

Aid, Development and Democracy in Lesotho, 1966-1996

By

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Introduction

This article grapples with the intricate interrelationships among aid, development and democracy in Southern Africa with special reference to Lesotho. Lesotho's heavy dependence on foreign aid over the years is recognised. The impact of this overwhelming dependence on this valuable external resource on development and democracy is the subject of discussion and debate in the text. Although broadly speaking aid, as one of the most valuable external resources for landlocked and resource-poor Lesotho, has contributed immensely to the country's economic situation, the extent to which aid has build firm foundations for sustainable development and durable democracy remains a matter for heated debate. The article employs periodisation as a useful methodological tool in order to reveal historical trends and patterns of aid as well as to unravel its interface with development and democracy in Lesotho. Analysis in this chapter is, therefore, broken into various phases spreading over 30 years, viz. 1966-1996.

The first phase (1966-76) marks the early evolution of the aid industry in the period between the country's independence and the 1976 border conflicts between Lesotho and the then Transkei bantustan. Lesotho's independence helped the country as a small sovereign state to mobilise aid from external sources in a way that had not happened during the colonial period. The 1976 Lesotho/Transkei border closure was also a watershed event in that since then Lesotho's aid sources multiplied due largely to the international sympathy towards a small country held hostage by the then isolated South African regime. Besides, the 1976 Soweto uprising in South Africa triggered massive outflow of refugees from that country into Lesotho. From then on, the latter used the refugee factor as part of its larger bargaining package for external assistance.

The second phase (1976-1986) constitutes the period between two important political events: the Lesotho/Transkei border conflict of 1976 and the 1986 military coup. The importance of 1986 lies less in the change of government but more in the nature of the change itself: a military junta replaced a civilian government. This had specific implications for continued aid flows. Key among

these was that in the late 1980s donors began to emphasise implementation of economic liberalisation and political pluralism in tandem as part of standard aid conditionalities. It was no wonder that the military regime ultimately succumbed to donor pressure by withdrawing from political power in 1993. Put somewhat differently, the military withdrawal and the re-institutionalisation of democratic rule in Lesotho was, therefore, partly a result of diplomatic exhortations by Lesotho's major donors.

Phase three (1986-1996) witnessed serious fluctuations in aid flows; the dominant trend being a downward spiral. This process accelerated during the military interregnum (1986-1993) but ironically continued to haunt civilian governments of the Basutoland Congress Party (BCP) and the Lesotho Congress for Democracy (LCD), which assumed the reins of power through in 1993 and 1998 respectively. The authoritarian character of the military junta did not make it an acceptable candidate for external aid in a world that was already changing by the late 1980s(1). The repressive nature of that regime and the deteriorating human rights record of the country "undoubtedly contributed to the determination of Lesotho's major aid donors that the military should withdraw, and make way for the return of civilian government" (Southall, 1994: 581). The anticipation was that with the return of democratic rule, donor support would increase.

After the 1993 elections, a new civilian government was installed. It did not, however, take long before political instability threatened to wreck Lesotho's democratisation boat. In 1994, the Basutoland Congress Party (BCP) government locked horns in a fierce conflict with various forces including the security machinery, the monarchy and the opposition Basotho National Party (BNP). When, at the climax of this power struggle, the King deposed the BCP government, some donors withheld aid. Others threatened to do so, was the situation to deteriorate. As belligerent parties buried their hatchets in early 1995, it was assumed that donor confidence would be regained. However, it would appear as if donor interest to Lesotho remains low; some donors closed their Maseru offices and relocated to South Africa; most of those remaining significantly scaled down their programmes. This is a clear case of donor fatigue and Lesotho is now caught up in the horns of

a dilemma in its effort to devise alternative development options. This situation was clearly worsened by the country's major conflict of 1998, which resulted in the burning of major urban centres and business concerns throughout the country. This conflict did not only cost the country dearly in terms of phenomenal economic loss, but it also cost the country a fortune in terms of foregone development opportunities and donor support (Gulilat and Matlosa, 1999; Lesotho Social Science Review, Special Issue on Lesotho's Recent Conflicts, 1999). Much as the internal political situation helps us understand the current decline in aid flows, global and regional changes have contributed immensely to the present downward spiral of aid flows to Lesotho.

Bargaining for Existence: 1966-1976

Lesotho's distinct political existence, as a nation-state, was an outcome of hard bargaining. Article 151 of the 1909 South African Act anticipated the incorporation of the British High Commission Territories (i.e. Basutoland, Bechuanaland and Swaziland) into the 1910 Union (Marquard, 1971). Indeed various Union governments pursued this matter with the colonial metropole until 1963 "when the Prime Minister Verwoerd relaxed Pretoria's long-standing demand" (Weisfelder, 1992:646). Although initially the British harboured the desire for this eventuality, they ultimately rejected incorporation due to South Africa's apartheid policies (Spence, 1964). Some argue that it was in anticipation of eventual incorporation that the British signed the 1910 Customs Union Agreement with South Africa on behalf of the three High Commission Territories whose publics were not consulted in advance (Thahane, 1973:240).

Basotho rejected incorporation for three interlinked reasons. First, the animosity towards the Afrikaners arising from the wars of the previous century was "still too fresh in the minds of the Basotho leaders to wish to unite with the former enemy. In addition, South Africa still...[occupied]...what the Basotho...[considered]...their rich arable land" (Thahane, 1973:241). Secondly, Lesotho was opposed to racial discrimination in South Africa. The Prime Minister, Leabua Jonathan put succinctly in 1972:

Lesotho's opposition to racism is part of a national history and goes back to pre-1910 days. It is the abhorrence of racism that led the people of this country to

oppose incorporation of the territory into the Union of South Africa (Thahane, 1973:241).

When the British succumbed to Basotho's demands of self-rule in the mid-60s, the new challenge that confronted the embryonic Basotho State was mobilisation of resources for growth and development. Thirdly, a nationalistic quest for political independence and self-rule for the country by the political elite who had been in the forefront of the decolonisation struggles was too great to allow room for considerations of incorporation which was perceived as simple annexation by most politicians. Basotho nationalists reckoned that incorporation would worsen Lesotho's neo-colonial situation rather than assist the country towards a prosperous economic and political future.

On the 4th October 1966, Lesotho assumed the status of a sovereign self-governing state after more than 90 years of British colonial rule; and by this time she had long been relegated to a labour reserve for the regionally dominant South African economy. During this period, insignificant amount of British aid flowed into Basutoland. This was principally due to a deliberate colonial neglect based on "parsimony, convenient laissez-faire and paternalism" (Weisfelder, 1974:366). It is no wonder, therefore, that for two solid decades prior to independence, the total amount of Colonial Development and Welfare Funds disbursed to Basutoland was a mere \$23 million (Weisfelder, 1974:367).

As was the case with many other emergent African nation-states during the decolonisation process of the 1960s, Lesotho lacked the necessary domestic economic base to set in motion, let alone sustain, viable development programmes. Partly as a result of this, Lesotho began to depend heavily on international resource flows especially foreign aid(2). Both as part of the world power game of the Cold War era and for historical reasons Britain remained the sole aid donor to Lesotho at least until 1970 (Weisfelder, 1974; Jones, 1977; Wellings, 1982). The government's major bargaining chips for aid were the country's small size, impoverishment and landlockedness. These were reinforced by donors' belief that aid would be temporary therapy to set Lesotho on a growth

path and would be terminated once this is achieved. As we all know, with the benefit of hindsight, this was not to be. British economic assistance during these early days of Lesotho's post-colonial history was earmarked primarily for recurrent expenditure (budgetary aid) and capital expenditure (development aid). Budgetary aid, however, did not have a long life span. Estimated at around R0.8 million in 1960-61, it rose sharply to R5.5 million in 1965-66. Over the same period, development aid totalled only R2.3 million (Jones, 1977:171).

Total UK aid rose to a peak of R8.6 million in 1966-67, dropped to its lowest ebb in 1970-71 (When aid was suspended for a brief period in response to a political coup in the country), revived somewhat afterwards, but reached only R3.8 million in 1972-73... Most British assistance was in the form of budgetary aid but the proportion devoted to this sector decreased gradually, especially after the redistribution terms of the Customs Union were made more favourable to Botswana, Lesotho and Swaziland in 1969, and was eventually phased out in 1970-71 (Wellings, 1982:268).

Despite the reduction in budgetary aid, Britain remained the key aid donor to Lesotho for the period 1966-76. The British aid was briefly interrupted in 1970 after the Basotho National Party (BNP) seized power following the 1970 election, which was clearly won by the BCP. Sweden, which had become another important source of bilateral aid also suspended its direct assistance which was resuscitated three years later (Woodward, 1982:169). Suspended for six months (January-June 1970), British aid was resumed after the Conservative Party (which was sympathetic to Jonathan) was returned to power in June 1970 (Woodward, 1982:169); thus reversing a punitive policy of the previous Labour Party government. Related factors that drove the Conservative government to do this was its assumption that Jonathan had managed to establish political control and it was also driven by the drought that struck the country at that time (Holm, 1972).

The fact that a larger proportion of Lesotho's budgetary aid was earmarked for the maintenance of law and order (Jones, 1977:178) indicates the extent to which the post-colonial state used external economic assistance for increasing its political power (3). This trend took the form of beefing up the repressive arm of the state in order to quell political dissent particularly after the BNP's seizure of power in 1970. Since the BNP ruling elite had failed to reproduce itself as the ruling class

through democratic practice, unlike its Botswana Democratic Party (BDP) counterparts, it resorted to iron rule politics anchored on the police and the paramilitary forces. Botswana, on the other hand, has thrived on a relatively stable political pluralism; adherence to the Westminster constitution bequeathed from the British colonialists; regular multi-party elections; subordination of the security establishment to civilian rule and a fast growing economy by Third World standards (Weisfelder, 1992: 655). Lesotho lacked most of these attributes. The constitution was suspended; a *de facto* party system had been instituted with no regular election; the security establishment was used by the ruling party to achieve its own political goals; and the labour reserve economy showed no signs of a healthy growth path.

Lesotho's defence budget was increased by military aid from South Africa. "This was specifically to finance the Police Mobile Unit - in effect a small domestic army. The grant increased from R100 000 in 1967/68 to R489 000 in 1972/73, but was then terminated, as relations between Lesotho and the Republic deteriorated" (Jones, 1977:175). The British aid and South African military and technical assistance "propped up" the BNP government(see endnote 3). Ironically Jones denies this despite his observation that:

What stands out particularly in Lesotho's case is the high proportion of expenditure going to 'law and order' (Police, Prisons, Courts, etc). At 19 per cent, this was almost twice the corresponding share for the period under review in Botswana or Swaziland. This high total has, however, to be seen against the background of political unrest and the existence (up to 1971/2) of substantial budgetary aid from the Republic for the police force (emphasis added) (Jones, 1977:177).

Jones does not, however, highlight the point that the 'political unrest' in Lesotho at that time revolved precisely around the contestation for the control of state power and the BNP had an added advantage over other contestants (in particular the BCP) because it could use external aid to coerce its opponents into acquiescence. So this was a clear case of aid increasing the political power of the post-colonial state(4) in Lesotho. This was done under the pretext of maintaining 'Law and Order'. Yet the principal concern of the BNP ruling elite was to consolidate its power base through coercion and co-option using aid as a convenient medium.

A decade of British aid since 1966 fell short of triggering sustainable development in Lesotho. Early assessment of this aid confirms this observation. Jones (1977) suggests that poor governance thwarted the developmental impetus of British aid and consequently its role was relegated to maintaining the status quo.

So in essence, the British:

contributed to keeping the system going rather than improving it and on balance it was probably better to do that than to do nothing. Had Britain not given aid, Lesotho would have been forced to go cap in hand to the Republic of South Africa and it is not inconceivable that the Republic would have tried to obtain some formal suzerainty over the country (Jones, 1977:213).

Woodward goes further than Jones to argue that "donor assistance has gone into firming the pillars of state" (1982:175).

Aid flows primarily comprised development assistance to the agricultural sector and also a considerable amount of food aid (Gay et. al, 1995: 192) . Both the donors and government believed that the development of the agricultural sector would kick-start sustainable development in the entire economy. Lesotho was perceived by some donors to be a purely agrarian society "virtually untouched by modern economic development" (World Bank, 1974:1) and as such had no prospects for industrial development. According to the World Bank (1974:1) "it was, and still is, basically a traditional subsistence peasant society". This neo-classical historiography of Lesotho's political economy has been criticised⁽⁵⁾ for its lack of factual validity and for analytical inadequacy (see Cobbe, 1978; Ferguson, 1990).

Donors' focus on agriculture appeared to be based on "scepticism regarding the merits of creating an industrial capacity in Lesotho when all manufactured goods could be sourced from RSA. Investment in agriculture which at that time constituted over 70% of the Gross National Product (GNP) and promised early success was preferred" (Petlane, 1994:5). Agricultural development was approached by the donors and government through a model premised on large area-based agricultural and rural development projects. As Moody rightly argues: "these larger projects have

in the past been the main focus of international aid and development organisations, since it seems rational to concentrate funds and manpower in certain specific locations rather than dissipate them over large areas" (Moody, 1976:115). This was in line with their concern with economic growth (through aid-funded projects) which, it was assumed, would then have a trickle-down effect and alleviate poverty. As will be demonstrated shortly, these projects failed to have a trickle-down effect on the lives of the poor peasants, but rather reinforced the economic power of the post-colonial state in various ways.

As the aid industry began to blossom, a multiplicity of area-based projects consuming huge amounts of aid funds mushroomed throughout the country. This trend continued up to the 1980s when even the donors conceded that the 'big project' was not delivering desirable results and changed strategies. Basic data on Lesotho's area-based agricultural projects is provided in Table One below.

Table One: Major Area-Based Agricultural and Rural Development Projects since 1970

NAME	DURATION	FOREIGN BACKERS	TARGET GROUPS/ AREA
Leribe Pilot Agricultural Scheme	1970-1975	UNDP/FAO	Small experimental effort designed as pilot for Khomokhoana project
Khomokhoana Rural Development Project	1975-1980	SIDA/FAO	8000 farming households/ 26 000 ha
Thaba-Bosiu Rural Development Project	1973-1977	IDA/USAID	17 500 farming households 121 000 ha
Senqu River Agricultural Extension Project	1974-1977	UNDP/FAO	Seven areas, each 20 000 ha

Thaba-Tseka Mountain Development Project	1975-1984	CIDA	46 500 ha
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SOURCE: Wellings, P. "Lesotho: Crisis and Development in the Rural Sector" Geoforum, 17 (2), 1986.

Other area-based rural development projects, besides the above, were the Thaba-Phatsoa project in Leribe and Tsakholo project in Mafeteng (Ngqaleni, 1991:130). The basic feature-characteristic of all these projects has been their high mortality rate linked to corruption in public offices, misuse of aid funds and mismanagement. Ferguson captures the dismal failure of these projects quite accurately:

A 1977 official report (FAO 1977) listed over 200 rural development schemes in Lesotho; nine of these were large expensive "area-based" projects focusing on agricultural development. Yet, if all observers of Lesotho's "development" agree on one thing, it is that "the history of development projects in Lesotho is one of almost unremitting failure to achieve their objectives" (Murray 1981:19). Again and again they fail; but no matter how many times this happens there always seems to be someone ready to try again with yet another project. For the "development" industry in Lesotho, "failure" appears to be the norm (Ferguson, 1990:8).

Some of the projects had unrealistic targets which could not be met; the "top-down" approach used during the execution of these projects alienated local communities; the traditional land tenure system inhibited the efficacy of other projects; and male labour migration to the South African mines meant that the execution of these projects was left to women who are marginalised by the prevalent patriarchal power relations in the rural economy and also by both customary law and the Roman-Dutch law (Wellings, 1986: 227-8). Another important aspect of failure of these projects was that the BNP regime, through the ideology of "developmentalism" used most of them for political ends rather than for genuine developmental purposes(6).

One aspect of this ideology was Jonathan's announcement of a five-year political 'holiday' for the nation in 1970. By this he meant that Basotho should dissociate themselves from active party politics; and rather exert their energies towards 'national development' as envisaged by the First Five-Year National Development Plan of the same year. The Prime Minister erroneously assumed that politics and development are incompatible processes. Some aid-funded projects were also used to carve and consolidate local political constituencies and increase political power of the ruling class; even the donors became disillusioned in the process. Overwhelming state involvement in these projects was also part of the primitive accumulation from above aimed at creating an economic base for the ruling class in the name of developmentalism(see endnote 6).

The area-based rural development projects did not upgrade the skills of local farmers in part because they were swelled with foreign experts in the form of technical assistance and in part because farmers,

were not participating in the production and marketing decisions. This, therefore, means that when such projects ceased to operate, besides possible financial problems encountered by farmers due to the nature of technology used, they would not be technically and managerially equipped to continue with production (Ngqaleni, 1991:132).

As these projects continued to collapse one after the other and the country experienced systematic agricultural decline coupled with droughts, dependence on food imports from South Africa and food aid channelled largely through the World Food Programme (WFP) and the European Community (EC) became a norm. Food aid constitutes a considerable proportion of the overall development assistance to Lesotho. The country has received,

a high proportion of its food aid from WFP. Other major donors have been the EC Commission and Japan. The United States has been the principal source, however, as it has not only supplied the food and resources to CRS, but is also the major provider of food to WFP (Shaw and Clay, 1993:121).

This assistance has been provided in two forms: project food aid (CRS and WFP) and programme food aid (EC since 1978). Generally food aid has been relatively more effective than other types of aid, particularly in terms of containing rural poverty in the context of declining agriculture and

sporadic droughts. However, there have been instances where food aid has been subjected to abuse by the political elite for patronage, constituency-building and self-aggrandisement purposes.

Changing development priorities of donors and Lesotho's policy response: 1976-1986

The failure of area-based agricultural projects led to a change of strategy by donors and government since the late 1970s. Much focus was then given to a broader integrated rural development strategy (Matlosa, 1993:26) and the industrial sector began to enjoy "the real donor interventions" (Petlane, 1994:5). A broad integrated rural development strategy was conceived in terms of establishing an interface between community development and agricultural development. Area-based projects had failed to establish this linkage; and as a result their benefits did not trickle down to local communities. From the donors' perspective, this was not only a policy shift, but also a paradigmatic shift - away from an earlier preoccupation with economic growth *per se*, to growth with redistribution or what the then World Bank President Robert McNamara had popularised as the "basic needs approach". This paradigmatic shift was not surprising for it was in keeping with the shift in development thinking and discourse of the time.

In line with this new focus, government put in place various agricultural and rural development programmes and abandoned the narrow "project-approach". These included the Basic Agricultural Services Programme (BASP), the Food self-sufficiency Programme (FSSP), the Co-operative Crop Production Programme (CCPP), and the Lesotho Agricultural Production and Institutional Project (LAPIS). Although theoretically these programmes were supposed to decentralise decision-making and implementation of agricultural and rural development policies to local communities, practice turned out differently. Government continued its old top-down approach and played an interventionist role through the (now defunct) Technical Operations Unit (TOU) which was funded by both the People's Republic of China and Aztec Limited of South Africa (Wellings, 1986: 231; Ngqaleni, 1991:135). Additional funding for TOU "came from Lesotho Agricultural Development Bank (loan) the GOL and Barclays Bank loans" (Ngqaleni, 1991:135).

Government further intervened in agricultural productivity through the (now defunct) Co-op Lesotho, which was established in 1981. This was a state-run co-operative with funding from government and external sources such as Taiwan, Germany, IFAD, World Bank and USAID (Commission of Inquiry into Co-op Lesotho, 1994). Its primary function was to sell agricultural inputs to farmers and buy output at fixed government prices. It was through this type of interventionism that the relationship between the post-colonial state and farmers in Lesotho was (and still is) "characterised by unequal exchange in terms of production, marketing and pricing policies wherein farmers' output does not generate commensurate amount of returns" (Matlosa, 1993:24). Massive embezzlement of funds from Co-op Lesotho and large-scale abuse of Co-op Lesotho's resources for personal aggrandisement by state officials (Commission of Inquiry into Co-op Lesotho, 1994) attest to the fact that government's involvement in agriculture facilitates primitive accumulation by a small catorie of the bureaucratic bourgeoisie. Corruption in Co-op Lesotho was just a microcosm of the general rot within the civil service, which was characterised by pursuit of personal accumulation of wealth through malfeasance rather than providing a service to the nation. This is quite clear from the National Audit reports for the period 1975-1978 and the latest one for the fiscal year 1990/91. Amongst a series of financial irregularities that the first report divulged were ones related to fraud and embezzlement of donor funds both by public servants and South African companies. This was more glaringly deep-rooted in the government's Summer and Winter Cropping Programme (see National Audit Report, 1981 cited in Wellings, 1983).

This programme was largely funded from external sources and was launched in 1976. Many contracts were given to South African agricultural firms particularly those based in the Orange Free State. At the end of the programme, the government had incurred a loss of nearly 26% of the original capital (R1.3 million). Wellings characterises the dismal failure of this programme in the following way:

Tarr's audit also disclosed that standard of administrative, financial and accounting control was hopelessly ineffective. Tender Board regulations were flagrantly violated, asset registers were lost and basic books of account ineffectually maintained; numerous cases of fraud were detected; payment vouchers were duplicated and re-used;

private contractors obtained government fuel free of charge and disbursements to contractors referred to fictitious acreage of ploughed and planted land.... (Wellings, 1983:16).

One South African contractor was paid on the basis of 27 641 acres of ploughed land and another 24 214 acres of planted land. But the auditor's report discovered that "the actual acreage ploughed was 9416 acres and that only 7609 acres had been planted. It was calculated that, as a result the company had been overpaid by R205 000" (Wellings, 1983:16).

The latest report of the Auditor-General (1991), like the earlier one, still indicates serious irregularities and deficiencies in Lesotho's public accounts. These include, among others, non-reconciliation of bank accounts; accounting errors and omissions; absence of supporting documents and inadequacy of existing ones; disagreements between statement figures and the treasury accounting records; poor management and storage of accounting records and documents and failure to reconcile vote books with the treasury records (Government of Lesotho, 1991:9). This poor state of financial accounting has led to loss of money and property. For the financial year 1990/91 cash losses included "money lost through fraud, embezzlement, misappropriation and cash shortages" (Government of Lesotho, 1991:13). The total amount of cash and property lost for this period is estimated at R1,748,696-56 (Government of Lesotho, 1991).

In this process of corruption-ridden donor funded agricultural projects, the poor peasants got a raw deal and as they got disillusioned with agriculture, they began to rely on externally derived food-stuffs through food imports and food aid. This high external dependency seriously threatened domestic food security under conditions of incessant droughts and unpredictable rain-fed agricultural productivity. Donors' disillusion with the dismal record of large-scale rural development projects directed attention to the development of physical infrastructure and other non-agricultural projects. To this end, argues Wellings,

.... the major priorities... [were]...works, transport and communication; projects in which the effects of investment [were] more visible and the benefits more apparent if not immediate. The

government, however, in the allocation of domestic revenue, [attached] almost as much importance to the establishment of state infrastructure and [was] also ...heavily committed to projects of questionable developmental value such as the winter and summer crop programmes, the Hilton Hotel, the Maseru Centre Shopping Complex and the international airport (Wellings, 1982:283).

It was only since the late 1970s that donors began to provide both financial and technical assistance for Lesotho's industrial development. The old doctrine that Lesotho had no prospects for industrial growth seemed to be dissipating. A considerable bulk of donor support was channelled through the Lesotho National Development Corporation (LNDC) and Basotho Entrepreneur Development Corporation (BEDCO). Industrial strategy that was largely informed by donor perceptions comprised a combination of import-substitution and export-oriented production. Lesotho's industrial development, despite donor support, is severely hamstrung by competition from, and dependence on, the regionally dominant South African industry and the 'footloose' Asian business concerns.

Whilst the British had held a sway as the principal donor to Lesotho during the 1960s, the situation had changed drastically since the late 1970s. This was largely due to a vigorous process of diversification of sources of aid by government during the period 1976-1986. As Wellings notes:

British aid... had declined in significance quite considerably, from 52 per cent of all committed grants in 1974-75 to 33 per cent in 1978-79 and 7 per cent in 1981-82. German, American and Swedish contributions have all increased dramatically. The EEC is now a major donor and a huge quantity of food aid (R16.3 million) has been committed by WFP and CRS. The UN has also increased its allocations to Lesotho, mainly in the form of technical assistance (TA) as a result of the 1976 'emergency' (when the Transkei/Lesotho border was closed). In terms of loans, the IDA has retained its leading position but the ADB and various Arab donors now figure more prominently than previously (Wellings, 1982:272).

Much of the diversification of aid sources resulted from political sympathy on the part of the international community with a small, impoverished and landlocked country under the constant threat of apartheid destabilisation. The critical aspect of this was the intense conflict between Lesotho and the then Transkei 'Homeland' which simmered to a point of a temporary border disputes. Lesotho did not recognise Transkei's 'independence'; arguing that it was a political

fabrication of apartheid. She campaigned vigorously for this position in various international fora including the OAU and the UN. Southall argues that this was based on three grounds: firstly, that Transkeian citizenship was an imposed status upon the affected black South Africans against their will and consent; second, that Lesotho was against apartheid and also opposed to its 'homelands policy' of which the 'Transkei independence' was a product and thirdly, that Lesotho did not "accept the ethnic and territorial fragmentation of South Africa" (Southall, 1976: 41). Lesotho managed to garner increased supply of aid; and the UN acted as a conduit for this. Through this anti-apartheid ticket, Lesotho's aid sources began to broaden. Jonathan's call for increased aid to reduce dependence on the Republic during his visit to Denmark (where he secured a R2 million loan) in 1972 indicated his growing appreciation of the strategic linkage between foreign aid and relations with Pretoria (Hirschman, 1979: 183). Using the Lesotho/Transkei border dispute as a bargaining chip, the government requested financial assistance of about \$80 million from the UN. The government argued that this would boost Lesotho's efforts to resist apartheid (Hirschman, 1979: 193).

The 1976 Soweto uprising, which led to most South African youth fleeing their country into the neighbouring states, provided another opportunity for Lesotho to exhort donors for increased assistance. This was premised on the grounds that aid would help Lesotho in its efforts towards providing a livelihood to the victims of apartheid, which was considered by the international community as a crime against the human race. When South Africa helped in the establishment and logistical operations of the Lesotho Liberation Army (LLA) - the armed wing of the then opposition Basutoland Congress Party - since 1979 to destabilise the Jonathan regime, Lesotho's pleas for international assistance were enhanced. Subsequent South African military attacks on Lesotho (1982, 1985) followed by economic squeeze through border closure added more weight to Lesotho linkage of aid to apartheid. There is no gainsaying, therefore, that aid to Lesotho has been driven by political imperatives of donors/governments rather than developmental concerns to turn the lives of the poor around, hence the developmental impact of aid has been limited. Granted that aid on its own is insufficient as a resource to trigger and sustain meaningful development.

Lesotho's aid sources began to diversify significantly since the 1970s. American assistance, which had started in 1966 in the form of food aid via the Catholic Relief Services (CRS) was expanded in 1972/73 to entail technical assistance towards health, family planning, manpower training and agriculture (Woodward, 1982:170). During the period 1966-75, United States assistance to Lesotho amounted to \$26 million (Woodward, 1982:170). While the Swedish resumed their assistance in 1973, other donors such as Germany (Federal Republic), Denmark, and Canada increased their contributions (Wellings, 1982:272). The United Nations, international non-governmental organisations, the European Community (now the European Union) and the World Bank increased their assistance to Lesotho (Wellings, 1982:272). The most dramatic move that shocked the South African government and some Western donors was Lesotho's establishment of diplomatic relations with the Eastern bloc countries. In this way, Lesotho exploited the Cold War psychosis to maximise aid flows. By no means was this move driven by an ideological volte-face on the part of the BNP. It was meant to tease the West to provide more assistance by elevating the Cold War bargaining tool while at the same time committing the East also to contribute (Wellings, 1985:206). Coming as it did by way of political sympathy, much of the aid to Lesotho was characterised by high grant equivalent, long maturity period and relatively low conditionality as regards aid-tying etc. Consequently Lesotho has never really experienced a huge debt crisis and burdensome debt servicing unlike most African countries. Wellings makes a similar point:

In all of Africa, Lesotho receives loans on the easiest terms and some of the debts, which have accrued, have been written off. For example, in 1978, the UK wrote off debts of US\$1.7 million owed by the 17 poorest LDCs, one of these being Lesotho. Hence debt service (...) and outstanding debt (...) are considerations of, as yet, little importance to the government of Lesotho in contrast to many other African states where indebtedness leads to a shortage of capital for the development budget and is inevitably followed by economic and political leverage on the part of donors (Wellings, 1982:273).

Whilst the government used the anti-apartheid card to lobby for aid from donors who were also anxious to reduce Lesotho's economic dependence on South Africa, aid seems to have reinforced the former's economic integration into the latter. For instance, Lesotho purchases much of material

related to aid projects from South Africa. She has also engaged South African contractors and consulting firms for most of her aid-funded projects. So generally aid during this period did not achieve its prime objectives viz. alleviation of poverty and reduction of Lesotho's economic dependence on South Africa. According to United Nations Development Programme (UNDP), the average rural household income, which is estimated at R233 per month, is below the Poverty Datum Line (PDL) by about 10%. The Report reveals that:

...no less than 55% of the population live below the PDL. The poor include: the absolute poor; the landless households (estimated to be 27% of the rural households); small farmers with no livestock; female-headed households (estimated at 60% of the rural households); rural households with no access to remittances (estimated at 48% of the rural households); the unemployed (estimated at 30-35% of the labour force (UNDP, 1991:35).

But as was the case during the previous phases, aid only reinforced the politico-economic leverage of the post-colonial state. So in a sense Lesotho's only immediate neighbour, South Africa and its policy of apartheid reinforced the relationship between foreign aid and the post-colonial state. During the bitter anti-apartheid struggles the post-colonial state in Lesotho sought political support from the anti-apartheid forces and simultaneously received financial succour from the donor community. Put differently, as the BNP government enlisted among anti-apartheid forces, it received a lot of international financial assistance because of the same apartheid system it purported to be fighting. A complex question emerges: is the dismantling of apartheid in the interest of the Lesotho post-colonial state? The materialistic and other benefits that the ruling class amassed during the heydays of apartheid, suggest that the current changes in South Africa run counter to the interests of the Lesotho state.

The point is that the post-colonial state played a delicate politics of publicly denouncing the apartheid regime and actively supporting the liberation movements such as the African National Congress (ANC) in the 1970s and 1980s; while at the same time using apartheid as a bargaining chip to mobilise external funding at high concessional rates. The BNP regime managed successfully to convince the liberation movements and other international anti-apartheid forces that it was actively fighting apartheid, on the one hand, and also convinced the donor community, on the

other, that it was being victimised by the apartheid regime(7). It was generally on the basis of maintaining this curious balance between the anti-apartheid forces and the donors that the Lesotho state could sustain increased aid flows into the country. This also enhanced Lesotho's political credibility and acceptability abroad. This balancing act collapsed with the downfall of the BNP regime in 1986. The new military regime lacked anti-apartheid credentials and thus had a lower clout within the donor community. This explains, in part, the tendency for steady decline of aid flows, which coincided with military rule. Lesotho, therefore, benefited from international resource flows primarily because of its geo-political location vis-à-vis the then apartheid South Africa. Now that South Africa is changing, will aid still flow to Lesotho? This is part of the discussion in the next section.

Global and regional imperatives of aid and Lesotho's struggle for survival: 1986 - 1996

In 1986, the BNP government was toppled by the Lesotho Defence Force due to precipitating internal and external factors (Edgar, 1989). This happened at the time when the world political economy was changing and the Cold War era was showing signs of possible collapse. With Gorbachev assuming power in the USSR and introducing his famous glasnost and perestroika, and the narrowing ideological polarisation with Reagan's USA, the end of ideological bi-polarity was in sight. This narrowed the horizons of external aid for the military junta, as the old bargaining chip of playing donors one against the other on ideological grounds diminished. But also closer home, the regional political economy of Southern Africa was on a brink of a sea-change as the negotiated settlement of the Namibian and South African conflicts seemed more realisable than ever before.

These had significance for Lesotho, for the military could not use the old BNP tactics of lobbying for international resource flows by either exploiting the Cold War psychosis or resorting to anti-apartheid rhetoric. Besides, the military junta had fairly warm relations with the apartheid regime of President P.W. Botha. When F.W. de Klerk assumed the South African Presidency in 1989, the military junta was unsure of where his reformulated regional policy placed it, but relations between Pretoria and Maseru did not deteriorate. Initially donors did not react harshly to the military junta after 1986. However, their financial assistance to the country experienced fluctuations. In 1986,

external assistance amounted to \$89 million (17% of GNP); and this increased to \$114 million (12% of GNP) in 1990 (UNDP, 1991: 37). It dropped to about \$108 million (11.8% of GNP) in 1991, but further picked up to \$115 million (9.9% of GNP) in 1992 (UNDP, 1992: 24). It declined to \$111.3 million in 1993 (UNDP, 1993:33). Although donors did not publicly denounce the military take-over and threaten suspension of economic assistance, they played a quiet diplomacy exhorting the military to return governance to multi-party rule. Table Two illuminates the fluctuations in aid flows to Lesotho between 1988 and 1996.

Table Two: Total External Assistance to Lesotho, 1988-96 (in million dollars)

Year	Aid Volume	As % of GNP
1988	86	10.6
1989	88	11.6
1990	114	12
1991	107.8	11.8
1992	115.1	9.9
1993	111.3	8.9
1994	101.2	8.8
1995	163.5	13
1996	128.4	9.9

Source: Gulilat and Matlosa, 1997.

The military rule in Lesotho also coincided with the changing politics of aid; this time another paradigmic shift away from concerns with the McNamaran "basic needs approach" to economic adjustment programmes under the tutelage of the two powerful international financial institutions

i.e. IMF and World Bank (see Mengisteab and Logan, 1995). Through these programmes, aid politics of the earlier phases have also changed since 1988 when Lesotho adopted the first Structural Adjustment Facility (SAF). Aid no longer reinforces the politico-economic power of the state. It now reduces that power, but at the same time facilitates the survival of the post-colonial state (details later).

As indicated earlier, the return to democratic rule since 1993 has not significantly increased donor support. Aid flows to Lesotho remains fairly low. However, the grant element of the aid remains high thus helping the country to contain its external debt as Table Three below demonstrates:

Table Three: Percentage share of grants and loans in total aid disbursement

Year	Grant	Loan
1989	59	41
1990	70	30
1991	69	31
1992	66	34
1993	69	31
1994	82	18
1995	95	5
1996	57	43

Source: Gulilat and Matlosa, 1999.

Besides the high grant element, aid to Lesotho is also marked by the predominance of technical assistance in relation to various other components. The explanation for this is not difficult, for donors believe that technical capacity is needed if Lesotho is to implement aid funded projects successfully and thus enhance its absorptive capacity.

Aid to the non-state sector: enhancing civil society for democratic consolidation

Another interesting feature of the politics of aid under the adjustment conditions is the mushrooming of the non-governmental organisation (NGOs) in Lesotho during the present phase. This culminated with the establishment of the umbrella body - Lesotho Council of Non-Governmental Organisation (LCN) in 1989, which presently has about 110 affiliates. During the developments leading up to the formation of the LCN "a key role was played by the UNDP and ... USCC who felt a need for co-ordination and collaboration among NGOs in order to facilitate their programmes as donors" (Santho 1994:44). Since the late 1980s, there has been a growing perception among donors in Lesotho that NGOs, more than the government bureaucracies, have the capacity to act as agents of economic growth and adjustment. This latest mode of thinking is now quite pervasive throughout the African continent.

One scholar recently observed that:

The 1990s has seen a greater prevalence and proliferation of NGOs on the African continent. With the myriad of economic programmes being implemented across the continent NGOs have come to be perceived as the engines of growth; this comes in the wake of the popular perception that Africans are unable to afford and even manage their own affairs. The state crippled by inertia and bureaucratic obstacles does not have the resource capacity to implement such programmes like structural adjustment. Today, NGOs display an employment oasis desperately needed by retrenched white-collar workers (Magazi-Rugasira, 1994:7).

The NGOs, therefore, are becoming extremely popular within the donor community. The World Bank, for the first time, made its position clear on the issue of governance and economic growth in its 1989 study entitled "Sub-Saharan Africa: From Crisis to Sustainable Growth". Besides placing emphasis on political liberalisation as a necessary pillar for economic growth, the Bank also argued that African governments should foster grassroots and non-governmental organisations such as farmers' associations, co-operatives and women's organisations (World Bank, 1989) In 1992 the World Bank produced a comprehensive document wherein it vehemently criticised third world governments for corruption, lack of accountability, transparency and efficiency, lack of respect for human rights and lack of popular participation. The Bank argued that NGOs deserve external

funding since they occupy a strategic position in society to correct the above problems associated with governments. Its conclusions are quite instructive:

Precisely because NGOs may be a channel to the poor, or may be advocates for the poor, NGOs can be used by governments and aid lending agencies to reach people who are otherwise difficult to involve in the flow of project benefits. They can also be called upon to assume roles in the provision of benefits or in communicating between different constituencies. But some governments are suspicious of NGOs precisely because of their advocacy for the poor. There are, thus, pressures to coopt NGOs and make them extensions of the state. Direct funding by external aid and lending agencies can be an important means of supporting NGO activities (World Bank, 1992:25).

This clearly indicates that NGOs are now seen to occupy a strategic position in terms of executing aid programmes in those areas, which have traditionally been the preserve of the post-colonial state. Controversy has arisen in much of the recent literature on whether the NGOs do use aid more effectively than government bureaucracies do (see Brett, 1993; Africa World Review, 1994; Bebbington and Farrington, 1993; Bratton, 1990; Bratton, 1989; Hanlon, 1991; Clark, 1991). On the one hand, there is a school of thought, which argues that, since the 1980s, NGOs have been more effective than governments in utilising aid for development purposes and alleviation of poverty. Bratton optimistically proclaims that "in retrospect, the 1980s may turn out to be the "NGO decade" for rural development in Africa. Recent performance suggests that non-governmental organisations (NGOs) have a comparative advantage over international donor agencies, national governments and private firms when addressing basic needs of the rural poor" (Bratton 1989:569). Clark also perceives the strengths of the NGOs in terms of their direct link to the poor in remote areas "where perhaps no government official is seen from one year to the next" (p.54); their organisational ethos of popular participation; their innovation in terms of exercising "greater flexibility to experiment, adapt and attempt new approaches" (p.59); their small-scale operations and the high commitment of their staff to their work given the widely shared values and a belief in the social change mission inherent in their work (Clark 1991: 54-61).

On the other hand, there is another school of thought, which tends to question the efficacy of aid-

driven NGOs programmes. The argument from this school runs as follows: First, "the reliance of NGOs on western governments and donor agency money is turning them into implementers (just like African states) of decisions taken by their financiers" (Africa World Review 1994:5). This explains why much of NGO programmes are in fact influenced by the dominant donors' priorities and issues that are in vogue within the donor communities at a given particular time (e.g. poverty, environment, gender, good governance, human rights, rule of law etc). Using poverty alleviation as their entry point, NGOs, it has been argued, lack mechanisms of testing their legitimacy before the poor (unlike governments which use general elections) and are hardly ever accountable to either government or the very same poor they purport to serve (Gakunga 1994:22).

Lesotho's NGOs are not immune from the above problems. In fact both schools of thought do have some elements of validity in the Lesotho case. Through their umbrella body -the LCN- NGOs in Lesotho are involved in a variety of donor - aided projects ranging from the social welfare, emergency/disaster relief, environment, gender issues, employment generation through small-scale income-generating activities and democracy and human rights. They have made an appreciable contribution particularly in the social sector and in the area of democracy and human rights; but it cannot be denied that their agenda is also heavily influenced by donor preferences of the day.

What is important about the current process of rechanneling of aid to NGOs in Lesotho is that this process (very much like the adjustment-induced privatisation process) reduces the bureaucratic power of the state. But it does not do that to the extent that the state actually "withers away" but only to the extent that the state only survives within a constricted room for political and economic manoeuvre. The re-channelling of aid to NGOs and a variety of other processes linked to the adjustment program have contributed to the World Bank's deliberate process of 'rolling back the state' in Lesotho so that its role in economic development is taken up by the private sector and autonomous social movements.

The above observation emphasises the point that the expansion of state power which was

predicated on what Ferguson refers to as "etatization" until the late 1980s is being reversed in the 1990s. Linking etatization with the deliberate donor and government attempts to depoliticise poverty and development, Ferguson argued eloquently that "development agencies have not only promoted statist policies, the "development bureaucracy is itself part of the sprawling symbolic network of experts, offices and salaries that benefits from "etatization" (Ferguson, 1990: 269). Under the current adjustment conditions statist policies are no longer being pursued and "etatization" has been replaced by the neo-liberal orthodoxy of rolling back the state. In this process the horizons of state intervention into economic activities tends to shrink and the much vaunted private sector and autonomous social movements take up much of these activities.

As the military junta's domestic room for manoeuvre shrank through the adjustment process, its external environment was not particularly friendlier. The 1990s global change brought about pressures for democratisation and those combined with domestic pressures led to the military agreeing to return governance to civilian rule in 1993. By this time the donor pressure was so much that bilateral aid began to decline (see endnote 2). As some donors curtailed aid to government, they increased their assistance to the NGOs (see endnote 2). But in general aid to Lesotho was declining at a very dramatic rate by this time. Some of the contributing factors to this trend were (i) the re-channelling of aid to the former Eastern bloc countries; (ii) the promising political developments in South Africa and (iii) the donors' reluctance to prop Lesotho's military regime.

With the advent of democratic transformation in South Africa, most Western countries began to relocate their missions to South Africa and Botswana, thus closing shop in Lesotho. These included the United States Agency for International Development (USAID), Sweden and Germany. In future dealings, Lesotho would have to consult these missions in South Africa. USAID shut down its operations in Lesotho at the end of 1994. The Lesotho Director of USAID cautioned that "activities in Lesotho... will be monitored from a regional office for Southern Africa in the future....

This means that NGOs and others seeking funding will have to go through our regional office in another country" (NGO-Web-Khokanyana Phiri, 1994:7). Relocation of donors to other countries

of the region meant a lot for Lesotho. It meant, among others, that:

- ❖ the country was increasingly losing the preferential and priority attention of the apartheid years;
- ❖ with the demise of the Cold War, competition for this valuable resource for the country would increasingly become stiffer and fierce;
- ❖ there is dire need for a strategic re-think on how best to co-ordinate and manage available aid resources and evolving new approaches for aid mobilisation; and
- ❖ Lesotho had over the years adopted unhealthy reactive postures to donor-driven initiatives with little effort made by national leadership to assure the country's future survival.

Although domestic economic and political policy changes have been made, external factors may have moved Lesotho's strategic options way beyond government's control. Forces of globalisation and regionalisation are weighing heavily on state capacity to mobilise external resources. Global trends of aid illustrate a downward spiral of flows to African countries and Lesotho has suffered the same fate. The reconfiguration of the regional political economy with the political liberation in South Africa has also changed regional aid imperatives in Lesotho's disfavour. A combination of global and regional political changes, therefore, are re-ordering Lesotho's external environment for aid mobilisation. The government is not oblivious of this stark reality. The official document presented to the Donor Round Table Conference, hosted in Geneva in January 1995, bemoans the uncertainty of future aid flows. It notes that "many development partners are seeking to adjust their programmes to take regional changes into account.... Some donors have recently cancelled projects, others have linked future lending to performance on reform implementation" (Government Of Lesotho, 1995:1).

Further more, the domestic environment of the adjustment process has reduced government initiative in economic policy matters. Not only is adjustment accompanied by economic and political conditionalities, but it also imposes economic policies designed by the Fund and the World Bank geared towards economic liberalisation and state minimalism. The Fund and the Bank painstakingly ascertain that the government implements these programmes without qualms by

placing their own staff in strategic departments and ministries. They also recommend foreign consultancy firms to direct government implementation of adjustment. Both the BCP and LCD governments have been caught in a double bind. Hemmed in by the World Bank and IMF programs and the unfavourable international climate, these governments only simply attempted to survive rather than increase the power bestowed upon them as state managers.

In the process of struggling to survive, the BCP government was put under pressure by its opponents. The monarchy, the armed forces and the opposition BNP have been pitted in a conflict with government since the 1993 election (Matlosa, 1994; Southall, 1994a; Southall and Petlane, 1995;). This culminated with the temporary dissolution of the government by King Letsie 111 on the 17th August 1994. In protest the USA and Sweden suspended all aid to Lesotho. Britain, Japan, the EEC (European Union) and many other donors also threatened a similar action if democratic government were not re-instated. When the democratically elected BCP government was reinstated later through negotiations brokered by Botswana, South Africa and Zimbabwe aid flows to Lesotho was normalised, albeit still down-scaled. Though the BCP regime was reinstated, its political vulnerability had been widely exposed.

Soon after its re-instatement, the BCP suffered a major split culminating in the formation of the LCD in 1997. The LCD, as a splinter group from the BCP, then dislodged a government, which was catapulted into state power by popular vote through majority support in the national assembly. Although, both the constitution and the Westminster parliamentary system does not explicitly debar this political manoeuvring, this development triggered a profound sense of bitterness among the political elite in Lesotho and it further deepened the already existing political polarisation of the homogenous Basotho nation. It was indeed one of the contributory factors for the political crisis of 1998 following the general election, which escalated into violent confrontation between supporters of the LCD on the one hand and those of the BCP, BNP and the Marema-Tlou Freedom Party (MFP). As the belligerent parties failed to resolve the conflict through internal conflict management mechanisms, South Africa and Botswana undertook a controversial military intervention in Lesotho. Ultimately the conflict was managed through military means and a negotiated settlement.

Like the 1994 external involvement, the 1998 military intervention by South Africa and Botswana helped to further whittle Lesotho's already feeble sovereignty. That conflict and the general instability in the country constitute some of the major concerns for Lesotho's donors today. Much donor support remains in abeyance as donor agencies insist that the leadership must assure political stability and entrench democratic governance.

One important lesson from the above episodes is the extent to which powerful regional forces and donors can now intervene directly in what would conventionally be perceived of as the internal affairs of a sovereign state. The BCP and the LCD governments, unlike their predecessors, have not had the 'added advantage' of the Cold War and apartheid in bargaining for aid. The Herculean task confronting the current government is to mount a viable development alternative that would appeal to donors while anchored to the local resource base at the same time. The government has identified poverty alleviation and job creation as some of the key pillars of such a programme. The recent World Bank study on poverty in Lesotho was influential in this policy re-orientation (World Bank, 1994). Even the sectoral distribution of aid is clearly influenced by this policy perspective as Table Four below demonstrates.

Table Four: Aid to five top sectors, 1991-1996 (in million dollars)

Sector	1991	1992	1993	1994	1995	1996
Human Resources Development	16.7	19.5	13.7	9.5	13.1	13.0
Health	12.2	10.8	10.4	7.6	14.6	11.6
Social Development	12.2	11.4	6.2	5.0	5.5	5.7
Agriculture	9.3	6.6	8.8	7.8	7.2	8.7
Transport	12.0	5.1	5.3	9.2	7.7	13.1
Industry	5.1	8.1	11.5	3.4	8.9	9.3
Total	67.5	61.5	55.9	42.5	57.0	61.4

Source: Gulilat and Matlosa, 1999.

Conclusion

Foreign aid to Lesotho has been influenced more by the changing perceptions of the donors and less by domestic policy projections and visions by state and non-state actors. With the 1960s donors' focus on economic growth, aid was channelled primarily to large-scale rural development projects. Donors equated economic growth with development in a Rostowian fashion. By this time, aid played little, if any, role in deepening democracy. During the late 1970s and part of the 1980s a paradigmatic shift in aid politics towards concerns with the growth with redistribution refocused aid towards integrated rural development programmes, physical infrastructure and the industrial sector. The McNamara basic needs approach began to take centre-stage. Concerns with democracy had not yet been openly engrained in both aid disbursement and discourse. Since the late 1980s, aid politics has been governed by the IMF/World Bank-driven economic adjustment process. In new environment, aid, by and large, is channelled in a way that bolsters market forces, which are seen as engines of growth and cutting the state down to size. Aid is predominantly driven by neo-liberal orthodoxy whose pillars are liberalisation, privatisation and adjustment. For the first time, aid is now linked openly to political liberalisation through the apotheosis of virtues of liberal democracy and its symbiosis with free enterprise system.

Aid to Lesotho has had mixed results. It has deepened the country's dependence on South Africa; it has bolstered the power/survival of the state; and it has had minimal impact on poverty alleviation. It cannot be disputed, though, that aid has had its own distinctive contribution to Lesotho's economic survival and its currently nascent democracy. Further, other types of aid such as emergency relief and food aid, have been relatively focussed and helpful to the poor and the vulnerable. It has contained natural calamities and poverty from getting out of hand in the face of environmental uncertainties, agricultural decline, high unemployment rate and spells of drought. While humanitarian aid has various virtues, food aid to Lesotho, has, however, been criticised on various grounds including the distortion of domestic food prices, dissuading government from embarking on agricultural reform etc (see Wellings, 1982).

ENDNOTES

1. During the Cold War period, the ideological bipolarity that had created a dividing wall between the East and the West facilitated the emergence of authoritarian regimes in the developing countries. This bipolarity further provided a leeway for these regimes to play one superpower against the other in mobilising aid. With the collapse of the Cold War, however, authoritarian regimes have been put under pressure to accede to both political and economic liberalisation. Lesotho has not been unaffected by this global sea change. Donors exhorted the military junta to give room for multi-party democratic rule. The Swedish were more forthright on this issue. The 1990 review of Swedish assistance concluded that "Sweden should maintain its support to Lesotho on condition that the democratisation process continues." (emphasis added) (SIDA, 1990: 44).

2. Foreign aid is used in this article to refer to the assistance rendered to Lesotho by other nations and/or organisations. This includes technical assistance; food aid; development grants; concessional loans; disaster relief; and military aid. These are sourced through bilateral and multilateral arrangements and through non-governmental organisations. During the period 1991-92, bilateral aid, as a proportion of total external assistance, decreased from 42% to 38%. Multilateral aid, on the other hand, increased from 56% to 61% during the same period. Although considerably smaller in proportion, NGO aid also increased from 0.1% to 0.5% (UNDP, 1992: 26).

3. Throughout the world, aid has historically played an ideological role of serving the strategic interests of the donor (see Griffin, 1991). During the 1960s, Britain, Federal Republic of Germany and the Republic of South Africa, channelled part of their aid to strengthen Leabua Jonathan's Basotho National Party (BNP). The BNP was perceived as a conservative force worthy of support partly to undermine radical and socialist-inclined movements allied to the liberation movements in South Africa. Ntsu Mokhehle's Basutoland Congress Party (BCP) was seen to be too radical, socialist-inclined and sympathetic to the anti-apartheid struggle and thus not deserving support from these donors. Khaketla concludes that "it was therefore not surprising ... that ... [Jonathan] received financial assistance for his BNP's election campaign from the [RSA] amounting to R15,000 and a further R10,000 from the [FRG]" (Khaketla, 1972: 30) in 1965. Furthermore, South Africa and Britain provided military aid to help Jonathan beef up his security establishment (Khaketla, 1972).

4. The concept of the 'state' is defined as that political institution which is the ultimate authority in any given society. It has various facets including, inter alia, decision-making agencies (executive, legislature); decision-enforcing structures (security forces, bureaucracy, public enterprises); decision-mediating organs (judiciary) and decision informing bodies (the press) (Chazan et. al., 1992: 39). It is conceptually distinct from 'government' in that the latter refers to "specific occupants of public office who are in a position to make binding decisions at any given time" (Chazan et. al., 1992: 39).

5. In his critique of this modernisation approach, Ferguson argues that "Lesotho entered the twentieth century not as a "subsistence" economy but as a progressive producer of cash crops for

the South African market; not as "traditional peasant society" but as a reservoir exporting wage labour.... Lesotho was not "untouched by modern economic development" but radically transformed by it.... (Ferguson, 1990: 27).

6. Like in most African countries, by the time of independence, Basotho elite did not have any meaningful economic base. This was a result of a long history of marginalisation by the British colonial rulers. Economic power was (and still is) vested predominantly in the hands of foreign capital. After independence, the Basotho elite attempted to use the newly found political freedom to create and expand its base of accumulation. This was quite in tune with Nkumah's famous motto: `seek ye first the political kingdom and all things will be added unto you' (Austen, 1987: 226). Although undertaken in the name of national development, state intervention in the entire economy facilitated wealth accumulation by the ruling class. This also increased the political power of the ruling BNP. With reference to Africa as a whole Mengisteab and Logan note that "state intervention ... has often advanced the interests of the elite and their political supporters, and of state functionaries" (Mengisteab and Logan, 1995: 5). There is evidence that the BNP also used aid for patronage and constituency-building purposes. In 1965, H. F. Verwoerd, Prime Minister of South Africa, donated 100,000 bags of grain to Lesotho which were used by the BNP during the by-election, which facilitated Leabua Jonathan's premiership. As Khaketla contends, "[a] large proportion of that grain was distributed in the Mpharane constituency where [Jonathan]... fought and won a by-election" (Khaketla, 1972: 32).

7. Various incidents of Lesotho's conflict with South Africa were used by the former to consolidate its political links with the anti-apartheid forces and also as justification for exhorting donors for increased aid. These include the 1976 border conflict with Transkei (Hirschman, 1979; Southall, 1976); South Africa's military raids on Lesotho in 1982 and 1985 and the 1986 military coup which was, in part, precipitated by pressure exerted by the South African regime (Matlosa, 1991).

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