INTEGRATED SDG INSIGHTS

LESOTHO

This initiative supports the articulation of national commitments to SDG transformation, towards accelerated SDG action in the second half of the 2030 Agenda.

HOW TO READ THIS REPORT

Integrated SDG Insights provides an overview of a country's economic growth trajectory, highlighting potential conflicts between growth, environmental concerns, and societal well-being (referred to as the **SDG Moment**).

It builds from the foundation of national SDG progress through the lens of the 5Ps and uses machine learning to analyse national development ambition with an SDG lens (**SDG Trends & Priorities**).

Combined, these insights are mapped against SDG interlinkages to define policy choices the accelerate SDG progress, tailored to national context (**SDG Interlinkages**).

These policy choices are made against fiscal constraints and opportunities for stimulus to ensure choices translate to development impact and leave no one behind (**Finance & Stimulus**).

SDG MOMENT: LESOTHO

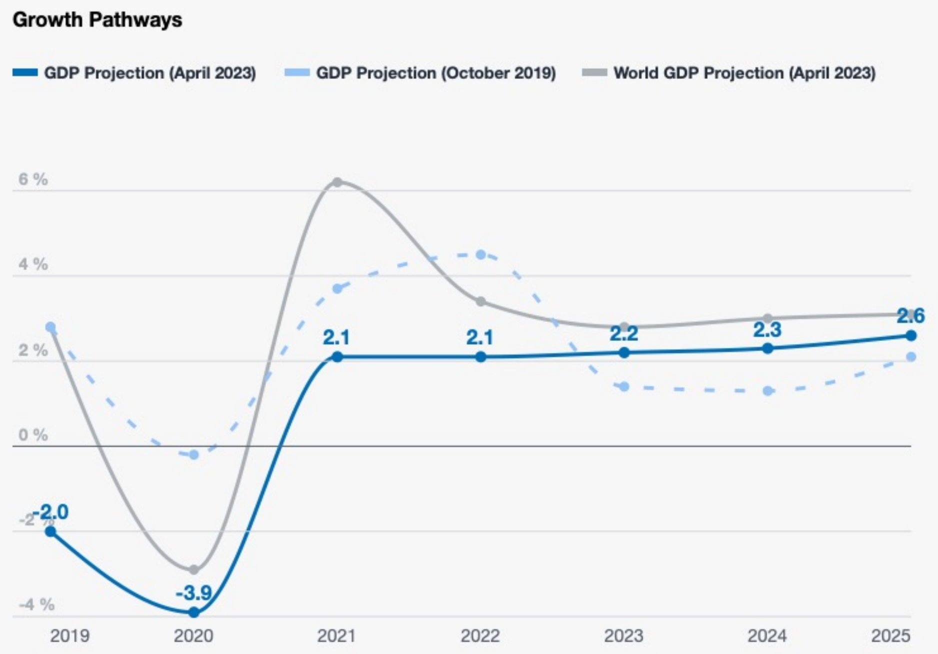
While economic growth is a key element in achieving the SDGs, many countries are intent on moving beyond growth as a yardstick for progress. In the short run, growth enables the SDGs; but in the long run, the SDGs aim to transform the pattern of growth itself.

Lesotho's economy is projected to be in mitigation phase in 2023-2025.[1] This pace of growth is characterized by being 20% lower, on average, than the global figure, but already above the country's growth trajectory forecast before the pandemic.

This moderate pace of economic growth is not projected to exert a large impact on poverty reduction at $2.15 and $3.65 a day due to the negative impact of higher food and energy prices and climate shocks on low-income households. Hence, the country's commitments to achieving the SDGs should focus on inclusive and sustainable growth, increasing employment and eradicating poverty. Yet this growth cycle would be somewhat less dependent on carbon emissions from fossil fuels as the country's emissions intensity of GDP is projected to decrease at an annual rate of 1.6%.[2]

[1] The economic cycle is determined by adjusting the country's current GDP growth forecasts (April 2023) by their gap relative to the forecasts made before the pandemic and subsequent crises (October 2019). If the adjusted rates (not shown) are below 2%, the economy is considered in mitigation; it is coping if the adjusted rates range between 2%-4%, and it is in acceleration if they are above 4%.
[2] CO2 emissions intensity of GDP is computed as tonnes of CO2 per $1,000 (2017 PPP).

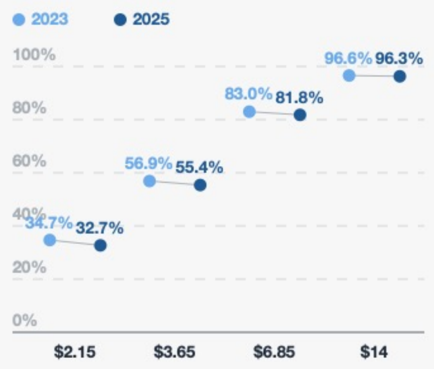
GDP



Source: IMF World Economic Outlook (WEO) (April 2023 and October 2019).

PEOPLE

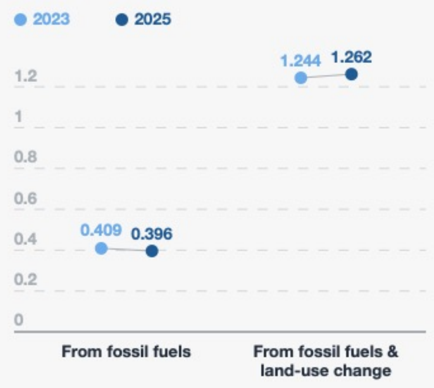
Poverty: Percentage of the population under each threshold (PPP$ a day)



Source: Projections based on binned distributions ($0.10-bins, 2017 PPP) reconstructed from the World Bank's Poverty and Inequality Platform through the pip: Stata Module.

PLANET

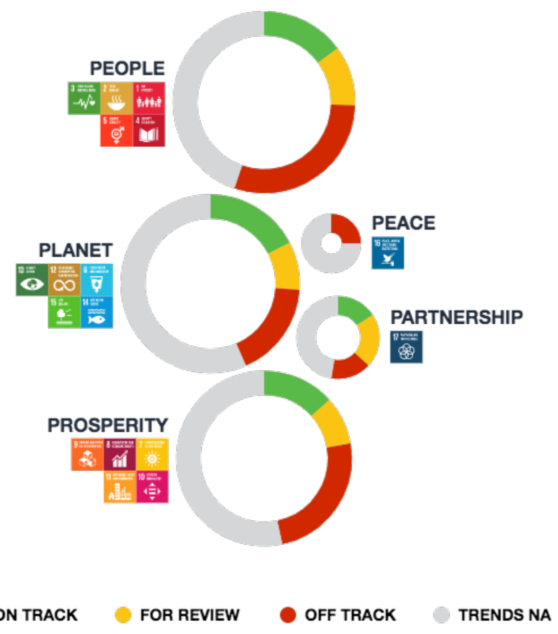
Carbon Intensity: CO2 emissions intensity of GDP (tCO2 per PPP $1,000)



Source: Projections based on GDP data from the IMF WEO Database (April 2023), and on CO2 emissions from the Global Carbon Budget 2022 and EDGAR (JRC and IEA).

SDG TRENDS

Understanding how Lesotho performs against the SDG targets provides a baseline landscape against which to build integrated SDG pathways. SDG progress tracking follows UN Stats standards and methodology, and is aligned with country profiles.



Trends in detail:
https://data.undp.org/sdg-push-diagnostic/LSO/sdg-trends

SDG PRIORITIES

Lesotho's national priorities are analysed using machine learning to reveal the most prominent SDGs referenced in national policy documents. This analysis uses a custom-built model for SDG classification. It considers 100k+ terms, including phrases and expressions.

Key documents for analysis:

1. Agenda 2063 First Ten-Year Implementation Plan (FTYIP) Evaluation Report
2. Budget Speech 2023/2024
3. Voluntary National Review (VNR) 2019 & VNR 2022
4. Lesotho Socio-Economic Impact Assessment 2020
5. Multi-Stakeholder National Dialogue Plenary II Report 2
6. National Strategic Development Plan 2018/2019–2022/2023
7. Lesotho Multidimensional Child Poverty Report 2021
8. Lesotho Universal Periodic Review 2020
9. 2017–2018 Lesotho Poverty Trends and Profile

Priorities in detail:
https://data.undp.org/sdg-push-diagnostic/LSO/current-priorities

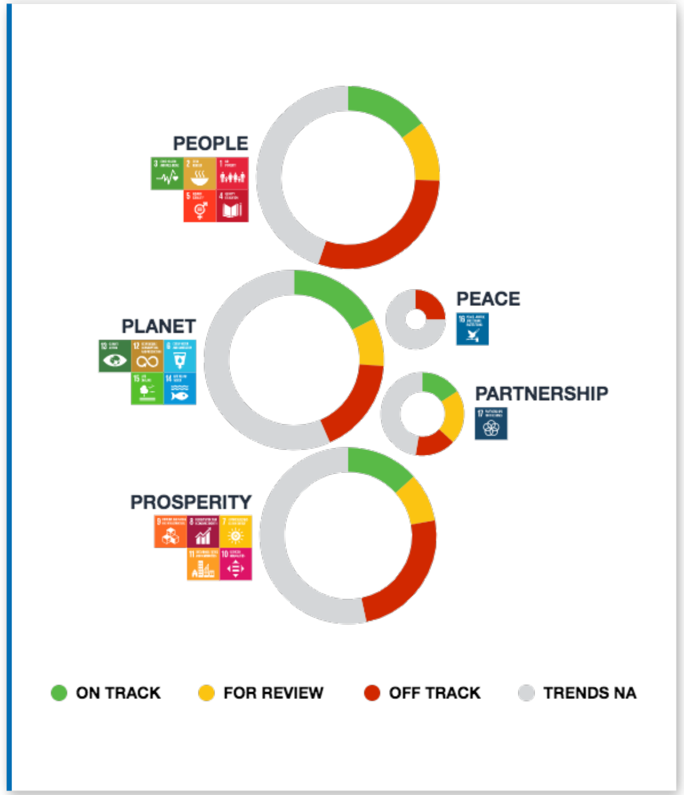
SDG INTERLINKAGES

SDG interlinkages reveal how actions directed towards one SDG can impact others. Uncovering and understanding these interactions can help Lesotho to achieve the 2030 Agenda for Sustainable Development and to navigate trade-offs.

Based on a global framework for interlinkages, Lesotho's SDG progress is colour-coded at the target level.

Building from national priorities, the following pathways reflect policy investments with the most potential to accelerate the SDGs for Lesotho:

- *Target 5.5: Ensure full participation of women in leadership and decision-making*
- *Target 8.5: Full employment and decent work with equal pay*
- *Target 9.1: Develop sustainable, resilient and inclusive infrastructures*
- *Target 10.1: Reduce income inequalities*
- *Target 16.6: Develop effective, accountable and transparent institutions*



ACCELERATION PATHWAYS

SYNERGIES

TRADE-OFFS

SDG INTERLINKAGES

5.5: Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

Despite the 95% female literacy rate, the implementation of gender protocols, mainstreaming of national policies, quotas and the adoption of a political party zipper/zebra list – women earn only 30.9% of the national income; women make up only 26.6 % of the members of parliament and female ministers constitute only 22% of the total number of ministers.

Gender representation is a concern in Lesotho because gender inequality still disadvantages women over men in all socio-economic and political spheres. Patriarchy, cultural norms, customs, religious practices and both normative and structural discriminatory practices are usually the main factors that perpetuate gender inequality and impede the empowerment, most notably of women and girls. Gender-based violence is high and is recognized as one of the drivers for HIV, especially among women and girls, and as a threat to national development.

To address this, it is essential to prioritize policies that address gender gaps in human capital, economic opportunities, ownership and control of assets and women’s voice and agency. Lesotho’s National Gender and Development Policy (2018–2030) and the second National Strategic Development Plan (2018–2023) emphasize the need for integrated approaches to promote gender equality and women’s empowerment and to create greater opportunities, especially for young people.

Furthermore, an inclusive, adaptive and shock-responsive social protection programme (targeting women and people with disabilities) and leveraging the potential of the digital can empower women by enabling them to succeed in the future of work, by giving them access to essential digital services, including those for education and health care, and by increasing their civic and political engagement.

ON TRACK FOR REVIEW OFF TRACK TRENDS NA

Explore the interlinkages at:
https://data.undp.org/sdg-push-diagnostic/LSO/synergies-and-tradeoffs

SDG INTERLINKAGES

8.5: By 2030 achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Lesotho ranks as one of the world's most unequal countries (Gini coefficient of 44.9 in 2017). The national unemployment rate was 22.5 percent (strict definition) and 38.3 percent in 2019 (expanded definition to include discouraged job seekers) with youth unemployment at 29.1 percent. Supporting the participation of micro, small, and medium enterprises (MSMEs); investing in agriculture and nature-based initiatives and the textile industry that is highly reliant on functional global value chains and provides employment to the poor, especially women – these are key actions to reduce poverty and inequality. It also requires strengthening the skills and employability of the youth while ensuring a gender-nuanced approaches.

By investing in SDG 8 (Decent work and economic growth), Lesotho can improve on current employment challenges and move the needle on key priorities around the eradication of poverty, zero hunger, improved health care and education. Progress on Target 8.5 will benefit from advancements in closing key infrastructure gaps, specifically in electricity, sustainable and safe road connectivity and ICT and also in promoting access to clean energy. These actions will progressively help to address and overcome inequalities in Lesotho.

Explore the interlinkages at:
https://data.undp.org/sdg-push-diagnostic/LSO/synergies-and-tradeoffs

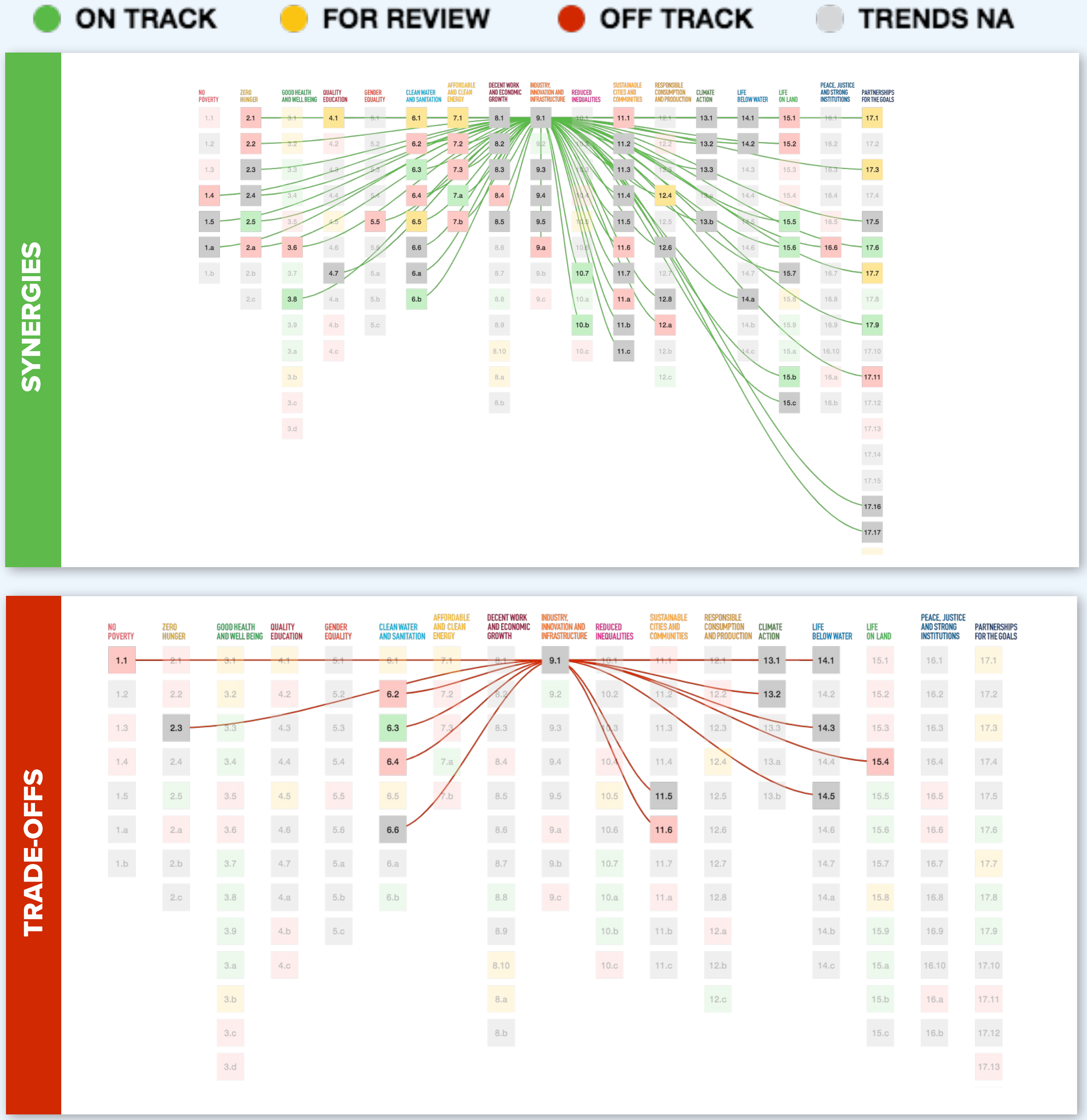
SDG INTERLINKAGES

9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

Infrastructure development has a significant impact on efforts to address existing inequalities and poverty and ensure economic competitiveness in Lesotho. Economic diversification has proven to be challenging due to limited road infrastructure networks (62 percent) and inadequate access to affordable and reliable infrastructure, such as electricity (38.7 percent), water, transport and internet connectivity (48 percent).

The industrial sector in Lesotho sector is largely concentrated in two spheres, textile/apparel manufacturing and mining. To spur industrialization and economic diversification, the government is encouraging domestic and foreign investment in agriculture, manufacturing, technology/innovation and tourism/creative industries to drive shared economic growth. Increasing access to renewable energy and expanding road networks will unlock economic growth opportunities in these sectors, catalyse rural development, facilitate economic transformation by integrating the MSMEs into the formal economy and lead to the adoption of green and digital technologies in development.

By investing in SDG 9.1 (Industry, Infrastructure and Innovation), Lesotho can improve on current employment challenges and focus on key priorities around eradicating poverty, reducing inequality, improving the business environment, facilitating industrialization, private sector investment and regional integration. This is complemented by several public digital infrastructure development and construction-related projects, including Phase II of the Lesotho Highlands Water Project, which will augment hydropower generation capacity of the country and open opportunities for catalysing investments and for reducing unemployment.



Explore the interlinkages at:
https://data.undp.org/sdg-push-diagnostic/LSO/synergies-and-tradeoffs

SDG INTERLINKAGES

10.1: By 2030 progressively achieve and sustain income growth of the bottom 40% of the population at a rate higher than the national average

Lesotho ranks as one of the world's most unequal countries (Gini coefficient of 44.9 in 2017). Gender, place of birth, parents' education, health and exposure to environmental shocks explain almost half (46 percent) the level of inequality. Low intergenerational mobility and the large gaps between rural and urban areas further exacerbate inequities.

Lesotho may consider tackling issues that contribute to inequality and that inhibit shared prosperity by supporting investment and equitable access in the following areas: in quality early childhood development; junior secondary education and health services; strengthening efficiency in health delivery systems for improved services; strengthening the social protection system to help build the resilience of poor households and of persons with disabilities; and enabling both to invest in their children's health and education and to prepare themselves to cope with future shocks.

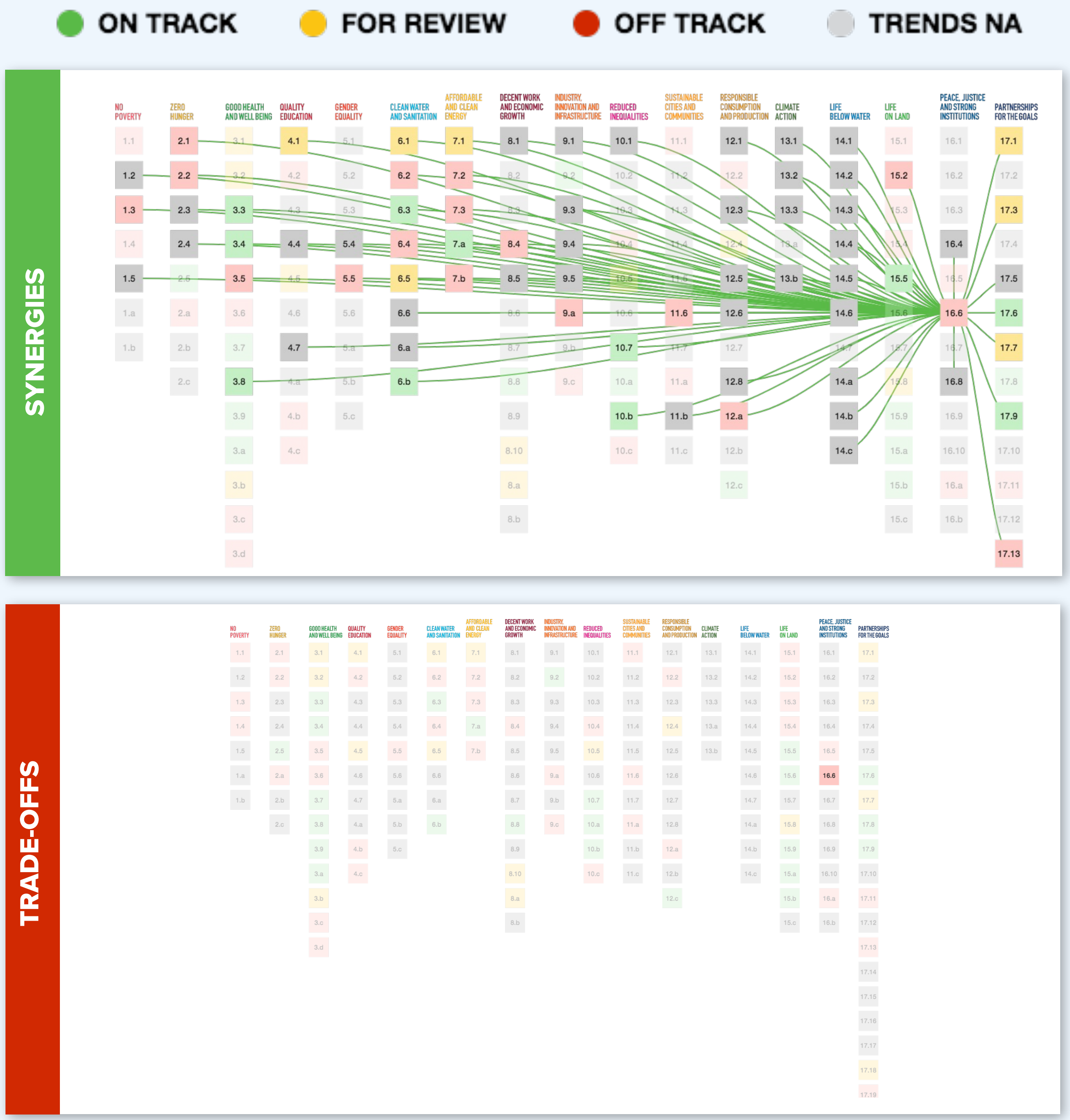
Explore the interlinkages at:
https://data.undp.org/sdg-push-diagnostic/LSO/synergies-and-tradeoffs

SDG INTERLINKAGES

16.6: Develop effective, accountable and transparent institutions at all levels

In Lesotho, around 52 percent of the population are satisfied with the public service received. By focusing on SDG 16 (Peace, justice and strong institutions) and, in particular Target 16.6, measures can be a booster shot needed to promote inclusive economic growth, ensure quality and effective and equitable access to public services to the poor

Investing in SDG 16 will also inject the necessary momentum toward the ongoing governance and economic reforms. This means that Lesotho could set a higher target with for example the percent of the population satisfied with public services received, public participation and political stability. When this happens, it will have a positive multiplier effect on other SDGs, and address Lesotho's development priorities for reducing poverty and promoting inclusive and sustainable economic growth.



Explore the interlinkages at:
https://data.undp.org/sdg-push-diagnostic/LSO/synergies-and-tradeoffs

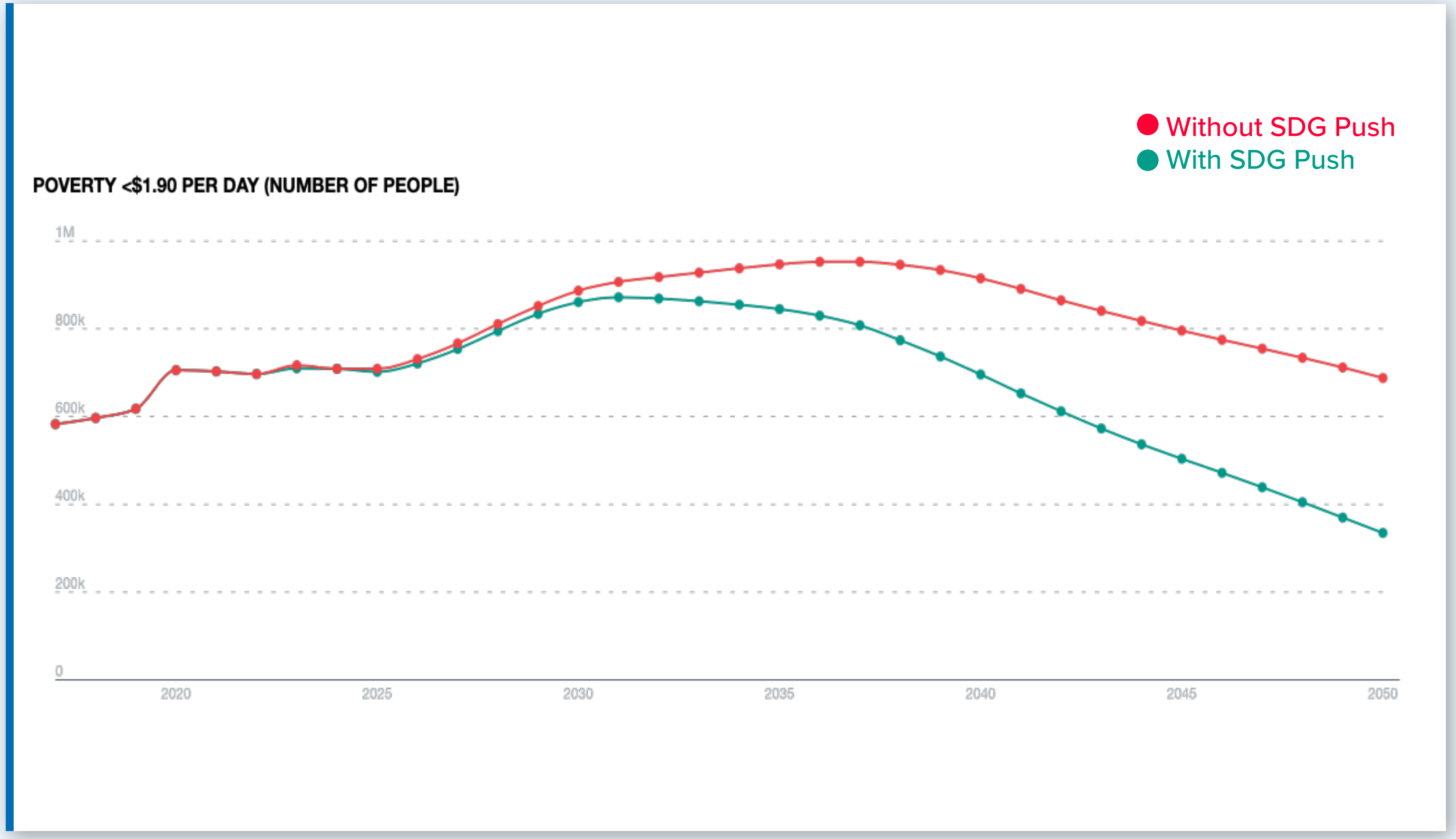
FUTURES SCENARIOS

Achieving the SDGs is possible.

The 'SDG Push' is a futures scenario based on 48 integrated accelerators in the areas of Governance, Social Protection, the Green Economy and Digital Disruption. It uses national data to explore the impact on human development by 2030 and by 2050 across key SDG indicators.

Incorporating 'SDG Push' accelerators into development interventions in Lesotho can reduce the number of people living in poverty over time.

People living in poverty	By 2030	By 2050
Without the SDG Push	890,000	690,000
With the SDG Push	860,000	340,000



Explore SDG Futures Scenarios at:

https://data.undp.org/sdg-push-diagnostic/LSO/future-scenarios

FINANCE & STIMULUS

Many countries are facing reduced fiscal space, high debt levels, rising interest rates and downgrades on credit ratings. Fiscal and financial constraints tend to slow or even reverse SDG progress.

The radar diagram shows low frequency data points linked to government revenue, debt and natural resources rents as a proportion of GDP. The financial indicator graphs show external debt servicing relative to revenue and the country's latest Debt Sustainability Assessment (DSA) risk rating.

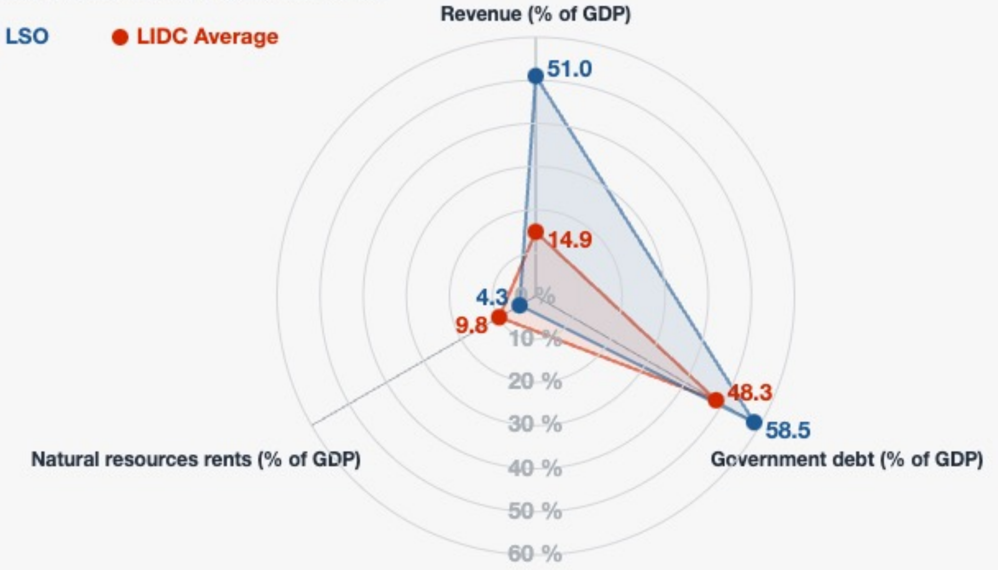
Lesotho's gross government debt is projected at 58.5% of GDP in 2023, which is about 10 percentage points (pp) above the low-income developing countries' (LIDC) average of 48.3%. The country is projected to collect 51% of GDP in revenue this year, thus more than 36 pp above the LIDC average of 14.9%.

Lesotho's public external debt servicing this year is projected to reach 6.2% of revenue, which is less than half the LIDC average of 14.1%. Due to increasing public expenditure and new borrowing, the latest World Bank and IMF DSA from June 2022 rates the country at 'moderate risk of debt distress'.

Lesotho has developed an Integrated National Financing Framework (INFF) road map to address key fiscal and financial constraints and to build a more sustainable financial architecture at the national level. Priority actions include the incremental digitalization of tax administration for all types of tax payers, taxes and tax enforcement; developing a new Public Debt Management Act for better debt management; the centralization of public investment projects and monitoring with better interdepartmental coordination; the introduction by the central bank of lending targets for small and medium enterprises in the banking sector; establishing interactive investment platforms and forums, mobilizing private sector participation; and exploring tools for diaspora investment in the SDGs (including diaspora mutual funds, diaspora bonds, crowdfunding, tailor-made investment packages).

LOW-FREQUENCY INDICATORS

● LSO ● LIDC Average



FINANCIAL INDICATORS

● LSO ● LIDC Average

Total external debt servicing (% of revenue)

DSA Rating

●●●●
MODERATE

Notes: External debt covers public and publicly guaranteed debt.

Sources: WDI (natural resources rents, data from 2021), IMF WEO April 2023 (debt and revenue, data from 2023), IDS (external debt, data from 2023), IMF/World Bank (DSA Rating as of 31 May 2023).

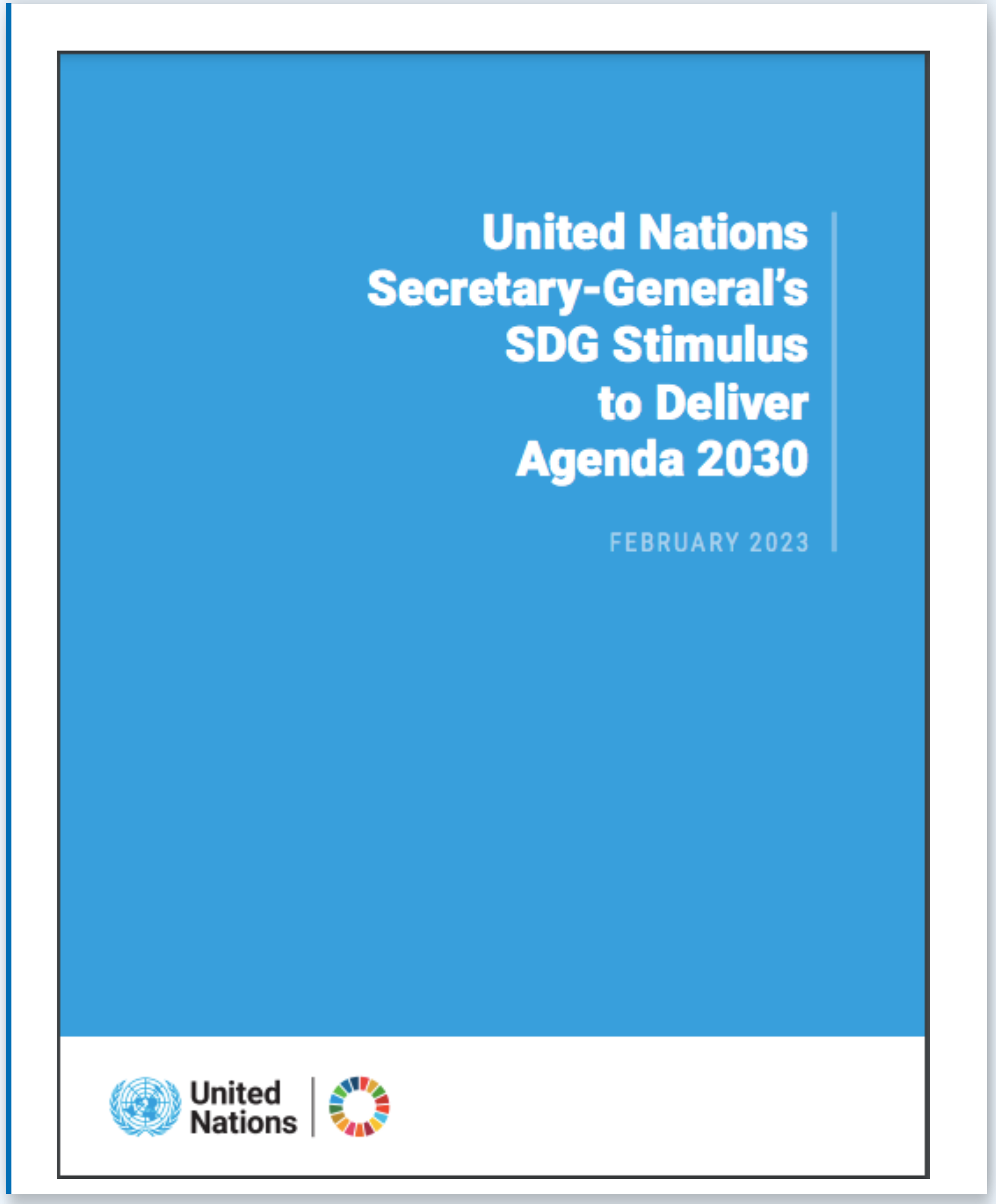
SDG STIMULUS

The UN Secretary General's SDG Stimulus Plan lays out a blueprint for action within the existing financial architecture. It includes:

- Providing liquidity to support recovery in the near term
- Enhancing debt relief for vulnerable countries
- Expanding development financing by MDBs
- Aligning financial flows with the SDGs and the Paris Agreement, according to country-level priorities and needs, for example through the roll-out of the UN Integrated National Financing Framework (INFFs).

Given the projected fiscal and financial constraints faced by Lesotho, possible funding options for the investments derived from the identified interlinkages are all mechanisms identified in the SDG Stimulus and proposed by the Lesotho Integrated Financing Strategy. These are as follows:

- Tax and revenue reform
- Tax for the SDGs
- Debt for SDGs
- Climate finance
- Blended and public-private finance
- SDG-aligned business environment and investment
- Accessing financial markets and insurance
- Remittances, philanthropy and faith-based financing



METHODOLOGY

Click here to view the Methodological Note for the Integrated SDG Insights

SDG MOMENT

Methodology
Assesses challenges and opportunities in national growth trajectories with insights on environmental sustainability and inclusiveness.

Data Sources
Future trajectories to 2025 are based on IMF-WEO GDP projections, distributions of per capita income or consumption from the World Bank, and CO_2 emissions from the Global Carbon Budget 2022 and EDGAR (JRC and IEA).

TRENDS & PRIORITIES

Methodology
SDG trends tracks progress from 2015 to date for the 231 indicators. National priorities are analysed
using machine learning to reveal the most prominent SDGs referenced in national policy documents.

Data Source
Trends utilizes official UN statistics to assess SDG progress, supplemented with national data when available. Priorities uses a custom-built model for SDG classification. The policy documents analyses are provided by Governments.

INTERLINKAGES

Methodology
Global target-level interlinkages are drawn from the KnowSDGs Platform by European Commission. SDG interlinkages were retrieved through a structured literature review in Scopus and Google Scholar to tap both grey literature and peer-reviewed publications as a source of information.

Data Source
The exercise globally considered a total of 454 documents published from 2015 to August 2022. (Miola et al., 2019 updated in 2021-2022)

FINANCE & STIMULUS

Methodology
Provides insight into indicators of fiscal and financial stress with options (INFF) for stimulus and other means to accelerate progress.

Data Source
Most recent resource data from UNU-WIDER GRD (between 2018 and 2021), debt and revenue from IMF WEO (between 2020 and forecasts for 2023), external debt from IDS (2023), yields from Haver Analytics (8 June 2023), credit ratings from S&P, Moodys and FITCH (2023), and DSA ratings from World Bank/IMF (31 May 2023).