



KINGDOM OF LESOTHO

MINISTRY OF LOCAL GOVERNMENT AND  
CHIEFTAINSHIP

# NATIONAL HOUSING POLICY

April 2018

## **LESOTHO NATIONAL HOUSING POLICY, 2018**

United Nations Human Settlements Programme (UN-Habitat)  
P. O. Box 30030, 00100 Nairobi GPO KENYA Tel: 254-020-7623120 (Central Office) [www.unhabitat.org](http://www.unhabitat.org)

Main author: Michael Majale

Contributors: Christophe Lalande, Fernanda Lonardonì, Gregor Herda, Christopher Feather, Jesús Salcedo, Channe Oghuzan, Sonja Ghaderi, Brian Olunga, Emile Bernard and Meremiya Hussein.

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## ABBREVIATIONS

ACP	African, Caribbean and Pacific Secretariat
ASCA	Accumulating Savings and Credit Association
BDS	Building Design Services Department
CAHF	Centre for Affordable Housing Finance in Africa
CBL	Central Bank of Lesotho
CMS	Continuous Multi-Purpose Survey
CoW	Commissioner of Water
CBEP	Council for Built Environment Professions
DLM	Directorate of Land Management
DoH	Directorate of Housing
DRWS	Department of Rural Water
DWA	Department of Water Affairs
EC	European Commission
FIA	Financial Institutions Act, 2012
FNB	First National Bank
FSDS	Financial Sector Development Strategy
GDP	Gross Domestic Product
GHS	Global Housing Strategy
GNI	Gross National Income
GoL	Government of Lesotho
HBS	Household Budget Survey
HDI	Human Development Index
HIV/AIDS	Human immunodeficiency virus/acquired immunodeficiency syndrome
HMF	Housing microfinance
HRBAD	Human Rights-Based Approach to Development
IFAD	International Fund for Agricultural Development
ILFS	Integrated Labour Force Survey
IMF	International Monetary Fund
INDC	Intended Nationally Determined Contributions
IT	Information Technology
l/c/d	Litres per capita per day
LA	Local Authority
LAA	Lands Administration Authority
LARP	Land Administration Reform Project
LBFC	Lesotho Building Finance Corporation
LCIC	Lesotho Construction Industry Council
LDS	Lesotho Demographic Survey
LEC	Lesotho Electricity Company
LEWA	Lesotho Electricity and Water Authority
LHC	Lesotho Housing Corporation
LHDA	Lesotho Highlands Development Authority
LHLDC	Lesotho Housing and Lands Development Corporation
LMDA	Lesotho Millennium Development Agency
LNDC	Lesotho National Development Corporation
LPB	Lesotho PostBank
LPG	Liquid petroleum gas
LSPP	Lands, Survey, Land Use Planning and Physical Planning
LWSP	The Lesotho Water and Sanitation Policy
M	Maloti
MCC	Maseru City Council
MEMWA	Ministry of Energy, Meteorology and Water Affairs
MFI	Microfinance institution
MOLE	Ministry of Labour and Employment

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MoLGC	Ministry of Local Government and Chieftainship
MoPWT	Ministry of Public Works and Transport
MSCM	Ministry of Small Business Development, Cooperatives and Marketing
NBFI	Non-bank financial institution
NCID	National Construction Industry Development
NDP	National Decentralisation Policy
NGO	Non-Governmental Organization
NHC	National Habitat Committee
NSDP	National Strategic Development Plan 2012/13 – 2016/17
OVC	Orphans and vulnerable children
PPP	Public-private partnerships
PSFL	Private Sector Foundation of Lesotho
PSUP	Participatory Slum Upgrading Programme
QOSSS	Quality of Service and Supply Standards
RSCG	Rural Savings and Credit Group
RUFIP	Rural Financial Intermediation Programme
SACCO	Savings and credits cooperative
SACU	Southern African Customs Union
SADC	Southern African Development Community
SDG	Sustainable Development Goal
SLB	Standard Lesotho Bank
SSA	Sub-Saharan African
SUFIL	Support for Financial Inclusion in Lesotho
UN-Habitat	United Nations Human Settlements Programme
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNHHSF	United Nations Habitat and Human Settlements Foundation
US	United States
VIP	Ventilated Improved Pit
VSLA	Village Savings and Loans Association
WASCO	Water and Sewerage Company
WSBI	World Savings Banks Institute

## FOREWORD

It gives me great pleasure to present on behalf of the Government of the Kingdom of Lesotho the Revised National Housing Policy. This policy provides the vision of the Government of Lesotho for the development of adequate affordable housing for people of all income groups in the country. It makes specific interventions in all segments affecting housing provision in the country from land, infrastructure, building materials and construction, housing finance, to institutional and regulatory settings.

This policy is a culmination of nationwide consultations spearheaded by the National Habitat Committee (NHC) comprising representatives from Government, civil society, private sector, academic and research institutions and all relevant institutions. Its preparation afforded us the opportunity to meet all key stakeholders whose views and aspirations contributed to the formation of the policy statements and strategies.

The Significance of the housing policy cannot be over-emphasized particularly when Lesotho's is experiencing rapid population growth, urbanization and rural- urban migration. At independence the level of urbanization was estimated to be 7 per cent but, by 2006 it was 23 per cent. The housing profile estimates the level of urbanization at nearly 27 per cent in 2010 and future levels to be 34 per cent by 2020 and nearly 60 percent by 2050. This means that there will be a substantial rise in urban housing demand and consequent need for an increased supply of affordable housing.

This National Housing policy has been developed within the context of both local and global frameworks including the UN- Habitat Global Housing Strategy, which advocates for a paradigm shift both in thinking and practice in housing policy in particular through *"a redefined role for Governments beyond enablement to reassuming the leadership to encourage pro-poor performance of the markets, facilitate and support the demand capabilities of the economically weakest sectors of the society"*.

I am confident that we now have a tool that will not only transform our human settlements but will also contribute significantly to poverty reduction efforts in the country, the New Urban Agenda and Sustainable Development Goals, in particular Goal 11 "make cities and human settlements inclusive, safe and resilient and sustainable".

I wish to impress upon all partners therefore to work together to deliver on this policy recommendations in order to attain, sustainable and adequate housing for all.

Hon. Habofanoeh Lehana Minister of Local Government and Chieftainship

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## PREAMBLE

Increasing urbanization and population and demographic trends have made housing one of the fastest growing problems facing the Kingdom of Lesotho in terms of a quantitative and qualitative housing deficit in urban areas and housing deterioration in rural areas. The importance of housing in the country's economy cannot be overstated. Housing is seen as the total physical, social, cultural and economic environment in which people live, grow and develop. Housing is thus a key element of poverty reduction strategies.

The Government of Lesotho (GoL) has long recognized the growing challenge the country is facing as a result of the widening gap between housing supply and demand; and the need for a housing policy to comprehensively address it. Indeed, it is for this reason that the Draft National Housing Policy, 1987, was formulated; and thereafter the Draft National Shelter Policy for the Kingdom of Lesotho, 1999. As neither of these policy documents went beyond the draft stage, neither was implemented. The *Poverty Reduction Strategy 2004/2005–2006/2007* thus recommended that, to achieve the objective of ensuring planned settlement of peri-urban areas and affordable access to housing, they be reviewed, updated and implemented. A National Housing Policy was subsequently developed in 2009; but this too was not implemented, as it was not informed by a comprehensive analysis of the housing situation in the Lesotho.

Against this background, the Government, through the Ministry of Local Government and Chieftainship (MoLGC), which is responsible for housing, undertook a Housing Profile for Lesotho with the support from UN-Habitat in 2014. A fundamental purpose of the housing profile was to contribute to the review and updating of the National Housing Policy. The Participatory Slum Upgrading Programme (PSUP), a joint initiative of the European Commission (EC) and the African, Caribbean and Pacific (ACP) Secretariat, and Implemented by UN-Habitat, the United Nations Development Programme (UNDP) and MoLGC, financially supported the housing profiling process.

The significance of the National Housing Policy for Lesotho lies in the following:

1. It is guided by the Constitution of Lesotho and other relevant policy and strategy documents, including: Lesotho Vision 2020, National Strategic Development Plan 2012/13–2016/17, National Decentralisation Policy and the draft Ministry of Local Government and Chieftainship Strategic Plan: 2015 -2019.
2. It has been developed and will be implemented within the framework of the UN-Habitat Global Housing Strategy (GHS), which calls for Governments to take a leadership role in promoting pro-poor housing. It will also be guided by the Sustainable Development Goals (SDGs), in particular Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable, and Target 11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
3. It is informed by the Lesotho Housing Profile, which systemically analyses the housing sector and presents various aspects of the housing delivery system, including current mechanisms and constraints in accessing land, infrastructure, building materials and construction services, labour, housing finance and other fundamental inputs for the realisation of adequate housing for all.
4. It gives formal but flexible policy direction in housing development and improvement, as reflected in the Policy Statement, and more specifically the policy goal, policy objectives and policy measures.
5. It offers the Government the opportunity to look into the future and address change in the housing sector in the context of the national economy and the Government's development agenda.
6. It provides a basis for generating job opportunities and income for Basotho through housing development and its associated activities that generate a ripple effect of other productive activities.
7. It recognises the housing sector's impact on the environment and the need to adapt its operation to a changing climate.

8. It has an accompanying implementation strategy and comprehensive action plan for 2018-2022.

The National Housing Policy for Lesotho is structured in four sections. **Section 1** outlines the main challenges to be addressed by the policy, drawing on the findings of the National Housing Profile. **Section 2** presents the Policy Vision, its Goal and Guiding Principles to promote equal access to adequate, safe and affordable housing in planned settlements. **Section 3** presents and describes the 10 Policy Objectives and **Section 4** proposes an institutional and regulatory framework, outlining the roles and responsibilities of the different actors regarding the implementation of the policy

The National Housing Policy for Lesotho is accompanied by an **Implementation Strategy**, which outlines the proposed priority actions for each of the policy objectives, the roles and responsibilities in the implementation of the Policy as well as the resource requirements and possible means to meet them during the period 2018-2022.

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# 1 THE KEY CHALLENGES IN THE HOUSING SECTOR

The key issues and challenges confronting the housing sector as identified in the Lesotho Housing Profile, and arising from the elaboration and analysis in the subsequent chapters and the summary above, include the following:

## 1.1 Increasing need for affordable urban housing

A total of 98,711 dwellings or 169,706 rooms will have to be constructed by 2025—which translates to 5,195 dwellings or 8,932 rooms a year—to meet the urban housing need. This includes need arising from new household formation; need to reduced crowding to a level of two persons per room; and the need to reduce obsolete housing stock.

## 1.2 Ineffective land use planning and management frameworks

Arable land is very limited. It constitutes about 10 percent of the total land area in the country owing to the predominantly mountainous topography. This has led to increasing competition between agriculture and housing in the use of land, particularly in the peri-urban areas. Any encroachment by housing development reduces the limited arable land. In the absence of effective land use planning and management frameworks, availability of land for housing development is becoming a major challenge.

## 1.3 Development and expansion of underserviced and unplanned settlements

Expansive unplanned and underserviced unplanned settlements are a common feature on the outskirts of Maseru and larger towns across the country, such as Mafeteng and Maputsoe. Many of the informal settlements are encroaching on the limited available arable land. The bulk of new housing is being delivered by the household and informal sectors through owner-financed incremental construction in such settlements. The rapidly growing settlements are developing in an unplanned manner without adequate provision of basic infrastructure and services—water supply, sanitation, drainage, roads and electricity—on land that has been informally acquired through subdivision by *masimo* (crop field) owners and allocation by customary chiefs.

## 1.4 Predominance of unplanned housing construction

The country's low average income levels and high poverty rates mean that housing currently supplied by the formal sector is unaffordable for the great majority of households. According to the Centre for Affordable Housing Finance in Africa (CAHF), the price of the cheapest, newly built house by a formal developer or contractor is US\$14, 615. The Profile found that, for reasons of financial viability and profitability, formal contractors generally cannot build housing which is to be sold for less than M300,000 (US\$27,000). Moreover, formal private sector developers are discouraged from housing provision because of the difficulties in obtaining land. The lack of serviced land is a major constraint which contributes to higher construction costs. As infrastructure is mostly provided only after the development is complete, contractors typically add 38per cent to their price to cover the cost of infrastructure installation when it is available. The about 70per cent of households earning less than M1,000 per month can only afford a dwelling costing M48,000 (US\$4,400).

## 1.5 Limited access to housing finance

The main source of housing finance in Lesotho is a small mortgage lending sector which grants about 400 long term mortgage loans a year to Basotho earning more than \$900 a month. Qualification criteria limit mortgage loans—of a minimum of M300,000 (US\$27,000) and maximum repayment period of 20 years—to salaried workers who can prove a household monthly income of 2.5 to three times their proposed loan repayments. However, most households are in need of short-term housing loans of around US\$2-5,000.

Most households thus build their own houses incrementally, using a combination of savings and credit based on their affordability. There is currently only one institution, Lesana Lesotho, offering housing microfinance (HMF), which is very well suited to the incremental housing development process that characterizes the self-financed incremental construction process that accounts for the bulk of new additions to the housing stock in Lesotho.

## 1.6 Uncoordinated institutional framework for housing

The institutional framework for housing development is complex, which a range of different actors fulfilling different roles at different institutional levels—even at the level of the key inter-dependent components that interact in the housing sector land, infrastructure, building materials and construction, labour and finance. However, effective coordination between all the different actors is lacking. The problem is compounded by the complexity and diversity of the legal and regulatory frameworks governing the respective components, which are summarily described in the Lesotho Housing Profile, many of which overlap to varying degrees and are uncoordinated. Many also need to be updated, especially in the context of the on-going national decentralization process and increasing urbanization.

## 1.7 Underdeveloped housing market

The formal housing market in Lesotho is very small and unregulated, catering only for high and middle income earners, leaving out the low income earners. It operates in international contexts, overlapping with the South African market—meaning that it will likely be affected by the new border controls—and globally on the Internet. Costs charged by real estate agents are very high.

The remainder of the housing stock is not subject to a market, except in terms of rents. Most owners and tenants find out about their plot or rented accommodation from their own informal networks rather than from formal sector real estate agents.

## 1.8 Low priority of housing in the national development agenda

The fact that there is no dedicated Ministry of Housing, and that responsibility for housing lies with a Directorate under MoLGC, has been argued to lead to housing's low priority status and it receiving only a very small share of the national budget. However, while participants in the Profile stakeholders' consultative workshops supported a proposal for a dedicated ministry, they also agreed that what is most important is the political will to address the housing challenge.

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## 1.9 Underserviced and deteriorating rural housing

The major challenge with rural housing in Lesotho is deterioration of the housing stock and inadequate supply of infrastructure and services—water supply, sanitation, drainage, roads and electricity.

### 1.10 CROSS CUTTING ISSUES

**Human Rights:** *The Constitution of Lesotho* protects the fundamental rights and freedoms of all people living within the country. This implies mainstreaming human rights as a cross-cutting element in all housing development actions; reinforced by the adoption of the Human Rights-Based Approach to Development (HRBAD) as a guiding principle, as explained in Section 0. In this regard, the linkage between availability, accessibility, acceptability, affordability and adequacy of basic infrastructure and services, which are key to the realization of a wide range of human rights—including water, sanitation, housing and health—is critical.

**Gender:** The housing rights of women in Lesotho are embedded in customary law. In the rural areas women's access rights and widow's tenure security are especially vulnerable. Despite legal reforms, in particular through the *Legal Capacity of Married Persons Act 2006* and *Land Act, 2010*, women still continue to experience discrimination and disadvantage in access to land and housing.

Lesotho has a youthful population, with 44.6 per cent of the population age below 20 years; and 15.5 per cent aged 20–29 years. This has significant implications in terms of new household formation and thus housing need.

**HIV/AIDS:** The HIV/AIDS pandemic has created an estimated over 185,000 OVCs, many of whom live in inadequate and overcrowded housing. People living with HIV/AIDS and OVCs also face challenges with respect to land and housing ownership; and many have fallen victim to land/property grabbing, leaving them in urgent need of housing.

**Climate change:** Lesotho is already feeling the impact of climate change, with high exposure to climate variability and extremes, which are expected to intensify in the future. Climate change and variability, together with soil erosion, human induced degradation through poor farming practices and overgrazing, have led to a loss of nearly 800 km<sup>2</sup> of arable land in the past decade—leaving only about 9.6 per cent of the total land arable. And there is increasing competition for the limited arable land remaining.

## 2 THE NATIONAL HOUSING POLICY

This policy framework sets out the objectives that will be pursued and the principles that should be followed to address the key issues and challenges above, and to achieve the policy goal. The policy recognises the critical housing needs of both rural and urban dwellers and makes specific pro-poor provisions to address their needs in a sustainable manner.

### 2.1 VISION

A country in which everyone has equal access to adequate, safe and affordable housing in planned settlements.

### 2.2 GOAL

To achieve the progressive realization of the right to adequate housing for all; this by promoting housing as a basic human right; a social good; an economic investment; a job creator; and a strategy for poverty reduction.

### 2.3 GUIDING PRINCIPLES

The principles guiding this policy are derived from national values and conviction, as well as international conventions, agreements and guidelines.

#### 2.3.1 Housing as a Basic Human Right

The right to adequate housing is enshrined in several international human rights treaties and conventions to which Lesotho is signatory. To this end, the policy aims to facilitate liaison between the Government with the international development community, the private sector, NGOs, human rights institutions and civil society towards the progressive and full realization of the right to adequate housing. This is consistent with the entitlement of every person in Lesotho to fundamental human rights and freedoms, as affirmed in Chapter II of the Constitution, and the NSDP strategic objective of enhancing the protection and fulfilment of human rights.

#### 2.3.2 Human Rights-Based Approach to Development

The policy, in line with the Human Rights-Based Approach to Development (HRBAD), is grounded in international and national legal frameworks for the progressive and full realization of the right to adequate housing. The Government's role in housing is thus guided by the human rights principles and standards of affordability, availability, accessibility, quality, equality, non-discrimination, participation, inclusion, transparency and the rule of law. The Policy also addresses the rights of all stakeholders, including those of people in situations of vulnerability—children, youth, elderly, persons with disabilities, displaced persons and migrants, slum dwellers, urban poor, indigenous peoples, homeless persons, minorities, people living with HIV/AIDS, and in particular women in these categories.

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### 2.3.3 Housing as a Social Good and Long Term Investment

The Policy aims to create an enabling environment for housing development for all, as housing constitutes a social good and long term investment for Basotho households. Recognition of housing as a social good implies that Government has a responsibility to enable access to adequate housing especially for those who are unable to do so. Housing is also considered as a long-term investment—an asset with a market value.

### 2.3.4 Housing Adequacy

Housing is generally seen as the total physical, social, cultural, and economic environment in which people live, grow and develop. Thus ‘adequate housing’ is defined, as in the United Nations Global Strategy for Shelter to the Year 2000, to mean adequate privacy, adequate space, adequate security, adequate lighting and ventilation, adequate basic infrastructure and adequate location with regard to work and basic facilities - all at a reasonable cost.

Housing costs must be at such a level so as not to compromise the ability to meet other basic human needs are not threatened or compromised. Subsidies should be available for those who cannot obtain affordable housing; likewise, tenants should be protected from unreasonable rent levels/rent increases; and where natural materials constitute the chief sources of building materials for housing, steps should be taken to ensure their availability and affordability by all.

### 2.3.5 “Twin Track Approach”

To improve upon the housing situation and ensure a balanced growth in the housing sector, the Government will undertake both housing improvement programmes and new housing development schemes across all income groups in both urban and rural communities. The housing improvement programmes will include upgrading through tenure regularization and provision of basic infrastructure and services, as well planned urban densification. The new housing development will be mainly through implementation of site and services programmes. This will improve not only the quality and value of housing but also increase the housing stock available throughout the country.

### 3 POLICY OBJECTIVES

The Housing Policy Objectives elaborated below are aimed to address the key issues and challenges summarized in Section 1 in order to achieve the goal of the housing policy, which is to:

*To achieve the progressive realization of the right to adequate housing for all; this by promoting housing as a basic human right; a social good; an economic investment; a job creator; and a strategy for poverty reduction.*

The objectives are the following:

- PO.1) Promote Housing as a National Priority
- PO.2) Increase Housing Supply Directly and Indirectly
- PO.3) Improve Land-use Planning and Management
- PO.4) Improve Infrastructure Provision in Informal Settlements
- PO.5) Acknowledge the Informal Housing Sector
- PO.6) Promote Production and Use of Low-impact, Appropriate Building Materials
- PO.7) Expand Access to Affordable Housing Finance
- PO.8) Improve the Institutional Frameworks for Housing
- PO.9) Increase Private Sector Participation in Affordable Housing
- PO.10) Eliminate Inequalities in Land and Housing Rights

#### 3.1 POLICY OBJECTIVE 1 - PROMOTE HOUSING AS A NATIONAL PRIORITY

Housing is believed to have a low priority in the national development agenda by some stakeholders. This, it is argued, is reflected in the fact that housing is the responsibility of a Directorate in MoLGC rather than a dedicated ministry, and the very small share of the national budget is received. This objective therefore aims to:

- Increase the priority of housing in national and sub-national policy, planning and investment frameworks. This objective will be implemented and promoted in a manner fully consistent with international best practice.
- Institutionalize the National Housing Policy through legislation, regulations, long and medium planning, resources and other measures.
- Institutionalize the National Habitat Committee (NHC) to oversee policy implementation and monitoring.

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## 3.2 POLICY OBJECTIVE 2 - INCREASE HOUSING SUPPLY DIRECTLY AND INDIRECTLY

This objective aims to address the country's housing need and, more particularly, increasing demand for affordable urban housing, thereby contributing to the *Lesotho Vision 2020*, which sees every Mosotho having adequate housing. It is also consistent with the strategic objectives and actions in the NSDP aimed to improve access to, and the quality of housing, especially for low income households.

The policy will thus facilitate new housing development indirectly through creation of an enabling environment and directly through participation in the housing construction process. Specifically, it will:

- Construct new housing directly through Government participation in a variety of housing delivery arrangements (e.g., sites-and-services schemes, core housing schemes, social housing, etc.) through LHLDC and joint ventures and partnerships with development partners and the private and non-governmental sectors.
- Develop new housing indirectly by creating an enabling policy, legal and regulatory environment to facilitate action by all the actors in housing development and improvement—public organizations, the private sector (both formal and informal), development partners, non-governmental organization (NGOs), and the Basotho people themselves.
- Build the capacity of relevant stakeholders and actors—through training, best practice resources, networking and mentorship—to plan, develop and deliver sustainable affordable housing for low income households.

## 3.3 POLICY OBJECTIVE 3 – IMPROVE LAND-USE PLANNING AND MANAGEMENT

A key concern of the housing policy is to curtail the increasing competition between agriculture and housing in the use of land, particularly in the peri-urban areas, whereby any encroachment by housing development reduces the limited arable land. The focus of this objective will thus be on improving land management and allocation to prevent encroachment on the limited arable land; and enabling access to affordable serviced land for housing development by rural and urban households of all income levels. In particular, it is aimed to:

- Strengthen physical planning and management to guide urban growth and housing provision.
- Increase availability of serviced land for housing development including through land acquisition programmes.
- Improve land use efficiency and promote housing densification within urban areas.
- Review and update existing land use planning and standards—including the *Town and Country Planning Act, 1980*; *Development Control Code, 1989*; and *Planning Standards, 1990*—and designing and implementing pro-poor reforms to increase accessibility and affordability of land for housing development for and by low-income households and, in particular, people in situations of vulnerability. Enact and implement sectional titles, as provided for in the Sectional Titles Bill of 2013, and mentioned in the *Land Act 2010* will also be key in this respect.

### 3.4 POLICY OBJECTIVE 4 - IMPROVE INFRASTRUCTURE PROVISION IN INFORMAL SETTLEMENTS

The majority of new housing is being delivered by the household and informal sectors through owner-financed incremental construction in unplanned and underserved informal settlements. These are a common feature on the outskirts of Maseru and larger towns across the country. This objective therefore aims to provide adequate, affordable and sustainable access to basic infrastructure and services—safe water supply, sanitation, drainage, waste disposal and all-weather roads—in informal settlements. Specifically, it aims to:

- Facilitate new provision, upgrading and maintenance of infrastructure—water, sanitation, drainage, roads and electricity—in un-served and underserved informal settlements. This will involve increasing public expenditure and providing incentives for the private sector; and strengthening the capacity of both the public and private sectors for infrastructure delivery through cost-effective, employment-intensive methods, where appropriate. Water supply will be guided by the Urban Water Quality of Service and Supply Standards (QOSSS).
- Promote labour intensive and cost-effective methods and technologies to provide, upgrade and maintain infrastructure and services in informal settlements. This will require setting infrastructure standards that will enable the selection, application and development of appropriate, environmentally sound, cost-effective technologies for infrastructure and services delivery.
- Improve coordination between the housing related infrastructure and services providers by supporting the development of an appropriate institutional, legal and regulatory framework. In keeping with the *Lesotho Water and Sanitation Policy*, this will entail reviewing the institutional framework to remove overlaps and redundancies in the functions and jurisdictions of multiple institutions and ensure effective coordination in the delivery and management of infrastructure and services.
- Improve coordination with Local Authorities through the establishment of a coordinating committee to manage urban and housing project implementation.

### 3.5 POLICY OBJECTIVE 5 – ACKNOWLEDGE THE INFORMAL HOUSING SECTOR

The household and informal sectors, as stated above are currently delivering a substantial proportion of housing in Lesotho. In this approach, households use their own financial resources to engage a local informal small-scale building contractor or artisan to construct a house for them incrementally over an average period of about three years. This policy objective thus aims to support and enhance the role of the household and informal sectors in the construction and supply of affordable housing, including *malaene* rental units, while ensuring conformity to standards.

- Acknowledge and define the role of the informal sector, in particular small contractors and builders, in affordable housing delivery and create favourable conditions for their organization, support and development.
- Build the capacity of informal small scale contractors and artisans to construct better quality houses using environmentally sustainable appropriate designs, building materials and technologies. Measures to this end will include developing and implementing programmes that integrate credit, finance, vocational training; and technological transfer programmes in support of informal small scale contractors and artisans.

- Facilitate access to credit and innovative banking alternatives with flexible guarantees and collateral requirements for informal small-scale contractors and single artisans. Ensure that the credit guarantee scheme benefits informal small-scale contractors and single artisans, and encourages the establishment of similar successful schemes.
- Support sustainable buildings and construction through the regulatory framework as well as public sector lighthouse projects—e.g., large scale best practice, innovation and demonstration projects that will create high-level visibility, awareness and impact.

### 3.6 POLICY OBJECTIVE 6 – PROMOTE PRODUCTION AND USE OF LOW-IMPACT, APPROPRIATE BUILDING MATERIALS

The main building materials used for wall construction are concrete blocks, stone and mud, which are mostly locally produced by a large number of small scale producers. The main roofing materials are thatch, corrugated iron sheets and tiles—of which the latter two are imported from South Africa. This objective thus aims to promote the production and use of locally produced, appropriate building materials through the expansion of the production base of producers to make them more viable to produce affordable quality materials through environmentally friendly production processes, and advance quality housing design and construction. Specifically, it will:

- Identify and assess stakeholders and on-going initiatives in the building materials sector and explore ways of adapting or further promoting promising sustainable building material supply chains taking life-cycle impacts into account.
- Increase environmentally sound production, supply and use of building materials and affordable construction methods, including strengthening the indigenous building materials industry based on locally available resources.
- Promote innovation in housing construction and increase use of renewable energy technologies.
- Promote quality and climate-responsive housing design and construction, including traditional designs, in line with Lesotho’s INDC objectives.

### 3.7 POLICY OBJECTIVE 7 - EXPAND ACCESS TO AFFORDABLE HOUSING FINANCE

The majority of Basotho cannot access formal housing finance, the main source of which is a small mortgage lending sector, owing to the qualification criteria. They consequently use a combination of savings and credit to build their own houses incrementally. There is currently only one institution offering housing microfinance (HMF), which is very well-suited to the incremental housing construction process. This objective thus aims to facilitate the establishment of viable housing finance institutions to mobilise domestic and international resources for housing finance and extend affordable credit to the financially excluded. This objective will specifically aim to:

- Establish a government-supported National Housing Fund to leverage domestic and foreign capital investment into housing and related infrastructure investments, including affordable mortgage financing, new developments, sites and services schemes, settlement upgrading, construction finance and small sale building materials production. Sources of funding for the Fund will include mandatory contributions from salaried public and private sector employees; compulsory investments by commercial banks, insurance companies and pension funds; Central and Local Government contributions; and grants sources from development partners.

- Encourage commercial banks to expand access to formal housing finance for low income households by expanding the mortgage sector down-market. This will be through monetary and regulatory easing measures (e.g., reducing interest rates, easing collateral requirements and flexible reduce risk for commercial banks.
- Formalize and strengthen housing microfinance lending by non-bank financial institutions (NBFIs) to enable access to affordable housing finance by households building their houses incrementally. This will require a review of the legal and regulatory framework for NBFIs, instruments and services with the intention of removing legal and administrative obstacles to facilitate the expansion of non-bank formal and informal financial institutions (SACCOs, credit unions, etc.), and establish savings mechanisms in the informal sector;

### 3.8 POLICY OBJECTIVE 8 - IMPROVE THE INSTITUTIONAL AND REGULATORY FRAMEWORK FOR HOUSING

The institutional framework for housing development in Lesotho comprises a range of actors mandated to play different roles. Effective coordination between all the different actors is however lacking. The problem is compounded by the complexity of the legal and regulatory frameworks governing the respective components, aspects of which also need to be updated, as shown in Section 1. This objective thus aims to:

- Review, update and harmonize the institutional frameworks for the key components of the housing development process—land, infrastructure, building materials and construction, labour and finance—through, among other ways, information sharing, technical advice, in-house and international training programmes, and information technology (IT) support.
- Assess the relevance and appropriateness of and, if necessary, review current planning standards and building regulations with regards to affordability and sustainability.
- Support the adequate resourcing of development control and service delivery functions of national bodies and local authorities. This will be implemented within the framework of the specific objectives of the National Decentralisation Policy as well as the NSDP.
- Review and, if necessary, redesign LHLDC’s existing programmes, standards and protocols for greater affordability and sustainability with an aim to reach a significantly larger share of low-income households.

### 3.9 POLICY OBJECTIVE 9 - INCREASE PRIVATE SECTOR PARTICIPATION IN AFFORDABLE HOUSING

The formal private sector in Lesotho concentrates on housing at the very top of the market leaving the majority un-served by formal housing supply. Formal private sector contractors generally do not build housing that is affordable for middle-and low-income households; while formal private sector developers are discouraged from housing provision because of the difficulties in obtaining serviced land. The aim of this objective is thus to:

- Increase private sector participation and investment in low- and middle-income ownership and rental housing, with an emphasis on the low-income categories, through the establishment and implementation of an incentive regime that encourages diverse private sector participation.

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- Promote hybrid value chains in which private sector companies (such as cement companies) partner with microfinance providers and local communities to lower the cost of housing construction.
  - Remove land and infrastructure supply constraints in the case of large-scale affordable housing investments through provision and maintenance of infrastructure and services to open land for housing development by the private sector.

### 3.10 POLICY OBJECTIVE 10 - ELIMINATE INEQUALITIES IN LAND AND HOUSING RIGHTS

*The Constitution of Lesotho* under Article 18, prohibits discrimination on the basis of various factors, including gender, race, national or social origin, property, or other status. But women, in particular, still continue to experience discrimination and disadvantage in access to land and housing. The focus of this objective is therefore on gender and equality issues in access to land, property and housing for all sections of the population, including women and those living in in situations of vulnerability, in both rural and urban areas. This objective aims to:

- Enforce gender equality and non-discrimination in land and property rights, including enabling equal access to adequate housing for people in situations of vulnerability—children, youth, elderly, persons with disabilities, displaced persons and migrants, slum dwellers, urban poor, indigenous peoples, homeless persons, minorities, people living with HIV/AIDS, and in particular women in these categories. This will implement in line with the objectives of, and based on the rights based approach to development which underpins the *Gender and Development Policy, 2003*.
- Provide legal security of tenure and equal access to land and property rights to all people, including women and those living in in situations of vulnerability by undertaking legislative and administrative reforms where necessary and as appropriate. This will include prohibiting arbitrary forced evictions; developing quick and affordable measures for conferring title, and other statutory protection of tenure for those currently living in unplanned settlements without security of tenure; and expanding national land and housing registration systems to allow for the tenure rights of people in situations of vulnerability.
- Remove barriers to women's access to land and property ownership, infrastructure and related services, and affordable housing.

## 4 PROPOSED INSTITUTIONAL AND REGULATORY FRAMEWORK

The UN-Habitat GHS calls for: *“a redefined role for Governments beyond enablement to reassuming a leadership role in encouraging pro-poor performance of the markets, facilitating and supporting the demand capabilities of the economically weakest sectors of the society.”*

Implementation of the *National Housing Policy* of Lesotho must be pursued through an appropriate institutional and regulatory framework in the light of the weaknesses in the existing system. This will involve the mobilisation and effective utilisation of all the relevant human, physical, financial and material resources of the country. An important element of the implementation is assigning responsibilities in respect of who does what to avoid duplication as this will result in inefficiency and ineffectiveness.

### Institutional Framework

MoLGC will have overall responsibility for the implementation of the *National Housing Policy* following the Implementation Strategy Document. The Housing Directorate will be the lead agency in the implementation. In performing this lead role, the Housing Directorate will work closely with all the public and private housing related institutions, the Local Authorities, financial institutions, built environment professionals, universities and research institutions, landlords, building material producers, and the local communities.

The Housing Directorate will coordinate the implementation of the *National Housing Policy*. This will involve the operational planning process, the actors, and resources required.

### Regulatory Framework

The current regulatory framework will be revised to determine whether current planning standards, building regulations and by-laws, among other instruments, attain an adequate standard for affordability and sustainability. This framework will be aligned in with the institutional framework to ensure effective implementation of the National Housing Policy.

## 4.1 IMPLEMENTATION ARRANGEMENTS

MoLGC will have overall oversight responsibility for the roll-out and operationalization of the National Housing Policy and this Implementation Strategy. MoLGC will work with the Office of the Prime Minister and other relevant ministries to ensure that the implementation process is integrated and well-coordinated with other high-level policy structures.

The Directorate of Housing (DoH) will be the lead agency within MoLGC in the implementation. In performing this lead role, DoH will work closely with all the public and private housing-related institutions, the Local Authorities, financial institutions, universities and research institutions, landlords, building material producers, built environment professionals and local communities.

DoH will coordinate the implementation of the National Housing Policy and NHS. This will involve the operational planning process, the actors, and resources required. The Housing Directorate will consider, among others, the following processes in its task of coordination:

- Initial awareness creation of the availability of the Housing Policy document and its provisions, as well as the accompanying strategy document which will be necessary to create stakeholder ownership.
- General awareness creation of rights and responsibilities of the stakeholders as this is necessary for resource mobilisation and successful implementation of the policy.

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- Stakeholder participation and stimulation of communication process through planned meetings, regular feedback from stakeholders, and resolution of conflicts arising from resource mobilisation and performance of roles by stakeholders. As people participate in making decisions that affect their lives, learning takes place and this leads to changes in attitudes and behaviour, confidence building, and leadership.
  - Documentation of policy implementation to ensure record keeping on actions taken and events that have happened. Reports will be prepared on all meetings, decisions and actions taken, and resources mobilised. These reports will be circulated to all stakeholders on a regular basis to enable them to make informed decisions.

National technical structures and thematic platforms will be established to bring together different actors and stakeholders and integrate them around the principles of and results expected from the implementation of the Housing Policy and NHS. In this respect, MoLGC will, where appropriate, set up multi-sectoral technical teams to observe and assess the implementation process—with a focus on planning, infrastructure, finance, research and standards, and professional development.

Inter-ministerial committees will be formed at the cabinet level, to facilitate coordinated decision-making on inter-related policy issues; and at the technical level, to facilitate co-ordinated decision making on regulatory and standards-related matters.

Targeted capacity building activities will be implemented to ensure that all national and local institutions responsible for implementing the policy and strategy are adequately capacitated in terms of technical knowledge and skills, institutional resources and political support to efficiently and effectively execute their mandates, responsibilities and roles.