, nor does it help us understand how changes in urban areas, or outside Lesotho's borders, might assist in reducing rural poverty. Similarly, we cannot understand the concentration of poverty in *de facto* female-headed households unless we understand the economic, social and political reasons why the absence of a male-household head might confer disadvantage. A long quote from Green & Hulme (2005: 870) on the poverty of widow-headed households in South Asia exemplifies this:

Poverty as an effect experienced by members of such households, notably the widow herself, is not a straightforward matter of an absence of an input in the form of male labour, or reduced dependency ratios, or the fact that a male household head might have access to a wage as a labourer or migrant worker, or even as a successful farmer. Rather, it is due to the ways in which adult female personhood is constituted as depending on a male spouse for access to various kinds of rights, including those over what is constituted as "property" (...) Importantly, this social casting of widows as second-class citizens, and the associated processes of asset stripping, is politically institutionalized within customary, statutory, and common law systems that licence and perpetuate such processes of impoverishment.

Without linkage to an analytical framework, the description of poor households in terms of their characteristics says nothing about why these characteristics cause poverty.¹¹ For an understanding of the causes of poverty, the situation of the poor has to be assessed in terms of wider macroeconomic or socio-political factors. At a minimum, we have to understand the economic, social and political structures that determine the markets that the poor have access to, as well as the determinants of outcomes in these markets. The impor-

¹¹ Thus, Srinivasan (2001: 163) argues that 'Unless one has an analytical framework that describes the mechanisms through which policies affect the determinants of poverty in all its dimensions and their quantitative significance, poverty alleviation policies cannot be well-formulated (...) This problem would remain even if there were some best way of counting the poor at any level of disaggregation.' The distancing between the characteristics of the poor and the economic and social relations that produce poverty is the reason why many studies in poor countries identify the poor as having similar characteristics, such as headship by a single female, 'a large number of dependants, [and] (...) inadequacies in access to such

tance of understanding these factors arises from the fact that they are not static, and neither are they immutable to policy.

Therefore, the broad headcount measures presented in the Lesotho PRSP are not only empirically flawed but are also not useful for understanding the causes of poverty in Lesotho. Three different purposes are confused: describing the prevalence of poverty; selecting certain characteristics of the poor; and understanding the various causes of poverty. As we shall see, this lack of delineation of the causes of poverty for different sub-groups of the poor facilitates vague and ill-targeted policy proposals.

PRSP policies to combat poverty

Looking at PRSP policies, one is confronted by a long list of policies presented under various themes. However before discussing these themes, it is important to note that the 'shopping list' of policies is constrained by the fact that the primary focus of the PRSP is macroeconomic stability, in the sense that the document aims to confine overall spending plans in line with the government's Poverty Reduction and Growth Facility (PGRF) commitments with the IMF. The fiscal framework commitments imply that the real value of government expenditure should grow less than GDP (IMF 2006: 5). However, the PRSP costings are M1.2 billion per annum over three years, which represents an increase in total aggregate expenditure of approximately 30% (Kingdom of Lesotho 2004: xxiv). This dwarfs even the ambitious growth targets used in the PRSP, and the costings do not include many of the policy elements listed in the PRSP. Therefore it is inevitable that only a sub-set of PRSP activities will be carried out, even if the government is able to obtain substantial additional aid to support its poverty reduction spending. The obvious trade-off between complying with macroeconomic conditionality and poverty reduction is not set out clearly in the PRSP. This is common to other PRSPs as well (Cromwell *et al.* 2005: 3).¹²

¹² It appears that the trade-off between macroeconomic orthodoxy and poverty reduction was not highlighted by other organizations either. Six of the 18 NGOs that participated in the PRSP process where interviewed in a recent assessment of Lesotho's PRSP a few months after the consultation process began. In interviews they suggested that 'participating CSOs noted a similarity between the PRSP and the Structural Adjustment Programme (SAP) but did not feel the urge to revisit the macroeconomic framework sculpted by the government in pursuit of the PRSP. This contrasts somewhat with the posture formerly adopted by the CSOs in the context of the SAP. The present disinclination for unpacking the policy package may be in-

Assumptions about the future level of economic growth affect the PRSP in three ways. As well as having a direct impact on poverty through increased household income, economic growth will have an indirect impact through its affect on government revenues and by allowing additional public expenditure under PGRF rules.¹³ The direct impact of growth on poverty is acknowledged to be low in Lesotho. The PRSP makes reference to the high real growth rates since 1980 (averaging 4.2% per annum) but says that '[t]here is no evidence (...) of the economic benefits of these relatively high growth rates "trickling down" to enough households to stem the tide of growing poverty' (Kingdom of Lesotho 2004: 2). This conclusion is largely based on work on poverty elasticities carried out for the UNDP Lesotho Human Development Report 2001, detailed in May *et al.* (2002). In the UNDP report, a partial poverty elasticity of GNP growth of -0.12 is calculated, suggesting that a 1% increase in GNP resulted in about a 0.1 per cent decline in the incidence of poverty (May *et al.* 2002: 7-9).¹⁴

As a result, the PRSP argues that not only high growth but also redistributive policies will be needed (Kingdom of Lesotho 2004: 3). However, before moving on to discuss the detail of these policies, it is important to note that the growth estimates in the PRSP are extremely ambitious and are not consistent with other estimates. The PRSP targets a medium-term real GDP growth rate of 7% by 2007, although it does not specify the source of this growth. This is ambitious given real GDP growth rates of 3.3% and 2.0% in 2003 and 2004, as well as current indicators of the decline in the garment industry following the phasing out of the Multi-Fibre Agreement.¹⁵

In summary, PRSP policies aim to create an enabling environment for labour-intensive investment, support agricultural growth and provide public services. A set of cross-cutting initiatives aimed at reducing HIV/AIDS preva-

¹³ Estimates of the relative size of these effects are not given precisely as the PRSP was not developed using a macroeconomic forecasting model.

¹⁴ The calculation of poverty elasticities has been criticized for the simplifying assumptions that they make (see Karshenas 2005). It is widely acknowledged that in many poor countries with a highly unequal distribution of income, growth is not very effective in reducing poverty (Ravallion 2005).

¹⁵ Roberts (2003: 11) notes that the high annual growth rates of real GDP between 1988 and 1994 averaging 8.5% can be largely attributed to construction activity under the Lesotho Highlands Water Project and export growth in textiles and garments. Construction activity under the Lesotho Highlands Water Project is now completed. The IMF (2006: 5) notes that the sources of growth are not identified in the PRSP and that the target growth rates are unrealistic: 'The erosion of trade preferences stemming from the phasing out of quotas under the Agreement on Textiles and

lence and mitigating its effects is also presented.¹⁶ The fact that the PRSP is overly optimistic about fiscal feasibility and growth suggests that the Government of Lesotho will be unable to implement the large set of policies outlined in the text. To understand what is most likely to be implemented, one has to dig deeper within the PRSP by making use of the prioritization matrix and budget costings provided. The PRSP prioritization matrix shows which policies are seen as priority activities, while the budget indicates which policies have been budgeted for. This presents something of an immediate problem, as some priority policies are not allocated funds within the PRSP's already ambitious budget while some non-priority policies have been. In the following discussion we will focus only on those policies that were ranked as priority areas, although mention will be made of others where appropriate.

The first thematic area is employment creation, which focuses on attracting foreign investment and supporting small and medium-sized enterprises. This reflects the high priority given to unemployment in a country where the official unemployment rate is 31%, with the percentage without waged employment considerably higher (Kingdom of Lesotho 2004: xi). The two highest-ranking policy initiatives are the reduction in administrative procedures to attract investment, and support to small and medium-sized enterprises. Second-tier initiatives include: the provision of basic infrastructure crucial for investment; the facilitation of international trade; and the development of market opportunities. The adoption of appropriate technology is also ranked as a second-tier policy action but it is not budgeted for. Third-tier policy activities include improvements in efficiency in attracting investment, and also improvements in the process of issuing travel documents (to assist migrant workers). However, again, this latter initiative is not budgeted for. Finally, a fourth tier of policy initiatives is identified, which includes the development of mining and agri-business. This tier also includes policy activities aimed at encouraging a better gender balance in industrial recruitment, but this activity is not budgeted.¹⁷

The second thematic area is the development of agriculture to increase production and meet food security needs. Highest priority is given to three policy areas: the adoption of appropriate farming practices and ensuring timely access to inputs; the development of appropriate irrigation schemes; and livestock improvement. A sole second-tier policy action is identified; that of strengthening

¹⁶ While the PRSP suggests that these themes were heavily influenced by the public consultation process (Kingdom of Lesotho 2004: 1-2), it is important to note that there is little change in policy focus from earlier documents, as recognized in the PRSP executive summary (*ibid.*: viii) which says that the 'PRSP introduces few entirely new activities (...) mostly it extends coverage of ongoing activities'.

and decentralizing extension services. Interestingly, revision to land tenure practices are mentioned in the PRSP and are budgeted, but are not prioritized, reflecting perhaps the political sensitivity of this area.

Another set of thematic initiatives is related to the greater provision of health, infrastructure and education services. These policies are allocated over 70% of the PRSP budget and, within this, the vast bulk is allocated to infrastructure. Under initiatives to improve health and education services, high priority areas include the strengthening of disease prevention programmes; the expansion of free primary education to universal basic education; a reduction in non-fee barriers to education; a reduction in the high rate of school drop-outs; and an increase in access to vocational and non-formal education.

Finally, a small set of safety-net policies are identified in the PRSP. Prioritized safety-net initiatives include an expansion of the bursary system for secondary education, as well as the provision of nutritional support and social welfare services to vulnerable groups. However, these are only partially budgeted for, although the government may be expecting to make up the shortfall with donor funds. More clearly excluded from budgeting and from prioritization is the provision of pensions to the over-seventies and social security generally. While these are included in the main PRSP text (Kingdom of Lesotho 2004: 27-28), they are not given priority status and are not budgeted for.¹⁸ Support measures for HIV/AIDS are prioritised in the PRSP, and include measures related to prevention and mitigation. However, budgets are presented for HIV/AIDS-related activities, with the explanation being that finances are likely to be available through the Global Fund and also a national fund (Kingdom of Lesotho 2004: Annex 2 PRSP Cost Matrix).

In conclusion, it can be seen that despite the impression of a wide scope of policy initiatives, the PRSP is likely to be constrained by the fiscal targets set by the PGRF and also the feasibility of obtaining additional funding. With an overly ambitious budget, it is likely that only some of those policy initiatives that have been prioritized will be implemented, while many of those that have not will almost definitely not be put into action. However, priority policy initiatives are remarkably similar to those set out in the Interim PRSP and past policy papers (May *et al.* 2001: 11-14). They focus on the creation of an enabling environment and on the provision of services to improve education and health. In the next section, we present the results of a survey of poor people which will be used to consider the likely policy impacts on this sub-set of the poor.

¹⁸ This is despite earlier analysis (May *et al.* 2002: 44-46) that suggested that direct

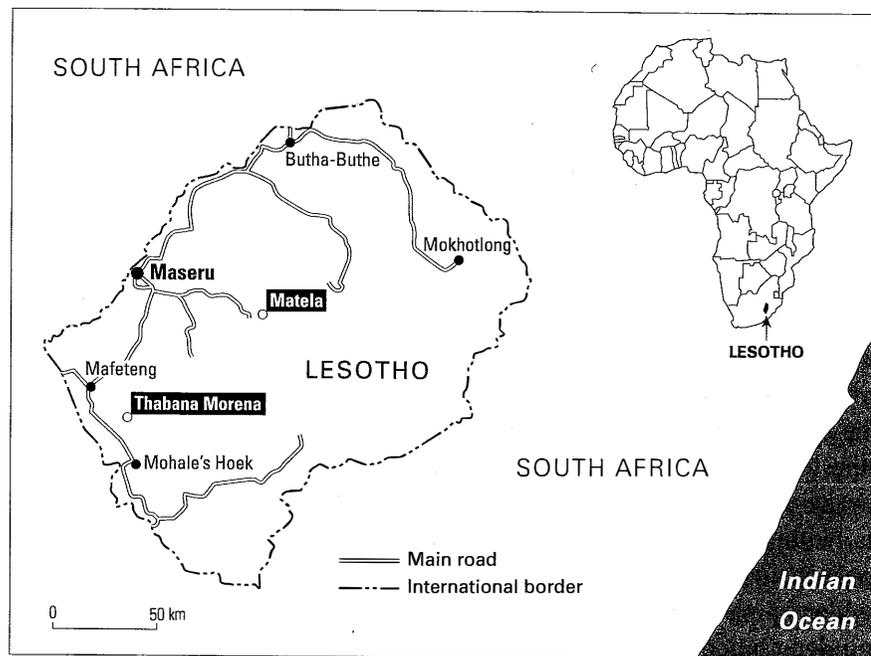
Alternative approach to understanding poverty

To identify the causes of poverty among disparate groups, we need to move away from a focus on overall welfare levels across the population as a whole, or the rural and urban areas. Instead, purposive surveys (Sender 2003, Sender *et al.* 2005) or functional samples (Hanmer *et al.* 1996) have been suggested, i.e. surveys that identify particular groups among the poor and attempt to understand their survival strategies within particular markets and social structures. The results of a previously unreported purposive survey are discussed here to show how such a purposive survey can illustrate more clearly the causes of poverty and the impacts of policy for particular sub-groups of the poor.

The research described here focused on poor women who had migrated from Lesotho to the farms of the South African Eastern Free State. Such work paid low wages, with average earnings of R5.55 a day.¹⁹ The work was often arduous, with women working on average 10 hours a day and 6.5 days a week. The seasonality of the work meant that the working period was uncertain, and many women worked illegally without contracts or immigration papers, thereby risking deportation or jail. Despite these gruelling working conditions, farmers and recruiters reported turning down a high number of applicants.

One hundred and fourteen female Basotho migrant farm labourers and their families were interviewed in 1993. All were migrant labourers working on the farms of the neighbouring Free State area of South Africa. Some were legal migrants, others illegal. Seventy-seven per cent were resident in the rural areas of Thabana Morena and Matela, while the rest were resident in the peri-urban Qoaling area of Maseru, the capital of Lesotho. Rather than random sampling of households, respondents were sampled using a purposive sampling design, which aimed to identify female migrant farm workers and collect detailed data not only on their characteristics but also on their economic activities. In addition, information was collected from five of the border farmers who employ migrants from Lesotho and with a farm-worker employment agency.

As well as an alternative sampling approach, the survey also used an alternative measure of economic wellbeing in order to avoid the types of problems related to those mentioned above in measuring income and consumption. This measure is based on a composite score of household possessions and has been applied successfully elsewhere (Jodha 1989, Sender & Smith 1990, Pincus 1993, Sender & Johnston 1995, Sahn & Stifel 1999, Filmer & Pritchett 1999). There are a number of advantages to the household possession score approach.



Map 3.1 Lesotho and research locations

Data on assets may be less prone to measurement error since problems with memory or definition are minimized and problems with valuation and the estimation of depreciation are not incurred. Also, the data on assets may be a better indicator of long-term welfare than either expenditure or income as both can be affected by short-term volatility. The assets discussed here were chosen to make a comparison of poverty with the most recent country-wide poverty study of Lesotho, which itself had used participatory research to compile a list of items without which a household was considered to be poor by those interviewed (see Table 3.1) (Gay *et al.* 1991).

Table 3.1 shows a comparison of results from the farm-worker survey and the poverty 'map' mentioned above (Gay *et al.* 1991). The results show that, as a group, farm workers are poorer than the average household in Lesotho. On the full range of poverty indicators, farm-worker households were more likely to be deprived according to each specific indicator. This is confirmed by the results of a 1998 survey of 152 migrant farm workers from Lesotho (Ulicki & Crush 2000). Authors of this study compared their results on livestock ownership to national data, and on this basis concluded that migrant farm workers held fewer livestock than other households and so were relatively poor.

Table 3.1 Comparison of household characteristics with Poverty Map results

	% of households		<i>Within farm-worker sample</i>	
	Poverty Map national average	All farm-worker households	<i>Rural farm-worker households</i>	<i>Urban farm-worker households</i>
No savings account	63.9	78.1	79.5	73.1
No radio	42.1	50.0	51.1	46.2
No latrine	69.0	56.1	68.2	15.4
More than 3 people per room	29.4	54.4	59.1	38.5
No piped water	48.3	51.8	55.7	38.5
Fewer than two bags of cereal per person	80.5	85.1	83.0	92.3

Source: Gay *et al.* (1991: 26), Johnston (1997)

Interestingly the relative picture is the same for urban farm workers. The disaggregated data in Table 3.1 show that even urban farm-worker households (column 4) perform badly compared to the national poverty map data (column 1), although they are more likely to have access to a latrine and piped water than the national average. Thus urban status does not protect these farm workers from displaying characteristics that show relative disadvantage and so, in this case, geography plays a secondary role to other factors.

This conclusion is supported by a detailed comparison of the results for each enumeration area in the Poverty Map and in the survey of farm workers. Table 3.2 shows Poverty Map data on the average household in the relevant enumeration area and compares it to farm-worker household data from that area. The data for each area show the relative poverty of farm workers compared to the average household in the area. The only exceptions are two indicators for farm workers in Maseru South (column 2) compared to average households in the areas (column 1): the percentage of households having more than three people per room; and the percentage of households producing less than two bags of cereal per person. It is difficult to assess the reason for such a low prevalence in terms of the former indicator, although the difference is likely to stem from methods of counting household members (which may then cast doubt on all similar comparisons). For the second indicator, the difference between the two sets of results is relatively small. Overall, the results shown in Table 3.2 in-

Table 3.2 Comparison of household characteristics by census area (% of households)

	Maseru South		Thabana Morena		Matela	
	Poverty Map average	Farm-worker households	Poverty Map average	Farm-worker households	Poverty Map average	Farm-worker households
No savings account	43.5	73.1	91.4	92.7	83.3	76.5
No radio	24.0	46.2	35.8	58.5	30.7	61.8
No latrine	14.0	15.4	83.3	87.8	64.2	70.6
More than 3 people/room	30.9	11.5	44.9	63.4	31.7	41.2
No piped water	7.6	38.5	76.9	68.3	60.8	73.5
Fewer than 2 bags of cereal per person	94.6	92.3	34.9	51.2	46.3	55.9

Source: Gay *et al.* (1991: 143, 145, 158), Johnston (1997)

dicating the importance of attempting to identify poor people rather than poor areas. Consequently, they provide a contrast to the geographic story found in the PRSP.

Migrant farm-worker households had minimal agricultural assets. For purposes of clarity, only the results for rural migrant farm workers will be reported here (as opposed to those living in urban areas). While many rural farm-worker households had made small gardens on their homestead plots, only 55% had access to farmland and, of these, only 30% had a plough and only 44% had any cattle. Even among those that did have cattle, more than a third owned only one animal, while six cattle are usually needed for a ploughing team. Thus, very few households could use their own resources for ploughing and traction, and so would be dependent either on hiring in such resources or on reciprocal work schemes. Households owned few other livestock. Eighty per cent had no sheep and 77% had no goats. The figures for ownership of hens and pigs, usually considered as 'women's cattle', are even more striking. Of rural households with land, half had no hens and almost 70% had no pigs.

Earlier, some headline data on cereal production were used to compare relative poverty levels. It is worth investigating these a little more, bearing in mind that data were collected for the respondent's best-ever harvest. For landed rural households, 14% of households grew no maize or sorghum, while 50% harvested four bags or fewer (a bag is assumed to be 80 kg). A common assumption made for Lesotho is that an adult requires 180 kg of cereal crops per

their best harvest, those households with access to farm land produced only 85% of their physical subsistence needs. The figure for all rural households is 60% in the best harvest year. It should be noted that this is a comparison to physical consumption needs and so does not include the degree to which households are able to generate cash income from crop sales to meet other subsistence necessities (such as clothing, education and health care). Only 21% of landed rural respondents reported selling any of the produce they had grown themselves.

The importance of access to wage employment is evident when it is noted that women in these households received little financial support either from household residents or others. Two factors appear to explain this: first, an absolute lack of employment opportunities for other household members; and second, an absence of male financial support. Looking at adults in the 25-64 year age range, 67% of migrant farm-worker households contained no currently working resident adult (either full-time or part-time resident). This compares to a 1991 country-wide poverty survey that found that four households out of ten had no regular wage earner at all (Gay *et al.* 1991: 26). Thus, it is clear that farm-worker households experienced unemployment far more severely than other households. At the same time, these households contained few adult men. Amongst the working-age residents (including those who worked elsewhere but returned home regularly), almost 60 per cent were women. Less than 50% of women lived with a man (either a husband or a boyfriend) and 41% of women had been either widowed or divorced. This goes some way to explaining why women in these households were rarely in receipt of remittances from male workers. Less than one fifth of all women received monthly financial support from a man (a husband, a boyfriend or the father of their children). This figure did not change even where women had a very young child. For example, when the sample was restricted to women with children aged 6 years or younger, only 17% received monthly remittances from a man (and this rose to only 31% when a looser definition of 'remittances received twice a year' was used). Even where women were married (or cohabiting) and their partner was resident regularly, only one third received monthly financial support.

Table 3.3 shows the education levels of women in the sample households. While few had completed primary school, the vast majority had had some access to education. Interestingly, a fifth had some post-school training.

A superficial analysis of these characteristics, e.g. landlessness, lack of livestock, lack of access to wages, shows a similarity to the characteristics found in the PRSP and in other poverty studies across different geographic areas, as discussed above. The reasons that these characteristics have become causes of poverty are discussed in the next section.

Table 3.3 Women's educational status (all farm-worker households)

	% of all women 25 years and older
Attended school	89.8%
of whom: - average number of years	6 years
Had some post-school education	22.9%
of whom: - average number of months	12 months
- college/professional	0%

Source: Johnston (1997)

Determinants of poverty

One of the most significant features of these households is their lack of access to a male wage. This occurs for a number of reasons: widowhood; a lack of maintenance after divorce or desertion; but also male unemployment. Thus, the findings of this survey do not fully support the PRSP data on the poverty of *de facto* female-headed households. A more complex pattern is found where some of the undoubtedly poor households surveyed here contained men, but men who were unable to find work. In addition, problems were faced by the women in households containing working men who did not remit their income. Few women received remittances from those men who were working. Moreover, from informal discussions, it appeared that women had little control over the size and use of the remittances they received from men.²⁰ Thus, remittance income was not pooled between household members but was clearly earmarked for certain items of consumption. Gay (1980) argues that a woman's dependence on remittances does not reduce the uncertainty of her income, but may actually increase it. Women may be unsure of the size and frequency of remittances, or be unhappy with the intended use of the funds. Sharp & Spiegel (1990) also reached the same conclusion in their study of the former South African 'homelands' and argue that reluctance to depend on the remittances of men forces women to find their own income-earning opportunities. This survey of farm workers showed that women had important decision-making powers in terms of expenditure from their own income. When asked who decided how their wages were spent, approximately 70% of both married and single women said that they either decided expenditure solely or jointly with other family

members. Thus, the demographic characteristics of these poor households were complex. Men were often absent from these households, but not always. Where men were present, they were either unemployed or they refused to pool their income with the rest of the household.

It can be seen from the data above that even if urban households surveyed in the study are excluded, many households did not have access to farmland, although most cultivated small household gardens. But even those that had farm land could not meet all their food consumption needs and only a minority had ever sold produce. There was some evidence that poor households with land were unable to farm and so engaged in sharecropping. Consequently, the results suggest that land did not function effectively as a productive asset for this group of poor households.

The data showed that most women had had some access to primary school and more than one fifth had also had some post-school training. Of these, 83% had artisanal or craft training, with the average length of training being 12 months. This reflects the high level of aid received by Lesotho in the past and the attention given by donors to non-formal education (Gill 1992: 18-21). However, it is important to note that few of those trained were utilizing their training, except perhaps for young women who had trained in dressmaking and were employed in textile companies in Maseru. A case study of three women, who had recently worked as farm labourers, is illuminating. They formed part of a larger group who had received training in weaving techniques. It was envisaged that a cooperative venture would be set up to employ these women. The scheme failed due to the highly competitive conditions of the local tapestry market and a lack of management and marketing ability. The women interviewed had been unable to utilize their weaving skills and were forced into farm work. It is apparent that unrealistic goals were set by training agencies concerning the skills needed and the opportunities available to the women trained. Problems in marketing produce from income-generating schemes have been identified elsewhere (Government of Lesotho 1991: 152). A 1991 Government of Lesotho report found that a number of donor-sponsored income-generating projects were unsuccessful (*ibid.*: 155-156).

Moreover, respondents did not appear to earn significant income from any other type of self-employment. While many traditional crafts have waned in Lesotho (e.g. DFDSA-Lesotho 2004: 15), Murray (1981) and Spiegel (1980) both discuss the stimulus to certain types of local production from migrant remittances, especially beer brewing and house-building (see also Gay 1980: 241-244). One rural study found that 34% of women earn some income from brewing, either individually or in cooperatives (quoted in Gill 1992: 9, Government of Lesotho 1991). However there is some evidence to show that signi-

²⁰ Often the remittance would be received in kind, either in food, household necessities or furniture. Both Gay (1980) and Showers (1980) argue that female dependence on remittances in Lesotho is a significant factor in the determination of poverty.

155) presents a case study of the most successful brewer she found in her survey:

This is the largest amount of supplementary income (M48.50) earned by any woman in the sample, yet it amounts to only 14.4 percent of 'Mamoeno's household income for that month. Both the sale of beer to miners who were home for the football weekend and the sale of agricultural produce were made possible by the large amount of money which she had available to invest, by the level of homestead and agricultural development, and by the help and encouragement of supportive affines who were themselves successful farmers and local entrepreneurs. It was also made possible by the high level of spending on convenience foods and cooking fuel, which allowed her to sell some of her own agricultural produce, and freed her from the time-consuming tasks of grinding grain and collecting firewood and wild greens.

Thus, the poorest women are likely to be excluded from brewing, as they lack the finance to buy inputs and are restricted by the need to spend time on other household activities. This conclusion is supported by results from the survey.

The study also gave a picture of wage employment. Approximately 30% of currently employed women and 48% of currently employed men in farm-worker households could be considered as working in the enumerated sector,²¹ with women earning an average of M7 per day. Work in the non-enumerated sector was more common, with this work being focused on domestic service and agricultural work. Domestic service accounted for a quarter of women's current employment. Wages for domestic work were low, averaging M4.59 per day (excluding payment in kind). Opportunities for waged farm work in Lesotho appeared more limited than in South Africa. Respondents also reported that they earned almost 20% less for farm work in Lesotho than in South Africa, with the average wage for harvesting in Lesotho being M4.63²² per day compared to R5.55 in South Africa.

The reasons for poverty and participation in waged migrant farm labour appear clear. The women concerned have few alternative sources of income and rarely receive remittances from husbands or boyfriends. There is a general absence of men in these households and a high level of unemployment. At the same time, these households are generally unable to subsist without waged

²¹ The enumerated sector can be defined as the sector covered by official regulations and reported in official statistics. Given the debate over the term 'informal sector', the preference here is for the distinction between enumerated and non-enumerated employment. Work in this sector includes government waged and salaried work, as well as factory and retail employment in large industrial enterprises. However, it should be remembered that this survey was carried out prior to the boom in Lesotho's garment industry.

²² ...

work, as they have limited opportunities for farming on their own account or for non-agricultural self-employment. In this context, waged employment in either the enumerated or non-enumerated sectors is of crucial importance to the well-being of a household. This poverty of opportunities and resources makes migrant agricultural wage employment an important means to obtain an income.

However, this picture is not complete without a brief treatment of the rationale of South African farmers for employing migrants. In the area under study, high-value production has been established (focusing mostly on asparagus). Interviews with farmers and recruiters suggested that migrant labour was utilized not only because of its relative cheapness but also to increase employers' control over labour and to hinder the ability of workers to demand fair treatment. Farmers were able to enter into a temporary relationship with migrant workers and to restrict to a minimum the dues implicit in that relationship.²³ This occurred at a time when farmers were concerned that South African employees were achieving increasing rights, including possibly the right to land presently owned by the farmer.

Conclusion

The information above gives an indication of the types of policies that would benefit this group of very poor households. If the poorest women depend on wage employment, what matters then is that policy aims to raise the wages of the poor relative to the price of food or other basic consumption goods. This may occur through an increase in wage employment opportunities in the agricultural or non-agricultural sector. Furthermore, it may occur through public policy – either in the form of public rural employment programmes or in changes in the protection afforded to poor workers. However, while the PRSP contains general enabling measures to encourage investment, it does not have specific aims in these two latter areas. Although not its current aim, the numerous infrastructure projects envisaged under the PRSP could fulfil the role of public employment generation if they are targeted correctly. Labour legislation to protect poor workers is also not a PRSP aim, although the PRSP does contain an aim to promote urban labour union development to deal with the growing

²³ Farmers used the ethnicity of migrant workers to their advantage. Dormitories, work-teams and conveyer belts were organized on ethnic lines, with workers divided into Xhosa, Tswana and Sotho groups. On some farms, the Basotho were also separated from South African Sotho workers. The manipulation of ethnicity by employers may be regarded as a means of re-channelling labour disputes and thus reducing the ability of labour in a particular sector to organize or act autonomously. Mather (1991: 23)

number of labour disputes in the garment sector. However, this activity is given no priority and is not budgeted for. This may not be surprising given that organized labour was left out of the PRSP process (DFIDSA-Lesotho 2004: 25).²⁴ Furthermore, the policy aim of achieving gender balance in recruitment (i.e. reducing the female share of the industrial workforce) must be treated with caution, since some of the very poorest households depend on female labour.

A particular issue for the poor households surveyed here is the ability to migrate in search of jobs. While the PRSP mentions the need for the speedy issue of travel documents, this is given the lowest ranking among priority policies and no budget is assigned to it. Clearly, to assist the very poor households discussed in this chapter, improving the ease of obtaining travel documents should be given higher priority. Furthermore, attention could be paid to the treatment by South Africa of legal and illegal migrant labour from Lesotho, and the rights of workers in the South African agricultural sector. This would require support for the Government of Lesotho to negotiate with South Africa, much as it currently receives support for trade negotiations.

Such initiatives would need support from parliament to pass the necessary legislation, but MPs were not significantly involved in the drafting of the PRSP. It was drafted over the period of the 2002 general elections, with parliamentary briefings being held during preparations for the elections. Cromwell *et al.* (2005: 18) argue more generally that a 'lack of attention to enabling measures, that often require legislation, may be both the cause and the consequence of the way in which parliaments and legislatures have usually played only a minor role in preparing the PRS'.

While the survey results give some guidance as to policy areas that would have a positive impact on a group of very poor households, they also indicate policy areas that may be of less use. For example, employment-creation policies prioritize support to small and medium-sized enterprises. However, such support is unlikely to benefit these households directly. Furthermore, agricultural support is also unlikely to benefit these households directly. Both initiatives would only be of assistance if they indirectly led to greater employment growth. The evidence also suggested that the provision of non-formal or vocational education, a priority under the education theme, would only be of use if it was

²⁴ A review of trade-union participation in the PRSP process in 23 countries, including 10 Sub-Saharan African countries, concluded that: 'no union has reported being engaged in the drafting, implementation or monitoring and evaluation. In a number of cases, unions have attended meetings on the PRSP but have not been able to make responses due to late delivery of background material, lack of capacity to analyze and present alternative proposals or simply because they were invited to only one or two

accompanied by the creation of employment opportunities, as the survey showed that a surprisingly high percentage of women had already obtained some vocational education but were unable to make use of it.

So this purposive study helps present a detailed picture of a particular group of poor households, and also gives an indication of useful poverty reduction policies for these households, policies that are different from the priority PRSP measures discussed above. The PRSP measures in contrast appear rather blunt, indirect ways of helping this group of the poor. Although this chapter focuses on only one group of the poor in Lesotho, some general points may be made as a result. The first is that when a large percentage of a population are defined as poor, it should be remembered that the poor are likely to be a heterogeneous group. The second is that the poverty should be seen as being produced by economic and social dynamics. The poor operate within markets, especially labour markets, and social structures; their prospects must be analyzed within these specific contexts.

What are the implications for PRSPs?²⁵ The discussion here shows that the focus in PRSP methodology on the prevalence of poverty using a headcount measure is unhelpful. Headcounts of poverty do not reveal the causes of poverty, nor do they inform policy makers as to appropriate poverty reduction measures. Instead, purposive surveys are needed to reveal the dynamics of poverty for different groups of poor households. Second, it is evident that without an understanding of the heterogeneous nature of the poor and causes of poverty, PRSPs are likely to be ineffective and potentially counterproductive.

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²⁵ There is a separate issue, outside of the scope of this chapter, about the degree to

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Why De Soto's ideas might triumph everywhere but in Kenya: A review of land-tenure policies among Maasai pastoralists

Marcel Rutten

A lack of easily understandable, formal property rights, Peruvian scholar Hernando De Soto argues, explains why people in developing countries have not been able to transform their (natural) resources into productive capital. His claim has been welcomed by national and international policy-makers struggling to improve developing countries' economies over the last fifty years. This chapter is based on longitudinal research carried out among Maasai pastoralists in Kajiado District, Kenya since the late 1980s. The findings seriously question De Soto's claims that formalized property rights will result in investments, the sustainable use of resources and, ultimately, wealth creation. By contrast, the opposite effect might be the rule in cases where key conditions such as reasonable interest rates, the trustworthiness of the land register, a friendly natural environment and security are not met, resulting in serious poverty for former property holders.

Introduction

The evolution of landownership in the Maasai area of Kenya is presented chronologically in this chapter in four major periods starting from when the Maasai were confronted with the arrival of British colonizers who introduced formal land tenure in Kenya. As a result of this, Maasai pastoralists lost their best grazing areas, a move that is challenged to this day. The creation of a