

Lesotho VNR 2025 Key Messages

Background

The Government of Lesotho (GoL) has improved the Medium Term Expenditure Framework (MTEF) to ensure that budgeting by government institutions is aligned with specific indicators and targets of NSDP II. To strengthen partnerships and enable conducive investment, Lesotho has developed the *Investment Climate Action Plan (ICAP)*, and 2023 *SDG Investor Map 2023* which identified five core sectors and 12 market-ready Investment Opportunity Areas that have potential to address pressing national development needs and drive economic resilience and job creation. Furthermore, to mobilise additional financial resources and promote investment, the country adopted a Remittances Strategy and completed a Policy Analysis Towards Promotion of Diaspora Investment and Trade in Lesotho to enhance policy coherence for investment promotion.

Progress

Lesotho's economy grew slightly from 2.4% in 2016 to 2.5% in 2024 driven by the construction, services, and livestock farming sectors. The robust performance of construction and services in recent years has more than offset the contraction of export-oriented sectors such as the mining and textile & clothing industries.

Of the 549,722 employed persons in 2023/2024, 84.0% are engaged in informal employment. Unemployment rate decreased from 25.3% (2008) to 22.5% (2019), then increased to 30.29% in 2024. Notably, female unemployment (30.80%) slightly exceeds males (29.93%), highlighting structural gender inequalities in labour market access. Youth unemployment rate (15–35 years) rose from 29.1% in 2019 to 37.75% in 2024.

Maternal mortality has substantially decreased from 1,024 to 530 per 100,000 live births between 2014 and 2023-24. Lesotho has now met all 90-90-90 targets among adults (ages 15 years and older) living with HIV, and more than 73% of all adults living with HIV have achieved Viral Load Suppression (VLS).

Lesotho has enacted the Harmonisation of the Rights of Customary Widows with the Legal Capacity of Married Persons Act (2022), which allows customary widows equal ownership and control over shared property upon the death of their spouses.

Lesotho has demonstrated strong political will in advancing the climate agenda by updating its Nationally Determined Contributions (NDCs), developing a national Climate Change Policy, Migration and Climate Change Strategy and adopting a comprehensive Disaster Risk Reduction Strategy, enhancing institutional coordination and climate governance.

Despite being landlocked with no access to the sea and associated marine resources, Lesotho has numerous inland water bodies, including rivers, lakes, wetlands, and reservoirs. These large water reservoirs have increased the native fish populations, leading to the development of capture fisheries as a livelihood source. To date, Lesotho ranks number one in Africa for trout exports, generating jobs and much-needed foreign exchange. Lesotho is also focused on conserving wetlands and employing ecosystem-based adaptation strategies.

Leaving No One Behind

Some of the notable interventions geared towards reducing inequalities among people and regions, as well as around gender, age, and social status, include the *Pathways to Sustainable Livelihood Project* which uplifts impoverished and at-risk households through economic inclusion and *Competitiveness and Financial Inclusion* to increase access to business support services and financial products targeted at Micro, Small and Medium Enterprises and entrepreneurs, especially women and youth;

Challenges

- There is an absence of a coordinated framework for ODA alignment with national priorities, which often leads to duplication and fragmented interventions.
- Data quality, availability, and reliability remain a key challenge in tracking implementation and reporting on SDGs.
- The ad hoc and limited engagement of non-state actors in SDG planning and review processes impedes inclusive and sustained implementation of multi-stakeholder partnerships.
- There is weak inter-ministerial coordination and a monitoring framework.
- There is a lack of a coordinated government-wide approach to address unemployment, particularly youth unemployment.