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Migrant worker remittances in Lesotho: A review of the Deferred Pay Scheme

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Needless to say, however, that the views expressed in this paper are those of the authors; they have the sole responsibility for any error, omission or misinterpretation of data.

1. Introduction

1.1 Background

Migrant labour is an important source of work and income in many countries. Labour shortages in one country can be compensated for by labour surpluses in another, thus helping to solve the problems of unemployment and income generation in the migrant workers' home country.

At the same time, migration may be viewed as a source of problems. Migrant workers compete with the domestic labour force for scarce job opportunities. Secondly, only part of migrant income is spent in the home country, thus limiting the multiplier effect on local demand. This has given rise to various arrangements designed to make sure at least part of migrant income is repatriated.

This document considers the economic effects of institutional arrangements with respect to the repatriation of mineworkers' income to Lesotho. The current arrangements are a legacy of agreements between non-democratic governments in Lesotho and the Republic of South Africa (RSA). The recent democratisation of both countries has reopened the discussion on these arrangements. Increased attention for the economic effects of cross-border labour flows is also merited by current trends towards regionalisation and globalisation.

1.2 Plan of the paper

In chapter 2, we start by assessing the importance of migrant labour for Lesotho. After reviewing the labour market situation, we look at the importance of migrant labour income for the economy of Lesotho. We continue by describing the current institutional arrangements for repatriation of income in chapter 3. Formal financial regulations as well as practice are considered. Subsequently, in chapter 4, we attempt to quantify the potential benefits of the existing arrangements, and we provide an overview of criticism to the existing arrangements as expressed by migrants and the institutions involved. To complete the assessment of the arrangements we look at the advantages and disadvantages of the arrangements from a theoretical point of view. The document finishes in chapter 5 with conclusions and a number of recommendations.

2. The importance of migrant labour for Lesotho

2.1 Employment

Lesotho is completely surrounded by the Republic of South Africa. While the large majority of the population lives in rural areas, only about a quarter of the total land area of 30,350 square kilometres is more or less suitable for cultivation. Most of the country consists of steep mountains, that reach heights of more than 3,000 metres above sea level, and are prone to erosion. Arable land is lost every year due to the expansion of human settlements and severe overgrazing. Erratic rainfalls make investment in agriculture risky. Many Basotho[1] try to find employment outside the agricultural sector. However, employment opportunities in other sectors are scarce, and education and skills do not always match the needs of the economy (Sechaba Consultants, 1995).

The latest Labour Force Survey, dating back to 1986, produced an estimate of the total labour force of 623,385 (Bureau of Statistics, 1986), while unemployment was calculated to be 23 per cent. For the same year, statistics of the Central Bank reveal that 121,450 migrant workers were registered to be active in South African mines[2], mainly gold mines (Central Bank 1995a). If we assume a growth rate of 2.6 per cent per year, the labour force in 1994 may be estimated at 765,482 while 101,032 Basotho mineworkers were registered in that year.[3]

Table 1 presents the absolute numbers of migrant workers and their proportion to the total labour force since 1986, assuming the growth rate mentioned above.

Table 1: Number of migrant miners and the labour force

Year	Average number employed	Change over previous year	Share of labour force
1986	121,450	4.5	19.5
1987	125,934	3.7	19.7
1988	124,781	-0.9	19.0
1989	126,264	1.2	18.8
1990	127,386	0.9	18.4
1991	122,188	-4.1	17.2
1992	119,596	-2.1	16.4
1993	116,129	-2.9	15.6
1994	101,032	-13.0	13.2

Source: Central Bank 1995a and projections based on Bureau of Statistics 1986.

[1] Mosotho (singular) or Basotho (plural) are the people of Lesotho.

[2] The LFS indicated that 165,615 people worked outside the country, or about 27 per cent of the labour force.

[3] This rate of growth may be considered as the lower bound of estimates of population growth rates in Lesotho. See for example Bureau of Statistics (1992) and IMF (1994).

As can be seen in the table, the average number of migrant workers as a proportion of the labour force reached a peak of almost 20% in 1987, and has since then shown a steady decrease. The average absolute number of migrant workers has been on the decrease since 1990.[4]

In 1994, the 101,032 migrant workers still accounted for 13.2 per cent of the projected labour force. This percentage may be compared with the percentage employed in the formal sector of Lesotho, which, very narrowly defined, consists of the public sector, the large-scale private manufacturing sector and the Lesotho Highlands Water Project.

Employment in the public sector stood at 31,000 at the end of 1994 (Central Bank 1995a). The majority of large-scale firms in the manufacturing sector are assisted by the Lesotho National Development Corporation (LNDC), which estimates employment in these companies at almost 16,000 in 1994. The Highlands Water Project employs around 4,000 Basotho. Employment in the entire formal sector stood at approximately 7 per cent of the labour force in 1994, or a little more than half the employment in the mines. Taking a broader, more realistic definition of formal wage jobs to include small scale companies (on which reliable data are hardly available), would give rise to an estimated 12 per cent of the labour force in formal wage jobs in 1993 (World Bank 1995). Whatever definition is used, it is clear that the mines are of paramount importance for the employment of the Basotho.

In view of the decreasing employment opportunities in the RSA, the number of Basotho mineworkers in South Africa is not expected to grow in the near future. Declining prices of gold in the recent past have induced the closing of some marginal mines and the shift to more capital intensive techniques among mine-owners. Moreover, current political developments in the Republic of South Africa result in stronger competition for work in the mines from RSA citizens (Ministry of Planning, Economic and Manpower Development 1992). In the near future, this might result in a decrease in the share of Basotho in total South African mine employment, which has on average been above 25 per cent since 1986 (IMF 1994).

Thus, the labour market for migrant work in Lesotho is characterised by strong upward supply-side pressures from the side of Basotho job applicants, while the demand for this labour becomes more and more constrained.

2.2 Income

Migrant labour is an important source of income for Lesotho. Table 2 shows Central Bank estimates on average yearly wages and average number employed per year to calculate total average income of miners between 1989 and 1993. We used IMF data on miners' remittances to calculate the proportion of this income remitted to Lesotho.

From the table we can see that in 1993 total miners' income was estimated to be 1.55 billion, while their remittances constituted 72 per cent of this income.

[4] Recently the Republic of South Africa has announced that migrant workers as of next year will have the possibility to apply for some form of citizenship after a defined period of working in the Republic (probably five years). These measures will probably affect remittances in a negative way, and with this the national product and the balance of payments.

Table 2: Miners' income and remittances
(Average number employed in thousands of persons; wages in thousands of Maloti; income and remittances in millions of Maloti)[5]

Year	Average number employed	Average yearly wage/miner	Total miner income	Miners' remittances	Percentage of income remitted
1989	126	8.7	1096.2	820.1	0.75
1990	127	10.1	1282.7	961.1	0.75
1991	122	11.3	1378.6	1041.1	0.76
1992	120	12.3	1476.0	1103.8	0.75
1993	116	13.4	1554.4	1126.5	0.72

Source: Central Bank 1995a and IMF 1994

Recently, the Central Bank undertook a survey with the objective of establishing more accurate benchmark data for income, cash remittances and remittances in kind by Basotho migrant mineworkers (Central Bank 1995b). The survey arrived at an estimate of the average monthly wage income of a mineworker of around R905, defined as gross wage income less taxes, contributions to pension, insurance and other deductions, and excluding overtime pay. It was estimated that a Mosotho mineworker made a monthly cash remittance of around R442 through various channels including deferred pay, visits by mineworkers to family and friends, etc. The monetary value of remittances in kind, such as clothing, farm implements and merchandise, was estimated at R224. The survey indicated that on average total remittances amounted to 71 per cent of the miners' total income. This figure is quite close to estimates based on IMF data above which, however, do not include remittances in kind.

To determine the importance of miners' income for the country, remittances may be compared with Gross Domestic Product and Gross National Product. This we did in Table 3 below.

Table 3: Miners' remittances and national product
(GDP and GNP in millions of Maloti)

Year	GDP	GNP	Miners' remittances/ GDP	Miners' remittances/ GNP
1989	1300	2348	0.63	0.35
1990	1564	2805	0.61	0.34
1991	1800	3099	0.58	0.34
1992	2131	3506	0.52	0.31
1993	2476	4167	0.46	0.27

Source: IMF 1994

The table shows that in 1993 miners' remittances were about half the size of GDP, and constituted about a quarter of GNP.

[5] In November 1995, the US dollar approximately equaled 3.7 Maloti. The monetary value of Maloti equals the value of South African Rands, which are legal tender in Lesotho next to Maloti.

The great importance of miners' remittances for Lesotho is further underlined by comparing remittances with the main productive sectors of Lesotho, as presented in Table 4 below.

Table 4: Miners' remittances and the product of domestic sectors
(Remittances, primary, secondary and tertiary products in millions of Maloti)

Year	Miners' remittances	Primary product	Secondary product	Tertiary product	Remittances/ primary product	Remittances/ secondary product	Remittances/ tertiary product
1989	820	227	384	430	3.61	2.14	1.91
1990	961	252	482	528	3.81	1.99	1.82
1991	1041	174	616	645	5.98	1.69	1.61
1992	1104	160	789	768	6.90	1.40	1.44
1993	1127	244	887	900	4.62	1.27	1.25

Source: IMF 1994

As can be seen, remitted mine-income is a multiple of the income generated by each local productive sector, reaching seven times the size of income generated by the primary sector in 1992. It is therefore clear that migrant labour as a source of income is of paramount importance for Lesotho and its nationals.

2.3 Expenditure

The impact of migrant worker remittances on the economy of Lesotho can also be considered by looking at expenditure patterns. First of all, miners bring in foreign exchange, which the country needs for imports. And secondly, miners consume and invest, spending their money on local and foreign consumption and capital goods.

Table 5: The effect of miners' remittances on the local economy
(Imports millions of Maloti; import and local effect in proportions)

Year	Imports	Miners' remittances/ imports	Imports/GNP	Import effect	Local effect
1989	1586	0.52	0.68	0.43	0.20
1990	1937	0.50	0.69	0.42	0.19
1991	2376	0.44	0.77	0.44	0.13
1992	2568	0.43	0.73	0.38	0.14
1993	2983	0.38	0.72	0.33	0.13

Source: IMF 1994

In table 5, we have first calculated total remittances as a percentage of imports. As can be seen, in 1993 migrant workers brought in 38 per cent of the foreign currency needed for imports. This is a sizeable contribution to the Balance of Payments.

We further calculated the propensity to import of the population of Lesotho, by dividing imports by GNP. This propensity was consistently around 70 per cent over the years under consideration, a relatively high figure. We can estimate the effect of remittances on the local economy if we assume that the propensity to import from remittances sent back by migrant workers is approximatively equal to the propensity to import of the total of the population. To that end, we multiplied the fraction of GNP not spent on imports with miners' remittances, and expressed the result as a proportion of gross domestic product. Thus, the local and import effects in table 5 add up to remittances as a proportion of GDP in table 3 above.

Using this simple methodology, only an estimated 20 per cent of expenditure on domestically produced gods and services can be attributed to miners' remittances in 1989, decreasing to 13 per cent in 1993 (table 5). The decrease between 1989 and 1993 is due to a combination of the increasing propensity to import of the population as a whole, as well as of the decreasing remittances as a proportion of GDP. Considering the fact that mineworkers' families are relatively rich, and that the rich tend to have more access to imported products, it is likely that the proportion of mineworkers' income spent on local products is even lower. The multiplier effect of remittances on the local economy is therefore limited.

Although migrant work makes a sizeable contribution to employment, gross national product and the balance of payments, it has currently little effect on the development of the local economy in terms of local expenditure.

3. Institutional arrangements

3.1 Laws and regulations concerning the Deferred Pay Scheme

The Deferred Pay Scheme in Lesotho was set up in 1974 "to ensure that a higher percentage of money paid to Basotho mineworkers was invested/utilized in the domestic economy as against a prior situation whereby the opposite was seen as the case" (Ministry of Employment and Labour 1995b). The scheme was also meant to increase the appreciation for savings among mineworkers.

The Deferred Pay Fund is administered by a Board of Trustees responsible for

— investing Fund resources on the advice of the Managing Director of the Lesotho Bank in such a manner that the securities shall be realisable on demand;

— make arrangements for interest accruing from the moneys invested to be paid as soon as practicable to employees at a rate equal, or approximately equal, to the rate payable by the Savings Bank Branch of the Lesotho Bank on normal deposits made therein.

[Act N° 18 of 1974, sections 5(a) and (b)].

The Board of Trustees is chaired by the Principal Secretary of Labour and Employment. Presently, it is also made up of representatives from Lesotho Bank, the Ministries of Employment and Labour, Agriculture and Finance of Lesotho and the Ministry of Labour of RSA. Employers are sometimes allowed to make statements in the meetings of the Board of Trustees, and employees are also represented, be it on an individual basis and not through trade unions.[6]

A revision of the Deferred Pay Act in 1979 stipulated that sixty per cent of the basic wage should be deposited at Lesotho Bank, with the exception of pay during the first thirty days of the contract. However, it was also stipulated that, in the case of an emergency:

> the employee may make a written request to his employer that a sum of money, to be specified in the request, shall be paid from the deferred pay standing to his credit to the person named in that request.

[Act N° 1 of 1979, section 5(3)].

Deferred pay (Amendment) Order N° 1 of 1989 stipulated that moneys in the fund that are not immediately required for repayment should be invested in treasury bills or other securities issues or guaranteed by the Government.

Subsequently, Order N° 18 of 1990 decreased the percentage deferred pay to thirty per cent of the wage, while employees could voluntarily agree to a percentage up to fifty per cent. No deductions were allowed in respect of the first and the last thirty calender days of a contract, while two withdrawals per contract period were allowed, each not exceeding fifty per cent of the deferred pay standing to an employees credit. The Board decides on the interest rate payable on the accounts at Lesotho Bank.

3.2 Financial practice of deferred pay in Lesotho

Most miners in Southern Africa are recruited by The Employment Bureau for Africa (TEBA), a non-profit organisation, the recruiting arm of the mines. It has offices in all but one of the districts of Lesotho. TEBA sells its services to the gold- and coal mines. In principal, miners recruited through TEBA receive their income on an individual savings account with TEBA Cash in the Republic of South Africa. TEBA Cash is a private commercial South African savings bank and the TEBA offices in Lesotho serve as agents. Withdrawals from the accounts can be made at the mines. According to TEBA, interest rates paid on the accounts compare well with those on savings accounts with other commercial banks in the Republic of

[6] Recently, the Board of Trustees decided also to invest part of the Fund in the Lesotho Highlands Water Project.

South Africa. This is shown in table 6.

Table 6: Interest rates payable by financial institutions in July 1995
(amounts in Rands; interest rates in percentages)

	1 - 499	500 - 999	1000 - 4999	5000 - 9999	50 000 +
ABSA	Rates	2.25	4.25	6.00	10.50
First		2.75	4.50	6.00	10.75
National	not	2.75	4.50	6.00	10.75
Standard		2.50	4.25	6.00	10.75
Nedbank	advertised	2.50	3.75	5.50	9.75
Saambou		2.50	3.75	5.50	9.25
Perm		1.00	4.00	6.00	10.50
NBS	4.50	4.50	5.50	7.00	12.00
TEBA-CASH					

Most miners remit part of their wages to the TEBA-offices in the different districts of Lesotho at their own initiative. But if in need, relatives in Lesotho can make a request for a remittance at a TEBA office. TEBA informs the miner, and at his consent money is transferred to the relative. A commission must be paid to TEBA.

However, miners do not receive all their income on an account with TEBA-Cash. In principle, the mining companies transfer the required 30 per cent of their total wagebill to a collective account at Lesotho Bank. Employees can make a maximum of two emergency withdrawals before the end of their contract. The purpose of the withdrawal must be stated on a form, and approval is at the discretion of the mining companies, while the "emergency" content of the withdrawal may be checked by Lesotho Bank. At the end of their contract, miners receive a deferred pay certificate from the mine. This they take to TEBA, which identifies the miners and gives them an interest certificate. This task is carried out by two employees at each TEBA-office, and TEBA assumes the costs. With this certificate miners can go to Lesotho Bank and withdraw the remaining balance.

After 1990, the interest paid on deferred wages has been subject to substantial changes. Presently, it stands at around 8 per cent, which may be compared with the interest rates cited in table 6 above.

4. Assessment

4.1 Potential benefits of deferred pay

A measure of the effectiveness and efficiency of the scheme in mobilising resources is the actual size of the Deferred Pay Fund. In 1993, total income of miners amounted to 1.55 billion Rand. 30 per cent of monthly wages are deferred, but no wage is deferred in the first and the last month of a contract. This means that 10/12 times, 30 or 25 per cent of yearly wages should be deferred, i.e. in 1993 a total amount of 388 million Rand.

Assuming that all deferred pay is withdrawn at the end of miners' contracts, on average only half of the deposits, or 12.5 per cent of total miners' income, would be available in the Fund, i.e. an amount of 194 million. However, miners are entitled to two emergency withdrawals per year. If all miners would make full use of this provision, it can be calculated that on average only 6.7 per cent of yearly wages would be available as resources in the Fund, being 104 million Rand.

However, the Central Bank provides figures on the size of the Fund which are much lower: total capital employed by the Fund was 51.6 million Rand at the end of 1993 (table 7).

Table 7: Size of the Deferred Pay Fund and interest rates
(deposits, withdrawals, accrual and fund in millions of Maloti; interests in percentages)

Year	Withdrawals	Fund	Average interest received	Interest paid	Interest commercial savings
1990	239,9	78,7	—	13,0	15,5
1991	160,3	57,0	—	13,0	13,0
1992	137,8	53,3	11,5	13,0	7,1
1993	169,6	51,6	7,7	13,0	6,0
1994*	121,8	62,4	—	8,2	6,0

* 1994 data on withdrawals and fund refer to the third quarter; interest rates refer to the first quarter.

A number of factors may explain the discrepancy between the theoretical and the actual size of the Fund. First of all, the actual deposits and withdrawals may be much lower than the amounts that can be derived from figures on miners' income. Figures for withdrawals are available and seem to confirm this: in 1993 they amounted to 170 million Rand.

Secondly, the lower deposits and withdrawals may be partly due to the fact that a considerable number of mineworkers do not participate in the scheme, which could indicate problems of enforcement.

The discrepancy might thirdly also be due to high operation costs of the scheme which reduce fund balances. The Fund manages collective accounts, unlike the bank which administers individual accounts. As the number of yearly transactions per miner is limited to three (two emergency withdrawals and one final withdrawal), the administrative costs involved in withdrawals are fairly low for the Fund.

A second source of costs is linked to the control and follow-up of non-compliance and fraud. The Fund must make sure that all mining companies that employ Basotho mineworkers participate in the scheme and comply with the rules. Late payment of deferred pay by mining companies is, for example, a major cost item for the fund in terms of foregone interest.

A third possible source of costs is the interest differential on deferred pay. Since the Board of Trustees meets only a few times per year, the rate applied to miners may lag behind the rate earned on government securities during a period of decreasing interest rates, the fund would then incur a negative interest spread.

We may conclude that, since the stock of capital employed by the Fund is relatively small, the potential benefit of the scheme to the country is also limited.

4.2 Criticism expressed by participants in the scheme

Judged from the protests of the South African National Union of Mineworkers, to which most Basotho miners are attached, the deferred pay system is not popular. Its abolition was indeed part of the wage negotiations in 1994, although in the end no change was made. The union's main problem is the obligatory and unflexible nature of the system. The scheme is also felt to be discriminatory in the sense that South African nationals are not subject to the same kind of regulations. The unpopularity of deferred pay may be underlined by the fact that the participation rate in the voluntary schemes in Botswana and Swaziland is significantly lower than in the obligatory schemes in Lesotho and Mozambique (table 8).

Table 8: Deferred pay in June 1995 in different countries
(amounts in thousands of Maloti)

Country	Amount	Number
Botswana	138	84
Swaziland	97	49
Mozambique	19119	4479
Lesotho	12526	8951

Source: TEBA 1995

Miners do not know what the deferred pay is actually used for. This is a consequence of a lack of communication between them and the government. On the other hand, miners do realize that they are not the ones who have access to loans from the Fund; Lesotho Bank has a conservative lending policy and does not generally lend for the purpose of consumption or investment in small businesses.

Also, the accountability of the DPS organs is not clear. Nor are the revenues and costs involved known.

The deferred pay account is collective and therefore not very transparent. Some senior miners find loopholes to avoid participation in the scheme, while illegal mineworkers are of course excluded as well. Mining companies try to avoid participation in the scheme, and some of those who do participate are always late when it comes to making payments to the Fund.

Lesotho Bank and TEBA, together with the Government, do their best to find ways to make the scheme less costly and more effective. As an example, there are plans to replace the collective account by individual accounts for each miner, which has actually already been implemented by one mine. This will decrease the costs of enforcement, as it will become possible to ensure participation of all Basotho miners. Also, it will facilitate the prevention of fraud by means of easier detection of unwarranted withdrawals. Moreover, individual accounts are attractive to Lesotho Bank as well as to miners because they abolish the need for a miner to withdraw the remaining balance at the end of his contract. Lesotho Bank can thus attempt to retain miners as clients even when their contracts are over, and miners can keep their money in their account if they consider this convenient.

4.3 Theoretical evaluation

The Deferred Pay Scheme can be considered as a vehicle to maximize the benefits of migrant work for Lesotho in a number of ways.

From a fiscal point of view, deferred pay may be viewed as an implicit tax on migrant miners. For its revenue, the Government depends for the larger part on income from Southern African Customs Union, while individual income tax accounted for only 8 per cent of total government revenue in 1993/1994. Because arrangements concerning the future income flows related to SACU are presently being renegotiated, the fiscal authorities may consider the taxing of migrant labour as a convenient way to broaden the tax base.

The scheme is above all a source of loans (4 per cent of revenue in 1993/94) for the Government. However, the savings opportunity offered by the scheme is only temporary, since miners are expected to withdraw their savings at the end of their contract. Moreover, the savings opportunity offered is not necessarily attractive. Miners cannot adjust the size and the terms of their savings to their circumstances, and they cannot withdraw them if they find a more attractive opportunity. There is no mechanism to ensure that the interest paid on deferred pay is competitive, especially with regard to opportunities in South Africa.

Thirdly, deferred pay creates, theoretically, the possibility for a larger proportion of miner income to be invested in the domestic economy. More local investment is one requirement to improve the overall economic situation of the country. The small-scale sector seems to have much potential for the use of local inputs and labour. However, currently no mechanisms exist to ensure that the fund is actually used for investment in the private sector. Although discussion on facilitating miners or retrenched miners to start a business has been going on for some time now, at present there is little support for them to set up or develop a business with their own savings in this sector.

Savings from remitted income and investment in the local economy are key issues for the maximisation of benefits from migrant labour in Lesotho. However, in the case of Lesotho, the Deferred Pay Scheme makes only a very limited contribution to domestic savings and investment.

Conclusions and recommendations

5.1 Conclusions

The Deferred Pay Scheme may be considered as a way to stimulate savings and to promote domestic investment, and as a source of revenue for the government, but it is not accomplishing these objectives at this moment. Significant advances in effectiveness, efficiency and sustainability will therefore be required.

5.2 Recommendations

Stimulation of savings

! The Deferred Pay Scheme is not very effective in stimulating savings among migrant workers. This is partly due to the obligatory and unflexible nature of the scheme; miners cannot withdraw from the scheme, and they cannot adjust their level of savings to their personal situation. In order to enhance effectiveness, we suggest that the current scheme be replaced by savings opportunities for miners in which they can participate on a *voluntary* basis, and which are tailored to their needs. It would also be recommendable to create linkages with informal savings schemes set up by miners themselves.

! A thorough study of the schemes in Botswana and Swaziland is essential to learn the lessons appropriate before any changes are made in the Deferred Pay Scheme of Lesotho.

! Communication between the Government of Lesotho and the miners about the social and individual benefits of worker remittances could be improved. We would advise an information campaign directed to miners.

! Recent changes in the legal framework and trends towards deregulation do not seem to allow for a scheme of the nature of the Deferred Pay Scheme. The scheme is considered distortive, discriminatory and uncompetitive. It is therefore recommended that all miners are offered equal savings opportunities, against a market rate of interest. Interest rates should be higher on longer term savings and withdrawals should not be restricted.

Promotion of investment

! Investment in treasury bills, although relatively safe, is not necessarily the most efficient way of using the Deferred Pay Fund for either Lesotho Bank or the country. Investment in the private sector may be a riskier yet more efficient way of getting benefits out of miners' income. If Lesotho Bank is to be held responsible for its operations, it should be allowed to determine its own investment policy with respect to miners' savings.

! The current scheme does not involve a mechanism to ensure that miners' income is used for investment in the local economy. At the same time, sectors that seem to have potential, such as the small business sector, have very limited access to bank loans. Even among the miners themselves, who are forced to save at the bank, very few manage to get a loan. We would like to recommend that Lesotho Bank be supported in its efforts to provide more small business loans. Also, it would be recommendable to introduce mechanisms which facilitate the provision of small loans to miners or their retrenched colleagues on the basis of their savings record with Lesotho Bank.

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